

**HOUSE BILL NO. 1014**

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the state industrial  
2 commission and the agencies under the management of the industrial commission; to provide a  
3 continuing appropriation; to provide a contingent appropriation; to authorize transfers; to provide  
4 legislative intent; to create and enact a new section to chapter 6-09 and a new section to  
5 chapter 54-17.8 of the North Dakota Century Code, relating to a new short line railroad loan  
6 program and the North Dakota outdoor heritage fund; to amend and reenact sections 54-17-40,  
7 54-17-41, and 57-38-01.32 of the North Dakota Century Code and section 22 of chapter 579 of  
8 the 2011 Session Laws, relating to the housing incentive fund credits and the use of the  
9 flex PACE program; and to provide an expiration date.

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

11 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
12 as may be necessary, are appropriated out of any moneys in the general fund in the state  
13 treasury, not otherwise appropriated, and from special funds derived from federal funds and  
14 other income, to the state industrial commission and agencies under its control for the purpose  
15 of defraying the expenses of the state industrial commission and agencies under its control, for  
16 the biennium beginning July 1, 2015, and ending June 30, 2017, as follows:

17 Subdivision 1.

**INDUSTRIAL COMMISSION**

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
21 Salaries and wages	\$17,873,876	\$5,947,986	\$23,821,862
22 Accrued leave payments	347,696	(347,696)	0
23 Operating expenses	4,775,576	4,966,150	9,741,726
24 Capital assets	0	16,013,442	16,013,442

Sixty-fourth  
Legislative Assembly

1	Grants	19,500,000	(19,500,000)	0
2	Grants - bond payments	<u>19,809,969</u>	<u>(4,769,140)</u>	<u>15,040,829</u>
3	Total all funds	\$62,307,117	\$2,310,742	\$64,617,859
4	Less estimated income	<u>40,973,792</u>	<u>(23,946,470)</u>	<u>17,027,322</u>
5	Total general fund	\$21,333,325	\$26,257,212	\$47,590,537
6	Full-time equivalent positions	99.75	22.00	121.75

7 Subdivision 2.

8 BANK OF NORTH DAKOTA - OPERATIONS

9			Adjustments or	
10		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
11	Bank of North Dakota operations	\$51,523,916	\$7,894,777	\$59,418,693
12	Accrued leave payments	881,231	(881,231)	0
13	Capital assets	<u>745,000</u>	<u>0</u>	<u>745,000</u>
14	Total special funds	\$53,150,147	\$7,013,546	\$60,163,693
15	Full-time equivalent positions	179.50	2.00	181.50

16 Subdivision 3.

17 MILL AND ELEVATOR ASSOCIATION

18			Adjustments or	
19		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
20	Salaries and wages	\$29,141,750	\$7,647,000	\$36,788,750
21	Accrued leave payments	575,807	(575,807)	0
22	Operating expenses	21,796,000	5,531,000	27,327,000
23	Contingencies	400,000	100,000	500,000
24	Agriculture promotion	<u>210,000</u>	<u>0</u>	<u>210,000</u>
25	Total from mill and elevator fund	\$52,123,557	\$12,702,193	\$64,825,750
26	Full-time equivalent positions	135.00	12.00	147.00

27 Subdivision 4.

28 HOUSING FINANCE AGENCY

29			Adjustments or	
30		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
31	Salaries and wages	\$7,434,877	\$532,595	\$7,967,472

Sixty-fourth  
Legislative Assembly

1	Accrued leave payments	147,806	(147,806)	0
2	Operating expenses	3,791,758	(47,483)	3,744,275
3	Grants	29,533,050	(3,602,270)	25,930,780
4	Housing finance agency contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
5	Total special funds	\$41,007,491	(\$3,264,964)	\$37,742,527
6	Full-time equivalent positions	46.00	0.00	46.00
7	Subdivision 5.			
8	BILL TOTAL			
9			Adjustments or	
10		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
11	Grand total general fund	\$21,333,325	\$26,257,212	\$47,590,537
12	Grand total special funds	<u>187,254,987</u>	<u>(7,495,695)</u>	<u>179,759,292</u>
13	Grand total all funds	\$208,588,312	\$18,761,517	\$227,349,829

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

**SIXTY-FIFTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items approved by the sixty-third legislative assembly for the 2013-15 biennium and the 2015-17 one-time funding items included in the grand total appropriation in section 1 of this Act:

18	<u>One-Time Funding Description</u>	<u>2013-15</u>	<u>2015-17</u>
19	Oil-bearing rock study	\$80,000	\$0
20	Possible litigation	1,000,000	3,000,000
21	Core library - architect services	25,000	0
22	Temperature profiles study	50,000	0
23	Wide-bed plotter	5,800	0
24	Core library - expansion	0	16,033,942
25	Aerial photography	0	104,143
26	Contract analysis	0	125,000
27	Digital conversion	0	100,000
28	Migration to RBDMS.net	0	250,000
29	Medical loan program	50,000,000	0
30	Housing incentive fund	15,400,000	0
31	Flood housing grants	<u>1,500,000</u>	<u>0</u>

Sixty-fourth  
Legislative Assembly

1	Total all funds	\$68,060,800	\$19,613,085
2	Total special fund	<u>51,500,000</u>	<u>0</u>
3	Total general fund	\$16,560,800	\$19,613,085

4 The 2015-17 one-time funding amounts are not a part of the entity's base budget for the  
5 2017-19 biennium. The industrial commission shall report to the appropriations committees of  
6 the sixty-fifth legislative assembly on the use of this one-time funding for the biennium  
7 beginning July 1, 2015, and ending June 30, 2017.

8 **SECTION 3. LEGISLATIVE INTENT - BOND PAYMENTS.** The amount of \$15,040,829  
9 included in subdivision 1 of section 1 of this Act in the grants - bond payments line item must be  
10 paid from the following funding sources during the biennium beginning July 1, 2015, and ending  
11 June 30, 2017:

12	North Dakota university system		\$8,368,836
13	North Dakota university system - energy conservation projects		491,161
14	Department of corrections and rehabilitation		1,279,524
15	Department of corrections and rehabilitation - energy conservation projects		16,206
16	State department of health		637,940
17	Job service North Dakota		427,131
18	Office of management and budget		664,952
19	Office of attorney general		765,483
20	State historical society		1,391,668
21	Parks and recreation department		73,592
22	Research and extension service		571,126
23	Veterans' home		<u>353,210</u>
24	Total		\$15,040,829

25 **SECTION 4. APPROPRIATION.** In addition to the amount appropriated to the housing  
26 finance agency in subdivision 4 of section 1 of this Act, there is appropriated any additional  
27 income or unanticipated income from federal or other funds which may become available to the  
28 agency for the biennium beginning July 1, 2015, and ending June 30, 2017.

29 **SECTION 5. APPROPRIATION - EMERGENCY COMMISSION APPROVAL.** In addition to  
30 the amount appropriated to the state industrial commission in subdivision 1 of section 1 of this  
31 Act, there is appropriated, with the approval of the emergency commission, funds that may

1 become available to the commission from bonds authorized by law to be issued by the state  
2 industrial commission for the biennium beginning July 1, 2015, and ending June 30, 2017.

3 **SECTION 6. TRANSFER.** The sum of \$930,000, or so much of the sum as may be  
4 necessary, included in the special funds appropriation line item in subdivision 1 of section 1 of  
5 this Act, may be transferred from the entities within the control of the state industrial commission  
6 or entities directed to make payments to the industrial commission fund for administrative  
7 services rendered by the commission. Transfers shall be made during the biennium beginning  
8 July 1, 2015, and ending June 30, 2017, upon order of the commission. Transfers from the  
9 student loan trust must be made to the extent permitted by sections 54-17-24 and 54-17-25.

10 **SECTION 7. TRANSFER - BANK OF NORTH DAKOTA - PARTNERSHIP IN ASSISTING**  
11 **COMMUNITY EXPANSION.** The Bank of North Dakota shall transfer the sum of \$28,000,000,  
12 or so much of the sum as may be necessary, from the Bank's current earnings and undivided  
13 profits to the partnership in assisting community expansion fund during the biennium beginning  
14 July 1, 2015, and ending June 30, 2017.

15 **SECTION 8. TRANSFER - BANK OF NORTH DAKOTA - AGRICULTURE PARTNERSHIP**  
16 **IN ASSISTING COMMUNITY EXPANSION.** The Bank of North Dakota shall transfer the sum of  
17 \$3,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and  
18 undivided profits to the agriculture partnership in assisting community expansion fund during the  
19 biennium beginning July 1, 2015, and ending June 30, 2017.

20 **SECTION 9. TRANSFER - BANK OF NORTH DAKOTA - BIOFUELS PARTNERSHIP IN**  
21 **ASSISTING COMMUNITY EXPANSION.** The Bank of North Dakota shall transfer the sum of  
22 \$2,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and  
23 undivided profits to the biofuels partnership in assisting community expansion fund during the  
24 biennium beginning July 1, 2015, and ending June 30, 2017.

25 **SECTION 10. TRANSFER - BANK OF NORTH DAKOTA - BEGINNING FARMER**  
26 **REVOLVING LOAN FUND.** The Bank of North Dakota shall transfer the sum of \$7,000,000, or  
27 so much of the sum as may be necessary, from the Bank's current earnings and undivided  
28 profits to the beginning farmer revolving loan fund during the biennium beginning July 1, 2015,  
29 and ending June 30, 2017.

30 **SECTION 11. MILL AND ELEVATOR PROFITS - TRANSFER TO THE GENERAL FUND.**  
31 Notwithstanding any other provision of law, the industrial commission shall transfer to the state

1 general fund 50 percent of the annual earnings and undivided profits of the North Dakota mill  
2 and elevator association after any transfers to other state agricultural-related programs or the  
3 sum of \$6,817,200, whichever is less, during the biennium beginning July 1, 2015, and ending  
4 June 30, 2017. The moneys must be transferred on an annual basis in the amounts and at the  
5 times requested by the director of the office of management and budget.

6 **SECTION 12. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING PROGRAM -**  
7 **LIGNITE MARKETING FEASIBILITY STUDY.** The amount of \$4,500,000 from the lignite  
8 research fund, or so much of the amount as may be necessary, may be used for the purpose of  
9 contracting for an independent, nonmatching lignite marketing feasibility study or studies that  
10 determine those focused priority areas where near-term, market-driven projects, activities, or  
11 processes will generate matching private industry investment and have the most potential of  
12 preserving existing lignite production and industry jobs or that will lead to increased  
13 development of lignite and its products and create new lignite industry jobs and economic  
14 growth for the general welfare of this state. Moneys appropriated under this section also may be  
15 used for the purpose of contracting for nonmatching studies and activities in support of the  
16 lignite vision 21 program; for litigation that may be necessary to protect and promote the  
17 continued development of lignite resources; for nonmatching externality studies and activities in  
18 externality proceedings; or other marketing, environmental, or transmission activities that assist  
19 with marketing of lignite-based electricity and lignite-based byproducts. Moneys not needed for  
20 the purposes stated in this section are available to the commission for funding projects,  
21 processes, or activities under the lignite research, development, and marketing program.

22 **SECTION 13. CONTINGENT APPROPRIATION - DEPARTMENT OF MINERAL**  
23 **RESOURCES FUNDING.** Of the funds appropriated in subdivision 1 of section 1 of this Act,  
24 \$458,816 in the salaries and wages line item and \$189,696 in the operating line item is from the  
25 general fund. If funds are required due to the total number of wells capable of production or  
26 injection in the state exceeding 20,000, the oil and gas division may spend up to \$648,512 and  
27 hire three full-time equivalent positions, upon notification to the office of management and  
28 budget.

29 **SECTION 14. APPROPRIATION - TRANSFER.** There is appropriated out of any moneys in  
30 the strategic investment and improvements fund in the state treasury, not otherwise  
31 appropriated, the sum of \$10,000,000, or so much of the sum as may be necessary, to the short

1 line railroad revolving loan fund for use by the Bank of North Dakota to provide short line  
2 railroad loans under section 15 of the Act.

3 **SECTION 15.** A new section to chapter 6-09 of the North Dakota Century Code is created  
4 and enacted as follows:

5 **Short line railroad revolving loan fund - Continuing appropriation - Requirements.**

- 6 1. The fund must be maintained by the Bank of North Dakota for the purpose of making  
7 loans to short line rail companies or North Dakota agricultural product shippers to  
8 cover the costs associated with expansions, spurs, switches, or other infrastructure  
9 enhancements to rail lines in this state. The short line railroad revolving loan fund is a  
10 special fund in the state treasury. All moneys in the fund, including interest upon  
11 moneys in the fund and payments of principal and interest on loans from the fund, are  
12 appropriated to the Bank on a continuing basis for the purpose of providing loans  
13 under this section.
- 14 2. The Bank of North Dakota shall administer and supervise the revolving loan fund and  
15 loans made from the fund. The Bank may deduct from interest payments received on  
16 loans a service fee for administering the fund. An application for a loan from the fund  
17 must be made to the Bank and, upon approval, a loan must be made from the fund in  
18 accordance with this section.
- 19 3. A loan from the fund must have the interest rate fixed at one percent per year for  
20 twenty-five years.
- 21 4. The fund must be audited in accordance with section 6-09-29. The cost of the audit  
22 and any other actual costs incurred by the Bank on behalf of the fund must be paid  
23 from the fund.
- 24 5. The Bank shall adopt policies to implement this section.

25 **SECTION 16. AMENDMENT.** Section 54-17-40 of the North Dakota Century Code is  
26 amended and reenacted as follows:

27 **54-17-40. (Effective through June 30, 2015~~2017~~) Housing incentive fund - Continuing**  
28 **appropriation - Report to budget section.**

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

1           2.    After a public hearing, the housing finance agency shall create an annual allocation  
2                    plan for the distribution of the fund. At least twenty-five percent of the fund must be  
3                    used to assist developing communities to address an unmet housing need or alleviate  
4                    a housing shortage. The agency may collect a reasonable administrative fee from the  
5                    fund, project developers, applicants, or grant recipients.

6                    The annual allocation plan must give first priority through its scoring and ranking  
7                    process to housing for essential service workers. For purposes of this subsection,  
8                    "essential service workers" means individuals employed by a city, county, school  
9                    district, medical or long-term care facility, the state of North Dakota, or others as  
10                   determined by the housing finance agency who fulfill an essential public service.

11                   The second priority in the annual allocation plan must be to provide housing for  
12                   individuals and families of low or moderate income. For purposes of this second  
13                   priority, eligible income limits are determined as a percentage of median family income  
14                   as published in the most recent federal register notice. Under this second priority, the  
15                   annual allocation plan must give preference to projects that benefit households with  
16                   the lowest income and to projects that have rent restrictions at or below department of  
17                   housing and urban development published federal fair market rents or department of  
18                   housing and urban development section 8 payment standards.

19                   The housing finance agency shall maintain a register reflecting the number of  
20                   housing units owned or master leased by cities, counties, school districts, or other  
21                   employers of essential service workers. This register must also reflect those entities  
22                   that are providing rent subsidies for their essential workers. The housing finance  
23                   agency shall report quarterly to the budget section of the legislative management on  
24                   the progress being made to reduce the overall number of units owned, master leased,  
25                   or subsidized by these entities. This report must include a listing of projects approved  
26                   and number of units within those projects that provide housing for essential service  
27                   workers.

28           3.    The housing finance agency shall adopt guidelines for the fund so as to address  
29                   unmet housing needs in this state. Assistance from the fund may be used solely for:  
30                   a.    New construction, rehabilitation, or acquisition of a multifamily housing project;  
31                   b.    Gap assistance, matching funds, and accessibility improvements;

- 1           c. Assistance that does not exceed the amount necessary to qualify for a loan using  
2           underwriting standards acceptable for secondary market financing or to make the  
3           project feasible; and
- 4           d. Rental assistance, emergency assistance, or targeted supportive services  
5           designated to prevent homelessness.
- 6           4. Eligible recipients include units of local, state, and tribal government; local and tribal  
7           housing authorities; community action agencies; regional planning councils; and  
8           nonprofit organizations and for-profit developers of multifamily housing. Individuals  
9           may not receive direct assistance from the fund.
- 10          5. Except for subdivision d of subsection 3, assistance is subject to repayment or  
11          recapture under the guidelines adopted by the housing finance agency. Any  
12          assistance that is repaid or recaptured must be deposited in the fund and is  
13          appropriated on a continuing basis for the purposes of this section.

14          **SECTION 17. AMENDMENT.** Section 54-17-41 of the North Dakota Century Code is  
15 amended and reenacted as follows:

16          **54-17-41. (Effective through June 30, ~~2015~~2017) Report.**

17          Upon request, the housing finance agency shall report to the industrial commission on the  
18 activities of the housing incentive fund.

19          **SECTION 18.** A new section to chapter 54-17.8 of the North Dakota Century Code is  
20 created and enacted as follows:

21          **North Dakota outdoor heritage fund disbursement.**

22          The industrial commission shall notify the office of management and budget when moneys  
23 are disbursed to a state agency from the North Dakota outdoor heritage fund. The director of  
24 the office of management and budget may adjust the appropriation of a state agency in an  
25 amount equal to that of the disbursement.

26          **SECTION 19. AMENDMENT.** Section 57-38-01.32 of the North Dakota Century Code is  
27 amended and reenacted as follows:

28          **57-38-01.32. (Effective for the first two taxable years beginning after December 31,**  
29 **~~2012~~2014) Housing incentive fund tax credit.**

- 30          1. A taxpayer is entitled to a credit as determined under this section against state income  
31 tax liability under section 57-38-30 or 57-38-30.3 for contributing to the housing

- 1           incentive fund under section 54-17-40. The amount of the credit is equal to the amount  
2           contributed to the fund during the taxable year.
- 3           2. North Dakota taxable income must be increased by the amount of the contribution  
4           upon which the credit under this section is computed but only to the extent the  
5           contribution reduced federal taxable income.
- 6           3. The contribution amount used to calculate the credit under this section may not be  
7           used to calculate any other state income tax deduction or credit allowed by law.
- 8           4. If the amount of the credit exceeds the taxpayer's tax liability for the taxable year, the  
9           excess may be carried forward to each of the ten succeeding taxable years.
- 10          5. The aggregate amount of tax credits allowed to all eligible contributors is limited to  
11          twentythree million dollars.
- 12          6. Within thirty days after the date on which a taxpayer makes a contribution to the  
13          housing incentive fund, the housing finance agency shall file with each contributing  
14          taxpayer, and a copy with the tax commissioner, completed forms that show as to  
15          each contribution to the fund by that taxpayer the following:
- 16           a. The name, address, and social security number or federal employer identification  
17           number of the taxpayer that made the contribution.
- 18           b. The dollar amount paid for the contribution by the taxpayer.
- 19           c. The date the payment was received by the fund.
- 20          7. To receive the tax credit provided under this section, a taxpayer shall claim the credit  
21          on the taxpayer's state income tax return in the manner prescribed by the tax  
22          commissioner and file with the return a copy of the form issued by the housing finance  
23          agency under subsection 6.
- 24          8. Notwithstanding the time limitations contained in section 57-38-38, this section does  
25          not prohibit the tax commissioner from conducting an examination of the credit  
26          claimed and assessing additional tax due under section 57-38-38.
- 27          9. A passthrough entity making a contribution to the housing incentive fund under this  
28          section is considered to be the taxpayer for purposes of this section, and the amount  
29          of the credit allowed must be determined at the passthrough entity level. The amount  
30          of the total credit determined at the entity level must be passed through to the

1 partners, shareholders, or members in proportion to their respective interests in the  
2 passthrough entity.

3 **SECTION 20. AMENDMENT.** Section 22 of chapter 579 of the 2011 Session Laws is  
4 amended and reenacted as follows:

5 **SECTION 22. FLEX PACE PROGRAM USE.** The Bank of North Dakota shall  
6 utilize the flex partnership in assisting community expansion program to assist in  
7 financing of affordable multifamily housing units for individuals in ~~areas of~~ North  
8 Dakota ~~affected by oil and gas development~~, for the period beginning with the effective  
9 date of this Act and ending June 30, ~~2013~~2019.