2023 HOUSE APPROPRIATIONS

HB 1014

Department 405 - Industrial Commission
House Bill No. 1014

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	$33,383,040	$130,444,556	$163,827,596
2023-25 Base Level	26,489,613	24,369,185	50,858,798
Increase (Decrease)	$6,893,427	$106,075,371	$112,968,798

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases of which $1,747,226 is for salary increases and $605,156 is for health insurance increases	$2,168,675	$183,707	$2,352,382
2. Adds 7.5 FTE positions, including 3 carbon capture positions, 1 paleontology position, 1 critical minerals position, 1 grant administrator position, 1 deputy director position for the Public Finance Authority, and 0.5 records management position	$1,303,541	$314,967	$1,618,508
3. Increases funding for bond payments to provide total funding of $119,879,913 for bond payments	$0	$97,839,192	$97,839,192
4. Adds **one-time funding** for inflationary costs primarily related to travel expenses	$821,456	$35,688	$857,144
5. Adds **one-time funding** for Transmission Authority consulting expenses	$250,000	$0	$250,000
6. Adds **one-time funding** for a federal electric grid resilience grant and a related match from the general fund	$1,372,227	$7,520,258	$8,892,485
7. Adds **one-time funding** for a transfer to the fossil restoration fund	$250,000	$0	$250,000

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

Legacy earnings fund - Sections 12 and 13 would transfer $55 million from the legacy earnings fund to the oil and gas research fund ($5 million) and to the clean sustainable energy fund ($50 million).

Strategic investment and improvements fund - Section 14 would transfer $500 million from the strategic investment and improvements fund to the clean sustainable energy fund including $250 million prior to the end of the 2021-23 biennium and $250 million during the 2023-25 biennium.

North Dakota outdoor heritage fund - Section 15 would decrease the oil and gas tax revenue allocation limit to the North Dakota outdoor heritage fund from $20 million per fiscal year to $7.5 million per fiscal year for the 2023-25 biennium, the same as the 2021-23 biennium.

Oil and gas research fund - Section 16 would increase the allocations to the oil and gas research fund by $4.5 million, from $10 million to $14.5 million for the 2023-25 biennium, the same as the 2021-23 biennium.

Federal State Fiscal Recovery Fund exemption - Sections 20, 21, and 22 would provide an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a pipeline infrastructure grant ($150 million), a hydrogen development grant ($20 million), and an abandoned oil well conversion program ($3.2 million).

Abandoned well federal funding exemption - Section 23 would provide an exemption allowing unspent federal funding authorized by the Emergency Commission to be available in the 2023-25 biennium related to administrative costs for plugging and reclaiming oil wells and oil well sites.

Survey review exemption - Section 24 would provide an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority for a survey review during the 2023-25 biennium.

Continuing Appropriations

Abandoned oil and gas reclamation fund - North Dakota Century Code Section 38-08-04.5 - Abandoned oil and gas reclamation.

Carbon dioxide storage facility administration fund - Section 38-22-14 - For defraying costs of processing applications for regulating carbon dioxide storage facilities.

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.

Cartographic products fund - Section 54-17.4-10 - Topographic map sales and purchases.

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.

Fossil excavation and restoration fund - Section 54-17.4-09.1 - Excavation and restoration of fossils.

Geological data preservation fund - Section 54-17.4-13 - Data preservation.

Geophysical, geothermal, subsurface minerals, and coal exploration fund - Section 38-21-03 - Reclamation of orphaned facilities and exploration holes.

Global positioning system community base station - Section 54-17.4-12 - For maintenance of base station.

Lignite research fund - Section 57-61-01.5 - Research, development, and marketing for the lignite industry.

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.

North Dakota Pipeline Authority administrative fund - Section 54-17.7-11 - For operations of the North Dakota Pipeline Authority.

Oil and gas research fund - Section 57-51.1-07.3 - Oil and gas research and education.

Oil and gas reservoir data fund - Section 38-08-04.6 - Oil and gas reservoir data.

Renewable energy development fund - Section 54-63-04 - Renewable energy research, development, and education.

Clean sustainable energy fund - Section 54-63.1-07 - Grants, loans, and other financial assistance for clean sustainable energy project research and development.

Deficiency Appropriations

The executive budget recommends transferring $250 million from the strategic investment and improvements fund to the clean sustainable energy fund prior to the end of the 2021-23 biennium.

Significant Audit Findings

The operational audit for the Industrial Commission conducted by the State Auditor's office during the 2021-22 interim identified no significant audit findings.

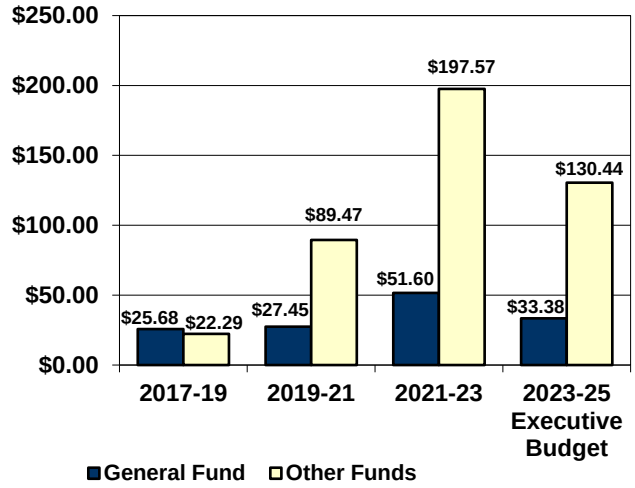
Major Related Legislation

Senate Bill No. 2059 - Increases the fund balance limit from $50 million to $100 million for oil and gas gross production tax revenue allocations to the abandoned oil and gas well plugging and site reclamation fund.

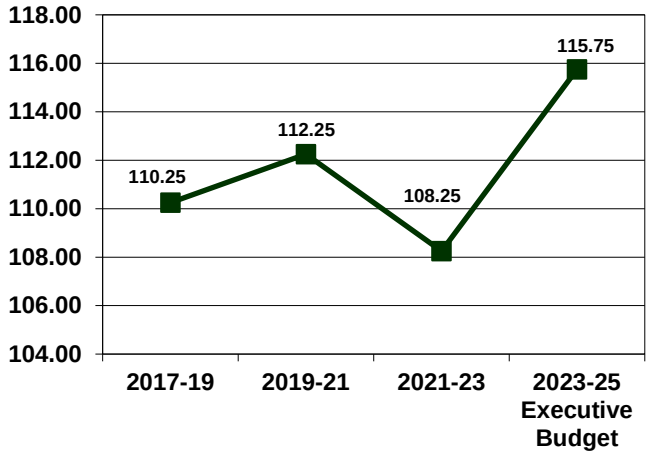
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	$24,957,746	$25,408,987	$27,254,198	$26,489,613	$30,362,191
Increase (decrease) from previous biennium	N/A	$451,241	$1,845,211	($764,585)	$3,872,578
Percentage increase (decrease) from previous biennium	N/A	1.8%	7.3%	(2.8%)	14.6%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	1.8%	9.2%	6.1%	21.7%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

1. Removed 8.5 FTE positions, including 6.5 FTE engineering technician positions and 2 FTE administrative assistant positions — ($577,999)
2. Added funding for contingent FTE engineering technician positions — $221,737
3. Added funding for operating expenses primarily related to travel, information technology software and services, and professional services — $448,753

2019-21 Biennium

1. Increased funding for 2 FTE positions that were partially funded as contingent positions in the 2017-19 biennium — $40,464
2. Added funding for 2 FTE contingent positions — $229,544
3. Added funding for operating expenses, primarily related to travel, building leases, and information technology costs — $556,254

2021-23 Biennium

1. Removed 1 FTE computer network specialist position ($222,366), 1 FTE engineering technician position ($180,551), and 2 FTE contingent positions ($229,544) — ($632,461)
2. Decreased funding for salaries and wages for anticipated savings from vacant positions and employee turnover — ($214,360)
3. Decreased funding for temporary salaries — ($60,000)
4. Adjusted funding for operating expenses, primarily related to a decrease in travel — ($730,400)

2023-25 Biennium (Executive Budget Recommendation)

1. Adds 7.5 FTE positions, including 3 carbon capture positions, 1 paleontology position, 1 critical minerals position, 1 grant administrator position, 1 deputy director position for the Public Finance Authority, and 0.5 records management position — $1,303,541

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	$7,718,143	$269,408	$195,000	$25,106,260	$3,020,849

Major One-Time General Fund Appropriations

2017-19 Biennium

1. Provided a deficiency appropriation for litigation expenses related to various lawsuits associated with oil and gas regulatory disputes and other environmental issues — $269,408

2019-21 Biennium

1. Added one-time funding for temporary employees who will record historical information to provide guidance to current and future employees — $175,000
2. Added one-time funding for a transfer to the high-level radioactive waste fund — $20,000

2021-23 Biennium

1. Added one-time funding from the general fund for paleontology and geological equipment — $106,260
2. Added one-time funding for a transfer to the clean sustainable energy fund pursuant to House Bill No. 1452 (2021) — $25,000,000

2023-25 Biennium (Executive Budget Recommendation)

1. Adds one-time funding for inflationary costs primarily related to travel expenses — $821,456
2. Adds one-time funding for Transmission Authority consulting expenses — $250,000
3. Adds one-time funding for a federal electric grid resilience grant and a related match from the general fund — $1,372,227
4. Adds one-time funding for a transfer to the fossil restoration fund — $250,000

Industrial Commission - Budget No. 405
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	108.25	$26,489,613	$24,369,185	$50,858,798
2023-25 Ongoing Funding Changes				
Cost to continue salary increase		$167,219	$8,697	$175,916
Salary increase		1,604,665	142,561	1,747,226
Health insurance increase		564,010	41,146	605,156
Adds FTE carbon capture positions	3.00	760,911		760,911
Adds FTE paleontology position	1.00	196,610		196,610
Adds FTE critical minerals position	1.00	276,523		276,523
Adds FTE grant administration position	1.00		182,321	182,321
Adds FTE deputy director position	1.00		132,646	132,646
Adds FTE records management position	0.50	69,497		69,497
Transfers $104,785 from operating expenses to salaries				0
Increases federal funding for salaries and wages			29,996	29,996
ITD rate increases		3,143	1,756	4,899
Adds funding for computer server transition		230,000		230,000
Increases funding for bond payments			97,839,192	97,839,192
Total ongoing funding changes	7.50	$3,872,578	$98,378,315	$102,250,893
One-time funding items				
Adds one-time funding for FTE carbon capture positions		$31,031		$31,031
Adds one-time funding for FTE paleontology position		9,234		9,234
Adds one-time funding for FTE critical minerals position		20,134		20,134
Adds one-time funding for FTE grant administration position			$1,155	1,155
Adds one-time funding for FTE deputy director position			10,955	10,955
Adds one-time funding for FTE records management position		3,119		3,119
Adds one-time funding for temporary employees			75,000	75,000
Adds one-time funding for inflationary increases		821,456	35,688	857,144
Adds one-time funding for core and mineral analysis		100,000		100,000
Adds one-time funding for Transmission Authority consulting		250,000		250,000
Adds one-time funding for drones and computers		83,648	54,000	137,648
Adds one-time funding for computer server transition		80,000		80,000
Adds one-time funding for an electric grid resilience grant		1,372,227	7,520,258	8,892,485
Adds one-time funding for fossil restoration		250,000		250,000
Total one-time funding changes	0.00	$3,020,849	$7,697,056	$10,717,905
Total Changes to Base Level Funding	7.50	$6,893,427	$106,075,371	$112,968,798
2023-25 Total Funding	115.75	$33,383,040	$130,444,556	$163,827,596
Federal funds included in other funds			*$7,788,258*	
Total ongoing changes as a percentage of base level	*6.9%*	*14.6%*	*403.7%*	*201.0%*
Total changes as a percentage of base level	*6.9%*	*26.0%*	*435.3%*	*222.1%*

Other Sections in Industrial Commission - Budget No. 405

	Executive Budget Recommendation
Bond payments	Section 3 would provide legislative intent for bond payments during the 2023-25 biennium.
Administrative cost transfers	Section 5 would allow the Industrial Commission to transfer up to $1,619,045 from special funds from the entities under the control of the Industrial Commission for administrative services. Section 19 would provide an exemption allowing unspent prior biennium appropriation authority for administrative costs to be available in the 2023-25 biennium.

Other Sections in Industrial Commission - Budget No. 405

	Executive Budget Recommendation
Legacy earnings fund	Sections 12 and 13 would transfer $55 million from the legacy earnings fund to the oil and gas research fund ($5 million) and to the clean sustainable energy fund ($50 million).
Strategic investment and improvements fund	Section 14 would transfer $500 million from the strategic investment and improvements fund to the clean sustainable energy fund including $250 million prior to the end of the 2021-23 biennium and $250 million during the 2023-25 biennium.
North Dakota outdoor heritage fund	Section 15 would decrease the oil and gas tax revenue allocation limit to the North Dakota outdoor heritage fund from $20 million per fiscal year to $7.5 million per fiscal year for the 2023-25 biennium, the same as the 2021-23 biennium.
Oil and gas research fund	Section 16 would increase the allocations to the oil and gas research fund by $4.5 million, from $10 million to $14.5 million for the 2023-25 biennium, the same as the 2021-23 biennium.
Federal State Fiscal Recovery Fund exemption	Sections 20, 21, and 22 would provide an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a pipeline infrastructure grant ($150 million), a hydrogen development grant ($20 million), and an abandoned oil well conversion program ($3.2 million).
Abandoned well federal funding exemption	Section 23 would provide an exemption allowing unspent federal funding authorized by the Emergency Commission to be available in the 2023-25 biennium related to administrative costs for plugging and reclaiming oil wells and oil well sites.
Survey review exemption	Section 24 would provide an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority for a survey review during the 2023-25 biennium.

Sixty-eighth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1014
(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 state industrial commission and the agencies under the management of the industrial commission; to amend and reenact sections 15-17-07.3 and 15-17-07.9; 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 state industrial commission and agencies under its control for the purpose of defraying the expenses of the state industrial commission and agencies under its control, for the biennium beginning July 1, 2023 and ending June 30, 2025, as follows:

Subdivision 1.

INDUSTRIAL COMMISSION

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and Wages	$23,698,119	$4,139,281	$27,837,400
Operating Expenses	5,119,958	1,719,840	6,839,798
Capital Assets	0	128,000	128,000
Grants	0	8,892,485	8,892,485
General Fund Transfers	0	250,000	250,000
Bond Payments	22,040,721	97,839,192	119,879,913
Total All Funds	$50,858,798	$112,968,798	$163,827,596
Less Estimated Income	24,369,185	106,075,371	130,444,556
Total General Fund	$26,489,613	$6,893,427	$33,383,040
Full-Time Equivalent Positions	108.25	7.50	115.75

Subdivision 2.

BANK OF NORTH DAKOTA - OPERATIONS

	Base Level	Adjustments or Enhancements	Appropriation
Bank of North Dakota Operations	$67,308,548	$7,089,217	$74,395,765
Capital Assets	1,510,000	0	1,510,000
Total Special Funds	$68,816,548	$7,089,217	$75,905,765
Full-Time Equivalent Positions	173.00	8.00	181.00

Subdivision 3.

HOUSING FINANCE AGENCY

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and Wages	$9,556,272	$2,707,598	$12,263,870
Operating Expenses	6,109,060	4,629,181	10,738,241
Capital Assets	150,000	(130,000)	20,000
Grants	42,975,200	4,900,122	47,875,322
Housing Finance Agency Contingencies	100,000	0	100,000
Total All Funds	$58,890,532	$12,106,901	$70,997,433
Less Estimated Income	58,890,532	10,536,689	69,427,221
Total General Fund	$0	$1,570,212	$1,570,212
Full-Time Equivalent Positions	49.00	3.00	52.00

Subdivision 4.

MILL AND ELEVATOR ASSOCIATION

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and Wages	$50,560,209	$7,004,835	$57,565,044
Operating Expenses	36,817,000	5,574,653	42,391,653
Contingencies	500,000	0	500,000
Agriculture Promotion	500,000	0	500,000
Total Special Funds	$88,377,209	$12,579,488	$100,956,697
Full-Time Equivalent Positions	156.00	14.00	170.00

Subdivision 5.

BILL TOTAL

	Base Level	Adjustments or Enhancements	Appropriation
Grand Total General Fund	$26,489,613	$8,463,639	$34,953,252
Grand Total Special Funds	240,453,474	136,280,765	376,734,239
Grand Total All Funds	$266,943,087	$144,744,404	$411,687,491

SECTION 2. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium:

One-Time Funding Description	2021-23	2023-25
Housing Finance Agency – Housing Assessment	$35,000	0
Paleontology and Geological Equipment	106,206	0
Clean Sustainable Energy Fund Transfer	25,000,000	0
Agriculture Diversification and Development Fund Transfer	10,000,000	0
Housing Inventive Fund Transfer	9,500,000	0
Bank of North Dakota – Bond Proceeds	680,000,000	0
Inflation	0	857,144
Equipment and Software	0	137,648
Server Transition	0	80,000
Operating Expenses for New FTE	0	75,628
Infrastructure Investment and Jobs Act Grant and Match	0	8,892,485
North Dakota Transmission Authority Consulting	0	250,000
Paleo Fund Transfer	0	250,000
Core and Mineral Analysis	0	100,000
Contract Staffing	0	75,000
IT Consulting and Developing Costs	0	804,278
Total All Funds	$724,641,206	$11,522,183
Total Special Fund	680,035,000	8,501,334
Total General Fund	$44,606,206	$3,020.849

The 2023-25 biennium one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The department of commerce shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 3. LEGISLATIVE INTENT - BOND PAYMENTS. The amount of $119,879,913 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, 2023 and ending June 30, 2025:

Legacy Bond Payments	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
Office of Attorney General	330,000
State Historical Society	592,375
Parks and Recreation Department	30,950
Research and Extension Service	242,205
Veterans' Home	407,252
Total	$119,879,913

SECTION 4. APPROPRIATION – HOUSING FINANCE AGENCY – ADDITIONAL INCOME. In addition to the amount appropriated to the housing finance agency in subdivision 3 of section 1 of this Act, there is appropriated any additional income or unanticipated income from federal or other funds which may become available to the agency for the biennium beginning July 1, 2023 and ending June 30, 2025. 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 WITHIN THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND. The sum of $1,619,045, 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, 2023 and ending June 30, 2025, upon order of the commission. Transfers from the student loan trust must be made to the extent permitted by sections 54-17-24 and 54-17-25.

SECTION 6. TRANSFER - BANK OF NORTH DAKOTA - PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION. The Bank of North Dakota shall transfer the sum of $39,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the partnership in assisting community expansion fund during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 7. TRANSFER - BANK OF NORTH DAKOTA - AGRICULTURE PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION. The Bank of North Dakota shall transfer the sum of $5,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the agriculture partnership in assisting community expansion fund during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 8. TRANSFER - BANK OF NORTH DAKOTA - BIOFUELS PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION. The Bank of North Dakota shall transfer the sum of $1,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the biofuels partnership in assisting community expansion fund during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 9. TRANSFER - BANK OF NORTH DAKOTA - BEGINNING FARMER REVOLVING LOAN FUND. The Bank of North Dakota shall transfer the sum of $15,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the beginning farmer revolving loan fund during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 10. TRANSFER - BANK OF NORTH DAKOTA – AGRICULTURAL PRODUCTS UTILIZATION FUND. The Bank of North Dakota shall transfer the sum of $3,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the agricultural products utilization fund during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 11. TRANSFER – LEGACY EARNINGS FUND TO HOUSING INCENTIVE FUND. The office of management and budget shall transfer $25,000,000 from the legacy earnings fund to the housing incentive fund during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 12. TRANSFER – LEGACY EARNINGS FUND TO OIL AND GAS RESEARCH FUND. The office of management and budget shall transfer $5,000,000 from the legacy earnings fund to the oil and gas research fund for the purpose of providing iPIPE challenge grants, for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 13. TRANSFER – LEGACY EARNINGS FUND TO CLEAN SUSTAINABLE ENERGY FUND. The office of management and budget shall transfer $50,000,000 from the legacy earnings fund to the clean sustainable energy fund for the purpose of providing grants, for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 14. TRANSFER – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO CLEAN SUSTAINABLE ENERGY FUND. The office of management and budget shall transfer $500,000,000 from the strategic investment and improvements fund to the clean sustainable energy fund for the purpose of providing loans. The initial $250,000,000 transfer will occur on or before June 30, 2023 and the second $250,000,000 transfer will occur during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 15. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH DAKOTA OUTDOOR HERITAGE FUND. Notwithstanding the provisions of section 57-51-15 relating to the allocations to the North Dakota outdoor heritage fund, for the period beginning September 1, 2023, and ending August 31, 2025, the state treasurer shall allocate eight percent of the oil and gas gross production tax revenue available under subsection 1 of section 57-51-15 to the North Dakota outdoor heritage fund, but not in an amount exceeding $7,500,000 per fiscal year.

SECTION 16. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - OIL AND GAS RESEARCH FUND. 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, 2023, and ending July 31, 2025, the state treasurer shall deposit two percent of the oil and gas gross production tax and oil extraction tax revenues, up to $14,500,000, 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 17. 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, 2023, and ending June 30, 2025, the office of management and budget shall not transfer any of the earning and undivided profits to the general fund.

SECTION 18. 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, 2023, and ending June 30, 2025, a gain-sharing program may be approved by the industrial commission without a transfer of profits to the general fund.

SECTION 19. EXEMPTION – INDUSTRIAL COMMISSION FUND. The amount appropriated to the industrial commission in the special funds appropriation line item in section 1 of chapter 42 of the 2021 Session Laws and transferred pursuant to section 7 of chapter 42 of the 2021 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, 2023 and ending June 30, 2025.

SECTION 20. EXEMPTION – PIPELINE INFRASTRUCTURE GRANT. The amount of $150,000,000 appropriated to the industrial commission for the purpose of pipeline infrastructure grants in section 1 of chapter

550 of the 2021 Special Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 21. EXEMPTION – HYDROGEN DEVELOPMENT GRANT. The amount of $20,000,000 appropriated to the industrial commission for the purpose of hydrogen development grants in section 1 of chapter 550 of the 2021 Special Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 22. EXEMPTION – WATER CONVERSION PROGRAM. The amount of $3,200,000 appropriated to the industrial commission for the purpose of an abandoned oil well conversion to water supply program in section 1 of chapter 550 of the 2021 Special Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 23. EXEMPTION – PLUGGING AND RECLAMATION INITIAL GRANT PROGRAM. The amount of $2,500,000 authorized by the emergency commission and budget section under section 54-16-04.1 to the industrial commission for the purpose of the orphaned well site plugging, remediation, and reclamation program is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 24. EXEMPTION –SURVEY REVIEW – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. The amount appropriated from strategic investment and improvement fund to the industrial commission in section 2 of chapter 426 of the 2017 Session Laws is not subject to section 54-44.1-11. Any unexpended funds from this appropriation are available to the industrial commission for expert legal testimony and other related legal costs associated with the survey review during the biennium beginning July 1, 2023, and June 30, 2025.

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

HB1014
1/12/2023

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; and to provide an exemption.

8:33 AM Chairman Monson: Opened the hearing on HB1014

Members present: Chairman Monson, Vice Chairman Brandenburg, Representatives; Bellew, Meier, Pyle, Mock

Members absent: Representative Kempenich

Discussion Topics:

- Lignite Research Program
- Oil & Gas Research
- Outdoor Heritage Fund
- Renewable Energy Fund
- Clean Sustainable Energy Fund
- Transmission Authority

Karen Tyler – Interim Executive Director – ND Industrial Commission – presented testimony #12983

Reice Haase- Deputy Executive Director – ND Industrial Commission – presented testimony- # 12984, #12985, #12982

Justin Kringstad, Director - ND Pipeline Authority- ND Industrial Commission- presented testimony- #12957, #12958, #12959.

Presenter: DeAnn Ament – Executive Director of ND Public Finance Authority - presented testimony #12952, #12951

Additional Testimony Gerald Buckmeier, ND Ethanol Producers Association #13004
Dana Hagar- Economic Development Association of ND # 13215

11:59:36 AM Chairman Monson – Adjourned the hearing for HB 1014.

Robyn Engelstad, Committee Clerk by Risa Berube

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

HB 1014
1/12/2023

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; and to provide an exemption.

2:23 PM Chairman Monson- Called the meeting to order, roll call was taken:

Members present: Chairman Monson, Vice Chairman Brandenburg, Representatives Bellew, Meier, Pyle, Mock

Members absent: Representative Kempenich

Discussion Topics:

- ND Mill & Elevator
- Economic Impact
- Budget Request

Vance Taylor - ND Mill and Elevator Association - ND Industrial Commission – Testifies in favor (Testimony # 12953)

Cathy Dub – CFO - ND Mill and Elevator Association spoke in favor.

Dave Flohr, Executive Director - ND Housing Finance Agency- Testifies in favor. (Testimony #12680 & #12679

Katie Jo Armbrust - Grand Forks Housing Authority – Testifies in favor. (Testimony #13062)

Additional Testimony Erin Prochnow, CEO YWCA Cass Clay #13006, Andrea Olson, Executive Director Community Action Partnership of ND #13024, Christina Sambor, ND Coalition for Homeless People #13068, Dan Madler, Beyond Shelter # 12980

4:12:26 PM Vice Chairman Brandenburg- Adjourned the hearing for HB 1014.

Robyn Engelstad, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

HB1014
1/13/2023

BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control;

9:39:25 AM Chairman Monson opened the hearing on HB1014, rollcall was taken:

Members present:
Chairman Monson, Vice Chairman Brandenburg, Representatives Bellew, Meier, Pyle, Mock

Members absent: Representative Kempenich

Discussion Topics:
- State Owned Bank
- Unprecedented Growth
- Financial Highlights

Todd Steinwand, Pres /CEO – Bank of ND – Testified in favor. (Testimony #12946)

10:06:42 AM Chairman Monson adjourned the hearing

Robyn Engelstad, Committee Clerk by Risa Berube

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

HB1014
1/13/2023

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; and to provide an exemption.

10:56:00 AM Chairman Monson opened the hearing on HB1014, roll call was taken:

Members present: Chairman Monson, Vice Chairman Brandenburg, Representatives Bellew, Meier, Pyle, Mock

Members absent: Representative Kempenich

Discussion Topics:

- **Mineral Resources**
- **Oil & Gas**
- **Core Library**

Lynn Helms, Director – Department of Mineral Resources –Testified in favor. (Testimony #13086)

Robyn Loumer, Accounting manager – Department of Mineral Resources- Testified in Favor. (Testimony #13086)

Lynn Helms, Director of Mineral Resources- Offers amendments language (Testimony #13237)

Bruce Hicks, Director- Oil and Gas Division- Department of Mineral Resources – Testifies in favor. Testimony #13086)

11:55:36 AM Chairman Monson Adjourned the hearing for HB 1014

Robyn Engelstad, Committee Clerk by Risa Berube

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

HB1014
1/23/2023

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; and to provide an exemption.

2:30 PM Chairman Monson opened the hearing on HB1014, roll call was taken:

Members present: Chairman Monson, Vice Chairman Brandenburg, Representatives Bellew, Meier, Pyle, Mock

Discussion Topics:

- Geological Survey
- Field trip to Dakota
- Budget overview

ED Murphy, State Geologist – ND Geological Survey – Testifies in favor.

Lynn Helms, Director of Department Mineral Resources Testifies in favor. (Testimony #17642)

Justin Kringstad, Director ND Pipeline Authority – Testifies in favor.

4:51 PM Chairman Monson Adjourned the hearing for HB 1014.

Amy Liepke, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

HB1014
1/24/2023

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; and to provide an exemption.

8:31 AM Chairman Monson: Opened the hearing on HB 1014

Members present:
Chairman Monson, Vice Chair Brandenburg, Rep Bellew. Rep. Meier, Rep. Pyle, Rep. Mock, Rep Kempenich

Discussion Topics:

- Retaining Capital
- Capital constraints.
- Employee retention
- Administrative office
- Strategic priority's
- Proposed amendments – industrial commission.

Todd Steinwand - President & CEO - Bank ND - #17656

Rob Phennig - Chief Financial officer for the Bank of ND - #17656

Kirby Evanger, Chief Credit Officer - Bank of ND - #17656

Karen Tyler - Interim Executive Director Industrial Commission -

Reice Haase - Deputy Director - ND Industrial Commission #17663

Jason Bohrer- President and CEO – ND Chairman of Lignite Energy Council, oral testimony in favor**.**

11:38 AM Chairman Monson closed the meeting.

Amy Liepke, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

HB1014
1/30/2023

Relating to providing an appropriation for defraying the expenses of the industrial commission and associated agencies.

8:30 AM, Chairman Monson Opened the meeting on HB 1014 and roll call was taken:

Members present: Chairman Monson, Vice Chair Brandenburg, Rep. Bellew, Rep. Kempenich, Rep. Meier, Rep. Pyle, Rep. Mock

Discussion Topics:

- List of all recommended amendments
- Increased transparency
- Growing Workload
- Pending retirement of Deanne, The Deputy Director Position
- Department of mineral resources
- CO2 capture

Reice Haas, Deputy Director – ND Industrial Commission testimony in favor of the bill. Testimony # 17735

Lynn Helm, Director of Department Mineral Resources provided testimony on **#**17735

Deann Ament; Executive Director Public Finance Authority, Oral testimony provided online in favor of the bill.

Brady Pelton ND Petroleum Council provided oral testimony in favor of the bill.

Lynn Helm, Director of Department Mineral Resources testimony in favor of the bill. Testimony #17818

Clint Boyd, Senior Paleontologist, ND Department of Mineral Resources, Oral testimony in favor of bill.

Representative Kempenich – Proposed amendment language Testimony # 17811

Additional written testimony: Representative Kempenich # 17812,

Lorraine Davis-Founder & CEO of community-based organization NATIVE #17773

12:06 PM Chairman Monson closed the meeting on HB 1014.

Amy Liepke, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

HB1014
1/30/2023

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; and to provide an exemption.

2:40 PM Chairman Monson, Called the meeting to order.

Members present: Chairman Monson, Vice Chair Brandenburg, Rep. Bellew, Rep. Kempenich, Rep. Meier, Rep. Pyle, Rep. Mock

Discussion Topics:

- Bank of ND
- FTE Request

Todd Steinwand - President & CEO - Bank of ND, written testimony in favor of the bill. This information also had been previously received via power point. Testimony (#17930)

Rob Pfenning - Chief Financial Officer – **Bank of ND** oral testimony in favor of the bill.

3:20 PM Chariman Monson, Closed the meeting.

Amy Liepke, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

HB1014
2/6/2023

Relating to providing an appropriation for defraying the expenses of the industrial commission and associated agencies.

Chairman Monson opened the meeting on HB 1014 at 9:36 AM

Members present: Chairman Monson, Vice Chair Brandenburg, Rep. Kempenich, Rep. Meier, Rep. Pyle, Rep. Mock Members absent: Rep. Bellew

Discussion Topics:

- ND Pipelines
- I Pipe grant program
- Oil and gas research
- Fossil restoration funds
- Housing Finance
- Legacy fund transfers
- North Dakota Housing commission
- Budgets: 470, 405, 473, 475

Karen Tyler, Interim Executive Director ND Industrial commission, verbally introduced Jason and Reice, and what they want to cover.

Jason Bohrer, CEO of ND Lignite energy council, verbally answered questions for the committee

Reice Haase, Deputy Executive Director for ND Industrial commission, verbally answered questions for the Committee, budget 405 (#19269)

Department of Mineral Recourses, budget 470 (#19272)

David Flohr, Executive Director of ND Housing Finance Agency, budget 473 (#19273) (#19280)

Shelby Keplin, Housing Coordinator Native Inc. (#19303)

Christina Sambor, YWCA, ND Coalition for Homeless People (#13068)

Vance Taylor, President CEO of the Mill, and elevator answered committee questions via zoom.

Cathy Dub, CFO, ND Mill & elevator, via zoom budget 475 (#19306)

Additional Testimony:

- Lorraine Davis, Founder/ CEO Native Inc. Housing Director introduced her testimony online (#17773)

Chairman Monson closed the meeting on HB 1014 at 12:11 PM

Amy Leipke, Committee Clerk By: Leah Kuball

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

HB1014
2/9/2023

Relating to providing an appropriation for defraying the expenses of the industrial commission and associated agencies.

Chairman Monson Opened the meeting on HB 1014 at 3:34 PM

Members present: Chairman Monson, Vice Chair Brandenburg, Rep. Bellew, Rep. Kempenich, Rep. Meier, Rep. Pyle, Rep. Mock

Discussion Topics:

- Housing Finance
- ND Mill
- Additional funding for FTE'S
- Proposed amendments (23.0243.01006) (23.0243.01007) (23.0243.01001) (23.0243.01004)

Vance Taylor, President CEO of the Mill, and elevator verbally answered committee questions via zoom.

Cathy Dub, CFO, ND Mill & elevator, verbally answered question from the committee via zoom

Representative Kempenich introduces amendment (23.0243.01006) (#20400)

Justin Kringstead, Director on the ND Pipeline authority, verbally answers questions for the committee

Representative Kempenich introduces amendments, (23.0243.01007) (23.0243.01001) (23.0243.01004) (#20407, #20410, #20412)

Todd Steinwand - President & CEO - Bank of ND, verbally answered questions for the committee.

Reice Hause, Deputy Director of the Industrial commission, verbally answered questions of the committee.

Chairman Monson closed the meeting on HB 1014 at 5:14 PM

Amy Lipke Committee Clerk, By: Leah Kuball

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

HB1014
2/13/2023

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; and to provide an exemption.

Vice Chairman Brandenburg Opened the meeting on HB 1014 at 8:55 AM.

Members present: Chairman Monson, Vice Chair Brandenburg, Rep. Kempenich, Rep. Meier, Rep. Pyle, Rep. Mock

Member not present: Rep. Bellow

Discussion Topics:

- HB 1014 Budget # 471
- Amendment
- FTEs
- Recruitment and retention of employees
- Dual Credit
- Industrial Commission Budget #405
- Rare Earth Metals
- Salt Caverns

Rep Kempenich took the committee through the long sheet testimony (# 20592)

Tod Steinman, President of the Bank of ND, written testimony (# 20587)

Kirby Evanger, Chief Credit Officer of Bank of ND discussed FTE's

Tod Steinman, President of the Bank of ND, written testimony (# 20587)

Rep Kempenich employee retention amendment language - #20597

Rob Phenning, Chief Financial Officer Bank of ND answered committee questions on profit.

Kevin Hullet, Chief Business Development Officer Bank of ND, discussed development center

Chairman Monson discussion on long sheet (#20605) for HB1014 Budget #405 Industrial commission budget #405

Rep Kempenich, the amendment LC# is [23.0243.01001] (#20610) rare earth

Anna Novak Representative, provided testimony in favor (#20608)

Lynn Helms, Director of the Department of Mineral Resources answered questions for the committee.

Senator Dale Patten, spoke in favor of the bill.

Reice Haase - Deputy Director - ND Industrial Commission, answered questions for the committee.

Lynn Helms, Director of the Department of Mineral Resources, answered questions for the committee.

Chairman Monson closed the meeting on HB 1014 at 12:18 PM.

Amy Liepke, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

HB1014
2/14/2023

Relating to providing an appropriation for defraying the expenses of the industrial commission and associated agencies.

Chairman Monson Opened the meeting on HB 1014 at 8:35 AM.

Members present: Chairman Monson, Vice Chair Brandenburg, Rep. Bellew, Rep. Kempenich, Rep. Meier, Rep. Pyle, Rep. Mock

Discussion Topics:

- Homeless Grants
- Serving Native Americans
- Clean Sustainable Energy
- Lignite research fund
- EPP budget
- Mill dividends

Rep. Meier proposed 2 million more for homeless grants**. Testimony (#20778).**

Dave Flohr, Executive Director of ND Housing answered questions on the **Budget #473.**

Rep Kempenich took the committee through the long sheet **Budget number #473.**

Rep Brandenburg discussed clean sustainable energy fund, Department of Mineral **Budget (#470) Testimony (# 20628).**

Kelvin Hullet, Chief Business Development Officer, Bank of ND, provided written testimony **(#20786),** and answered questions about clean sustainable energy.

Reice Haase - Deputy Director - ND Industrial Commission answered questions about the studies and lignite production.

Rep Kempenich discussed 10% of profits from mill will be transferred.

Rep. Meier discussed the FTE's for HB 1014 **Budget #475 (#20792).**

Rep. Kempenich moved to amend adding 10% gain share through dividendss

Rep Mock seconds motion.

Roll call vote.

Representatives	Vote
Representative David Monson	Y
Representative Mike Brandenburg	Y

Representative Larry Bellew	AB
Representative Keith Kempenich	Y
Representative Lisa Meier	Y
Representative Corey Mock	Y
Representative Brandy Pyle	Y

Motion carried: 6-0-1

Rep Kempenich moved a Do Pass as amended.
Rep Mock seconded the motion.

Roll call vote:

Representatives	Vote
Representative David Monson	Y
Representative Mike Brandenburg	Y
Representative Larry Bellew	AB
Representative Keith Kempenich	Y
Representative Lisa Meier	Y
Representative Corey Mock	Y
Representative Brandy Pyle	Y

Motion carried: 6-0-1

10:19 AM Chairman Monson closed the meeting on HB 1014.

Amy Liepke, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Brynhild Haugland Room, State Capitol

HB 1014
2/20/2023

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; and to provide an exemption.

10:48 AM Chairman Vigesaa- Meeting was called to order and roll call was taken:

Members present; Chairman Vigesaa, Representative Kempenich, Representative B. Anderson, Representative Brandenburg, Representative Hanson, Representative Kreidt, Representative Martinson, Representative Mitskog, Representative Meier, Representative Mock, Representative Monson, Representative Nathe, Representative J. Nelson, Representative O'Brien, Representative Pyle, Representative Richter, Representative Sanford, Representative Schatz, Representative Schobinger, Representative Strinden, Representative G. Stemen and Representative Swiontek.

Members not Present Representative Bellew

Discussion Topics:

- Amendment

Representative Kempenich- Give statement of purpose and amendment 23.0243.01009 (Testimony #21152)

Representative Kempenich Move to adopt the amendment 23.0243.01009

Representative Monson Seconds the motion.

Committee discussion- Roll call vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	A
Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative Corey Mock	A
Representative David Monson	Y
Representative Mike Nathe	Y

Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	N
Representative Randy A. Schobinger	Y
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	Y

Motion Carries 20-1-2.

Representative Kempenich- Move to further amend the employee retention program (Testimony #21157)

Representative Brandenburg Seconds the motion.

Committee discussion Roll call vote

Representatives	Vote
Representative Don Vigesaa	N
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	A
Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	Y
Representative Gary Kreidt	N
Representative Bob Martinson	N
Representative Lisa Meier	N
Representative Alisa Mitskog	Y
Representative Corey Mock	A
Representative David Monson	Y
Representative Mike Nathe	N
Representative Jon O. Nelson	N
Representative Emily O'Brien	Y
Representative Brandy Pyle	Y
Representative David Richter	N
Representative Mark Sanford	Y
Representative Mike Schatz	Y
Representative Randy A. Schobinger	N
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	N

Motion Carries 12-9-2

Representative Kempenich Move for a Do Pass as Amended

Representative Brandenburg Seconds the motion.

Committee discussion Roll call vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	A
Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative Corey Mock	A
Representative David Monson	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	N
Representative Randy A. Schobinger	Y
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	Y

Motion Carries 20-1-2 Representative Kempenich will carry the bill.

11:53 AM Chairman Vigesaa Closed the meeting for 1014.

Risa Berube, Committee Clerk

Prepared by the Legislative Council staff for
the House Appropriations Committee
February 20, 2023

DR
1/19
2-21-23

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1014

Page 1, line 2, after "control" insert "; to create and enact a new section to chapter 6-09, relating to a Bank of North Dakota retention incentive program; to amend and reenact sections 6-09.7-05 and 54-17.7-01, subsections 3 and 4 of section 54-17.7-04, and section 54-63.1-01 of the North Dakota Century Code and section 8 of chapter 42 of the 2021 Session Laws, relating to fuel production facility loan guarantee reserve funding, the powers of the North Dakota pipeline authority, definitions for the clean sustainable energy authority, and a transfer of Bank of North Dakota profits to the general fund; to provide a contingent appropriation"

Page 1, line 2, remove the second "and"

Page 1, line 3, after "exemption" insert "; to provide for a report; and to declare an emergency"

Page 1, remove lines 13 through 24

Page 2, remove lines 1 through 31

Page 3, replace lines 1 through 7 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$23,698,119	($21,226,883)	$2,471,236
Operating expenses	5,119,958	(1,412,940)	3,707,018
Capital assets	0	1,250,000	1,250,000
Grants	0	33,623,893	33,623,893
Grants - bond payments	22,040,721	97,839,192	119,879,913
Total all funds	$50,858,798	$110,073,262	$160,932,060
Less estimated income	24,369,185	132,138,019	156,507,204
Total general fund	$26,489,613	($22,064,757)	$4,424,856
Full-time equivalent positions	108.25	(98.50)	9.75

Subdivision 2.

DEPARTMENT OF MINERAL RESOURCES

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$0	$25,401,022	$25,401,022
Operating expenses	0	11,410,044	11,410,044
Capital assets	0	80,000	80,000
Total all funds	$0	$36,891,066	$36,891,066
Less estimated income	0	2,568,000	2,568,000
Total general fund	$0	$34,323,066	$34,323,066
Full-time equivalent positions	0.00	108.00	108.00

Subdivision 3.

BANK OF NORTH DAKOTA

DR 2919 2-21-23

	Base Level	Adjustments or Enhancements	Appropriation
Bank of North Dakota operations	$67,306,548	$7,421,138	$74,727,686
Capital assets	1,510,000	0	1,510,000
Total special funds	$68,816,548	$7,421,138	$76,237,686
Full-time equivalent positions	173.00	14.00	187.00

Subdivision 4.

HOUSING FINANCE AGENCY

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$9,556,272	$2,613,470	$12,169,742
Operating expenses	6,109,060	4,629,181	10,738,241
Capital assets	150,000	(130,000)	20,000
Grants	42,975,200	5,829,910	48,805,110
Housing finance agency contingencies	100,000	0	100,000
Total all funds	$58,890,532	$12,942,561	$71,833,093
Less estimated income	58,890,532	10,442,561	69,333,093
Total general fund	$0	$2,500,000	$2,500,000
Full-time equivalent positions	49.00	4.00	53.00

Subdivision 5.

MILL AND ELEVATOR ASSOCIATION

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$50,560,209	$7,022,585	$57,582,794
Operating expenses	36,817,000	5,574,653	42,391,653
Contingencies	500,000	0	500,000
Agriculture promotion	500,000	0	500,000
Total special funds	$88,377,209	$12,597,238	$100,974,447
Full-time equivalent positions	156.00	14.00	170.00

Subdivision 6.

TOTAL - SECTION 1

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

Page 3, line 8, after "**FUNDING**" insert "**EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-NINTH LEGISLATIVE ASSEMBLY**"

Page 3, line 9, after "biennium" insert "and the 2023-25 one-time funding items included in the appropriation in section 1 of this Act"

Page 3, replace lines 11 through 24 with:

"Administration - transfer to clean sustainable energy fund $25,000,000 $0

Administration - pipeline grant fund	150,000,000	0
Administration - hydrogen grants	20,000,000	0
Administration - new employee expenses	0	12,110
Administration - transmission authority consulting	0	300,000
Administration - electricity grid resilience federal grant	0	8,623,893
Administration - lignite litigation expenses	0	3,000,000
Administration - transmission line grant	0	25,000,000
Administration - grant management software	0	1,250,000
Mineral resources - paleontology and geological equipment	106,260	0
Mineral resources - abandoned well conversion program	3,200,000	0
Mineral resources - new employee expenses	0	68,335
Mineral resources - inflationary expenses	0	821,456
Mineral resources - core and mineral analyses	0	100,000
Mineral resources - computer server transition	0	80,000
Mineral resources - abandoned well reclamation	0	2,300,000
Mineral resources - oil and gas litigation expenses	0	3,000,000
Bank of North Dakota - contingent loan repayment	17,500,000	0
Bank of North Dakota - bond proceed allocation	680,000,000	0
Bank of North Dakota - agriculture diversification fund	10,000,000	0
Bank of North Dakota - fuel production incentives	21,000,000	0
Bank of North Dakota - information technology projects	0	804,278
Housing finance agency - housing incentive fund	9,500,000	0
Housing finance agency - housing assessment	35,000	0
Total all funds	$936,341,260	$45,360,072
Less estimated income	874,235,000	8,744,647
Total general fund	$62,106,260	$36,615,425"

The 2023-25 biennium one-time funding amounts are not part of the entity's base budget for the 2025-27 biennium. The industrial commission shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025.

Page 3, line 25, replace "$22,040,721" with "$119,879,913"

Page 3, remove lines 28 through 31

Page 4, replace lines 1 through 9 with:

"Infrastructure project and program bonds - legacy earnings 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"

Page 4, after line 16, insert:

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

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $62,460, or so much of the sum as may be necessary, to the department of mineral resources for the purpose of employing full-time equivalent carbon capture positions for the period beginning with the effective date of this Act and ending June 30, 2023. The department is authorized three full-time equivalent positions pursuant to this subsection.

2. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $15,000, which the office of management and budget shall transfer to the fossil excavation and restoration fund during the period beginning with the effective date of this Act and ending June 30, 2023.

SECTION 6. APPROPRIATION - TRANSFER - FOSSIL RESTORATION FUND - 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 $250,000, which the office of management and budget shall transfer to the fossil excavation and restoration fund during the biennium beginning July 1, 2023, and ending June 30, 2025.

2. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $12,500,000, which the office of management and budget shall transfer to the housing incentive fund during the biennium beginning July 1, 2023, and ending June 30, 2025.

3. The funding provided in this section is considered a one-time funding item.

SECTION 7. CONTINGENT FUNDING - HOUSING FINANCE AGENCY. The sum of $82,068 from other funds and one full-time equivalent position included in subdivision 4 of section 1 of this Act are available only in accordance with the provisions of this section. If mortgage loan production for the fiscal year ended June 30, 2024, exceeds $435,000,000, the housing finance agency may spend $82,068 from the salaries and wages line item and may hire one full-time equivalent position. The housing finance agency shall notify the office of management and budget and the legislative council if the contingency is met."

Page 4, line 18, after "**FUND**" insert "**- EXEMPTION**"

Page 4, line 18, after the boldfaced period insert "1."

Page 4, line 18, replace "$1,214,768" with "$1,899,877"

Page 4, line 24, after "54-17-25" insert ".

2. The amount of $1,214,768 appropriated to the industrial commission in subdivision 1 of section 1 of chapter 42 of the 2021 Session Laws and transferred pursuant to section 7 of chapter 42 of the 2021 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, 2023, and ending June 30, 2025"

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Page 4, after line 24, insert:

"**SECTION 9. TRANSFER - FUNDS UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND.** The sum of $1,250,000, 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 funds under the control of the industrial commission to the industrial commission fund for grant management software expenses. Of the $1,250,000, the industrial commission may transfer:

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

Page 4, line 26, replace "industrial commission" with "Bank of North Dakota"

Page 4, line 26, replace "$140,000,000" with "$70,000,000"

Page 4, line 26, after the first "the" insert "Bank's"

Page 4, line 26, remove the second "the"

Page 4, line 27, replace "accumulated" with "undivided"

Page 4, line 27, remove "of the Bank of North Dakota"

Page 5, replace lines 1 through 19 with:

"**SECTION 11. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO ECONOMIC DEVELOPMENT PROGRAMS.** During the biennium beginning July 1, 2023, and ending June 30, 2025, 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 fund;
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. $3,000,000 to the agricultural products utilization fund.

SECTION 12. TRANSFER - LEGACY EARNINGS FUND - PIPELINE LEAK DETECTION AND PREVENTION PROGRAM - CLEAN SUSTAINABLE ENERGY GRANTS AND LOANS. During the biennium beginning July 1, 2023, and ending June 30, 2025, and pursuant to the designation of funding for other legislative purposes under subdivision c of subsection 4 of section 21-10-13, the state treasurer shall transfer the following amounts from the legacy earnings fund:

1. $5,000,000 to the oil and gas research fund for a pipeline leak detection and prevention program;

2. $50,000,000 to the clean sustainable energy fund for grants; and

3. $250,000,000 to the clean sustainable energy fund to repay a line of credit and to provide funding for loans.

SECTION 13. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO STATE ENERGY RESEARCH CENTER FUND - RARE EARTH MINERALS STUDY - REPORT TO LEGISLATIVE MANAGEMENT.

1. The office of management and budget shall transfer the sum of $3,000,000 from the strategic investment and improvements fund to the state energy research center fund during the biennium beginning July 1, 2023, and ending June 30, 2025.

2. Pursuant to the continuing appropriation under section 57-51.1-07.9, the industrial commission shall distribute up to $3,000,000 from the state energy research center fund to the state energy research center for a study related to prospective in-state resources of economically feasible accumulations of critical minerals, including rare earth elements and other high-value minerals or materials that may be suitable for extraction and enrichment.

3. The study must include a review of in-state mineral accumulations, including coal deposits, ore bodies, oil and gas reservoirs, produced water from oil and gas development activities, saltwater zones, and shale formations. While conducting the study, the state energy research center shall collaborate with the North Dakota geological survey and active mineral lessors and developers.

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

SECTION 14. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO STATE ENERGY RESEARCH CENTER FUND - UNDERGROUND ENERGY STORAGE RESEARCH PROJECT - REPORT TO LEGISLATIVE MANAGEMENT.

1. The office of management and budget shall transfer the sum of $22,000,000 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, the industrial commission shall distribute up to $22,000,000 from the state energy research center fund to the state energy research center for a salt cavern underground energy storage research project.

3. The research project must include 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, the state energy research center shall provide quarterly reports to the industrial commission and at least one report to the legislative management regarding the status and results of the research project.

SECTION 15. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS 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."

Page 5, line 21, after "**STUDY**" insert "**- REPORT TO THE SIXTY-NINTH LEGISLATIVE ASSEMBLY**"

Page 5, line 21, remove "The amount of $4,500,000 from the lignite"

Page 5, line 22, replace "research fund, or so much of the amount as may be necessary," with:

"1. Pursuant to the continuing appropriation under section 57-61-01.6, up to $4,500,000 from the lignite research fund"

Page 5, line 28, replace "appropriated pursuant to" with "designated under"

Page 6, after line 5, insert:

"2. The industrial commission shall report to the appropriations committees of the sixty-ninth legislative assembly on the amounts spent pursuant to this section."

Page 6, replace lines 6 through 12 with:

"**SECTION 17.** A new section to chapter 6-09 of the North Dakota Century Code is created and enacted as follows:

Employee recruitment and retention incentive program - Report to legislative management.

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

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SECTION 18. 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.

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~~one hundred forty 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 19. AMENDMENT. Section 54-17.7-01 of the North Dakota Century Code is amended and reenacted as follows:

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

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

SECTION 20. AMENDMENT. Subsection 3 of section 54-17.7-04 of the North Dakota Century Code is amended and reenacted as follows:

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 ~~as a purchaser of last resort. The obligation of the state may not exceed ten percent of the pipeline authority's acquisition or purchase of a right to capacity in any pipeline system or systems, or interconnection of pipeline systems, and the state's obligation is limited to the funding available from the oil and gas research fund~~. 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.

SECTION 21. 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 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. The line of credit must be guaranteed by reserves under section 6-09.7-05.

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

   d. The authority shall repay the line of credit from amounts available. If the amounts available on June 30, 2025, are not sufficient to repay the line of credit, the authority shall notify the director of the office of management and budget, and the director of the office of management and budget shall transfer funds from the strategic investment and improvements fund to the Bank for the repayment pursuant to section 6-09.7-05 based on the amount certified by the Bank.

SECTION 22. AMENDMENT. Section 54-63.1-01 of the North Dakota Century Code is amended and reenacted as follows:

54-63.1-01. Definitions.

As used in this chapter:

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

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

3. "Commission" means the industrial commission.

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

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

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

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

SECTION 8. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO GENERAL FUND. The industrial commission shall transfer to the general fund ~~$140,000,000~~$70,000,000 from the current earnings and the

accumulated profits of the Bank of North Dakota during the biennium beginning July 1, 2021, and ending June 30, 2023. The moneys must be transferred in the amounts and at the times requested by the director of the office of management and budget after consultation with the Bank of North Dakota president. For legislative council budget status reporting purposes, the transfer under this section is considered an ongoing revenue source.

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

SECTION 25. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH DAKOTA OUTDOOR HERITAGE FUND - 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, 2023, and ending August 31, 2025, 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, 2023, and ending July 31, 2025, the state treasurer shall allocate two percent of the oil and gas gross production tax and oil extraction tax revenues, up to $14,500,000, into the oil and gas research fund before allocating oil and gas tax revenues under sections 57-51.1-07.5, 57-51.1-07.9, and 57-51.1-07.10.

SECTION 26. 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, 2023, and ending June 30, 2025:

1. 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;

2. The sum of $20,000,000 appropriated from the federal state fiscal recovery fund for hydrogen development grants in subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws; and

3. The sum of $800,000 appropriated from the strategic investment and improvements fund 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 and into the 2021-23 biennium pursuant to section 33 of chapter 42 of the 2021 Session Laws.

SECTION 27. EMERGENCY. The following are declared to be an emergency measure:

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

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

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

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

5. Section 5 of this Act.

6. Section 23 of this Act."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1014 - Summary of House Action

	Base Budget	House Changes	House Version
Industrial Commission			
Total all funds	$50,858,798	$110,073,262	$160,932,060
Less estimated income	24,369,185	132,138,019	156,507,204
General fund	$26,489,613	($22,064,757)	$4,424,856
FTE	108.25	(98.50)	9.75
Department of Mineral Resources			
Total all funds	$0	$37,141,066	$37,141,066
Less estimated income	0	2,568,000	2,568,000
General fund	$0	$34,573,066	$34,573,066
FTE	0.00	108.00	108.00
Bank of North Dakota			
Total all funds	$68,816,548	$7,421,138	$76,237,686
Less estimated income	68,816,548	7,421,138	76,237,686
General fund	$0	$0	$0
FTE	173.00	14.00	187.00
Housing Finance Agency			
Total all funds	$58,890,532	$25,442,561	$84,333,093
Less estimated income	58,890,532	10,442,561	69,333,093
General fund	$0	$15,000,000	$15,000,000
FTE	49.00	4.00	53.00
Mill and Elevator			
Total all funds	$88,377,209	$12,597,238	$100,974,447
Less estimated income	88,377,209	12,597,238	100,974,447
General fund	$0	$0	$0
FTE	156.00	14.00	170.00
Bill total			
Total all funds	$266,943,087	$192,675,265	$459,618,352

Less estimated income	240,453,474	165,166,956	405,620,430
General fund	$26,489,613	$27,508,309	$53,997,922
FTE	486.25	41.50	527.75

House Bill No. 1014 - Industrial Commission - House Action

	Base Budget	House Changes	House Version
Salaries and wages	$23,698,119	($21,226,883)	$2,471,236
Operating expenses	5,119,958	(1,412,940)	3,707,018
Capital assets		1,250,000	1,250,000
Grants		33,623,893	33,623,893
Grants - Bond payments	22,040,721	97,839,192	119,879,913
Total all funds	$50,858,798	$110,073,262	$160,932,060
Less estimated income	24,369,185	132,138,019	156,507,204
General fund	$26,489,613	($22,064,757)	$4,424,856
FTE	108.25	(98.50)	9.75

Department 405 - Industrial Commission - Detail of House Changes

	Adjusts Funding to Separate Agencies[1]	Adds Funding for Cost to Continue Salaries[2]	Adds Funding for Salary and Benefit Increases[3]	Adds FTE Positions[4]	Transfers Funding from Operating to Salaries[5]	Adds Funding for Operating Expenses[6]
Salaries and wages	($22,095,326)	$8,697	$149,321	$612,547	$97,878	
Operating expenses	(4,632,291)			3,363	(97,878)	$3,313,866
Capital assets						
Grants						
Grants - Bond payments						
Total all funds	($26,727,617)	$8,697	$149,321	$615,910	$0	$3,313,866
Less estimated income	(238,004)	8,697	149,321	615,910	0	13,866
General fund	($26,489,613)	$0	$0	$0	$0	$3,300,000
FTE	(101.50)	0.00	0.00	3.00	0.00	0.00

	Adds Funding for Bond Payments[7]	Adds One-Time Funding for Capital Assets[8]	Adds One-Time Funding for Grants[9]	Total House Changes
Salaries and wages				($21,226,883)
Operating expenses				(1,412,940)
Capital assets		$1,250,000		1,250,000
Grants			$33,623,893	33,623,893
Grants - Bond payments	$97,839,192			97,839,192
Total all funds	$97,839,192	$1,250,000	$33,623,893	$110,073,262
Less estimated income	97,839,192	1,250,000	32,499,037	132,138,019
General fund	$0	$0	$1,124,856	($22,064,757)
FTE	0.00	0.00	0.00	(98.50)

[1] Funding of $26,727,617, including $26,489,613 from the general fund and $238,004 from federal funds, and 101.50 FTE positions are removed from base level funding to provide a separate budget for the Department of Mineral Resources.

[2] Funding from other funds is added for cost to continue salary increases.

[3] The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from $1,429 to $1,648 per month:

	General Fund	Other Funds	Total
Salary increase	$0	$107,229	$107,229
Health insurance increase	0	42,092	42,092
Total	$0	$149,321	$149,321

[4] Funding of $615,910 from other funds is added as follows:
- $182,321 for 1 FTE grant administration position, including $178,958 for salaries and wages and $3,363 for operating expenses.
- $132,646 for 1 FTE deputy director position for the Public Finance Agency, all of which is for salaries and wages.
- $300,943 for 1 FTE administrative assistant position, all of which is for salaries and wages.

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[5] Funding of $97,878 is transferred from the operating expenses line item to the salaries and wages line item related to cost-savings from operating expenses and increases in salaries.

[6] Funding of $3,313,866 is added for operating expenses as follows:
- $1,756 of ongoing funding from other funds for Information Technology Department rate increases;
- $12,110 of one-time funding from other funds for equipment for new FTE positions;
- $300,000 of one-time funding from the general fund for North Dakota Transmission Authority consulting; and
- $3,000,000 of one-time funding from the general fund for lignite litigation expenses.

[7] Funding of $97,839,192 from other funds is added for bond payments to provide total funding of $119,879,913, including $102,620,461 for infrastructure project and program bonds paid from the legacy earnings fund.

[8] One-time funding of $1,250,000 from other funds is added for grant management software. The $1,250,000 includes $250,000 from the clean sustainable energy fund, $250,000 from the lignite research fund, $250,000 from the oil and gas research fund, $250,000 from the North Dakota outdoor heritage fund, and $250,000 from the renewable energy development fund.

[9] One-time funding of $33,623,893 is added for grants as follows:
- $8,623,893 for an electric grid resilience grant, including $1,124,856 from the general fund and $7,499,037 from federal funds.
- $25,000,000 from the strategic investment and improvements fund for a transmission line grant.

This amendment also includes the following related to the Industrial Commission:
- Identifies the funding for bond payments for the 2023-25 biennium.
- Transfers up to $1,899,877 from the entities under the control of the Industrial Commission for administrative services and provides an exemption allowing unspent prior biennium appropriation authority for administrative costs to be available in the 2023-25 biennium.
- Allows the Industrial Commission to transfer up to $250,000 from each of the grant programs to provide a total of $1,250,000 for new grant management software.
- Transfers $5 million from the legacy earnings fund to the oil and gas research fund for a pipeline leak detection and prevention program.
- Transfers $50 million from the legacy earnings fund to the clean sustainable energy fund to provide total funding of $50 million for grants, including $30 million designated from the legacy earnings fund to the clean sustainable energy fund under current law.
- Transfers $250 million from the legacy earnings fund to the clean sustainable energy fund to repay a line of credit and to provide funding for loans.
- Transfers $3 million from the strategic investment and improvements fund to the State Energy Research Center fund for a critical minerals study, including rare earth elements.
- Transfers $22 million from the strategic investment and improvements fund to the State Energy Research Center fund for an underground energy storage research project to construct up to two salt caverns.
- Identifies $25 million from the strategic investment and improvements fund for a grant to an entity to upgrade a high-voltage direct current transmission line.
- Requires the Industrial Commission to provide a report to the Appropriations Committees of the 69th Legislative Assembly regarding spending from the lignite research fund.
- Authorizes the North Dakota Pipeline Authority to borrow up to $60 million through a line of credit from the Bank of North Dakota to purchase capacity positions on a pipeline and requires the line of credit to be guaranteed under the fuel production facility loan guarantee program.
- Clarifies the definition of clean sustainable energy projects to identify hydrogen projects as eligible projects.
- Provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a hydrogen development grant.
- Provides an emergency clause related to $3 million of one-time funding from the general fund for lignite litigation.

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House Bill No. 1014 - Department of Mineral Resources - House Action

	Base Budget	House Changes	House Version
Salaries and wages		$25,401,022	$25,401,022
Operating expenses		11,410,044	11,410,044
Capital assets		80,000	80,000
Transfer to fossil restoration fund		250,000	250,000
Total all funds	$0	$37,141,066	$37,141,066
Less estimated income	0	2,568,000	2,568,000
General fund	$0	$34,573,066	$34,573,066
FTE	0.00	108.00	108.00

Department 470 - Department of Mineral Resources - Detail of House Changes

	Adjusts Funding to Separate Agencies[1]	Adds Funding for Cost to Continue Salaries[2]	Adds Funding for Salary and Benefit Increases[3]	Adds FTE Positions[4]	Adds Funding for Other Salary Adjustments[5]	Adds Funding for Operating Expenses[6]
Salaries and wages	$22,095,326	$167,219	$1,772,281	$1,284,293	$81,903	
Operating expenses	4,632,291			156,726	(6,907)	$6,627,934
Capital assets						
Transfer to fossil restoration fund						
Total all funds	$26,727,617	$167,219	$1,772,281	$1,441,019	$74,996	$6,627,934
Less estimated income	238,004	0	0	0	29,996	2,300,000
General fund	$26,489,613	$167,219	$1,772,281	$1,441,019	$45,000	$4,327,934
FTE	101.50	0.00	0.00	6.50	0.00	0.00

	Adds One-Time Funding for Capital Assets[7]	Adds Funding for Fossil Restoration Fund[8]	Total House Changes
Salaries and wages			$25,401,022
Operating expenses			11,410,044
Capital assets	$80,000		80,000
Transfer to fossil restoration fund		$250,000	250,000
Total all funds	$80,000	$250,000	$37,141,066
Less estimated income	0	0	2,568,000
General fund	$80,000	$250,000	$34,573,066
FTE	0.00	0.00	108.00

[1] Funding of $26,727,617, including $26,489,613 from the general fund and $238,004 from federal funds, and 101.50 FTE positions are added to base level funding to provide a separate budget for the Department of Mineral Resources.

[2] Funding from the general fund is added for cost to continue salary increases.

[3] The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from $1,429 to $1,648 per month:

	General Fund	Other Funds	Total
Salary increase	$1,195,296	$0	$1,195,296
Health insurance increase	576,985	0	576,985
Total	$1,772,281	$0	$1,772,281

[4] Funding of $1,441,019 from the general fund is added as follows:

- $760,911 for 3 FTE carbon capture positions, including $715,134 for salaries and wages and $45,777 for operating expenses.
- $196,610 for 1 FTE paleontology position, including $167,102 for salaries and wages and $29,508 for

operating expenses.
- $276,523 for 1 FTE critical minerals position, including $216,028 for salaries and wages and $60,495 for operating expenses.
- $69,497 for 0.5 FTE records management position, including $66,334 for salaries and wages and $3,163 for operating expenses.
- $137,478 for 1 FTE subsurface geologist position, including $119,695 for salaries and wages and $17,783 for operating expenses.

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[5] Funding of $6,907 is transferred from the operating expenses line item to the salaries and wages line item related to cost-savings from operating expenses and increases in salaries. Funding of $74,996 is added as follows:
- $45,000 from the general fund for temporary salaries.
- $29,996 from federal funds for additional salary fund.

[6] Funding of $6,627,934 is added for operating expenses as follows:
- $3,143 of ongoing funding from the general fund for Information Technology Department rate increases.
- $230,000 of ongoing funding from the general fund for computer server transition.
- $105,000 of ongoing funding from the general fund for professional membership dues.
- $68,335 of one-time funding from the general fund for equipment for new FTE positions.
- $821,456 of one-time funding from the general fund for inflationary increases.
- $100,000 of one-time funding from the general fund for core and mineral analyses.
- $2,300,000 of one-time funding from federal funds for administrative costs related to a federal abandoned well reclamation program.
- $3,000,000 of one-time funding from the general fund for oil and gas litigation expenses.

[7] One-time funding of $80,000 from the general fund is added for computer server transition costs.

[8] Funding of $250,000 is appropriated from the general fund for a transfer to the fossil excavation and restoration fund pursuant to a separate section in the bill.

This amendment also includes the following related to the Department of Mineral Resources:
- Appropriates $62,460 from the general fund and authorizes 3 FTE carbon capture positions for the 2021-23 biennium pursuant to an emergency clause. As a result, the general fund beginning balance is decreased by $62,460.
- Transfers $15,000 from the general fund to the fossil excavation and restoration fund prior to the end of the 2021-23 biennium pursuant to an emergency clause. As a result, the general fund beginning balance is decreased by $15,000.
- Transfers $250,000 from the general fund to the fossil excavation and restoration fund during the 2023-25 biennium.
- Decreases the oil and gas tax revenue allocation limit to the North Dakota outdoor heritage fund from $20 million per fiscal year to $7.5 million per fiscal year for the 2023-25 biennium, the same as the 2021-23 biennium.
- Increases the allocations to the oil and gas research fund by $4.5 million, from $10 million to $14.5 million for the 2023-25 biennium, the same as the 2021-23 biennium.
- Provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to an abandoned oil well conversion program.
- Provides an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority from the strategic investment and improvements fund for a survey review during the 2023-25 biennium.
- Provides an emergency clause-related $3,000,000 for oil and gas litigation expenses and $310,000 for computer server transition costs.

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House Bill No. 1014 - Bank of North Dakota - House Action

	Base Budget	House Changes	House Version
Capital assets	$1,510,000		$1,510,000
Bank of North Dakota operations	67,306,548	$7,421,138	74,727,686
Total all funds	$68,816,548	$7,421,138	$76,237,686
Less estimated income	68,816,548	7,421,138	76,237,686
General fund	$0	$0	$0
FTE	173.00	14.00	187.00

Department 471 - Bank of North Dakota - Detail of House Changes

	Adds Funding for Cost to Continue Salaries[1]	Adds Funding for Salary and Benefit Increases[2]	Adds FTE Positions[3]	Adds Funding for Operating Expenses[4]	Total House Changes
Capital assets					
Bank of North Dakota operations	$280,646	$2,779,348	$3,106,682	$1,254,462	$7,421,138
Total all funds	$280,646	$2,779,348	$3,106,682	$1,254,462	$7,421,138
Less estimated income	280,646	2,779,348	3,106,682	1,254,462	7,421,138
General fund	$0	$0	$0	$0	$0
FTE	0.00	0.00	14.00	0.00	14.00

[1] Funding from other funds is added for cost to continue salary increases.

[2] The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from $1,429 to $1,648 per month:

	General Fund	Other Funds	Total
Salary increase	$0	$1,896,264	$1,896,264
Health insurance increase	0	883,084	883,084
Total	$0	$2,779,348	$2,779,348

[3] Funding of $3,106,682 from other funds is added to the Bank of North Dakota operations line item as follows:

- $253,976 for 1 FTE credit underwriter IV position.
- $290,214 for 1 FTE agricultural valuation supervisor position.
- $222,652 for 1 FTE credit underwriter III position.
- $290,214 for 1 FTE commercial valuation supervisor position.
- $217,735 for 1 FTE collateral valuation III position.
- $253,976 for 1 FTE collateral valuation analyst IV position.
- $253,976 for 1 FTE collateral valuation IV position.
- $222,652 for 1 FTE loan operations supervisor position.
- $188,381 for 1 FTE loan servicing supervisor position.
- $139,104 for 1 FTE business banking associate I position.
- $139,104 for 1 FTE loan servicing associate II position.
- $159,414 for 1 FTE loan servicing associate III position.
- $257,933 for 1 FTE business banking associate II position.
- $217,351 for 1 FTE staff accountant III position.

[4] Funding of $1,254,462 from other funds is added for operating expenses as follows:

- $44,660 for shared software and service rate increases.
- $405,524 for Information Technology Department rate increases.
- $804,278 for one-time costs related to information technology projects.

This amendment also includes the following related to the Bank of North Dakota:

- Transfers $70 million of Bank profits to the general fund.
- Transfers $39 million of Bank profits to the partnership in assisting community expansion (PACE) fund.
- Transfers $5 million of Bank profits to the Ag PACE fund.

- Transfers $1 million of Bank profits to the biofuels PACE fund.
- Transfers $15 million of Bank profits to the beginning farmer revolving loan fund.
- Transfers $3 million of Bank profits to the agricultural products utilization fund.
- Creates an employee recruitment and retention incentive program allowing the Bank to provide incentive pay to employees using Bank of North Dakota profits.
- Amends the transfer of Bank profits to the general fund for the 2021-23 biennium to provide a transfer of $70 million rather than $140 million, resulting in a decrease to the July 1, 2023, general fund balance.

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House Bill No. 1014 - Housing Finance Agency - House Action

	Base Budget	House Changes	House Version
Salaries and wages	$9,556,272	$2,613,470	$12,169,742
Operating expenses	6,109,060	4,629,181	10,738,241
Capital assets	150,000	(130,000)	20,000
Grants	42,975,200	5,829,910	48,805,110
HFA contingencies	100,000		100,000
Housing incentive fund		12,500,000	12,500,000
Total all funds	$58,890,532	$25,442,561	$84,333,093
Less estimated income	58,890,532	10,442,561	69,333,093
General fund	$0	$15,000,000	$15,000,000
FTE	49.00	4.00	53.00

Department 473 - Housing Finance Agency - Detail of House Changes

	Adds Funding for Cost to Continue Salaries[1]	Adds Funding for Salary and Benefit Increases[2]	Adds FTE Positions[3]	Adds Funding for Other Salary Adjustments[4]	Transfers Homeless Grant Programs[5]	Adds Funding for Operating Expenses[6]
Salaries and wages	$75,908	$807,354	$767,568	$878,102	$84,538	
Operating expenses					62,803	$4,566,378
Capital assets						
Grants					2,570,212	
HFA contingencies						
Housing incentive fund						
Total all funds	$75,908	$807,354	$767,568	$878,102	$2,717,553	$4,566,378
Less estimated income	75,908	807,354	767,568	878,102	1,147,341	4,566,378
General fund	$0	$0	$0	$0	$1,570,212	$0
FTE	0.00	0.00	4.00	0.00	0.00	0.00

	Decreases Funding for Capital Assets[7]	Adds Funding for Grants[8]	Total House Changes
Salaries and wages			$2,613,470
Operating expenses			4,629,181
Capital assets	($130,000)		(130,000)
Grants		$3,259,698	5,829,910
HFA contingencies			
Housing incentive fund		12,500,000	12,500,000
Total all funds	($130,000)	$15,759,698	$25,442,561
Less estimated income	(130,000)	2,329,910	10,442,561
General fund	$0	$13,429,788	$15,000,000
FTE	0.00	0.00	4.00

[1] Funding is added for cost to continue salary increases.

[2] The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from $1,429 to $1,648 per month:

	General Fund	Other Funds	Total
Salary increase	$0	$533,723	$533,723
Health insurance increase	0	273,631	273,631
Total	$0	$807,354	$807,354

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[3] Funding of $767,568 from other funds is added to the salaries and wages line item as follows:
- $218,908 for 1 FTE compliance officer position.
- $466,592 for 2 FTE business analyst positions.
- $82,068 for 1 contingent FTE mortgage specialist position.

[4] Funding of $878,102 from federal funds is added for other salary increases ($800,102) and temporary salaries ($78,000).

[5] Funding of $2,717,553 is added to transfer homeless shelter grant programs from the Department of Commerce. Of the $2,717,553, $1,570,212 is from the general fund, and $1,147,341 is from federal funds. The $2,717,553 includes $84,538 for salaries and wages and $62,803 for operating expenses related to the administration of the grants along with $2,570,212 for grants.

[6] Funding of $4,566,378 is added for operating expense increases as follows:
- $4,531,830 from the agency's operating funds for increases in servicing premiums paid to lenders related to growth in the home loan program.
- $21,135 from federal funds for miscellaneous increases in operating expenses.
- $13,413 from the agency's operating fund for shared software and service rate increases.

[7] Funding from federal funds is decreased by $130,000 for capital assets.

[8] Funding of $3,259,698 is added for grants as follows:
- $929,788 from the general fund for homeless grants to provide total funding of $2,500,000 from the general fund.
- $1,949,910 for increases in federal grant programs.
- $380,000 from the agency's operating funds for housing rehabilitation grants.

In addition, $12,500,000 of one-time funding from the general fund is transferred to the housing incentive fund pursuant to a transfer section in the bill.

This amendment also includes the following related to the Housing Finance Agency:
- Provides appropriation authority for additional or unanticipated federal or other funds which may become available during the 2023-25 biennium.
- Authorizes $82,068 and 1 FTE position contingent upon the agency's mortgage loan production exceeding $435 million during fiscal year 2024.

House Bill No. 1014 - Mill and Elevator - House Action

	Base Budget	House Changes	House Version
Salaries and wages	$50,560,209	$7,022,585	$57,582,794
Operating expenses	36,817,000	5,574,653	42,391,653
Contingencies	500,000		500,000
Agriculture promotion	500,000		500,000
Total all funds	$88,377,209	$12,597,238	$100,974,447
Less estimated income	88,377,209	12,597,238	100,974,447
General fund	$0	$0	$0
FTE	156.00	14.00	170.00

Department 475 - Mill and Elevator - Detail of House Changes

	Adds Funding for Cost to Continue Salaries[1]	Adds Funding for Health Insurance Increases[2]	Adds FTE Positions[3]	Adds Funding for Other Salary Adjustments[4]	Adds Funding for Operating Expenses[5]	Total House Changes
Salaries and wages	$198,797	$789,350	$2,367,332	$3,667,106		$7,022,585
Operating expenses					$5,574,653	5,574,653
Contingencies						
Agriculture promotion						
Total all funds	$198,797	$789,350	$2,367,332	$3,667,106	$5,574,653	$12,597,238
Less estimated income	198,797	789,350	2,367,332	3,667,106	5,574,653	12,597,238
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	14.00	0.00	0.00	14.00

[1] Funding from the agency's operating fund is added for cost to continue salary increases.

[2] Funding from the agency's operating fund is added for increases in health insurance premiums from $1,429 to $1,648 per month.

[3] Funding of $2,367,332 is added from the agency's operating fund as follows:
- $475,578 for 3 FTE positions to add a second shift for grain cleaning.
- $560,422 for 3 FTE positions to maintain and repair equipment.
- $468,246 for 3 FTE positions for growth in the storage and handling facility.
- $863,086 for 5 FTE positions to convert the milling department from a three shifts to four shifts.

[4] Funding of $3,667,106 from the agency's operating fund is added for salary increases subject to union negotiations ($2,314,183) and for overtime ($1,352,923).

[5] Funding of $5,574,653 from the agency's operating fund is added as follows:
- $5,569,550 for inflationary costs and increases in milling capacity primarily related to utilities, insurance, and repairs.
- $5,103 for Information Technology Department rate increases.

This amendment also provides an exemption to the Mill and Elevator Association allowing for a transfer of 10 percent of the mill's profits rather than 50 percent for the 2023-25 biennium.

REPORT OF STANDING COMMITTEE

HB 1014: Appropriations Committee (Rep. Vigesaa, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (20 YEAS, 1 NAY, 2 ABSENT AND NOT VOTING). HB 1014 was placed on the Sixth order on the calendar.

Page 1, line 2, after "control" insert "; to create and enact a new section to chapter 6-09, relating to a Bank of North Dakota retention incentive program; to amend and reenact sections 6-09.7-05 and 54-17.7-01, subsections 3 and 4 of section 54-17.7-04, and section 54-63.1-01 of the North Dakota Century Code and section 8 of chapter 42 of the 2021 Session Laws, relating to fuel production facility loan guarantee reserve funding, the powers of the North Dakota pipeline authority, definitions for the clean sustainable energy authority, and a transfer of Bank of North Dakota profits to the general fund; to provide a contingent appropriation"

Page 1, line 2, remove the second "and"

Page 1, line 3, after "exemption" insert "; to provide for a report; and to declare an emergency"

Page 1, remove lines 13 through 24

Page 2, remove lines 1 through 31

Page 3, replace lines 1 through 7 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$23,698,119	($21,226,883)	$2,471,236
Operating expenses	5,119,958	(1,412,940)	3,707,018
Capital assets	0	1,250,000	1,250,000
Grants	0	33,623,893	33,623,893
Grants - bond payments	22,040,721	97,839,192	119,879,913
Total all funds	$50,858,798	$110,073,262	$160,932,060
Less estimated income	24,369,185	132,138,019	156,507,204
Total general fund	$26,489,613	($22,064,757)	$4,424,856
Full-time equivalent positions	108.25	(98.50)	9.75

Subdivision 2.

DEPARTMENT OF MINERAL RESOURCES

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$0	$25,401,022	$25,401,022
Operating expenses	0	11,410,044	11,410,044
Capital assets	0	80,000	80,000
Total all funds	$0	$36,891,066	$36,891,066
Less estimated income	0	2,568,000	2,568,000
Total general fund	$0	$34,323,066	$34,323,066
Full-time equivalent positions	0.00	108.00	108.00

Subdivision 3.

BANK OF NORTH DAKOTA

	Base Level	Adjustments or Enhancements	Appropriation
Bank of North Dakota operations	$67,306,548	$7,421,138	$74,727,686
Capital assets	1,510,000	0	1,510,000

Total special funds	$68,816,548	$7,421,138	$76,237,686
Full-time equivalent positions	173.00	14.00	187.00

Subdivision 4.

HOUSING FINANCE AGENCY

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$9,556,272	$2,613,470	$12,169,742
Operating expenses	6,109,060	4,629,181	10,738,241
Capital assets	150,000	(130,000)	20,000
Grants	42,975,200	5,829,910	48,805,110
Housing finance agency contingencies	100,000	0	100,000
Total all funds	$58,890,532	$12,942,561	$71,833,093
Less estimated income	58,890,532	10,442,561	69,333,093
Total general fund	$0	$2,500,000	$2,500,000
Full-time equivalent positions	49.00	4.00	53.00

Subdivision 5.

MILL AND ELEVATOR ASSOCIATION

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$50,560,209	$7,022,585	$57,582,794
Operating expenses	36,817,000	5,574,653	42,391,653
Contingencies	500,000	0	500,000
Agriculture promotion	500,000	0	500,000
Total special funds	$88,377,209	$12,597,238	$100,974,447
Full-time equivalent positions	156.00	14.00	170.00

Subdivision 6.

TOTAL - SECTION 1

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

Page 3, line 8, after "**FUNDING**" insert "**EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-NINTH LEGISLATIVE ASSEMBLY**"

Page 3, line 9, after "biennium" insert "and the 2023-25 one-time funding items included in the appropriation in section 1 of this Act"

Page 3, replace lines 11 through 24 with:

"Administration - transfer to clean sustainable energy fund	$25,000,000	$0
Administration - pipeline grant fund	150,000,000	0
Administration - hydrogen grants	20,000,000	0
Administration - new employee expenses	0	12,110
Administration - transmission authority consulting	0	300,000
Administration - electricity grid resilience federal grant	0	8,623,893
Administration - lignite litigation expenses	0	3,000,000
Administration - transmission line grant	0	25,000,000
Administration - grant management software	0	1,250,000
Mineral resources - paleontology and geological equipment	106,260	0

Mineral resources - abandoned well conversion program	3,200,000	0
Mineral resources - new employee expenses	0	68,335
Mineral resources - inflationary expenses	0	821,456
Mineral resources - core and mineral analyses	0	100,000
Mineral resources - computer server transition	0	80,000
Mineral resources - abandoned well reclamation	0	2,300,000
Mineral resources - oil and gas litigation expenses	0	3,000,000
Bank of North Dakota - contingent loan repayment	17,500,000	0
Bank of North Dakota - bond proceed allocation	680,000,000	0
Bank of North Dakota - agriculture diversification fund	10,000,000	0
Bank of North Dakota - fuel production incentives	21,000,000	0
Bank of North Dakota - information technology projects	0	804,278
Housing finance agency - housing incentive fund	9,500,000	0
Housing finance agency - housing assessment	35,000	0
Total all funds	$936,341,260	$45,360,072
Less estimated income	874,235,000	8,744,647
Total general fund	$62,106,260	$36,615,425"

The 2023-25 biennium one-time funding amounts are not part of the entity's base budget for the 2025-27 biennium. The industrial commission shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025.

Page 3, line 25, replace "$22,040,721" with "$119,879,913"

Page 3, remove lines 28 through 31

Page 4, replace lines 1 through 9 with:

"Infrastructure project and program bonds - legacy earnings 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"

Page 4, after line 16, insert:

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

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $62,460, or so much of the sum as may be necessary, to the department of mineral resources for the purpose of employing full-time equivalent carbon capture positions for the period beginning with the effective date of this Act and ending June 30, 2023. The department is authorized three full-time equivalent positions pursuant to this subsection.

2. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $15,000, which the office of management and budget shall transfer to the fossil excavation and

restoration fund during the period beginning with the effective date of this Act and ending June 30, 2023.

SECTION 6. APPROPRIATION - TRANSFER - FOSSIL RESTORATION FUND - 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 $250,000, which the office of management and budget shall transfer to the fossil excavation and restoration fund during the biennium beginning July 1, 2023, and ending June 30, 2025.

2. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $12,500,000, which the office of management and budget shall transfer to the housing incentive fund during the biennium beginning July 1, 2023, and ending June 30, 2025.

3. The funding provided in this section is considered a one-time funding item.

SECTION 7. CONTINGENT FUNDING - HOUSING FINANCE AGENCY. The sum of $82,068 from other funds and one full-time equivalent position included in subdivision 4 of section 1 of this Act are available only in accordance with the provisions of this section. If mortgage loan production for the fiscal year ended June 30, 2024, exceeds $435,000,000, the housing finance agency may spend $82,068 from the salaries and wages line item and may hire one full-time equivalent position. The housing finance agency shall notify the office of management and budget and the legislative council if the contingency is met."

Page 4, line 18, after "**FUND**" insert "**- EXEMPTION**"

Page 4, line 18, after the boldfaced period insert "1."

Page 4, line 18, replace "$1,214,768" with "$1,899,877"

Page 4, line 24, after "54-17-25" insert ".

2. The amount of $1,214,768 appropriated to the industrial commission in subdivision 1 of section 1 of chapter 42 of the 2021 Session Laws and transferred pursuant to section 7 of chapter 42 of the 2021 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, 2023, and ending June 30, 2025"

Page 4, after line 24, insert:

"**SECTION 9. TRANSFER - FUNDS UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND.** The sum of $1,250,000, 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 funds under the control of the industrial commission to the industrial commission fund for grant management software expenses. Of the $1,250,000, the industrial commission may transfer:

1. Up to $250,000 from the clean sustainable energy fund;

2. Up to $250,000 from the lignite research fund;

3. Up to $250,000 from the oil and gas research fund;

4. Up to $250,000 from the North Dakota outdoor heritage fund; and

5. Up to $250,000 from the renewable energy development fund."

Page 4, line 26, replace "industrial commission" with "Bank of North Dakota"

Page 4, line 26, replace "$140,000,000" with "$70,000,000"

Page 4, line 26, after the first "the" insert "Bank's"

Page 4, line 26, remove the second "the"

Page 4, line 27, replace "accumulated" with "undivided"

Page 4, line 27, remove "of the Bank of North Dakota"

Page 5, replace lines 1 through 19 with:

"**SECTION 11. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO ECONOMIC DEVELOPMENT PROGRAMS.** During the biennium beginning July 1, 2023, and ending June 30, 2025, 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 fund;

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. $3,000,000 to the agricultural products utilization fund.

SECTION 12. TRANSFER - LEGACY EARNINGS FUND - PIPELINE LEAK DETECTION AND PREVENTION PROGRAM - CLEAN SUSTAINABLE ENERGY GRANTS AND LOANS. During the biennium beginning July 1, 2023, and ending June 30, 2025, and pursuant to the designation of funding for other legislative purposes under subdivision c of subsection 4 of section 21-10-13, the state treasurer shall transfer the following amounts from the legacy earnings fund:

1. $5,000,000 to the oil and gas research fund for a pipeline leak detection and prevention program;

2. $50,000,000 to the clean sustainable energy fund for grants; and

3. $250,000,000 to the clean sustainable energy fund to repay a line of credit and to provide funding for loans.

SECTION 13. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO STATE ENERGY RESEARCH CENTER FUND - RARE EARTH MINERALS STUDY - REPORT TO LEGISLATIVE MANAGEMENT.

1. The office of management and budget shall transfer the sum of $3,000,000 from the strategic investment and improvements fund to the state energy research center fund during the biennium beginning July 1, 2023, and ending June 30, 2025.

2. Pursuant to the continuing appropriation under section 57-51.1-07.9, the industrial commission shall distribute up to $3,000,000 from the state

energy research center fund to the state energy research center for a study related to prospective in-state resources of economically feasible accumulations of critical minerals, including rare earth elements and other high-value minerals or materials that may be suitable for extraction and enrichment.

3. The study must include a review of in-state mineral accumulations, including coal deposits, ore bodies, oil and gas reservoirs, produced water from oil and gas development activities, saltwater zones, and shale formations. While conducting the study, the state energy research center shall collaborate with the North Dakota geological survey and active mineral lessors and developers.

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

SECTION 14. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO STATE ENERGY RESEARCH CENTER FUND - UNDERGROUND ENERGY STORAGE RESEARCH PROJECT - REPORT TO LEGISLATIVE MANAGEMENT.

1. The office of management and budget shall transfer the sum of $22,000,000 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, the industrial commission shall distribute up to $22,000,000 from the state energy research center fund to the state energy research center for a salt cavern underground energy storage research project.

3. The research project must include 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, the state energy research center shall provide quarterly reports to the industrial commission and at least one report to the legislative management regarding the status and results of the research project.

SECTION 15. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS 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."

Page 5, line 21, after "**STUDY**" insert "**- REPORT TO THE SIXTY-NINTH LEGISLATIVE ASSEMBLY**"

Page 5, line 21, remove "The amount of $4,500,000 from the lignite"

Page 5, line 22, replace "research fund, or so much of the amount as may be necessary," with:

"1. Pursuant to the continuing appropriation under section 57-61-01.6, up to $4,500,000 from the lignite research fund"

Page 5, line 28, replace "appropriated pursuant to" with "designated under"

Page 6, after line 5, insert:

"2. The industrial commission shall report to the appropriations committees of the sixty-ninth legislative assembly on the amounts spent pursuant to this section."

Page 6, replace lines 6 through 12 with:

"**SECTION 17.** A new section to chapter 6-09 of the North Dakota Century Code is created and enacted as follows:

Employee recruitment and retention incentive program - Report to legislative management.

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

SECTION 18. 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.

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~~one hundred forty 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 19. AMENDMENT. Section 54-17.7-01 of the North Dakota Century Code is amended and reenacted as follows:

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

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

SECTION 20. AMENDMENT. Subsection 3 of section 54-17.7-04 of the North Dakota Century Code is amended and reenacted as follows:

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 ~~as a purchaser of last resort. The obligation of the state may not exceed ten percent of the pipeline authority's acquisition or purchase of a right to capacity in any pipeline system or systems, or interconnection of pipeline systems, and the state's obligation is limited to the funding available from the oil and gas research fund~~. 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.

SECTION 21. 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 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. The line of credit must be guaranteed by reserves under section 6-09.7-05.

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

   d. The authority shall repay the line of credit from amounts available. If the amounts available on June 30, 2025, are not sufficient to repay the line of credit, the authority shall notify the director of the office of management and budget, and the director of the office of management and budget shall transfer funds from the strategic investment and improvements fund to the Bank for the repayment pursuant to section 6-09.7-05 based on the amount certified by the Bank.

SECTION 22. AMENDMENT. Section 54-63.1-01 of the North Dakota Century Code is amended and reenacted as follows:

54-63.1-01. Definitions.

As used in this chapter:

1. "Authority" means the clean sustainable energy authority.
2. "Clean" means a technology or concept that reduces emissions to the air, water, or land and meets or exceeds state and federal environmental regulations.
3. "Commission" means the industrial commission.
4. "Fund" means the clean sustainable energy fund.
5. "Program" means the clean sustainable energy program.
6. "Sustainable" means a technology or concept that allows the use of a natural resource, including hydrogen and other energy sources, to be maintained or enhanced through increased efficiency and life cycle benefits while either increasing or not adversely impacting energy security, affordability, reliability, resilience, or national security.

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

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

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

SECTION 25. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH DAKOTA OUTDOOR HERITAGE FUND - 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, 2023, and ending August 31, 2025, 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, 2023, and ending July 31, 2025, the state treasurer shall allocate two percent of the oil and gas gross production tax and oil extraction tax revenues, up to $14,500,000, into the oil and gas research

fund before allocating oil and gas tax revenues under sections 57-51.1-07.5, 57-51.1-07.9, and 57-51.1-07.10.

SECTION 26. 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, 2023, and ending June 30, 2025:

1. 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;

2. The sum of $20,000,000 appropriated from the federal state fiscal recovery fund for hydrogen development grants in subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws; and

3. The sum of $800,000 appropriated from the strategic investment and improvements fund 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 and into the 2021-23 biennium pursuant to section 33 of chapter 42 of the 2021 Session Laws.

SECTION 27. EMERGENCY. The following are declared to be an emergency measure:

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

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

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

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

5. Section 5 of this Act.

6. Section 23 of this Act."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1014 - Summary of House Action

	Base Budget	House Changes	House Version
Industrial Commission			
Total all funds	$50,858,798	$110,073,262	$160,932,060
Less estimated income	24,369,185	132,138,019	156,507,204
General fund	$26,489,613	($22,064,757)	$4,424,856
FTE	108.25	(98.50)	9.75
Department of Mineral Resources			
Total all funds	$0	$37,141,066	$37,141,066

Less estimated income	0	2,568,000	2,568,000
General fund	$0	$34,573,066	$34,573,066
FTE	0.00	108.00	108.00
Bank of North Dakota			
Total all funds	$68,816,548	$7,421,138	$76,237,686
Less estimated income	68,816,548	7,421,138	76,237,686
General fund	$0	$0	$0
FTE	173.00	14.00	187.00
Housing Finance Agency			
Total all funds	$58,890,532	$25,442,561	$84,333,093
Less estimated income	58,890,532	10,442,561	69,333,093
General fund	$0	$15,000,000	$15,000,000
FTE	49.00	4.00	53.00
Mill and Elevator			
Total all funds	$88,377,209	$12,597,238	$100,974,447
Less estimated income	88,377,209	12,597,238	100,974,447
General fund	$0	$0	$0
FTE	156.00	14.00	170.00
Bill total			
Total all funds	$266,943,087	$192,675,265	$459,618,352
Less estimated income	240,453,474	165,166,956	405,620,430
General fund	$26,489,613	$27,508,309	$53,997,922
FTE	486.25	41.50	527.75

House Bill No. 1014 - Industrial Commission - House Action

	Base Budget	House Changes	House Version
Salaries and wages	$23,698,119	($21,226,883)	$2,471,236
Operating expenses	5,119,958	(1,412,940)	3,707,018
Capital assets		1,250,000	1,250,000
Grants		33,623,893	33,623,893
Grants - Bond payments	22,040,721	97,839,192	119,879,913
Total all funds	$50,858,798	$110,073,262	$160,932,060
Less estimated income	24,369,185	132,138,019	156,507,204
General fund	$26,489,613	($22,064,757)	$4,424,856
FTE	108.25	(98.50)	9.75

Department 405 - Industrial Commission - Detail of House Changes

	Adjusts Funding to Separate Agencies[1]	Adds Funding for Cost to Continue Salaries[2]	Adds Funding for Salary and Benefit Increases[3]	Adds FTE Positions[4]	Transfers Funding from Operating to Salaries[5]	Adds Funding for Operating Expenses[6]
Salaries and wages	($22,095,326)	$8,697	$149,321	$612,547	$97,878	
Operating expenses	(4,632,291)			3,363	(97,878)	$3,313,866
Capital assets						
Grants						
Grants - Bond payments						
Total all funds	($26,727,617)	$8,697	$149,321	$615,910	$0	$3,313,866
Less estimated income	(238,004)	8,697	149,321	615,910	0	13,866
General fund	($26,489,613)	$0	$0	$0	$0	$3,300,000
FTE	(101.50)	0.00	0.00	3.00	0.00	0.00

	Adds Funding for Bond Payments[7]	Adds One-Time Funding for Capital Assets[8]	Adds One-Time Funding for Grants[9]	Total House Changes
Salaries and wages				($21,226,883)
Operating expenses				(1,412,940)
Capital assets		$1,250,000		1,250,000
Grants			$33,623,893	33,623,893
Grants - Bond payments	$97,839,192			97,839,192
Total all funds	$97,839,192	$1,250,000	$33,623,893	$110,073,262
Less estimated income	97,839,192	1,250,000	32,499,037	132,138,019
General fund	$0	$0	$1,124,856	($22,064,757)
FTE	0.00	0.00	0.00	(98.50)

[1] Funding of $26,727,617, including $26,489,613 from the general fund and $238,004 from federal funds, and 101.50 FTE positions are removed from base level funding to provide a separate budget for the Department of Mineral Resources.

[2] Funding from other funds is added for cost to continue salary increases.

[3] The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from $1,429 to $1,648 per month:

	General Fund	Other Funds	Total
Salary increase	$0	$107,229	$107,229
Health insurance increase	0	42,092	42,092
Total	$0	$149,321	$149,321

[4] Funding of $615,910 from other funds is added as follows:

- $182,321 for 1 FTE grant administration position, including $178,958 for salaries and wages and $3,363 for operating expenses.
- $132,646 for 1 FTE deputy director position for the Public Finance Agency, all of which is for salaries and wages.
- $300,943 for 1 FTE administrative assistant position, all of which is for salaries and wages.

[5] Funding of $97,878 is transferred from the operating expenses line item to the salaries and wages line item related to cost-savings from operating expenses and increases in salaries.

[6] Funding of $3,313,866 is added for operating expenses as follows:

- $1,756 of ongoing funding from other funds for Information Technology Department rate increases;
- $12,110 of one-time funding from other funds for equipment for new FTE positions;
- $300,000 of one-time funding from the general fund for North Dakota Transmission Authority consulting; and
- $3,000,000 of one-time funding from the general fund for lignite litigation expenses.

[7] Funding of $97,839,192 from other funds is added for bond payments to provide total funding of $119,879,913, including $102,620,461 for infrastructure project and program bonds paid from the legacy earnings fund.

[8] One-time funding of $1,250,000 from other funds is added for grant management software. The $1,250,000 includes $250,000 from the clean sustainable energy fund, $250,000 from the lignite research fund, $250,000 from the oil and gas research fund, $250,000 from the North Dakota outdoor heritage fund, and $250,000 from the renewable energy development fund.

[9] One-time funding of $33,623,893 is added for grants as follows:

- $8,623,893 for an electric grid resilience grant, including $1,124,856 from the general fund and $7,499,037 from federal funds.
- $25,000,000 from the strategic investment and improvements fund for a

transmission line grant.

This amendment also includes the following related to the Industrial Commission:

- Identifies the funding for bond payments for the 2023-25 biennium.
- Transfers up to $1,899,877 from the entities under the control of the Industrial Commission for administrative services and provides an exemption allowing unspent prior biennium appropriation authority for administrative costs to be available in the 2023-25 biennium.
- Allows the Industrial Commission to transfer up to $250,000 from each of the grant programs to provide a total of $1,250,000 for new grant management software.
- Transfers $5 million from the legacy earnings fund to the oil and gas research fund for a pipeline leak detection and prevention program.
- Transfers $50 million from the legacy earnings fund to the clean sustainable energy fund to provide total funding of $50 million for grants, including $30 million designated from the legacy earnings fund to the clean sustainable energy fund under current law.
- Transfers $250 million from the legacy earnings fund to the clean sustainable energy fund to repay a line of credit and to provide funding for loans.
- Transfers $3 million from the strategic investment and improvements fund to the State Energy Research Center fund for a critical minerals study, including rare earth elements.
- Transfers $22 million from the strategic investment and improvements fund to the State Energy Research Center fund for an underground energy storage research project to construct up to two salt caverns.
- Identifies $25 million from the strategic investment and improvements fund for a grant to an entity to upgrade a high-voltage direct current transmission line.
- Requires the Industrial Commission to provide a report to the Appropriations Committees of the 69th Legislative Assembly regarding spending from the lignite research fund.
- Authorizes the North Dakota Pipeline Authority to borrow up to $60 million through a line of credit from the Bank of North Dakota to purchase capacity positions on a pipeline and requires the line of credit to be guaranteed under the fuel production facility loan guarantee program.
- Clarifies the definition of clean sustainable energy projects to identify hydrogen projects as eligible projects.
- Provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a hydrogen development grant.
- Provides an emergency clause related to $3 million of one-time funding from the general fund for lignite litigation.

House Bill No. 1014 - Department of Mineral Resources - House Action

	Base Budget	House Changes	House Version
Salaries and wages		$25,401,022	$25,401,022
Operating expenses		11,410,044	11,410,044
Capital assets		80,000	80,000
Transfer to fossil restoration fund		250,000	250,000
Total all funds	$0	$37,141,066	$37,141,066
Less estimated income	0	2,568,000	2,568,000
General fund	$0	$34,573,066	$34,573,066
FTE	0.00	108.00	108.00

Department 470 - Department of Mineral Resources - Detail of House Changes

	Adjusts Funding to Separate Agencies[1]	Adds Funding for Cost to Continue Salaries[2]	Adds Funding for Salary and Benefit Increases[3]	Adds FTE Positions[4]	Adds Funding for Other Salary Adjustments[5]	Adds Funding for Operating Expenses[6]
Salaries and wages	$22,095,326	$167,219	$1,772,281	$1,284,293	$81,903	
Operating expenses	4,632,291			156,726	(6,907)	$6,627,934
Capital assets						
Transfer to fossil restoration fund						
Total all funds	$26,727,617	$167,219	$1,772,281	$1,441,019	$74,996	$6,627,934
Less estimated income	238,004	0	0	0	29,996	2,300,000
General fund	$26,489,613	$167,219	$1,772,281	$1,441,019	$45,000	$4,327,934
FTE	101.50	0.00	0.00	6.50	0.00	0.00

	Adds One-Time Funding for Capital Assets[7]	Adds Funding for Fossil Restoration Fund[8]	Total House Changes
Salaries and wages			$25,401,022
Operating expenses			11,410,044
Capital assets	$80,000		80,000
Transfer to fossil restoration fund		$250,000	250,000
Total all funds	$80,000	$250,000	$37,141,066
Less estimated income	0	0	2,568,000
General fund	$80,000	$250,000	$34,573,066
FTE	0.00	0.00	108.00

[1] Funding of $26,727,617, including $26,489,613 from the general fund and $238,004 from federal funds, and 101.50 FTE positions are added to base level funding to provide a separate budget for the Department of Mineral Resources.

[2] Funding from the general fund is added for cost to continue salary increases.

[3] The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from $1,429 to $1,648 per month:

	General Fund	Other Funds	Total
Salary increase	$1,195,296	$0	$1,195,296
Health insurance increase	576,985	0	576,985
Total	$1,772,281	$0	$1,772,281

[4] Funding of $1,441,019 from the general fund is added as follows:

- $760,911 for 3 FTE carbon capture positions, including $715,134 for salaries and wages and $45,777 for operating expenses.
- $196,610 for 1 FTE paleontology position, including $167,102 for salaries and wages and $29,508 for operating expenses.
- $276,523 for 1 FTE critical minerals position, including $216,028 for salaries and wages and $60,495 for operating expenses.
- $69,497 for 0.5 FTE records management position, including $66,334 for salaries and wages and $3,163 for operating expenses.
- $137,478 for 1 FTE subsurface geologist position, including $119,695 for salaries and wages and $17,783 for operating expenses.

[5] Funding of $6,907 is transferred from the operating expenses line item to the salaries and wages line item related to cost-savings from operating expenses and increases in salaries. Funding of $74,996 is added as follows:

- $45,000 from the general fund for temporary salaries.
- $29,996 from federal funds for additional salary fund.

[6] Funding of $6,627,934 is added for operating expenses as follows:

- $3,143 of ongoing funding from the general fund for Information Technology Department rate increases.
- $230,000 of ongoing funding from the general fund for computer server transition.
- $105,000 of ongoing funding from the general fund for professional membership dues.
- $68,335 of one-time funding from the general fund for equipment for new FTE positions.
- $821,456 of one-time funding from the general fund for inflationary increases.
- $100,000 of one-time funding from the general fund for core and mineral analyses.
- $2,300,000 of one-time funding from federal funds for administrative costs related to a federal abandoned well reclamation program.
- $3,000,000 of one-time funding from the general fund for oil and gas litigation expenses.

[7] One-time funding of $80,000 from the general fund is added for computer server transition costs.

[8] Funding of $250,000 is appropriated from the general fund for a transfer to the fossil excavation and restoration fund pursuant to a separate section in the bill.

This amendment also includes the following related to the Department of Mineral Resources:

- Appropriates $62,460 from the general fund and authorizes 3 FTE carbon capture positions for the 2021-23 biennium pursuant to an emergency clause. As a result, the general fund beginning balance is decreased by $62,460.
- Transfers $15,000 from the general fund to the fossil excavation and restoration fund prior to the end of the 2021-23 biennium pursuant to an emergency clause. As a result, the general fund beginning balance is decreased by $15,000.
- Transfers $250,000 from the general fund to the fossil excavation and restoration fund during the 2023-25 biennium.
- Decreases the oil and gas tax revenue allocation limit to the North Dakota outdoor heritage fund from $20 million per fiscal year to $7.5 million per fiscal year for the 2023-25 biennium, the same as the 2021-23 biennium.
- Increases the allocations to the oil and gas research fund by $4.5 million, from $10 million to $14.5 million for the 2023-25 biennium, the same as the 2021-23 biennium.
- Provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to an abandoned oil well conversion program.
- Provides an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority from the strategic investment and improvements fund for a survey review during the 2023-25 biennium.
- Provides an emergency clause-related $3,000,000 for oil and gas litigation expenses and $310,000 for computer server transition costs.

House Bill No. 1014 - Bank of North Dakota - House Action

	Base Budget	House Changes	House Version
Capital assets	$1,510,000		$1,510,000
Bank of North Dakota operations	67,306,548	$7,421,138	74,727,686
Total all funds	$68,816,548	$7,421,138	$76,237,686
Less estimated income	68,816,548	7,421,138	76,237,686
General fund	$0	$0	$0
FTE	173.00	14.00	187.00

Department 471 - Bank of North Dakota - Detail of House Changes

	Adds Funding for Cost to Continue Salaries[1]	Adds Funding for Salary and Benefit Increases[2]	Adds FTE Positions[3]	Adds Funding for Operating Expenses[4]	Total House Changes
Capital assets					
Bank of North Dakota operations	$280,646	$2,779,348	$3,106,682	$1,254,462	$7,421,138
Total all funds	$280,646	$2,779,348	$3,106,682	$1,254,462	$7,421,138
Less estimated income	280,646	2,779,348	3,106,682	1,254,462	7,421,138
General fund	$0	$0	$0	$0	$0
FTE	0.00	0.00	14.00	0.00	14.00

[1] Funding from other funds is added for cost to continue salary increases.

[2] The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from $1,429 to $1,648 per month:

	General Fund	Other Funds	Total
Salary increase	$0	$1,896,264	$1,896,264
Health insurance increase	0	883,084	883,084
Total	$0	$2,779,348	$2,779,348

[3] Funding of $3,106,682 from other funds is added to the Bank of North Dakota operations line item as follows:

- $253,976 for 1 FTE credit underwriter IV position.
- $290,214 for 1 FTE agricultural valuation supervisor position.
- $222,652 for 1 FTE credit underwriter III position.
- $290,214 for 1 FTE commercial valuation supervisor position.
- $217,735 for 1 FTE collateral valuation III position.
- $253,976 for 1 FTE collateral valuation analyst IV position.
- $253,976 for 1 FTE collateral valuation IV position.
- $222,652 for 1 FTE loan operations supervisor position.
- $188,381 for 1 FTE loan servicing supervisor position.
- $139,104 for 1 FTE business banking associate I position.
- $139,104 for 1 FTE loan servicing associate II position.
- $159,414 for 1 FTE loan servicing associate III position.
- $257,933 for 1 FTE business banking associate II position.
- $217,351 for 1 FTE staff accountant III position.

[4] Funding of $1,254,462 from other funds is added for operating expenses as follows:

- $44,660 for shared software and service rate increases.
- $405,524 for Information Technology Department rate increases.
- $804,278 for one-time costs related to information technology projects.

This amendment also includes the following related to the Bank of North Dakota:

- Transfers $70 million of Bank profits to the general fund.
- Transfers $39 million of Bank profits to the partnership in assisting community expansion (PACE) fund.
- Transfers $5 million of Bank profits to the Ag PACE fund.
- Transfers $1 million of Bank profits to the biofuels PACE fund.
- Transfers $15 million of Bank profits to the beginning farmer revolving loan fund.
- Transfers $3 million of Bank profits to the agricultural products utilization fund.
- Creates an employee recruitment and retention incentive program allowing the Bank to provide incentive pay to employees using Bank of North Dakota profits.
- Amends the transfer of Bank profits to the general fund for the 2021-23 biennium to

provide a transfer of $70 million rather than $140 million, resulting in a decrease to the July 1, 2023, general fund balance.

House Bill No. 1014 - Housing Finance Agency - House Action

	Base Budget	House Changes	House Version
Salaries and wages	$9,556,272	$2,613,470	$12,169,742
Operating expenses	6,109,060	4,629,181	10,738,241
Capital assets	150,000	(130,000)	20,000
Grants	42,975,200	5,829,910	48,805,110
HFA contingencies	100,000		100,000
Housing incentive fund		12,500,000	12,500,000
Total all funds	$58,890,532	$25,442,561	$84,333,093
Less estimated income	58,890,532	10,442,561	69,333,093
General fund	$0	$15,000,000	$15,000,000
FTE	49.00	4.00	53.00

Department 473 - Housing Finance Agency - Detail of House Changes

	Adds Funding for Cost to Continue Salaries[1]	Adds Funding for Salary and Benefit Increases[2]	Adds FTE Positions[3]	Adds Funding for Other Salary Adjustments[4]	Transfers Homeless Grant Programs[5]	Adds Funding for Operating Expenses[6]
Salaries and wages	$75,908	$807,354	$767,568	$878,102	$84,538	
Operating expenses					62,803	$4,566,378
Capital assets						
Grants					2,570,212	
HFA contingencies						
Housing incentive fund						
Total all funds	$75,908	$807,354	$767,568	$878,102	$2,717,553	$4,566,378
Less estimated income	75,908	807,354	767,568	878,102	1,147,341	4,566,378
General fund	$0	$0	$0	$0	$1,570,212	$0
FTE	0.00	0.00	4.00	0.00	0.00	0.00

	Decreases Funding for Capital Assets[7]	Adds Funding for Grants[8]	Total House Changes
Salaries and wages			$2,613,470
Operating expenses			4,629,181
Capital assets	($130,000)		(130,000)
Grants		$3,259,698	5,829,910
HFA contingencies			
Housing incentive fund		12,500,000	12,500,000
Total all funds	($130,000)	$15,759,698	$25,442,561
Less estimated income	(130,000)	2,329,910	10,442,561
General fund	$0	$13,429,788	$15,000,000
FTE	0.00	0.00	4.00

[1] Funding is added for cost to continue salary increases.

[2] The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from $1,429 to $1,648 per month:

	General Fund	Other Funds	Total
Salary increase	$0	$533,723	$533,723
Health insurance increase	0	273,631	273,631
Total	$0	$807,354	$807,354

[3] Funding of $767,568 from other funds is added to the salaries and wages line item as follows:

- $218,908 for 1 FTE compliance officer position.
- $466,592 for 2 FTE business analyst positions.
- $82,068 for 1 contingent FTE mortgage specialist position.

[4] Funding of $878,102 from federal funds is added for other salary increases ($800,102) and temporary salaries ($78,000).

[5] Funding of $2,717,553 is added to transfer homeless shelter grant programs from the Department of Commerce. Of the $2,717,553, $1,570,212 is from the general fund, and $1,147,341 is from federal funds. The $2,717,553 includes $84,538 for salaries and wages and $62,803 for operating expenses related to the administration of the grants along with $2,570,212 for grants.

[6] Funding of $4,566,378 is added for operating expense increases as follows:

- $4,531,830 from the agency's operating funds for increases in servicing premiums paid to lenders related to growth in the home loan program.
- $21,135 from federal funds for miscellaneous increases in operating expenses.
- $13,413 from the agency's operating fund for shared software and service rate increases.

[7] Funding from federal funds is decreased by $130,000 for capital assets.

[8] Funding of $3,259,698 is added for grants as follows:

- $929,788 from the general fund for homeless grants to provide total funding of $2,500,000 from the general fund.
- $1,949,910 for increases in federal grant programs.
- $380,000 from the agency's operating funds for housing rehabilitation grants.

In addition, $12,500,000 of one-time funding from the general fund is transferred to the housing incentive fund pursuant to a transfer section in the bill.

This amendment also includes the following related to the Housing Finance Agency:

- Provides appropriation authority for additional or unanticipated federal or other funds which may become available during the 2023-25 biennium.
- Authorizes $82,068 and 1 FTE position contingent upon the agency's mortgage loan production exceeding $435 million during fiscal year 2024.

House Bill No. 1014 - Mill and Elevator - House Action

	Base Budget	House Changes	House Version
Salaries and wages	$50,560,209	$7,022,585	$57,582,794
Operating expenses	36,817,000	5,574,653	42,391,653
Contingencies	500,000		500,000
Agriculture promotion	500,000		500,000
Total all funds	$88,377,209	$12,597,238	$100,974,447
Less estimated income	88,377,209	12,597,238	100,974,447
General fund	$0	$0	$0
FTE	156.00	14.00	170.00

Department 475 - Mill and Elevator - Detail of House Changes

	Adds Funding for Cost to Continue Salaries[1]	Adds Funding for Health Insurance Increases[2]	Adds FTE Positions[3]	Adds Funding for Other Salary Adjustments[4]	Adds Funding for Operating Expenses[5]	Total House Changes
Salaries and wages	$198,797	$789,350	$2,367,332	$3,667,106		$7,022,585
Operating expenses					$5,574,653	5,574,653
Contingencies						
Agriculture promotion						
Total all funds	$198,797	$789,350	$2,367,332	$3,667,106	$5,574,653	$12,597,238
Less estimated income	198,797	789,350	2,367,332	3,667,106	5,574,653	12,597,238
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	14.00	0.00	0.00	14.00

[1] Funding from the agency's operating fund is added for cost to continue salary increases.

[2] Funding from the agency's operating fund is added for increases in health insurance premiums from $1,429 to $1,648 per month.

[3] Funding of $2,367,332 is added from the agency's operating fund as follows:

- $475,578 for 3 FTE positions to add a second shift for grain cleaning.
- $560,422 for 3 FTE positions to maintain and repair equipment.
- $468,246 for 3 FTE positions for growth in the storage and handling facility.
- $863,086 for 5 FTE positions to convert the milling department from a three shifts to four shifts.

[4] Funding of $3,667,106 from the agency's operating fund is added for salary increases subject to union negotiations ($2,314,183) and for overtime ($1,352,923).

[5] Funding of $5,574,653 from the agency's operating fund is added as follows:

- $5,569,550 for inflationary costs and increases in milling capacity primarily related to utilities, insurance, and repairs.
- $5,103 for Information Technology Department rate increases.

This amendment also provides an exemption to the Mill and Elevator Association allowing for a transfer of 10 percent of the mill's profits rather than 50 percent for the 2023-25 biennium.

2023 SENATE APPROPRIATIONS

HB 1014

Department 405 and 470 - Industrial Commission and Department of Mineral Resources
House Bill No. 1014

First Chamber Comparison to Base Level

Industrial Commission			
	General Fund	Other Funds	Total
2023-25 First Chamber Version	$4,424,856	$156,507,204	$160,932,060
2023-25 Base Level	0	24,131,181	24,131,181
Increase (Decrease)	$4,424,856	$132,376,023	$136,800,879

Department of Mineral Resources			
	General Fund	Other Funds	Total
2023-25 First Chamber Version	$34,573,066	$2,568,000	$37,141,066
2023-25 Base Level	26,489,613	238,004	26,727,617
Increase (Decrease)	$8,083,453	$2,329,996	$10,413,449

First Chamber Changes

A summary of the first chamber's changes to the agency's base level appropriations and the executive budget are attached as appendices.

Selected Bill Sections Included in the First Chamber Version

Legacy earnings fund - Sections 12 transfers $305 million from the legacy earnings fund to the oil and gas research fund ($5 million) and the clean sustainable energy fund ($300 million).

Strategic investment and improvements fund - Section 13 transfers $3 million to the State Energy Research Center fund for a critical minerals study, and Section 14 transfers $22 million to the State Energy Research Center for a salt cavern research project. Section 15 identifies $25 million appropriated in Section 1 for a high-voltage direct current transmission line grant.

Pipeline capacity positions - Sections 18, 19, 20, and 21 authorize the North Dakota Pipeline Authority to borrow up to $60 million through a line of credit from the Bank of North Dakota to purchase capacity positions on a pipeline and requires the line of credit be guaranteed under the fuel production facility loan guarantee program.

North Dakota outdoor heritage fund - Section 25 decreases the oil and gas tax revenue allocation limit to the North Dakota outdoor heritage fund from $20 million per fiscal year to $7.5 million per fiscal year for the 2023-25 biennium, the same as the 2021-23 biennium.

Oil and gas research fund - Section 25 increases the allocations to the oil and gas research fund by $4.5 million, from $10 million to $14.5 million for the 2023-25 biennium, the same as the 2021-23 biennium.

Federal State Fiscal Recovery Fund exemption - Section 26 provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a hydrogen development grant ($20 million) and an abandoned oil well conversion program ($3.2 million).

Survey review exemption - Section 26 provides an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority for a survey review during the 2023-25 biennium.

Continuing Appropriations

Abandoned oil and gas reclamation fund - North Dakota Century Code Section 38-08-04.5 - Abandoned oil and gas reclamation.

Carbon dioxide storage facility administration fund - Section 38-22-14 - For defraying costs of processing applications for regulating carbon dioxide storage facilities.

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.

Cartographic products fund - Section 54-17.4-10 - Topographic map sales and purchases.

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.

Fossil excavation and restoration fund - Section 54-17.4-09.1 - Excavation and restoration of fossils.

Geological data preservation fund - Section 54-17.4-13 - Data preservation.

Geophysical, geothermal, subsurface minerals, and coal exploration fund - Section 38-21-03 - Reclamation of orphaned facilities and exploration holes.

Global positioning system community base station - Section 54-17.4-12 - For maintenance of base station.

Lignite research fund - Section 57-61-01.5 - Research, development, and marketing for the lignite industry.

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.

North Dakota Pipeline Authority administrative fund - Section 54-17.7-11 - For operations of the North Dakota Pipeline Authority.

Oil and gas research fund - Section 57-51.1-07.3 - Oil and gas research and education.

Oil and gas reservoir data fund - Section 38-08-04.6 - Oil and gas reservoir data.

Renewable energy development fund - Section 54-63-04 - Renewable energy research, development, and education.

Clean sustainable energy fund - Section 54-63.1-07 - Grants, loans, and other financial assistance for clean sustainable energy project research and development.

Deficiency Appropriations

House Bill No. 1014 transfers $15,000 from the general fund to the fossil restoration fund prior to the end of the 2021-23 biennium and appropriates $62,460 from the general fund and authorizes 3 FTE carbon capture positions for the 2021-23 biennium.

Significant Audit Findings

The operational audit for the Industrial Commission conducted by the State Auditor's office during the 2021-22 interim identified no significant audit findings.

Major Related Legislation

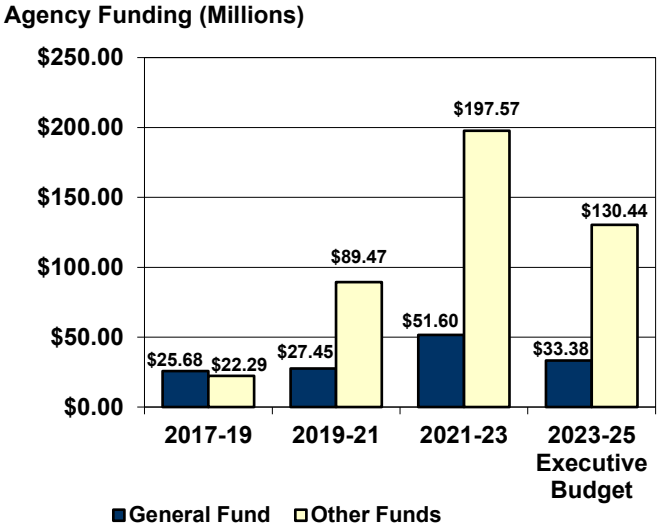
House Bill No. 1519 - Appropriates $250,000 from the federal State Fiscal Recovery Fund to the Industrial Commission for autonomous technology grants to individuals and entities in the oil and gas industry.

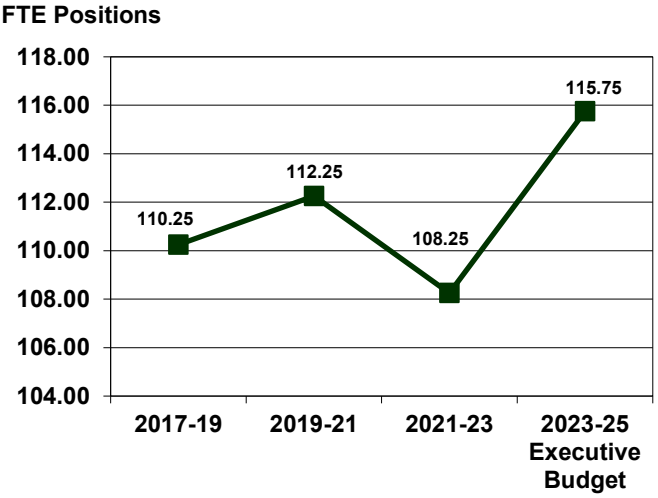
House Bill No. 1520 - Clarifies the production costs that can be deducted from oil and gas royalties and the information required to be reported on oil and gas royalty statements.

Senate Bill No. 2059 - Increases the fund balance limit from $50 million to $100 million for oil and gas gross production tax revenue allocations to the abandoned oil and gas well plugging and site reclamation fund.

Historical Appropriations Information

Agency Appropriations and FTE Positions





Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	$24,957,746	$25,408,987	$27,254,198	$26,489,613	$30,362,191
Increase (decrease) from previous biennium	N/A	$451,241	$1,845,211	($764,585)	$3,872,578
Percentage increase (decrease) from previous biennium	N/A	1.8%	7.3%	(2.8%)	14.6%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	1.8%	9.2%	6.1%	21.7%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

1. Removed 8.5 FTE positions, including 6.5 FTE engineering technician positions and 2 FTE administrative assistant positions — ($577,999)
2. Added funding for contingent FTE engineering technician positions — $221,737
3. Added funding for operating expenses primarily related to travel, information technology software and services, and professional services — $448,753

2019-21 Biennium

1. Increased funding for 2 FTE positions that were partially funded as contingent positions in the 2017-19 biennium — $40,464
2. Added funding for 2 FTE contingent positions — $229,544
3. Added funding for operating expenses, primarily related to travel, building leases, and information technology costs — $556,254

2021-23 Biennium

1. Removed 1 FTE computer network specialist position ($222,366), 1 FTE engineering technician position ($180,551), and 2 FTE contingent positions ($229,544) — ($632,461)
2. Decreased funding for salaries and wages for anticipated savings from vacant positions and employee turnover — ($214,360)
3. Decreased funding for temporary salaries — ($60,000)
4. Adjusted funding for operating expenses, primarily related to a decrease in travel — ($730,400)

2023-25 Biennium (Executive Budget Recommendation)

Adds 7.5 FTE positions, including 3 carbon capture positions, 1 paleontology position, 1 critical minerals position, 1 grant administrator position, 1 deputy director position for the Public Finance Authority, and 0.5 records management position	$1,303,541

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	$7,718,143	$269,408	$195,000	$25,106,260	$3,020,849

Major One-Time General Fund Appropriations

2017-19 Biennium

Provided a deficiency appropriation for litigation expenses related to various lawsuits associated with oil and gas regulatory disputes and other environmental issues	$269,408

2019-21 Biennium

1. Added one-time funding for temporary employees who will record historical information to provide guidance to current and future employees	$175,000
2. Added one-time funding for a transfer to the high-level radioactive waste fund	$20,000

2021-23 Biennium

1. Added one-time funding from the general fund for paleontology and geological equipment	$106,260
2. Added one-time funding for a transfer to the clean sustainable energy fund pursuant to House Bill No. 1452 (2021)	$25,000,000

2023-25 Biennium (Executive Budget Recommendation)

1. Adds one-time funding for inflationary costs primarily related to travel expenses	$821,456
2. Adds one-time funding for Transmission Authority consulting expenses	$250,000
3. Adds one-time funding for a federal electric grid resilience grant and a related match from the general fund	$1,372,227
4. Adds one-time funding for a transfer to the fossil restoration fund	$250,000

Industrial Commission - Budget No. 405
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	6.75	$0	$24,131,181	$24,131,181	6.75	$0	$24,131,181	$24,131,181
2023-25 Ongoing Funding Changes								
Cost to continue salary increase			$8,697	$8,697			$8,697	$8,697
Salary increase			142,561	142,561			107,229	107,229
Health insurance increase			41,146	41,146			42,092	42,092
Adds FTE grant administration position	1.00		182,321	182,321	1.00		182,321	182,321
Adds FTE deputy director position	1.00		132,646	132,646	1.00		132,646	132,646
Adds FTE administrative assistant position				0	1.00		300,943	300,943
Transfers $97,878 from operating expenses to salaries				0				0
ITD rate increases			1,756	1,756			1,756	1,756
Increases funding for bond payments			97,839,192	97,839,192			97,839,192	97,839,192
Total ongoing funding changes	2.00	$0	$98,348,319	$98,348,319	3.00	$0	$98,614,876	$98,614,876
One-Time Funding Items								
Adds one-time funding for FTE grant administration position			$1,155	$1,155			$1,155	$1,155
Adds one-time funding for FTE deputy director position			10,955	10,955			10,955	10,955
Adds one-time funding for temporary employees			75,000	75,000				0
Adds one-time funding for inflationary increases			35,688	35,688				0
Adds one-time funding for Transmission Authority consulting		$250,000		250,000		$300,000		300,000
Adds one-time funding for computers and software			54,000	54,000				0
Adds one-time funding for an electric grid resilience grant		1,372,227	7,520,258	8,892,485		1,124,856	7,499,037	8,623,893
Adds one-time funding for lignite litigation				0		3,000,000		3,000,000
Adds one-time funding for a transmission line grant				0			25,000,000	25,000,000
Adds one-time funding for grant management software				0			1,250,000	1,250,000
Total one-time funding changes	0.00	$1,622,227	$7,697,056	$9,319,283	0.00	$4,424,856	$33,761,147	$38,186,003
Total Changes to Base Level Funding	2.00	$1,622,227	$106,045,375	$107,667,602	3.00	$4,424,856	$132,376,023	$136,800,879
2023-25 Total Funding	8.75	$1,622,227	$130,176,556	$131,798,783	9.75	$4,424,856	$156,507,204	$160,932,060
Federal funds included in other funds			*$7,520,258*				*$7,499,037*	
Total ongoing changes as a percentage of base level	*29.6%*		*407.6%*	*407.6%*	*44.4%*		*408.7%*	*408.7%*
Total changes as a percentage of base level	*29.6%*		*439.5%*	*446.2%*	*44.4%*		*548.6%*	*566.9%*

Other Sections in Industrial Commission - Budget No. 405

	Executive Budget Recommendation	House Version
Bond payments	Section 3 would provide legislative intent for bond payments during the 2023-25 biennium.	Section 3 provides legislative intent for bond payments during the 2023-25 biennium.

Other Sections in Industrial Commission - Budget No. 405

	Executive Budget Recommendation	House Version
Administrative cost transfers	Section 5 would allow the Industrial Commission to transfer up to $1,619,045 from special funds from the entities under the control of the Industrial Commission for administrative services. Section 19 would provide an exemption allowing unspent prior biennium appropriation authority for administrative costs to be available in the 2023-25 biennium.	Section 8 allows the Industrial Commission to transfer up to $1,899,877 from special funds from the entities under the control of the Industrial Commission for administrative services and provides an exemption allowing unspent prior biennium appropriation authority for administrative costs to be available in the 2023-25 biennium. Section 9 allows the Industrial Commission to transfer up to $250,000 from each of the grant programs to provide a total of $1,250,000 for new grant management software.
Legacy fund earnings	Sections 12 and 13 would transfer $55 million from the legacy earnings fund to the oil and gas research fund ($5 million) and to the clean sustainable energy fund ($50 million).	Section 12 transfers $5 million from the legacy earnings fund to the oil and gas research fund for a pipeline leak detection and prevention program; transfers $50 million from the legacy earnings fund to the clean sustainable energy fund to provide total funding of $50 million for grants, including $30 million allocated from the legacy earnings fund to the clean sustainable energy fund under current law; and transfers $250 million to the clean sustainable energy fund to repay a line of credit and to provide funding for loans.
Strategic investment and improvements fund		Section 13 transfers $3 million from the strategic investment and improvements fund to the State Energy Research Center fund and directs the Industrial Commission to distribute the funding for a critical minerals study, including rare earth elements, during the 2023-24 interim. Section 14 transfers $22 million from the strategic investment and improvements fund to the State Energy Research Center fund and requires the Industrial Commission to distribute the funding to the State Energy Research Center for an underground energy storage research project to construct up to two salt caverns. Section 15 identifies $25 million from the strategic investment and improvements fund for the Industrial Commission 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.
Lignite research fund		Section 16 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.
Pipeline capacity positions		Sections 18, 19, 20, and 21 authorize the North Dakota Pipeline Authority to borrow up to $60 million through a line of credit from the Bank of North Dakota to purchase capacity positions on a pipeline and requires the line of credit be guaranteed under the fuel production facility loan guarantee program.
Clean sustainable energy projects		Section 22 clarifies the definition of clean sustainable energy projects to identify hydrogen projects as eligible projects.
Federal State Fiscal Recovery Fund exemption	Sections 20 and 21 would provide an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a pipeline infrastructure grant ($150 million) and a hydrogen development grant ($20 million).	Section 26 provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a hydrogen development grant ($20 million).

Other Sections in Industrial Commission - Budget No. 405

	Executive Budget Recommendation	House Version
Emergency clause		Section 27 provides an emergency clause related to $3 million of one-time funding from the general fund for lignite litigation.

Department of Mineral Resources - Budget No. 470
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	101.50	$26,489,613	$238,004	$26,727,617	101.50	$26,489,613	$238,004	$26,727,617
2023-25 Ongoing Funding Changes								
Cost to continue salary increase		$167,219		$167,219		$167,219		$167,219
Salary increase		1,604,665		1,604,665		1,195,296		1,195,296
Health insurance increase		564,010		564,010		576,985		576,985
Adds FTE carbon capture positions	3.00	760,911		760,911	3.00	760,911		760,911
Adds FTE paleontology position	1.00	196,610		196,610	1.00	196,610		196,610
Adds FTE critical minerals position	1.00	276,523		276,523	1.00	276,523		276,523
Adds FTE records management position	0.50	69,497		69,497	0.50	69,497		69,497
Adds FTE subsurface geologist position				0	1.00	137,478		137,478
Adds funding for temporary employees				0		45,000		45,000
Transfers $6,907 from operating expenses to salaries				0				0
Increases federal funding for salaries and wages			$29,996	29,996			$29,996	29,996
ITD rate increases		3,143		3,143		3,143		3,143
Adds funding for computer server transition		230,000		230,000		230,000		230,000
Adds funding for professional membership dues				0		105,000		105,000
Total ongoing funding changes	5.50	$3,872,578	$29,996	$3,902,574	6.50	$3,763,662	$29,996	$3,793,658
One-Time Funding Items								
Adds one-time funding for FTE carbon capture positions		$31,031		$31,031		$31,031		$31,031
Adds one-time funding for FTE paleontology position		9,234		9,234		9,234		9,234
Adds one-time funding for FTE critical minerals position		20,134		20,134		20,134		20,134
Adds one-time funding for FTE records management position		3,119		3,119		3,119		3,119
Adds one-time funding for FTE subsurface geologist position				0		4,817		4,817
Adds one-time funding for inflationary increases		821,456		821,456		821,456		821,456
Adds one-time funding for core and mineral analysis		100,000		100,000		100,000		100,000
Adds one-time funding for drones and computers		83,648		83,648				0
Adds one-time funding for computer server transition		80,000		80,000		80,000		80,000
Adds one-time funding for fossil restoration		250,000		250,000		250,000		250,000
Adds one-time federal funding for abandoned well reclamation				0			$2,300,000	2,300,000
Adds one-time funding for oil and gas litigation				0		3,000,000		3,000,000
Total one-time funding changes	0.00	$1,398,622	$0	$1,398,622	0.00	$4,319,791	$2,300,000	$6,619,791
Total Changes to Base Level Funding	5.50	$5,271,200	$29,996	$5,301,196	6.50	$8,083,453	$2,329,996	$10,413,449
2023-25 Total Funding	107.00	$31,760,813	$268,000	$32,028,813	108.00	$34,573,066	$2,568,000	$37,141,066
Federal funds included in other funds			*$268,000*				*$2,568,000*	
Total ongoing changes as a percentage of base level	*5.4%*	*14.6%*	*12.6%*	*14.6%*	*6.4%*	*14.2%*	*12.6%*	*14.2%*
Total changes as a percentage of base level	*5.4%*	*19.9%*	*12.6%*	*19.8%*	*6.4%*	*30.5%*	*979.0%*	*39.0%*

Other Sections in Department of Mineral Resources - Budget No. 470

	Executive Budget Recommendation	House Version
Early authorization for new FTE positions		Section 5 appropriates $62,460 from the general fund and authorizes 3 FTE carbon capture positions for the 2021-23 biennium.
Fossil restoration fund		Section 5 transfers $15,000 from the general fund to the fossil restoration fund prior to the end of the 2021-23 biennium. Section 6 transfers $250,000 from the general fund to the fossil restoration fund during the 2023-25 biennium.
Strategic investment and improvements fund	Section 14 would transfer $500 million from the strategic investment and improvements fund to the clean sustainable energy fund including $250 million prior to the end of the 2021-23 biennium and $250 million during the 2023-25 biennium.	
North Dakota outdoor heritage fund	Section 15 would decrease the oil and gas tax revenue allocation limit to the North Dakota outdoor heritage fund from $20 million per fiscal year to $7.5 million per fiscal year for the 2023-25 biennium, the same as the 2021-23 biennium.	Section 25 decreases the oil and gas tax revenue allocation limit to the North Dakota outdoor heritage fund from $20 million per fiscal year to $7.5 million per fiscal year for the 2023-25 biennium, the same as the 2021-23 biennium.
Oil and gas research fund	Section 16 would increase the allocations to the oil and gas research fund by $4.5 million, from $10 million to $14.5 million for the 2023-25 biennium, the same as the 2021-23 biennium.	Section 25 increases the allocations to the oil and gas research fund by $4.5 million, from $10 million to $14.5 million for the 2023-25 biennium, the same as the 2021-23 biennium.
Federal State Fiscal Recovery Fund exemption	Section 22 would provide an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to an abandoned oil well conversion program ($3.2 million).	Section 25 provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to an abandoned oil well conversion program ($3.2 million).
Abandoned well federal funding exemption	Section 23 would provide an exemption allowing unspent federal funding authorized by the Emergency Commission to be available in the 2023-25 biennium related to administrative costs for plugging and reclaiming oil wells and oil well sites.	
Survey review exemption	Section 24 would provide an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority for a survey review during the 2023-25 biennium.	Section 26 provides an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority for a survey review during the 2023-25 biennium.
Emergency clause		Section 27 includes an emergency clause related to the appropriation and FTE position authorization for carbon capture positions, a transfer of $15,000 to the fossil restoration fund, $3 million for oil and gas litigation expenses, and $310,000 for computer server transition.

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

HB 1014
3/1/2023

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 a Bank of North Dakota retention incentive program; relating to fuel production facility loan guarantee reserve funding, the powers of the North Dakota pipeline authority, definitions for the clean sustainable energy authority, and a transfer of Bank of North Dakota profits to the general fund; to provide a contingent appropriation; to provide for a transfer; to provide an exemption; to provide for a report; and to declare an emergency.

1:05 PM Chairman Bekkedahl opened the hearing on HB 1014.

Members present: Senators Bekkedahl, Krebsbach (on-line), Burckhard, Davison, Dever, Dwyer, Erbele, Meyer, Schaible, Sorvaag, Vedaa, Wanzek, Rust, and Mathern.

Members absent: Senators Roers and Kreun,

Discussion Topics:

- Industrial Commission
- Transmission authority
- Pipeline authority
- Public finance authority
- Housing finance authority
- NDHFA homeownership
- Housing needs assessment
- Homelessness
- Housing incentive fund
- Department of mineral resources
- Retention and workforce recruitment/development
- Regulatory programs
- Oil and gas division
- Geological survey
- Paleontology protection
- Bank of North Dakota
- Growth and accomplishments
- Records management project
- Grant reimbursement programs

1:11 PM Karen Tyler, Interim Executive Director Industrial Commission, introduced the bill and schedule of testimony to be presented, testimony # 21980

1:31 PM Adam Mathiak, Legislative Council, explained green sheets, testimony # 22004 and FTE handout testimony # 22003, #21599

1:35 PM Reice Haase, Deputy Executive Director Industrial Commission, introduced bill and historical aspect of the Industrial Commission, testimony # 21426

2:09 PM Claire Vigesaa, Deputy Director Transmission Authority, introduced his section of the Commission, testimony # 21427

2:25 PM Justin Kringstead, Director North Dakota Pipeline Authority, introduced his section of the commission, testimony # 21373, # 21375, and # 21374

2:49 PM Dave Flohr, Executive Director Housing Finance Agency, introduced his section of the commission, testimony # 21378 and # 21379

3:23 PM Michael Ziesch, Staff Officer, North Dakota Department of Mineral Resources, introduced his division of the commission, testimony # 21547 (being at page 1)

3:32 PM Bruce Hicks, Assistant Director, North Dakota Oil and Gas Division, introduced his division of the commission, testimony # 21547 (begins at page 7)

3:40 PM Ed Murphy, Assistant Director Geological Survey, introduced his division of the commission, testimony # 21547 (begins at page 11)

3:51 PM Robyn Loumer, Department of Mineral Resources, discussed recent audit findings and budget requests, testimony # 21547 (begins at page 15)

4:06 PM Todd Steinwand, President Bank of North Dakota, introduced his division of the commission, testimony # 21438 and # 21439

Additional written testimony:

- **DeAnn Ament, testimony #21291**
- **DeAnn Ament, testimony #21292**
- **Matthew Marshall, testimony #21541**
- **Lisa Rotvold, testimony #21323**
- **Jennifer Dusek, testimony #21533**
- **Dana Hager, testimony #21525**
- **John Bradley, testimony #21516**
- **Kristal Stoner, testimony #21515**
- **Mark Fox, testimony #21504**
- **Gerald Bachmeier, testimony #21462**
- **Terry Hanson, testimony #21355**
- **Vance Taylor, testimony #21352**
- **Cathy Dub, testimony # 21352**

Chairman Bekkedahl assigned this bill to the Education and Environment Division.
4:38 AM Chairman Bekkedahl closed the hearing.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

HB 1014
3/9/2023

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 a Bank of North Dakota retention incentive program; relating to fuel production facility loan guarantee reserve funding, the powers of the North Dakota pipeline authority, definitions for the clean sustainable energy authority, and a transfer of Bank of North Dakota profits to the general fund; to provide a contingent appropriation; to provide for a transfer; to provide an exemption; to provide for a report; and to declare an emergency.

10:37 AM Chairman Sorvaag opened the hearing on HB 1014.

Members present: Senators Sorvaag, Krebsbach, Rust, Schaible, and Meyer

Discussion Topics:

- North Dakota Industrial Commission
- North Dakota Mill and Elevator
- Milling process
- Organizational chart
- Projects and business growth
- Markets and competition
- Economic impact
- Budget requests
- Commission overview
- Additional requests
- New and emerging technology
- Industry matches

10:37 AM Karen Tyler, Interim Executive Director Industrial Commission, introduced the speakers, no written testimony

10:38 AM Vance Taylor, President and CEO North Dakota Mill and Elevator, testimony #23360

11:15 AM Karen Tyler, Interim Executive Director Industrial Commission, testimony # 23369 and # 24317

11:27 AM Reice Haase, Deputy Executive Director Industrial Commission, review of HB 1014 and related bills, no written testimony

11:42 AM Adam Matiak, Legislative Council, answered questions from the committee, #23375

11:51 AM Jason Bohrer, Chairman of the North Dakota Lignite Council, testified in support and suggested a need for amendment, no written testimony reviewed by the committee

Additional written testimony:

- **Claire Vigesaa, North Dakota Transmission Authority, testimony # 22955**
- **Brian Ritter, President and CEO of Bismarck Mandan Chamber EDC, testimony # 23064**

11:57 AM Chairman Sorvaag closed the hearing.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

HB 1014
3/9/2023

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 a Bank of North Dakota retention incentive program; relating to fuel production facility loan guarantee reserve funding, the powers of the North Dakota pipeline authority, definitions for the clean sustainable energy authority, and a transfer of Bank of North Dakota profits to the general fund; to provide a contingent appropriation; to provide for a transfer; to provide an exemption; to provide for a report; and to declare an emergency.

2:15 PM Chairman Sorvaag opened the hearing on HB 1014.

Members present: Senators Sorvaag, Krebsbach, Rust, Schaible, and Meyer

Discussion Topics:

- North Dakota Industrial Commission
- North Dakota Housing Finance Agency
- Operating funds
- Additional budget requests
- Housing Incentive Fund (HIF)
- Rental affordability factors
- Solutions
- Needs for rural affordable housing
- Grants for food and shelter
- Homeless youth
- Preventable homeless stories
- 24 hour shelter needs
- Bank of North Dakota
- Federal funding match
- Financial highlights
- Legislatively directed loan programs
- Clean Sustainable Energy
- Bank growth creates need for new employees
- Retain capital assets
- Other related bills

2:15 PM Mark Fox, Chairman of Mandan, Hidatsa, and Arikara Nations, testified in favor, testimony # 23403

2:18 PM Dave Flohr, Executive Director North Dakota Housing , testified in favor, testimony # 23065 and # 23453

2:42 PM Dawn Mandt, Executive Director Red River Regional Council, testified in favor, testimony # 23018

2:51 PM Dan Madler, CEO Beyond Shelter, testified in favor, testimony # 23154

2:56 PM Christina Sambler, North Dakota Coalition for Homeless Peoples, testifies in support, introduced speakers to follow, no written testimony

2:58 PM Erin Prochnow, Fargo YWCA, testifies in favor, testimony # 22363

3:06 PM Katie Jo Armbrust, Grand Forks Housing Authority, testified in favor, proposed an amendment to increase funds, testimony # 23418.

3:10 PM Mark Heinert, Executive Director Youthworks, testified in favor and requested increased funds, testimony # 23417

3:17 PM Jena Gallo, Bismarck United Way, testified in favor, no written testimony but she provided a United Way handout #23474

3:24 PM Dorothy Nicole Wilkerson, resident of shelter, testified in favor, no written testimony

3:27 PM Mark, resident of shelter, testified in favor, no written testimony

3:30 PM Delores Weston, resident of shelter, testified in favor, no written testimony

3:33 PM Elois Shreetop, resident of shelter, testified in favor, no written testimony

3:35 PM David Huff, resident of shelter, testified in favor, no written testimony

3:36 PM Janelle Moos, North Dakota AARP, testified in favor, testimony # 23145

3:38 PM Jill Beck, North Dakota Association of Realtors, testified in favor, no written testimony

3:38 PM Kayla Pulvermacher, North Dakota Association of Builders, testified in favor, no written testimony

3:40 PM Recess

3:51 PM Todd Steinwand, President and CEO Bank of North Dakota, testified in favor, testimony # 23473

3:54 PM Tiffany Ford, State Director North Dakota Small Business Center, testified in favor, testimony # 23135

Additional written testimony:

- **Larraine Davis, CEO Native, Inc, testimony # 23291**
- **Tom Alexander, Executive Director Minot Housing Authority, testimony # 23347**
- **Derek Johnson, Executive Director Cass County Housing Authority, testimony #23384**

4:39 PM Chairman Sorvaag closed the hearing.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

HB 1014
3/10/2023

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 a Bank of North Dakota retention incentive program; relating to fuel production facility loan guarantee reserve funding, the powers of the North Dakota pipeline authority, definitions for the clean sustainable energy authority, and a transfer of Bank of North Dakota profits to the general fund; to provide a contingent appropriation; to provide for a transfer; to provide an exemption; to provide for a report; and to declare an emergency.

8:31 AM Chairman Sorvaag opened the hearing on HB 1014.

Members present: Senators Sorvaag, Krebsbach, Rust, Schaible, and Meyer

Discussion Topics:

- Industrial Commission
- Department of Mineral Resources
- Organizational chart
- Employee retention
- Electronic storage of oil and gas
- Regulatory programs
- Permits issued
- Oil rig/well statistics
- Geological Survey
- Geological regulation
- Geothermal development
- Core and thin section photography
- Potash project
- Critical Minerals project
- Landslide maps
- Drone projects
- State fossil collection
- Budget overview
- Abandoned oil well to water supply
- Requested additional funds
- Pipeline authority line of credit
- Example Operating Cashflow project
- Public Finance Authority
- Issued bonds
- Building authority
- Legacy fund

8:31 AM Karen Tyler, Interim Executive Director Industrial Commission, introduced the speakers, no written testimony

8:32 AM Lynn Helms, Director Mineral Resources, introduced his section of the bill, testified favor, testimony # 23391 pages 1 – 6

8:38 AM Bruce Hicks, Assistant Director Oil and Gas Division, testified in favor, testimony #23391 pages 7 – 14

8:58 AM Ed Murphy, Assistant Director Geological Survey, testified in favor, testimony #23391 pages 15 – 40

9:34 AM Lynn Helms, Director Mineral Resources, continued with budget overview, testimony # 23391 pages 41 – 53.

10:00 AM Brady Pelton, Vice President North Dakota Petroleum Council, testified in favor, no written testimony

10:01 Recess

10:08 AM Justin Kringstad, Director North Dakota Pipeline Authority, testified in favor, testimony # 23619

10:21 AM Todd Steinwand, President Bank of North Dakota, testified in favor, no written testimony

10:29 AM DeAnn Ament, Executive Director Public Finance Authority, testified in favor, testimony # 23622 and # 23623

10:50 AM Claire Vigesaa, Deputy Director North Dakota Transmission Authority, testified in favor, testimony # 23629

11:04 AM Samantha Vangsness, North Dakota Ethanol Producers Association, testified in favor, no written testimony

Additional written testimony:

- **Gerald Bachmeier, President North Dakota Ethanol Producers Association, testimony # 23581**

11:09 AM Acting Chairman Schaible closed the hearing.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

HB 1014
3/15/2023

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 a Bank of North Dakota retention incentive program; relating to fuel production facility loan guarantee reserve funding, the powers of the North Dakota pipeline authority, definitions for the clean sustainable energy authority, and a transfer of Bank of North Dakota profits to the general fund; to provide a contingent appropriation; to provide for a transfer; to provide an exemption; to provide for a report; and to declare an emergency.

2:58 PM Chairman Sorvaag opened the hearing on HB 1014.

Members present: Senators Sorvaag, Rust, Schaible, and Meyer

Members absent: Senator Krebsbach

Discussion Topics:

- Industrial Commission
- Budget long sheets
- Department of mineral resources
- Bank of North Dakota
- Housing Finance Agency
- Mill and Elevator Association

2:58 PM Adam Mathiak, Legislative Council, explained the long sheets for budgets, testimony # 25333, # 25337, # 25334, # 25336, and # 25335

3:01 PM Reice Haase, Deputy Executive Director Industrial Commission, answered questions from the committee, no written testimony

3:49 PM Karen Tyler, Interim Executive Director Industrial Commission, answered questions from the committee, no written testimony

3:50 PM Committee discussion

3:53 PM Chairman Sorvaag closed the hearing.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

HB 1014
3/20/2023

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 a Bank of North Dakota retention incentive program; relating to fuel production facility loan guarantee reserve funding, the powers of the North Dakota pipeline authority, definitions for the clean sustainable energy authority, and a transfer of Bank of North Dakota profits to the general fund; to provide a contingent appropriation; to provide for a transfer; to provide an exemption; to provide for a report; and to declare an emergency.

10:00 AM Chairman Sorvaag opened the meeting on HB 1014.

Members present: Senators Sorvaag, Krebsbach, Rust, Schaible, and Meyer

Discussion Topics:

- North Dakota Industrial Commission
- Committee discussion
- Bank of North Dakota
- Bills affecting bank capital
- Bills relating to lines of credit
- Recruitment and retention program
- Workforce authority requests
- Impacting legislation
- Service fee

10:03 AM Todd Steinwand, President Bank of North Dakota, testified in favor, answered questions from the committee, testimony # 25906

10:37 AM Kelvin Hullet, Chief Business Development Officer Bank of North Dakota, testified in favor, answered questions from the committee, testimony # 25906

10:58 AM Chairman Sorvaag closed the meeting.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

HB 1014
3/22/2023

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 a Bank of North Dakota retention incentive program; relating to fuel production facility loan guarantee reserve funding, the powers of the North Dakota pipeline authority, definitions for the clean sustainable energy authority, and a transfer of Bank of North Dakota profits to the general fund; to provide a contingent appropriation; to provide for a transfer; to provide an exemption; to provide for a report; and to declare an emergency.

9:22 AM Chairman Sorvaag opened the meeting on HB 1014.

Members present: Senators Sorvaag, Krebsbach, Rust, Schaible, and Meyer

Discussion Topics:

- North Dakota Industrial Commission
- Committee discussion
- General office budget
- Legacy earnings
- CO2 utilization program
- Budget priorities
- Litigation fees
- Salt cavern storage
- Housing Finance Agency
- Housing incentive fund
- Budget long sheet review
- Succession planning
- Grants
- North Dakota Mill & Elevator
- Growth and debt
- Profits transferred

9:24 AM Reice Haase, Deputy Executive Director Industrial Commission, testified in favor, answered questions from the committee, testimony # 25333 and # 26335

9:41 AM Jason Bohrer, Chairman of the North Dakota Lignite Council, answered questions from the committee, possible amendment language proposed, testimony # 26332

9:58 AM Karen Tyler, answered questions from the committee, testimony # 26342

10:00 AM Dave Flohr, Executive Director North Dakota Housing Finance Agency, testified in favor, possible amendment language, testimony # 26337 and # 26336

10:07 AM Adam Mathiak, Legislative Council, answered questions of the committee, long sheet testimony # 25336

10:20 AM Recess

10:28 AM Adam Mathiak, Legislative Council, answered questions from the committee, long sheets testimony # 25335

10:32 AM Cathy Dub, North Dakota Mill and Elevator, answered questions from the committee. No written testimony.

10:42 AM Chairman Sorvaag closed the meeting.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

HB 1014
3/22/2023

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 a Bank of North Dakota retention incentive program; relating to fuel production facility loan guarantee reserve funding, the powers of the North Dakota pipeline authority, definitions for the clean sustainable energy authority, and a transfer of Bank of North Dakota profits to the general fund; to provide a contingent appropriation; to provide for a transfer; to provide an exemption; to provide for a report; and to declare an emergency.

2:59 PM Chairman Sorvaag opened the meeting on HB 1014.

Members present: Senators Sorvaag, Krebsbach, Rust, Schaible, and Meyer

Discussion Topics:

- North Dakota Industrial Commission
- Modernization project
- Increased power capacity
- All power sources
- Federal funding/grants
- Construction timeline

3:00 PM Rudy Martinson, Primacy Strategy Group, introduced the speakers, no written testimony.

3:01 PM Julie Pierce, Vice President Strategy & Planning Allete Power, presented an overview of the project, testimony # 26376

3:09 PM Zack Martin, Manager Government Affairs Allete Power, continued with presentation, testimony # 26376

3:15 PM Reice Haase, Deputy Executive Director Industrial Commission, answered questions from the committee, no written testimony.

3:17 PM Chairman Sorvaag closed the meeting.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

HB 1014
3/27/2023

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 a Bank of North Dakota retention incentive program; relating to fuel production facility loan guarantee reserve funding, the powers of the North Dakota pipeline authority, definitions for the clean sustainable energy authority, and a transfer of Bank of North Dakota profits to the general fund; to provide a contingent appropriation; to provide for a transfer; to provide an exemption; to provide for a report; and to declare an emergency.

8:53 AM Chairman Sorvaag opened the hearing on HB 1014.

Members present: Senators Sorvaag, Krebsbach, Rust, Schaible, and Meyer

Discussion Topics:

- Industrial Commission
- Committee discussion
- Housing finance agency

8:53 AM Committee discussion

8:57 AM Dave Flohr, Executive Director North Dakota Housing Finance Agency, answered questions from the committee, no written testimony

9:02 AM Chairman Sorvaag closed the hearing.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

HB 1014
4/3/2023

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 a Bank of North Dakota retention incentive program; relating to fuel production facility loan guarantee reserve funding, the powers of the North Dakota pipeline authority, definitions for the clean sustainable energy authority, and a transfer of Bank of North Dakota profits to the general fund; to provide a contingent appropriation; to provide for a transfer; to provide an exemption; to provide for a report; and to declare an emergency.

8:02 AM Chairman Sorvaag opened the hearing on HB 1014.

Members present: Senators Sorvaag, Krebsbach, Rust, Schaible, and Meyer

Discussion Topics:

- Industrial Commission
- Bank of North Dakota
- Special fund agency
- Transfer of profits
- Salary and benefits
- Vacant FTE pool
- Priority budget requests
- Inflation
- Server transition
- Equipment and software
- Carbon capture underground storage
- Paleo laboratory tech
- Need for Geologists
- Salt cavern project
- Oil and gas research fund
- Gas capture analysis
- Tank batteries
- Increased revenues
- Housing incentive fund
- CO2 utilization program
- Committee discussion

8:05 AM Todd Steinwand, President Bank of North Dakota, testified in favor, proposed amendments, testimony # 27201, # 27200, and # 27202

8:17 AM Adam Mathiak, Legislative Council, answered questions of the committee, no written testimony

8:39 AM Karen Tyler, Interim Executive Director North Dakota Industrial Commission, no written testimony

8:40 AM Lynn Helms, Director Department of Mineral Resources, testified in favor, testimony #27204, # 27212, # 27224, and power point # 27234

9:00 AM Ed Murphy, State Geologist, testified in favor, discussed long sheet, testimony #25337

9:01 AM Reice Haase, Deputy Executive Director Industrial Commission, testified in favor, no written testimony

9:28 AM Justin Kringstad, North Dakota Pipeline Authority, answered questions from the committee, no written testimony

9:31 AM Recess

9:41 AM Adam Mathiak, Legislative Council, clarified information for the committee, no written testimony

9:42 AM Committee discussion, Senator Sorvaag presented testimony for review, testimony # 27225

9:44 AM Jonathan Fortner, Vice President Lignite Energy Council, answered questions from the committee, testimony # 27218

9:47 AM Reice Haase, Deputy Executive Director Industrial Commission, testimony # 27219

9:50 AM Committee discussion on long sheets, testimony # 25337

10:00 AM Chairman Sorvaag closed the hearing.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

HB 1014
4/5/2023

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 a Bank of North Dakota retention incentive program; relating to fuel production facility loan guarantee reserve funding, the powers of the North Dakota pipeline authority, definitions for the clean sustainable energy authority, and a transfer of Bank of North Dakota profits to the general fund; to provide a contingent appropriation; to provide for a transfer; to provide an exemption; to provide for a report; and to declare an emergency.

8:34 AM Chairman Sorvaag opened the hearing on HB 1014.

Members present: Senators Sorvaag, Krebsbach, Rust, Schaible, and Meyer

Discussion Topics:

- North Dakota Industrial Commission
- Budget requests
- Long sheet
- Proposed pipeline amendment
- Lignite Plant Study
- Committee discussion

8:35 AM Karen Tyler, Interim Executive Director Industrial Commission, testified in favor, testimony # 27292 and #25333.

8:50 AM Adam Mathiak, Legislative Council, answered questions from the committee, explained proposed amendment for pipeline line of credit, testimony # 27296.

8:55 AM Reice Haase, Deputy Executive Director Industrial Commission, testified in favor, testimony # 27218

8:59 AM Chairman Sorvaag closed the hearing.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

HB 1014
4/5/2023

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 a Bank of North Dakota retention incentive program; relating to fuel production facility loan guarantee reserve funding, the powers of the North Dakota pipeline authority, definitions for the clean sustainable energy authority, and a transfer of Bank of North Dakota profits to the general fund; to provide a contingent appropriation; to provide for a transfer; to provide an exemption; to provide for a report; and to declare an emergency.

4:09 PM Chairman Sorvaag opened the hearing on HB 1014.

Members present: Senators Sorvaag, Krebsbach, Rust, Schaible, and Meyer

Discussion Topics:

- North Dakota Industrial Commission
- Bank of North Dakota
- Recruitment and retention metrics
- Bank profits
- Department of mineral resources
- Clean sustainable energy
- Salt caverns
- Pipeline
- iPipe
- Oil and gas research
- Rare earth element
- Electric transmission line upgrade
- Carbon capture
- Housing finance agency
- Housing incentive fund
- Budget long sheets
- Management software
- Committee discussion

4:09 PM Kelvin Hullet, Vice President Bank of North Dakota, testimony # 27504.

4:19 PM Committee discussion

4:23 PM Lynn Helms, Director Department Mineral Resources, on-line, testimony # 27315.

4:24 PM Adam Mathiak, Legislative Council, answered questions from the committee, no written testimony

4:27 PM Reice Haase, Deputy Executive Director Industrial Commission, answered questions from the committee, no written testimony.

4:34 PM Dave Flohr, Executive Director North Dakota Housing Finance Agency, answered questions from the committee, testimony # 27225, #25336.

4:49 PM Karen Tyler, Interim Executive Director Industrial Commission, testified. No written testimony.

4:53 PM Reice Haase, Deputy Executive Director Industrial Commission, answered questions from the committee, no written testimony.

4:59 AM Chairman Sorvaag closed the hearing.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

HB 1014
4/6/2023

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 a Bank of North Dakota retention incentive program; relating to fuel production facility loan guarantee reserve funding, the powers of the North Dakota pipeline authority, definitions for the clean sustainable energy authority, and a transfer of Bank of North Dakota profits to the general fund; to provide a contingent appropriation; to provide for a transfer; to provide an exemption; to provide for a report; and to declare an emergency.

3:03 PM Chairman Sorvaag opened the hearing on HB 1014.

Members present: Senators Sorvaag, Krebsbach, Rust, Schaible, and Meyer

Discussion Topics:

- North Dakota Industrial Commission
- Housing finance agency
- North Dakota mill and elevator
- Additional worker shift
- Profit transfers
- Department of mineral resources
- Core library
- Inflationary costs
- Bank of North Dakota
- Committee discussion

3:06 PM Dave Flohr, Director North Dakota Housing Finance Agency, answered questions from the committee, no written testimony.

3:08 PM Adam Mathiak, Legislative Council, walked the committee through long sheets, testimony # 27481; # 27478, # 27482, # 27479 and #27204; and # 27480.

3:32 PM Reice Haase, Deputy Executive Director Industrial Commission, answered questions from the committee, no written testimony.

3:39 PM Lynn Helms, Director Department of Mineral Resources, answered questions from the committee, no written testimony.

3:58 PM Todd Steinwand, President Bank of North Dakota, answered questions from the committee, no written testimony.

4:04 PM Chairman Sorvaag closed the hearing.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

HB 1014
4/7/2023

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 a Bank of North Dakota retention incentive program; relating to fuel production facility loan guarantee reserve funding, the powers of the North Dakota pipeline authority, definitions for the clean sustainable energy authority, and a transfer of Bank of North Dakota profits to the general fund; to provide a contingent appropriation; to provide for a transfer; to provide an exemption; to provide for a report; and to declare an emergency.

1:09 PM Chairman Sorvaag opened the hearing on HB 1014.

Members present: Senators Sorvaag, Krebsbach, Rust, Schaible, and Meyer

Discussion Topics:

- Bank of North Dakota profits
- Incentive/retention plan
- Clean sustainable energy
- Oil and gas research fund
- iPipe
- Funding funds
- Committee discussion

1:09 PM Senator Sorvaag and committee discussed certain topics of the bill for final amendment preparation, no written testimony

1:17 PM Chairman Sorvaag closed the hearing.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

HB 1014
4/10/2023

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 a Bank of North Dakota retention incentive program; relating to fuel production facility loan guarantee reserve funding, the powers of the North Dakota pipeline authority, definitions for the clean sustainable energy authority, and a transfer of Bank of North Dakota profits to the general fund; to provide a contingent appropriation; to provide for a transfer; to provide an exemption; to provide for a report; and to declare an emergency.

10:48 AM Chairman Sorvaag opened the hearing on HB 1014.

Members present: Senators Sorvaag, Krebsbach, Rust, Schaible, and Meyer

Discussion Topics:

- North Dakota Industrial Commission
- Amendment review
- Division budgets
- Committee discussion

10:49 AM Adam Mathiak, Legislative Council, explained the amendment, LC 23.0243.02002, testimony # 27401.

10:58 AM Lynn Helms, Director Department of Mineral Resources, answered questions from the committee, no written testimony.

11:00 AM Todd Steinwand, President Bank of North Dakota, answered questions from the committee, no written testimony.

11:01 AM Karen Tyler, Interim Director Industrial Commission, answered questions from the committee, no written testimony.

11:05 AM Chairman Sorvaag closed the hearing.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

HB 1014
4/11/2023

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 a Bank of North Dakota retention incentive program; relating to fuel production facility loan guarantee reserve funding, the powers of the North Dakota pipeline authority, definitions for the clean sustainable energy authority, and a transfer of Bank of North Dakota profits to the general fund; to provide a contingent appropriation; to provide for a transfer; to provide an exemption; to provide for a report; and to declare an emergency.

10:44 AM Chairman Bekkedahl opened the hearing on HB 1014.

Members present: Senators Bekkedahl, Krebsbach, Burckhard, Davison, Dever, Dwyer, Erbele, Kreun, Meyer, Roers, Schaible, Sorvaag, Wanzek, Rust, and Mathern.

Members absent: Senator Vedaa

Discussion Topics:

- Industrial commission
- Amendment review
- Litigation funds
- Clean sustainable energy
- Small business development centers
- Committee work

10:51 AM Senator Schaible introduced amendment LC 23.0243.02003, testimony #27436.

11:12 AM Reice Haase, Deputy Director North Dakota Industrial Commission, answered questions from the committee, no written testimony.

11:15 AM Todd Steinwand, President Bank of North Dakota, answered questions from the committee, no written testimony.

11:16 AM Adam Mathiak, Legislative Council, answered questions from the committee, no written testimony.

11:23 AM Senator Schaible moved to adopt AMENDMENT 23.0243.02003.
Senator Sorvaag seconded the motion

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator David S. Rust	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	AB
Senator Terry M. Wanzek	Y

Motion passed 15-0-1.

11:24 AM Senator Schaible moved DO PASS AS AMENDED.
Senator Sorvaag seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator David S. Rust	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	AB
Senator Terry M. Wanzek	Y

The motion passed 15-0-1.

Senator Schaible will carry the bill.

11:25 AM Chairman Bekkedahl closed the hearing.

Kathleen Hall, Committee Clerk

23.0243.02003
Title.03000

Fiscal No. 2

Prepared by the Legislative Council staff for
the Senate Appropriations - Education and
Environment Division Committee
April 10, 2023

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(1-13)

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1014

Page 1, line 2, remove "to create and enact a new section to chapter"

Page 1, line 3, remove "6-09, relating to a Bank of North Dakota retention incentive program;"

Page 1, line 4, after "6-09.7-05" insert ", 54-17-40,"

Page 1, line 5, remove "section 8 of chapter 42 of the 2021 Session"

Page 1, line 6, replace "Laws" with "subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws"

Page 1, line 6, after "funding" insert ", the housing incentive fund"

Page 1, line 7, remove "a transfer of"

Page 1, line 8, replace "Bank of North Dakota profits to the general fund" with "an appropriation from the state fiscal recovery fund"

Page 1, line 9, after "report" insert "; to provide an effective date"

Page 1, remove lines 22 through 24

Page 2, replace lines 1 through 6 with:

"Salaries and wages	$23,698,119	($21,835,425)	$1,862,694
Operating expenses	5,119,958	(924,889)	4,195,069
Capital assets	0	1,250,000	1,250,000
Grants	0	8,623,893	8,623,893
Grants - bond payments	22,040,721	97,839,192	119,879,913
Total all funds	$50,858,798	$84,952,771	$135,811,569
Less estimated income	24,369,185	107,017,528	131,386,713
Total general fund	$26,489,613	($22,064,757)	$4,424,856
Full-time equivalent positions	108.25	(98.50)	9.75"

Page 2, replace lines 11 through 17 with:

"Salaries and wages	$0	$23,123,267	$23,123,267
Operating expenses	0	11,541,104	11,541,104
Capital assets	0	98,000	98,000
Total all funds	$0	$34,762,371	$34,762,371
Less estimated income	0	2,568,000	2,568,000
Total general fund	$0	$32,194,371	$32,194,371
Full-time equivalent positions	0.00	108.00	108.00"

Page 2, replace lines 22 through 25 with:

"Bank of North Dakota operations	$67,306,548	$2,760,519	$70,067,067
Capital assets	1,510,000	0	1,510,000
Total special funds	$68,816,548	$2,760,519	$71,577,067
Full-time equivalent positions	173.00	14.00	187.00"

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Page 2, remove lines 30 and 31

Page 3, replace lines 1 through 7 with:

"Salaries and wages	$9,556,272	$1,556,933	$11,113,205
Operating expenses	6,109,060	4,794,823	10,903,883
Capital assets	150,000	(130,000)	20,000
Grants	42,975,200	5,829,910	48,805,110
Housing finance agency contingencies	100,000	0	100,000
Total all funds	$58,890,532	$12,051,666	$70,942,198
Less estimated income	58,890,532	9,551,666	68,442,198
Total general fund	$0	$2,500,000	$2,500,000
Full-time equivalent positions	49.00	5.00	54.00"

Page 3, replace lines 12 through 17 with:

"Salaries and wages	$50,560,209	$3,290,171	$53,850,380
Operating expenses	36,817,000	5,574,653	42,391,653
Contingencies	500,000	0	500,000
Agriculture promotion	500,000	0	500,000
Total special funds	$88,377,209	$8,864,824	$97,242,033
Full-time equivalent positions	156.00	14.00	170.00"

Page 3, replace lines 22 through 24 with:

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

Page 4, remove line 6

Page 4, after line 7, insert:

"Administration - carbon capture education	0	300,000
Administration - records digitization	0	75,000
Administration - inflationary increases	0	35,688"

Page 4, replace line 11 with:

"Mineral resources - inflationary expenses	0	886,868
Mineral resources - drones and computers	0	83,648"

Page 4, replace lines 23 through 25 with:

"Total all funds	$936,341,260	$20,919,820
Less estimated income	874,235,000	9,155,335
Total general fund	$62,106,260	$11,764,485"

Page 6, line 10, replace "$12,500,000" with "$15,000,000"

Page 6, line 15, after "funds" insert "from the new and vacant FTE funding pool"

Page 6, line 18, replace "spend" with "request the office of management and budget transfer up to"

Page 6, line 18, after "$82,068" insert "of other funds"

Page 6, line 18, after "the" insert "new and vacant FTE funding pool for"

Page 6, line 18, replace "line item" with "for the full-time equivalent position identified in this section,"

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Page 6, line 18, after the second "and" insert "the agency"

Page 6, line 22, after "**FUND**" insert "**- ADMINISTRATION**"

Page 6, line 23, replace "$1,899,877" with "$1,818,114"

Page 7, line 6, after "**FUND**" insert "**- GRANT MANAGEMENT SOFTWARE**"

Page 7, after line 15, insert:

"**SECTION 10. TRANSFER - FUNDS UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND - CARBON CAPTURE EDUCATION.** The sum of $300,000, 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 funds under the control of the industrial commission to the industrial commission fund to contract for carbon capture and utilization education and marketing in consultation with the lignite research council, the oil and gas research council, and the renewable energy council. Of the $300,000, the industrial commission may transfer:

1. Up to $100,000 from the lignite research fund;

2. Up to $100,000 from the oil and gas research fund; and

3. Up to $100,000 from the renewable energy development fund."

Page 7, line 17, replace "$70,000,000" with "$140,000,000"

Page 7, line 31, replace "$3,000,000 to the agricultural products utilization fund" with "$1,500,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants"

Page 8, line 1, replace "**LEGACY EARNINGS**" with "**STRATEGIC INVESTMENT AND IMPROVEMENTS**"

Page 8, line 2, remove "**AND LOANS**"

Page 8, line 3, remove "and pursuant to the"

Page 8, remove line 4

Page 8, line 5, replace "section 21-10-13, the state treasurer" with "the office of management and budget"

Page 8, line 5, remove "legacy"

Page 8, line 6, replace "earnings" with "strategic investment and improvements"

Page 8, line 7, replace "$5,000,000" with "$3,000,000"

Page 8, line 8, after the semicolon insert "and"

Page 8, line 9, replace "$50,000,000" with "$30,000,000"

Page 8, line 9, remove "; and"

Page 8, remove line 10

Page 8, line 11, remove "provide funding for loans"

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Page 8, line 15, replace "$3,000,000" with "$1,500,000"

Page 8, line 19, replace "$3,000,000" with "$1,500,000"

Page 9, line 2, after "**FUND**" insert "**- FEDERAL STATE FISCAL RECOVERY FUND**"

Page 9, line 4, replace "$22,000,000" with "$6,000,000"

Page 9, line 6, after "57-51.1-07.9" insert "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"

Page 9, line 7, replace "$22,000,000" with "$6,000,000"

Page 9, line 8, after "fund" insert "and up to $5,300,000 of federal funds from the state fiscal recovery fund"

Page 9, remove lines 20 through 27

Page 10, after line 19, insert:

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

1. Pursuant to the continuing appropriation under section 57-61-01.6, up to $500,000 from the lignite research fund may be used for the purpose of contracting with the energy and environmental research center for a nonmatching study of future lignite electrical generation facilities.

2. The study must include consideration of an energy demand forecast for dispatchable electricity generation and the regulatory environment for future lignite electrical generation facilities, an analysis of the economic impact of future lignite electrical generation facilities and the value-added products or services that may result from those facilities, and other factors related to the development and operation of future lignite electrical generation facilities.

3. During the 2023-24 interim, the energy and environmental research center shall provide at least one report to the legislative management regarding the status of the study."

Page 10, remove lines 20 through 31

Page 11, remove lines 1 and 2

Page 11, after line 20, insert:

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

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

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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.

2. a. After a public hearing, the housing finance agency shall create an annual allocation plan for the distribution of the fund as authorized under subsection 3. ~~At least ten percent of the fund must be used to assist developing communities to address an unmet housing need or alleviate a housing shortage. At least ten percent of the fund must be made available to prevent homelessness as authorized by subdivision d of subsection 3.~~

   b. The annual allocation plan must give priority to provide housing for individuals and families of low or moderate income. For purposes of this priority, eligible income limits are determined as a percentage of median family income as published in the most recent federal register notice. Under this priority, the annual allocation plan must give preference to projects that benefit households with the lowest income and to projects that have rent restrictions at or below department of housing and urban development published federal fair market rents or department of housing and urban development section 8 payment standards.

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

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

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

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

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

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

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

4. Eligible recipients include units of local, state, and tribal government; local and tribal housing authorities; community action agencies; regional planning councils; and nonprofit organizations and for-profit developers of

~~multifamily~~residential housing. Individuals may not receive direct assistance from the fund.

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

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

7. Upon request, the housing finance agency shall report to the industrial commission regarding the activities of the housing incentive fund.

8. At least once per biennium, the housing finance agency shall provide a report to the budget section of the legislative management regarding the activities of the housing incentive fund."

Page 12, line 26, replace "2025" with "2027"

Page 13, replace lines 16 through 30 with:

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

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

Page 14, line 12, replace "$14,500,000" with "$17,500,000"

Page 14, line 22, after "grants" insert "and an underground energy storage research project"

Page 14, line 23, after "Laws" insert "as amended in section 24 of this Act"

Page 14, line 25, after "fund" insert "to the department of mineral resources for a survey review"

Page 14, after line 28, insert:

"**SECTION 27. EFFECTIVE DATE.** Section 18 of this Act is effective July 1, 2025."

Page 15, line 12, replace "Section 5" with "Sections 5 and 24"

Page 15, line 13, replace "Section 23 of this Act" with "Senate Bill No. 2165, as approved by the sixty-eighth legislative assembly"

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Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1014 - Summary of Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Industrial Commission				
Total all funds	$50,858,798	$160,932,060	($25,120,491)	$135,811,569
Less estimated income	24,369,185	156,507,204	(25,120,491)	131,386,713
General fund	$26,489,613	$4,424,856	$0	$4,424,856
FTE	108.25	9.75	0.00	9.75
Department of Mineral Resources				
Total all funds	$0	$37,141,066	($2,128,695)	$35,012,371
Less estimated income	0	2,568,000	0	2,568,000
General fund	$0	$34,573,066	($2,128,695)	$32,444,371
FTE	0.00	108.00	0.00	108.00
Bank of North Dakota				
Total all funds	$68,816,548	$76,237,686	($4,660,619)	$71,577,067
Less estimated income	68,816,548	76,237,686	(4,660,619)	71,577,067
General fund	$0	$0	$0	$0
FTE	173.00	187.00	0.00	187.00
Housing Finance Agency				
Total all funds	$58,890,532	$84,333,093	$1,609,105	$85,942,198
Less estimated income	58,890,532	69,333,093	(890,895)	68,442,198
General fund	$0	$15,000,000	$2,500,000	$17,500,000
FTE	49.00	53.00	1.00	54.00
Mill and Elevator				
Total all funds	$88,377,209	$100,974,447	($3,732,414)	$97,242,033
Less estimated income	88,377,209	100,974,447	(3,732,414)	97,242,033
General fund	$0	$0	$0	$0
FTE	156.00	170.00	0.00	170.00
Bill total				
Total all funds	$266,943,087	$459,618,352	($34,033,114)	$425,585,238
Less estimated income	240,453,474	405,620,430	(34,404,419)	371,216,011
General fund	$26,489,613	$53,997,922	$371,305	$54,369,227
FTE	486.25	527.75	1.00	528.75

House Bill No. 1014 - Industrial Commission - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	$23,698,119	$2,471,236	($608,542)	$1,862,694
Operating expenses	5,119,958	3,707,018	488,051	4,195,069
Capital assets		1,250,000		1,250,000
Grants		33,623,893	(25,000,000)	8,623,893
Grants - Bond payments	22,040,721	119,879,913		119,879,913
Total all funds	$50,858,798	$160,932,060	($25,120,491)	$135,811,569
Less estimated income	24,369,185	156,507,204	(25,120,491)	131,386,713
General fund	$26,489,613	$4,424,856	$0	$4,424,856
FTE	108.25	9.75	0.00	9.75

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Department 405 - Industrial Commission - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Adjusts Funding for an FTE Position[2]	Removes Salary Funding for a Funding Pool[3]	Adds Funding for Software[4]	Adjusts One-Time Funding Items[5]	Total Senate Changes
Salaries and wages	$34,386	($121,985)	($520,943)			($608,542)
Operating expenses		3,363		$74,000	$410,688	488,051
Capital assets						
Grants					(25,000,000)	(25,000,000)
Grants - Bond payments						
Total all funds	$34,386	($118,622)	($520,943)	$74,000	($24,589,312)	($25,120,491)
Less estimated income	34,386	(118,622)	(520,943)	74,000	(24,589,312)	(25,120,491)
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$35,332	$35,332
Health insurance adjustment	0	(946)	(946)
Total	$0	$34,386	$34,386

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding from other funds for an administrative assistant position is decreased by $118,622 from $300,943 to $182,321. The $118,622 decrease reflects a decrease of $121,985 to salaries and wages and an increase of $3,363 to operating expenses. This provides the same level of funding as a grant administration position. The House provided $300,943 for the administrative assistant position.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($490,562)	($490,562)
Vacant FTE positions	0	(30,381)	(30,381)
Total	$0	($520,943)	($520,943)

The House did not remove funding for a new and vacant FTE funding pool.

[4] Funding of $74,000 from other funds is added for software related to a meeting management license and an accounting subscription.

[5] One-time funding, which was not included by the House, is added as follows:

- $75,000 from other funds for a records digitization project.
- $35,688 from other funds for inflationary increases related to rent.
- $300,000 from other funds for carbon capture and utilization education and marketing, including $100,000 from the lignite research fund, $100,000 from the oil and gas research fund, and $100,000 from the renewable energy development fund.

One-time funding, which was added by the House, is removed as follows:

- $25 million from the strategic investment and improvements fund for a transmission line grant.

This amendment also includes the following changes related to the Industrial Commission:

- Adjusts the transfer for administrative services to provide $1,818,114. The House provided for a transfer of $1,899,877.
- Adds a transfer of up to $100,000 from three energy programs to provide a total of $300,000 for carbon capture and utilization education and marketing. The House did not include this funding.
- Adjusts the funding for a pipeline leak detection and prevention program to provide $3 million from the strategic

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investment and improvements fund. The House provided $5 million from legacy fund earnings.

- Adjusts the funding for the clean sustainable energy fund to provide $30 million from the strategic investment and improvements fund for grants. The House provided $300 million from legacy fund earnings, including $50 million for grants and $250 million to repay a line of credit and for additional loans.
- Decreases funding from the strategic investment and improvements fund for a critical minerals study to provide $1.5 million. The House provided $3 million for the study.
- Adjusts the funding for an underground energy storage research project to provide $6 million from the strategic investment and improvements fund and $5.3 million from the federal State Fiscal Recovery Fund. An appropriation of $20 million from the federal State Fiscal Recovery Fund from the November 2021 special legislative session is amended to provide up to $5.3 million for the research project with the remaining amount available for hydrogen development grants. The House provided $22 million from the strategic investment and improvements fund for the research project.
- Designates $500,000 from the lignite research fund for a study of future lignite electrical generation facilities. The House did not designate funding for this study.
- Provides an effective date of July 1, 2025, for a guarantee from the strategic investment and improvements fund for a line of credit related to the purchase of capacity positions on a pipeline. The House added the guarantee and line of credit, but did not include an effective date.
- Provides an emergency clause related to Senate Bill No. 2165. The House did not include an emergency clause for that bill.

House Bill No. 1014 - Department of Mineral Resources - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages		$25,401,022	($2,277,755)	$23,123,267
Operating expenses		11,410,044	131,060	11,541,104
Capital assets		80,000	18,000	98,000
Transfer to fossil restoration fund		250,000		250,000
Total all funds	$0	$37,141,066	($2,128,695)	$35,012,371
Less estimated income	0	2,568,000	0	2,568,000
General fund	$0	$34,573,066	($2,128,695)	$32,444,371
FTE	0.00	108.00	0.00	108.00

Department 470 - Department of Mineral Resources - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Removes Salary Funding for a Funding Pool[2]	Adds One-Time Funding Items[3]	Total Senate Changes
Salaries and wages	$396,394	($2,674,149)		($2,277,755)
Operating expenses			$131,060	131,060
Capital assets			18,000	18,000
Transfer to fossil restoration fund				
Total all funds	$396,394	($2,674,149)	$149,060	($2,128,695)
Less estimated income	0	0	0	0
General fund	$396,394	($2,674,149)	$149,060	($2,128,695)
FTE	0.00	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	$409,369	$0	$409,369
Health insurance adjustment	(12,975)	0	(12,975)
Total	$396,394	$0	$396,394

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below.

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These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	($1,284,293)	$0	($1,284,293)
Vacant FTE positions	(1,389,856)	0	(1,389,856)
Total	($2,674,149)	$0	($2,674,149)

The House did not remove funding for a new and vacant FTE funding pool.

[3] One-time funding from the general fund, which was not included by the House, is added as follows:
- $65,412 for additional inflationary increases related to state fleet mileage.
- $83,648 for drones and computer equipment.

The Senate amended a section related to the Department of Mineral Resources to increase the oil and gas tax revenue allocations to the oil and gas research fund to $17.5 million, an increase of $3 million from the House version, which provided $14.5 million, the same as the 2021-23 biennium.

House Bill No. 1014 - Bank of North Dakota - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Capital assets	$1,510,000	$1,510,000		$1,510,000
Bank of North Dakota operations	67,306,548	74,727,686	($4,660,619)	70,067,067
Total all funds	$68,816,548	$76,237,686	($4,660,619)	$71,577,067
Less estimated income	68,816,548	76,237,686	(4,660,619)	71,577,067
General fund	$0	$0	$0	$0
FTE	173.00	187.00	0.00	187.00

Department 471 - Bank of North Dakota - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Removes Salary Funding for a Funding Pool[2]	Total Senate Changes
Capital assets			
Bank of North Dakota operations	$769,366	($5,429,985)	($4,660,619)
Total all funds	$769,366	($5,429,985)	($4,660,619)
Less estimated income	769,366	(5,429,985)	(4,660,619)
General fund	$0	$0	$0
FTE	0.00	0.00	0.00

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[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$789,224	$789,224
Health insurance adjustment	0	(19,858)	(19,858)
Total	$0	$769,366	$769,366

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($3,106,682)	($3,106,682)
Vacant FTE positions	0	(2,323,303)	(2,323,303)
Total	$0	($5,429,985)	($5,429,985)

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The House did not remove funding for a new and vacant FTE funding pool.

This amendment also includes the following changes related to the Bank of North Dakota:

- Adds a transfer of $1.5 million from the Bank's profits to a small business development center. The House did not include this transfer.
- Removes a transfer of $3 million from the Bank's profits to the agricultural products utilization fund, which was included by the the House; however, Senate Bill No. 2009 includes a transfer of $3 million from the Bank's profits to the agricultural products utilization fund.
- Increases the transfer from the Bank's profits to the general fund to provide $140 million for the 2023-25 biennium, an increase of $70 million compared to the House version of $70 million. This results in an increase to general fund revenues for the 2023-25 biennium.
- Removes a section added by the House to limit the transfer from the Bank's profits to the general fund to provide $70 million for the 2021-23 biennium. The House version resulted in a reduction to the July 1, 2023, general fund beginning balance. As approved by the Senate, the transfer for the 2021-23 biennium is $140 million, the same as the transfer approved during the 2021 legislative session.

House Bill No. 1014 - Housing Finance Agency - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	$9,556,272	$12,169,742	($1,056,537)	$11,113,205
Operating expenses	6,109,060	10,738,241	165,642	10,903,883
Capital assets	150,000	20,000		20,000
Grants	42,975,200	48,805,110		48,805,110
HFA contingencies	100,000	100,000		100,000
Housing incentive fund		12,500,000	2,500,000	15,000,000
Total all funds	$58,890,532	$84,333,093	$1,609,105	$85,942,198
Less estimated income	58,890,532	69,333,093	(890,895)	68,442,198
General fund	$0	$15,000,000	$2,500,000	$17,500,000
FTE	49.00	53.00	1.00	54.00

Department 473 - Housing Finance Agency - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Adds FTE Position[2]	Removes Salary Funding for a Funding Pool[3]	Adds Funding for Operating Expenses[4]	Adds Funding for Housing Incentive Fund[5]	Total Senate Changes
Salaries and wages	$176,196	$218,908	($1,451,641)			($1,056,537)
Operating expenses				$165,642		165,642
Capital assets						
Grants						
HFA contingencies						
Housing incentive fund					$2,500,000	2,500,000
Total all funds	$176,196	$218,908	($1,451,641)	$165,642	$2,500,000	$1,609,105
Less estimated income	176,196	218,908	(1,451,641)	165,642	0	(890,895)
General fund	$0	$0	$0	$0	$2,500,000	$2,500,000
FTE	0.00	1.00	0.00	0.00	0.00	1.00

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[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$182,349	$182,349
Health insurance adjustment	0	(6,153)	(6,153)
Total	$0	$176,196	$176,196

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The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding of $218,908 from other funds is added for 1 FTE compliance officer position to provide a total of $437,816 for 2 FTE compliance officer positions. The House provided $218,908 for 1 FTE compliance officer position.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($986,476)	($986,476)
Vacant FTE positions	0	(465,165)	(465,165)
Total	$0	($1,451,641)	($1,451,641)

The House did not remove funding for a new and vacant FTE funding pool.

[4] Funding of $165,642 from other funds is added for inflationary increases. The House did not include funding for inflationary increases.

[5] One-time funding for a transfer from the general fund to the housing incentive fund is increased by $2.5 million to provide total funding of $15 million for the housing incentive fund pursuant to a section in the bill. The House provided for a transfer of $12.5 million.

This amendment adds a section related to the Housing Finance Agency to amend the housing incentive fund to remove the 10 percent designation for funding to prevent homelessness and to allow funding to be used for single family housing projects. The House did not amend the housing incentive fund.

House Bill No. 1014 - Mill and Elevator - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	$50,560,209	$57,582,794	($3,732,414)	$53,850,380
Operating expenses	36,817,000	42,391,653		42,391,653
Contingencies	500,000	500,000		500,000
Agriculture promotion	500,000	500,000		500,000
Total all funds	$88,377,209	$100,974,447	($3,732,414)	$97,242,033
Less estimated income	88,377,209	100,974,447	(3,732,414)	97,242,033
General fund	$0	$0	$0	$0
FTE	156.00	170.00	0.00	170.00

Department 475 - Mill and Elevator - Detail of Senate Changes

	Adjusts Funding for Health Insurance[1]	Adds Funding for Salary Increases[2]	Removes Salary Funding for a Funding Pool[3]	Total Senate Changes
Salaries and wages	($17,750)	$409,231	($4,123,895)	($3,732,414)
Operating expenses				
Contingencies				
Agriculture promotion				
Total all funds	($17,750)	$409,231	($4,123,895)	($3,732,414)
Less estimated income	(17,750)	409,231	(4,123,895)	(3,732,414)
General fund	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00

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[1] Funding of $17,750 from other funds is removed related to an adjustment to health insurance premiums.

[2] Funding of $409,231 from other funds is added for salary increases, which are subject to union negotiations, to provide total salary increase funding of $2,723,414. The House provided $2,314,183 for salary increases, the same as requested by the agency in the Executive Budget.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below.

These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

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	General Fund	Other Fund	Total
New FTE positions	$0	($2,367,332)	($2,367,332)
Vacant FTE positions	0	(1,756,563)	(1,756,563)
Total	$0	($4,123,895)	($4,123,895)

The House did not remove funding for a new and vacant FTE funding pool.

This amendment also removes a section added by the House related to the Mill and Elevator Association, which limited the transfer of Mill profits to the general fund to 10 percent. As a result, the transfer of Mill profits to the general fund is 50 percent, the same as current law, which increases general fund revenues by $11.3 million for the 2023-25 biennium.

REPORT OF STANDING COMMITTEE

HB 1014, as engrossed: Appropriations Committee (Sen. Bekkedahl, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (15 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1014 was placed on the Sixth order on the calendar. This bill affects workforce development.

Page 1, line 2, remove "to create and enact a new section to chapter"

Page 1, line 3, remove "6-09, relating to a Bank of North Dakota retention incentive program;"

Page 1, line 4, after "6-09.7-05" insert ", 54-17-40,"

Page 1, line 5, remove "section 8 of chapter 42 of the 2021 Session"

Page 1, line 6, replace "Laws" with "subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws"

Page 1, line 6, after "funding" insert ", the housing incentive fund"

Page 1, line 7, remove "a transfer of"

Page 1, line 8, replace "Bank of North Dakota profits to the general fund" with "an appropriation from the state fiscal recovery fund"

Page 1, line 9, after "report" insert "; to provide an effective date"

Page 1, remove lines 22 through 24

Page 2, replace lines 1 through 6 with:

"Salaries and wages	$23,698,119	($21,835,425)	$1,862,694
Operating expenses	5,119,958	(924,889)	4,195,069
Capital assets	0	1,250,000	1,250,000
Grants	0	8,623,893	8,623,893
Grants - bond payments	22,040,721	97,839,192	119,879,913
Total all funds	$50,858,798	$84,952,771	$135,811,569
Less estimated income	24,369,185	107,017,528	131,386,713
Total general fund	$26,489,613	($22,064,757)	$4,424,856
Full-time equivalent positions	108.25	(98.50)	9.75"

Page 2, replace lines 11 through 17 with:

"Salaries and wages	$0	$23,123,267	$23,123,267
Operating expenses	0	11,541,104	11,541,104
Capital assets	0	98,000	98,000
Total all funds	$0	$34,762,371	$34,762,371
Less estimated income	0	2,568,000	2,568,000
Total general fund	$0	$32,194,371	$32,194,371
Full-time equivalent positions	0.00	108.00	108.00"

Page 2, replace lines 22 through 25 with:

"Bank of North Dakota operations	$67,306,548	$2,760,519	$70,067,067
Capital assets	1,510,000	0	1,510,000
Total special funds	$68,816,548	$2,760,519	$71,577,067
Full-time equivalent positions	173.00	14.00	187.00"

Page 2, remove lines 30 and 31

Page 3, replace lines 1 through 7 with:

"Salaries and wages	$9,556,272	$1,556,933	$11,113,205
Operating expenses	6,109,060	4,794,823	10,903,883
Capital assets	150,000	(130,000)	20,000
Grants	42,975,200	5,829,910	48,805,110
Housing finance agency contingencies	100,000	0	100,000
Total all funds	$58,890,532	$12,051,666	$70,942,198
Less estimated income	58,890,532	9,551,666	68,442,198
Total general fund	$0	$2,500,000	$2,500,000
Full-time equivalent positions	49.00	5.00	54.00"

Page 3, replace lines 12 through 17 with:

"Salaries and wages	$50,560,209	$3,290,171	$53,850,380
Operating expenses	36,817,000	5,574,653	42,391,653
Contingencies	500,000	0	500,000
Agriculture promotion	500,000	0	500,000
Total special funds	$88,377,209	$8,864,824	$97,242,033
Full-time equivalent positions	156.00	14.00	170.00"

Page 3, replace lines 22 through 24 with:

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

Page 4, remove line 6

Page 4, after line 7, insert:

"Administration - carbon capture education	0	300,000
Administration - records digitization	0	75,000
Administration - inflationary increases	0	35,688"

Page 4, replace line 11 with:

"Mineral resources - inflationary expenses	0	886,868
Mineral resources - drones and computers	0	83,648"

Page 4, replace lines 23 through 25 with:

"Total all funds	$936,341,260	$20,919,820
Less estimated income	874,235,000	9,155,335
Total general fund	$62,106,260	$11,764,485"

Page 6, line 10, replace "$12,500,000" with "$15,000,000"

Page 6, line 15, after "funds" insert "from the new and vacant FTE funding pool"

Page 6, line 18, replace "spend" with "request the office of management and budget transfer up to"

Page 6, line 18, after "$82,068" insert "of other funds"

Page 6, line 18, after "the" insert "new and vacant FTE funding pool for"

Page 6, line 18, replace "line item" with "for the full-time equivalent position identified in this section,"

Page 6, line 18, after the second "and" insert "the agency"

Page 6, line 22, after "**FUND**" insert "**- ADMINISTRATION**"

Page 6, line 23, replace "$1,899,877" with "$1,818,114"

Page 7, line 6, after "**FUND**" insert "**- GRANT MANAGEMENT SOFTWARE**"

Page 7, after line 15, insert:

"**SECTION 10. TRANSFER - FUNDS UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND - CARBON CAPTURE EDUCATION.** The sum of $300,000, 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 funds under the control of the industrial commission to the industrial commission fund to contract for carbon capture and utilization education and marketing in consultation with the lignite research council, the oil and gas research council, and the renewable energy council. Of the $300,000, the industrial commission may transfer:

1. Up to $100,000 from the lignite research fund;

2. Up to $100,000 from the oil and gas research fund; and

3. Up to $100,000 from the renewable energy development fund."

Page 7, line 17, replace "$70,000,000" with "$140,000,000"

Page 7, line 31, replace "$3,000,000 to the agricultural products utilization fund" with "$1,500,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants"

Page 8, line 1, replace "**LEGACY EARNINGS**" with "**STRATEGIC INVESTMENT AND IMPROVEMENTS**"

Page 8, line 2, remove "**AND LOANS**"

Page 8, line 3, remove "and pursuant to the"

Page 8, remove line 4

Page 8, line 5, replace "section 21-10-13, the state treasurer" with "the office of management and budget"

Page 8, line 5, remove "legacy"

Page 8, line 6, replace "earnings" with "strategic investment and improvements"

Page 8, line 7, replace "$5,000,000" with "$3,000,000"

Page 8, line 8, after the semicolon insert "and"

Page 8, line 9, replace "$50,000,000" with "$30,000,000"

Page 8, line 9, remove "; and"

Page 8, remove line 10

Page 8, line 11, remove "provide funding for loans"

Page 8, line 15, replace "$3,000,000" with "$1,500,000"

Page 8, line 19, replace "$3,000,000" with "$1,500,000"

Page 9, line 2, after "**FUND**" insert "**- FEDERAL STATE FISCAL RECOVERY FUND**"

Page 9, line 4, replace "$22,000,000" with "$6,000,000"

Page 9, line 6, after "57-51.1-07.9" insert "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"

Page 9, line 7, replace "$22,000,000" with "$6,000,000"

Page 9, line 8, after "fund" insert "and up to $5,300,000 of federal funds from the state fiscal recovery fund"

Page 9, remove lines 20 through 27

Page 10, after line 19, insert:

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

1. Pursuant to the continuing appropriation under section 57-61-01.6, up to $500,000 from the lignite research fund may be used for the purpose of contracting with the energy and environmental research center for a nonmatching study of future lignite electrical generation facilities.

2. The study must include consideration of an energy demand forecast for dispatchable electricity generation and the regulatory environment for future lignite electrical generation facilities, an analysis of the economic impact of future lignite electrical generation facilities and the value-added products or services that may result from those facilities, and other factors related to the development and operation of future lignite electrical generation facilities.

3. During the 2023-24 interim, the energy and environmental research center shall provide at least one report to the legislative management regarding the status of the study."

Page 10, remove lines 20 through 31

Page 11, remove lines 1 and 2

Page 11, after line 20, insert:

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

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

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.

2. a. After a public hearing, the housing finance agency shall create an annual allocation plan for the distribution of the fund as authorized under subsection 3. ~~At least ten percent of the fund must be used to assist developing communities to address an unmet housing need or~~

~~alleviate a housing shortage. At least ten percent of the fund must be made available to prevent homelessness as authorized by subdivision d of subsection 3.~~

b. The annual allocation plan must give priority to provide housing for individuals and families of low or moderate income. For purposes of this priority, eligible income limits are determined as a percentage of median family income as published in the most recent federal register notice. Under this priority, the annual allocation plan must give preference to projects that benefit households with the lowest income and to projects that have rent restrictions at or below department of housing and urban development published federal fair market rents or department of housing and urban development section 8 payment standards.

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

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

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

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

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

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

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

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

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

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

7. Upon request, the housing finance agency shall report to the industrial commission regarding the activities of the housing incentive fund.

8. At least once per biennium, the housing finance agency shall provide a report to the budget section of the legislative management regarding the activities of the housing incentive fund."

Page 12, line 26, replace "2025" with "2027"

Page 13, replace lines 16 through 30 with:

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

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

Page 14, line 12, replace "$14,500,000" with "$17,500,000"

Page 14, line 22, after "grants" insert "and an underground energy storage research project"

Page 14, line 23, after "Laws" insert "as amended in section 24 of this Act"

Page 14, line 25, after "fund" insert "to the department of mineral resources for a survey review"

Page 14, after line 28, insert:

"**SECTION 27. EFFECTIVE DATE.** Section 18 of this Act is effective July 1, 2025."

Page 15, line 12, replace "Section 5" with "Sections 5 and 24"

Page 15, line 13, replace "Section 23 of this Act" with "Senate Bill No. 2165, as approved by the sixty-eighth legislative assembly"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1014 - Summary of Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Industrial Commission				
Total all funds	$50,858,798	$160,932,060	($25,120,491)	$135,811,569
Less estimated income	24,369,185	156,507,204	(25,120,491)	131,386,713
General fund	$26,489,613	$4,424,856	$0	$4,424,856
FTE	108.25	9.75	0.00	9.75
Department of Mineral Resources				
Total all funds	$0	$37,141,066	($2,128,695)	$35,012,371
Less estimated income	0	2,568,000	0	2,568,000
General fund	$0	$34,573,066	($2,128,695)	$32,444,371
FTE	0.00	108.00	0.00	108.00

Bank of North Dakota				
Total all funds	$68,816,548	$76,237,686	($4,660,619)	$71,577,067
Less estimated income	68,816,548	76,237,686	(4,660,619)	71,577,067
General fund	$0	$0	$0	$0
FTE	173.00	187.00	0.00	187.00
Housing Finance Agency				
Total all funds	$58,890,532	$84,333,093	$1,609,105	$85,942,198
Less estimated income	58,890,532	69,333,093	(890,895)	68,442,198
General fund	$0	$15,000,000	$2,500,000	$17,500,000
FTE	49.00	53.00	1.00	54.00
Mill and Elevator				
Total all funds	$88,377,209	$100,974,447	($3,732,414)	$97,242,033
Less estimated income	88,377,209	100,974,447	(3,732,414)	97,242,033
General fund	$0	$0	$0	$0
FTE	156.00	170.00	0.00	170.00
Bill total				
Total all funds	$266,943,087	$459,618,352	($34,033,114)	$425,585,238
Less estimated income	240,453,474	405,620,430	(34,404,419)	371,216,011
General fund	$26,489,613	$53,997,922	$371,305	$54,369,227
FTE	486.25	527.75	1.00	528.75

House Bill No. 1014 - Industrial Commission - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	$23,698,119	$2,471,236	($608,542)	$1,862,694
Operating expenses	5,119,958	3,707,018	488,051	4,195,069
Capital assets		1,250,000		1,250,000
Grants		33,623,893	(25,000,000)	8,623,893
Grants - Bond payments	22,040,721	119,879,913		119,879,913
Total all funds	$50,858,798	$160,932,060	($25,120,491)	$135,811,569
Less estimated income	24,369,185	156,507,204	(25,120,491)	131,386,713
General fund	$26,489,613	$4,424,856	$0	$4,424,856
FTE	108.25	9.75	0.00	9.75

Department 405 - Industrial Commission - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Adjusts Funding for an FTE Position[2]	Removes Salary Funding for a Funding Pool[3]	Adds Funding for Software[4]	Adjusts One-Time Funding Items[5]	Total Senate Changes
Salaries and wages	$34,386	($121,985)	($520,943)			($608,542)
Operating expenses		3,363		$74,000	$410,688	488,051
Capital assets						
Grants					(25,000,000)	(25,000,000)
Grants - Bond payments						
Total all funds	$34,386	($118,622)	($520,943)	$74,000	($24,589,312)	($25,120,491)
Less estimated income	34,386	(118,622)	(520,943)	74,000	(24,589,312)	(25,120,491)
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$35,332	$35,332
Health insurance adjustment	0	(946)	(946)
Total	$0	$34,386	$34,386

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding from other funds for an administrative assistant position is decreased by $118,622 from $300,943 to $182,321. The $118,622 decrease reflects a decrease of $121,985 to salaries and wages and an increase of $3,363 to operating expenses. This provides the same level of funding as a grant administration position. The House provided $300,943 for the administrative assistant position.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($490,562)	($490,562)
Vacant FTE positions	0	(30,381)	(30,381)
Total	$0	($520,943)	($520,943)

The House did not remove funding for a new and vacant FTE funding pool.

[4] Funding of $74,000 from other funds is added for software related to a meeting management license and an accounting subscription.

[5] One-time funding, which was not included by the House, is added as follows:

- $75,000 from other funds for a records digitization project.
- $35,688 from other funds for inflationary increases related to rent.
- $300,000 from other funds for carbon capture and utilization education and marketing, including $100,000 from the lignite research fund, $100,000 from the oil and gas research fund, and $100,000 from the renewable energy development fund.

One-time funding, which was added by the House, is removed as follows:

- $25 million from the strategic investment and improvements fund for a transmission line grant.

This amendment also includes the following changes related to the Industrial Commission:

- Adjusts the transfer for administrative services to provide $1,818,114. The House provided for a transfer of $1,899,877.
- Adds a transfer of up to $100,000 from three energy programs to provide a total of $300,000 for carbon capture and utilization education and marketing. The House did not include this funding.
- Adjusts the funding for a pipeline leak detection and prevention program to provide $3 million from the strategic investment and improvements fund. The House provided $5 million from legacy fund earnings.
- Adjusts the funding for the clean sustainable energy fund to provide $30 million from the strategic investment and improvements fund for grants. The House provided $300 million from legacy fund earnings, including $50 million for grants and $250 million to repay a line of credit and for additional loans.
- Decreases funding from the strategic investment and improvements fund for a critical minerals study to provide $1.5 million. The House provided $3 million for the study.
- Adjusts the funding for an underground energy storage research project to provide $6 million from the strategic investment and improvements fund and $5.3 million from the federal State Fiscal Recovery Fund. An appropriation of $20 million from the federal State Fiscal Recovery Fund from the November 2021 special legislative session is amended to provide up to $5.3 million for the research project with the remaining amount available for hydrogen development grants. The House provided $22 million from the strategic investment and improvements fund for the research project.
- Designates $500,000 from the lignite research fund for a study of future lignite

electrical generation facilities. The House did not designate funding for this study.

- Provides an effective date of July 1, 2025, for a guarantee from the strategic investment and improvements fund for a line of credit related to the purchase of capacity positions on a pipeline. The House added the guarantee and line of credit, but did not include an effective date.
- Provides an emergency clause related to Senate Bill No. 2165. The House did not include an emergency clause for that bill.

House Bill No. 1014 - Department of Mineral Resources - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages		$25,401,022	($2,277,755)	$23,123,267
Operating expenses		11,410,044	131,060	11,541,104
Capital assets		80,000	18,000	98,000
Transfer to fossil restoration fund		250,000		250,000
Total all funds	$0	$37,141,066	($2,128,695)	$35,012,371
Less estimated income	0	2,568,000	0	2,568,000
General fund	$0	$34,573,066	($2,128,695)	$32,444,371
FTE	0.00	108.00	0.00	108.00

Department 470 - Department of Mineral Resources - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Removes Salary Funding for a Funding Pool[2]	Adds One-Time Funding Items[3]	Total Senate Changes
Salaries and wages	$396,394	($2,674,149)		($2,277,755)
Operating expenses			$131,060	131,060
Capital assets			18,000	18,000
Transfer to fossil restoration fund				
Total all funds	$396,394	($2,674,149)	$149,060	($2,128,695)
Less estimated income	0	0	0	0
General fund	$396,394	($2,674,149)	$149,060	($2,128,695)
FTE	0.00	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	$409,369	$0	$409,369
Health insurance adjustment	(12,975)	0	(12,975)
Total	$396,394	$0	$396,394

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	($1,284,293)	$0	($1,284,293)
Vacant FTE positions	(1,389,856)	0	(1,389,856)
Total	($2,674,149)	$0	($2,674,149)

The House did not remove funding for a new and vacant FTE funding pool.

[3] One-time funding from the general fund, which was not included by the House, is added as follows:

- $65,412 for additional inflationary increases related to state fleet mileage.

- $83,648 for drones and computer equipment.

The Senate amended a section related to the Department of Mineral Resources to increase the oil and gas tax revenue allocations to the oil and gas research fund to $17.5 million, an increase of $3 million from the House version, which provided $14.5 million, the same as the 2021-23 biennium.

House Bill No. 1014 - Bank of North Dakota - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Capital assets	$1,510,000	$1,510,000		$1,510,000
Bank of North Dakota operations	67,306,548	74,727,686	($4,660,619)	70,067,067
Total all funds	$68,816,548	$76,237,686	($4,660,619)	$71,577,067
Less estimated income	68,816,548	76,237,686	(4,660,619)	71,577,067
General fund	$0	$0	$0	$0
FTE	173.00	187.00	0.00	187.00

Department 471 - Bank of North Dakota - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Removes Salary Funding for a Funding Pool[2]	Total Senate Changes
Capital assets			
Bank of North Dakota operations	$769,366	($5,429,985)	($4,660,619)
Total all funds	$769,366	($5,429,985)	($4,660,619)
Less estimated income	769,366	(5,429,985)	(4,660,619)
General fund	$0	$0	$0
FTE	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$789,224	$789,224
Health insurance adjustment	0	(19,858)	(19,858)
Total	$0	$769,366	$769,366

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($3,106,682)	($3,106,682)
Vacant FTE positions	0	(2,323,303)	(2,323,303)
Total	$0	($5,429,985)	($5,429,985)

The House did not remove funding for a new and vacant FTE funding pool.

This amendment also includes the following changes related to the Bank of North Dakota:

- Adds a transfer of $1.5 million from the Bank's profits to a small business development center. The House did not include this transfer.
- Removes a transfer of $3 million from the Bank's profits to the agricultural products utilization fund, which was included by the the House; however, Senate Bill No. 2009

includes a transfer of $3 million from the Bank's profits to the agricultural products utilization fund.

- Increases the transfer from the Bank's profits to the general fund to provide $140 million for the 2023-25 biennium, an increase of $70 million compared to the House version of $70 million. This results in an increase to general fund revenues for the 2023-25 biennium.
- Removes a section added by the House to limit the transfer from the Bank's profits to the general fund to provide $70 million for the 2021-23 biennium. The House version resulted in a reduction to the July 1, 2023, general fund beginning balance. As approved by the Senate, the transfer for the 2021-23 biennium is $140 million, the same as the transfer approved during the 2021 legislative session.

House Bill No. 1014 - Housing Finance Agency - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	$9,556,272	$12,169,742	($1,056,537)	$11,113,205
Operating expenses	6,109,060	10,738,241	165,642	10,903,883
Capital assets	150,000	20,000		20,000
Grants	42,975,200	48,805,110		48,805,110
HFA contingencies	100,000	100,000		100,000
Housing incentive fund		12,500,000	2,500,000	15,000,000
Total all funds	$58,890,532	$84,333,093	$1,609,105	$85,942,198
Less estimated income	58,890,532	69,333,093	(890,895)	68,442,198
General fund	$0	$15,000,000	$2,500,000	$17,500,000
FTE	49.00	53.00	1.00	54.00

Department 473 - Housing Finance Agency - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Adds FTE Position[2]	Removes Salary Funding for a Funding Pool[3]	Adds Funding for Operating Expenses[4]	Adds Funding for Housing Incentive Fund[5]	Total Senate Changes
Salaries and wages	$176,196	$218,908	($1,451,641)			($1,056,537)
Operating expenses				$165,642		165,642
Capital assets						
Grants						
HFA contingencies						
Housing incentive fund					$2,500,000	2,500,000
Total all funds	$176,196	$218,908	($1,451,641)	$165,642	$2,500,000	$1,609,105
Less estimated income	176,196	218,908	(1,451,641)	165,642	0	(890,895)
General fund	$0	$0	$0	$0	$2,500,000	$2,500,000
FTE	0.00	1.00	0.00	0.00	0.00	1.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$182,349	$182,349
Health insurance adjustment	0	(6,153)	(6,153)
Total	$0	$176,196	$176,196

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding of $218,908 from other funds is added for 1 FTE compliance officer position to provide a total of $437,816 for 2 FTE compliance officer positions. The House provided $218,908 for 1 FTE compliance officer position.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by

submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($986,476)	($986,476)
Vacant FTE positions	0	(465,165)	(465,165)
Total	$0	($1,451,641)	($1,451,641)

The House did not remove funding for a new and vacant FTE funding pool.

[4] Funding of $165,642 from other funds is added for inflationary increases. The House did not include funding for inflationary increases.

[5] One-time funding for a transfer from the general fund to the housing incentive fund is increased by $2.5 million to provide total funding of $15 million for the housing incentive fund pursuant to a section in the bill. The House provided for a transfer of $12.5 million.

This amendment adds a section related to the Housing Finance Agency to amend the housing incentive fund to remove the 10 percent designation for funding to prevent homelessness and to allow funding to be used for single family housing projects. The House did not amend the housing incentive fund.

House Bill No. 1014 - Mill and Elevator - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	$50,560,209	$57,582,794	($3,732,414)	$53,850,380
Operating expenses	36,817,000	42,391,653		42,391,653
Contingencies	500,000	500,000		500,000
Agriculture promotion	500,000	500,000		500,000
Total all funds	$88,377,209	$100,974,447	($3,732,414)	$97,242,033
Less estimated income	88,377,209	100,974,447	(3,732,414)	97,242,033
General fund	$0	$0	$0	$0
FTE	156.00	170.00	0.00	170.00

Department 475 - Mill and Elevator - Detail of Senate Changes

	Adjusts Funding for Health Insurance[1]	Adds Funding for Salary Increases[2]	Removes Salary Funding for a Funding Pool[3]	Total Senate Changes
Salaries and wages	($17,750)	$409,231	($4,123,895)	($3,732,414)
Operating expenses				
Contingencies				
Agriculture promotion				
Total all funds	($17,750)	$409,231	($4,123,895)	($3,732,414)
Less estimated income	(17,750)	409,231	(4,123,895)	(3,732,414)
General fund	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00

[1] Funding of $17,750 from other funds is removed related to an adjustment to health insurance premiums.

[2] Funding of $409,231 from other funds is added for salary increases, which are subject to union negotiations, to provide total salary increase funding of $2,723,414. The House provided $2,314,183 for salary increases, the same as requested by the agency in the Executive Budget.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Fund	Total
New FTE positions	$0	($2,367,332)	($2,367,332)
Vacant FTE positions	0	(1,756,563)	(1,756,563)
Total	$0	($4,123,895)	($4,123,895)

The House did not remove funding for a new and vacant FTE funding pool.

This amendment also removes a section added by the House related to the Mill and Elevator Association, which limited the transfer of Mill profits to the general fund to 10 percent. As a result, the transfer of Mill profits to the general fund is 50 percent, the same as current law, which increases general fund revenues by $11.3 million for the 2023-25 biennium.

2023 CONFERENCE COMMITTEE

HB 1014

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

HB1014
4/19/2023
Conference Committee

Relating to providing an appropriation for defraying the expenses of the industrial commission and associated agencies.

Chairman Kempenich Opened the meeting on HB 1014 at 4:05 PM

Members present: Chairman Kempenich, Rep. Brandenburg, Rep. Mock, Senator Schaible, Senator Sorvaag, Senator Meyer

Discussion Topics:

- Senate amendments

Senator Schaible goes over senate changes.

Chairman Kempenich Goes over plan of action for next meeting

Chairman Kempenich closed the meeting on HB 1014 at 4:30 PM

Leah Kuball, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

HB1014
4/20/2023
Conference Committee

Relating to providing an appropriation for defraying the expenses of the industrial commission and associated agencies.

Chairman Kempenich Opened the meeting on HB 1014 at 5:05 PM

Members present: Chairman Kempenich, Rep. Brandenburg, Rep. Mock, Senator Schaible, Senator Sorvaag, Senator Meyer

Discussion Topics:

- Budget 405
- Budget 473
- Budget 474
- Additional FTE's

Budgets 405, 473, and 474 used for committee discussion. (#27765, #27764, #27766)

Dave Flohr, Executive Director at the ND Housing Finance Agency, answers questions for the committee.

Chairman Kempenich closed the meeting on HB 1014 at 5:30 PM

Leah Kuball, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

HB1014
4/21/2023
Conference Committee

Relating to providing an appropriation for defraying the expenses of the industrial commission and associated agencies.

Chairman Kempenich Opened the meeting on HB 1014 at 11:35 AM

Members present: Chairman Kempenich, Rep. Brandenburg, Rep. Mock, Senator Schaible, Senator Sorvaag, Senator Meyer

Discussion Topics:

- Green energy

Committee discussion

Chairman Kempenich closed the meeting on HB 1014 at 11:49 AM

Leah Kuball, Committee Clerk

Date: 4/21/2023
Roll Call Vote: 1

2023 HOUSE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL NO. 1014 as (Re) engrossed

House Gov. OPPS. Committee

Action Taken

☐ **HOUSE accede to Senate Amendments**
☐ **HOUSE accede to Senate Amendments and further amend**
☐ **SENATE recede from Senate amendments**
☐ **SENATE recede from Senate amendments and amend as follows**

☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: _____ Seconded by: _____

Representatives	4/19	4/20	*4/21*	**Yes**	**No**		**Senators**	4/19	4/20	*4/21*	**Yes**	**No**
Chairman Kempenich	x	x	x				Senator Schaible	x	x	x		
Representative Brandenburg	x	x	x				Senator Sorvaag	x	x	x		
Representative Mock	x	x	x				Senator Meyer	x	x	x		
Total Rep. Vote							Total Senate Vote					

Vote Count Yes: _____ No: _____ Absent: _____

House Carrier _____ Senate Carrier _____

LC Number _____ . _____ of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

HB 1014
4/24/2023
Conference Committee

Relating to providing an appropriation for defraying the expenses of the industrial commission and associated agencies.

Chairman Kempenich Opened the meeting on HB 1014 at 11:07 AM

Members present: Chairman Kempenich, Rep. Brandenburg, Rep. Mock, Senator Schaible, Senator Sorvaag, Senator Meyer

Discussion Topics:

- Proposed amendment

Chairman Kempenich proposes amendment (#27840)

Committee discussion

Chairman Kempenich closed the meeting on HB 1014 at 11:19 AM

Leah Kuball, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

HB 1014
4/27/2023
Conference Committee

Relating to provide an appropriation for defraying the expenses of the industrial commission and associated agencies.

Chairman Kempenich Opened the meeting on HB 1014 at 11:34 AM

Members present: Chairman Kempenich, Rep. Brandenburg, Rep. Mock, Senator Schaible, Senator Sorvaag, Senator Meyer

Discussion Topics:
- State Mill
- Proposed language for a study

Committee Discussion.

Senator Schaible proposed and moved to adopt the “shall study” language amendment (#27933) to HB 1014.

Senator Meyer seconds motion

Roll call vote: 6-0-0, motion carries

Committee Discussion.

Chairman Kempenich closed the meeting on HB 1014 at 11:59 AM

Leah Kuball, Committee Clerk

Date: 4/27/2023
Roll Call Vote: 1

2023 HOUSE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL NO. 1014 as (Re) engrossed

House Gov. OPPS. Committee

Action Taken

☐ **HOUSE accede to Senate Amendments**
☐ **HOUSE accede to Senate Amendments and further amend**
☐ **SENATE recede from Senate amendments**
☐ **SENATE recede from Senate amendments and amend as follows**

☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Senator Schaible Seconded by: Senator Meyer

Representatives	*4/24*	*4/27 AM*		**Yes**	**No**		**Senators**	*4/24*	*4/27 AM*		**Yes**	**No**
Chairman Kempenich	x	x		Y			Senator Schaible	x	x		Y	
Representative Brandenburg	x	x		Y			Senator Sorvaag	x	x		Y	
Representative Mock	x	x		Y			Senator Meyer	x	x		Y	
Total Rep. Vote				3	0		Total Senate Vote				3	0

Vote Count Yes: 6 No: 0 Absent: 0

House Carrier _____ Senate Carrier _____

LC Number _____ . _____ of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment:

Include a study of employee recruitment and retention incentive program

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

HB 1014
4/27/2023
Conference Committee

Relating to providing an appropriation for defraying the expenses of the industrial commission and associated agencies.

Chairman Kempenich Opened the meeting on HB 1014 at 3:01 PM

Members present: Chairman Kempenich, Rep. Brandenburg, Rep. Mock, Senator Schaible, Senator Sorvaag, Senator Bekkedahl

Discussion Topics:

- Reconsideration
- Transmission
- Language

Senator Schaible moved to reconsider the committee's actions on the amendment to include the "shall study" language (#27933).

Seconded by Representative Brandenburg.

Roll call vote: 6-0-0, motion carries.

Representative Brandenburg hands out Great Lakes pacific power initiative (#27938)

Chairman Kempenich proposes amendment language (#27940)

Chairman Kempenich closed the meeting on HB 1014 at 3:25 PM

Leah Kuball, Committee Clerk

Date: 4/27/2023
Roll Call Vote: 1

2023 HOUSE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL NO. 1014 as (Re) engrossed

House Gov. OPPS. Committee

Action Taken

☐ **HOUSE accede to Senate Amendments**
☐ **HOUSE accede to Senate Amendments and further amend**
☐ **SENATE recede from Senate amendments**
☐ **SENATE recede from Senate amendments and amend as follows**

☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: _____ Seconded by: _____

Representatives	*4/24*	*4/27 AM*	4/27 PM	**Yes**	**No**		**Senators**	*4/24*	*4/27 AM*	4/27 PM	**Yes**	**No**
Chairman Kempenich	x	x	X				Senator Schaible	x	x	X		
Representative Brandenburg	x	x	X				Senator Sorvaag	x	x	X		
Representative Mock	x	x	X				Senator Meyer	x	x			
							Senator Bekkedahl			x		
Total Rep. Vote							Total Senate Vote					

Vote Count Yes: _____ No: _____ Absent: _____

House Carrier _____ Senate Carrier _____

LC Number _____ . _____ of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

HB 1014
4/28/2023
Conference Committee

Relating to providing an appropriation for defraying the expenses of the industrial commission and associated agencies.

Chairman Kempenich Opened the meeting on HB 1014 at 9:03 AM

Members present: Chairman Kempenich, Rep. Brandenburg, Rep. Mock, Senator Schaible, Senator Sorvaag, Senator Bekkedahl

Discussion Topics:

- Proposed language
- Amendment (23.0243.02005)

John Weeda, ND Transmission authority, answers questions for the committee

Legislative Council, proposes language (#27943)

Senator Bekkedahl moved to adopt 23.0243.02005 (#27951)

Seconded by Senator Schaible

Roll call vote: 6-0-0

Representative Mock Moved that the Senate recedes Senate amendments and amend as follows; adoption of 23.0243.02005 and previous changes

Senator Bekkedahl seconded motion

Roll call vote: 6-0-0

House carrier: Representative Kempenich

Senate carrier: Senator Schaible

Chairman Kempenich closed the meeting on HB 1014 at 9:11 AM

Leah Kuball, Committee Clerk

Date: 4/28/2023
Roll Call Vote: 1

2023 HOUSE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL NO. 1014 as engrossed

House Gov. OPPS. Committee

Action Taken

☐ **HOUSE accede to Senate Amendments**
☐ **HOUSE accede to Senate Amendments and further amend**
☐ **SENATE recede from Senate amendments**
☐ **SENATE recede from Senate amendments and amend as follows**

☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Representative Mock Seconded by: Senator Bekkedahl

Representatives	4/28			Yes	No		Senators	4/28			Yes	No
Chairman Kempenich	x			x			Senator Schaible	x			x	
Representative Brandenburg	x			x			Senator Sorvaag	x			x	
Representative Mock	x			x			Senator Bekkedahl	x			x	
Total Rep. Vote							Total Senate Vote					

Vote Count Yes: 6 No: 0 Absent: 0

House Carrier _____ Senate Carrier _____

LC Number 23.0243 . .02005 of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Date: 4/28/2023
Roll Call Vote: 2

2023 HOUSE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL NO. 1014 as (Re) engrossed

House Gov. OPPS. Committee

Action Taken
- ☐ **HOUSE accede to Senate Amendments**
- ☐ **HOUSE accede to Senate Amendments and further amend**
- ☐ **SENATE recede from Senate amendments**
- ☒ **SENATE recede from Senate amendments and amend as follows**

☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Representative Mock Seconded by: Senator Bekkedahl

Representatives	4/28			Yes	No		Senators	4/28			Yes	No
Chairman Kempenich	x			x			Senator Schaible	x			x	
Representative Brandenburg	x			x			Senator Sorvaag	x			x	
Representative Mock	x			x			Senator Bekkedahl	x			x	
Total Rep. Vote							Total Senate Vote					

Vote Count Yes: 6 No: 0 Absent: 0

House Carrier Representative Kempenich Senate Carrier Senator Bekkedahl

LC Number 23.0243 . .02005 of amendment

LC Number 23.0243 . 04000 of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

23.0243.02005
Title.04000
Fiscal No. 1

Prepared by the Legislative Council staff for
Conference Committee
April 28, 2023

DK
1 of 14
4-28-23

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1014

That the Senate recede from its amendments as printed on pages 1890-1902 of the House Journal and pages 1618-1630 of the Senate Journal and that Engrossed House Bill No. 1014 be amended as follows:

Page 1, line 2, remove "to create and enact a new section to chapter"

Page 1, line 3, remove "6-09, relating to a Bank of North Dakota retention incentive program;"

Page 1, line 4, after "6-09.7-05" insert ", 54-17-40,"

Page 1, line 4, remove the third "and"

Page 1, line 5, after "54-63.1-01" insert ", and subsection 3 of section 54-63.1-07"

Page 1, line 5, remove "section 8 of chapter 42 of the 2021 Session"

Page 1, line 6, replace "Laws" with "subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws"

Page 1, line 6, after "funding" insert ", the housing incentive fund"

Page 1, line 7, after "authority" insert ", a clean sustainable energy authority line of credit"

Page 1, line 7, remove "a transfer of"

Page 1, line 8, replace "Bank of North Dakota profits to the general fund" with "an appropriation from the state fiscal recovery fund"

Page 1, line 9, after "exemption" insert "; to provide for a study"

Page 1, line 9, after "report" insert "; to provide a statement of legislative intent; to provide an effective date"

Page 1, remove lines 22 through 24

Page 2, replace lines 1 through 6 with:

"Salaries and wages	$23,698,119	($21,835,425)	$1,862,694
Operating expenses	5,119,958	(924,889)	4,195,069
Capital assets	0	1,250,000	1,250,000
Grants	0	8,623,893	8,623,893
Grants - bond payments	22,040,721	97,839,192	119,879,913
Total all funds	$50,858,798	$84,952,771	$135,811,569
Less estimated income	24,369,185	107,017,528	131,386,713
Total general fund	$26,489,613	($22,064,757)	$4,424,856
Full-time equivalent positions	108.25	(98.50)	9.75"

Page 2, replace lines 11 through 17 with:

"Salaries and wages	$0	$23,123,267	$23,123,267
Operating expenses	0	11,541,104	11,541,104
Capital assets	0	98,000	98,000
Total all funds	$0	$34,762,371	$34,762,371

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Less estimated income	0	2,568,000	2,568,000
Total general fund	$0	$32,194,371	$32,194,371
Full-time equivalent positions	0.00	108.00	108.00"

Page 2, replace lines 22 through 25 with:

"Bank of North Dakota operations	$67,306,548	$2,760,519	$70,067,067
Capital assets	1,510,000	0	1,510,000
Total special funds	$68,816,548	$2,760,519	$71,577,067
Full-time equivalent positions	173.00	14.00	187.00"

Page 2, remove lines 30 and 31

Page 3, replace lines 1 through 7 with:

"Salaries and wages	$9,556,272	$1,556,933	$11,113,205
Operating expenses	6,109,060	4,794,823	10,903,883
Capital assets	150,000	(130,000)	20,000
Grants	42,975,200	5,829,910	48,805,110
Housing finance agency contingencies	100,000	0	100,000
Total all funds	$58,890,532	$12,051,666	$70,942,198
Less estimated income	58,890,532	9,551,666	68,442,198
Total general fund	$0	$2,500,000	$2,500,000
Full-time equivalent positions	49.00	5.00	54.00"

Page 3, replace lines 12 through 17 with:

"Salaries and wages	$50,560,209	$3,290,171	$53,850,380
Operating expenses	36,817,000	5,574,653	42,391,653
Contingencies	500,000	0	500,000
Agriculture promotion	500,000	0	500,000
Total special funds	$88,377,209	$8,864,824	$97,242,033
Full-time equivalent positions	156.00	14.00	170.00"

Page 3, replace lines 22 through 24 with:

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

Page 4, remove line 6

Page 4, after line 7 insert:

"Administration - carbon capture education	0	300,000
Administration - records digitization	0	75,000
Administration - inflationary increases	0	35,688"

Page 4, replace line 11 with:

"Mineral resources - inflationary expenses	0	886,868
Mineral resources - drones and computers	0	83,648"

Page 4, replace lines 23 through 25 with:

"Total all funds	$936,341,260	$20,919,820
Less estimated income	874,235,000	9,155,335

Total general fund	$62,106,260	$11,764,485"

3/14
4-28-23

Page 5, replace line 4 with:

"Infrastructure project and program bonds - legacy sinking and interest fund $102,620,461"

Page 6, line 10, replace "$12,500,000" with "$13,750,000"

Page 6, line 15, after "funds" insert "from the new and vacant FTE funding pool"

Page 6, line 18, replace "spend" with "request the office of management and budget transfer up to"

Page 6, line 18, after "$82,068" insert "of other funds"

Page 6, line 18, after "the" insert "new and vacant FTE funding pool for"

Page 6, line 18, replace "line item" with "for the full-time equivalent position identified in this section,"

Page 6, line 18, after the second "and" insert "the agency"

Page 6, line 22, after "**FUND**" insert "**- ADMINISTRATION**"

Page 6, line 23, replace "$1,899,877" with "$1,818,114"

Page 7, line 6, after "**FUND**" insert "**- GRANT MANAGEMENT SOFTWARE**"

Page 7, after line 15, insert:

"**SECTION 10. TRANSFER - FUNDS UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND - CARBON CAPTURE EDUCATION.** The sum of $300,000, 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 funds under the control of the industrial commission to the industrial commission fund to contract for carbon capture and utilization education and marketing in consultation with the lignite research council, the oil and gas research council, and the renewable energy council. Of the $300,000, the industrial commission may transfer:

1. Up to $100,000 from the lignite research fund;
2. Up to $100,000 from the oil and gas research fund; and
3. Up to $100,000 from the renewable energy development fund."

Page 7, line 17, replace "$70,000,000" with "$140,000,000"

Page 7, line 31, replace "$3,000,000 to the agricultural products utilization fund" with "$1,500,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants"

Page 8, line 1, replace "**LEGACY EARNINGS**" with "**STRATEGIC INVESTMENT AND IMPROVEMENTS**"

Page 8, line 2, remove "**AND LOANS**"

Page 8, line 3, remove "and pursuant to the"

Page 8, remove line 4

Page 8, line 5, replace "section 21-10-13, the state treasurer" with "the office of management and budget"

Page 8, line 5, remove "legacy"

Page 8, line 6, replace "earnings" with "strategic investment and improvements"

Page 8, line 7, replace "$5,000,000" with "$3,000,000"

Page 8, line 8, after the semicolon insert "and"

Page 8, line 9, replace "$50,000,000" with "$30,000,000"

Page 8, line 9, remove "for grants; and"

Page 8, line 10, remove "3. $250,000,000 to the clean sustainable energy fund"

Page 8, line 10, remove "and to"

Page 8, line 11, remove "provide funding for loans"

Page 8, line 15, replace "$3,000,000" with "$1,500,000"

Page 8, line 19, replace "$3,000,000" with "$1,500,000"

Page 9, line 2, after "**FUND**" insert "**- FEDERAL STATE FISCAL RECOVERY FUND**"

Page 9, line 4, replace "$22,000,000" with "$6,000,000"

Page 9, line 6, after "57-51.1-07.9" insert "and pursuant to subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws, as amended in section 25 of this Act and exempted in section 27 of this Act"

Page 9, line 7, replace "$22,000,000" with "$6,000,000"

Page 9, line 8, after "fund" insert "and up to $5,300,000 of federal funds from the state fiscal recovery fund"

Page 9, remove lines 20 through 27

Page 10, remove lines 20 through 31

Page 11, replace lines 1 and 2 with:

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

1. Pursuant to the continuing appropriation under section 57-61-01.6, up to $500,000 from the lignite research fund may be used for the purpose of contracting with the energy and environmental research center for a nonmatching study of future lignite electrical generation facilities.

2. The study must include consideration of an energy demand forecast for dispatchable electricity generation and the regulatory environment for future lignite electrical generation facilities, an analysis of the economic impact of future lignite electrical generation facilities and the value-added products or services that may result from those facilities, and other factors related to the development and operation of future lignite electrical generation facilities.

3. During the 2023-24 interim, the energy and environmental research center shall provide at least one report to the legislative management regarding the status of the study."

Page 11, after line 20, insert:

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

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

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.

2. a. After a public hearing, the housing finance agency shall create an annual allocation plan for the distribution of the fund as authorized under subsection 3. ~~At least ten percent of the fund must be used to assist developing communities to address an unmet housing need or alleviate a housing shortage. At least ten percent of the fund must be made available to prevent homelessness as authorized by subdivision d of subsection 3.~~

   b. The annual allocation plan must give priority to provide housing for individuals and families of low or moderate income. For purposes of this priority, eligible income limits are determined as a percentage of median family income as published in the most recent federal register notice. Under this priority, the annual allocation plan must give preference to projects that benefit households with the lowest income and to projects that have rent restrictions at or below department of housing and urban development published federal fair market rents or department of housing and urban development section 8 payment standards.

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

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

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

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

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

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

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

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

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

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

7. Upon request, the housing finance agency shall report to the industrial commission regarding the activities of the housing incentive fund.

8. At least once per biennium, the housing finance agency shall provide a report to the budget section of the legislative management regarding the activities of the housing incentive fund."

Page 12, line 26, replace "2025" with "2027"

Page 13, replace lines 16 through 30 with:

"**SECTION 24. AMENDMENT.** Subsection 3 of section 54-63.1-07 of the North Dakota Century Code is amended and reenacted as follows:

3. The Bank of North Dakota shall extend a line of credit to the industrial commission to support loans or loan guarantees issued from the clean sustainable energy fund. The line of credit may not exceed twothree hundred fiftyninety million dollars, and the interest rate associated with the line of credit must be the prevailing interest rate charged to North Dakota governmental entities. The industrial commission shall repay the line of credit from moneys available in the clean sustainable energy fund derived from payments received on loans issued under this chapter or other sources. If the moneys available from the clean sustainable energy fund on June 30, 2025, are not sufficient to repay the line of credit, the industrial commission shall request from the legislative assembly a deficiency appropriation to repay the line of credit or the industrial commission may repay the line of credit from other funds, as appropriated by the legislative assembly.

SECTION 25. AMENDMENT. Subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws is amended and reenacted as follows:

36. There is appropriated from federal funds derived from the state fiscal recovery fund, not otherwise appropriated, the sum of $20,000,000, or so

much of the sum as may be necessary, to the industrial commission for the purpose of providing hydrogen development grants, as approved by the clean sustainable energy authority, and distributions to the state energy research center for an underground energy storage research project, for the period beginning with the effective date of this Act, and ending June 30, 2023. Of the $20,000,000, up to $5,300,000 is available for distributions to the state energy research center for an underground energy storage research project, and any remaining amounts are available for providing hydrogen development grants, as approved by the clean sustainable energy authority.

SECTION 26. EMPLOYEE RECRUITMENT AND RETENTION INCENTIVE PROGRAM STUDY - REPORT TO LEGISLATIVE MANAGEMENT. During the 2023-24 interim, the industrial commission and Bank of North Dakota shall study the feasibility and desirability of creating an employee recruitment and retention incentive program for the Bank of North Dakota. The industrial commission shall report its findings and recommendations to the legislative management by March 31, 2024."

Page 14, line 12, replace "$14,500,000" with "$17,500,000"

Page 14, line 22, after "grants" insert "and an underground energy storage research project"

Page 14, line 23, after "Laws" insert "as amended in section 25 of this Act"

Page 14, line 25, after "fund" insert "to the department of mineral resources for a survey review"

Page 14, after line 28, insert:

"**SECTION 29. LEGISLATIVE INTENT - USE OF BANK OF NORTH DAKOTA PROFITS.** It is the intent of the sixty-eighth legislative assembly that the sixty-ninth legislative assembly consider developing procedures or adopting legislative rules for introducing bills and amendments related to the use of Bank of North Dakota profits.

SECTION 30. LEGISLATIVE INTENT - ENERGY DEVELOPMENT PROJECTS. It is the intent of the sixty-eighth legislative assembly that the state provide support for an entity's application for federal funding to upgrade a high-voltage direct current transmission line in the state and that the state provide support for energy development projects in the state through the state's energy-related programs, including:

1. The clean sustainable energy authority;
2. The North Dakota pipeline authority;
3. The North Dakota transmission authority;
4. The lignite research council;
5. The oil and gas research council; and
6. The renewable energy council.

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

Page 15, line 12, replace "Section 5" with "Sections 5 and 25"

Page 15, line 13, replace "Section 23 of this Act" with "Senate Bill No. 2165, as approved by the sixty-eighth legislative assembly"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1014 - Summary of Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Industrial Commission						
Total all funds	$50,858,798	$160,932,060	($25,120,491)	$135,811,569	$135,811,569	$0
Less estimated income	24,369,185	156,507,204	(25,120,491)	131,386,713	131,386,713	0
General fund	$26,489,613	$4,424,856	$0	$4,424,856	$4,424,856	$0
FTE	108.25	9.75	0.00	9.75	9.75	0.00
Department of Mineral Resources						
Total all funds	$0	$37,141,066	($2,128,695)	$35,012,371	$35,012,371	$0
Less estimated income	0	2,568,000	0	2,568,000	2,568,000	0
General fund	$0	$34,573,066	($2,128,695)	$32,444,371	$32,444,371	$0
FTE	0.00	108.00	0.00	108.00	108.00	0.00
Bank of North Dakota						
Total all funds	$68,816,548	$76,237,686	($4,660,619)	$71,577,067	$71,577,067	$0
Less estimated income	68,816,548	76,237,686	(4,660,619)	71,577,067	71,577,067	0
General fund	$0	$0	$0	$0	$0	$0
FTE	173.00	187.00	0.00	187.00	187.00	0.00
Housing Finance Agency						
Total all funds	$58,890,532	$84,333,093	$359,105	$84,692,198	$85,942,198	($1,250,000)
Less estimated income	58,890,532	69,333,093	(890,895)	68,442,198	68,442,198	0
General fund	$0	$15,000,000	$1,250,000	$16,250,000	$17,500,000	($1,250,000)
FTE	49.00	53.00	1.00	54.00	54.00	0.00
Mill and Elevator						
Total all funds	$88,377,209	$100,974,447	($3,732,414)	$97,242,033	$97,242,033	$0
Less estimated income	88,377,209	100,974,447	(3,732,414)	97,242,033	97,242,033	0
General fund	$0	$0	$0	$0	$0	$0
FTE	156.00	170.00	0.00	170.00	170.00	0.00
Bill total						
Total all funds	$266,943,087	$459,618,352	($35,283,114)	$424,335,238	$425,585,238	($1,250,000)
Less estimated income	240,453,474	405,620,430	(34,404,419)	371,216,011	371,216,011	0
General fund	$26,489,613	$53,997,922	($878,695)	$53,119,227	$54,369,227	($1,250,000)
FTE	486.25	527.75	1.00	528.75	528.75	0.00

House Bill No. 1014 - Industrial Commission - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	$23,698,119	$2,471,236	($608,542)	$1,862,694	$1,862,694	
Operating expenses	5,119,958	3,707,018	488,051	4,195,069	4,195,069	
Capital assets		1,250,000		1,250,000	1,250,000	
Grants		33,623,893	(25,000,000)	8,623,893	8,623,893	
Grants - Bond payments	22,040,721	119,879,913		119,879,913	119,879,913	
Total all funds	$50,858,798	$160,932,060	($25,120,491)	$135,811,569	$135,811,569	$0
Less estimated income	24,369,185	156,507,204	(25,120,491)	131,386,713	131,386,713	0
General fund	$26,489,613	$4,424,856	$0	$4,424,856	$4,424,856	$0
FTE	108.25	9.75	0.00	9.75	9.75	0.00

Department 405 - Industrial Commission - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Adjusts Funding for an FTE Position[2]	Removes Salary Funding for a Funding Pool[3]	Adds Funding for Software[4]	Adjusts One-Time Funding Items[5]	Total Conference Committee Changes
Salaries and wages	$34,386	($121,985)	($520,943)			($608,542)
Operating expenses		3,363		$74,000	$410,688	488,051
Capital assets						
Grants					(25,000,000)	(25,000,000)
Grants - Bond payments						
Total all funds	$34,386	($118,622)	($520,943)	$74,000	($24,589,312)	($25,120,491)
Less estimated income	34,386	(118,622)	(520,943)	74,000	(24,589,312)	(25,120,491)
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates, the same as the Senate, as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$35,332	$35,332
Health insurance adjustment	0	(946)	(946)
Total	$0	$34,386	$34,386

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding from other funds for an administrative assistant position is decreased by $118,622 from $300,943 to $182,321, the same as the Senate. The $118,622 decrease reflects a decrease of $121,985 to salaries and wages and an increase of $3,363 to operating expenses. This provides the same level of funding as a grant administration position. The House provided $300,943 for the administrative assistant position.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($490,562)	($490,562)
Vacant FTE positions	0	(30,381)	(30,381)
Total	$0	($520,943)	($520,943)

The House did not remove funding for a new and vacant FTE funding pool.

[4] Funding of $74,000 from other funds is added for software related to a meeting management license and an accounting subscription, the same as the Senate. The House did not include this funding.

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[5] One-time funding, which was not included by the House version, is added by the Conference Committee and Senate as follows:

- $75,000 from other funds for a records digitization project.
- $35,688 from other funds for inflationary increases related to rent.
- $300,000 from other funds for carbon capture and utilization education and marketing, including $100,000 from the lignite research fund, $100,000 from the oil and gas research fund, and $100,000 from the renewable energy development fund.

One-time funding, which was added in the House version, is removed by the Conference Committee and Senate as follows:

- $25 million from the strategic investment and improvements fund for a transmission line grant.

This amendment also includes the following changes related to the Industrial Commission:

- Adjusts the transfer for administrative services to provide $1,818,114, the same as the Senate. The House provided for a transfer of $1,899,877.
- Includes a transfer of up to $100,000 from three energy programs, which was added by the Senate, to provide a total of $300,000 for carbon capture and utilization education and marketing. The House did not include this funding.
- Adjusts the funding for a pipeline leak detection and prevention program to provide $3 million from the strategic investment and improvements fund, the same as the Senate. The House provided $5 million from legacy fund earnings.
- Adjusts the funding for the clean sustainable energy fund to provide $30 million from the strategic investment and improvements fund to repay a line of credit and to increase the line of credit available to support the fund by $140 million, from $250 million to $390 million. The House provided $300 million from legacy fund earnings, including $50 million for grants and $250 million to repay a line of credit and for additional loans. The Senate provided $30 million from the strategic investment and improvements fund for grants.
- Decreases funding from the strategic investment and improvements fund for a critical minerals study to provide $1.5 million. The Senate also decreased this funding, but the House provided $3 million for the study.
- Adjusts the funding for an underground energy storage research project to provide $6 million from the strategic investment and improvements fund and $5.3 million from the federal State Fiscal Recovery Fund. An appropriation of $20 million from the federal State Fiscal Recovery Fund from the November 2021 special legislative session is amended to provide up to $5.3 million for the research project with the remaining amount available for hydrogen development grants. The Senate also included these adjustments, but the House provided $22 million from the strategic investment and improvements fund for the research project.
- Designates $500,000 from the lignite research fund for a study of future lignite electrical generation facilities, the same as the Senate. The House did not designate funding for this study.
- Provides an effective date of July 1, 2025, for a guarantee from the strategic investment and improvements fund for a line of credit related to the purchase of capacity positions on a pipeline, the same as the Senate. The House added the guarantee and line of credit, but did not include an effective date.
- Provides an emergency clause for Senate Bill No. 2165, relating to membership of the clean sustainable energy authority, which was added by the Senate. The House did not include an emergency clause for that bill.
- Adds a statement of legislative intent regarding the state's energy-related programs to support energy development projects. Neither the House nor the Senate included this statement of intent.

House Bill No. 1014 - Department of Mineral Resources - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages		$25,401,022	($2,277,755)	$23,123,267	$23,123,267	
Operating expenses		11,410,044	131,060	11,541,104	11,541,104	
Capital assets		80,000	18,000	98,000	98,000	
Transfer to fossil restoration fund		250,000		250,000	250,000	
Total all funds	$0	$37,141,066	($2,128,695)	$35,012,371	$35,012,371	$0
Less estimated income	0	2,568,000	0	2,568,000	2,568,000	0
General fund	$0	$34,573,066	($2,128,695)	$32,444,371	$32,444,371	$0
FTE	0.00	108.00	0.00	108.00	108.00	0.00

Department 470 - Department of Mineral Resources - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Removes Salary Funding for a Funding Pool[2]	Adds One-Time Funding Items[3]	Total Conference Committee Changes
Salaries and wages	$396,394	($2,674,149)		($2,277,755)
Operating expenses			$131,060	131,060
Capital assets			18,000	18,000
Transfer to fossil restoration fund				
Total all funds	$396,394	($2,674,149)	$149,060	($2,128,695)
Less estimated income	0	0	0	0
General fund	$396,394	($2,674,149)	$149,060	($2,128,695)
FTE	0.00	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates, the same as the Senate, as follows:

	General Fund	Other Funds	Total
Salary increase	$409,369	$0	$409,369
Health insurance adjustment	(12,975)	0	(12,975)
Total	$396,394	$0	$396,394

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	($1,284,293)	$0	($1,284,293)
Vacant FTE positions	(1,389,856)	0	(1,389,856)
Total	($2,674,149)	$0	($2,674,149)

The House did not remove funding for a new and vacant FTE funding pool.

[3] One-time funding from the general fund, which was also added by the Senate, but not included by the House, is added as follows:

- $65,412 for additional inflationary increases related to state fleet mileage.
- $83,648 for drones and computer equipment.

The Conference Committee and Senate amended a section related to the Department of Mineral Resources to increase the oil and gas tax revenue allocations to the oil and gas research fund to $17.5 million, an increase of $3 million from the House version, which provided $14.5 million, the same as the 2021-23 biennium.

House Bill No. 1014 - Bank of North Dakota - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Capital assets	$1,510,000	$1,510,000		$1,510,000	$1,510,000	
Bank of North Dakota operations	67,306,548	74,727,686	($4,660,619)	70,067,067	70,067,067	
Total all funds	$68,816,548	$76,237,686	($4,660,619)	$71,577,067	$71,577,067	$0
Less estimated income	68,816,548	76,237,686	(4,660,619)	71,577,067	71,577,067	0
General fund	$0	$0	$0	$0	$0	$0
FTE	173.00	187.00	0.00	187.00	187.00	0.00

Department 471 - Bank of North Dakota - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Removes Salary Funding for a Funding Pool[2]	Total Conference Committee Changes
Capital assets			
Bank of North Dakota operations	$769,366	($5,429,985)	($4,660,619)
Total all funds	$769,366	($5,429,985)	($4,660,619)
Less estimated income	769,366	(5,429,985)	(4,660,619)
General fund	$0	$0	$0
FTE	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates, the same as the Senate, as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$789,224	$789,224
Health insurance adjustment	0	(19,858)	(19,858)
Total	$0	$769,366	$769,366

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($3,106,682)	($3,106,682)
Vacant FTE positions	0	(2,323,303)	(2,323,303)
Total	$0	($5,429,985)	($5,429,985)

The House did not remove funding for a new and vacant FTE funding pool.

This amendment also includes the following changes related to the Bank of North Dakota:

- Adds a transfer of $1.5 million from the Bank's profits to a small business development center, the same as the Senate. The House did not include this transfer.
- Removes a transfer of $3 million from the Bank's profits to the agricultural products utilization fund, which was included by the the House but was also removed by the Senate; however, Senate Bill No. 2009 includes a transfer of $3 million from the Bank's profits to the agricultural products utilization fund.
- Increases the transfer from the Bank's profits to the general fund to provide $140 million for the 2023-25 biennium, which is the same as the Senate but an increase of $70 million compared to the House version of $70 million.
- Removes a section added by the House to limit the transfer from the Bank's profits to the general fund to provide $70 million for the 2021-23 biennium. The Senate also removed this section. The House version resulted in a reduction to the July 1, 2023, general fund beginning balance. As approved by the Senate and Conference Committee, the transfer for the 2021-23 biennium is $140 million, the same as the transfer approved during the 2021 legislative session.
- Adds a requirement for the Industrial Commission and Bank of North Dakota to study a recruitment and retention incentive program and to provide a report to the Legislative Management. Neither the House nor the Senate included this study and report.
- Adds a statement of legislative intent that the Legislative Assembly consider developing procedures or adopting legislative rules for introducing bills and amendments related to the use of Bank of North Dakota profits. Neither the House nor the Senate provided a statement of legislative intent.

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13 & 14
4-28-23

House Bill No. 1014 - Housing Finance Agency - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	$9,556,272	$12,169,742	($1,056,537)	$11,113,205	$11,113,205	
Operating expenses	6,109,060	10,738,241	165,642	10,903,883	10,903,883	
Capital assets	150,000	20,000		20,000	20,000	
Grants	42,975,200	48,805,110		48,805,110	48,805,110	
HFA contingencies	100,000	100,000		100,000	100,000	
Housing incentive fund		12,500,000	1,250,000	13,750,000	15,000,000	($1,250,000)
Total all funds	$58,890,532	$84,333,093	$359,105	$84,692,198	$85,942,198	($1,250,000)
Less estimated income	58,890,532	69,333,093	(890,895)	68,442,198	68,442,198	0
General fund	$0	$15,000,000	$1,250,000	$16,250,000	$17,500,000	($1,250,000)
FTE	49.00	53.00	1.00	54.00	54.00	0.00

Department 473 - Housing Finance Agency - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Adds FTE Position[2]	Removes Salary Funding for a Funding Pool[3]	Adds Funding for Operating Expenses[4]	Adds Funding for Housing Incentive Fund[5]	Total Conference Committee Changes
Salaries and wages	$176,196	$218,908	($1,451,641)			($1,056,537)
Operating expenses				$165,642		165,642
Capital assets						
Grants						
HFA contingencies						
Housing incentive fund					$1,250,000	1,250,000
Total all funds	$176,196	$218,908	($1,451,641)	$165,642	$1,250,000	$359,105
Less estimated income	176,196	218,908	(1,451,641)	165,642	0	(890,895)
General fund	$0	$0	$0	$0	$1,250,000	$1,250,000
FTE	0.00	1.00	0.00	0.00	0.00	1.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates, the same as the Senate, as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$182,349	$182,349
Health insurance adjustment	0	(6,153)	(6,153)
Total	$0	$176,196	$176,196

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding of $218,908 from other funds is added for 1 FTE compliance officer position to provide a total of $437,816 for 2 FTE compliance officer positions. The Senate also provided $437,816 for 2 FTE compliance officer positions, but the House provided $218,908 for 1 FTE compliance officer position.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($986,476)	($986,476)
Vacant FTE positions	0	(465,165)	(465,165)
Total	$0	($1,451,641)	($1,451,641)

The House did not remove funding for a new and vacant FTE funding pool.

[4] Funding of $165,642 from other funds is added for inflationary increases, the same as the Senate. The House did not include funding for inflationary increases.

[5] One-time funding for a transfer from the general fund to the housing incentive fund is increased by $1.25 million to provide total funding of $13.75 million for the housing incentive fund pursuant to a section in the bill. The House provided for a transfer of $12.5 million, but the Senate provided for a transfer of $15 million.

BR 14 & 14 4-28-23

This amendment adds a section related to the Housing Finance Agency to amend the housing incentive fund to remove the 10 percent designation for funding to prevent homelessness and to allow funding to be used for single family housing projects, the same as the Senate. The House did not amend the housing incentive fund.

House Bill No. 1014 - Mill and Elevator - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	$50,560,209	$57,582,794	($3,732,414)	$53,850,380	$53,850,380	
Operating expenses	36,817,000	42,391,653		42,391,653	42,391,653	
Contingencies	500,000	500,000		500,000	500,000	
Agriculture promotion	500,000	500,000		500,000	500,000	
Total all funds	$88,377,209	$100,974,447	($3,732,414)	$97,242,033	$97,242,033	$0
Less estimated income	88,377,209	100,974,447	(3,732,414)	97,242,033	97,242,033	0
General fund	$0	$0	$0	$0	$0	$0
FTE	156.00	170.00	0.00	170.00	170.00	0.00

Department 475 - Mill and Elevator - Detail of Conference Committee Changes

	Adjusts Funding for Health Insurance[1]	Adds Funding for Salary Increases[2]	Removes Salary Funding for a Funding Pool[3]	Total Conference Committee Changes
Salaries and wages	($17,750)	$409,231	($4,123,895)	($3,732,414)
Operating expenses				
Contingencies				
Agriculture promotion				
Total all funds	($17,750)	$409,231	($4,123,895)	($3,732,414)
Less estimated income	(17,750)	409,231	(4,123,895)	(3,732,414)
General fund	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00

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[1] Funding of $17,750 from other funds is removed related to an adjustment to health insurance premiums. The Senate also removed this funding, which was added by the House.

[2] Funding of $409,231 from other funds is added for salary increases, which are subject to union negotiations, to provide total salary increase funding of $2,723,414, the same as the Senate. The House provided $2,314,183 for salary increases, the same as requested by the agency in the Executive Budget.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Fund	Total
New FTE positions	$0	($2,367,332)	($2,367,332)
Vacant FTE positions	0	(1,756,563)	(1,756,563)
Total	$0	($4,123,895)	($4,123,895)

The House did not remove funding for a new and vacant FTE funding pool.

This amendment also removes a section added by the House related to the Mill and Elevator Association, which limited the transfer of Mill profits to the general fund to 10 percent. As a result, the transfer of Mill profits to the general fund is 50 percent, the same as the Senate and current law.

Insert LC: 23.0243.02005
House Carrier: Kempenich
Senate Carrier: Bekkedahl

REPORT OF CONFERENCE COMMITTEE

HB 1014, as engrossed: Your conference committee (Sens. Schaible, Sorvaag, Bekkedahl and Reps. Kempenich, Brandenburg, Mock) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1890-1902, adopt amendments as follows, and place HB 1014 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1890-1902 of the House Journal and pages 1618-1630 of the Senate Journal and that Engrossed House Bill No. 1014 be amended as follows:

Page 1, line 2, remove "to create and enact a new section to chapter"

Page 1, line 3, remove "6-09, relating to a Bank of North Dakota retention incentive program;"

Page 1, line 4, after "6-09.7-05" insert ", 54-17-40,"

Page 1, line 4, remove the third "and"

Page 1, line 5, after "54-63.1-01" insert ", and subsection 3 of section 54-63.1-07"

Page 1, line 5, remove "section 8 of chapter 42 of the 2021 Session"

Page 1, line 6, replace "Laws" with "subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws"

Page 1, line 6, after "funding" insert ", the housing incentive fund"

Page 1, line 7, after "authority" insert ", a clean sustainable energy authority line of credit"

Page 1, line 7, remove "a transfer of"

Page 1, line 8, replace "Bank of North Dakota profits to the general fund" with "an appropriation from the state fiscal recovery fund"

Page 1, line 9, after "exemption" insert "; to provide for a study"

Page 1, line 9, after "report" insert "; to provide a statement of legislative intent; to provide an effective date"

Page 1, remove lines 22 through 24

Page 2, replace lines 1 through 6 with:

"Salaries and wages	$23,698,119	($21,835,425)	$1,862,694
Operating expenses	5,119,958	(924,889)	4,195,069
Capital assets	0	1,250,000	1,250,000
Grants	0	8,623,893	8,623,893
Grants - bond payments	22,040,721	97,839,192	119,879,913
Total all funds	$50,858,798	$84,952,771	$135,811,569
Less estimated income	24,369,185	107,017,528	131,386,713
Total general fund	$26,489,613	($22,064,757)	$4,424,856
Full-time equivalent positions	108.25	(98.50)	9.75"

Page 2, replace lines 11 through 17 with:

"Salaries and wages	$0	$23,123,267	$23,123,267
Operating expenses	0	11,541,104	11,541,104
Capital assets	0	98,000	98,000

Total all funds	$0	$34,762,371	$34,762,371
Less estimated income	0	2,568,000	2,568,000
Total general fund	$0	$32,194,371	$32,194,371
Full-time equivalent positions	0.00	108.00	108.00"

Page 2, replace lines 22 through 25 with:

"Bank of North Dakota operations	$67,306,548	$2,760,519	$70,067,067
Capital assets	1,510,000	0	1,510,000
Total special funds	$68,816,548	$2,760,519	$71,577,067
Full-time equivalent positions	173.00	14.00	187.00"

Page 2, remove lines 30 and 31

Page 3, replace lines 1 through 7 with:

"Salaries and wages	$9,556,272	$1,556,933	$11,113,205
Operating expenses	6,109,060	4,794,823	10,903,883
Capital assets	150,000	(130,000)	20,000
Grants	42,975,200	5,829,910	48,805,110
Housing finance agency contingencies	100,000	0	100,000
Total all funds	$58,890,532	$12,051,666	$70,942,198
Less estimated income	58,890,532	9,551,666	68,442,198
Total general fund	$0	$2,500,000	$2,500,000
Full-time equivalent positions	49.00	5.00	54.00"

Page 3, replace lines 12 through 17 with:

"Salaries and wages	$50,560,209	$3,290,171	$53,850,380
Operating expenses	36,817,000	5,574,653	42,391,653
Contingencies	500,000	0	500,000
Agriculture promotion	500,000	0	500,000
Total special funds	$88,377,209	$8,864,824	$97,242,033
Full-time equivalent positions	156.00	14.00	170.00"

Page 3, replace lines 22 through 24 with:

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

Page 4, remove line 6

Page 4, after line 7 insert:

"Administration - carbon capture education	0	300,000
Administration - records digitization	0	75,000
Administration - inflationary increases	0	35,688"

Page 4, replace line 11 with:

"Mineral resources - inflationary expenses	0	886,868
Mineral resources - drones and computers	0	83,648"

Page 4, replace lines 23 through 25 with:

"Total all funds	$936,341,260	$20,919,820
Less estimated income	874,235,000	9,155,335

Total general fund	$62,106,260	$11,764,485"

Page 5, replace line 4 with:

"Infrastructure project and program bonds - legacy sinking and interest fund $102,620,461"

Page 6, line 10, replace "$12,500,000" with "$13,750,000"

Page 6, line 15, after "funds" insert "from the new and vacant FTE funding pool"

Page 6, line 18, replace "spend" with "request the office of management and budget transfer up to"

Page 6, line 18, after "$82,068" insert "of other funds"

Page 6, line 18, after "the" insert "new and vacant FTE funding pool for"

Page 6, line 18, replace "line item" with "for the full-time equivalent position identified in this section,"

Page 6, line 18, after the second "and" insert "the agency"

Page 6, line 22, after "**FUND**" insert "**- ADMINISTRATION**"

Page 6, line 23, replace "$1,899,877" with "$1,818,114"

Page 7, line 6, after "**FUND**" insert "**- GRANT MANAGEMENT SOFTWARE**"

Page 7, after line 15, insert:

"**SECTION 10. TRANSFER - FUNDS UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND - CARBON CAPTURE EDUCATION.** The sum of $300,000, 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 funds under the control of the industrial commission to the industrial commission fund to contract for carbon capture and utilization education and marketing in consultation with the lignite research council, the oil and gas research council, and the renewable energy council. Of the $300,000, the industrial commission may transfer:

1. Up to $100,000 from the lignite research fund;
2. Up to $100,000 from the oil and gas research fund; and
3. Up to $100,000 from the renewable energy development fund."

Page 7, line 17, replace "$70,000,000" with "$140,000,000"

Page 7, line 31, replace "$3,000,000 to the agricultural products utilization fund" with "$1,500,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants"

Page 8, line 1, replace "**LEGACY EARNINGS**" with "**STRATEGIC INVESTMENT AND IMPROVEMENTS**"

Page 8, line 2, remove "**AND LOANS**"

Page 8, line 3, remove "and pursuant to the"

Page 8, remove line 4

Page 8, line 5, replace "section 21-10-13, the state treasurer" with "the office of management and budget"

Page 8, line 5, remove "legacy"

Page 8, line 6, replace "earnings" with "strategic investment and improvements"

Page 8, line 7, replace "$5,000,000" with "$3,000,000"

Page 8, line 8, after the semicolon insert "and"

Page 8, line 9, replace "$50,000,000" with "$30,000,000"

Page 8, line 9, remove "for grants; and"

Page 8, line 10, remove "3. $250,000,000 to the clean sustainable energy fund"

Page 8, line 10, remove "and to"

Page 8, line 11, remove "provide funding for loans"

Page 8, line 15, replace "$3,000,000" with "$1,500,000"

Page 8, line 19, replace "$3,000,000" with "$1,500,000"

Page 9, line 2, after "**FUND**" insert "**- FEDERAL STATE FISCAL RECOVERY FUND**"

Page 9, line 4, replace "$22,000,000" with "$6,000,000"

Page 9, line 6, after "57-51.1-07.9" insert "and pursuant to subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws, as amended in section 25 of this Act and exempted in section 27 of this Act"

Page 9, line 7, replace "$22,000,000" with "$6,000,000"

Page 9, line 8, after "fund" insert "and up to $5,300,000 of federal funds from the state fiscal recovery fund"

Page 9, remove lines 20 through 27

Page 10, remove lines 20 through 31

Page 11, replace lines 1 and 2 with:

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

1. Pursuant to the continuing appropriation under section 57-61-01.6, up to $500,000 from the lignite research fund may be used for the purpose of contracting with the energy and environmental research center for a nonmatching study of future lignite electrical generation facilities.

2. The study must include consideration of an energy demand forecast for dispatchable electricity generation and the regulatory environment for future lignite electrical generation facilities, an analysis of the economic impact of future lignite electrical generation facilities and the value-added

products or services that may result from those facilities, and other factors related to the development and operation of future lignite electrical generation facilities.

3. During the 2023-24 interim, the energy and environmental research center shall provide at least one report to the legislative management regarding the status of the study."

Page 11, after line 20, insert:

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

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

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.

2. a. After a public hearing, the housing finance agency shall create an annual allocation plan for the distribution of the fund as authorized under subsection 3. ~~At least ten percent of the fund must be used to assist developing communities to address an unmet housing need or alleviate a housing shortage. At least ten percent of the fund must be made available to prevent homelessness as authorized by subdivision d of subsection 3.~~

   b. The annual allocation plan must give priority to provide housing for individuals and families of low or moderate income. For purposes of this priority, eligible income limits are determined as a percentage of median family income as published in the most recent federal register notice. Under this priority, the annual allocation plan must give preference to projects that benefit households with the lowest income and to projects that have rent restrictions at or below department of housing and urban development published federal fair market rents or department of housing and urban development section 8 payment standards.

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

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

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

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

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

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

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

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

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

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

7. Upon request, the housing finance agency shall report to the industrial commission regarding the activities of the housing incentive fund.

8. At least once per biennium, the housing finance agency shall provide a report to the budget section of the legislative management regarding the activities of the housing incentive fund."

Page 12, line 26, replace "2025" with "2027"

Page 13, replace lines 16 through 30 with:

"**SECTION 24. AMENDMENT.** Subsection 3 of section 54-63.1-07 of the North Dakota Century Code is amended and reenacted as follows:

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

SECTION 25. AMENDMENT. Subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws is amended and reenacted as follows:

36. There is appropriated from federal funds derived from the state fiscal recovery fund, not otherwise appropriated, the sum of $20,000,000, or so

much of the sum as may be necessary, to the industrial commission for the purpose of providing hydrogen development grants, as approved by the clean sustainable energy authority, and distributions to the state energy research center for an underground energy storage research project, for the period beginning with the effective date of this Act, and ending June 30, 2023. Of the $20,000,000, up to $5,300,000 is available for distributions to the state energy research center for an underground energy storage research project, and any remaining amounts are available for providing hydrogen development grants, as approved by the clean sustainable energy authority.

SECTION 26. EMPLOYEE RECRUITMENT AND RETENTION INCENTIVE PROGRAM STUDY - REPORT TO LEGISLATIVE MANAGEMENT. During the 2023-24 interim, the industrial commission and Bank of North Dakota shall study the feasibility and desirability of creating an employee recruitment and retention incentive program for the Bank of North Dakota. The industrial commission shall report its findings and recommendations to the legislative management by March 31, 2024."

Page 14, line 12, replace "$14,500,000" with "$17,500,000"

Page 14, line 22, after "grants" insert "and an underground energy storage research project"

Page 14, line 23, after "Laws" insert "as amended in section 25 of this Act"

Page 14, line 25, after "fund" insert "to the department of mineral resources for a survey review"

Page 14, after line 28, insert:

"**SECTION 29. LEGISLATIVE INTENT - USE OF BANK OF NORTH DAKOTA PROFITS.** It is the intent of the sixty-eighth legislative assembly that the sixty-ninth legislative assembly consider developing procedures or adopting legislative rules for introducing bills and amendments related to the use of Bank of North Dakota profits.

SECTION 30. LEGISLATIVE INTENT - ENERGY DEVELOPMENT PROJECTS. It is the intent of the sixty-eighth legislative assembly that the state provide support for an entity's application for federal funding to upgrade a high-voltage direct current transmission line in the state and that the state provide support for energy development projects in the state through the state's energy-related programs, including:

1. The clean sustainable energy authority;
2. The North Dakota pipeline authority;
3. The North Dakota transmission authority;
4. The lignite research council;
5. The oil and gas research council; and
6. The renewable energy council.

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

Page 15, line 12, replace "Section 5" with "Sections 5 and 25"

Page 15, line 13, replace "Section 23 of this Act" with "Senate Bill No. 2165, as approved by the sixty-eighth legislative assembly"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1014 - Summary of Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Industrial Commission						
Total all funds	$50,858,798	$160,932,060	($25,120,491)	$135,811,569	$135,811,569	$0
Less estimated income	24,369,185	156,507,204	(25,120,491)	131,386,713	131,386,713	0
General fund	$26,489,613	$4,424,856	$0	$4,424,856	$4,424,856	$0
FTE	108.25	9.75	0.00	9.75	9.75	0.00
Department of Mineral Resources						
Total all funds	$0	$37,141,066	($2,128,695)	$35,012,371	$35,012,371	$0
Less estimated income	0	2,568,000	0	2,568,000	2,568,000	0
General fund	$0	$34,573,066	($2,128,695)	$32,444,371	$32,444,371	$0
FTE	0.00	108.00	0.00	108.00	108.00	0.00
Bank of North Dakota						
Total all funds	$68,816,548	$76,237,686	($4,660,619)	$71,577,067	$71,577,067	$0
Less estimated income	68,816,548	76,237,686	(4,660,619)	71,577,067	71,577,067	0
General fund	$0	$0	$0	$0	$0	$0
FTE	173.00	187.00	0.00	187.00	187.00	0.00
Housing Finance Agency						
Total all funds	$58,890,532	$84,333,093	$359,105	$84,692,198	$85,942,198	($1,250,000)
Less estimated income	58,890,532	69,333,093	(890,895)	68,442,198	68,442,198	0
General fund	$0	$15,000,000	$1,250,000	$16,250,000	$17,500,000	($1,250,000)
FTE	49.00	53.00	1.00	54.00	54.00	0.00
Mill and Elevator						
Total all funds	$88,377,209	$100,974,447	($3,732,414)	$97,242,033	$97,242,033	$0
Less estimated income	88,377,209	100,974,447	(3,732,414)	97,242,033	97,242,033	0
General fund	$0	$0	$0	$0	$0	$0
FTE	156.00	170.00	0.00	170.00	170.00	0.00
Bill total						
Total all funds	$266,943,087	$459,618,352	($35,283,114)	$424,335,238	$425,585,238	($1,250,000)
Less estimated income	240,453,474	405,620,430	(34,404,419)	371,216,011	371,216,011	0
General fund	$26,489,613	$53,997,922	($878,695)	$53,119,227	$54,369,227	($1,250,000)
FTE	486.25	527.75	1.00	528.75	528.75	0.00

House Bill No. 1014 - Industrial Commission - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	$23,698,119	$2,471,236	($608,542)	$1,862,694	$1,862,694	
Operating expenses	5,119,958	3,707,018	488,051	4,195,069	4,195,069	
Capital assets		1,250,000		1,250,000	1,250,000	
Grants		33,623,893	(25,000,000)	8,623,893	8,623,893	
Grants - Bond payments	22,040,721	119,879,913		119,879,913	119,879,913	
Total all funds	$50,858,798	$160,932,060	($25,120,491)	$135,811,569	$135,811,569	$0
Less estimated income	24,369,185	156,507,204	(25,120,491)	131,386,713	131,386,713	0
General fund	$26,489,613	$4,424,856	$0	$4,424,856	$4,424,856	$0
FTE	108.25	9.75	0.00	9.75	9.75	0.00

Department 405 - Industrial Commission - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Adjusts Funding for an FTE Position[2]	Removes Salary Funding for a Funding Pool[3]	Adds Funding for Software[4]	Adjusts One-Time Funding Items[5]	Total Conference Committee Changes
Salaries and wages	$34,386	($121,985)	($520,943)			($608,542)
Operating expenses		3,363		$74,000	$410,688	488,051
Capital assets						
Grants					(25,000,000)	(25,000,000)
Grants - Bond payments						
Total all funds	$34,386	($118,622)	($520,943)	$74,000	($24,589,312)	($25,120,491)
Less estimated income	34,386	(118,622)	(520,943)	74,000	(24,589,312)	(25,120,491)
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates, the same as the Senate, as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$35,332	$35,332
Health insurance adjustment	0	(946)	(946)
Total	$0	$34,386	$34,386

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding from other funds for an administrative assistant position is decreased by $118,622 from $300,943 to $182,321, the same as the Senate. The $118,622 decrease reflects a decrease of $121,985 to salaries and wages and an increase of $3,363 to operating expenses. This provides the same level of funding as a grant administration position. The House provided $300,943 for the administrative assistant position.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($490,562)	($490,562)
Vacant FTE positions	0	(30,381)	(30,381)
Total	$0	($520,943)	($520,943)

The House did not remove funding for a new and vacant FTE funding pool.

[4] Funding of $74,000 from other funds is added for software related to a meeting management license and an accounting subscription, the same as the Senate. The House did not include this funding.

[5] One-time funding, which was not included by the House version, is added by the Conference Committee and Senate as follows:

- $75,000 from other funds for a records digitization project.
- $35,688 from other funds for inflationary increases related to rent.
- $300,000 from other funds for carbon capture and utilization education and marketing, including $100,000 from the lignite research fund, $100,000 from the oil and gas research fund, and $100,000 from the renewable energy development fund.

One-time funding, which was added in the House version, is removed by the Conference

Committee and Senate as follows:

- $25 million from the strategic investment and improvements fund for a transmission line grant.

This amendment also includes the following changes related to the Industrial Commission:

- Adjusts the transfer for administrative services to provide $1,818,114, the same as the Senate. The House provided for a transfer of $1,899,877.
- Includes a transfer of up to $100,000 from three energy programs, which was added by the Senate, to provide a total of $300,000 for carbon capture and utilization education and marketing. The House did not include this funding.
- Adjusts the funding for a pipeline leak detection and prevention program to provide $3 million from the strategic investment and improvements fund, the same as the Senate. The House provided $5 million from legacy fund earnings.
- Adjusts the funding for the clean sustainable energy fund to provide $30 million from the strategic investment and improvements fund to repay a line of credit and to increase the line of credit available to support the fund by $140 million, from $250 million to $390 million. The House provided $300 million from legacy fund earnings, including $50 million for grants and $250 million to repay a line of credit and for additional loans. The Senate provided $30 million from the strategic investment and improvements fund for grants.
- Decreases funding from the strategic investment and improvements fund for a critical minerals study to provide $1.5 million. The Senate also decreased this funding, but the House provided $3 million for the study.
- Adjusts the funding for an underground energy storage research project to provide $6 million from the strategic investment and improvements fund and $5.3 million from the federal State Fiscal Recovery Fund. An appropriation of $20 million from the federal State Fiscal Recovery Fund from the November 2021 special legislative session is amended to provide up to $5.3 million for the research project with the remaining amount available for hydrogen development grants. The Senate also included these adjustments, but the House provided $22 million from the strategic investment and improvements fund for the research project.
- Designates $500,000 from the lignite research fund for a study of future lignite electrical generation facilities, the same as the Senate. The House did not designate funding for this study.
- Provides an effective date of July 1, 2025, for a guarantee from the strategic investment and improvements fund for a line of credit related to the purchase of capacity positions on a pipeline, the same as the Senate. The House added the guarantee and line of credit, but did not include an effective date.
- Provides an emergency clause for Senate Bill No. 2165, relating to membership of the clean sustainable energy authority, which was added by the Senate. The House did not include an emergency clause for that bill.
- Adds a statement of legislative intent regarding the state's energy-related programs to support energy development projects. Neither the House nor the Senate included this statement of intent.

House Bill No. 1014 - Department of Mineral Resources - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages		$25,401,022	($2,277,755)	$23,123,267	$23,123,267	
Operating expenses		11,410,044	131,060	11,541,104	11,541,104	
Capital assets		80,000	18,000	98,000	98,000	
Transfer to fossil restoration fund		250,000		250,000	250,000	
Total all funds	$0	$37,141,066	($2,128,695)	$35,012,371	$35,012,371	$0
Less estimated income	0	2,568,000	0	2,568,000	2,568,000	0
General fund	$0	$34,573,066	($2,128,695)	$32,444,371	$32,444,371	$0
FTE	0.00	108.00	0.00	108.00	108.00	0.00

Department 470 - Department of Mineral Resources - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Removes Salary Funding for a Funding Pool[2]	Adds One-Time Funding Items[3]	Total Conference Committee Changes
Salaries and wages	$396,394	($2,674,149)		($2,277,755)
Operating expenses			$131,060	131,060
Capital assets			18,000	18,000
Transfer to fossil restoration fund				
Total all funds	$396,394	($2,674,149)	$149,060	($2,128,695)
Less estimated income	0	0	0	0
General fund	$396,394	($2,674,149)	$149,060	($2,128,695)
FTE	0.00	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates, the same as the Senate, as follows:

	General Fund	Other Funds	Total
Salary increase	$409,369	$0	$409,369
Health insurance adjustment	(12,975)	0	(12,975)
Total	$396,394	$0	$396,394

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	($1,284,293)	$0	($1,284,293)
Vacant FTE positions	(1,389,856)	0	(1,389,856)
Total	($2,674,149)	$0	($2,674,149)

The House did not remove funding for a new and vacant FTE funding pool.

[3] One-time funding from the general fund, which was also added by the Senate, but not included by the House, is added as follows:

- $65,412 for additional inflationary increases related to state fleet mileage.
- $83,648 for drones and computer equipment.

The Conference Committee and Senate amended a section related to the Department of Mineral Resources to increase the oil and gas tax revenue allocations to the oil and gas research fund to $17.5 million, an increase of $3 million from the House version, which provided $14.5 million, the same as the 2021-23 biennium.

House Bill No. 1014 - Bank of North Dakota - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Capital assets	$1,510,000	$1,510,000		$1,510,000	$1,510,000	
Bank of North Dakota operations	67,306,548	74,727,686	($4,660,619)	70,067,067	70,067,067	
Total all funds	$68,816,548	$76,237,686	($4,660,619)	$71,577,067	$71,577,067	$0
Less estimated income	68,816,548	76,237,686	(4,660,619)	71,577,067	71,577,067	0
General fund	$0	$0	$0	$0	$0	$0
FTE	173.00	187.00	0.00	187.00	187.00	0.00

Department 471 - Bank of North Dakota - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Removes Salary Funding for a Funding Pool[2]	Total Conference Committee Changes
Capital assets			
Bank of North Dakota operations	$769,366	($5,429,985)	($4,660,619)
Total all funds	$769,366	($5,429,985)	($4,660,619)
Less estimated income	769,366	(5,429,985)	(4,660,619)
General fund	$0	$0	$0
FTE	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates, the same as the Senate, as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$789,224	$789,224
Health insurance adjustment	0	(19,858)	(19,858)
Total	$0	$769,366	$769,366

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($3,106,682)	($3,106,682)
Vacant FTE positions	0	(2,323,303)	(2,323,303)
Total	$0	($5,429,985)	($5,429,985)

The House did not remove funding for a new and vacant FTE funding pool.

This amendment also includes the following changes related to the Bank of North Dakota:

- Adds a transfer of $1.5 million from the Bank's profits to a small business development center, the same as the Senate. The House did not include this transfer.
- Removes a transfer of $3 million from the Bank's profits to the agricultural products

utilization fund, which was included by the the House but was also removed by the Senate; however, Senate Bill No. 2009 includes a transfer of $3 million from the Bank's profits to the agricultural products utilization fund.

- Increases the transfer from the Bank's profits to the general fund to provide $140 million for the 2023-25 biennium, which is the same as the Senate but an increase of $70 million compared to the House version of $70 million.
- Removes a section added by the House to limit the transfer from the Bank's profits to the general fund to provide $70 million for the 2021-23 biennium. The Senate also removed this section. The House version resulted in a reduction to the July 1, 2023, general fund beginning balance. As approved by the Senate and Conference Committee, the transfer for the 2021-23 biennium is $140 million, the same as the transfer approved during the 2021 legislative session.
- Adds a requirement for the Industrial Commission and Bank of North Dakota to study a recruitment and retention incentive program and to provide a report to the Legislative Management. Neither the House nor the Senate included this study and report.
- Adds a statement of legislative intent that the Legislative Assembly consider developing procedures or adopting legislative rules for introducing bills and amendments related to the use of Bank of North Dakota profits. Neither the House nor the Senate provided a statement of legislative intent.

House Bill No. 1014 - Housing Finance Agency - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	$9,556,272	$12,169,742	($1,056,537)	$11,113,205	$11,113,205	
Operating expenses	6,109,060	10,738,241	165,642	10,903,883	10,903,883	
Capital assets	150,000	20,000		20,000	20,000	
Grants	42,975,200	48,805,110		48,805,110	48,805,110	
HFA contingencies	100,000	100,000		100,000	100,000	
Housing incentive fund		12,500,000	1,250,000	13,750,000	15,000,000	($1,250,000)
Total all funds	$58,890,532	$84,333,093	$359,105	$84,692,198	$85,942,198	($1,250,000)
Less estimated income	58,890,532	69,333,093	(890,895)	68,442,198	68,442,198	0
General fund	$0	$15,000,000	$1,250,000	$16,250,000	$17,500,000	($1,250,000)
FTE	49.00	53.00	1.00	54.00	54.00	0.00

Department 473 - Housing Finance Agency - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Adds FTE Position[2]	Removes Salary Funding for a Funding Pool[3]	Adds Funding for Operating Expenses[4]	Adds Funding for Housing Incentive Fund[5]	Total Conference Committee Changes
Salaries and wages	$176,196	$218,908	($1,451,641)			($1,056,537)
Operating expenses				$165,642		165,642
Capital assets						
Grants						
HFA contingencies						
Housing incentive fund					$1,250,000	1,250,000
Total all funds	$176,196	$218,908	($1,451,641)	$165,642	$1,250,000	$359,105
Less estimated income	176,196	218,908	(1,451,641)	165,642	0	(890,895)
General fund	$0	$0	$0	$0	$1,250,000	$1,250,000
FTE	0.00	1.00	0.00	0.00	0.00	1.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates, the same as the Senate, as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$182,349	$182,349
Health insurance adjustment	0	(6,153)	(6,153)
Total	$0	$176,196	$176,196

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding of $218,908 from other funds is added for 1 FTE compliance officer position to provide a total of $437,816 for 2 FTE compliance officer positions. The Senate also provided $437,816 for 2 FTE compliance officer positions, but the House provided $218,908 for 1 FTE compliance officer position.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($986,476)	($986,476)
Vacant FTE positions	0	(465,165)	(465,165)
Total	$0	($1,451,641)	($1,451,641)

The House did not remove funding for a new and vacant FTE funding pool.

[4] Funding of $165,642 from other funds is added for inflationary increases, the same as the Senate. The House did not include funding for inflationary increases.

[5] One-time funding for a transfer from the general fund to the housing incentive fund is increased by $1.25 million to provide total funding of $13.75 million for the housing incentive fund pursuant to a section in the bill. The House provided for a transfer of $12.5 million, but the Senate provided for a transfer of $15 million.

This amendment adds a section related to the Housing Finance Agency to amend the housing incentive fund to remove the 10 percent designation for funding to prevent homelessness and to allow funding to be used for single family housing projects, the same as the Senate. The House did not amend the housing incentive fund.

House Bill No. 1014 - Mill and Elevator - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	$50,560,209	$57,582,794	($3,732,414)	$53,850,380	$53,850,380	
Operating expenses	36,817,000	42,391,653		42,391,653	42,391,653	
Contingencies	500,000	500,000		500,000	500,000	
Agriculture promotion	500,000	500,000		500,000	500,000	
Total all funds	$88,377,209	$100,974,447	($3,732,414)	$97,242,033	$97,242,033	$0
Less estimated income	88,377,209	100,974,447	(3,732,414)	97,242,033	97,242,033	0
General fund	$0	$0	$0	$0	$0	$0
FTE	156.00	170.00	0.00	170.00	170.00	0.00

Department 475 - Mill and Elevator - Detail of Conference Committee Changes

	Adjusts Funding for Health Insurance[1]	Adds Funding for Salary Increases[2]	Removes Salary Funding for a Funding Pool[3]	Total Conference Committee Changes
Salaries and wages	($17,750)	$409,231	($4,123,895)	($3,732,414)
Operating expenses				
Contingencies				
Agriculture promotion				
Total all funds	($17,750)	$409,231	($4,123,895)	($3,732,414)
Less estimated income	(17,750)	409,231	(4,123,895)	(3,732,414)
General fund	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00

[1] Funding of $17,750 from other funds is removed related to an adjustment to health insurance premiums. The Senate also removed this funding, which was added by the House.

[2] Funding of $409,231 from other funds is added for salary increases, which are subject to union negotiations, to provide total salary increase funding of $2,723,414, the same as the Senate. The House provided $2,314,183 for salary increases, the same as requested by the agency in the Executive Budget.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Fund	Total
New FTE positions	$0	($2,367,332)	($2,367,332)
Vacant FTE positions	0	(1,756,563)	(1,756,563)
Total	$0	($4,123,895)	($4,123,895)

The House did not remove funding for a new and vacant FTE funding pool.

This amendment also removes a section added by the House related to the Mill and Elevator Association, which limited the transfer of Mill profits to the general fund to 10 percent. As a result, the transfer of Mill profits to the general fund is 50 percent, the same as the Senate and current law.

Engrossed HB 1014 was placed on the Seventh order of business on the calendar.

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

HB 1014
4/29/2023
Conference Committee

Relating to providing an appropriation for defraying the expenses of the industrial commission and associated agencies.

8:04 AM Chairman Kempenich Opened the meeting on HB 1014

Members present: Chairman Kempenich, Rep. Brandenburg, Rep. Mock, Senator Schaible, Senator Sorvaag, Senator Bekkedahl

Discussion Topics:

- **Reconsider committee Actions**

Representative Mock- Move to reconsider the action of the committee.

Senator Bekkedahl- Seconds the motion.

Roll call vote- 6-0-0 Motion Carries

Representative Brandenburg- Move to have the senate recede and amend by adding 30 million into the sustainable energy fund . #23.0243.02007 #27988 and #27987

Senator Bekkedahl- Seconds the motion.

Committee Discussion- Roll call vote 6-0-0 Motion Carries

Representative Kempenich and Senator Schaible will carry the bill

8:09 AM Chairman Kempenich

Leah Kuball, Committee Clerk

23.0243.02007
Title.05000
Fiscal No. 2

Prepared by the Legislative Council staff for
Conference Committee
April 29, 2023

4-29-23

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1014

That the Senate recede from its amendments as printed on pages 1890-1902 of the House Journal and pages 1618-1630 of the Senate Journal and that Engrossed House Bill No. 1014 be amended as follows:

Page 1, line 2, remove "to create and enact a new section to chapter"

Page 1, line 3, remove "6-09, relating to a Bank of North Dakota retention incentive program;"

Page 1, line 4, after "6-09.7-05" insert ", 54-17-40,"

Page 1, line 4, remove "and section"

Page 1, line 5, replace "54-63.1-01" with ", and subsection 3 of section 54-63.1-07"

Page 1, line 5, remove "section 8 of chapter 42 of the 2021 Session"

Page 1, line 6, replace "Laws" with "subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws"

Page 1, line 6, after "funding" insert ", the housing incentive fund"

Page 1, line 7, after "authority" insert ", a clean sustainable energy authority line of credit"

Page 1, line 7, remove "a transfer of"

Page 1, line 8, replace "Bank of North Dakota profits to the general fund" with "an appropriation from the state fiscal recovery fund"

Page 1, line 9, after "exemption" insert "; to provide for a study"

Page 1, line 9, after "report" insert "; to provide a statement of legislative intent; to provide an effective date"

Page 1, remove lines 22 through 24

Page 2, replace lines 1 through 6 with:

"Salaries and wages	$23,698,119	($21,835,425)	$1,862,694
Operating expenses	5,119,958	(924,889)	4,195,069
Capital assets	0	1,250,000	1,250,000
Grants	0	8,623,893	8,623,893
Grants - bond payments	22,040,721	97,839,192	119,879,913
Total all funds	$50,858,798	$84,952,771	$135,811,569
Less estimated income	24,369,185	107,017,528	131,386,713
Total general fund	$26,489,613	($22,064,757)	$4,424,856
Full-time equivalent positions	108.25	(98.50)	9.75"

Page 2, replace lines 11 through 17 with:

"Salaries and wages	$0	$23,123,267	$23,123,267
Operating expenses	0	11,541,104	11,541,104
Capital assets	0	98,000	98,000
Total all funds	$0	$34,762,371	$34,762,371

Less estimated income	0	2,568,000	2,568,000
Total general fund	$0	$32,194,371	$32,194,371
Full-time equivalent positions	0.00	108.00	108.00"

Page 2, replace lines 22 through 25 with:

"Bank of North Dakota operations	$67,306,548	$2,760,519	$70,067,067
Capital assets	1,510,000	0	1,510,000
Total special funds	$68,816,548	$2,760,519	$71,577,067
Full-time equivalent positions	173.00	14.00	187.00"

Page 2, remove lines 30 and 31

Page 3, replace lines 1 through 7 with:

"Salaries and wages	$9,556,272	$1,556,933	$11,113,205
Operating expenses	6,109,060	4,794,823	10,903,883
Capital assets	150,000	(130,000)	20,000
Grants	42,975,200	5,829,910	48,805,110
Housing finance agency contingencies	100,000	0	100,000
Total all funds	$58,890,532	$12,051,666	$70,942,198
Less estimated income	58,890,532	9,551,666	68,442,198
Total general fund	$0	$2,500,000	$2,500,000
Full-time equivalent positions	49.00	5.00	54.00"

Page 3, replace lines 12 through 17 with:

"Salaries and wages	$50,560,209	$3,290,171	$53,850,380
Operating expenses	36,817,000	5,574,653	42,391,653
Contingencies	500,000	0	500,000
Agriculture promotion	500,000	0	500,000
Total special funds	$88,377,209	$8,864,824	$97,242,033
Full-time equivalent positions	156.00	14.00	170.00"

Page 3, replace lines 22 through 24 with:

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

Page 4, remove line 6

Page 4, after line 7 insert:

"Administration - carbon capture education	0	300,000
Administration - records digitization	0	75,000
Administration - inflationary increases	0	35,688"

Page 4, replace line 11 with:

"Mineral resources - inflationary expenses	0	886,868
Mineral resources - drones and computers	0	83,648"

Page 4, replace lines 23 through 25 with:

"Total all funds	$936,341,260	$20,919,820
Less estimated income	874,235,000	9,155,335

Total general fund $62,106,260 $11,764,485"

4-29-23

Page 5, replace line 4 with:

"Infrastructure project and program bonds - legacy sinking and interest fund $102,620,461"

Page 6, line 10, replace "$12,500,000" with "$13,750,000"

Page 6, line 15, after "funds" insert "from the new and vacant FTE funding pool"

Page 6, line 18, replace "spend" with "request the office of management and budget transfer up to"

Page 6, line 18, after "$82,068" insert "of other funds"

Page 6, line 18, after "the" insert "new and vacant FTE funding pool for"

Page 6, line 18, replace "line item" with "for the full-time equivalent position identified in this section,"

Page 6, line 18, after the second "and" insert "the agency"

Page 6, line 22, after "**FUND**" insert "**- ADMINISTRATION**"

Page 6, line 23, replace "$1,899,877" with "$1,818,114"

Page 7, line 6, after "**FUND**" insert "**- GRANT MANAGEMENT SOFTWARE**"

Page 7, after line 15, insert:

"**SECTION 10. TRANSFER - FUNDS UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND - CARBON CAPTURE EDUCATION.** The sum of $300,000, 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 funds under the control of the industrial commission to the industrial commission fund to contract for carbon capture and utilization education and marketing in consultation with the lignite research council, the oil and gas research council, and the renewable energy council. Of the $300,000, the industrial commission may transfer:

1. Up to $100,000 from the lignite research fund;
2. Up to $100,000 from the oil and gas research fund; and
3. Up to $100,000 from the renewable energy development fund."

Page 7, line 17, replace "$70,000,000" with "$140,000,000"

Page 7, line 31, replace "$3,000,000 to the agricultural products utilization fund" with "$1,500,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants"

Page 8, line 1, replace "**LEGACY EARNINGS**" with "**STRATEGIC INVESTMENT AND IMPROVEMENTS**"

Page 8, line 3, remove "and pursuant to the"

Page 8, remove line 4

4A
4-29-23

Page 8, line 5, replace "section 21-10-13, the state treasurer" with "the office of management and budget"

Page 8, line 5, remove "legacy"

Page 8, line 6, replace "earnings" with "strategic investment and improvements"

Page 8, line 7, replace "$5,000,000" with "$3,000,000"

Page 8, line 9, replace "$50,000,000" with "$30,000,000"

Page 8, line 10, replace "$250,000,000" with "$30,000,000"

Page 8, line 15, replace "$3,000,000" with "$1,500,000"

Page 8, line 19, replace "$3,000,000" with "$1,500,000"

Page 9, line 2, after "**FUND**" insert "**- FEDERAL STATE FISCAL RECOVERY FUND**"

Page 9, line 4, replace "$22,000,000" with "$6,000,000"

Page 9, line 6, after "57-51.1-07.9" insert "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"

Page 9, line 7, replace "$22,000,000" with "$6,000,000"

Page 9, line 8, after "fund" insert "and up to $5,300,000 of federal funds from the state fiscal recovery fund"

Page 9, remove lines 20 through 27

Page 10, remove lines 20 through 31

Page 11, replace lines 1 and 2 with:

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

1. Pursuant to the continuing appropriation under section 57-61-01.6, up to $500,000 from the lignite research fund may be used for the purpose of contracting with the energy and environmental research center for a nonmatching study of future lignite electrical generation facilities.

2. The study must include consideration of an energy demand forecast for dispatchable electricity generation and the regulatory environment for future lignite electrical generation facilities, an analysis of the economic impact of future lignite electrical generation facilities and the value-added products or services that may result from those facilities, and other factors related to the development and operation of future lignite electrical generation facilities.

3. During the 2023-24 interim, the energy and environmental research center shall provide at least one report to the legislative management regarding the status of the study."

Page 11, after line 20, insert:

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

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

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.

2. a. After a public hearing, the housing finance agency shall create an annual allocation plan for the distribution of the fund as authorized under subsection 3. ~~At least ten percent of the fund must be used to assist developing communities to address an unmet housing need or alleviate a housing shortage. At least ten percent of the fund must be made available to prevent homelessness as authorized by subdivision d of subsection 3.~~

   b. The annual allocation plan must give priority to provide housing for individuals and families of low or moderate income. For purposes of this priority, eligible income limits are determined as a percentage of median family income as published in the most recent federal register notice. Under this priority, the annual allocation plan must give preference to projects that benefit households with the lowest income and to projects that have rent restrictions at or below department of housing and urban development published federal fair market rents or department of housing and urban development section 8 payment standards.

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

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

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

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

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

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

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

4. Eligible recipients include units of local, state, and tribal government; local and tribal housing authorities; community action agencies; regional

planning councils; and nonprofit organizations and for-profit developers of ~~multifamily~~residential housing. Individuals may not receive direct assistance from the fund.

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

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

7. Upon request, the housing finance agency shall report to the industrial commission regarding the activities of the housing incentive fund.

8. At least once per biennium, the housing finance agency shall provide a report to the budget section of the legislative management regarding the activities of the housing incentive fund."

Page 12, line 26, replace "2025" with "2027"

Page 13, replace lines 1 through 30 with:

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

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

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

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

distributions to the state energy research center for an underground energy storage research project, and any remaining amounts are available for providing hydrogen development grants, as approved by the clean sustainable energy authority.

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

Page 14, line 12, replace "$14,500,000" with "$17,500,000"

Page 14, line 22, after "grants" insert "and an underground energy storage research project"

Page 14, line 23, after "Laws" insert "as amended in section 24 of this Act"

Page 14, line 25, after "fund" insert "to the department of mineral resources for a survey review"

Page 14, after line 28, insert:

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

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

1. The clean sustainable energy authority;
2. The North Dakota pipeline authority;
3. The North Dakota transmission authority;
4. The lignite research council;
5. The oil and gas research council; and
6. The renewable energy council.

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

Page 15, line 12, replace "Section 5" with "Sections 5 and 24"

Page 15, line 13, replace "Section 23 of this Act" with "Senate Bill No. 2165, as approved by the sixty-eighth legislative assembly"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1014 - Summary of Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Industrial Commission						
Total all funds	$50,858,798	$160,932,060	($25,120,491)	$135,811,569	$135,811,569	$0
Less estimated income	24,369,185	156,507,204	(25,120,491)	131,386,713	131,386,713	0
General fund	$26,489,613	$4,424,856	$0	$4,424,856	$4,424,856	$0
FTE	108.25	9.75	0.00	9.75	9.75	0.00
Department of Mineral Resources						
Total all funds	$0	$37,141,066	($2,128,695)	$35,012,371	$35,012,371	$0
Less estimated income	0	2,568,000	0	2,568,000	2,568,000	0
General fund	$0	$34,573,066	($2,128,695)	$32,444,371	$32,444,371	$0
FTE	0.00	108.00	0.00	108.00	108.00	0.00
Bank of North Dakota						
Total all funds	$68,816,548	$76,237,686	($4,660,619)	$71,577,067	$71,577,067	$0
Less estimated income	68,816,548	76,237,686	(4,660,619)	71,577,067	71,577,067	0
General fund	$0	$0	$0	$0	$0	$0
FTE	173.00	187.00	0.00	187.00	187.00	0.00
Housing Finance Agency						
Total all funds	$58,890,532	$84,333,093	$359,105	$84,692,198	$85,942,198	($1,250,000)
Less estimated income	58,890,532	69,333,093	(890,895)	68,442,198	68,442,198	0
General fund	$0	$15,000,000	$1,250,000	$16,250,000	$17,500,000	($1,250,000)
FTE	49.00	53.00	1.00	54.00	54.00	0.00
Mill and Elevator						
Total all funds	$88,377,209	$100,974,447	($3,732,414)	$97,242,033	$97,242,033	$0
Less estimated income	88,377,209	100,974,447	(3,732,414)	97,242,033	97,242,033	0
General fund	$0	$0	$0	$0	$0	$0
FTE	156.00	170.00	0.00	170.00	170.00	0.00
Bill total						
Total all funds	$266,943,087	$459,618,352	($35,283,114)	$424,335,238	$425,585,238	($1,250,000)
Less estimated income	240,453,474	405,620,430	(34,404,419)	371,216,011	371,216,011	0
General fund	$26,489,613	$53,997,922	($878,695)	$53,119,227	$54,369,227	($1,250,000)
FTE	486.25	527.75	1.00	528.75	528.75	0.00

House Bill No. 1014 - Industrial Commission - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	$23,698,119	$2,471,236	($608,542)	$1,862,694	$1,862,694	
Operating expenses	5,119,958	3,707,018	488,051	4,195,069	4,195,069	
Capital assets		1,250,000		1,250,000	1,250,000	
Grants		33,623,893	(25,000,000)	8,623,893	8,623,893	
Grants - Bond payments	22,040,721	119,879,913		119,879,913	119,879,913	
Total all funds	$50,858,798	$160,932,060	($25,120,491)	$135,811,569	$135,811,569	$0
Less estimated income	24,369,185	156,507,204	(25,120,491)	131,386,713	131,386,713	0
General fund	$26,489,613	$4,424,856	$0	$4,424,856	$4,424,856	$0
FTE	108.25	9.75	0.00	9.75	9.75	0.00

Department 405 - Industrial Commission - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Adjusts Funding for an FTE Position[2]	Removes Salary Funding for a Funding Pool[3]	Adds Funding for Software[4]	Adjusts One-Time Funding Items[5]	Total Conference Committee Changes
Salaries and wages	$34,386	($121,985)	($520,943)			($608,542)
Operating expenses		3,363		$74,000	$410,688	488,051
Capital assets						
Grants					(25,000,000)	(25,000,000)
Grants - Bond payments						
Total all funds	$34,386	($118,622)	($520,943)	$74,000	($24,589,312)	($25,120,491)
Less estimated income	34,386	(118,622)	(520,943)	74,000	(24,589,312)	(25,120,491)
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates, the same as the Senate, as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$35,332	$35,332
Health insurance adjustment	0	(946)	(946)
Total	$0	$34,386	$34,386

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding from other funds for an administrative assistant position is decreased by $118,622 from $300,943 to $182,321, the same as the Senate. The $118,622 decrease reflects a decrease of $121,985 to salaries and wages and an increase of $3,363 to operating expenses. This provides the same level of funding as a grant administration position. The House provided $300,943 for the administrative assistant position.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($490,562)	($490,562)
Vacant FTE positions	0	(30,381)	(30,381)
Total	$0	($520,943)	($520,943)

The House did not remove funding for a new and vacant FTE funding pool.

[4] Funding of $74,000 from other funds is added for software related to a meeting management license and an accounting subscription, the same as the Senate. The House did not include this funding.

[5] One-time funding, which was not included by the House version, is added by the Conference Committee and Senate as follows:

- $75,000 from other funds for a records digitization project.
- $35,688 from other funds for inflationary increases related to rent.
- $300,000 from other funds for carbon capture and utilization education and marketing, including $100,000 from the lignite research fund, $100,000 from the oil and gas research fund, and $100,000 from the renewable energy development fund.

One-time funding, which was added in the House version, is removed by the Conference Committee and Senate as follows:

- $25 million from the strategic investment and improvements fund for a transmission line grant.

This amendment also includes the following changes related to the Industrial Commission:

- Adjusts the transfer for administrative services to provide $1,818,114, the same as the Senate. The House provided for a transfer of $1,899,877.

- Includes a transfer of up to $100,000 from three energy programs, which was added by the Senate, to provide a total of $300,000 for carbon capture and utilization education and marketing. The House did not include this funding.
- Adjusts the funding for a pipeline leak detection and prevention program to provide $3 million from the strategic investment and improvements fund, the same as the Senate. The House provided $5 million from legacy fund earnings.
- Adjusts the funding for the clean sustainable energy fund to provide $60 million from the strategic investment and improvements fund for grants ($30 million) and to repay a line of credit ($30 million) and to increase the line of credit available to support the fund by $140 million, from $250 million to $390 million. The House provided $300 million from legacy fund earnings, including $50 million for grants and $250 million to repay a line of credit and for additional loans. The Senate provided $30 million from the strategic investment and improvements fund for grants.
- Decreases funding from the strategic investment and improvements fund for a critical minerals study to provide $1.5 million. The Senate also decreased this funding, but the House provided $3 million for the study.
- Adjusts the funding for an underground energy storage research project to provide $6 million from the strategic investment and improvements fund and $5.3 million from the federal State Fiscal Recovery Fund. An appropriation of $20 million from the federal State Fiscal Recovery Fund from the November 2021 special legislative session is amended to provide up to $5.3 million for the research project with the remaining amount available for hydrogen development grants. The Senate also included these adjustments, but the House provided $22 million from the strategic investment and improvements fund for the research project.
- Designates $500,000 from the lignite research fund for a study of future lignite electrical generation facilities, the same as the Senate. The House did not designate funding for this study.
- Provides an effective date of July 1, 2025, for a guarantee from the strategic investment and improvements fund for a line of credit related to the purchase of capacity positions on a pipeline, the same as the Senate. The House added the guarantee and line of credit, but did not include an effective date.
- Provides an emergency clause for Senate Bill No. 2165, relating to membership of the clean sustainable energy authority, which was added by the Senate. The House did not include an emergency clause for that bill.
- Adds a statement of legislative intent regarding the state's energy-related programs to support energy development projects. Neither the House nor the Senate included this statement of intent.
- Removes a section, which was included by both the House and the Senate, clarifying the definition of clean sustainable energy projects to identify hydrogen projects as eligible projects.

House Bill No. 1014 - Department of Mineral Resources - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages		$25,401,022	($2,277,755)	$23,123,267	$23,123,267	
Operating expenses		11,410,044	131,060	11,541,104	11,541,104	
Capital assets		80,000	18,000	98,000	98,000	
Transfer to fossil restoration fund		250,000		250,000	250,000	
Total all funds	$0	$37,141,066	($2,128,695)	$35,012,371	$35,012,371	$0
Less estimated income	0	2,568,000	0	2,568,000	2,568,000	0
General fund	$0	$34,573,066	($2,128,695)	$32,444,371	$32,444,371	$0
FTE	0.00	108.00	0.00	108.00	108.00	0.00

Department 470 - Department of Mineral Resources - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Removes Salary Funding for a Funding Pool[2]	Adds One-Time Funding Items[3]	Total Conference Committee Changes
Salaries and wages	$396,394	($2,674,149)		($2,277,755)
Operating expenses			$131,060	131,060
Capital assets			18,000	18,000
Transfer to fossil restoration fund				
Total all funds	$396,394	($2,674,149)	$149,060	($2,128,695)
Less estimated income	0	0	0	0
General fund	$396,394	($2,674,149)	$149,060	($2,128,695)
FTE	0.00	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates, the same as the Senate, as follows:

	General Fund	Other Funds	Total
Salary increase	$409,369	$0	$409,369
Health insurance adjustment	(12,975)	0	(12,975)
Total	$396,394	$0	$396,394

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	($1,284,293)	$0	($1,284,293)
Vacant FTE positions	(1,389,856)	0	(1,389,856)
Total	($2,674,149)	$0	($2,674,149)

The House did not remove funding for a new and vacant FTE funding pool.

[3] One-time funding from the general fund, which was also added by the Senate, but not included by the House, is added as follows:

- $65,412 for additional inflationary increases related to state fleet mileage.
- $83,648 for drones and computer equipment.

The Conference Committee and Senate amended a section related to the Department of Mineral Resources to increase the oil and gas tax revenue allocations to the oil and gas research fund to $17.5 million, an increase of $3 million from the House version, which provided $14.5 million, the same as the 2021-23 biennium.

House Bill No. 1014 - Bank of North Dakota - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Capital assets	$1,510,000	$1,510,000		$1,510,000	$1,510,000	
Bank of North Dakota operations	67,306,548	74,727,686	($4,660,619)	70,067,067	70,067,067	
Total all funds	$68,816,548	$76,237,686	($4,660,619)	$71,577,067	$71,577,067	$0
Less estimated income	68,816,548	76,237,686	(4,660,619)	71,577,067	71,577,067	0
General fund	$0	$0	$0	$0	$0	$0
FTE	173.00	187.00	0.00	187.00	187.00	0.00

Department 471 - Bank of North Dakota - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Removes Salary Funding for a Funding Pool[2]	Total Conference Committee Changes
Capital assets			
Bank of North Dakota operations	$769,366	($5,429,985)	($4,660,619)
Total all funds	$769,366	($5,429,985)	($4,660,619)
Less estimated income	769,366	(5,429,985)	(4,660,619)
General fund	$0	$0	$0
FTE	0.00	0.00	0.00

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[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates, the same as the Senate, as

follows:

	General Fund	Other Funds	Total
Salary increase	$0	$789,224	$789,224
Health insurance adjustment	0	(19,858)	(19,858)
Total	$0	$769,366	$769,366

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($3,106,682)	($3,106,682)
Vacant FTE positions	0	(2,323,303)	(2,323,303)
Total	$0	($5,429,985)	($5,429,985)

The House did not remove funding for a new and vacant FTE funding pool.

This amendment also includes the following changes related to the Bank of North Dakota:

- Adds a transfer of $1.5 million from the Bank's profits to a small business development center, the same as the Senate. The House did not include this transfer.
- Removes a transfer of $3 million from the Bank's profits to the agricultural products utilization fund, which was included by the the House but was also removed by the Senate; however, Senate Bill No. 2009 includes a transfer of $3 million from the Bank's profits to the agricultural products utilization fund.
- Increases the transfer from the Bank's profits to the general fund to provide $140 million for the 2023-25 biennium, which is the same as the Senate but an increase of $70 million compared to the House version of $70 million.
- Removes a section added by the House to limit the transfer from the Bank's profits to the general fund to provide $70 million for the 2021-23 biennium. The Senate also removed this section. The House version resulted in a reduction to the July 1, 2023, general fund beginning balance. As approved by the Senate and Conference Committee, the transfer for the 2021-23 biennium is $140 million, the same as the transfer approved during the 2021 legislative session.
- Adds a requirement for the Industrial Commission and Bank of North Dakota to study a recruitment and retention incentive program and to provide a report to the Legislative Management. Neither the House nor the Senate included this study and report.
- Adds a statement of legislative intent that the Legislative Assembly consider developing procedures or adopting legislative rules for introducing bills and amendments related to the use of Bank of North Dakota profits. Neither the House nor the Senate provided a statement of legislative intent.

House Bill No. 1014 - Housing Finance Agency - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	$9,556,272	$12,169,742	($1,056,537)	$11,113,205	$11,113,205	
Operating expenses	6,109,060	10,738,241	165,642	10,903,883	10,903,883	
Capital assets	150,000	20,000		20,000	20,000	
Grants	42,975,200	48,805,110		48,805,110	48,805,110	
HFA contingencies	100,000	100,000		100,000	100,000	
Housing incentive fund		12,500,000	1,250,000	13,750,000	15,000,000	($1,250,000)
Total all funds	$58,890,532	$84,333,093	$359,105	$84,692,198	$85,942,198	($1,250,000)
Less estimated income	58,890,532	69,333,093	(890,895)	68,442,198	68,442,198	0
General fund	$0	$15,000,000	$1,250,000	$16,250,000	$17,500,000	($1,250,000)
FTE	49.00	53.00	1.00	54.00	54.00	0.00

Department 473 - Housing Finance Agency - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Adds FTE Position[2]	Removes Salary Funding for a Funding Pool[3]	Adds Funding for Operating Expenses[4]	Adds Funding for Housing Incentive Fund[5]	Total Conference Committee Changes
Salaries and wages	$176,196	$218,908	($1,451,641)			($1,056,537)
Operating expenses				$165,642		165,642
Capital assets						
Grants						
HFA contingencies						
Housing incentive fund					$1,250,000	1,250,000
Total all funds	$176,196	$218,908	($1,451,641)	$165,642	$1,250,000	$359,105
Less estimated income	176,196	218,908	(1,451,641)	165,642	0	(890,895)
General fund	$0	$0	$0	$0	$1,250,000	$1,250,000
FTE	0.00	1.00	0.00	0.00	0.00	1.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates, the same as the Senate, as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$182,349	$182,349
Health insurance adjustment	0	(6,153)	(6,153)
Total	$0	$176,196	$176,196

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding of $218,908 from other funds is added for 1 FTE compliance officer position to provide a total of $437,816 for 2 FTE compliance officer positions. The Senate also provided $437,816 for 2 FTE compliance officer positions, but the House provided $218,908 for 1 FTE compliance officer position.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($986,476)	($986,476)
Vacant FTE positions	0	(465,165)	(465,165)
Total	$0	($1,451,641)	($1,451,641)

The House did not remove funding for a new and vacant FTE funding pool.

[4] Funding of $165,642 from other funds is added for inflationary increases, the same as the Senate. The House did not include funding for inflationary increases.

[5] One-time funding for a transfer from the general fund to the housing incentive fund is increased by $1.25 million to provide total funding of $13.75 million for the housing incentive fund pursuant to a section in the bill. The House provided for a transfer of $12.5 million, but the Senate provided for a transfer of $15 million.

This amendment adds a section related to the Housing Finance Agency to amend the housing incentive fund to remove the 10 percent designation for funding to prevent homelessness and to allow funding to be used for single family housing projects, the same as the Senate. The House did not amend the housing incentive fund.

House Bill No. 1014 - Mill and Elevator - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	$50,560,209	$57,582,794	($3,732,414)	$53,850,380	$53,850,380	
Operating expenses	36,817,000	42,391,653		42,391,653	42,391,653	
Contingencies	500,000	500,000		500,000	500,000	
Agriculture promotion	500,000	500,000		500,000	500,000	
Total all funds	$88,377,209	$100,974,447	($3,732,414)	$97,242,033	$97,242,033	$0
Less estimated income	88,377,209	100,974,447	(3,732,414)	97,242,033	97,242,033	0
General fund	$0	$0	$0	$0	$0	$0
FTE	156.00	170.00	0.00	170.00	170.00	0.00

Department 475 - Mill and Elevator - Detail of Conference Committee Changes

	Adjusts Funding for Health Insurance[1]	Adds Funding for Salary Increases[2]	Removes Salary Funding for a Funding Pool[3]	Total Conference Committee Changes
Salaries and wages	($17,750)	$409,231	($4,123,895)	($3,732,414)
Operating expenses				
Contingencies				
Agriculture promotion				
Total all funds	($17,750)	$409,231	($4,123,895)	($3,732,414)
Less estimated income	(17,750)	409,231	(4,123,895)	(3,732,414)
General fund	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00

[1] Funding of $17,750 from other funds is removed related to an adjustment to health insurance premiums. The Senate also removed this funding, which was added by the House.

[2] Funding of $409,231 from other funds is added for salary increases, which are subject to union negotiations, to provide total salary increase funding of $2,723,414, the same as the Senate. The House provided $2,314,183 for salary increases, the same as requested by the agency in the Executive Budget.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Fund	Total
New FTE positions	$0	($2,367,332)	($2,367,332)
Vacant FTE positions	0	(1,756,563)	(1,756,563)
Total	$0	($4,123,895)	($4,123,895)

The House did not remove funding for a new and vacant FTE funding pool.

This amendment also removes a section added by the House related to the Mill and Elevator Association, which limited the transfer of Mill profits to the general fund to 10 percent. As a result, the transfer of Mill profits to the general fund is 50 percent, the same as the Senate and current law.

Date: 4/29/2023
Roll Call Vote: 1

2023 HOUSE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL NO. 1014 as engrossed

House Gov. OPS. Committee

Action Taken
☐ **HOUSE accede to Senate Amendments**
☐ **HOUSE accede to Senate Amendments and further amend**
☐ **SENATE recede from Senate amendments**
☐ **SENATE recede from Senate amendments and amend as follows**

☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Representative Mock Seconded by: *Senator Bekkedahl*

Representatives	4/28			**Yes**	**No**		**Senators**	4/28			**Yes**	**No**
Chairman Kempenich	x			x			Senator Schaible	x			x	
Representative Brandenburg	x			x			Senator Sorvaag	x			x	
Representative Mock	x			x			Senator Bekkedahl	x			x	
Total Rep. Vote							Total Senate Vote					

Vote Count Yes: _____ No: _____ Absent: _____

House Carrier _____ Senate Carrier _____

LC Number _____ . _____ of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Move to reconsider the actions of the committee

Date: 4/29/2023
Roll Call Vote: 2

2023 HOUSE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL NO. 1014 as engrossed

House Gov. OPS. Committee

Action Taken
- ☐ **HOUSE accede to Senate Amendments**
- ☐ **HOUSE accede to Senate Amendments and further amend**
- ☐ **SENATE recede from Senate amendments**
- ☒ **SENATE recede from Senate amendments and amend as follows**

☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Representative Brandenburg Seconded by: *Senator Bekkedahl*

Representatives				Yes	No		Senators				Yes	No
Chairman Kempenich				x			Senator Schaible				x	
Representative Brandenburg				x			Senator Sorvaag				x	
Representative Mock				x			Senator Bekkedahl				x	
Total Rep. Vote							Total Senate Vote					

Vote Count Yes: 6 No: 0 Absent: 0

House Carrier Representative Kempenich Senate Carrier Senator Schaible

LC Number 23.0243 . 02007 of amendment

LC Number 23.0243 . 05000 of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Motion to reconsider the actions of the committee

Move 30 million into the clean sustainable energy fund and changing the langue concerning anhydrous

Insert LC: 23.0243.02007
House Carrier: Kempenich
Senate Carrier: Schaible

REPORT OF CONFERENCE COMMITTEE

HB 1014, as engrossed: Your conference committee (Sens. Schaible, Sorvaag, Bekkedahl and Reps. Kempenich, Brandenburg, Mock) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1890-1902, adopt amendments as follows, and place HB 1014 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1890-1902 of the House Journal and pages 1618-1630 of the Senate Journal and that Engrossed House Bill No. 1014 be amended as follows:

Page 1, line 2, remove "to create and enact a new section to chapter"

Page 1, line 3, remove "6-09, relating to a Bank of North Dakota retention incentive program;"

Page 1, line 4, after "6-09.7-05" insert ", 54-17-40,"

Page 1, line 4, remove "and section"

Page 1, line 5, replace "54-63.1-01" with ", and subsection 3 of section 54-63.1-07"

Page 1, line 5, remove "section 8 of chapter 42 of the 2021 Session"

Page 1, line 6, replace "Laws" with "subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws"

Page 1, line 6, after "funding" insert ", the housing incentive fund"

Page 1, line 7, after "authority" insert ", a clean sustainable energy authority line of credit"

Page 1, line 7, remove "a transfer of"

Page 1, line 8, replace "Bank of North Dakota profits to the general fund" with "an appropriation from the state fiscal recovery fund"

Page 1, line 9, after "exemption" insert "; to provide for a study"

Page 1, line 9, after "report" insert "; to provide a statement of legislative intent; to provide an effective date"

Page 1, remove lines 22 through 24

Page 2, replace lines 1 through 6 with:

"Salaries and wages	$23,698,119	($21,835,425)	$1,862,694
Operating expenses	5,119,958	(924,889)	4,195,069
Capital assets	0	1,250,000	1,250,000
Grants	0	8,623,893	8,623,893
Grants - bond payments	22,040,721	97,839,192	119,879,913
Total all funds	$50,858,798	$84,952,771	$135,811,569
Less estimated income	24,369,185	107,017,528	131,386,713
Total general fund	$26,489,613	($22,064,757)	$4,424,856
Full-time equivalent positions	108.25	(98.50)	9.75"

Page 2, replace lines 11 through 17 with:

"Salaries and wages	$0	$23,123,267	$23,123,267
Operating expenses	0	11,541,104	11,541,104
Capital assets	0	98,000	98,000

Total all funds	$0	$34,762,371	$34,762,371
Less estimated income	0	2,568,000	2,568,000
Total general fund	$0	$32,194,371	$32,194,371
Full-time equivalent positions	0.00	108.00	108.00"

Page 2, replace lines 22 through 25 with:

"Bank of North Dakota operations	$67,306,548	$2,760,519	$70,067,067
Capital assets	1,510,000	0	1,510,000
Total special funds	$68,816,548	$2,760,519	$71,577,067
Full-time equivalent positions	173.00	14.00	187.00"

Page 2, remove lines 30 and 31

Page 3, replace lines 1 through 7 with:

"Salaries and wages	$9,556,272	$1,556,933	$11,113,205
Operating expenses	6,109,060	4,794,823	10,903,883
Capital assets	150,000	(130,000)	20,000
Grants	42,975,200	5,829,910	48,805,110
Housing finance agency contingencies	100,000	0	100,000
Total all funds	$58,890,532	$12,051,666	$70,942,198
Less estimated income	58,890,532	9,551,666	68,442,198
Total general fund	$0	$2,500,000	$2,500,000
Full-time equivalent positions	49.00	5.00	54.00"

Page 3, replace lines 12 through 17 with:

"Salaries and wages	$50,560,209	$3,290,171	$53,850,380
Operating expenses	36,817,000	5,574,653	42,391,653
Contingencies	500,000	0	500,000
Agriculture promotion	500,000	0	500,000
Total special funds	$88,377,209	$8,864,824	$97,242,033
Full-time equivalent positions	156.00	14.00	170.00"

Page 3, replace lines 22 through 24 with:

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

Page 4, remove line 6

Page 4, after line 7 insert:

"Administration - carbon capture education	0	300,000
Administration - records digitization	0	75,000
Administration - inflationary increases	0	35,688"

Page 4, replace line 11 with:

"Mineral resources - inflationary expenses	0	886,868
Mineral resources - drones and computers	0	83,648"

Page 4, replace lines 23 through 25 with:

"Total all funds	$936,341,260	$20,919,820
Less estimated income	874,235,000	9,155,335

Total general fund	$62,106,260	$11,764,485"

Page 5, replace line 4 with:

"Infrastructure project and program bonds - legacy sinking and interest fund $102,620,461"

Page 6, line 10, replace "$12,500,000" with "$13,750,000"

Page 6, line 15, after "funds" insert "from the new and vacant FTE funding pool"

Page 6, line 18, replace "spend" with "request the office of management and budget transfer up to"

Page 6, line 18, after "$82,068" insert "of other funds"

Page 6, line 18, after "the" insert "new and vacant FTE funding pool for"

Page 6, line 18, replace "line item" with "for the full-time equivalent position identified in this section,"

Page 6, line 18, after the second "and" insert "the agency"

Page 6, line 22, after "**FUND**" insert "**- ADMINISTRATION**"

Page 6, line 23, replace "$1,899,877" with "$1,818,114"

Page 7, line 6, after "**FUND**" insert "**- GRANT MANAGEMENT SOFTWARE**"

Page 7, after line 15, insert:

"**SECTION 10. TRANSFER - FUNDS UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND - CARBON CAPTURE EDUCATION.** The sum of $300,000, 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 funds under the control of the industrial commission to the industrial commission fund to contract for carbon capture and utilization education and marketing in consultation with the lignite research council, the oil and gas research council, and the renewable energy council. Of the $300,000, the industrial commission may transfer:

1. Up to $100,000 from the lignite research fund;
2. Up to $100,000 from the oil and gas research fund; and
3. Up to $100,000 from the renewable energy development fund."

Page 7, line 17, replace "$70,000,000" with "$140,000,000"

Page 7, line 31, replace "$3,000,000 to the agricultural products utilization fund" with "$1,500,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants"

Page 8, line 1, replace "**LEGACY EARNINGS**" with "**STRATEGIC INVESTMENT AND IMPROVEMENTS**"

Page 8, line 3, remove "and pursuant to the"

Page 8, remove line 4

Page 8, line 5, replace "section 21-10-13, the state treasurer" with "the office of management and budget"

Page 8, line 5, remove "legacy"

Page 8, line 6, replace "earnings" with "strategic investment and improvements"

Page 8, line 7, replace "$5,000,000" with "$3,000,000"

Page 8, line 9, replace "$50,000,000" with "$30,000,000"

Page 8, line 10, replace "$250,000,000" with "$30,000,000"

Page 8, line 15, replace "$3,000,000" with "$1,500,000"

Page 8, line 19, replace "$3,000,000" with "$1,500,000"

Page 9, line 2, after "**FUND**" insert "**- FEDERAL STATE FISCAL RECOVERY FUND**"

Page 9, line 4, replace "$22,000,000" with "$6,000,000"

Page 9, line 6, after "57-51.1-07.9" insert "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"

Page 9, line 7, replace "$22,000,000" with "$6,000,000"

Page 9, line 8, after "fund" insert "and up to $5,300,000 of federal funds from the state fiscal recovery fund"

Page 9, remove lines 20 through 27

Page 10, remove lines 20 through 31

Page 11, replace lines 1 and 2 with:

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

1. Pursuant to the continuing appropriation under section 57-61-01.6, up to $500,000 from the lignite research fund may be used for the purpose of contracting with the energy and environmental research center for a nonmatching study of future lignite electrical generation facilities.

2. The study must include consideration of an energy demand forecast for dispatchable electricity generation and the regulatory environment for future lignite electrical generation facilities, an analysis of the economic impact of future lignite electrical generation facilities and the value-added products or services that may result from those facilities, and other factors related to the development and operation of future lignite electrical generation facilities.

3. During the 2023-24 interim, the energy and environmental research center shall provide at least one report to the legislative management regarding the status of the study."

Page 11, after line 20, insert:

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

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

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.

2. a. After a public hearing, the housing finance agency shall create an annual allocation plan for the distribution of the fund as authorized under subsection 3. ~~At least ten percent of the fund must be used to assist developing communities to address an unmet housing need or alleviate a housing shortage. At least ten percent of the fund must be made available to prevent homelessness as authorized by subdivision d of subsection 3.~~

   b. The annual allocation plan must give priority to provide housing for individuals and families of low or moderate income. For purposes of this priority, eligible income limits are determined as a percentage of median family income as published in the most recent federal register notice. Under this priority, the annual allocation plan must give preference to projects that benefit households with the lowest income and to projects that have rent restrictions at or below department of housing and urban development published federal fair market rents or department of housing and urban development section 8 payment standards.

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

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

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

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

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

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

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

4. Eligible recipients include units of local, state, and tribal government; local and tribal housing authorities; community action agencies; regional planning councils; and nonprofit organizations and for-profit developers

of ~~multifamily~~residential housing. Individuals may not receive direct assistance from the fund.

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

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

7. Upon request, the housing finance agency shall report to the industrial commission regarding the activities of the housing incentive fund.

8. At least once per biennium, the housing finance agency shall provide a report to the budget section of the legislative management regarding the activities of the housing incentive fund."

Page 12, line 26, replace "2025" with "2027"

Page 13, replace lines 1 through 30 with:

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

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

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

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

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

Page 14, line 12, replace "$14,500,000" with "$17,500,000"

Page 14, line 22, after "grants" insert "and an underground energy storage research project"

Page 14, line 23, after "Laws" insert "as amended in section 24 of this Act"

Page 14, line 25, after "fund" insert "to the department of mineral resources for a survey review"

Page 14, after line 28, insert:

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

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

1. The clean sustainable energy authority;
2. The North Dakota pipeline authority;
3. The North Dakota transmission authority;
4. The lignite research council;
5. The oil and gas research council; and
6. The renewable energy council.

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

Page 15, line 12, replace "Section 5" with "Sections 5 and 24"

Page 15, line 13, replace "Section 23 of this Act" with "Senate Bill No. 2165, as approved by the sixty-eighth legislative assembly"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1014 - Summary of Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Industrial Commission						
Total all funds	$50,858,798	$160,932,060	($25,120,491)	$135,811,569	$135,811,569	$0
Less estimated income	24,369,185	156,507,204	(25,120,491)	131,386,713	131,386,713	0
General fund	$26,489,613	$4,424,856	$0	$4,424,856	$4,424,856	$0
FTE	108.25	9.75	0.00	9.75	9.75	0.00
Department of Mineral Resources						
Total all funds	$0	$37,141,066	($2,128,695)	$35,012,371	$35,012,371	$0
Less estimated income	0	2,568,000	0	2,568,000	2,568,000	0
General fund	$0	$34,573,066	($2,128,695)	$32,444,371	$32,444,371	$0
FTE	0.00	108.00	0.00	108.00	108.00	0.00
Bank of North Dakota						
Total all funds	$68,816,548	$76,237,686	($4,660,619)	$71,577,067	$71,577,067	$0
Less estimated income	68,816,548	76,237,686	(4,660,619)	71,577,067	71,577,067	0
General fund	$0	$0	$0	$0	$0	$0
FTE	173.00	187.00	0.00	187.00	187.00	0.00
Housing Finance Agency						
Total all funds	$58,890,532	$84,333,093	$359,105	$84,692,198	$85,942,198	($1,250,000)
Less estimated income	58,890,532	69,333,093	(890,895)	68,442,198	68,442,198	0
General fund	$0	$15,000,000	$1,250,000	$16,250,000	$17,500,000	($1,250,000)
FTE	49.00	53.00	1.00	54.00	54.00	0.00
Mill and Elevator						
Total all funds	$88,377,209	$100,974,447	($3,732,414)	$97,242,033	$97,242,033	$0
Less estimated income	88,377,209	100,974,447	(3,732,414)	97,242,033	97,242,033	0
General fund	$0	$0	$0	$0	$0	$0
FTE	156.00	170.00	0.00	170.00	170.00	0.00
Bill total						
Total all funds	$266,943,087	$459,618,352	($35,283,114)	$424,335,238	$425,585,238	($1,250,000)
Less estimated income	240,453,474	405,620,430	(34,404,419)	371,216,011	371,216,011	0
General fund	$26,489,613	$53,997,922	($878,695)	$53,119,227	$54,369,227	($1,250,000)
FTE	486.25	527.75	1.00	528.75	528.75	0.00

House Bill No. 1014 - Industrial Commission - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	$23,698,119	$2,471,236	($608,542)	$1,862,694	$1,862,694	
Operating expenses	5,119,958	3,707,018	488,051	4,195,069	4,195,069	
Capital assets		1,250,000		1,250,000	1,250,000	
Grants		33,623,893	(25,000,000)	8,623,893	8,623,893	
Grants - Bond payments	22,040,721	119,879,913		119,879,913	119,879,913	
Total all funds	$50,858,798	$160,932,060	($25,120,491)	$135,811,569	$135,811,569	$0
Less estimated income	24,369,185	156,507,204	(25,120,491)	131,386,713	131,386,713	0
General fund	$26,489,613	$4,424,856	$0	$4,424,856	$4,424,856	$0
FTE	108.25	9.75	0.00	9.75	9.75	0.00

Department 405 - Industrial Commission - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Adjusts Funding for an FTE Position[2]	Removes Salary Funding for a Funding Pool[3]	Adds Funding for Software[4]	Adjusts One-Time Funding Items[5]	Total Conference Committee Changes
Salaries and wages	$34,386	($121,985)	($520,943)			($608,542)
Operating expenses		3,363		$74,000	$410,688	488,051
Capital assets						
Grants					(25,000,000)	(25,000,000)
Grants - Bond payments						
Total all funds	$34,386	($118,622)	($520,943)	$74,000	($24,589,312)	($25,120,491)
Less estimated income	34,386	(118,622)	(520,943)	74,000	(24,589,312)	(25,120,491)
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates, the same as the Senate, as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$35,332	$35,332
Health insurance adjustment	0	(946)	(946)
Total	$0	$34,386	$34,386

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding from other funds for an administrative assistant position is decreased by $118,622 from $300,943 to $182,321, the same as the Senate. The $118,622 decrease reflects a decrease of $121,985 to salaries and wages and an increase of $3,363 to operating expenses. This provides the same level of funding as a grant administration position. The House provided $300,943 for the administrative assistant position.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($490,562)	($490,562)
Vacant FTE positions	0	(30,381)	(30,381)
Total	$0	($520,943)	($520,943)

The House did not remove funding for a new and vacant FTE funding pool.

[4] Funding of $74,000 from other funds is added for software related to a meeting management license and an accounting subscription, the same as the Senate. The House did not include this funding.

[5] One-time funding, which was not included by the House version, is added by the Conference Committee and Senate as follows:

- $75,000 from other funds for a records digitization project.
- $35,688 from other funds for inflationary increases related to rent.
- $300,000 from other funds for carbon capture and utilization education and marketing, including $100,000 from the lignite research fund, $100,000 from the oil and gas research fund, and $100,000 from the renewable energy development fund.

One-time funding, which was added in the House version, is removed by the Conference

Committee and Senate as follows:

- $25 million from the strategic investment and improvements fund for a transmission line grant.

This amendment also includes the following changes related to the Industrial Commission:

- Adjusts the transfer for administrative services to provide $1,818,114, the same as the Senate. The House provided for a transfer of $1,899,877.
- Includes a transfer of up to $100,000 from three energy programs, which was added by the Senate, to provide a total of $300,000 for carbon capture and utilization education and marketing. The House did not include this funding.
- Adjusts the funding for a pipeline leak detection and prevention program to provide $3 million from the strategic investment and improvements fund, the same as the Senate. The House provided $5 million from legacy fund earnings.
- Adjusts the funding for the clean sustainable energy fund to provide $60 million from the strategic investment and improvements fund for grants ($30 million) and to repay a line of credit ($30 million) and to increase the line of credit available to support the fund by $140 million, from $250 million to $390 million. The House provided $300 million from legacy fund earnings, including $50 million for grants and $250 million to repay a line of credit and for additional loans. The Senate provided $30 million from the strategic investment and improvements fund for grants.
- Decreases funding from the strategic investment and improvements fund for a critical minerals study to provide $1.5 million. The Senate also decreased this funding, but the House provided $3 million for the study.
- Adjusts the funding for an underground energy storage research project to provide $6 million from the strategic investment and improvements fund and $5.3 million from the federal State Fiscal Recovery Fund. An appropriation of $20 million from the federal State Fiscal Recovery Fund from the November 2021 special legislative session is amended to provide up to $5.3 million for the research project with the remaining amount available for hydrogen development grants. The Senate also included these adjustments, but the House provided $22 million from the strategic investment and improvements fund for the research project.
- Designates $500,000 from the lignite research fund for a study of future lignite electrical generation facilities, the same as the Senate. The House did not designate funding for this study.
- Provides an effective date of July 1, 2025, for a guarantee from the strategic investment and improvements fund for a line of credit related to the purchase of capacity positions on a pipeline, the same as the Senate. The House added the guarantee and line of credit, but did not include an effective date.
- Provides an emergency clause for Senate Bill No. 2165, relating to membership of the clean sustainable energy authority, which was added by the Senate. The House did not include an emergency clause for that bill.
- Adds a statement of legislative intent regarding the state's energy-related programs to support energy development projects. Neither the House nor the Senate included this statement of intent.
- Removes a section, which was included by both the House and the Senate, clarifying the definition of clean sustainable energy projects to identify hydrogen projects as eligible projects.

House Bill No. 1014 - Department of Mineral Resources - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages		$25,401,022	($2,277,755)	$23,123,267	$23,123,267	
Operating expenses		11,410,044	131,060	11,541,104	11,541,104	
Capital assets		80,000	18,000	98,000	98,000	
Transfer to fossil restoration fund		250,000		250,000	250,000	
Total all funds	$0	$37,141,066	($2,128,695)	$35,012,371	$35,012,371	$0
Less estimated income	0	2,568,000	0	2,568,000	2,568,000	0
General fund	$0	$34,573,066	($2,128,695)	$32,444,371	$32,444,371	$0
FTE	0.00	108.00	0.00	108.00	108.00	0.00

Department 470 - Department of Mineral Resources - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Removes Salary Funding for a Funding Pool[2]	Adds One-Time Funding Items[3]	Total Conference Committee Changes
Salaries and wages	$396,394	($2,674,149)		($2,277,755)
Operating expenses			$131,060	131,060
Capital assets			18,000	18,000
Transfer to fossil restoration fund				
Total all funds	$396,394	($2,674,149)	$149,060	($2,128,695)
Less estimated income	0	0	0	0
General fund	$396,394	($2,674,149)	$149,060	($2,128,695)
FTE	0.00	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates, the same as the Senate, as follows:

	General Fund	Other Funds	Total
Salary increase	$409,369	$0	$409,369
Health insurance adjustment	(12,975)	0	(12,975)
Total	$396,394	$0	$396,394

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	($1,284,293)	$0	($1,284,293)
Vacant FTE positions	(1,389,856)	0	(1,389,856)
Total	($2,674,149)	$0	($2,674,149)

The House did not remove funding for a new and vacant FTE funding pool.

[3] One-time funding from the general fund, which was also added by the Senate, but not included by the House, is added as follows:

- $65,412 for additional inflationary increases related to state fleet mileage.
- $83,648 for drones and computer equipment.

The Conference Committee and Senate amended a section related to the Department of Mineral Resources to increase the oil and gas tax revenue allocations to the oil and gas research fund to $17.5 million, an increase of $3 million from the House version, which provided $14.5 million, the same as the 2021-23 biennium.

House Bill No. 1014 - Bank of North Dakota - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Capital assets	$1,510,000	$1,510,000		$1,510,000	$1,510,000	
Bank of North Dakota operations	67,306,548	74,727,686	($4,660,619)	70,067,067	70,067,067	
Total all funds	$68,816,548	$76,237,686	($4,660,619)	$71,577,067	$71,577,067	$0
Less estimated income	68,816,548	76,237,686	(4,660,619)	71,577,067	71,577,067	0
General fund	$0	$0	$0	$0	$0	$0
FTE	173.00	187.00	0.00	187.00	187.00	0.00

Department 471 - Bank of North Dakota - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Removes Salary Funding for a Funding Pool[2]	Total Conference Committee Changes
Capital assets			
Bank of North Dakota operations	$769,366	($5,429,985)	($4,660,619)
Total all funds	$769,366	($5,429,985)	($4,660,619)
Less estimated income	769,366	(5,429,985)	(4,660,619)
General fund	$0	$0	$0
FTE	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates, the same as the Senate, as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$789,224	$789,224
Health insurance adjustment	0	(19,858)	(19,858)
Total	$0	$769,366	$769,366

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($3,106,682)	($3,106,682)
Vacant FTE positions	0	(2,323,303)	(2,323,303)
Total	$0	($5,429,985)	($5,429,985)

The House did not remove funding for a new and vacant FTE funding pool.

This amendment also includes the following changes related to the Bank of North Dakota:

- Adds a transfer of $1.5 million from the Bank's profits to a small business development center, the same as the Senate. The House did not include this transfer.
- Removes a transfer of $3 million from the Bank's profits to the agricultural products

utilization fund, which was included by the the House but was also removed by the Senate; however, Senate Bill No. 2009 includes a transfer of $3 million from the Bank's profits to the agricultural products utilization fund.

- Increases the transfer from the Bank's profits to the general fund to provide $140 million for the 2023-25 biennium, which is the same as the Senate but an increase of $70 million compared to the House version of $70 million.
- Removes a section added by the House to limit the transfer from the Bank's profits to the general fund to provide $70 million for the 2021-23 biennium. The Senate also removed this section. The House version resulted in a reduction to the July 1, 2023, general fund beginning balance. As approved by the Senate and Conference Committee, the transfer for the 2021-23 biennium is $140 million, the same as the transfer approved during the 2021 legislative session.
- Adds a requirement for the Industrial Commission and Bank of North Dakota to study a recruitment and retention incentive program and to provide a report to the Legislative Management. Neither the House nor the Senate included this study and report.
- Adds a statement of legislative intent that the Legislative Assembly consider developing procedures or adopting legislative rules for introducing bills and amendments related to the use of Bank of North Dakota profits. Neither the House nor the Senate provided a statement of legislative intent.

House Bill No. 1014 - Housing Finance Agency - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	$9,556,272	$12,169,742	($1,056,537)	$11,113,205	$11,113,205	
Operating expenses	6,109,060	10,738,241	165,642	10,903,883	10,903,883	
Capital assets	150,000	20,000		20,000	20,000	
Grants	42,975,200	48,805,110		48,805,110	48,805,110	
HFA contingencies	100,000	100,000		100,000	100,000	
Housing incentive fund		12,500,000	1,250,000	13,750,000	15,000,000	($1,250,000)
Total all funds	$58,890,532	$84,333,093	$359,105	$84,692,198	$85,942,198	($1,250,000)
Less estimated income	58,890,532	69,333,093	(890,895)	68,442,198	68,442,198	0
General fund	$0	$15,000,000	$1,250,000	$16,250,000	$17,500,000	($1,250,000)
FTE	49.00	53.00	1.00	54.00	54.00	0.00

Department 473 - Housing Finance Agency - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Adds FTE Position[2]	Removes Salary Funding for a Funding Pool[3]	Adds Funding for Operating Expenses[4]	Adds Funding for Housing Incentive Fund[5]	Total Conference Committee Changes
Salaries and wages	$176,196	$218,908	($1,451,641)			($1,056,537)
Operating expenses				$165,642		165,642
Capital assets						
Grants						
HFA contingencies						
Housing incentive fund					$1,250,000	1,250,000
Total all funds	$176,196	$218,908	($1,451,641)	$165,642	$1,250,000	$359,105
Less estimated income	176,196	218,908	(1,451,641)	165,642	0	(890,895)
General fund	$0	$0	$0	$0	$1,250,000	$1,250,000
FTE	0.00	1.00	0.00	0.00	0.00	1.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates, the same as the Senate, as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$182,349	$182,349
Health insurance adjustment	0	(6,153)	(6,153)
Total	$0	$176,196	$176,196

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding of $218,908 from other funds is added for 1 FTE compliance officer position to provide a total of $437,816 for 2 FTE compliance officer positions. The Senate also provided $437,816 for 2 FTE compliance officer positions, but the House provided $218,908 for 1 FTE compliance officer position.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($986,476)	($986,476)
Vacant FTE positions	0	(465,165)	(465,165)
Total	$0	($1,451,641)	($1,451,641)

The House did not remove funding for a new and vacant FTE funding pool.

[4] Funding of $165,642 from other funds is added for inflationary increases, the same as the Senate. The House did not include funding for inflationary increases.

[5] One-time funding for a transfer from the general fund to the housing incentive fund is increased by $1.25 million to provide total funding of $13.75 million for the housing incentive fund pursuant to a section in the bill. The House provided for a transfer of $12.5 million, but the Senate provided for a transfer of $15 million.

This amendment adds a section related to the Housing Finance Agency to amend the housing incentive fund to remove the 10 percent designation for funding to prevent homelessness and to allow funding to be used for single family housing projects, the same as the Senate. The House did not amend the housing incentive fund.

House Bill No. 1014 - Mill and Elevator - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	$50,560,209	$57,582,794	($3,732,414)	$53,850,380	$53,850,380	
Operating expenses	36,817,000	42,391,653		42,391,653	42,391,653	
Contingencies	500,000	500,000		500,000	500,000	
Agriculture promotion	500,000	500,000		500,000	500,000	
Total all funds	$88,377,209	$100,974,447	($3,732,414)	$97,242,033	$97,242,033	$0
Less estimated income	88,377,209	100,974,447	(3,732,414)	97,242,033	97,242,033	0
General fund	$0	$0	$0	$0	$0	$0
FTE	156.00	170.00	0.00	170.00	170.00	0.00

Department 475 - Mill and Elevator - Detail of Conference Committee Changes

	Adjusts Funding for Health Insurance[1]	Adds Funding for Salary Increases[2]	Removes Salary Funding for a Funding Pool[3]	Total Conference Committee Changes
Salaries and wages	($17,750)	$409,231	($4,123,895)	($3,732,414)
Operating expenses				
Contingencies				
Agriculture promotion				
Total all funds	($17,750)	$409,231	($4,123,895)	($3,732,414)
Less estimated income	(17,750)	409,231	(4,123,895)	(3,732,414)
General fund	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00

[1] Funding of $17,750 from other funds is removed related to an adjustment to health insurance premiums. The Senate also removed this funding, which was added by the House.

[2] Funding of $409,231 from other funds is added for salary increases, which are subject to union negotiations, to provide total salary increase funding of $2,723,414, the same as the Senate. The House provided $2,314,183 for salary increases, the same as requested by the agency in the Executive Budget.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Fund	Total
New FTE positions	$0	($2,367,332)	($2,367,332)
Vacant FTE positions	0	(1,756,563)	(1,756,563)
Total	$0	($4,123,895)	($4,123,895)

The House did not remove funding for a new and vacant FTE funding pool.

This amendment also removes a section added by the House related to the Mill and Elevator Association, which limited the transfer of Mill profits to the general fund to 10 percent. As a result, the transfer of Mill profits to the general fund is 50 percent, the same as the Senate and current law.

Engrossed HB 1014 was placed on the Seventh order of business on the calendar.

TESTIMONY

HB 1014

2023 Legislature

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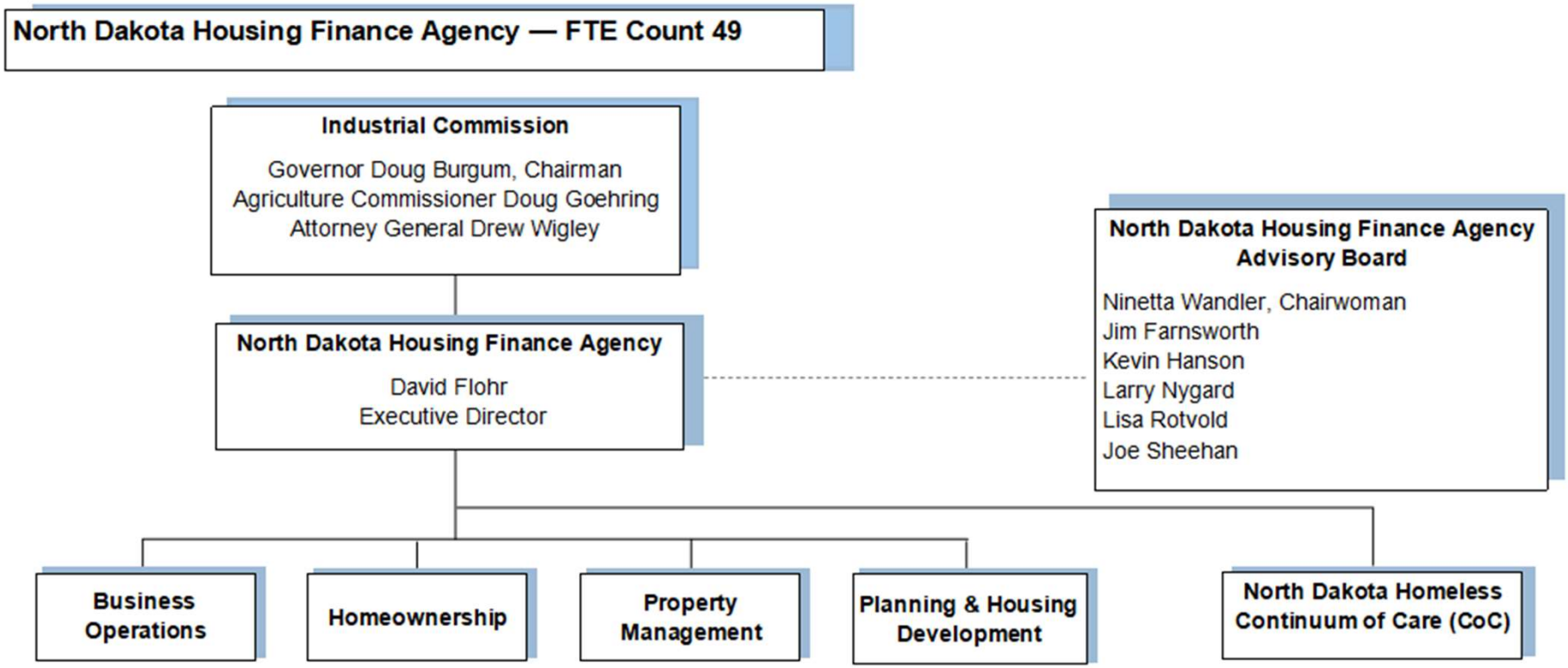
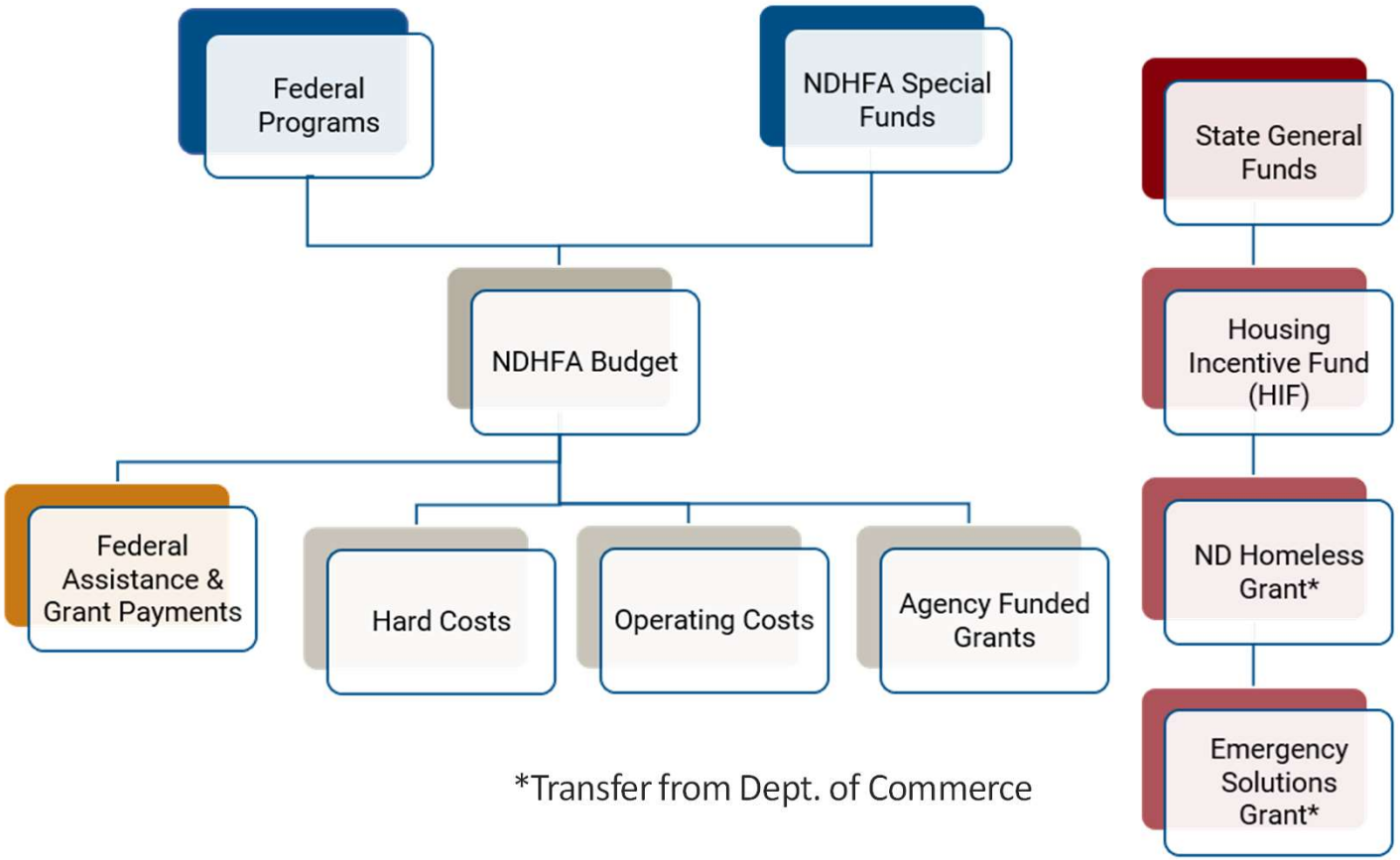
HOUSE APPROPRIATIONS – GOVERNMENT OPERATIONS DIVISION

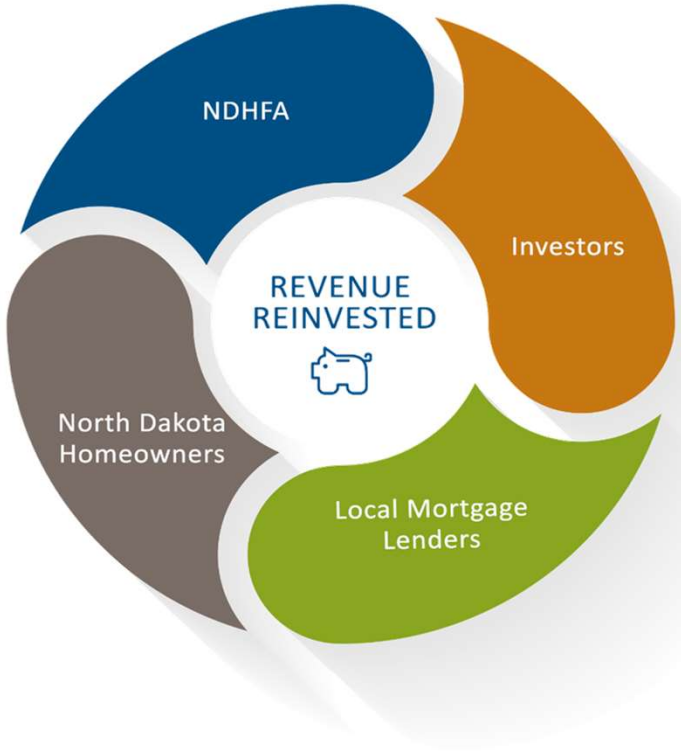
NORTH DAKOTA housing FINANCE AGENCY


North Dakota Housing Finance Agency — FTE Count 49
Industrial Commission
Governor Doug Burgum, Chairman
Agriculture Commissioner Doug Goehring
Attorney General Drew Wigley
North Dakota Housing Finance Agency
David Flohr
Executive Director
North Dakota Housing Finance Agency Advisory Board
Ninetta Wandler, Chairwoman
Jim Farnsworth
Kevin Hanson
Larry Nygard
Lisa Rotvold
Joe Sheehan
Business Operations
Homeownership
Property Management
Planning & Housing Development
North Dakota Homeless Continuum of Care (CoC)

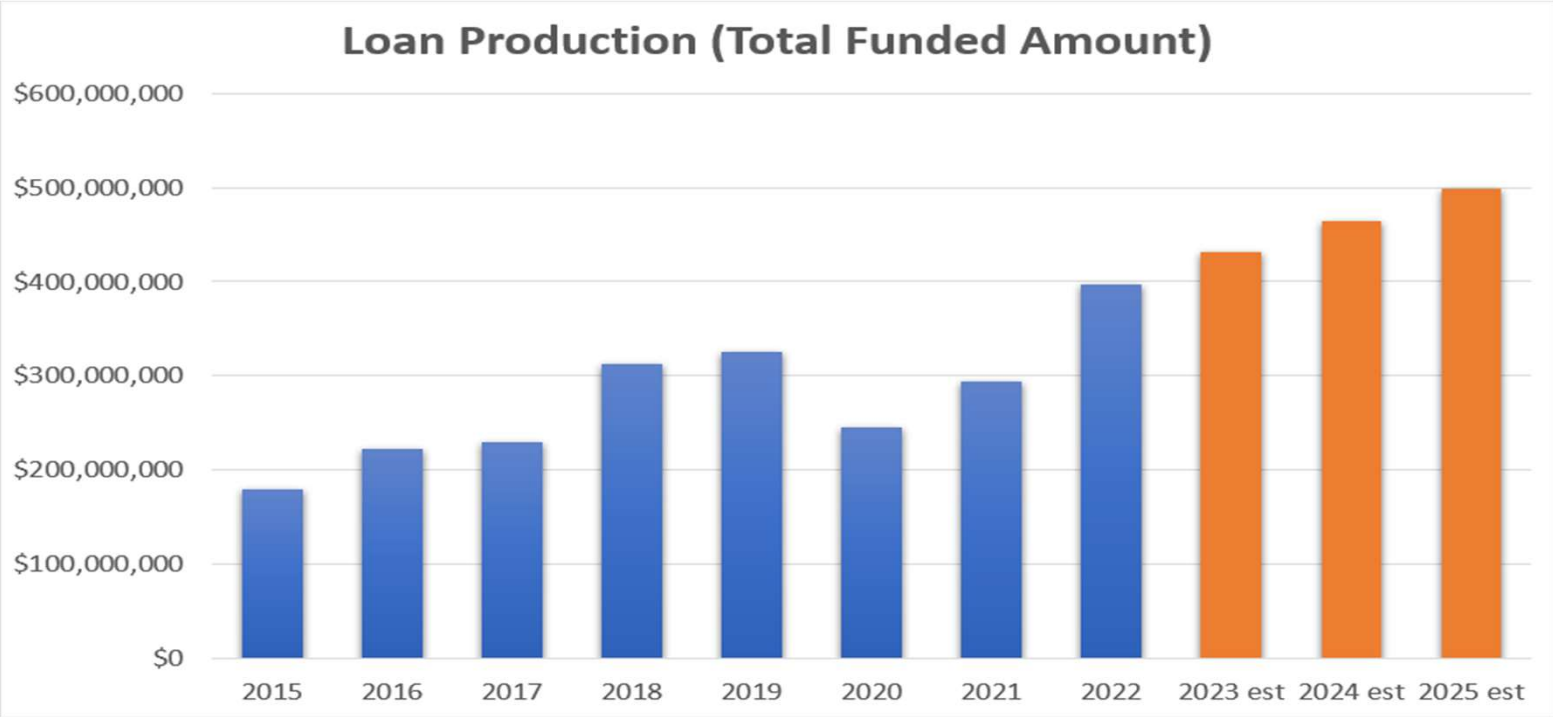


*Transfer from Dept. of Commerce

NDHFA Homeownership



Currently $1.8 billion in assets
Over 11,000 loans serviced



Agency Programs

Young population

Age 65 and over age group growing

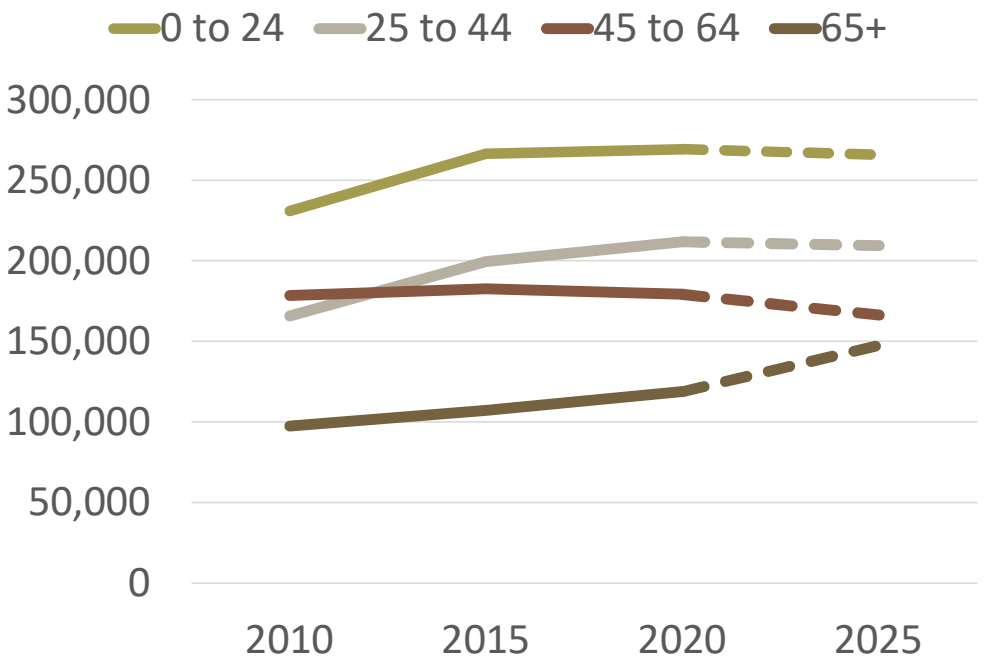
Growth projected in **extremely** low-income to low-income groups

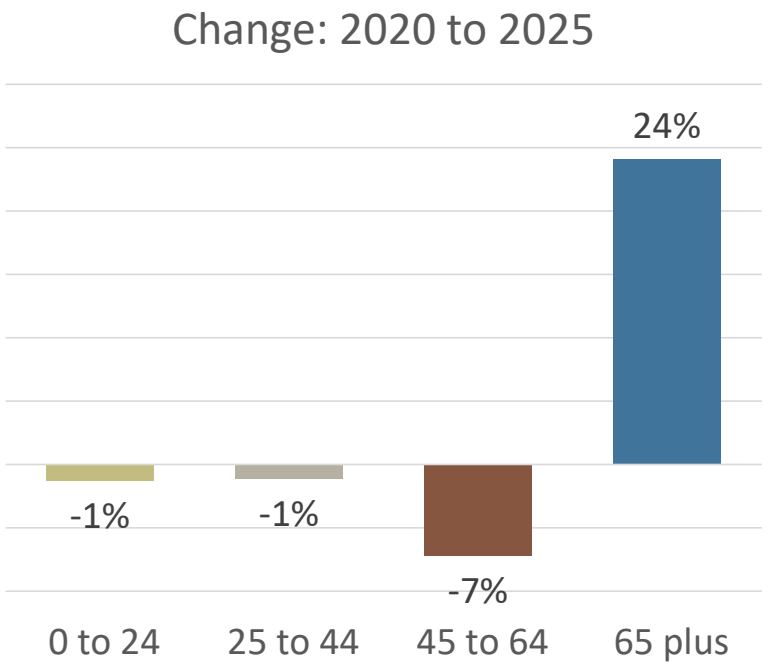
Age of housing stock

Housing Needs Assessment

Total state population by age

2010-2020, 2025 projection – and Percent Change from 2020 to 2025





Source: U.S. Census Bureau and the Center for Social Research (2022b)

Projected Change in Households by Income 2020 to 2025

Household Income Ranges	% Change 2020-2025
Extremely Low (less than) $26,070)	6.4%
Very Low ($26,070 - $43,450)	4.9%
Low ($43,451 - $69,520)	2.4%
Lower Moderate ($69,521 - $99,935)	1.5%
Moderate ($99,936 - $121,660)	0.3%
Upper (greater than $121,661)	-0.1%

Source: U.S. Census Bureau and the Center for Social Research (2022b)

Housing Stock Age

Prior to 1960 = 29%

1960 to 1979 = 27%

1980 to 1999 = 20%

Since 2000 = 24%

Agency-Funded Programs

Full Time Employees

Program Transfer from Commerce

Housing Incentive Fund

Requests

Agency Funded Programs
$380,000 Increase in Housing Reinvestment

Helping HAND

Rehab Accessibility Program

Opening Doors

Housing Market Surveys

FTE Request

Compliance – 2 positions

- Reasoning – State and federal regulations, as well as mortgage investment and bond reporting requirements have become more complex.
- Private sector - internal auditor for every **$400 million** in average daily assets.
- NDHFA currently - 1 FTE allocating **part** of their time for approximately **$1.8 billion** in assets.

FTE Request

Business Analysts – 2 positions

- Reasoning – Succession planning to manage increasingly complex mortgage IT systems driven by **citizen demand, bond rating requirements, and industry standards**.
- Business Analysts connect IT with Agency leadership, interpreting the stakeholders' business goals into specific deliverables, then overseeing their technical development. Analyze the flow of data and predict what changes in infrastructure will be necessary as the business grows.

FTE Request

Mortgage Loan Specialists – 2 positions

- NDHFA currently has 10 FTEs servicing 11,494 loans; NDHFA **employee-to-loan ratio is 1:1,149**.
- The private market standard employee-to-loan servicing ratio is **1:850.**
- If 2 FTEs are added, the employee-to-loan servicing ratio will change to **1:958**

SOURCE: NDHFA AND MORTGAGE BANKERS ASSOCIATION

North Dakota Homeless Grant

Emergency Solutions Grant

Transfer from Commerce

Fits with NDHFA Programs

No Specific FTE request or transfer

Why is someone homeless?

- Health care
- Affordable housing
- Income
- Domestic violence
- Racial disparities
- Landlord engagement
- Background checks

Youth Homeless

Housing Stability

Kids can focus on school

Parents focus on children and work

Schools can focus on education

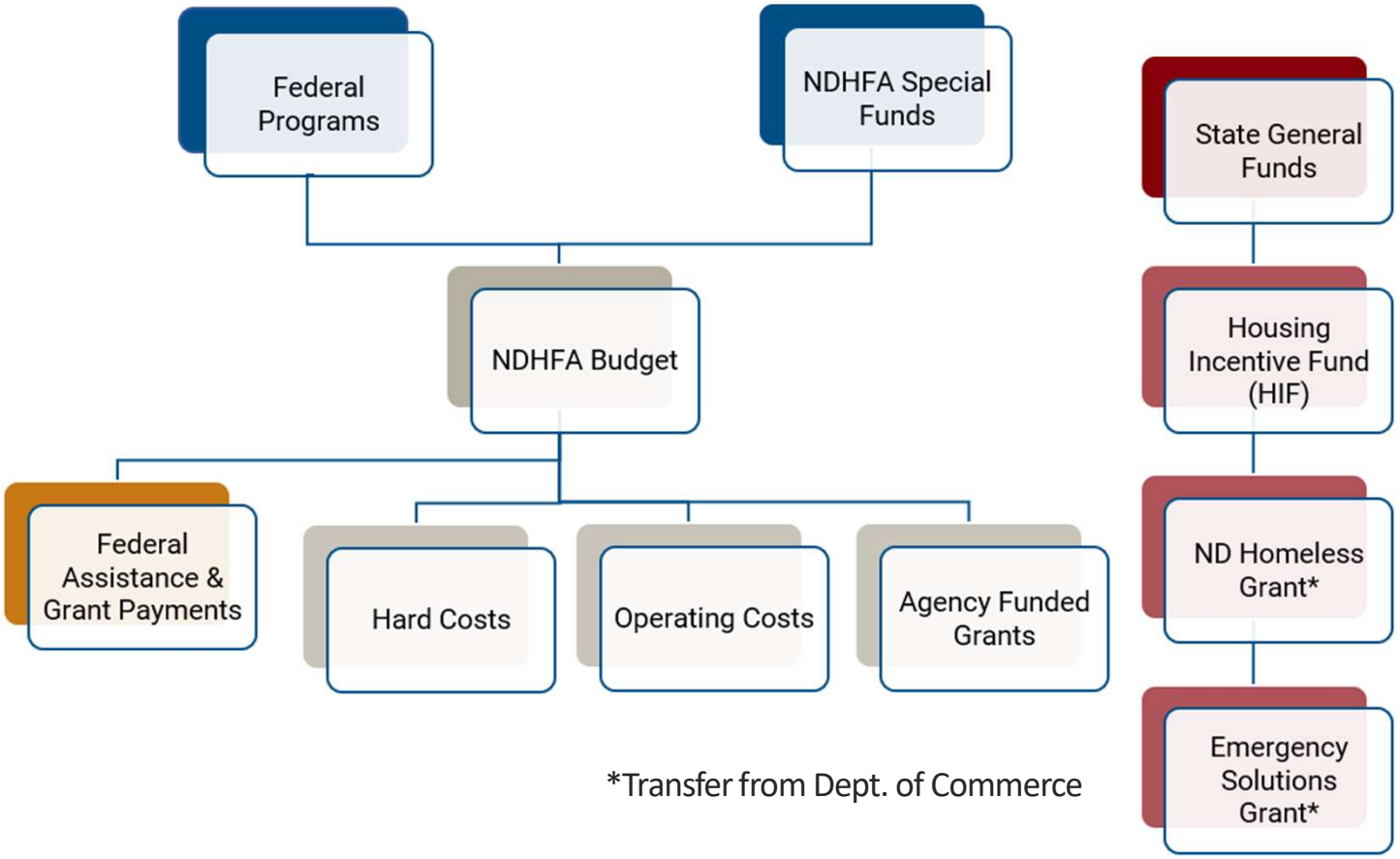
Housing Incentive Fund

Governor Recommendation

$25 million

Senator Kreun bill

$50 million ongoing and single family housing as eligible activity



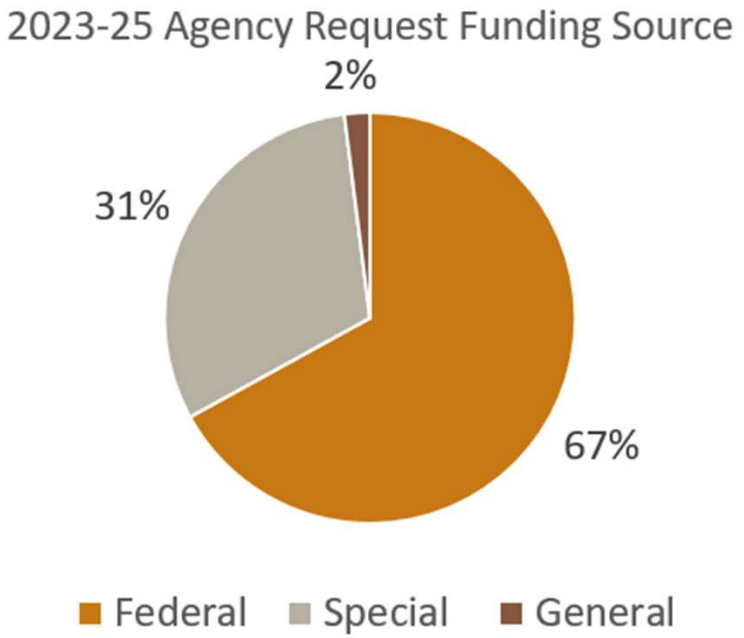
*Transfer from Dept. of Commerce

	21-23 Biennium Budget	Adjustments: One-Time OMB	23-25 Agency Submitted	23-25 Gov. Request	23-25 Agency Request
Salaries & Wages	9,556,272	75,908	11,869,500	12,263,870	12,853,050
Operating	6,144,060	(35,000)	10,903,883	10,738,241	10,903,883
Capital Assets	150,000		20,000	20,000	20,000
Grants	42,975,200		47,875,322	47,875,322	47,875,322
HFA Contingency	100,000		100,000	100,000	100,000
General Fund Transfers (HIF)	9,500,000	(9,500,000)			
Total Appropriation	**68,425,532**	**(9,459,092)**	**70,768,705**	**70,997,433**	**71,752,255**
Federal	44,000,932		47,867,420	48,099,128	48,099,128
Special	14,924,600	40,908	21,331,073	21,328,093	22,082,915
General	9,500,000	(9,500,000)	1,570,212	1,570,212	1,570,212
Total Funding Sources	**68,425,532**	**(9,459,092)**	**70,768,705**	**70,997,433**	**71,752,255**
FTE	49		55	52	55

	21-23 Biennium Budget	Adjustments: One-Time / OMB	23-5 Governor's Recommendation	23-25 Agency Request
Housing Incentive Fund	9,500,000	(9,500,000)	25,000,000	25,000,000
Total Appropriation	**9,500,000**	**(9,500,000)**	**25,000,000**	**25,000,000**
Legacy Earnings	-	-	25,000,000	25,000,000
General	9,500,000	(9,500,000)	-	-
Total Funding Sources	**9,500,000**	**(9,500,000)**	**25,000,000**	**25,000,000**

	2023-25 Governor's Recommendation	Loan Production	Compliance	Change in Costs	Temp Employee	23-25 Agency Request
Salaries & Wages	12,263,870	328,272	218,908		42,000	12,853,050
Operating	10,738,241			165,642		10,903,883
Capital Assets	20,000					20,000
Grants	47,875,322					47,875,322
HFA Contingency	100,000					100,000
Total Appropriation	**70,997,433**	**328,272**	**218,908**	**165,642**	**42,000**	**71,752,255**
Federal	48,099,128					48,099,128
Special	21,328,093	328,272	218,908	165,642	42,000	22,082,915
General	1,570,212					1,570,212
Total Funding Sources	**70,997,433**	**328,272**	**218,908**	**165,642**	**42,000**	**71,752,255**
FTE	**52**	**2**	**1**			**55**

Funding Source for Budget



	2023-25 Agency Request
Federal	48,099,128
Special	22,082,915
General	1,570,212
Total Funding Sources	**71,752,255**

Contact Information

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NORTH DAKOTA housing FINANCE AGENCY

NORTH DAKOTA HOUSING FINANCE AGENCY JANUARY 12, 2023
DIVISION OF THE STATE INDUSTRIAL COMMISSION
BUDGET NO. 473.0
HB 1014 - TESTIMONY OF DAVID A. FLOHR, EXECUTIVE DIRECTOR
HOUSE APPROPRIATIONS – GOVERNMENT OPERATIONS DIVISION

AGENCY OVERVIEW

North Dakota Housing Finance Agency (NDHFA) is dedicated to making housing affordable for all North Dakotans. The agency 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. The agency's advisory board is made up of representatives of the real estate, lending, homebuilding, and manufactured housing industries, and the public. **NDHFA does not receive any general fund dollars for operations**.

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. The agency'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 50,000 homebuyers have utilized NDHFA's homeownership programs since our first bonds were issued in 1982. The agency's current assets exceed $1.787 billion with $1.564 billion in liabilities.

NDHFA's multifamily development programs, the federal Low Income Housing Tax Credit, National Housing Trust Fund, HOME Investment Partnerships Program (HOME) and North Dakota's Housing Incentive Fund (HIF), have supported the development of more than 10,000 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. The agency is also a contract administrator for the U.S. Department of Housing and Urban Development (HUD) under their Performance-Based Contract Administration program monitoring 2,900 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.

The net revenues NDHFA earns are used to fund single-family rehabilitation and construction programs, housing development loans/guarantees, local housing market studies, and offset CoC operating costs.

Since 1982, NDHFA has been a vital component to maintaining access and continuity across North Dakota's housing markets.

In 2022, in conjunction with the NDSU's Center for Social Research, NDHFA conducted a 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:

- Increased spending authority for agency-funded programs.
- Additional FTEs to meet investor, bond, and regulatory requirements and ensure quality service to citizens.
- Adequate compensation for existing staff and new hires.
- The transfer from Commerce to NDHFA of programs for persons who are homeless – North Dakota Homeless Grant and Emergency Solutions Grant.
- Funding for the Housing Incentive Fund.

The following information is outlined in the order as requested by the House Appropriations Committee.

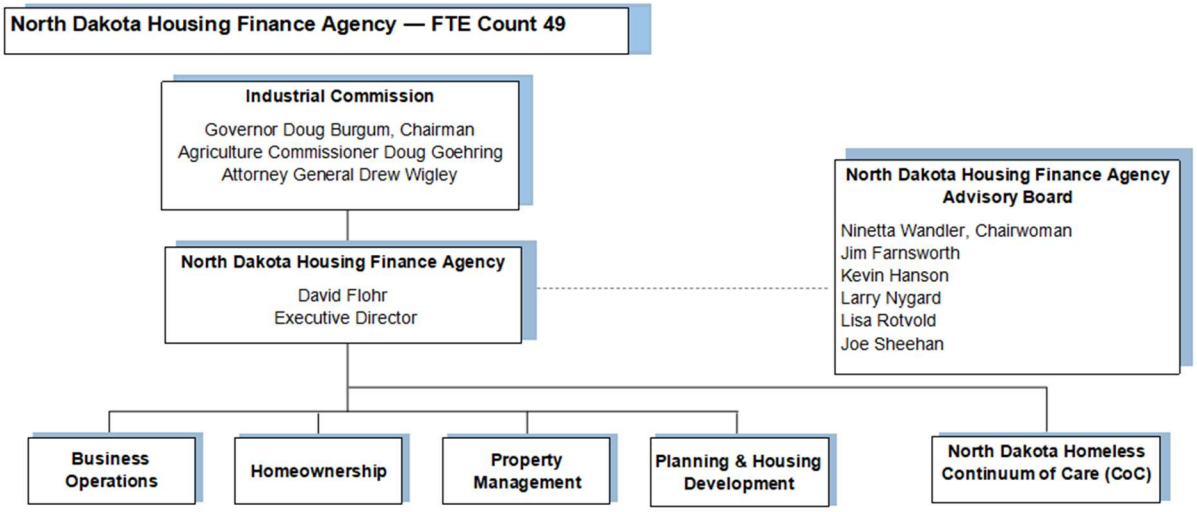
1. NORTH DAKOTA CENTURY CODE CHAPTER(S) ASSOCIATED WITH NDHFA

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

2. NDHFA DIVISIONS/PROGRAMS – ORGANIZATIONAL CHART



Homeownership

NDHFA helps North Dakotans achieve successful homeownership with homebuyer education, down payment and closing cost assistance, and affordable mortgage loans. More than 50,000 North Dakota households have achieved their homeownership dreams with the agency's support.

Multifamily Development and Financing

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. The agency’s planning and housing development 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.

ND Homeless Continuum of Care

The North Dakota's Homeless CoC is the unincorporated organization created to fulfill the responsibilities of the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act. 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. The CoC's organizational structure is multi-tiered to ensure the opportunity for broad input throughout the state and across stakeholders, while designating staff and leadership to carry out the specific goals and responsibilities of the CoC. (Adapted from the HUD Continuum of Care 101)

North Dakota has one Continuum of Care with NDHFA acting as its Collaborative Applicant. 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.

3. FINANCIAL AUDIT FINDINGS

There were no findings in the agency's audit of financial statements for the years ended June 30, 2021, and 2022.

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

MAJOR ACCOMPLISHMENTS

- Homeownership portfolio continues to grow.
- Multifamily development took over HOME program administration from Commerce, funding rounds oversubscribed.
- ND Homeless CoC awarded a Youth Homeless Demonstration Grant from HUD.
- Multifamily development is administering HOME-American Rescue Plan.
- Housing Needs Assessment completed.
- Homeownership assumed servicing of Bank of North Dakota's residential loan portfolio.
- Homeownership expanded its North Dakota Roots program after the transfer of residential lending authority from Bank of North Dakota. This resulted in a record number of Roots loans in 2022.

NEXT BIENNIUM GOALS AND PLANS

Findings in the 2022 Statewide Housing Needs Assessment 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.

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

- Homeownership and multifamily 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 compensated staff to continue our mission. Continue succession planning to address upcoming retirements of key finance division personnel. Additional FTEs are needed to properly address transition.
- Agency Programs - with an increase in the amount of agency-funded programs by $380,000 from $570,000 to $950,000, NDHFA can enhance its efforts in rehabilitating aging housing stock, providing accessibility improvements, assisting with community planning, and helping individuals to obtain housing. The latter includes supporting North Dakota Health and Human Services (HHS) in meeting the requirements of the Department of Justice settlement. Agency-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.
- New Programs - transferring Commerce's Emergency Solutions Grant and North Dakota Homeless Grant programs to NDHFA improves efficiency of program delivery for homeless service providers.
- Housing Incentive Fund (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.
- Put into operation a Loan Guaranty Fund (LGF) would reduce mortgage costs for future homeowners and produce revenue that can further enhance agency-funded programs.

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

	21-23 Biennium Budget	Adjustments: One-Time / OMB	23-25 Agency Submitted	23-5 Governor's Recommendation	23-25 Agency Request
Salaries & Wages	9,556,272	75,908	11,869,500	12,263,870	12,853,050
Operating	6,144,060	(35,000)	10,903,883	10,738,241	10,903,883
Capital Assets	150,000		20,000	20,000	20,000
Grants	42,975,200		47,875,322	47,875,322	47,875,322
HFA Contingency	100,000		100,000	100,000	100,000
Total Appropriation	**58,925,532**	**40,908**	**70,768,705**	**70,997,433**	**71,752,255**
Federal	44,000,932		47,867,420	48,099,128	48,099,128
Special	14,924,600	40,908	21,331,073	21,328,093	22,082,915
General	-	-	1,570,212	1,570,212	1,570,212
Total Funding Sources	**58,925,532**	**40,908**	**70,768,705**	**70,997,433**	**71,752,255**
FTE	**49**		**55**	**52**	**55**

	21-23 Biennium Budget	Adjustments: One-Time / OMB	23-5 Governor's Recommendation	23-25 Agency Request
Housing Incentive Fund	9,500,000	(9,500,000)	25,000,000	25,000,000
Total Appropriation	**9,500,000**	**(9,500,000)**	**25,000,000**	**25,000,000**
Legacy Earnings	-	-	25,000,000	25,000,000
General	9,500,000	(9,500,000)	-	-
Total Funding Sources	**9,500,000**	**(9,500,000)**	**25,000,000**	**25,000,000**

6. 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 agency operations and the administration of programs. Excess revenues are reinvested into agency-funded programs such as the Rehab Accessibility Program, Helping HAND, local housing market studies, and to cover administration of programs such as the Homeless Continuum of Care.

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

b. AMOUNTS INCLUDED IN THE REQUEST/RECOMMENDATION AND JUSTIFICATION FOR THE CHANGE FROM THE BASE BUDGET. DISCUSS CHANGES RELATING TO:

(1) SALARIES AND WAGES

	23-5 Governor's Recommendation	23-25 Agency Request
21-23 Base Level FTE	49	49
Salaries and Wages		
23-25 Base Level Salaries & Benefits	**9,556,272**	**9,556,272**
OMB Base payroll changes	75,908	75,908
Add:		
Cost to Continue	878,102	878,102
Emergency Solutions Grant - Transfer from Dept of Commerce	84,538	84,538
Temp Salaries		42,000
Loan Production (4 FTE; Gov Recommendation 2 FTE)	466,592	794,864
Compliance (2 FTE; Gov Recommendation 1 FTE)	218,908	437,816
Governor's 23-25 pay plan increase	983,550	983,550
Total Salary and Benefits	**12,263,870**	**12,853,050**
FTE	**52**	**55**
Federal	2,314,285	2,903,465
Special	9,949,585	9,949,585
General	-	-
Total Funding Sources	**12,263,870**	**12,853,050**

The change related to salary and wages is due to our request for additional FTE, cost to continue, and the Governor's compensation package. Included in the cost to continue is the increase of salaries needed to hire new staff, especially in the fiscal services area, where NDHFA competes with private sector financial institutions. Also included in the cost to continue is the reorganization of our financial accounting department to prepare for succession planning of key financial staff.

NDHFA currently has no open FTE positions and is requesting 6 FTEs compared to the Governor recommended 3 FTEs. Without adequate staffing for our Homeownership programs, 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 agency-funded programs.

The entire cost of the additional FTEs will be paid exclusively by special funds.

(2) OPERATING EXPENSES

Operating costs increases correlates with the increase in mortgage loan servicing. The homebuyer market remains strong across the state and business has increased in the current biennium. Additional operating costs included in the budget are associated with administration of the Emergency Solutions Grant program, if transferred from Commerce.

The $165,642 change in Operating Costs **(all paid with special funds)** is due to increases in rent, data processing increases (i.e., contracts, equipment, etc.), and other inflation affected costs added back from the Governor's request.

(3) CAPITAL ASSETS

Decrease due to the one-time purchase of multifamily development software and the cost of replacing copiers.

(4) GRANTS

- Federal grant funding increase includes $1.9 million for HOME-American Rescue Plan and Performance-Based Contract Administration programs, and an additional $1.2 million due to a transfer from Commerce of the Emergency Solutions Grant (ESG). The ESG transfer includes $240,000 from the General Fund needed for program match requirements.
- Special funds base increase of $380,000 for agency-funded grants
- Transfer of North Dakota Homeless Grant from Commerce includes $1.3 million from General Fund.

(5) ANY SPECIAL LINE ITEMS

None.

(6) ESTIMATED INCOME – SPECIAL FUNDS

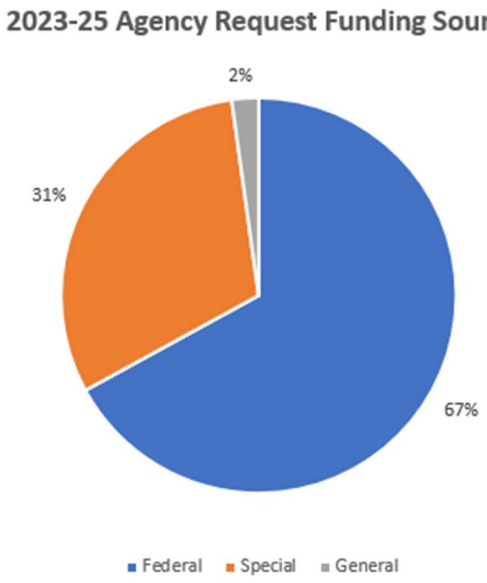
NDHFA generated revenue is derived from mortgage loan production and loan servicing revenue. All revenue streams are allocated to cover operating expenses and fund agency grants.

(7) ESTIMATED INCOME – FEDERAL FUNDS

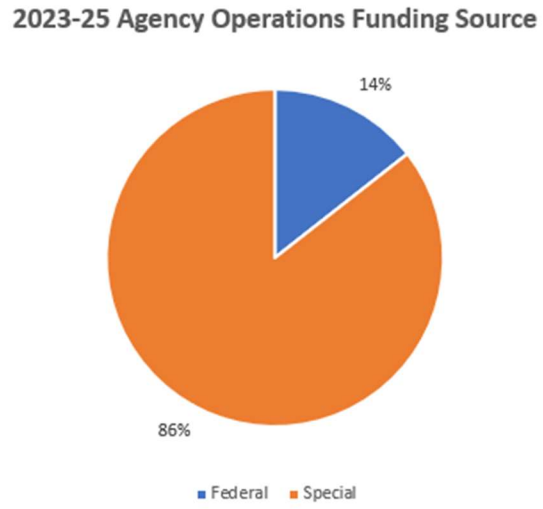
Federal funding increased $1,147,341 due to the proposed Emergency Solutions Grant program transfer from Commerce and increases in rate and utilization of HUD's Performance-Based Contract Administration program.

(8) GENERAL FUND

Increase of $1,570,212 due to the transfer of the North Dakota Homeless Grant program and the matching funds for the Emergency Solutions Grant from Commerce.



	2023-25 Agency Request
Federal	48,099,128
Special	22,082,915
General	1,570,212
Total Funding Sources	**71,752,255**



	2023-25 Agency Request
Salaries & Wages	12,853,050
Operating	10,903,883
Capital Assets	20,000
HFA Contingency	100,000
Total Agency Operatior	**23,876,933**

Federal	3,444,018
Special	20,432,915
General	-
Total Funding Sources	**23,876,933**

(9) FTE

The agency requested 6 new FTEs compared to the Governor's recommendation of 3 FTEs. NDHFA is requesting all 6 FTEs. The additional FTEs will increase the base budget by $1,232,680 which will be funded exclusively with the agency's special funds.

Compliance Positions – 2 positions: Reasoning – state and federal regulations, as well as mortgage investment and bond reporting requirements have become more complex.

Compliance officers will conduct internal assessments and compliance testing to provide division and program administration support to ensure an appropriate control environment is implemented and steer the overall technical compliance trajectory of the agency.

The Code of Federal Regulations – National Archives and Records Administration requires the private sector to employ an internal auditor for every $400 million in average daily assets. NDHFA currently has 1 FTE, allocating part of their time for approximately $1.8 billion in assets.

If 2 FTEs are added, each position would be responsible for the compliance of $900 million in average daily assets in addition to overseeing state and federal regulations as well as mortgage investment and bond reporting requirements.

Business Analysts – 2 positions: Reasoning – succession planning. Need to align business and technical processes to meet citizen demand and industry expectations.

Business Analysts help Agency leadership to define technical goals, then oversee development by Information Technology staff. Analyze the flow of data and predict what changes in infrastructure will be necessary as the business grows.

Mortgage Loan Specialists – 2 positions: Reasoning – North Dakota's low-income population is forecasted to grow 11% by 2025 driving the need for the agency's below-market mortgage interest rates and down payment and closing cost assistance. As a state with one of the youngest populations, we will have a large segment of our population entering prime homebuying years for the next decade.

Mortgage loan specialists work with the agency's lending partners to originate loans that are sold to NDHFA when closed. All the loan servicing is done in-house with staff working one-on-one with homeowners who experience financial difficulties to help maintain housing stability and preserve financial well-being. Both loan documentation and customer service are labor intensive due to the federal regulations associated with lending to low-income households and the inexperience of first-time homebuyers.

NDHFA currently has 10 FTEs servicing 11,494 loans; NDHFA employee-to-loan ratio is 1:1,149. The private market standard employee-to-loan servicing ratio is 1:850.

If 2 FTEs are added, the employee-to-loan servicing ratio will change from 1:1,149 to 1:958, which is still higher than private market standards.

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

During the 67th North Dakota Legislative Session, $9.5 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 housing. Eligible recipients include local, state, and tribal governments and housing authorities, community action agencies, regional planning councils and multifamily housing developers.

For more information about HIF visit: https://www.ndhfa.org/index.php/ndhif/.
A one-time funding amount of $35,000 was used to commission a Statewide Housing Needs Assessment. The assessment identified issues and solutions which can be used to make strategic decisions related to the housing market.

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

The Governor is recommending $25 million for the Housing Incentive Fund.

9. AGENCY COLLECTIONS DEPOSITED IN THE GENERAL FUND OR SPECIAL FUND

GENERAL FUND – no funds are deposited into the General Fund.

SPECIAL FUND – NDHFA generates its own special fund revenue through the administration of NDHFA programs.

FEDERAL FUND - NDHFA receives funding from HUD for rental and multifamily development programs and the Homeless Continuum of Care.

10. NEED FOR OTHER SECTIONS INCLUDED IN THE AGENCY APPROPRIATION BILL

NDHFA requests the approval of Section 4. Appropriation.

> **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 the agency with the flexibility to capitalize on new funding opportunities and continue to meet the state's housing challenges.

11. OTHER BILLS BEING CONSIDERED AND POTENTIAL BUDGETARY IMPACT

Anticipated Senator Kreun sponsored bill – provides for $50 million of Legacy Fund earnings to be allocated to the Housing Incentive Fund on July 1 of each odd-numbered year. The bill also will include making single-family rehabilitation, construction and acquisition as an eligible activity.

Housing Incentive Fund – Governor's recommendation for $25 million from Legacy Fund earnings for the 2023-25 biennium.

HB 1062 – Industrial Commission bill that updates language in N.D.C.C. 54-17-01 related to NDHFA with no budgetary impact.

12. ITEMIZED LIST OF CHANGES NHDFA IS REQUESTING TO THE GOVERNOR'S RECOMMENDATION

	2023-25 Governor's Recommendation	Loan Production	Compliance	Change in Costs	Temp Employee	23-25 Agency Request
Salaries & Wages	12,263,870	328,272	218,908		42,000	12,853,050
Operating	10,738,241			165,642		10,903,883
Capital Assets	20,000					20,000
Grants	47,875,322					47,875,322
HFA Contingency	100,000					100,000
Total Appropriation	**70,997,433**	**328,272**	**218,908**	**165,642**	**42,000**	**71,752,255**
Federal	48,099,128					48,099,128
Special	21,328,093	328,272	218,908	165,642	42,000	22,082,915
General	1,570,212					1,570,212
Total Funding Sources	**70,997,433**	**328,272**	**218,908**	**165,642**	**42,000**	**71,752,255**
FTE	**52**	**2**	**1**			**55**

13. COMPARISON OF NDHFA'S MAJOR REQUESTS TO THOSE RECOMMENDED IN THE EXECUTIVE BUDGET

- NDHFA asks for 6 FTE compared to Governor's 3 FTE to ensure meeting the agency's goals and requirements as outlined previously.
- NDHFA asks that the funding for Temporary Employee request be added back to assist with succession of key personnel.
- Add back Change of Operating Costs (all paid with special funds) that are due to increases in rent, data processing and inflation.

14. PURPOSE AND AMOUNT OF FEDERAL STATE FISCAL RECOVERY FUNDING APPROPRIATED DURING THE 2021 SPECIAL LEGISLATIVE SESSION

No federal funding was received.

15. FEDERAL FUNDING AVAILABLE FOR THE 2023-25 BIENNIUM

NDHFA federal funding request is $48 million.

16. ADDITIONAL INFORMATION

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

NDHFA Budget website, http://www.ndhfa.org/index.php/budget/.

Housing Incentive Fund, https://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)

North Dakota Housing Finance Agency 2020-2025 Strategic Plan, https://www.ndhfa.org/wp-content/uploads/2021/01/StrategicPlan2020-2025.pdf.

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Testimony before House Appropriations
January 12, 2023
Todd Steinwand, President
Bank of North Dakota

Mr. Chairman and members of the Committee. I am Todd Steinwand, President and CEO of the Bank of North Dakota which is overseen by the North Dakota Industrial Commission. Thank you for the opportunity to present our proposed 2023-2025 budget. Today, I will present a short overview of BND and its organizational structure and accomplishments of the Bank before identifying our challenges, proposed budget and capital requests.

BND Mission and Economic Impact

The mission of BND to deliver quality, sound financial services that promote agriculture, commerce and industry in North Dakota has not changed in 104 years. What has evolved is how we meet the directive of not competing with private sector financial institutions but instead supporting them as an agile partner that creates financial solutions to current and emerging trends. Let me state this right up front. As America's only bank owned by a state, BND is a partnership with local financial institutions. BND currently has over $5.0 Billion of state revenues loaned to support farmers, ranchers, students, and main street business in North Dakota.

Bank of North Dakota, in its founding documents was directed to not compete but to support and enhance North Dakota's private sector financial institutions. Because of BND's coordination and support of the private sector, North Dakota has the highest number of banks per capita than any other state in America. While locally owned small and mid-sized banks and credit unions (those under $10 billion in assets) account for only 29 percent of deposits nationally in North Dakota, local financial institutions account for 83 percent of the market. (Note: ilsr.org/rule/bank0of-north-dakota-2/)

In addition to the $5.0B in loan participations, BND provides a variety of servicers such as bank borrowing lines, check clearing, treasury and trust services and letters of credit. Local financial institutions also serve as the "distribution point" for BND's economic development programs such as the PACE programs and disaster relief programs.

BND Economic Impact

If you recall, in the 2017 legislative session, BND was directed to develop the ability to conduct “dynamic fiscal impact modeling”. This was accomplished through the purchase of the Regional Economic Modeling software (REMI) and by retaining Scotty Nystrom of FTI consulting as the person to run the model. Over the years, BND has conducted REMI analysis on various economic development incentives and proposed projects.

Over the years, I’ve repeatedly said that BND’s greatest impact on North Dakota is our ability to participate in loans with local financial institutions. As noted earlier, today the loan portfolio exceeds $5.0B. To really understand the economic impact, BND utilized the REMI model to evaluate its impact from 2011 to 2020. It shows a total economic impact of $18.5B in that decade. Further, REMI is able to break out the impact by region using the eight designated economic development regions in the state.

Legislatively Directed Programs

Another area BND, in partnership with the legislature, is able to impact communities is through the Legislatively directed programs. In the last 10 years, the number of revolving loan funds and other programs BND administrates has reached 23 programs with $904 million in assets. These programs provide a low, fixed rate, longer-term loan to political subdivisions and program participants to build infrastructure or schools or to support specific economic development initiatives of the state.

After the 2019 session, BND implemented new loan programs for the Clean Sustainable Energy Authority (CSEA); Agriculture Development and Diversification Fund (ADD); and established the Permanent Rebuilders Loan Fund. In addition, BND merged assets into the State Water Commission Water Infrastructure Loan Fund. BND also administers loans for the LIFT fund in coordination with the Department of Commerce.

Overall, assets in the legislative directed programs have grown 131% since 2016 from $391 million to $904 million.

Financial Highlights

As noted earlier, BND continues to grow its assets and loan portfolio. In 2018, bank assets were $7.0B. Today, bank assets are $10.2B, a 46% increase in assets while the total number of approved FTEs has declined by 4.4%. BND is able to utilize technology and implement various efficiencies but as noted in the current budget request, the bank is reaching the size where it requires additional employees. Since 2018, BND assets are up by 45%; deposits are up 74% and loan volume has grown by 17%.

Net income at BND continues to grow due to strong loan demand and growing diversification of the state's economy. For the 2021-2023 biennium, BND is projected to earn around $350 million with an estimate of $393 million for the 2023-2025 biennium. It is anticipated the asset size of the bank will decrease to $9.5B as the infusion of federal funds from COVID and AARPA run off.

Over the last four biennium's BND has earned net income of $1.2B with capital contributions to the state's general fund and other programs totaling $851 million. This accounts for 70% of BND's net income over the last 8-years. BND's request for the 2023-2025 biennium is to retain a significant portion of its capital to enable the bank to continue meeting its mission. The goal is to achieve $1.5B in capital by the end of 2026.

One of the key metrics evaluated by regulators and S&P is the relative strength of the bank's capital. Capital is the difference between a bank's assets and liabilities and represents the net worth of the bank or the value of its equity to investors. In this case, the equity held on behalf of the Legislature and the state of North Dakota. Banks are required to maintain adequate capital reserves enabling it to handle a certain amount of losses before being at risk of being insolvent.

Capital also determines acceptable levels of lending concentration and leads into the capacity of the Bank to lend to the public and private sector. For instance, last session the Legislature had BND extend a $250 million line of credit for the Clean Sustainable Energy Authority loan program. BND also issued letters of credit to support large, economic development projects in the state. Without a strong capital position, these types of activities are difficult if not impossible.

2023-2025 Budget Request

Entering the 2023-2025 biennium, the key challenges for Bank of North Dakota include the capital constraints, which we already touched on, and retention and recruitment of employees. As noted earlier, for a $10B institution, BND runs lean and relies on technology and automation to enable its efficiency. However, running the systems of such a complex bank require smart, qualified people.

Today, 62% of BND's employees are below the salary midpoint as raises over the last three biennia were kept low with one biennium being a zero percent increase. At the Bank, the salary challenge is coming to light with an increased turnover rate from 7% in 2020 to 11.5% today. The assets per employee increased from $40 million in 2013 to $63 million today with earnings increasing from $553,000 per employee to over $1.17 million today.

To keep the bank functioning at a high capacity serving the financial institutions, state agencies and communities across the state, requires us to compete with the private sector financial institutions. While BND will never be able to offer stock options or some of the other perks of the private sector, it is essential that salaries at BND become more equitable and keep pace with inflation.

Today, you will see BND's budget request a proposed increase of 12 FTE's for the 2023-2025 biennium BND with a corresponding budget increase of $2.5 million. This estimate was prepared in late summer. Due to the growth of the loan portfolio, it is our expectation to increase this request. We are currently completing our due diligence and will work with the subcommittee on a specific request for FTE's. Let me reiterate that BND is managed as a business and employees will only be hired if needed and layered in over the biennium. Specific requests to date include:

- 2 for the Lending Division due to loan volume growth
- 2 for Credit Administration due to increased complexity and volume of loans
- 1 for Business Development for a University / Student Development Coordinator
- 7 for the Collateral Valuation Division to account for anticipated growth

Of the additional funding:

- $895,000 is for continuation of the 2021-2023 legislative salary increases along with additional costs related to employee turnover and recruitment.
- $750,000 is proposed for equity increases
- $804,000 for IT related enhancements
- $406,000 for vendor inflation adjustments

The proposal by BND compared to HB1014 as pre-filed increases by 4 FTE's and includes the Governor's proposed 6%/4% salary increase.

Program Request for BND Capital

Each session, BND provides a request to the Legislature for an appropriation for program costs. The following are the 2023-2025 requests:

- $60 million for the various PACE buydown programs. This represents an increase of $20 million from the previous biennium due to demand.
- $5 million for the Agriculture Product Utilization Commission. (APUC)
- $1.5 million to transition funding for the ND Small Business Development Center from the Department of Commerce to Bank of North Dakota.

Thank you for the opportunity to testify today on BND's proposed budget for the 2023-2025 biennium. I am happy to take any questions.

BND
Bank of North Dakota

America's Only Bank - Owned by a State
Serving North Dakota for 104 years

House Bill 1014

- BND Overview
- Financial Highlights
- Challenges
- 23-25 Proposed Budget
- Capital Requests
- Appendix – FTE Request Detail

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

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

BND is an agile partner that creates financial solutions to current and emerging economic needs.

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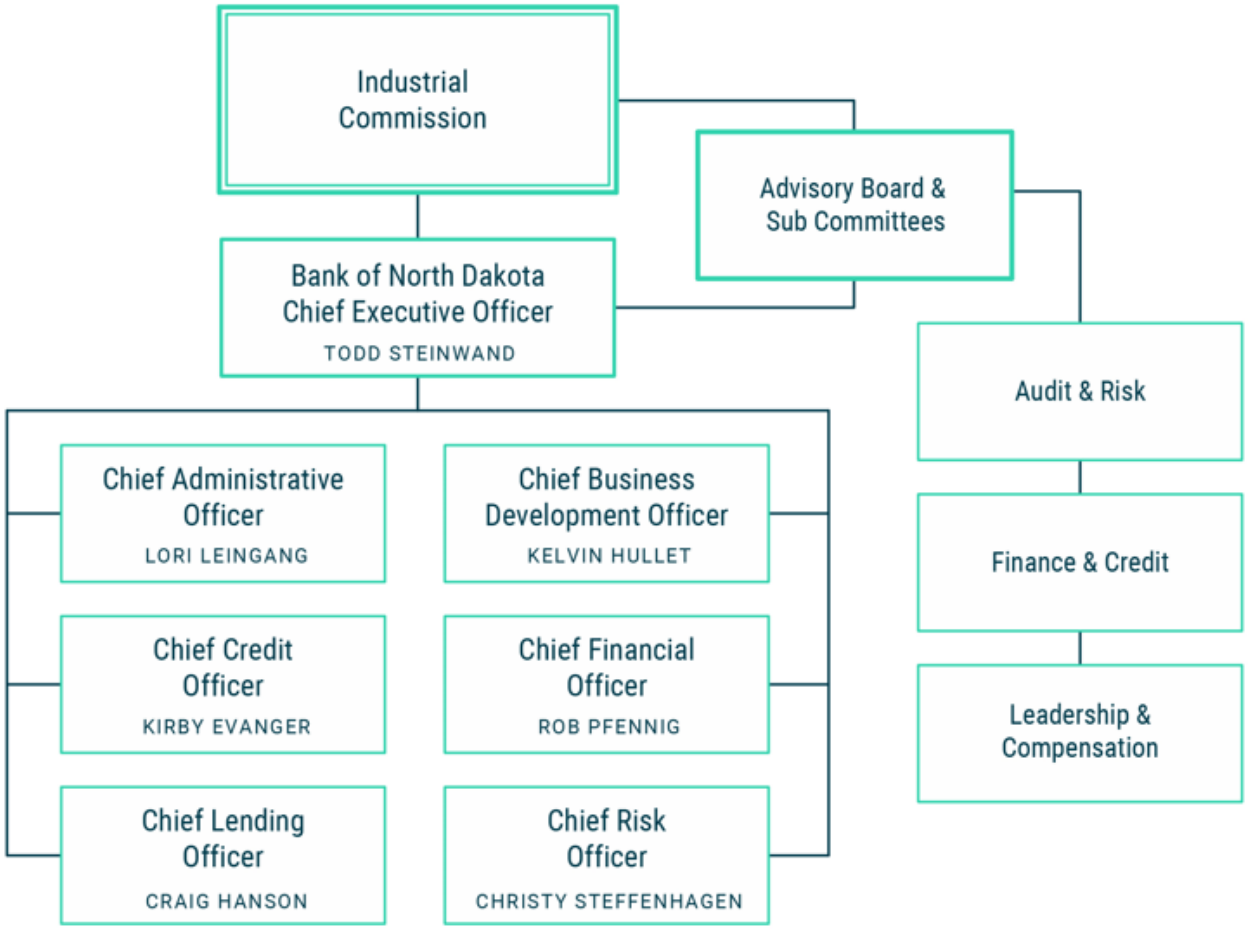
BND Organizational Structure

ND Century Code 6-09



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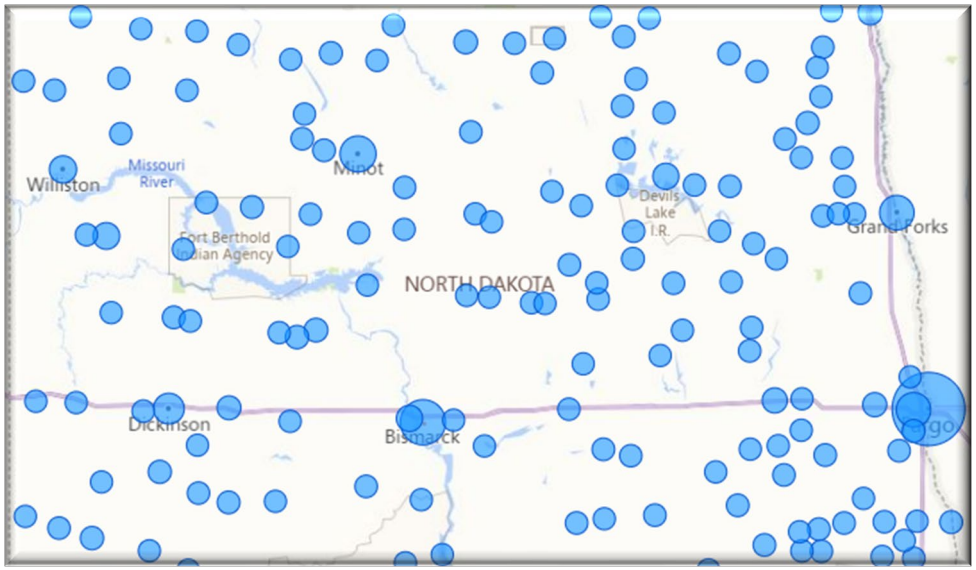
BND is a Banker's Bank "Public-Private Partnership"

- North Dakota is #1 in the Nation for the most bank's per capita

- BND provides:
  - Loan participations
  - Special loan programs
  - Bank stock loans
  - Letters of credit
  - Bank borrowing lines
  - Check clearing
  - Treasury services
  - Trust services

BND Loan Activity by Location In ND



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Investing in North Dakota

"As America's only Bank owned by a State, BND, in partnership with local financial institutions, currently has over $5.0 billion of state revenues loaned to support Farmers, Ranchers, Students, and Main Street Businesses in North Dakota."

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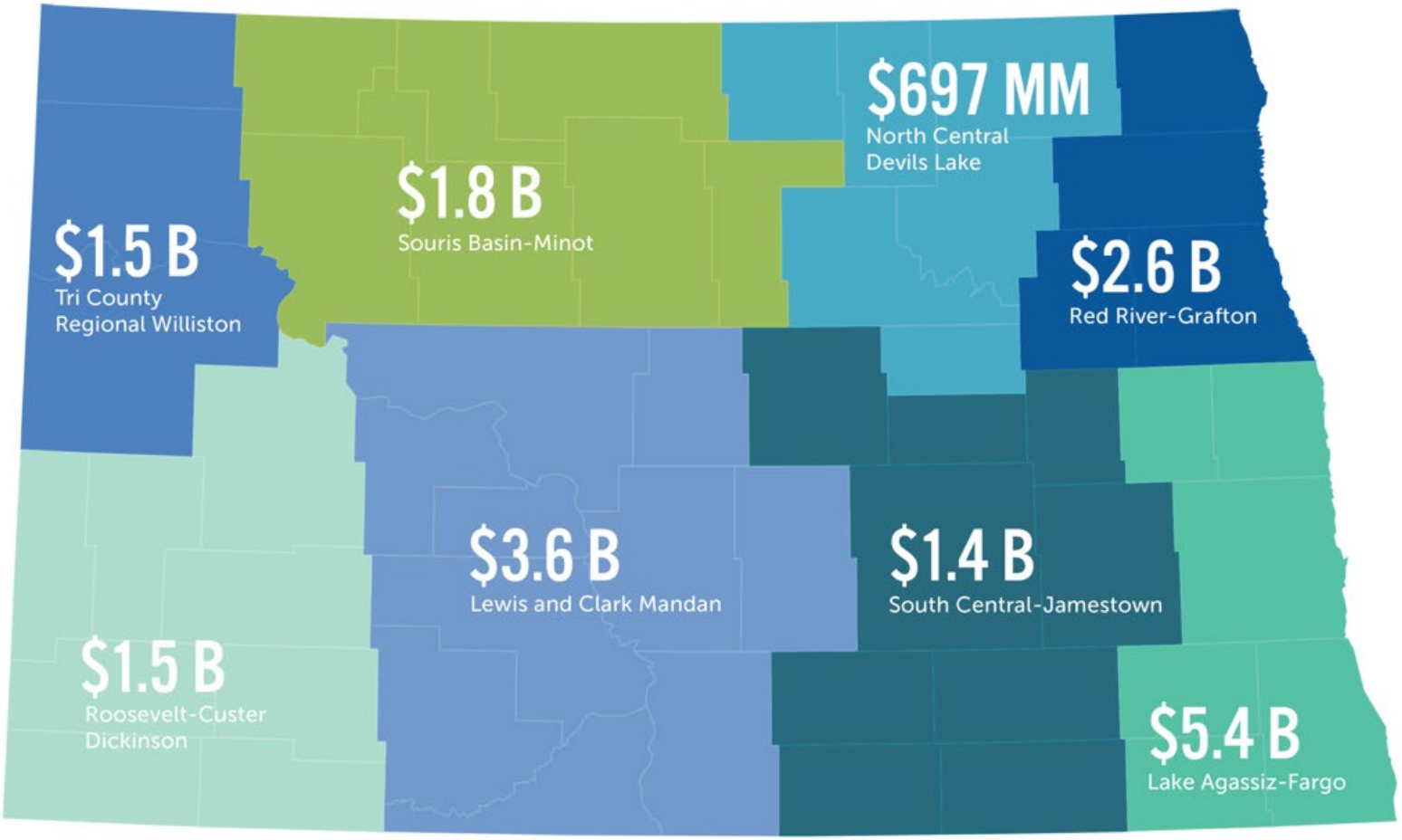
Economic Impact

BND Economic Impact by Regional Council 2011-2020 = $18.5 billion



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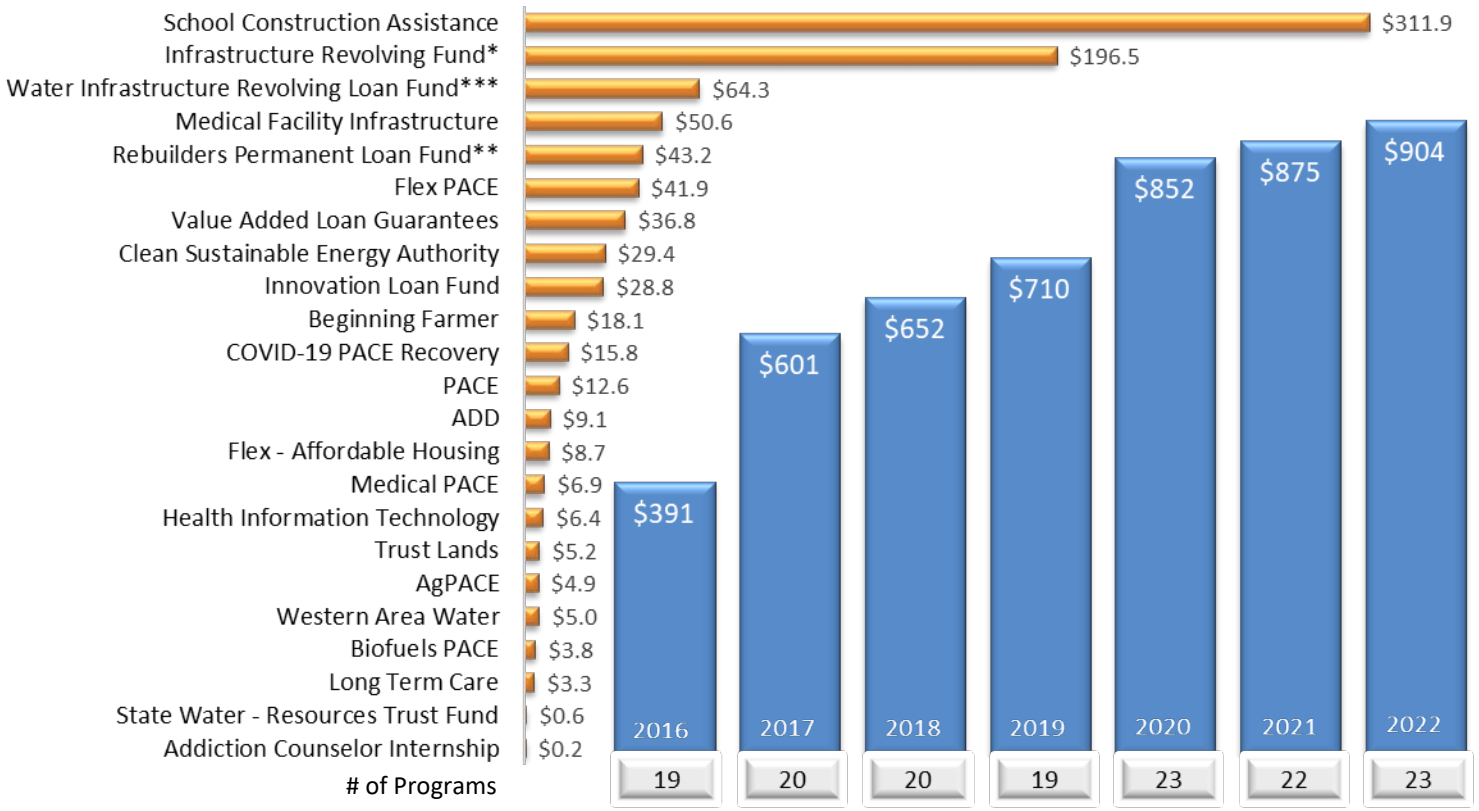
Legislatively Directed Loan Programs

BND administers 23 programs and $904 million in assets for the Legislature

$ in millions



- BND administers $904 million in net assets for legislatively directed loan programs. These programs serve a wide range of purposes, including school construction, water projects, general and medical infrastructure, and disaster recovery.
- *Infrastructure Revolving Fund includes $52 million to be transferred from BND's capital.
- ** HB 1187 created The Rebuilders Permanent Loan Fund (RPLF) during the 67th Legislative Session. This permanent revolving loan fund was established by transferring $50 million in loans and cash from the Small Employer Loan Fund (SELF) created by BND during the Covid 19 pandemic to the RPLF.
- ***The Water Infrastructure Revolving Loan Fund was created by HB 1431. The Fund combined previously reported Community Water and State Water – Revolving Loan Fund.

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Key Accomplishments

- Bank assets have grown from $7.0 billion in 2018 to $10.2 billion in 2022, a 46% increase while the total number of approved FTE's declined by 4.4%.
- In 2022, BND originated and renewed over $2.0 billion in loans.
- Assets in the legislative directed programs have grown 131% since 2016 from $391 million to $904 million in 2022.
- Our Treasury Department settled 3,400 customer trades for a total number of bond holdings for customers of 14,500. This is a 9% increase from the beginning of the year, and a 44% increase since 2020. When combined with BND's own portfolio, over $15 billion worth of bonds are held at BND, which far exceeds previous highs.
- Under Legislative direction, BND implemented new administered loan programs for Clean Sustainable Energy Authority, Agriculture Diversification and Development Fund, established a Permanent Rebuilders Loan Fund and as well as merged the BND-Water Infrastructure Loan Fund into the State Water Commission's Water Infrastructure Loan Fund.
- BND played an integral role in the financing structure of the sale of Coal Creek station through our lending department. The use of the Match program, and access to funding from the Legacy Fund provided in HB 1425 was essential to the transaction's success.
- BND continues to administer the various revolving loan funds and disbursed loans for LIFT in coordination with the Department of Commerce.
- No findings on the Bank's 2021 FASB audit.

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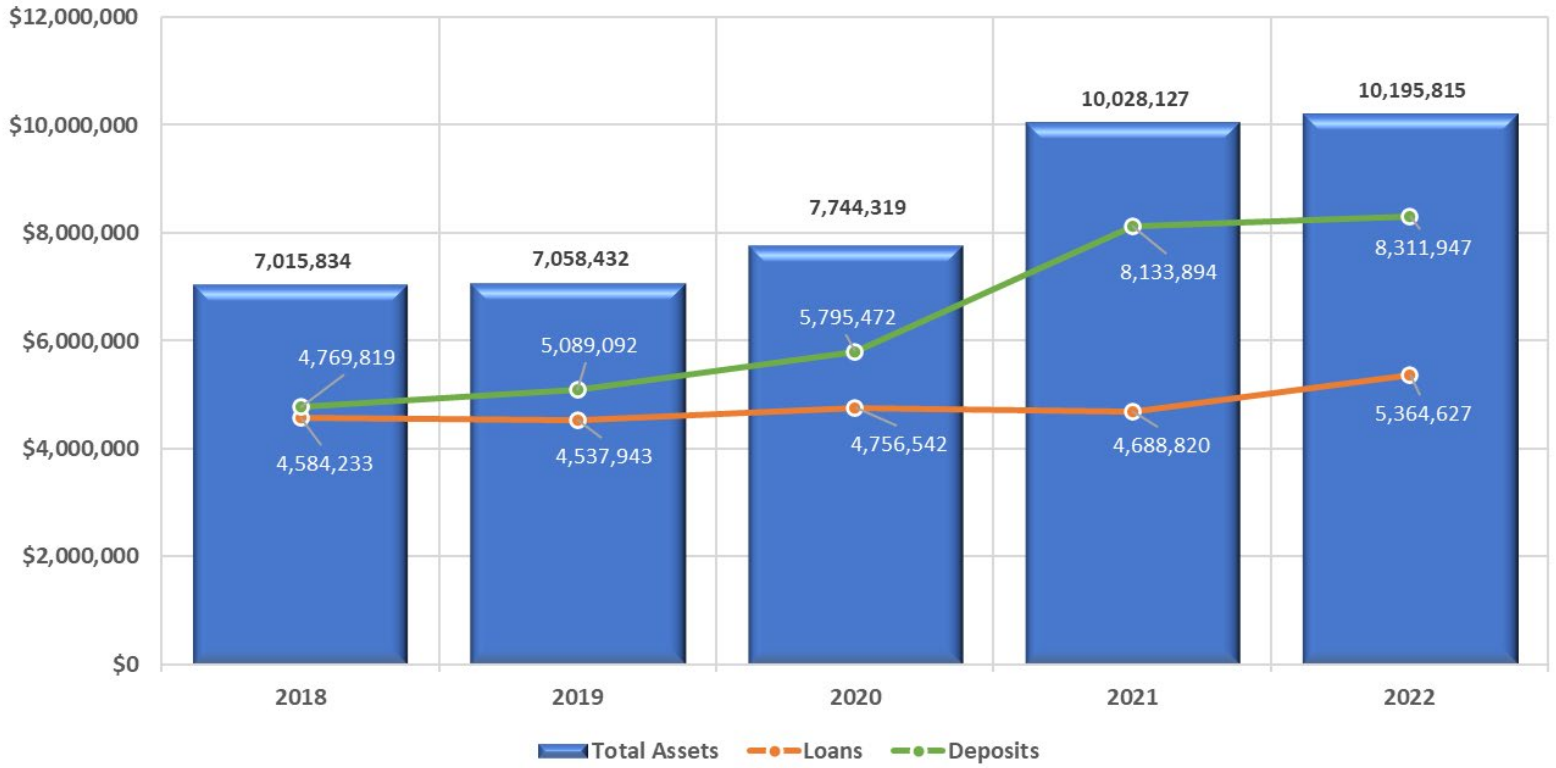
Financial Highlights

$ in thousands



- *Assets up 45%*
- *Deposits up 74%*
- *Loans up 17%*

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Financial Highlights

$ in thousands	Biennium 15-17 Actual	17-19 Actual	19-21 Actual	21-23 Projected	23-25 Estimate
Net Income	$ 276,433	$ 313,128	$ 293,328	$ 350,000	$ 393,000
Average Assets	$ 7,320,396	$ 6,763,586	$ 7,599,883	$ 9,782,626	$ 9,500,000
Capital	$ 824,966	$ 927,264	$ 956,850	$ 1,123,576	$ 1,450,000
Capital Contributions to General Fund	$ 100,000	$ 140,000	$ 140,000	$ 140,000	$ -
Capital Contributions Other	$ 48,589	$ 70,830	$ 123,742	$ 88,204	$ 66,500
Total Capital Contributions %	54%	67%	90%	65%	17%

Note: to date BND has not made any contributions to the General Fund for the 21-23 biennium
21-23 includes $20mm additional for PACE

- Net income of $1.2 billion over the last four biennium's
- Capital contributions of $851 million or 70% of net income over the last four biennium's
- From 2010 to 2016 no capital contributions were requested from the General Fund, allowing the Bank to build capital which increased lending capacity
- 2017 special session approved a one-time capital contribution to the general fund of $100 million
- Goal of achieving $1.5 billion in capital by the end of 2026

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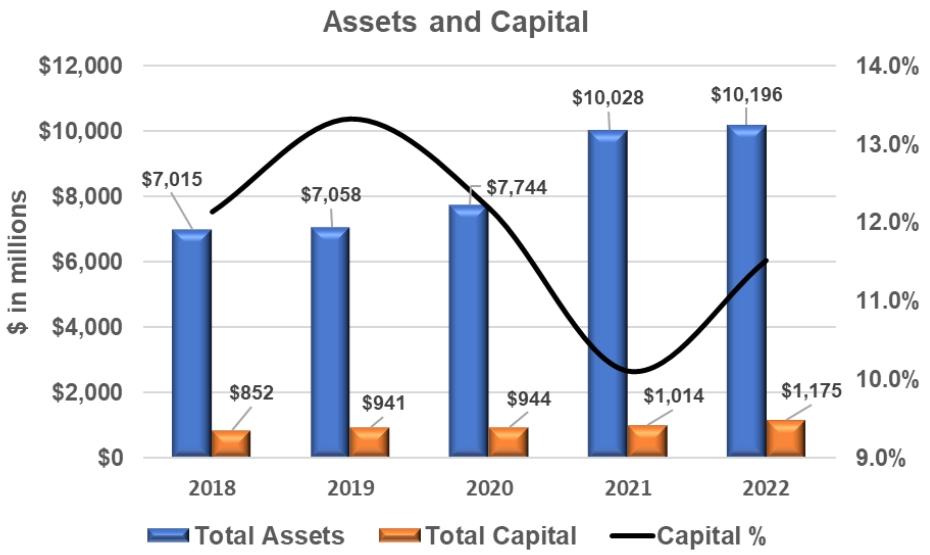
A Strong Capital Position is Critical

- What is Bank Capital?
  - Asset minus Liabilities = Capital
  - Profits that are retained at the Bank by the legislative body
  - Internal target of 12%

- Banks are required to have adequate Capital reserves to handle a certain amount of losses before being at risk of becoming insolvent

- Capital determines acceptable levels of lending concentration i.e., diversification
  - Lower levels of capital effect lending ability
    - Lines of credit for state programs and state agencies
    - Letters of credit to support large projects

- BND is participating in much larger transactions
  - The average commercial loan size in 2017 was $1.3 million; today the average loan is $2.4 million, an 84% increase



Goal of achieving $1.5 billion in capital by the end of 2026

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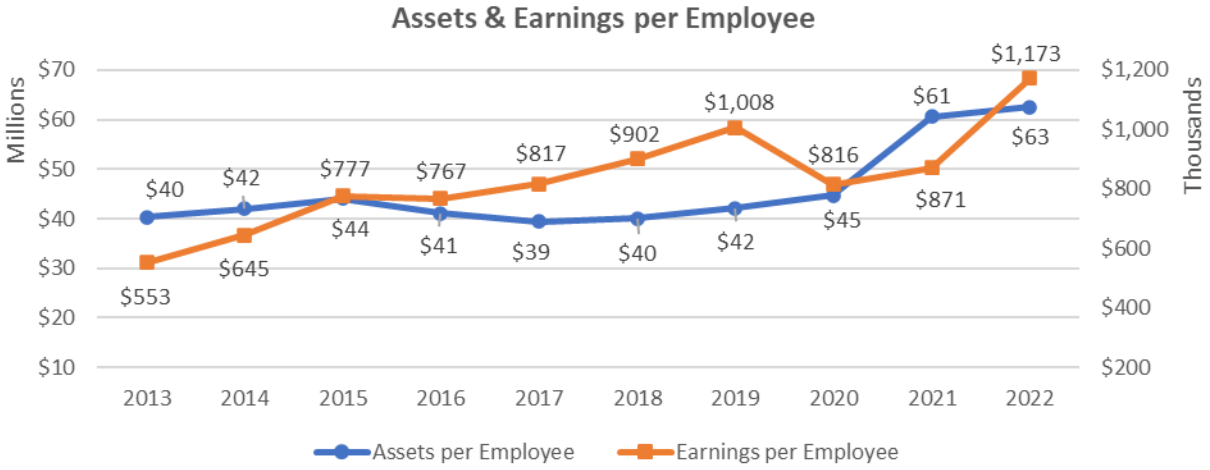
Challenges

- Capital Constraints
  - Effects lending ability i.e., Lines of Credit to State Agencies and Others

- Retention and Recruitment
  - Lack of meaningful equity raises over the last three biennium's
  - 62% of BND employees are below the salary midpoint
  - BND's turnover rate has increased from 7.0% in 2020 and 9.0% in 2021 to an annualized rate of 11.4% in 2022



$1.17 million of earnings per FTE

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23-25 Budget Request

BND is a special fund agency. All expenses, including employee salaries are funded by revenues generated by the Bank.

	Budget 21-23	Original Proposed Budget 23-25	Adjust Paygrades on 5 FTEs Requested	Governor Proposed 6%/4%	Increase Health Ins.	Revised Proposed 23-25 Budget	Proposed Increase vs. Current Biennium
Operations	$67,306,546	$72,853,914	($239,589)	$1,458,290	$960,550	$75,033,165	$7,726,619
Capital Assets	$1,510,000	$1,510,000	-	-	-	$1,510,000	-
Total	$68,816,548	$74,363,914	($239,589)	$1,458,290	$960,550	$76,543,165	$7,726,619

- *See appendix for FTE detail*

- $2,452,855 for 12 additional FTE's (for the biennium-layered in over time)
  - 2 - Lending due to loan volume growth
  - 2 - Credit Administration due to the increased complexity and volume of loans
  - 1 - Business Development for a University/Student Development Coordinator
  - 7 - Collateral Valuation growth
- $894,924 - accounts for the continuation of the 21-23 legislative salary increases along with additional costs related to employee turnover and recruitment
- $750,000 - equity increases given current market challenges
- $804,000 - major IT related enhancements
- $406,000 - vendor inflation adjustments

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HB 1014 Pre-Filed Compared to BND Request

	Governor's Proposed Budget	BND Proposed Budget 23-25	Difference
Operations	$74,395,765	$75,033,165	$637,400
Capital Assets	$1,510,000	$1,510,000	-
Total	$75,905,765	$76,543,165	$637,400
FTEs	181	185	4

- $637,400 - related to 4 additional FTEs in BND's request, this includes benefits and the proposed 6%/4% salary increase

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Requests Effecting BND Capital

- $20.0 million additional for PACE programs for current 21-23 biennium
- No General Fund contributions for the 23-25 biennium
- $1.5 million to support ND Small Business Development Center
- $5.0 million for Agriculture Product Utilization Commission
- $60.0 million for PACE Programs (as detailed below)

Program	Budget 21-23	Proposed Budget 23-25	Proposed Increase
PACE/Flex PACE	$26,000,000	$39,000,000	$13,000,000
Ag PACE	$5,000,000	$5,000,000	-
Biofuels PACE	$1,000,000	$1,000,000	-
Beginning Farmer	$8,000,000	$15,000,000	$7,000,000
Total	$40,000,000	$60,000,000	$20,000,000

BND
Bank of North Dakota

Thank You!

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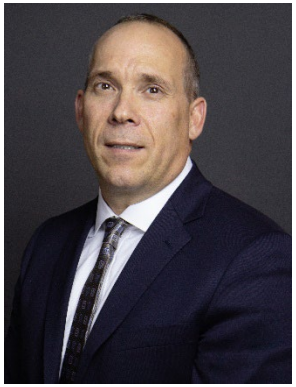

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Appendix – FTE Request

# of FTE's	Service Area	Job Title	Estimated Timing	Paygrade	Annual Salary Midpoint		Biennium Request
2	Lending	Loan Servicing Associate Lead/Sr/Supervisor	7/1/2023	B05	$ 67,829		$ 135,658
		Loan Operations Supervisor/Manager	7/1/2023	B06	$ 78,260		$ 156,520
1	Business Dev.	University/Student Development Coordinator	1/1/2024	B05	$ 67,829		$ 101,743
2	Underwriting	Credit Analyst III	7/1/2023	B06	$ 78,260		$ 156,520
		Credit Analyst II	7/1/2024	B05	$ 67,829		$ 67,829
7	Collateral Valuation	Commercial Valuation Supervisor	7/1/2023	B08	$ 106,433		$ 212,866
		Agricultural Valuation Supervisor	7/1/2023	B08	$ 106,433		$ 212,866
		Collateral Valuation Analyst IV	10/1/2023	B07	$ 92,872		$ 162,526
		Collateral Valuation Analyst IV	10/1/2023	B07	$ 92,872		$ 162,526
		Collateral Valuation Analyst IV	10/1/2023	B07	$ 92,872		$ 162,526
		Collateral Valuation Analyst III	1/1/2024	B06	$ 78,260		$ 117,390
		Collateral Valuation Analyst III	1/1/2024	B06	$ 78,260		$ 117,390
12	Total						$ 1,766,360
						Benefit Costs	$ 686,495
						Total Salaries and Benefits	**$ 2,452,855**

BND
Bank *of* North Dakota

North Dakota Public Finance Authority

2022 Annual Report

NORTH DAKOTA PUBLIC FINANCE AUTHORITY

Industrial Commission of North Dakota

Doug Burgum
Governor
Chairman

Drew H. Wrigley
Attorney General

Doug Goehring
Agriculture Commissioner

Advisory Committee

Keith Lund
Grand Forks

Linda Svihovec
Watford City

John Phillips
Beulah

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NORTH DAKOTA
PUBLIC FINANCE AUTHORITY

2022 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.

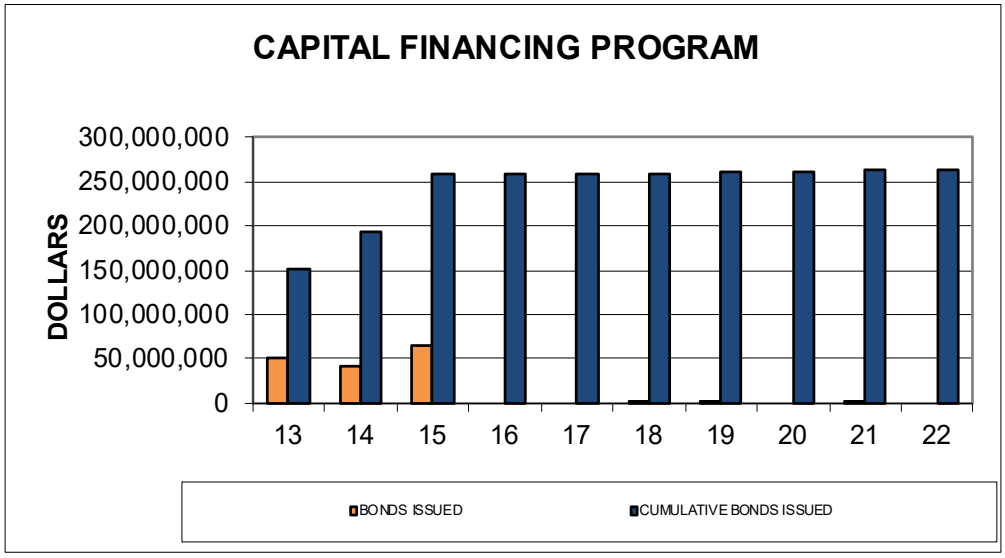
Vision Statement

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.

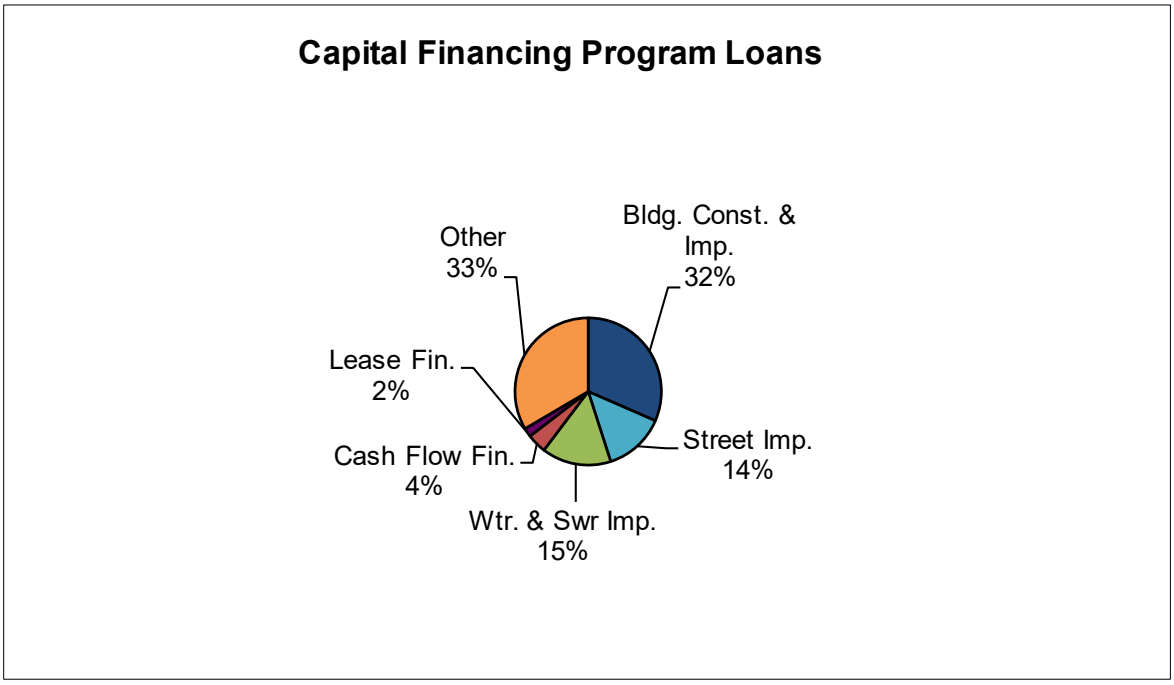
There were no CFP Bonds issued in 2022.

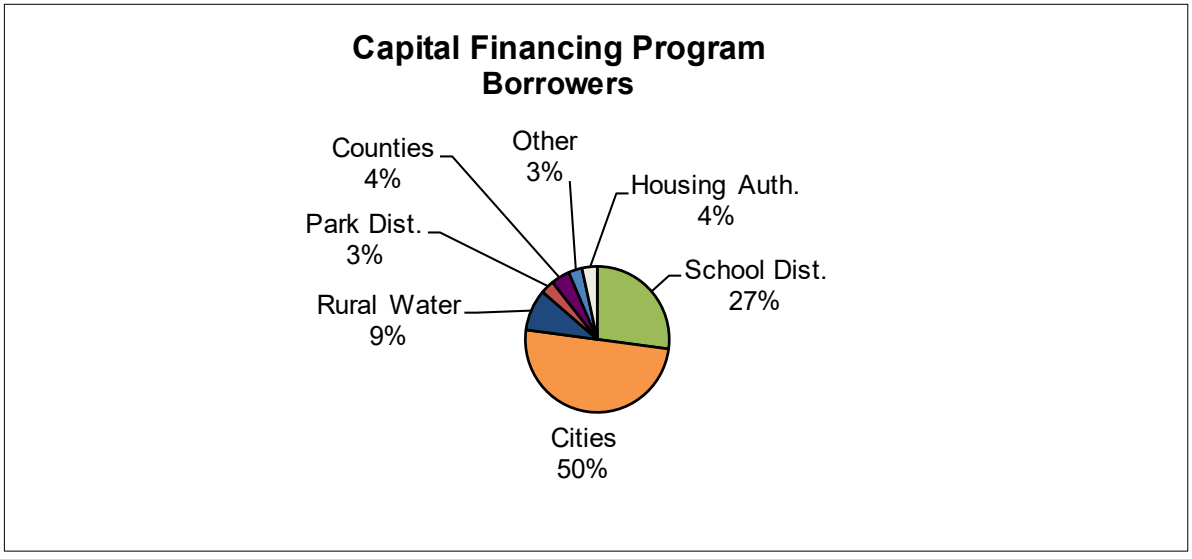
The total outstanding amount of CFP Reserve Fund Letters of Credit on December 31, 2022 was $27,079,973. The CFP Reserve Fund Letters of Credit are issued to meet the requirement of the CFP General Bond Resolution that the PFA maintain reserves for each series, equal to the largest aggregate amount of 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, 2022, 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 $121,490,000.

Part F of Attachment 1 beginning on page 1-5 of this Report contains a complete list, as of December 31, 2022, 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, 2022, 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

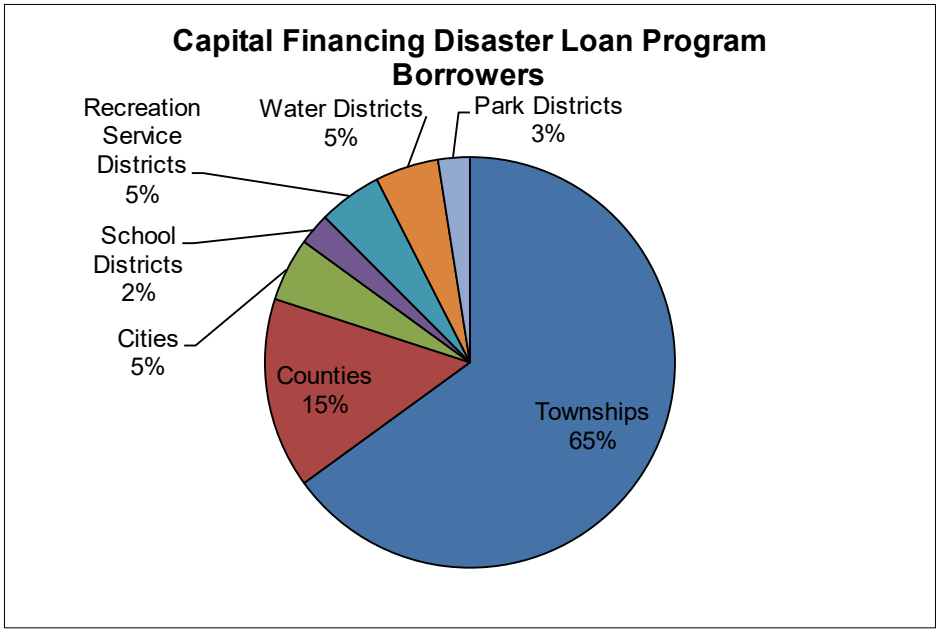
On June 16, 2011, the Industrial Commission authorized the PFA to utilize the Capital Financing Program to provide loans for political subdivisions impacted by weather related events. Under its Capital Financing Disaster Loan Program, the PFA makes loans for the purpose of providing disaster assistance 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 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 2022. Loans approved under this program total $71,531,546 and none were outstanding as of December 31, 2022. Part E of Attachment 1 beginning on page 1-4 of this Report contains a complete list, as of December 31, 2022, of all loans made by the PFA under the Disaster Loan Program, including the name of each political subdivision, the original amount of each loan, and the outstanding principal 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 2022. As of December 31, 2022, 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, 2022, 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.



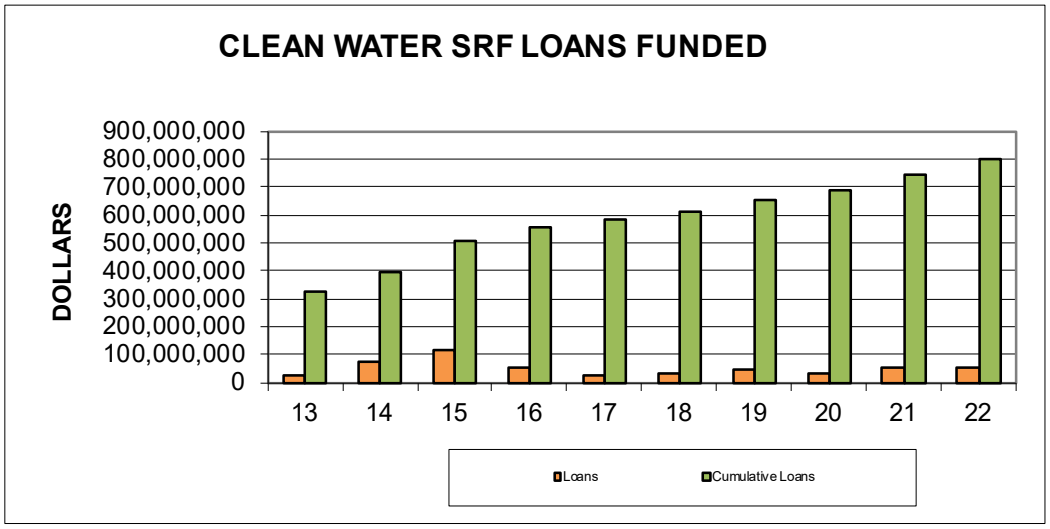
STATE REVOLVING FUND PROGRAM

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.

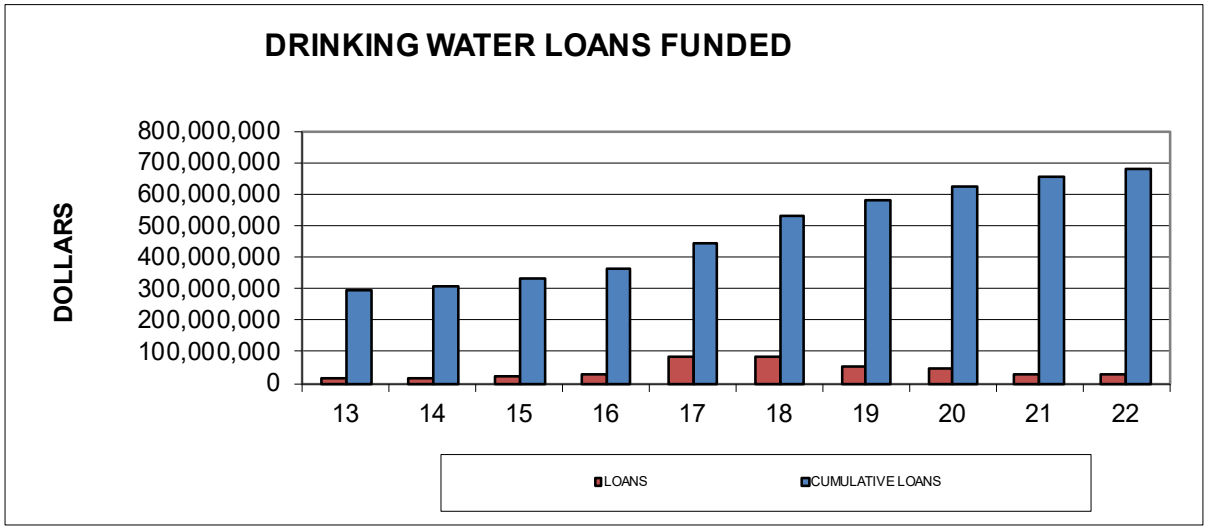
In 2001, Moody's Investors Service, Inc. upgraded the North Dakota SRF Program from "Aa2" to "Aaa", Moody's highest rating. The PFA obtained an additional rating for the North Dakota SRF Program bonds from Standard & Poor's Ratings Services which assigned their highest rating, "AAA," on June 29, 2015.

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.

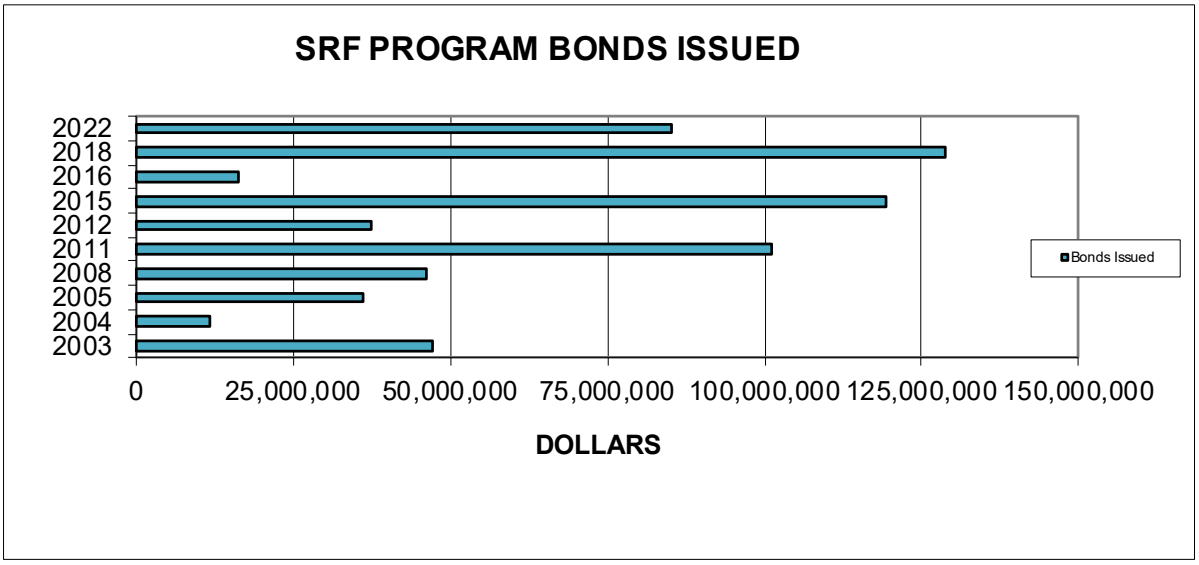
The PFA approved $65,240,000 of Clean Water SRF Program loans to 13 political subdivisions in 2022. Subpart 30 of Part G of Attachment 1 on page 1-18 of this Report contains a list of all approved Clean Water SRF Program loans for 2022, including the approved amount, the funded amount, and the outstanding principal amount of each loan as of December 31, 2022.



The PFA approved $21,931,209 of Drinking Water SRF Program loans to 22 political subdivisions in 2022. Subpart 23 of Part H of Attachment 1 on page 1-27 of this Report contains a list of loans made under the Drinking Water SRF Program during 2022, including the approved amount, the funded amount, and the outstanding principal amount of each loan as of December 31, 2022.



The total amount of SRF Program Bonds issued under the PFA's SRF Program Master Trust Indenture is $768,695,000. This total includes $203,865,000 of the 1990, 1993, 1995, 1996, 1998, 2000, 2001, 2003A, 2003B, 2004, 2005, 2008, and 2011 SRF Program Bonds which have been advance refunded and are no longer considered to be outstanding.



As of December 31, 2022, the total amount of SRF Program Bonds outstanding was $298,620,000, and the total outstanding amount of SRF Program loans was $825,022,910.

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. 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 2022.

Part I of Attachment 1 beginning on page 1-28 of this Report contains a complete list, as of December 31, 2022, 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, 2022, 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, 2022 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	$ 85,000,000
Highway Fund	$ 35,000,000
NDSU Agriculture Products Development Facility	$ 50,000,000

PFA issued $320,915,000 of Legacy Bonds in July 2022. Under the Legacy Fund Infrastructure Program $710,115,000 of bonds have been issued. As of December 31, 2022, the total amount of Legacy Bonds outstanding was $710,115,000.

Part J of Attachment 2 on page 2-4 of this Report contains a complete list, as of December 31, 2022, 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 2021-2023 biennium is $10,434,640 and the debt service requirement for the outstanding SRF Program Bonds for the 2021-2023 biennium is $7,309,475. The outstanding IDBP debt service requirement for 2021-2023 is $77,125. The remaining Legacy Bond debt service requirement for 2021-2023 is $11,555,857.

The aggregate debt service requirement for all outstanding PFA Bonds for the remaining 2021-2023 biennium is $29,377,097.

NORTH DAKOTA PUBLIC FINANCE AUTHORITY
LOANS MADE 1977 THROUGH 2022

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	385,000
Tri-County Water District		1,415,000	0
Emerado		180,000	80,000
		2,125,000	465,000
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	55,000
Kulm		85,000	0
All Seasons Water Users District		820,000	465,000
Forman Housing Authority		935,000	0
Forman		505,000	0
Forman		1,090,000	0
Hankinson		1,930,000	1,360,000
Mayville		1,430,000	855,000
Tri-County Water District		1,405,000	0
Gackle		1,285,000	810,000
		9,635,000	3,545,000
Subpart 20	**2013**		
Fargo		51,375,000	33,055,000
Subpart 21	**2014**		
Fargo		$ 32,512,000	$ 21,189,000
Noonan		328,000	236,000
Stutsman Rural Water District		9,000,000	6,140,000
		41,840,000	27,565,000
Subpart 22	**2015**		
Minot		1,945,000	1,060,000
Forman		1,965,000	1,210,000
Watford City		23,655,000	17,740,000
Watford City		35,550,000	31,035,000
Rugby		465,000	160,000
Zap		2,265,000	1,685,000
		65,845,000	52,890,000

Borrower		Original Loan Amount	Outstanding Loan Amount
Subpart 23	**2018**		
Munich		1,360,000	925,000
Subpart 24	**2019**		
Morton County		2,515,000	1,060,000
Subpart 25	**2021**		
Drayton		210,000	195,000
Drayton		180,000	165,000
McVille		1,675,000	1,625,000
McVille		65,000	0
		2,130,000	1,985,000
Total Capital Financing Program Loans		$ 265,093,016	$ 121,490,000

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		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

Borrower		Approved and Funded Loan Amount
Subpart 7	**1998**	
Granville		$ 42,000
Enderlin		342,373
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

Borrower		Approved and Funded Loan Amount
Subpart 10	**2001**	
Jamestown		370,120
Mayville		1,169,393
Forman		135,172
Lisbon		716,436
Amenia		141,489
Grand Forks		13,781,500
Kulm		678,640
Tower City		503,123
Lake Metigoshe Recreation Service District		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

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 11	**2002**			
Sanborn		$ 30,694	$ 30,694	$ 0
Williston		1,190,559	1,190,559	0
Grand Forks		1,580,755	1,580,755	0
Grand Forks		2,274,164	2,274,164	0
Grand Forks		6,546,560	6,546,560	0
Linton		95,770	95,770	0
Mayville		3,073,811	3,073,811	0
Morton County Water Resource District		258,000	258,000	0
Wildrose		86,405	86,405	0
Mapleton		80,790	80,790	0
Wahpeton		374,065	374,065	25,000
		15,591,573	15,591,573	25,000
Subpart 12	**2003**			
Hunter		41,930	41,930	2,600
Oakes		746,350	746,350	0
Harvey		244,615	244,615	16,000
Hankinson		133,790	133,790	8,400
Mantador		50,000	50,000	3,200
Litchville		236,381	236,381	15,000
Courtenay		49,444	49,444	0
Jamestown		1,309,568	1,309,568	170,000
		2,812,078	2,812,078	215,200
Subpart 13	**2004**			
Oakes		601,500	601,500	40,000
Portland		291,164	291,164	30,000
Lidgerwood		84,416	84,416	10,000
Lincoln		397,944	397,944	0
Hillsboro		186,336	186,336	0
Warwick		32,775	32,775	4,000
West River Water and Sewer		338,007	338,007	0
		1,932,142	1,932,142	84,000
Subpart 14	**2005**			
Mapleton		335,000	335,000	0
Hazen		276,120	276,120	46,000
Enderlin		184,307	184,307	22,000
Rutland		180,841	180,841	0
Grand Forks		4,500,000	4,500,000	825,000
		5,476,268	5,476,268	893,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 15	**2006**			
Jamestown		$ 1,475,346	$ 1,475,346	$ 359,000
Rice Lake Recreation Service District		2,813,537	2,813,537	585,000
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	8,000
Wyndmere		188,146	188,146	0
Oakes		950,000	950,000	235,000
		10,010,831	10,010,831	1,187,000
Subpart 16	**2007**			
Bismarck		20,000,000	20,000,000	6,130,000
Southeast Cass Water Resource District		738,299	738,299	165,000
Lakota		414,948	414,948	31,000
Leonard		255,000	255,000	76,000
Argusville		634,606	634,606	198,000
Mayville		345,725	345,725	83,000
McVille		81,677	81,677	20,000
Jamestown		1,467,998	1,467,998	313,000
Hope		757,963	757,963	151,000
Portland		46,937	46,937	15,000
Cass Rural Water District		15,326,652	15,326,652	6,160,652
Willow City		148,174	148,174	44,000
Oakes		258,747	258,747	74,000
Nome		16,011	16,011	0
		40,492,737	40,492,737	13,460,652
Subpart 17	**2008**			
Lisbon		1,174,092	1,174,092	410,000
Harvey		210,952	210,952	41,000
Hunter		138,580	138,580	51,000
Fargo		63,657,409	63,657,409	28,455,000
Flasher		121,414	121,414	0
Hankinson		100,000	100,000	37,000
Ellendale		734,842	734,842	257,000
Fargo		1,640,000	1,640,000	640,000
Watford City		808,588	808,588	285,000
		68,585,877	68,585,877	30,176,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 18	**2009**			
Tappen		$ 179,761	$ 179,761	$ 64,000
Casselton		1,931,688	1,931,688	755,000
Mandan		1,679,763	1,679,763	610,000
Mandan		1,000,000	1,000,000	360,000
Stutsman Rural Water District		4,603,386	4,603,386	1,650,000
Lisbon		1,247,424	1,247,424	215,000
Cavalier		487,315	487,315	160,000
Lake Metigoshe Recreation Service District		517,400	517,400	0
Velva		346,601	346,601	0
Hazen		246,919	246,919	0
Enderlin		799,172	799,172	130,000
Glenburn		784,378	784,378	170,000
Davenport		389,832	389,832	70,000
Munich		1,200,120	1,200,120	0
Edgeley		1,644,845	1,644,845	165,000
Valley City		345,241	345,241	125,000
Strasburg		1,404,743	1,404,743	155,000
		18,808,588	18,808,588	4,629,000
Subpart 19	**2010**			
Hillsboro		127,849	127,849	60,000
Drayton		1,677,066	1,677,066	57,000
Michigan		1,606,506	1,606,506	210,000
Northwood		2,306,303	2,306,303	445,000
Fargo		822,348	822,348	295,000
Wishek		185,547	185,547	76,000
Mapleton		610,964	610,964	260,000
Hankinson		569,833	569,833	240,000
Fargo		4,061,075	4,061,075	1,950,000
Hunter		143,032	143,032	80,000
Dickinson		569,354	569,354	0
Langdon		157,454	157,454	0
Kulm		54,409	54,409	26,000
		12,891,740	12,891,740	3,699,000
Subpart 20	**2011**			
Jamestown		1,140,023	1,140,023	535,000
Pembina		217,329	217,329	115,000
Wyndmere		1,664,897	1,664,897	865,000
Devils Lake		2,500,000	2,500,000	1,225,000
Minto		1,177,115	1,177,115	610,000
Fingal		519,245	519,245	195,000
Southeast Cass WRD		591,777	591,777	220,000
Forman		750,935	750,935	230,000
Hazen		178,494	178,494	92,000
		8,739,815	8,739,815	4,087,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 21	**2012**			
Velva		$ 210,408	$ 210,408	$ 100,000
Kathryn		68,006	68,006	38,000
Maddock		1,284,300	1,284,300	230,000
Casselton		765,923	765,923	0
Dunn Center		200,000	200,000	0
Des Lacs		97,403	97,403	54,000
Clifford		46,228	46,228	26,000
Medina		238,028	238,028	38,000
		2,910,296	2,910,296	486,000
Subpart 22	**2013**			
Burleigh County WRD		244,653	244,653	140,000
Rolla		1,755,604	1,755,604	1,010,000
Lisbon		469,752	469,752	270,000
Ray		2,533,536	2,533,536	635,000
Wyndmere		205,773	205,773	0
Jamestown		822,306	822,306	500,000
Dickinson		38,924,961	38,924,961	22,745,000
Casselton		3,246,585	3,246,585	1,960,000
Lehr		219,482	219,482	63,000
Mandan		2,066,118	2,066,118	1,250,000
		50,488,770	50,488,770	28,573,000
Subpart 23	**2014**			
Douglas		67,866	67,866	40,000
Jamestown		11,100,950	11,100,950	7,310,000
Berthold		1,248,288	1,248,288	500,000
Bowbells		685,005	685,005	325,000
Noonan		237,000	237,000	155,000
Enderlin		365,500	365,500	240,000
Page		182,867	182,867	120,000
Beulah		586,800	586,800	370,000
Washburn		2,922,696	2,922,696	1,885,000
Mandan		1,681,280	1,681,280	1,050,000
Dickinson		37,252,730	37,252,730	24,275,000
Grenora		416,147	416,147	234,000
Williston		113,151,288	113,151,288	82,020,000
Ryder		189,109	189,109	117,000
		170,087,526	170,087,526	118,641,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 24	**2015**			
Watford City		$ 18,718,523	$ 18,718,523	$ 15,490,000
Mandan		4,481,824	4,481,824	3,130,000
Tioga		2,500,000	2,500,000	1,375,000
Marion		97,732	97,732	60,000
Harvey		830,477	830,477	580,000
Ward County WRD		2,755,128	2,755,128	1,925,000
Granville		139,939	139,939	100,000
Grafton		497,760	497,760	405,000
Watford City		10,407,619	10,407,619	8,825,000
		40,429,002	40,429,002	31,890,000
Subpart 25	**2016**			
Oberon		191,552	191,552	157,000
Jamestown		522,119	522,119	400,000
Dwight		50,700	50,700	44,000
Makoti		57,450	57,450	42,000
LaMoure		1,315,894	1,315,894	760,000
Hebron		911,000	911,000	470,000
Arnegard		380,000	380,000	0
		3,428,715	3,428,715	1,873,000
Subpart 26	**2017**			
Horace		992,648	992,648	730,000
Colfax		519,633	519,633	446,000
Beulah		441,097	441,097	325,000
Gardner		26,710	26,710	0
Noonan		646,716	646,716	335,000
Oakes		1,005,000	1,005,000	840,000
Larimore		1,119,683	1,119,683	376,000
Oakes		230,121	230,121	198,000
Cavalier		998,000	879,373	539,599
Horace		3,192,000	1,728,152	1,046,152
Mayville		1,556,000	1,556,000	1,300,000
		10,727,608	9,145,133	6,135,751

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 27	**2018**			
Carrington		323,291	323,291	282,000
Lidgerwood		100,000	47,537	27,537
Wahpeton		1,041,682	1,041,682	870,000
Pick City		275,522	275,522	163,000
Petersburg		787,979	787,979	725,000
Jamestown		4,800,000	3,727,028	2,697,028
Garrison Diversion Conservancy District		5,000,000	1,047,507	881,458
Argusville		712,575	712,575	635,000
Beulah		407,315	407,315	368,000
Jamestown		597,583	597,583	485,000
Lisbon		934,061	934,061	760,000
Arnegard		2,297,225	2,297,225	1,500,000
Minot		6,433,406	6,433,406	5,335,000
Minot		12,282,000	9,914,457	8,457,457
Horace		422,000	422,000	265,000
Grand Forks		9,000,000	9,000,000	8,090,000
Fargo		20,229,000	17,286,912	17,286,912
Arthur		115,263	115,263	60,000
Fargo		126,500,000	101,954,390	101,954,390
		192,258,902	157,325,733	150,842,782
Subpart 28	**2019**			
Wahpeton		1,381,642	1,381,642	1,245,000
Walcott		456,235	456,235	429,000
Rutland		131,478	131,478	105,000
Kindred		3,900,000	3,705,000	3,230,000
Valley City		395,851	395,851	330,000
Dickinson		2,145,166	2,145,166	1,975,000
Fargo		500,000	500,000	475,000
Fargo		10,500,000	8,834,200	8,309,200
Grand Forks		1,228,485	1,228,485	1,130,000
		20,638,857	18,778,057	17,228,200
Subpart 29	**2020**			
Wing		620,834	620,834	231,000
Wyndmere		4,365,000	3,678,523	3,465,273
Wildrose		2,455,268	2,455,268	1,525,268
Center		880,000	792,716	745,716
Buxton		721,716	721,716	700,000
Dunn Center		3,195,000	2,804,918	1,904,918
Stanton		650,000	617,500	592,500
Dickinson		1,291,469	1,291,469	1,225,000
		14,179,287	12,982,944	10,389,675

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 30	**2021**			
Bismarck		5,000,000	5,000,000	4,705,000
Jamestown		3,170,000	1,498,034	1,418,034
Valley City		675,000	457,151	397,151
Northwood		7,000,000	839,717	839,717
Stanley		165,000	165,000	151,000
New Salem		1,042,000	1,042,000	1,015,000
Cavalier		450,000	178,829	44,707
Wahpeton		4,500,000	2,850,000	2,756,000
Hankinson		98,000	97,933	97,933
		22,100,000	12,128,664	11,424,542
Subpart 31	**2022**			
Fargo		259,000	209,957	209,957
Fargo		4,361,000	2,272,917	2,272,917
Hebron		120,000	75,084	70,084
Wahpeton		1,964,000	858,246	292,346
Portland		430,000	125,626	125,626
Valley City		859,000	816,050	782,050
Forman		550,000	550,000	550,000
Strasburg		1,326,000	422,371	105,593
Wilton		1,319,000	52,715	52,715
Fargo		51,634,000	1,272,652	1,272,652
Tower City		585,000	389,931	389,931
		63,407,000	7,045,549	6,123,871
Total		$ 903,450,416	$ 797,544,842	$ 442,063,673

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 Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 4	**2002**			
Lisbon		$ 413,522	$ 413,522	$ 0
Harvey		427,076	427,076	0
Grafton		285,616	285,616	0
Mandan		4,197,565	4,197,565	0
Ramsey County WRD		3,482,000	3,482,000	0
Enderlin		87,500	87,500	0
Linton		563,063	563,063	0
Cleveland		206,406	206,406	0
Langdon		522,796	522,796	0
Drayton		132,362	132,362	0
Larimore		1,991,805	1,991,805	0
Wahpeton		1,890,000	1,890,000	126,000
Grafton		1,130,229	1,130,229	75,000
		15,329,940	15,329,940	201,000
Subpart 5	**2003**			
Southeast Water District		1,446,906	1,446,906	0
Grand Forks - Traill Water District		3,991,780	3,991,780	0
North Valley Water District		4,138,000	4,138,000	0
Williston		3,693,344	3,693,344	230,000
Barnes Rural Water District		816,000	816,000	50,000
Argusville		360,718	360,718	0
Casselton		1,272,000	1,272,000	0
Aneta		171,340	171,340	11,000
Stutsman Rural Water District		201,651	201,651	0
		16,091,739	16,091,739	291,000
Subpart 6	**2004**			
Oakes		147,652	147,652	10,000
Cass Rural Water District		1,890,923	1,890,923	340,000
Lisbon		410,000	410,000	28,000
Leeds		179,000	179,000	10,000
Hazen		1,000,000	1,000,000	120,000
Tioga		418,727	418,727	0
Lincoln		307,681	307,681	53,000
Lincoln		447,000	447,000	0
Abercrombie		244,002	244,002	31,000
Williams County Rural Water		1,500,000	1,500,000	195,000
Harvey		676,556	676,556	45,000
Williston		5,000,000	5,000,000	0
Noonan		39,602	39,602	7,500
Williston		17,593,143	17,593,143	4,260,000
Jamestown		2,534,604	2,534,604	460,000
		32,388,890	32,388,890	5,559,500

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 7	**2005**			
Argusville		$ 217,304	$ 217,304	$ 28,000
Park River		746,100	746,100	140,000
Mapleton		83,754	83,754	0
Bottineau		750,000	750,000	0
Southeast Water Users District		808,411	808,411	150,000
		2,605,569	2,605,569	318,000
Subpart 8	**2006**			
Walcott		159,112	159,112	30,000
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	50,000
Riverdale		762,138	762,138	125,000
Pick City		223,328	223,328	52,000
Braddock		16,610	16,610	0
Center		358,800	358,800	70,000
Page		95,975	95,975	24,000
Harvey		91,581	91,581	22,000
Hillsboro		1,151,563	1,151,563	0
Washburn		1,870,633	1,870,633	355,000
Southeast Water Users District		4,655,000	4,655,000	1,123,000
Portal		50,000	50,000	0
Park River		517,600	517,600	135,000
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	45,000
		15,000,277	15,000,277	2,031,000
Subpart 9	**2007**			
McLean-Sheridan Rural Water		519,104	519,104	154,000
Walsh Rural Water District		1,796,902	1,796,902	0
North Prairie Water District		5,700,000	5,700,000	1,530,000
Mayville		324,341	324,341	80,000
Southeast Water Users District		5,418,000	5,418,000	770,000
South Central Regional Water		8,000,000	8,000,000	2,382,000
Jamestown		2,076,816	2,076,816	520,000
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	67,000
Grand Forks Traill Water District		1,200,000	1,200,000	305,000
All Seasons Water Users District		211,950	211,950	62,000
		31,883,128	31,883,128	5,870,000

Borrower	Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 10 2008			
Southeast Water Users District	$ 595,000	$ 595,000	$ 178,000
Hazelton	245,120	245,120	49,000
Lisbon	757,220	757,220	245,000
Mapleton	1,149,088	1,149,088	0
Mandan	4,511,900	4,511,900	1,620,000
Fargo	2,500,000	2,500,000	795,000
Cass Rural Water District	1,376,605	1,376,605	525,000
Fargo	14,110,422	14,110,422	4,355,000
Tri-County Water District	363,289	363,289	123,000
Lakota	199,802	199,802	0
Crosby	551,488	551,488	0
Hankinson	95,000	95,000	34,000
Hannaford	53,748	53,748	17,000
South Central Regional Water	4,000,000	4,000,000	1,445,000
Ray	1,452,760	1,452,760	205,000
Parshall	3,610,500	3,610,500	1,705,000
Mandan	7,972,283	7,972,283	2,970,000
Leeds	37,076	37,076	12,000
	43,581,301	43,581,301	14,278,000
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	110,000
Watford City	347,464	347,464	0
Bismarck	16,320,000	16,320,000	6,395,000
Lisbon	1,613,726	1,613,726	655,000
Ray	864,000	864,000	0
Southeast Water Users District	1,128,358	1,128,358	475,000
Southeast Water Users District	841,774	841,774	395,000
Barnes Rural Water District	2,050,000	2,050,000	575,000
Velva	373,579	373,579	150,000
All Seasons Water Users District	154,433	154,433	60,000
Wimbledon	258,353	258,353	98,000
Hope	175,000	175,000	55,000
Enderlin	2,196,790	2,196,790	870,000
Garrison	158,222	158,222	0
Wildrose	1,503,094	1,503,094	0
Karlsruhe	791,415	791,415	56,000
Strasburg	2,060,678	2,060,678	160,000
	34,779,670	34,779,670	10,054,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 12	**2010**			
Hillsboro		$ 289,376	$ 289,376	$ 115,000
Washburn		4,023,646	4,023,646	735,000
South Central Regional WD		4,600,000	4,600,000	2,165,000
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	755,000
Hillsboro		1,310,679	1,310,679	375,000
Mandan		6,923,867	6,923,867	3,300,000
Kenmare		403,579	403,579	155,000
Buffalo		98,922	98,922	45,000
Jamestown		5,525,008	5,525,008	2,305,000
Kulm		25,300	25,300	13,000
		30,303,316	30,303,316	9,963,000
Subpart 13	**2011**			
Pembina		1,743,743	1,743,743	950,000
Linton		224,800	224,800	117,000
Page		90,597	90,597	47,000
Cooperstown		700,235	700,235	345,000
Sawyer		308,708	308,708	160,000
Bowbells		2,145,000	2,145,000	610,000
McKenzie County WRD		8,200,000	8,200,000	3,190,000
Kenmare		892,039	892,039	425,000
		14,305,122	14,305,122	5,844,000
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	4,485,000
Garrison Rural Water District		720,000	720,000	365,000
Southeast Water Users District		1,603,656	1,603,656	475,000
Sherwood		82,475	82,475	46,000
Granville		209,990	209,990	105,000
		16,001,099	16,001,099	5,476,000
Subpart 15	**2013**			
Hillsboro		2,623,344	2,623,344	980,000
Ross		1,740,267	1,740,267	445,000
Max		292,062	292,062	180,000
Fargo		98,000,000	98,000,000	89,875,000
Cooperstown		314,393	314,393	180,000
		102,970,066	102,970,066	91,660,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 16	**2014**			
Westhope		$ 926,447	$ 926,447	$ 270,000
Grafton		2,200,757	2,200,757	1,375,000
Cooperstown		200,733	200,733	86,000
Stutsman Rural Water District		7,630,004	7,630,004	3,890,000
McLean-Sheridan Rural Water		1,350,000	1,350,000	1,120,000
Mandan		641,683	641,683	390,000
Fairmount		121,759	121,759	79,000
Noonan		282,130	282,130	185,000
Leeds		317,106	317,106	205,000
Columbus		387,828	387,828	100,000
Washburn		1,391,331	1,391,331	945,000
Jamestown		3,572,603	3,572,603	2,260,000
Grenora		383,853	383,853	199,000
Carrington		1,459,704	1,459,704	960,000
Ray		1,670,000	1,670,000	195,000
Barnes Rural Water District		2,063,033	2,063,033	1,450,000
		24,598,971	24,598,971	13,709,000
Subpart 17	**2015**			
Cass Rural Water District		3,000,000	3,000,000	2,150,000
Jamestown		794,159	794,159	515,000
Garrison		1,821,023	1,821,023	1,275,000
Gwinner		2,882,111	2,882,111	1,225,000
Sheyenne		77,362	77,362	55,000
Lehr		79,065	79,065	21,500
		8,653,720	8,653,720	5,241,500
Subpart 18	**2016**			
Tri-County Water District		727,655	727,655	355,000
New Rockford		270,000	270,000	191,000
Enderlin		340,000	340,000	235,000
Cooperstown		369,283	369,283	294,000
Robinson		129,723	129,723	26,000
South Central Regional Water District		3,125,000	3,125,000	2,670,000
New Town		5,000,000	5,000,000	2,935,000
Hebron		2,834,223	2,834,223	1,055,000
Stutsman Rural Water District		1,582,373	1,582,373	1,340,000
Flaxton		95,000	95,000	0
North Prairie Water District		1,021,590	1,021,590	860,000
		15,494,847	15,494,847	9,961,000

Borrower	Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 19 2017			
Pick City	1,032,980	1,032,980	345,000
Southeast Water Users District	5,925,000	5,925,000	5,375,000
Makoti	362,450	362,450	117,000
Grand Forks	66,000,000	66,000,000	62,705,000
Gardner	244,374	244,374	196,000
Jamestown	1,123,587	1,123,587	840,000
Jamestown	539,511	539,511	340,000
Maxbass	437,973	437,973	117,000
Williams Rural Water District	5,000,000	5,000,000	3,900,000
Northeast Regional Water District	2,978,890	2,978,890	2,235,000
Sherwood	126,587	126,587	92,000
R & T Water Supply Commerce Auth	5,000,000	5,000,000	3,900,000
Horace	479,216	479,216	380,000
Traill Rural Water District	3,206,464	3,206,464	2,590,000
Oakes	4,043,000	4,043,000	3,250,000
Ross	947,758	947,758	207,000
Aneta	80,000	80,000	65,000
Kindred	584,663	584,663	505,000
Mandan	1,327,453	1,327,453	1,040,000
Mayville	720,000	720,000	620,000
	100,159,906	100,159,906	88,819,000
Subpart 20 2018			
Beulah	207,774	207,774	144,000
Mandan	820,281	820,281	645,000
Wahpeton	443,387	443,387	395,000
North Prairie Water District	416,248	416,248	377,000
Argusville	263,396	263,396	235,000
Casselton	901,025	901,025	775,000
Mohall	610,000	610,000	485,000
Lisbon	130,866	130,866	107,000
Towner	80,822	80,822	0
Fessenden	1,037,555	1,037,555	865,000
North Prairie Water District	347,782	347,782	306,000
Walsh Rural Water District	507,653	507,653	445,000
Cass Rural Water District	1,700,000	1,700,000	750,000
Central Plains Water District	4,925,000	4,925,000	4,300,000
Arnegard	1,752,977	1,752,977	1,570,000
Barnes	2,052,000	2,052,000	1,840,000
Minot	1,734,000	1,323,604	1,114,604
Northeast Rural Water District	3,118,000	2,970,000	2,820,000
Northeast Rural Water District	2,460,000	2,460,000	2,145,000
McLean-Sheridan Water District	965,898	965,898	360,000
Mercer	761,690	761,690	165,000
Tri-County Water District	1,050,000	1,050,000	870,000
Rugby	266,904	266,904	132,000
Larimore	119,500	119,500	87,000
Cando	2,044,000	2,044,000	1,700,000
Western Area Water Supply	16,500,000	14,168,381	12,493,381
Mandan	1,848,463	1,848,463	1,605,000
Jamestown	1,445,734	1,445,734	1,190,000
East Central Rural Water District	1,750,000	1,750,000	1,575,000
	50,260,955	47,370,940	39,495,985

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 21	**2019**			
Stutsman Rural Water District		723,450	723,450	640,000
North Prairie Rural Water District		3,327,185	3,327,185	2,985,000
Lisbon		602,066	602,066	52,000
Fargo		23,950,000	11,200,625	11,200,625
Glenburn		422,479	422,479	382,000
Wahpeton		618,358	618,358	555,000
Carson		1,451,583	1,451,583	330,000
Cass Rural Water Users District		2,319,248	2,319,248	2,015,000
Cavalier		4,845,000	2,327,899	806,370
All Season Water Users District		1,738,000	133,457	33,364
Lincoln		836,000	836,000	730,000
Riverdale		2,161,000	2,161,000	155,000
		42,994,369	26,123,350	19,884,359
Subpart 22	**2020**			
Stutsman Rural Water District		896,014	896,014	825,000
Dakota Rural Water District		2,176,000	1,898,531	1,818,531
McLean Sheridan Rural Water Distric		4,660,000	3,191,676	3,191,676
Enderlin		1,200,000	897,969	807,969
Carrington		4,975,000	4,975,000	4,595,000
Mapleton		1,041,995	1,041,995	971,995
Jamestown		1,951,145	1,951,145	1,790,000
Stutsman Rural Water District		3,027,000	3,027,000	2,795,000
Agassiz Water Users District		919,906	919,906	865,000
Wyndmere		1,196,000	1,143,857	1,035,299
Tri-County Water District		1,610,000	1,416,421	1,281,421
Missouri West Water System		621,208	621,208	590,000
Center		150,000	142,500	130,500
Dunn Center		2,448,000	776,706	658,706
Bismarck		6,877,277	6,877,277	5,487,277
Western Area Water System Associat		16,500,000	7,503,139	7,098,139
Mohall		391,000	391,000	360,000
Beach		1,511,787	1,511,787	358,000
		52,152,332	39,183,131	34,659,513

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 23	**2021**			
Sykeston		411,000	343,840	333,840
Aneta		204,582	204,582	189,000
North Prairie Rural Water District		453,000	432,536	97,384
Lakota		456,720	456,720	445,000
Mandan		7,255,000	5,098,135	4,798,135
North Prairie Rural WD - Mountrail		3,825,000	671,704	671,704
Valley City		300,000	217,741	192,741
NorthPrairie Regional WD		1,151,000	763,854	732,854
Cooperstown		800,000	551,973	531,973
Jamestown		1,808,000	1,808,000	1,230,000
Stanley		400,000	400,000	367,000
New Salem		1,042,000	1,042,000	1,015,000
Coleharbor		880,000	624,049	156,011
Horace		2,740,000	1,310,589	1,195,589
East Central Regional WD		1,341,210	1,341,210	1,341,210
Hankinson		42,000	42,000	42,000
Flaxton		993,000	277,168	23,717
		24,102,512	15,586,101	13,363,158
Subpart 24	**2022**			
Jamestown		1,402,300	1,344,000	1,281,700
Davenport		527,000	371,647	354,647
Jamestown		1,799,477	1,799,477	313,477
Wahpeton		1,103,000	540,698	540,698
McLean Sheidan Rural WD		1,015,000	405,102	405,102
Valley City		180,000	171,000	171,000
Barnes Rural WD		806,000	717,440	717,440
Bismarck		1,500,000	523,679	30,332
Forman		871,000	871,000	871,000
Bowbells		218,000	28,156	28,156
Wilton		1,688,000	53,168	53,168
Wing		2,337,000	822,451	205,612
Tri County WD		1,064,432	1,064,432	1,064,432
Cass Rural WUD		2,500,000	104,497	104,497
Riverdale		600,000	87,621	87,621
Upper Souris		1,274,000	51,340	51,340
		18,885,209	8,955,708	6,280,222
Total		$ 733,316,147	$ 682,140,000	$ 382,959,237

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	$ 650,000
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	$ 650,000

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	71,000
McHenry County		1,777,500	0
		2,609,290	71,000
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	595,000
Jamestown Regional Airport Authority		126,500	26,000
		826,500	621,000
Subpart 25	**2019**		
Rolette County Housing Authority		160,000	120,000
Subpart 26	**2020**		
Morton County		500,000	500,000
Subpart 27	**2021**		
Missouri Ridge Township		650,000	610,000
Total Direct Loans		$ 15,342,601	$ 1,922,000

NORTH DAKOTA PUBLIC FINANCE AUTHORITY
BONDS ISSUED 1977 THROUGH 2022

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	465,000
2011 Series A		3,730,000	0
2012 Series A		9,635,000	3,545,000
2013 Series A		51,375,000	33,055,000
2014 Series A		32,840,000	21,425,000
2014 Series B		9,000,000	6,140,000
2015 Series A		1,945,000	1,060,000
2015 Series B		25,620,000	18,950,000
2015 Series C		38,280,000	32,880,000
2018 Series A		1,360,000	925,000
2019 Series A		2,515,000	1,060,000
2021 Series A		2,130,000	1,985,000
	Subtotal	264,125,000	121,490,000

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	7,420,000
2012 Series B		17,900,000	0
2015 Series A		119,195,000	89,740,000
2016 Series A		16,405,000	10,765,000
2018 Series A		128,625,000	111,860,000
2022 Series A		85,330,000	78,835,000
	Subtotal	768,695,000	298,620,000

[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.

		Initial Bond Amount	Outstanding Bond Amount
Part I	**Industrial Development Bond Program**		
2006 Series A		1,360,000	685,000
2008 Series A		2,000,000	0
2009 Series A		1,500,000	0
	Subtotal	4,860,000	685,000
Part J	**Legacy Fund Infrastructure Program Bonds**		
2021 Series A		389,200,000	389,200,000
2022 Series A		320,915,000	320,915,000
	Subtotal	710,115,000	710,115,000
Total All Bonds		$ 1,866,032,316	$ 1,130,910,000

Industrial Commission
of North Dakota

Doug Burgum
GOVERNOR

Drew H. Wrigley
ATTORNEY GENERAL

Doug Goehring
AGRICULTURE COMMISSIONER

North Dakota Public Finance Authority

House Bill 1014
House Appropriations Committee Government Operations Division
Testimony of DeAnn Ament
North Dakota Public Finance Authority/North Dakota Building Authority January 12, 2023

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. Loans are made to political subdivisions by the PFA through the purchase of 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 and sewer related projects.

This past calendar year there were loan approvals of $63,407,000 and funded draws of $52,736,875 for the Clean Water SRF. A few of the Clean Water projects financed recently included $51,634,000 for the Metro Flood Diversion Authority to construct sixteen lift stations in the Fargo area, $120,000 for Hebron to replace water meters, and Wilton received $1,319,000 for

a city-wide sewer main replacement project. Grand Forks and Cass Rural Water Users District have not closed their loans, but they respectively will receive $54,620,000 to expand and improve their wastewater treatment plant and $28,646,000 to expand Fargo's effluent reuse facility and construct a pipeline to deliver the effluent reuse water from the City of Fargo's regional reclamation facility to a processing facility near Casselton. The Drinking Water SRF had approvals of $18,885,209 and funded loan draws of $27,639,709. Projects financed under the Drinking Water program include $1,500,000 for Bismarck to replace lead service lines, $2,500,000 to Cass Rural Water Users District to parallel and loop lines, Jamestown received $3,393,300 for water line replacements, and Upper Souris Water District received $1,274,000 for supervisory control and data acquisition (SCADA) and system improvements.

The recent passage of 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 many changes for documenting, funding and reporting purposes. These additional requirements challenge the current staff of 2.75 FTE to reprioritize the workload to meet requirements in a timely manner.

Additionally, the amount of time to spend the SRF grants has been reduced to three years. To expedite the expenditure of loan forgiveness funds, a Planning Assistance Reimbursement (PAR) was piloted by the DEQ and PFA in 2020 and has seen an increase in demand. These grants help potential borrowers explore their options for their water and sewer systems.

The PFA joined with BND, DEQ and Department of Water Resources in the new one-stop portal, Funding Infrastructure in North Dakota (FIND) in 2021. FIND allows political subdivisions seeking financing for their projects to submit one application. The agencies collaborate to provide the best funding package and make sure state funds are being utilized in the best possible manner.

In 2022, the SRF began working with a software company to develop a loan tracking software as the current system of spreadsheets and databases has become onerous to track almost 600 unique projects and associated loans. The PAR program and loan tracking software project in addition to administering the BIL have increased the workload and will continue to do so into the foreseeable future.

The PFA issued $85,330,000 of SRF bonds in January 2022 to provide funding for approved water, sanitary sewer, and storm water projects. The PFA issued Legacy Fund Infrastructure bonds to provide $680,000,000 of funding to projects approved in the 2021 legislative session. The agency also helped the ND Transmission Authority with their first bond issue of $150,000,000. The Department of Emergency Services has asked the PFA to assist them with creating a hazard mitigation revolving loan fund should House Bill 1070 pass.

During 2022 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 2023-2025 biennium include 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 political subdivisions in North Dakota.

PFA BUDGET

	PFA 2021-2023	PFA & Governor's Recommended 2023-2025	Change
FTE	2.75	3.75	1.00
Salaries and Benefits	$694,082	$919,093	$225,011
Operating	$181,668	$208,247	$26,579
Capital Assets	$0	$30,000	$30,000
	$875,750	$1,157,340	$281,590

The 2023-2025 budget includes the recommended salary and benefit adjustments as outlined in the Executive Budget including the Governor's planned increase of $81,553. Salaries and benefits are approximately 79% of the PFA portion of the budget. The PFA staffing level is currently at 2.75 FTEs which includes an Executive Director, a Business Manager and Account Budget Specialist III. The current request includes an optional $132,646 for an increase of one FTE for a deputy director position for succession planning purposes for a total of 3.75 FTE for the 2023-2025 biennium.

The increase in 2023-2025 operating expenses include $6,000 for accounting equipment and software, $5,196 for the succession FTE and $15,383 for inflation for travel, professional development, information technology and supplies which were approved in the Executive Budget. The one-time capital asset request of $30,000 is for accounting software. The current software mainstream support has ended, so future options are being reviewed.

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 $17,259,452

for NDBA (lease) bond payments for the outstanding bonds and are reflected in Section 1, Subdivision 1 of HB 1014. The 2021-2023 appropriation for NDBA for bond payments was $22,040,721. Section 1, Subdivision 1 will need to be amended to reflect the $4,781,269 decrease in debt service payments due to two bond issues being paid in full.

Attached for your information 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 North Dakota Building Authority. The level of debt service available would translate into NDBA bonding for approximately $230.2 million of projects.

Section 3 provides the breakdown on the source of funding for the $17,259,452 of lease (bond) payments as stated under the base level. Because the amount needed is $17,259,452. Section 3 should be amended as follows:

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
Research and extension service	242,205
Veteran's Home	407,252

The following non-General Fund sources or energy conservation savings* will be utilized to pay a portion of these payments:

*University System – UND (05A)	$ 207,649
Historical Society (05A)	33,333
Veterans Home (10A/B)	407,252
*University System – UND (2020A)	3,823,875
	$ 4,472,109

LEGACY FUND INFRASTRUCTURE PROGRAM

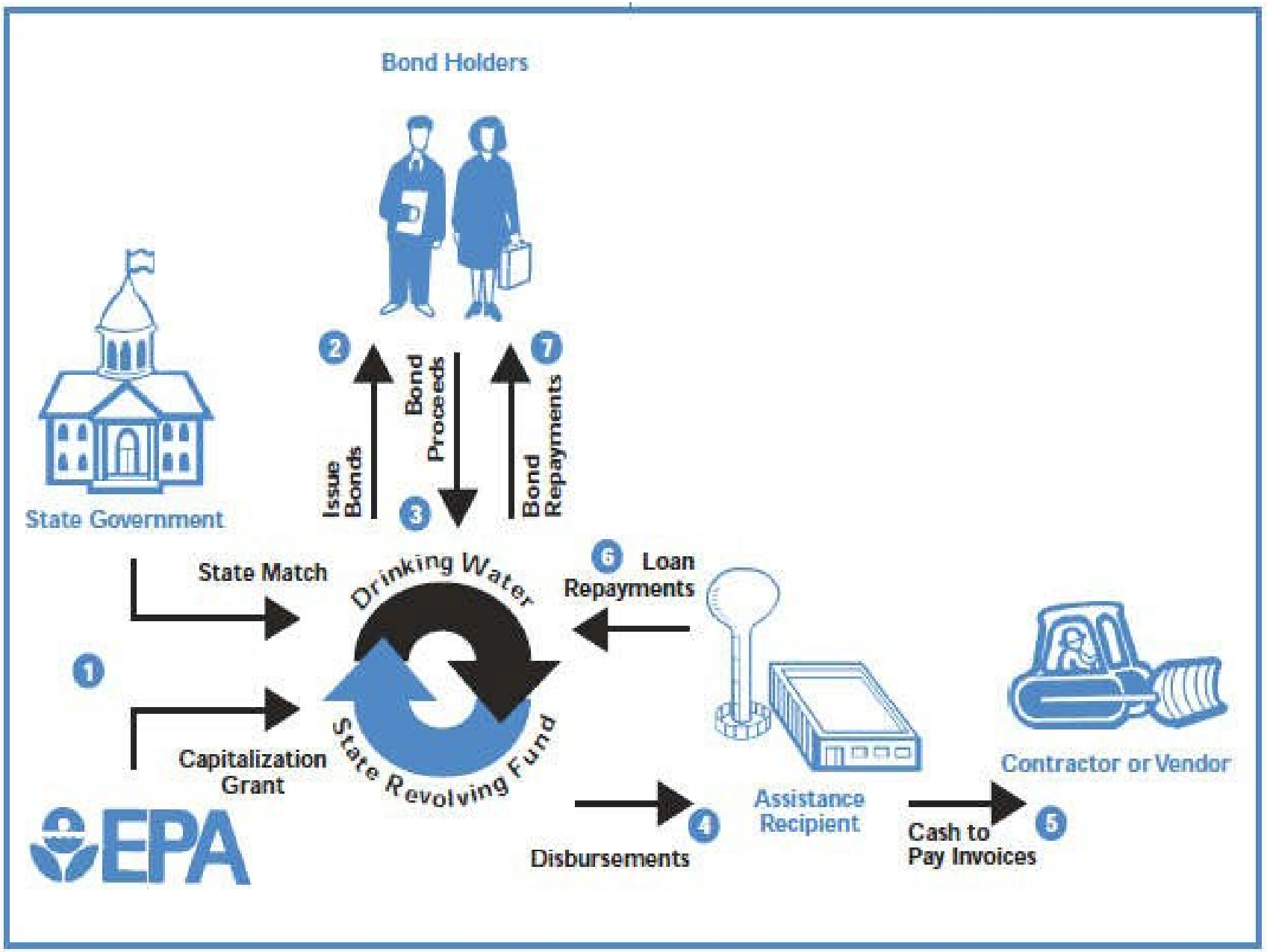
During the 2021 legislative session, House Bill 1431 authorized the PFA to issue Legacy Fund Infrastructure Program bonds to provide funding for $680,000,000 of projects. Bonds were issued on December 9, 2021 and July 19, 2022 to provide funds for these projects. The Legacy portion of the Governor's Executive Budget of the PFA budget includes $102,620,461 for bond payments for the outstanding bonds and are reflected in Section 1, Subdivision 1 of HB 1014. The 2023-2025 appropriation for Legacy Fund Infrastructure Program bond payments was $102,620,461. Section 1, subdivision 1 will need to be amended to reflect the $102,620,461 increase in debt service payments for these required debt payments.

The total Section 1, Subdivision 1 Bond Payments Amended Appropriation should be $119,879,913 which reflects the decreased NDBA and the increased Legacy Fund payments.

The written testimony below describes additional information on the PFA and its financing programs. The attached PFA 2022 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 PFA Annual Report is provided to Legislative Council each year.

The Industrial Commission, by policy, has established a three-member Public Finance Authority Advisory Committee with the Committee being appointed by the Commission. The Committee reviews each loan application for the purpose of making a recommendation concerning the loan to the Industrial Commission, which must give its approval before a loan may be made under each Program. However, if the loan is $500,000 or less for the Capital Financing Program or $2,000,000 or less for the SRF Program, the Committee may authorize the approval of the loan, and then submit a report describing the loan and the action taken to the Commission at its next meeting.

The next page illustrates the flow of funds for SRF loans.


Bond Holders
State Government
2
Issue Bonds
Bond Proceeds
3
7
Bond Repayments
State Match
1
Capitalization Grant
Drinking Water State Revolving Fund
6
Loan Repayments
Assistance Recipient
Contractor or Vendor
4
Disbursements
Cash to Pay Invoices
5
EPA

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 in 2011, 2012, 2015, 2016, 2018 and 2022 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, 2022, 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 $121,490,000. 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, 2022.

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 $258,004,688 of federal capitalization grants under the Clean Water SRF Program from 1989 through calendar year 2022. Through December 31, 2022, 338 loans totaling $903,450,416 have been approved under the Clean Water SRF Program. The Department of Environmental Quality's Clean Water Intended Use Plan for 2023 includes over $1,081,275,000 of potential CWSRF projects.

Federal capitalization grants for the Drinking Water SRF Program were first appropriated to the State in 1997. $240,645,767 of federal capitalization grants under the Drinking Water SRF Program have been appropriated and awarded to the State through federal fiscal year 2022. Through December 31, 2022, 311 loans totaling $733,316,147 have been approved under the Drinking Water SRF Program. The Department of Environmental Quality's Drinking Water Intended Use Plan for 2022 includes approximately $809,546,000 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. Bonds issued by the Public Finance

Authority under the SRF program are rated "Aaa" by Moody's Investors Service, Inc. (Moody's), which is Moody's highest possible 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".

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 $650,000 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	2010B 2002A	2010A/B	2012A	2017A 2006B/2001A 2006A/2000A/1998A 2005A	2020A	Totals	Other Source	Energy Conser. Budgeted	Total Gen. Fund	10% of $.01 Sales Tax*	Available Debt Service
2021-23	497,700	407,271	914,000	6,214,250	14,007,500	22,040,721	4,585,981	423,295	17,031,445	44,409,819	27,378,374
2023-25	0	404,834	0	2,782,875	14,016,375	17,204,084	4,262,045	207,649	12,734,390	44,409,819	31,675,429
2025-27	0	402,344	0	0	14,001,750	14,404,094	4,224,219	0	10,179,875	44,409,819	34,229,944
2027-29	0	396,928	0	0	14,020,125	14,417,053	4,223,678	0	10,193,375	44,409,819	34,216,444
2029-31	0	164,096	0	0	14,019,875	14,183,971	4,159,317	0	10,024,654	44,409,819	34,385,165
2031-33	0	0	0	0	14,013,500	14,013,500	3,823,500	0	10,190,000	44,409,819	34,219,819
2033-35	0	0	0	0	14,017,875	14,017,875	3,826,750	0	10,191,125	44,409,819	34,218,694
2035-37	0	0	0	0	14,018,125	14,018,125	3,818,125	0	10,200,000	44,409,819	34,209,819
2037-39	0	0	0	0	14,009,125	14,009,125	3,820,000	0	10,189,125	44,409,819	34,220,694
2039-41	0	0	0	0	14,010,125	14,010,125	3,818,875	0	10,191,250	44,409,819	34,218,569
Totals	1,425,788	2,182,830	2,711,750	16,358,375	140,134,375	162,813,118	41,619,252	1,062,788	120,131,078		

Revised 5/21/2021

*The statutory limitation is based on the Legislative May 2021 forecast with a 0% increase each subsequent biennium.

House Appropriations Committee
Government Operations Division
House Bill No. 1014 Budget No. 475
North Dakota Mill & Elevator Association
January 12, 2023

Mr. Chairman and Representatives:

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 operates under Chapter 54-18 of the North Dakota Century Code.

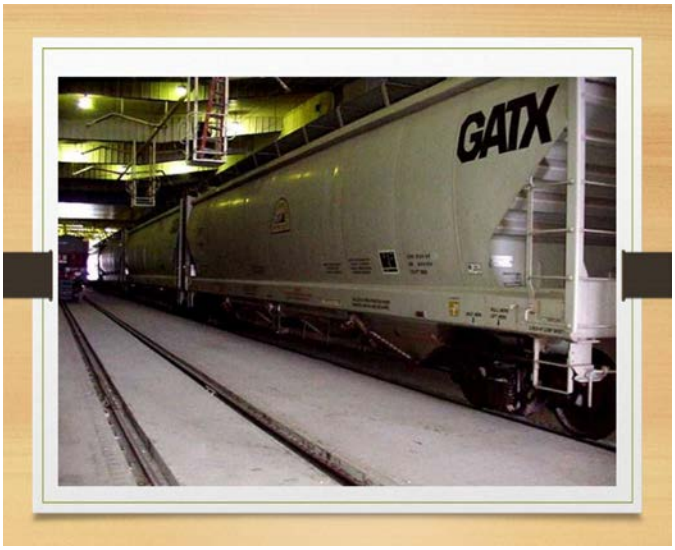
The North Dakota Mill and Elevator Association, located in Grand Forks, is presently the largest single site wheat flour mill and the 8th largest wheat milling company in the United States with sales over $450 million per year.

Our milling complex presently includes 10 milling units with the capacity to produce 6,050,000 lbs. of finished product 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 42,000,000 bu. per year. A Midds Storage and Handling Facility is currently under construction and is scheduled to be completed in February 2024. All facilities are located in Grand Forks.

The Mill normally operates 24 hours per day, 5 to 7 days per week. Our total current staffing is 156 full time employees.

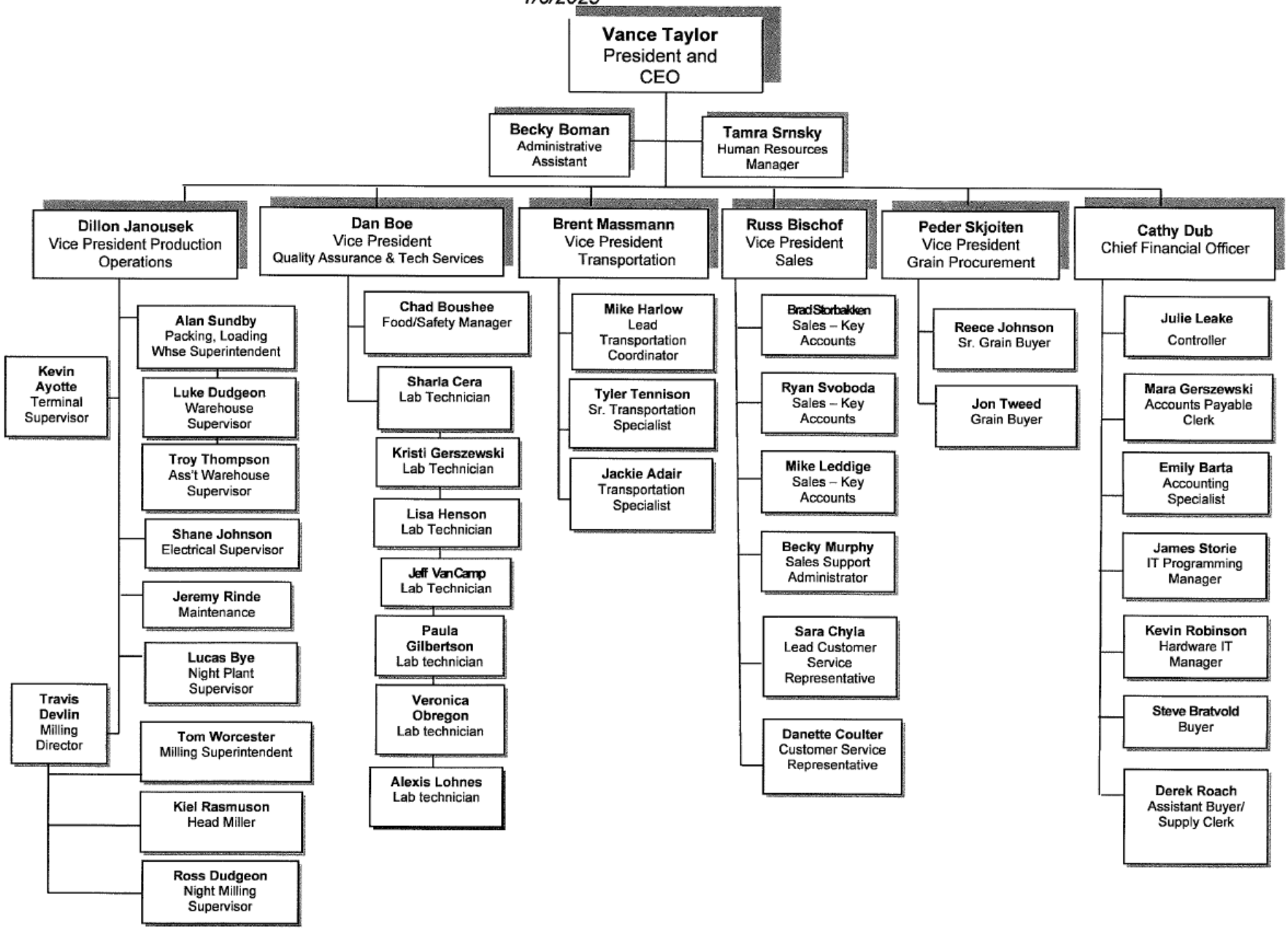
Our milling units process about 90% spring wheat and 10% durum. Approximately 80% of our products are shipped in bulk trucks or railcars and 20% is shipped in bags or totes.

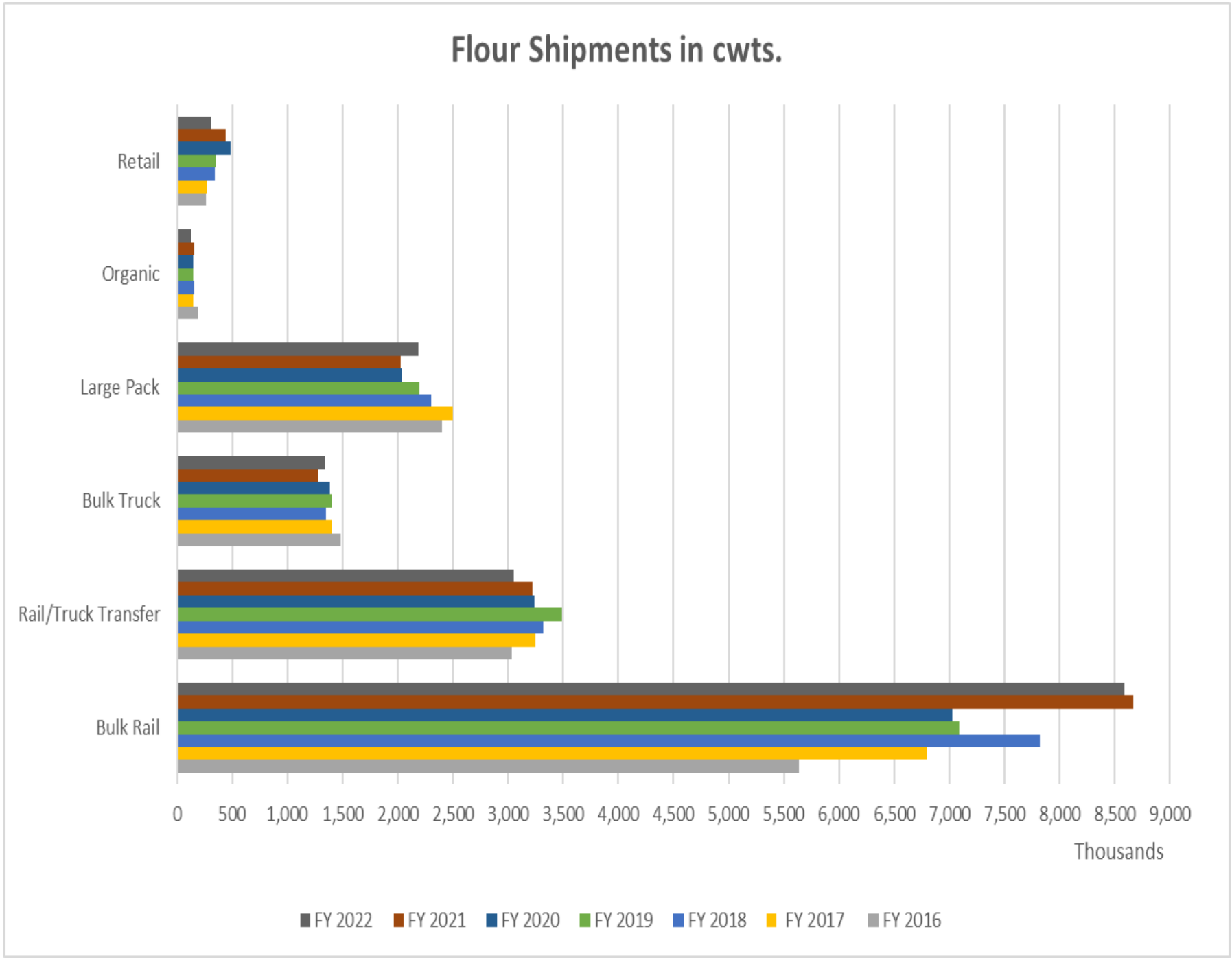
The Mill produces conventional and organic products. At present organic products make up about 1% of our total shipments.



NORTH DAKOTA MILL ORGANIZATION CHART

1/6/2023



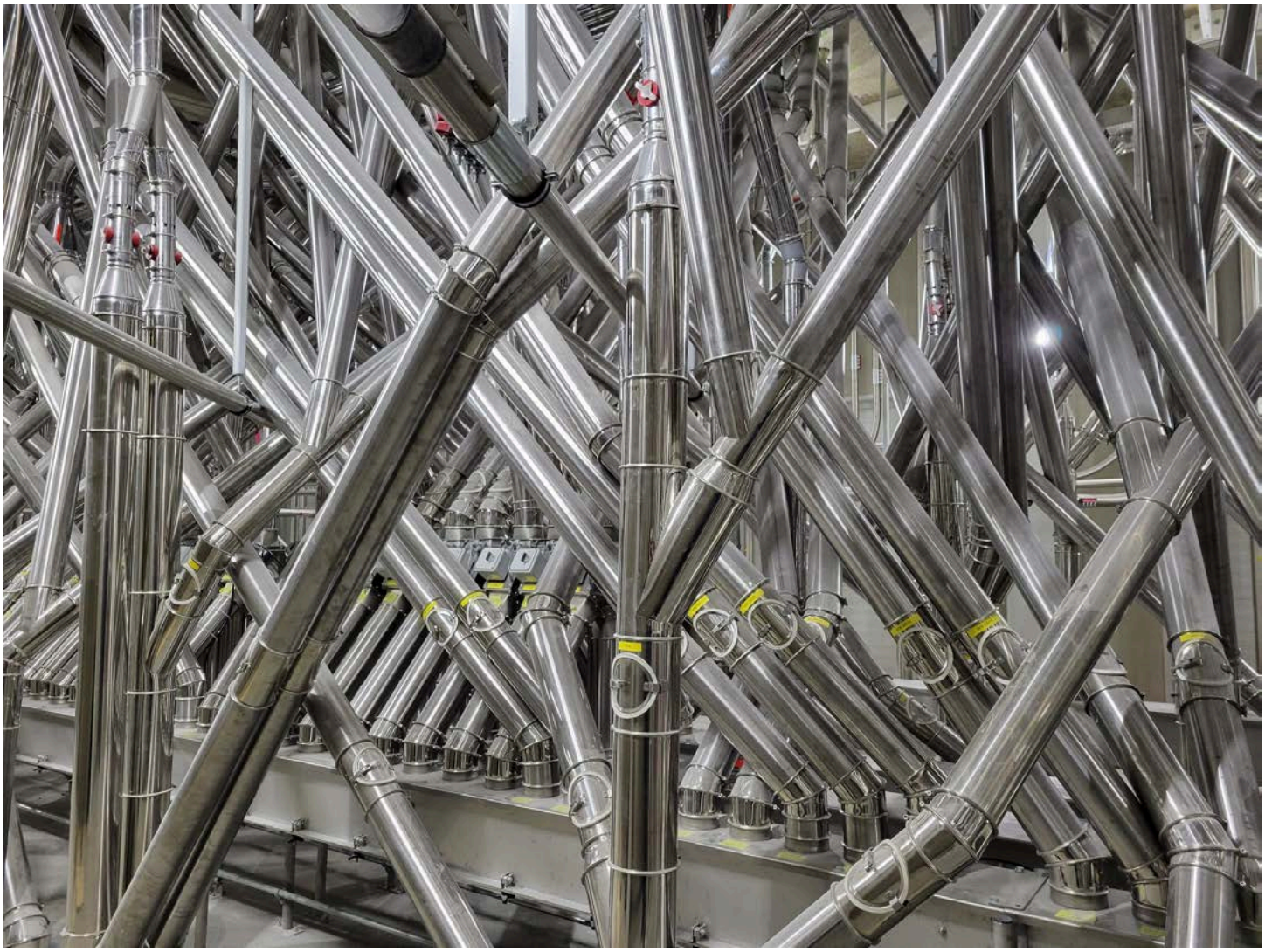

Flour Shipments in cwts.
Retail
Organic
Large Pack
Bulk Truck
Rail/Truck Transfer
Bulk Rail
0
500
1,000
1,500
2,000
2,500
3,000
3,500
4,000
4,500
5,000
5,500
6,000
6,500
7,000
7,500
8,000
8,500
9,000
Thousands
FY 2022
FY 2021
FY 2020
FY 2019
FY 2018
FY 2017
FY 2016

Projects and Business Growth

In 2001 we had milling capacity of 27,000 cwts of flour per day. Since that time, we have completed multiple expansion projects, including the start-up of our G Mill in FY 2017, and the H & I Mill additions and conversion of the D Mill in FY 2022. These projects have grown our milling complex to a total of 60,500 cwts. of flour per day. Increasing our capacity has allowed us to service additional demand from current and new customers, as well as improve profitability and increase the number of bushels purchased from North Dakota farmers.

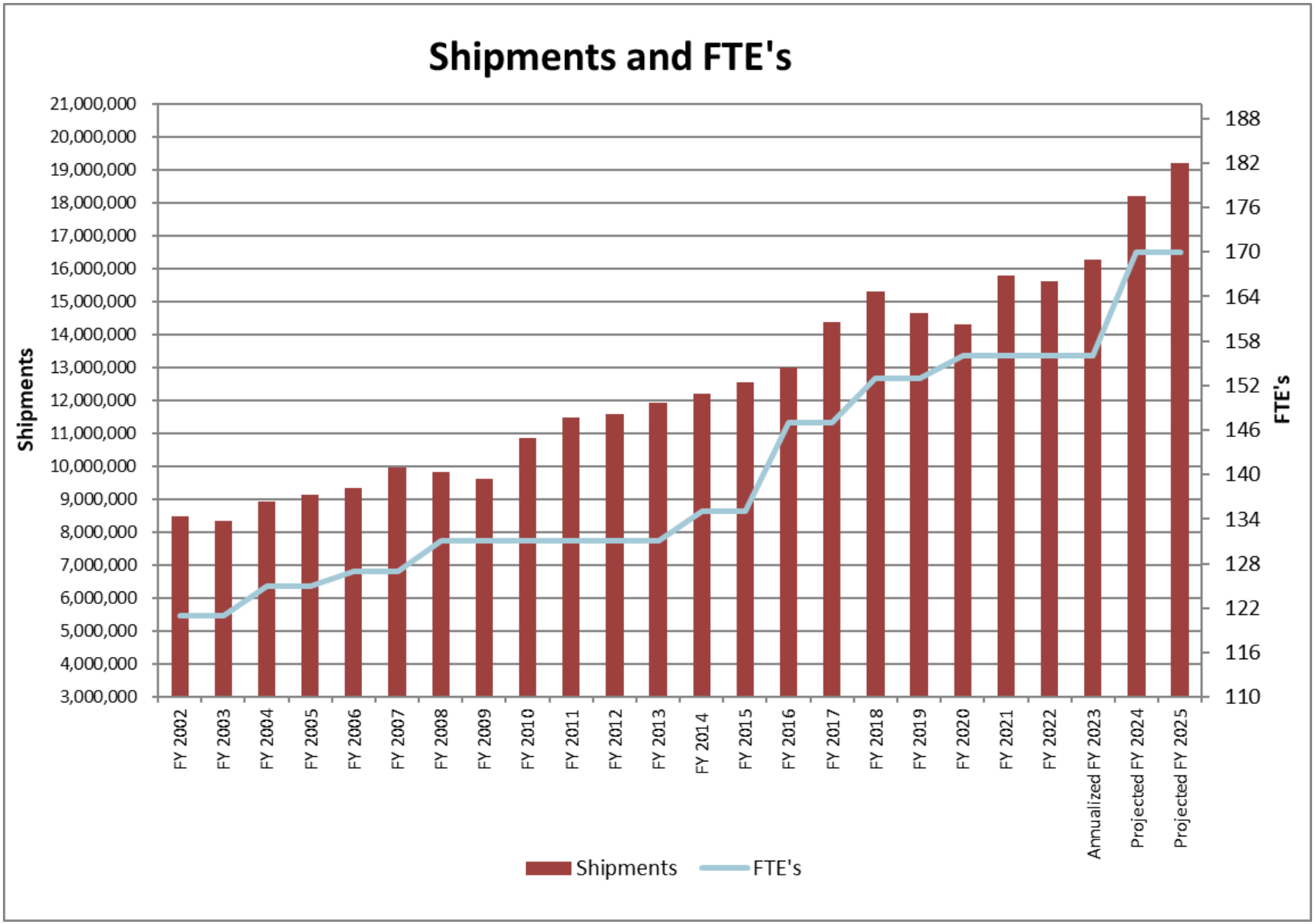
- 2013 K Mill Renovation and Expansion $8.4 million
- G Mill Addition and Flour Storage $38.7 million
- High Speed Truck and Rail Wheat Unloading System $9.3 million
- Phase II Shuttle Track & Grain Storage $24.7 million
- Terminal Receiving Scales & Conveyors $8.5 million
- 2 Automated Flour Packing Systems $4.7 million
- H and I Mill Additions & D Mill Conversion $24.475 million
- Midds Storage & Handling Facility Phase I $34.0 million (Currently under construction)

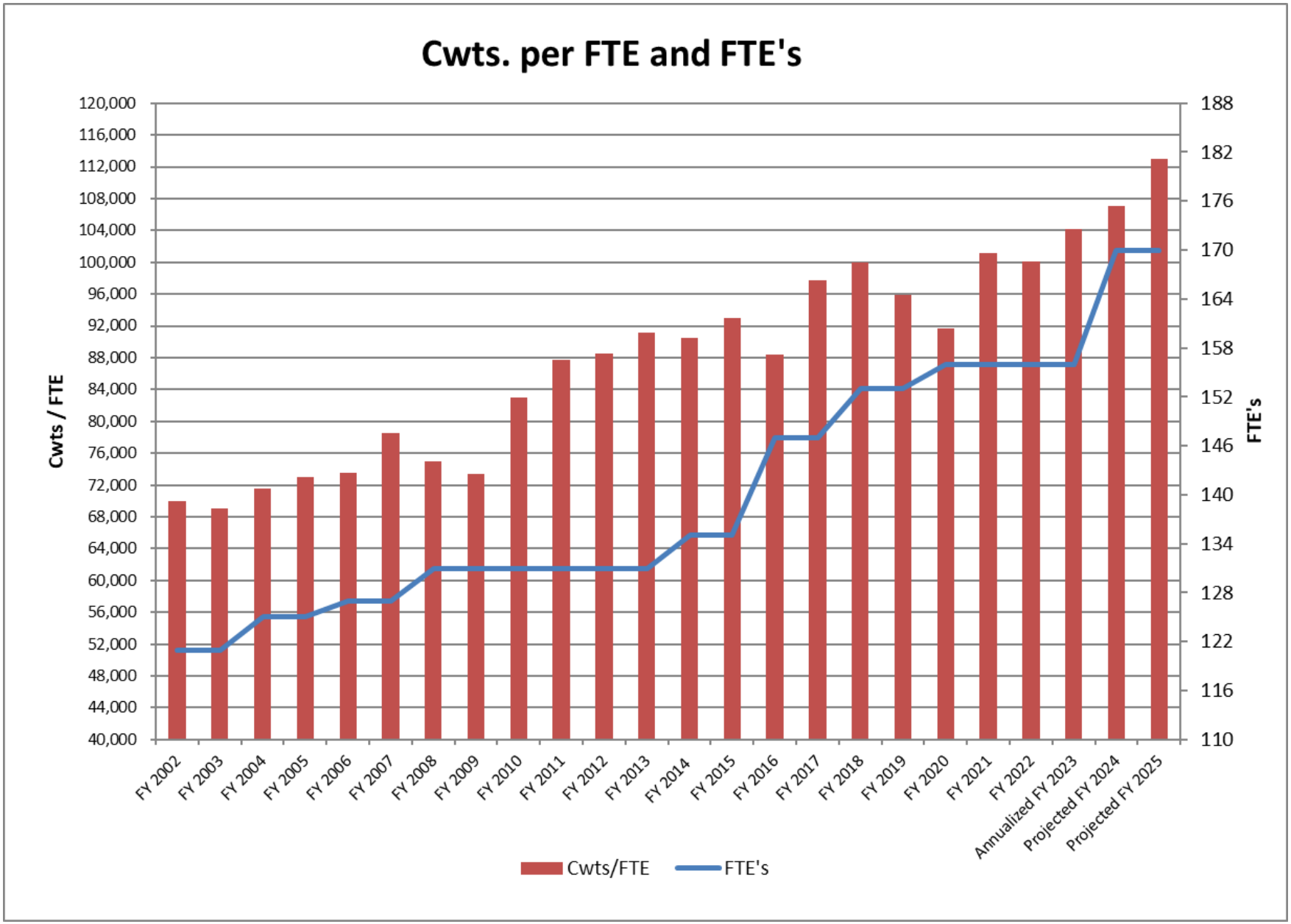
Our need to expand has been driven by increasing demand from our current customers and the addition of new customers. The completion of these major expansion projects has been vitally important for the North Dakota Mill to continue to compete effectively and provide a more significant economic impact to the State.



Potential Future Projects

- Midds Storage & Handling Facility Phase II $8.0 million
- Midds Storage & Handling Facility Phase III $7.0 million
- Durum Truck Loadout Bins $4.0 million
- Increase Whole Wheat Milling Capacity $3 million


Shipments and FTE's
Shipments
FTE's
21,000,000
20,000,000
19,000,000
18,000,000
17,000,000
16,000,000
15,000,000
14,000,000
13,000,000
12,000,000
11,000,000
10,000,000
9,000,000
8,000,000
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
188
182
176
170
164
158
152
146
140
134
128
122
116
110
FY 2002
FY 2003
FY 2004
FY 2005
FY 2006
FY 2007
FY 2008
FY 2009
FY 2010
FY 2011
FY 2012
FY 2013
FY 2014
FY 2015
FY 2016
FY 2017
FY 2018
FY 2019
FY 2020
FY 2021
FY 2022
Annualized FY 2023
Projected FY 2024
Projected FY 2025
Shipments
FTE's


Cwts. per FTE and FTE's
Cwts / FTE
FTE's
120,000
116,000
112,000
108,000
104,000
100,000
96,000
92,000
88,000
84,000
80,000
76,000
72,000
68,000
64,000
60,000
56,000
52,000
48,000
44,000
40,000
188
182
176
170
164
158
152
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128
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116
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FY 2002
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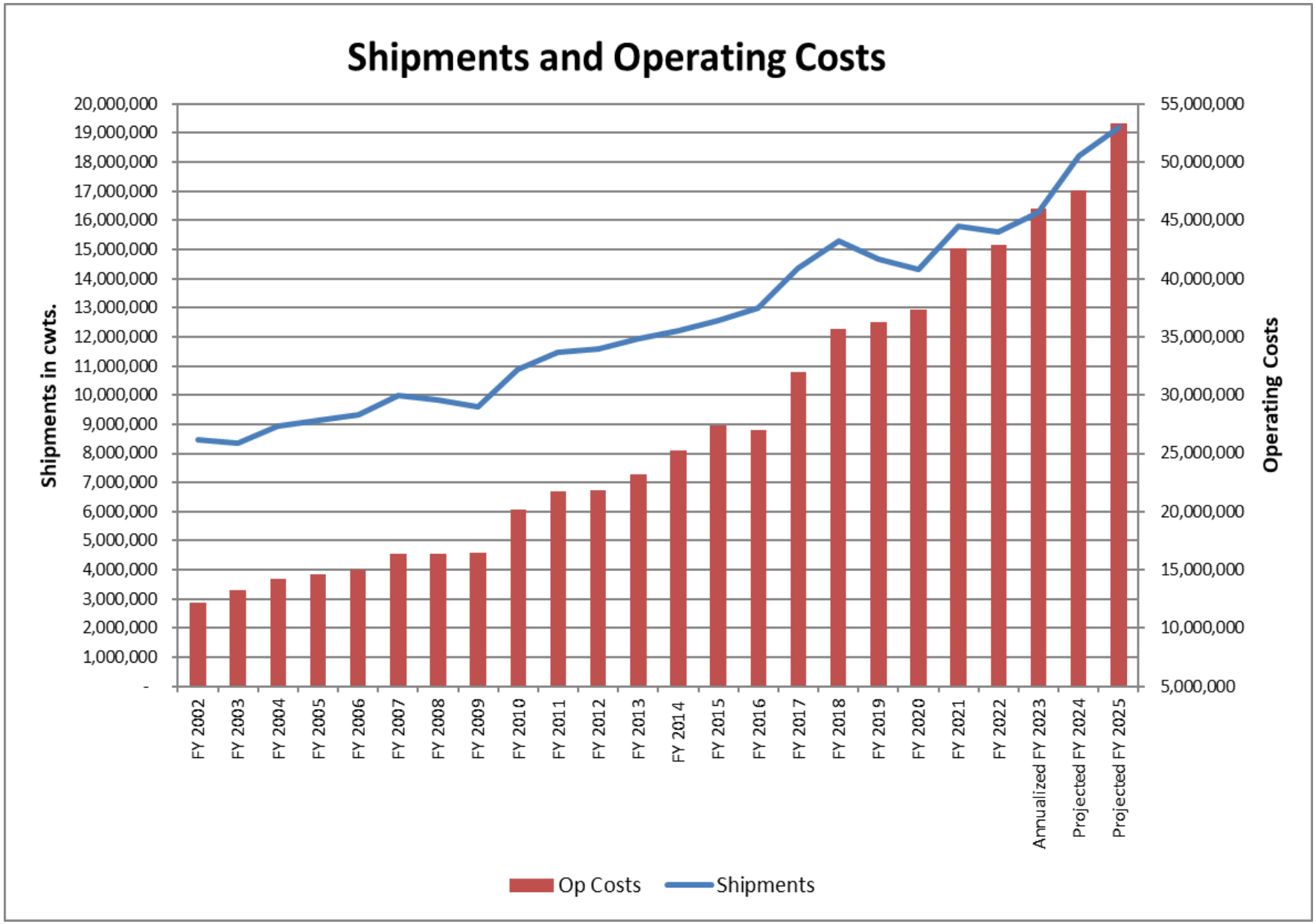
FY 2014
FY 2015
FY 2016
FY 2017
FY 2018
FY 2019
FY 2020
FY 2021
FY 2022
Annualized FY 2023
Projected FY 2024
Projected FY 2025
Cwts/FTE
FTE's


Shipments and Operating Costs
Shipments in cwts.
Operating Costs
20,000,000
19,000,000
18,000,000
17,000,000
16,000,000
15,000,000
14,000,000
13,000,000
12,000,000
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5,000,000
FY 2002
FY 2003
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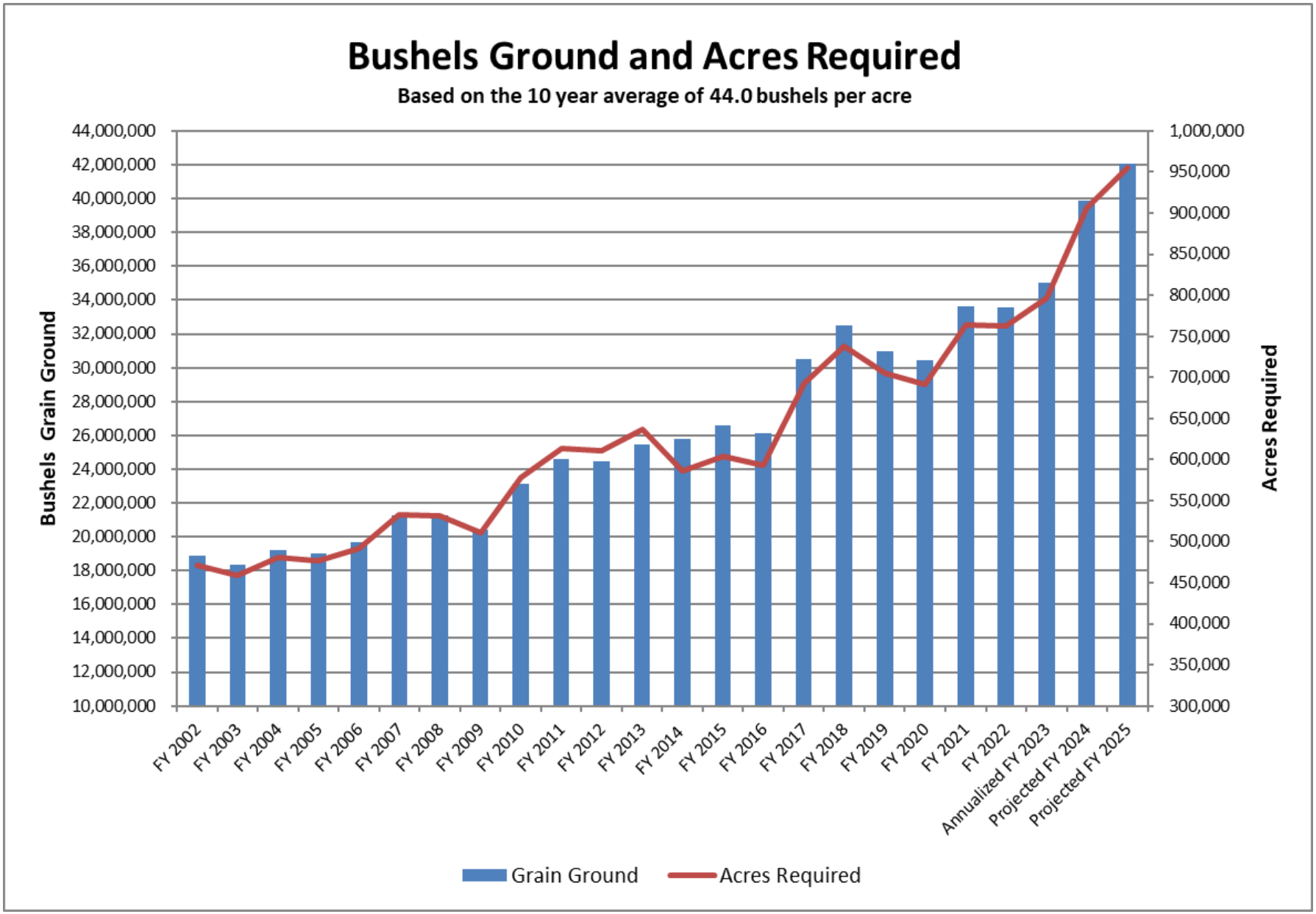
FY 2013
FY 2014
FY 2015
FY 2016
FY 2017
FY 2018
FY 2019
FY 2020
FY 2021
FY 2022
Annualized FY 2023
Projected FY 2024
Projected FY 2025
Op Costs
Shipments


Bushels Ground and Acres Required
Based on the 10 year average of 44.0 bushels per acre
Bushels Grain Ground
Acres Required
44,000,000
42,000,000
40,000,000
38,000,000
36,000,000
34,000,000
32,000,000
30,000,000
28,000,000
26,000,000
24,000,000
22,000,000
20,000,000
18,000,000
16,000,000
14,000,000
12,000,000
10,000,000
1,000,000
950,000
900,000
850,000
800,000
750,000
700,000
650,000
600,000
550,000
500,000
450,000
400,000
350,000
300,000
FY 2002
FY 2003
FY 2004
FY 2005
FY 2006
FY 2007
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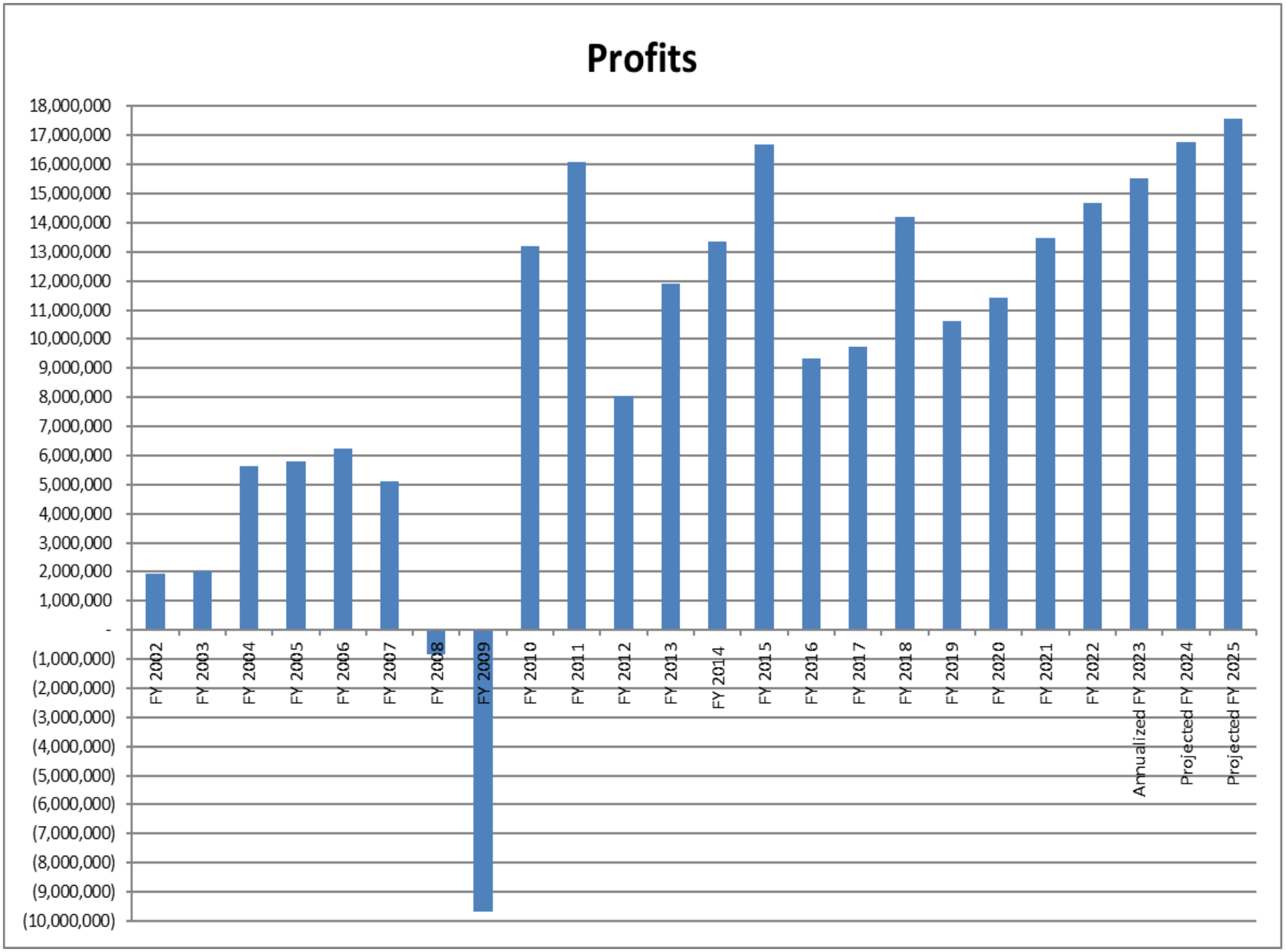
FY 2009
FY 2010
FY 2011
FY 2012
FY 2013
FY 2014
FY 2015
FY 2016
FY 2017
FY 2018
FY 2019
FY 2020
FY 2021
FY 2022
Annualized FY 2023
Projected FY 2024
Projected FY 2025
Grain Ground
Acres Required


Profits
18,000,000
17,000,000
16,000,000
15,000,000
14,000,000
13,000,000
12,000,000
11,000,000
10,000,000
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3,000,000
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1,000,000
-
(1,000,000)
(2,000,000)
(3,000,000)
(4,000,000)
(5,000,000)
(6,000,000)
(7,000,000)
(8,000,000)
(9,000,000)
(10,000,000)
FY 2002
FY 2003
FY 2004
FY 2005
FY 2006
FY 2007
FY 2008
FY 2009
FY 2010
FY 2011
FY 2012
FY 2013
FY 2014
FY 2015
FY 2016
FY 2017
FY 2018
FY 2019
FY 2020
FY 2021
FY 2022
Annualized FY 2023
Projected FY 2024
Projected FY 2025

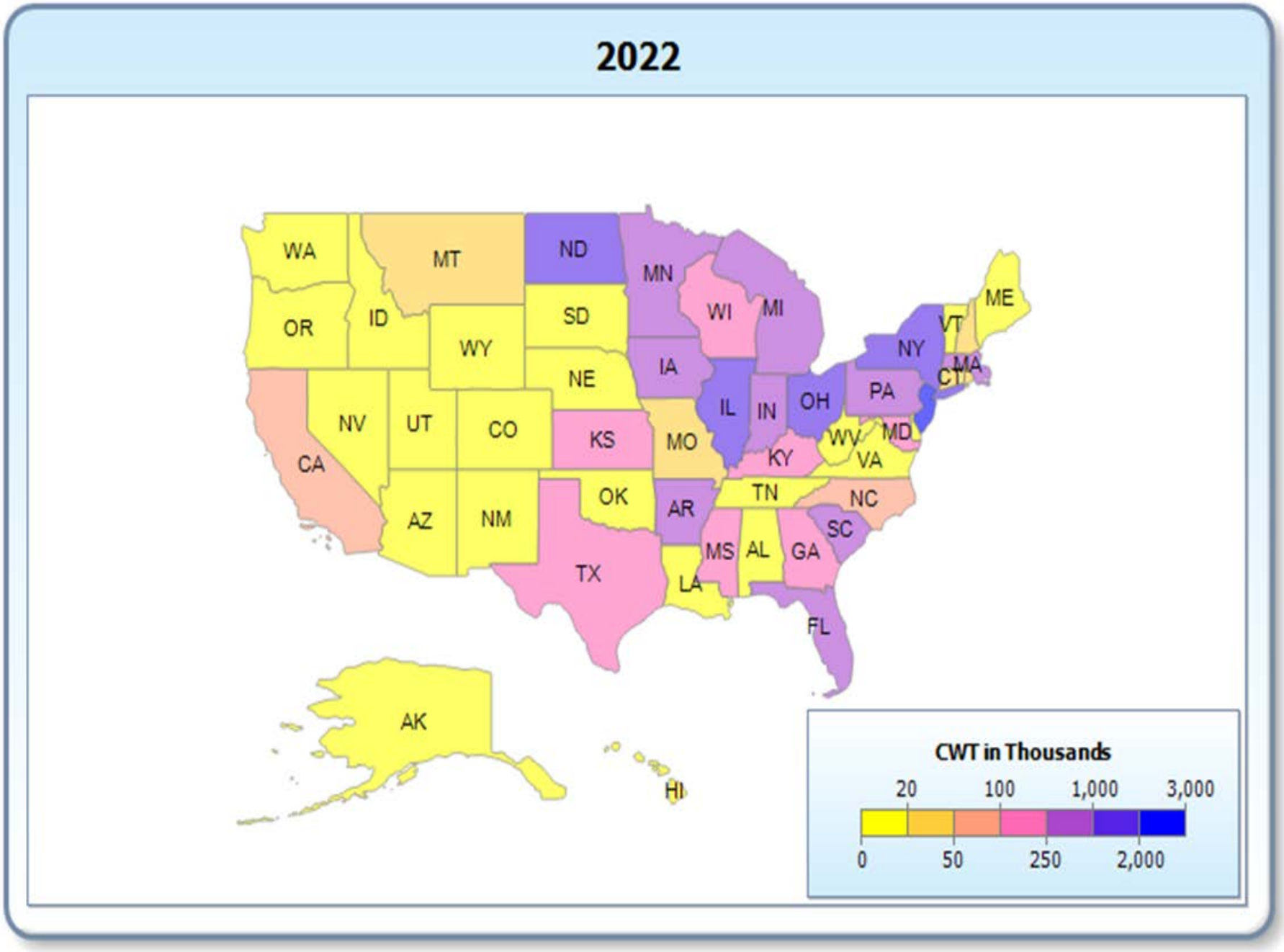
Markets and Competition

Our bulk and large package shipping area is diverse but more concentrated in the Ohio River Valley and on the East Coast. We also export product to the Caribbean Islands and Korea. Our customers include bakery flour distributors, retail distributors, large bakeries and pasta companies. Sales are made by our in-house sales staff and food brokers.

We compete with large milling companies such as Ardent Mills, ADM, Grain Craft, General Mills and others. The outstanding quality of our products is verified by our FSSC 22000 certification.

Going forward, we intend to continue to increase flour shipments using the additional production capacity of our new milling units; increase plant efficiency to minimize production costs; continue to aggressively market family flour and retail mixes; grow our organic flour business and investigate new markets, new products, and extensions of current product lines.

We will continue to leverage our greatest asset – our dedicated employees, whose hard work has given us an excellent reputation for product quality and customer service in the marketplace.


2022
WA
MT
ND
MN
OR
ID
SD
WI
MI
WY
NY
VT
ME
NE
IA
MA
CT
NV
UT
CO
KS
MO
IL
IN
OH
PA
CA
KY
WV
MD
VA
OK
AR
TN
NC
AZ
NM
SC
MS
AL
GA
TX
LA
FL
AK
HI
CWT in Thousands
20
100
1,000
3,000
0
50
250
2,000

Economic Impact

A North Dakota State University study stated that for every dollar in direct economic activity from wheat processing, another $2.32 was generated in secondary economic activity. During Fiscal Year 2022, the Mill generated $366,421,000 in direct economic activity resulting in an additional $850,097,000 in secondary economic activity. This results in a total economic impact to the region of more than $1,216,518,000 during the last fiscal year.

Strategic Plan FY 2023

Working with the UND Office of Work Force Development, the North Dakota Mill management team has developed the following strategic objectives for Fiscal Year 2023:

- 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

Budget Request

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

The Mill 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

2022, the Mill transferred $733,889 (5% of profits) to the APUF and $6,971,950 (50% of remaining profits) to the General Fund. We respectfully request that the General Fund Transfer amount be suspended for the 2023-2025 biennium as recommended by the Governor. In the past seven fiscal years, the Mill has invested $123.3 million in capital projects. The Mill currently has another $41.3 million in projects in progress with two additional phases of the Midds Storage & Handling Facility that have not been approved at this time. Those phases are estimated to be an additional $15 million. Due to the significant amount of capital investment made and the rapidly rising interest rates, the Mill is requesting to keep its profits to help paydown debt at a more rapid pace.

Along with the suspension of transfers to the General Fund, the Mill would ask that you would allow a gain-sharing program for the 2023-2025 biennium to be approved without a transfer to the General Fund. It is imperative for employee retention that we can continue with our gain-sharing program. The Mill's gain-sharing program is designed to incentivize our employees to work towards common profitability, productivity, and safety goals.

Our budget request is for $100,185,097. This is a $11,807,888 increase over the last biennium budget. The increase represents increases in wages and benefits, operating expenses, and an additional 14 FTE's.

For biennium 2021-2023 the Mill's appropriation amount was $50,560,209 for wages and benefits. The Mill included 3.25% wage increases in the appropriation requested for biennium 2023-2025 to match the contract we have with our labor union. Our budget request included overtime and shift differential that would

allow continuous 24/7 running of the mills. The Mill also requested 14 additional FTE's for the biennium.

Three (3) of the positions are to add a 2nd Shift Grain Mixing crew. The increased production capacity requires an additional 25,000 bushels of wheat to be mixed and transferred to the mills daily to ensure continuous 24/7 running of the mills. These positions added $475,578 to the salary and benefits expense.

Three (3) employees are being requested due to the additional equipment to maintain. A mechanic, electrician and an equipment oiler are needed to assist in maintaining the equipment that has been added to the facility through our capital investments. These positions added $560,422 to salary and benefits.

Three (3) employees are needed to run the Midds Storage & Handling facility upon completion to allow for loading by-product 24 hours per day. These positions added $468,246 to salary and benefits.

Five (5) employees are needed to convert our Milling Department from a 3-shift operation to a 4-shift operation. This will reduce overtime within the department and help us to recruit and maintain quality employees in the Milling Department. The new 4th shift will consist of 3 Millers, 1 Assistant Miller, and 1 Grain Cleaner. These positions added $863,086 to salary and benefits.

For the 2023-25 biennium the Mill is requesting $56,793,444 in salary and benefits. The Mill would need additional funds added to our salary and benefits

appropriations to account for increased health insurance costs as well as any wage increases that are granted greater than 3.25%.

In order to reach 18MM cwts. of production and sales NDM will need additional funding for inflationary factors and business growth. We have seen costs rise substantially in many of our expense categories. The Mill has used a 9% inflationary factor for all operating expense categories due to the current economic conditions. The Mill has increased some categories more than the 9% inflationary factor due to business growth and other factors.

For biennium 2021-23 the Mill's appropriation amount was $13,932,340 for utilities. In the first year of the current biennium the Mill spend $4,712,056 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 has announced an increase in power rates of over 15% beginning January 1, 2023. 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 2023-2025 biennium will be the first full biennium with the H & I milling units which will increase power requirements. The Mill is also in the process of constructing a new Midds Storage & Handling Facility which will also require additional power. The Mill budgeted $16,004,550 for utilities for the 2023-25 biennium.

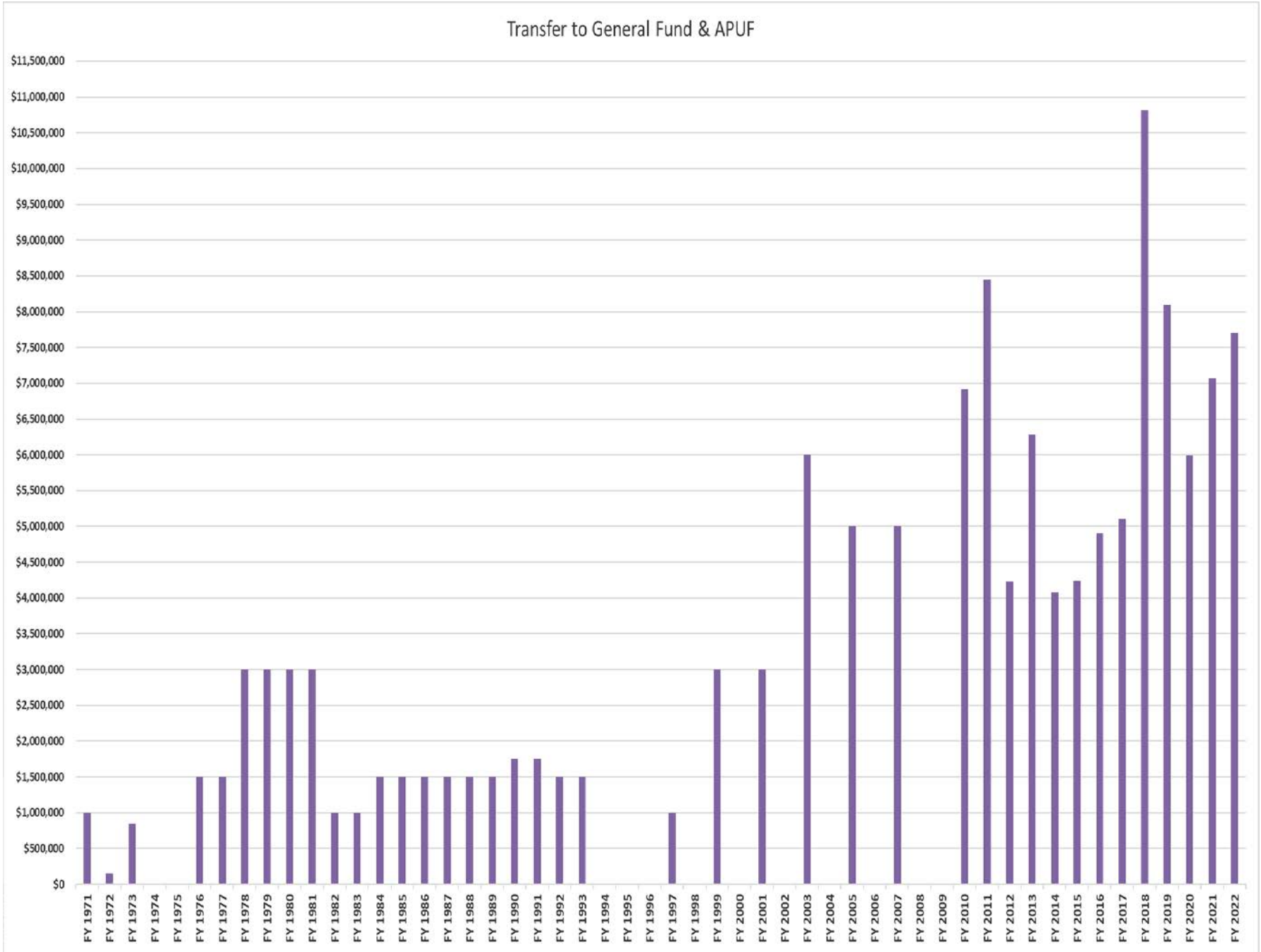
For biennium 2021-2023 the Mill's appropriation amount was $10,045,680 for maintenance and repairs. With our growth and expansion over the past several years, we have increased the amount of equipment at the Mill, which requires

maintenance and repairs. We anticipate this expense to be $10,682,000 in the 2023-2025 biennium.

For biennium 2021-2023 the Mill's appropriation amount was $5,523,980 for insurance. Property insurance rates have begun to stabilize; however, inflation has increased the value of property that we are covering. 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 $5,720,000 in the next biennium.

For the 2023-25 biennium the Mill is requesting $42,391,653 in operating expenses. This represents a 15.1% increase from the 2021-23 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 16,300,000 cwts in FY 2023, a 4.5% increase over the previous fiscal year. This represents grinding more than 37,500,000 bushels of spring wheat and durum.

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


Transfer to General Fund & APUF
$11,500,000
$11,000,000
$10,500,000
$10,000,000
$9,500,000
$9,000,000
$8,500,000
$8,000,000
$7,500,000
$7,000,000
$6,500,000
$6,000,000
$5,500,000
$5,000,000
$4,500,000
$4,000,000
$3,500,000
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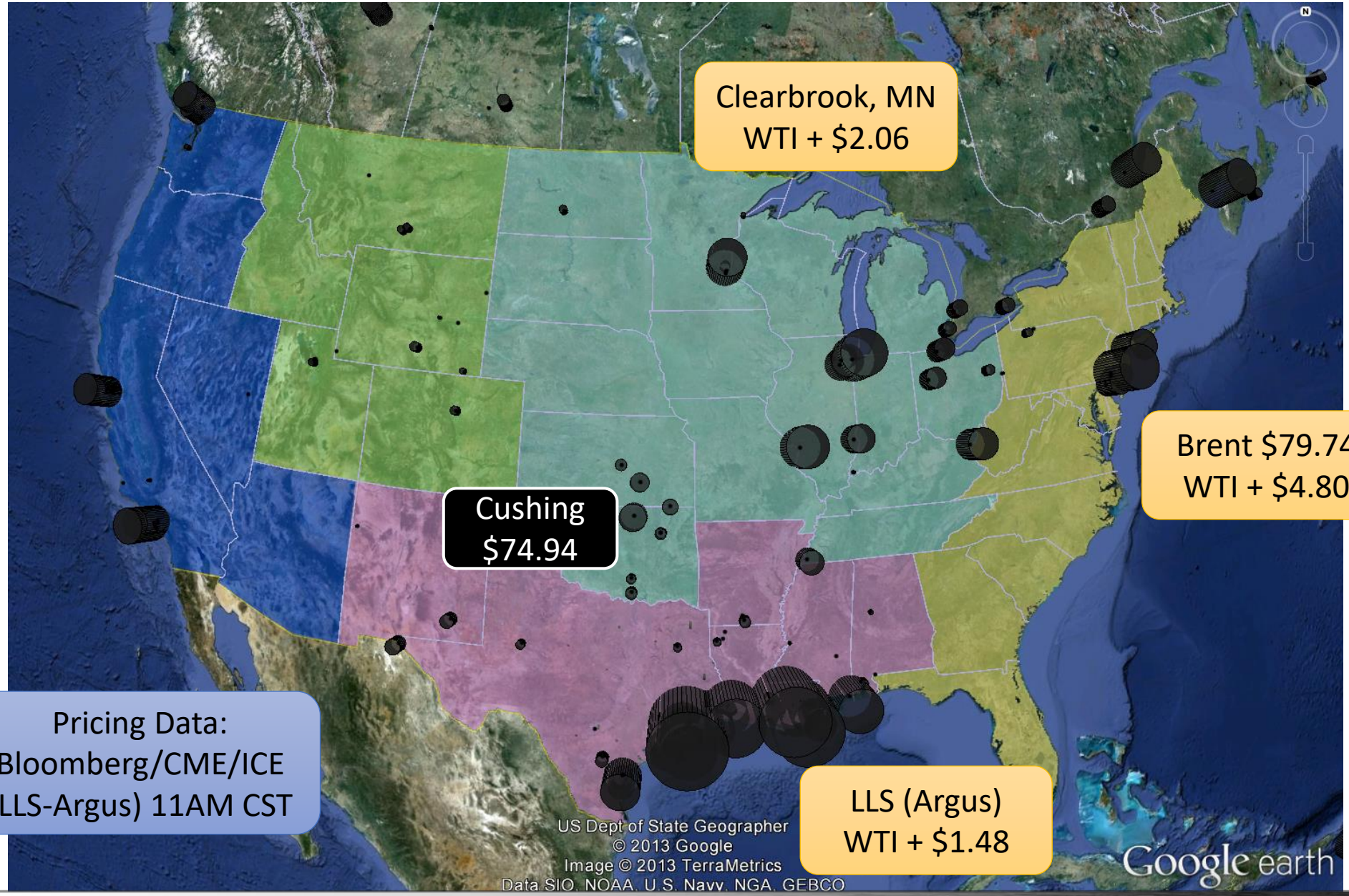
FY 2022

Pipeline Authority

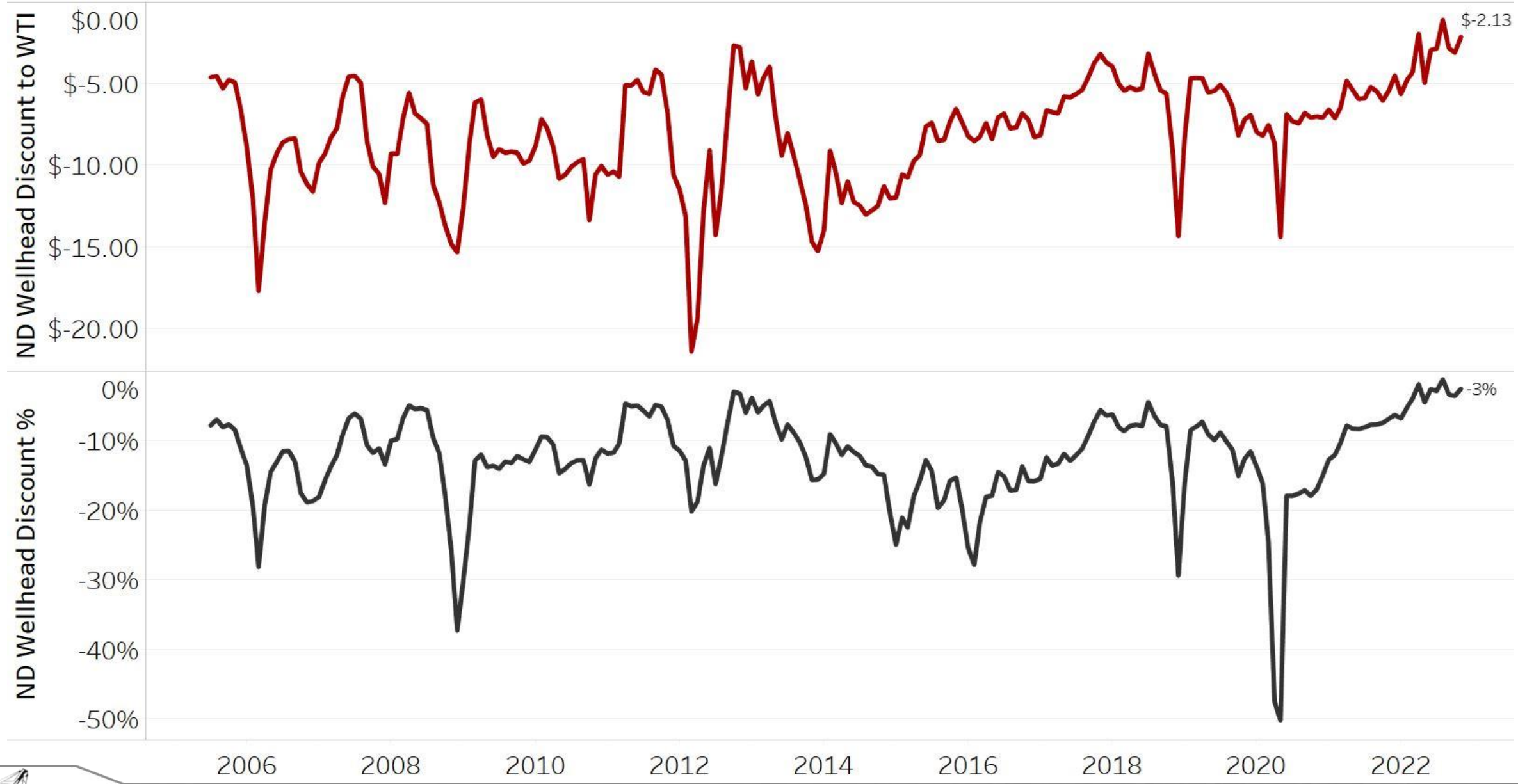
House Appropriations - Government Operations Division

Crude Oil Prices – Jan. 9, 2023

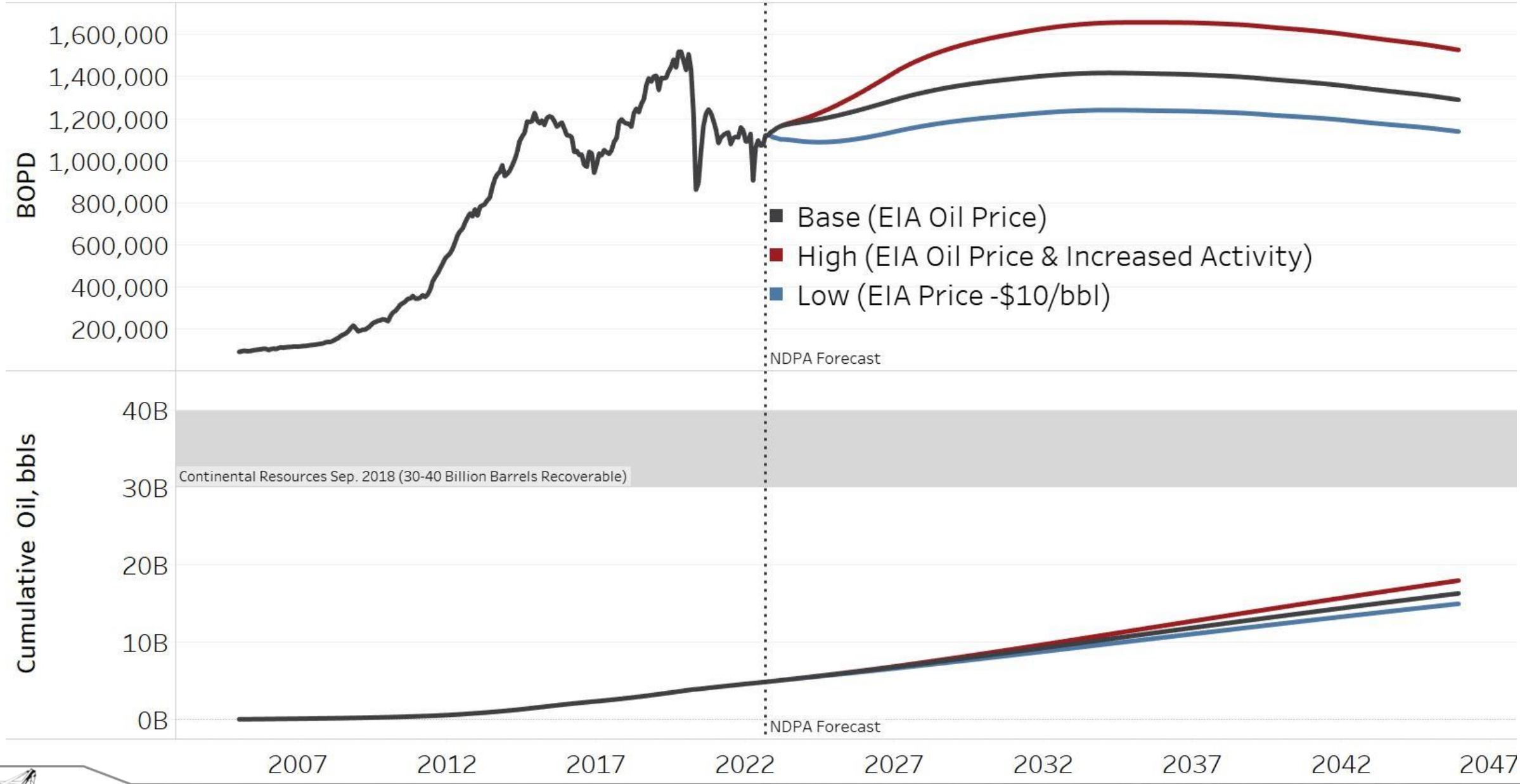


Pricing Data:
Bloomberg/CME/ICE
(LLS-Argus) 11AM CST

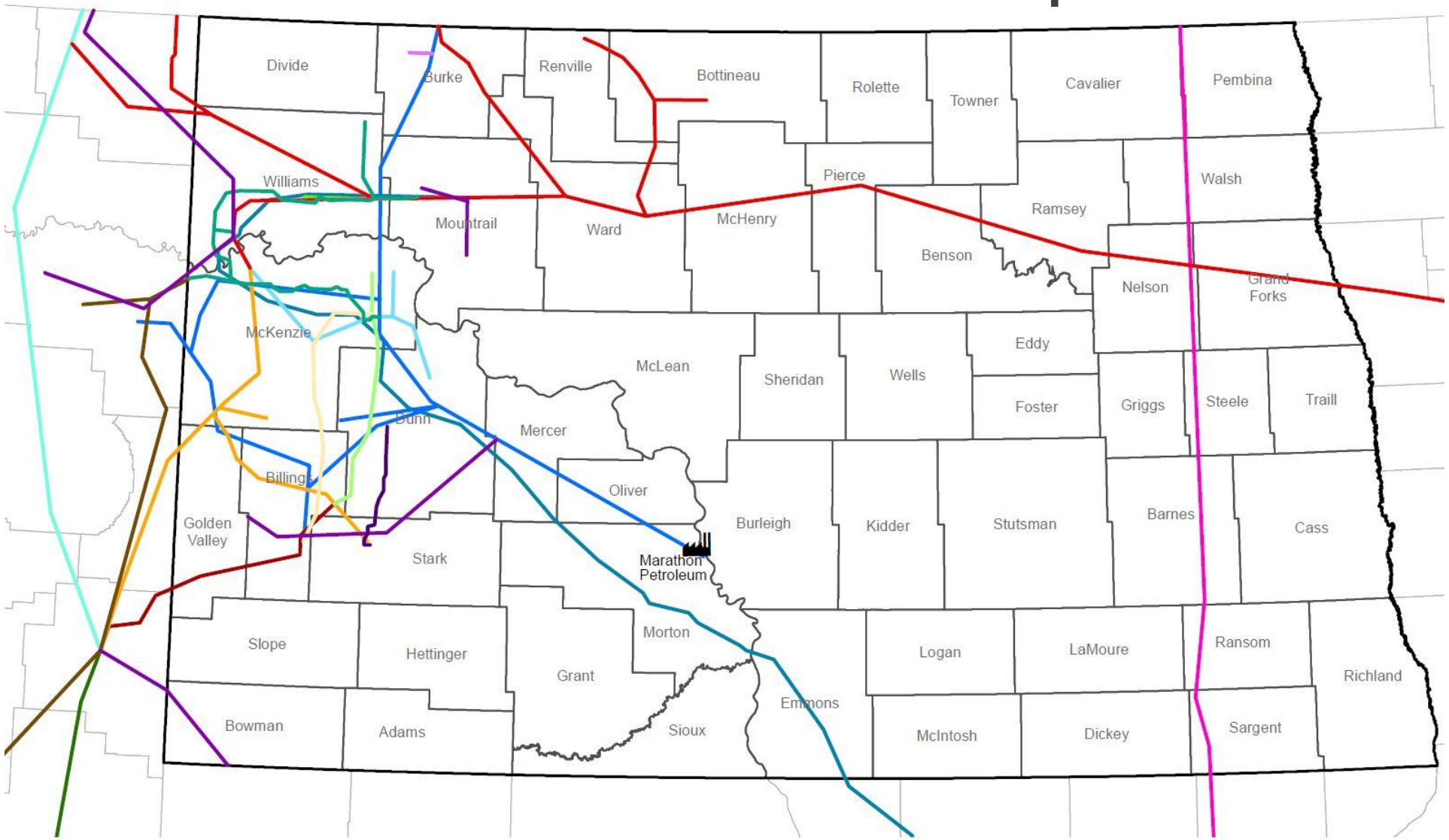
Average North Dakota Oil “Discount” to WTI



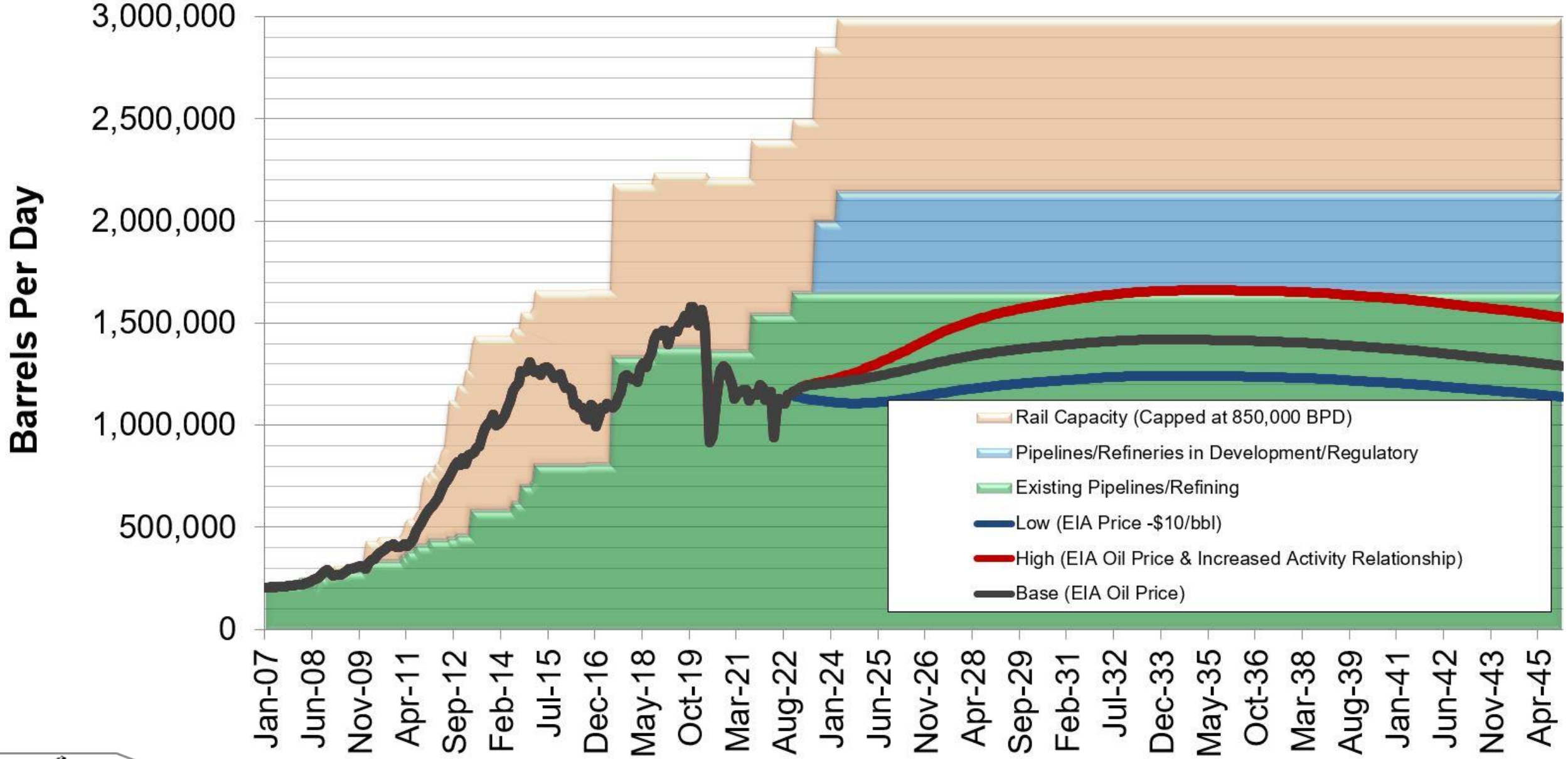
ND Oil Production: EIA Price Deck



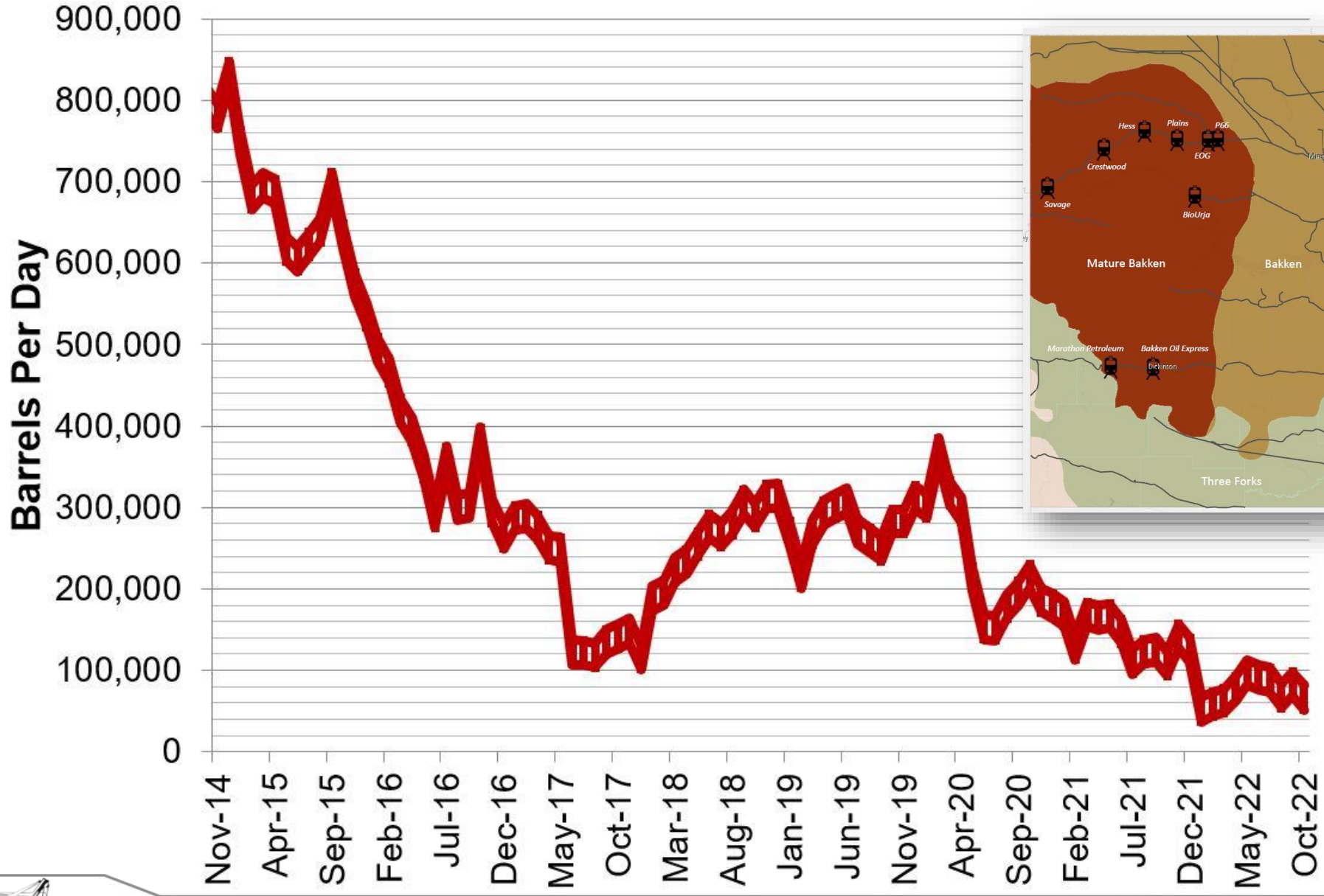
North Dakota Oil Transmission Pipelines

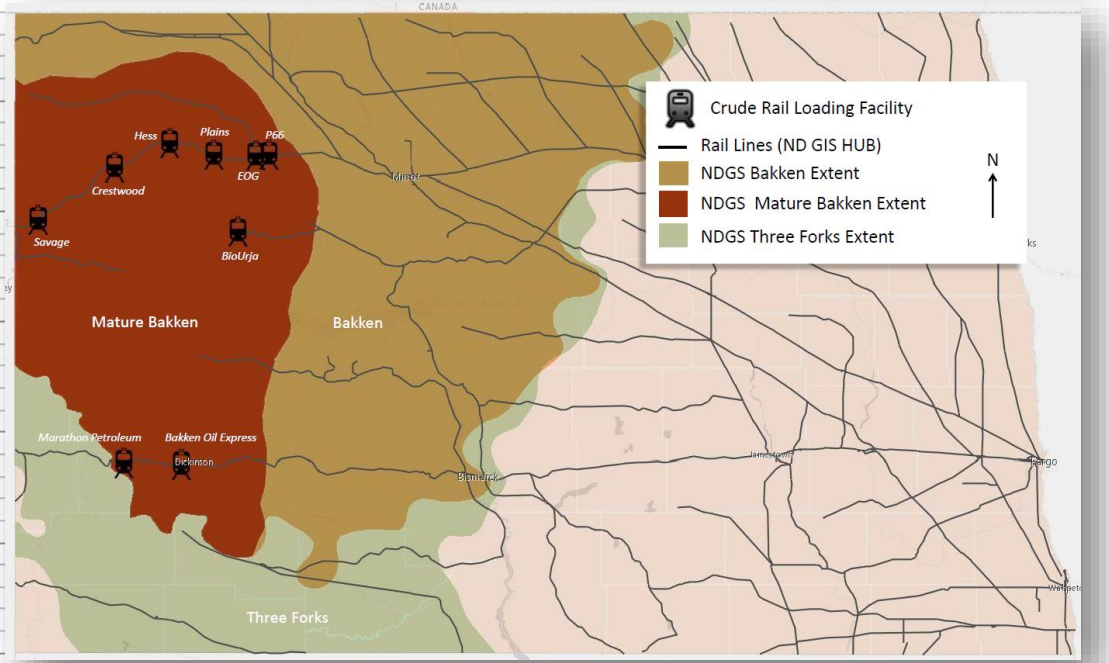


Williston Basin Oil Production & Export Capacity, BOPD

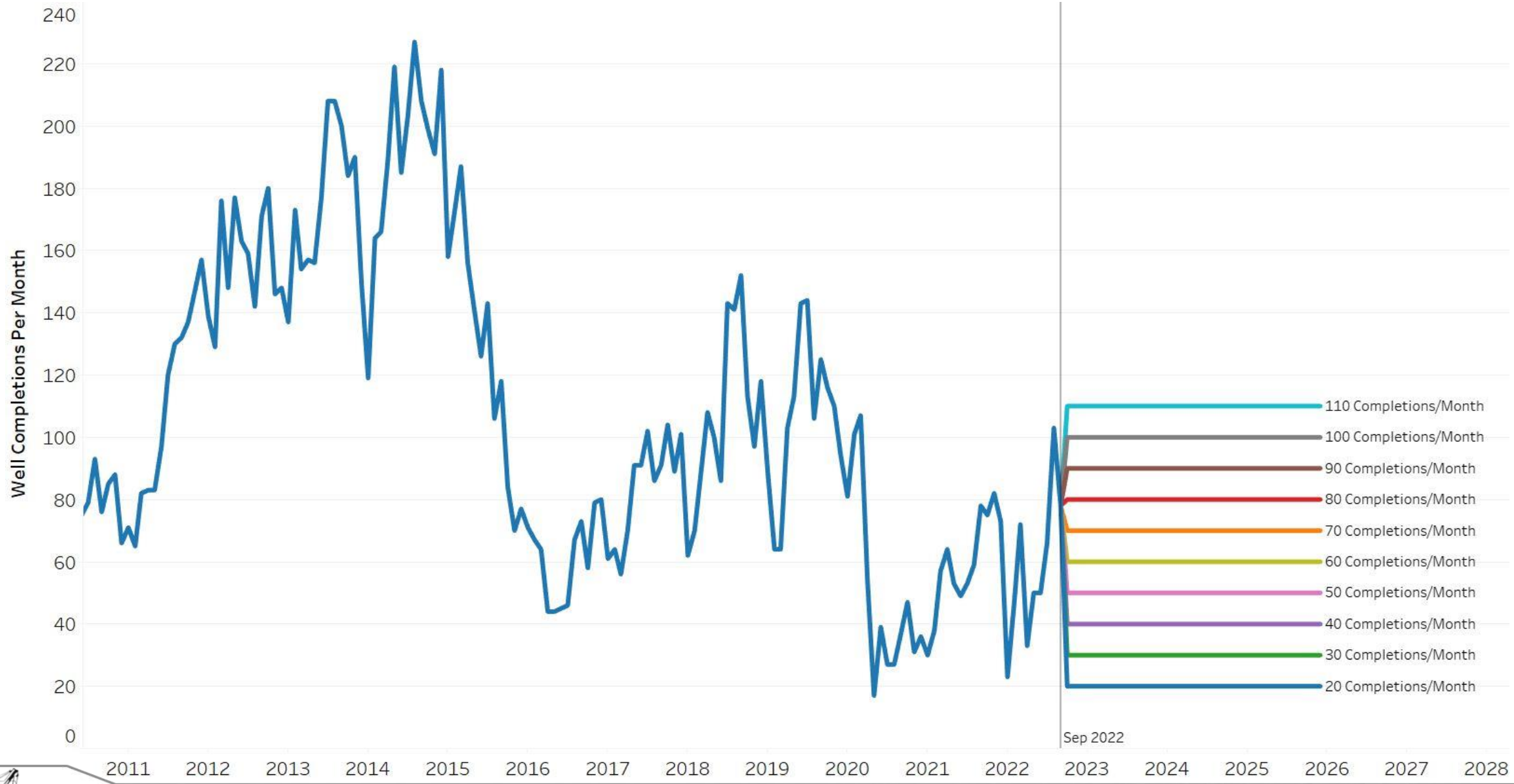


Estimated ND Rail Export Volumes



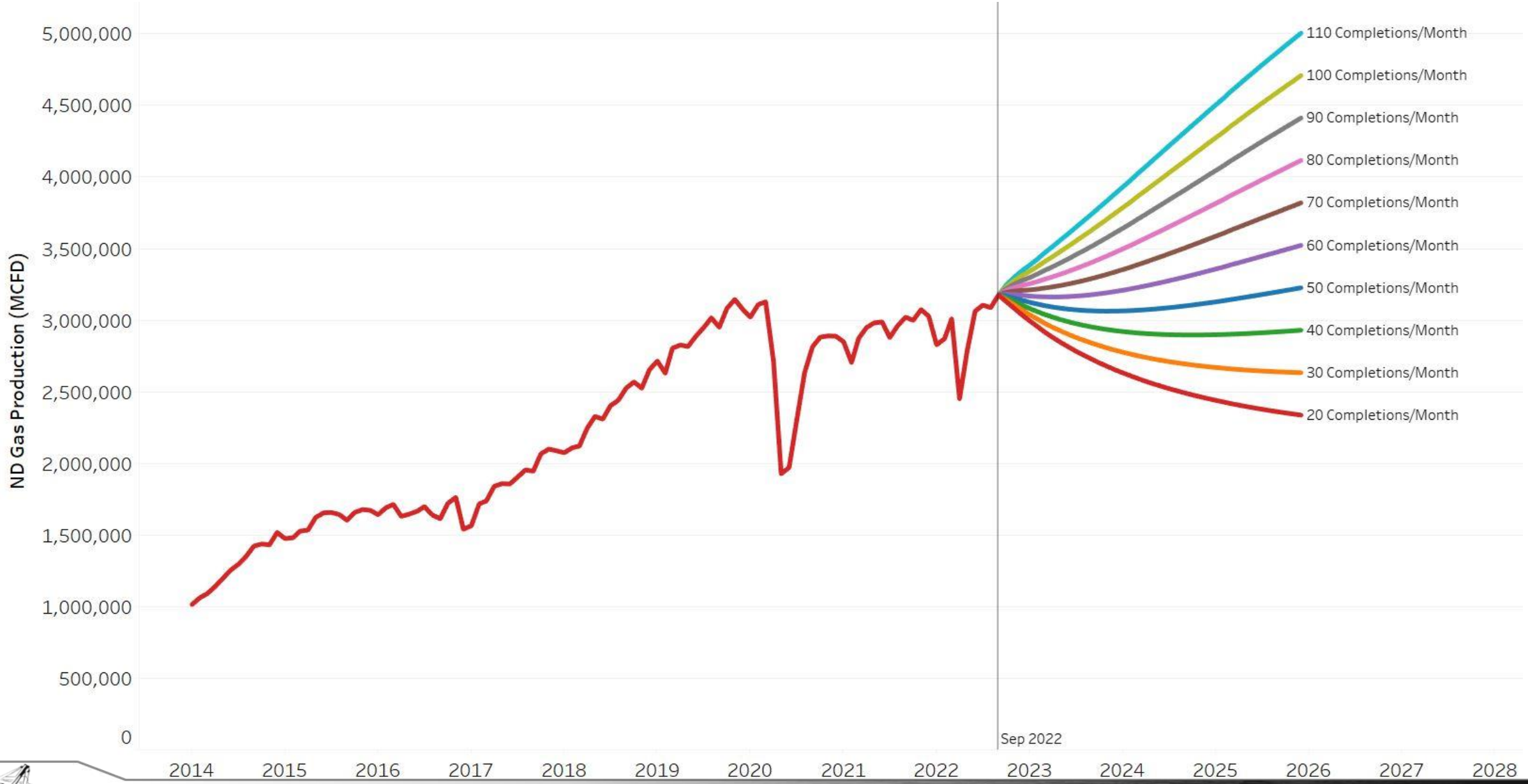


Completions Per Month Exercise



Monthly Completion Scenarios - Oil

Monthly Completion Scenarios - Gas



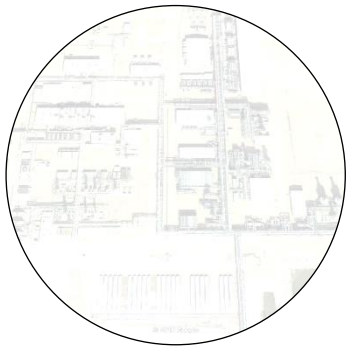
Natural Gas Update

Production

- Technology
- Markets

Gathering

- Capacity
- Connections



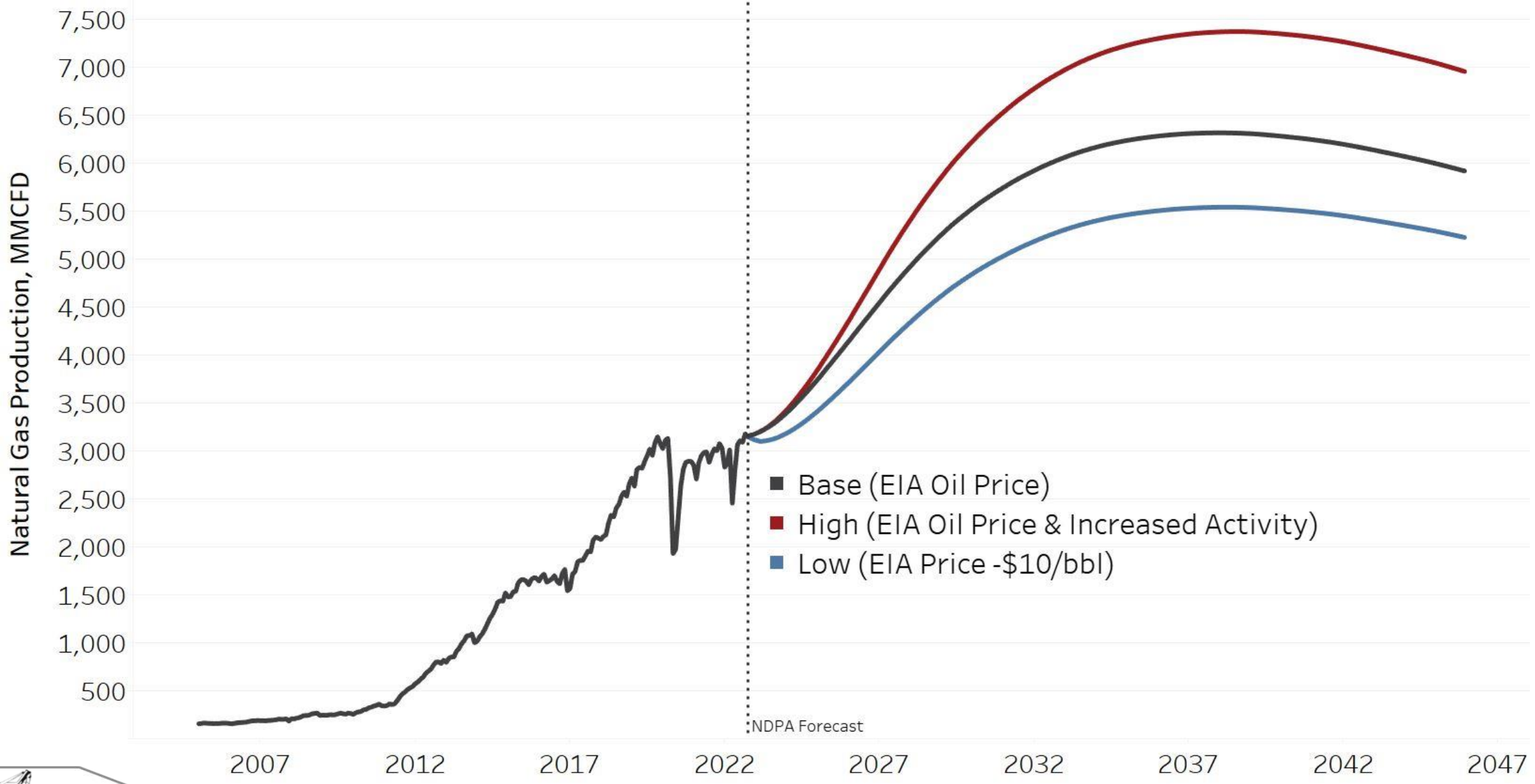
Processing

- Capacity
- Location

Transmission

- Dry Gas
- Natural Gas Liquids

ND Gas Production: EIA Price Deck



Natural Gas Update

Production

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- Capacity
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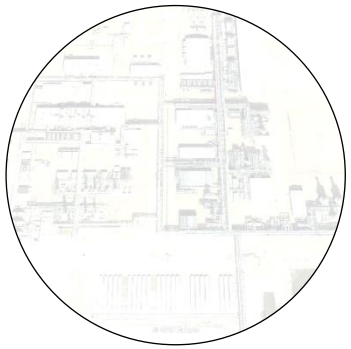


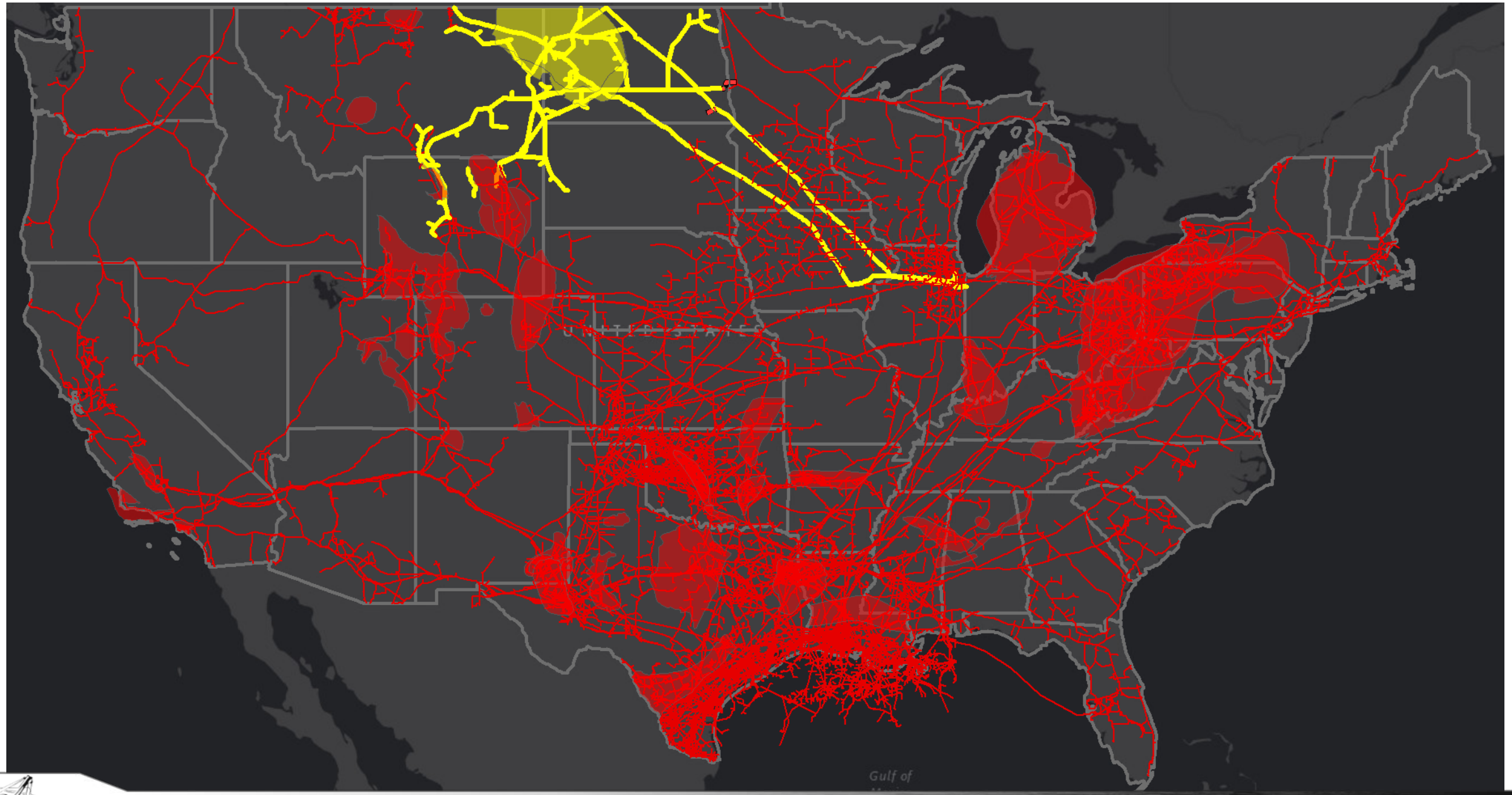
Processing

- Capacity
- Location

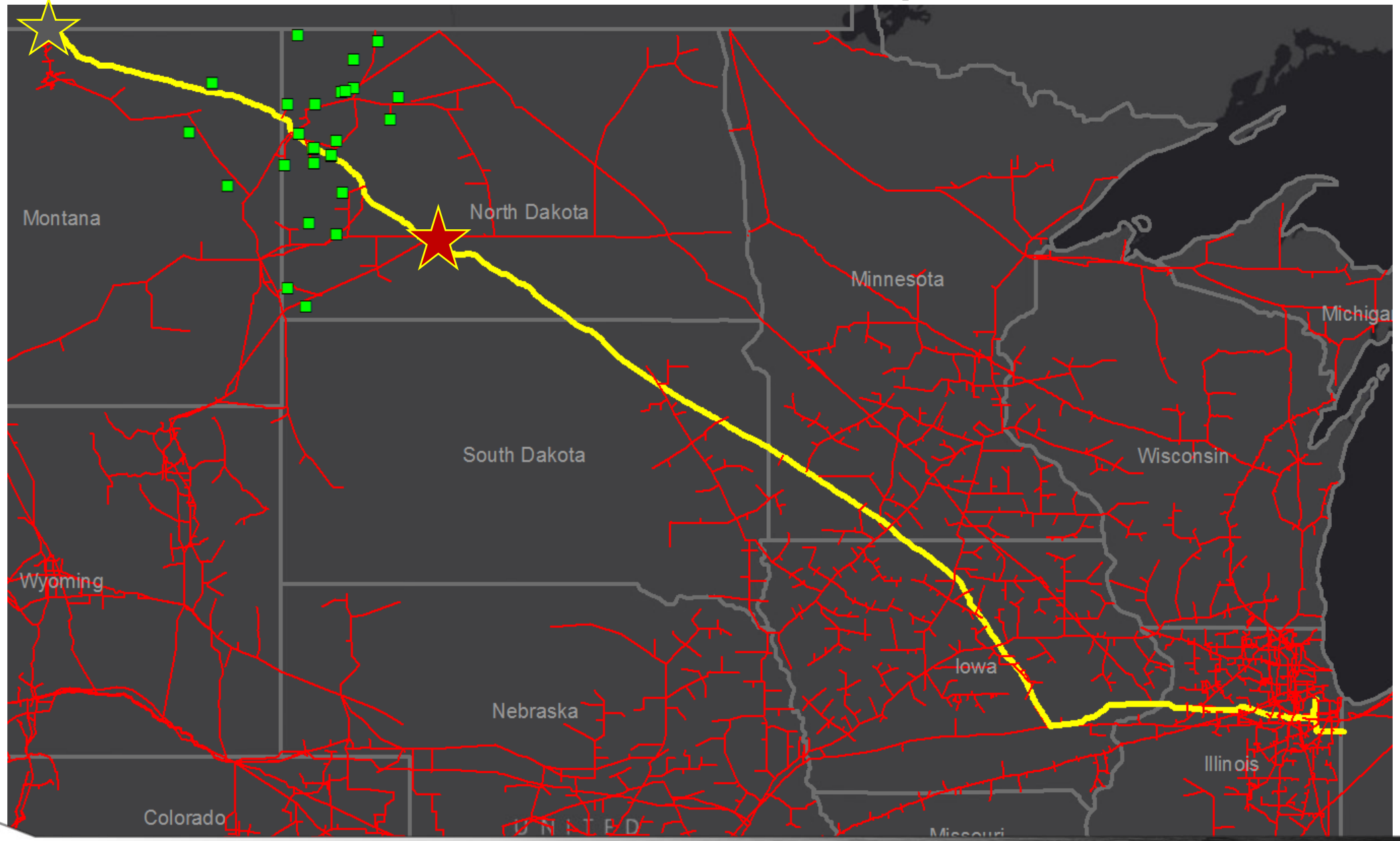
Transmission

- Dry Gas
- Natural Gas Liquids

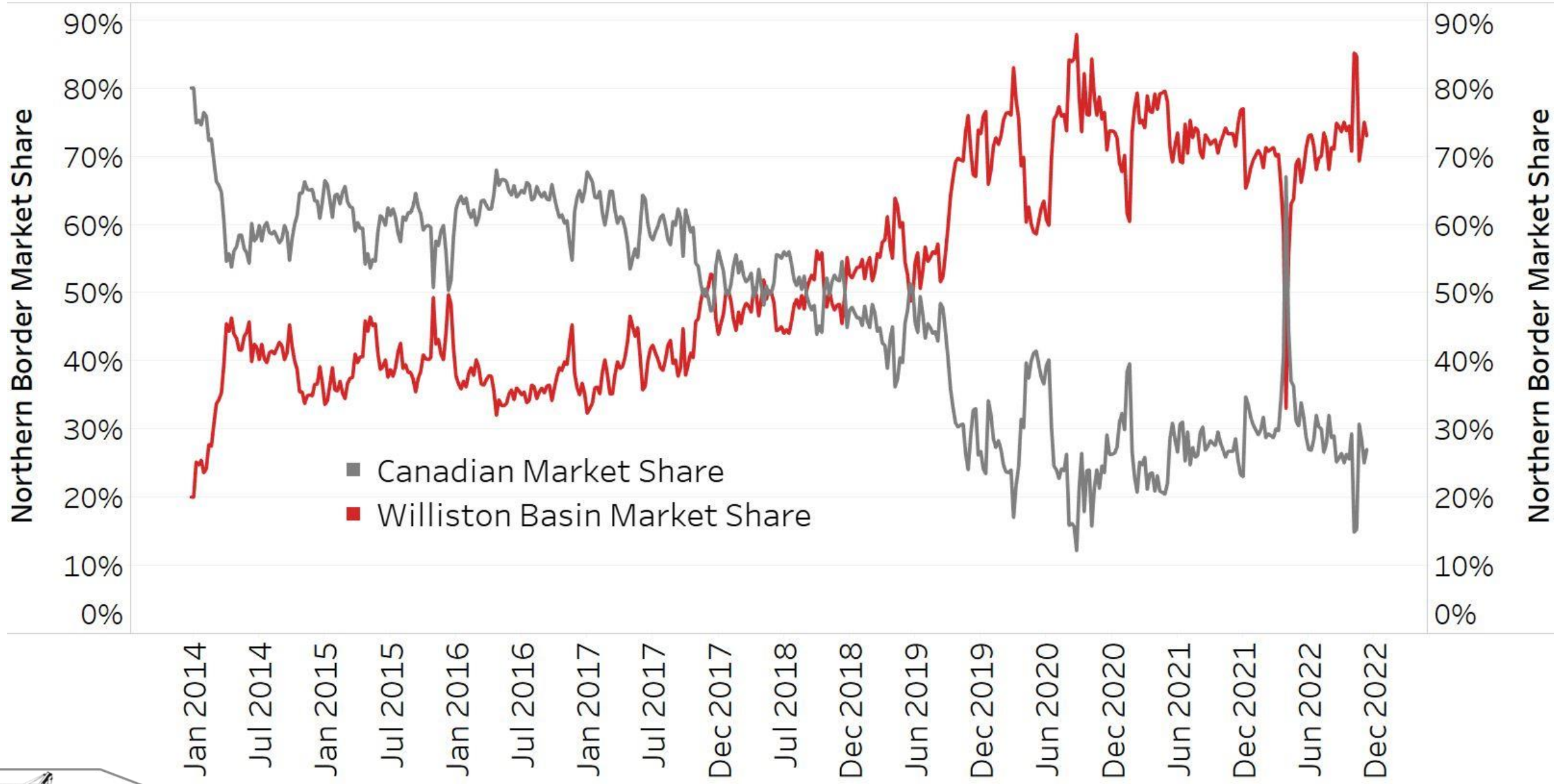
Bakken Natural Gas Infrastructure



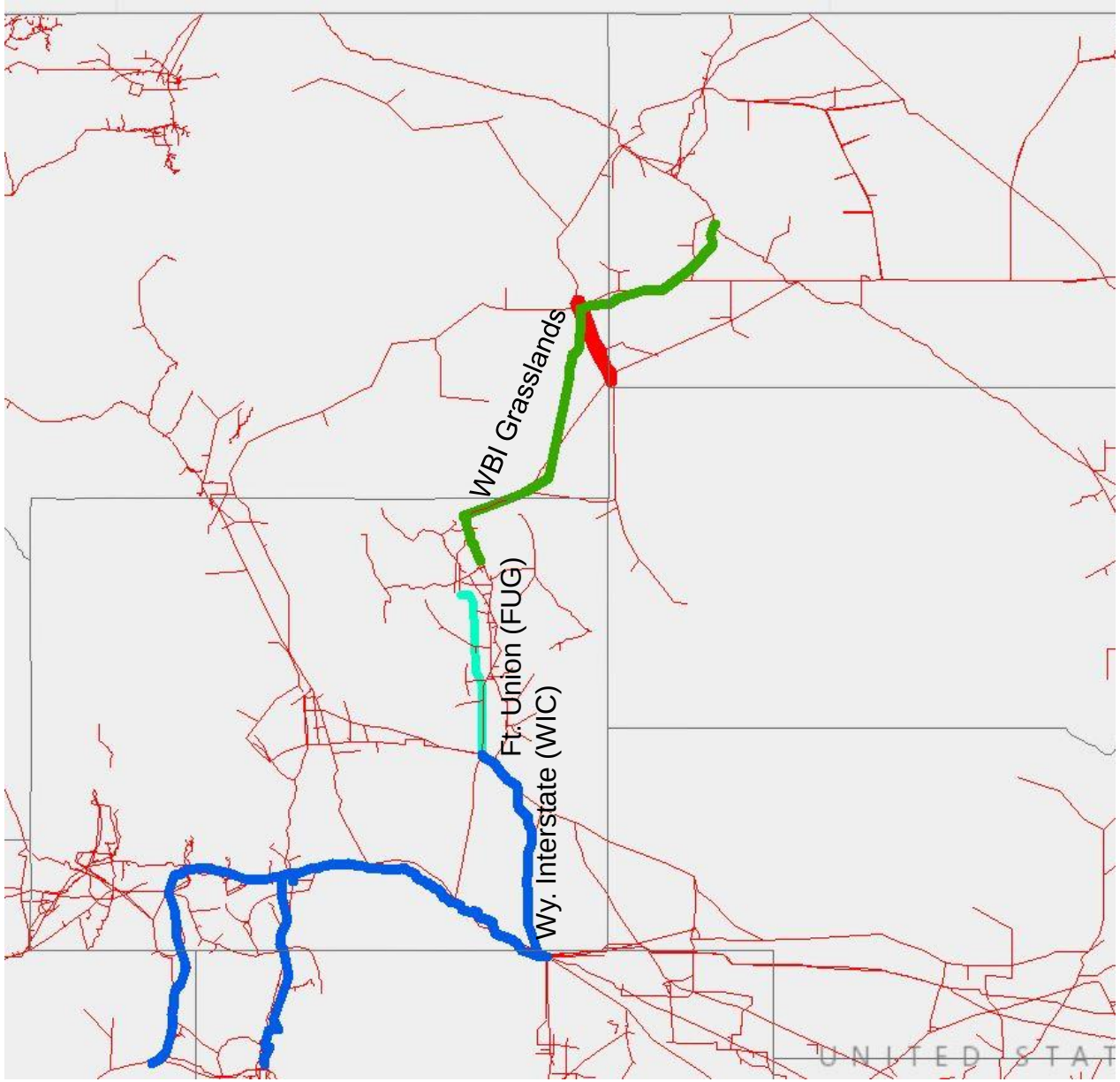
Northern Border Pipeline



Northern Border Pipeline Market Share



WBI Energy – Grasslands South Project



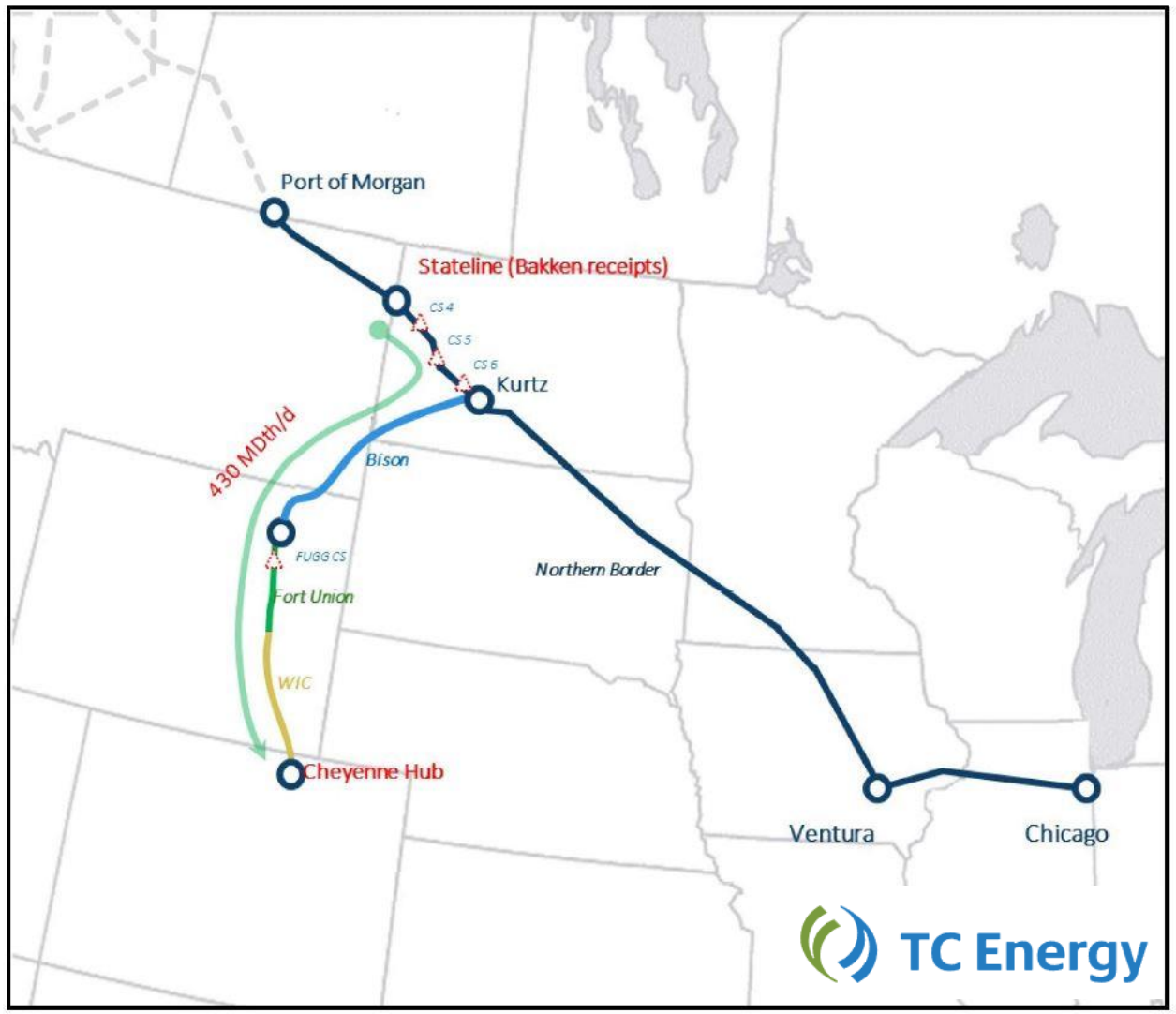
Project Highlights

- Binding open season Jan 10 – Feb 25, 2022
- Repurpose Grasslands Pipeline (16”)
- Proposed Capacity 94,000 Dth/Day
- Access to Baker storage field
- Q3 2023 proposed completion
- Seeking commitments 10yrs or Longer
- Fort Union Gas Gathering and Wyoming Interstate Company provide further transport to Cheyenne hub.

Proposed Tariff Rates

- WBI $0.32356/Dth + Fuel/Elec to WIC/FUG Interconnect
- FUG/WIC to Cheyenne $0.2899/Dth + Fuel/Elec

TC Energy – Proposed Bison XPress Project



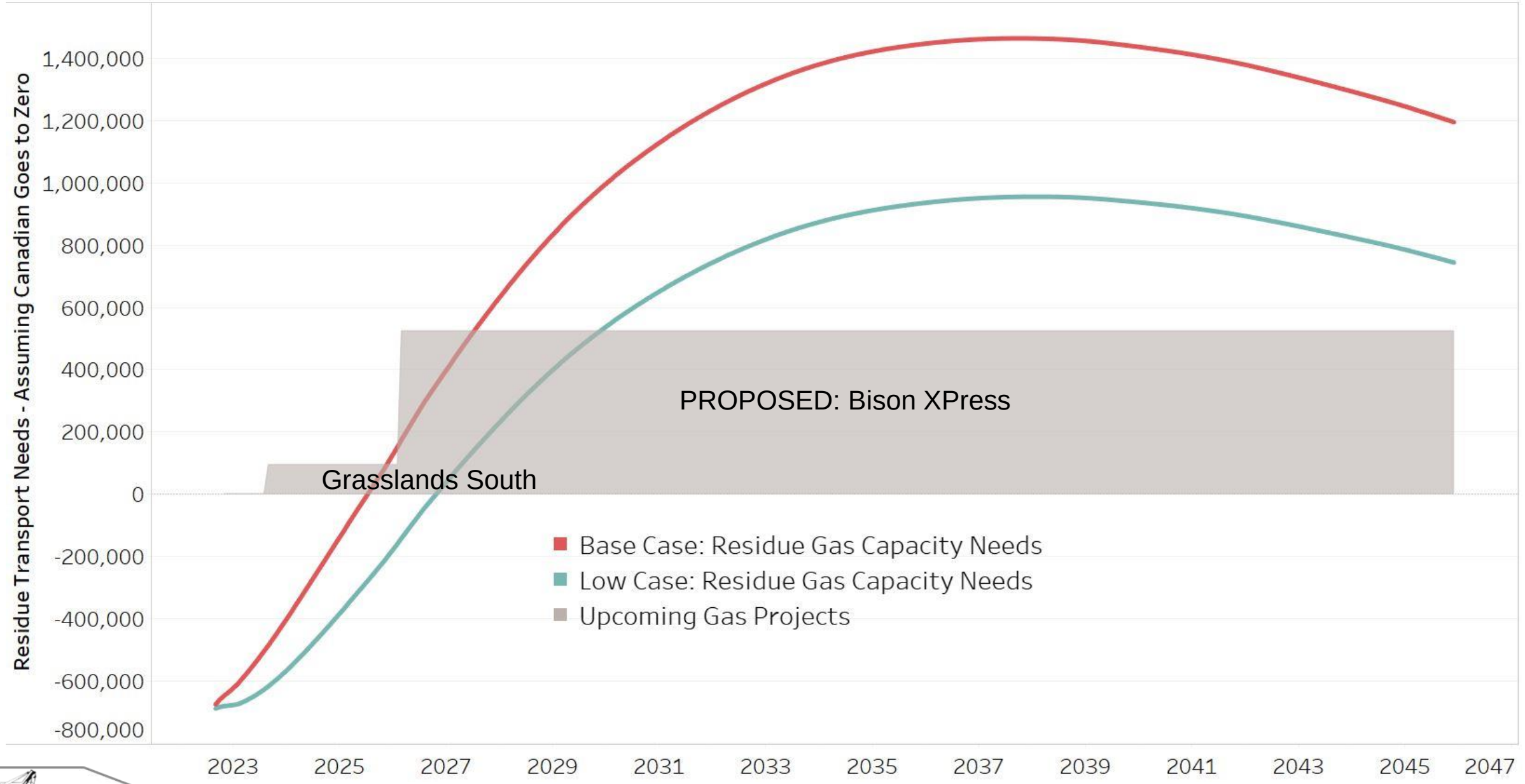
Project Highlights

- Non-binding open season April 4 - May 6, 2022
- Three compressor upgrades in North Dakota
- Reverse the idle Bison Pipeline (30” – 302 Mile)
- Proposed capacity 430,000 Dth/Day
- Q1 2026 targeted in-service date
- Fort Union Gas Gathering and Wyoming Interstate Company provide further transport to Cheyenne hub.
- Seeking commitments 10yrs or Longer

Proposed Tariff Rates

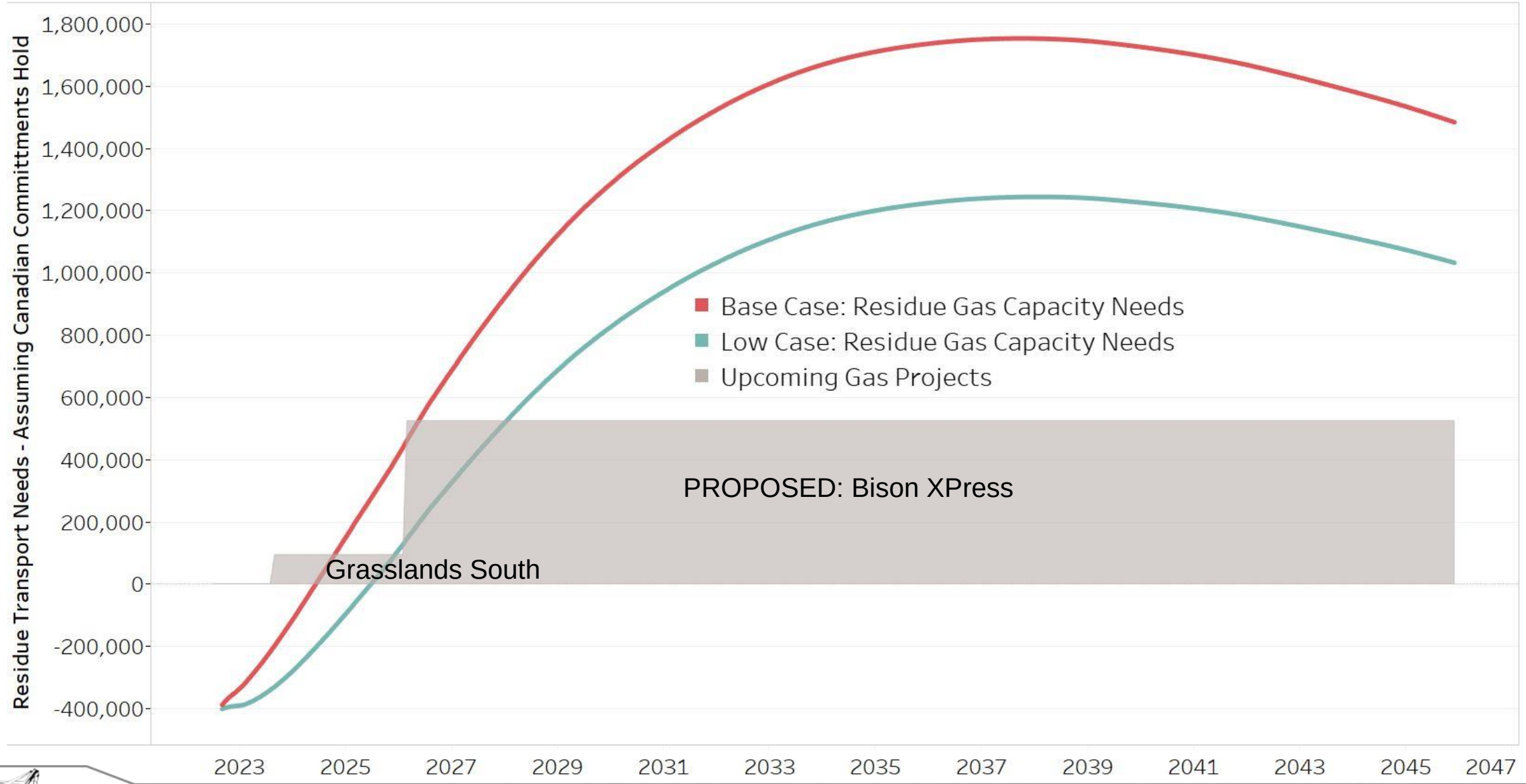
- NBPL/Bison $0.45/Dth + Fuel/Elec to WIC/FUG Interconnect
- WIC/FUG to Cheyenne $0.30/Dth + Fuel/Elec
- Anchor Shipper Minimum: 50,000 Dth/Day

Residue Capacity Needs : **ZERO CANADIAN**



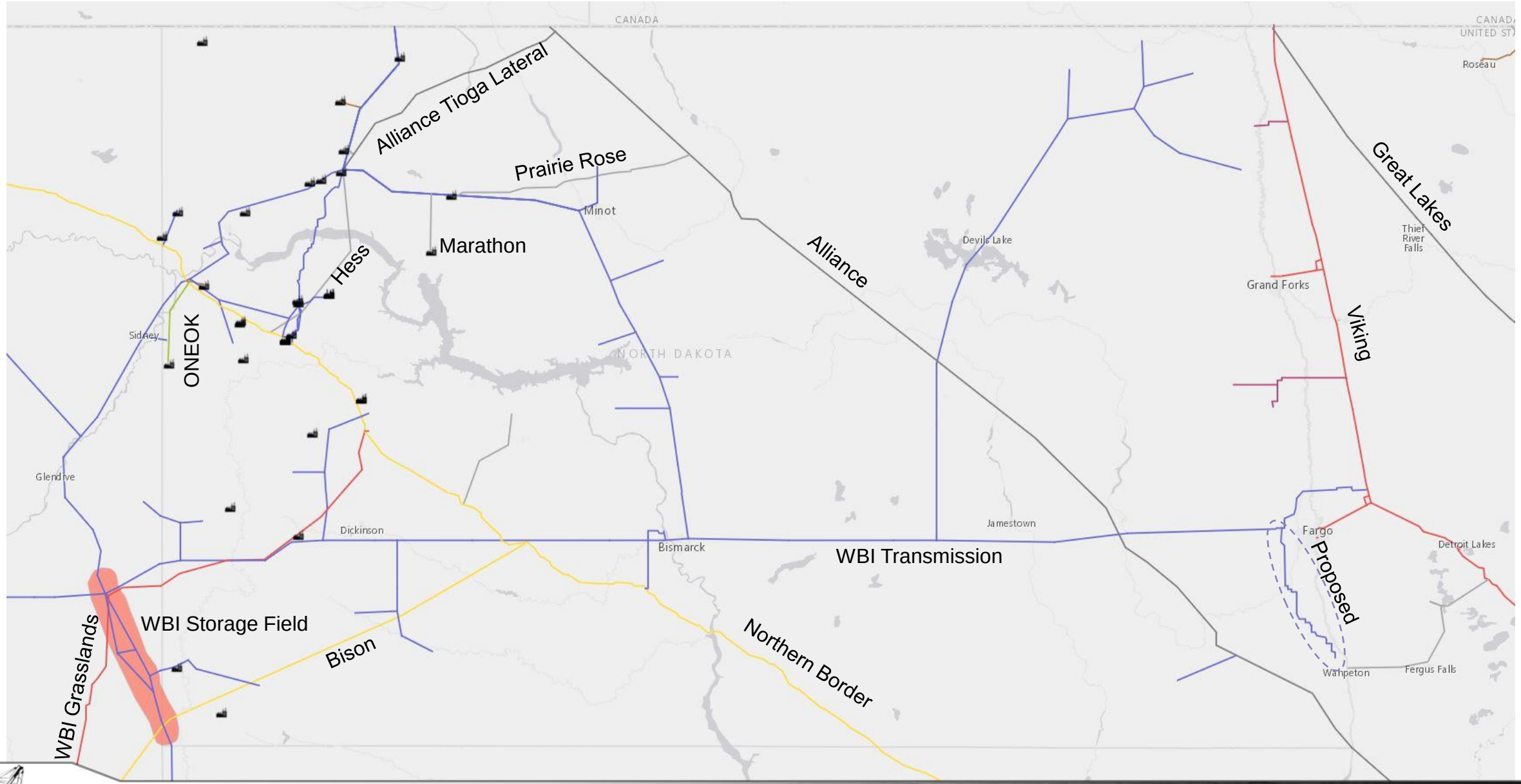
**Assumes BTU of 1,100*

Residue Capacity Needs: **~288,000 MMBTU CDN**

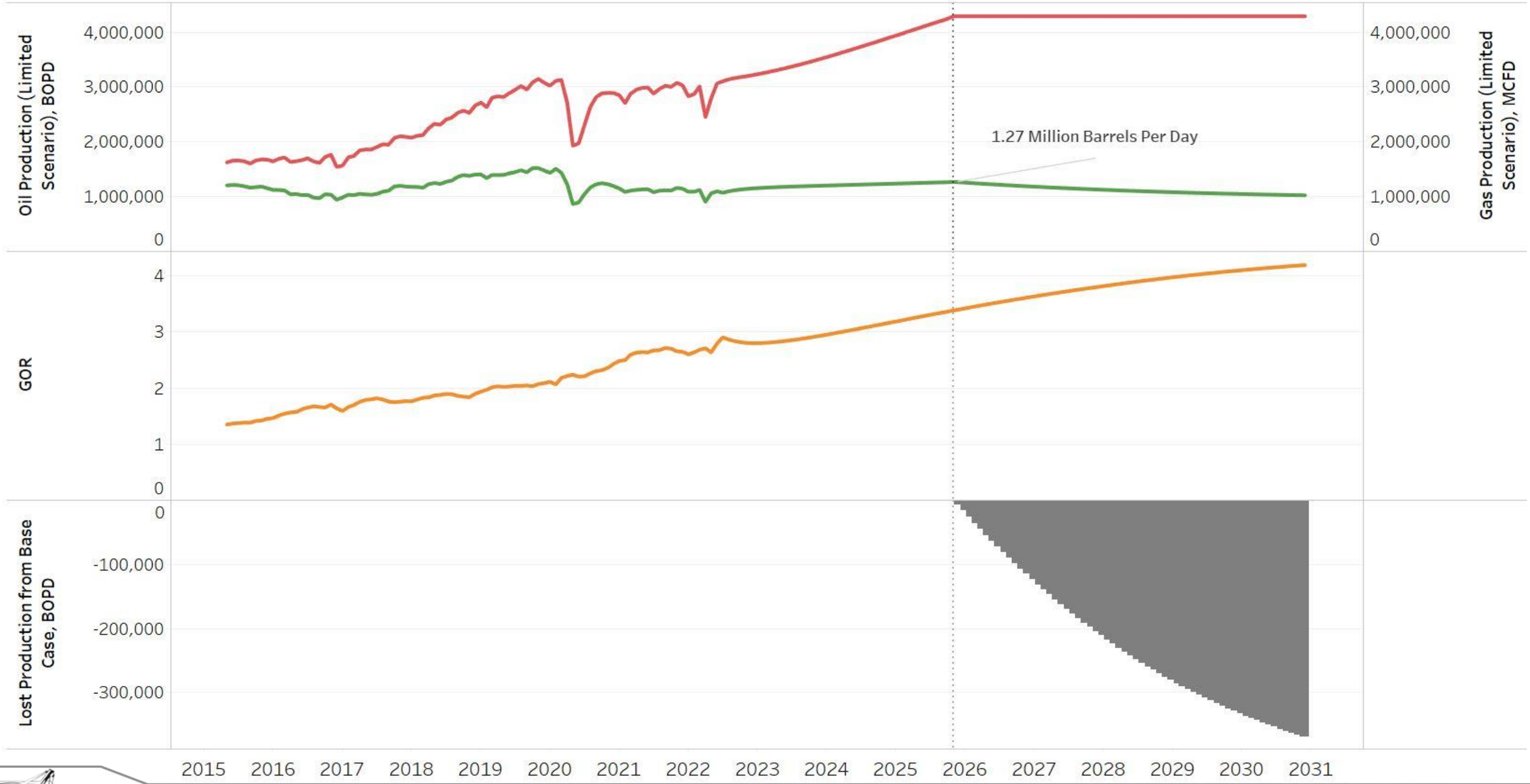


**Assumes BTU of 1,100*

Major Residue Gas Pipeline Infrastructure

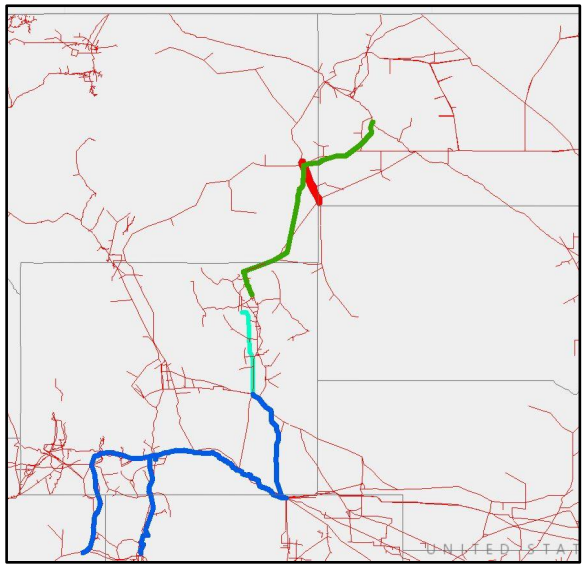


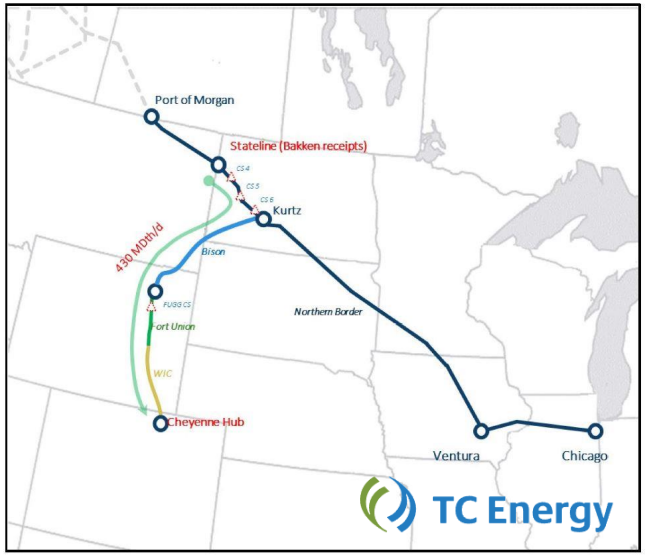
Gas Limitations Would Force Oil Production Down As GOR Rises



Value of a Dekatherm (MMBTU)

WBI Grasslands
94,000 Dekatherms
Per Day





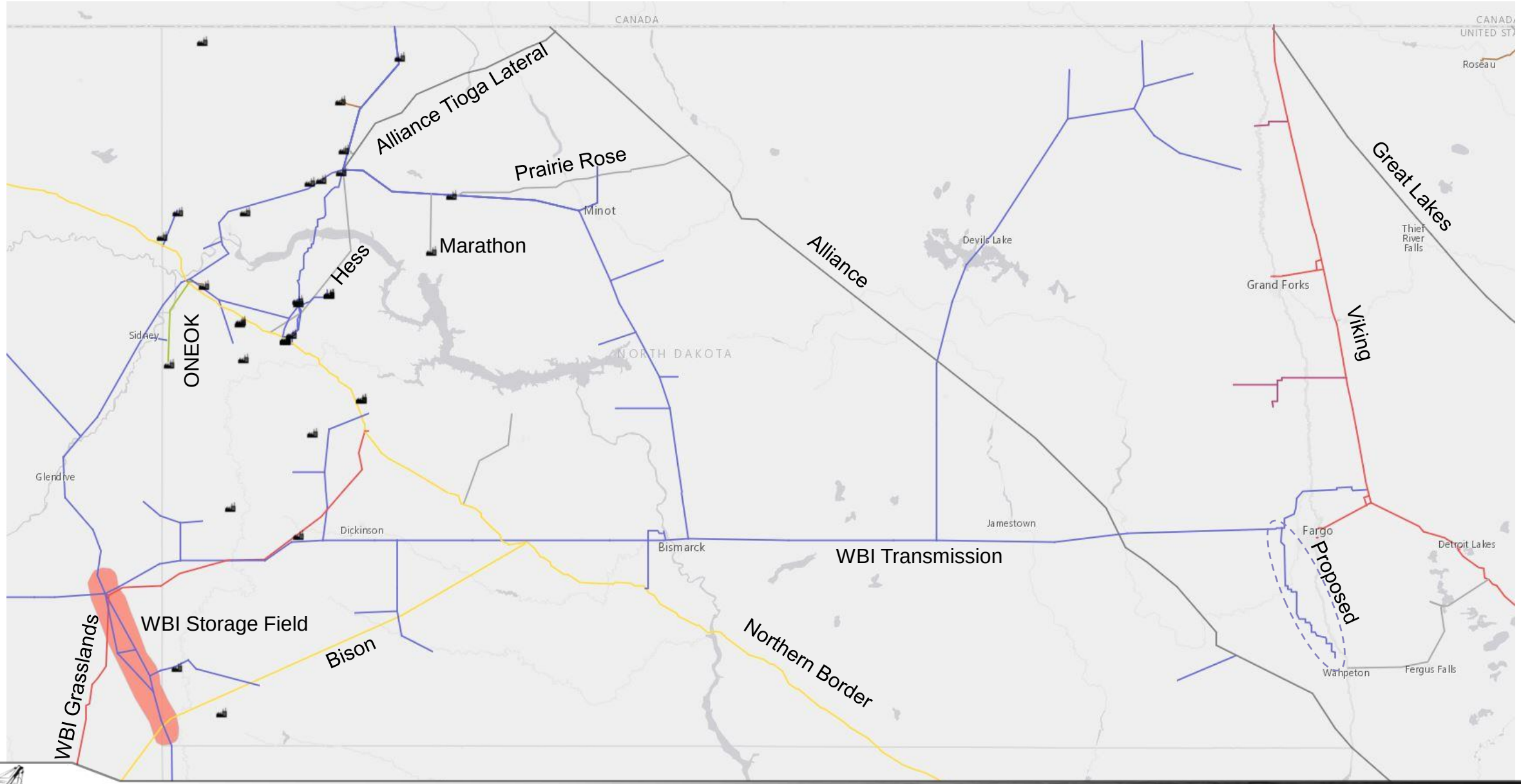
Bison XPress
430,000 Dekatherms
Per Day

Combined Oil and Natural Gas Tax Value

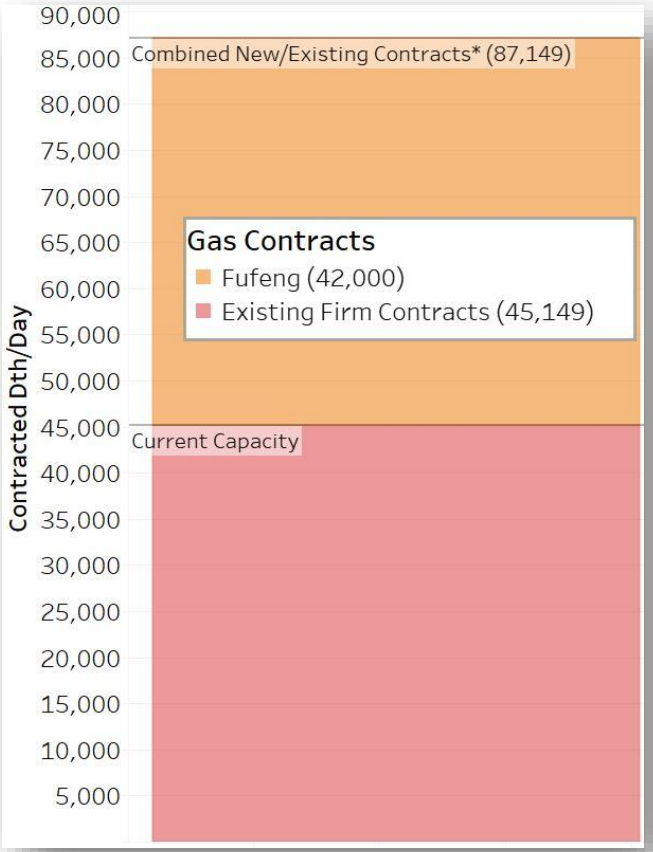
- Combined 524,000 Dekatherms per day of needed gas takeaway capacity
- $3.74* in oil/gas tax value per Dekatherm x 524,000 Dekatherms = $1,959,760 per day
- **<u>$715+ Million</u> per year in oil and natural gas taxes to the State of North Dakota**
- *At 570,000 BOPD, DAPL's impact to reduce oil discount vs rail ~$60 million per year in oil taxes*

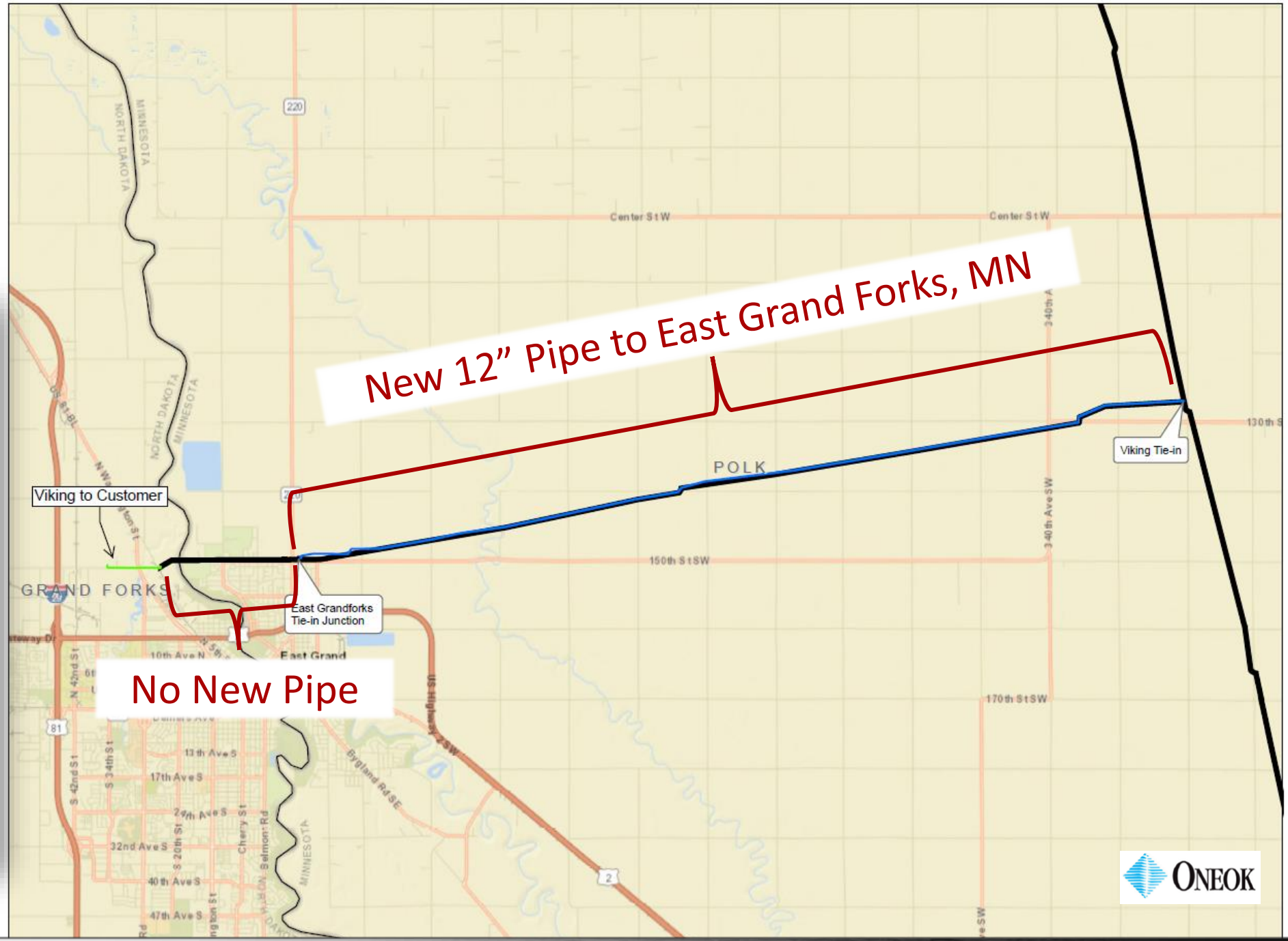
*NDPA Estimate From Aug. 26, 2022 NDIC Meeting

Natural Gas Pipeline Program



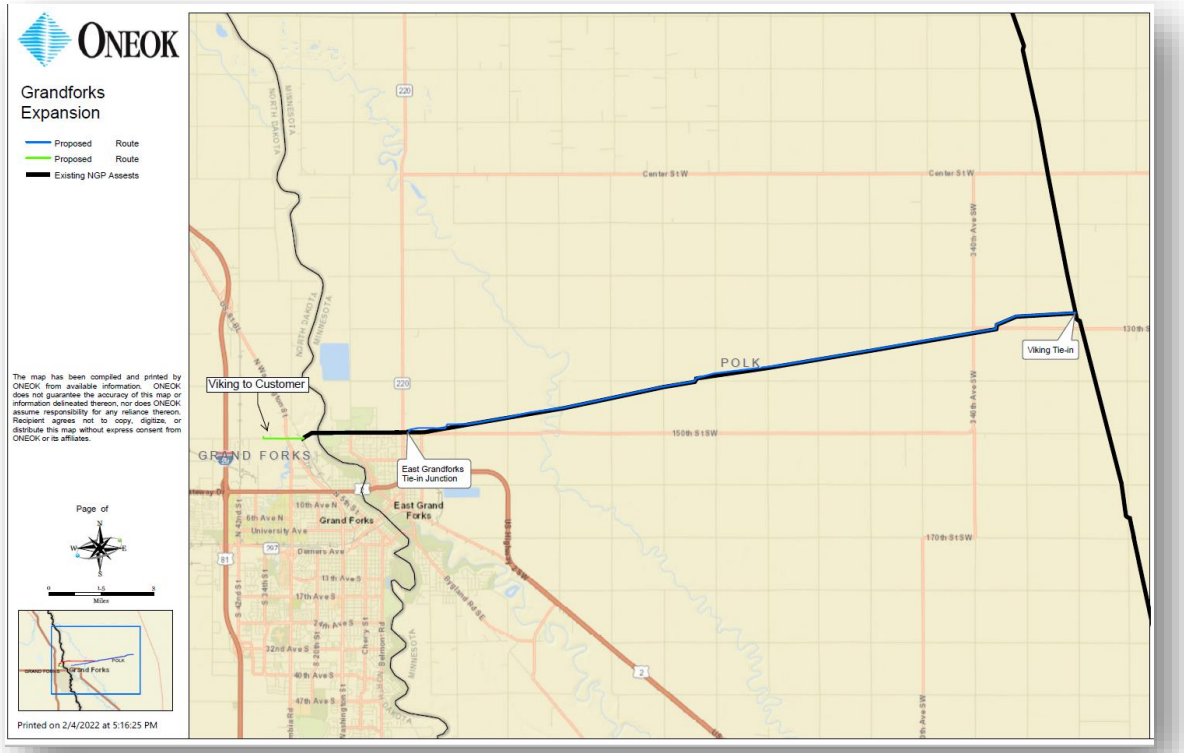
North Dakota Gas Outlook





Current Red River Valley Projects

Project	FERC 7C Application	Est. Cost, Millions	In-Service	Miles	Pipe Size	$/Mile	Transport Rate Per Dekatherm From Emerson, MN	Anchor Project
WBI Wahpeton	Yes	$75	Q4-2024	60.5	12 In	$1,239,669	$1.6747 WBI+VGT	Corn Wet-Milling
VGT Grand Forks	No	$26.1	Q1-2024	14	12 In	$1,864,286	$0.3975 VGT (Without $10M Grant)	Corn Wet-Milling



Pipeline Authority Tools

54-17.7-04. Powers.

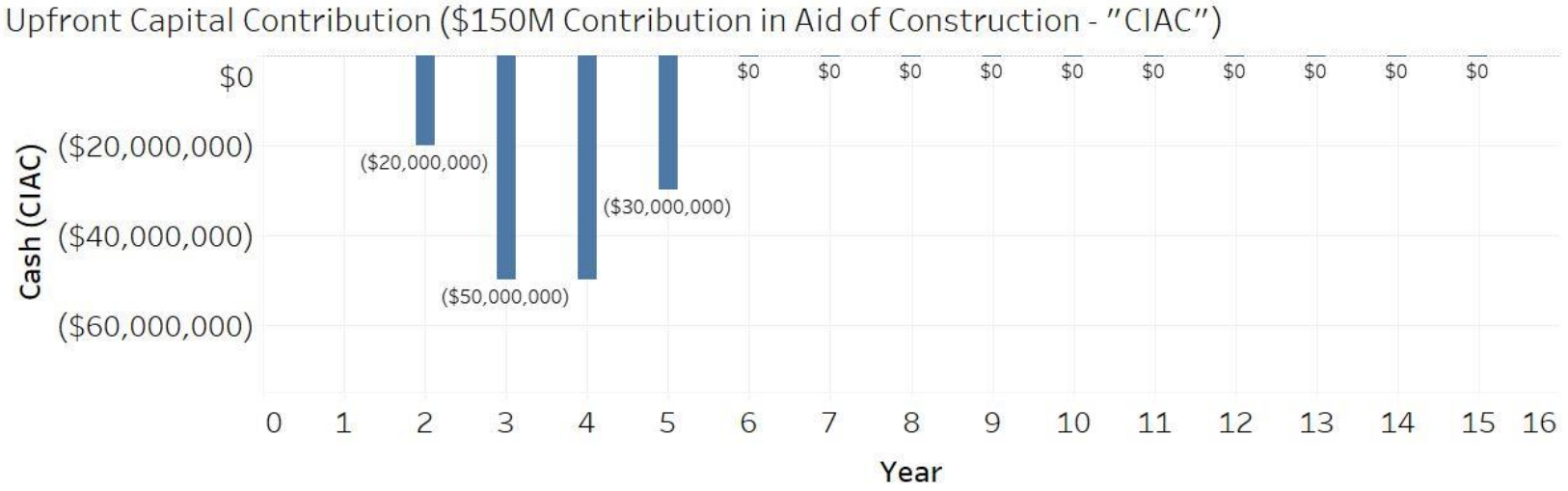
The authority has all powers necessary to carry out the purposes of this chapter, including the power to:

1. Make grants or loans and to provide other forms of financial assistance as necessary or appropriate for the purposes of this chapter.
2. Make and execute contracts and all other instruments necessary or convenient for the performance of the authority's powers and functions.
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 as a purchaser of last resort. The obligation of the state may not exceed ten percent of the pipeline authority's acquisition or purchase of a right to capacity in any pipeline system or systems, or interconnection of pipeline systems, and the state's obligation is limited to the funding available from the oil and gas research fund.
4. Borrow money and issue evidences of indebtedness as provided in this chapter.

Additional Tools 5-18

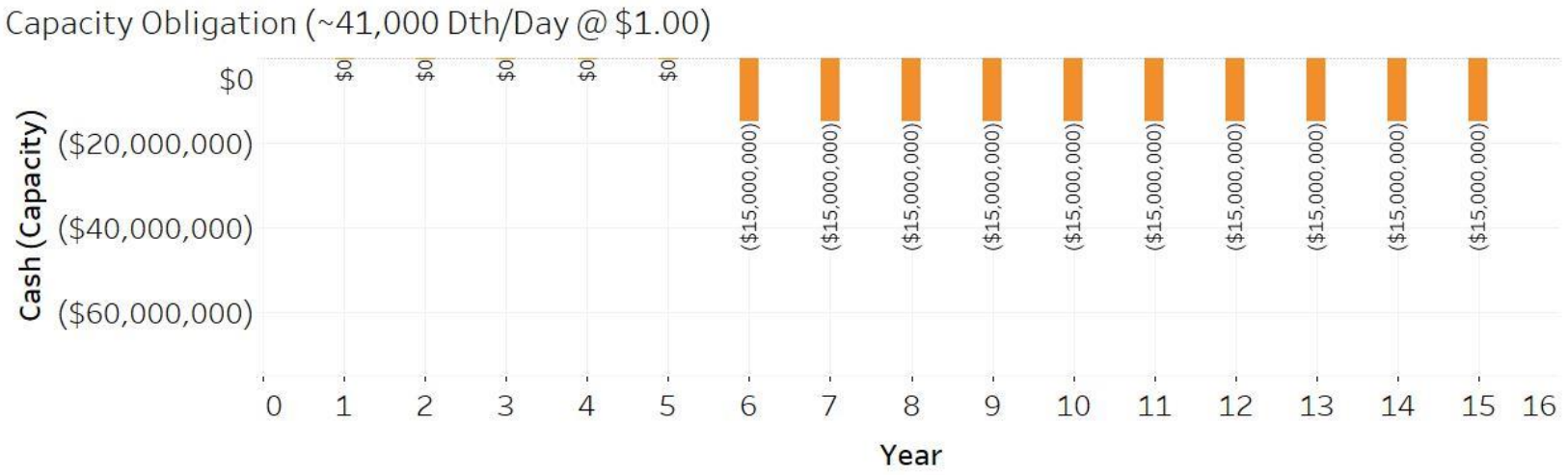
Page No. 1

$150M Examples (CIAC vs Capacity)



Considerations (+/-)

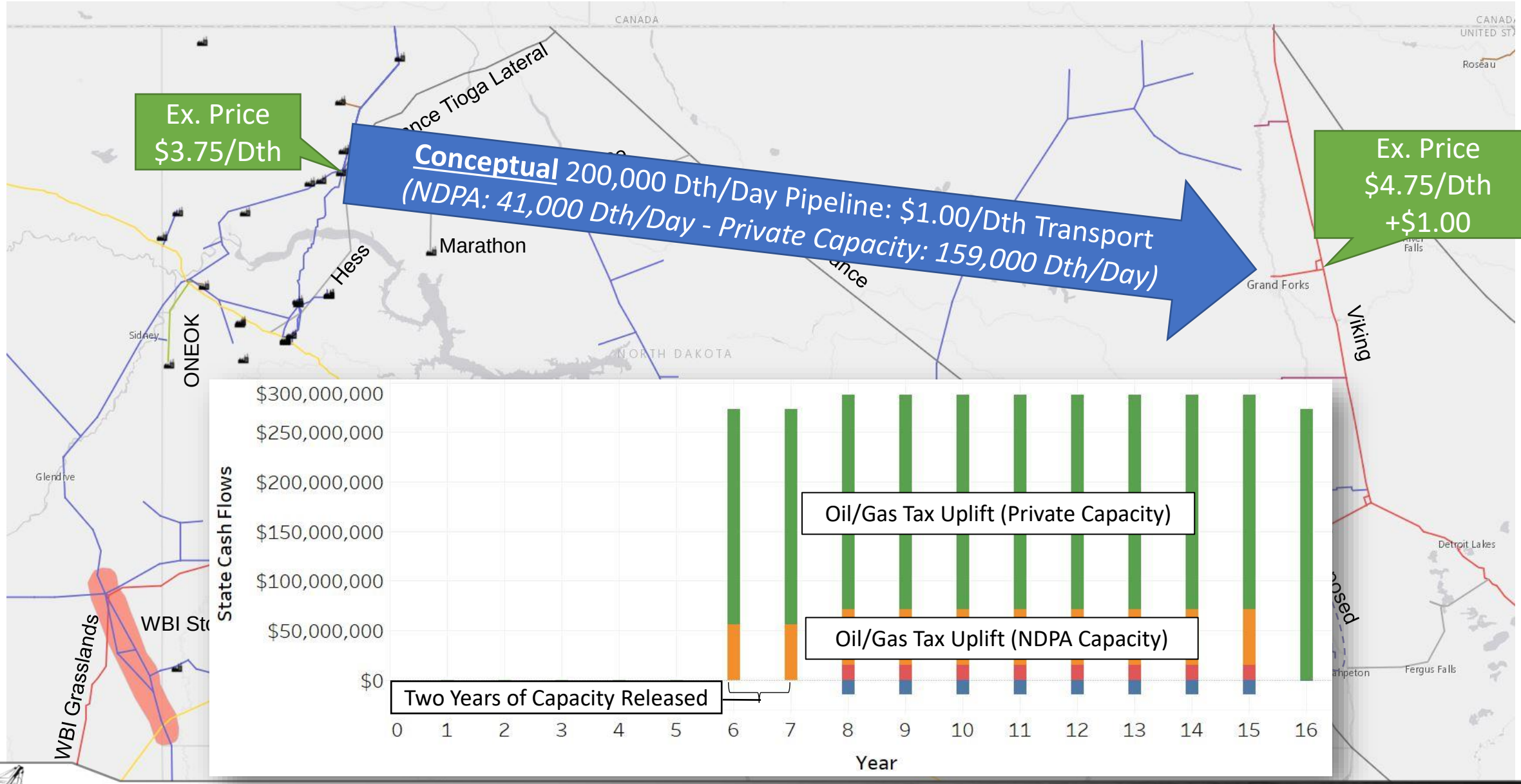
- Upfront contribution (+)
- Transport rate buydown (+)
- No direct recovery mechanism (-)
- Federal tax consideration (-)
- NPV @ 6% = $129M



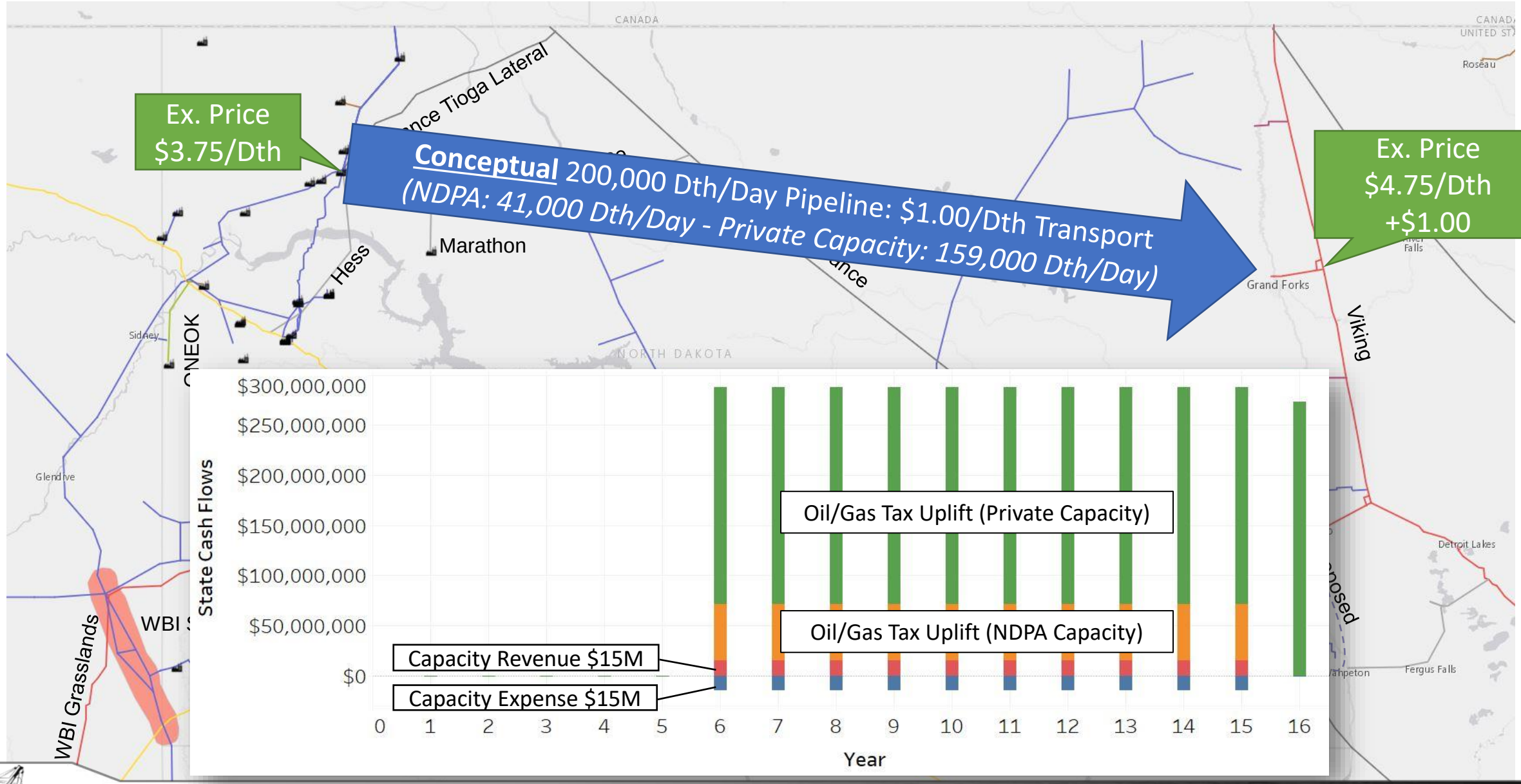
Considerations (+/-)

- Opportunity to release obligations (+)
- Obligation recovery possible through asset management agreement (+)
- If obligation is not released or recovered with AMA, max risk is the total transport obligation ($150M in this example) (+/-)
- No direct transport rate buydown, but rate influenced by total committed volume.
- NPV @ 6% = $82.5M

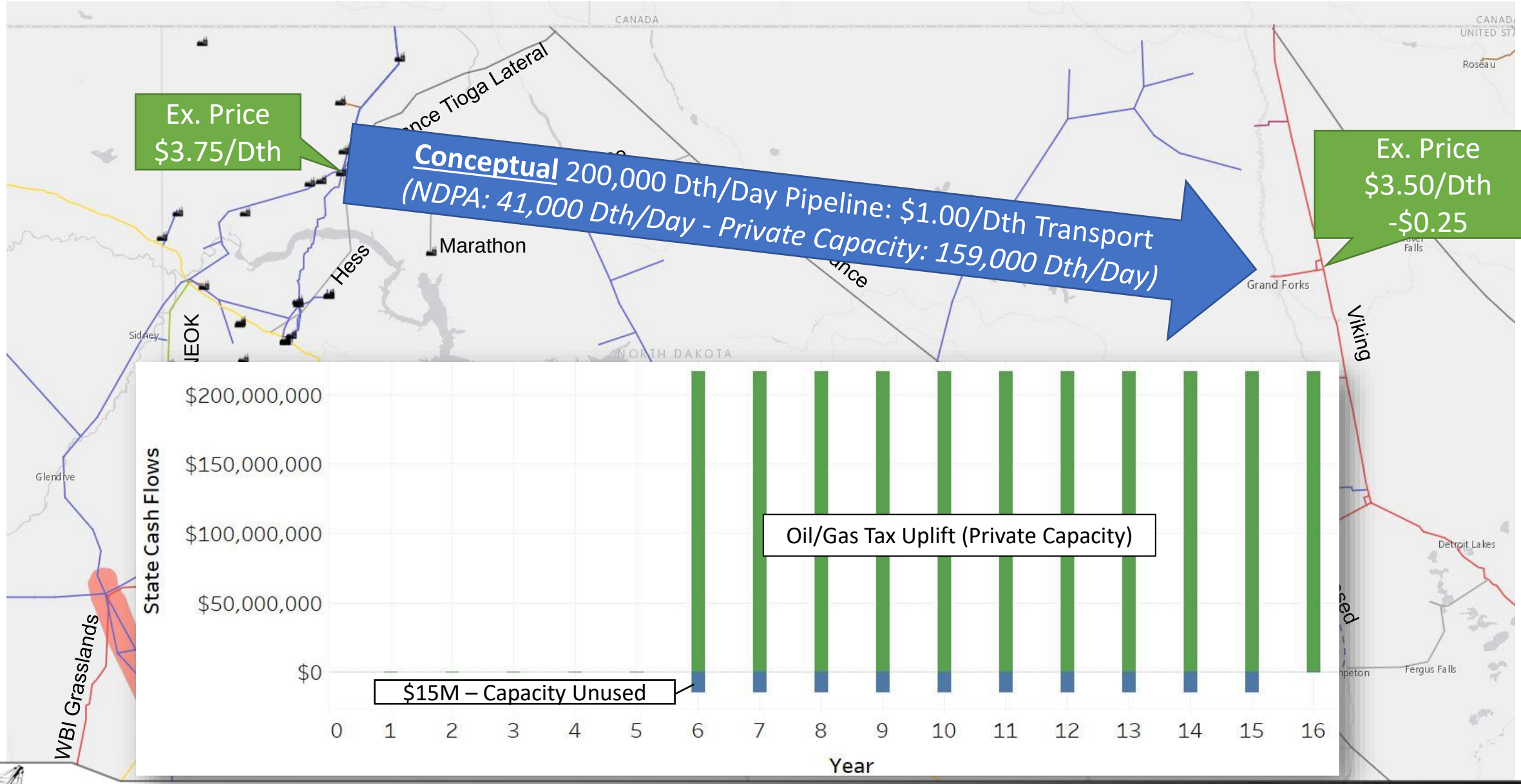
Simplified Capacity Release Example



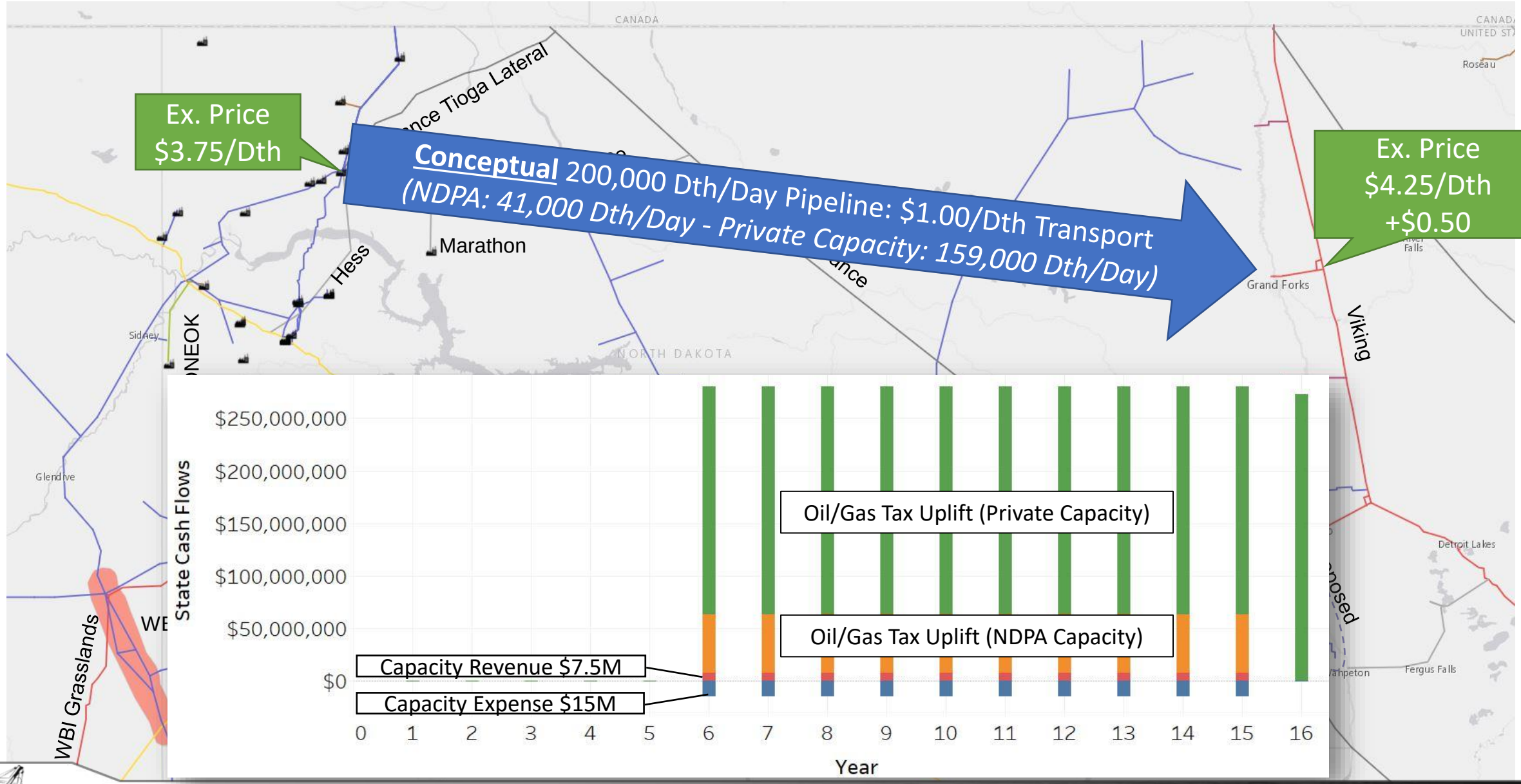
Simplified “Breakeven” Example



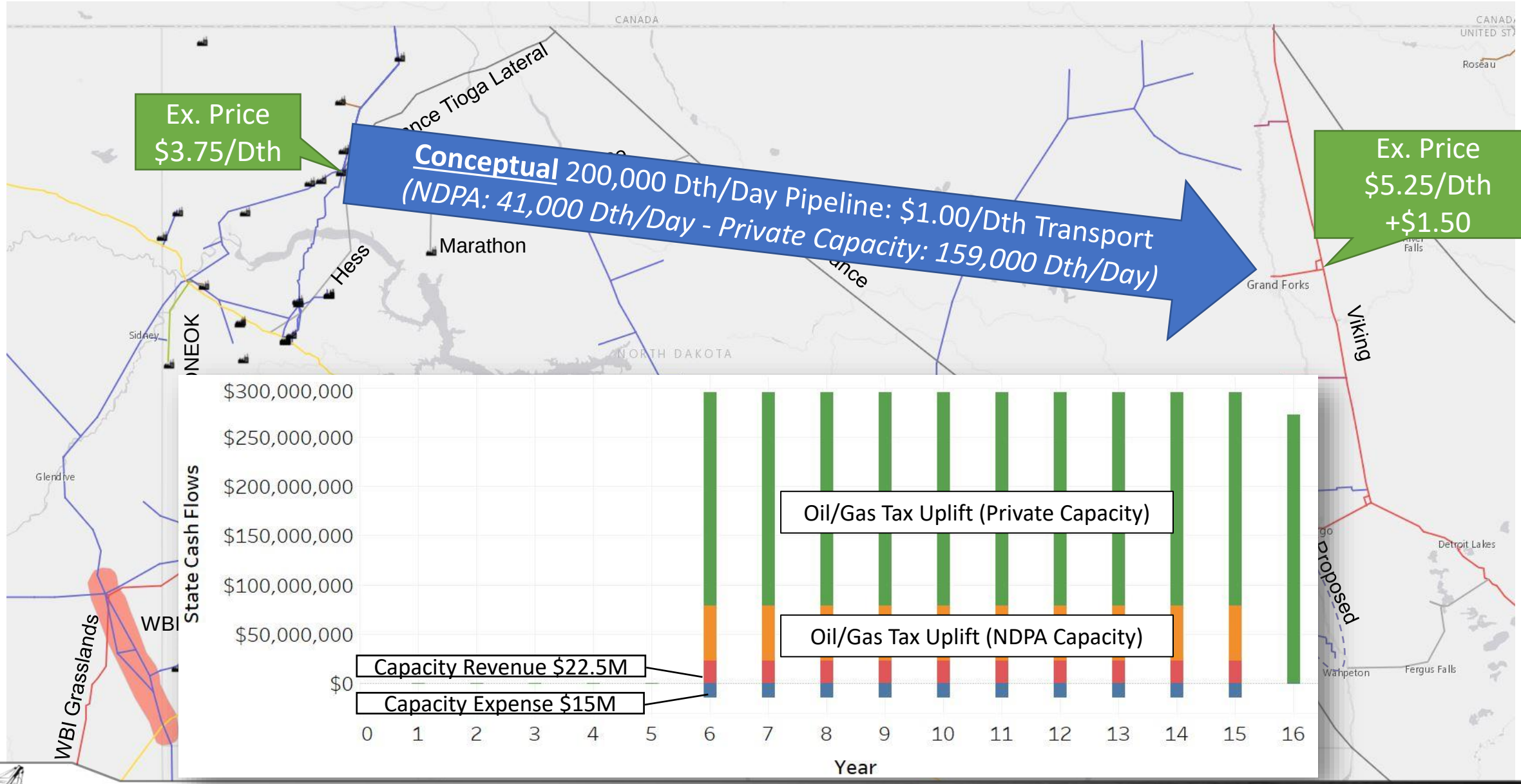
Simplified Uneconomic Scenario



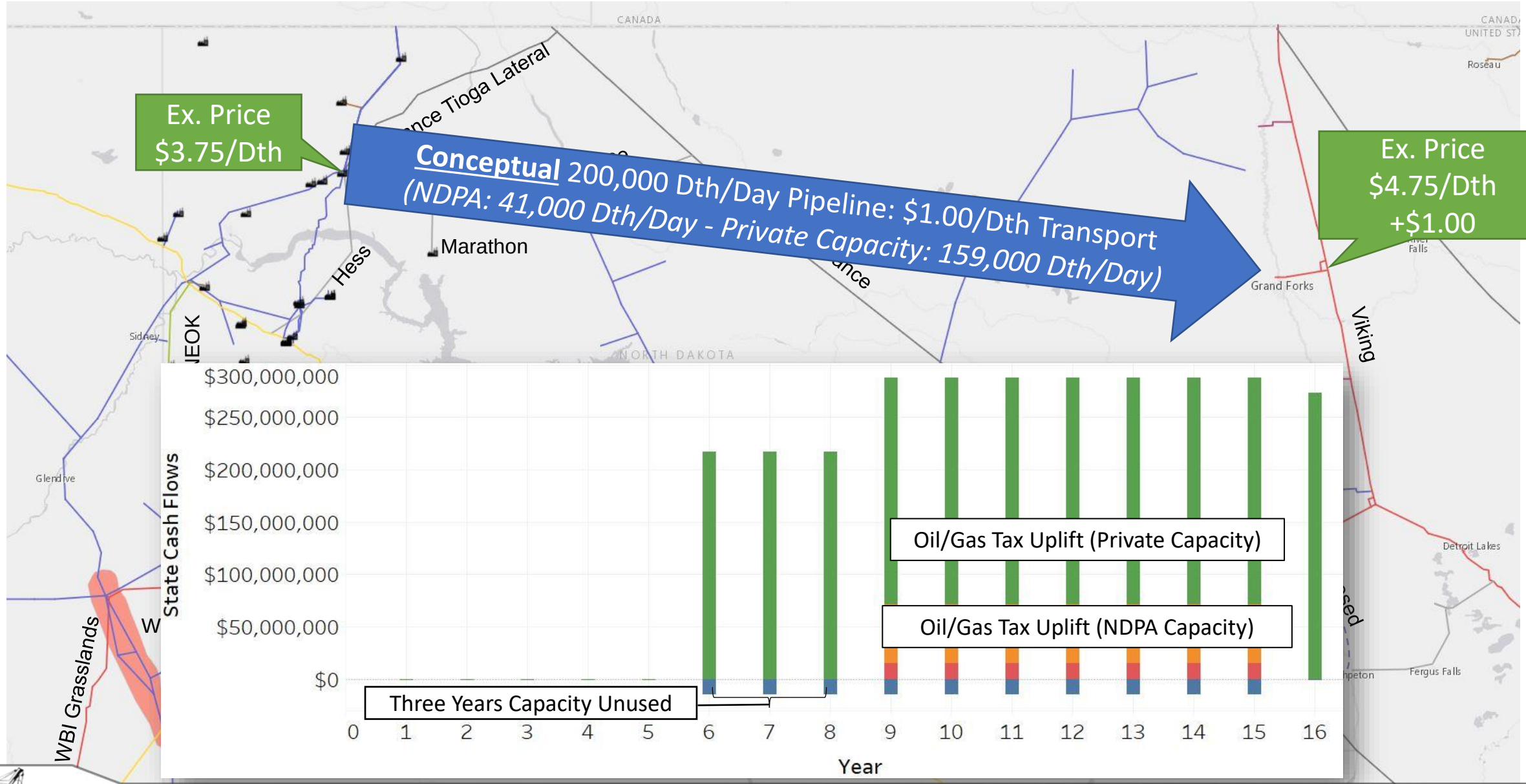
Simplified Partial Rate Recovery



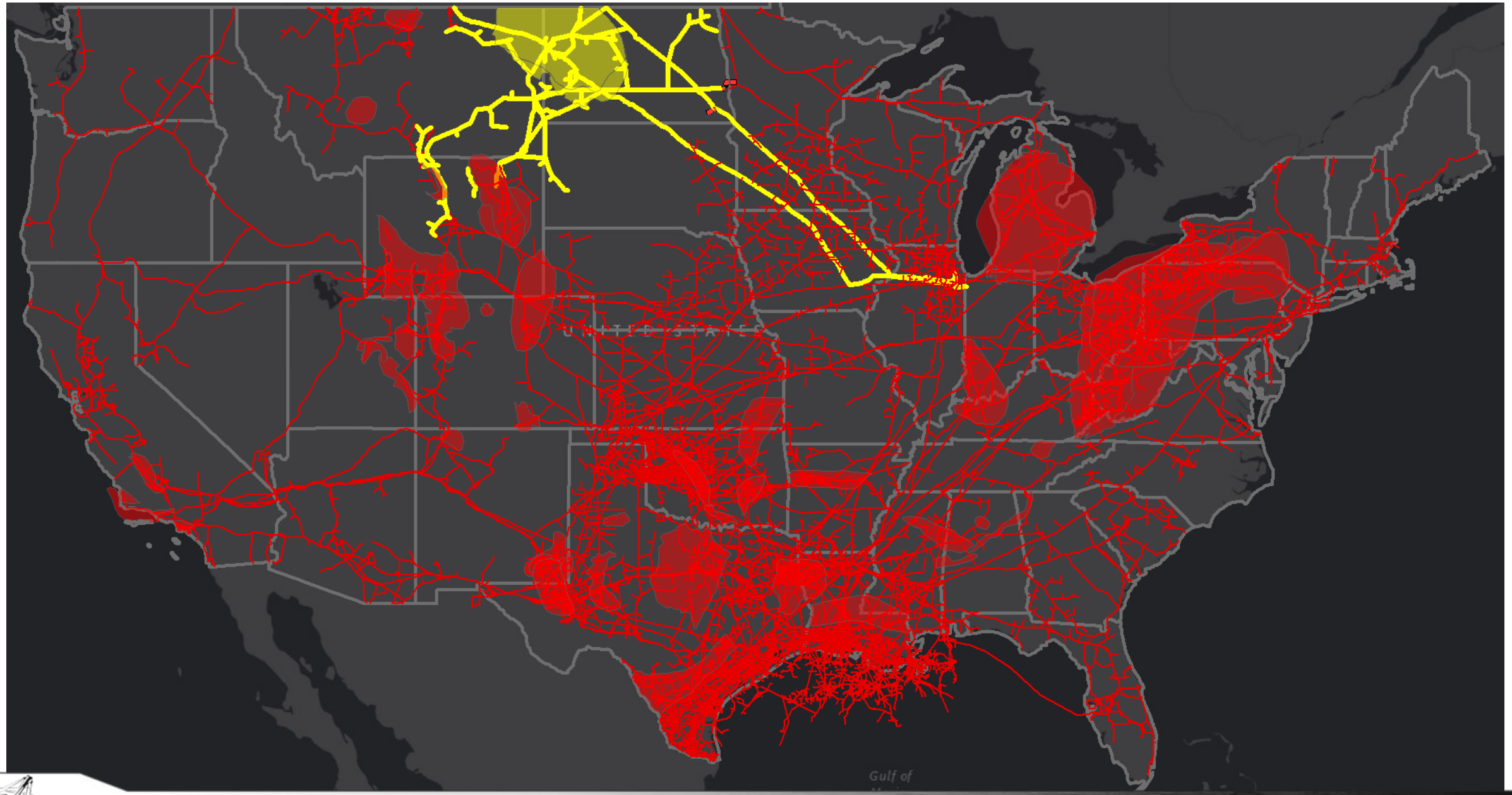
Simplified Profitable Example



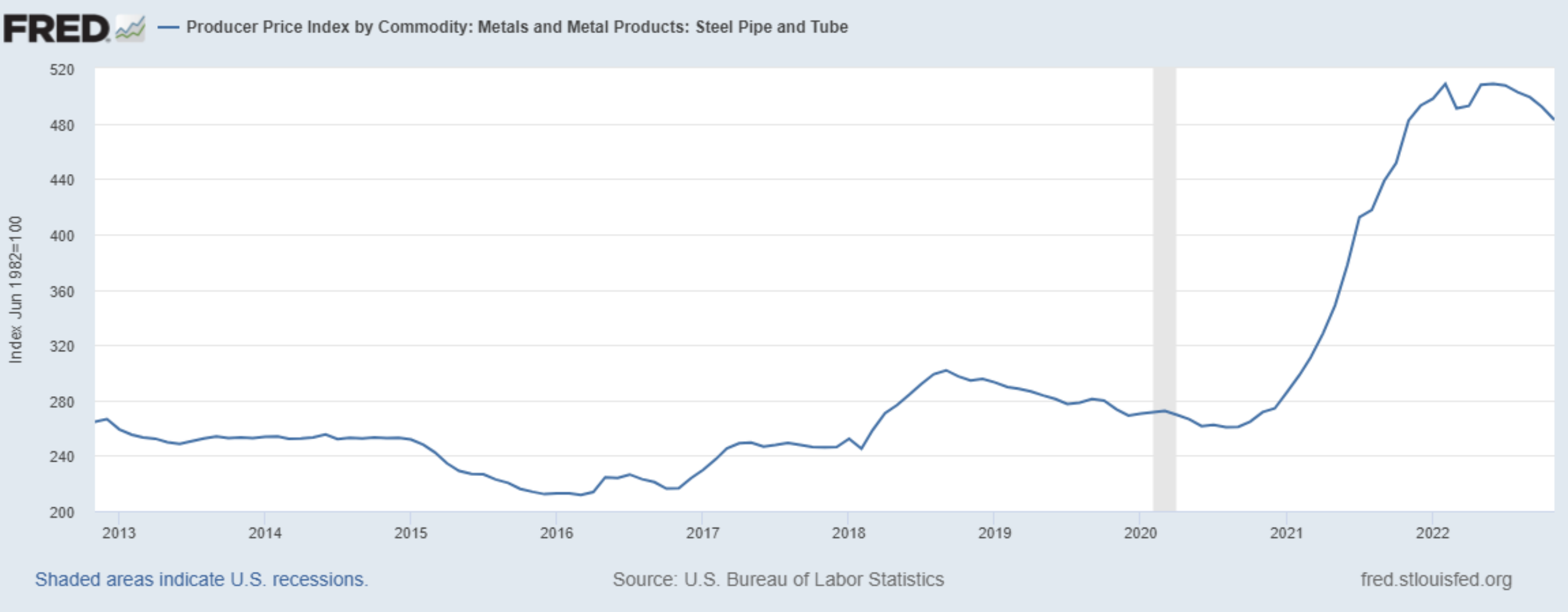
PA Capacity Unused for 3 Years



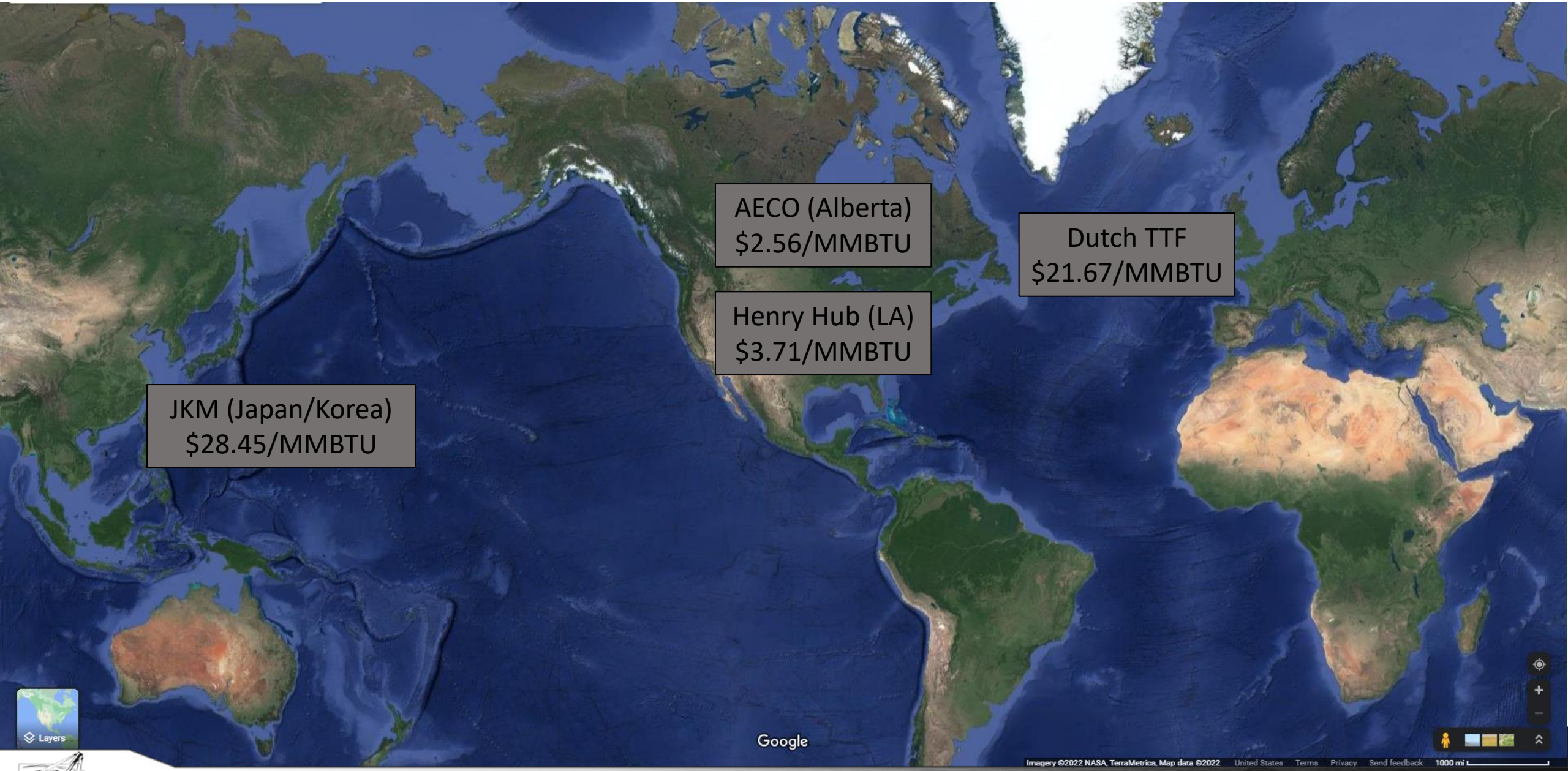
Bakken Natural Gas Infrastructure



Steel Pipe Price Index: ~85% Increase From 2020



Global Natural Gas Prices



Sources: JKM, TTF, HH: CME 1-6-23 / AECO: Gas Alberta Inc. 1-6-23

Contact Information

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Pipeline Authority

Mr. Chairman and members of the House Appropriations Committee - Government Operations Division, my name is Justin Kringstad and I am the Director of the North Dakota Pipeline Authority under the Industrial Commission. By law, the Pipeline Authority membership is comprised of the members of the Industrial Commission. The Pipeline Authority receives no direct General Fund appropriation. Upon the recommendation of the Oil and Gas Research Council, the Industrial Commission authorized the transfer of $600,000 from the Oil and Gas Research Fund during the 2021-2023 biennium for the Pipeline Authority's continued operations and studies. More information about the Pipeline Authority and it's work during the current biennium is available in the included *Annual Report*.

As Director of the Pipeline Authority, I have the responsibility of chairing the technical review committee for the recently established Natural Gas Pipeline Program authorized during the 2021 legislative special session. I will now walk through a set of slides to provide the committee with an update on the $150 million in funding available through the Natural Gas Pipeline Program and other pipeline related topics relevant to North Dakota's fiscal health.

North Dakota Pipeline Authority

Annual Report
July 1, 2021 – June 30, 2022

<u>Industrial Commission of North Dakota</u>
Governor Doug Burgum, Chairman
Attorney General Drew H. Wrigley
Agriculture Commissioner Doug Goehring

North Dakota Pipeline Authority
Annual Report
July 1, 2021 – June 30, 2022

Overview

At the request of the North Dakota Industrial Commission, the Sixtieth Legislature passed House Bill 1128 authorizing the North Dakota Pipeline Authority. It was signed into law on April 11, 2007. The statutory mission of the Pipeline Authority is "to diversify and expand the North Dakota economy by facilitating development of pipeline facilities to support the production, transportation, and utilization of North Dakota energy-related commodities, thereby increasing employment, stimulating economic activity, augmenting sources of tax revenue, fostering economic stability and improving the State's economy". As established by the Legislature, the Pipeline Authority is a builder of last resort, meaning private business would have the first opportunity to invest in and/or build additional needed pipeline infrastructure.

By law, the Pipeline Authority membership is comprised of the members of the North Dakota Industrial Commission. Upon the recommendation of the Oil and Gas Research Council, the Industrial Commission authorized the transfer of $600,000 from the Oil and Gas Research Fund during the 2021-2023 biennium for the Pipeline Authority's operations and studies. On August 1, 2008 the Industrial Commission named Justin J. Kringstad, an engineering consultant, to serve as Director of the North Dakota Pipeline Authority. The North Dakota Pipeline Authority Director works closely with Lynn Helms, Department of Mineral Resources Director, Ron Ness, North Dakota Petroleum Council President and Karlene Fine, Industrial Commission Executive Director. The Pipeline Authority has no other staff and receives no direct General Fund appropriation. The Pipeline Authority Director reports to the Industrial Commission and the Oil and Gas Research Council on a regular basis.

Statutory Authority

Statutory authority for the Pipeline Authority is found in Chapter 54-17.7 of the North Dakota Century Code (N.D.C.C.). Section 54-17.7-04 N.D.C.C. delineates the powers of the Pipeline Authority including: 1) making grants or loans or to borrow money; 2) to issue up to $800 million in revenue bonds; 3) enter into lease-sale contracts; 4) own, purchase, lease, rent and dispose of pipeline facilities or the right to capacity in any pipeline system or systems within or without the State of North Dakota; 5) enter into contracts to construct, maintain and operate pipeline facilities; 6) investigate, plan, prioritize and propose transportation corridors; and 7) participate in regional pipeline organizations.

Before the Pipeline Authority may exercise its power to construct pipeline facilities, it must follow a process defined by statute to ensure public participation and comment. In particular, the Pipeline Authority must publish a notice describing the need for the pipeline project. Entities interested in

constructing the facilities or furnishing services to satisfy the identified needs have 180 days to respond by filing a notice of intent. If the Pipeline Authority receives a notice of intent from an interested entity, it may not exercise its powers to construct unless the Pipeline Authority makes a finding that doing so would be in the public interest. In making such a finding, the Pipeline Authority shall consider the economic impact to the state, economic feasibility, technical performance, reliability, past performance, and the likelihood of successful completion and ongoing operation.

North Dakota Pipeline Regulatory Programs

The Pipeline Authority does not serve in any capacity as a regulatory agency for the pipeline industry. North Dakota's pipeline industry is regulated by several state and federal agencies. Roles of each regulatory entity are complex and the Pipeline Authority urges all interested parties to please contact the agencies below for more information on their jurisdiction of the pipeline industry.

- North Dakota Department of Emergency Services
- North Dakota Department of Environmental Quality
- North Dakota Public Service Commission
- North Dakota Industrial Commission-Department of Mineral Resources-Oil and Gas Division
- Environmental Protection Agency
- Federal Energy Regulatory Commission
- U.S. Department of Transportation-Pipeline and Hazardous Materials Safety Administration-Office of Pipeline Safety
- Homeland Security's Infrastructure Security Division

Summary of Activities

North Dakota's petroleum industry started the 2021-2022 fiscal year with WTI oil prices around $70/barrel. Despite the economically attractive oil price, only 23 drilling rigs were active in July 2021 as the industry remained extremely cautious about the demand outlook post-covid. After an extremely volatile first half of 2022, in June 2022, oil prices had risen to over $100/barrel and the drilling rig count had slowly increased to the mid-40's.

Average oil production throughout the fiscal year was relatively flat at just under 1.1 million barrels per day, down significantly from the record of 1.5 million barrels per day set in late 2019.

Despite the extreme price and weather volatility experienced over the 2021-2022 fiscal year, the long-term outlook for North Dakota's petroleum industry remains robust. North Dakota's midstream industry continues to position itself to meet current production levels and continues to plan for further expansion in the long term. During the past year, the Pipeline Authority has been fully engaged in continuing efforts to convert production and development information into oil and natural gas transportation solutions. Working alongside industry to produce crude oil and natural gas production forecasts to quantify future

pipeline needs and time frames continues to be one of the principle tasks of the Pipeline Authority. Pipeline companies are conservative by nature and these forecasting exercises are very beneficial in providing the confidence needed to move forward with expansion project planning.

During the fiscal year the Pipeline Authority contacted, met with, and shared information with numerous interested parties including, but not limited to, the following:

Enbridge Pipeline
TC Energy
MDU/WBI Energy
ONEOK
Alliance Pipeline
Northern Border Pipeline
Moody's Analytics
Bakken Midstream/Energy
Pembina Pipeline
Sumitomo
SolSpec
Kinder Morgan
Oasis Petroleum
PetroNerds
ConocoPhillips
Nova Energy
Steel Reef Infrastructure
Incoho
Pivotal Energy Partners
UBS
Summit Carbon Solutions
Hex Strategies
Continental Resources
4H2 Inc
Cerilon GTL
Xcel Energy
Ormat
EcoVapor
Dakota Natural Gas
Harms Group
Frio Valley Pipeline
Applied Blockchain
Fufeng
Goldman Sachs
SkySkopes
Hess Corporation
Marathon Petroleum
True Companies
Crestwood
BNSF Railway
Basin Electric
Sequent Energy
Barr Engineering
Energy Transfer Partners
JPMorgan Chase
GA Group
BP
Marathon Oil
Outrigger Energy
SolSpec
Ovintiv
Mesa Solutions
Mineral Tracker
ExxonMobil
Minnkota Power
Border States Electric
Callan
RBN Energy
Citadel Commodities
Enverus
Advantage Engineering
Northern Plains Nitrogen
Nustar Energy
Sapphire Gas Solutions
United Energy Trading/Rainbow Gas
Grayson Mills
CHS/Cenex
WSP/Parsons Brinkerhoff
Energy Xtractors
Astute Environmental & Regulatory

Fintech/ComboCurve
MarbleRock Advisors
Windstream Communications
A1 Development
QRI International

In addition, the Pipeline Authority worked with a number of state and federal agencies to gather information and provide expertise on pipeline issues. Those agencies and entities included:

North Dakota Public Service Commission
North Dakota Transmission Authority
North Dakota Oil and Gas Division
North Dakota Governor's Office
North Dakota Tax Department
EmPower North Dakota Commission
North Dakota State Water Commission
Upper Great Plains Transportation Institute
North Dakota Department of Commerce
Energy and Environmental Research Center
North Dakota Department of Transportation
Department of Environmental Quality
Bank of North Dakota
US Energy Department of Energy
North Dakota Oil & Gas Research Program
North Dakota OMB

The Director of the Pipeline Authority also worked with the following trade associations/groups:

North Dakota Petroleum Council
North Dakota Building Trades Union
Greater North Dakota Chamber
Landman's Association of North Dakota
Grand Forks Region Economic Development Corporation
Laborers' International Union of North America (LIUNA)
North Dakota Independent Community Bankers
Western Dakota Energy Association
North Dakota Bar Association
National Association of Royalty Owners
Economic Development Association of North Dakota

As noted above, the Pipeline Authority has been facilitating discussions between governmental agencies and companies interested in expanding North Dakota's midstream infrastructure.

In addition, the Director of the Pipeline Authority provided information to citizens and news media on issues related to pipelines.

Natural Gas Pipeline Program

North Dakota's Natural Gas Pipeline Program was established by the Legislature in 2021 under the control of the North Dakota Industrial Commission to provide funding for the development of high-pressure transmission pipeline infrastructure for the transportation and competitive selling of natural gas to eastern North Dakota. The program guidelines provide that the Industrial Commission shall consult with

the Natural Gas Pipeline Review Committee. The review committee, chaired by the Pipeline Authority Director, includes the Department of Mineral Resources Director, Bank of North Dakota President or his designee, Clean Sustainable Energy Authority Director, Department of Commerce Commissioner.

The purpose of the Natural Gas Pipeline Program is to provide grants to assist with the construction of a high-pressure transmission pipeline to transport natural gas for utilization in eastern North Dakota thereby expanding the North Dakota economy, increasing employment, stimulating economic activity, augmenting sources of tax revenue, and fostering economic stability.

SB 2345 Section 1, subsection 1 was passed with the following appropriation language:

There is appropriated from federal funds derived from the state fiscal recovery fund, not otherwise appropriated, the sum of $150,000,000, or so much of the sum as may be necessary, to the Industrial Commission for the purpose of pipeline infrastructure grants to allow for the transportation of natural gas to eastern North Dakota for the period beginning December 1, 2021 and ending June 30, 2023. Of the funds appropriated in this subsection, at least $10,000,000 must be used for a project to transport natural gas to areas in Grand Forks County.

Full grant program details are available on the ND Industrial Commission website.

Crude Oil and Natural Gas Production Forecasting

The Pipeline Authority continued to develop and maintain crude oil and natural gas production forecasts for North Dakota and the United States portion of the Williston Basin. These forecasts are widely used throughout both public and private organizations. Three assumption scenarios are forecasted for the purpose of communicating the production impacts of different price and activity levels. The “Base” case was modeled as expected production assuming the Federal Energy Information Administration’s (EIA) West Texas Intermediate (WTI) oil price forecasts. The “Low” case was modeled as a conservative production outlook based on lower-than-expected activity and/or oil prices. The “High” case scenario is intended to model production scenarios under an environment in which petroleum industry activity in North Dakota returns to near pre-pandemic levels. Figure 1 is a long-term oil production forecast for North Dakota. Figure 2 shows a long-term natural gas production forecast using the same three activity scenarios for North Dakota.

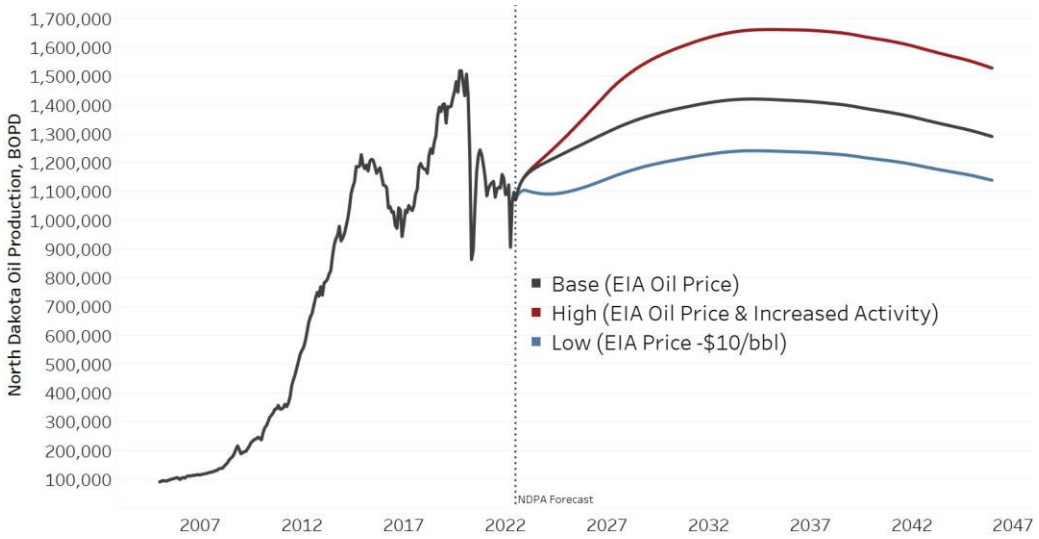


Figure 1. Long term crude oil production forecast for North Dakota starting in Aug. 2021

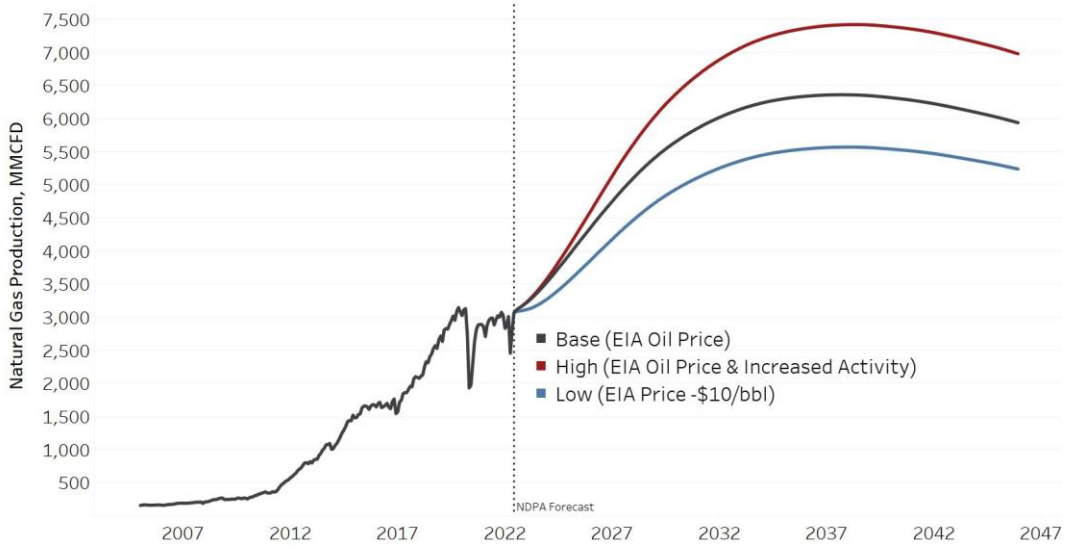


Figure 2. North Dakota natural gas production forecast starting in Aug. 2021

Given the continued amount of market uncertainty surrounding the COVID-19 pandemic recovery, Eastern Europe military conflict, and Russian energy sanctions, the Pipeline Authority created a series of production forecasts based on various well completion scenarios in North Dakota. Figures 3 and 4 represent the near-term estimated oil and natural gas production levels at the stated number of new well completions per month. These scenario calculations have proven very beneficial to assist in transportation, budget, and policy planning. Additional information on this topic can be found on the Pipeline Authority website.

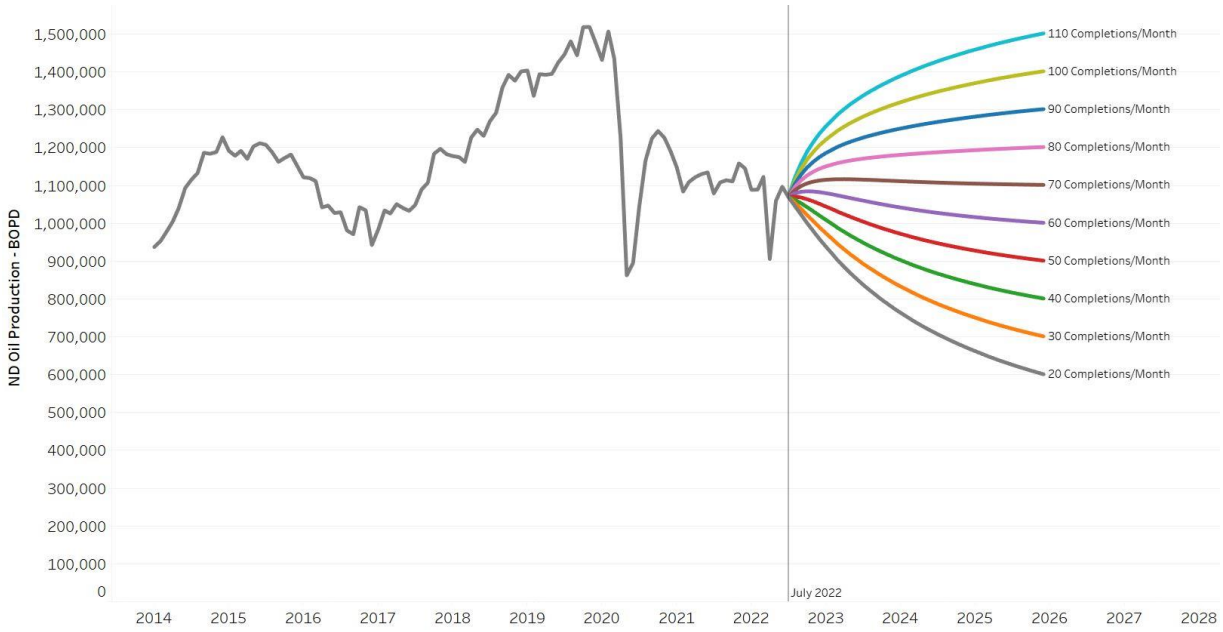


Figure 3. North Dakota oil production under various completion scenarios

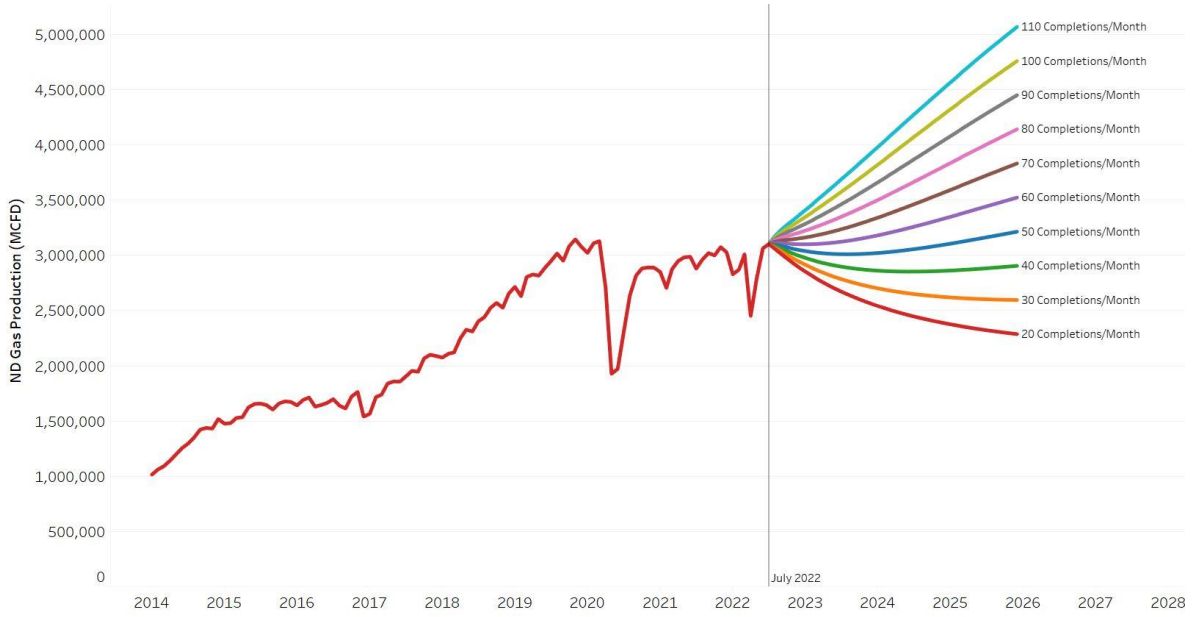


Figure 4. North Dakota natural gas production under various completion scenarios

Natural Gas Liquids

The Pipeline Authority continued to focus considerable attention in the 2021-2022 fiscal year to the topic of natural gas liquids (NGLs). Natural gas produced from the Bakken and Three Forks Formations is very high in NGLs such as ethane, propane, and butane. Forecast models created by the Pipeline Authority

were continually updated to better understand the production potential and required transportation infrastructure going forward.

The forecast in Figure 6 shows three potential production cases based on different activity level assumptions. North Dakota faced a significant shortfall of gross pipeline capacity until ONEOK's Elk Creek Pipeline went into service in late 2019. It is expected that NGL production will exceed pipeline capacity again in 2024 until further system expansions take place or a new market option is developed. Further complicating the NGL transportation dynamics is the fact that not all NGL pipelines can handle the same types of NGL products. In addition, natural gas plants around the region produce either purity products or unfractionated product, known as Y-grade.

There are several options going forward to address the growing volume of NGLs in North Dakota. One option would be to build, expand, or repurpose existing pipeline systems. A second option would be the development of value-added industries that would use NGL products as feedstock. Another potential use for NGLs is enhanced oil recovery (EOR) in the Williston Basin as fields continue to mature. The use of NGLs as a working EOR fluid is still in the research phase with early lab results appearing promising.

In an effort to advance the opportunities of using North Dakota NGL products as a feedstock for value-added industries, funding was provided to the Energy and Environmental Research Center to study the potential of salt cavern storage in the Williston Basin. In late 2020, the research paper was released suggesting storage opportunities may be commercially viable in North Dakota. Additional funding was provided during the 2021 legislative session for development of pilot projects to confirm the study results. The Pipeline Authority will stay actively engaged on this topic, as it could have significant impacts on how North Dakota's NGL products are transported and utilized.

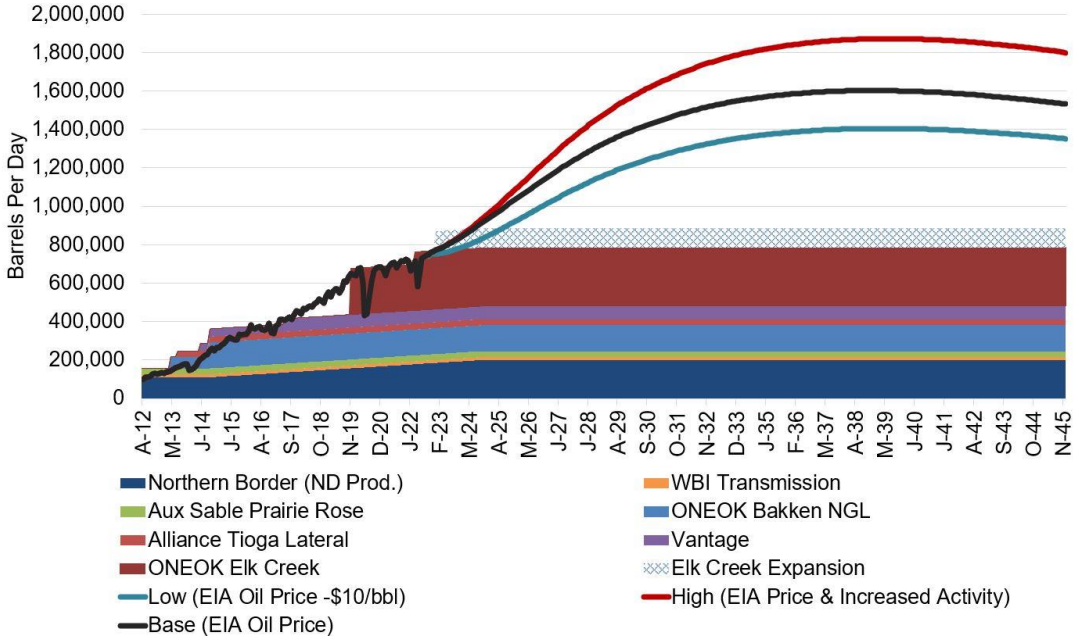


Figure 6. Forecasted North Dakota NGL production and transportation options.

Natural Gas Capture

While not a regulatory agency, the Pipeline Authority plays a very active support role in helping the state maximize the amount of captured natural gas. The Pipeline Authority continually monitors and reports capture statistics and provides analysis on current and future developments to industry participants, regulators, policy makers, and the public.

Several significant actions were taken by the ND Industrial Commission in past years that have had a positive impact on increasing natural gas capture. The first was the requirement for operating companies to submit a natural gas capture plan to the Oil & Gas Division to outline how produced natural gas would be sold or utilized on location. The second action was an Industrial Commission order on July 1, 2014 that provided gas capture targets to the year 2020 and provided a means of enforcement at the Oil & Gas Division through the use of production and permitting restrictions.

In November 2018, the Industrial Commission updated the natural gas capture regulations for Bakken and Three Forks production. More details on the November update can be found on the Oil & Gas Division website.

The current North Dakota gas capture target rates are as follows:

- 74% Capture – Q4 2014
- 77% Capture – Q1 2015
- 80% Capture – Q2 2016
- 85% Capture – Q4 2016
- 88% Capture – Q4 2018
- 91% Capture – Q4 2020

In July 2022, the North Dakota's petroleum industry produced 3.1 billion cubic feet per day (BCFD) with a gross capture rate of 94%. Industry estimates indicate over $20 billion has been invested in pipeline and processing assets to help reach the capture targets. In order for the industry to meet future gas capture targets, significant additional investments in gas gathering, processing, and transmission will be required.

Natural Gas Processing

For reference, a North Dakota Gas Processing and Transportation map can be found on the Pipeline Authority website and a table of all gas processing plants can be found in Appendix C

New or Expanding Natural Gas Plants

Due to the vast footprint of the Bakken resource, natural gas gathering and processing operators in North Dakota have faced difficult challenges in the past to keep pace with faster, more efficient drilling and completion techniques. Despite the daunting task, industry is rising up to reap the great economic reward contained in the rich Bakken gas.

North Dakota currently has thirty-three natural gas processing/conditioning plants operating, with the capability to process roughly 4.1 BCFD. One additional plant is expected in the first quarter of 2023 and will add 0.2 BCFD of processing capacity (Figure 7). A detailed breakdown of the existing and proposed facilities can be found in Appendix C and on the Pipeline Authority website.

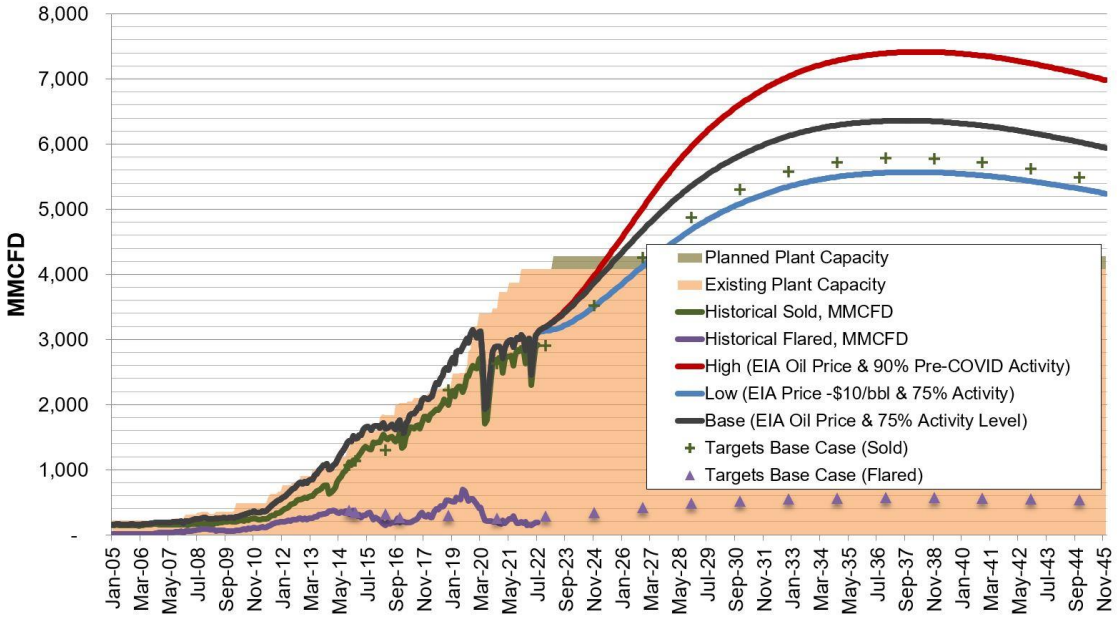


Figure 7. North Dakota natural gas processing plant intake capacity, gas production, gas forecast, and NDIC capture targets. (Forecast starts in Aug. 2022)

Williston Basin Gas Storage

One primary use of residue natural gas is heating residential and commercial buildings. Without the use of underground natural gas storage, the supply chain would be challenged to handle strong seasonal demand shifts. During the warm summer months, excess natural gas is stored in underground reservoirs and withdrawn during colder periods with higher demand (Figure 8). The reservoirs used for natural gas storage are typically depleted gas producing fields that are converted to serve a storage role.

The nearest residue gas storage field is located near Baker, MT and is operated by WBI Energy Transmission. Located primarily in SE Montana in the Cedar Creek Anticline, the Baker field is the largest natural gas storage field in the United States. The Baker gas storage system has a working gas capacity of over 193 BCF and has been operating the past year with a balance of less than 32 BCF (Figure 8). Regional interstate residue gas pipelines provide transportation service to and from the Baker storage field.

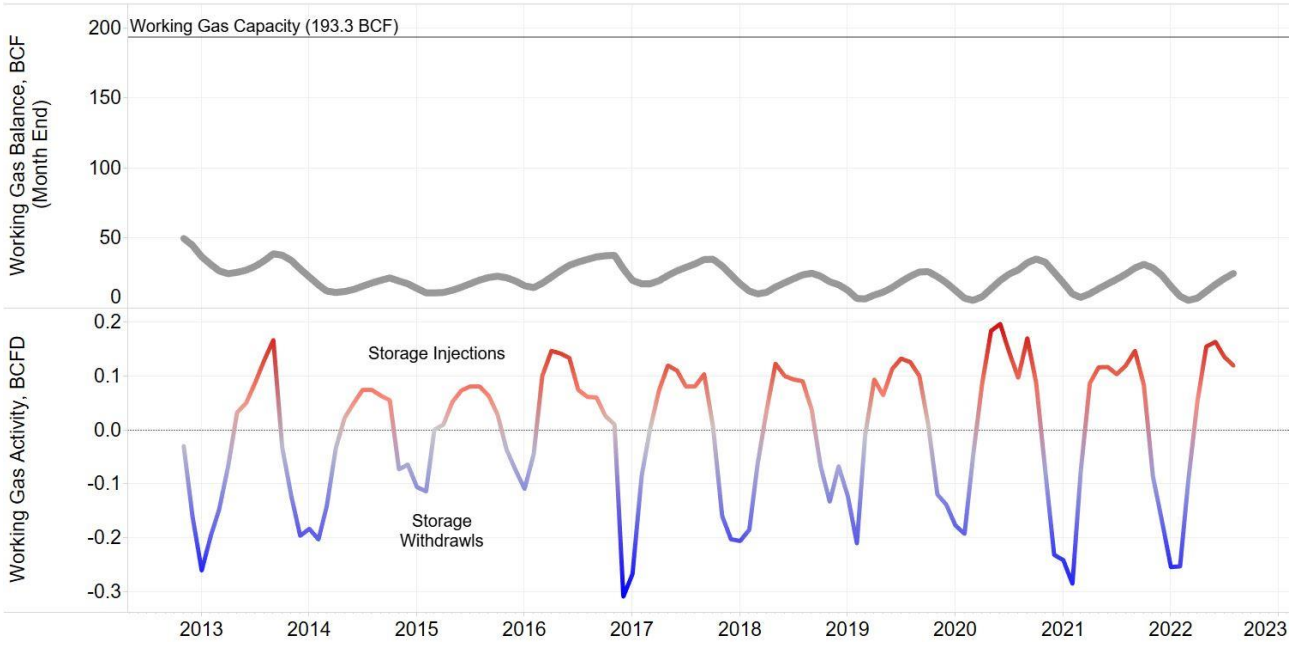


Figure 8. WBI Energy gas storage field activity

North Dakota Freight Advisory Committee

In the fall of 2018, the Pipeline Authority Director and a number of other private and public entities joined the North Dakota Department of Transportation in an effort to create the North Dakota Freight Advisory Committee. The primary objective of the group is to improve collaboration between transportation providers, industry sectors, and government entities in order to efficiently expand North Dakota's economy.

In June 2022, a draft combined *State Freight and Rail Plan* was published on the North Dakota's Dept. of Transportation's website. Public outreach and comment periods commenced in Q3 2022, with the goal of having a final report and plan by late 2022.

Along with the Pipeline Authority, member entities include:

- BNSF Railroad
- Dakota, Missouri Valley, & Western Railroad
- Magnum Trucking
- Federal Highway Administration
- North Dakota Department of Commerce
- Teamsters Local 638
- Enger Grain & Livestock
- North Dakota Aeronautics Commission
- United Sugars Corporation

- North Dakota Motor Carriers Association
- North Dakota Mill and Elevator
- North Dakota League of Cities
- North Dakota Trade Office
- North Dakota Department of Transportation
- North Dakota Public Service Commission
- Upper Great Plains Transportation Institute
- Fargo-Moorhead Metropolitan Council of Governments
- Mountrail County
- Impact ND

Industry and Public Communications Activities

Pipeline Authority Websites

In an effort to provide industry and public users with the most timely and complete set of information, the Pipeline Authority continues to update the agency websites as new information becomes available. The websites allow the Pipeline Authority to provide users with current Williston Basin oil production data, maps, news, publications, basic pipeline information, pipeline safety information, and links to pipeline mapping systems.

Monthly Updates

During the 2021-2022 fiscal year, the Pipeline Authority produced monthly transportation and production reports to allow interested parties a quick view of how much crude oil and natural gas was produced each month and how each commodity was shipped and/or processed. Information contained in the reports is presented during monthly media events in conjunction with the ND Oil & Gas Division. Monthly reports are placed on the Pipeline Authority website and an email distribution list has been created to circulate the update to interested parties.

North Dakota Drilling Inventory and Economics

In order to assist the midstream industry in understanding current and future petroleum activity levels, the Pipeline Authority routinely publishes information exploring the economics of drilling in North Dakota's Bakken/Three Forks Formations. The research takes a detailed look at where drilling in North Dakota has been most successful in the past and then predicts where drilling may be concentrated during periods of fluctuating oil prices.

Figure 9 was generated during the drilling economics research to represent the expected after-tax rate of return at three different drilling and completion costs. While assuming $70/bbl at the wellhead, it was discovered that wells drilled in North Dakota could consistently receive a 10%-20% rate of return or higher when they were producing at least an average of 500 barrels of oil per day during the well's peak production month. Maps were also generated to show where the wells in Figure 9 are located.

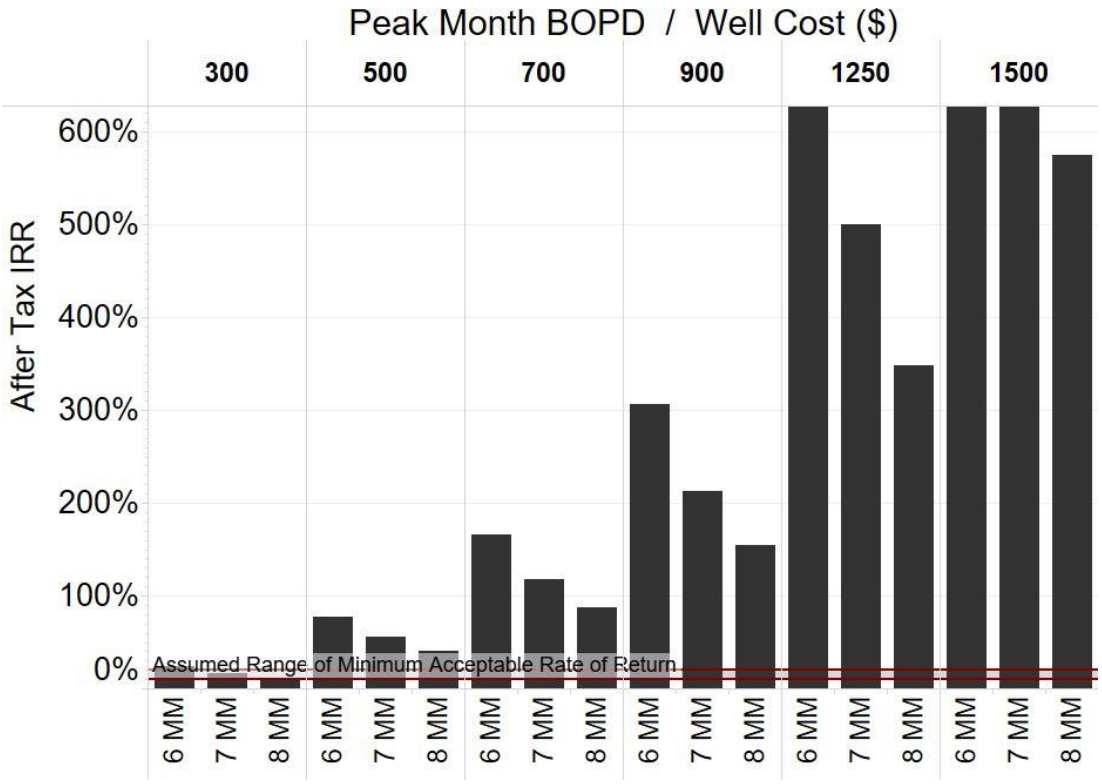


Figure 9. North Dakota drilling economics summary (Assumes $70/bbl at the wellhead)

In February 2022, the Pipeline Authority updated its view on well performance and drilling economics in the Bakken and Three Forks. The refreshed work highlighted decades of remaining drilling inventory in the Bakken and Three Forks Petroleum System. The NDPA work used well performance datasets from the last two years and compared it to the same work performed in 2020. The results showed that an additional 3,000 square miles of acreage was reclassified and could now be economically developed at prices as low as $60 per barrel. A comprehensive slide deck and video presentation of the work is available on the Pipeline Authority website.

Pipeline Presentations

The Pipeline Authority has had the opportunity to make presentations at a variety of legislative, industry, and public events during the past fiscal year. Presentation topics were typically focused on North Dakota's transportation dynamics with additional material on drilling economics and production techniques. Slides from many of the major events are placed on the Pipeline Authority website as content is updated.

Williston Basin Pipeline Infrastructure

For reference, a series of North Dakota pipeline maps can be found in Appendix A

Pipeline Mileage

North Dakota's pipeline industry added 411 miles of new oil, natural gas, and produced water pipelines in calendar year 2021 (Figure 10). The majority of the new pipelines installed in 2021 operate as gathering pipelines for oil, natural gas, and produced water (Figure 11). The significant decrease in pipeline construction in 2016 through 2021 was proportional to the slowdown in well completions and a geographic concentration of activity in the core of the oil play. Data from the Federal Department of Transportation and North Dakota Oil & Gas Division indicates that North Dakota has over 30,060 miles of gathering and transmission pipelines. Further details about North Dakota's pipeline network can be found on the Pipeline Authority website.

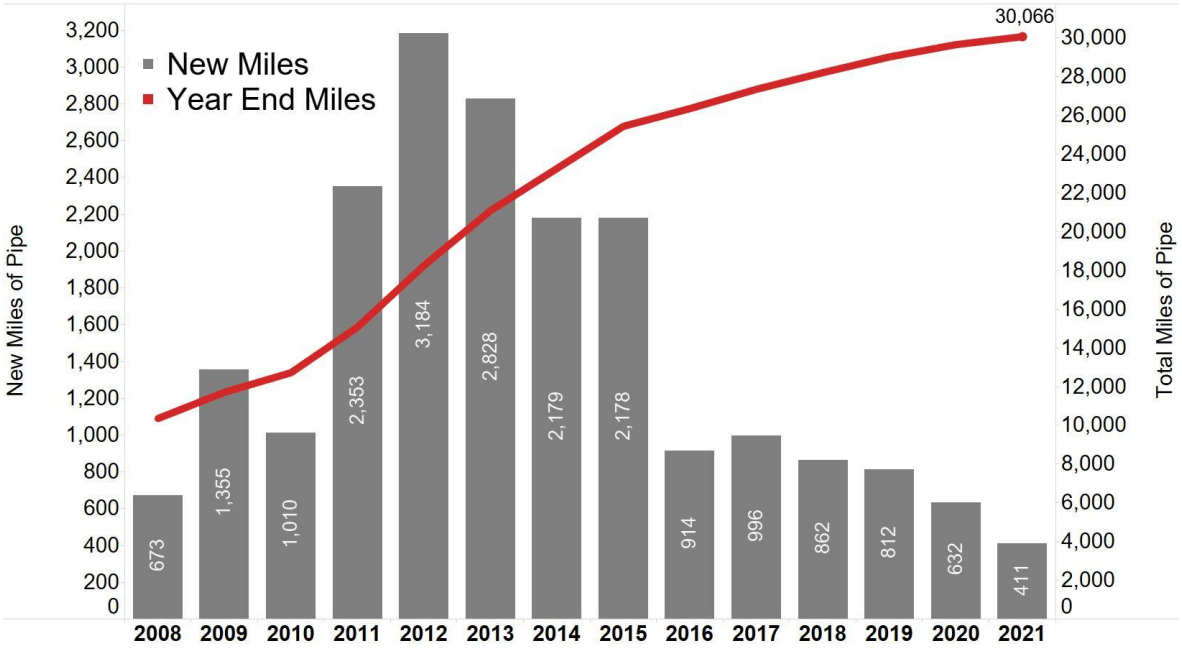


Figure 10. North Dakota pipeline mileage

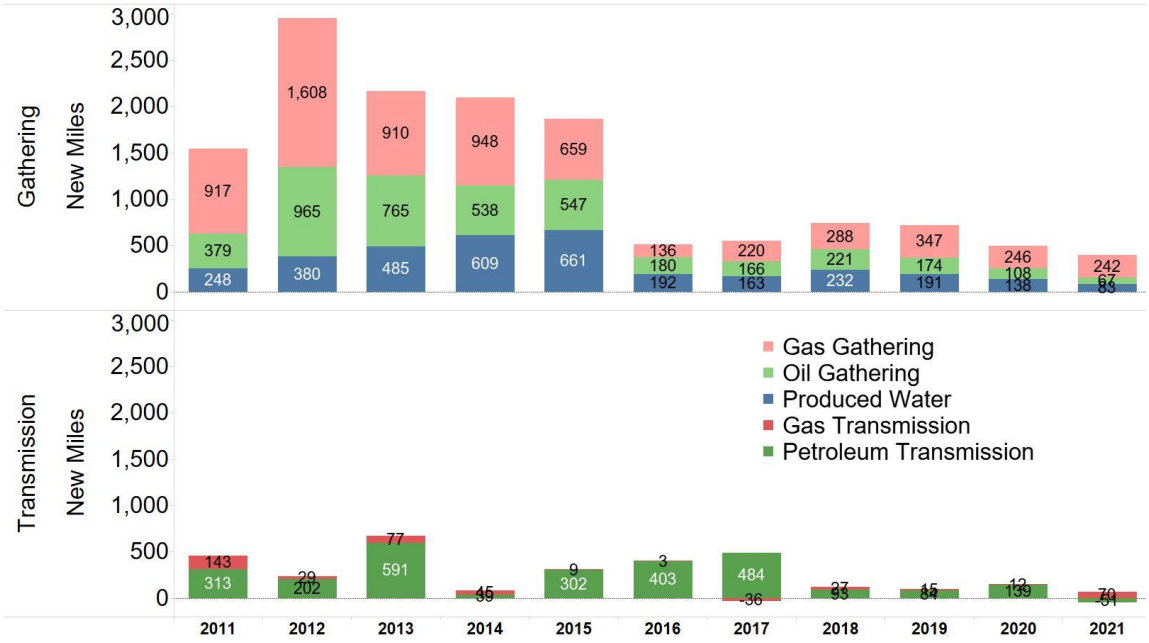


Figure 11. New North Dakota pipeline mileage by category

Crude Oil Pipelines, Refining, and Rail Transportation

Enbridge/North Dakota Pipeline Company: Having completed several expansion projects over the past number of years, Enbridge now has the capacity to move 355,000 BOPD on its pipeline system to Clearbrook, MN. Enbridge completed their work to expand north bound capacity of 145,000 BOPD in early 2013 for the larger scale "Bakken Expansion Project". Oil using the northbound route navigates the Enbridge Saskatchewan system to an interconnect with the Enbridge Mainline at Cromer, MB. Once on the Mainline system, the Williston Basin oil quickly reenters the United States and meets east bound Enbridge oil at Clearbrook, MN.

Enbridge's plans to construct the 225,000 BOPD "Sandpiper" system were deferred during the third quarter of 2016 due to unexpected market conditions in the near-term planning horizon. Enbridge plans to monitor market conditions and reevaluate potential expansion opportunities in North Dakota.

Bridger, Belle Fourche, and Butte Pipelines: Bridger and Belle Fourche Pipelines operate as intra-regional pipeline systems moving oil to several pipeline interconnects or rail facilities in the Williston Basin. One such pipeline interconnect is with the Butte Pipeline near Baker, MT. The Butte Pipeline currently has the capacity to move 260,000 BOPD to Guernsey, WY. In Guernsey, WY, the oil is transported to Wood River, IL on the Platte Pipeline, Cushing, OK on the White Cliffs Pipeline, or loaded into rail cars for further transport.

In mid-2022, Bridger Pipeline began constructing a multi-segment expansion project from Johnson's Corner, ND to Guernsey, WY to meet growing production levels. Proposed to be in service before the end of 2022, the 16", 137 mile "South Bend Pipeline" will be able to ship 175,000 BOPD to Baker, MT.

Additionally, a 191-mile southern section of new 20" pipeline will move up to 200,000 BOPD of North Dakota and Rockies oil from Hulett, WY to Guernsey, WY. At Guernsey, WY the oil will have multiple shipping options by pipeline and rail.

BakkenLink: After announcing plans in 2010 to offer a pipeline system connecting the Williston Basin to the Keystone XL Pipeline in Eastern Montana, BakkenLink has altered their current project scope. Now in service, the BakkenLink system collects crude oil from various locations along its route south of Lake Sakakawea and delivers the oil to a unit train rail facility located near Fryburg, ND. In late 2015, Andeavor (formerly Tesoro Corporation) purchased the BakkenLink pipeline and rail facility from Great Northern Midstream.

In February 2018, Andeavor sought, and was granted, approval from the North Dakota Public Service Commission to add NGL service to the existing BakkenLink crude oil system. Completed in late 2018, the additional NGL service to Fryburg, ND uses three new line segments on the north and south ends of the BakkenLink system.

Energy Transfer Partners: In early 2014, Energy Transfer Partners (ETP) held an open season to solicit interest in a new 30" pipeline from North Dakota to Patoka, IL. In June 2014, ETP announced that they had secured sufficient shipper support to move forward with the project. The project began construction in May 2016 and was placed into commercial service on June 1, 2017. When the "Dakota Access" pipeline began collecting oil north and south of Lake Sakakawea it had the ability to transport up to 520,000 BOPD.

In 2018, two successful open seasons were held for additional service on the Dakota Access pipeline. With additional shipper commitments, the pipeline was expanded to carry up to 600,000 BOPD.

In 2019, ETP began the regulatory process to expand the Dakota Access system up to 1.1 million BOPD through the use of additional pump stations and horsepower at existing pump facilities. In August 2021, ETP announced the most recent completion of the Dakota Access Pipeline system expansion to a new system capacity of 750,000 BOPD. No timelines have been announced as to when the full system expansion up 1.1 million BOPD would be complete.

In 2020, DC District Court Judge James E. Boasberg ruled that the US Army Corp of Engineers needed to conduct a full environmental impact statement (EIS) for the Lake Oahe crossing in south central North Dakota. After months of rigorous review, in May 2021 Judge Boasberg ruled that the Dakota Access pipeline could continue operations while the EIS proceeds. The EIS is anticipated to be complete in 2023.

Plains All American Pipeline: In November 2010, Plains All American Pipeline (Plains) announced plans to construct a new 103-mile, 12-inch, pipeline from Trenton, ND to an interconnect with the existing Wascana Pipeline at the United States-Canada border in northeast Montana. The "Bakken North" pipeline went into service in May 2014, with an initial capacity of 40,000 BOPD, expandable to 75,000 BOPD.

TC Energy (TransCanada) Bakken Marketlink: On September 13, 2010, TransCanada launched a successful open season for Bakken producers interested in accessing TransCanada's proposed Keystone XL Pipeline project in eastern Montana. The proposed 100,000 BOPD interconnect would be located near Baker, MT and would require new pumps and tanks to accommodate the Bakken oil. Third party shippers would be necessary to move the crude to the Baker, MT facility from North Dakota.

In November 2015, President Obama announced that the Keystone XL Pipeline was not in the national interest of the United States and that a required Presidential Permit would not be granted. In March 2017, President Trump reversed the White House decision and granted a Presidential Permit to TransCanada for the Keystone XL Pipeline. TC Energy (formerly TransCanada) continued their work towards regulatory approval of the Keystone XL Pipeline, before President Biden canceled the Presidential Permit in January 2021. TC Energy formally cancelled the project in June 2021.

Marathon Petroleum Mandan Refinery (Formerly Andeavor/Tesoro): Expanded by 10,000 BOPD in 2012, Marathon Petroleum operates a 68,000 BOPD refinery in Mandan, ND. The refinery receives its light sweet feedstock though a network of pipelines in the Williston Basin. Products generated at the refinery are distributed directly from a truck rack at the facility or through the NuStar North Pipeline to Eastern North Dakota and Minnesota.

In 2017, Tesoro Corporation changed its name to Andeavor. In the second half of 2018, Andeavor merged with Marathon Petroleum and will operate under the Marathon Petroleum name.

Marathon Petroleum Dakota Prairie Refinery: In late June 2016, Tesoro Corporation purchased the Dakota Prairie Refinery from MDU Resources Group and Calumet Specialty Products Partners. The Dakota Prairie Refinery, began processing 20,000 BOPD at its facility just west of Dickinson, ND in May 2015. The "diesel topping" refinery produced around 7,000 BPD of diesel fuel for regional consumption, while the remaining product was transported for further processing or use.

In 2018, a decision was made to convert the refinery to produce renewable diesel fuel by mid-2020. Beginning in June 2020, the facility no longer used crude oil as a feedstock. Renewable diesel fuel from the facility is now primarily being shipped by rail to markets in California.

Davis Refinery: Meridian Energy Group is planning to construct a crude oil refinery in Billings County, east of the Fryburg Rail Facility in Belfield. The refinery is designed with an inlet oil capacity of 49,500 BPD. All refined products are expected to be marketed regionally with transportation taking place by truck and/or rail. Preliminary site preparation began in July 2018 with plant completion proposed in 2024.

A map of North Dakota crude oil gathering systems can be found on the Pipeline Authority website

Rail Loading Facilities: The transportation of crude oil by rail car has played a key role in moving growing volumes of crude oil from the Williston Basin to markets around the United States and Canada. Figure 12 shows the estimated Williston Basin market share percentages for rail, pipeline, and local refining. Figure

13 shows the estimated volume of oil moved by rail out of North Dakota. Maps, capacities, and additional information on the various facilities can be found on the Pipeline Authority website.

A significant decrease in crude by rail volumes can be identified during the 2015-2017 timeframe in Figures 12 & 13. The 2015-2017 volume decrease can be attributed to production declining in North Dakota and reduced market incentives to utilize crude by rail. Prior to the industry downturn in 2020, crude by rail volumes had been steadily increasing as production rose and egress pipelines were at capacity. The Pipeline Authority estimates ten of the twenty-plus rail facilities are still active loading crude oil, with the most active facilities being those with unit train loading capabilities and multiple inbound/outbound marketing options.

The future of crude by rail utilization in North Dakota will be driven by oil production volumes, market pricing, pipeline capacity, and regulatory oversight.

A map of North Dakota oil rail loading facilities can be found in Appendix B

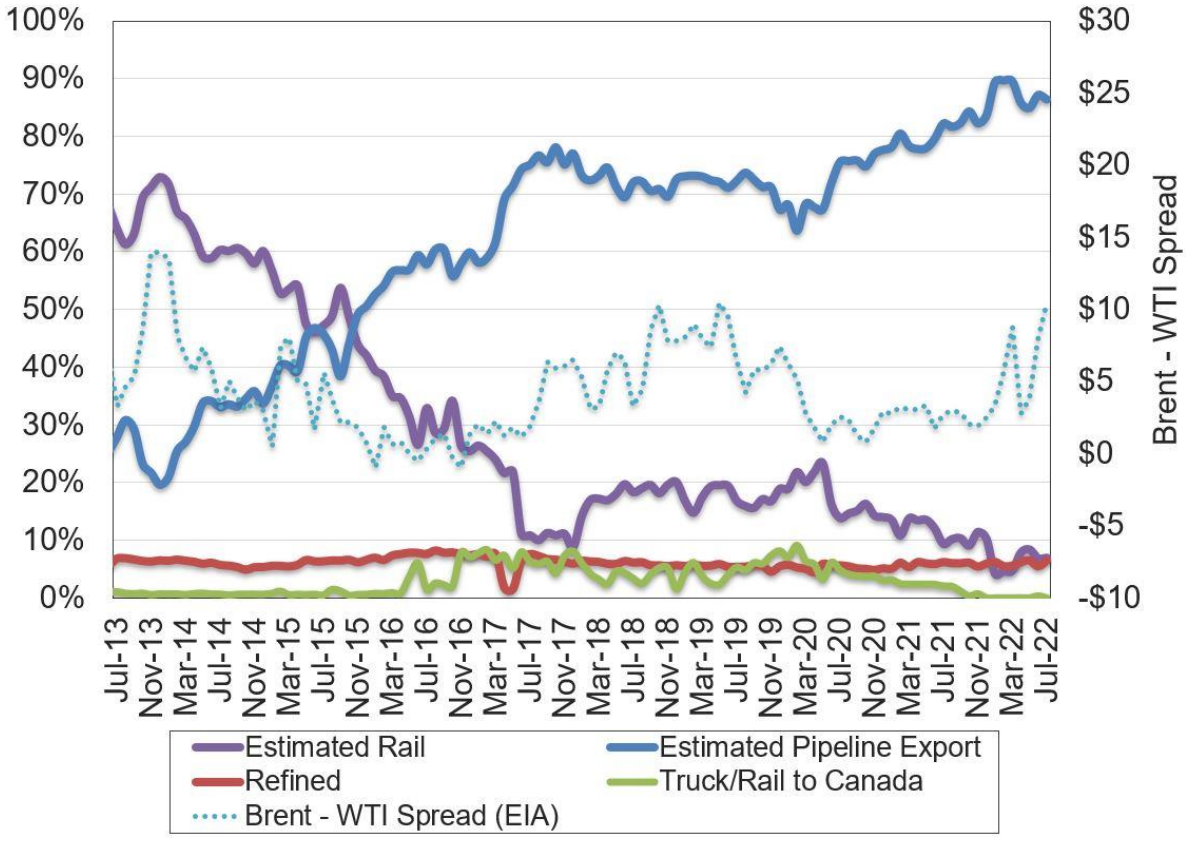


Figure 12. Estimated oil transportation by mode (July 2022 data)

Figure 13. Estimated outbound crude oil rail shipments (July 2022 data)

Natural Gas Pipelines

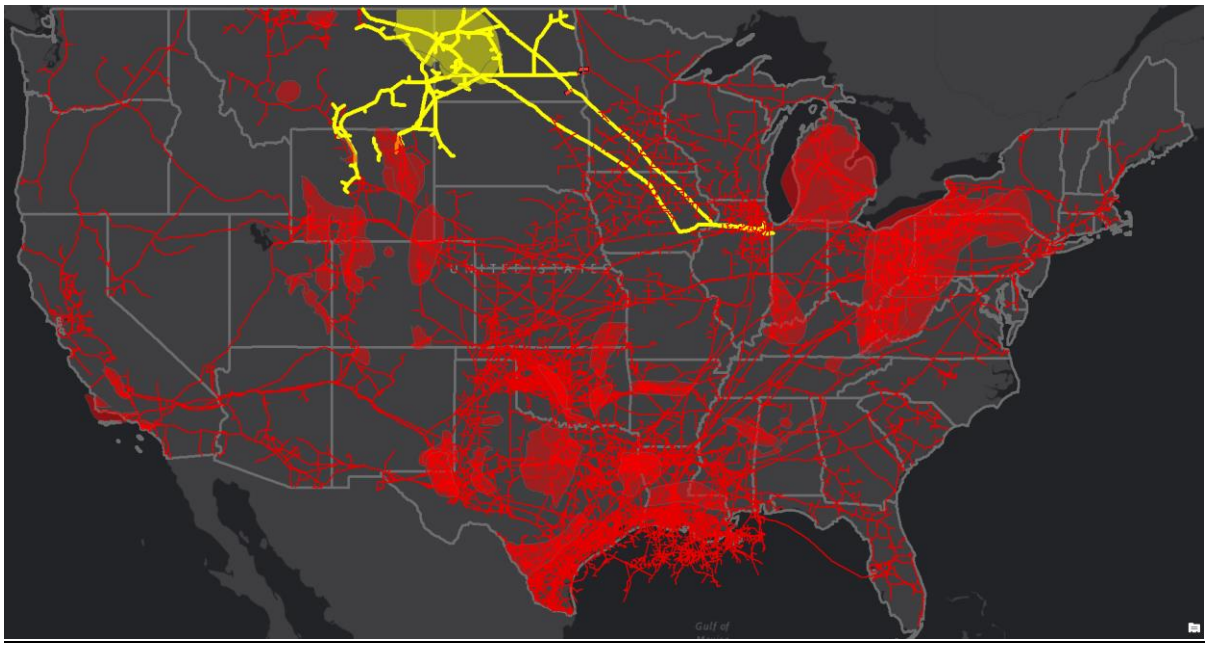


Figure 14. North Dakota's interstate gas pipelines (yellow) and the national interstate gas pipeline network (red)

Alliance Pipeline: The Alliance Pipeline is a high pressure, large diameter natural gas pipeline that originates in British Colombia, Canada and terminates at the Aux Sable gas processing plant near Chicago, IL. The Alliance Pipeline transports "dense gas" or gas that still contains high BTU natural gas liquids, such as propane and butane. In February 2010, the Alliance Pipeline began transporting rich natural gas from

North Dakota via a new interconnect with the Prairie Rose Pipeline near Bantry, ND (See Aux Sable below). The 36-inch diameter United States portion of the pipeline has a certified capacity of 1.513 billion cubic feet per day (BCFD). The Alliance Pipeline has one direct North Dakota delivery point in Hankinson and one interconnect with Montana Dakota Utilities to serve industrial manufacturing in Gwinner.

In response to growing natural gas production, Alliance Pipeline announced plans on June 22, 2011, to construct a new, 80-mile, natural gas pipeline from the Hess Gas Plant in Tioga, ND to an interconnection point near Sherwood, ND. Commissioned in late 2013, the "Tioga Lateral Pipeline" has the ability to deliver liquids rich, high BTU, natural gas to Chicago, IL for further processing and transportation. The Tioga Lateral has the capacity to transport up to 126 million cubic feet per day (MMCFD).

Northern Border: The Northern Border Pipeline, owned by TC Pipelines and ONEOK Partners, is a 1,249-mile pipeline originating at the Port of Morgan in Montana and terminating near North Hayden, Indiana. The pipeline has a system receipt capacity of 2.37 BCFD, with less than half of the gas supply in 2020 originating in Canada through a receipt point with the Foothills Pipeline at the Port of Morgan. The 42-inch diameter Northern Border Pipeline receives gas deliveries at a total of seventeen receipt points in the Williston Basin with fourteen of those points for North Dakota gas supply. (See the Bison Pipeline section below for details on the proposed Bison XPress expansion project)

In May 2020, Northern Border submitted a proposed tariff modification to the Federal Energy Regulatory Commission (FERC) that would limit the energy content of flows exiting North Dakota to 1,100 BTU. The FERC decision process resulted in a technical conference being held and multiple opportunities for interested party input. While the Pipeline Authority remained neutral on the proposed tariff modifications, considerable efforts were made to model and quantify the potential impacts to North Dakota's petroleum industry. FERC ultimately rejected the proposed BTU limit, but left open the opportunity for a similar proposal to be filed in the future with additional supporting evidence.

WBI Energy Transmission: Formerly known as Williston Basin Interstate Pipeline Co., WBI Energy Transmission operates more than 3,700 miles of natural gas transmission pipelines throughout North Dakota, Montana, Wyoming, and South Dakota. This network of pipelines plays a vital role in North Dakota's natural gas industry. It contains twelve interconnecting points with other regional pipelines and can also deliver natural gas to local distribution companies or natural gas storage fields. WBI continues to make system upgrades in western North Dakota in order to meet growing customer demand.

In June 2016, WBI announced an open season to connect the eastern North Dakota portion of the system with the Viking Pipeline in western Minnesota. This project, known as the Valley Expansion, does not directly support North Dakota gas production volumes, but rather would serve to provide additional gas volumes to consuming markets in eastern North Dakota. The Valley Expansion project became operational in late 2018.

In early 2019, WBI Energy announced plans to construct a new gas pipeline system called the "North Bakken Expansion Project". Started in July 2021 and completed in Q1 2022, the $260 million system

consists of 60 miles of 24" pipe and 30 miles of 12" pipe. The initial project added 250 MMCFD of capacity from Tioga, ND to an interconnect with the Northern Border Pipeline in McKenzie County. Capacity can be expanded to 600,000 MCFD to meet growing gas volumes in the future.

In Q3 2021, WBI Energy held a successful open season for a system expansion in Southeast North Dakota. The 60.5 mile, 12" pipeline will deliver up to 20.6 MMCFD of natural gas from Mapleton, ND to Wahpeton, ND. WBI Energy began the FERC regulatory process in Q2 2022, with formal support from the Industrial Commission being submitted in June 2022. The pipeline is expected to be in-service Q4 2024 and has the potential to connect to additional nearby communities and end-users.

In Q1 2022, WBI Energy held a successful open season for the expansion and permanent reversal of the existing Grasslands pipeline. The 16" pipeline connects to the Northern Border pipeline near Manning, ND and is slated to deliver gas to two additional natural gas pipelines in Wyoming for further transport to the Cheyenne trading hub. The project is scheduled to begin construction in summer 2023 and be complete Q4 2023. Initial project capacity is estimated to be 94 MMCFD.

Aux Sable: In June 2011, Aux Sable announced the acquisition of the Prairie Rose Pipeline and condensate recovery facility near Stanley, ND. Originally constructed by Pecan Pipeline, the 75-mile, 12-inch system went into service February 2010 and has the capability to transport over 100 MMCFD of unprocessed natural gas from Mountrail County to an interconnect with the Alliance Pipeline near Bantry, ND.

Bison Pipeline: TC Energy placed the 302-mile, 30-inch Bison Pipeline into service in early 2011. The pipeline was built to connect natural gas production in the Powder River Basin of Wyoming to the Northern Border Pipeline in Morton County, North Dakota. The pipeline had an initial capacity of 407 MMCFD and could be expanded to 1 BCFD. From 2018 to the first half of 2020, the Bison Pipeline was idle. Limited and sporadic natural gas transportation resumed in May 2020 and ceased in September 2020.

In the first half of 2022, TC Energy began informally seeking interest for a proposal to reverse the Bison Pipeline to serve growing natural gas transmission needs from North Dakota. The proposed "Bison XPress" project has a capacity of approximately 400,000 MCFD and in-service target of Q1 2026. TC Energy continues to work with potential shippers to secure the necessary commitments to proceed with the project.

Dakota Natural Gas: Dakota Natural Gas, LLC was formed in 2018 to provide natural gas service to areas of North Dakota that were currently not served by any other natural gas utility. Regulated by the North Dakota Public Service Commission, Dakota Natural Gas was authorized to provide natural gas distribution service to retail and commercial customers in North Dakota. The first project was completed in 2019 and provided gas service from the Viking Pipeline in western Minnesota to the community of Drayton, ND. The second project was completed in late 2021 and delivers gas from the Viking Pipeline to residential and industrial users in the communities of Mayville and Hillsboro, ND. An additional expansion to residential and commercial users in Portland, ND is expected to be complete by Q4 2022.

Natural Gas Liquids Pipelines

ONEOK Bakken NGL Pipeline: On July 26, 2010, ONEOK Partners announced plans to construct a new 12" natural gas liquids pipeline capable of moving 60,000 BPD from existing and planned facilities in the Williston Basin to an interconnect with the Overland Pass Pipeline near Cheyenne, WY. The "Bakken NGL Pipeline" was built to address the high volumes of natural gas liquids that are extracted from the rich Bakken gas during processing. The pipeline operates as a Y-grade system, with product fractionation taking place in Bushton, KS. ONEOK announced completion of the pipeline in April 2013 and an expanded capacity of 140,000 BPD in September 2014.

In February 2018, ONEOK announced a new NGL transmission system known as the Elk Creek Pipeline. The $1.4 billion project could initially connect 240,000 barrels per day of NGLs from the Williston Basin to further NGL infrastructure in Kansas. Construction of the pipeline began in 2018 and was placed in service late 2019. This project could be expanded up to 400,000 barrels per day if market conditions justify the added investment.

Vantage Pipeline: On July 15, 2010, Mistral Energy announced a new 430-mile liquid ethane pipeline from Tioga, ND to Empress, AB. With an initial capacity of 40,000 BPD, the new "Vantage Pipeline" was built to address the high concentration of ethane found in North Dakota's natural gas. Placed into service Q2 2014 in conjunction with the Hess Tioga Gas Plant Expansion, the pipeline was constructed of 10" pipe. In September 2014, Pembina Pipeline Corporation purchased the Vantage Pipeline from Mistral Midstream.

On February 10, 2015, Pembina Pipeline announced that the Vantage ethane pipeline would expand to connect to ONEOK's Stateline plants with 50 miles of 8" pipeline. The $85 million system expansion also included taking the existing mainline capacity from 40,000 bpd to 65,000 bpd. Ethane deliveries from the ONEOK Stateline plants to Vantage began in May 2017.

Carbon Dioxide Pipelines

Dakota Gasification: The Dakota Gasification Company's, 12-14 inch, 205-mile pipeline went into service in 2000 and transports roughly 150 MMCFD of carbon dioxide to oilfields near Weyburn, SK.

Denbury Resources: Denbury Resources began construction in 2021 on a pipeline to connect the Cedar Creek Anticline oilfields in eastern Montana and southwest North Dakota to the existing Greencore Pipeline at Bell Creek, MT. The 110 mile, $150 million, extension began injecting carbon dioxide in the field in early 2022.

Project Tundra: Project Tundra has proposed a plan to collect carbon dioxide from the Milton R. Young Station and transport it to the Williston Basin for either sequestration and/or enhanced oil recovery. If approved, a pipeline carrying carbon dioxide from the Young Station could be in service by the mid-2020's.

Midwest Carbon Express: Summit Carbon Solutions, created by Summit Agricultural Group in early 2021, is actively developing the "Midwest Carbon Express" pipeline. Projected to be operational in 2024, the Summit Carbon Solutions project will be able to capture and permanently store more than 12 million tons of carbon dioxide annually, making it the largest such project in the world.

Summit Carbon Solutions would construct the Midwest Carbon Express system across five states, including North Dakota, Nebraska, Iowa, Minnesota, and South Dakota to connect more than 30 ethanol plants for long-term underground sequestration in North Dakota. Initial project costs are estimated at $4.5 billion.

The Pipeline Authority continues to work with additional interested parties on the development of new carbon dioxide pipelines for capture and sequestration, as well as enhanced oil recovery operations. The Pipeline Authority is an active member of the Plains CO_2 Reduction Partnership through the Energy and Environmental Research Center in Grand Forks, ND.

Hydrogen Development

Bakken Energy: Bakken Energy, formerly Bakken Midstream Natural Gas, and Mitsubishi Power Americas signed a strategic partnership agreement in early 2021 to create a clean hydrogen hub in North Dakota to produce, store, and transport hydrogen while capturing and sequestering associated carbon dioxide emissions.

The site of the hydrogen hub is tentatively set for the Dakota Gasification Plant near Beulah, ND. The purchase and conversion of the Dakota Gasification Plant is subject to purchase terms and expected to be completed by early 2023.

The hydrogen hub is expected to be commercially operational by 2027 with a redevelopment budget for the broader hub including carbon capture and sequestration and hydrogen storage exceeding $2 billion.

Liberty Hydrogen Hub: In mid-2022, TC Energy and Marathon Petroleum proposed a new hydrogen hub concept to the Clean Sustainable Energy Authority. Funding from the Clean Sustainable Energy Authority for a FEED study was authorized and will be managed by the Energy and Environmental Research Center. The hub is proposed to be located in North Dakota, with many specific details remaining confidential at time of report.

The Pipeline Authority continues to work with additional interested parties on the development of additional hydrogen related projects, including the potential for blending hydrogen into existing natural gas pipelines.

Planned Activities

Over the past year, the Pipeline Authority has continued to experience great success by working with industry to quantify future crude oil, natural gas, and natural gas liquids production in order to provide the assurance needed to move forward with various expansion projects. The forecasted petroleum production levels will continue to be updated to reflect emerging industry trends and oil price projections from the U.S. Energy Information Administration. The Pipeline Authority will continue to utilize new and existing development information to gain a deeper understanding of the crude oil, natural gas, natural gas liquids, and carbon dioxide pipeline needs in the Williston Basin.

To assist with the expansion of natural gas transmission in eastern North Dakota, the Pipeline Authority will continue to work with parties interested in utilizing grants funds available through North Dakota's Natural Gas Pipeline Program.

The Pipeline Authority Director will continue to explore the possibility of blending hydrogen into regional natural gas pipelines. The blending of hydrogen into an existing natural gas pipeline is common in some portions of the United States and could be very beneficial for North Dakota as it looks to address pipeline gas quality issues and provide a readily available market opportunity for hydrogen production in the state.

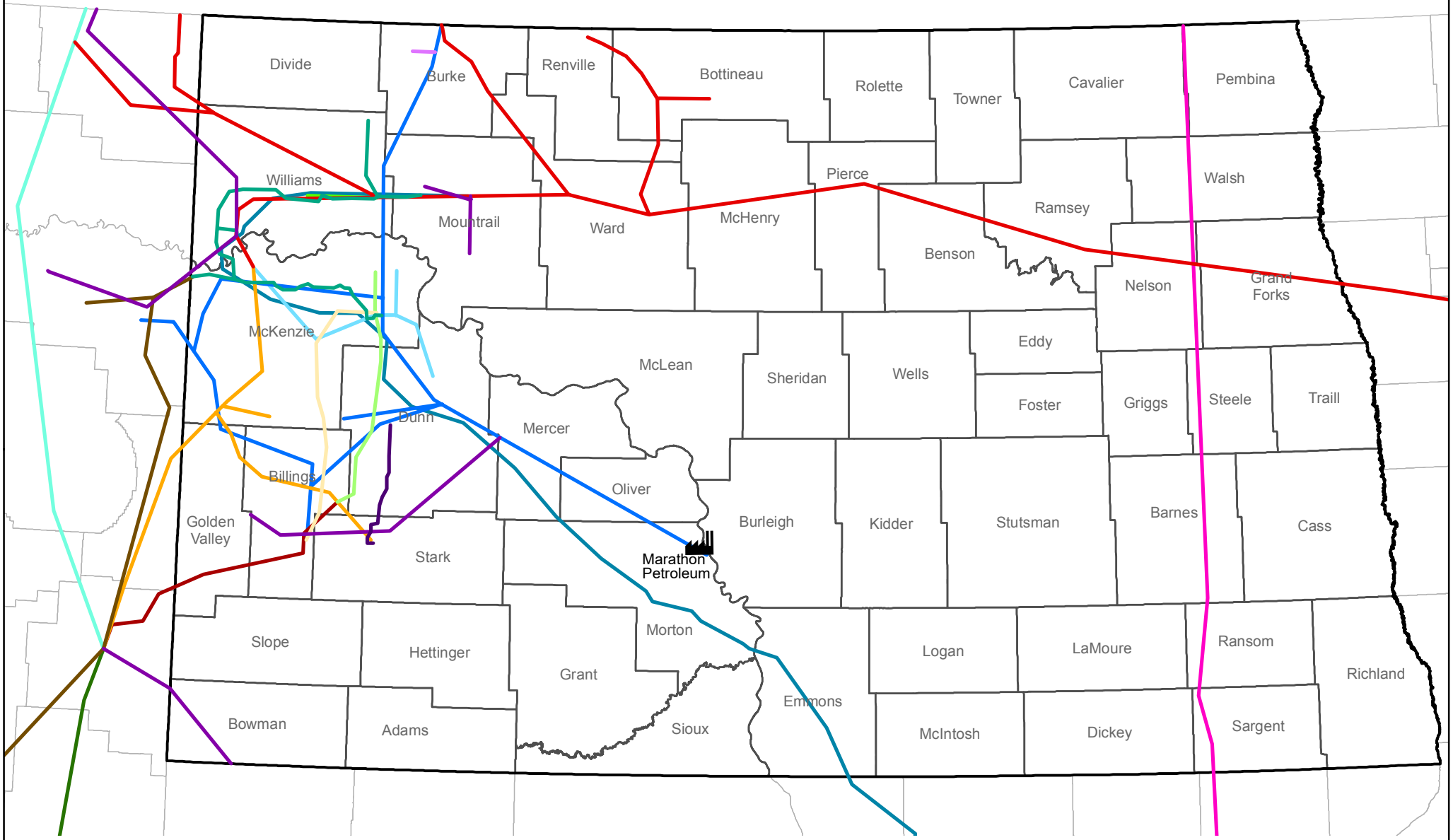
The Pipeline Authority Director will continue to actively engaging in his role on the Clean Sustainable Energy Authority's technical committee. It is anticipated that many of the proposals brought to the Clean Sustainable Energy Authority will have an impact or reliance on regional midstream energy assets in the state.

Industry and public information distribution will continue with the use of web events, presentations, monthly updates, and agency websites. The Pipeline Authority will continue to conduct information presentations to public audiences, legislative groups, and industry representatives at various events throughout the coming year.

APPENDIX A

North Dakota Pipeline Maps

North Dakota Crude Oil Pipelines



Refinery
Bakken Oil Express
BakkenLink
Basin Transload
Belle Fourche
Bridger
Butte
Crestwood
Dakota Access
Double H
Enbridge
Four Bears
Hiland
Keystone Pipeline
Little Missouri
Bridger
Targa
Marathon

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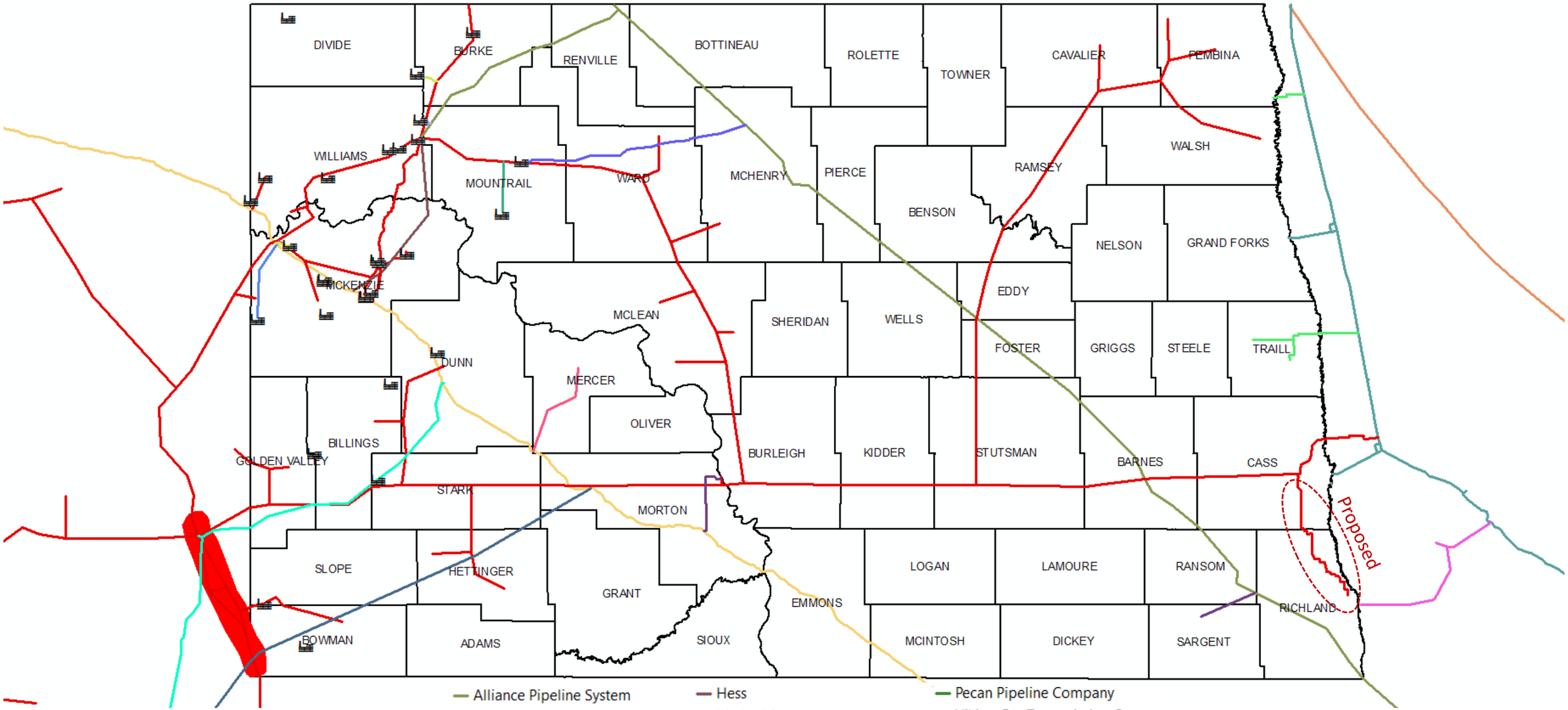
Major Natural Gas Infrastructure



- Alliance Pipeline System
- Aux Sable
- Basin Electric
- Bison Pipeline
- Dakota Natural Gas
- Grasslands Pipeline
- Great Lakes Gas Trans Co
- Great Plains Natural Gas Co.
- Hess
- Kinder Morgan
- Liberty Midstream
- MDU
- Marathon Petroleum
- Norse Pipeline LLC
- Northern Border PL Co
- ONEOK Gas Transmission LLC
- Pecan Pipeline Company
- Viking Gas Transmission Co
- Williston Basin Interstate PL Co
- Gas Plants
- WBI Baker Gas Storage

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Major Natural Gas Liquids Infrastructure

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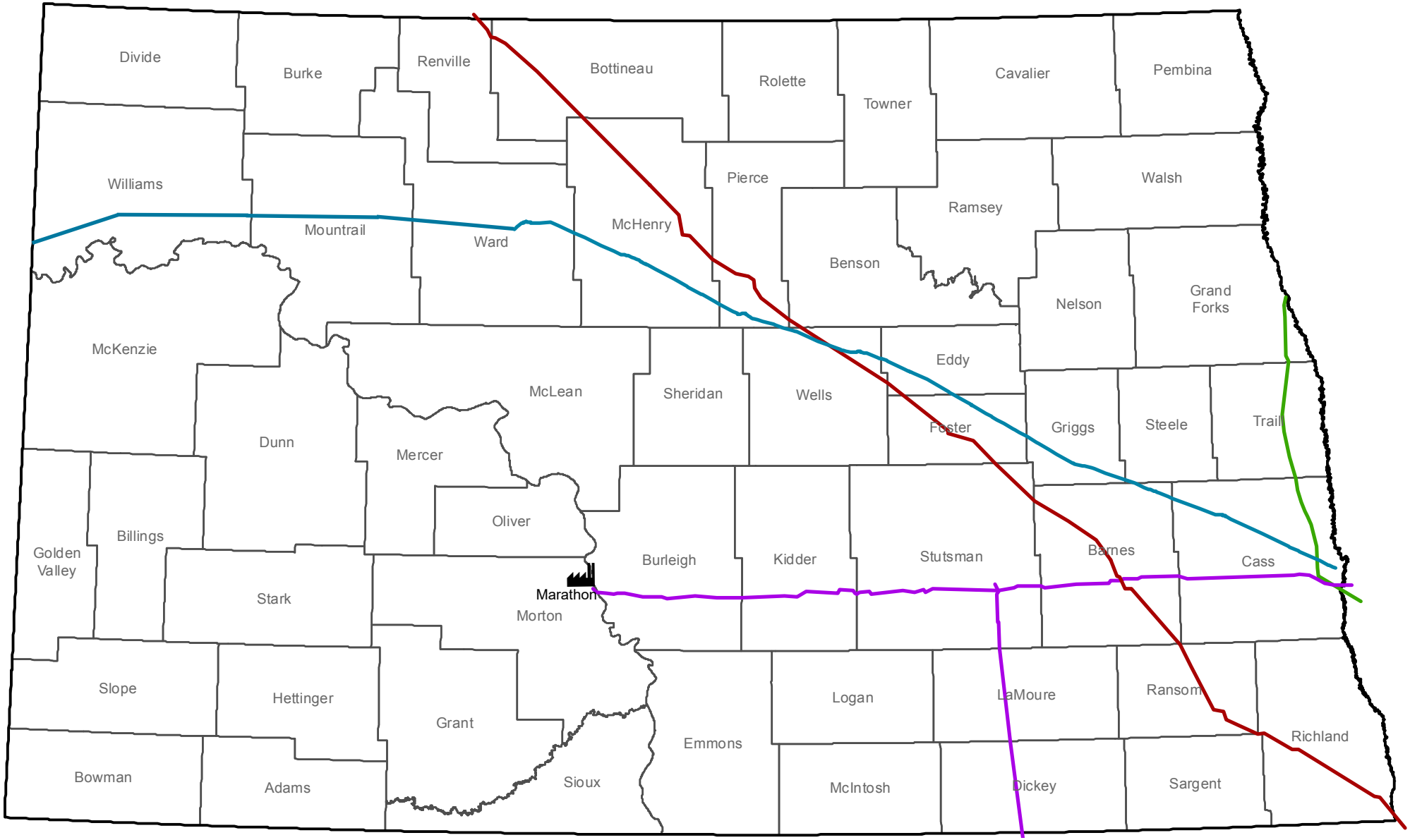
North Dakota Products Pipelines



Date: 7/13/2015

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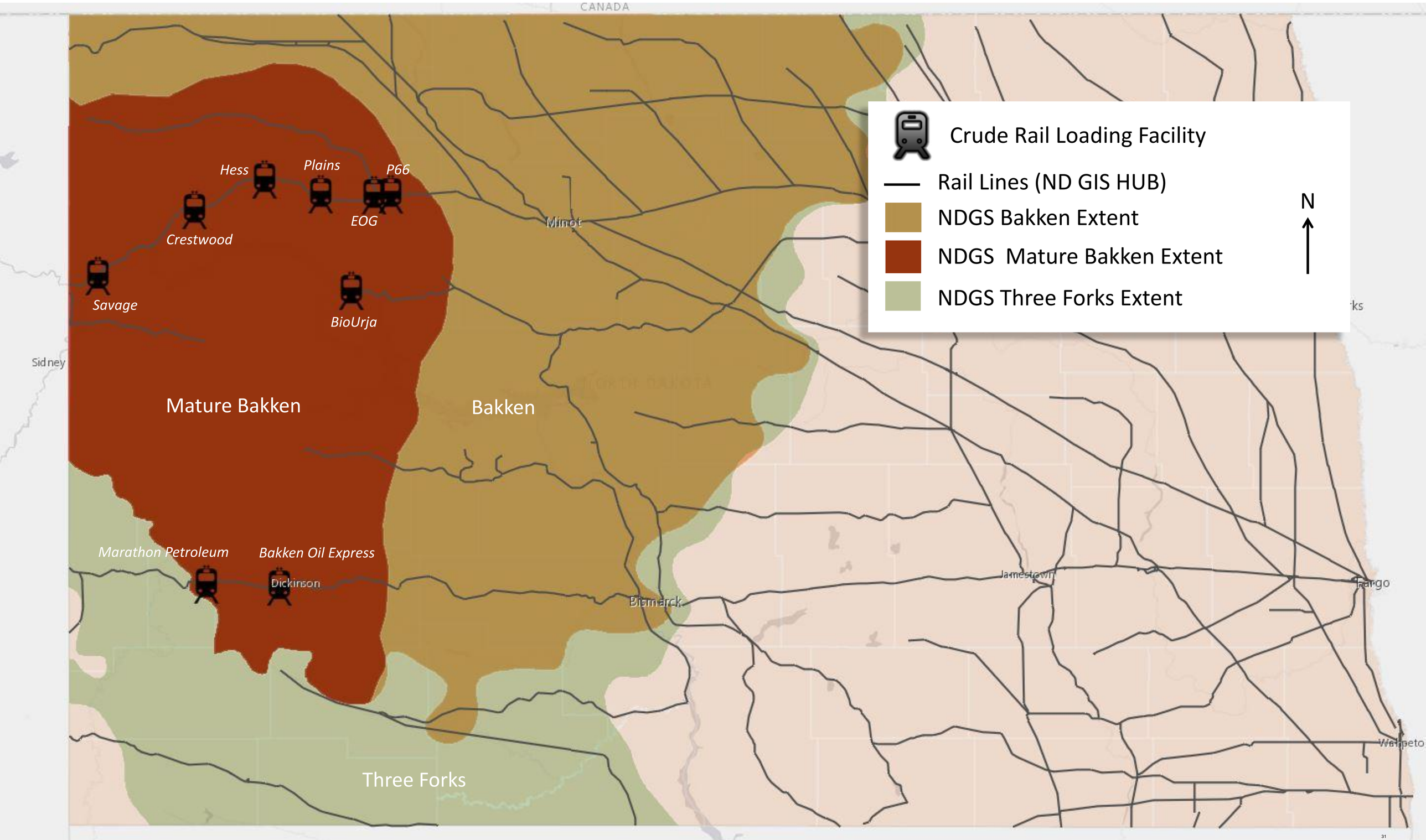
APPENDIX B

North Dakota Crude Oil Rail Loading Map

North Dakota Crude Oil Rail Loading Facilities In Service

North Dakota Pipeline Authority – July 2022



APPENDIX C

North Dakota Gas Processing Plant Table

Natural Gas Processing Capacity, Million Cubic Feet Per Day

Owner Company	Facility	County	2006	2008	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
North Dakota																		
Steel Reef	Lignite	Burke	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
ONEOK	Marmarth	Slope	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	NA	NA	NA	NA	NA	NA	NA
ONEOK	Grasslands	McKenzie	63	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90
ONEOK	Stateline I	Williams	NA	NA	NA	NA	100	100	100	100	100	120	120	120	120	120	120	120
ONEOK	Stateline II	Williams	NA	NA	NA	NA	NA	100	100	120	120	120	120	120	120	120	120	120
ONEOK	Garden Creek I	McKenzie	NA	NA	NA	NA	100	100	120	120	120	120	120	120	120	120	120	120
ONEOK	Garden Creek II	McKenzie	NA	NA	NA	NA	NA	NA	120	120	120	120	120	120	120	120	120	120
ONEOK	Garden Creek III	McKenzie	NA	NA	NA	NA	NA	NA	120	120	120	120	120	120	120	120	120	120
ONEOK	Lonesome Creek	McKenzie	NA	NA	NA	NA	NA	NA	NA	NA	200	200	280	280	280	280	280	280
ONEOK	Demicks Lake	McKenzie	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	200	200	200	200	200
ONEOK	Demicks Lake II	McKenzie	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	200	200	200	200
ONEOK	Demicks Lake III	McKenzie	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	200
ONEOK	Bear Creek	Dunn	NA	NA	NA	NA	NA	NA	NA	NA	80	80	130	130	130	130	130	130
ONEOK	Bear Creek II	Dunn	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	200	200	200
Petro Hunt	Little Knife	Billings	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
True Oil	Red Wing Creek	McKenzie	4	4	4	4	4	10	10	10	10	10	15	15	15	15	15	15
Sterling Energy	Ambrose	Divide	0.5	0.5	0.5	0.5	0.5	0.5	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
EOG Resources	Stanley	Mountrail	NA	20	0*	0*	0*	0*	0*	0*	0*	0*	0*	0*	0*	0*	0*	0*
Whiting Oil & Gas	Ray	Williams	NA	10	NA	NA	NA	NA	NA	10	10	10	15	25	25	25	25	25
Andeavor	Robinson Lake	Mountrail	NA	30	45	90	90	90	110	130	130	130	130	150	150	150	150	150
Andeavor	Belfield	Stark	NA	NA	NA	30	30	35	35	35	35	35	35	35	35	35	35	35
XTO - Nesson	Ray	Williams	NA	10	10	10	10	10	10	25	25	25	25	25	25	100	100	100
Hess	Tioga	Williams	110	110	110	110	110	110	250	250	250	250	265	265	265	415	415	415
Targa/Hess JV	LM4	McKenzie	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	200	200	200	200	200
Kinder Morgan	Badlands	Bowman	4	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Kinder Morgan	Norse	Divide	NA	NA	25	25	25	25	25	25	25	25	25	25	25	25	25	25
Kinder Morgan	Watford City	McKenzie	NA	NA	NA	50	90	90	90	90	90	90	90	90	90	90	90	90
Kinder Morgan	Roosevelt	McKenzie	NA	NA	NA	NA	NA	NA	NA	NA	50	50	50	200	200	200	200	200
Liberty Midstream Solutions	County Line	Williams	NA	NA	NA	NA	NA	NA	NA	NA	20	20	30	30	30	30	30	30
Summit Resources	Knutson	Billings	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**
Targa Resources	Badlands	McKenzie	NA	NA	NA	45	45	45	45	90	90	90	90	90	90	90	90	90
USG Midstream Bakken	DeWitt	Divide	NA	NA	NA	NA	NA	3	3	3	3	3	3	3	3	3	3	3
1804 Ltd	Spring Brook	Williams	NA	NA	NA	NA	NA	NA	NA	45	45	45	60	70	70	70	70	70
Oasis	Wild Basin	McKenzie	NA	NA	NA	NA	NA	NA	NA	NA	80	145	320	320	320	320	320	320
Arrow Field Services	Arrow	McKenzie	NA	NA	NA	NA	NA	NA	NA	NA	NA	30	30	150	150	150	150	150
Caliber Midstream	Hay Butte	McKenzie	NA	NA	NA	NA	NA	NA	10	10	10	10	10	10	10	10	10	10
Outrigger Energy II	N/A	Williams	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	250	250	250
Aux Sable - Chicago, IL																		
Aux Sable	Prairie Rose Pipeline	Mountrail	NA	NA	126	126	126	126	126	126	126	126	126	126	126	126	126	126
		Total, MMCFD	**222.0**	**355.0**	**491.0**	**661.0**	**901.0**	**1,015.0**	**1,444.5**	**1,599.5**	**2,029.5**	**2,137.0**	**2,492.0**	**3,202.0**	**3,402.0**	**4,077.0**	**4,077.0**	**4,277.0**

North Dakota Pipeline Authority
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Phone: (701)220-6227 • Fax: (701)328-2820
E-mail: jjkringstad@ndpipelines.com • www.pipeline.nd.gov

Testimony in Support of HB 1014
House Appropriations – Government Operations Division
Chairman: Representative David Monson
January 12, 2023

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, I live in ND District 27 and I am the CEO of Beyond Shelter, Inc., a mission driven North Dakota nonprofit developer of affordable housing. I would like to express my support for House Bill 1014 and urge this committee to increase the current budgeted $25,000,000 appropriation to fund the Housing Incentive Fund (HIF) to $50,000,000. To support this request, I offer the following:

Let's move the needle and Invest in things that work, and the Housing Incentive Fund works:

- It provides a positive return on investment
- It is a great tool for Community and Economic Development
- It supports an increase in the availability of affordable housing options within North Dakota communities, which is essential to attracting, retaining, and developing a diverse, productive workforce and which allows North Dakota communities to be competitive and **"fire on all cylinders"**
- Investing in Affordable Housing is foundational as it is connected to other outcomes (i.e., health, education, employment, childcare, transportation, wealth creation, public safety – these are all inter-related and without Housing, nothing else works. Housing Matters.)

The data and evidence are clear, the need for HIF is absolute:

- **33 plus-years** to meet the current demand. The 2020-2025 Statewide Housing Needs Assessment indicates approximately 9,000 new housing units are needed to be built by 2025 to meet demand. Utilizing existing resources and funding programs, the North Dakota Housing Finance Agency was able to fund/support 266 affordable housing units for development in 2023. All things being equal, at that rate, it would take 33 plus-years to meet the expected 2025 demand. **The need for HIF is absolute**

In closing, I request your support for HB 1014 and respectfully request that this committee increase the current $25M budgeted appropriation to $50M. **Let's move the needle.**

Thank you for your time and consideration.

INDUSTRIAL COMMISSION OF NORTH DAKOTA

Doug Burgum
Governor

Drew H. Wrigley
Attorney General

Doug Goehring
Agriculture Commissioner

House Appropriations
Testimony of Reice Haase, Deputy Executive Director
North Dakota Industrial Commission
January 12, 2023

Good morning Chairman Monson and members of the Committee, for the record, my name is Reice Haase, and I am the Deputy Director of the North Dakota Industrial Commission. The purpose of my testimony is to provide an overview of the Industrial Commission and its various functions. I have also attached a slide deck to this testimony for your reference.

I understand that later in your agenda today you will hear from several of the Commission's agencies. I hope this presentation will provide you with helpful context for understanding how all the Commission's agencies and entities work together.

Title Slide

I'd like to start with a brief comment about the title slide on the attached presentation. When most people hear "Industrial Commission", the first thing that typically comes to mind is "oil and gas". While regulation of oil and gas is one of its largest tasks, the Commission covers a wide variety of services for our State.

Slide 2

The Commission is made up of three elected officials: the Governor, who acts a Chairman, the Attorney General, and the Agriculture Commissioner. The Commission is tasked by Century Code for managing industries and state-owned enterprises on behalf of the State. The Commission meets at least once per month to conduct their business and provide direction to the Commission's entities.

Slide 3

On slide 3 is timeline detailing how the Commission's role has grown since its creation. To summarize, the Commission was originally created in 1919, along with the Bank of North Dakota, the Mill and Elevator, and the Home Builders Association. At the time, the Commission was also tasked with bonding authority for generating revenue for state buildings.

The Commission did not have authority over oil and gas until 1941, when its first rules were created. That of course pre-dated North Dakota's first discovery of oil and gas by ten years. Over time, the role of the Commission continued to grow, with the Public Finance Agency and Housing Finance Agency creations in the late 1970s and early 1980s. In 1981, with the growing oil and gas industry, the Oil and Gas Division was created. This was also when the Office of the

Industrial Commission was created; prior to that time the Commission was staffed by the Governor's Office.

Continuing into the 1980s, the Commission had its first grant program added, the Lignite Research Program. Into the early 2000s, the Oil and Gas and Renewable grant programs were added, as well as the Pipeline and Transmission Authorities. In 2013, the Outdoor Heritage Fund was added to the Commission.

One of the Commission's greatest successes was achieving Class VI primacy in 2018. The Class VI program regulates carbon sequestration, and North Dakota was the first state to achieve primacy from the federal government. This is thanks to the efforts of Lynn Helms, Kevin Connors, and many others on the DMR and EERC teams.

After the last legislative session, the Clean Sustainable Energy Authority was created and added to the Commission's portfolio.

On slide 3 you will see a photo in the upper right corner. This is a photo of a satellite that was launched in June of 2021 in part to study pipeline leaks as part of the iPipe research project, which is one of the Commission's funded projects.

Key takeaways from this slide are that the Commission's service to the State continues to grow over the years, and this is accomplished with a very small staff. Karlene Fine also deserves many thanks for her 48 years of service as Director of the Industrial Commission; she retired late last year.

Slide 4

Slide 4 includes an Organization Chart showing all of the agencies and roles that the Commission serves in. This chart is color-coded, showing agency roles in blue, grant programs in green, and the Commission's two state-owned enterprises in yellow. Also included is the Western Area Water Supply Project (WAWS), which was placed under the Commission when it was created in 2011. There is an asterisk next to it because Senate Bill 2196 introduced this session would transfer oversight of WAWS from the Industrial Commission to the Water Commission.

The Commission provides direction to each of these agencies and entities. The Commission has a staff of 4 FTEs within the Office of the Industrial Commission who are responsible for implementing the Commission's directives. The Commission has delegated responsibility for day-to-day operations to this staff.

Slide 5

Slide 5 includes a summary of the role the Office of the Industrial Commission serves. The Office has 4 FTEs and one part-time employee: Al Anderson who administers the Clean Sustainable Energy Program. The Office also oversees 5 contract employees for the Pipeline and Transmission Authorities and the Lignite and Oil and Gas grant programs.

In addition to serving as a resource for the Commission and their various entities, the Office also manages all of the grant programs on behalf of the Commission. Over 102 separate grant recipients currently have active projects with the Commission. The Office is also responsible for

coordinating the work of the various advisory boards and technical committees for these programs, as well as coordinating the monthly meetings of the Commission.

Slide 6

Slide 6 provides an overview of the work that the Office does and how the legislature funds that work. To summarize, the Office currently manages over 157 active grant projects with a total grant value approaching $200 million. All of the Commission's grant programs require private matching funds. Most of these projects report to the Office on a quarterly basis, and all of the programs operate on a reimbursement basis. Project sponsors are required to submit reports and receipts to the Office, and staff review and confirm that expenses are eligible prior to dispersing any grant funds. To put that in perspective, this leads to at least 628 reports per year, and with an average of 260 working days in a year, requires the approval of at least 3 reports every day just to keep up with current workload.

It is also important to note that the Commission's programs are primarily funded by oil and gas tax revenue, with the Clean Sustainable Energy Authority being the only program that was funded by the General Fund.

Slide 7

Slide 7 provides a big picture view of the Commission's active grant programs and their respective appropriations for the current biennium. Two asterisks are noted: the Natural Gas Pipeline grant program was funded from ARPA dollars during the 2021 special session, and Justin Kringstad will provide you with more detail during his presentation.

The IIJA Grid Resilience program is expecting federal funding from the Infrastructure Investment and Jobs Act toward the end of the biennium, but is contingent on a state match being appropriated this session.

Slide 8

Slide 8 provides an overview of the Lignite Research Program. The program is funded by coal severance taxes as well as oil production and extraction taxes. The program has cumulatively funded 250 projects totaling $123.4 million, which has generated a total project value of $2.3 billion.

Key projects funded have included carbon capture, value-added uses of lignite and its byproducts, and rare-earth and critical minerals. One highlight includes the potential for graphene dot manufacture from North Dakota lignite, which EERC has been researching. A strand the size of a human hair would be strong enough to lift a grand piano.

Slide 9

Slide 9 provides the current status of the Lignite Research Fund, as of November 2022 when our most recent grant round was approved. The program has 29 active projects, with outstanding commitments totaling $24 million. Deducting that balance from the fund's cash balance of $29 million, a current uncommitted cash balance of $5.7 million is calculated. The program will hold one more grant round this biennium.

Slide 10

Slide 10 provides an overview of the Oil and Gas Research Program. The program is funded by oil production and extraction taxes. The program has cumulatively funded 116 projects totaling $77.5 million, which has generated a total project value of $491 million.

Photos of two key projects are included on the slide. The top picture shown is from EERC's iPipe project, which develops new and emerging technologies for detecting and preventing pipeline leaks. This photo shows a new method for analyzing satellite imagery which was tested in western North Dakota, and they could detect hydrocarbons down to a size of several gallons. They were also able to detect leaks under snow.

The bottom photo shows funded work by EERC to study using CO_2 for enhanced oil recovery. This can lead to a carbon-negative barrel of oil, and could yield 5-7 billion additional barrels of production for our State.

Slide 11

Slide 11 provides the current status of the Oil and Gas Research Fund, as of December 2022 when our most recent grant round was approved. The program has 22 active projects, with outstanding commitments totaling $29 million. Deducting that balance from the fund's cash balance of $32 million, a current uncommitted cash balance of $2.8 million is calculated. The program will hold one more grant round this biennium.

Slide 12

Slide 12 provides an overview of the Outdoor Heritage Fund. The program is funded by oil production taxes. The program has cumulatively funded 213 projects totaling $76 million, which has generated a total project value of $196.3 million.

The program funds projects which fit within four directives: Directive A which enhances sportsmen access, Directive B which enhances environmental stewardship and agricultural practices, Directive C which enhances wildlife habitat, and Directive D which enhances outdoor recreation.

Slide 13

Slide 13 provides the current status of the Outdoor Heritage Fund, as of October 2022 when our most recent grant round was approved. The program has 79 active projects, with outstanding commitments totaling $40 million. Deducting that balance from the fund's cash balance of $42 million, a current uncommitted cash balance of $1.6 million is calculated. The program will hold one more grant round this biennium.

Slide 14

Slide 14 provides an overview of the Renewable Energy Program. The program is funded by oil extraction taxes. The program has cumulatively funded 68 projects totaling $23.1 million in value, which has generated a total project value of $154 million.

The top photo on the slide was provided by BWR Innovations, one of the program's project sponsors. They are developing a new hydrogen fuel cell. The bottom photo was provided by UND, which developed a new membrane for manufacturing ammonia. The project sponsor noted that they were able to reduce the cost of ammonia manufacture to roughly half of the current spot price of ammonia.

Slide 15

Slide 15 provides the current status of the Renewable Energy Fund, as of December 2022 when our most recent grant round was approved. The program has 18 active projects, with outstanding commitments totaling $5.4 million. Deducting that balance from the fund's cash balance of $6.5 million, a current uncommitted cash balance of $1.1 million is calculated. The program will hold one more grant round this biennium.

Slide 16

Slide 16 provides an overview of the Clean Sustainable Energy Program. This program is the Commission's newest and has conducted 3 grant rounds to date. The program was funded by a $25 million one-time general fund appropriation, $20 million from ARPA for hydrogen-specific grants, and a $250 million BND line-of-credit for granting long-term low-interest loans. To date, 11 projects have been funded totaling $44.2 million in grants, which has generated a total project value of $4.7 billion.

Key projects funded include the Great Plains hydrogen hub, two carbon capture units, including the largest carbon capture project in the world, produced water recycling, and the manufacture of carbon-negative, biodegradable plastics using natural gas as a feedstock. These projects would represent an amount of carbon capture that exceeds 1/3 of our state's annual production.

Slide 17

Slide 17 provides the current status of the Clean Sustainable Energy Fund, as of October 2022 when our latest grant round was approved. The program has 11 active projects, with outstanding grant commitments totaling $38.6 million. Deducting that balance from the fund's cash balance of $39.3 million, a current uncommitted cash balance of $670,630.52 is calculated. The program has also committed its entire $250 million line-of-credit for loans to projects. No additional grant rounds are planned for the current biennium.

Slide 18

For your reference, slide 18 provides the entire list of projects that have been approved by the Clean Sustainable Energy Authority.

Mr. Chairman, this concludes my testimony, and I'd be happy to stand for any questions.

House Bill 1014

Testimony of Industrial Commission Interim Executive Director Karen Tyler

Before the House Appropriations Government Operations Committee

January 12, 2023

Good morning, Mr. Chairman and members of the committee. I am Karen Tyler, the Interim 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 to appear before you to discuss the appropriation for the Office of the Industrial Commission, and the industries, agencies and programs that report to the Commission.

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 very broad and diverse portfolio of authority ranging from the oversight of our state-owned industries, to the financing of state

buildings and infrastructure, to the regulation of our oil and gas industry, to supporting affordable housing programs, to overseeing highly impactful grant programs, to serving as the state's pipeline authority and transmission authority.

With the gift of our geography, the ingenuity of our citizens, and our exceptional fiscal health, North Dakota stands apart. We lead the country in transformative energy innovation, and the Industrial Commission plays a pivotal role in supporting this work and the economic impact it has on the state. The budget request you have before you sets forth the necessary resourcing for the Industrial Commission industries, agencies and programs to excel in delivering on the Commission's mandates.

Inside the front cover of the testimony binders we have prepared for you is the planned schedule of testimony for the day as well as contact information for all of our agency and program leaders.

I will begin with a discussion of the budget priorities for the administrative office, and then our Deputy Director Reice Haase will provide an overview of the Commission and a closer look at the grant programs overseen by the Commission. Reice will also discuss the Transmission Authority and a new grid resiliency grant

opportunity that we are requesting in our budget, and then we will transition to our other agency leaders.

Before I discuss the funding request for the Administrative Office, I would like to first identify the strategic priorities that inform our request.

1. **Move the administrative office toward a more optimal staffing level and establish or expand operational and fiscal management capacity.**
2. **Invest in technology that will improve grant management, contract management and meetings management across all programs,**
3. **Build an electronic records future state, and disposition decades of historical records through a comprehensive records management project and program.**

Section 1, Subdivision 1.

The budget for the Office of the Industrial Commission is found within the appropriation presented in Section 1, Subdivision 1 on page 1 of HB 1014. This Subdivision of the bill shows the combined appropriation for the Administrative Office, the Department of Mineral Resources, and the Public Finance Authority. The Administrative Office budget is also referenced separately in Section 5 on page 4, and Section 12 on page 6 of the bill.

Below is a breakout of appropriation requests by entity included in subdivision 1:

Legislative Base Level Subdivision 1

		DMR	Admin	PFA	Total
40510	Salaries and Benefits	$22,095,326	$908,711	$694,082	$23,698,119
40530	Operating Expenses	$4,632,291	$305,999	$181,668	$5,119,958
40550	Capital Assets	$0			$0
40560	Grant Payments	$0			$0
40573	Bond Payments	$0		$22,040,721	$22,040,721
	Total All Funds	$26,727,617	$1,214,710	$22,916,471	$50,858,798
	Less Estimated Income	$238,004	$1,214,710	$22,916,471	$24,369,185
	Total General Fund	$26,489,613	$0	$0	$26,489,613
	FTE	101.5	4.0	2.75	108.25

Governor's Recommendation Subdivision 1

		DMR	Admin	PFA	Total
40510	Salaries and Benefits	$25,632,721	$1,285,586	$919,093	$27,837,400
40530	Operating Expenses	$6,048,092	$583,459	$208,247	$6,839,798
40550	Capital Assets	$98,000		$30,000	$128,000
40560	Grant Payments	$0			$0
40565	IIJA Grant Match		$8,892,485		$8,892,485
40572	General Fund Transfers	$250,000			$250,000
40573	Bond Payments	$0		$119,879,913	$119,879,913
	Total All Funds	$32,028,813	$10,761,530	$121,037,253	$163,827,596
	Less Estimated Income	$268,000	$9,139,303	$121,037,253	$130,444,556
	Total General Fund	$31,760,813	$1,622,227	$0	$33,383,040
	FTE	107.0	5.0	3.75	115.75

The total request for the Office of the Industrial Commission is $10,823,930. This request varies from the executive budget recommendation by an increase of $62,400. This request includes funding for:

1. 1 new FTE, with salaries, benefits and operating totaling $183,476
2. Executive budget salary and benefit increases of $102,154
3. Increases in our operating line for:
    a. office space rent - $20,305
    b. records management - $75,000 one-time
    c. Transmission Authority Director's contract - $250,000
    d. technology costs - $68,000 on-going
4. This request also includes $12,400 in on-going operating funds to cover costs of participation in key energy industry professional development events
5. Funding from the general fund for the Infrastructure Investment and Jobs Act grid resiliency grant match and the spending authority for the federal funds component. Reice will provide more detail on this program

There are two items in our budget that were included as one-time expenditures and we would request that they be adjusted to an on-going status. They are the

$20,305 included for our rent increase, and the $250,000 for the Transmission Authority Director's contract.

In regard to the variation from the executive budget recommendation, the additional $62,400 is for the professional development funding of $12,400, and additional on-going technology expense of $50,000 for software licensing related to meetings management. The Office of the Industrial Commission manages and supports approximately 35 public meetings on an annual basis.

We hope to have a much more detailed discussion about our grant programs and needed improvements to our grant management system as we move through the budget process, but as an introduction to that discussion, I want to flag the contributing factors driving the need for a significant technology investment, which are: the number of programs, number of grant rounds, volume of applicants and recipients, technical review requirements, number of contracts executed, volume of payments, verification of matching requirements, reimbursement-based nature of the programs, and the extent of reporting requirements – all of these combine to render our current resources severely deficient.

The administrative office budget has historically been a special fund budget that is funded through cost assessments made on the various agencies and programs the office supports. You will find this assessment authority and transfer requirement set forth in Section 5 of the bill. While we request that this mechanism remain in place for the funding of the administrative office for the 23-25 biennium, this budget cycle you will also see some general fund requests included in our budget for the IIJA grant match and the Transmission Authority contract.

Historically the administrative office has been allowed to carry over any remaining appropriation at the end of a biennium, which then may allow for a reduced cost assessment to the industrial commission agencies and programs in the next biennium. You will find the authorizing language for the carry over in Section 12 of the bill.

Both Section 5 and Section 12 will need to be amended for your final determined appropriation.

The Office of the Industrial Commission is entering a period of significant change and the budget request we are making is critical to a successful transition and transformation driven by our strategic initiatives. As you will see from Reice's overview, what began as a Commission overseeing 2 state owned businesses and

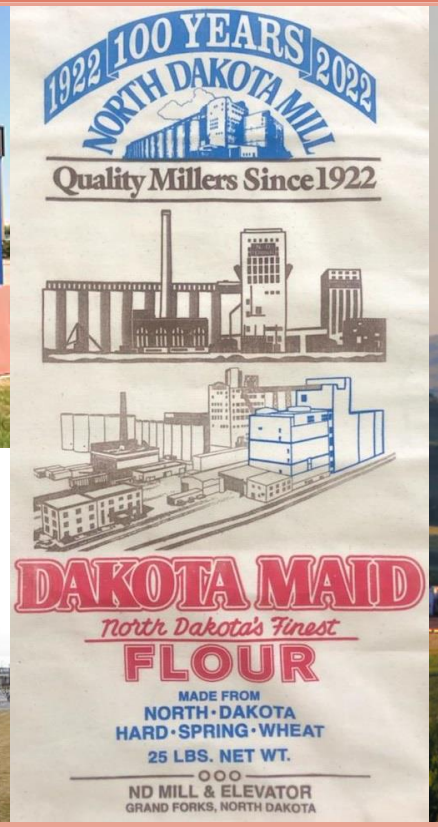
1 bonding and financing program has grown into oversight of 16 different industries, agencies, and programs, and we are aware of the potential for more. While we are requesting only 1 new FTE, if additional programs are added this session, we ask that appropriate staffing and resources accompany the initiative.

In addition to your consideration of our budget request, I also respectfully request that the committee consider the establishment of the administrative office as a unique agency entity, with its own agency number and unique fiscal identity. Researching the history of why the administrative office is given the same agency number as the Department of Mineral Resources (405), and why our budgets are combined, the answer appears to be that there was a time when the Industrial Commission Executive Director and Secretary salary was paid from the Oil and Gas Division's budget, prior to the merger of the Oil and Gas Division with the Geological Survey – this arrangement appears to date back to 1981.

We know there is much more to this request than creating a new subdivision of our budget bill, but we would like to get the process started. We are so grateful for the support of the talented fiscal and human resources team at the DMR, and we will need to continue to lean on them as we develop operational capacity and

fiscal autonomy, but we do ask that the transition can begin with action taken this session.

NORTH DAKOTA INDUSTRIAL COMMISSION OVERVIEW



HOUSE APPROPRIATIONS

Reice Haase, Deputy Executive Director

NDCC 54-17: COMMISSION TO MANAGE INDUSTRIES ON BEHALF OF THE STATE

Governor
Doug Burgum

Attorney General
Drew Wrigley

Agriculture Commissioner
Doug Goehring

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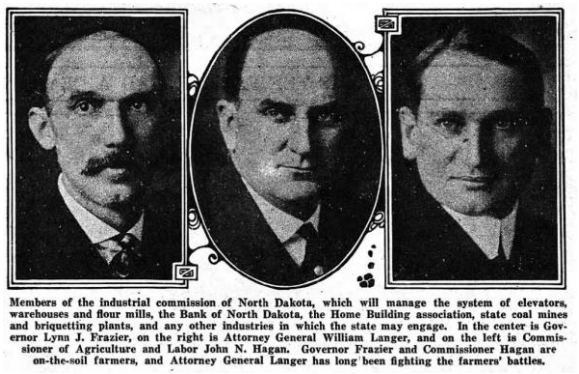
COMMISSION'S SERVICE TO THE STATE HAS GROWN OVER 103 YEARS

Feb. 5th, 1919: HB 17 created Industrial Commission, included BND, Mill, and Home Builders Association

1941: First Oil and Gas rules established



Members of the industrial commission of North Dakota, which will manage the system of elevators, warehouses and flour mills, the Bank of North Dakota, the Home Building association, state coal mines and briquetting plants, and any other industries in which the state may engage. In the center is Governor Lynn J. Frazier, on the right is Attorney General William Langer, and on the left is Commissioner of Agriculture and Labor John N. Hagan. Governor Frazier and Commissioner Hagan are on-the-soil farmers, and Attorney General Langer has long been fighting the farmers' battles.

1975: Public Finance Authority created

1981: Creation of Oil and Gas Division, Office of IC, and first grant program

1982: Housing Finance Agency created

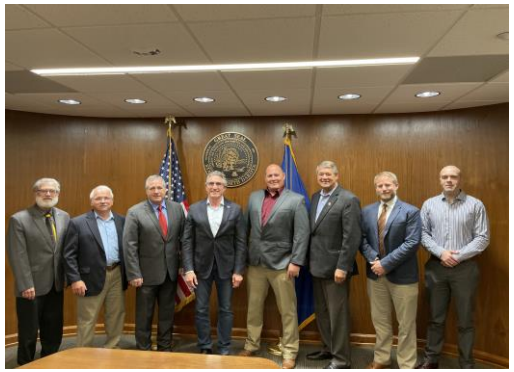
2003: Oil and Gas Research Program created

2007: Creation of Pipeline and Transmission Authorities, Renewable Energy Grant Program

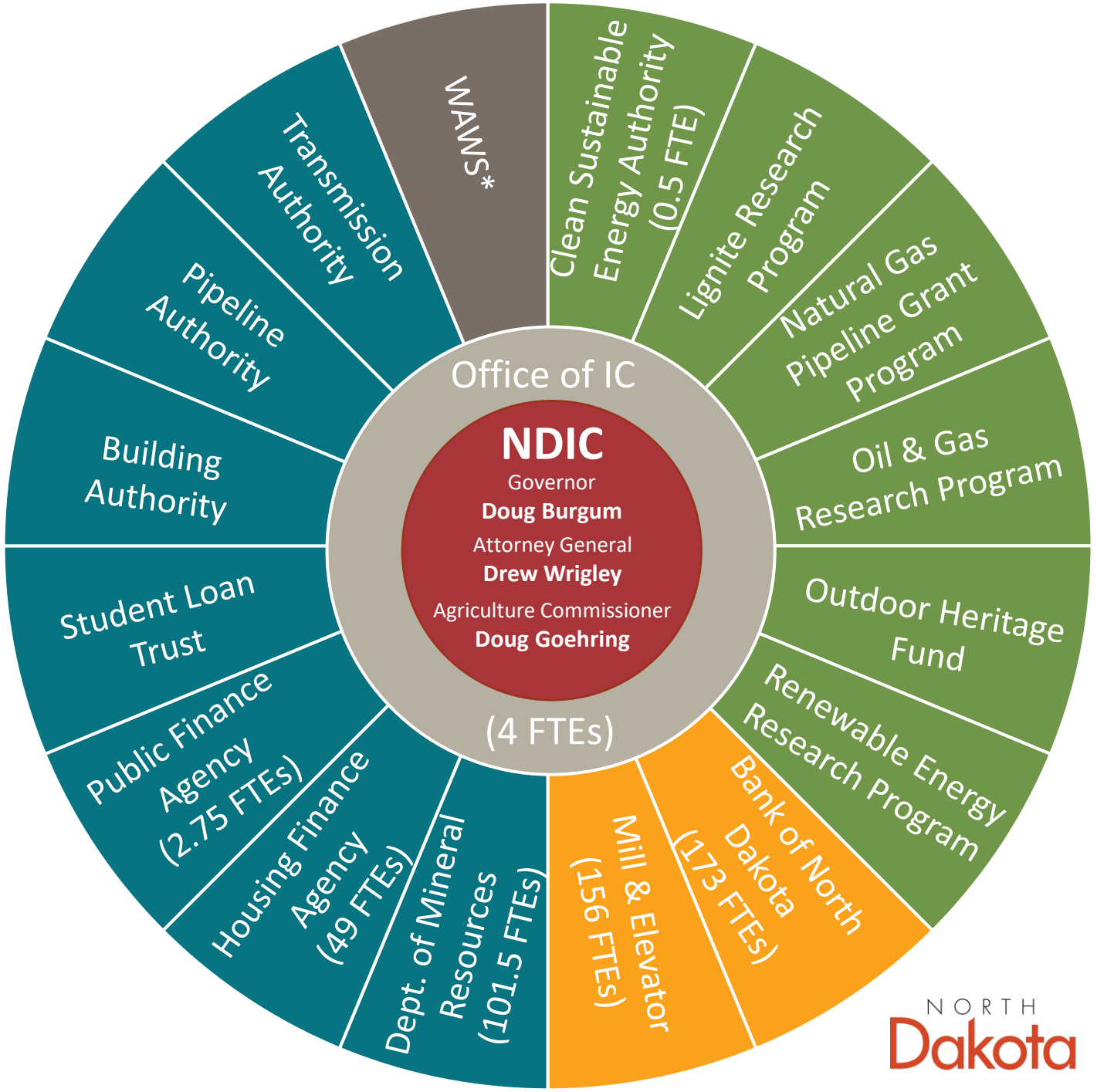
2013: Outdoor Heritage Fund created

2018: ND achieves Class VI primacy

2021: Clean Sustainable Energy Authority created



Industries, Agencies, and Programs



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OFFICE OF THE INDUSTRIAL COMMISSION (NDCC 54-17-03)

WHO WE ARE

4 Full-time Team Members
1 Part-time Team Members
5 Full and Part-time Contract Employees

WHAT WE'RE ABOUT

Mission: Coordinate and implement the Commission's oversight of the 16 diverse agencies and programs and manage over $250 million in grant programs

WHO WE SERVE

Commission Members:
Governor, Attorney General, Agriculture Commissioner

General Public/Media:
Point of contact for the Commission and provider of public information

Grant Applicants/Recipients:
102 businesses, nonprofits, state entities, political subdivisions, and other applicants

Advisory Boards:
Renewable Energy Council, Lignite Research Council, Oil and Gas Research Council, OHF Advisory Board, and Clean Sustainable Energy Authority

State Agencies:
DMR, State Mill, HFA, Transmission Authority, Pipeline Authority, PFA, BND, WAWSA

Legislature:
Resource for the legislature providing information about the Commission

NORTH Dakota Be Legendary.

OFFICE OF THE INDUSTRIAL COMMISSION (NDCC 54-17-03)

WHAT WE DO

Research Programs
Manage **69** Oil & Gas Research Program, Lignite Research Program, and Renewable Energy Program projects = **$103,801,776**

Outdoor Heritage Fund
Manage **79** OHF projects = **$50,068,964**

Clean Sustainable Energy Authority
Manage **9** CSEA projects = **$44,284,125**

Legislative Affairs
Track legislation affecting the Commission, coordinate appropriations information, testify on behalf of the Commission.

Implementation
Facilitate monthly Industrial Commission meetings and implement Commission's directives

Advisory Boards Facilitator
Facilitate Advisory Board meetings for LRP, OGRP, REP, CSEA, OHF and respective Technical Committees.

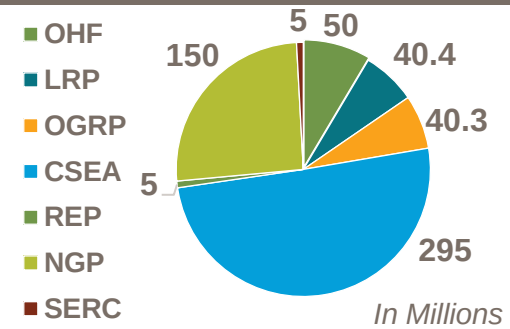
>630 grant report approvals/year

HOW WE DO IT AND FUNDING RESPONSIBILITY

Total 21-23 Administrative Budget:

$1,214,768

Special Funds Continuing Appropriation Budgets:
$585,853,575



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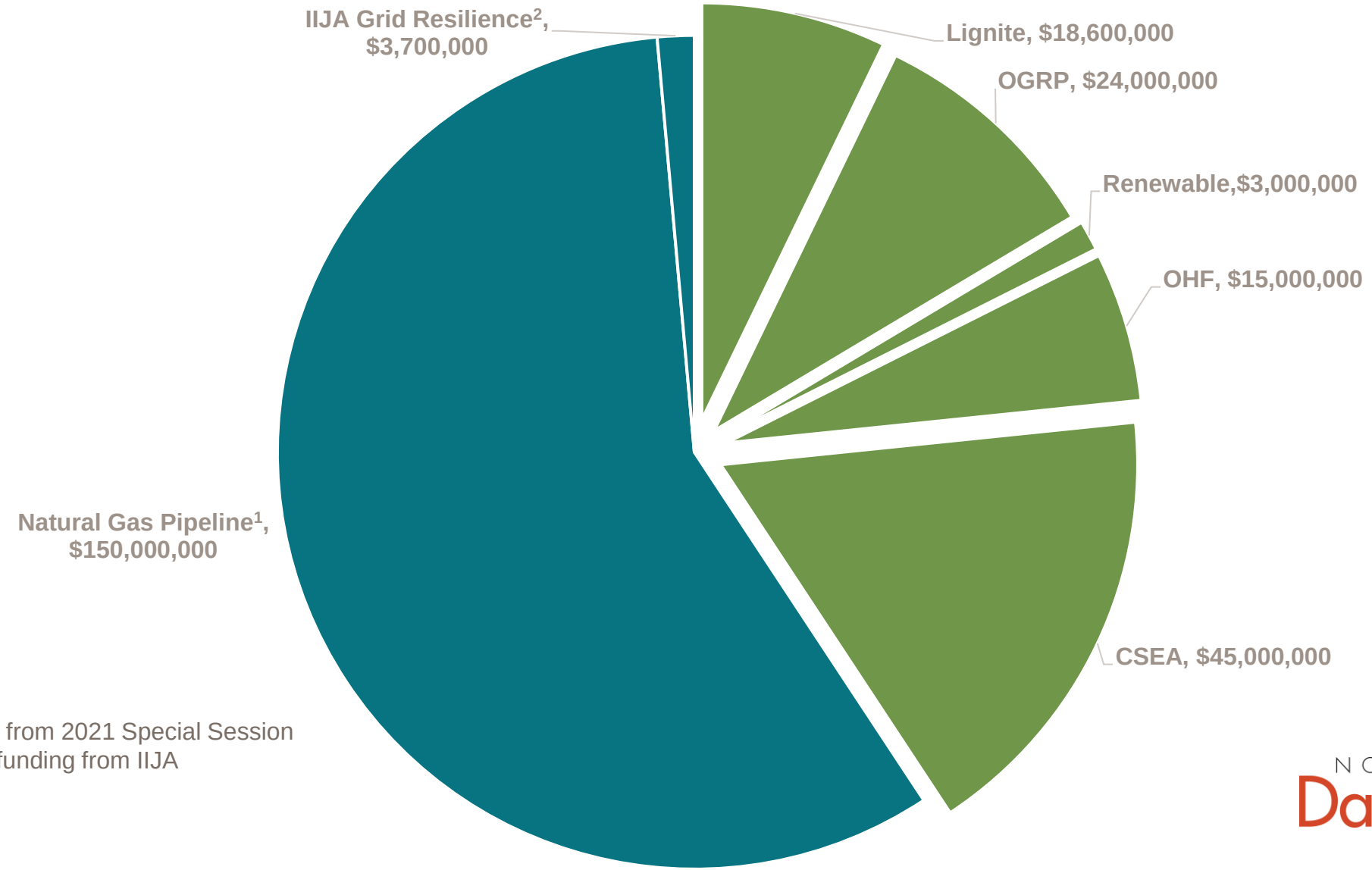
$255.6 MILLION IN GRANT OPPORTUNITIES (2021-23 BIENNIUM)



[1] Pipeline Authority, from 2021 Special Session
[2] Expected federal funding from IIJA

NORTH Dakota Be Legendary.

LIGNITE RESEARCH PROGRAM (NDCC 54-17.5)

To preserve and enhance development of North Dakota's lignite resources

Funding Source:
10¢/ton coal severance tax
$10 million oil production and extraction taxes

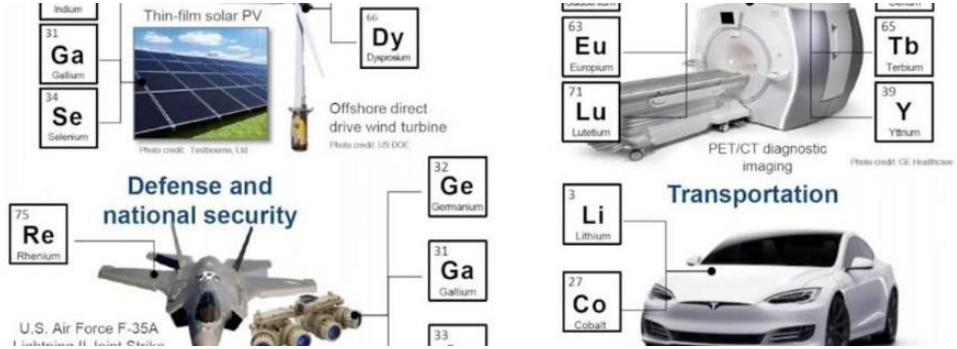
Total Value:

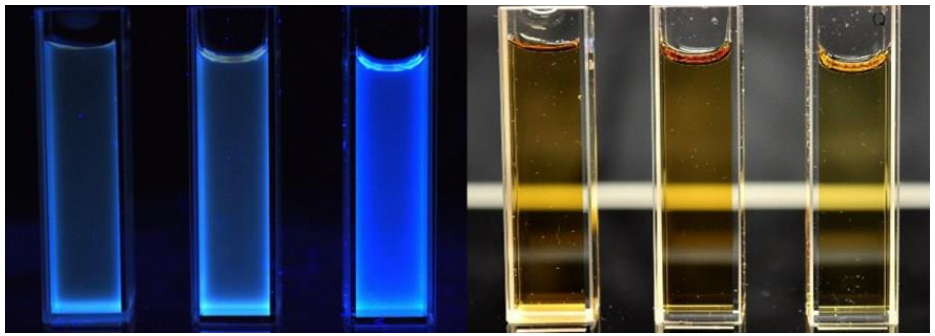
$123.4 Million Granted

$2.3 Billion Value

Total Projects:

250





Photos: EERC

NORTH Dakota Be Legendary.

LIGNITE RESEARCH PROGRAM CURRENT STATUS*

Cash Balance:

$29,914,405.98

Active Projects:

29

Outstanding Commitments:

$24,130,781.97

Uncommitted Cash Available:

$5,783,624.01

Next Grant Round: April 2023

*as of November 2022

NORTH Dakota Be Legendary.

OIL AND GAS RESEARCH PROGRAM (NDCC 54-17.6)

To promote the growth of the oil and gas industry through research and education

Funding Source:

$14.5 million oil production and extraction taxes

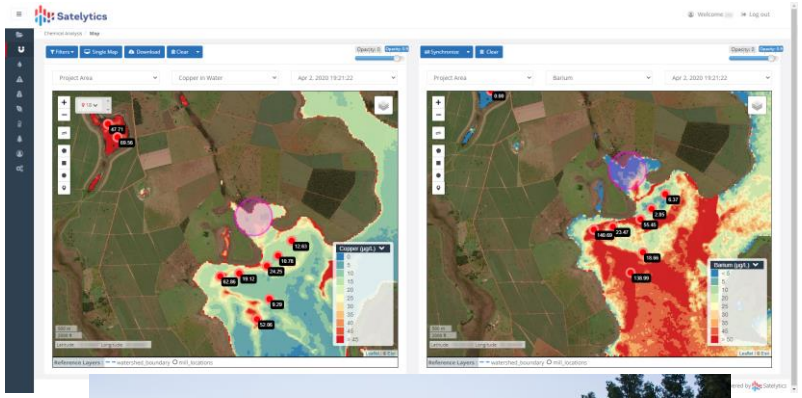
Total Value:

$77.5 Million Granted

$491 Million Value

Total Projects:

116



Photos: EERC

NORTH Dakota Be Legendary.

OIL AND GAS RESEARCH PROGRAM CURRENT STATUS*

Cash Balance:

$32,714,048.16

Active Projects:

22

Outstanding Commitments:

$29,881,692.66

Uncommitted Cash Available:

$2,832,355.50

Next Grant Round: June 2023

*as of December 2022

NORTH Dakota Be Legendary.

OUTDOOR HERITAGE FUND (NDCC 54-17.8)

To enhance conservation practices and access to North Dakota's outdoors

Funding Source:

$15 million oil production taxes

Total Value:

$76 Million Granted

$196.3 Million Value

Total Projects:

213

NORTH Dakota Be Legendary.

OUTDOOR HERITAGE FUND CURRENT STATUS*

Cash Balance:

$42,082,276.36

Active Projects:

79

Outstanding Commitments:

$40,432,392.05

Uncommitted Cash Available:

$1,649,884.31

Next Grant Round: May 2023

*as of October 2022

NORTH Dakota Be Legendary.

RENEWABLE ENERGY PROGRAM (NDCC 54-63)

To foster development of renewable energy and biofuels

Funding Source:

$3 million oil extraction taxes

Total Value:

$23.1 Million Granted

$154 Million Value

Total Projects:

68

NORTH Dakota Be Legendary.

RENEWABLE ENERGY FUND CURRENT STATUS*

Cash Balance:

$6,545,448.89

Active Projects:

18

Outstanding Commitments:

$5,426,302.44

Uncommitted Cash Available:

$1,119,146.45

Next Grant Round: May 2023

*as of December 2022

NORTH Dakota Be Legendary.

CLEAN SUSTAINABLE ENERGY AUTHORITY (NDCC 54-63.1)

To support the commercialization and development of low-emissions technologies

Funding Source:
$25 million general fund
$20 million ARPA
$250 million BND line-of-credit

Total Value:

$44.2 Million Granted

$4.7 Billion Value

Total Projects:

11

NORTH Dakota Be Legendary.

CLEAN SUSTAINABLE ENERGY FUND CURRENT STATUS*

Active Projects:

11

Cash Balance:

$39,341,880.10

Uncommitted Cash Available:

$670,630.52

Outstanding Commitments:

$38,671,249.58

Committed Loan Balance:

$250,000,000

No Additional Grant Rounds Planned for 2021-2023 Biennium

*as of October 2022

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CLEAN SUSTAINABLE ENERGY AUTHORITY PROJECTS

CSEA-Approved Projects:

APPLICATION	APPLICANT	GRANT AWARD	LOAN AWARD
1. Production of Blue Hydrogen-Dakota H2 Hub	BakkenEnergy LLC	$10 Million	$80 Million
2. Converting Gas to Value-Added Projects-Cerilon GTL	Cerilon GTL ND Inc.	$7 Million	$40 Million
3. Unlocking the Full Potential of Produced Water as a Key Component of Clean Sustainable Energy	Wellspring Hydro	$1 Million	
4. Commercial Deployment of Carbon Dioxide Capture & Geological Sequestration in McLean County	Midwest AgEnergy Group and Carbon America Developments, LLC	$3 Million	$15 Million
5. Front-End Engineering and Design for CO2 Capture at Coal Creek Station	Energy & Environmental Research Center	$7 Million	
6. Solving North Dakota Flaring: Mobile Flare Gas Capture & Fueling Platform Expansion	Valence Natural Gas Solutions		$15 Million
7. Internal Combustion Engine Carbon Capture and Sequestration	Enerplus Resources (USA) Corporation	$1 Million	
8. Project Tundra	Minnkota Power Cooperative		$100 Million
9. Liberty H2 Hub Front-End Engineering and Design	Energy & Environmental Research Center	$10 Million	
10.Project Phoenix: Manufacturing bio-degradable polymers using methane as feedstock	Newlight Technologies, Inc.	$4.185,625 Million	
11.Geothermal Power Generation for Oil & Gas Production	Enerplus Corporation (USA) Corporation	$1.098,500 Million	
TOTAL		**$44.2 MILLION**	**$250 MILLION**

NORTH
Dakota
Be Legendary.

NORTH DAKOTA TRANSMISSION AUTHORITY OVERVIEW

HOUSE APPROPRIATIONS COMMITTEE

January 12, 2023

INDUSTRIAL COMMISSION ACTING IN ITS CAPACITY AS THE TRANSMISSION AUTHORITY (NDCC 17-05-02)

John Weeda
Executive Director
john.weeda@ndtransmissionauthority.com

Claire Vigesaa
Deputy Director
claire.vigesaa@ndtransmissionauthority.com

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PURPOSE OF NORTH DAKOTA TRANSMISSION AUTHORITY (NDCC 17-05)

To facilitate the development of transmission facilities that support North Dakota energy

- **Make grants or loans to facilitate transmission**
- **Ownership of transmission facilities for public purpose**
- **Issuing bonds for loans**
- **Construction or maintenance of transmission facilities**
- **Expertise for government entities and the public**

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TRANSMISSION AUTHORITY ACTIVITIES SUPPORTING NORTH DAKOTA ENERGY

- Producing annual reports and electric needs assessments
- Participating in regional grid operations
- Consulting for North Dakota developers
- Supporting build-out or acquisition of needed transmission

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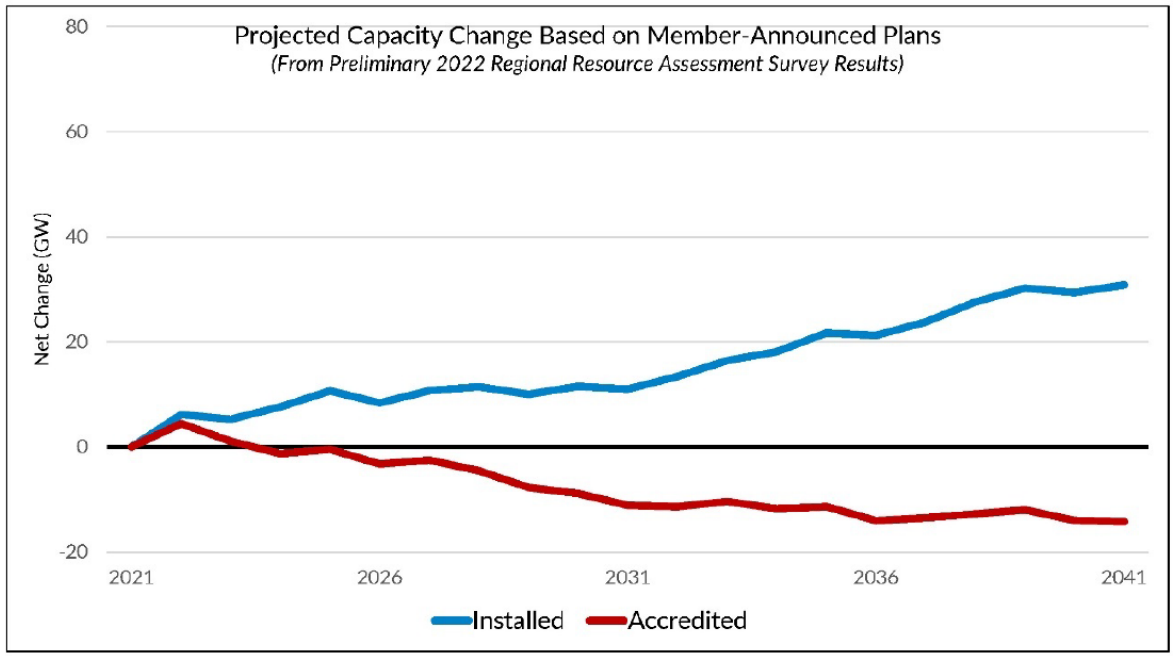
GROWING NEED AND VALUE OF TRANSMISSION AUTHORITY

- **Increased congestion limiting North Dakota energy growth**
- **Alarming rate of baseload retirements (over 100 GW by 2039)**
- **Shifting markets and demand**
- **Advocating North Dakota's "All of the Above" policy**

...accredited capacity is declining due to the rapid pace of retirements of controllable resources



*Future projections calculated as change from Future 1 2022 load assumption

Estimated accredited capacity: 16.6% for wind; 35% for solar, 87.5% for battery, 90% for coal, 90% for gas, and 95% for nuclear

MISO

NORTH Dakota Be Legendary.

INVESTING IN NORTH DAKOTA'S TRANSMISSION AUTHORITY

$250,000 proposed for 2023-2025 biennium

Leveraging Lignite Research Funding for strategic studies

Facilitating broader collaboration

Unlocking over $7 million investments in grid security

NORTH Dakota Be Legendary.

INFRASTRUCTURE INVESTMENT AND JOBS ACT (IIJA) GRID RESILIENCE GRANT PROGRAM

Formula change announced by Department of Energy (DOE) January 5th, 2023:

- 2023-2024 Federal Grant: $3,760,129
- 2024-2025 Federal Grant: $3,738,908
- Total Federal Grant Available: $7,499,037

- State match required: $1,124,856
- **Total one-time funding needed: $8,623,893**

(decrease from $8,892,485 initial request)

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NORTH DAKOTA ETHANOL PRODUCERS ASSOCIATION

Testimony of Gerald Bachmeier
CEO, Red Trail Energy
President, North Dakota Ethanol Producers Association

In Support of HB 1014
January 12, 2023

Chairman Vigesaa and members of the committee:

My name is Gerald Bachmeier, and I am the president of the North Dakota Ethanol Producers Association (NDEPA), which represents North Dakota's six ethanol plants and industry stakeholders. I am here today to voice support for HB 1014, specifically the Renewable Energy Program.

North Dakota's ethanol industry contributes nearly $1.7 billion annually to the state's economy and provides thousands of direct and indirect jobs. Thanks to North Dakota's innovative private sector and supportive state government, the state's ethanol production capacity is 550 million gallons per year, which is more than five times the production a decade ago.

The North Dakota ethanol industry greatly appreciates your support of the North Dakota Renewable Energy Council, whose mission is to promote the growth of North Dakota's renewable energy industries through research, development, marketing, and education, similar to the research councils of other energy-related industries. The projects funded through the Council have enabled commercial application of new or emerging technologies that are bringing revenue to the state and value-added markets to the agriculture industry.

Currently, the North Dakota ethanol industry produces 18 pounds of CO_2 for every bushel of corn processed. The ethanol industry recognizes an opportunity to find ways to capture that CO_2 and use it to generate additional revenue. The Renewable Energy Council, along with private industry dollars, is essential in helping our industry to commercialize CO_2 capture technologies. These projects help generate additional revenue and additional tax dollars for the state of North Dakota. The 50 percent

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PO Box 1091 • Bismarck, ND 58502
701.355.4458 • 701.223.4645 (fax) • www.ndethanol.org

private industry match requirement ensures only relevant projects driven by the private sector are funded.

The Renewable Energy Program has played an important role in advancing numerous technologies that provide additional market opportunities and ensure sustainability for North Dakota's ethanol industry. Examples include:

- Red Trail Energy working in coordination with the University of North Dakota's Energy and Environmental Research Center (UND EERC) on its carbon capture and storage project, which is the first carbon capture and storage project allowed under state primacy in the nation.
- Midwest Ag Energy conducting a seismic survey to advance carbon capture at its location in Underwood.
- Tharaldson Ethanol advancing a high-protein project which will open up new markets in pet food and aquaculture.
- Hankinson Renewable Energy pursuing heat stack recovery technology aimed at increasing ethanol production and demand for corn which creates additional revenue in the state while reducing the use of water and natural gas.

We thank you for your support of the state's ethanol industry in the past and urge your favorable consideration of HB 1014, specifically regarding the continued funding for the North Dakota Renewable Energy Program.

Testimony from Erin Prochnow, CEO, YWCA Cass Clay

North Dakota House Appropriations Committee

January 12, 2023

HB 1014

Good morning, 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. We have done so for 45 years. We also operate a sizeable Supportive Housing Program serving 80 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 return to homelessness.

YWCA Cass Clay supports the North Dakota Housing Finance Agency (NDHFA) acquiring the Emergency Solutions Grant (ESG) and North Dakota Homeless Grant (NDHG) from the North Dakota Department of Commerce. Additionally, YWA Cass Clay supports the recommendation of appropriating $25 million to the Housing Incentive Fund (HIF).

Emergency Solutions Grant (ESG) and North Dakota Homeless Grant (NDHG)

In our judgement and experience in working with the NDHFA team, they have demonstrated repeatedly that they maintain the knowledge, understanding, and administrative expertise to manage both ESG and NDHG. These two programs are primarily utilized to

supplement direct service programs such as those provided at YWCA. Additionally, the NDHFA administers the three critical federal programs many homeless service providers access to provide shelter and supportive housing programs including the U.S. Department of Housing and Urban Development Continuum of Care (CoC), HOME and Housing Trust Fund programs; the NDHFA team understands the existing nuances and compliance regulations required by HUD. To my understanding, there is limited full time staff equivalent implications in this transition. The shift from North Dakota Department of Commerce to the NDHFA will help maintain the funding at the federal ESG because the NDHFA team understands the regulatory mandates and can streamline communication channels with service providers.

In the 2021-2023 biennium, YWCA was awarded approximately $100,000 through the competitive NDHG process to help purchase food in our emergency shelter and provide homeless prevention and rapid rehousing support in the form of limited rental assistance to those facing eviction. The ESG competitive award to YWCA in the 2021-2023 biennium was $65,000, primarily supporting basic services such as electricity costs to maintain the emergency shelter. The state appropriates funding to leverage federal ESG funding, and YWCA is supportive of the state leverage as it helps provide safety and security to more than 1,250 people facing violence and homelessness at YWCA annually, or 2,500 people over the biennium.

North Dakota Housing Incentive Fund (HIF)

Affordable housing is a critical component of our infrastructure in North Dakota. Approval of HB 1014, inclusive of the provisions of the North Dakota Hosing Incentive Fund (HIF) program at the recommended $25 million, will greatly impact organizations like YWCA in

providing affordable supportive to citizens of our state. In the case of YWCA it will provide a pathway for women and children out of harm's way from dangerous abuse and homelessness. It will also deliver the highly effective strategy of affordable housing combined with human support from a housing caseworker. Supportive Housing stabilizes families and prevents use of other more costly resources.

The solution to homelessness is housing. Investing in affordable rental housing is critical to the ideal of making homelessness rare, brief, and non-recurring. Despite the effectiveness of supportive housing, only a portion of the people who would benefit most actually receive it. In 2021, 292 women and children applied to gain access to our YWCA Supportive Housing Programs, but only 46 women and children – 16% - were accepted.

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 in 2015 to significantly grow our supportive housing program. At that time, the agency supported 18 units of housing. That number is 80 today. With the addition later this year of YWCA's new supportive housing initiative, Lantern Light (described in more detail below), YWCA will provide supportive housing to more than 95 families. Tonight, 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.

Even with expansion of YWCA's Grace Garden housing initiative through the help of NDHFA in 2019, we simply don't have enough affordable homes to meet community need. A large body of research shows that most people who live in supportive housing can remain stably housed in the community, making it the most cost-effective prevention to homelessness.

Our own numbers substantiate this fact: at YWCA, the cost of emergency shelter is $66 per night while supportive housing at YWCA is $18 per night. It costs 72% less to provide supportive housing. This economical resource is a path to safety and financial security for women, at the same time lessening use of emergency, health care and other resources.

An example of the Housing Incentive Fund in action is in YWCA's recent purchase of the Sisters of the Presentation of the Blessed Virgin Mary (Sisters) Sacred Heart Convent. YWCA has partnered with the Sisters by leasing 16 units of supportive housing dating back to 2006 in three locations. YWCA is currently renovating the former convent into 23 affordable supportive housing apartments, named Lantern Light. Construction is underway with plans to open in the fall of 2023. A recent news Fargo Forum article from December 27, 2022, on this initiative is attached on page 7 of this testimony. HIF dollars provide a companion tool to federal resources to make affordable housing possible not only for new construction, a remodel such as Lantern Light, but also to help make certain that existing affordable supportive housing units are preserved.

On average, a woman stays in the YWCA Supportive Housing Program just 24 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. In 2022:

- 60% of participants increased their education or income level
- 71% of participants improved their health and wellness
- 70% of participants reduced their use of emergency services
- 87% of participants obtained stable housing upon exiting the program

Recently, a woman named Jessica served by YWCA at Grace Garden said, “I really don’t think I could have made it this far without you. I appreciate everything you guys do. Sometimes I still feel like I’m in a dream. I never imagined that I could have made it this far in this little amount of time. I’m very thankful.”

When a woman, like Jessica, arrives at the YWCA, she often lacks the building blocks to independence: a living wage, adequate credit, childcare and transportation. Our comprehensive programs and services help women overcome these barriers.

In 2022, the average stay at our Emergency Shelter was 50 days. While women can make significant progress in just over a month, this is typically not enough time to gain enduring financial security and self-reliance. Women must recover physically and mentally from abuse. She may have a disability, or need to attend school, or be working hard to regain credit history and financial footing.

The HIF requires 10% of the fund be set aside to provide necessary and life-changing supportive services. YWCA Advocates provide stability and a light hand of support to help

women troubleshoot and problem-solve setbacks in life. Supportive services help vulnerable people who have histories of trauma, chronic health conditions, poverty or other struggles come to thrive in the community. In our experience, beyond rental assistance, survivors gain a YWCA housing advocate as their human support. 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. Women are guided to set concrete goals. They gain caring encouragement that helps them stay focused on convictions they've set. As women grow in personal autonomy, they avoid the paths of returning to abusers, substance dependency, or interaction with costly social systems like emergency care, law enforcement, the foster system and more. Tenants grow abilities to stay housed. They become healthier and reconnect to the community. They lead lives on paths of their own choosing. Supportive services are a proven and cost-effective way to reduce shelter occupancy and the homeless population, breaking the cycles of poverty and violence.

Wherever a woman may be on her journey, together we must walk alongside her to ensure she has access to the tools and resources necessary to heal, reach her goals and ultimately, build a future free from violence for their family.

Ryan Longnecker / WDAY TV

Erin Prochnow, CEO of YWCA of Cass-Clay, walks through the remodeling of the former Sacred Heart Convent in south Fargo. The site will now become "Lantern Light." It will provide apartment living for those women and children escaping violence in the home.

YWCA making progress on convent remodel for Lantern Light

By Kevin Wallevand
WDAY

Fargo

For years, Fargo's Presentation Sisters used their convent on the city's south side to launch projects for helping the poor and those without housing.

But now, a familiar face is at the convent months after the sisters moved from there.

The YWCA plans to remodel the convent and provide safe, affordable housing for families escaping domestic violence.

"Eventually, on the first floor will be a two-bedroom, handicap-accessible unit," said Erin Prochnow, YWCA Cass Clay CEO, as she toured the convent now undergoing a huge, multimillion-dollar renovation project.

Prochnow knows housing. As the YWCA's longtime CEO, she knows what survivors of domestic violence need.

"We are going to create, like a hotel, a business center. There will be a business center with laptops so women can apply for jobs and to seek out other opportunities. That is what we have identified as a need, along with classrooms," Prochnow said.

That is why she is so excited about Lantern Light, a YWCA-supported residence now under construction.

"We know the answer to homelessness is affordable, supportive housing, which the YWCA has worked to grow," she said. "We have expanded from 19 units in 2015 to 95 units by the end of next year throughout the community, in addition to operating the region's largest shelter serving women and children adjacent to here. It will be a campus-like environment for women facing violence."

What for so many years was the Presentation Sisters' convent will now be the safe home for 23 families who are survivors of domestic violence and often homeless.

The irony of this new project: the name Lantern Light. A way to honor the years of ministry of the Presentation Sisters in Fargo. Through their founder Nano Nagle who, although rich, was known to carry a lantern through the streets of Cork, Ireland, helping impoverished women and children.

"We have partnered with the Presentation Sisters for so long. It is repurposing something and honoring their legacy, and something we care so strongly about," Prochnow said.

The bottom line: The YWCA's shelter is full.

"Seventy-three today, 37 of whom are children," Prochnow said, referring to the number of people at the shelter nightly this week in Fargo.

This new building will not be a shelter, but housing. More efficient, cheaper.

"When they walk into this apartment when it is done, they will have a place to call home, they will be safe and have an environment for their children to thrive and not live in fear. That is absolutely what it is about," Prochnow said.

Millions of dollars have been secured for the project, but the YWCA is now raising nearly $4 million to get the project done. An endowment is also in the works.

To support the mission, go to the YWCA's website at www.ywcacassclay.org.

Helping People. Changing Lives.
Community Action
PARTNERSHIP of North Dakota
NORTH DAKOTA'S POVERTY FIGHTING NETWORK

January 12, 2023

Dear Chairman Monson and members of the committee,

My name is Andrea Olson and I'm the Executive Director of Community Action Partnership of North Dakota. We are a nonprofit organization representing the collective interests of our members and the low-income population of the state through representation and education for more than 40 years. The services provided by our regional Community Action Partnership agencies serve low-income families, many of those experiencing homelessness or are at-risk of homelessness.

Our Network has worked extensively with the North Dakota Housing Finance Agency over the years and we are eager for their leadership in both the Emergency Shelter Grant (ESG) and the North Dakota Homeless Grant (NDHG). NHDFA has a vast amount of experience in statewide programming and they are exceptional leaders committed to serving North Dakota; they are dedicated to making housing affordable for all North Dakotans.

It is easy for me to say that within our own network the need for additional funding is unfortunately great; the amount of families in need of food, clothing and shelter has substantially increased over the past few years, and the need wasn't fully addressed prior to COVID. We have assisted thousands of families over the years and there are many more to assist going forward. Last year alone, our Supportive Services for Veteran Families (SSVF), which targets Veterans experiencing homelessness, in North Dakota served 260 families.

We fully support an increase to $5 million for the North Dakota Homeless Grants as it would benefit many families experiencing housing crises across the state. Without adequate funding we struggle to appropriately and fully address the needs of families seeking services to establish stability in many areas of their life, as do our partner agencies across the state.

Respectfully,

Andrea Olson

Andrea Olson, MS, CCAP, NCRT/NCRI
Community Action Partnership of North Dakota
Executive Director

North Dakota House Appropriations - Government Operations Division
House Bill 1014

January 12th, 2023

Chairman Monson and members of the committee,

My name is Katie Jo Armbrust, I work for the Grand Forks Housing Authority and am submitting testimony to support an increase in both the Housing Incentive Fund, to $50 million, as well as the North Dakota Homeless Grant, to $5 million.

The Grand Forks Housing Authority provides affordable housing for over 2,200 households in the Grand Forks area everyday. We were a benefactor of the Housing Incentive Fund (HIF) with the development of Cherrywood Village in 2014, an affordable housing rental project that increased the amount of rental housing with 30 - 1 bedroom/1 bathroom units for people 62 years and older. It is well documented that HIF provides the perfect gap financing to make complex affordable housing projects work, over 3,300 units have either been produced or rehabbed since it was first created. Unfortunately, HIF has been underfunded consistently.

The recent Housing Needs Assessment definitively shows that the need for affordable housing will continue to grow. The study anticipates an increase in low-income households by 1,768, very low-income households by 2,566, and extremely low-income households are projected to have an additional 3,621 by 2025. These are households that have difficulty providing the basic necessities for their families with income at these levels. We know having safe, affordable housing is vital to having stability in the lives of our neighbors, which creates healthy and robust communities. The requests have continued to increase every session because of the need. The demand is easily demonstrated through the amount of funding requested, over $25 million in the last HIF application round (of which only $9.5 million was available). It's time to start dedicating investments in housing to address the needs in all of North Dakota.

The North Dakota Homeless Grant (NDHG) is another program that has the ability to address unmet housing needs that are occurring in every part of the state, not just urban. This grant uses general funds to support emergency shelters and other homeless providers with operating funds, essential services like case management, homeless prevention assistance and the like. There is a substantial need for funds to support more than just those activities; the NDHG has the ability to be flexible and meet those needs, with ample support. Every year for the last 5 years requests in NDHG have exceeded money available. $5 million may seem like a substantial amount when compared to previous allocations and yet, realistically, $5 million won't cover the majority of needs across the state over a biennium. Again, the time is now to dedicate funds to address the housing needs in our state.

Respectfully submitted,

Katie Jo Armbrust

Testimony in Support of HB 1014

Christina Sambor *– Policy Advocacy, North Dakota Coalition for Homeless People, Lobbyist No. 312*

North Dakota House Appropriations Committee – Government Ops Division

January 12, 2023

Chairman Monson and Members of the Committee:

My name is Christina Sambor, I am here today on behalf of the North Dakota Coalition for Homeless People. I come before you today to provide information on the impact that homelessness has on the Citizens and communities of North Dakota, and to help illustrate why the state's appropriation to the North Dakota Homeless Grant is so critical to the work to prevent and end homelessness in North Dakota. We come before you today to support the critical nature of these funds, and to ask you to commit to fund the NDHG at $5M this biennium and to transfer the program to the NDHFA.

The North Dakota Homeless Grant (NDHG) has provided vital funds for service providers across our state addressing the issue of homelessness. These dedicated service providers are not just meeting the immediate needs of those in an emergency housing crisis, they are working to prevent and end long-term homelessness. Shelters remain at capacity and funds that prevent people from falling into homelessness regularly run short. Regularly, over half of those seeking prevention assistance are routinely turned away due to lack of funds.

Based on the annual point in time count required by the US Department of Housing and Urban Development (HUD), the Wilder Survey of Homelessness, and ongoing emergency shelter data, it is estimated that upwards of 1,000 people experience homelessness on any given night in the Fargo-West Fargo metro area. This number includes those who are sheltered, unsheltered, and who are homeless but "doubled up" with friends, family, or acquaintances. In many cases emergency shelter is the only thing keeping individuals and families from freezing to death during our cold winters.

Increasing NDHG funding is imperative for addressing homelessness in our state. Services across the state are underfunded and in some, particularly rural areas, there is a near to complete absence of services. Most services are in our urban centers, chiefly in the eastern part of the state. Due to the lack of services across the state is common for the most affordable thing for a community to do is provide transportation for people experiencing homelessness to one of these urban centers where shelters are already full, and resources stretched.

The unmet need of homeless programs can be demonstrated by past requests of NDHG funding. The table below shows that historically, the funding needs have remained twice the amount available.

	Applications for NDHG	Funded
2013	$2,447,038	$1,250,000
2014	$2,428,268	$750,000
2015	$2,148,174	$750,000
2016	$2,187,524	$750,000
2017	$409,500	$150,000
2018	$280,500	$150,000

Maintaining and increasing homeless response systems such as shelter and prevention services and increasing affordable housing and supports for vulnerable populations is the only way to move beyond "band-aids" on the issue of homelessness and moving to actually reducing and ending long-term homelessness. NDHG is key to this larger picture of ending long-term homelessness—making homelessness rare, brief, and one-time for individuals and families in our state.

NDHG does not just meet emergency needs in shelter but provides vital prevention dollars. Preventing homelessness is more cost effective than providing shelter and takes less of a toll on families. These prevention dollars are crucial to the work of reducing and ending long-term homelessness.

Funding homeless services and providing prevention dollars is the smart way to do the right thing. Homelessness costs our communities a lot of money. People experiencing homelessness often make up less than 10% of the population but consume 50-60% of resources. HUD estimates that a person experiencing chronic homelessness can cost a community $30,000-50,000 a year. Properly funded housing solutions can drop those costs by half or more. The Housing Navigation program at Fargo's Presentation Partners in Housing demonstrated that when people who have experienced chronic homelessness are housed with proper supports, not only do they find the human dignity that comes with having a place to call home, there is a cost savings to the community at large. This program utilizes the Housing First model and has tracked the use of services of 20 participants before and after stable housing. In one year this program demonstrated nearly $320,000 of savings to Fargo/Moorhead. Admissions to detox services dropped by 92%. Ambulance rides were lowered by 88%, a savings of over $130,000 alone. Emergency room use dropped by 71%, a savings of over $136,000. And nights in emergency shelter were reduced by 99%. This is one small program investing in the lives of people and having a profound impact on those

individuals and on wider medical and shelter costs savings. Imagine the impact that could be made with increased NDHG dollars across the state.

At a time when issues of addiction, recovery, and behavioral health are on the rise, it is important to remember that stable housing is key to addressing all these other concerns. When sleeping in a car, on the street, or even in emergency shelter, one cannot address health concerns, addiction, or mental health issues. If we do not provide adequate homeless services in our state, investment in addressing these other important issues is lost for a population desperately in need of help.

In closing, I want to acknowledge that NDHG funds don't just impact direct services and individual lives. These funds are also needed for proper data collection and reporting. Data is a key component in preventing and ending long-term homelessness. Without good data we cannot address gaps in services or ensure that we are funding programs that have the best outcomes and are making the greatest impact. NDHG can ensure that service providers are properly resourced so agency data quality does not suffer. NDHG can also aid in ensuring that the perpetually underfunded, federally mandated Homeless Management Information System (HMIS) data base is properly functioning for state and federal reporting.

While the causes of homelessness can range from trauma such as job loss, domestic violence, and addiction issues, to disabilities and health challenges, the only solution to homelessness is housing. NDHG provides critical funds that not only help those in crisis find shelter but ultimately connects people to find or remain in housing. Therefore, NDHG is not simply aid or programs, it is part of the solution to ending long-term homelessness in North Dakota.

NORTH Dakota | Mineral Resources

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Lynn D. Helms, Ph.D. Director
Bruce E. Hicks, Assistant Director
Edward C. Murphy, Asst. Director of Geological Survey, State Geologist

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, geophysical exploration, 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 and appoints the State Geologist and Assistant Director of the Oil and Gas Division.

NORTH DAKOTA OIL AND GAS DIVISION

The Oil and Gas Division, headed by the Director, 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 Division facilitates the electronic storage of and provides access to oil and gas production, reservoir, well, and geophysical exploration 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 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 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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DMR ORGANIZATIONAL STRUCTURE

Department of Mineral Resources Director
Lynn Helms

Oil & Gas Division
Assistant Director (1)
Bruce Hicks

- Field Staff (33)
- Pipeline Program (10)
- Reclamation Program (2)
- Permitting (5)
- Geological Analyst | CCUS (3)
- Logs (3)
- Petroleum Engineering (2)
- Production | Measurement (5)
- UIC | Treating Plants (2)
- Bonding (1)

DMR Support
EGIS Staff Officer (1)
Michael Ziesch

- IT | Data Management (4)
- Administrative Assistants (2)
- Finance | Accounting (3)
- Legal | Hearing Dockets | Orders (2)
- Public Information Officer (1)
- Safety Officer (1)
- Human Resources (1)
- Warehouse Technician (.5)

Geological Survey
Assistant Director State Geologist (1)
Ed Murphy

- Paleontology (3)
- Geo Reviews | GIS | Publications (4)
- Surface Geology (4)
- Subsurface Geology (2)
- Core Library (3)
- Minerals Geology (1)

Total Oil and Gas = 68

Total DMR Support = 15.5

Total Geological Survey = 18

Total DMR FTEs = 101.5

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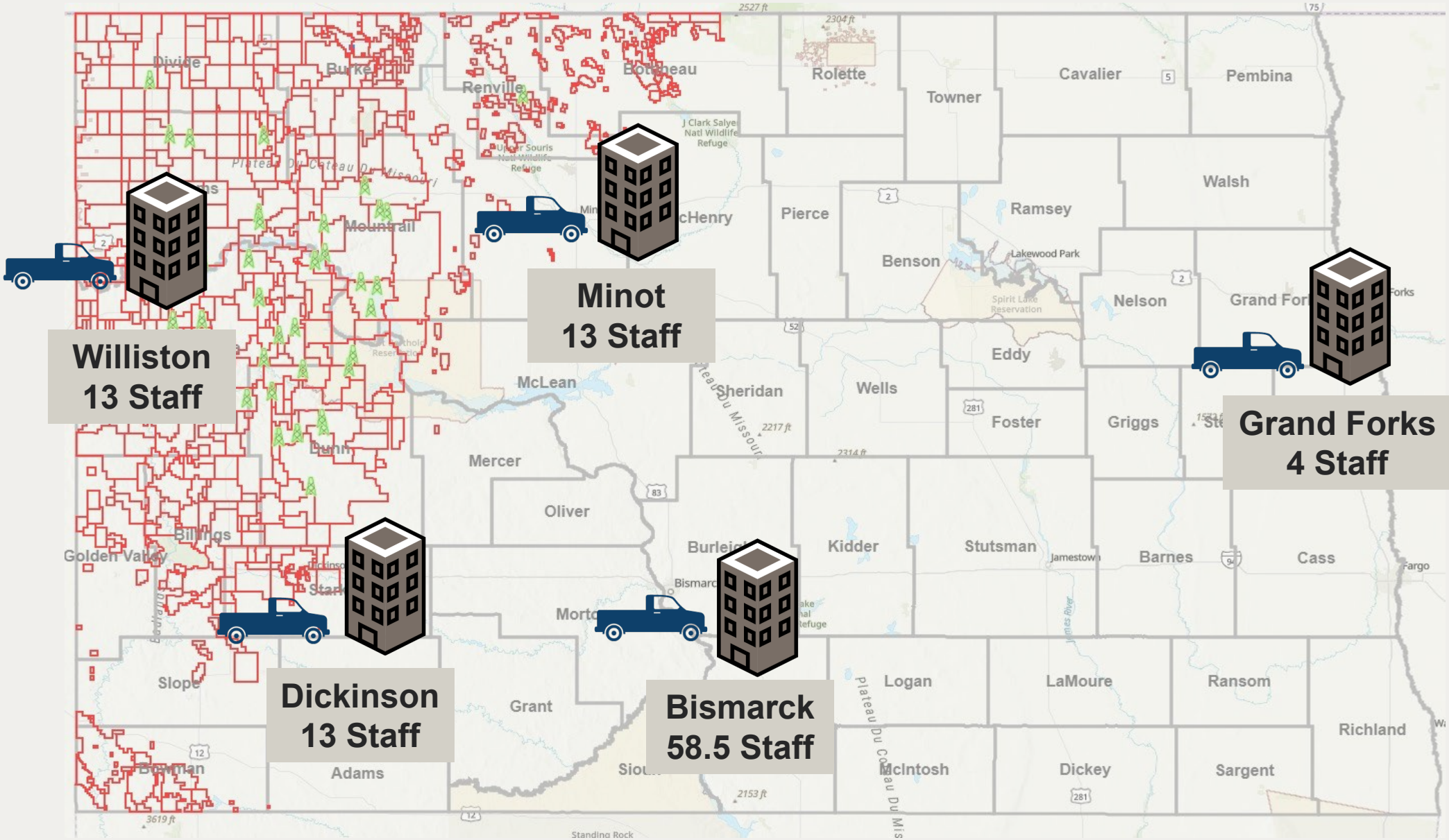
OFFICE LOCATIONS AND TOTAL STAFF



DMR RETENTION & PROFESSIONAL DEVELOPMENT ISSUES

Current Personnel as of 12/31/2022

Years of Service	0-3	4-6	7-10	11-15	16-20	21-25	26-30	30+
FTE	37	5	23.5	18	6	5	2	5
%	36%	5%	23%	18%	6%	5%	2%	5%

Turnover rates do not include inter-agency transfers

Turnover	Total FTE	Total Turnover	Turnover Percent	Classified Turnover	Classified Reason	Unclassified Turnover	Unclassified Reason
2017-19 Biennium	103.6	16	15%	3	1R, 2PS	13	1R, 10PS, 2D
2019-21 Biennium	105.5	17	16%	1	1R	16	7R, 9PS
2021-23 Biennium	101.5	18	18%	3	1R, 1PS, 1D	15	3R, 12PS

Key:
R=Retirement
PS=Private Sector
D=Death

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Oil & Gas Agency Overview

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)

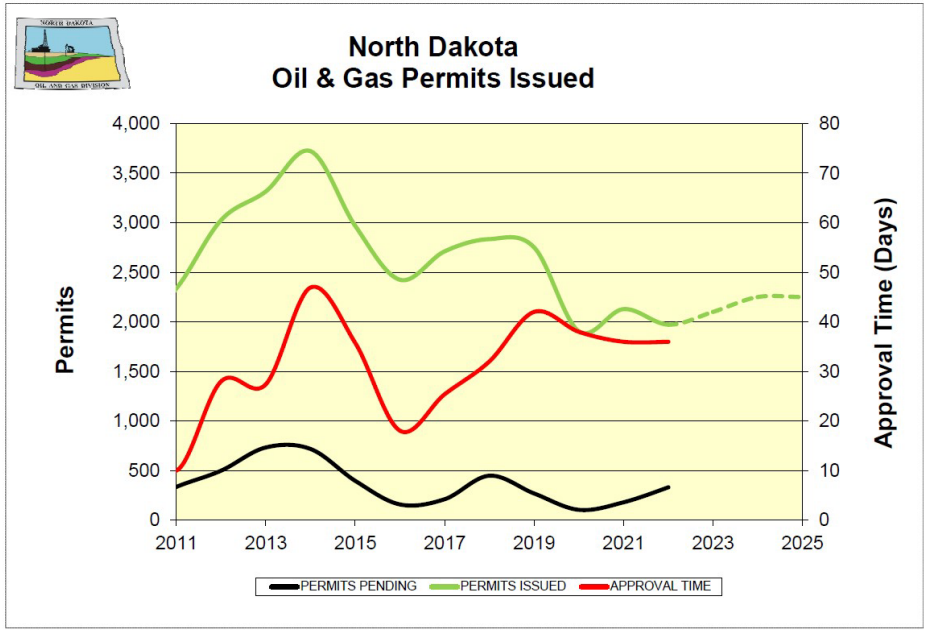
It is in the public interest to promote the geologic storage of carbon dioxide. Doing so will benefit the state and the global environment by reducing greenhouse gas emissions. Doing so will help ensure the viability of the state's coal and power industries, to the economic benefit of North Dakota and 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.

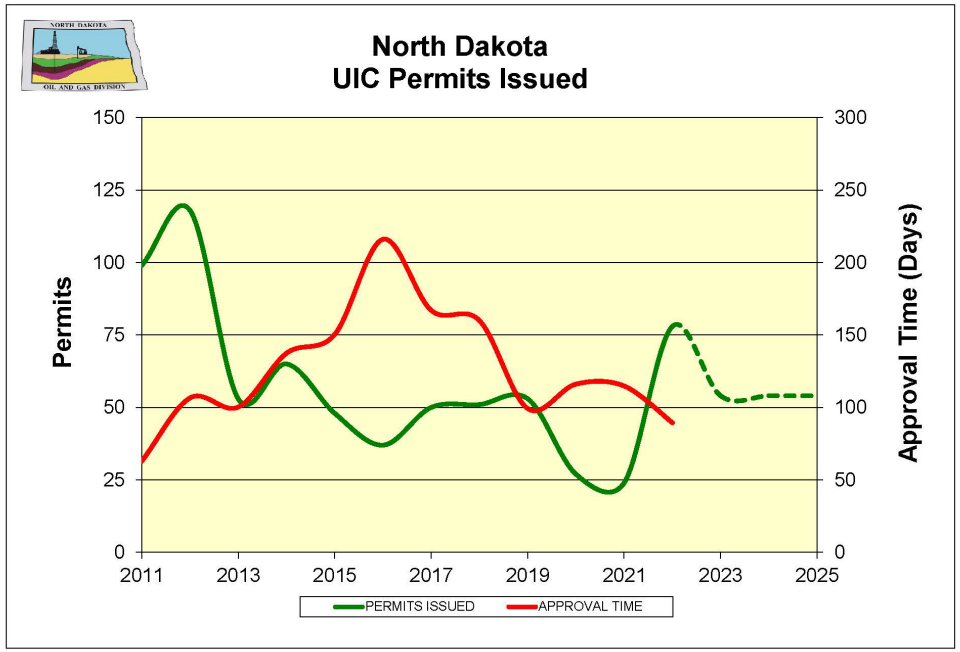
Underground Storage of Oil and Gas (NDCC 38-25-08)

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.





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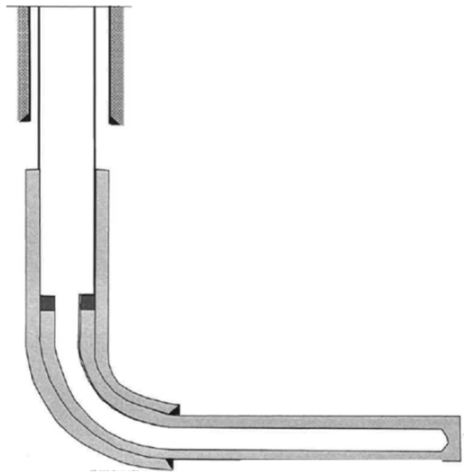
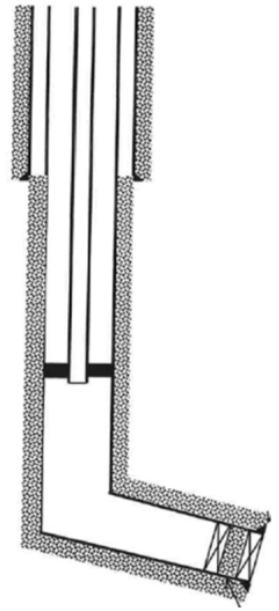
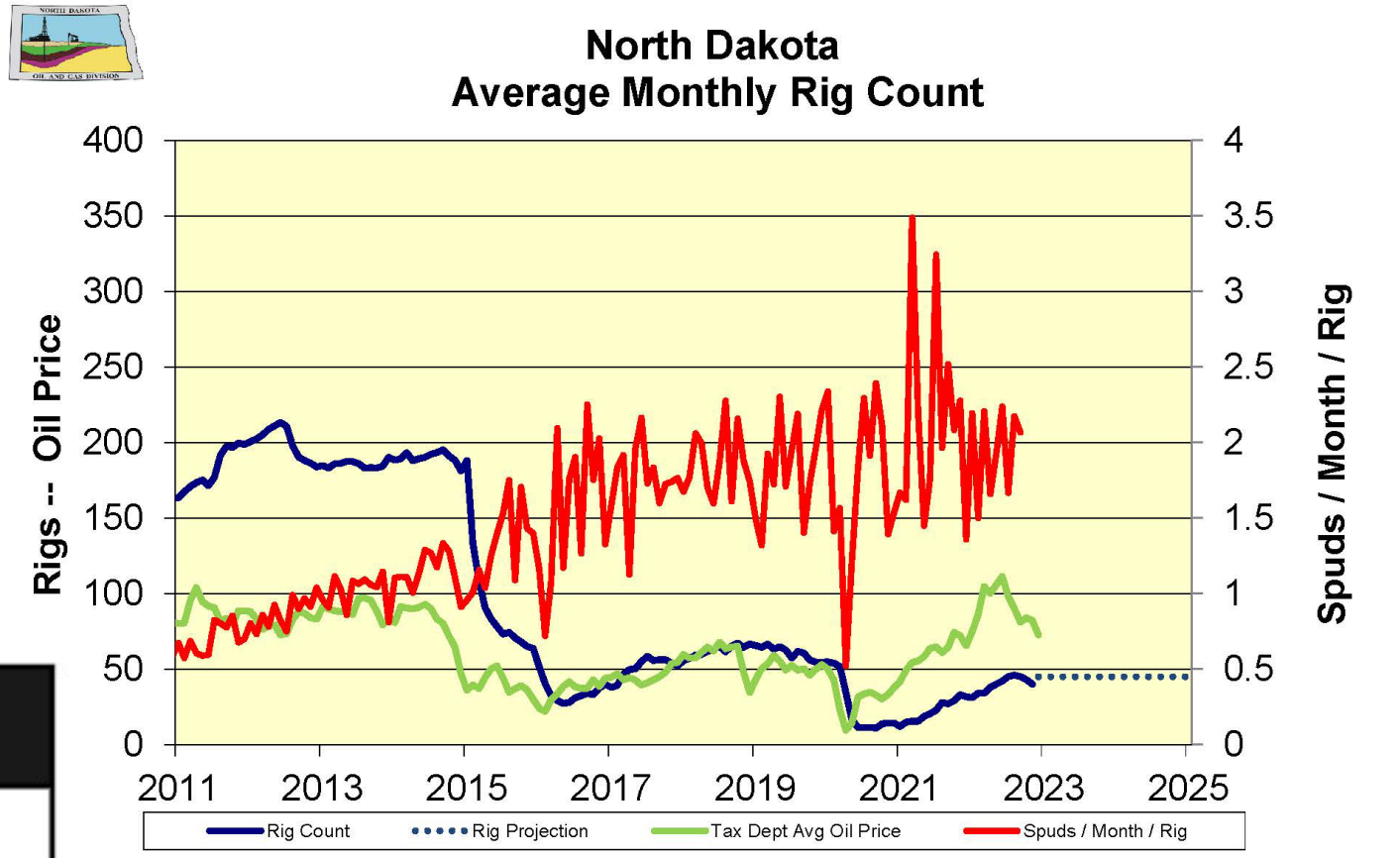
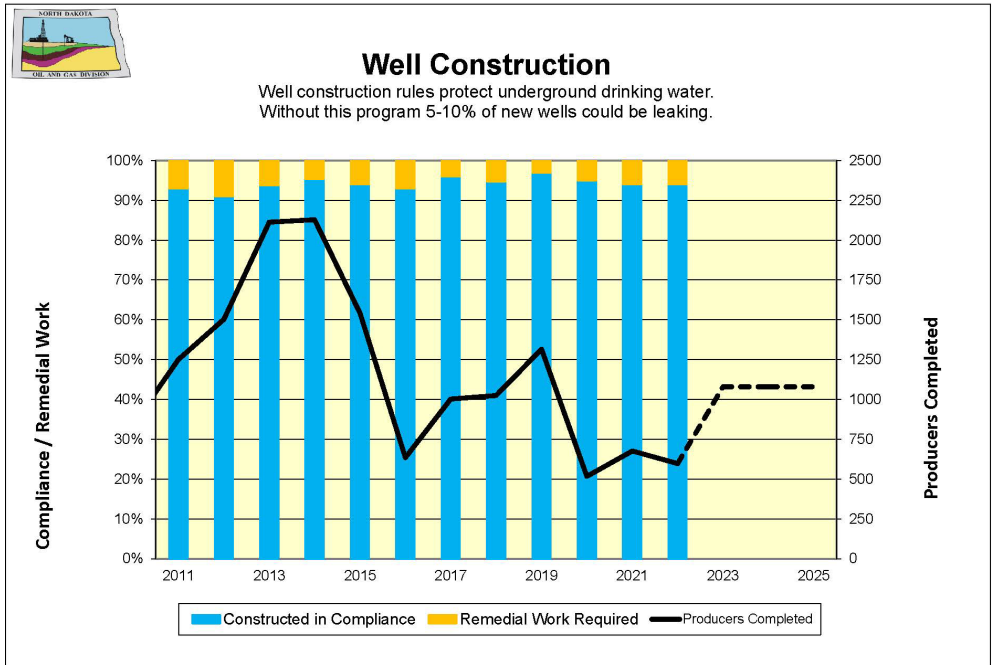
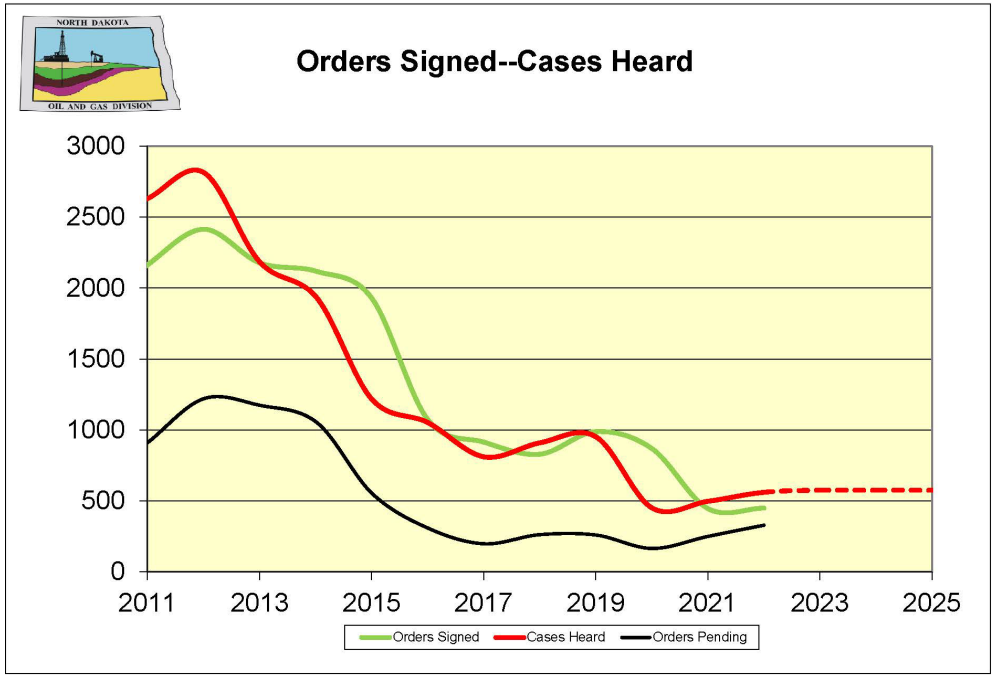


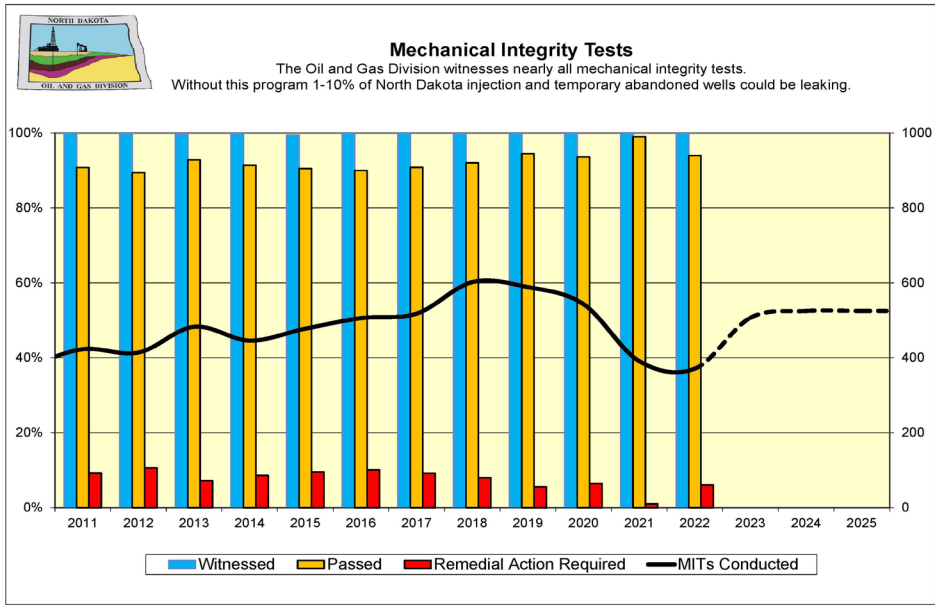


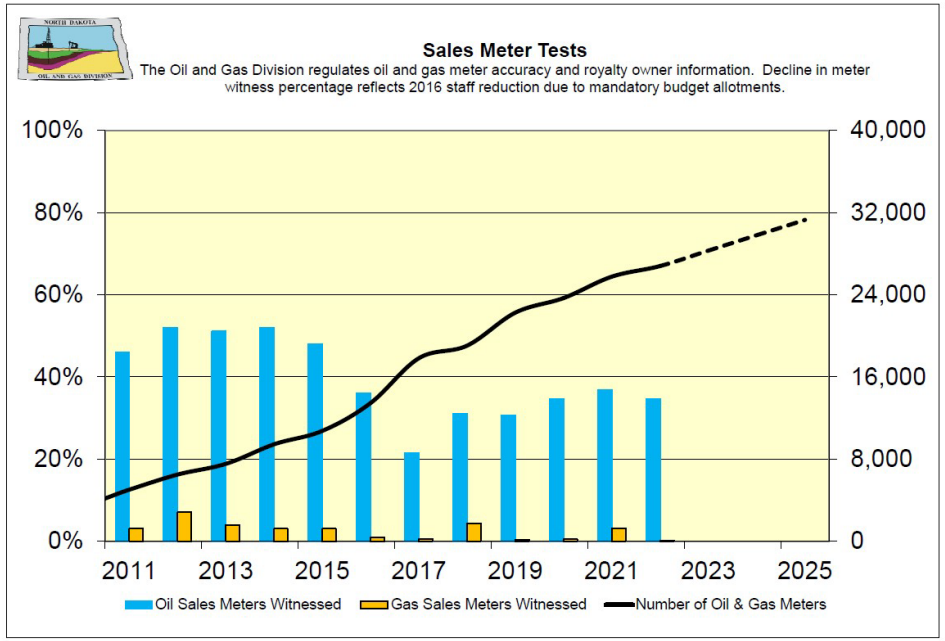
Statistics	2021	2022
Wells Waiting On Completion	475	489
Inactive Wells	1,975	1,886
Wells Completed	677	597
Producings Wells	17,953	18,197



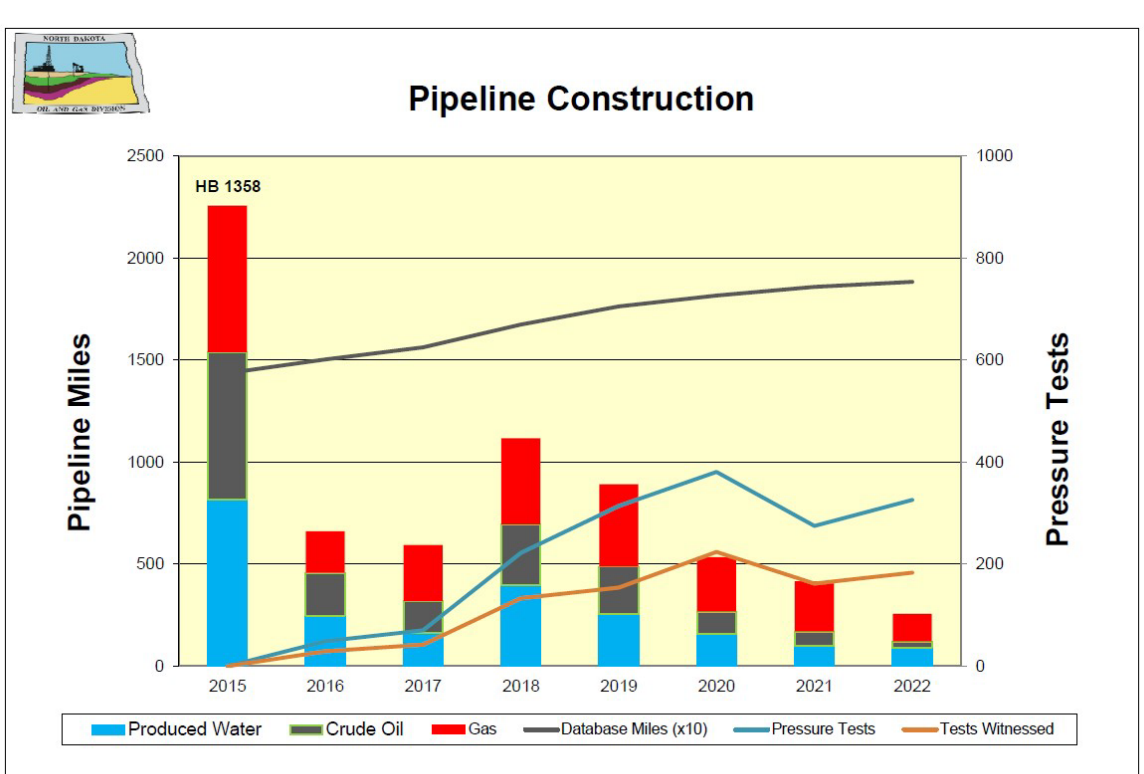

Well Construction
Well construction rules protect underground drinking water.
Without this program 5-10% of new wells could be leaking.
Compliance / Remedial Work
Producers Completed
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
2500
2250
2000
1750
1500
1250
1000
750
500
250
0
2011
2013
2015
2017
2019
2021
2023
2025
Constructed in Compliance
Remedial Work Required
Producers Completed


Orders Signed--Cases Heard
3000
2500
2000
1500
1000
500
0
2011
2013
2015
2017
2019
2021
2023
2025
Orders Signed
Cases Heard
Orders Pending


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.
100%
80%
60%
40%
20%
0%
1000
800
600
400
200
0
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
Witnessed
Passed
Remedial Action Required
MITs Conducted


Sales Meter Tests
The Oil and Gas Division regulates oil and gas meter accuracy and royalty owner information. Decline in meter
witness percentage reflects 2016 staff reduction due to mandatory budget allotments.
100%
80%
60%
40%
20%
0%
40,000
32,000
24,000
16,000
8,000
0
2011
2013
2015
2017
2019
2021
2023
2025
Oil Sales Meters Witnessed
Gas Sales Meters Witnessed
Number of Oil & Gas Meters

D4H LGP
CATERPILLAR


Pipeline Construction
HB 1358
Pipeline Miles
Pressure Tests
2500
2000
1500
1000
500
0
1000
800
600
400
200
0
2015
2016
2017
2018
2019
2020
2021
2022
Produced Water
Crude Oil
Gas
Database Miles (x10)
Pressure Tests
Tests Witnessed

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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 128 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 Inyan Kara Formation for produced water disposal, 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)

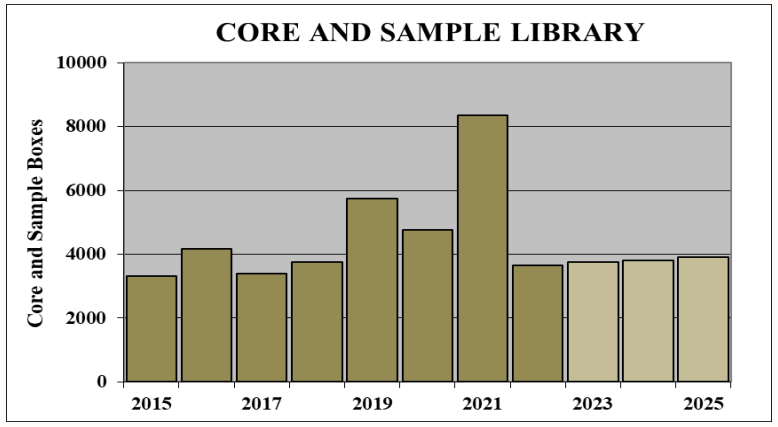
High-Level Radioactive Waste Disposal (NDCC 38-23)
The exploration, testing, placement, storage, or disposal of high-level radioactive waste is prohibited in North Dakota. If this prohibition is struck from the law, a permit is required before any testing, exploring, excavating, drilling, boring or operating 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.

WILSON M. LAIRD CORE AND SAMPLE LIBRARY

Geological Survey – Subsurface Section

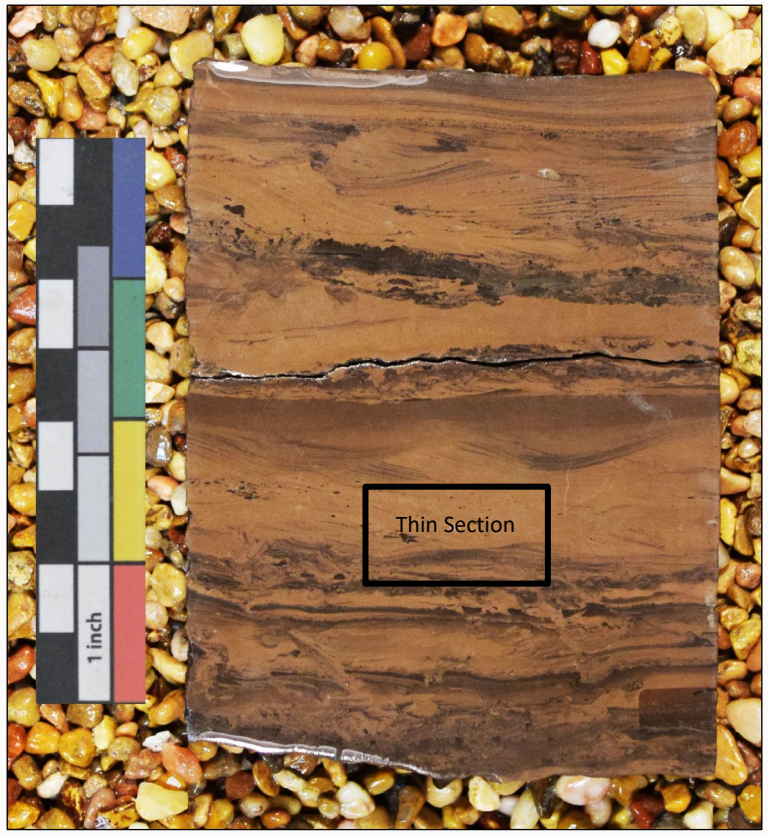


Upper Left: Expansion of the Wilson M. Laird Core and Sample Library was completed in 2016. The core library contains 59,000 sample boxes and 170,000 core boxes. Lower left: Roughly 900, three-foot sample boxes (11 bins) and 9,000 core boxes (289 bins) were received into the core library this biennium (equal to all of the boxes within the yellow rectangle in the photograph on the right). Inset photo: left to right – whole core, large slab or butts, and thin slab or curator (rocker) set.

CORE AND THIN SECTION PHOTOGRAPHY PROGRAM

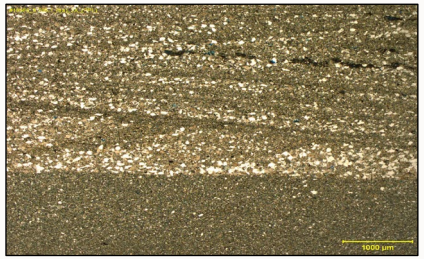
Wilson M. Laird Core and Sample Library

Geological Survey – Subsurface Section

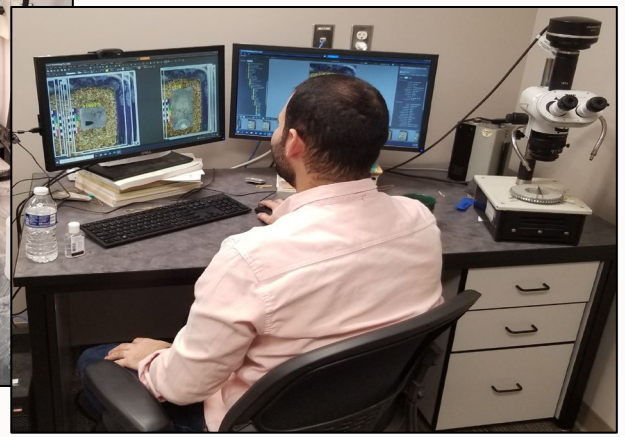


Core of the Three Forks Formation at a depth of 10,865 feet in Dunn County.

Total core (one set) in the core library =	486,000 feet (92 mi.)
Total photographed =	217,520 feet (45%)
Core photographs =	336,066
Total thin sections in the core library =	19,486
Thin section photographs =	143,252
Total photographs on website =	**479,318**



Coarser grains and cross-bedding indicative of higher energy deposition in the upper half of a thin section from the Three Forks Formation at a depth of 9,785 feet in Williams County.



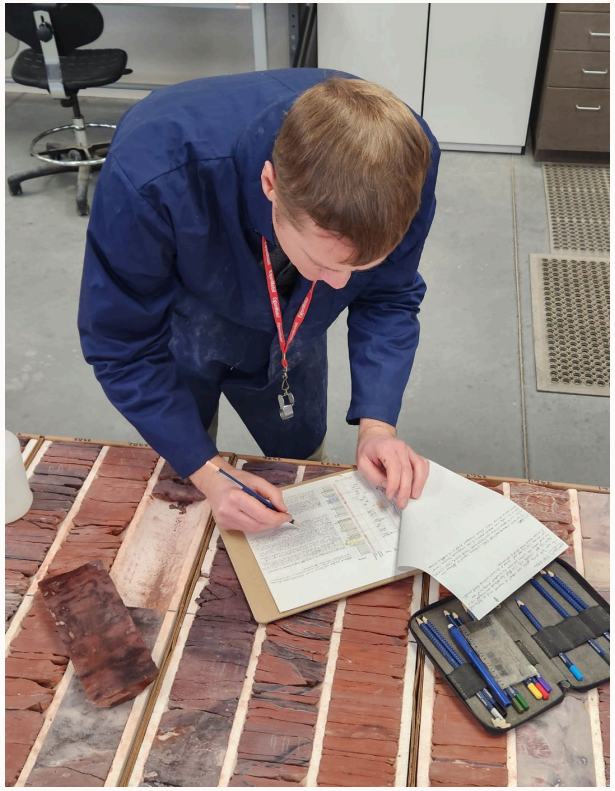
UND students (Survey temps) photographing core (left) and thin sections (below).

Historically the agency has used resources available from the Reservoir Data Fund to pay temporary salaries for student workers at the Core Library to photograph core and thin sections. In the next biennium those resources are needed by the agency for maintenance and operations activities of its data management platform, the NorthSTAR system. As a result, a onetime funding request was made for an additional $90,000 in temporary salaries for the next biennium. This request was not included in the Executive Recommended Budget.

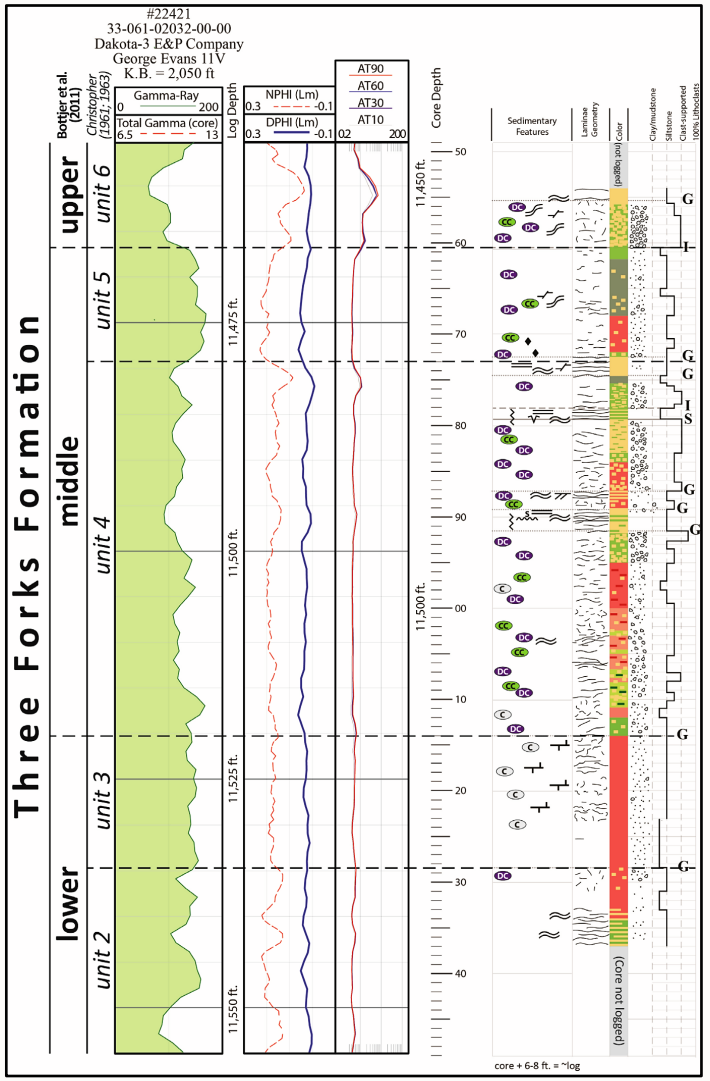
CORE STUDIES AND CORE WORKSHOPS

Wilson M. Laird Core and Sample Library

Geological Survey – Subsurface Section



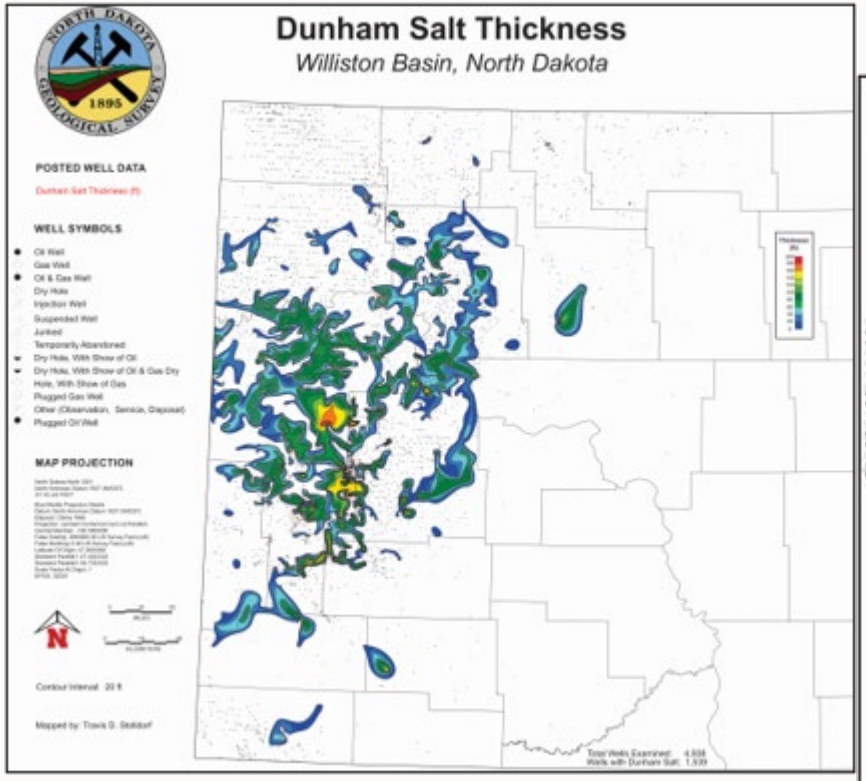
Above: Subsurface geologist Tim Nesheim describes core for a Geological Survey report on the Middle Three Forks Formation. Right: A figure from the Three Forks Formation report.

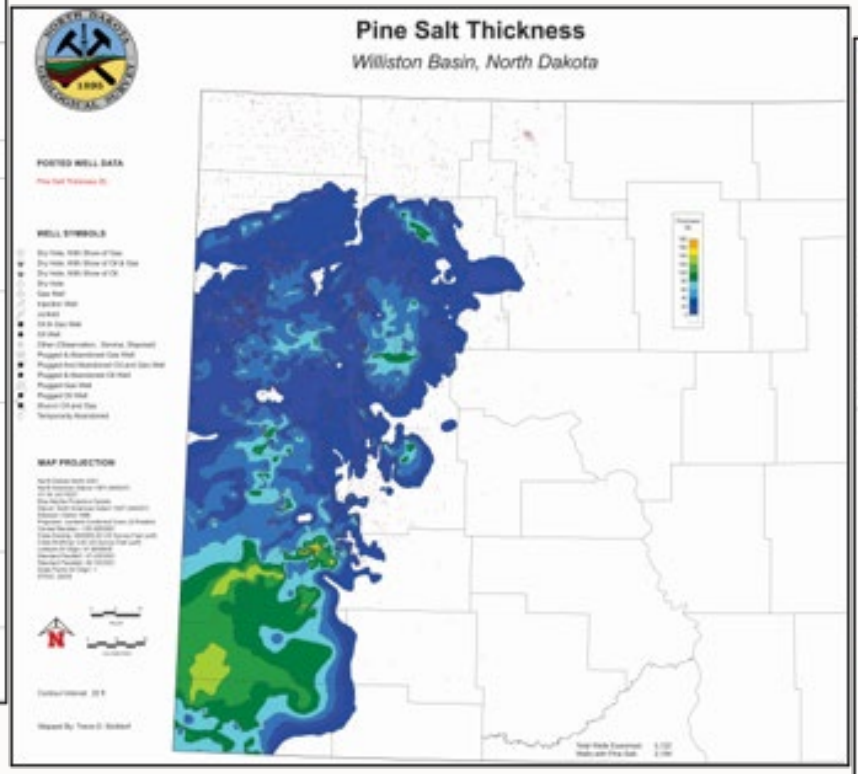


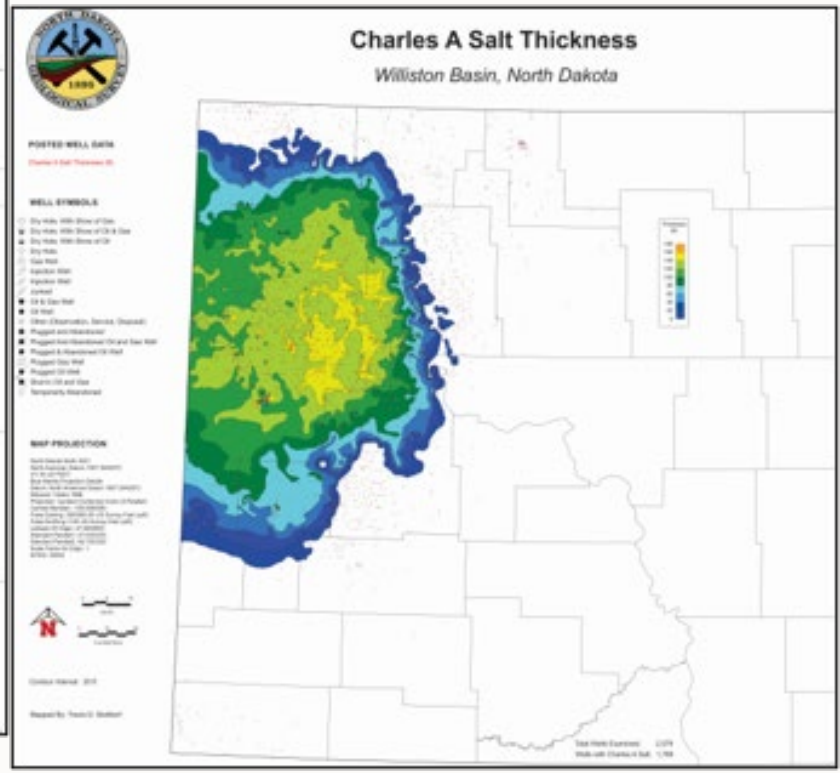
We have held two core workshops this biennium (Aug. 9-13, 2021 and Sept.10 & 11, 2022) with a third core workshop scheduled for next year (RMS AAPG June 3 & 4, 2023 in Bismarck).

ELECTRIC LOG STUDIES

Geological Survey – Subsurface Section



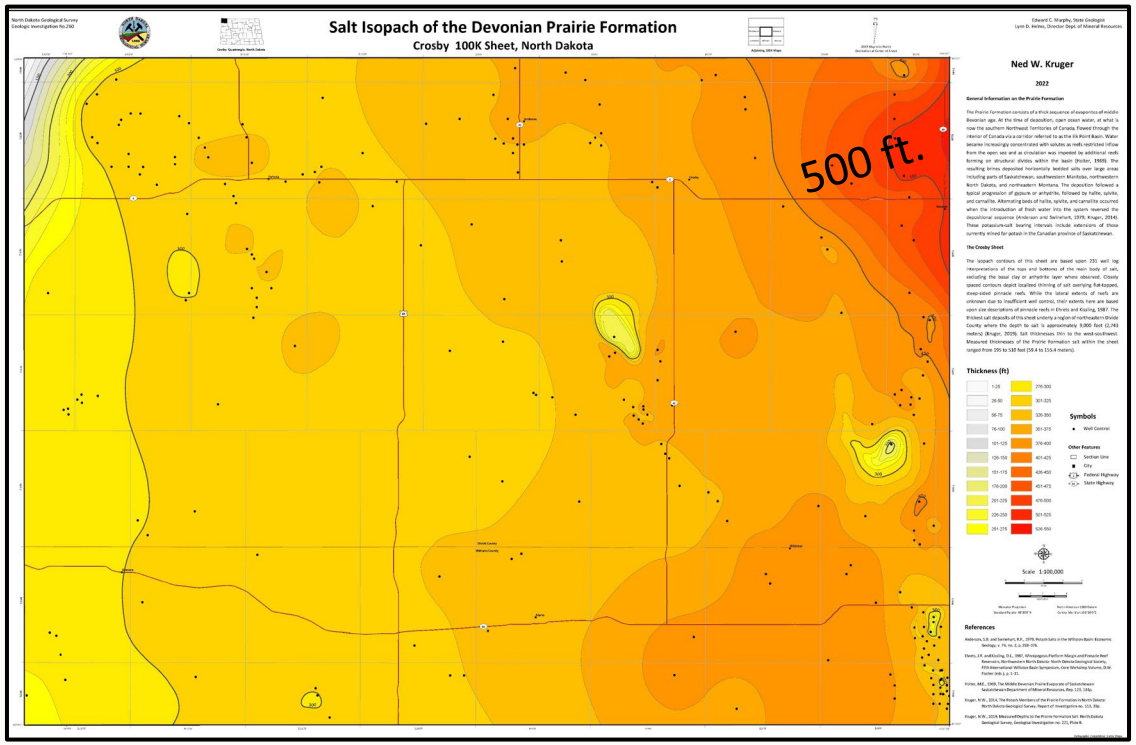


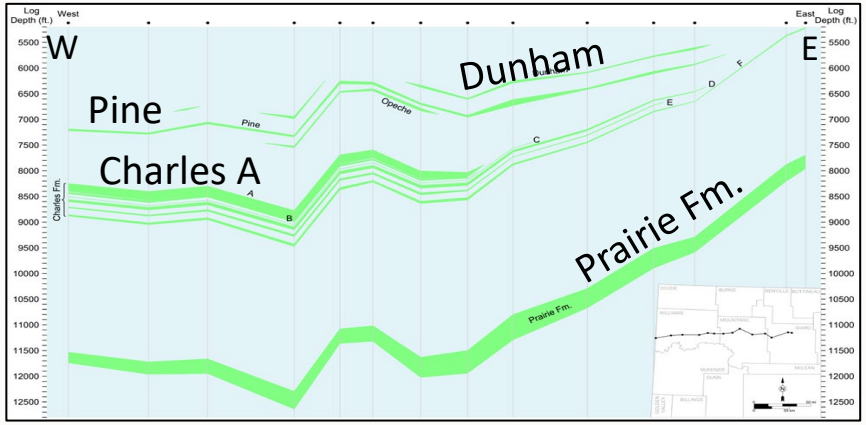


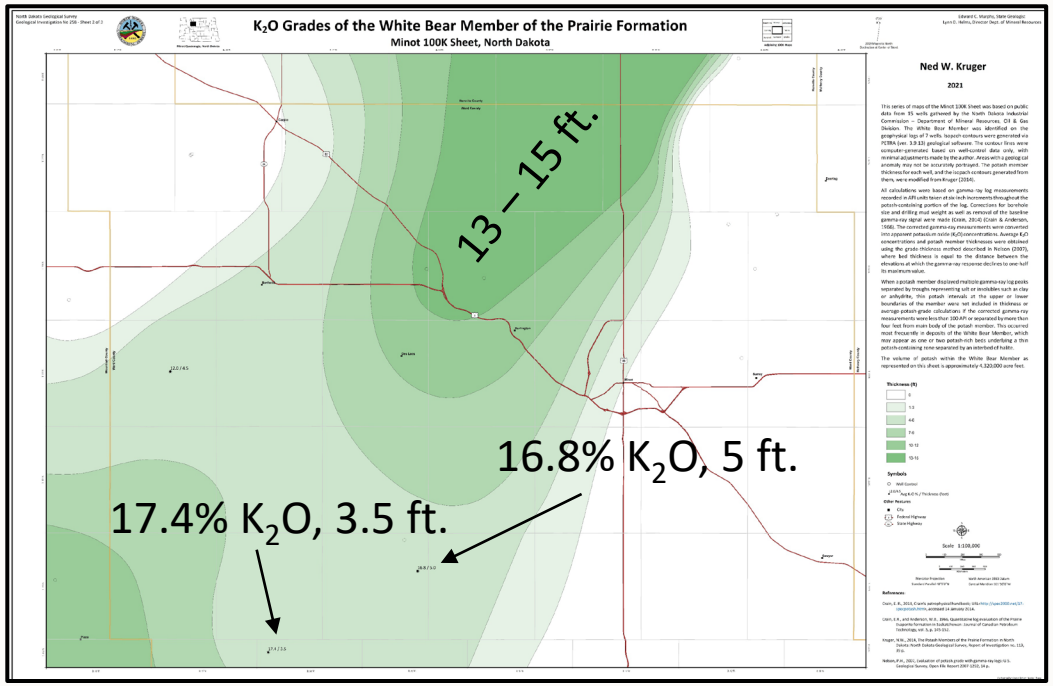
To generate these salt thickness maps, along with the accompanying depth maps, we interpreted the geology of 10,639 electric logs.
We requested one additional subsurface geologist, but that request was not included in the Executive Recommended Budget.

POTASH PROJECT

Geological Survey – Minerals Section



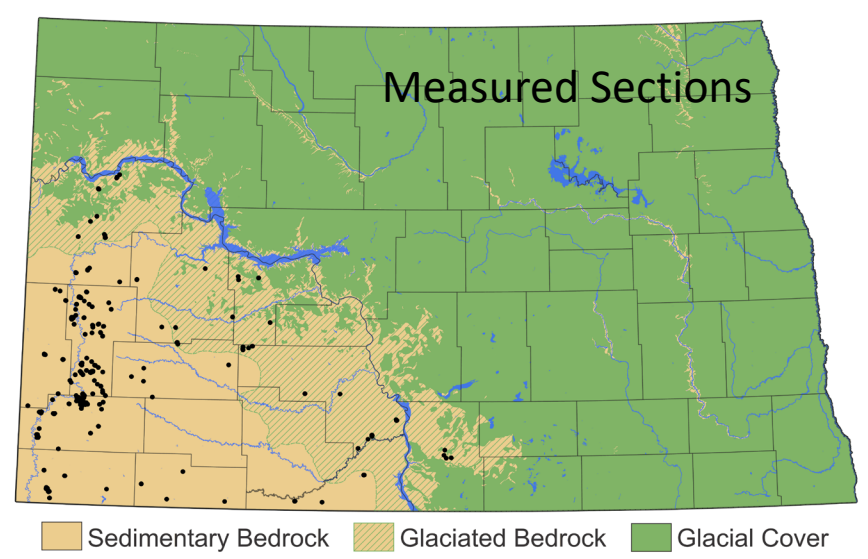


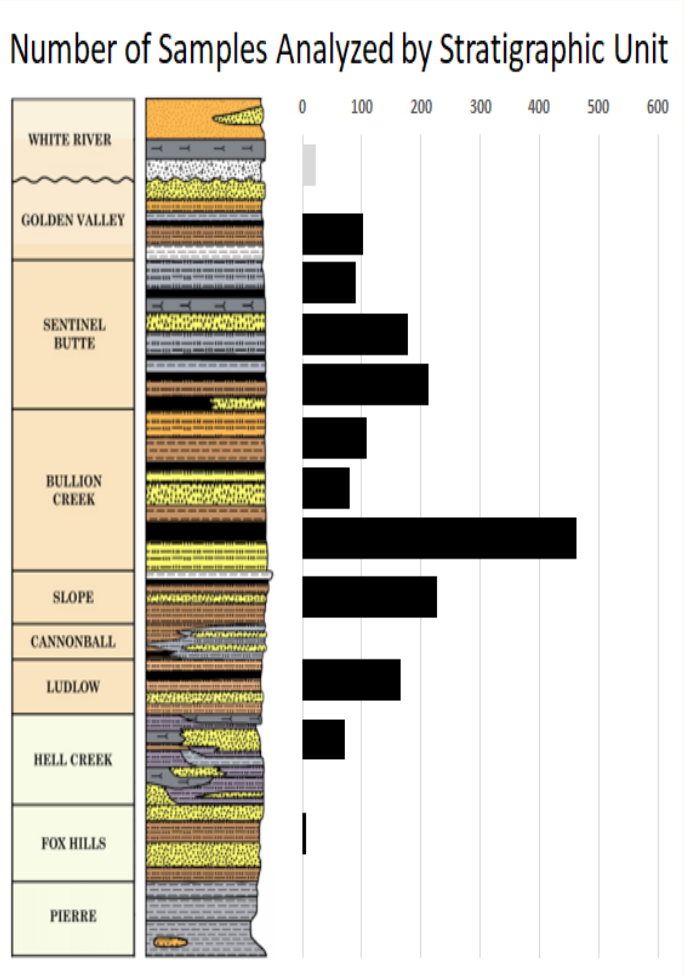


Above: One of five Prairie Formation isopach (thickness) maps published this biennium, this one is the Crosby 100k map sheet. Lower right: Potassium oxide percentages plotted on an isopach map of the White Bear Member (one of six potash members in ND) of the Prairie Formation for the Minot 100k map sheet.

CRITICAL MINERALS PROJECT (2015 to Present)

Geological Survey – Surface Section & Minerals Section

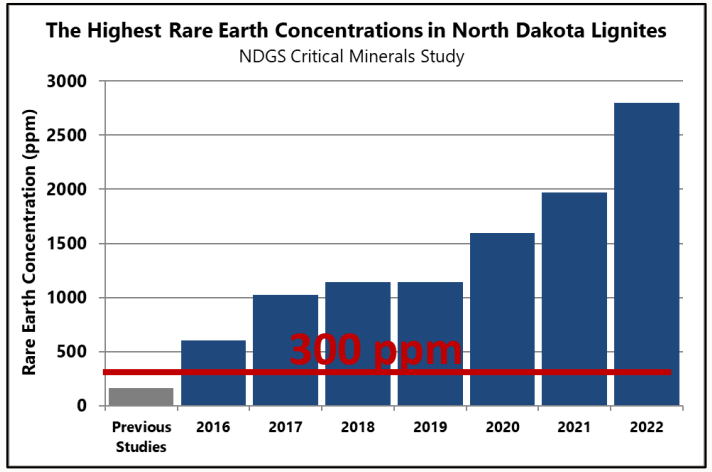


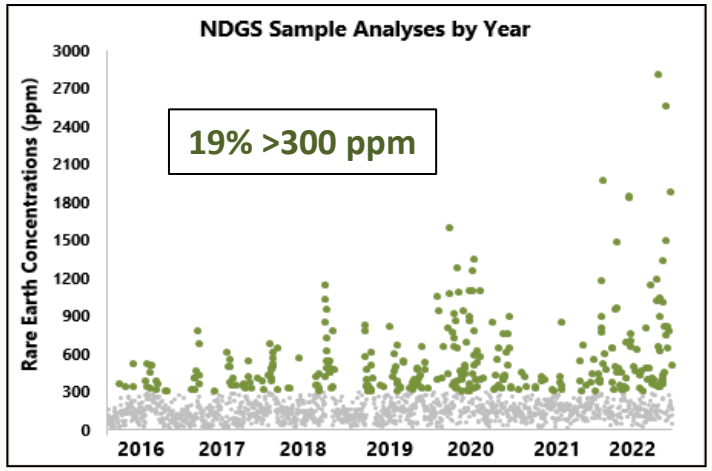


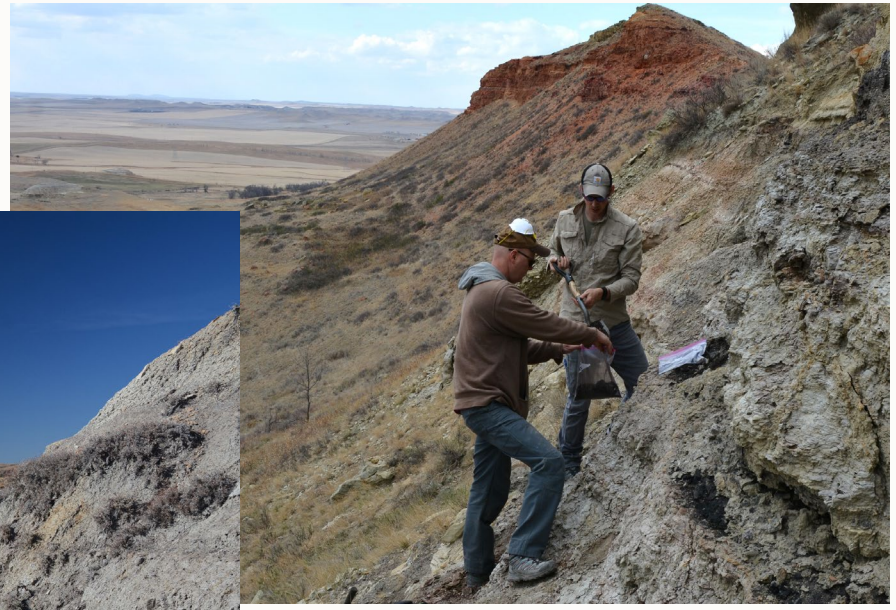
Upper left: The location of the 306 measured sections and sample localities (black dots) in western and south-central ND (74 geologic sections measured, 407 samples collected and 372 analyzed so far this biennium). Right: Stratigraphic column of rocks exposed at the surface in western North Dakota and the number of rock samples obtained by formation. Photos: Collecting rock samples using a modified hand drill and with a pick and shovel.

CRITICAL MINERALS PROJECT

Geological Survey – Surface Section & Minerals Section







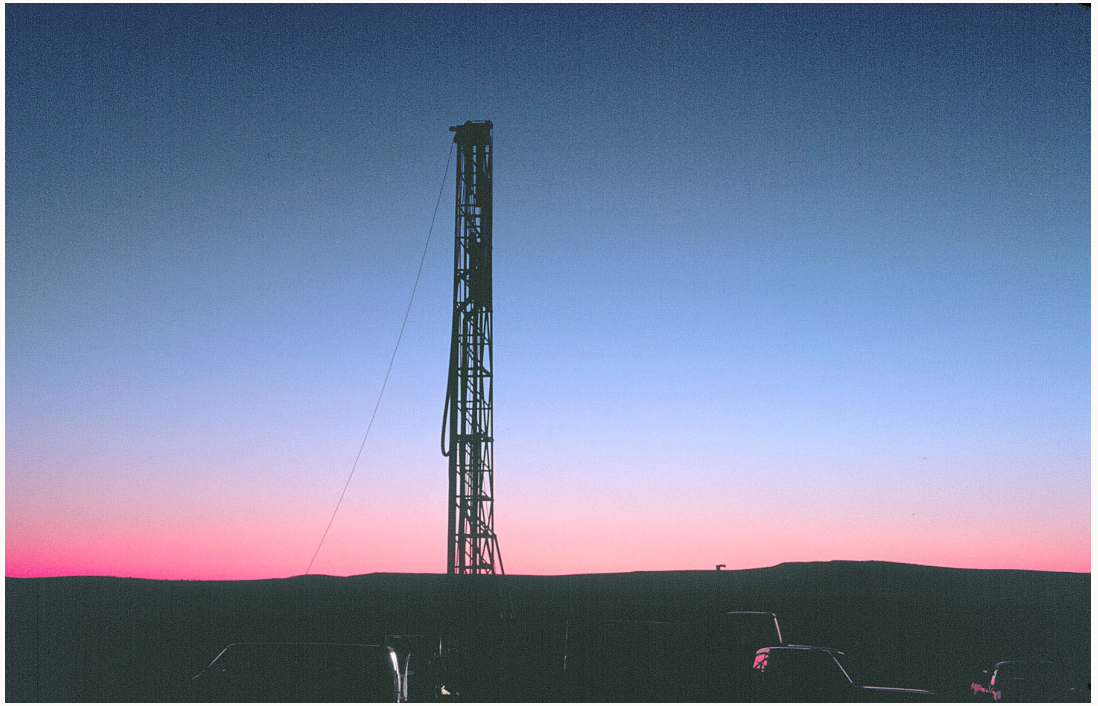
Upper left: When the Geological Survey study began, 169 ppm was the highest recorded concentration of rare earth elements in a ND lignite, we have increased that to 2,800 ppm. Lower left: 19% of our samples have exceeded 300 ppm (the US Department of Energy's estimated economic threshold for rare earth elements in coal). Middle: Collecting lignite samples from the Slope Formation along the Little Missouri River in Golden Valley County in 2022. Right: Collecting lignite samples at Sentinel Butte in Golden Valley County in 2021.

CRITICAL MINERALS PROJECT

Proposed Drilling Project

Geological Survey – Surface Section & Minerals Section

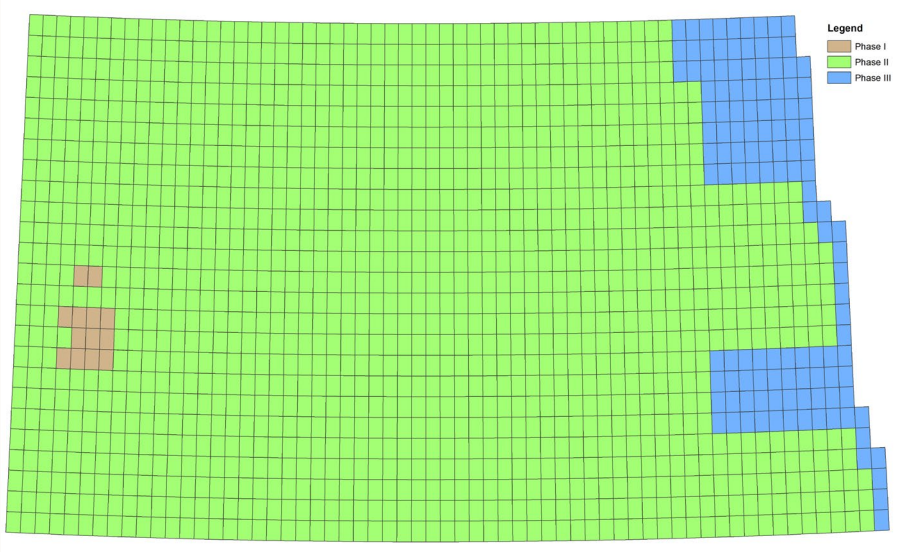
Critical Minerals 50 Hole Drilling Program
$400,000 Project Total Cost ($140,000 for sample analysis)
<u>Amendment to be Proposed</u>



We requested two critical mineral geologists; one critical mineral geologist was included In the Executive Recommended Budget.

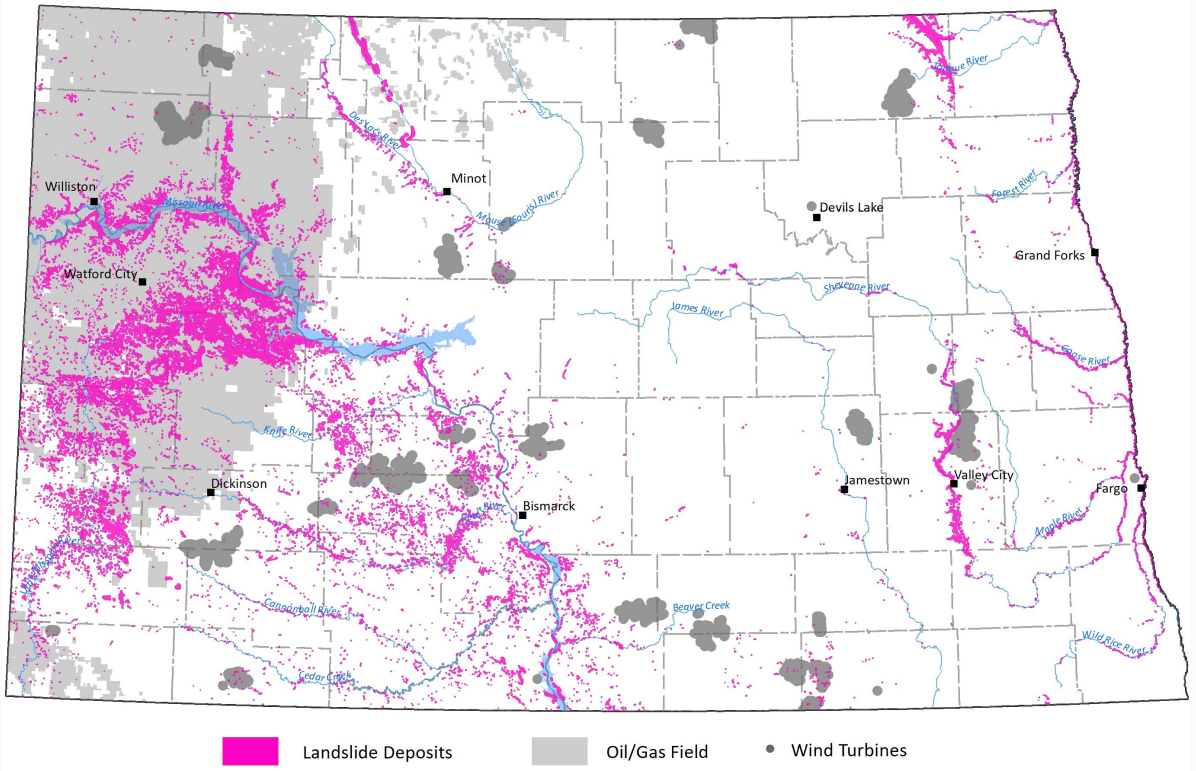
LANDSLIDE PROGRAM

Geological Survey – Surface Section



Phase I landslide maps (tan): interpreted from stereopair aerial photographs.
Phase II landslide maps (green): interpreted from stereopair aerial photographs, LiDAR, Google Earth imagery.
Phase III landslide maps (blue): LiDAR coverages from 2008 compared and contrasted to 2018, etc.

> 50,000 landslides mapped in ND

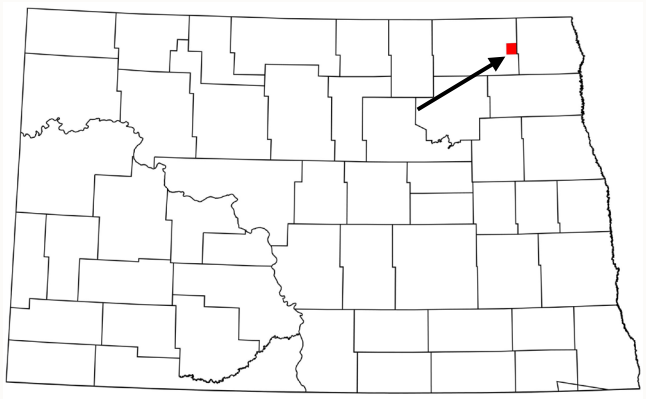


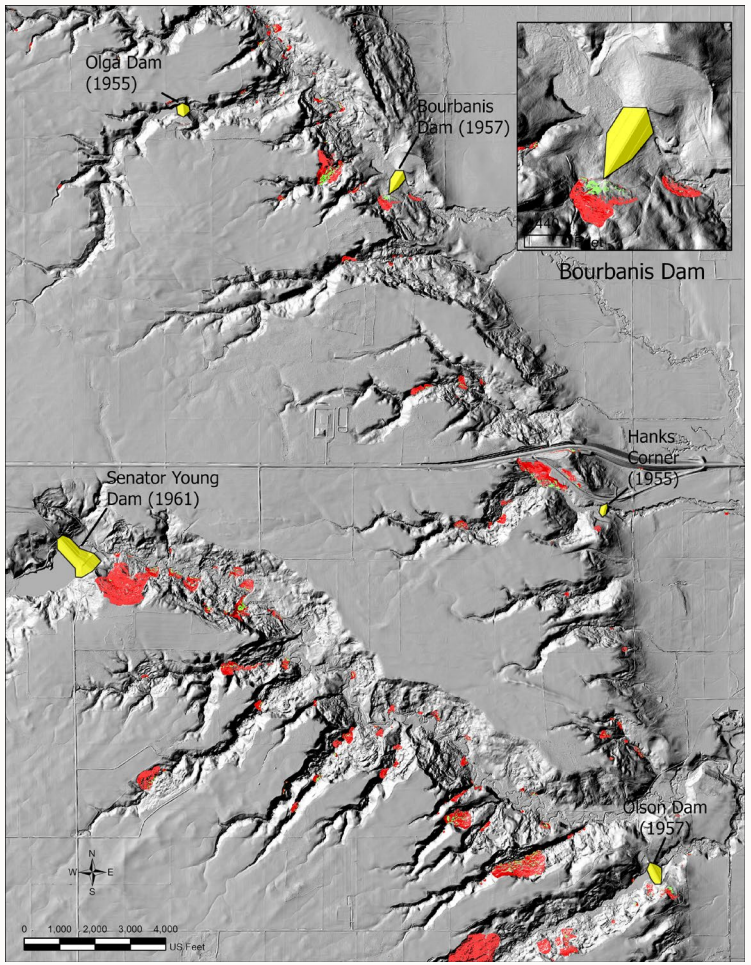
Upper left: A total of 316 landslide quadrangles have been mapped so far this biennium (245 Phase I to Phase II maps and 71 Phase II to Phase III maps). The remaining Phase I landslide maps will be converted to Phase II by the end of this biennium. Half of the Phase II maps should be converted to Phase III by the end of the 2023 – 2025 biennium. Right: To date, the Geological Survey has mapped over 50,000 landslides at a scale of 1:24,000 -- making North Dakota one of the first states in the nation to map all of its landslides at that scale.

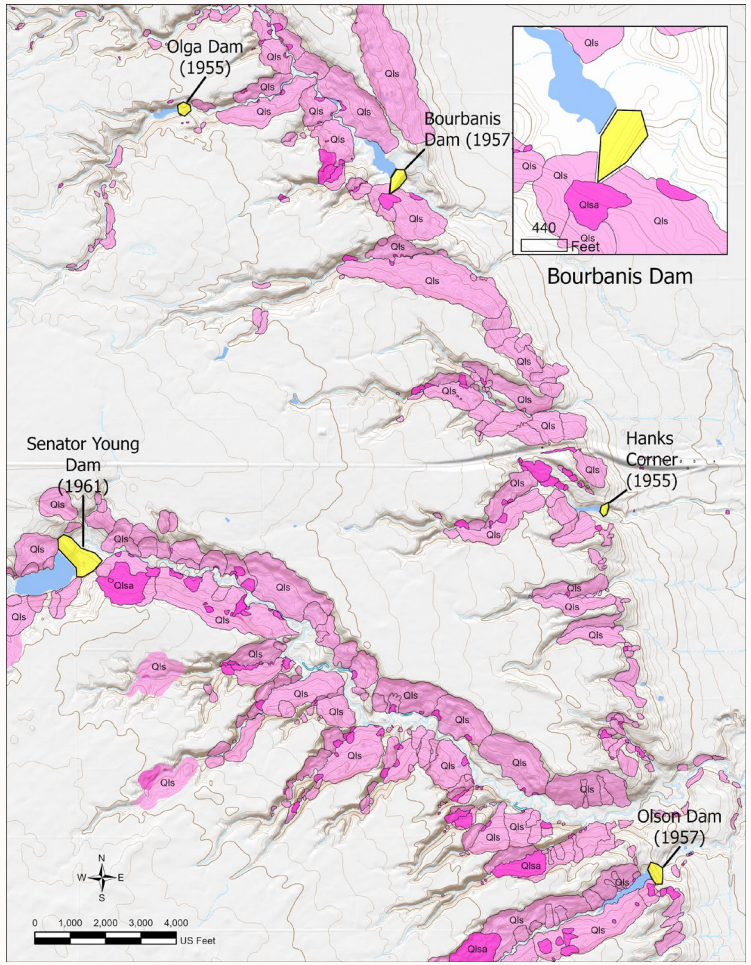
PHASE III LANDSLIDE MAPS

Landslides in the Vicinity of Earthen Dams in Northeastern North Dakota

Geological Survey – Surface Section



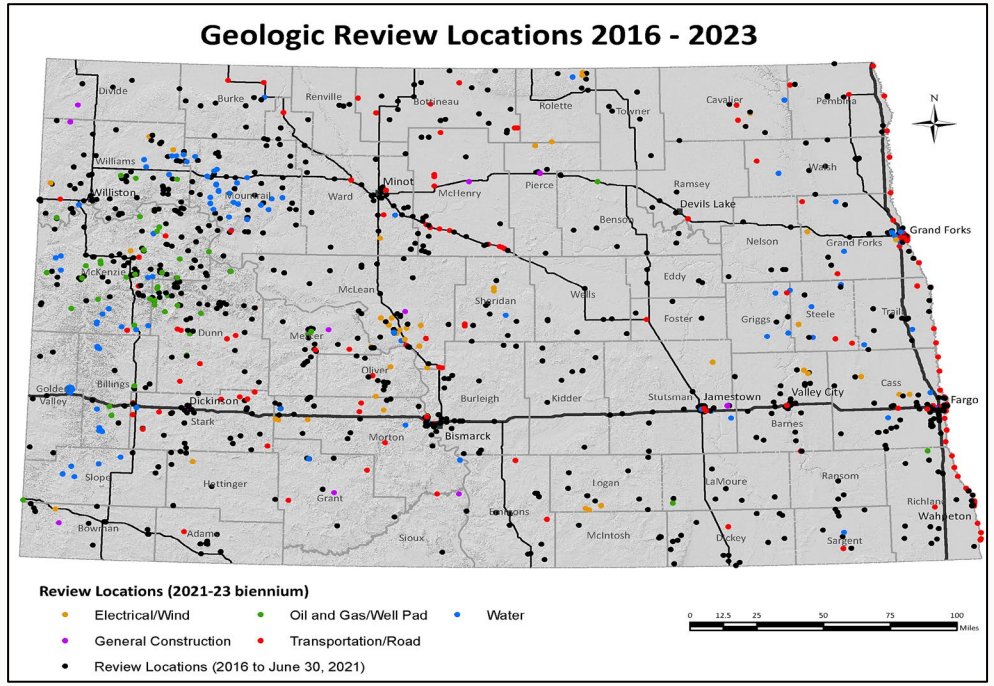


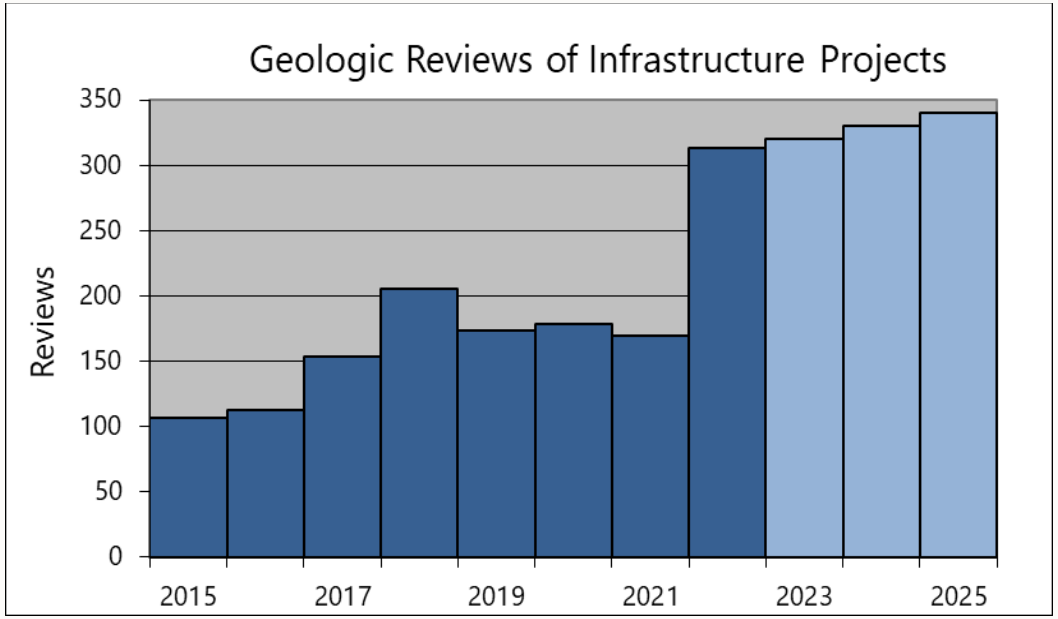


Left: Phase III landslide mapping in northeastern North Dakota during the spring of 2022 demonstrated there had been recent (between 2008 and 2018) slope failure in proximity to five earthen dams in that area -- noted on this hillshade map constructed from LiDAR in either red (for a negative topographic change) or in green (for a positive topographic change). Right: The finished map depicts landslides in pink with slope movement since 2008 in dark pink.

GEOLOGIC REVIEWS OF INFRASTRUCTURE PROJECTS

Geological Survey – Surface Section





Upper left: Since 2016, we have reviewed the geologic suitability of 1,305 infrastructure projects. The majority of these have been road projects. Upper right: So far, we have reviewed the geologic suitability of 403 infrastructure projects during the 21-23 biennium. Photos left to right: highway overpass on 1-29 south of Fargo, sewer installation at Larimore, a wind turbine near Valley City, transmission line replacement near Fargo.

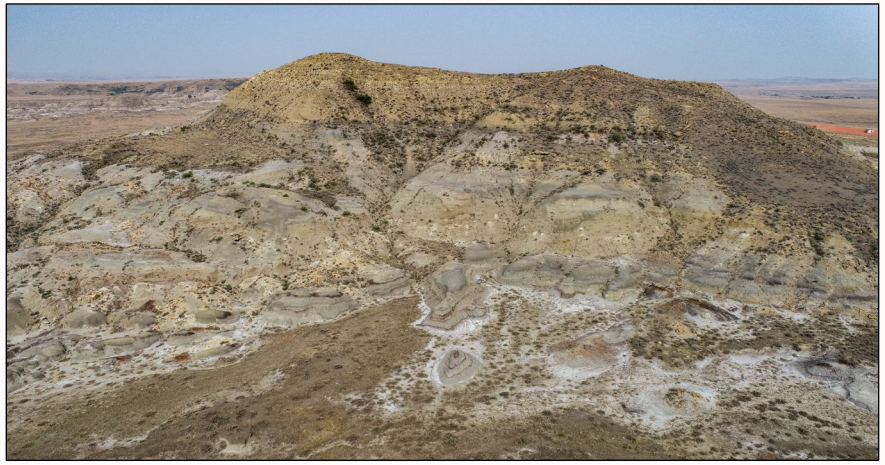
DRONE PROJECTS

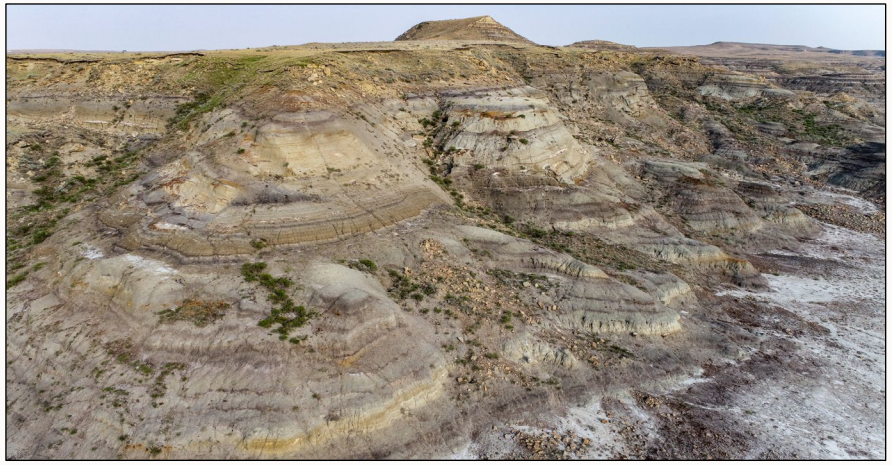
Geological Survey – Surface and Mineral Sections

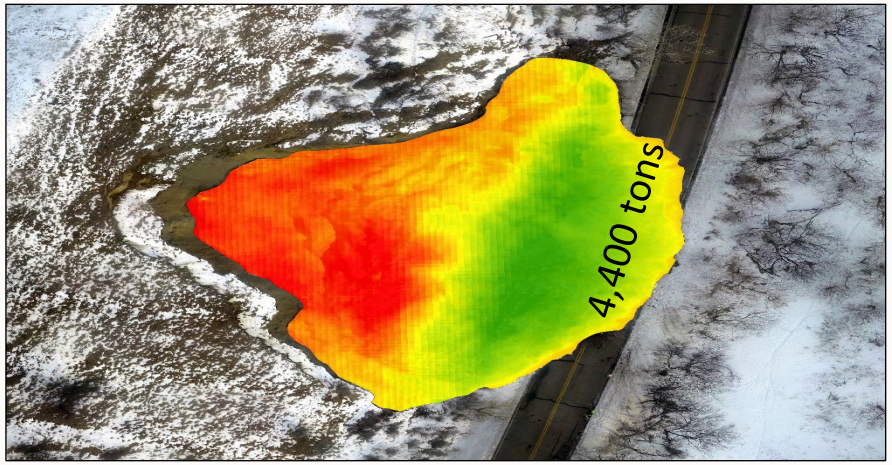
For the past five and a half years, the Geological Survey's two geologists/drone pilots have taken 21,919 drone photographs and 78 videos from 150 sites across the state and generated 68 (orthomosaic and surface elevation) maps with the DJI Phantom 4 Pro platform. The Executive Recommended Budget contains funding ($4,765) to replace this Phantom 4 drone with a DJI Mavic 3 Enterprise drone that can be folded up and placed in a backpack for easy carrying into remote areas.

DRONE PHOTOGRAPHY AND DIGITAL SURFACE MAPS

Geological Survey – Surface Section



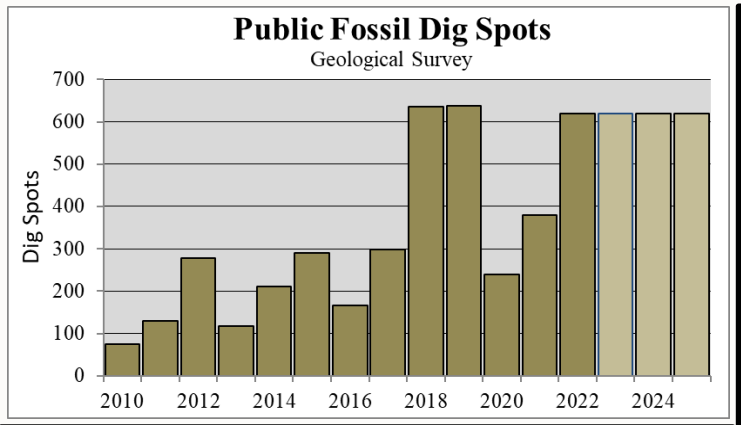


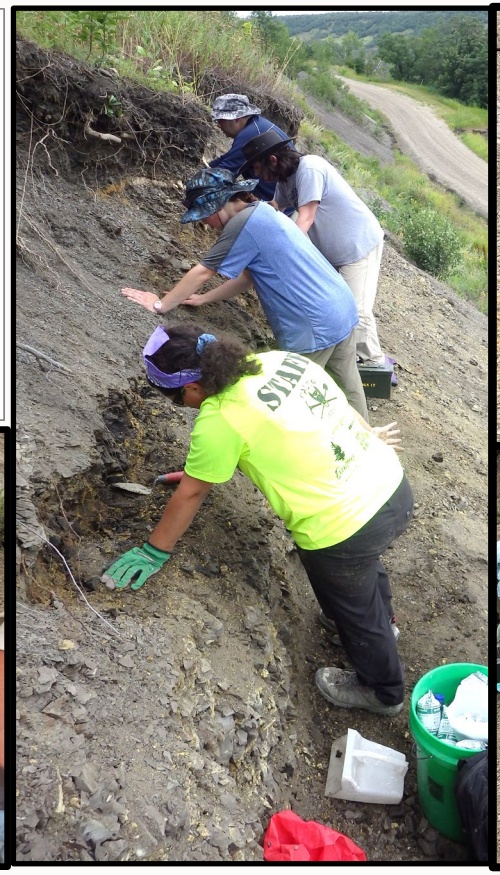


Upper left: Reconnaissance flight across Sunset Butte in Bowman County to determine sampling route to the top (8/21). Upper right: Tracing a channel sandstone in the Ludlow Fm. where it cuts down through the Cretaceous\Tertiary boundary (8/21). Lower left: A reactivated landslide along River Road north of Bismarck (6/22). Lower right: Drone surface elevation map compared to existing LiDAR to determine surface elevation changes due to the 2019 landslide, green for elevation increases and red for decreases.

PUBLIC FOSSIL DIGS

Geological Survey – Paleontology Section





Upper left: The Public Fossil Dig Program has grown dramatically in recent years and yet we still turn away hundreds of people every year who want to participate in these digs. Lower left: A fossil dig participant in Morton County makes a field jacket for a hadrosaur jaw they discovered. Middle: Participants at the Pembina public fossil dig excavate a horizon rich in marine reptiles and fish. Upper right: Participants at the Medora public dig excavate a horizon rich in turtles and crocodiles. Lower right: Participants at the fossil dig in Morton County find dinosaur and crocodile bones at many different horizons.

FOSSIL FIELD JACKET BACKLOG

Geological Survey – Paleontology Section

One of two field jackets (one a ton and the other a half ton) are ready for transport from the public fossil dig site in Morton County. The field jackets contain the partial skeleton of a triceratops.

FOSSIL FIELD JACKET BACKLOG

Geological Survey – Paleontology Section

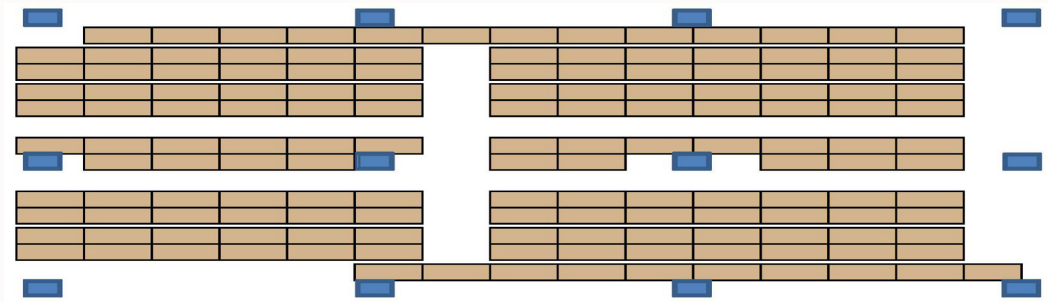
765 Fossil Field Jackets
100 fossil jackets collected per year.
50 fossil jackets prepared per year.
50 fossil jackets added to backlog per year.

The Addition of one Paleontology Technician
80% fossil preparation in lab, 20% in field.
100 fossil jackets collected per year.
150 fossil jackets prepared per year.
50 fossil jackets removed from backlog per year.
Backlog eliminated in 13 years.

Senior Paleontologist Clint Boyd stands next to a series of shelving units holding some of the 765 fossil field jackets that have primarily been the result of the very successful public fossil dig program. That backlog of field jackets would fill a semi-trailer. We requested two paleontology technicians; one paleontology technician was included In the Executive Recommended Budget.

STATE FOSSIL COLLECTION

Geological Survey – Paleontology Section



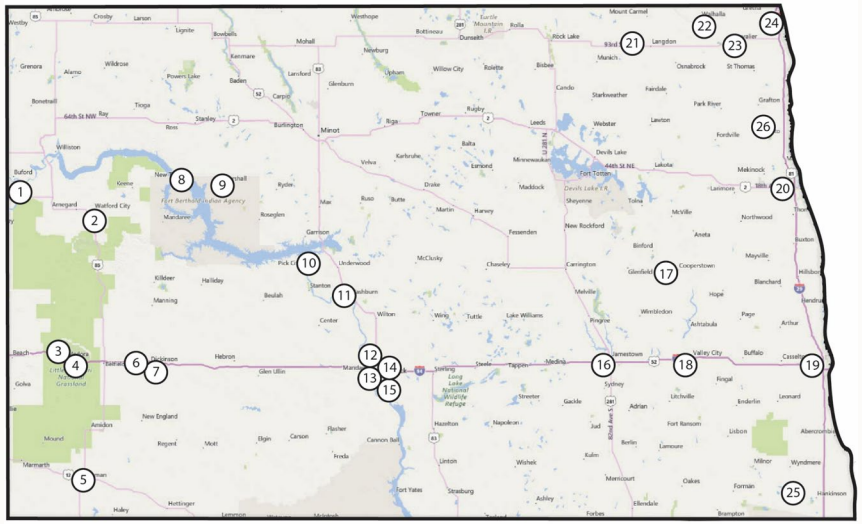
Upper left: Map view of the 150 fossil cabinets in the State Fossil Collection. Lower left: Turtle shells and bones from the Sentinel Butte Fm. (Paleocene, 60 mya). Lower middle: Fossil plant leaves from the Hell Creek Fm. (Cretaceous, 67 mya). Right: Hadrosaur (duck-billed dinosaur) bones from the Hell Creek Fm. (Cretaceous, 67 mya).

$250,000 REQUEST FOR ONE-TIME FUNDING

(included in the Executive Recommended Budget)

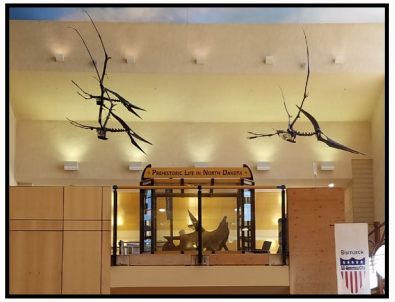
$100,000 of this to go towards fossil exhibits across the state

Geological Survey – Paleontology Section



1997 - 2022

$ 250,000	1997 Appropriated funds.
$ 955,600	Donations (78% of the total).
$1,205,600	Deposited into the fund.
$ 6,545	*Ending balance as of 11/30/2022*



Upper left: The locations of the 26 fossil exhibits that we designed and maintain across the state. Lower photographs (left to right): a pteranodon and triceratops display at the Bismarck Airport; an eight-foot-high fossil tree stump and associated fossils in a display cabinet at the Watford City Visitor Center, a mounted triceratops skeleton at the Barnes County Museum in Valley City, a marine Cretaceous display at Icelandic State Park, and bare shelves at the Walsh County Historical Museum in Minto because we are in the process of renovating that rock and fossil display. Any appropriated funds would go into the Fossil Excavation & Restoration Continuing Appropriation Fund (NDCC 54-17.4-9.1).

$250,000 REQUEST FOR ONE-TIME FUNDING

(included in the Executive Recommended Budget)

$100,000 of this to go towards fossil exhibits across the state

Geological Survey – Paleontology Section

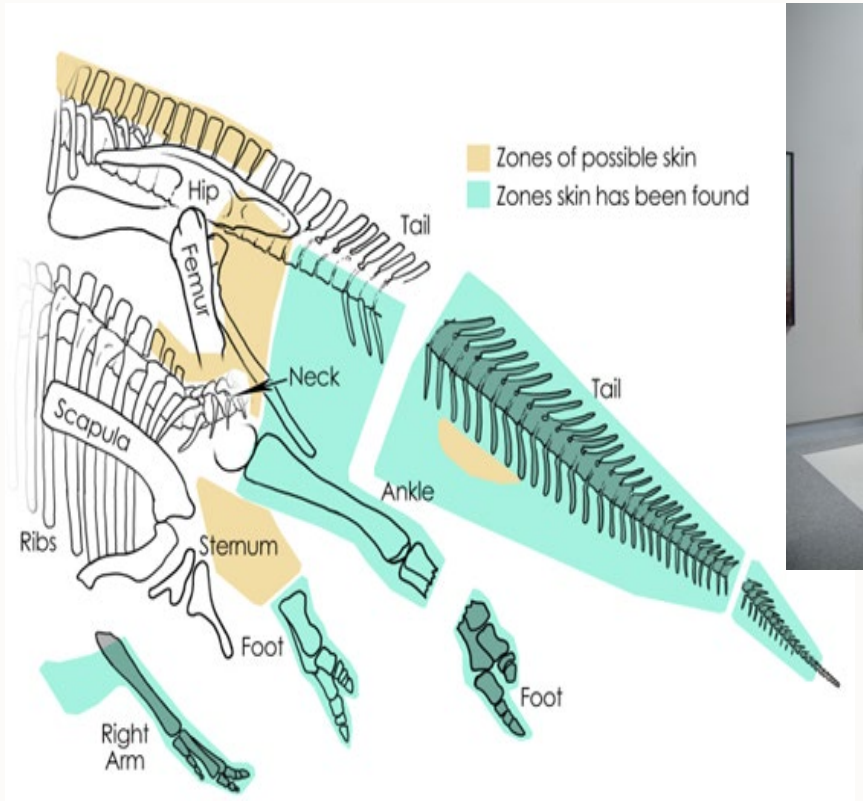
A paleontology tech removing sediment from a field jacket containing a partial skeleton of a juvenile *Bison antiquus* unearthed adjacent to an oil well pad in Williams County. This bison is scheduled to go on exhibit in Williston during the 23-25 biennium.

$250,000 REQUEST FOR ONE-TIME FUNDING

(included in the Executive Recommended Budget)

$150,000 to finish preparation work on Dakota – the mummified hadrosaur (duck-billed dinosaur)

Geological Survey – Paleontology Section



Left: A Survey temp employee removes rock on the body block of Dakota. Middle: a drawing of the position of identified bones in the Dakota field jacket. The bones in gray were covered with skin and are currently on display in the Heritage Center. Upper right: The revised Dakota exhibit had a grand opening on October 16, 2021 and will be modified in 2023.

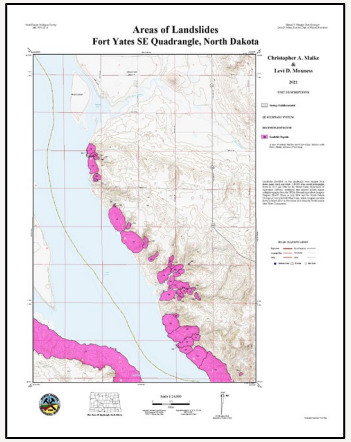
$250,000 REQUEST FOR ONE-TIME FUNDING

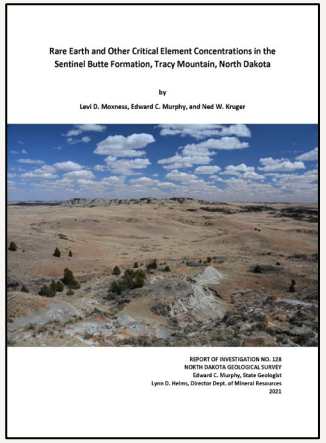
(included in the Executive Recommended Budget)

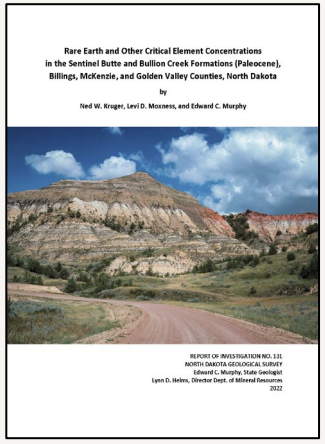
$150,000 to finish preparation work on Dakota – the mummified hadrosaur (duck-billed dinosaur)

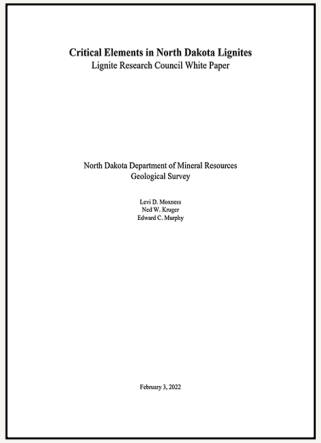
Geological Survey – Paleontology Section

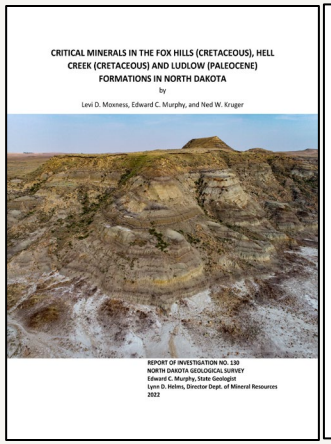
Left: One of three hoof like toes on the rear foot of Dakota. Upper middle: A closeup of the air scribe used to chip off small pieces of rock lying above the preserved skin layer. Upper right: a paleotech removes rock from Dakota's hand with an air scribe. Lower right: Puncture marks in the skin of one of the hands of Dakota (white arrows) have been determined to be crocodile teeth marks.

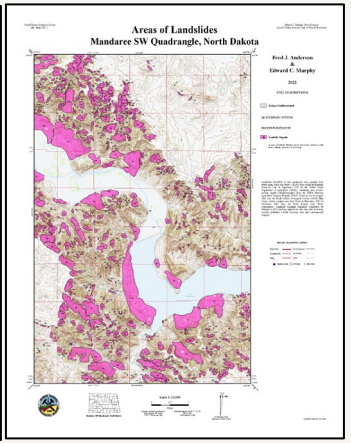


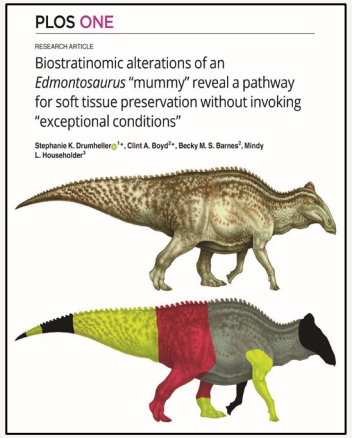


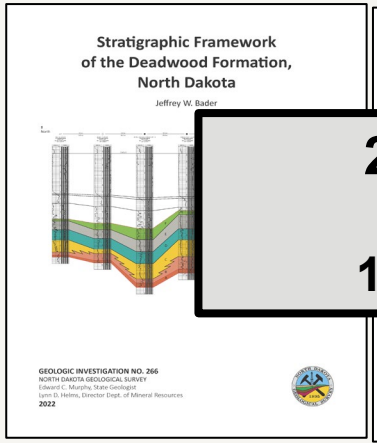


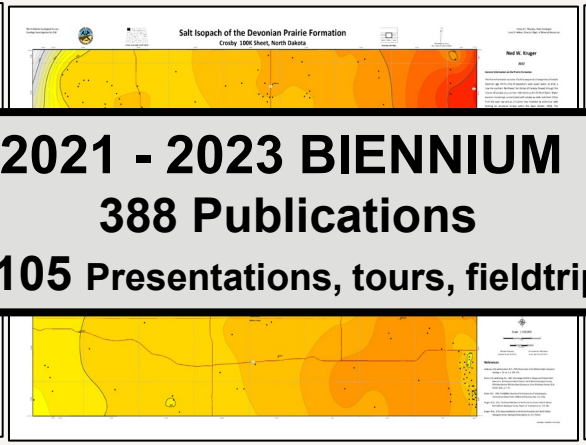


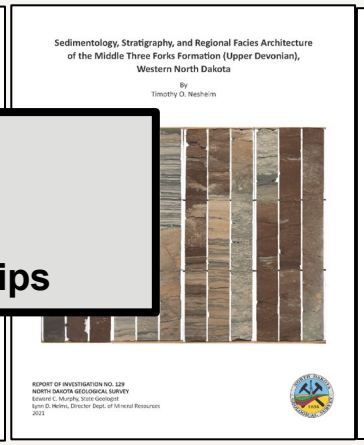


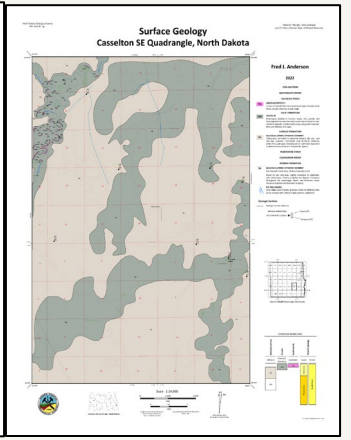


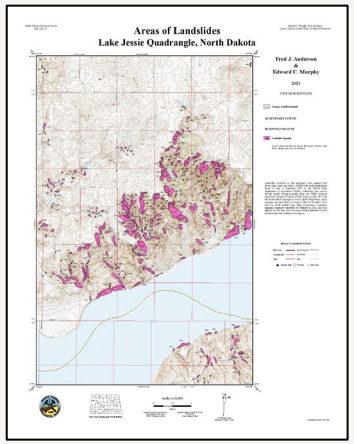


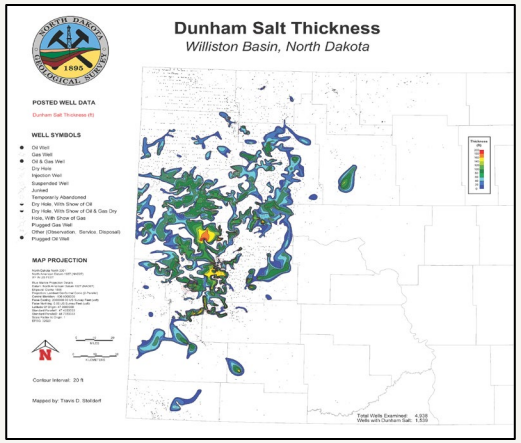


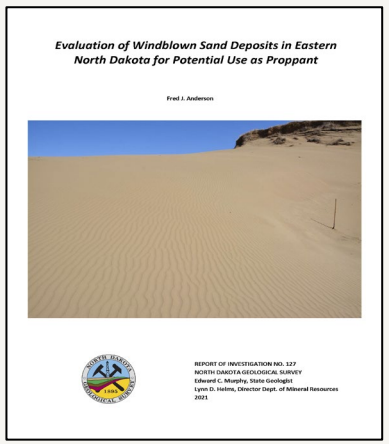


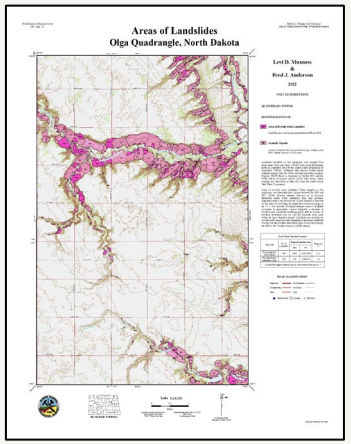












2021 - 2023 BIENNIUM

388 Publications

105 Presentations, tours, fieldtrips

NORTH Dakota | Mineral Resources

Be Legendary.™

Audit | Budget Overview

RECENT AUDIT FINDINGS

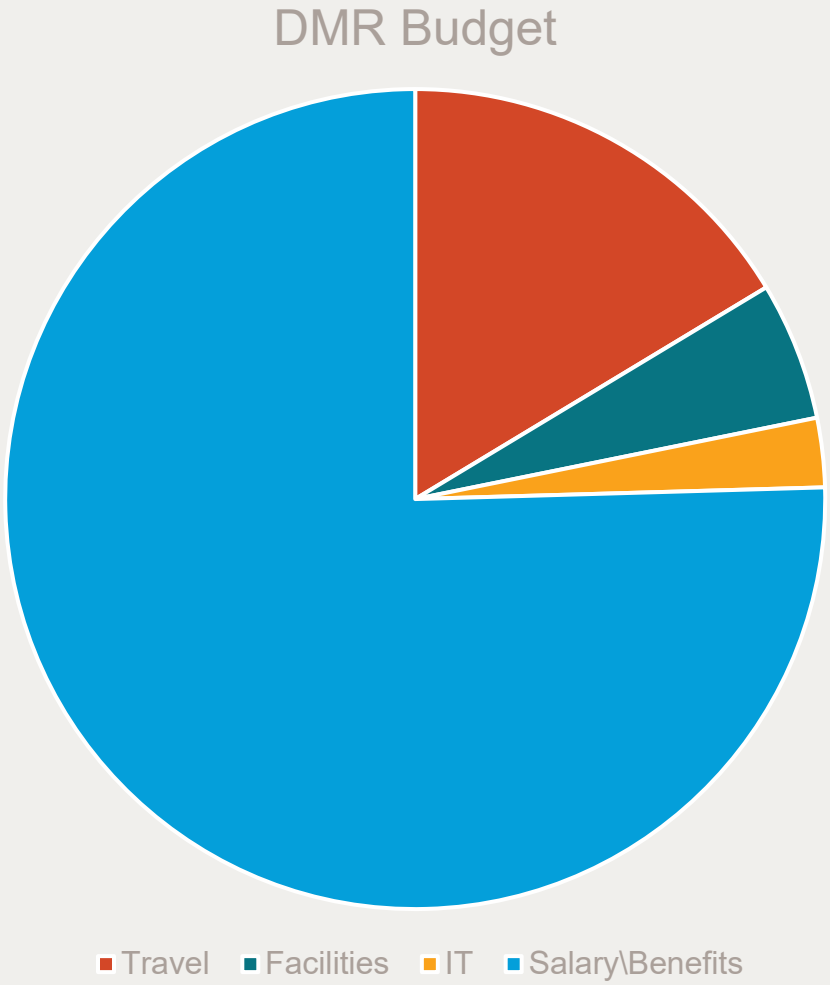
A biennial audit of the Industrial Commission was conducted by the State Auditor's Office in accordance with generally accepted government auditing standards for the two-year period ending June 30, 2020.

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.

2023-2025 DMR BUDGET



The Department of Mineral Resources (DMR) budget is **99% general funds and <1% federal funds**.

Budget costs are primarily salary and benefits (83%).

Federal funds for the **protection of freshwater supplies** are increasing (14%), while program costs continue to significantly rise due to inflation and federal environmental mandates.

The **Operating Budget** consists of travel (36%), primarily state fleet vehicle mileage for fieldwork. Other operating items of significant costs include Lease, Rent, Facilities costs (30%) for the Bismarck office, warehouse, and three field offices; and IT costs (16%), more than half of which are ITD data processing, Telephone, and Contractual Services.

2023-2025 DMR EXECUTIVE RECOMMENDED BUDGET

	2023-25 Base Level	Executive Recommended Budget
40510 Salaries & Benefits	$22,095,326	$23,464,046
Salary Increases		$2,168,675*
40530 Operating Expense	$4,632,291	$6,048,092
40550 Capital Assets	$0	$98,000
40570 Transfers	$0	$250,000
Total Expenditures	$26,727,617	$32,028,813
Less Federal Income	$238,004	$268,000
Total General Fund	$26,489,613	$32,368,164
FTE	101.5	107.0

*Note: based on Executive Budget recommended increases to salary, benefit, health, and retirement.

EXECUTIVE RECOMMENDED BUDGET CHANGES

40510 Salaries & Benefits - The Executive budget recommendation includes $1,368,720 for 5.5 new FTEs: 3 CCUS positions, 1 paleo laboratory technician, 1critical mineral geologist, and 0.5 records management position. It also includes an additional $2,168,675 for pay plan increases and $204,122 in base pay changes which including cost to continue changes.

40530 Operating -The Executive budget includes $821,456 one-time inflationary costs, $230,000 in server transition costs, $100,000 one-time core and mineral analysis costs, and $498,109 for 5.5 new FTE operating costs.

40550 Capital Assets -The Executive budget allowed $80,000 one-time funding for the server transition and $18,000 one-time funding for two scanner/copier/printers.

40570 Transfers - The Executive budget allowed $250,000 one-time funding for a general fund transfer to the Fossil Excavation and Restoration Fund (Paleo Fund).

FTE – The Executive budget increased the FTE count by 5.5 bringing the total count to 107 FTE.

2021-2023 STATE FISCAL RECOVERY FUNDING
(67TH LEGISLATIVE ASSEMBLY SB 2345)

Abandoned Oil Well Conversion to Water Supply

Appropriated: $3,200,000

Expended: $162 (advertising costs)

DMR identified approximately 32 oil and gas wells confiscated by the Commission to plug back and convert to freshwater wells for use by private ranchers or the two western ND grazing associations. Most of the wells are on lands managed by the USFS, are federal wells co-regulated by DMR and BLM, or both. **There has been a lack of cooperation from both the BLM and USFS in approving the plugging procedures and granting surface use approval.** DMR has not given up on receiving their cooperation and has so far identified at least six additional non-federal wells on private surface to convert to freshwater wells.

Funds can continue to be obligated through 12/31/2024 and expended through 12/31/2026. For this reason, a carryover of unexpended funds to the 2023-25 biennium is being requested.

AVAILABLE FEDERAL FUNDING FOR 2023-25 BIENNIUM

Federal Funding Program	2021-2023 Anticipated Award	2021-2023 Anticipated Change	2023-2025 Anticipated Award
UIC Oil & Gas (EPA)	$210,000	$39,000	$240,000
PSC Coal (OSM-DOI)	$15,000	$0	$15,000
Statemap (USGS-DOI)	$13,000	$20,267	$13,000
IIJA Initial Grant (ECRP-DOI)	$0	$2,500,000	$0
Resources of Nat'l Park System (DOA)	$0	$10,000	$0
Data Preservation (DOI)	$0	$5,280	$0

Infrastructure Investment and Jobs Act:

Appropriated: $2,500,000

Expended: $9,775

Funds can continue to be obligated through 10/01/2023 and the performance period ends 04/01/2024. For this reason, a carryover of unexpended funds to the 2023-25 biennium is being requested.

2023-2025 DMR BUDGET

	2023-25 Base Level	Executive Recommended Budget	DMR Essential Budget
40510 Salaries & Benefits	$22,095,326	$23,464,046	$23,793,436
Salary Increases		$2,168,675*	$2,168,675*
40530 Operating Expense	$4,632,291	$6,048,092	$6,326,053
40550 Capital Assets	$0	$98,000	$98,000
40570 Transfers	$0	$250,000	$250,000
Total Expenditures	$26,727,617	$32,028,813	$32,636,164
Less Federal Income	$238,004	$268,000	$268,000
Total General Fund	$26,489,613	$31,760,813	$32,368,164
FTE	101.5	107.0	108.0

*Note: based on Executive Budget recommended increases to salary, benefit, health, and retirement.

DMR ESSENTIAL BUDGET CHANGES

40510 Salaries & Benefits - The difference between the Executive budget and the DMR essential budget is $329,390. This includes $239,390 for one subsurface geologist position and an increase of $90,000 for temporary employees used at the Core Library. The Executive budget did not include these two items.

40530 Operating - The difference between the Executive budget and the DMR essential budget is $277,961. This includes on-going inflationary costs of $65,412 for the change to the Fleet Rate guidelines **after** budgets were already submitted. It also includes $45,199 for the subsurface geologist position operating costs, and $167,350 for professional development. The IOGCC dues of $105,000 is part of the professional development costs. The Executive budget did not include these items.

FTE – The DMR essential budget increases the Executive budget by one FTE bringing the total count to 108 FTE.

OTHER DMR ESSENTIAL BUDGET CHANGES

Carryover Requests:

- The Abandoned Oil Well Conversion to Water Supply program funds can continue to be obligated through 12/31/2024 and expended through 12/31/2026. For this reason, a carryover of unexpended funds to the 2023-25 biennium is being requested items.
- The $2.5 million Initial Grant funds appropriated can continue to be obligated through 10/01/2023 and the performance period ends 04/01/2024. For this reason, a carryover of unexpended funds to the 2023-25 biennium is being requested.
- The 65th Legislative Session SB 2134 Ordinary High Water Mark cases are still ongoing and continue to require expert witness testimony. For this reason, a carryover of unexpended funds to the 2023-25 biennium is being requested.

Ongoing Costs:

The Executive recommended budget provided $821,456 one-time inflationary costs and $100,000 one-time core and mineral analysis costs. DMR is requesting that all inflationary costs be on-going as well as the core and mineral analysis costs.

Emergency Clause:

The Executive recommended budget provided $230,000 in on-going and $80,000 of one-time costs to transitioning agency data storage and website services from on premise servers to an NDITD hosted solution. An emergency clause is requested for a speedier transition.

ONE TIME FUNDING 21-23 BIENNIUM

Other Equipment <$5,000	**Cost**	**Status**
Custom Air Chamber (Paleontology Lab)	$2,500	Seeking Bids
Wifi (PL)	$3,100	Purchased
	$5,600	
Other Equipment >$5,000		
Drone & Mobile Station (Geological Survey)	$10,200	Ordered
Trimble Mobile Receiver & Software (GS)	$14,385	Purchased
Microscope (GS)	$6,400	Purchased
Scope & Camera (PL)	$21,565	Purchased
Dust Collector (PL)	$10,650	Purchased
Pallet Rack Shelving (PL)	$5,122	Seeking Bids
	$68,322	
IT Equipment & Software > $5,000		
Scanner/Printer (Oil & Gas)	$10,000	Purchased
Scanner/Printer (GS)	$10,000	Seeking Bids
Wide-Bed Plotter (GS)	$7,338	Purchased
Wide-Bed Plotter (CL)	$5,000	Ordered
	$32,338	

ONE TIME FUNDING 23-25 REQUESTS

EQUIPMENT AND CAPITAL ASSETS:

IT Equipment <$5,000	
Desktop computers (Geological Survey)	$48,383
Other Equipment <$5,000	
Drone replacement (Geological Survey)	$4,765
Drone replacements (Oil & Gas Division)	$12,500
	$17,265
Other Equipment >$5,000	
Server Transition	$80,000
IT Equip/Software over $5,000	
Scanner/printer (Oil & Gas Permitting)	$10,000
Scanner/printer (Oil & Gas Production)	$8,000
	$18,000

GENERAL FUND TRANSFERS:

Fossil Excavation and Restoration Fund	
Dakota the Mummified Hadrosaur	$150,000
Establishing Fossil Exhibits across ND	$100,000
	$250,000

The Executive Recommended Budget included these one-time funding needs.

BILLS WITH BUDGETARY IMPACT

Operating Fees/Services

Litigation:

The 67th Legislative Assembly established a litigation pool in the Attorney General's budget in the amount of $4,650,000. The Industrial Commission was provided access to the pool for the purpose of defraying expenses associated with possible litigation and other administrative proceedings such as:

- SB 2134 – 2017 65th Assembly – 1 case South Central District Court & 1 case appealed to SCOTUS
- DAPL – US Court of Appeals District of Columbia Circuit
- BLM 11/18/16 Waste Prevention, Production Subject to Royalties, and Resource Conservation Final Rule - US Court of Appeals Tenth Circuit
- BLM 3/26/15 Hydraulic Fracturing on Federal and Indian Lands Final Rule - US Court of Appeals Tenth Circuit

The Governor's recommended budget included $5,000,000 for a statewide litigation pool. The Industrial Commission currently estimates ongoing litigation costs at $3,500,000.

NORTH Dakota | Mineral Resources

Be Legendary.™

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ednd
economic development association of north dakota

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Testimony of Dana Hager
Economic Development Association of North Dakota
In Support of HB 1014
January 12, 2023

Chair Monson and members of the House Appropriations Committee - Government Operations Division:

I am Dana Hager from the Economic Development Association of North Dakota (EDND), and I would like to express our support for HB 1014, 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 HB 1014. Thank you.

Lynn Min Res

Page 6, after line 12, insert:

SECTION 13. TRANSFER STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO OIL AND GAS RESEARCH FUND. The office of management and budget shall transfer the sum of $25,000,000 from the strategic investment and improvements fund to the oil and gas research fund during the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 14. OIL AND GAS RESEARCH FUND – UNDERGROUND ENERGY STORAGE STUDY - REPORT TO LEGISLATIVE MANAGEMENT. Pursuant to the continuing appropriation under section 57-51.1-07.3, the industrial commission shall use up to $25,000,000, or so much of the sum as may be necessary, from the oil and gas research fund to contract with the State Energy Research Center for a salt cavern underground energy storage study. The study must include 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 study. Prior to contracting with the State Energy Research Center, the commission must receive from at least one nonstate entity assurance of financial or other types of support that demonstrate a commitment to the study. The State Energy Research Center shall provide quarterly reports to the industrial commission and at least one report to the legislative management regarding the results and recommendations of the study.

SECTION 15. CRITICAL MINERALS AND RARE EARTH MINERALS RESEARCH FUNDING. $4.5 million dollars are appropriated to the State Energy Research Center (SERC) to broadly evaluate prospective in-state natural resources for the occurrence of economically viable accumulations of critical minerals, including rare-earth elements and other high-value minerals and/or materials that may be amenable to extraction and enrichment. SERC shall work through the North Dakota Geological Survey to conduct an independent, nonmatching critical minerals and rare earth minerals exploration drilling study and with active mineral lessors and developers in carrying out all evaluation efforts. SERC is directed to look broadly at in-state mineral accumulations, including but not limited to coals, ore bodies, oil and gas accumulations, oil and gas produced waters, saltwater zones, shales, etc.

Industrial Commission - Budget No. 405
House Bill No. 1014
Base Level Funding Changes

#17642

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	108.25	$26,489,613	$24,369,185	$50,858,798	108.25	$26,489,613	$24,369,185	$50,858,798
2023-25 Ongoing Funding Changes								
Cost to continue salary increase		$167,219	$8,697	$175,916				$0
Salary increase		1,604,665	142,561	1,747,226				0
Health insurance increase		564,010	41,146	605,156				0
Adds FTE carbon capture positions	3.00	760,911		760,911				0
Adds FTE paleontology position	1.00	196,610		196,610				0
Adds FTE critical minerals position	1.00	276,523		276,523				0
Adds FTE grant administration position	1.00		182,321	182,321				0
Adds FTE deputy director position	1.00		132,646	132,646				0
Adds FTE records management position	0.50	69,497		69,497				0
Transfers $104,785 from operating expenses to salaries				0				0
Increases federal funding for salaries and wages			29,996	29,996				0
ITD rate increases		3,143	1,756	4,899				0
Adds funding for computer server transition		230,000		230,000				0
Increases funding for bond payments			97,839,192	97,839,192				0
Total ongoing funding changes	7.50	$3,872,578	$98,378,315	$102,250,893	0.00	$0	$0	$0
One-Time Funding Items								
Adds one-time funding for FTE carbon capture positions		$31,031		$31,031				0
Adds one-time funding for FTE paleontology position		9,234		9,234				0
Adds one-time funding for FTE critical minerals position		20,134		20,134				0
Adds one-time funding for FTE grant administration position			$1,155	1,155				0
Adds one-time funding for FTE deputy director position			10,955	10,955				0
Adds one-time funding for FTE records management		3,119		3,119				0
Adds one-time funding for temporary employees			75,000	75,000				0
Adds one-time funding for inflationary increases		821,456	35,688	857,144				0
Adds one-time funding for core and mineral analysis		100,000		100,000				0
Adds one-time funding for Transmission Authority consulting		250,000		250,000				0
Adds one-time funding for drones and computers		83,648	54,000	137,648				0
Adds one-time funding for computer server transition		80,000		80,000				0
Adds one-time funding for an electric grid resilience grant		1,372,227	7,520,258	8,892,485				0
Adds one-time funding for fossil restoration		250,000		250,000				0
Total one-time funding changes	0.00	$3,020,849	$7,697,056	$10,717,905	0.00	$0	$0	$0
Total Changes to Base Level Funding	7.50	$6,893,427	$106,075,371	$112,968,798	0.00	$0	$0	$0
2023-25 Total Funding	115.75	$33,383,040	$130,444,556	$163,827,596	108.25	$26,489,613	$24,369,185	$50,858,798
Federal funds included in other funds			*$7,788,258*				*$238,004*	
Total ongoing changes as a percentage of base level	*6.9%*	*14.6%*	*403.7%*	*201.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Total changes as a percentage of base level	*6.9%*	*26.0%*	*435.3%*	*222.1%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*

Other Sections in Industrial Commission - Budget No. 405

Other Sections in Industrial Commission - Budget No. 405

	Executive Budget Recommendation	House Version
Bond payments	Section 3 would provide legislative intent for bond payments during the 2023-25 biennium.	
Administrative cost transfers	Section 5 would allow the Industrial Commission to transfer up to $1,619,045 from special funds from the entities under the control of the Industrial Commission for administrative services. Section 19 would provide an exemption allowing unspent prior biennium appropriation authority for administrative costs to be available in the 2023-25 biennium.	
Legacy earnings fund	Sections 12 and 13 would transfer $55 million from the legacy earnings fund to the oil and gas research fund ($5 million) and to the clean sustainable energy fund ($50 million).	
Strategic investment and improvements fund	Section 14 would transfer $500 million from the strategic investment and improvements fund to the clean sustainable energy fund including $250 million prior to the end of the 2021-23 biennium and $250 million during the 2023-25 biennium.	
North Dakota outdoor heritage fund	Section 15 would decrease the oil and gas tax revenue allocation limit to the North Dakota outdoor heritage fund from $20 million per fiscal year to $7.5 million per fiscal year for the 2023-25 biennium, the same as the 2021-23 biennium.	
Oil and gas research fund	Section 16 would increase the allocations to the oil and gas research fund by $4.5 million, from $10 million to $14.5 million for the 2023-25 biennium, the same as the 2021-23 biennium.	
Federal State Fiscal Recovery Fund exemption	Sections 20, 21, and 22 would provide an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a pipeline infrastructure grant ($150 million), a hydrogen development grant ($20 million), and an abandoned oil well conversion program ($3.2 million).	
Abandoned well federal funding exemption	Section 23 would provide an exemption allowing unspent federal funding authorized by the Emergency Commission to be available in the 2023-25 biennium related to administrative costs for plugging and reclaiming oil wells and oil well sites.	
Survey review exemption	Section 24 would provide an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority for a survey review during the 2023-25 biennium.	

BND
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America's Only Bank - Owned by a State
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House Bill 1014

- Challenges
- Capital Drives Growth
- 23-25 Budget Request
- Governor's budget compared to BND proposal
- Capital Requests
- FTE Request Detail

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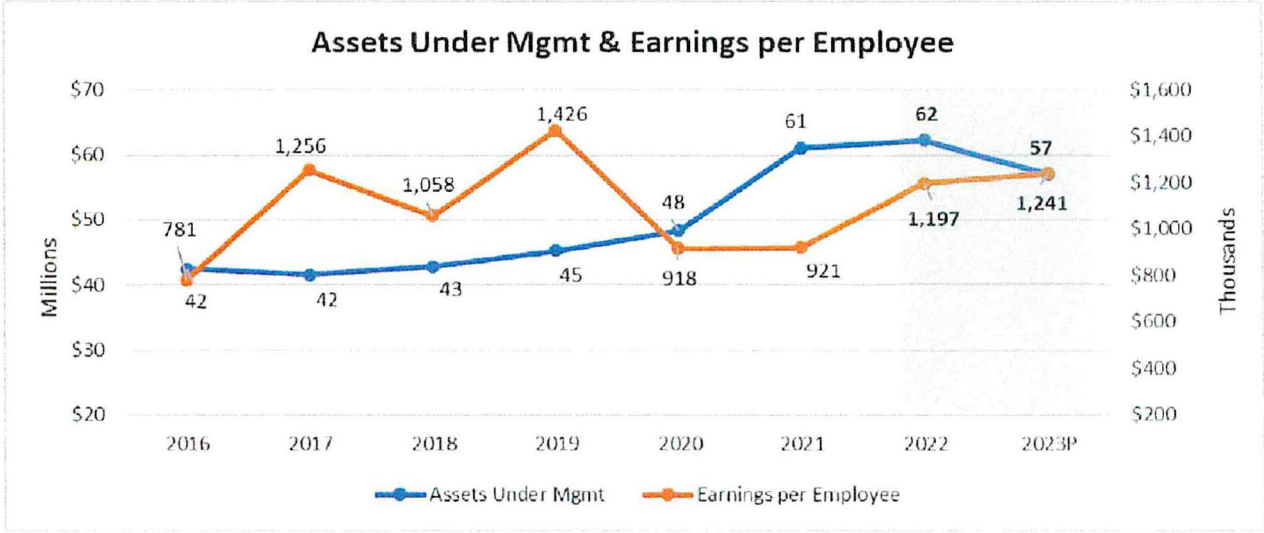
Challenges

- Capital Constraints
  - Effects lending ability i.e., Lines of Credit to State Agencies and Others

- Retention and Recruitment
  - Lack of meaningful equity raises over the last three biennium's
  - 62% of BND employees are below the salary midpoint
  - BND's turnover rate has increased from 7.0% in 2020 and 9.0% in 2021 to an annualized rate of 11.4% in 2022



$1.19 million of earnings per FTE

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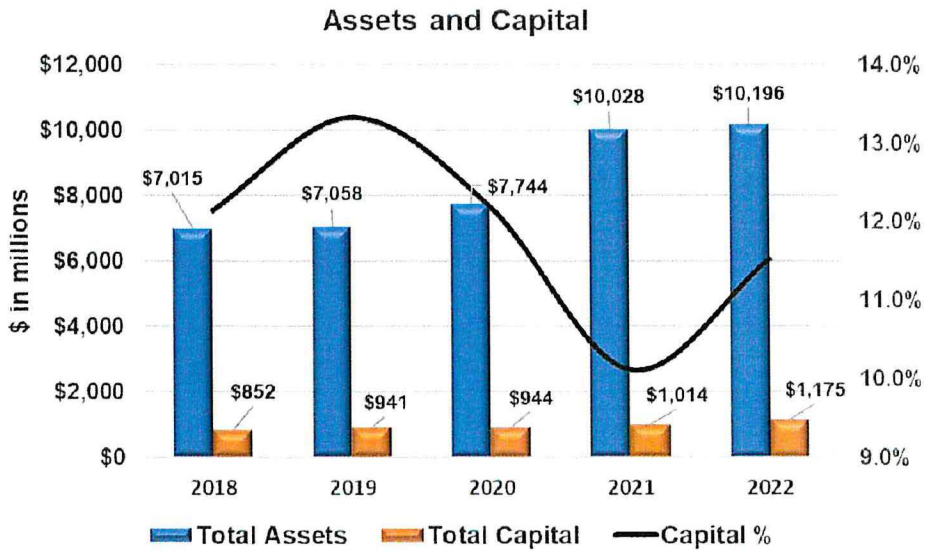
Capital Drives Growth

- What is Bank Capital?
  - Asset minus Liabilities = Capital
  - Profits that are retained at the Bank by the legislative body
  - Internal target of 12%

- Banks are required to have adequate Capital reserves to handle a certain amount of losses before being at risk of becoming insolvent

- Capital determines acceptable levels of lending concentration i.e., diversification
  - Lower levels of capital effect lending ability
    - Lines of credit for state programs and state agencies
    - Letters of credit to support large projects

- BND is participating in much larger transactions
  - The average commercial loan size in 2017 was $1.3 million; today the average loan is $2.4 million, an 84% increase



Goal of achieving $1.5 billion in capital by the end of 2026

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Requests Effecting BND Capital

- $20.0 million additional for PACE programs for current 21-23 biennium
- $1.5 million HB 1031 Dual Credit Scholarships (emergency measure)
- No General Fund contributions for the 23-25 biennium
- $1.5 million to support ND Small Business Development Center
- $5.0 million for Agriculture Product Utilization Commission
- $60.0 million for PACE Programs (as detailed below)

Program	Budget 21-23	Proposed Budget 23-25	Proposed Increase
PACE/Flex PACE	$26,000,000	$39,000,000	$13,000,000
Ag PACE	$5,000,000	$5,000,000	-
Biofuels PACE	$1,000,000	$1,000,000	-
Beginning Farmer	$8,000,000	$15,000,000	$7,000,000
Total	$40,000,000	$60,000,000	$20,000,000

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23-25 Budget Request

BND is a special fund agency. All expenses, including employee salaries are funded by revenues generated by the Bank.

	Biennium Budget 21-23	Proposed Budget 23-25	Change
Operations	$67,306,546	$74,860,232	$7,553,686
Capital Assets	$1,510,000	$1,510,000	-
Total	$68,816,548	$76,370,232	$7,553,686
FTEs	173	190	17

- $3,712,450 for 17 additional FTE's – BND only adds FTEs as needed (includes benefits, no 6%/4%)
  - 7 - Collateral Valuation
  - 6 - Lending
  - 2 - Credit Administration
  - 1 - Business Development for a University/Student Development Coordinator
  - 1 - Staff Accountant
- $986,312 - health insurance increase
- $894,924 - accounts for the continuation of the 21-23 legislative salary increases along with additional costs related to employee turnover and recruitment
- $804,000 - major IT related enhancements
- $750,000 - equity increases given current market challenges
- $406,000 - vendor inflation adjustments

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Governor Proposed compared to BND Request

BND is a special fund agency. All expenses, including employee salaries are funded by revenues generated by the Bank.

	Governor's Proposed Budget	Less 6%/4%	Adjusted Governor's Proposed Budget	BND Proposed Budget 23-25	Difference
Operations	$74,395,765	($1,410,373)	$72,985,392	$74,860,232	$1,874,840
Capital Assets	$1,510,000	-	$1,510,000	$1,510,000	-
Total	$75,905,765	($1,410,373)	$74,495,392	$76,370,232	$1,874,840
FTEs	181		181	190	9

- $1,874,840 - related to 9 additional FTEs in BND's request, this includes benefits but excludes the proposed 6%/4% salary increase by the Governor
- Governor's budget proposal included 8 additional FTEs

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FTE Request by Position

# of FTE's	Service Area	Job Title	Estimated Timing	Paygrade	Annual Salary Midpoint	Biennium Request
6	Lending	Loan Servicing Associate Lead/Sr/Supervisor	7/1/2023	B05	$ 67,829	$ 135,658
		Loan Operations Supervisor/Manager	7/1/2023	B06	$ 78,260	$ 156,520
		Business Banking Associate II	7/1/2023	B03	$ 50,086	$ 100,172
		Loan Servicing Associate II	7/1/2023	B03	$ 50,086	$ 100,172
		Loan Servicing Associate III	7/1/2023	B04	$ 57,399	$ 114,798
		Business Banker I	7/1/2023	B07	$ 92,872	$ 185,744
1	Business Dev.	University/Student Development Coordinator	7/1/2023	B05	$ 67,829	$ 135,658
1	Accounting	Staff Accountant III	7/1/2023	B06	$ 78,260	$ 156,520
2	Underwriting	Credit Analyst III	7/1/2023	B06	$ 78,260	$ 156,520
		Credit Analyst II	7/1/2023	B05	$ 67,829	$ 135,658
7	Collateral Valuation	Commercial Valuation Supervisor	7/1/2023	B08	$ 106,433	$ 212,866
		Agricultural Valuation Supervisor	7/1/2023	B08	$ 106,433	$ 212,866
		Collateral Valuation Analyst IV	7/1/2023	B07	$ 92,872	$ 185,744
		Collateral Valuation Analyst IV	7/1/2023	B07	$ 92,872	$ 185,744
		Collateral Valuation Analyst IV	7/1/2023	B07	$ 92,872	$ 185,744
		Collateral Valuation Analyst III	7/1/2023	B06	$ 78,260	$ 156,520
		Collateral Valuation Analyst III	7/1/2023	B06	$ 78,260	$ 156,520
17	Total					$ 2,673,424
					Benefit Costs	$ 1,039,025
					Total Salaries and Benefits	**$ 3,712,450**

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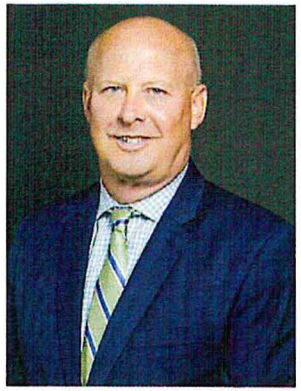
Thank You!



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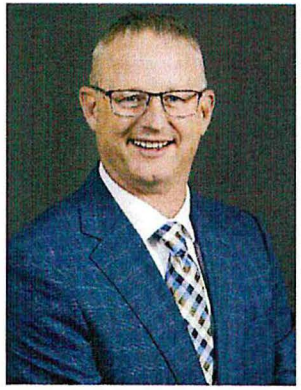

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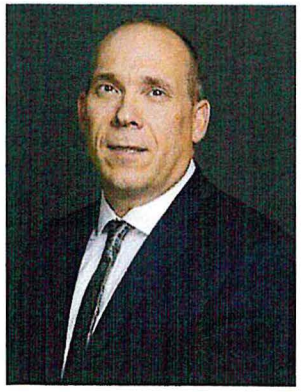

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PROPOSED AMENDMENTS TO HB 1014

SEPARATE DMR FROM OFFICE OF THE INDUSTRIAL COMMISSION/PFA:

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 the agencies under its control, for the biennium beginning July 1, 2023, and ending June 30, 2025, as follows:

Subdivision 1.

~~INDUSTRIAL COMMISSION~~

	~~Base Level~~	~~Governor's Recommendation~~	~~Appropriation~~
~~Salaries and wages~~	~~$23,698,119~~	~~$27,837,400~~	~~$23,698,119~~
~~Operating expenses~~	~~5,119,958~~	~~6,839,798~~	~~5,119,958~~
~~Capital assets~~	~~0~~	~~128,000~~	~~0~~
~~Grants - bond payments~~	~~22,040,721~~	~~119,879,913~~	~~22,040,721~~
~~Grants~~	~~0~~	~~8,892,485~~	~~0~~
~~Fossil restoration fund~~	~~0~~	~~250,000~~	~~0~~
~~Total all funds~~	~~$50,858,798~~	~~$163,827,596~~	~~$50,858,798~~
~~Less estimated income~~	~~24,369,185~~	~~130,444,556~~	~~24,369,185~~
~~Total general fund~~	~~$26,489,613~~	~~$33,383,040~~	~~$26,489,613~~
~~Full-time equivalent positions~~	~~108.25~~	~~115.75~~	~~108.25~~

INDUSTRIAL COMMISSION AND PUBLIC FINANCE AGENCY

	Base Level	Governor's Recommendation	Appropriation
Salaries and wages	**$1,602,793**	**$2,204,679**	**$2,204,679**
Operating expenses	**487,667**	**791,706**	**791,706**
Capital assets	**0**	**30,000**	**30,000**
Grants - bond payments	**22,040,721**	**119,879,913**	**119,879,913**
Grants	**0**	**0**	**0**
Total all funds	**$24,131,181**	**$131,798,783**	**$131,798,783**

Less estimated income	**24,131,181**	**130,176,556**	**130,176,556**
Total general fund	**$0**	**$1,622,227**	**$1,622,227**
Full-time equivalent positions	**6.75**	**8.75**	**8.75**

Subdivision 2.

DEPARTMENT OF MINERAL RESOURCES

	Base Level	Governor's Recommendation	Appropriation
Salaries and wages	**$22,095,326**	**$25,632,721**	**$25,632,721**
Operating expenses	**4,632,291**	**6,048,092**	**6,048,092**
Capital assets	**0**	**98,000**	**98,000**
Grants - bond payments	**0**	**0**	**0**
Grants	**0**	**0**	**0**
Total all funds	**26,727,617**	**32,028,813**	**32,028,813**
Less estimated income	**238,004**	**268,000**	**268,000**
Total general fund	**26,489,613**	**31,760,813**	**31,760,813**
Full-time equivalent positions	**101.5**	**107.0**	**107.0**

IIJA GRANT PROGRAM FOR GRID RESILIENCE

SECTION 2. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium:

One-Time Funding Description	2021-23	2023-25
Paleontology and geological equipment	$106,260	$0
Transfer to clean sustainable energy fund	25,000,000	0
Pipeline grant fund	150,000,000	0
Abandoned well conversion program	3,200,000	0
Hydrogen grants	20,000,000	0
Bank of North Dakota - contingent loan repayment	17,500,000	0
Bank of North Dakota - bond proceed allocation	680,000,000	0

Bank of North Dakota - agriculture diversification fund	10,000,000	0
Bank of North Dakota - fuel production incentives	21,000,000	0
Housing finance agency - housing incentive fund	9,500,000	0
Housing finance agency - housing assessment	35,000	0
Infrastructure Investment and Jobs Act Grant and Match	**0**	**8,623,893**
Total all funds	$936,341,260	$0
Less estimated income	874,235,000	0
Total general fund	$62,106,260	$0

GRANT MANAGEMENT SYSTEM:

NEW SECTION. TRANSFER – ENTITIES WITHIN THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND. Up to $250,000 may be transferred from each of the following entities within control of the state industrial commission to the industrial commission fund for the purpose of contracting for or development of grant management technology systems: Clean Sustainable Energy Authority, Lignite Research, Development and Marketing Program, Oil and Gas Research Program, Outdoor Heritage Fund, and Renewable Energy Program. Transfers shall be made during the biennium beginning July 1, 2023 and ending June 30, 2025.

REQUESTED AMENDMENTS TO HB 1014: INDUSTRIAL COMMISSION

SECTION 1. APPROPRIATION:

INDUSTRIAL COMMISSION/PFA

1. **Separate DMR budget from Office of Industrial Commission/PFA, move to subdivision 2 and renumber accordingly**

   Rationale:

   - Increased transparency
   - Growing workload of the Office of Industrial Commission

2. **Increase Office of Industrial Commission/PFA FTE authorization from 6.75 to 9.75[1]**

   Rationale:

   - One FTE for PFA
     - The Executive Director is eligible to retire in 2024. To assure a smooth transition for the next agency leader and afford them time to learn the role, an additional FTE is requested for the second year of the biennium. Included in this request for the FTE are salary and benefits along with travel, professional development, computer, and other necessary equipment.
   - Two FTEs for Office of the Industrial Commission
     - One grants administrator and one administrative assistant are needed
     - The Office carries out the duties of the Industrial Commission, including coordinating over 36 public meetings each year, serving as the contracting office for the Commission's programs, and managing over $268 million in grant projects.
     - Workload for the Office of the Industrial Commission continues to grow. Over 630 grant requests are currently processed by the Office each year.
     - As the Commission looks to increase access and responsiveness for the public, additional efforts are needed to increase amount of special grant rounds and digitize records and processes
     - Proposals introduced during the 68th Legislative Session would increase the duties of the Industrial Commission, including:
       - 1369: Fertilizer Development Fund
       - 1379: Includes $30 million appropriation for CSEA
       - 2089: Flare mitigation incentive grant program
       - 2161: Increased investments in SERC; Commission manages contract
       - 2165: Includes $300 million appropriation for CSEA
       - Rare-earth element study amendment
       - Salt cavern study amendment

[1] +1 FTE from Governor's recommendation due to anticipated increased responsibilities from 68th legislative session proposals

3. **Appropriation of $2,505,622 for salary and wages for Office of Industrial Commission/PFA[2]**

Rationale:

- 1 Deputy Director FTE for PFA, 1 grants administrator and 1 administrative assistant for Industrial Commission

4. **Add $35,688 to Office/PFA operating expenses for inflationary costs[3]**

Rationale:

- Inflationary costs for IT data processing, professional development, equipment, software licenses, travel, and office space lease
    - $20,305 for Office of Industrial Commission
    - $15,383 for PFA

5. **Add $30,000 to capital assets for PFA accounting software**

Rationale:

- Costs to upgrade PFA accounting software

6. **Add $400,000 to Office of Industrial Commission operating expenses for Transmission Authority contract[4]**

Rationale:

- Growing importance and need for Transmission Authority
    - Over 100 GW of baseload power generation retiring, less than 10% will be replaced
- Challenged by increasing power demand with decreasing baseload power generation, increased transmission congestion
    - Holding back future energy growth potential for North Dakota
- Need to ensure North Dakota's position is represented at the regional and national level
    - Representation on MISO and SPP
- Resource for state and local agencies
    - NDIC, PSC, Commerce, counties, etc.

7. **Add $12,400 to Office of Industrial Commission operating expenses for travel during the 2023-2025 biennium[5]**

[2] +1 FTE from Governor's recommendation
[3] Differs from Governor's recommendation, which placed inflationary costs under one-time funding
[4] Differs from Governor's recommendation, which placed contract under one-time funding
[5] Was not included in Governor's recommendation

Rationale:

- Planned travel costs, including 4 national conferences, 10 state conferences, and other statewide meetings

8. **Add $50,000 to Office of Industrial Commission capital assets for meeting management software**

Rationale:

- More efficient management of over 30 public meetings per year
- Increased transparency and quicker response time

DEPARTMENT OF MINERAL RESOURCES

9. **Add $791,942 for 3 Carbon Capture Underground Storage program FTEs (included in Executive Recommended budget) and $62,460 for an emergency measure**

Rationale:

- 2 FTE geologists and 1 FTE petroleum engineer Inspector
  - $715,134 salaries and wages
  - $45,777 ongoing operating
  - $31,031 one-time operating
- Emergency clause allows for immediate hiring and includes two months of additional expenses:
  - $59,595 salaries and wages
  - $2,865 operating (motor pool/taxable meals)
- Growing interest in CCUS permits; over 120 hours per permit application
- Increase response time

10. **Add $205,844 for a Paleo Laboratory Technician FTE (included in Executive Recommended budget)**

Rationale:

- 1 FTE geologist
  - $167,102 salaries and wages
  - $29,508 ongoing operating
  - $9,234 one-time operating
- Accommodates growing public interest in public fossil dig program

11. **Add $296,657 for a Critical Minerals Geologist FTE (included in Executive Recommended budget)**

Rationale:

- 1 FTE critical minerals geologist

- $216,028 salaries and wages
- $70,495 ongoing operating
- $10,134 one-time operating

- Expanding research and sample collection of critical minerals

12. Add $284,589 for a Subsurface Geologist FTE[6]

Rationale:

- 1 FTE subsurface geologist
  - $239,390 salaries and wages
  - $35,565 ongoing operating
  - $9,634 one-time operating
- Expanding program, increasing public response and access to subsurface geology info used by industries and researchers

13. Add $72,616 for Records Management 0.5 FTE (included in Executive Recommended budget)

Rationale:

- 0.5 FTE records management
  - $66,334 salaries and wages
  - $3,163 ongoing operating
  - $3,119 one-time operating
- Moving existing part-time employee to full-time, adding records management to duties

14. Add $90,000 for temporary employee salaries appropriation[7]

Rationale:

- Temporary salaries at the Wilson M. Laird Core and Sample Library

15. Add $204,122 for base line salary changes (included in Executive Recommended budget)

Rationale:

- Cost to continue increase $167,219
- Transfer operating expenses to salaries $6,907
- Increase federal funding $29,996

16. Add $886,868 as ongoing operating expenses for inflationary costs[8]

Rationale:

[6] Not included in Governor's recommendation
[7] Not included in Governor's recommendation
[8] Differs from Governor's recommendation, which placed inflationary costs under one-time funding and includes $65,412 of fleet rate increases from DOT changing fleet rate guidelines AFTER budgets were submitted.

- Inflationary costs for motor pool, mileage, IT costs, and rent – predominantly (over $800,000) due to the fleet rate increase from $0.23/mile in the 2021-23 biennium to $0.56/mile in the 2023-25 biennium
    - $68,532 for Geological Survey; $818,336 for Oil and Gas Division

17. Appropriation of $83,648 in one-time costs for IT equipment (included in Executive Recommended budget)

Rationale:

- One-time costs for updating computers, drones, and printer/scanners
    - $65,648 operating
    - $18,000 capital assets

18. Appropriation of $310,000 for computer server transition with emergency measure[9]

Rationale:

- Transition agency data storage and website services to NDITD-hosted cloud solution
    - $230,000 ongoing operating
    - $80,000 one-time capital asset

19. Appropriation of $100,000 for core and mineral analysis[10]

Rationale:

- To provide continued core and mineral laboratory rock analysis

20. Appropriation of $167,350 in operating costs for professional development[11]

Rationale:

- $105,000 for IOGCC dues
- $62,350 for employee training costs

21. Add ($3,764) for base line operating changes (included in Executive Recommended budget)

Rationale:

- ITD rate increases $3,143
- Transfer operating expenses to salaries ($6,907)

[9] Emergency measure was not included in Governor's recommendation
[10] Differs from Governor's recommendation, which placed analysis under one-time funding
[11] Not included in Governor's recommendation

BANK OF NORTH DAKOTA

22. Appropriation of $74,860,232 for operating costs
Appropriation of $1,510,000 for capital assets
Total proposed appropriation of $76,370,232

Rationale:

- Increase of $7,553,686 to account for additional employees and rising costs in health care; continuation of legislative salary increases; IT enhancements; and vendor inflation.
- BND has experienced substantial increases in the loan portfolio and administered loan programs. Since 2019, the loan portfolio is up 18% with commercial participations increasing by 54%. BND's total loan portfolio now exceeds $5.4 Billion. Legislatively Directed programs continues to increase with assets up 27% to $904 million since 2019.

23. Appropriation of BND Capital for PACE and other programs supported by BND

- 60 million for PACE programs
- $5.0 million for the Agriculture Product Utilization Commission
- $1.5 million to support the North Dakota Small Business Development Center
- $1.5 million to support dual credit scholarships

HOUSING FINANCE AGENCY

24. Add 6 FTEs[12]

2 FTE for Compliance - $437,816

Rationale:

- Mortgage, state and federal regulations across all programs
- Financial institution standard – one compliance/auditor per every $400 million in average daily assets – NDHFA has $1.8 billion in assets.
- Currently have one person allocating part of time.
- Must ensure compliance to not jeopardize bond and agency ratings by Moody's, meet investor criteria, and federal regulations.
- Small staff in this area has been cited by Moody's as a detriment.
- The Governor's budget recommendation included one position. HFA requests the second position be included - $218,908.

2 FTE for Business Analysts - $466,592

Rationale:

- Increasing complex IT specific to mortgages and federal programs.
- Meet technology needs to provide efficiency for our business partners and citizens.
- Important for insuring IT systems support compliance with regulations.

[12] Differs from Governor's recommendation of adding 3 FTEs

- Succession planning to ensure continued support for vital systems due to upcoming retirements for these specialized positions.

2 FTE for Mortgage Loan Specialists - $328,272

Rationale:

- Currently 10 FTEs servicing 11,494 loans = employee to loan ratio of 1:1,149
- Private market employee to loan ration standard is 1:850.
- Adding 2 FTEs NDHFA employee to loan ratio will be 1:958.
- Based on the Housing Needs Assessment – business estimated to increase through 2025 due to large population entering or in prime homebuying age.
- NDHFA requests these positions be included to have a more manageable workload
- The Governor's budget recommendation did not include these two positions. HFA requests the two positions be included - $328,272.

25. Appropriation of $12,853,050 for salaries and wages[13]

Rationale:

- $1,232,680 for six additional FTEs detailed in item 1.
- $716,072 for the Governor's salary increase package.
- $267,478 for the health insurance premium increase.
- $954,010 for the cost to continue salary adjustment to accommodate adjustments caused by turnover, equity adjustments and succession planning.
- $84,538 transfer from Dept of Commerce for ESG program.
- $42,000 temporary salary for succession planning – not included in the Governor's recommendation. HFA requests it be included.

26. Appropriation of $10,903,883 for operating expenses[14]

Rationale:

- $4,531,830 for increase in the home loan programs including SRP premium, loan loss and other direct costs associated with the purchase and servicing of mortgage loans.
- $62,803 transfer from Dept of Commerce for ESG program.
- $34,548 base changes from OMB for shared software and service rates
- $165,642 for inflation and rate increases for operating expenses including equipment, office rent, supplies and training. This amount was not included in the Governor's recommendation. HFA requests it be included.

[13] Differs from Governor's Recommendation
[14] Differs from Governor's Recommendation

27. Appropriation of $20,000 for capital assets

Rationale:

- $(150,000) decrease for software purchases.
- $20,000 for equipment greater than $5,000. Expected copier purchase.

28. Appropriation of $47,875,322 for grants

Rationale:

- $1,147,341 transfer from Dept of Commerce for ESG program.
- $1,330,212 transfer from Dept of Commerce for ND Homeless Grant.
- $1,949,910 increase of federal grants including HOME-ARP and an increase in Contract Administration rental assistance.
- $380,000 increase for agency grants for housing rehab.
  - Meet Agency mission of providing safe affordable housing.
  - Meet issues identified in the Statewide Housing Needs Assessment
  - Increase is based on financial analysis.
  - Takes into account the Agency requested FTE, salary, and operations requests.

29. Appropriation of $100,000 for HFA contingency

Rationale:

- $0 change from base.

MILL AND ELEVATOR ASSOCIATION

30. Increase North Dakota Mill FTE authorization from 156 to 170.

Rationale:

- Three (3) FTEs to add a second shift grain cleaning crew.
  - Increased production capacity has required an additional 25,000 bushels of wheat be mixed and transferred to the mills each day.
- Three (3) FTEs for equipment maintenance – mechanic, electrician, equipment oiler.
  - Recent addition of two new milling units have increased the amount of equipment to be maintained.
- Three (3) FTEs for Midds Storage & Handling Facility (currently under construction)
  - Upon completion of construction (2/2024 scheduled completion date), 3 employees are needed to allow for 24/7 running of the facility.
- Five (5) FTEs to convert milling department from a 3-shift operation to a 4-shift operation.
  - 4th shift adoption would require 3 Millers, 1 Assistant Miller, 1 Grain Cleaner
  - Milling department runs 24/7 usually 6 to 7 days per week.
  - Reduces overtime within the department.
  - Offers a better work life balance to our employees.
  - Many of our new hires are not wanting to work overtime or more than five days per week.

31. Appropriation of $57,565,044 for salaries and wages

Rationale:

- 3.25% wage increases per our labor union agreement.
    - Our current labor union agreement is negotiated through 6/30/2025. We have agreed to 3.25% or the legislative appropriated wage increase, whichever is greater.
    - Appropriations requested for this line item is $2,314,183.
    - If the legislative appropriated amount is greater than 3.25%, we would need additional funds appropriated to our salary and wages.
- Increase in funding for overtime.
    - NDM budgets to run our facility 24/7 for 7 days per week.
    - With wage increases, the cost of overtime increases.
    - NDM has incurred more overtime due to the increase in milling capacity.
    - Appropriation requested for this line item $1,352,923.
- Three (3) FTEs to add a second shift grain cleaning crew.
    - Appropriation requested for this line item $475,578.
- Three (3) FTEs for equipment maintenance – mechanic, electrician, equipment oiler.
    - Appropriation requested for this line item $560,422.
- Three (3) FTEs for Midds Storage & Handling Facility (currently under construction)
    - Appropriation requested for this line item $468,246.
- Five (5) FTEs to convert milling department from a 3-shift operation to a 4 shift operation.
    - Appropriation requested for this line item $863,086.
- NDM does not have the increase in employee health insurance in this appropriation request.

32. Add $5,569,550 to operating expenses due to inflation and business growth.

Rationale:

- Inflationary increase of 9% used across all operating expense categories.
- NDM completed the addition of two new milling units (H & I units) and the conversion of the D unit, resulting in an increase of 11,000 cwts of flour production daily.
- Additional increases in expense categories due to other factors
    - Utilities
        - WAPA is increasing rates over 15% starting 1/1/2023.
        - Natural gas prices have increased dramatically.
        - 2023-2025 biennium is the first full biennium with the increased capacity of the H & I milling units.
    - Maintenance & Repairs
        - Adding more equipment relates to higher maintenance and repair costs.
    - Insurance

- Inflation has increased the value of the property that we are required to cover.
- Expansions have increased our insurance coverage values.
- Food safety issues continue to rise in the industry.
- Property insurance rates continue to remain high with all the natural disasters occurring worldwide.

SECTION 2. ONE-TIME FUNDING

1. **Add $8,623,893 of one-time funding for Infrastructure Investment and Jobs Act Grant Funding and Match**

   Rationale:

   - $7,499,037 in federal grant dollars for 2023-2025 biennium
   - $1,124,856 state match required

2. **$1.25 million one-time funding for grant management software, charged back to grant programs**

   Rationale:

   - Convert existing paper processes to electronic management
   - Would increase responsiveness to grantees and reduce opportunities for mistakes
   - Increasing workload, over 630 requests processed per year

3. **$226,800 appropriated DMR one-time funding consists of:**

   Rationale:

   - $31,031 Carbon Capture Underground Storage program FTEs (Sec. 1, #8)
   - $9,234 Paleo Laboratory Technician FTE (Sec. 1, #9)
   - $10,134 Critical Minerals Geologist FTE (Sec. 1, #10)
   - $9,634 Subsurface Geologist FTE (Sec. 1, #11)
   - $3,119 Records Management 0.5 FTE (Sec. 1, #12)
   - $83,648 for IT equipment (Sec. 1, #16)
   - $80,000 for computer server transition (Sec. 1, #17)

SECTION 5. TRANSFER – ENTITIES UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND

1. **Change sum to $3,208,613**[15]

   Rationale:

   - $1,958,613 to accommodate Commission's requested FTEs and administrative services
   - $1.25 million one-time funding for grants management software charged back to grant programs

SECTION 6. TRANSFER – BANK OF NORTH DAKOTA PROFITS TO GENERAL FUND

1. **Remove Section 6 from HB 1014**

   Rationale:

   - Allow BND to retain profits, which allows the Bank to increase their services to North Dakota, increase borrowing, etc.

NEW SECTIONS.

1. **$5,000,000 from legacy earnings fund for iPipe Program**

   Rationale:

   - Development of new and emerging technologies for detecting and preventing pipeline leaks
   - Through oil and gas research program

2. **$50 million from legacy earnings fund and $500 million from SIIF for Clean Sustainable Energy Authority**

   Rationale:

   - Continue CSEA with $50 million for grants, $500 million for loans

3. **Continue $20 million in hydrogen ARPA funding for next biennium**

   Rationale:

   - Allow appropriated ARPA funds to continue into next biennium

4. **General fund one-time transfer of $250,000 to the fossil restoration fund (included in Executive Recommended budget)**

[15] Differs from Governor's recommendation

Rationale:

- Excavation and restoration of fossils for display in North Dakota museums and public venues
    - $100,000 towards fossil exhibits in towns across the state
    - $150,000 finish preparation work on Dakota-the mummified hadrosaur

5. **General fund one-time transfer of additional $20,000 to the fossil restoration fund with an emergency measure (not included in Executive Recommended budget)**

Rationale:

- Walhalla exhibit originally planned at $3,000 but now requesting a larger exhibit and to be available by July for a planned event.

6. **Exemption allowing unexpended $3.2 million of water conversion program to carry-over**

Rationale:

- Federal appropriation granted under Senate Bill 2345, Section 1(2) from the state disaster relief fund for abandoned oil well conversion to water supply program
- Can obligate funds through 12/31/2024 and expend funds through 12/31/2026

7. **Exemption allowing unexpended $2.5 million of initial grant plugging and reclamation program to carry-over**

Rationale:

- Federal appropriation granted during Budget Section Committee for the purpose of orphaned well site plugging, remediation, and reclamation program
- Can obligate funds through 10/01/2023 and expend funds through 04/01/2024

8. **Exemption allowing unexpended $800,000 of survey review-ordinary high-water mark to carry-over**

Rationale:

- Funding granted during 65th Legislative Assembly and carried over for the purpose of expert legal testimony associated with the ordinary high water mark survey
- Unexpended funds available for expert legal testimony associated with the survey review until June 30, 2025

9. **TRANSFER STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO OIL AND GAS RESEARCH FUND.** The office of management and budget shall transfer the sum of $25,000,000 from the strategic investment and improvements fund to the oil and gas research fund during the biennium beginning July 1, 2023, and ending June 30, 2025.

10. **OIL AND GAS RESEARCH FUND – UNDERGROUND ENERGY STORAGE STUDY - REPORT TO LEGISLATIVE MANAGEMENT** Pursuant to the continuing appropriation under section 57-51.1-07.3, the industrial commission shall use up to $25,000,000, or so much of the sum as may be

necessary, from the oil and gas research fund to contract with the State Energy Research Center for a salt cavern underground energy storage study. The study must include 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 study. Prior to contracting with the State Energy Research Center, the commission must receive from at least one nonstate entity assurance of financial or other types of support that demonstrate a commitment to the study. The State Energy Research Center shall provide quarterly reports to the industrial commission and at least one report to the legislative management regarding the results and recommendations of the study.

11. **CRITICAL MINERALS AND RARE EARTH MINERALS RESEARCH FUNDING.** $4.5 million dollars are appropriated to the State Energy Research Center (SERC) to broadly evaluate prospective in-state natural resources for the occurrence of economically viable accumulations of critical minerals, including rare-earth elements and other high-value minerals and/or materials that may be amenable to extraction and enrichment. SERC shall work through the North Dakota Geological Survey to conduct an independent, nonmatching critical minerals and rare earth minerals exploration drilling study and with active mineral lessors and developers in carrying out all evaluation efforts. SERC is directed to look broadly at in-state mineral accumulations, including but not limited to coals, ore bodies, oil and gas accumulations, oil and gas produced waters, saltwater zones, shales, etc.

12. **EMERGENCY MEASURES.** Items #8 and #17 under Section 1, and item #2 under Section 6 are declared to be emergency measures.

Rationale:

- Sec. 1, item #8, allows for immediate hiring and includes two months of additional expenses:
  - $59,595 salaries and wages
  - $2,865 operating (motor pool/taxable meals)
- Sec. 1, item #17, allows for immediate start of server transition to NDITD-hosted cloud solution.
  - $230,000 ongoing operating
  - $80,000 one-time capital asset
- Sec. 6, item #2, allows for immediate start of Walhalla exhibit to meet deadline of planned event. $20,000 one-time operating

13. **Add $25 million transfer from legacy earnings fund to the housing incentive fund**

Rationale:

- Included in Governor's recommendation to fund HIF

14. Suspend transfer of fifty percent of the annual profits from the Mill and Elevator to the general fund for the period beginning July 1, 2023, and ending June 30, 2025.

Rationale:

- NDM has invested $123.3 million in capital projects over the past seven (7) fiscal years.
- NDM has $41.3 million in capital projects currently under construction with an estimated additional $15 million to be approved in the near future.
- Suspension of transfers would allow paydown of debt at a more rapid pace.
    - Bank of North Dakota Debt 6/30/2022 (end of FY '22)
        - Line of Credit (100M) - $68M advanced
        - Term Note (40M) - $32,747,937
    - Bank of North Dakota Debt 12/31/2022 – (2nd Qtr FY '23)
        - Line of Credit (125M) – $78M advanced
        - Term Note (40M) - $30,887,894
        - Construction Note (40M) - $6,869,636
- Interest rates have risen dramatically.
    - Line of Credit Interest Rate 12/31/2021 – 1.75%
    - Line of Credit Interest Rate 12/31/2022 – 4.86%
    - Line of Credit Interest Rate 1/01/2023 – 5.92%

15. Allow Mill and Elevator gain-sharing program to be approved without a transfer to the general fund for the period beginning July 1, 2023, and ending June 30, 2025.

Rationale:

- NDM gain-sharing program is essential for employee retention.
- Gain-sharing is designed to incentivize our employees to work toward common goals.
    - Profitability
    - Safety
    - Yield
    - Productivity
    - Operating and Cost Efficiencies
- Gain-sharing is a tool we use to help us compete with the wages offered by the private sector.
- Gain-sharing is an important benefit to entice our employees to work the overtime required to run our facility 24/7 for 6 to 7 days per week.

NATIVE INC.
Community Development Corporation

Native American Development Center
2403 East Thayer Avenue
Bismarck ND 58501
Tel: (701) 595-5181
Website: www.ndnadc.org

Fargo Downtown Engagement Center
222 4th Street North
Fargo, ND 58102
Tel: (701) 412-2735
Website: www.ndnadc.org

January 30, 2023

NATIVE, Inc.
Testimony in Support of HB 1014
House Appropriations - Government Operations Division

Chairman Monson and Members of the Committee, my name is Lorraine Davis, Founder and CEO of the only Native American-led community-based organization called NATIVE, Inc. providing homeless and behavioral health prevention services to Native Americans and other marginalized populations in the Bismarck and Fargo metropolitan areas of North Dakota. NATIVE, Inc. has been a grant recipient of the emergency solutions grant and ND homeless grant providing rapid rehousing, street outreach, and housing care coordination since 2017. I also serve as a board member of the state's Continuum of Care since 2015.

I am here today in **support** of House Bill 1014 and ask this committee to increase the current budget of $25 million for the Housing Incentive Fund to $50 million and ask for an increased allocation to be made to the North Dakota Homeless Grant.

Prior to my current role, I had served as a Family Housing Director at an ND tribal college. I administered 114 housing units and one 24-unit low-income housing tax credit (LIHTC) apartment complex.

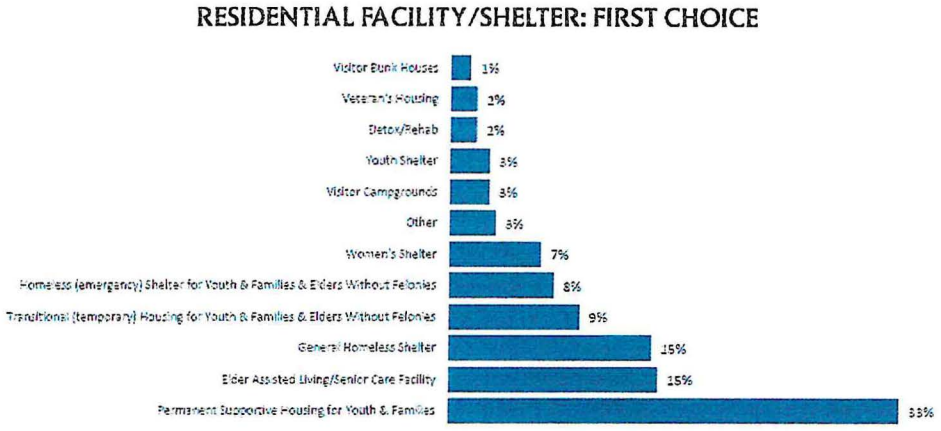
A large increase to the housing incentive fund (HIF) would:

- **Improve workforce development.** An increase in affordable housing options in ND communities would include filling in housing gaps for working individuals and families with low to moderate incomes who seek to achieve recovery and quality of life.
- **Stabilize a strong workforce**.
- **Improve social determinants of health.**

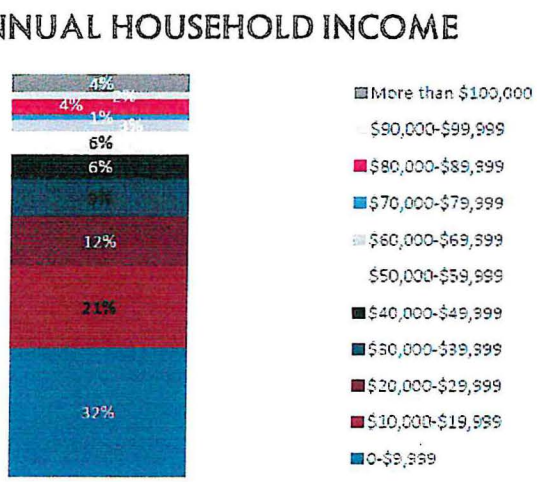
It is important to point out evidence that supports these claims. Therefore, I share with you two recent statewide needs assessments.

First, NATIVE, Inc. conducted a 2022 statewide community needs assessment called the Great Plains Indians VOICES that targeted Tribal members living in Bismarck and Fargo metropolitan areas. **When asked if they would live in affordable housing that provides support services, over three-quarters of respondents said yes. 70% of respondents would like to live in stable, affordable housing. The most desired type of residential housing was three-to-four-bedroom homes, as their first choice.**

33% chose permanent supportive housing for youth and families, followed by 15% each in favor of elder assisted living/senior care facilities and general homeless shelters.



Regarding annual household income and expenses. 32% reported an annual household income of $0 to $9,999, and 53% of respondents earn less than $20,000 a year.



Second, the ND Housing Finance Agency conducted a recent Statewide Housing Needs Assessment that indicated the following:

- **New housing is needed based on population projections.**
- **2025 Population growth is projected highest in these age categories: 0-17, 25-44, and 65 plus.**
- **State's largest household income category is less than $50,000.**
- **The majority of households who rent fall into the extremely low, very low, and low-income populations but yet there are few units that are available to Extremely Low and Very Low-Income households.**
- **Median gross rent today is $826 for a two-bedroom, an increase of 49% in 10 years. A substantial portion of renters is cost-burdened, especially younger, and senior householders which suggest we have issues with rental affordability.**

NATIVE INC.
Community Development Corporation

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222 4th Street North
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Tel: (701) 412-2735
Website: www.ndnadc.org

In closing, ND has a great opportunity to invest in preventative approaches toward helping people achieve prosperity. I respectfully request to increase HIF from $25M to $50M and to increase the ND homeless grant with sufficient funding to expand projects taking a step toward strengthening and stabilizing a strong workforce and economy.

I stand for any questions. Thank you for your time.

23.0243.01001
Title.

Prepared by the Legislative Council staff for
Representative Kempenich
January 9, 2023

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1014

Page 1, line 2, after the first semicolon insert "to provide a report;"

Page 4, after line 16, insert:

"SECTION 5. APPROPRIATION - TRANSFER - STATE ENERGY RESEARCH CENTER FUND - RARE EARTH MINERALS STUDY - REPORT.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $4,500,000, or so much of the sum as may be necessary, which the office of management and budget shall transfer to the state energy research center fund during the biennium beginning July 1, 2023, and ending June 30, 2025. The funding provided in this section is considered a one-time funding item.

2. Pursuant to the continuing appropriation under section 57-51.1-07.9, the state energy research center shall use $4,500,000, or so much of the sum as may be necessary, from the state energy research center fund to study prospective in-state resources of economically feasible accumulations of critical minerals, including rare earth elements and other high-value minerals or materials that may be suitable for extraction and enrichment.

3. The study must include a review of in-state mineral accumulations, including coal deposits, ore bodies, oil and gas reservoirs, produced water from oil and gas development activities, saltwater zones, and shale formations. While conducting the study, the state energy research center shall collaborate with the North Dakota geological survey and active mineral lessors and developers.

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

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment transfers $4.5 million from the general fund to the state energy research center fund for a critical minerals study, including rare earth elements, during the 2023-24 interim.

23.0243.01004
Title.

Prepared by the Legislative Council staff for
Representative Kempenich
January 20, 2023

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1014

Page 1, line 2, after the second semicolon insert "to provide a report;"

Page 5, after line 19, insert:

"SECTION 11. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO STATE ENERGY RESEARCH CENTER FUND - UNDERGROUND ENERGY STORAGE RESEARCH PROJECT - REPORT TO LEGISLATIVE MANAGEMENT.

1. The office of management and budget shall transfer the sum of $25,000,000 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, the industrial commission shall distribute up to $25,000,000 from the state energy research center fund to the state energy research center for a salt cavern underground energy storage research project. The research project must include 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. During the 2023-24 interim, the state energy research center shall provide quarterly reports to the industrial commission and at least one report to the legislative management regarding the status and results of the research project."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment transfers $25 million from the strategic investment and improvements fund to the State Energy Research Center fund and requires the Industrial Commission to distribute the funding to the State Energy Research Center for an underground energy storage research project to construct up to two salt caverns.

Periodic Table of Elements

Geological Survey Critical Minerals Study

Critical Elements (U.S. Dept. of Interior 2018, 2022)

- Elements identified as promising in ND coals by the NDGS
- Rare earth elements
- Other critical elements

1 H Hydrogen																	2 He Helium
3 Li Lithium	4 Be Beryllium											5 B Boron	6 C Carbon	7 N Nitrogen	8 O Oxygen	9 F Fluorine	10 Ne Neon
11 Na Sodium	12 Mg Magnesium											13 Al Aluminium	14 Si Silicon	15 P Phosphorus	16 S Sulfur	17 Cl Chlorine	18 Ar Argon
19 K Potassium	20 Ca Calcium	21 Sc Scandium	22 Ti Titanium	23 V Vanadium	24 Cr Chromium	25 Mn Manganese	26 Fe Iron	27 Co Cobalt	28 Ni Nickel	29 Cu Copper	30 Zn Zinc	31 Ga Gallium	32 Ge Germanium	33 As Arsenic	34 Se Selenium	35 Br Bromine	36 Kr Krypton
37 Rb Rubidium	38 Sr Strontium	39 Y Yttrium	40 Zr Zirconium	41 Nb Niobium	42 Mo Molybdenum	43 Tc Technetium	44 Ru Ruthenium	45 Rh Rhodium	46 Pd Palladium	47 Ag Silver	48 Cd Cadmium	49 In Indium	50 Sn Tin	51 Sb Antimony	52 Te Tellurium	53 I Iodine	54 Xe Xenon
55 Cs Cesium	56 Ba Barium	57-71 Lanthanides	72 Hf Hafnium	73 Ta Tantalum	74 W Tungsten	75 Re Rhenium	76 Os Osmium	77 Ir Iridium	78 Pt Platinum	79 Au Gold	80 Hg Mercury	81 Tl Thallium	82 Pb Lead	83 Bi Bismuth	84 Po Polonium	85 At Astatine	86 Rn Radon
87 Fr Francium	88 Ra Radium	89-103 Actinides	104 Rf Rutherfordium	105 Db Dubnium	106 Sg Seaborgium	107 Bh Bohrium	108 Hs Hassium	109 Mt Meitnerium	110 Ds Darmstadtium	111 Rg Roentgenium	112 Cn Copernicium	113 Nh Nihonium	114 Fl Flerovium	115 Mc Moscovium	116 Lv Livermorium	117 Ts Tennessine	118 Og Oganesson

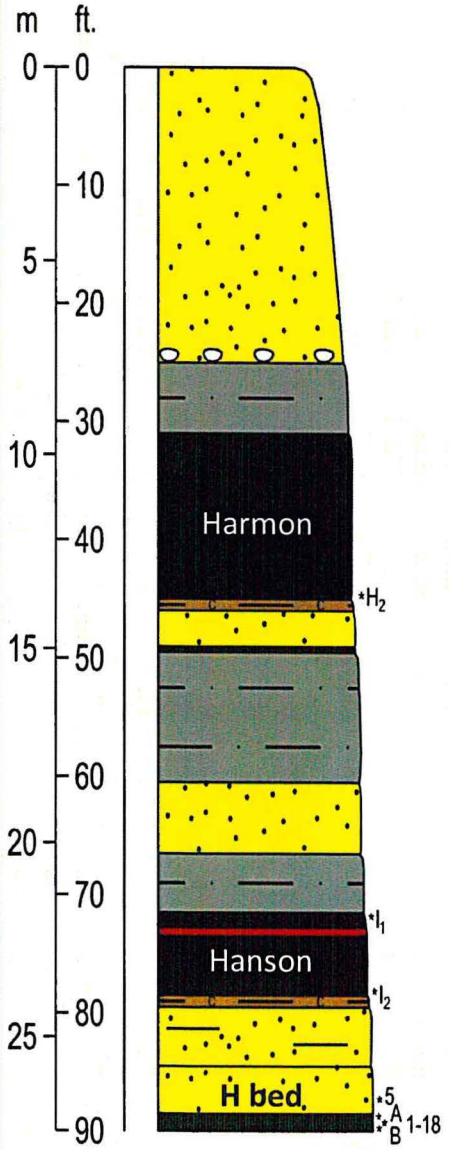
57 La Lanthanum	58 Ce Cerium	59 Pr Praseodymium	60 Nd Neodymium	61 Pm Promethium	62 Sm Samarium	63 Eu Europium	64 Gd Gadolinium	65 Tb Terbium	66 Dy Dysprosium	67 Ho Holmiun	68 Er Erbium	69 Tm Thulium	70 Yb Ytterbium	71 Lu Lutetium
89 Ac Actinium	90 Th Thorium	91 Pa Protactinium	92 U Uranium	93 Np Neptunium	94 Pu Plutonium	95 Am Americium	96 Cm Curium	97 Bk Berkelium	98 Cf Californium	99 Es Einsteinium	100 Fm Fermium	101 Md Mendelevium	102 No Nobelium	103 Lr Lawrencium

CRITICAL MINERALS (elements)

Mineral	Application
Aluminum	almost all sectors of the economy
Antimony	lead-acid batteries and flame retardants
Arsenic	semi-conductors
Barite	hydrocarbon production
Beryllium	an alloying agent in aerospace and defense industries
Bismuth	medical and atomic research
Cerium	catalytic converters, ceramics, glass, and metallurgy
Cesium	research and development
Chromium	stainless steel and other alloys
Cobalt	rechargeable batteries and superalloys
Dysprosium	permanent magnets, data storage devices, and lasers
Erbium	fiber optics, optical amplifiers, lasers, and glass colorants
Europium	phosphors and nuclear control rods
Fluorspar	manufacture of aluminum, cement, steel, and gasoline
Gadolinium	medical imaging, permanent magnets, and steelmaking
Gallium	integrated circuits and optical devices like LEDs
Germanium	fiber optics and night vision applications
Graphite	lubricants, batteries, and fuel cells
Hafnium	nuclear control rods, alloys, high-temperature ceramics
Holmium	permanent magnets, nuclear control rods, and lasers
Indium	liquid crystal display screens
Iridium	coating of anodes for electrochemical processes, catalyst
Lanthanum	catalysts, ceramics, glass, polishing compounds, batteries
Lithium	rechargeable batteries
Lutetium	medical imaging scintillators, electronics, cancer therapy

Mineral	Application
Magnesium	an alloy and for reducing metals
Manganese	steelmaking and batteries
Neodymium	permanent magnets, rubber catalysts, lasers
Nickel	stainless steel, superalloys, and rechargeable batteries
Niobium	mostly in steel and superalloys
Palladium	catalytic converters and as a catalyst agent
Platinum	catalytic converters
Praseodymium	magnets, batteries, aerospace alloys, ceramics, colorants
Rhodium	catalytic converters, electrical components, a catalyst
Rubidium	research and development in electronics
Ruthenium	catalysts, electrical contacts & chip resistors in computers
Samarium	magnets, an absorber in nuclear reactors, cancer therapy
Scandium	alloys, ceramics, and fuel cells
Tantalum	electronic components, capacitors and in superalloys
Tellurium	solar cells, thermoelectric devices, alloying additive
Terbium	magnets, fiber optics, lasers, solid-state devices
Thulium	various metal alloys and in lasers
Tin	protective coatings and alloys for steel
Titanium	a white pigment or metal alloys
Tungsten	wear-resistant metals
Vanadium	an alloying agent for iron and steel
Ytterbium	catalysts, scintillometers, lasers, and metallurgy
Yttrium	ceramic, catalysts, lasers, metallurgy, and phosphors
Zinc	in metallurgy to produce galvanized steel
Zirconium	high-temperature ceramics and corrosion-resistant alloys

Rare Earth Elements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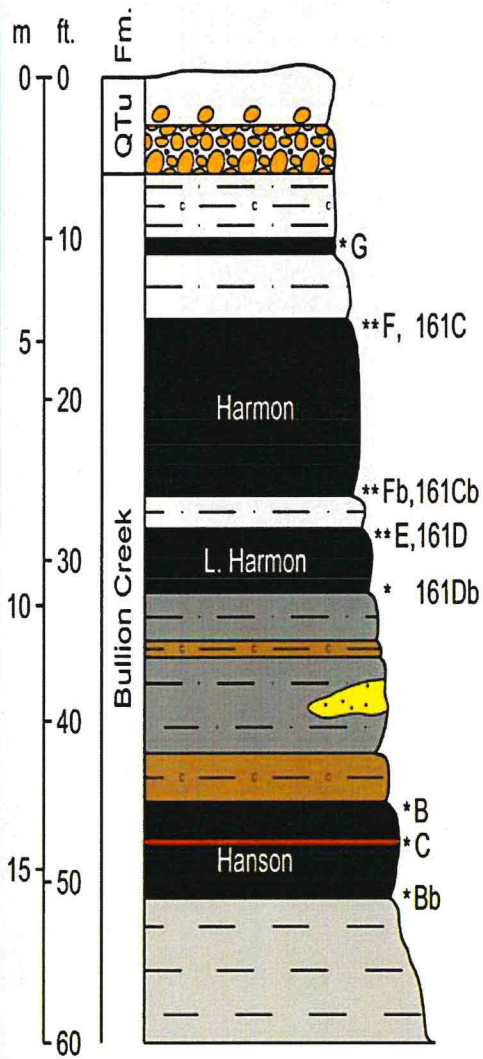
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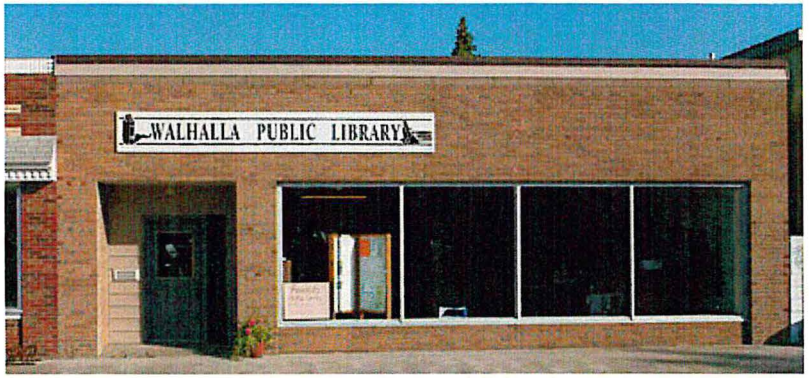
HB 1014

Current Fossil Exhibit– Walhalla Library

In January of 2020, paleontologists from the North Dakota Geological Survey installed an updated exhibit of the first partial mosasaur skeleton collected from the Pembina Gorge in the Walhalla Library. At that time, NDGS paleontologists and the library staff discussed our desire to have a cast of the new mosasaur species from the Pembina Gorge put on display somewhere in town.



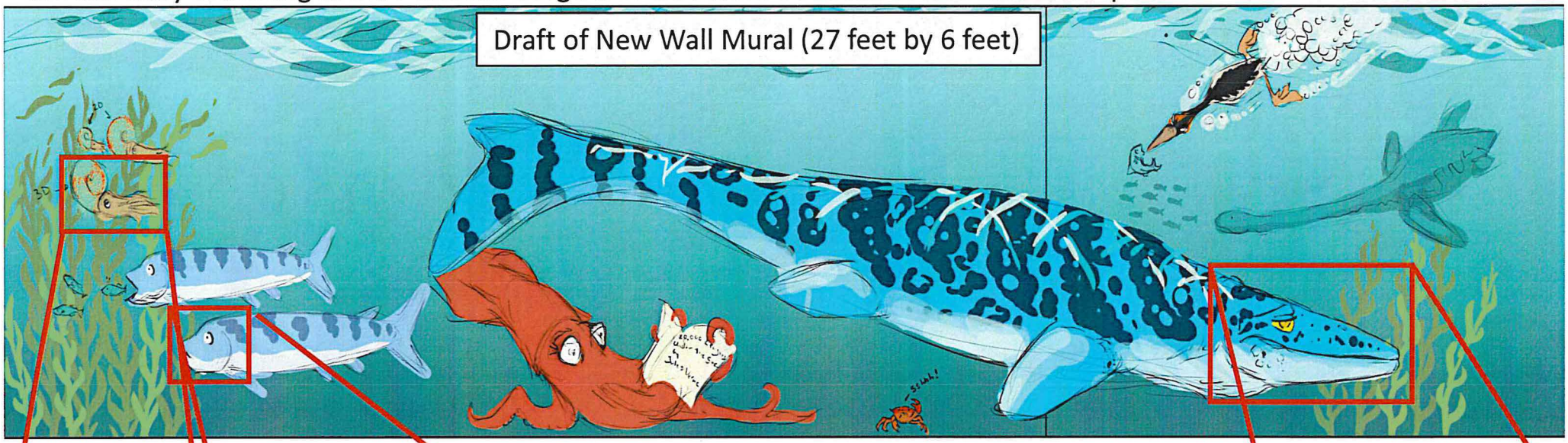
Current Fossil Exhibit: The first mosasaur fossils collected in the Pembina Gorge.

Story Time: Paleontologist Becky Barnes reads a book about the Pembina mosasaur.

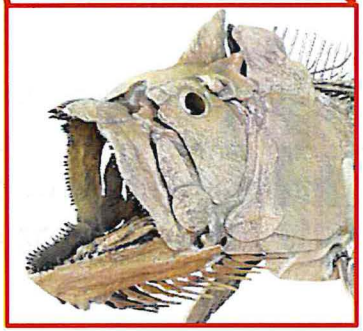
Proposed Location: This wall and the one to the left will be the location of the new mural/exhibit.

Proposed New Fossil Exhibit – Walhalla Library

The exhibit will consist of a large, kid friendly mural showing life in the Walhalla area during the Cretaceous. A 3D printed copy of the skull of the new mosasaur species will emerge from the wall, along with a cast of the skull of the large fish we are currently collecting in the Pembina Gorge and life reconstructions of ancient fossil squid.



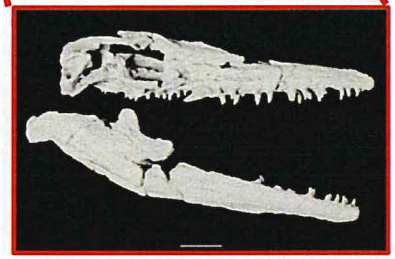
3D Ammonites (Squid)



Cast Skull of Fossil Fish

Projected Exhibit Costs

Expense	Low Estimate	High Estimate
3D Fossil Prints/Casts	$4,000	$5,000
Mural Artwork Design	$5,000	$7,000
Printing/Application	$5,000	$6,500
Molding/Casting Materials	$1,000	$1,500
Total:	**$15,000**	**$20,000**

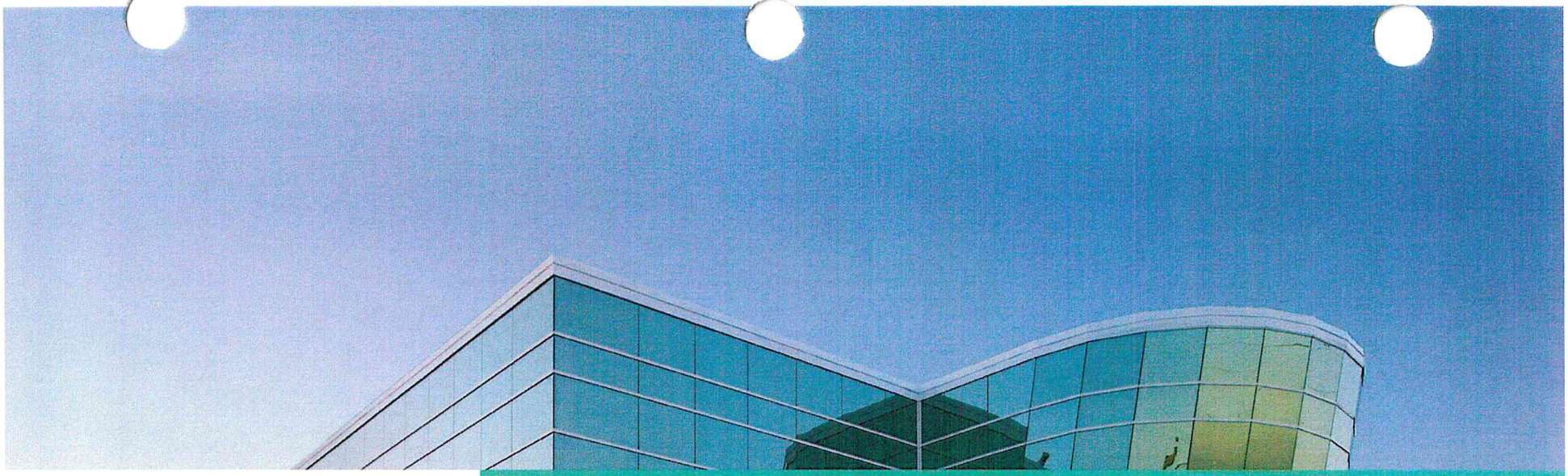


3D Print of Mosasaur Skull

Target Completion Date: July 1, 2023

Field Inspector Costs to Hire and Train

Safety Clothing			
FR Clothing	$400.00		
Boots	$200.00		
		$600.00	
Safety Equipment			
Hard Hats	$15.99		
Hard Hat Liner	$35.00		
SCBA Facemask	$332.00		
Medical Questionnaire & Fit Test	$75.00		
Safety Glasses	$10.00		
Gloves	$10.00		
Ice Cletes	$38.95		
		$516.94	
Safety Training			
First Aid/CPR Training	$20.00		
HAZWOP training	$500.00		
		$520.00	
Ride-a-long Training			
Sr. Inspector hours - 8 weeks	320		
Average Sr. Inspect.'s hourly rate	$60.53		
		$19,369.60	
Supervisor's hours-3 weeks	120		
Average supervisor's hourly rate	$67.57		
		$8,108.40	
Total Training Costs			**$29,114.94**
Hiring Process			
HR - 4 hours	$166.88	**$166.88**	
(administrating hiring process)			
Average applications	10		
Scoring - 0.5 hr/applicant	5		
Field & District Supervisor rates	$136.44		
		$682.20	
Average # of interviews	4		
Interviewing-1 hr/applicant	4		
Field & District Supervisor rates	$136.44		
		$545.76	
First day orientation hours	8		
Combined average rate	52.83		
(HR, Payroll, IT, Supervisor)		**$422.64**	
Total Hiring Costs			**$1,817.48**
	Combined Total Costs		**$30,932.42**



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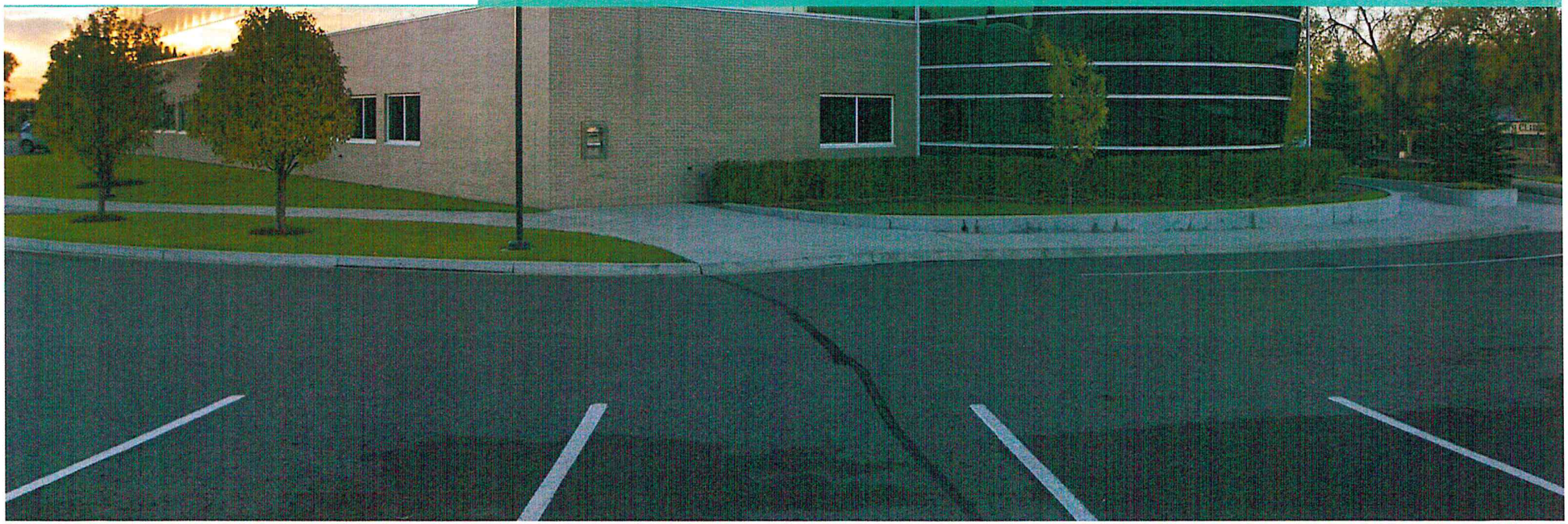
America's Only Bank - Owned by a State
Serving North Dakota for 104 years



Governor Proposed compared to BND Request

BND is a special fund agency. All expenses, including employee salaries are funded by revenues generated by the Bank.

	Governor's Proposed Budget	Less 6%/4%	Adjusted Governor's Proposed Budget	BND Proposed Budget 23-25	Difference
Operations	$74,395,765	($1,410,373)	$72,985,392	$74,860,232	$1,874,840
Capital Assets	$1,510,000	-	$1,510,000	$1,510,000	-
Total	$75,905,765	($1,410,373)	$74,495,392	$76,370,232	$1,874,840
FTEs	181		181	190	9

- $1,874,840 - related to 9 additional FTEs in BND's request, this includes benefits but excludes the proposed 6%/4% salary increase by the Governor
- Governor's budget proposal included 8 additional FTEs

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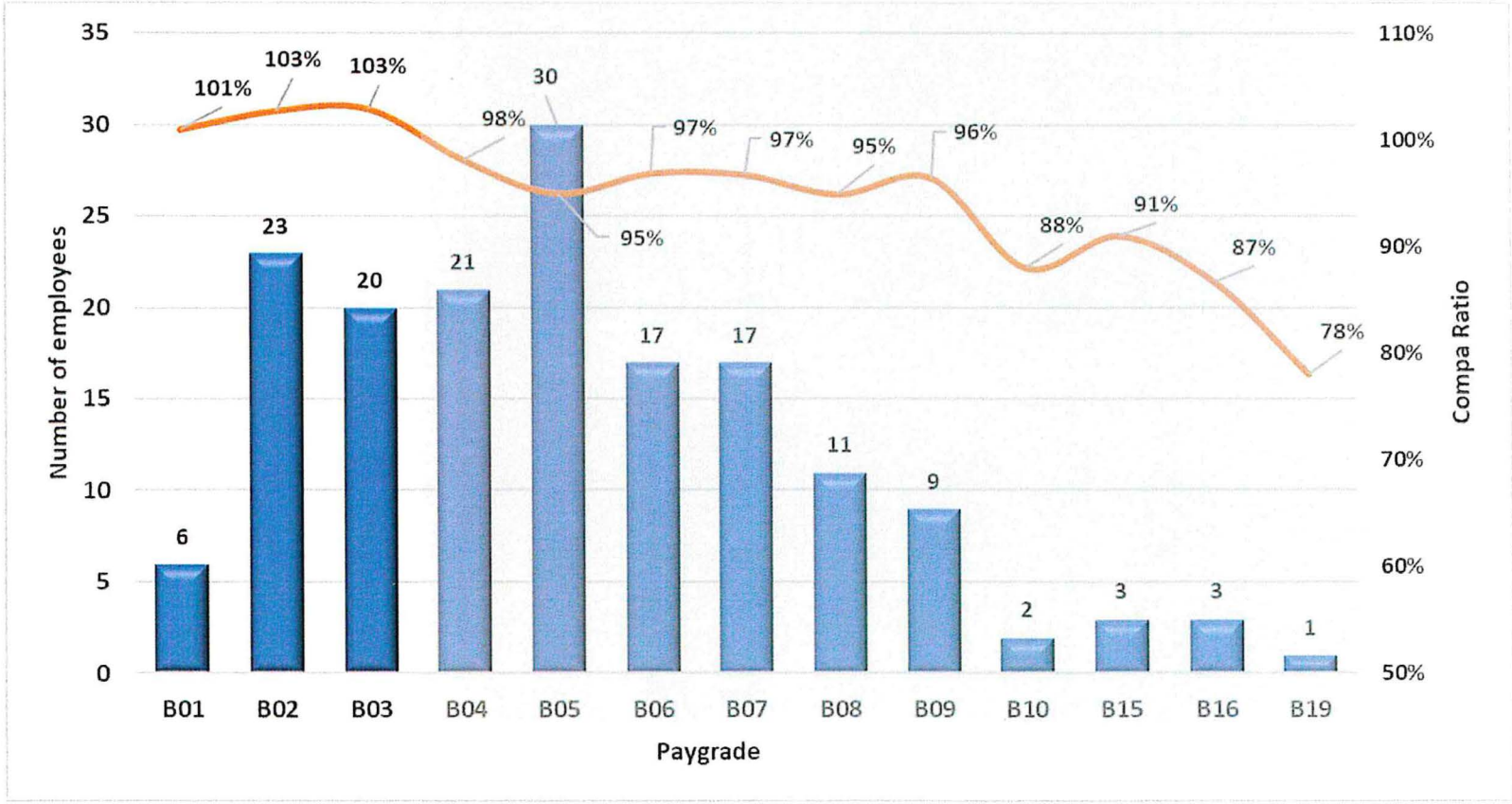
Employee Compa-Ratio by Paygrade

- 101 employees or 62% are below salary midpoint
- Previous min/max salary increases created compression at the higher end salary level



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FTE Request – BND Growth –2022 Statistics

Bank Overview

- Bank assets have grown from $7.0 billion in 2018 to $10.2 billion in 2022, a 46% increase.
- Total approved FTE's declined by 4.4%.
- BND initiated loans with 70 different lead banks (parent) and 207 different branches.
- In 2022, BND originated and renewed over $2.8 billion in total loans.
- Combined loan portfolio is now $5,400,000,000
- BND structured investments for the $2 Billion in federal funds received

Commercial and Agriculture Lending

- 1,510 applications received. Dispositioned 1,364 loans / modifications.
- BND Total Commercial and Agriculture Loans: $3,491,226,381
- BND Renewal Total: $,1,330,333,908
- BND New Origination Total: $2,163,671,252
- 162,004 Loan Ops Payments totaling: $2,385,532,610
- 20,286 Loan Ops Advances totaling: $2,944,997,433
- 32,665 Loan Ops Student Loan Payments/Coupons totaling: $20,408,583

Treasury and Trust Services

- 14,500 Customers for which BND holds bonds
- Settled 3,400 customer trades in 2022
- When combined with BNDs bond portfolio: $15,000,000,000 in bonds held at BND
- This is a 9% increase from beginning and year and 44% increase since 2020

Operations Division

- ACH Originations: $15,865,833,405 (3,693,801 originated)
- ACH Received: $9,060,667,861 (1,599,557 entries)
- Wire Incoming: $33,127,495,321 (19,310 entries)
- Wire Outgoing: $39,430,796,651 (23,172 originated)
- Images: $59,447,749,138 (19,598,444)

Student Loans

- 78,429 students, borrowers, and families served across all programs
- Total Student Loan portfolio $1,100,000,000
- 10,486 student loans initiated in 2022
- 26,147 phone calls; 12,808 emails; 500 chats; 203,935 visitors to websites for information
- 14,112 brochures and other materials distributed via various access and success touchpoints
- 67 Financial Literacy events with 2,213 students in attendance
- 151 College Application Month (CAM) events

Legislatively Directed Programs

- Legislative directed programs have grown 131% since 2016 from $391 million to $904 million
- In 2022, BND provides 74 Legislatively directed loans totaling $97,484,624
- BND implemented new administered loan programs for Clean Sustainable Energy Authority, Agriculture Diversification and Development Fund, established a Permanent Rebuilders Loan Fund and merged the BND-Water Infrastructure Loan Fund into the State Water Commission's Water Infrastructure Loan Fund.

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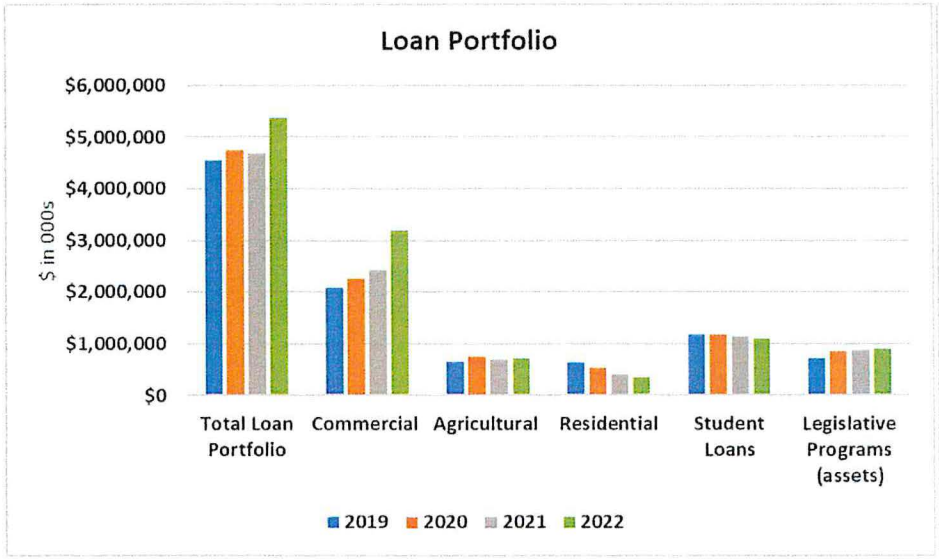
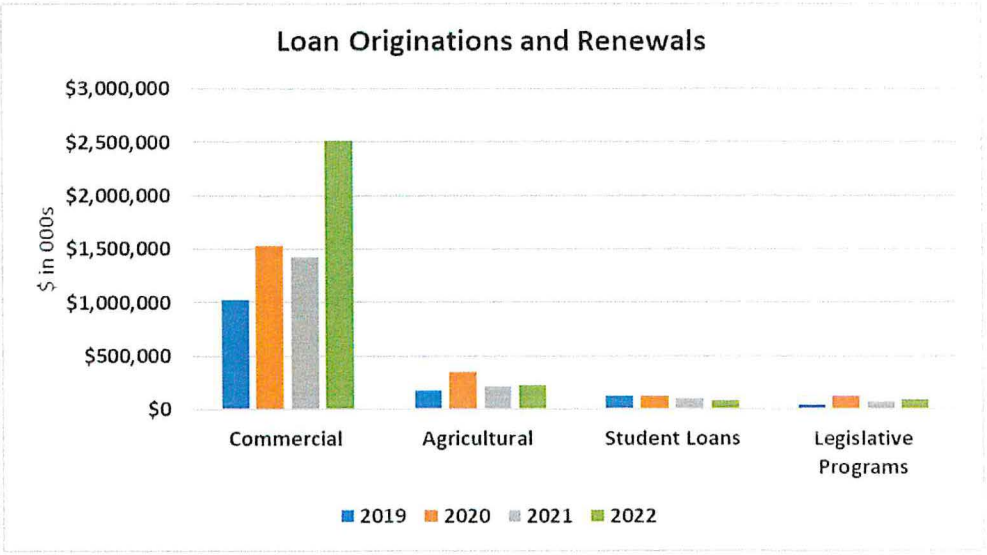
FTE Request – Loan Growth

- 10 FTEs needed to support significant loan growth since 2019
- Loan portfolio up 18% since 2019
  - Commercial up 54%
- Loan originations and renewals up 112% since 2019
  - Commercial up 146% since 2019
- Continued growth of Legislatively Directed Programs
  - 23 programs vs 19 in 2019
  - $904 million in total assets up 27% since 2019





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FTE Request - Commercial Real Estate Evaluations

- 7 FTEs are expected to be required to meet demand. BND will hire additional staff only as warranted

- BND's collateral valuation services are paid for by ND financial institutions and will result in a net profit to BND

- A comprehensive feasibility study was completed utilizing various ranges of survey results of expected demand. Commercial evaluation services are the most significant valuation need for financial institutions across North Dakota

- Banks and credit unions, especially smaller ones, often lack the staffing, independence, expertise, and access to market data to complete real estate evaluations

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FTE Request by Position

# of FTE's	Service Area	Job Title	Estimated Timing	Paygrade	Annual Salary Midpoint	Biennium Request
6	Lending	Loan Servicing Associate Lead/Sr/Supervisor	7/1/2023	B05	$ 67,829	$ 135,658
		Loan Operations Supervisor/Manager	7/1/2023	B06	$ 78,260	$ 156,520
		Business Banking Associate II	7/1/2023	B03	$ 50,086	$ 100,172
		Loan Servicing Associate II	7/1/2023	B03	$ 50,086	$ 100,172
		Loan Servicing Associate III	7/1/2023	B04	$ 57,399	$ 114,798
		Business Banker I	7/1/2023	B07	$ 92,872	$ 185,744
1	Business Dev.	University/Student Development Coordinator	7/1/2023	B05	$ 67,829	$ 135,658
1	Accounting	Staff Accountant III	7/1/2023	B06	$ 78,260	$ 156,520
2	Underwriting	Credit Analyst III	7/1/2023	B06	$ 78,260	$ 156,520
		Credit Analyst II	7/1/2023	B05	$ 67,829	$ 135,658
7	Collateral Valuation	Commercial Valuation Supervisor	7/1/2023	B08	$ 106,433	$ 212,866
		Agricultural Valuation Supervisor	7/1/2023	B08	$ 106,433	$ 212,866
		Collateral Valuation Analyst IV	7/1/2023	B07	$ 92,872	$ 185,744
		Collateral Valuation Analyst IV	7/1/2023	B07	$ 92,872	$ 185,744
		Collateral Valuation Analyst IV	7/1/2023	B07	$ 92,872	$ 185,744
		Collateral Valuation Analyst III	7/1/2023	B06	$ 78,260	$ 156,520
		Collateral Valuation Analyst III	7/1/2023	B06	$ 78,260	$ 156,520
17	Total					$ 2,673,424
					Benefit Costs	$ 1,039,025
					Total Salaries and Benefits	**$ 3,712,450**

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Retention and Recruitment

- BND has developed a conceptual plan designed around:
  - Attracting and retaining talent
  - Limiting risk and enhancing organizational performance
  - Motivating employees to achieve and maintain high performance
  - Ensure competitive and consistent salary practices
- The BND Advisory Board will assist in establishing goals and targets and recommend to the Industrial Commission for approval
- The annual amount earned would be paid out over a three-year period in 1/3 increments
- Under the conceptual plan, the annual cost to BND over a six-year average (2017-2022) was $1.1MM or 0.72% of earnings. The peak over the last six years would have been $1.2MM or 0.85% of earnings

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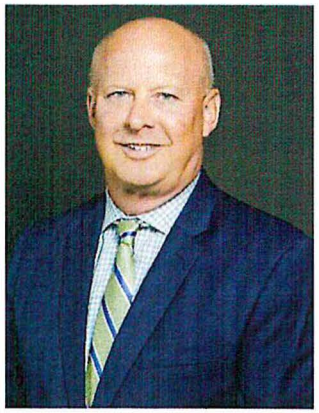
Thank You!



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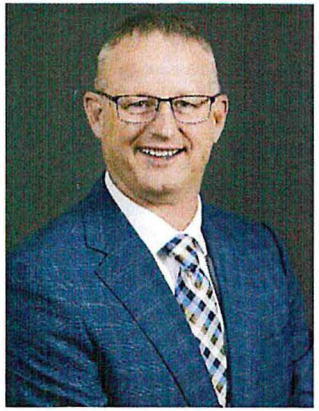

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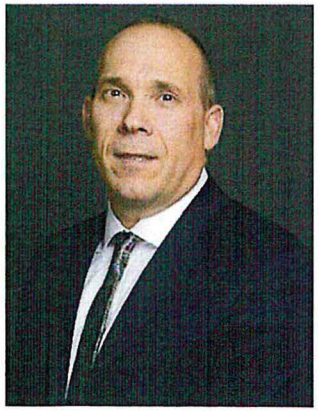

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Industrial Commission - Budget No. 405
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version				House Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	6.75	$0	$24,131,181	$24,131,181	6.75	$0	$24,131,181	$24,131,181	0.00	$0	$0	$0
2023-25 Ongoing Funding Changes												
Cost to continue salary increase			$8,697	$8,697			$8,697	$8,697				$0
Salary increase			142,561	142,561			107,229	107,229			(35,332)	(35,332)
Health insurance increase			41,146	41,146			41,146	41,146				0
Adds FTE grant administration position	1.00		182,321	182,321	1.00		182,321	182,321				0
Adds FTE deputy director position	1.00		132,646	132,646	1.00		132,646	132,646				0
Adds FTE administrative assistant position				0	1.00		300,943	300,943	1.00		300,943	300,943
Transfers $97,878 from operating expenses to salaries				0				0				0
ITD rate increases			1,756	1,756			1,756	1,756				0
Increases funding for bond payments			97,839,192	97,839,192			97,839,192	97,839,192				0
Total ongoing funding changes	2.00	$0	$98,348,319	$98,348,319	3.00	$0	$98,613,930	$98,613,930	1.00	$0	$265,611	$265,611
One-Time Funding Items												
Adds one-time funding for FTE grant administration position			$1,155	1,155			1,155	1,155				0
Adds one-time funding for FTE deputy director position			10,955	10,955			10,955	10,955				0
Adds one-time funding for temporary employees			75,000	75,000				0			(75,000)	(75,000)
Adds one-time funding for inflationary increases			35,688	35,688				0			(35,688)	(35,688)
Adds one-time funding for Transmission Authority consulting		250,000		250,000		300,000		300,000		50,000		50,000
Adds one-time funding for computers and software			54,000	54,000				0			(54,000)	(54,000)
Adds one-time funding for an electric grid resilience grant		1,372,227	7,520,258	8,892,485		1,331,938	7,291,955	8,623,893		(40,289)	(228,303)	(268,592)
Total one-time funding changes	0.00	$1,622,227	$7,697,056	$9,319,283	0.00	$1,631,938	$7,304,065	$8,936,003	0.00	$9,711	($392,991)	($383,280)
Total Changes to Base Level Funding	2.00	$1,622,227	$106,045,375	$107,667,602	3.00	$1,631,938	$105,917,995	$107,549,933	1.00	$9,711	($127,380)	($117,669)
2023-25 Total Funding	8.75	$1,622,227	$130,176,556	$131,798,783	9.75	$1,631,938	$130,049,176	$131,681,114	1.00	$9,711	($127,380)	($117,669)
Federal funds included in other funds			*$7,520,258*				*$7,291,955*				*($228,303)*	
Total ongoing changes as a percentage of base level	*29.6%*		*407.6%*	*407.6%*	*44.4%*		*408.7%*	*408.7%*				
Total changes as a percentage of base level	*29.6%*		*439.5%*	*446.2%*	*44.4%*		*438.9%*	*445.7%*				

Other Sections in Industrial Commission - Budget No. 405

	Executive Budget Recommendation	House Version
Bond payments	Section 3 would provide legislative intent for bond payments during the 2023-25 biennium.	
Administrative cost transfers	Section 5 would allow the Industrial Commission to transfer up to $1,619,045 from special funds from the entities under the control of the Industrial Commission for administrative services. Section 19 would provide an exemption allowing unspent prior biennium appropriation authority for administrative costs to be available in the 2023-25 biennium.	

Other Sections in Industrial Commission - Budget No. 405

	Executive Budget Recommendation	House Version	
Federal State Fiscal Recovery Fund exemption	Sections 20 and 21 would provide an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a pipeline infrastructure grant ($150 million) and a hydrogen development grant ($20 million).		

Department of Mineral Resources - Budget No. 470
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version				House Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	108.25	$26,489,613	$238,004	$26,727,617	108.25	$26,489,613	$238,004	$26,727,617	0.00	$0	$0	$0
2023-25 Ongoing Funding Changes												
Cost to continue salary increase		$167,219		$167,219		$167,219		$167,219				$0
Salary increase		1,604,665		1,604,665		1,215,776		1,215,776		(388,889)		(388,889)
Health insurance increase		564,010		564,010		564,010		564,010				0
Adds FTE carbon capture positions	3.00	760,911		760,911	3.00	760,911		760,911				0
Adds FTE paleontology position	1.00	196,610		196,610	1.00	196,610		196,610				0
Adds FTE critical minerals position	1.00	276,523		276,523	1.00	276,523		276,523				0
Adds FTE records management position	0.50	69,497		69,497				0	(0.50)	(69,497)		(69,497)
Adds FTE subsurface geologist position				0				0				0
Adds funding for temporary employees				0		45,000		45,000		45,000		45,000
Transfers $6,907 from operating expenses to salaries				0				0				0
Increases federal funding for salaries and wages			29,996	29,996			29,996	29,996				0
ITD rate increases		3,143		3,143		3,143		3,143				0
Adds funding for computer server transition		230,000		230,000		230,000		230,000				0
Adds funding for professional membership dues				0		105,000		105,000		105,000		105,000
Total ongoing funding changes	5.50	$3,872,578	$29,996	$3,902,574	5.00	$3,564,192	$29,996	$3,594,188	(0.50)	($308,386)	$0	($308,386)
One-Time Funding Items												
Adds one-time funding for FTE carbon capture positions		$31,031		$31,031		31,031		31,031				0
Adds one-time funding for FTE paleontology position		9,234		9,234		9,234		9,234				0
Adds one-time funding for FTE critical minerals position		20,134		20,134		20,134		20,134				0
Adds one-time funding for FTE records management position		3,119		3,119				0		(3,119)		(3,119)
Adds one-time funding for FTE subsurface geologist position				0				0				0
Adds one-time funding for inflationary increases		821,456		821,456		821,456		821,456				0
Adds one-time funding for core and mineral analysis		100,000		100,000		100,000		100,000				0
Adds one-time funding for drones and computers		83,648		83,648				0		(83,648)		(83,648)
Adds one-time funding for computer server transition		80,000		80,000		80,000		80,000				0
Adds one-time funding for fossil restoration		250,000		250,000		250,000		250,000				0
Adds one-time federal funding for abandoned well				0			2,500,000	2,500,000			2,500,000	2,500,000
Total one-time funding changes	0.00	$1,398,622	$0	$1,398,622	0.00	$1,311,855	$2,500,000	$3,811,855	0.00	($86,767)	$2,500,000	$2,413,233
Total Changes to Base Level Funding	5.50	$5,271,200	$29,996	$5,301,196	5.00	$4,876,047	$2,529,996	$7,406,043	(0.50)	($395,153)	$2,500,000	$2,104,847
2023-25 Total Funding	113.75	$31,760,813	$268,000	$32,028,813	113.25	$31,365,660	$2,768,000	$34,133,660	(0.50)	($395,153)	$2,500,000	$2,104,847
Federal funds included in other funds			*$268,000*				*$2,768,000*				*$2,500,000*	
Total ongoing changes as a percentage of base level	*5.1%*	*14.6%*	*12.6%*	*14.6%*	*4.6%*	*13.5%*	*12.6%*	*13.4%*				
Total changes as a percentage of base level	*5.1%*	*19.9%*	*12.6%*	*19.8%*	*4.6%*	*18.4%*	*1063.0%*	*27.7%*				

Other Sections in Department of Mineral Resources - Budget No. 470

	Executive Budget Recommendation	House Version
Early authorization for new FTE positions		Section _ appropriates $62,460 from the general fund and authorizes 3 FTE carbon capture positions for the 2021-23 biennium, and Section _ includes an emergency clause related to the appropriation and FTE position authorization.
Fossil restoration fund		Section _ transfers $15,000 from the general fund to the fossil restoration fund prior to the end of the 2021-23 biennium, and Section _ includes an emergency clause related to the transfer. Section _ transfers $250,000 from the general fund to the fossil restoration fund during the 2023-25 biennium.
Legacy earnings fund	Sections 12 and 13 would transfer $55 million from the legacy earnings fund to the oil and gas research fund ($5 million) and to the clean sustainable energy fund ($50 million).	
Strategic investment and improvements fund	Section 14 would transfer $500 million from the strategic investment and improvements fund to the clean sustainable energy fund including $250 million prior to the end of the 2021-23 biennium and $250 million during the 2023-25 biennium.	
North Dakota outdoor heritage fund	Section 15 would decrease the oil and gas tax revenue allocation limit to the North Dakota outdoor heritage fund from $20 million per fiscal year to $7.5 million per fiscal year for the 2023-25 biennium, the same as the 2021-23 biennium.	
Oil and gas research fund	Section 16 would increase the allocations to the oil and gas research fund by $4.5 million, from $10 million to $14.5 million for the 2023-25 biennium, the same as the 2021-23 biennium.	
Federal State Fiscal Recovery Fund exemption	Section 22 would provide an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to an abandoned oil well conversion program ($3.2 million).	Section _ provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to an abandoned oil well conversion program ($3.2 million).
Abandoned well federal funding exemption	Section 23 would provide an exemption allowing unspent federal funding authorized by the Emergency Commission to be available in the 2023-25 biennium related to administrative costs for plugging and reclaiming oil wells and oil well sites.	
Survey review exemption	Section 24 would provide an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority for a survey review during the 2023-25 biennium.	Section _ provides an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority for a survey review during the 2023-25 biennium.

Contact Information

Dave Flohr

Executive Director

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www.ndhfa.org

NORTH DAKOTA housing FINANCE AGENCY

Homeless 2022
5,622 persons

4,732 people served by homeless providers

- 3,922 of those are over age 18
- 750 persons are aged 18 or under

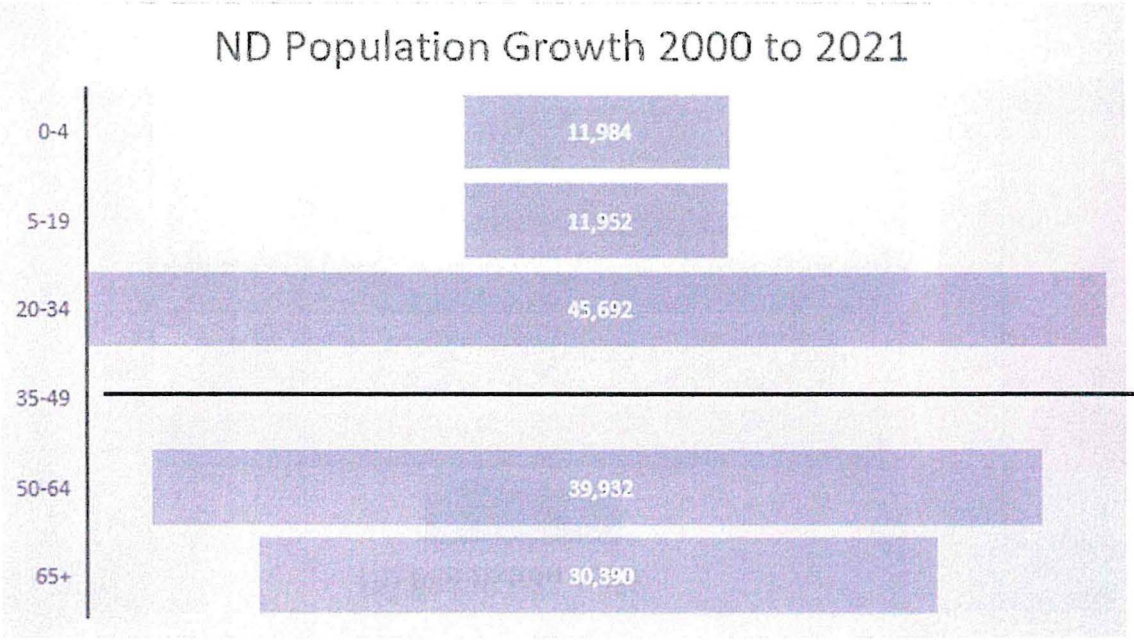
Youthworks specific population served

- 890 youth (190 over age 18 and 691 18 and under)

2,021

Student Homelessness per DPI 21-22 school year

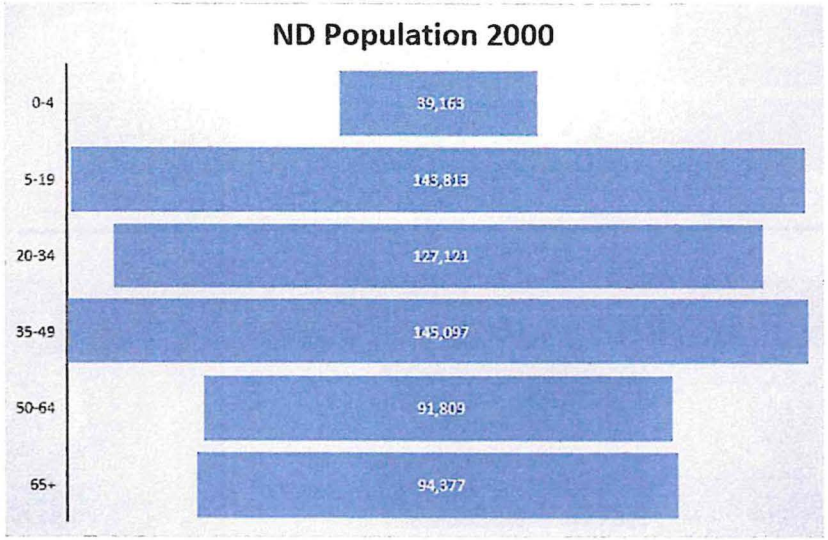
ND Population Growth



The 35 to 49 age group population decreased

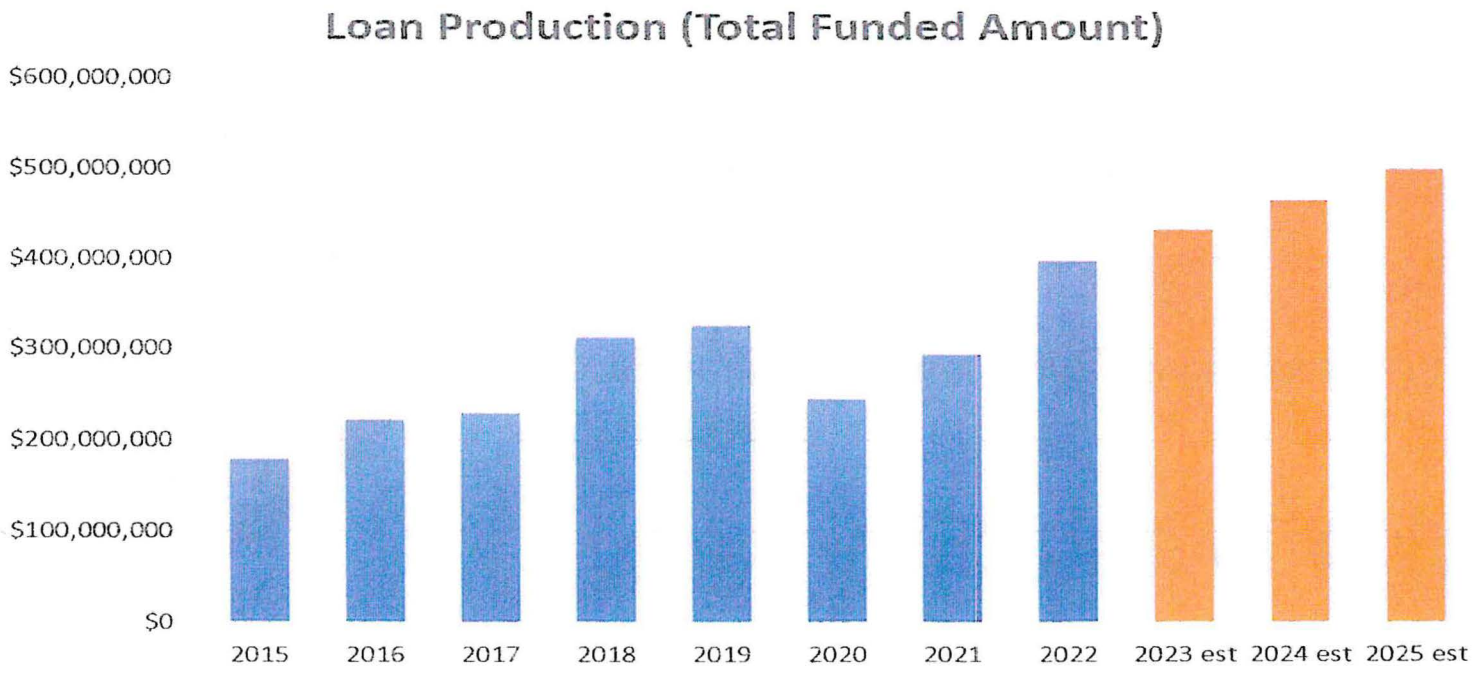
Data Source: www.usafacts.org

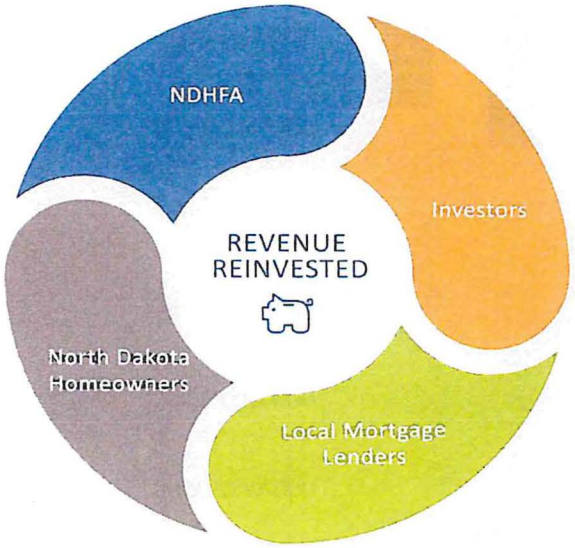
ND Population



Data Source: www.usafacts.org

Currently $1.8 billion in assets
Over 13,000 loans





NDHFA Homeownership

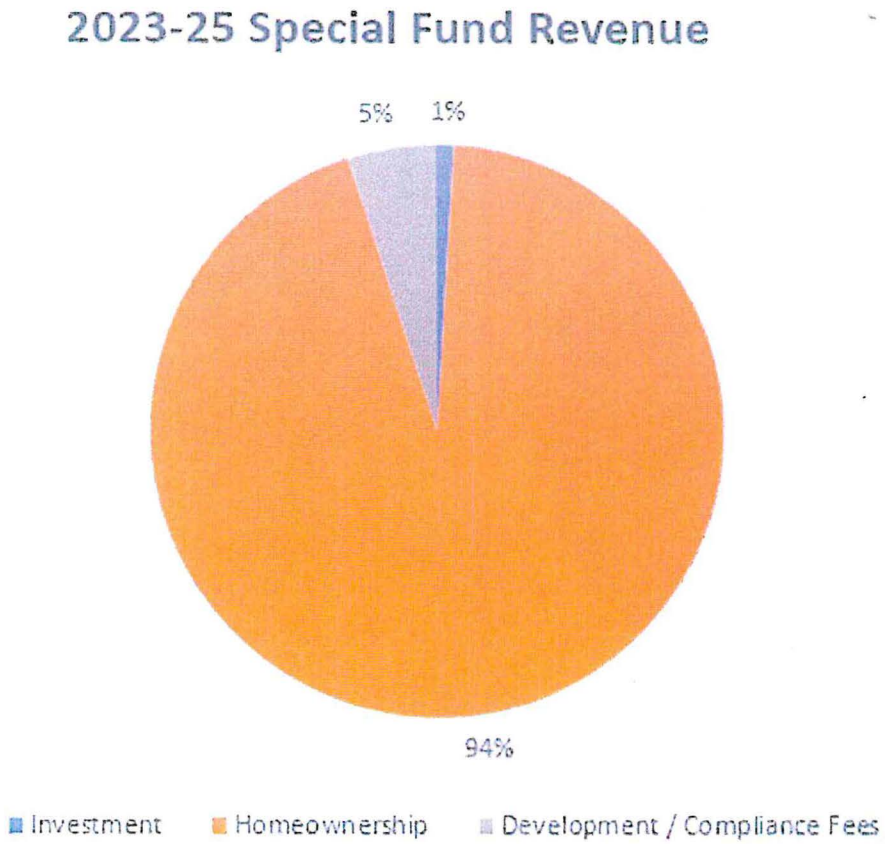
Investment

$300 million annual from private investors

Benefits

below market interest rate provides

$200 monthly payment saving for homeowner



Investment Income

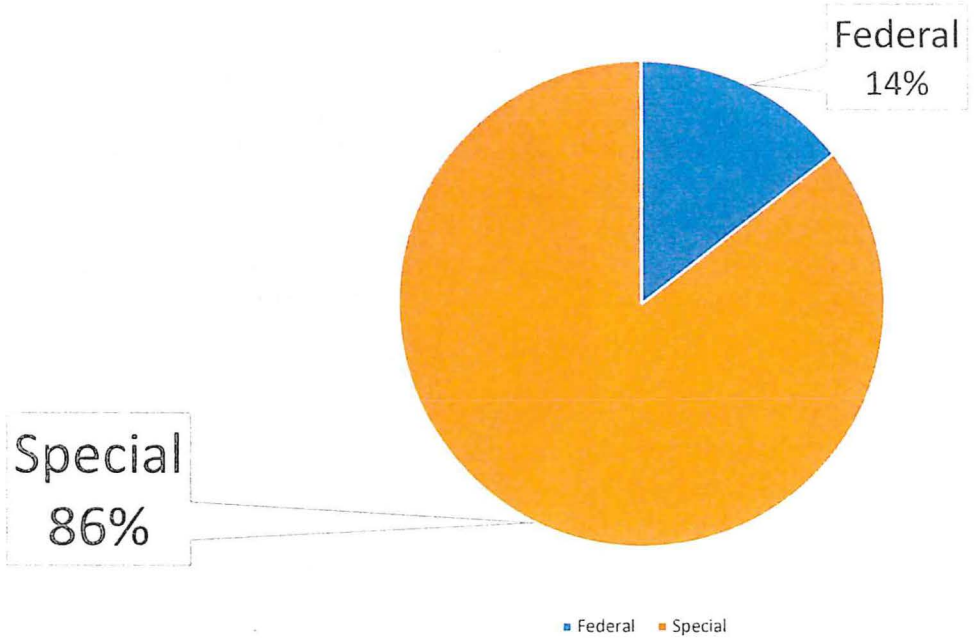
Homeownership Income

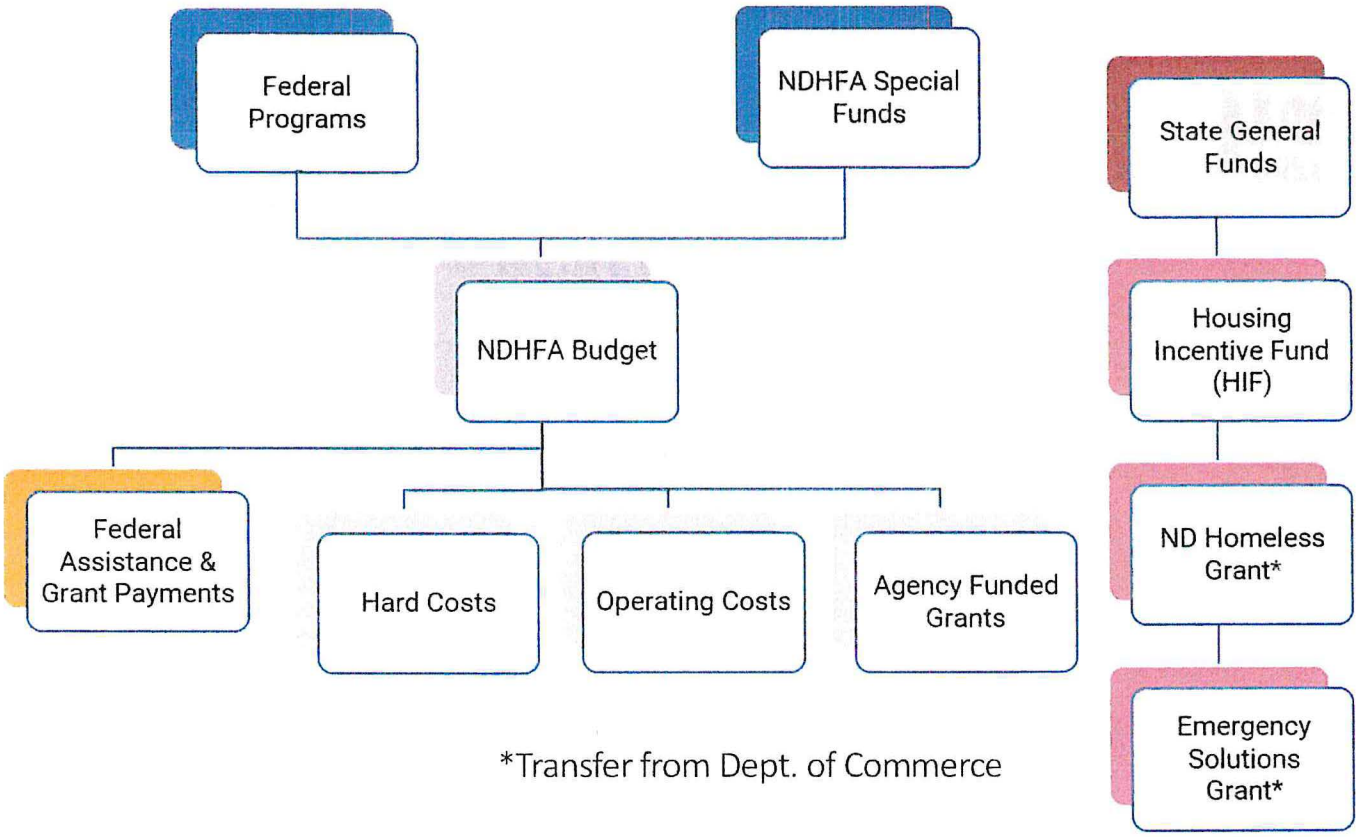
- Loan Servicing
- Bond Administration

Development / Compliance

- Application
- Origination
- Compliance

2023-25 Agency Request
Operating Funding Source





*Transfer from Dept. of Commerce

2023 Legislature

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HOUSE APPROPRIATIONS – GOVERNMENT OPERATIONS DIVISION HB 1014

NORTH DAKOTA housing FINANCE AGENCY

ND Housing Finance Agency	FTE
Authorized FTE's	49
Currently Vacant FTE's	0

NDHFA Staff Changes since July 1, 2020 (Base Budget)	FTE
New to NDHFA	17
Internal Transfer to new position	7
Additional job duties	10
Equity adjustments due to new hires	10

Retirement Facts:	FTE
Currently Eligible to Retire	11
Estimated to retire by June 2025	9

Past Retirement Facts:	FTE
Retired since July 1, 2020	2
Retired between July 1, 2018 - June 30, 2020	10

Position	New to NDHFA	Turnover Cost / Position	Total Costs
Payment / Homeownership	8	25,200	201,600
Accountant	3	42,000	126,000
Admin Asst	2	10,800	21,600
Program Admin	4	29,400	117,600
Total	17		466,800

Housing Finance Agency - Budget No. 473
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	49.00	$0	$58,890,532	$58,890,532	49.00	$0	$58,890,532	$58,890,532
2023-25 Ongoing Funding Changes								
Cost to continue salary increase			$75,908	$75,908				$0
Salary increase			716,072	716,072				0
Health insurance increase			267,478	267,478				0
Adds FTE compliance officer position	1.00		218,908	218,908				0
Adds FTE positions and increases funding for home loan programs	2.00		4,998,422	4,998,422				0
Increases federal funding for salary adjustments			800,102	800,102				0
Adds federal funding for temporary salaries			78,000	78,000				0
Transfers homeless grants from Department of Commerce		1,570,212	1,147,341	2,717,553				0
Increases federal funding for operating expenses			21,135	21,135				0
Increases funding for shared software and service rates			13,413	13,413				0
Decreases funding for capital assets			(130,000)	(130,000)				0
Increases funding for federal grants			1,949,910	1,949,910				0
Increases funding for housing rehabilitation grants			380,000	380,000				0
Total ongoing funding changes	3.00	$1,570,212	$10,536,689	$12,106,901	0.00	$0	$0	$0
One-Time Funding Items								
No one-time funding items				$0				$0
Total one-time funding changes	0.00	$0	$0	$0	0.00	$0	$0	$0
Total Changes to Base Level Funding	3.00	$1,570,212	$10,536,689	$12,106,901	0.00	$0	$0	$0
2023-25 Total Funding	52.00	$1,570,212	$69,427,221	$70,997,433	49.00	$0	$58,890,532	$58,890,532
Federal funds included in other funds			*$48,099,128*				*$44,000,932*	
Total ongoing changes as a percentage of base level	*6.1%*		*17.9%*	*20.6%*	*0.0%*		*0.0%*	*0.0%*
Total changes as a percentage of base level	*6.1%*		*17.9%*	*20.6%*	*0.0%*		*0.0%*	*0.0%*

Other Sections in Housing Finance Agency - Budget No. 473

	Executive Budget Recommendation	House Version
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 2023-25 biennium.	
Legacy earnings fund	Section 11 would transfer $25 million from the legacy earnings fund to the housing incentive fund for the 2023-25 biennium.	

NATIVE INC.
Community Development Corporation

Native American Development Center
2403 East Thayer Avenue
Bismarck ND 58501
Tel: (701) 595-5181
Website: www.ndnadc.org

Fargo Downtown Engagement Center
222 4th Street North
Fargo, ND 58102
Tel: (701) 412-2735
Website: www.ndnadc.org

February 06, 2023

NATIVE, Inc.
Testimony in Support of HB 1014
House Appropriations - Government Operations Division

Chairman Monson and Members of the Committee,

My name is Shelby Keplin. I am an enrolled member of the Turtle Mountain Band of Chippewa Indians. I am the Housing Coordinator at the Bismarck office of NATIVE, Inc., and support HB1014. We, respectively, ask this committee to consider increasing the ND homeless grant and emergency solutions grant.

Most of the public including the clients we serve at NATIVE, Inc. are in high need of rapid rehousing, resources, and permanent supportive housing services. NATIVE, Inc. has annually been awarded the ND homeless and emergency solutions grants for the past five years. Therefore, providing rapid rehousing and street outreach as an access and assessment point in Bismarck regional area since.

This means the public seeks us for financial rental assistance to cover security deposits and/or the first month's rent or for past due rent to avoid evictions and outreach to help chronic homeless persons get into the appropriate type of housing available in the community. These are HUD pass-through dollars to the state's commerce department, hence, housing providers like ours are required to utilize the HUD data software called HMIS. This takes a lot of administrative time in addition to the time and funds to provide a high level of housing services.

We can see anywhere from 85 to 110 people in need of housing per week with varying situations. Not every person that comes to our center has the same need and almost all come in requesting rental assistance and assistance with finding a landlord that will rent to them—we call this our housing support services. NATIVE, Inc. utilizes a "person-centered" approach toward serving all people who seek our housing services. We work with many different agencies to make sure our clients get all the appropriate resources and services they need. So it is not enough to expect that low-income households will be able to stabilize their housing once you provide them with rental assistance, therefore, lastly, we provide housing stabilization services--helping them find and stabilize employment or get to college, our transportation services, and if they choose to do so, we enroll them into our behavioral health prevention including smudge and prayer services and, lastly, we assist them with developing a spending plan to help them manage their money.

Lastly, I would like to share one of many of our client success stories at NATIVE, Inc. A gentleman came in and was looking for support services. He is a single father choosing to put his children into Foster Care while he addressed his own addictions and homelessness. He became our client, and he began working with our Care coordinator at NATIVE, Inc. to request an evaluation to address his recovery needs. We provided him with financial housing assistance and helped him find a landlord that was willing to rent to him, we help with maintaining his sobriety through our prayer services and cultural recovery programs and assisted with obtaining stable employment. While all these steps were taken, he maintained consistent with weekly engagements with our Care Coordinator, peer support specialist and his visitations with his children. He worked hard toward meeting the goal of reunification with his family and his goal of obtaining permanent housing. Our client with the support of our care team and other partners which included the ND Family Services, he was able to obtain an apartment of his own and moved in a few weeks ago. Sober, employed and housed in a stable home with his family home.

Nevertheless, housing services would either not be utilized or would be under-utilized if we did not have sufficient rental assistance to put or keep low-income individuals and families in a home. We hope that this committee would increase the ND homeless grant and emergency solutions grant dollars for North Dakota.

Miigwetch "Thank you" for your time. I stand for any questions.

Mill and Elevator Association - Budget No. 475
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	156.00	$0	$88,377,209	$88,377,209	156.00	$0	$88,377,209	$88,377,209
2023-25 Ongoing Funding Changes								
Cost to continue salaries			$198,797	$198,797				$0
Salary increase				0				0
Health insurance increase			771,600	771,600				0
Provides funding for salary increases subject to union negotiations			2,314,183	2,314,183				0
Adds new undesignated FTE positions for increased milling capacity	14.00		2,367,332	2,367,332				0
Increases funding for overtime			1,352,923	1,352,923				0
Increases funding for inflation costs and mill capacity growth			5,569,550	5,569,550				0
ITD rate increases			5,103	5,103				0
Total ongoing funding changes	14.00	$0	$12,579,488	$12,579,488	0.00	$0	$0	$0
One-Time Funding Items								
No one-time funding items				$0				$0
Total one-time funding changes	0.00	$0	$0	$0	0.00	$0	$0	$0
Total Changes to Base Level Funding	14.00	$0	$12,579,488	$12,579,488	0.00	$0	$0	$0
2023-25 Total Funding	170.00	$0	$100,956,697	$100,956,697	156.00	$0	$88,377,209	$88,377,209
Federal funds included in other funds			*$0*				*$0*	
Total ongoing changes as a percentage of base level	*9.0%*		*14.2%*	*14.2%*	*0.0%*		*0.0%*	*0.0%*
Total changes as a percentage of base level	*9.0%*		*14.2%*	*14.2%*	*0.0%*		*0.0%*	*0.0%*

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

	Executive Budget Recommendation	House Version
Transfer of profits to general fund	Section 17 would provide an exemption to suspend the transfer of 50 percent of the Mill's profits to the general fund for the 2023-25 biennium.	
Gain-sharing program	Section 18 would provide an exemption allowing the Industrial Commission to approve a gain-sharing program for the 2023-25 biennium without a transfer of profits to the general fund.	

23.0243.01006
Title.

Prepared by the Legislative Council staff for
Representative Kempenich
January 30, 2023

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1014

Page 1, line 2, after the first semicolon insert "to amend and reenact sections 6-09.7-05 and 54-17.7-01, and subsections 3 and 4 of section 54-17.7-04 of the North Dakota Century Code, relating to fuel production facility loan guarantee reserve funding and the powers of the North Dakota pipeline authority;"

Page 6, after line 5, insert:

"**SECTION 12. 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.

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~~one hundred forty 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 13. AMENDMENT. Section 54-17.7-01 of the North Dakota Century Code is amended and reenacted as follows:

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

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

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

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 ~~as a purchaser of last resort. The obligation of~~

~~the state may not exceed ten percent of the pipeline authority's acquisition or purchase of a right to capacity in any pipeline system or systems, or interconnection of pipeline systems, and the state's obligation is limited to the funding available from the oil and gas research fund~~. 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.

SECTION 15. 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 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. The line of credit must be guaranteed by reserves under section 6-09.7-05.

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

   d. The authority shall repay the line of credit from amounts available. If the amounts available on June 30, 2025, are not sufficient to repay the line of credit, the authority shall notify the director of the office of management and budget, and the director of the office of management and budget shall transfer funds from the strategic investment and improvements fund to the Bank for the repayment pursuant to section 6-09.7-05 based on the amount certified by the Bank."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment authorizes the North Dakota Pipeline Authority to borrow up to $60 million through a line of credit from the Bank of North Dakota to purchase capacity positions on a pipeline and requires the line of credit to be guaranteed under the fuel production facility loan guarantee program.

23.0243.01007a.pdf

23.0243.01007
Title.

Prepared by the Legislative Council staff for
Representative Kempenich
February 3, 2023

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1014

Page 4, after line 16, insert:

"**SECTION 5. APPROPRIATION - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - TRANSMISSION LINE GRANT - ONE-TIME FUNDING.** There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of $25,000,000, or so much of the sum as may be necessary, to the industrial commission for the purpose of providing 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, for the biennium beginning July 1, 2023, and ending June 30, 2025. A grant may be awarded only if the project to upgrade a transmission line has been approved by the public service commission. The funding provided in this section is considered a one-time funding item."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment appropriates $25 million from the strategic investment and improvements fund to the Industrial Commission 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.

23.0243.01001
Title.

Prepared by the Legislative Council staff for
Representative Kempenich
January 9, 2023

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1014

Page 1, line 2, after the first semicolon insert "to provide a report;"

Page 4, after line 16, insert:

"SECTION 5. APPROPRIATION - TRANSFER - STATE ENERGY RESEARCH CENTER FUND - RARE EARTH MINERALS STUDY - REPORT.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $4,500,000, or so much of the sum as may be necessary, which the office of management and budget shall transfer to the state energy research center fund during the biennium beginning July 1, 2023, and ending June 30, 2025. The funding provided in this section is considered a one-time funding item.

2. Pursuant to the continuing appropriation under section 57-51.1-07.9, the state energy research center shall use $4,500,000, or so much of the sum as may be necessary, from the state energy research center fund to study prospective in-state resources of economically feasible accumulations of critical minerals, including rare earth elements and other high-value minerals or materials that may be suitable for extraction and enrichment.

3. The study must include a review of in-state mineral accumulations, including coal deposits, ore bodies, oil and gas reservoirs, produced water from oil and gas development activities, saltwater zones, and shale formations. While conducting the study, the state energy research center shall collaborate with the North Dakota geological survey and active mineral lessors and developers.

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

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment transfers $4.5 million from the general fund to the state energy research center fund for a critical minerals study, including rare earth elements, during the 2023-24 interim.

PROPOSED AMENDMENT TO HOUSE BILL NO.1014

Page 1, line 2, after the first semicolon insert, "to create and enact a new section to chapter 6-09 of the North Dakota Century Code relating to an employee retention and recruitment program for the Bank of North Dakota; to provide a report."

Page 6, after line 5, insert:

SECTION 12: A new section to chapter 6-09 of the North Dakota Century Code is created and enacted as follow:

Employee Retention and Recruitment Program – Report to Legislative Management

The Bank of North Dakota may develop an employee retention and recruitment program that promotes profitability and productivity. The provisions of the program must be approved annually by the Banks Advisory Board and the Industrial Commission. The program funding must not exceed one percent of the annual profits and the Banks earnings must exceed one hundred million dollars for that year. Each interim, the Bank shall provide at least one report to legislative management regarding the status of the program, including provisions of the program; the total amount of earnings utilized and the minimum; maximum and average payout per eligible full-time equivalent position.

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT

This amendment enables Bank of North Dakota to create an employee retention and recruitment program and requires the Bank to provide a report to Legislative Management each interim regarding the status of the program.

FTE Request by Position

# of FTE's	Service Area	Job Title	Estimated Timing	Paygrade	Annual Salary Midpoint	Benefit Costs	Biennium Request
6	Lending	Loan Servicing Associate Lead/Sr/Supervisor	7/1/2023	B05	$ 67,829	$ 26,362	$ 188,381
		Loan Operations Supervisor/Manager	7/1/2023	B06	$ 78,260	$ 30,416	$ 217,351
		Business Banking Associate II	7/1/2023	B03	$ 50,086	$ 19,466	$ 139,104
		Loan Servicing Associate II	7/1/2023	B03	$ 50,086	$ 19,466	$ 139,104
		Loan Servicing Associate III	7/1/2023	B04	$ 57,399	$ 22,308	$ 159,414
		ADP - Lending (Level I Business Banker)	7/1/2023	B07	$ 92,872	$ 36,095	$ 257,933
1	Business Dev.	University/Student Development Coordinator	7/1/2023	B05	$ 67,829	$ 26,362	$ 188,381
1	Accounting	ADP - Accounting (Level III Staff Accountant)	7/1/2023	B06	$ 78,260	$ 30,416	$ 217,351
2	Underwriting	Credit Analyst III	7/1/2023	B06	$ 78,260	$ 30,416	$ 217,351
		Credit Analyst II	7/1/2023	B05	$ 67,829	$ 26,362	$ 188,381
7	Collateral Valuation	Commercial Valuation Supervisor	7/1/2023	B08	$ 106,433	$ 41,365	$ 295,596
		Agricultural Valuation Supervisor	7/1/2023	B08	$ 106,433	$ 41,365	$ 295,596
		Collateral Valuation Analyst IV	7/1/2023	B07	$ 92,872	$ 36,095	$ 257,933
		Collateral Valuation Analyst IV	7/1/2023	B07	$ 92,872	$ 36,095	$ 257,933
		Collateral Valuation Analyst IV	7/1/2023	B07	$ 92,872	$ 36,095	$ 257,933
		Collateral Valuation Analyst III	7/1/2023	B06	$ 78,260	$ 30,416	$ 217,351
		Collateral Valuation Analyst III	7/1/2023	B06	$ 78,260	$ 30,416	$ 217,351
17	Total						$ 3,712,450

Governor's proposed 8 FTE's

BND
Bank of North Dakota

FTE Request – BND Growth –2022 Statistics

Bank Overview

- Bank assets have grown from $7.0 billion in 2018 to $10.2 billion in 2022, a 46% increase.
- Total approved FTE's declined by 4.4%.
- BND initiated loans with 70 different lead banks (parent) and 207 different branches.
- In 2022, BND originated and renewed over $2.8 billion in total loans.
- Combined loan portfolio is now $5.4 billion
- BND structured investments for the $2.0 billion in federal funds received

Commercial and Agriculture Lending

- 1,510 applications received. Dispositioned 1,364 loans / modifications.
- BND Total Commercial and Agriculture Loans: $3.5 billion
- BND Renewal Total: $1.3 billion
- BND New Origination Total: $2.2 billion
- 162,004 Loan Payments totaling: $2.4 billion
- 20,286 Loan Advances totaling: $2.9 billion
- 32,665 Loan Student Loan Payments/Coupons totaling: $20.4 million

Treasury and Trust Services

- 14,500 Customers for which BND holds bonds
- Settled 3,400 customer trades
- When combined with BNDs bond portfolio: $15.0 billion in bonds held at BND
- This is a 9% increase from beginning and year and 44% increase since 2020

Operations Division

- ACH Originations: $15.8 billion ($3.7 million originated)
- ACH Received: $9.1 billion (1,599,557 entries)
- Wire Incoming: $33.1 billion (19,310 entries)
- Wire Outgoing: $39.4 billion (23,172 originated)
- Images: $59.4 billion (19,598,444)

Student Loans

- 78,429 students, borrowers, and families served across all programs
- Total Student Loan portfolio $1.1 billion
- 10,486 student loans initiated in 2022
- 26,147 phone calls; 12,808 emails; 500 chats; 203,935 visitors to websites for information
- 14,112 brochures and other materials distributed via various access and success touchpoints
- 67 Financial Literacy events with 2,213 students in attendance
- 151 College Application Month (CAM) events

Legislatively Directed Programs

- Legislative directed programs have grown 131% since 2016 from $391 million to $904 million
- In 2022, BND provided 74 Legislatively directed loans totaling $97.5 million
- BND implemented new administered loan programs for Clean Sustainable Energy Authority, Agriculture Diversification and Development Fund, established a Permanent Rebuilders Loan Fund and merged the BND-Water Infrastructure Loan Fund into the State Water Commission's Water Infrastructure Loan Fund.

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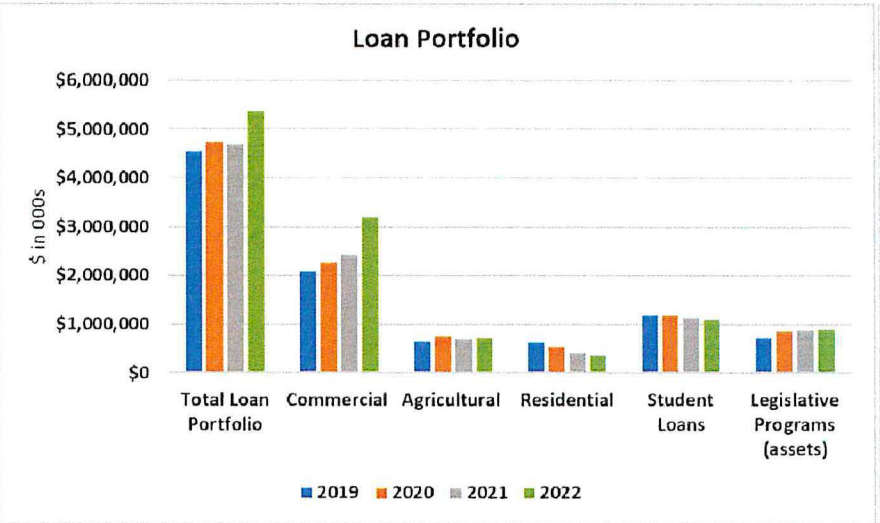
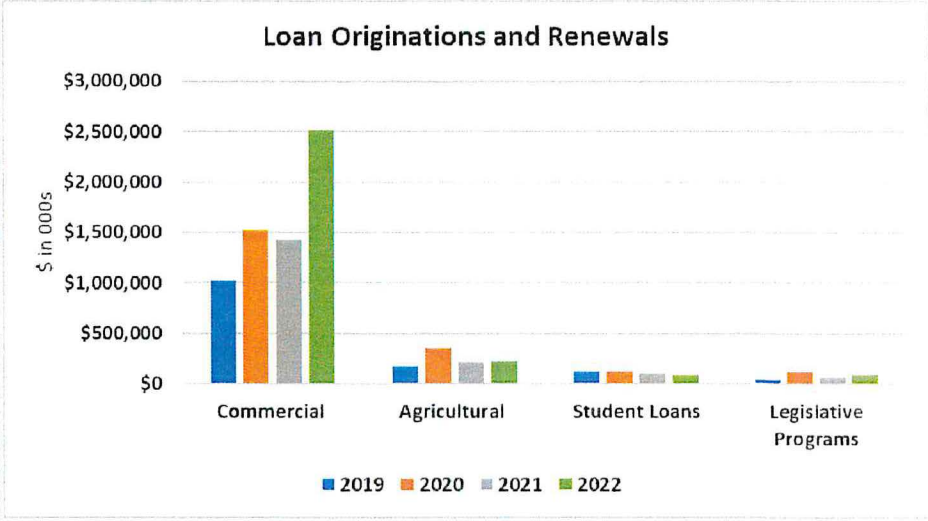
FTE Request – Loan Growth

- 10 FTEs needed to support significant loan growth since 2019
- Loan portfolio up 18% since 2019
  - Commercial up 54%
- Loan originations and renewals up 112% since 2019
  - Commercial up 146% since 2019
- Continued growth of Legislatively Directed Programs
  - 23 programs vs 19 in 2019
  - $904 million in total assets up 27% since 2019





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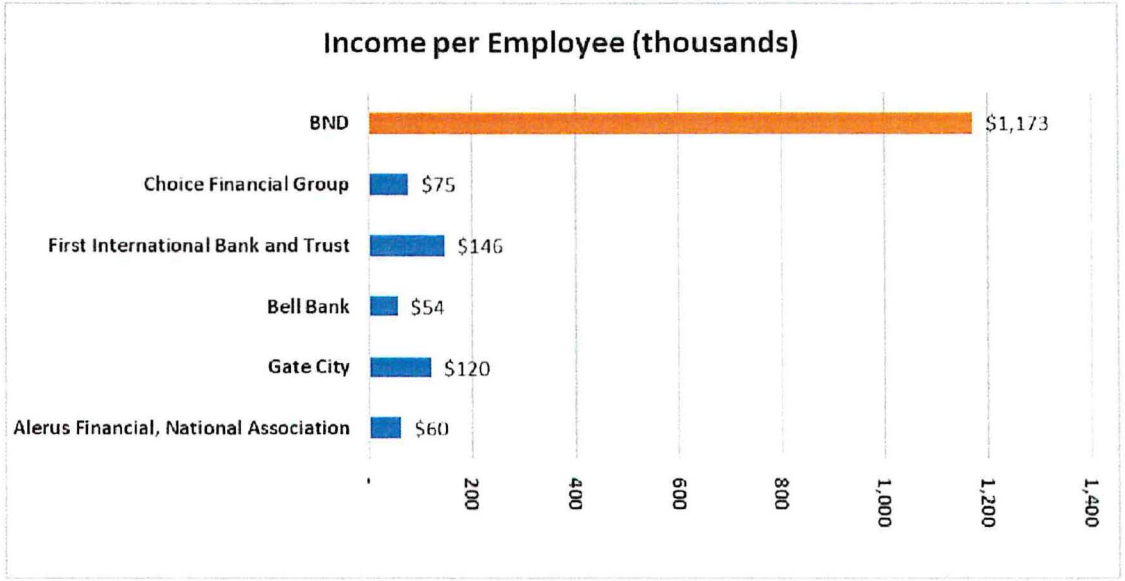
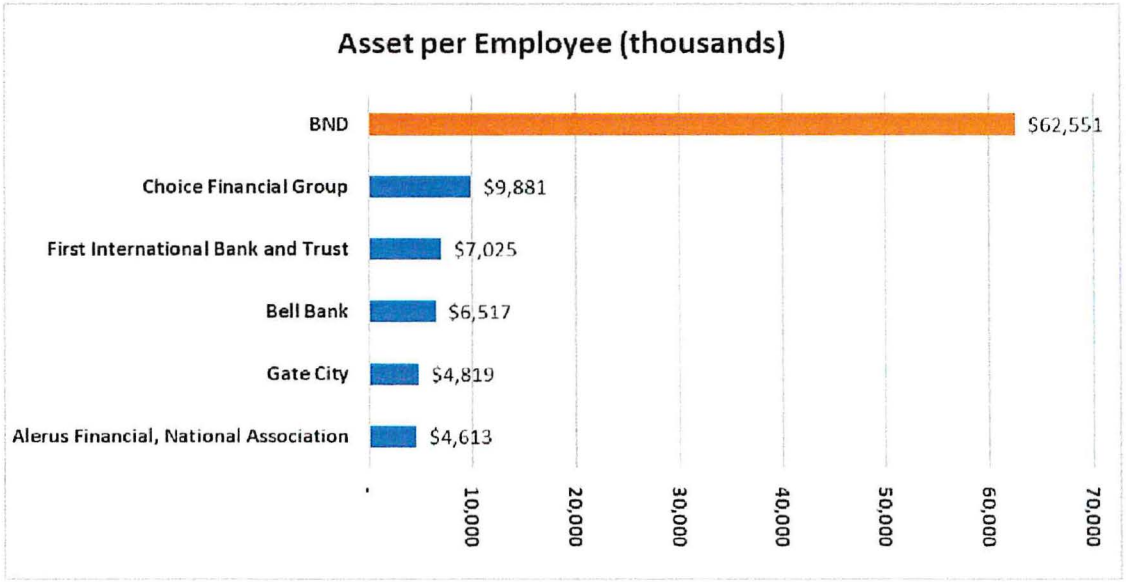
BND Performance per Employee





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FTE Request - Commercial Real Estate Evaluations

- 7 FTEs are expected to be required to meet demand. BND will hire additional staff only as warranted

- BND's collateral valuation services are paid for by ND financial institutions and will result in a net profit to BND

- A comprehensive feasibility study was completed utilizing various ranges of survey results of expected demand. Commercial evaluation services are the most significant valuation need for financial institutions across North Dakota

- Banks and credit unions, especially smaller ones, often lack the staffing, independence, expertise, and access to market data to complete real estate evaluations

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BND 21-23 compared to 23-25 Budget Request

	Biennium Budget 21-23	Proposed Budget 23-25	Change	% Change
Operations	$67,306,546	$74,860,232	$7,553,686	11.2%
Capital Assets	$1,510,000	$1,510,000	-	
Total	$68,816,548	$76,370,232	$7,553,686	11.2%
FTEs	173	190	17	9.8%

$ in 000s	Biennium 19-21	Biennium 21-23
Revenue	$458,142	$537,099
% Change		17.2%

- Revenue has grown by 17.2% to $537 million over the 19-21 biennium
- $3,712,450 for 17 additional FTE's – BND only adds FTEs as needed (includes benefits, no 6%/4%)
  - 7 - Collateral Valuation
  - 6 - Lending
  - 2 - Credit Administration
  - 1 - Business Development for a University/Student Development Coordinator
  - 1 - Staff Accountant
- $986,312 - health insurance increase
- $894,924 - accounts for the continuation of the 21-23 legislative salary increases along with additional costs related to employee turnover and recruitment
- $804,000 - major IT related enhancements
- $750,000 - equity increases given current market challenges
- $406,000 - vendor inflation adjustments

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Bank of North Dakota - Budget No. 471
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version				House Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	173.00	$0	$68,816,548	$68,816,548	173.00	$0	$68,816,548	$68,816,548	0.00	$0	$0	$0
2023-25 Ongoing Funding Changes												
Cost to continue salary increase			$280,646	$280,646			$280,646	$280,646				$0
Salary increase			2,685,488	2,685,488			1,896,264	1,896,264			(789,224)	(789,224)
Health insurance increase			863,226	863,226			883,084	883,084			19,858	19,858
Adds FTE credit underwriter IV position	1.00		253,976	253,976				0	(1.00)		(253,976)	(253,976)
Adds FTE agricultural valuation supervisor position	1.00		290,214	290,214				0	(1.00)		(290,214)	(290,214)
Adds FTE credit underwriter III position	1.00		222,652	222,652				0	(1.00)		(222,652)	(222,652)
Adds FTE commercial valuation supervisor position	1.00		290,214	290,214				0	(1.00)		(290,214)	(290,214)
Adds FTE collateral valuation III position	1.00		217,735	217,735				0	(1.00)		(217,735)	(217,735)
Adds FTE collateral valuation analyst IV position	1.00		253,976	253,976				0	(1.00)		(253,976)	(253,976)
Adds FTE collateral valuation IV position	1.00		253,976	253,976				0	(1.00)		(253,976)	(253,976)
Adds FTE loan operations supervisor position	1.00		222,652	222,652				0	(1.00)		(222,652)	(222,652)
Increases funding for shared software and service rates			44,660	44,660				0			(44,660)	(44,660)
Increases funding for ITD rate changes			405,524	405,524				0			(405,524)	(405,524)
Total ongoing funding changes	8.00	$0	$6,284,939	$6,284,939	0.00	$0	$3,059,994	$3,059,994	(8.00)	$0	($3,224,945)	($3,224,945)
One-Time Funding Items												
Adds one-time funding for IT projects			$804,278	$804,278				$0			($804,278)	($804,278)
Total one-time funding changes	0.00	$0	$804,278	$804,278	0.00	$0	$0	$0	0.00	$0	($804,278)	($804,278)
Total Changes to Base Level Funding	8.00	$0	$7,089,217	$7,089,217	0.00	$0	$3,059,994	$3,059,994	(8.00)	$0	($4,029,223)	($4,029,223)
2023-25 Total Funding	181.00	$0	$75,905,765	$75,905,765	173.00	$0	$71,876,542	$71,876,542	(8.00)	$0	($4,029,223)	($4,029,223)
Federal funds included in other funds			*$0*				*$0*				*$0*	
Total ongoing changes as a percentage of base level	*4.6%*		*9.1%*	*9.1%*	*0.0%*		*4.4%*	*4.4%*				
Total changes as a percentage of base level	*4.6%*		*10.3%*	*10.3%*	*0.0%*		*4.4%*	*4.4%*				

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

	Executive Budget Recommendation	House Version
Transfer to general fund	Removes a section to transfer $140 million from the Bank of North Dakota's current earnings and undivided profits to the general fund for the 2023-25 biennium.	
Transfer to PACE fund	Section 6 would provide for a transfer of $39 million from the Bank of North Dakota's current earnings and undivided profits to the PACE fund for the 2023-25 biennium.	
Transfer to Ag PACE fund	Section 7 would provide for a transfer of $5 million from the Bank of North Dakota's current earnings and undivided profits to the Ag PACE fund for the 2023-25 biennium.	
Transfer to biofuels PACE fund	Section 8 would provide for a transfer of $1 million from the Bank of North Dakota's current earnings and undivided profits to the biofuels PACE fund for the 2023-25 biennium.	

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

	Executive Budget Recommendation	House Version	
Transfer to beginning farmer revolving loan fund	Section 9 would provide for a transfer of $15 million from the Bank of North Dakota's current earnings and undivided profits to the beginning farmer revolving loan fund for the 2023-25 biennium.		
Transfer to agricultural products utilization fund	Section 10 would provide for a transfer of $3 million from the Bank of North Dakota's current earnings and undivided profits to the agricultural products utilization fund for the 2023-25 biennium.		

PROPOSED AMENDMENT TO HOUSE BILL NO.1014

Page 1, line 2, after the first semicolon insert, "to create and enact a new section to chapter 6-09 of the North Dakota Century Code relating to an employee retention and recruitment program for the Bank of North Dakota; to provide a report."

Page 6, after line 5, insert:

SECTION 12: A new section to chapter 6-09 of the North Dakota Century Code is created and enacted as follow:

Employee Retention and Recruitment Program – Report to Legislative Management

The Bank of North Dakota may develop an employee retention and recruitment program that promotes profitability and productivity. The provisions of the program must be approved annually by the Banks Advisory Board and the Industrial Commission. The program funding must not exceed one percent of the annual profits and the Banks earnings must exceed one hundred million dollars for that year. Each interim, the Bank shall provide at least one report to legislative management regarding the status of the program, including provisions of the program; the total amount of earnings utilized and the minimum; maximum and average payout per eligible full-time equivalent position.

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT

This amendment enables Bank of North Dakota to create an employee retention and recruitment program and requires the Bank to provide a report to Legislative Management each interim regarding the status of the program.

Industrial Commission - Budget No. 405
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version				House Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	6.75	$0	$24,131,181	$24,131,181	6.75	$0	$24,131,181	$24,131,181	0.00	$0	$0	$0
2023-25 Ongoing Funding Changes												
Cost to continue salary increase			$8,697	$8,697			$8,697	$8,697				$0
Salary increase			142,561	142,561			107,229	107,229			(35,332)	(35,332)
Health insurance increase			41,146	41,146			42,092	42,092			946	946
Adds FTE grant administration position	1.00		182,321	182,321	1.00		182,321	182,321				0
Adds FTE deputy director position	1.00		132,646	132,646	1.00		132,646	132,646				0
Adds FTE administrative assistant position				0	1.00		300,943	300,943	1.00		300,943	300,943
Transfers $97,878 from operating expenses to salaries				0				0				0
ITD rate increases			1,756	1,756			1,756	1,756				0
Increases funding for bond payments			97,839,192	97,839,192			97,839,192	97,839,192				0
Total ongoing funding changes	2.00	$0	$98,348,319	$98,348,319	3.00	$0	$98,614,876	$98,614,876	1.00	$0	$266,557	$266,557
One-Time Funding Items												
Adds one-time funding for FTE grant administration position			$1,155	1,155			1,155	1,155				0
Adds one-time funding for FTE deputy director position			10,955	10,955			10,955	10,955				0
Adds one-time funding for temporary employees			75,000	75,000				0			(75,000)	(75,000)
Adds one-time funding for inflationary increases			35,688	35,688				0			(35,688)	(35,688)
Adds one-time funding for Transmission Authority consulting		250,000		250,000		300,000		300,000		50,000		50,000
Adds one-time funding for computers and software			54,000	54,000				0			(54,000)	(54,000)
Adds one-time funding for an electric grid resilience grant		1,372,227	7,520,258	8,892,485		1,124,856	7,499,037	8,623,893		(247,371)	(21,221)	(268,592)
Adds one-time funding for lignite litigation		3,000,000		3,000,000				0		(3,000,000)		(3,000,000)
Adds one-time funding for a transmission line grant				0			25,000,000	25,000,000			25,000,000	25,000,000
Adds one-time funding for grant management software - To discuss				0			1,250,000	1,250,000			1,250,000	1,250,000
Total one-time funding changes	0.00	$4,622,227	$7,697,056	$12,319,283	0.00	$1,424,856	$33,761,147	$35,186,003	0.00	($3,197,371)	$26,064,091	$22,866,720
Total Changes to Base Level Funding	2.00	$4,622,227	$106,045,375	$110,667,602	3.00	$1,424,856	$132,376,023	$133,800,879	1.00	($3,197,371)	$26,330,648	$23,133,277
2023-25 Total Funding	8.75	$4,622,227	$130,176,556	$134,798,783	9.75	$1,424,856	$156,507,204	$157,932,060	1.00	($3,197,371)	$26,330,648	$23,133,277
Federal funds included in other funds			*$7,520,258*				*$7,499,037*				*($21,221)*	
Total ongoing changes as a percentage of base level	*29.6%*		*407.6%*	*407.6%*	*44.4%*		*408.7%*	*408.7%*				
Total changes as a percentage of base level	*29.6%*		*439.5%*	*458.6%*	*44.4%*		*548.6%*	*554.5%*				

Other Sections in Industrial Commission - Budget No. 405

	Executive Budget Recommendation	House Version
Bond payments	Section 3 would provide legislative intent for bond payments during the 2023-25 biennium.	Section _ provides legislative intent for bond payments during the 2023-25 biennium.
Administrative cost transfers - To discuss	Section 5 would allow the Industrial Commission to transfer up to $1,619,045 from special funds from the entities under the control of the Industrial Commission for administrative services. Section 19 would provide an exemption allowing unspent prior biennium appropriation authority for administrative costs to be available in the 2023-25 biennium.	Section _ allows the Industrial Commission to transfer up to $1,899,877 from special funds from the entities under the control of the Industrial Commission for administrative services. Section _ allows the Industrial Commission to transfer up to $250,000 from each of the grant programs to provide a total of $1,250,000 for new grant management software. Section _ provides an exemption allowing unspent prior biennium appropriation authority for administrative costs to be available in the 2023-25 biennium.

Other Sections in Industrial Commission - Budget No. 405

	Executive Budget Recommendation	House Version
Legacy fund earnings	Sections 12 and 13 would transfer $55 million from the legacy earnings fund to the oil and gas research fund ($5 million) and to the clean sustainable energy fund ($50 million).	Section _ transfers $5 million from the legacy earnings fund to the oil and gas research fund for a pipeline leak detection and prevention program. Section _ transfers $20 million from the legacy earnings fund to the clean sustainable energy fund to provide total funding of $50 million, including $30 million allocated from the legacy earnings fund to the clean sustainable energy fund under current law.
Strategic investment and improvements fund		Section _ identifies $25 million from the strategic investment and improvements fund for the Industrial Commission 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.
State Energy Research Center - To discuss		Section _ transfers $4.5 million from the general fund to the State Energy Research Center and directs the Industrial Commission to distribute the funding for a critical minerals study, including rare earth elements, during the 2023-24 interim. Section _ transfers $25 million from the strategic investment and improvements fund to the State Energy Research Center fund and requires the Industrial Commission to distribute the funding to the State Energy Research Center for an underground energy storage research project to construct up to two salt caverns.
Pipeline capacity positions		Section _ authorizes the North Dakota Pipeline Authority to borrow up to $60 million through a line of credit from the Bank of North Dakota to purchase capacity positions on a pipeline and requires the line of credit be guaranteed under the fuel production facility loan guarantee program.
Federal State Fiscal Recovery Fund exemption	Sections 20 and 21 would provide an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a pipeline infrastructure grant ($150 million) and a hydrogen development grant ($20 million).	Section _ provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a hydrogen development grant ($20 million).
Emergency clause		Section _ provides an emergency clause related to $3 million of one-time funding from the general fund for lignite litigation.

Legislative Assembly

North Dakota House of Representatives

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360

Representative Anna S. Novak
District 33
1139 Elbowoods Drive
Hazen, ND 58545-4923
anovak@ndlegis.gov

COMMITTEES:
Education
Energy and Natural Resources

February 6, 2023

Mr. Chairman and members of the committee, for the record, my name is Anna Novak, Representative from District 33, the heart of Coal Country. I am here in support of the Amendment to the Industrial Commission's Budget of $4.5 million dollars for projects relating to critical elements and rare earth metals.

Critical elements and rare earth metals are needed for basically anything in the technology sector. From our cell phones, the computer chips in laptops or vehicles and military aircraft, critical minerals and rare elements are used in almost everything in our society. Nearly 100% of these materials are secured from China so right now, we are completely reliant upon them for these items. Obviously, it's not good to be reliant on another country for anything, but for that country to be communist China is a very big problem. I would consider it to be a national security risk. It's also estimated that China will run out of these materials in the next 5-10 years so regardless of the desire to halt business with China, it's a necessity to find these materials elsewhere.

I've included some information I obtained when I visited the EERC last fall. I'd like you to take a look at the Periodic Table section on the front. On the left, it shows an iPhone and lists some of the elements needed to create some of the different components within it. If you look to the right, you'll see the Periodic Table. The elements with a blue box around them are elements that have been located within North Dakota's lignite coal seams. As you can see, there are high concentrations of extremely important and valuable materials right here in North Dakota. The mines where we'd get the coal are already permitted. I have a bill being heard later this week that provides tax incentives to draw businesses here for this. Combine those two things with North Dakota's business-friendly environment and we are positioned extremely well to be the best place in America possible for businesses to set up shop for the extraction and production of these valuable materials.

Over the years, the state legislature has allocated funds to research the concentrations of these elements in our lignite coal. And the research has shown us that North Dakota coal seams have high concentrations of critical elements and rare earth metals. In fact, North Dakota coal has higher concentrations than many other coal seems tested in the United States. One of the reasons why this funding is so important to me is because the processing of the materials has to take place where it's mined, so this would be a big win for coal country!

I realize that there is already some money allocated towards critical and rare earth research this session within the Industrial Commission's budget, but this request is geared towards the next phase. Not just the research, but getting us closer to project viability – kind of a "Phase 2"- and going towards specific projects. And while most of the funds will most likely go towards critical and rare earth research for lignite coal, it's worth noting that the funds can be used for other feedstocks, like natural gas or oil.

You have all kinds of worthy projects that need to be funded. But this funding is something that could really spur innovation, and the return on investment to the state of North Dakota could be in the billions. I strongly urge you to support this amendment to add $4.5m to the Industrial Commission's budget and will stand for any questions you may have. Thank you!

EERC | UND UNIVERSITY OF NORTH DAKOTA

Rare-Earth Elements

WHY ARE RARE-EARTH ELEMENTS IMPORTANT?

Rare-earth elements (REEs) are elements with special properties that make them useful in high-technology products, such as smart phones, catalysts, hard drives, hybrid electric vehicle engines, lasers, magnets, medical devices, and televisions.

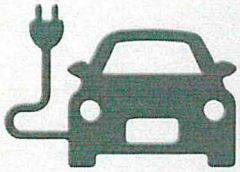
NEW SOURCES OF REEs ARE NEEDED

Currently, the United States is 100% reliant on imports of REEs. China dominates the global market, with over 80% of REE production in 2017. Major growth market, sectors such as wind turbines, hybrid/electric vehicles, and electronics are dependent on REEs. The lack of domestic resources of REEs could be considered a risk to national security and economic prosperity. Coal and coal by-products have been identified as promising domestic sources of REEs.

It is estimated that China's high REE resources will be gone by 2025. The most critical REEs are those deemed as having a supply risk and being highly important to U.S. national security and clean energy technologies going forward.

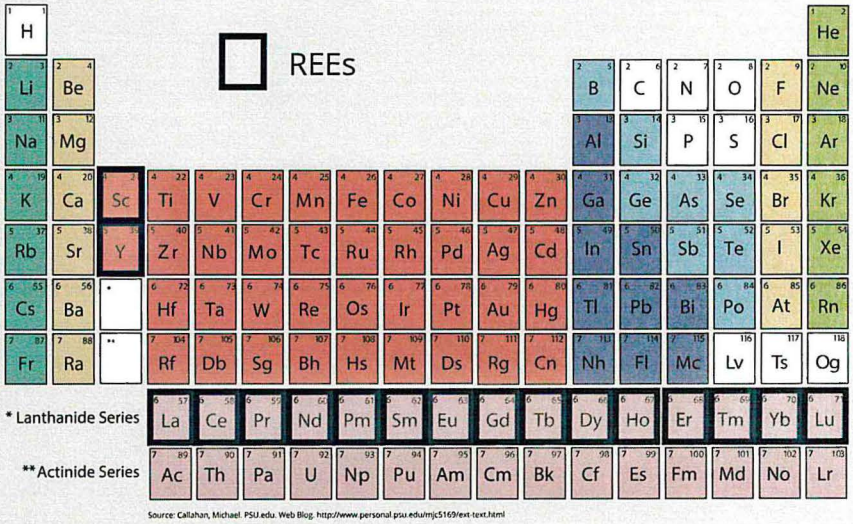
iPhone

Color Screen	Y, La, Pr, Eu, Gd, Tb, Dy
Phone Circuitry	La, Pr, Nd, Eu, Gd
Speakers	Pr, Nd, Gd, Dy
Vibration unit	Nd, Tb, Dy



Hybrid Electric Vehicle

Motor	Nd, Pr, Tb,Dy
Batteries	La, Ce, Pr, Nd
Operating System	Nd, Pr, Tb,Dy



Source: Callahan, Michael. PSU.edu. Web Blog. http://www.personal.psu.edu/mjc5169/ext-text.html

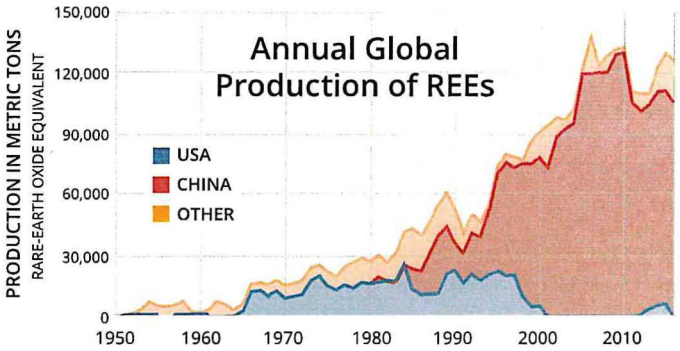
lanthanum (La), cerium (Ce), praseodymium (Pr), neodymium (Nd), promethium (Pm), samarium (Sm), europium (Eu), gadolinium (Gd), terbium (Tb), dysprosium (Dy), holmium (Ho), erbium (Er), thulium (Tm), ytterbium (Yb), lutetium (Lu) and transition elements scandium (Sc) and yttrium (Y)

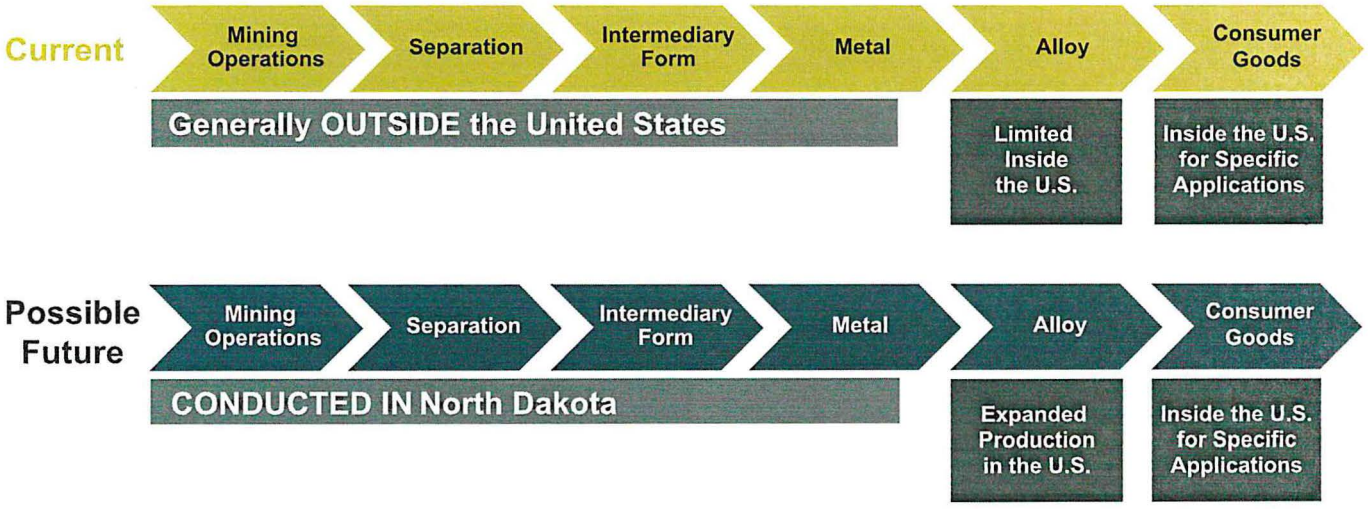
ADVANCING NEW SOURCES OF REEs

The Energy & Environmental Research Center (EERC) is leading several research projects on REEs. We are targeting resources that are associated with the lignite industry in North Dakota for REE recovery. This provides a unique opportunity for leveraging an existing industry that has taken the time and expense to develop the coal mines and utilization infrastructure, reducing the time line to begin an operation for extracting and producing REEs. Value-added usage of low-cost materials associated with the lignite industry also provides unique opportunities to be economically and environmentally responsible.

Despite their name, REEs are not actually rare but are highly distributed. This results in ores where REE content is measured in parts per million (ppm).

Our work has identified coal seams in North Dakota with REE concentrations as high as anything ever measured in coal in the United States. North Dakota is home to the world's largest lignite deposit – 350 billion tons, or enough to provide electricity for the next 800 years. In just one identified coal seam in North Dakota, the potential REE reserves could be 2 million tons. The United States currently uses approximately 16,000 tons of REEs a year.





We are leading the way in REE research and in identifying domestic resources.

For more information on our work with REEs, contact:

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EERC
UND UNIVERSITY OF NORTH DAKOTA

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23.0243.01001
Title.

Prepared by the Legislative Council staff for
Representative Kempenich
January 9, 2023

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1014

Page 1, line 2, after the first semicolon insert "to provide a report;"

Page 4, after line 16, insert:

"SECTION 5. APPROPRIATION - TRANSFER - STATE ENERGY RESEARCH CENTER FUND - RARE EARTH MINERALS STUDY - REPORT.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $4,500,000, or so much of the sum as may be necessary, which the office of management and budget shall transfer to the state energy research center fund during the biennium beginning July 1, 2023, and ending June 30, 2025. The funding provided in this section is considered a one-time funding item.

2. Pursuant to the continuing appropriation under section 57-51.1-07.9, the state energy research center shall use $4,500,000, or so much of the sum as may be necessary, from the state energy research center fund to study prospective in-state resources of economically feasible accumulations of critical minerals, including rare earth elements and other high-value minerals or materials that may be suitable for extraction and enrichment.

3. The study must include a review of in-state mineral accumulations, including coal deposits, ore bodies, oil and gas reservoirs, produced water from oil and gas development activities, saltwater zones, and shale formations. While conducting the study, the state energy research center shall collaborate with the North Dakota geological survey and active mineral lessors and developers.

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

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment transfers $4.5 million from the general fund to the state energy research center fund for a critical minerals study, including rare earth elements, during the 2023-24 interim.

Department of Mineral Resources - Budget No. 470
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version				House Changes to Executive Budget			
									Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	108.25	$26,489,613	$238,004	$26,727,617	108.25	$26,489,613	$238,004	$26,727,617	0.00	$0	$0	$0
2023-25 Ongoing Funding Changes												
Cost to continue salary increase		$167,219		$167,219		$167,219		$167,219				$0
Salary increase		1,604,665		1,604,665		1,195,296		1,195,296		(409,369)		(409,369)
Health insurance increase		564,010		564,010		576,985		576,985		12,975		12,975
Adds FTE carbon capture positions	3.00	760,911		760,911	3.00	760,911		760,911				0
Adds FTE paleontology position	1.00	196,610		196,610	1.00	196,610		196,610				0
Adds FTE critical minerals position	1.00	276,523		276,523	1.00	276,523		276,523				0
Adds FTE records management position - To discuss	0.50	69,497		69,497	0.50	69,497		69,497				0
Adds FTE subsurface geologist position - To discuss				0	1.00	274,955		274,955	1.00	274,955		274,955
Adds funding for temporary employees				0		45,000		45,000		45,000		45,000
Transfers $6,907 from operating expenses to salaries				0				0				0
Increases federal funding for salaries and wages			29,996	29,996			29,996	29,996				0
ITD rate increases		3,143		3,143		3,143		3,143				0
Adds funding for computer server transition		230,000		230,000		230,000		230,000				0
Adds funding for professional membership dues				0		105,000		105,000		105,000		105,000
Total ongoing funding changes	5.50	$3,872,578	$29,996	$3,902,574	6.50	$3,901,139	$29,996	$3,931,135	1.00	$28,561	$0	$28,561
One-Time Funding Items												
Adds one-time funding for FTE carbon capture positions		$31,031		$31,031		31,031		31,031				0
Adds one-time funding for FTE paleontology position		9,234		9,234		9,234		9,234				0
Adds one-time funding for FTE critical minerals position		20,134		20,134		20,134		20,134				0
Adds one-time funding for FTE records management position		3,119		3,119		3,119		3,119				0
Adds one-time funding for FTE subsurface geologist position - To discuss				0		9,634		9,634		9,634		9,634
Adds one-time funding for inflationary increases		821,456		821,456		821,456		821,456				0
Adds one-time funding for core and mineral analysis		100,000		100,000		100,000		100,000				0
Adds one-time funding for drones and computers		83,648		83,648				0		(83,648)		(83,648)
Adds one-time funding for computer server transition		80,000		80,000		80,000		80,000				0
Adds one-time funding for fossil restoration		250,000		250,000		250,000		250,000				0
Adds one-time federal funding for abandoned well reclamation				0			2,300,000	2,300,000			2,300,000	2,300,000
Total one-time funding changes	0.00	$1,398,622	$0	$1,398,622	0.00	$1,324,608	$2,300,000	$3,624,608	0.00	($74,014)	$2,300,000	$2,225,986
Total Changes to Base Level Funding	5.50	$5,271,200	$29,996	$5,301,196	6.50	$5,225,747	$2,329,996	$7,555,743	1.00	($45,453)	$2,300,000	$2,254,547
2023-25 Total Funding	113.75	$31,760,813	$268,000	$32,028,813	114.75	$31,715,360	$2,568,000	$34,283,360	1.00	($45,453)	$2,300,000	$2,254,547
Federal funds included in other funds			*$268,000*				*$2,568,000*				*$2,300,000*	
Total ongoing changes as a percentage of base level	*5.1%*	*14.6%*	*12.6%*	*14.6%*	*6.0%*	*14.7%*	*12.6%*	*14.7%*				
Total changes as a percentage of base level	*5.1%*	*19.9%*	*12.6%*	*19.8%*	*6.0%*	*19.7%*	*979.0%*	*28.3%*				

Other Sections in Department of Mineral Resources - Budget No. 470

	Executive Budget Recommendation	House Version
Early authorization for new FTE positions		Section _ appropriates $62,460 from the general fund and authorizes 3 FTE carbon capture positions for the 2021-23 biennium.
Fossil restoration fund		Section _ transfers $15,000 from the general fund to the fossil restoration fund prior to the end of the 2021-23 biennium, and Section _ includes an emergency clause related to the transfer. Section _ transfers $250,000 from the general fund to the fossil restoration fund during the 2023-25 biennium.
Strategic investment and improvements fund	Section 14 would transfer $500 million from the strategic investment and improvements fund to the clean sustainable energy fund including $250 million prior to the end of the 2021-23 biennium and $250 million during the 2023-25 biennium.	
North Dakota outdoor heritage fund	Section 15 would decrease the oil and gas tax revenue allocation limit to the North Dakota outdoor heritage fund from $20 million per fiscal year to $7.5 million per fiscal year for the 2023-25 biennium, the same as the 2021-23 biennium.	
Oil and gas research fund	Section 16 would increase the allocations to the oil and gas research fund by $4.5 million, from $10 million to $14.5 million for the 2023-25 biennium, the same as the 2021-23 biennium.	
Federal State Fiscal Recovery Fund exemption	Section 22 would provide an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to an abandoned oil well conversion program ($3.2 million).	Section _ provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to an abandoned oil well conversion program ($3.2 million).
Abandoned well federal funding exemption	Section 23 would provide an exemption allowing unspent federal funding authorized by the Emergency Commission to be available in the 2023-25 biennium related to administrative costs for plugging and reclaiming oil wells and oil well sites.	
Survey review exemption	Section 24 would provide an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority for a survey review during the 2023-25 biennium.	Section _ provides an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority for a survey review during the 2023-25 biennium.
Emergency clause		Section _ includes an emergency clause related to the appropriation and FTE position authorization for carbon capture positions and $310,000 for computer server tansition.

Housing Finance Agency - Budget No. 473
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version				House Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	49.00	$0	$58,890,532	$58,890,532	49.00	$0	$58,890,532	$58,890,532	0.00	$0	$0	$0
2023-25 Ongoing Funding Changes												
Cost to continue salary increase			$75,908	$75,908			$75,908	$75,908				$0
Salary increase			716,072	716,072			533,723	533,723			(182,349)	(182,349)
Health insurance increase			267,478	267,478			273,631	273,631			6,153	6,153
Adds FTE compliance officer position	1.00		218,908	218,908	1.00		218,908	218,908				0
Adds FTE positions and increases funding for home loan programs	2.00		4,998,422	4,998,422				0	(2.00)		(4,998,422)	(4,998,422)
Increases federal funding for salary adjustments			800,102	800,102			800,102	800,102				0
Adds federal funding for temporary salaries			78,000	78,000			78,000	78,000				0
Transfers homeless grants from Department of Commerce		1,570,212	1,147,341	2,717,553		1,570,212	1,147,341	2,717,553				0
Adds a contingent FTE mortgage specialist position				0	1.00		82,068	82,068	1.00		82,068	82,068
Adds FTE positions for business analyst positions				0	2.00		466,592	466,592	2.00		466,592	466,592
Increases funding for servicing premiums for home loan program				0			4,531,830	4,531,830			4,531,830	4,531,830
Increases federal funding for operating expenses			21,135	21,135			21,135	21,135				0
Increases funding for shared software and service rates			13,413	13,413			13,413	13,413				0
Decreases funding for capital assets			(130,000)	(130,000)			(130,000)	(130,000)				0
Increases funding for federal grants			1,949,910	1,949,910			1,949,910	1,949,910				0
Increases funding for housing rehabilitation grants			380,000	380,000			380,000	380,000				0
Total ongoing funding changes	3.00	$1,570,212	$10,536,689	$12,106,901	4.00	$1,570,212	$10,442,561	$12,012,773	1.00	$0	($94,128)	($94,128)
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	3.00	$1,570,212	$10,536,689	$12,106,901	4.00	$1,570,212	$10,442,561	$12,012,773	1.00	$0	($94,128)	($94,128)
2023-25 Total Funding	52.00	$1,570,212	$69,427,221	$70,997,433	53.00	$1,570,212	$69,333,093	$70,903,305	1.00	$0	($94,128)	($94,128)
Federal funds included in other funds			*$48,099,128*				*$48,057,886*				*($41,242)*	
Total ongoing changes as a percentage of base level	*6.1%*		*17.9%*	*20.6%*	*8.2%*		*17.7%*	*20.4%*				
Total changes as a percentage of base level	*6.1%*		*17.9%*	*20.6%*	*8.2%*		*17.7%*	*20.4%*				

Other Sections in Housing Finance Agency - Budget No. 473

	Executive Budget Recommendation	House Version
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 2023-25 biennium.	Section _ 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 2023-25 biennium.
Legacy earnings fund - To discuss	Section 11 would transfer $25 million from the legacy earnings fund to the housing incentive fund for the 2023-25 biennium.	Section _ transfers $_ million from the legacy earnings fund to the housing incentive fund for the 2023-25 biennium.
Contingent funding and FTE position		Section _ authorizes $82,068 and 1 FTE position contingent upon the agency's mortgage loan production exceeding $435 million during fiscal year 2024.

2021 Legislature Created CSEA in 54-63.1

Clean Sustainable Energy Authority Loan Funding Structure

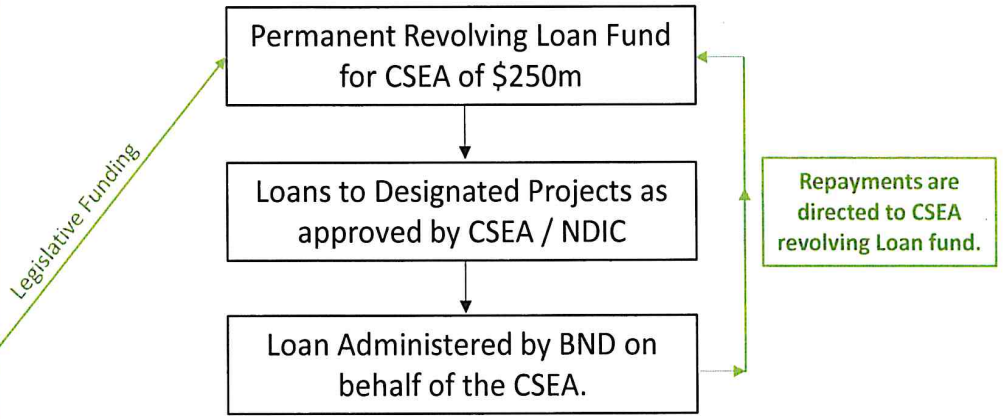
BND Funding

Legislature Funding & Repayment of CSEA

- The Legislature established the CSEA program and provided for a loan option administered by BND. By statue, the loans provide a fixed Interest Rate of 2% with a term determined by BND.
- As established, the Legislature is committed to repaying the Line of Credit to BND.
- The statue established a $250m revolving loan fund. As opposed to cash, the legislature chose to utilize a line of credit from BND for initial funding. The CSEA revolving loan fund draws on the line of credit from BND when a borrower draws on the loan.

$30 million currently outstanding on BND Line of Credit

Revolving Loan Fund Structure



- The CSEA Revolving Loan Fund replicates the structure of the IRLF and School Construction.
- The Legislature provides initial funding and then repayment of loans provides for the "revolving" component of the fund.
- In this instance, instead of cash into the fund the Legislature used a BND line to provide initial funding which is now repaid with cash.

Current Loan Commitments

• Bakken Energy	$80m
• Cerilon	$40m
• Midwest Ag Energy	$15m
• Valence Energy	$15m
• Minnkota	$100m

Mill and Elevator Association - Budget No. 475
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version				House Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	156.00	$0	$88,377,209	$88,377,209	156.00	$0	$88,377,209	$88,377,209	0.00	$0	$0	$0
2023-25 Ongoing Funding Changes												
Cost to continue salaries			$198,797	$198,797			$198,797	$198,797				$0
Salary increase				0				0				0
Health insurance increase			771,600	771,600			789,350	789,350			17,750	17,750
Provides funding for salary increases subject to union negotiations			2,314,183	2,314,183			2,314,183	2,314,183				0
Adds new undesignated FTE positions for increased milling capacity	14.00		2,367,332	2,367,332	14.00		2,367,332	2,367,332				0
Increases funding for overtime			1,352,923	1,352,923			1,352,923	1,352,923				0
Increases funding for inflation costs and mill capacity growth			5,569,550	5,569,550			5,569,550	5,569,550				0
ITD rate increases			5,103	5,103			5,103	5,103				0
Total ongoing funding changes	14.00	$0	$12,579,488	$12,579,488	14.00	$0	$12,597,238	$12,597,238	0.00	$0	$17,750	$17,750
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	14.00	$0	$12,579,488	$12,579,488	14.00	$0	$12,597,238	$12,597,238	0.00	$0	$17,750	$17,750
2023-25 Total Funding	170.00	$0	$100,956,697	$100,956,697	170.00	$0	$100,974,447	$100,974,447	0.00	$0	$17,750	$17,750
Federal funds included in other funds			*$0*				*$0*				*$0*	
Total ongoing changes as a percentage of base level	*9.0%*		*14.2%*	*14.2%*	*9.0%*		*14.3%*	*14.3%*				
Total changes as a percentage of base level	*9.0%*		*14.2%*	*14.2%*	*9.0%*		*14.3%*	*14.3%*				

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

	Executive Budget Recommendation	House Version
Transfer of profits to general fund	Section 17 would provide an exemption to suspend the transfer of 50 percent of the Mill's profits to the general fund for the 2023-25 biennium.	Section _ provides an exemption to suspend the transfer of 50 percent of the Mill's profits to the general fund for the 2023-25 biennium.
Gain-sharing program	Section 18 would provide an exemption allowing the Industrial Commission to approve a gain-sharing program for the 2023-25 biennium without a transfer of profits to the general fund.	Section _ provides an exemption allowing the Industrial Commission to approve a gain-sharing program for the 2023-25 biennium without a transfer of profits to the general fund.

23.0243.01009
Title.

Fiscal No. 1

Prepared by the Legislative Council staff for
the House Appropriations - Government
Operations Division Committee
February 15, 2023

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1014

Page 1, line 2, after "control" insert "; to amend and reenact sections 6-09.7-05 and 54-17.7-01, subsections 3 and 4 of section 54-17.7-04, and section 54-63.1-01 of the North Dakota Century Code and section 8 of chapter 42 of the 2021 Session Laws, relating to fuel production facility loan guarantee reserve funding, the powers of the North Dakota pipeline authority, definitions for the clean sustainable energy authority, and a transfer of Bank of North Dakota profits to the general fund; to provide a contingent appropriation"

Page 1, line 2, remove the second "and"

Page 1, line 3, after "exemption" insert "; to provide for a report; and to declare an emergency"

Page 1, remove lines 13 through 24

Page 2, remove lines 1 through 31

Page 3, replace lines 1 through 7 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$23,698,119	($21,226,883)	$2,471,236
Operating expenses	5,119,958	(1,412,940)	3,707,018
Capital assets	0	1,250,000	1,250,000
Grants	0	33,623,893	33,623,893
Grants - bond payments	22,040,721	97,839,192	119,879,913
Total all funds	$50,858,798	$110,073,262	$160,932,060
Less estimated income	24,369,185	132,138,019	156,507,204
Total general fund	$26,489,613	($22,064,757)	$4,424,856
Full-time equivalent positions	108.25	(98.50)	9.75

Subdivision 2.

DEPARTMENT OF MINERAL RESOURCES

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$0	$25,401,022	$25,401,022
Operating expenses	0	11,410,044	11,410,044
Capital assets	0	80,000	80,000
Total all funds	$0	$36,891,066	$36,891,066
Less estimated income	0	2,568,000	2,568,000
Total general fund	$0	$34,323,066	$34,323,066
Full-time equivalent positions	0.00	108.00	108.00

Subdivision 3.

BANK OF NORTH DAKOTA

	Base Level	Adjustments or Enhancements	Appropriation
Bank of North Dakota operations	$67,306,548	$7,421,138	$74,727,686
Capital assets	1,510,000	0	1,510,000
Total special funds	$68,816,548	$7,421,138	$76,237,686
Full-time equivalent positions	173.00	14.00	187.00

Subdivision 4.

HOUSING FINANCE AGENCY

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$9,556,272	$2,613,470	$12,169,742
Operating expenses	6,109,060	4,629,181	10,738,241
Capital assets	150,000	(130,000)	20,000
Grants	42,975,200	5,829,910	48,805,110
Housing finance agency contingencies	100,000	0	100,000
Total all funds	$58,890,532	$12,942,561	$71,833,093
Less estimated income	58,890,532	10,442,561	69,333,093
Total general fund	$0	$2,500,000	$2,500,000
Full-time equivalent positions	49.00	4.00	53.00

Subdivision 5.

MILL AND ELEVATOR ASSOCIATION

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$50,560,209	$7,022,585	$57,582,794
Operating expenses	36,817,000	5,574,653	42,391,653
Contingencies	500,000	0	500,000
Agriculture promotion	500,000	0	500,000
Total special funds	$88,377,209	$12,597,238	$100,974,447
Full-time equivalent positions	156.00	14.00	170.00

Subdivision 6.

TOTAL - SECTION 1

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

Page 3, line 8, after "**FUNDING**" insert "**EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-NINTH LEGISLATIVE ASSEMBLY**"

Page 3, line 9, after "biennium" insert "and the 2023-25 one-time funding items included in the appropriation in section 1 of this Act"

Page 3, replace lines 11 through 24 with:

"Administration - transfer to clean sustainable energy fund $25,000,000 $0

Administration - pipeline grant fund	150,000,000	0
Administration - hydrogen grants	20,000,000	0
Administration - new employee expenses	0	12,110
Administration - transmission authority consulting	0	300,000
Administration - electricity grid resilience federal grant	0	8,623,893
Administration - lignite litigation expenses	0	3,000,000
Administration - transmission line grant	0	25,000,000
Administration - grant management software	0	1,250,000
Mineral resources - paleontology and geological equipment	106,260	0
Mineral resources - abandoned well conversion program	3,200,000	0
Mineral resources - new employee expenses	0	68,335
Mineral resources - inflationary expenses	0	821,456
Mineral resources - core and mineral analyses	0	100,000
Mineral resources - computer server transition	0	80,000
Mineral resources - abandoned well reclamation	0	2,300,000
Mineral resources - oil and gas litigation expenses	0	3,000,000
Bank of North Dakota - contingent loan repayment	17,500,000	0
Bank of North Dakota - bond proceed allocation	680,000,000	0
Bank of North Dakota - agriculture diversification fund	10,000,000	0
Bank of North Dakota - fuel production incentives	21,000,000	0
Bank of North Dakota - information technology projects	0	804,278
Housing finance agency - housing incentive fund	9,500,000	0
Housing finance agency - housing assessment	35,000	0
Total all funds	$936,341,260	$45,360,072
Less estimated income	874,235,000	8,744,647
Total general fund	$62,106,260	$36,615,425"

The 2023-25 biennium one-time funding amounts are not part of the entity's base budget for the 2025-27 biennium. The industrial commission shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025.

Page 3, line 25, replace "$22,040,721" with "$119,879,913"

Page 3, remove lines 28 through 31

Page 4, replace lines 1 through 9 with:

"Infrastructure project and program bonds - legacy earnings 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"

Page 4, after line 16, insert:

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

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $62,460, or so much of the sum as may be necessary, to the department of mineral resources for the purpose of employing full-time equivalent carbon capture positions for the period beginning with the effective date of this Act and ending June 30, 2023. The department is authorized three full-time equivalent positions pursuant to this subsection.

2. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $15,000, which the office of management and budget shall transfer to the fossil excavation and restoration fund during the period beginning with the effective date of this Act and ending June 30, 2023.

SECTION 6. APPROPRIATION - TRANSFER - FOSSIL RESTORATION FUND - 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 $250,000, which the office of management and budget shall transfer to the fossil excavation and restoration fund during the biennium beginning July 1, 2023, and ending June 30, 2025.

2. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $12,500,000, which the office of management and budget shall transfer to the housing incentive fund during the biennium beginning July 1, 2023, and ending June 30, 2025.

3. The funding provided in this section is considered a one-time funding item.

SECTION 7. CONTINGENT FUNDING - HOUSING FINANCE AGENCY. The sum of $82,068 from other funds and one full-time equivalent position included in subdivision 4 of section 1 of this Act are available only in accordance with the provisions of this section. If mortgage loan production for the fiscal year ended June 30, 2024, exceeds $435,000,000, the housing finance agency may spend $82,068 from the salaries and wages line item and may hire one full-time equivalent position. The housing finance agency shall notify the office of management and budget and the legislative council if the contingency is met."

Page 4, line 18, after "**FUND**" insert "**- EXEMPTION**"

Page 4, line 18, after the boldfaced period insert "1."

Page 4, line 18, replace "$1,214,768" with "$1,899,877"

Page 4, line 24, after "54-17-25" insert ".

2. The amount of $1,214,768 appropriated to the industrial commission in subdivision 1 of section 1 of chapter 42 of the 2021 Session Laws and transferred pursuant to section 7 of chapter 42 of the 2021 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, 2023, and ending June 30, 2025"

Page 4, after line 24, insert:

"**SECTION 9. TRANSFER - FUNDS UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND.** The sum of $1,250,000, 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 funds under the control of the industrial commission to the industrial commission fund for grant management software expenses. Of the $1,250,000, the industrial commission may transfer:

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

Page 4, line 26, replace "industrial commission" with "Bank of North Dakota"

Page 4, line 26, replace "$140,000,000" with "$70,000,000"

Page 4, line 26, after the first "the" insert "Bank's"

Page 4, line 26, remove the second "the"

Page 4, line 27, replace "accumulated" with "undivided"

Page 4, line 27, remove "of the Bank of North Dakota"

Page 5, replace lines 1 through 19 with:

"**SECTION 11. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO ECONOMIC DEVELOPMENT PROGRAMS.** During the biennium beginning July 1, 2023, and ending June 30, 2025, 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 fund;
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. $3,000,000 to the agricultural products utilization fund.

SECTION 12. TRANSFER - LEGACY EARNINGS FUND - PIPELINE LEAK DETECTION AND PREVENTION PROGRAM - CLEAN SUSTAINABLE ENERGY GRANTS AND LOANS. During the biennium beginning July 1, 2023, and ending June 30, 2025, and pursuant to the designation of funding for other legislative purposes under subdivision c of subsection 4 of section 21-10-13, the state treasurer shall transfer the following amounts from the legacy earnings fund:

1. $5,000,000 to the oil and gas research fund for a pipeline leak detection and prevention program;

2. $50,000,000 to the clean sustainable energy fund for grants; and

3. $250,000,000 to the clean sustainable energy fund to repay a line of credit and to provide funding for loans.

SECTION 13. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO STATE ENERGY RESEARCH CENTER FUND - RARE EARTH MINERALS STUDY - REPORT TO LEGISLATIVE MANAGEMENT.

1. The office of management and budget shall transfer the sum of $3,000,000 from the strategic investment and improvements fund to the state energy research center fund during the biennium beginning July 1, 2023, and ending June 30, 2025.

2. Pursuant to the continuing appropriation under section 57-51.1-07.9, the industrial commission shall distribute up to $3,000,000 from the state energy research center fund to the state energy research center for a study related to prospective in-state resources of economically feasible accumulations of critical minerals, including rare earth elements and other high-value minerals or materials that may be suitable for extraction and enrichment.

3. The study must include a review of in-state mineral accumulations, including coal deposits, ore bodies, oil and gas reservoirs, produced water from oil and gas development activities, saltwater zones, and shale formations. While conducting the study, the state energy research center shall collaborate with the North Dakota geological survey and active mineral lessors and developers.

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

SECTION 14. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO STATE ENERGY RESEARCH CENTER FUND - UNDERGROUND ENERGY STORAGE RESEARCH PROJECT - REPORT TO LEGISLATIVE MANAGEMENT.

1. The office of management and budget shall transfer the sum of $22,000,000 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, the industrial commission shall distribute up to $22,000,000 from the state energy research center fund to the state energy research center for a salt cavern underground energy storage research project.

3. The research project must include 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, the state energy research center shall provide quarterly reports to the industrial commission and at least one report to the legislative management regarding the status and results of the research project.

SECTION 15. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS 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."

Page 5, line 21, after "**STUDY**" insert "**- REPORT TO THE SIXTY-NINTH LEGISLATIVE ASSEMBLY**"

Page 5, line 21, remove "The amount of $4,500,000 from the lignite"

Page 5, line 22, replace "research fund, or so much of the amount as may be necessary," with:

"1. Pursuant to the continuing appropriation under section 57-61-01.6, up to $4,500,000 from the lignite research fund"

Page 5, line 28, replace "appropriated pursuant to" with "designated under"

Page 6, after line 5, insert:

"2. The industrial commission shall report to the appropriations committees of the sixty-ninth legislative assembly on the amounts spent pursuant to this section."

Page 6, replace lines 6 through 12 with:

"**SECTION 17. 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.

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~~one hundred forty 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 18. AMENDMENT. Section 54-17.7-01 of the North Dakota Century Code is amended and reenacted as follows:

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

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

SECTION 19. AMENDMENT. Subsection 3 of section 54-17.7-04 of the North Dakota Century Code is amended and reenacted as follows:

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 ~~as a purchaser of last resort. The obligation of the state may not exceed ten percent of the pipeline authority's acquisition or purchase of a right to capacity in any pipeline system or systems, or interconnection of pipeline systems, and the state's obligation is limited to the funding available from the oil and gas research fund~~. 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.

SECTION 20. 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 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. The line of credit must be guaranteed by reserves under section 6-09.7-05.

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

   d. The authority shall repay the line of credit from amounts available. If the amounts available on June 30, 2025, are not sufficient to repay the line of credit, the authority shall notify the director of the office of

management and budget, and the director of the office of management and budget shall transfer funds from the strategic investment and improvements fund to the Bank for the repayment pursuant to section 6-09.7-05 based on the amount certified by the Bank.

SECTION 21. AMENDMENT. Section 54-63.1-01 of the North Dakota Century Code is amended and reenacted as follows:

54-63.1-01. Definitions.

As used in this chapter:

1. "Authority" means the clean sustainable energy authority.
2. "Clean" means a technology or concept that reduces emissions to the air, water, or land and meets or exceeds state and federal environmental regulations.
3. "Commission" means the industrial commission.
4. "Fund" means the clean sustainable energy fund.
5. "Program" means the clean sustainable energy program.
6. "Sustainable" means a technology or concept that allows the use of a natural resource, including hydrogen and other energy sources, to be maintained or enhanced through increased efficiency and life cycle benefits while either increasing or not adversely impacting energy security, affordability, reliability, resilience, or national security.

SECTION 22. AMENDMENT. Section 8 of chapter 42 of the 2021 Session Laws is amended and reenacted as follows:

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

SECTION 23. EXEMPTION - MILL AND ELEVATOR ASSOCIATION PROFITS ANNUAL TRANSFER. Notwithstanding the provisions of section 54-18-19 relating to the annual transfer of mill and elevator association profits to the general fund, for the biennium beginning July 1, 2023, and June 30, 2025, the industrial commission shall transfer ten percent of the mill and elevator association profits to the general fund.

SECTION 24. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH DAKOTA OUTDOOR HERITAGE FUND - 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, 2023, and ending August 31, 2025, 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, 2023, and ending July 31, 2025, the state treasurer shall allocate two percent of the oil and gas gross production tax and oil extraction tax revenues, up to $14,500,000, into the oil and gas research fund before allocating oil and gas tax revenues under sections 57-51.1-07.5, 57-51.1-07.9, and 57-51.1-07.10.

SECTION 25. 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, 2023, and ending June 30, 2025:

1. 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;

2. The sum of $20,000,000 appropriated from the federal state fiscal recovery fund for hydrogen development grants in subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws; and

3. The sum of $800,000 appropriated from the strategic investment and improvements fund 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 and into the 2021-23 biennium pursuant to section 33 of chapter 42 of the 2021 Session Laws.

SECTION 26. EMERGENCY. The following are declared to be an emergency measure:

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

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

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

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

5. Section 5 of this Act.

6. Section 22 of this Act."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1014 - Summary of House Action

	Base Budget	House Changes	House Version
Industrial Commission			
Total all funds	$50,858,798	$110,073,262	$160,932,060
Less estimated income	24,369,185	132,138,019	156,507,204
General fund	$26,489,613	($22,064,757)	$4,424,856
FTE	108.25	(98.50)	9.75
Department of Mineral Resources			
Total all funds	$0	$37,141,066	$37,141,066
Less estimated income	0	2,568,000	2,568,000
General fund	$0	$34,573,066	$34,573,066
FTE	0.00	108.00	108.00
Bank of North Dakota			
Total all funds	$68,816,548	$7,421,138	$76,237,686
Less estimated income	68,816,548	7,421,138	76,237,686
General fund	$0	$0	$0
FTE	173.00	14.00	187.00
Housing Finance Agency			
Total all funds	$58,890,532	$25,442,561	$84,333,093
Less estimated income	58,890,532	10,442,561	69,333,093
General fund	$0	$15,000,000	$15,000,000
FTE	49.00	4.00	53.00
Mill and Elevator			
Total all funds	$88,377,209	$12,597,238	$100,974,447
Less estimated income	88,377,209	12,597,238	100,974,447
General fund	$0	$0	$0
FTE	156.00	14.00	170.00
Bill total			
Total all funds	$266,943,087	$192,675,265	$459,618,352
Less estimated income	240,453,474	165,166,956	405,620,430
General fund	$26,489,613	$27,508,309	$53,997,922
FTE	486.25	41.50	527.75

House Bill No. 1014 - Industrial Commission - House Action

	Base Budget	House Changes	House Version
Salaries and wages	$23,698,119	($21,226,883)	$2,471,236
Operating expenses	5,119,958	(1,412,940)	3,707,018
Capital assets		1,250,000	1,250,000
Grants		33,623,893	33,623,893
Grants - Bond payments	22,040,721	97,839,192	119,879,913
Total all funds	$50,858,798	$110,073,262	$160,932,060
Less estimated income	24,369,185	132,138,019	156,507,204
General fund	$26,489,613	($22,064,757)	$4,424,856
FTE	108.25	(98.50)	9.75

Department 405 - Industrial Commission - Detail of House Changes

	Adjusts Funding to Separate Agencies[1]	Adds Funding for Cost to Continue Salaries[2]	Adds Funding for Salary and Benefit Increases[3]	Adds FTE Positions[4]	Transfers Funding from Operating to Salaries[5]	Adds Funding for Operating Expenses[6]
Salaries and wages	($22,095,326)	$8,697	$149,321	$612,547	$97,878	
Operating expenses	(4,632,291)			3,363	(97,878)	$3,313,866
Capital assets						
Grants						
Grants - Bond payments						
Total all funds	($26,727,617)	$8,697	$149,321	$615,910	$0	$3,313,866
Less estimated income	(238,004)	8,697	149,321	615,910	0	13,866
General fund	($26,489,613)	$0	$0	$0	$0	$3,300,000
FTE	(101.50)	0.00	0.00	3.00	0.00	0.00

	Adds Funding for Bond Payments[7]	Adds One-Time Funding for Capital Assets[8]	Adds One-Time Funding for Grants[9]	Total House Changes
Salaries and wages				($21,226,883)
Operating expenses				(1,412,940)
Capital assets		$1,250,000		1,250,000
Grants			$33,623,893	33,623,893
Grants - Bond payments	$97,839,192			97,839,192
Total all funds	$97,839,192	$1,250,000	$33,623,893	$110,073,262
Less estimated income	97,839,192	1,250,000	32,499,037	132,138,019
General fund	$0	$0	$1,124,856	($22,064,757)
FTE	0.00	0.00	0.00	(98.50)

[1] Funding of $26,727,617, including $26,489,613 from the general fund and $238,004 from federal funds, and 101.50 FTE positions are removed from base level funding to provide a separate budget for the Department of Mineral Resources.

[2] Funding from other funds is added for cost to continue salary increases.

[3] The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from $1,429 to $1,648 per month:

	General Fund	Other Funds	Total
Salary increase	$0	$107,229	$107,229
Health insurance increase	0	42,092	42,092
Total	$0	$149,321	$149,321

[4] Funding of $615,910 from other funds is added as follows:

- $182,321 for 1 FTE grant administration position, including $178,958 for salaries and wages and $3,363 for operating expenses.
- $132,646 for 1 FTE deputy director position for the Public Finance Agency, all of which is for salaries and wages.
- $300,943 for 1 FTE administrative assistant position, all of which is for salaries and wages.

[5] Funding of $97,878 is transferred from the operating expenses line item to the salaries and wages line item related to cost-savings from operating expenses and increases in salaries.

[6] Funding of $3,313,866 is added for operating expenses as follows:

- $1,756 of ongoing funding from other funds for Information Technology Department rate increases;
- $12,110 of one-time funding from other funds for equipment for new FTE positions;
- $300,000 of one-time funding from the general fund for North Dakota Transmission Authority consulting; and
- $3,000,000 of one-time funding from the general fund for lignite litigation expenses.

[7] Funding of $97,839,192 from other funds is added for bond payments to provide total funding of $119,879,913, including $102,620,461 for infrastructure project and program bonds paid from the legacy earnings fund.

[8] One-time funding of $1,250,000 from other funds is added for grant management software. The $1,250,000 includes $250,000 from the clean sustainable energy fund, $250,000 from the lignite research fund, $250,000 from the oil and gas research fund, $250,000 from the North Dakota outdoor heritage fund, and $250,000 from the renewable energy development fund.

[9] One-time funding of $33,623,893 is added for grants as follows:

- $8,623,893 for an electric grid resilience grant, including $1,124,856 from the general fund and $7,499,037 from federal funds.
- $25,000,000 from the strategic investment and improvements fund for a transmission line grant.

This amendment also includes the following related to the Industrial Commission:

- Identifies the funding for bond payments for the 2023-25 biennium.
- Transfers up to $1,899,877 from the entities under the control of the Industrial Commission for administrative services and provides an exemption allowing unspent prior biennium appropriation authority for administrative costs to be available in the 2023-25 biennium.
- Allows the Industrial Commission to transfer up to $250,000 from each of the grant programs to provide a total of $1,250,000 for new grant management software.
- Transfers $5 million from the legacy earnings fund to the oil and gas research fund for a pipeline leak detection and prevention program.
- Transfers $50 million from the legacy earnings fund to the clean sustainable energy fund to provide total funding of $50 million for grants, including $30 million designated from the legacy earnings fund to the clean sustainable energy fund under current law.
- Transfers $250 million from the legacy earnings fund to the clean sustainable energy fund to repay a line of credit and to provide funding for loans.
- Transfers $3 million from the strategic investment and improvements fund to the State Energy Research Center fund for a critical minerals study, including rare earth elements.
- Transfers $22 million from the strategic investment and improvements fund to the State Energy Research Center fund for an underground energy storage research project to construct up to two salt caverns.
- Identifies $25 million from the strategic investment and improvements fund for a grant to an entity to upgrade a high-voltage direct current transmission line.
- Requires the Industrial Commission to provide a report to the Appropriations Committees of the 69th Legislative Assembly regarding spending from the lignite research fund.
- Authorizes the North Dakota Pipeline Authority to borrow up to $60 million through a line of credit from the Bank of North Dakota to purchase capacity positions on a pipeline and requires the line of credit to be guaranteed under the fuel production facility loan guarantee program.
- Clarifies the definition of clean sustainable energy projects to identify hydrogen projects as eligible projects.
- Provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a hydrogen development grant.
- Provides an emergency clause related to $3 million of one-time funding from the general fund for lignite litigation.

House Bill No. 1014 - Department of Mineral Resources - House Action

	Base Budget	House Changes	House Version
Salaries and wages		$25,401,022	$25,401,022
Operating expenses		11,410,044	11,410,044
Capital assets		80,000	80,000
Transfer to fossil restoration fund		250,000	250,000
Total all funds	$0	$37,141,066	$37,141,066
Less estimated income	0	2,568,000	2,568,000
General fund	$0	$34,573,066	$34,573,066
FTE	0.00	108.00	108.00

Department 470 - Department of Mineral Resources - Detail of House Changes

	Adjusts Funding to Separate Agencies[1]	Adds Funding for Cost to Continue Salaries[2]	Adds Funding for Salary and Benefit Increases[3]	Adds FTE Positions[4]	Adds Funding for Other Salary Adjustments[5]	Adds Funding for Operating Expenses[6]
Salaries and wages	$22,095,326	$167,219	$1,772,281	$1,284,293	$81,903	
Operating expenses	4,632,291			156,726	(6,907)	$6,627,934
Capital assets						
Transfer to fossil restoration fund						
Total all funds	$26,727,617	$167,219	$1,772,281	$1,441,019	$74,996	$6,627,934
Less estimated income	238,004	0	0	0	29,996	2,300,000
General fund	$26,489,613	$167,219	$1,772,281	$1,441,019	$45,000	$4,327,934
FTE	101.50	0.00	0.00	6.50	0.00	0.00

	Adds One-Time Funding for Capital Assets[7]	Adds Funding for Fossil Restoration Fund[8]	Total House Changes
Salaries and wages			$25,401,022
Operating expenses			11,410,044
Capital assets	$80,000		80,000
Transfer to fossil restoration fund		$250,000	250,000
Total all funds	$80,000	$250,000	$37,141,066
Less estimated income	0	0	2,568,000
General fund	$80,000	$250,000	$34,573,066
FTE	0.00	0.00	108.00

[1] Funding of $26,727,617, including $26,489,613 from the general fund and $238,004 from federal funds, and 101.50 FTE positions are added to base level funding to provide a separate budget for the Department of Mineral Resources.

[2] Funding from the general fund is added for cost to continue salary increases.

[3] The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from $1,429 to $1,648 per month:

	General Fund	Other Funds	Total
Salary increase	$1,195,296	$0	$1,195,296
Health insurance increase	576,985	0	576,985
Total	$1,772,281	$0	$1,772,281

[4] Funding of $1,441,019 from the general fund is added as follows:

- $760,911 for 3 FTE carbon capture positions, including $715,134 for salaries and wages and $45,777 for operating expenses.
- $196,610 for 1 FTE paleontology position, including $167,102 for salaries and wages and $29,508 for operating expenses.
- $276,523 for 1 FTE critical minerals position, including $216,028 for salaries and wages and $60,495 for operating expenses.
- $69,497 for 0.5 FTE records management position, including $66,334 for salaries and wages and $3,163 for operating expenses.
- $137,478 for 1 FTE subsurface geologist position, including $119,695 for salaries and wages and $17,783 for operating expenses.

[5] Funding of $6,907 is transferred from the operating expenses line item to the salaries and wages line item related to cost-savings from operating expenses and increases in salaries. Funding of $74,996 is added as follows:

- $45,000 from the general fund for temporary salaries.
- $29,996 from federal funds for additional salary fund.

[6] Funding of $6,627,934 is added for operating expenses as follows:

- $3,143 of ongoing funding from the general fund for Information Technology Department rate increases.
- $230,000 of ongoing funding from the general fund for computer server transition.
- $105,000 of ongoing funding from the general fund for professional membership dues.
- $68,335 of one-time funding from the general fund for equipment for new FTE positions.
- $821,456 of one-time funding from the general fund for inflationary increases.
- $100,000 of one-time funding from the general fund for core and mineral analyses.
- $2,300,000 of one-time funding from federal funds for administrative costs related to a federal abandoned well reclamation program.
- $3,000,000 of one-time funding from the general fund for oil and gas litigation expenses.

[7] One-time funding of $80,000 from the general fund is added for computer server transition costs.

[8] Funding of $250,000 is appropriated from the general fund for a transfer to the fossil excavation and restoration fund pursuant to a separate section in the bill.

This amendment also includes the following related to the Department of Mineral Resources:

- Appropriates $62,460 from the general fund and authorizes 3 FTE carbon capture positions for the 2021-23 biennium pursuant to an emergency clause. As a result, the general fund beginning balance is decreased by $62,460.
- Transfers $15,000 from the general fund to the fossil excavation and restoration fund prior to the end of the 2021-23 biennium pursuant to an emergency clause. As a result, the general fund beginning balance is decreased by $15,000.
- Transfers $250,000 from the general fund to the fossil excavation and restoration fund during the 2023-25 biennium.
- Decreases the oil and gas tax revenue allocation limit to the North Dakota outdoor heritage fund from $20 million per fiscal year to $7.5 million per fiscal year for the 2023-25 biennium, the same as the 2021-23 biennium.
- Increases the allocations to the oil and gas research fund by $4.5 million, from $10 million to $14.5 million for the 2023-25 biennium, the same as the 2021-23 biennium.
- Provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to an abandoned oil well conversion program.
- Provides an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority from the strategic investment and improvements fund for a survey review during the 2023-25 biennium.
- Provides an emergency clause-related $3,000,000 for oil and gas litigation expenses and $310,000 for computer server transition costs.

House Bill No. 1014 - Bank of North Dakota - House Action

	Base Budget	House Changes	House Version
Capital assets	$1,510,000		$1,510,000
Bank of North Dakota operations	67,306,548	$7,421,138	74,727,686
Total all funds	$68,816,548	$7,421,138	$76,237,686
Less estimated income	68,816,548	7,421,138	76,237,686
General fund	$0	$0	$0
FTE	173.00	14.00	187.00

Department 471 - Bank of North Dakota - Detail of House Changes

	Adds Funding for Cost to Continue Salaries[1]	Adds Funding for Salary and Benefit Increases[2]	Adds FTE Positions[3]	Adds Funding for Operating Expenses[4]	Total House Changes
Capital assets					
Bank of North Dakota operations	$280,646	$2,779,348	$3,106,682	$1,254,462	$7,421,138
Total all funds	$280,646	$2,779,348	$3,106,682	$1,254,462	$7,421,138
Less estimated income	280,646	2,779,348	3,106,682	1,254,462	7,421,138
General fund	$0	$0	$0	$0	$0
FTE	0.00	0.00	14.00	0.00	14.00

[1] Funding from other funds is added for cost to continue salary increases.

[2] The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from $1,429 to $1,648 per month:

	General Fund	Other Funds	Total
Salary increase	$0	$1,896,264	$1,896,264
Health insurance increase	0	883,084	883,084
Total	$0	$2,779,348	$2,779,348

[3] Funding of $3,106,682 from other funds is added to the Bank of North Dakota operations line item as follows:
- $253,976 for 1 FTE credit underwriter IV position.
- $290,214 for 1 FTE agricultural valuation supervisor position.
- $222,652 for 1 FTE credit underwriter III position.
- $290,214 for 1 FTE commercial valuation supervisor position.
- $217,735 for 1 FTE collateral valuation III position.
- $253,976 for 1 FTE collateral valuation analyst IV position.
- $253,976 for 1 FTE collateral valuation IV position.
- $222,652 for 1 FTE loan operations supervisor position.
- $188,381 for 1 FTE loan servicing supervisor position.
- $139,104 for 1 FTE business banking associate I position.
- $139,104 for 1 FTE loan servicing associate II position.
- $159,414 for 1 FTE loan servicing associate III position.
- $257,933 for 1 FTE business banking associate II position.
- $217,351 for 1 FTE staff accountant III position.

[4] Funding of $1,254,462 from other funds is added for operating expenses as follows:
- $44,660 for shared software and service rate increases.
- $405,524 for Information Technology Department rate increases.
- $804,278 for one-time costs related to information technology projects.

This amendment also includes the following related to the Bank of North Dakota:
- Transfers $70 million of Bank profits to the general fund.
- Transfers $39 million of Bank profits to the partnership in assisting community expansion (PACE) fund.
- Transfers $5 million of Bank profits to the Ag PACE fund.
- Transfers $1 million of Bank profits to the biofuels PACE fund.
- Transfers $15 million of Bank profits to the beginning farmer revolving loan fund.
- Transfers $3 million of Bank profits to the agricultural products utilization fund.
- Amends the transfer of Bank profits to the general fund for the 2021-23 biennium to provide a transfer of $70 million rather than $140 million, resulting in a decrease to the July 1, 2023, general fund balance.

House Bill No. 1014 - Housing Finance Agency - House Action

	Base Budget	House Changes	House Version
Salaries and wages	$9,556,272	$2,613,470	$12,169,742
Operating expenses	6,109,060	4,629,181	10,738,241
Capital assets	150,000	(130,000)	20,000
Grants	42,975,200	5,829,910	48,805,110
HFA contingencies	100,000		100,000
Housing incentive fund		12,500,000	12,500,000
Total all funds	$58,890,532	$25,442,561	$84,333,093
Less estimated income	58,890,532	10,442,561	69,333,093
General fund	$0	$15,000,000	$15,000,000
FTE	49.00	4.00	53.00

Department 473 - Housing Finance Agency - Detail of House Changes

	Adds Funding for Cost to Continue Salaries[1]	Adds Funding for Salary and Benefit Increases[2]	Adds FTE Positions[3]	Adds Funding for Other Salary Adjustments[4]	Transfers Homeless Grant Programs[5]	Adds Funding for Operating Expenses[6]
Salaries and wages	$75,908	$807,354	$767,568	$878,102	$84,538	
Operating expenses					62,803	$4,566,378
Capital assets						
Grants					2,570,212	
HFA contingencies						
Housing incentive fund						
Total all funds	$75,908	$807,354	$767,568	$878,102	$2,717,553	$4,566,378
Less estimated income	75,908	807,354	767,568	878,102	1,147,341	4,566,378
General fund	$0	$0	$0	$0	$1,570,212	$0
FTE	0.00	0.00	4.00	0.00	0.00	0.00

	Decreases Funding for Capital Assets[7]	Adds Funding for Grants[8]	Total House Changes
Salaries and wages			$2,613,470
Operating expenses			4,629,181
Capital assets	($130,000)		(130,000)
Grants		$3,259,698	5,829,910
HFA contingencies			
Housing incentive fund		12,500,000	12,500,000
Total all funds	($130,000)	$15,759,698	$25,442,561
Less estimated income	(130,000)	2,329,910	10,442,561
General fund	$0	$13,429,788	$15,000,000
FTE	0.00	0.00	4.00

[1] Funding is added for cost to continue salary increases.

[2] The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from $1,429 to $1,648 per month:

	General Fund	Other Funds	Total
Salary increase	$0	$533,723	$533,723
Health insurance increase	0	273,631	273,631
Total	$0	$807,354	$807,354

[3] Funding of $767,568 from other funds is added to the salaries and wages line item as follows:

- $218,908 for 1 FTE compliance officer position.
- $466,592 for 2 FTE business analyst positions.
- $82,068 for 1 contingent FTE mortgage specialist position.

[4] Funding of $878,102 from federal funds is added for other salary increases ($800,102) and temporary salaries ($78,000).

[5] Funding of $2,717,553 is added to transfer homeless shelter grant programs from the Department of Commerce. Of the $2,717,553, $1,570,212 is from the general fund, and $1,147,341 is from federal funds. The $2,717,553 includes $84,538 for salaries and wages and $62,803 for operating expenses related to the administration of the grants along with $2,570,212 for grants.

[6] Funding of $4,566,378 is added for operating expense increases as follows:
- $4,531,830 from the agency's operating funds for increases in servicing premiums paid to lenders related to growth in the home loan program.
- $21,135 from federal funds for miscellaneous increases in operating expenses.
- $13,413 from the agency's operating fund for shared software and service rate increases.

[7] Funding from federal funds is decreased by $130,000 for capital assets.

[8] Funding of $3,259,698 is added for grants as follows:
- $929,788 from the general fund for homeless grants to provide total funding of $2,500,000 from the general fund.
- $1,949,910 for increases in federal grant programs.
- $380,000 from the agency's operating funds for housing rehabilitation grants.

In addition, $12,500,000 of one-time funding from the general fund is transferred to the housing incentive fund pursuant to a transfer section in the bill.

This amendment also includes the following related to the Housing Finance Agency:
- Provides appropriation authority for additional or unanticipated federal or other funds which may become available during the 2023-25 biennium.
- Authorizes $82,068 and 1 FTE position contingent upon the agency's mortgage loan production exceeding $435 million during fiscal year 2024.

House Bill No. 1014 - Mill and Elevator - House Action

	Base Budget	House Changes	House Version
Salaries and wages	$50,560,209	$7,022,585	$57,582,794
Operating expenses	36,817,000	5,574,653	42,391,653
Contingencies	500,000		500,000
Agriculture promotion	500,000		500,000
Total all funds	$88,377,209	$12,597,238	$100,974,447
Less estimated income	88,377,209	12,597,238	100,974,447
General fund	$0	$0	$0
FTE	156.00	14.00	170.00

Department 475 - Mill and Elevator - Detail of House Changes

	Adds Funding for Cost to Continue Salaries[1]	Adds Funding for Health Insurance Increases[2]	Adds FTE Positions[3]	Adds Funding for Other Salary Adjustments[4]	Adds Funding for Operating Expenses[5]	Total House Changes
Salaries and wages	$198,797	$789,350	$2,367,332	$3,667,106		$7,022,585
Operating expenses					$5,574,653	5,574,653
Contingencies						
Agriculture promotion						
Total all funds	$198,797	$789,350	$2,367,332	$3,667,106	$5,574,653	$12,597,238
Less estimated income	198,797	789,350	2,367,332	3,667,106	5,574,653	12,597,238
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	14.00	0.00	0.00	14.00

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[1] Funding from the agency's operating fund is added for cost to continue salary increases.

[2] Funding from the agency's operating fund is added for increases in health insurance premiums from $1,429 to $1,648 per month.

[3] Funding of $2,367,332 is added from the agency's operating fund as follows:

- $475,578 for 3 FTE positions to add a second shift for grain cleaning.
- $560,422 for 3 FTE positions to maintain and repair equipment.
- $468,246 for 3 FTE positions for growth in the storage and handling facility.
- $863,086 for 5 FTE positions to convert the milling department from a three shifts to four shifts.

[4] Funding of $3,667,106 from the agency's operating fund is added for salary increases subject to union negotiations ($2,314,183) and for overtime ($1,352,923).

[5] Funding of $5,574,653 from the agency's operating fund is added as follows:

- $5,569,550 for inflationary costs and increases in milling capacity primarily related to utilities, insurance, and repairs.
- $5,103 for Information Technology Department rate increases.

This amendment also provides an exemption to the Mill and Elevator Association allowing for a transfer of 10 percent of the mill's profits rather than 50 percent for the 2023-25 biennium.

PROPOSED AMENDMENT TO HOUSE BILL NO.1014

Page 1, line 2, after the first semicolon insert, "to create and enact a new section to chapter 6-09 of the North Dakota Century Code relating to an employee retention and recruitment program for the Bank of North Dakota; to provide a report."

Page 6, after line 5, insert:

SECTION 12: A new section to chapter 6-09 of the North Dakota Century Code is created and enacted as follow:

Employee Retention and Recruitment Program – Report to Legislative Management

The Bank of North Dakota may develop an employee retention and recruitment program that promotes profitability and productivity. The provisions of the program must be approved annually by the Banks Advisory Board and the Industrial Commission. The program funding must not exceed one percent of the annual profits and the Banks earnings must exceed one hundred million dollars for that year. Each interim, the Bank shall provide at least one report to legislative management regarding the status of the program, including provisions of the program; the total amount of earnings utilized and the minimum; maximum and average payout per eligible full-time equivalent position.

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT

This amendment enables Bank of North Dakota to create an employee retention and recruitment program and requires the Bank to provide a report to Legislative Management each interim regarding the status of the program.

Industrial Commission
of North Dakota

Doug Burgum
GOVERNOR

Drew H. Wrigley
ATTORNEY GENERAL

Doug Goehring
AGRICULTURE COMMISSIONER

North Dakota Public Finance Authority

House Bill 1014
Senate Appropriations Committee
Testimony of DeAnn Ament
North Dakota Public Finance Authority/North Dakota Building Authority March 1, 2023

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. Loans are made to political subdivisions by the PFA through the purchase of 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 and sewer related projects.

This past calendar year there were loan approvals of $63,407,000 and funded draws of $52,736,875 for the Clean Water SRF. A few of the Clean Water projects financed recently included $51,634,000 for the Metro Flood Diversion Authority to construct sixteen lift stations in the Fargo area, $120,000 for Hebron to replace water meters, and Wilton received $1,319,000 for

a city-wide sewer main replacement project. Grand Forks and Cass Rural Water Users District have not closed their loans, but they respectively will receive $54,620,000 to expand and improve their wastewater treatment plant and $28,646,000 to expand Fargo's effluent reuse facility and construct a pipeline to deliver the effluent reuse water from the City of Fargo's regional reclamation facility to a processing facility near Casselton. The Drinking Water SRF had approvals of $18,885,209 and funded loan draws of $27,639,709. Projects financed under the Drinking Water program include $1,500,000 for Bismarck to replace lead service lines, $2,500,000 to Cass Rural Water Users District to parallel and loop lines, Jamestown received $3,393,300 for water line replacements, and Upper Souris Water District received $1,274,000 for supervisory control and data acquisition (SCADA) and system improvements.

The recent passage of 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 many changes for documenting, funding and reporting purposes. These additional requirements challenge the current staff of 2.75 FTE to reprioritize the workload to meet requirements in a timely manner.

Additionally, the amount of time to spend the SRF grants has been reduced to three years. To expedite the expenditure of loan forgiveness funds, a Planning Assistance Reimbursement (PAR) was piloted by the DEQ and PFA in 2020 and has seen an increase in demand. These grants help potential borrowers explore their options for their water and sewer systems.

The PFA joined with BND, DEQ and Department of Water Resources in the new one-stop portal, Funding Infrastructure in North Dakota (FIND) in 2021. FIND allows political subdivisions seeking financing for their projects to submit one application. The agencies collaborate to provide the best funding package and make sure state funds are being utilized in the best possible manner.

In 2022, the SRF began working with a software company to develop a loan tracking software as the current system of spreadsheets and databases has become onerous to track almost 600 unique projects and associated loans. The PAR program and loan tracking software project in addition to administering the BIL have increased the workload and will continue to do so into the foreseeable future.

The PFA issued $85,330,000 of SRF bonds in January 2022 to provide funding for approved water, sanitary sewer, and storm water projects. The PFA issued Legacy Fund Infrastructure bonds to provide $680,000,000 of funding to projects approved in the 2021 legislative session. The agency also helped the ND Transmission Authority with their first bond issue of $150,000,000. The Department of Emergency Services has asked the PFA to assist them with creating a hazard mitigation revolving loan fund should House Bill 1070 pass.

During 2022 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 2023-2025 biennium include 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 political subdivisions in North Dakota.

PFA BUDGET

	PFA 2021-2023	PFA & Governor's Recommended 2023-2025	Change
FTE	2.75	3.75	1.00
Salaries and Benefits	$694,082	$919,093	$225,011
Operating	$181,668	$208,247	$26,579
Capital Assets	$0	$30,000	$30,000
	$875,750	$1,157,340	$281,590

The 2023-2025 budget includes the recommended salary and benefit adjustments as outlined in the Executive Budget including the Governor's planned increase of $81,553. Salaries and benefits are approximately 79% of the PFA portion of the budget. The PFA staffing level is currently at 2.75 FTEs which includes an Executive Director, a Business Manager and Account Budget Specialist III. The current request includes an optional $132,646 for an increase of one FTE for a deputy director position for succession planning purposes for a total of 3.75 FTE for the 2023-2025 biennium.

The increase in 2023-2025 operating expenses include $6,000 for accounting equipment and software, $5,196 for the succession FTE and $15,383 for inflation for travel, professional development, information technology and supplies which were approved in the Executive Budget. The one-time capital asset request of $30,000 is for accounting software. The current software mainstream support has ended, so future options are being reviewed.

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 $17,259,452 for NDBA (lease) bond payments for the outstanding bonds and are reflected in Section 1, Subdivision 1 of Engrossed HB 1014. The 2021-2023 appropriation for NDBA for bond

payments was $22,040,721. Section 1, Subdivision 1 was amended to reflect the $4,781,269 decrease in debt service payments due to two bond issues being paid in full.

Attached for your information 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 North Dakota Building Authority. The level of debt service available would translate into NDBA bonding for approximately $230.2 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 on December 9, 2021 and July 19, 2022 to provide funds for these projects. The Legacy portion of the Governor's Executive Budget of the PFA budget includes $102,620,461 for bond payments for the outstanding bonds and are reflected in Section 1, Subdivision 1 of Engrossed HB 1014. The 2023-2025 appropriation for Legacy Fund Infrastructure Program bond payments was $102,620,461. Section 1, subdivision 1 was amended to reflect the $102,620,461 increase in debt service payments for these required debt payments.

BOND PAYMENTS

The total Section 1, Subdivision 1 Bond Payments Amended Appropriation is $119,879,913 which reflects the decreased NDBA and the increased Legacy Fund payments.

Section 3 provides the breakdown on the source of funding for the $119,879,913 of lease (bond) payments. Section 3 was amended as follows:

Infrastructure project and program bonds – legacy earnings 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
Research and extension service	242,205
Veteran's Home	407,252

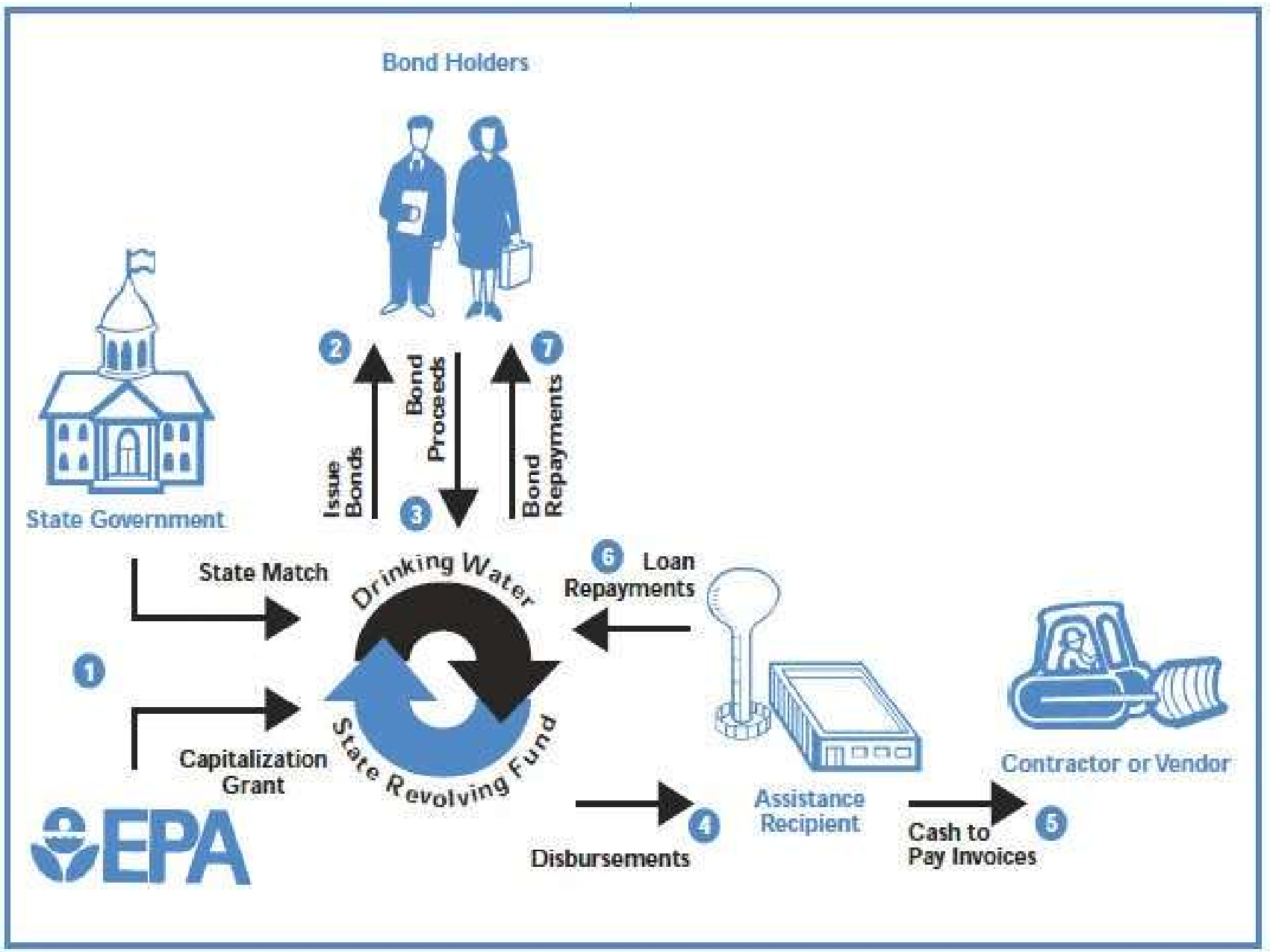
The following non-General Fund sources or energy conservation savings* will be utilized to pay a portion of these payments:

*University System – UND (05A)	$ 207,649
Historical Society (05A)	33,333
Veterans Home (10A/B)	407,252
*University System – UND (2020A)	3,823,875
	$ 4,472,109

The written testimony below describes additional information on the PFA and its financing programs. The attached PFA 2022 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 PFA Annual Report is provided to Legislative Council each year.

The Industrial Commission, by policy, has established a three-member Public Finance Authority Advisory Committee with the Committee being appointed by the Commission. The Committee reviews each loan application for the purpose of making a recommendation concerning the loan to the Industrial Commission, which must give its approval before a loan may be made under each Program. However, if the loan is $500,000 or less for the Capital Financing Program or $2,000,000 or less for the SRF Program, the Committee may authorize the approval of the loan, and then submit a report describing the loan and the action taken to the Commission at its next meeting.

The next page illustrates the flow of funds for SRF loans.


Bond Holders
State Government
2
Issue Bonds
Bond Proceeds
3
7
Bond Repayments
State Match
1
Capitalization Grant
Drinking Water
State Revolving Fund
6
Loan Repayments
Assistance Recipient
Contractor or Vendor
4
Disbursements
Cash to Pay Invoices
5
EPA

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 in 2011, 2012, 2015, 2016, 2018 and 2022 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, 2022, 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 $121,490,000. 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, 2022.

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 $258,004,688 of federal capitalization grants under the Clean Water SRF Program from 1989 through calendar year 2022. Through December 31, 2022, 338 loans totaling $903,450,416 have been approved under the Clean Water SRF Program. The Department of Environmental Quality's Clean Water Intended Use Plan for 2023 includes over $1,105,398,000 of potential CWSRF projects.

Federal capitalization grants for the Drinking Water SRF Program were first appropriated to the State in 1997. $240,645,767 of federal capitalization grants under the Drinking Water SRF Program have been appropriated and awarded to the State through federal fiscal year 2022. Through December 31, 2022, 311 loans totaling $733,316,147 have been approved under the Drinking Water SRF Program. The Department of Environmental Quality's Drinking Water Intended Use Plan for 2022 includes approximately $809,546,000 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. Bonds issued by the Public Finance

Authority under the SRF program are rated "Aaa" by Moody's Investors Service, Inc. (Moody's), which is Moody's highest possible 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".

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 $650,000 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	2010B 2002A	2010A/B	2012A	2017A 2006B/2001A 2006A/2000A/1998A 2005A	2020A	Totals	Other Source	Energy Conser. Budgeted	Total Gen. Fund	10% of $.01 Sales Tax*	Available Debt Service
2021-23	497,700	407,271	914,000	6,214,250	14,007,500	22,040,721	4,585,981	423,295	17,031,445	44,409,819	27,378,374
2023-25	0	404,834	0	2,782,875	14,016,375	17,204,084	4,262,045	207,649	12,734,390	44,409,819	31,675,429
2025-27	0	402,344	0	0	14,001,750	14,404,094	4,224,219	0	10,179,875	44,409,819	34,229,944
2027-29	0	396,928	0	0	14,020,125	14,417,053	4,223,678	0	10,193,375	44,409,819	34,216,444
2029-31	0	164,096	0	0	14,019,875	14,183,971	4,159,317	0	10,024,654	44,409,819	34,385,165
2031-33	0	0	0	0	14,013,500	14,013,500	3,823,500	0	10,190,000	44,409,819	34,219,819
2033-35	0	0	0	0	14,017,875	14,017,875	3,826,750	0	10,191,125	44,409,819	34,218,694
2035-37	0	0	0	0	14,018,125	14,018,125	3,818,125	0	10,200,000	44,409,819	34,209,819
2037-39	0	0	0	0	14,009,125	14,009,125	3,820,000	0	10,189,125	44,409,819	34,220,694
2039-41	0	0	0	0	14,010,125	14,010,125	3,818,875	0	10,191,250	44,409,819	34,218,569
Totals	1,425,788	2,182,830	2,711,750	16,358,375	140,134,375	162,813,118	41,619,252	1,062,788	120,131,078		

Revised 5/21/2021

*The statutory limitation is based on the Legislative May 2021 forecast with a 0% increase each subsequent biennium.

PUBLIC FINANCE AUTHORITY

WHO WE ARE

3

Team Members

WHAT WE'RE ABOUT

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 eligible projects.

WHO WE SERVE

Political Subdivisions

We assist our political subdivisions in obtaining low-cost financing for their infrastructure and other eligible projects.

We serve as a trusted resource and financing option for cities, counties, townships, school districts, recreation service districts, water districts, airport authorities and fire districts.

State Agencies

We work with other state agencies such as DWR, BND and DEQ to provide funding packages for local and state infrastructure projects.

We provide accounting, credit analyses and bond issue management for DEQ – State Revolving Fund (SRF), Building Authority, Student Loan Trust, Transmission Authority and other programs/projects as needed.

Federal Agencies

Together with USDA-RD, CDBG, FEMA, USACE, and Bureau of Reclamation, we co-fund water and wastewater projects in North Dakota.

We work with EPA to ensure the SRF Program meets all federal financial requirements of the program. Annually, we have an audit conducted that meets the requirements of the Office of the Inspector General.

HOW WE DO IT

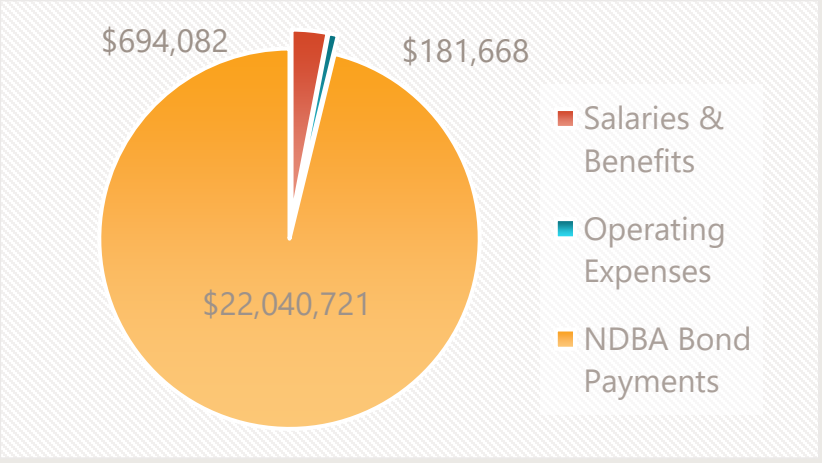
21-23 Budget: $22,916,471

NDPFA is Self-Funded

- Special: $875,750

NDBA Bond Payments

- Special: $22,040,721



PUBLIC FINANCE AUTHORITY

BOND ISSUES WE'RE PROUD OF

Legacy Fund Bonds
December 2021 and July 2022, $710MM of Legacy Fund Infrastructure Program Bonds were sold to fund projects authorized by HB 1431 during the 2021 legislative session.

SRF Bonds
The PFA sold $85.33M bonds on January 25, 2022, to provide $25M of Drinking Water SRF State Match, $25M Clean Water SRF Leveraged Bonds and to refund the Series 2011A Bonds.

Building Authority Bonds
The PFA facilitated the sale of $88.585M of bonds on October 29, 2020, to fund NDUS projects authorized by SB 2297 and HB 1003 during the 2019 legislative session.

* Closed 18 Clean Water SRF Loans totaling **$40.4 million**

* Disbursed nearly **$165 million** in SRF funds

* Closed 30 Drinking Water SRF Loans totaling **$75 million**

** During the 2019-21 biennium.*

WHAT WE DO

State Revolving Fund Program Financial Management
In consultation with DEQ, PFA manages all financial aspects of the SRF programs which makes below-market interest rates loans for qualifying water, reclaimed water and stormwater projects.

Capital Financing Program (CFP)
Through bond issues in the market, the CFP provides financing for political subdivisions for projects or improvements such as cash flow financing, interim financing, roads, flood projects, and other projects that they have the legal authority to borrow money.

Legacy Fund Infrastructure Bond Program
Issue bonds for legislatively approved projects. Manage the sale, accounting, continuing disclosure and ongoing administration of the bonds.

North Dakota Building Authority
Issue bonds for legislatively approved projects. Serve as authorized officer. Work with the state agencies and NDUS. Manage the sale, accounting, continuing disclosure, debt service invoices and on-going administration of the NDBA bonds.

HOW WE MEASURE SUCCESS

SRF Bond Rating
The PFA has maintained the highest bond rating by Moody's (Aaa) and Standard and Poor's (AAA) since 2015.

Fiscal Responsibility
The CFP and SRF programs have had no defaults since inception. Additionally, each year the PFA is audited and has achieved an unqualified or "clean" opinion.

Collaboration
PFA has worked with the Bank of North Dakota to assist in the implementation of the one-stop application portal, Funding Infrastructure in North Dakota (FIND).

Responsiveness
After the receipt of the loan application, 75% of loans are approved in 60 days or less.

North Dakota Public Finance Authority

2022 Annual Report

NORTH DAKOTA PUBLIC FINANCE AUTHORITY

Industrial Commission of North Dakota

Doug Burgum
Governor
Chairman

Drew H. Wrigley
Attorney General

Doug Goehring
Agriculture Commissioner

Advisory Committee

Keith Lund
Grand Forks

Linda Svihovec
Watford City

John Phillips
Beulah

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NORTH DAKOTA
PUBLIC FINANCE AUTHORITY

2022 Annual Report

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- Part B: Local Governmental Assistance Program ……2-1
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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.

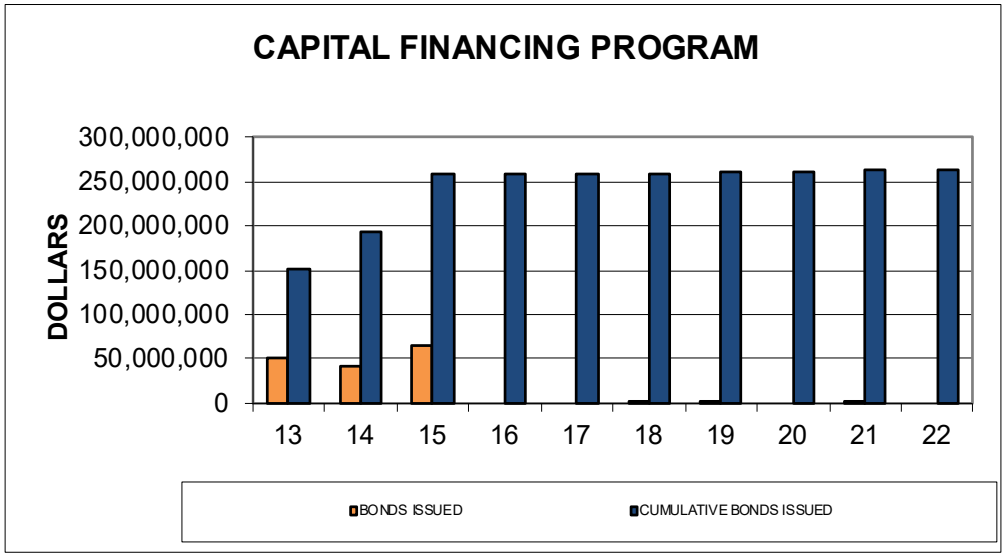
Vision Statement

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.

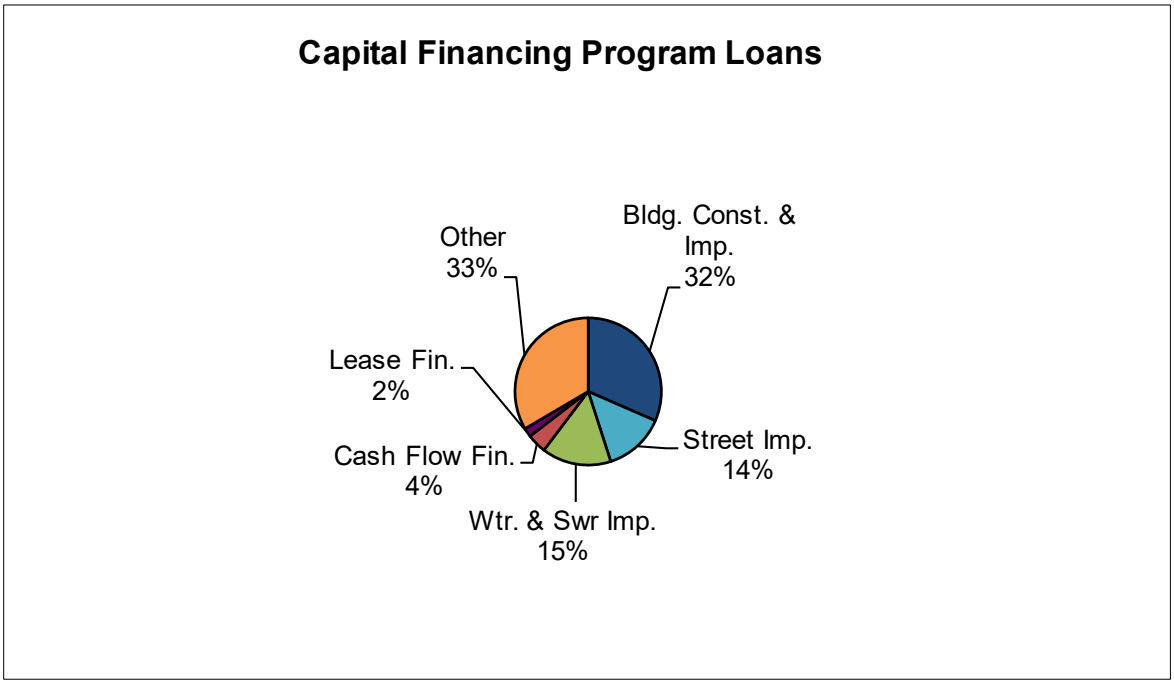
There were no CFP Bonds issued in 2022.

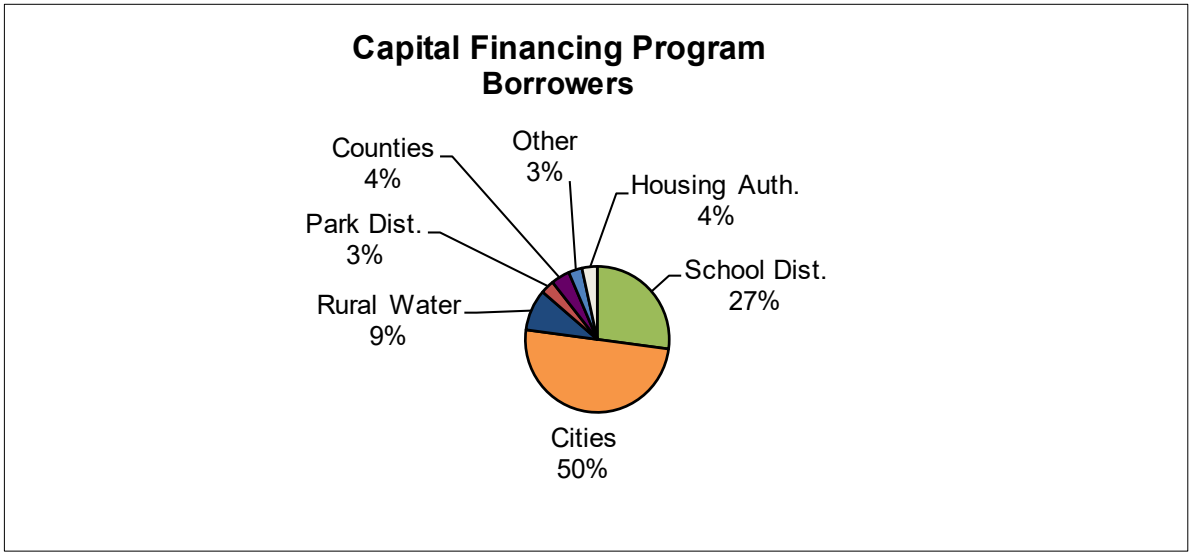
The total outstanding amount of CFP Reserve Fund Letters of Credit on December 31, 2022 was $27,079,973. The CFP Reserve Fund Letters of Credit are issued to meet the requirement of the CFP General Bond Resolution that the PFA maintain reserves for each series, equal to the largest aggregate amount of 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, 2022, 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 $121,490,000.

Part F of Attachment 1 beginning on page 1-5 of this Report contains a complete list, as of December 31, 2022, 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, 2022, 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

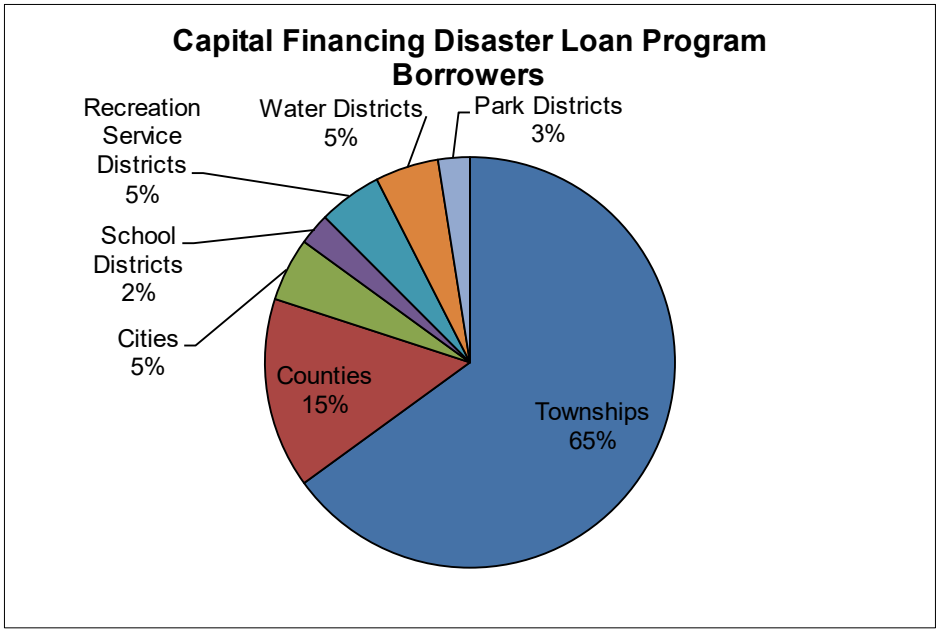
On June 16, 2011, the Industrial Commission authorized the PFA to utilize the Capital Financing Program to provide loans for political subdivisions impacted by weather related events. Under its Capital Financing Disaster Loan Program, the PFA makes loans for the purpose of providing disaster assistance 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 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 2022. Loans approved under this program total $71,531,546 and none were outstanding as of December 31, 2022. Part E of Attachment 1 beginning on page 1-4 of this Report contains a complete list, as of December 31, 2022, of all loans made by the PFA under the Disaster Loan Program, including the name of each political subdivision, the original amount of each loan, and the outstanding principal 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 2022. As of December 31, 2022, 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, 2022, 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.



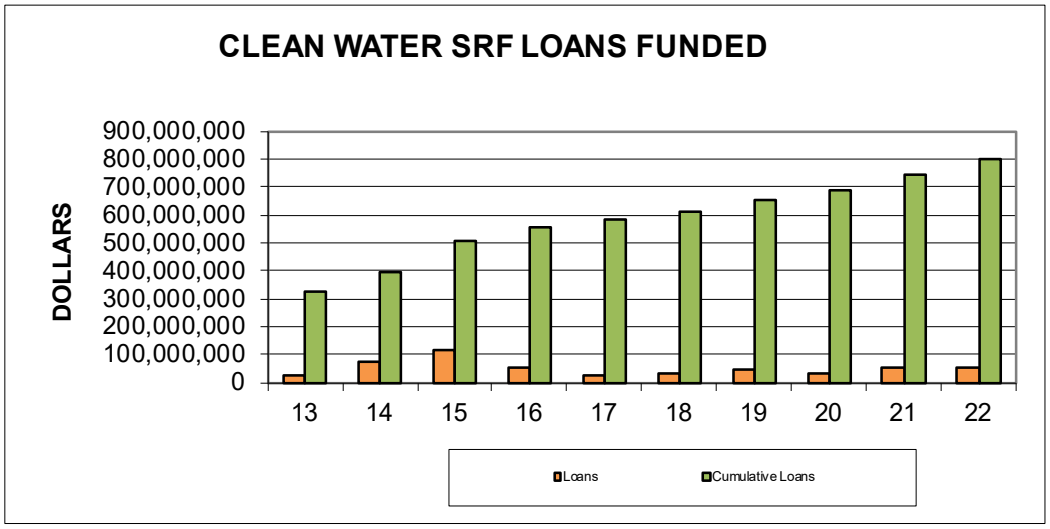
STATE REVOLVING FUND PROGRAM

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.

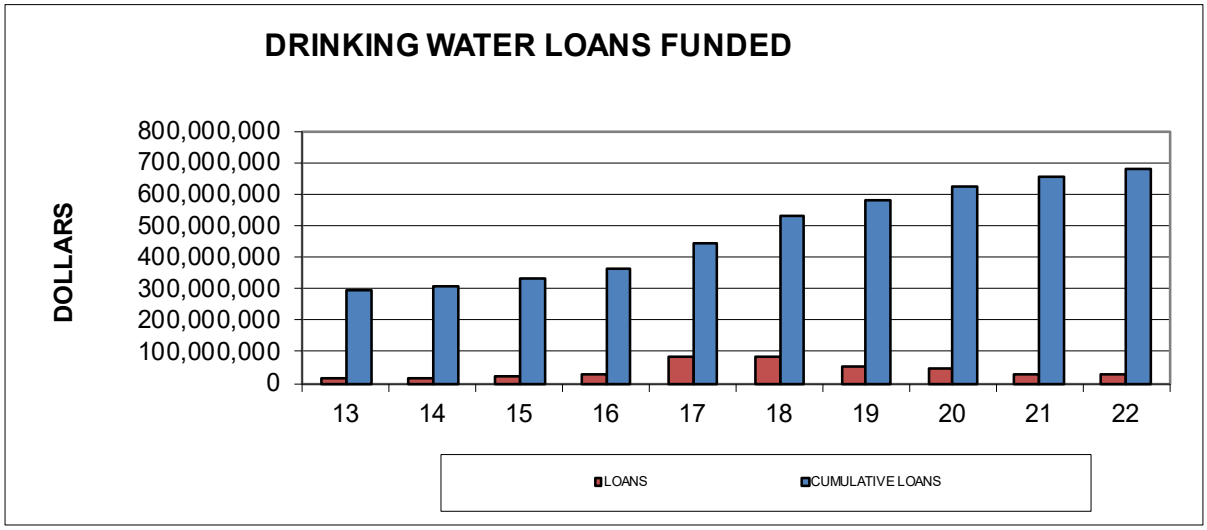
In 2001, Moody's Investors Service, Inc. upgraded the North Dakota SRF Program from "Aa2" to "Aaa", Moody's highest rating. The PFA obtained an additional rating for the North Dakota SRF Program bonds from Standard & Poor's Ratings Services which assigned their highest rating, "AAA," on June 29, 2015.

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.

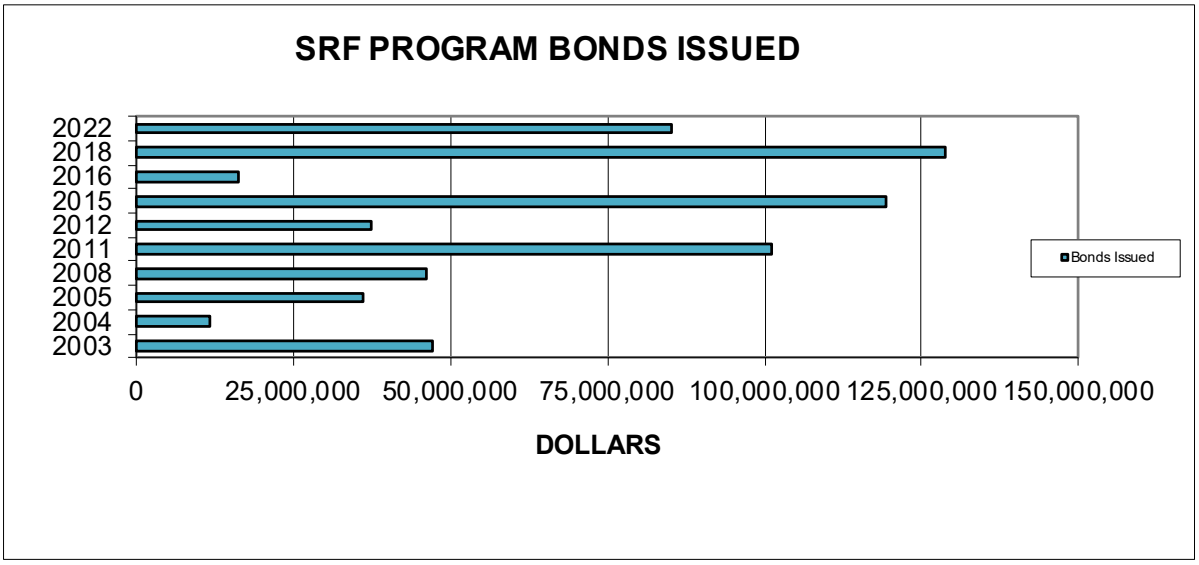
The PFA approved $65,240,000 of Clean Water SRF Program loans to 13 political subdivisions in 2022. Subpart 30 of Part G of Attachment 1 on page 1-18 of this Report contains a list of all approved Clean Water SRF Program loans for 2022, including the approved amount, the funded amount, and the outstanding principal amount of each loan as of December 31, 2022.



The PFA approved $21,931,209 of Drinking Water SRF Program loans to 22 political subdivisions in 2022. Subpart 23 of Part H of Attachment 1 on page 1-27 of this Report contains a list of loans made under the Drinking Water SRF Program during 2022, including the approved amount, the funded amount, and the outstanding principal amount of each loan as of December 31, 2022.



The total amount of SRF Program Bonds issued under the PFA's SRF Program Master Trust Indenture is $768,695,000. This total includes $203,865,000 of the 1990, 1993, 1995, 1996, 1998, 2000, 2001, 2003A, 2003B, 2004, 2005, 2008, and 2011 SRF Program Bonds which have been advance refunded and are no longer considered to be outstanding.



As of December 31, 2022, the total amount of SRF Program Bonds outstanding was $298,620,000, and the total outstanding amount of SRF Program loans was $825,022,910.

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. 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 2022.

Part I of Attachment 1 beginning on page 1-28 of this Report contains a complete list, as of December 31, 2022, 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, 2022, 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, 2022 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	$ 85,000,000
Highway Fund	$ 35,000,000
NDSU Agriculture Products Development Facility	$ 50,000,000

PFA issued $320,915,000 of Legacy Bonds in July 2022. Under the Legacy Fund Infrastructure Program $710,115,000 of bonds have been issued. As of December 31, 2022, the total amount of Legacy Bonds outstanding was $710,115,000.

Part J of Attachment 2 on page 2-4 of this Report contains a complete list, as of December 31, 2022, 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 2021-2023 biennium is $10,434,640 and the debt service requirement for the outstanding SRF Program Bonds for the 2021-2023 biennium is $7,309,475. The outstanding IDBP debt service requirement for 2021-2023 is $77,125. The remaining Legacy Bond debt service requirement for 2021-2023 is $11,555,857.

The aggregate debt service requirement for all outstanding PFA Bonds for the remaining 2021-2023 biennium is $29,377,097.

NORTH DAKOTA PUBLIC FINANCE AUTHORITY
LOANS MADE 1977 THROUGH 2022

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	385,000
Tri-County Water District		1,415,000	0
Emerado		180,000	80,000
		2,125,000	465,000
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	55,000
Kulm		85,000	0
All Seasons Water Users District		820,000	465,000
Forman Housing Authority		935,000	0
Forman		505,000	0
Forman		1,090,000	0
Hankinson		1,930,000	1,360,000
Mayville		1,430,000	855,000
Tri-County Water District		1,405,000	0
Gackle		1,285,000	810,000
		9,635,000	3,545,000
Subpart 20	**2013**		
Fargo		51,375,000	33,055,000
Subpart 21	**2014**		
Fargo		$ 32,512,000	$ 21,189,000
Noonan		328,000	236,000
Stutsman Rural Water District		9,000,000	6,140,000
		41,840,000	27,565,000
Subpart 22	**2015**		
Minot		1,945,000	1,060,000
Forman		1,965,000	1,210,000
Watford City		23,655,000	17,740,000
Watford City		35,550,000	31,035,000
Rugby		465,000	160,000
Zap		2,265,000	1,685,000
		65,845,000	52,890,000

Borrower		Original Loan Amount	Outstanding Loan Amount
Subpart 23	**2018**		
Munich		1,360,000	925,000
Subpart 24	**2019**		
Morton County		2,515,000	1,060,000
Subpart 25	**2021**		
Drayton		210,000	195,000
Drayton		180,000	165,000
McVille		1,675,000	1,625,000
McVille		65,000	0
		2,130,000	1,985,000
Total Capital Financing Program Loans		$ 265,093,016	$ 121,490,000

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		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

Borrower		Approved and Funded Loan Amount
Subpart 7	**1998**	
Granville		$ 42,000
Enderlin		342,373
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

Borrower		Approved and Funded Loan Amount
Subpart 10	**2001**	
Jamestown		370,120
Mayville		1,169,393
Forman		135,172
Lisbon		716,436
Amenia		141,489
Grand Forks		13,781,500
Kulm		678,640
Tower City		503,123
Lake Metigoshe Recreation Service District		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

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 11	**2002**			
Sanborn		$ 30,694	$ 30,694	$ 0
Williston		1,190,559	1,190,559	0
Grand Forks		1,580,755	1,580,755	0
Grand Forks		2,274,164	2,274,164	0
Grand Forks		6,546,560	6,546,560	0
Linton		95,770	95,770	0
Mayville		3,073,811	3,073,811	0
Morton County Water Resource District		258,000	258,000	0
Wildrose		86,405	86,405	0
Mapleton		80,790	80,790	0
Wahpeton		374,065	374,065	25,000
		15,591,573	15,591,573	25,000
Subpart 12	**2003**			
Hunter		41,930	41,930	2,600
Oakes		746,350	746,350	0
Harvey		244,615	244,615	16,000
Hankinson		133,790	133,790	8,400
Mantador		50,000	50,000	3,200
Litchville		236,381	236,381	15,000
Courtenay		49,444	49,444	0
Jamestown		1,309,568	1,309,568	170,000
		2,812,078	2,812,078	215,200
Subpart 13	**2004**			
Oakes		601,500	601,500	40,000
Portland		291,164	291,164	30,000
Lidgerwood		84,416	84,416	10,000
Lincoln		397,944	397,944	0
Hillsboro		186,336	186,336	0
Warwick		32,775	32,775	4,000
West River Water and Sewer		338,007	338,007	0
		1,932,142	1,932,142	84,000
Subpart 14	**2005**			
Mapleton		335,000	335,000	0
Hazen		276,120	276,120	46,000
Enderlin		184,307	184,307	22,000
Rutland		180,841	180,841	0
Grand Forks		4,500,000	4,500,000	825,000
		5,476,268	5,476,268	893,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 15	**2006**			
Jamestown		$ 1,475,346	$ 1,475,346	$ 359,000
Rice Lake Recreation Service District		2,813,537	2,813,537	585,000
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	8,000
Wyndmere		188,146	188,146	0
Oakes		950,000	950,000	235,000
		10,010,831	10,010,831	1,187,000
Subpart 16	**2007**			
Bismarck		20,000,000	20,000,000	6,130,000
Southeast Cass Water Resource District		738,299	738,299	165,000
Lakota		414,948	414,948	31,000
Leonard		255,000	255,000	76,000
Argusville		634,606	634,606	198,000
Mayville		345,725	345,725	83,000
McVille		81,677	81,677	20,000
Jamestown		1,467,998	1,467,998	313,000
Hope		757,963	757,963	151,000
Portland		46,937	46,937	15,000
Cass Rural Water District		15,326,652	15,326,652	6,160,652
Willow City		148,174	148,174	44,000
Oakes		258,747	258,747	74,000
Nome		16,011	16,011	0
		40,492,737	40,492,737	13,460,652
Subpart 17	**2008**			
Lisbon		1,174,092	1,174,092	410,000
Harvey		210,952	210,952	41,000
Hunter		138,580	138,580	51,000
Fargo		63,657,409	63,657,409	28,455,000
Flasher		121,414	121,414	0
Hankinson		100,000	100,000	37,000
Ellendale		734,842	734,842	257,000
Fargo		1,640,000	1,640,000	640,000
Watford City		808,588	808,588	285,000
		68,585,877	68,585,877	30,176,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 18	**2009**			
Tappen		$ 179,761	$ 179,761	$ 64,000
Casselton		1,931,688	1,931,688	755,000
Mandan		1,679,763	1,679,763	610,000
Mandan		1,000,000	1,000,000	360,000
Stutsman Rural Water District		4,603,386	4,603,386	1,650,000
Lisbon		1,247,424	1,247,424	215,000
Cavalier		487,315	487,315	160,000
Lake Metigoshe Recreation Service District		517,400	517,400	0
Velva		346,601	346,601	0
Hazen		246,919	246,919	0
Enderlin		799,172	799,172	130,000
Glenburn		784,378	784,378	170,000
Davenport		389,832	389,832	70,000
Munich		1,200,120	1,200,120	0
Edgeley		1,644,845	1,644,845	165,000
Valley City		345,241	345,241	125,000
Strasburg		1,404,743	1,404,743	155,000
		18,808,588	18,808,588	4,629,000
Subpart 19	**2010**			
Hillsboro		127,849	127,849	60,000
Drayton		1,677,066	1,677,066	57,000
Michigan		1,606,506	1,606,506	210,000
Northwood		2,306,303	2,306,303	445,000
Fargo		822,348	822,348	295,000
Wishek		185,547	185,547	76,000
Mapleton		610,964	610,964	260,000
Hankinson		569,833	569,833	240,000
Fargo		4,061,075	4,061,075	1,950,000
Hunter		143,032	143,032	80,000
Dickinson		569,354	569,354	0
Langdon		157,454	157,454	0
Kulm		54,409	54,409	26,000
		12,891,740	12,891,740	3,699,000
Subpart 20	**2011**			
Jamestown		1,140,023	1,140,023	535,000
Pembina		217,329	217,329	115,000
Wyndmere		1,664,897	1,664,897	865,000
Devils Lake		2,500,000	2,500,000	1,225,000
Minto		1,177,115	1,177,115	610,000
Fingal		519,245	519,245	195,000
Southeast Cass WRD		591,777	591,777	220,000
Forman		750,935	750,935	230,000
Hazen		178,494	178,494	92,000
		8,739,815	8,739,815	4,087,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 21	**2012**			
Velva		$ 210,408	$ 210,408	$ 100,000
Kathryn		68,006	68,006	38,000
Maddock		1,284,300	1,284,300	230,000
Casselton		765,923	765,923	0
Dunn Center		200,000	200,000	0
Des Lacs		97,403	97,403	54,000
Clifford		46,228	46,228	26,000
Medina		238,028	238,028	38,000
		2,910,296	2,910,296	486,000
Subpart 22	**2013**			
Burleigh County WRD		244,653	244,653	140,000
Rolla		1,755,604	1,755,604	1,010,000
Lisbon		469,752	469,752	270,000
Ray		2,533,536	2,533,536	635,000
Wyndmere		205,773	205,773	0
Jamestown		822,306	822,306	500,000
Dickinson		38,924,961	38,924,961	22,745,000
Casselton		3,246,585	3,246,585	1,960,000
Lehr		219,482	219,482	63,000
Mandan		2,066,118	2,066,118	1,250,000
		50,488,770	50,488,770	28,573,000
Subpart 23	**2014**			
Douglas		67,866	67,866	40,000
Jamestown		11,100,950	11,100,950	7,310,000
Berthold		1,248,288	1,248,288	500,000
Bowbells		685,005	685,005	325,000
Noonan		237,000	237,000	155,000
Enderlin		365,500	365,500	240,000
Page		182,867	182,867	120,000
Beulah		586,800	586,800	370,000
Washburn		2,922,696	2,922,696	1,885,000
Mandan		1,681,280	1,681,280	1,050,000
Dickinson		37,252,730	37,252,730	24,275,000
Grenora		416,147	416,147	234,000
Williston		113,151,288	113,151,288	82,020,000
Ryder		189,109	189,109	117,000
		170,087,526	170,087,526	118,641,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 24	**2015**			
Watford City		$ 18,718,523	$ 18,718,523	$ 15,490,000
Mandan		4,481,824	4,481,824	3,130,000
Tioga		2,500,000	2,500,000	1,375,000
Marion		97,732	97,732	60,000
Harvey		830,477	830,477	580,000
Ward County WRD		2,755,128	2,755,128	1,925,000
Granville		139,939	139,939	100,000
Grafton		497,760	497,760	405,000
Watford City		10,407,619	10,407,619	8,825,000
		40,429,002	40,429,002	31,890,000
Subpart 25	**2016**			
Oberon		191,552	191,552	157,000
Jamestown		522,119	522,119	400,000
Dwight		50,700	50,700	44,000
Makoti		57,450	57,450	42,000
LaMoure		1,315,894	1,315,894	760,000
Hebron		911,000	911,000	470,000
Arnegard		380,000	380,000	0
		3,428,715	3,428,715	1,873,000
Subpart 26	**2017**			
Horace		992,648	992,648	730,000
Colfax		519,633	519,633	446,000
Beulah		441,097	441,097	325,000
Gardner		26,710	26,710	0
Noonan		646,716	646,716	335,000
Oakes		1,005,000	1,005,000	840,000
Larimore		1,119,683	1,119,683	376,000
Oakes		230,121	230,121	198,000
Cavalier		998,000	879,373	539,599
Horace		3,192,000	1,728,152	1,046,152
Mayville		1,556,000	1,556,000	1,300,000
		10,727,608	9,145,133	6,135,751

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 27	**2018**			
Carrington		323,291	323,291	282,000
Lidgerwood		100,000	47,537	27,537
Wahpeton		1,041,682	1,041,682	870,000
Pick City		275,522	275,522	163,000
Petersburg		787,979	787,979	725,000
Jamestown		4,800,000	3,727,028	2,697,028
Garrison Diversion Conservancy District		5,000,000	1,047,507	881,458
Argusville		712,575	712,575	635,000
Beulah		407,315	407,315	368,000
Jamestown		597,583	597,583	485,000
Lisbon		934,061	934,061	760,000
Arnegard		2,297,225	2,297,225	1,500,000
Minot		6,433,406	6,433,406	5,335,000
Minot		12,282,000	9,914,457	8,457,457
Horace		422,000	422,000	265,000
Grand Forks		9,000,000	9,000,000	8,090,000
Fargo		20,229,000	17,286,912	17,286,912
Arthur		115,263	115,263	60,000
Fargo		126,500,000	101,954,390	101,954,390
		192,258,902	157,325,733	150,842,782
Subpart 28	**2019**			
Wahpeton		1,381,642	1,381,642	1,245,000
Walcott		456,235	456,235	429,000
Rutland		131,478	131,478	105,000
Kindred		3,900,000	3,705,000	3,230,000
Valley City		395,851	395,851	330,000
Dickinson		2,145,166	2,145,166	1,975,000
Fargo		500,000	500,000	475,000
Fargo		10,500,000	8,834,200	8,309,200
Grand Forks		1,228,485	1,228,485	1,130,000
		20,638,857	18,778,057	17,228,200
Subpart 29	**2020**			
Wing		620,834	620,834	231,000
Wyndmere		4,365,000	3,678,523	3,465,273
Wildrose		2,455,268	2,455,268	1,525,268
Center		880,000	792,716	745,716
Buxton		721,716	721,716	700,000
Dunn Center		3,195,000	2,804,918	1,904,918
Stanton		650,000	617,500	592,500
Dickinson		1,291,469	1,291,469	1,225,000
		14,179,287	12,982,944	10,389,675

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 30	**2021**			
Bismarck		5,000,000	5,000,000	4,705,000
Jamestown		3,170,000	1,498,034	1,418,034
Valley City		675,000	457,151	397,151
Northwood		7,000,000	839,717	839,717
Stanley		165,000	165,000	151,000
New Salem		1,042,000	1,042,000	1,015,000
Cavalier		450,000	178,829	44,707
Wahpeton		4,500,000	2,850,000	2,756,000
Hankinson		98,000	97,933	97,933
		22,100,000	12,128,664	11,424,542
Subpart 31	**2022**			
Fargo		259,000	209,957	209,957
Fargo		4,361,000	2,272,917	2,272,917
Hebron		120,000	75,084	70,084
Wahpeton		1,964,000	858,246	292,346
Portland		430,000	125,626	125,626
Valley City		859,000	816,050	782,050
Forman		550,000	550,000	550,000
Strasburg		1,326,000	422,371	105,593
Wilton		1,319,000	52,715	52,715
Fargo		51,634,000	1,272,652	1,272,652
Tower City		585,000	389,931	389,931
		63,407,000	7,045,549	6,123,871
Total		$ 903,450,416	$ 797,544,842	$ 442,063,673

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 Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 4	**2002**			
Lisbon		$ 413,522	$ 413,522	$ 0
Harvey		427,076	427,076	0
Grafton		285,616	285,616	0
Mandan		4,197,565	4,197,565	0
Ramsey County WRD		3,482,000	3,482,000	0
Enderlin		87,500	87,500	0
Linton		563,063	563,063	0
Cleveland		206,406	206,406	0
Langdon		522,796	522,796	0
Drayton		132,362	132,362	0
Larimore		1,991,805	1,991,805	0
Wahpeton		1,890,000	1,890,000	126,000
Grafton		1,130,229	1,130,229	75,000
		15,329,940	15,329,940	201,000
Subpart 5	**2003**			
Southeast Water District		1,446,906	1,446,906	0
Grand Forks - Traill Water District		3,991,780	3,991,780	0
North Valley Water District		4,138,000	4,138,000	0
Williston		3,693,344	3,693,344	230,000
Barnes Rural Water District		816,000	816,000	50,000
Argusville		360,718	360,718	0
Casselton		1,272,000	1,272,000	0
Aneta		171,340	171,340	11,000
Stutsman Rural Water District		201,651	201,651	0
		16,091,739	16,091,739	291,000
Subpart 6	**2004**			
Oakes		147,652	147,652	10,000
Cass Rural Water District		1,890,923	1,890,923	340,000
Lisbon		410,000	410,000	28,000
Leeds		179,000	179,000	10,000
Hazen		1,000,000	1,000,000	120,000
Tioga		418,727	418,727	0
Lincoln		307,681	307,681	53,000
Lincoln		447,000	447,000	0
Abercrombie		244,002	244,002	31,000
Williams County Rural Water		1,500,000	1,500,000	195,000
Harvey		676,556	676,556	45,000
Williston		5,000,000	5,000,000	0
Noonan		39,602	39,602	7,500
Williston		17,593,143	17,593,143	4,260,000
Jamestown		2,534,604	2,534,604	460,000
		32,388,890	32,388,890	5,559,500

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 7	**2005**			
Argusville		$ 217,304	$ 217,304	$ 28,000
Park River		746,100	746,100	140,000
Mapleton		83,754	83,754	0
Bottineau		750,000	750,000	0
Southeast Water Users District		808,411	808,411	150,000
		2,605,569	2,605,569	318,000
Subpart 8	**2006**			
Walcott		159,112	159,112	30,000
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	50,000
Riverdale		762,138	762,138	125,000
Pick City		223,328	223,328	52,000
Braddock		16,610	16,610	0
Center		358,800	358,800	70,000
Page		95,975	95,975	24,000
Harvey		91,581	91,581	22,000
Hillsboro		1,151,563	1,151,563	0
Washburn		1,870,633	1,870,633	355,000
Southeast Water Users District		4,655,000	4,655,000	1,123,000
Portal		50,000	50,000	0
Park River		517,600	517,600	135,000
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	45,000
		15,000,277	15,000,277	2,031,000
Subpart 9	**2007**			
McLean-Sheridan Rural Water		519,104	519,104	154,000
Walsh Rural Water District		1,796,902	1,796,902	0
North Prairie Water District		5,700,000	5,700,000	1,530,000
Mayville		324,341	324,341	80,000
Southeast Water Users District		5,418,000	5,418,000	770,000
South Central Regional Water		8,000,000	8,000,000	2,382,000
Jamestown		2,076,816	2,076,816	520,000
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	67,000
Grand Forks Traill Water District		1,200,000	1,200,000	305,000
All Seasons Water Users District		211,950	211,950	62,000
		31,883,128	31,883,128	5,870,000

Borrower	Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 10 2008			
Southeast Water Users District	$ 595,000	$ 595,000	$ 178,000
Hazelton	245,120	245,120	49,000
Lisbon	757,220	757,220	245,000
Mapleton	1,149,088	1,149,088	0
Mandan	4,511,900	4,511,900	1,620,000
Fargo	2,500,000	2,500,000	795,000
Cass Rural Water District	1,376,605	1,376,605	525,000
Fargo	14,110,422	14,110,422	4,355,000
Tri-County Water District	363,289	363,289	123,000
Lakota	199,802	199,802	0
Crosby	551,488	551,488	0
Hankinson	95,000	95,000	34,000
Hannaford	53,748	53,748	17,000
South Central Regional Water	4,000,000	4,000,000	1,445,000
Ray	1,452,760	1,452,760	205,000
Parshall	3,610,500	3,610,500	1,705,000
Mandan	7,972,283	7,972,283	2,970,000
Leeds	37,076	37,076	12,000
	43,581,301	43,581,301	14,278,000
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	110,000
Watford City	347,464	347,464	0
Bismarck	16,320,000	16,320,000	6,395,000
Lisbon	1,613,726	1,613,726	655,000
Ray	864,000	864,000	0
Southeast Water Users District	1,128,358	1,128,358	475,000
Southeast Water Users District	841,774	841,774	395,000
Barnes Rural Water District	2,050,000	2,050,000	575,000
Velva	373,579	373,579	150,000
All Seasons Water Users District	154,433	154,433	60,000
Wimbledon	258,353	258,353	98,000
Hope	175,000	175,000	55,000
Enderlin	2,196,790	2,196,790	870,000
Garrison	158,222	158,222	0
Wildrose	1,503,094	1,503,094	0
Karlsruhe	791,415	791,415	56,000
Strasburg	2,060,678	2,060,678	160,000
	34,779,670	34,779,670	10,054,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 12	**2010**			
Hillsboro		$ 289,376	$ 289,376	$ 115,000
Washburn		4,023,646	4,023,646	735,000
South Central Regional WD		4,600,000	4,600,000	2,165,000
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	755,000
Hillsboro		1,310,679	1,310,679	375,000
Mandan		6,923,867	6,923,867	3,300,000
Kenmare		403,579	403,579	155,000
Buffalo		98,922	98,922	45,000
Jamestown		5,525,008	5,525,008	2,305,000
Kulm		25,300	25,300	13,000
		30,303,316	30,303,316	9,963,000
Subpart 13	**2011**			
Pembina		1,743,743	1,743,743	950,000
Linton		224,800	224,800	117,000
Page		90,597	90,597	47,000
Cooperstown		700,235	700,235	345,000
Sawyer		308,708	308,708	160,000
Bowbells		2,145,000	2,145,000	610,000
McKenzie County WRD		8,200,000	8,200,000	3,190,000
Kenmare		892,039	892,039	425,000
		14,305,122	14,305,122	5,844,000
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	4,485,000
Garrison Rural Water District		720,000	720,000	365,000
Southeast Water Users District		1,603,656	1,603,656	475,000
Sherwood		82,475	82,475	46,000
Granville		209,990	209,990	105,000
		16,001,099	16,001,099	5,476,000
Subpart 15	**2013**			
Hillsboro		2,623,344	2,623,344	980,000
Ross		1,740,267	1,740,267	445,000
Max		292,062	292,062	180,000
Fargo		98,000,000	98,000,000	89,875,000
Cooperstown		314,393	314,393	180,000
		102,970,066	102,970,066	91,660,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 16	**2014**			
Westhope		$ 926,447	$ 926,447	$ 270,000
Grafton		2,200,757	2,200,757	1,375,000
Cooperstown		200,733	200,733	86,000
Stutsman Rural Water District		7,630,004	7,630,004	3,890,000
McLean-Sheridan Rural Water		1,350,000	1,350,000	1,120,000
Mandan		641,683	641,683	390,000
Fairmount		121,759	121,759	79,000
Noonan		282,130	282,130	185,000
Leeds		317,106	317,106	205,000
Columbus		387,828	387,828	100,000
Washburn		1,391,331	1,391,331	945,000
Jamestown		3,572,603	3,572,603	2,260,000
Grenora		383,853	383,853	199,000
Carrington		1,459,704	1,459,704	960,000
Ray		1,670,000	1,670,000	195,000
Barnes Rural Water District		2,063,033	2,063,033	1,450,000
		24,598,971	24,598,971	13,709,000
Subpart 17	**2015**			
Cass Rural Water District		3,000,000	3,000,000	2,150,000
Jamestown		794,159	794,159	515,000
Garrison		1,821,023	1,821,023	1,275,000
Gwinner		2,882,111	2,882,111	1,225,000
Sheyenne		77,362	77,362	55,000
Lehr		79,065	79,065	21,500
		8,653,720	8,653,720	5,241,500
Subpart 18	**2016**			
Tri-County Water District		727,655	727,655	355,000
New Rockford		270,000	270,000	191,000
Enderlin		340,000	340,000	235,000
Cooperstown		369,283	369,283	294,000
Robinson		129,723	129,723	26,000
South Central Regional Water District		3,125,000	3,125,000	2,670,000
New Town		5,000,000	5,000,000	2,935,000
Hebron		2,834,223	2,834,223	1,055,000
Stutsman Rural Water District		1,582,373	1,582,373	1,340,000
Flaxton		95,000	95,000	0
North Prairie Water District		1,021,590	1,021,590	860,000
		15,494,847	15,494,847	9,961,000

Borrower	Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 19 2017			
Pick City	1,032,980	1,032,980	345,000
Southeast Water Users District	5,925,000	5,925,000	5,375,000
Makoti	362,450	362,450	117,000
Grand Forks	66,000,000	66,000,000	62,705,000
Gardner	244,374	244,374	196,000
Jamestown	1,123,587	1,123,587	840,000
Jamestown	539,511	539,511	340,000
Maxbass	437,973	437,973	117,000
Williams Rural Water District	5,000,000	5,000,000	3,900,000
Northeast Regional Water District	2,978,890	2,978,890	2,235,000
Sherwood	126,587	126,587	92,000
R & T Water Supply Commerce Auth	5,000,000	5,000,000	3,900,000
Horace	479,216	479,216	380,000
Traill Rural Water District	3,206,464	3,206,464	2,590,000
Oakes	4,043,000	4,043,000	3,250,000
Ross	947,758	947,758	207,000
Aneta	80,000	80,000	65,000
Kindred	584,663	584,663	505,000
Mandan	1,327,453	1,327,453	1,040,000
Mayville	720,000	720,000	620,000
	100,159,906	100,159,906	88,819,000
Subpart 20 2018			
Beulah	207,774	207,774	144,000
Mandan	820,281	820,281	645,000
Wahpeton	443,387	443,387	395,000
North Prairie Water District	416,248	416,248	377,000
Argusville	263,396	263,396	235,000
Casselton	901,025	901,025	775,000
Mohall	610,000	610,000	485,000
Lisbon	130,866	130,866	107,000
Towner	80,822	80,822	0
Fessenden	1,037,555	1,037,555	865,000
North Prairie Water District	347,782	347,782	306,000
Walsh Rural Water District	507,653	507,653	445,000
Cass Rural Water District	1,700,000	1,700,000	750,000
Central Plains Water District	4,925,000	4,925,000	4,300,000
Arnegard	1,752,977	1,752,977	1,570,000
Barnes	2,052,000	2,052,000	1,840,000
Minot	1,734,000	1,323,604	1,114,604
Northeast Rural Water District	3,118,000	2,970,000	2,820,000
Northeast Rural Water District	2,460,000	2,460,000	2,145,000
McLean-Sheridan Water District	965,898	965,898	360,000
Mercer	761,690	761,690	165,000
Tri-County Water District	1,050,000	1,050,000	870,000
Rugby	266,904	266,904	132,000
Larimore	119,500	119,500	87,000
Cando	2,044,000	2,044,000	1,700,000
Western Area Water Supply	16,500,000	14,168,381	12,493,381
Mandan	1,848,463	1,848,463	1,605,000
Jamestown	1,445,734	1,445,734	1,190,000
East Central Rural Water District	1,750,000	1,750,000	1,575,000
	50,260,955	47,370,940	39,495,985

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 21	**2019**			
Stutsman Rural Water District		723,450	723,450	640,000
North Prairie Rural Water District		3,327,185	3,327,185	2,985,000
Lisbon		602,066	602,066	52,000
Fargo		23,950,000	11,200,625	11,200,625
Glenburn		422,479	422,479	382,000
Wahpeton		618,358	618,358	555,000
Carson		1,451,583	1,451,583	330,000
Cass Rural Water Users District		2,319,248	2,319,248	2,015,000
Cavalier		4,845,000	2,327,899	806,370
All Season Water Users District		1,738,000	133,457	33,364
Lincoln		836,000	836,000	730,000
Riverdale		2,161,000	2,161,000	155,000
		42,994,369	26,123,350	19,884,359
Subpart 22	**2020**			
Stutsman Rural Water District		896,014	896,014	825,000
Dakota Rural Water District		2,176,000	1,898,531	1,818,531
McLean Sheridan Rural Water Distric		4,660,000	3,191,676	3,191,676
Enderlin		1,200,000	897,969	807,969
Carrington		4,975,000	4,975,000	4,595,000
Mapleton		1,041,995	1,041,995	971,995
Jamestown		1,951,145	1,951,145	1,790,000
Stutsman Rural Water District		3,027,000	3,027,000	2,795,000
Agassiz Water Users District		919,906	919,906	865,000
Wyndmere		1,196,000	1,143,857	1,035,299
Tri-County Water District		1,610,000	1,416,421	1,281,421
Missouri West Water System		621,208	621,208	590,000
Center		150,000	142,500	130,500
Dunn Center		2,448,000	776,706	658,706
Bismarck		6,877,277	6,877,277	5,487,277
Western Area Water System Associat		16,500,000	7,503,139	7,098,139
Mohall		391,000	391,000	360,000
Beach		1,511,787	1,511,787	358,000
		52,152,332	39,183,131	34,659,513

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 23	**2021**			
Sykeston		411,000	343,840	333,840
Aneta		204,582	204,582	189,000
North Prairie Rural Water District		453,000	432,536	97,384
Lakota		456,720	456,720	445,000
Mandan		7,255,000	5,098,135	4,798,135
North Prairie Rural WD - Mountrail		3,825,000	671,704	671,704
Valley City		300,000	217,741	192,741
NorthPrairie Regional WD		1,151,000	763,854	732,854
Cooperstown		800,000	551,973	531,973
Jamestown		1,808,000	1,808,000	1,230,000
Stanley		400,000	400,000	367,000
New Salem		1,042,000	1,042,000	1,015,000
Coleharbor		880,000	624,049	156,011
Horace		2,740,000	1,310,589	1,195,589
East Central Regional WD		1,341,210	1,341,210	1,341,210
Hankinson		42,000	42,000	42,000
Flaxton		993,000	277,168	23,717
		24,102,512	15,586,101	13,363,158
Subpart 24	**2022**			
Jamestown		1,402,300	1,344,000	1,281,700
Davenport		527,000	371,647	354,647
Jamestown		1,799,477	1,799,477	313,477
Wahpeton		1,103,000	540,698	540,698
McLean Sheidan Rural WD		1,015,000	405,102	405,102
Valley City		180,000	171,000	171,000
Barnes Rural WD		806,000	717,440	717,440
Bismarck		1,500,000	523,679	30,332
Forman		871,000	871,000	871,000
Bowbells		218,000	28,156	28,156
Wilton		1,688,000	53,168	53,168
Wing		2,337,000	822,451	205,612
Tri County WD		1,064,432	1,064,432	1,064,432
Cass Rural WUD		2,500,000	104,497	104,497
Riverdale		600,000	87,621	87,621
Upper Souris		1,274,000	51,340	51,340
		18,885,209	8,955,708	6,280,222
Total		$ 733,316,147	$ 682,140,000	$ 382,959,237

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	$ 650,000
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	$ 650,000

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	71,000
McHenry County		1,777,500	0
		2,609,290	71,000
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	595,000
Jamestown Regional Airport Authority		126,500	26,000
		826,500	621,000
Subpart 25	**2019**		
Rolette County Housing Authority		160,000	120,000
Subpart 26	**2020**		
Morton County		500,000	500,000
Subpart 27	**2021**		
Missouri Ridge Township		650,000	610,000
Total Direct Loans		$ 15,342,601	$ 1,922,000

NORTH DAKOTA PUBLIC FINANCE AUTHORITY
BONDS ISSUED 1977 THROUGH 2022

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	465,000
2011 Series A		3,730,000	0
2012 Series A		9,635,000	3,545,000
2013 Series A		51,375,000	33,055,000
2014 Series A		32,840,000	21,425,000
2014 Series B		9,000,000	6,140,000
2015 Series A		1,945,000	1,060,000
2015 Series B		25,620,000	18,950,000
2015 Series C		38,280,000	32,880,000
2018 Series A		1,360,000	925,000
2019 Series A		2,515,000	1,060,000
2021 Series A		2,130,000	1,985,000
	Subtotal	264,125,000	121,490,000

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	7,420,000
2012 Series B		17,900,000	0
2015 Series A		119,195,000	89,740,000
2016 Series A		16,405,000	10,765,000
2018 Series A		128,625,000	111,860,000
2022 Series A		85,330,000	78,835,000
	Subtotal	768,695,000	298,620,000

[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.

		Initial Bond Amount	Outstanding Bond Amount
Part I	**Industrial Development Bond Program**		
2006 Series A		1,360,000	685,000
2008 Series A		2,000,000	0
2009 Series A		1,500,000	0
	Subtotal	4,860,000	685,000
Part J	**Legacy Fund Infrastructure Program Bonds**		
2021 Series A		389,200,000	389,200,000
2022 Series A		320,915,000	320,915,000
	Subtotal	710,115,000	710,115,000
Total All Bonds		$ 1,866,032,316	$ 1,130,910,000

Testimony in Support of

Housing Incentive Fund (HIF) funding included in HB 1014

Senate Appropriations Committee – Education and Environment

Wednesday March 1, 2023

My name is Lisa Rotvold. I live in Hillsboro. I have worked in the field of affordable housing and community development in North Dakota, South Dakota, and Minnesota for nearly 30 years.

I serve on the NDHFA Advisory Board, and the Lake Agassiz Regional Housing Corporation. I previously served on the board of the Hillsboro Economic Development Corporation, and the Sanford Hillsboro Medical Center Advisory Board. These experiences have shown me first-hand the close ties between strong communities, economic development, and housing, from multiple perspectives.

It is my honor to submit the following comments in support of the Housing Incentive Fund (HIF), included in HB1014, as a vital resource to meeting North Dakota's affordable housing needs.

1. The shortage of affordable rental housing is impacting communities all over the state, large and small. NDHFA's Statewide Housing Needs Assessment published last October made that very clear.

2. Employers in small communities are desperate to attract an adequate workforce, hiring people who must commute long distances for lack of suitable housing. Teachers, healthcare workers, and manufacturing workers to name a few.

3. Federal resources such as Low-Income Housing Tax Credits, HOME Program, and Housing Trust Fund are effectively assisting in the financing of affordable housing in our urban centers.

4. These programs, operated by the Department of Housing and Urban Development, are governed by rigid rules and regulations that don't mesh well with the small-scale development needed in small communities, and add cost that these smaller developments can't absorb.

5. To effectively develop rental housing in small communities we either need to do small projects targeted to low-income households, or slightly larger projects that can serve a wider range of income levels to gain economies of scale.

6. Either way, market rents in small towns are low and do not support adequate debt to cover the cost of new development. Gap funding is needed.

7. HIF can help with both small scale development and serve a wider range of incomes when the Federal programs do not.

8. USDA Rural Development receives very little funding for new development, directing most of their resources to preserving the housing in their existing portfolio.

9. One of the many reasons HIF is so effective is that NDHFA has the flexibility to modify the allocation plan each biennium, based on public input for how HIF funds can best be deployed around the state.

10. Past appropriations of HIF have been allocated in one funding round in the first year of the biennium due to high demand.

11. Larger scale developers who are continually working on new developments in the urban centers have been poised and ready to apply and put HIF dollars to work.

12. With funding uncertainty, smaller communities generally don't have a development cued up and ready to go in short order, fewer developers are interested in working on small projects when they can make more money on large projects.

13. Since HIF's creation in 2011, only six percent (6%) of HIF funding has been invested in communities with population of 5,000 or less, outside of the oil patch.

14. A larger appropriation to HIF can support an annual funding cycle, rather than every two years (following each legislative session), giving small towns time to plan and have projects lined up when funding rounds are held.

15. Non-profit development organizations focusing on rural communities are stepping up to do the small developments that don't make economic sense for private developers.

16. The narrative about rural North Dakota is changing. Small towns are investing in themselves, and businesses are growing. Today we have the jobs, and we need people, and they will not come without good housing options.

17. Small town housing markets have been slow for a long time. The market forces at work in larger communities, that support the value of new construction, are not there in small towns. New investment (from HIF) can spark those markets, produce new housing, and start to correct this disparity.

18. A Rural Housing Development Task Force met throughout last year to focus on impediments and solutions to increase production of affordable housing in rural communities. In addition to a variety of local actions, HIF funding was identified as the most important resource available for small-scale development.

19. HIF has proven to be an effective financial tool to meet housing needs in the oil patch, and in our urban centers. In order to also include small scale development in cities with populations of 5,000 and less, more HIF funds are needed.

20. The Governor's budget including $25 million for HIF will give North Dakota's thriving small towns an opportunity, while continuing to be an important component of some large-scale developments targeting extremely low-income households in the population centers.

A bolder and welcome show of support would be to fund HIF at $25 million annually as reflected in SB 2220's proposed $50 million for HIF. Thank you for your consideration.

Respectfully submitted by Lisa Rotvold, District 39

Senate Appropriations Committee

Engrossed House Bill No. 1014 Budget No. 475

North Dakota Mill & Elevator Association

March 1, 2023

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 operates under Chapter 54-18 of the North Dakota Century Code.

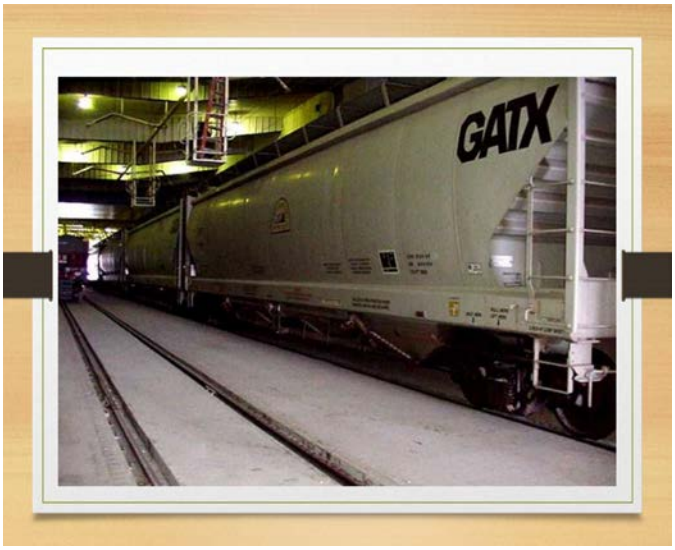
The North Dakota Mill and Elevator Association, located in Grand Forks, is presently the largest single site wheat flour mill and the 8th largest wheat milling company in the United States with sales over $450 million per year.

Our milling complex presently includes 10 milling units with the capacity to produce 6,050,000 lbs. of finished product 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 42,000,000 bu. per year. A Midds Storage and Handling Facility is currently under construction and is scheduled to be completed in February 2024. All facilities are located in Grand Forks.

The Mill normally operates 24 hours per day, 5 to 7 days per week. Our total current staffing is 156 full time employees.

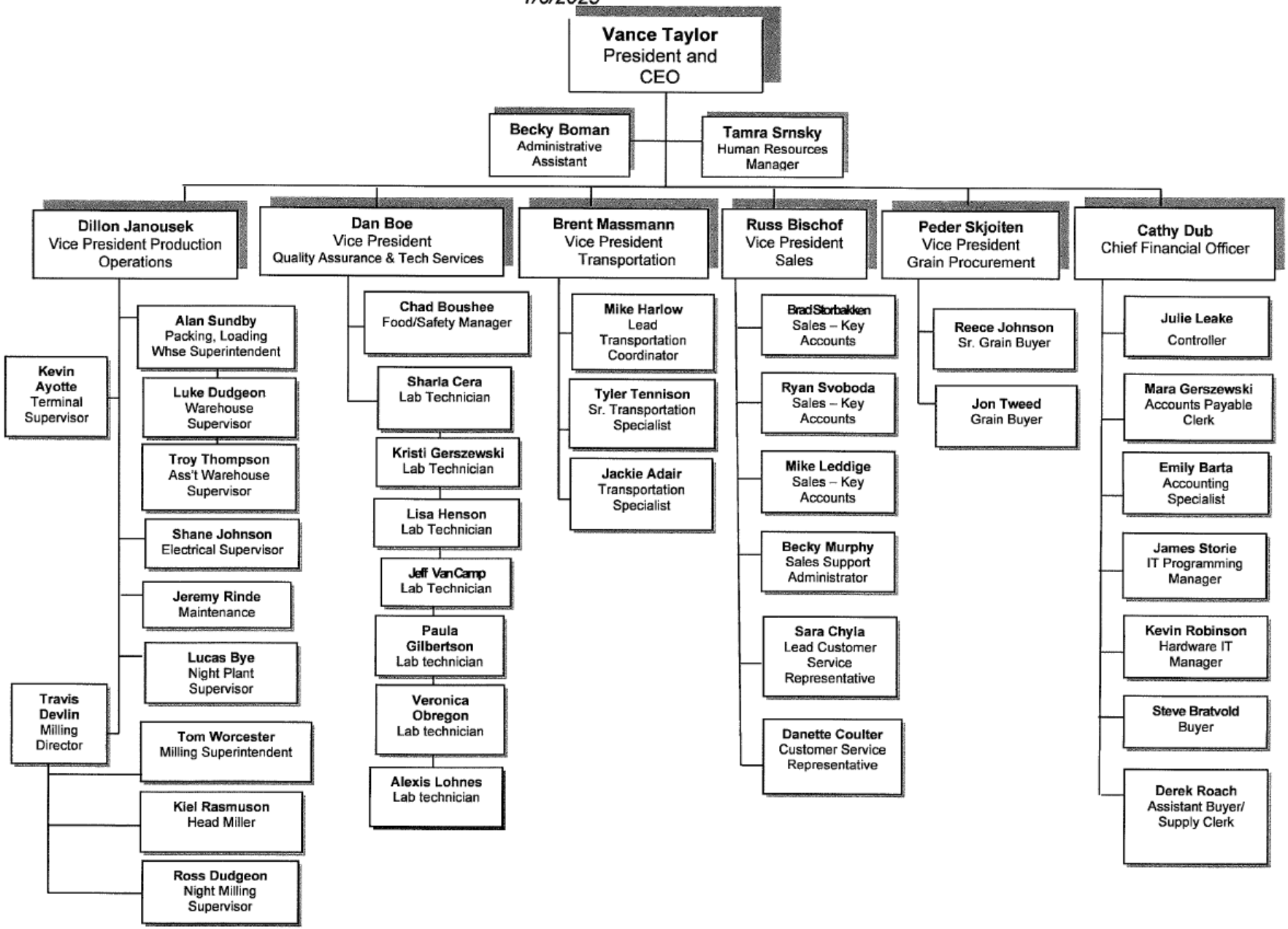
Our milling units process about 90% spring wheat and 10% durum. Approximately 80% of our products are shipped in bulk trucks or railcars and 20% is shipped in bags or totes.

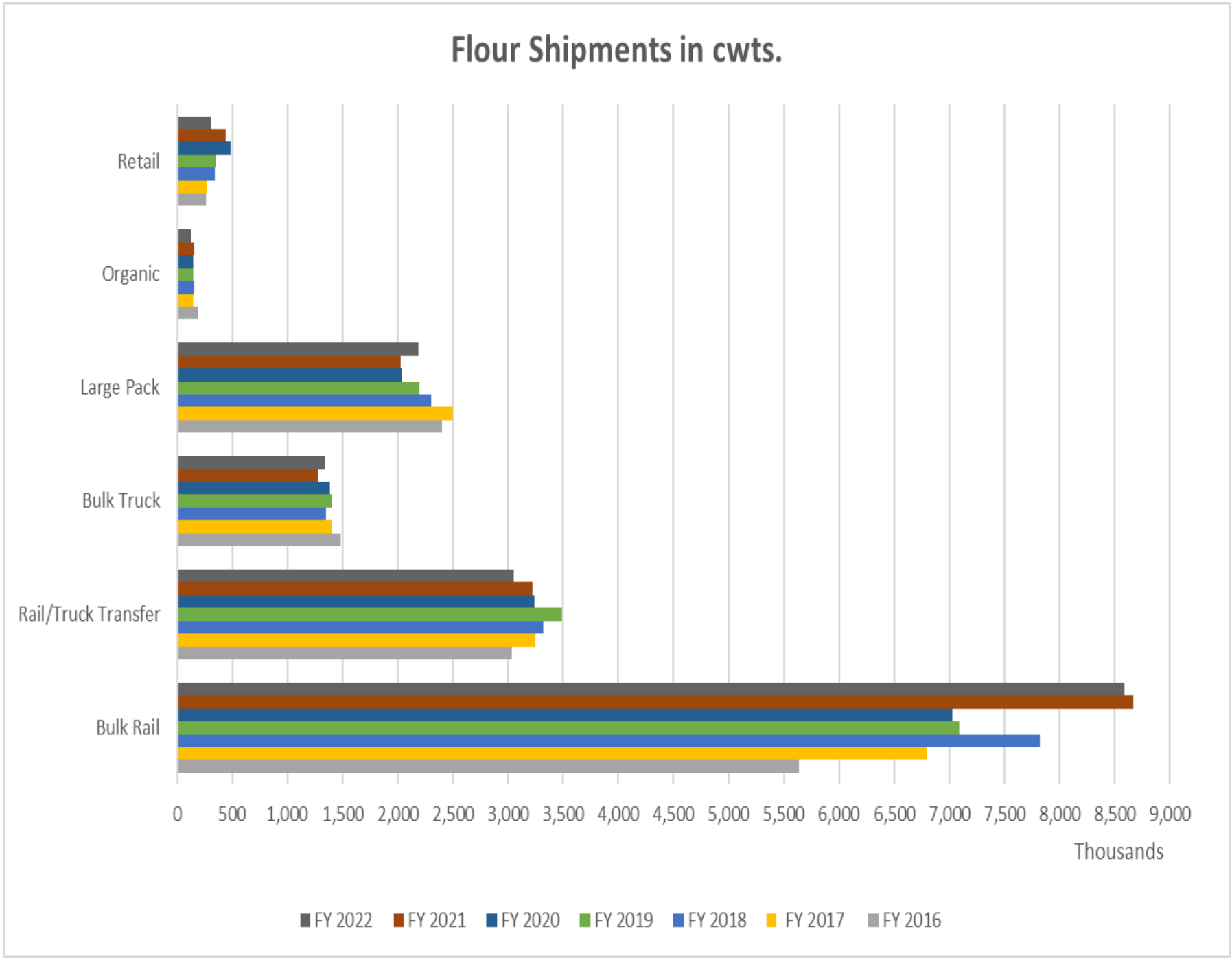
The Mill produces conventional and organic products. At present organic products make up about 1% of our total shipments.



NORTH DAKOTA MILL ORGANIZATION CHART

1/6/2023



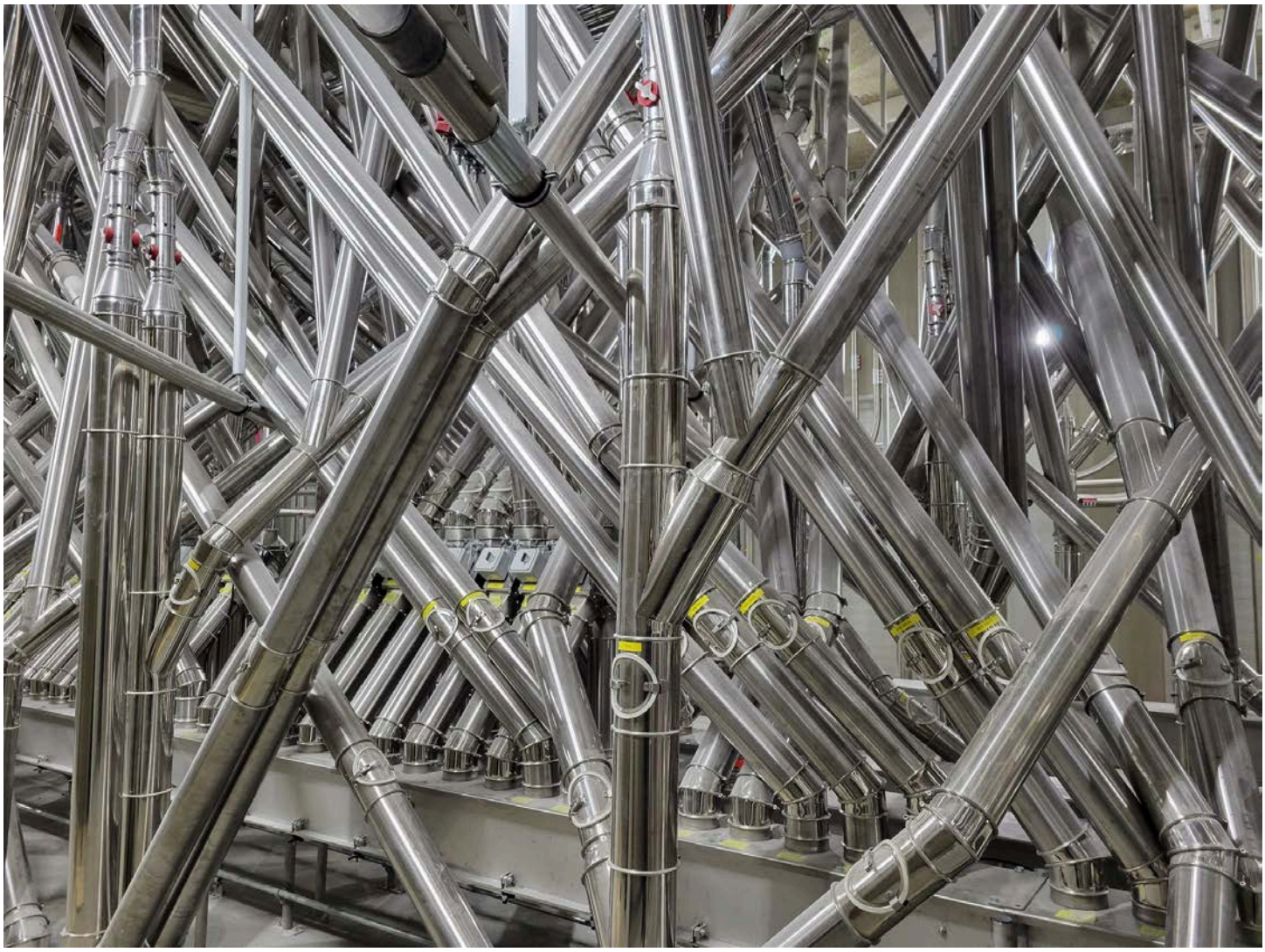

Flour Shipments in cwts.
Retail
Organic
Large Pack
Bulk Truck
Rail/Truck Transfer
Bulk Rail
0
500
1,000
1,500
2,000
2,500
3,000
3,500
4,000
4,500
5,000
5,500
6,000
6,500
7,000
7,500
8,000
8,500
9,000
Thousands
FY 2022
FY 2021
FY 2020
FY 2019
FY 2018
FY 2017
FY 2016

Projects and Business Growth

In 2001 we had milling capacity of 27,000 cwts of flour per day. Since that time, we have completed multiple expansion projects, including the start-up of our G Mill in FY 2017, and the H & I Mill additions and conversion of the D Mill in FY 2022. These projects have grown our milling complex to a total of 60,500 cwts. of flour per day. Increasing our capacity has allowed us to service additional demand from current and new customers, as well as improve profitability and increase the number of bushels purchased from North Dakota farmers.

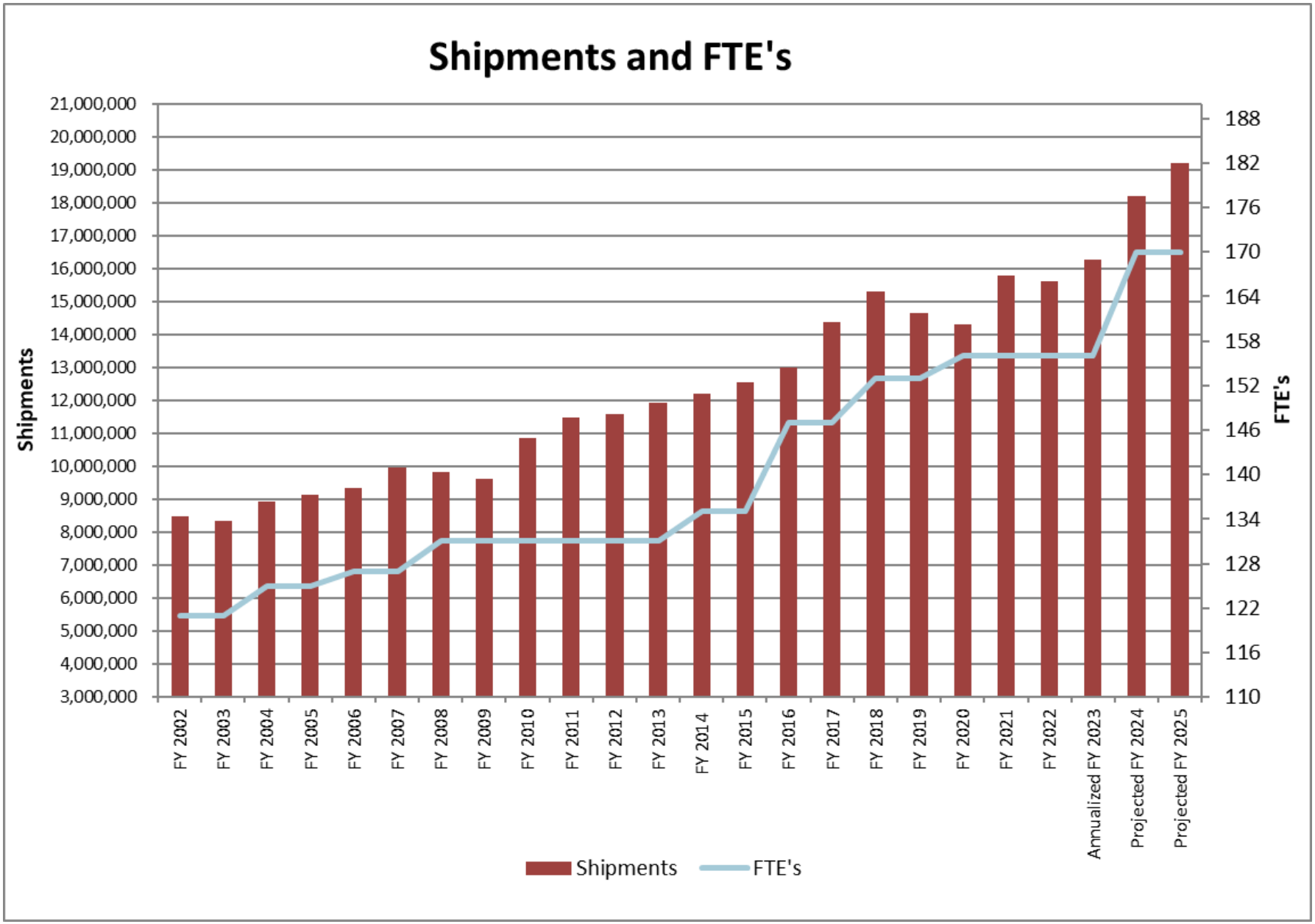
- 2013 K Mill Renovation and Expansion $8.4 million
- G Mill Addition and Flour Storage $38.7 million
- High Speed Truck and Rail Wheat Unloading System $9.3 million
- Phase II Shuttle Track & Grain Storage $24.7 million
- Terminal Receiving Scales & Conveyors $8.5 million
- 2 Automated Flour Packing Systems $4.7 million
- H and I Mill Additions & D Mill Conversion $24.475 million
- Midds Storage & Handling Facility Phase I $34.0 million (Currently under construction)

Our need to expand has been driven by increasing demand from our current customers and the addition of new customers. The completion of these major expansion projects has been vitally important for the North Dakota Mill to continue to compete effectively and provide a more significant economic impact to the State.



Potential Future Projects

- Midds Storage & Handling Facility Phase II $8.0 million
- Midds Storage & Handling Facility Phase III $7.0 million
- Durum Truck Loadout Bins $4.0 million
- Increase Whole Wheat Milling Capacity $3 million


Shipments and FTE's
Shipments
FTE's
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20,000,000
19,000,000
18,000,000
17,000,000
16,000,000
15,000,000
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128
122
116
110
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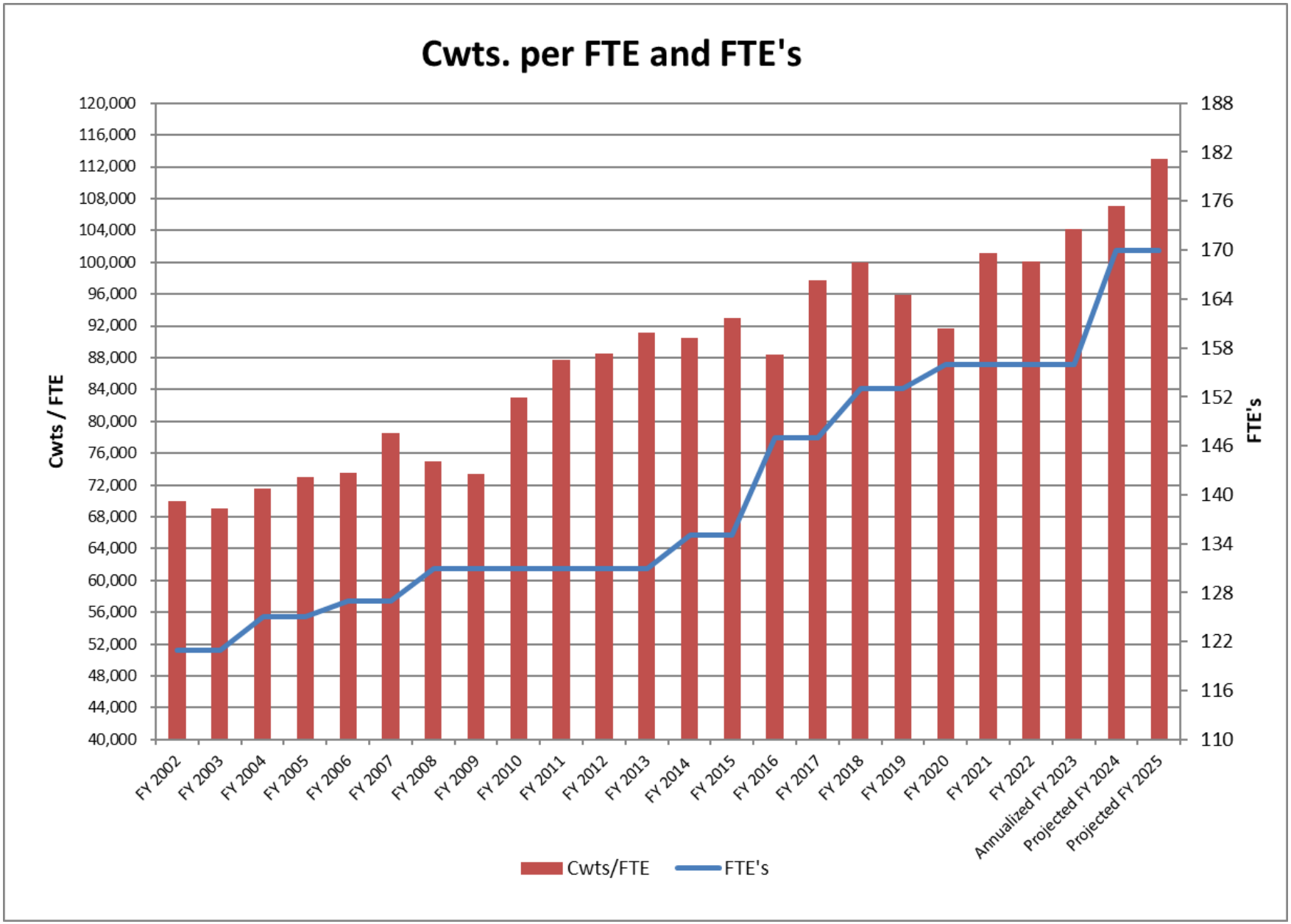
FY 2021
FY 2022
Annualized FY 2023
Projected FY 2024
Projected FY 2025
Shipments
FTE's


Cwts. per FTE and FTE's
Cwts / FTE
FTE's
120,000
116,000
112,000
108,000
104,000
100,000
96,000
92,000
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80,000
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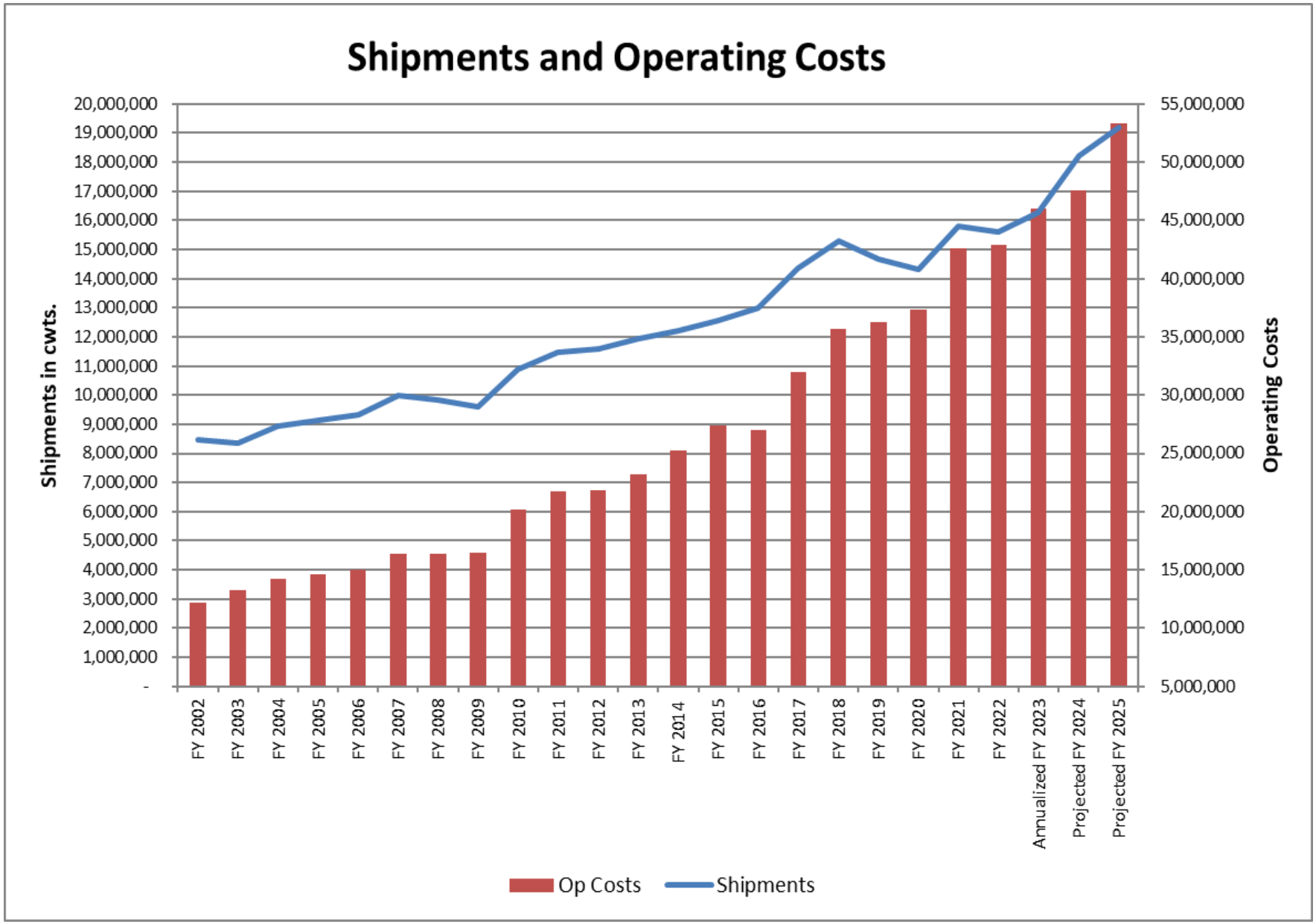
FY 2021
FY 2022
Annualized FY 2023
Projected FY 2024
Projected FY 2025
Cwts/FTE
FTE's


Shipments and Operating Costs
Shipments in cwts.
Operating Costs
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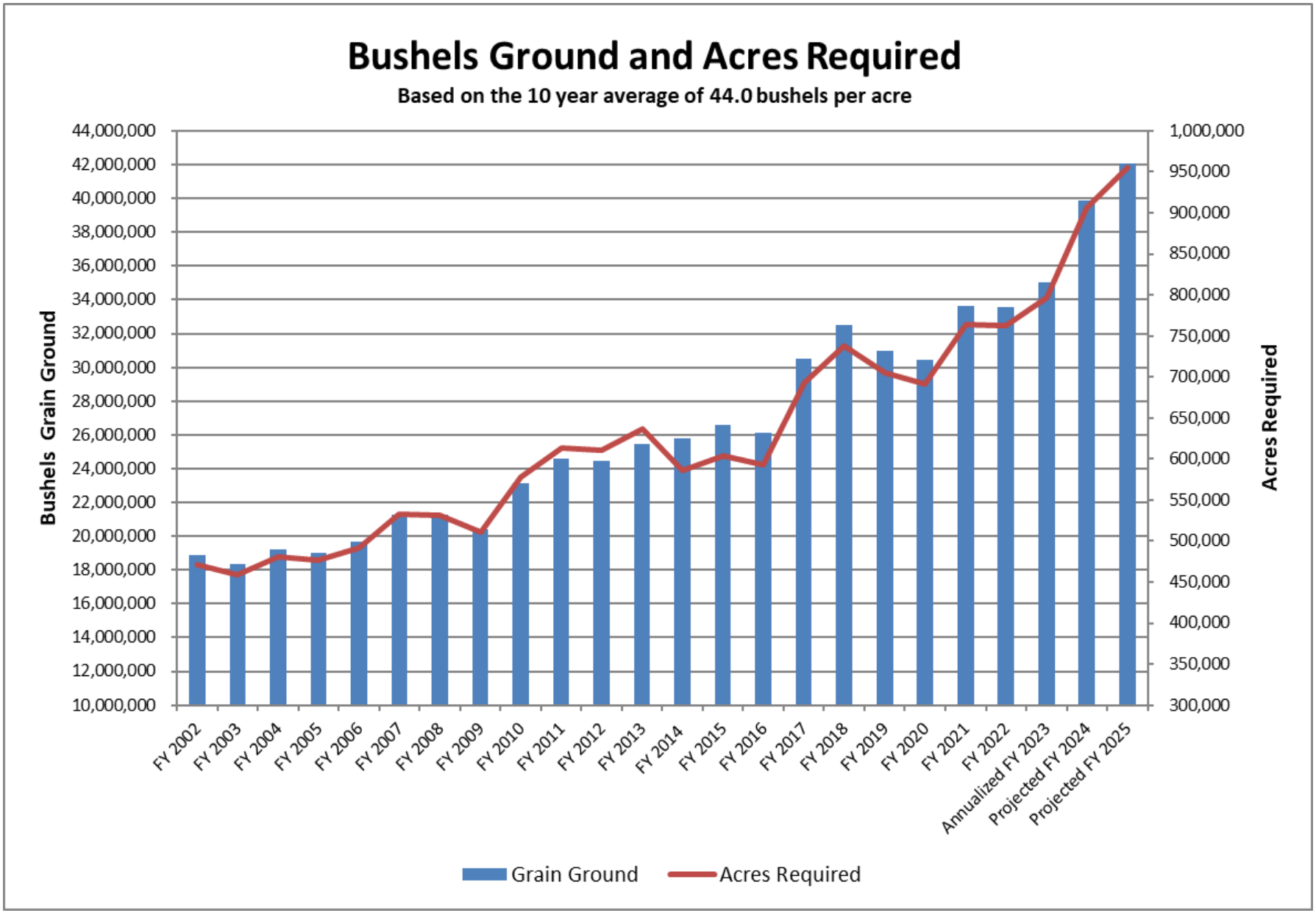
FY 2021
FY 2022
Annualized FY 2023
Projected FY 2024
Projected FY 2025
Op Costs
Shipments


Bushels Ground and Acres Required
Based on the 10 year average of 44.0 bushels per acre
Bushels Grain Ground
Acres Required
44,000,000
42,000,000
40,000,000
38,000,000
36,000,000
34,000,000
32,000,000
30,000,000
28,000,000
26,000,000
24,000,000
22,000,000
20,000,000
18,000,000
16,000,000
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12,000,000
10,000,000
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950,000
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850,000
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FY 2002
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FY 2016
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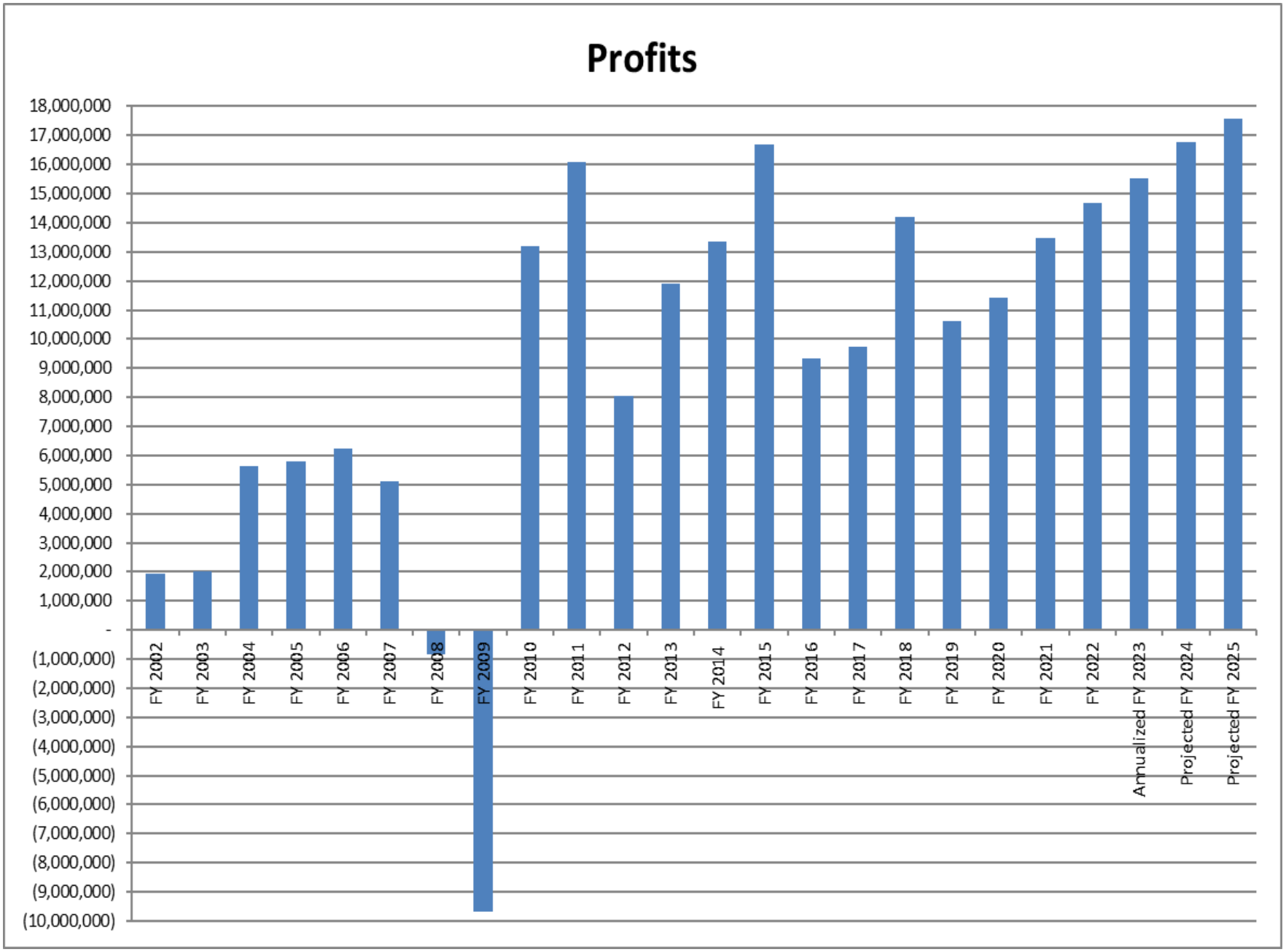
FY 2020
FY 2021
FY 2022
Annualized FY 2023
Projected FY 2024
Projected FY 2025
Grain Ground
Acres Required


Profits
18,000,000
17,000,000
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FY 2013
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FY 2016
FY 2017
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FY 2021
FY 2022
Annualized FY 2023
Projected FY 2024
Projected FY 2025

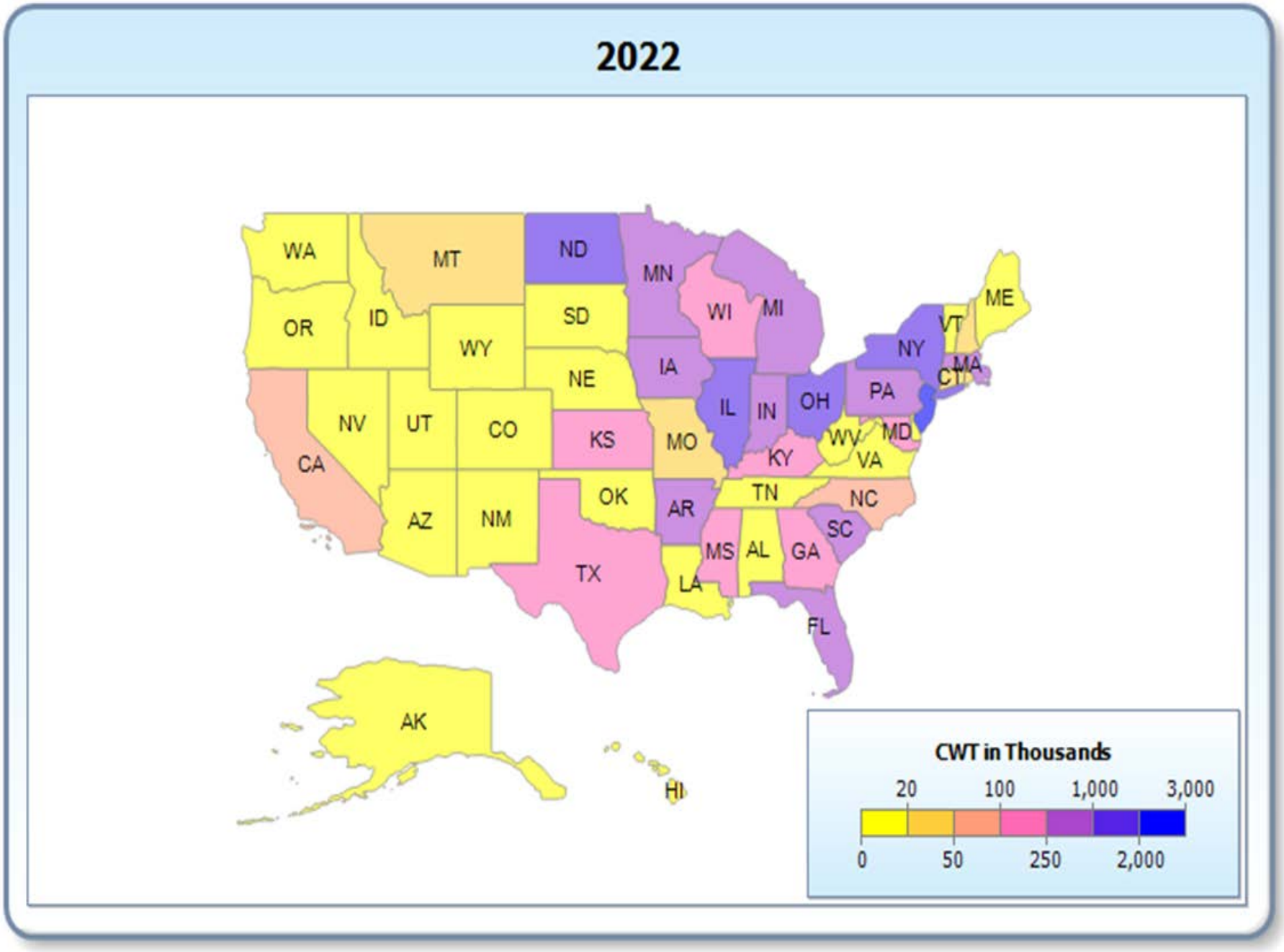
Markets and Competition

Our bulk and large package shipping area is diverse but more concentrated in the Ohio River Valley and on the East Coast. We also export product to the Caribbean Islands and Korea. Our customers include bakery flour distributors, retail distributors, large bakeries, and pasta companies. Sales are made by our in-house sales staff and food brokers.

We compete with large milling companies such as Ardent Mills, ADM, Grain Craft, General Mills and others. The outstanding quality of our products is verified by our FSSC 22000 certification.

Going forward, we intend to continue to increase flour shipments using the additional production capacity of our new milling units; increase plant efficiency to minimize production costs; continue to aggressively market family flour and retail mixes; grow our organic flour business and investigate new markets, new products, and extensions of current product lines.

We will continue to leverage our greatest asset – our dedicated employees, whose hard work has given us an excellent reputation for product quality and customer service in the marketplace.


2022
WA
MT
ND
MN
OR
ID
SD
WI
MI
WY
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VT
ME
NE
IA
MA
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UT
CO
KS
MO
IL
IN
OH
PA
CA
KY
WV
MD
VA
OK
AR
TN
NC
AZ
NM
SC
MS
AL
GA
TX
LA
FL
AK
HI
CWT in Thousands
20
100
1,000
3,000
0
50
250
2,000

Economic Impact

A North Dakota State University study stated that for every dollar in direct economic activity from wheat processing, another $2.32 was generated in secondary economic activity. During Fiscal Year 2022, the Mill generated $366,421,000 in direct economic activity resulting in an additional $850,097,000 in secondary economic activity. This results in a total economic impact to the region of more than $1,216,518,000 during the last fiscal year.

Strategic Plan FY 2023

Working with the UND Office of Work Force Development, the North Dakota Mill management team has developed the following strategic objectives for Fiscal Year 2023:

- 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

Budget Request

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

The Mill 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

2022, the Mill transferred $733,889 (5% of profits) to the APUF and $6,971,950 (50% of remaining profits) to the General Fund. We respectfully request that the General Fund Transfer amount be reduced to 10% of profits for the 2023-2025 biennium as agreed upon in the House. In the past seven fiscal years, the Mill has invested $123.3 million in capital projects. The Mill currently has another $41.3 million in projects in progress with two additional phases of the Midds Storage & Handling Facility that have not been approved at this time. Those phases are estimated to be an additional $15 million. Due to the significant amount of capital investment made and the rapidly rising interest rates, the Mill is requesting to keep more profits to help paydown debt at a more rapid pace.

Our budget request is for $100,185,097. This is a $11,807,888 increase over the last biennium budget. The increase represents increases in wages and benefits, operating expenses, and an additional 14 FTE's.

For biennium 2021-2023 the Mill's appropriation amount was $50,560,209 for wages and benefits. The Mill included 3.25% wage increases in the appropriation requested for biennium 2023-2025 to match the contract we have with our labor union. Our budget request included overtime and shift differential that would allow continuous 24/7 running of the mills. The Mill also requested 14 additional FTEs for the biennium.

Three (3) of the positions are to add a 2nd Shift Grain Mixing crew. The increased production capacity requires an additional 25,000 bushels of wheat to be mixed and transferred to the mills daily to ensure continuous 24/7 running of the mills. These positions added $475,578 to the salary and benefits expense.

Three (3) employees are being requested due to the additional equipment to maintain. A mechanic, electrician and an equipment oiler are needed to assist in maintaining the equipment that has been added to the facility through our capital investments. These positions added $560,422 to salary and benefits.

Three (3) employees are needed to run the Midds Storage & Handling facility upon completion to allow for loading by-product 24 hours per day. These positions added $468,246 to salary and benefits.

Five (5) employees are needed to convert our Milling Department from a 3-shift operation to a 4-shift operation. This will reduce overtime within the department and help us to recruit and maintain quality employees in the Milling Department. The new 4th shift will consist of 3 Millers, 1 Assistant Miller, and 1 Grain Cleaner. These positions added $863,086 to salary and benefits.

For the 2023-25 biennium the Mill is requesting $56,793,444 in salary and benefits. The Mill would need additional funds added to our salary and benefits appropriations to account for increased health insurance costs as well as any wage increases that are granted greater than 3.25%.

In order to reach 18MM cwts. of production and sales NDM will need additional funding for inflationary factors and business growth. We have seen costs rise substantially in many of our expense categories. The Mill has used a 9% inflationary factor for all operating expense categories due to the current

economic conditions. The Mill has increased some categories more than the 9% inflationary factor due to business growth and other factors.

For biennium 2021-23 the Mill's appropriation amount was $13,932,340 for utilities. In the first year of the current biennium the Mill spend $4,712,056 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 has announced an increase in power rates of over 15% beginning January 1, 2023. 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 2023-2025 biennium will be the first full biennium with the H & I milling units which will increase power requirements. The Mill is also in the process of constructing a new Midds Storage & Handling Facility which will also require additional power. The Mill budgeted $16,004,550 for utilities for the 2023-25 biennium.

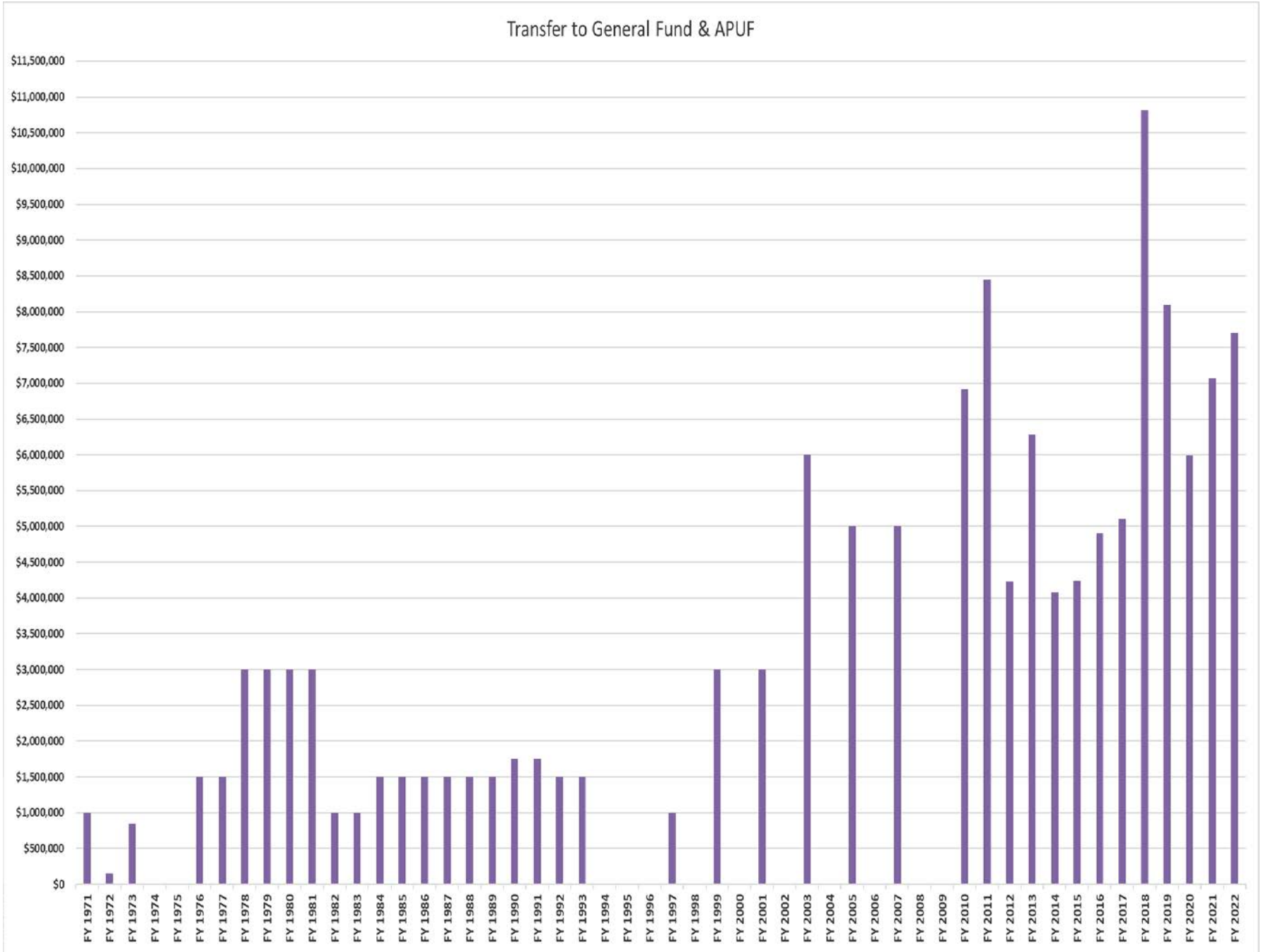
For biennium 2021-2023 the Mill's appropriation amount was $10,045,680 for maintenance and repairs. With our growth and expansion over the past several years, we have increased the amount of equipment at the Mill, which requires maintenance and repairs. We anticipate this expense to be $10,682,000 in the 2023-2025 biennium.

For biennium 2021-2023 the Mill's appropriation amount was $5,523,980 for insurance. Property insurance rates have begun to stabilize; however, inflation has increased the value of property that we are covering. 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 $5,720,000 in the next biennium.

For the 2023-25 biennium the Mill is requesting $42,391,653 in operating expenses. This represents a 15.1% increase from the 2021-23 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 16,300,000 cwts in FY 2023, a 4.5% increase over the previous fiscal year. This represents grinding more than 37,500,000 bushels of spring wheat and durum.

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


Transfer to General Fund & APUF
$11,500,000
$11,000,000
$10,500,000
$10,000,000
$9,500,000
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$8,000,000
$7,500,000
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FY 2021
FY 2022

GRAND FORKS
HOUSING AUTHORITY

WRITTEN TESTIMONY PROVIDED TO
ND SENATE
APPROPRIATIONS COMMITTEE
DURING THE 68th LEGISLATIVE ASSEMBLY
On March 1, 2023
IN SUPPORT OF
HB 1014
REGARDING
Appropriation for Defraying the Expenses of the Industrial Commission and the Agencies Under Its Control

Chairman Bekkedahl
Vice Chairman Krebsbach
Members of the Appropriations Committee

I testify today in support of funding the Housing Incentive Fund but ask that consideration be given as to the amount of funding being proposed. Yes, $12.5 million will begin to address some of the need for affordable housing in North Dakota. At this level, however, it will take years to truly make a difference, if at all. **A permanent funding level of $50 million per biennium, as SB 2220 proposed, would certainly provide the opportunity for the needs of the state to truly be addressed.**

The need for affordable housing is definitely present and persistent in the State: The National Low Income Housing Coalition (NLIHC) reports: "Across North Dakota, there is a shortage of rental homes affordable and available to extremely low-income households (ELI), whose incomes are at or below the poverty guideline or 30% of their area median income (AMI). Many of these households are severely cost burdened, spending more than half of their income on housing. Severely cost burdened poor households are more likely than other renters to sacrifice other necessities like healthy food and healthcare to pay the rent, and to experience unstable housing situations like evictions."

Data from the 2023 American Community Survey (ACS) reports that 20,043 North Dakota Renter Households are Severely Cost Burdened, **paying more than 50% of the household's income on housing costs,** to include utilities. Statistics developed by the NLIHC estimate a 15,271 unit deficit of Affordable Rental Units for ELI Households, a 17.6% increase from the 12,980 unit deficit reported just two years ago. Much, much need.

EQUAL HOUSING OPPORTUNITY

1405 – 1st Avenue North, Grand Forks, ND 58203
(701)746-2545(office) (701)787-9437(direct) (701)740-6738(cell)
(701)746-2548(fax) TDD 711 tnhanson@grandforksgov.com

KEY FACTS

27,992
OR
24%
Renter households that are extremely low income

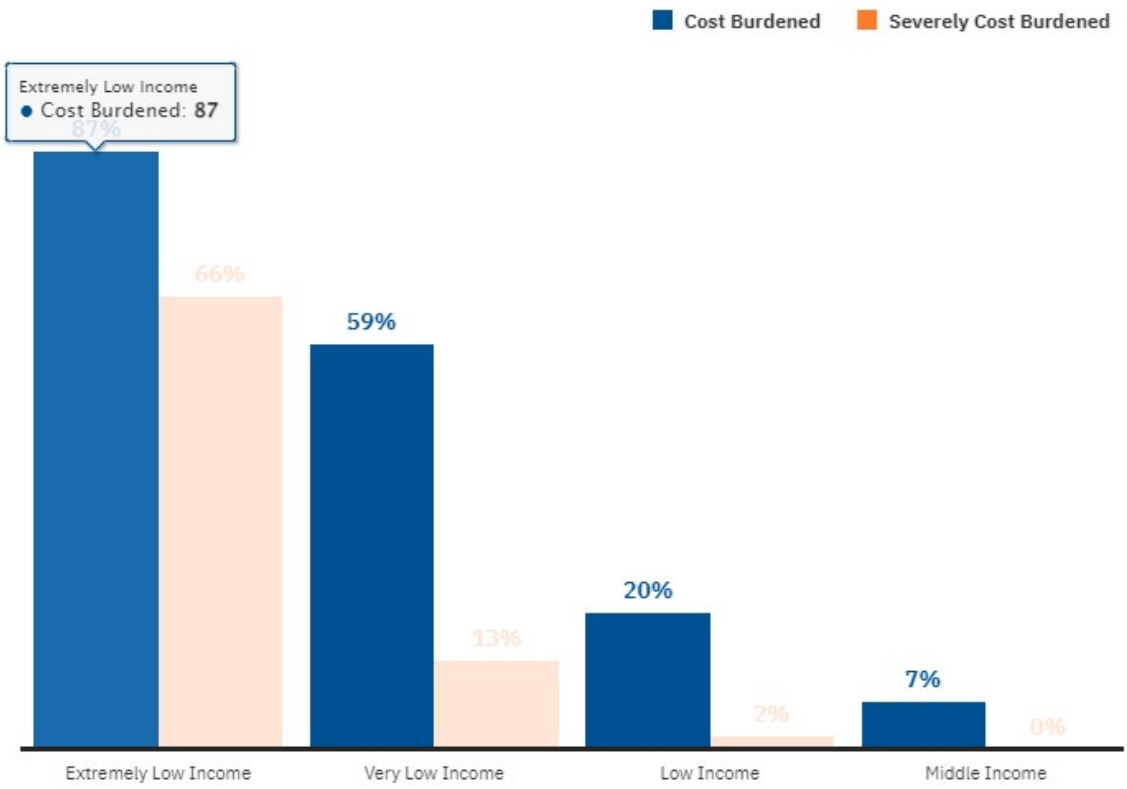
-15,271
Shortage of rental homes affordable and available for extremely low income renters

$26,200
Maximum income for 4-person extremely low income household (state level)

$34,553
Annual household income needed to afford a two-bedroom rental home at HUD's Fair Market Rent.

66%
Percent of extremely low income renter households with severe cost burden

HOUSING COST BURDEN BY INCOME GROUP



Note: Renter households spending more than 30% of their income on housing costs and utilities are cost burdened; those spending more than half of their income are severely cost burdened.
Source: NLIHC tabulations of 2020 5-Year ACS PUMS

Thank you in advance for your favorable consideration of increased and permanent funding for the Housing Incentive Fund and Thank You for all you do.

Respectfully submitted,
Terry Hanson
Executive Director

Pipeline Authority

Mr. Chairman and members of the Senate Appropriations Committee, my name is Justin Kringstad and I am the Director of the North Dakota Pipeline Authority under the Industrial Commission. By law, the Pipeline Authority membership is comprised of the members of the Industrial Commission. The Pipeline Authority receives no direct General Fund appropriation. Upon the recommendation of the Oil and Gas Research Council, the Industrial Commission authorized the transfer of $600,000 from the Oil and Gas Research Fund during the 2021-2023 biennium for the Pipeline Authority's continued operations and studies. More information about the Pipeline Authority and it's work during the current biennium is available in the included *Annual Report*.

As Director of the Pipeline Authority, I have the responsibility of chairing the technical review committee for the recently established Natural Gas Pipeline Program authorized during the 2021 legislative special session. I will now walk through a set of slides to provide the committee with an update on the $150 million in funding available through the Natural Gas Pipeline Program and other pipeline related topics relevant to North Dakota's fiscal health.

North Dakota Pipeline Authority

Annual Report
July 1, 2021 – June 30, 2022

<u>Industrial Commission of North Dakota</u>
Governor Doug Burgum, Chairman
Attorney General Drew H. Wrigley
Agriculture Commissioner Doug Goehring

North Dakota Pipeline Authority
Annual Report
July 1, 2021 – June 30, 2022

Overview

At the request of the North Dakota Industrial Commission, the Sixtieth Legislature passed House Bill 1128 authorizing the North Dakota Pipeline Authority. It was signed into law on April 11, 2007. The statutory mission of the Pipeline Authority is "to diversify and expand the North Dakota economy by facilitating development of pipeline facilities to support the production, transportation, and utilization of North Dakota energy-related commodities, thereby increasing employment, stimulating economic activity, augmenting sources of tax revenue, fostering economic stability and improving the State's economy". As established by the Legislature, the Pipeline Authority is a builder of last resort, meaning private business would have the first opportunity to invest in and/or build additional needed pipeline infrastructure.

By law, the Pipeline Authority membership is comprised of the members of the North Dakota Industrial Commission. Upon the recommendation of the Oil and Gas Research Council, the Industrial Commission authorized the transfer of $600,000 from the Oil and Gas Research Fund during the 2021-2023 biennium for the Pipeline Authority's operations and studies. On August 1, 2008 the Industrial Commission named Justin J. Kringstad, an engineering consultant, to serve as Director of the North Dakota Pipeline Authority. The North Dakota Pipeline Authority Director works closely with Lynn Helms, Department of Mineral Resources Director, Ron Ness, North Dakota Petroleum Council President and Karlene Fine, Industrial Commission Executive Director. The Pipeline Authority has no other staff and receives no direct General Fund appropriation. The Pipeline Authority Director reports to the Industrial Commission and the Oil and Gas Research Council on a regular basis.

Statutory Authority

Statutory authority for the Pipeline Authority is found in Chapter 54-17.7 of the North Dakota Century Code (N.D.C.C.). Section 54-17.7-04 N.D.C.C. delineates the powers of the Pipeline Authority including: 1) making grants or loans or to borrow money; 2) to issue up to $800 million in revenue bonds; 3) enter into lease-sale contracts; 4) own, purchase, lease, rent and dispose of pipeline facilities or the right to capacity in any pipeline system or systems within or without the State of North Dakota; 5) enter into contracts to construct, maintain and operate pipeline facilities; 6) investigate, plan, prioritize and propose transportation corridors; and 7) participate in regional pipeline organizations.

Before the Pipeline Authority may exercise its power to construct pipeline facilities, it must follow a process defined by statute to ensure public participation and comment. In particular, the Pipeline Authority must publish a notice describing the need for the pipeline project. Entities interested in

constructing the facilities or furnishing services to satisfy the identified needs have 180 days to respond by filing a notice of intent. If the Pipeline Authority receives a notice of intent from an interested entity, it may not exercise its powers to construct unless the Pipeline Authority makes a finding that doing so would be in the public interest. In making such a finding, the Pipeline Authority shall consider the economic impact to the state, economic feasibility, technical performance, reliability, past performance, and the likelihood of successful completion and ongoing operation.

North Dakota Pipeline Regulatory Programs

The Pipeline Authority does not serve in any capacity as a regulatory agency for the pipeline industry. North Dakota's pipeline industry is regulated by several state and federal agencies. Roles of each regulatory entity are complex and the Pipeline Authority urges all interested parties to please contact the agencies below for more information on their jurisdiction of the pipeline industry.

- North Dakota Department of Emergency Services
- North Dakota Department of Environmental Quality
- North Dakota Public Service Commission
- North Dakota Industrial Commission-Department of Mineral Resources-Oil and Gas Division
- Environmental Protection Agency
- Federal Energy Regulatory Commission
- U.S. Department of Transportation-Pipeline and Hazardous Materials Safety Administration-Office of Pipeline Safety
- Homeland Security's Infrastructure Security Division

Summary of Activities

North Dakota's petroleum industry started the 2021-2022 fiscal year with WTI oil prices around $70/barrel. Despite the economically attractive oil price, only 23 drilling rigs were active in July 2021 as the industry remained extremely cautious about the demand outlook post-covid. After an extremely volatile first half of 2022, in June 2022, oil prices had risen to over $100/barrel and the drilling rig count had slowly increased to the mid-40's.

Average oil production throughout the fiscal year was relatively flat at just under 1.1 million barrels per day, down significantly from the record of 1.5 million barrels per day set in late 2019.

Despite the extreme price and weather volatility experienced over the 2021-2022 fiscal year, the long-term outlook for North Dakota's petroleum industry remains robust. North Dakota's midstream industry continues to position itself to meet current production levels and continues to plan for further expansion in the long term. During the past year, the Pipeline Authority has been fully engaged in continuing efforts to convert production and development information into oil and natural gas transportation solutions. Working alongside industry to produce crude oil and natural gas production forecasts to quantify future

pipeline needs and time frames continues to be one of the principle tasks of the Pipeline Authority. Pipeline companies are conservative by nature and these forecasting exercises are very beneficial in providing the confidence needed to move forward with expansion project planning.

During the fiscal year the Pipeline Authority contacted, met with, and shared information with numerous interested parties including, but not limited to, the following:

Enbridge Pipeline
TC Energy
MDU/WBI Energy
ONEOK
Alliance Pipeline
Northern Border Pipeline
Moody's Analytics
Bakken Midstream/Energy
Pembina Pipeline
Sumitomo
SolSpec
Kinder Morgan
Oasis Petroleum
PetroNerds
ConocoPhillips
Nova Energy
Steel Reef Infrastructure
Incoho
Pivotal Energy Partners
UBS
Summit Carbon Solutions
Hex Strategies
Continental Resources
4H2 Inc
Cerilon GTL
Xcel Energy
Ormat
EcoVapor
Dakota Natural Gas
Harms Group
Frio Valley Pipeline
Applied Blockchain
Fufeng
Goldman Sachs
SkySkopes
Hess Corporation
Marathon Petroleum
True Companies
Crestwood
BNSF Railway
Basin Electric
Sequent Energy
Barr Engineering
Energy Transfer Partners
JPMorgan Chase
GA Group
BP
Marathon Oil
Outrigger Energy
SolSpec
Ovintiv
Mesa Solutions
Mineral Tracker
ExxonMobil
Minnkota Power
Border States Electric
Callan
RBN Energy
Citadel Commodities
Enverus
Advantage Engineering
Northern Plains Nitrogen
Nustar Energy
Sapphire Gas Solutions
United Energy Trading/Rainbow Gas
Grayson Mills
CHS/Cenex
WSP/Parsons Brinkerhoff
Energy Xtractors
Astute Environmental & Regulatory

Fintech/ComboCurve
MarbleRock Advisors
Windstream Communications
A1 Development
QRI International

In addition, the Pipeline Authority worked with a number of state and federal agencies to gather information and provide expertise on pipeline issues. Those agencies and entities included:

North Dakota Public Service Commission
North Dakota Transmission Authority
North Dakota Oil and Gas Division
North Dakota Governor's Office
North Dakota Tax Department
EmPower North Dakota Commission
North Dakota State Water Commission
Upper Great Plains Transportation Institute
North Dakota Department of Commerce
Energy and Environmental Research Center
North Dakota Department of Transportation
Department of Environmental Quality
Bank of North Dakota
US Energy Department of Energy
North Dakota Oil & Gas Research Program
North Dakota OMB

The Director of the Pipeline Authority also worked with the following trade associations/groups:

North Dakota Petroleum Council
North Dakota Building Trades Union
Greater North Dakota Chamber
Landman's Association of North Dakota
Grand Forks Region Economic Development Corporation
Laborers' International Union of North America (LIUNA)
North Dakota Independent Community Bankers
Western Dakota Energy Association
North Dakota Bar Association
National Association of Royalty Owners
Economic Development Association of North Dakota

As noted above, the Pipeline Authority has been facilitating discussions between governmental agencies and companies interested in expanding North Dakota's midstream infrastructure.

In addition, the Director of the Pipeline Authority provided information to citizens and news media on issues related to pipelines.

Natural Gas Pipeline Program

North Dakota's Natural Gas Pipeline Program was established by the Legislature in 2021 under the control of the North Dakota Industrial Commission to provide funding for the development of high-pressure transmission pipeline infrastructure for the transportation and competitive selling of natural gas to eastern North Dakota. The program guidelines provide that the Industrial Commission shall consult with

the Natural Gas Pipeline Review Committee. The review committee, chaired by the Pipeline Authority Director, includes the Department of Mineral Resources Director, Bank of North Dakota President or his designee, Clean Sustainable Energy Authority Director, Department of Commerce Commissioner.

The purpose of the Natural Gas Pipeline Program is to provide grants to assist with the construction of a high-pressure transmission pipeline to transport natural gas for utilization in eastern North Dakota thereby expanding the North Dakota economy, increasing employment, stimulating economic activity, augmenting sources of tax revenue, and fostering economic stability.

SB 2345 Section 1, subsection 1 was passed with the following appropriation language:

There is appropriated from federal funds derived from the state fiscal recovery fund, not otherwise appropriated, the sum of $150,000,000, or so much of the sum as may be necessary, to the Industrial Commission for the purpose of pipeline infrastructure grants to allow for the transportation of natural gas to eastern North Dakota for the period beginning December 1, 2021 and ending June 30, 2023. Of the funds appropriated in this subsection, at least $10,000,000 must be used for a project to transport natural gas to areas in Grand Forks County.

Full grant program details are available on the ND Industrial Commission website.

Crude Oil and Natural Gas Production Forecasting

The Pipeline Authority continued to develop and maintain crude oil and natural gas production forecasts for North Dakota and the United States portion of the Williston Basin. These forecasts are widely used throughout both public and private organizations. Three assumption scenarios are forecasted for the purpose of communicating the production impacts of different price and activity levels. The “Base” case was modeled as expected production assuming the Federal Energy Information Administration’s (EIA) West Texas Intermediate (WTI) oil price forecasts. The “Low” case was modeled as a conservative production outlook based on lower-than-expected activity and/or oil prices. The “High” case scenario is intended to model production scenarios under an environment in which petroleum industry activity in North Dakota returns to near pre-pandemic levels. Figure 1 is a long-term oil production forecast for North Dakota. Figure 2 shows a long-term natural gas production forecast using the same three activity scenarios for North Dakota.

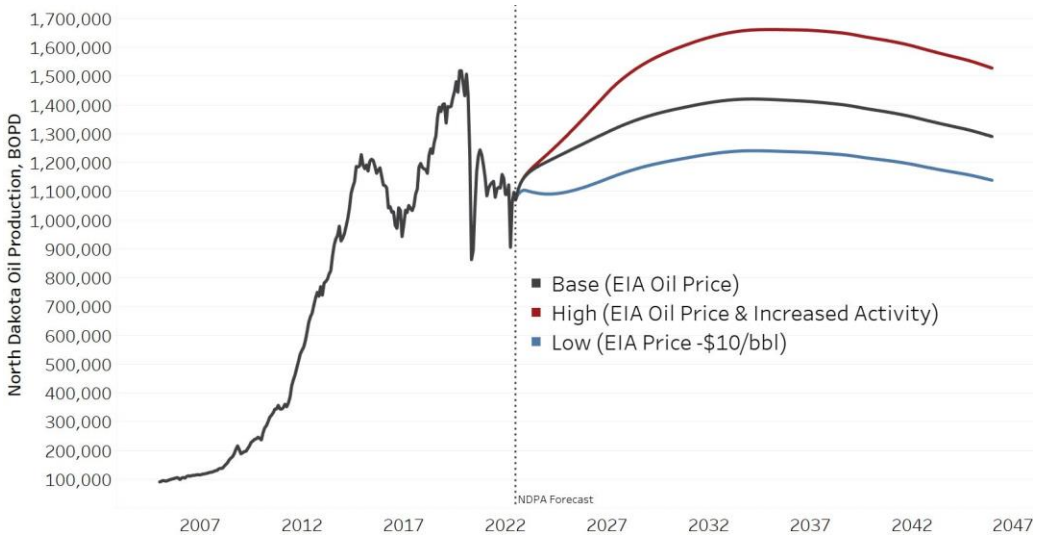


Figure 1. Long term crude oil production forecast for North Dakota starting in Aug. 2021

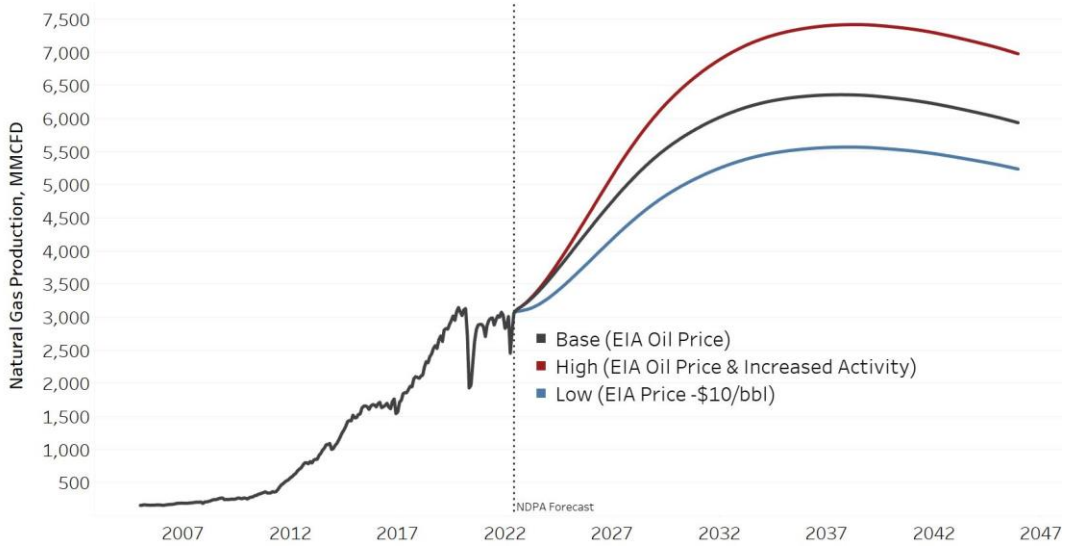


Figure 2. North Dakota natural gas production forecast starting in Aug. 2021

Given the continued amount of market uncertainty surrounding the COVID-19 pandemic recovery, Eastern Europe military conflict, and Russian energy sanctions, the Pipeline Authority created a series of production forecasts based on various well completion scenarios in North Dakota. Figures 3 and 4 represent the near-term estimated oil and natural gas production levels at the stated number of new well completions per month. These scenario calculations have proven very beneficial to assist in transportation, budget, and policy planning. Additional information on this topic can be found on the Pipeline Authority website.

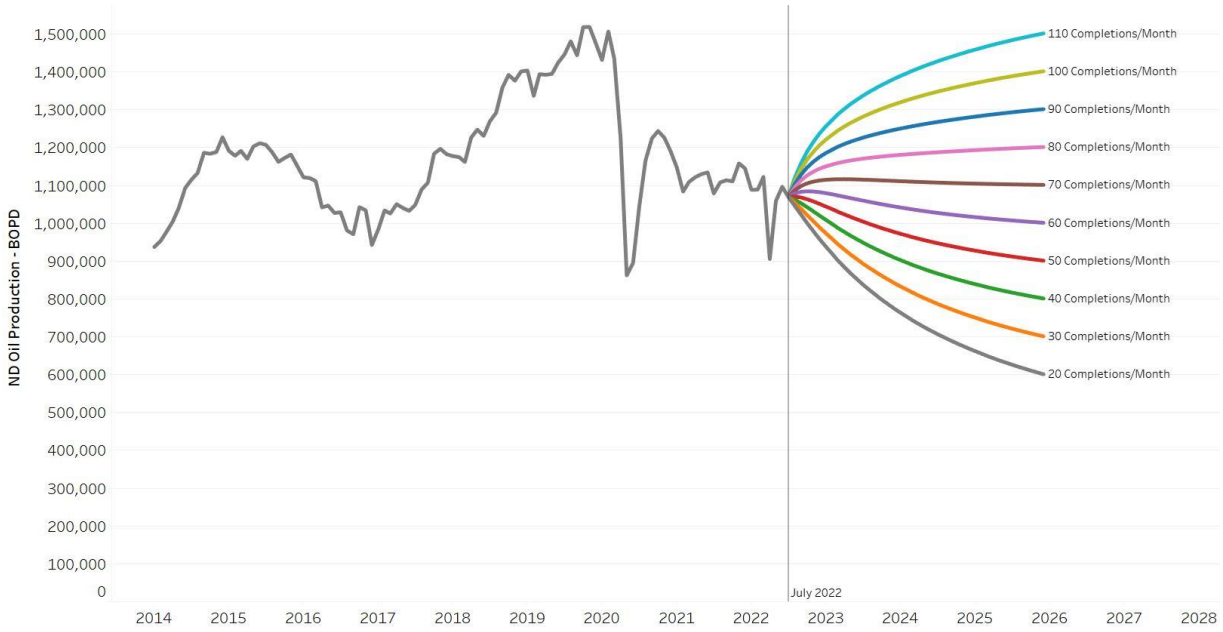


Figure 3. North Dakota oil production under various completion scenarios

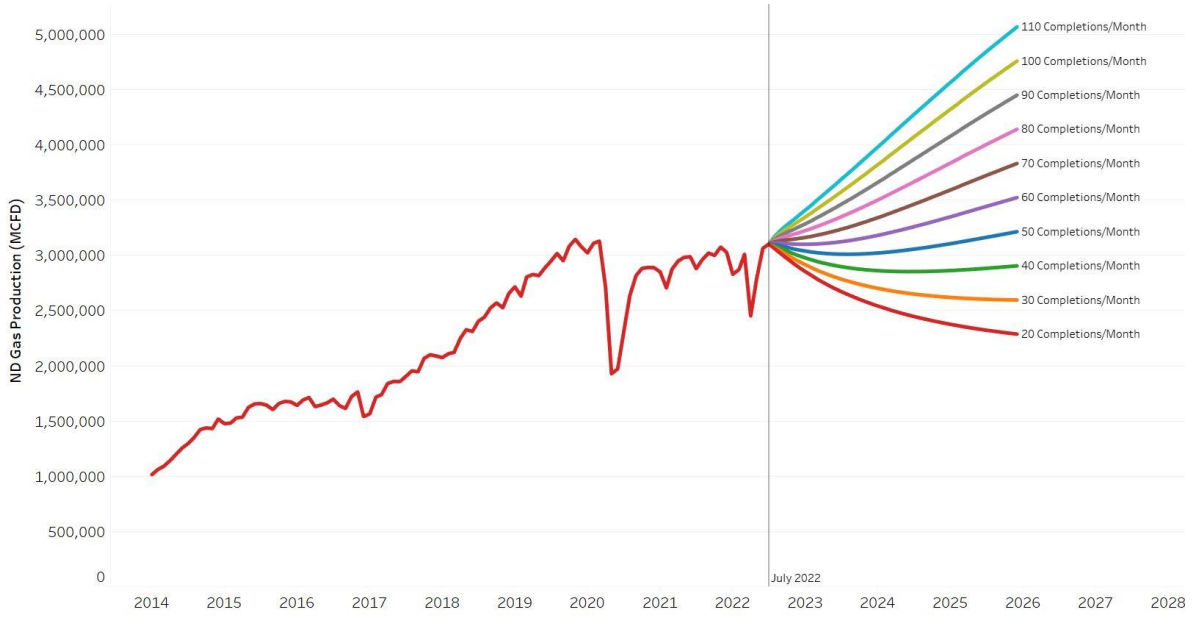


Figure 4. North Dakota natural gas production under various completion scenarios

Natural Gas Liquids

The Pipeline Authority continued to focus considerable attention in the 2021-2022 fiscal year to the topic of natural gas liquids (NGLs). Natural gas produced from the Bakken and Three Forks Formations is very high in NGLs such as ethane, propane, and butane. Forecast models created by the Pipeline Authority

were continually updated to better understand the production potential and required transportation infrastructure going forward.

The forecast in Figure 6 shows three potential production cases based on different activity level assumptions. North Dakota faced a significant shortfall of gross pipeline capacity until ONEOK's Elk Creek Pipeline went into service in late 2019. It is expected that NGL production will exceed pipeline capacity again in 2024 until further system expansions take place or a new market option is developed. Further complicating the NGL transportation dynamics is the fact that not all NGL pipelines can handle the same types of NGL products. In addition, natural gas plants around the region produce either purity products or unfractionated product, known as Y-grade.

There are several options going forward to address the growing volume of NGLs in North Dakota. One option would be to build, expand, or repurpose existing pipeline systems. A second option would be the development of value-added industries that would use NGL products as feedstock. Another potential use for NGLs is enhanced oil recovery (EOR) in the Williston Basin as fields continue to mature. The use of NGLs as a working EOR fluid is still in the research phase with early lab results appearing promising.

In an effort to advance the opportunities of using North Dakota NGL products as a feedstock for value-added industries, funding was provided to the Energy and Environmental Research Center to study the potential of salt cavern storage in the Williston Basin. In late 2020, the research paper was released suggesting storage opportunities may be commercially viable in North Dakota. Additional funding was provided during the 2021 legislative session for development of pilot projects to confirm the study results. The Pipeline Authority will stay actively engaged on this topic, as it could have significant impacts on how North Dakota's NGL products are transported and utilized.

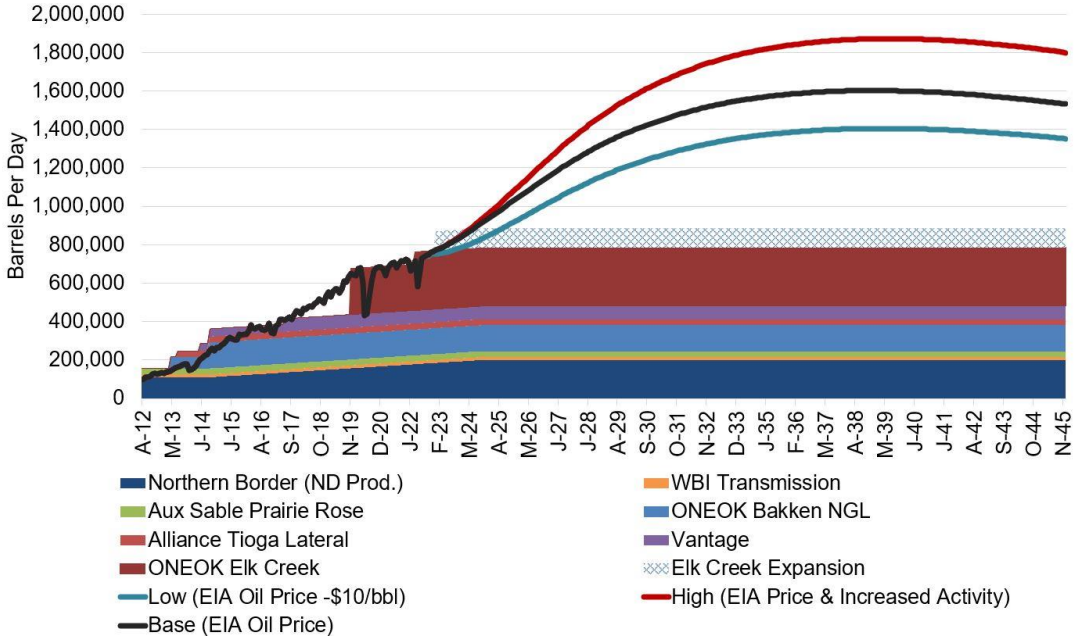


Figure 6. Forecasted North Dakota NGL production and transportation options.

Natural Gas Capture

While not a regulatory agency, the Pipeline Authority plays a very active support role in helping the state maximize the amount of captured natural gas. The Pipeline Authority continually monitors and reports capture statistics and provides analysis on current and future developments to industry participants, regulators, policy makers, and the public.

Several significant actions were taken by the ND Industrial Commission in past years that have had a positive impact on increasing natural gas capture. The first was the requirement for operating companies to submit a natural gas capture plan to the Oil & Gas Division to outline how produced natural gas would be sold or utilized on location. The second action was an Industrial Commission order on July 1, 2014 that provided gas capture targets to the year 2020 and provided a means of enforcement at the Oil & Gas Division through the use of production and permitting restrictions.

In November 2018, the Industrial Commission updated the natural gas capture regulations for Bakken and Three Forks production. More details on the November update can be found on the Oil & Gas Division website.

The current North Dakota gas capture target rates are as follows:

- 74% Capture – Q4 2014
- 77% Capture – Q1 2015
- 80% Capture – Q2 2016
- 85% Capture – Q4 2016
- 88% Capture – Q4 2018
- 91% Capture – Q4 2020

In July 2022, the North Dakota's petroleum industry produced 3.1 billion cubic feet per day (BCFD) with a gross capture rate of 94%. Industry estimates indicate over $20 billion has been invested in pipeline and processing assets to help reach the capture targets. In order for the industry to meet future gas capture targets, significant additional investments in gas gathering, processing, and transmission will be required.

Natural Gas Processing

For reference, a North Dakota Gas Processing and Transportation map can be found on the Pipeline Authority website and a table of all gas processing plants can be found in Appendix C

New or Expanding Natural Gas Plants

Due to the vast footprint of the Bakken resource, natural gas gathering and processing operators in North Dakota have faced difficult challenges in the past to keep pace with faster, more efficient drilling and completion techniques. Despite the daunting task, industry is rising up to reap the great economic reward contained in the rich Bakken gas.

North Dakota currently has thirty-three natural gas processing/conditioning plants operating, with the capability to process roughly 4.1 BCFD. One additional plant is expected in the first quarter of 2023 and will add 0.2 BCFD of processing capacity (Figure 7). A detailed breakdown of the existing and proposed facilities can be found in Appendix C and on the Pipeline Authority website.

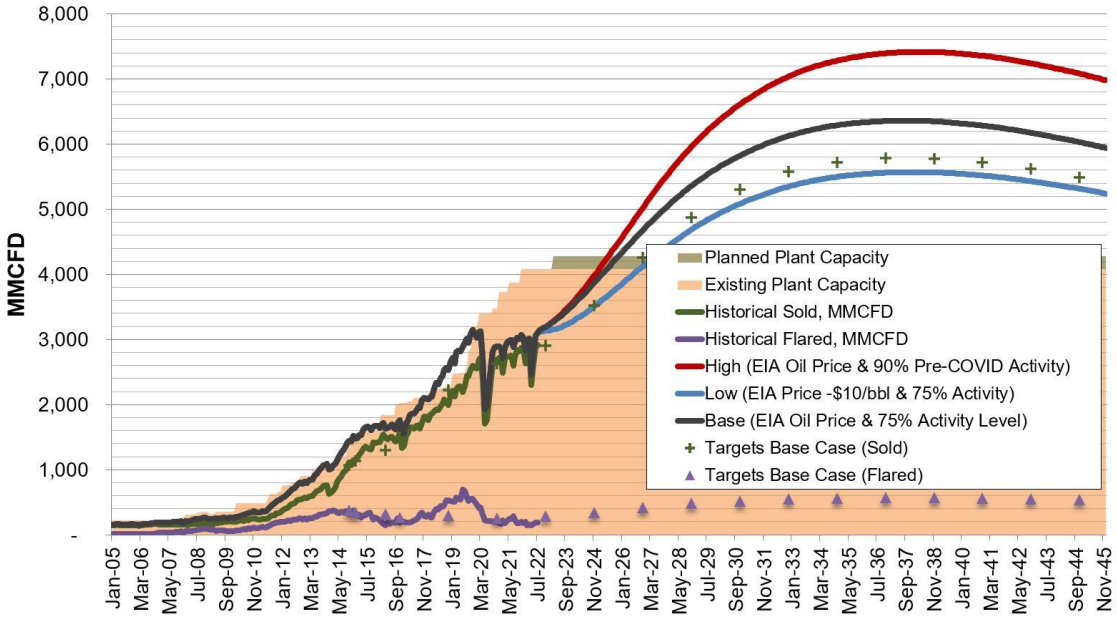


Figure 7. North Dakota natural gas processing plant intake capacity, gas production, gas forecast, and NDIC capture targets. (Forecast starts in Aug. 2022)

Williston Basin Gas Storage

One primary use of residue natural gas is heating residential and commercial buildings. Without the use of underground natural gas storage, the supply chain would be challenged to handle strong seasonal demand shifts. During the warm summer months, excess natural gas is stored in underground reservoirs and withdrawn during colder periods with higher demand (Figure 8). The reservoirs used for natural gas storage are typically depleted gas producing fields that are converted to serve a storage role.

The nearest residue gas storage field is located near Baker, MT and is operated by WBI Energy Transmission. Located primarily in SE Montana in the Cedar Creek Anticline, the Baker field is the largest natural gas storage field in the United States. The Baker gas storage system has a working gas capacity of over 193 BCF and has been operating the past year with a balance of less than 32 BCF (Figure 8). Regional interstate residue gas pipelines provide transportation service to and from the Baker storage field.

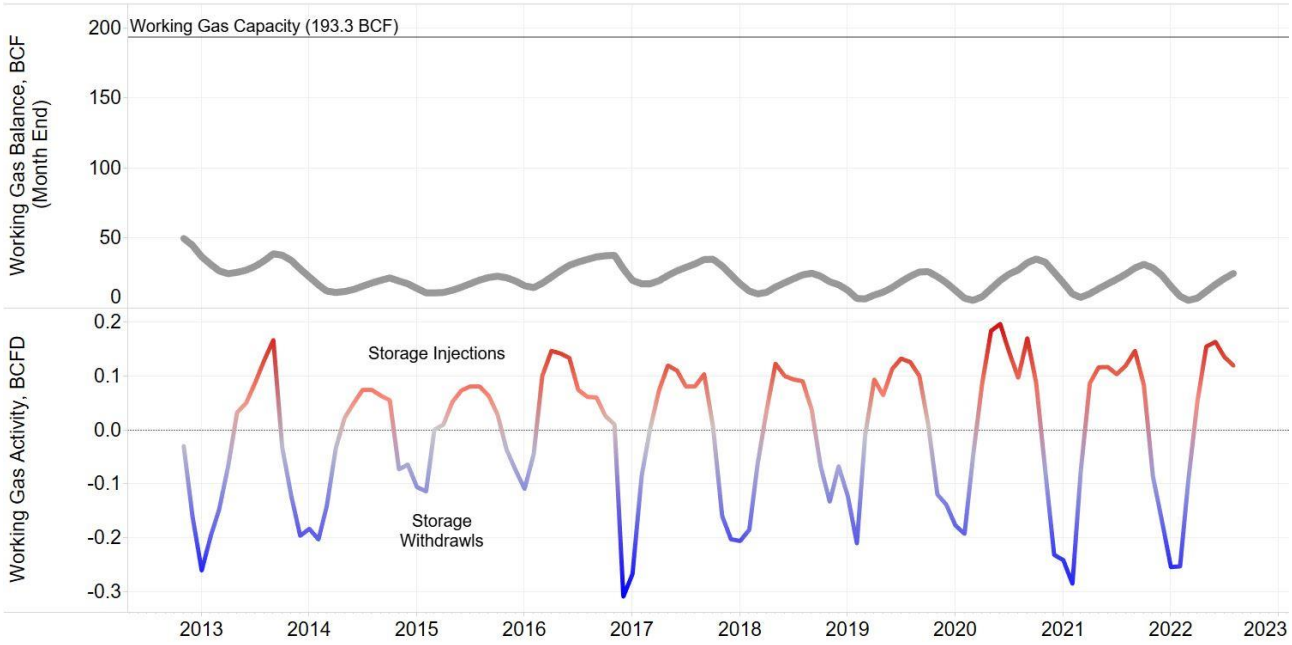


Figure 8. WBI Energy gas storage field activity

North Dakota Freight Advisory Committee

In the fall of 2018, the Pipeline Authority Director and a number of other private and public entities joined the North Dakota Department of Transportation in an effort to create the North Dakota Freight Advisory Committee. The primary objective of the group is to improve collaboration between transportation providers, industry sectors, and government entities in order to efficiently expand North Dakota's economy.

In June 2022, a draft combined *State Freight and Rail Plan* was published on the North Dakota's Dept. of Transportation's website. Public outreach and comment periods commenced in Q3 2022, with the goal of having a final report and plan by late 2022.

Along with the Pipeline Authority, member entities include:

- BNSF Railroad
- Dakota, Missouri Valley, & Western Railroad
- Magnum Trucking
- Federal Highway Administration
- North Dakota Department of Commerce
- Teamsters Local 638
- Enger Grain & Livestock
- North Dakota Aeronautics Commission
- United Sugars Corporation

- North Dakota Motor Carriers Association
- North Dakota Mill and Elevator
- North Dakota League of Cities
- North Dakota Trade Office
- North Dakota Department of Transportation
- North Dakota Public Service Commission
- Upper Great Plains Transportation Institute
- Fargo-Moorhead Metropolitan Council of Governments
- Mountrail County
- Impact ND

Industry and Public Communications Activities

Pipeline Authority Websites

In an effort to provide industry and public users with the most timely and complete set of information, the Pipeline Authority continues to update the agency websites as new information becomes available. The websites allow the Pipeline Authority to provide users with current Williston Basin oil production data, maps, news, publications, basic pipeline information, pipeline safety information, and links to pipeline mapping systems.

Monthly Updates

During the 2021-2022 fiscal year, the Pipeline Authority produced monthly transportation and production reports to allow interested parties a quick view of how much crude oil and natural gas was produced each month and how each commodity was shipped and/or processed. Information contained in the reports is presented during monthly media events in conjunction with the ND Oil & Gas Division. Monthly reports are placed on the Pipeline Authority website and an email distribution list has been created to circulate the update to interested parties.

North Dakota Drilling Inventory and Economics

In order to assist the midstream industry in understanding current and future petroleum activity levels, the Pipeline Authority routinely publishes information exploring the economics of drilling in North Dakota's Bakken/Three Forks Formations. The research takes a detailed look at where drilling in North Dakota has been most successful in the past and then predicts where drilling may be concentrated during periods of fluctuating oil prices.

Figure 9 was generated during the drilling economics research to represent the expected after-tax rate of return at three different drilling and completion costs. While assuming $70/bbl at the wellhead, it was discovered that wells drilled in North Dakota could consistently receive a 10%-20% rate of return or higher when they were producing at least an average of 500 barrels of oil per day during the well's peak production month. Maps were also generated to show where the wells in Figure 9 are located.

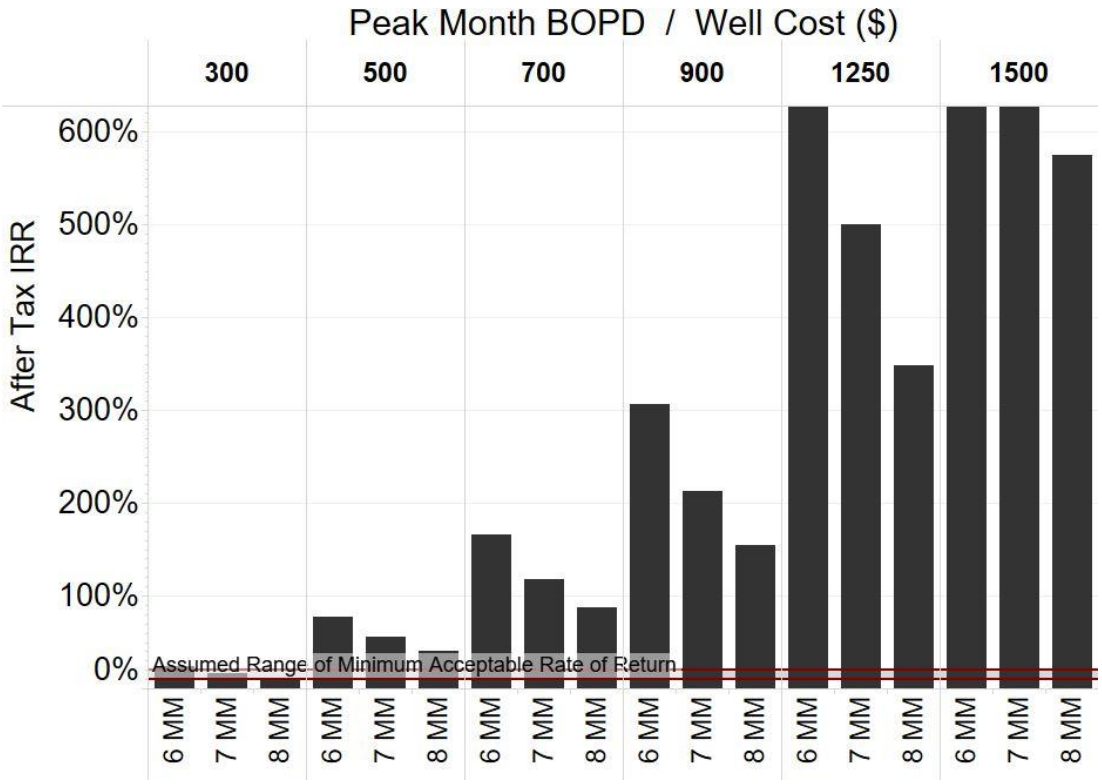


Figure 9. North Dakota drilling economics summary (Assumes $70/bbl at the wellhead)

In February 2022, the Pipeline Authority updated its view on well performance and drilling economics in the Bakken and Three Forks. The refreshed work highlighted decades of remaining drilling inventory in the Bakken and Three Forks Petroleum System. The NDPA work used well performance datasets from the last two years and compared it to the same work performed in 2020. The results showed that an additional 3,000 square miles of acreage was reclassified and could now be economically developed at prices as low as $60 per barrel. A comprehensive slide deck and video presentation of the work is available on the Pipeline Authority website.

Pipeline Presentations

The Pipeline Authority has had the opportunity to make presentations at a variety of legislative, industry, and public events during the past fiscal year. Presentation topics were typically focused on North Dakota's transportation dynamics with additional material on drilling economics and production techniques. Slides from many of the major events are placed on the Pipeline Authority website as content is updated.

Williston Basin Pipeline Infrastructure

For reference, a series of North Dakota pipeline maps can be found in Appendix A

Pipeline Mileage

North Dakota's pipeline industry added 411 miles of new oil, natural gas, and produced water pipelines in calendar year 2021 (Figure 10). The majority of the new pipelines installed in 2021 operate as gathering pipelines for oil, natural gas, and produced water (Figure 11). The significant decrease in pipeline construction in 2016 through 2021 was proportional to the slowdown in well completions and a geographic concentration of activity in the core of the oil play. Data from the Federal Department of Transportation and North Dakota Oil & Gas Division indicates that North Dakota has over 30,060 miles of gathering and transmission pipelines. Further details about North Dakota's pipeline network can be found on the Pipeline Authority website.

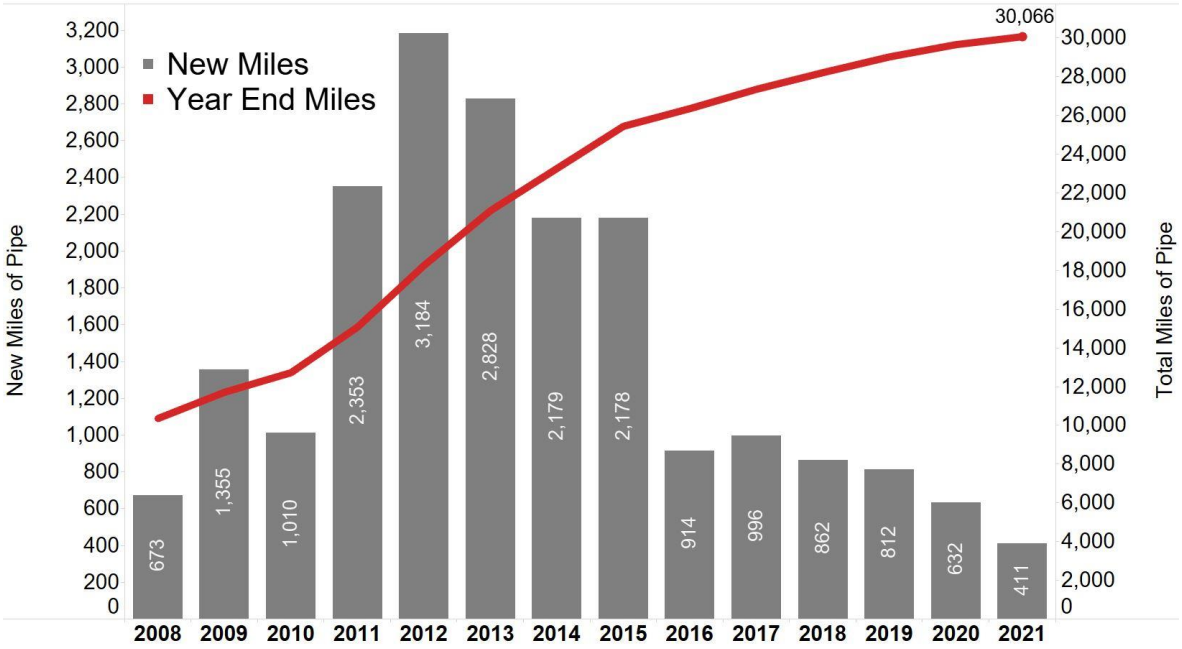


Figure 10. North Dakota pipeline mileage

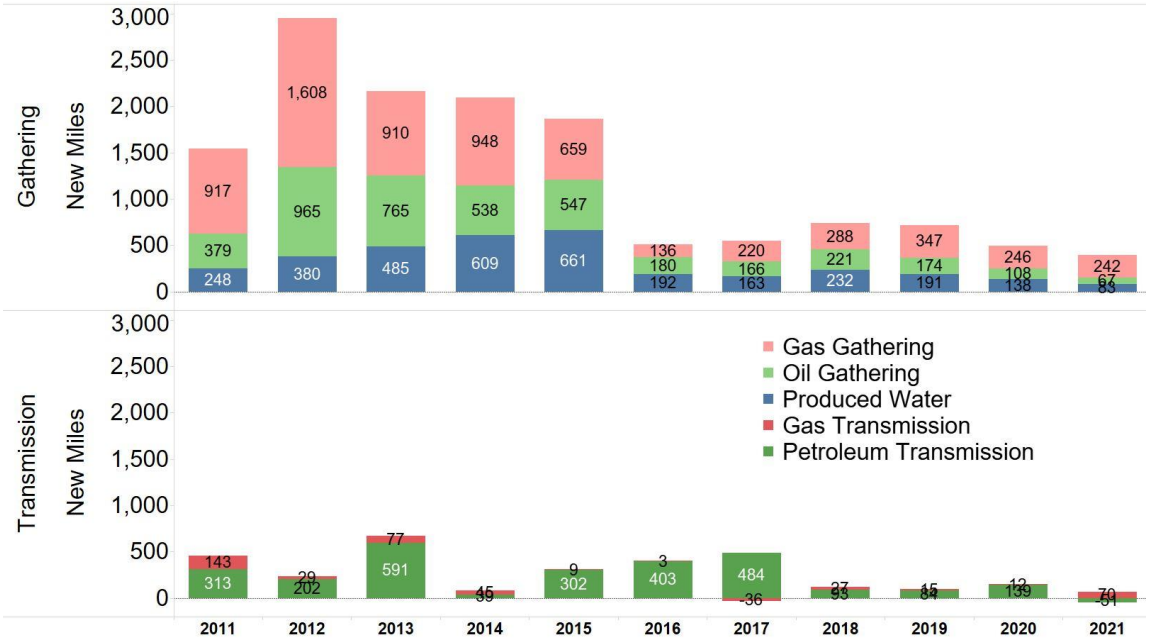


Figure 11. New North Dakota pipeline mileage by category

Crude Oil Pipelines, Refining, and Rail Transportation

Enbridge/North Dakota Pipeline Company: Having completed several expansion projects over the past number of years, Enbridge now has the capacity to move 355,000 BOPD on its pipeline system to Clearbrook, MN. Enbridge completed their work to expand north bound capacity of 145,000 BOPD in early 2013 for the larger scale "Bakken Expansion Project". Oil using the northbound route navigates the Enbridge Saskatchewan system to an interconnect with the Enbridge Mainline at Cromer, MB. Once on the Mainline system, the Williston Basin oil quickly reenters the United States and meets east bound Enbridge oil at Clearbrook, MN.

Enbridge's plans to construct the 225,000 BOPD "Sandpiper" system were deferred during the third quarter of 2016 due to unexpected market conditions in the near-term planning horizon. Enbridge plans to monitor market conditions and reevaluate potential expansion opportunities in North Dakota.

Bridger, Belle Fourche, and Butte Pipelines: Bridger and Belle Fourche Pipelines operate as intra-regional pipeline systems moving oil to several pipeline interconnects or rail facilities in the Williston Basin. One such pipeline interconnect is with the Butte Pipeline near Baker, MT. The Butte Pipeline currently has the capacity to move 260,000 BOPD to Guernsey, WY. In Guernsey, WY, the oil is transported to Wood River, IL on the Platte Pipeline, Cushing, OK on the White Cliffs Pipeline, or loaded into rail cars for further transport.

In mid-2022, Bridger Pipeline began constructing a multi-segment expansion project from Johnson's Corner, ND to Guernsey, WY to meet growing production levels. Proposed to be in service before the end of 2022, the 16", 137 mile "South Bend Pipeline" will be able to ship 175,000 BOPD to Baker, MT.

Additionally, a 191-mile southern section of new 20" pipeline will move up to 200,000 BOPD of North Dakota and Rockies oil from Hulett, WY to Guernsey, WY. At Guernsey, WY the oil will have multiple shipping options by pipeline and rail.

BakkenLink: After announcing plans in 2010 to offer a pipeline system connecting the Williston Basin to the Keystone XL Pipeline in Eastern Montana, BakkenLink has altered their current project scope. Now in service, the BakkenLink system collects crude oil from various locations along its route south of Lake Sakakawea and delivers the oil to a unit train rail facility located near Fryburg, ND. In late 2015, Andeavor (formerly Tesoro Corporation) purchased the BakkenLink pipeline and rail facility from Great Northern Midstream.

In February 2018, Andeavor sought, and was granted, approval from the North Dakota Public Service Commission to add NGL service to the existing BakkenLink crude oil system. Completed in late 2018, the additional NGL service to Fryburg, ND uses three new line segments on the north and south ends of the BakkenLink system.

Energy Transfer Partners: In early 2014, Energy Transfer Partners (ETP) held an open season to solicit interest in a new 30" pipeline from North Dakota to Patoka, IL. In June 2014, ETP announced that they had secured sufficient shipper support to move forward with the project. The project began construction in May 2016 and was placed into commercial service on June 1, 2017. When the "Dakota Access" pipeline began collecting oil north and south of Lake Sakakawea it had the ability to transport up to 520,000 BOPD.

In 2018, two successful open seasons were held for additional service on the Dakota Access pipeline. With additional shipper commitments, the pipeline was expanded to carry up to 600,000 BOPD.

In 2019, ETP began the regulatory process to expand the Dakota Access system up to 1.1 million BOPD through the use of additional pump stations and horsepower at existing pump facilities. In August 2021, ETP announced the most recent completion of the Dakota Access Pipeline system expansion to a new system capacity of 750,000 BOPD. No timelines have been announced as to when the full system expansion up 1.1 million BOPD would be complete.

In 2020, DC District Court Judge James E. Boasberg ruled that the US Army Corp of Engineers needed to conduct a full environmental impact statement (EIS) for the Lake Oahe crossing in south central North Dakota. After months of rigorous review, in May 2021 Judge Boasberg ruled that the Dakota Access pipeline could continue operations while the EIS proceeds. The EIS is anticipated to be complete in 2023.

Plains All American Pipeline: In November 2010, Plains All American Pipeline (Plains) announced plans to construct a new 103-mile, 12-inch, pipeline from Trenton, ND to an interconnect with the existing Wascana Pipeline at the United States-Canada border in northeast Montana. The "Bakken North" pipeline went into service in May 2014, with an initial capacity of 40,000 BOPD, expandable to 75,000 BOPD.

TC Energy (TransCanada) Bakken Marketlink: On September 13, 2010, TransCanada launched a successful open season for Bakken producers interested in accessing TransCanada's proposed Keystone XL Pipeline project in eastern Montana. The proposed 100,000 BOPD interconnect would be located near Baker, MT and would require new pumps and tanks to accommodate the Bakken oil. Third party shippers would be necessary to move the crude to the Baker, MT facility from North Dakota.

In November 2015, President Obama announced that the Keystone XL Pipeline was not in the national interest of the United States and that a required Presidential Permit would not be granted. In March 2017, President Trump reversed the White House decision and granted a Presidential Permit to TransCanada for the Keystone XL Pipeline. TC Energy (formerly TransCanada) continued their work towards regulatory approval of the Keystone XL Pipeline, before President Biden canceled the Presidential Permit in January 2021. TC Energy formally cancelled the project in June 2021.

Marathon Petroleum Mandan Refinery (Formerly Andeavor/Tesoro): Expanded by 10,000 BOPD in 2012, Marathon Petroleum operates a 68,000 BOPD refinery in Mandan, ND. The refinery receives its light sweet feedstock though a network of pipelines in the Williston Basin. Products generated at the refinery are distributed directly from a truck rack at the facility or through the NuStar North Pipeline to Eastern North Dakota and Minnesota.

In 2017, Tesoro Corporation changed its name to Andeavor. In the second half of 2018, Andeavor merged with Marathon Petroleum and will operate under the Marathon Petroleum name.

Marathon Petroleum Dakota Prairie Refinery: In late June 2016, Tesoro Corporation purchased the Dakota Prairie Refinery from MDU Resources Group and Calumet Specialty Products Partners. The Dakota Prairie Refinery, began processing 20,000 BOPD at its facility just west of Dickinson, ND in May 2015. The "diesel topping" refinery produced around 7,000 BPD of diesel fuel for regional consumption, while the remaining product was transported for further processing or use.

In 2018, a decision was made to convert the refinery to produce renewable diesel fuel by mid-2020. Beginning in June 2020, the facility no longer used crude oil as a feedstock. Renewable diesel fuel from the facility is now primarily being shipped by rail to markets in California.

Davis Refinery: Meridian Energy Group is planning to construct a crude oil refinery in Billings County, east of the Fryburg Rail Facility in Belfield. The refinery is designed with an inlet oil capacity of 49,500 BPD. All refined products are expected to be marketed regionally with transportation taking place by truck and/or rail. Preliminary site preparation began in July 2018 with plant completion proposed in 2024.

A map of North Dakota crude oil gathering systems can be found on the Pipeline Authority website

Rail Loading Facilities: The transportation of crude oil by rail car has played a key role in moving growing volumes of crude oil from the Williston Basin to markets around the United States and Canada. Figure 12 shows the estimated Williston Basin market share percentages for rail, pipeline, and local refining. Figure

13 shows the estimated volume of oil moved by rail out of North Dakota. Maps, capacities, and additional information on the various facilities can be found on the Pipeline Authority website.

A significant decrease in crude by rail volumes can be identified during the 2015-2017 timeframe in Figures 12 & 13. The 2015-2017 volume decrease can be attributed to production declining in North Dakota and reduced market incentives to utilize crude by rail. Prior to the industry downturn in 2020, crude by rail volumes had been steadily increasing as production rose and egress pipelines were at capacity. The Pipeline Authority estimates ten of the twenty-plus rail facilities are still active loading crude oil, with the most active facilities being those with unit train loading capabilities and multiple inbound/outbound marketing options.

The future of crude by rail utilization in North Dakota will be driven by oil production volumes, market pricing, pipeline capacity, and regulatory oversight.

A map of North Dakota oil rail loading facilities can be found in Appendix B

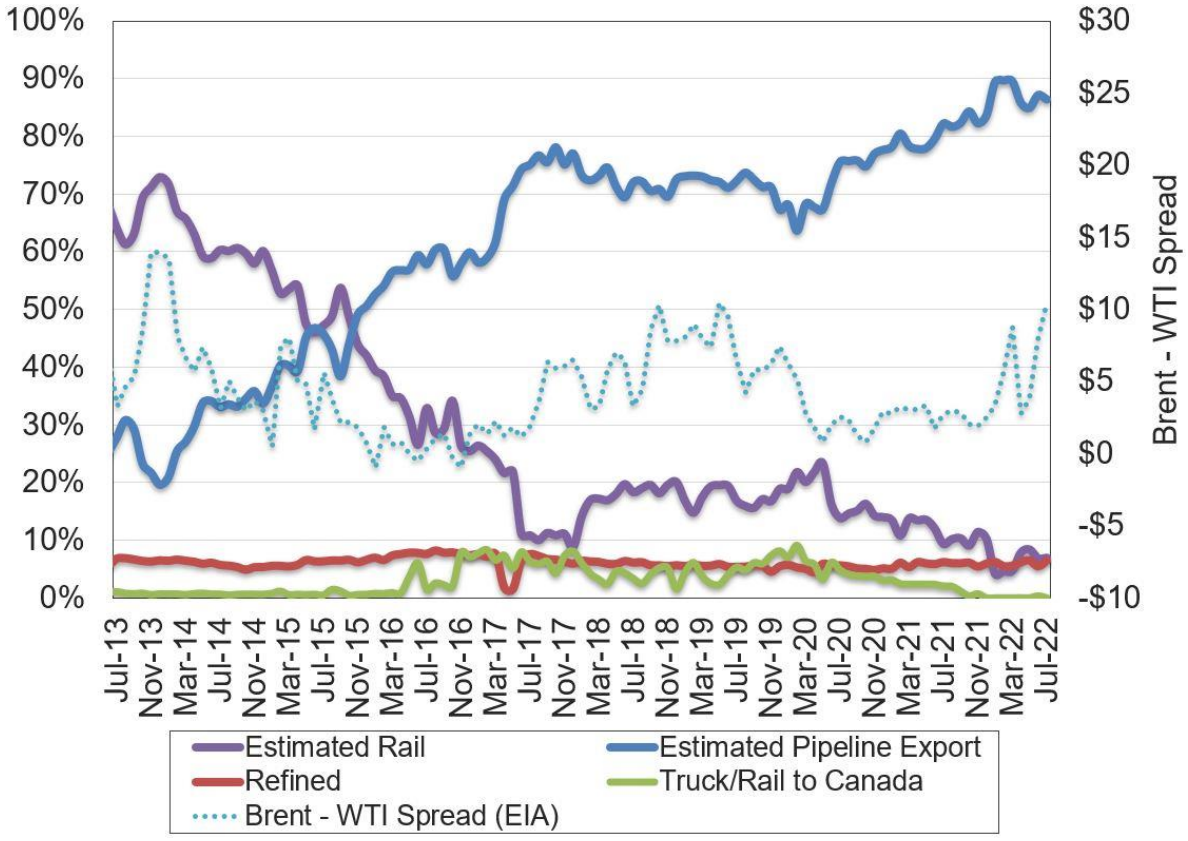


Figure 12. Estimated oil transportation by mode (July 2022 data)

Figure 13. Estimated outbound crude oil rail shipments (July 2022 data)

Natural Gas Pipelines

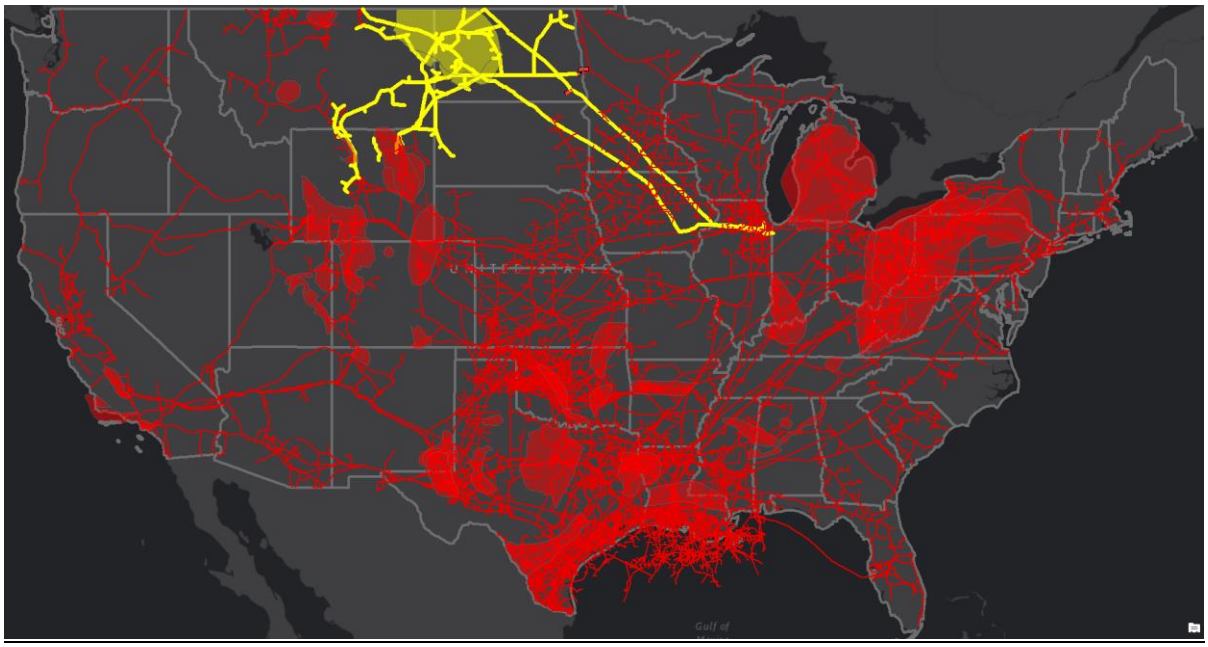


Figure 14. North Dakota's interstate gas pipelines (yellow) and the national interstate gas pipeline network (red)

Alliance Pipeline: The Alliance Pipeline is a high pressure, large diameter natural gas pipeline that originates in British Colombia, Canada and terminates at the Aux Sable gas processing plant near Chicago, IL. The Alliance Pipeline transports "dense gas" or gas that still contains high BTU natural gas liquids, such as propane and butane. In February 2010, the Alliance Pipeline began transporting rich natural gas from

North Dakota via a new interconnect with the Prairie Rose Pipeline near Bantry, ND (See Aux Sable below). The 36-inch diameter United States portion of the pipeline has a certified capacity of 1.513 billion cubic feet per day (BCFD). The Alliance Pipeline has one direct North Dakota delivery point in Hankinson and one interconnect with Montana Dakota Utilities to serve industrial manufacturing in Gwinner.

In response to growing natural gas production, Alliance Pipeline announced plans on June 22, 2011, to construct a new, 80-mile, natural gas pipeline from the Hess Gas Plant in Tioga, ND to an interconnection point near Sherwood, ND. Commissioned in late 2013, the "Tioga Lateral Pipeline" has the ability to deliver liquids rich, high BTU, natural gas to Chicago, IL for further processing and transportation. The Tioga Lateral has the capacity to transport up to 126 million cubic feet per day (MMCFD).

Northern Border: The Northern Border Pipeline, owned by TC Pipelines and ONEOK Partners, is a 1,249-mile pipeline originating at the Port of Morgan in Montana and terminating near North Hayden, Indiana. The pipeline has a system receipt capacity of 2.37 BCFD, with less than half of the gas supply in 2020 originating in Canada through a receipt point with the Foothills Pipeline at the Port of Morgan. The 42-inch diameter Northern Border Pipeline receives gas deliveries at a total of seventeen receipt points in the Williston Basin with fourteen of those points for North Dakota gas supply. (See the Bison Pipeline section below for details on the proposed Bison XPress expansion project)

In May 2020, Northern Border submitted a proposed tariff modification to the Federal Energy Regulatory Commission (FERC) that would limit the energy content of flows exiting North Dakota to 1,100 BTU. The FERC decision process resulted in a technical conference being held and multiple opportunities for interested party input. While the Pipeline Authority remained neutral on the proposed tariff modifications, considerable efforts were made to model and quantify the potential impacts to North Dakota's petroleum industry. FERC ultimately rejected the proposed BTU limit, but left open the opportunity for a similar proposal to be filed in the future with additional supporting evidence.

WBI Energy Transmission: Formerly known as Williston Basin Interstate Pipeline Co., WBI Energy Transmission operates more than 3,700 miles of natural gas transmission pipelines throughout North Dakota, Montana, Wyoming, and South Dakota. This network of pipelines plays a vital role in North Dakota's natural gas industry. It contains twelve interconnecting points with other regional pipelines and can also deliver natural gas to local distribution companies or natural gas storage fields. WBI continues to make system upgrades in western North Dakota in order to meet growing customer demand.

In June 2016, WBI announced an open season to connect the eastern North Dakota portion of the system with the Viking Pipeline in western Minnesota. This project, known as the Valley Expansion, does not directly support North Dakota gas production volumes, but rather would serve to provide additional gas volumes to consuming markets in eastern North Dakota. The Valley Expansion project became operational in late 2018.

In early 2019, WBI Energy announced plans to construct a new gas pipeline system called the "North Bakken Expansion Project". Started in July 2021 and completed in Q1 2022, the $260 million system

consists of 60 miles of 24" pipe and 30 miles of 12" pipe. The initial project added 250 MMCFD of capacity from Tioga, ND to an interconnect with the Northern Border Pipeline in McKenzie County. Capacity can be expanded to 600,000 MCFD to meet growing gas volumes in the future.

In Q3 2021, WBI Energy held a successful open season for a system expansion in Southeast North Dakota. The 60.5 mile, 12" pipeline will deliver up to 20.6 MMCFD of natural gas from Mapleton, ND to Wahpeton, ND. WBI Energy began the FERC regulatory process in Q2 2022, with formal support from the Industrial Commission being submitted in June 2022. The pipeline is expected to be in-service Q4 2024 and has the potential to connect to additional nearby communities and end-users.

In Q1 2022, WBI Energy held a successful open season for the expansion and permanent reversal of the existing Grasslands pipeline. The 16" pipeline connects to the Northern Border pipeline near Manning, ND and is slated to deliver gas to two additional natural gas pipelines in Wyoming for further transport to the Cheyenne trading hub. The project is scheduled to begin construction in summer 2023 and be complete Q4 2023. Initial project capacity is estimated to be 94 MMCFD.

Aux Sable: In June 2011, Aux Sable announced the acquisition of the Prairie Rose Pipeline and condensate recovery facility near Stanley, ND. Originally constructed by Pecan Pipeline, the 75-mile, 12-inch system went into service February 2010 and has the capability to transport over 100 MMCFD of unprocessed natural gas from Mountrail County to an interconnect with the Alliance Pipeline near Bantry, ND.

Bison Pipeline: TC Energy placed the 302-mile, 30-inch Bison Pipeline into service in early 2011. The pipeline was built to connect natural gas production in the Powder River Basin of Wyoming to the Northern Border Pipeline in Morton County, North Dakota. The pipeline had an initial capacity of 407 MMCFD and could be expanded to 1 BCFD. From 2018 to the first half of 2020, the Bison Pipeline was idle. Limited and sporadic natural gas transportation resumed in May 2020 and ceased in September 2020.

In the first half of 2022, TC Energy began informally seeking interest for a proposal to reverse the Bison Pipeline to serve growing natural gas transmission needs from North Dakota. The proposed "Bison XPress" project has a capacity of approximately 400,000 MCFD and in-service target of Q1 2026. TC Energy continues to work with potential shippers to secure the necessary commitments to proceed with the project.

Dakota Natural Gas: Dakota Natural Gas, LLC was formed in 2018 to provide natural gas service to areas of North Dakota that were currently not served by any other natural gas utility. Regulated by the North Dakota Public Service Commission, Dakota Natural Gas was authorized to provide natural gas distribution service to retail and commercial customers in North Dakota. The first project was completed in 2019 and provided gas service from the Viking Pipeline in western Minnesota to the community of Drayton, ND. The second project was completed in late 2021 and delivers gas from the Viking Pipeline to residential and industrial users in the communities of Mayville and Hillsboro, ND. An additional expansion to residential and commercial users in Portland, ND is expected to be complete by Q4 2022.

Natural Gas Liquids Pipelines

ONEOK Bakken NGL Pipeline: On July 26, 2010, ONEOK Partners announced plans to construct a new 12" natural gas liquids pipeline capable of moving 60,000 BPD from existing and planned facilities in the Williston Basin to an interconnect with the Overland Pass Pipeline near Cheyenne, WY. The "Bakken NGL Pipeline" was built to address the high volumes of natural gas liquids that are extracted from the rich Bakken gas during processing. The pipeline operates as a Y-grade system, with product fractionation taking place in Bushton, KS. ONEOK announced completion of the pipeline in April 2013 and an expanded capacity of 140,000 BPD in September 2014.

In February 2018, ONEOK announced a new NGL transmission system known as the Elk Creek Pipeline. The $1.4 billion project could initially connect 240,000 barrels per day of NGLs from the Williston Basin to further NGL infrastructure in Kansas. Construction of the pipeline began in 2018 and was placed in service late 2019. This project could be expanded up to 400,000 barrels per day if market conditions justify the added investment.

Vantage Pipeline: On July 15, 2010, Mistral Energy announced a new 430-mile liquid ethane pipeline from Tioga, ND to Empress, AB. With an initial capacity of 40,000 BPD, the new "Vantage Pipeline" was built to address the high concentration of ethane found in North Dakota's natural gas. Placed into service Q2 2014 in conjunction with the Hess Tioga Gas Plant Expansion, the pipeline was constructed of 10" pipe. In September 2014, Pembina Pipeline Corporation purchased the Vantage Pipeline from Mistral Midstream.

On February 10, 2015, Pembina Pipeline announced that the Vantage ethane pipeline would expand to connect to ONEOK's Stateline plants with 50 miles of 8" pipeline. The $85 million system expansion also included taking the existing mainline capacity from 40,000 bpd to 65,000 bpd. Ethane deliveries from the ONEOK Stateline plants to Vantage began in May 2017.

Carbon Dioxide Pipelines

Dakota Gasification: The Dakota Gasification Company's, 12-14 inch, 205-mile pipeline went into service in 2000 and transports roughly 150 MMCFD of carbon dioxide to oilfields near Weyburn, SK.

Denbury Resources: Denbury Resources began construction in 2021 on a pipeline to connect the Cedar Creek Anticline oilfields in eastern Montana and southwest North Dakota to the existing Greencore Pipeline at Bell Creek, MT. The 110 mile, $150 million, extension began injecting carbon dioxide in the field in early 2022.

Project Tundra: Project Tundra has proposed a plan to collect carbon dioxide from the Milton R. Young Station and transport it to the Williston Basin for either sequestration and/or enhanced oil recovery. If approved, a pipeline carrying carbon dioxide from the Young Station could be in service by the mid-2020's.

Midwest Carbon Express: Summit Carbon Solutions, created by Summit Agricultural Group in early 2021, is actively developing the "Midwest Carbon Express" pipeline. Projected to be operational in 2024, the Summit Carbon Solutions project will be able to capture and permanently store more than 12 million tons of carbon dioxide annually, making it the largest such project in the world.

Summit Carbon Solutions would construct the Midwest Carbon Express system across five states, including North Dakota, Nebraska, Iowa, Minnesota, and South Dakota to connect more than 30 ethanol plants for long-term underground sequestration in North Dakota. Initial project costs are estimated at $4.5 billion.

The Pipeline Authority continues to work with additional interested parties on the development of new carbon dioxide pipelines for capture and sequestration, as well as enhanced oil recovery operations. The Pipeline Authority is an active member of the Plains CO_2 Reduction Partnership through the Energy and Environmental Research Center in Grand Forks, ND.

Hydrogen Development

Bakken Energy: Bakken Energy, formerly Bakken Midstream Natural Gas, and Mitsubishi Power Americas signed a strategic partnership agreement in early 2021 to create a clean hydrogen hub in North Dakota to produce, store, and transport hydrogen while capturing and sequestering associated carbon dioxide emissions.

The site of the hydrogen hub is tentatively set for the Dakota Gasification Plant near Beulah, ND. The purchase and conversion of the Dakota Gasification Plant is subject to purchase terms and expected to be completed by early 2023.

The hydrogen hub is expected to be commercially operational by 2027 with a redevelopment budget for the broader hub including carbon capture and sequestration and hydrogen storage exceeding $2 billion.

Liberty Hydrogen Hub: In mid-2022, TC Energy and Marathon Petroleum proposed a new hydrogen hub concept to the Clean Sustainable Energy Authority. Funding from the Clean Sustainable Energy Authority for a FEED study was authorized and will be managed by the Energy and Environmental Research Center. The hub is proposed to be located in North Dakota, with many specific details remaining confidential at time of report.

The Pipeline Authority continues to work with additional interested parties on the development of additional hydrogen related projects, including the potential for blending hydrogen into existing natural gas pipelines.

Planned Activities

Over the past year, the Pipeline Authority has continued to experience great success by working with industry to quantify future crude oil, natural gas, and natural gas liquids production in order to provide the assurance needed to move forward with various expansion projects. The forecasted petroleum production levels will continue to be updated to reflect emerging industry trends and oil price projections from the U.S. Energy Information Administration. The Pipeline Authority will continue to utilize new and existing development information to gain a deeper understanding of the crude oil, natural gas, natural gas liquids, and carbon dioxide pipeline needs in the Williston Basin.

To assist with the expansion of natural gas transmission in eastern North Dakota, the Pipeline Authority will continue to work with parties interested in utilizing grants funds available through North Dakota's Natural Gas Pipeline Program.

The Pipeline Authority Director will continue to explore the possibility of blending hydrogen into regional natural gas pipelines. The blending of hydrogen into an existing natural gas pipeline is common in some portions of the United States and could be very beneficial for North Dakota as it looks to address pipeline gas quality issues and provide a readily available market opportunity for hydrogen production in the state.

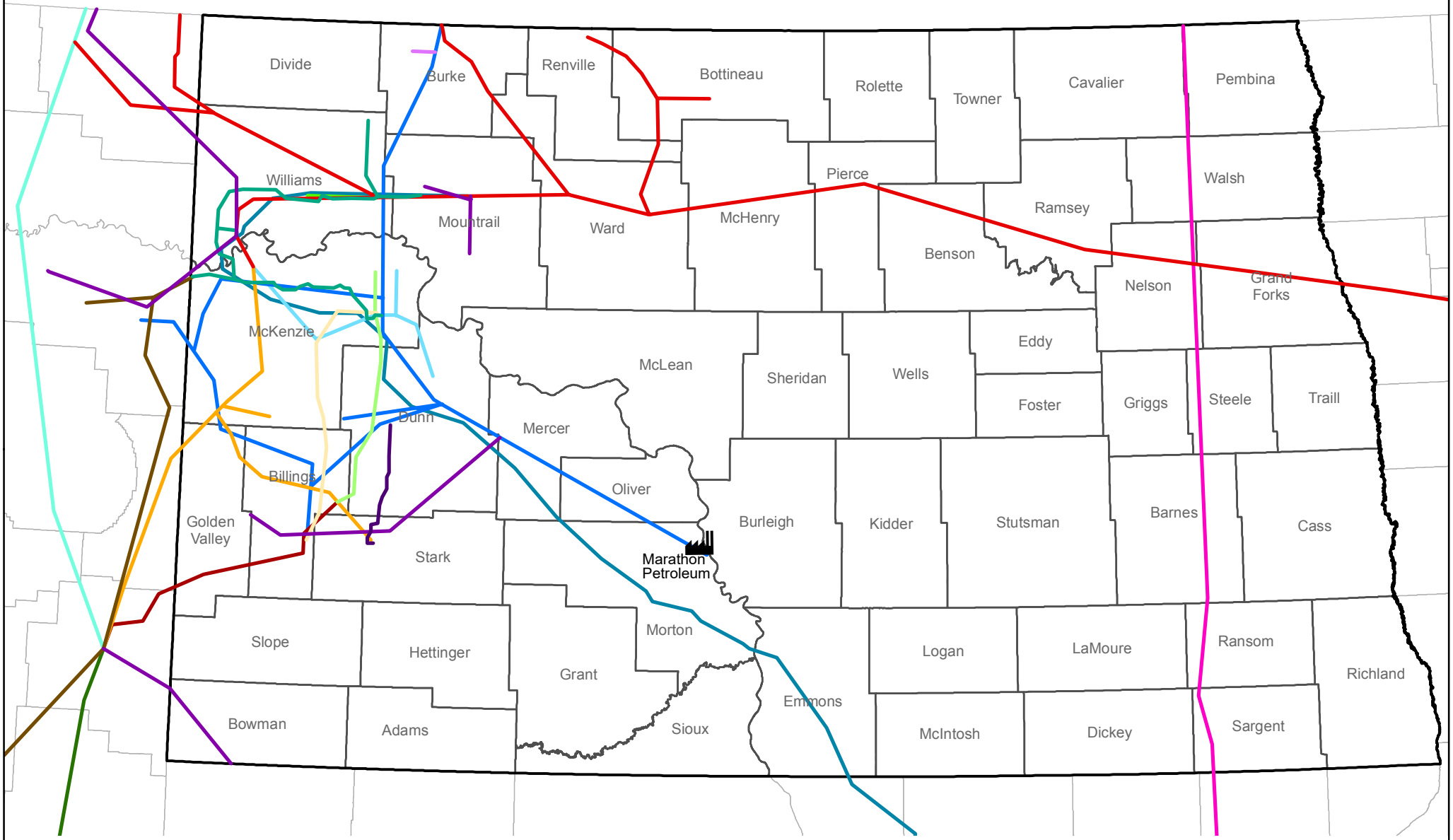
The Pipeline Authority Director will continue to actively engaging in his role on the Clean Sustainable Energy Authority's technical committee. It is anticipated that many of the proposals brought to the Clean Sustainable Energy Authority will have an impact or reliance on regional midstream energy assets in the state.

Industry and public information distribution will continue with the use of web events, presentations, monthly updates, and agency websites. The Pipeline Authority will continue to conduct information presentations to public audiences, legislative groups, and industry representatives at various events throughout the coming year.

APPENDIX A

North Dakota Pipeline Maps

North Dakota Crude Oil Pipelines



Refinery
Bakken Oil Express
BakkenLink
Basin Transload
Belle Fourche
Bridger
Butte
Crestwood
Dakota Access
Double H
Enbridge
Four Bears
Hiland
Keystone Pipeline
Little Missouri
Bridger
Targa
Marathon

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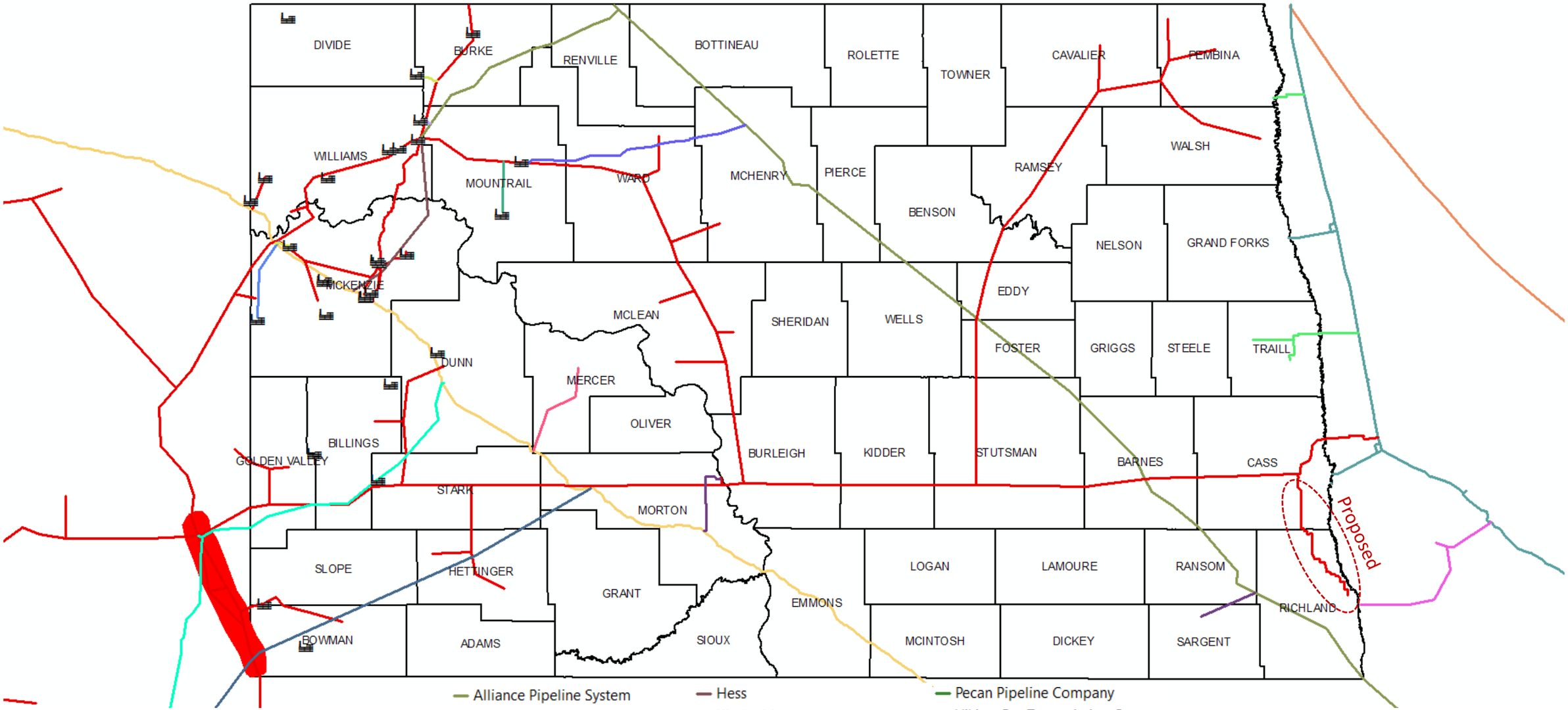
Major Natural Gas Infrastructure



- Alliance Pipeline System
- Aux Sable
- Basin Electric
- Bison Pipeline
- Dakota Natural Gas
- Grasslands Pipeline
- Great Lakes Gas Trans Co
- Great Plains Natural Gas Co.
- Hess
- Kinder Morgan
- Liberty Midstream
- MDU
- Marathon Petroleum
- Norse Pipeline LLC
- Northern Border PL Co
- ONEOK Gas Transmission LLC
- Pecan Pipeline Company
- Viking Gas Transmission Co
- Williston Basin Interstate PL Co
- Gas Plants
- WBI Baker Gas Storage

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Major Natural Gas Liquids Infrastructure

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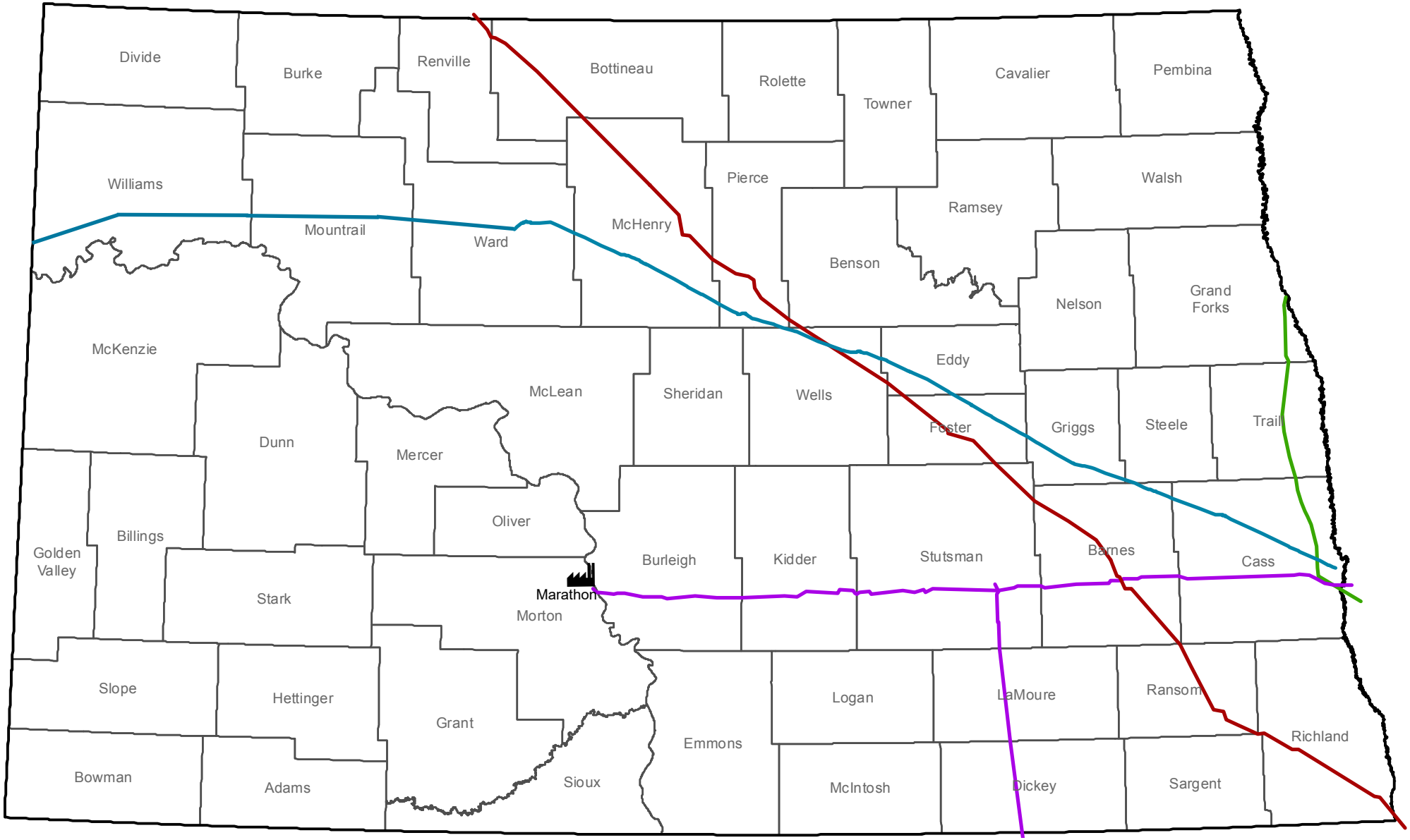
North Dakota Products Pipelines



Date: 7/13/2015

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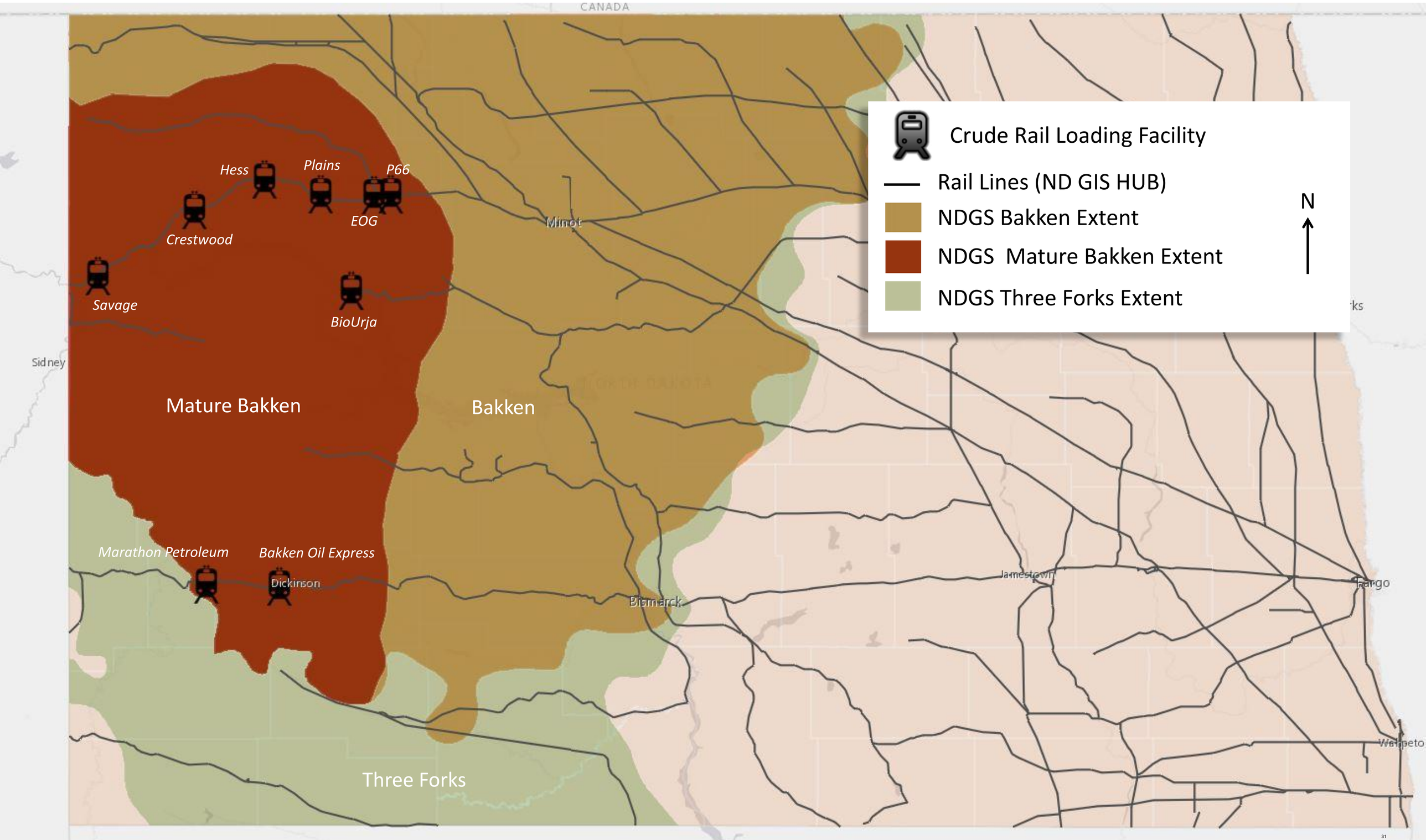
APPENDIX B

North Dakota Crude Oil Rail Loading Map

North Dakota Crude Oil Rail Loading Facilities In Service

North Dakota Pipeline Authority – July 2022



APPENDIX C

North Dakota Gas Processing Plant Table

Natural Gas Processing Capacity, Million Cubic Feet Per Day

Owner Company	Facility	County	2006	2008	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
North Dakota																		
Steel Reef	Lignite	Burke	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
ONEOK	Marmarth	Slope	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	NA	NA	NA	NA	NA	NA	NA
ONEOK	Grasslands	McKenzie	63	90	90	90	90	90	90	90	90	90	90	90	90	90	90	90
ONEOK	Stateline I	Williams	NA	NA	NA	NA	100	100	100	100	100	120	120	120	120	120	120	120
ONEOK	Stateline II	Williams	NA	NA	NA	NA	NA	100	100	120	120	120	120	120	120	120	120	120
ONEOK	Garden Creek I	McKenzie	NA	NA	NA	NA	100	100	120	120	120	120	120	120	120	120	120	120
ONEOK	Garden Creek II	McKenzie	NA	NA	NA	NA	NA	NA	120	120	120	120	120	120	120	120	120	120
ONEOK	Garden Creek III	McKenzie	NA	NA	NA	NA	NA	NA	120	120	120	120	120	120	120	120	120	120
ONEOK	Lonesome Creek	McKenzie	NA	NA	NA	NA	NA	NA	NA	NA	200	200	280	280	280	280	280	280
ONEOK	Demicks Lake	McKenzie	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	200	200	200	200	200
ONEOK	Demicks Lake II	McKenzie	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	200	200	200	200
ONEOK	Demicks Lake III	McKenzie	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	200
ONEOK	Bear Creek	Dunn	NA	NA	NA	NA	NA	NA	NA	NA	80	80	130	130	130	130	130	130
ONEOK	Bear Creek II	Dunn	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	200	200	200
Petro Hunt	Little Knife	Billings	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
True Oil	Red Wing Creek	McKenzie	4	4	4	4	4	10	10	10	10	10	15	15	15	15	15	15
Sterling Energy	Ambrose	Divide	0.5	0.5	0.5	0.5	0.5	0.5	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
EOG Resources	Stanley	Mountrail	NA	20	0*	0*	0*	0*	0*	0*	0*	0*	0*	0*	0*	0*	0*	0*
Whiting Oil & Gas	Ray	Williams	NA	10	NA	NA	NA	NA	NA	10	10	10	15	25	25	25	25	25
Andeavor	Robinson Lake	Mountrail	NA	30	45	90	90	90	110	130	130	130	130	150	150	150	150	150
Andeavor	Belfield	Stark	NA	NA	NA	30	30	35	35	35	35	35	35	35	35	35	35	35
XTO - Nesson	Ray	Williams	NA	10	10	10	10	10	10	25	25	25	25	25	25	100	100	100
Hess	Tioga	Williams	110	110	110	110	110	110	250	250	250	250	265	265	265	415	415	415
Targa/Hess JV	LM4	McKenzie	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	200	200	200	200	200
Kinder Morgan	Badlands	Bowman	4	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Kinder Morgan	Norse	Divide	NA	NA	25	25	25	25	25	25	25	25	25	25	25	25	25	25
Kinder Morgan	Watford City	McKenzie	NA	NA	NA	50	90	90	90	90	90	90	90	90	90	90	90	90
Kinder Morgan	Roosevelt	McKenzie	NA	NA	NA	NA	NA	NA	NA	NA	50	50	50	200	200	200	200	200
Liberty Midstream Solutions	County Line	Williams	NA	NA	NA	NA	NA	NA	NA	NA	20	20	30	30	30	30	30	30
Summit Resources	Knutson	Billings	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**	NA**
Targa Resources	Badlands	McKenzie	NA	NA	NA	45	45	45	45	90	90	90	90	90	90	90	90	90
USG Midstream Bakken	DeWitt	Divide	NA	NA	NA	NA	NA	3	3	3	3	3	3	3	3	3	3	3
1804 Ltd	Spring Brook	Williams	NA	NA	NA	NA	NA	NA	NA	45	45	45	60	70	70	70	70	70
Oasis	Wild Basin	McKenzie	NA	NA	NA	NA	NA	NA	NA	NA	80	145	320	320	320	320	320	320
Arrow Field Services	Arrow	McKenzie	NA	NA	NA	NA	NA	NA	NA	NA	NA	30	30	150	150	150	150	150
Caliber Midstream	Hay Butte	McKenzie	NA	NA	NA	NA	NA	NA	10	10	10	10	10	10	10	10	10	10
Outrigger Energy II	N/A	Williams	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	250	250	250
Aux Sable - Chicago, IL																		
Aux Sable	Prairie Rose Pipeline	Mountrail	NA	NA	126	126	126	126	126	126	126	126	126	126	126	126	126	126
		Total, MMCFD	**222.0**	**355.0**	**491.0**	**661.0**	**901.0**	**1,015.0**	**1,444.5**	**1,599.5**	**2,029.5**	**2,137.0**	**2,492.0**	**3,202.0**	**3,402.0**	**4,077.0**	**4,077.0**	**4,277.0**

North Dakota Pipeline Authority
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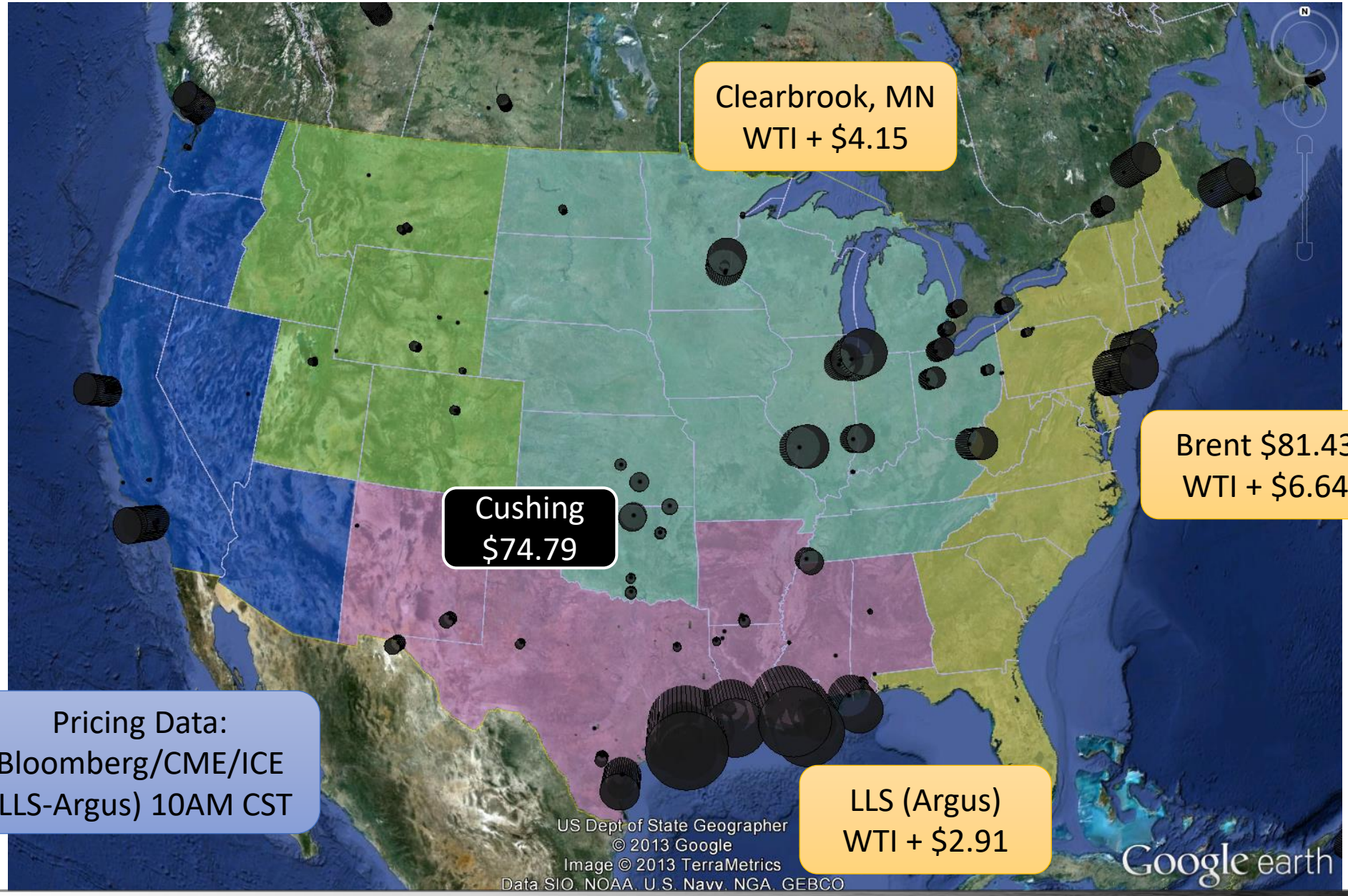
E-mail: jjkringstad@ndpipelines.com • www.pipeline.nd.gov

Pipeline Authority

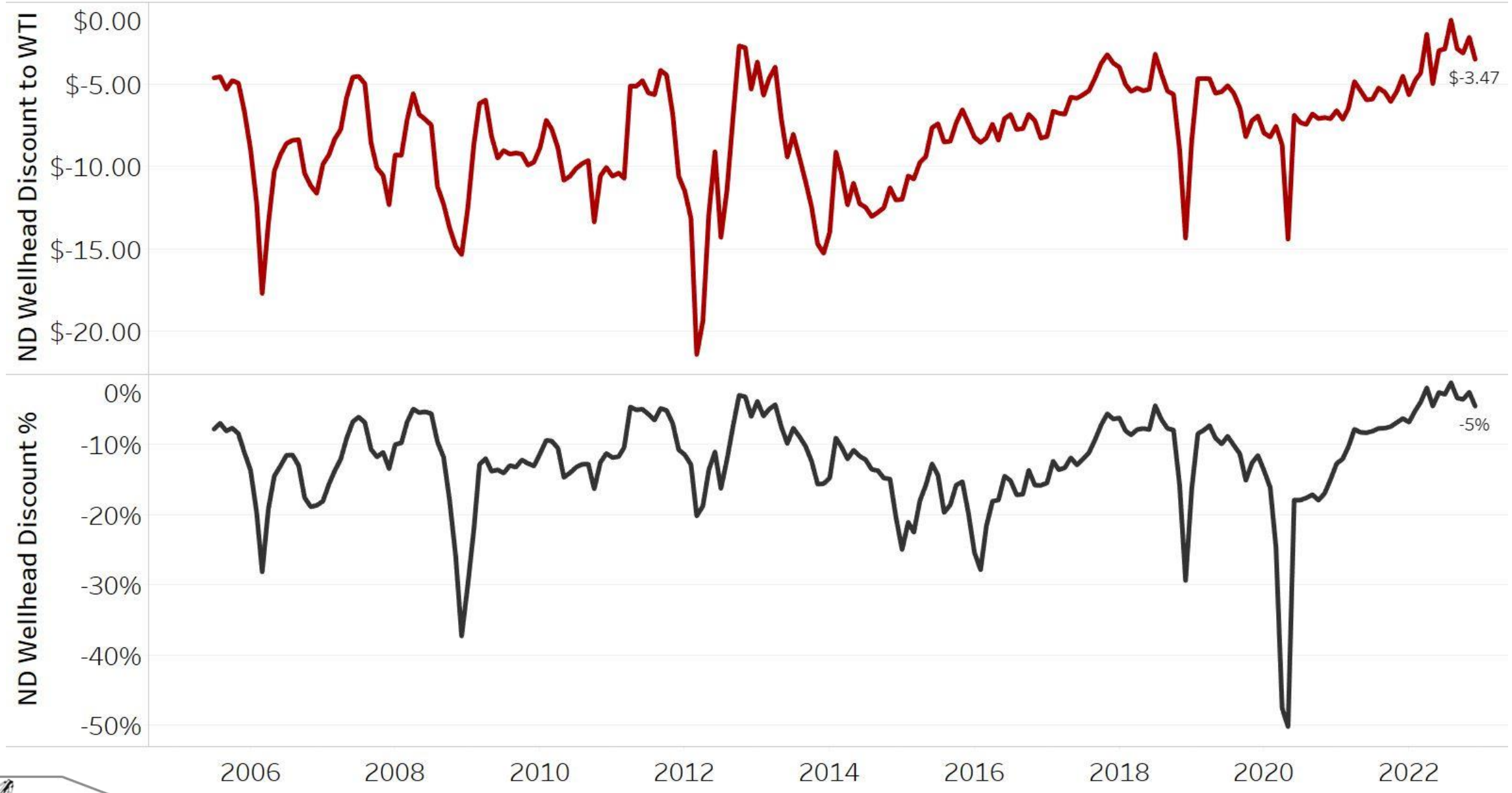
Senate Appropriations

Crude Oil Prices – Feb. 23, 2023

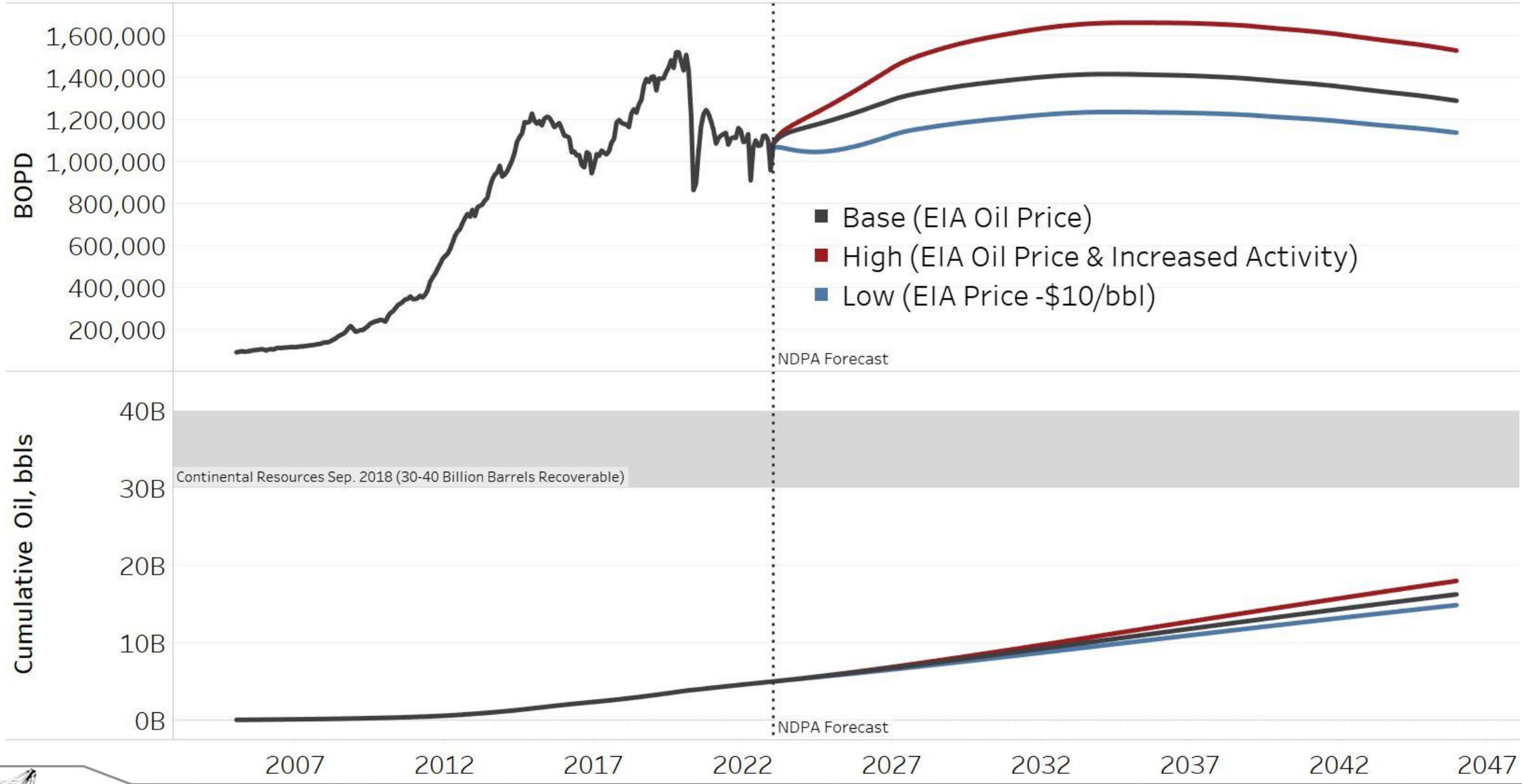


Pricing Data:
Bloomberg/CME/ICE
(LLS-Argus) 10AM CST

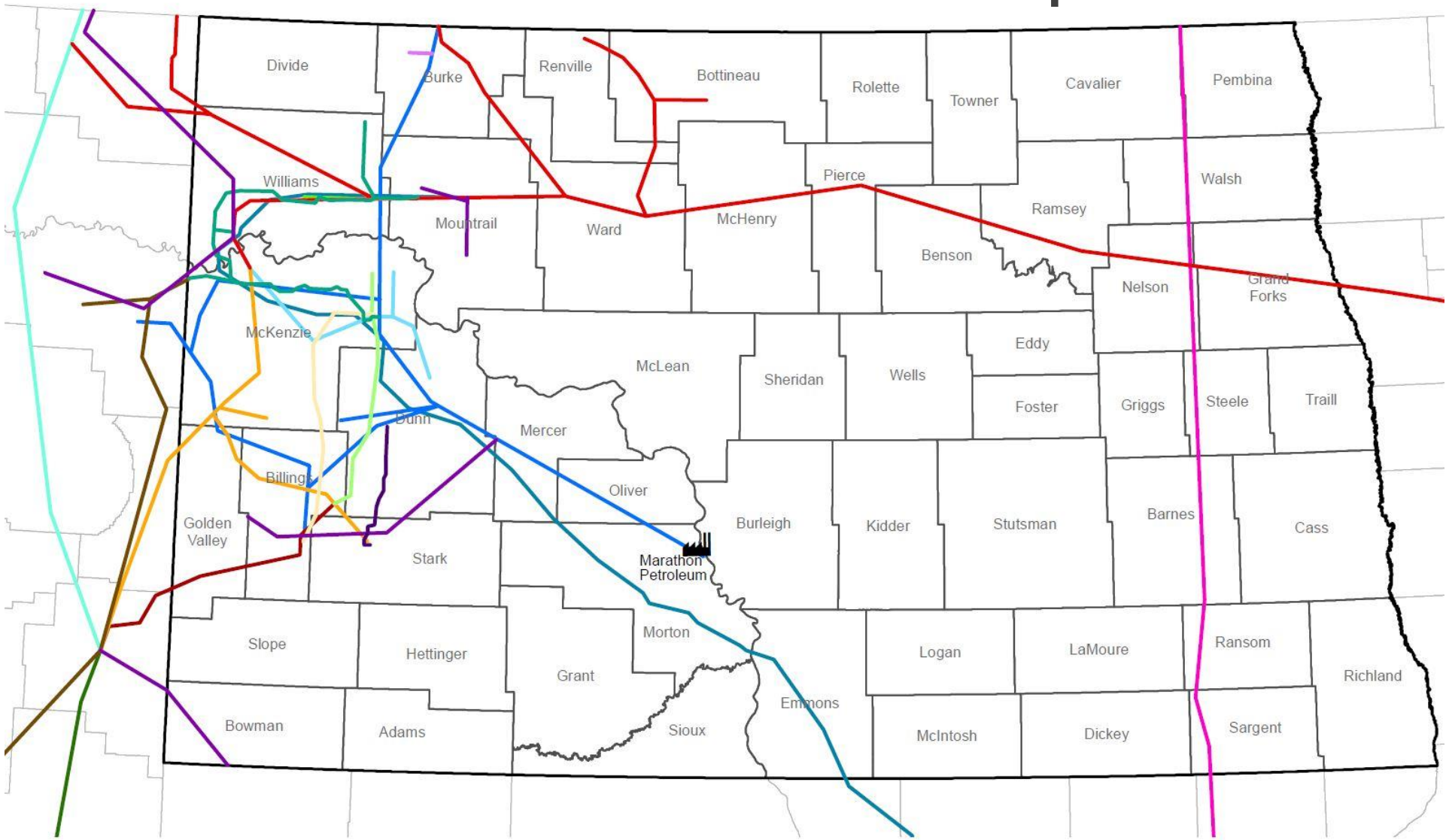
Average North Dakota Oil “Discount” to WTI



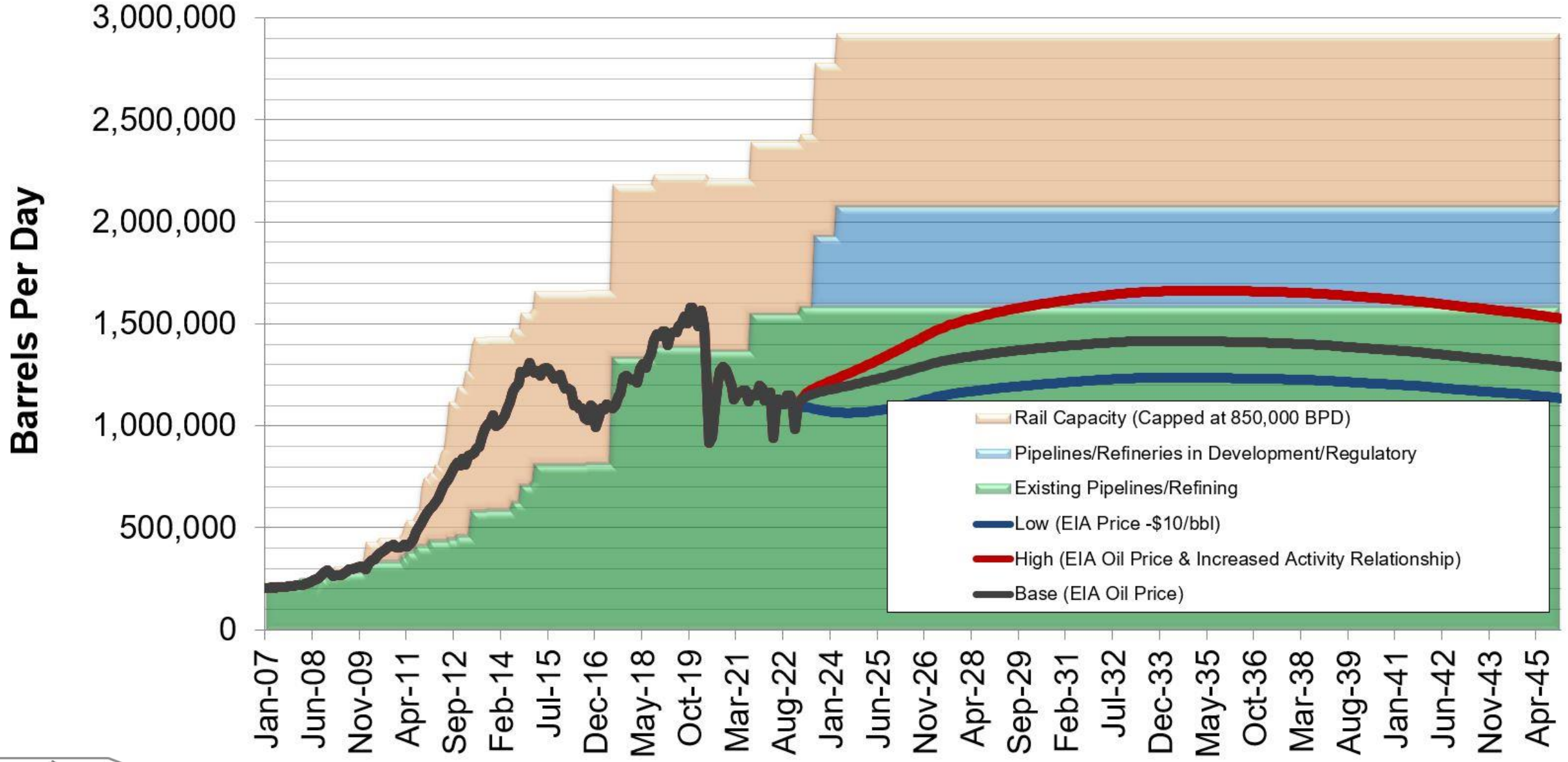
ND Oil Production: EIA Price Deck



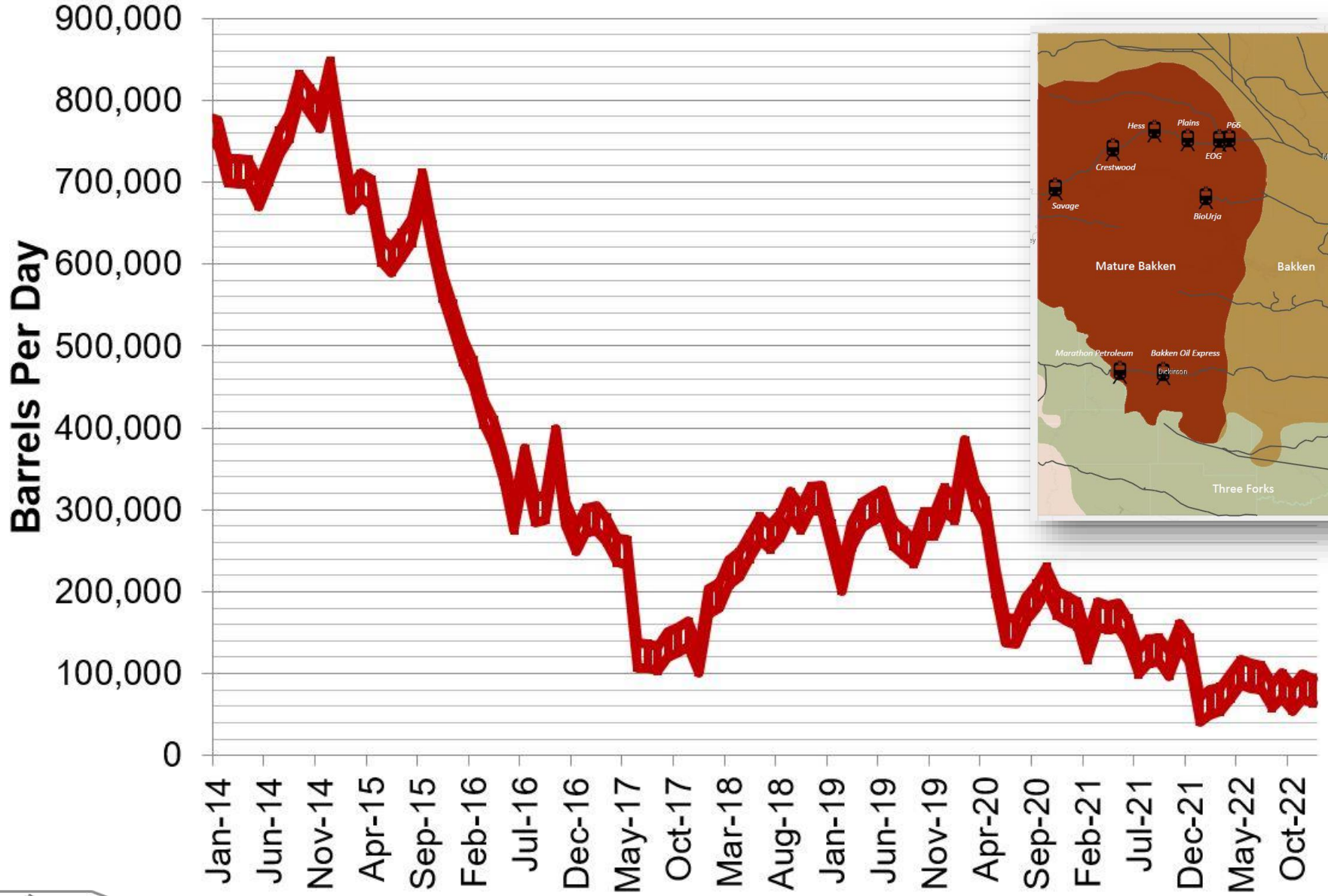
North Dakota Oil Transmission Pipelines

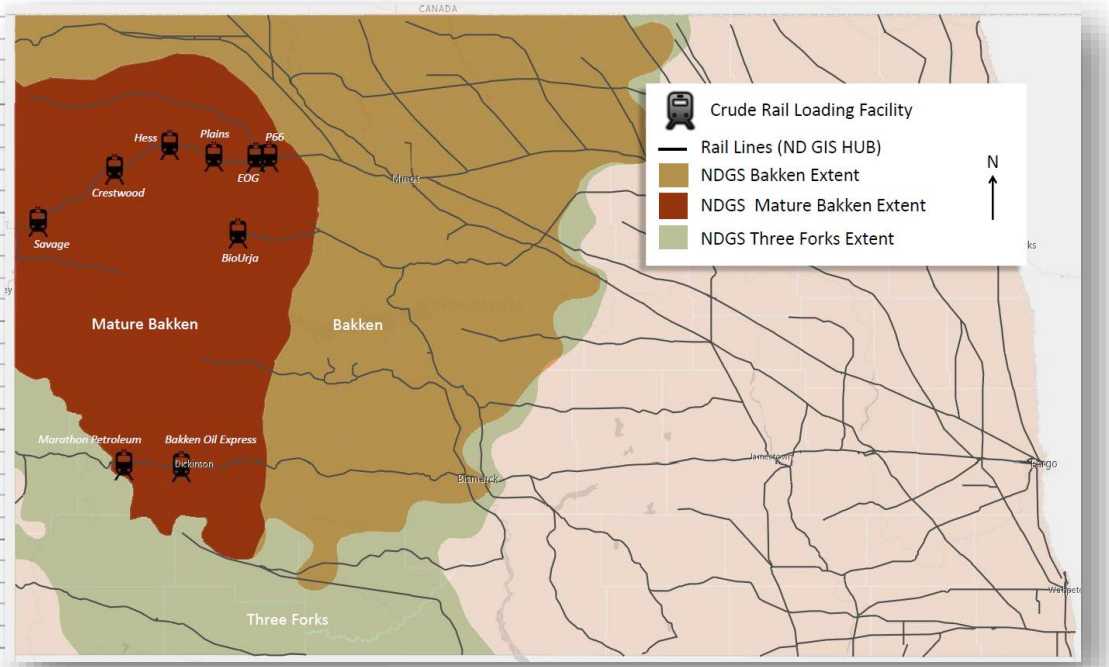


Williston Basin Oil Production & Export Capacity, BOPD

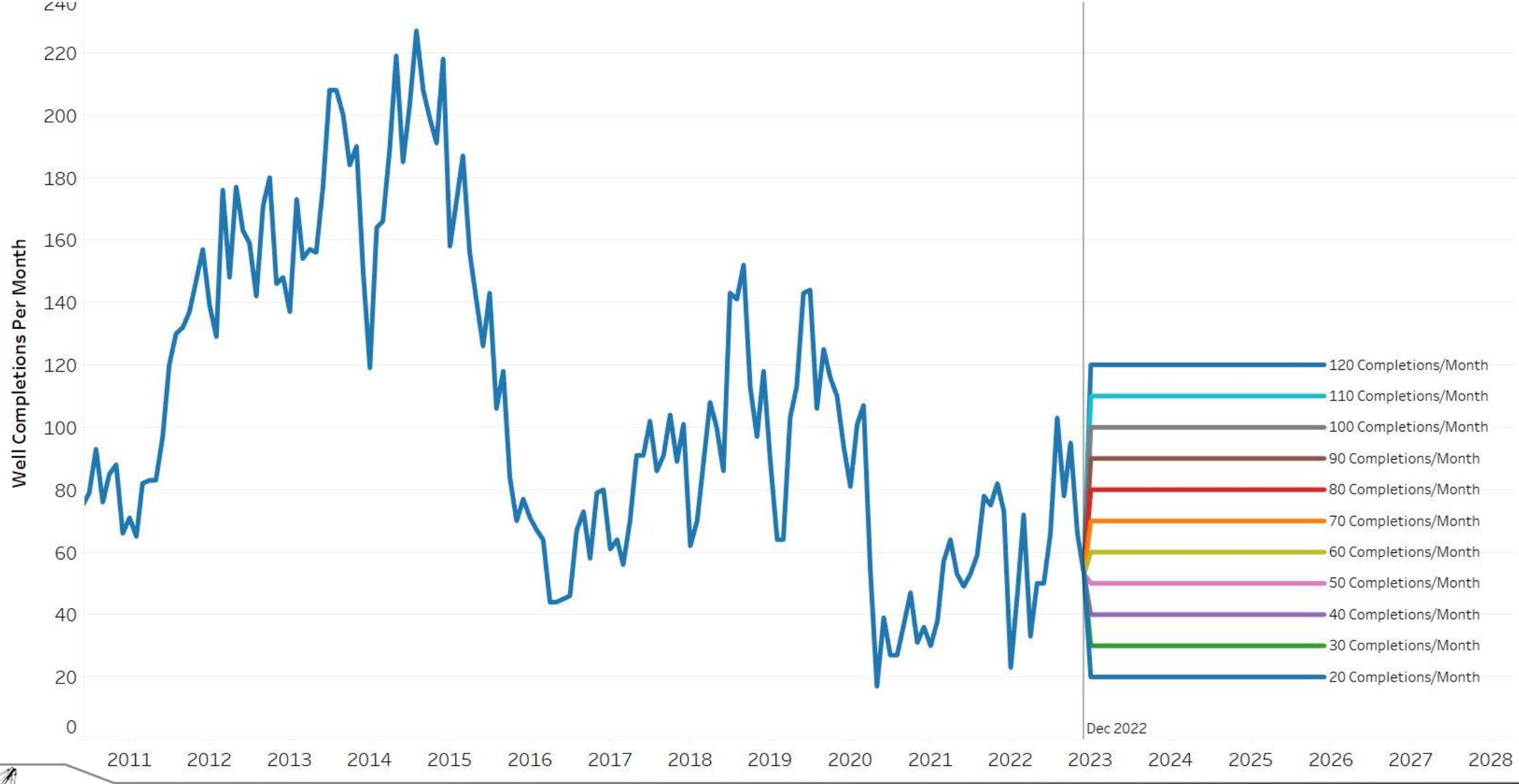


Estimated ND Rail Export Volumes



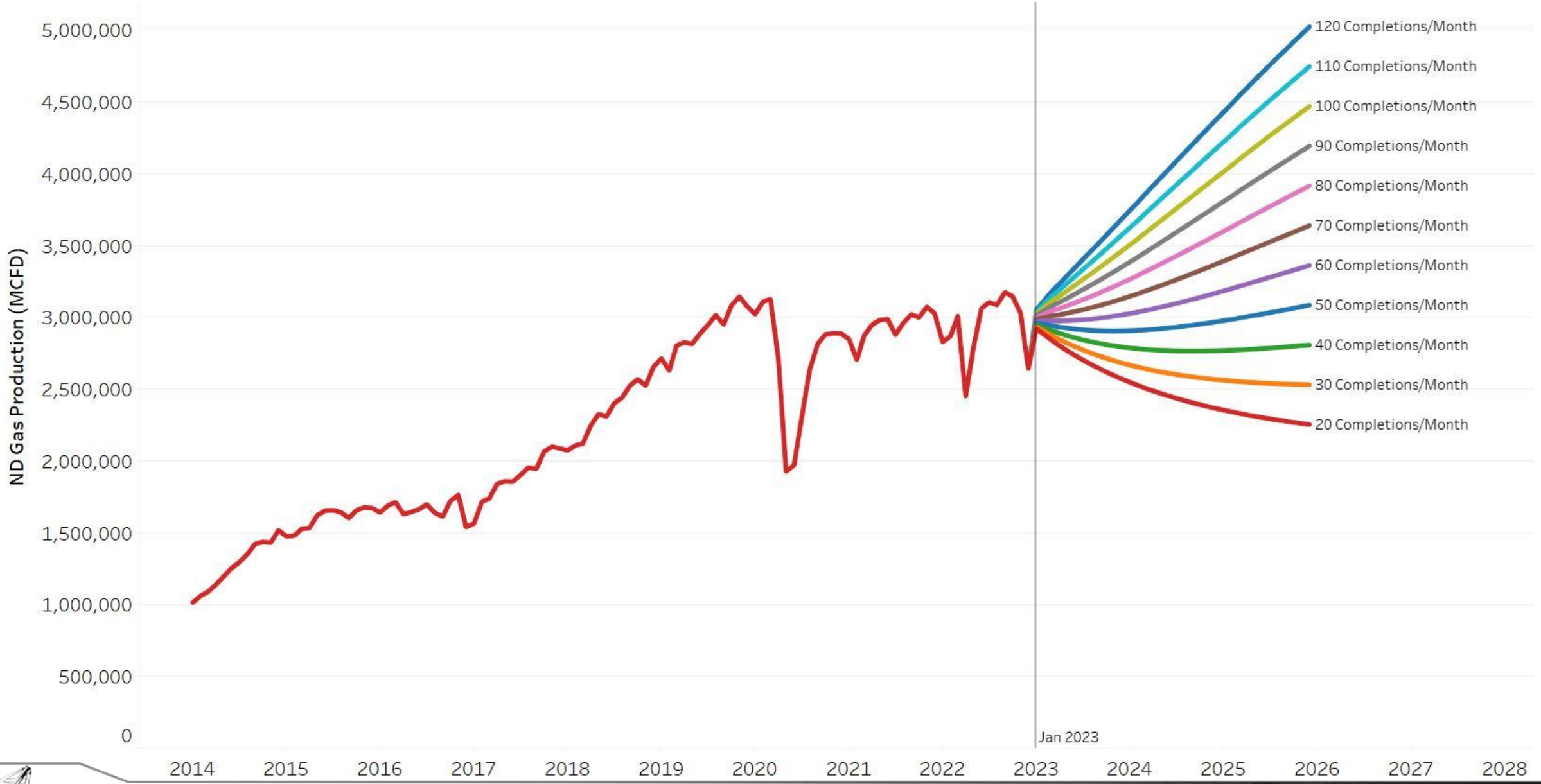


Completions Per Month Exercise



Monthly Completion Scenarios - Oil

Monthly Completion Scenarios - Gas



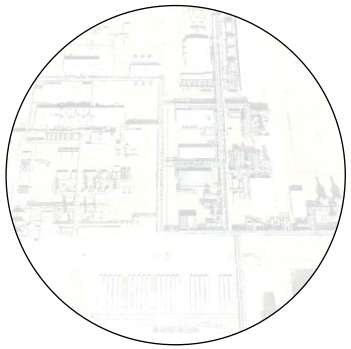
Natural Gas Update

Production

- Technology
- Markets

Gathering

- Capacity
- Connections



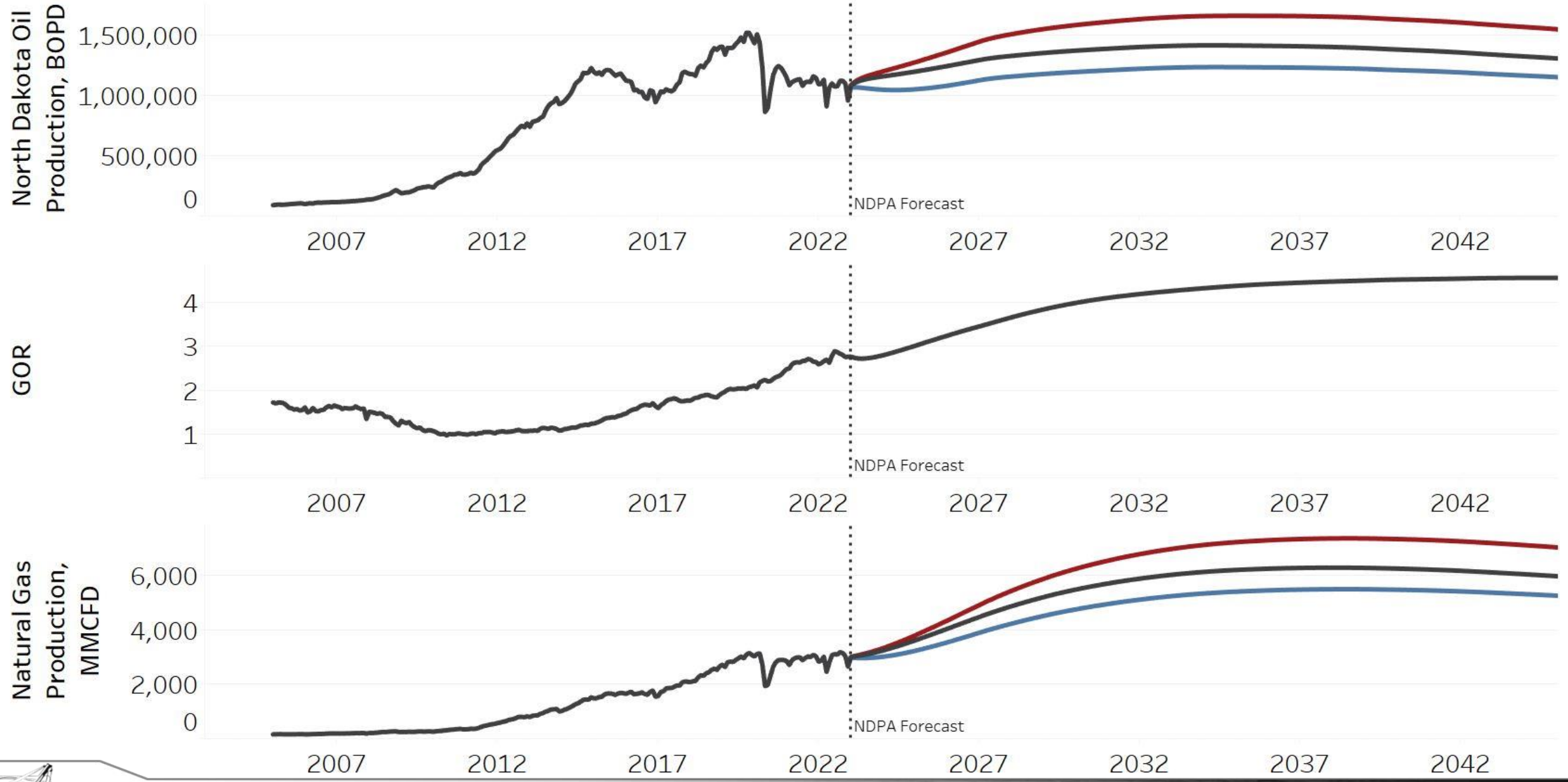
Processing

- Capacity
- Location

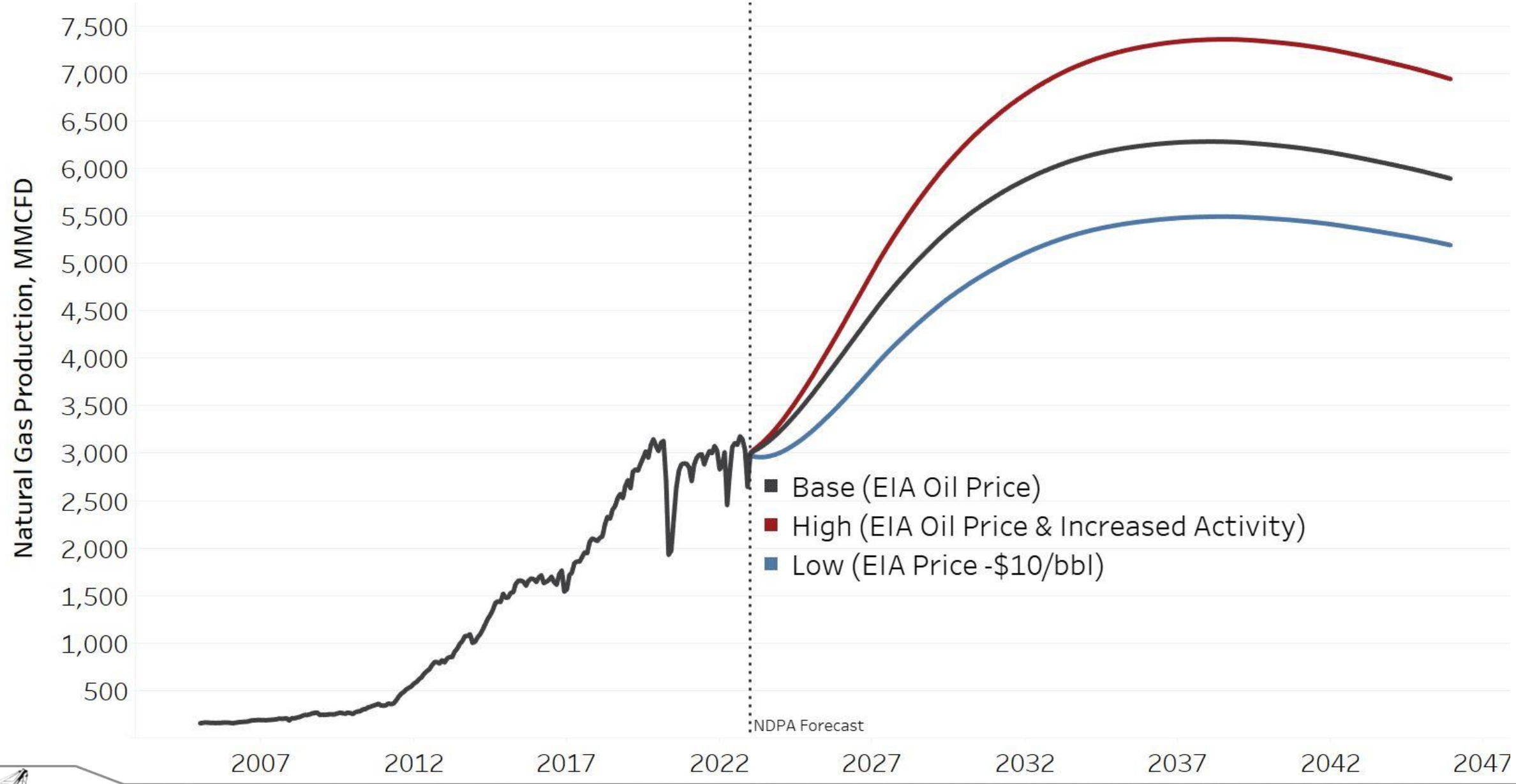
Transmission

- Dry Gas
- Natural Gas Liquids

ND Oil Production: EIA Price Deck



ND Gas Production: EIA Price Deck



Natural Gas Update

Production

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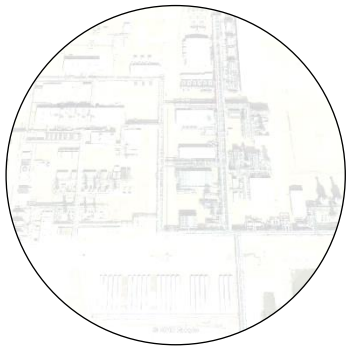

Processing

- Capacity
- Location

Transmission

- Dry Gas
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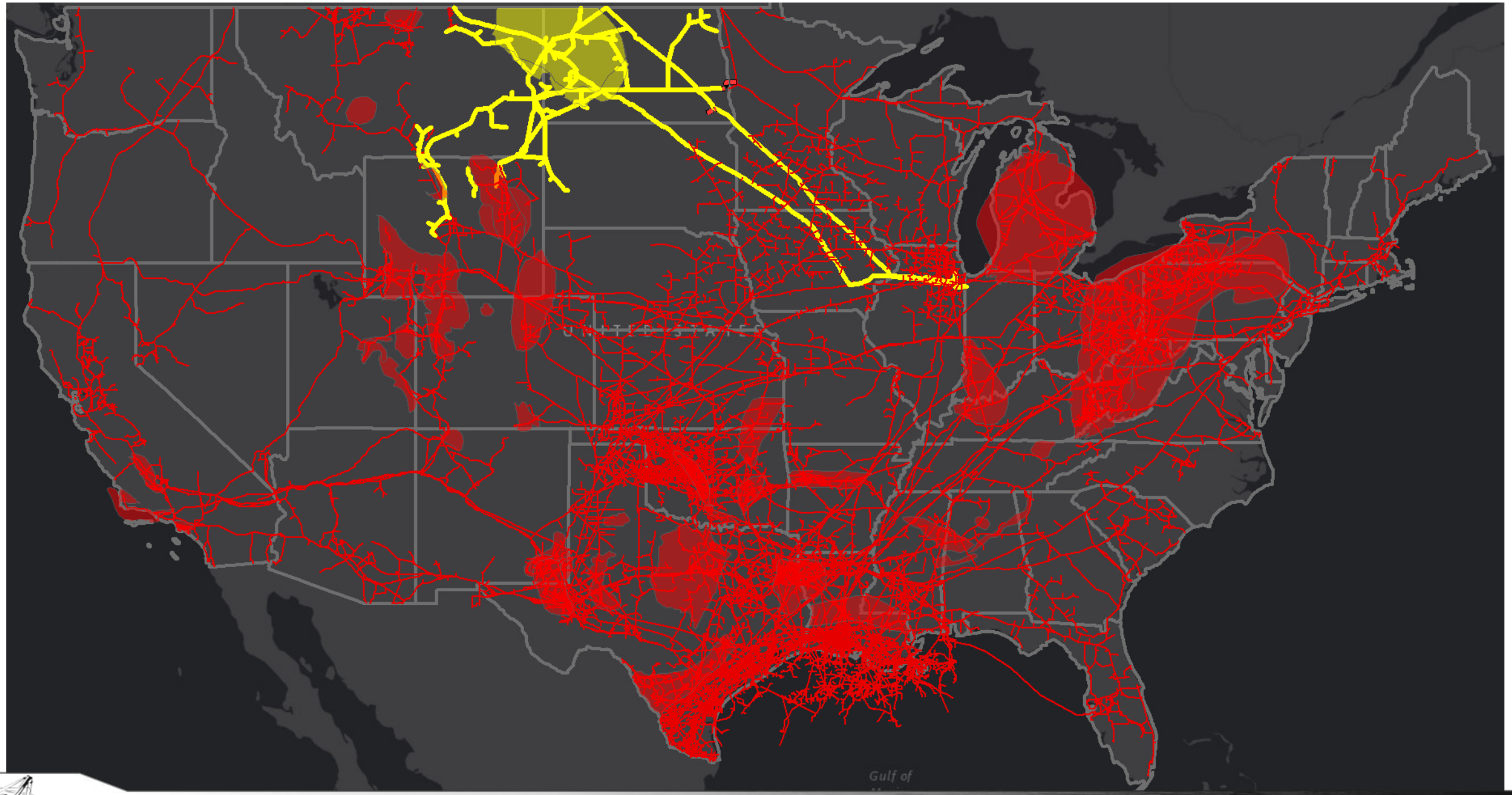
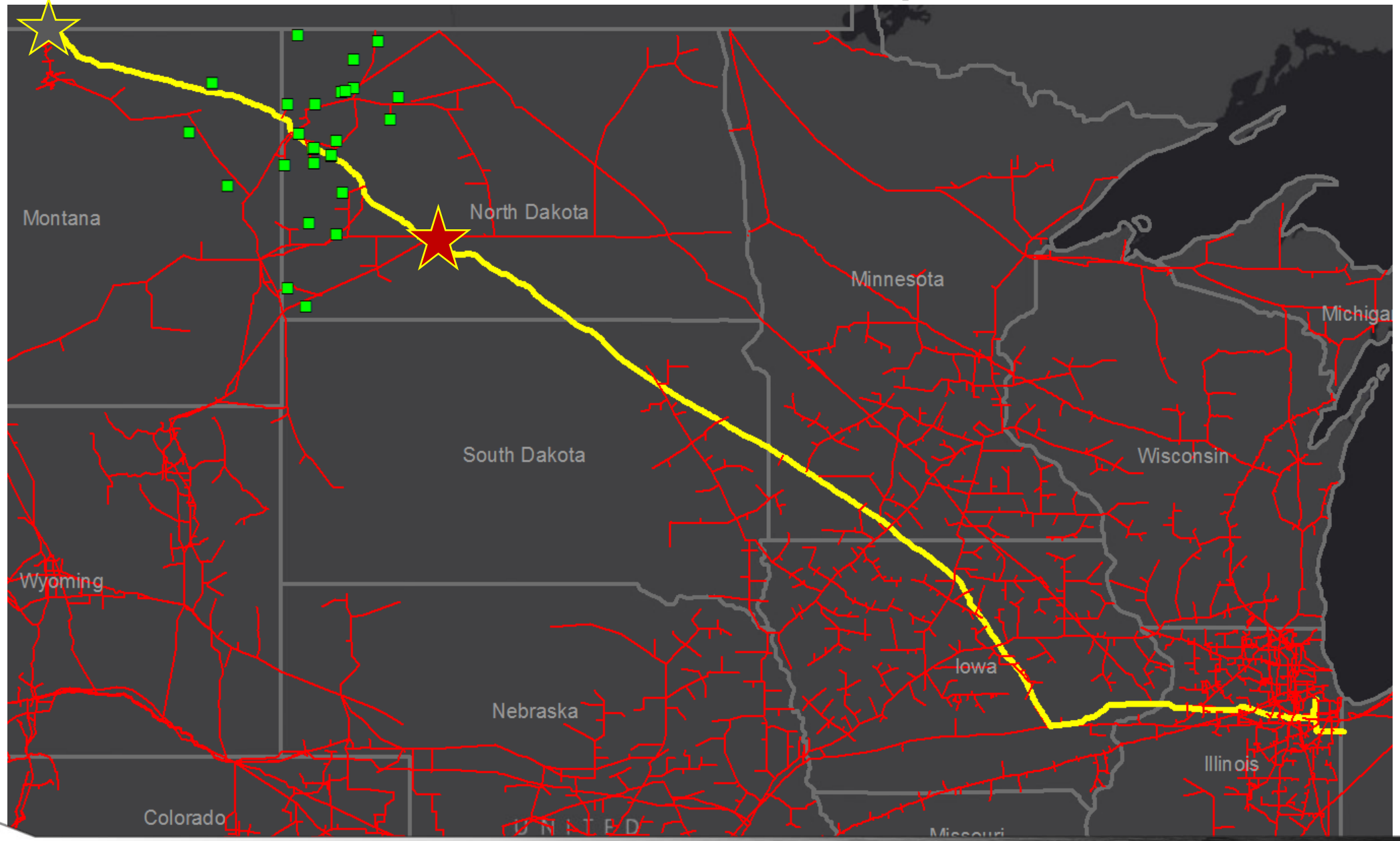
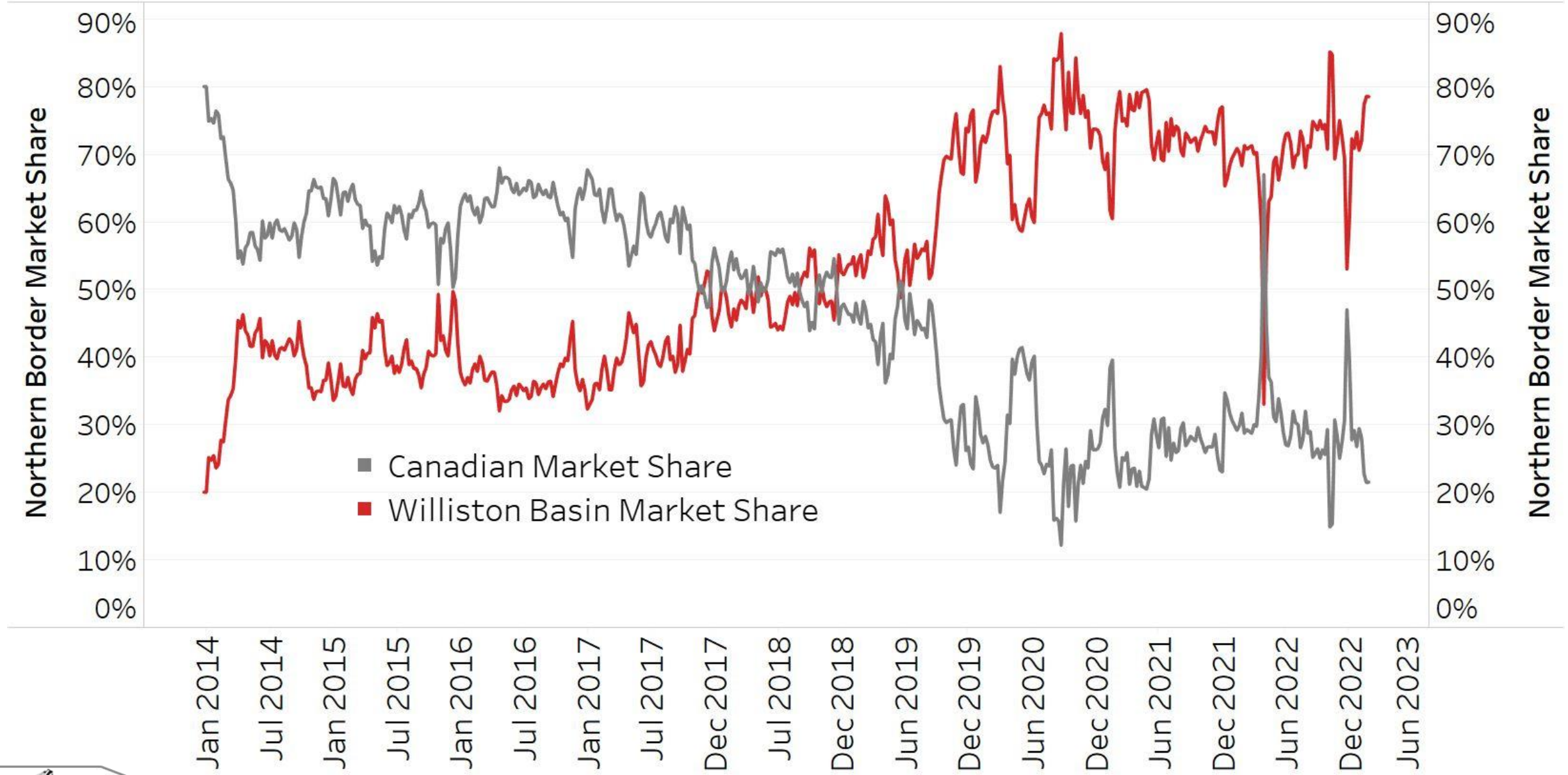
Bakken Natural Gas Infrastructure



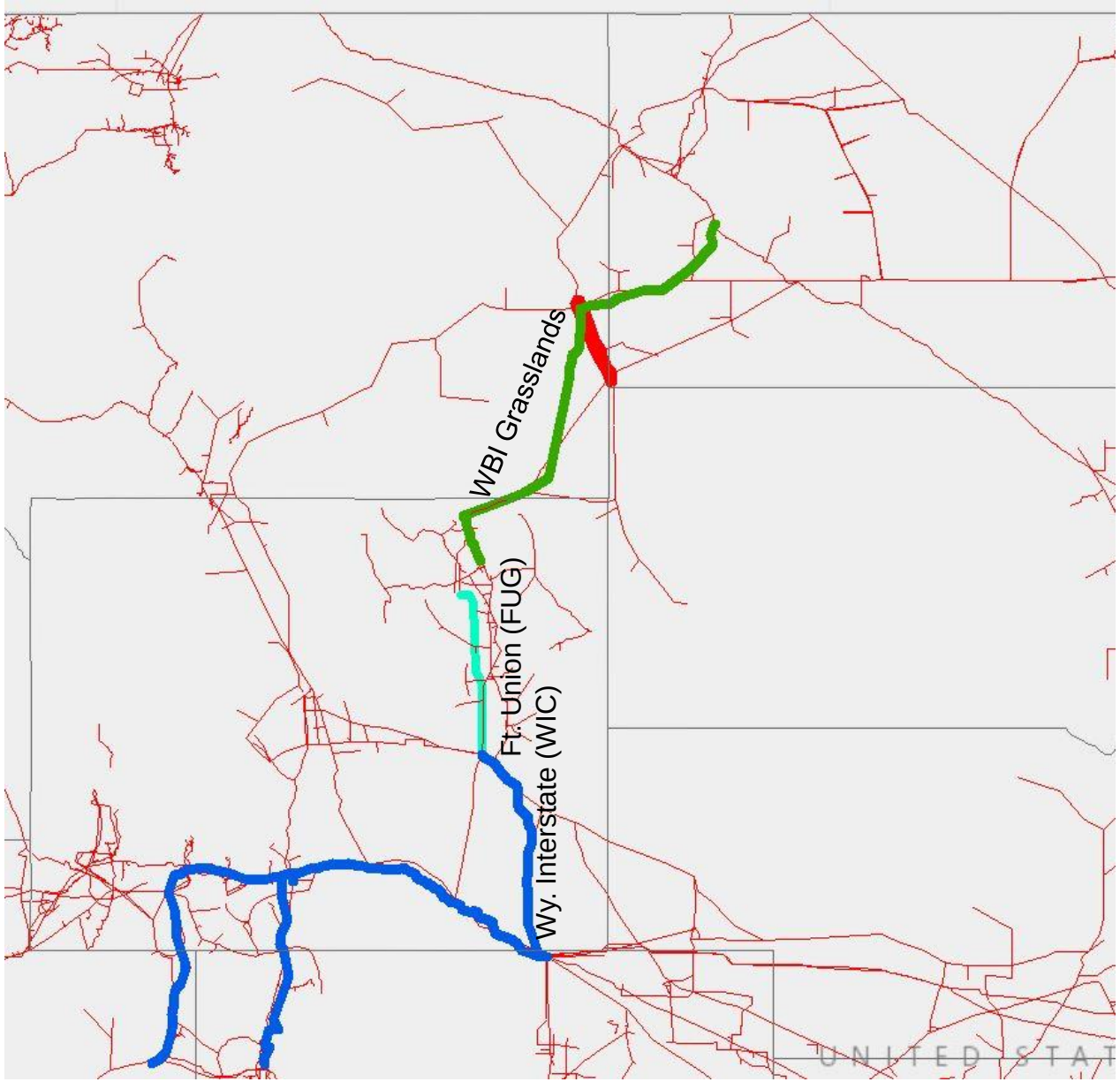
Northern Border Pipeline



Northern Border Pipeline Market Share



WBI Energy – Grasslands South Project



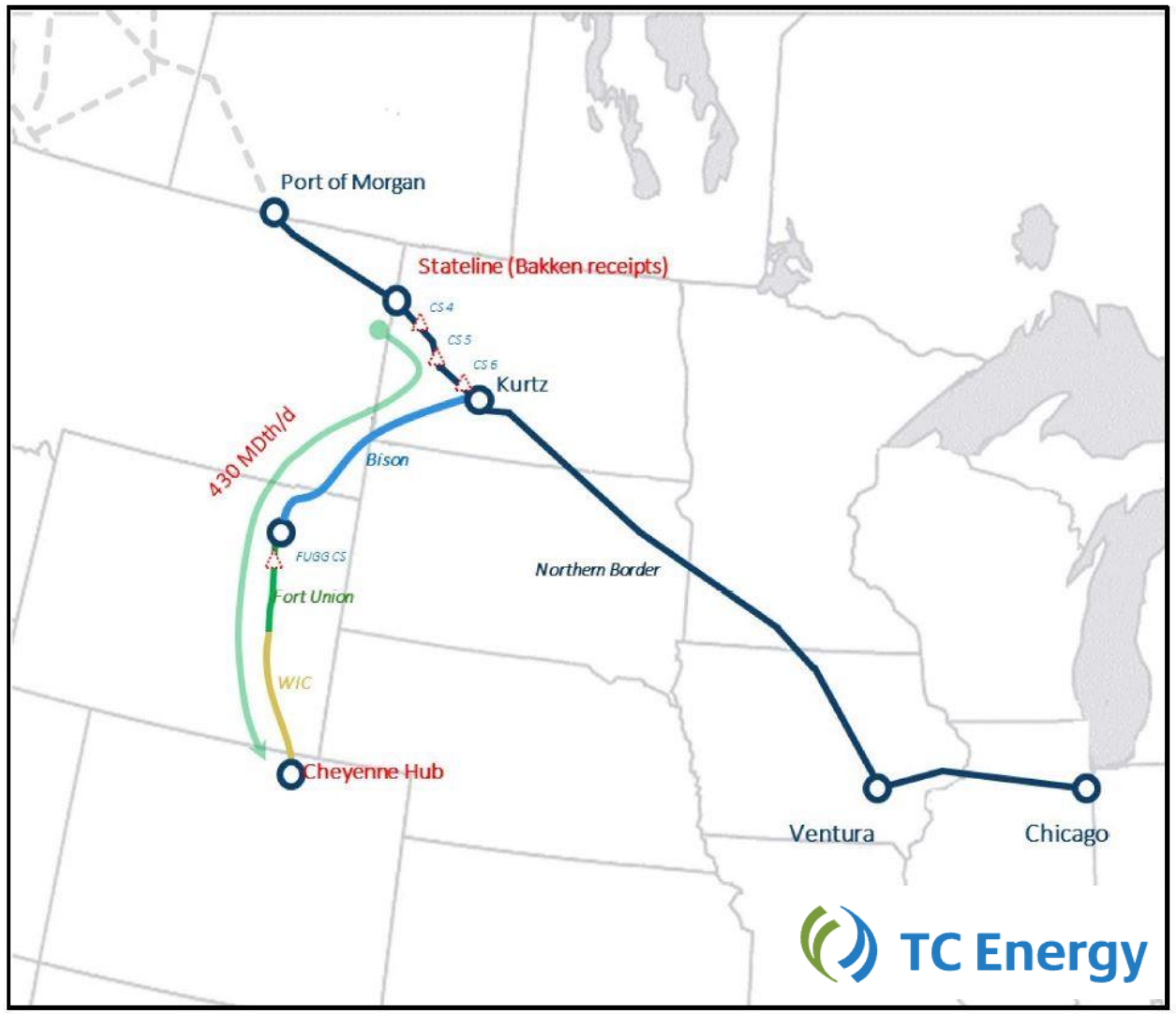
Project Highlights

- Binding open season Jan 10 – Feb 25, 2022
- Repurpose Grasslands Pipeline (16”)
- Proposed Capacity 94,000 Dth/Day
- Access to Baker storage field
- Q3 2023 proposed completion
- Seeking commitments 10yrs or Longer
- Fort Union Gas Gathering and Wyoming Interstate Company provide further transport to Cheyenne hub.

Proposed Tariff Rates

- WBI $0.32356/Dth + Fuel/Elec to WIC/FUG Interconnect
- FUG/WIC to Cheyenne $0.2899/Dth + Fuel/Elec

TC Energy – Proposed Bison XPress Project



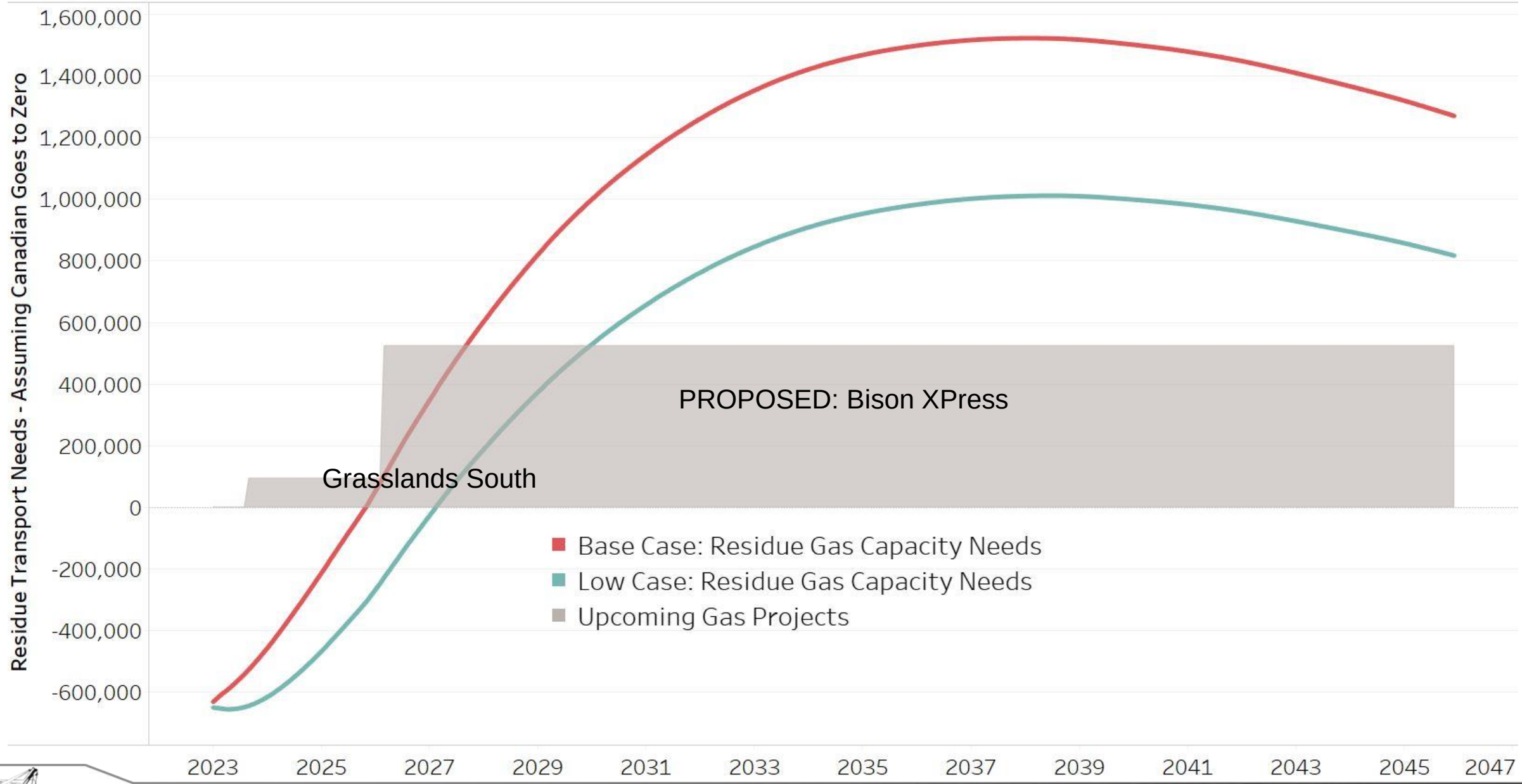
Project Highlights

- Non-binding open season April 4 - May 6, 2022
- Three compressor upgrades in North Dakota
- Reverse the idle Bison Pipeline (30” – 302 Mile)
- Proposed capacity 430,000 Dth/Day
- Q1 2026 targeted in-service date
- Fort Union Gas Gathering and Wyoming Interstate Company provide further transport to Cheyenne hub.
- Seeking commitments 10yrs or Longer

Proposed Tariff Rates

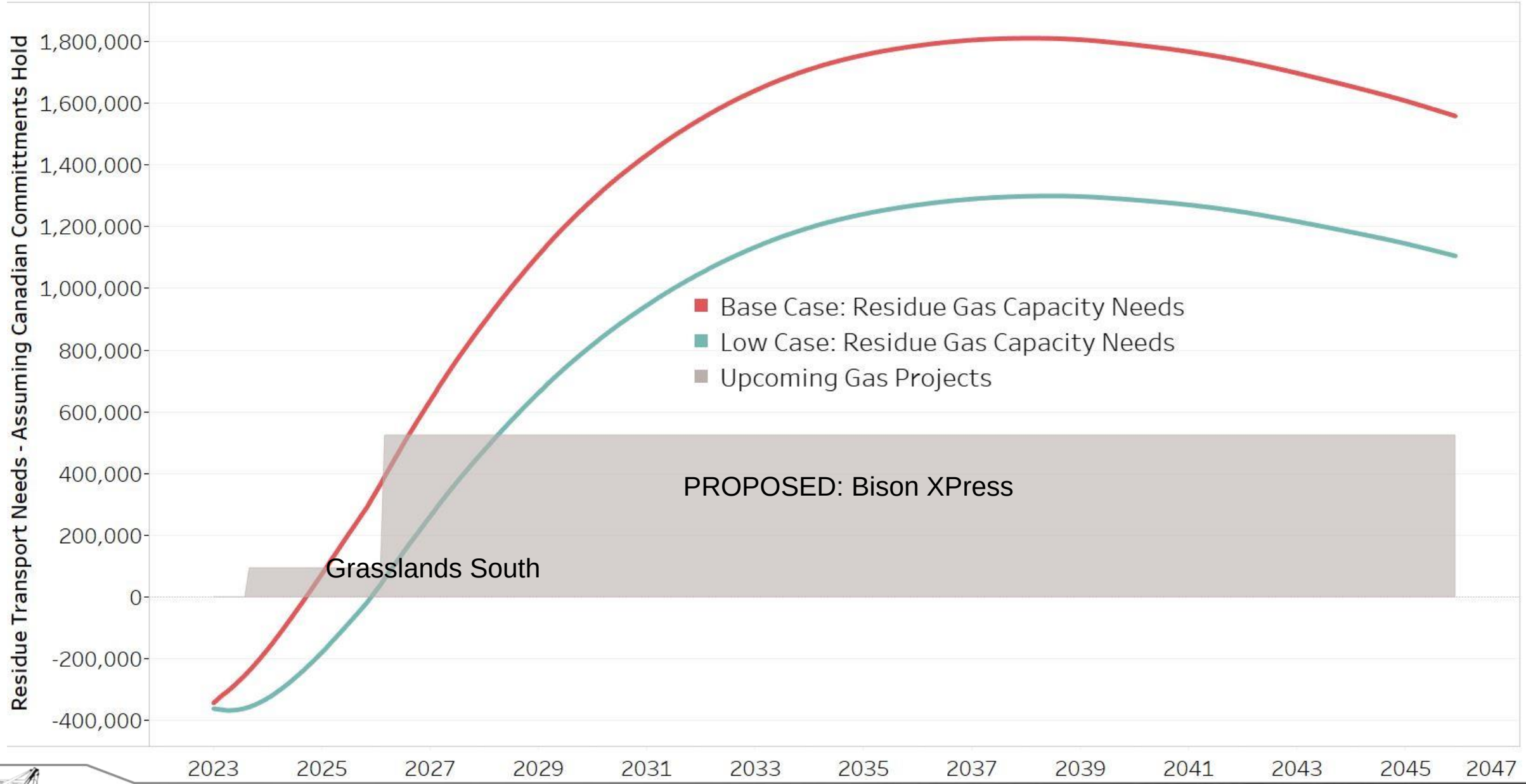
- NBPL/Bison $0.45/Dth + Fuel/Elec to WIC/FUG Interconnect
- WIC/FUG to Cheyenne $0.30/Dth + Fuel/Elec
- Anchor Shipper Minimum: 50,000 Dth/Day

Residue Capacity Needs : **ZERO CANADIAN**



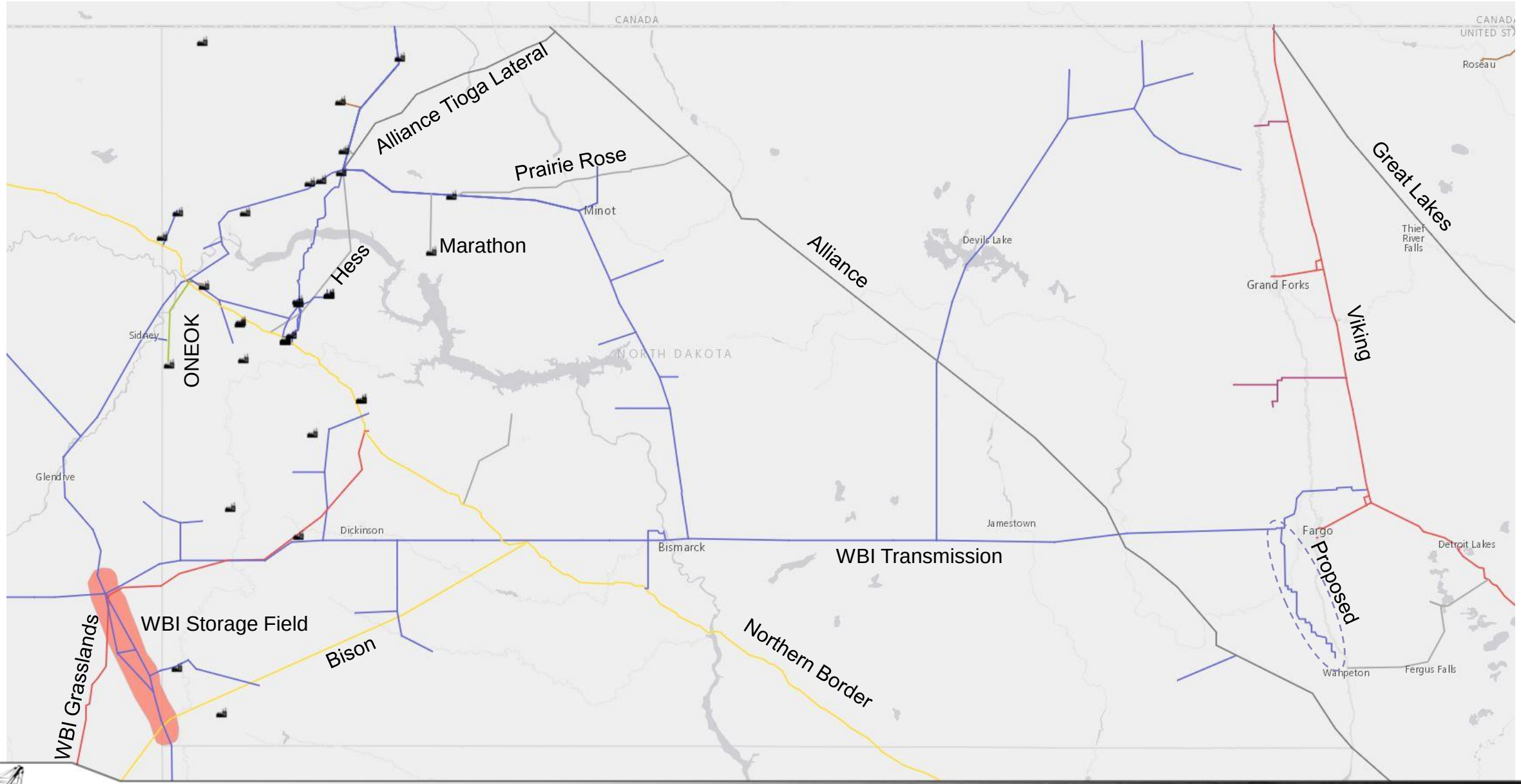
**Assumes BTU of 1,100*

Residue Capacity Needs: **~288,000 MMBTU CDN**

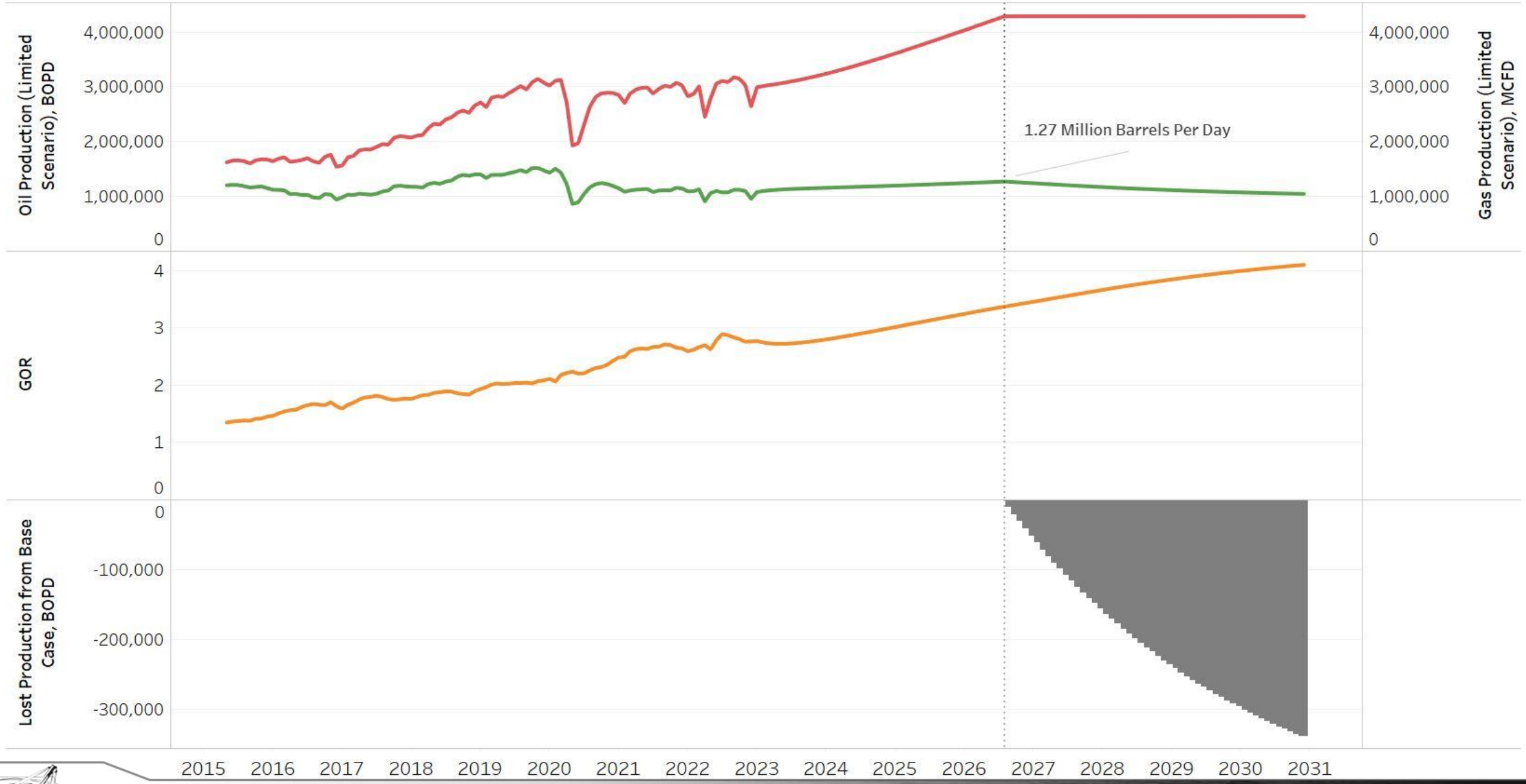


**Assumes BTU of 1,100*

Major Residue Gas Pipeline Infrastructure

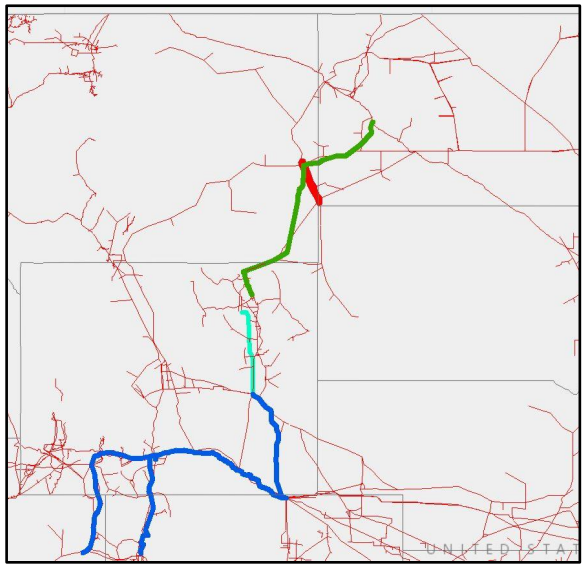


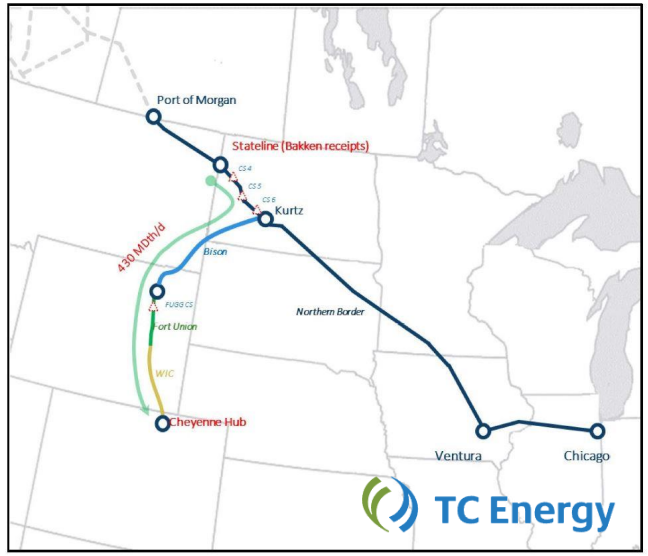
Gas Limitations Would Force Oil Production Down As GOR Rises



Value of a Dekatherm (MMBTU)

WBI Grasslands
94,000 Dekatherms
Per Day





Bison XPress
430,000 Dekatherms
Per Day

Combined Oil and Natural Gas Tax Value

- Combined 524,000 Dekatherms per day of needed gas takeaway capacity
- $3.74* in oil/gas tax value per Dekatherm x 524,000 Dekatherms = $1,959,760 per day
- **<u>$715+ Million</u> per year in oil and natural gas taxes to the State of North Dakota**
- *At 570,000 BOPD, DAPL's impact to reduce oil discount vs rail ~$60 million per year in oil taxes*

*NDPA Estimate From Aug. 26, 2022 NDIC Meeting

Pipeline Authority Tools

54-17.7-04. Powers.

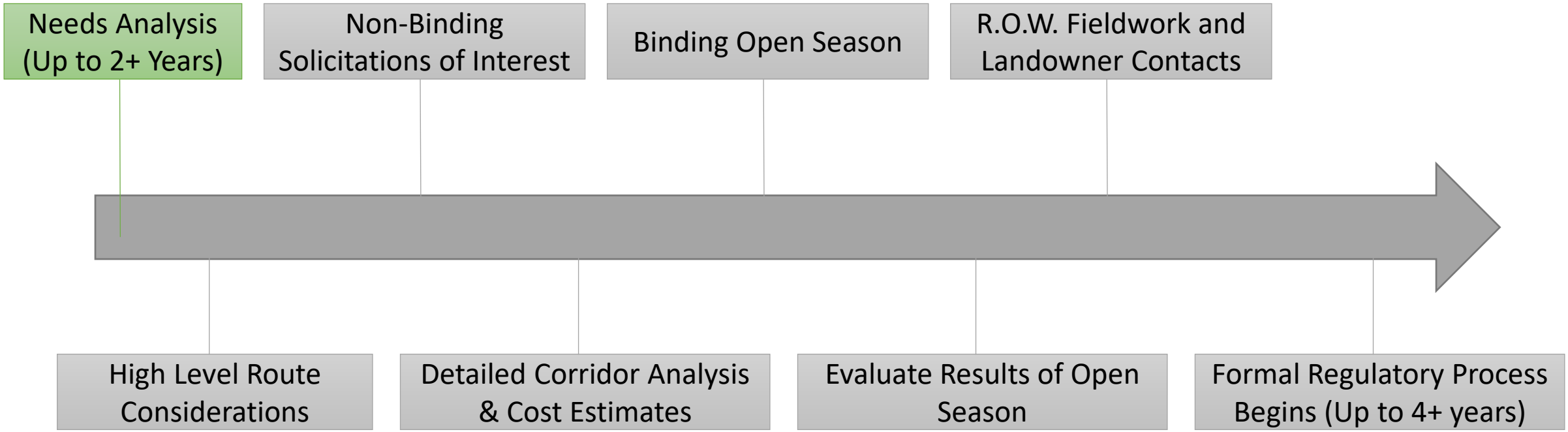
The authority has all powers necessary to carry out the purposes of this chapter, including the power to:

1. Make grants or loans and to provide other forms of financial assistance as necessary or appropriate for the purposes of this chapter.
2. Make and execute contracts and all other instruments necessary or convenient for the performance of the authority's powers and functions.
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 as a purchaser of last resort. The obligation of the state may not exceed ten percent of the pipeline authority's acquisition or purchase of a right to capacity in any pipeline system or systems, or interconnection of pipeline systems, and the state's obligation is limited to the funding available from the oil and gas research fund.
4. Borrow money and issue evidences of indebtedness as provided in this chapter.

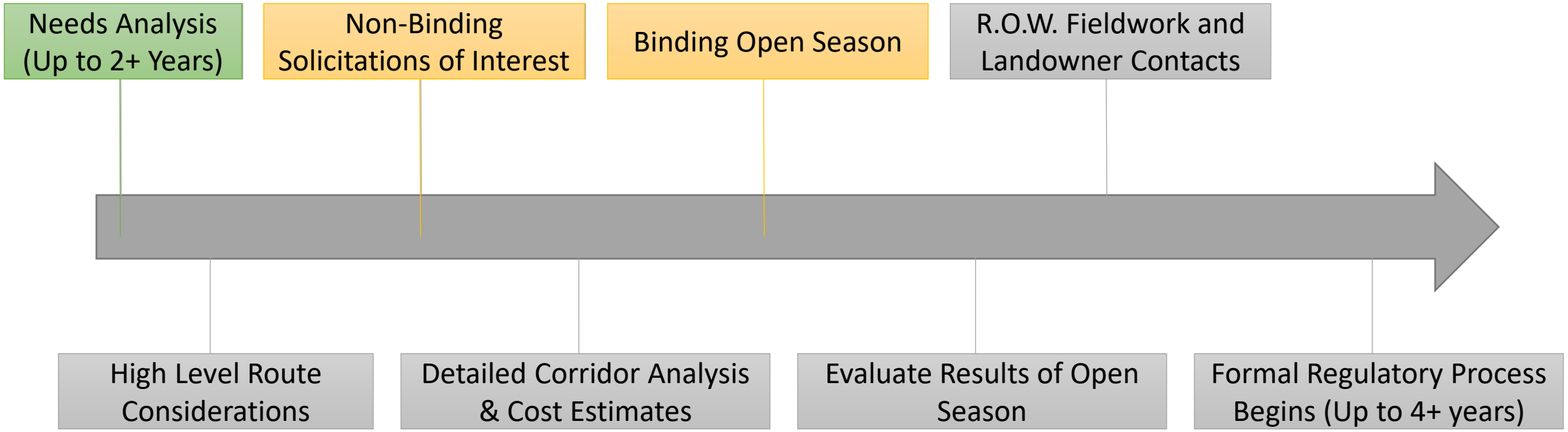
Additional Tools 5-18

Page No. 1

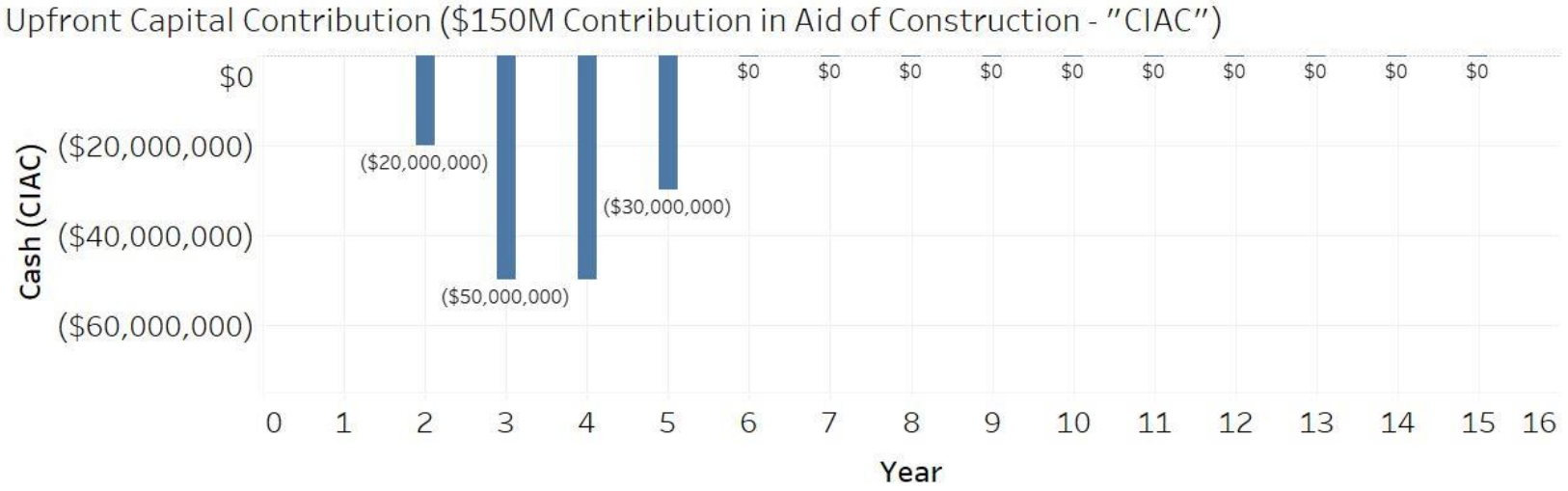
Early Stages of Pipeline Development



Early Stages of Pipeline Development

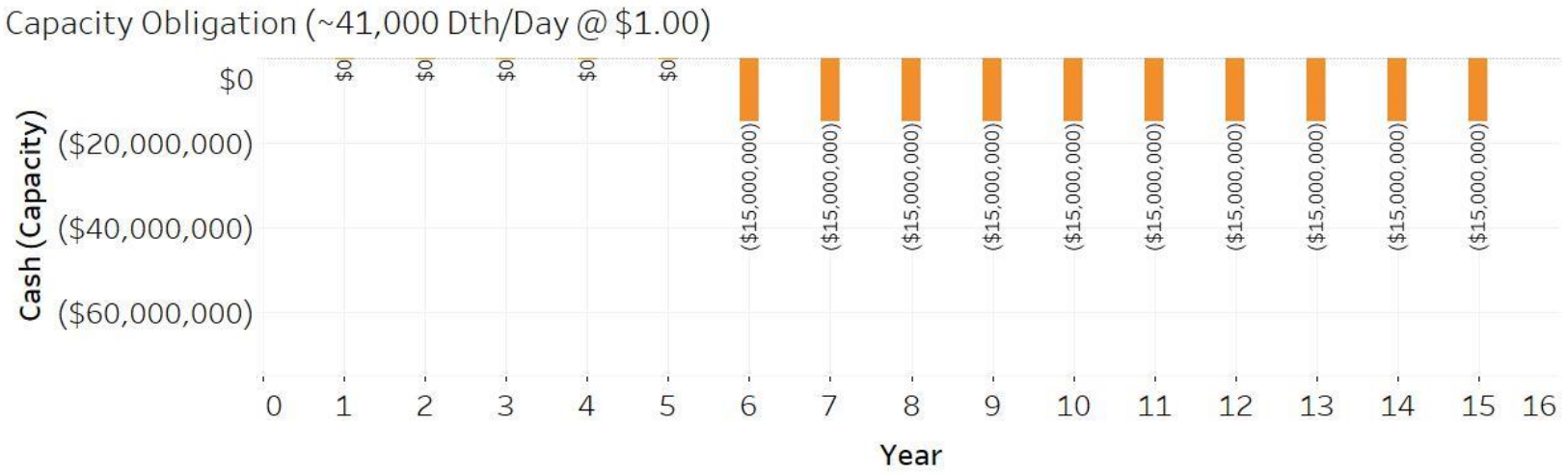


$150M Examples (CIAC vs Capacity)



Considerations (+/-)

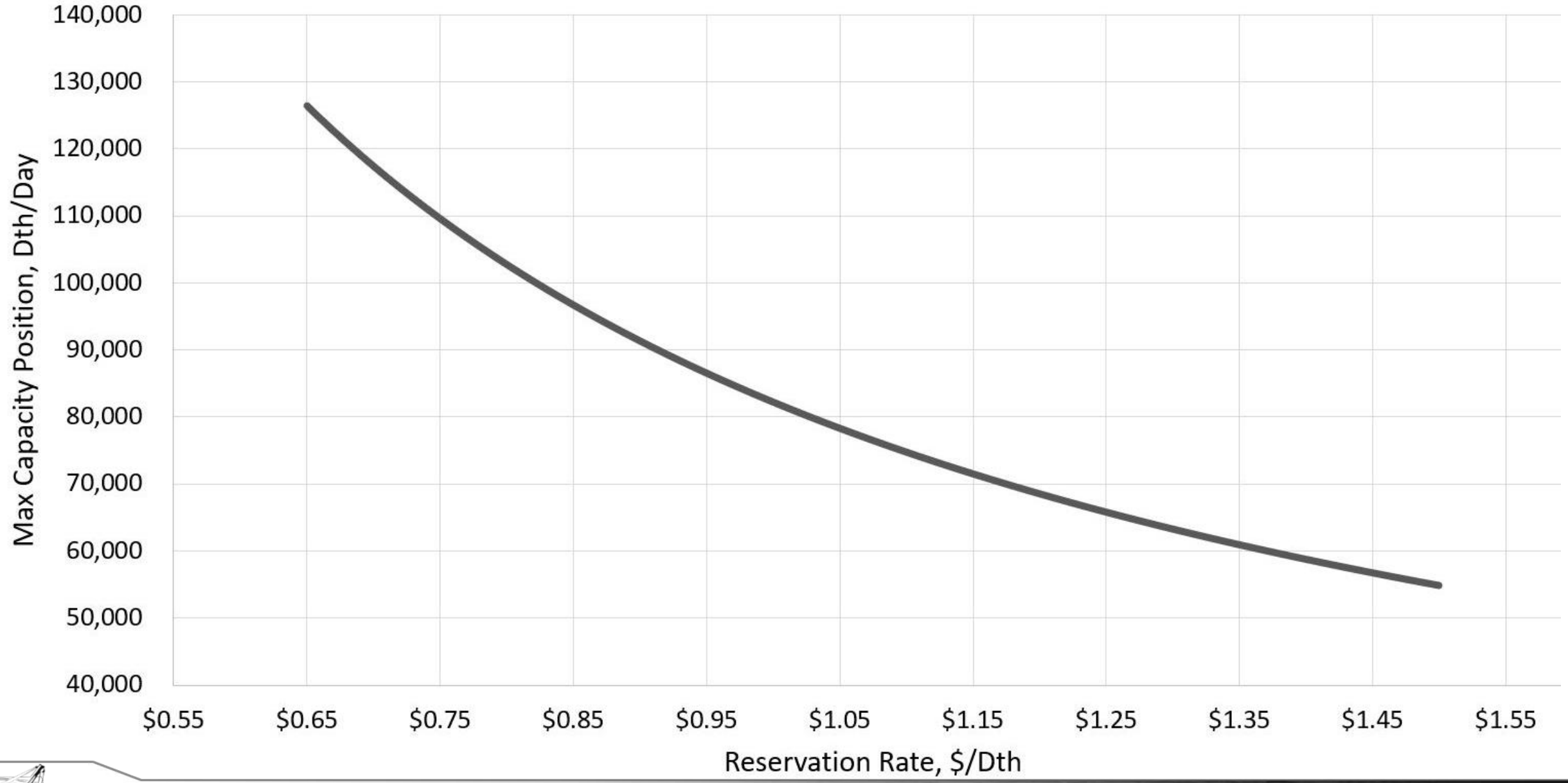
- Upfront contribution (+)
- Transport rate buydown (+)
- No direct recovery mechanism (-)
- Federal tax consideration (-)
- NPV @ 6% = $129M



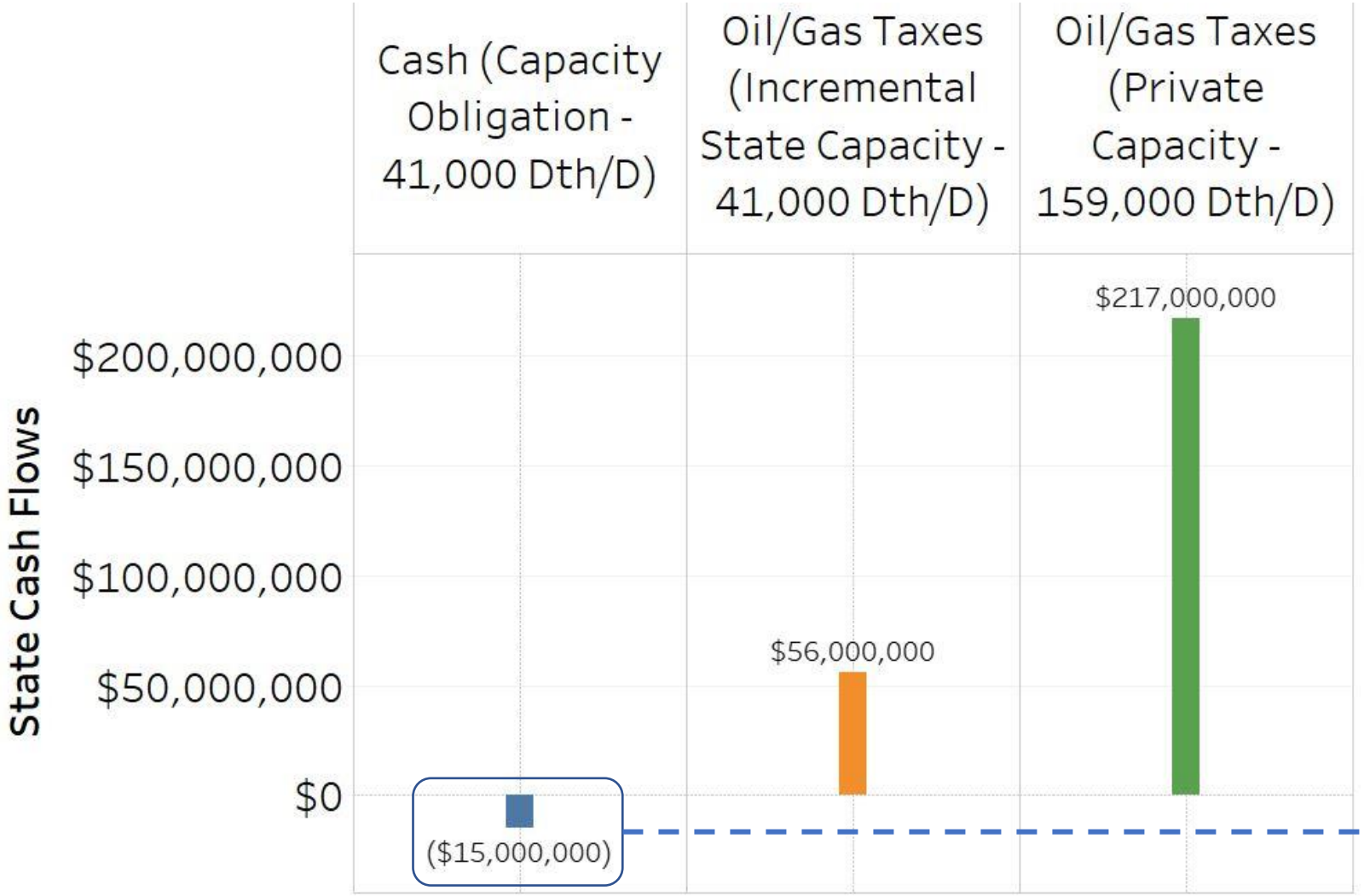
Considerations (+/-)

- Opportunity to release obligations (+)
- Obligation recovery possible through asset management agreement (+)
- If obligation is not released or recovered with AMA, max risk is the total transport obligation ($150M in this example) (+/-)
- No direct transport rate buydown, but rate influenced by total committed volume.
- NPV @ 6% = $82.5M

Capacity and Reservation Rate at $30M/Yr



Example Operating Project Cashflows

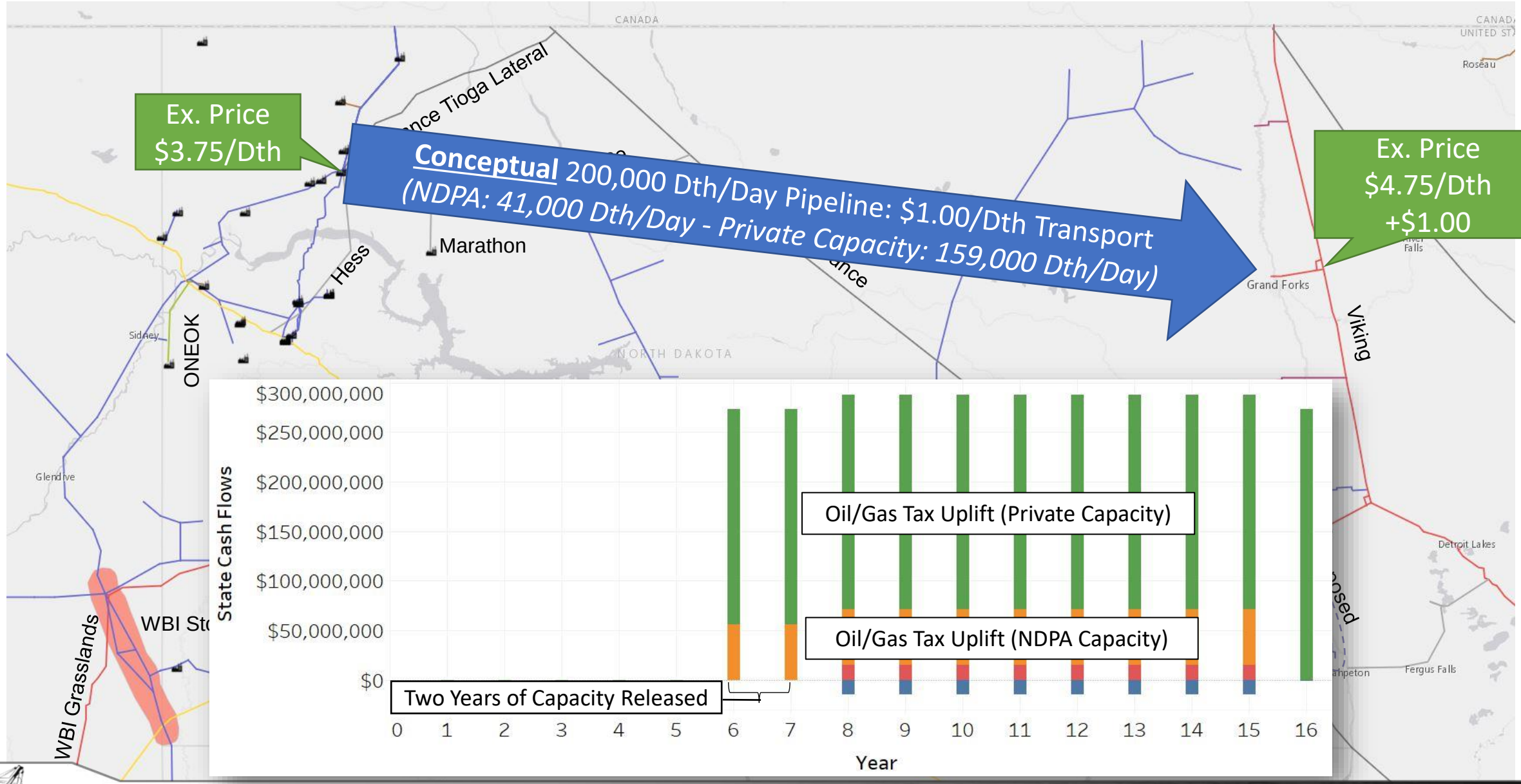


Hypothetical Project Needs 200,000 Dth/D Capacity Commitment to Move Forward

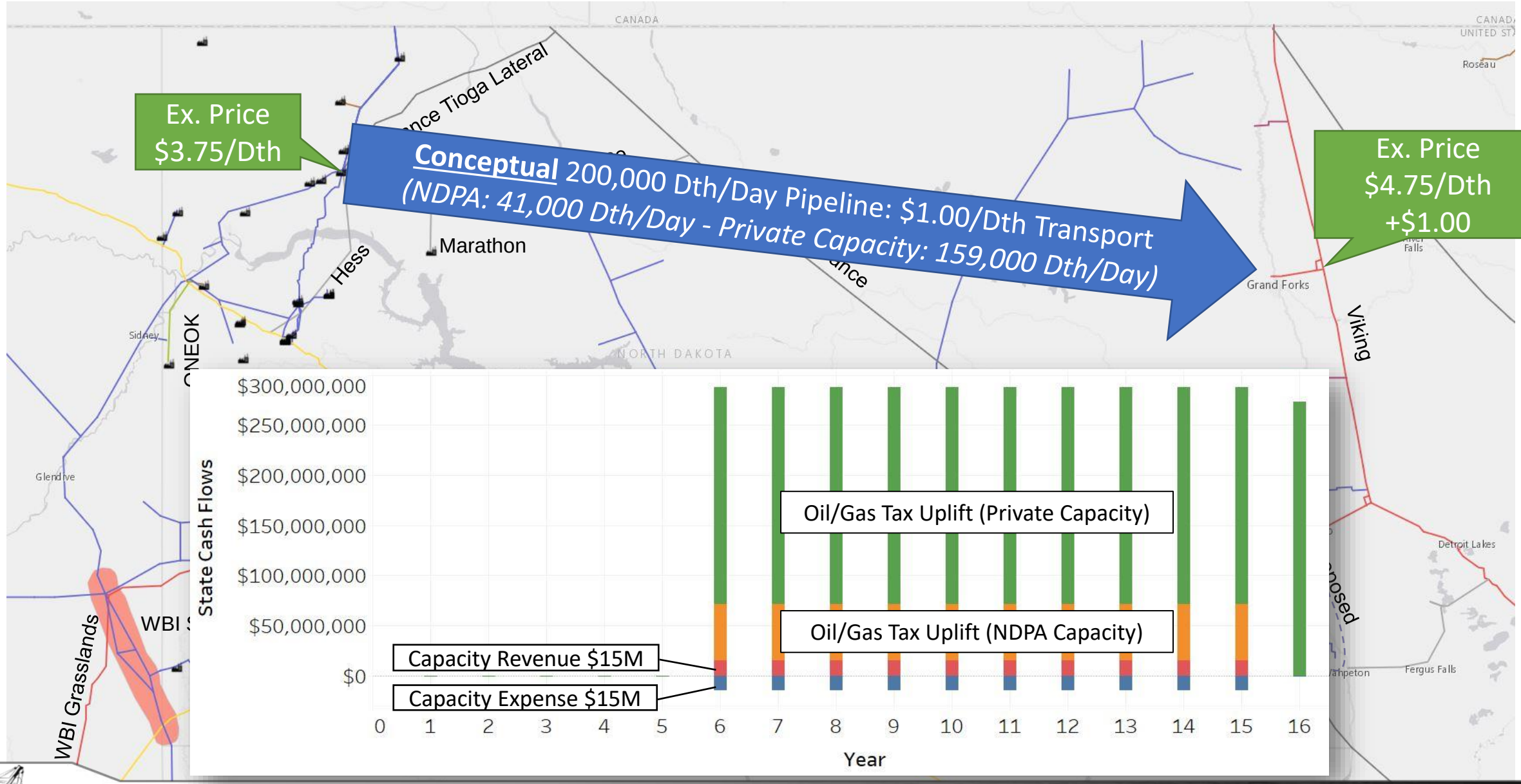
Options for State Capacity Obligation

- Release (full or partial) to private sector
- Monetize capacity through asset management agreement (AMA)
- Worst case – Continue to pay obligations without recovery or release on 41,000Dth

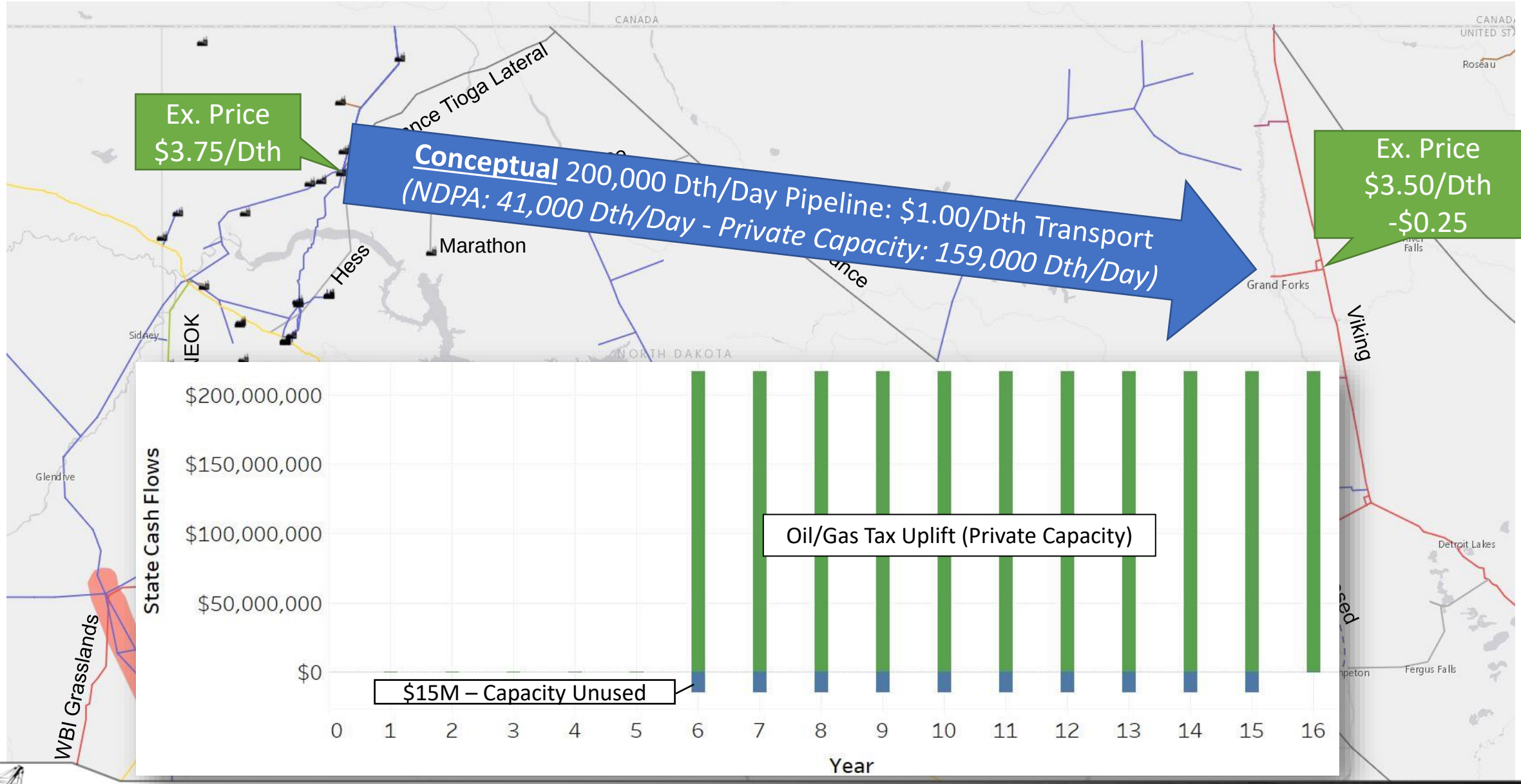
Simplified Capacity Release Example



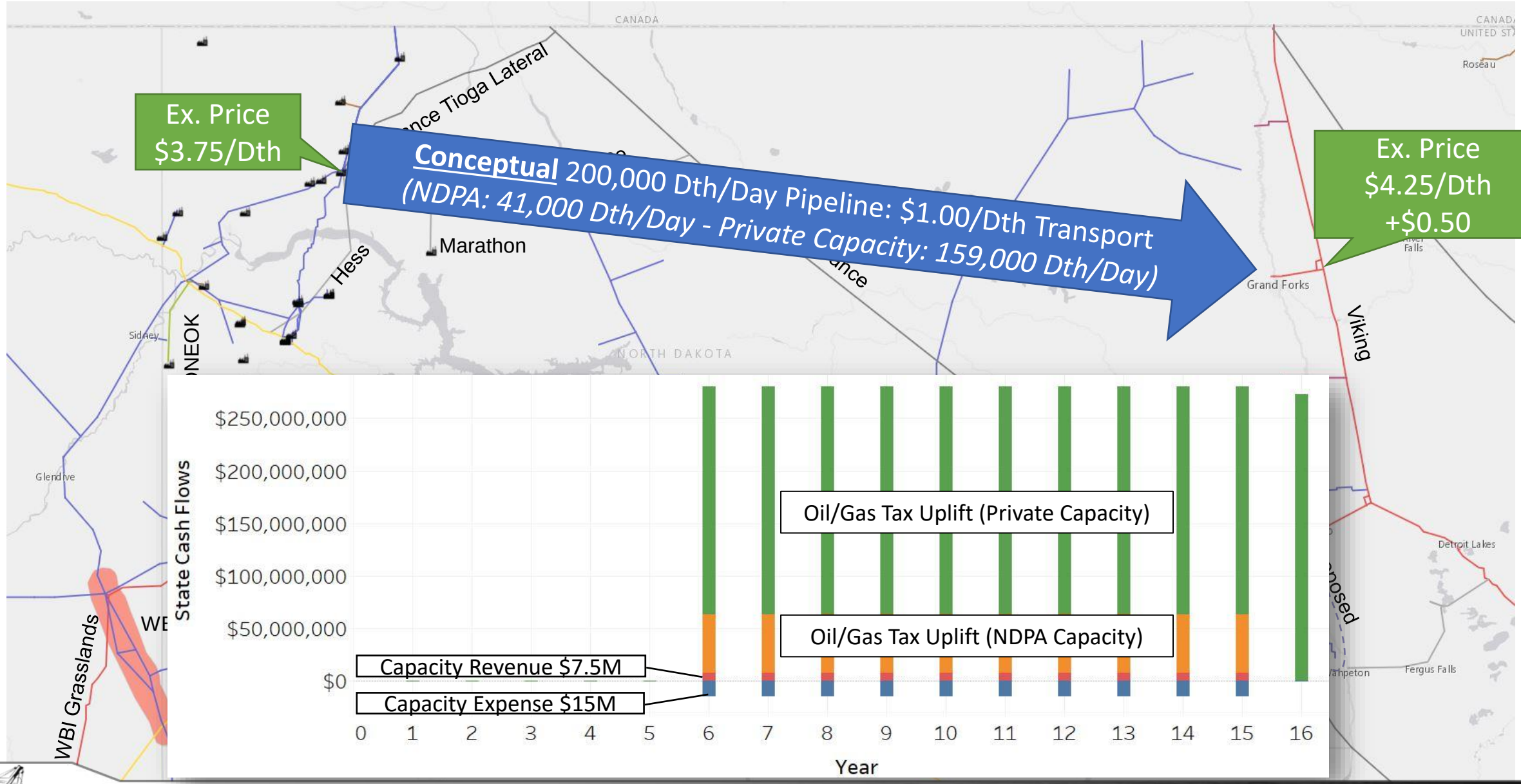
Simplified “Breakeven” Example



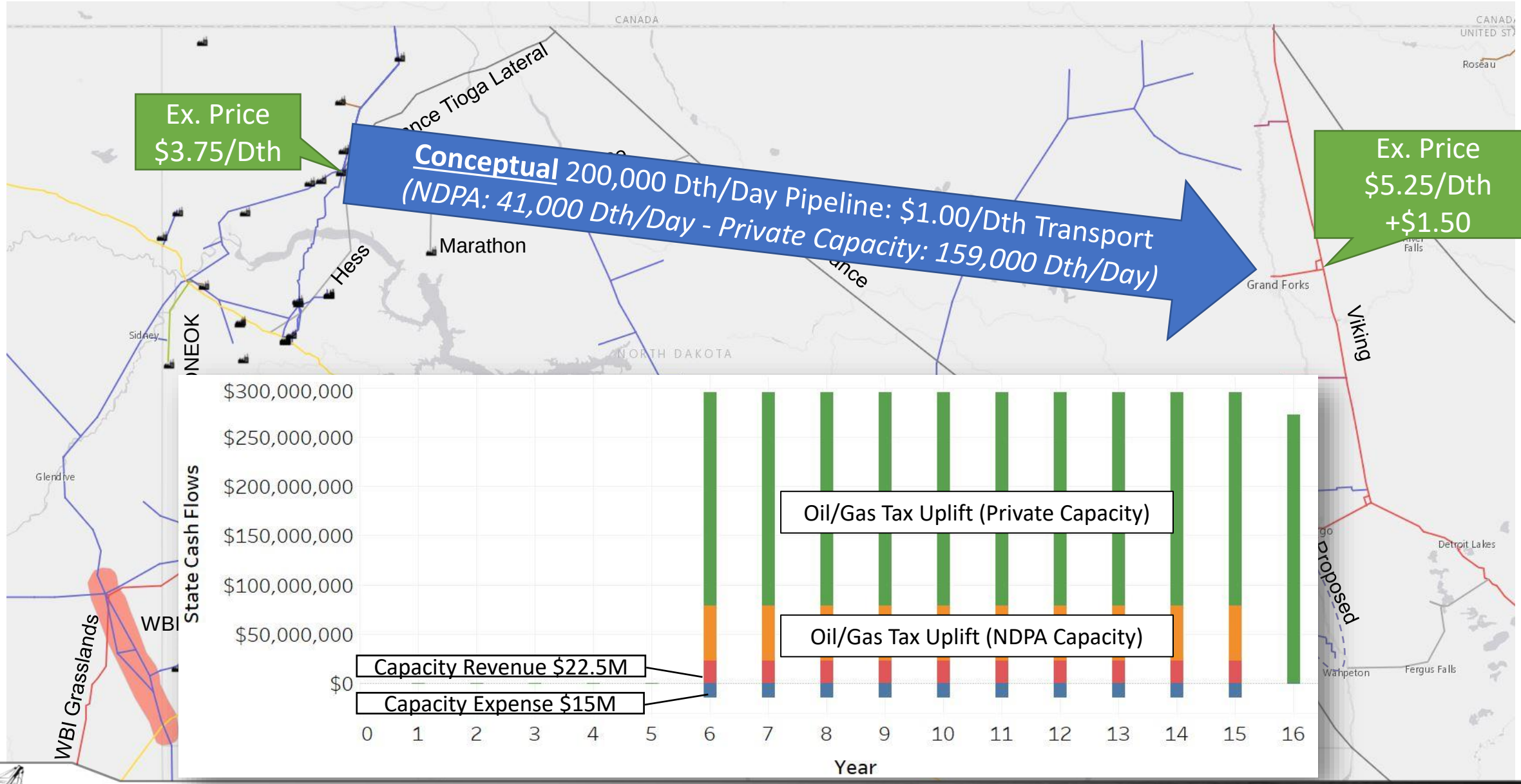
Simplified Uneconomic Scenario



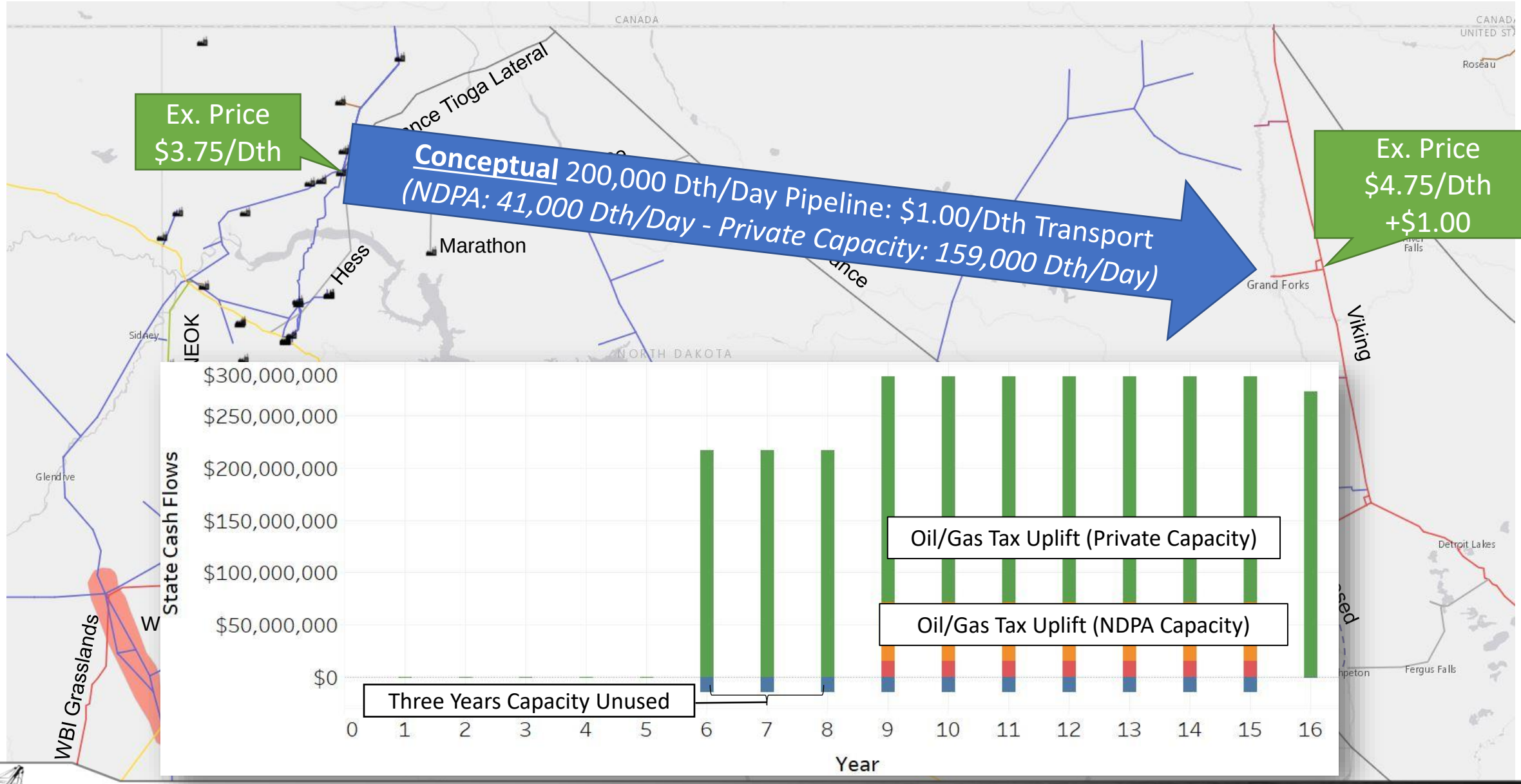
Simplified Partial Rate Recovery



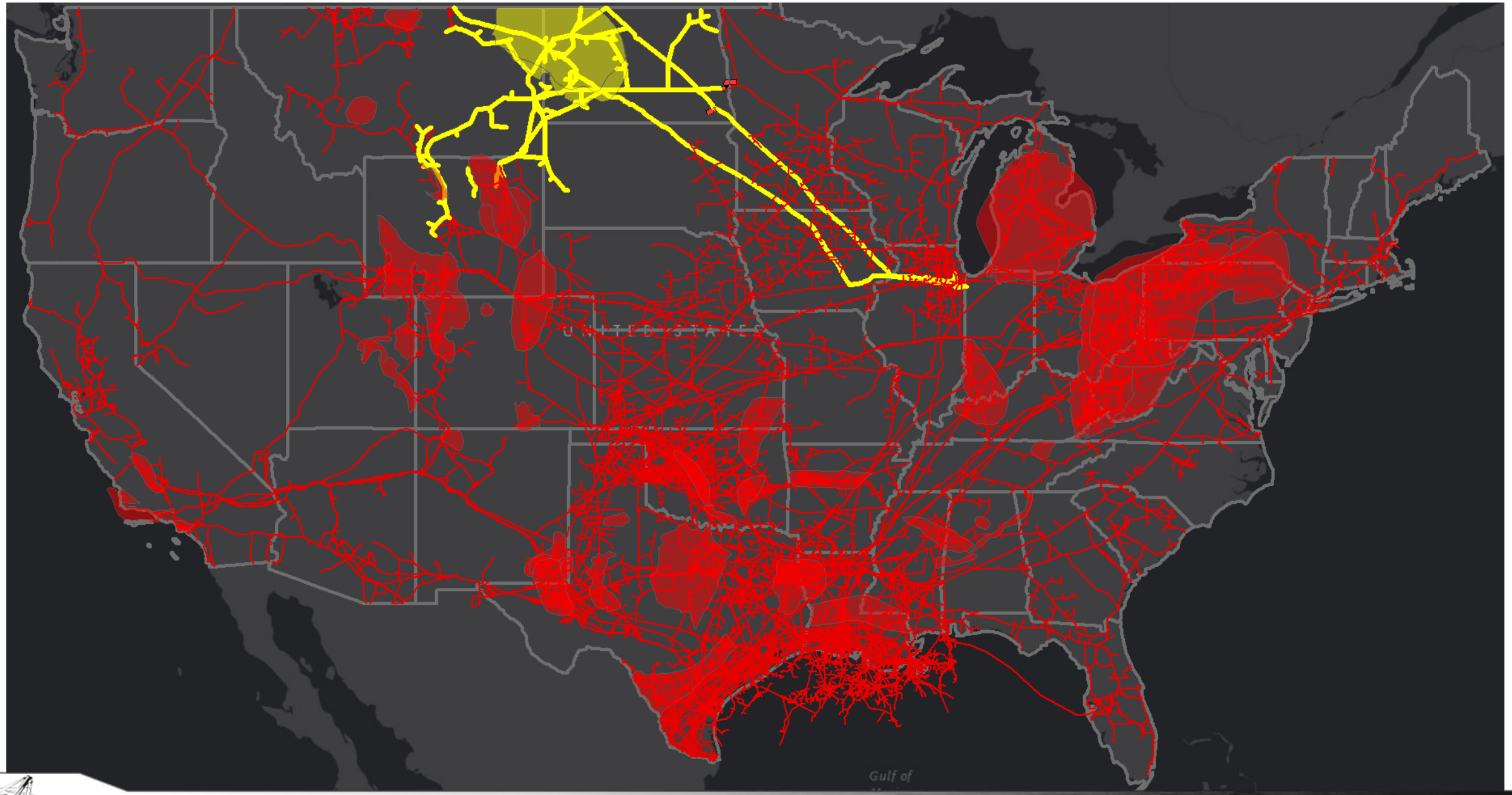
Simplified Profitable Example



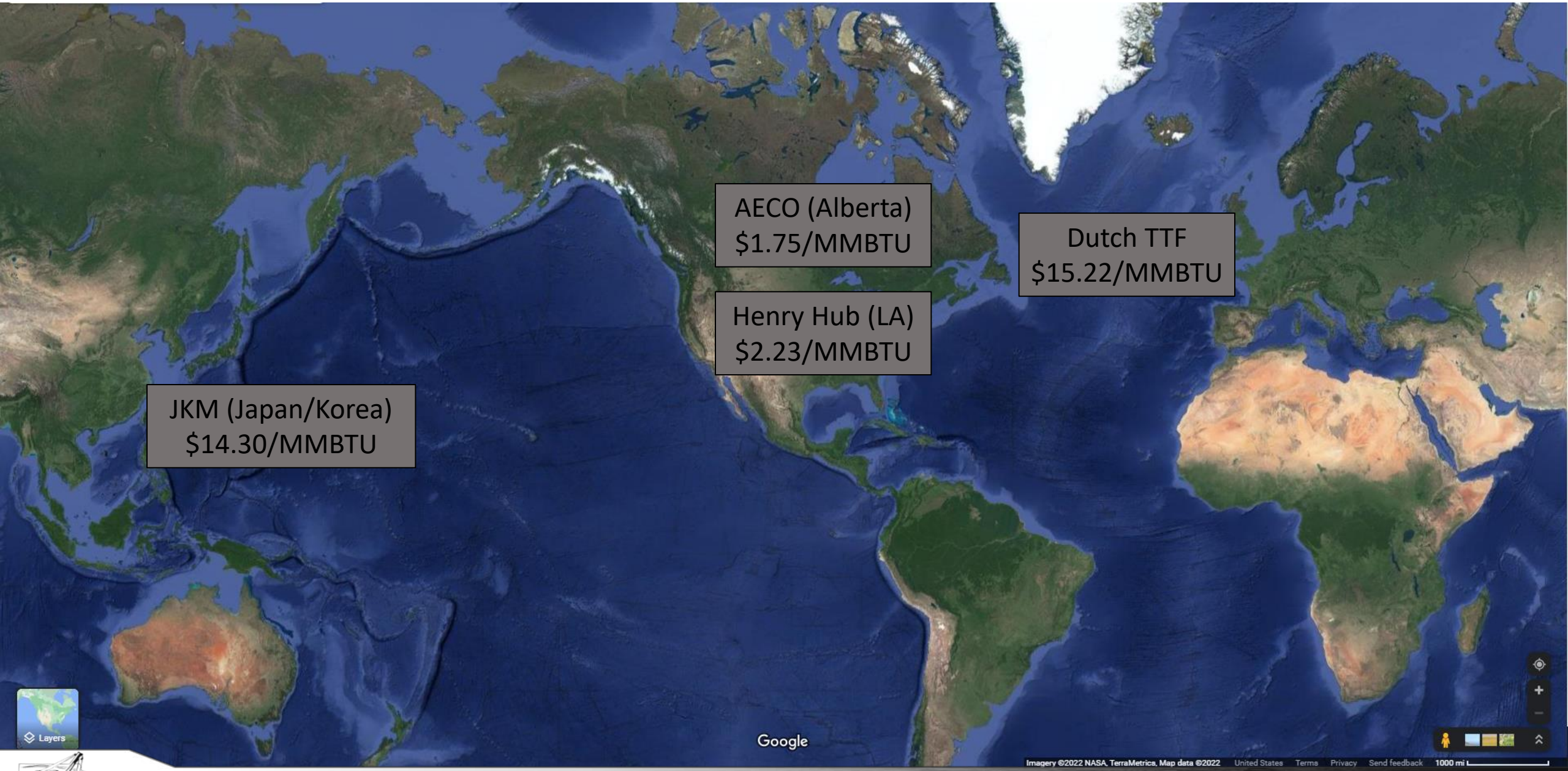
PA Capacity Unused for 3 Years



Bakken Natural Gas Infrastructure



Global Natural Gas Prices



Sources: JKM, TTF, HH: CME 2-22-23 / AECO: Gas Alberta Inc. 2-21-23

Contact Information

Justin J. Kringstad, Director
North Dakota Pipeline Authority

600 E. Boulevard Ave. Dept. 405
Bismarck, ND 58505-0840

Phone: (701)220-6227
Fax: (701)328-2820
E-mail: jjkringstad@ndpipelines.com

811 Know what's below. Call before you dig.

Websites:

www.pipeline.nd.gov

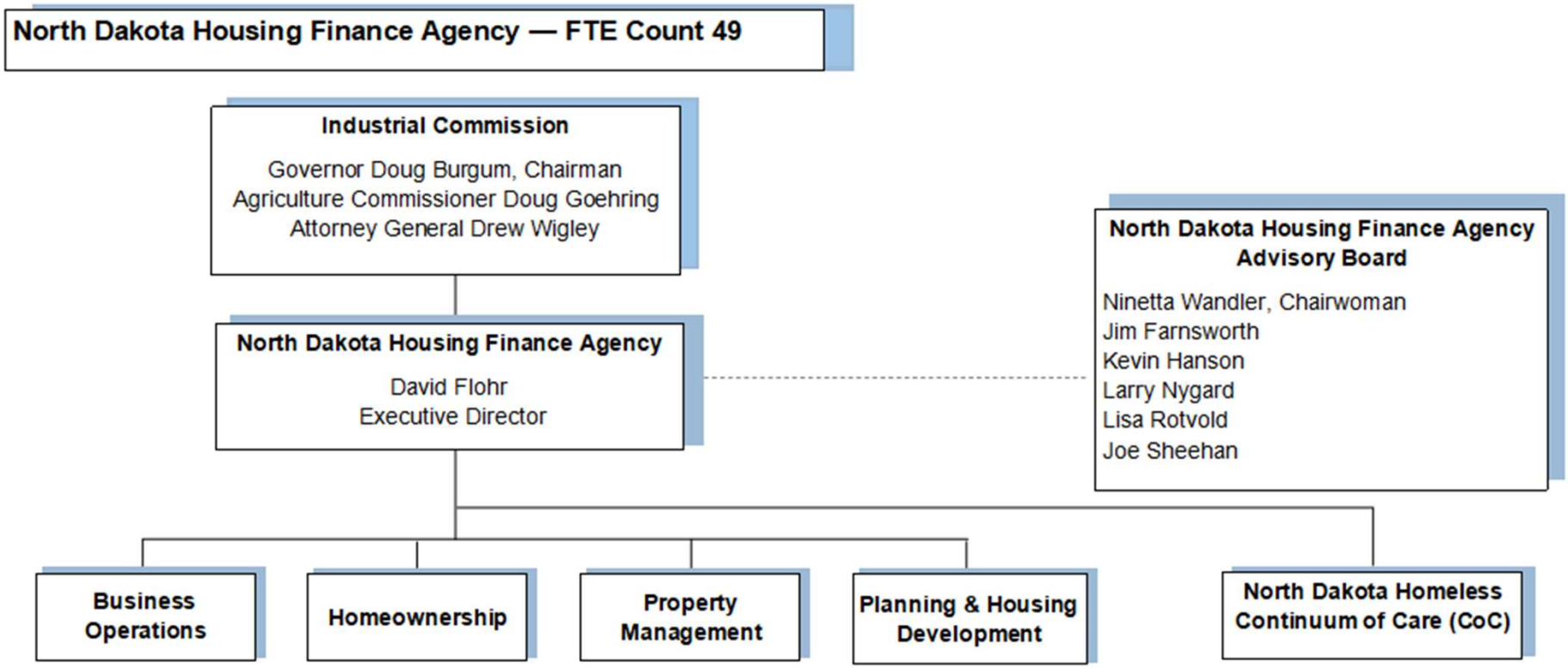
www.northdakotapipelines.com

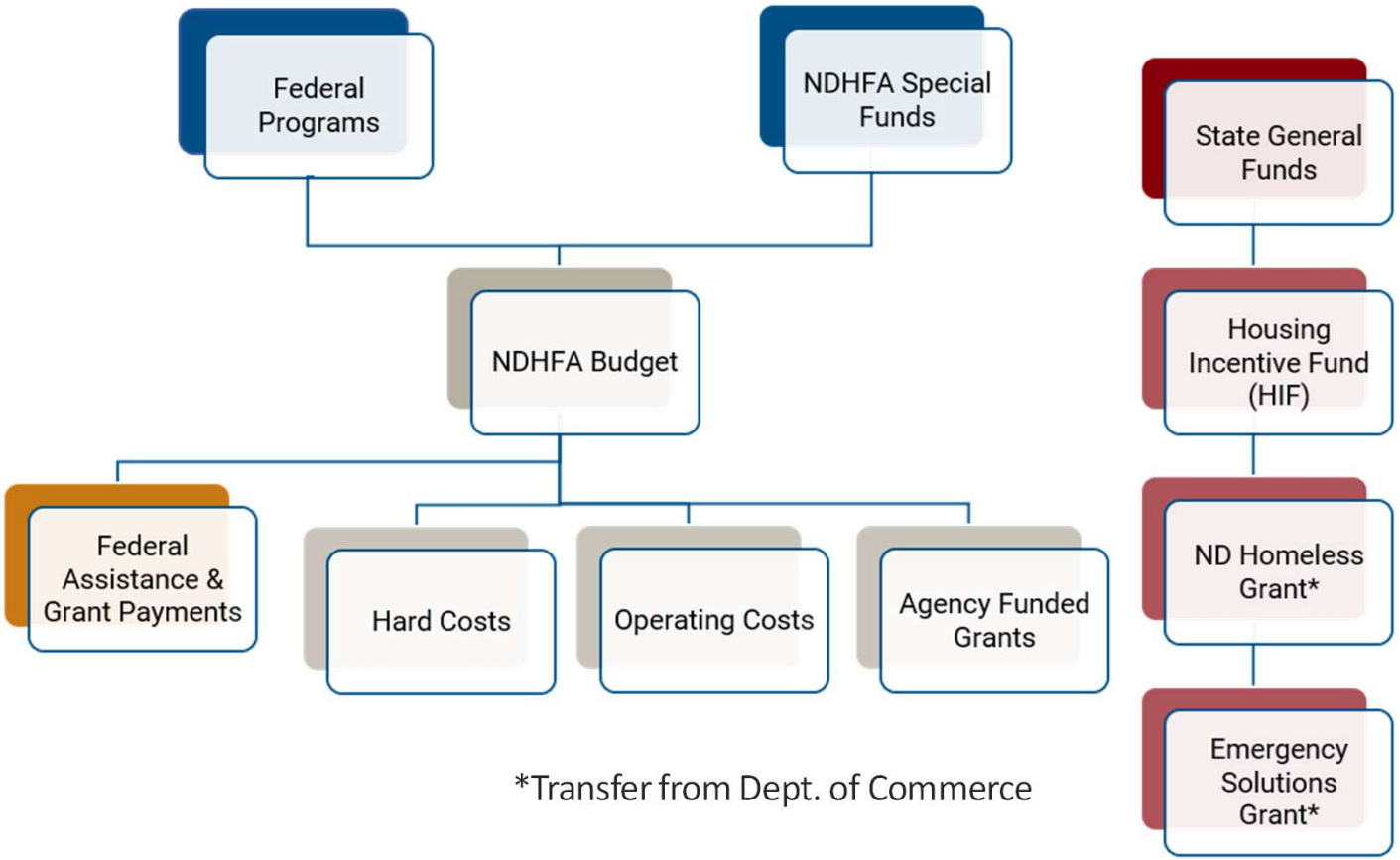
2023 Legislature

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

SENATE APPROPRIATIONS – HB 1014

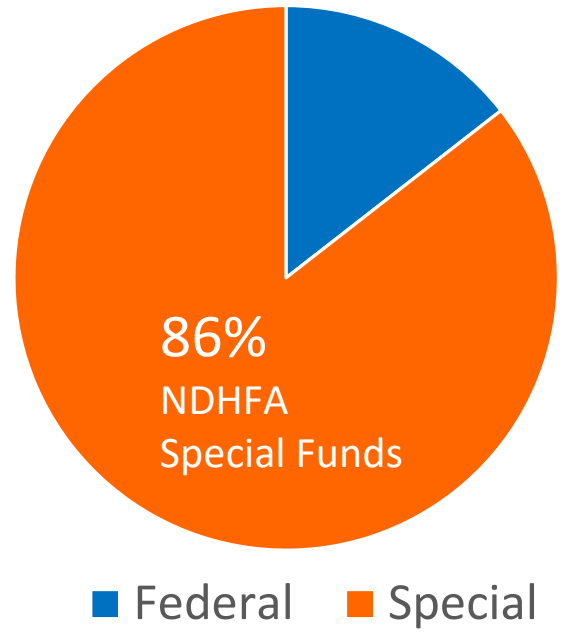
NORTH DAKOTA housing FINANCE AGENCY


North Dakota Housing Finance Agency — FTE Count 49
Industrial Commission
Governor Doug Burgum, Chairman
Agriculture Commissioner Doug Goehring
Attorney General Drew Wigley
North Dakota Housing Finance Agency
David Flohr
Executive Director
North Dakota Housing Finance Agency Advisory Board
Ninetta Wandler, Chairwoman
Jim Farnsworth
Kevin Hanson
Larry Nygard
Lisa Rotvold
Joe Sheehan
Business Operations
Homeownership
Property Management
Planning & Housing Development
North Dakota Homeless Continuum of Care (CoC)



*Transfer from Dept. of Commerce

2023-25 Agency Request
Operating Funding Source



Investment Income

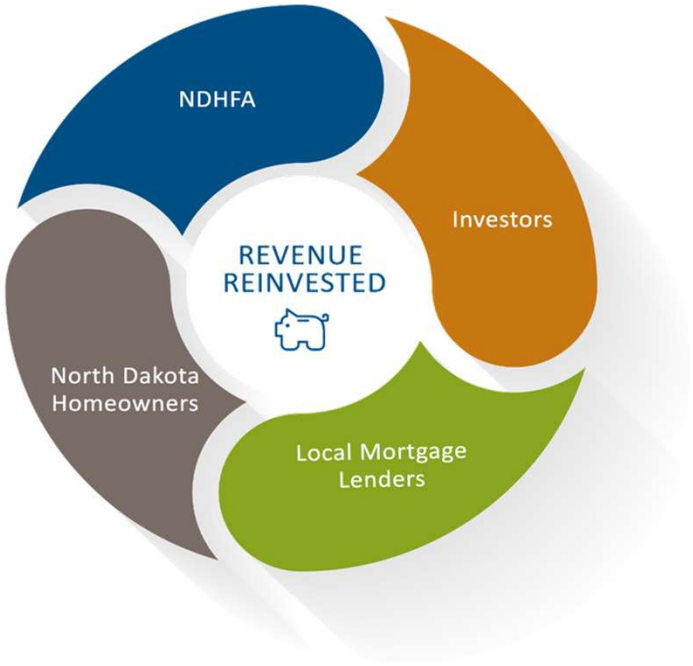
Homeownership Income

- Loan Servicing
- Bond Administration

Development / Compliance

- Application
- Origination
- Compliance

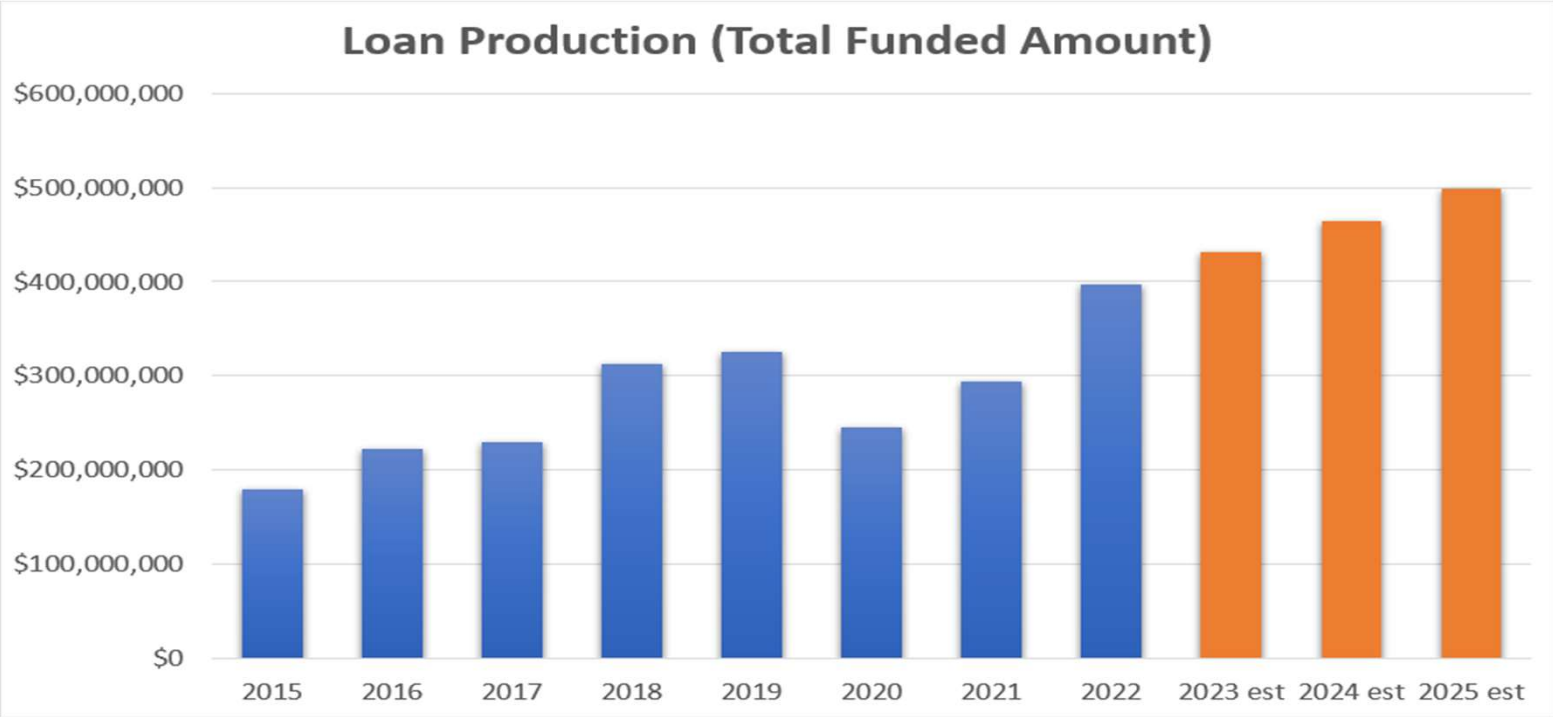
NDHFA Homeownership



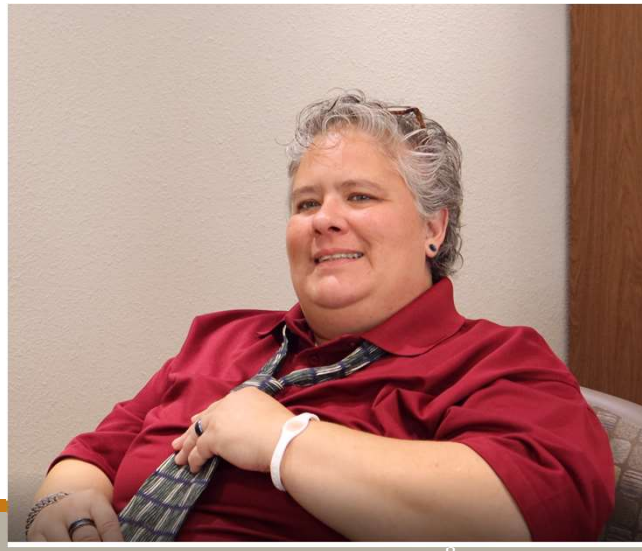
Average Borrower saved $200 on payment

Revenue supports Agency funded programs

Currently $1.8 billion in assets
Over 13,000 loans



Agency Programs

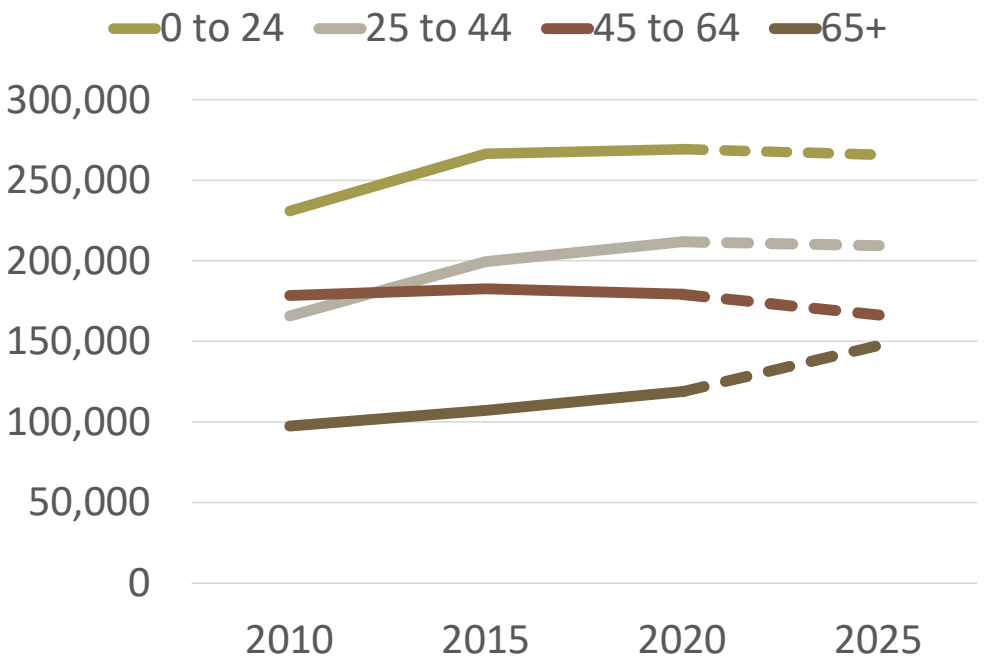


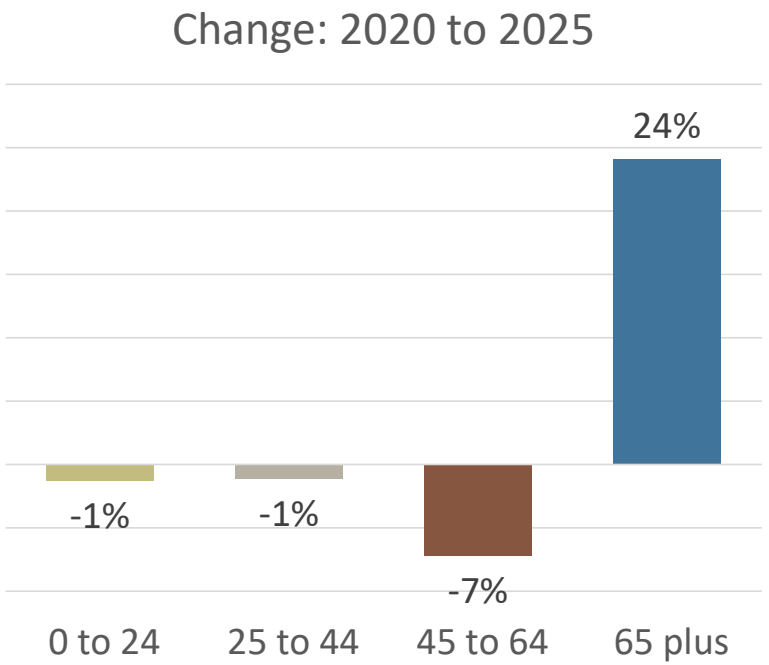
Housing Needs Assessment

- Young population
- Age 65+ growing
- Growth projected in **extremely** low-income to low-income groups
- Age of housing stock

Total state population by age

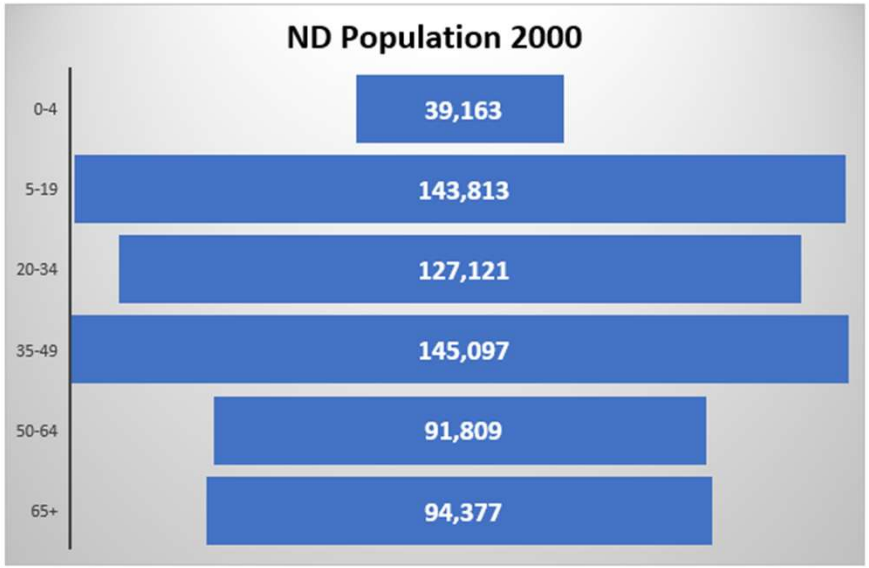
2010-2020, 2025 projection – and Percent Change from 2020 to 2025

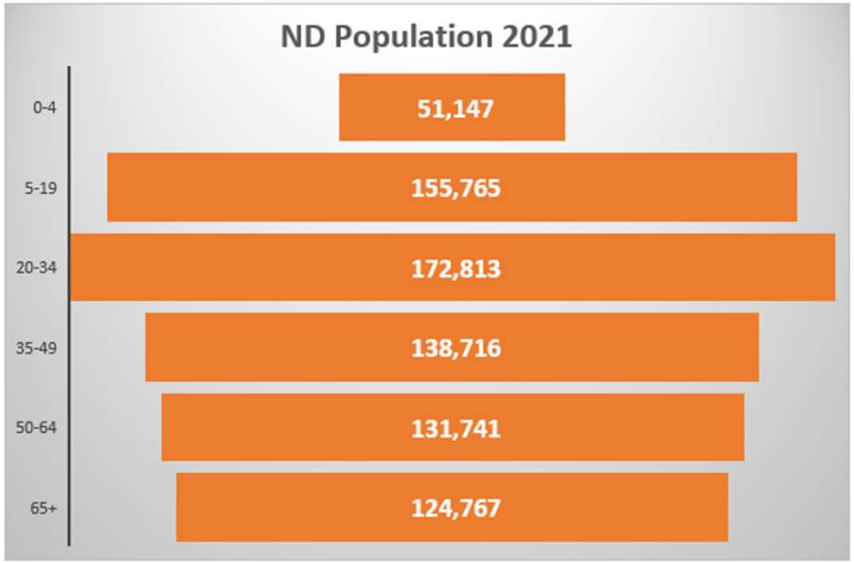




Source: U.S. Census Bureau and the Center for Social Research (2022b)

ND Population





Data Source: www.usafacts.org

Projected Change in Households by Income 2020 to 2025

Household Income Ranges	% Change 2020-2025
Extremely Low (less than) $26,070)	6.4%
Very Low ($26,070 - $43,450)	4.9%
Low ($43,451 - $69,520)	2.4%
Lower Moderate ($69,521 - $99,935)	1.5%
Moderate ($99,936 - $121,660)	0.3%
Upper (greater than $121,661)	-0.1%

Source: U.S. Census Bureau and the Center for Social Research (2022b)

Housing Stock Age

Prior to 1960 = 29%

1960 to 1979 = 27%

1980 to 1999 = 20%

Since 2000 = 24%

Requests

- Agency-Funded Programs
- Program Transfer from Commerce
- FTE request
- Operations and Temporary Salaries
- Housing Incentive Fund

Agency Funded Programs

Housing Reinvestment

North Dakota Homeless Grant

Emergency Solutions Grant

Transfer from Commerce

Fits with NDHFA Programs

No FTE transfer or request

Homeless 2022
5,622 persons

2,021

Student Homelessness

per DPI 21-22 school year

House Approved – ND Homeless Grant and match for federal Emergency Solutions Grant

$2.5 million

FTE History

2017 – two positions cut

2019 – no positions added

2021 – 4 positions added due to program transfers from Commerce and BND. 1 additional added for year 2 of biennium per loan production

Current 49 FTEs – no vacant positions

FTE Request

House approved 4:

- Business Analysts – 2
- Mortgage Specialist – 1 (with trigger based on loan volume)
- Compliance – 1

- Agency Additional Request Compliance – 1

All Paid with NDHFA Special Funds

FTE Request - Compliance – 1 more!

- Complexity of federal regulations and mortgage investment/bond reporting
- 1 FTE allocating **PART** of their time for approximately **$1.8 billion** in assets
- Private sector - internal auditor for every **$400 million** in average daily assets
- Ratio if 2 positions added – **1:$900** million in assets
- Past due – should have been hired a decade ago

Additional Ask above House Approved

FTE Cost - $218,908

Operations - $165,642

- Retirements – 11 eligible now – expect 9 to retire before 2025
- Training required for new employees
- Increase costs for rent, IT, contracts, equipment, etc.

Temporary Salaries - $42,000

Total Cost = $426,550

All paid with NDHFA Special Funds

Housing Incentive Fund

SB 2220 - $50 million

Governor - $25 million

House approved

$12.5 million

Contact Information

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NORTH DAKOTA housing FINANCE AGENCY

NORTH DAKOTA HOUSING FINANCE AGENCY MARCH 1, 2023
DIVISION OF THE STATE INDUSTRIAL COMMISSION
BUDGET NO. 473.0
HB 1014 - TESTIMONY OF DAVID A. FLOHR, EXECUTIVE DIRECTOR
SENATE APPROPRIATIONS

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

2. AGENCY OVERVIEW

North Dakota Housing Finance Agency (NDHFA) is dedicated to making housing affordable for all North Dakotans. The 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. The NDHFA's advisory board is made up of representatives of the real estate, lending, homebuilding, and manufactured housing industries, and the public. **NDHFA does not receive any general fund dollars for operations**.

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. The 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 50,000 homebuyers have utilized NDHFA's homeownership programs since our first bonds were issued in 1982. The NDHFA's current assets exceed $1.787 billion with $1.564 billion in liabilities.

NDHFA's multifamily development programs, the federal Low Income Housing Tax Credit, National Housing Trust Fund, HOME Investment Partnerships Program (HOME) and North Dakota's Housing Incentive Fund (HIF), have supported the development of more than 10,000 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. The 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 2,900 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.

The net revenues NDHFA earns are used to fund single-family rehabilitation and construction programs, housing development loans/guarantees, local housing market studies, and offset CoC operating costs.

Since 1982, NDHFA has been a vital component to maintaining access and continuity across North Dakota's housing markets.

In 2022, in conjunction with the NDSU's Center for Social Research, NDHFA conducted a 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:

- Increased spending authority for NDHFA-funded programs.
- Additional FTEs to meet investor, bond, and regulatory requirements and ensure quality service to citizens.
- Adequate compensation for existing staff and new hires.
- The transfer from Commerce to NDHFA of programs for persons who are homeless – North Dakota Homeless Grant and Emergency Solutions Grant.
- Funding for the Housing Incentive Fund.

Homeownership

NDHFA helps North Dakotans achieve successful homeownership with homebuyer education, down payment and closing cost assistance, and affordable mortgage loans. More than 50,000 North Dakota households have achieved their homeownership dreams with the NDHFA's support.

Multifamily Development and Financing

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. The NDHFA's planning and housing development 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.

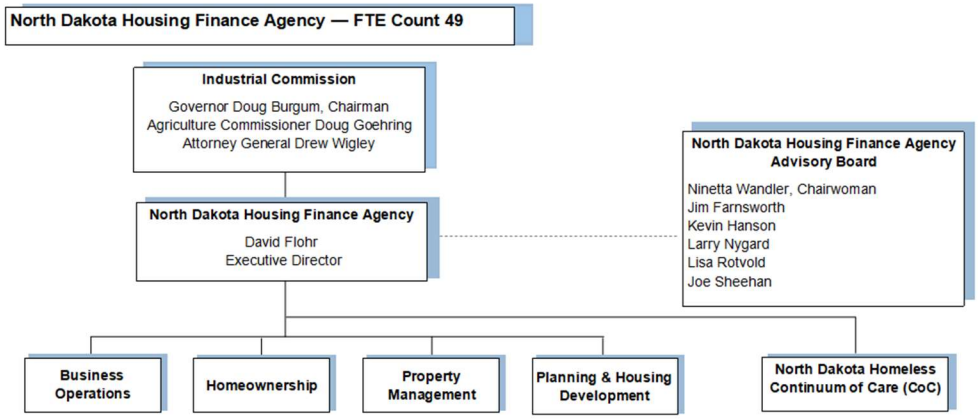
Compliance Monitoring

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.

ND Homeless Continuum of Care

The North Dakota's Homeless Continuum of Care (CoC) is the unincorporated organization created to fulfill the responsibilities of the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act. 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. The CoC's organizational structure is multi-tiered to ensure the opportunity for broad input throughout the state and across stakeholders, while designating staff and leadership to carry out the specific goals and responsibilities of the CoC. (Adapted from the HUD Continuum of Care 101)

North Dakota has one Continuum of Care with NDHFA acting as its Collaborative Applicant. 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.



3. FINANCIAL AUDIT FINDINGS

There were no findings in the NDHFA's audit of financial statements for the years ended June 30, 2021, and 2022.

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

MAJOR ACCOMPLISHMENTS

- Homeownership portfolio continues to grow.
- Multifamily development took over HOME program administration from Commerce, funding rounds oversubscribed.
- ND Homeless CoC awarded a Youth Homeless Demonstration Grant from HUD.
- Multifamily development is administering HOME-American Rescue Plan.
- Housing Needs Assessment completed.
- Homeownership assumed servicing of Bank of North Dakota's residential loan portfolio.
- Homeownership expanded its North Dakota Roots program after the transfer of residential lending authority from Bank of North Dakota. This resulted in a record number of Roots loans in 2022.

NEXT BIENNIUM GOALS AND PLANS

Findings in the 2022 Statewide Housing Needs Assessment 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.

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

- Homeownership and multifamily 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 compensated staff to continue our mission. Continue succession planning to address upcoming retirements of key finance division personnel. Additional FTEs are needed to properly address transition.

- NDHFA Programs - with an increase in the amount of NDHFA-funded programs by $380,000 from $570,000 to $950,000, NDHFA can enhance its efforts in rehabilitating aging housing stock, providing accessibility improvements, assisting with community planning, and helping individuals to obtain housing. The latter includes supporting 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.
- New Programs - transferring Commerce's Emergency Solutions Grant and North Dakota Homeless Grant programs to NDHFA improves efficiency of program delivery for homeless service providers.
- Housing Incentive Fund (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.
- Put into operation a Loan Guaranty Fund (LGF) that would reduce mortgage costs for future homeowners and produce revenue that can further enhance NDHFA-funded programs.

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

	Base Budget	House Version	Agency Additional Request	Total Agency Request
Salaries & Wages	9,556,272	12,169,742	260,908	12,430,650
Operating	6,109,060	10,738,241	165,642	10,903,883
Capital Assets	150,000	20,000		20,000
Grants	42,975,200	48,805,110		48,805,110
HFA Contingency	100,000	100,000		100,000
Total Appropriation	**58,890,532**	**71,833,093**	**426,550**	**72,259,643**
Federal	44,000,932	48,076,953		48,076,953
Special	14,889,600	21,256,140	426,550	21,682,690
General	-	2,500,000		2,500,000
Total Funding Sources	**58,890,532**	**71,833,093**	**426,550**	**72,259,643**
FTE	**49**	**53**	**1**	**54**

	21-23 Biennium Budget	House Version
Housing Incentive Fund	9,500,000	12,500,000
Total Appropriation	**9,500,000**	**12,500,000**
General	9,500,000	12,500,000
Total Funding Sources	**9,500,000**	**12,500,000**

6. 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. Excess revenues are reinvested into NDHFA-funded programs such as the Rehab Accessibility Program, Helping HAND, local housing market studies, and to cover administration of programs such as the Homeless Continuum of Care.

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

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

(1) SALARIES AND WAGES

	House Version	23-25 Agency Request
21-23 Base Level FTE	49	49
Salaries and Wages		
23-25 Base Level Salaries & Benefits	**9,556,272**	**9,556,272**
OMB Base payroll changes	75,908	75,908
Add:		
Cost to Continue	878,102	878,102
Emergency Solutions Grant - Transfer from Dept of Commerce	84,538	84,538
Temp Salaries		42,000
Loan Production (House 3 FTE)	466,592	466,592
Compliance (House 1 FTE; Agency Request 2 FTE)	218,908	437,816
Pay plan / Health Increase	889,422	889,422
Total Salary and Benefits	**12,169,742**	**12,430,650**
FTE	**53**	**54**
Federal	2,881,290	2,881,290
Special	9,288,452	9,549,360
General	-	-
Total Funding Sources	**12,169,742**	**12,430,650**

The change related to salary and wages is due to our request for additional FTE, cost to continue, and the Governor's compensation package. Included in the cost to continue is the increase of salaries needed to hire new staff, especially in the fiscal services area, where NDHFA competes with private sector financial institutions. Also included in the cost to continue is the reorganization of our financial accounting department to prepare for succession planning of key financial staff.

NDHFA currently has no open FTE positions and is requesting 5 FTEs compared to the House approved 4 FTEs (one position with a production trigger). Without adequate staffing for our Homeownership programs, 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 special funds.

(2) OPERATING EXPENSES

Operating costs increases (**paid exclusively with special funds)** correlates with the increase in mortgage loan servicing. The homebuyer market remains strong across the state and business has increased in the current biennium. Additional operating costs included in the budget are associated with administration of the Emergency Solutions Grant program, if transferred from Commerce.

The $165,642 change in Operating Costs, see Section 5 above, **(all paid with special funds)** is due to increases in rent, data processing increases (i.e., contracts, equipment, etc.), staff training and other inflation affected costs added back from the Governor's request. Staff training cost increase is due to 11 potential retirements in the next biennium.

(3) CAPITAL ASSETS

Decrease due to the one-time purchase of multifamily development software and the cost of replacing copiers.

(4) GRANTS

- Federal grant funding increase includes $1.9 million for HOME-American Rescue Plan and Performance-Based Contract Administration programs, and an additional $1.2 million due to a transfer from Commerce of the Emergency Solutions Grant (ESG). The ESG transfer includes $240,000 from the General Fund needed for program match requirements.
- Special funds base increase of $380,000 for NDHFA-funded grants
- Transfer of North Dakota Homeless Grant from Commerce includes $2,260,000 million from the General Fund approved by the House.

(5) ANY SPECIAL LINE ITEMS

None.

(6) ESTIMATED INCOME – SPECIAL FUNDS

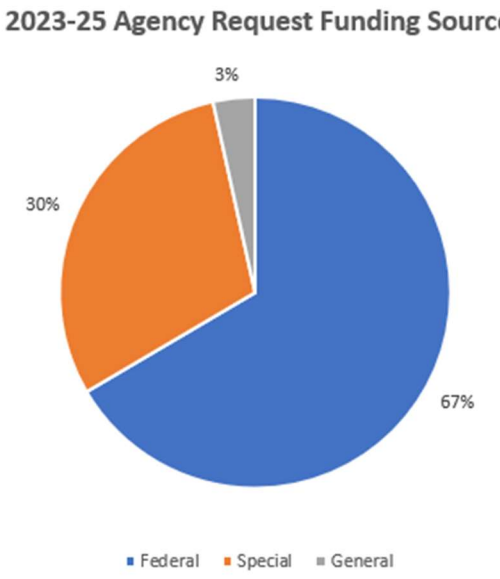
NDHFA generated revenue is derived from mortgage loan production and loan servicing revenue. All revenue streams are allocated to cover operating expenses and fund NDHFA grants.

(7) ESTIMATED INCOME – FEDERAL FUNDS

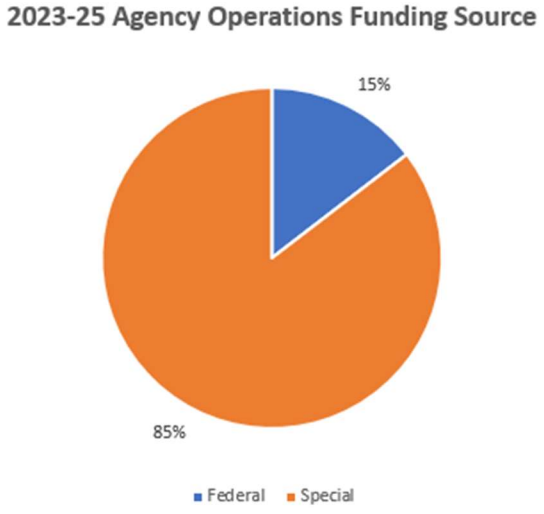
Federal funding increased $1,147,341 due to the proposed Emergency Solutions Grant program transfer from Commerce and increases in rate and utilization of HUD's Performance-Based Contract Administration program.

(8) GENERAL FUND

Increase of $2,500,000 due to the transfer of the North Dakota Homeless Grant program and the matching funds for the Emergency Solutions Grant from Commerce.



	2023-25 Agency Request
Federal	48,076,953
Special	21,682,690
General	2,500,000
Total Funding Sources	**72,259,643**



	2023-25 Agency Request
Salaries & Wages	12,430,650
Operating	10,903,883
Capital Assets	20,000
HFA Contingency	100,000
Total Agency Operatior	**23,454,533**

Federal	3,421,843
Special	20,032,690
General	-
Total Funding Sources	**23,454,533**

(9) FTE

The NDHFA had initially requested 6 new FTEs compared to the Governor's recommendation of

3 FTEs. Circumstances changed after the original submission of the budget and NDHFA is now requesting a total of 5 FTEs. The House approved 4 FTE. The additional FTEs will increase the base budget by $1,232,680 which will be funded exclusively with the NDHFA's special funds.

Compliance Positions – 2 requested, House approved 1 FTE, **NDHFA is requesting the additional requested position be approved by the Senate.**

Reasoning – state and federal regulations, as well as mortgage investment and bond reporting requirements have become more complex.

Compliance officers will conduct internal assessments and compliance testing to provide division and program administration support to ensure an appropriate control environment is implemented and steer the overall technical compliance trajectory of the NDHFA.

The Code of Federal Regulations – National Archives and Records Administration requires the private sector to employ an internal auditor for every $400 million in average daily assets. NDHFA currently has 1 FTE, allocating part of their time for approximately $1.8 billion in assets.

If 2 FTEs are added, each position would be responsible for the compliance of $900 million in average daily assets in addition to overseeing state and federal regulations as well as mortgage investment and bond reporting requirements.

Business Analysts – House approved 2 positions.

Reasoning – succession planning. Need to align business and technical processes to meet citizen demand and industry expectations.

Business Analysts help NDHFA leadership to define technical goals, then oversee development by Information Technology staff. Analyze the flow of data and predict what changes in infrastructure will be necessary as the business grows.

Mortgage Loan Specialists – 1 position (loan servicing) approved by House (trigger based on loan production).

Reasoning – North Dakota's low-income population is forecasted to grow 11% by 2025 driving the need for the NDHFA's below-market mortgage interest rates and down payment and closing cost assistance. As a state with one of the youngest populations, we will have a large segment of our population entering prime homebuying years for the next decade.

The private market standard employee-to-loan (ETL) servicing ratio is 1:850.

NDHFA has 11 FTEs servicing 11,637 loans; ETL ratio is 1:1,057.

1 FTE after loan production trigger is reached, the ETL ratio would be approximately 1:1,008.

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

During the 67th North Dakota Legislative Session, $9.5 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 housing. Eligible recipients include local, state, and tribal governments and housing authorities, community action agencies, regional planning councils and multifamily housing developers. **The entire $9.5 million was awarded in one application round with total requests of $25 million.**

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

A one-time funding amount of $35,000 was used to commission a Statewide Housing Needs Assessment. The assessment identified issues and solutions which can be used to make strategic decisions related to the housing market.

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

The Governor recommended $25 million for the Housing Incentive Fund (HIF) from Legacy Fund earnings. The House approved $12.5 million from the General Fund. In 2021 the entire HIF allocation of $9.5 million was awarded with $25 million in requests. Based on the statewide Housing Needs Assessment conducted by NDSU based on population growth, desirability and location of housing, and population demographics show a demand for up to 9,000 housing units through 2025. The NDHFA recommends that $50 million be approved for HIF to meet the demand and that single family projects be made an eligible activity in addition to multi-family projects.

9. NDHFA COLLECTIONS DEPOSITED IN THE GENERAL FUND OR SPECIAL FUND

GENERAL FUND – no funds are deposited into the General Fund.

SPECIAL FUND – NDHFA generates its own special fund revenue through the administration of NDHFA programs.

FEDERAL FUND - NDHFA receives funding from HUD for rental and multifamily development programs and the Homeless Continuum of Care.

10. NEED FOR OTHER SECTIONS INCLUDED IN THE NDHFA APPROPRIATION BILL

NDHFA requests the approval of Section 4. Appropriation.

> **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 the NDHFA with the flexibility to capitalize on new funding opportunities and continue to meet the state's housing challenges.

11. OTHER BILLS BEING CONSIDERED AND POTENTIAL BUDGETARY IMPACT

HB 1062 – Industrial Commission bill that updates language in N.D.C.C. 54-17-01 related to NDHFA with no budgetary impact. Passed by House.

12. ITEMIZED LIST OF CHANGES NHDFA IS REQUESTING TO THE HOUSE RECOMMENDATION

	House Version	Compliance	Change in Costs	Temp Employee	Total Agency Request
Salaries & Wages	12,169,742	218,908		42,000	12,430,650
Operating	10,738,241		165,642		10,903,883
Capital Assets	20,000				20,000
Grants	48,805,110				48,805,110
HFA Contingency	100,000				100,000
Total Appropriation	**71,833,093**	**218,908**	**165,642**	**42,000**	**72,259,643**
Federal	48,076,953				48,076,953
Special	21,256,140	218,908	165,642	42,000	21,682,690
General	2,500,000				2,500,000
Total Funding Sources	**71,833,093**	**218,908**	**165,642**	**42,000**	**72,259,643**
FTE	**53**	**1**			**54**

- NDHFA requests 5 FTE compared to Governor's 3 FTE to ensure meeting the NDHFA's goals and requirements as outlined previously. The House has approved 4 FTE with one being on a trigger based on loan production.
- NDHFA requests that the loan production trigger for the Mortgage Loan Specialist be clarified to allow the position to be hired on or after July 1, 2024 if the trigger is reached.
- NDHFA asks that the funding for Temporary Employee request be added back to assist with succession of key personnel - $42,000.

- NDHFA requests adding back Change of Operating Costs (all paid with special funds) that are due to increases in staff training, rent, data processing and inflation - $165,642
- NDHFA requests that HIF be increased from the $12.5 million approved by the House to $50 million and include language permitting single family projects as an eligible activity.
- NDHFA requests the North Dakota Homeless Grant appropriation be increased to $5 million based on a request from the North Dakota Coalition for Homeless Persons.

13. PURPOSE AND AMOUNT OF FEDERAL STATE FISCAL RECOVERY FUNDING APPROPRIATED DURING THE 2021 SPECIAL LEGISLATIVE SESSION

No federal funding was received.

14. FEDERAL FUNDING AVAILABLE FOR THE 2023-25 BIENNIUM

NDHFA federal funding request is $48 million. This funding is ongoing for rent subsidy, housing development, housing rehabilitation, homeless services, and program administration.

15. ADDITIONAL INFORMATION

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

NDHFA Budget website, http://www.ndhfa.org/index.php/budget/.

Housing Incentive Fund, https://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)

North Dakota Housing Finance Agency 2020-2025 Strategic Plan, https://www.ndhfa.org/wp-content/uploads/2021/01/StrategicPlan2020-2025.pdf.

Contact Information about this testimony:

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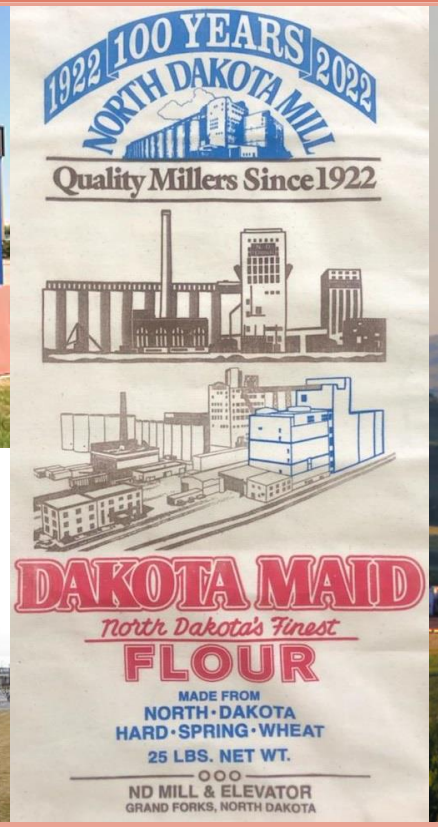
701.328.8060

NORTH DAKOTA INDUSTRIAL COMMISSION OVERVIEW



SENATE APPROPRIATIONS

Reice Haase, Deputy Executive Director

NDCC 54-17: COMMISSION TO MANAGE INDUSTRIES ON BEHALF OF THE STATE

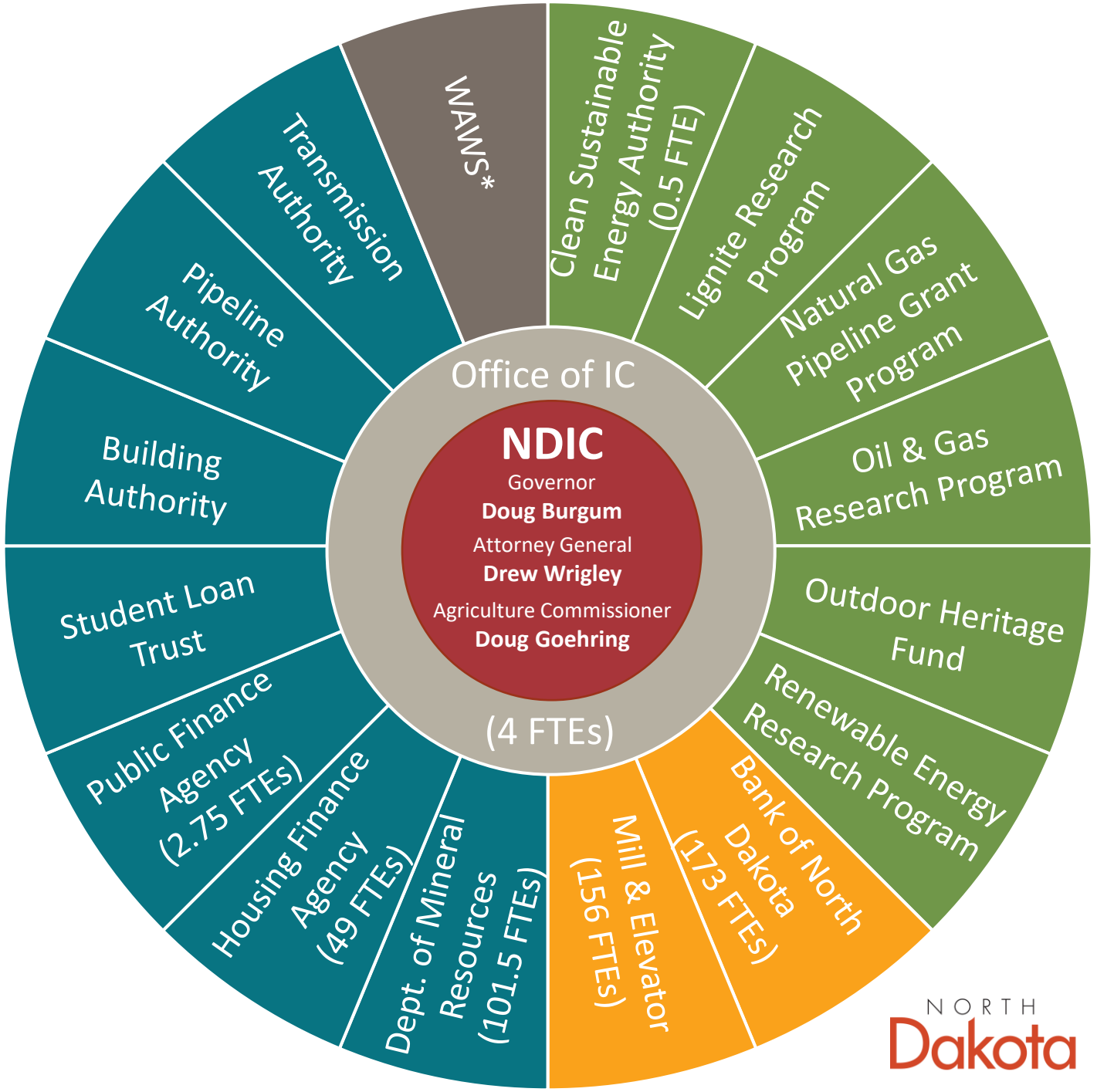
Governor
Doug Burgum

Attorney General
Drew Wrigley

Agriculture Commissioner
Doug Goehring

NORTH Dakota Be Legendary.

Industries, Agencies, and Programs



Legend

- Commission
- Office of IC
- Agency Role
- Grant Program
- State-Owned Enterprise
- Other

*SB 2196 would move WAWS to State Water Commission

NORTH Dakota Be Legendary.

WHY THE COMMISSION'S WORK IS IMPORTANT

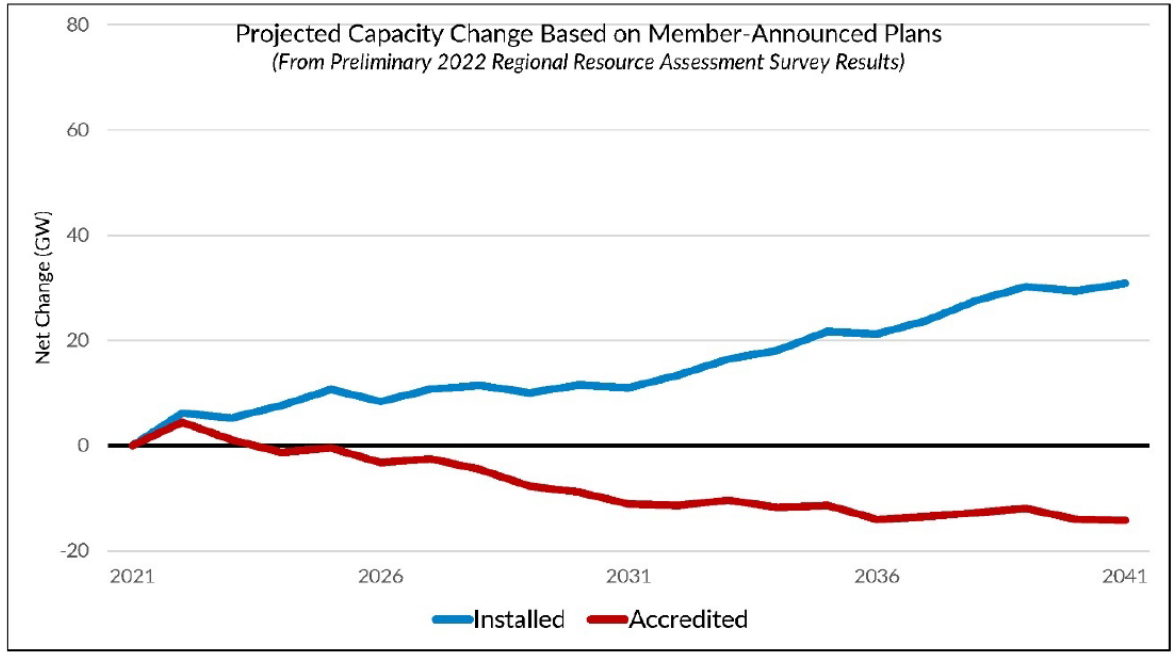
External market shifts challenging North Dakota commodities
(Over $50 trillion in global capital committed to ESG)

Alarming rate of baseload energy retirements (over 100 GW by 2039)

Supporting ND's industries
(which account for over 50% of state revenues)

Leading the nation in innovation

...accredited capacity is declining due to the rapid pace of retirements of controllable resources



*Future projections calculated as change from Future 1 2022 load assumption
Estimated accredited capacity: 16.6% for wind; 35% for solar, 87.5% for battery, 90% for coal, 90% for gas, and 95% for nuclear

4

MISO

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OFFICE OF THE INDUSTRIAL COMMISSION (NDCC 54-17-03)

Coordinate and implement the Commission's oversight of its diverse agencies and programs

4 Full-time Employees
1 Part-time Employee
5 Contract Employees

Facilitate over 30 public meetings per year

Over 102 unique grant recipients

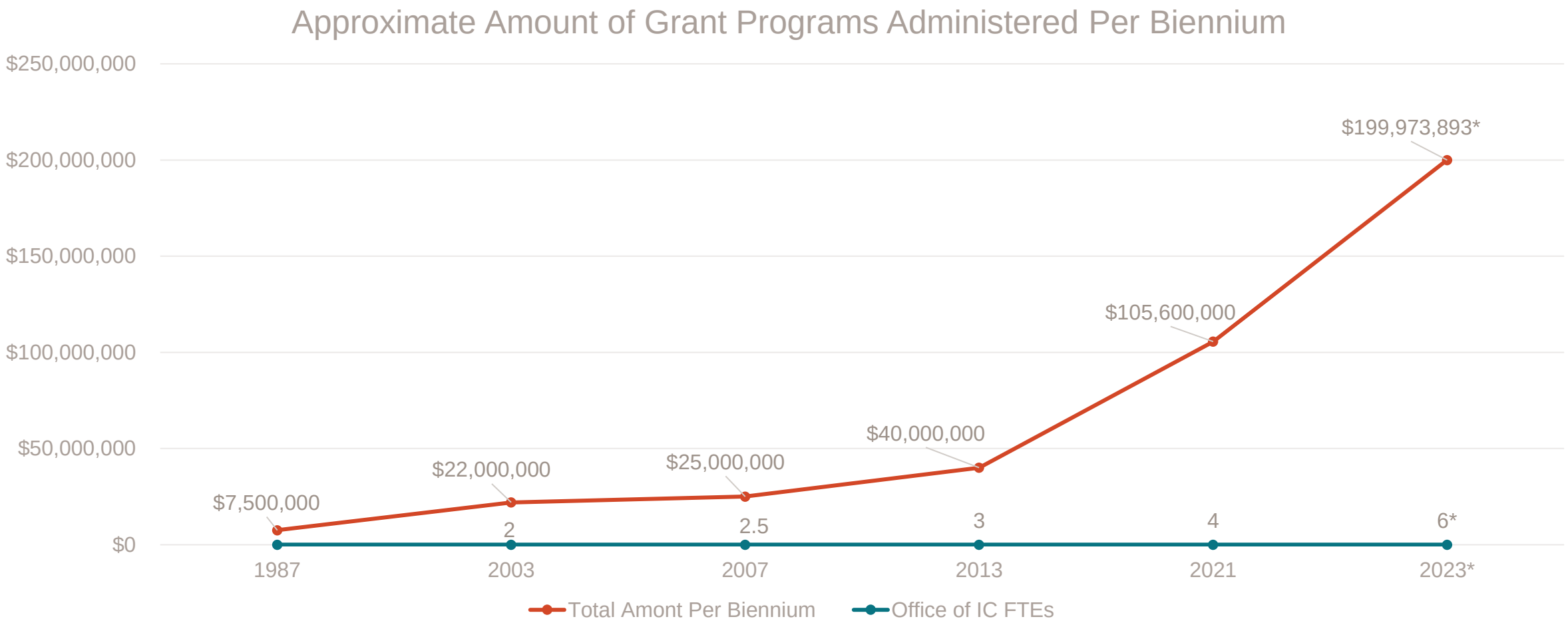
Resource for state agencies

Process over 630 grant expense reports per year

$255 million in grant programs

Point of contact for constituents

REINVESTING INDUSTRY TAX DOLLARS INTO GRANT PROGRAMS



*2023 anticipated appropriations from 68th Legislative Assembly

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LIGNITE RESEARCH PROGRAM (NDCC 54-17.5)

To preserve and enhance development of North Dakota's lignite resources

Funding Source:
10¢/ton coal severance tax
$10 million oil production and extraction taxes

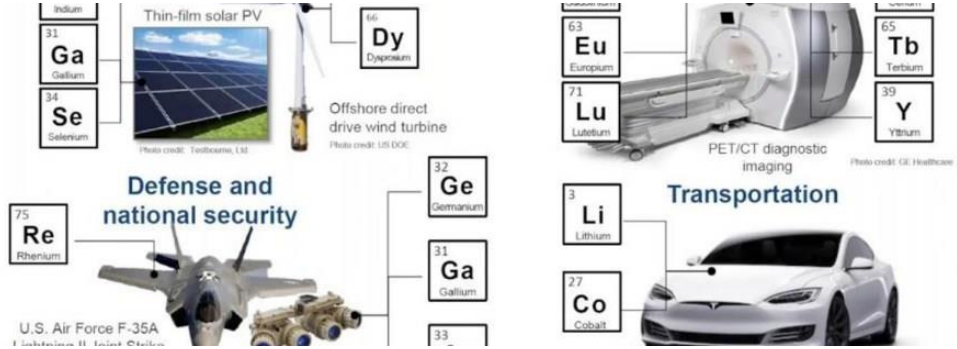
Total Value:

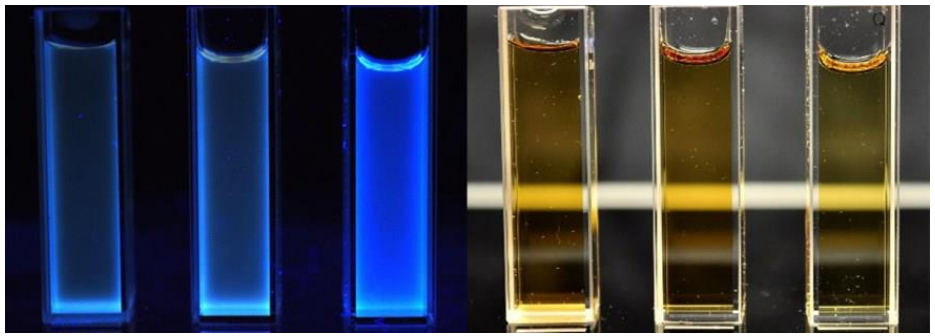
$123.4 Million Granted

$2.3 Billion Value

Total Projects:

250





Photos: EERC

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LIGNITE RESEARCH PROGRAM CURRENT STATUS*

Cash Balance:

$29,914,405.98

Active Projects:

29

Outstanding Commitments:

$24,130,781.97

Uncommitted Cash Available:

$5,783,624.01

Next Grant Round: April 2023

*as of November 2022

NORTH Dakota Be Legendary.

OIL AND GAS RESEARCH PROGRAM (NDCC 54-17.6)

To promote the growth of the oil and gas industry through research and education

Funding Source:

$14.5 million oil production and extraction taxes

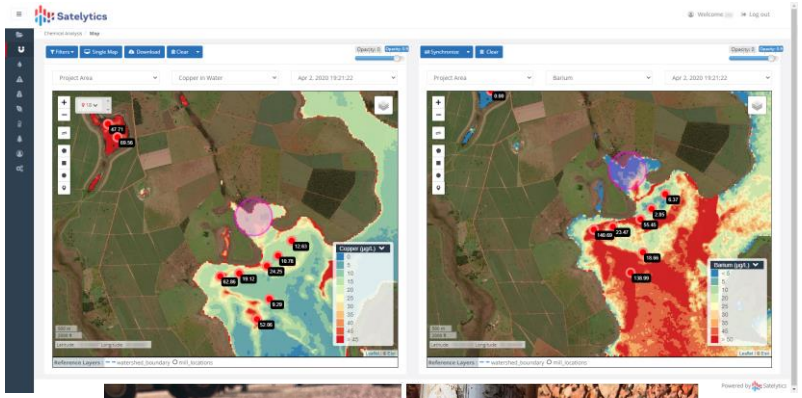
Total Value:

$77.5 Million Granted

$491 Million Value

Total Projects:

116



Photos: EERC

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OIL AND GAS RESEARCH PROGRAM CURRENT STATUS*

Cash Balance:

$32,714,048.16

Active Projects:

22

Outstanding Commitments:

$29,881,692.66

Uncommitted Cash Available:

$2,832,355.50

Next Grant Round: June 2023

*as of December 2022

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OUTDOOR HERITAGE FUND (NDCC 54-17.8)

To enhance conservation practices and access to North Dakota's outdoors

Funding Source:

$15 million oil production taxes

Total Value:

$76 Million Granted

$196.3 Million Value

Total Projects:

213

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OUTDOOR HERITAGE FUND CURRENT STATUS*

Cash Balance:

$42,082,276.36

Active Projects:

79

Outstanding Commitments:

$40,432,392.05

Uncommitted Cash Available:

$1,649,884.31

Next Grant Round: May 2023

*as of October 2022

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RENEWABLE ENERGY PROGRAM (NDCC 54-63)

To foster development of renewable energy and biofuels

Funding Source:

$3 million oil extraction taxes

Total Value:

$23.1 Million Granted

$154 Million Value

Total Projects:

68

Photos: MHA Nation and UND

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RENEWABLE ENERGY FUND CURRENT STATUS*

Cash Balance:

$6,545,448.89

Active Projects:

18

Outstanding Commitments:

$5,426,302.44

Uncommitted Cash Available:

$1,119,146.45

Next Grant Round: May 2023

*as of December 2022

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CLEAN SUSTAINABLE ENERGY AUTHORITY (NDCC 54-63.1)

To support the commercialization and development of low-emissions technologies

Funding Source:
$25 million general fund
$20 million ARPA
$250 million BND line-of-credit

Total Value:

$44.2 Million Granted

$4.7 Billion Value

Total Projects:

11

Photos: Rainbow Energy and Newlight Technologies

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CLEAN SUSTAINABLE ENERGY FUND CURRENT STATUS*

Active Projects:

11

Cash Balance:

$39,341,880.10

Uncommitted Cash Available:

$670,630.52

Outstanding Commitments:

$38,671,249.58

Committed Loan Balance:

$250,000,000

No Additional Grant Rounds Planned for 2021-2023 Biennium

*as of October 2022

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CLEAN SUSTAINABLE ENERGY AUTHORITY PROJECTS

CSEA-Approved Projects:

APPLICATION	APPLICANT	GRANT AWARD	LOAN AWARD
1. Production of Blue Hydrogen-Dakota H2 Hub	BakkenEnergy LLC	$10 Million	$80 Million
2. Converting Gas to Value-Added Projects-Cerilon GTL	Cerilon GTL ND Inc.	$7 Million	$40 Million
3. Unlocking the Full Potential of Produced Water as a Key Component of Clean Sustainable Energy	Wellspring Hydro	$1 Million	
4. Commercial Deployment of Carbon Dioxide Capture & Geological Sequestration in McLean County	Midwest AgEnergy Group and Carbon America Developments, LLC	$3 Million	$15 Million
5. Front-End Engineering and Design for CO2 Capture at Coal Creek Station	Energy & Environmental Research Center	$7 Million	
6. Solving North Dakota Flaring: Mobile Flare Gas Capture & Fueling Platform Expansion	Valence Natural Gas Solutions		$15 Million
7. Internal Combustion Engine Carbon Capture and Sequestration	Enerplus Resources (USA) Corporation	$1 Million	
8. Project Tundra	Minnkota Power Cooperative		$100 Million
9. Liberty H2 Hub Front-End Engineering and Design	Energy & Environmental Research Center	$10 Million	
10.Project Phoenix: Manufacturing bio-degradable polymers using methane as feedstock	Newlight Technologies, Inc.	$4.185,625 Million	
11.Geothermal Power Generation for Oil & Gas Production	Enerplus Corporation (USA) Corporation	$1.098,500 Million	
TOTAL		**$44.2 MILLION**	**$250 MILLION**

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NORTH DAKOTA TRANSMISSION AUTHORITY OVERVIEW

SENATE APPROPRIATIONS COMMITTEE

March 1, 2023

INDUSTRIAL COMMISSION ACTING IN ITS CAPACITY AS THE TRANSMISSION AUTHORITY (NDCC 17-05-02)

John Weeda
Executive Director
john.weeda@ndtransmissionauthority.com

Claire Vigesaa
Deputy Director
claire.vigesaa@ndtransmissionauthority.com

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PURPOSE OF NORTH DAKOTA TRANSMISSION AUTHORITY (NDCC 17-05)

To facilitate the development of transmission facilities that support North Dakota energy

- **Make grants or loans to facilitate transmission**
- **Ownership of transmission facilities for public purpose**
- **Issuing bonds for loans**
- **Construction or maintenance of transmission facilities**
- **Expertise for government entities and the public**

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TRANSMISSION AUTHORITY ACTIVITIES SUPPORTING NORTH DAKOTA ENERGY

- Producing annual reports and electric needs assessments
- Participating in regional grid operations
- Consulting for North Dakota developers
- Supporting build-out or acquisition of needed transmission

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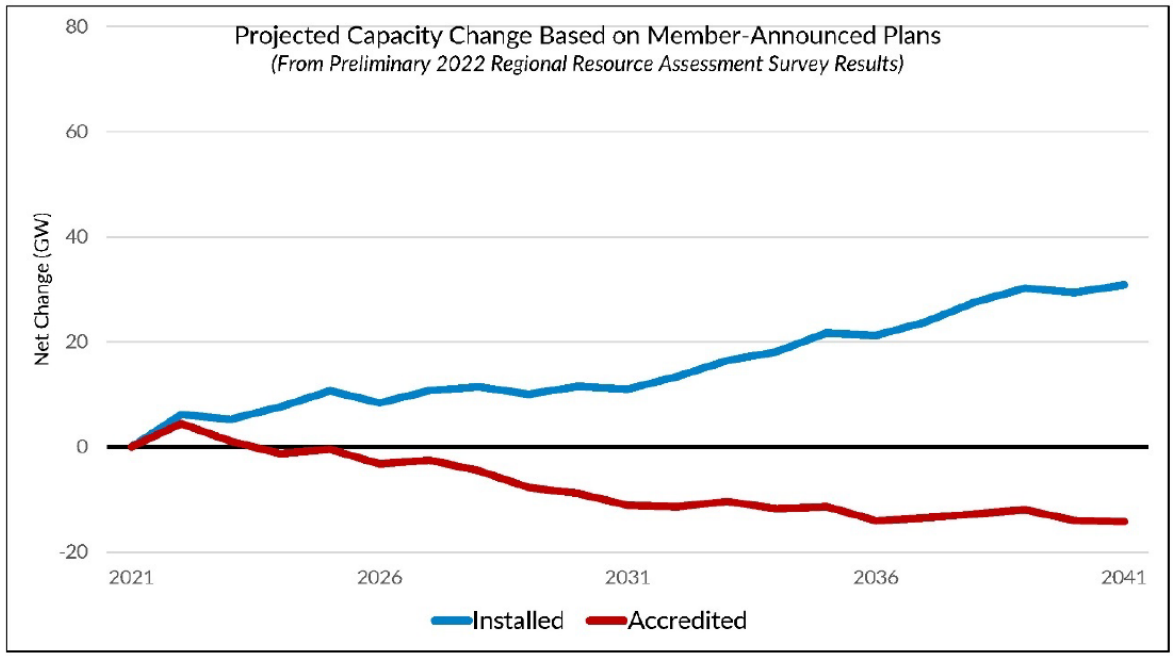
GROWING NEED AND VALUE OF TRANSMISSION AUTHORITY

- **Increased congestion limiting North Dakota energy growth**
- **Alarming rate of baseload retirements (over 100 GW by 2039)**
- **Shifting markets and demand**
- **Advocating North Dakota's "All of the Above" policy**

...accredited capacity is declining due to the rapid pace of retirements of controllable resources



*Future projections calculated as change from Future 1 2022 load assumption

Estimated accredited capacity: 16.6% for wind; 35% for solar, 87.5% for battery, 90% for coal, 90% for gas, and 95% for nuclear

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INVESTING IN NORTH DAKOTA'S TRANSMISSION AUTHORITY

$400,000 proposed for 2023-2025 biennium

Leveraging Lignite Research Funding for strategic studies

Facilitating broader collaboration

Unlocking over $1 Billion investments in grid security

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INFRASTRUCTURE INVESTMENT AND JOBS ACT (IIJA) GRID RESILIENCE GRANT PROGRAM

Formula change announced by Department of Energy (DOE) January 5th, 2023:

- 2023-2024 Federal Grant: $3,760,129
- 2024-2025 Federal Grant: $3,738,908
- Total Federal Grant Available: $7,499,037

- State match required: $1,124,856
- **Total one-time funding needed: $8,623,893**

(decrease from $8,892,485 initial request in Governor's budget)

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America's Only Bank - Owned by a State
Serving North Dakota for 104 years

Senate Appropriations Committee
March 1, 2023

Investing in North Dakota

"As America's only Bank owned by a State, BND, in partnership with local financial institutions, currently has over $5.4 billion of state revenues loaned to support Farmers, Ranchers, Students, and Businesses in North Dakota."

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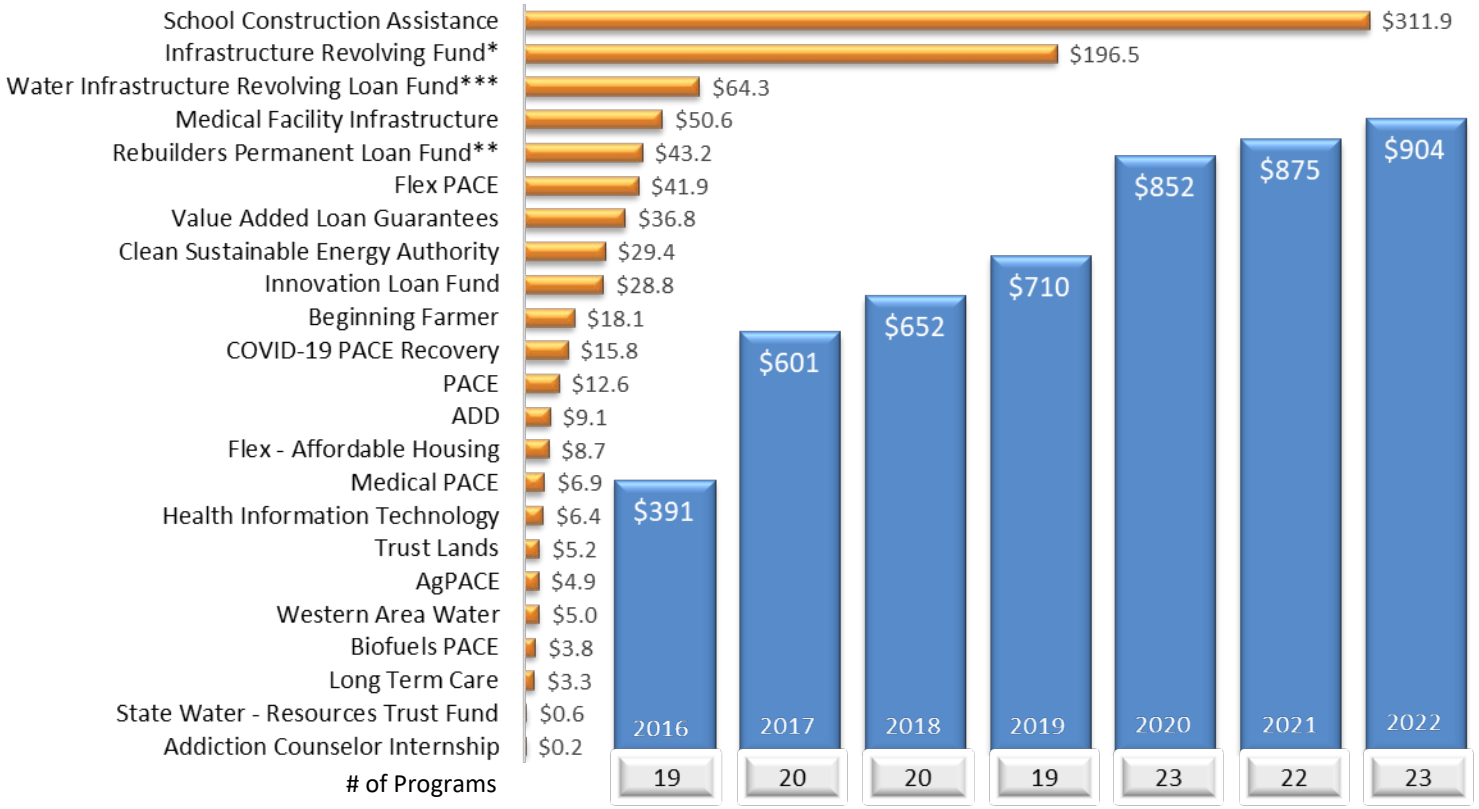
Legislatively Directed Loan Programs

BND administers 23 programs and $904 million in assets for the Legislature

$ in millions



- BND administers $904 million in net assets for legislatively directed loan programs. These programs serve a wide range of purposes, including school construction, water projects, general and medical infrastructure, and disaster recovery.
- *Infrastructure Revolving Fund includes $52 million to be transferred from BND's capital.
- ** HB 1187 created The Rebuilders Permanent Loan Fund (RPLF) during the 67th Legislative Session. This permanent revolving loan fund was established by transferring $50 million in loans and cash from the Small Employer Loan Fund (SELF) created by BND during the Covid 19 pandemic to the RPLF.
- ***The Water Infrastructure Revolving Loan Fund was created by HB 1431. The Fund combined previously reported Community Water and State Water – Revolving Loan Fund.

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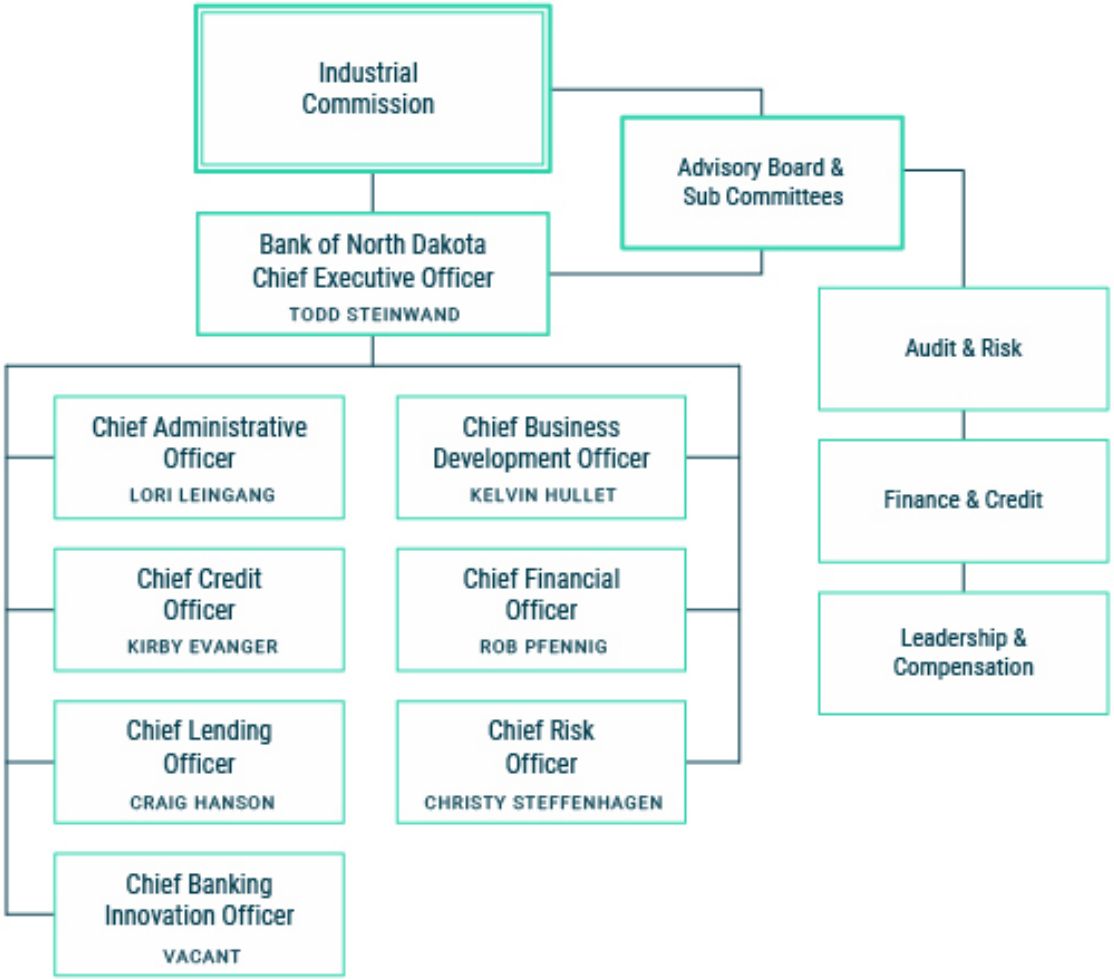
BND Organizational Structure

ND Century Code 6-09



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Key Accomplishments

- Bank assets have grown from $7.0 billion in 2018 to $10.2 billion in 2022, a 46% increase while the total number of approved FTE's declined by 4.4%.
- In 2022, BND originated and renewed over $2.8 billion in loans.
- Assets in the legislative directed programs have grown 131% since 2016 from $391 million to $904 million in 2022.
- Our Treasury Department settled 3,400 customer trades for a total number of bond holdings for customers of 14,500. This is a 9% increase from the beginning of the year, and a 44% increase since 2020. When combined with BND's own portfolio, over $15 billion worth of bonds are held at BND, which far exceeds previous highs.
- Under Legislative direction, BND implemented new administered loan programs for Clean Sustainable Energy Authority, Agriculture Diversification and Development Fund, established a Permanent Rebuilders Loan Fund and as well as merged the BND-Water Infrastructure Loan Fund into the State Water Commission's Water Infrastructure Loan Fund.
- BND played an integral role in the financing structure of the sale of Coal Creek station through our lending department. The use of the Match program, and access to funding from the Legacy Fund provided in HB 1425 was essential to the transaction's success.
- BND continues to administer the various revolving loan funds and disbursed loans for LIFT in coordination with the Department of Commerce.
- No findings on the Bank's 2022 FASB audit.

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HB 1014 – Bank of North Dakota

BND is a special fund agency. All expenses, including employee salaries are funded by revenues generated by the Bank.

	Biennium Budget 21-23	HB 1014 Biennium Budget 23-25	Change	% Change
Operations	$67,306,546	$74,727,686	$7,421,138	11.0%
Capital Assets	$1,510,000	$1,510,000	-	-
Total	$68,816,548	$76,237,686	$7,421,138	10.7%
FTEs	173	187	14	8.0%

$ in 000s	Biennium 19-21	Projected Biennium 21-23
Revenue	$458,142	$537,099
% Change		17.2%

- Bank revenue has grown by 17.2% to $537 million over the 19-21 biennium
- $3,556,866 for 14 additional FTE's – BND only adds FTEs as needed
  - 6 - Lending
  - 2 - Credit Administration
  - 1 - Staff Accountant
  - 5 - Collateral Valuation
- $1,896,264 - 4%/4% 23-25 salary increases
- $883,084 - health insurance increase
- $804,278 - one time IT related enhancements (operations)
- $280,646 - continuation of the 21-23 legislative salary increases

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9 FTEs - BND Growth - 2022 Statistics

Bank Overview

- Bank assets have grown from $7.0 billion in 2018 to $10.2 billion in 2022, a 46% increase.
- Total approved FTEs declined by 4.4%.
- BND initiated loans with 70 different lead banks (parent) and 207 different branches.
- In 2022, BND originated and renewed over $2.8 billion in total loans.
- Combined loan portfolio is now $5.4 billion
- BND structured investments for the $2.0 billion in federal funds received

Commercial and Agriculture Lending

- 1,510 applications received. Dispositioned 1,364 loans / modifications.
- BND Total Commercial and Agriculture Loans: $3.5 billion
- BND Renewal Total: $1.3 billion
- BND New Origination Total: $2.2 billion
- 162,004 Loan Payments totaling: $2.4 billion
- 20,286 Loan Advances totaling: $2.9 billion
- 32,665 Loan Student Loan Payments/Coupons totaling: $20.4 million

Treasury and Trust Services

- 14,500 Customers for which BND holds bonds
- Settled 3,400 customer trades
- When combined with BNDs bond portfolio: $15.0 billion in bonds held at BND, a 9% increase from beginning and year and 44% increase since 2020

Operations Division

- ACH Originations: $15.8 billion ($3.7 million originated)
- ACH Received: $9.1 billion (1,599,557 entries)
- Wire Incoming: $33.1 billion (19,310 entries)
- Wire Outgoing: $39.4 billion (23,172 originated)
- Images: $59.4 billion (19,598,444)

Student Loans

- 78,429 students, borrowers, and families served across all programs
- Total Student Loan portfolio $1.1 billion
- 10,486 student loans initiated in 2022
- 26,147 phone calls; 12,808 emails; 500 chats; 203,935 visitors to websites for information
- 14,112 brochures and other materials distributed via various access and success touchpoints
- 67 Financial Literacy events with 2,213 students in attendance
- 151 College Application Month (CAM) events

Legislatively Directed Programs

- Legislative directed programs have grown 131% since 2016 from $391 million to $904 million
- In 2022, BND provided 74 Legislatively directed loans totaling $97.5 million
- BND implemented new administered loan programs for Clean Sustainable Energy Authority, Agriculture Diversification and Development Fund, established a Permanent Rebuilders Loan Fund and merged the BND-Water Infrastructure Loan Fund into the State Water Commission's Water Infrastructure Loan Fund.

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5 FTEs - Commercial Real Estate Evaluations

- 5 FTEs are projected to be required to meet demand. BND will hire additional staff only as warranted
- BND's collateral valuation services are paid for by ND financial institutions and will result in a net profit to BND
- A comprehensive feasibility study was completed utilizing various ranges of survey results of expected demand. Commercial evaluation services are the most significant valuation need for financial institutions across North Dakota
- Banks and credit unions, especially smaller ones, often lack the staffing, independence, expertise, and access to market data to complete real estate evaluations

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FTEs by Position

# of FTE's	Job Title		Biennium Salary
1	Credit Underwriter IV		$ 253,976
1	Agricultural Valuation Supervisor		$ 290,214
1	Credit Underwriter III		$ 222,652
1	Commercial Valuation Supervisor		$ 290,214
1	Collateral Valuation III		$ 217,735
1	Collateral Valuation Analyst IV		$ 253,976
1	Collateral Valuation IV		$ 253,976
1	Loan Operations Supervisor		$ 222,652
1	Loan Servicing Supervisor		$ 188,381
1	Business Banking Associate I		$ 139,104
1	Loan Servicing Associate II		$ 139,104
1	Loan Servicing Associate III		$ 159,414
1	Business Banking Associate II		$ 257,933
1	Staff Accountant III		$ 217,351
14			

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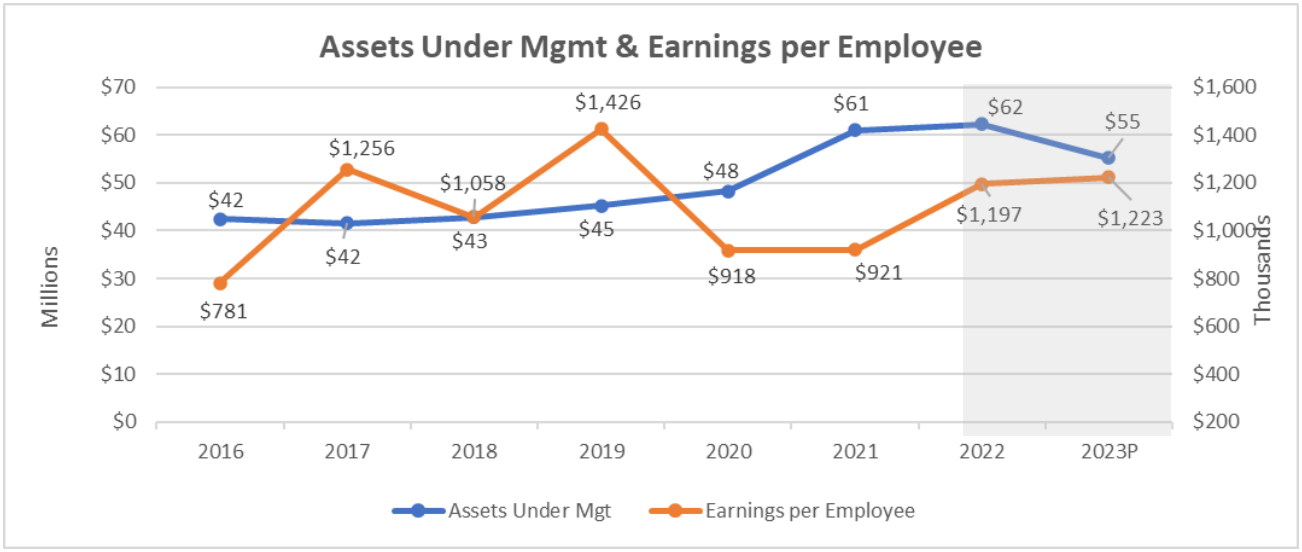
Challenges

- Capital Constraints
  - Effects lending ability i.e., Lines of Credit to State Agencies and Others

- Retention and Recruitment
  - Lack of meaningful equity raises over the last three biennium's
  - 62% of BND employees are below the salary midpoint
  - BND's turnover rate has increased from 7.0% in 2020 and 9.0% in 2021 to an annualized rate of 11.4% in 2022



$1.18 million of earnings per FTE

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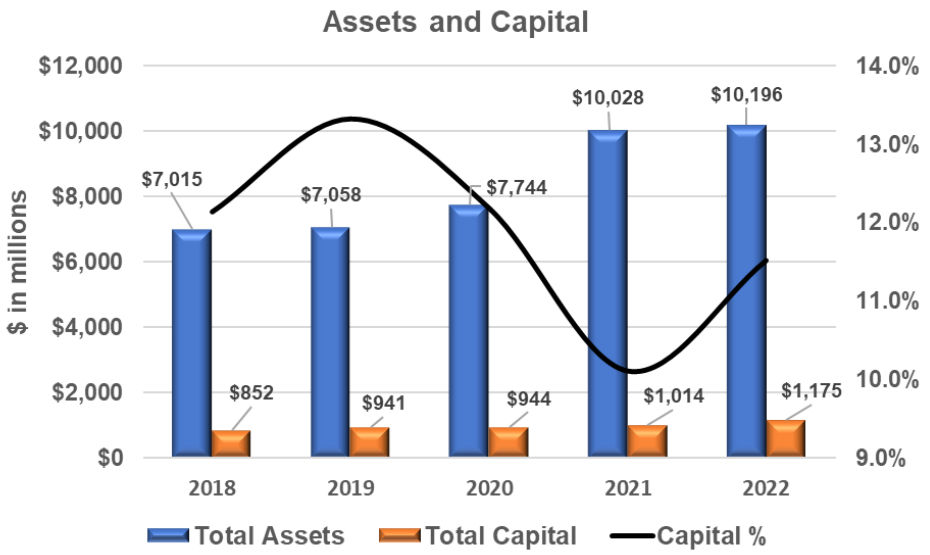
Capital Drives Growth

- What is Bank Capital?
  - Asset minus Liabilities = Capital
  - Profits that are retained at the Bank by the legislative body
  - Internal target of 12%

- Banks are required to have adequate Capital reserves to handle a certain amount of losses before being at risk of becoming insolvent

- Capital determines acceptable levels of lending concentration i.e., diversification
  - Lower levels of capital effect lending ability
    - Lines of credit for state programs and state agencies
    - Letters of credit to support large projects

- BND is participating in much larger transactions
  - The average commercial loan size in 2017 was $1.3 million; today the average loan is $2.4 million, an 84% increase
  - ~$3.0 billion in unfunded commitments



Goal of achieving $1.5 billion in capital by the end of 2026

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BND Capital – General Fund Contributions

- SB 2014 from the 21-23 biennium required BND to transfer $140mm to the general fund
- To date, BND has made no transfers for the 21-23 biennium
- HB 1014 section 23, the House amended the amount from the 21-23 biennium to $70mm
- HB 1014 section 10, the House moved the remaining $70mm to the 23-25 biennium
- With current legislative capital commitments, the Bank's capital ratio will be approximately 11.7% at 6/30/23 moving towards 13% by the end of 2023

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Other Requests Effecting BND Capital

- HB 1199 - $20mm for PACE, remainder of 21-23 biennium (passed both chambers)
- HB 1003 - $16.5mm: $15mm Skilled Workforce and $1.5mm dual credit scholarships
- HB 1242 - $20mm for Statewide Interoperable Radio Network
- HB 1014/SB2009 - $3mm for Agriculture Product Utilization Commission
- HB 1014 - $60mm for PACE Programs (detailed below)
- HB 1014 - $1.5mm for Small Business Development Center (will propose amendment)

Program	Budget 21-23	HB 1014 23-25	Increase
PACE/Flex PACE	$26,000,000	$39,000,000	$13,000,000
Ag PACE	$5,000,000	$5,000,000	-
Biofuels PACE	$1,000,000	$1,000,000	-
Beginning Farmer	$8,000,000	$15,000,000	$7,000,000
Total	$40,000,000	$60,000,000	$20,000,000

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Retention and Recruitment

HB 1014 Section 17

- Allows the Bank to develop a retention and recruitment plan. The plan must be approved annually by the Bank's Advisory Board and Industrial Commission. Each interim, the Bank must report to legislative management on the status of the plan. The plan must not exceed 1% of the Bank's earnings and earnings must exceed $100mm for the year.
- BND has developed a conceptual plan designed around:
  - Attracting and retaining talent
  - Limiting risk and enhancing organizational performance
  - Motivating employees to achieve and maintain high performance
  - Ensure competitive and consistent salary practices
- The annual amount earned would be paid out over a three-year period in 1/3 increments

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Thank You!

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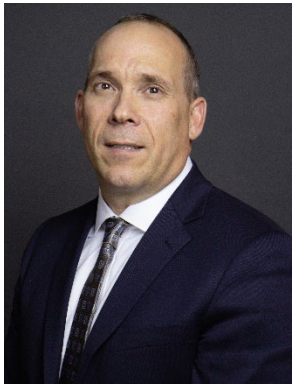

Rob Pfennig
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Testimony before Senate Appropriations
March 1, 2023
Todd Steinwand, President
Bank of North Dakota

Mr. Chairman and members of the Committee. I am Todd Steinwand, President and CEO of the Bank of North Dakota which is overseen by the North Dakota Industrial Commission. Thank you for the opportunity to present our proposed 2023-2025 budget. Today, I will present a short overview of BND and its organizational structure and accomplishments of the Bank before identifying our challenges, proposed budget and capital requests.

BND Mission and Economic Impact

The mission of BND to deliver quality, sound financial services that promote agriculture, commerce and industry in North Dakota has not changed in 104 years. What has evolved is how we meet the directive of not competing with private sector financial institutions but instead supporting them as an agile partner that creates financial solutions to current and emerging trends. Let me state this right up front. As America's only bank owned by a state, BND is a partnership with local financial institutions. BND currently has over $5.4 Billion of state revenues loaned to support farmers, ranchers, students and main street business in North Dakota.

Bank of North Dakota, in its founding documents was directed to not compete but to support and enhance North Dakota's private sector financial institutions. Because of BND's coordination and support of the private sector, North Dakota has the highest number of banks per capita than any other state in America. While locally owned small and mid-sized banks and credit unions (those under $10 billion in assets) account for only 29 percent of deposits nationally in North Dakota, local financial institutions account for 83 percent of the market. (Note: ilsr.org/rule/bank0of-north-dakota-2/)

In addition to the $5.4B in loan participations, BND provides a variety of services such as bank borrowing lines, check clearing, treasury and trust services and letters of credit. Local financial institutions also serve as the "distribution point" for BND's economic development programs such as the PACE programs and disaster relief programs.

BND Economic Impact

If you recall, in the 2017 legislative session, BND was directed to develop the ability to conduct “dynamic fiscal impact modeling”. This was accomplished through the purchase of the Regional Economic Modeling software (REMI) and by retaining Scott Nystrom of FTI Consulting as the person to run the model. Over the years, BND has conducted REMI analysis on various economic development incentives and proposed projects.

Over the years, I’ve repeatedly said that BND’s greatest impact on North Dakota is our ability to participate in loans with local financial institutions. As noted earlier, today the loan portfolio exceeds $5.0B. To really understand the economic impact, BND utilized the REMI model to evaluate its impact from 2011 to 2020. It shows a total economic impact of $18.5B in that decade. Further, REMI is able to break out the impact by region using the eight designated economic development regions in the state.

Legislatively Directed Programs

Another area BND, in partnership with the legislature, is able to impact communities is through the Legislatively directed programs. In the last 10 years, the number of revolving loan funds and other programs BND administrates has reached 23 programs with $904 million in assets. These programs provide a low, fixed rate, longer-term loan to political subdivisions and program participants to build infrastructure or schools or to support specific economic development initiatives of the state.

After the 2019 session, BND implemented new loan programs for the Clean Sustainable Energy Authority (CSEA); Agriculture Development and Diversification Fund (ADD); and established the Permanent Rebuilders Loan Fund. In addition, BND merged assets into the State Water Commission Water Infrastructure Loan Fund. BND also administers loans for the LIFT fund in coordination with the Department of Commerce.

Overall, assets in the legislative directed programs have grown 131% since 2016 from $391 million to $904 million.

BND Organizational Structure

As you know, BND is the only bank owned by a state in America. The governance board for the Bank as identified by statue is the Industrial Commission. In addition, BND has an advisory board comprised of local bank representatives and others with knowledge of North Dakota's economy which meets monthly. Recently, the advisory board, with approval of the industrial commission reorganized to better reflect governance of a $10B bank.

The Advisory Board now functions with three committees including: audit & risk; finance & credit and leadership & compensation. These committees reflect the complexity of the bank enabling board members to conduct deeper dives into the various issues impacting BND. The final component of governance is the executive committee, comprised of 8 members which provides day-to-day oversight of bank operations.

Financial Highlights

As noted earlier, BND continues to grow its assets and loan portfolio. In 2018, bank assets were $7.0B. Today, bank assets are $10.2B, a 46% increase in assets while the total number of approved FTEs has declined by 4.4%. BND is able to utilize technology and implement various efficiencies but as noted in the current budget request, the bank is reaching the size where it requires additional employees. Since 2018, BND assets are up by 45%; deposits are up 74% and loan volume has grown by 17%.

Net income at BND continues to grow due to strong loan demand and growing diversification of the state's economy. For the 2021-2023 biennium, BND is projected to earn around $350 million with an estimate of $393 million for the 2023-2025 biennium. It is anticipated the asset size of the bank will decrease to $9.5B as the infusion of federal funds from COVID and AARPA run off.

Over the last four biennium's BND has earned net income of $1.2B with capital contributions to the state's general fund and other programs totaling $851 million. This accounts for 70% of BND's net income over the last 8-years. BND's request for the 2023-2025 biennium is to retain a significant portion of its capital to enable the bank to continue meeting its mission. The goal is to achieve $1.5B in capital by the end of 2026.

One of the key metrics evaluated by regulators and S & P is the relative strength of the bank's capital. Capital is the difference between a bank's assets and liabilities and represents the net worth of the bank or the value of its equity to investors. In this case, the equity held on behalf of the Legislature and the state of North Dakota. Banks are required to maintain adequate capital reserves enabling it to handle a certain amount of losses before being at risk of being insolvent.

Capital also determines acceptable levels of lending concentration and leads into the capacity of the Bank to lend to the public and private sector. For instance, last session the Legislature had BND extend a $250 million line of credit for the Clean Sustainable Energy Authority loan program. BND also issued letters of credit to support large, economic development projects in the state. Without a strong capital position, these types of activities are difficult if not impossible. **2023-2025 Budget Request**

Entering the 2023-2025 biennium, the key challenges for Bank of North Dakota include the capital constraints, which we already touched on, and retention and recruitment of employees. As noted earlier, for a $10B institution, BND runs lean and relies on technology and automation to enable its efficiency. However, running the systems of such a complex bank require smart, qualified people.

Today, 62% of BND's employees are below the salary midpoint as raises over the last three biennia were kept low with one biennium being a zero percent increase. At the Bank, the salary challenge is coming to light with an increased turnover rate from 7% in 2020 to 11.4% today. The assets per employee increased from $40 million in 2013 to $62 million today with earnings increasing from $553,000 per employee to over $1.2 million today.

To keep the bank functioning at a high capacity serving the financial institutions, state agencies and communities across the state, requires us to compete with the private sector financial institutions for talent. While BND will never be able to offer stock options or some of the other perks of the private sector, it is essential that salaries at BND become more equitable and keep pace with inflation.

Today, you will see BND's budget request a proposed increase of 14 FTE's for the 2023-2025 biennium with a corresponding budget increase of $3.6 million. Let me reiterate that BND

is managed as a business and employees will only be hired if needed and layered in over the biennium. Specific requests to date include:

- 6 for the Lending Division due to loan volume growth
- 2 for Credit Administration due to increased complexity and volume of loans
- 1 for Accounting/Treasury for a Staff Accountant
- 5 for the Collateral Valuation Division to account for anticipated growth

Of the additional funding:

- $281,000 is for continuation of the 2021-2023 legislative salary increases along with additional costs related to employee turnover and recruitment.
- $804,000 for IT related enhancements
- $883,000 for health insurance increases

The proposals by BND compared to HB1014 as pre-filed increases by 6 FTE's and includes the proposed 4%/4% salary increase.

Program Request for BND Capital

Each session, BND provides a request to the Legislature for an appropriation for program costs. The following are the 2023-2025 requests:

- $60 million for the various PACE buydown programs. This represents an increase of $20 million from the previous biennium due to demand.
- $3 million for the Agriculture Product Utilization Commission. (APUC)
- $1.5 million to transition funding for the ND Small Business Development Center from the Department of Commerce to Bank of North Dakota.

Thank you for the opportunity to testify today on BND's proposed budget for the 2023-2025 biennium. I am happy to take any questions.

NORTH DAKOTA ETHANOL PRODUCERS ASSOCIATION

Testimony of Gerald Bachmeier
CEO, Red Trail Energy
President, North Dakota Ethanol Producers Association

In Support of HB 1014
March 1, 2023

Chairman Bekkedahl and members of the Senate Appropriations Committee:

My name is Gerald Bachmeier, and I am the president of the North Dakota Ethanol Producers Association (NDEPA), which represents North Dakota's six ethanol plants and industry stakeholders. I am here today to voice support for HB 1014, specifically the Renewable Energy Program.

North Dakota's ethanol industry contributes nearly $1.7 billion annually to the state's economy and provides thousands of direct and indirect jobs. Thanks to North Dakota's innovative private sector and supportive state government, the state's ethanol production capacity is 550 million gallons per year, which is more than five times the production a decade ago.

The North Dakota ethanol industry greatly appreciates your support of the North Dakota Renewable Energy Council, whose mission is to promote the growth of North Dakota's renewable energy industries through research, development, marketing, and education, similar to the research councils of other energy-related industries. The projects funded through the Council have enabled commercial application of new or emerging technologies that are bringing revenue to the state and value-added markets to the agriculture industry.

Currently, the North Dakota ethanol industry produces 18 pounds of CO_2 for every bushel of corn processed. The ethanol industry recognizes an opportunity to find ways to capture that CO_2 and use it to generate additional revenue. The Renewable Energy Council, along with private industry dollars, is essential in helping our industry to commercialize CO_2 capture technologies. These projects help generate additional revenue and additional tax dollars for the state of North Dakota. The 50 percent

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private industry match requirement ensures only relevant projects driven by the private sector are funded.

The Renewable Energy Program has played an important role in advancing numerous technologies that provide additional market opportunities and ensure sustainability for North Dakota's ethanol industry. Examples include:

- Red Trail Energy working in coordination with the University of North Dakota's Energy and Environmental Research Center (UND EERC) on its carbon capture and storage project, which is the first carbon capture and storage project allowed under state primacy in the nation.
- Midwest Ag Energy conducting a seismic survey to advance carbon capture at its location in Underwood.
- Tharaldson Ethanol advancing a high-protein project which will open up new markets in pet food and aquaculture.
- Hankinson Renewable Energy pursuing heat stack recovery technology aimed at increasing ethanol production and demand for corn which creates additional revenue in the state while reducing the use of water and natural gas.

We thank you for your support of the state's ethanol industry in the past and urge your favorable consideration of HB 1014, specifically regarding the continued funding for the North Dakota Renewable Energy Program.

MANDAN, HIDATSA & ARIKARA NATION
Three Affiliated Tribes * Fort Berthold Indian Reservation
404 Frontage Road New Town, ND 58763
Tribal Business Council

Office of the Chairman
Mark N. Fox

HOUSE BILL 1014
SENATE APPROPRIATIONS- GOVERNMENT OPERATIONS SUBCOMMITTEE
MARCH 1, 2023

TESTIMONY OF MARK N. FOX, CHAIRMAN
MANDAN, HIDATSA AND ARIKARA NATION

Mr. Chairman and members of the Committee, my name is Mark Fox, I am the Chairman of the Mandan, Hidatsa and Arikara Nation (MHA Nation). The MHA Nation supports the amended House Bill 1014 that would add $22 million for the next phase of salt cavern development.

The MHA Nation practices responsible oil and gas development and the storage of NGLs in salt caverns creates the opportunity for hydrocarbon storage and advances the protection of the environment in oil and gas production.

Mr. Chairman, we urge a do pass of House Bill 1014. Thank you.

Audubon | DAKOTA

March 1, 2023

Appropriations Committee
North Dakota Legislative Branch

RE: 1014 Relating to a Bank of North Dakota retention incentive program; to amend and reenact sections 6-09.7-05 and 54-17.7-01, subsections 3 and 4 of section 54-17.7-04, and section 54-63.1-01 of the North Dakota Century Code and section 8 of chapter 42 of the 2021 Session Laws, relating to fuel production facility loan guarantee reserve funding, the powers of the North Dakota pipeline authority, definitions for the clean sustainable energy authority, and a transfer of Bank of North Dakota profits to the general fund; to provide a contingent appropriation; to provide for a transfer; to provide an exemption; to provide for a report; and to declare an emergency.

Dear Chairperson and Respected Members of the Appropriations Committee,

On behalf of the nearly 2,000 members in Audubon Dakota, a state office of the National Audubon Society, **we support** section SECTION 25 of 1014 relating to the EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS – NORTH DAKOTA OUTDOOR HERITAGE FUND and request this written testimony included as a part of the public hearing record.

The National Audubon Society is a conservation organization focused on birds and their conservation and seeks to bring awareness to the condition of our environment and how changes impact birds, natural resources, our economy, and communities.

North Dakota's Outdoor Heritage Fund (OHF) was established a decade ago as a multi-million dollar program to provide grants to state agencies, tribal governments, political subdivisions, and nonprofit organizations, with higher priority given to projects that enhance conservation practices. OHF has had a tremendous impact. Projects have been delivered on both public and private land statewide. The matching component means every dollar is leveraged for greater benefit, and projects have benefited farming, ranching and outdoor recreation.

OHF has made a significant difference across the state, but the need to continue to invest in our natural resources is still needed. Birds are signaling to us that habitat is being lost. We have witnessed steady declines in birds over the past 50 years. Notably, grassland birds, which includes our state bird the western meadowlark, have experienced a 53% population decline since 1970. Across the Great Plains (US and Canada), in 2020 nearly 1.8 million acres of grasslands were lost. Over time in North Dakota, 70% of our native prairies have been lost. Our prairie and wetlands continue to need stewardship.

In summary, the Outdoor Heritage Fund is an asset to our state, effectively restores habitat, supports farming and ranching, and provides public benefits. We support continuing to invest in the Outdoor Heritage Fund.

Thank you for your consideration,

Kristal Stoner

Executive Director, Audubon Dakota
kristal.stoner@audubon.org
3002 Fiechtner Dr S. Ste A
Fargo, ND 58103

NORTH DAKOTA WILDLIFE FEDERATION

TESTIMONY OF JOHN BRADLEY
NORTH DAKOTA WILDLIFE FEDERATION
HOUSE BILL 1014
SENATE APPROPRIATIONS COMMITTEE
MARCH 1, 2023

For the record, I am John Bradley, executive director of the North Dakota Wildlife Federation. Please accept my written testimony on behalf of our thousands of members in 15 affiliated wildlife and sportsmen's clubs across North Dakota that make up the North Dakota Wildlife Federation.

The North Dakota Wildlife Federation urges the Senate Appropriations Committee to support the Outdoor Heritage Fund line item in the in the Industrial Commission budget. In fact, we would encourage the Committee to raise the Outdoor Heritage Fund from the Governor's recommendation of $15 million per biennium to $20 million per biennium to help meet the need for quality wildlife habitat in our state.

North Dakota's Outdoor Heritage Fund (OHF) may be the best conservation tool in the state, yet if you stopped any hunter or angler at your favorite outdoor store, they would probably give you a blank stare if you asked them what the Outdoor Heritage Fund does. It's understandable as projects are not highlighted well on the landscape. When you drive down a gravel road you might see a brood of pheasants run into some quality habitat, but you likely won't see signs on that property like you do with PLOTS, WMAs or WPAs saying that cover was a OHF project. Still, the habitat and access projects are out there, benefiting North Dakota's habitat, wildlife, farmer, rancher, and sportsmen.

The Outdoor Heritage Fund began in 2013 and was established to provide grants to state agencies, tribal governments, political subdivisions, and nonprofit organizations, with higher priority given to projects that enhance conservation practices. Since its inception, OHF grants have proven valuable to a variety of projects on both private and public land. The OHF is funded from oil and gas production tax revenue and that money supports projects such as access to public and private lands for sportsmen, farming and ranching stewardship practices for stronger soil and cleaner water, fish and wildlife habitat improvements, and the creation and maintenance of outdoor recreation areas.

Outdoor Heritage Fund projects have benefited every county in North Dakota. The merit-based grant cycle awards Millions of dollars to projects across the state and with every project requiring at least a 25% match from outside partners, the impact on the landscape gets maximized. That means rotational grazing systems can be implemented to restore grasslands on private ground. It means scattered parcels of degraded farmland can be restored back to grass. It

means that pollinator plots that benefit both monarchs and pheasants get planted in the spring. And it means that the popular walking trail in the small town that is in dire need of repair gets fixed. All in all, the Outdoor Heritage Fund has been widely successful and deserves the Committee's support.

Sincerely,

John Bradley
Executive Director
North Dakota Wildlife Federation

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701-355-4458 • www.ednd.org

Testimony of Dana Hager
Economic Development Association of North Dakota
In Support of HB 1014
March 1, 2023

Chair Bekkedahl and members of the Senate Appropriations Committee:

I am Dana Hager from the Economic Development Association of North Dakota (EDND), and I would like to express our support for HB 1014, which includes the appropriation for the Bank of North Dakota and the North Dakota Housing Finance Agency.

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 new wealth creation 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 arises as one of our developers' top legislative priorities and the 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 rural and urban North Dakota. Speak to any local developer in the state, and you will hear various stories about the program's impact.

North Dakota Housing Finance Agency
Affordable housing continues to be a priority for expanding North Dakota's businesses and communities in all areas of North Dakota. The Housing Incentive Fund (HIF) is a proven financing tool for developing affordable multi-family housing for essential service workers, main street employees, fixed-income households, and older adults.

EDND would like to express support for additional funding for HIF to help rural communities struggling to attract businesses and solve workforce and housing issues. Consideration of $50 million will help this program reach its potential.

EDND understands the difficult decisions necessary to determine the state's future, and we appreciate your thoughtfulness in managing this responsibility. I urge the committee's support of PACE, Flex Pace and HIF within HB 1014. Thank you.

CITY OF GRAFTON

www.graftongov.com
PO Box 578 | 5 East 4th Street | Grafton, ND 58237
Phone: 701.352.1561 | Fax: 701.352.2730 | TDD: 701.352.1411

This testimony is in Support of the Housing Incentive Fund included in HB 1014

Senate Appropriations Committee – Education & Environment Division
March 1, 2023

My name is Jennifer Dusek, and I am the Community Development Director for the City of Grafton. I can report that our community is prepared to grow, but only if we can provide the quality, modern, affordable housing that newcomers need.

We have an updated medical facility, a great school system and a VoTech Center that is leading in the state, recreational activities that increase quality of living, accessibility to services, yet we are struggling to fill workforce needs, because we do not have the financial capacity to fund housing projects. North Valley CTC is providing opportunities to highschoolers, so they are exposed to workforce opportunities through job shadowing, internships, and certifications. A deterrent for young people returning to the community to fill skilled workforce is lack of housing. Our major employers are recruiting workforce from across the country; however, they struggle with *retaining* this workforce due to limitation of single-family and multiplex housing options. Our agriculture sector is struggling to provide housing for seasonal, full-time, and migrant workers. Agriculture is the largest sector of North Dakota's economy at 25%. We cannot ignore employment struggles due to housing needs when 24% of North Dakota workers are farmers and ranchers or employed through farm-related jobs. When this sector struggles, the entire state feels the impact. Our need for additional housing is real.

The median year built for rental housing in Walsh County is 1968. The median rent in Walsh County is $728. 36.8% of renter households in Walsh County are considered cost burdened. Among rental householders ages 65 or older in Walsh County, 44.7% are cost burdened – spending more than 30% of their monthly income for rent & utilities. Federal programs are not a good fit for the smaller scale projects rural communities need.

The HIF program can make the smaller projects in rural communities work financially by filling financing gaps and allowing for a greater mix of incomes. HIF has successfully helped communities in the oil patch to meet their housing needs. It has been used to finance a variety of housing projects in our larger communities. However, of the 3,143 rental apartments produced with HIF since the program was created, only 3% are in communities with population under 5,000, outside of the oil patch. We need HIF investment in our community and region as well, but more funding is needed. I applaud the $25 million the governor put in his budget, but I urge you to consider the $50 million ask included in SB 2220 sponsored by Senator Kreun, Senator Barta, Senator Hogan, Senator Mathern, Representative Ista, and Representative O'Brien.

I strongly support funding for the Housing Incentive fund in the amount of $50 million for the 2023-2025 biennium.

Respectfully submitted by Jennifer Dusek, District 19

Minnkota Power
COOPERATIVE
A Touchstone Energy® Cooperative

Matthew Marshall
5301 32nd Ave S
Grand Forks ND 58201
mmarshall@minnkota.com

RE: **TESTIMONY IN SUPPORT OF HB 1014**

Senator Bekkedahl and Committee members:

As an economic development professional in Northeastern North Dakota, I have a firsthand look at the strain the lack of housing is placing on many communities. That lack of housing creates an environment where current businesses struggle to recruit new employees and fill vacancies by those retiring. This trend is also resulting in large areas of the state experiencing population loss which increases costs for the everyone calling North Dakota home.

Increased costs from population loss comes in the form of higher property taxes, lower levels of service, and eroding infrastructure that communities struggle to maintain. Many of our counties and cities were built to sustain much higher populations than what is being maintained today. Without utilizing the full potential of those regions, the cost burden is spread amongst fewer and fewer people and limits the opportunities for additional revenue to help. This puts upward pressure on property taxes, requirements for state aid, and everyday expenses for residents that live in these areas. Increasing available housing will increase the population and is one most practical solutions to solving the current problem.

The HIF portion of HB 1014 addresses a critical issue that can support new and revitalized housing in rural areas. However, the current allocation of $12.5 Million is not sufficient to reach beyond our most populated communities. Please amend the legislation to above $30 Million to ensure the program can meet the needs of communities both large and small. This investment will allow rural residents to remain in their homes while increasing the inventory for new families to repopulate our regions that have suffered loss over the past few decades. The infusion of people will support the growth of our local businesses and attract new industry to the area which will stabilize or lower costs for current residents and lesson the dependance on support from the state government. I ask for a "do pass" recommendation on HB 1014.

Sincerely,

Matthew Marshall

Economic Development Administrator

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Lynn D. Helms, Ph.D. Director
Bruce E. Hicks, Assistant Director
Edward C. Murphy, Assistant Director, State Geologist

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, and appoints the State Geologist and Assistant Director of the Oil and Gas Division.

DMR ORGANIZATIONAL STRUCTURE

Department of Mineral Resources Director
Lynn Helms

Oil & Gas Division
Assistant Director (1)
Bruce Hicks

- Field Staff (33)
- Pipeline Program (10)
- Reclamation Program (2)
- Permitting (5)
- Geological Analyst | CCUS (3)
- Logs (3)
- Petroleum Engineering (2)
- Production | Measurement (5)
- UIC | Treating Plants (2)
- Bonding (1)

DMR Support
EGIS Staff Officer (1)
Michael Ziesch

- IT | Data Management (4)
- Administrative Assistants (2)
- Finance | Accounting (3)
- Legal | Hearing Dockets | Orders (2)
- Public Information Officer (1)
- Safety Officer (1)
- Human Resources (1)
- Warehouse Technician (.5)

Geological Survey
Assistant Director, State Geologist (1)
Ed Murphy

- Paleontology (3)
- Geo Reviews | GIS | Publications (4)
- Surface Geology (4)
- Subsurface Geology (2)
- Core Library (3)
- Minerals Geology (1)

Total Oil and Gas = 68

Total DMR Support = 15.5

Total Geological Survey = 18

Total DMR FTEs = 101.5

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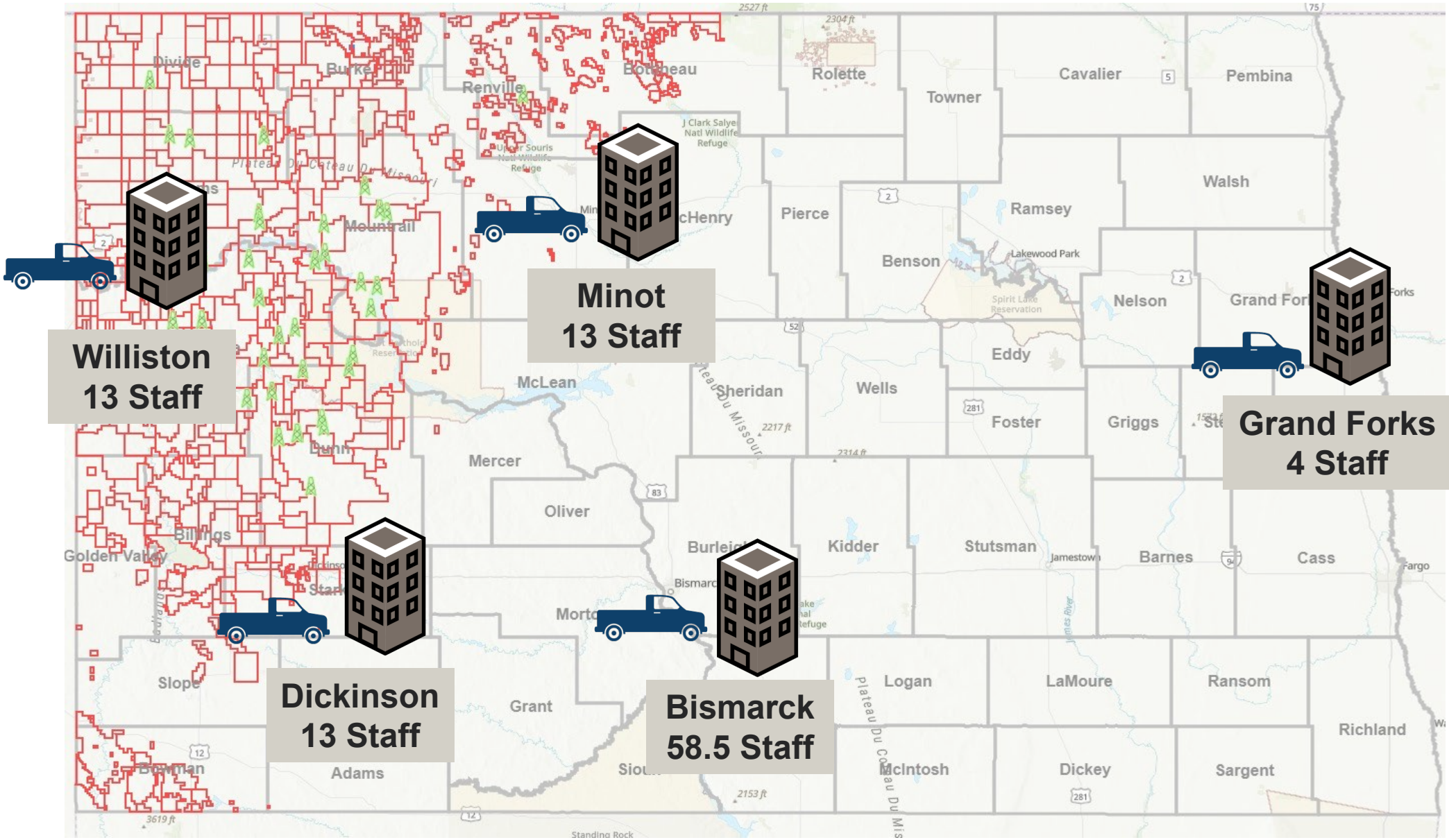
OFFICE LOCATIONS AND TOTAL STAFF



DMR RETENTION & PROFESSIONAL DEVELOPMENT ISSUES

Current Personnel as of 12/31/2022

Years of Service	0-3	4-6	7-10	11-15	16-20	21-25	26-30	30+
FTE	37	5	23.5	18	6	5	2	5
%	36%	5%	23%	18%	6%	5%	2%	5%

Turnover rates do not include inter-agency transfers

Turnover	Total FTE	Total Turnover	Turnover Percent	Classified Turnover	Classified Reason	Unclassified Turnover	Unclassified Reason
2017-19 Biennium	103.6	16	15%	3	1R, 2PS	13	1R, 10PS, 2D
2019-21 Biennium	105.5	17	16%	1	1R	16	7R, 9PS
2021-23 Biennium	101.5	18	18%	3	1R, 1PS, 1D	15	3R, 12PS

Key:
R=Retirement
PS=Private Sector
D=Death

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Oil & Gas Agency Overview

NORTH DAKOTA OIL AND GAS DIVISION

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

In 1997, the 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 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 with the underground gathering pipeline engineering construction design drawings and specifications, a 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)

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 monetary 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 chapters 38-08.

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Geological Survey

GEOLOGICAL SURVEY

The North Dakota Geological Survey was created by an act of the North Dakota Legislature in 1895. After 128 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 Inyan Kara Formation for produced water disposal, 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.

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Audit | Budget Overview

RECENT AUDIT FINDINGS

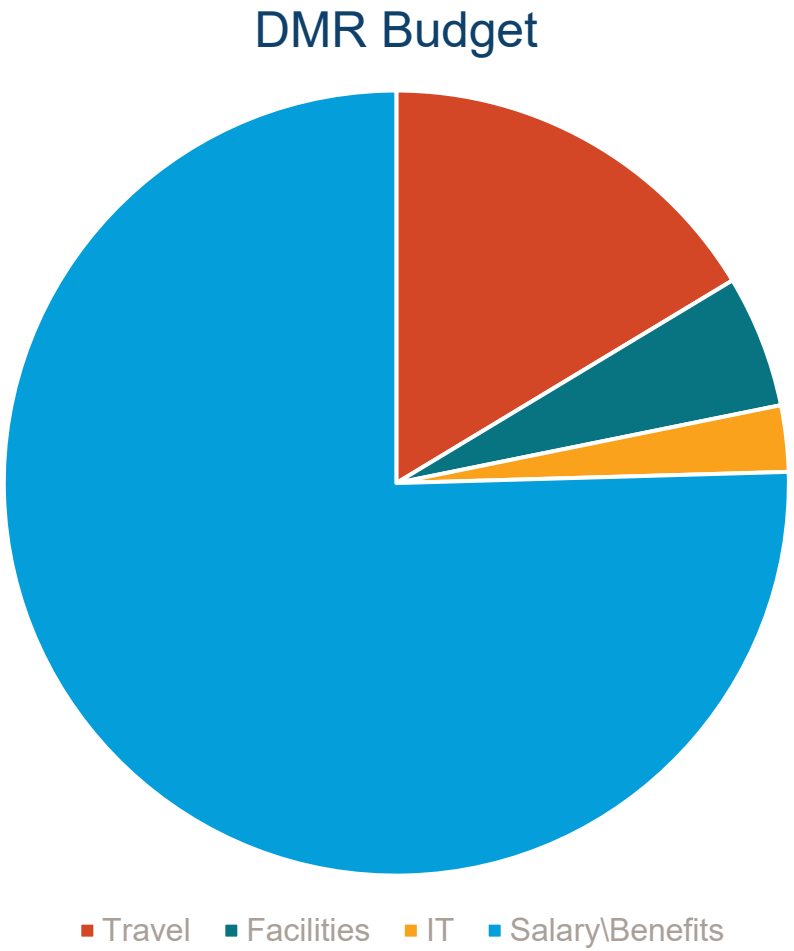
The State Auditor's Office conducted a biennial audit of the Industrial Commission in accordance with generally accepted government auditing standards for the two-year period ending June 30, 2020.

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.

2023-2025 DMR BUDGET



The Department of Mineral Resources (DMR) budget is **99% general funds and <1% federal funds**.

Budget costs are primarily salary and benefits (83%).

Federal funds for the **protection of freshwater supplies** are increasing (14%), while program costs continue to rise significantly due to inflation and federal environmental mandates.

The **Operating Budget** consists of travel (36%), primarily state fleet vehicle mileage for fieldwork. Other operating items of significant costs include Lease, Rent, and Facilities costs (30%) for the Bismarck office, warehouse, and three field offices; and IT costs (16%), more than half of which are ITD data processing, Telephone, and Contractual Services.

2023-2025 HOUSE RECOMMENDED BUDGET

	2023-25 Base Level	Executive Recommended Budget	House Budget
40510 Salaries & Benefits	$22,095,326	$23,464,046	$23,628,741
Salary & Benefit Increases		$2,168,675(1)	$1,772,281(2)
40530 Operating Expense	$4,632,291	$6,048,092	$11,410,044
40550 Capital Assets	$0	$98,000	$80,000
40570 Transfers	$0	$250,000	$0(3)
Total Expenditures	$26,727,617	$32,028,813	$36,891,066
Less Federal Income	$238,004	$268,000	$2,568,000
Total General Fund	$26,489,613	$31,760,813	$34,323,066
FTE	101.5	107.0	108.0

Notes:
(1) Based on Executive recommended increases to salary, benefit, health, and retirement.
(2) Based on House-recommended increases to salary, benefit, health, and retirement.
(3) General fund transfer to the Fossil Restoration Fund was included in Section 6 of HB 1014.

HOUSE RECOMMENDED BUDGET CHANGES

40510 Salaries & Benefits - The Executive budget recommendation included $1,368,720 for 5.5 new FTEs: 3 CCUS positions, 1 paleo laboratory technician, 1 critical mineral geologist, and 0.5 records management position. The House recommended changes include 1 FTE subsurface geologist position (funded for the second year only) at $119,695; and half of the temp employee salary request ($45,000) for a total addition of $164,695. The House reduced the pay plan increases by $396,394.

40530 Operating -The Executive budget includes $821,456 in one-time inflationary costs, $230,000 in server transition costs, $100,000 one-time core and mineral analysis costs, and $498,109 for 5.5 new FTE operating costs. The House recommended changes include operating costs for the subsurface geologist at $22,600 for the second year only; IOGCC dues of $105,000; oil and gas litigation at $3,000,000; and Initial Grant carryover of $2,300,000. The House did not allow for the Geological Survey computer replacement and replacement of the agency's six drones reducing the amount by $65,648.

40550 Capital Assets -The Executive budget allowed $80,000 one-time funding for the server transition and $18,000 one-time funding for two scanners/copier/printers. The House did not allow for the two scanners/copier/printers.

40570 Transfers – The Executive budget allowed $250,000 one-time funding for a general fund transfer to the Fossil Excavation and Restoration Fund (Paleo Fund). The House allowed the transfer as well but listed it as a transfer under Section 6 of HB 1014.

FTE – The House increased the Executive budget FTE count by 1.0, bringing the total count to 108 FTE.

2021-2023 STATE FISCAL RECOVERY FUNDING

(67TH LEGISLATIVE ASSEMBLY SB 2345)

Abandoned Oil Well Conversion to Water Supply

Appropriated: $3,200,000

Expended: $162 (advertising costs)

DMR identified approximately 32 oil and gas wells confiscated by the Commission to plug back and convert to freshwater wells for use by private ranchers or the two western ND grazing associations. Most of the wells are on lands managed by the USFS, are federal wells co-regulated by DMR and BLM, or both. **There has been a lack of cooperation from both the BLM and USFS in approving the plugging procedures and granting surface use approval.** DMR has not given up on receiving their cooperation and has so far identified at least six additional non-federal wells on private surface to convert to freshwater wells.

Funds can continue to be obligated through 12/31/2024 and expended through 12/31/2026.
For this reason, the House allowed a carryover of unexpended funds to the 2023-25 biennium in Section 25 of HB 1014.

AVAILABLE FEDERAL FUNDING FOR 2023-25 BIENNIUM

Federal Funding Program	2021-2023 Anticipated Award	2021-2023 Anticipated Change	2023-2025 Anticipated Award
UIC Oil & Gas (EPA)	$210,000	$39,000	$240,000
PSC Coal (OSM-DOI)	$15,000	$0	$15,000
Statemap (USGS-DOI)	$13,000	$20,267	$13,000
IIJA Initial Grant (ECRP-DOI)	$0	$2,500,000	$0
Resources of Nat'l Park System (DOA)	$0	$10,000	$0
Data Preservation (DOI)	$0	$5,280	$0

Infrastructure Investment and Jobs Act (IIJA)

Appropriated: $2,500,000

Expended: $14,456

Funds can continue to be obligated through 10/01/2023, and the performance period ends 04/01/2024. For this reason, the House allowed a carryover of unexpended funds to the 2023-25 biennium. Because the Budget Section approved the initial appropriation, $2,300,000 is being appropriated under full legislation in Section 1, subdivision 2.

2023-2025 DMR ESSENTIAL BUDGET

	2023-25 Base Level	Executive Recommended Budget	House Budget	DMR Essential Budget
40510 Salaries & Benefits	$22,095,326	$23,464,046	$23,628,741	$23,628,741
Salary & Benefit Increases		$2,168,675(1)	$1,772,281(2)	$1,772,281(2)
40530 Operating Expense	$4,632,291	$6,048,092	$11,410,044	$11,603,454
40550 Capital Assets	$0	$98,000	$80,000	$98,000
40570 Transfers	$0	$250,000	$0(3)	$0(3)
Total Expenditures	$26,727,617	$32,028,813	$36,891,066	$37,102,476
Less Federal Income	$238,004	$268,000	$2,568,000	$2,568,000
Total General Fund	$26,489,613	$31,760,813	$34,323,066	$34,534,476
FTE	101.5	107.0	108.0	108.0

Notes:
(1) Based on Executive recommended increases to salary, benefit, health, and retirement.
(2) Based on House-recommended increases to salary, benefit, health, and retirement.
(3) General Fund transfer to the Fossil Restoration Fund was included in Section 6 of HB 1014.

DMR ESSENTIAL BUDGET CHANGES

40510 Salaries & Benefits - There is no difference between the House budget and the DMR essential budget.

40530 Operating - The difference between the House budget and the DMR essential budget is $193,410. The changes include $65,412 in additional fleet costs due to the amended Fleet Rate guidelines **after** budgets were already submitted; $48,383 for one-time replacements of computers that are over 4 years old; $17,265 in one-time funding to replace six drones; and $62,350 ongoing funding for professional development training to address employee turnover.

40550 Capital Assets - The difference between the House budget and the DMR essential budget is $18,000. This is for a one-time purchase of two copiers/scanner/printers for the permitting and production departments.

Ongoing Costs – The House budget provided $821,456 in one-time inflationary costs and $100,000 in one-time core and mineral analysis costs. DMR is requesting that all inflationary costs be ongoing as well as the core and mineral analysis costs.

FTE – The DMR essential budget is the same as the House budget with a count of 108 FTE.

OTHER DMR BUDGET SECTIONS

HB 1014, Section 5 – Deficiency Spending: The House allowed for the 3 FTE CCUS positions to be hired right away. The $62,460 costs are for two months of salaries and wages and travel. The House also allowed $15,000 in costs for the Walhalla paleo exhibit to be built immediately.

HB 1014, Section 6 – Transfers: The House allowed for a $250,000 General Fund transfer to the Fossil Extraction and Restoration Fund for the purpose of continued work on Dakota the Mummified Hadrosaur and establishing fossil exhibits across ND.

HB 1014, Section 25 – Carryover Items:

- The **Abandoned Oil Well Conversion to Water Supply program** funds can continue to be obligated through 12/31/2024 and expended through 12/31/2026. For this reason, a carryover of unexpended funds to the 2023-25 biennium was allowed by the House.
- The 65th Legislative Session SB 2134 **Ordinary High Water Mark litigation** is still ongoing and continues to require expert witness testimony. For this reason, a carryover of unexpended funds to the 2023-25 biennium was allowed by the House.
- Note: the $2.5 million **Initial Grant** funds can continue to be obligated through 10/01/2023, and the performance period ends 04/01/2024. However, because the funds were appropriated via the Budget Section, the funds need to have a full legislative appropriation. For this reason, the unexpended funds were included in Section 1, Subdivision 2, and not treated as a carryover in this section.

HB 1014, Section 26 – Emergency Clause: The following were declared to be emergency measures: Oil & Gas litigation $3,000,000 (Section 1, subdivision 2); Computer server transition $310,000 (Section 1, subdivision 2); CCUS FTEs $62,460 (Section 5); and Walhalla paleo exhibit $15,000 (Section 5).

OTHER HB 1014 BUDGETARY ITEMS

HB 1014, Section 13 – Critical Minerals Study: The House allowed for a $3 million SIIF transfer to the SERC fund for a study related to prospective in-state resources of economically feasible accumulations of critical minerals that may be suitable for extraction and enrichment.

HB 1014, Section 14 –Underground Energy Storage Study: The House allowed for a $22 million SIIF transfer to the SERC fund for the purpose of a salt cavern underground energy storage research project.

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DRAFT - 2023 APPROPRIATION BILLS ORGANIZED BY SENATE APPROPRIATIONS DIVISION ASSIGNMENT

NOTE: Bill numbers pending until official introduction.

Bills Assigned to Senate Education and Environment Division		Bills Assigned to Senate Government Operations Division		Bills Assigned to Senate Human Resources Division	
Bill No.	**Agency, Institution**	**Bill No.**	**Agency, Institution**	**Bill No.**	**Agency, Institution**
2013	Department of Public Instruction, North Dakota Vision Services - School for the Blind, School for the Deaf, State Library	2001	Governor	2007	Department of Labor and Human Rights
2016	Adjutant General, includes National Guard and Department of Emergency Services	2002	Secretary of State	2012	Human Services Divisions of Department of Health and Human Services
		2003	Attorney General		
2017	Game and Fish Department	2004	State Auditor	2014	Protection and Advocacy Project
2018	State Historical Society	2005	State Treasurer	2022	Retirement and Investment Office
		2006	Tax Commissioner	2023	Public Employees Retirement System
2019	Parks and Recreation Department	2008	Public Service Commission		
2020	Department of Water Resources	2009	Department of Agriculture		
2021	Workforce Safety and Insurance	2010	Insurance Commissioner	2024	Ethics Commission
		2011	Securities Department		
		2015	Office of Management and Budget		
1003	North Dakota University System	1001	Legislative Branch	1004	Public Health Division of Department of Health and Human Services
1006	Aeronautics Commission	1002	Judicial Branch	1005	Indian Affairs Commission
1009	State Fair Association				
1010	Council on the Arts	1008	Department of Financial Institutions	1007	Veterans' Home
1011	Highway Patrol				
1014	Industrial Commission, Bank of North Dakota, Housing Finance Agency, Mill and Elevator Association	1012	Department of Transportation	1017	Office of Administrative Hearings
1016	Job Service North Dakota	1013	Department of Trust Lands	1019	Department of Career and Technical Education
1023	Racing Commission	1015	Department of Corrections and Rehabilitation	1021	Information Technology Department
		1018	Department of Commerce	1024	Department of Environmental Quality
		1020	Agriculture Experiment Station, Extension Service, Northern Crops Institute, Upper Great Plains Transportation Institute		
		1022	Commission on Legal Counsel for Indigents	1025	Department of Veterans' Affairs

Bills assigned to full committee: SB 2025 Deficiency appropriations

23.0266.01005
Title.

Fiscal No. 2

Prepared by the Legislative Council staff for
the Senate Appropriations - Human Resources
Division Committee
February 20, 2023

PROPOSED AMENDMENTS TO SENATE BILL NO. 2012

Page 1, line 2, after "exemption" insert "; to amend and reenact sections 50-06-42, 50-24.1-26, and 50-29-04 of the North Dakota Century Code, relating to the substance use disorder treatment voucher system, Medicaid in-home services, and the children's health insurance program; to repeal section 50-06-32.1 of the North Dakota Century Code, relating to the autism voucher; to provide a statement of legislative intent; to provide for a study"

Page 1, line 2, remove the second "and"

Page 1, line 3, after "report" insert "; and to provide an effective date"

Page 1, remove lines 13 through 24

Page 2, remove lines 1 through 30

Page 3, replace lines 1 through 6 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$21,363,556	$3,045,900	$24,409,456
Operating expenses	151,161,924	89,904,000	241,065,924
Capital assets	75,000	0	75,000
Total all funds	$172,600,480	$92,949,900	$265,550,380
Less estimated income	92,905,426	93,255,417	186,160,843
Total general fund	$79,695,054	($305,517)	$79,389,537

Subdivision 2.

PROGRAM AND POLICY

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$122,081,310	$19,537,197	$141,618,507
Operating expenses	176,078,719	55,722,549	231,801,268
Capital assets	10,000	0	10,000
Grants	467,144,387	190,506,682	657,651,069
Grants - medical assistance	3,028,666,463	556,176,867	3,584,843,330
Opioid prevention	0	2,000,000	2,000,000
Total all funds	$3,793,980,879	$823,943,295	$4,617,924,174
Less estimated income	2,499,452,627	489,283,991	2,988,736,618
Total general fund	$1,294,528,252	$334,659,304	$1,629,187,556

Subdivision 3.

FIELD SERVICES

	Base Level	Adjustments or Enhancements	Appropriation
Human service centers	$163,213,829	$26,160,626	$189,374,455
Institutions	130,383,428	33,139,340	163,522,768

Total all funds	$293,597,257	$59,299,966	$352,897,223
Less estimated income	114,273,300	(18,574,719)	95,698,581
Total general fund	$179,323,957	$77,874,685	$257,198,642

Subdivision 4.

COUNTY SOCIAL SERVICE FINANCING

	Base Level	Adjustments or Enhancements	Appropriation
County social services	$189,917,386	$35,444,200	$225,361,586
Total all funds	$189,917,386	$35,444,200	$225,361,586
Less estimated income	188,676,995	35,333,519	224,010,514
Total general fund	$1,240,391	$110,681	$1,351,072

Subdivision 5.

TOTAL - SECTION 1

	Base Level	Adjustments or Enhancements	Appropriation
Grand total general fund	$1,554,787,654	$412,339,153	$1,967,126,807
Grant total special funds	2,895,308,348	599,298,208	3,494,606,556
Grant total all funds	$4,450,096,002	$1,011,637,361	$5,461,733,363
Full-time equivalent positions	2,265.33	94.00	2,359.33"

Page 3, replace line 10 with:

"Technology projects	$67,596,372	$72,000,000"

Page 3, replace line 14 with:

"Human service center projects	724,000	735,154"

Page 3, replace lines 16 through 19 with:

"Special session one-time appropriations	138,389,558	0
State hospital design	0	5,000,000
Operating inflation	0	20,564,344
Field services revenue replacement	0	36,028,141
Program integrity audits	0	4,500,000
Pregnant and parenting residential	0	1,000,000
Workforce initiative	0	13,000,000
Total all funds	$216,080,305	$152,827,639
Less estimated income	191,847,089	97,267,326
Total general fund	$24,233,216	$55,560,313"

Page 3, line 23, after "Act" insert ", section 1 of House Bill No. 1004 as approved by the sixty-eighth legislative assembly, and any remaining appropriation authority for the department of health and human services approved by the sixty-eighth legislative assembly"

Page 3, line 24, after the period insert "Notwithstanding section 54-16-04, the director of the office of management and budget shall transfer appropriation authority from line items within subdivisions 1, 2, and 3 of section 1 of this Act, section 1 of House Bill No. 1004 as approved by the sixty-eighth legislative assembly and any remaining appropriation

authority for the department of health and human services approved by the sixty-eighth legislative assembly to subdivision 4 of section 1 of this Act for the biennium beginning July 1, 2023, and ending June 30, 2025, as requested by the department of health and human services."

Page 3, remove lines 29 through 31

Page 4, replace lines 1 through 6 with:

"**SECTION 4. TRANSFER OF APPROPRIATION AUTHORITY.** Section 1 of this Act and section 1 of House Bill No. 1004 include appropriation authority for the department of health and human services for the biennium beginning July 1, 2023, and ending June 30, 2025. On July 1, 2023, the office of management and budget shall combine the appropriation authority contained in section 1 of this Act and section 1 of House Bill No. 1004, and any other appropriation authority for the department of health and human services in other bills approved by the sixty-eighth legislative assembly, into one budget for the department of health and human services. The department of health and human services shall submit one budget request for the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 5. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - HUMAN SERVICE FINANCE FUND. The office of management and budget shall transfer the sum of $21,600,000 from the strategic investment and improvements fund to the human service finance fund during the biennium beginning July 1, 2023, and ending June 30, 2025."

Page 4, line 8, replace "$187,223,092" with "$221,600,000"

Page 4, line 12, replace "$31,500,000" with "$20,400,000"

Page 4, line 13, replace "in the medical services division" with "of the child support computer replacement project"

Page 4, replace lines 14 through 17 with:

"**SECTION 8. ESTIMATED INCOME - LEGACY EARNINGS FUND.** The estimated income line item in subdivision 2 of section 1 of this Act includes the sum of $7,000,000 from the legacy earnings fund for defraying expenses for the child care assistance programs.

SECTION 9. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. The estimated income line item in subdivision 5 of section 1 of this Act includes the sum of $17,735,154 from the strategic investment and improvements fund for the following purposes:

1. The sum of $11,000,000 for the procurement and grants management system;

2. The sum of $5,000,000 for the design of a new state hospital;

3. The sum of $1,000,000 for pregnant and parenting women residential facilities; and

4. The sum of $735,154 for projects at the southeast human service center.

SECTION 10. CAPITAL PAYMENTS. During the biennium beginning July 1, 2023, and ending June 30, 2025, the department of health and human services is

authorized to expend funds for the payment of special assessments at the state hospital and life skills and transition center. Pursuant to section 3 of this Act, the director of the office of management and budget may transfer appropriation authority between line items within subdivisions 1, 2, and 3 of section 1 of this Act, section 1 of House Bill No. 1004, and any remaining appropriation authority for the department of health and human services approved by the sixty-eighth legislative assembly. The department may transfer funds for the payment of special assessments at the state hospital and life skills and transition center ahead of the special assessments schedule. Notwithstanding section 54-27-12, the department may spend funds for the payment of special assessments at the state hospital and life skills and transition center.

SECTION 11. CAPITAL PROJECTS - EMERGENCY COMMISSION APPROVAL. During the biennium beginning July 1, 2023, and ending June 30, 2025, the department of health and human services is authorized to proceed with the demolition of the administrative building and employee building and associated tunnels at the state hospital. Pursuant to section 3 of this Act, the director of the office of management and budget may transfer appropriation authority between line items within subdivisions 1, 2, and 3 of section 1 of this Act, section 1 of House Bill No. 1004, and any remaining appropriation authority for the department of health and human services approved by the sixty-eighth legislative assembly. The department may transfer funds for the demolition of the identified buildings and associated tunnels and for emergency capital projects. Notwithstanding section 54-27-12, the department of health and human services may spend up to $5,000,000 for emergency projects under this section and may seek emergency commission approval to spend more than $5,000,000 under this section.

SECTION 12. CHILD CARE FINANCIAL ASSISTANCE - DIRECT PAYMENTS. Subdivision 2 of section 1 of this Act includes the sum of $1,000,000 for the purpose of financial assistance and direct payments for child care services for the biennium beginning July 1, 2023, and ending June 30, 2025. Notwithstanding subsection 3 of section 50-11.1-14.1, the department may provide financial assistance to beneficiaries related to child care services. The requirements of chapter 54-44.4 do not apply to this subsection, including the selection of recipients and the disbursement of funds.

SECTION 13. PERMANENT SUPPORTIVE HOUSING GRANTS. Subdivision 2 of section 1 of this Act includes the sum of $4,672,536 from the general fund for permanent supportive housing grants. The department of health and human services shall develop a funding methodology to distribute the funding to qualified entities that utilize best practices for permanent supportive housing, provide recovery-oriented and person-centered services, submit process and outcome measures to the department, and authorize the department to conduct onsite visits to review program operations.

SECTION 14. STATE HOSPITAL PROJECT - COMMUNITY ACUTE PSYCHIATRY - REPORT. Subdivision 3 of section 1 of this Act includes the sum of $5,000,000 from the strategic investment and improvements fund for the design of a new state hospital. As part of the design process, the department of health and human services shall consider statewide acute psychiatric needs, including the establishment of acute psychiatric facilities in Dickinson, Williston, Minot, Devils Lake, and Grand Forks and shall consider collaborating and entering partnerships with local mental health and substance use disorder providers. The department shall present a report to the sixty-ninth legislative assembly regarding options for a new state hospital.

SECTION 15. EXPENDITURES MAY NOT EXCEED APPROPRIATION - MEDICAL ASSISTANCE EXPANSION PROGRAM - APPLICATION.

1. Subdivision 2 of section 1 of this Act includes the sum of $942,550,279, of which $94,225,028 is from the general fund, for the medical assistance expansion program for the biennium beginning July 1, 2023, and ending June 30, 2025. The expenditures for individuals eligible for the medical assistance expansion program may not exceed this amount.

2. The department of health and human services may exceed appropriations for increases in medical assistance expansion program caseload, for the addition of coverage consistent with the traditional Medicaid 1915(i) state plan, utilization rates, and unwinding of the federal Medicaid continuous enrollment requirement, and reduction in federal medical assistance percentage.

3. The managed care organization under contract with the department to manage the medical assistance expansion program shall reimburse providers within the same provider type and specialty at consistent levels and with consistent methodology and may not provide incentive, quality, or supplemental payments to providers, unless part of a value-based program approved by the department. The managed care organization shall reimburse all North Dakota substance use providers of American society of addiction medicine level 2.5 at consistent levels and with consistent methodology. The managed care organization may consider urban and rural providers as different provider types. Critical access hospitals may not be paid less than one hundred percent of Medicare allowable costs.

4. The managed care organization and the department of health and human services shall ensure payments to Indian or Tribal 638 health care providers, federally qualified health centers, and rural health clinics meet the federally required minimum levels of reimbursement.

5. The department of health and human services shall ensure providers within the same provider type and specialty are reimbursed at consistent levels and with consistent methodology and shall ensure the capitation rates under risk contracts are actuarially sound and are adequate to meet managed care organization contractual requirements regarding availability of services, assurance of adequate capacity and services, and coordination and continuity of care.

SECTION 16. AMENDMENT. Section 50-06-42 of the North Dakota Century Code is amended and reenacted as follows:

50-06-42. Substance use disorder treatment voucher system. ~~(Retroactive application - See note)~~

1. The department shall establish and administer, within the limits of legislative appropriations, a voucher system to address underserved areas and gaps in the state's substance abuse treatment system and to assist in the payment of addiction treatment services provided by licensed substance abuse treatment programs, excluding regional human service centers~~,~~ and hospital- or medical clinic-based programs for medical management of withdrawal~~, and any institution for mental diseases in~~

~~accordance with subsection 2~~. An out-of-state licensed substance abuse treatment program located within a bordering state may participate in the voucher program to serve an underserved area of this state pursuant to the rules adopted by the department. The department shall develop rules to include processes and requirements for an out-of-state provider to receive reimbursement only for outpatient and community-based services upon a provider completing an assessment of need and receiving approval from the department.

2. ~~The department shall deny a licensed substance abuse treatment program's substance use disorder treatment voucher system application and deny reimbursement by the substance use disorder treatment voucher system if the licensed substance abuse treatment program is an institution for mental diseases and reimbursement is requested for residential beds added on or after July 1, 2020.~~

~~3.~~ Services eligible for the voucher program include only those levels of care recognized by the American society of addiction medicine, with particular emphasis given to underserved areas and programs. The department shall ensure that a licensed substance abuse treatment program, hospital, and medical clinic program accepting vouchers collects and reports process and outcome measures.

~~4.~~3. The department shall develop requirements and provide training and technical assistance to a licensed substance abuse treatment program, hospital, and medical clinic program accepting vouchers. A licensed substance abuse treatment program, hospital, and medical clinic program accepting vouchers shall provide evidence-based services.

~~5.~~4. The department shall allocate funding appropriated for the substance use disorder treatment voucher as follows:

a. No more than forty-five percent of the appropriated amount may be allocated for residential substance use disorder services administered by licensed substance abuse treatment programs with more than sixteen beds.

b. The remaining appropriation must be allocated for residential programs with sixteen or fewer beds, nonresidential outpatient, and ancillary substance use disorder services administered by licensed substance abuse treatment programs.

SECTION 17. AMENDMENT. Section 50-24.1-26 of the North Dakota Century Code is amended and reenacted as follows:

50-24.1-26. Medicaid waivers - In-home services.

The department shall administer Medicaid waivers to provide in-home services to children with extraordinary medical needs and to children up to the age of ~~sixteen~~eighteen diagnosed with an autism spectrum disorder who would otherwise meet institutional level of care. The department may prioritize applicants for the waiver for children with extraordinary medical needs by degree of need.

SECTION 18. AMENDMENT. Section 50-29-04 of the North Dakota Century Code is amended and reenacted as follows:

50-29-04. Plan requirements.

The plan:

1. Must be consistent with coverage provided to children eligible for medical assistance in the state; and

2. Must provide:

   a. A modified adjusted gross income eligibility limit of ~~one~~two hundred ~~seventy-five~~ten percent of the poverty line; and

   b. Current eligibility may be established from the first day of the month in which the application was received. Retroactive eligibility may be established for the three calendar months that immediately preceded the month in which the application was received even if there is no eligibility in the month of application. Eligibility can be established if all factors of eligibility are met during each month.

SECTION 19. REPEAL. Section 50-06-32.1 of the North Dakota Century Code is repealed.

SECTION 20. BUILDING PROJECT - LEASE. The department of health and human services is authorized to enter into agreements with vendors to build two buildings for the department to lease for the lake region human service center and northwest human service center for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 21. LEASE OF LAND - STATE HOSPITAL. The department of health and human services and national guard may enter an agreement to lease up to twenty acres of real property associated with the state hospital for the national guard to construct a new training and storage facility.

SECTION 22. PROVIDER PROCESS AND OUTCOME MEASURES. Providers that receive funding from the department of health and human services shall submit process and outcome measures, as required by the department, to the department for programs and services supported by state funding during the biennium beginning July 1, 2023, and ending June 30, 2025, for the department to evaluate the administration of the programs and services using the appropriation for the program or service.

SECTION 23. HUMAN SERVICE CENTERS - CERTIFIED COMMUNITY BEHAVIORAL HEALTH CLINICS - CONTINGENT FULL-TIME EQUIVALENT POSITIONS - REPORT. Beginning with the effective date of this Act, the department of health and human services shall select three human service centers to begin the process of becoming a certified community behavioral health clinic to provide continuous community-based behavioral health services for children and adults. The department shall pursue additional federal funding as available. Subject to the availability of generated income, the department may add up to fifty full-time equivalent positions for field services to provide direct services for the period beginning with the effective date of this Act and ending June 30, 2025. The department shall report to the office of management and budget and legislative council each time a position is added.

SECTION 24. 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, 2023, and ending June 30, 2025:

1. The sum of $750,000 appropriated from the general fund for suicide prevention grants in chapter 37 of the 2019 Session Laws;

2. The sum of $1,776,000 appropriated from the strategic investment and improvements fund and the sum of $5,328,000 appropriated from federal funds for the Medicaid management information system technology stack upgrade in chapter 37 of the 2019 Session Laws;

3. The sum of $600,000 appropriated from the general fund and the sum of $1,800,000 appropriated from federal funds for the Medicaid management information system technology stack upgrade in chapter 12 of the 2021 Session Laws;

4. The sum of $4,326,686 appropriated from the general fund and the sum of $30,673,314 appropriated from federal funds for the Medicaid management information system modularization technology project in chapter 12 of the 2021 Session Laws;

5. Any amounts appropriated to the department of health and human services in chapter 549 of the 2021 Special Session Session Laws of which the amount appropriated for medical assistance percentage adjustments may be used for the home- and community-based services 10 percent enhancement plan;

6. Any amounts appropriated to the department of health and human services in chapter 550 of the 2021 Special Session Session Laws;

7. Any amounts appropriated to the department of health and human services for COVID-19 relief in chapters 27 and 28 of the 2021 Session Laws;

8. The amount appropriated for the modification of the department of human services' eligibility systems in chapter 578 of the 2011 Special Session Session Laws which was continued into the 2013-15 biennium, then the 2015-17 biennium, then the 2017-19 biennium, then the 2019-21 biennium, and then 2021-23 biennium; and

9. The sum of $2,000,000 appropriated for substance use disorder voucher system grants in chapter 12 of the 2021 Session Laws which may be continued and spent pursuant to section 50-06-42.1.

SECTION 25. EXEMPTION - EARLY CHILDHOOD INFORMATION SYSTEM. The requirements of chapter 54-44.4 do not apply to the selection of a vendor, the procurement award, or payments made under this section regarding an early childhood workforce and professional development information system or an early childhood resource and referral information system for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 26. EXEMPTION - PURCHASE OF CONSUMABLES. The requirements of chapter 54-44.4 do not apply to the purchase of consumables at the department of health and human services continuously staffed residential units during

low-census time periods for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 27. LEGISLATIVE INTENT - UTILIZATION RATE ADJUSTMENT. It is the intent of the sixty-eighth legislative assembly that the department of health and human services seeks a deficiency appropriation from the sixty-ninth legislative assembly for any expenditures that exceed appropriated amounts as a result of utilization rates, discontinuation of the federal Medicaid continuous enrollment requirement, value-based purchasing for nursing facilities, and reduction in federal medical assistance percentage, during the biennium beginning July 1, 2023, and ending June 30, 2025, if funding is not sufficient to pay actual expenses.

SECTION 28. LEGISLATIVE INTENT - PROVIDER RATE INCREASE. Except as otherwise noted, section 1 of this Act includes funding for human service provider inflation increases of four percent for each year of the biennium beginning July 1, 2023, and ending June 30, 2025. Section 1 of this Act includes funding for developmental disability service payment inflation increases of seven percent the first year of the biennium and four percent the second year of the biennium beginning July 1, 2023, and ending June 30, 2025. The provider inflation increase in this section does not apply to nursing and basic care facilities.

SECTION 29. FEDERAL FUNDING APPEAL LIMITATION. Except as otherwise specifically provided by federal law, a person may not appeal a denial, revocation, reduction in services or payment, or the termination of a program or service by the department of health and human services due to the unavailability of federal coronavirus funding received under federal law resulting from the federal coronavirus pandemic emergency declaration for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 30. LEGISLATIVE MANAGEMENT STUDY - EARLY CHILDHOOD PROGRAMS AND SERVICES. During the 2023-24 interim, the legislative management shall consider studying the early child care programs and child care services to identify major needs and systemic approaches to stabilize child care infrastructure. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-ninth legislative assembly.

SECTION 31. LEGISLATIVE MANAGEMENT REPORT - EARLY CHILDHOOD PROGRAMS. During the 2023-24 interim, the department of health and human services shall provide reports to the legislative management regarding the status of early childhood programs managed by the department.

SECTION 32. EFFECTIVE DATE. Section 19 of this Act becomes effective on January 1, 2024."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2012 - Summary of Senate Action

	Base Budget	Senate Changes	Senate Version
DHHS - Management			
Total all funds	$172,600,480	$92,949,900	$265,550,380
Less estimated income	92,905,426	93,255,417	186,160,843
General fund	$79,695,054	($305,517)	$79,389,537

FTE	97.85	16.05	113.90
DHHS - Program/Policy			
Total all funds	$3,793,980,879	$823,943,295	$4,617,924,174
Less estimated income	2,499,452,627	489,283,991	2,988,736,618
General fund	$1,294,528,252	$334,659,304	$1,629,187,556
FTE	666.17	21.15	687.32
DHHS - County Social Services Financing			
Total all funds	$189,917,386	$35,444,200	$225,361,586
Less estimated income	188,676,995	35,333,519	224,010,514
General fund	$1,240,391	$110,681	$1,351,072
FTE	159.00	5.00	164.00
DHHS - Field Services			
Total all funds	$293,597,257	$59,299,966	$352,897,223
Less estimated income	114,273,300	(18,574,719)	95,698,581
General fund	$179,323,957	$77,874,685	$257,198,642
FTE	1,342.31	51.80	1,394.11
Bill total			
Total all funds	$4,450,096,002	$1,011,637,361	$5,461,733,363
Less estimated income	2,895,308,348	599,298,208	3,494,606,556
General fund	$1,554,787,654	$412,339,153	$1,967,126,807
FTE	2,265.33	94.00	2,359.33

Senate Bill No. 2012 - DHHS - Management - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	$21,363,556	$3,045,900	$24,409,456
Operating expenses	151,161,924	89,904,000	241,065,924
Capital assets	75,000		75,000
Total all funds	$172,600,480	$92,949,900	$265,550,380
Less estimated income	92,905,426	93,255,417	186,160,843
General fund	$79,695,054	($305,517)	$79,389,537
FTE	97.85	16.05	113.90

Department 326 - DHHS - Management - Detail of Senate Changes

	Adjusts Funding for Management[1]	Total Senate Changes
Salaries and wages	$3,045,900	$3,045,900
Operating expenses	89,904,000	89,904,000
Capital assets		
Total all funds	$92,949,900	$92,949,900
Less estimated income	93,255,417	93,255,417
General fund	($305,517)	($305,517)
FTE	16.05	16.05

[1] Funding for management is adjusted as follows:

2023-25 Ongoing Funding Changes	FTE Positions	General Fund	Other Funds	Total
Adjusts funding for base payroll and budget changes	14.55	$5,995,189	$11,524,138	$17,519,327
Adds funding for salary increases of 4 percent on July 1, 2023, and July 1, 2024		$862,063	$283,496	$1,145,559

Adds funding for increases in monthly health insurance rates from $1,429 to $1,648 per month		436,667	139,099	575,766
Converts 1 temporary position and adds an additional 0.50 FTE position for criminal background check processing	1.50	120,780	26,512	147,292
Adds funding for Americans with Disabilities Act coordination		55,200		55,200
Adds funding for a new Capitol space rent model		842,674		842,674
Reduces funding for overall agency operations		(19,900,262)		(19,900,262)
Total ongoing funding changes	16.05	($11,587,689)	$11,973,245	$385,556
One-Time Funding Items				
Adds one-time funding to continue to automate the criminal background check process		$1,000,000		$1,000,000
Provides one-time funding for operating inflation		10,282,172	$10,282,172	20,564,344
Adds one-time funding from the strategic investment and improvements fund for a procurement and grants software project			11,000,000	11,000,000
Provides one-time funding of $60.0 million, of which $20.4 million is from the community health trust fund and $39.6 million is from federal funds to replace the child support case management system			60,000,000	60,000,000
Total one-time funding changes	0.00	$11,282,172	$81,282,172	$92,564,344
Total changes to base level funding	16.05	($305,517)	$93,255,417	$92,949,900

Senate Bill No. 2012 - DHHS - Program/Policy - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	$122,081,310	$19,537,197	$141,618,507
Operating expenses	176,078,719	55,722,549	231,801,268
Capital assets	10,000		10,000
Grants	467,144,387	190,506,682	657,651,069
Grants - Medical assistance	3,028,666,463	556,176,867	3,584,843,330
Opioid prevention		2,000,000	2,000,000
Total all funds	$3,793,980,879	$823,943,295	$4,617,924,174
Less estimated income	2,499,452,627	489,283,991	2,988,736,618
General fund	$1,294,528,252	$334,659,304	$1,629,187,556
FTE	666.17	21.15	687.32

Department 328 - DHHS - Program/Policy - Detail of Senate Changes

	Adjusts Funding for Program and Policy[1]	Total Senate Changes
Salaries and wages	$19,537,197	$19,537,197
Operating expenses	55,722,549	55,722,549
Capital assets		
Grants	190,506,682	190,506,682
Grants - Medical assistance	556,176,867	556,176,867
Opioid prevention	2,000,000	2,000,000
Total all funds	$823,943,295	$823,943,295
Less estimated income	489,283,991	489,283,991
General fund	$334,659,304	$334,659,304
FTE	21.15	21.15

[1] Funding for program and policy is adjusted as follows:

2023-25 Ongoing Funding Changes	FTE Positions	General Fund	Other Funds	Total
Adjusts funding for base payroll and budget changes	9.15	$11,576,010	$9,505,488	$21,081,498
Adds funding for salary increases of 4 percent on July 1, 2023, and July 1, 2024		2,661,463	3,528,496	6,189,959
Adds funding for increases in monthly health insurance rates from $1,429 to $1,648 per month		1,338,470	1,865,110	3,203,580
Adds funding for estimated cost and caseload increases		122,273,747	381,790,377	504,064,124
Adds funding for annual provider inflation increases of 4 percent		47,443,941	50,139,879	97,583,820
Adds funding for federal medical assistance percentage adjustments based on a rate of 52.50 percent for federal fiscal years 2024 and 2025.		21,621,657	(21,621,657)	0
Economic Assistance				
Transfers temporary assistance for needy families funding currently used for foster care funding			7,496,368	7,496,368
Adds funding to increase the utilization of the child care assistance program for children ages 0 to 3		22,000,000		22,000,000
Adds funding to improve the ability of low-income parents to obtain child care		12,900,000		12,900,000
Increases federal funds authority for the child care and development fund ($2,491,435) and the low-income home energy assistance program ($12,700,000)			15,191,435	15,191,435
Medical Services				
Adds positions to provide assistance to Medicaid providers that employ direct care workers	2.00	48,642	266,995	315,637
Increases the eligibility level for the children's health insurance program from 170 to 210 percent of the federal poverty level		1,389,270	2,878,042	4,267,312
Increases the eligibility level for medically needy individuals from 83 to 90 percent of the federal poverty level		6,300,000	4,200,000	10,500,000

Long-Term Care				
Increases funding for home- and community-based services, including an increase in the personal needs allowance, an increase in adult foster care rates, increasing the family home care rate to $72.50 per day, and other enhancements		8,288,319	2,402,565	10,690,884
Eliminates the autism spectrum disorder voucher program and increases funding for the autism waiver program		4,168,959	4,607,797	8,776,756
Increases the maximum benefit level and available slots for the medically fragile waiver		186,400	206,022	392,422
Aging Services				
Adds 2 FTE home- and community-based services navigator positions and 1 FTE home- and community-based services generalist position	3.00	143,912	143,912	287,824
Increases senior meal rates from $4.60 to $8.89 for home-delivered meals and from $4.60 to $7.62 for congregate meals and provides for up to two home-delivered meals per day		12,992,444		12,992,444
Adds funding to increase aging services guardianship rates		70,500		70,500
Adds an FTE position for compliance and quality assurance	1.00	103,868	103,868	207,736
Adds an FTE position using existing federal funds for services to be provided due to a federal Department of Justice lawsuit	1.00			0
Increases funding for dementia care services grants to provide a total of $1.6 million		305,000		305,000
Children and Family Services				
Adds general fund support for foster care to allow temporary assistance for needy families funding to be redirected to economic assistance programs		7,496,368	(7,496,368)	0
Increases funding for children's advocacy centers to provide total funding of $4.1 million		2,500,000		2,500,000
Adds funding to provide assistance to unlicensed kin caregivers		960,000		960,000
Adds funding for grants to organizations that provide family-to-family support services		175,000		175,000
Behavioral Health				
Adds 1 FTE service navigator position and 1 FTE voucher processor position	2.00	223,946		223,946
Increases funding for the free through recovery program for funds to be received from the Department of Corrections and Rehabilitation for the program to provide total funding of $15.5 million			8,326,380	8,326,380
Increases funding for the community connect program to provide total funding of $15 million		7,019,514		7,019,514
Adds funding related to an opioid settlement			2,000,000	2,000,000

Adds funding for pregnant and parenting women residential services		600,000		600,000
Adds funding for school behavioral health grants to provide total funding of $6.5 million		3,500,000		3,500,000
Adds funding for recovery housing		1,300,000		1,300,000
Adds federal funds spending authority for the B-HERO program			400,000	400,000
Increases the Medicaid reimbursement rate for behavioral health practitioners from 75 to 100 percent of the Medicaid professional services fee schedule effective the 2nd year of the 2023-25 biennium		1,362,070	1,505,446	2,867,516
Developmental Disabilities				
Adds funding for guardianship establishment		300,000		300,000
Adds 1 FTE position for compliance and quality assurance	1.00	103,868	103,868	207,736
Adds 1 FTE early intervention position	1.00	86,602	86,602	173,204
Adds additional funding to increase developmental disability provider rates by 7 percent the 1st year of the biennium		10,223,681	11,403,366	21,627,047
Increases corporate guardianship slots by 30 to provide for 529 total slots and increases the daily reimbursement rate by 5 percent per year		808,748		808,748
Early Childhood				
Expands the best in class program		12,000,000		12,000,000
Adds funding for early childhood career grants		2,000,000		2,000,000
Adds 1 FTE program administrator for early childhood programs	1.00	236,905		236,905
Total ongoing funding changes	21.15	$326,709,304	$479,033,991	$805,743,295
One-Time Funding Items				
Adds one-time funding for program integrity audits		$2,250,000	$2,250,000	$4,500,000
Adjusts funding for autism programs		(300,000)		(300,000)
Adds funding from the strategic investment and improvements fund for a pregnant and parenting women facility			1,000,000	1,000,000
Add one-time funding to increase capacity for the early childhood rating infrastructure		3,000,000		3,000,000
Add one-time funding to create quality tiers in the child care reimbursement program		3,000,000		3,000,000
Expands public-private child care benefits using one-time funding from the legacy earnings fund			1,000,000	1,000,000
Provides child care business operating grants using one-time funding from the legacy earnings fund			5,000,000	5,000,000
Creates a pilot program for child care during nontraditional hours using one-time funding from the legacy earnings fund			1,000,000	1,000,000
Total one-time funding changes	0.00	$7,950,000	$10,250,000	$18,200,000
Total changes to base level funding	21.15	$334,659,304	$489,283,991	$823,943,295

Senate Bill No. 2012 - DHHS - County Social Services Financing - Senate Action

	Base Budget	Senate Changes	Senate Version
County social services	$189,917,386	$35,444,200	$225,361,586
Total all funds	$189,917,386	$35,444,200	$225,361,586
Less estimated income	188,676,995	35,333,519	224,010,514
General fund	$1,240,391	$110,681	$1,351,072
FTE	159.00	5.00	164.00

Department 333 - DHHS - County Social Services Financing - Detail of Senate Changes

	Adjusts Funding for County Social Services Program[1]	Total Senate Changes
County social services	$35,444,200	$35,444,200
Total all funds	$35,444,200	$35,444,200
Less estimated income	35,333,519	35,333,519
General fund	$110,681	$110,681
FTE	5.00	5.00

[1] Funding is adjusted for the county social services program as follows:

2023-25 Ongoing Funding Changes	FTE Positions	General Fund	Other Funds	Total
Adjusts funding for base payroll and budget changes	(2.00)	$18,434	$1,240,493	$1,258,927
Adds funding for state employee salary increases of 4 percent on July 1, 2023, and July 1, 2024		61,440	1,486,858	1,548,298
Adds funding for increases in monthly health insurance rates from $1,429 to $1,648 per month		30,807	721,687	752,494
Adds funding for human service zone employee salary increases of 4 percent on July 1, 2023, and July 1, 2024			6,240,680	6,240,680
Adds funding for human services zone employee salary equity adjustments			1,000,000	1,000,000
Adjusts federal and special funds spending authority, including an additional $20 million for human service zone operations and $600,000 for increases in indigent burial assistance			23,541,770	23,541,770
Adds 4 FTE home- and community-based services management positions the 1st year of the biennium and 3 FTE positions the 2nd year of the biennium	7.00		1,102,031	1,102,031
Total ongoing funding changes	5.00	$110,681	$35,333,519	$35,444,200

Senate Bill No. 2012 - DHHS - Field Services - Senate Action

	Base Budget	Senate Changes	Senate Version
Human service centers	$163,213,829	$26,160,626	$189,374,455
Institutions	130,383,428	33,139,340	163,522,768
Total all funds	$293,597,257	$59,299,966	$352,897,223
Less estimated income	114,273,300	(18,574,719)	95,698,581
General fund	$179,323,957	$77,874,685	$257,198,642
FTE	1,342.31	51.80	1,394.11

Department 349 - DHHS - Field Services - Detail of Senate Changes

	Adjusts Funding for Field Services[1]	Total Senate Changes
Human service centers	$26,160,626	$26,160,626
Institutions	33,139,340	33,139,340
Total all funds	$59,299,966	$59,299,966
Less estimated income	(18,574,719)	(18,574,719)
General fund	$77,874,685	$77,874,685
FTE	51.80	51.80

[1] Funding is adjusted for field services as follows:

2023-25 Ongoing Funding Changes	FTE Positions	General Fund	Other Funds	Total
Adjusts funding for base payroll and budget changes	(21.70)	$5,365,003	$7,438,385	$12,803,388
Adds funding for salary increases of 4 percent on July 1, 2023, and July 1, 2024		8,926,423	2,830,652	11,757,075
Adds funding for increases in monthly health insurance rates from $1,429 to $1,648 per month		4,161,185	1,449,231	5,610,416
Converts 28.5 temporary human service center positions to FTE positions to provide behavioral health services	28.50	950,906		950,906
Increases funding for crisis support services to convert 16 temporary positions to FTE peer support positions, to add 1 FTE nurse for residential crisis services, to add 4 FTE mobile crisis positions, to increase funding for locum tenens contracts, and to increase funding for contracted providers	21.00	11,375,536		11,375,536
Adds funding for annual provider inflation increases of 4 percent		1,417,491		1,417,491
Adds funding for three human service centers to become certified community behavioral health clinics	24.00	9,650,000		9,650,000
Total ongoing funding changes	51.80	$41,846,544	$11,718,268	$53,564,812
One-Time Funding Items				
Provides one-time funding from the strategic investment and improvements fund for the architectural design of a new state hospital			$5,000,000	$5,000,000
Provides one-time funding from the strategic investment and improvements fund to replace the fire alarm system and resurface the parking lot at the Southeast Human Service Center			735,154	735,154
Adds one-time funding to replace federal and special fund revenue with funding from the general fund due to decreased revenues and increased operating costs at human service centers and the State Hospital		$36,028,141	(36,028,141)	0
Total one-time funding changes	0.00	$36,028,141	($30,292,987)	$5,735,154
Total changes to base level	51.80	$77,874,685	($18,574,719)	$59,299,966

Senate Bill No. 2012 - Other Changes - Senate Action

This amendment also:

- Transfers $21.6 million from the strategic investment and improvements fund to the human service finance fund.
- Identifies $221.6 million from the human service finance fund for the county social services program.
- Identifies $20.4 million from the community health trust fund for the child support case management system project.
- Identifies $7 million from the legacy earnings fund for child care assistance program.
- Identifies $17,735,154 from the strategic investment and improvements fund for the procurement and grants computer project ($11,000,000), the design of a new state hospital ($5,000,000), pregnant and parenting women residential facilities ($1,000,000), and Southeast Human Service Center deferred maintenance projects ($735,154).
- Authorizes capital payments for special assessment costs at the State Hospital and Life Skills and Transition Center.
- Authorizes the demolition of certain buildings at the State Hospital.
- Authorizes direct assistance for beneficiaries of child care assistance.
- Provides guidelines for the the use of behavioral health facility grants.
- Identifies $4,672,536 from the general fund for permanent supportive housing grants.
- Provides that expenditures for the Medicaid Expansion program may not exceed legislative appropriations.
- Amends North Dakota Century Code Section 50-06-42 to remove the moratorium on new substance use disorder voucher program providers.
- Amends Section 50-24.1-26 to increase the eligible age of the autism waiver program from 16 to 18.
- Amends Section 50-29-04 to increase the eligibility level of the children's health insurance program from 175 to 210 percent of the federal poverty level.
- Repeals Section 50-06-32.1 relating to the autism voucher.
- Authorizes DHHS to enter into agreements with vendors to build two human service center buildings.
- Authorizes DHHS to lease land at the State Hospital to the National Guard to construct a training and storage building.
- Requires providers receiving funding from DHHS to submit process and outcome measures.
- Provides guidelines for three human service centers to become certified behavioral health clinics.
- Provides exemptions to authorize unexpended appropriations to continue into the 2023-25 biennium.
- Provides an exemption for procurement requirements for an early childhood information system.
- Provides an exemption for procurement for consumables at department residential facilities during low-census time periods.
- Provides intent that DHHS seeks a deficiency appropriation from the 69th Legislative Assembly if utilization rates exceed estimates.
- Identifies provider inflation increases included in the amendment.
- Provides that an individual may not appeal a denial or reduction of service by DHHS if federal COVID-19 funding is no longer available.
- Provides for a Legislative Management study of early childhood programs.
- Provides for DHHS to provide reports to the Legislative Management regarding the status of early childhood programs.

Engrossed House Bill 1014

Testimony of Industrial Commission Interim Executive Director Karen Tyler

Before the Senate Appropriations Committee

March 1, 2023

Good afternoon, Mr. Chairman and members of the committee. I am Karen Tyler, the Interim 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 to appear before you to discuss the appropriation for the Office of the Industrial Commission, and the industries, agencies and programs that report to the Commission.

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 very broad and diverse portfolio of authority ranging from the oversight of our state-owned industries, to the financing of state

buildings and infrastructure, to the regulation of our oil and gas industry, to supporting affordable housing programs, to overseeing highly impactful grant programs, to serving as the state's pipeline authority and transmission authority.

Inside the front cover of the testimony binders we have prepared for you is the planned schedule of testimony for the day, the Industrial Commission organizational chart, as well as contact information for all of our agency and program leaders.

I will begin with a discussion of the budget priorities for the administrative office, and then our Deputy Director Reice Haase will provide an overview of the Commission and a closer look at the grant programs overseen by the Commission. Reice will also discuss a new grid resiliency grant opportunity that we are requesting in our budget, and then we will transition to our other agency leaders.

There are a number of strategic priorities that inform the budget request for the Office of the Industrial Commission:

1. **Move the administrative office toward a more optimal staffing level and establish or expand operational and fiscal management capacity.**
2. **Invest in technology that will improve grant management, contract management and meetings management across all programs,**

3. **Build an electronic records future state, and disposition decades of historical records through a comprehensive records management project and program.**

Section 1, Subdivision 1.

The budget for the Office of the Industrial Commission is found within the appropriation presented in Section 1, Subdivision 1 on page 1 of Engrossed HB 1014. This Subdivision of the bill shows the combined appropriation for the Administrative Office and the Public Finance Authority, after removing the funding for DMR and moving it to a separate category. The Administrative Office budget is also referenced separately in Section 8 on pages 6 and 7 of the engrossed bill.

Breakout of appropriation requests for IC Admin Office and PFA included in subdivision 1:

	Admin	PFA	Total
40510	1,578,253	892,983	2,471,236
40530	3,513,693	193,325	3,707,018
40550	1,250,000		1,250,000
40560	33,623,893		33,623,893
40570		119,879,913	119,879,913
Total	39,965,839	120,966,221	160,932,060
Less Estimated	35,540,983	120,966,221	156,507,204
General Fund	4,424,856	0	4,424,856

The total request for the Office of the Industrial Commission includes the following adjustments:

1. 1 new FTE, with salaries, benefits and operating totaling $183,476 – a 2nd FTE was added by the House at our request and due to additional programs being added to the Commission this session
2. Executive budget salary and benefit increases of $102,154
3. Increases in our operating line for:
    a. office space rent - $20,305

b. records management - $75,000 one-time

c. Transmission Authority Director's contract - $250,000 – this amount was increased to $300,000 by the House

d. technology costs - $68,000 on-going

e. grant management technology – spending authority of up to $250,000 per grant program

4. This request also includes $12,400 in on-going operating funds to cover costs of participation in key energy industry professional development events

5. Funding from the general fund for the Infrastructure Investment and Jobs Act grid resiliency grant match and the spending authority for the federal funds component. Reice will provide more detail on this program

There are two items in our budget that were included as one-time expenditures and we would request that they be adjusted to an on-going status. They are the $20,305 included for our rent increase, and the $250,000 for the Transmission Authority Director's contract.

In regard to the variation from the executive budget recommendation, the additional $62,400 is for the professional development funding of $12,400, and

additional on-going technology expense of $50,000 for software licensing related to meetings management. The Office of the Industrial Commission manages and supports approximately 35 public meetings on an annual basis.

We hope to have a much more detailed discussion about our grant programs and needed improvements to our grant management system as we move through the budget process, but as an introduction to that discussion, I want to flag the contributing factors driving the need for a significant technology investment, which are: the number of programs, number of grant rounds, volume of applicants and recipients, technical review requirements, number of contracts executed, volume of payments, verification of matching requirements, reimbursement-based nature of the programs, and the extent of reporting requirements – all of these combine to drive the need for a technology solution.

The administrative office budget has historically been a special fund budget that is funded through cost assessments made on the various agencies and programs the office supports. You will find this assessment authority and transfer requirement set forth in Section 8 of the bill. While we request that this mechanism remain in place for the funding of the administrative office for the 23-25 biennium, this budget cycle you will also see some general fund requests included in our budget

for the IIJA grant match and the Transmission Authority contract, which would not be included in this assessment and transfer.

Historically the administrative office has been allowed to carry over any remaining appropriation at the end of a biennium, which then may allow for a reduced cost assessment to the industrial commission agencies and programs in the next biennium. This language is also included in Section 8 of the engrossed bill.

The Office of the Industrial Commission is entering a period of significant change and the budget request we are making is critical to a successful transition and transformation driven by our strategic initiatives. As you will see from Reice's overview, what began as a Commission overseeing 2 state owned businesses and 1 bonding and financing program has grown into oversight of 16 different industries, agencies, and programs, and during the first half of the session, legislation has passed that will add to the Commission's role.

#22003

Prepared by the Legislative Council staff
March 2023

HOUSE BILL NO. 1014 - FULL-TIME EQUIVALENT POSITION COMPARISON

The schedule below provides information on the full-time equivalent (FTE) positions related to House Bill No. 1014, including the base level, the executive budget recommendation, and the House Version.

House Bill No. 1014 - FTE Position Comparison						
	Base Level	Executive Budget	Executive Budget Compared to Base Level	House Version	House Version Compared to Executive Budget	House Version Compared to Base Level
Industrial Commission						
405 - Industrial Commission	6.75	8.75	2.00	9.75	1.00	3.00
470 - Department of Mineral Resources	101.50	107.00	5.50	108.00	1.00	6.50
Total Industrial Commission	**108.25**	**115.75**	**7.50**	**117.75**	**2.00**	**9.50**
471 - Bank of North Dakota	**173.00**	**181.00**	**8.00**	**187.00**	**6.00**	**14.00**
473 - Housing Finance Agency	**49.00**	**52.00**	**3.00**	**53.00**	**1.00**	**4.00**
475 - Mill and Elevator Association	**156.00**	**170.00**	**14.00**	**170.00**	**0.00**	**14.00**
Total House Bill No. 1014 FTE Positions	**486.25**	**518.75**	**32.50**	**527.75**	**9.00**	**41.50**

Prepared for the Senate Appropriations Committee

Department 405 and 470 - Industrial Commission and Department of Mineral Resources
House Bill No. 1014

First Chamber Comparison to Base Level

Industrial Commission			
	General Fund	Other Funds	Total
2023-25 First Chamber Version	$4,424,856	$156,507,204	$160,932,060
2023-25 Base Level	0	24,131,181	24,131,181
Increase (Decrease)	$4,424,856	$132,376,023	$136,800,879

Department of Mineral Resources			
	General Fund	Other Funds	Total
2023-25 First Chamber Version	$34,573,066	$2,568,000	$37,141,066
2023-25 Base Level	26,489,613	238,004	26,727,617
Increase (Decrease)	$8,083,453	$2,329,996	$10,413,449

First Chamber Changes

A summary of the first chamber's changes to the agency's base level appropriations and the executive budget are attached as appendices.

Selected Bill Sections Included in the First Chamber Version

Legacy earnings fund - Sections 12 transfers $305 million from the legacy earnings fund to the oil and gas research fund ($5 million) and the clean sustainable energy fund ($300 million).

Strategic investment and improvements fund - Section 13 transfers $3 million to the State Energy Research Center fund for a critical minerals study, and Section 14 transfers $22 million to the State Energy Research Center for a salt cavern research project. Section 15 identifies $25 million appropriated in Section 1 for a high-voltage direct current transmission line grant.

Pipeline capacity positions - Sections 18, 19, 20, and 21 authorize the North Dakota Pipeline Authority to borrow up to $60 million through a line of credit from the Bank of North Dakota to purchase capacity positions on a pipeline and requires the line of credit be guaranteed under the fuel production facility loan guarantee program.

North Dakota outdoor heritage fund - Section 25 decreases the oil and gas tax revenue allocation limit to the North Dakota outdoor heritage fund from $20 million per fiscal year to $7.5 million per fiscal year for the 2023-25 biennium, the same as the 2021-23 biennium.

Oil and gas research fund - Section 25 increases the allocations to the oil and gas research fund by $4.5 million, from $10 million to $14.5 million for the 2023-25 biennium, the same as the 2021-23 biennium.

Federal State Fiscal Recovery Fund exemption - Section 26 provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a hydrogen development grant ($20 million) and an abandoned oil well conversion program ($3.2 million).

Survey review exemption - Section 26 provides an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority for a survey review during the 2023-25 biennium.

Continuing Appropriations

Abandoned oil and gas reclamation fund - North Dakota Century Code Section 38-08-04.5 - Abandoned oil and gas reclamation.

Carbon dioxide storage facility administration fund - Section 38-22-14 - For defraying costs of processing applications for regulating carbon dioxide storage facilities.

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.

Cartographic products fund - Section 54-17.4-10 - Topographic map sales and purchases.

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.

Fossil excavation and restoration fund - Section 54-17.4-09.1 - Excavation and restoration of fossils.

Geological data preservation fund - Section 54-17.4-13 - Data preservation.

Geophysical, geothermal, subsurface minerals, and coal exploration fund - Section 38-21-03 - Reclamation of orphaned facilities and exploration holes.

Global positioning system community base station - Section 54-17.4-12 - For maintenance of base station.

Lignite research fund - Section 57-61-01.5 - Research, development, and marketing for the lignite industry.

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.

North Dakota Pipeline Authority administrative fund - Section 54-17.7-11 - For operations of the North Dakota Pipeline Authority.

Oil and gas research fund - Section 57-51.1-07.3 - Oil and gas research and education.

Oil and gas reservoir data fund - Section 38-08-04.6 - Oil and gas reservoir data.

Renewable energy development fund - Section 54-63-04 - Renewable energy research, development, and education.

Clean sustainable energy fund - Section 54-63.1-07 - Grants, loans, and other financial assistance for clean sustainable energy project research and development.

Deficiency Appropriations

House Bill No. 1014 transfers $15,000 from the general fund to the fossil restoration fund prior to the end of the 2021-23 biennium and appropriates $62,460 from the general fund and authorizes 3 FTE carbon capture positions for the 2021-23 biennium.

Significant Audit Findings

The operational audit for the Industrial Commission conducted by the State Auditor's office during the 2021-22 interim identified no significant audit findings.

Major Related Legislation

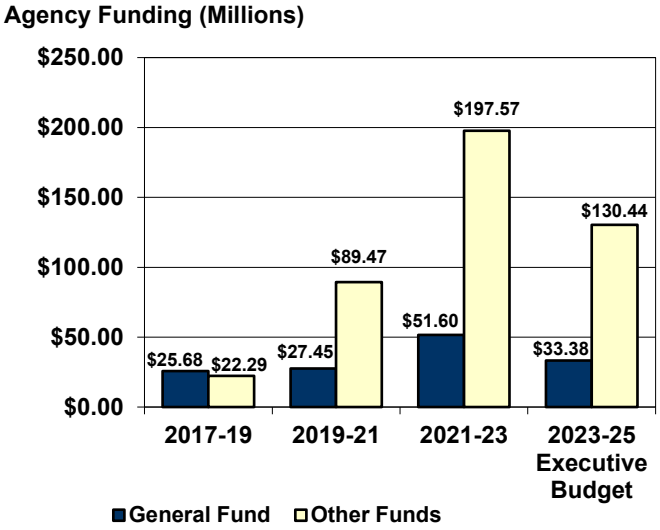
House Bill No. 1519 - Appropriates $250,000 from the federal State Fiscal Recovery Fund to the Industrial Commission for autonomous technology grants to individuals and entities in the oil and gas industry.

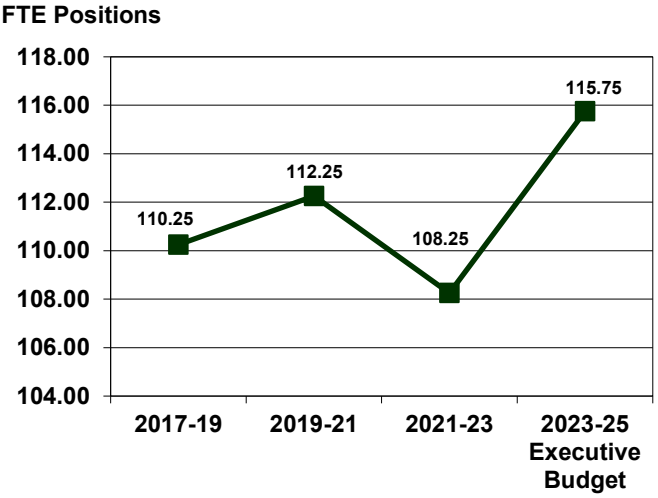
House Bill No. 1520 - Clarifies the production costs that can be deducted from oil and gas royalties and the information required to be reported on oil and gas royalty statements.

Senate Bill No. 2059 - Increases the fund balance limit from $50 million to $100 million for oil and gas gross production tax revenue allocations to the abandoned oil and gas well plugging and site reclamation fund.

Historical Appropriations Information

Agency Appropriations and FTE Positions





Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	$24,957,746	$25,408,987	$27,254,198	$26,489,613	$30,362,191
Increase (decrease) from previous biennium	N/A	$451,241	$1,845,211	($764,585)	$3,872,578
Percentage increase (decrease) from previous biennium	N/A	1.8%	7.3%	(2.8%)	14.6%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	1.8%	9.2%	6.1%	21.7%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

1. Removed 8.5 FTE positions, including 6.5 FTE engineering technician positions and 2 FTE administrative assistant positions — ($577,999)
2. Added funding for contingent FTE engineering technician positions — $221,737
3. Added funding for operating expenses primarily related to travel, information technology software and services, and professional services — $448,753

2019-21 Biennium

1. Increased funding for 2 FTE positions that were partially funded as contingent positions in the 2017-19 biennium — $40,464
2. Added funding for 2 FTE contingent positions — $229,544
3. Added funding for operating expenses, primarily related to travel, building leases, and information technology costs — $556,254

2021-23 Biennium

1. Removed 1 FTE computer network specialist position ($222,366), 1 FTE engineering technician position ($180,551), and 2 FTE contingent positions ($229,544) — ($632,461)
2. Decreased funding for salaries and wages for anticipated savings from vacant positions and employee turnover — ($214,360)
3. Decreased funding for temporary salaries — ($60,000)
4. Adjusted funding for operating expenses, primarily related to a decrease in travel — ($730,400)

2023-25 Biennium (Executive Budget Recommendation)

Adds 7.5 FTE positions, including 3 carbon capture positions, 1 paleontology position, 1 critical minerals position, 1 grant administrator position, 1 deputy director position for the Public Finance Authority, and 0.5 records management position	$1,303,541

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	$7,718,143	$269,408	$195,000	$25,106,260	$3,020,849

Major One-Time General Fund Appropriations

2017-19 Biennium

Provided a deficiency appropriation for litigation expenses related to various lawsuits associated with oil and gas regulatory disputes and other environmental issues	$269,408

2019-21 Biennium

1. Added one-time funding for temporary employees who will record historical information to provide guidance to current and future employees	$175,000
2. Added one-time funding for a transfer to the high-level radioactive waste fund	$20,000

2021-23 Biennium

1. Added one-time funding from the general fund for paleontology and geological equipment	$106,260
2. Added one-time funding for a transfer to the clean sustainable energy fund pursuant to House Bill No. 1452 (2021)	$25,000,000

2023-25 Biennium (Executive Budget Recommendation)

1. Adds one-time funding for inflationary costs primarily related to travel expenses	$821,456
2. Adds one-time funding for Transmission Authority consulting expenses	$250,000
3. Adds one-time funding for a federal electric grid resilience grant and a related match from the general fund	$1,372,227
4. Adds one-time funding for a transfer to the fossil restoration fund	$250,000

Department 471 - Bank of North Dakota
House Bill No. 1014

First Chamber Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 First Chamber Version	$0	$76,237,686	$76,237,686
2023-25 Base Level	0	68,816,548	68,816,548
Increase (Decrease)	$0	$7,421,138	$7,421,138

First Chamber Changes

A summary of the first chamber's changes to the agency's base level appropriations and the executive budget is attached as an appendix.

Selected Bill Sections Included in the First Chamber Version

Transfer to general fund - Section 10 provides for a transfer of $70 million from the Bank of North Dakota's current earnings and undivided profits to the general fund for the 2023-25 biennium. Section 23 amends the transfer of Bank of North Dakota profits during the 2021-23 biennium to provide a transfer of $70 million to the general fund rather than $140 million, and Section 27 provides an emergency clause related to this change.

Transfer to partnership in assisting community expansion (PACE) fund - Section 11 provides for a transfer of $39 million from the Bank of North Dakota's current earnings and undivided profits to the PACE fund for the 2023-25 biennium.

Transfer to Ag PACE fund - Section 11 provides for a transfer of $5 million from the Bank's current earnings and undivided profits to the Ag PACE fund for the 2023-25 biennium.

Transfer to biofuels PACE fund - Section 11 provides for a transfer of $1 million from the Bank's current earnings and undivided profits to the biofuels PACE fund for the 2023-25 biennium.

Transfer to beginning farmer revolving loan fund - Section 11 provides for a transfer of $15 million from the Bank's current earnings and undivided profits to the beginning farmer revolving loan fund for the 2023-25 biennium.

Transfer to the agricultural products utilization fund - Section 11 provides for a transfer of $3 million from the Bank's current earnings and undivided profits to the agricultural products utilization fund for the 2023-25 biennium.

Recruitment and retention incentive program - Section 17 creates a new section to North Dakota Century Code Chapter 6-09 allowing the Bank to develop a recruitment and retention incentive program.

Continuing Appropriations

Agriculture diversification and development fund - Section 4.1-01.1-07 - Loans and grants to support new or expanding value-added agriculture businesses.

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

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

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

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

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

Rebuilders 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.

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

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

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

Deficiency Appropriations

House Bill No. 1199 transfers $20 million from the Bank's profits to the PACE fund for the 2021-23 biennium related to additional interest buydown requests. Funding for the PACE fund for the 2021-23 biennium totals $46 million, including $26 million approved during the 2021 regular legislative session and $20 million in House Bill No. 1199.

Significant Audit Findings

The financial statement audit for the Bank of North Dakota conducted by Eide Bailly LLP, during the 2021-22 interim identified no significant findings.

Major Related Legislation

House Bill No. 1003 - Transfers $16.5 million from the Bank's profits to the North Dakota University System office for State Board of Higher Education scholarships ($1.5 million), to the skilled workforce student loan repayment program fund ($7.5 million), and to the skilled workforce scholarship fund ($7.5 million).

House Bill No. 1242 - Transfers $20 million from the Bank's profits to the statewide interoperable radio network fund for the 2023-25 biennium.

House Bill No. 1379 - Appropriates $10 million to the Bank of North Dakota from the economic diversification research fund for grants to institutions of higher education for economic diversification research.

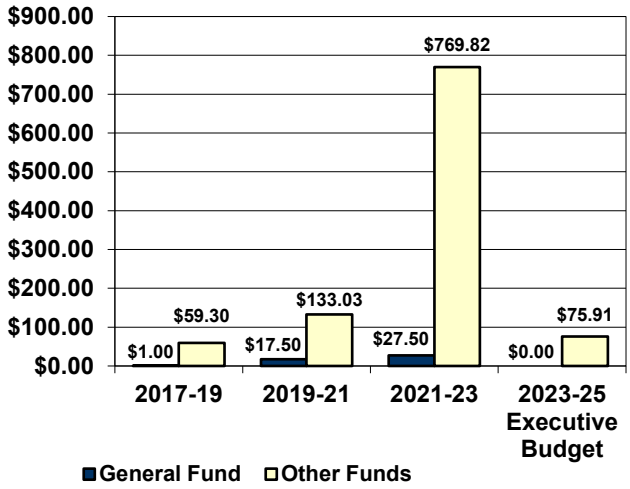
Senate Bill No. 2009 - Transfers $3 million from the Bank's profits to the agricultural products utilization fund for the 2023-25 biennium.

Senate Bill No. 2233 - Clarifies the provisions for auditing loan programs administered by the Bank of North Dakota.

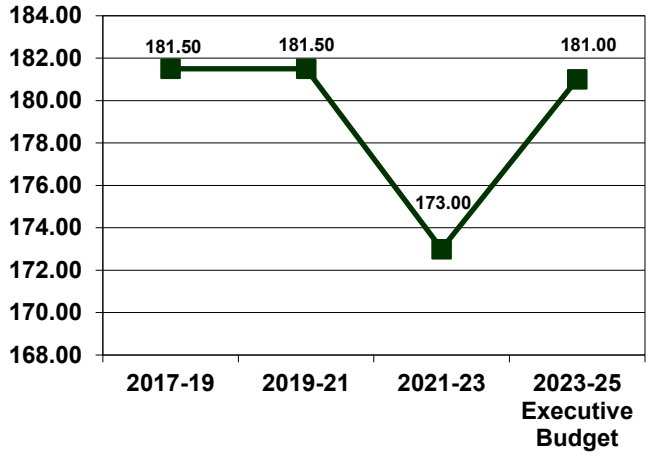
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing other funds appropriations	$59,287,301	$59,299,204	$64,357,799	$68,816,548	$75,101,307
Increase (decrease) from previous biennium	N/A	$11,903	$5,058,595	$4,458,749	$6,284,759
Percentage increase (decrease) from previous biennium	N/A	0.0%	8.5%	6.9%	9.1%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	0.0%	8.6%	16.1%	26.7%

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 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 ITD 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 of North Dakota 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 (Executive Budget Recommendation)

1. Adds funding for 8 FTE positions, including 2 credit underwriter positions, 2 valuation supervisor positions, 2 collateral valuation positions, 1 collateral valuation analyst position, and 1 loan operations supervisor position $2,005,395
2. Increases funding for ITD rate changes $405,524

One-Time Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	$17,000,000	$0	$0	$701,000,000	$804,278

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 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 (Executive Budget Recommendation)

Adds one-time funding for IT projects $804,278

Department 473 - Housing Finance Agency
House Bill No. 1014

First Chamber Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 First Chamber Version	$15,000,000	$69,333,093	$84,333,093
2023-25 Base Level	0	58,890,532	58,890,532
Increase (Decrease)	$15,000,000	$10,442,561	$25,442,561

First Chamber Changes

A summary of the first chamber's changes to the agency's base level appropriations and the executive budget is attached as an appendix.

Selected Bill Sections Included in the First Chamber Version

Additional appropriation authority - Section 4 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 2023-25 biennium.

Housing incentive fund - Section 6 transfers $12.5 million from the general fund to the housing incentive fund for the 2023-25 biennium.

Contingent funding and FTE position - Section 7 authorizes $82,068 and 1 FTE position contingent upon the agency's mortgage loan production exceeding $435 million during fiscal year 2024.

Continuing Appropriations

Housing incentive fund - North Dakota Century Code Section 54-17-40 - Provides grants for housing projects.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The financial statement audit for the Housing Finance Agency conducted by Brady, Martz & Associates PC, during the 2021-22 interim identified no significant findings.

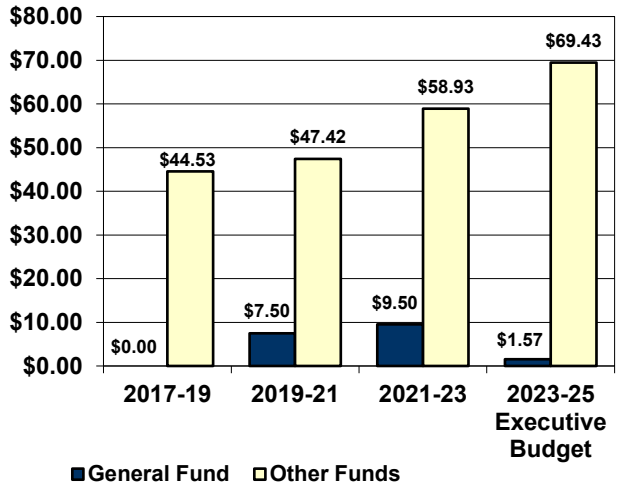
Major Related Legislation

At this time, no major legislation has been introduced affecting this agency.

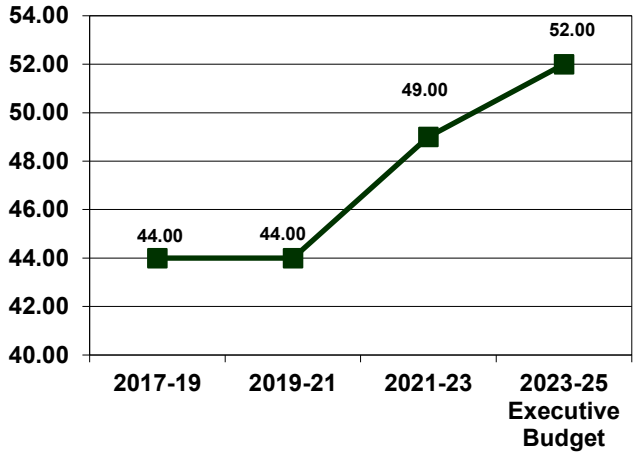
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing other funds appropriations	$37,520,089	$44,530,239	$47,421,891	$58,890,532	$69,427,221
Increase (decrease) from previous biennium	N/A	$7,010,150	$2,891,652	$11,468,641	$10,536,689
Percentage increase (decrease) from previous biennium	N/A	18.7%	6.5%	24.2%	17.9%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	18.7%	26.4%	57.0%	85.0%

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 information technology 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 (Executive Budget Recommendation)

1. Adds 2 FTE home loan program administrator positions ($466,592) and increases service premium fees ($4,531,830) for growth in the home loan program — $4,998,422
2. Increases federal funding for salary adjustments — $800,102
3. Transfers the homeless grants program from the Department of Commerce — $1,147,341
4. Increases funding for federal grants to provide total funding of $44,655,110 from federal sources for grants — $1,949,910
5. Increases funding for housing rehabilitation grants from the agency's operating fund — $380,000

One-Time Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund 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

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

2023-25 Biennium (Executive Budget Recommendation)

None — $0

Department 475 - Mill and Elevator Association
House Bill No. 1014

First Chamber Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 First Chamber Version	$0	$100,974,447	$100,974,447
2023-25 Base Level	0	88,377,209	88,377,209
Increase (Decrease)	$0	$12,597,238	$12,597,238

First Chamber Changes

A summary of the first chamber's changes to the agency's base level appropriations and the executive budget is attached as an appendix.

Selected Bill Sections Included in the First Chamber Version

Transfer of profits to general fund - Section 24 provides an exemption allowing for a transfer of 10 percent of the Mill's profits to the general fund rather than 50 percent for the 2023-25 biennium.

Continuing Appropriations

There are no continuing appropriations for this agency.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

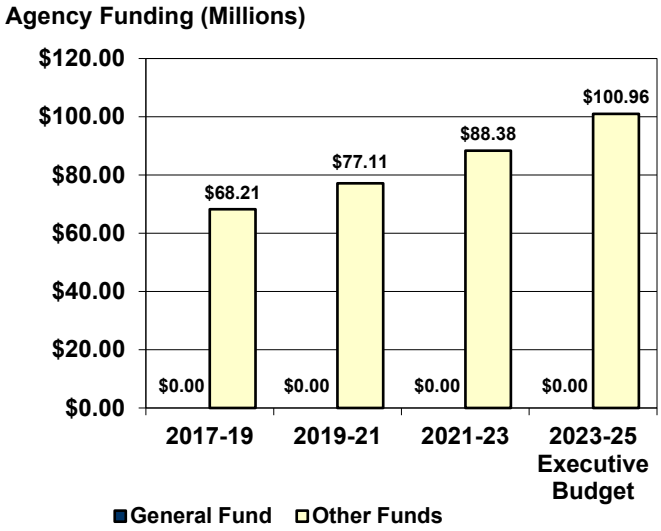
The financial statement audit for the Mill and Elevator Association conducted by the State Auditor's office during the 2021-22 interim identified no significant findings.

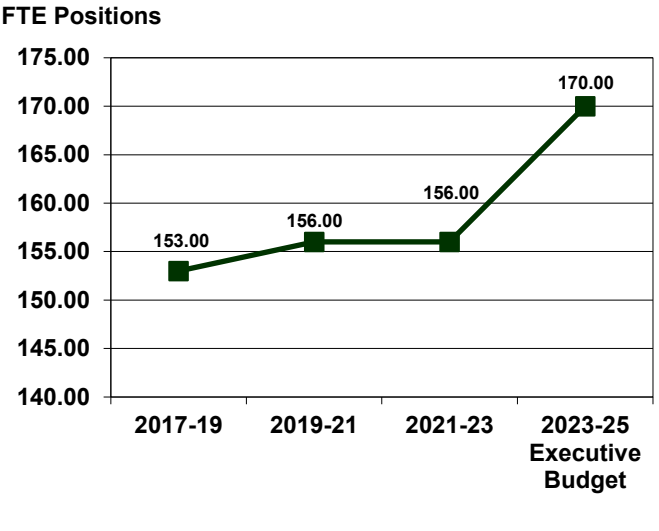
Major Related Legislation

At this time, no major related legislation has been introduced affecting this agency.

Historical Appropriations Information

Agency Appropriations and FTE Positions





Ongoing Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing other funds appropriations	$64,315,898	$68,213,519	$76,994,824	$88,377,209	$100,956,697
Increase (decrease) from previous biennium	N/A	$3,897,621	$8,781,305	$11,382,385	$12,579,488
Percentage increase (decrease) from previous biennium	N/A	6.1%	12.9%	14.8%	14.2%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	6.1%	19.7%	37.4%	57.0%

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 (Executive Budget Recommendation)

1. Adds 14 new undesignated FTE positions for increased milling capacity	$2,367,332
2. Increases funding for overtime to provide total funding of $11,434,121	$1,352,923
3. Increases 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 Executive Budget
One-time general fund 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 (Executive Budget Recommendation)

None $0

Industrial Commission - Budget No. 405
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	6.75	$0	$24,131,181	$24,131,181	6.75	$0	$24,131,181	$24,131,181
2023-25 Ongoing Funding Changes								
Cost to continue salary increase			$8,697	$8,697			$8,697	$8,697
Salary increase			142,561	142,561			107,229	107,229
Health insurance increase			41,146	41,146			42,092	42,092
Adds FTE grant administration position	1.00		182,321	182,321	1.00		182,321	182,321
Adds FTE deputy director position	1.00		132,646	132,646	1.00		132,646	132,646
Adds FTE administrative assistant position				0	1.00		300,943	300,943
Transfers $97,878 from operating expenses to salaries				0				0
ITD rate increases			1,756	1,756			1,756	1,756
Increases funding for bond payments			97,839,192	97,839,192			97,839,192	97,839,192
Total ongoing funding changes	2.00	$0	$98,348,319	$98,348,319	3.00	$0	$98,614,876	$98,614,876
One-Time Funding Items								
Adds one-time funding for FTE grant administration position			$1,155	$1,155			$1,155	$1,155
Adds one-time funding for FTE deputy director position			10,955	10,955			10,955	10,955
Adds one-time funding for temporary employees			75,000	75,000				0
Adds one-time funding for inflationary increases			35,688	35,688				0
Adds one-time funding for Transmission Authority consulting		$250,000		250,000		$300,000		300,000
Adds one-time funding for computers and software			54,000	54,000				0
Adds one-time funding for an electric grid resilience grant		1,372,227	7,520,258	8,892,485		1,124,856	7,499,037	8,623,893
Adds one-time funding for lignite litigation				0		3,000,000		3,000,000
Adds one-time funding for a transmission line grant				0			25,000,000	25,000,000
Adds one-time funding for grant management software				0			1,250,000	1,250,000
Total one-time funding changes	0.00	$1,622,227	$7,697,056	$9,319,283	0.00	$4,424,856	$33,761,147	$38,186,003
Total Changes to Base Level Funding	2.00	$1,622,227	$106,045,375	$107,667,602	3.00	$4,424,856	$132,376,023	$136,800,879
2023-25 Total Funding	8.75	$1,622,227	$130,176,556	$131,798,783	9.75	$4,424,856	$156,507,204	$160,932,060
Federal funds included in other funds			*$7,520,258*				*$7,499,037*	
Total ongoing changes as a percentage of base level	*29.6%*		*407.6%*	*407.6%*	*44.4%*		*408.7%*	*408.7%*
Total changes as a percentage of base level	*29.6%*		*439.5%*	*446.2%*	*44.4%*		*548.6%*	*566.9%*

Other Sections in Industrial Commission - Budget No. 405

	Executive Budget Recommendation	House Version
Bond payments	Section 3 would provide legislative intent for bond payments during the 2023-25 biennium.	Section 3 provides legislative intent for bond payments during the 2023-25 biennium.

Other Sections in Industrial Commission - Budget No. 405

	Executive Budget Recommendation	House Version
Administrative cost transfers	Section 5 would allow the Industrial Commission to transfer up to $1,619,045 from special funds from the entities under the control of the Industrial Commission for administrative services. Section 19 would provide an exemption allowing unspent prior biennium appropriation authority for administrative costs to be available in the 2023-25 biennium.	Section 8 allows the Industrial Commission to transfer up to $1,899,877 from special funds from the entities under the control of the Industrial Commission for administrative services and provides an exemption allowing unspent prior biennium appropriation authority for administrative costs to be available in the 2023-25 biennium. Section 9 allows the Industrial Commission to transfer up to $250,000 from each of the grant programs to provide a total of $1,250,000 for new grant management software.
Legacy fund earnings	Sections 12 and 13 would transfer $55 million from the legacy earnings fund to the oil and gas research fund ($5 million) and to the clean sustainable energy fund ($50 million).	Section 12 transfers $5 million from the legacy earnings fund to the oil and gas research fund for a pipeline leak detection and prevention program; transfers $50 million from the legacy earnings fund to the clean sustainable energy fund to provide total funding of $50 million for grants, including $30 million allocated from the legacy earnings fund to the clean sustainable energy fund under current law; and transfers $250 million to the clean sustainable energy fund to repay a line of credit and to provide funding for loans.
Strategic investment and improvements fund		Section 13 transfers $3 million from the strategic investment and improvements fund to the State Energy Research Center fund and directs the Industrial Commission to distribute the funding for a critical minerals study, including rare earth elements, during the 2023-24 interim. Section 14 transfers $22 million from the strategic investment and improvements fund to the State Energy Research Center fund and requires the Industrial Commission to distribute the funding to the State Energy Research Center for an underground energy storage research project to construct up to two salt caverns. Section 15 identifies $25 million from the strategic investment and improvements fund for the Industrial Commission 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.
Lignite research fund		Section 16 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.
Pipeline capacity positions		Sections 18, 19, 20, and 21 authorize the North Dakota Pipeline Authority to borrow up to $60 million through a line of credit from the Bank of North Dakota to purchase capacity positions on a pipeline and requires the line of credit be guaranteed under the fuel production facility loan guarantee program.
Clean sustainable energy projects		Section 22 clarifies the definition of clean sustainable energy projects to identify hydrogen projects as eligible projects.
Federal State Fiscal Recovery Fund exemption	Sections 20 and 21 would provide an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a pipeline infrastructure grant ($150 million) and a hydrogen development grant ($20 million).	Section 26 provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a hydrogen development grant ($20 million).

Other Sections in Industrial Commission - Budget No. 405

	Executive Budget Recommendation	House Version
Emergency clause		Section 27 provides an emergency clause related to $3 million of one-time funding from the general fund for lignite litigation.

Department of Mineral Resources - Budget No. 470
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	101.50	$26,489,613	$238,004	$26,727,617	101.50	$26,489,613	$238,004	$26,727,617
2023-25 Ongoing Funding Changes								
Cost to continue salary increase		$167,219		$167,219		$167,219		$167,219
Salary increase		1,604,665		1,604,665		1,195,296		1,195,296
Health insurance increase		564,010		564,010		576,985		576,985
Adds FTE carbon capture positions	3.00	760,911		760,911	3.00	760,911		760,911
Adds FTE paleontology position	1.00	196,610		196,610	1.00	196,610		196,610
Adds FTE critical minerals position	1.00	276,523		276,523	1.00	276,523		276,523
Adds FTE records management position	0.50	69,497		69,497	0.50	69,497		69,497
Adds FTE subsurface geologist position				0	1.00	137,478		137,478
Adds funding for temporary employees				0		45,000		45,000
Transfers $6,907 from operating expenses to salaries				0				0
Increases federal funding for salaries and wages			$29,996	29,996			$29,996	29,996
ITD rate increases		3,143		3,143		3,143		3,143
Adds funding for computer server transition		230,000		230,000		230,000		230,000
Adds funding for professional membership dues				0		105,000		105,000
Total ongoing funding changes	5.50	$3,872,578	$29,996	$3,902,574	6.50	$3,763,662	$29,996	$3,793,658
One-Time Funding Items								
Adds one-time funding for FTE carbon capture positions		$31,031		$31,031		$31,031		$31,031
Adds one-time funding for FTE paleontology position		9,234		9,234		9,234		9,234
Adds one-time funding for FTE critical minerals position		20,134		20,134		20,134		20,134
Adds one-time funding for FTE records management position		3,119		3,119		3,119		3,119
Adds one-time funding for FTE subsurface geologist position				0		4,817		4,817
Adds one-time funding for inflationary increases		821,456		821,456		821,456		821,456
Adds one-time funding for core and mineral analysis		100,000		100,000		100,000		100,000
Adds one-time funding for drones and computers		83,648		83,648				0
Adds one-time funding for computer server transition		80,000		80,000		80,000		80,000
Adds one-time funding for fossil restoration		250,000		250,000		250,000		250,000
Adds one-time federal funding for abandoned well reclamation				0			$2,300,000	2,300,000
Adds one-time funding for oil and gas litigation				0		3,000,000		3,000,000
Total one-time funding changes	0.00	$1,398,622	$0	$1,398,622	0.00	$4,319,791	$2,300,000	$6,619,791
Total Changes to Base Level Funding	5.50	$5,271,200	$29,996	$5,301,196	6.50	$8,083,453	$2,329,996	$10,413,449
2023-25 Total Funding	107.00	$31,760,813	$268,000	$32,028,813	108.00	$34,573,066	$2,568,000	$37,141,066
Federal funds included in other funds			*$268,000*				*$2,568,000*	
Total ongoing changes as a percentage of base level	*5.4%*	*14.6%*	*12.6%*	*14.6%*	*6.4%*	*14.2%*	*12.6%*	*14.2%*
Total changes as a percentage of base level	*5.4%*	*19.9%*	*12.6%*	*19.8%*	*6.4%*	*30.5%*	*979.0%*	*39.0%*

Other Sections in Department of Mineral Resources - Budget No. 470

	Executive Budget Recommendation	House Version
Early authorization for new FTE positions		Section 5 appropriates $62,460 from the general fund and authorizes 3 FTE carbon capture positions for the 2021-23 biennium.
Fossil restoration fund		Section 5 transfers $15,000 from the general fund to the fossil restoration fund prior to the end of the 2021-23 biennium. Section 6 transfers $250,000 from the general fund to the fossil restoration fund during the 2023-25 biennium.
Strategic investment and improvements fund	Section 14 would transfer $500 million from the strategic investment and improvements fund to the clean sustainable energy fund including $250 million prior to the end of the 2021-23 biennium and $250 million during the 2023-25 biennium.	
North Dakota outdoor heritage fund	Section 15 would decrease the oil and gas tax revenue allocation limit to the North Dakota outdoor heritage fund from $20 million per fiscal year to $7.5 million per fiscal year for the 2023-25 biennium, the same as the 2021-23 biennium.	Section 25 decreases the oil and gas tax revenue allocation limit to the North Dakota outdoor heritage fund from $20 million per fiscal year to $7.5 million per fiscal year for the 2023-25 biennium, the same as the 2021-23 biennium.
Oil and gas research fund	Section 16 would increase the allocations to the oil and gas research fund by $4.5 million, from $10 million to $14.5 million for the 2023-25 biennium, the same as the 2021-23 biennium.	Section 25 increases the allocations to the oil and gas research fund by $4.5 million, from $10 million to $14.5 million for the 2023-25 biennium, the same as the 2021-23 biennium.
Federal State Fiscal Recovery Fund exemption	Section 22 would provide an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to an abandoned oil well conversion program ($3.2 million).	Section 25 provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to an abandoned oil well conversion program ($3.2 million).
Abandoned well federal funding exemption	Section 23 would provide an exemption allowing unspent federal funding authorized by the Emergency Commission to be available in the 2023-25 biennium related to administrative costs for plugging and reclaiming oil wells and oil well sites.	
Survey review exemption	Section 24 would provide an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority for a survey review during the 2023-25 biennium.	Section 26 provides an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority for a survey review during the 2023-25 biennium.
Emergency clause		Section 27 includes an emergency clause related to the appropriation and FTE position authorization for carbon capture positions, a transfer of $15,000 to the fossil restoration fund, $3 million for oil and gas litigation expenses, and $310,000 for computer server transition.

Bank of North Dakota - Budget No. 471
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	173.00	$0	$68,816,548	$68,816,548	173.00	$0	$68,816,548	$68,816,548
2023-25 Ongoing Funding Changes								
Cost to continue salary increase			$280,646	$280,646			$280,646	$280,646
Salary increase			2,685,488	2,685,488			1,896,264	1,896,264
Health insurance increase			863,226	863,226			883,084	883,084
Adds FTE credit underwriter IV position	1.00		253,976	253,976	1.00		253,976	253,976
Adds FTE agricultural valuation supervisor position	1.00		290,214	290,214	1.00		290,214	290,214
Adds FTE credit underwriter III position	1.00		222,652	222,652	1.00		222,652	222,652
Adds FTE commercial valuation supervisor position	1.00		290,214	290,214	1.00		290,214	290,214
Adds FTE collateral valuation III position	1.00		217,735	217,735	1.00		217,735	217,735
Adds FTE collateral valuation analyst IV position	1.00		253,976	253,976	1.00		253,976	253,976
Adds FTE collateral valuation IV position	1.00		253,976	253,976	1.00		253,976	253,976
Adds FTE loan operations supervisor position	1.00		222,652	222,652	1.00		222,652	222,652
Adds FTE loan servicing supervisor position				0	1.00		188,381	188,381
Adds FTE business banking associate I position				0	1.00		139,104	139,104
Adds FTE loan servicing associate II position				0	1.00		139,104	139,104
Adds FTE loan servicing associate III position				0	1.00		159,414	159,414
Adds FTE business banking associate II position				0	1.00		257,933	257,933
Adds FTE staff accountant III position				0	1.00		217,351	217,351
Increases funding for shared software and service rates			44,660	44,660			44,660	44,660
Increases funding for ITD rate changes			405,524	405,524			405,524	405,524
Total ongoing funding changes	8.00	$0	$6,284,939	$6,284,939	14.00	$0	$6,616,860	$6,616,860
One-Time Funding Items								
Adds one-time funding for IT projects			$804,278	$804,278			$804,278	$804,278
Total one-time funding changes	0.00	$0	$804,278	$804,278	0.00	$0	$804,278	$804,278
Total Changes to Base Level Funding	8.00	$0	$7,089,217	$7,089,217	14.00	$0	$7,421,138	$7,421,138
2023-25 Total Funding	181.00	$0	$75,905,765	$75,905,765	187.00	$0	$76,237,686	$76,237,686
Federal funds included in other funds			*$0*				*$0*	
Total ongoing changes as a percentage of base level	*4.6%*		*9.1%*	*9.1%*	*8.1%*		*9.6%*	*9.6%*
Total changes as a percentage of base level	*4.6%*		*10.3%*	*10.3%*	*8.1%*		*10.8%*	*10.8%*

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

	Executive Budget Recommendation	House Version
Transfer to general fund	Removes a section to transfer $140 million from the Bank of North Dakota's current earnings and undivided profits to the general fund for the 2023-25 biennium.	Section 10 provides for a transfer of $70 million from the Bank of North Dakota's current earnings and undivided profits to the general fund for the 2023-25 biennium. Section 23 amends the transfer of Bank of North Dakota profits during the 2021-23 biennium to provide a transfer of $70 million to the general fund rather than $140 million, and Section 27 provides an emergency clause related to this change.

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

	Executive Budget Recommendation	House Version
Transfer to PACE fund	Section 6 would provide for a transfer of $39 million from the Bank of North Dakota's current earnings and undivided profits to the PACE fund for the 2023-25 biennium.	Section 11 provides for a transfer of $39 million from the Bank of North Dakota's current earnings and undivided profits to the PACE fund for the 2023-25 biennium.
Transfer to Ag PACE fund	Section 7 would provide for a transfer of $5 million from the Bank of North Dakota's current earnings and undivided profits to the Ag PACE fund for the 2023-25 biennium.	Section 11 provides for a transfer of $5 million from the Bank of North Dakota's current earnings and undivided profits to the Ag PACE fund for the 2023-25 biennium.
Transfer to biofuels PACE fund	Section 8 would provide for a transfer of $1 million from the Bank of North Dakota's current earnings and undivided profits to the biofuels PACE fund for the 2023-25 biennium.	Section 11 provides for a transfer of $1 million from the Bank of North Dakota's current earnings and undivided profits to the biofuels PACE fund for the 2023-25 biennium.
Transfer to beginning farmer revolving loan fund	Section 9 would provide for a transfer of $15 million from the Bank of North Dakota's current earnings and undivided profits to the beginning farmer revolving loan fund for the 2023-25 biennium.	Section 11 provides for a transfer of $15 million from the Bank of North Dakota's current earnings and undivided profits to the beginning farmer revolving loan fund for the 2023-25 biennium.
Transfer to agricultural products utilization fund	Section 10 would provide for a transfer of $3 million from the Bank of North Dakota's current earnings and undivided profits to the agricultural products utilization fund for the 2023-25 biennium.	Section 11 provides for a transfer of $3 million from the Bank of North Dakota's current earnings and undivided profits to the agricultural products utilization fund for the 2023-25 biennium.
Recruitment and retention incentive program		Section 17 creates a new section to Chapter 6-09 allowing the Bank to develop a recruitment and retention incentive program.

Housing Finance Agency - Budget No. 473
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	49.00	$0	$58,890,532	$58,890,532	49.00	$0	$58,890,532	$58,890,532
2023-25 Ongoing Funding Changes								
Cost to continue salary increase			$75,908	$75,908			$75,908	$75,908
Salary increase			716,072	716,072			533,723	533,723
Health insurance increase			267,478	267,478			273,631	273,631
Adds FTE compliance officer position	1.00		218,908	218,908	1.00		218,908	218,908
Adds FTE positions and increases funding for home loan programs	2.00		4,998,422	4,998,422				0
Increases federal funding for salary adjustments			800,102	800,102			800,102	800,102
Adds federal funding for temporary salaries			78,000	78,000			78,000	78,000
Transfers homeless grants from Department of Commerce		$1,570,212	1,147,341	2,717,553		$1,570,212	1,147,341	2,717,553
Adds FTE positions for business analyst positions				0	2.00		466,592	466,592
Adds a contingent FTE mortgage specialist position				0	1.00		82,068	82,068
Increases funding for servicing premiums for home loan program				0			4,531,830	4,531,830
Increases federal funding for operating expenses			21,135	21,135			21,135	21,135
Increases funding for shared software and service rates			13,413	13,413			13,413	13,413
Decreases funding for capital assets			(130,000)	(130,000)			(130,000)	(130,000)
Increases funding for homeless grants				0		929,788		929,788
Increases funding for federal grants			1,949,910	1,949,910			1,949,910	1,949,910
Increases funding for housing rehabilitation grants			380,000	380,000			380,000	380,000
Total ongoing funding changes	3.00	$1,570,212	$10,536,689	$12,106,901	4.00	$2,500,000	$10,442,561	$12,942,561
One-Time Funding Items								
Transfers funding for the housing incentive fund				$0		$12,500,000		$12,500,000
Total one-time funding changes	0.00	$0	$0	$0	0.00	$12,500,000	$0	$12,500,000
Total Changes to Base Level Funding	3.00	$1,570,212	$10,536,689	$12,106,901	4.00	$15,000,000	$10,442,561	$25,442,561
2023-25 Total Funding	52.00	$1,570,212	$69,427,221	$70,997,433	53.00	$15,000,000	$69,333,093	$84,333,093
Federal funds included in other funds			*$48,099,128*				*$48,057,886*	
Total ongoing changes as a percentage of base level	*6.1%*		*17.9%*	*20.6%*	*8.2%*		*17.7%*	*22.0%*
Total changes as a percentage of base level	*6.1%*		*17.9%*	*20.6%*	*8.2%*		*17.7%*	*43.2%*

Other Sections in Housing Finance Agency - Budget No. 473

	Executive Budget Recommendation	House Version
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 2023-25 biennium.	Section 4 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 2023-25 biennium.
Legacy earnings fund - To discuss	Section 11 would transfer $25 million from the legacy earnings fund to the housing incentive fund for the 2023-25 biennium.	Section 6 transfers $12.5 million from the general fund to the housing incentive fund for the 2023-25 biennium.
Contingent funding and FTE position		Section 7 authorizes $82,068 and 1 FTE position contingent upon the agency's mortgage loan production exceeding $435 million during fiscal year 2024.

Mill and Elevator Association - Budget No. 475
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	156.00	$0	$88,377,209	$88,377,209	156.00	$0	$88,377,209	$88,377,209
2023-25 Ongoing Funding Changes								
Cost to continue salaries			$198,797	$198,797			$198,797	$198,797
Salary increase				0				0
Health insurance increase			771,600	771,600			789,350	789,350
Provides funding for salary increases subject to union negotiations			2,314,183	2,314,183			2,314,183	2,314,183
Adds new undesignated FTE positions for increased milling capacity	14.00		2,367,332	2,367,332	14.00		2,367,332	2,367,332
Increases funding for overtime			1,352,923	1,352,923			1,352,923	1,352,923
Increases funding for inflation costs and mill capacity growth			5,569,550	5,569,550			5,569,550	5,569,550
ITD rate increases			5,103	5,103			5,103	5,103
Total ongoing funding changes	14.00	$0	$12,579,488	$12,579,488	14.00	$0	$12,597,238	$12,597,238
One-Time Funding Items								
No one-time funding items				$0				$0
Total one-time funding changes	0.00	$0	$0	$0	0.00	$0	$0	$0
Total Changes to Base Level Funding	14.00	$0	$12,579,488	$12,579,488	14.00	$0	$12,597,238	$12,597,238
2023-25 Total Funding	170.00	$0	$100,956,697	$100,956,697	170.00	$0	$100,974,447	$100,974,447
Federal funds included in other funds			*$0*				*$0*	
Total ongoing changes as a percentage of base level	*9.0%*		*14.2%*	*14.2%*	*9.0%*		*14.3%*	*14.3%*
Total changes as a percentage of base level	*9.0%*		*14.2%*	*14.2%*	*9.0%*		*14.3%*	*14.3%*

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

	Executive Budget Recommendation	House Version
Transfer of profits to general fund	Section 17 would provide an exemption to suspend the transfer of 50 percent of the Mill's profits to the general fund for the 2023-25 biennium.	Section 24 provides an exemption allowing for a transfer of 10 percent of the Mill's profits to the general fund rather than 50 percent for the 2023-25 biennium.
Gain-sharing program	Section 18 would provide an exemption allowing the Industrial Commission to approve a gain-sharing program for the 2023-25 biennium without a transfer of profits to the general fund.	

MARCH 9, 2023

YWCA CASS CLAY SUPPORTS HB 1014

eliminating racism
empowering women
ywca
cass clay

Good afternoon, Mr. Chairman and members of the committee, my name is Erin Prochnow, CEO at YWCA Cass Clay.

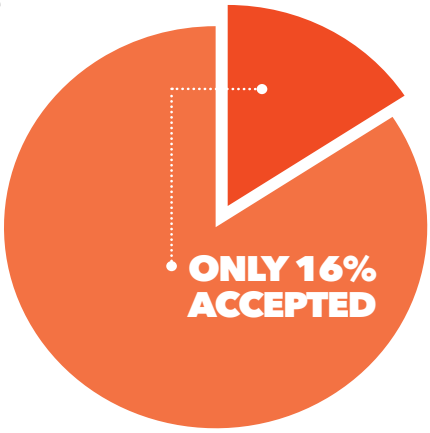
Our agency offers the largest Emergency Shelter for women and their children escaping domestic violence and homelessness in North Dakota and northwestern Minnesota. We have done so for 45 years. We also operate a sizeable Supportive Housing Program serving 80 households in Fargo and West Fargo, that, after emergency shelter, is the long-term solution for healing, stability, and independence - diminishing the likelihood women will return to abusive partners or homelessness.

YWCA Cass Clay supports the North Dakota Housing Finance Agency (NDHFA) acquiring the Emergency Solutions Grant (ESG) and North Dakota Homeless Grant (NDHG) from the North Dakota Department of Commerce. Additionally, YWA Cass Clay supports the recommendation of appropriating $25 million to the Housing Incentive Fund (HIF).

North Dakota Housing Incentive Fund (HIF)

Affordable housing is a critical component of our infrastructure in North Dakota. Approval of HB 1014, inclusive of the provisions of the North Dakota Hosing Incentive Fund (HIF) program at the recommended $25 million, will greatly impact organizations like YWCA in providing affordable supportive housing to citizens of our state. In the case of YWCA, it will provide a pathway for women and children out of harm's way from dangerous abuse and homelessness. It will also deliver the highly effective strategy of affordable housing combined with human support from a housing caseworker. **Supportive Housing stabilizes families and prevents use of other more costly resources.**

The solution to homelessness is housing. Investing in affordable rental housing is critical to the ideal of making homelessness rare, brief, and non-recurring. Despite the effectiveness of supportive housing, only a portion of the people who would benefit most actually receive it. In 2021, 292 women and children applied to gain access to YWCA's Supportive Housing Programs, but **only 46 women and children – 16% - were accepted.**



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.

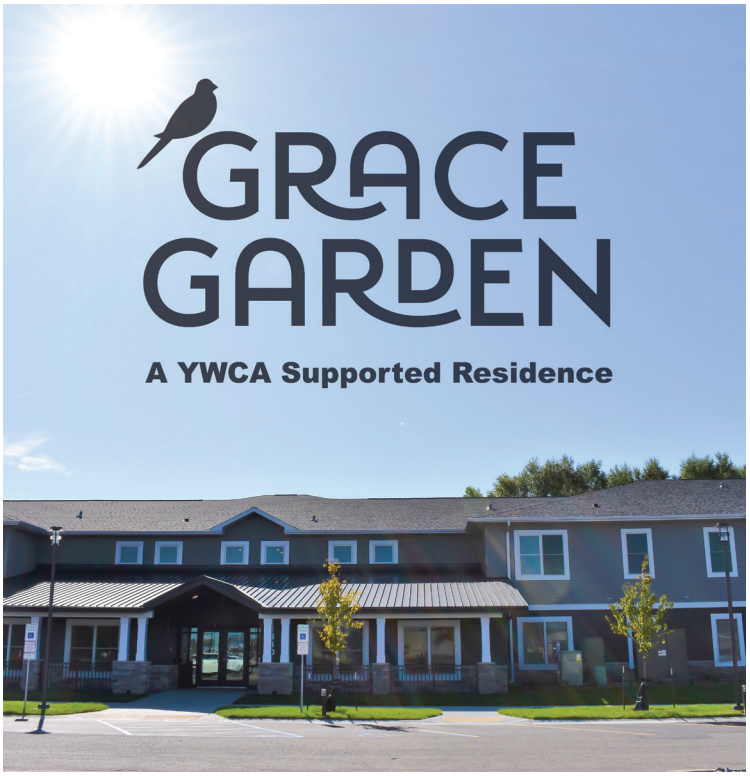
YWCA set a bold goal in 2015 to significantly grow our supportive housing program. At that time, the agency supported 18 units of housing. That number is 80 today.

With the addition later this year of YWCA's new supportive housing initiative, Lantern Light (described in more detail on page 4), YWCA will provide supportive housing to more than 95 families. Tonight, 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—of those, **three in five are children**.

Even with expansion of YWCA's Grace Garden housing initiative through the help of NDHFA in 2019, **we simply don't have enough affordable homes to meet community need.** A large body of research shows that most people who live in supportive housing can remain stably housed in the community, making it the most cost-effective prevention to homelessness.

Our own numbers substantiate this fact: at YWCA, the cost of emergency shelter is $66 per night while supportive housing at YWCA is $18 per night. **It costs 72% less to provide supportive housing.** This economical resource is a path to safety and financial security for women, at the same time lessening use of emergency, health care and other resources.

YWCA can highlight two recent examples of the Housing Incentive Fund in action at Grace Garden which opened in 2019 and YWCA's recent purchase of the Sisters of the Presentation of the Blessed Virgin Mary (Sisters) Sacred Heart Convent.



GRACE GARDEN

is a YWCA residence that opened in 2019 and serves individuals and families with its 30 one- to four-bedroom units. Onsite 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.

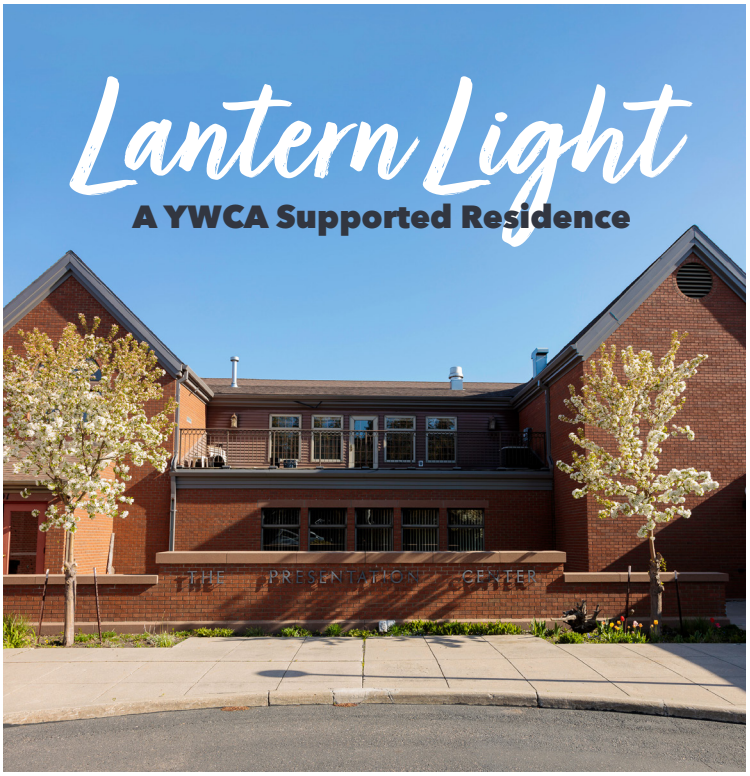
AT GRACE GARDEN IN 2022:

27,211
nights of housing were provided

107
adults and children were housed

67%
increased their income level

78%
reported a reduction in use of emergency services



LANTERN LIGHT

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 has partnered with the Sisters by leasing 16 units of supportive housing dating back to 2006 in three locations. In June, the Sisters of the Presentation agreed to YWCA purchasing their former Sacred Heart Convent adjacent to the Emergency Shelter.

YWCA is currently renovating the former convent into 23 affordable supportive housing apartments, named Lantern Light. Construction is underway with plans to open in the fall of 2023.

The one- to four-bedroom apartments at Lantern Light will be home for approximately 60 adults and children when the residence opens in the fall of 2023.

A recent Fargo Forum article from December 27, 2022, on this initiative is attached on page 7 of this testimony.

YWCA CEO Erin Prochnow and Sister Mary Margaret Mooney

This $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, will live on and be honored with a lasting tribute.

HIF dollars provide a companion tool to federal resources to make affordable housing possible for new construction such as the case of Grace Garden, in remodel projects such as Lantern Light, and also to help make certain that existing affordable supportive housing units are preserved.

On average, a woman stays in the YWCA Supportive Housing Program just 18 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.

In 2022:

- **50% of participants increased their education or income level**
- **83% of participants reduced their use of emergency services**
- **75% of participants obtained stable housing upon exiting the program**

Recently, a woman named Jessica served by YWCA at Grace Garden said, *"I really don't think I could have made it this far without you. I appreciate everything you guys do. Sometimes I still feel like I'm in a dream. I never imagined that I could have made it this far in this little amount of time. I'm very thankful."*

Click to listen to Jessica's story >

When a woman, like Jessica, arrives at YWCA, she often lacks the building blocks to independence: a living wage, adequate credit, childcare, and transportation. Our comprehensive programs and services help women overcome these barriers.

In 2022, the average stay at YWCA Emergency Shelter was 50 days. While women can make significant progress in this time, this is typically not enough time to gain enduring financial security and self-reliance. Women must recover physically and mentally from abuse. She may have a disability, or need to attend school, or be working hard to regain credit history and financial footing.

Supportive Services

The HIF requires 10% of the fund be set aside to provide necessary and life-changing supportive services. YWCA Advocates provide stability and a light hand of support to help women troubleshoot and problem-solve setbacks in life. **Supportive services help vulnerable people** who have histories of trauma, chronic health conditions, poverty, or other struggles come to thrive in the community. In our experience, beyond rental assistance, survivors gain a YWCA housing advocate as their human support.

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. Women are guided to set concrete goals. They gain caring encouragement that helps them stay focused on convictions they've set.

As women grow in personal autonomy, they avoid the paths of returning to abusers, substance dependency, or interaction with costly social systems like emergency care, law enforcement, the foster system, and more. Tenants grow abilities to stay housed. **They become healthier and reconnect to the community.** In 2022, 83% of supportive housing participants reduced their need for emergency services such as law enforcement and ambulance usage.

They lead lives on paths of their own choosing. **Supportive services are a proven and cost-effective way to reduce shelter occupancy and the homeless population, breaking the cycles of poverty and violence.**

In both initiatives described, YWCA sought or is seeking local private funding to provide life-changing supportive services onsite. These dollars are difficult to raise and are critically important. In the case of Grace Garden, a local bank provided 12 years of supportive service support through a $1.5 million pledge. At Lantern Light, YWCA is currently in a capital campaign to build an endowment fund to secure supportive services into the future, the goal on this private campaign is over $6 million.

Wherever a woman may be on her journey, together we must walk alongside her to ensure she has access to the tools and resources necessary to heal, reach her goals and ultimately, build a future free from violence for their family.

Ryan Longnecker / WDAY TV

Erin Prochnow, CEO of YWCA of Cass-Clay, walks through the remodeling of the former Sacred Heart Convent in south Fargo. The site will now become "Lantern Light." It will provide apartment living for those women and children escaping violence in the home.

YWCA making progress on convent remodel for Lantern Light

By Kevin Wallevand
WDAY

Fargo

For years, Fargo's Presentation Sisters used their convent on the city's south side to launch projects for helping the poor and those without housing.

But now, a familiar face is at the convent months after the sisters moved from there.

The YWCA plans to remodel the convent and provide safe, affordable housing for families escaping domestic violence.

"Eventually, on the first floor will be a two-bedroom, handicap-accessible unit," said Erin Prochnow, YWCA Cass Clay CEO, as she toured the convent now undergoing a huge, multimillion-dollar renovation project.

Prochnow knows housing. As the YWCA's longtime CEO, she knows what survivors of domestic violence need.

"We are going to create, like a hotel, a business center. There will be a business center with laptops so women can apply for jobs and to seek out other opportunities. That is what we have identified as a need, along with classrooms," Prochnow said.

That is why she is so excited about Lantern Light, a YWCA-supported residence now under construction.

"We know the answer to homelessness is affordable, supportive housing, which the YWCA has worked to grow," she said. "We have expanded from 19 units in 2015 to 95 units by the end of next year throughout the community, in addition to operating the region's largest shelter serving women and children adjacent to here. It will be a campus-like environment for women facing violence."

What for so many years was the Presentation Sisters' convent will now be the safe home for 23 families who are survivors of domestic violence and often homeless.

The irony of this new project: the name Lantern Light. A way to honor the years of ministry of the Presentation Sisters in Fargo. Through their founder Nano Nagle who, although rich, was known to carry a lantern through the streets of Cork, Ireland, helping impoverished women and children.

"We have partnered with the Presentation Sisters for so long. It is repurposing something and honoring their legacy, and something we care so strongly about," Prochnow said.

The bottom line: The YWCA's shelter is full.

"Seventy-three today, 37 of whom are children," Prochnow said, referring to the number of people at the shelter nightly this week in Fargo.

This new building will not be a shelter, but housing. More efficient, cheaper.

"When they walk into this apartment when it is done, they will have a place to call home, they will be safe and have an environment for their children to thrive and not live in fear. That is absolutely what it is about," Prochnow said.

Millions of dollars have been secured for the project, but the YWCA is now raising nearly $4 million to get the project done. An endowment is also in the works.

To support the mission, go to the YWCA's website at www.ywcacassclay.org.

Emergency Solutions Grant (ESG) and North Dakota Homeless Grant (NDHG)

In our judgement and experience in working with the NDHFA team, they have demonstrated repeatedly that they maintain the knowledge, understanding, and administrative expertise to manage both ESG and NDHG.

These two programs are primarily utilized to supplement direct service programs such as those provided at YWCA. Additionally, the NDHFA administers the three critical federal programs many homeless service providers access to provide shelter and supportive housing programs including the U.S. Department of Housing and Urban Development Continuum of Care (CoC), HOME, and Housing Trust Fund programs; the NDHFA team understands the existing nuances and compliance regulations required by HUD.

To my understanding, there is limited full time staff equivalent implications in this transition. The shift from North Dakota Department of Commerce to the NDHFA will help maintain the funding at the federal ESG because the NDHFA team understands the regulatory mandates and can streamline communication channels with service providers.

In the 2021-2023 biennium, YWCA was awarded approximately $100,000 through the competitive NDHG process to help purchase food in the emergency shelter and provide homeless prevention and rapid rehousing support in the form of limited rental assistance to those facing eviction.

The ESG competitive award to YWCA in the 2021-2023 biennium was $65,000, primarily supporting basic services such as electricity costs to maintain the emergency shelter.

The state appropriates funding to leverage federal ESG funding, and YWCA is supportive of the state leverage as it helps provide safety and security to more than 1,250 people facing violence and homelessness at YWCA annually, or 2,500 people over the biennium. **Of those, 1,100 were children under the age of 18.**

Specifically, NDHG supported two major programs at YWCA: Rapid Rehousing & Stabilization Services and Emergency Shelter, both of which are outlined in more detail on the next page.

eliminating racism
empowering women
ywca
cass clay

RAPID REHOUSING & STABILIZATION SERVICES

Where possible, individuals are diverted from homelessness or rapidly rehoused after experiencing homelessness. YWCA Rapid Rehousing and Stabilization Program provides deposit assistance, rental arrears, short-term rental assistance, or utility payments to help prevent families from becoming unhoused or quickly regain housing after experiencing homelessness.

Oftentimes a one-time payment through this diversion program can be a bridge to solid ground. This support means a single parent or distressed family can get by while awaiting a first paycheck or rebounding from a large medical bill. Funding for this work comes from the NDHG. By assisting with these needs, we can make homelessness brief and one-time, or prevent it before it happens.

Over the 2021-2023 biennium, NDHG will help YWCA provide:

74

adults and children an average of

$1,239

over two months for rental support

EMERGENCY SHELTER

For 45 years, YWCA Cass Clay has offered the largest Emergency Shelter for women and their children escaping domestic violence and homelessness in North Dakota. Last year 86% of those served were fleeing violence and 74% were arriving from North Dakota.

YWCA provides a nightly meal for 65 individuals in shelter on average. By doing so, YWCA plays an important role in ending hunger.

In 2022, NDHG funding was critical in helping with increased food costs. Last year, it cost more than double what was projected - an overrun of more than $25,000.

Over the 2021-2023 biennium, NDHG will help YWCA provide:

2,448

women and children with safe emergency shelter and nourishing meals

North Dakota Transmission Authority

John Weeda, Executive Director Claire Vigesaa, Deputy Director

HB 1014
Education and Environment Subcommittee of the Senate Appropriations Committee
Testimony of Claire Vigesaa, Deputy Director
North Dakota Transmission Authority
March 10, 2023

Good morning, Chairman Senator Sorvaag and members of the committee, for the record, my name is Claire Vigesaa, and I am the Deputy Director of the North Dakota Transmission Authority. I am testifying in support of House Bill 1014. House Bill 1014 was filed at the request of the Industrial Commission and the North Dakota Transmission Authority contract request is a line item in the bill.

We are respectfully requesting $400,000 in appropriations for the 2023-2025 biennium. The North Dakota Industrial Commission acts in its capacity as the North Dakota Transmission Authority (NDTA) under NDCC 17-0502.

The scope of authority of the NDTA (NDCC-17-05) is quite broad, including the ability to:

1. Make grants or loans to facilitate transmission
2. Ownership of transmission facilities for public purpose
3. Issuing bonds for loans
4. Construction or maintenance of transmission facilities
5. Expertise for government entities and the public

While the scope is broad, most of the NDTA's energy is focused on monitoring electric transmission performance, trends, gaps and issues. The NDTA collaborates closely with the ND Public Service Commission, incumbent electric utilities, industry and developers to support a more resilience and reliable electric grid for North Dakota. Further, the NDTA keeps tuned to the Independent System Operator activities for both MISO and SPP. We participate in several meetings (committees/sub-

committees) a week with SPP and MISO, paying particular attention to topics and policy changes related to grid reliability, generation interconnections, transmission expansion, generation resource changes and baseload retirements.

The NDTA supports a private sector approach whenever feasible but is structured to fill gaps that occur. Most recently, in 2022, the NDTA used its ability to issue bonds for the financing of the NEXUS DC transmission line from the Coal Creek Station to the Minneapolis area. This critical financing tool was the vital link to keeping the Coal Creek Station a viable generator unit…providing a path to market for Coal Creek's new owner, Rainbow Energy. Had this transmission financing failed, the Coal Creek was slated to be shut down! Besides the preserving jobs at the plant, coal mine and ancillary services, the Coal Creek Station was and will continue to be a critical baseload generation facility…contributing to a resilient and reliable electrical grid. The winter storm event in December could have been "dark" days had the Coal Creek plant been shuttered!

You might ask, why has the grid reliability become a focus or concern for North Dakota and the nation as a whole? And why does North Dakota need to dedicate resources for a transmission authority? Fundamentally, a healthy grid is key to economic growth and prosperity of the region. Today's digital world doesn't work well with blinks, low voltage, brownouts or blackouts. North Dakota has had a history of stellar energy production and reliability; we want to keep it that way!

It is noteworthy that no new large baseload generation has been built in North Dakota since the 1970-early 1980s. Even though no new baseload generation has been built, the demand for electricity has grown dramatically; you don't need to look far to see the growth….from the growth of our large cities, the tremendous expansion of the oil/gas industry, growth in agriculture processing and energy consumption in agriculture production (more corn).

Rather, new electric generation projects have been primarily wind and simple cycle gas generation (peaking units). The generation, particularly wind, is distributed throughout the state while new gas generation has been primarily west of the Missouri River. The change in the distribution of generation, changes the flow direction and operation of the grid…compared to the traditional large base load centralized generation plans decades ago. In a nutshell, the electric transmission industry has becoming increasingly complex. Thirty years ago, weather impacted load…but not generation; today weather not only affects load but has a large influence on generation! The presence of wind matters!

Ironically, as large baseload generation is slated for retirement; national policy makers and industry are looking to electrify more of the economy through electric vehicle deployment etc. The grid infrastructure will need extensive additions and design alterations to address electrification of the economy.

Even today, we have areas of transmission congestion regularly in southeast North Dakota as well as the oil/gas production region in the Watford City/Williston area. The congestion in southeast North Dakota has a negative impact on generator owner's ability to produce and export energy. Congestion and transmission limitations in northwest North Dakota requires localized gas generation to operate to mitigate transmission performance. As we stand today, there are several transmission projects in the queue for North Dakota; a 345kV line from Fargo to Big Stone SD, a 345kV line from Jamestown to Ellendale, a 345kV line from Killdeer to Johnson's Corner and a 345kV line from Leland Olds Station around the east side of Lake Sakakawea to Tioga. Additionally there are two 230kV transmission lines planned from SASK Power south…one to Tioga and one to Wheelock. There are other projects slated to mitigate transmission reliability including a reactive device at Statcom, near New Town. Suffice to say, these projects are addressing the current need; **to accommodate future economic growth and prosperity for North Dakota, new transmission projects are needed to provide service to incumbent industry and needed to offer paths for new generation development.**

The reliability and resilience of the electrical grid is of great concern across the nation; we believe it is of utmost importance that North Dakota expend time and resources to assure that our electrical grid is strong and secure for the safety and wellbeing of its citizens and for the economic prosperity of the state.

The NDTA provides a vital educational and informational role for ND Leadership, the ND Public Service Commission, Investor-Owned Utilities, Electric Cooperatives, merchant generators, new developers and the related energy industries. The activity level of the NDTA has increased significantly due to the recent project to provide bonding for the NEXUS line and the promotion and administration of the DOE Grid Resiliency Grants coming our way. The NDTA work is done under contract (not FTEs) with two retired industry experts; John Weeda and Claire Vigesaa. The $400,000 budget for the biennium provides the funding required to compensate for time, travel, meeting registration and educational events to promote a safe, reliable and resilient electrical grid.

Testimony in Support of HB 1014 – Housing Incentive Fund –

with an amendment

House Appropriations Education and Environment Division

Hearing – March 9, 2023

Dawn Mandt, Executive Director, Red River Regional Council (Region 4)
Chairwoman, ND Rural Development Council
Chairwoman, ND Association of Regional Councils
dawn@redriverrc.com / 701-520-0487 / www.redriverrc.com

Good morning, Chairman Sorvaag and members of the Committee. I appreciate the opportunity to appear before you this morning in support of HB 1014 – with an amendment. I am Dawn Mandt - the Executive Director of the Red River Regional Council serving Region 4 – four counties in northeastern North Dakota.
– with our headquarters in Grafton. I am also the current Chairwoman of the ND Rural Development Council. I have spent the past 30 years working in a rural community and economic development in North Dakota.

Our rural area **has the need for upwards of 1,500 new employees over the next five years** ranging from main street businesses, healthcare, teaching, and manufacturing and more. **90% of these businesses are in growth mode**. Key barriers to this growth include **lack of adequate workforce, housing, and childcare** – three themes you're undoubtedly hearing much about in this session.

These barriers are beginning to have a negative impact.

We are seeing our companies expand elsewhere in North Dakota or out of state.

We are seeing growth plans tempered.

We are seeing companies relocate – such as Motor Coach Industries – which is leaving a 209,000 sq ft facility that they've occupied in Pembina since 1963 vacant and 200 employees to relocate to Minnesota.

In January 2022, I asked several partners to participate on a Rural Housing Development

Task Force. **The intent of this task force was to study the impediments holding back housing development in rural North Dakota despite strong demand and need. Most importantly, we aimed to develop a set of recommendations to solve these issues so we can begin to move the needle on new housing development in rural communities**. Members of this task force included several leaders from the ND Housing Finance Agency, Bank of North Dakota, ND Department of Commerce as well as a couple nonprofit housing developers – Beyond Shelter and Community Works North Dakota.

Collectively, this Task Force has 200+ years of experience related to housing and community development. This Task Force held numerous meetings, conducted research, and reached numerous conclusions – as highlighted in the attached one-page summary as well as the full report which is available via the QR code on the attached summary.

A few of our conclusions:

- rural projects are more expensive (as much as 25% more than urban communities)
- developers are not attracted to rural communities due to the lack of scale more commonly found in our urban centers.
- existing housing stock is old and often doesn't fit the demand and/or lacks supply.
- rural projects often have an appraisal gap – market value is less than construction cost – as well as a have a lack of comparable properties needed to secure financing.
- Urban projects often couple low-income housing tax credits with the Housing Incentive Fund. Generally, rural projects would not attract the necessary investors for the low-income housing tax credits due to the lack of sizable projects of under $2 million.
- The cost of construction would lead to rents that are generally unaffordable in most rural areas – in excess of $1,200 per month for a two-bedroom, 1.5 bath, and double garage in a duplex.
- The Housing Incentive Fund has been significantly underfunded to address the housing shortages across the state. The program typically only has one round of applications in each biennia due to the high demand and lack of funding.
- Rural projects require multiple sources of funding and typically take more time to

develop.

Our task force report included several recommended solutions and resources at all levels – city, county, and the state as well as private sector partnerships with large employers. **HIF is ideal for helping rural communities finance smaller-scale development, by filling financing gaps and allowing for a greater mix of incomes.**

Significantly, we recommended a substantial increase to the Housing Incentive Fund program – and thank you to Sen. Kreun for SB 2220 which included this recommendation. **We recommended a $50 million biennial appropriation to address the needs of both urban and rural communities.**

HIF needs to be permanently funded.

HIF needs to be funded at this higher level to give rural communities access and opportunity.

HIF can also be a valuable tool to jump-start single-family development in rural areas.

I strongly encourage you to support HB 1014 – with an amendment.

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

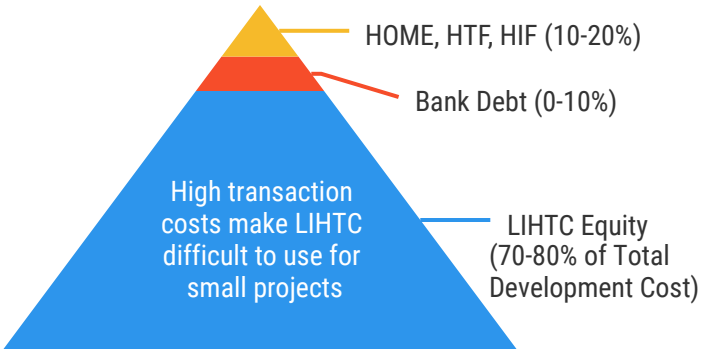
stagnant real estate markets have depressed home values in small towns, HIF can be used to spark new development

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

Senate Appropriations Committee – Education & Environment Division – HB 1014

Senator Ronald Sorvaag, Chair

March 9, 2023

Chairman Sorvaag, Members of the Committee:

My name is Brian Ritter and I am the President & CEO of the Bismarck Mandan Chamber EDC. Please accept the following testimony on behalf of our organization's more than 1,230 business members in support of HB 1014.

The economy of Bismarck-Mandan is one of the most diversified of any in the Upper Midwest with 'core' industries in education, government, healthcare and energy. Furthermore, our organization's 2023 Legislative Agenda specifically states that the Chamber EDC *"encourage a business and regulatory climate that fosters energy innovation in North Dakota…"* There are several provisions within HB 1014 that do just that, including:

- The transfer of $50 million from the Legacy Earnings Fund to the Clean Sustainable Energy Fund for grants.

- The transfer of $250 million from the Legacy Earnings Fund to the Clean Sustainable Energy Fund to repay a line of credit to and provide funding for loans.

- The transfer of $3 million from the Strategic Investment and Improvements Fund to the State Energy Research Center Fund to study prospective in-state resources of rare earth minerals.

- The transfer of $22 million from the Strategic Investment and Improvement Fund to the State Energy Research Center Fund for a salt cavern underground energy storage research project.

Finally, the Bismarck Mandan Chamber EDC leads economic development efforts in Bismarck-Mandan, Burleigh and Morton Counties. We utilize many tools to encourage economic development including the Bank of North Dakota's Partnership in Assisting Community Expansion (PACE) Program. This bill provides $39 million to the Bank of North Dakota to continue the PACE Program which has already proven to be one of our State's most valuable and successful economic development tools.

For these reasons, I would respectfully ask that the Committee give a DO PASS recommendation to HB 1014.

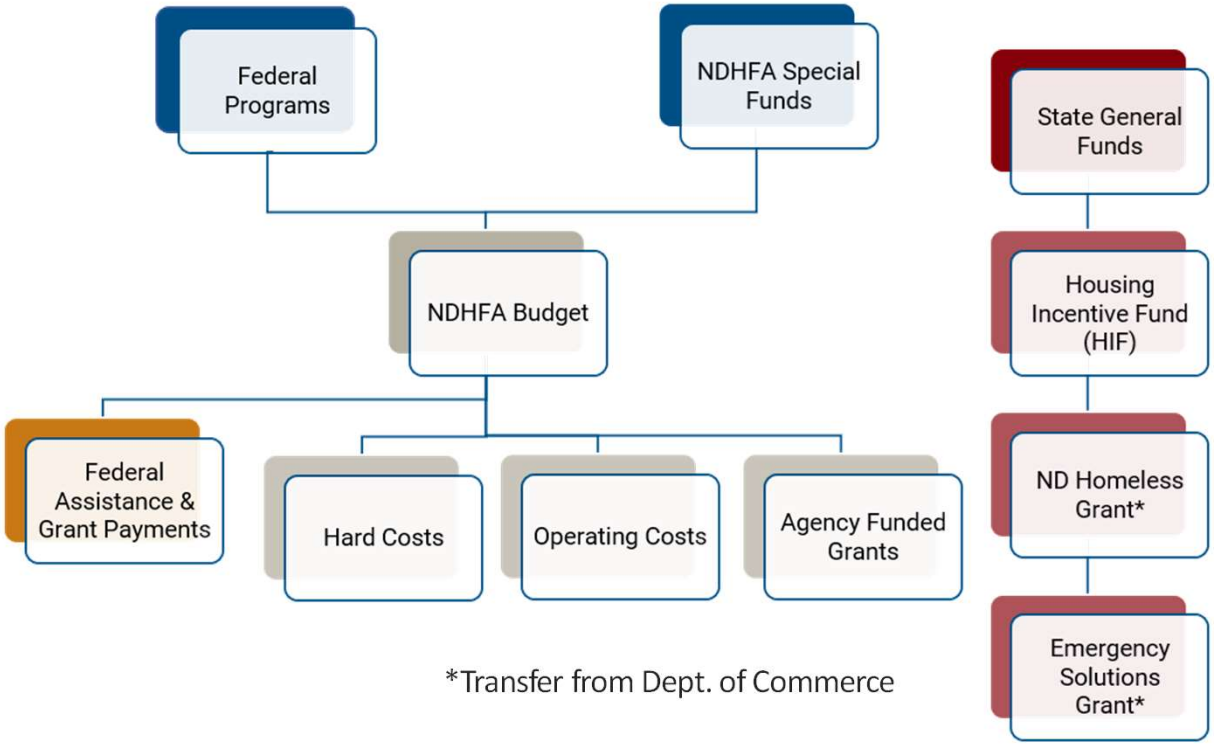
2023 Legislature

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

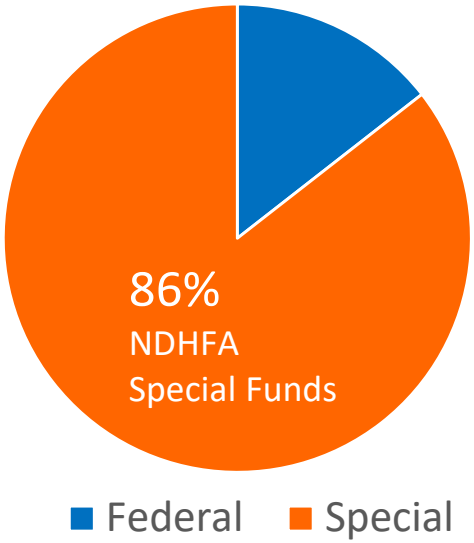
SENATE APPROPRIATIONS – HB 1014

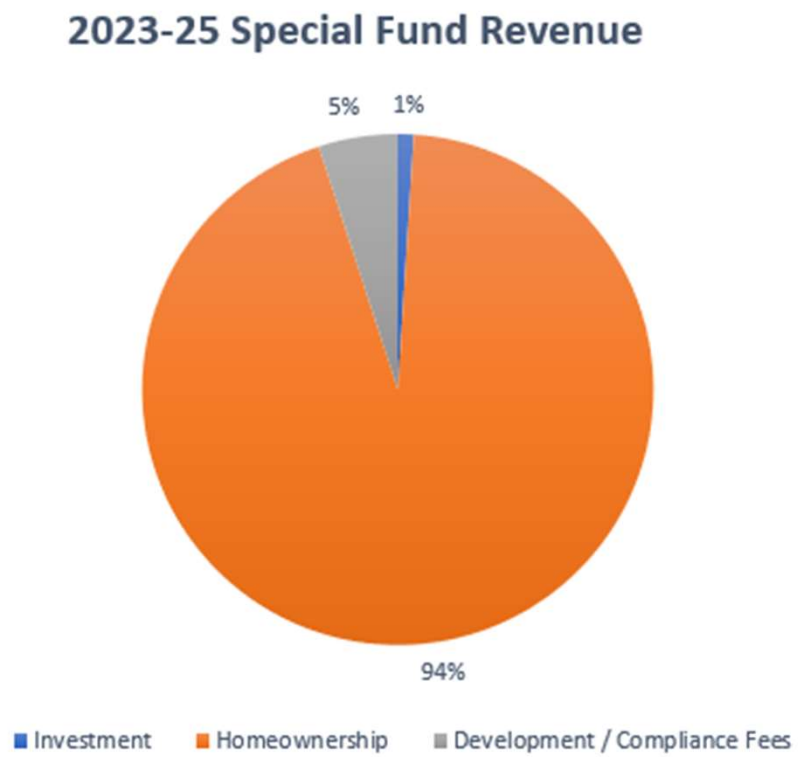
ENVIRONMENT AND EDUCATION DIVISION

NORTH DAKOTA housing FINANCE AGENCY


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*
Emergency Solutions Grant*
*Transfer from Dept. of Commerce

2023-25 Agency Request
Operating Funding Source





Investment Income

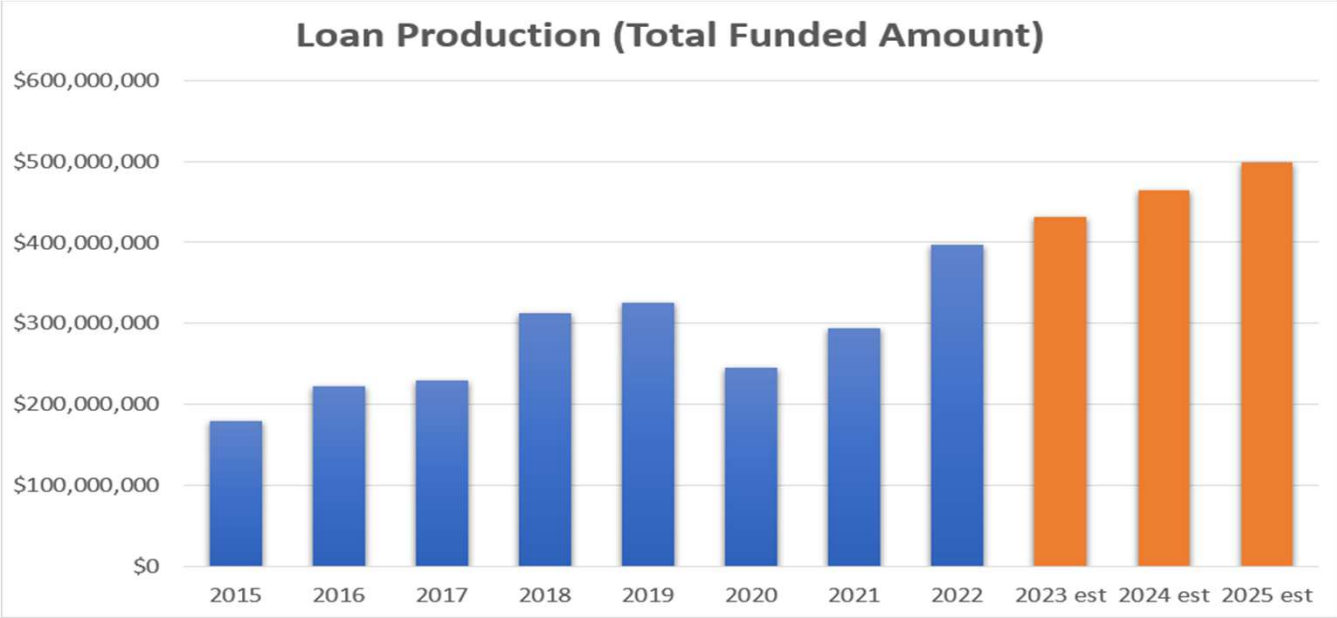
Homeownership Income

- Loan Servicing
- Bond Administration

Development / Compliance

- Application
- Origination
- Compliance

Currently $1.8 billion in assets
Over 13,000 loans



FTE History

2017 – two positions cut

2019 – no positions added

2021 – 4 positions added due to program transfers from Commerce and BND. 1 additional added for year 2 of biennium per loan production

Current 49 FTEs – no vacant positions

FTE Request House Approved - 4

- Business Analysts – 2
- Mortgage Specialist – 1 (with trigger based on loan volume)
- Compliance – 1

All Paid with NDHFA Special Funds

7

FTE Request - Compliance – 1 more!

One compliance/auditor for **$400 million** in average assets

Ratio if 2 positions added – **1:$900** million in assets

Past due – should have been hired a decade ago

8

Salary and Wages

House Approved	**12,169,742**
Includes:	
4 additional FTE's - 1 with contingency	
Salary and health increase	
Costs to continue	
Federal funding increases	
Emergency Solutions Grant - from Commerce	
Agency Additional Request	
1 FTE - Compliance	218,908
Temp Salary	42,000
Total Additional	**260,908**
Total Agency Request	**12,430,650**

Operating

House Approved	**10,738,241**
Includes:	
Home Loan Programs Operating - SRP premium, loan loss	
Emergency Solutions Grant - from Commerce	
Federal operating increases	
Shared software rates	
Agency Additional Request	
Operating - inflation and increase rates	165,642
Total Additional	**165,642**
Total Agency Request	**10,903,883**

Grants

House Approved	**48,805,110**
Includes:	
Federal grant funding	
*Emergency Solutions Grant - from Commerce	
*ND Homeless Grant	
Agency funded programs	

Housing Incentive Fund	
House Approved	**12,500,000**

***General Fund**	
Emergency Solutions Grant - from Commerce	240,000
ND Homeless Grant	2,260,000
House Approved	**2,500,000**

Additional Ask above House Approved

FTE Cost - $218,908

Operations - $165,642

- Retirements – 11 eligible now – expect 9 to retire before 2025
- Training required for new employees
- Increase costs for rent, IT, contracts, equipment, etc.

Temporary Salaries - $42,000

Total Cost = $426,550

All paid with NDHFA Special Funds

Contact Information

Dave Flohr

Executive Director

701.328.8060

dflohr@nd.gov

www.ndhfa.org

NORTH DAKOTA housing FINANCE AGENCY

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
HB 1014
MARCH 9, 2023

Chairman Sorvaag and members of the Committee:

My name is Tiffany Ford, State Director for your ND Small Business Development Centers (ND SBDC). The ND SBDC was established in 1986 and is hosted by the University of North Dakota Nistler College of Business and Public Administration. The national Small Business Development Centers (SBDC) program is federally funded and administered by the U.S. Small Business Administration, with state and local matching funds provided by the Department of Commerce, UND, cities, counties, and private contributors. Our program here in North Dakota is nationally accredited by America's SBDC (ASBDC).

The mission of the ND SBDC is to power the creation, growth, and success of small business in North Dakota. Our credentialed advisors empower North Dakota small and medium-sized businesses and entrepreneurs to thrive, through customized guidance and resources that help owners and entrepreneurs achieve their goals at any stage of their business. The comprehensive expertise and certifications of our staff is incomparable, and the array of tools available to our clients are not available through any other service or organization, not even those that do charge a fee.

The ND SBDC program is North Dakota's widest reaching and most substantial business support program, **assisting individual clients in each of our state's 53 counties.** We accelerate business growth and success across our state, strengthening and diversifying the economy, resulting in long-term positive impacts. *When small businesses thrive, communities thrive. North Dakota thrives.*

The ND SBDC is a fundamental component of the North Dakota entrepreneurial ecosystem. Small business is BIG business in this state, with 98.8% of firms defined as small businesses. The statewide services provided by the ND SBDC have direct economic impacts including jobs, tax base, and quality of life. The state's return on investment for the ND SBDC program is estimated to exceed $70 million in state tax revenue impact. **With the current state funding level at just over $750,000 per biennium, that calculates an approximate benefit to cost ratio of 124:1.**

Small businesses ARE the foundation of our communities and provide essential services and products to support the operations and success of all of 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 – the path for each client and business is unique, and the ND SBDC guides these businesses towards success.

BND has included in this bill a proposal to fund the ND SBDC program at $1.5 million in the 2023-25 biennium. This is a positive change for the ND SBDC, which will ensure stability in funding and in turn, in programming and services to small businesses across the entire state. BND and the ND SBDC align on many levels, our entrepreneurial focused missions and support services are strong, and we collaborate on programming offered to a parallel client base, both lenders and businesses. This level of funding proposed is necessary:

- To meet the required dollar for dollar (1:1), non-federal match to the federal award the program receives each calendar year. **If the non-federal match is not obtained, we lose federal funds as well**. $1.5 million will ensure that we can continue to leverage the maximum amount of federal funding available to our state, meaning the maximum impact to our local and state economies

- To allow us to strategically assess our organizational structure, determining if we have the optimal staffing and center structure to **meet client and stakeholder demand**, and fill those gaps, if they exist

- To sustain and increase service capacity and program offerings, as appropriate, to meet the increased demand for assistance from our program: compared to 2019, we are seeing nearly **70% more clients** (almost 3000 clients advised and trained in 2022) and **almost double the amount of capital invested into small businesses in ND** (over $106 million in 2022)

- To allocate a portion of these non-federal matching funds to EACH service center across the state, alleviating some of the burden of seeking local financial support from resources that are straining to support their own, reducing the time spent "fundraising," and shifting time to be better used in **serving our small business clients**. *NOTE: the requirement for local match in all centers will not be removed, but the amount of operational support from local sources will be reduced because of this funding.*

The ND SBDC is a long-standing, strong program with undeniable positive impacts for our state's economy, businesses, and communities – large and small. 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 ND SBDC. I'm happy to answer any questions that you have.

Sincerely,

Tiffany Ford
State Director, North Dakota Small Business Development Centers

March 9, 2023
IN SUPPORT - HB 1014- Industrial Commission Budget
ND Housing Finance Agency, HIF
Senate Appropriations- Education and Environment Division
Janelle Moos, AARP North Dakota

Chair Sorvaag 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 was originally 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 increasing the funding for HIF to $25 million in HB 1014.

Thank you.

Testimony in Support of HB 1014
Senate Appropriations – Education and Environment Division
Chairman: Senator Ronald Sorvaag
March 9, 2023

Submitted by: Dan Madler, Chief Executive Officer - Beyond Shelter, Inc.
701-730-2734, dmadler@beyondshelterinc.com, Lobbyist #30

Chairman Sorvaag 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 has developed over 1,300 quality affordable housing units across the state. I would like to express my support for House Bill 1014 and urge this committee to increase the current House appropriated sum of **$12.5M** to a **$25M** appropriation to fund the Housing Incentive Fund (HIF). To support this request, I offer the following:

Invest in things that work, and the Housing Incentive Fund works:

- It provides a positive return on investment.
- It is a great tool for Community and Economic Development.

The need for affordable housing is statewide, from Williston, to Minot, to Jamestown, to West Fargo:

Each of these communities has a need and demand for affordable housing that may or may not be unique to their community. For example, in Williston and Minot, the need/demand is to preserve either existing affordable housing stock and/or preserve the federal rental assistance subsidy that is currently in-place. In both Jamestown and West Fargo, the need is for an increase in the availability of affordable senior housing.

North Dakota is competing for its workforce, and North Dakota is falling behind as it relates to investing in affordable housing:

For example, South Dakota just recently passed a $200M affordable housing bill with an emergency clause that will allow the $200M to be immediately invested in affordable housing. The State of Minnesota is currently looking to invest $719.5M in affordable housing over the next 3 years. To be competitive, North Dakota needs to invest in affordable housing. It needs to invest $25M in the Housing Incentive Fund.

A $25M investment in the Housing Incentive fund would leverage up other state investments:

Because housing, education, employment, childcare, health, transportation, and public safety are all inter-related, an investment of $25M investment in the Housing Incentive fund would leverage other state investments.

In closing, I request your support for HB 1014 and respectfully request that this committee increase the current House appropriated **$15.5M** investment to a **$25M** investment in the Housing Incentive Fund.

Thank you for your time and consideration.

NATIVE INC.
Community Development Corporation

Native American Development Center
2403 East Thayer Avenue
Bismarck ND 58501
Tel: (701) 595-5181
Website: www.ndnadc.org

Fargo Downtown Engagement Center
222 4th Street North
Fargo, ND 58102
Tel: (701) 412-2735
Website: www.ndnadc.org

March 09, 2023

NATIVE, Inc.
Testimony in Support of HB 1014
Senate Appropriations - Education and Environment Division

Chairman Sorvag and Members of the Committee,

My name is Lorraine Davis, Founder, and CEO of a statewide Native American-led community-based organization called NATIVE, Inc. serving people living in the Bismarck and Fargo metro areas with homeless, behavioral health, and criminal justice prevention services to adults, and youth, and families.

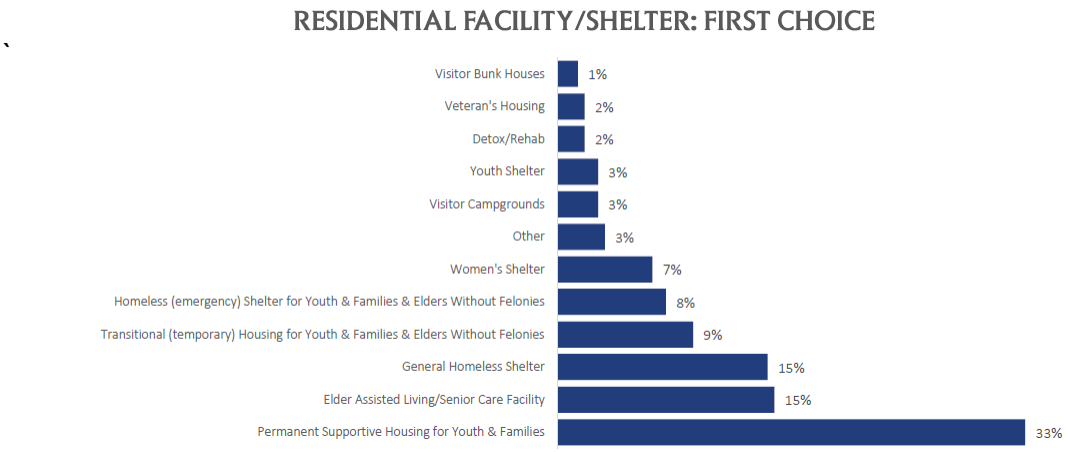
I am here today in **support** of House Bill 1014 and ask this committee to fund the Housing Incentive Fund at $25 million and the Emergency Solutions Grant and the North Dakota Homeless Grant at $5 million.

NATIVE, Inc. has been a grant recipient of the emergency solutions grant and ND homeless grant since 2017. Through these grants, we provide rental assistance to rapidly rehouse folks who may be facing eviction or moving into the area in need of last month's rent and security deposit, street outreach, and housing care coordination services. I have also been serving as a board member of the state's Continuum of Care since 2015 but my advocacy and involvement go back as far as 2008 during my prior role as the Family Housing Director at a local tribal college when I begin serving on Bismarck's regional homeless coalition. As a housing director, I administered 114 housing units, and among that was a 24-unit low-income housing tax credit (LIHTC) apartment complex. It was then that I became a huge believer in affordable housing approaches. A strategic approach toward moving ND citizens out of poverty and social challenges will be to provide both affordable housing and rental assistance due to the extensive need for affordable rent for extremely low to moderate incomes.

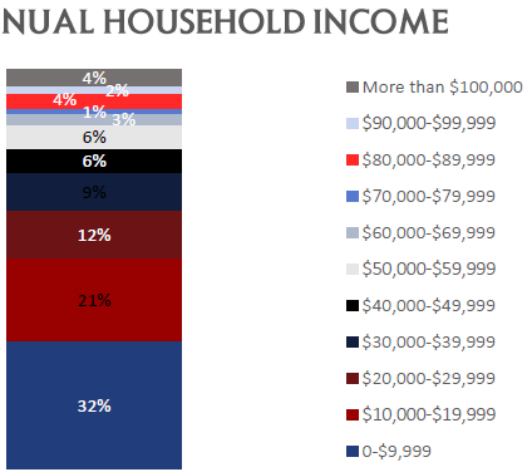
A large increase to the housing incentive fund (HIF) would:

- **Improve workforce development.**
- **Stabilize a strong workforce**.
- **Improve social determinants of health.**

NATIVE, Inc. conducted a 2022 statewide community needs assessment called the Great Plains Indians VOICES that targeted Tribal members living in Bismarck and Fargo metropolitan areas. When asked if they would live in affordable housing that provides support services, over three-quarters of respondents said yes. 70% of respondents would like to live in stable, affordable housing. The most desired type of residential housing was three-to-four-bedroom homes, as their first choice. 33% chose permanent supportive housing for youth and families, followed by 15% each in favor of elder assisted living/senior care facilities and general homeless shelters.



Regarding annual household income and expenses. 32% reported an annual household income of $0 to $9,999, and 53% of respondents earn less than $20,000 a year.



The ND Housing Finance Agency conducted a recent Statewide Housing Needs Assessment that indicated the following:

- 2025 Population growth is projected highest in these age categories: 0-17, 25-44, and 65 plus.
- State's largest household income category is less than $50,000.
- Most households who rent fall into the extremely low, very low, and low-income population categories but yet there are few units that are available to Extremely Low and Very Low-Income households. A major gap in our state.
- Median gross rent today is $826 for a two-bedroom, an increase of 49% in 10 years. A substantial portion of renters is cost-burdened, especially younger, and senior householders which suggests we have issues with rental affordability.

In closing, ND has an excellent opportunity to invest in helping people achieve quality of life.

Thank you for your time. I stand for any questions.

Senate Appropriations – Education and Environment Division
68th LEGISLATIVE ASSEMBLY
March 9, 2023
HB 1014

Chairman Sorvaag, and members of the Committee, my name is Tom Alexander, and I am the Executive Director of the Minot Housing Authority (MHA).

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 the 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 property called Fieldcrest (NE Minot), a 55 and older apartment property 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 property called Sunset Ridge (NW Minot) and another 55 and older apartment property with 54 units called Souris Heights (NW Minot).

Since 2012/13 BSI and MHA have created 275 affordable units in our community for essential workers, seniors, low-income persons and families. It is my hope that this partnership continues to grow in the 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.

MHA fully supports House Bill 1014 as before you today with Housing Incentive Fund receiving 12.5 million. In my opinion, the Housing Incentive Fund has been a very successful program that has created affordable housing units all over the state of North Dakota. I would fully support an increase to HIF if the legislative assembly chooses to do so.

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

Senate Appropriations Committee

Engrossed House Bill No. 1014 Budget No. 475
North Dakota Mill & Elevator Association
March 1, 2023

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 operates under Chapter 54-18 of the North Dakota Century Code.

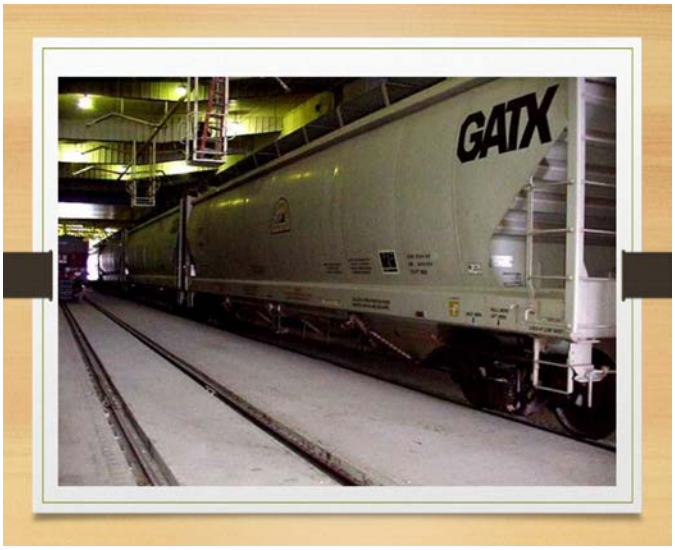
The North Dakota Mill and Elevator Association, located in Grand Forks, is presently the largest single site wheat flour mill and the 8th largest wheat milling company in the United States with sales over $450 million per year.

Our milling complex presently includes 10 milling units with the capacity to produce 6,050,000 lbs. of finished product 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 42,000,000 bu. per year. A Midds Storage and Handling Facility is currently under construction and is scheduled to be completed in February 2024. All facilities are located in Grand Forks.

The Mill normally operates 24 hours per day, 5 to 7 days per week. Our total current staffing is 156 full time employees.

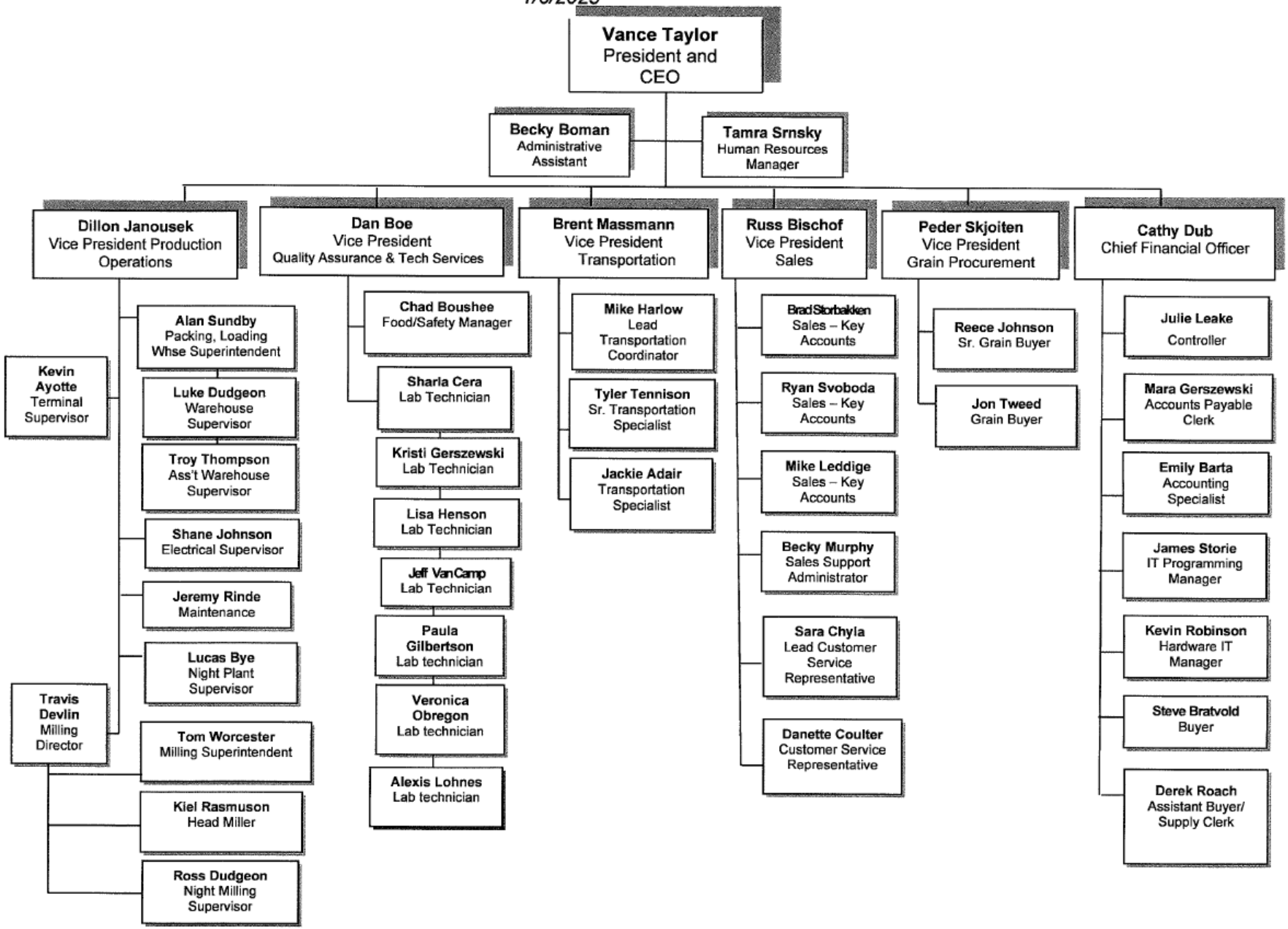
Our milling units process about 90% spring wheat and 10% durum. Approximately 80% of our products are shipped in bulk trucks or railcars and 20% is shipped in bags or totes.

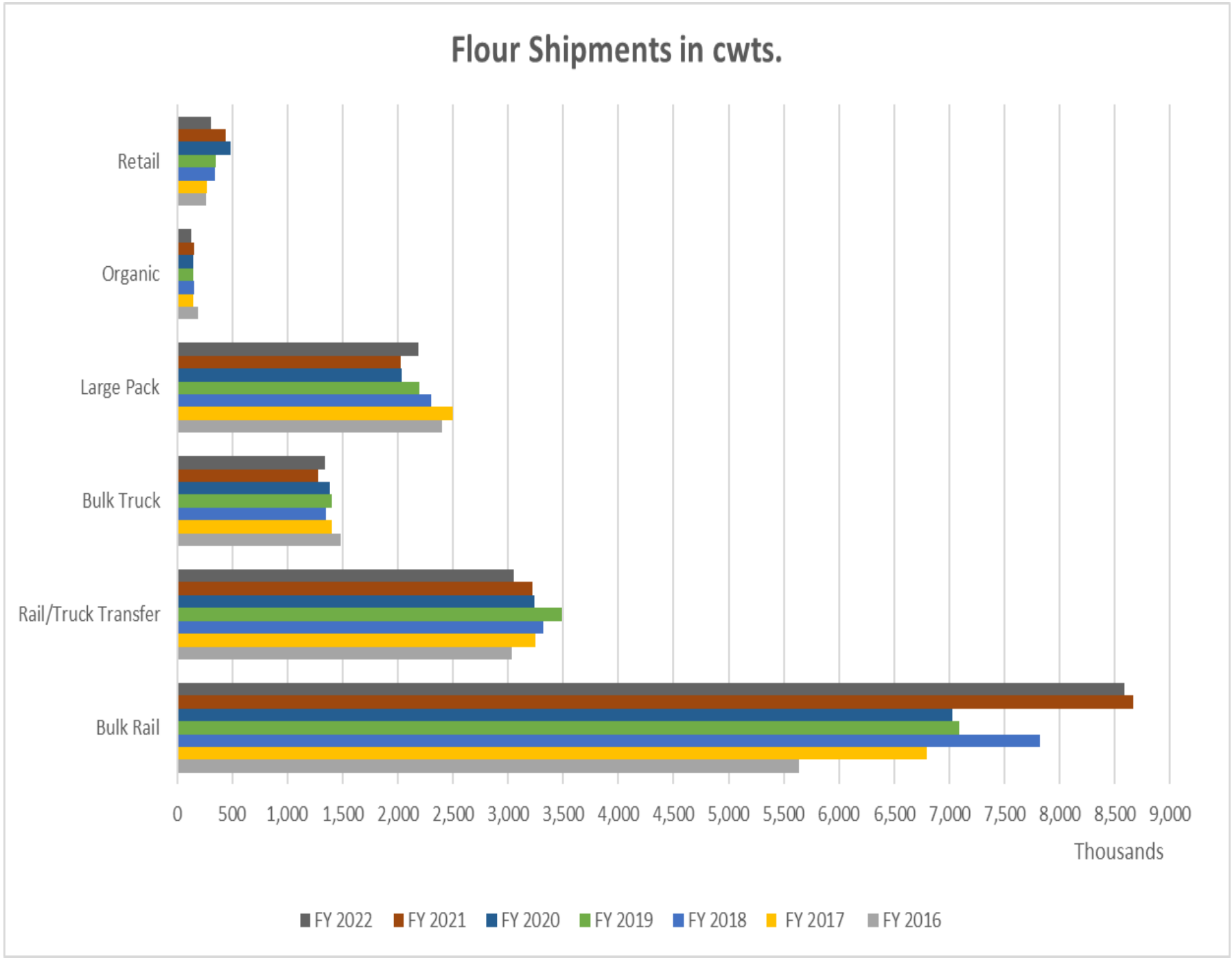
The Mill produces conventional and organic products. At present organic products make up about 1% of our total shipments.



NORTH DAKOTA MILL ORGANIZATION CHART

1/6/2023




Flour Shipments in cwts.
Retail
Organic
Large Pack
Bulk Truck
Rail/Truck Transfer
Bulk Rail
0
500
1,000
1,500
2,000
2,500
3,000
3,500
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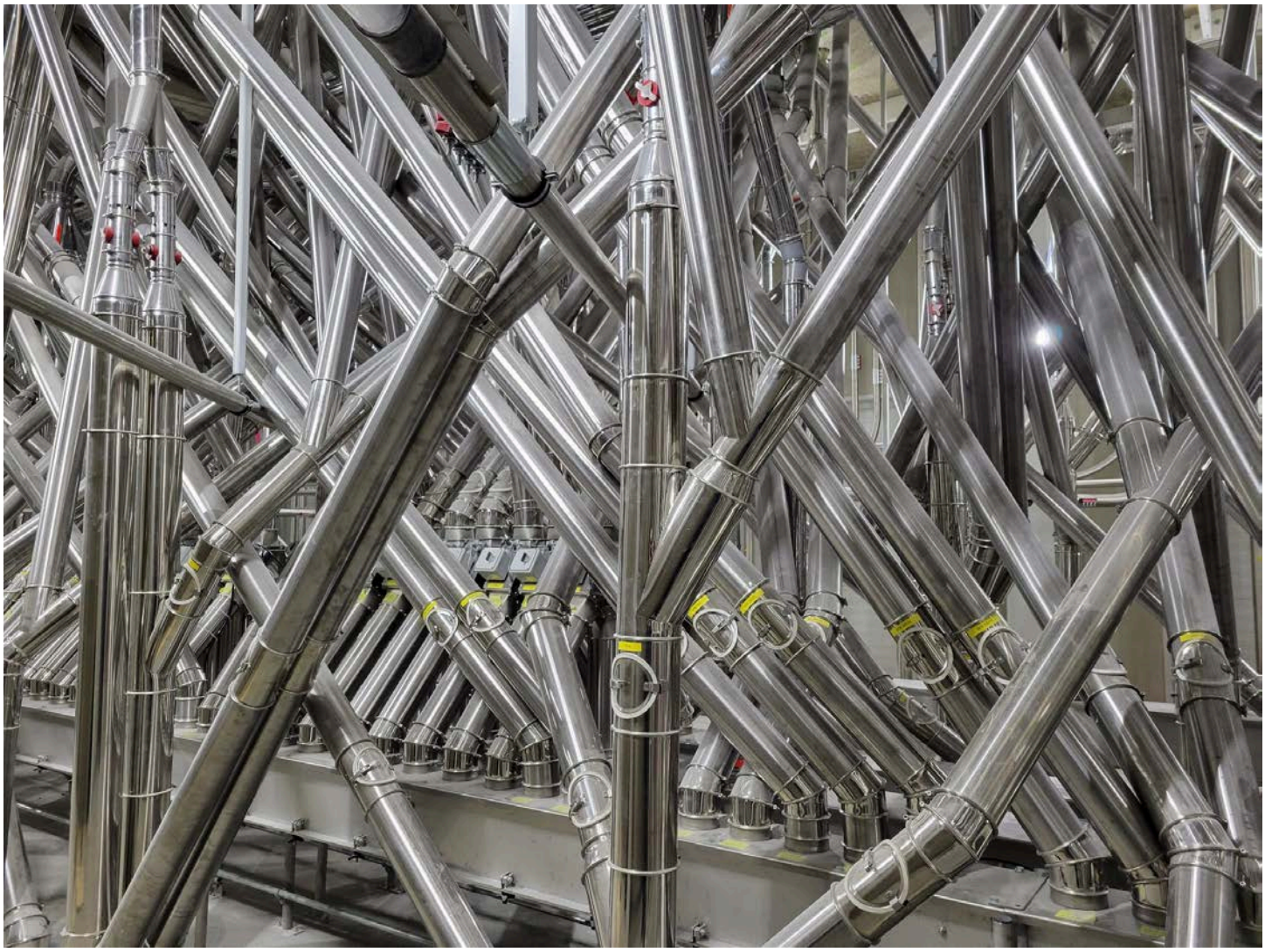
4,500
5,000
5,500
6,000
6,500
7,000
7,500
8,000
8,500
9,000
Thousands
FY 2022
FY 2021
FY 2020
FY 2019
FY 2018
FY 2017
FY 2016

Projects and Business Growth

In 2001 we had milling capacity of 27,000 cwts of flour per day. Since that time, we have completed multiple expansion projects, including the start-up of our G Mill in FY 2017, and the H & I Mill additions and conversion of the D Mill in FY 2022. These projects have grown our milling complex to a total of 60,500 cwts. of flour per day. Increasing our capacity has allowed us to service additional demand from current and new customers, as well as improve profitability and increase the number of bushels purchased from North Dakota farmers.

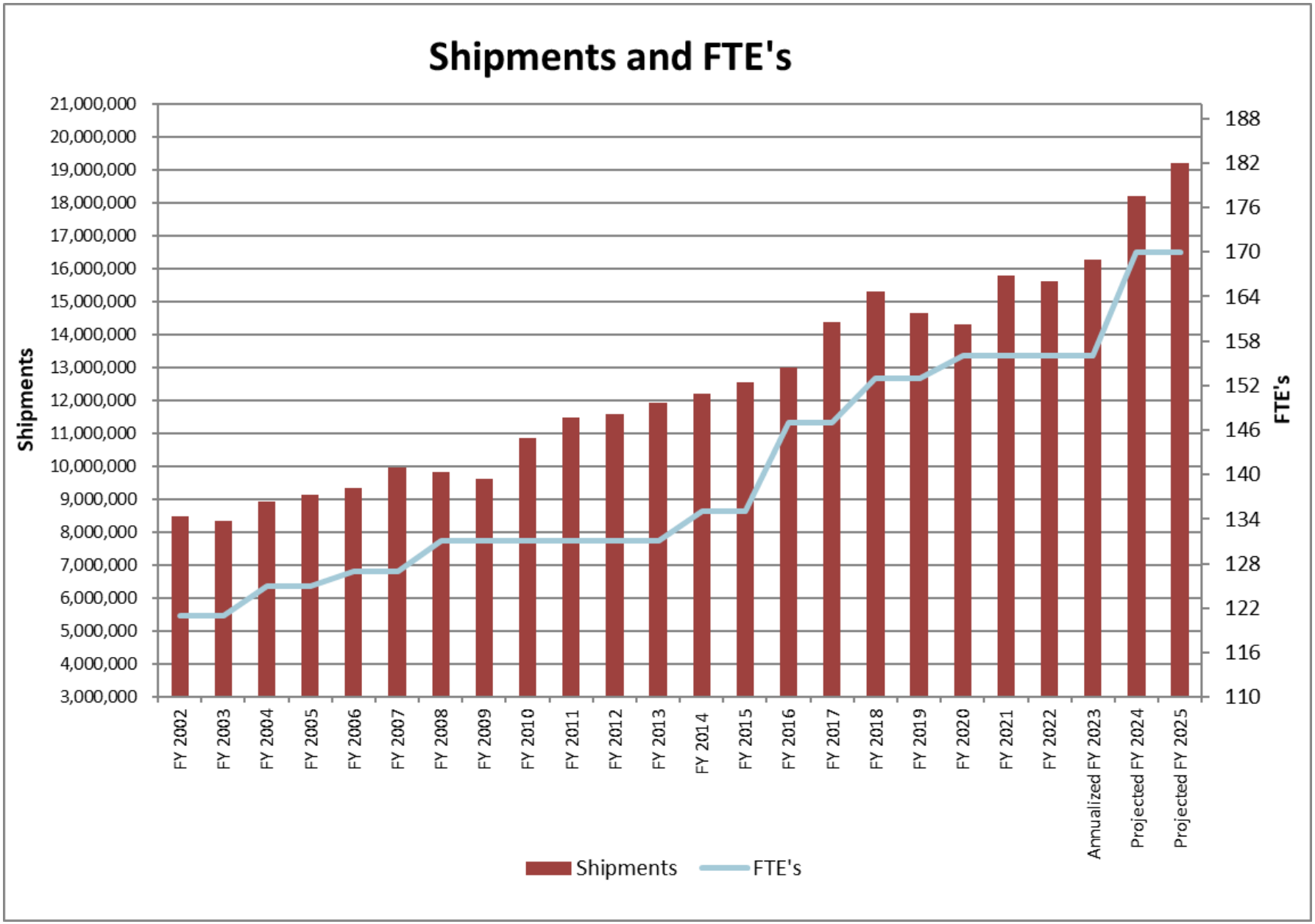
- 2013 K Mill Renovation and Expansion $8.4 million
- G Mill Addition and Flour Storage $38.7 million
- High Speed Truck and Rail Wheat Unloading System $9.3 million
- Phase II Shuttle Track & Grain Storage $24.7 million
- Terminal Receiving Scales & Conveyors $8.5 million
- 2 Automated Flour Packing Systems $4.7 million
- H and I Mill Additions & D Mill Conversion $24.475 million
- Midds Storage & Handling Facility Phase I $34.0 million (Currently under construction)

Our need to expand has been driven by increasing demand from our current customers and the addition of new customers. The completion of these major expansion projects has been vitally important for the North Dakota Mill to continue to compete effectively and provide a more significant economic impact to the State.



Potential Future Projects

- Midds Storage & Handling Facility Phase II $8.0 million
- Midds Storage & Handling Facility Phase III $7.0 million
- Durum Truck Loadout Bins $4.0 million
- Increase Whole Wheat Milling Capacity $3 million


Shipments and FTE's
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Shipments
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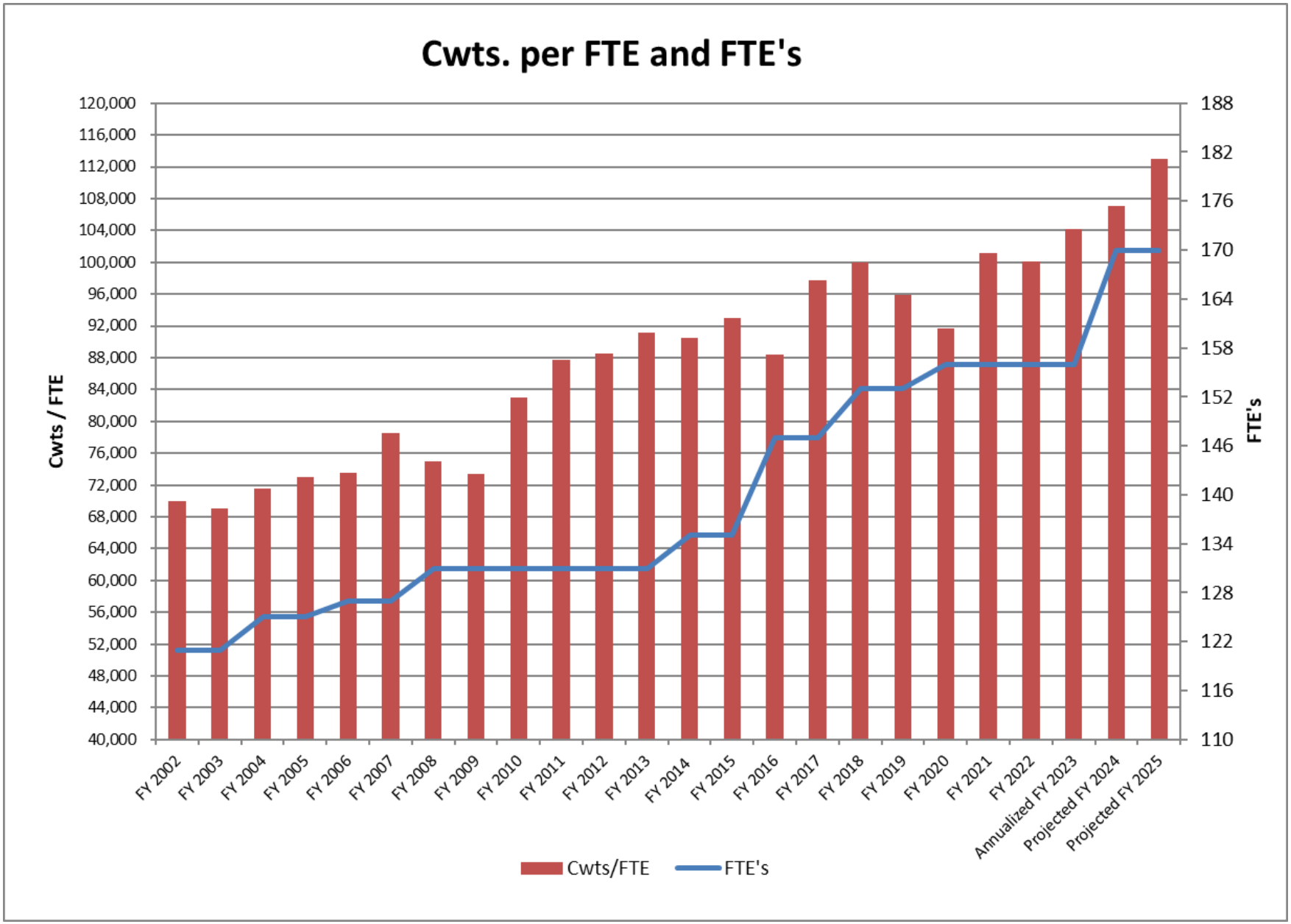
Cwts. per FTE and FTE's
Cwts / FTE
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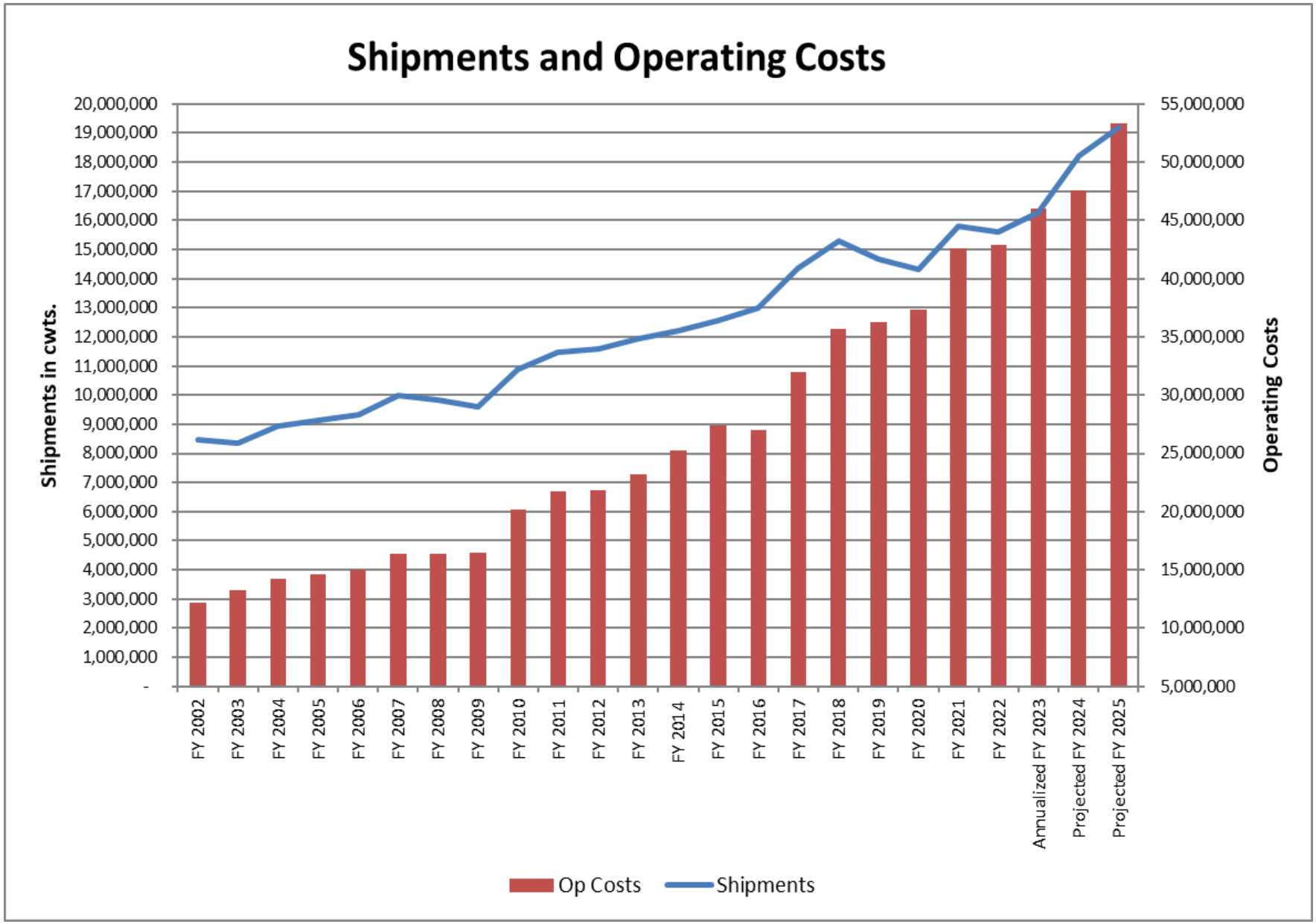
Projected FY 2025
Cwts/FTE
FTE's


Shipments and Operating Costs
Shipments in cwts.
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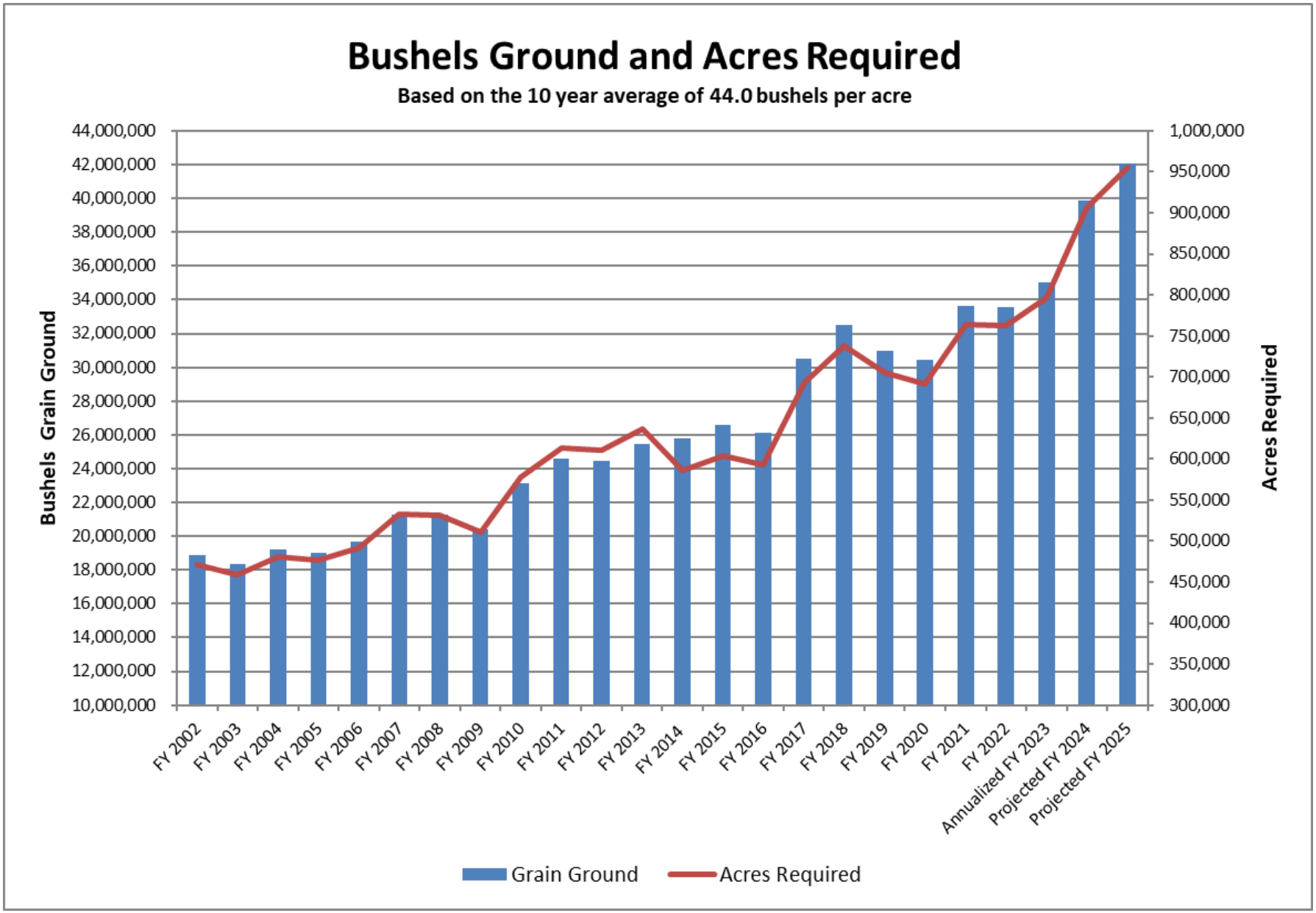
Op Costs
Shipments


Bushels Ground and Acres Required
Based on the 10 year average of 44.0 bushels per acre
Bushels Grain Ground
Acres Required
44,000,000
42,000,000
40,000,000
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32,000,000
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28,000,000
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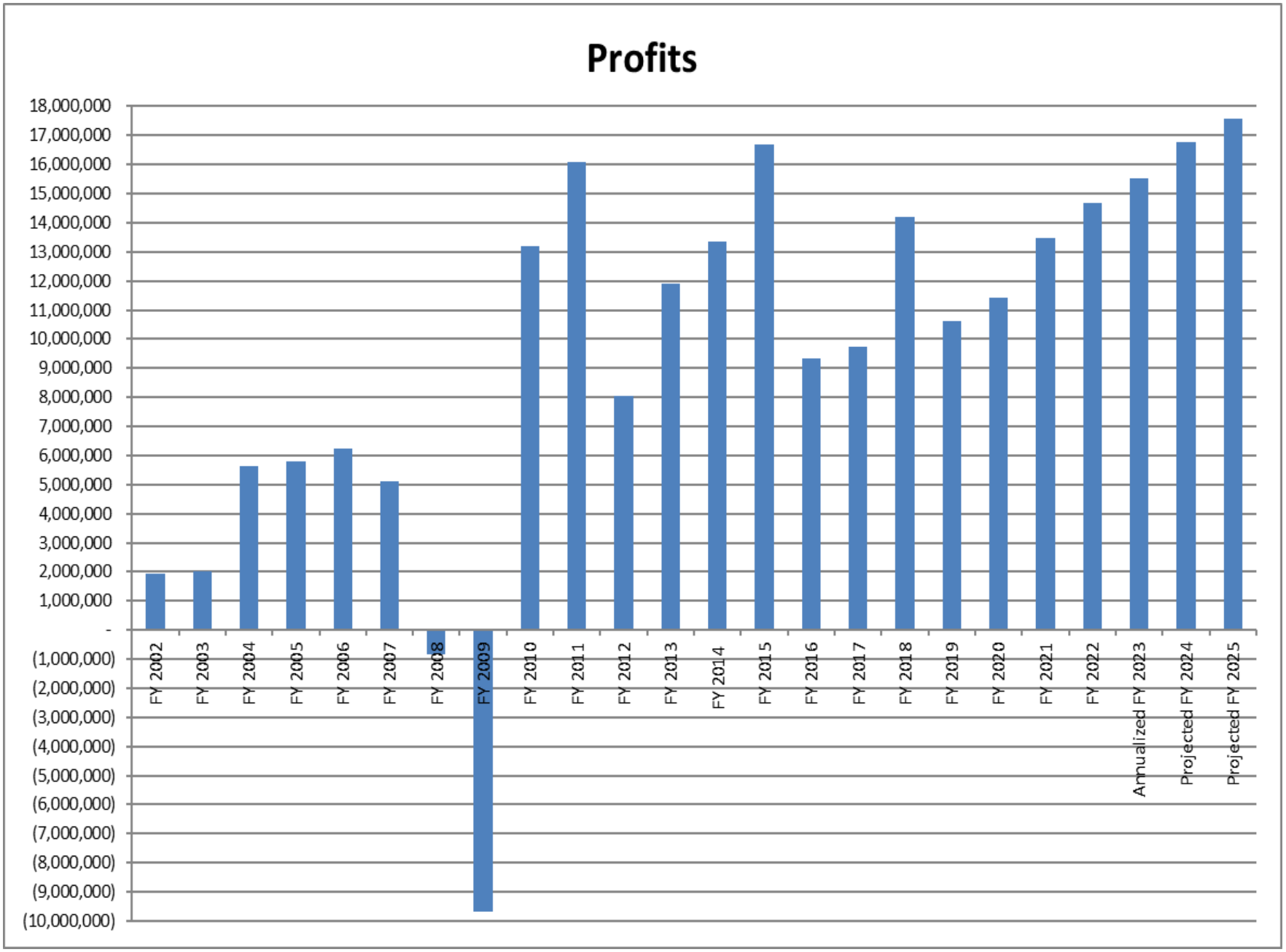
Projected FY 2024
Projected FY 2025
Grain Ground
Acres Required


Profits
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FY 2022
Annualized FY 2023
Projected FY 2024
Projected FY 2025

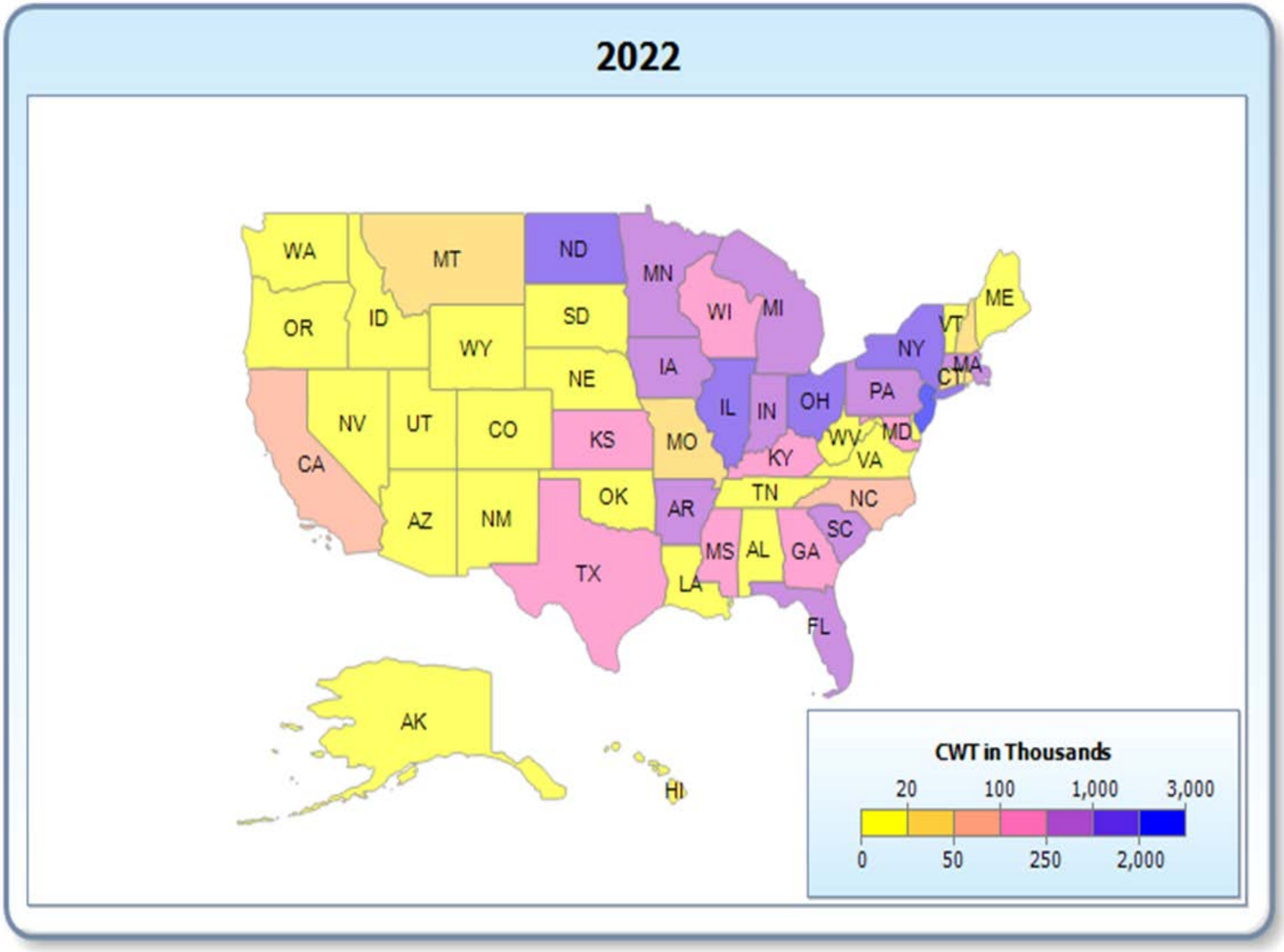
Markets and Competition

Our bulk and large package shipping area is diverse but more concentrated in the Ohio River Valley and on the East Coast. We also export product to the Caribbean Islands and Korea. Our customers include bakery flour distributors, retail distributors, large bakeries, and pasta companies. Sales are made by our in-house sales staff and food brokers.

We compete with large milling companies such as Ardent Mills, ADM, Grain Craft, General Mills and others. The outstanding quality of our products is verified by our FSSC 22000 certification.

Going forward, we intend to continue to increase flour shipments using the additional production capacity of our new milling units; increase plant efficiency to minimize production costs; continue to aggressively market family flour and retail mixes; grow our organic flour business and investigate new markets, new products, and extensions of current product lines.

We will continue to leverage our greatest asset – our dedicated employees, whose hard work has given us an excellent reputation for product quality and customer service in the marketplace.


2022
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WY
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CA
KY
WV
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VA
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AR
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NC
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NM
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MS
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GA
TX
LA
FL
AK
HI
CWT in Thousands
20
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1,000
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50
250
2,000

Economic Impact

A North Dakota State University study stated that for every dollar in direct economic activity from wheat processing, another $2.32 was generated in secondary economic activity. During Fiscal Year 2022, the Mill generated $366,421,000 in direct economic activity resulting in an additional $850,097,000 in secondary economic activity. This results in a total economic impact to the region of more than $1,216,518,000 during the last fiscal year.

Strategic Plan FY 2023

Working with the UND Office of Work Force Development, the North Dakota Mill management team has developed the following strategic objectives for Fiscal Year 2023:

- 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

Budget Request

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

The Mill 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

2022, the Mill transferred $733,889 (5% of profits) to the APUF and $6,971,950 (50% of remaining profits) to the General Fund. We respectfully request that the General Fund Transfer amount be reduced to 10% of profits for the 2023-2025 biennium as agreed upon in the House. In the past seven fiscal years, the Mill has invested $123.3 million in capital projects. The Mill currently has another $41.3 million in projects in progress with two additional phases of the Midds Storage & Handling Facility that have not been approved at this time. Those phases are estimated to be an additional $15 million. Due to the significant amount of capital investment made and the rapidly rising interest rates, the Mill is requesting to keep more profits to help paydown debt at a more rapid pace.

Our budget request is for $100,185,097. This is a $11,807,888 increase over the last biennium budget. The increase represents increases in wages and benefits, operating expenses, and an additional 14 FTE's.

For biennium 2021-2023 the Mill's appropriation amount was $50,560,209 for wages and benefits. The Mill included 3.25% wage increases in the appropriation requested for biennium 2023-2025 to match the contract we have with our labor union. Our budget request included overtime and shift differential that would allow continuous 24/7 running of the mills. The Mill also requested 14 additional FTEs for the biennium.

Three (3) of the positions are to add a 2nd Shift Grain Mixing crew. The increased production capacity requires an additional 25,000 bushels of wheat to be mixed and transferred to the mills daily to ensure continuous 24/7 running of the mills. These positions added $475,578 to the salary and benefits expense.

Three (3) employees are being requested due to the additional equipment to maintain. A mechanic, electrician and an equipment oiler are needed to assist in maintaining the equipment that has been added to the facility through our capital investments. These positions added $560,422 to salary and benefits.

Three (3) employees are needed to run the Midds Storage & Handling facility upon completion to allow for loading by-product 24 hours per day. These positions added $468,246 to salary and benefits.

Five (5) employees are needed to convert our Milling Department from a 3-shift operation to a 4-shift operation. This will reduce overtime within the department and help us to recruit and maintain quality employees in the Milling Department. The new 4th shift will consist of 3 Millers, 1 Assistant Miller, and 1 Grain Cleaner. These positions added $863,086 to salary and benefits.

For the 2023-25 biennium the Mill is requesting $56,793,444 in salary and benefits. The Mill would need additional funds added to our salary and benefits appropriations to account for increased health insurance costs as well as any wage increases that are granted greater than 3.25%.

In order to reach 18MM cwts. of production and sales NDM will need additional funding for inflationary factors and business growth. We have seen costs rise substantially in many of our expense categories. The Mill has used a 9% inflationary factor for all operating expense categories due to the current

economic conditions. The Mill has increased some categories more than the 9% inflationary factor due to business growth and other factors.

For biennium 2021-23 the Mill's appropriation amount was $13,932,340 for utilities. In the first year of the current biennium the Mill spend $4,712,056 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 has announced an increase in power rates of over 15% beginning January 1, 2023. 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 2023-2025 biennium will be the first full biennium with the H & I milling units which will increase power requirements. The Mill is also in the process of constructing a new Midds Storage & Handling Facility which will also require additional power. The Mill budgeted $16,004,550 for utilities for the 2023-25 biennium.

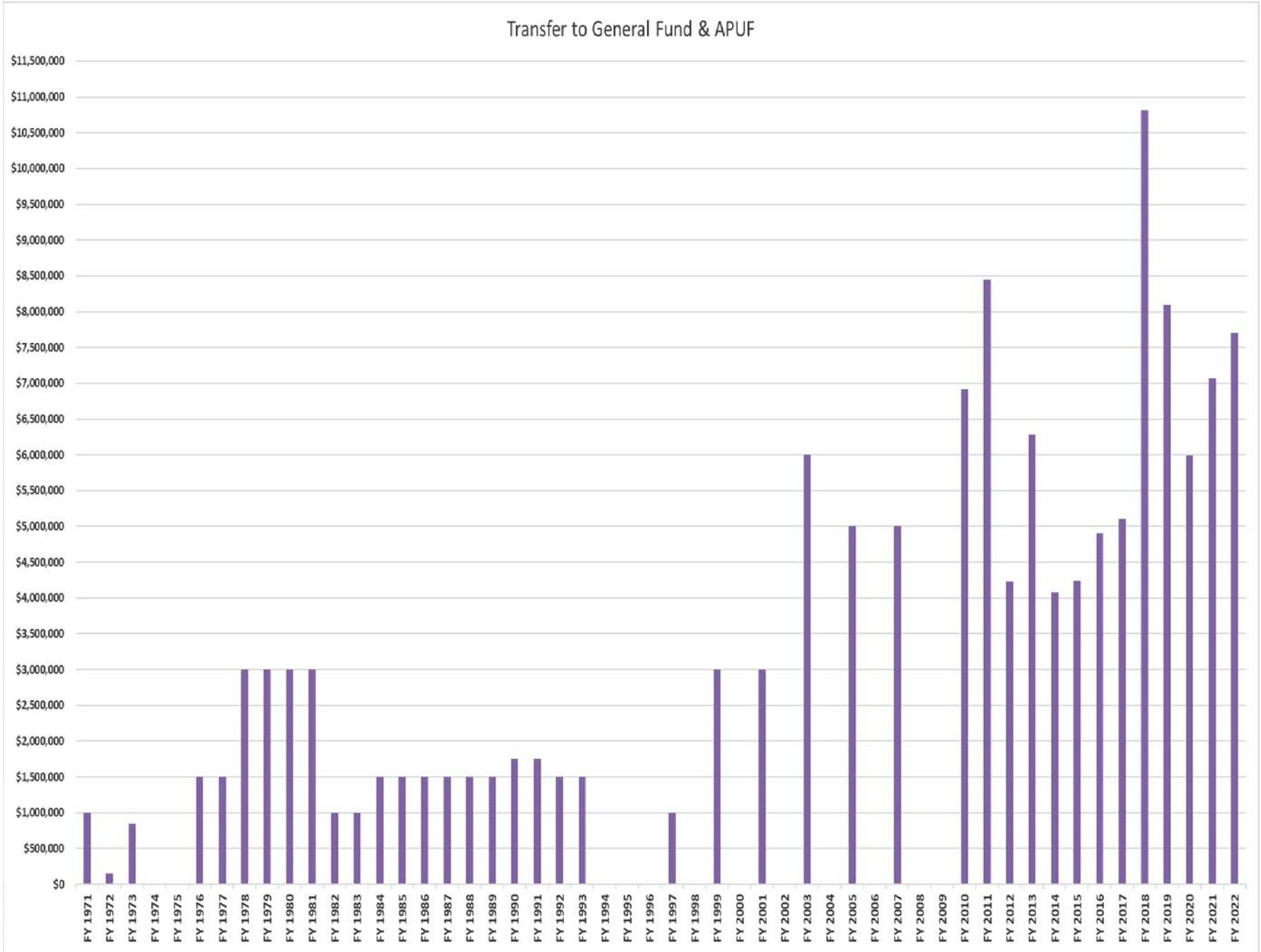
For biennium 2021-2023 the Mill's appropriation amount was $10,045,680 for maintenance and repairs. With our growth and expansion over the past several years, we have increased the amount of equipment at the Mill, which requires maintenance and repairs. We anticipate this expense to be $10,682,000 in the 2023-2025 biennium.

For biennium 2021-2023 the Mill's appropriation amount was $5,523,980 for insurance. Property insurance rates have begun to stabilize; however, inflation has increased the value of property that we are covering. 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 $5,720,000 in the next biennium.

For the 2023-25 biennium the Mill is requesting $42,391,653 in operating expenses. This represents a 15.1% increase from the 2021-23 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 16,300,000 cwts in FY 2023, a 4.5% increase over the previous fiscal year. This represents grinding more than 37,500,000 bushels of spring wheat and durum.

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


Transfer to General Fund & APUF
$11,500,000
$11,000,000
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Engrossed House Bill 1014

Testimony of Industrial Commission Interim Executive Director Karen Tyler

Before the Senate Appropriations Committee

March 1, 2023

Good afternoon, Mr. Chairman and members of the committee. I am Karen Tyler, the Interim 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 to appear before you to discuss the appropriation for the Office of the Industrial Commission, and the industries, agencies and programs that report to the Commission.

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 very broad and diverse portfolio of authority ranging from the oversight of our state-owned industries, to the financing of state

buildings and infrastructure, to the regulation of our oil and gas industry, to supporting affordable housing programs, to overseeing highly impactful grant programs, to serving as the state's pipeline authority and transmission authority.

Inside the front cover of the testimony binders we have prepared for you is the planned schedule of testimony for the day, the Industrial Commission organizational chart, as well as contact information for all of our agency and program leaders.

I will begin with a discussion of the budget priorities for the administrative office, and then our Deputy Director Reice Haase will provide an overview of the Commission and a closer look at the grant programs overseen by the Commission. Reice will also discuss a new grid resiliency grant opportunity that we are requesting in our budget, and then we will transition to our other agency leaders.

There are a number of strategic priorities that inform the budget request for the Office of the Industrial Commission:

1. **Move the administrative office toward a more optimal staffing level and establish or expand operational and fiscal management capacity.**
2. **Invest in technology that will improve grant management, contract management and meetings management across all programs,**

3. **Build an electronic records future state, and disposition decades of historical records through a comprehensive records management project and program.**

Section 1, Subdivision 1.

The budget for the Office of the Industrial Commission is found within the appropriation presented in Section 1, Subdivision 1 on page 1 of Engrossed HB 1014. This Subdivision of the bill shows the combined appropriation for the Administrative Office and the Public Finance Authority, after removing the funding for DMR and moving it to a separate category. The Administrative Office budget is also referenced separately in Section 8 on pages 6 and 7 of the engrossed bill.

Breakout of appropriation requests for IC Admin Office and PFA included in subdivision 1:

	Admin	PFA	Total
40510	1,578,253	892,983	2,471,236
40530	3,513,693	193,325	3,707,018
40550	1,250,000		1,250,000
40560	33,623,893		33,623,893
40570		119,879,913	119,879,913
Total	39,965,839	120,966,221	160,932,060
Less Estimated	35,540,983	120,966,221	156,507,204
General Fund	4,424,856	0	4,424,856

The total request for the Office of the Industrial Commission includes the following adjustments:

1. 1 new FTE, with salaries, benefits and operating totaling $183,476 – a 2nd FTE was added by the House at our request and due to additional programs being added to the Commission this session
2. Executive budget salary and benefit increases of $102,154
3. Increases in our operating line for:
    a. office space rent - $20,305

b. records management - $75,000 one-time

c. Transmission Authority Director's contract - $250,000 – this amount was increased to $300,000 by the House

d. technology costs - $68,000 on-going

e. grant management technology – spending authority of up to $250,000 per grant program

4. This request also includes $12,400 in on-going operating funds to cover costs of participation in key energy industry professional development events

5. Funding from the general fund for the Infrastructure Investment and Jobs Act grid resiliency grant match and the spending authority for the federal funds component. Reice will provide more detail on this program

There are two items in our budget that were included as one-time expenditures and we would request that they be adjusted to an on-going status. They are the $20,305 included for our rent increase, and the $250,000 for the Transmission Authority Director's contract.

In regard to the variation from the executive budget recommendation, the additional $62,400 is for the professional development funding of $12,400, and

additional on-going technology expense of $50,000 for software licensing related to meetings management. The Office of the Industrial Commission manages and supports approximately 35 public meetings on an annual basis.

We hope to have a much more detailed discussion about our grant programs and needed improvements to our grant management system as we move through the budget process, but as an introduction to that discussion, I want to flag the contributing factors driving the need for a significant technology investment, which are: the number of programs, number of grant rounds, volume of applicants and recipients, technical review requirements, number of contracts executed, volume of payments, verification of matching requirements, reimbursement-based nature of the programs, and the extent of reporting requirements – all of these combine to drive the need for a technology solution.

The administrative office budget has historically been a special fund budget that is funded through cost assessments made on the various agencies and programs the office supports. You will find this assessment authority and transfer requirement set forth in Section 8 of the bill. While we request that this mechanism remain in place for the funding of the administrative office for the 23-25 biennium, this budget cycle you will also see some general fund requests included in our budget

for the IIJA grant match and the Transmission Authority contract, which would not be included in this assessment and transfer.

Historically the administrative office has been allowed to carry over any remaining appropriation at the end of a biennium, which then may allow for a reduced cost assessment to the industrial commission agencies and programs in the next biennium. This language is also included in Section 8 of the engrossed bill.

The Office of the Industrial Commission is entering a period of significant change and the budget request we are making is critical to a successful transition and transformation driven by our strategic initiatives. As you will see from Reice's overview, what began as a Commission overseeing 2 state owned businesses and 1 bonding and financing program has grown into oversight of 16 different industries, agencies, and programs, and during the first half of the session, legislation has passed that will add to the Commission's role.

ANALYSIS OF MAJOR SPECIAL FUNDS FOR THE 2021-23 AND 2023-25 BIENNIUMS REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER

Prepared by the
North Dakota Legislative Council Staff
March 2023

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ANALYSIS OF THE ABANDONED OIL AND GAS WELL PLUGGING AND SITE RECLAMATION FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		$13,850,616		$40,343,445
Add estimated revenues[1]				
Fees, forfeitures, transfers, and recoveries penalties	$3,390,000		$2,500,000	
Oil and gas tax collections (2019 HB 1014)[2,3]	15,640,000		14,820,000	
Federal funds[4]	22,500,000		34,792,000	
Total estimated revenues		41,530,000		52,112,000
Total estimated available		$55,380,616		$92,455,445
Less estimated expenditures and transfers				
Reclamation of well sites placed into service after July 31, 1983 (2019 SB 2123)[5]	$9,000,000		$1,000,000	
Reclamation of well sites placed into service on or before July 31, 1983 (2017 HB 1347)	0		1,000,000	
Orphaned well plugging and reclamation costs[6]	5,350,000		31,468,000	
Brine pond and soil remediation studies (2017 HB 1347)	0		0	
Transfer to the environmental quality restoration fund[7]	400,000		400,000	
Pipeline restoration and reclamation oversight program and postproduction royalty oversight program - Agriculture Commissioner (2021 HB 1009; 2023 SB 2009)[8]	200,000		700,000	
Oil database information technology project (2019 HB 1014)	74,171		0	
Miscellaneous[9]	13,000		14,350	
Total estimated expenditures and transfers		15,037,171		34,582,350
Estimated ending balance		$40,343,445		$57,873,095

[1]Revenues to the fund include:

- Fees collected by the Oil and Gas Division of the Industrial Commission for permits or other services;
- Funds received from the forfeiture of drilling and reclamation bonds;
- Funds received from any federal agency or from donations related to well plugging and site reclamation;
- Transfers or grant awards from the oil and gas impact fund;
- Oil and gas tax collections; and
- Funds recovered from the sale of confiscated equipment and oil and from certain civil penalties.

[2]House Bill No. 1014 (2019) decreased the allocation limit related to the fund balance by $50 million, from $100 million to $50 million. Senate Bill No. 2059 (2023) increases the allocation related to the fund balance by $50 million, from $50 million to $100 million.

[3]Estimated revenues - The estimated allocations for the 2021-23 biennium are based on actual oil and gas tax revenue allocations through December 2022 and the January 2023 legislative revenue forecast for the remainder of the 2021-23 biennium and for the entire 2023-25 biennium.

[4]The amount shown for the 2021-23 biennium reflects funding to be received by the Industrial Commission from the federal Infrastructure Investment and Jobs Act for initial grants. The amount shown for the 2023-25 biennium reflects funding anticipated to be received by the Industrial Commission from the federal Infrastructure Investment and Jobs Act for formula grants.

[5]Senate Bill No. 2123 (2019) clarifies the fund may be used for the reclamation of saltwater handling facility sites and treating plant sites.

[6]The amount shown for the 2021-23 and 2023-25 bienniums reflect the estimated costs for plugging and reclaiming orphaned oil wells pursuant to the requirements under the federal Infrastructure Investment and Jobs Act.

[7]For the 2021-23 biennium to date through February 2023, the Department of Environmental Quality has not requested any transfers. As amended by Senate Bill No. 2190 (2015), North Dakota Century Code Section 38-08-04.5 allows for transfers from the abandoned oil and gas well plugging and site reclamation fund with the requirement that any transfers into the environmental quality restoration fund will be returned by the State Department of Health to the abandoned oil and gas well plugging and site reclamation fund.

[8]House Bill No. 1009 (2021) includes an appropriation of $200,000 from the fund for the pipeline restoration and reclamation oversight program. As of January 31, 2023, the Department of Agriculture requested and received $17,921. Senate Bill No. 2009 (2023) includes $700,000 for the pipeline restoration and reclamation oversight program and postproduction royalty oversight program.

[9]Miscellaneous expenditures include credit card merchant fees and audit fees.

FUND HISTORY

The fund was established in 1983 under Section 38-08-04.5. The purpose of the fund is to defray the costs of plugging or replugging oil wells, the reclamation of well sites, and all other related activities for wells or pipelines. The money in the fund may be spent, pursuant to a continuing appropriation, for contracting for the plugging of abandoned wells; contracting for the reclamation of abandoned drilling and production sites, saltwater disposal pits, drilling fluid pits, and access roads; paying mineral owners their royalty share of confiscated oil; and paying any contract-related expenses. House Bill No. 1358 (2015) expanded the use of the fund allowing up to $1.5 million per biennium to be spent on the reclamation of well sites placed into service on or before July 31, 1983, and demonstration projects related to reclamation. House Bill No. 1347 (2017), increased the amount available for the expanded uses to $5 million per biennium. The Industrial Commission is to report to the Budget Section each biennium on the expenditures of the fund and the fund balance.

The Legislative Assembly, in House Bill No. 1333 (2013), established an allocation of 4 percent, up to $5 million per fiscal year, from 1 percent of the 5 percent oil and gas gross production tax to the fund and limited the allocation based on the fund balance. House Bill No. 1032 (2015) increased the oil and gas tax allocation to the fund by $2.5 million per fiscal year, from $5 million to $7.5 million, and increased the allocation limit based on the fund balance by $25 million, from $75 million to $100 million. In Senate Bill No. 2013 (2017), the Legislative Assembly decreased the oil and gas tax allocations to the fund by $3.5 million per fiscal year, from $7.5 million to $4 million; however, the decrease was effective only for the 2017-19 biennium. House Bill No. 1014 (2019) decreased the allocation limit based on the fund balance by $50 million, from $100 million to $50 million.

ANALYSIS OF THE ATTORNEY GENERAL REFUND FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

	2021-23 Biennium		2023-25 Biennium	
Beginning balance[1,2,3]		$13,196,439		$9,014,962
Add estimated revenues				
Refunds of consumer protection and antitrust expenditures, attorney's fees, and civil penalties[4]	$5,500,000		$3,000,000	
Cash deposit bonds	10,000		5,000	
Tribal gaming, licensing, and investigation fees[5]	0		0	
Background checks	31,600		30,000	
Interest on investments[1,2,6]	(151,630)		0	
Lawsuit proceeds - Opioid addiction prevention and treatment program[3]	8,328,148		0	
Lawsuit proceeds - JUUL Labs, Inc. settlement[7]	577,267		232,114	
Total estimated revenues		14,295,385		3,267,114
Total available		$27,491,824		$12,282,076
Less estimated expenditures and transfers authorized in North Dakota Century Code Section 54-12-18				
Refunds to specifically named consumers (Section 54-12-18(1))[8]	$12,033		$0	
Claims against cash deposit bonds (Section 54-12-18(2))	0		0	
Refund of cash deposit bond balance (Section 54-12-18(3))	0		0	
Consumer Protection and Antitrust Division expenditures (Section 54-12-18(4))	2,342,692		2,619,722	
Tribal gaming background investigations (Section 54-12-18(5))[5]	0		0	
Tribal gaming licensing expenditures (Section 54-12-18(5))[5]	0		0	
Tribal gaming enforcement expenditures (Section 54-12-18(5))[5]	0		0	
Less other estimated expenditures and transfers[9]				
Bureau of Criminal Investigation (BCI) salaries and operating expenses[10]	1,045,793		630,278	
State Crime Laboratory operating expenditures[10]	897,891		392,757	
Information technology contractual program maintenance	1,071,984		1,033,393	
Information technology operating expenditures	684,873		100,500	
Criminal justice information sharing system improvements (2021 HB 1003; 2023 SB 2003)[10,11]	72,183		200,294	
Operating expenses of the Attorney General's office[10]	360,917		430,000	
Automated fingerprint identification system replacement project (2019 SB 2003)[12]	108,128			
Attorney salary equity increases (2019 SB 2003; 2023 SB 2003)[1]	370,682		0	
Medicaid Fraud Control Unit (MFCU) and BCI salary equity increases (2021 HB 1003; 2023 SB 2003)[2]	1,240,027		0	
State Crime Laboratory salary equity increases (2021 HB 1506; 2023 SB 2003)[6]	537,297		0	
Criminal history improvement system (2021 HB 1003; 2023 SB 2003)[13]	50,000		350,000	
Opioid addiction prevention and treatment program - Transfer to the opioid settlement fund (2021 HB 1003; 2023 HB 1447)[3]	9,220,548		0	
JUUL Labs, Inc. settlement - Transfer to the community health trust fund (2023 HB 1004)[6]	461,814			
Total estimated expenditures and transfers		18,476,862		5,756,944
Estimated ending balance[14]		$9,014,962		$6,525,132

Restricted fund income		
Reserve relating to attorney salary increases (2019 SB 2003; 2023 SB 2003)[1]	0	0
Reserve relating to MFCU and BCI salary equity increases (2021 HB 1003; 2023 SB 2003)[2]	0	0
Reserve relating to State Crime Laboratory salary equity increases (2021 HB 1506; 2023 SB 2003)[7]	0	0
Interest on investments[1,2,7]	0	0
Estimated balance - Unobligated	$9,014,962	$6,525,132

[1]In April 2019, the Consumer Protection Division of the Attorney General's office received a $1,215,561 settlement for a Wells Fargo lawsuit related to Wells Fargo's automobile gap insurance, the company opening accounts without consumers' knowledge, and its mortgage interest rate extension fees. The funding was deposited in the Attorney General refund fund.

Senate Bill No. 2003 (2019) included an appropriation of $425,000, of which $25,000 related to anticipated interest and earnings of the settlement amount, of this funding to the Attorney General for the 2019-21 biennium. In Section 14 of the bill, the Legislative Assembly provided legislative intent that the Attorney General use up to $425,000 from the April 2019 settlement for providing salary equity increases to attorney positions in the Attorney General's office for the 2019-21 biennium. Further intent was provided that the remaining settlement proceeds and investment earnings on the remaining proceeds be retained in the Attorney General refund fund and be used for the cost to continue the salary equity increases provided in the 2019-21 biennium during the 2021-23 and 2023-25 bienniums, subject to legislative appropriations. Section 15 of the bill allowed the Attorney General to invest up to $1,215,561 of the settlement proceeds under the supervision of the State Investment Board for the period beginning July 1, 2019, and ending June 30, 2025.

Revenue available for attorney salary equity increases during the 2019-21 biennium totaled $1,263,086, of which $1,215,561 was from lawsuit settlement proceeds and $11,063 was from interest earned on lawsuit proceed investments. Investment returns for the 2021-23 biennium for all funds invested for Attorney General staff salary equity increases are estimated to total a $151,630 investment loss.

In September 2019, the Attorney General invested $1,100,000 with the State Investment Board. The Attorney General spent $354,192 of the $425,000 appropriation to provide 29 FTE attorney positions salary equity increases during the 2019-21 biennium, resulting in $861,369, excluding interest earned on investments, of the total $1,215,561 of lawsuit proceeds remaining in the Attorney General refund fund available for the cost to continue attorney salary equity increases during the 2021-23 and 2023-25 bienniums. The Attorney General anticipates spending $370,682 to continue attorney salary equity increases during the 2021-23 biennium, resulting in $490,687 remaining for the 2023-25 biennium.

In Senate Bill No. 2003 (2023), as approved by the Senate, funding of $2,404,289 is adjusted for prior biennium salary equity increases, of which $490,687 is for attorney positions, by reducing funding from the Attorney General refund fund and increasing funding from the general fund.

[2]In January 2021, the Consumer Protection Division of the Attorney General's office received a $1,160,896 lawsuit settlement from Apple, Inc., related to Apple's 2016 decision to adjust the speed of consumer iPhones to address unexpected shutdowns in some devices and Apple's concealment of the issue, which led to a software update in December 2016 that reduced iPhone performance. The funding was deposited in the Attorney General refund fund.

In April 2021, the Consumer Protection Division of the Attorney General's office received a $1,416,728 lawsuit settlement from Boston Scientific Corporation related to a defective surgical mesh medical device that has caused complications in some women who used the device. The funding was deposited in the Attorney General refund fund.

House Bill No. 1003 (2021) included an appropriation of $1,249,083 of this funding to the Attorney General for providing salary equity increases during the 2021-23 biennium for 55 FTE BCI positions and 2 FTE MFCU positions. Section 12 of the bill allows the Attorney General to invest up to $2,577,624 of funding in the Attorney General refund fund, including $1,160,896 of January 2021 settlement proceeds and $1,416,728 of April 2021 settlement proceeds, under the supervision of the State Investment Board for the period beginning July 1, 2021, and ending June 30, 2025. Section 12 of the bill includes legislative intent that $2,577,624 in the Attorney General refund fund and any investment earnings on the funding be retained in the Attorney General refund fund for the purpose of providing the salary equity increases provided for in Sections 1 and 11 of the bill and for the cost to continue the salary equity increases during the 2023-25 biennium, subject to legislative appropriations.

In August 2021, the Attorney General invested $2,185,895 with the State Investment Board. The Attorney General anticipates spending $1,240,027 of the $1,249,083 appropriation during the 2021-23 biennium resulting in $1,337,597, excluding interest earned on investments, of the total $2,577,624 of lawsuit proceeds remaining in the Attorney General refund fund available for the cost to continue salary equity increases during the 2023-25 biennium.

In Senate Bill No. 2003 (2023), as approved by the Senate, funding of $2,404,289 is adjusted for prior biennium salary equity increases, of which $1,337,597 is for BCI and MFCU positions, by reducing funding from the Attorney General refund fund and increasing funding from the general fund.

[3]In March 2021, the Consumer Protection Division of the Attorney General's office received a $892,400 lawsuit settlement from McKinsey and Company for an opioid-related lawsuit. Section 5 of House Bill No. 1003 (2021) provided for a transfer of up to $2,000,000 from opioid-related lawsuit settlement proceeds deposited in the Attorney General refund fund to the Department of Health and Human Services (DHHS) and appropriates the funding to DHHS for an opioid addiction prevention and treatment program during the 2021-23 biennium. The department is required to consult with the Attorney General on the use of funding for the program. The Attorney General is required to notify the Legislative Council and Office of Management and Budget of any lawsuit settlement proceeds that become available for transfer to DHHS for this program.

Through February 2023, the Attorney General has received an additional $8,328,148 from various opioid-related lawsuits during the 2021-23 biennium, resulting in a total of $9,220,548 of opioid-related lawsuit settlement proceeds received.

House Bill No. 1447 (2023), as approved by the House, requires the Office of Management and Budget to transfer all opioid-related lawsuit settlement proceeds deposited in the Attorney General refund fund since March 1, 2021, to the newly created opioid settlement fund during the 2021-23 biennium. The bill includes a $8,000,000 appropriation from the opioid settlement fund to DHHS for opioid remediation and abatement efforts during the 2023-25 biennium.

[4]The Attorney General has indicated that it is not possible to separately identify refunds, attorney's fees, and civil penalties received, as a court judgement often includes a lump sum amount awarded for the payment of attorney's fees, investigation costs, or payment in lieu of civil penalties.

[5]House Bill No. 1212 (2021) created Section 53-06.1-11.2 and provides all gaming taxes, monetary fines, and interest and penalties are to be deposited in the newly created charitable gaming operating fund and provides the administrative and operating costs of charitable gaming be paid from the fund. Section 13 of House Bill No. 1003 (2021) further amended this section regarding allocations of gaming tax revenues. Adjustments were made to the Attorney General's budget to remove funding for gaming-related expenditures from the Attorney General refund fund beginning in the 2021-23 biennium.

[6]During the November 2021 special legislative session, in House Bill No. 1506, the Legislative Assembly appropriated $537,297 to the Attorney General from the Attorney General refund fund for salary equity increases for 25 FTE State Crime Laboratory positions. In December 2021, the Attorney General invested $508,578 from the Attorney General refund fund with the State Investment Board. The Attorney General anticipates spending the entire $537,297 during the 2021-23 biennium.

In Senate Bill No. 2003, as approved by the Senate, funding of $2,404,289 is adjusted for prior biennium salary equity increases, of which $537,927 is for State Crime Laboratory positions, by reducing funding from the Attorney General refund fund and increasing funding from the general fund.

[7]In September 2022, the Attorney General's office announced an agreement had been reached between JUUL Labs, Inc. and 34 states and territories regarding JUUL Labs e-cigarette marketing and sales practices. Of the $438.5 million total settlement, North Dakota was awarded $6,028,211, which will be paid in installments for a period of 6 to 10 years. **House Bill No. 1004 (2023), as approved by the House, requires 80 percent of funding deposited in the Attorney General refund fund from the JUUL Labs, Inc. settlement during the 2021-23 biennium be transferred to the community health trust fund and requires 80 percent of additional funding received from the settlement be deposited directly in the community health trust fund beginning in the 2023-25 biennium.** The Attorney General anticipates a total of $577,267 will be received during the 2021-23 biennium, of which $461,814 would be transferred from the Attorney General refund fund to the community health trust fund. Estimated settlement funds for the 2023-25 biennium totals $1,160,751, of which $928,457 would be deposited in the community health trust fund and $232,114 would be deposited in the Attorney General refund fund.

[8]The Attorney General has indicated that a court rarely awards refunds to specific consumers, instead awarding refunds to organizations such as the Housing Finance Agency.

[9]The other expenditures are not specifically authorized in Section 54-12-18 but are included as part of the Attorney General's biennial appropriation.

[10]In House Bill No. 1003 (2021), the Legislative Assembly removed $2.12 million from the general fund in the Attorney General's budget for salaries and operating expenses in various line items. The bill restored $1.2 million of these items from the Attorney General refund fund, of which $283,227 is for salaries and wages of a BCI agent and a BCI administrative assistant, $34,377 is for operating expenses of the State Crime Laboratory, $271,889 is for operating expenses of the criminal justice information sharing system, and $610,507 is for other operating expenses of the Attorney General's office, primarily related to information technology-related expenses. See footnote 11 below for additional information.

[11]In Senate Bill No. 2003 (2019), the Legislative Assembly appropriated ongoing funding of $140,000 from the Attorney General refund fund to the Attorney General for criminal justice information sharing improvements during the 2019-21 biennium. The Attorney General spent $108,412 during the 2019-21 biennium. In House Bill No. 1003 (2021) $271,889 was authorized for ongoing operating expenses of the criminal justice information sharing system, resulting in a total of $411,889 authorized for the system each biennium beginning during the 2021-23 biennium.

[12]In Senate Bill No. 2003 (2019), the Legislative Assembly appropriated $316,000, of which $158,000 was from federal funds and $158,000 was from the Attorney General refund fund, for the automated finger identification system replacement project, also known as the automated biometric identification system replacement project. The Attorney General spent $47,872 from the Attorney General refund fund on the project during the 2019-21 biennium, resulting in $108,128 remaining. The Attorney General received authority from the Capital Construction Carryover Committee, pursuant to Section 54-44.1-11, to continue this funding into the 2021-23 biennium. The Attorney General anticipates spending the remaining $108,128 during the 2021-23 biennium.

[13]The criminal history repository replacement project began in the 2011-13 biennium to rewrite the existing criminal history repository system. The criminal history repository replacement project consists of various smaller projects. The Attorney General budgeted $450,000 on the project during the 2011-13 biennium, $2,300,000 during the 2013-15 biennium, and $970,000 during the 2015-17 biennium. The Legislative Assembly appropriated $400,000 for the project in each of the 2019-21 and 2021-23 bienniums, resulting in a total of $4,520,000 approved for the project, all from the Attorney General refund fund.

Of the $4,120,000 approved for the project since the 2011-13 biennium, actual expenditures through the 2019-21 biennium totaled $3,800,595. The project has been substantially completed, although upgrades to the criminal history improvement system are periodically requested. The Attorney General anticipates spending $50,000 of the $400,000 appropriated for the 2021-23 biennium. **Section 17 of Senate Bill No. 2003 (2023), as approved by the Senate, provides the Attorney General an exemption to continue any unspent funding for the project into the 2023-25 biennium.** The Attorney General anticipates spending the remaining $350,000 during the 2023-25 biennium.

[14]Section 54-12-18 provides at the end of each biennium, any balance in the Attorney General refund fund in excess of the amount necessary to fulfill the requirements of the fund must be deposited in the general fund. Section 18 of House Bill No. 1003 (2021) and **Section 15 of Senate Bill No. 2003 (2023), as approved by the Senate,** authorizes the Attorney General to retain the June 30, 2021, and June 30, 2023, balance in the Attorney General refund fund rather than transferring the balance to the general fund. As a result, no funding from the Attorney General refund fund was transferred to the general fund at the end of the 2019-21 biennium, allowing the Attorney General to use the remaining balance in the Attorney General refund fund during the 2021-23 biennium. No funding is anticipated to be transferred to the general fund at the end of the 2021-23 biennium, allowing the Attorney General to use the remaining balance in the Attorney General refund fund during the 2023-25 biennium. See the **FUND HISTORY** section for additional information on exemptions granted to the Attorney General.

FUND HISTORY

Section 54-12-18, created by House Bill No. 1141 (1989), establishes the Attorney General refund fund. The section was amended by the 1991, 1993, 1999, and 2001 Legislative Assemblies and currently provides when the Attorney General's Consumer Protection Division recovers funding for cases involving the violation of consumer fraud laws, the Attorney General is required to deposit the funding in the Attorney General refund fund. Funding recovered by the Consumer Protection Division for the following costs must also be deposited in the fund:

1. Refunds related to Consumer Protection Division expenditures, attorney's fees, and civil penalties regarding consumer protection or antitrust matters;
2. Cash deposit bonds paid by applicants for a transient merchant's license when surety bonds are not provided; and
3. Funds and fees collected by the gaming section for licensing tribal gaming and the investigation of gaming employees, applicants, organizations, manufacturers, distributors, or tribes involved in state or tribal gaming.

Funding in the Attorney General refund fund is appropriated to the Attorney General on a continuing basis for the following purposes:

1. Provide refunds from funds recovered by the Consumer Protection Division to specifically named consumers;
2. Pay valid claims against cash deposit bonds posted by transient merchant licensees;
3. Refund the balance of any cash deposit bond remaining after the payment of valid claims. Refunds will be issued 2 years after the expiration of the transient merchant's license;
4. Pay expenditures, attorney's fees, and salaries incurred in the operation of the Consumer Protection Division; and
5. Pay the actual costs of background investigations, licensing, and enforcement of gaming in the state or pursuant to Indian gaming compacts.

At the end of each biennium, any money in the fund in excess of the amounts required for numbers 1, 2, 3, and 5 above must be deposited in the general fund. The Attorney General and Director of the Office of Management and Budget are required to establish accounting procedures for the Attorney General refund fund.

Since the 2001 legislative session, each Legislative Assembly has provided the Attorney General with an exemption to allow unexpended funds from the Attorney General refund fund to continue to be spent in each subsequent biennium. The following table provides information regarding these exemptions:

Biennium	Bill No.	Section	Exemption Limitation[1]
2001-03	1003	8	$100,000
2003-05	2003	4	No limitation specified
2005-07	1003	11	No limitation specified
2007-09	2003	15	No limitation specified
2009-11	1003	13	No limitation specified
2011-13	2003	9	No limitation specified
2013-15	1003	3	No limitation specified
2015-17	2003	4	No limitation specified
2017-19	1003	16	No limitation specified
2019-21	2003	3	No limitation specified
2021-23	1003	18	No limitation specified
2023-25	2003	15	No limitation specified

[1]Section 8 of House Bill No. 1003 (2001) allowed the Attorney General to continue up to $100,000 of unexpended funds from the Attorney General refund fund to be spent during the 2001-03 biennium while any remaining amount in excess of $100,000 was required to be returned to the general fund at the end of the 1999-2001 biennium. Exemptions granted in subsequent bienniums have not been limited to a specific dollar amount, allowing the Attorney General to continue using the full balance of the Attorney General refund fund each biennium.

ANALYSIS OF THE BUDGET STABILIZATION FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		$748,943,600		$974,342,517
Add estimated revenues				
Investment income (loss)	($38,589,849)[1]		$28,360,128[1]	
Oil and gas tax collections	9,646,249[2]		0[2]	
Transfer from general fund	254,342,517[3]		0	
Total estimated revenues		225,398,917		28,360,128
Total available		$974,342,517		$1,002,702,645
Less estimated expenditures and transfers				
Transfer to general fund	$0		$28,360,128[1]	
Total estimated expenditures and transfers		0		28,360,128
Estimated ending balance		$974,342,517		$974,342,517

[1]Interest earnings are retained in the fund unless the balance of the fund is at the maximum amount allowed under North Dakota Century Code Section 54-27.2-01. Any interest earnings that would cause the fund to go above the maximum balance are transferred to the general fund.

[2]Section 57-51.1-07.5 provides for the deposit of up to $75 million of the state share of oil and gas tax collections into the budget stabilization fund each biennium. The entire $75 million is not estimated to be deposited in the fund during either the 2021-23 or 2023-25 biennium due to the fund being at its maximum balance.

[3]Chapter 54-27.2 provides any amount in the general fund at the end of a biennium in excess of $65 million must be transferred to the budget stabilization fund, except that the balance in the budget stabilization fund may not exceed 15 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. The amount shown is based on a general fund appropriation amount of $6,495,616,781 which reflects legislative action through crossover.

FUND HISTORY

The budget stabilization fund was established by the Legislative Assembly in House Bill No. 1596 (1987). Major provisions include:

- Section 54-27.2-01 establishes the budget stabilization fund and provides any interest earned on the balance of the budget stabilization fund must be retained in the fund. The section originally provided any money in the fund in excess of 10 percent of the general fund budget, as approved by the most recently adjourned Legislative Assembly, must be deposited in the general fund. House Bill No. 1451 (2011) decreased the maximum balance allowed in the fund from 10 to 9.5 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. House Bill No. 1155 (2017) increased the maximum balance allowed in the fund from 9.5 to 15 percent of the general fund budget, as approved by the most recently adjourned Legislative Assembly.
- Section 54-27.2-02 provides any amount in the general fund at the end of a biennium in excess of $65 million must be transferred to the budget stabilization fund.
- Section 54-27.2-03 provides the Governor may order a transfer from the budget stabilization fund to the general fund if the Director of the Office of Management and Budget projects a general fund revenue shortfall. The section originally limited the transfer to the difference between an amount 2.5 percent less than the original legislative general fund revenue forecast and the revised forecast prepared by the Office of Management and Budget. House Bill No. 1155 (2017) revised the section to allow for transfers from the budget stabilization fund to the general fund as follows:

After general fund allotments totaling at least 3 percent have been made under Section 54-44.1-12, the Governor may order a transfer of up to an amount equal to 3 percent of general fund appropriations;

After the previous transfer has been made and an additional 1 percent general fund budget allotment has been made, the Governor may order a transfer of up to 2 percent of general fund appropriations;

After the previous transfer has been made and an additional 1 percent general fund budget allotment has been made, the Governor may order a transfer of up to 3 percent of general fund appropriations; and

After the previous transfer has been made and an additional 1 percent general fund budget allotment has been made, the Governor may order a transfer of any remaining funds in the budget stabilization fund.

The amount of transfers from the budget stabilization fund to the general fund may not exceed the difference between the original and revised general fund revenue forecasts less general fund allotments made under Section 54-44.1-12. For purposes of the transfers, total general fund allotment percentages must be based on allotments made after any allotment exemption granted by the Director of the Budget.

ANALYSIS OF THE CAPITOL BUILDING FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS[1] (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		$3,462,486		$5,724,041
Add revenues				
Investment income	($3,257)		$254,057	
Rentals, royalties, and bonuses	5,399,155		3,400,000	
Total revenues		5,395,898		3,654,057
Total available		$8,858,384		$9,378,098
Less expenditures and transfers				
Administrative expenses	$95,080		$115,000	
Income payments to counties[2]	22,397		8,200	
Capitol Grounds Planning Commission continuing appropriation (North Dakota Century Code Section 48-10-02; 2023 SB 2015)[3]	250,000		750,000	
Capitol Grounds Planning Commission operating expenses (2021 HB 1015; 2023 SB 2015)	25,000		25,000	
Facility Management projects (2021 HB 1015)	518,800			
Governor's residence exterior repairs and improvements (2023 SB 2015)			300,000	
Brynhild Haugland Room remodel (2023 SB 2015)			500,000	
Capitol window replacement (2023 SB 2015)			4,000,000	
Facility Management extraordinary repairs (2021 HB 1015)	500,000			
Facility consolidation study (2021 HB 1015; 2023 SB 2015)	250,000		100,000	
Special assessments (2021 HB 1015)	198,066			
Interior and exterior signs (2021 HB 1015)	500,000			
Accessibility improvements (2021 SB 2146)	750,000			
Accessibility compliance consultant (2021 HB 1012)	25,000			
Total expenditures and transfers		3,134,343		5,798,200
Ending balance		$5,724,041		$3,579,898

[1]The analysis reflects the legislative appropriations for the 2021-23 and 2023-25 bienniums and does not include the land owned by the fund.

[2]Section 15-04-23 provides the Board of University and School Lands is to pay a fee to the board of county commissioners of each county in which the state retains original grant lands. The total fees paid may not exceed 5 percent of the net revenue generated from the original grant lands in that county during the year preceding the payments. The board of county commissioners is to forward a prorated portion of any fees received to the organized townships in which the original grant lands are located. The funds are to be used for the repair, maintenance, and construction of roads and bridges. Any remaining funds are to be used by the county for repair, maintenance, and construction of roads and bridges in unorganized townships in which the original grant lands are located.

[3]Section 20 of Senate Bill No. 2015 (2019) amended Section 48-10-02 to increase a continuing appropriation to the Capitol Grounds Planning Commission from $175,000 per biennium to $250,000 per biennium of income and interest of the Capitol building fund. The amount that may be spent may not exceed 50 percent of the unencumbered balance of the fund on the 1st day of the biennium. Senate Bill No. 2015 (2023) increases the continuing appropriation from $250,000 to $750,000.

FUND HISTORY

The Capitol building fund was established at the time of statehood by the Enabling Act of 1889. Section 12 of the Enabling Act provided 32,000 acres to North Dakota upon statehood to be sold and the proceeds used to finance the construction of buildings for legislative, executive, and judicial use. The proceeds from the sale make up the Capitol building fund along with any investment proceeds from that fund.

In 1957 Congress amended Section 12 of the Enabling Act to expand the fund's use for construction, reconstruction, repair, renovation, furnishings, equipment, or other permanent improvements of public buildings at the Capitol.

In Senate Bill No. 388 (1967) the Legislative Assembly created Section 48-10-02 to provide that all money, properties and income from the fund, unless otherwise appropriated, are dedicated and reserved for the exclusive purpose of the construction of an addition to the legislative wing. The Capitol Grounds Planning Commission is to take steps to accumulate and conserve the money and property in the Capitol building fund for this purpose.

In House Bill No. 1117 (1979) the Legislative Assembly amended Section 48-10-02 to provide that the Board of University and School Lands invest and manage the fund on behalf of the Capitol Grounds Planning Commission. The section was further amended to provide a continuing appropriation to the Capitol Grounds Planning Commission from the interest and income from the Capitol building fund not to exceed 50 percent of the unencumbered balance. Expenditures made under the continuing appropriation may be made after consideration of the Capitol grounds master plan for projects or planning but may not exceed $50,000 per biennium. Expenditures may be made only upon approval by two-thirds of the total membership of the commission. The Legislative Assembly in Senate Bill No. 2090 (2007) increased the continuing appropriation to the Capitol Grounds Planning Commission limit from $50,000 to $100,000.

In House Bill No. 1015 (2013) the Legislative Assembly amended Section 48-10-02 to increase the continuing appropriation to the Capitol Grounds Planning Commission from $100,000 to $175,000 per biennium beginning with the 2013-15 biennium.

In Senate Bill No. 2015 (2019) the Legislative Assembly amended Section 48-10-02 to increase the continuing appropriation to the Capitol Grounds Planning Commission from $175,000 to $250,000 per biennium.

ANALYSIS OF THE COAL DEVELOPMENT TRUST FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

	2021-23 Biennium[1]		2023-25 Biennium[1]	
Beginning balance		$124,463		$448,464
Add estimated revenues				
Investment income[2]	$871,751		$1,127,250	
School construction loan income[2]	773,437		810,000	
Total estimated revenues		1,645,188		1,937,250
Total estimated available		$1,769,651		$2,385,714
Less estimated expenditures and transfers				
Investment expense	$58,281		$45,090	
Administrative expenses	5,392		6,000	
Transfer to the general fund[2]	1,257,514		1,300,000	
Total estimated expenditures and transfers		1,321,187		1,351,090
Estimated ending balance		$448,464		$1,034,624

[1]The beginning and ending balances do not include the value of permanent assets of the coal development trust fund, which must be maintained pursuant to North Dakota Century Code Section 57-62-02 and Section 21 of Article X of the Constitution of North Dakota. As of September 30, 2022, the total value of permanent fund assets was $70.85 million, of which $26.94 million was school construction loans receivable, $8.80 million was coal impact loans receivable, and $35.11 million was either cash or short-term investments.

Senate Bill No. 2014 (2017) reduces the allocation of coal severance tax allocations to the coal development trust fund from 30 to 15 percent and provides an allocation of 15 percent to the lignite research fund. The coal severance tax allocations become part of the fund assets which are not reflected in the amounts shown in the table. Senate Bill No. 2272 (2017) amends Section 15.1-36-02 to make available up to $60 million from the fund for loans of up to $2 million for unanticipated school construction projects or emergency repairs. House Bill No. 1185 (2023) allows schools with unanticipated construction inflation costs to access loans of up to $5 million with an interest rate of 1.5 percent.

[2]Section 57-62-02 and Section 21 of Article X of the Constitution of North Dakota, provide that the income from the coal development trust fund must be used first to replace any uncollectible loans made from the fund and any remaining income must be deposited in the general fund. The amounts shown on this analysis include only the income in excess of any allowance for uncollectible loans made from the fund and do not include any revenues or expenses affecting the permanent fund balance.

FUND HISTORY

The coal development trust fund originated with the passage of House Bill No. 1257 (1979), now codified as various sections of Chapter 57-62. In 1980 the voters of North Dakota approved Constitutional Measure No. 5, Section 21 of Article X of the Constitution of North Dakota, and establishing the coal development trust fund as a constitutional trust fund.

Section 57-62-02 provides 30 percent of the coal severance tax must be deposited in the coal development trust fund. Section 57-62-02 provides the Board of University and School Lands shall administer the fund and use money in the fund for loans to coal-impacted counties, cities, and school districts, and for loans to school districts for school construction. Section 15.1-36-02 limits the outstanding principal balance of school construction loans from the coal development trust fund to $50 million. Section 57-61-01.5 provides that 70 percent of the money deposited in the coal development trust fund must be transferred to the lignite research fund. Consequently, 30 percent of the coal severance taxes deposited in the fund (9 percent of total coal severance taxes collected) remains in the coal development trust fund to be used for the purposes provided in Section 57-62-02.

In Senate Bill No. 2039 (2015), the Legislative Assembly created a new school construction assistance loan fund and identified the income from the coal development trust fund as income to the new fund. However, the income from the coal development trust fund was not be transferred to the school construction assistance loan fund because Section 57-62-02 and Section 21 of Article X of the Constitution of North Dakota require the income to be transferred to the general fund. The provisions to continue to transfer the income to the general fund were included in Senate Bill Nos. 2101 and 2272 (2017).

ANALYSIS OF THE COMMON SCHOOLS TRUST FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

ASSETS, DISTRIBUTIONS, AND INVESTMENT RETURNS FOR THE COMMON SCHOOLS TRUST FUND

The following is a summary of actual and estimated assets, distributions, and investment returns for the common schools trust fund for the 1997-99 through 2023-25 bienniums:

Biennium	Fiscal Year	Beginning Assets (Excluding Land and Mineral Values)	Distributions	Total Average Investment Return (Interest Income and Capital Gains)
1997-99	1998	$400,689,879	$23,200,000	13.57%
	1999	$444,823,559	$23,200,000	7.50%
1999-2001	2000	$467,059,293	$23,775,000	11.05%
	2001	$521,509,978	$23,775,000	2.03%
2001-03	2002	$533,360,593	$28,896,500	(1.34%)
	2003	$522,905,814	$28,896,500	4.57%
2003-05	2004	$547,047,877	$30,000,000	12.60%
	2005	$614,738,548	$30,000,000	8.58%
2005-07	2006	$686,273,875	$31,100,000	7.51%
	2007	$761,901,287	$31,100,000	12.82%
2007-09	2008	$887,092,909	$33,400,000	(4.22%)
	2009	$908,928,685	$33,400,000	(13.75%)
2009-11	2010	$846,314,086	$38,589,000	14.48%
	2011	$1,221,501,801	$38,589,000	17.99%
2011-13	2012	$1,622,412,984	$46,257,000	2.42%
	2013	$1,917,135,220	$46,257,000	10.65%
2013-15	2014	$2,417,363,782	$65,163,000	13.85%
	2015	$3,128,315,233	$65,163,000	.50%
2015-17	2016	$3,437,988,002	$103,067,000	(0.63%)
	2017	$3,512,355,582	$103,067,000	9.50%
2017-19	2018	$3,940,114,988	$144,132,000	6.50%
	2019	$4,318,989,728	$144,132,000	3.87%
2019-21[1]	2020	$4,651,515,837	$183,378,000	(1.87%)
	2021	$4,628,066,674	$183,378,000	21.67%
2021-23	2022	$5,736,576,906	$210,510,000	(4.99%)
	2023	$5,655,342,224	$210,510,000	[2]
2023-25	2024	[2]	$249,930,000[3]	[2]
	2025	[2]	$249,930,000[3]	[2]

[1]The Legislative Assembly approved Senate Bill No. 2362 (2019), which changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the common schools trust fund. In addition, Senate Bill No. 2362 provides, if the actual legacy fund earnings transferred to the general fund at the end of the 2019-21 biennium in accordance with Section 26 of Article X of the Constitution of North Dakota exceed the estimate made by the 66th Legislative Assembly by at least $64,370,000, the State Treasurer must immediately transfer $64,370,000 from the general fund to the common schools trust fund, for the

biennium beginning July 1, 2019, and ending June 30, 2021. The State Treasurer transferred $64,370,000 from the general fund to the common schools trust fund at the end of the 2019-21 biennium.

[2]Section 2 of Article IX of the Constitution of North Dakota was amended in November 2006 through voter approval of Measure No. 1 (House Concurrent Resolution No. 3037 (2005)). The measure changed the way distributions from the common schools trust fund and other permanent educational trust funds are determined. The amendment became effective July 1, 2009, and distributions are no longer based on interest and income earned by the fund. Distributions from the common schools trust fund are now based on a percentage of the 5-year average value of trust assets, excluding the value of lands and minerals. Therefore, the Board of University and School Lands does not project asset values, income, or investment return because it is no longer relevant to the calculation of distribution amounts. **The unaudited fund balance of the common schools trust fund was $5,822,838,767 as of December 31, 2022.**

[3]The executive recommendation includes estimated distributions of $501,832,000 from the common schools trust fund for state school aid. The Department of Trust Lands has indicated distributions from the common schools trust fund during the 2023-25 biennium will total $499,860,000, or $249,930,000 per year. The Senate version of Senate Bill No. 2013 (2023) provides $499,860,000 from the common schools trust fund for state school aid.

MONEY DEPOSITED IN THE COMMON SCHOOLS TRUST FUND
Select Constitutional Provisions

Article IX, Section 1

This section provides the following money must be deposited in a permanent trust fund, known as the common schools trust fund, and used to support the common schools of the state:

- All proceeds relating to public lands granted to the state by the federal government for the support of the common schools.
- All proceeds relating to property acquired by the state through escheat (property reverting to the state in the absence of legal heirs).
- All gifts, donations, and other property acquired by the state for the support of the common schools.
- The proceeds of all bonuses relating to the leasing of coal, gas, oil, or other mineral interests relating to common schools lands.

This section was included in the original Constitution of North Dakota enacted in 1889. In 1982 the section was amended to provide that bonuses relating to the leasing of coal, gas, oil, or other mineral interests relating to common schools lands were to be deposited in the common schools trust fund. Measure No. 1 (2006), approved by voters, removed the reference to bonuses related to leasing and provided that revenues earned by a perpetual trust fund must be deposited in the fund.

Article IX, Section 5

This section provides that in all sales of common schools lands, the state must retain the mineral interests. Leases may be executed for the extraction and sale of the minerals.

This section was included in the original Constitution of North Dakota enacted in 1889. As originally enacted, the section prohibited the sale of common schools lands that were "coal lands" and did not address other minerals. In 1960 the section was amended to its current form which allows the sale of lands containing minerals, but requires that the state retain the mineral interests. Minerals are defined to include oil, gas, coal, cement materials, sodium sulphate, sand and gravel, road material, building stone, chemical substances, metallic ores, uranium ores, and colloidal or other clays.

Article X, Section 24

This section provides that 10 percent of oil extraction tax revenue must be deposited in the common schools trust fund.

This section was enacted in 1994 through voter approval of Measure No. 1 (Senate Concurrent Resolution No. 4011 (1993)). In November 2016 voters approved Senate Concurrent Resolution No. 4003 (2015), which provided for a constitutional amendment to Section 24. The amendment allows the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for the most recently completed biennium for education-related purposes and simplifies other language in the section. However, the amendment does not change deposits to the fund or limit the balance in the common schools trust fund, which has not been changed since enactment.

The Legislative Assembly approved Senate Bill No. 2362 (2019), which changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the foundation aid stabilization fund.

Select North Dakota Century Code Provisions

Sections 47-30.2-44

Section 47-30.2-44 provides that all funds received by the state under the Uniform Unclaimed Property Act must be deposited in the common schools trust fund.

Section 54-27-25

This section, which was enacted by the 1999 Legislative Assembly, creates a tobacco settlement trust fund to be used to deposit tobacco settlement money received by the state. The Legislative Assembly, in Senate Bill No. 2003 (2015), amended Section 54-27-25 related to the tobacco settlement trust fund to provide the principal and interest of the fund may be appropriated to the Attorney General for the enforcement of the Master Settlement Agreement and any disputes with the agreement. Appropriations made to the Attorney General for enforcement of the Master Settlement Agreement reduce the amount available for transfer from the tobacco settlement trust fund to the common schools trust fund.

Until July 1, 2017, 45 percent of the tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement and deposited in the tobacco settlement trust fund was transferred to the common schools trust fund and became a part of the principal of the fund. In House Bill No. 1012 (2017), the Legislative Assembly amended Section 54-27-25 to suspend transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increase transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.

In Senate Bill No. 2012 (2019), the Legislative Assembly amended Section 54-27-25 to remove authorization for appropriation to the Attorney General for enforcement of the Master Settlement Agreement and to provide all money in the fund must be transferred within 30 days of receipt to the community health trust fund. As a result, no additional tobacco settlement proceeds will be deposited into the common schools trust fund.

Tobacco settlement money received by the state and transferred to the common schools trust fund totaled $189,745,840. The following is a summary of actual transfers to the common schools trust fund from the tobacco settlement trust fund, net of funds appropriated from the tobacco settlement trust fund to the Attorney General's office for the enforcement of the Master Settlement Agreement.

Biennium	Total Transfers
1999-2001	$23,805,353
2001-03	23,998,745
2003-05	20,977,122
2005-07	19,722,653
2007-09	27,672,929
2009-11	18,248,834
2011-13	18,108,052
2013-15	19,003,716
2015-17	18,208,436
Total	$189,745,840

DISTRIBUTIONS FROM THE COMMON SCHOOLS TRUST FUND

Select Constitutional Provisions

Article IX, Section 1

This section provides that revenues earned by the perpetual trust fund must be deposited in the fund, the costs of administering the fund may be paid out of the fund, and the perpetual trust funds must be managed to preserve their purchasing power and to maintain stable distributions to fund beneficiaries.

Article IX, Section 2

This section provides that payments to the common schools of the state include:

- Biennial distributions from each educational trust fund must be 10 percent of the 5-year average value of the trust assets, excluding the value of lands and minerals. This section was amended in November 2006 through voter approval of Measure No. 1 (House Concurrent Resolution No. 3037 (2005)). The measure changed the way distributions from the common schools trust fund and other permanent educational trust funds are determined. Previously, distributions were based on the amount of interest and income earned by each trust during a fiscal year. The amendment became effective July 1, 2009, and distributions from the common schools trust fund for the 2009-11 biennium and all subsequent bienniums are based on the distribution formula.
- All fines for violation of state laws. (This money is not added to the trust fund, but is added to the distributions from the common schools trust fund and distributed to schools.)
- All other amounts provided by law.

This section was included in the original Constitution of North Dakota enacted in 1889. The original law contained the following two provisions that were removed through voter approval of Measure No. 3 in June 1982:

- Payments to the common schools must be distributed in proportion to the number of school-age children in each district.
- Any portion of the interest or income of the common schools trust fund not distributed during a fiscal year must be added to the permanent balance of the trust fund.

Select North Dakota Century Code Provisions

Section 15-01-02

This section provides the Board of University and School Lands has full control of:

- The selection, appraisement, rental, sale, disposal, and management of common schools lands.
- The investment of any funds derived from the sale of common schools lands.
- The proceeds of any other property required by law to be used for the support of the common schools.

Section 47-30.2-46

Section 47-30.2-46 provides a continuing appropriation for the amounts necessary to pay all expense deductions, including the payment of claims, costs related to the sale of abandoned property, and certain administrative costs.

INVESTMENT OF THE COMMON SCHOOLS TRUST FUND

Section 15-03-04 provides the Board of University and School Lands is to apply the prudent investor rule in investing the permanent funds under its control, including the common schools trust fund. The prudent investor rule means that in making investments, the board is to exercise the same judgment and care that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it.

ANALYSIS OF THE COMMUNITY HEALTH TRUST FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		$26,666,703		$26,745,600
Add estimated revenues				
Transfers to date from the tobacco settlement trust fund	$23,250,900[1]		$0	
Projected transfers from the tobacco settlement trust fund	21,000,000[2]		40,000,000[2]	
Transfers from the tobacco prevention and control trust fund (2021 SB 2004)	2,056,437[2]			
Refund of prior biennium expenditures from the fund	93,884			
Total estimated revenues		46,401,221[2]		40,000,000[2]
Total available		$73,067,924		$66,745,600
Less estimated expenditures and adjustments				
State Department of Health/Department of Health and Human Services - Public Health (2021 SB 2004; 2023 HB 1004)				
Tobacco prevention and control program grants to local public health units for tobacco prevention and control	$6,250,000[3]		$6,250,000[3]	
Tobacco prevention and control, including the Tobacco Quitline, cessation grants, other program grants, and operating expenses	5,043,000[4]		5,043,000[4]	
Tobacco cessation grants			500,000	
Youth vaping prevention grants			300,000	
Women's Way program	329,500		329,500	
Behavioral Risk Factor State Survey	200,000		200,000	
Dentists' loan repayment program	360,000[5]		360,000[5]	
Behavioral health loan repayment program	234,500[6]		234,500[6]	
Cancer programs	580,324[7]		580,324[7]	
Domestic violence offender treatment	300,000[7]		1,000,000[7]	
Local public health state aid	525,000[7]		3,275,000[7]	
Forensic examiner contract	1,000,000[8]		1,000,000[8]	
One-time funding for a statewide health strategies initiative	0[8]		0[8]	
One-time local public health pandemic response grants	0[9]		0[9]	
Domestic violence prevention			1,000,000[10]	
Department of Health and Human Services (2023 HB 1477) - Grants to rural emergency medical services and rural ambulance service districts			7,000,000	
Department of Human Services/Department of Health and Human Services - Human Services - (2021 HB 1012; 2023 SB 2012)				
Department of Human Services - Medical Services	31,500,000		0	
Department of Health and Human Services - Human Services - Child support system			20,400,000	
Total estimated expenditures and adjustments		46,322,324		47,472,324
Estimated ending balance		$26,745,600		$19,273,276

[1]Through December 2022 the state has received tobacco settlement payments totaling $23,250,900 for the 2021-23 biennium, all of which has been transferred from the tobacco settlement trust fund to the community health trust fund. Total transfers of $150,227,873 have been made from the tobacco settlement trust fund to the community health trust fund.

[2]Revenues - Interest earned on the community health trust fund is deposited in the general fund. Community health trust fund revenues have been estimated based on actual revenues received through December 2022 and estimated revenues for the remainder of the 2021-23 biennium and for the 2023-25 biennium, based on the December 2022 executive budget revenue forecast. In Senate Bill No. 2004 (2021), the Legislative Assembly repealed the tobacco prevention and control trust fund and required the Office of Management and Budget to transfer any money remaining in the tobacco prevention and control trust fund to the community health trust fund on July 1, 2021.

Initiated Measure No. 3 (2008) resulted in the allocation shown below of the revised estimated collections for tobacco settlement payments through 2025. In House Bill No. 1012 (2017), the Legislative Assembly amended North Dakota Century Code Section 54-27-25 to suspend transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increase transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund. Transfers from the tobacco settlement trust fund to the water development trust fund remained at 45 percent. In Senate Bill No. 2012 (2019), the Legislative Assembly amended Section 54-27-25 to provide all money in the tobacco settlement trust fund must be transferred within 30 days of receipt to the community health trust fund. In Senate Bill No. 2004 (2021), the Legislative Assembly repealed the tobacco prevention and control trust fund and required the Office of Management and Budget to transfer any money remaining in the tobacco prevention and control trust fund to the community health trust fund on July 1, 2021. Therefore, the following are estimated allocations of tobacco settlement payments through 2025, based on reallocations approved by the 2017, 2019, and 2021 Legislative Assemblies:

	Actual and Estimated Total Tobacco Settlement Proceeds, Including Attorney General Costs	Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(2) Deposited in the Tobacco Prevention and Control Trust Fund	Allocation of Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(1)		
			Common Schools Trust Fund	Water Development Trust Fund	Community Health Trust Fund
Actual payment April 2008	$36.4 million	N/A	$16.4 million	$16.4 million	$3.6 million
Actual payment April 2009	39.2 million	$14.1 million	11.3 million	11.3 million	2.5 million
Actual payments 2009-11 biennium	64.0 million	23.5 million	18.2 million	18.2 million	4.1 million
Actual payments 2011-13 biennium	63.0 million	22.8 million	18.1 million	18.1 million	4.0 million
Actual payments 2013-15 biennium	64.6 million	22.4 million	19.0 million	19.0 million	4.2 million
Actual payments 2015-17 biennium	63.5 million[1]	22.9 million	18.2 million	18.2 million	4.0 million
Actual payments 2017-19 biennium	74.1 million[1]	N/A	0	33.3 million	40.7 million
Actual payments 2019-21 biennium	43.9 million[2]	N/A	0	0	44.1 million
Estimated 2021-23 biennium	44.3 million	N/A	0	0	44.3 million
Estimated 2023-25 biennium	40.0 million	N/A	0	0	40.0 million
Total	$533.0 million	$105.7 million	$101.2 million	$134.5 million	$191.5 million

[1]This amount includes funding made available from the tobacco settlement trust fund to the Attorney General for enforcement of the Master Settlement Agreement and any disputes with the agreement, net of unspent funds returned by the Attorney General.

[2]This amount is net of unspent funds returned to the tobacco settlement trust fund by the Attorney General.

[3]In 2021 the Legislative Assembly provided $6.25 million from the community health trust fund for grants to local public health units for tobacco prevention and control programs during the 2021-23 biennium. House Bill No. 1004 (2023) provides a total of $6.25 million from the community health trust fund for grants to local public health units for tobacco prevention and control programs.

[4]Section 54-27-25 provides money in the community health trust fund may be appropriated for community-based public health programs and other public health programs, including programs with an emphasis on preventing or reducing tobacco usage. The 2003 Legislative Assembly authorized the establishment of a telephone "Tobacco Quitline." The 2007 Legislative Assembly increased the funding for the Tobacco Quitline to provide nicotine replacement therapy and cessation counseling. In 2021 the Legislative Assembly appropriated $5,043,000 from the community health trust fund for tobacco prevention and control programs including $2,833,504 for operating expenses and $2,209,496 for other grants, including cessation. House Bill No. 1004 (2023) provides a total of $5,043,000 for tobacco prevention and control programs.

[5]In 2021 the Legislative Assembly provided a total of $540,000 for the dental loan repayment program, of which $360,000 is from the community health trust fund and $180,000 is from the general fund. House Bill No. 1004 (2023) provides a total of $585,200 for the dental loan repayment program, of which $360,000 is from the community health trust fund and $225,200 is from the general fund.

[6]In 2021 the Legislative Assembly provided a total of $392,125 for the behavioral health loan repayment program, of which $234,500 is from the community health trust fund and $157,625 is from the general fund. House Bill No. 1004 (2023) provides a total of $528,480 for the behavioral health loan repayment program, of which $234,500 is from the community health trust fund and $293,980 is from the general fund.

[7]In 2021 the Legislative Assembly changed the funding source for cancer programs ($580,324) and domestic violence offender treatment grants ($300,000) from the tobacco prevention and control trust fund to the community health trust fund and provided $5,250,000 for local public health unit state aid grants, of which $4,725,000 is from the general fund and $525,000 is from the community health trust fund. House Bill No. 1004 (2023) provides a total of $580,324 for cancer programs and increases funding for domestic violence offender treatment to provide $1,000,000 from the community health trust fund. In addition, House Bill No. 1004 (2023) increases funding from the community health trust fund by $2,750,000 to provide a total of $8,000,000 for local public health unit state aid grants, of which $4,725,000 is from the general fund and $3,275,000 is from the community health trust fund.

[8]In 2021 the Legislative Assembly added funding from the community health trust fund to increase the State Department of Health's forensic examiner contract with the University of North Dakota School of Medicine and Health Sciences ($1 million) and to provide one-time funding ($1.5 million) for a statewide health strategies initiative totaling $3 million. The Legislative Assembly also provided the one-time funding from the community health trust fund for the statewide health strategies initiative is contingent on the State Department of Health securing $1.5 million in dollar-for-dollar matching funds. House Bill No. 1004 (2023) continues to provide $1 million from the community health trust fund for Public Health's forensic examiner contract with the University of North Dakota School of Medicine and Health Sciences and increased funding for the contract from the general fund to $755,292, $130,022 more than the 2021-23 biennium. House Bill No. 1004 (2023) also allows Public Health to continue the $3 million of one-time funding, appropriated during the 2021-23 biennium for a statewide health strategies initiative, to the 2023-25 biennium and provides the $1.5 million continued from the community health trust fund is contingent on the department securing dollar-for-dollar matching funds.

[9]In Senate Bill No. 2004 (2021), the Legislative Assembly included one-time funding for local public health pandemic response grants totaling $10,000,000, of which $5,484,704 is from federal funds and $4,515,296 is from the community health trust fund. The Legislative Assembly also provided legislative intent that the State Department of Health use federal Coronavirus (COVID-19) funds or other available funds for defraying expenses related to local public health pandemic response grants before accessing the funding appropriated from the community health trust fund.

[10]In House Bill No. 1004 (2023), the House increased funding for domestic violence prevention to provide a total of $5,936,285, of which $4,596,285 is from the general fund, $1,000,000 is from the community health trust fund, and $340,000 is from the domestic violence and sexual assault prevention fund which receives revenue from marriage license fees.

FUND HISTORY

Section 54-27-25, created by House Bill No. 1475 (1999), established the community health trust fund. This section created a tobacco settlement trust fund for the deposit of all tobacco settlement money obtained by the state. Money in the fund must be transferred within 30 days of its deposit in the fund as follows:

- 10 percent to the community health trust fund. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the common schools trust fund. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the water development trust fund.

Section 54-27-25, as amended in Senate Bill No. 2012 (2019), provides all money in the fund must be transferred within 30 days of receipt to the community health trust fund.

In the November 2008 general election, voters approved Initiated Measure No. 3 that amended Section 54-27-25 to establish a tobacco prevention and control trust fund. The measure provides for a portion of tobacco settlement funds received by the state to be deposited in this new fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continues in perpetuity, will continue to be deposited into the tobacco settlement trust fund and allocated pursuant to Section 54-27-25. In 2009, tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement, relating to strategic contribution payments, which began in 2008 and continued through 2017, was deposited into the tobacco prevention and control trust fund. The measure also provided 80 percent of the funds allocated to the community health trust fund from the tobacco settlement trust fund be used for tobacco prevention and control. However, in Senate Bill No. 2004 (2017), the Legislative Assembly amended Section 54-27-25 to remove the 80 percent restriction on transfers to the community health trust fund.

The Legislative Assembly, in Senate Bill No. 2003 (2015), amended Section 54-27-25 related to the tobacco settlement trust fund to provide the principal and interest of the fund may be appropriated to the Attorney General for the enforcement of the Master Settlement Agreement and any disputes with the agreement. Appropriations made to the Attorney General for enforcement of the Master Settlement Agreement reduce the amount available for transfer from the tobacco settlement trust fund to the community health trust fund. The Legislative Assembly, in Senate Bill No. 2012 (2019), removed this authorization. In Senate Bill No. 2004 (2021), the Legislative Assembly repealed the tobacco prevention and control trust fund and required the Office of Management and Budget to transfer any money remaining in the tobacco prevention and control trust fund to the community health trust fund on July 1, 2021.

ANALYSIS OF THE STATE DISASTER RELIEF FUND FOR THE 2017-19, 2019-21, 2021-23, AND 2023-25 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

	2017-19 Biennium Actual		2019-21 Biennium Actual		2021-23 Biennium Estimated		2023-25 Biennium Estimated	
Beginning balance		$36,687,549		$21,987,295		$15,396,161		$23,060,431
Add revenues								
Interest income	$73,130		$66,353		$65,000		$60,000	
Miscellaneous reimbursements	698,534		24,577		75,000		70,000	
Oil and gas tax collections	0[1]		0[5]		15,511,903[9]		10,252,814[12]	
Total revenues		771,664		90,930		15,651,903		10,382,814
Total available		$37,459,213		$22,078,225		$31,048,064		$33,443,245
Less estimated expenditures								
STORM Act Funding							$1,000,000[13]	
2009 flooding	$57,462[2]							
2010 flooding	1,199,702[2]							
2011 flooding	2,923,747[2]		$2,367,837[6]					
State disasters and flood mitigation efforts (road grade raising projects)	18,620[2]							
2013 Red River Valley flood	912,450[2]		210[6]					
2013 winter storm	628,258[2]		2,320[6]					
2014 rain storms	72,201[2]		100,182[6]					
2017 flooding			217,970[6]		$104,377[10]			
Federal Emergency Management Agency (FEMA) mitigation programs			93,046[6]				100,000[13]	
Double Ditch Historic Site repairs	1,694,478[3]							
Dickey County FEMA repayment			200,000[6]					
Non-oil-producing township road maintenance and improvement	7,965,000[4]				7,450,000[4]		750,000[4]	
Emergency township road repairs			750,000[7]					
Dakota Access Pipeline law enforcement			703,432[8]					
2019 flooding			1,352,454[8]		638,813[10]		450,461[13]	
2020 COVID-19					2,584[10]		500,000[13]	
2020 flooding			894,613[8]		(464,139)[10]		369,752[13]	
June severe storms 2021							110,002[13]	
Spring storm 2022							9,350,000[13]	
Winter storm 2022							355,000[13]	

Predisaster mitigation					255,998[10]		458,030[13]	
Total estimated expenditures and transfers		15,471,918		6,682,064		7,987,633[11]		13,443,245
Estimated ending balance		$21,987,295		$15,396,161		$23,060,431		$20,000,000

[1]This amount reflects actual oil tax revenue allocations for the 2017-19 biennium. House Bill No. 1152 (2017) amended North Dakota Century Code Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1 as follows:

- The first $775 million is deposited in the general fund, tax relief fund, budget stabilization fund, strategic investment and improvements fund, and lignite research fund;
- The next $20 million is deposited in the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than $20 million; and
- Any additional revenues are deposited in the strategic investment and improvements fund.

[2]Section 1 of House Bill No. 1016 (2017) includes spending authority of $8.5 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2017-19 biennium. Section 13 of House Bill No. 1016 (2017) includes carryover authority for amounts related to disaster costs for road grade raising projects.

[3]Section 5 of Senate Bill No. 2018 (2015) appropriates $2 million from the state disaster relief fund for Double Ditch Historic Site repairs. Section 6 of House Bill No. 1018 (2017) appropriates $500,000 from the state disaster relief fund for Double Ditch Historic Site repairs.

[4]Section 4 of Senate Bill No. 2016 (2019) provided a 2017-19 biennium appropriation of $8.1 million from the state disaster relief fund to the State Treasurer for the purpose of providing distributions to townships in non-oil-producing counties for maintenance and improvement of township roads and bridges. Section 4 of House Bill No. 1015 (2021) provides a 2021-23 biennium appropriation of $8.2 million from the state disaster relief fund to the State Treasurer for the purpose of providing distributions to townships in non-oil-producing counties for maintenance and improvement of township roads and bridges. Section 12 of House Bill No. 1012 (2023) provides an exemption allowing $750,000 of the $8.2 million appropriation to continue into the 2023-25 biennium.

[5]This amount reflects estimated oil tax revenue allocations for the 2019-21 biennium based on the 2021 legislative revenue forecast. House Bill No. 1066 (2019) and Senate Bill No. 2016 (2019) amend Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues under Chapters 57-51 and 57-51.1. As amended, the allocation provides that after $685 million is deposited in the general fund, tax relief fund, budget stabilization fund, and lignite research fund, then the next $15 million is deposited in the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than $15 million.

[6]Section 1 of Senate Bill No. 2016 (2019) includes spending authority of $7.1 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2019-21 biennium.

[7]Section 4 of Senate Bill No. 2012 (2021) provides a 2021-23 biennium appropriation of $750,000 from the state disaster relief fund to the Department of Transportation to provide grants to townships for emergency township road repairs.

[8]Section 1 of House Bill No. 1025 (2021) includes a deficiency appropriation of $3,880,540 from the state disaster relief fund, including $3,130,540 for expenses related to flooding in the spring of 2019, fall of 2019, and spring of 2020, and $750,000 to repay loan interest relating to Dakota Access Pipeline law enforcement response costs.

[9]This amount reflects actual oil tax revenue allocations for the 2021-23 biennium. House Bill No. 1015 (2021) and Senate Bill No. 2249 (2021) amend Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues under Chapters 57-51 and 57-51.1. As amended, the allocation provides that after $685 million is deposited in the general fund, tax relief fund, budget stabilization fund, and lignite research fund, then the next $20 million is deposited in the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than $20 million.

[10]Section 1 of House Bill No. 1016 (2021) includes spending authority of $6 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2021-23 biennium.

[11]This amount is an estimated based on actual expenditures through January 31, 2023, and agency estimated expenditures through June 30, 2023.

[12]This amount reflects estimated oil tax revenue allocations for the 2023-25 biennium based on the 2023 legislative revenue forecast. Senate Bill No. 2367 (2023) amends Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues under Chapters 57-51 and 57-51.1. As amended, the allocation provides that after $795 million is deposited in the general fund, tax relief fund, budget stabilization fund, and lignite research fund, then the next $20 million is deposited in the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than $20 million.

[13]Section 1 of Senate Bill No. 2016 (2023) includes spending authority of $12.7 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2023-25 biennium.

FUND HISTORY

Section 37-17.1-27 (Section 4 of Senate Bill No. 2012 (2009)) establishes a state disaster relief fund. Any interest or other fund earnings must be deposited in the fund. In Senate Bill No. 2369 (2011), the Legislative Assembly amended Section 37-17.1-27 to limit use of money in the fund for only the required state share of funding for expenses associated with presidentially declared disasters in the state and to require Emergency Commission and Budget Section approval of the use of money in the fund. In Senate Bill No. 2292 (2013), the Legislative Assembly further amended the section to allow money in the fund to be used for wide area search and rescue activities. Section 6 of Senate Bill No. 2055 (2019) further amends Section 37-17.1-27 to allow the fund to be used for the state share of FEMA disaster response, recovery, and mitigation grants, to remove the requirement for Emergency Commission and Budget Section approval of the use of money that has been appropriated by the Legislative Assembly, and to provide for the Adjutant General to report to the Budget Section on fund expenditures.

ANALYSIS OF THE ELECTRONIC HEALTH INFORMATION EXCHANGE FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

	2021-23 Biennium		2023-25 Biennium	
Beginning balance[1]		$2,355,002		$2,084,318
Add estimated revenues				
Funds from health information network participants	$1,341,918		$1,470,218	
Funds from the Department of Health and Human Services (DHHS)[2]	1,113,269		1,308,880	
Federal funding from the Centers for Medicare and Medicaid Services (CMS)[3]	0		0	
Transfer - Health information technology planning loan fund (2021 SB 2021; 2023 HB 1021)[4,5]	6,000,000		3,000,000	
Total estimated revenues		8,455,187		5,779,098
Total available		$10,810,189		$7,863,416
Less estimated expenditures and transfers				
Health information technology and exchange network[2,3,4,5]	$8,725,871		$5,725,871	
Total estimated expenditures and transfers		8,725,871		5,725,871
Estimated ending balance		$2,084,318		$2,137,545

[1]Section 8 of Senate Bill No. 2332 (2009) provided the Industrial Commission transfer, during the 2009-11 biennium, as requested by the Director of the Health Information Technology Office, up to $8 million from the Bank of North Dakota's profits to the health information technology loan fund to meet any required match for federal funds or to the electronic health information exchange fund to meet any required match for federal funds.

Section 6 of House Bill No. 1021 (2011) amended Section 8 of Senate Bill No. 2332 (2009) to provide the Industrial Commission transfer, during the 2009-11 or 2011-13 biennium, up to $8 million from the Bank of North Dakota's profits to the information technology loan fund or to the electronic health information exchange fund to meet any required match for federal funds or for ongoing operating expenditures of the health information exchange. During the 2009-11 biennium, $500,000 was transferred to the electronic health information exchange fund, and during the 2011-13 biennium, $7.5 million was transferred to the electronic health information exchange fund.

[2]Section 2 of Senate Bill No. 2021 (2017) provided a special funds appropriation of $43,555,133 to the Information Technology Department (ITD) for a project to expand the North Dakota health information network (NDHIN). The purpose of the funding was to enhance the overall functionality of NDHIN by providing comprehensive interoperability between all Medicaid providers throughout the state. The project was intended to allow for statewide repositories for analytics, care coordination, credentialing, and advanced directives.

The Department of Health and Human Services anticipated receiving federal Health Information Technology for Economic and Clinical Health (HITECH) Act Medicaid funding of $40.8 million for the project, which was included in House Bill No. 1012 (2017) and was to be provided to payers, providers, and existing state health information networks. Funds were expected to be used through the 2021-23 biennium; however, due to funding changes made by the federal government, DHHS and ITD do not anticipate receiving the entire amount for the project.

The Information Technology Department received $125,100 during the 2015-17 biennium from DHHS for advanced planning documents, a state Medicaid plan, and to conduct a care coordination study of NDHIN. The Information Technology Department received $6,333,134 in the 2017-19 biennium and $14,584,718 in the 2019-21 biennium from DHHS for the network. The Information Technology Department anticipates $1,113,269 will be available during the 2021-23 biennium, resulting in an estimated total of $22,156,221 of federal HITECH funds received for the network. No additional federal HITECH funds are expected to be available after the 2021-23 biennium. Estimated federal funding for the 2023-25 biennium is from funding received by DHHS from CMS.

[3]The Centers for Medicare and Medicaid Services certified NDHIN as a Medicaid management information system in February 2022, which may allow ITD to request up to 75 percent federal reimbursement for eligible network expenditures; however, ITD continues to work with CMS regarding which network costs are considered eligible for reimbursement and the appropriate cost allocation formula for expenditure reimbursements. When a cost allocation formula is approved by CMS, ITD will be able to submit expenditure reimbursement requests for costs incurred since October 2021 which were not reimbursable with HITECH funding. It is unknown how much federal funding will be available for reimbursement of 2021-23 and 2023-25 biennium expenditures of the NDHIN project.

[4]Senate Bill No. 2021 (2021) provided for a transfer of $6 million, as requested by the Chief Information Officer, from the health information technology planning loan fund to the electronic health information exchange fund for the purpose of defraying the expenses of the Health Information Technology Office and the health information network during the 2021-23 biennium. Section 3 of the bill provides legislative intent that the funding be transferred only to the extent federal funding is not available to defray the expenses of the Health Information Technology Office and the health information network during the 2021-23 biennium.

Through January 31, 2023, the Chief Information Officer has requested the Bank transfer $6 million of funding from the health information technology planning loan fund to the electronic health information exchange fund.

[5]House Bill No. 1021 (2023), as approved by the House, provides for a transfer of $3 million, as requested by the Chief Information Officer, from the health information technology planning loan fund to the electronic health information exchange fund for the purpose of defraying the expenses of the Health Information Technology Office and the health information network during the 2023-25 biennium. The bill also includes a $3 million ongoing appropriation from the general fund for the Health Information Technology Office and health information network.

FUND HISTORY

North Dakota Century Code Section 54-59-27 (Senate Bill No. 2332 (2009)) establishes the electronic health information exchange fund. The fund consists of the money deposited in the fund from federal or other sources or money transferred into the fund as directed by the Legislative Assembly. The Health Information Technology Office is to administer the fund. The money in the fund is to be used to facilitate and expand the electronic health information exchange. Money in the fund may be used, subject to legislative appropriations, to provide services directly for grants and for costs of administration of the fund.

An application for a grant must be made to the Health Information Technology Office. The Health Information Technology Office is to determine the applicant's eligibility based upon criteria established by the director of the Health Information Technology Office, in collaboration with the Health Information Technology Advisory Committee.

ANALYSIS OF THE ENVIRONMENT AND RANGELAND PROTECTION FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		$5,291,507		$5,419,612
Add estimated revenues				
Pesticide registration fees (North Dakota Century Code Section 4.1-34-03)[1]	$5,400,000		$5,495,000	
Weed seed-free forage (Section 4.1-14-04)[2]	30,000		30,000	
Fertilizer registration, inspection, and tonnage fees (Sections 4.1-40-02, 4.1-40-03, and 4.1-40-07)[3,4]	1,445,000		1,445,000	
Commercial feed registration, inspection, and tonnage fees (Section 4.1-41-19)[5]	727,500		727,500	
Total estimated revenues		7,602,500		7,697,500
Total available		$12,894,007		$13,117,112
Less estimated expenditures and transfers				
Agriculture Commissioner (2021 HB 1009; 2023 SB 2009)				
Administrative Services Division	$351,086		$363,550	
Marketing and Information Division	269,026		257,291	
Wildlife Services program	433,800		433,800	
Animal Health Division (State Veterinarian)	117,637		123,306	
Plant Industries Division	1,782,396		1,913,877	
Pesticide and Fertilizer Division	3,441,836		3,735,092	
Grain Inspection and Feed Division	428,614		442,113	
Transfer to environmental impact mitigation fund (2023 SB 2009)			250,000	
Crop Protection Product Harmonization and Registration Board (2021 HB 1009; 2023 SB 2009)				
Crop protection product registration, labeling, and grants[6]	75,000		75,000	
Minor use pesticide registration	325,000		325,000	
Department of Environmental Quality (2021 SB 2024; 2023 HB 1024)				
Ground water testing, including a $50,000 grant for the North Dakota Stockmen's Association environmental services program	250,000		250,000	
Total estimated expenditures and transfers		7,474,395		8,169,029
Estimated ending balance		$5,419,612		$4,948,083

[1]The Legislative Assembly approved Senate Bill No. 2009 (1999), which amended Section 19-18-04, increased the biennial pesticide registration fee by $50, from $300 to $350. House Bill No. 1009 (2009) further amended Section 19-18-04 to deposit all pesticide registration fees in the environment and rangeland protection fund rather than a portion in the general fund. In Senate Bill No. 2027 (2017), Section 19-18-04 was repealed and rewritten as Section 4.1-34-03 as part of the rewrite of agriculture statutes.

[2]Chapter 4.1-14 allows the Agriculture Commissioner to certify forage acreage as being free of certain weeds and weed seed. Section 4.1-14-04 provides the Agriculture Commissioner a continuing appropriation to certify forage acreage using fees charged for certifications. The Agriculture Commissioner may set and charge the fees. All weed seed-free forage fee revenue must be deposited in the environment and rangeland protection fund.

[3]House Bill No. 1321 (2011) repealed Section 19-20.2-08.1 that provided for the deposit of certain inspection fees in the anhydrous ammonia storage facility inspection fund. The bill provided that the fee collections are to be deposited in the environment and rangeland protection fund, and anhydrous ammonia inspection storage facility inspection duties are to be transferred from the Insurance Commissioner to the Agriculture Commissioner.

[4]Senate Bill No. 2009 (2011) amended Sections 19-20.1-03, 19-20.1-03.1, and 19-20.1-06 to deposit fertilizer distribution registration, licensing, and inspection fees in the environment and rangeland protection fund rather than the general fund. House Bill No. 1321 (2011) also amended Section 19-20.1-06 to deposit a portion of fertilizer distribution inspection fees in the environment and rangeland protection fund rather than the general fund. In Senate Bill No. 2027 (2017), Sections 19-20.1-03, 19-20.1-03.1, and 19-20.1-06 were rewritten as Sections 4.1-40-02, 4.1-40-03, and 4.1-40-07, respectively.

[5]Section 4.1-41-19 provides for the deposit of the first $727,500 of commercial feed inspection, licensing, and registration fees in the environment and rangeland protection fund rather than the general fund.

[6]Section 4-35-30, as created by the Legislative Assembly in House Bill Nos. 1009 (2001) and 1328 (2001), created the Crop Protection Product Harmonization and Registration Board. In Senate Bill No. 2027 (2017), Section 4-35-30 was rewritten as Section 4.1-39-02. The duties of the board relate to crop protection product labeling and registration. In House Bill No. 1009 (2021), the Legislative Assembly appropriated $75,000 from the fund for the board for the 2021-23 biennium. Senate Bill No. 2009 (2023), as approved by the Senate, appropriates $75,000 from the fund for the board for the 2023-25 biennium.

FUND HISTORY

Section 19-18-02.1, created by Senate Bill No. 2451 (1991), established the environment and rangeland protection fund. The fund contains collections from pesticide registration fees. During the 2007-09 biennium, the biennial fee was $350 per pesticide product registered in the state. Of this amount, $300 was deposited in the environment and rangeland protection fund and $50 in the general fund. Pursuant to Section 19-18-04, as amended by House Bill No. 1009 (2009), beginning with the 2009-11 biennium, the entire pesticide registration fee is deposited in the environment and rangeland protection fund rather than a portion in the general fund.

In Senate Bill No. 2027 (2017), Sections 19-18-02.1 and 19-18-04 were repealed and rewritten as Sections 4.1-39-07 and 4.1-34-03, respectively, as part of the rewrite of agriculture statutes.

ANALYSIS OF THE FOUNDATION AID STABILIZATION FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		$381,570,138		$492,466,278
Add estimated revenues				
Oil extraction tax allocations	$254,670,000[1]		$224,430,000[1]	
Total estimated revenues		254,670,000[2]		224,430,000[2]
Total available		$636,240,138		$716,896,278
Less estimated expenditures and transfers				
Department of Public Instruction (DPI) (2021 HB 1013; 2023 SB 2013)				
State school aid	$143,454,500[3]		$143,454,500[3]	
One-time funding to rewrite the state automated reporting system (STARS) application (2019 SB 2013)	319,360[3]			
Transfer to the school construction assistance revolving loan fund (2023 SB 2284)			75,000,000	
Total estimated expenditures and transfers		143,773,860[4]		218,454,500[4]
Estimated ending balance		$492,466,278		$498,441,778
Less required reserve of 15 percent of the general fund appropriation for state school aid and career and technical education grants to school districts and area centers during the prior biennium		257,328,931[5]		250,093,242[6]
Estimated ending balance available		$235,137,347		$248,348,536

[1]Estimated revenues - Based on actual oil extraction tax collections deposited in the fund through December 2022. The estimated allocations for the remainder of the 2021-23 biennium and the estimated allocations for the 2023-25 biennium are based on the January 2023 legislative revenue forecast.

[2]Section 24 of Article X of the Constitution of North Dakota provides the interest income of the foundation aid stabilization fund must be transferred to the general fund on July 1 of each year. However, the State Treasurer allocates the interest income to the general fund on a monthly basis. For the period July 1, 2021, through January 31, 2023, $649,276 of interest has been allocated to the general fund.

[3]The Legislative Assembly, in House Bill No. 1013 (2021), appropriated $143,454,500 from the foundation aid stabilization fund to DPI to provide ongoing funding for state school aid. In addition, Section 16 of House Bill No. 1013 provides an exemption to allow DPI to continue up to $600,000 of the unexpended amount remaining from a 2019-21 biennium one-time appropriation from the foundation aid stabilization fund for the STARS rewrite, for the purpose of continuing the STARS rewrite during the 2021-23 biennium. The department continued $319,360 for the STARS rewrite during the 2021-23 biennium. Senate Bill No. 2013 (2023) provides $143,454,500 from the foundation aid stabilization fund to DPI to provide ongoing funding for state school aid for the 2023-25 biennium.

[4]Expenditures - Prior to December 8, 2016, Section 24 of Article X of the Constitution of North Dakota provided the principal of the foundation aid stabilization fund could only be used to offset foundation aid reductions made by executive action due to a revenue shortfall. Senate Concurrent Resolution No. 4003 (2015), approved by voters in November 2016, amended Section 24 of Article X of the Constitution of North Dakota to allow the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for the most recently completed biennium for education-related purposes.

[5]Amendments to the constitution approved by the voters, as provided in Senate Concurrent Resolution No. 4003 (2015), require the balance in the foundation aid stabilization fund be at least 15 percent of the general fund appropriation for state aid to school districts for the most recently completed biennium as determined by the Office of Management and Budget. Any excess balance in the fund is available for education-related purposes. The Legislative Assembly, in Senate Bill No. 2272 (2017) and House Bill No. 1155 (2017), amended North Dakota Century Code Section 54-44.1-12 to provide any reductions to the general fund

appropriation to the Department of Career and Technical Education for grants to school districts due to allotment are also to be offset by funding from the foundation aid stabilization fund. Senate Bill No. 2272 also created a new section to Chapter 54-27 indicating that state school aid includes general fund appropriations for state school aid, transportation aid, and special education aid in DPI as well as general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education. In 2019, the Legislative Assembly provided $2,178,702,429 for integrated formula payments, transportation aid, and special education grants during the 2019-21 biennium, of which $377,764,000 is provided from the state tuition fund, $110,000,000 is from the foundation aid stabilization fund, and $1,690,938,429 is provided from the general fund. In addition, general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education, totaled $24,587,780 during the 2019-21 biennium. Based on this level of funding from the general fund during the 2019-21 biennium, the required reserve balance for the 2021-23 biennium is $257,328,931, $42,497,227 more than the reserve required for the 2019-21 biennium.

[6]In 2021, the Legislative Assembly provided $2,216,925,000 for integrated formula payments, transportation aid, and special education grants for the 2021-23 biennium, of which $433,020,000 is from the state tuition fund, $143,454,500 is from the foundation aid stabilization fund, and $1,640,450,500 is from the general fund. In addition, general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education total $26,837,780 for the 2021-23 biennium. Based on this level of funding from the general fund during the 2021-23 biennium, the required reserve balance for the 2023-25 biennium is $250,093,242, $7,235,689 less than the reserve required for the 2021-23 biennium.

FUND HISTORY

The foundation aid stabilization fund was created in 1994 when the voters of North Dakota approved a constitutional amendment--now Section 24 of Article X of the Constitution of North Dakota--to provide that 20 percent of oil extraction tax revenue be allocated as follows:

- 50 percent (of the 20 percent) to the common schools trust fund; and
- 50 percent (of the 20 percent) to the foundation aid stabilization fund.

In November 2016 voters approved Senate Concurrent Resolution No. 4003 (2015), which amended the Constitution of North Dakota to allow the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for education-related purposes. In addition, the Legislative Assembly approved Senate Bill No. 2039 (2015), which included certain provisions effective December 1, 2016, based on the approval of Senate Concurrent Resolution No. 4003 by voters. Those provisions of Senate Bill No. 2039 established a scholarship endowment fund and a school construction assistance loan fund and provided for transfers from the foundation aid stabilization fund to the school construction assistance loan fund (the lesser of $200 million or 50 percent of the balance of the fund on December 1, 2016), and to the scholarship endowment fund (the lesser of $200 million or 50 percent of the balance of the fund on December 1, 2016). Other provisions of Senate Bill No. 2039 provided any accessible funds that remain in the foundation aid stabilization fund, after completion of the required transfers to other funds, must be used for education-related purposes, including state aid to school districts and education-related property tax relief to school district patrons. The Legislative Assembly approved Senate Bill No. 2272 (2017), which provided for uses of the foundation aid stabilization fund and repealed Sections 9 and 10 of Chapter 153 of the 2015 Session Laws related to the transfers to the scholarship endowment fund and the school construction assistance loan fund.

Prior to December 8, 2016, the principal of the foundation aid stabilization fund was only available upon order of the Governor to offset foundation aid reductions made by executive action due to a revenue shortfall. Section 54-44.1-12 provides the Director of the Budget may order an allotment to control the rate of expenditures of state agencies. This section provided that an allotment must be made by a specific fund and all departments and agencies that receive money from a fund must be allotted on a uniform percentage basis, except that appropriations for foundation aid, transportation aid, and special education aid may only be allotted to the extent the allotment can be offset by transfers from the foundation aid stabilization fund. The Legislative Assembly approved Senate Bill No. 2272 (2017) and House Bill No. 1155 (2017), which amended Section 54-44.1-12 to provide any reductions to the general fund appropriation to the Department of Career and Technical Education for grants to school districts due to allotment are offset by funding from the foundation aid stabilization fund. Senate Bill No. 2272 also created a new section to Chapter 54-27 indicating that state school aid includes general fund appropriations for state school aid, transportation aid, and special education aid in DPI, as well as general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education.

The Legislative Assembly approved Senate Bill No. 2362 (2019), which changed the method of allocating oil extraction tax revenue related to the state's share of revenue associated with production on tribal lands, increasing the allocation to the foundation aid stabilization fund.

Section 24 of Article X of the Constitution of North Dakota provides the interest income of the foundation aid stabilization fund must be transferred to the general fund on July 1 of each year. However, the State Treasurer's office allocates the interest income to the general fund on a monthly basis.

ANALYSIS OF THE HEALTH CARE TRUST FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		$165,393		$0
Add estimated revenues				
Investment earnings	$500		$500	
Loan repayments - Principal and interest	816,708		668,344	
Total estimated revenues		817,208		668,844
Total available		$982,601		$668,844
Less estimated expenditures and transfers				
Department of Human Services nursing facility operating margin increases (2021 HB 1012)	$982,601		$0	
Total estimated expenditures and transfers		982,601		0
Estimated ending balance		$0		$668,844

FUND HISTORY

The health care trust fund was established by the Legislative Assembly in Senate Bill No. 2168 (1999) for providing nursing alternative loans or grants. The Legislative Assembly in House Bill No. 1196 (2011) provided that money in the fund may be transferred to the long-term care facility loan fund for nursing facility renovation projects and used for other programs as authorized by the Legislative Assembly. Money was generated for the health care trust fund as a result of the Department of Human Services making government nursing facility funding pool payments to two government nursing facilities--McVille and Dunseith. Payments were made based on the average amount Medicare rates exceeded Medicaid rates for all nursing care facilities in the state multiplied by the total of all Medicaid resident days of all nursing homes. Federal Medicaid funds were available for these payments and required a state match. Payments were made to the two government nursing facilities and were subsequently returned to the state, less a $50,000 transaction fee retained by each of the two government nursing facilities. Once returned to the state, the state's matching share was returned to its source, and the federal funds were deposited in the health care trust fund. Money in the fund is invested by the State Investment Board, and any investment earnings are retained in the fund. The federal government has eliminated this intergovernmental transfer program. As a result, North Dakota's final intergovernmental transfer payment was received in July 2004. The Legislative Assembly, in House Bill No. 1012 (2009), amended North Dakota Century Code Section 50-30-02 to preclude the Governor from recommending spending from the health care trust fund in draft appropriation acts under Section 54-44.1-06, except for the operation and maintenance of the nurse aide registry.

ANALYSIS OF THE HEALTH INFORMATION TECHNOLOGY PLANNING LOAN FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

	2021-23 Biennium		2023-25 Biennium	
Beginning balance[1]		$7,419,876		$2,996,237
Add estimated revenues				
Loan repayments - Principal	$1,520,656		$602,757	
Loan repayments - Interest and miscellaneous income	69,948		18,864	
Total estimated revenues		1,590,604		621,621
Total available		$9,010,480		$3,617,858
Less estimated expenditures and transfers				
Loans to health care entities[2]	$0		$0	
Bank of North Dakota fees	14,243		10,224	
Transfer - Electronic health information exchange fund (2021 SB 2021)[3]	6,000,000		3,000,000	
Total estimated expenditures and transfers		6,014,243		3,010,224
Estimated ending balance		$2,996,237		$607,634

[1]Section 9 of Senate Bill No. 2332 (2009) provided for a transfer of up to $5 million of Bank of North Dakota profits to the health information technology planning loan fund, which was transferred during the 2009-11 biennium. Section 4 of House Bill No. 1021 (2011) provided for a transfer of up to $5 million of Bank profits to the health information technology planning loan fund in the 2011-13 biennium. During the 2011-13 biennium, approximately $4.3 million of Bank profits were transferred to the fund.

[2]The Health Information Technology Advisory Committee has approved $14,227,024 of loans since the program's inception in the 2009-11 biennium. Loans have not been issued since the 2017-19 biennium. The following is a summary of loans provided to health care facilities:

St. Andrew's Health Center (Bottineau)	$625,000	Nelson County Health System	$305,000
Cooperstown Medical Center	396,996	Southwest Healthcare System	605,000
Wishek Hospital	761,149	CHI St. Alexius Medical Center	1,250,000
Towner County Medical Center (Cando)	924,018	Pediatric Therapy Partners	100,000
Presentation Medical Center (Rolla)	625,000	Valley Health	72,155
West River Health Services (Hettinger)	1,250,000	Knife River Care Center	125,000
Ashley Medical Center	815,652	Golden Acres Manor	98,648
Tioga Medical Center	931,320	St. Luke's Home	115,053
St. Luke's Community Hospital and Clinics (Crosby)	874,542	Richard P. Stadter Psychiatric Center	463,000
Midgarden Family Clinic (Park River)	101,590	Elm Crest Manor	74,500
7-Day Clinic Walk-In Express Care (Fargo)	50,000	Northwood Deaconess	920,125
Linton Hospital	1,073,012	Pharmacists Association	120,070
McKenzie County Health Care System	600,000	St. Gerard's Community of Care	150,194
Garrison Memorial Hospital	800,000		
		Total	$14,227,024

[3]Senate Bill No. 2021 (2021) provided for a transfer of $6 million, as requested by the Chief Information Officer, from the health information technology planning loan fund to the electronic health information exchange fund for the purpose of defraying the expenses of the Health Information Technology Office and the health information network during the 2021-23 biennium. Section 3 of the bill provides legislative intent that the funding be transferred only to the extent federal funding is not available to defray the expenses of the Health Information Technology Office and the health information network during the 2021-23 biennium.

Through January 31, 2023, the Chief Information Officer has requested the Bank transfer $6 million of funding from the health information technology planning loan fund to the electronic health information exchange fund.

[4]House Bill No. 1021 (2023), as approved by the House, provides for a transfer of $3 million, as requested by the Chief Information Officer, from the health information technology planning loan fund to the electronic health information exchange fund for the purpose of defraying the expenses of the Health Information Technology Office and the health information network during the 2023-25 biennium.

FUND HISTORY

North Dakota Century Code Section 6-09-43 (Senate Bill No. 2332 (2009)) established a health information technology planning loan fund at the Bank of North Dakota for providing low-interest loans to health care entities to assist those entities in improving health information technology infrastructure. This fund is a revolving loan fund. Pursuant to Section 9 of the bill, $5 million was transferred from the Bank to this fund during the 2009-11 biennium. All money transferred into the fund, interest upon money in the fund, and collections of interest and principal on loans made from the fund are appropriated for disbursement. Annually, the Bank may deduct a service fee for administering the revolving loan fund.

Section 4 of House Bill No. 1021 (2011) provided the Industrial Commission transfer up to $5,000,000 from the current earnings and accumulated undivided profits of the Bank of North Dakota to the health information technology planning loan fund or the health information technology loan fund in the 2011-13 biennium. The director of the Health Information Technology Office was to request transfers from the Bank only as necessary to meet cashflow needs of the funds and only upon certification by the director of a demonstrated need for health information technology planning loans. During the 2011-13 biennium, $4,280,219 was transferred by the Bank to the health information technology loan fund.

An application for a loan must be made to the Health Information Technology Office. The director of the Health Information Technology Office, in collaboration with the Health Information Technology Advisory Committee, may approve the application of a qualified applicant that meets the criteria established by the director of the Health Information Technology Office. The Health Information Technology Office is to forward approved applications to the Bank of North Dakota. Upon approval of the application by the Bank, the Bank is to make the loan from the revolving loan fund.

Loans are provided at a fixed interest rate of 1.00 percent. Of the 1.00 percent of interest collected, 0.50 percent is deposited in the fund and 0.50 percent is retained by the Bank as the service fee for administering the loans.

ANALYSIS OF THE HIGHWAY TAX DISTRIBUTION FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		$0		$0
Add estimated revenues[1,2]				
Motor vehicle fuel tax	$178,100,000		$182,102,368	
Special fuels taxes	163,400,000		165,000,000	
Motor vehicle registration fees	174,800,000		178,050,000	
Legacy fund earnings[3]	0		60,000,000	
Total estimated revenues		516,300,000		585,152,368
Total available		$516,300,000		$585,152,368
Less estimated deductions and transfers				
Highway Patrol	$9,346,781		$11,989,604	
Motorboat safety account	200,000		200,000	
State snowmobile fund	200,000		200,000	
Rail safety fund	594,724		600,000	
Administrative assistance to transferees	5,500,000		5,500,000	
Ethanol production incentives	4,700,000		4,700,000	
Total estimated deductions before distributions		20,541,505		23,189,604
Total available for distributions and transfers		$495,758,495		$561,962,764
Less estimated distributions and transfers				
State highway fund	$303,858,495		$344,546,064	
Counties	109,100,000		123,657,080	
Cities	62,000,000		70,229,170	
Townships	13,400,000		15,126,700	
Transit	7,400,000		8,403,750	
Total estimated distributions and transfers		495,758,495		561,962,764
Estimated ending balance		$0		$0

[1]Revenues do not include funds collected and disbursed for the administration of the Department of Transportation's (DOT) Motor Vehicle Division, through tribal agreements, or funds collected for vanity license plates and disbursed to nonprofit organizations.

[2]The amounts shown reflect actual revenue collections deposited in the fund through September 2022. The estimated revenue for the remainder of the 2021-23 biennium and the estimated collections for the 2023-25 biennium are based on DOT's revenue forecast and the effect on motor vehicle registration fees in House Bill No. 1295 (2023).

[3]North Dakota Century Code Section 21-10-13 provides for the State Treasurer to transfer up to $60 million from the legacy earnings fund to the highway tax distribution fund on July 1 of each odd-numbered year beginning in 2023.

FUND HISTORY

Section 11 of Article X of the Constitution of North Dakota provides:

Revenue from gasoline and other motor fuel excise and license taxation, motor vehicle registration and license taxes, except revenue from aviation gasoline and unclaimed aviation motor fuel refunds and other aviation motor fuel excise and license taxation used by aircraft, after deduction of cost of administration and collection authorized by legislative appropriation only, and statutory refunds, shall be appropriated and used solely for construction, reconstruction, repair and maintenance of public highways, and the payment of obligations incurred in the construction, reconstruction, repair, and maintenance of public highways.

The majority of funds received from motor fuels taxes and motor vehicle registration fees are deposited in the highway tax distribution fund. Section 54-27-19 provides the highway tax distribution fund consists of the "moneys available by law from collections of motor vehicle registration and related fees, fuels taxes, special fuels taxes, use taxes, and special fuels excise taxes." This section provides after the first $5.5 million per biennium is transferred to the state highway fund for the purpose of providing administrative assistance to other transferees, the money in the fund must be distributed by the State Treasurer as follows:

1. Sixty-one and three-tenths percent must be transferred monthly to the state department of transportation and placed in a state highway fund.
2. Two and seven-tenths percent must be transferred monthly to the township highway fund.
3. One and five-tenths percent must be transferred monthly to the public transportation fund.
4. Thirty-four and five-tenths percent must be allocated to the counties of this state in proportion to the number of vehicle registrations credited to each county. Each county must be credited with the certificates of title of vehicles registered by residents of the county. The state treasurer shall compute and distribute the counties' share monthly after deducting the incorporated cities' share. All the moneys received by the counties from the highway tax distribution fund must be set aside in a separate fund called the "highway tax distribution fund" and must be appropriated and applied solely for highway purposes in accordance with section 11 of article X of the Constitution of North Dakota. The state treasurer shall compute and distribute monthly the sums allocated to the incorporated cities within each county according to the formulas in this subsection using the incorporated cities' populations as determined by the last official regular or special federal census or the census taken in accordance with the provisions of chapter 40-02 in case of a city incorporated subsequent to the census.
    a. For counties having no cities with a population of ten thousand or more, twenty-seven percent of the total county allocation must be distributed to all of the incorporated cities within the county on a countywide per capita basis. The remaining county allocation amount must be transferred into the county highway tax distribution fund.
    b. For each county having a city with a population of ten thousand or more, the amount transferred each month into the county highway tax distribution fund must be the difference between the amount allocated to that county pursuant to this subsection and the total amount allocated and distributed to the incorporated cities in that county as computed according to the following formula:
        (1) A statewide per capita average as determined by calculating twenty-seven percent of the amount allocated to all of the counties under this subsection divided by the total population of all of the incorporated cities in the state.
        (2) The share distributed to each city in the county having a population of less than one thousand must be determined by multiplying the population of that city by the product of 1.50 times the statewide per capita average computed under paragraph 1.
        (3) The share distributed to each city in the county having a population of one thousand to four thousand nine hundred ninety-nine, inclusive, must be determined by multiplying the population of that city by the product of 1.25 times the statewide per capita average computed under paragraph 1.
        (4) The share distributed to each city in the county having a population of five thousand or more must be determined by multiplying the population of that city by the statewide per capita average for all such cities, which per capita average must be computed as follows: the total of the shares computed under paragraphs 2 and 3 for all cities in the state having a population of less than five thousand must be subtracted from the total incorporated cities' share in the state as computed under paragraph 1 and the balance remaining must then be divided by the total population of all cities of five thousand or more in the state.
5. The moneys allocated to the incorporated cities must be distributed to them monthly by the state treasurer and must be deposited by the cities in a separate fund and may only be used in accordance with section 11 of article X of the Constitution of North Dakota and an incorporated city may use

the fund for the construction, reconstruction, repair, and maintenance of public highways within or outside the city pursuant to an agreement entered into between the city and any other political subdivision as authorized by section 54-40-08.

Section 54-27-19(1) provides for 61.3 percent of the funds from the highway tax distribution fund be transferred to DOT for deposit in the state highway fund. Section 24-02-37(1) provides, except for investment income, the money of the state highway fund must be applied in the following priority:

a. The cost of maintaining the state highway system.

b. The cost of construction and reconstruction of highways in the amount necessary to match, in whatever proportion may be required, federal aid granted to this state by the United States government for road purposes in North Dakota. Notwithstanding any other provision of law, the department of transportation may repay the United States department of transportation for previous related expenditures from current biennium appropriations to allow the department to reobligate the federal aid to other federal aid projects.

c. Any portion of the highway fund not allocated as provided in subdivisions a and b may be expended for the construction of state highways without federal aid or may be expended in the construction, improvement, or maintenance of such state highways.

Section 54-27-19(2) requires 2.7 percent of the funds from the highway tax distribution fund to be deposited in the township highway fund. Section 54-27-19.1 directs the State Treasurer to distribute the money to the counties of the state based on the length of township roads in each county compared to the length of all township roads in the state. To receive any funds, organized townships must provide 50 percent matching funds. Each county treasurer is required to allocate the funds received to the organized townships in the county which provide 50 percent matching funds based on the length of township roads in each of those organized townships compared to the length of all township roads in the county. The funds received must be deposited in the township road and bridge fund and used for highway and bridge purposes. If a county does not have organized townships, or has some organized and some unorganized townships, the county is required to retain a pro rata portion of the funds received based on the length of roads in unorganized townships compared to the length of township roads in organized townships in the county.

Section 54-27-19(3) allocates 1.5 percent of the funds from the highway tax distribution fund to the public transportation fund. Section 39-04.2-04 provides money in the public transportation fund must be disbursed under guidelines issued by the Director of DOT and must be used by transportation providers to establish and maintain public transportation, especially for the elderly and handicapped. In addition, the money may be used to contract to provide public transportation, as matching funds to procure money from other sources for public transportation and for other expenditures authorized by the Director.

Motor Vehicle Fuel Tax

Prior to 1983, the motor vehicle fuel excise tax was 8 cents per gallon on motor vehicle fuel sold. The 1983 Legislative Assembly repealed Chapter 57-54 relating to motor vehicle fuel tax and created Chapter 57-43.1 to consolidate the provisions of the motor fuel tax law and the importers for use tax law. Section 1 of House Bill No. 1539 (1983) imposed a 13 cents per gallon tax for all motor vehicle fuel sold except on motor vehicle fuel sold containing a minimum of 10 percent agricultural ethyl or methanol, which was taxed as shown in the following table:

Exception Effective Dates	Tax Rate Per Gallon
Through December 31, 1983	$0.09
January 1, 1984, through December 31, 1984	$0.08
January 1, 1985, through December 31, 1985	$0.07
January 1, 1986, through June 30, 1992	$0.09
July 1, 1992	$0.13

The Legislative Assembly, in Section 1 of Senate Bill No. 2296 (1985), changed the language from agricultural ethyl or methanol to "a qualifying alcohol," adjusted the motor fuel tax on motor vehicle fuel sold containing a minimum of 10 percent agricultural ethyl or methanol as shown in the following table:

Exception Effective Dates	Tax Rate Per Gallon
July 1, 1985, through June 30, 1987	$0.05
July 1, 1987, through December 31, 1992	$0.09
January 1, 1993	$0.13

The Legislative Assembly, in Section 9 of Senate Bill No. 2557 (1987), increased the motor vehicle fuel tax from 13 cents per gallon to 17 cents per gallon for all motor vehicle fuel sold.

The Legislative Assembly, in Section 2 of Senate Bill No. 2029 (1989), increased the motor vehicle fuel tax from 17 cents per gallon to 20 cents per gallon for all motor vehicle fuel sold. The referred measure was disapproved on December 5, 1989, leaving the motor vehicle fuel tax rate at 17 cents per gallon.

The Legislative Assembly, in Section 2 of House Bill No. 1575 (1991), removed Section 57-43.1-02(2) relating to the exception from the motor vehicle fuel tax for motor vehicle fuels containing a minimum of 10 percent of qualifying alcohol.

The Legislative Assembly, in Section 1 of House Bill No. 1163 (1997), increased the motor vehicle fuel tax from 17 cents per gallon to 20 cents per gallon for all motor vehicle fuel sold.

The Legislative Assembly, in Section 2 of House Bill No. 1183 (1999), increased the motor vehicle fuel tax from 20 cents per gallon to 21 cents per gallon for all motor vehicle fuel sold.

The Legislative Assembly, in Section 12 of Senate Bill No. 2012 (2005), increased the motor vehicle fuel tax from 21 cents per gallon to 23 cents per gallon for all motor vehicle fuel sold. Section 2 of House Bill No. 1478 (2005), created a new subsection to Section 57-43.1-02, imposing a 1 cent per gallon motor vehicle fuel tax on E85 fuel effective after June 30, 2005, through the month in which a cumulative total of 1.2 million gallons of E85 fuel has been reported to the Tax Commissioner and after that date is ineffective.

Special Fuels Excise Tax

The 1983 Legislative Assembly also repealed Chapter 57-52, relating to special fuels excise tax and created Chapter 57-43.2 to consolidate the provisions of the Special Fuels Tax Act, the special fuels tax levy, the Importers for Use Tax Act, and the aviation fuel tax. Section 1 of House Bill No. 1072 (1983) created Chapter 57-43.2 related to special fuels taxes and imposed an excise tax of 8 cents per gallon on the sale or delivery of special fuel with some exceptions and an excise tax of 2 cents per gallon on the exempt items in Section 57-43.2-02. Section 1 of House Bill No. 1539 (1983) amended Section 1 of House Bill No. 1072 to increase the special fuels excise tax from 8 cents per gallon to 13 cents per gallon.

The Legislative Assembly, in Section 1 of House Bill No. 1248 (1985), amended the definition of special fuel to include compressed natural gas.

The Legislative Assembly, in Section 10 of Senate Bill No. 2557 (1987), increased the special fuels excise tax from 13 cents per gallon to 17 cents per gallon.

The Legislative Assembly, in Section 3 of Senate Bill No. 2029 (1989), increased the special fuels excise tax from 17 cents per gallon to 19 cents per gallon. The referred measure was disapproved on December 5, 1989, leaving the special fuels excise tax rate at 17 cents per gallon.

The Legislative Assembly, in Section 12 of House Bill No. 1311 (1997), removed exemptions from the 17 cents per gallon on special fuels. Section 2 of House Bill No. 1163 (1997), increased the special fuels excise tax from 17 cents per gallon to 20 cents per gallon.

The Legislative Assembly, in Section 3 of House Bill No. 1183 (1999), increased the special fuels excise tax from 20 cents per gallon to 21 cents per gallon.

The Legislative Assembly, in Section 3 of Senate Bill No. 2454 (2001), amended Section 57-43.2-02 regarding special fuels excise taxes to authorize a reduction of one and five-hundredths cents per gallon on the sale or delivery of diesel fuel that contains at least 2 percent biodiesel fuel by weight.

The Legislative Assembly, in Section 14 of Senate Bill No. 2012 (2005), amended Section 57-43.2-02 regarding special fuels excise taxes to increase the special fuels excise tax from 21 cents per gallon to 23 cents per gallon effective after June 30, 2005.

Motor Vehicle Registration Fees

Motor vehicle registration fees are assessed based on Chapter 39-04 and vary by vehicle type and vehicle weight. Motor vehicles required to be registered in this state must be furnished license plates upon the payment of an initial fee of $10 for plates. Motor vehicle registration fees were last changed in 2005, which increased fees for all weight classes by $10.

ANALYSIS OF THE LEGACY EARNINGS FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		$0		$486,568,637
Add estimated revenues				
Earnings transferred from the legacy fund (2023 HB 1379; 2023 SB 2330)[1]	$486,568,637		N/A	
Total estimated revenues		486,568,637		N/A
Total available		$486,568,637		$486,568,637
Less estimated expenditures and transfers				
Spending based on percent of market value calculation[2]				
Transfer to the legacy sinking and interest fund (2023 HB 1379)[3]	$0		$150,000,000	
Transfer to the highway tax distribution fund (2023 HB 1379)[3]	0		60,000,000	
Other designations (2023 HB 1014, 2023 HB 1018, 2023 HB 1040, 2023 HB 1379; 2023 SB 2009, 2023 SB 2012, 2023 SB 2019)[3]	0		640,089,098	
Allocation of excess earnings[4]				
Transfer to the legacy fund to become part of principal (2023 HB 1379)	0		0	
Transfer to the strategic investment and improvements fund (2023 HB 1379)	0		0	
Total estimated expenditures and transfers		0		850,089,098
Estimated ending balance		$486,568,637		($363,520,461)
Reserve for future bond payments[5]		0		0
Estimated uncommitted ending balance		$486,568,637		($363,520,461)

[1]Based on the provisions of Section 26 of Article X of the Constitution of North Dakota, investment earnings in the legacy fund are transferred to the general fund at the end of the biennium. North Dakota Century Code Section 21-10-12 provides that the investment earnings are the realized earnings of the fund. Unrealized earnings remain in the fund. Senate Bill No. 2330 (2023) changes the definition of investment earnings to reflect a percent of market value calculation method using 7 percent of the 5-year average value of the legacy fund assets. House Bill No. 1380 (2021), as codified in Section 21-10-13, provides a process to immediately transfer legacy fund earnings from the general fund to the legacy earnings fund. Since the earnings are transferred at the end of the biennium, Section 21-10-13 clarifies the earnings are available for spending from the fund in the subsequent biennium.

The amount shown for the earnings reflects the estimates provided by the Retirement and Investment Office and the provisions of Senate Bill No. 2330 (2023).

[2]Section 21-10-13 establishes a percent of market value calculation to determine the amount of legacy fund earnings available for spending in the subsequent biennium. The percent of market value is based on 7 percent of the 5-year average of legacy fund assets using the June 30th fund balances for the 5-year period ending with the most recently completed even-numbered fiscal year.

For the 2023-25 biennium, the amount available for spending is $486,568,637 based on the legacy fund balances of $5,576,084,018 (June 30, 2018), $6,122,227,871 (June 30, 2019), $6,995,309,070 (June 30, 2020), $8,115,202,181 (June 30, 2021), and $7,946,079,492 (June 30, 2022).

[3]Pursuant to Section 21-10-13, the funding available for spending is allocated as follows:

- The first $150 million to the legacy sinking and interest fund for bond payments related to infrastructure projects and programs and a transfer to the Public Employees Retirement System main system plan;
- The next $60 million to the highway tax distribution fund; and
- Other purposes subject to legislative appropriation, including up to $50 million for tax relief; up to $30 million for the clean sustainable energy fund; and up to $30 million for university research programs, the innovation loan fund, and workforce enrichment initiatives.

House Bill No. 1379 (2023) changes the allocations from the legacy earnings fund to provide total allocations of $486.6 million from the amount available for spending. The bill also identifies additional allocations if the earnings transferred to the fund exceed the amount available for spending. However, based on the change to the definition of legacy fund investment earnings in Senate Bill No. 2330 (2023), there would not be any excess earnings available for additional allocations.

House Bill No. 1040 (2023) changes the allocations from the legacy earnings fund to provide a separate allocation to the Public Employees Retirement System main system plan and increases the allocation to $70 million resulting in an additional $22,620,461 for the main system plan.

Other appropriations and transfers from the legacy earnings fund include $305 million for the oil and gas research fund and clean sustainable energy fund in House Bill No. 1014 (2023), $20 million for the legacy investment for technology fund in House Bill No. 1018 (2023), $6.5 million for the bioscience innovation fund in Senate Bill No. 2009 (2023), $7 million for child care assistance programs in Senate Bill No. 2012 (2023), and $2.4 million for cabin construction at a state park in Senate Bill No. 2019 (2023).

[4]Based on the provisions of Section 21-10-13, if the earnings transferred to the legacy earnings fund exceed the amount available to spend, the excess earnings are allocated as follows:

- A portion of the excess earnings are retained in the legacy earnings fund as a reserve for any bond payments;
- Up to $100 million of excess earnings is transferred to the legacy fund to become part of the principal; and
- Any the remaining excess earnings are transferred to the strategic investment and improvements fund.

Transfers to the legacy fund from any source, including legacy fund earnings, become part of the principal. Subject to the provisions of the constitution, not more than 15 percent of the principal may be spent during a biennium, and any expenditure of principle requires a vote of at least two-thirds of the members elected to each house of the Legislative Assembly.

[5]House Bill No. 1379 (2023) removes the provision to retain a portion of the funding as a reserve for future bond payments.

FUND HISTORY

House Bill No. 1380 (2021), as codified in Section 21-10-13, created the legacy earnings fund and provided a process to immediately transfer legacy fund earnings from the general fund to the legacy earnings fund. The earnings available for spending are allocated to special funds and for other purposes designated by the Legislative Assembly. If the earnings transferred to the fund exceed the amount available to spend, a portion of the excess earnings are retained in the legacy earnings fund as a reserve for any bond payments, and up to $100 million of excess earnings is transferred to the legacy fund to become part of the principal with the remaining excess earnings transferred to the strategic investment and improvements fund.

ANALYSIS OF THE LEGACY FUND
FOR THE 2021-23 AND 2023-25 BIENNIUMS
(REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		$8,074,763,216		$8,613,124,579
Add estimated revenues				
Oil and gas gross production and extraction tax collections (30 percent of collections) (2019 SB 2312)[1]	$1,591,930,000		$1,373,750,000	
Investment earnings (losses) (2021 HB 1015, 2021 HB 1425)[2,3,4,5]	(567,000,000)		520,000,000	
Transfer in from legacy earnings fund			0	
Total estimated revenues		1,024,930,000		1,893,750,000
Total available		$9,099,693,216		$10,506,874,579
Less estimated expenditures and transfers				
Transfer of realized earnings to the legacy earnings fund (2021 HB 1380; 2023 HB 1379; 2023 SB 2330)[6]	$486,568,637		N/A	
Expenditure of principal[7]	0		$0	
Total estimated expenditures and transfers		486,568,637		0
Estimated ending balance		$8,613,124,579		$10,506,874,579

[1]The oil and gas tax revenues reflect allocations for August through July (24 months). The estimated allocations reflect the January 2023 legislative forecast.

[2]Based on the provisions of Section 26 of Article X of the Constitution of North Dakota, investment earnings accruing after June 30, 2017, are transferred to the general fund at the end of each biennium. North Dakota Century Code Section 21-10-12 provides that the investment earnings are the realized earnings of the fund. Unrealized earnings remain in the fund. Senate Bill No. 2330 (2023) changes the definition of investment earnings to reflect a percent of market value calculation method using 7 percent of the 5-year average value of the legacy fund assets. The schedule below provides more detail on the investment earnings and the transfers at the end of each biennium since the 2015-17 biennium.

	2015-17 Biennium Actual[3]	2017-19 Biennium Actual[3]	2019-21 Biennium Actual[3]	2021-23 Biennium Estimated[4]	2023-25 Biennium Estimated[4]
Realized earnings (losses)	$273,064,100	$502,243,356	$951,888,747	$495,000,000	N/A
Unrealized earnings (losses)	252,305,388	167,170,302	935,625,936	(1,062,000,000)	N/A
Total investment earnings (losses)	$525,369,488	$669,413,658	$1,887,514,683	($567,000,000)	$520,000,000
End of biennium transfer		$455,263,216	$871,687,384	$486,568,637	N/A

The investment earnings (losses) for the legacy fund for the 2021-23 biennium through December 31, 2022, were approximately ($741.0 million), including realized earnings (losses) of $430.4 million and unrealized earnings (losses) of ($1,171.4 million).

[3]Due to the timing of the transfer and the reporting of earnings at the end of the each biennium, the realized and unrealized earnings reflect the amounts reported by the Retirement and Investment Office for July through June (24 months), but the transfers reflect the realized earnings from June through May (24 months).

[4]The estimated earnings reflect the estimates provided by the Retirement and Investment Office.

NOTE: The actual earnings may differ significantly from these estimates based on actual investment performance.

[5]House Bill No. 1425 (2021) designates a portion of the legacy fund investments to in-state fixed income investments and in-state equity investments. The performance of these investments may affect the earnings of the legacy fund. Senate Bill No. 2330 (2023) changes the amount designated for in-state investments from 20 to 9 percent.

[6]House Bill No. 1380 (2021), as codified in Section 21-10-13, provides a process to immediately transfer legacy fund earnings from the general fund to the legacy earnings fund and establishes a percent of market value calculation to determine the amount of legacy fund earnings available for spending each biennium. The percent of market value is based on 7 percent of the 5-year average of legacy fund assets. The earnings available for spending are allocated to special funds and for other purposes designated by the Legislative Assembly. If the earnings transferred to the fund exceed the amount available to spend, a portion of the excess earnings are retained in the legacy earnings fund as a reserve for any bond payments, and up to $100 million of excess earnings is transferred to the legacy fund to become part of the principal with the remaining excess earnings transferred to the strategic investment and improvements fund.

House Bill No. 1379 (2023) changes the allocations from the legacy earnings fund. The bill also identifies additional allocations if the earnings transferred to the fund exceed the amount available for spending. However, based on the change to the definition of legacy fund investment earnings in Senate Bill No. 2330 (2023), there would not be any excess earnings available for additional allocations.

[7]The principal and earnings of the legacy fund were not available for spending until after June 30, 2017, pursuant to Section 26 of Article X of the Constitution of North Dakota. Up to 15 percent of the principal of the legacy fund may be spent during a biennium subject to approval by at least two-thirds of the members elected to each house of the Legislative Assembly.

FUND HISTORY

The legacy fund was created in 2010 when the voters of North Dakota approved a constitutional amendment--now Section 26 of Article X of the Constitution of North Dakota--to provide 30 percent of oil and gas gross production and oil extraction taxes on oil and gas produced after June 30, 2011, be transferred to the legacy fund. The principal and earnings of the legacy fund may not be spent until after June 30, 2017, and any expenditure of principal after that date requires a vote of at least two-thirds of the members elected to each house of the Legislative Assembly. Not more than 15 percent of the principal of the legacy fund may be spent during a biennium. The Legislative Assembly may transfer funds from any source to the legacy fund, and such transfers become part of the principal of the fund. The State Investment Board is responsible for investment of the principal of the legacy fund. Investment earnings accruing after June 30, 2017, are transferred to the general fund at the end of each biennium.

Prior to July 1, 2015, if the unobligated balance of the strategic investment and improvements fund exceeded $300 million at the end of any month, 25 percent of any revenues received for deposit in the strategic investment and improvements fund were deposited instead into the legacy fund in the subsequent month. In House Bill Nos. 1176 and 1377 (2015), the Legislative Assembly amended Section 15-08.1-08 to remove the provision related to the additional deposits of revenue in the legacy fund from the strategic investment and improvements fund.

Senate Bill No. 2312 (2019) amended the oil and gas tax revenue sharing agreement between the state and the Three Affiliated Tribes of the Forth Berthold Reservation increasing the revenue allocated to the Three Affiliated Tribes and decreasing the revenue allocated to the state. As a result, less revenue is available for allocations to the legacy fund.

ANALYSIS OF THE LIGNITE RESEARCH FUND
FOR THE 2021-23 AND 2023-25 BIENNIUMS
(REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		$21,807,466		$6,358,369
Add estimated revenues				
Separate two-cent coal severance tax	$840,135		$1,075,000	
50 percent of coal severance taxes deposited in the coal development trust fund[1]	1,181,439		1,470,000	
20 percent of coal severance taxes deposited in the coal development trust fund for clean coal projects[1]	472,576		630,000	
15 percent of coal severance taxes[1]	2,362,879		3,000,000	
5 percent of the general fund share of coal conversion tax	91,747		0	
Lignite research tax (2021 HB 1412)[1]	2,071,976		2,250,000	
Oil and gas tax allocation	10,000,000		10,000,000	
Investment income on Dakota Gasification Company ammonia plant and Spiritwood plant	180,000		180,000	
Revenue bonds/short-term loan[2]	0		0	
Interest income, return of funds, and litigation contributions	102,865		70,000	
Total estimated revenues		17,303,617		18,675,000
Total estimated available		$39,111,083		$25,033,369
Less estimated expenditures and transfers[3,4]				
Administration	$900,000		$1,250,000	
Lignite feasibility studies (nonmatching grants)	6,571,150		2,839,249	
Small research grants	9,929,742		8,806,395	
Lignite marketing	2,187,000		2,187,000	
Lignite litigation[5]	1,000,000		1,000,000	
Demonstration projects	1,367,678		1,367,678	
Advanced energy technology development	10,797,144		4,574,676	
Total estimated expenditures and transfers[6]		32,752,714		22,024,998
Estimated ending balance		$6,358,369		$3,008,371

[1]House Bill No. 1412 (2021) exempts 100 percent of the generation tax and 60 percent of the capacity tax from the coal conversion tax and creates a new lignite research tax to maintain the current level of allocations to the lignite research fund.

[2]Pursuant to North Dakota Century Code Section 54-17.5-04, the Industrial Commission may issue revenue bonds or borrow short-term funds from the Bank of North Dakota.

[3]The Industrial Commission has a policy stating that 18 percent of lignite research fund income will be used for small research projects, 56 percent for large demonstration research projects, 21 percent for marketing projects, and 5 percent for administration. The commission has further directed that no single large demonstration research project can receive more than 37.5 percent of available funds.

[4]The Industrial Commission has waived the fund allocation policy. The commission has committed $22,000,000 through the 2011-13 biennium to three projects. In January 2015 the commission learned one of the projects is not proceeding and released the project's commitment of $8,732,503. Expenditures for Lignite Vision 21 Project have been $1,360,750 during the 2003-05 biennium, $2,243,391 during the 2005-07 biennium, $2,200,000 during the 2007-09 biennium,

$3,972,090 during the 2009-11 biennium, $678,851 during the 2011-13 biennium, $110,000 during the 2013-15 biennium, $914,663 during the 2015-17 biennium, $1,290,525 during the 2017-19 biennium, $0 in the 2019-21 biennium, $0 in the 2021-23 biennium, and anticipated expenditures of $1,367,678 in subsequent bienniums. The objective of the Lignite Vision 21 Project is to construct new lignite-fired power plants in North Dakota. (These amounts are net of funds that were distributed but later returned when projects did not proceed.)

[5]Lignite litigation - House Bill No. 1093 (2007) provides that $500,000 of the amount appropriated to the lignite research fund for the 2007-09 biennium is to be used to pay for fees associated with lignite litigation that may be brought by the state to protect and promote the continued development of lignite resources. Activities associated with the litigation have been initiated with $83,379 spent during the 2007-09 biennium, $153,907 spent during the 2009-11 biennium, $652,519 spent during the 2011-13 biennium, $983,288 during the 2013-15 biennium with $451,555 of that amount paid by industry, $259,159 during the 2015-17 biennium with $122,866 of that amount paid by industry, $44,962 spent during the 2017-19 biennium with $14,760 of that amount paid by industry, $0 spent during the 2019-21 biennium, and $0 spent during the 2021-23 biennium.

The State of North Dakota was successful in its litigation against the State of Minnesota during the 2017-19 biennium and will be receiving a total of $1,410,000. Of the $1,410,000, $670,000 was paid to industry partners, and the remaining $740,000 was deposited in the lignite research fund during the 2017-19 and 2019-21 bienniums. The original $500,000 was spent by the end of the 2011-13 biennium with additional funding being provided from nonmatching program funds in subsequent bienniums.

From nonmatching funds within the lignite research fund, $500,000 was designated for litigation expenses in the 2019-21 biennium, $0 for the 2021-23 biennium. Of the nonmatching funds, $313,483 was spent during the 2019-21 biennium, and the remaining $186,517 anticipated to be spent in subsequent bienniums.

House Bill No. 1014 (2019) provided legislative intent that at least $500,000 from the lignite research fund, including proceeds from successful litigation, is available for fees associated with lignite litigation brought by the state to protect and promote the continued development of lignite resources.

[6]The Industrial Commission has continuing appropriation authority for all money deposited in the lignite research fund pursuant to Section 57-61-01.6. The amount shown for the 2023-25 biennium includes $250,000 of one-time funding for grant administration software pursuant to House Bill No. 1014 (2023).

FUND HISTORY

Section 57-61-01.5(2) and Section 21 of Article X of the Constitution of North Dakota provide for up to 70 percent of the taxes collected and deposited in the coal development trust fund to be deposited in the lignite research fund. Of the 70 percent, 50 percent is designated for research, development, and marketing pursuant to the passage of Initiated Measure No. 3 in June 1990, and 20 percent is designated for clean coal demonstration projects pursuant to voter approval of a constitutional amendment in June 1994. The remaining 30 percent of the funds deposited in the coal development trust fund are to be held in trust and administered by the Board of University and School Lands, which has the authority to invest the funds, and may, as provided by law, lend money from the fund to political subdivisions. Senate Bill No. 2014 (2017) reduced the allocation of coal severance tax allocations to the coal development trust fund from 30 to 15 percent and provides an allocation of 15 percent to the lignite research fund.

From the state general fund share of coal conversion tax collections, the Legislative Assembly designated 3 percent for transfer to the lignite research fund during the 2007-09 biennium and 5 percent after the 2007-09 biennium in House Bill No. 1093 (2007).

House Bill No. 1152 (2017) changed the allocation of the state's share of oil and gas tax revenue to provide up to $3 million of allocations to the lignite research fund. House Bill No. 1066 (2019) increased the allocation of oil and gas tax revenue to the lignite research fund by $7 million, from $3 million to $10 million.

ANALYSIS OF THE MEDICAL MARIJUANA FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		$1,234,230		$1,748,330
Add estimated revenues				
Program fees:				
Dispensary and manufacturer registration fees	$1,120,000		$1,120,000	
Application fees, including patient and compassion center agent fees	968,074		821,000	
Total estimated revenues		2,088,074		1,941,000[2]
Total available		$3,322,304		$3,689,330
Less estimated Department of Health and Human Services expenditures (Pursuant to a continuing appropriation in North Dakota Century Code Section 19-24.1-40)				
Salaries and wages	$989,435		$1,157,555	
Indirect costs	145,447		170,161	
Operating expenditures	439,092		497,415	
Total estimated expenditures and adjustments		1,573,974[1,2]		1,825,131[2]
Estimated ending balance		$1,748,330		$1,864,199

[1]The State Department of Health presented estimated expenditures to be made through the continuing appropriation, totaling $1,564,793, including 5 FTE positions. Estimates were increased $12,120 for salary adjustments of 1.5 percent on July 1, 2021, with a minimum monthly increase of $100, and 2 percent on July 1, 2022, and $4,000 for the expenditure impact of House Bill No. 1359 (2021).

[2]The Department of Health and Human Services presented estimated expenditures to be made through the continuing appropriation, totaling $1,746,384, including 5 FTE positions. Estimates have been increased $52,435 for salary adjustments of 4 percent each year of the biennium and $26,312 for increases in the health insurance rate. The estimated expenditures do not include the fiscal impact of Senate Bill No. 2201 (2023) which, if approved, would decrease revenue by $280,000 and increase expenditures by $26,400 during the 2023-25 biennium. The estimated expenditures for the 2021-23 biennium do not include the fiscal impact of House Bill No. 1478 (2023) which, if approved, would increase expenditures by $4,000 during the 2021-23 biennium.

FUND HISTORY

In November 2016, voters approved Initiated Statutory Measure No. 5 (North Dakota Compassionate Care Act) relating to medical marijuana and created Chapter 19-24. In Senate Bill No. 2344 (2017), the Legislative Assembly repealed Chapter 19-24 and created and enacted Chapter 19-24.1 to provide for the legalization of medical marijuana. Senate Bill No. 2344 required the State Department of Health to establish and implement a medical marijuana program to allow for the production, processing, and sale of marijuana for medical use. In Section 19-24.1-40, the Legislative Assembly established a medical marijuana fund. The State Department of Health must deposit all fees related to medical marijuana into the fund and must administer the fund. Money in the fund is appropriated to the department on a continuing basis for use in administering the medical marijuana program. Therefore, the Legislative Assembly removed funding for the Medical Marijuana Division from the State Department of Health's base budget in 2019.

ANALYSIS OF THE NORTH DAKOTA OUTDOOR HERITAGE FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		$8,936,144		$3,808,122
Add estimated revenues				
Oil and gas gross production tax collections	$15,000,000[1]		$15,000,000[1]	
Interest income	90,000		90,000	
Refunds	911,978		900,000	
Total estimated revenues		16,001,978		15,990,000
Total available		$24,938,122		$19,798,122
Less estimated expenditures and transfers				
Grant award commitments	$21,000,000[2]		$18,000,000	
House Bill No. 1014 (2023) Transfer for grant management software expenses			250,000[3]	
Administrative expenses	130,000		200,000	
Total estimated expenditures and transfers		21,130,000		18,450,000
Estimated ending balance		$3,808,122		$1,348,122

[1]North Dakota Century Code Section 57-51-15 established a maximum allocation of $40 million ($20 million per year) to the fund. Senate Bill No. 2014 (2021) limits oil and gas gross production tax revenue allocations to the fund to $7.5 million annually for the 2021-23 biennium. For the 2023-25 biennium, House Bill No. 1014 (2023) limits the allocations to $15 million.

[2]All money in the fund is appropriated on a continuing basis, pursuant to Section 54-17.8-02. Grant commitments include projects that will draw down funds over a 10-year period. The amounts shown reflect the estimated amount available for grants and not the amount expended.

[3]House Bill No. 1014 (2023) provides for a transfer up to $250,000 from the North Dakota outdoor heritage fund to the Industrial Commission for grant management software expenses.

FUND HISTORY

The North Dakota outdoor heritage fund was established in House Bill No. 1278 (2013) (Chapter 54-17.8) to provide, pursuant to a continuing appropriation, grants to state agencies, tribal governments, political subdivisions, and nonprofit organizations, with higher priority given to enhancing conservation practices in this state by:

- Providing access to private and public lands for sportsmen, including projects that create fish and wildlife habitat and provide access for sportsmen;
- Improving, maintaining, and restoring water quality, soil conditions, plant diversity, animal systems, and by supporting other practices of stewardship to enhance farming and ranching;
- Developing, enhancing, conserving, and restoring wildlife and fish habitat on private and public lands; and
- Conserving natural areas and creating other areas for recreation through the establishment and development of parks and other recreation areas.

For the 2013-15 biennium, pursuant to Section 57-51-15, 4 percent of the first 1 percent of oil and gas gross production tax collections is deposited in the North Dakota outdoor heritage fund, up to $15 million per year. House Bill No. 1176 (2015) amended Section 57-51-15 to increase the amount deposited in the North Dakota outdoor heritage fund from 4 percent of the first 1 percent of oil and gas gross production tax collections to 8 percent, and to increase the maximum oil and

gas gross production tax collection deposits from $15 million to $20 million per year and from $30 million to $40 million per biennium. For the period September 1, 2017, through August 31, 2019, Senate Bill No. 2013 (2017), a maximum of $10 million of oil and gas gross production tax collections may be deposited in the fund. For the period September 1, 2019, through August 31, 2021, House Bill No. 1014 (2019), a maximum of $15 million of oil and gas gross production tax collections may be deposited in the fund. For the period September 1, 2021, through August 31, 2023, Senate Bill No. 2014 (2021) a maximum of $7.5 million per year of oil and gas gross production tax collections may be deposited in the fund. The Industrial Commission has oversight of the North Dakota outdoor heritage fund. The North Dakota Outdoor Heritage Advisory Board (consisting of 12 voting and 4 ex officio members) makes recommendations to the commission on the funding of grants.

ANALYSIS OF THE RESOURCES TRUST FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		$287,678,550		$428,846,473
Add estimated revenues and transfers				
Oil extraction tax collections	$522,080,000[1]		$460,080,000[1]	
Bond proceeds from repayment of loans	74,500,000[2]			
Repayments and reimbursements	11,088,000		11,000,000	
Investment earnings/miscellaneous income	2,600,000		1,526,000	
Total estimated revenues		610,268,000		472,606,000
Total available		$897,946,550		$901,452,473
Less estimated expenditures and transfers				
Department of Water Resources - Grants, projects, and project administration, pursuant to House Bill No. 1020 (2021) for the 2021-23 biennium and Senate Bill No. 2020 (2023) for the 2023-25 biennium	$310,628,400[3]		$814,169,835[4]	
House Bill No. 1431 (2021) - Appropriation to the State Water Commission to provide funding for the Mouse River flood control project	2,486,950[2]		72,013,050[2,4]	
Total estimated Department of Water Resources expenditures and loans		313,115,350		886,182,885
Transfer to renewable energy development fund (Section 57-51.1-07)	$3,000,000		$3,000,000	
Transfer to energy conservation grant fund (Section 57-51.1-07)	1,200,000		1,200,000	
Senate Bill No. 2345 (2021) - Transfer to water projects stabilization fund	151,784,727[5]			
Total estimated transfers		155,984,727		4,200,000
Estimated ending balance		$428,846,473		$11,069,588

[1]Estimated oil extraction tax revenues - These amounts are based on the January 2023 legislative revenue forecast.

[2]House Bill No. 1431 (2021) allocates $74.5 million of bond proceeds which are deposited into the resources trust fund for the repayment of outstanding loans of the Western Area Water Supply Authority. The bill also provides an appropriation of $74.5 million from the resources trust fund to the State Water Commission for the Mouse River flood control project. Of the $74.5 million, $72 million is anticipated to be continued into the 2023-25 biennium.

[3]House Bill No. 1020 (2021) includes $678,048,989 from the resources trust fund for the purpose of defraying the expenses of the Department of Water Resources for the 2021-23 biennium. This amount includes $360,685,806 of new appropriations for the 2021-23 biennium and $317,363,183 of water project funding continued from the 2019-21 biennium (carryover). The Department of Water Resources estimates it will expend $313,115,350 during the 2021-23 biennium.

[4]Senate Bill No. 2020 (2023) includes $886.2 million from the resources trust fund for defraying the expenses of the Department of Water Resources, including $497.2 million of new appropriations for the 2023-25 biennium and $389 million for carryover projects.

[5]The amount shown reflects the oil and gas tax revenue deposited in the resources trust fund in excess of the 2021 legislative revenue forecast for the period August 1, 2021, through February 28, 2023. Senate Bill No. 2345 (2021 special legislative session) created the water projects stabilization fund for the purpose of defraying planning and construction expenses of water-related projects, provided for a transfer of $1 million from the resources trust fund to the water projects stabilization fund, and provided for the transfer of all oil extraction tax revenues deposited in the resources trust fund that exceed the amount included in the 2021 legislative forecast from August 1, 2021, through February 28, 2023, on a quarterly basis.

INFRASTRUCTURE REVOLVING LOAN FUND HISTORY

The infrastructure revolving loan fund was created by the Legislative Assembly in Senate Bill No. 2233 (2013), which became effective on January 1, 2015. The bill established an infrastructure revolving loan fund within the resources trust fund. The bill provided 10 percent of oil extraction tax revenue deposited in the resources trust fund is to be made available on a continuing basis to provide loans for water supply, flood protection, or other water development and water management projects. Loans are approved by the State Water Commission with a fixed interest rate of 1.5 percent and administered by the Bank of North Dakota. Annually, the Bank receives .5 percent of the balance of issued loans to cover costs associated with administering the loans. The fund beginning balance and revenue earned in a biennium are carried over from biennium to biennium within the resources trust fund. House Bill No. 1020 (2017) provided the maximum to be allocated to the infrastructure revolving loan fund is **$26 million**. House Bill No. 1431 (2021) eliminates the infrastructure revolving loan fund within the resources trust fund; combines it with the community water development fund to establish a newly created water infrastructure revolving loan fund; and provides a continuing appropriation to the State Water Commission for the purpose of providing loans for water projects in a similar manner as the prior infrastructure revolving loan fund.

RESOURCES TRUST FUND HISTORY

The resources trust fund was created pursuant to the passage of Initiated Measure No. 6 in the November 1980 general election. Initiated Measure No. 6 created a 6.5 percent oil extraction tax, 10 percent of which was to be allocated to the resources trust fund. In June 1990 the Constitution of North Dakota was amended to establish the resources trust fund as a constitutional trust fund and provide that the principal and income of the fund could be spent only upon legislative appropriations for:

- Constructing water-related projects, including rural water systems; and
- Energy conservation programs.

In November 1994 the voters of North Dakota approved a constitutional amendment, which is now Section 24 of Article X of the Constitution of North Dakota, to provide that 20 percent of oil extraction taxes be allocated as follows:

- 50 percent (of the 20 percent) to the common schools trust fund; and
- 50 percent (of the 20 percent) to the foundation aid stabilization fund.

The 1995 Legislative Assembly amended Section 57-51.1-07 to increase the percentage of oil extraction tax deposited into the resources trust fund from 10 to 20 percent. The general fund received 60 percent of oil extraction tax revenues, and the remaining 20 percent was allocated pursuant to Section 24 of Article X of the Constitution of North Dakota.

Section 57-51.1-07, as amended by Senate Bill No. 2129 (2011), provides that oil extraction tax revenues be distributed as follows:

- 20 percent to the resources trust fund;
- 20 percent allocated as provided in Section 24 of Article X of the Constitution of North Dakota;
- 30 percent to the legacy fund; and
- 30 percent to be allocated to the state's general fund with certain funds designated for deposit in the property tax relief sustainability fund, the strategic investment and improvements fund, and the state disaster relief fund as provided in House Bill No. 1451 (2011).

The Legislative Assembly in Senate Bill No. 2014 (2013) authorized quarterly transfers of 5 percent of the amount credited to the resources trust fund to the renewable energy development fund--up to $3 million per biennium and of .5 percent of the amount credited to the resources trust fund to the energy conservation grant fund--up to $1.2 million per biennium. Funds in the newly created energy conservation grant fund are appropriated on a continuing basis to the Department of Commerce for grants to political subdivisions for energy conservation projects in nonfederal public buildings. In addition, effective January 1, 2015, the Legislative Assembly, in Senate Bill No. 2233 (2013), established an infrastructure revolving loan fund within the resources trust fund. The bill provides 10 percent of oil extraction tax revenue deposited in the resources trust fund is to be made available on a continuing basis to provide loans for water supply, flood protection, or other water development and water management projects. Loans are approved by the State Water Commission and administered by the Bank of North Dakota. House Bill No. 1020 (2017) reduced the allocation to the renewable energy development fund from 5 to 3 percent and the maximum allocation to the energy

conservation grant fund from $1.2 million to $200,000 for the 2017-19 biennium, restored the maximum allocation to the energy conservation grant fund to $1.2 million after July 31, 2019, and provided for a $26 million maximum allocation of resources trust fund revenues to the infrastructure revolving loan fund.

The Legislative Assembly in Senate Bill No. 2020 (2015) directed the State Water Commission to refinance all remaining bonds through the Bank of North Dakota and to continue annual loan payments on the newly refinanced bonds. The State Water Commission refinanced the bonds with the Bank on July 29, 2015, in the amount of $45,840,221 at a variable interest rate of 1.75 percent. The Bank loan will mature on June 30, 2030.

The Legislative Assembly in Senate Bill No. 2020 (2019) provided $37.2 million to pay off the Bank of North Dakota loan. The bill contains an emergency clause, added in Senate Bill No. 2015 (2019); therefore, the State Water Commission paid off the Bank loan from the water development trust fund during the 2017-19 biennium.

The Legislative Assembly in Senate Bill No. 2345 (2021 special legislative session) created the water projects stabilization fund for the purpose of defraying planning and construction expenses of water-related projects, provided for a transfer of $1 million from the resources trust fund to the water projects stabilization fund, and provided for the transfer of all oil extraction tax revenues deposited in the resources trust fund that exceed the amount included in the 2021 legislative forecast from August 1, 2021, through February 28, 2023, on a quarterly basis.

ANALYSIS OF THE SENIOR CITIZEN SERVICES AND PROGRAMS FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

	2021-23 Biennium Actual		2023-25 Biennium Estimated	
Beginning balance		$0		$0
Add estimated revenues				
Allocation from sales, use, and motor vehicle excise tax collections	$9,163,584[1,2]		$9,900,000[1,2]	
Total estimated revenues		9,163,584		9,900,000
Total available		$9,163,584		$9,900,000
Less estimated expenditures and transfers				
State Treasurer - County senior citizen matching grants	$8,464,733[3]		$9,900,000[3]	
Transfer to the general fund	698,851[4]			
Total estimated expenditures and transfers		9,163,584		9,900,000
Estimated ending balance		$0		$0

[1]The allocation from sales, use, and motor vehicle excise tax collections is shown below.

Fiscal Year	Allocation From Sales, Use, and Motor Vehicle Excise Tax Collections	Percentage Increase (Decrease) From Previous Year
2014	$2,311,346 (actual)	26.9%
2015	$2,654,064 (actual)	14.8%
2016	$3,169,878 (actual)	19.4%
2017	$3,627,787 (actual)	14.4%
2018	$3,886,950 (actual)	7.1%
2019	$4,060,513 (actual)	4.5%
2020	$4,163,710 (actual)	2.5%
2021	$4,342,001 (actual)	4.3%
2022	$4,529,472 (actual)	4.3%
2023	$4,634,112 (actual)	2.3%
2024	$4,950,000 (estimate)	6.8%
2025	$4,950,000 (estimate)	0.0%

[2]Senate Bill No. 2162 (2013) increased the amount of general fund revenue to be allocated to the senior citizen services and programs fund from three-fourths of one mill levied statewide to 85 percent of one mill levied statewide effective for taxable years beginning after December 31, 2012. The bill also increased the amount of grants provided to counties that have approved a mill levy for senior citizen programs from three-fourths of the amount levied in the county for senior citizen programs to 85 percent of the amount levied up to one mill.

Senate Bill No. 2143 (2015) increased the amount of general fund revenue to be allocated to the senior citizen services and programs fund from 85 percent of one mill levied statewide to 87.5 percent of the amount appropriated up to one mill levied statewide effective for taxable years beginning after December 31, 2014. The bill also increased the amount of grants provided to counties that have approved a mill levy for senior citizen programs from 85 percent of the amount levied in the county for senior citizen programs to 87.5 percent of the amount appropriated up to one mill.

[3]The county senior citizen matching grants are shown below.

Fiscal Year	County Senior Citizen Matching Grants	Percentage Increase (Decrease) From Previous Year
2014	$2,290,963 (actual)	28.0%
2015	$2,650,725 (actual)	15.7%
2016	$3,143,803 (actual)	18.6%
2017	$3,504,725 (actual)	11.5%
2018	$3,723,317 (actual)	6.2%
2019	$3,823,071 (actual)	2.7%
2020	$3,892,217 (actual)	1.8%
2021	$4,067,236 (actual)	4.5%
2022	$4,207,302 (actual)	3.4%
2023	$4,257,431 (actual)	1.2%
2024	$4,950,000 (estimate)	16.3%
2025	$4,950,000 (estimate)	0.0%

[4]Any funds remaining at the end of each biennium are transferred to the general fund.

FUND HISTORY

Senate Bill No. 2267 (2005) created the senior citizen services and programs fund. Statutory provisions are contained in North Dakota Century Code Sections 57-15-56(5) and 57-39.2-26.2. Current statutory provisions provide that each year during July through December, the State Treasurer is to transfer to the fund the portion of sales, use, and motor vehicle excise tax collections that are equivalent to the amount generated from 87.5 percent of one mill levied statewide as reported by the Tax Commissioner. The State Treasurer, by March 1 of the following year, pursuant to a continuing appropriation, distributes money in the fund as grants to eligible counties for senior citizen programs. The grants are provided to counties that have approved a mill levy for senior citizen services and programs. Current statutory provisions provide that the amount of each county's annual grant is equal to 87.5 percent of the amount appropriated in dollars in the county for senior citizen programs, limited to one mill. The Legislative Assembly provided intent that counties match 50 percent of the state grant with funding from the county general fund or state aid distribution fund receipts. Any money remaining in the fund at the end of each biennium is transferred to the general fund, except in the 2005-07 biennium any remaining money in the fund at the end of the biennium was allocated to those counties that were levying the statutory maximum for senior citizen programs in proportion to the amounts generated by those levies in those counties. Senate Bill No. 2242 (2011) amended statutory provisions to increase the amount of collections to be allocated to the fund and the amount of grants provided to counties from two-thirds of the amount levied for senior citizen programs to three-fourths of the amount levied for senior citizen programs, limited to one mill. Senate Bill No. 2162 (2013) increased these amounts to 85 percent of the amounts levied for senior citizen programs, limited to one mill. Senate Bill No. 2143 (2015) increased these amounts to 87.5 percent of the amounts appropriated for senior citizen programs, limited to one mill.

ANALYSIS OF THE STATE AID DISTRIBUTION FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		$0		$0
Add estimated revenues				
Sales, use, and motor vehicle excise taxes (based on 43.5 percent of an equivalent one-cent sales tax effective July 1, 2014)	$227,423,288[1]		$242,033,810[1]	
Total estimated revenues		227,423,288		242,033,810
Total available		$227,423,288		$242,033,810
Less estimated expenditures and transfers				
Payments to political subdivisions				
County share (53.7 percent)	$122,126,305		$129,972,156	
City share (46.3 percent)	105,296,983		112,061,654	
Total estimated expenditures and transfers		227,423,288		242,033,810
Estimated ending balance		$0		$0

[1]The amounts shown for the 2021-23 biennium and the 2023-25 biennium are based on the January 2023 legislative revenue forecast and legislative action affecting sales and use tax and motor vehicle tax through crossover, including the effects of House Bill Nos. 1177 and 1402. This analysis does not reflect the effect of House Bill Nos. 1212, 1370, 1430, 1455, 1498, 1511, and 1513, and Senate Bill Nos. 2141 and 2334, because based on the fiscal notes, the effect of these bills cannot be determined.

FUND HISTORY

North Dakota Century Code Section 57-39.2-26.1 provided, prior to January 1999, for a portion of sales, use, and motor vehicle excise tax collections equal to 60 percent of an equivalent one-cent sales tax to be deposited by the State Treasurer in the state aid distribution fund. The Tax Commissioner certified to the State Treasurer the portion of sales, use, and motor vehicle excise tax net revenues that were deposited in the state aid distribution fund. The state aid distribution fund had historically been allocated, subject to legislative appropriation, with 50 percent of revenues for state revenue sharing and 50 percent for personal property tax replacement.

The 1997 Legislative Assembly amended Section 57-39.2-26.1 to provide that, effective January 1, 1999, deposits into the state aid distribution fund are based on an amount equal to 40 percent of an equivalent one-cent sales tax instead of an amount equal to 60 percent of an equivalent one-cent sales tax. In addition, a continuing appropriation was added which appropriates all revenues deposited in the state aid distribution fund for payments to political subdivisions. Senate Bill No. 2325 (2013) provides that effective July 1, 2014, deposits into the state aid distribution fund be based on an amount equal to 43.5 percent of an equivalent one-cent sales tax instead of an amount equal to 40 percent of an equivalent one-cent sales tax.

The 1997 Legislative Assembly also changed the allocation of the state aid distribution fund from 50 percent for personal property tax replacement and 50 percent for revenue sharing to 53.7 percent for counties and 46.3 percent for cities. The allocation for each county includes townships, rural fire protection districts, rural ambulance districts, soil conservation districts, county recreation service districts, county hospital districts, the Garrison Diversion Conservancy District, the Southwest Water Authority, and other taxing districts within the county, excluding school districts, cities, and taxing districts within the cities. The allocation for each city includes park districts and other taxing districts within the city, excluding school districts. The county allocation to townships must be based on the same percentage allocation that a township received in calendar year 1996.

House Bill No. 1025 (2003), which became effective on August 1, 2003, revised the state aid distribution formula for cities and counties to account for population changes resulting from the 2000 federal census. The bill provides for total distribution percentages to cities and counties to remain at 53.7 percent to counties and 46.3 percent to cities; however, the allocation formula to specific counties and cities is:

Population Category Through June 30, 2011			
Counties	**Percentage**	**Cities (Based on Population)**	**Percentage**
17 counties with the largest population (allocated equally)	20.48%	80,000 or more	19.4%
17 counties with the largest population (allocated based on population)	43.52%	20,000 or more but less than 80,000	34.5%
Remaining counties (allocated equally)	14.40%	10,000 or more but less than 20,000	16.0%
Remaining counties (allocated based on population)	21.60%	5,000 or more but less than 10,000	4.9%
		1,000 or more but less than 5,000	13.1%
		500 or more but less than 1,000	6.1%
		200 or more but less than 500	3.4%
		Less than 200	2.6%
Total	100.00%		100.0%

Senate Bill No. 2253 (2011), which became effective July 1, 2011, revised the state aid distribution formula for cities to provide that distributions be based upon the proportion each city's population bears to the total population of all cities. The bill did not change the total distribution percentages to cities and counties, which remains at 53.7 percent to counties and 46.3 percent to cities. The allocation formula for specific counties and cities is:

Population Category Effective July 1, 2011		
Counties	**Percentage**	**Cities**
17 counties with the largest population (allocated equally)	20.48%	Based upon the proportion each city's population bears to total population
17 counties with the largest population (allocated based on population)	43.52%	
Remaining counties (allocated equally)	14.40%	
Remaining counties (allocated based on population)	21.60%	
Total	100.00%	

Senate Bill No. 2325 (2013), which became effective July 1, 2014, increased the portion of the sales and use, gross receipts, and motor vehicle excise tax collections that is deposited in the state aid distribution fund from an amount equal to 40 percent of the equivalent one-cent sales tax to an amount equal to 43.5 percent of an equivalent one-cent sales tax.

House Bill No. 1067 (2015), which became effective July 1, 2015, and expired on June 30, 2021, changes the state aid distribution formula from allocations based on the decennial census to allocations based on most recent actual or estimated census data. House Bill No. 1379 (2021) clarified the timing of the allocations from the state aid distribution fund and continued the method of allocating revenues based on the most recent actual or estimated census data.

ANALYSIS OF THE STRATEGIC INVESTMENT AND IMPROVEMENTS FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		$863,342,901		$1,535,736,624
Add estimated revenues				
Production royalties (2017 SB 2134; 2019 SB 2211)[1,2]	$280,340,662		$217,118,000	
Oil and gas bonuses[1,2]	0		0	
Mineral revenue refund repayments (2017 SB 2134; 2019 SB 2211)[2]	(37,901,738)		0	
Mineral leases[1]	5,137,352		0	
Investment earnings[1]	(2,732,343)		17,650,565	
Oil and gas tax collections (2021 HB 1015; 2021 SB 2014, 2021 SB 2249, 2021 SB 2319; 2023 HB 1014; 2023 SB 2161, 2023 SB 2367)[3,4]	932,180,000		559,260,000	
Total estimated revenues		1,177,023,933		794,028,565
Total available		$2,040,366,834		$2,329,765,189
Less estimated expenditures and transfers				
Secretary of State				
Information technology project (2023 SB 2002)			$1,500,000	
Office of Management and Budget				
Information technology projects (2021 HB 1015)	$3,251,304			
Transfer to the cultural endowment fund for the maintenance of public arts projects (2021 HB 1015)	1,000,000			
Deferred maintenance funding pool (2023 SB 2015)			20,000,000	
Information Technology Department				
Information technology projects (2023 HB 1021)			16,500,000	
Attorney General				
Litigation funding pool (2021 HB 1003)	3,000,000			
Tax Commissioner				
Reimbursements for the homestead tax credit program (2023 SB 2136)			135,000,000	
Public Employees Retirement System				
Transfer to the main system retirement plan (2023 HB 1014)			240,000,000	
North Dakota University System				
Capital building fund program (2021 SB 2003; 2023 HB 1003)	19,000,000		29,000,000	
Campus projects (2021 SB 2003)	2,863,000			
Bismarck State College				
Multipurpose academic and athletic center project (2023 HB 1003)			29,900,000	
Williston State College				
Medical health care building project (2023 HB 1003)			34,750,000	
University of North Dakota				
Science, engineering, and national security corridor project (2023 HB 1003)			57,400,000	
Science, technology, engineering, and math building project (2023 HB 1003)			52,000,000	
North Dakota State University				
Center for engineering and computational sciences project (2023 HB 1003)			59,000,000	

North Dakota State College of Science				
Agriculture, automation, and autonomous systems project (2023 HB 1003)			18,975,000	
Dickinson State University				
Agriculture and technology education building project (2023 HB 1003)			17,100,000	
Mayville State University				
Old Main renovation project (2023 HB 1003)			49,970,100	
Minot State University				
Dakota Hall demolition project (2023 HB 1003)			765,000	
Academic building project (2023 HB 1003)			7,600,000	
Valley City State University				
McCarthy Hall renovation project (2023 HB 1003)			11,500,000	
Dakota College at Bottineau				
Old Main renovation project (2023 HB 1003)			4,300,000	
Veterans' Home				
Parking lot repairs (2023 HB 1007)			600,000	
Department of Health and Human Services - Human Services Division				
Transfer to human service finance fund (2023 SB 2012)			21,600,000	
Information technology projects (2023 SB 2012)			11,000,000	
State Hospital project planning and design (executive budget)			5,000,000	
Pregnant and parenting women residential facility projects (2023 SB 2012)			1,000,000	
Southeast Human Service Center project (2023 SB 2012)			735,154	
Transfer to a newly created pay for success fund (2023 HB 1480)			2,500,000	
Insurance Commissioner				
Study of lignite coal industry insurance (2021 HB 1010)	200,000			
Industrial Commission				
Transfer to the oil and gas research fund (2021 SB 2014)	9,500,000			
Transfer to the State Energy Research Center fund - rare earth minerals study (2023 HB 1014)			3,000,000	
Transfer to the State Energy Research Center fund - underground energy storage research project (2023 HB 1014)			22,000,000	
Transmission line grant (2023 HB 1014)			25,000,000	
Transfer to a newly created clean natural gas capture and emissions reduction fund (2023 SB 2089)			7,500,000	
Bank of North Dakota				
Transfer to the innovation loan fund to support technology advancement (2021 HB 1141)	15,000,000			
Transfer to a newly created bulk propane storage tank revolving loan fund (2023 SB 2242)			15,000,000	
Department of Corrections and Rehabilitation				
Information technology project (2023 HB 1015)			2,307,000	
Heart River Correctional Center project (2023 HB 1015)			161,200,000	
James River Correctional Center maintenance shop project (2023 HB 1015)			1,550,000	
Adjutant General				
National Guard deferred maintenance projects (2021 HB 1016)	1,000,000			
Statewide interoperable radio network equipment (2023 SB 2016)			2,700,000	
Department of Commerce				
Beyond visual line of sight unmanned aircraft systems (2021 SB 2018; 2023 HB 1018)	19,000,000		30,000,000	
Enhanced use lease grants (2021 SB 2018; 2023 HB 1018)	7,000,000		28,000,000	

Job development grant (2021 SB 2018)	1,500,000			
Workforce safety grant (2021 SB 2018)	1,500,000			
Transfer to North Dakota development fund - development programs (2023 HB 1018)			30,000,000	
Transfer to North Dakota development fund - fertilizer grants (2023 HB 1018)			120,000,000	
Rural workforce housing grants (2023 HB 1018)			7,000,000	
Tourism marketing awareness initiative (2023 HB 1018)			5,000,000	
Tourism destination development initiative (2023 HB 1018)			25,000,000	
New Americans workforce development and training grants (2023 HB 1018)			2,000,000	
Workforce safety grant (2023 HB 1018)			1,500,000	
Agriculture Commissioner				
Grasslands grazing grant program (2021 HB 1009)	5,000,000			
Transfer to the bioscience innovation fund (2023 SB 2009)			5,500,000	
Grasslands grazing grants (2023 SB 2290)			3,000,000	
Upper Great Plains Transportation Institute				
Remote sensing infrastructure (2021 SB 2020)	225,000			
Transportation data intelligence center (2023 HB 1020)			432,600	
Branch Research Centers				
Capital projects at the Carrington Research Center, the Central Grasslands Research Center, the Hettinger Research Center, and the Langdon Research Center (2021 SB 2020)	2,073,000			
NDSU Main Research Center				
Waldron Hall replacement, storage sheds, and deferred maintenance (2023 HB 1020)			99,400,000	
Northern Crops Research Center				
Feed center project (2023 HB 1020)			3,900,000	
State Historical Society				
Historic site projects (2023 SB 2018)			4,500,000	
Exhibit projects (2023 SB 2018)			595,000	
Parks and Recreation Department				
Various capital projects at parks and deferred maintenance (2023 SB 2019)			10,000,000	
Local park district grants (2023 SB 2019)			750,000	
State park matching grants (2023 SB 2019)			1,500,000	
Lake Metigoshe reimagined project (2023 SB 2019)			250,000	
Department of Transportation				
Matching federal funds (executive budget)			200,000,000	
Transfer to a newly created state flexible transportation fund (2023 HB 1012)			115,000,000	
Shortline railroad loan program enhancement (2023 HB 1012)			8,000,000	
Preliminary engineering and studies for northern Red River Valley infrastructure projects (2023 HB 1012)			5,000,000	
Transfer to the general fund (2021 HB 1015)	410,000,000			
Administrative costs/other fees	3,517,906		4,000,000	
Total estimated expenditures and transfers		504,630,210		1,778,279,854
Estimated ending balance		$1,535,736,624		$551,485,335

Restricted fund income		
Reserve relating to potential title disputes (2017 SB 2134; 2019 SB 2211)[2,5]	68,349,040	68,349,040
Loan guarantees (2011 SB 2306; 2013 SB 2287; 2019 SB 2296; 2021 SB 2230; 2023 HB 1014)[6]	80,000,000	140,000,000
Estimated ending balance - Unobligated	$1,387,387,584	$343,136,295

[1]The amounts shown reflect projections by the Department of Trust Lands for the 2021-23 bienniums.

[2]Senate Bill No. 2134 (2017) changes the definition of the ordinary high water mark related to sovereign minerals, reducing the mineral revenue to the strategic investment and improvements fund (SIIF) and requiring refund payments for previously received mineral revenues. The bill appropriated $100 million from SIIF and authorized $87 million from a line of credit through the Bank of North Dakota for the mineral revenue refund repayment during the 2017-19 biennium. Some production royalties may be deposited in SIIF prior to the implementation of the repayment process. The bill provided legislative intent that the $87 million line of credit is to be repaid from SIIF; however, the total amount of funding needed for mineral revenue refund repayments is unknown and any changes to the amount of funding or the line of credit repayments will be determined by future legislative assemblies. Mineral revenue refund repayments began in the fall of 2020. The amounts shown for the refund repayments reflect the amounts paid pursuant to the department's continuing appropriation.

House Bill No. 1202 (2019) clarifies the definition of navigable waters, which may affect the state's mineral interests and mineral revenue deposited in SIIF. However, the estimated impact is unknown.

[3]Estimated revenues - The estimated allocations for the 2021-23 biennium are based on actual oil and gas tax revenue allocations through December 2022 and the January 2023 legislative revenue forecast for the remainder of the 2021-23 biennium and for the entire 2023-25 biennium.

[4]House Bill No. 1015 (2021) increases the oil and gas tax revenue allocation limit for the state disaster relief fund by $5 million and aligns the allocations to the municipal infrastructure fund and the county and township infrastructure fund to provide allocations to the two funds at the same time after the initial allocation to SIIF. For the 2021-23 biennium only, Senate Bill No. 2014 (2021) limits the allocations to the North Dakota outdoor heritage fund to $7.5 million per fiscal year. Senate Bill No. 2249 (2021) increases the oil and gas tax revenue allocation limit for the state disaster relief fund by $5 million, the same as House Bill No. 1015 (2021). Senate Bill No. 2319 (2021) allocates a portion of the oil and gas tax revenue collected from oil wells that cross into a reservation to the tribes decreasing the state's share of oil and gas tax revenues. The combined effect of the bills results in an increase in the allocations to SIIF.

House Bill No. 1014 (2023) and Senate Bill Nos. 2161 and 2367 (2023) change the oil and gas tax revenue allocation formulas for the 2023-25 biennium. The combined effect of the bills results in a decrease in the allocations to SIIF.

[5]These amounts represent mineral revenues received from areas of the Yellowstone and Missouri Rivers and Lake Sakakawea where mineral rights are in dispute. Pursuant to action of the Board of University and School Lands, this portion of the fund balance is designated to be held in reserve. The assigned fund balance is adjusted only when approved by the board, which is usually done in August of each year.

[6]Senate Bill No. 2287 (2013) increased the guarantee reserve fund balance from 25 to 100 percent, not to exceed a total of $25 million, through July 31, 2015. After July 31, 2015, the amount of reserves for all guaranteed loans must be determined by a formula that will provide an adequate amount of reserves as determined by the Bank of North Dakota. Money may be transferred from SIIF to reimburse lenders for guaranteed loans in default.

Senate Bill No. 2296 (2019) increased the limit for loan guarantees to $50 million. Senate Bill No. 2230 (2021) increases the loan guarantee limit to $80 million. House Bill No. 1014 (2023) increases the limit for loan guarantees to $140 million related to a guarantee for a line of credit to provide pipeline capacity positions.

FUND HISTORY

House Bill No. 1451 (2011) provided the lands and minerals trust fund be renamed SIIF, and as soon as feasible after June 30, 2011, the State Treasurer close out the lands and minerals trust fund and transfer any remaining unobligated balance to SIIF. The lands and minerals trust fund originated in 1977 when the Legislative Assembly transferred to the Board of University and School Lands possessory interest in properties obtained by the Bank of North Dakota, including tracts of real property and reserved mineral interests.

All income from the sale, lease, and management of the mineral interests relating to these properties is deposited in SIIF, pursuant to North Dakota Century Code Section 15-08.1-08. The principal and interest of the fund may be used for one-time expenditures relating to improving state infrastructure or for initiatives to

improve the efficiency and effectiveness of state government. Money in the fund may be included in draft appropriation Acts under Section 54-44.1-06 and may be appropriated by the Legislative Assembly, but only to the extent the money is estimated to be available at the beginning of the biennium in which the appropriations are authorized.

Prior to July 1, 2015, if the unobligated balance of SIIF exceeded $300 million at the end of any month, 25 percent of any revenues received for deposit in SIIF were deposited instead into the legacy fund in the subsequent month. In House Bill Nos. 1176 and 1377 (2015), the Legislative Assembly amended Section 15-08.1-08 to remove the provision related to the additional deposits of revenue in the legacy fund from SIIF. The unobligated balance in the fund is defined as the balance in the fund reduced by appropriations or transfers from the fund authorized by the Legislative Assembly, guarantee reserve fund requirements under Section 6-09.7-05, and any fund balance designated by the Board of University and School Lands relating to potential title disputes related to certain riverbed leases.

ANALYSIS OF THE TAX RELIEF FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		$200,199,146		$201,176,153
Add estimated revenues				
Allocation of oil and gas tax revenues	$200,000,000[1]		$250,000,000[1]	
Refund of prior biennium county expenses				
Total estimated revenues		200,000,000		250,000,000
Total available		$400,199,146		$451,176,153
Less estimated expenditures and transfers				
Distributions to non-oil-producing counties (2021 HB 1015)	$11,799,901[2]			
Transfer to human service finance fund (2021 HB 1015; 2023 SB 2015)	187,223,092		$200,000,000[3]	
Total estimated expenditures and transfers		199,022,993		200,000,000
Estimated ending balance		$201,176,153		$251,176,153

[1]Estimated revenues - These amounts reflect the January 2023 legislative revenue forecast and legislative action through crossover. Senate Bill No. 2367 (2023) increases the allocation from the state share of oil and gas taxes to the tax relief fund from $200 million to $250 million.

[2]Section 4 of 2021 House Bill No. 1015, provides $20 million for distributions to non-oil-producing counties for the benefit of organized and unorganized townships. Of the $20 million, $8.2 million is from the state disaster relief fund and $11.8 million is from the tax relief fund. The State Treasurer is required to allocate $10 million equally to all the townships and $10 million based on road miles.

[3]Section 4 of Senate Bill No. 2015 (2023) provides for a transfer of $200 million from the tax relief fund to the human service finance fund.

FUND HISTORY

North Dakota Century Code Section 57-64-05, as created by Senate Bill No. 2199 (2009), created the property tax relief sustainability fund for property tax relief programs, pursuant to legislative appropriation. Senate Bill No. 2199 provided an initial transfer of $295 million from the permanent oil tax trust fund to the property tax relief sustainability fund. Chapter 57-51.1 provided for an allocation of the state's share of oil and gas tax revenues of $341.79 million each biennium to the property tax relief sustainability fund.

Section 15.1-27-45, as created by Section 40 of House Bill No. 1013 (2013), changed the name of the property tax relief sustainability fund to the property tax relief fund, but only for the 2013-15 biennium. House Bill No. 1377 (2015) repealed Sections 15.1-27-45 and 57-64-05 relating to the property tax relief sustainability fund and amended Section 57-51.1-07.5 to change the name of the property tax relief sustainability fund to the tax relief fund and decreased the amount of the state's share of oil and gas tax revenue deposited in the fund from $341.79 million per biennium to $300 million per biennium.

House Bill No. 1152 (2017) amended Section 57-51.1-07.5 to change the allocation of the state's share of oil and gas tax revenue to reduce the allocation to the tax relief fund to $200 million.

House Bill No. 1066 (2019) amended Section 57-51.1-07.5 but did not change the allocation of $200 million to the tax relief fund.

ANALYSIS OF THE STATE TUITION FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

	2021-23 Biennium		2023-25 Biennium	
Beginning balance		$2,015,709[1]		$1,633,599[1]
Add estimated revenues				
Fines for violation of state laws	$11,621,881[2]		$11,000,000[2]	
Transfers from the common schools trust fund	421,020,000		499,860,000	
Total estimated revenues		432,641,881		510,860,000
Total available		$434,657,590		$512,493,599
Less estimated expenditures and transfers				
State aid to schools (2019 SB 2013; 2021 HB 1013)	$433,023,991		$510,860,000	
Total estimated expenditures and transfers		433,023,991		510,860,000
Estimated ending balance		$1,633,599[1]		$1,633,599[1]

[1]Beginning/ending balance - North Dakota Century Code Section 15.1-28-03 provides for the distribution of money in the state tuition fund in August, September, October, November, December, January, February, March, and April of each fiscal year. Fine proceeds deposited in the state tuition fund during May and June of each fiscal year are carried forward for distribution in August of the subsequent year.

[2]Fines for violation of state laws - Fine proceeds estimated to be deposited in the state tuition fund during the 2021-23 biennium are based on actual fines deposited into the fund through March 2022 and estimated fine proceeds for the remainder of the 2021-23 biennium based on the 2021 legislative revenue forecast. The amount of state tuition fund distributions from fine proceeds is shown below.

Fiscal Year	Revenue From Fines	Percentage Increase (Decrease) From Previous Year
2003	$4,607,423 (actual)	(3.6%)
2004	$4,721,407 (actual)	2.5%
2005	$4,507,137 (actual)	(4.5%)
2006	$4,506,316 (actual)	(0.01%)
2007	$4,590,395 (actual)	1.9%
2008	$4,692,048 (actual)	2.2%
2009	$4,452,118 (actual)	(5.1%)
2010	$4,593,325 (actual)	3.2%
2011	$4,963,691 (actual)	8.1%
2012	$5,769,861 (actual)	16.2%
2013	$6,158,750 (actual)	6.7%
2014	$6,844,632 (actual)	11.1%
2015	$7,655,890 (actual)	11.9%
2016	$6,945,206 (actual)	(9.3%)
2017	$5,511,247 (actual)	(20.6%)
2018	$6,055,397 (actual)	9.9%
2019	$5,885,838 (actual)	(2.8%)
2020	$5,093,885 (actual)	(13.5%)
2021	$6,144,964 (actual)	20.6%
2022	$5,791,042 (actual)	(5.8%)
2023	$5,830,839 (estimate)	0.7%
2024	$5,500,000 (estimate)	(5.7%)
2025	$5,500,000 (estimate)	0%

FUND HISTORY

The state tuition fund originated in 1889 with the enactment of the Constitution of North Dakota. The original constitutional provisions have not changed significantly since enactment and are currently contained in Section 2 of Article IX of the Constitution of North Dakota, which provides that payments to the common schools trust fund of the state include:

- Distributions from the common schools trust fund;
- All fines for violation of state laws; and
- All other amounts provided by law.

Section 15.1-28-01 provides the state tuition fund consists of the net proceeds from all fines for violation of state laws and distributions from the common schools trust fund. Section 15.1-28-03 directs the Office of Management and Budget, on or before the third Monday in January, February, March, April, August, September, October, November, and December of each year, to certify to the Superintendent of Public Instruction the amount of the state tuition fund. Prior to the 2007-09 biennium, the Superintendent apportioned the money in the state tuition fund among the school districts in the state based on the number of school-age children in the district. Senate Bill No. 2200 (2007) consolidated funding for the state school aid program, including per-student payments, teacher compensation payments, special education average daily membership payments, revenue supplemental payments, and tuition apportionment payments, into a new state school aid funding formula with a new distribution methodology; therefore, beginning with the 2007-09 biennium, the Superintendent includes the money in the state tuition fund in state school aid payments to school districts as determined by Chapter 15.1-27.

ANALYSIS OF THE VETERANS' POSTWAR TRUST FUND FOR THE 2021-23 AND 2023-25 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

	2021-23 Biennium		2023-25 Biennium	
Beginning balance[1,2]		$8,179,087		$7,675,987
Add estimated revenues				
Investment and interest income[3,4]	($250,000)		$500,000	
Patriotic license plates	28,000		28,000	
Income tax return donations	55,000		55,000	
Commemorative memorial coin program sales	15,000		15,000	
Commemorative memorial coin program donations	3,000		3,000	
Impact Foundation donations[5,6]	30,000		30,000	
Other donations and income	3,500		3,500	
Total estimated revenues		($115,500)		634,500
Total available[6]		$8,063,587		$8,310,487
Less estimated expenditures and transfers				
Investment management and consulting services	$125,000		$125,000	
Grants and related expenditures	190,000			
Veterans' transportation programs	600			
Commemorative memorial coin program expenditures	16,000		16,000	
Impact Foundation expenditures[5,6]	56,000		30,000	
Other programs that benefit veterans[7]	0		240,000	
Total estimated expenditures and transfers		387,600		411,000
Estimated ending balance		$7,675,987		$7,899,487

[1]During the 2019-21 biennium, the State Treasurer converted investment earnings reporting from a cost basis to a fair market value basis, resulting in an increase in the reported value of investments of the veterans' postwar trust fund.

[2]North Dakota Century Code Section 57-38-34.7 allows the Department of Veterans' Affairs to apply for, accept, and expend private donations, gifts, grants, or bequests that are offered or tendered with a specifically identified purpose or a restrictive condition which is related to a benefit or service for resident North Dakota veterans and appropriates those funds to the department on a continuing basis in accordance with the donor's instructions. During the 2019-21 biennium, the department received $52,300 of donations, excluding donations from the Impact Foundation, for veterans' programs, of which $9,600 was for hardship assistance grants, $18,900 was for a hyperbaric oxygen therapy program for veterans with posttraumatic stress disorder, $11,300 was for a Fisher House program to partner with a private organization to build comfort homes for military and veteran families when a family member is hospitalized, and $12,500 was for a commemorative book provided free to Vietnam War veterans.

[3]Prior to July 2011, Section 37-14-14 appropriated on a continuing basis all income of the veterans' postwar trust fund to the Administrative Committee on Veterans' Affairs for programs that benefit veterans or their dependents. The Legislative Assembly in House Bill No. 1468 (2011) amended Section 37-14-14 to provide that all income earned in a biennium is appropriated to the Administrative Committee on Veterans' Affairs for authorized programs on a continuing basis in the following biennium, and not in the biennium in which it is earned. Therefore, the investment income earned by the fund during the 2019-21 biennium was not available for programs until the 2021-23 biennium and income earned by the fund during the 2021-23 biennium will not be available for programs until the 2023-25 biennium.

[4]The State Treasurer has not provided investment income estimates for the 2021-23 biennium. Actual investment losses through January 2023 were ($396,500). Investment income estimates for the 2021-23 biennium are based on actual investment losses through January 2023 and estimated investment gains for February

through June 2023 based on 12 months of investment returns during the 2021-23 biennium that did not include abnormally high investment losses or abnormally high investment gains. Investment income estimates for the 2023-25 biennium are based on prior biennium investment returns.

[5]The North Dakota Veterans Emergency Needs Charitable Fund (also known as the North Dakota Support Our Veterans Fund) was established in April 2010 by the Impact Foundation to support emergency needs of North Dakota veterans and their eligible dependents. As noted in the March 28, 2018, *Performance Audit Report of the Department of Veterans' Affairs* prepared by the State Auditor, the department has received and expended funds from the Impact Foundation by combining these funds with those of the veterans' postwar trust fund without legislative or Emergency Commission approval. The State Auditor's report identified that these actions were in conflict with Section 18 of Article X of the Constitution of North Dakota and Section 37-18-12. In House Bill No. 1248 (2019), the Legislative Assembly created Section 57-38-34.7 to authorize the department to accept and expend donations and other funding, such as the funding received from the Impact Foundation.

[6]Estimated funds available for benefits during the 2021-23 biennium total approximately $463,312, of which $232,370 is from income earned on the fund during the 2019-21 biennium, $81,142 is from income earned on the fund during prior bienniums but not yet spent, $1,250 is the estimated short term interest earned on certificates of deposit approved by the Administrative Committee on Veterans' Affairs, $18,000 is the estimated donations and sales related to the commemorative memorial coin program during the 2021-23 biennium, $18,736 is from donations and sales related to the commemorative memorial coin program during the 2019-21 biennium that was not spent by the end of the biennium, $30,000 is from revenue received from the Impact Foundation during the 2021-23 biennium, $26,014 is from net proceeds from the Impact Foundation from prior bienniums, $3,500 is the estimated amount donations and other income that will be collected during the 2021-23 biennium, and $52,300 is from donations received during the 2019-21 biennium but not spent by the end of the biennium.

[7]Estimated funds available for benefits during the 2023-25 biennium, based on the average investment income earned on the fund during the 2021-23 biennium through January 2023, is approximately $240,000, excluding any funding continued from prior bienniums and funding collected during the 2023-25 biennium for the commemorative memorial coin program, donations, and short-term interest.

FUND HISTORY

Established

The fund was created by Section 6 of Senate Bill No. 2271 (1981):

> **SECTION 6. TRANSFER OF VIETNAM BONUS FUNDS TO VETERANS' POSTWAR TRUST FUND.** All unobligated moneys in the Vietnam veterans' adjusted compensation funds in the state treasury after July 1, 1981, shall be transferred by the state treasurer to the veterans' postwar trust fund. Any obligations of such funds as a result of any amendment of section 37-25-10 by the forty-seventh legislative assembly shall be paid out of the veterans' postwar trust fund and the moneys necessary to meet those obligations are hereby appropriated.

1988 Initiated Measure No. 4

Initiated Measure No. 4, approved by the voters in the November 1988 general election, provided the following:

- Established the veterans' postwar trust fund as a permanent fund.
- Required the State Treasurer to transfer $740,000 per year for 5 years commencing July 1, 1989, from the state general fund or other sources as appropriated by the Legislative Assembly to the veterans' postwar trust fund to total $3.7 million.
- Appropriated the income from the veterans' postwar trust fund on a continuing basis to the Administrative Committee on Veterans' Affairs to be spent for veterans' programs as authorized by law.
- Required the State Treasurer to invest the fund in legal investments as provided by Section 21-10-07.

The principal balance in the fund on December 8, 1988, was $401,849.

Senate Bill No. 2009 (1989) transferred $1,480,000--$740,000 on July 1, 1989, and $740,000 on July 1, 1990--from the state general fund to the veterans' postwar trust fund. The bill also appropriated up to $274,000 of investment income earned on the veterans' postwar trust fund balance to the Veterans' Home for its

operating costs. Because of net budget reductions during the 1989-91 biennium, the transfer from the general fund to the veterans' postwar trust fund for the 2nd year of the 1989-91 biennium was reduced by $95,005, from $740,000 to $644,995.

Senate Bill No. 2001 (1991) transferred $1,575,005 from the general fund to the veterans' postwar trust fund during the 1991-93 biennium. This amount restored the $95,005 which was not transferred during the 1989-91 biennium because of net budget reductions. Because of budget allotments ordered by the Governor during the 1991-93 biennium, the transfer from the general fund to the veterans' postwar trust fund for the 2nd year of the 1991-93 biennium was reduced by $5,670, from $740,000 to $734,330.

House Bill No. 1001 (1993) transferred $745,670 from the general fund to the veterans' postwar trust fund during the 1993-95 biennium. This was the final transfer required by the initiated measure and included $5,670 to restore the reduction made during the 1991-93 biennium because of budget reductions.

1996 Initiated Constitutional Measure No. 4

Initiated Constitutional Measure No. 4, approved by the voters in the November 1996 general election, created the following new section to Article X of the Constitution of North Dakota:

> The veterans' postwar trust fund shall be a permanent trust fund of the state of North Dakota and shall consist of moneys transferred or credited to the fund as authorized by legislative enactment. Investment of the fund shall be the responsibility of the state treasurer who shall have full authority to invest the fund only in the same manner as the state investment board is authorized to make investments. All income received from investments is to be utilized for programs which must be of benefit and service to veterans, who are defined by legislative enactment, or their dependents, and such income is hereby appropriated to the administrative committee on veterans' affairs on a continuing basis for expenditure upon those programs selected at the discretion of the administrative committee on veterans' affairs.

House Bill No. 1468 (2011)

The Legislative Assembly in House Bill No. 1468 (2011) amended Section 37-14-14 to provide that all income earned in a biennium is appropriated to the Administrative Committee on Veterans' Affairs on a continuing basis in the following biennium, and not in the biennium in which it is earned, for authorized programs.

House Bill No. 1439 (2013)

The Legislative Assembly in House Bill No. 1439 (2013) provided $250,000 from the general fund to increase the principal balance of the veterans' postwar trust fund.

House Bill No. 1360 (2015)

The Legislative Assembly in House Bill No. 1360 (2015) created Section 39-04-10.15 to require an initial fee of $25 for patriotic license plates, of which $20 is deposited in the highway tax distribution fund and $5 is deposited in the veterans' postwar trust fund. The revenue deposited in the veterans' postwar trust fund must be added to the principal of the fund.

Senate Bill No. 2183 (2017)

The Legislative Assembly in Senate Bill No. 2183 (2017) created Section 37-18-15 to establish a commemorative memorial coin program to provide commemorative memorial coins to a family member of a deceased North Dakota veteran during military funeral honors and to allow for the purchase of commemorative memorial coins from the Department of Veterans' Affairs. The bill provided legislative intent that the Administrative Committee on Veterans' Affairs considering providing funding from the veterans' postwar trust fund to the department for the purpose of funding at least 4,000 commemorative memorial coins during the 2017-19 biennium.

House Bill No. 1131 (2019)

The Legislative Assembly in House Bill No. 1131 (2019) amended Section 37-18-12 to allow the Department of Veterans' Affairs to accept private donations, gifts, grants, or bequests that benefit or service North Dakota veterans, which are available to the department pursuant to continuing appropriation authority.

House Bill No. 1248 (2019)

The Legislative Assembly in House Bill No. 1248 (2019) created Section 57-38-34.7 to allow an individual to make a contribution to the veterans' postwar trust fund on the individual's income tax return for taxable years beginning after December 31, 2018. The Tax Commissioner is required to transfer the contributions to the State Treasurer for deposit in the veterans' postwar trust fund.

House Bill No. 1211 (2021)

The Legislative Assembly in House Bill No. 1211 (2021) expanded the State Treasurer's ability to invest funds of the veterans' aid fund and the income from the veterans' postwar trust fund by allowing investment in assets not held by the Bank of North Dakota.

Housing Authority of
CASS COUNTY

805 Sheyenne Street
West Fargo, ND 58078
(phone & TTD) 701-282-3443
(fax) 701-282-4331
casscountyhousing.org
info@casscountyhousing.org

Testimony in support of HB 1014
Senate Appropriations – Education and Environment Division
Chairman: Senator Ronald Sorvaag
03/08/2023

Submitted by: Derek Johnson, Executive Director
Housing Authority of Cass County and the following affiliated entities:

Pembina County Housing Authority
Richland County Housing Authority
LaMoure County Housing Authority
Traill County Housing Authority
Ransom County Housing Authority
McIntosh County Housing Authority
Stark, McKenzie, and Dunn County Housing Authorities

Chairman Sorvaag and members of the Committee:

My name is Derek Johnson, and I have the privilege of serving as Executive Director of the Housing Authority of Cass County and several rural Housing Authorities throughout the state. The programs we manage provide federal rental assistance to low-income families.

While our agencies receive Federal dollars to provide this rental subsidy, there is a shortage of affordable housing options in nearly every community we work in. In many of the communities we serve, the limited affordable housing options that are available for rent are in dire need of repair and/or replacement. More often than not, the homes that are available to rent in these communities were built closer to 1923 than 2023. And each year that passes, that housing inventory gets another year older and more functionally obsolete.

Further, there are dozens of communities throughout the state that do not have an apartment building that has been constructed in the 21st century. Many communities that do have apartments built in the 1960s, 1970s, and 1980s were constructed without accessible features needed by families and individuals with disabilities. It can be nearly impossible to find accessible housing in dozens of communities throughout North Dakota. With an aging rural population, this is a problem that needs to be addressed sooner rather than later.

The Housing Incentive Fund is a much-needed solution to this problem. HIF allows the Housing Finance Agency to direct much needed dollars for the preservation and new construction of affordable housing specifically where it is needed most. At its core HIF is an investment in infrastructure. The projects that receive HIF awards are required to meet today's updated codes and

accessibility standards. Unlike Federal subsidy dollars, which are consumed on a monthly basis to provide rental assistance, the HIF investment results in an asset to the community which will serve the needs of residents for years to come.

As a recipient of HIF funds I have seen firsthand the life-changing impact of this program. As a participant in the development and construction process, I have also seen firsthand the rising costs of construction, which limit the number of awards that HIF can support. The current and future demand for additional affordable housing far exceeds the current appropriation of $12.5 million. I strongly encourage the committee to consider an increase of the appropriation to $25 million as a critical investment in the state's housing infrastructure. North Dakota residents desperately need this investment in infrastructure, which will have lasting impacts for generations to come.

Respectfully submitted,

Derek Johnson, HCCP
Housing Authority of Cass County

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Lynn D. Helms, Ph.D. Director
Bruce E. Hicks, Assistant Director
Edward C. Murphy, Assistant Director, State Geologist

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. It appoints the State Geologist and Assistant Director of the Oil and Gas Division.

DMR ORGANIZATIONAL STRUCTURE

Department of Mineral Resources Director
Lynn Helms

Oil & Gas Division
Assistant Director (1)
Bruce Hicks

- Field Staff (33)
- Pipeline Program (10)
- Reclamation Program (2)
- Permitting (5)
- Geological Analyst | CCUS (3)
- Logs (3)
- Petroleum Engineering (2)
- Production | Measurement (5)
- UIC | Treating Plants (2)
- Bonding (1)

DMR Support
EGIS Staff Officer (1)
Michael Ziesch

- IT | Data Management (4)
- Administrative Assistants (2)
- Finance | Accounting (3)
- Legal | Hearing Dockets | Orders (2)
- Public Information Officer (1)
- Safety Officer (1)
- Human Resources (1)
- Warehouse Technician (.5)

Geological Survey
Assistant Director, State Geologist (1)
Ed Murphy

- Paleontology (3)
- Geo Reviews | GIS | Publications (4)
- Surface Geology (4)
- Subsurface Geology (2)
- Core Library (3)
- Minerals Geology (1)

Total Oil and Gas = 68

Total DMR Support = 15.5

Total Geological Survey = 18

Total DMR FTEs = 101.5

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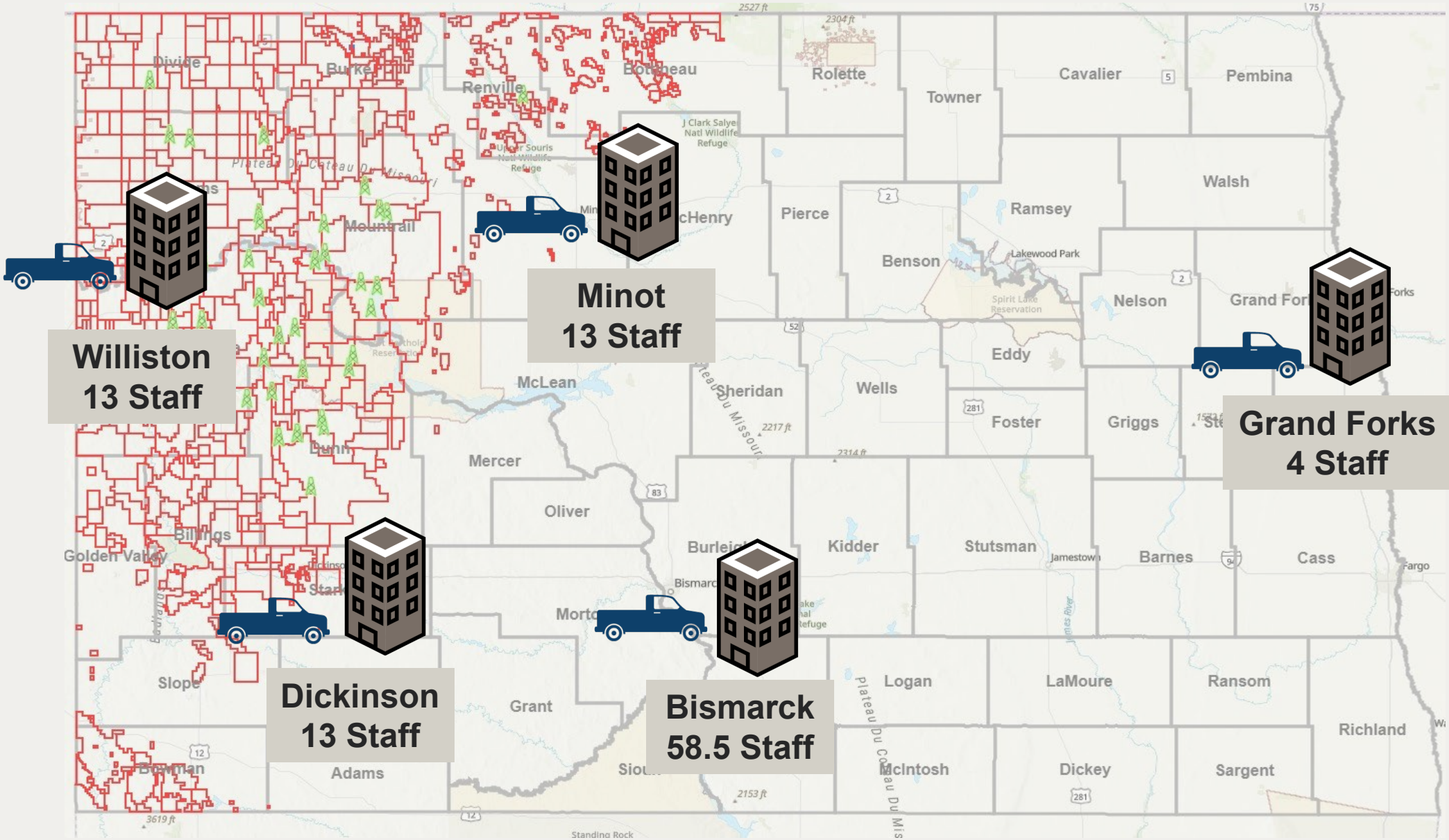
OFFICE LOCATIONS AND TOTAL STAFF



DMR RETENTION & PROFESSIONAL DEVELOPMENT ISSUES

Current Personnel as of 12/31/2022

Years of Service	0-3	4-6	7-10	11-15	16-20	21-25	26-30	30+
FTE	37	5	23.5	18	6	5	2	5
%	36%	5%	23%	18%	6%	5%	2%	5%

Turnover rates do not include inter-agency transfers

Turnover	Total FTE	Total Turnover	Turnover Percent	Classified Turnover	Classified Reason	Unclassified Turnover	Unclassified Reason
2017-19 Biennium	103.6	16	15%	3	1R, 2PS	13	1R, 10PS, 2D
2019-21 Biennium	105.5	17	16%	1	1R	16	7R, 9PS
2021-23 Biennium	101.5	18	18%	3	1R, 1PS, 1D	15	3R, 12PS

Key:
R=Retirement
PS=Private Sector
D=Death

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Oil & Gas Agency Overview

NORTH DAKOTA OIL AND GAS DIVISION

The Oil and Gas Division, headed by the Director, 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 Division facilitates the electronic storage of and provides access to oil and gas production, reservoir, well, and geophysical exploration 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 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 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)

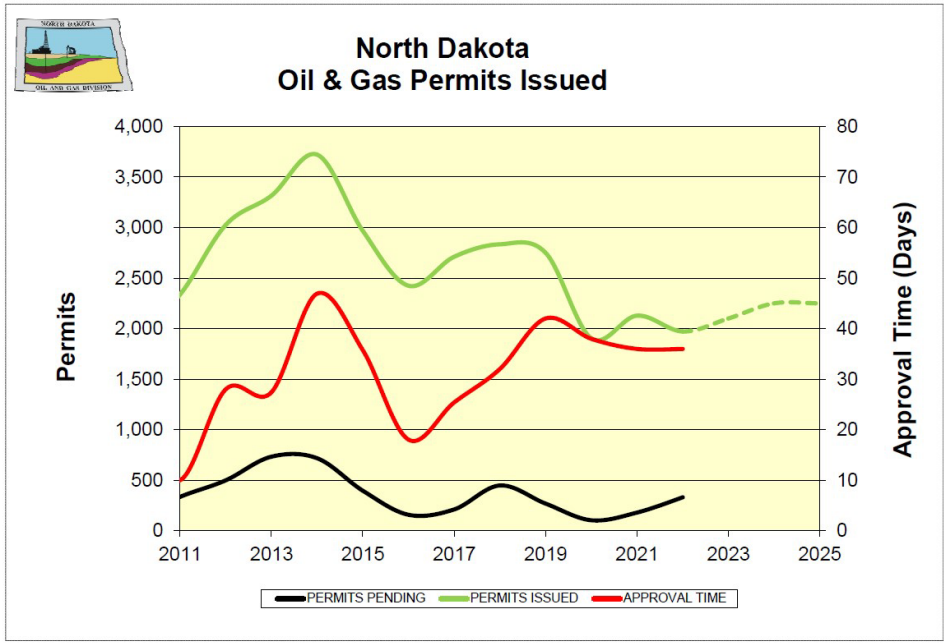
It is in the public interest to promote the geologic storage of carbon dioxide. Doing so will benefit the state and the global environment by reducing greenhouse gas emissions. Doing so will help ensure the viability of the state's coal and power industries, to the economic benefit of North Dakota and 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.

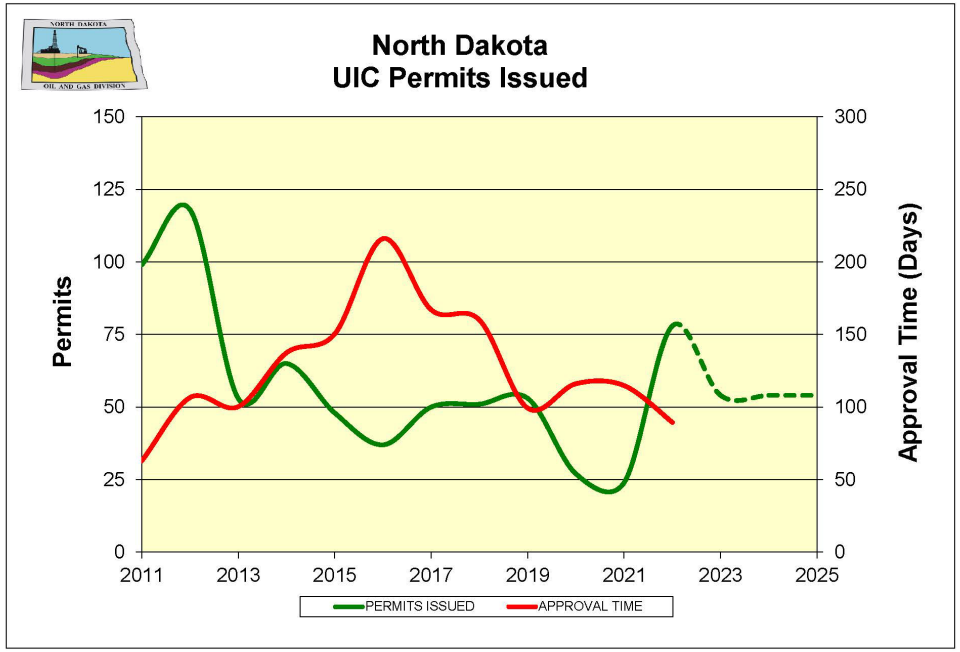
Underground Storage of Oil and Gas (NDCC 38-25-08)

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.





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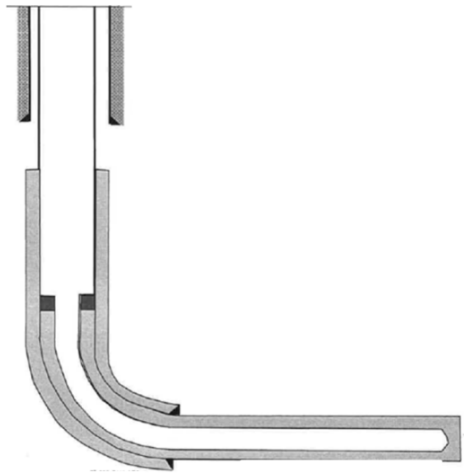
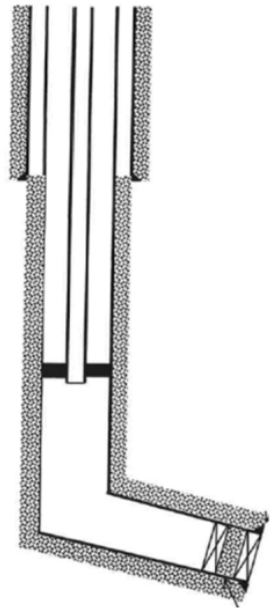
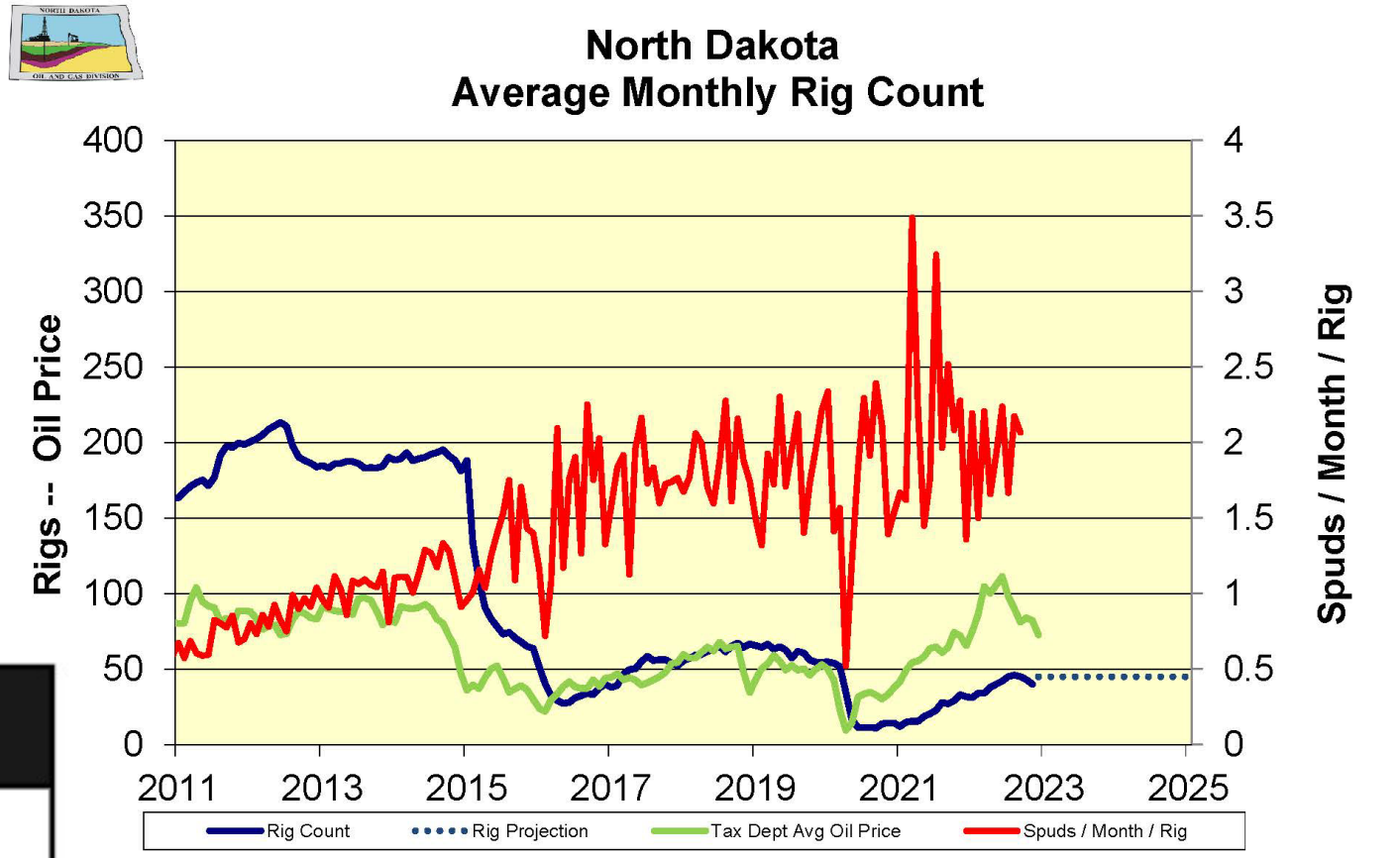
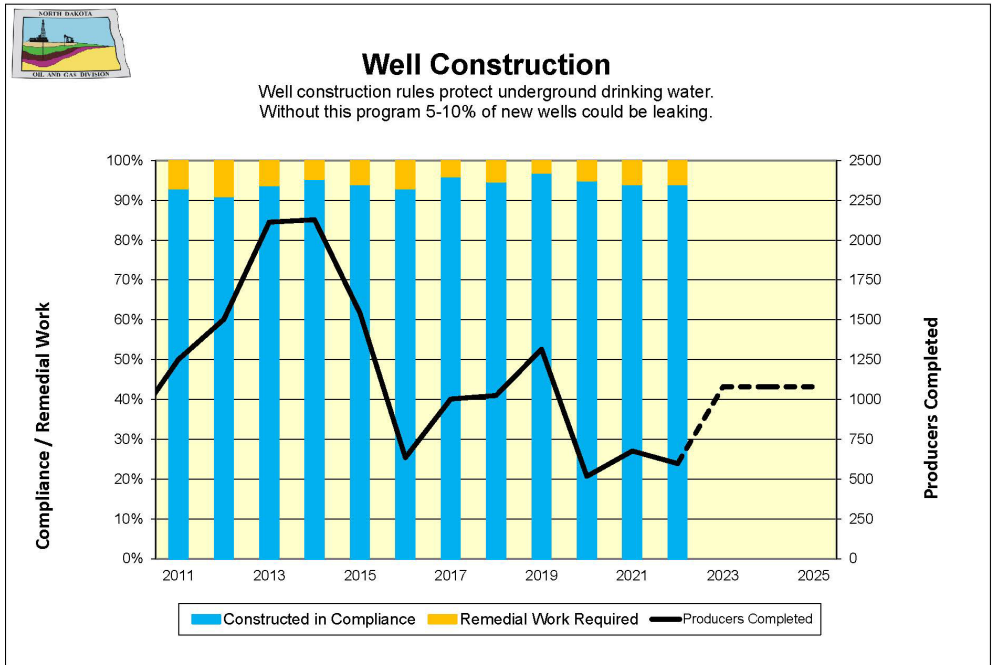
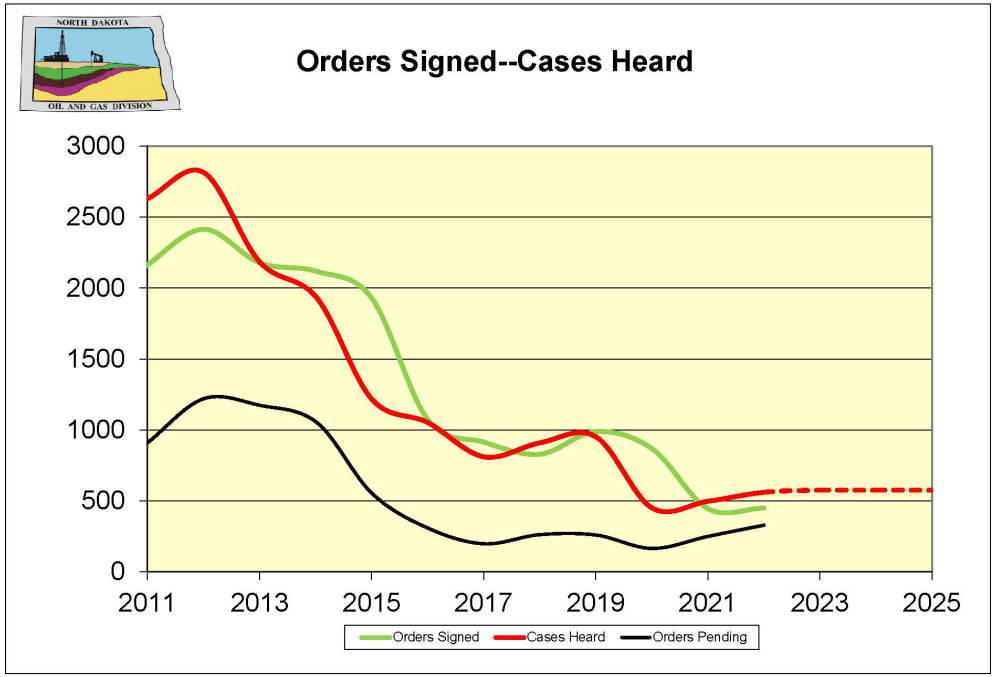


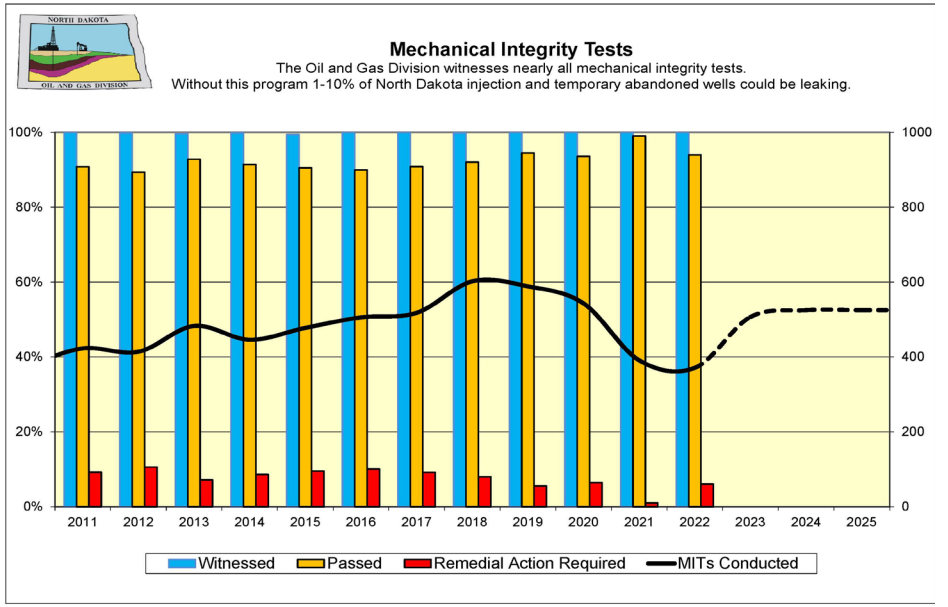


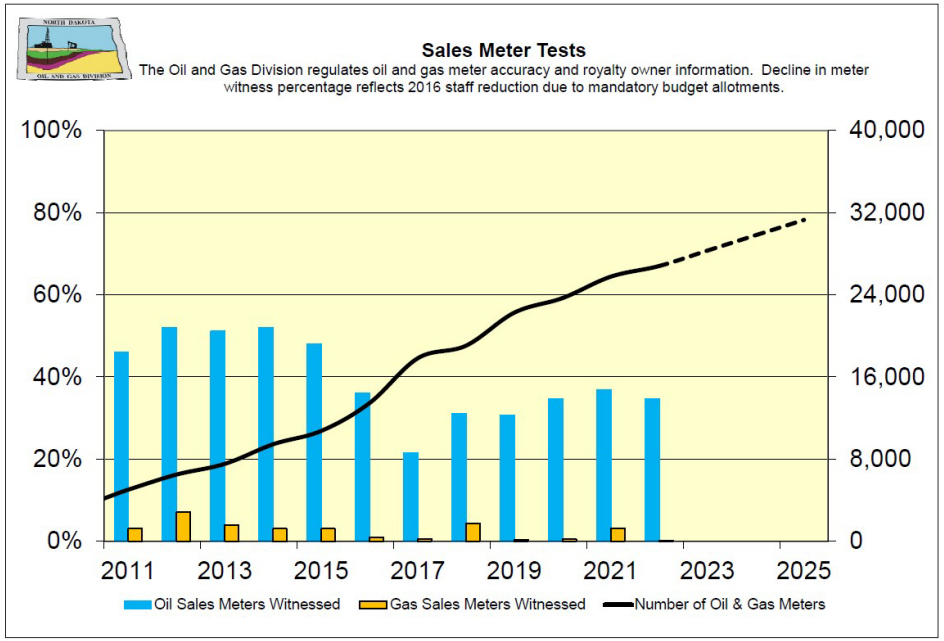
Statistics	2021	2022
Wells Waiting On Completion	475	489
Inactive Wells	1,975	1,886
Wells Completed	677	597
Producings Wells	17,953	18,197



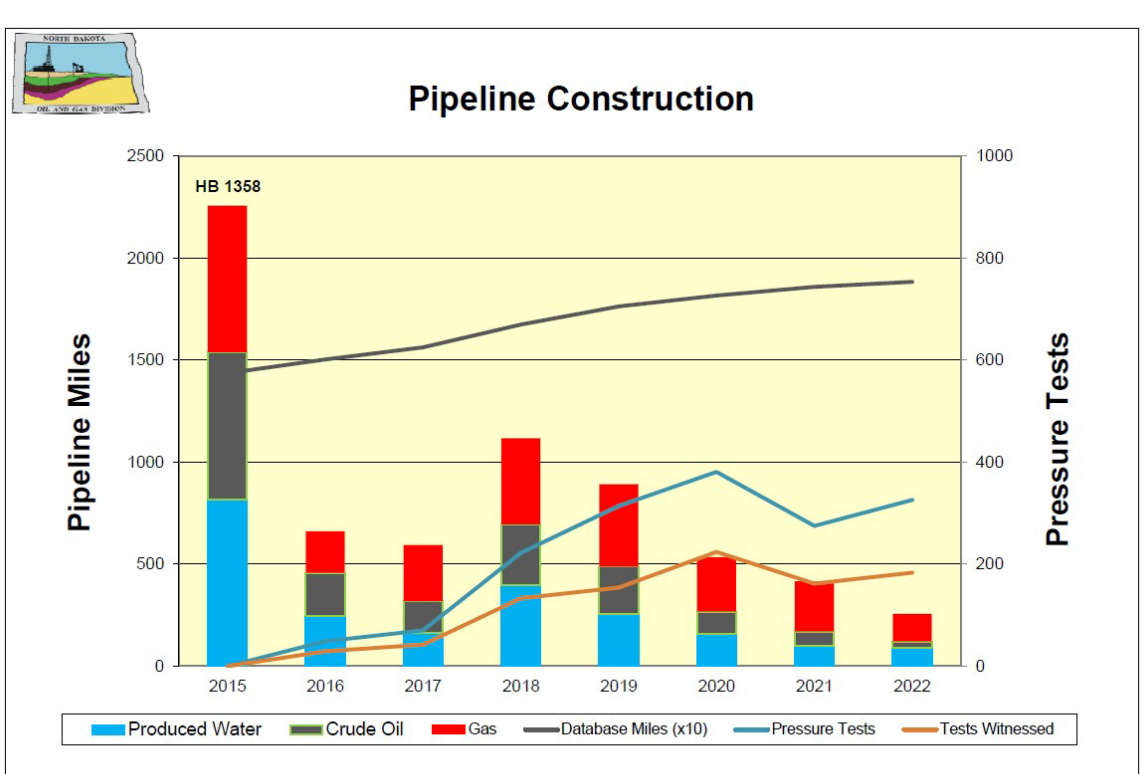

Well Construction
Well construction rules protect underground drinking water.
Without this program 5-10% of new wells could be leaking.
Compliance / Remedial Work
Producers Completed
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
2500
2250
2000
1750
1500
1250
1000
750
500
250
0
2011
2013
2015
2017
2019
2021
2023
2025
Constructed in Compliance
Remedial Work Required
Producers Completed


Orders Signed--Cases Heard
3000
2500
2000
1500
1000
500
0
2011
2013
2015
2017
2019
2021
2023
2025
Orders Signed
Cases Heard
Orders Pending


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.
100%
80%
60%
40%
20%
0%
1000
800
600
400
200
0
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
Witnessed
Passed
Remedial Action Required
MITs Conducted


Sales Meter Tests
The Oil and Gas Division regulates oil and gas meter accuracy and royalty owner information. Decline in meter witness percentage reflects 2016 staff reduction due to mandatory budget allotments.
100%
80%
60%
40%
20%
0%
40,000
32,000
24,000
16,000
8,000
0
2011
2013
2015
2017
2019
2021
2023
2025
Oil Sales Meters Witnessed
Gas Sales Meters Witnessed
Number of Oil & Gas Meters

D4H LGP
CATERPILLAR


Pipeline Construction
HB 1358
Pipeline Miles
Pressure Tests
2500
2000
1500
1000
500
0
1000
800
600
400
200
0
2015
2016
2017
2018
2019
2020
2021
2022
Produced Water
Crude Oil
Gas
Database Miles (x10)
Pressure Tests
Tests Witnessed

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 128 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 Inyan Kara Formation for produced water disposal, 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)

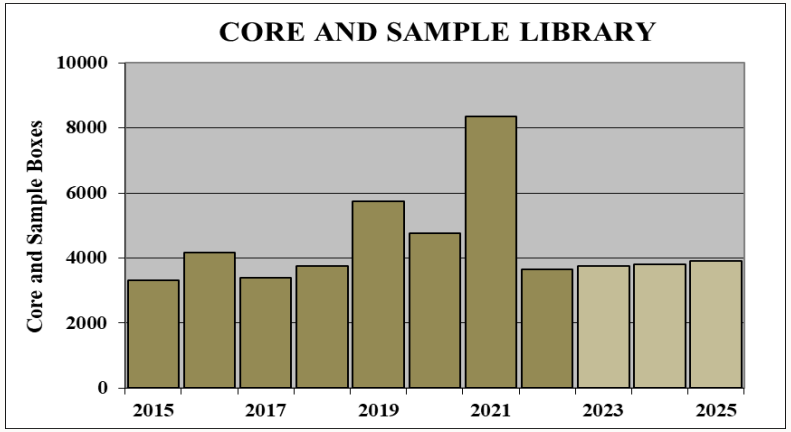
High-Level Radioactive Waste Disposal (NDCC 38-23)
The exploration, testing, placement, storage, or disposal of high-level radioactive waste is prohibited in North Dakota. If this prohibition is struck from the law, a permit is required before any testing, exploring, excavating, drilling, boring or operating of a high-level radioactive waste facility can commence.

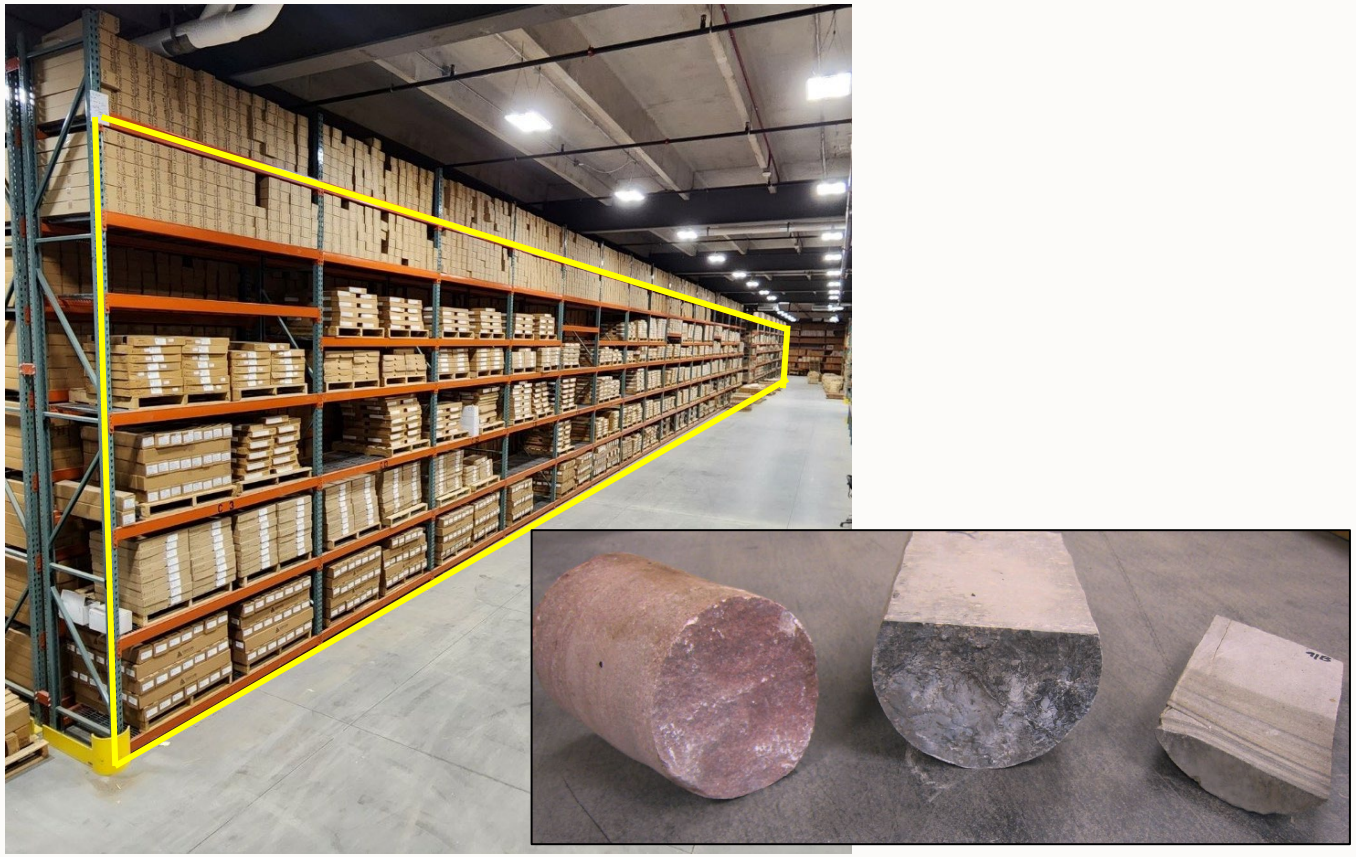
High-Level Radioactive Waste (NDAC 43-02-13)

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.

WILSON M. LAIRD CORE AND SAMPLE LIBRARY

Geological Survey – Subsurface Section



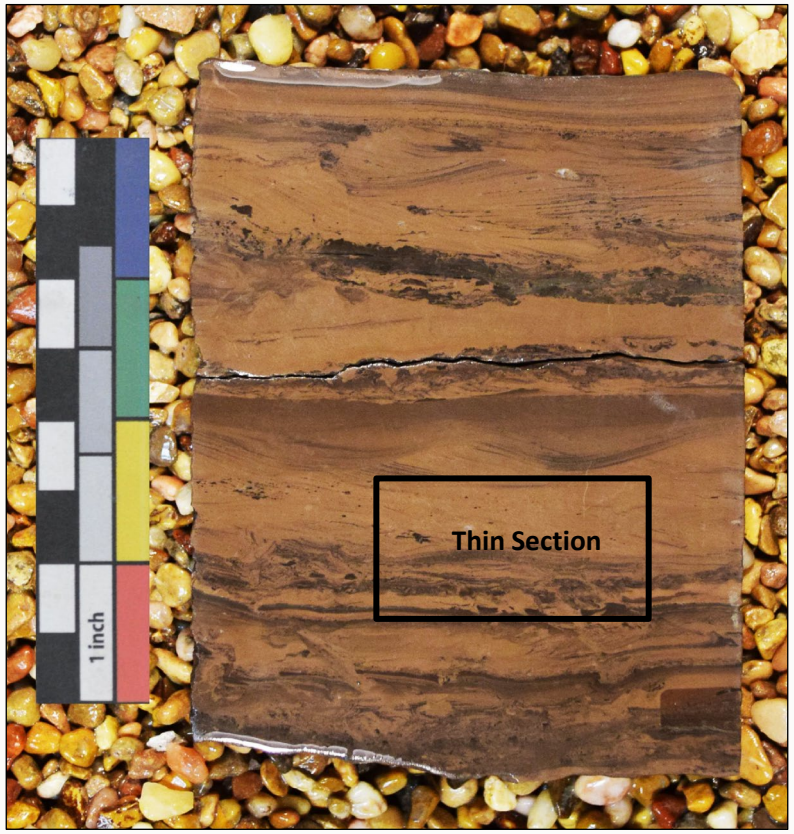


Upper Left: Expansion of the Wilson M. Laird Core and Sample Library was completed in 2016. The core library contains 59,000 sample boxes and 170,000 core boxes. Lower left: Roughly 900, three-foot sample boxes (11 bins) and 9,000 core boxes (289 bins) were received into the core library this biennium (equal to all of the boxes within the yellow rectangle in the photograph on the right). Inset photo: (left to right) whole core, large slab or butts, and thin slab or curator (rocker) set.

CORE AND THIN SECTION PHOTOGRAPHY PROGRAM

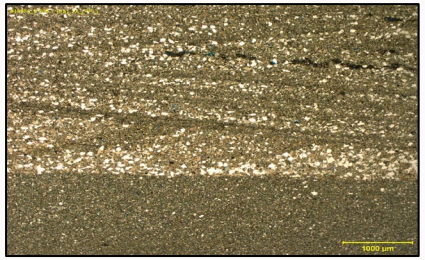
Wilson M. Laird Core and Sample Library

Geological Survey – Subsurface Section

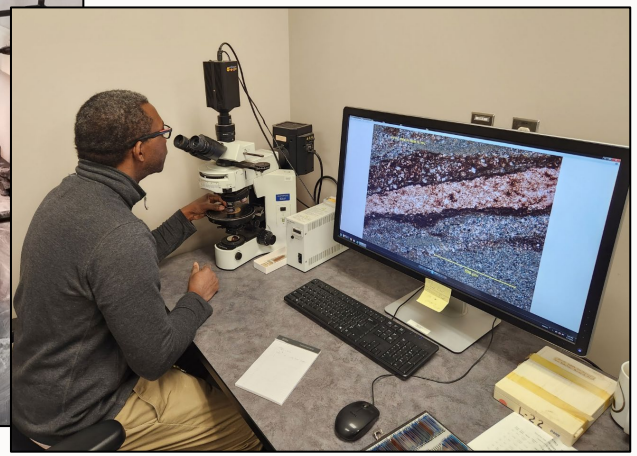


Core of the Three Forks Formation at a depth of 10,865 feet in Dunn County.

Total core (one set) in the core library =	486,000 feet (92 mi.)
Total photographed =	223,065 feet (46%)
Core photographs =	344,875
Total thin sections in the core library =	19,486
Thin section photographs =	143,252
Total photographs on website =	**488,127**



Coarser grains and cross-bedding indicative of higher energy deposition in the upper half of a thin section from the Three Forks Formation at a depth of 9,785 feet in Williams County.



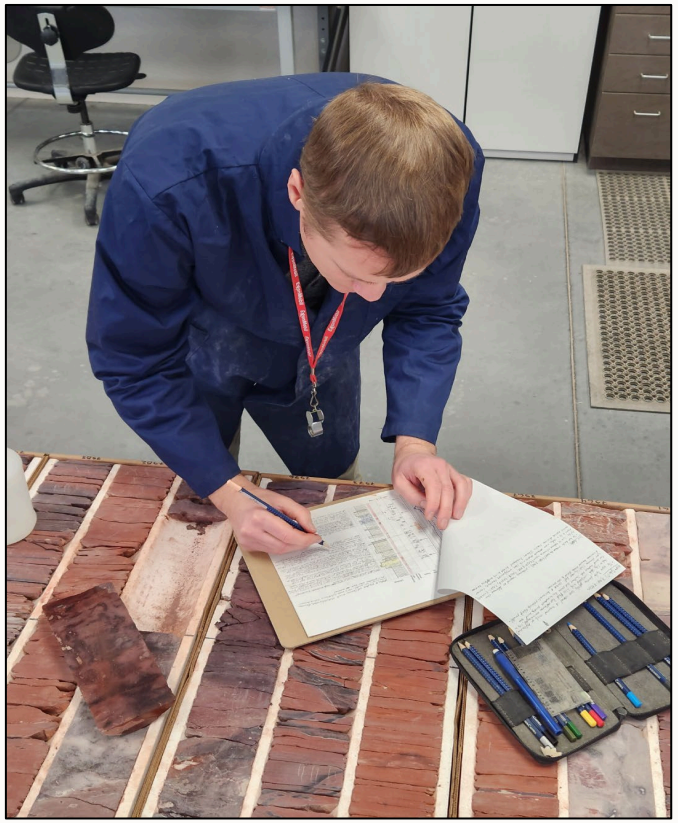
UND students (Survey temps) photographing core (left) and thin sections (below).

Historically, we have hired University of North Dakota geology and geological engineering students, working 5 - 10 hours per week, to photograph the cores and thin sections.

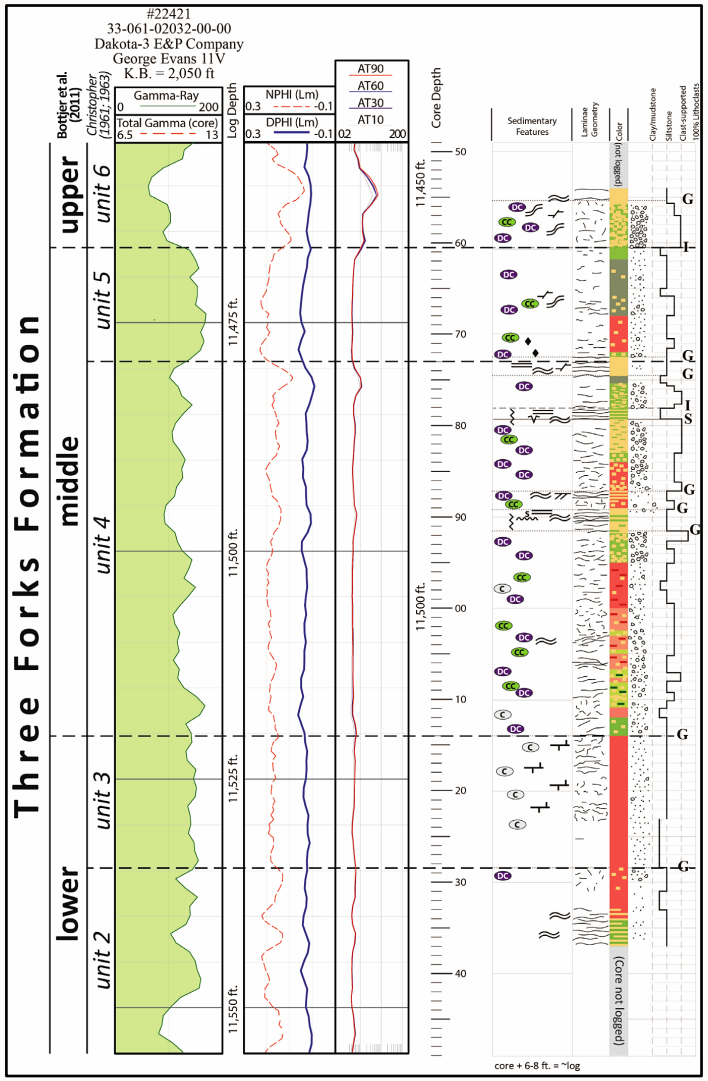
CORE STUDIES AND CORE WORKSHOPS

Wilson M. Laird Core and Sample Library

Geological Survey – Subsurface Section



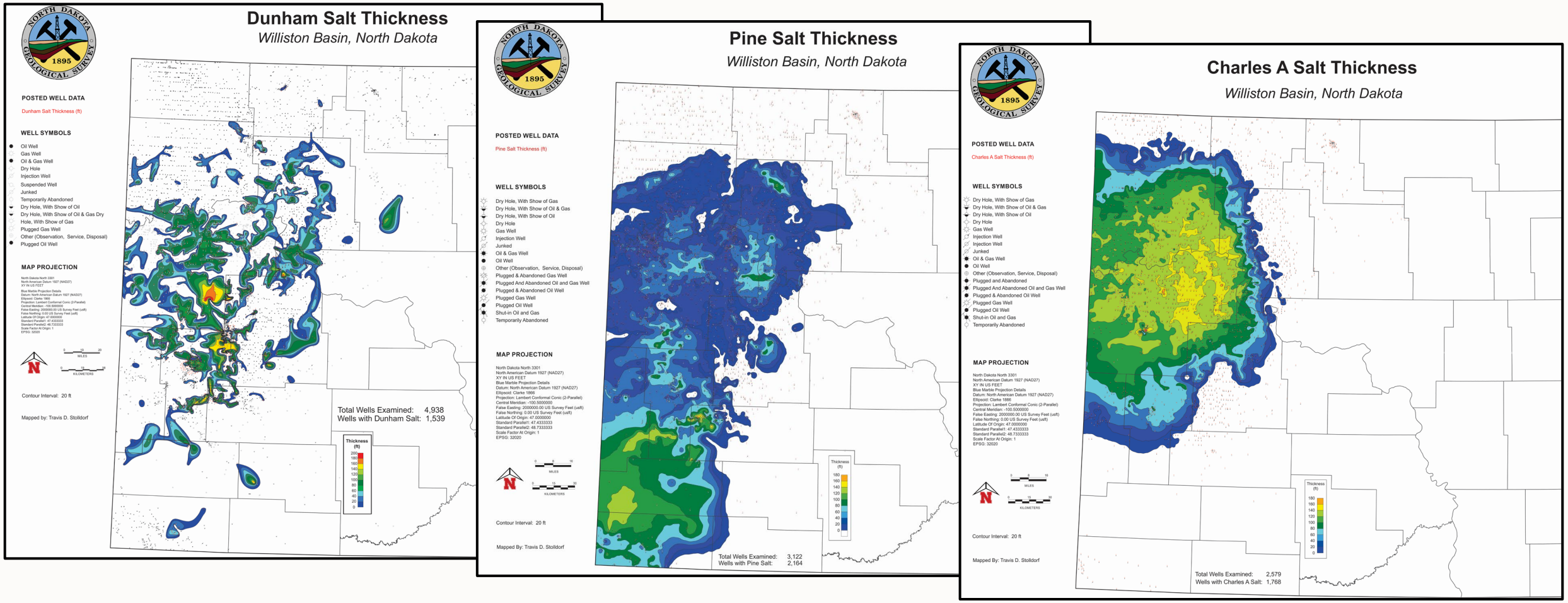
Above: Subsurface geologist Tim Nesheim describes core for a Geological Survey report on the Middle Three Forks Formation. Right: A figure from the Three Forks Formation report.



We have held two core workshops this biennium (Aug. 9-13, 2021 and Sept. 10 and 11, 2022) with a third core workshop scheduled for the RMS AAPG Conference on June 3 and 4 in Bismarck.

ELECTRIC LOG STUDIES

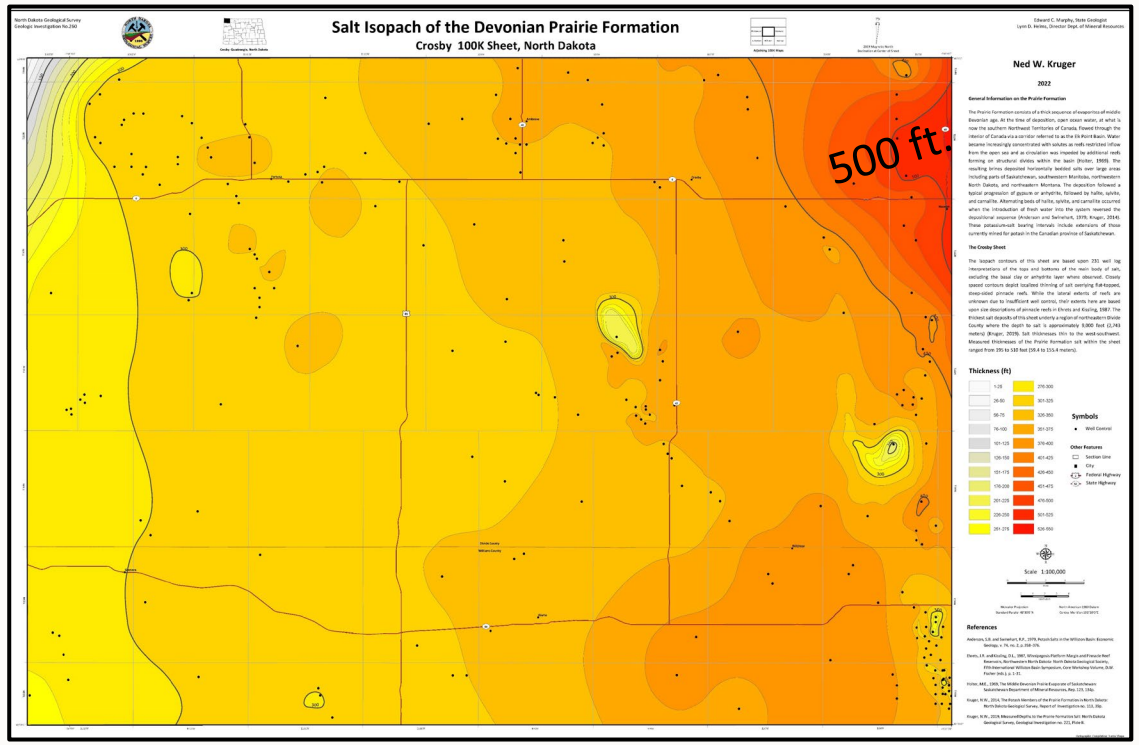
Geological Survey – Subsurface Section

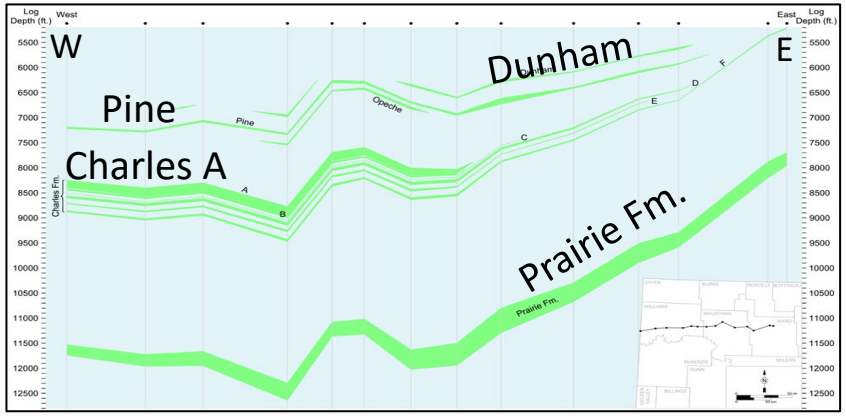


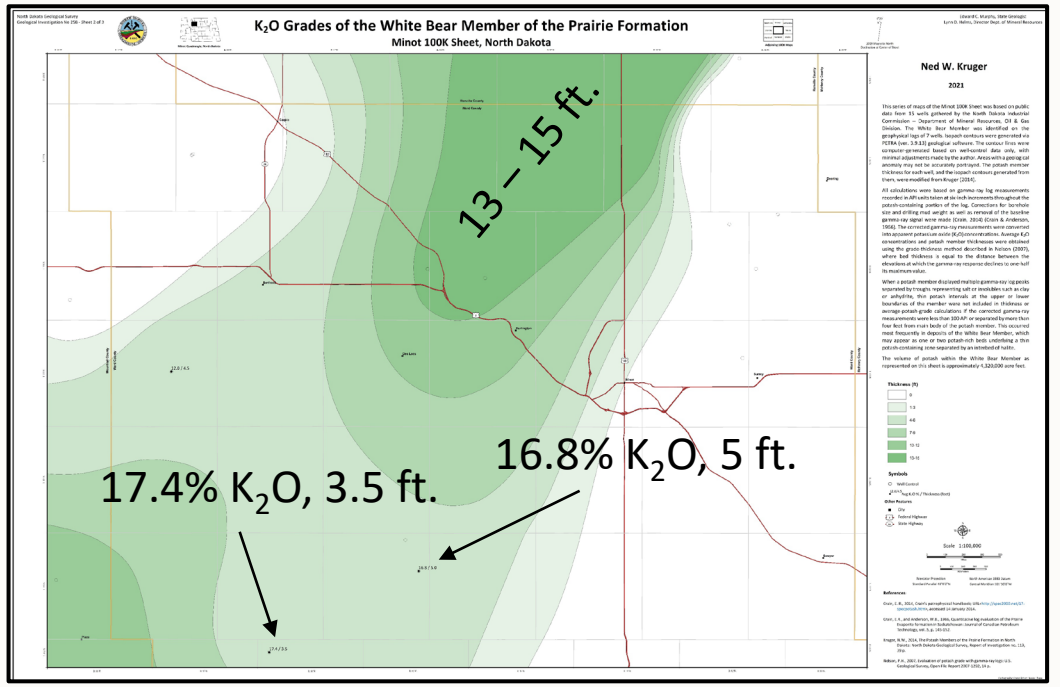
To generate these salt thickness maps and the accompanying depth maps, we interpreted the geology of 10,639 electric logs.

POTASH PROJECT

Geological Survey – Minerals Section



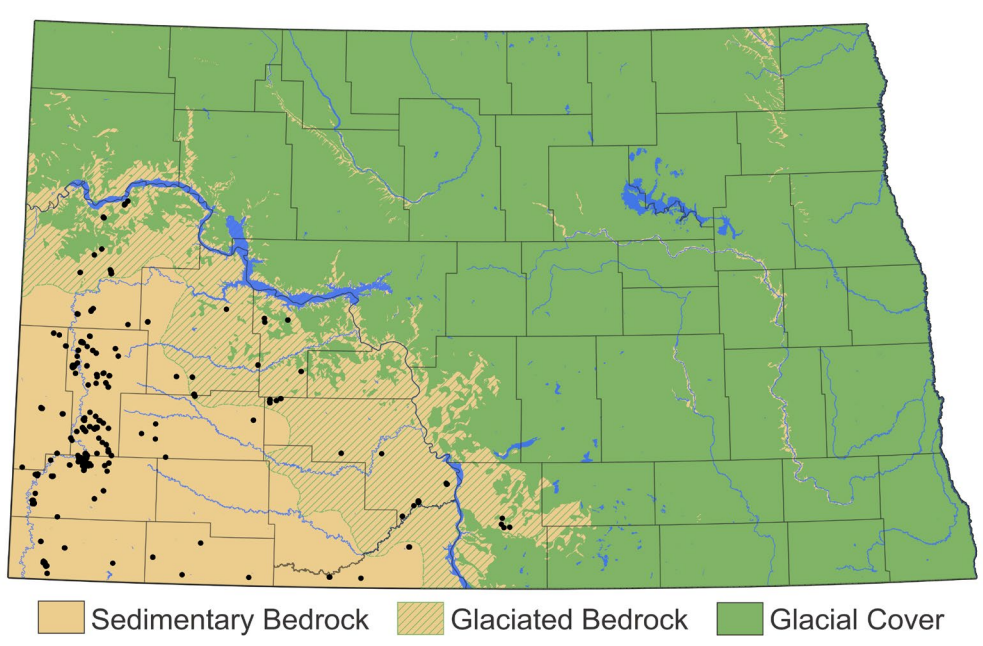


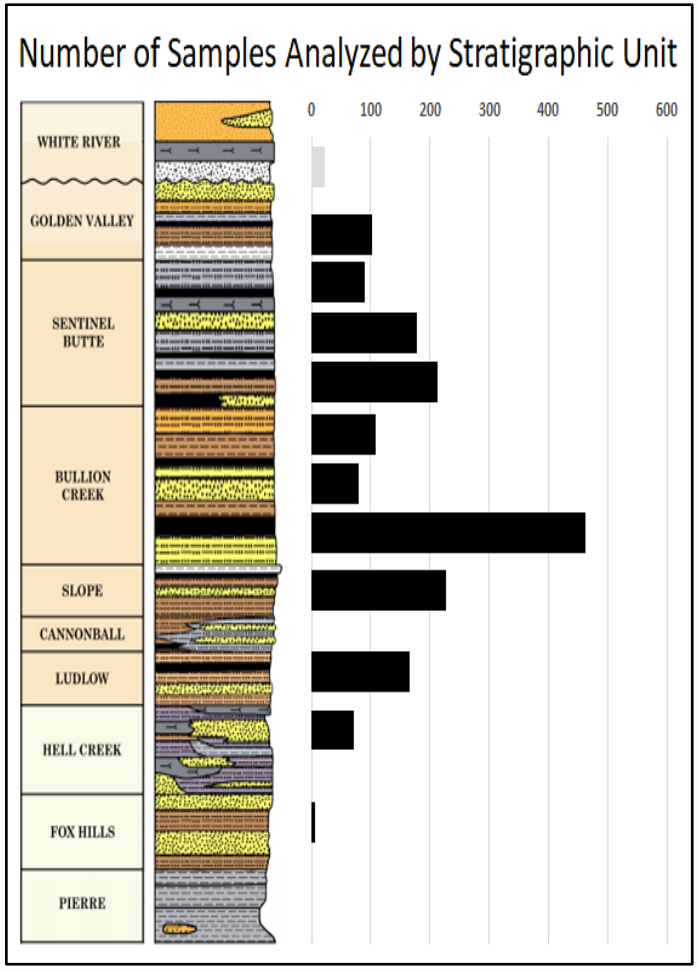


Above: One of five Prairie Formation isopach (thickness) maps published this biennium, this one is the Crosby 100k map sheet. Lower right: Potassium oxide percentages plotted on an isopach map of the White Bear Member (one of six potash members in ND) of the Prairie Formation for the Minot 100k map sheet.

CRITICAL MINERALS PROJECT (2015 to Present)

Geological Survey – Surface Section & Minerals Section

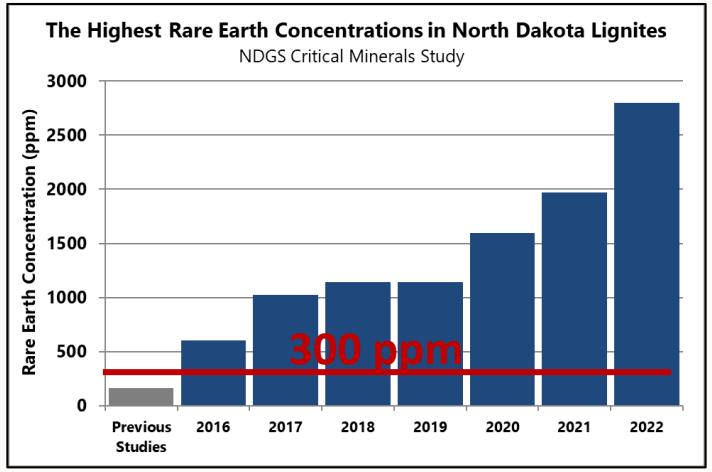


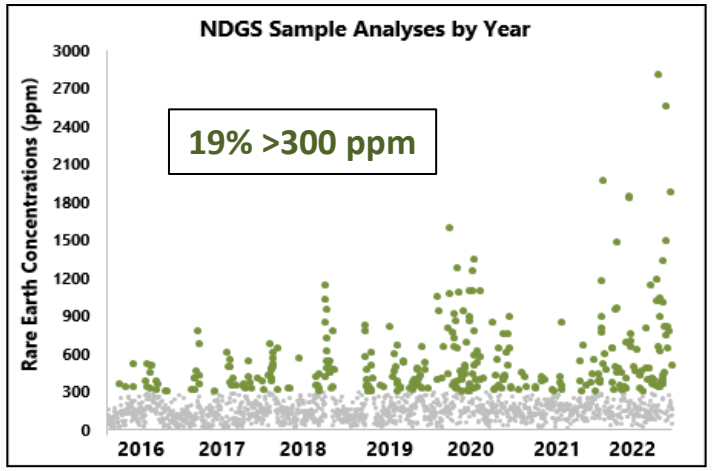


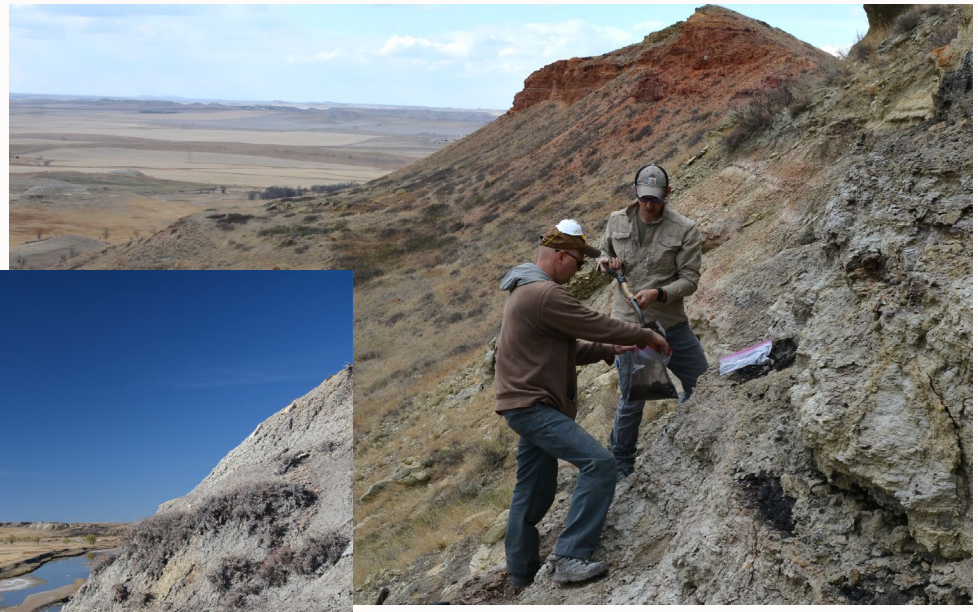
Upper left: The location of the 306 measured sections and sample localities (black dots) in western and south-central ND (74 geologic sections measured, 407 samples collected and 372 analyzed so far this biennium). Right: Stratigraphic column of rocks exposed at the surface in western North Dakota and the number of rock samples obtained by formation. Photos: Collecting rock samples using a modified hand drill and with a pick and shovel.

CRITICAL MINERALS PROJECT

Geological Survey – Surface Section & Minerals Section







Upper left: When the Geological Survey study began, 169 ppm was the highest recorded concentration of rare earth elements in a ND lignite, we have increased that to 2,800 ppm. Lower left: 19% of our samples have exceeded 300 ppm (the US Department of Energy's estimated economic threshold for rare earth elements in coal). Middle: Collecting lignite samples from the Slope Formation along the Little Missouri River in Golden Valley County in 2022. Right: Collecting lignite samples at Sentinel Butte in Golden Valley County in 2021.

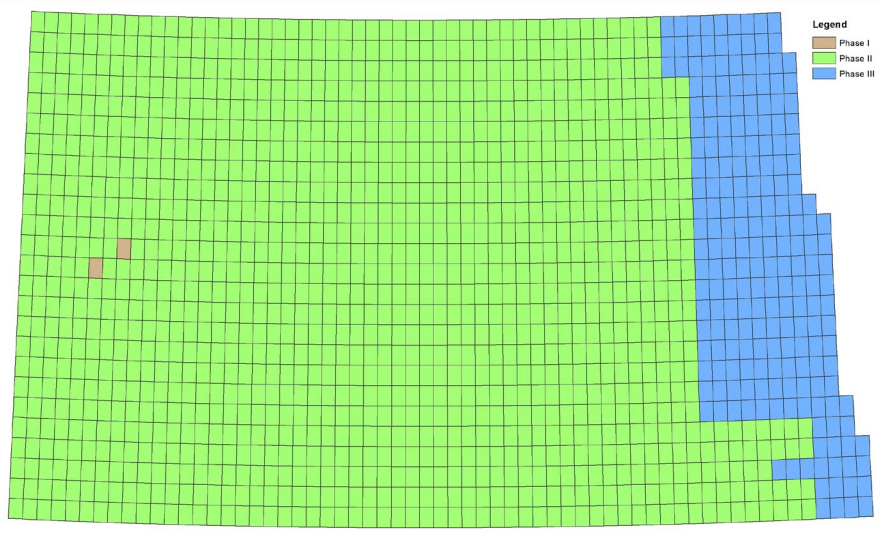
CRITICAL MINERALS PROJECT

Proposed Drilling Project

Geological Survey – Surface Section & Minerals Section

LANDSLIDE PROGRAM

Geological Survey – Surface Section

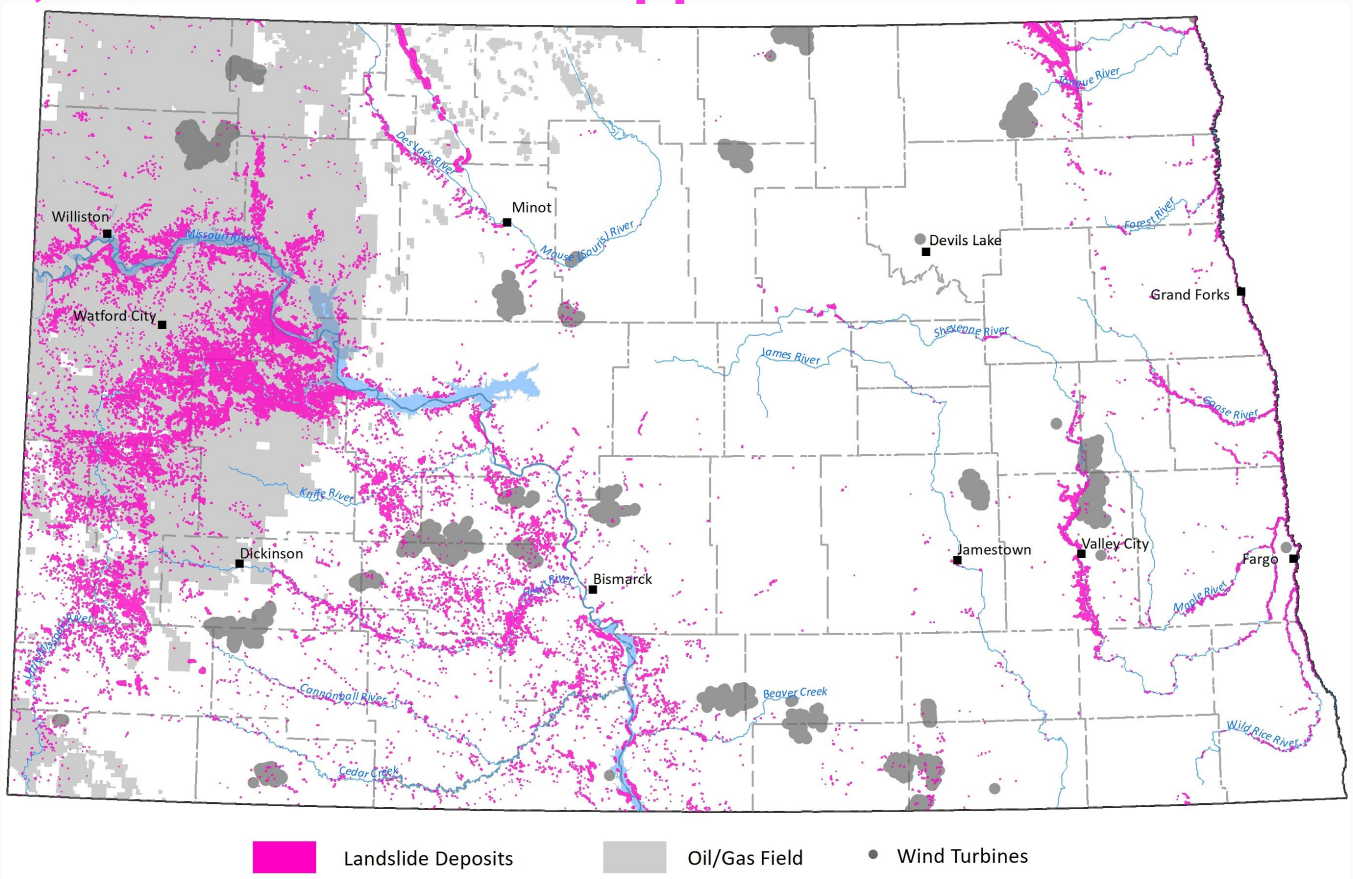


Phase I landslide maps (tan): from stereopair aerial photographs.

Phase II landslide maps (green): from stereopair aerial photographs, LiDAR, Google Earth imagery.

Phase III landslide maps (blue): LiDAR coverages from 2008 compared and contrasted to 2018, etc.

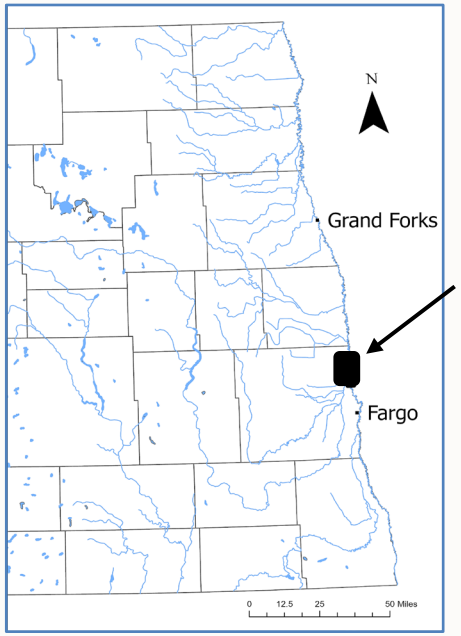
55,230 Landslides Mapped in North Dakota

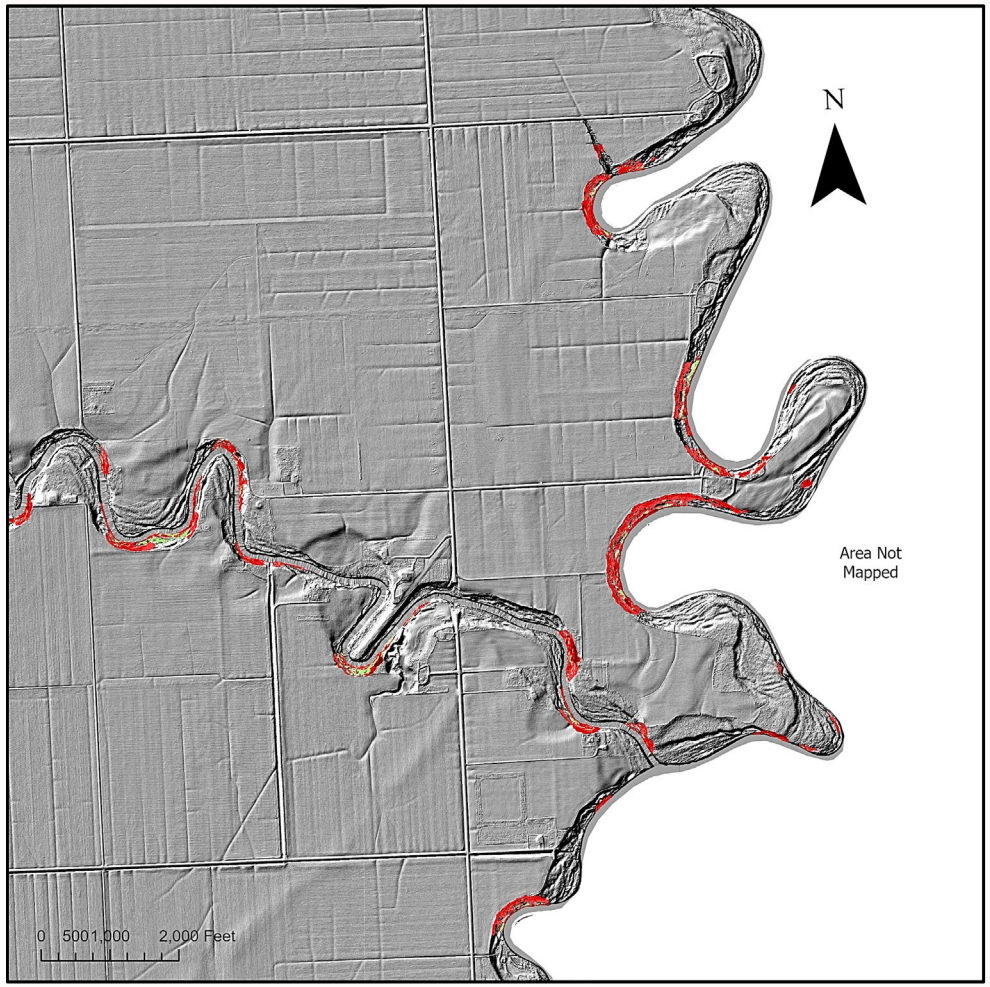


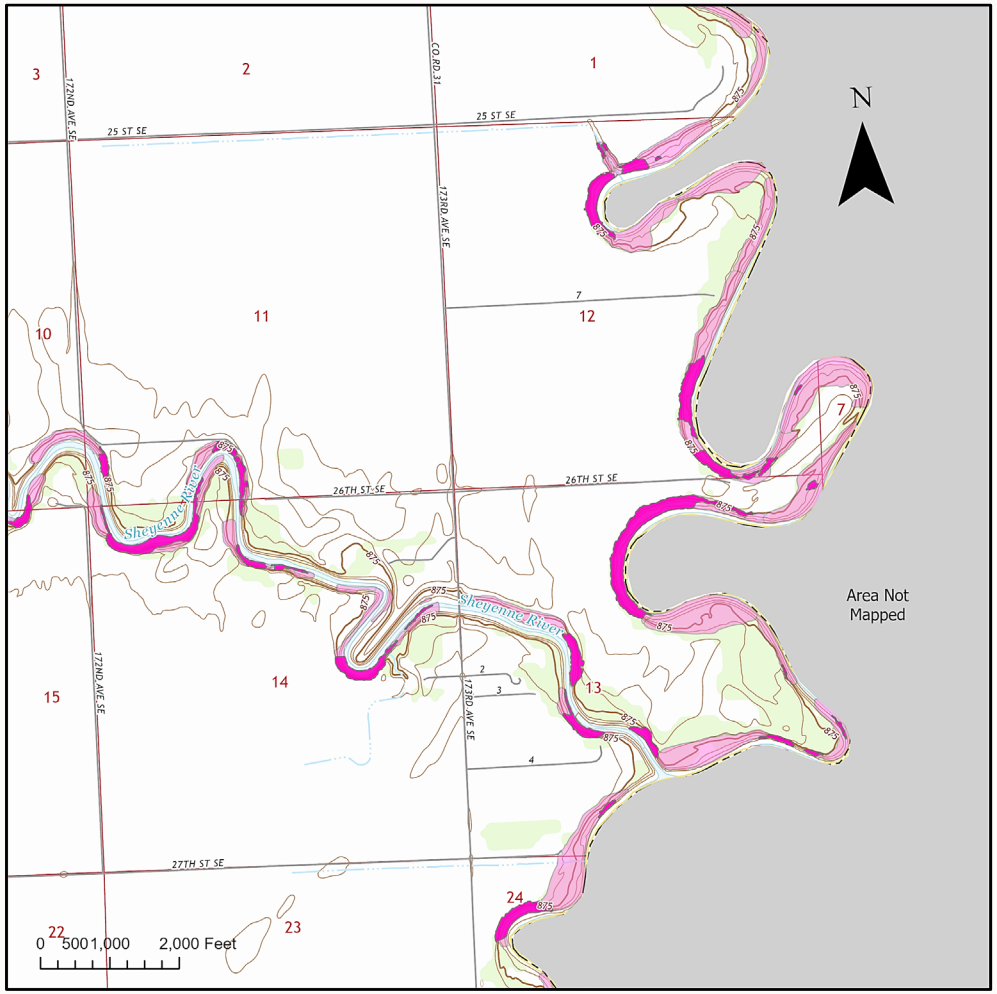
Upper left: A total of 464 landslide quadrangles have been mapped so far this biennium (256 Phase II maps and 208 Phase III maps). The remaining Phase I landslide maps have been converted and are in the process of being published – making North Dakota the first state in the nation to map all of its landslides using LiDAR. Half of the Phase II maps should be converted to Phase III by the end of the 2023 – 2025 biennium. Right: To date, the Geological Survey has mapped 55,230 landslides at a scale of 1:24,000.

PHASE III LANDSLIDE MAPS

Geological Survey – Surface Section



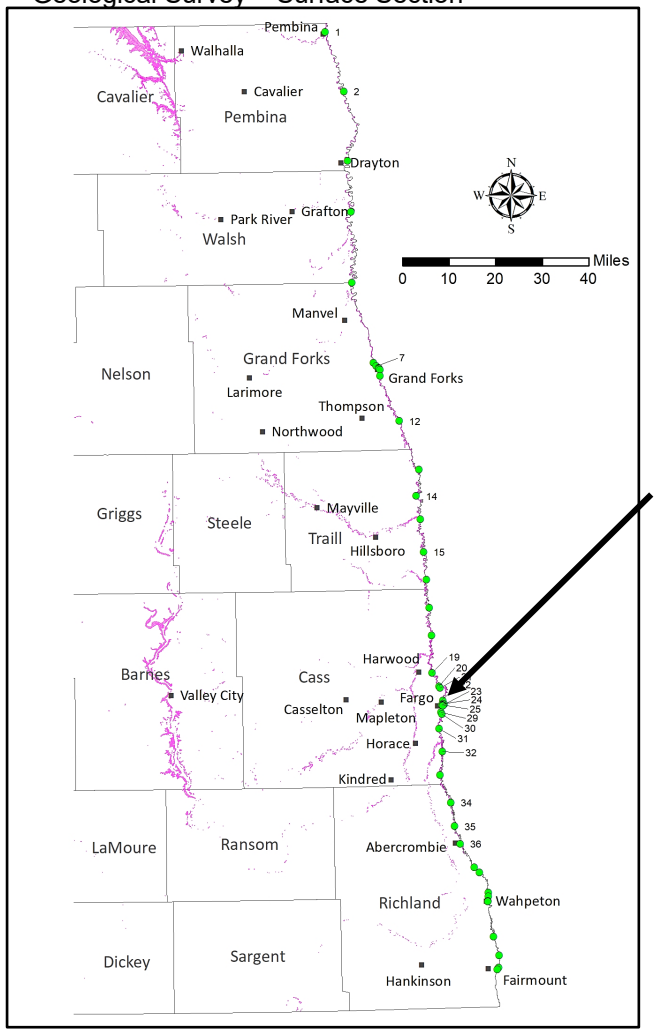


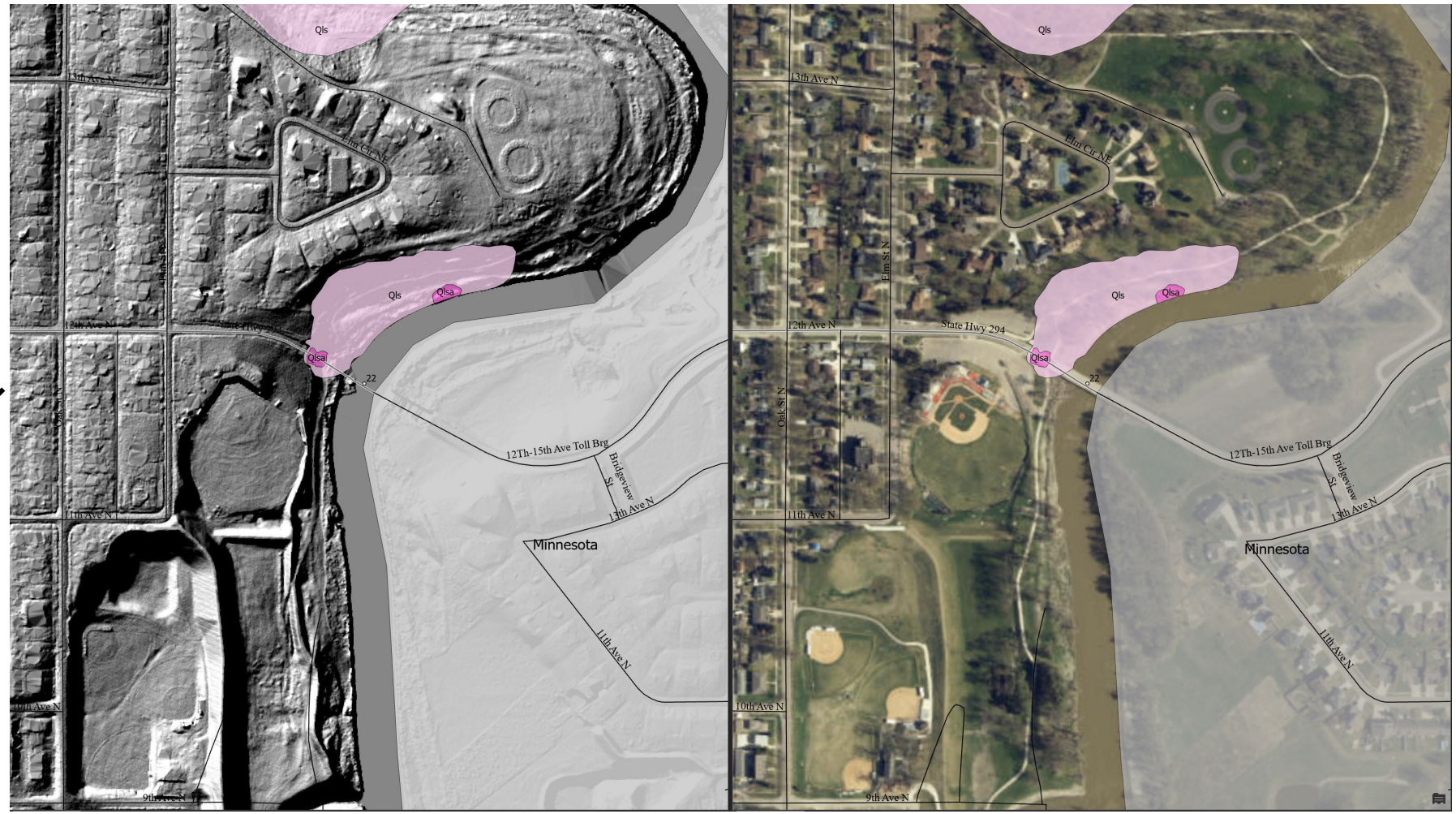


Left: Map of eastern North Dakota. Center: A hillshade map constructed from LiDAR depicting landslide movement along the Red and Sheyenne Rivers between 2008 and 2018 in either red (for a negative topographic change) or green (for a positive topographic change). Right: The topographic map depicts landslides in pink with slope movement between 2008 and 2018 in dark pink.

PHASE III LANDSLIDE MAPS

Geological Survey – Surface Section

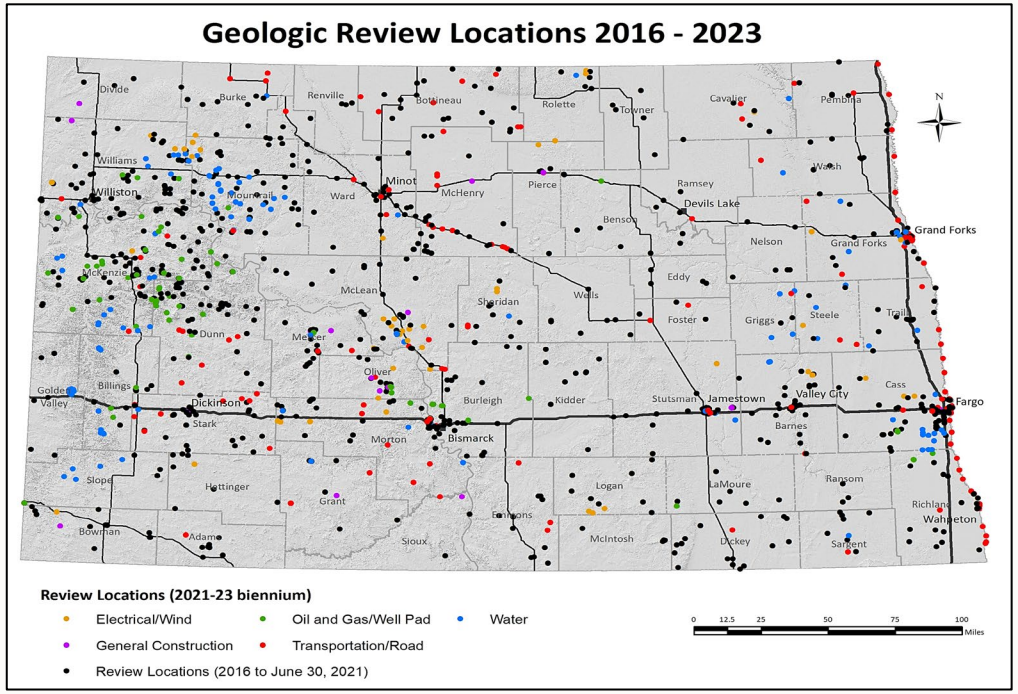


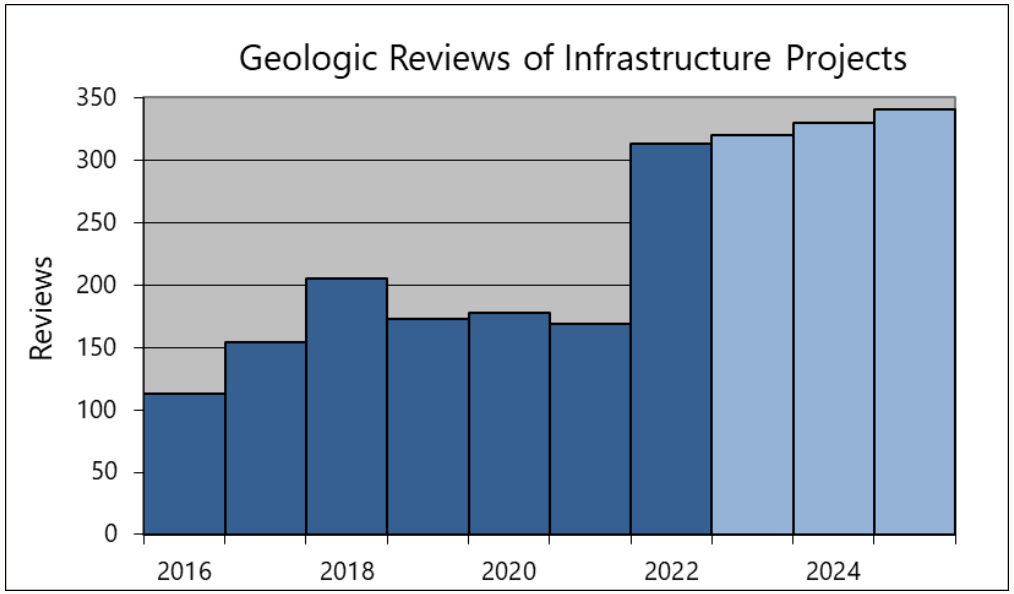


Left: Map of eastern North Dakota, green dots are bridges over the Red River. Center: A hillshade map constructed from LiDAR depicting landslides (pink, Qls) along the North Dakota side of the Red River near the 12th Avenue N bridge. Landslides that had movement between 2008 and 2018 are shown in dark pink (Qlsa). Right: An orthoimage of the same area.

GEOLOGIC REVIEWS OF INFRASTRUCTURE PROJECTS

Geological Survey – Surface Section





Upper left: Since 2016, we have reviewed the geologic suitability of 1,305 infrastructure projects. The majority of these have been road projects. Upper right: So far, we have reviewed the geologic suitability of 445 infrastructure projects during the 21-23 biennium. Photos left to right: highway overpass on 1-29 south of Fargo, sewer installation at Larimore, a wind turbine near Valley City, transmission line replacement near Fargo.

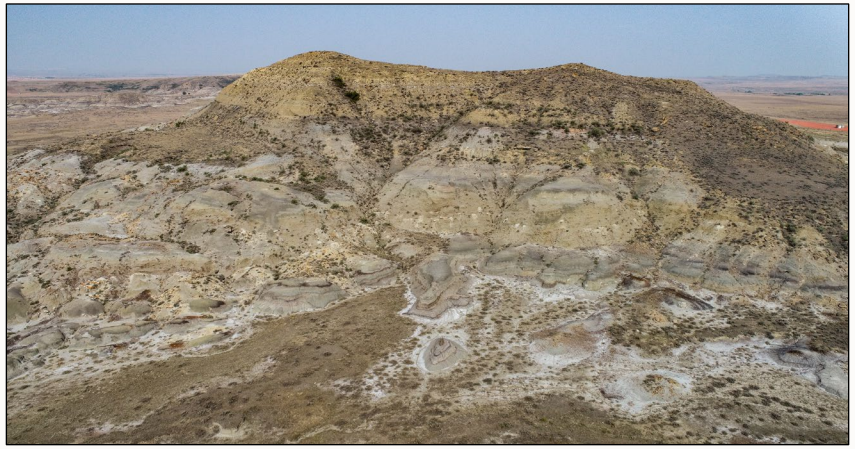
DRONE PROJECTS

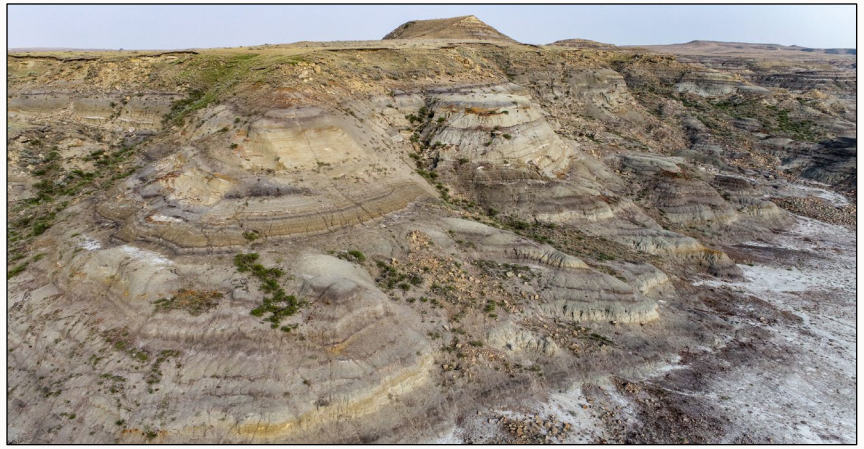
Geological Survey – Surface and Mineral Sections

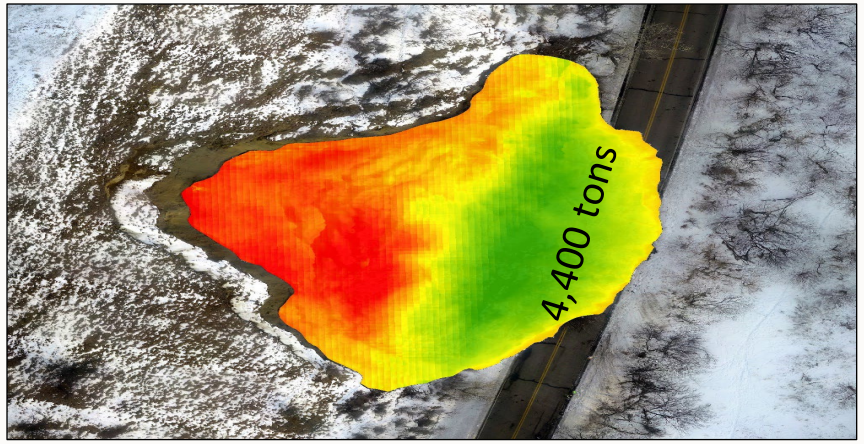
For the past five and a half years, the Geological Survey's two geologists/drone pilots have taken 21,919 drone photographs and 78 videos from 150 sites across the state and generated 68 (orthomosaic and surface elevation) maps with the DJI Phantom 4 Pro platform. We are looking to replace that drone with a DJI Mavic 3 Enterprise drone that can be folded up and placed in a backpack for easy carrying into remote areas.

DRONE PHOTOGRAPHY AND DIGITAL SURFACE MAPS

Geological Survey – Surface Section



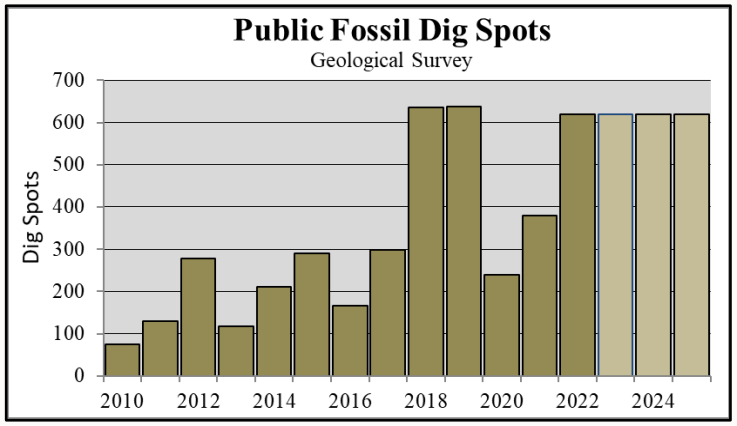




Upper left: Reconnaissance flight across Sunset Butte in Bowman County to determine sampling route to the top (8/21). Upper right: Tracing a channel sandstone in the Ludlow Fm. where it cuts down through the Cretaceous\Tertiary boundary (8/21). Lower left: A reactivated landslide along River Road north of Bismarck (6/22). Lower right: Drone surface elevation map compared to existing LiDAR to determine surface elevation changes due to the 2019 landslide, green for elevation increases and red for decreases.

PUBLIC FOSSIL DIGS

Geological Survey – Paleontology Section



Upper left: The Public Fossil Dig Program has grown dramatically in recent years and yet we still turn away hundreds of people every year who want to participate in these digs. Lower left: A fossil dig participant in Morton County makes a field jacket for a hadrosaur jaw they discovered. Middle: Participants at the Pembina public fossil dig excavate a horizon rich in marine reptiles and fish. Upper right: Participants at the Medora public dig excavate a horizon rich in turtles and crocodiles. Lower right: Participants at the fossil dig in Morton County find dinosaur and crocodile bones at many different horizons.

FOSSIL FIELD JACKET BACKLOG

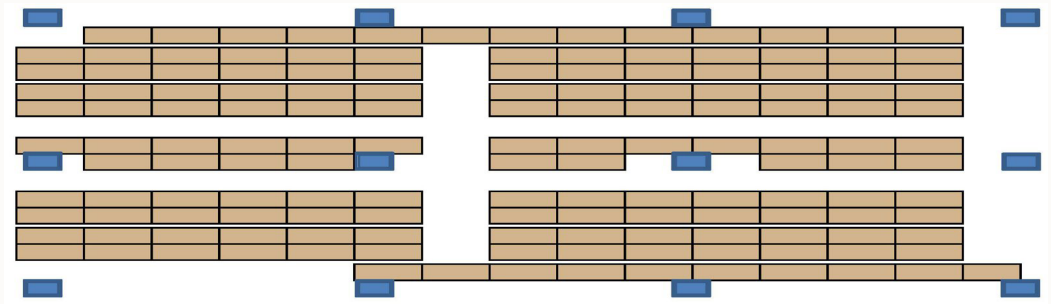
Geological Survey – Paleontology Section

765 fossil field jacket backlog.
100 fossil jackets collected per year.
50 fossil jackets prepared per year.
50 fossil jackets added to backlog per year.

Left: Senior Paleontologist Clint Boyd stands next to a series of shelving units holding some of the 765 fossil field jackets that have primarily been the result of the very successful public fossil dig program. The backlog of field jackets would fill a semi-trailer. Right: One of two field jackets (one a ton and the other a half ton) are ready for transport from the public fossil dig site in Morton County. The field jackets contain the partial skeletons of a triceratops.

STATE FOSSIL COLLECTION

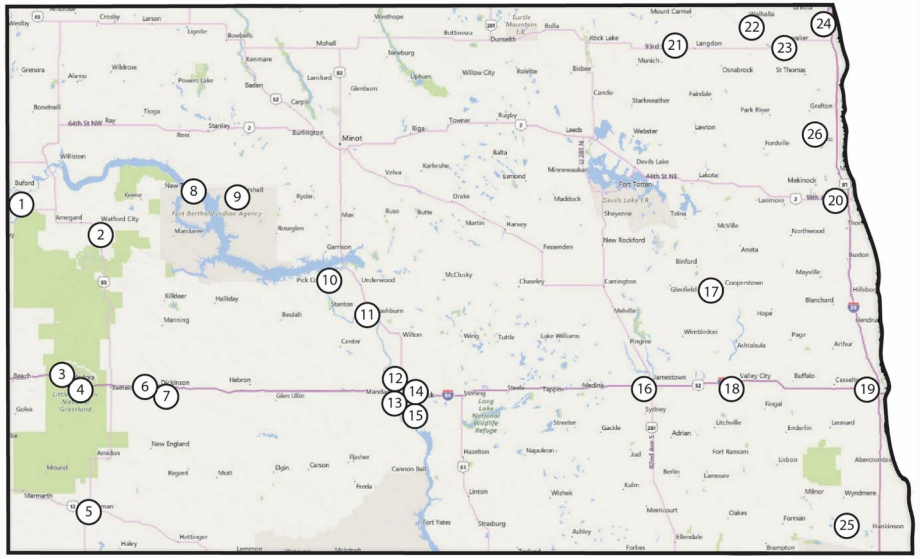
Geological Survey – Paleontology Section



Upper left: Map view of the 150 fossil cabinets in the State Fossil Collection. Lower left: Turtle shells and bones from the Sentinel Butte Fm. (Paleocene, 60 mya). Lower middle: Fossil plant leaves from the Hell Creek Fm. (Cretaceous, 67 mya). Right: Hadrosaur (duck-billed dinosaur) bones from the Hell Creek Fm. (Cretaceous, 67 mya).

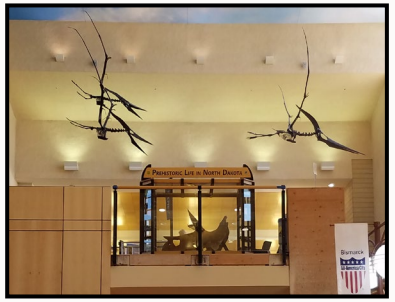
FOSSIL EXHIBITS AROUND THE STATE

Geological Survey – Paleontology Section



1997 - 2022

$ 250,000	1997 Appropriated funds.
$ 955,600	Donations (78% of the total).
$1,205,600	Deposited into the fund.
$ 3,776	*Ending balance as of 1/31/2023*



Upper left: The locations of the 26 fossil exhibits that we designed and maintain across the state. Lower photographs (left to right): a pteranodon and triceratops display at the Bismarck Airport; an eight-foot-high fossil tree stump and associated fossils in a display cabinet at the Watford City Visitor Center, a mounted triceratops skeleton at the Barnes County Museum in Valley City, a marine Cretaceous display at Icelandic State Park, and bare shelves at the Walsh County Historical Museum in Minto because we are in the process of renovating that rock and fossil display. Any appropriated funds would go into the Fossil Excavation & Restoration Continuing Appropriation Fund (NDCC 54-17.4-9.1).

FOSSIL EXHIBITS AROUND THE STATE

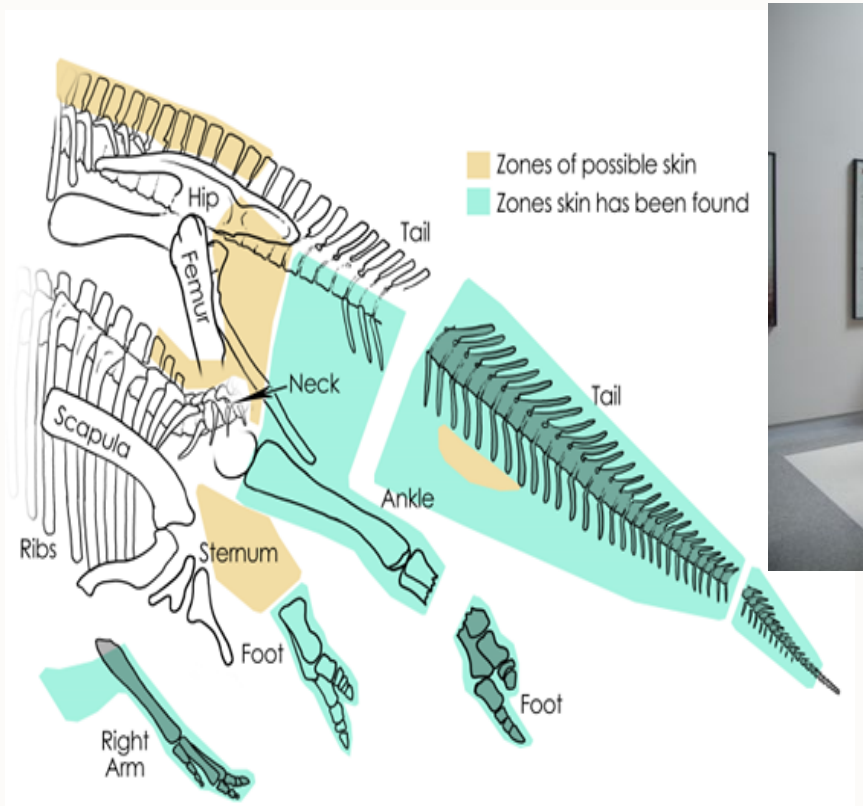
Geological Survey – Paleontology Section

A temporary paleontology technician removing sediment from a field jacket containing a partial skeleton of a juvenile *Bison antiquus* unearthed adjacent to an oil well pad in Williams County. This bison is scheduled to go on exhibit in Williston during the 23-25 biennium.

FOSSIL EXHIBITS AT THE HERITAGE CENTER

Dakota – The Mummified Hadrosaur (duck-billed dinosaur)

Geological Survey – Paleontology Section



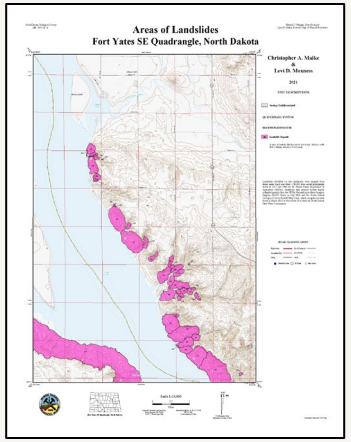
Left: A Survey temp employee removes rock on the body block of Dakota. Middle: a drawing of the position of identified bones in the Dakota field jacket. The bones in gray were covered with skin and are currently on display in the Heritage Center. Upper right: The revised Dakota exhibit had a grand opening on October 16, 2021 and will be modified in 2023.

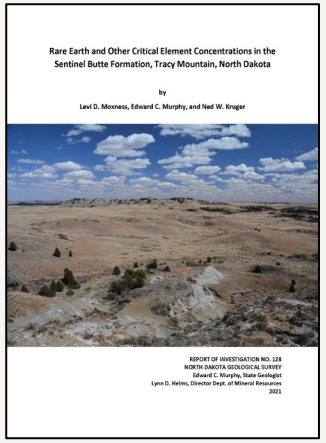
FOSSIL EXHIBITS AT THE HERITAGE CENTER

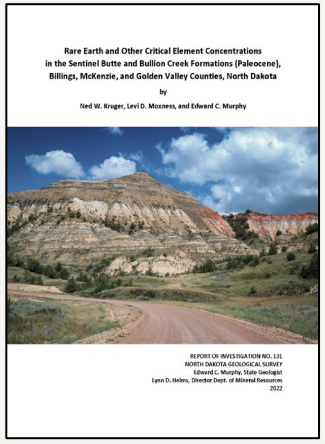
Dakota – The Mummified Hadrosaur (duck-billed dinosaur)

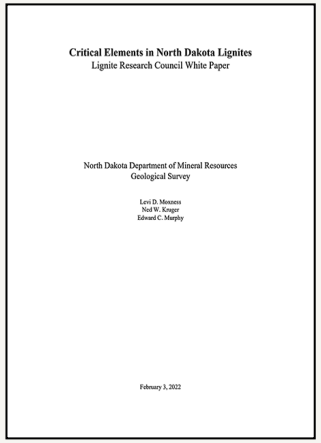
Geological Survey – Paleontology Section

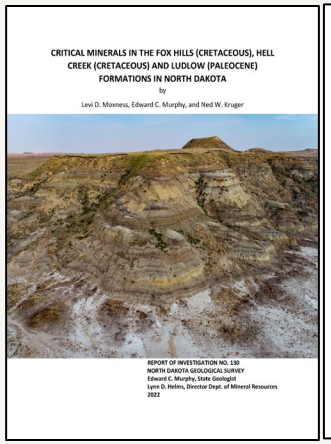
Left: One of three hoof like toes on the rear foot of Dakota. Upper middle: A closeup of the air scribe used to chip off small pieces of rock lying above the preserved skin layer. Upper right: a temporary paleontology technician removes rock from Dakota's hand with an air scribe. Lower right: Puncture marks in the skin of one of the hands of Dakota (white arrows) have been determined to be crocodile teeth marks.

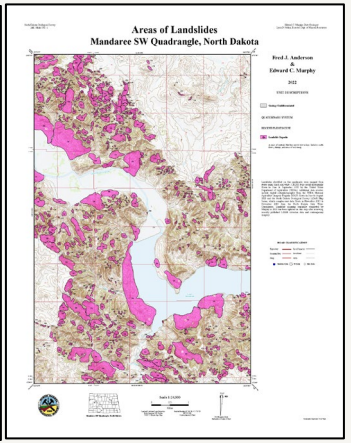


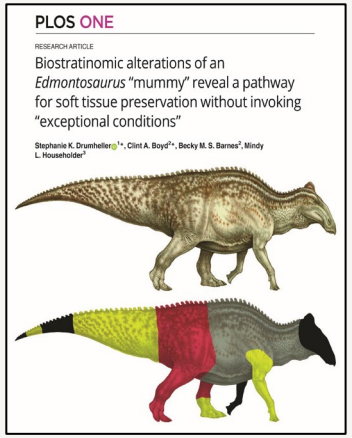


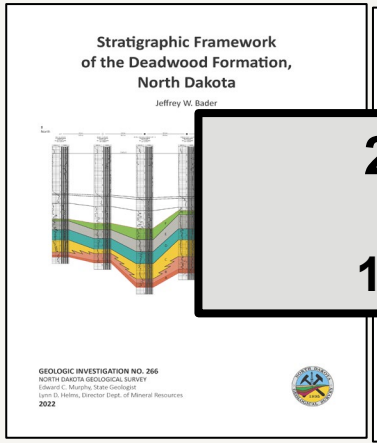


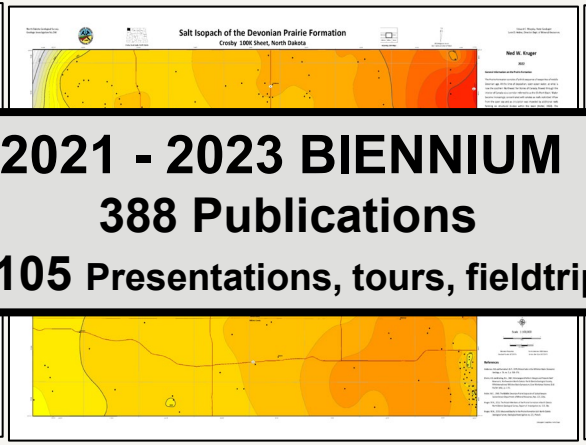


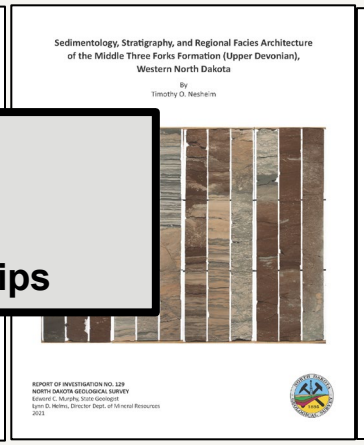


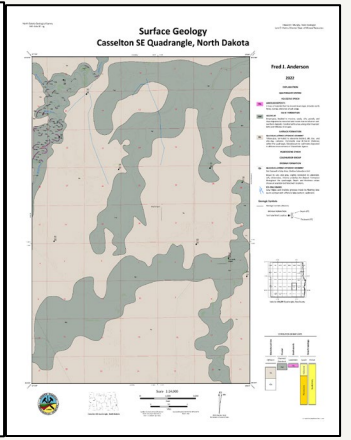


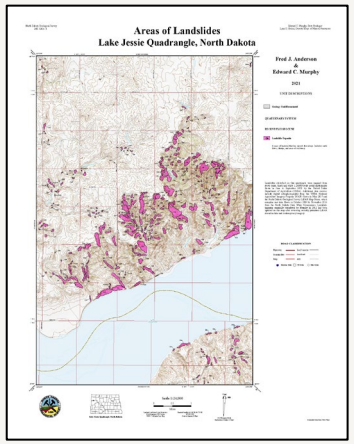


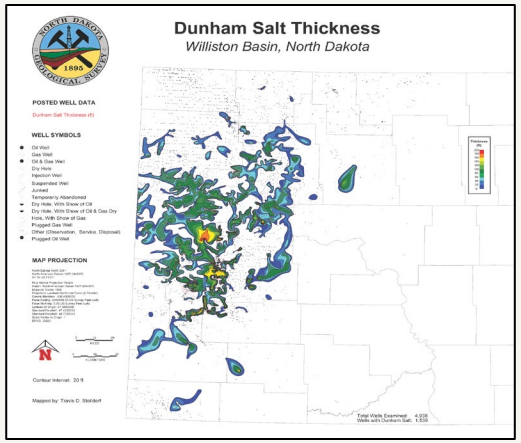


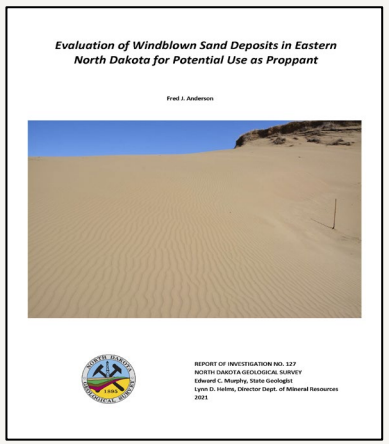


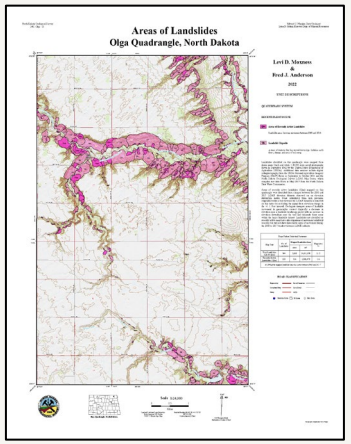












2021 - 2023 BIENNIUM

388 Publications

105 Presentations, tours, fieldtrips

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Audit | Budget Overview

RECENT AUDIT FINDINGS

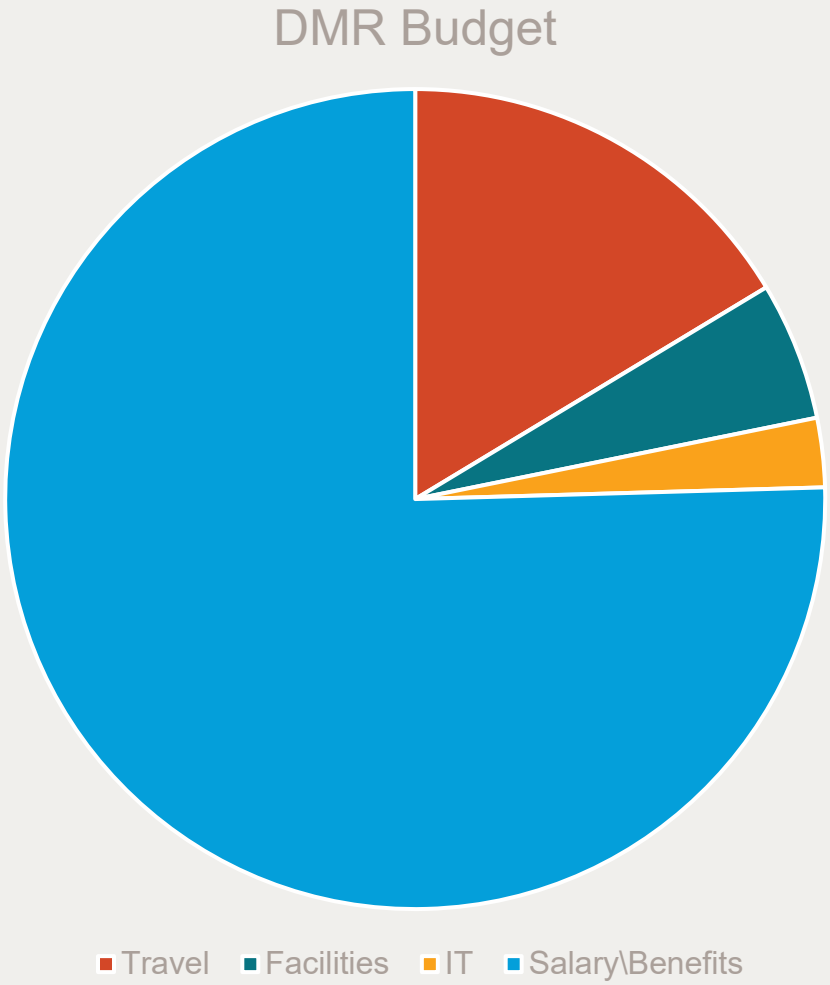
A biennial audit of the Industrial Commission was conducted by the State Auditor's Office in accordance with generally accepted government auditing standards for the two-year period ending June 30, 2020.

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.

2023-2025 DMR BUDGET



The Department of Mineral Resources (DMR) budget is **99% general funds and <1% federal funds**.

Budget costs are primarily salary and benefits (83%).

Federal funds for the **protection of freshwater supplies** are increasing (14%), while program costs continue to significantly rise due to inflation and federal environmental mandates.

The **Operating Budget** consists of travel (36%), primarily state fleet vehicle mileage for fieldwork. Other operating items of significant costs include Lease, Rent, Facilities costs (30%) for the Bismarck office, warehouse, and three field offices; and IT costs (16%), more than half of which are ITD data processing, Telephone, and Contractual Services.

2023-2025 HOUSE RECOMMENDED BUDGET

	2023-25 Base Level	Executive Recommended Budget	House Budget
40510 Salaries & Benefits	$22,095,326	$23,464,046	$23,628,741
Salary & Benefit Increases		$2,168,675(1)	$1,772,281(2)
40530 Operating Expense	$4,632,291	$6,048,092	$11,410,044
40550 Capital Assets	$0	$98,000	$80,000
40570 Transfers	$0	$250,000	$0(3)
Total Expenditures	$26,727,617	$32,028,813	$36,891,066
Less Federal Income	$238,004	$268,000	$2,568,000
Total General Fund	$26,489,613	$31,760,813	$34,323,066
FTE	101.5	107.0	108.0

Notes:
(1) Based on Executive recommended increases to salary, benefit, health, and retirement.
(2) Based on House recommended increases to salary, benefit, health, and retirement.
(3) General fund transfer to the Fossil Restoration Fund was included in Section 6 of HB 1014.

HOUSE RECOMMENDED BUDGET CHANGES

40510 Salaries & Benefits - The Executive budget recommendation included $1,368,720 for 5.5 new FTEs: 3 CCUS positions, 1 paleo laboratory technician, 1critical mineral geologist, and 0.5 records management position. The House recommended changes include 1 FTE subsurface geologist position (funded for the second year only) at $119,695; and half of the temp employee salary request ($45,000) for a total addition of $164,695. The House reduced the pay plan increases by $396,394.

40530 Operating -The Executive budget includes $821,456 one-time inflationary costs, $230,000 in server transition costs, $100,000 one-time core and mineral analysis costs, and $498,109 for 5.5 new FTE operating costs. The House recommended changes include operating costs for the subsurface geologist at $22,600 for second year only; IOGCC dues of $105,000; oil and gas litigation at $3,000,000; and initial grant carryover of $2,300,000. The House did not allow for Geological Survey computer replacement and replacement of the agency's six drones, thus reducing the amount by $65,648.

40550 Capital Assets -The Executive budget allowed $80,000 one-time funding for the server transition and $18,000 one-time funding for two scanner/copier/printers. The House did not allow for the two scanner/copier/printers.

40570 Transfers - The Executive budget allowed $250,000 one-time funding for a general fund transfer to the Fossil Excavation and Restoration Fund (Paleo Fund). The House allowed the transfer as well but listed it as a transfer under Section 6 of HB 1014.

FTE – The House increased the Executive budget FTE count by 1.0 bringing the total count to 108 FTE.

2021-2023 STATE FISCAL RECOVERY FUNDING
(67TH LEGISLATIVE ASSEMBLY SB 2345)

Abandoned Oil Well Conversion to Water Supply

Appropriated: $3,200,000

Expended: $162 (advertising costs)

DMR identified approximately 32 oil and gas wells confiscated by the Commission to plug back and convert to freshwater wells for use by private ranchers or the two western ND grazing associations. Most of the wells are on lands managed by the USFS, are federal wells co-regulated by DMR and BLM, or both. **There has been a lack of cooperation from both the BLM and USFS in approving the plugging procedures and granting surface use approval.** DMR has not given up on receiving their cooperation and has so far identified at least six additional non-federal wells on private surface to convert to freshwater wells.

Funds can continue to be obligated through 12/31/2024 and expended through 12/31/2026. For this reason, the House allowed a carryover of unexpended funds to the 2023-25 biennium in Section 25 of HB 1014.

AVAILABLE FEDERAL FUNDING FOR 2023-25 BIENNIUM

Federal Funding Program	2021-2023 Anticipated Award	2021-2023 Anticipated Change	2023-2025 Anticipated Award
UIC Oil & Gas (EPA)	$210,000	$39,000	$240,000
PSC Coal (OSM-DOI)	$15,000	$0	$15,000
Statemap (USGS-DOI)	$13,000	$20,267	$13,000
IIJA Initial Grant (ECRP-DOI)	$0	$2,500,000	$0
Resources of Nat'l Park System (DOA)	$0	$10,000	$0
Data Preservation (DOI)	$0	$5,280	$0

Infrastructure Investment and Jobs Act:

Appropriated: $2,500,000

Expended: $14,456

Funds can continue to be obligated through 10/01/2023 and the performance period ends 04/01/2024. For this reason, the House allowed a carryover of unexpended funds to the 2023-25 biennium. Because the Budget Section approved the initial appropriation, $2,300,000 is being appropriated under full legislation in Section 1, subdivision 2.

ONE TIME FUNDING 21-23 BIENNIUM

Other Equipment <$5,000	**Cost**	**Status**
Custom Air Chamber (Paleontology Lab)	$2,500	Seeking Bids
Wifi (PL)	$3,100	Purchased
	$5,600	
Other Equipment >$5,000		
Drone & Mobile Station (Geological Survey)	$10,200	Ordered
Trimble Mobile Receiver & Software (GS)	$14,385	Purchased
Microscope (GS)	$6,400	Purchased
Scope & Camera (PL)	$21,565	Purchased
Dust Collector (PL)	$10,650	Purchased
Pallet Rack Shelving (PL)	$5,122	Seeking Bids
	$68,322	
IT Equipment & Software > $5,000		
Scanner/Printer (Oil & Gas)	$10,000	Purchased
Scanner/Printer (GS)	$10,000	Seeking Bids
Wide-Bed Plotter (GS)	$7,338	Purchased
Wide-Bed Plotter (CL)	$5,000	Ordered
	$32,338	

ONE TIME FUNDING 23-25 REQUESTS

EQUIPMENT AND CAPITAL ASSETS:

IT Equipment <$5,000		
Desktop computers (Geological Survey)	$48,383	Not included in the House budget.
Other Equipment <$5,000		
Drone replacement (Geological Survey)	$4,765	
Drone replacements (Oil & Gas Division)	$12,500	
	$17,265	Not included in the House budget.
Other Equipment >$5,000		
Server Transition	$80,000	
IT Equip/Software over $5,000 change to capital assets		
Scanner/printer (Oil & Gas Permitting)	$10,000	
Scanner/printer (Oil & Gas Production)	$8,000	
	$18,000	Not included in the House budget.

GENERAL FUND TRANSFERS:

Fossil Excavation and Restoration Fund	
Dakota the Mummified Hadrosaur	$150,000
Establishing Fossil Exhibits across ND	$100,000
	$250,000

2023-2025 DMR ESSENTIAL BUDGET

	2023-25 Base Level	Executive Recommended Budget	House Budget	DMR Essential Budget
40510 Salaries & Benefits	$22,095,326	$23,464,046	$23,628,741	$23,628,741
Salary & Benefit Increases		$2,168,675(1)	$1,772,281(2)	$1,772,281(2)
40530 Operating Expense	$4,632,291	$6,048,092	$11,410,044	$11,603,454
40550 Capital Assets	$0	$98,000	$80,000	$98,000
40570 Transfers	$0	$250,000	$0(3)	$0(3)
Total Expenditures	$26,727,617	$32,028,813	$36,891,066	$37,102,476
Less Federal Income	$238,004	$268,000	$2,568,000	$2,568,000
Total General Fund	$26,489,613	$31,760,813	$34,323,066	$34,534,476
FTE	101.5	107.0	108.0	108.0

Notes:
(1) Based on Executive recommended increases to salary, benefit, health, and retirement.
(2) Based on House recommended increases to salary, benefit, health, and retirement.
(3) General Fund transfer to the Fossil Restoration Fund was included in Section 6 of HB 1014.

DMR ESSENTIAL BUDGET CHANGES

40510 Salaries & Benefits - There is no difference between the House budget and the DMR essential budget.

40530 Operating - The difference between the House budget and the DMR essential budget is $193,410. The changes include $65,412 in additional fleet costs due to the amended Fleet Rate guidelines **after** budgets were already submitted; $48,383 for one-time replacements of computers that are over 4 years old; $17,265 in one-time funding to replace six drones; and $62,350 ongoing funding for professional development training to address employee turnover.

40550 Capital Assets - The difference between the House budget and the DMR essential budget is $18,000. This is for a one-time purchase of two copier/scanner/printers for the permitting and production departments.

Ongoing Costs - The House budget provided $821,456 one-time inflationary costs and $100,000 one-time core and mineral analysis costs. DMR is requesting that all inflationary costs be on-going as well as the core and mineral analysis costs.

FTE – The DMR essential budget is the same as the House budget with a count of 108 FTE.

OTHER DMR BUDGET SECTIONS

HB 1014, Section 5 – Deficiency Spending: The House allowed for the 3 FTE CCUS positions to be hired right away. The $62,460 costs are for two months of salaries and wages and travel. The House also allowed $15,000 in costs for the Walhalla paleo exhibit to be built right away.

HB 1014, Section 6 – Transfers: The House allowed for a $250,000 General Fund transfer to the Fossil Extraction and Restoration Fund for the purpose of continued work on Dakota the Mummified Hadrosaur and establishing fossil exhibits across ND.

HB 1014, Section 25 – Carryover Items:

- The Abandoned Oil Well Conversion to Water Supply program funds can continue to be obligated through 12/31/2024 and expended through 12/31/2026. For this reason, a carryover of unexpended funds to the 2023-25 biennium was allowed by the House.
- The 65th Legislative Session SB 2134 Ordinary High Water Mark litigation is still ongoing and continues to require expert witness testimony. For this reason, a carryover of unexpended funds to the 2023-25 biennium was allowed by the House.
- Note: the $2.5 million Initial Grant funds can continue to be obligated through 10/01/2023 and the performance period ends 04/01/2024. However, because the funds were appropriated via the Budget Section, the funds need to have a full legislative appropriation. For this reason, the unexpended funds were included in Section 1, Subdivision 2, and not treated as a carryover in this section.

HB 1014, Section 26 – Emergency Clause: The following were declared to be emergency measures: Oil & Gas litigation $3,000,000 (Section 1, subdivision 2); Computer server transition $310,000 (Section 1, subdivision 2); CCUS FTEs $62,460 (Section 5); and Walhalla paleo exhibit $15,000 (Section 5).

OTHER HB 1014 BUDGETARY ITEMS

HB 1014, Section 13 – Critical Minerals Study: The House allowed for a $3 million SIIF transfer to the SERC fund for a study related to prospective in-state resources of economically feasible accumulations of critical minerals that may be suitable for extraction and enrichment.

HB 1014, Section 14 –Underground Energy Storage Study: The House allowed for a $22 million SIIF transfer to the SERC fund for the purpose of a salt cavern underground energy storage research project.

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MANDAN, HIDATSA & ARIKARA NATION
Three Affiliated Tribes * Fort Berthold Indian Reservation
404 Frontage Road New Town, ND 58763
Tribal Business Council

Office of the Chairman
Mark N. Fox

HOUSE BILL 1014
SENATE APPROPRIATIONS- EDUCATION AND ENVIRONMENT DIVISION
MARCH 9, 2023

TESTIMONY OF MARK N. FOX, CHAIRMAN
MANDAN, HIDATSA AND ARIKARA NATION

Mr. Chairman and members of the Committee, my name is Mark Fox, I am the Chairman of the Mandan, Hidatsa and Arikara Nation (MHA Nation). The MHA Nation supports House Bill 1014; specifically, Section 14, Transfer - Strategic Investment and Improvements Fund to State Energy Research Center Fund – Underground Energy Storage Research Project – Report to Legislative Management, which adds $22 million for the next phase of salt cavern development.

The MHA Nation practices responsible oil and gas development and the storage of NGLs in salt caverns creates the opportunity for hydrocarbon storage and advances the protection of the environment in oil and gas production.

Mr. Chairman, we urge a do pass of House Bill 1014. Thank you.

Mark Heinert
Homeless Programs Manager, Youthworks
Testimony in support of HB 1014
Senate Appropriations Committee – E&E Division

March 9, 2023

Chairman Sorvaag and Members of the Committee:

My name is Mark Heinert, and I am here today to deliver testimony in support of HB 1014. I have been a licensed social worker in North Dakota for 30 years, serving runaway and homeless youth for the last 26. I am the Assistant Executive Director, and Homeless Programs Manager at Youthworks, a private, non-profit, youth serving agency serving Runaway and Homeless Youth in North Dakota. I am also involved in North Dakota and West Central Minnesota's Coordinated Access Referral and Evaluation System (CARES) for the homeless, serving as the past chair of the governing board.

The North Dakota Homeless Grant (NDHG), which began in 2013, has provided funding to assist agencies in providing housing and support services for the homeless. The funding began with $2 million for the 2013 – 2015 biennium, then provided $1.5 million for the 2015 – 2017 biennium. This amount was reduced by 80% to $300,000 in 2017 – 2019 before returning to $1.2 million for 2021-2023. Youthworks has utilized funding from NDHG to provide housing and support services to approximately 60 young adults (age 18 – 21) and their children annually from 2013 to 2017 and 2019 to 2022. An additional 80 - 100 youth received homeless prevention services and other supports.

Youthworks has a history of success raising funds from federal sources which require local match. Without the support of the NDHG (or other local funds),

Youthworks is in jeopardy of losing upwards of $500,000 in federal grant funds, which are dedicated to serving homeless youth.

As homeless providers coordinate housing and services for the homeless, the most vulnerable in our population are served first. This includes the elderly, victims of domestic violence, trafficking victims, former foster youth, Black, Indigenous People of Color, LGBTQ+ youth, people with disabilities, and all children. One out of every three homeless young adults served by Youthworks are former foster youth.

I encourage you to consider the needs of the most vulnerable in our population first. The most cost-effective way of helping vulnerable homeless people is to provide supportive housing, which is what Youthworks and other agencies are using NDHG funds for.

> "On an annual basis it costs between $12,000 and $25,000 to place homeless people in supportive housing. In contrast, it costs about $35,000 to $150,000 for the person to remain homeless. This is based on the cost of emergency room visits, police calls, emergency shelter, food, etc."
>
> - Former HUD Secretary Shaun Donavon – 2012

Passing HB 1014 with increased funding to the NDHG and HIF is a good step towards dealing with the "big picture" of homelessness in North Dakota. We must invest in providing emergency and supportive housing and supports, so that we can help people transition into longer term stability. It is the right thing to do both from a humanitarian perspective, but also from a fiscal perspective. I therefore urge this committee to recommend a "do pass" on HB 1014, and fund the NDHG at $5,000,000.

North Dakota Senate Appropriations - Education and Environment Division
House Bill 1014
March 9th, 2023

Chairman Sorvaag and members of the committee,

My name is Katie Jo Armbrust, I work for the Grand Forks Housing Authority and am submitting testimony to support an increase in both the Housing Incentive Fund (HIF), to $50 million, as well as the North Dakota Homeless Grant (NDHG), to $5 million.

The Grand Forks Housing Authority provides affordable housing for over 2,200 low-income households in the Grand Forks region on a daily basis either through Section 8 Housing Choice Vouchers or Project-Based Rental Assistance, all of which is federally funded. We were a recipient of HIF and developed Cherrywood Village in 2014, an affordable housing rental project that increased the rental housing with 30 - 1 bedroom/1 bathroom units for people 62 years and older. It is well documented that HIF provides the perfect gap financing to make complex affordable housing projects work, over 3,300 units have either been produced or rehabbed since it was first created. Unfortunately, HIF has been underfunded after its initial creation.

The North Dakota Housing Finance Agency's recent Housing Needs Assessment definitively shows that the need for affordable housing will continue to grow. The study anticipates an increase in low-income households by 1,768, very low-income households by 2,566, and extremely low-income households are projected to have an additional 3,621 by 2025. These are households that have difficulty providing the basic necessities for their families with income at these levels. We know having safe, affordable housing is vital to having stability in the lives of our neighbors, which creates healthy and robust communities. The requests have continued to increase every session because of the need. The demand is easily demonstrated through the amount of funding requested, over $25 million in the last HIF application round (of which only $9.5 million was available) which shows you that Senator Kreun's bill requesting $50 million per biennium was not unrealistic. Every time the legislative body kicks this can down the road, it's going to cost all of us more. It's time to start prioritizing investments in housing to address the needs in all of North Dakota.

The ND Homeless Grant is another program that has the ability to address unmet housing needs that are occurring in every part of the state, not just urban. This grant uses general funds to support emergency shelters and other homeless providers with operating funds, essential services like case management, homeless prevention assistance and the like. There is a substantial need for funds to support more than just those activities; the NDHG has the ability to be flexible and meet those needs, with ample support. Every year for the last 5 years requests in NDHG have exceeded money available. $5 million may seem like a substantial amount when compared to previous allocations and yet, realistically, $5 million will not cover the majority of needs across the state over a biennium. Again, the time is now to dedicate funds to address the housing needs in our state. The answer to homelessness is housing, it IS that simple.

Respectfully submitted,

Katie Jo Armbrust

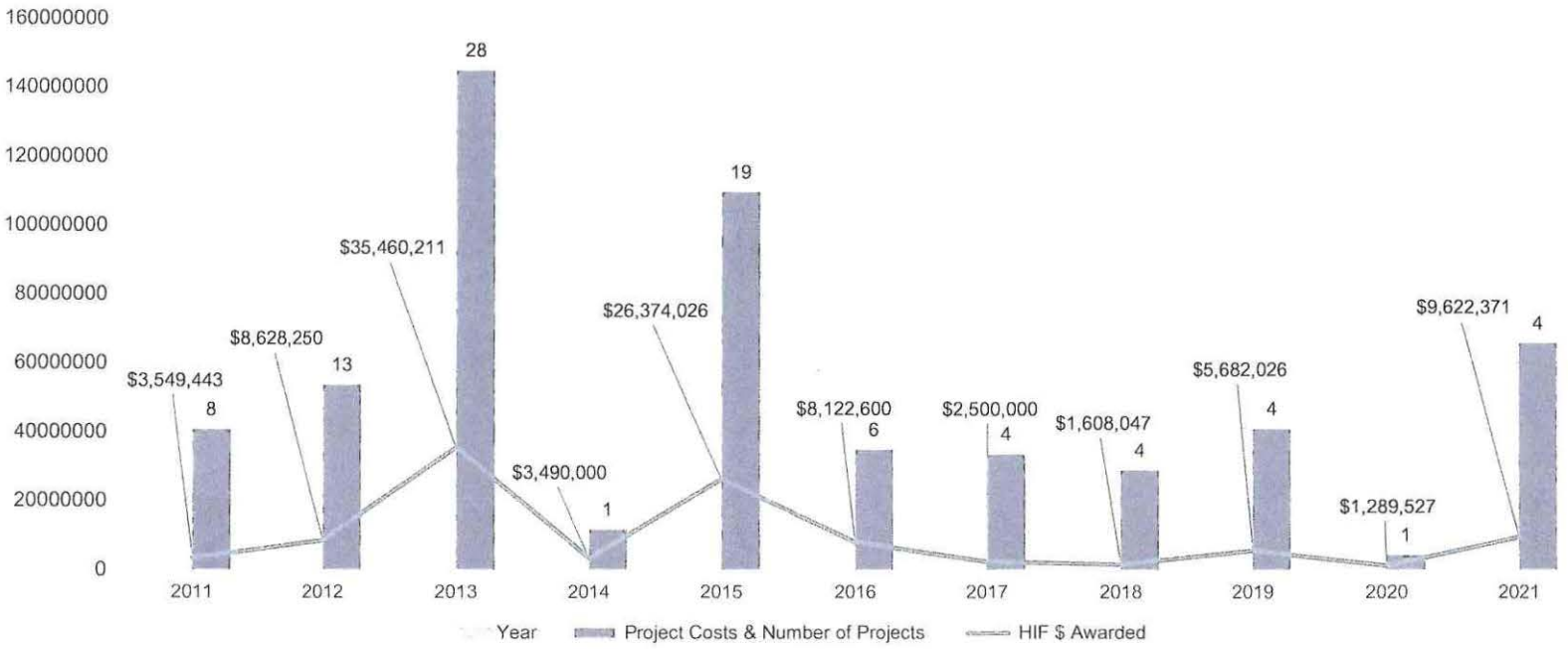
HIF INFORMATION

Senate Appropriations
Education and Environment Division

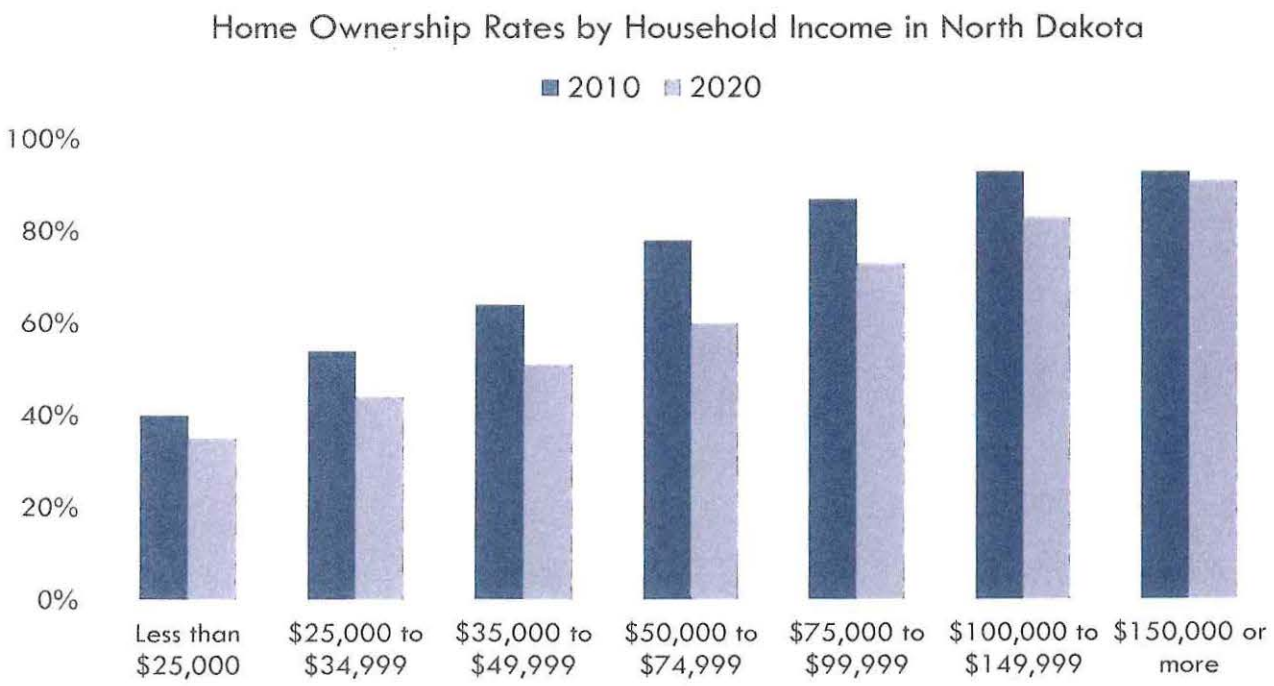
Dave Flohr
Executive Director
701.328.8060
dflohr@nd.gov
www.ndhfa.org

NORTH DAKOTA housing FINANCE AGENCY

HIF INVESTMENTS - TOTAL DEVELOPMENT COSTS - # OF PROJECTS



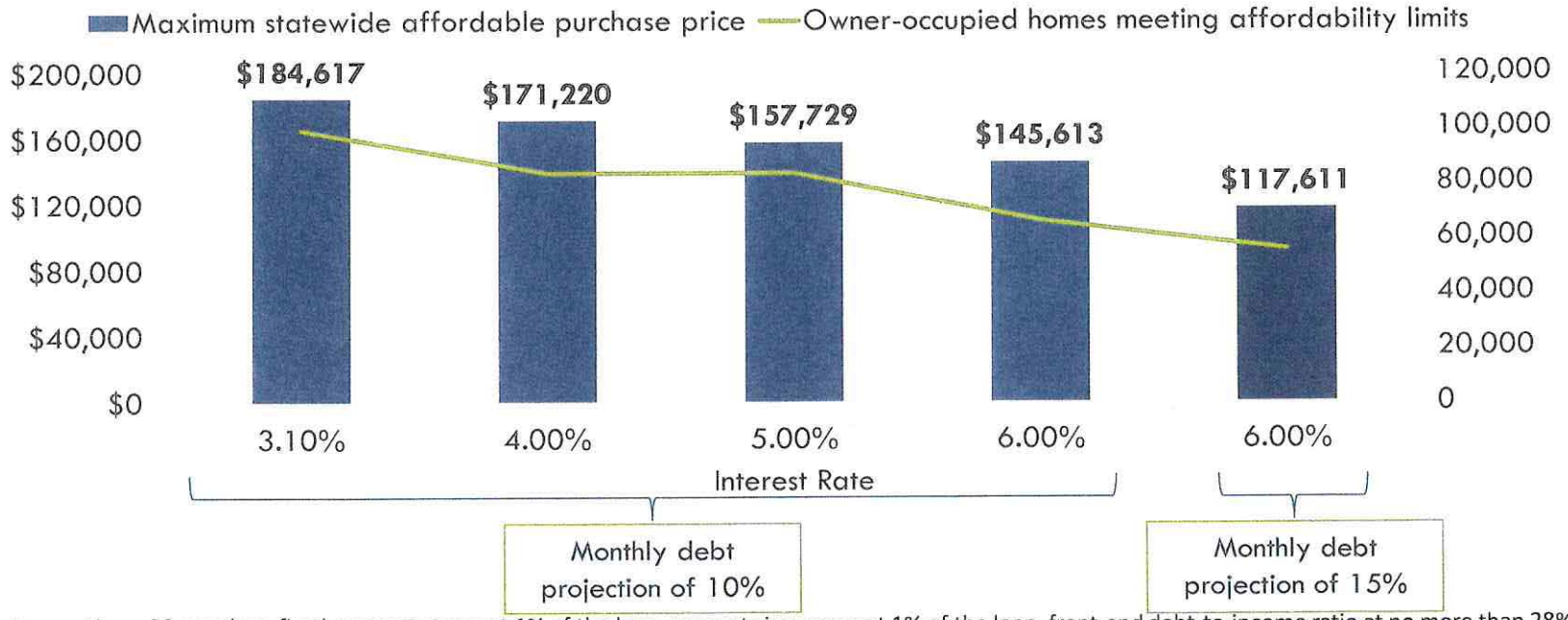
TREND IN HOME OWNERSHIP RATES BY INCOME



Source: U.S. Census Bureau (2021C)

Household Income	% Change 2010 - 2020
Less than $25,000	-12.5%
$25,000 to $34,999	-18.5%
$35,000 to $49,999	**-20.3%**
$50,000 to $74,999	**-23.1%**
$75,000 to $99,999	-16.1%
$100,000 to $149,999	-10.8%
$150,000 or more	-2.2%

AFFORDABILITY EXAMPLE: IMPACT OF HIGHER INTEREST RATES ON LOWER INCOME HOUSEHOLDS (EARNING LESS THAN $52,140)



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 $52,140 in 2020 (i.e. up to 60% MFI)

NDHFA SOLUTIONS

- Homeownership – below market rate loans and purchase assistance, NDHFA funded
- Single family rehab programs – funded with NDHFA assets
- Rural Construction Loan Guarantee – funded with NDHFA assets
- Rural Housing Development Loan Program – funded with NDHFA assets
- Administration of federal housing programs – new construction and rehab
- Housing Incentive Fund – legislative appropriated funds

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America's Only Bank - Owned by a State
Serving North Dakota for 104 years

Senate Appropriations
Education and Environment
March 9, 2023

Investing in North Dakota

"As America's only Bank owned by a State, BND, in partnership with local financial institutions, currently has over $5.4 billion of state revenues loaned to support Farmers, Ranchers, Students, and Businesses in North Dakota."

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Financial Highlights

$ in thousands	Biennium				
	15-17 Actual	**17-19 Actual**	**19-21 Actual**	**21-23 Projected**	**23-25 Estimate**
Net Income	$ 276,433	$ 313,128	$ 293,328	$ 375,000	$ 415,000
Average Assets	$ 7,320,396	$ 6,763,586	$ 7,599,883	$ 9,782,626	$ 9,500,000
Capital	$ 824,966	$ 927,264	$ 956,850	$ 1,193,576	$ 1,437,076
Capital Contributions to General Fund	$ 100,000	$ 140,000	$ 140,000	$ 70,000	$ 70,000
Capital Contributions Other	$ 48,589	$ 70,830	$ 123,742	$ 88,204	$ 101,500
Total Capital Contributions %	54%	67%	90%	42%	41%

Note: to date BND has not made any contributions to the General Fund for the 21-23 biennium
21-23 includes $20mm additional for PACE

- Net income of $1.3 billion over the last four biennium's
- Capital contributions of $781 million or 62% of net income over the last four biennium's
- From 2010 to 2016 no capital contributions were requested from the General Fund, allowing the Bank to build capital which increased lending capacity
- 2017 special session approved a one-time capital contribution to the general fund of $100 million
- Goal of achieving $1.5 billion in capital by the end of 2026

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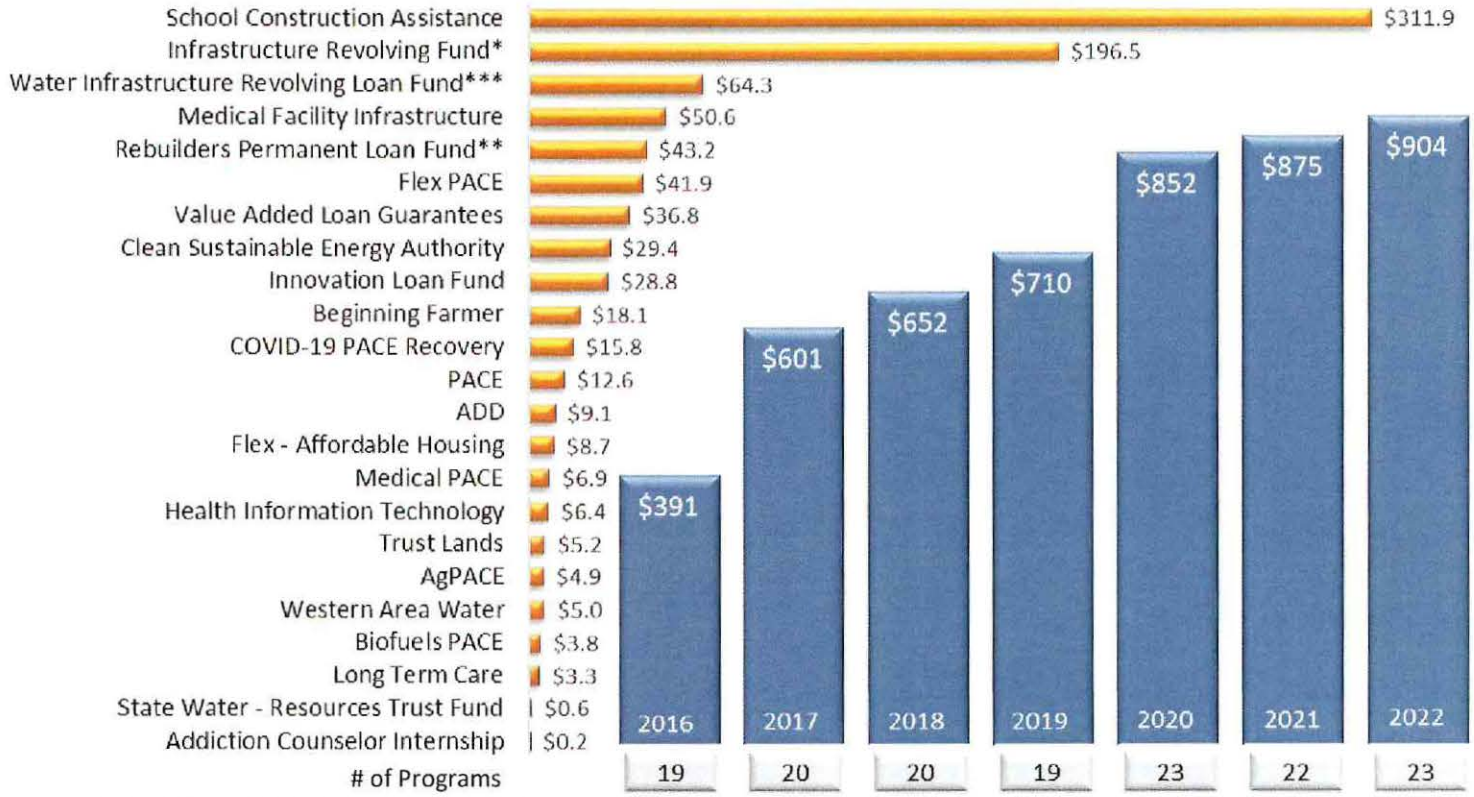
Legislatively Directed Loan Programs

BND administers 23 programs and $904 million in assets for the Legislature

$ in millions



- BND administers $904 million in net assets for legislatively directed loan programs. These programs serve a wide range of purposes, including school construction, water projects, general and medical infrastructure, and disaster recovery.
- *Infrastructure Revolving Fund includes $52 million to be transferred from BND's capital.
- ** HB 1187 created The Rebuilders Permanent Loan Fund (RPLF) during the 67th Legislative Session. This permanent revolving loan fund was established by transferring $50 million in loans and cash from the Small Employer Loan Fund (SELF) created by BND during the Covid 19 pandemic to the RPLF.
- ***The Water Infrastructure Revolving Loan Fund was created by HB 1431. The Fund combined previously reported Community Water and State Water – Revolving Loan Fund.

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Clean Sustainable Energy

Clean Sustainable Energy Authority Revolving Loan Funding Structure

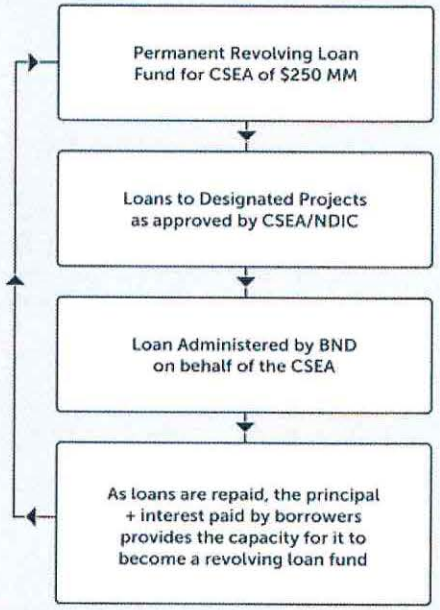
The 2021 Legislature established the CSEA program and provided for a $250 million Revolving Loan Fund administered by BND.

LEGISLATIVE FUNDING → **REVOLVING LOAN FUND STRUCTURE**

BND Funding Legislature Funding & Repayment of CSEA

- By statue, the loans provide a fixed Interest Rate of 2% with a term determined by BND.
- As established, the Legislature is committed to repaying the Line of Credit to BND.
- The statue established a $250 million revolving loan fund. As opposed to cash, the legislature chose to utilize a line of credit from BND for initial funding. The CSEA revolving loan fund draws on the line of credit from BND when a borrower draws on the loan.

$30 million currently outstanding on BND Line of Credit



- The CSEA Revolving Loan Fund replicates the structure of the IRLF and School Construction.
- The Legislature provides initial funding and then repayment of loans provides for the "revolving" component of the fund.
- In this instance, instead of cash into the fund the Legislature used a BND line to provide initial funding which is now repaid with cash.

Current Loan Commitments	
Bakken Energy	$80m
Cerilon	$40m
Midwest Ag Energy	$15m
Valence Energy	$15m
Minnkota	$100m

2021 Legislature Created CSEA in 54-63.1

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HB 1014 – Bank of North Dakota

BND is a special fund agency. All expenses, including employee salaries are funded by revenues generated by the Bank.

	Biennium Budget 21-23	HB 1014 Biennium Budget 23-25	Change	% Change
Operations	$67,306,546	$74,727,686	$7,421,138	11.0%
Capital Assets	$1,510,000	$1,510,000	-	-
Total	$68,816,548	$76,237,686	$7,421,138	10.7%
FTEs	173	187	14	8.0%

$ in 000s	Biennium 19-21	Projected Biennium 21-23
Revenue	$458,142	$537,099
% Change		17.2%

- Bank revenue has grown by 17.2% to $537 million over the 19-21 biennium
- $3,556,866 for 14 additional FTE's – BND only adds FTEs as needed
  - 6 - Lending
  - 2 - Credit Administration
  - 1 - Staff Accountant
  - 5 - Collateral Valuation
- $1,896,264 - 4%/4% 23-25 salary increases
- $883,084 - health insurance increase
- $804,278 - one time IT related enhancements (operations)
- $280,646 - continuation of the 21-23 legislative salary increases

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9 FTEs - BND Growth - 2022 Statistics

Bank Overview

- Bank assets have grown from $7.0 billion in 2018 to $10.2 billion in 2022, a 46% increase.
- Total approved FTEs declined by 4.4%.
- BND initiated loans with 70 different lead banks (parent) and 207 different branches.
- In 2022, BND originated and renewed over $2.8 billion in total loans.
- Combined loan portfolio is now $5.4 billion
- BND structured investments for the $2.0 billion in federal funds received

Commercial and Agriculture Lending

- 1,510 applications received. Dispositioned 1,364 loans / modifications.
- BND Total Commercial and Agriculture Loans: $3.5 billion
- BND Renewal Total: $1.3 billion
- BND New Origination Total: $2.2 billion
- 162,004 Loan Payments totaling: $2.4 billion
- 20,286 Loan Advances totaling: $2.9 billion
- 32,665 Loan Student Loan Payments/Coupons totaling: $20.4 million

Treasury and Trust Services

- 14,500 Customers for which BND holds bonds
- Settled 3,400 customer trades
- When combined with BNDs bond portfolio: $15.0 billion in bonds held at BND, a 9% increase from beginning and year and 44% increase since 2020

Operations Division

- ACH Originations: $15.8 billion ($3.7 million originated)
- ACH Received: $9.1 billion (1,599,557 entries)
- Wire Incoming: $33.1 billion (19,310 entries)
- Wire Outgoing: $39.4 billion (23,172 originated)
- Images: $59.4 billion (19,598,444)

Student Loans

- 78,429 students, borrowers, and families served across all programs
- Total Student Loan portfolio $1.1 billion
- 10,486 student loans initiated in 2022
- 26,147 phone calls; 12,808 emails; 500 chats; 203,935 visitors to websites for information
- 14,112 brochures and other materials distributed via various access and success touchpoints
- 67 Financial Literacy events with 2,213 students in attendance
- 151 College Application Month (CAM) events

Legislatively Directed Programs

- Legislative directed programs have grown 131% since 2016 from $391 million to $904 million
- In 2022, BND provided 74 Legislatively directed loans totaling $97.5 million
- BND implemented new administered loan programs for Clean Sustainable Energy Authority, Agriculture Diversification and Development Fund, established a Permanent Rebuilders Loan Fund and merged the BND-Water Infrastructure Loan Fund into the State Water Commission's Water Infrastructure Loan Fund.

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5 FTEs - Commercial Real Estate Evaluations

- 5 FTEs are projected to be required to meet demand. BND will hire additional staff only as warranted
- BND's collateral valuation services are paid for by ND financial institutions and will result in a net profit to BND
- A comprehensive feasibility study was completed utilizing various ranges of survey results of expected demand. Commercial evaluation services are the most significant valuation need for financial institutions across North Dakota
- Banks and credit unions, especially smaller ones, often lack the staffing, independence, expertise, and access to market data to complete real estate evaluations

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FTEs by Position

# of FTE's	Job Title		Biennium Request
1	Credit Underwriter IV		$ 253,976
1	Agricultural Valuation Supervisor		$ 290,214
1	Credit Underwriter III		$ 222,652
1	Commercial Valuation Supervisor		$ 290,214
1	Collateral Valuation III		$ 217,735
1	Collateral Valuation Analyst IV		$ 253,976
1	Collateral Valuation IV		$ 253,976
1	Loan Operations Supervisor		$ 222,652
1	Loan Servicing Supervisor		$ 188,381
1	Business Banking Associate I		$ 139,104
1	Loan Servicing Associate II		$ 139,104
1	Loan Servicing Associate III		$ 159,414
1	Business Banking Associate II		$ 257,933
1	Staff Accountant III		$ 217,351
14			

8 FTEs Governor's Budget

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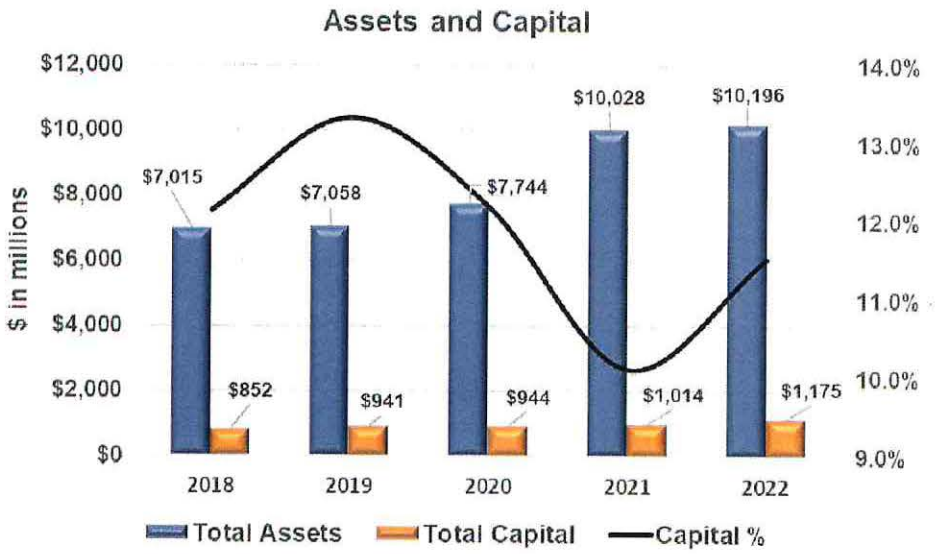
Capital Drives Growth

- What is Bank Capital?
  - Asset minus Liabilities = Capital
  - Profits that are retained at the Bank by the legislative body
  - Internal target of 12%

- Banks are required to have adequate Capital reserves to handle a certain amount of losses before being at risk of becoming insolvent

- Capital determines acceptable levels of lending concentration i.e., diversification
  - Lower levels of capital effect lending ability
    - Lines of credit for state programs and state agencies
    - Letters of credit to support large projects

- BND is participating in much larger transactions
  - The average commercial loan size in 2017 was $1.3 million; today the average loan is $2.4 million, an 84% increase
  - ~$3.0 billion in unfunded commitments



Goal of achieving $1.5 billion in capital by the end of 2026

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BND Capital – General Fund Contributions

- SB 2014 from the 21-23 biennium required BND to transfer $140mm to the general fund
- To date, BND has made no transfers for the 21-23 biennium
- HB 1014 section 23, the House amended the amount from the 21-23 biennium to $70mm
- HB 1014 section 10, the House moved the remaining $70mm to the 23-25 biennium
- With current legislative capital commitments, the Bank's capital ratio will be approximately 11.7% at 6/30/23 moving towards 13% by the end of 2023

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Other Requests Effecting BND Capital

- HB 1199 - $20mm for PACE, remainder of 21-23 biennium (passed both chambers)
- HB 1003 - $16.5mm: $15mm Skilled Workforce and $1.5mm dual credit scholarships
- HB 1242 - $20mm for Statewide Interoperable Radio Network
- HB 1014/SB2009 - $3mm for Agriculture Product Utilization Commission
- HB 1014 - $60mm for PACE Programs (detailed below)

Program	Budget 21-23	HB 1014 23-25	Increase
PACE/Flex PACE	$26,000,000	$39,000,000	$13,000,000
Ag PACE	$5,000,000	$5,000,000	-
Biofuels PACE	$1,000,000	$1,000,000	-
Beginning Farmer	$8,000,000	$15,000,000	$7,000,000
Total	$40,000,000	$60,000,000	$20,000,000

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Other Requests Effecting BND Capital

- HB 1014 - $1.5mm for Small Business Development Center (will propose amendment)
    - The $1.5M budgeted for the ND SBDC in the 2023-25 biennium is match for federal funds
    - Without this funding, and at this amount (at a minimum), SBDC will be not be able to accept the total federal funds allocation to ND, leaving federal funds on the table
    - This funding requires SBDC centers to seek local funds to support the program

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Retention and Recruitment

HB 1014 Section 17

- Allows the Bank to develop a retention and recruitment plan. The plan must be approved annually by the Bank's Advisory Board and Industrial Commission. Each interim, the Bank must report to legislative management on the status of the plan. The plan must not exceed 1% of the Bank's earnings and earnings must exceed $100mm for the year.
- BND has developed a conceptual plan designed around:
  - Attracting and retaining talent
  - Limiting risk and enhancing organizational performance
  - Motivating employees to achieve and maintain high performance
  - Ensure competitive and consistent salary practices
- The annual amount earned would be paid out over a three-year period in 1/3 increments

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Thank You!

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Chief Credit Officer
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Rob Pfennig
Chief Financial Officer
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UNITED WAY'S CENTER FOR OPPORTUNITY

VISION: A solution for a permanent homeless shelter and coordinated services that will create a pathway out of poverty.

United Way
Missouri Slope Areawide United Way

OUTCOMES:

- Provides a solution for 10 of the 17 needs identified within the update to the 10 year plan to end homelessness
  - Lack of shelter for families with fathers
  - Adults discharged from prison/jail/correctional facilities into homelessness
  - Individuals discharged from hospitals or treatment centers into homelessness
  - Lack of 24/7 access to shelter and supportive services
  - No daytime drop-in center
  - Transportation
  - Hunger
  - Case management services to support housing stability
  - Access to behavioral health treatment and services
  - Reliable data collection
- Provides a solution for a permanent homeless shelter for 50 of our most vulnerable population nightly
- Workforce development that has economic impact on the City of Bismarck
- Provides opportunity for medical respite
- Uplift a high-poverty neighborhood located in an opportunity zone
- Reduce duplication of services
- Transform lives
- Investing in results to build strong, vibrant communities

Reduce Barriers to Self-Sufficiency:

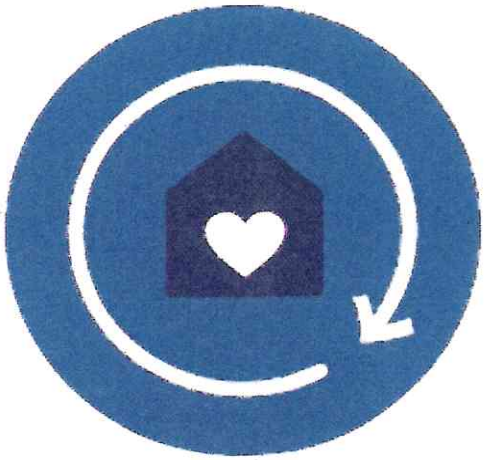
- Childcare Assistance
- ID Assistance
- Transportation

Foster Sense of Community:

- Community Meals
- Relationship Building
- Safe Places

Basic Needs:

- Safety
- Warmth
- Hunger
- Winter Gear
- Shoes, Work Boots



Self-Fulfillment:

- Parenting Classes
- Financial Literacy
- Early Childhood Programs
- Workforce Development
- Mentoring

Housing Stability:

- Assessments • Rental Assistance
- Housing Navigator
- Case Management to Retain Housing
- Coordinate & Navigate Mainstream Services

Health:

- Outreach • Preventative Services
- Mental Health
- Scholarships and Transportation to the YMCA
- Medical Respite

COST SAVINGS TO THE COMMUNITY:

United Way

Missouri Slope Areawide United Way

Financial Cost

- A chronically homeless person costs a taxpayer on average of $35,578 per year. Providing them housing costs $10,051 per year.

Criminal Justice System

- People who are homeless, particularly during the winter months, spend more time in jail or prison than the general population due to violations of quality-of-life crimes, resulting from their homelessness.
- The Bismarck Police Department estimates more than $200,000/year on service calls related to intoxication management alone. Without a homeless shelter, police calls would increase dramatically.
- Bismarck would see an increase in non-violent crimes, such as break-ins to vehicles, storage units, businesses, and apartment buildings.

Health Care System

- The homeless population are frequent users of public and medical services, specifically emergency room visits and inpatient bed use. When that high level of care is not required, there is no where safe for discharge.
- The Medical Respite Program in Grand Forks saved $940,470 in less than one year by providing 2,726 days of care.
- Nearly one-third of all visits to the emergency room are made by people struggling with chronic homelessness.

Environmental Impact

- Trash, human waste, and other litter from homeless encampments pollute waterways and public spaces.
- The city of Houston spends at least $120,000 annually on a "hazmat sweeping," clearing garbage and waste from an area where 20 homeless people sleep.
- Providing a safe, one-stop-shop, will clean up community parks and save parks & recreation.
- Tourism is impacted by homelessness.
- Local businesses are impacted by declining land values.

Prevention

- High return on investment for early childhood programs. For example, the National Forum on Early Childhood Policy and Programs have found that high-quality early childhood programs can yield a $4-$9 return per $1 invested. A high-quality program for 3-5 year olds estimated a return to society of between $7-$13 for each $1 invested.

NEEDS:

HUNGER

- 1 in 5 children locally are food insecure
- 292 weekly backpacks are delivered to Myhre, Moses, and Wachter schools on the weekends

HOMELESSNESS

- An average of 50 men, women, and children are sheltered each night at United Way's Emergency Shelter
- More than 76% of clients are from North Dakota
- Roughly 45% suffer from a mental illness

PAROLE/PROBATION

- An average of 31% of clients are referred to the shelter by jail/corrections and/or are under active supervision of a parole officer

MEDICAL RESPITE

- Local hospitals report that they are overflowing with patients and often have to send people to Fargo or Grand Forks because of lack of space
- They are often unable to discharge homeless clients who may not need to be hospitalized but may be too frail to recover from illness/surgery or may need aftercare

Bismarck Public Schools

- Only 35% of local youth feel they have a positive adult role model

MSAUnitedWay.org - MSA United Way - 515 N. 4th St, Bismarck, ND 58501 - (701)255-3601

NORTH DAKOTA ETHANOL PRODUCERS ASSOCIATION

Testimony of Gerald Bachmeier
CEO, Red Trail Energy
President, North Dakota Ethanol Producers Association

In Support of HB 1014
March 10, 2023

Chairman Sorvaag and members of the committee:

My name is Gerald Bachmeier, and I am the president of the North Dakota Ethanol Producers Association (NDEPA), which represents North Dakota's six ethanol plants and industry stakeholders. I am here today to voice support for HB 1014, specifically the Renewable Energy Program.

North Dakota's ethanol industry contributes nearly $1.7 billion annually to the state's economy and provides thousands of direct and indirect jobs. Thanks to North Dakota's innovative private sector and supportive state government, the state's ethanol production capacity is 550 million gallons per year, which is more than five times the production a decade ago.

The North Dakota ethanol industry greatly appreciates your support of the North Dakota Renewable Energy Council, whose mission is to promote the growth of North Dakota's renewable energy industries through research, development, marketing, and education, similar to the research councils of other energy-related industries. The projects funded through the Council have enabled commercial application of new or emerging technologies that are bringing revenue to the state and value-added markets to the agriculture industry.

Currently, the North Dakota ethanol industry produces 18 pounds of CO_2 for every bushel of corn processed. The ethanol industry recognizes an opportunity to find ways to capture that CO_2 and use it to generate additional revenue. The Renewable Energy Council, along with private industry dollars, is essential in helping our industry to commercialize CO_2 capture technologies. These projects help generate additional revenue and additional tax dollars for the state of North Dakota. The 50 percent

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private industry match requirement ensures only relevant projects driven by the private sector are funded.

The Renewable Energy Program has played an important role in advancing numerous technologies that provide additional market opportunities and ensure sustainability for North Dakota's ethanol industry. Examples include:

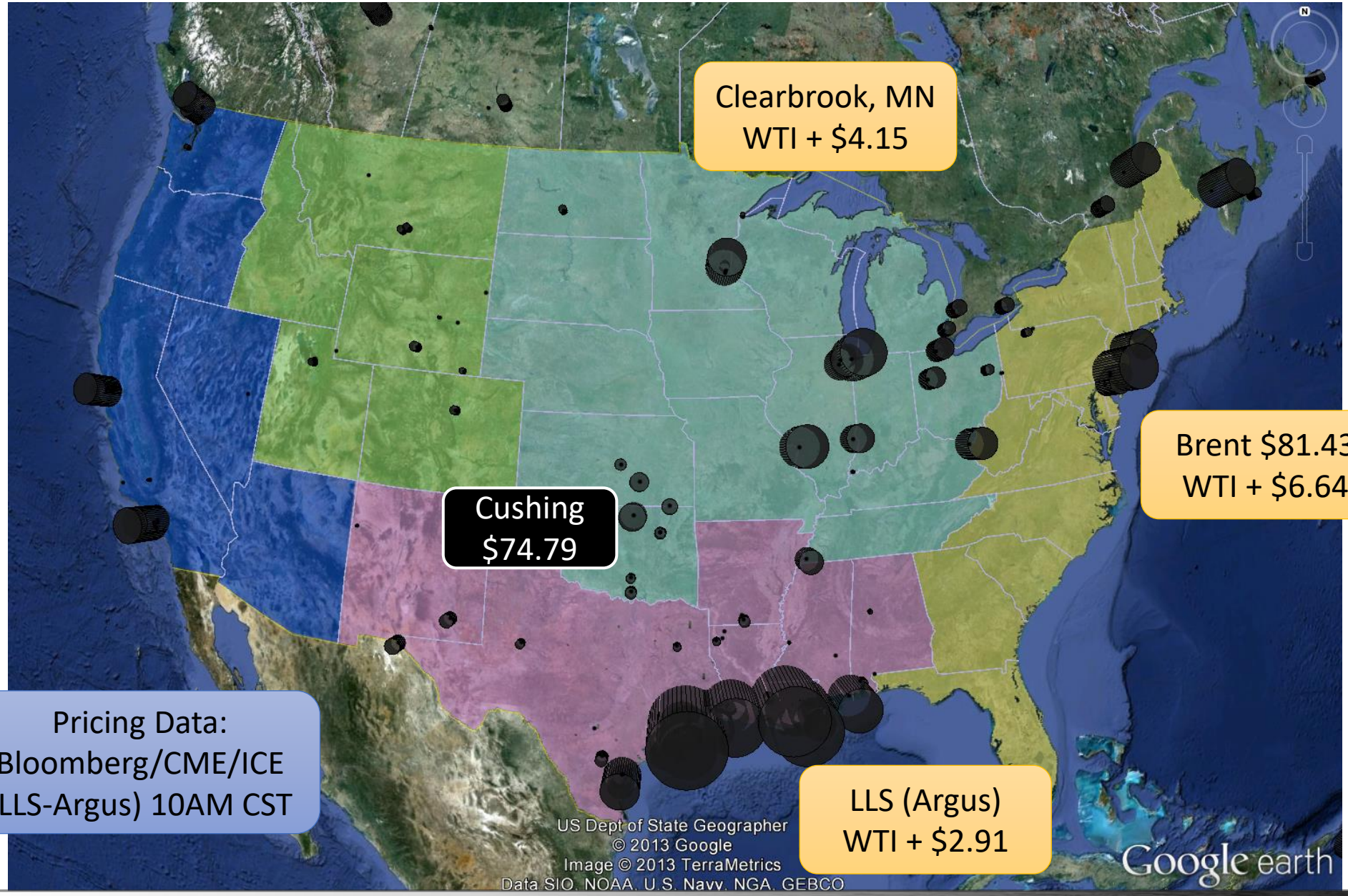
- Red Trail Energy working in coordination with the University of North Dakota's Energy and Environmental Research Center (UND EERC) on its carbon capture and storage project, which is the first carbon capture and storage project allowed under state primacy in the nation.
- Midwest Ag Energy conducting a seismic survey to advance carbon capture at its location in Underwood.
- Tharaldson Ethanol advancing a high-protein project which will open up new markets in pet food and aquaculture.
- Hankinson Renewable Energy pursuing heat stack recovery technology aimed at increasing ethanol production and demand for corn which creates additional revenue in the state while reducing the use of water and natural gas.

We thank you for your support of the state's ethanol industry in the past and urge your favorable consideration of HB 1014, specifically regarding the continued funding for the North Dakota Renewable Energy Program.

Pipeline Authority

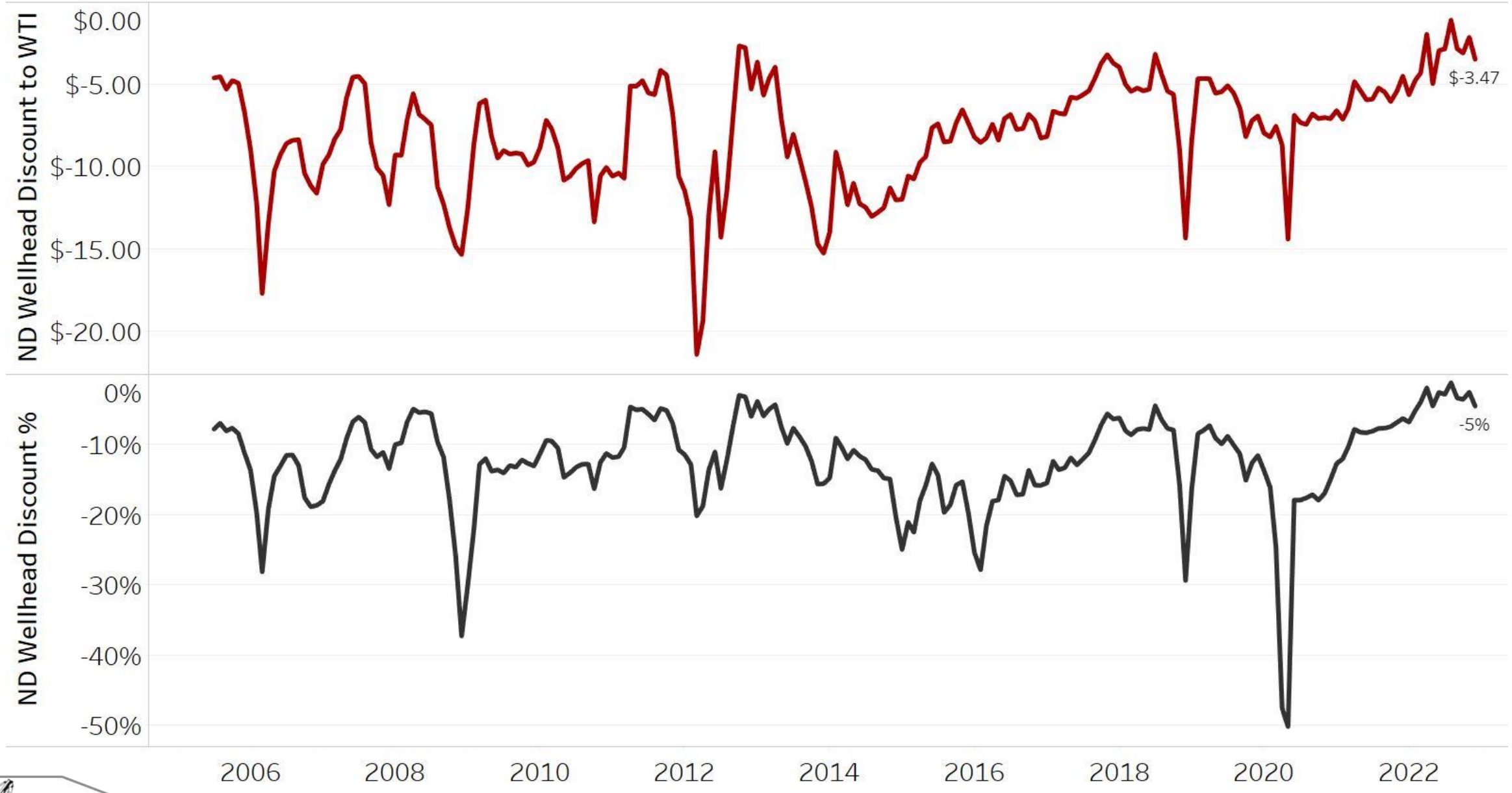
Senate Appropriations

Crude Oil Prices – Feb. 23, 2023

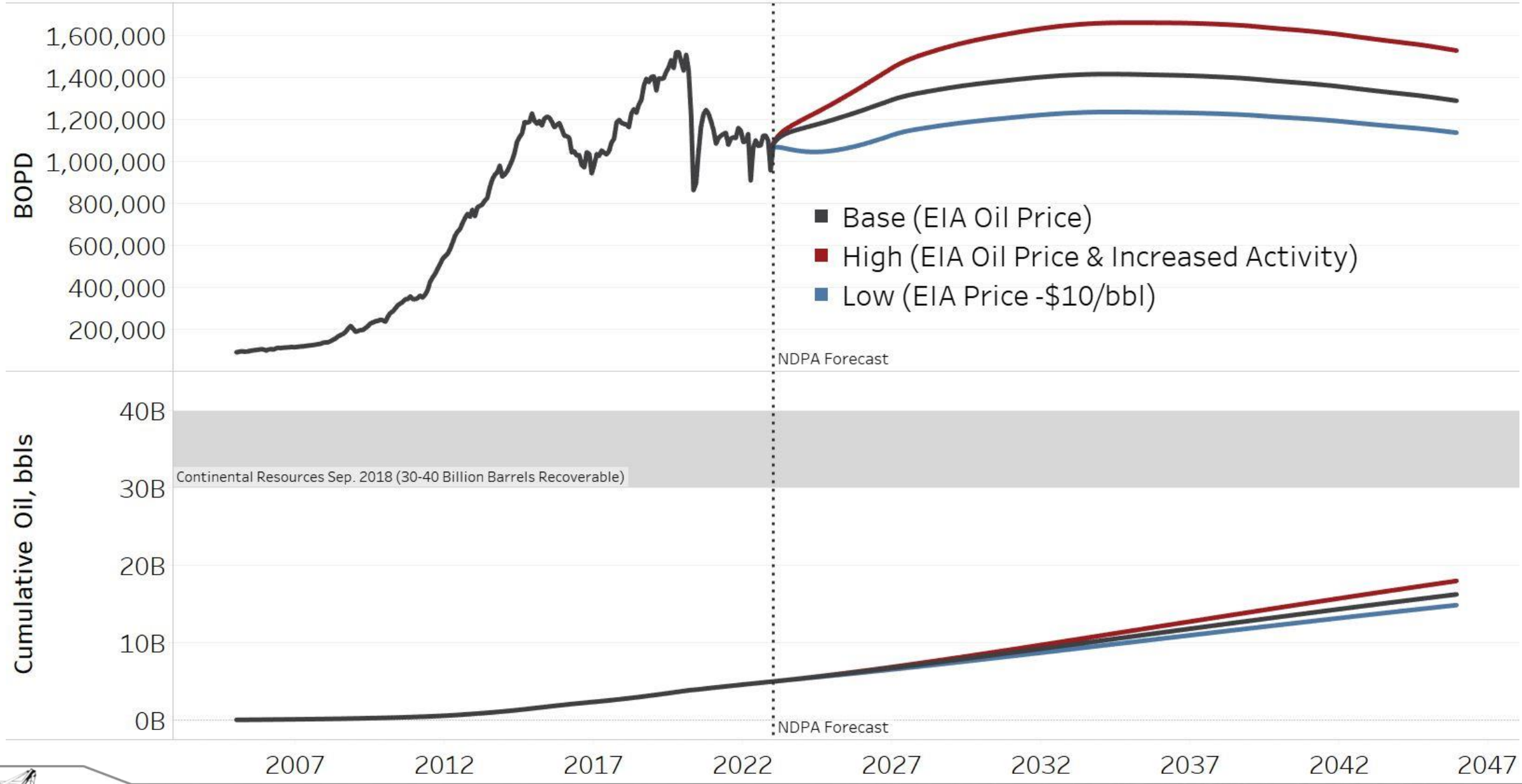


Pricing Data:
Bloomberg/CME/ICE
(LLS-Argus) 10AM CST

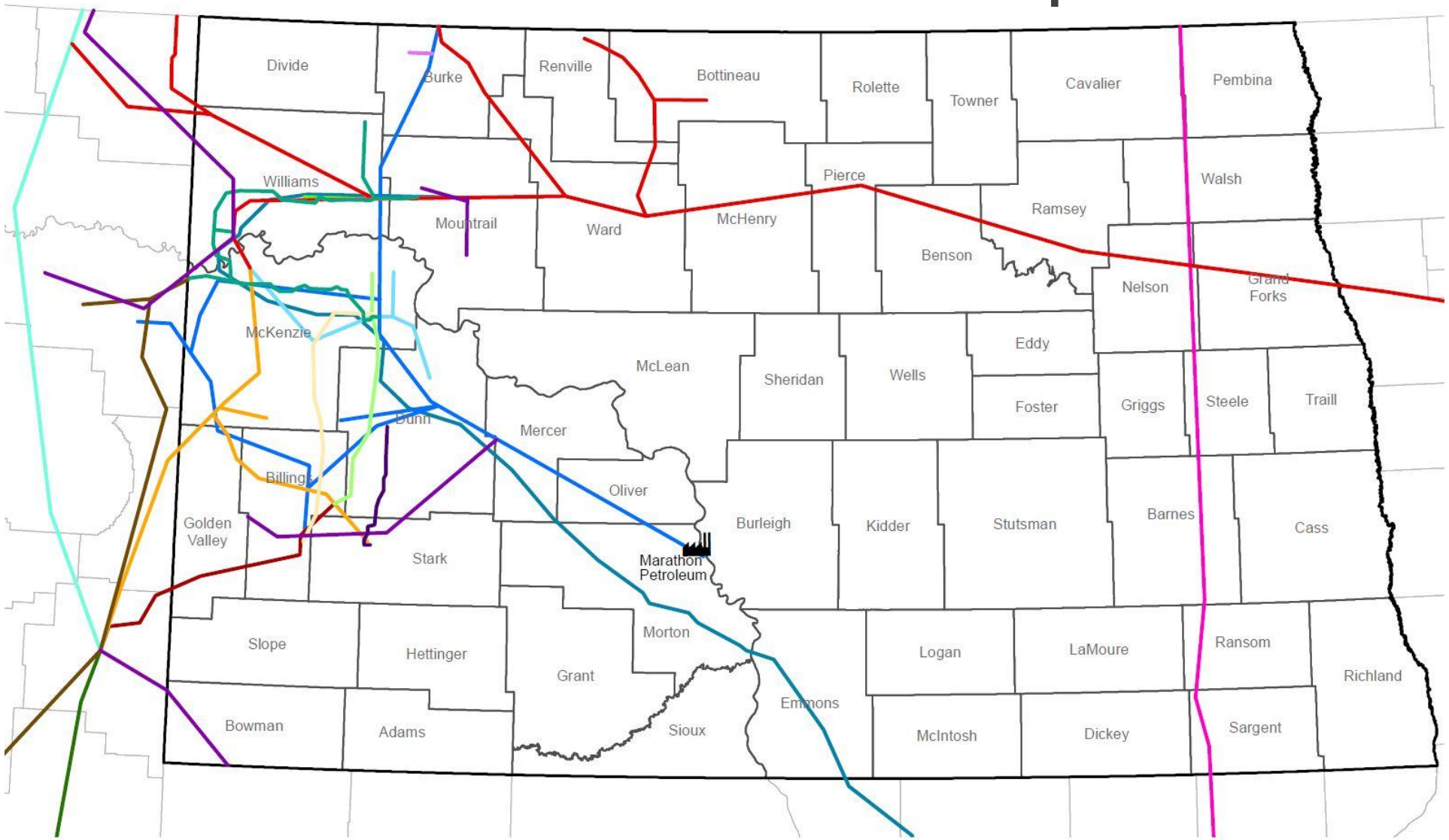
Average North Dakota Oil “Discount” to WTI



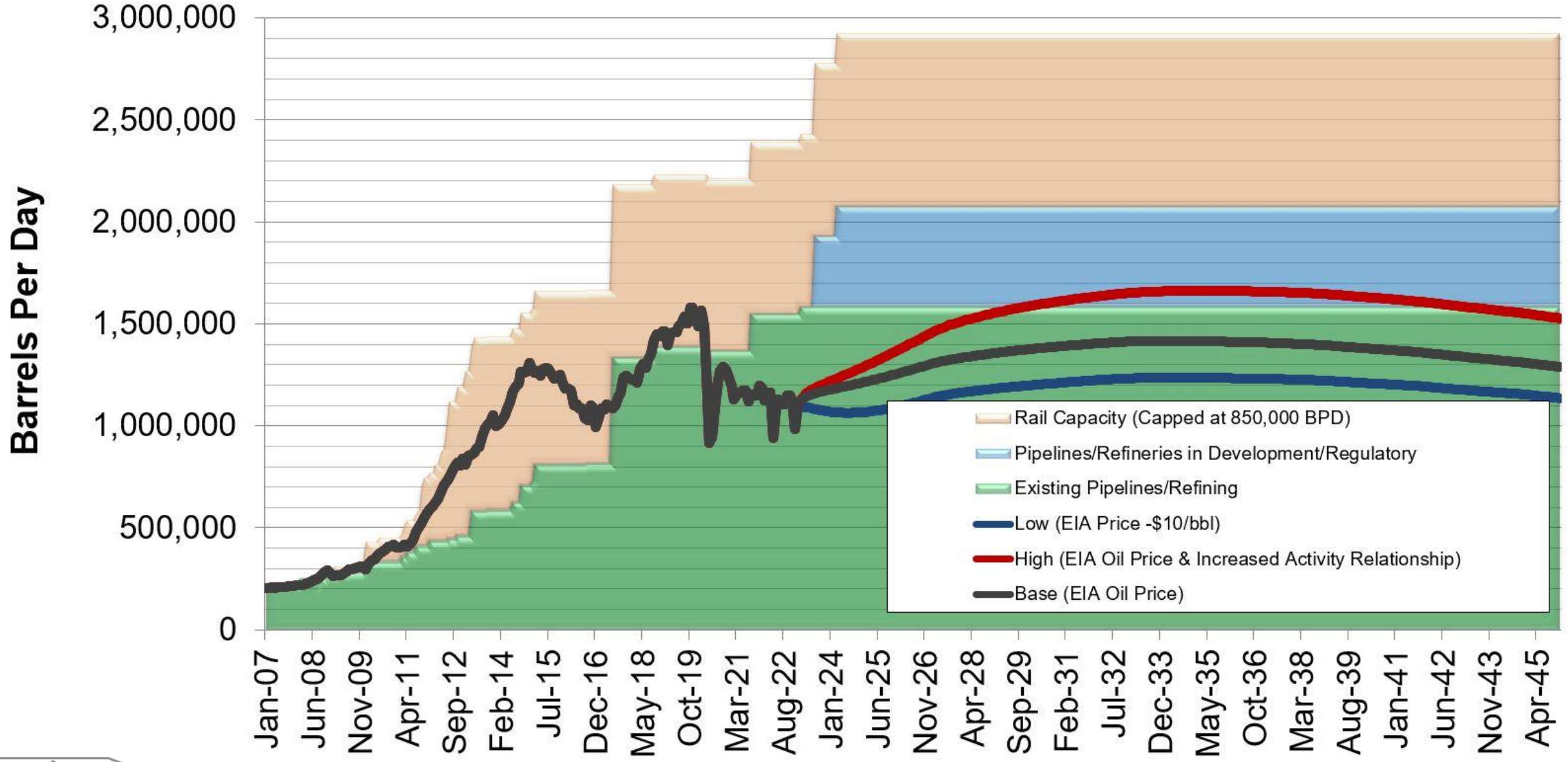
ND Oil Production: EIA Price Deck



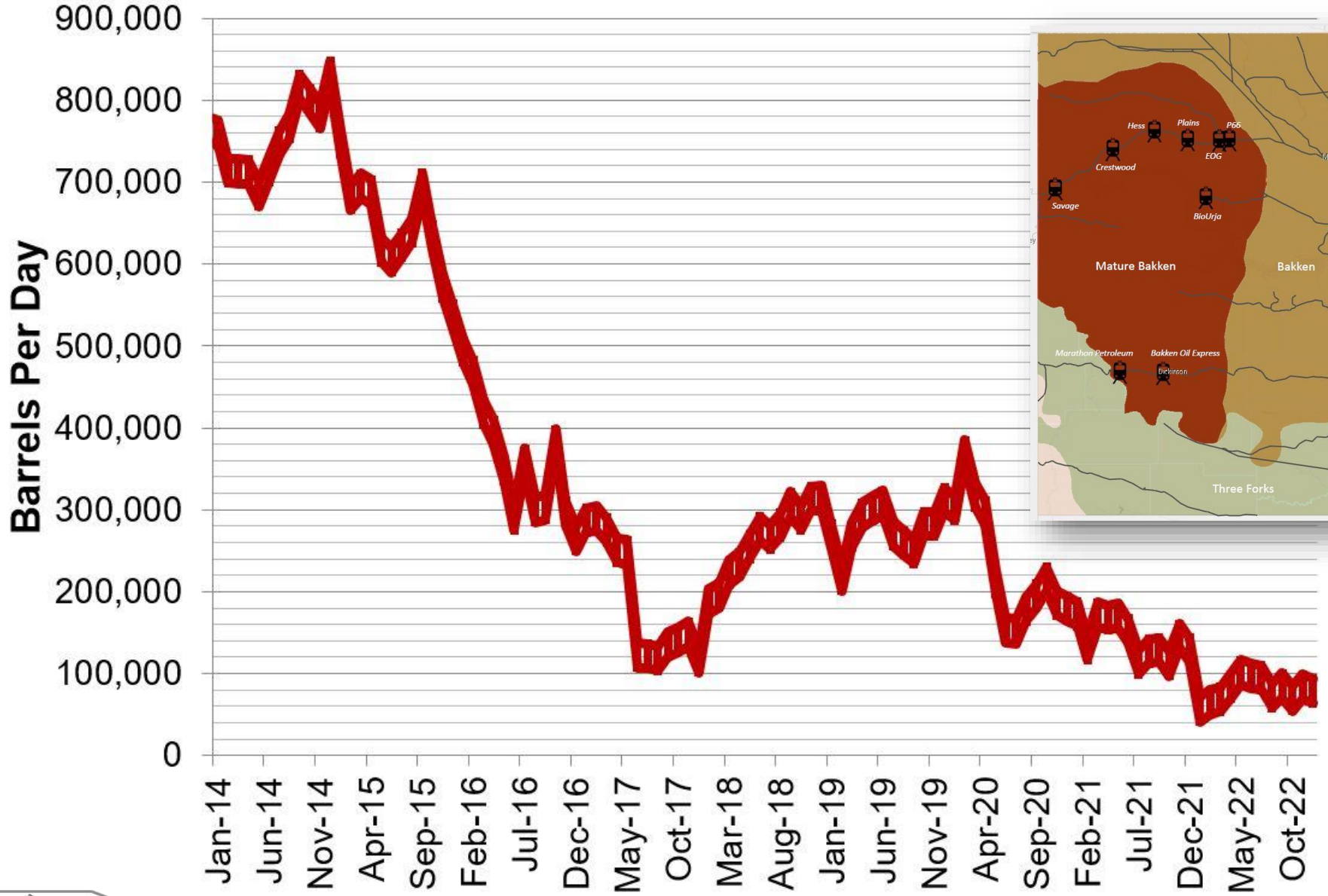
North Dakota Oil Transmission Pipelines

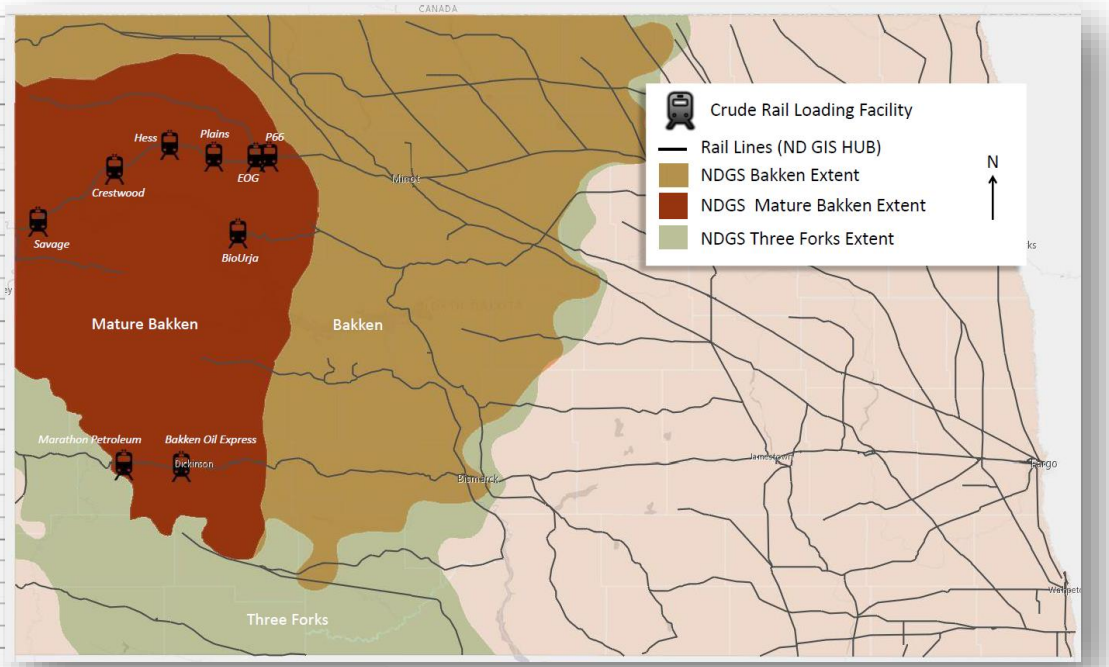


Williston Basin Oil Production & Export Capacity, BOPD

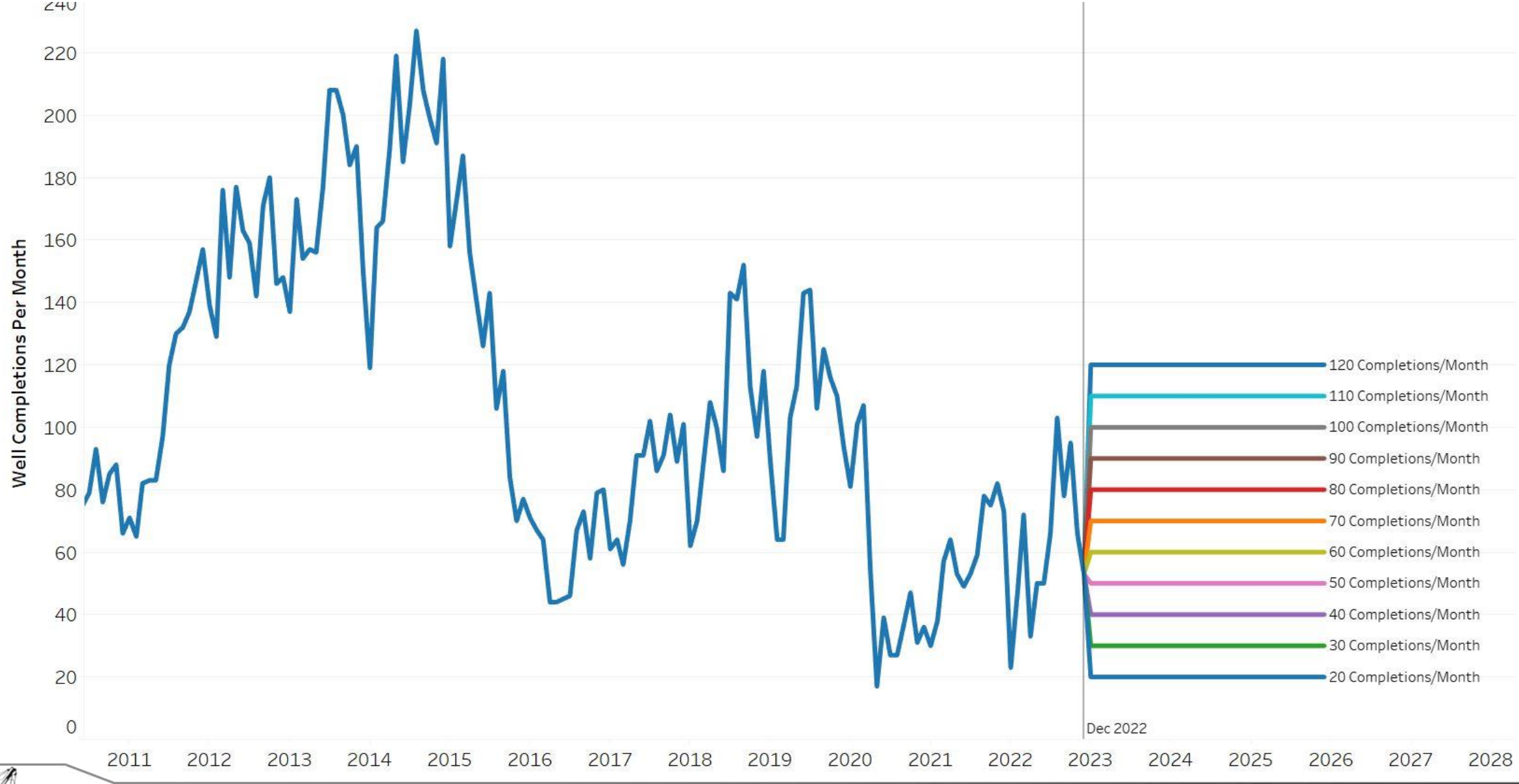


Estimated ND Rail Export Volumes



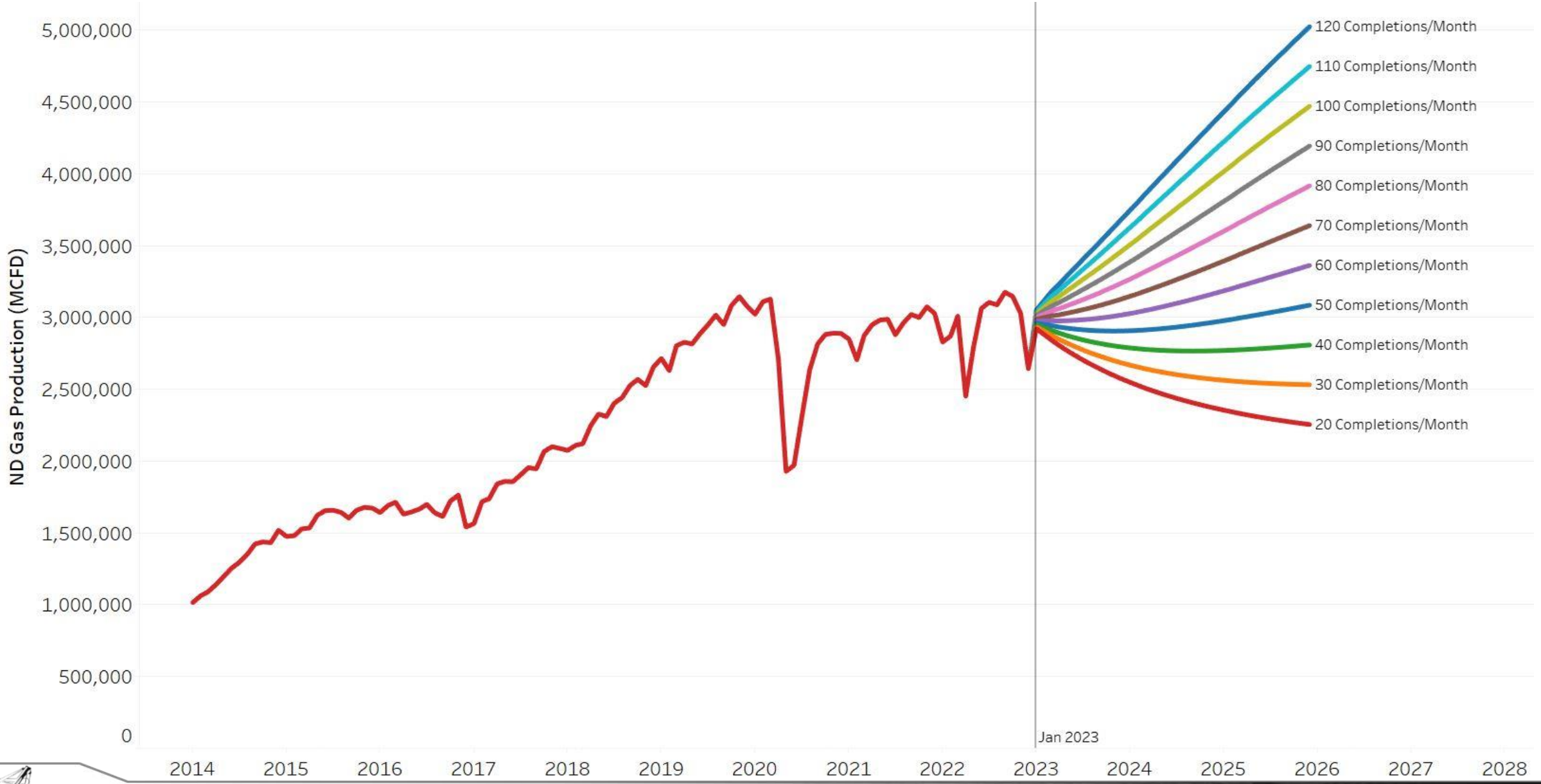


Completions Per Month Exercise



Monthly Completion Scenarios - Oil

Monthly Completion Scenarios - Gas



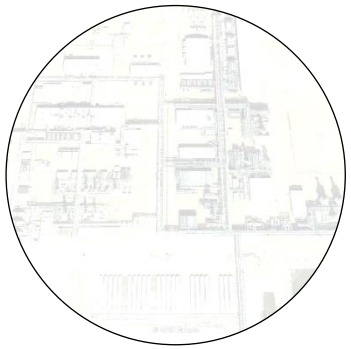
Natural Gas Update

Production

- Technology
- Markets

Gathering

- Capacity
- Connections



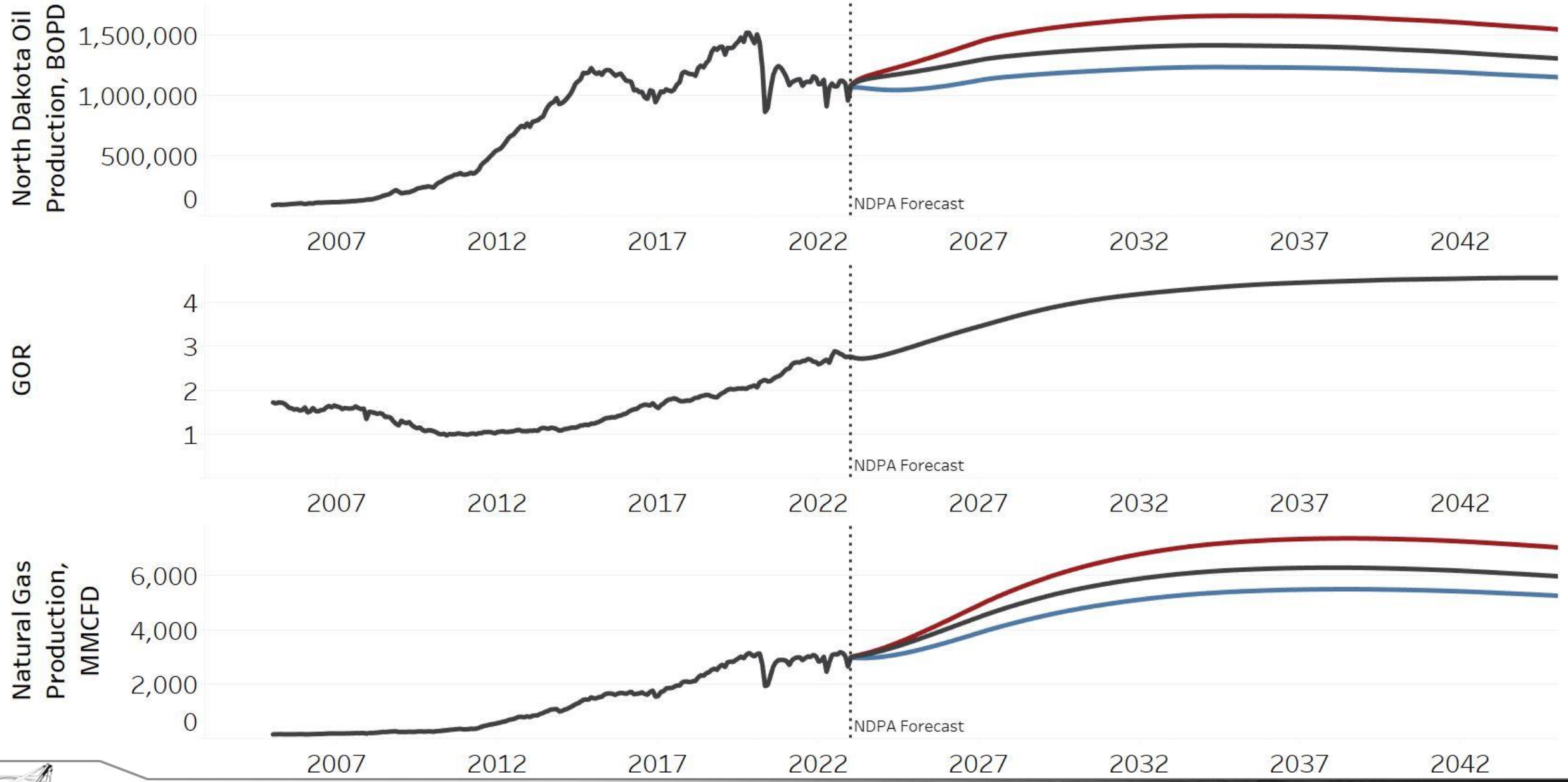
Processing

- Capacity
- Location

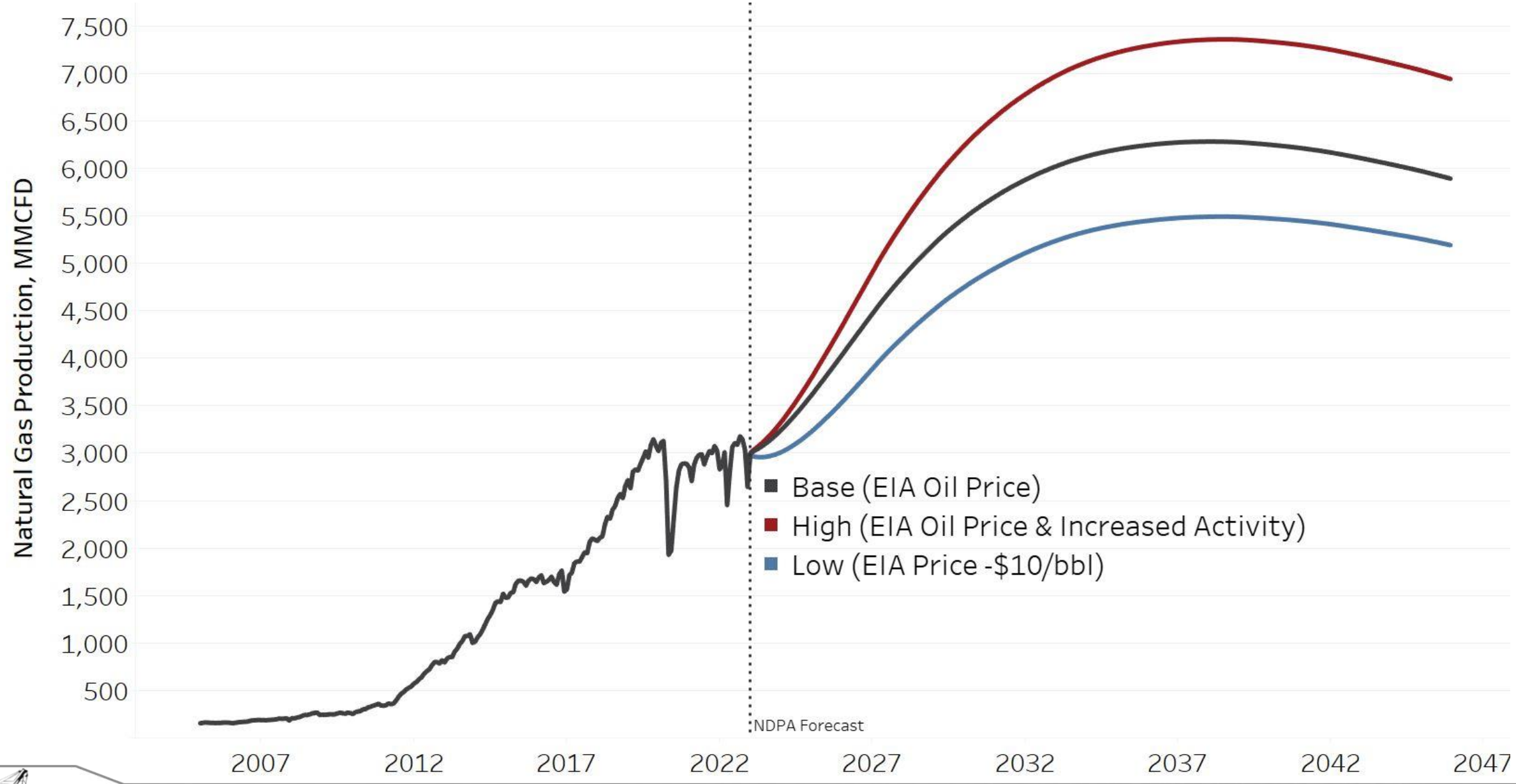
Transmission

- Dry Gas
- Natural Gas Liquids

ND Oil Production: EIA Price Deck



ND Gas Production: EIA Price Deck



Natural Gas Update

Production

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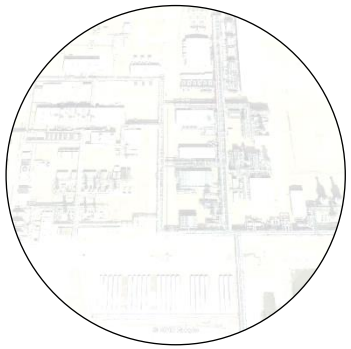
- Connections



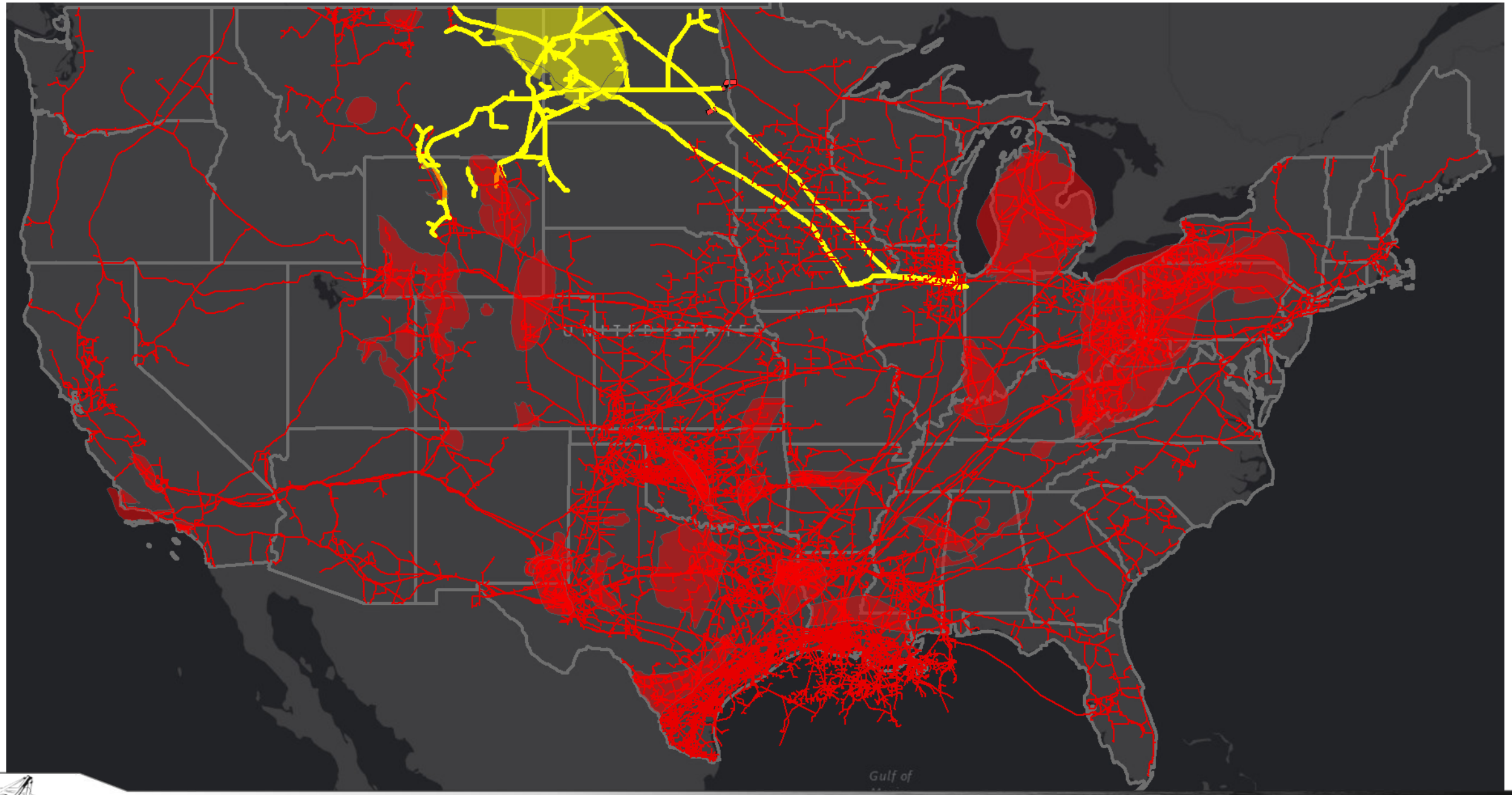
Processing

- Capacity
- Location

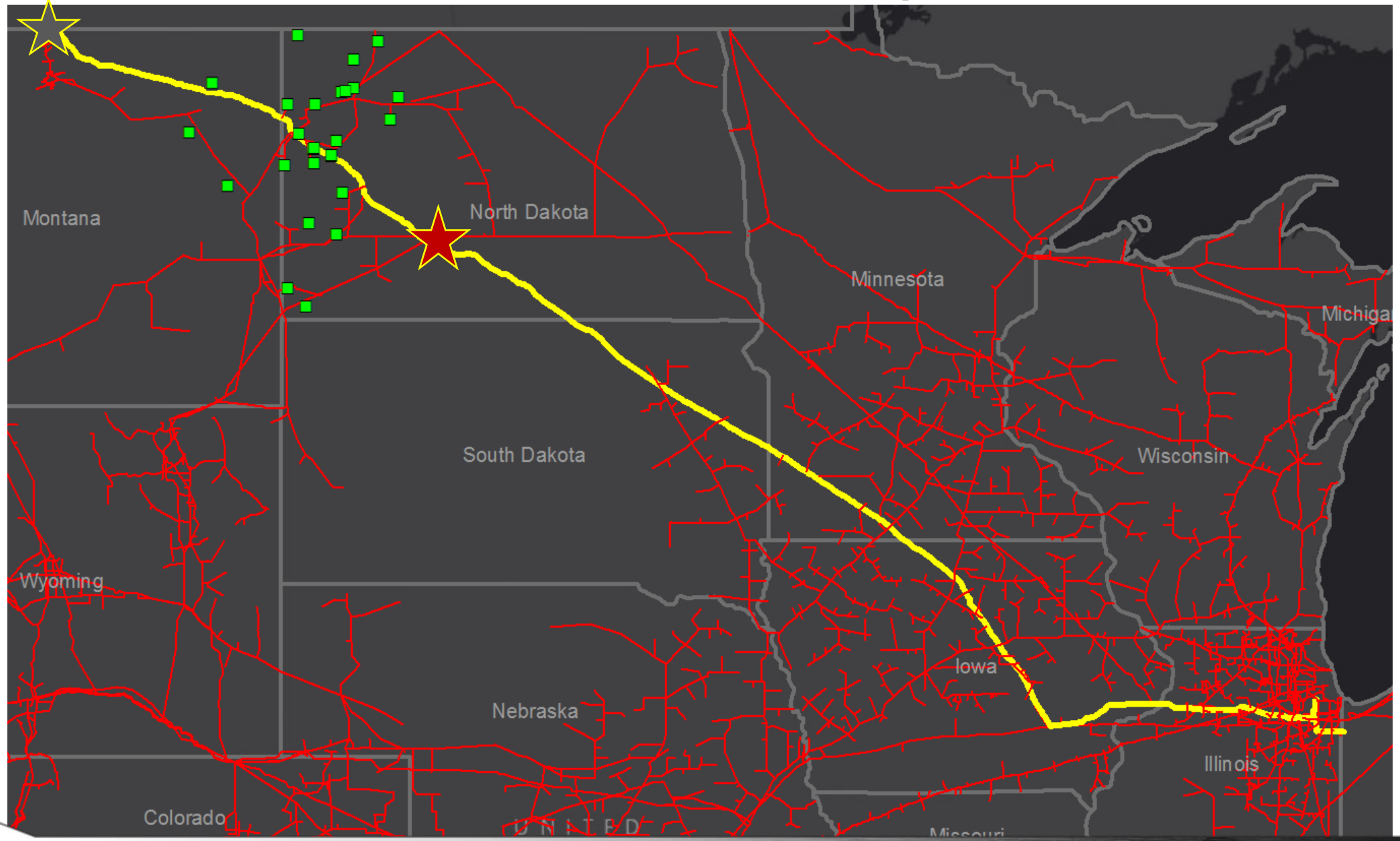
Transmission

- Dry Gas
- Natural Gas Liquids

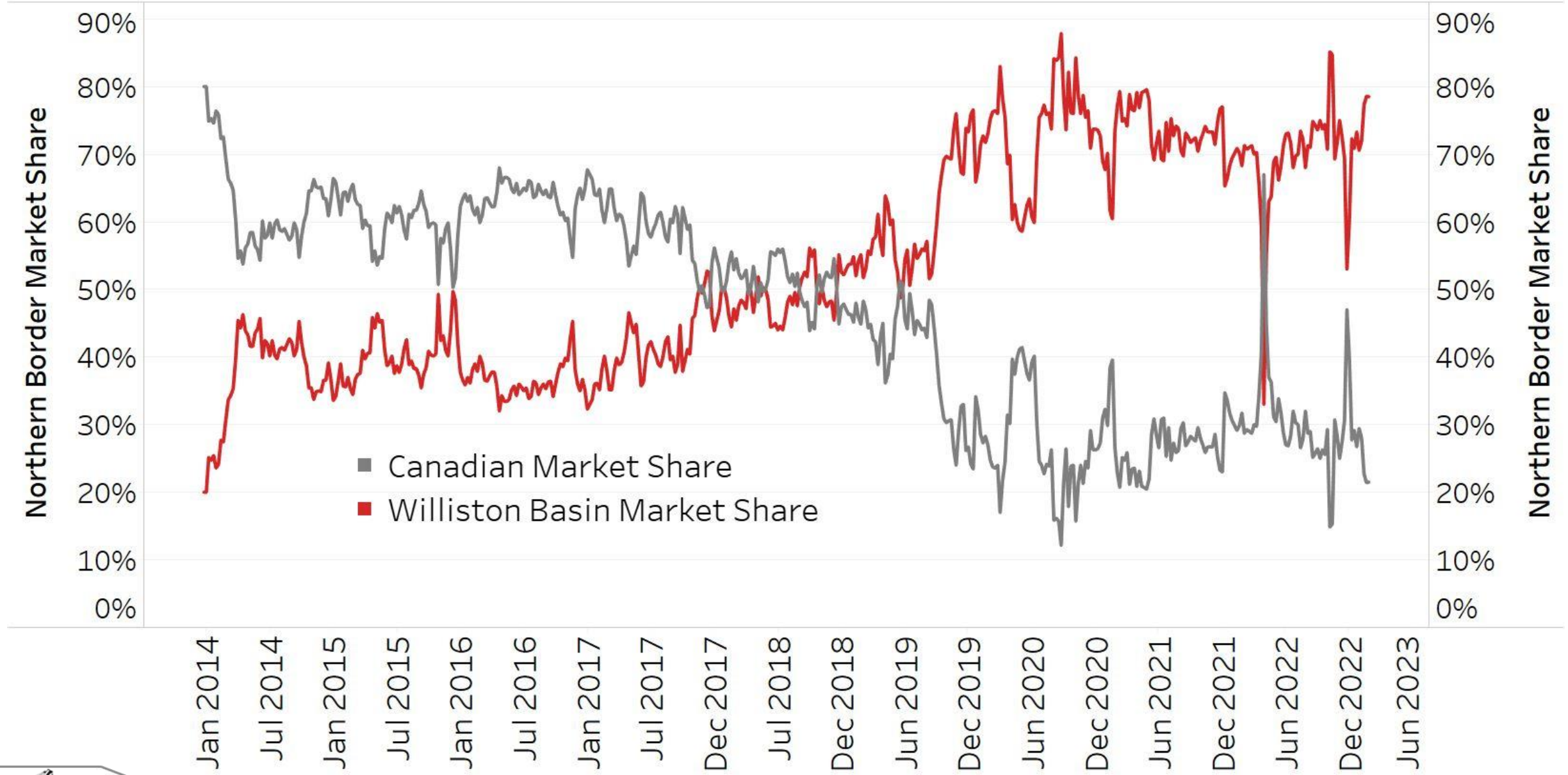
Bakken Natural Gas Infrastructure



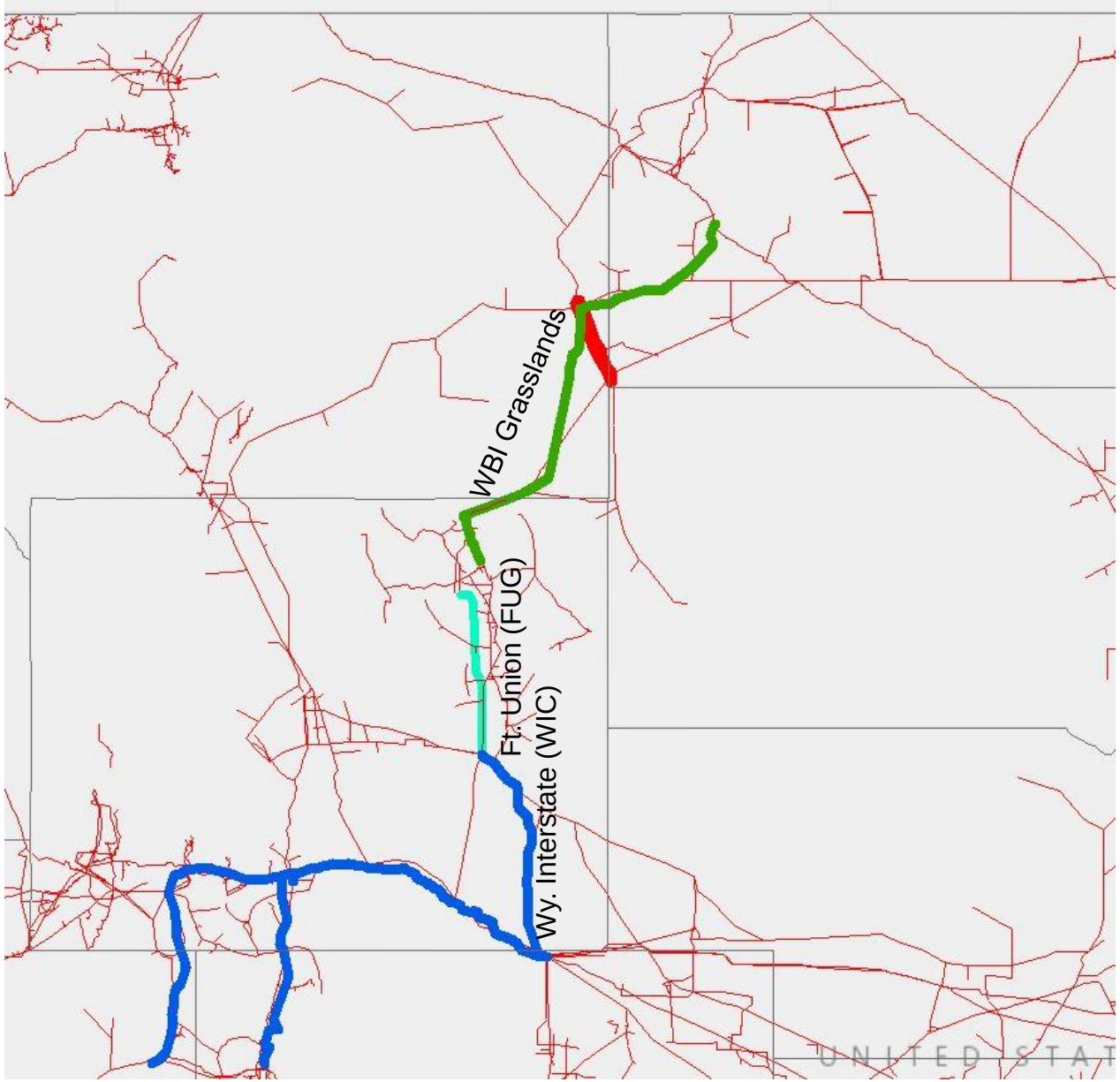
Northern Border Pipeline



Northern Border Pipeline Market Share



WBI Energy – Grasslands South Project



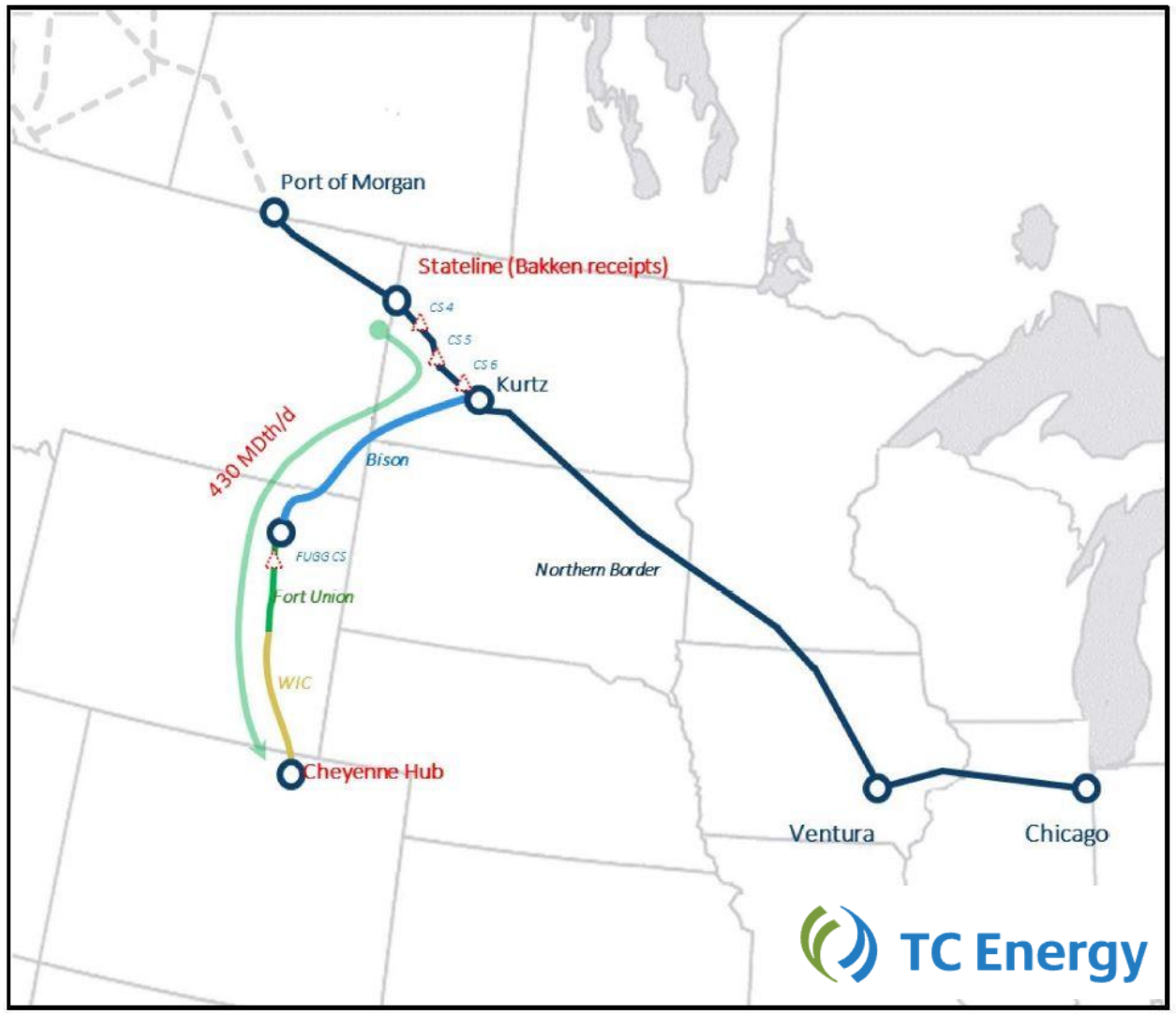
Project Highlights

- Binding open season Jan 10 – Feb 25, 2022
- Repurpose Grasslands Pipeline (16”)
- Proposed Capacity 94,000 Dth/Day
- Access to Baker storage field
- Q3 2023 proposed completion
- Seeking commitments 10yrs or Longer
- Fort Union Gas Gathering and Wyoming Interstate Company provide further transport to Cheyenne hub.

Proposed Tariff Rates

- WBI $0.32356/Dth + Fuel/Elec to WIC/FUG Interconnect
- FUG/WIC to Cheyenne $0.2899/Dth + Fuel/Elec

TC Energy – Proposed Bison XPress Project



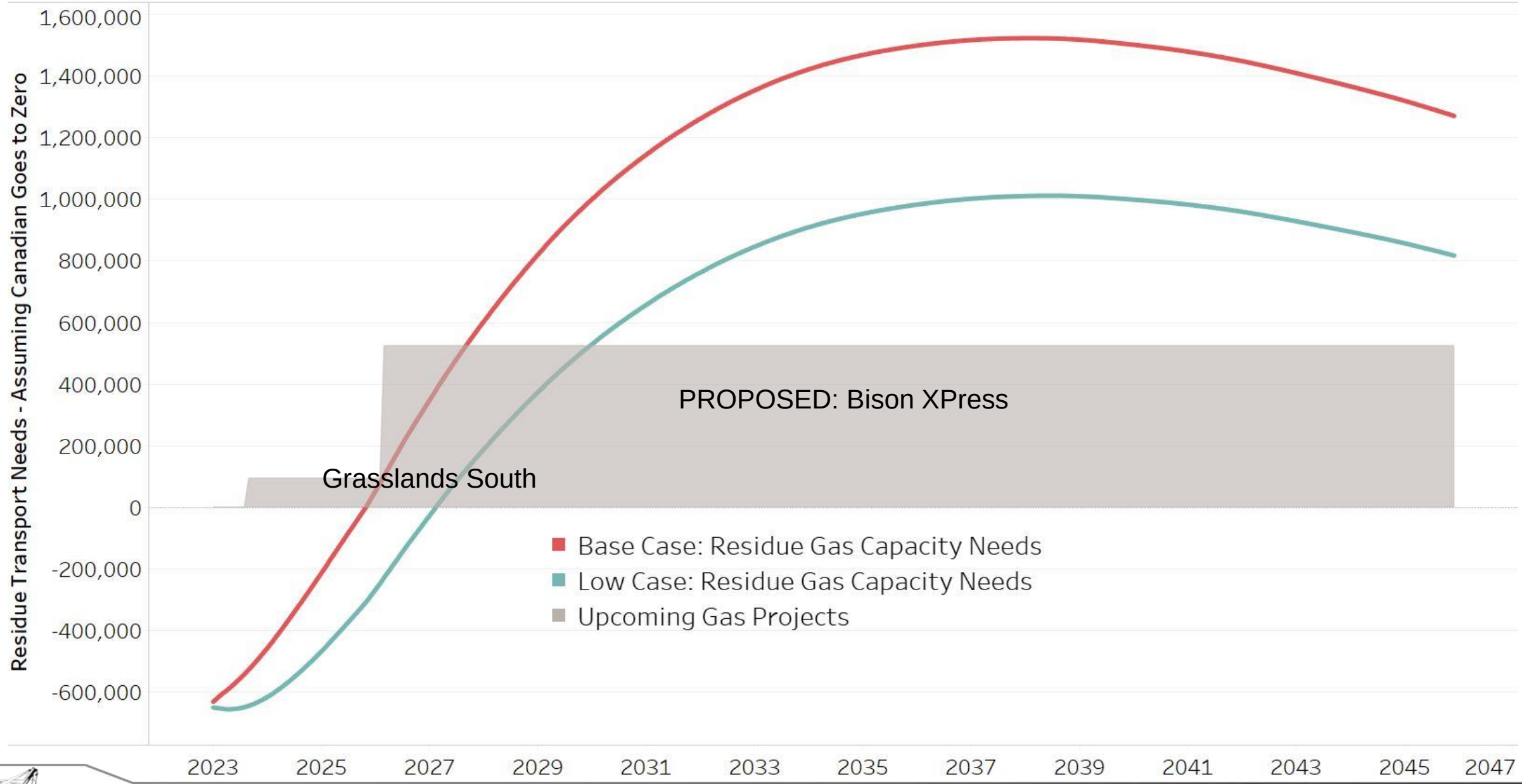
Project Highlights

- Non-binding open season April 4 - May 6, 2022
- Three compressor upgrades in North Dakota
- Reverse the idle Bison Pipeline (30” – 302 Mile)
- Proposed capacity 430,000 Dth/Day
- Q1 2026 targeted in-service date
- Fort Union Gas Gathering and Wyoming Interstate Company provide further transport to Cheyenne hub.
- Seeking commitments 10yrs or Longer

Proposed Tariff Rates

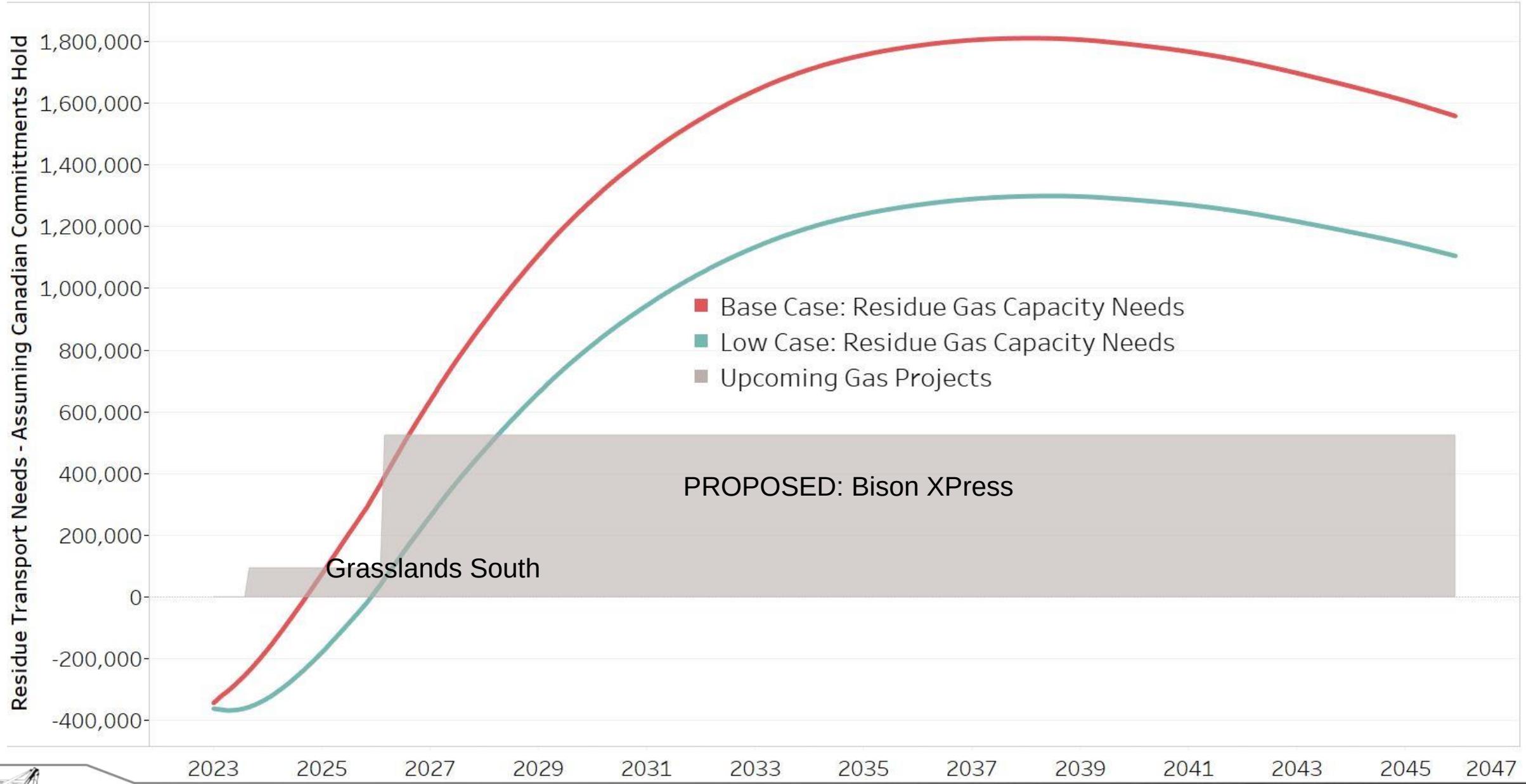
- NBPL/Bison $0.45/Dth + Fuel/Elec to WIC/FUG Interconnect
- WIC/FUG to Cheyenne $0.30/Dth + Fuel/Elec
- Anchor Shipper Minimum: 50,000 Dth/Day

Residue Capacity Needs : **ZERO CANADIAN**



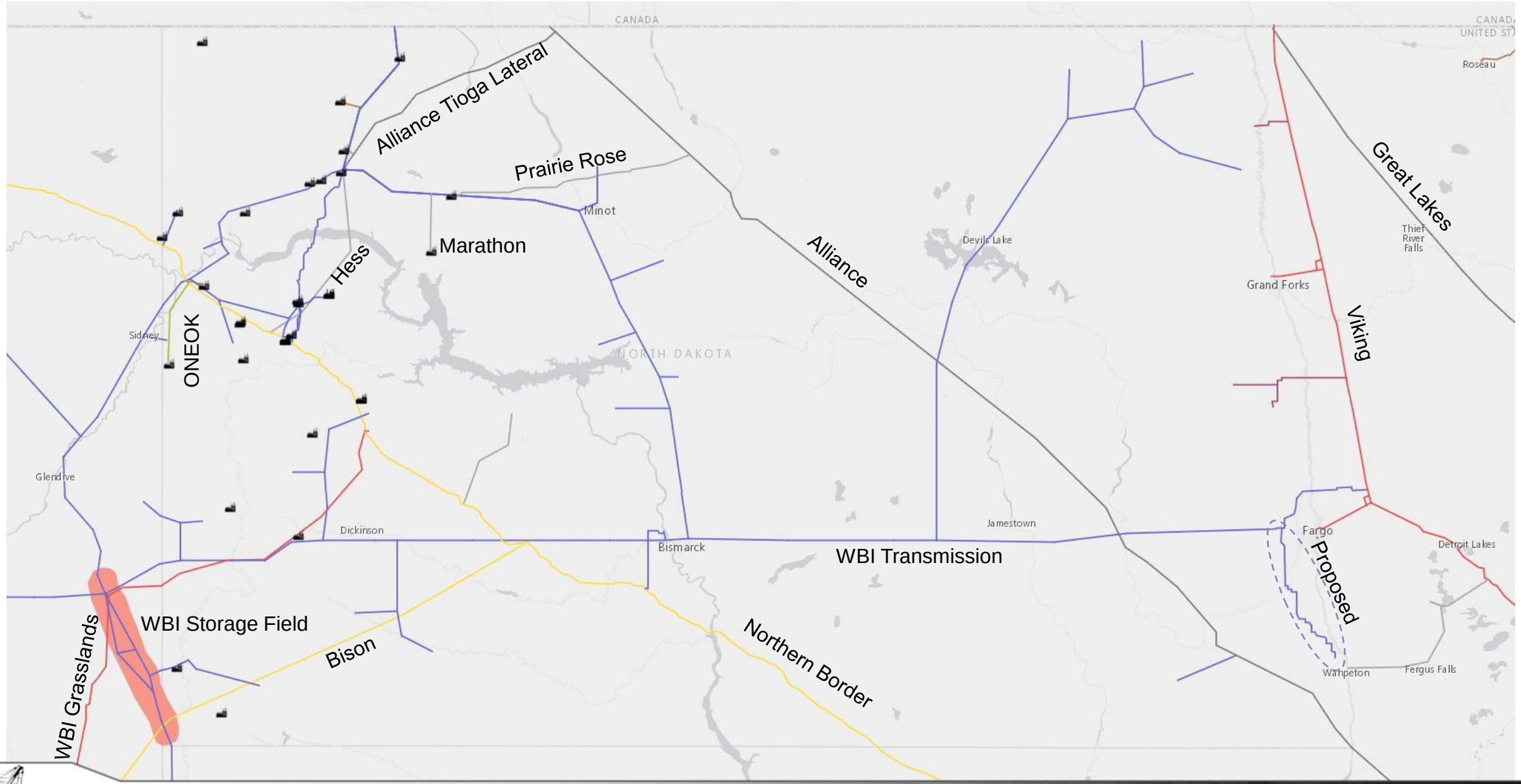
**Assumes BTU of 1,100*

Residue Capacity Needs: **~288,000 MMBTU CDN**

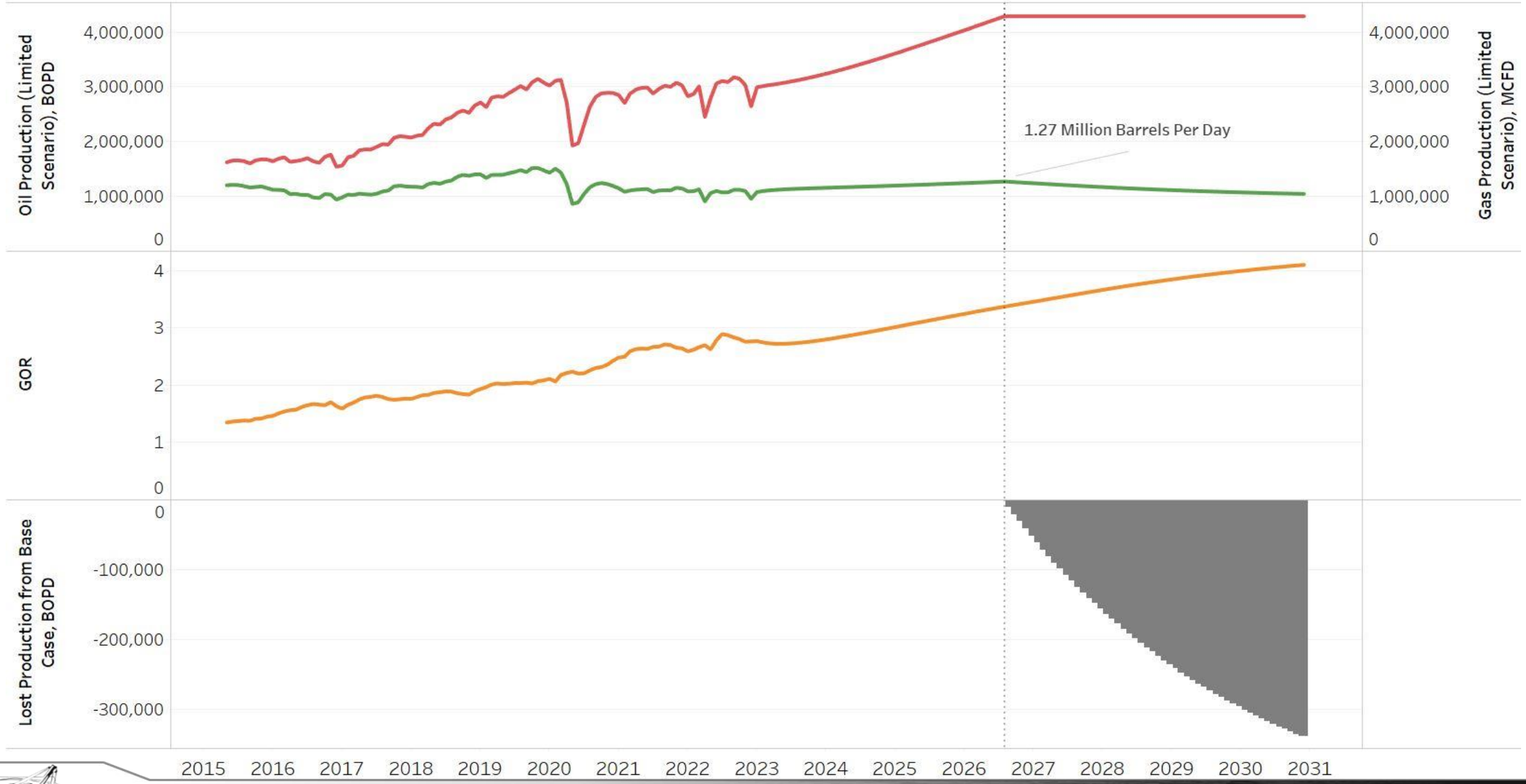


**Assumes BTU of 1,100*

Major Residue Gas Pipeline Infrastructure

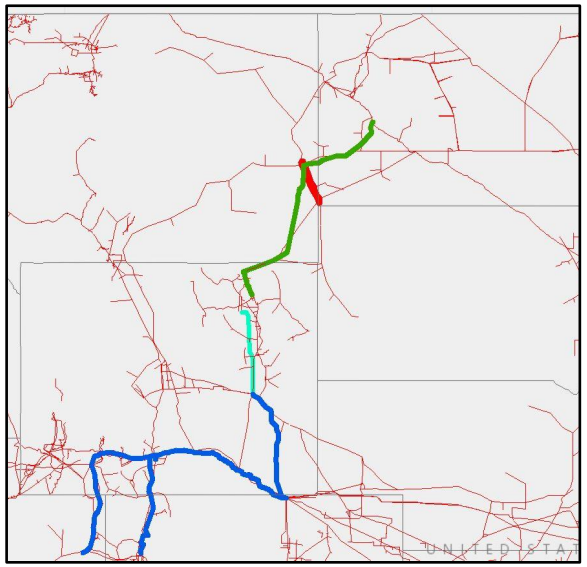


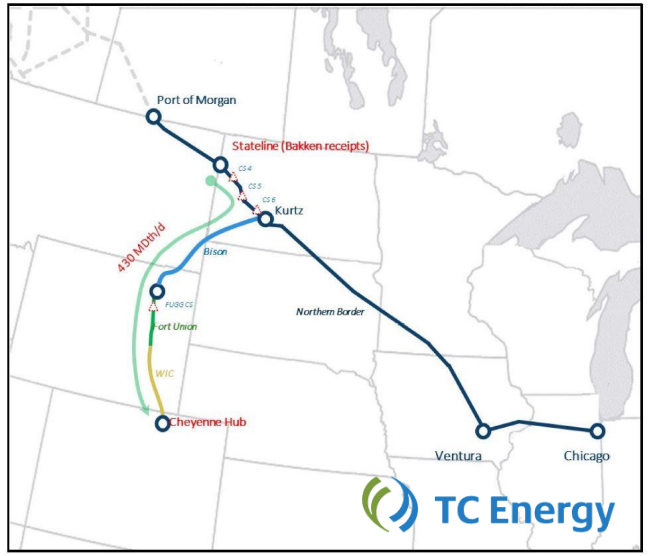
Gas Limitations Would Force Oil Production Down As GOR Rises



Value of a Dekatherm (MMBTU)

WBI Grasslands
94,000 Dekatherms
Per Day





Bison XPress
430,000 Dekatherms
Per Day

Combined Oil and Natural Gas Tax Value

- Combined 524,000 Dekatherms per day of needed gas takeaway capacity
- $3.74* in oil/gas tax value per Dekatherm x 524,000 Dekatherms = $1,959,760 per day
- **<u>$715+ Million</u> per year in oil and natural gas taxes to the State of North Dakota**
- *At 570,000 BOPD, DAPL's impact to reduce oil discount vs rail ~$60 million per year in oil taxes*

*NDPA Estimate From Aug. 26, 2022 NDIC Meeting

Pipeline Authority Tools

54-17.7-04. Powers.

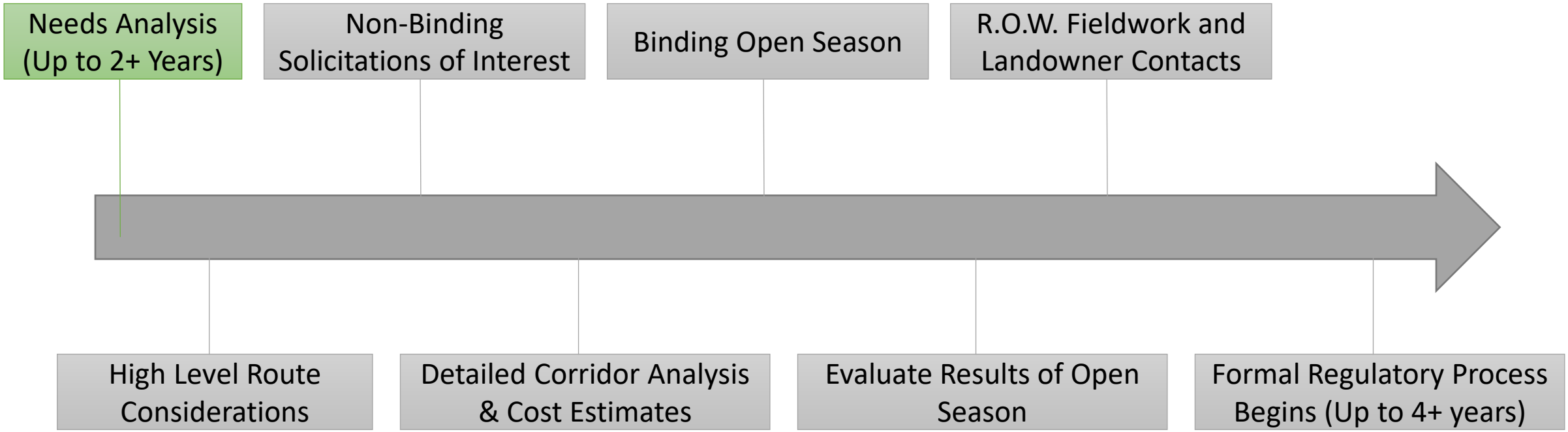
The authority has all powers necessary to carry out the purposes of this chapter, including the power to:

1. Make grants or loans and to provide other forms of financial assistance as necessary or appropriate for the purposes of this chapter.
2. Make and execute contracts and all other instruments necessary or convenient for the performance of the authority's powers and functions.
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 as a purchaser of last resort. The obligation of the state may not exceed ten percent of the pipeline authority's acquisition or purchase of a right to capacity in any pipeline system or systems, or interconnection of pipeline systems, and the state's obligation is limited to the funding available from the oil and gas research fund.
4. Borrow money and issue evidences of indebtedness as provided in this chapter.

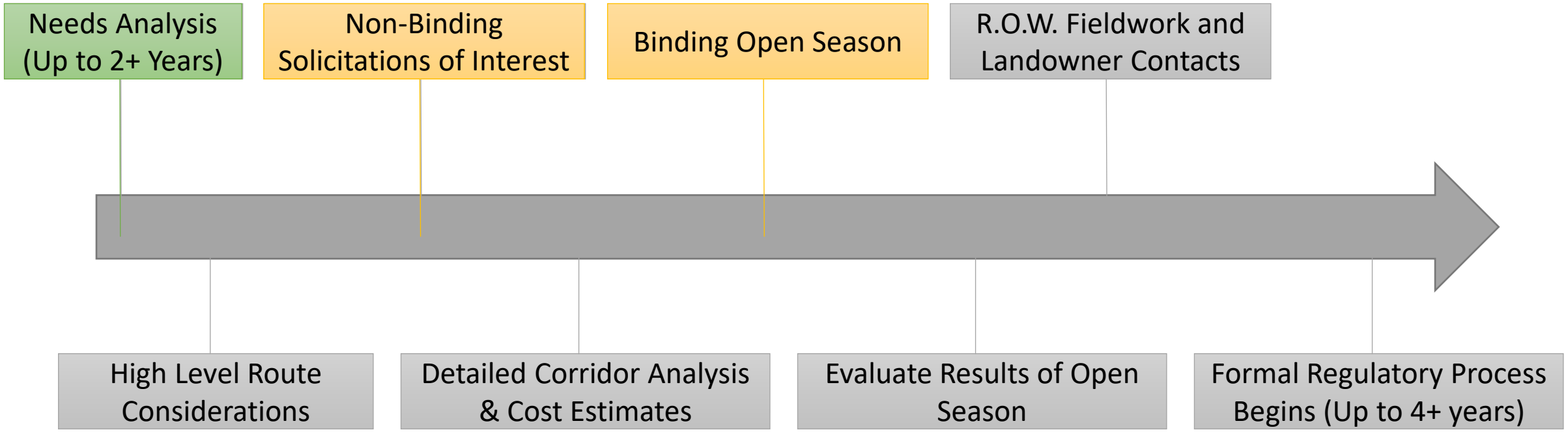
Additional Tools 5-18

Page No. 1

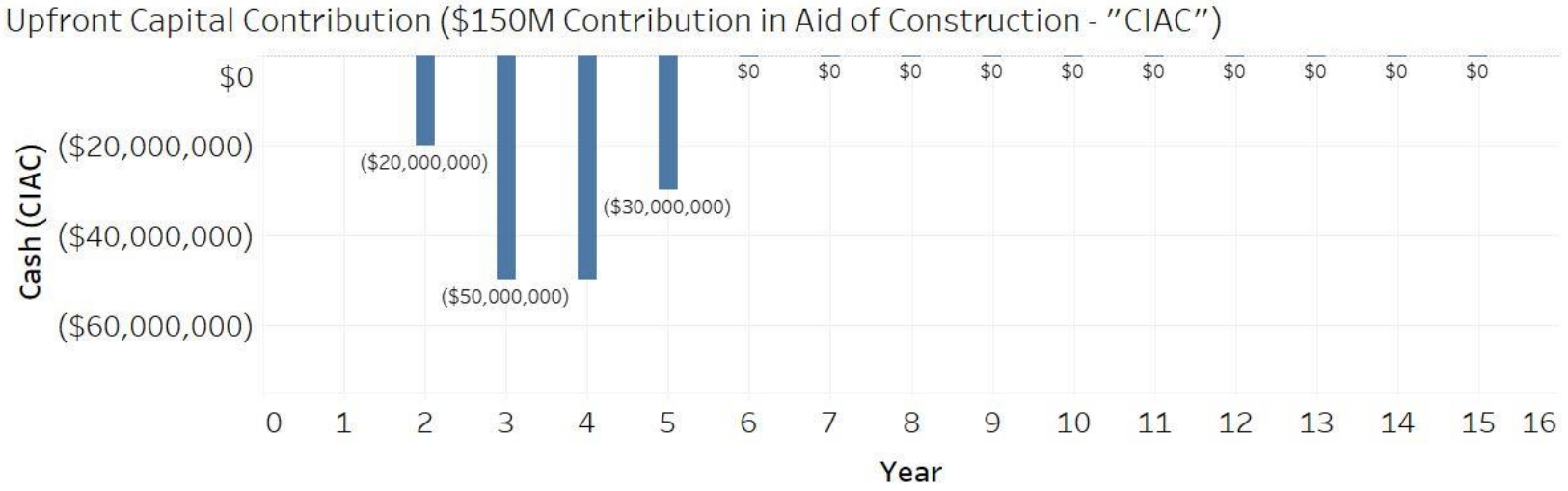
Early Stages of Pipeline Development



Early Stages of Pipeline Development

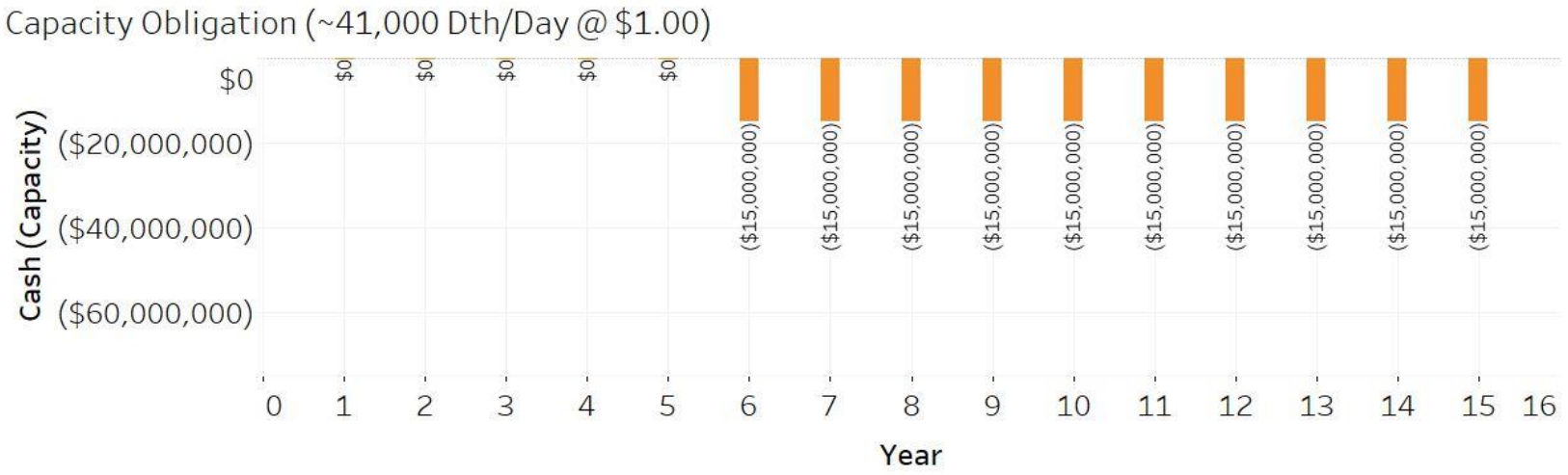


$150M Examples (CIAC vs Capacity)



Considerations (+/-)

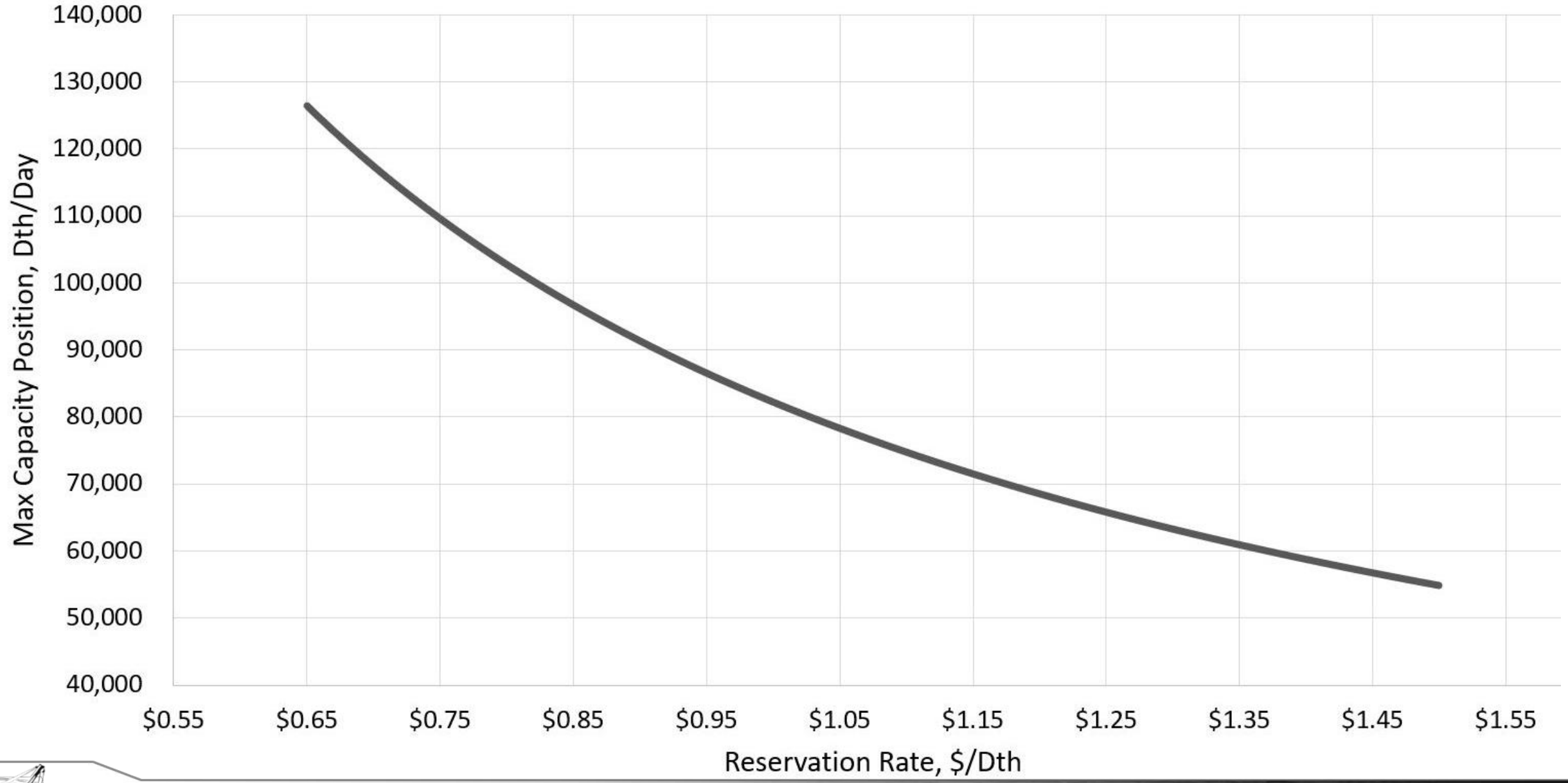
- Upfront contribution (+)
- Transport rate buydown (+)
- No direct recovery mechanism (-)
- Federal tax consideration (-)
- NPV @ 6% = $129M



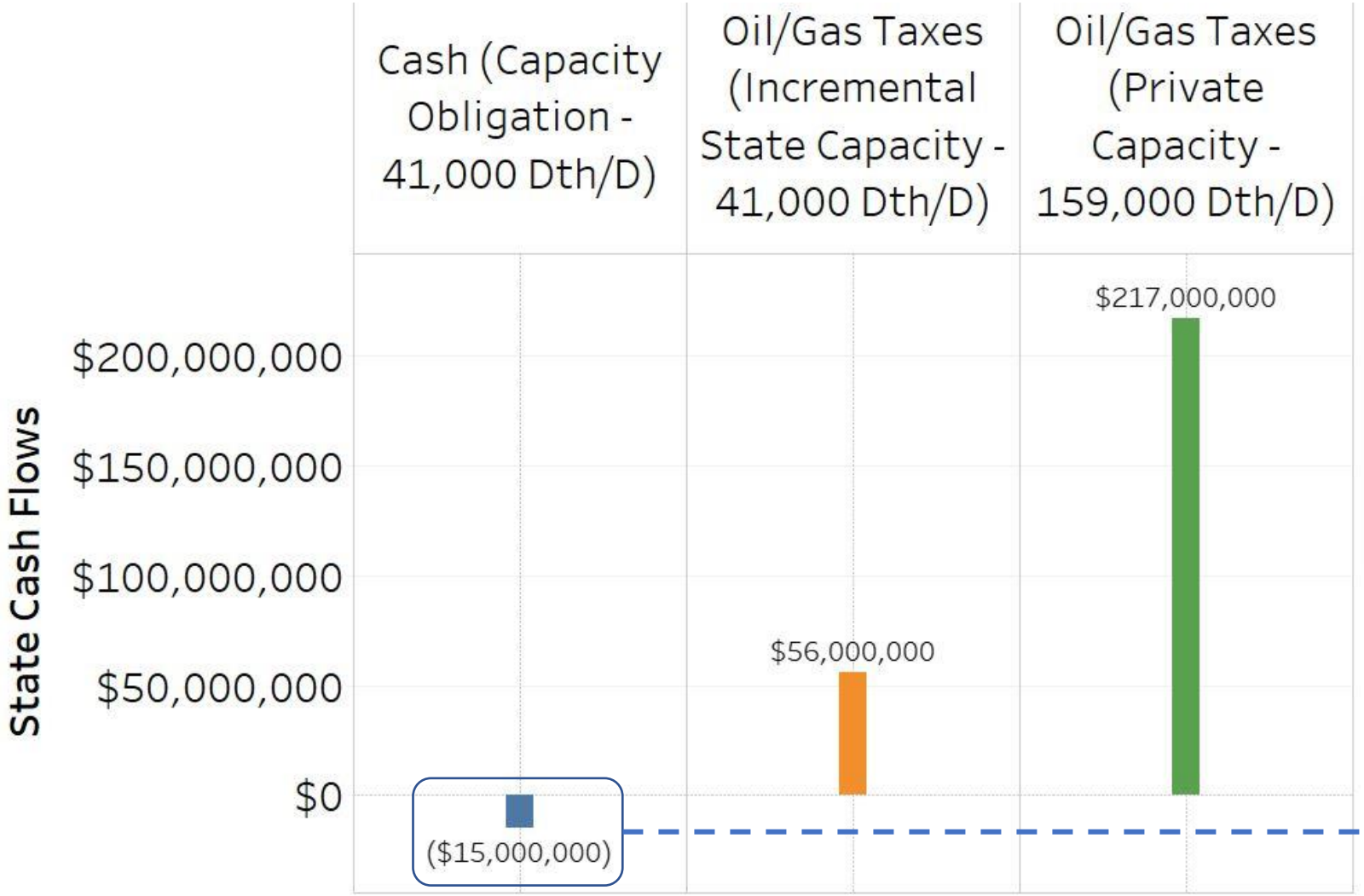
Considerations (+/-)

- Opportunity to release obligations (+)
- Obligation recovery possible through asset management agreement (+)
- If obligation is not released or recovered with AMA, max risk is the total transport obligation ($150M in this example) (+/-)
- No direct transport rate buydown, but rate influenced by total committed volume.
- NPV @ 6% = $82.5M

Capacity and Reservation Rate at $30M/Yr



Example Operating Project Cashflows

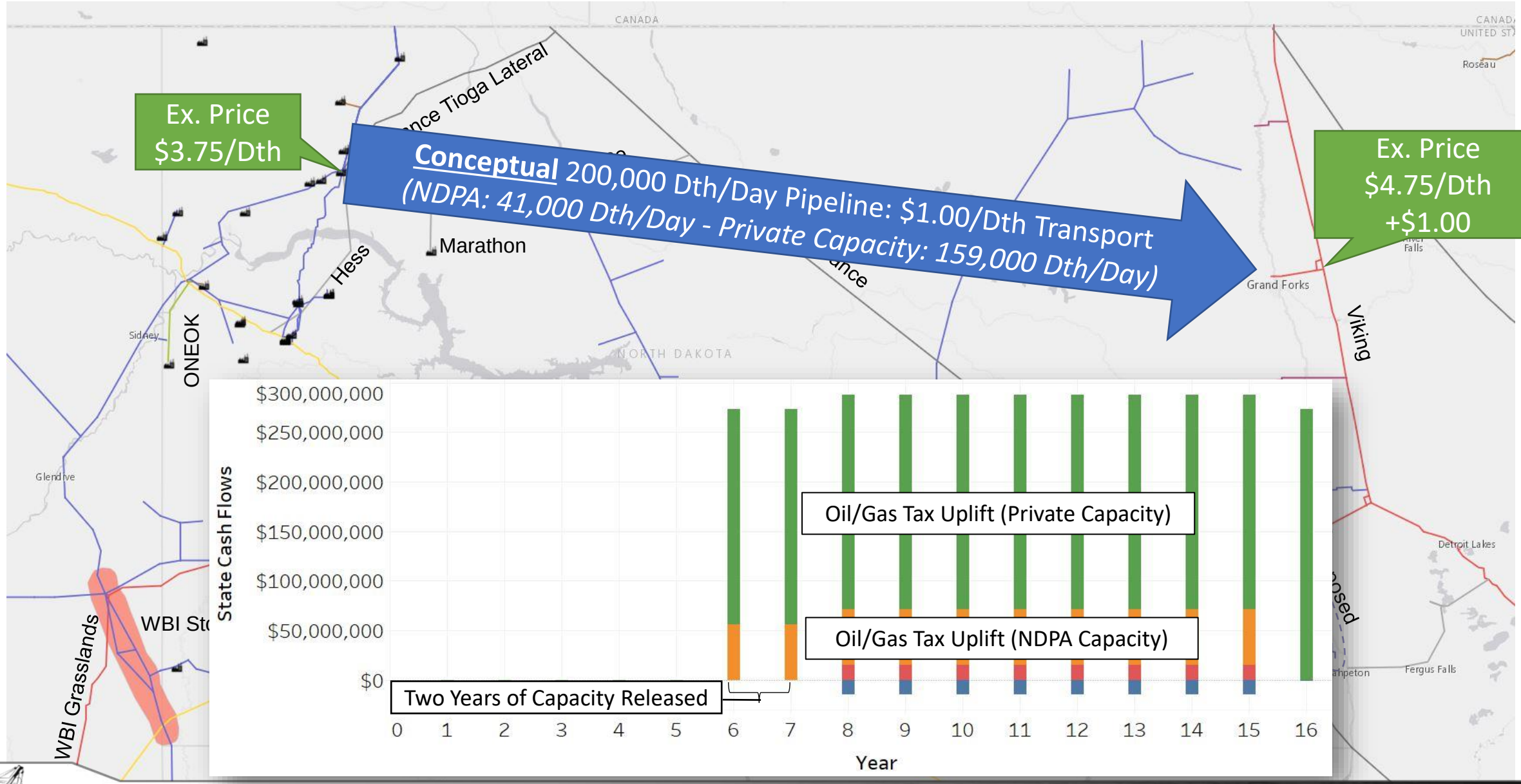


Hypothetical Project Needs 200,000 Dth/D Capacity Commitment to Move Forward

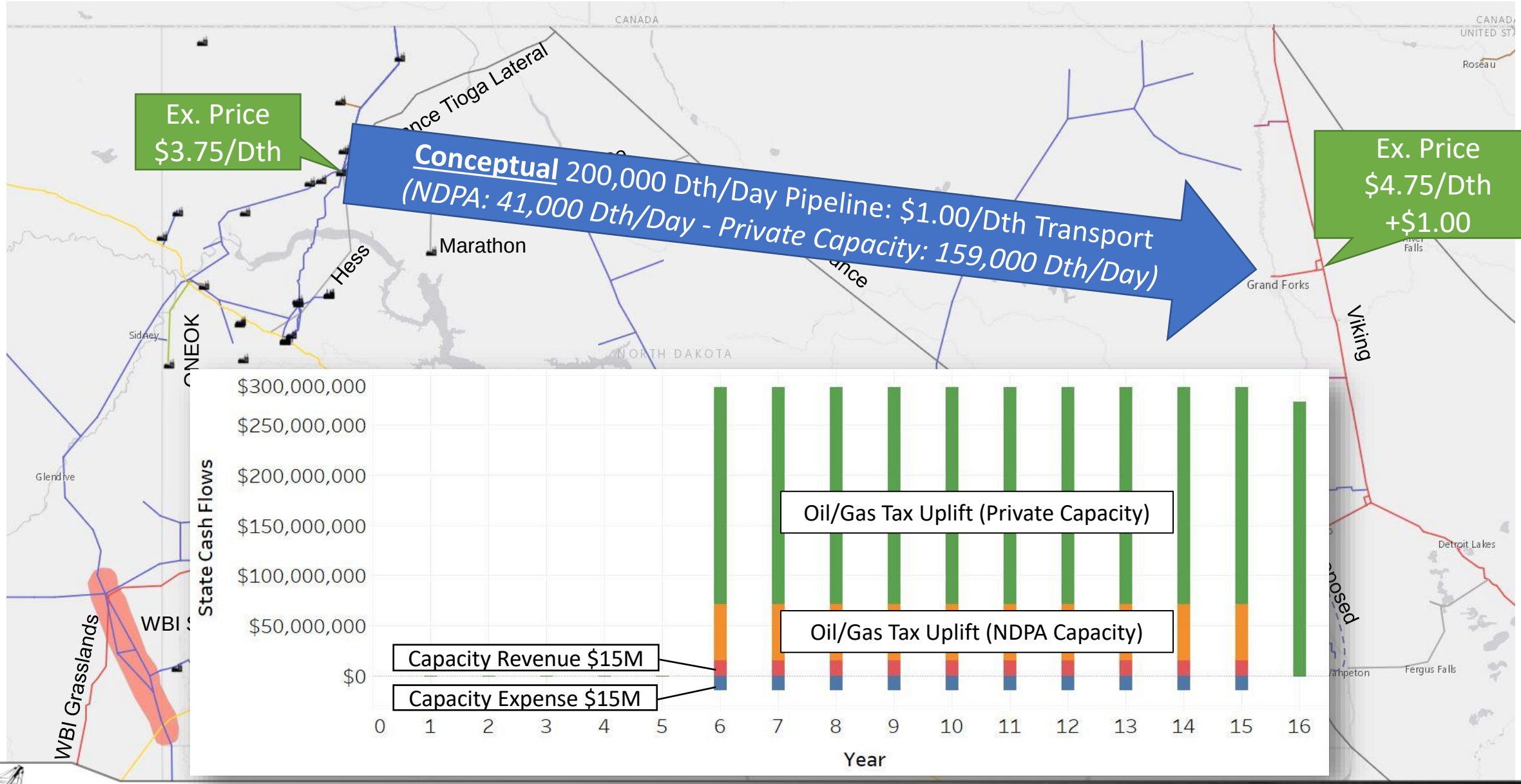
Options for State Capacity Obligation

- Release (full or partial) to private sector
- Monetize capacity through asset management agreement (AMA)
- Worst case – Continue to pay obligations without recovery or release on 41,000Dth

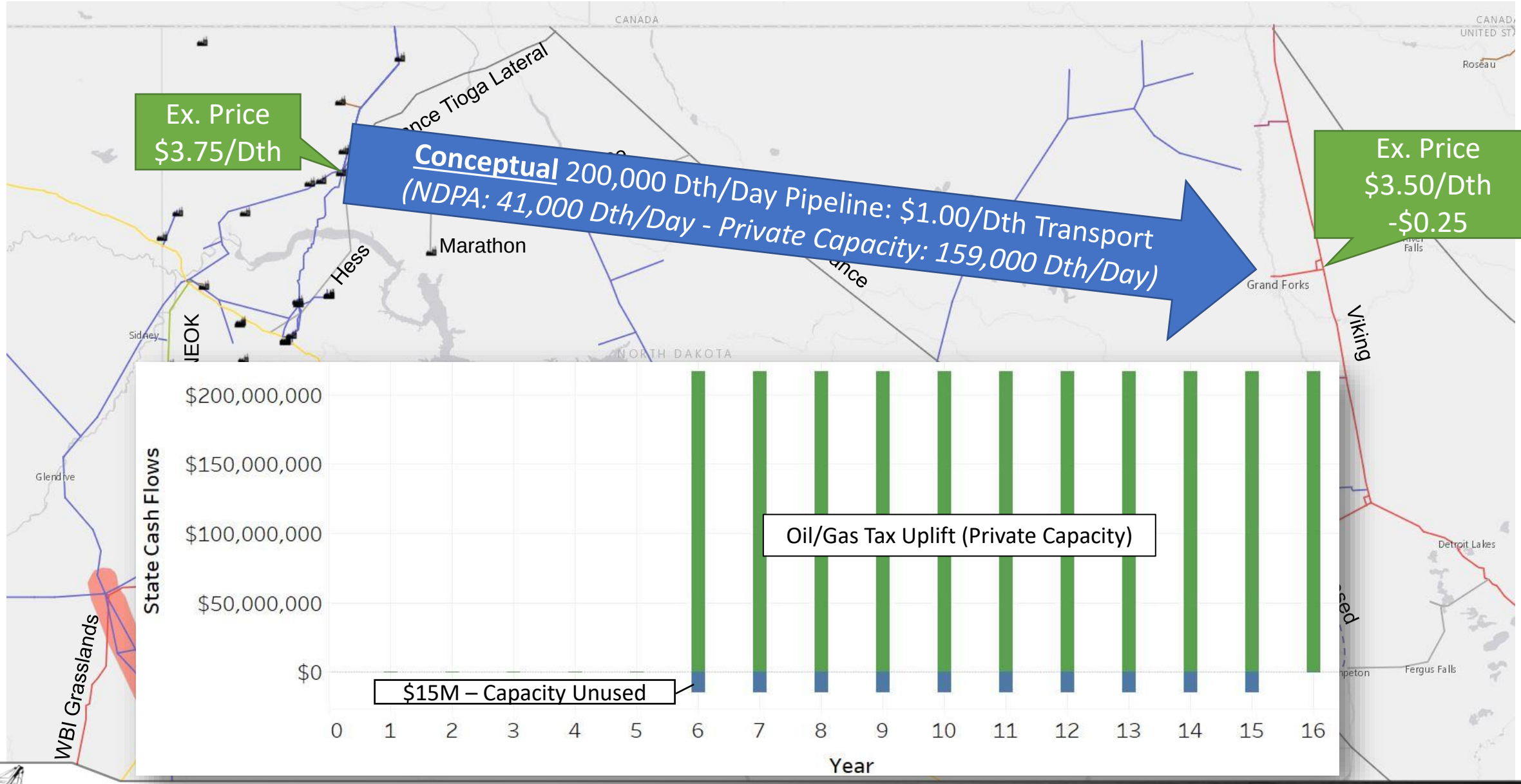
Simplified Capacity Release Example



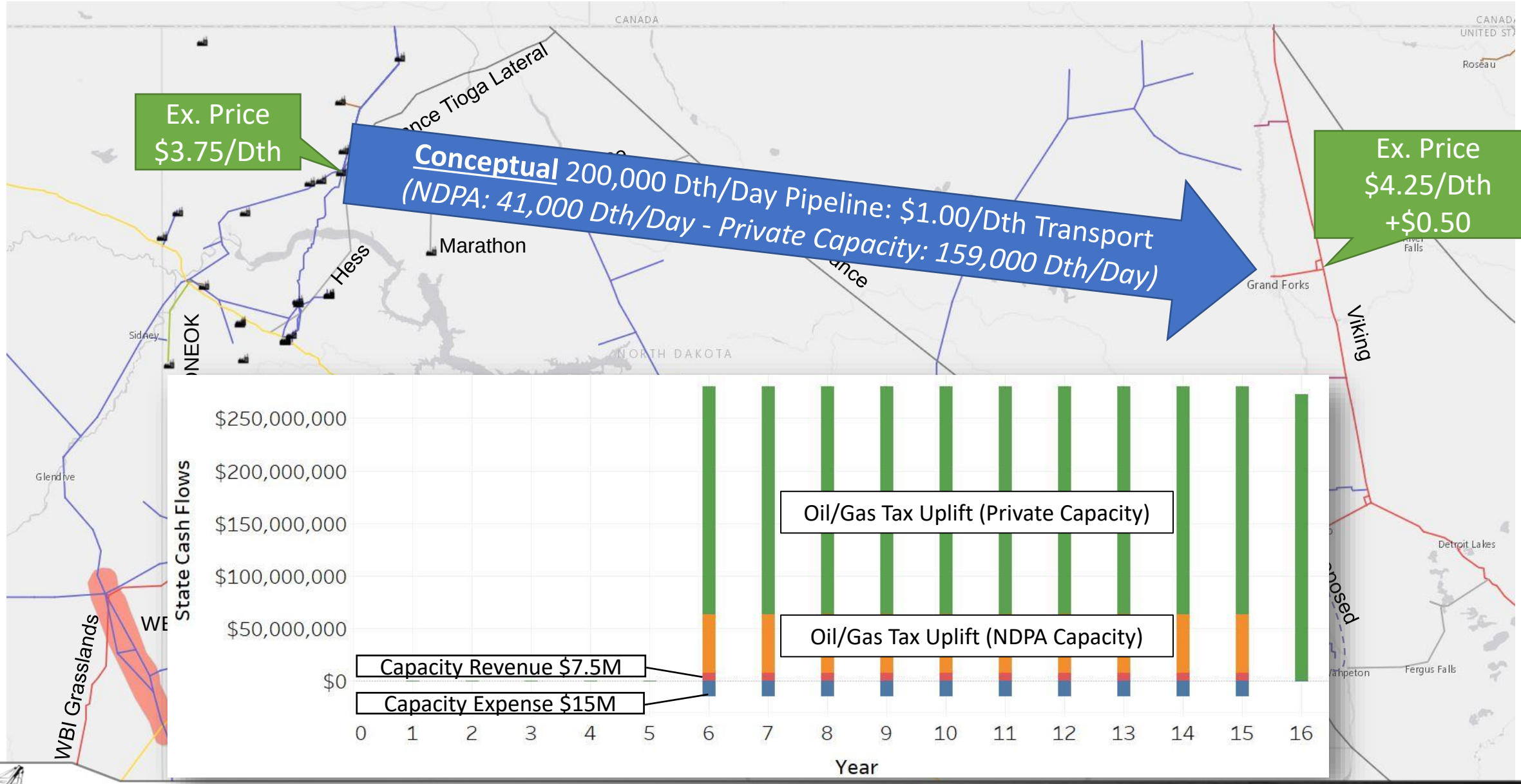
Simplified “Breakeven” Example



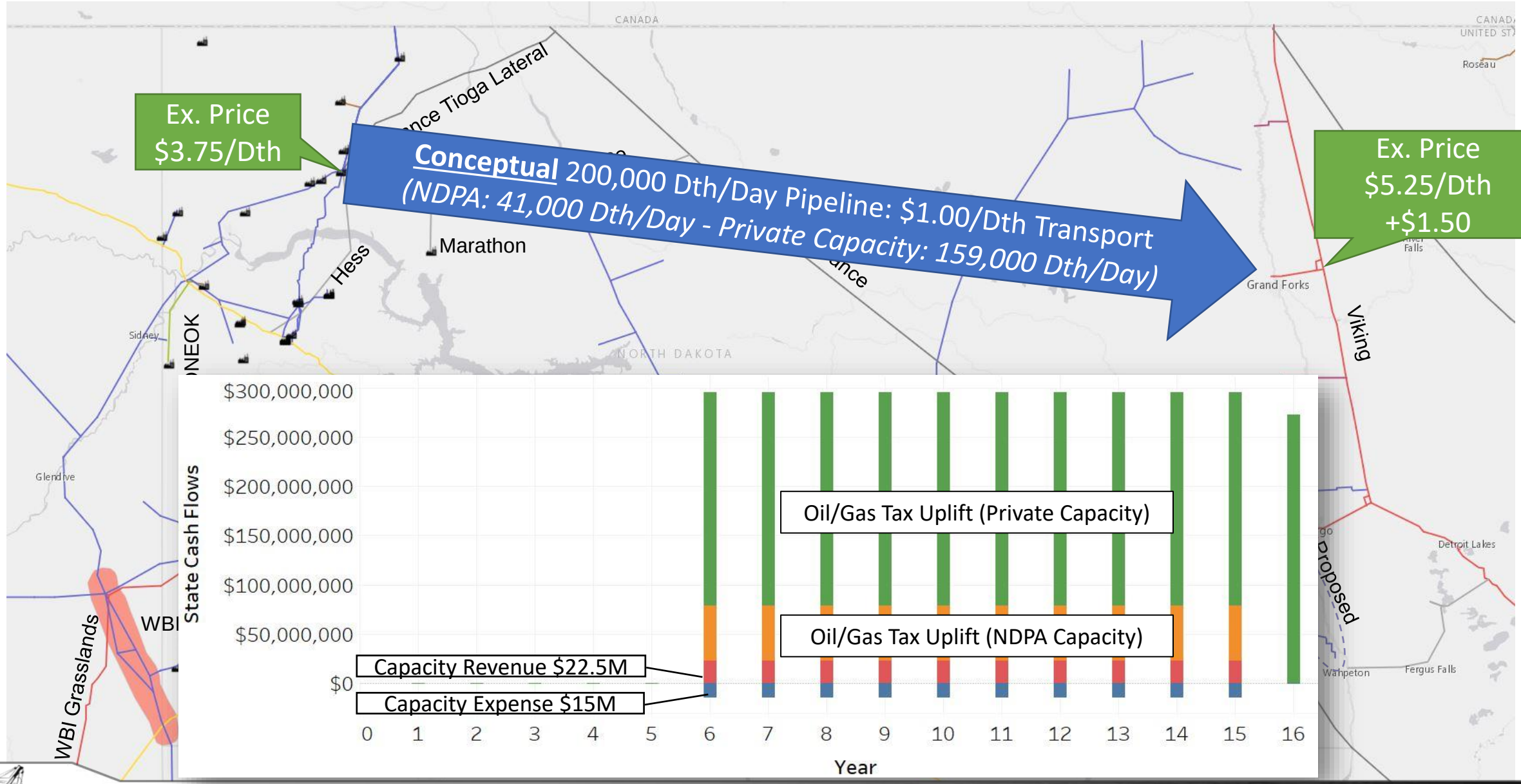
Simplified Uneconomic Scenario



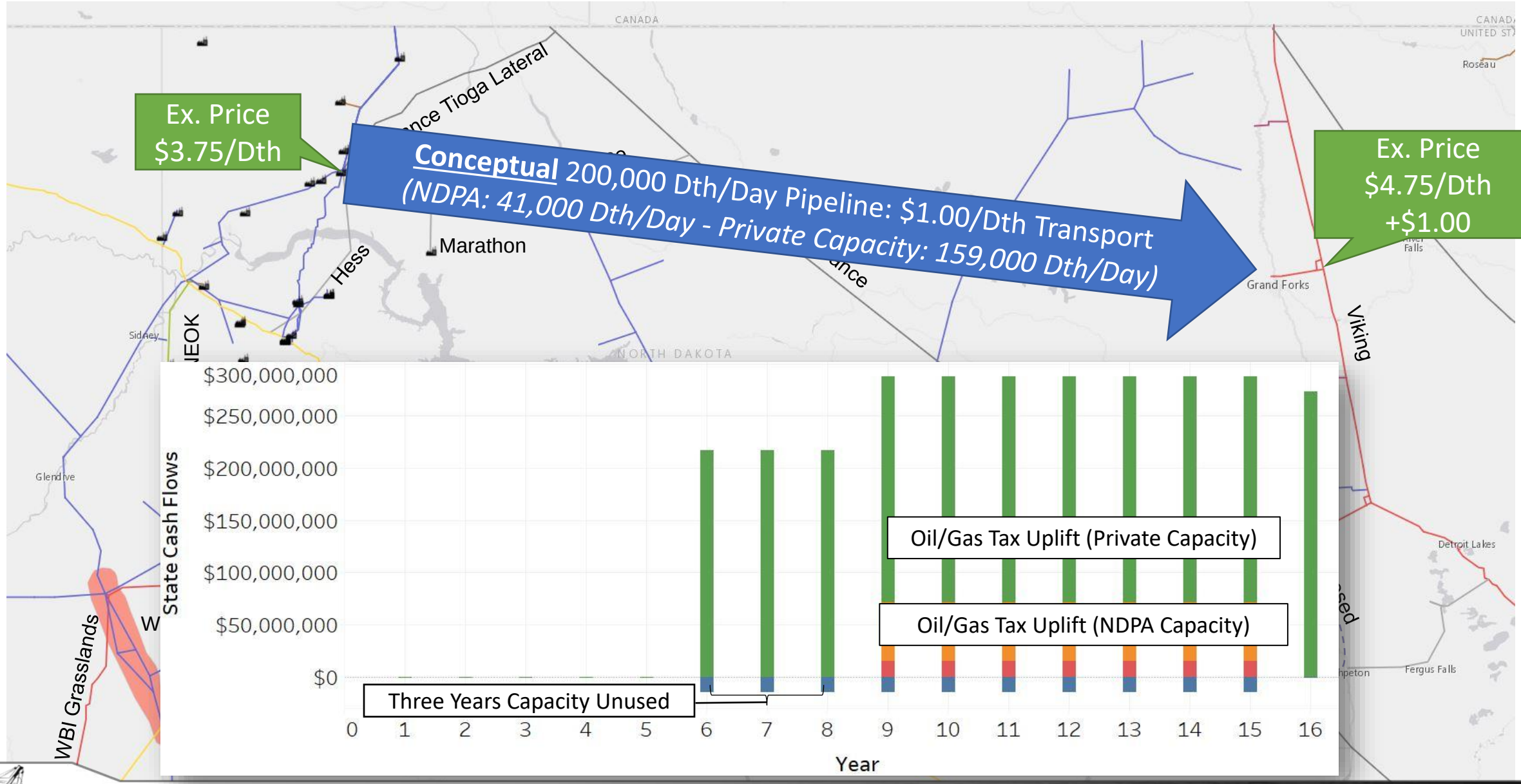
Simplified Partial Rate Recovery



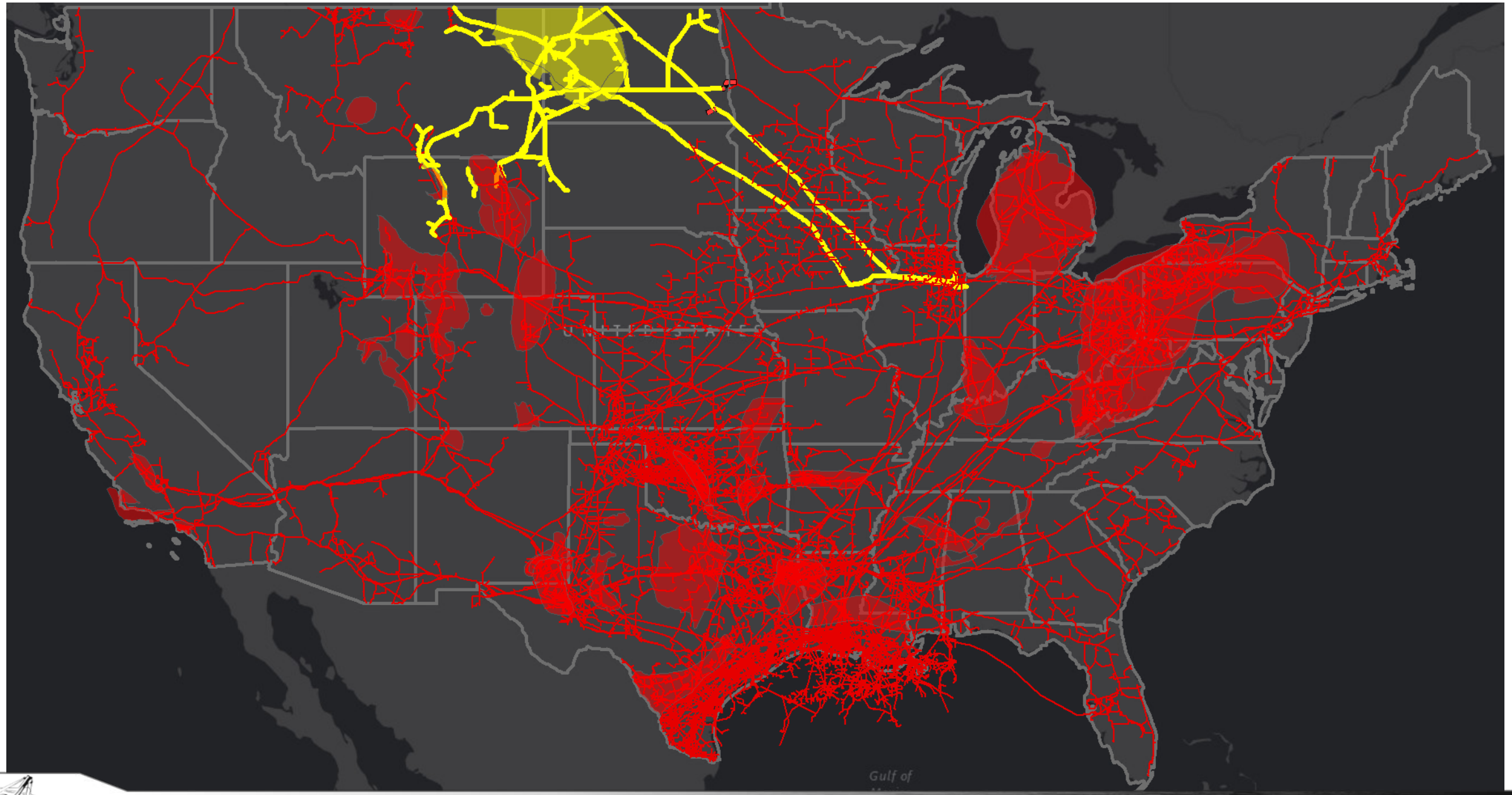
Simplified Profitable Example



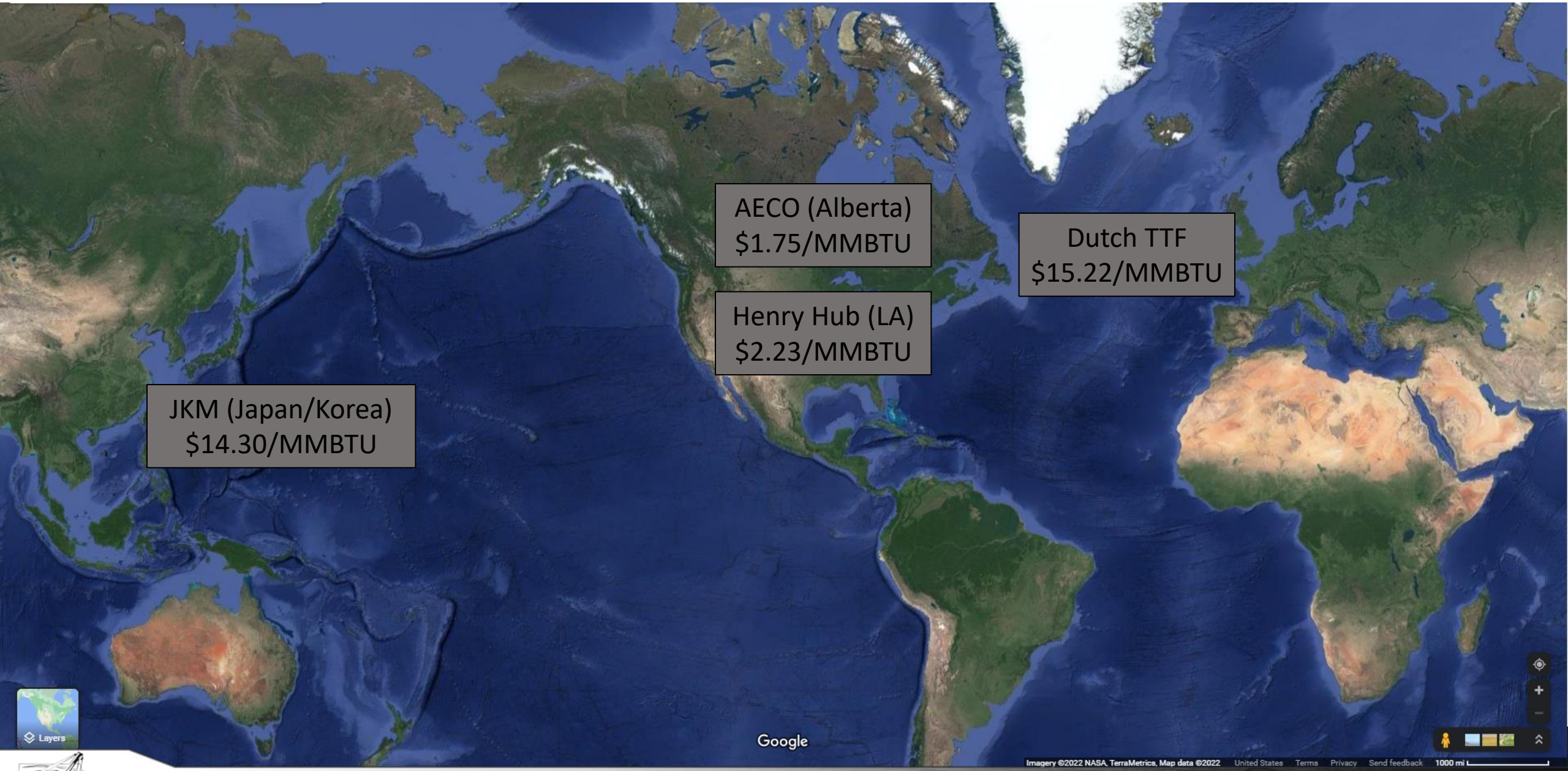
PA Capacity Unused for 3 Years



Bakken Natural Gas Infrastructure



Global Natural Gas Prices



Sources: JKM, TTF, HH: CME 2-22-23 / AECO: Gas Alberta Inc. 2-21-23

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811 Know what's below. Call before you dig.

Websites:

www.pipeline.nd.gov

www.northdakotapipelines.com

North Dakota Public Finance Authority

2022 Annual Report

NORTH DAKOTA PUBLIC FINANCE AUTHORITY

Industrial Commission of North Dakota

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Governor
Chairman

Drew H. Wrigley
Attorney General

Doug Goehring
Agriculture Commissioner

Advisory Committee

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NORTH DAKOTA
PUBLIC FINANCE AUTHORITY

2022 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.

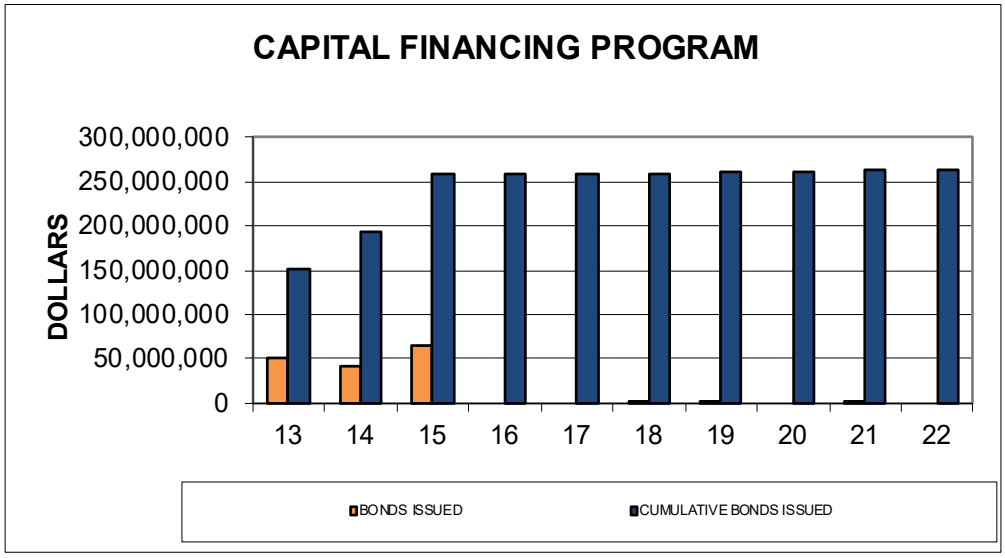
Vision Statement

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.

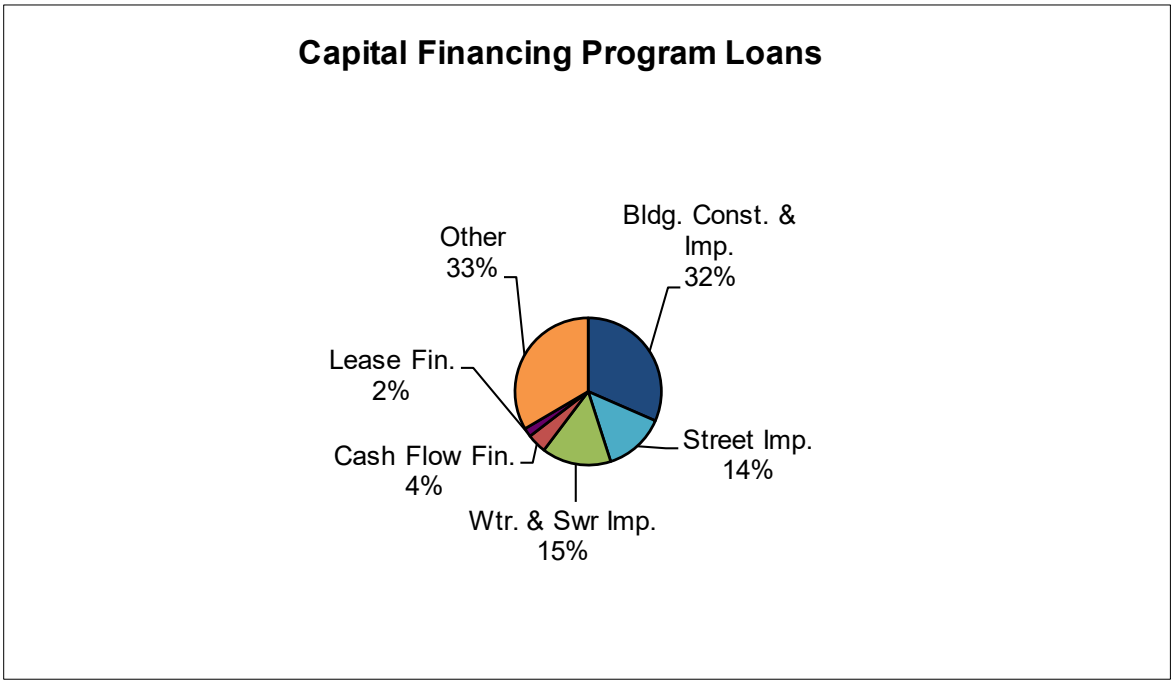
There were no CFP Bonds issued in 2022.

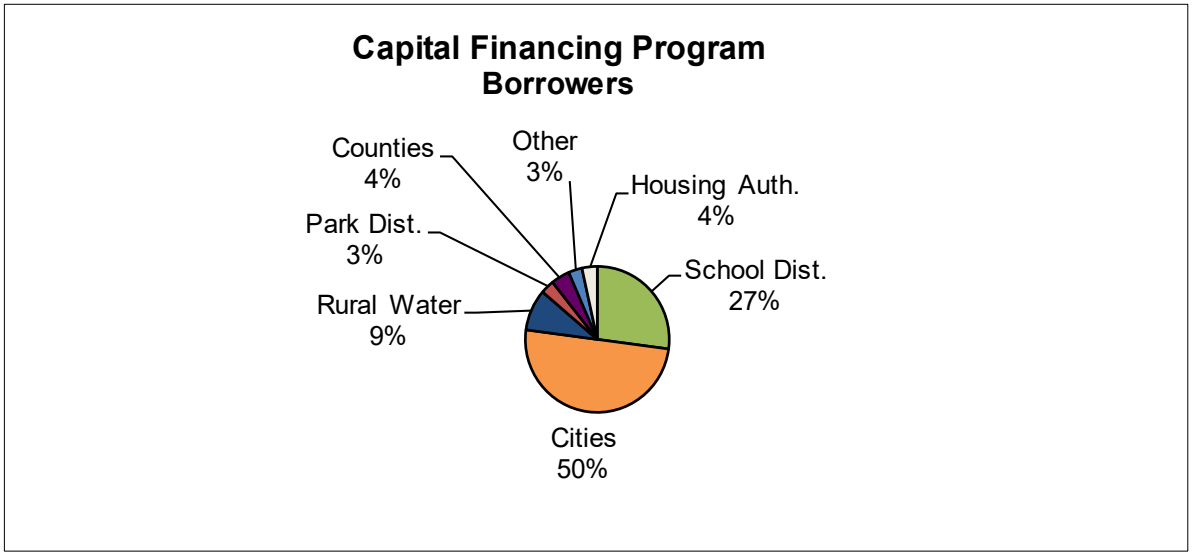
The total outstanding amount of CFP Reserve Fund Letters of Credit on December 31, 2022 was $27,079,973. The CFP Reserve Fund Letters of Credit are issued to meet the requirement of the CFP General Bond Resolution that the PFA maintain reserves for each series, equal to the largest aggregate amount of 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, 2022, 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 $121,490,000.

Part F of Attachment 1 beginning on page 1-5 of this Report contains a complete list, as of December 31, 2022, 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, 2022, 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

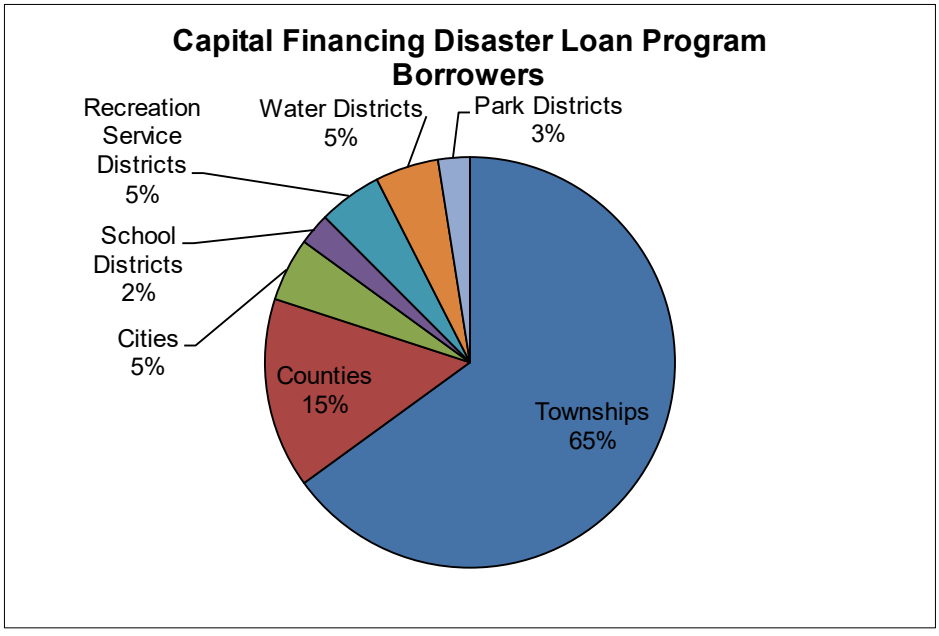
On June 16, 2011, the Industrial Commission authorized the PFA to utilize the Capital Financing Program to provide loans for political subdivisions impacted by weather related events. Under its Capital Financing Disaster Loan Program, the PFA makes loans for the purpose of providing disaster assistance 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 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 2022. Loans approved under this program total $71,531,546 and none were outstanding as of December 31, 2022. Part E of Attachment 1 beginning on page 1-4 of this Report contains a complete list, as of December 31, 2022, of all loans made by the PFA under the Disaster Loan Program, including the name of each political subdivision, the original amount of each loan, and the outstanding principal 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 2022. As of December 31, 2022, 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, 2022, 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.



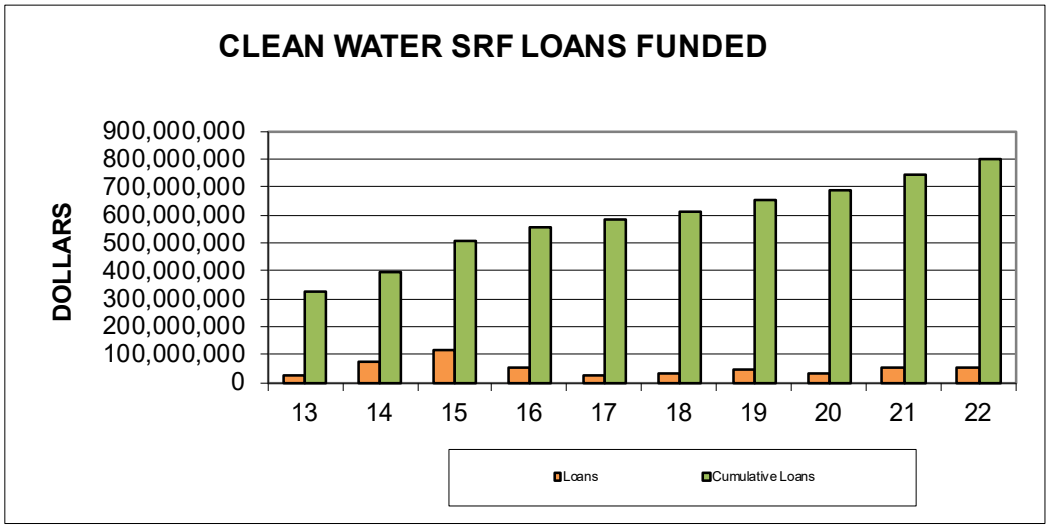
STATE REVOLVING FUND PROGRAM

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.

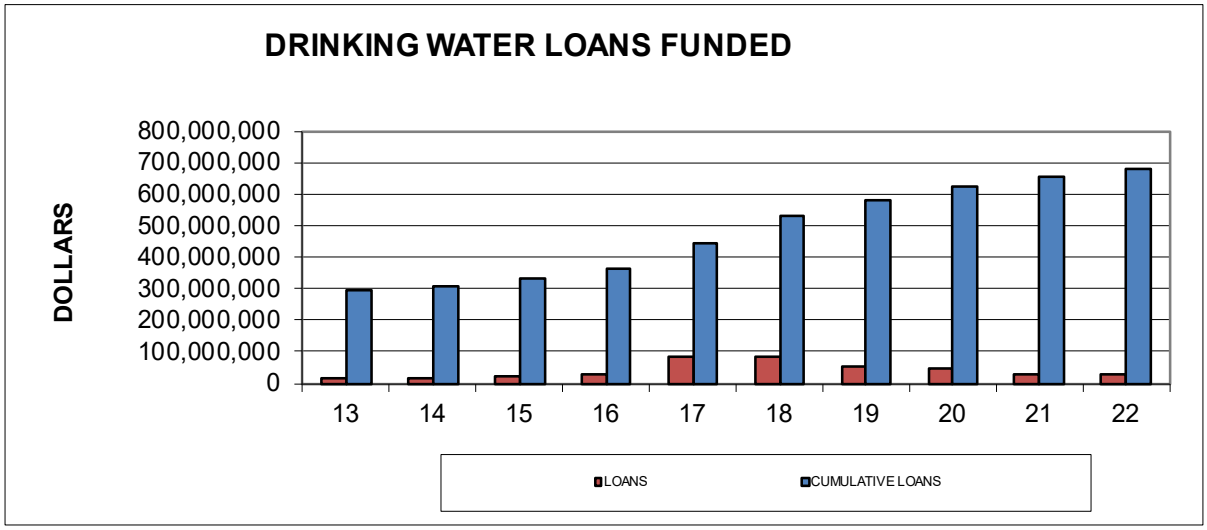
In 2001, Moody's Investors Service, Inc. upgraded the North Dakota SRF Program from "Aa2" to "Aaa", Moody's highest rating. The PFA obtained an additional rating for the North Dakota SRF Program bonds from Standard & Poor's Ratings Services which assigned their highest rating, "AAA," on June 29, 2015.

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.

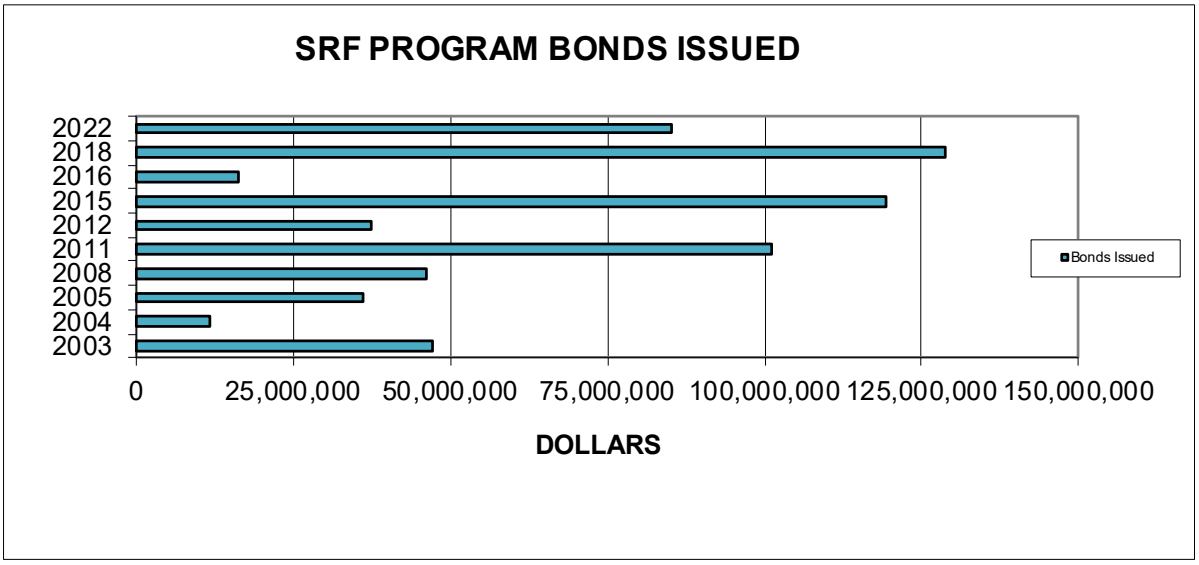
The PFA approved $65,240,000 of Clean Water SRF Program loans to 13 political subdivisions in 2022. Subpart 30 of Part G of Attachment 1 on page 1-18 of this Report contains a list of all approved Clean Water SRF Program loans for 2022, including the approved amount, the funded amount, and the outstanding principal amount of each loan as of December 31, 2022.



The PFA approved $21,931,209 of Drinking Water SRF Program loans to 22 political subdivisions in 2022. Subpart 23 of Part H of Attachment 1 on page 1-27 of this Report contains a list of loans made under the Drinking Water SRF Program during 2022, including the approved amount, the funded amount, and the outstanding principal amount of each loan as of December 31, 2022.



The total amount of SRF Program Bonds issued under the PFA's SRF Program Master Trust Indenture is $768,695,000. This total includes $203,865,000 of the 1990, 1993, 1995, 1996, 1998, 2000, 2001, 2003A, 2003B, 2004, 2005, 2008, and 2011 SRF Program Bonds which have been advance refunded and are no longer considered to be outstanding.



As of December 31, 2022, the total amount of SRF Program Bonds outstanding was $298,620,000, and the total outstanding amount of SRF Program loans was $825,022,910.

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. 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 2022.

Part I of Attachment 1 beginning on page 1-28 of this Report contains a complete list, as of December 31, 2022, 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, 2022, 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, 2022 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	$ 85,000,000
Highway Fund	$ 35,000,000
NDSU Agriculture Products Development Facility	$ 50,000,000

PFA issued $320,915,000 of Legacy Bonds in July 2022. Under the Legacy Fund Infrastructure Program $710,115,000 of bonds have been issued. As of December 31, 2022, the total amount of Legacy Bonds outstanding was $710,115,000.

Part J of Attachment 2 on page 2-4 of this Report contains a complete list, as of December 31, 2022, 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 2021-2023 biennium is $10,434,640 and the debt service requirement for the outstanding SRF Program Bonds for the 2021-2023 biennium is $7,309,475. The outstanding IDBP debt service requirement for 2021-2023 is $77,125. The remaining Legacy Bond debt service requirement for 2021-2023 is $11,555,857.

The aggregate debt service requirement for all outstanding PFA Bonds for the remaining 2021-2023 biennium is $29,377,097.

NORTH DAKOTA PUBLIC FINANCE AUTHORITY
LOANS MADE 1977 THROUGH 2022

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	385,000
Tri-County Water District		1,415,000	0
Emerado		180,000	80,000
		2,125,000	465,000
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	55,000
Kulm		85,000	0
All Seasons Water Users District		820,000	465,000
Forman Housing Authority		935,000	0
Forman		505,000	0
Forman		1,090,000	0
Hankinson		1,930,000	1,360,000
Mayville		1,430,000	855,000
Tri-County Water District		1,405,000	0
Gackle		1,285,000	810,000
		9,635,000	3,545,000
Subpart 20	**2013**		
Fargo		51,375,000	33,055,000
Subpart 21	**2014**		
Fargo		$ 32,512,000	$ 21,189,000
Noonan		328,000	236,000
Stutsman Rural Water District		9,000,000	6,140,000
		41,840,000	27,565,000
Subpart 22	**2015**		
Minot		1,945,000	1,060,000
Forman		1,965,000	1,210,000
Watford City		23,655,000	17,740,000
Watford City		35,550,000	31,035,000
Rugby		465,000	160,000
Zap		2,265,000	1,685,000
		65,845,000	52,890,000

Borrower		Original Loan Amount	Outstanding Loan Amount
Subpart 23	**2018**		
Munich		1,360,000	925,000
Subpart 24	**2019**		
Morton County		2,515,000	1,060,000
Subpart 25	**2021**		
Drayton		210,000	195,000
Drayton		180,000	165,000
McVille		1,675,000	1,625,000
McVille		65,000	0
		2,130,000	1,985,000
Total Capital Financing Program Loans		$ 265,093,016	$ 121,490,000

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		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

Borrower		Approved and Funded Loan Amount
Subpart 7	**1998**	
Granville		$ 42,000
Enderlin		342,373
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

Borrower		Approved and Funded Loan Amount
Subpart 10	**2001**	
Jamestown		370,120
Mayville		1,169,393
Forman		135,172
Lisbon		716,436
Amenia		141,489
Grand Forks		13,781,500
Kulm		678,640
Tower City		503,123
Lake Metigoshe Recreation Service District		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

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 11	**2002**			
Sanborn		$ 30,694	$ 30,694	$ 0
Williston		1,190,559	1,190,559	0
Grand Forks		1,580,755	1,580,755	0
Grand Forks		2,274,164	2,274,164	0
Grand Forks		6,546,560	6,546,560	0
Linton		95,770	95,770	0
Mayville		3,073,811	3,073,811	0
Morton County Water Resource District		258,000	258,000	0
Wildrose		86,405	86,405	0
Mapleton		80,790	80,790	0
Wahpeton		374,065	374,065	25,000
		15,591,573	15,591,573	25,000
Subpart 12	**2003**			
Hunter		41,930	41,930	2,600
Oakes		746,350	746,350	0
Harvey		244,615	244,615	16,000
Hankinson		133,790	133,790	8,400
Mantador		50,000	50,000	3,200
Litchville		236,381	236,381	15,000
Courtenay		49,444	49,444	0
Jamestown		1,309,568	1,309,568	170,000
		2,812,078	2,812,078	215,200
Subpart 13	**2004**			
Oakes		601,500	601,500	40,000
Portland		291,164	291,164	30,000
Lidgerwood		84,416	84,416	10,000
Lincoln		397,944	397,944	0
Hillsboro		186,336	186,336	0
Warwick		32,775	32,775	4,000
West River Water and Sewer		338,007	338,007	0
		1,932,142	1,932,142	84,000
Subpart 14	**2005**			
Mapleton		335,000	335,000	0
Hazen		276,120	276,120	46,000
Enderlin		184,307	184,307	22,000
Rutland		180,841	180,841	0
Grand Forks		4,500,000	4,500,000	825,000
		5,476,268	5,476,268	893,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 15	**2006**			
Jamestown		$ 1,475,346	$ 1,475,346	$ 359,000
Rice Lake Recreation Service District		2,813,537	2,813,537	585,000
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	8,000
Wyndmere		188,146	188,146	0
Oakes		950,000	950,000	235,000
		10,010,831	10,010,831	1,187,000
Subpart 16	**2007**			
Bismarck		20,000,000	20,000,000	6,130,000
Southeast Cass Water Resource District		738,299	738,299	165,000
Lakota		414,948	414,948	31,000
Leonard		255,000	255,000	76,000
Argusville		634,606	634,606	198,000
Mayville		345,725	345,725	83,000
McVille		81,677	81,677	20,000
Jamestown		1,467,998	1,467,998	313,000
Hope		757,963	757,963	151,000
Portland		46,937	46,937	15,000
Cass Rural Water District		15,326,652	15,326,652	6,160,652
Willow City		148,174	148,174	44,000
Oakes		258,747	258,747	74,000
Nome		16,011	16,011	0
		40,492,737	40,492,737	13,460,652
Subpart 17	**2008**			
Lisbon		1,174,092	1,174,092	410,000
Harvey		210,952	210,952	41,000
Hunter		138,580	138,580	51,000
Fargo		63,657,409	63,657,409	28,455,000
Flasher		121,414	121,414	0
Hankinson		100,000	100,000	37,000
Ellendale		734,842	734,842	257,000
Fargo		1,640,000	1,640,000	640,000
Watford City		808,588	808,588	285,000
		68,585,877	68,585,877	30,176,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 18	**2009**			
Tappen		$ 179,761	$ 179,761	$ 64,000
Casselton		1,931,688	1,931,688	755,000
Mandan		1,679,763	1,679,763	610,000
Mandan		1,000,000	1,000,000	360,000
Stutsman Rural Water District		4,603,386	4,603,386	1,650,000
Lisbon		1,247,424	1,247,424	215,000
Cavalier		487,315	487,315	160,000
Lake Metigoshe Recreation Service District		517,400	517,400	0
Velva		346,601	346,601	0
Hazen		246,919	246,919	0
Enderlin		799,172	799,172	130,000
Glenburn		784,378	784,378	170,000
Davenport		389,832	389,832	70,000
Munich		1,200,120	1,200,120	0
Edgeley		1,644,845	1,644,845	165,000
Valley City		345,241	345,241	125,000
Strasburg		1,404,743	1,404,743	155,000
		18,808,588	18,808,588	4,629,000
Subpart 19	**2010**			
Hillsboro		127,849	127,849	60,000
Drayton		1,677,066	1,677,066	57,000
Michigan		1,606,506	1,606,506	210,000
Northwood		2,306,303	2,306,303	445,000
Fargo		822,348	822,348	295,000
Wishek		185,547	185,547	76,000
Mapleton		610,964	610,964	260,000
Hankinson		569,833	569,833	240,000
Fargo		4,061,075	4,061,075	1,950,000
Hunter		143,032	143,032	80,000
Dickinson		569,354	569,354	0
Langdon		157,454	157,454	0
Kulm		54,409	54,409	26,000
		12,891,740	12,891,740	3,699,000
Subpart 20	**2011**			
Jamestown		1,140,023	1,140,023	535,000
Pembina		217,329	217,329	115,000
Wyndmere		1,664,897	1,664,897	865,000
Devils Lake		2,500,000	2,500,000	1,225,000
Minto		1,177,115	1,177,115	610,000
Fingal		519,245	519,245	195,000
Southeast Cass WRD		591,777	591,777	220,000
Forman		750,935	750,935	230,000
Hazen		178,494	178,494	92,000
		8,739,815	8,739,815	4,087,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 21	**2012**			
Velva		$ 210,408	$ 210,408	$ 100,000
Kathryn		68,006	68,006	38,000
Maddock		1,284,300	1,284,300	230,000
Casselton		765,923	765,923	0
Dunn Center		200,000	200,000	0
Des Lacs		97,403	97,403	54,000
Clifford		46,228	46,228	26,000
Medina		238,028	238,028	38,000
		2,910,296	2,910,296	486,000
Subpart 22	**2013**			
Burleigh County WRD		244,653	244,653	140,000
Rolla		1,755,604	1,755,604	1,010,000
Lisbon		469,752	469,752	270,000
Ray		2,533,536	2,533,536	635,000
Wyndmere		205,773	205,773	0
Jamestown		822,306	822,306	500,000
Dickinson		38,924,961	38,924,961	22,745,000
Casselton		3,246,585	3,246,585	1,960,000
Lehr		219,482	219,482	63,000
Mandan		2,066,118	2,066,118	1,250,000
		50,488,770	50,488,770	28,573,000
Subpart 23	**2014**			
Douglas		67,866	67,866	40,000
Jamestown		11,100,950	11,100,950	7,310,000
Berthold		1,248,288	1,248,288	500,000
Bowbells		685,005	685,005	325,000
Noonan		237,000	237,000	155,000
Enderlin		365,500	365,500	240,000
Page		182,867	182,867	120,000
Beulah		586,800	586,800	370,000
Washburn		2,922,696	2,922,696	1,885,000
Mandan		1,681,280	1,681,280	1,050,000
Dickinson		37,252,730	37,252,730	24,275,000
Grenora		416,147	416,147	234,000
Williston		113,151,288	113,151,288	82,020,000
Ryder		189,109	189,109	117,000
		170,087,526	170,087,526	118,641,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 24	**2015**			
Watford City		$ 18,718,523	$ 18,718,523	$ 15,490,000
Mandan		4,481,824	4,481,824	3,130,000
Tioga		2,500,000	2,500,000	1,375,000
Marion		97,732	97,732	60,000
Harvey		830,477	830,477	580,000
Ward County WRD		2,755,128	2,755,128	1,925,000
Granville		139,939	139,939	100,000
Grafton		497,760	497,760	405,000
Watford City		10,407,619	10,407,619	8,825,000
		40,429,002	40,429,002	31,890,000
Subpart 25	**2016**			
Oberon		191,552	191,552	157,000
Jamestown		522,119	522,119	400,000
Dwight		50,700	50,700	44,000
Makoti		57,450	57,450	42,000
LaMoure		1,315,894	1,315,894	760,000
Hebron		911,000	911,000	470,000
Arnegard		380,000	380,000	0
		3,428,715	3,428,715	1,873,000
Subpart 26	**2017**			
Horace		992,648	992,648	730,000
Colfax		519,633	519,633	446,000
Beulah		441,097	441,097	325,000
Gardner		26,710	26,710	0
Noonan		646,716	646,716	335,000
Oakes		1,005,000	1,005,000	840,000
Larimore		1,119,683	1,119,683	376,000
Oakes		230,121	230,121	198,000
Cavalier		998,000	879,373	539,599
Horace		3,192,000	1,728,152	1,046,152
Mayville		1,556,000	1,556,000	1,300,000
		10,727,608	9,145,133	6,135,751

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 27	**2018**			
Carrington		323,291	323,291	282,000
Lidgerwood		100,000	47,537	27,537
Wahpeton		1,041,682	1,041,682	870,000
Pick City		275,522	275,522	163,000
Petersburg		787,979	787,979	725,000
Jamestown		4,800,000	3,727,028	2,697,028
Garrison Diversion Conservancy District		5,000,000	1,047,507	881,458
Argusville		712,575	712,575	635,000
Beulah		407,315	407,315	368,000
Jamestown		597,583	597,583	485,000
Lisbon		934,061	934,061	760,000
Arnegard		2,297,225	2,297,225	1,500,000
Minot		6,433,406	6,433,406	5,335,000
Minot		12,282,000	9,914,457	8,457,457
Horace		422,000	422,000	265,000
Grand Forks		9,000,000	9,000,000	8,090,000
Fargo		20,229,000	17,286,912	17,286,912
Arthur		115,263	115,263	60,000
Fargo		126,500,000	101,954,390	101,954,390
		192,258,902	157,325,733	150,842,782
Subpart 28	**2019**			
Wahpeton		1,381,642	1,381,642	1,245,000
Walcott		456,235	456,235	429,000
Rutland		131,478	131,478	105,000
Kindred		3,900,000	3,705,000	3,230,000
Valley City		395,851	395,851	330,000
Dickinson		2,145,166	2,145,166	1,975,000
Fargo		500,000	500,000	475,000
Fargo		10,500,000	8,834,200	8,309,200
Grand Forks		1,228,485	1,228,485	1,130,000
		20,638,857	18,778,057	17,228,200
Subpart 29	**2020**			
Wing		620,834	620,834	231,000
Wyndmere		4,365,000	3,678,523	3,465,273
Wildrose		2,455,268	2,455,268	1,525,268
Center		880,000	792,716	745,716
Buxton		721,716	721,716	700,000
Dunn Center		3,195,000	2,804,918	1,904,918
Stanton		650,000	617,500	592,500
Dickinson		1,291,469	1,291,469	1,225,000
		14,179,287	12,982,944	10,389,675

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 30	**2021**			
Bismarck		5,000,000	5,000,000	4,705,000
Jamestown		3,170,000	1,498,034	1,418,034
Valley City		675,000	457,151	397,151
Northwood		7,000,000	839,717	839,717
Stanley		165,000	165,000	151,000
New Salem		1,042,000	1,042,000	1,015,000
Cavalier		450,000	178,829	44,707
Wahpeton		4,500,000	2,850,000	2,756,000
Hankinson		98,000	97,933	97,933
		22,100,000	12,128,664	11,424,542
Subpart 31	**2022**			
Fargo		259,000	209,957	209,957
Fargo		4,361,000	2,272,917	2,272,917
Hebron		120,000	75,084	70,084
Wahpeton		1,964,000	858,246	292,346
Portland		430,000	125,626	125,626
Valley City		859,000	816,050	782,050
Forman		550,000	550,000	550,000
Strasburg		1,326,000	422,371	105,593
Wilton		1,319,000	52,715	52,715
Fargo		51,634,000	1,272,652	1,272,652
Tower City		585,000	389,931	389,931
		63,407,000	7,045,549	6,123,871
Total		$ 903,450,416	$ 797,544,842	$ 442,063,673

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 Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 4	**2002**			
Lisbon		$ 413,522	$ 413,522	$ 0
Harvey		427,076	427,076	0
Grafton		285,616	285,616	0
Mandan		4,197,565	4,197,565	0
Ramsey County WRD		3,482,000	3,482,000	0
Enderlin		87,500	87,500	0
Linton		563,063	563,063	0
Cleveland		206,406	206,406	0
Langdon		522,796	522,796	0
Drayton		132,362	132,362	0
Larimore		1,991,805	1,991,805	0
Wahpeton		1,890,000	1,890,000	126,000
Grafton		1,130,229	1,130,229	75,000
		15,329,940	15,329,940	201,000
Subpart 5	**2003**			
Southeast Water District		1,446,906	1,446,906	0
Grand Forks - Traill Water District		3,991,780	3,991,780	0
North Valley Water District		4,138,000	4,138,000	0
Williston		3,693,344	3,693,344	230,000
Barnes Rural Water District		816,000	816,000	50,000
Argusville		360,718	360,718	0
Casselton		1,272,000	1,272,000	0
Aneta		171,340	171,340	11,000
Stutsman Rural Water District		201,651	201,651	0
		16,091,739	16,091,739	291,000
Subpart 6	**2004**			
Oakes		147,652	147,652	10,000
Cass Rural Water District		1,890,923	1,890,923	340,000
Lisbon		410,000	410,000	28,000
Leeds		179,000	179,000	10,000
Hazen		1,000,000	1,000,000	120,000
Tioga		418,727	418,727	0
Lincoln		307,681	307,681	53,000
Lincoln		447,000	447,000	0
Abercrombie		244,002	244,002	31,000
Williams County Rural Water		1,500,000	1,500,000	195,000
Harvey		676,556	676,556	45,000
Williston		5,000,000	5,000,000	0
Noonan		39,602	39,602	7,500
Williston		17,593,143	17,593,143	4,260,000
Jamestown		2,534,604	2,534,604	460,000
		32,388,890	32,388,890	5,559,500

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 7	**2005**			
Argusville		$ 217,304	$ 217,304	$ 28,000
Park River		746,100	746,100	140,000
Mapleton		83,754	83,754	0
Bottineau		750,000	750,000	0
Southeast Water Users District		808,411	808,411	150,000
		2,605,569	2,605,569	318,000
Subpart 8	**2006**			
Walcott		159,112	159,112	30,000
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	50,000
Riverdale		762,138	762,138	125,000
Pick City		223,328	223,328	52,000
Braddock		16,610	16,610	0
Center		358,800	358,800	70,000
Page		95,975	95,975	24,000
Harvey		91,581	91,581	22,000
Hillsboro		1,151,563	1,151,563	0
Washburn		1,870,633	1,870,633	355,000
Southeast Water Users District		4,655,000	4,655,000	1,123,000
Portal		50,000	50,000	0
Park River		517,600	517,600	135,000
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	45,000
		15,000,277	15,000,277	2,031,000
Subpart 9	**2007**			
McLean-Sheridan Rural Water		519,104	519,104	154,000
Walsh Rural Water District		1,796,902	1,796,902	0
North Prairie Water District		5,700,000	5,700,000	1,530,000
Mayville		324,341	324,341	80,000
Southeast Water Users District		5,418,000	5,418,000	770,000
South Central Regional Water		8,000,000	8,000,000	2,382,000
Jamestown		2,076,816	2,076,816	520,000
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	67,000
Grand Forks Traill Water District		1,200,000	1,200,000	305,000
All Seasons Water Users District		211,950	211,950	62,000
		31,883,128	31,883,128	5,870,000

Borrower	Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 10 2008			
Southeast Water Users District	$ 595,000	$ 595,000	$ 178,000
Hazelton	245,120	245,120	49,000
Lisbon	757,220	757,220	245,000
Mapleton	1,149,088	1,149,088	0
Mandan	4,511,900	4,511,900	1,620,000
Fargo	2,500,000	2,500,000	795,000
Cass Rural Water District	1,376,605	1,376,605	525,000
Fargo	14,110,422	14,110,422	4,355,000
Tri-County Water District	363,289	363,289	123,000
Lakota	199,802	199,802	0
Crosby	551,488	551,488	0
Hankinson	95,000	95,000	34,000
Hannaford	53,748	53,748	17,000
South Central Regional Water	4,000,000	4,000,000	1,445,000
Ray	1,452,760	1,452,760	205,000
Parshall	3,610,500	3,610,500	1,705,000
Mandan	7,972,283	7,972,283	2,970,000
Leeds	37,076	37,076	12,000
	43,581,301	43,581,301	14,278,000
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	110,000
Watford City	347,464	347,464	0
Bismarck	16,320,000	16,320,000	6,395,000
Lisbon	1,613,726	1,613,726	655,000
Ray	864,000	864,000	0
Southeast Water Users District	1,128,358	1,128,358	475,000
Southeast Water Users District	841,774	841,774	395,000
Barnes Rural Water District	2,050,000	2,050,000	575,000
Velva	373,579	373,579	150,000
All Seasons Water Users District	154,433	154,433	60,000
Wimbledon	258,353	258,353	98,000
Hope	175,000	175,000	55,000
Enderlin	2,196,790	2,196,790	870,000
Garrison	158,222	158,222	0
Wildrose	1,503,094	1,503,094	0
Karlsruhe	791,415	791,415	56,000
Strasburg	2,060,678	2,060,678	160,000
	34,779,670	34,779,670	10,054,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 12	**2010**			
Hillsboro		$ 289,376	$ 289,376	$ 115,000
Washburn		4,023,646	4,023,646	735,000
South Central Regional WD		4,600,000	4,600,000	2,165,000
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	755,000
Hillsboro		1,310,679	1,310,679	375,000
Mandan		6,923,867	6,923,867	3,300,000
Kenmare		403,579	403,579	155,000
Buffalo		98,922	98,922	45,000
Jamestown		5,525,008	5,525,008	2,305,000
Kulm		25,300	25,300	13,000
		30,303,316	30,303,316	9,963,000
Subpart 13	**2011**			
Pembina		1,743,743	1,743,743	950,000
Linton		224,800	224,800	117,000
Page		90,597	90,597	47,000
Cooperstown		700,235	700,235	345,000
Sawyer		308,708	308,708	160,000
Bowbells		2,145,000	2,145,000	610,000
McKenzie County WRD		8,200,000	8,200,000	3,190,000
Kenmare		892,039	892,039	425,000
		14,305,122	14,305,122	5,844,000
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	4,485,000
Garrison Rural Water District		720,000	720,000	365,000
Southeast Water Users District		1,603,656	1,603,656	475,000
Sherwood		82,475	82,475	46,000
Granville		209,990	209,990	105,000
		16,001,099	16,001,099	5,476,000
Subpart 15	**2013**			
Hillsboro		2,623,344	2,623,344	980,000
Ross		1,740,267	1,740,267	445,000
Max		292,062	292,062	180,000
Fargo		98,000,000	98,000,000	89,875,000
Cooperstown		314,393	314,393	180,000
		102,970,066	102,970,066	91,660,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 16	**2014**			
Westhope		$ 926,447	$ 926,447	$ 270,000
Grafton		2,200,757	2,200,757	1,375,000
Cooperstown		200,733	200,733	86,000
Stutsman Rural Water District		7,630,004	7,630,004	3,890,000
McLean-Sheridan Rural Water		1,350,000	1,350,000	1,120,000
Mandan		641,683	641,683	390,000
Fairmount		121,759	121,759	79,000
Noonan		282,130	282,130	185,000
Leeds		317,106	317,106	205,000
Columbus		387,828	387,828	100,000
Washburn		1,391,331	1,391,331	945,000
Jamestown		3,572,603	3,572,603	2,260,000
Grenora		383,853	383,853	199,000
Carrington		1,459,704	1,459,704	960,000
Ray		1,670,000	1,670,000	195,000
Barnes Rural Water District		2,063,033	2,063,033	1,450,000
		24,598,971	24,598,971	13,709,000
Subpart 17	**2015**			
Cass Rural Water District		3,000,000	3,000,000	2,150,000
Jamestown		794,159	794,159	515,000
Garrison		1,821,023	1,821,023	1,275,000
Gwinner		2,882,111	2,882,111	1,225,000
Sheyenne		77,362	77,362	55,000
Lehr		79,065	79,065	21,500
		8,653,720	8,653,720	5,241,500
Subpart 18	**2016**			
Tri-County Water District		727,655	727,655	355,000
New Rockford		270,000	270,000	191,000
Enderlin		340,000	340,000	235,000
Cooperstown		369,283	369,283	294,000
Robinson		129,723	129,723	26,000
South Central Regional Water District		3,125,000	3,125,000	2,670,000
New Town		5,000,000	5,000,000	2,935,000
Hebron		2,834,223	2,834,223	1,055,000
Stutsman Rural Water District		1,582,373	1,582,373	1,340,000
Flaxton		95,000	95,000	0
North Prairie Water District		1,021,590	1,021,590	860,000
		15,494,847	15,494,847	9,961,000

Borrower	Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 19 2017			
Pick City	1,032,980	1,032,980	345,000
Southeast Water Users District	5,925,000	5,925,000	5,375,000
Makoti	362,450	362,450	117,000
Grand Forks	66,000,000	66,000,000	62,705,000
Gardner	244,374	244,374	196,000
Jamestown	1,123,587	1,123,587	840,000
Jamestown	539,511	539,511	340,000
Maxbass	437,973	437,973	117,000
Williams Rural Water District	5,000,000	5,000,000	3,900,000
Northeast Regional Water District	2,978,890	2,978,890	2,235,000
Sherwood	126,587	126,587	92,000
R & T Water Supply Commerce Auth	5,000,000	5,000,000	3,900,000
Horace	479,216	479,216	380,000
Traill Rural Water District	3,206,464	3,206,464	2,590,000
Oakes	4,043,000	4,043,000	3,250,000
Ross	947,758	947,758	207,000
Aneta	80,000	80,000	65,000
Kindred	584,663	584,663	505,000
Mandan	1,327,453	1,327,453	1,040,000
Mayville	720,000	720,000	620,000
	100,159,906	100,159,906	88,819,000
Subpart 20 2018			
Beulah	207,774	207,774	144,000
Mandan	820,281	820,281	645,000
Wahpeton	443,387	443,387	395,000
North Prairie Water District	416,248	416,248	377,000
Argusville	263,396	263,396	235,000
Casselton	901,025	901,025	775,000
Mohall	610,000	610,000	485,000
Lisbon	130,866	130,866	107,000
Towner	80,822	80,822	0
Fessenden	1,037,555	1,037,555	865,000
North Prairie Water District	347,782	347,782	306,000
Walsh Rural Water District	507,653	507,653	445,000
Cass Rural Water District	1,700,000	1,700,000	750,000
Central Plains Water District	4,925,000	4,925,000	4,300,000
Arnegard	1,752,977	1,752,977	1,570,000
Barnes	2,052,000	2,052,000	1,840,000
Minot	1,734,000	1,323,604	1,114,604
Northeast Rural Water District	3,118,000	2,970,000	2,820,000
Northeast Rural Water District	2,460,000	2,460,000	2,145,000
McLean-Sheridan Water District	965,898	965,898	360,000
Mercer	761,690	761,690	165,000
Tri-County Water District	1,050,000	1,050,000	870,000
Rugby	266,904	266,904	132,000
Larimore	119,500	119,500	87,000
Cando	2,044,000	2,044,000	1,700,000
Western Area Water Supply	16,500,000	14,168,381	12,493,381
Mandan	1,848,463	1,848,463	1,605,000
Jamestown	1,445,734	1,445,734	1,190,000
East Central Rural Water District	1,750,000	1,750,000	1,575,000
	50,260,955	47,370,940	39,495,985

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 21	**2019**			
Stutsman Rural Water District		723,450	723,450	640,000
North Prairie Rural Water District		3,327,185	3,327,185	2,985,000
Lisbon		602,066	602,066	52,000
Fargo		23,950,000	11,200,625	11,200,625
Glenburn		422,479	422,479	382,000
Wahpeton		618,358	618,358	555,000
Carson		1,451,583	1,451,583	330,000
Cass Rural Water Users District		2,319,248	2,319,248	2,015,000
Cavalier		4,845,000	2,327,899	806,370
All Season Water Users District		1,738,000	133,457	33,364
Lincoln		836,000	836,000	730,000
Riverdale		2,161,000	2,161,000	155,000
		42,994,369	26,123,350	19,884,359
Subpart 22	**2020**			
Stutsman Rural Water District		896,014	896,014	825,000
Dakota Rural Water District		2,176,000	1,898,531	1,818,531
McLean Sheridan Rural Water Distric		4,660,000	3,191,676	3,191,676
Enderlin		1,200,000	897,969	807,969
Carrington		4,975,000	4,975,000	4,595,000
Mapleton		1,041,995	1,041,995	971,995
Jamestown		1,951,145	1,951,145	1,790,000
Stutsman Rural Water District		3,027,000	3,027,000	2,795,000
Agassiz Water Users District		919,906	919,906	865,000
Wyndmere		1,196,000	1,143,857	1,035,299
Tri-County Water District		1,610,000	1,416,421	1,281,421
Missouri West Water System		621,208	621,208	590,000
Center		150,000	142,500	130,500
Dunn Center		2,448,000	776,706	658,706
Bismarck		6,877,277	6,877,277	5,487,277
Western Area Water System Associat		16,500,000	7,503,139	7,098,139
Mohall		391,000	391,000	360,000
Beach		1,511,787	1,511,787	358,000
		52,152,332	39,183,131	34,659,513

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 23	**2021**			
Sykeston		411,000	343,840	333,840
Aneta		204,582	204,582	189,000
North Prairie Rural Water District		453,000	432,536	97,384
Lakota		456,720	456,720	445,000
Mandan		7,255,000	5,098,135	4,798,135
North Prairie Rural WD - Mountrail		3,825,000	671,704	671,704
Valley City		300,000	217,741	192,741
NorthPrairie Regional WD		1,151,000	763,854	732,854
Cooperstown		800,000	551,973	531,973
Jamestown		1,808,000	1,808,000	1,230,000
Stanley		400,000	400,000	367,000
New Salem		1,042,000	1,042,000	1,015,000
Coleharbor		880,000	624,049	156,011
Horace		2,740,000	1,310,589	1,195,589
East Central Regional WD		1,341,210	1,341,210	1,341,210
Hankinson		42,000	42,000	42,000
Flaxton		993,000	277,168	23,717
		24,102,512	15,586,101	13,363,158
Subpart 24	**2022**			
Jamestown		1,402,300	1,344,000	1,281,700
Davenport		527,000	371,647	354,647
Jamestown		1,799,477	1,799,477	313,477
Wahpeton		1,103,000	540,698	540,698
McLean Sheidan Rural WD		1,015,000	405,102	405,102
Valley City		180,000	171,000	171,000
Barnes Rural WD		806,000	717,440	717,440
Bismarck		1,500,000	523,679	30,332
Forman		871,000	871,000	871,000
Bowbells		218,000	28,156	28,156
Wilton		1,688,000	53,168	53,168
Wing		2,337,000	822,451	205,612
Tri County WD		1,064,432	1,064,432	1,064,432
Cass Rural WUD		2,500,000	104,497	104,497
Riverdale		600,000	87,621	87,621
Upper Souris		1,274,000	51,340	51,340
		18,885,209	8,955,708	6,280,222
Total		$ 733,316,147	$ 682,140,000	$ 382,959,237

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	$ 650,000
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	$ 650,000

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	71,000
McHenry County		1,777,500	0
		2,609,290	71,000
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	595,000
Jamestown Regional Airport Authority		126,500	26,000
		826,500	621,000
Subpart 25	**2019**		
Rolette County Housing Authority		160,000	120,000
Subpart 26	**2020**		
Morton County		500,000	500,000
Subpart 27	**2021**		
Missouri Ridge Township		650,000	610,000
Total Direct Loans		$ 15,342,601	$ 1,922,000

NORTH DAKOTA PUBLIC FINANCE AUTHORITY
BONDS ISSUED 1977 THROUGH 2022

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	465,000
2011 Series A		3,730,000	0
2012 Series A		9,635,000	3,545,000
2013 Series A		51,375,000	33,055,000
2014 Series A		32,840,000	21,425,000
2014 Series B		9,000,000	6,140,000
2015 Series A		1,945,000	1,060,000
2015 Series B		25,620,000	18,950,000
2015 Series C		38,280,000	32,880,000
2018 Series A		1,360,000	925,000
2019 Series A		2,515,000	1,060,000
2021 Series A		2,130,000	1,985,000
	Subtotal	264,125,000	121,490,000

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	7,420,000
2012 Series B		17,900,000	0
2015 Series A		119,195,000	89,740,000
2016 Series A		16,405,000	10,765,000
2018 Series A		128,625,000	111,860,000
2022 Series A		85,330,000	78,835,000
	Subtotal	768,695,000	298,620,000

[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.

		Initial Bond Amount	Outstanding Bond Amount
Part I	**Industrial Development Bond Program**		
2006 Series A		1,360,000	685,000
2008 Series A		2,000,000	0
2009 Series A		1,500,000	0
	Subtotal	4,860,000	685,000
Part J	**Legacy Fund Infrastructure Program Bonds**		
2021 Series A		389,200,000	389,200,000
2022 Series A		320,915,000	320,915,000
	Subtotal	710,115,000	710,115,000
Total All Bonds		$ 1,866,032,316	$ 1,130,910,000

Industrial Commission
of North Dakota

Doug Burgum
GOVERNOR

Drew H. Wrigley
ATTORNEY GENERAL

Doug Goehring
AGRICULTURE COMMISSIONER

North Dakota Public Finance Authority

House Bill 1014
Senate Appropriations Committee
Testimony of DeAnn Ament
North Dakota Public Finance Authority/North Dakota Building Authority March 1, 2023

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. Loans are made to political subdivisions by the PFA through the purchase of 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 and sewer related projects.

This past calendar year there were loan approvals of $63,407,000 and funded draws of $52,736,875 for the Clean Water SRF. A few of the Clean Water projects financed recently included $51,634,000 for the Metro Flood Diversion Authority to construct sixteen lift stations in the Fargo area, $120,000 for Hebron to replace water meters, and Wilton received $1,319,000 for

a city-wide sewer main replacement project. Grand Forks and Cass Rural Water Users District have not closed their loans, but they respectively will receive $54,620,000 to expand and improve their wastewater treatment plant and $28,646,000 to expand Fargo's effluent reuse facility and construct a pipeline to deliver the effluent reuse water from the City of Fargo's regional reclamation facility to a processing facility near Casselton. The Drinking Water SRF had approvals of $18,885,209 and funded loan draws of $27,639,709. Projects financed under the Drinking Water program include $1,500,000 for Bismarck to replace lead service lines, $2,500,000 to Cass Rural Water Users District to parallel and loop lines, Jamestown received $3,393,300 for water line replacements, and Upper Souris Water District received $1,274,000 for supervisory control and data acquisition (SCADA) and system improvements.

The recent passage of 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 many changes for documenting, funding and reporting purposes. These additional requirements challenge the current staff of 2.75 FTE to reprioritize the workload to meet requirements in a timely manner.

Additionally, the amount of time to spend the SRF grants has been reduced to three years. To expedite the expenditure of loan forgiveness funds, a Planning Assistance Reimbursement (PAR) was piloted by the DEQ and PFA in 2020 and has seen an increase in demand. These grants help potential borrowers explore their options for their water and sewer systems.

The PFA joined with BND, DEQ and Department of Water Resources in the new one-stop portal, Funding Infrastructure in North Dakota (FIND) in 2021. FIND allows political subdivisions seeking financing for their projects to submit one application. The agencies collaborate to provide the best funding package and make sure state funds are being utilized in the best possible manner.

In 2022, the SRF began working with a software company to develop a loan tracking software as the current system of spreadsheets and databases has become onerous to track almost 600 unique projects and associated loans. The PAR program and loan tracking software project in addition to administering the BIL have increased the workload and will continue to do so into the foreseeable future.

The PFA issued $85,330,000 of SRF bonds in January 2022 to provide funding for approved water, sanitary sewer, and storm water projects. The PFA issued Legacy Fund Infrastructure bonds to provide $680,000,000 of funding to projects approved in the 2021 legislative session. The agency also helped the ND Transmission Authority with their first bond issue of $150,000,000. The Department of Emergency Services has asked the PFA to assist them with creating a hazard mitigation revolving loan fund should House Bill 1070 pass.

During 2022 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 2023-2025 biennium include 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 political subdivisions in North Dakota.

PFA BUDGET

	PFA 2021-2023	PFA & Governor's Recommended 2023-2025	Change
FTE	2.75	3.75	1.00
Salaries and Benefits	$694,082	$919,093	$225,011
Operating	$181,668	$208,247	$26,579
Capital Assets	$0	$30,000	$30,000
	$875,750	$1,157,340	$281,590

The 2023-2025 budget includes the recommended salary and benefit adjustments as outlined in the Executive Budget including the Governor's planned increase of $81,553. Salaries and benefits are approximately 79% of the PFA portion of the budget. The PFA staffing level is currently at 2.75 FTEs which includes an Executive Director, a Business Manager and Account Budget Specialist III. The current request includes an optional $132,646 for an increase of one FTE for a deputy director position for succession planning purposes for a total of 3.75 FTE for the 2023-2025 biennium.

The increase in 2023-2025 operating expenses include $6,000 for accounting equipment and software, $5,196 for the succession FTE and $15,383 for inflation for travel, professional development, information technology and supplies which were approved in the Executive Budget. The one-time capital asset request of $30,000 is for accounting software. The current software mainstream support has ended, so future options are being reviewed.

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 $17,259,452 for NDBA (lease) bond payments for the outstanding bonds and are reflected in Section 1, Subdivision 1 of Engrossed HB 1014. The 2021-2023 appropriation for NDBA for bond

payments was $22,040,721. Section 1, Subdivision 1 was amended to reflect the $4,781,269 decrease in debt service payments due to two bond issues being paid in full.

Attached for your information 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 North Dakota Building Authority. The level of debt service available would translate into NDBA bonding for approximately $230.2 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 on December 9, 2021 and July 19, 2022 to provide funds for these projects. The Legacy portion of the Governor's Executive Budget of the PFA budget includes $102,620,461 for bond payments for the outstanding bonds and are reflected in Section 1, Subdivision 1 of Engrossed HB 1014. The 2023-2025 appropriation for Legacy Fund Infrastructure Program bond payments was $102,620,461. Section 1, subdivision 1 was amended to reflect the $102,620,461 increase in debt service payments for these required debt payments.

BOND PAYMENTS

The total Section 1, Subdivision 1 Bond Payments Amended Appropriation is $119,879,913 which reflects the decreased NDBA and the increased Legacy Fund payments.

Section 3 provides the breakdown on the source of funding for the $119,879,913 of lease (bond) payments. Section 3 was amended as follows:

Infrastructure project and program bonds – legacy earnings 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
Research and extension service	242,205
Veteran's Home	407,252

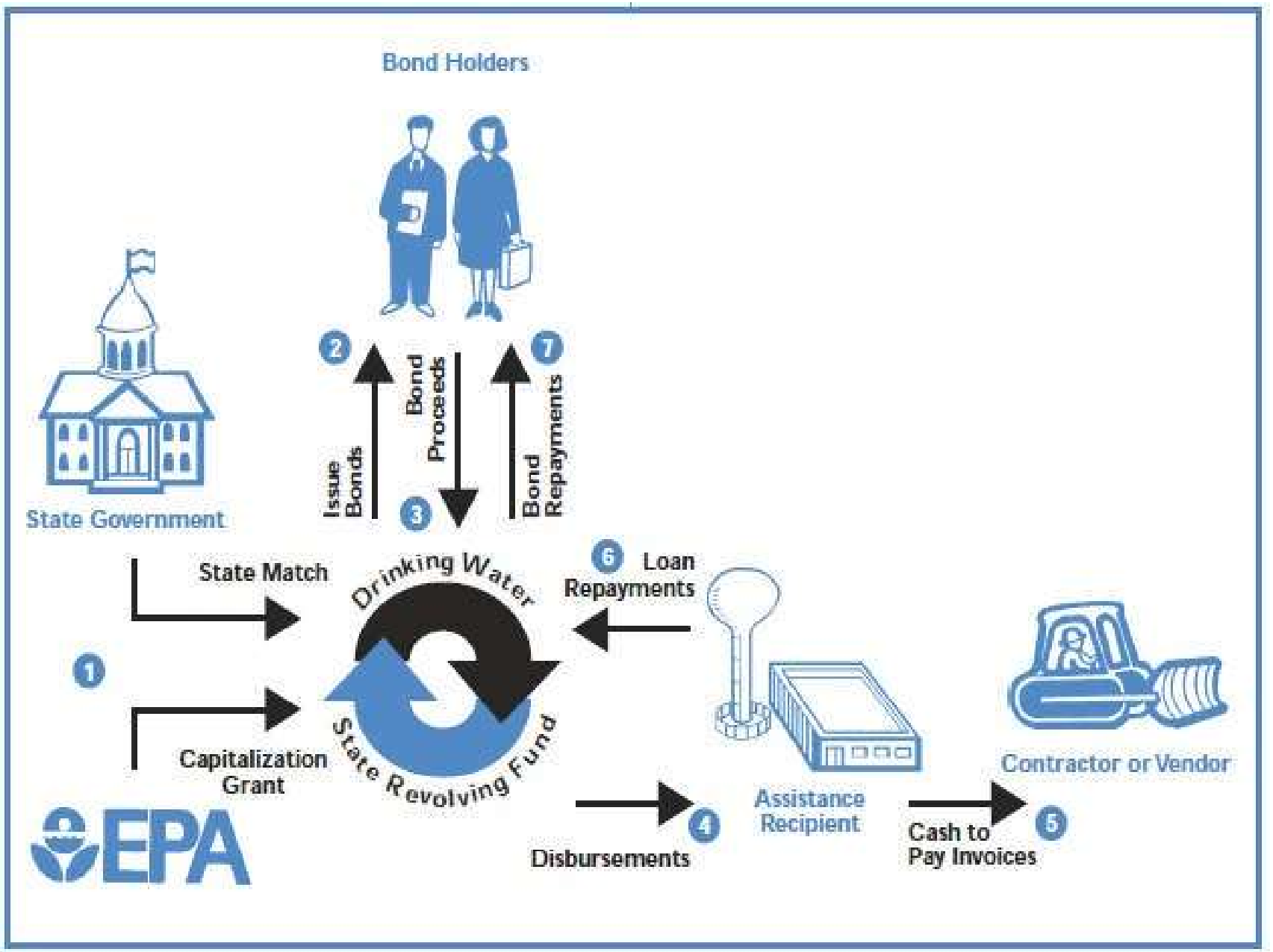
The following non-General Fund sources or energy conservation savings* will be utilized to pay a portion of these payments:

*University System – UND (05A)	$ 207,649
Historical Society (05A)	33,333
Veterans Home (10A/B)	407,252
*University System – UND (2020A)	3,823,875
	$ 4,472,109

The written testimony below describes additional information on the PFA and its financing programs. The attached PFA 2022 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 PFA Annual Report is provided to Legislative Council each year.

The Industrial Commission, by policy, has established a three-member Public Finance Authority Advisory Committee with the Committee being appointed by the Commission. The Committee reviews each loan application for the purpose of making a recommendation concerning the loan to the Industrial Commission, which must give its approval before a loan may be made under each Program. However, if the loan is $500,000 or less for the Capital Financing Program or $2,000,000 or less for the SRF Program, the Committee may authorize the approval of the loan, and then submit a report describing the loan and the action taken to the Commission at its next meeting.

The next page illustrates the flow of funds for SRF loans.


Bond Holders
State Government
2
Issue Bonds
Bond Proceeds
3
7
Bond Repayments
State Match
1
Capitalization Grant
Drinking Water
State Revolving Fund
6
Loan Repayments
Assistance Recipient
Contractor or Vendor
4
Disbursements
Cash to Pay Invoices
5
EPA

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 in 2011, 2012, 2015, 2016, 2018 and 2022 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, 2022, 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 $121,490,000. 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, 2022.

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 $258,004,688 of federal capitalization grants under the Clean Water SRF Program from 1989 through calendar year 2022. Through December 31, 2022, 338 loans totaling $903,450,416 have been approved under the Clean Water SRF Program. The Department of Environmental Quality's Clean Water Intended Use Plan for 2023 includes over $1,105,398,000 of potential CWSRF projects.

Federal capitalization grants for the Drinking Water SRF Program were first appropriated to the State in 1997. $240,645,767 of federal capitalization grants under the Drinking Water SRF Program have been appropriated and awarded to the State through federal fiscal year 2022. Through December 31, 2022, 311 loans totaling $733,316,147 have been approved under the Drinking Water SRF Program. The Department of Environmental Quality's Drinking Water Intended Use Plan for 2022 includes approximately $809,546,000 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. Bonds issued by the Public Finance

Authority under the SRF program are rated "Aaa" by Moody's Investors Service, Inc. (Moody's), which is Moody's highest possible 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".

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 $650,000 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	2010B 2002A	2010A/B	2012A	2017A 2006B/2001A 2006A/2000A/1998A 2005A	2020A	Totals	Other Source	Energy Conser. Budgeted	Total Gen. Fund	10% of $.01 Sales Tax*	Available Debt Service
2021-23	497,700	407,271	914,000	6,214,250	14,007,500	22,040,721	4,585,981	423,295	17,031,445	44,409,819	27,378,374
2023-25	0	404,834	0	2,782,875	14,016,375	17,204,084	4,262,045	207,649	12,734,390	44,409,819	31,675,429
2025-27	0	402,344	0	0	14,001,750	14,404,094	4,224,219	0	10,179,875	44,409,819	34,229,944
2027-29	0	396,928	0	0	14,020,125	14,417,053	4,223,678	0	10,193,375	44,409,819	34,216,444
2029-31	0	164,096	0	0	14,019,875	14,183,971	4,159,317	0	10,024,654	44,409,819	34,385,165
2031-33	0	0	0	0	14,013,500	14,013,500	3,823,500	0	10,190,000	44,409,819	34,219,819
2033-35	0	0	0	0	14,017,875	14,017,875	3,826,750	0	10,191,125	44,409,819	34,218,694
2035-37	0	0	0	0	14,018,125	14,018,125	3,818,125	0	10,200,000	44,409,819	34,209,819
2037-39	0	0	0	0	14,009,125	14,009,125	3,820,000	0	10,189,125	44,409,819	34,220,694
2039-41	0	0	0	0	14,010,125	14,010,125	3,818,875	0	10,191,250	44,409,819	34,218,569
Totals	1,425,788	2,182,830	2,711,750	16,358,375	140,134,375	162,813,118	41,619,252	1,062,788	120,131,078		

Revised 5/21/2021

*The statutory limitation is based on the Legislative May 2021 forecast with a 0% increase each subsequent biennium.

PUBLIC FINANCE AUTHORITY

WHO WE ARE

3

Team Members

WHAT WE'RE ABOUT

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 eligible projects.

WHO WE SERVE

Political Subdivisions

We assist our political subdivisions in obtaining low-cost financing for their infrastructure and other eligible projects.

We serve as a trusted resource and financing option for cities, counties, townships, school districts, recreation service districts, water districts, airport authorities and fire districts.

State Agencies

We work with other state agencies such as DWR, BND and DEQ to provide funding packages for local and state infrastructure projects.

We provide accounting, credit analyses and bond issue management for DEQ – State Revolving Fund (SRF), Building Authority, Student Loan Trust, Transmission Authority and other programs/projects as needed.

Federal Agencies

Together with USDA-RD, CDBG, FEMA, USACE, and Bureau of Reclamation, we co-fund water and wastewater projects in North Dakota.

We work with EPA to ensure the SRF Program meets all federal financial requirements of the program. Annually, we have an audit conducted that meets the requirements of the Office of the Inspector General.

HOW WE DO IT

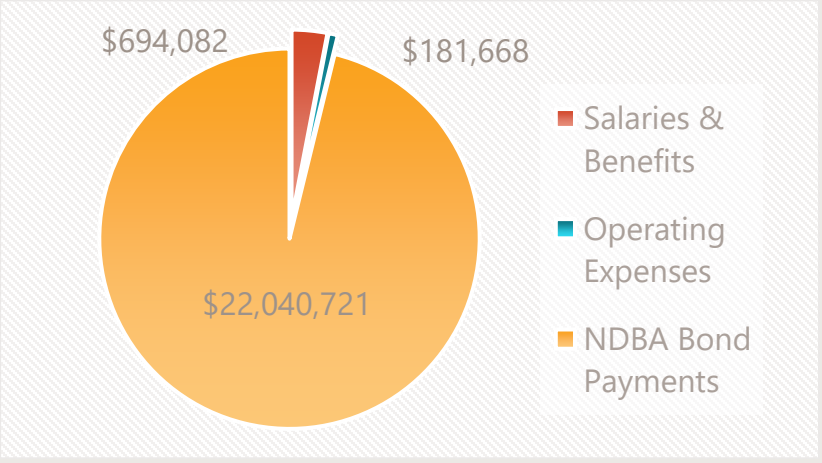
21-23 Budget: $22,916,471

NDPFA is Self-Funded

- Special: $875,750

NDBA Bond Payments

- Special: $22,040,721



PUBLIC FINANCE AUTHORITY

BOND ISSUES WE'RE PROUD OF

Legacy Fund Bonds
December 2021 and July 2022, $710MM of Legacy Fund Infrastructure Program Bonds were sold to fund projects authorized by HB 1431 during the 2021 legislative session.

SRF Bonds
The PFA sold $85.33M bonds on January 25, 2022, to provide $25M of Drinking Water SRF State Match, $25M Clean Water SRF Leveraged Bonds and to refund the Series 2011A Bonds.

Building Authority Bonds
The PFA facilitated the sale of $88.585M of bonds on October 29, 2020, to fund NDUS projects authorized by SB 2297 and HB 1003 during the 2019 legislative session.

* Closed 18 Clean Water SRF Loans totaling **$40.4 million**

* Disbursed nearly **$165 million** in SRF funds

* Closed 30 Drinking Water SRF Loans totaling **$75 million**

** During the 2019-21 biennium.*

WHAT WE DO

State Revolving Fund Program Financial Management
In consultation with DEQ, PFA manages all financial aspects of the SRF programs which makes below-market interest rates loans for qualifying water, reclaimed water and stormwater projects.

Capital Financing Program (CFP)
Through bond issues in the market, the CFP provides financing for political subdivisions for projects or improvements such as cash flow financing, interim financing, roads, flood projects, and other projects that they have the legal authority to borrow money.

Legacy Fund Infrastructure Bond Program
Issue bonds for legislatively approved projects. Manage the sale, accounting, continuing disclosure and ongoing administration of the bonds.

North Dakota Building Authority
Issue bonds for legislatively approved projects. Serve as authorized officer. Work with the state agencies and NDUS. Manage the sale, accounting, continuing disclosure, debt service invoices and on-going administration of the NDBA bonds.

HOW WE MEASURE SUCCESS

SRF Bond Rating
The PFA has maintained the highest bond rating by Moody's (Aaa) and Standard and Poor's (AAA) since 2015.

Fiscal Responsibility
The CFP and SRF programs have had no defaults since inception. Additionally, each year the PFA is audited and has achieved an unqualified or "clean" opinion.

Collaboration
PFA has worked with the Bank of North Dakota to assist in the implementation of the one-stop application portal, Funding Infrastructure in North Dakota (FIND).

Responsiveness
After the receipt of the loan application, 75% of loans are approved in 60 days or less.

NORTH DAKOTA TRANSMISSION AUTHORITY OVERVIEW

SENATE APPROPRIATIONS COMMITTEE

March 1, 2023

INDUSTRIAL COMMISSION ACTING IN ITS CAPACITY AS THE TRANSMISSION AUTHORITY (NDCC 17-05-02)

John Weeda
Executive Director
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Claire Vigesaa
Deputy Director
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NORTH Dakota Be Legendary.

PURPOSE OF NORTH DAKOTA TRANSMISSION AUTHORITY (NDCC 17-05)

To facilitate the development of transmission facilities that support North Dakota energy

- **Make grants or loans to facilitate transmission**
- **Ownership of transmission facilities for public purpose**
- **Issuing bonds for loans**
- **Construction or maintenance of transmission facilities**
- **Expertise for government entities and the public**

NORTH Dakota Be Legendary.

TRANSMISSION AUTHORITY ACTIVITIES SUPPORTING NORTH DAKOTA ENERGY

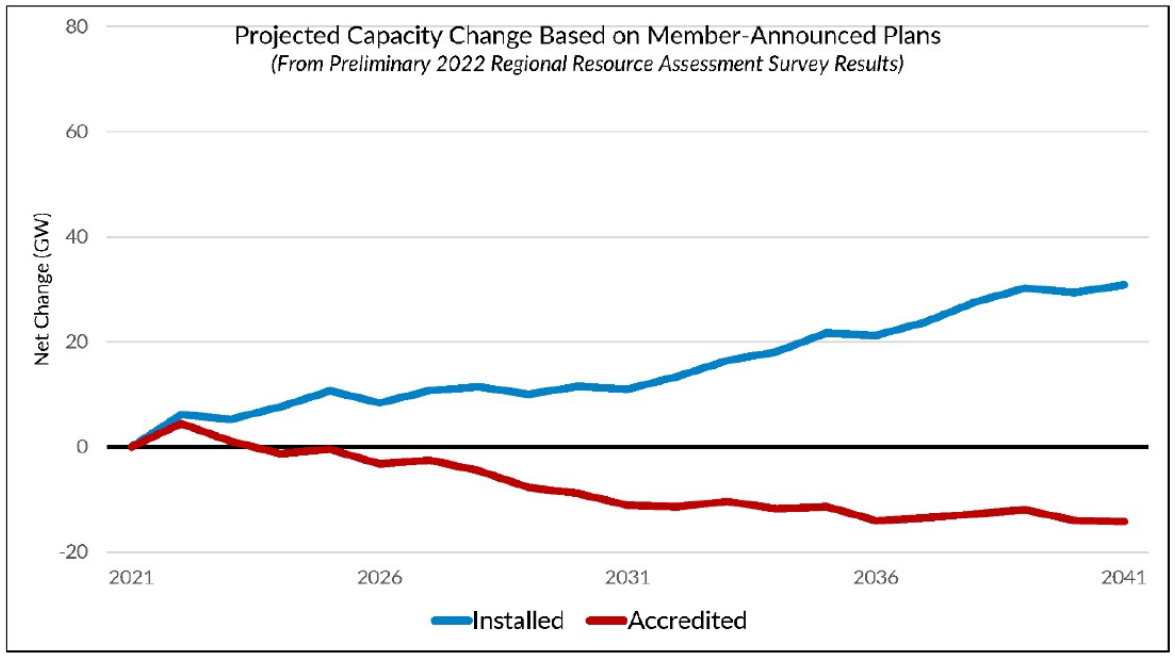
- Producing annual reports and electric needs assessments
- Participating in regional grid operations
- Consulting for North Dakota developers
- Supporting build-out or acquisition of needed transmission

NORTH Dakota Be Legendary.

GROWING NEED AND VALUE OF TRANSMISSION AUTHORITY

- **Increased congestion limiting North Dakota energy growth**
- **Alarming rate of baseload retirements (over 100 GW by 2039)**
- **Shifting markets and demand**
- **Advocating North Dakota's "All of the Above" policy**

...accredited capacity is declining due to the rapid pace of retirements of controllable resources



*Future projections calculated as change from Future 1 2022 load assumption

Estimated accredited capacity: 16.6% for wind; 35% for solar, 87.5% for battery, 90% for coal, 90% for gas, and 95% for nuclear

MISO

NORTH Dakota Be Legendary.

INVESTING IN NORTH DAKOTA'S TRANSMISSION AUTHORITY

$400,000 proposed for 2023-2025 biennium

Leveraging Lignite Research Funding for strategic studies

Facilitating broader collaboration

Unlocking over $1 Billion investments in grid security

NORTH Dakota Be Legendary.

INFRASTRUCTURE INVESTMENT AND JOBS ACT (IIJA) GRID RESILIENCE GRANT PROGRAM

Formula change announced by Department of Energy (DOE) January 5th, 2023:

- 2023-2024 Federal Grant: $3,760,129
- 2024-2025 Federal Grant: $3,738,908
- Total Federal Grant Available: $7,499,037

- State match required: $1,124,856
- **Total one-time funding needed: $8,623,893**

(decrease from $8,892,485 initial request in Governor's budget)

NORTH Dakota Be Legendary.

NORTH
Dakota
Be Legendary.

Prepared for the House Appropriations Committee

Department 405 - Industrial Commission
House Bill No. 1014

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	$33,383,040	$130,444,556	$163,827,596
2023-25 Base Level	26,489,613	24,369,185	50,858,798
Increase (Decrease)	$6,893,427	$106,075,371	$112,968,798

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases of which $1,747,226 is for salary increases and $605,156 is for health insurance increases	$2,168,675	$183,707	$2,352,382
2. Adds 7.5 FTE positions, including 3 carbon capture positions, 1 paleontology position, 1 critical minerals position, 1 grant administrator position, 1 deputy director position for the Public Finance Authority, and 0.5 records management position	$1,303,541	$314,967	$1,618,508
3. Increases funding for bond payments to provide total funding of $119,879,913 for bond payments	$0	$97,839,192	$97,839,192
4. Adds **one-time funding** for inflationary costs primarily related to travel expenses	$821,456	$35,688	$857,144
5. Adds **one-time funding** for Transmission Authority consulting expenses	$250,000	$0	$250,000
6. Adds **one-time funding** for a federal electric grid resilience grant and a related match from the general fund	$1,372,227	$7,520,258	$8,892,485
7. Adds **one-time funding** for a transfer to the fossil restoration fund	$250,000	$0	$250,000

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

Legacy earnings fund - Sections 12 and 13 would transfer $55 million from the legacy earnings fund to the oil and gas research fund ($5 million) and to the clean sustainable energy fund ($50 million).

Strategic investment and improvements fund - Section 14 would transfer $500 million from the strategic investment and improvements fund to the clean sustainable energy fund including $250 million prior to the end of the 2021-23 biennium and $250 million during the 2023-25 biennium.

North Dakota outdoor heritage fund - Section 15 would decrease the oil and gas tax revenue allocation limit to the North Dakota outdoor heritage fund from $20 million per fiscal year to $7.5 million per fiscal year for the 2023-25 biennium, the same as the 2021-23 biennium.

Oil and gas research fund - Section 16 would increase the allocations to the oil and gas research fund by $4.5 million, from $10 million to $14.5 million for the 2023-25 biennium, the same as the 2021-23 biennium.

Federal State Fiscal Recovery Fund exemption - Sections 20, 21, and 22 would provide an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a pipeline infrastructure grant ($150 million), a hydrogen development grant ($20 million), and an abandoned oil well conversion program ($3.2 million).

Abandoned well federal funding exemption - Section 23 would provide an exemption allowing unspent federal funding authorized by the Emergency Commission to be available in the 2023-25 biennium related to administrative costs for plugging and reclaiming oil wells and oil well sites.

Survey review exemption - Section 24 would provide an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority for a survey review during the 2023-25 biennium.

Continuing Appropriations

Abandoned oil and gas reclamation fund - North Dakota Century Code Section 38-08-04.5 - Abandoned oil and gas reclamation.

Carbon dioxide storage facility administration fund - Section 38-22-14 - For defraying costs of processing applications for regulating carbon dioxide storage facilities.

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.

Cartographic products fund - Section 54-17.4-10 - Topographic map sales and purchases.

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.

Fossil excavation and restoration fund - Section 54-17.4-09.1 - Excavation and restoration of fossils.

Geological data preservation fund - Section 54-17.4-13 - Data preservation.

Geophysical, geothermal, subsurface minerals, and coal exploration fund - Section 38-21-03 - Reclamation of orphaned facilities and exploration holes.

Global positioning system community base station - Section 54-17.4-12 - For maintenance of base station.

Lignite research fund - Section 57-61-01.5 - Research, development, and marketing for the lignite industry.

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.

North Dakota Pipeline Authority administrative fund - Section 54-17.7-11 - For operations of the North Dakota Pipeline Authority.

Oil and gas research fund - Section 57-51.1-07.3 - Oil and gas research and education.

Oil and gas reservoir data fund - Section 38-08-04.6 - Oil and gas reservoir data.

Renewable energy development fund - Section 54-63-04 - Renewable energy research, development, and education.

Clean sustainable energy fund - Section 54-63.1-07 - Grants, loans, and other financial assistance for clean sustainable energy project research and development.

Deficiency Appropriations

The executive budget recommends transferring $250 million from the strategic investment and improvements fund to the clean sustainable energy fund prior to the end of the 2021-23 biennium.

Significant Audit Findings

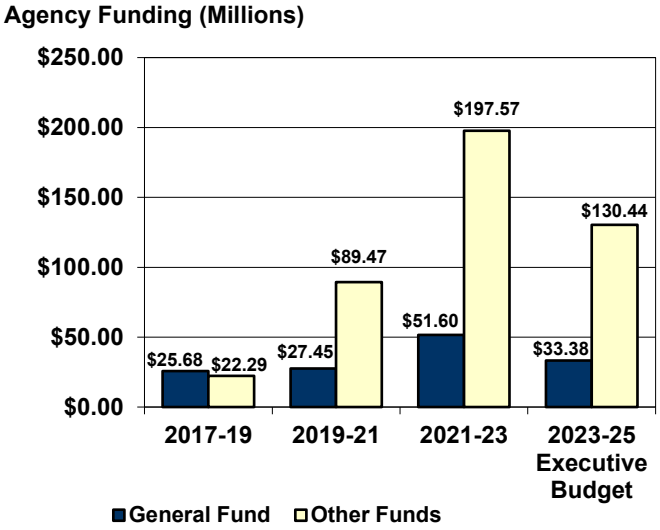
The operational audit for the Industrial Commission conducted by the State Auditor's office during the 2021-22 interim identified no significant audit findings.

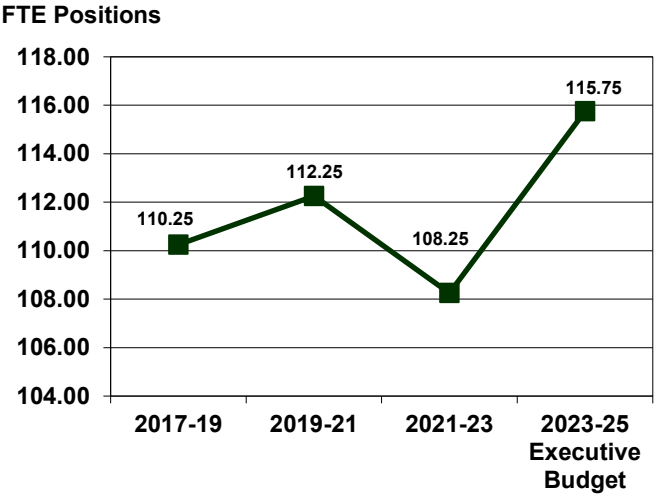
Major Related Legislation

Senate Bill No. 2059 - Increases the fund balance limit from $50 million to $100 million for oil and gas gross production tax revenue allocations to the abandoned oil and gas well plugging and site reclamation fund.

Historical Appropriations Information

Agency Appropriations and FTE Positions





Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing general fund appropriations	$24,957,746	$25,408,987	$27,254,198	$26,489,613	$30,362,191
Increase (decrease) from previous biennium	N/A	$451,241	$1,845,211	($764,585)	$3,872,578
Percentage increase (decrease) from previous biennium	N/A	1.8%	7.3%	(2.8%)	14.6%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	1.8%	9.2%	6.1%	21.7%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

1. Removed 8.5 FTE positions, including 6.5 FTE engineering technician positions and 2 FTE administrative assistant positions ($577,999)
2. Added funding for contingent FTE engineering technician positions $221,737
3. Added funding for operating expenses primarily related to travel, information technology software and services, and professional services $448,753

2019-21 Biennium

1. Increased funding for 2 FTE positions that were partially funded as contingent positions in the 2017-19 biennium $40,464
2. Added funding for 2 FTE contingent positions $229,544
3. Added funding for operating expenses, primarily related to travel, building leases, and information technology costs $556,254

2021-23 Biennium

1. Removed 1 FTE computer network specialist position ($222,366), 1 FTE engineering technician position ($180,551), and 2 FTE contingent positions ($229,544) ($632,461)
2. Decreased funding for salaries and wages for anticipated savings from vacant positions and employee turnover ($214,360)
3. Decreased funding for temporary salaries ($60,000)
4. Adjusted funding for operating expenses, primarily related to a decrease in travel ($730,400)

2023-25 Biennium (Executive Budget Recommendation)

1. Adds 7.5 FTE positions, including 3 carbon capture positions, 1 paleontology position, 1 critical minerals position, 1 grant administrator position, 1 deputy director position for the Public Finance Authority, and 0.5 records management position — $1,303,541

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	$7,718,143	$269,408	$195,000	$25,106,260	$3,020,849

Major One-Time General Fund Appropriations

2017-19 Biennium

1. Provided a deficiency appropriation for litigation expenses related to various lawsuits associated with oil and gas regulatory disputes and other environmental issues — $269,408

2019-21 Biennium

1. Added one-time funding for temporary employees who will record historical information to provide guidance to current and future employees — $175,000
2. Added one-time funding for a transfer to the high-level radioactive waste fund — $20,000

2021-23 Biennium

1. Added one-time funding from the general fund for paleontology and geological equipment — $106,260
2. Added one-time funding for a transfer to the clean sustainable energy fund pursuant to House Bill No. 1452 (2021) — $25,000,000

2023-25 Biennium (Executive Budget Recommendation)

1. Adds one-time funding for inflationary costs primarily related to travel expenses — $821,456
2. Adds one-time funding for Transmission Authority consulting expenses — $250,000
3. Adds one-time funding for a federal electric grid resilience grant and a related match from the general fund — $1,372,227
4. Adds one-time funding for a transfer to the fossil restoration fund — $250,000

Department 471 - Bank of North Dakota
House Bill No. 1014

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	$0	$75,905,765	$75,905,765
2023-25 Base Level	0	68,816,548	68,816,548
Increase (Decrease)	$0	$7,089,217	$7,089,217

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases of which $2,685,488 is for salary increases and $863,226 is for health insurance increases	$0	$3,548,714	$3,548,714
2. Adds 2 FTE credit underwriter positions	$0	$476,628	$476,628
3. Adds 2 FTE valuation supervisor positions	$0	$580,428	$580,428
4. Adds 2 FTE collateral valuation positions	$0	$471,711	$471,711
5. Adds 1 FTE collateral valuation analyst position	$0	$253,976	$253,976
6. Adds 1 FTE loan operations supervisor position	$0	$222,652	$222,652
7. Increases funding for ITD rate changes	$0	$405,524	$405,524
8. Adds **one-time funding** for IT projects	$0	$804,278	$804,278

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

Transfer to partnership in assisting community expansion (PACE) fund - Section 6 would provide for a transfer of $39 million from the Bank of North Dakota's current earnings and undivided profits to the PACE fund for the 2023-25 biennium.

Transfer to Ag PACE fund - Section 7 would provide for a transfer of $5 million from the Bank's current earnings and undivided profits to the Ag PACE fund for the 2023-25 biennium.

Transfer to biofuels PACE fund - Section 8 would provide for a transfer of $1 million from the Bank's current earnings and undivided profits to the biofuels PACE fund for the 2023-25 biennium.

Transfer to beginning farmer revolving loan fund - Section 9 would provide for a transfer of $15 million from the Bank's current earnings and undivided profits to the beginning farmer revolving loan fund for the 2023-25 biennium.

Transfer to the agricultural products utilization fund - Section 10 would provide for a transfer of $3 million from the Bank's current earnings and undivided profits to the agricultural products utilization fund for the 2023-25 biennium.

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.

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

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

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

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

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

Rebuilders 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.

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

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

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

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The financial statement audit for the Bank of North Dakota conducted by Eide Bailly LLP, during the 2021-22 interim identified no significant findings.

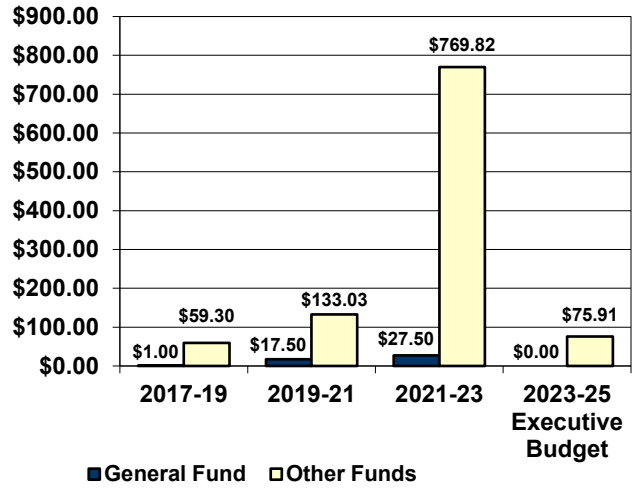
Major Related Legislation

At this time, no major legislation has been introduced affecting this agency.

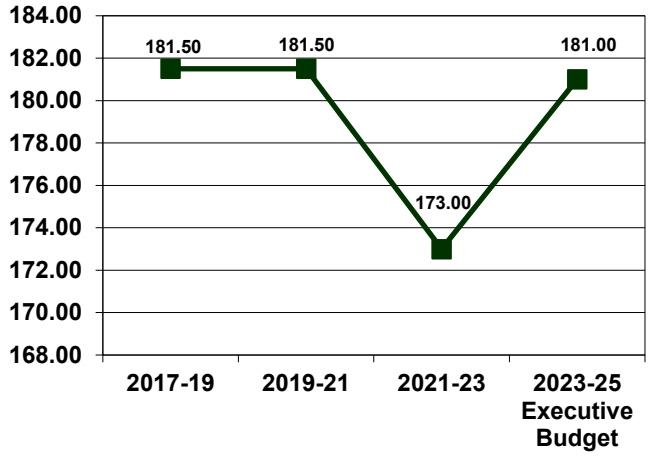
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing other funds appropriations	$59,287,301	$59,299,204	$64,357,799	$68,816,548	$75,101,307
Increase (decrease) from previous biennium	N/A	$11,903	$5,058,595	$4,458,749	$6,284,759
Percentage increase (decrease) from previous biennium	N/A	0.0%	8.5%	6.9%	9.1%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	0.0%	8.6%	16.1%	26.7%

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 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 ITD 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 of North Dakota 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 (Executive Budget Recommendation)

1. Adds funding for 8 FTE positions, including 2 credit underwriter positions, 2 valuation supervisor positions, 2 collateral valuation positions, 1 collateral valuation analyst position, and 1 loan operations supervisor position $2,005,395
2. Increases funding for ITD rate changes $405,524

One-Time Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	$17,000,000	$0	$0	$701,000,000	$804,278

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 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 (Executive Budget Recommendation)

1. Adds one-time funding for IT projects $804,278

Department 473 - Housing Finance Agency
House Bill No. 1014

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	$1,570,212	$69,427,221	$70,997,433
2023-25 Base Level	0	58,890,532	58,890,532
Increase (Decrease)	$1,570,212	$10,536,689	$12,106,901

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases of which $716,072 is for salary increases and $267,478 is for health insurance increases	$0	$983,550	$983,550
2. Adds 2 FTE home loan program administrator positions ($466,592) and increases service premium fees ($4,531,830) for growth in the home loan program	$0	$4,998,422	$4,998,422
3. Adds 1 FTE compliance officer position	$0	$218,908	$218,908
4. Increases federal funding for salary adjustments	$0	$800,102	$800,102
5. Adds federal funding for temporary salaries	$0	$78,000	$78,000
6. Transfers the homeless grant programs from the Department of Commerce	$1,570,212	$1,147,341	$2,717,553
7. Increases funding for federal grants to provide total funding of $44,655,110 from federal sources for grants	$0	$1,949,910	$1,949,910
8. Increases funding for housing rehabilitation grants from the agency's operating funds	$0	$380,000	$380,000

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the 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 2023-25 biennium.

Legacy earnings fund - Section 11 would transfer $25 million from the legacy earnings fund to the housing incentive fund for the 2023-25 biennium.

Continuing Appropriations

Housing incentive fund - North Dakota Century Code Section 54-17-40 - Provides grants for housing projects.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The financial statement audit for the Housing Finance Agency conducted by Brady, Martz & Associates PC, during the 2021-22 interim identified no significant findings.

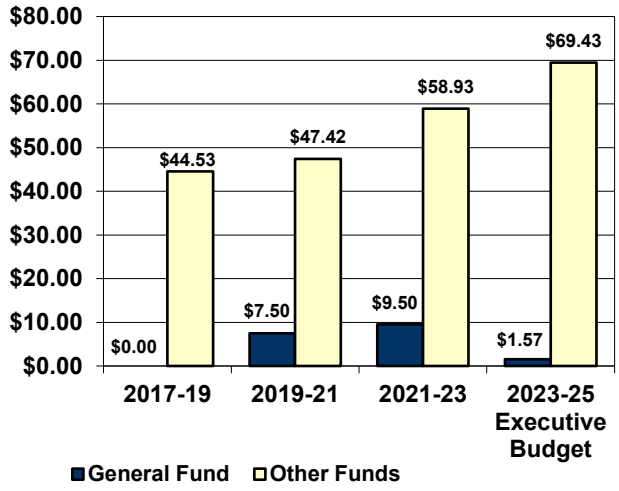
Major Related Legislation

At this time, no major legislation has been introduced affecting this agency.

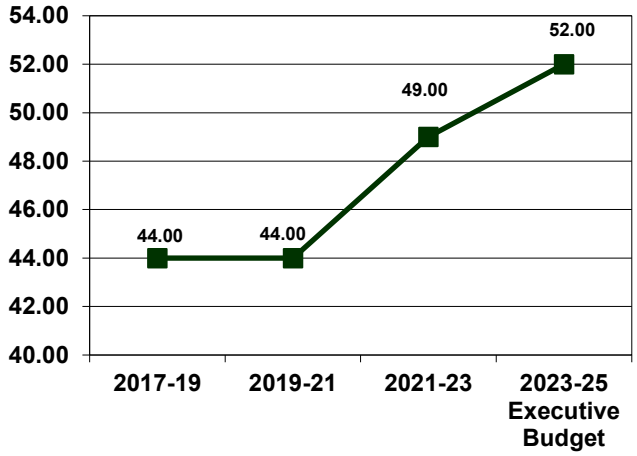
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing other funds appropriations	$37,520,089	$44,530,239	$47,421,891	$58,890,532	$69,427,221
Increase (decrease) from previous biennium	N/A	$7,010,150	$2,891,652	$11,468,641	$10,536,689
Percentage increase (decrease) from previous biennium	N/A	18.7%	6.5%	24.2%	17.9%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	18.7%	26.4%	57.0%	85.0%

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 information technology 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 (Executive Budget Recommendation)

1. Adds 2 FTE home loan program administrator positions ($466,592) and increases service premium fees ($4,531,830) for growth in the home loan program — $4,998,422
2. Increases federal funding for salary adjustments — $800,102
3. Transfers the homeless grants program from the Department of Commerce — $1,147,341
4. Increases funding for federal grants to provide total funding of $44,655,110 from federal sources for grants — $1,949,910
5. Increases funding for housing rehabilitation grants from the agency's operating fund — $380,000

One-Time Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund 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 (Executive Budget Recommendation)

None — $0

Department 475 - Mill and Elevator Association
House Bill No. 1014

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	$0	$100,956,697	$100,956,697
2023-25 Base Level	0	88,377,209	88,377,209
Increase (Decrease)	$0	$12,579,488	$12,579,488

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Provides funding for state employee health insurance increases	$0	$771,600	$771,600
2. Provides funding for salary increases subject to union negotiations	$0	$2,314,183	$2,314,183
3. Adds 14 new undesignated FTE positions for increased milling capacity	$0	$2,367,332	$2,367,332
4. Increases funding for overtime to provide total funding of $11,434,121	$0	$1,352,923	$1,352,923
5. Increases funding for inflationary costs and mill capacity growth, primarily related to utilities, supplies, insurance, and repairs	$0	$5,569,550	$5,569,550

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

Transfer of profits to general fund - Section 17 would provide an exemption to suspend the transfer of 50 percent of the Mill and Elevator's profits to the general fund for the 2023-25 biennium.

Gain-sharing program - Section 18 would provide an exemption allowing the Industrial Commission to approve a gain-sharing program for the 2023-25 biennium without a transfer of profits to the general fund.

Continuing Appropriations

There are no continuing appropriations for this agency.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The financial statement audit for the Mill and Elevator Association conducted by the State Auditor's office during the 2021-22 interim identified no significant findings.

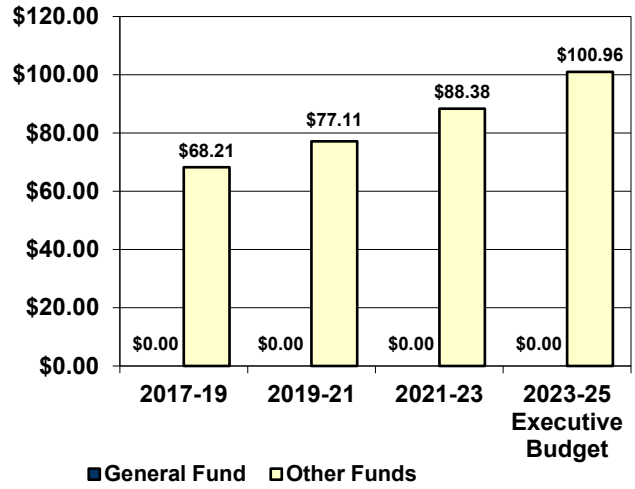
Major Related Legislation

At this time, no major related legislation has been introduced affecting this agency.

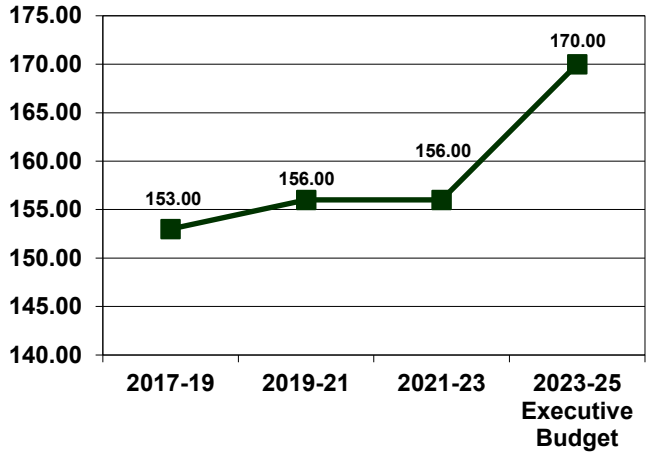
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing other funds appropriations	$64,315,898	$68,213,519	$76,994,824	$88,377,209	$100,956,697
Increase (decrease) from previous biennium	N/A	$3,897,621	$8,781,305	$11,382,385	$12,579,488
Percentage increase (decrease) from previous biennium	N/A	6.1%	12.9%	14.8%	14.2%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	6.1%	19.7%	37.4%	57.0%

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 (Executive Budget Recommendation)

1. Adds 14 new undesignated FTE positions for increased milling capacity $2,367,332
2. Increases funding for overtime to provide total funding of $11,434,121 $1,352,923
3. Increases 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 Executive Budget
One-time general fund 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 (Executive Budget Recommendation)

None $0

Industrial Commission - Budget No. 405
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	108.25	$26,489,613	$24,369,185	$50,858,798
2023-25 Ongoing Funding Changes				
Cost to continue salary increase		$167,219	$8,697	$175,916
Salary increase		1,604,665	142,561	1,747,226
Health insurance increase		564,010	41,146	605,156
Adds FTE carbon capture positions	3.00	760,911		760,911
Adds FTE paleontology position	1.00	196,610		196,610
Adds FTE critical minerals position	1.00	276,523		276,523
Adds FTE grant administration position	1.00		182,321	182,321
Adds FTE deputy director position	1.00		132,646	132,646
Adds FTE records management position	0.50	69,497		69,497
Transfers $104,785 from operating expenses to salaries				0
Increases federal funding for salaries and wages			29,996	29,996
ITD rate increases		3,143	1,756	4,899
Adds funding for computer server transition		230,000		230,000
Increases funding for bond payments			97,839,192	97,839,192
Total ongoing funding changes	7.50	$3,872,578	$98,378,315	$102,250,893
One-time funding items				
Adds one-time funding for FTE carbon capture positions		$31,031		$31,031
Adds one-time funding for FTE paleontology position		9,234		9,234
Adds one-time funding for FTE critical minerals position		20,134		20,134
Adds one-time funding for FTE grant administration position			$1,155	1,155
Adds one-time funding for FTE deputy director position			10,955	10,955
Adds one-time funding for FTE records management position		3,119		3,119
Adds one-time funding for temporary employees			75,000	75,000
Adds one-time funding for inflationary increases		821,456	35,688	857,144
Adds one-time funding for core and mineral analysis		100,000		100,000
Adds one-time funding for Transmission Authority consulting		250,000		250,000
Adds one-time funding for drones and computers		83,648	54,000	137,648
Adds one-time funding for computer server transition		80,000		80,000
Adds one-time funding for an electric grid resilience grant		1,372,227	7,520,258	8,892,485
Adds one-time funding for fossil restoration		250,000		250,000
Total one-time funding changes	0.00	$3,020,849	$7,697,056	$10,717,905
Total Changes to Base Level Funding	7.50	$6,893,427	$106,075,371	$112,968,798
2023-25 Total Funding	115.75	$33,383,040	$130,444,556	$163,827,596
Federal funds included in other funds			*$7,788,258*	
Total ongoing changes as a percentage of base level	*6.9%*	*14.6%*	*403.7%*	*201.0%*
Total changes as a percentage of base level	*6.9%*	*26.0%*	*435.3%*	*222.1%*

Other Sections in Industrial Commission - Budget No. 405

	Executive Budget Recommendation
Bond payments	Section 3 would provide legislative intent for bond payments during the 2023-25 biennium.
Administrative cost transfers	Section 5 would allow the Industrial Commission to transfer up to $1,619,045 from special funds from the entities under the control of the Industrial Commission for administrative services. Section 19 would provide an exemption allowing unspent prior biennium appropriation authority for administrative costs to be available in the 2023-25 biennium.

Other Sections in Industrial Commission - Budget No. 405

	Executive Budget Recommendation
Legacy earnings fund	Sections 12 and 13 would transfer $55 million from the legacy earnings fund to the oil and gas research fund ($5 million) and to the clean sustainable energy fund ($50 million).
Strategic investment and improvements fund	Section 14 would transfer $500 million from the strategic investment and improvements fund to the clean sustainable energy fund including $250 million prior to the end of the 2021-23 biennium and $250 million during the 2023-25 biennium.
North Dakota outdoor heritage fund	Section 15 would decrease the oil and gas tax revenue allocation limit to the North Dakota outdoor heritage fund from $20 million per fiscal year to $7.5 million per fiscal year for the 2023-25 biennium, the same as the 2021-23 biennium.
Oil and gas research fund	Section 16 would increase the allocations to the oil and gas research fund by $4.5 million, from $10 million to $14.5 million for the 2023-25 biennium, the same as the 2021-23 biennium.
Federal State Fiscal Recovery Fund exemption	Sections 20, 21, and 22 would provide an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a pipeline infrastructure grant ($150 million), a hydrogen development grant ($20 million), and an abandoned oil well conversion program ($3.2 million).
Abandoned well federal funding exemption	Section 23 would provide an exemption allowing unspent federal funding authorized by the Emergency Commission to be available in the 2023-25 biennium related to administrative costs for plugging and reclaiming oil wells and oil well sites.
Survey review exemption	Section 24 would provide an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority for a survey review during the 2023-25 biennium.

Bank of North Dakota - Budget No. 471
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	173.00	$0	$68,816,548	$68,816,548
2023-25 Ongoing Funding Changes				
Cost to continue salary increase			$280,646	$280,646
Salary increase			2,685,488	2,685,488
Health insurance increase			863,226	863,226
Adds FTE credit underwriter IV position	1.00		253,976	253,976
Adds FTE agricultural valuation supervisor position	1.00		290,214	290,214
Adds FTE credit underwriter III position	1.00		222,652	222,652
Adds FTE commercial valuation supervisor position	1.00		290,214	290,214
Adds FTE collateral valuation III position	1.00		217,735	217,735
Adds FTE collateral valuation analyst IV position	1.00		253,976	253,976
Adds FTE collateral valuation IV position	1.00		253,976	253,976
Adds FTE loan operations supervisor position	1.00		222,652	222,652
Increases funding for shared software and service rates			44,660	44,660
Increases funding for ITD rate changes			405,524	405,524
Total ongoing funding changes	8.00	$0	$6,284,939	$6,284,939
One-time funding items				
Adds one-time funding for IT projects			$804,278	$804,278
Total one-time funding changes	0.00	$0	$804,278	$804,278
Total Changes to Base Level Funding	8.00	$0	$7,089,217	$7,089,217
2023-25 Total Funding	181.00	$0	$75,905,765	$75,905,765
Federal funds included in other funds			*$0*	
Total ongoing changes as a percentage of base level	*4.6%*		*9.1%*	*9.1%*
Total changes as a percentage of base level	*4.6%*		*10.3%*	*10.3%*

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

	Executive Budget Recommendation
Transfer to PACE fund	Section 6 would provide for a transfer of $39 million from the Bank of North Dakota's current earnings and undivided profits to the PACE fund for the 2023-25 biennium.
Transfer to Ag PACE fund	Section 7 would provide for a transfer of $5 million from the Bank of North Dakota's current earnings and undivided profits to the Ag PACE fund for the 2023-25 biennium.
Transfer to biofuels PACE fund	Section 8 would provide for a transfer of $1 million from the Bank of North Dakota's current earnings and undivided profits to the biofuels PACE fund for the 2023-25 biennium.
Transfer to beginning farmer revolving loan fund	Section 9 would provide for a transfer of $15 million from the Bank of North Dakota's current earnings and undivided profits to the beginning farmer revolving loan fund for the 2023-25 biennium.
Transfer to agricultural products utilization fund	Section 10 would provide for a transfer of $3 million from the Bank of North Dakota's current earnings and undivided profits to the agricultural products utilization fund for the 2023-25 biennium.

Housing Finance Agency - Budget No. 473
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	49.00	$0	$58,890,532	$58,890,532
2023-25 Ongoing Funding Changes				
Cost to continue salary increase			$75,908	$75,908
Salary increase			716,072	716,072
Health insurance increase			267,478	267,478
Adds FTE compliance officer position	1.00		218,908	218,908
Adds FTE positions and increases funding for home loan programs	2.00		4,998,422	4,998,422
Increases federal funding for salary adjustments			800,102	800,102
Adds federal funding for temporary salaries			78,000	78,000
Transfers homeless grants from Department of Commerce		1,570,212	1,147,341	2,717,553
Increases federal funding for operating expenses			21,135	21,135
Increases funding for shared software and service rates			13,413	13,413
Decreases funding for capital assets			(130,000)	(130,000)
Increases funding for federal grants			1,949,910	1,949,910
Increases funding for housing rehabilitation grants			380,000	380,000
Total ongoing funding changes	3.00	$1,570,212	$10,536,689	$12,106,901
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	3.00	$1,570,212	$10,536,689	$12,106,901
2023-25 Total Funding	52.00	$1,570,212	$69,427,221	$70,997,433
Federal funds included in other funds			*$48,099,128*	
Total ongoing changes as a percentage of base level	*6.1%*		*17.9%*	*20.6%*
Total changes as a percentage of base level	*6.1%*		*17.9%*	*20.6%*

Other Sections in Housing Finance Agency - Budget No. 473

	Executive Budget Recommendation
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 2023-25 biennium.
Legacy earnings fund	Section 11 would transfer $25 million from the legacy earnings fund to the housing incentive fund for the 2023-25 biennium.

Mill and Elevator Association - Budget No. 475
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	156.00	$0	$88,377,209	$88,377,209
2023-25 Ongoing Funding Changes				
Cost to continue salaries			$198,797	$198,797
Salary increase				0
Health insurance increase			771,600	771,600
Provides funding for salary increases subject to union negotiations			2,314,183	2,314,183
Adds new undesignated FTE positions for increased milling capacity	14.00		2,367,332	2,367,332
Increases funding for overtime			1,352,923	1,352,923
Increases funding for inflation costs and mill capacity growth			5,569,550	5,569,550
ITD rate increases			5,103	5,103
Total ongoing funding changes	14.00	$0	$12,579,488	$12,579,488
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	14.00	$0	$12,579,488	$12,579,488
2023-25 Total Funding	170.00	$0	$100,956,697	$100,956,697
Federal funds included in other funds			*$0*	
Total ongoing changes as a percentage of base level	*9.0%*		*14.2%*	*14.2%*
Total changes as a percentage of base level	*9.0%*		*14.2%*	*14.2%*

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

	Executive Budget Recommendation
Transfer of profits to general fund	Section 17 would provide an exemption to suspend the transfer of 50 percent of the Mill's profits to the general fund for the 2023-25 biennium.
Gain-sharing program	Section 18 would provide an exemption allowing the Industrial Commission to approve a gain-sharing program for the 2023-25 biennium without a transfer of profits to the general fund.

Sixty-eighth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1014
(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 state industrial commission and the agencies under the management of the industrial commission; to amend and reenact sections 15-17-07.3 and 15-17-07.9; 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 state industrial commission and agencies under its control for the purpose of defraying the expenses of the state industrial commission and agencies under its control, for the biennium beginning July 1, 2023 and ending June 30, 2025, as follows:

Subdivision 1.

INDUSTRIAL COMMISSION

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and Wages	$23,698,119	$4,139,281	$27,837,400
Operating Expenses	5,119,958	1,719,840	6,839,798
Capital Assets	0	128,000	128,000
Grants	0	8,892,485	8,892,485
General Fund Transfers	0	250,000	250,000
Bond Payments	22,040,721	97,839,192	119,879,913
Total All Funds	$50,858,798	$112,968,798	$163,827,596
Less Estimated Income	24,369,185	106,075,371	130,444,556
Total General Fund	$26,489,613	$6,893,427	$33,383,040
Full-Time Equivalent Positions	108.25	7.50	115.75

Subdivision 2.

BANK OF NORTH DAKOTA - OPERATIONS

	Base Level	Adjustments or Enhancements	Appropriation
Bank of North Dakota Operations	$67,308,548	$7,089,217	$74,395,765
Capital Assets	1,510,000	0	1,510,000
Total Special Funds	$68,816,548	$7,089,217	$75,905,765
Full-Time Equivalent Positions	173.00	8.00	181.00

Subdivision 3.

HOUSING FINANCE AGENCY

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and Wages	$9,556,272	$2,707,598	$12,263,870
Operating Expenses	6,109,060	4,629,181	10,738,241
Capital Assets	150,000	(130,000)	20,000
Grants	42,975,200	4,900,122	47,875,322
Housing Finance Agency Contingencies	100,000	0	100,000
Total All Funds	$58,890,532	$12,106,901	$70,997,433
Less Estimated Income	58,890,532	10,536,689	69,427,221
Total General Fund	$0	$1,570,212	$1,570,212
Full-Time Equivalent Positions	49.00	3.00	52.00

Subdivision 4.

MILL AND ELEVATOR ASSOCIATION

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and Wages	$50,560,209	$7,004,835	$57,565,044
Operating Expenses	36,817,000	5,574,653	42,391,653
Contingencies	500,000	0	500,000
Agriculture Promotion	500,000	0	500,000
Total Special Funds	$88,377,209	$12,579,488	$100,956,697
Full-Time Equivalent Positions	156.00	14.00	170.00

Subdivision 5.

BILL TOTAL

	Base Level	Adjustments or Enhancements	Appropriation
Grand Total General Fund	$26,489,613	$8,463,639	$34,953,252
Grand Total Special Funds	240,453,474	136,280,765	376,734,239
Grand Total All Funds	$266,943,087	$144,744,404	$411,687,491

SECTION 2. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium:

One-Time Funding Description	2021-23	2023-25
Housing Finance Agency – Housing Assessment	$35,000	0
Paleontology and Geological Equipment	106,206	0
Clean Sustainable Energy Fund Transfer	25,000,000	0
Agriculture Diversification and Development Fund Transfer	10,000,000	0
Housing Inventive Fund Transfer	9,500,000	0
Bank of North Dakota – Bond Proceeds	680,000,000	0
Inflation	0	857,144
Equipment and Software	0	137,648
Server Transition	0	80,000
Operating Expenses for New FTE	0	75,628
Infrastructure Investment and Jobs Act Grant and Match	0	8,892,485
North Dakota Transmission Authority Consulting	0	250,000
Paleo Fund Transfer	0	250,000
Core and Mineral Analysis	0	100,000
Contract Staffing	0	75,000
IT Consulting and Developing Costs	0	804,278
Total All Funds	$724,641,206	$11,522,183
Total Special Fund	680,035,000	8,501,334
Total General Fund	$44,606,206	$3,020.849

The 2023-25 biennium one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The department of commerce shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 3. LEGISLATIVE INTENT - BOND PAYMENTS. The amount of $119,879,913 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, 2023 and ending June 30, 2025:

Legacy Bond Payments	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
Office of Attorney General	330,000
State Historical Society	592,375
Parks and Recreation Department	30,950
Research and Extension Service	242,205
Veterans' Home	407,252
Total	$119,879,913

SECTION 4. APPROPRIATION – HOUSING FINANCE AGENCY – ADDITIONAL INCOME. In addition to the amount appropriated to the housing finance agency in subdivision 3 of section 1 of this Act, there is appropriated any additional income or unanticipated income from federal or other funds which may become available to the agency for the biennium beginning July 1, 2023 and ending June 30, 2025. 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 WITHIN THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND. The sum of $1,619,045, 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, 2023 and ending June 30, 2025, upon order of the commission. Transfers from the student loan trust must be made to the extent permitted by sections 54-17-24 and 54-17-25.

SECTION 6. TRANSFER - BANK OF NORTH DAKOTA - PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION. The Bank of North Dakota shall transfer the sum of $39,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the partnership in assisting community expansion fund during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 7. TRANSFER - BANK OF NORTH DAKOTA - AGRICULTURE PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION. The Bank of North Dakota shall transfer the sum of $5,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the agriculture partnership in assisting community expansion fund during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 8. TRANSFER - BANK OF NORTH DAKOTA - BIOFUELS PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION. The Bank of North Dakota shall transfer the sum of $1,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the biofuels partnership in assisting community expansion fund during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 9. TRANSFER - BANK OF NORTH DAKOTA - BEGINNING FARMER REVOLVING LOAN FUND. The Bank of North Dakota shall transfer the sum of $15,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the beginning farmer revolving loan fund during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 10. TRANSFER - BANK OF NORTH DAKOTA – AGRICULTURAL PRODUCTS UTILIZATION FUND. The Bank of North Dakota shall transfer the sum of $3,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the agricultural products utilization fund during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 11. TRANSFER – LEGACY EARNINGS FUND TO HOUSING INCENTIVE FUND. The office of management and budget shall transfer $25,000,000 from the legacy earnings fund to the housing incentive fund during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 12. TRANSFER – LEGACY EARNINGS FUND TO OIL AND GAS RESEARCH FUND. The office of management and budget shall transfer $5,000,000 from the legacy earnings fund to the oil and gas research fund for the purpose of providing iPIPE challenge grants, for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 13. TRANSFER – LEGACY EARNINGS FUND TO CLEAN SUSTAINABLE ENERGY FUND. The office of management and budget shall transfer $50,000,000 from the legacy earnings fund to the clean sustainable energy fund for the purpose of providing grants, for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 14. TRANSFER – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO CLEAN SUSTAINABLE ENERGY FUND. The office of management and budget shall transfer $500,000,000 from the strategic investment and improvements fund to the clean sustainable energy fund for the purpose of providing loans. The initial $250,000,000 transfer will occur on or before June 30, 2023 and the second $250,000,000 transfer will occur during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 15. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH DAKOTA OUTDOOR HERITAGE FUND. Notwithstanding the provisions of section 57-51-15 relating to the allocations to the North Dakota outdoor heritage fund, for the period beginning September 1, 2023, and ending August 31, 2025, the state treasurer shall allocate eight percent of the oil and gas gross production tax revenue available under subsection 1 of section 57-51-15 to the North Dakota outdoor heritage fund, but not in an amount exceeding $7,500,000 per fiscal year.

SECTION 16. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - OIL AND GAS RESEARCH FUND. 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, 2023, and ending July 31, 2025, the state treasurer shall deposit two percent of the oil and gas gross production tax and oil extraction tax revenues, up to $14,500,000, 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 17. 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, 2023, and ending June 30, 2025, the office of management and budget shall not transfer any of the earning and undivided profits to the general fund.

SECTION 18. 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, 2023, and ending June 30, 2025, a gain-sharing program may be approved by the industrial commission without a transfer of profits to the general fund.

SECTION 19. EXEMPTION – INDUSTRIAL COMMISSION FUND. The amount appropriated to the industrial commission in the special funds appropriation line item in section 1 of chapter 42 of the 2021 Session Laws and transferred pursuant to section 7 of chapter 42 of the 2021 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, 2023 and ending June 30, 2025.

SECTION 20. EXEMPTION – PIPELINE INFRASTRUCTURE GRANT. The amount of $150,000,000 appropriated to the industrial commission for the purpose of pipeline infrastructure grants in section 1 of chapter

550 of the 2021 Special Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 21. EXEMPTION – HYDROGEN DEVELOPMENT GRANT. The amount of $20,000,000 appropriated to the industrial commission for the purpose of hydrogen development grants in section 1 of chapter 550 of the 2021 Special Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 22. EXEMPTION – WATER CONVERSION PROGRAM. The amount of $3,200,000 appropriated to the industrial commission for the purpose of an abandoned oil well conversion to water supply program in section 1 of chapter 550 of the 2021 Special Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 23. EXEMPTION – PLUGGING AND RECLAMATION INITIAL GRANT PROGRAM. The amount of $2,500,000 authorized by the emergency commission and budget section under section 54-16-04.1 to the industrial commission for the purpose of the orphaned well site plugging, remediation, and reclamation program is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 24. EXEMPTION –SURVEY REVIEW – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. The amount appropriated from strategic investment and improvement fund to the industrial commission in section 2 of chapter 426 of the 2017 Session Laws is not subject to section 54-44.1-11. Any unexpended funds from this appropriation are available to the industrial commission for expert legal testimony and other related legal costs associated with the survey review during the biennium beginning July 1, 2023, and June 30, 2025.

Prepared on 3/14/2023

Industrial Commission - Budget No. 405
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version				House Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	6.75	$0	$24,131,181	$24,131,181	6.75	$0	$24,131,181	$24,131,181	0.00	$0	$0	$0
2023-25 Ongoing Funding Changes												
Cost to continue salary increase			$8,697	$8,697			$8,697	$8,697				$0
Salary increase			142,561	142,561			107,229	107,229			(35,332)	(35,332)
Health insurance increase			41,146	41,146			42,092	42,092			946	946
Adds FTE grant administration position	1.00		182,321	182,321	1.00		182,321	182,321				0
Adds FTE deputy director position	1.00		132,646	132,646	1.00		132,646	132,646				0
Adds FTE administrative assistant position				0	1.00		300,943	300,943	1.00		300,943	300,943
Transfers $97,878 from operating expenses to salaries				0				0				0
ITD rate increases			1,756	1,756			1,756	1,756				0
Increases funding for bond payments			97,839,192	97,839,192			97,839,192	97,839,192				0
Total ongoing funding changes	2.00	$0	$98,348,319	$98,348,319	3.00	$0	$98,614,876	$98,614,876	1.00	$0	$266,557	$266,557
One-Time Funding Items												
Adds one-time funding for FTE grant administration position			$1,155	$1,155			$1,155	$1,155				0
Adds one-time funding for FTE deputy director position			10,955	10,955			10,955	10,955				0
Adds one-time funding for temporary employees			75,000	75,000				0			(75,000)	(75,000)
Adds one-time funding for inflationary increases			35,688	35,688				0			(35,688)	(35,688)
Adds one-time funding for Transmission Authority consulting		$250,000		250,000		$300,000		300,000		50,000		50,000
Adds one-time funding for computers and software			54,000	54,000				0			(54,000)	(54,000)
Adds one-time funding for an electric grid resilience grant		1,372,227	7,520,258	8,892,485		1,124,856	7,499,037	8,623,893		(247,371)	(21,221)	(268,592)
Adds one-time funding for lignite litigation				0		3,000,000		3,000,000		3,000,000		3,000,000
Adds one-time funding for a transmission line grant				0			25,000,000	25,000,000			25,000,000	25,000,000
Adds one-time funding for grant management software				0			1,250,000	1,250,000			1,250,000	1,250,000
Total one-time funding changes	0.00	$1,622,227	$7,697,056	$9,319,283	0.00	$4,424,856	$33,761,147	$38,186,003	0.00	$2,802,629	$26,064,091	$28,866,720
Total Changes to Base Level Funding	2.00	$1,622,227	$106,045,375	$107,667,602	3.00	$4,424,856	$132,376,023	$136,800,879	1.00	$2,802,629	$26,330,648	$29,133,277
2023-25 Total Funding	8.75	$1,622,227	$130,176,556	$131,798,783	9.75	$4,424,856	$156,507,204	$160,932,060	1.00	$2,802,629	$26,330,648	$29,133,277
Federal funds included in other funds			*$7,520,258*				*$7,499,037*				*($21,221)*	
Total ongoing changes as a percentage of base level	*29.6%*		*407.6%*	*407.6%*	*44.4%*		*408.7%*	*408.7%*				
Total changes as a percentage of base level	*29.6%*		*439.5%*	*446.2%*	*44.4%*		*548.6%*	*566.9%*				

Other Sections in Industrial Commission - Budget No. 405

	Executive Budget Recommendation	House Version
Bond payments	Section 3 would provide legislative intent for bond payments during the 2023-25 biennium.	Section 3 provides legislative intent for bond payments during the 2023-25 biennium.
Administrative cost transfers	Section 5 would allow the Industrial Commission to transfer up to $1,619,045 from special funds from the entities under the control of the Industrial Commission for administrative services. Section 19 would provide an exemption allowing unspent prior biennium appropriation authority for administrative costs to be available in the 2023-25 biennium.	Section 8 allows the Industrial Commission to transfer up to $1,899,877 from special funds from the entities under the control of the Industrial Commission for administrative services and provides an exemption allowing unspent prior biennium appropriation authority for administrative costs to be available in the 2023-25 biennium. Section 9 allows the Industrial Commission to transfer up to $250,000 from each of the grant programs to provide a total of $1,250,000 for new grant management software.

Other Sections in Industrial Commission - Budget No. 405

	Executive Budget Recommendation	House Version
Legacy fund earnings	Sections 12 and 13 would transfer $55 million from the legacy earnings fund to the oil and gas research fund ($5 million) and to the clean sustainable energy fund ($50 million).	Section 12 transfers $5 million from the legacy earnings fund to the oil and gas research fund for a pipeline leak detection and prevention program; transfers $50 million from the legacy earnings fund to the clean sustainable energy fund to provide total funding of $50 million for grants, including $30 million allocated from the legacy earnings fund to the clean sustainable energy fund under current law; and transfers $250 million to the clean sustainable energy fund to repay a line of credit and to provide funding for loans.
Strategic investment and improvements fund		Section 13 transfers $3 million from the strategic investment and improvements fund to the State Energy Research Center fund and directs the Industrial Commission to distribute the funding for a critical minerals study, including rare earth elements, during the 2023-24 interim. Section 14 transfers $22 million from the strategic investment and improvements fund to the State Energy Research Center fund and requires the Industrial Commission to distribute the funding to the State Energy Research Center for an underground energy storage research project to construct up to two salt caverns. Section 15 identifies $25 million from the strategic investment and improvements fund for the Industrial Commission 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.
Lignite research fund		Section 16 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.
Pipeline capacity positions		Sections 18, 19, 20, and 21 authorize the North Dakota Pipeline Authority to borrow up to $60 million through a line of credit from the Bank of North Dakota to purchase capacity positions on a pipeline and requires the line of credit be guaranteed under the fuel production facility loan guarantee program.
Clean sustainable energy projects		Section 22 clarifies the definition of clean sustainable energy projects to identify hydrogen projects as eligible projects.
Federal State Fiscal Recovery Fund exemption	Sections 20 and 21 would provide an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a pipeline infrastructure grant ($150 million) and a hydrogen development grant ($20 million).	Section 26 provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a hydrogen development grant ($20 million).
Emergency clause		Section 27 provides an emergency clause related to $3 million of one-time funding from the general fund for lignite litigation.

Prepared on 3/14/2023

Bank of North Dakota - Budget No. 471
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version				House Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	173.00	$0	$68,816,548	$68,816,548	173.00	$0	$68,816,548	$68,816,548	0.00	$0	$0	$0
2023-25 Ongoing Funding Changes												
Cost to continue salary increase			$280,646	$280,646			$280,646	$280,646				$0
Salary increase			2,685,488	2,685,488			1,896,264	1,896,264			(789,224)	(789,224)
Health insurance increase			863,226	863,226			883,084	883,084			19,858	19,858
Adds FTE credit underwriter IV position	1.00		253,976	253,976	1.00		253,976	253,976				0
Adds FTE agricultural valuation supervisor position	1.00		290,214	290,214	1.00		290,214	290,214				0
Adds FTE credit underwriter III position	1.00		222,652	222,652	1.00		222,652	222,652				0
Adds FTE commercial valuation supervisor position	1.00		290,214	290,214	1.00		290,214	290,214				0
Adds FTE collateral valuation III position	1.00		217,735	217,735	1.00		217,735	217,735				0
Adds FTE collateral valuation analyst IV position	1.00		253,976	253,976	1.00		253,976	253,976				0
Adds FTE collateral valuation IV position	1.00		253,976	253,976	1.00		253,976	253,976				0
Adds FTE loan operations supervisor position	1.00		222,652	222,652	1.00		222,652	222,652				0
Adds FTE loan servicing supervisor position				0	1.00		188,381	188,381	1.00		188,381	188,381
Adds FTE business banking associate I position				0	1.00		139,104	139,104	1.00		139,104	139,104
Adds FTE loan servicing associate II position				0	1.00		139,104	139,104	1.00		139,104	139,104
Adds FTE loan servicing associate III position				0	1.00		159,414	159,414	1.00		159,414	159,414
Adds FTE business banking associate II position				0	1.00		257,933	257,933	1.00		257,933	257,933
Adds FTE staff accountant III position				0	1.00		217,351	217,351	1.00		217,351	217,351
Increases funding for shared software and service rates			44,660	44,660			44,660	44,660				0
Increases funding for ITD rate changes			405,524	405,524			405,524	405,524				0
Total ongoing funding changes	8.00	$0	$6,284,939	$6,284,939	14.00	$0	$6,616,860	$6,616,860	6.00	$0	$331,921	$331,921
One-Time Funding Items												
Adds one-time funding for IT projects			$804,278	$804,278			$804,278	$804,278				$0
Total one-time funding changes	0.00	$0	$804,278	$804,278	0.00	$0	$804,278	$804,278	0.00	$0	$0	$0
Total Changes to Base Level Funding	8.00	$0	$7,089,217	$7,089,217	14.00	$0	$7,421,138	$7,421,138	6.00	$0	$331,921	$331,921
2023-25 Total Funding	181.00	$0	$75,905,765	$75,905,765	187.00	$0	$76,237,686	$76,237,686	6.00	$0	$331,921	$331,921
Federal funds included in other funds			*$0*				*$0*				*$0*	
Total ongoing changes as a percentage of base level	*4.6%*		*9.1%*	*9.1%*	*8.1%*		*9.6%*	*9.6%*				
Total changes as a percentage of base level	*4.6%*		*10.3%*	*10.3%*	*8.1%*		*10.8%*	*10.8%*				

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

	Executive Budget Recommendation	House Version
Transfer to general fund	Removes a section to transfer $140 million from the Bank of North Dakota's current earnings and undivided profits to the general fund for the 2023-25 biennium.	Section 10 provides for a transfer of $70 million from the Bank of North Dakota's current earnings and undivided profits to the general fund for the 2023-25 biennium. Section 23 amends the transfer of Bank of North Dakota profits during the 2021-23 biennium to provide a transfer of $70 million to the general fund rather than $140 million, and Section 27 provides an emergency clause related to this change.

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

	Executive Budget Recommendation	House Version
Transfer to PACE fund	Section 6 would provide for a transfer of $39 million from the Bank of North Dakota's current earnings and undivided profits to the PACE fund for the 2023-25 biennium.	Section 11 provides for a transfer of $39 million from the Bank of North Dakota's current earnings and undivided profits to the PACE fund for the 2023-25 biennium.
Transfer to Ag PACE fund	Section 7 would provide for a transfer of $5 million from the Bank of North Dakota's current earnings and undivided profits to the Ag PACE fund for the 2023-25 biennium.	Section 11 provides for a transfer of $5 million from the Bank of North Dakota's current earnings and undivided profits to the Ag PACE fund for the 2023-25 biennium.
Transfer to biofuels PACE fund	Section 8 would provide for a transfer of $1 million from the Bank of North Dakota's current earnings and undivided profits to the biofuels PACE fund for the 2023-25 biennium.	Section 11 provides for a transfer of $1 million from the Bank of North Dakota's current earnings and undivided profits to the biofuels PACE fund for the 2023-25 biennium.
Transfer to beginning farmer revolving loan fund	Section 9 would provide for a transfer of $15 million from the Bank of North Dakota's current earnings and undivided profits to the beginning farmer revolving loan fund for the 2023-25 biennium.	Section 11 provides for a transfer of $15 million from the Bank of North Dakota's current earnings and undivided profits to the beginning farmer revolving loan fund for the 2023-25 biennium.
Transfer to agricultural products utilization fund	Section 10 would provide for a transfer of $3 million from the Bank of North Dakota's current earnings and undivided profits to the agricultural products utilization fund for the 2023-25 biennium.	Section 11 provides for a transfer of $3 million from the Bank of North Dakota's current earnings and undivided profits to the agricultural products utilization fund for the 2023-25 biennium.
Recruitment and retention incentive program		Section 17 creates a new section to Chapter 6-09 allowing the Bank to develop a recruitment and retention incentive program.

Prepared on 3/14/2023

Mill and Elevator Association - Budget No. 475
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version				House Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	156.00	$0	$88,377,209	$88,377,209	156.00	$0	$88,377,209	$88,377,209	0.00	$0	$0	$0
2023-25 Ongoing Funding Changes												
Cost to continue salaries			$198,797	$198,797			$198,797	$198,797				$0
Salary increase				0				0				0
Health insurance increase			771,600	771,600			789,350	789,350			17,750	17,750
Provides funding for salary increases subject to union negotiations			2,314,183	2,314,183			2,314,183	2,314,183				0
Adds new undesignated FTE positions for increased milling capacity	14.00		2,367,332	2,367,332	14.00		2,367,332	2,367,332				0
Increases funding for overtime			1,352,923	1,352,923			1,352,923	1,352,923				0
Increases funding for inflation costs and mill capacity growth			5,569,550	5,569,550			5,569,550	5,569,550				0
ITD rate increases			5,103	5,103			5,103	5,103				0
Total ongoing funding changes	14.00	$0	$12,579,488	$12,579,488	14.00	$0	$12,597,238	$12,597,238	0.00	$0	$17,750	$17,750
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	14.00	$0	$12,579,488	$12,579,488	14.00	$0	$12,597,238	$12,597,238	0.00	$0	$17,750	$17,750
2023-25 Total Funding	170.00	$0	$100,956,697	$100,956,697	170.00	$0	$100,974,447	$100,974,447	0.00	$0	$17,750	$17,750
Federal funds included in other funds			*$0*				*$0*				*$0*	
Total ongoing changes as a percentage of base level	*9.0%*		*14.2%*	*14.2%*	*9.0%*		*14.3%*	*14.3%*				
Total changes as a percentage of base level	*9.0%*		*14.2%*	*14.2%*	*9.0%*		*14.3%*	*14.3%*				

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

	Executive Budget Recommendation	House Version
Transfer of profits to general fund	Section 17 would provide an exemption to suspend the transfer of 50 percent of the Mill's profits to the general fund for the 2023-25 biennium.	Section 24 provides an exemption allowing for a transfer of 10 percent of the Mill's profits to the general fund rather than 50 percent for the 2023-25 biennium.
Gain-sharing program	Section 18 would provide an exemption allowing the Industrial Commission to approve a gain-sharing program for the 2023-25 biennium without a transfer of profits to the general fund.	

Prepared on 3/14/2023

Housing Finance Agency - Budget No. 473
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version				House Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	49.00	$0	$58,890,532	$58,890,532	49.00	$0	$58,890,532	$58,890,532	0.00	$0	$0	$0
2023-25 Ongoing Funding Changes												
Cost to continue salary increase			$75,908	$75,908			$75,908	$75,908				$0
Salary increase			716,072	716,072			533,723	533,723			(182,349)	(182,349)
Health insurance increase			267,478	267,478			273,631	273,631			6,153	6,153
Adds FTE compliance officer position	1.00		218,908	218,908	1.00		218,908	218,908				0
Adds FTE positions and increases funding for home loan programs	2.00		4,998,422	4,998,422				0	(2.00)		(4,998,422)	(4,998,422)
Increases federal funding for salary adjustments			800,102	800,102			800,102	800,102				0
Adds federal funding for temporary salaries			78,000	78,000			78,000	78,000				0
Transfers homeless grants from Department of Commerce		$1,570,212	1,147,341	2,717,553		$1,570,212	1,147,341	2,717,553				0
Adds FTE positions for business analyst positions				0	2.00		466,592	466,592	2.00		466,592	466,592
Adds a contingent FTE mortgage specialist position				0	1.00		82,068	82,068	1.00		82,068	82,068
Increases funding for servicing premiums for home loan program				0			4,531,830	4,531,830			4,531,830	4,531,830
Increases federal funding for operating expenses			21,135	21,135			21,135	21,135				0
Increases funding for shared software and service rates			13,413	13,413			13,413	13,413				0
Decreases funding for capital assets			(130,000)	(130,000)			(130,000)	(130,000)				0
Increases funding for homeless grants				0		929,788		929,788		929,788		929,788
Increases funding for federal grants			1,949,910	1,949,910			1,949,910	1,949,910				0
Increases funding for housing rehabilitation grants			380,000	380,000			380,000	380,000				0
Total ongoing funding changes	3.00	$1,570,212	$10,536,689	$12,106,901	4.00	$2,500,000	$10,442,561	$12,942,561	1.00	$929,788	($94,128)	$835,660
One-Time Funding Items												
Transfers funding for the housing incentive fund				$0		$12,500,000		$12,500,000		12,500,000		12,500,000
Total one-time funding changes	0.00	$0	$0	$0	0.00	$12,500,000	$0	$12,500,000	0.00	$12,500,000	$0	$12,500,000
Total Changes to Base Level Funding	3.00	$1,570,212	$10,536,689	$12,106,901	4.00	$15,000,000	$10,442,561	$25,442,561	1.00	$13,429,788	($94,128)	$13,335,660
2023-25 Total Funding	52.00	$1,570,212	$69,427,221	$70,997,433	53.00	$15,000,000	$69,333,093	$84,333,093	1.00	$13,429,788	($94,128)	$13,335,660
Federal funds included in other funds			*$48,099,128*				*$48,057,886*				*($41,242)*	
Total ongoing changes as a percentage of base level	*6.1%*		*17.9%*	*20.6%*	*8.2%*		*17.7%*	*22.0%*				
Total changes as a percentage of base level	*6.1%*		*17.9%*	*20.6%*	*8.2%*		*17.7%*	*43.2%*				

Other Sections in Housing Finance Agency - Budget No. 473

	Executive Budget Recommendation	House Version
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 2023-25 biennium.	Section 4 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 2023-25 biennium.
Legacy earnings fund - To discuss	Section 11 would transfer $25 million from the legacy earnings fund to the housing incentive fund for the 2023-25 biennium.	Section 6 transfers $12.5 million from the general fund to the housing incentive fund for the 2023-25 biennium.
Contingent funding and FTE position		Section 7 authorizes $82,068 and 1 FTE position contingent upon the agency's mortgage loan production exceeding $435 million during fiscal year 2024.

Prepared on 3/14/2023

Department of Mineral Resources - Budget No. 470
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version				House Changes to Executive Budget			
									Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	101.50	$26,489,613	$238,004	$26,727,617	101.50	$26,489,613	$238,004	$26,727,617	0.00	$0	$0	$0
2023-25 Ongoing Funding Changes												
Cost to continue salary increase		$167,219		$167,219		$167,219		$167,219				$0
Salary increase		1,604,665		1,604,665		1,195,296		1,195,296		(409,369)		(409,369)
Health insurance increase		564,010		564,010		576,985		576,985		12,975		12,975
Adds FTE carbon capture positions	3.00	760,911		760,911	3.00	760,911		760,911				0
Adds FTE paleontology position	1.00	196,610		196,610	1.00	196,610		196,610				0
Adds FTE critical minerals position	1.00	276,523		276,523	1.00	276,523		276,523				0
Adds FTE records management position	0.50	69,497		69,497	0.50	69,497		69,497				0
Adds FTE subsurface geologist position				0	1.00	137,478		137,478	1.00	137,478		137,478
Adds funding for temporary employees				0		45,000		45,000		45,000		45,000
Transfers $6,907 from operating expenses to salaries				0				0				0
Increases federal funding for salaries and wages			$29,996	29,996			$29,996	29,996				0
ITD rate increases		3,143		3,143		3,143		3,143				0
Adds funding for computer server transition		230,000		230,000		230,000		230,000				0
Adds funding for professional membership dues				0		105,000		105,000		105,000		105,000
Total ongoing funding changes	5.50	$3,872,578	$29,996	$3,902,574	6.50	$3,763,662	$29,996	$3,793,658	1.00	($108,916)	$0	($108,916)
One-Time Funding Items												
Adds one-time funding for FTE carbon capture positions		$31,031		$31,031		$31,031		$31,031				0
Adds one-time funding for FTE paleontology position		9,234		9,234		9,234		9,234				0
Adds one-time funding for FTE critical minerals position		20,134		20,134		20,134		20,134				0
Adds one-time funding for FTE records management position		3,119		3,119		3,119		3,119				0
Adds one-time funding for FTE subsurface geologist position				0		4,817		4,817		4,817		4,817
Adds one-time funding for inflationary increases		821,456		821,456		821,456		821,456				0
Adds one-time funding for core and mineral analysis		100,000		100,000		100,000		100,000				0
Adds one-time funding for drones and computers		83,648		83,648				0		(83,648)		(83,648)
Adds one-time funding for computer server transition		80,000		80,000		80,000		80,000				0
Adds one-time funding for fossil restoration		250,000		250,000		250,000		250,000				0
Adds one-time federal funding for abandoned well reclamation				0			$2,300,000	2,300,000			2,300,000	2,300,000
Adds one-time funding for oil and gas litigation				0		3,000,000		3,000,000		3,000,000		3,000,000
Total one-time funding changes	0.00	$1,398,622	$0	$1,398,622	0.00	$4,319,791	$2,300,000	$6,619,791	0.00	$2,921,169	$2,300,000	$5,221,169
Total Changes to Base Level Funding	5.50	$5,271,200	$29,996	$5,301,196	6.50	$8,083,453	$2,329,996	$10,413,449	1.00	$2,812,253	$2,300,000	$5,112,253
2023-25 Total Funding	107.00	$31,760,813	$268,000	$32,028,813	108.00	$34,573,066	$2,568,000	$37,141,066	1.00	$2,812,253	$2,300,000	$5,112,253
Federal funds included in other funds			*$268,000*				*$2,568,000*				*$2,300,000*	
Total ongoing changes as a percentage of base level	*5.4%*	*14.6%*	*12.6%*	*14.6%*	*6.4%*	*14.2%*	*12.6%*	*14.2%*				
Total changes as a percentage of base level	*5.4%*	*19.9%*	*12.6%*	*19.8%*	*6.4%*	*30.5%*	*979.0%*	*39.0%*				

Other Sections in Department of Mineral Resources - Budget No. 470

	Executive Budget Recommendation	House Version
Early authorization for new FTE positions		Section 5 appropriates $62,460 from the general fund and authorizes 3 FTE carbon capture positions for the 2021-23 biennium.
Fossil restoration fund		Section 5 transfers $15,000 from the general fund to the fossil restoration fund prior to the end of the 2021-23 biennium. Section 6 transfers $250,000 from the general fund to the fossil restoration fund during the 2023-25 biennium.
Strategic investment and improvements fund	Section 14 would transfer $500 million from the strategic investment and improvements fund to the clean sustainable energy fund including $250 million prior to the end of the 2021-23 biennium and $250 million during the 2023-25 biennium.	
North Dakota outdoor heritage fund	Section 15 would decrease the oil and gas tax revenue allocation limit to the North Dakota outdoor heritage fund from $20 million per fiscal year to $7.5 million per fiscal year for the 2023-25 biennium, the same as the 2021-23 biennium.	Section 25 decreases the oil and gas tax revenue allocation limit to the North Dakota outdoor heritage fund from $20 million per fiscal year to $7.5 million per fiscal year for the 2023-25 biennium, the same as the 2021-23 biennium.
Oil and gas research fund	Section 16 would increase the allocations to the oil and gas research fund by $4.5 million, from $10 million to $14.5 million for the 2023-25 biennium, the same as the 2021-23 biennium.	Section 25 increases the allocations to the oil and gas research fund by $4.5 million, from $10 million to $14.5 million for the 2023-25 biennium, the same as the 2021-23 biennium.
Federal State Fiscal Recovery Fund exemption	Section 22 would provide an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to an abandoned oil well conversion program ($3.2 million).	Section 25 provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to an abandoned oil well conversion program ($3.2 million).
Abandoned well federal funding exemption	Section 23 would provide an exemption allowing unspent federal funding authorized by the Emergency Commission to be available in the 2023-25 biennium related to administrative costs for plugging and reclaiming oil wells and oil well sites.	
Survey review exemption	Section 24 would provide an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority for a survey review during the 2023-25 biennium.	Section 26 provides an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority for a survey review during the 2023-25 biennium.
Emergency clause		Section 27 includes an emergency clause related to the appropriation and FTE position authorization for carbon capture positions, a transfer of $15,000 to the fossil restoration fund, $3 million for oil and gas litigation expenses, and $310,000 for computer server transition.

March 10, 2023

2023 Legislation Impacting BND Capital

House/Senate Bill No.	Latest Status	Agency/Borrower	Amount	Bill Description	Repayment
HB 1014	Passed House	Industrial Commission	$134,500,000	NDIC Appropriation Bill includes transfer of $70 million to general fund, $60 million to various buydown programs. $3 million for APUC. *(Note: SB2009 has a duplicate appropriation.)* *Need to amend back in $1.5 million from SBDC.*	NA
HB 1003	Passed House	State Board of Higher Education	$16,500,000	Appropriates $16.5 million to State Board of Higher Education. *$1.5 million to provide dual credit tuition scholarships.* *$7.5 million for Skilled Workforce Student Loan Repayment Program* *$7.5 million for Skilled Workforce Scholarships.*	NA
HB 1242	Passed House	Statewide Interoperable Radio Network	$20,000,000	Transfers $20 million BND profits to the SIRN fund. Repays current $80 million line of credit. *(Note: Currently $30m Balance on Line)*	NA
		TOTAL CAPITAL IMPACT	**$171,000,000**		

2023 Legislation Impacting State Agency Borrowing Authority From BND

BND Direct Funding

House/Senate Bill No.	Latest Status	Agency/Borrower	Amount	Bill Description	Repayment
HB 1012	Passed House	Department of Transportation	$78,500,000	Contingent $50 million loan, to match federal funds. Contingent $28.5 million loan, to match State of Minnesota funds for Northern Red River Valley transportation projects.	Legislative Appropriation
HB1014	Passed House	Pipeline Authority	$60,000,000	$60 million line of credit to meet capacity obligations.	Sale of capacity obligations or legislative appropriation
HB 1199	Filed with SOS	Department of Career and Technical Education	$68,276,228	Statewide area career center initiative grant program. BND line of credit to bridge needs until federal funds are received.	ARPA funds, appropriation, deficiency appropriation
SB 2008	Passed Senate	Administered by BND	$900,000	$900,000 line of credit to pay costs of a rail rate complaint case.	Reimbursed from damages or proceeds received
SB 2020 SB 2196	Passed Senate	Department of Water Resources	$100,000,000	Extends DWR line of credit authorization to June 30, 2025, $50 million to be used for the Northwest Area Water Supply project and $50 million to be used for the Southwest Pipeline project.	Resources Trust Fund, Water Development Trust Fund, Other funds as Appropriated
		TOTAL AGENCY LOANS	**$307,676,228**		

2023 Legislation Impacting Legislatively Directed Programs from BND

Other Funding Sources

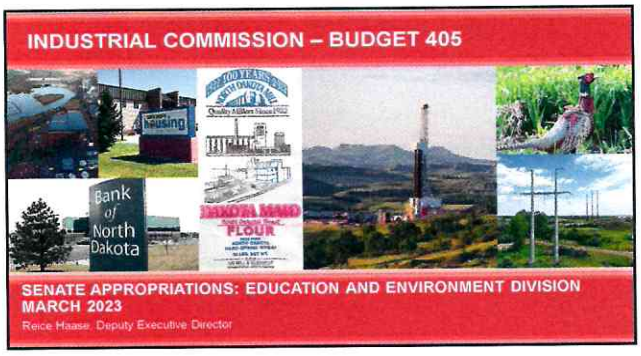
House/Senate Bill No.	Latest Status	Agency/Borrower	Amount	Bill Description	Repayment
HB 1012	Passed House	Administered by BND	($35,000,000)	$35 million of contingent legacy bond proceeds are available from the infrastructure revolving loan fund for the Department of Transportation to use for match of federal funding.	N/A
HB 1018	Passed House	Administered by BND	$20,000,000	$20 million appropriation for the Innovation Technology Loan Fund (LIFT).	Loan repayments
HB 1021	Passed House	Administered by BND	($3,000,000)	Transfer $3 million from the Health Information Technology Planning Loan Fund to the Health Information Technology office.	N/A
HB 1276	Passed House	Administered by BND	$30,000,000	$30 million appropriation to the Agriculture Diversification and Development Fund. Allows $10 milion for agriculture infrastructure grants.	N/A
HB 1379	Passed House	Administered by BND	$10,000,000	$10 million appropriation to the newly created economic diversification research fund. Proceeds may be spent by BND.	N/A
SB 2165 HB 1014	Passed Senate	Administered by BND	$250,000,000	$300 million from general fund for Clean Sustainable Energy Authority. $50 million may be used for grants. Note: HB1014 mirrors SB2165	Loan repayments
SB 2196	Passed Senate	Administered by BND	$72,000,000	Transfer principal and accrued interest balance from the Western Area Water Supply BND consolidation loan to the IRLF.	Loan repayments
SB 2242	Passed Senate 18-3-2 Do Pass	Administered by BND	$5,000,000	Creation of a Bulk Propane Storage Tank Revolving Loan Fund	Loan repayments
SB 2284	Passed Senate	Administered by BND	$75,000,000	Transfers $75 million from Foundation Aid Stabilization Fund to the School Construction Assistance Revolving Loan Fund. Also increases loan eligibility amounts.	Loan repayments
SB 2330	Passed Senate	Administered by BND	$483,000,000	Targets 6% of legacy fund to fixed income investments, with $400 million to match program. Eliminates Legacy Infrastructure Loan Fund.	Loan repayments
		TOTAL LOAN PROGRAMS	**$907,000,000**		

CO_2 Utilization Program

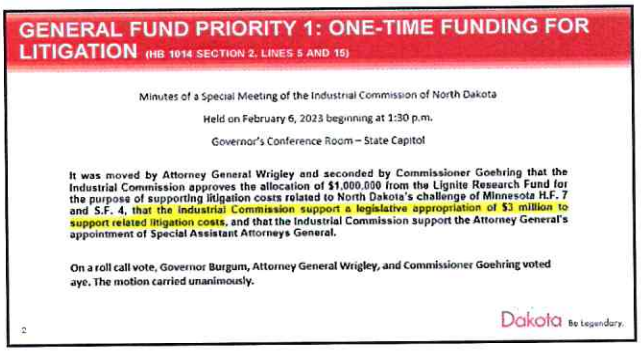
PROPOSED AMENDMENT TO HB 1014

SECTION X. TRANSFER – FUNDS UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND.

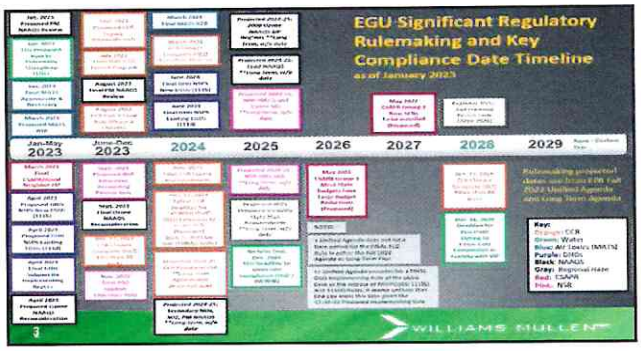
1. The sum of $300,000, or so much of the sum as may be necessary, may be transferred from funds under the control of the Industrial Commission to the Industrial Commission Fund for expenses related to education and marketing of carbon capture, utilization, and storage in North Dakota. Of the $300,000, the Industrial Commission may transfer:
    a. Up to $100,000 from the lignite research fund;
    b. Up to $100,000 from the oil and gas research fund; and
    c. Up to $100,000 from the renewable energy development fund.
2. The Industrial Commission may use funds designated under this section for the purpose of contracting for activities that assist with marketing carbon capture, utilization, and storage.
3. The Industrial Commission shall consult with the lignite, oil and gas research, and renewable energy councils in matters of policy affecting the administration of the funds.


INDUSTRIAL COMMISSION – BUDGET 405
housing
Bank of North Dakota
SENATE APPROPRIATIONS: EDUCATION AND ENVIRONMENT DIVISION
MARCH 2023
Reice Haase, Deputy Executive Director

1


GENERAL FUND PRIORITY 1: ONE-TIME FUNDING FOR LITIGATION (HB 1014 SECTION 2, LINES 5 AND 15)
Minutes of a Special Meeting of the Industrial Commission of North Dakota
Held on February 6, 2023 beginning at 1:30 p.m.
Governor's Conference Room – State Capitol
It was moved by Attorney General Wrigley and seconded by Commissioner Goehring that the Industrial Commission approves the allocation of $1,000,000 from the Lignite Research Fund for the purpose of supporting litigation costs related to North Dakota's challenge of Minnesota H.F. 7 and S.F. 4, that the Industrial Commission support a legislative appropriation of $1 million to support related litigation costs, and that the Industrial Commission support the Attorney General's appointment of Special Assistant Attorneys General.
On a roll call vote, Governor Burgum, Attorney General Wrigley, and Commissioner Goehring voted aye. The motion carried unanimously.
Dakota Be Legendary.

2


EGU Significant Regulatory Rulemaking and Key Compliance Date Timeline
as of January 2023
Jan-May 2023
June-Dec 2023
2024
2025
2026
2027
2028
2029
WILLIAMS MULLEN

3

GENERAL FUND PRIORITY 2: ONE-TIME FUNDING FOR ELECTRIC GRID RESILIENCE GRANT (HB 1014 SECTION 2, LINE 4)

Formula change announced by Department of Energy (DOE) January 5th, 2023:

- 2023-2024 Federal Grant: $3,760,129
- 2024-2025 Federal Grant: $3,738,908
- Total Federal Grant Available: $7,499,037

- State match required: $1,124,856
- **Total one-time funding needed: $8,623,893**

(decrease from $8,892,485 initial request)

4

Dakota Be Legendary.

4

GENERAL FUND PRIORITY 3: $400,000 ONE-TIME FUNDING FOR TRANSMISSION AUTHORITY CONSULTING

(HB 1014 SECTION 2, LINE 3)

- Developing annual reports and electric needs assessments
- Participating in regional grid operations
- Consulting for North Dakota developers
- Supporting build-out or acquisition of needed transmission

5

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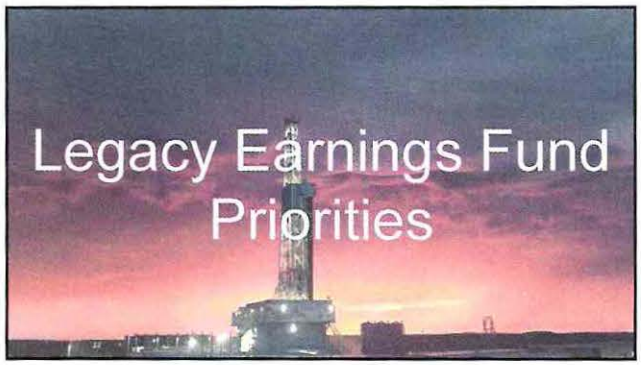

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LEGACY EARNINGS PRIORITY 1: CLEAN SUSTAINABLE ENERGY AUTHORITY (HB 1014 SECTION 12)

- 11 Projects to Date
- $4.7 billion in private investment in ND
- Over 1/3 of ND's Annual CO2 Captured
- Unlocking ESG-Constrained Capital
- Ensuring North Dakota's Energy Future

Dakota Be Legendary.

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LEGACY EARNINGS PRIORITY 2: IPIPE (HB 1014 SECTION 12)

- Commercializing new technologies to prevent pipeline leaks
- New tools for protecting North Dakota's infrastructure
- Unlocking $5 million investments in North Dakota

dcp Midstream, ENBRIDGE, ENERGY TRANSFER, HESS, MPLX, North Dakota, ONEOK, TC Energy

Dakota Be Legendary.

8

8

9

SIIF PRIORITY 1: UNDERGROUND SALT CAVERN PHASE III (HB 1014 SECTION 14)

- $12.9 million invested to date in Phase I and II
- Strategic energy storage for North Dakota
- Unlocking multi-billion dollar investments in ND's energy future

10 Dakota Be Legendary.

10

SIIF PRIORITY 2: RARE EARTH ELEMENT AND CRITICAL MINERAL STUDY (HB 1014 SECTION 13)

CRITICAL MINERALS PROJECT

Upper left: When the Geological Survey study began, 159 ppm was the highest recorded concentration of rare earth elements in a ND lignite; we have increased that to 2,500 ppm. Lower left: 15% of our samples have exceeded 300 ppm (the US Department of Energy's estimated economic threshold for rare earth elements in coal). Middle: Collecting lignite samples from the Slope Formation along the Little Missouri River in Golden Valley County in 2022. Right: Collecting lignite samples at Sentinel Butte in Golden Valley County in 2023.

11 Be Legendary.

11

Special Fund Priorities

12

PRIORITY 1: 1 FTE FOR PUBLIC FINANCE AGENCY DEPUTY DIRECTOR

- $1,866,032,316 Total Bond Value:
  $1,130,910,000 Outstanding Bond Amount
- Supporting critical infrastructure, disaster loans, legacy fund…
- Allows for succession planning for key Industrial Commission leader

Dakota Be Legendary.

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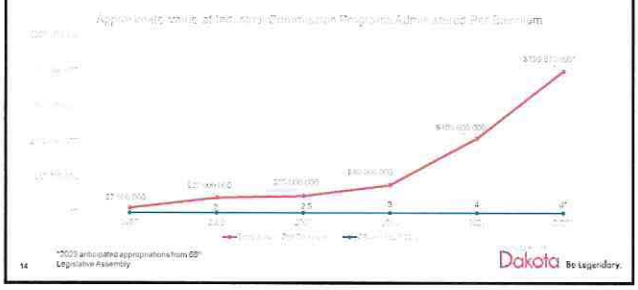
PRIORITY 2: 2 FTES AND ONE-TIME FUNDING FOR GRANT MANAGEMENT SOFTWARE



*2023 anticipated appropriations from 68th Legislative Assembly.

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PRIORITY 3: MEETING MANAGEMENT SOFTWARE AND RECORDS DIGITIZATION

Industrial Commission: 12-14 meetings/year

CSEA: 16 members, 4 meetings/year
Oil and Gas Research: 9 members, 2 meetings/year
Outdoor Heritage: 16 members, 4 meetings/year
BND Advisory Board: 7 members, 12 meetings/year
HFA Advisory Board: 6 members, 12 meetings/year
Lignite Research: 24 members, 2 meetings/year
Renewable Energy: 7 members, 2 meetings/year
IIJA Grid Resiliency: Anticipate 2 meetings/year
PFA Advisory Board: 3 members, 12 meetings/year

- IC facilitates over 30 public meetings per year
- Over 102 unique grant recipients
- Serve 88 council and advisory board members
- Process over 630 grant expense reports per year

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PRIORITY 3: MEETING MANAGEMENT SOFTWARE AND RECORDS DIGITIZATION

- Meeting Minutes (Over 30/year)
- Status and Expense Reports (Over 630/year)
- Applications for Grant Rounds (over 60/year)
- Financial Records (Ongoing)

16

PRIORITY 4: INFLATIONARY INCREASES

One-Time Funding Items				
Adds one-time funding for FTE grant administration position			$1,155	$1,155
Adds one-time funding for FTE deputy director position			10,955	10,955
Adds one-time funding for temporary employees			75,000	75,000
Adds one-time funding for inflationary increases			35,688	35,688
Adds one-time funding for Transmission Authority consulting		$250,000		250,000
Adds one-time funding for computers and software			54,000	54,000
Adds one-time funding for an electric grid resilience grant		1,372,227	7,520,258	8,892,485
Adds one-time funding for lignite litigation				0
Adds one-time funding for a transmission line grant				0
Adds one-time funding for grant management software				0
Total one-time funding changes	0.00	$1,622,227	$7,697,056	$9,319,283

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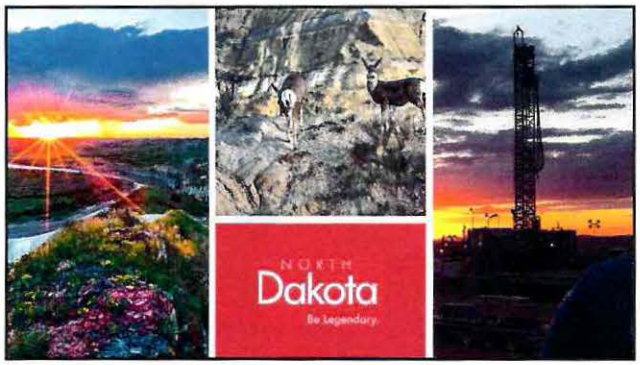

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#26336

2023 Legislature

SENATE APPROPRIATIONS – HB 1014

ENVIRONMENT AND EDUCATION DIVISION

Dave Flohr
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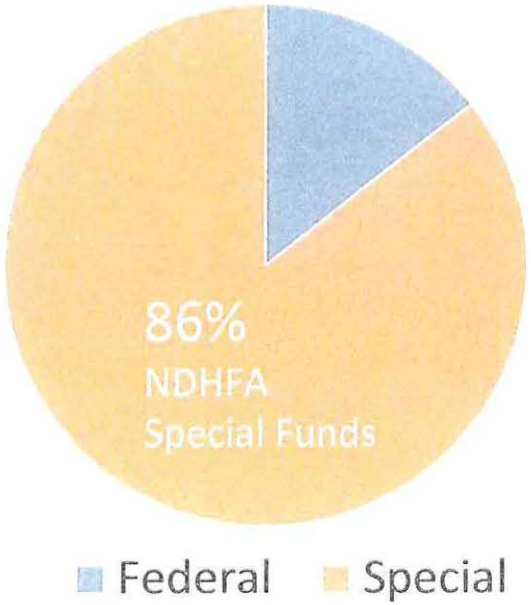
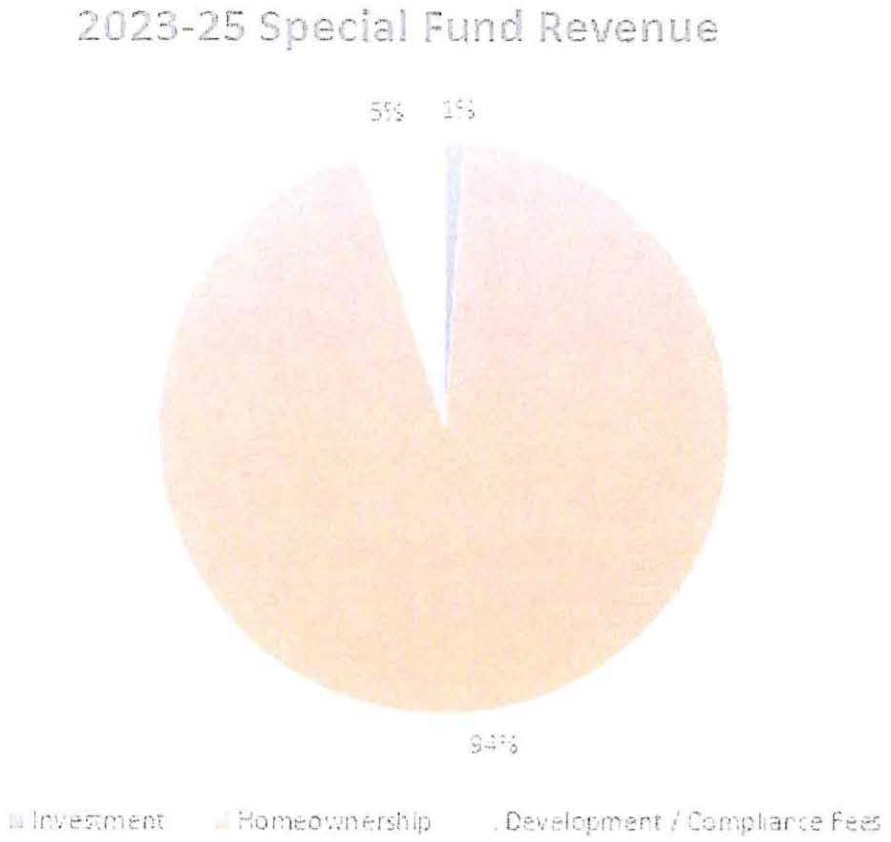
NORTH DAKOTA housing FINANCE AGENCY

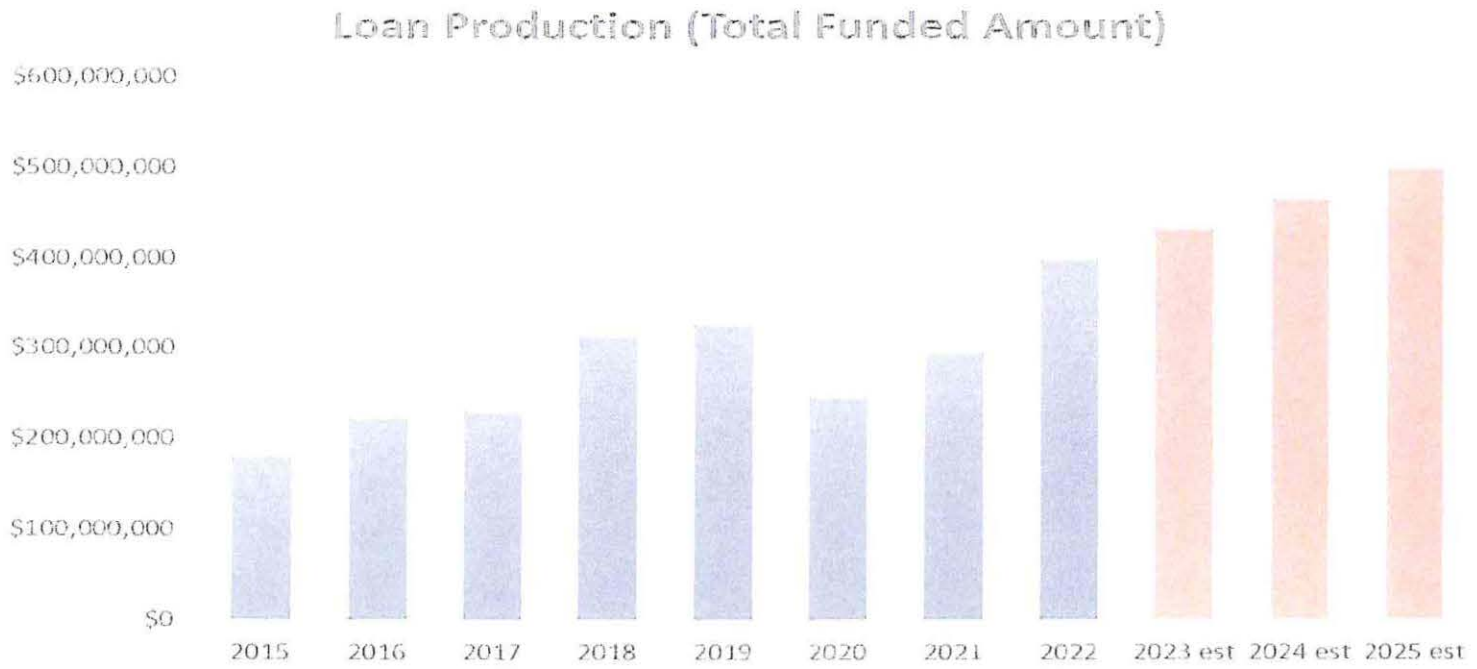
2023-25 Agency Request
Operating Funding Source



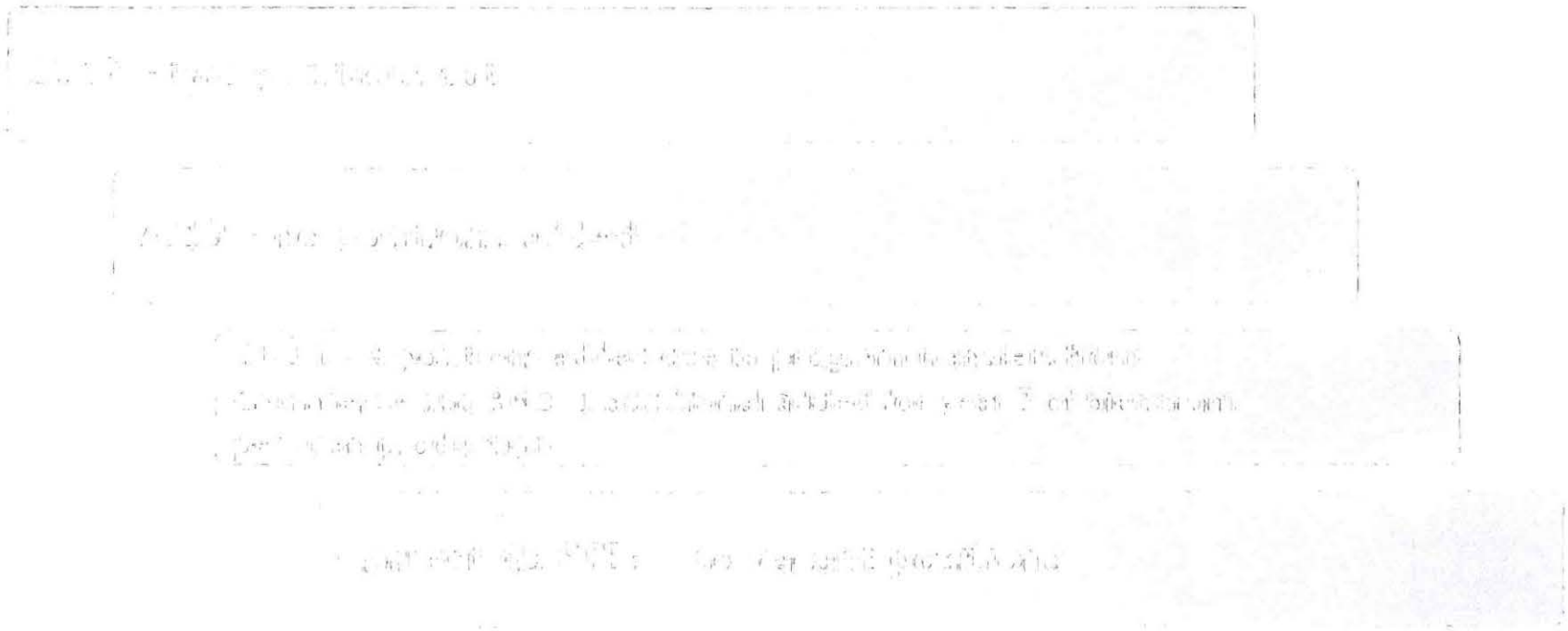


- Investment Income
- Homeownership Income
  - Loan Servicing
  - Bond Administration
- Development/Compliance
  - Application
  - Origination
  - Compliance

Currently $1.8 billion in assets
Over 13,000 loans



FTE History



Salary and Wages

House Approved	12,169,742
Includes:	
4 additional FTE's - 1 with contingency	
Salary and health increase	
Costs to continue	
Federal funding increases	
Emergency Solutions Grant - from Commerce	
Agency Additional Request	
1 FTE - Compliance	218,908
Temp Salary	42,000
Total Additional	260,908
Total Agency Request	12,430,650

FTE Request - Compliance – 1 more!

- One compliance/auditor for **$400 million** in average assets
- Ratio if 2 positions added – **1:$900** million in assets
- Federal rules across all business lines/Moody's rating

Operating

House Approved	10,738,241
Includes:	
Home Loan Programs Operating - SRP premium, loan loss	
Emergency Solutions Grant - from Commerce	
Federal operating increases	
Shared software rates	
Agency Additional Request	
Operating - inflation and increase rates	165,642
Total Additional	165,642
Total Agency Request	10,903,883

Grants

House Approved	48,805,110
Includes:	
Federal grant funding	
*Emergency Solutions Grant - from Commerce	
*ND Homeless Grant	
Agency funded programs	

Housing Incentive Fund	
House Approved	12,500,000

***General Fund**	
Emergency Solutions Grant - from Commerce	240,000
ND Homeless Grant	2,260,000
House Approved	**2,500,000**

Additional Ask above House Approved

- **FTE Cost** - $218,908
- **Operations** - $165,642
- **Temporary Salaries** - $42,000

Total Cost = $426,550

All paid with NDHFA Special Funds

Contact Information

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NORTH DAKOTA housing FINANCE AGENCY

3/22

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

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.

2. a. After a public hearing, the housing finance agency shall create an annual allocation plan for the distribution of the fund as authorized under subsection 3. At least ten percent of the fund must be used to assist developing communities to address an unmet housing need or alleviate a housing shortage. At least ten percent of the fund must be made available to prevent homelessness as authorized by subdivision d of subsection 3.

b. The annual allocation plan must give priority to provide housing for individuals and families of low or moderate income. For purposes of this priority, eligible income limits are determined as a percentage of median family income as published in the most recent federal register notice. Under this priority, the annual allocation plan must give preference to projects that benefit households with the lowest income and to projects that have rent restrictions at or below department of housing and urban development published federal fair market rents or department of housing and urban development section 8 payment standards.

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

a. New construction, rehabilitation, preservation, or acquisition of a multifamily housing project;
b. Gap assistance, matching funds, and accessibility improvements;
c. Assistance that does not exceed the amount necessary to qualify for a loan using underwriting standards acceptable for secondary market financing or to make the project feasible; and
d. Rental assistance, emergency assistance, barrier mitigation, or targeted supportive services designated to prevent homelessness.
e. New construction, rehabilitation, preservation, or acquisition of a single family project in developing communities as defined in the allocation plan.

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

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

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

7. Eligible recipients may collect a reasonable developer fee as defined in the annual allocation plan.

~~7~~8. Upon request, the housing finance agency shall report to the industrial commission regarding the activities of the housing incentive fund.

~~8~~9. At least once per biennium, the housing finance agency shall provide a report to the budget section of the legislative management regarding the activities of the housing incentive fund.

Commented [DAF1]: Developing communities definition - population less than 20,000

Commented [DAF2]: Provides for single family projects as an eligible activity

Commented [DAF3]: This section defines an eligible recipient - femoves multi-family and replaces it with residential which covers both multi-family and single family

3/22

HB 1014 North Dakota Industrial Commission

Breakout of appropriation requests for IC Admin Office and PFA included in Subdivision 1 of Section 1 of Engrossed House Bill 1014:

	Admin	PFA	Total
40510	1,578,253	892,983	2,471,236
40530	3,513,693	193,325	3,707,018
40550	1,250,000		1,250,000
40560	33,623,893		33,623,893
40570		119,879,913	119,879,913
Total	39,965,839	120,966,221	160,932,060
Less Estimated	35,540,983	120,966,221	156,507,204
General Fund	4,424,856	0	4,424,856

Detail of Admin Office Category:

40510	$1,578,253	Salaries & Wages	
40530	$3,513,693	Operating	
		$3,000,000	Litigation Funding
		$300,000	Transmission Authority Contract
		$213,693	Agency Operations
40550	$1,250,000	Grant Management Funding ($250,000 per program)	
40560	$33,623,893	Grants	
		$25,000,000	IIJA DC Line
		$8,623,893	IIJA Grid Resiliency
			$7,499,037 Fed Fund Spending Authority
			$1,124,856 State Match

Gen Fund	$4,424,856		
		$3,000,000	Litigation Funding
		$1,124,856	IIJA Grid Resiliency Match
		$300,000	Transmission Authority Contract

HVDC
MODERNIZATION PROJECT

minnesota power
AN ALLETE COMPANY

PROJECT OVERVIEW

Minnesota Power plans to modernize and upgrade its existing High-Voltage Direct-Current (HVDC) Terminal in Northeastern Minnesota, the eastern endpoint of a 465-mile direct-current transmission line from North Dakota.

The terminal has served Minnesota Power well, but it is now 45 years old and has exceeded its 30-year design life. This project includes modernizing and upgrading the terminal, along with the western terminal in North Dakota, with new technology to meet the need for safe and reliable energy today and into the future.

As we and other energy companies across the nation add more renewable energy sources to our energy mix, the value of this transmission line and its terminals will only grow. This project is critical to ensure a reliable grid that can expand to deliver renewable energy to where it's needed by our customers. It also continues the safe delivery of electricity across an existing corridor to meet the growing demand for energy in an increasingly electrified economy.

The project will increase the size of the terminal's footprint in Solway Township and require three one-half mile transmission lines next to the terminal.

PROJECT BENEFITS

Modern energy control and conversion equipment will improve the reliability of the transmission line and prepare for the renewable energy future.

Technology upgrades present a cost-effective opportunity to substantially increase the operating capacity of the terminal to allow the future transfer of additional renewable energy.

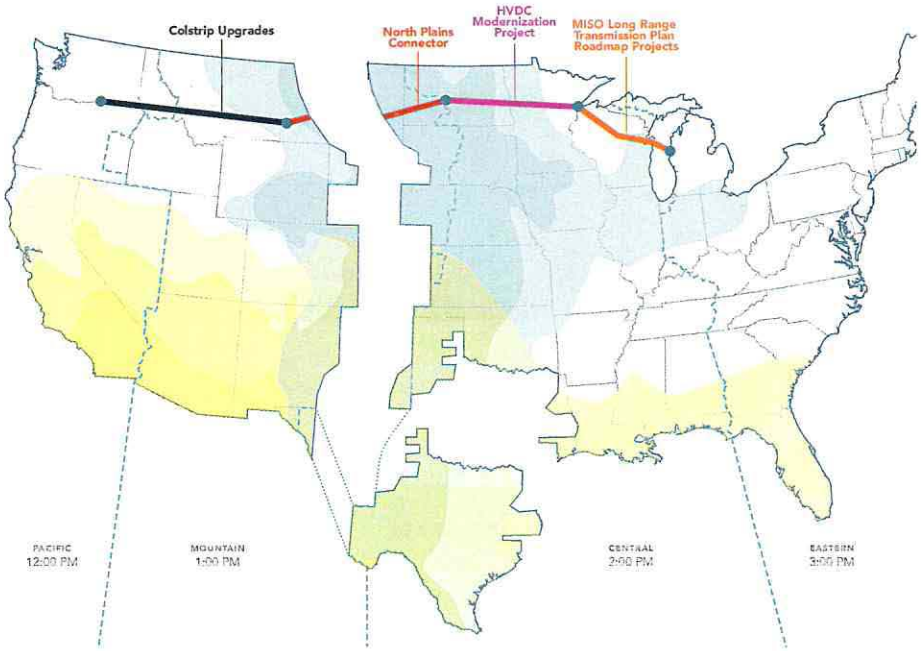
The upgrade will create a bi-directional line allowing energy to flow in either direction to where it is needed.

GREAT LAKES – PACIFIC POWER INITIATIVE

THE GREAT LAKES – PACIFIC POWER INITIATIVE IS AN AMBITIOUS, MULTI-PARTY TRANSMISSION PROJECT THAT WILL CONNECT THE UPPER MIDWEST/GREAT LAKES REGION WITH THE PACIFIC NORTHWEST.

The Great Lakes – Pacific Power Initiative

1. Span all four time zones in the US, from Michigan to Oregon
2. Bridge the Eastern and Western Interconnections with key energy drop off locations to optimize system flexibility
3. Connect the robust wind regimes and other energy resources of the Upper Midwest to the hydro, solar and wind of the Pacific Northwest
4. Combine high voltage alternating current (HVAC) lines and fully controllable voltage source converter high voltage direct current (HVDC) segments



Strategic Transmission for Efficiency and Reliability

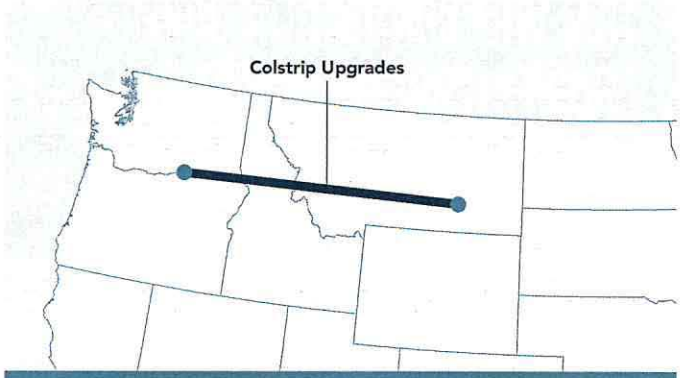
The best way to take full advantage of diverse generation types and distinct regional generation profiles is a robust grid. Sharing baseload and intermittent generation resources across thousands of miles via HVAC and HVDC transmission lines will allow full optimization of these diverse resources.

Connecting geographies also enhances grid resiliency. Severe weather will be a key driver of energy supply volatility in the future. Extreme weather events impact areas that span hundreds – but not thousands – of miles. Connecting large electric systems will dramatically enhance the ability of each system to reliably serve load in the face of these weather events and will help grid operators to manage day-to-day wind and solar variability. New carbon capture and storage (CCS) resources will have the ability to reach markets east and west.

Transmission Planning Underway

While ambitious, the Great Lakes-Pacific Power Initiative is within reach and can be completed in the next decade. Significant portions of the rights-of-way are either in place or currently being acquired. All of the segments make sense on a stand-alone basis such that sequencing the segments is not critical to realizing benefits but the combined benefit of the link is even more valuable from energy diversity, reliability, and value optimization perspectives. Additionally, the Great Lakes - Pacific Power Initiative provides optionality in terms of generation sources likely to grow over the next 50 years, including CCS, solar and wind generation.

Project Descriptions

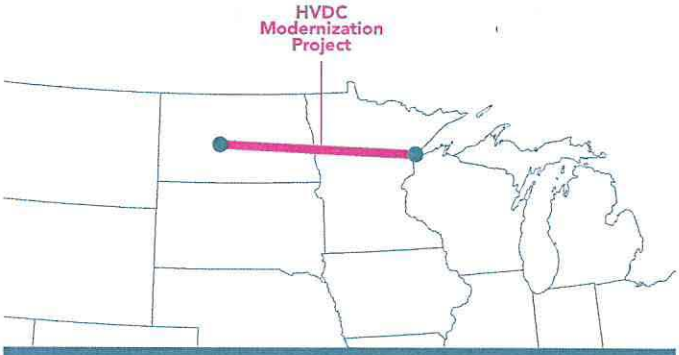


Colstrip Upgrades

Colstrip transmission assets in Montana and Washington will be utilized along with upgrades currently under study to improve capacity from Montana to points west.

North Plains Connector

A 3000 MW HVDC project, under development by Grid United and ALLETE, will bridge the gap between the eastern and western interconnections, linking Colstrip in Montana to central North Dakota.

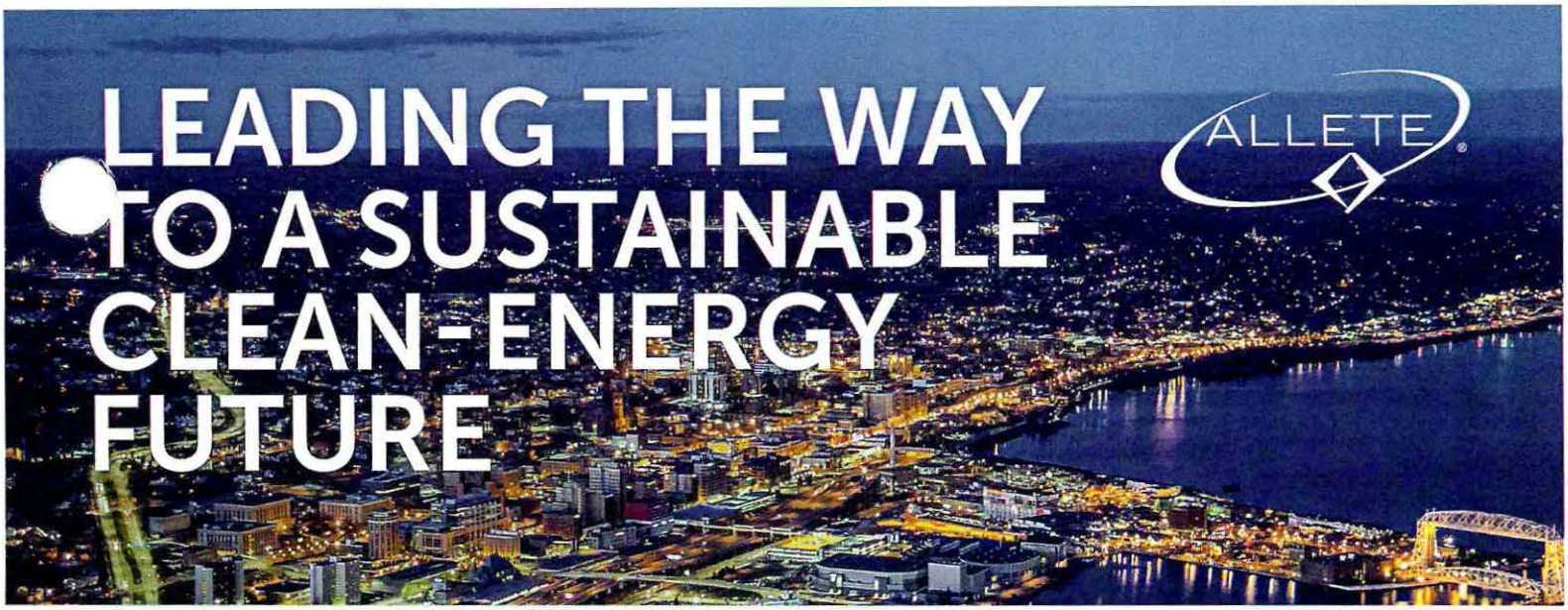


HVDC Modernization Project

Minnesota Power is upgrading its existing 465 mile HVDC system from ND to MN to expand capability from 550 MW to 900 MW. Future opportunity to expand further is being investigated.

MISO Long Range Transmission Plan Roadmap Projects

MISO has identified a combination of transmission upgrades and new projects that may provide value.



Headquarters in Duluth, Minnesota

Our five businesses include regulated utilities and complementary energy-centric companies. ALLETE also has an 8% interest in the American Transmission Co., which owns and operates transmission lines in parts of Wisconsin, Michigan, Minnesota and Illinois

Sustainability statement

ALLETE is putting sustainability into action while honoring our commitments to the climate, our customers and the communities we serve.

ALLETE Subsidiaries

MINNESOTA POWER, based in Duluth, Minnesota, is an investor-owned electric utility serving 145,000 residential customers, 14 municipal customers and some of the nation's largest industrial customers. It provides electric service in a 26,000-square-mile region of northern Minnesota rich with mineral deposits and timber.

SUPERIOR WATER, LIGHT & POWER delivers electricity, natural gas and water to customers in Superior, Wisconsin, and adjacent areas. SWL&P serves 15,000 electric customers, 13,000 natural gas customers and 10,000 water customers. Its offices are in Superior.

ALLETE CLEAN ENERGY acquires, develops and operates clean and renewable energy projects and is well-positioned to drive additional clean-energy sector growth. ALLETE Clean Energy owns, operates, has in advanced construction and has delivered build-transfer projects totaling more than 1,600 megawatts of nameplate wind capacity across eight states.

BNI ENERGY is the parent company of BNI Coal, which operates a lignite mine near Center, North Dakota, and supplies lignite to the nearby Milton R. Young Generation Station. Based in Bismarck, North Dakota, BNI Energy has a rich history of environmentally responsible energy production in North Dakota and is partnering with others to develop less-intense or zero-carbon uses of lignite.

NEW ENERGY EQUITY, based in Annapolis, Maryland, with an office in Roseville, Minnesota, is one of the nation's top distributed solar developers and financiers. New Energy Equity has successfully developed over 330 megawatts of solar projects and closed more than $600 million in clean energy investments across the United States. The company has a development pipeline of about 2 gigawatts across 26 states over the next three years.

EnergyForward: Investing in the future

Minnesota Power began as a renewable energy company more than a century ago by harnessing the hydropower of the St. Louis River. Today, we deliver safe, reliable, affordable and increasingly clean energy to about 145,000 residential customers, 14 municipal customers and some of the largest energy users in the United States.

Our electric load is unusual among U.S. utilities because a small number of large industrial customers, including iron mining operations, paper and pulp mills, and pipeline companies, consumes more than half of the energy we sell. At most other utilities, residential customers consume most of the electricity sold.

We are rapidly transforming the way we generate electricity through our EnergyForward strategy, with a vision to reach a 100% carbon0-free energy supply by 2050. Today, we are meeting or exceeding state standards for renewable power, energy conservation and carbon emissions reductions.

About 50% of the electricity we provide comes from renewable sources. By 2030 we expect to be more than 70% renewable with the addition of up to 400 megawatts of wind energy and 300 megawatts of solar energy, along with a significant investment in energy storage. We plan to cease coal operations at Boswell Energy Center Unit 3 in 2030 and at Boswell Unit 4 in 2035, when we expect to reduce carbon emissions on our system by 80 percent compared with 2005 levels. Recent actions include:

- Retired Taconite Harbor Energy Center in Schroeder.
- Retired two coal units at Boswell Energy Center.
- Converted Laskin Energy Center in Hoyt Lakes to a natural gas peaking station.
- Planning to build a 525- to 550-megawatt combined-cycle, state-of-the-art power plant in Superior, Wisconsin. The Nemadji Trail Energy Center, a natural gas power plant being built in partnership with Dairyland Cooperative and Basin Electric Power Cooperative, will be one of the single largest private investments in the area's history. It will ensure reliable service for customers during our clean-energy transition and enable the addition of renewable energy to our system through our share of the plant's production.

Renewable energy

Wind

- Bison Wind Energy Center in North Dakota, 500 megawatts. Enough electricity to power nearly 170,000 homes each year.
- Taconite Ridge Wind Energy Center, first commercial wind generating station in northern Minnesota (2008).
- Purchase output of Oliver 1 and Oliver 2 wind farms built in North Dakota by NextEra Energy.
- Purchase 250 megawatts from Tenaska's Nobles 2 wind farm in southwestern Minnesota.
- Our wind portfolio is now about 870 megawatts of owned and contracted wind capacity.

Hydro

Minnesota Power operates the largest hydroelectric system in Minnesota with a capacity of more than 120 megawatts. Our generating stations are:

- Blanchard, Little Falls and Grand Rapids on the Mississippi River.
- Winton on the Kawishiwi River.
- Pillager and Sylvan on the Crow Wing River.
- Prairie River Station on the Prairie River.
- Fond du Lac, Knife Falls, Scanlon and Thomson on the St. Louis River.
- We also purchase about 250 megawatts of hydropower from Manitoba Hydro, delivered over the Great Northern Transmission Line that traverses Roseau, Lake of the Woods, Koochiching and Itasca counties

Solar

- 10-megawatt installation at Camp Ripley.
- 20 megawatts at three sites in Duluth, Laskin Energy Center and Sylvan Hydro.
- Community solar garden made up of a 1-megawatt array near Wrenshall and a 40-kilowatt array in Duluth.

Biomass

- 70-megawatt Hibbard Renewable Energy Center in Duluth.

Conservation

Minnesota Power and its conservation team has exceeded the state of Minnesota's 1.5 percent energy-savings goal every year since the target went into effect in 2010.

In 2021, the company's efforts saved 2.8% of retail energy sales, or more than 74,539,000 kilowatt-hours, enough energy to power about 8,200 homes for a year. The savings also translates to reducing emissions of carbon dioxide by about 44,000 tons, which is comparable to taking more than 8,700 cars off the road for a year.

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Company Statistics

Power generation capability: **More than 1,660 megawatts**

Transmission/distribution: **More than 8,000 miles**

Large Power customer contracts (each requiring 10 megawatts or more of load): **8**

Residential customers: **145,000**

Municipal customers: **14**

Minnesota Power/ALLETE employees: **1,400**

Yellow Ribbon Compa designation earned in 2016 for supporting an environment where military-connected employees can thrive.

Moody's Investors Service has identified ALLETE as having the most gender diverse board among 45 utility companies it examined for a report on board gender diversity.

Legislative Affairs

Zach Martin
Government Affairs Representative Senior

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Minnesota Power General Of
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Duluth, Minnesota 55802
218-722-5642
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Current and Proposed Lines of Credit		
Current Lines Accessed by State Agencies		**Total Amount**
ND Lottery	$ 1,000,000	
Adj General	$ 17,960,000	
NDIT	$ 50,000,000	
Ag Dept	$ 806,000	
Total Current State Institution Lines		**$ 69,766,000**
Proposed Lines 2023-2025 Beinnium		
Career and Tech	$ 68,276,228	
Rail -- PSC	$ 900,000	
Water Resource	$ 100,000,000	
DOT	$ 78,500,000	
Pipeline	$ 60,000,000	
Clean & Sustainable	$ 250,000,000	
Total Proposed State Lines		**$ 557,676,228**
	Total Current and Proposed	**$ 627,442,228**

Proposed Amendments to HB1014
Bank of North Dakota for Senate Energy and Environment Sub-Committee
April 3, 3023

SECTION 10. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO GENERAL FUND. If the projected general fund beginning balance is less than $_____ on June 1, 2025, the Bank of North Dakota shall transfer up to $_____ from the Bank's current earnings and undivided profits or so much as may be needed to the general fund by June 30, 2025 to achieve a beginning fund balance of $_____.~~to the general fund during the biennium beginning July 1, 2023, and ending June 30, 2025. The moneys must be transferred in the amounts and at the times requested by the director of the office of management and budget after consultation with the Bank of North Dakota president. For legislative council budget status reporting purposes, the transfer under this section is considered an ongoing revenue source.~~

SECTION 11. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO ECONOMIC DEVELOPMENT PROGRAMS.

During the biennium beginning July 1, 2023, and ending June 30, 2025, 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 fund;
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. $3,000,000 to the agricultural products utilization fund; and
6. $1,500,000 or so much as may be needed to the North Dakota Small Business Development Center at the University of North Dakota for the purpose of matching federal grants.

FTEs savings by BND Management	
$ in thousands	**23-25 Estimate**
Net Income	$ 415,000
3% Average savings on salaries and benefits	$ 1,260
Savings from layering in 14 new FTEs	$ 1,914
Adjusted Net Income	$ 418,174
Capital	$ 1,437,076
Savings by managing FTEs	$ 3,174
Total Capital	$ 1,440,250
Savings impact to Capital	0.22%

** Assumes $171.5 MM in capital contributions with $70MM 21-23 and $70MM 23-25 to General Fund*

Prepaid FTE Account	
$ in thousands	**23-25 Estimate**
Net Income	$ 415,000
Funding Pool for FTE positions	$ (5,119)
Adjusted Net Income	$ 409,881
Funding Pool Impact to Net Income	-1.23%
Capital	$ 1,437,076
Funding Pool for FTE positions	$ (5,119)
Total Capital	$ 1,431,957
Funding Pool Impact to Capital	-0.36%

** Assumes $171.5 MM in capital contributions with $70MM 21-23 and $70MM 23-25 to General Fund*

Potential negative impact to bank earnings and capital by prepaying for vacant and new FTEs = $8.3MM

Bank of North Dakota
Salary and Benefits

Biennium	Appropriation	Actual	$ Variance	% Variance	Authorized FTEs
21-23 (thru February)	37,461,687	29,177,617	8,284,070		173
19-21	37,706,926	36,177,809	1,529,117	4%	181.5
17-19	35,105,100	34,027,749	1,077,351	3%	181.5
15-17	32,772,424	32,004,676	767,748	2%	181.5

2023-25 Base budget change from NDIC to DMR

IOGCC dues: $105,000

This is not an increase, but rather a shift from the Administrative Office budget to the DMR budget. The Administrative Office is funded by charging the agencies under the Industrial Commission. It was felt that the special agencies should not be paying for the IOGCC dues. This transfer of costs will move the dues to the DMR budget. The transfer was requested by the agency in the Executive Budget and included in Professional Development. It was missed in the Executive budget, but House Appropriations included the transfer of cost between the agencies.

2023-25 Optional Request Priority List

1. Inflation: $821,456 + $65,412
   90% of the inflation costs are due to the fleet rate increase from $0.23/mile to $0.53/mile (released 05/2022). Inflation at $821,456 was included in the Executive budget and House appropriations as one-time funding. Not included in either budget was the additional fleet rate increase (released 09/20/2022) of $0.03/mile, causing an additional $65,412 of inflation costs.
2. Server transition: $310,000
   Comprised of $230,000 in ongoing costs and $80,000 in one-time costs. The costs were included in both the Executive budget and the House appropriations.
3. Equipment & Software: $83,648
   Comprised of $48,383 in computer replacements (four years old, a normal replacement cycle), $17,265 for five drone replacements (six years old), and $18,000 for two copier/scanner/printers in permitting and production departments (eleven and nine years old). The costs were included in the Executive budget but not in the House appropriations.
4. 3 Carbon Capture Underground Storage (CCUS) FTEs: $791,942
   Comprised of $715,134 in salary costs and $76,808 in operating costs. The costs were included in both the Executive budget and the House appropriations.
5. Paleo laboratory tech FTE: $205,844
   Comprised of $167,102 in salary costs and $38,742 in operating costs. The costs were included in both the Executive budget and the House appropriations.
6. Critical mineral geologist FTE: $296,657
   Comprised of $216,028 in salary costs and $80,629 in operating costs. Two FTEs were requested, but both the Executive budget and the House appropriations only allowed for one FTE.
7. Subsurface geologist FTE: $142,295 (second year only)
   Comprised of $119,695 in salary costs and $22,600 in operating costs. The costs were not included in the Executive budget but included in the House appropriations for the second year only.
8. O.5 Records management FTE: $72,616
   Comprised of $66,334 in salary costs and $6,282 in operating costs. The costs were included in both the Executive budget and the House appropriations.
9. Paleo Fund transfer: $250,000
   The transfer was included in both the Executive budget and the House appropriations.
10. Core & minerals analysis: $100,000
    The cost was included in both the Executive budget and the House appropriations.
11. Core Library temp employees: $45,000
    The costs were not included in the Executive budget but included in the House appropriations at half the amount requested.
12. Professional development: $62,350
    The training costs were not included in the Executive budget nor the House appropriations.

NORTH Dakota | Mineral Resources
Be Legendary.™

Testimony of Lynn D. Helms
Director, North Dakota Industrial Commission Department of Mineral Resources
April 3, 2023
Senate Appropriations - Education and Environment Division
HB 1014 - SB 2089

January 2023 statewide Production
32,881,946 BO produced
87,871,026 MCF produced
4,786,739 MCF flared
17,269 wells
61 BOPD per well
164 MCFD per well
2,672 Gas Oil Ratio

40 CTB tank vapor capture projects ($3 million / $75,000 state share per installation)
NDDEQ 2011 Emissions Permitting Guide
2,900 CTB
17,269 wells
6.0 wells per CTB
370 BOPD per CTB
40 MCFD tank vapors per CTB
1,600 MCFD tank vapors captured
600 BOPD incremental production
$150,000 CAPEX ($75,000 state share per installation)
437,074 BO per Biennium = $2,884,686 GPT+OET
1,168,000 MCF per Biennium = $105,704 GPT
= $2,990,390 GPT+OET
Statewide +4.1% gas capture

24 well pad gas storage projects ($3 million / $125,000 state share per installation)
Based on case 29069
6.0 wells/pad
307 BOPD/pad
820 MCFD/pad
570 CFM/pad
1,500 psi = 166 HP
$250,000 CAPEX ($125,000 state share per installation)
7% midstream downtime, but wells not shut in
448,440 BO per Biennium = $2,959,704 GPT+OET
994,694 MCF per Biennium = $90,020 GPT
= $3,049,724 GPT+OET
Statewide +5.8% gas capture

Thank you for your time and consideration,

Lynn D. Helms, PhD

Bruce E. Hicks
ASSISTANT DIRECTOR
OIL AND GAS DIVISION

Lynn D. Helms
DIRECTOR
DEPT. OF MINERAL RESOURCES

Edward C. Murphy
STATE GEOLOGIST
GEOLOGICAL SURVEY

600 E Boulevard Ave – Dept 405 | Bismarck, ND 58505-0840 | PHONE: 701-328-8020 | FAX: 701-328-8022 | dmr.nd.gov

SECTION __ LIGNITE PLANT OF THE FUTURE STUDY – REPORT TO LEGISLATIVE MANAGEMENT

1. Pursuant to the continuing appropriation under section 57-61-01.6, the industrial commission shall fund up to $500,000 of unmatched funds from the lignite research fund to be contracted with the energy and environment research center for a study of prospective in-state power generation facilities that utilize lignite coal in the future.
2. The study must include the energy demand forecast with load following dispatchable generation at all hours of the year; economic impact to the region and revenue forecasts for state and local governments; development of a pathway for permitting a new facility and determination of the regulatory steps that must be taken in the current environment; assess the needs for regulatory certainty, access to fair and equitable financing, demand guarantees, and ability to insure fossil energy projects; flexibility of the future lignite facility for optimal production of products when they are in high demand; incentives for the production of low-carbon-footprint products, such as fertilizers and other chemicals, as well as evaluation of long-term pricing forecasts; a detailed assessment of the lignite polygeneration facility of the future which will produce low-carbon-footprint dispatchable electricity and value-added products may include critical minerals, rare-earth elements, building and construction materials, electricity, fertilizers, carbon dioxide, hydrogen and fuels such as diesel or gasoline; and engage utilities and other potential partners interested in developing the lignite facility of the future.
3. During the 2023-24 interim, the lignite research council shall provide at least one report to the legislative management regarding the study.

CO_2 Utilization Program

PROPOSED AMENDMENT TO HB 1014

SECTION X. TRANSFER – FUNDS UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND.

1. The sum of $300,000, or so much of the sum as may be necessary, may be transferred from funds under the control of the Industrial Commission to the Industrial Commission Fund for expenses related to education and marketing of carbon capture, utilization, and storage in North Dakota. Of the $300,000, the Industrial Commission may transfer:
    a. Up to $100,000 from the lignite research fund;
    b. Up to $100,000 from the oil and gas research fund; and
    c. Up to $100,000 from the renewable energy development fund.
2. The Industrial Commission may use funds designated under this section for the purpose of contracting for activities that assist with marketing carbon capture, utilization, and storage.
3. The Industrial Commission shall consult with the lignite, oil and gas research, and renewable energy councils in matters of policy affecting the administration of the funds.

Salt Cavern:

$22 million SIIF - $16 million SIIF = $6 million SIIF (w/match) and $5 million from CSEA ARPA Hydrogen dollars

Subtotal: -$16 million SIIF

iPipe:

$5 million Streams - $3 million Streams = $2 million Streams

Subtotal: -$3 million Streams

Rare Earth Element Study:

$3 million SIIF - $1.5 million SIIF = $1.5 million SIIF

Subtotal: -$1.5 million SIIF

Section 15 Transmission Grant:

-$25 million SIIF

Subtotal: -$25 million SIIF

CSEA:

$50 million for grants, $250 million loans - $80 million loans = $220 million

Subtotal: -$80 million Streams

Pipeline:

Keep $60 million SIIF

Oil and Gas Research Fund:

Raise cap to $17 million

Total Savings:

SIIF = $42.5 million

Streams = $83 million

Total = $125.5 million

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

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.

2. After a public hearing, the housing finance agency shall create an annual allocation plan for the distribution of the fund as authorized under subsection 3. The annual allocation plan must give priority to provide housing for individuals and families of low or moderate income. For purposes of this priority, eligible income limits are determined as a percentage of median family income as published in the most recent federal register notice. Under this priority, the annual allocation plan must give preference to projects that benefit households with the lowest income and to projects that have rent restrictions at or below department of housing and urban development published federal fair market rents or department of housing and urban development section 8 payment standards.

~~After a public hearing, the housing finance agency shall create an annual allocation plan for the distribution of the fund as authorized under subsection 3. At least ten percent of the fund must be used to assist developing communities to address an unmet housing need or alleviate a housing shortage. At least ten percent of the fund must be made available to prevent homelessness as authorized by subdivision d of subsection 3~~

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

~~The annual allocation plan must give priority to provide housing for individuals and families of low or moderate income. For purposes of this priority, eligible income limits are determined as a percentage of median family income as published in the most recent federal register notice. Under this priority, the annual allocation plan must give preference to projects that benefit households with the lowest income and to projects that have rent restrictions at or below department of housing and urban development published federal fair market rents or department of housing and urban development section 8 payment standards.~~

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

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

b. Gap assistance, matching funds, and accessibility improvements;

c. Assistance that does not exceed the amount necessary to qualify for a loan using underwriting standards acceptable for secondary market financing or to make the project feasible; and

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

e. New construction, rehabilitation, preservation, or acquisition of a single family project in developing communities as defined in the allocation plan and Community Land Trust projects.

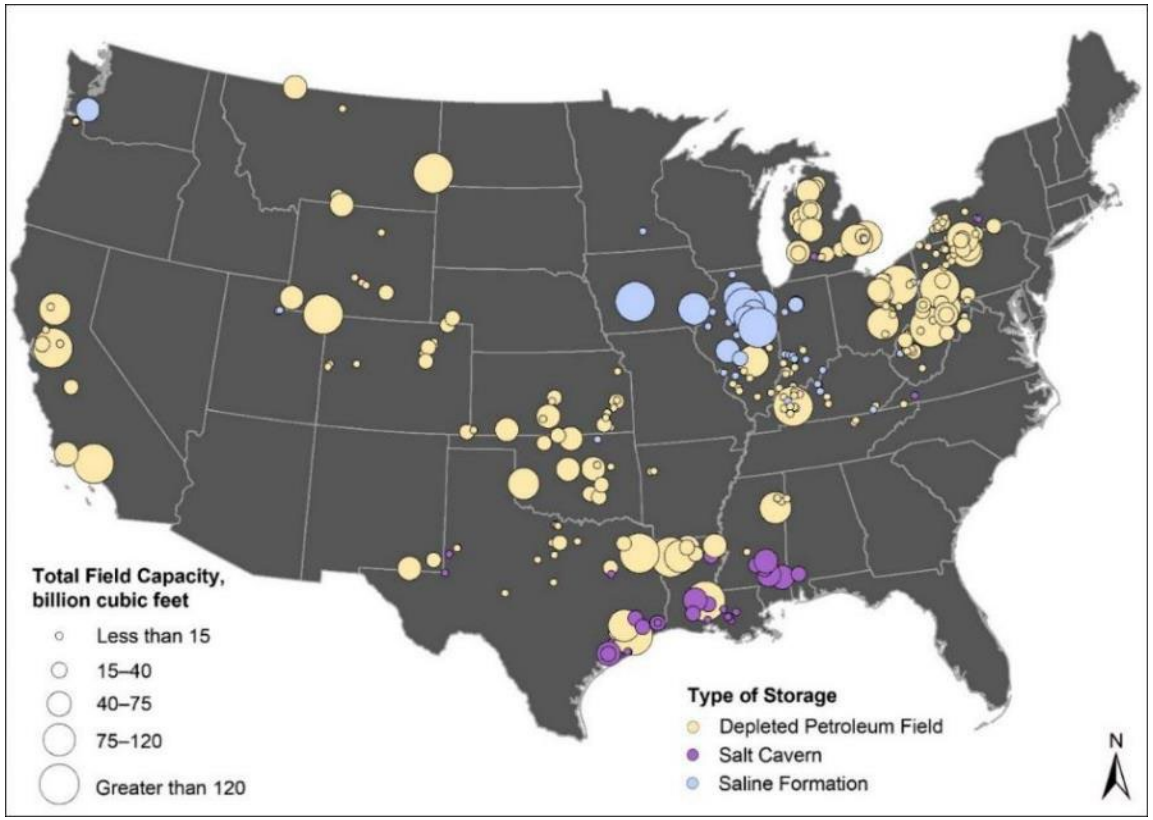
4. Eligible recipients include units of local, state, and tribal government; local and tribal housing authorities; community action agencies; regional planning councils; and nonprofit organizations and for-profit developers of ~~multi-family~~ residential housing. Individuals may not receive direct assistance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

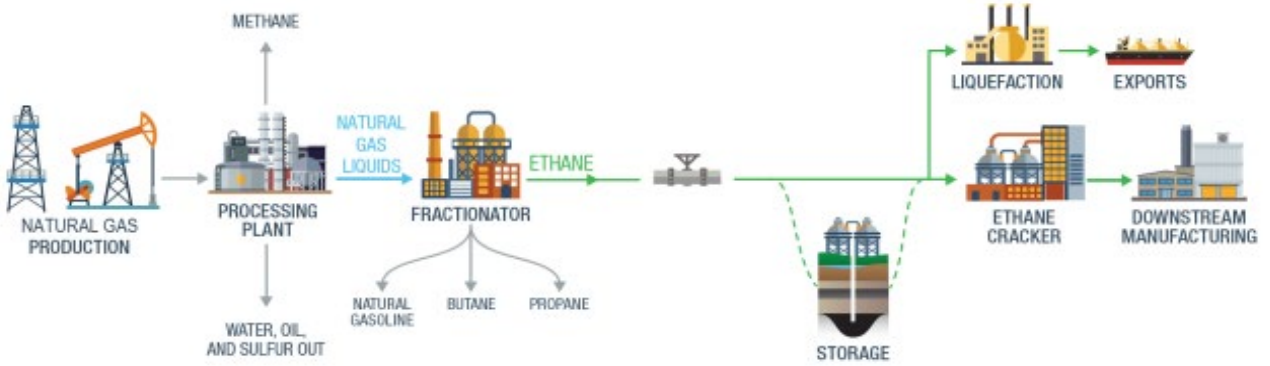
5. Except for subdivision d of subsection 3, assistance is subject to repayment or recapture under the guidelines adopted by the housing finance agency. Any assistance that is repaid or recaptured must be deposited in the fund and is appropriated on a continuing basis for the purposes of this section.

GAS STORAGE

- Gas storage is a proven technology that began in 1915.
- Typically, gas storage is used to supplement energy demands associated with seasonal heating needs.
- Over 300 gas storage locations in the United States are active.
- Engineered salt caverns are an integrated element in the petrochemical process.
- NGL (natural gas liquid) hubs are coincident with oil- and gas-producing regions or areas where export capability exists.

Energy Information Administration, 2020



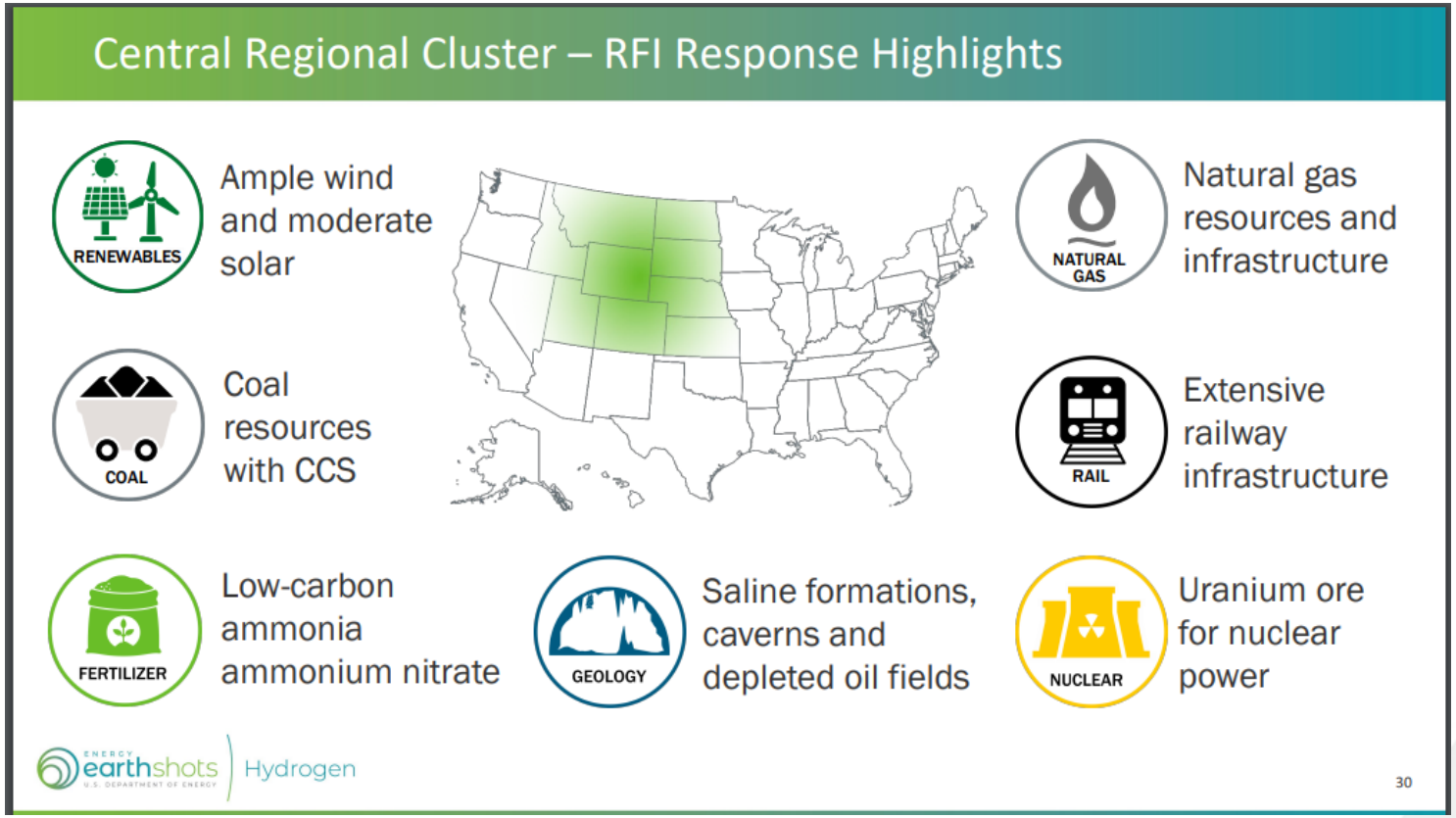


U.S. Department of Energy, 2018

NORTH DAKOTA INNOVATION

The U.S. government is investing billions of dollars into hydrogen research, technology development, and deployment through the Bipartisan Infrastructure Bill.
Salt cavern storage is a necessary operational element!

- North Dakota's leadership has a vision of growth through innovation that precedes this investment.
- North Dakota is committed to investment into energy research, technology, and deployment.
- North Dakota has a demonstrated history of responsibly managing six of the seven topic areas noted in the U.S. Department of Energy's (DOE's) Central Region Cluster concept.
- North Dakota has a long-standing commitment to sustainable development.
- North Dakota has Class VI primacy and permitted carbon capture and storage (CCS) projects!
- North Dakota has investments into depleted oil and gas and saline formation potential for hydrogen and/or hydrocarbon product storage.
- North Dakota is invested in the development of hydrogen hubs for commercial development opportunities.
- North Dakota is invested in preliminary study for engineered salt cavern and saline potential (2020).



DOE Update on Hydrogen Shot, RFI Results, and Summary of Hydrogen Provisions in the Bipartisan Infrastructure Law 8/21

2021 SALT CAVERN STORAGE PROJECT

2021 Legislative Assembly

The Energy & Environmental Research Center (EERC) proposes to directly address the intent of Section 14 of Senate Bill 2014 of the Sixty-Seventh Legislative Assembly of North Dakota, which states: “Pursuant to the continuing appropriation under section 57-51.1-07.3, the industrial commission shall use up to $9,500,000, or so much of the sum as may be necessary, from the oil and gas research fund to contract with the energy and environmental research center for an underground energy storage study.”

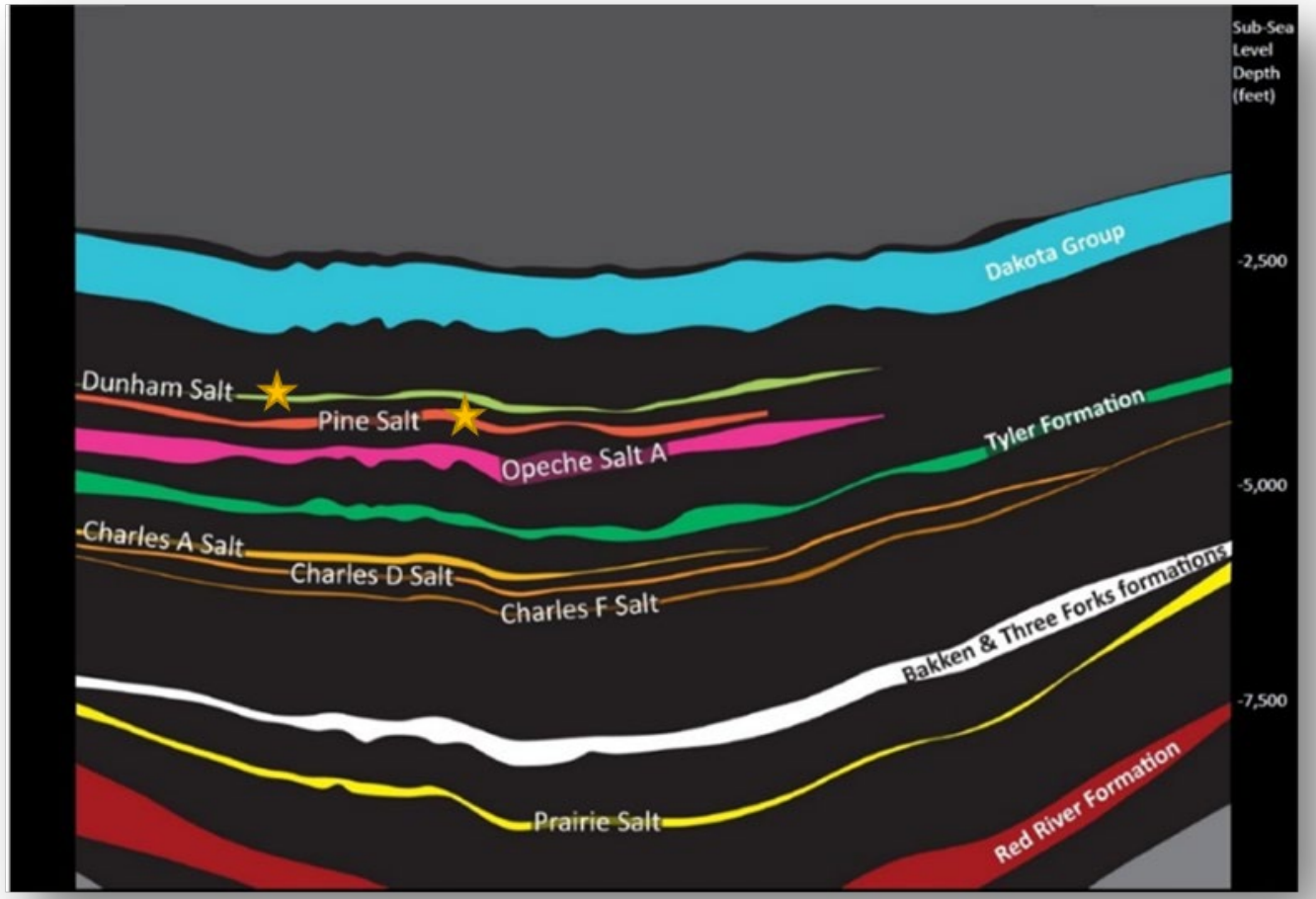
Project Goal: *To use field-, laboratory-, and modeling-based efforts to validate the depth, thickness, and geologic/ geomechanical suitability of North Dakota salt formations for subsurface gas or liquid storage cavern development.*

Anticipated Results

A final report that includes:

- A summary of the key findings from the site-specific geologic investigation.
- Site-specific cavern design and engineering considerations based on the successful drilling and coring of a well.
- Key lessons learned from active cavern storage projects for future development efforts.
- An implementation plan highlighting the viability of storing hydrocarbon gases and hydrogen in engineered salt caverns.

★ Target formations for core collection (Dunham and Pine)



(extracted and modified from Nesheim and LeFever, 2009).

CHARACTERIZATION OF SALT FORMATIONS

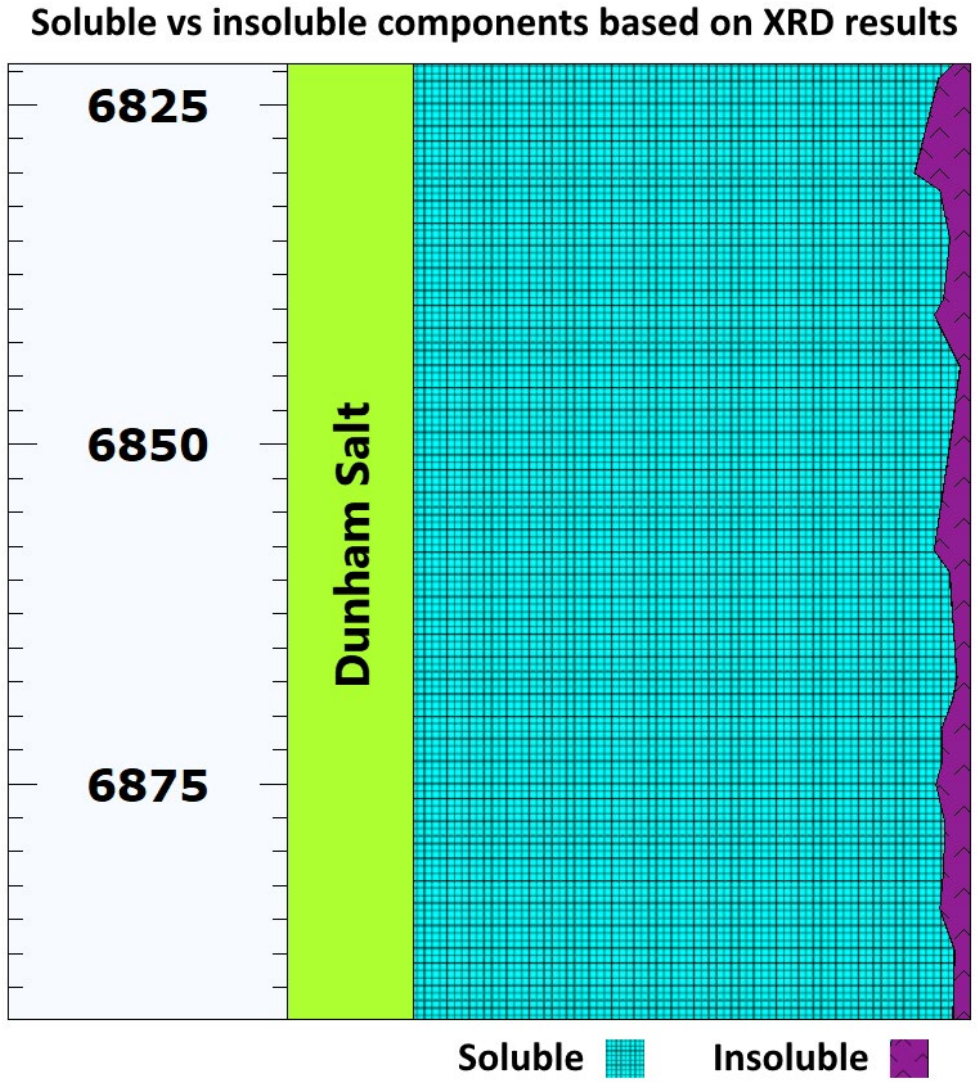
- A significant goal of the research was to drill a characterization well to investigate North Dakota's salt members.
- Core and logs were collected from target salt formations.
- Preliminary results indicate that North Dakota salts have thicknesses and composition similar to other areas in North America where caverns are developed in bedded salts.

Salt cavern storage could support petrochemical and energy industries.

DUNHAM SALT COMPOSITION

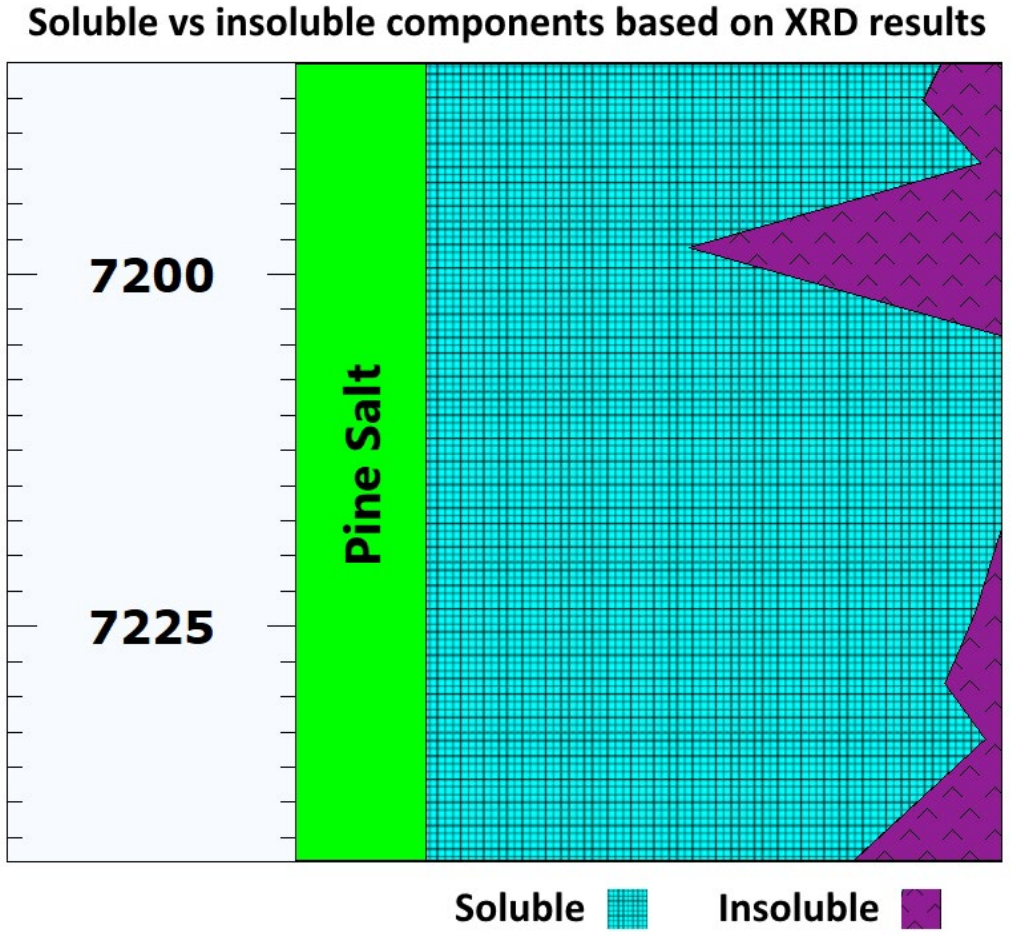
Halite 1 Results

- Dunham salt comprises nearly 100% halite:
  - Halite is soluble in water, a necessary factor for creating engineered salt caverns.
- Minor insoluble impurities exist:
  - This is common to bedded salt formations where caverns have successfully been developed and operated.
- This is encouraging for North Dakota salt cavern development near the Halite 1 site.
- Additional locations of thicker salt accumulation are under evaluation.



PINE SALT COMPOSITION

- Two soluble salts are prevalent in the Pine Member: halite and thenardite (sodium sulfate):
  - Thenardite is soluble in water but needs further evaluation to determine mechanical stability during cavern operation.
  - The EERC is currently investigating other areas in North Dakota to determine if thenardite persists or if halite becomes predominant in the Pine Member.
  - Because the Pine reaches ~300 feet in net salt thickness near Dickinson, further investigation through drilling and core collection is warranted.

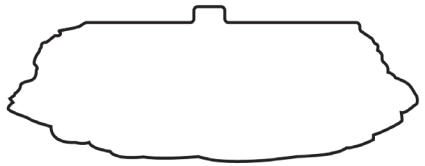


POTENTIAL FOR CAVERN DEVELOPMENT AND USE

Dunham Salt Core

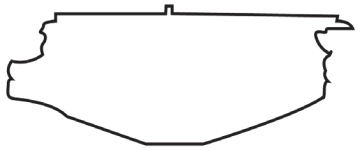
Pine Salt Core

Arizona



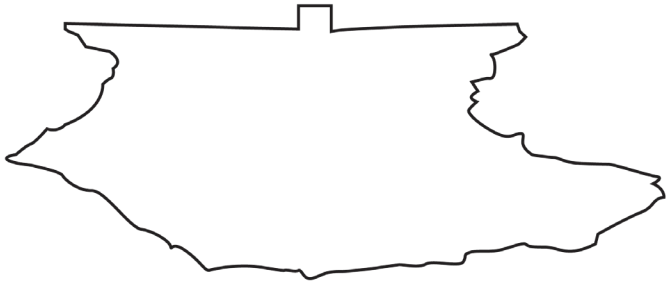
Average Depth 900 ft
Average Height 60 ft
Average Width 160 ft

Kansas



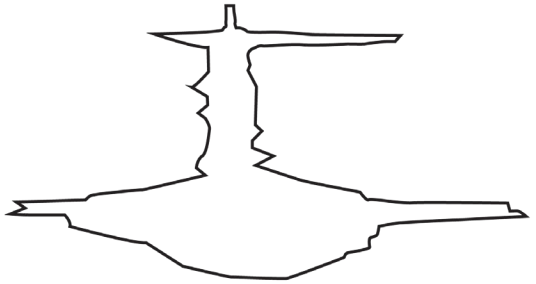
Average Depth 700 ft
Average Height 60 ft
Average Width 150 ft

Saskatchewan



Average Depth 5000 ft
Average Height 120 ft
Average Width 240 ft

Alberta



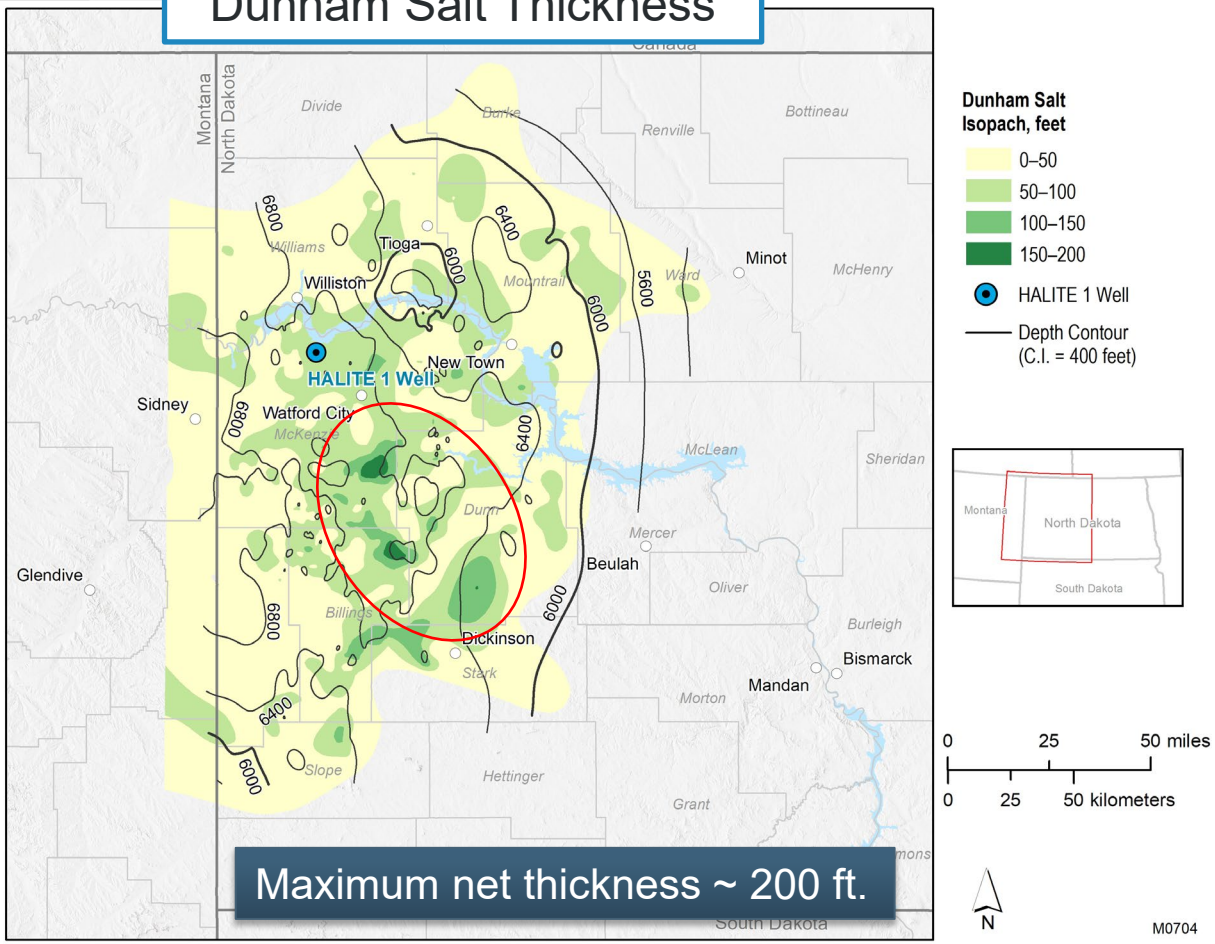
Average Depth 5700 ft
Average Height 120 ft
Average Width 210 ft

Preliminary results indicate that North Dakota salt members are thick enough and have the right composition to develop similar-sized caverns.

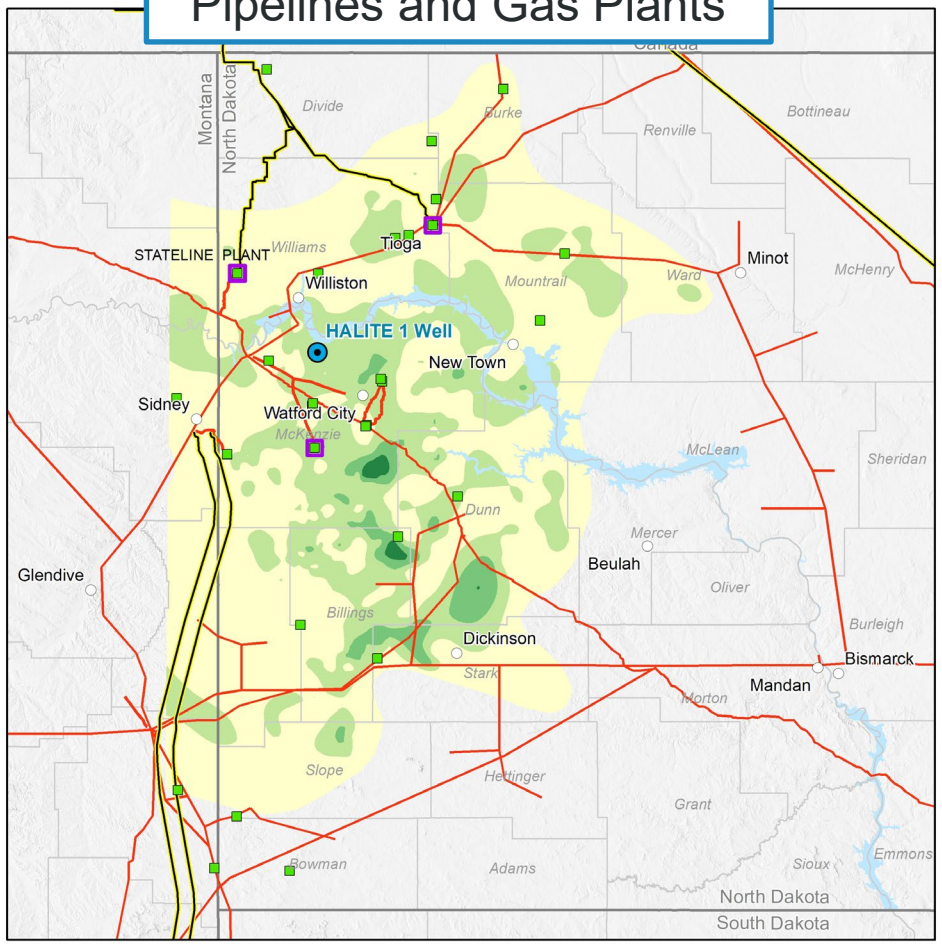
- *Caverns have been developed in bedded salts with similar properties to North Dakota's.*
- *The Lotsberg Salt in Alberta is the most comparable.*

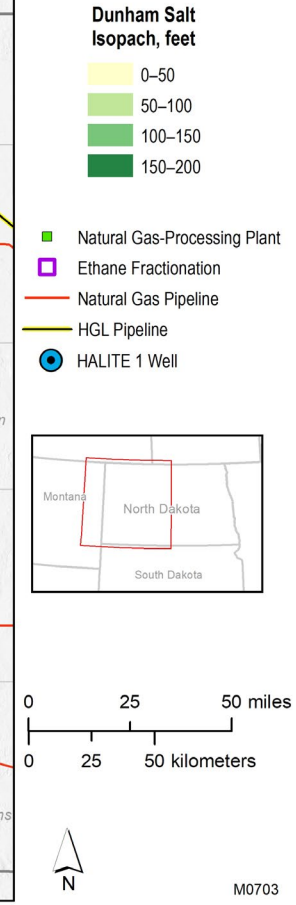
ALTERNATE LOCATION SCREENING: DUNHAM

Dunham Salt Thickness



Pipelines and Gas Plants

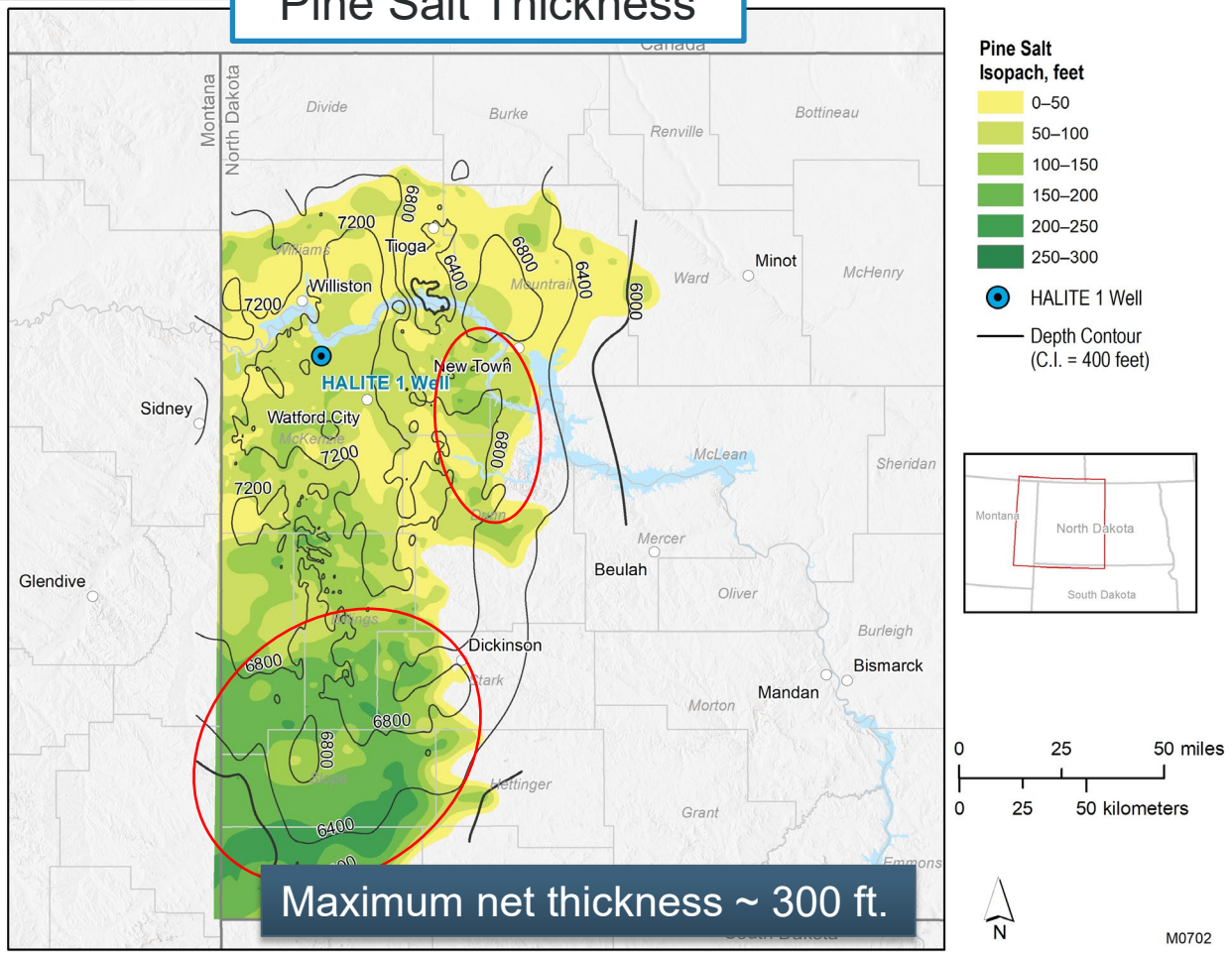




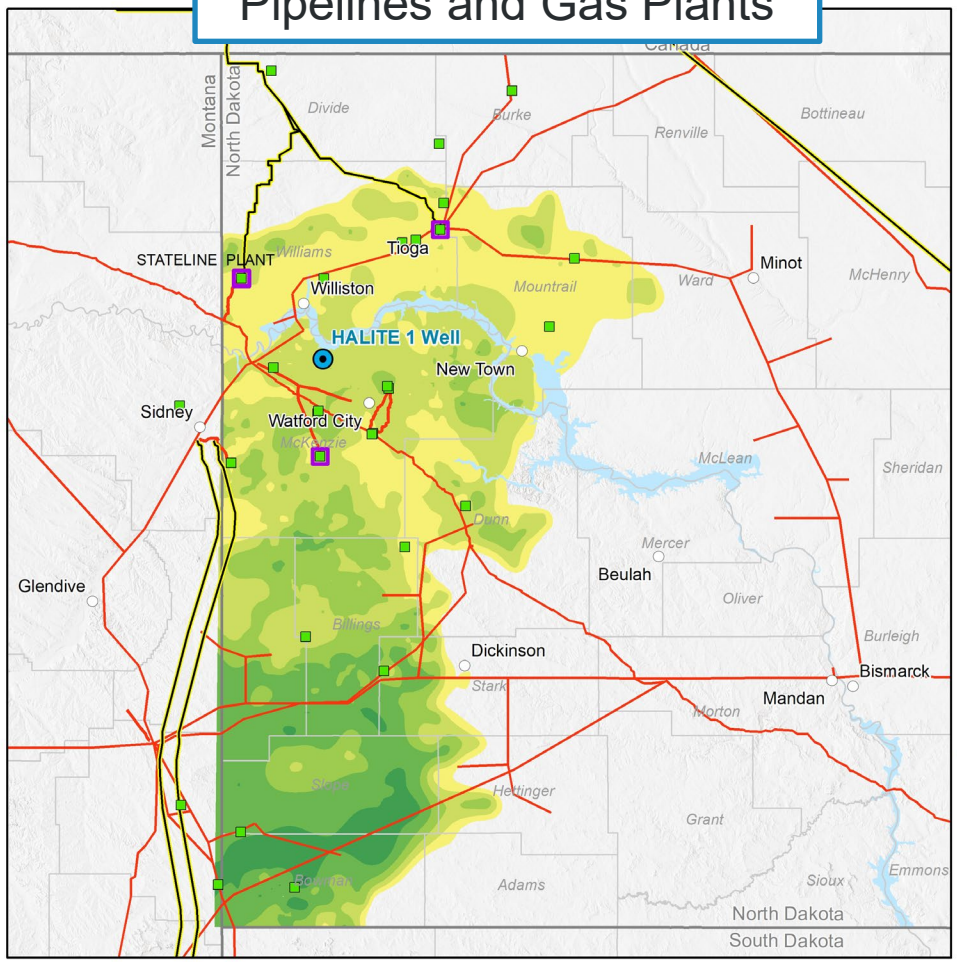
Additional screening will be focused within areas that likely have thicker accumulations of salt.

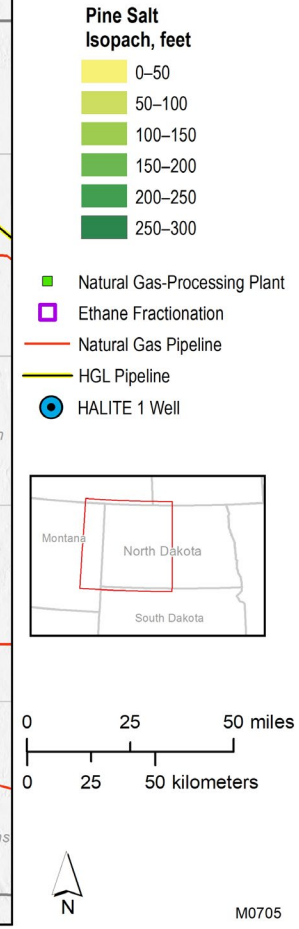
ALTERNATE LOCATION SCREENING: PINE

Pine Salt Thickness



Pipelines and Gas Plants

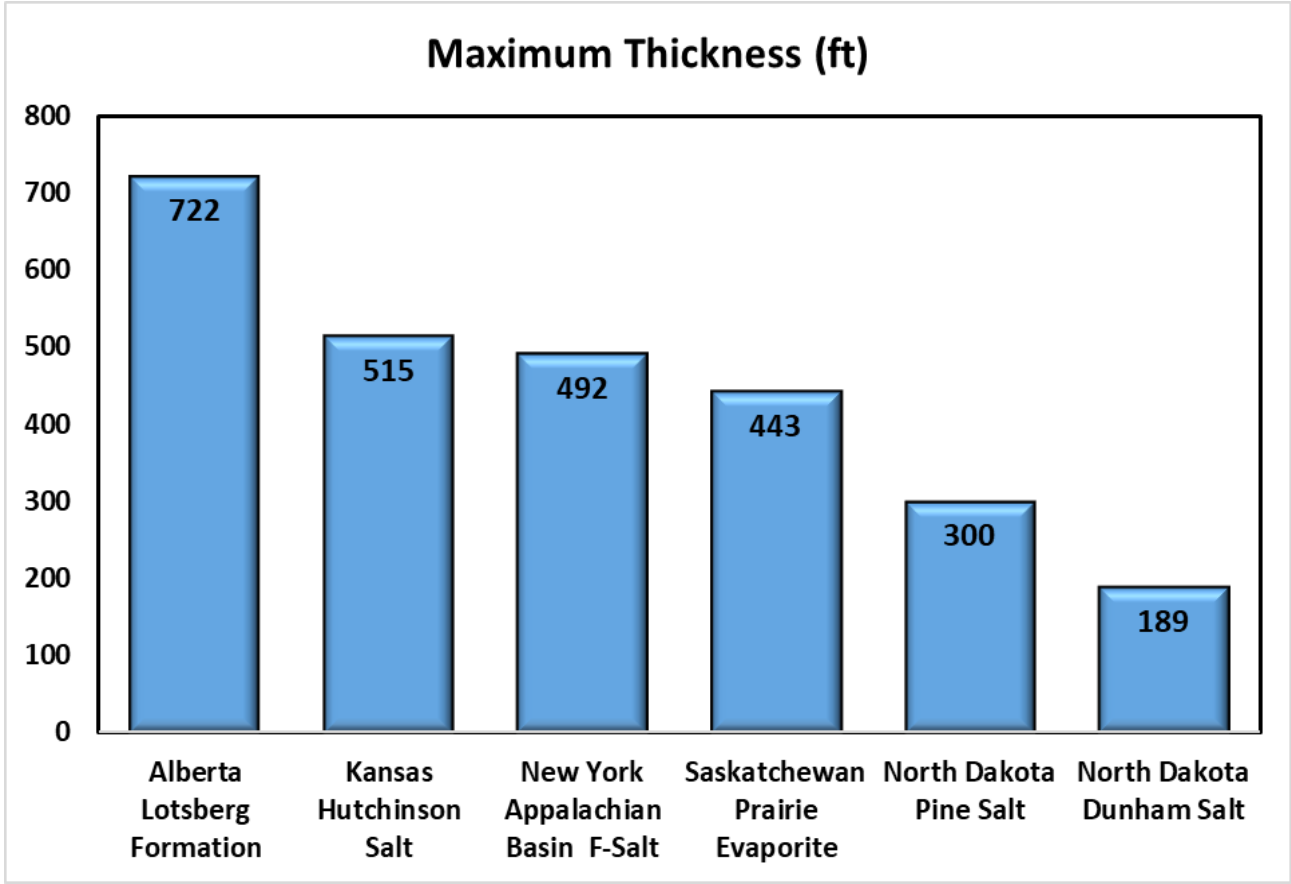




Additional screening will be focused within areas that likely have thicker accumulations of salt.

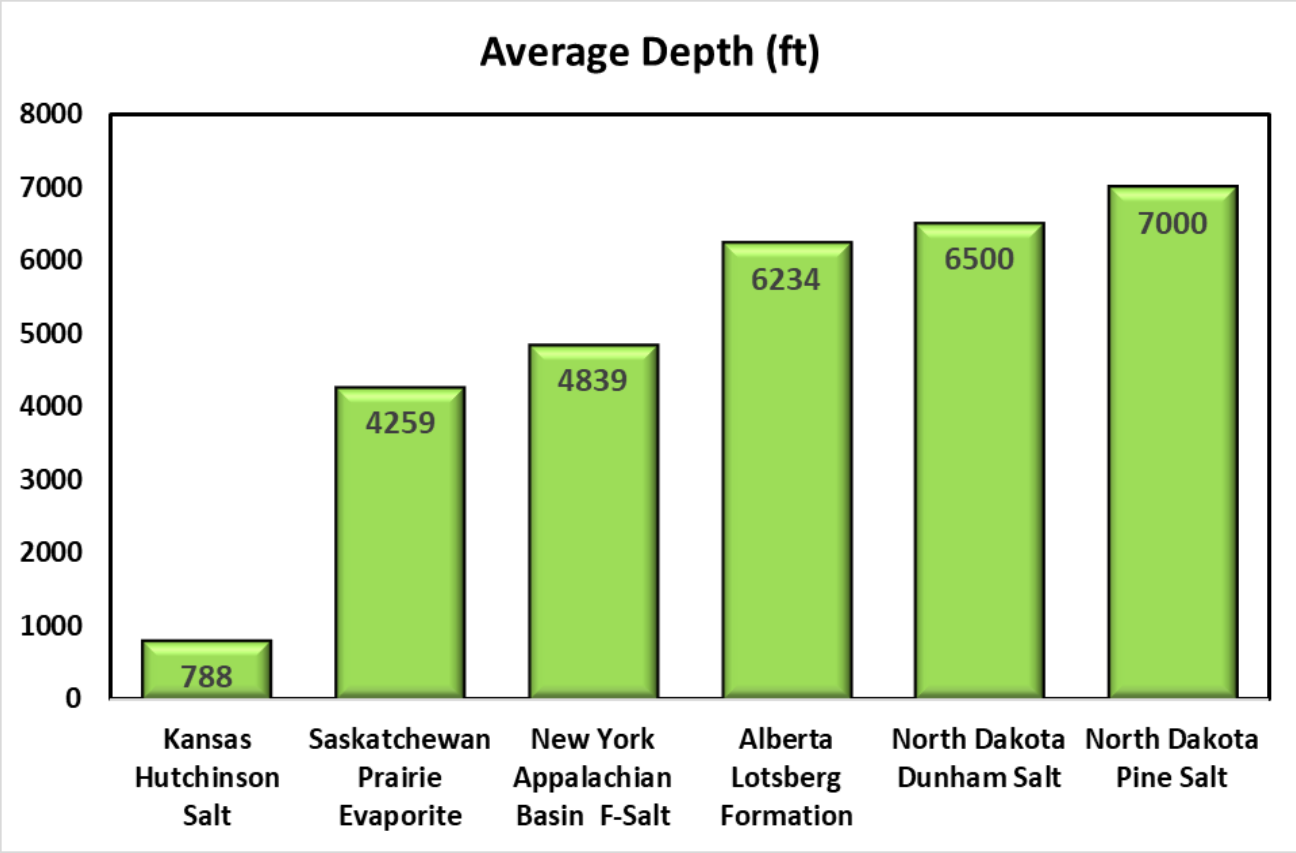
COMPARISON OF NORTH DAKOTA SALTS TO OTHER SALTS

Compared to other bedded salts where caverns are operated in North America, North Dakota salts are thinner.

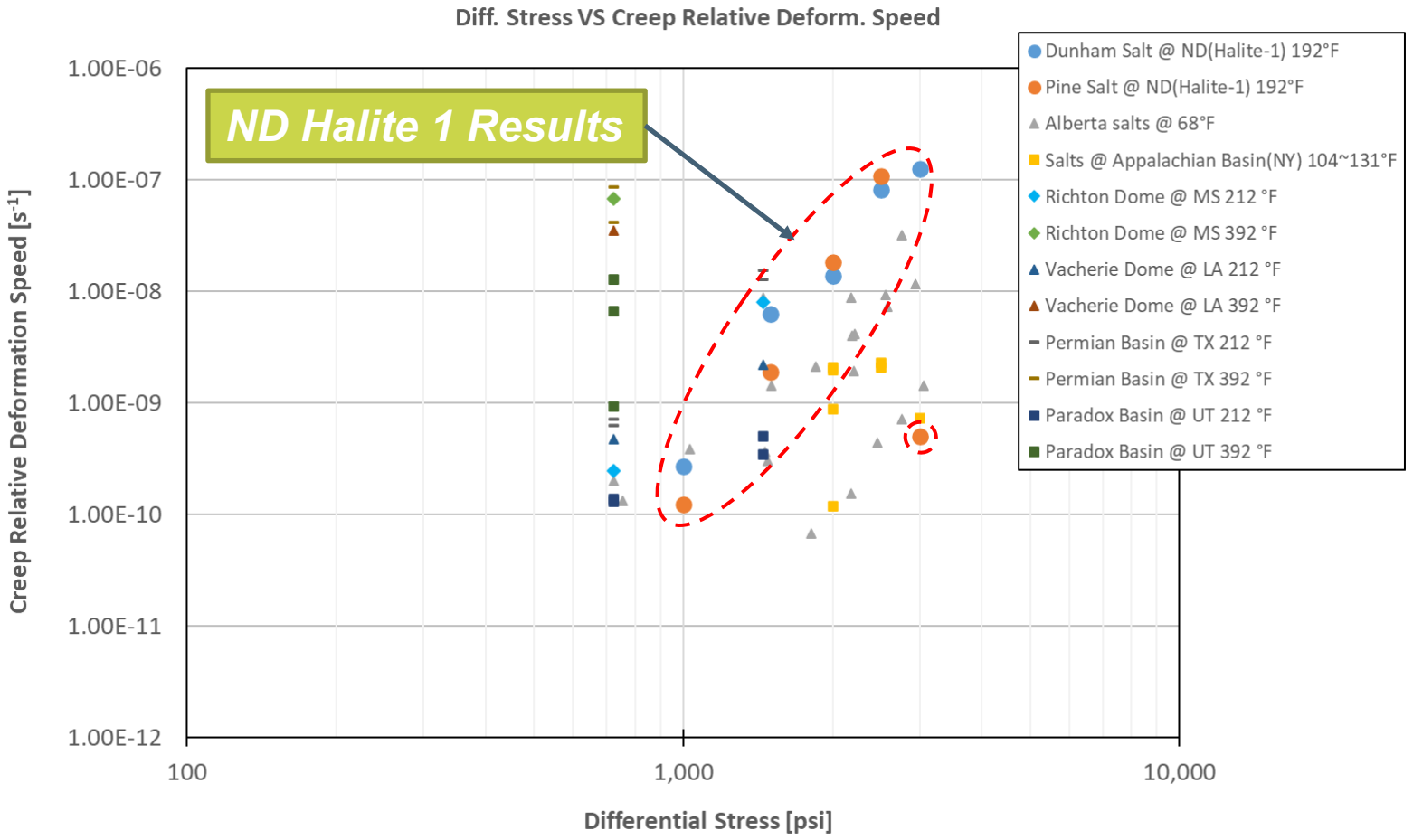


COMPARISON OF NORTH DAKOTA SALTS TO OTHER SALTS

- The top depth of the Dunham and Pine Salts in North Dakota are generally deeper than the other salts in this comparison:
  - The average depth of the Dunham and Pine Salts is comparable to the Alberta Lotsberg Formation.
  - Natural gas and liquid product storage caverns have been constructed and are operated within the Lotsberg Formation in Alberta (Research Report No. 2003-5-SMRI).
  - Rock salt in the Lotsberg Formation is mainly composed of coarse crystalline, clear halite, comparable to Dunham Salt.



CREEP PROPERTIES COMPARISON



- Salt creep properties define long-term cavern stability under operational conditions.
- Generally, salt creep *deforms faster* under *higher temperature* or *higher load difference*.
- Maintaining small load difference during operation is an engineering control to slow cavern closure.

Dunham Salt and Pine Salt of Halite 1 show similar creep properties to other regions, even if testing temperature is higher than Alberta and New York samples.

SUMMARY

- Halite 1 was drilled, cored, and logged to determine the quality of salt encountered and feasibility of cavern development and operation.
  - 60’ of Dunham and 60’ of Pine Salts were retrieved. This is the total salt thickness at this location.
  - Core testing is complete.

- Cavern design and operational stability modeling are ongoing at the Halite 1 site.

- Interpretations are ongoing, but preliminary results show:
  - Dunham Salts at Halite 1 have crystal size and depth similar to currently operated caverns in Alberta.
  - Mechanical properties (creep) are considered “fast creeping” compared to other locations, primarily due to depth.
  - Dunham Salt is nearly 100% halite (good for cavern development and operation)
  - Pine Salt has significant halite present, but additional soluble impurities exist and are under evaluation.
- Additional sites with thick salt accumulations (net 300’) in the Williston Basin are under evaluation to determine:
  - Salt quality (impurities)
  - Net and gross salt thickness
  - Cavern size and mechanical stability under different operational constraints
  - Product storage potential

GUIDANCE

- Cavern development and operation in North Dakota have been shown to be feasible through the Dakota Salt and Chemical Company Operation near Williston, North Dakota (1960s).
- A rule of thumb for cavern dimensions, height to diameter, is approximately 1 to 2.
- Caverns can be engineered to suit the geological constraint presented by bedded salts. ***Height, width, shape?***
- Cavern geometry is a function of operational considerations for product usage (i.e. seasonal heating/cooling, offtake capacity, industrial process needs etc.). ***How much product do you want to store and how quickly do you need to produce it?***
- Preliminary results suggest that the Dunham Salt near the Halite 1 site has properties similar to bedded salts where commercial development and operation have been ongoing for decades. ***Alberta, Saskatchewan, Europe.***
- The Pine Salt at Halite 1 has a soluble mineral that is being investigated to determine its impact on cavern development and operation.
  - This needs to be completed before recommending cavern development in the Pine near Halite 1 (June 2023).
- Investigation of areas in North Dakota where salt accumulations are thicker need to be completed (June 2023) prior to making recommendations for statewide commercial development.
  - Current modeling and simulation work based on the results of Halite 1 give confidence that the mineral, halite, and halite with impurities can be distinguished through log-based evaluation.
  - Completion of this current evaluation will allow for understanding the potential for cavern development at sites other than the Halite 1 well site.
- Liquid and gas cavern storage can be accomplished on a reduced footprint.
  - Deviated drilling reduces surficial well spacing and aerial extent needed for multi-cavern development if needed.
  - Knowledge from existing cavern development and operation allows for efficient design of surface facilities
  - Gas storage can be operated without surficial brine ponds, but the lifespan of the cavern may be compromised.

RECOMMENDATIONS

- Fund a staged project to support development of an engineered solution mined salt cavern to advance research knowledge gained from drilling, coring and testing the Halite 1 well (EERC, 2021/2023).The following is recommended.
    1. Select a location in the Dunham or Pine Salt of the Williston Basin that has geologic properties that correlate to the data collected from Halite 1.
    2. Drill, core, log and test the salt member to confirm predicted characterization and site selection criteria (depth, thickness, impurity content).
    3. Test collected core, perform geomechanical modeling and simulation at this site.
    4. Based on the findings of these additionally collected data, design and develop the site for engineered microcaverns (estimated 40” in height and 160” in diameter) to inform the development of full-scale caverns for liquid- or gas-phase product storage in North Dakota.

- These proposed recommendations will provide significant evidence for proceeding with commercial development in the state and support new markets, increased liquid and gas production with offtake storage capacity, and the fundamental research for future hub development opportunities in the state.

HB 1014 – Budget No. 405

Office of the Industrial Commission and Public Finance Authority

Long Sheet items:

Executive Budget One-time	Total	OIC	PFA
Temporary Employees	75,000	75,000	
Inflationary Increases	35,688	20,305	15,383
Computers/Software	54,000	18,000	36,000

Requested Changes/Corrections from Executive Budget and House Version:

1. **75,000 Temp Employees**

This is one-time funding for a records digitization project, not for Temporary Employees. The Office of the IC will be contracting with a 3rd party vendor to provide records digitization services for decades of historical records.

2. **35,688 Inflationary Increases**

OIC – 20,305 is for an office rent increase due to the addition of 3 offices and a small rental rate increase by OMB. We request this be added to the budget as an on-going expense. It was included in the executive budget but only as a one-time expense, and not included by the House.

PFA – 15,383 is for inflationary increases in IT data processing, professional development, equipment under $5,000, software licenses under $5,000, and travel. This expense category was included in the executive budget, but only as a one-time expense.

3. **54,000 Computers/Software – increase to 74,000**

OIC requests the addition of the original 18,000 plus an additional 50,000 for meetings management software. The original request for this resource underestimated the actual cost of this type of software licensing.

54,000 Computers/Software – increase to 74,000 cont'd.

PFA had requested $36,000 to upgrade accounting software and printers that will no longer be supported. After further research, a less expensive solution has been found and this request can be reduced to $6,000.

This category mow nets out at:

54,000 original + 50,000 new – 30,000 savings = 74,000

Total Combined OIC and PFA changes requested:

Total one-time increase	**75,000**
Total on-going inflation increase	**35,688**
Total on-going computers/software increase	**74,000**

PIPELINE AUTHORITY PROPOSED AMENDMENT TO HB 1014

SECTION 18. AMENDMENT.

6.09.7-05. Establishment and maintenance of adequate guarantee funds – Use of strategic investment and improvements fund. (Effective July 1, 2025)

SECTION 21. AMENDMENT. Subsection 4 of section 54-17.7-04 of the North Dakota Century Code is amended and reenacted as follows:

d. The authority shall repay the line of credit from amounts available. If the amounts available on June 30, 2027, are not sufficient to repay the line of credit, the authority shall notify the director of the office of management and budget, and the director of the office of management and budget shall transfer funds from the strategic investment and improvements fund to the Bank for the repayment pursuant to section 6-09.7-05 based on the amount certified by the Bank.

CSEA:

$50 million for grants, $250 million loans - $80 million loans (deobligated from Bakken Energy project) = $220 million

Subtotal: -$80 million Streams

Salt Cavern:

$22 million SIIF - $16 million SIIF = $6 million SIIF and $5 million from CSEA ARPA Hydrogen dollars (deobligated from CSEA Hydrogen, and reobligated for salt cavern)

Subtotal: -$16 million SIIF

Pipeline:

Keep $60 million SIIF, but effective July 1, 2025

-$60 million SIIF

Rare Earth Element Study:

$3 million SIIF - $1.5 million SIIF = $1.5 million SIIF

(Need language earmarking $1.5 million from Lignite Research Fund, non-matching funds similar to EPP)

Subtotal: -$1.5 million SIIF

iPipe:

-$5 million Streams

Subtotal: -$5 million Streams

Oil and Gas Research Fund:

Raise cap to $20 million (allow to fill for 3.5 additional months, currently filling @ roughly $1.5 million/month)

Section 15 Transmission Grant?:

-$25 million SIIF

Subtotal: -$25 million SIIF

Total Savings:

SIIF = $102.5 million

Streams = $85 million

Total = $187.5 million

23.0243.02002
Title.

Fiscal No. 1

Prepared by the Legislative Council staff for
the Senate Appropriations - Education and
Environment Division Committee
April 7, 2023

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1014

Page 1, line 2, remove "to create and enact a new section to chapter"

Page 1, line 3, remove "6-09, relating to a Bank of North Dakota retention incentive program;"

Page 1, line 4, after "6-09.7-05" insert ", 54-17-40,"

Page 1, line 5, remove "section 8 of chapter 42 of the 2021 Session"

Page 1, line 6, replace "Laws" with "subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws"

Page 1, line 6, after "funding" insert ", the housing incentive fund"

Page 1, line 7, remove "a transfer of"

Page 1, line 8, replace "Bank of North Dakota profits to the general fund" with "an appropriation from the state fiscal recovery fund"

Page 1, line 9, after "report" insert "; to provide an effective date"

Page 1, remove lines 22 through 24

Page 2, replace lines 1 through 6 with:

"Salaries and wages	$23,698,119	($21,835,425)	$1,862,694
Operating expenses	5,119,958	(924,889)	4,195,069
Capital assets	0	1,250,000	1,250,000
Grants	0	8,623,893	8,623,893
Grants - bond payments	22,040,721	97,839,192	119,879,913
Total all funds	$50,858,798	$84,952,771	$135,811,569
Less estimated income	24,369,185	107,017,528	131,386,713
Total general fund	$26,489,613	($22,064,757)	$4,424,856
Full-time equivalent positions	108.25	(98.50)	9.75"

Page 2, replace lines 11 through 17 with:

"Salaries and wages	$0	$23,123,267	$23,123,267
Operating expenses	0	11,410,044	11,410,044
Capital assets	0	80,000	80,000
Total all funds	$0	$34,613,311	$34,613,311
Less estimated income	0	2,568,000	2,568,000
Total general fund	$0	$32,045,311	$32,045,311
Full-time equivalent positions	0.00	108.00	108.00"

Page 2, replace lines 22 through 25 with:

"Bank of North Dakota operations	$67,306,548	$2,760,519	$70,067,067
Capital assets	1,510,000	0	1,510,000
Total special funds	$68,816,548	$2,760,519	$71,577,067
Full-time equivalent positions	173.00	14.00	187.00"

Page 2, remove lines 30 and 31

Page 3, replace lines 1 through 7 with:

"Salaries and wages	$9,556,272	$1,556,933	$11,113,205
Operating expenses	6,109,060	4,794,823	10,903,883
Capital assets	150,000	(130,000)	20,000
Grants	42,975,200	5,829,910	48,805,110
Housing finance agency contingencies	100,000	0	100,000
Total all funds	$58,890,532	$12,051,666	$70,942,198
Less estimated income	58,890,532	9,551,666	68,442,198
Total general fund	$0	$2,500,000	$2,500,000
Full-time equivalent positions	49.00	5.00	54.00"

Page 3, replace lines 12 through 17 with:

"Salaries and wages	$50,560,209	$2,880,940	$53,441,149
Operating expenses	36,817,000	5,574,653	42,391,653
Contingencies	500,000	0	500,000
Agriculture promotion	500,000	0	500,000
Total special funds	$88,377,209	$8,455,593	$96,832,802
Full-time equivalent positions	156.00	14.00	170.00"

Page 3, replace lines 22 through 24 with:

"Grand total general fund	$26,489,613	$12,480,554	$38,970,167
Grand total special funds	240,453,474	130,353,306	370,806,780
Grand total all funds	$266,943,087	$142,833,860	$409,776,947"

Page 4, remove line 6

Page 4, after line 7, insert:

"Administration - carbon capture education	0	300,000
Administration - records digitization	0	75,000
Administration - inflationary increases	0	35,688"

Page 4, replace lines 23 through 25 with:

"Total all funds	$936,341,260	$20,770,760
Less estimated income	874,235,000	9,155,335
Total general fund	$62,106,260	$11,615,425"

Page 6, line 10, replace "$12,500,000" with "$15,000,000"

Page 6, line 15, after "funds" insert "from the new and vacant FTE funding pool"

Page 6, line 18, replace "spend" with "request the office of management and budget transfer up to"

Page 6, line 18, after "$82,068" insert "of other funds"

Page 6, line 18, after "the" insert "new and vacant FTE funding pool for"

Page 6, line 18, replace "line item" with "for the full-time equivalent position identified in this section,"

Page 6, line 18, after the second "and" insert "the agency"

Page 6, line 22, after "**FUND**" insert "**- ADMINISTRATION**"

Page 6, line 23, replace "$1,899,877" with "$1,818,114"

Page 7, line 6, after "**FUND**" insert "**- GRANT MANAGEMENT SOFTWARE**"

Page 7, after line 15, insert:

"**SECTION 10. TRANSFER - FUNDS UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND - CARBON CAPTURE EDUCATION.** The sum of $300,000, 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 funds under the control of the industrial commission to the industrial commission fund to contract for carbon capture and utilization education and marketing in consultation with the lignite research council, the oil and gas research council, and the renewable energy council. Of the $300,000, the industrial commission may transfer:

1. Up to $100,000 from the lignite research fund;

2. Up to $100,000 from the oil and gas research fund; and

3. Up to $100,000 from the renewable energy development fund."

Page 7, line 17, replace "$70,000,000" with "$140,000,000"

Page 7, line 30, remove "and"

Page 7, line 31, after "fund" insert "; and

6. $1,500,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants"

Page 8, line 1, replace "**LEGACY EARNINGS**" with "**STRATEGIC INVESTMENT AND IMPROVEMENTS**"

Page 8, line 2, remove "**AND LOANS**"

Page 8, line 3, remove "and pursuant to the"

Page 8, remove line 4

Page 8, line 5, replace "section 21-10-13, the state treasurer" with "the office of management and budget"

Page 8, line 5, remove "legacy"

Page 8, line 6, replace "earnings" with "strategic investment and improvements"

Page 8, line 7, replace "$5,000,000" with "$3,000,000"

Page 8, line 8, after the semicolon insert "and"

Page 8, line 9, replace "$50,000,000" with "$30,000,000"

Page 8, line 9, remove "; and"

Page 8, remove line 10

Page 8, line 11, remove "provide funding for loans"

Page 8, line 15, replace "$3,000,000" with "$1,500,000"

Page 8, line 19, replace "$3,000,000" with "$1,500,000"

Page 9, line 2, after "**FUND**" insert "**- FEDERAL STATE FISCAL RECOVERY FUND**"

Page 9, line 4, replace "$22,000,000" with "$6,000,000"

Page 9, line 6, after "57-51.1-07.9" insert "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"

Page 9, line 7, replace "$22,000,000" with "$6,000,000"

Page 9, line 8, after "fund" insert "and up to $5,300,000 of federal funds from the state fiscal recovery fund"

Page 9, remove lines 20 through 27

Page 10, after line 19, insert:

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

1. Pursuant to the continuing appropriation under section 57-61-01.6, up to $500,000 from the lignite research fund may be used for the purpose of contracting with the energy and environmental research center for a nonmatching study of future lignite electrical generation facilities.

2. The study must include consideration of an energy demand forecast for dispatchable electricity generation and the regulatory environment for future lignite electrical generation facilities, an analysis of the economic impact of future lignite electrical generation facilities and the value-added products or services that may result from those facilities, and other factors related to the development and operation of future lignite electrical generation facilities.

3. During the 2023-24 interim, the energy and environmental research center shall provide at least one report to the legislative management regarding the status of the study."

Page 10, remove lines 20 through 31

Page 11, remove lines 1 and 2

Page 11, after line 20, insert:

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

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

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.

2. a. After a public hearing, the housing finance agency shall create an annual allocation plan for the distribution of the fund as authorized under subsection 3. ~~At least ten percent of the fund must be used to assist developing communities to address an unmet housing need or alleviate a housing shortage. At least ten percent of the fund must be made available to prevent homelessness as authorized by subdivision d of subsection 3.~~

   b. The annual allocation plan must give priority to provide housing for individuals and families of low or moderate income. For purposes of this priority, eligible income limits are determined as a percentage of median family income as published in the most recent federal register notice. Under this priority, the annual allocation plan must give preference to projects that benefit households with the lowest income and to projects that have rent restrictions at or below department of housing and urban development published federal fair market rents or department of housing and urban development section 8 payment standards.

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

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

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

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

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

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

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

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

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

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

7. Upon request, the housing finance agency shall report to the industrial commission regarding the activities of the housing incentive fund.

8. At least once per biennium, the housing finance agency shall provide a report to the budget section of the legislative management regarding the activities of the housing incentive fund."

Page 12, line 26, replace "2025" with "2027"

Page 13, replace lines 16 through 30 with:

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

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

Page 14, line 12, replace "$14,500,000" with "$17,500,000"

Page 14, line 22, after "grants" insert "and an underground energy storage research project"

Page 14, line 23, after "Laws" insert "as amended in section 24 of this Act"

Page 14, line 25, after "fund" insert "to the department of mineral resources for a survey review"

Page 14, after line 28, insert:

"**SECTION 27. EFFECTIVE DATE.** Section 18 of this Act is effective July 1, 2025."

Page 15, line 12, replace "Section 5" with "Sections 5 and 24"

Page 15, line 13, replace "Section 23 of this Act" with "Senate Bill No. 2165, as approved by the sixty-eighth legislative assembly"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1014 - Summary of Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Industrial Commission				
Total all funds	$50,858,798	$160,932,060	($25,120,491)	$135,811,569
Less estimated income	24,369,185	156,507,204	(25,120,491)	131,386,713
General fund	$26,489,613	$4,424,856	$0	$4,424,856
FTE	108.25	9.75	0.00	9.75
Department of Mineral Resources				
Total all funds	$0	$37,141,066	($2,277,755)	$34,863,311
Less estimated income	0	2,568,000	0	2,568,000
General fund	$0	$34,573,066	($2,277,755)	$32,295,311
FTE	0.00	108.00	0.00	108.00
Bank of North Dakota				
Total all funds	$68,816,548	$76,237,686	($4,660,619)	$71,577,067
Less estimated income	68,816,548	76,237,686	(4,660,619)	71,577,067
General fund	$0	$0	$0	$0
FTE	173.00	187.00	0.00	187.00
Housing Finance Agency				
Total all funds	$58,890,532	$84,333,093	$1,609,105	$85,942,198
Less estimated income	58,890,532	69,333,093	(890,895)	68,442,198
General fund	$0	$15,000,000	$2,500,000	$17,500,000
FTE	49.00	53.00	1.00	54.00
Mill and Elevator				
Total all funds	$88,377,209	$100,974,447	($4,141,645)	$96,832,802
Less estimated income	88,377,209	100,974,447	(4,141,645)	96,832,802
General fund	$0	$0	$0	$0
FTE	156.00	170.00	0.00	170.00
Bill total				
Total all funds	$266,943,087	$459,618,352	($34,591,405)	$425,026,947
Less estimated income	240,453,474	405,620,430	(34,813,650)	370,806,780
General fund	$26,489,613	$53,997,922	$222,245	$54,220,167
FTE	486.25	527.75	1.00	528.75

House Bill No. 1014 - Industrial Commission - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	$23,698,119	$2,471,236	($608,542)	$1,862,694
Operating expenses	5,119,958	3,707,018	488,051	4,195,069
Capital assets		1,250,000		1,250,000
Grants		33,623,893	(25,000,000)	8,623,893
Grants - Bond payments	22,040,721	119,879,913		119,879,913
Total all funds	$50,858,798	$160,932,060	($25,120,491)	$135,811,569
Less estimated income	24,369,185	156,507,204	(25,120,491)	131,386,713
General fund	$26,489,613	$4,424,856	$0	$4,424,856
FTE	108.25	9.75	0.00	9.75

Department 405 - Industrial Commission - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Adjusts Funding for an FTE Position[2]	Removes Salary Funding for a Funding Pool[3]	Adds Funding for Software[4]	Adjusts One-Time Funding Items[5]	Total Senate Changes
Salaries and wages	$34,386	($121,985)	($520,943)			($608,542)
Operating expenses		3,363		$74,000	$410,688	488,051
Capital assets						
Grants					(25,000,000)	(25,000,000)
Grants - Bond payments						
Total all funds	$34,386	($118,622)	($520,943)	$74,000	($24,589,312)	($25,120,491)
Less estimated income	34,386	(118,622)	(520,943)	74,000	(24,589,312)	(25,120,491)
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$35,332	$35,332
Health insurance adjustment	0	(946)	(946)
Total	$0	$34,386	$34,386

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding from other funds for an administrative assistant position is decreased by $118,622 from $300,943 to $182,321. The $118,622 decrease reflects a decrease of $121,985 to salaries and wages and an increase of $3,363 to operating expenses. This provides the same level of funding as a grant administration position. The House provided $300,943 for the administrative assistant position.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($490,562)	($490,562)
Vacant FTE positions	0	(30,381)	(30,381)
Total	$0	($520,943)	($520,943)

The House did not remove funding for a new and vacant FTE funding pool.

[4] Funding of $74,000 from other funds is added for software related to a meeting management license and an accounting subscription.

[5] One-time funding, which was not included by the House, is added as follows:
- $75,000 from other funds for a records digitization project.
- $35,688 from other funds for inflationary increases related to rent.
- $300,000 from other funds for carbon capture and utilization education and marketing, including $100,000 from the lignite research fund, $100,000 from the oil and gas research fund, and $100,000 from the renewable energy development fund.

One-time funding, which was added by the House, is removed as follows:
- $25 million from the strategic investment and improvements fund for a transmission line grant.

This amendment also includes the following changes related to the Industrial Commission:
- Adjusts the transfer for administrative services to provide $1,818,114. The House provided for a transfer of $1,899,877.
- Adds a transfer of up to $100,000 from three energy programs to provide a total of $300,000 for carbon capture and utilization education and marketing. The House did not include this funding.
- Adjusts the funding for a pipeline leak detection and prevention program to provide $3 million from the strategic

investment and improvements fund. The House provided $5 million from legacy fund earnings.

- Adjusts the funding for the clean sustainable energy fund to provide $30 million from the strategic investment and improvements fund for grants. The House provided $300 million from legacy fund earnings, including $50 million for grants and $250 million to repay a line of credit and for additional loans.
- Decreases funding from the strategic investment and improvements fund for a critical minerals study to provide $1.5 million. The House provided $3 million for the study.
- Adjusts the funding for an underground energy storage research project to provide $6 million from the strategic investment and improvements fund and $5.3 million from the federal State Fiscal Recovery Fund. An appropriation of $20 million from the federal State Fiscal Recovery Fund from the November 2021 special legislative session is amended to provide up to $5.3 million for the research project with the remaining amount available for hydrogen development grants. The House provided $22 million from the strategic investment and improvements fund for the research project.
- Designates $500,000 from the lignite research fund for a study of future lignite electrical generation facilities. The House did not designate funding for this study.
- Provides an effective date of July 1, 2025, for a guarantee from the strategic investment and improvements fund for a line of credit related to the purchase of capacity positions on a pipeline. The House added the guarantee and line of credit, but did not include an effective date.
- Provides an emergency clause related to Senate Bill No. 2165. The House did not include an emergency clause for that bill.

House Bill No. 1014 - Department of Mineral Resources - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages		$25,401,022	($2,277,755)	$23,123,267
Operating expenses		11,410,044		11,410,044
Capital assets		80,000		80,000
Transfer to fossil restoration fund		250,000		250,000
Total all funds	$0	$37,141,066	($2,277,755)	$34,863,311
Less estimated income	0	2,568,000	0	2,568,000
General fund	$0	$34,573,066	($2,277,755)	$32,295,311
FTE	0.00	108.00	0.00	108.00

Department 470 - Department of Mineral Resources - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Removes Salary Funding for a Funding Pool[2]	Total Senate Changes
Salaries and wages	$396,394	($2,674,149)	($2,277,755)
Operating expenses			
Capital assets			
Transfer to fossil restoration fund			
Total all funds	$396,394	($2,674,149)	($2,277,755)
Less estimated income	0	0	0
General fund	$396,394	($2,674,149)	($2,277,755)
FTE	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	$409,369	$0	$409,369
Health insurance adjustment	(12,975)	0	(12,975)
Total	$396,394	$0	$396,394

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below.

These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	($1,284,293)	$0	($1,284,293)
Vacant FTE positions	(1,389,856)	0	(1,389,856)
Total	($2,674,149)	$0	($2,674,149)

The House did not remove funding for a new and vacant FTE funding pool.

The Senate amended a section related to the Department of Mineral Resources to increase the oil and gas tax revenue allocations to the oil and gas research fund to $17.5 million, an increase of $3 million from the House version, which provided $14.5 million, the same as the 2021-23 biennium.

House Bill No. 1014 - Bank of North Dakota - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Capital assets	$1,510,000	$1,510,000		$1,510,000
Bank of North Dakota operations	67,306,548	74,727,686	($4,660,619)	70,067,067
Total all funds	$68,816,548	$76,237,686	($4,660,619)	$71,577,067
Less estimated income	68,816,548	76,237,686	(4,660,619)	71,577,067
General fund	$0	$0	$0	$0
FTE	173.00	187.00	0.00	187.00

Department 471 - Bank of North Dakota - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Removes Salary Funding for a Funding Pool[2]	Total Senate Changes
Capital assets			
Bank of North Dakota operations	$769,366	($5,429,985)	($4,660,619)
Total all funds	$769,366	($5,429,985)	($4,660,619)
Less estimated income	769,366	(5,429,985)	(4,660,619)
General fund	$0	$0	$0
FTE	0.00	0.00	0.00

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[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$789,224	$789,224
Health insurance adjustment	0	(19,858)	(19,858)
Total	$0	$769,366	$769,366

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($3,106,682)	($3,106,682)
Vacant FTE positions	0	(2,323,303)	(2,323,303)
Total	$0	($5,429,985)	($5,429,985)

The House did not remove funding for a new and vacant FTE funding pool.

This amendment also includes the following changes related to the Bank of North Dakota:

- Adds a transfer of $1.5 million from the Bank's profits to a small business development center. The House did not include this transfer.
- Increases the transfer from the Bank's profits to the general fund to provide $140 million for the 2023-25 biennium, an increase of $70 million compared to the House version of $70 million. This results in an increase to general fund revenues for the 2023-25 biennium.
- Removes a section added by the House to limit the transfer from the Bank's profits to the general fund to provide $70 million for the 2021-23 biennium. The House version resulted in a reduction to the July 1, 2023, general fund beginning balance. As approved by the Senate, the transfer for the 2021-23 biennium is $140 million, the same as the transfer approved during the 2021 legislative session.

House Bill No. 1014 - Housing Finance Agency - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	$9,556,272	$12,169,742	($1,056,537)	$11,113,205
Operating expenses	6,109,060	10,738,241	165,642	10,903,883
Capital assets	150,000	20,000		20,000
Grants	42,975,200	48,805,110		48,805,110
HFA contingencies	100,000	100,000		100,000
Housing incentive fund		12,500,000	2,500,000	15,000,000
Total all funds	$58,890,532	$84,333,093	$1,609,105	$85,942,198
Less estimated income	58,890,532	69,333,093	(890,895)	68,442,198
General fund	$0	$15,000,000	$2,500,000	$17,500,000
FTE	49.00	53.00	1.00	54.00

Department 473 - Housing Finance Agency - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Adds FTE Position[2]	Removes Salary Funding for a Funding Pool[3]	Adds Funding for Operating Expenses[4]	Adds Funding for Housing Incentive Fund[5]	Total Senate Changes
Salaries and wages	$176,196	$218,908	($1,451,641)			($1,056,537)
Operating expenses				$165,642		165,642
Capital assets						
Grants						
HFA contingencies						
Housing incentive fund					$2,500,000	2,500,000
Total all funds	$176,196	$218,908	($1,451,641)	$165,642	$2,500,000	$1,609,105
Less estimated income	176,196	218,908	(1,451,641)	165,642	0	(890,895)
General fund	$0	$0	$0	$0	$2,500,000	$2,500,000
FTE	0.00	1.00	0.00	0.00	0.00	1.00

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[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$182,349	$182,349
Health insurance adjustment	0	(6,153)	(6,153)
Total	$0	$176,196	$176,196

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding of $218,908 from other funds is added for 1 FTE compliance officer position to provide a total of $437,816 for 2 FTE compliance officer positions. The House provided $218,908 for 1 FTE compliance officer position.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($986,476)	($986,476)
Vacant FTE positions	0	(465,165)	(465,165)
Total	$0	($1,451,641)	($1,451,641)

The House did not remove funding for a new and vacant FTE funding pool.

[4] Funding of $165,642 from other funds is added for inflationary increases. The House did not include funding for inflationary increases.

[5] One-time funding for a transfer from the general fund to the housing incentive fund is increased by $2.5 million to provide total funding of $15 million for the housing incentive fund pursuant to a section in the bill. The House provided for a transfer of $12.5 million.

This amendment adds a section related to the Housing Finance Agency to amend the housing incentive fund to remove the 10 percent designation for funding to prevent homelessness and to allow funding to be used for single family housing projects. The House did not amend the housing incentive fund.

House Bill No. 1014 - Mill and Elevator - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	$50,560,209	$57,582,794	($4,141,645)	$53,441,149
Operating expenses	36,817,000	42,391,653		42,391,653
Contingencies	500,000	500,000		500,000
Agriculture promotion	500,000	500,000		500,000
Total all funds	$88,377,209	$100,974,447	($4,141,645)	$96,832,802
Less estimated income	88,377,209	100,974,447	(4,141,645)	96,832,802
General fund	$0	$0	$0	$0
FTE	156.00	170.00	0.00	170.00

Department 475 - Mill and Elevator - Detail of Senate Changes

	Adjusts Funding for Health Insurance[1]	Removes Salary Funding for a Funding Pool[2]	Total Senate Changes
Salaries and wages	($17,750)	($4,123,895)	($4,141,645)
Operating expenses			
Contingencies			
Agriculture promotion			
Total all funds	($17,750)	($4,123,895)	($4,141,645)
Less estimated income	(17,750)	(4,123,895)	(4,141,645)
General fund	$0	$0	$0
FTE	0.00	0.00	0.00

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[1] Funding of $17,750 from other funds is removed related to an adjustment to health insurance premiums.

[2] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Fund	Total
New FTE positions	$0	($2,367,332)	($2,367,332)
Vacant FTE positions	0	(1,756,563)	(1,756,563)
Total	$0	($4,123,895)	($4,123,895)

The House did not remove funding for a new and vacant FTE funding pool.

This amendment also removes a section added by the House related to the Mill and Elevator Association, which limited the transfer of Mill profits to the general fund to 10 percent. As a result, the transfer of Mill profits to the general fund is 50 percent, the same as current law, which increases general fund revenues by $11.3 million for the 2023-25 biennium.

23.0243.02003
Title.

Fiscal No. 2

Prepared by the Legislative Council staff for
the Senate Appropriations - Education and
Environment Division Committee
April 10, 2023

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1014

Page 1, line 2, remove "to create and enact a new section to chapter"

Page 1, line 3, remove "6-09, relating to a Bank of North Dakota retention incentive program;"

Page 1, line 4, after "6-09.7-05" insert ", 54-17-40,"

Page 1, line 5, remove "section 8 of chapter 42 of the 2021 Session"

Page 1, line 6, replace "Laws" with "subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws"

Page 1, line 6, after "funding" insert ", the housing incentive fund"

Page 1, line 7, remove "a transfer of"

Page 1, line 8, replace "Bank of North Dakota profits to the general fund" with "an appropriation from the state fiscal recovery fund"

Page 1, line 9, after "report" insert "; to provide an effective date"

Page 1, remove lines 22 through 24

Page 2, replace lines 1 through 6 with:

"Salaries and wages	$23,698,119	($21,835,425)	$1,862,694
Operating expenses	5,119,958	(924,889)	4,195,069
Capital assets	0	1,250,000	1,250,000
Grants	0	8,623,893	8,623,893
Grants - bond payments	22,040,721	97,839,192	119,879,913
Total all funds	$50,858,798	$84,952,771	$135,811,569
Less estimated income	24,369,185	107,017,528	131,386,713
Total general fund	$26,489,613	($22,064,757)	$4,424,856
Full-time equivalent positions	108.25	(98.50)	9.75"

Page 2, replace lines 11 through 17 with:

"Salaries and wages	$0	$23,123,267	$23,123,267
Operating expenses	0	11,541,104	11,541,104
Capital assets	0	98,000	98,000
Total all funds	$0	$34,762,371	$34,762,371
Less estimated income	0	2,568,000	2,568,000
Total general fund	$0	$32,194,371	$32,194,371
Full-time equivalent positions	0.00	108.00	108.00"

Page 2, replace lines 22 through 25 with:

"Bank of North Dakota operations	$67,306,548	$2,760,519	$70,067,067
Capital assets	1,510,000	0	1,510,000
Total special funds	$68,816,548	$2,760,519	$71,577,067
Full-time equivalent positions	173.00	14.00	187.00"

Page 2, remove lines 30 and 31

Page 3, replace lines 1 through 7 with:

"Salaries and wages	$9,556,272	$1,556,933	$11,113,205
Operating expenses	6,109,060	4,794,823	10,903,883
Capital assets	150,000	(130,000)	20,000
Grants	42,975,200	5,829,910	48,805,110
Housing finance agency contingencies	100,000	0	100,000
Total all funds	$58,890,532	$12,051,666	$70,942,198
Less estimated income	58,890,532	9,551,666	68,442,198
Total general fund	$0	$2,500,000	$2,500,000
Full-time equivalent positions	49.00	5.00	54.00"

Page 3, replace lines 12 through 17 with:

"Salaries and wages	$50,560,209	$3,290,171	$53,850,380
Operating expenses	36,817,000	5,574,653	42,391,653
Contingencies	500,000	0	500,000
Agriculture promotion	500,000	0	500,000
Total special funds	$88,377,209	$8,864,824	$97,242,033
Full-time equivalent positions	156.00	14.00	170.00"

Page 3, replace lines 22 through 24 with:

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

Page 4, remove line 6

Page 4, after line 7, insert:

"Administration - carbon capture education	0	300,000
Administration - records digitization	0	75,000
Administration - inflationary increases	0	35,688"

Page 4, replace line 11 with:

"Mineral resources - inflationary expenses	0	886,868
Mineral resources - drones and computers	0	83,648"

Page 4, replace lines 23 through 25 with:

"Total all funds	$936,341,260	$20,919,820
Less estimated income	874,235,000	9,155,335
Total general fund	$62,106,260	$11,764,485"

Page 6, line 10, replace "$12,500,000" with "$15,000,000"

Page 6, line 15, after "funds" insert "from the new and vacant FTE funding pool"

Page 6, line 18, replace "spend" with "request the office of management and budget transfer up to"

Page 6, line 18, after "$82,068" insert "of other funds"

Page 6, line 18, after "the" insert "new and vacant FTE funding pool for"

Page 6, line 18, replace "line item" with "for the full-time equivalent position identified in this section,"

Page 6, line 18, after the second "and" insert "the agency"

Page 6, line 22, after "**FUND**" insert "**- ADMINISTRATION**"

Page 6, line 23, replace "$1,899,877" with "$1,818,114"

Page 7, line 6, after "**FUND**" insert "**- GRANT MANAGEMENT SOFTWARE**"

Page 7, after line 15, insert:

"**SECTION 10. TRANSFER - FUNDS UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND - CARBON CAPTURE EDUCATION.** The sum of $300,000, 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 funds under the control of the industrial commission to the industrial commission fund to contract for carbon capture and utilization education and marketing in consultation with the lignite research council, the oil and gas research council, and the renewable energy council. Of the $300,000, the industrial commission may transfer:

1. Up to $100,000 from the lignite research fund;

2. Up to $100,000 from the oil and gas research fund; and

3. Up to $100,000 from the renewable energy development fund."

Page 7, line 17, replace "$70,000,000" with "$140,000,000"

Page 7, line 31, replace "$3,000,000 to the agricultural products utilization fund" with "$1,500,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants"

Page 8, line 1, replace "**LEGACY EARNINGS**" with "**STRATEGIC INVESTMENT AND IMPROVEMENTS**"

Page 8, line 2, remove "**AND LOANS**"

Page 8, line 3, remove "and pursuant to the"

Page 8, remove line 4

Page 8, line 5, replace "section 21-10-13, the state treasurer" with "the office of management and budget"

Page 8, line 5, remove "legacy"

Page 8, line 6, replace "earnings" with "strategic investment and improvements"

Page 8, line 7, replace "$5,000,000" with "$3,000,000"

Page 8, line 8, after the semicolon insert "and"

Page 8, line 9, replace "$50,000,000" with "$30,000,000"

Page 8, line 9, remove "; and"

Page 8, remove line 10

Page 8, line 11, remove "provide funding for loans"

Page 8, line 15, replace "$3,000,000" with "$1,500,000"

Page 8, line 19, replace "$3,000,000" with "$1,500,000"

Page 9, line 2, after "**FUND**" insert "**- FEDERAL STATE FISCAL RECOVERY FUND**"

Page 9, line 4, replace "$22,000,000" with "$6,000,000"

Page 9, line 6, after "57-51.1-07.9" insert "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"

Page 9, line 7, replace "$22,000,000" with "$6,000,000"

Page 9, line 8, after "fund" insert "and up to $5,300,000 of federal funds from the state fiscal recovery fund"

Page 9, remove lines 20 through 27

Page 10, after line 19, insert:

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

1. Pursuant to the continuing appropriation under section 57-61-01.6, up to $500,000 from the lignite research fund may be used for the purpose of contracting with the energy and environmental research center for a nonmatching study of future lignite electrical generation facilities.

2. The study must include consideration of an energy demand forecast for dispatchable electricity generation and the regulatory environment for future lignite electrical generation facilities, an analysis of the economic impact of future lignite electrical generation facilities and the value-added products or services that may result from those facilities, and other factors related to the development and operation of future lignite electrical generation facilities.

3. During the 2023-24 interim, the energy and environmental research center shall provide at least one report to the legislative management regarding the status of the study."

Page 10, remove lines 20 through 31

Page 11, remove lines 1 and 2

Page 11, after line 20, insert:

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

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

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.

2. a. After a public hearing, the housing finance agency shall create an annual allocation plan for the distribution of the fund as authorized under subsection 3. ~~At least ten percent of the fund must be used to assist developing communities to address an unmet housing need or alleviate a housing shortage. At least ten percent of the fund must be made available to prevent homelessness as authorized by subdivision d of subsection 3.~~

   b. The annual allocation plan must give priority to provide housing for individuals and families of low or moderate income. For purposes of this priority, eligible income limits are determined as a percentage of median family income as published in the most recent federal register notice. Under this priority, the annual allocation plan must give preference to projects that benefit households with the lowest income and to projects that have rent restrictions at or below department of housing and urban development published federal fair market rents or department of housing and urban development section 8 payment standards.

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

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

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

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

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

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

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

4. Eligible recipients include units of local, state, and tribal government; local and tribal housing authorities; community action agencies; regional planning councils; and nonprofit organizations and for-profit developers of

~~multifamily~~residential housing. Individuals may not receive direct assistance from the fund.

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

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

7. Upon request, the housing finance agency shall report to the industrial commission regarding the activities of the housing incentive fund.

8. At least once per biennium, the housing finance agency shall provide a report to the budget section of the legislative management regarding the activities of the housing incentive fund."

Page 12, line 26, replace "2025" with "2027"

Page 13, replace lines 16 through 30 with:

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

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

Page 14, line 12, replace "$14,500,000" with "$17,500,000"

Page 14, line 22, after "grants" insert "and an underground energy storage research project"

Page 14, line 23, after "Laws" insert "as amended in section 24 of this Act"

Page 14, line 25, after "fund" insert "to the department of mineral resources for a survey review"

Page 14, after line 28, insert:

"**SECTION 27. EFFECTIVE DATE.** Section 18 of this Act is effective July 1, 2025."

Page 15, line 12, replace "Section 5" with "Sections 5 and 24"

Page 15, line 13, replace "Section 23 of this Act" with "Senate Bill No. 2165, as approved by the sixty-eighth legislative assembly"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1014 - Summary of Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Industrial Commission				
Total all funds	$50,858,798	$160,932,060	($25,120,491)	$135,811,569
Less estimated income	24,369,185	156,507,204	(25,120,491)	131,386,713
General fund	$26,489,613	$4,424,856	$0	$4,424,856
FTE	108.25	9.75	0.00	9.75
Department of Mineral Resources				
Total all funds	$0	$37,141,066	($2,128,695)	$35,012,371
Less estimated income	0	2,568,000	0	2,568,000
General fund	$0	$34,573,066	($2,128,695)	$32,444,371
FTE	0.00	108.00	0.00	108.00
Bank of North Dakota				
Total all funds	$68,816,548	$76,237,686	($4,660,619)	$71,577,067
Less estimated income	68,816,548	76,237,686	(4,660,619)	71,577,067
General fund	$0	$0	$0	$0
FTE	173.00	187.00	0.00	187.00
Housing Finance Agency				
Total all funds	$58,890,532	$84,333,093	$1,609,105	$85,942,198
Less estimated income	58,890,532	69,333,093	(890,895)	68,442,198
General fund	$0	$15,000,000	$2,500,000	$17,500,000
FTE	49.00	53.00	1.00	54.00
Mill and Elevator				
Total all funds	$88,377,209	$100,974,447	($3,732,414)	$97,242,033
Less estimated income	88,377,209	100,974,447	(3,732,414)	97,242,033
General fund	$0	$0	$0	$0
FTE	156.00	170.00	0.00	170.00
Bill total				
Total all funds	$266,943,087	$459,618,352	($34,033,114)	$425,585,238
Less estimated income	240,453,474	405,620,430	(34,404,419)	371,216,011
General fund	$26,489,613	$53,997,922	$371,305	$54,369,227
FTE	486.25	527.75	1.00	528.75

House Bill No. 1014 - Industrial Commission - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	$23,698,119	$2,471,236	($608,542)	$1,862,694
Operating expenses	5,119,958	3,707,018	488,051	4,195,069
Capital assets		1,250,000		1,250,000
Grants		33,623,893	(25,000,000)	8,623,893
Grants - Bond payments	22,040,721	119,879,913		119,879,913
Total all funds	$50,858,798	$160,932,060	($25,120,491)	$135,811,569
Less estimated income	24,369,185	156,507,204	(25,120,491)	131,386,713
General fund	$26,489,613	$4,424,856	$0	$4,424,856
FTE	108.25	9.75	0.00	9.75

Department 405 - Industrial Commission - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Adjusts Funding for an FTE Position[2]	Removes Salary Funding for a Funding Pool[3]	Adds Funding for Software[4]	Adjusts One-Time Funding Items[5]	Total Senate Changes
Salaries and wages	$34,386	($121,985)	($520,943)			($608,542)
Operating expenses		3,363		$74,000	$410,688	488,051
Capital assets						
Grants					(25,000,000)	(25,000,000)
Grants - Bond payments						
Total all funds	$34,386	($118,622)	($520,943)	$74,000	($24,589,312)	($25,120,491)
Less estimated income	34,386	(118,622)	(520,943)	74,000	(24,589,312)	(25,120,491)
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$35,332	$35,332
Health insurance adjustment	0	(946)	(946)
Total	$0	$34,386	$34,386

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding from other funds for an administrative assistant position is decreased by $118,622 from $300,943 to $182,321. The $118,622 decrease reflects a decrease of $121,985 to salaries and wages and an increase of $3,363 to operating expenses. This provides the same level of funding as a grant administration position. The House provided $300,943 for the administrative assistant position.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($490,562)	($490,562)
Vacant FTE positions	0	(30,381)	(30,381)
Total	$0	($520,943)	($520,943)

The House did not remove funding for a new and vacant FTE funding pool.

[4] Funding of $74,000 from other funds is added for software related to a meeting management license and an accounting subscription.

[5] One-time funding, which was not included by the House, is added as follows:

- $75,000 from other funds for a records digitization project.
- $35,688 from other funds for inflationary increases related to rent.
- $300,000 from other funds for carbon capture and utilization education and marketing, including $100,000 from the lignite research fund, $100,000 from the oil and gas research fund, and $100,000 from the renewable energy development fund.

One-time funding, which was added by the House, is removed as follows:

- $25 million from the strategic investment and improvements fund for a transmission line grant.

This amendment also includes the following changes related to the Industrial Commission:

- Adjusts the transfer for administrative services to provide $1,818,114. The House provided for a transfer of $1,899,877.
- Adds a transfer of up to $100,000 from three energy programs to provide a total of $300,000 for carbon capture and utilization education and marketing. The House did not include this funding.
- Adjusts the funding for a pipeline leak detection and prevention program to provide $3 million from the strategic

investment and improvements fund. The House provided $5 million from legacy fund earnings.

- Adjusts the funding for the clean sustainable energy fund to provide $30 million from the strategic investment and improvements fund for grants. The House provided $300 million from legacy fund earnings, including $50 million for grants and $250 million to repay a line of credit and for additional loans.
- Decreases funding from the strategic investment and improvements fund for a critical minerals study to provide $1.5 million. The House provided $3 million for the study.
- Adjusts the funding for an underground energy storage research project to provide $6 million from the strategic investment and improvements fund and $5.3 million from the federal State Fiscal Recovery Fund. An appropriation of $20 million from the federal State Fiscal Recovery Fund from the November 2021 special legislative session is amended to provide up to $5.3 million for the research project with the remaining amount available for hydrogen development grants. The House provided $22 million from the strategic investment and improvements fund for the research project.
- Designates $500,000 from the lignite research fund for a study of future lignite electrical generation facilities. The House did not designate funding for this study.
- Provides an effective date of July 1, 2025, for a guarantee from the strategic investment and improvements fund for a line of credit related to the purchase of capacity positions on a pipeline. The House added the guarantee and line of credit, but did not include an effective date.
- Provides an emergency clause related to Senate Bill No. 2165. The House did not include an emergency clause for that bill.

House Bill No. 1014 - Department of Mineral Resources - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages		$25,401,022	($2,277,755)	$23,123,267
Operating expenses		11,410,044	131,060	11,541,104
Capital assets		80,000	18,000	98,000
Transfer to fossil restoration fund		250,000		250,000
Total all funds	$0	$37,141,066	($2,128,695)	$35,012,371
Less estimated income	0	2,568,000	0	2,568,000
General fund	$0	$34,573,066	($2,128,695)	$32,444,371
FTE	0.00	108.00	0.00	108.00

Department 470 - Department of Mineral Resources - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Removes Salary Funding for a Funding Pool[2]	Adds One-Time Funding Items[3]	Total Senate Changes
Salaries and wages	$396,394	($2,674,149)		($2,277,755)
Operating expenses			$131,060	131,060
Capital assets			18,000	18,000
Transfer to fossil restoration fund				
Total all funds	$396,394	($2,674,149)	$149,060	($2,128,695)
Less estimated income	0	0	0	0
General fund	$396,394	($2,674,149)	$149,060	($2,128,695)
FTE	0.00	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	$409,369	$0	$409,369
Health insurance adjustment	(12,975)	0	(12,975)
Total	$396,394	$0	$396,394

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below.

These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	($1,284,293)	$0	($1,284,293)
Vacant FTE positions	(1,389,856)	0	(1,389,856)
Total	($2,674,149)	$0	($2,674,149)

The House did not remove funding for a new and vacant FTE funding pool.

[3] One-time funding from the general fund, which was not included by the House, is added as follows:

- $65,412 for additional inflationary increases related to state fleet mileage.
- $83,648 for drones and computer equipment.

The Senate amended a section related to the Department of Mineral Resources to increase the oil and gas tax revenue allocations to the oil and gas research fund to $17.5 million, an increase of $3 million from the House version, which provided $14.5 million, the same as the 2021-23 biennium.

House Bill No. 1014 - Bank of North Dakota - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Capital assets	$1,510,000	$1,510,000		$1,510,000
Bank of North Dakota operations	67,306,548	74,727,686	($4,660,619)	70,067,067
Total all funds	$68,816,548	$76,237,686	($4,660,619)	$71,577,067
Less estimated income	68,816,548	76,237,686	(4,660,619)	71,577,067
General fund	$0	$0	$0	$0
FTE	173.00	187.00	0.00	187.00

Department 471 - Bank of North Dakota - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Removes Salary Funding for a Funding Pool[2]	Total Senate Changes
Capital assets			
Bank of North Dakota operations	$769,366	($5,429,985)	($4,660,619)
Total all funds	$769,366	($5,429,985)	($4,660,619)
Less estimated income	769,366	(5,429,985)	(4,660,619)
General fund	$0	$0	$0
FTE	0.00	0.00	0.00

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[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$789,224	$789,224
Health insurance adjustment	0	(19,858)	(19,858)
Total	$0	$769,366	$769,366

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($3,106,682)	($3,106,682)
Vacant FTE positions	0	(2,323,303)	(2,323,303)
Total	$0	($5,429,985)	($5,429,985)

The House did not remove funding for a new and vacant FTE funding pool.

This amendment also includes the following changes related to the Bank of North Dakota:

- Adds a transfer of $1.5 million from the Bank's profits to a small business development center. The House did not include this transfer.
- Removes a transfer of $3 million from the Bank's profits to the agricultural products utilization fund, which was included by the the House; however, Senate Bill No. 2009 includes a transfer of $3 million from the Bank's profits to the agricultural products utilization fund.
- Increases the transfer from the Bank's profits to the general fund to provide $140 million for the 2023-25 biennium, an increase of $70 million compared to the House version of $70 million. This results in an increase to general fund revenues for the 2023-25 biennium.
- Removes a section added by the House to limit the transfer from the Bank's profits to the general fund to provide $70 million for the 2021-23 biennium. The House version resulted in a reduction to the July 1, 2023, general fund beginning balance. As approved by the Senate, the transfer for the 2021-23 biennium is $140 million, the same as the transfer approved during the 2021 legislative session.

House Bill No. 1014 - Housing Finance Agency - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	$9,556,272	$12,169,742	($1,056,537)	$11,113,205
Operating expenses	6,109,060	10,738,241	165,642	10,903,883
Capital assets	150,000	20,000		20,000
Grants	42,975,200	48,805,110		48,805,110
HFA contingencies	100,000	100,000		100,000
Housing incentive fund		12,500,000	2,500,000	15,000,000
Total all funds	$58,890,532	$84,333,093	$1,609,105	$85,942,198
Less estimated income	58,890,532	69,333,093	(890,895)	68,442,198
General fund	$0	$15,000,000	$2,500,000	$17,500,000
FTE	49.00	53.00	1.00	54.00

Department 473 - Housing Finance Agency - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Adds FTE Position[2]	Removes Salary Funding for a Funding Pool[3]	Adds Funding for Operating Expenses[4]	Adds Funding for Housing Incentive Fund[5]	Total Senate Changes
Salaries and wages	$176,196	$218,908	($1,451,641)			($1,056,537)
Operating expenses				$165,642		165,642
Capital assets						
Grants						
HFA contingencies						
Housing incentive fund					$2,500,000	2,500,000
Total all funds	$176,196	$218,908	($1,451,641)	$165,642	$2,500,000	$1,609,105
Less estimated income	176,196	218,908	(1,451,641)	165,642	0	(890,895)
General fund	$0	$0	$0	$0	$2,500,000	$2,500,000
FTE	0.00	1.00	0.00	0.00	0.00	1.00

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[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$182,349	$182,349
Health insurance adjustment	0	(6,153)	(6,153)
Total	$0	$176,196	$176,196

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding of $218,908 from other funds is added for 1 FTE compliance officer position to provide a total of $437,816 for 2 FTE compliance officer positions. The House provided $218,908 for 1 FTE compliance officer position.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($986,476)	($986,476)
Vacant FTE positions	0	(465,165)	(465,165)
Total	$0	($1,451,641)	($1,451,641)

The House did not remove funding for a new and vacant FTE funding pool.

[4] Funding of $165,642 from other funds is added for inflationary increases. The House did not include funding for inflationary increases.

[5] One-time funding for a transfer from the general fund to the housing incentive fund is increased by $2.5 million to provide total funding of $15 million for the housing incentive fund pursuant to a section in the bill. The House provided for a transfer of $12.5 million.

This amendment adds a section related to the Housing Finance Agency to amend the housing incentive fund to remove the 10 percent designation for funding to prevent homelessness and to allow funding to be used for single family housing projects. The House did not amend the housing incentive fund.

House Bill No. 1014 - Mill and Elevator - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	$50,560,209	$57,582,794	($3,732,414)	$53,850,380
Operating expenses	36,817,000	42,391,653		42,391,653
Contingencies	500,000	500,000		500,000
Agriculture promotion	500,000	500,000		500,000
Total all funds	$88,377,209	$100,974,447	($3,732,414)	$97,242,033
Less estimated income	88,377,209	100,974,447	(3,732,414)	97,242,033
General fund	$0	$0	$0	$0
FTE	156.00	170.00	0.00	170.00

Department 475 - Mill and Elevator - Detail of Senate Changes

	Adjusts Funding for Health Insurance[1]	Adds Funding for Salary Increases[2]	Removes Salary Funding for a Funding Pool[3]	Total Senate Changes
Salaries and wages	($17,750)	$409,231	($4,123,895)	($3,732,414)
Operating expenses				
Contingencies				
Agriculture promotion				
Total all funds	($17,750)	$409,231	($4,123,895)	($3,732,414)
Less estimated income	(17,750)	409,231	(4,123,895)	(3,732,414)
General fund	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00

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[1] Funding of $17,750 from other funds is removed related to an adjustment to health insurance premiums.

[2] Funding of $409,231 from other funds is added for salary increases, which are subject to union negotiations, to provide total salary increase funding of $2,723,414. The House provided $2,314,183 for salary increases, the same as requested by the agency in the Executive Budget.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below.

These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Fund	Total
New FTE positions	$0	($2,367,332)	($2,367,332)
Vacant FTE positions	0	(1,756,563)	(1,756,563)
Total	$0	($4,123,895)	($4,123,895)

The House did not remove funding for a new and vacant FTE funding pool.

This amendment also removes a section added by the House related to the Mill and Elevator Association, which limited the transfer of Mill profits to the general fund to 10 percent. As a result, the transfer of Mill profits to the general fund is 50 percent, the same as current law, which increases general fund revenues by $11.3 million for the 2023-25 biennium.

Prepared on 4/5/2023

Mill and Elevator Association - Budget No. 475
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	156.00	$0	$88,377,209	$88,377,209	156.00	$0	$88,377,209	$88,377,209	156.00	$0	$88,377,209	$88,377,209
2023-25 Ongoing Funding Changes												
Cost to continue salaries			$198,797	$198,797			$198,797	$198,797			$198,797	$198,797
Salary increase				0				0				0
Health insurance increase			771,600	771,600			789,350	789,350			771,600	771,600
Provides funding for salary increases subject to union negotiations			2,314,183	2,314,183			2,314,183	2,314,183			2,314,183	2,314,183
Adds new undesignated FTE positions for increased milling capacity	14.00		2,367,332	2,367,332	14.00		2,367,332	2,367,332	14.00		2,367,332	2,367,332
Increases funding for overtime			1,352,923	1,352,923			1,352,923	1,352,923			1,352,923	1,352,923
Removes salary funding for funding pool				0				0			(4,123,895)	(4,123,895)
Increases funding for inflation costs and mill capacity growth			5,569,550	5,569,550			5,569,550	5,569,550			5,569,550	5,569,550
ITD rate increases			5,103	5,103			5,103	5,103			5,103	5,103
Total ongoing funding changes	14.00	$0	$12,579,488	$12,579,488	14.00	$0	$12,597,238	$12,597,238	14.00	$0	$8,455,593	$8,455,593
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	14.00	$0	$12,579,488	$12,579,488	14.00	$0	$12,597,238	$12,597,238	14.00	$0	$8,455,593	$8,455,593
2023-25 Total Funding	170.00	$0	$100,956,697	$100,956,697	170.00	$0	$100,974,447	$100,974,447	170.00	$0	$96,832,802	$96,832,802
Federal funds included in other funds			*$0*				*$0*				*$0*	
Total ongoing changes as a percentage of base level	*9.0%*		*14.2%*	*14.2%*	*9.0%*		*14.3%*	*14.3%*	*9.0%*		*9.6%*	*9.6%*
Total changes as a percentage of base level	*9.0%*		*14.2%*	*14.2%*	*9.0%*		*14.3%*	*14.3%*	*9.0%*		*9.6%*	*9.6%*

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

	Executive Budget Recommendation	House Version	Senate Version
Transfer of profits to general fund	Section 17 would provide an exemption to suspend the transfer of 50 percent of the Mill's profits to the general fund for the 2023-25 biennium.	Section 24 provides an exemption allowing for a transfer of 10 percent of the Mill's profits to the general fund rather than 50 percent for the 2023-25 biennium.	
Gain-sharing program	Section 18 would provide an exemption allowing the Industrial Commission to approve a gain-sharing program for the 2023-25 biennium without a transfer of profits to the general fund.		

Prepared on 4/5/2023

Department of Mineral Resources - Budget No. 474
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	101.50	$26,489,613	$238,004	$26,727,617	101.50	$26,489,613	$238,004	$26,727,617	101.50	$26,489,613	$238,004	$26,727,617
2023-25 Ongoing Funding Changes												
Cost to continue salary increase		$167,219		$167,219		$167,219		$167,219		$167,219		$167,219
Salary increase		1,604,665		1,604,665		1,195,296		1,195,296		1,604,665		1,604,665
Health insurance increase		564,010		564,010		576,985		576,985		564,010		564,010
Adds FTE carbon capture positions	3.00	760,911		760,911	3.00	760,911		760,911	3.00	760,911		760,911
Adds FTE paleontology position	1.00	196,610		196,610	1.00	196,610		196,610	1.00	196,610		196,610
Adds FTE critical minerals position	1.00	276,523		276,523	1.00	276,523		276,523	1.00	276,523		276,523
Adds FTE records management position	0.50	69,497		69,497	0.50	69,497		69,497	0.50	69,497		69,497
Adds FTE subsurface geologist position				0	1.00	137,478		137,478	1.00	137,478		137,478
Removes salary funding for funding pool				0				0		(2,674,149)		(2,674,149)
Adds funding for temporary employees				0		45,000		45,000		45,000		45,000
Transfers $6,907 from operating expenses to salaries				0				0				0
Increases federal funding for salaries and wages			$29,996	29,996			$29,996	29,996			29,996	29,996
ITD rate increases		3,143		3,143		3,143		3,143		3,143		3,143
Adds funding for computer server transition		230,000		230,000		230,000		230,000		230,000		230,000
Adds funding for professional membership dues				0		105,000		105,000		105,000		105,000
Total ongoing funding changes	5.50	$3,872,578	$29,996	$3,902,574	6.50	$3,763,662	$29,996	$3,793,658	6.50	$1,485,907	$29,996	$1,515,903
One-Time Funding Items												
Adds one-time funding for FTE carbon capture positions		$31,031		$31,031		$31,031		$31,031		$31,031		$31,031
Adds one-time funding for FTE paleontology position		9,234		9,234		9,234		9,234		9,234		9,234
Adds one-time funding for FTE critical minerals position		20,134		20,134		20,134		20,134		20,134		20,134
Adds one-time funding for FTE records management position		3,119		3,119		3,119		3,119		3,119		3,119
Adds one-time funding for FTE subsurface geologist position				0		4,817		4,817		4,817		4,817
Adds one-time funding for inflationary increases		821,456		821,456		821,456		821,456		821,456		821,456
Adds one-time funding for core and mineral analysis		100,000		100,000		100,000		100,000		100,000		100,000
Adds one-time funding for drones and computers		83,648		83,648				0				0
Adds one-time funding for computer server transition		80,000		80,000		80,000		80,000		80,000		80,000
Adds one-time funding for fossil restoration		250,000		250,000		250,000		250,000		250,000		250,000
Adds one-time federal funding for abandoned well reclamation				0			$2,300,000	2,300,000			2,300,000	2,300,000
Adds one-time funding for oil and gas litigation				0		3,000,000		3,000,000		3,000,000		3,000,000
Total one-time funding changes	0.00	$1,398,622	$0	$1,398,622	0.00	$4,319,791	$2,300,000	$6,619,791	0.00	$4,319,791	$2,300,000	$6,619,791
Total Changes to Base Level Funding	5.50	$5,271,200	$29,996	$5,301,196	6.50	$8,083,453	$2,329,996	$10,413,449	6.50	$5,805,698	$2,329,996	$8,135,694
2023-25 Total Funding	107.00	$31,760,813	$268,000	$32,028,813	108.00	$34,573,066	$2,568,000	$37,141,066	108.00	$32,295,311	$2,568,000	$34,863,311
Federal funds included in other funds			*$268,000*				*$2,568,000*				*$2,568,000*	
Total ongoing changes as a percentage of base level	*5.4%*	*14.6%*	*12.6%*	*14.6%*	*6.4%*	*14.2%*	*12.6%*	*14.2%*	*6.4%*	*5.6%*	*12.6%*	*5.7%*
Total changes as a percentage of base level	*5.4%*	*19.9%*	*12.6%*	*19.8%*	*6.4%*	*30.5%*	*979.0%*	*39.0%*	*6.4%*	*21.9%*	*979.0%*	*30.4%*

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

	Executive Budget Recommendation	House Version	Senate Version
Early authorization for new FTE positions		Section 5 appropriates $62,460 from the general fund and authorizes 3 FTE carbon capture positions for the 2021-23 biennium.	Section _ appropriates $62,460 from the general fund and authorizes 3 FTE carbon capture positions for the 2021-23 biennium.
Fossil restoration fund		Section 5 transfers $15,000 from the general fund to the fossil restoration fund prior to the end of the 2021-23 biennium. Section 6 transfers $250,000 from the general fund to the fossil restoration fund during the 2023-25 biennium.	
Strategic investment and improvements fund	Section 14 would transfer $500 million from the strategic investment and improvements fund to the clean sustainable energy fund including $250 million prior to the end of the 2021-23 biennium and $250 million during the 2023-25 biennium.		
North Dakota outdoor heritage fund	Section 15 would decrease the oil and gas tax revenue allocation limit to the North Dakota outdoor heritage fund from $20 million per fiscal year to $7.5 million per fiscal year for the 2023-25 biennium, the same as the 2021-23 biennium.	Section 25 decreases the oil and gas tax revenue allocation limit to the North Dakota outdoor heritage fund from $20 million per fiscal year to $7.5 million per fiscal year for the 2023-25 biennium, the same as the 2021-23 biennium.	Section _ decreases the oil and gas tax revenue allocation limit to the North Dakota outdoor heritage fund from $20 million per fiscal year to $7.5 million per fiscal year for the 2023-25 biennium, the same as the 2021-23 biennium.
Oil and gas research fund	Section 16 would increase the allocations to the oil and gas research fund by $4.5 million, from $10 million to $14.5 million for the 2023-25 biennium, the same as the 2021-23 biennium.	Section 25 increases the allocations to the oil and gas research fund by $4.5 million, from $10 million to $14.5 million for the 2023-25 biennium, the same as the 2021-23 biennium.	
Federal State Fiscal Recovery Fund exemption	Section 22 would provide an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to an abandoned oil well conversion program ($3.2 million).	Section 25 provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to an abandoned oil well conversion program ($3.2 million).	Section _ provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to an abandoned oil well conversion program ($3.2 million).
Abandoned well federal funding exemption	Section 23 would provide an exemption allowing unspent federal funding authorized by the Emergency Commission to be available in the 2023-25 biennium related to administrative costs for plugging and reclaiming oil wells and oil well sites.		
Survey review exemption	Section 24 would provide an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority for a survey review during the 2023-25 biennium.	Section 26 provides an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority for a survey review during the 2023-25 biennium.	Section _ provides an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority for a survey review during the 2023-25 biennium.
Emergency clause		Section 27 includes an emergency clause related to the appropriation and FTE position authorization for carbon capture positions, a transfer of $15,000 to the fossil restoration fund, $3 million for oil and gas litigation expenses, and $310,000 for computer server transition.	Section _ includes an emergency clause related to the appropriation and FTE position authorization for carbon capture positions, a transfer of $15,000 to the fossil restoration fund, $3 million for oil and gas litigation expenses, $310,000 for computer server transition, and Senate Bill No. 2165.

Prepared on 4/5/2023

Bank of North Dakota - Budget No. 471
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	173.00	$0	$68,816,548	$68,816,548	173.00	$0	$68,816,548	$68,816,548	173.00	$0	$68,816,548	$68,816,548
2023-25 Ongoing Funding Changes												
Cost to continue salary increase			$280,646	$280,646			$280,646	$280,646			$280,646	$280,646
Salary increase			2,685,488	2,685,488			1,896,264	1,896,264			2,685,488	2,685,488
Health insurance increase			863,226	863,226			883,084	883,084			863,226	863,226
Adds FTE credit underwriter IV position	1.00		253,976	253,976	1.00		253,976	253,976	1.00		253,976	253,976
Adds FTE agricultural valuation supervisor position	1.00		290,214	290,214	1.00		290,214	290,214	1.00		290,214	290,214
Adds FTE credit underwriter III position	1.00		222,652	222,652	1.00		222,652	222,652	1.00		222,652	222,652
Adds FTE commercial valuation supervisor position	1.00		290,214	290,214	1.00		290,214	290,214	1.00		290,214	290,214
Adds FTE collateral valuation III position	1.00		217,735	217,735	1.00		217,735	217,735	1.00		217,735	217,735
Adds FTE collateral valuation analyst IV position	1.00		253,976	253,976	1.00		253,976	253,976	1.00		253,976	253,976
Adds FTE collateral valuation IV position	1.00		253,976	253,976	1.00		253,976	253,976	1.00		253,976	253,976
Adds FTE loan operations supervisor position	1.00		222,652	222,652	1.00		222,652	222,652	1.00		222,652	222,652
Adds FTE loan servicing supervisor position				0	1.00		188,381	188,381	1.00		188,381	188,381
Adds FTE business banking associate I position				0	1.00		139,104	139,104	1.00		139,104	139,104
Adds FTE loan servicing associate II position				0	1.00		139,104	139,104	1.00		139,104	139,104
Adds FTE loan servicing associate III position				0	1.00		159,414	159,414	1.00		159,414	159,414
Adds FTE business banking associate II position				0	1.00		257,933	257,933	1.00		257,933	257,933
Adds FTE staff accountant III position				0	1.00		217,351	217,351	1.00		217,351	217,351
Removes salary funding for funding pool				0				0			(5,429,985)	(5,429,985)
Increases funding for shared software and service rates			44,660	44,660			44,660	44,660			44,660	44,660
Increases funding for ITD rate changes			405,524	405,524			405,524	405,524			405,524	405,524
Total ongoing funding changes	8.00	$0	$6,284,939	$6,284,939	14.00	$0	$6,616,860	$6,616,860	14.00	$0	$1,956,241	$1,956,241
One-Time Funding Items												
Adds one-time funding for IT projects			$804,278	$804,278			$804,278	$804,278			$804,278	$804,278
Total one-time funding changes	0.00	$0	$804,278	$804,278	0.00	$0	$804,278	$804,278	0.00	$0	$804,278	$804,278
Total Changes to Base Level Funding	8.00	$0	$7,089,217	$7,089,217	14.00	$0	$7,421,138	$7,421,138	14.00	$0	$2,760,519	$2,760,519
2023-25 Total Funding	181.00	$0	$75,905,765	$75,905,765	187.00	$0	$76,237,686	$76,237,686	187.00	$0	$71,577,067	$71,577,067
Federal funds included in other funds			*$0*				*$0*				*$0*	
Total ongoing changes as a percentage of base level	*4.6%*		*9.1%*	*9.1%*	*8.1%*		*9.6%*	*9.6%*	*8.1%*		*2.8%*	*2.8%*
Total changes as a percentage of base level	*4.6%*		*10.3%*	*10.3%*	*8.1%*		*10.8%*	*10.8%*	*8.1%*		*4.0%*	*4.0%*

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

	Executive Budget Recommendation	House Version	Senate Version
Transfer to general fund	Removes a section to transfer $140 million from the Bank of North Dakota's current earnings and undivided profits to the general fund for the 2023-25 biennium.	Section 10 provides for a transfer of $70 million from the Bank of North Dakota's current earnings and undivided profits to the general fund for the 2023-25 biennium. Section 23 amends the transfer of Bank of North Dakota profits during the 2021-23 biennium to provide a transfer of $70 million to the general fund rather than $140 million, and Section 27 provides an emergency clause related to this change.	

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

	Executive Budget Recommendation	House Version	Senate Version
Transfer to PACE fund	Section 6 would provide for a transfer of $39 million from the Bank of North Dakota's current earnings and undivided profits to the PACE fund for the 2023-25 biennium.	Section 11 provides for a transfer of $39 million from the Bank of North Dakota's current earnings and undivided profits to the PACE fund for the 2023-25 biennium.	Section _ provides for a transfer of $39 million from the Bank of North Dakota's current earnings and undivided profits to the PACE fund for the 2023-25 biennium.
Transfer to Ag PACE fund	Section 7 would provide for a transfer of $5 million from the Bank of North Dakota's current earnings and undivided profits to the Ag PACE fund for the 2023-25 biennium.	Section 11 provides for a transfer of $5 million from the Bank of North Dakota's current earnings and undivided profits to the Ag PACE fund for the 2023-25 biennium.	Section _ provides for a transfer of $5 million from the Bank of North Dakota's current earnings and undivided profits to the Ag PACE fund for the 2023-25 biennium.
Transfer to biofuels PACE fund	Section 8 would provide for a transfer of $1 million from the Bank of North Dakota's current earnings and undivided profits to the biofuels PACE fund for the 2023-25 biennium.	Section 11 provides for a transfer of $1 million from the Bank of North Dakota's current earnings and undivided profits to the biofuels PACE fund for the 2023-25 biennium.	Section _ provides for a transfer of $1 million from the Bank of North Dakota's current earnings and undivided profits to the biofuels PACE fund for the 2023-25 biennium.
Transfer to beginning farmer revolving loan fund	Section 9 would provide for a transfer of $15 million from the Bank of North Dakota's current earnings and undivided profits to the beginning farmer revolving loan fund for the 2023-25 biennium.	Section 11 provides for a transfer of $15 million from the Bank of North Dakota's current earnings and undivided profits to the beginning farmer revolving loan fund for the 2023-25 biennium.	Section _ provides for a transfer of $15 million from the Bank of North Dakota's current earnings and undivided profits to the beginning farmer revolving loan fund for the 2023-25 biennium.
Transfer to agricultural products utilization fund	Section 10 would provide for a transfer of $3 million from the Bank of North Dakota's current earnings and undivided profits to the agricultural products utilization fund for the 2023-25 biennium.	Section 11 provides for a transfer of $3 million from the Bank of North Dakota's current earnings and undivided profits to the agricultural products utilization fund for the 2023-25 biennium.	Section _ provides for a transfer of $3 million from the Bank of North Dakota's current earnings and undivided profits to the agricultural products utilization fund for the 2023-25 biennium.
Transfer to small business development center			Section _ provides for a transfer of $1.5 million from the Bank of North Dakota's current earnings and undivided profits to a small business development center for the 2023-25 biennium.
Recruitment and retention incentive program		Section 17 creates a new section to Chapter 6-09 allowing the Bank to develop a recruitment and retention incentive program.	

Prepared on 4/5/2023

Housing Finance Agency - Budget No. 473
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	49.00	$0	$58,890,532	$58,890,532	49.00	$0	$58,890,532	$58,890,532	49.00	$0	$58,890,532	$58,890,532
2023-25 Ongoing Funding Changes												
Cost to continue salary increase			$75,908	$75,908			$75,908	$75,908			$75,908	$75,908
Salary increase			716,072	716,072			533,723	533,723			716,072	716,072
Health insurance increase			267,478	267,478			273,631	273,631			267,478	267,478
Adds FTE compliance officer positions	1.00		218,908	218,908	1.00		218,908	218,908	2.00		437,816	437,816
Adds FTE positions and increases funding for home loan programs	2.00		4,998,422	4,998,422				0				0
Increases federal funding for salary adjustments			800,102	800,102			800,102	800,102			800,102	800,102
Adds federal funding for temporary salaries			78,000	78,000			78,000	78,000			78,000	78,000
Transfers homeless grants from Department of Commerce		$1,570,212	1,147,341	2,717,553		$1,570,212	1,147,341	2,717,553		1,570,212	1,147,341	2,717,553
Adds FTE positions for business analyst positions				0	2.00		466,592	466,592	2.00		466,592	466,592
Adds a contingent FTE mortgage specialist position				0	1.00		82,068	82,068	1.00		82,068	82,068
Removes salary funding for funding pool				0				0			(1,451,641)	(1,451,641)
Increases funding for servicing premiums for home loan program				0			4,531,830	4,531,830			4,531,830	4,531,830
Increases federal funding for operating expenses			21,135	21,135			21,135	21,135			21,135	21,135
Increases funding for shared software and service rates			13,413	13,413			13,413	13,413			13,413	13,413
Adds funding for inflationary increases				0				0			165,642	165,642
Decreases funding for capital assets			(130,000)	(130,000)			(130,000)	(130,000)			(130,000)	(130,000)
Increases funding for homeless grants				0		929,788		929,788		929,788		929,788
Increases funding for federal grants			1,949,910	1,949,910			1,949,910	1,949,910			1,949,910	1,949,910
Increases funding for housing rehabilitation grants			380,000	380,000			380,000	380,000			380,000	380,000
Total ongoing funding changes	3.00	$1,570,212	$10,536,689	$12,106,901	4.00	$2,500,000	$10,442,561	$12,942,561	5.00	$2,500,000	$9,551,666	$12,051,666
One-Time Funding Items												
Transfers funding for the housing incentive fund				$0		$12,500,000		$12,500,000		$15,000,000		$15,000,000
Total one-time funding changes	0.00	$0	$0	$0	0.00	$12,500,000	$0	$12,500,000	0.00	$15,000,000	$0	$15,000,000
Total Changes to Base Level Funding	3.00	$1,570,212	$10,536,689	$12,106,901	4.00	$15,000,000	$10,442,561	$25,442,561	5.00	$17,500,000	$9,551,666	$27,051,666
2023-25 Total Funding	52.00	$1,570,212	$69,427,221	$70,997,433	53.00	$15,000,000	$69,333,093	$84,333,093	54.00	$17,500,000	$68,442,198	$85,942,198
Federal funds included in other funds			*$48,099,128*				*$48,057,886*				*$47,990,225*	
Total ongoing changes as a percentage of base level	*6.1%*		*17.9%*	*20.6%*	*8.2%*		*17.7%*	*22.0%*	*10.2%*		*16.2%*	*20.5%*
Total changes as a percentage of base level	*6.1%*		*17.9%*	*20.6%*	*8.2%*		*17.7%*	*43.2%*	*10.2%*		*16.2%*	*45.9%*

Other Sections in Housing Finance Agency - Budget No. 473

Additional appropriation authority

Executive Budget Recommendation

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 2023-25 biennium.

House Version

Section 4 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 2023-25 biennium.

Senate Version

Section _ 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 2023-25 biennium.

Other Sections in Housing Finance Agency - Budget No. 473

	Executive Budget Recommendation	House Version	Senate Version
Housing incentive fund	Section 11 would transfer $25 million from the legacy earnings fund to the housing incentive fund for the 2023-25 biennium.	Section 6 transfers $12.5 million from the general fund to the housing incentive fund for the 2023-25 biennium.	Section _ transfers $15 million from the general fund to the housing incentive fund for the 2023-25 biennium. Section _ amends the housing incentive fund to remove the 10 percent designation for funding to prevent homelessness and allows funding to be used for single family rehabilitation projects
Contingent funding and FTE position		Section 7 authorizes $82,068 and 1 FTE position contingent upon the agency's mortgage loan production exceeding $435 million during fiscal year 2024.	Section _ authorizes $82,068 and 1 FTE position contingent upon the agency's mortgage loan production exceeding $435 million during fiscal year 2024.

Prepared on 4/5/2023

Industrial Commission - Budget No. 405
House Bill No. 1014
Base Level Funding Changes

	Executive Budget Recommendation				House Version				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	6.75	$0	$24,131,181	$24,131,181	6.75	$0	$24,131,181	$24,131,181	6.75	$0	$24,131,181	$24,131,181
2023-25 Ongoing Funding Changes												
Cost to continue salary increase			$8,697	$8,697			$8,697	$8,697			$8,697	$8,697
Salary increase			142,561	142,561			107,229	107,229			142,561	142,561
Health insurance increase			41,146	41,146			42,092	42,092			41,146	41,146
Adds FTE grant administration position	1.00		182,321	182,321	1.00		182,321	182,321	1.00		182,321	182,321
Adds FTE deputy director position	1.00		132,646	132,646	1.00		132,646	132,646	1.00		132,646	132,646
Adds FTE administrative assistant position				0	1.00		300,943	300,943	1.00		182,321	182,321
Removes salary funding for funding pool				0				0			(520,943)	(520,943)
Transfers $97,878 from operating expenses to salaries				0				0				0
ITD rate increases			1,756	1,756			1,756	1,756			1,756	1,756
Adds funding for software subscriptions				0				0			74,000	74,000
Increases funding for bond payments			97,839,192	97,839,192			97,839,192	97,839,192			97,839,192	97,839,192
Total ongoing funding changes	2.00	$0	$98,348,319	$98,348,319	3.00	$0	$98,614,876	$98,614,876	3.00	$0	$98,083,697	$98,083,697
One-Time Funding Items												
Adds one-time funding for FTE grant administration position			$1,155	$1,155			$1,155	$1,155			$1,155	$1,155
Adds one-time funding for FTE deputy director position			10,955	10,955			10,955	10,955			10,955	10,955
Adds one-time funding for temporary employees			75,000	75,000				0				0
Adds one-time funding for records digitization				0				0			75,000	75,000
Adds one-time funding for inflationary increases			35,688	35,688				0			35,688	35,688
Adds one-time funding for Transmission Authority consulting		$250,000		250,000		$300,000		300,000		300,000		300,000
Adds one-time funding for computers and software			54,000	54,000				0				0
Adds one-time funding for an electric grid resilience grant		1,372,227	7,520,258	8,892,485		1,124,856	7,499,037	8,623,893		1,124,856	7,499,037	8,623,893
Adds one-time funding for lignite litigation				0		3,000,000		3,000,000		3,000,000		3,000,000
Adds one-time funding for a transmission line grant				0			25,000,000	25,000,000			0	0
Adds one-time funding for grant management software				0			1,250,000	1,250,000			1,250,000	1,250,000
Adds one-time funding for carbon capture education				0				0			300,000	300,000
Total one-time funding changes	0.00	$1,622,227	$7,697,056	$9,319,283	0.00	$4,424,856	$33,761,147	$38,186,003	0.00	$4,424,856	$9,171,835	$13,596,691
Total Changes to Base Level Funding	2.00	$1,622,227	$106,045,375	$107,667,602	3.00	$4,424,856	$132,376,023	$136,800,879	3.00	$4,424,856	$107,255,532	$111,680,388
2023-25 Total Funding	8.75	$1,622,227	$130,176,556	$131,798,783	9.75	$4,424,856	$156,507,204	$160,932,060	9.75	$4,424,856	$131,386,713	$135,811,569
Federal funds included in other funds			*$7,520,258*				*$7,499,037*				*$7,499,037*	
Total ongoing changes as a percentage of base level	*29.6%*		*407.6%*	*407.6%*	*44.4%*		*408.7%*	*408.7%*	*44.4%*		*406.5%*	*406.5%*
Total changes as a percentage of base level	*29.6%*		*439.5%*	*446.2%*	*44.4%*		*548.6%*	*566.9%*	*44.4%*		*444.5%*	*462.8%*

Other Sections in Industrial Commission - Budget No. 405

	Executive Budget Recommendation	House Version	Senate Version
Bond payments	Section 3 would provide legislative intent for bond payments during the 2023-25 biennium.	Section 3 provides legislative intent for bond payments during the 2023-25 biennium.	Section _ provides legislative intent for bond payments during the 2023-25 biennium.

Other Sections in Industrial Commission - Budget No. 405

	Executive Budget Recommendation	House Version	Senate Version
Administrative cost transfers	Section 5 would allow the Industrial Commission to transfer up to $1,619,045 from special funds from the entities under the control of the Industrial Commission for administrative services. Section 19 would provide an exemption allowing unspent prior biennium appropriation authority for administrative costs to be available in the 2023-25 biennium.	Section 8 allows the Industrial Commission to transfer up to $1,899,877 from special funds from the entities under the control of the Industrial Commission for administrative services and provides an exemption allowing unspent prior biennium appropriation authority for administrative costs to be available in the 2023-25 biennium. Section 9 allows the Industrial Commission to transfer up to $250,000 from each of the grant programs to provide a total of $1,250,000 for new grant management software.	Section _ allows the Industrial Commission to transfer up to $1,818,114 from special funds from the entities under the control of the Industrial Commission for administrative services and provides an exemption allowing unspent prior biennium appropriation authority for administrative costs to be available in the 2023-25 biennium. Section _ allows the Industrial Commission to transfer up to $250,000 from each of the grant programs to provide a total of $1,250,000 for new grant management software. Section _ allows the Industrial Commission to transfer up to $100,000 from certain programs to provide a total of $300,000 for carbon capture and utilization education and marketing.
Legacy fund earnings	Sections 12 and 13 would transfer $55 million from the legacy earnings fund to the oil and gas research fund ($5 million) and to the clean sustainable energy fund ($50 million).	Section 12 transfers $5 million from the legacy earnings fund to the oil and gas research fund for a pipeline leak detection and prevention program; transfers $50 million from the legacy earnings fund to the clean sustainable energy fund to provide total funding of $50 million for grants, including $30 million allocated from the legacy earnings fund to the clean sustainable energy fund under current law; and transfers $250 million to the clean sustainable energy fund to repay a line of credit and to provide funding for loans.	
Strategic investment and improvements fund		Section 13 transfers $3 million from the strategic investment and improvements fund to the State Energy Research Center fund and directs the Industrial Commission to distribute the funding for a critical minerals study, including rare earth elements, during the 2023-24 interim. Section 14 transfers $22 million from the strategic investment and improvements fund to the State Energy Research Center fund and requires the Industrial Commission to distribute the funding to the State Energy Research Center for an underground energy storage research project to construct up to two salt caverns. Section 15 identifies $25 million from the strategic investment and improvements fund for the Industrial Commission 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.	Section _ transfers $1.5 million from the strategic investment and improvements fund to the State Energy Research Center fund and directs the Industrial Commission to distribute the funding for a critical minerals study, including rare earth elements, during the 2023-24 interim. Section _ transfers $6 million from the strategic investment and improvements fund and $5.3 million from the clean sustainable energy fund to the State Energy Research Center fund and requires the Industrial Commission to distribute the funding to the State Energy Research Center for an underground energy storage research project to construct up to two salt caverns.
Lignite research fund		Section 16 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 _ 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 _ designates $500,000 from the lignite research fund for a study of prospective in-state power generation using lignite coal.
Pipeline capacity positions		Sections 18, 19, 20, and 21 authorize the North Dakota Pipeline Authority to borrow up to $60 million through a line of credit from the Bank of North Dakota to purchase capacity positions on a pipeline and requires the line of credit be guaranteed under the fuel production facility loan guarantee program.	Sections _, _, _, and _ authorize the North Dakota Pipeline Authority to borrow up to $60 million through a line of credit from the Bank of North Dakota to purchase capacity positions on a pipeline and requires the line of credit be guaranteed under the fuel production facility loan guarantee program. Section _ provides an effective date of July 1, 2025, for the guarantee of the line of credit.
Clean sustainable energy projects		Section 22 clarifies the definition of clean sustainable energy projects to identify hydrogen projects as eligible projects.	

Other Sections in Industrial Commission - Budget No. 405

	Executive Budget Recommendation	House Version	Senate Version
Federal State Fiscal Recovery Fund exemption	Sections 20 and 21 would provide an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a pipeline infrastructure grant ($150 million) and a hydrogen development grant ($20 million).	Section 26 provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a hydrogen development grant ($20 million).	Section _ provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a hydrogen development grant ($20 million).
Emergency clause		Section 27 provides an emergency clause related to $3 million of one-time funding from the general fund for lignite litigation.	Section _ provides an emergency clause related to $3 million of one-time funding from the general fund for lignite litigation.

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Employee recruitment and retention incentive program - Report to legislative management.

The Bank of North Dakota may develop an employee recruitment and retention incentive Program. ~~that promotes profitability and productivity~~. The provisions of the program must be approved annually by the Bank of North Dakota advisory board of directors and the industrial commission. The program may receive funding only if the Bank's profits exceed one hundred million dollars for the year. The provisions must ensure that the amount available for program funding does not exceed one percent of the Bank's annual profits.

Each interim, the Bank shall provide at least one report to the legislative management regarding the status of the program, including the provisions of the program; the total amount of the Bank's profits used to fund the program; the total amount of incentives paid out to employees each year; and the minimum, maximum, and average payout per eligible full-time equivalent position.

Housing Finance Agency - Budget No. 473
House Bill No. 1014
Base Level Funding Changes

	House Version				Senate Version				Senate Changes to House Version			
									Increase (Decrease) - House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	49.00	$0	$58,890,532	$58,890,532	49.00	$0	$58,890,532	$58,890,532	0.00	$0	$0	$0
2023-25 Ongoing Funding Changes												
Cost to continue salary increase			$75,908	$75,908			$75,908	$75,908				$0
Salary increase			533,723	533,723			716,072	716,072			$182,349	182,349
Health insurance increase			273,631	273,631			267,478	267,478			(6,153)	(6,153)
Adds FTE compliance officer positions	1.00		218,908	218,908	2.00		437,816	437,816	1.00		218,908	218,908
Adds FTE positions for business analyst positions	2.00		466,592	466,592	2.00		466,592	466,592				0
Adds a contingent FTE mortgage specialist position	1.00		82,068	82,068	1.00		82,068	82,068				0
Increases federal funding for salary adjustments			800,102	800,102			800,102	800,102				0
Adds federal funding for temporary salaries			78,000	78,000			78,000	78,000				0
Removes salary funding for funding pool				0			(1,451,641)	(1,451,641)			(1,451,641)	(1,451,641)
Transfers homeless grants from Department of Commerce		$1,570,212	1,147,341	2,717,553		$1,570,212	1,147,341	2,717,553				0
Increases funding for servicing premiums for home loan program			4,531,830	4,531,830			4,531,830	4,531,830				0
Increases federal funding for operating expenses			21,135	21,135			21,135	21,135				0
Increases funding for shared software and service rates			13,413	13,413			13,413	13,413				0
Adds funding for inflationary increases				0			165,642	165,642			165,642	165,642
Decreases funding for capital assets			(130,000)	(130,000)			(130,000)	(130,000)				0
Increases funding for homeless grants		929,788		929,788		929,788		929,788				0
Increases funding for federal grants			1,949,910	1,949,910			1,949,910	1,949,910				0
Increases funding for housing rehabilitation grants			380,000	380,000			380,000	380,000				0
Total ongoing funding changes	4.00	$2,500,000	$10,442,561	$12,942,561	5.00	$2,500,000	$9,551,666	$12,051,666	1.00	$0	($890,895)	($890,895)
One-Time Funding Items												
Transfers funding for the housing incentive fund		$12,500,000		$12,500,000		$15,000,000		$15,000,000		$2,500,000		$2,500,000
Total one-time funding changes	0.00	$12,500,000	$0	$12,500,000	0.00	$15,000,000	$0	$15,000,000	0.00	$2,500,000	$0	$2,500,000
Total Changes to Base Level Funding	4.00	$15,000,000	$10,442,561	$25,442,561	5.00	$17,500,000	$9,551,666	$27,051,666	1.00	$2,500,000	($890,895)	$1,609,105
2023-25 Total Funding	53.00	$15,000,000	$69,333,093	$84,333,093	54.00	$17,500,000	$68,442,198	$85,942,198	1.00	$2,500,000	($890,895)	$1,609,105
Federal funds included in other funds			*$48,057,886*				*$47,990,225*				*($67,661)*	
Total ongoing changes as a percentage of base level	*8.2%*		*17.7%*	*22.0%*	*10.2%*		*16.2%*	*20.5%*				
Total changes as a percentage of base level	*8.2%*		*17.7%*	*43.2%*	*10.2%*		*16.2%*	*45.9%*				

Other Sections in Housing Finance Agency - Budget No. 473

	House Version	Senate Version
Additional appropriation authority	Section 4 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 2023-25 biennium.	Section 4 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 2023-25 biennium.
Housing incentive fund	Section 6 transfers $12.5 million from the general fund to the housing incentive fund for the 2023-25 biennium.	Section 6 transfers $15 million from the general fund to the housing incentive fund for the 2023-25 biennium. Section 19 amends the housing incentive fund to remove the 10 percent designation for funding to prevent homelessness and to allow funding to be used for single family housing projects.

Other Sections in Housing Finance Agency - Budget No. 473

	House Version	Senate Version	
Contingent funding and FTE position	Section 7 authorizes $82,068 and 1 FTE position contingent upon the agency's mortgage loan production exceeding $435 million during fiscal year 2024.	Section 7 authorizes $82,068 and 1 FTE position contingent upon the agency's mortgage loan production exceeding $435 million during fiscal year 2024.	

Industrial Commission - Budget No. 405
House Bill No. 1014
Base Level Funding Changes

	House Version				Senate Version				Senate Changes to House Version			
									Increase (Decrease) - House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	6.75	$0	$24,131,181	$24,131,181	6.75	$0	$24,131,181	$24,131,181	0.00	$0	$0	$0
2023-25 Ongoing Funding Changes												
Cost to continue salary increase			$8,697	$8,697			$8,697	$8,697				$0
Salary increase			107,229	107,229			142,561	142,561			$35,332	35,332
Health insurance increase			42,092	42,092			41,146	41,146			(946)	(946)
Adds FTE grant administration position	1.00		182,321	182,321	1.00		182,321	182,321				0
Adds FTE deputy director position	1.00		132,646	132,646	1.00		132,646	132,646				0
Adds FTE administrative assistant position	1.00		300,943	300,943	1.00		182,321	182,321			(118,622)	(118,622)
Removes salary funding for funding pool				0			(520,943)	(520,943)			(520,943)	(520,943)
Transfers $97,878 from operating expenses to salaries				0				0				0
ITD rate increases			1,756	1,756			1,756	1,756				0
Adds funding for software subscriptions				0			74,000	74,000			74,000	74,000
Increases funding for bond payments			97,839,192	97,839,192			97,839,192	97,839,192				0
Total ongoing funding changes	3.00	$0	$98,614,876	$98,614,876	3.00	$0	$98,083,697	$98,083,697	0.00	$0	($531,179)	($531,179)
One-Time Funding Items												
Adds one-time funding for FTE grant administration position			$1,155	$1,155			$1,155	$1,155				0
Adds one-time funding for FTE deputy director position			10,955	10,955			10,955	10,955				0
Adds one-time funding for records digitization				0			75,000	75,000			$75,000	75,000
Adds one-time funding for inflationary increases				0			35,688	35,688			35,688	35,688
Adds one-time funding for Transmission Authority consulting		$300,000		300,000		$300,000		300,000				0
Adds one-time funding for an electric grid resilience grant		1,124,856	7,499,037	8,623,893		1,124,856	7,499,037	8,623,893				0
Adds one-time funding for lignite litigation		3,000,000		3,000,000		3,000,000		3,000,000				0
Adds one-time funding for a transmission line grant			25,000,000	25,000,000			0	0			(25,000,000)	(25,000,000)
Adds one-time funding for grant management software			1,250,000	1,250,000			1,250,000	1,250,000				0
Adds one-time funding for carbon capture education				0			300,000	300,000			300,000	300,000
Total one-time funding changes	0.00	$4,424,856	$33,761,147	$38,186,003	0.00	$4,424,856	$9,171,835	$13,596,691	0.00	$0	($24,589,312)	($24,589,312)
Total Changes to Base Level Funding	3.00	$4,424,856	$132,376,023	$136,800,879	3.00	$4,424,856	$107,255,532	$111,680,388	0.00	$0	($25,120,491)	($25,120,491)
2023-25 Total Funding	9.75	$4,424,856	$156,507,204	$160,932,060	9.75	$4,424,856	$131,386,713	$135,811,569	0.00	$0	($25,120,491)	($25,120,491)
Federal funds included in other funds			*$7,499,037*				*$7,499,037*				*$0*	
Total ongoing changes as a percentage of base level	*44.4%*		*408.7%*	*408.7%*	*44.4%*		*406.5%*	*406.5%*				
Total changes as a percentage of base level	*44.4%*		*548.6%*	*566.9%*	*44.4%*		*444.5%*	*462.8%*				

Other Sections in Industrial Commission - Budget No. 405

	House Version	Senate Version
Bond payments	Section 3 provides legislative intent for bond payments during the 2023-25 biennium.	Section 3 provides legislative intent for bond payments during the 2023-25 biennium.

Other Sections in Industrial Commission - Budget No. 405

	House Version	Senate Version
Administrative cost transfers	Section 8 allows the Industrial Commission to transfer up to $1,899,877 from special funds from the entities under the control of the Industrial Commission for administrative services and provides an exemption allowing unspent prior biennium appropriation authority for administrative costs to be available in the 2023-25 biennium. Section 9 allows the Industrial Commission to transfer up to $250,000 from each of the grant programs to provide a total of $1,250,000 for new grant management software.	Section 8 allows the Industrial Commission to transfer up to $1,818,114 from special funds from the entities under the control of the Industrial Commission for administrative services and provides an exemption allowing unspent prior biennium appropriation authority for administrative costs to be available in the 2023-25 biennium. Section 9 allows the Industrial Commission to transfer up to $250,000 from each of the grant programs to provide a total of $1,250,000 for new grant management software. Section 10 allows the Industrial Commission to transfer up to $100,000 from certain programs to provide a total of $300,000 for carbon capture and utilization education and marketing.
Legacy fund earnings	Section 12 transfers $5 million from the legacy earnings fund to the oil and gas research fund for a pipeline leak detection and prevention program; transfers $50 million from the legacy earnings fund to the clean sustainable energy fund to provide total funding of $50 million for grants, including $30 million allocated from the legacy earnings fund to the clean sustainable energy fund under current law; and transfers $250 million to the clean sustainable energy fund to repay a line of credit and to provide funding for loans.	
Strategic investment and improvements fund	Section 13 transfers $3 million from the strategic investment and improvements fund to the State Energy Research Center fund and directs the Industrial Commission to distribute the funding for a critical minerals study, including rare earth elements, during the 2023-24 interim. Section 14 transfers $22 million from the strategic investment and improvements fund to the State Energy Research Center fund and requires the Industrial Commission to distribute the funding to the State Energy Research Center for an underground energy storage research project to construct up to two salt caverns. Section 15 identifies $25 million from the strategic investment and improvements fund for the Industrial Commission 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.	Section 13 transfers $3 million from the strategic investment and improvements fund to the oil and gas research fund for a pipeline leak detection and prevention program and $30 million from thestrategic investment and improvements fund to the clean sustainable energy fund for grants. Section 14 transfers $1.5 million from the strategic investment and improvements fund to the State Energy Research Center fund and directs the Industrial Commission to distribute the funding for a critical minerals study, including rare earth elements, during the 2023-24 interim. Section 15 transfers $6 million from the strategic investment and improvements fund to the State Energy Research Center fund and identifies $5.3 million from the federal State Fiscal Recovery Fund and requires the Industrial Commission to distribute the funding to the State Energy Research Center for an underground energy storage research project to construct up to two salt caverns. Section 24 amends an appropriation from the federal State Fiscal Recovery Fund approved during the November 2021 special legislative session to allow the funding to be used for an underground energy storage research project.
Lignite research fund	Section 16 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 16 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 17 designates $500,000 from the lignite research fund for a study of future lignite electrical generation facilties.
Pipeline capacity positions	Sections 18, 19, 20, and 21 authorize the North Dakota Pipeline Authority to borrow up to $60 million through a line of credit from the Bank of North Dakota to purchase capacity positions on a pipeline and requires the line of credit be guaranteed under the fuel production facility loan guarantee program.	Sections18, 20, 21, and 22 authorize the North Dakota Pipeline Authority to borrow up to $60 million through a line of credit from the Bank of North Dakota to purchase capacity positions on a pipeline and requires the line of credit be guaranteed under the fuel production facility loan guarantee program. Section 27 provides an effective date of July 1, 2025, for the guarantee of the line of credit.

Other Sections in Industrial Commission - Budget No. 405

	House Version	Senate Version
Clean sustainable energy projects	Section 22 clarifies the definition of clean sustainable energy projects to identify hydrogen projects as eligible projects.	Section 23 clarifies the definition of clean sustainable energy projects to identify hydrogen projects as eligible projects.
Federal State Fiscal Recovery Fund exemption	Section 26 provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a hydrogen development grant ($20 million).	Section 26 provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to a hydrogen development grant and an underground energy storage research project ($20 million).
Emergency clause	Section 27 provides an emergency clause related to $3 million of one-time funding from the general fund for lignite litigation.	Section 28 provides an emergency clause related to $3 million of one-time funding from the general fund for lignite litigation, an amendment of an appropriation from the federal State Fiscal Recovery Fund, and Senate Bill No. 2165.

Department of Mineral Resources - Budget No. 474
House Bill No. 1014
Base Level Funding Changes

	House Version				Senate Version				Senate Changes to House Version			
									Increase (Decrease) - House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	101.50	$26,489,613	$238,004	$26,727,617	101.50	$26,489,613	$238,004	$26,727,617	0.00	$0	$0	$0
2023-25 Ongoing Funding Changes												
Cost to continue salary increase		$167,219		$167,219		$167,219		$167,219				$0
Salary increase		1,195,296		1,195,296		1,604,665		1,604,665		$409,369		409,369
Health insurance increase		576,985		576,985		564,010		564,010		(12,975)		(12,975)
Adds FTE carbon capture positions	3.00	760,911		760,911	3.00	760,911		760,911				0
Adds FTE paleontology position	1.00	196,610		196,610	1.00	196,610		196,610				0
Adds FTE critical minerals position	1.00	276,523		276,523	1.00	276,523		276,523				0
Adds FTE records management position	0.50	69,497		69,497	0.50	69,497		69,497				0
Adds FTE subsurface geologist position	1.00	137,478		137,478	1.00	137,478		137,478				0
Removes salary funding for funding pool				0		(2,674,149)		(2,674,149)		(2,674,149)		(2,674,149)
Adds funding for temporary employees		45,000		45,000		45,000		45,000				0
Transfers $6,907 from operating expenses to salaries				0				0				0
Increases federal funding for salaries and wages			$29,996	29,996			$29,996	29,996				0
ITD rate increases		3,143		3,143		3,143		3,143				0
Adds funding for computer server transition		230,000		230,000		230,000		230,000				0
Adds funding for professional membership dues		105,000		105,000		105,000		105,000				0
Total ongoing funding changes	6.50	$3,763,662	$29,996	$3,793,658	6.50	$1,485,907	$29,996	$1,515,903	0.00	($2,277,755)	$0	($2,277,755)
One-Time Funding Items												
Adds one-time funding for FTE carbon capture positions		$31,031		$31,031		$31,031		$31,031				0
Adds one-time funding for FTE paleontology position		9,234		9,234		9,234		9,234				0
Adds one-time funding for FTE critical minerals position		20,134		20,134		20,134		20,134				0
Adds one-time funding for FTE records management position		3,119		3,119		3,119		3,119				0
Adds one-time funding for FTE subsurface geologist position		4,817		4,817		4,817		4,817				0
Adds one-time funding for inflationary increases		821,456		821,456		886,868		886,868		65,412		65,412
Adds one-time funding for core and mineral analysis		100,000		100,000		100,000		100,000				0
Adds one-time funding for drones and computers				0		83,648		83,648		83,648		83,648
Adds one-time funding for computer server transition		80,000		80,000		80,000		80,000				0
Adds one-time funding for fossil restoration		250,000		250,000		250,000		250,000				0
Adds one-time federal funding for abandoned well reclamation			$2,300,000	2,300,000			$2,300,000	2,300,000				0
Adds one-time funding for oil and gas litigation		3,000,000		3,000,000		3,000,000		3,000,000				0
Total one-time funding changes	0.00	$4,319,791	$2,300,000	$6,619,791	0.00	$4,468,851	$2,300,000	$6,768,851	0.00	$149,060	$0	$149,060
Total Changes to Base Level Funding	6.50	$8,083,453	$2,329,996	$10,413,449	6.50	$5,954,758	$2,329,996	$8,284,754	0.00	($2,128,695)	$0	($2,128,695)
2023-25 Total Funding	108.00	$34,573,066	$2,568,000	$37,141,066	108.00	$32,444,371	$2,568,000	$35,012,371	0.00	($2,128,695)	$0	($2,128,695)
Federal funds included in other funds			*$2,568,000*				*$2,568,000*				*$0*	
Total ongoing changes as a percentage of base level	*6.4%*	*14.2%*	*12.6%*	*14.2%*	*6.4%*	*5.6%*	*12.6%*	*5.7%*				
Total changes as a percentage of base level	*6.4%*	*30.5%*	*979.0%*	*39.0%*	*6.4%*	*22.5%*	*979.0%*	*31.0%*				

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

	House Version	Senate Version
Early authorization for new FTE positions	Section 5 appropriates $62,460 from the general fund and authorizes 3 FTE carbon capture positions for the 2021-23 biennium.	Section 5 appropriates $62,460 from the general fund and authorizes 3 FTE carbon capture positions for the 2021-23 biennium.
Fossil restoration fund	Section 5 transfers $15,000 from the general fund to the fossil restoration fund prior to the end of the 2021-23 biennium. Section 6 transfers $250,000 from the general fund to the fossil restoration fund during the 2023-25 biennium.	Section 5 transfers $15,000 from the general fund to the fossil restoration fund prior to the end of the 2021-23 biennium. Section 6 transfers $250,000 from the general fund to the fossil restoration fund during the 2023-25 biennium.
North Dakota outdoor heritage fund	Section 25 decreases the oil and gas tax revenue allocation limit to the North Dakota outdoor heritage fund from $20 million per fiscal year to $7.5 million per fiscal year for the 2023-25 biennium, the same as the 2021-23 biennium.	Section 25 decreases the oil and gas tax revenue allocation limit to the North Dakota outdoor heritage fund from $20 million per fiscal year to $7.5 million per fiscal year for the 2023-25 biennium, the same as the 2021-23 biennium.
Oil and gas research fund	Section 25 increases the allocations to the oil and gas research fund by $4.5 million, from $10 million to $14.5 million for the 2023-25 biennium, the same as the 2021-23 biennium.	Section 25 increases the allocations to the oil and gas research fund by $7.5 million, from $10 million to $17.5 million for the 2023-25 biennium, an increase of $3 million from the 2021-23 biennium.
Federal State Fiscal Recovery Fund exemption	Section 25 provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to an abandoned oil well conversion program ($3.2 million).	Section 26 provides an exemption allowing unspent federal funding authorized during the November 2021 special legislative session to be available in the 2023-25 biennium related to an abandoned oil well conversion program ($3.2 million).
Survey review exemption	Section 26 provides an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority for a survey review during the 2023-25 biennium.	Section 26 provides an exemption allowing the Industrial Commission to continue unspent 2017-19 biennium appropriation authority for a survey review during the 2023-25 biennium.
Emergency clause	Section 27 includes an emergency clause related to the appropriation and FTE position authorization for carbon capture positions, a transfer of $15,000 to the fossil restoration fund, $3 million for oil and gas litigation expenses, and $310,000 for computer server transition.	Section 28 includes an emergency clause related to the appropriation and FTE position authorization for carbon capture positions, a transfer of $15,000 to the fossil restoration fund, $3 million for oil and gas litigation expenses, and $310,000 for computer server transition.

PROPOSED AMENDMENT TO HOUSE BILL NO. 1014

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

Line of credit - Transmission line grant.

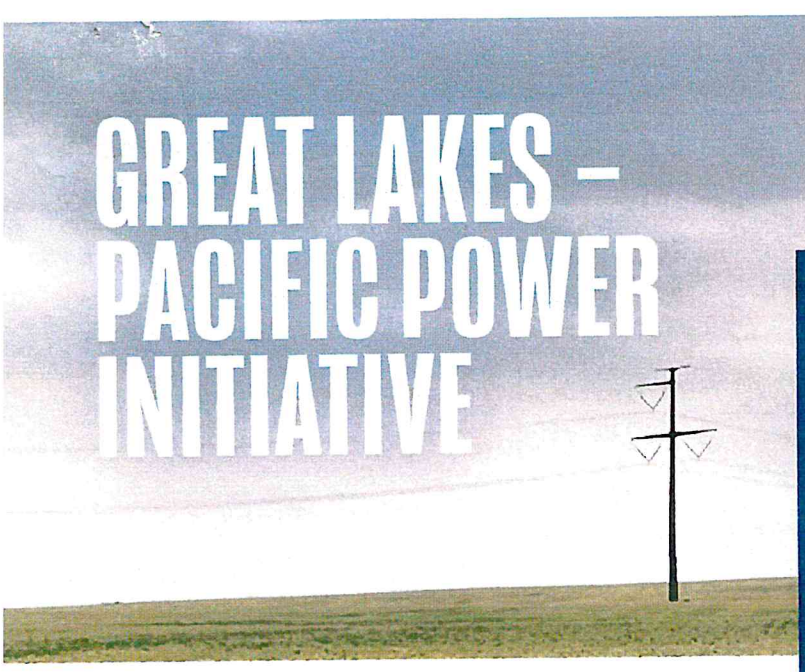
The industrial commission may borrow up to twelve million five hundred thousand dollars through a line of credit from the Bank. The interest rate on the line of credit must be the prevailing interest rate charged to North Dakota governmental entities. The line of credit may be used only to support a transmission line grant program, and the industrial commission may award one dollar of grant funding for each dollar of funding provided by the state of Minnesota for the project. If the amounts available on June 30, 2027, are not sufficient to repay the line of credit, the industrial commission shall request from the legislative assembly a deficiency appropriation to repay the line of credit, or the industrial commission may repay the line of credit from other funds as appropriated by the legislative assembly.

SECTION _. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - TRANSMISSION LINE GRANT PROGRAM - LEGISLATIVE INTENT. The grants line item and the estimated income line item in subdivision 1 of section 1 of this Act includes $12,500,000 from the strategic investment and improvements fund for a transmission line grant program, which is identified as a one-time funding item in section 2 of this Act, for the biennium beginning July 1, 2023, and ending June 30, 2025. A transmission line grant may be awarded to an entity for a project to upgrade a high-voltage direct current transmission line to 600 kilovolts. The industrial commission may award one dollar of grant funding for each dollar of funding provided by the state of Minnesota for the project. It is the intent of the sixty-eighth legislative assembly to provide total grant funding of $25,000,000 for the transmission line project, including $12,500,000 in this section and $12,500,000 available through a line of credit during the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION _. EFFECTIVE DATE. Section _(first section on page) of this Act becomes effective July 1, 2025.

PROPOSED AMENDMENT TO HOUSE BILL NO. 1014

SECTION _. LEGISLATIVE MANAGEMENT STUDY - EMPLOYEE RECRUITMENT AND RETENTION INCENTIVE PROGRAM. During the 2023-24 interim, the legislative management shall study the feasibility and desirability of creating an employee recruitment and retention incentive program for the Bank of North Dakota. The study must include consideration of reporting requirements and provisions of the program, including the goals of the program, the amount of funding for the program, and the criteria for the incentives. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-ninth legislative assembly.

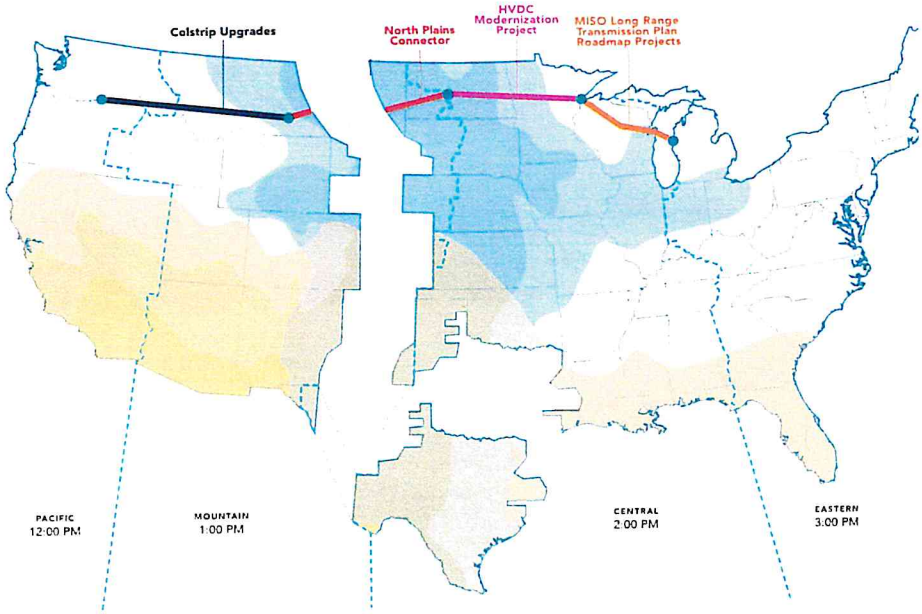


GREAT LAKES – PACIFIC POWER INITIATIVE

THE GREAT LAKES – PACIFIC POWER INITIATIVE IS AN AMBITIOUS, MULTI-PARTY TRANSMISSION PROJECT THAT WILL CONNECT THE UPPER MIDWEST/GREAT LAKES REGION WITH THE PACIFIC NORTHWEST.

The Great Lakes – Pacific Power Initiative

1. Span all four time zones in the US, from Michigan to Oregon
2. Bridge the Eastern and Western Interconnections with key energy drop off locations to optimize system flexibility
3. Connect the robust wind regimes and other energy resources of the Upper Midwest to the hydro, solar and wind of the Pacific Northwest
4. Combine high voltage alternating current (HVAC) lines and fully controllable voltage source converter high voltage direct current (HVDC) segments



Strategic Transmission for Efficiency and Reliability

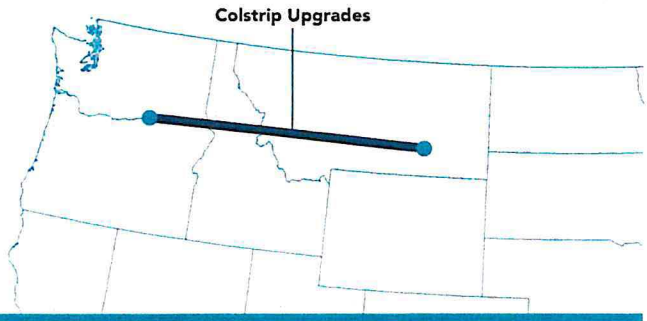
The best way to take full advantage of diverse generation types and distinct regional generation profiles is a robust grid. Sharing baseload and intermittent generation resources across thousands of miles via HVAC and HVDC transmission lines will allow full optimization of these diverse resources.

Connecting geographies also enhances grid resiliency. Severe weather will be a key driver of energy supply volatility in the future. Extreme weather events impact areas that span hundreds – but not thousands – of miles. Connecting large electric systems will dramatically enhance the ability of each system to reliably serve load in the face of these weather events and will help grid operators to manage day-to-day wind and solar variability. New carbon capture and storage (CCS) resources will have the ability to reach markets east and west.

Transmission Planning Underway

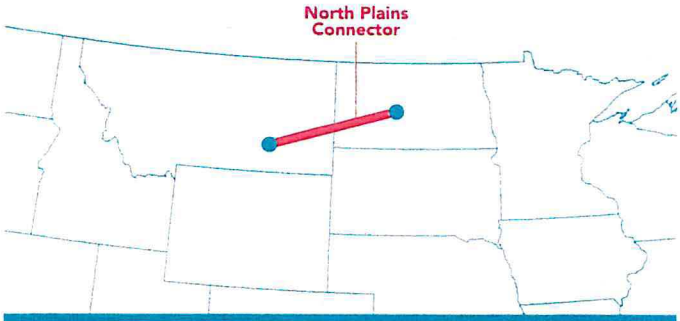
While ambitious, the Great Lakes-Pacific Power Initiative is within reach and can be completed in the next decade. Significant portions of the rights-of-way are either in place or currently being acquired. All of the segments make sense on a stand-alone basis such that sequencing the segments is not critical to realizing benefits but the combined benefit of the link is even more valuable from energy diversity, reliability, and value optimization perspectives. Additionally, the Great Lakes - Pacific Power Initiative provides optionality in terms of generation sources likely to grow over the next 50 years, including CCS, solar and wind generation.

Project Descriptions



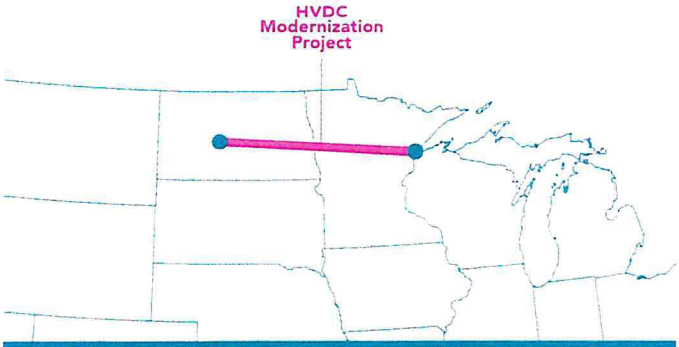
Colstrip Upgrades

Colstrip transmission assets in Montana and Washington will be utilized along with upgrades currently under study to improve capacity from Montana to points west.



North Plains Connector

A 3000 MW HVDC project, under development by Grid United and ALLETE, will bridge the gap between the eastern and western interconnections, linking Colstrip in Montana to central North Dakota.



HVDC Modernization Project

Minnesota Power is upgrading its existing 465 mile HVDC system from ND to MN to expand capability from 550 MW to 900 MW. Future opportunity to expand further is being investigated.

MISO Long Range Transmission Plan Roadmap Projects

MISO has identified a combination of transmission upgrades and new projects that may provide value.

PROPOSED AMENDMENT TO HOUSE BILL NO. 1014

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

PROPOSED AMENDMENT TO HOUSE BILL NO. 1014

SECTION _. LEGISLATIVE INTENT - ENERGY DEVELOPMENT PROJECTS. It is the intent of the sixty-eighth legislative assembly that the state of North Dakota provide support for energy development projects in the state through the state's energy-related programs, including:

1. The clean sustainable energy authority;
2. The North Dakota pipeline authority;
3. The North Dakota transmission authority;
4. The lignite research council;
5. The oil and gas research council; and
6. The renewable energy council.

23.0243.02005
Title.
Fiscal No. 1

Prepared by the Legislative Council staff for
Conference Committee
April 28, 2023

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1014

That the Senate recede from its amendments as printed on pages 1890-1902 of the House Journal and pages 1618-1630 of the Senate Journal and that Engrossed House Bill No. 1014 be amended as follows:

Page 1, line 2, remove "to create and enact a new section to chapter"

Page 1, line 3, remove "6-09, relating to a Bank of North Dakota retention incentive program;"

Page 1, line 4, after "6-09.7-05" insert ", 54-17-40,"

Page 1, line 5, after "54-63.1-01" insert "and subsection 3 of section 54-63.1-07"

Page 1, line 5, remove "section 8 of chapter 42 of the 2021 Session"

Page 1, line 6, replace "Laws" with "subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws"

Page 1, line 6, after "funding" insert ", the housing incentive fund"

Page 1, line 7, after "authority" insert ", a clean sustainable energy authority line of credit"

Page 1, line 7, remove "a transfer of"

Page 1, line 8, replace "Bank of North Dakota profits to the general fund" with "an appropriation from the state fiscal recovery fund"

Page 1, line 9, after "exemption" insert "; to provide for a study"

Page 1, line 9, after "report" insert "; to provide a statement of legislative intent; to provide an effective date"

Page 1, remove lines 22 through 24

Page 2, replace lines 1 through 6 with:

"Salaries and wages	$23,698,119	($21,835,425)	$1,862,694
Operating expenses	5,119,958	(924,889)	4,195,069
Capital assets	0	1,250,000	1,250,000
Grants	0	8,623,893	8,623,893
Grants - bond payments	22,040,721	97,839,192	119,879,913
Total all funds	$50,858,798	$84,952,771	$135,811,569
Less estimated income	24,369,185	107,017,528	131,386,713
Total general fund	$26,489,613	($22,064,757)	$4,424,856
Full-time equivalent positions	108.25	(98.50)	9.75"

Page 2, replace lines 11 through 17 with:

"Salaries and wages	$0	$23,123,267	$23,123,267
Operating expenses	0	11,541,104	11,541,104
Capital assets	0	98,000	98,000
Total all funds	$0	$34,762,371	$34,762,371
Less estimated income	0	2,568,000	2,568,000

Total general fund	$0	$32,194,371	$32,194,371
Full-time equivalent positions	0.00	108.00	108.00"

Page 2, replace lines 22 through 25 with:

"Bank of North Dakota operations	$67,306,548	$2,760,519	$70,067,067
Capital assets	1,510,000	0	1,510,000
Total special funds	$68,816,548	$2,760,519	$71,577,067
Full-time equivalent positions	173.00	14.00	187.00"

Page 2, remove lines 30 and 31

Page 3, replace lines 1 through 7 with:

"Salaries and wages	$9,556,272	$1,556,933	$11,113,205
Operating expenses	6,109,060	4,794,823	10,903,883
Capital assets	150,000	(130,000)	20,000
Grants	42,975,200	5,829,910	48,805,110
Housing finance agency contingencies	100,000	0	100,000
Total all funds	$58,890,532	$12,051,666	$70,942,198
Less estimated income	58,890,532	9,551,666	68,442,198
Total general fund	$0	$2,500,000	$2,500,000
Full-time equivalent positions	49.00	5.00	54.00"

Page 3, replace lines 12 through 17 with:

"Salaries and wages	$50,560,209	$3,290,171	$53,850,380
Operating expenses	36,817,000	5,574,653	42,391,653
Contingencies	500,000	0	500,000
Agriculture promotion	500,000	0	500,000
Total special funds	$88,377,209	$8,864,824	$97,242,033
Full-time equivalent positions	156.00	14.00	170.00"

Page 3, replace lines 22 through 24 with:

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

Page 4, remove line 6

Page 4, after line 7 insert:

"Administration - carbon capture education	0	300,000
Administration - records digitization	0	75,000
Administration - inflationary increases	0	35,688"

Page 4, replace line 11 with:

"Mineral resources - inflationary expenses	0	886,868
Mineral resources - drones and computers	0	83,648"

Page 4, replace lines 23 through 25 with:

"Total all funds	$936,341,260	$20,919,820
Less estimated income	874,235,000	9,155,335
Total general fund	$62,106,260	$11,764,485"

Page 5, replace line 4 with:

"Infrastructure project and program bonds - legacy sinking and interest fund $102,620,461"

Page 6, line 10, replace "$12,500,000" with "$13,750,000"

Page 6, line 15, after "funds" insert "from the new and vacant FTE funding pool"

Page 6, line 18, replace "spend" with "request the office of management and budget transfer up to"

Page 6, line 18, after "$82,068" insert "of other funds"

Page 6, line 18, after "the" insert "new and vacant FTE funding pool for"

Page 6, line 18, replace "line item" with "for the full-time equivalent position identified in this section,"

Page 6, line 18, after the second "and" insert "the agency"

Page 6, line 22, after "**FUND**" insert "**- ADMINISTRATION**"

Page 6, line 23, replace "$1,899,877" with "$1,818,114"

Page 7, line 6, after "**FUND**" insert "**- GRANT MANAGEMENT SOFTWARE**"

Page 7, after line 15, insert:

"**SECTION 10. TRANSFER - FUNDS UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND - CARBON CAPTURE EDUCATION.** The sum of $300,000, 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 funds under the control of the industrial commission to the industrial commission fund to contract for carbon capture and utilization education and marketing in consultation with the lignite research council, the oil and gas research council, and the renewable energy council. Of the $300,000, the industrial commission may transfer:

1. Up to $100,000 from the lignite research fund;

2. Up to $100,000 from the oil and gas research fund; and

3. Up to $100,000 from the renewable energy development fund."

Page 7, line 17, replace "$70,000,000" with "$140,000,000"

Page 7, line 31, replace "$3,000,000 to the agricultural products utilization fund" with "$1,500,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants"

Page 8, line 1, replace "**LEGACY EARNINGS**" with "**STRATEGIC INVESTMENT AND IMPROVEMENTS**"

Page 8, line 2, remove "**AND LOANS**"

Page 8, line 3, remove "and pursuant to the"

Page 8, remove line 4

Page 8, line 5, replace "section 21-10-13, the state treasurer" with "the office of management and budget"

Page 8, line 5, remove "legacy"

Page 8, line 6, replace "earnings" with "strategic investment and improvements"

Page 8, line 7, replace "$5,000,000" with "$3,000,000"

Page 8, line 8, after the semicolon insert "and"

Page 8, line 9, replace "$50,000,000" with "$30,000,000"

Page 8, line 9, remove "for grants; and"

Page 8, line 10, remove "3. $250,000,000 to the clean sustainable energy fund"

Page 8, line 10, remove "and to"

Page 8, line 11, remove "provide funding for loans"

Page 8, line 15, replace "$3,000,000" with "$1,500,000"

Page 8, line 19, replace "$3,000,000" with "$1,500,000"

Page 9, line 2, after "**FUND**" insert "**- FEDERAL STATE FISCAL RECOVERY FUND**"

Page 9, line 4, replace "$22,000,000" with "$6,000,000"

Page 9, line 6, after "57-51.1-07.9" insert "and pursuant to subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws, as amended in section 25 of this Act and exempted in section 27 of this Act"

Page 9, line 7, replace "$22,000,000" with "$6,000,000"

Page 9, line 8, after "fund" insert "and up to $5,300,000 of federal funds from the state fiscal recovery fund"

Page 9, remove lines 20 through 27

Page 10, after line 19, insert:

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

1. Pursuant to the continuing appropriation under section 57-61-01.6, up to $500,000 from the lignite research fund may be used for the purpose of contracting with the energy and environmental research center for a nonmatching study of future lignite electrical generation facilities.

2. The study must include consideration of an energy demand forecast for dispatchable electricity generation and the regulatory environment for future lignite electrical generation facilities, an analysis of the economic impact of future lignite electrical generation facilities and the value-added products or services that may result from those facilities, and other factors related to the development and operation of future lignite electrical generation facilities.

3. During the 2023-24 interim, the energy and environmental research center shall provide at least one report to the legislative management regarding the status of the study."

Page 10, remove lines 20 through 31

Page 11, remove lines 1 and 2

Page 11, after line 20, insert:

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

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

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.

2. a. After a public hearing, the housing finance agency shall create an annual allocation plan for the distribution of the fund as authorized under subsection 3. ~~At least ten percent of the fund must be used to assist developing communities to address an unmet housing need or alleviate a housing shortage. At least ten percent of the fund must be made available to prevent homelessness as authorized by subdivision d of subsection 3.~~

   b. The annual allocation plan must give priority to provide housing for individuals and families of low or moderate income. For purposes of this priority, eligible income limits are determined as a percentage of median family income as published in the most recent federal register notice. Under this priority, the annual allocation plan must give preference to projects that benefit households with the lowest income and to projects that have rent restrictions at or below department of housing and urban development published federal fair market rents or department of housing and urban development section 8 payment standards.

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

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

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

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

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

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

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

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

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

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

7. Upon request, the housing finance agency shall report to the industrial commission regarding the activities of the housing incentive fund.

8. At least once per biennium, the housing finance agency shall provide a report to the budget section of the legislative management regarding the activities of the housing incentive fund."

Page 12, line 26, replace "2025" with "2027"

Page 13, replace lines 16 through 30 with:

"**SECTION 24. AMENDMENT.** Subsection 3 of section 54-63.1-07 of the North Dakota Century Code is amended and reenacted as follows:

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

SECTION 25. AMENDMENT. Subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws is amended and reenacted as follows:

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

SECTION 26. EMPLOYEE RECRUITMENT AND RETENTION INCENTIVE PROGRAM STUDY - REPORT TO LEGISLATIVE MANAGEMENT. During the 2023-24 interim, the industrial commission and Bank of North Dakota shall study the feasibility and desirability of creating an employee recruitment and retention incentive program for the Bank of North Dakota. The industrial commission shall report its findings and recommendations to the legislative management by March 31, 2024."

Page 14, line 12, replace "$14,500,000" with "$17,500,000"

Page 14, line 22, after "grants" insert "and an underground energy storage research project"

Page 14, line 23, after "Laws" insert "as amended in section 25 of this Act"

Page 14, line 25, after "fund" insert "to the department of mineral resources for a survey review"

Page 14, after line 28, insert:

"**SECTION 29. LEGISLATIVE INTENT - USE OF BANK OF NORTH DAKOTA PROFITS.** It is the intent of the sixty-eighth legislative assembly that the sixty-ninth legislative assembly consider developing procedures or adopting legislative rules for introducing bills and amendments related to the use of Bank of North Dakota profits.

SECTION 30. LEGISLATIVE INTENT - ENERGY DEVELOPMENT PROJECTS. It is the intent of the sixty-eighth legislative assembly that the state provide support for an entity's application for federal funding to upgrade a high-voltage direct current transmission line in the state and that the state provide support for energy development projects in the state through the state's energy-related programs, including:

1. The clean sustainable energy authority;
2. The North Dakota pipeline authority;
3. The North Dakota transmission authority;
4. The lignite research council;
5. The oil and gas research council; and
6. The renewable energy council.

SECTION 31. EFFECTIVE DATE. Section 18 of this Act is effective July 1, 2025."

Page 15, line 12, replace "Section 5" with "Sections 5 and 25"

Page 15, line 13, replace "Section 23 of this Act" with "Senate Bill No. 2165, as approved by the sixty-eighth legislative assembly"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1014 - Summary of Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Industrial Commission						
Total all funds	$50,858,798	$160,932,060	($25,120,491)	$135,811,569	$135,811,569	$0
Less estimated income	24,369,185	156,507,204	(25,120,491)	131,386,713	131,386,713	0
General fund	$26,489,613	$4,424,856	$0	$4,424,856	$4,424,856	$0
FTE	108.25	9.75	0.00	9.75	9.75	0.00
Department of Mineral Resources						
Total all funds	$0	$37,141,066	($2,128,695)	$35,012,371	$35,012,371	$0
Less estimated income	0	2,568,000	0	2,568,000	2,568,000	0
General fund	$0	$34,573,066	($2,128,695)	$32,444,371	$32,444,371	$0
FTE	0.00	108.00	0.00	108.00	108.00	0.00
Bank of North Dakota						
Total all funds	$68,816,548	$76,237,686	($4,660,619)	$71,577,067	$71,577,067	$0
Less estimated income	68,816,548	76,237,686	(4,660,619)	71,577,067	71,577,067	0
General fund	$0	$0	$0	$0	$0	$0
FTE	173.00	187.00	0.00	187.00	187.00	0.00
Housing Finance Agency						
Total all funds	$58,890,532	$84,333,093	$359,105	$84,692,198	$85,942,198	($1,250,000)
Less estimated income	58,890,532	69,333,093	(890,895)	68,442,198	68,442,198	0
General fund	$0	$15,000,000	$1,250,000	$16,250,000	$17,500,000	($1,250,000)
FTE	49.00	53.00	1.00	54.00	54.00	0.00
Mill and Elevator						
Total all funds	$88,377,209	$100,974,447	($3,732,414)	$97,242,033	$97,242,033	$0
Less estimated income	88,377,209	100,974,447	(3,732,414)	97,242,033	97,242,033	0
General fund	$0	$0	$0	$0	$0	$0
FTE	156.00	170.00	0.00	170.00	170.00	0.00
Bill total						
Total all funds	$266,943,087	$459,618,352	($35,283,114)	$424,335,238	$425,585,238	($1,250,000)
Less estimated income	240,453,474	405,620,430	(34,404,419)	371,216,011	371,216,011	0
General fund	$26,489,613	$53,997,922	($878,695)	$53,119,227	$54,369,227	($1,250,000)
FTE	486.25	527.75	1.00	528.75	528.75	0.00

House Bill No. 1014 - Industrial Commission - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	$23,698,119	$2,471,236	($608,542)	$1,862,694	$1,862,694	
Operating expenses	5,119,958	3,707,018	488,051	4,195,069	4,195,069	
Capital assets		1,250,000		1,250,000	1,250,000	
Grants		33,623,893	(25,000,000)	8,623,893	8,623,893	
Grants - Bond payments	22,040,721	119,879,913		119,879,913	119,879,913	
Total all funds	$50,858,798	$160,932,060	($25,120,491)	$135,811,569	$135,811,569	$0
Less estimated income	24,369,185	156,507,204	(25,120,491)	131,386,713	131,386,713	0
General fund	$26,489,613	$4,424,856	$0	$4,424,856	$4,424,856	$0
FTE	108.25	9.75	0.00	9.75	9.75	0.00

Department 405 - Industrial Commission - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Adjusts Funding for an FTE Position[2]	Removes Salary Funding for a Funding Pool[3]	Adds Funding for Software[4]	Adjusts One-Time Funding Items[5]	Total Conference Committee Changes
Salaries and wages	$34,386	($121,985)	($520,943)			($608,542)
Operating expenses		3,363		$74,000	$410,688	488,051
Capital assets						
Grants					(25,000,000)	(25,000,000)
Grants - Bond payments						
Total all funds	$34,386	($118,622)	($520,943)	$74,000	($24,589,312)	($25,120,491)
Less estimated income	34,386	(118,622)	(520,943)	74,000	(24,589,312)	(25,120,491)
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates, the same as the Senate, as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$35,332	$35,332
Health insurance adjustment	0	(946)	(946)
Total	$0	$34,386	$34,386

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding from other funds for an administrative assistant position is decreased by $118,622 from $300,943 to $182,321, the same as the Senate. The $118,622 decrease reflects a decrease of $121,985 to salaries and wages and an increase of $3,363 to operating expenses. This provides the same level of funding as a grant administration position. The House provided $300,943 for the administrative assistant position.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($490,562)	($490,562)
Vacant FTE positions	0	(30,381)	(30,381)
Total	$0	($520,943)	($520,943)

The House did not remove funding for a new and vacant FTE funding pool.

[4] Funding of $74,000 from other funds is added for software related to a meeting management license and an accounting subscription, the same as the Senate. The House did not include this funding.

[5] One-time funding, which was not included by the House version, is added by the Conference Committee and Senate as follows:

- $75,000 from other funds for a records digitization project.
- $35,688 from other funds for inflationary increases related to rent.
- $300,000 from other funds for carbon capture and utilization education and marketing, including $100,000 from the lignite research fund, $100,000 from the oil and gas research fund, and $100,000 from the renewable energy development fund.

One-time funding, which was added in the House version, is removed by the Conference Committee and Senate as follows:

- $25 million from the strategic investment and improvements fund for a transmission line grant.

This amendment also includes the following changes related to the Industrial Commission:

- Adjusts the transfer for administrative services to provide $1,818,114, the same as the Senate. The House provided for a transfer of $1,899,877.
- Includes a transfer of up to $100,000 from three energy programs, which was added by the Senate, to provide a total of $300,000 for carbon capture and utilization education and marketing. The House did not include this funding.
- Adjusts the funding for a pipeline leak detection and prevention program to provide $3 million from the strategic investment and improvements fund, the same as the Senate. The House provided $5 million from legacy fund earnings.
- Adjusts the funding for the clean sustainable energy fund to provide $30 million from the strategic investment and improvements fund to repay a line of credit and to increase the line of credit available to support the fund by $140 million, from $250 million to $390 million. The House provided $300 million from legacy fund earnings, including $50 million for grants and $250 million to repay a line of credit and for additional loans. The Senate provided $30 million from the strategic investment and improvements fund for grants.
- Decreases funding from the strategic investment and improvements fund for a critical minerals study to provide $1.5 million. The Senate also decreased this funding, but the House provided $3 million for the study.
- Adjusts the funding for an underground energy storage research project to provide $6 million from the strategic investment and improvements fund and $5.3 million from the federal State Fiscal Recovery Fund. An appropriation of $20 million from the federal State Fiscal Recovery Fund from the November 2021 special legislative session is amended to provide up to $5.3 million for the research project with the remaining amount available for hydrogen development grants. The Senate also included these adjustments, but the House provided $22 million from the strategic investment and improvements fund for the research project.
- Designates $500,000 from the lignite research fund for a study of future lignite electrical generation facilities, the same as the Senate. The House did not designate funding for this study.
- Provides an effective date of July 1, 2025, for a guarantee from the strategic investment and improvements fund for a line of credit related to the purchase of capacity positions on a pipeline, the same as the Senate. The House added the guarantee and line of credit, but did not include an effective date.
- Provides an emergency clause for Senate Bill No. 2165, relating to membership of the clean sustainable energy authority, which was added by the Senate. The House did not include an emergency clause for that bill.
- Adds a statement of legislative intent regarding the state's energy-related programs to support energy development projects. Neither the House nor the Senate included this statement of intent.

House Bill No. 1014 - Department of Mineral Resources - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages		$25,401,022	($2,277,755)	$23,123,267	$23,123,267	
Operating expenses		11,410,044	131,060	11,541,104	11,541,104	
Capital assets		80,000	18,000	98,000	98,000	
Transfer to fossil restoration fund		250,000		250,000	250,000	
Total all funds	$0	$37,141,066	($2,128,695)	$35,012,371	$35,012,371	$0
Less estimated income	0	2,568,000	0	2,568,000	2,568,000	0
General fund	$0	$34,573,066	($2,128,695)	$32,444,371	$32,444,371	$0
FTE	0.00	108.00	0.00	108.00	108.00	0.00

Department 470 - Department of Mineral Resources - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Removes Salary Funding for a Funding Pool[2]	Adds One-Time Funding Items[3]	Total Conference Committee Changes
Salaries and wages	$396,394	($2,674,149)		($2,277,755)
Operating expenses			$131,060	131,060
Capital assets			18,000	18,000
Transfer to fossil restoration fund				
Total all funds	$396,394	($2,674,149)	$149,060	($2,128,695)
Less estimated income	0	0	0	0
General fund	$396,394	($2,674,149)	$149,060	($2,128,695)
FTE	0.00	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates, the same as the Senate, as follows:

	General Fund	Other Funds	Total
Salary increase	$409,369	$0	$409,369
Health insurance adjustment	(12,975)	0	(12,975)
Total	$396,394	$0	$396,394

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	($1,284,293)	$0	($1,284,293)
Vacant FTE positions	(1,389,856)	0	(1,389,856)
Total	($2,674,149)	$0	($2,674,149)

The House did not remove funding for a new and vacant FTE funding pool.

[3] One-time funding from the general fund, which was also added by the Senate, but not included by the House, is added as follows:

- $65,412 for additional inflationary increases related to state fleet mileage.
- $83,648 for drones and computer equipment.

The Conference Committee and Senate amended a section related to the Department of Mineral Resources to increase the oil and gas tax revenue allocations to the oil and gas research fund to $17.5 million, an increase of $3 million from the House version, which provided $14.5 million, the same as the 2021-23 biennium.

House Bill No. 1014 - Bank of North Dakota - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Capital assets	$1,510,000	$1,510,000		$1,510,000	$1,510,000	
Bank of North Dakota operations	67,306,548	74,727,686	($4,660,619)	70,067,067	70,067,067	
Total all funds	$68,816,548	$76,237,686	($4,660,619)	$71,577,067	$71,577,067	$0
Less estimated income	68,816,548	76,237,686	(4,660,619)	71,577,067	71,577,067	0
General fund	$0	$0	$0	$0	$0	$0
FTE	173.00	187.00	0.00	187.00	187.00	0.00

Department 471 - Bank of North Dakota - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Removes Salary Funding for a Funding Pool[2]	Total Conference Committee Changes
Capital assets			
Bank of North Dakota operations	$769,366	($5,429,985)	($4,660,619)
Total all funds	$769,366	($5,429,985)	($4,660,619)
Less estimated income	769,366	(5,429,985)	(4,660,619)
General fund	$0	$0	$0
FTE	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates, the same as the Senate, as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$789,224	$789,224
Health insurance adjustment	0	(19,858)	(19,858)
Total	$0	$769,366	$769,366

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($3,106,682)	($3,106,682)
Vacant FTE positions	0	(2,323,303)	(2,323,303)
Total	$0	($5,429,985)	($5,429,985)

The House did not remove funding for a new and vacant FTE funding pool.

This amendment also includes the following changes related to the Bank of North Dakota:

- Adds a transfer of $1.5 million from the Bank's profits to a small business development center, the same as the Senate. The House did not include this transfer.
- Removes a transfer of $3 million from the Bank's profits to the agricultural products utilization fund, which was included by the the House but was also removed by the Senate; however, Senate Bill No. 2009 includes a transfer of $3 million from the Bank's profits to the agricultural products utilization fund.
- Increases the transfer from the Bank's profits to the general fund to provide $140 million for the 2023-25 biennium, which is the same as the Senate but an increase of $70 million compared to the House version of $70 million.
- Removes a section added by the House to limit the transfer from the Bank's profits to the general fund to provide $70 million for the 2021-23 biennium. The Senate also removed this section. The House version resulted in a reduction to the July 1, 2023, general fund beginning balance. As approved by the Senate and Conference Committee, the transfer for the 2021-23 biennium is $140 million, the same as the transfer approved during the 2021 legislative session.
- Adds a requirement for the Industrial Commission and Bank of North Dakota to study a recruitment and retention incentive program and to provide a report to the Legislative Management. Neither the House nor the Senate included this study and report.
- Adds a statement of legislative intent that the Legislative Assembly consider developing procedures or adopting legislative rules for introducing bills and amendments related to the use of Bank of North Dakota profits. Neither the House nor the Senate provided a statement of legislative intent.

House Bill No. 1014 - Housing Finance Agency - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	$9,556,272	$12,169,742	($1,056,537)	$11,113,205	$11,113,205	
Operating expenses	6,109,060	10,738,241	165,642	10,903,883	10,903,883	
Capital assets	150,000	20,000		20,000	20,000	
Grants	42,975,200	48,805,110		48,805,110	48,805,110	
HFA contingencies	100,000	100,000		100,000	100,000	
Housing incentive fund		12,500,000	1,250,000	13,750,000	15,000,000	($1,250,000)
Total all funds	$58,890,532	$84,333,093	$359,105	$84,692,198	$85,942,198	($1,250,000)
Less estimated income	58,890,532	69,333,093	(890,895)	68,442,198	68,442,198	0
General fund	$0	$15,000,000	$1,250,000	$16,250,000	$17,500,000	($1,250,000)
FTE	49.00	53.00	1.00	54.00	54.00	0.00

Department 473 - Housing Finance Agency - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Adds FTE Position[2]	Removes Salary Funding for a Funding Pool[3]	Adds Funding for Operating Expenses[4]	Adds Funding for Housing Incentive Fund[5]	Total Conference Committee Changes
Salaries and wages	$176,196	$218,908	($1,451,641)			($1,056,537)
Operating expenses				$165,642		165,642
Capital assets						
Grants						
HFA contingencies						
Housing incentive fund					$1,250,000	1,250,000
Total all funds	$176,196	$218,908	($1,451,641)	$165,642	$1,250,000	$359,105
Less estimated income	176,196	218,908	(1,451,641)	165,642	0	(890,895)
General fund	$0	$0	$0	$0	$1,250,000	$1,250,000
FTE	0.00	1.00	0.00	0.00	0.00	1.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates, the same as the Senate, as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$182,349	$182,349
Health insurance adjustment	0	(6,153)	(6,153)
Total	$0	$176,196	$176,196

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding of $218,908 from other funds is added for 1 FTE compliance officer position to provide a total of $437,816 for 2 FTE compliance officer positions. The Senate also provided $437,816 for 2 FTE compliance officer positions, but the House provided $218,908 for 1 FTE compliance officer position.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($986,476)	($986,476)
Vacant FTE positions	0	(465,165)	(465,165)
Total	$0	($1,451,641)	($1,451,641)

The House did not remove funding for a new and vacant FTE funding pool.

[4] Funding of $165,642 from other funds is added for inflationary increases, the same as the Senate. The House did not include funding for inflationary increases.

[5] One-time funding for a transfer from the general fund to the housing incentive fund is increased by $1.25 million to provide total funding of $13.75 million for the housing incentive fund pursuant to a section in the bill. The House provided for a transfer of $12.5 million, but the Senate provided for a transfer of $15 million.

This amendment adds a section related to the Housing Finance Agency to amend the housing incentive fund to remove the 10 percent designation for funding to prevent homelessness and to allow funding to be used for single family housing projects, the same as the Senate. The House did not amend the housing incentive fund.

House Bill No. 1014 - Mill and Elevator - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	$50,560,209	$57,582,794	($3,732,414)	$53,850,380	$53,850,380	
Operating expenses	36,817,000	42,391,653		42,391,653	42,391,653	
Contingencies	500,000	500,000		500,000	500,000	
Agriculture promotion	500,000	500,000		500,000	500,000	
Total all funds	$88,377,209	$100,974,447	($3,732,414)	$97,242,033	$97,242,033	$0
Less estimated income	88,377,209	100,974,447	(3,732,414)	97,242,033	97,242,033	0
General fund	$0	$0	$0	$0	$0	$0
FTE	156.00	170.00	0.00	170.00	170.00	0.00

Department 475 - Mill and Elevator - Detail of Conference Committee Changes

	Adjusts Funding for Health Insurance[1]	Adds Funding for Salary Increases[2]	Removes Salary Funding for a Funding Pool[3]	Total Conference Committee Changes
Salaries and wages	($17,750)	$409,231	($4,123,895)	($3,732,414)
Operating expenses				
Contingencies				
Agriculture promotion				
Total all funds	($17,750)	$409,231	($4,123,895)	($3,732,414)
Less estimated income	(17,750)	409,231	(4,123,895)	(3,732,414)
General fund	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00

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[1] Funding of $17,750 from other funds is removed related to an adjustment to health insurance premiums. The Senate also removed this funding, which was added by the House.

[2] Funding of $409,231 from other funds is added for salary increases, which are subject to union negotiations, to provide total salary increase funding of $2,723,414, the same as the Senate. The House provided $2,314,183 for salary increases, the same as requested by the agency in the Executive Budget.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Fund	Total
New FTE positions	$0	($2,367,332)	($2,367,332)
Vacant FTE positions	0	(1,756,563)	(1,756,563)
Total	$0	($4,123,895)	($4,123,895)

The House did not remove funding for a new and vacant FTE funding pool.

This amendment also removes a section added by the House related to the Mill and Elevator Association, which limited the transfer of Mill profits to the general fund to 10 percent. As a result, the transfer of Mill profits to the general fund is 50 percent, the same as the Senate and current law.

23.0243.02007

Sixty-eighth
Legislative Assembly
of North Dakota

FIRST ENGROSSMENT

ENGROSSED HOUSE BILL NO. 1014

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, relating to a Bank of North Dakota retention incentive program;~~ to amend and reenact sections 6-09.7-05, 54-17-40, and 54-17.7-01, subsections 3 and 4 of section 54-17.7-04, ~~, and section 54-63.1-01~~and subsection 3 of section 54-63.1-07 of the North Dakota Century Code and ~~section 8 of chapter 42 of the 2021 Session Laws~~subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws, relating to fuel production facility loan guarantee reserve funding, the housing incentive fund, the powers of the North Dakota pipeline authority, definitions for the clean sustainable energy authority, a clean sustainable energy authority line of credit, and ~~a transfer of Bank of North Dakota profits to the general fund~~an appropriation from the state fiscal recovery fund; to provide a contingent appropriation; to provide for a transfer; to provide an exemption; to provide for a study; to provide for a report; to provide a statement of legislative intent; to provide an effective date; and to declare an emergency.

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 the agencies under its control, for the biennium beginning July 1, 2023, and ending June 30, 2025, as follows:

Subdivision 1.

INDUSTRIAL COMMISSION

	Base Level	Adjustments or Enhancements	Appropriation

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

Subdivision 2.

DEPARTMENT OF MINERAL RESOURCES

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

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

Subdivision 3.

BANK OF NORTH DAKOTA

	Base Level	Adjustments or Enhancements	Appropriation
~~Bank of North Dakota operations~~	~~$67,306,548~~	~~$7,421,138~~	~~$74,727,686~~
~~Capital assets~~	~~1,510,000~~	~~0~~	~~1,510,000~~
~~Total special funds~~	~~$68,816,548~~	~~$7,421,138~~	~~$76,237,686~~
~~Full-time equivalent positions~~	~~173.00~~	~~14.00~~	~~187.00~~
Bank of North Dakota operations	$67,306,548	$2,760,519	$70,067,067
Capital assets	1,510,000	0	1,510,000
Total special funds	$68,816,548	$2,760,519	$71,577,067
Full-time equivalent positions	173.00	14.00	187.00

Subdivision 4.

HOUSING FINANCE AGENCY

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

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

Subdivision 5.

MILL AND ELEVATOR ASSOCIATION

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

Subdivision 6.

TOTAL - SECTION 1

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

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

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-NINTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the 2023-25 one-time funding items included in the appropriation in section 1 of this Act:

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

Bank of North Dakota - bond proceed allocation	680,000,000	0
Bank of North Dakota - agriculture diversification fund	10,000,000	0
Bank of North Dakota - fuel production incentives	21,000,000	0
Bank of North Dakota - information technology projects	0	804,278
Housing finance agency - housing incentive fund	9,500,000	0
Housing finance agency - housing assessment	35,000	0
~~Total all funds~~	~~$936,341,260~~	~~$45,360,072~~
~~Less estimated income~~	~~874,235,000~~	~~8,744,647~~
~~Total general fund~~	~~$62,106,260~~	~~$36,615,425~~
Total all funds	$936,341,260	$20,919,820
Less estimated income	874,235,000	9,155,335
Total general fund	$62,106,260	$11,764,485

The 2023-25 biennium one-time funding amounts are not part of the entity's base budget for the 2025-27 biennium. The industrial commission shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 3. BOND PAYMENTS. The amount of $119,879,913 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, 2023, and ending June 30, 2025:

~~Infrastructure project and program bonds - legacy earnings fund~~	~~$102,620,461~~
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

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

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

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

SECTION 6. APPROPRIATION - TRANSFER - FOSSIL RESTORATION FUND - 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 $250,000, which the office of management and budget shall transfer to the fossil excavation and restoration fund during the biennium beginning July 1, 2023, and ending June 30, 2025.
2. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of ~~$12,500,000~~$13,750,000, which the office of management and budget shall transfer to the housing incentive fund during the biennium beginning July 1, 2023, and ending June 30, 2025.
3. The funding provided in this section is considered a one-time funding item.

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

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

1. The sum of ~~$1,899,877~~$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, 2023, and ending June 30, 2025, 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 $1,214,768 appropriated to the industrial commission in subdivision 1 of section 1 of chapter 42 of the 2021 Session Laws and transferred pursuant to section 7 of chapter 42 of the 2021 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, 2023, and ending June 30, 2025.

SECTION 9. TRANSFER - FUNDS UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND - GRANT MANAGEMENT SOFTWARE. The sum of $1,250,000, 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 funds under

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

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

SECTION 10. TRANSFER - FUNDS UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND - CARBON CAPTURE EDUCATION. The sum of $300,000, 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 funds under the control of the industrial commission to the industrial commission fund to contract for carbon capture and utilization education and marketing in consultation with the lignite research council, the oil and gas research council, and the renewable energy council. Of the $300,000, the industrial commission may transfer:

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

SECTION 11. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO GENERAL FUND. The Bank of North Dakota shall transfer ~~$70,000,000~~$140,000,000 from the Bank's current earnings and undivided profits to the general fund during the biennium beginning July 1, 2023, and ending June 30, 2025. The moneys must be transferred in the amounts and at the times requested by the director of the office of management and budget after consultation with the Bank of North Dakota president. For legislative council budget status reporting purposes, the transfer under this section is considered an ongoing revenue source.

SECTION 12. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO ECONOMIC DEVELOPMENT PROGRAMS. During the biennium beginning July 1, 2023, and ending June 30, 2025, 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 fund;
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. ~~$3,000,000 to the agricultural products utilization fund~~$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 13. TRANSFER - ~~LEGACY EARNINGS~~STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - PIPELINE LEAK DETECTION AND PREVENTION PROGRAM - CLEAN SUSTAINABLE ENERGY GRANTS AND LOANS. During the biennium beginning July 1, 2023, and ending June 30, 2025, ~~and pursuant to the designation of funding for other legislative purposes under subdivision c of subsection 4 of section 21-10-13, the state treasurer~~the office of management and budget shall transfer the following amounts from the ~~legacy earnings~~strategic investment and improvements fund:

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

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

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

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

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

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 ~~$22,000,000~~$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 ~~$22,000,000~~$6,000,000 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 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, the state energy research center shall provide quarterly reports to the industrial commission and at least one report to the legislative management regarding the status and results of the research project.

~~**SECTION 15. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS 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:~~

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

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

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

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

SECTION 18. 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.

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~~one hundred forty 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 19. AMENDMENT. Section 54-17-40 of the North Dakota Century Code is amended and reenacted as follows:

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

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.
2. a. After a public hearing, the housing finance agency shall create an annual allocation plan for the distribution of the fund as authorized under subsection 3. ~~At least ten percent of the fund must be used to assist developing communities to address an unmet housing need or alleviate a housing shortage. At least ten percent of the fund must be made available to prevent homelessness as authorized by subdivision d of subsection 3.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 ~~as a purchaser of last resort. The obligation of the state may not exceed ten percent of the pipeline authority's acquisition or purchase of a right to capacity in any pipeline system or systems, or interconnection of pipeline systems, and the state's obligation is limited to the funding available from the oil and gas research fund~~. 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.

SECTION 22. 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 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. The line of credit must be guaranteed by reserves under section 6-09.7-05.

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

   d. The authority shall repay the line of credit from amounts available. If the amounts available on June 30, ~~2025~~2027, are not sufficient to repay the line of credit, the authority shall notify the director of the office of management and budget, and the director of the office of management and budget shall transfer funds from the strategic investment and improvements fund to the Bank for the repayment pursuant to section 6-09.7-05 based on the amount certified by the Bank.

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

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

~~As used in this chapter:~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 26. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH DAKOTA OUTDOOR HERITAGE FUND - 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, 2023, and ending August 31, 2025, 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, 2023, and ending July 31, 2025, the state treasurer shall allocate two percent of the oil and gas gross production tax and oil extraction tax revenues, up to ~~$14,500,000~~$17,500,000, into the oil and gas research fund before allocating oil and gas tax revenues under sections 57-51.1-07.5, 57-51.1-07.9, and 57-51.1-07.10.

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, 2023, and ending June 30, 2025:

1. 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;
2. The sum of $20,000,000 appropriated from the federal state fiscal recovery fund for hydrogen development grants and an underground energy storage research project in subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws as amended in section 24 of this Act; and
3. 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 and into the 2021-23 biennium pursuant to section 33 of chapter 42 of the 2021 Session Laws.

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

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

1. The clean sustainable energy authority;
2. The North Dakota pipeline authority;
3. The North Dakota transmission authority;
4. The lignite research council;
5. The oil and gas research council; and
6. The renewable energy council.

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

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

1. The sum of $3,000,000 from the general fund in the operating expenses line item included in subdivision 1 of section 1 of this Act and identified as one-time funding in section 2 of this Act for lignite litigation expenses.
2. The sum of $3,000,000 from the general fund in the operating expenses line item included in subdivision 2 of section 2 of this Act and identified as one-time funding in section 2 of this Act for oil and gas litigation expenses.
3. The sum of $230,000 from the general fund in the operating expenses line item included in subdivision 2 of section 1 of this Act for computer server transition.
4. The sum of $80,000 from the general fund in the operating expenses line item included in subdivision 2 of section 1 of this Act and identified as one-time funding in section 2 of this Act for computer server transition.
5. ~~Section 5~~Sections 5 and 24 of this Act.
6. ~~Section 23 of this Act~~Senate Bill No. 2165, as approved by the sixty-eighth legislative assembly.

23.0243.02007
Title.
Fiscal No. 2

Prepared by the Legislative Council staff for
Conference Committee
April 29, 2023

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1014

That the Senate recede from its amendments as printed on pages 1890-1902 of the House Journal and pages 1618-1630 of the Senate Journal and that Engrossed House Bill No. 1014 be amended as follows:

Page 1, line 2, remove "to create and enact a new section to chapter"

Page 1, line 3, remove "6-09, relating to a Bank of North Dakota retention incentive program;"

Page 1, line 4, after "6-09.7-05" insert ", 54-17-40,"

Page 1, line 4, remove "and section"

Page 1, line 5, replace "54-63.1-01" with ", and subsection 3 of section 54-63.1-07"

Page 1, line 5, remove "section 8 of chapter 42 of the 2021 Session"

Page 1, line 6, replace "Laws" with "subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws"

Page 1, line 6, after "funding" insert ", the housing incentive fund"

Page 1, line 7, after "authority" insert ", a clean sustainable energy authority line of credit"

Page 1, line 7, remove "a transfer of"

Page 1, line 8, replace "Bank of North Dakota profits to the general fund" with "an appropriation from the state fiscal recovery fund"

Page 1, line 9, after "exemption" insert "; to provide for a study"

Page 1, line 9, after "report" insert "; to provide a statement of legislative intent; to provide an effective date"

Page 1, remove lines 22 through 24

Page 2, replace lines 1 through 6 with:

"Salaries and wages	$23,698,119	($21,835,425)	$1,862,694
Operating expenses	5,119,958	(924,889)	4,195,069
Capital assets	0	1,250,000	1,250,000
Grants	0	8,623,893	8,623,893
Grants - bond payments	22,040,721	97,839,192	119,879,913
Total all funds	$50,858,798	$84,952,771	$135,811,569
Less estimated income	24,369,185	107,017,528	131,386,713
Total general fund	$26,489,613	($22,064,757)	$4,424,856
Full-time equivalent positions	108.25	(98.50)	9.75"

Page 2, replace lines 11 through 17 with:

"Salaries and wages	$0	$23,123,267	$23,123,267
Operating expenses	0	11,541,104	11,541,104
Capital assets	0	98,000	98,000
Total all funds	$0	$34,762,371	$34,762,371

Less estimated income	0	2,568,000	2,568,000
Total general fund	$0	$32,194,371	$32,194,371
Full-time equivalent positions	0.00	108.00	108.00"

Page 2, replace lines 22 through 25 with:

"Bank of North Dakota operations	$67,306,548	$2,760,519	$70,067,067
Capital assets	1,510,000	0	1,510,000
Total special funds	$68,816,548	$2,760,519	$71,577,067
Full-time equivalent positions	173.00	14.00	187.00"

Page 2, remove lines 30 and 31

Page 3, replace lines 1 through 7 with:

"Salaries and wages	$9,556,272	$1,556,933	$11,113,205
Operating expenses	6,109,060	4,794,823	10,903,883
Capital assets	150,000	(130,000)	20,000
Grants	42,975,200	5,829,910	48,805,110
Housing finance agency contingencies	100,000	0	100,000
Total all funds	$58,890,532	$12,051,666	$70,942,198
Less estimated income	58,890,532	9,551,666	68,442,198
Total general fund	$0	$2,500,000	$2,500,000
Full-time equivalent positions	49.00	5.00	54.00"

Page 3, replace lines 12 through 17 with:

"Salaries and wages	$50,560,209	$3,290,171	$53,850,380
Operating expenses	36,817,000	5,574,653	42,391,653
Contingencies	500,000	0	500,000
Agriculture promotion	500,000	0	500,000
Total special funds	$88,377,209	$8,864,824	$97,242,033
Full-time equivalent positions	156.00	14.00	170.00"

Page 3, replace lines 22 through 24 with:

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

Page 4, remove line 6

Page 4, after line 7 insert:

"Administration - carbon capture education	0	300,000
Administration - records digitization	0	75,000
Administration - inflationary increases	0	35,688"

Page 4, replace line 11 with:

"Mineral resources - inflationary expenses	0	886,868
Mineral resources - drones and computers	0	83,648"

Page 4, replace lines 23 through 25 with:

"Total all funds	$936,341,260	$20,919,820
Less estimated income	874,235,000	9,155,335

Total general fund $62,106,260 $11,764,485"

Page 5, replace line 4 with:

"Infrastructure project and program bonds - legacy sinking and interest fund $102,620,461"

Page 6, line 10, replace "$12,500,000" with "$13,750,000"

Page 6, line 15, after "funds" insert "from the new and vacant FTE funding pool"

Page 6, line 18, replace "spend" with "request the office of management and budget transfer up to"

Page 6, line 18, after "$82,068" insert "of other funds"

Page 6, line 18, after "the" insert "new and vacant FTE funding pool for"

Page 6, line 18, replace "line item" with "for the full-time equivalent position identified in this section,"

Page 6, line 18, after the second "and" insert "the agency"

Page 6, line 22, after "**FUND**" insert "**- ADMINISTRATION**"

Page 6, line 23, replace "$1,899,877" with "$1,818,114"

Page 7, line 6, after "**FUND**" insert "**- GRANT MANAGEMENT SOFTWARE**"

Page 7, after line 15, insert:

"**SECTION 10. TRANSFER - FUNDS UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND - CARBON CAPTURE EDUCATION.** The sum of $300,000, 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 funds under the control of the industrial commission to the industrial commission fund to contract for carbon capture and utilization education and marketing in consultation with the lignite research council, the oil and gas research council, and the renewable energy council. Of the $300,000, the industrial commission may transfer:

1. Up to $100,000 from the lignite research fund;

2. Up to $100,000 from the oil and gas research fund; and

3. Up to $100,000 from the renewable energy development fund."

Page 7, line 17, replace "$70,000,000" with "$140,000,000"

Page 7, line 31, replace "$3,000,000 to the agricultural products utilization fund" with "$1,500,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants"

Page 8, line 1, replace "**LEGACY EARNINGS**" with "**STRATEGIC INVESTMENT AND IMPROVEMENTS**"

Page 8, line 3, remove "and pursuant to the"

Page 8, remove line 4

Page 8, line 5, replace "section 21-10-13, the state treasurer" with "the office of management and budget"

Page 8, line 5, remove "legacy"

Page 8, line 6, replace "earnings" with "strategic investment and improvements"

Page 8, line 7, replace "$5,000,000" with "$3,000,000"

Page 8, line 9, replace "$50,000,000" with "$30,000,000"

Page 8, line 10, replace "$250,000,000" with "$30,000,000"

Page 8, line 15, replace "$3,000,000" with "$1,500,000"

Page 8, line 19, replace "$3,000,000" with "$1,500,000"

Page 9, line 2, after "**FUND**" insert "**- FEDERAL STATE FISCAL RECOVERY FUND**"

Page 9, line 4, replace "$22,000,000" with "$6,000,000"

Page 9, line 6, after "57-51.1-07.9" insert "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"

Page 9, line 7, replace "$22,000,000" with "$6,000,000"

Page 9, line 8, after "fund" insert "and up to $5,300,000 of federal funds from the state fiscal recovery fund"

Page 9, remove lines 20 through 27

Page 10, remove lines 20 through 31

Page 11, replace lines 1 and 2 with:

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

1. Pursuant to the continuing appropriation under section 57-61-01.6, up to $500,000 from the lignite research fund may be used for the purpose of contracting with the energy and environmental research center for a nonmatching study of future lignite electrical generation facilities.

2. The study must include consideration of an energy demand forecast for dispatchable electricity generation and the regulatory environment for future lignite electrical generation facilities, an analysis of the economic impact of future lignite electrical generation facilities and the value-added products or services that may result from those facilities, and other factors related to the development and operation of future lignite electrical generation facilities.

3. During the 2023-24 interim, the energy and environmental research center shall provide at least one report to the legislative management regarding the status of the study."

Page 11, after line 20, insert:

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

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

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.

2. a. After a public hearing, the housing finance agency shall create an annual allocation plan for the distribution of the fund as authorized under subsection 3. ~~At least ten percent of the fund must be used to assist developing communities to address an unmet housing need or alleviate a housing shortage. At least ten percent of the fund must be made available to prevent homelessness as authorized by subdivision d of subsection 3.~~

   b. The annual allocation plan must give priority to provide housing for individuals and families of low or moderate income. For purposes of this priority, eligible income limits are determined as a percentage of median family income as published in the most recent federal register notice. Under this priority, the annual allocation plan must give preference to projects that benefit households with the lowest income and to projects that have rent restrictions at or below department of housing and urban development published federal fair market rents or department of housing and urban development section 8 payment standards.

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

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

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

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

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

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

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

4. Eligible recipients include units of local, state, and tribal government; local and tribal housing authorities; community action agencies; regional

planning councils; and nonprofit organizations and for-profit developers of ~~multifamily~~residential housing. Individuals may not receive direct assistance from the fund.

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

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

7. Upon request, the housing finance agency shall report to the industrial commission regarding the activities of the housing incentive fund.

8. At least once per biennium, the housing finance agency shall provide a report to the budget section of the legislative management regarding the activities of the housing incentive fund."

Page 12, line 26, replace "2025" with "2027"

Page 13, replace lines 1 through 30 with:

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

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

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

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

distributions to the state energy research center for an underground energy storage research project, and any remaining amounts are available for providing hydrogen development grants, as approved by the clean sustainable energy authority.

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

Page 14, line 12, replace "$14,500,000" with "$17,500,000"

Page 14, line 22, after "grants" insert "and an underground energy storage research project"

Page 14, line 23, after "Laws" insert "as amended in section 24 of this Act"

Page 14, line 25, after "fund" insert "to the department of mineral resources for a survey review"

Page 14, after line 28, insert:

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

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

1. The clean sustainable energy authority;
2. The North Dakota pipeline authority;
3. The North Dakota transmission authority;
4. The lignite research council;
5. The oil and gas research council; and
6. The renewable energy council.

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

Page 15, line 12, replace "Section 5" with "Sections 5 and 24"

Page 15, line 13, replace "Section 23 of this Act" with "Senate Bill No. 2165, as approved by the sixty-eighth legislative assembly"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1014 - Summary of Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Industrial Commission						
Total all funds	$50,858,798	$160,932,060	($25,120,491)	$135,811,569	$135,811,569	$0
Less estimated income	24,369,185	156,507,204	(25,120,491)	131,386,713	131,386,713	0
General fund	$26,489,613	$4,424,856	$0	$4,424,856	$4,424,856	$0
FTE	108.25	9.75	0.00	9.75	9.75	0.00
Department of Mineral Resources						
Total all funds	$0	$37,141,066	($2,128,695)	$35,012,371	$35,012,371	$0
Less estimated income	0	2,568,000	0	2,568,000	2,568,000	0
General fund	$0	$34,573,066	($2,128,695)	$32,444,371	$32,444,371	$0
FTE	0.00	108.00	0.00	108.00	108.00	0.00
Bank of North Dakota						
Total all funds	$68,816,548	$76,237,686	($4,660,619)	$71,577,067	$71,577,067	$0
Less estimated income	68,816,548	76,237,686	(4,660,619)	71,577,067	71,577,067	0
General fund	$0	$0	$0	$0	$0	$0
FTE	173.00	187.00	0.00	187.00	187.00	0.00
Housing Finance Agency						
Total all funds	$58,890,532	$84,333,093	$359,105	$84,692,198	$85,942,198	($1,250,000)
Less estimated income	58,890,532	69,333,093	(890,895)	68,442,198	68,442,198	0
General fund	$0	$15,000,000	$1,250,000	$16,250,000	$17,500,000	($1,250,000)
FTE	49.00	53.00	1.00	54.00	54.00	0.00
Mill and Elevator						
Total all funds	$88,377,209	$100,974,447	($3,732,414)	$97,242,033	$97,242,033	$0
Less estimated income	88,377,209	100,974,447	(3,732,414)	97,242,033	97,242,033	0
General fund	$0	$0	$0	$0	$0	$0
FTE	156.00	170.00	0.00	170.00	170.00	0.00
Bill total						
Total all funds	$266,943,087	$459,618,352	($35,283,114)	$424,335,238	$425,585,238	($1,250,000)
Less estimated income	240,453,474	405,620,430	(34,404,419)	371,216,011	371,216,011	0
General fund	$26,489,613	$53,997,922	($878,695)	$53,119,227	$54,369,227	($1,250,000)
FTE	486.25	527.75	1.00	528.75	528.75	0.00

House Bill No. 1014 - Industrial Commission - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	$23,698,119	$2,471,236	($608,542)	$1,862,694	$1,862,694	
Operating expenses	5,119,958	3,707,018	488,051	4,195,069	4,195,069	
Capital assets		1,250,000		1,250,000	1,250,000	
Grants		33,623,893	(25,000,000)	8,623,893	8,623,893	
Grants - Bond payments	22,040,721	119,879,913		119,879,913	119,879,913	
Total all funds	$50,858,798	$160,932,060	($25,120,491)	$135,811,569	$135,811,569	$0
Less estimated income	24,369,185	156,507,204	(25,120,491)	131,386,713	131,386,713	0
General fund	$26,489,613	$4,424,856	$0	$4,424,856	$4,424,856	$0
FTE	108.25	9.75	0.00	9.75	9.75	0.00

Department 405 - Industrial Commission - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Adjusts Funding for an FTE Position[2]	Removes Salary Funding for a Funding Pool[3]	Adds Funding for Software[4]	Adjusts One-Time Funding Items[5]	Total Conference Committee Changes
Salaries and wages	$34,386	($121,985)	($520,943)			($608,542)
Operating expenses		3,363		$74,000	$410,688	488,051
Capital assets						
Grants					(25,000,000)	(25,000,000)
Grants - Bond payments						
Total all funds	$34,386	($118,622)	($520,943)	$74,000	($24,589,312)	($25,120,491)
Less estimated income	34,386	(118,622)	(520,943)	74,000	(24,589,312)	(25,120,491)
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates, the same as the Senate, as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$35,332	$35,332
Health insurance adjustment	0	(946)	(946)
Total	$0	$34,386	$34,386

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding from other funds for an administrative assistant position is decreased by $118,622 from $300,943 to $182,321, the same as the Senate. The $118,622 decrease reflects a decrease of $121,985 to salaries and wages and an increase of $3,363 to operating expenses. This provides the same level of funding as a grant administration position. The House provided $300,943 for the administrative assistant position.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($490,562)	($490,562)
Vacant FTE positions	0	(30,381)	(30,381)
Total	$0	($520,943)	($520,943)

The House did not remove funding for a new and vacant FTE funding pool.

[4] Funding of $74,000 from other funds is added for software related to a meeting management license and an accounting subscription, the same as the Senate. The House did not include this funding.

[5] One-time funding, which was not included by the House version, is added by the Conference Committee and Senate as follows:

- $75,000 from other funds for a records digitization project.
- $35,688 from other funds for inflationary increases related to rent.
- $300,000 from other funds for carbon capture and utilization education and marketing, including $100,000 from the lignite research fund, $100,000 from the oil and gas research fund, and $100,000 from the renewable energy development fund.

One-time funding, which was added in the House version, is removed by the Conference Committee and Senate as follows:

- $25 million from the strategic investment and improvements fund for a transmission line grant.

This amendment also includes the following changes related to the Industrial Commission:

- Adjusts the transfer for administrative services to provide $1,818,114, the same as the Senate. The House provided for a transfer of $1,899,877.

- Includes a transfer of up to $100,000 from three energy programs, which was added by the Senate, to provide a total of $300,000 for carbon capture and utilization education and marketing. The House did not include this funding.
- Adjusts the funding for a pipeline leak detection and prevention program to provide $3 million from the strategic investment and improvements fund, the same as the Senate. The House provided $5 million from legacy fund earnings.
- Adjusts the funding for the clean sustainable energy fund to provide $60 million from the strategic investment and improvements fund for grants ($30 million) and to repay a line of credit ($30 million) and to increase the line of credit available to support the fund by $140 million, from $250 million to $390 million. The House provided $300 million from legacy fund earnings, including $50 million for grants and $250 million to repay a line of credit and for additional loans. The Senate provided $30 million from the strategic investment and improvements fund for grants.
- Decreases funding from the strategic investment and improvements fund for a critical minerals study to provide $1.5 million. The Senate also decreased this funding, but the House provided $3 million for the study.
- Adjusts the funding for an underground energy storage research project to provide $6 million from the strategic investment and improvements fund and $5.3 million from the federal State Fiscal Recovery Fund. An appropriation of $20 million from the federal State Fiscal Recovery Fund from the November 2021 special legislative session is amended to provide up to $5.3 million for the research project with the remaining amount available for hydrogen development grants. The Senate also included these adjustments, but the House provided $22 million from the strategic investment and improvements fund for the research project.
- Designates $500,000 from the lignite research fund for a study of future lignite electrical generation facilities, the same as the Senate. The House did not designate funding for this study.
- Provides an effective date of July 1, 2025, for a guarantee from the strategic investment and improvements fund for a line of credit related to the purchase of capacity positions on a pipeline, the same as the Senate. The House added the guarantee and line of credit, but did not include an effective date.
- Provides an emergency clause for Senate Bill No. 2165, relating to membership of the clean sustainable energy authority, which was added by the Senate. The House did not include an emergency clause for that bill.
- Adds a statement of legislative intent regarding the state's energy-related programs to support energy development projects. Neither the House nor the Senate included this statement of intent.
- Removes a section, which was included by both the House and the Senate, clarifying the definition of clean sustainable energy projects to identify hydrogen projects as eligible projects.

House Bill No. 1014 - Department of Mineral Resources - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages		$25,401,022	($2,277,755)	$23,123,267	$23,123,267	
Operating expenses		11,410,044	131,060	11,541,104	11,541,104	
Capital assets		80,000	18,000	98,000	98,000	
Transfer to fossil restoration fund		250,000		250,000	250,000	
Total all funds	$0	$37,141,066	($2,128,695)	$35,012,371	$35,012,371	$0
Less estimated income	0	2,568,000	0	2,568,000	2,568,000	0
General fund	$0	$34,573,066	($2,128,695)	$32,444,371	$32,444,371	$0
FTE	0.00	108.00	0.00	108.00	108.00	0.00

Department 470 - Department of Mineral Resources - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Removes Salary Funding for a Funding Pool[2]	Adds One-Time Funding Items[3]	Total Conference Committee Changes
Salaries and wages	$396,394	($2,674,149)		($2,277,755)
Operating expenses			$131,060	131,060
Capital assets			18,000	18,000
Transfer to fossil restoration fund				
Total all funds	$396,394	($2,674,149)	$149,060	($2,128,695)
Less estimated income	0	0	0	0
General fund	$396,394	($2,674,149)	$149,060	($2,128,695)
FTE	0.00	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates, the same as the Senate, as follows:

	General Fund	Other Funds	Total
Salary increase	$409,369	$0	$409,369
Health insurance adjustment	(12,975)	0	(12,975)
Total	$396,394	$0	$396,394

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	($1,284,293)	$0	($1,284,293)
Vacant FTE positions	(1,389,856)	0	(1,389,856)
Total	($2,674,149)	$0	($2,674,149)

The House did not remove funding for a new and vacant FTE funding pool.

[3] One-time funding from the general fund, which was also added by the Senate, but not included by the House, is added as follows:

- $65,412 for additional inflationary increases related to state fleet mileage.
- $83,648 for drones and computer equipment.

The Conference Committee and Senate amended a section related to the Department of Mineral Resources to increase the oil and gas tax revenue allocations to the oil and gas research fund to $17.5 million, an increase of $3 million from the House version, which provided $14.5 million, the same as the 2021-23 biennium.

House Bill No. 1014 - Bank of North Dakota - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Capital assets	$1,510,000	$1,510,000		$1,510,000	$1,510,000	
Bank of North Dakota operations	67,306,548	74,727,686	($4,660,619)	70,067,067	70,067,067	
Total all funds	$68,816,548	$76,237,686	($4,660,619)	$71,577,067	$71,577,067	$0
Less estimated income	68,816,548	76,237,686	(4,660,619)	71,577,067	71,577,067	0
General fund	$0	$0	$0	$0	$0	$0
FTE	173.00	187.00	0.00	187.00	187.00	0.00

Department 471 - Bank of North Dakota - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Removes Salary Funding for a Funding Pool[2]	Total Conference Committee Changes
Capital assets			
Bank of North Dakota operations	$769,366	($5,429,985)	($4,660,619)
Total all funds	$769,366	($5,429,985)	($4,660,619)
Less estimated income	769,366	(5,429,985)	(4,660,619)
General fund	$0	$0	$0
FTE	0.00	0.00	0.00

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[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates, the same as the Senate, as

follows:

	General Fund	Other Funds	Total
Salary increase	$0	$789,224	$789,224
Health insurance adjustment	0	(19,858)	(19,858)
Total	$0	$769,366	$769,366

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($3,106,682)	($3,106,682)
Vacant FTE positions	0	(2,323,303)	(2,323,303)
Total	$0	($5,429,985)	($5,429,985)

The House did not remove funding for a new and vacant FTE funding pool.

This amendment also includes the following changes related to the Bank of North Dakota:

- Adds a transfer of $1.5 million from the Bank's profits to a small business development center, the same as the Senate. The House did not include this transfer.
- Removes a transfer of $3 million from the Bank's profits to the agricultural products utilization fund, which was included by the the House but was also removed by the Senate; however, Senate Bill No. 2009 includes a transfer of $3 million from the Bank's profits to the agricultural products utilization fund.
- Increases the transfer from the Bank's profits to the general fund to provide $140 million for the 2023-25 biennium, which is the same as the Senate but an increase of $70 million compared to the House version of $70 million.
- Removes a section added by the House to limit the transfer from the Bank's profits to the general fund to provide $70 million for the 2021-23 biennium. The Senate also removed this section. The House version resulted in a reduction to the July 1, 2023, general fund beginning balance. As approved by the Senate and Conference Committee, the transfer for the 2021-23 biennium is $140 million, the same as the transfer approved during the 2021 legislative session.
- Adds a requirement for the Industrial Commission and Bank of North Dakota to study a recruitment and retention incentive program and to provide a report to the Legislative Management. Neither the House nor the Senate included this study and report.
- Adds a statement of legislative intent that the Legislative Assembly consider developing procedures or adopting legislative rules for introducing bills and amendments related to the use of Bank of North Dakota profits. Neither the House nor the Senate provided a statement of legislative intent.

House Bill No. 1014 - Housing Finance Agency - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	$9,556,272	$12,169,742	($1,056,537)	$11,113,205	$11,113,205	
Operating expenses	6,109,060	10,738,241	165,642	10,903,883	10,903,883	
Capital assets	150,000	20,000		20,000	20,000	
Grants	42,975,200	48,805,110		48,805,110	48,805,110	
HFA contingencies	100,000	100,000		100,000	100,000	
Housing incentive fund		12,500,000	1,250,000	13,750,000	15,000,000	($1,250,000)
Total all funds	$58,890,532	$84,333,093	$359,105	$84,692,198	$85,942,198	($1,250,000)
Less estimated income	58,890,532	69,333,093	(890,895)	68,442,198	68,442,198	0
General fund	$0	$15,000,000	$1,250,000	$16,250,000	$17,500,000	($1,250,000)
FTE	49.00	53.00	1.00	54.00	54.00	0.00

Department 473 - Housing Finance Agency - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Adds FTE Position[2]	Removes Salary Funding for a Funding Pool[3]	Adds Funding for Operating Expenses[4]	Adds Funding for Housing Incentive Fund[5]	Total Conference Committee Changes
Salaries and wages	$176,196	$218,908	($1,451,641)			($1,056,537)
Operating expenses				$165,642		165,642
Capital assets						
Grants						
HFA contingencies						
Housing incentive fund					$1,250,000	1,250,000
Total all funds	$176,196	$218,908	($1,451,641)	$165,642	$1,250,000	$359,105
Less estimated income	176,196	218,908	(1,451,641)	165,642	0	(890,895)
General fund	$0	$0	$0	$0	$1,250,000	$1,250,000
FTE	0.00	1.00	0.00	0.00	0.00	1.00

[1] Salaries and wages funding is adjusted for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates, the same as the Senate, as follows:

	General Fund	Other Funds	Total
Salary increase	$0	$182,349	$182,349
Health insurance adjustment	0	(6,153)	(6,153)
Total	$0	$176,196	$176,196

The House provided salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024.

[2] Funding of $218,908 from other funds is added for 1 FTE compliance officer position to provide a total of $437,816 for 2 FTE compliance officer positions. The Senate also provided $437,816 for 2 FTE compliance officer positions, but the House provided $218,908 for 1 FTE compliance officer position.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	$0	($986,476)	($986,476)
Vacant FTE positions	0	(465,165)	(465,165)
Total	$0	($1,451,641)	($1,451,641)

The House did not remove funding for a new and vacant FTE funding pool.

[4] Funding of $165,642 from other funds is added for inflationary increases, the same as the Senate. The House did not include funding for inflationary increases.

[5] One-time funding for a transfer from the general fund to the housing incentive fund is increased by $1.25 million to provide total funding of $13.75 million for the housing incentive fund pursuant to a section in the bill. The House provided for a transfer of $12.5 million, but the Senate provided for a transfer of $15 million.

This amendment adds a section related to the Housing Finance Agency to amend the housing incentive fund to remove the 10 percent designation for funding to prevent homelessness and to allow funding to be used for single family housing projects, the same as the Senate. The House did not amend the housing incentive fund.

House Bill No. 1014 - Mill and Elevator - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	$50,560,209	$57,582,794	($3,732,414)	$53,850,380	$53,850,380	
Operating expenses	36,817,000	42,391,653		42,391,653	42,391,653	
Contingencies	500,000	500,000		500,000	500,000	
Agriculture promotion	500,000	500,000		500,000	500,000	
Total all funds	$88,377,209	$100,974,447	($3,732,414)	$97,242,033	$97,242,033	$0
Less estimated income	88,377,209	100,974,447	(3,732,414)	97,242,033	97,242,033	0
General fund	$0	$0	$0	$0	$0	$0
FTE	156.00	170.00	0.00	170.00	170.00	0.00

Department 475 - Mill and Elevator - Detail of Conference Committee Changes

	Adjusts Funding for Health Insurance[1]	Adds Funding for Salary Increases[2]	Removes Salary Funding for a Funding Pool[3]	Total Conference Committee Changes
Salaries and wages	($17,750)	$409,231	($4,123,895)	($3,732,414)
Operating expenses				
Contingencies				
Agriculture promotion				
Total all funds	($17,750)	$409,231	($4,123,895)	($3,732,414)
Less estimated income	(17,750)	409,231	(4,123,895)	(3,732,414)
General fund	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00

[1] Funding of $17,750 from other funds is removed related to an adjustment to health insurance premiums. The Senate also removed this funding, which was added by the House.

[2] Funding of $409,231 from other funds is added for salary increases, which are subject to union negotiations, to provide total salary increase funding of $2,723,414, the same as the Senate. The House provided $2,314,183 for salary increases, the same as requested by the agency in the Executive Budget.

[3] Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below, the same as the Senate. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Fund	Total
New FTE positions	$0	($2,367,332)	($2,367,332)
Vacant FTE positions	0	(1,756,563)	(1,756,563)
Total	$0	($4,123,895)	($4,123,895)

The House did not remove funding for a new and vacant FTE funding pool.

This amendment also removes a section added by the House related to the Mill and Elevator Association, which limited the transfer of Mill profits to the general fund to 10 percent. As a result, the transfer of Mill profits to the general fund is 50 percent, the same as the Senate and current law.