

**FIRST ENGROSSMENT
with Conference Committee Amendments
ENGROSSED HOUSE BILL NO. 1451**

Introduced by

Representatives Monson, Carlson, Delzer, Skarphol

Senators Oehlke, Sitte

1 A BILL for an Act to create and enact a new section to chapter 57-51.1 of the North Dakota
2 Century Code, relating to deposit of oil and gas tax revenue; to amend and reenact sections
3 6-09.6-01.1, 6-09.6-01.2, 6-09.6-03, 6-09.7-05, 15-08.1-08, 15-08.1-09, 54-27.2-01,
4 57-51.1-07.3, and 61-33-07 of the North Dakota Century Code, relating to the lands and
5 minerals trust fund, the budget stabilization fund, and the oil and gas research fund; to repeal
6 sections 57-51.1-07.2 and 57-51.1-07.4 of the North Dakota Century Code, relating to
7 elimination of the permanent oil tax trust fund; to provide for transfers; to provide an effective
8 date; and to declare an emergency.

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

10 **SECTION 1. AMENDMENT.** Section 6-09.6-01.1 of the North Dakota Century Code is
11 amended and reenacted as follows:

12 **6-09.6-01.1. Developmentally disabled facility loan fund program no. 2.**

13 There is hereby created a developmentally disabled facility loan fund program no. 2 for the
14 purpose of making loans to nonprofit corporations, organized in the localities in which facilities
15 are proposed to be located, for project costs, including the cost of real estate, construction,
16 reconstruction, acquisition, furnishings and equipment, and administrative costs related to the
17 establishment thereof, of facilities for developmentally disabled, chronically mentally ill, and
18 physically disabled persons. The loan fund may borrow an amount not to exceed five million
19 dollars from the common schools trust fund to finance the program. The loan must be repaid
20 from any moneys in the ~~lands and minerals trust~~strategic investment and improvements fund
21 not otherwise appropriated. Any interest earned by the loan fund before loans are made must
22 be credited by the Bank to the ~~lands and minerals trust~~strategic investment and improvements
23 fund. The loan fund program must be administered by the Bank of North Dakota in the same
24 manner the Bank administers the program established by sections 6-09.6-01 and 6-09.6-02

1 through 6-09.6-05, except that all payments of principal and interest must be credited by the
2 Bank to the ~~lands and minerals trust~~strategic investment and improvements fund after the Bank
3 has deducted a service fee for administering the program equivalent to an annual fee of
4 one-half of one percent of the principal balance of the outstanding loans.

5 **SECTION 2. AMENDMENT.** Section 6-09.6-01.2 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **6-09.6-01.2. Developmentally disabled facility loan fund program no. 3.**

8 There is hereby created a developmentally disabled facility loan fund program no. 3 for the
9 purpose of making loans to nonprofit corporations, organized in the localities in which facilities
10 are proposed to be located, for project costs, including the cost of real estate, construction,
11 reconstruction, acquisition, furnishings and equipment, and administrative costs related to the
12 establishment thereof, of facilities for developmentally disabled, chronically mentally ill, and
13 physically disabled persons. The loan fund may borrow an amount not to exceed four million
14 nine hundred fifty-one thousand one hundred forty-five dollars from the common schools trust
15 fund to finance the program. The loan fund program shall be administered by the Bank of North
16 Dakota in the same manner the Bank administers the program established by sections
17 6-09.6-01 and 6-09.6-02 through 6-09.6-05, except that all payments of principal and interest
18 must be credited by the Bank to the ~~lands and minerals trust~~strategic investment and
19 improvements fund after the Bank has deducted a service fee for administering the program
20 equivalent to an annual fee of one-half of one percent of the principal balance of the
21 outstanding loans.

22 **SECTION 3. AMENDMENT.** Section 6-09.6-03 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 **6-09.6-03. Amount of loan - Terms and conditions.**

25 Loans in an amount not exceeding three-fourths of project costs, including the cost of
26 construction, reconstruction, acquisition, furnishings, equipment, and administrative costs
27 related to the establishment of the project, and the cost or value of real estate upon which the
28 facility is located, must be made by the Bank of North Dakota from the fund maintained
29 pursuant to sections 6-09.6-01, 6-09.6-01.1, and 6-09.6-01.2. Such loans must bear interest at
30 a rate of ten and one-half percent for loans relating to facilities for developmentally disabled
31 persons and five percent for loans relating to facilities for physically disabled persons and

1 chronically mentally ill persons and are repayable in the manner prescribed by the Bank of
2 North Dakota within a period of not more than twenty-five years. In addition, in consideration of
3 the granting of a loan under this chapter, each nonprofit corporation shall execute a contract
4 with the state to operate the facility in accordance with the standards prescribed for the
5 licensing of the facility by the department of human services. The contract shall also provide
6 that if the use of the facility is discontinued or diverted to purposes other than those proposed in
7 the loan application without the express consent of the department of human services, the full
8 amount of the loan provided under this chapter immediately becomes due and payable. The
9 Bank of North Dakota may annually deduct, as a service fee for administering the revolving fund
10 maintained under section 6-09.6-01, one-half of one percent of the principal balance of the
11 outstanding loans from the revolving fund. Payments of interest and principal on loans made
12 under section 6-09.6-01 must be made to the Bank of North Dakota and credited to the
13 revolving fund. Payments of principal and interest on loans made under sections 6-09.6-01.1
14 and 6-09.6-01.2 must be credited by the Bank to the ~~lands and minerals trust~~strategic
15 investment and improvements fund after the Bank has deducted a service fee for administering
16 the program equivalent to an annual fee of one-half of one percent of the principal balance of
17 the outstanding loans.

18 **SECTION 4. AMENDMENT.** Section 6-09.7-05 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **6-09.7-05. Establishment and maintenance of adequate guarantee funds - Use of**
21 **~~lands and minerals trust~~strategic investment and improvements fund.**

22 The Bank of North Dakota shall establish and at all times maintain an adequate guarantee
23 reserve fund in a special account in the Bank. The guarantee reserve fund must be maintained
24 from the ~~lands and minerals trust~~strategic investment and improvements fund created by
25 section 15-08.1-08 and any moneys transferred from the ~~lands and minerals trust~~strategic
26 investment and improvements fund to maintain the guarantee reserve fund are available to
27 reimburse lenders for guaranteed loans in default. The securities in which the moneys in the
28 reserve fund may be invested must meet the same requirements as those authorized for
29 investment under the state investment board. The income from such investments must be made
30 available for the costs of administering the state guarantee loan program and income in excess
31 of that required to pay the cost of administering the program shall be deposited in the reserve

1 fund. The amount of reserves for all guaranteed loans must be determined by a formula which
2 will assure, as determined by the Bank, an adequate amount of reserve.

3 **SECTION 5. AMENDMENT.** Section 15-08.1-08 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **15-08.1-08. Income - Expenses - Reimbursement - Creation of ~~lands and minerals~~**
6 **~~trust~~strategic investment and improvements fund - Legislative intent - Contingent**
7 **transfer to legacy fund.**

8 The income derived from the sale, lease, and management of the mineral interests acquired
9 by the board of university and school lands pursuant to this chapter and other funds as provided
10 by law must, after deducting the expenses of sale, lease, and management of the property, be
11 deposited in a fund to be known as the ~~lands and minerals trust~~strategic investment and
12 improvements fund. The corpus and interest of such trust may be expended as the legislative
13 assembly may provide for one-time expenditures relating to improving state infrastructure or for
14 initiatives to improve the efficiency and effectiveness of state government. It is the intent of the
15 legislative assembly that moneys in the fund may be included in draft appropriation acts under
16 section 54-44.1-06 and may be appropriated by the legislative assembly, but only to the extent
17 that the moneys are estimated to be available at the beginning of the biennium in which the
18 appropriations are authorized. If the unobligated balance in the fund at the end of any month
19 exceeds three hundred million dollars, twenty-five percent of any revenues received for deposit
20 in the fund in the subsequent month must be deposited instead into the legacy fund. For
21 purposes of this section, "unobligated balance in the fund" means the balance in the fund
22 reduced by appropriations or transfers from the fund authorized by the legislative assembly,
23 guarantee reserve fund requirements under section 6-09.7-05, and any fund balance
24 designated by the board of university and school lands relating to potential title disputes related
25 to certain riverbed leases.

26 **SECTION 6. AMENDMENT.** Section 15-08.1-09 of the North Dakota Century Code is
27 amended and reenacted as follows:

28 **15-08.1-09. ~~Lands and minerals trust~~Strategic investment and improvements fund -**
29 **Continuing appropriation.**

30 There is appropriated annually the amount necessary to pay from the ~~lands and minerals~~
31 ~~trust~~strategic investment and improvements fund all principal and interest to the common

1 schools trust fund on any loans made from the fund to the developmentally disabled loan fund
2 program nos. 2 and 3. This authority is ineffective after all loans are repaid.

3 **SECTION 7. AMENDMENT.** Section 54-27.2-01 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **54-27.2-01. (Effective through June 30, 2009) Budget stabilization fund.**

6 The budget stabilization fund is a special fund in the state treasury. The state investment
7 board shall supervise investment of the budget stabilization fund in accordance with chapter
8 21-10. Any interest or other budget stabilization fund earnings must be deposited in the fund.
9 Any amounts provided by law for deposit in the fund and any interest or earnings of the fund
10 which would bring the balance in the fund to an amount greater than five percent of the current
11 biennial state general fund budget, as finally approved by the most recently adjourned special
12 or regular session of the legislative assembly, may not be deposited or retained in the fund but
13 must be deposited instead in the state general fund.

14 **(Effective after June 30, 2009) Budget stabilization fund.** The budget stabilization fund is
15 a special fund in the state treasury. The state investment board shall supervise investment of
16 the budget stabilization fund in accordance with chapter 21-10. Any interest or other budget
17 stabilization fund earnings must be deposited in the fund. Any amounts provided by law for
18 deposit in the fund and any interest or earnings of the fund which would bring the balance in the
19 fund to an amount greater than ~~ten~~ nine and one-half percent of the current biennial state
20 general fund budget, as finally approved by the most recently adjourned special or regular
21 session of the legislative assembly, may not be deposited or retained in the fund but must be
22 deposited instead in the state general fund.

23 **SECTION 8. AMENDMENT.** Section 57-51.1-07.3 of the North Dakota Century Code is
24 amended and reenacted as follows:

25 **57-51.1-07.3. Oil and gas research fund - Deposits - Continuing appropriation.**

26 There is established a special fund in the state treasury to be known as the oil and gas
27 research fund. Before depositing oil and gas gross production tax and oil extraction tax
28 revenues in the general fund, property tax relief sustainability, strategic investment and
29 improvements fund, or the ~~permanent oil tax trust~~ state disaster relief fund, two percent of the
30 revenues must be deposited monthly into the oil and gas research fund, up to four million
31 dollars per biennium. All moneys deposited in the oil and gas research fund and interest on all

1 such moneys are appropriated as a continuing appropriation to the council to be used for
2 purposes stated in chapter 54-17.6.

3 **SECTION 9.** A new section to chapter 57-51.1 of the North Dakota Century Code is created
4 and enacted as follows:

5 **State share of oil and gas taxes - Deposits.**

6 From the revenues designated for deposit in the state general fund under chapters 57-51
7 and 57-51.1, the state treasurer shall deposit the revenues received each biennium as follows:

8 1. The first two hundred million dollars into the state general fund;

9 2. The next three hundred forty-one million seven hundred ninety thousand dollars into
10 the property tax relief sustainability fund;

11 3. The next one hundred million dollars into the state general fund;

12 4. The next one hundred million dollars into the strategic investment and improvements
13 fund;

14 5. The next twenty-two million dollars into the state disaster relief fund; and

15 6. Any additional revenues into the strategic investment and improvements fund.

16 **SECTION 10. AMENDMENT.** Section 61-33-07 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **61-33-07. Deposit of income.**

19 All income derived from the lease and management of the lands acquired by the state
20 engineer and board of university and school lands pursuant to this chapter and not belonging to
21 other trust funds must be deposited in the ~~lands and minerals trust~~strategic investment and
22 improvements fund.

23 **SECTION 11. REPEAL.** Sections 57-51.1-07.2 and 57-51.1-07.4 of the North Dakota
24 Century Code are repealed at the end of the biennium beginning July 1, 2009, and ending
25 June 30, 2011. For purposes of this section, at the end of the biennium means after
26 cancellation of unexpended appropriations under section 54-44.1-11 but before any transfers to
27 the budget stabilization fund under section 54-27.2-02.

28 **SECTION 12. TRANSFER.** At the end of the biennium beginning July 1, 2009, and ending
29 June 30, 2011, the state treasurer shall transfer any remaining balance in the permanent oil tax
30 trust fund to the state general fund. For purposes of this section, at the end of the biennium

1 means after cancellation of unexpended appropriations under section 54-44.1-11 but before any
2 transfers to the budget stabilization fund under section 54-27.2-02.

3 **SECTION 13. TRANSFER.** As soon as feasible after June 30, 2011, the state treasurer
4 shall close out the lands and minerals trust fund and transfer any remaining unobligated
5 balance to the strategic investment and improvements fund.

6 **SECTION 14. EFFECTIVE DATE.** This Act becomes effective July 1, 2011.

7 **SECTION 15. EMERGENCY.** This Act is declared to be an emergency measure.