

Second Day of
Legislative Organizational and Special Session

JOURNAL OF THE HOUSE

Fiftieth Legislative Assembly

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Bismarck, December 3, 1986
The House convened at 9:00 a.m., with Speaker Kloubec presiding.

The prayer was offered by Reverend Hart Edmonds, First Presbyterian Church, Bismarck.

OATH OF OFFICE

SPEAKER KLOUBEC ADMINISTERED the Oath of Office to Reps. Lang and Stofferahn.

ROLL CALL

The roll was called and all Representatives were present, except Representatives Mertens and Schneider.

A quorum was declared by the Speaker.

APPOINTMENT OF SELECT COMMITTEES

REP. STRINDEN MOVED that the following Select Committees be appointed, which motion prevailed.

SPEAKER KLOUBEC APPOINTED the following to the Select Committees:

Select Committee on Appropriations

Rep. Jim Peterson	Rep. Gordon Berg
Harley Kingsbury	Jayson Graba
Roy Hausauer	Serenus Hoffner
Gereld Gerntholz	Tish Kelly
Ron Gunsch	Bruce Laughlin
Orlin Hanson	Thomas Lautenschlager
Tom Kuchera	Robert Nowatzki
Verdine Rice	Olaf Opedahl
Beth Smette	Scott Stofferahn
Kenneth Thompson	
Francis Wald	
Brent Winkelman	

Select Committee on Finance and Taxation

Rep. Al Hausauer	Rep. June Enget
Marshall Moore	Charles Linderman
Ron Anderson	Emil Riehl
Moine Gates	John Schneider

William Goetz
David Kent
Clarence Martin
Alice Olson

Gene Watne
Wade Williams

Select Committee on Social Services

Rep. Brynhild Haugland
Jack Dalrymple
Moine Gates
Mike Hamerlik
Rod Larson
Dagne Olsen
Vince Olson
Cathy Rydell

Rep. Judy DeMers
Julie Hill
Bill Oban
John Schneider
Dan Ulmer
Adella Williams

MOTION

REP. STRINDEN MOVED that the House stand at ease to receive the Senate, which motion prevailed.

JOINT SESSION

The Joint Session was called to order by Speaker Kloubec.

MOTION

REP. STRINDEN MOVED that a committee of two be appointed to escort Sen. Nething, President of the National Conference of State Legislators, which motion prevailed.

SPEAKER KLOUBEC APPOINTED Reps. Kelly and R. Hausauer to such committee and Sen. Nething was escorted to the rostrum.

SEN. NETHING: Mr. Speaker, and distinguished legislators all. Thank you very much for the opportunity to spend a few minutes with you today to talk about some of the activities of the National Conference of State Legislators.

This is the 24th state that I have visited since the 15th of January of this year as part of my role as the President of NCSL. While my term ended officially on Sunday, we have not yet passed the gavel, so I can count you as the 24th state. My goal was to visit half of the states during their sessions. It worked out well, our not having any session this year, so I feel very pleased to have represented this legislature in those visits. My purpose has simply been to get better acquainted with state legislators, to answer their questions, to visit with their staffs and, of course, to talk about our Conference.

I want to say a special thanks to Representative Kelly, who this year served as the Chairman of one of our committees; to Representative Martinson, who served as the Vice-Chairman of our Pensions Committee; and to Senator Adams, who also served as a Vice-Chairman of our Trade Task Force.

Let me tell you just briefly about NCSL because there are many of you that are new and are not familiar with it. NCSL represents approximately seventy-five hundred state legislators across the country. All of the states are members of our Conference and this year the Commonwealth of Puerto Rico has also become a full member. In addition to the legislators, we also represent approximately twenty thousand staff members, folks that are involved, for example like our Legislative Council, those full-time professional staff members throughout the state. Incidentally, that number swells to about twenty-eight thousand staff members when all of the states are in session, which they will be during 1987.

We have a budget of approximately seven million dollars, about half of which comes from states paying their dues. The dues are prorated based on the size of the state. The smaller states, like North Dakota, pay approximately forty thousand dollars a year. The larger states, like California, pay over two hundred thousand dollars a year. Each state has one vote and you can imagine the qualms that California has when they know that North Dakota can cancel their vote as we set our policy.

We have two offices in NCSL. We have one office in Denver, Colorado, which provides states services and deals with the matters that are what we call, within the state, jails, education and these types of things. We have about one hundred professional and support staff people at that office and those are the ones that our Legislative Council works with primarily. As you make your bill draft request and requests for information, our Council staff here will be in contact with the NCSL office in Denver to find out the information that is available through the other states.

We have a second office in Washington, D.C., of about thirty members, and that staff represents our Conference and assists the members of the state and federal assembly in making the policy that we lobby the Congress and Administration on.

We have a committee structure in both the Assembly and Legislature which is staffed by our Denver office of six committees. We have a committee structure of eleven committees that works with our state and federal policy. They deal with the regular issues of the day. However, we are also able to, and we authorize the President to, appoint task forces to deal with subjects that are not particularly on the front burner at this time, but are deemed to be important in the future as state legislators approach and search for solutions.

Let me just mention four of the task forces that I appointed this last year and that will be continued under

the presidency of Irv Solberg of Connecticut, the Speaker from Connecticut, because he also felt that they are critical to issues that are going to be confronting legislators in the future. One of those task forces deals with the subject of children, youth, and family. This is an area that is critical to the future of this country and the solution to the problems that the family has been confronted with is going to fall into the laps of state legislators.

We have a task force on state and local government and the reason we appointed that task force was simply because the cities and counties have many, many problems and they no longer can find the solution to those problems in Washington, D.C. They are going to be coming to state legislatures across the country. I am sure many of you have already been contacted by your city and county officials about their concerns. The problem is we don't have any money for them either so we look at solutions. We've got to get legislators and mayors and county commissioners and city council members and governors, if you will, talking together to try to find solutions to those local government problems. I think that just getting them talking together is going to be a vast improvement from what we've seen in the past. I think in the area of solving problems for state and local government, you will find that there will be more discussion of the subject of privatization and how the private sector can plug in to help find solutions to some of those problems.

We are also involved in the area of international trade. It seems the federal government has gone about as far as they can go and it is now up to the states to get involved in this vital area so they can not only find markets for what they produce, but they can also attract investment into their state.

The fourth, and probably the most important, task force that I appointed was that of long-term care. About a year ago, several of us were at a conference and we were talking about the wonders of medicine, how great it is that today you can have surgery without the use of a scalpel, and you can have joint replacements, and you can have medications that extend the life and the comfort of us and it is fantastic, and we all love it and we appreciate it, and many of us have been the benefactors of it. It was pointed out at that conference that we are looking at in the year 2025 - between 2025 and 2050 - that the life expectancy of a person at that time can increase, they anticipate, up to one hundred twenty-five years of age. Now think of that, if you will. We are going to have people who have retired, living with their retired children who are living with their retired children, unless we change our system.

It is fantastic to have that expectancy, but look at the problems it is going to bring the state legislatures. What are we going to do for health care? What are we going to do for hospitalization? What are we going to do for providing recreation for these people? What are we going to do for providing housing? What are we going to do for providing transportation? So this task force is starting to look at some ideas as to how to help legislators deal with that particular type of problem. I mention these subjects to you today, because it is apparent that solutions are going to be found in the state capitols in this country, and, as such, we need to be able to provide information and prepare ourselves for it.

Let me say to you in closing, again, that I have appreciated very much the support of North Dakota state legislators and my efforts in going through the chairs, if you will, and becoming president of NCSL. I do have one more year as the Past President.

I appreciate the support of our Legislative Council, who, incidentally, stands up with the best across the country. The talent that we have on our Council and the work that they perform - there is none that is any better, there are some that equal it. We have the best in the computer age in our Council as anyone does across the country, and that includes the big states as well as the smaller ones.

So, we have a great deal to be proud of and I believe the system that we have of meeting every two years is still a valid system. One of the questions that I received as I traveled some hundred and forty thousand miles to the various states this year was how do you do it when you only meet every other year. Particularly those of you who are new, you will be asking yourself how do we do it. It works for us and I hope that we can continue to keep it working for us, because I think we've got the best buy that the taxpayers in the United States have in state legislatures.

Let me say that it is a challenging time to be a state legislator. Some of the problems that I mentioned to you that are coming down in the future will give you an idea of the challenge that you face. All of us know the challenges we face today as we are in Special Session and the financial difficulties that this great state has. It is a demanding time to be a state legislator and, again, for those of you who are new, you will find there are more special interest groups that are going to want to have your time and your attention than ever before in the history of this state. I think it is important that they are heard, but I think it is also important that you remember that you are the one who has to cast the vote. You are the ones that have been elected and so, while you listen to them, you still must make up your own mind. If you enjoy being

part of the solution instead of being part of the problem, you will enjoy being a state legislator.

The legislature is a political branch of government in every state in the union and it is important that you, as individual legislators, keep that in mind as you go about your work each day. As you have an opportunity to learn more about the work products of legislative organization, particularly the National Conference of State Legislatures, I think you will find it is a source of great information for you and our goal is to make sure that it is the best information that can be put together to serve you as a state legislator.

Mr. Speaker, I want to thank you personally again for the honor that you bestow upon our National Conference by permitting me to address the session. It is a personal honor for me to be here and to represent you and I wish all of us well as we deal with the problems that we have in the next few days. Thank you very much.

MOTION

REP. GOETZ MOVED that the remarks of Sen. Nething be printed in the Journal, which motion prevailed.

JOINT SESSION

The Joint Session of the Special Session was called to order by Lt. Governor Ruth Meiers, President of the Senate.

MOTION

REP. STRINDEN MOVED that a committee of two be appointed to escort the Honorable George A. Sinner, Governor, to the rostrum, which motion prevailed.

PRESIDENT MEIERS APPOINTED Sen. Redlin and Rep. A. Olson to such committee and the Honorable George A. Sinner, Governor, was escorted to the rostrum.

BUDGET MESSAGE TO THE LEGISLATURE

By

Governor George A. Sinner
Governor of North Dakota

Madam President, Mr. Speaker, Senators and Representatives, members of the policy board of the State of North Dakota, and ladies and gentlemen.

We have a very difficult task ahead of us. I will do my best to help in the ways that are appropriate for a governor to help his policy board, and in the ways that are appropriate for the chief executive officer elected by the people.

We have one overriding thought that must guide us in our work - it is economic recovery. Unless we have jobs for our people, security for our producers, both agricultural and energy, and an

opportunity for profit for all of our businesses, there will be no security for anyone in this state.

The productive sector of America has been deeply hurt, and states like North Dakota with a heavily production-oriented economy suffer more than other states.

As our economy has suffered, our people have suffered, and so has the revenue to operate state government.

Nationwide, forestry and lumber, farming and food processing, mining and mineral processing, and energy production of all kinds have paid a heavy price. Incredibly, U.S. manufacturing has dropped below 1971 levels. So, we're not alone.

But there is some good news in the growing national awareness that the best solution to our economic woes is to produce our way out. That is a positive sign for a production state like North Dakota, a state that is rich in natural resources and leads the nation in the production of many agricultural crops.

Our task is urgent, but this growing national awareness will mean reversals in policies that may astonish us and make our current task hopeful.

Four years ago the state was faced with a similar problem of a significant revenue shortfall. As difficult as it was, my work in the Finance and Taxation Committee with many of the people in this chamber was one of the most edifying experiences of my life.

What made it edifying was that a group of extremely bright and dedicated legislators of both parties and both houses worked long and hard to find a solution to the revenue problems of that biennium.

I am confident that the same intelligent spirit, the same spirit of cooperation and the same dedication to task can lead us through our current problems.

Amazingly, if we can find in the 1987-89 biennium just the same amount of revenue that we raised in the 1983-85 biennium, we can keep the state's key programs running. It will mean some significant shifts from production-specific revenue sources to sources of a more general nature.

Although North Dakota is and will continue to be a production-oriented state, economic growth will also come from the service sector.

During these tough times, our shifting of revenue sources must reflect the transition of the U.S. economy to a more service-based economy, and must also reflect the harsh decline that has crippled the productive sector.

But before I go into any detail on how we can shift revenues, let me share with you what we have already done with the help of the very able people in state government to reduce costs wherever possible.

And let me add parenthetically that I have never known a group of people who demonstrate day in and day out a higher level of professionalism, greater integrity, or greater commitment to public service than the people who work in state government.

We politicians come and go, parties in power come and go, and even through the difficult, doubt-filled transition periods, state government operates because of the professionals who work here, and they should be applauded for that.

Let me then address our efforts at cost savings to date.

When I took office two years ago, and if you remember it was on the First of January.

Well, let me correct myself ... I didn't actually take office then, at least not THE office - there was some debate about that.

But when I took office, I was pretty certain that we were in for rough times, and I began immediately to try to reduce the budget at that time by \$73 million.

It wasn't easy. But we did reduce the executive budget by that much. The Legislature put back the nearly \$20 million we had counted on for our reserve in case the economy declined even further than we anticipated.

You know the rest. The agriculture industry continued to decline and then in December a year ago, OPEC, led by the Saudis, began dumping oil, causing severe problems for the domestic oil industry and also for state revenues.

I had little choice but to cut another \$45 million from the budget through an allotment process.

Yesterday, I recommended further cuts for the remainder of this biennium. There was also the agony of postponing salary increases for many state employees.

I know that there have been some voices saying we should cut even more. But the danger is great that to cut more is to get into the flesh and bone of not only basic services to our people but also of economic recovery.

Ironically, in tough times there are more demands for government services.

We must educate our children.

We strive, through our higher education system, to attract research, knowledge, and dollars. We have to make use of necessary federal programs available to us through matching state funds.

We need to maintain our infrastructure or who will want to come and do business here?

We in North Dakota have a tremendous people whose integrity and literacy and work ethic are unparalleled in the world.

We need to do a better job of telling the rest of the nation and the world what North Dakota has to offer and we must maintain the ancillary services and structure to attract investments and create jobs.

We will turn now to the allocation of our resources. These discussions, I hope, help to illuminate the budget challenge.

I promise you that we will work with you to bring about refined, thoughtful decisions in the end.

SUMMARY OF RECOMMENDED EXPENDITURES

Several months ago, after it had become clear that farm and oil prices were indeed dropping rather than increasing, we told state agencies and the public that we were setting out to build a "level" budget for the next biennium because we understood we would not have the revenues to cover inflationary increases in spending.

It is a tough budget that reflects the difficult economic times facing the state.

While it would spend less than was appropriated by the last Legislature, it would also have the state keep an emphasis on programs that help people and on programs that will help in the important task of economic recovery.

I recommend that general fund spending be no more than one billion 114 million dollars during the 1987-89 biennium, or approximately \$20 million less than the amount of spending finally approved by the Legislature for the present biennium.

State general fund spending has increased steadily the past two decades, but the growth must be stopped, and will be if you accept my proposed limit on spending.

There may be those who believe the state should make much deeper cuts, but let me put the spending numbers into perspective.

The state spends the vast majority of its budget on educating our children and our young adults. Nearly 40% of the budget goes to

assist our local elementary and secondary schools and another 20% of the budget is used to pay for our colleges.

If we do not keep our educational system strong, our state's economy cannot and will not recover. It would be very easy for us at the state level to say if we don't fund the local schools, they will raise their own revenue - but that is no answer because now is not the time to let property taxes rise.

After the state spends its first 60 cents of every dollar on education, it spends 20 cents on the health and welfare of our citizens through programs that provide nursing care, medical and protective services, shelter and assistance for the developmentally disabled and mentally ill, aid for children and adolescents at risk, and help for those who are unable to help themselves.

The remaining 20% of the budget is spent on the efforts of the state in the areas of public safety, recreation, economic development, and general government services.

REVENUE OUTLOOK

The proper balance of revenue sources has long been debated. It is obvious now that because energy and commodity prices have plummeted, we can no longer rely on production taxes for such a significant share of our revenues.

There is no alternative but to shift to other general revenue sources which have remained very low through the years when compared with other states.

Let me first discuss the economic outlook that has been predicted for North Dakota by Chase Econometrics, and then I will discuss revenue considerations.

Chase Econometrics forecasts:

- Oil prices will remain in the \$13.00 to \$13.40 per barrel range for most of 1987, then will rise with inflation to the \$16.00 to \$17.00 per barrel range in 1988, and in early 1989, prices are expected to rise above \$18.00. In contrast, oil prices in North Dakota were as high as \$38.00 per barrel in 1981.
- Oil production will continue to decline. After peaking at 150,000 barrels per day in late 1984, oil production in North Dakota has fallen to around 120,000 barrels per day currently, and is expected to fall even more over the next two years to the 100,000 barrels per day level. This decline has occurred despite our efforts to facilitate production.

- Farm prices will stay near their present level through 1990. The benchmark price used by Chase in the forecast is in the \$3.00 per bushel range, based on the Minneapolis price for 14% protein spring wheat, which did occur this past year after falling from the \$4.00 to \$4.50 price range of the past few years. Of course, the North Dakota price after transportation is 30 cents to 70 cents lower than these figures.
- Taxable sales and purchases, after declining every year since 1981, are expected to bottom out this year and increase by margins of just 2% in 1988 and 4% in 1989.
- Corporate and individual income tax revenues will be affected by federal tax reform. However, the trend in the underlying level of individual base is expected to grow roughly with the rate of inflation over the next two years, and corporate income is expected to be flat.

REVENUE RESTRUCTURING OPTIONS

General fund revenues are predicted to fall by \$200 million from the 1983-85 biennium to the present 1985-87 biennium because of the dramatic decline in commodity prices this past year. This shortfall does not include the corrective revenue action suggested to this special session.

The largest decline, of course, has been in oil tax revenues. Oil tax revenues are now expected to be 50% or \$138 million lower this biennium than last biennium.

Worse yet, because the dramatic oil price collapse came well into this biennium and because oil production is still on a downward trend, oil revenues are expected to fall even more into the next biennium. In fact, the forecasters predict we are likely to lose another \$37 million in oil tax revenues next biennium.

Because that revenue is no longer available, we must now unfortunately turn to our other taxpayers to pick up the loss.

To minimize this shift in tax burden, it is of the utmost importance that state spending not be allowed to increase during the 1987-89 biennium.

The revenue necessary for the 1987-89 biennium will require adjustments in most tax types. I propose the following:

- The sales and income tax increases recommended to this special session must be kept in place through the 1987-89 biennium, which will produce \$134 million during that biennium.
- The individual income tax rate should be raised an additional 4%, plus 1% to offset the effects of federal tax

reform, and I recommend the state adopt mandatory withholding and mandatory estimated declarations of tax. These additional adjustments to the income tax will produce \$74 million during the next biennium. Ability to pay is the factor here. In 1988 this would mean about \$20 per month more for a couple with a \$30,000 annual adjusted gross income. For a couple with a \$20,000 annual adjusted gross income, this would mean about \$9 a month. As a couple's income drops, the amount of tax drops dramatically because of the federal change.

- The corporate income tax should be amended to eliminate one-half of the deduction for federal taxes. This change will bring in an estimated \$9 million of additional revenue. Changes in the unitary tax, whether those proposed by the Legislative Council or not, should not be made effective until January 1, 1989. This will help diffuse the revenue effect on this biennium.
- The sales tax should be broadened to include services and to eliminate the nonresident exemption. In addition, the exemption for electricity sales should be partially replaced with a 3% sales tax to equal the tax on heating oil. The elimination of these exemptions will produce \$66 million of additional revenue during the next biennium.
- Several smaller sources of revenue should be modified - the insurance premiums tax, gaming tax, and other miscellaneous sources to produce an additional \$15 million during the next biennium.

Meanwhile, given the plight of the energy sector, the state has a responsibility to implement incentives to assist the industry. I propose the Legislature enact the following:

- A two-year exemption from the 6 1/2% oil extraction tax for new production from wildcat and extension wells.

I also propose an overall reduction in the oil extraction tax rate, effective January 1, 1989, to 5% from the current rate of 6 1/2%. I recommend that this reduction be linked to the price of oil, and it return to the 6 1/2% level when oil prices rebound to the West Texas Intermediate oil price quote of \$30 per barrel.

These changes will result in a revenue loss of \$4 million for this biennium.

- I recommend that the changes proposed by the Legislative Council for the coal severance tax be accepted but at the level of 85 cents per ton. This change will result in a revenue loss of \$5 million.

- In addition to this severance tax change, I also recommend a change in the structure of the coal conversion tax to fix the county share at 1/4 mill times 25% of the rated production of the plant, regardless of the actual operating production.

This will become a stable amount of money for local jurisdiction. The state portion of the tax would become the current 1/4 mill per kilowatt hour of production that is now dedicated to the state. The net loss to the state from this change would be \$6.3 million and the county share would increase about \$600,000.

BUDGET KEEPS PRESSURE OFF PROPERTY TAXES

I strongly recommend that the state not shift the tax burden to local governments, because such a shift would simply result in property tax increases. Increasing the property tax would be a devastating blow to farmers and other property owners at a time when real estate values are extremely depressed.

In order to stay true to this objective, I am recommending the following:

- First, an increase in the gasoline tax by 4 cents per gallon and related fees, which, while producing \$29 million for the state highway fund, will also produce \$16 million for local governments.
- Second, a combined budget for revenue sharing and personal property tax replacement of \$63 million.
- Third, my budget recommends an increase in foundation aid to \$1,413 per pupil unit for the first school year and \$1,440 for the second school year of the next biennium, compared to \$1,370 for this year.

EFFICIENCY MEASURES ADDRESSED IN THE BUDGET

If there is a positive side to a budget crisis, it is that it sharpens our search for efficiency.

We have discovered several areas for improved efficiency, and you will see the following changes, some of which will require legislation and others which have already been implemented, as you examine the budget:

1. State agencies will, beginning in the next biennium, be billed for 100% of their telephone expenses. In the past, a majority of the expenses were paid by the state through a single budget, thus resulting in no incentive to monitor and control expenses at the point at which those expenses were incurred.

2. All vehicles outside of higher education will be purchased by the motor pool, and the agencies will be billed according to the actual miles driven. It is anticipated that this change will allow for a 5% to 10% reduction in the number of vehicles owned by the state.
3. The combination of the Health Department labs and the State Laboratories Department has proven to be a success, and I propose that the merger be formalized, which will save an estimated \$250,000 during the next biennium.
4. I recommend that the attorneys in state agencies other than those headed by elected officials report to the Attorney General. This consolidation is expected to improve dramatically the efficiency of legal analysis.
5. The Director of the Energy Development Impact Office is an appointee of the Board of University and School Lands. To save resources, I recommend that the Impact Office function as a division of the Land Department.
6. Rather than each agency purchasing its own liability insurance, I recommend that we use the state bonding fund as a self-insurance pool, thus saving the state between \$1 and \$2 million in insurance costs in the next biennium.
7. North Dakota has been, up until now, the only state in the nation not to charge federal programs for indirect costs related to central service agencies providing accounting and other services to the federal programs. By charging federal programs and special funds for indirect costs, the general fund can save an estimated \$2 million during the next biennium, and I recommend these changes.
8. Even though state statute requires that auxiliary services enterprises on the college campuses pay their own utilities and janitorial services, few of the institutions have been following that law. By implementing a per-student fee on those that use such services, which I recommend, the state can save over \$2.5 million during the next biennium.
9. Even though the operations of the Highway Patrol and State Radio Communications Department are related to use of the state's highways, part of their expenses have been paid by the general fund. I recommend picking up their costs with highway fund dollars, which are derived from a users' fee, to save just over \$8 million in general funds during the next biennium.

10. I recommend that the budgets of the seven agriculture experiment stations be consolidated into a single budget, which should provide considerably more flexibility in technology transfer between the research facilities, as well as a tightening of the reserves needed by these stations.
11. In an effort to keep moving on the Export Trading Company, I have shifted some agricultural marketing dollars to the State Mill budget. I also propose a new, more closely coordinated agricultural product promotion effort between the commodity groups and the Agriculture Department.

In addition to the measures just listed, you will also see in the budget the use of budget "pools" in three areas:

1. A higher education pool of \$6.3 million is recommended which will give the Board of Higher Education greater flexibility in meeting the changing educational and economic needs of the state. These funds have their origin in the budgets of each of the individual colleges.
2. A pool is created in the Human Services budget for dealing with the changing needs of the developmentally disabled population. These funds are identified by the closing of San Haven school, and will most likely be used for individual service provider type programs.
3. A small capital improvements pool is created in the Director of Institutions Office as a contingency for repairs at any of the many institutions under the control of the Director.

SPECIAL AREAS BEING ADDRESSED BY THE BUDGET

As is true in any biennium, there are special areas of need that are fundamental to the state's future. We attempted to identify those areas early and to find new ways of doing things to ensure that those needs would be met despite the state's difficult financial situation.

Those areas are:

1. Economic Development

The budget makes this area one of its highest priorities by doubling the general fund budget of the Economic Development Commission.

The budget adds \$320,000 for matching grants to the regional development councils, and gives authority for a federal procurement officer, \$500,000 of additional

support for tourism promotion, and \$563,000 in professional services for a long and significant list of economic recovery projects.

This proposal for economic development will be under close scrutiny by the New Wealth Creation Task Force that I appointed in October. EDC's budget will be subject to revision based on the report due in mid-January by the Committee of 100.

2. Services for Children at Risk

The budget provides funding for four social workers and three clinical psychologists at the regional human services centers to provide diagnostic treatment services to abused and neglected children.

In addition, the budget provides \$1.7 million to assist counties and other providers in dealing with the problems of our children.

3. Special Education

Our school districts have been under tremendous pressure to provide quality educational services to the handicapped and mentally retarded young people of this state. To help the schools in this effort, I recommend that the state special education grants be increased by \$4 million.

4. Services for the Chronically Mentally Ill

The budget provides \$2.8 million to fund five additional community long-term care homes, one additional adolescent transitional care home, case management and aftercare coordination in the regional centers, psychological services, and therapeutic recreation centers in the regions.

5. Oil Impact Grants

While the budget contemplates a reduction in coal impact grants as a result of a reduction in the coal severance tax, the budget also urges a continuation of oil impact grants as the oil tax formulas have never dedicated a portion of the oil tax revenues to impact needs.

It is recommended that oil impact grants be funded at \$4 million during 1987-89, with the revenues to come from a dedicated portion of the 5% gross production tax. This formula change will result in a loss of \$2.5 million to the state general fund.

6. Coal Research

Grant funding of \$250,000 has been added to the budget of the Land Department for research efforts directed at finding alternative uses for our vast reserves of lignite coal. This money is anticipated to be refunded to the general fund by the passage of a constitutional amendment that would provide long-term funding of coal research from the coal trust fund.

7. Teacher Centers

I have included \$200,000 from the general fund in the budget to keep the teacher centers going at least on a minimal basis.

8. Student Financial Aid

While the costs of attending college have increased steadily across the country, our level of funding for financial aid has not kept pace with inflation. Therefore, I recommend a \$2.5 million increase in the amount available for student financial aid during the 1987-89 biennium.

9. Services for the Elderly

While the state spends more than \$100 million per biennium on nursing home care, we have spent very little on alternative services for the elderly. Therefore, I recommend an increase of \$3.3 million in funding for home and community based services on behalf of the elderly.

STATE EMPLOYEE SALARIES

North Dakota's state employees have time and again performed above and beyond the call of duty during the past years of economic crisis, and we cannot afford to lose them.

As all of you know, I asked that the salary increase scheduled for this past July 1 be delayed. But because higher education employees received their increases anyway and because we can offer so little for the next biennium, it is my intention to make the January 1 increases retroactive to July 1, 1986. This would cost the state general fund \$1.2 million.

I also recommend a salary line item increase on July 1, 1988, to equal 2% of existing salaries plus \$50 per month per employee for the next biennium. I realize that this is an inadequate increase, and I wish we could do better.

TRENDS AFFECTING OTHER INCOME SOURCES

In addition to meeting areas of special need, this budget is also forced to deal with the loss of funding from sources that were previously available to the state. In particular:

- Revenues to the Land and Minerals Trust Fund have declined dramatically as a result of the decline in oil prices. Therefore, funding for the Industrial Commission and Geological Survey have been shifted to the general fund. This has added \$4.8 million of additional expenses to the general fund.
- Interest earnings of the Common School and other trust funds under the jurisdiction of the Land Department are expected to decline dramatically due to lower interest rates. This decline will result in a nearly \$6.0 million reduction in tuition apportionment funding for our local schools, and it will also result in lower earnings for the colleges and universities and other state institutions.
- The state must begin making bond payments on capital construction projects approved for bonding by the last legislature, which will cost the general fund \$3.6 million.
- The state is expected to lose federal funding for a number of services: health planning, emergency medical training, agriculture extension, and highways, to give just a few examples. In fact, the highway department expects to receive \$16 million less in federal funding in 1987-89 than was anticipated by the 1985 Legislature for the current biennium.

DIFFICULT CUTS THAT HAD TO BE MADE

After many months of thorough analysis and heated debate, it was clear that tough decisions had to be made; that we would all have to swallow hard in order to put together a balanced budget for the 1987-89 biennium.

A few of the areas that must be cut back in order to balance the budget are:

- San Haven state school must be closed during the next biennium, and the staffing level at Grafton reduced by 46 positions. These reductions are in keeping with the ARC court order which directs a population of no more than 350 at the two institutions by January 1, 1988.
- The farming operation at the State Hospital in Jamestown must be combined with the farming operations of Roughrider Industries and an additional 16 positions at the Hospital eliminated through attrition.

- Because the Geological Survey must now be funded from the general fund, it is necessary to reduce staff by six positions.
- State grants for the following should be reduced: armories, airports, coal impact, libraries, lake restoration, and soil conservation technical assistance.
- The level of general fund assistance for weather modification must be reduced to \$353,000.
- The staffing level for the Highway Patrol must be reduced by four currently unfilled positions from administration and the motor carrier division.

While these examples represent some of the most painful cuts in the budget, every agency is being asked to tighten its belt. In nearly every case where an agency is forced to come up with more money to pay for inflationary cost increases in basic supplies, they will be forced to cut back elsewhere in their operations.

In the few instances where filled positions have been eliminated from the budget, we have already contacted the agencies involved and are assisting them in finding other openings for their employees in the state service. Without a doubt, the 1987-89 biennium will be a challenging period for state government operations.

CONCLUSION

With nearly the same amount of revenue as four years ago, we will be able to maintain essential state programs and services.

Our task is made more difficult by the numbers of our citizens who have lost their farms and businesses and whose incomes have declined. But we are at a time when we must invest in the future; we must pull together so that the proud heritage we have received can be passed on to our children and our children's children.

We have a heritage of providing a good education for our young people. We should all be proud that we are educating here in North Dakota - a sparsely populated state - many of the world's leaders in business and government, in science and education, and in church and human service roles.

We are a literate people. Our schools have the lowest dropout rate in the nation; we also graduate more students from our high schools and send more of them on to college than do other states.

That is a tribute to our students, teachers, and parents. It is also a tribute to you in the Legislature who have supported our schools and made this possible.

We have a responsibility, especially in these tough economic times, to care for the elderly and the poor, the sick, the mentally ill, and the disabled. We have met that responsibility and for that we can stand proud.

Here in North Dakota we have a low crime rate, honest, hardworking people, and a quality of life beyond compare.

Along with leading in the production of several agricultural crops, our state is blessed with other rich natural resources and an excellent business climate. We must build upon all of these strengths as we work for economic recovery.

The task before us is not an easy one. But all of you know that. You came here because you want to serve, to meet challenges, and to find answers.

Together we will find those answers. Together we will meet the challenge.

Thank you very much.

MOTIONS

REP. MERTENS MOVED that the remarks of the Honorable Governor George A. Sinner be printed in the Journal, which motion prevailed.

REP. STRINDEN MOVED that a committee of two be appointed to escort the Honorable George A. Sinner, Governor, from the rostrum, which motion prevailed.

PRESIDENT MEIERS APPOINTED Sen. Redlin and Rep. A. Olson to such committee and the Honorable George A. Sinner, Governor, was escorted from the rostrum.

MOTION

REP. STRINDEN MOVED that the Joint Session of the Special Session be dissolved, which motion prevailed.

MOTION

REP. STRINDEN MOVED that the House stand in recess until 4:00 p.m., which motion prevailed.

THE HOUSE RECONVENED pursuant to recess taken.

REPORT OF PROCEDURAL COMMITTEE

MR. SPEAKER: Your Committee on Rules, appointed to recommend legislative rules, has had the same under consideration and recommends that the House and Joint Legislative Rules of the Forty-ninth Legislative Assembly as adopted on Thursday, December 6, 1984, and amended on Tuesday, January 8, 1985, be adopted as the Rules of the House for the extraordinary session of the Fiftieth Legislative Assembly, with the following

amendments, and that the reading of this report be dispensed with:

SECTION 1. AMENDMENT. Subsection 4 of House Rule 315 is hereby amended to read as follows:

4. The following questions require a two-thirds vote of the members-elect of the House:
 - a. Initiated and referred measures amended or repealed within seven years after enactment or approval, as provided in Section 8, Article III, of the Constitution and House Rule 333.
 - b. Reconsideration after clincher motion, as provided in House Rule 342.
 - c. Reconsideration after next legislative day, as provided in House Rule 341.
 - d. ~~Second reading same day as report, as provided in House Rule 332.~~
 - e. Suspension of requirement that copies of amendments be distributed before acted on, as provided in House Rule 601.
 - ~~f. e.~~ Suspension of rules, as provided in House Rule 321.
 - ~~g. f.~~ Vetoed measures, reconsideration, as provided in Section 9, Article IV, of the Constitution.

SECTION 2. AMENDMENT. House Rule 317 is hereby amended to read as follows:

317. AYE OR NAY VOTE

Except as required by the Constitution or these rules, the ayes and nays shall not be ordered unless ~~demanded by any member if supported by eleven other requested by one-sixth of those members present.~~ No person shall remain by the Clerk's desk when ayes and nays are being called. When the ayes and nays are ordered pursuant to this rule, the results will be printed in the journal in their entirety.

SECTION 3. AMENDMENT. House Rule 318 is hereby amended to read as follows:

318. VOTE BY MEMBERS

Every member who is present, before the vote is declared from the chair, must vote for or against the question before the House, unless the House excuses him; provided, however, that any member who has a personal or private interest in any measure or

bill shall disclose the fact to the House and shall not vote thereon without the consent of the House pursuant to Section 21, Article IV, of the Constitution. A "personal or private interest" is an interest that affects the member directly, individually, uniquely, and substantially.

SECTION 4. AMENDMENT. House Rule 332 is hereby amended to read as follows:

332. SECOND READING

No bill requiring the approval of the Governor, no resolution proposing a change in the Constitution of the State of North Dakota, and no resolution ratifying an amendment to the Constitution of the United States, shall be referred, except in the case of a bill or resolution which is prefiled pursuant to Rule 401, or amended until it shall have been read; nor shall any such bill or resolution have its second reading and final passage until at least one day after it has been reported to the House by the committee to which it was referred, provided that any such bill or resolution may have its second reading, and final passage on the same day it is reported back when so ordered by two-thirds of the members-elect of the House its first reading.

SECTION 5. AMENDMENT. House Rule 340 is hereby amended to read as follows:

340. NOTICE OF INTENTION TO RECONSIDER

Except on the thirty-third and on or after the fiftieth legislative days of the session, when ~~When~~ notice of intention to move the reconsideration of any bill or resolution shall be given by a member, the Clerk of the House shall retain the bill or resolution until the end of the next legislative day, unless the same has previously been disposed of. When a member in explaining his vote states to the House that his vote is for the purpose of reconsideration, such statement shall be deemed to be notice of such intention.

SECTION 6. AMENDMENT. Subsection 1 of House Rule 401 is hereby amended to read as follows:

1. Any bill or resolution which conforms to statutory requirements and the rules herein set forth, ~~within the time prescribed,~~ may be introduced by any member, standing committee, or the Legislative Council, by filing the same with the Clerk of the House, who shall number or letter consecutively each bill or resolution.

SECTION 7. AMENDMENT. Subsections 1 and 2 of House Rule 402 are hereby amended to read as follows:

1. No bill shall be introduced after the fifteenth legislative day and no member other than the Majority

and Minority Leaders shall introduce more than three bills as prime sponsor after the tenth legislative day; nor shall any or resolution, except these resolutions hereinafter provided for, may be introduced after the eighteenth legislative day, except upon approval of a majority of the Committee on Delayed Bills or upon two-thirds vote of the House.

2. No bill introduced at the request of an executive agency or the Supreme Court shall be introduced after December fifteenth prior to the ensuing regular session, except upon approval of a majority of the Committee on Delayed Bills.

SECTION 8. AMENDMENT. House Rule 403 is hereby amended to read as follows:

403. DELAYED BILLS AND RESOLUTIONS

The Committee on the Introduction of Delayed Bills shall receive from the Chief Clerk all bills and resolutions offered for introduction after the time for introduction as heretofore limited, and shall, on the same or the next legislative day after receiving such bill or resolution, report to the House its conclusion whether the introduction of the bill or resolution should be allowed, and if a majority of the committee favors introduction, the bill or resolution shall be introduced. All such bills and resolutions shall bear the name or names of the original sponsors.

SECTION 9. AMENDMENT. House Rule 504 is hereby amended to read as follows:

504. MEETINGS OF COMMITTEES

- 1- The Committee on Appropriations shall meet on Monday, Tuesday, Wednesday, Thursday, and Friday of each week.
- 2- The Committees on Finance and Taxation, Judiciary, Industry, Business and Labor, Education, and State and Federal Government shall meet on Monday, Tuesday, and Wednesday of each week.
- 3- The Committees on Political Subdivisions, Social Services and Veterans Affairs, Transportation, Agriculture, and Natural Resources shall meet on Thursday and Friday of each week.
- 4- Any committees scheduled to meet on Wednesdays may adjust their schedules to allow time for the Joint Constitutional Revision Committee and committees without regularly scheduled meeting times to meet.

5. The chairman of any committee, or a majority of that committee, may call meetings at times and on other days as deemed necessary.

SECTION 10. AMENDMENT. Subsections 2 and 3 of House Rule 601 are hereby amended to read as follows:

2. a. If the committee report is for passage with amendment or for amendment and do not pass, the proposed amendment shall be placed on the calendar ~~for the next legislative day~~ on the sixth order of business.
 - b. No action shall be taken on an amendment until a verbatim copy of the amendment has been distributed to each member; provided, that on a two-thirds vote of the members-elect, this may be suspended, and the amendment acted on immediately after the report of the committee.
 - c. If the amendment is adopted by a majority vote of the members present, the amended measure shall then be placed on the calendar ~~for the next legislative day~~ under the applicable order of business for second reading and final passage ~~except as provided in subdivision f.~~
 - d. If the amendment is rejected, the measure without amendment shall be placed on the calendar ~~for the next legislative day~~ under the applicable order of business for second reading and final passage ~~except as provided in subdivision f.~~
 - e. If the committee report recommends that the measure pass, do not pass, or makes no recommendation, the measure shall be placed on the calendar ~~for the next legislative day~~ under the applicable order of business for second reading and final passage ~~except as provided in subdivision f.~~
 - f. ~~After the thirty-second legislative day all House bills, and after the fifty-fifth legislative day all measures, shall be placed on the calendar for second reading and final passage immediately after action is taken on the amendment.~~
3. If the committee report is divided as provided in Rule 602, and one report is for amendment with the other that the bill do not pass, the reports shall be placed on the calendar ~~for the next legislative day~~ on the seventh order of business. The Speaker shall receive and announce a motion that the report of the minority be substituted for the majority committee report. If a "do not pass" report is adopted under

this subsection, it shall cause the measure to be placed on the calendar on the eleventh or fourteenth order of business.

SECTION 11. AMENDMENT. Joint Rule 202 is hereby amended to read as follows:

202. RECEDING BEFORE CONFERENCE

It shall be in order for either house to recede from any subject matter of difference existing between the two houses at any time previous to a conference whether the papers on which difference has arisen are before the house receding formally or informally, and a majority shall govern, except in case where two-thirds are required by the Constitution, and the question having been put and lost, ~~shall not~~ may be again put the same day, and the consideration thereof in other respects shall be regulated by the rules of the respective houses.

SECTION 12. AMENDMENT. Joint Rule 206 is hereby amended to read as follows:

206. UNCONTESTED BILLS - CONSENT CALENDAR

1. Each standing committee may report an uncontested bill or resolution out of committee and may include in its committee report a recommendation that it be placed on the consent calendar.
2. As used in this rule, "uncontested bill" (or "resolution") means any bill or resolution, except those containing appropriations, which receives a do pass or do pass as amended recommendation from the committee to which it is referred, by unanimous vote of the members present provided a quorum is present.
3. Following the presentation of a committee report recommending passage, or the adoption of committee amendments, if any, all bills or resolutions reported by the committee as uncontested shall be placed on the consent calendar, and shall be known as "consent calendar bills" (or "resolutions").
4. Any consent calendar bill or resolution which is amended from the floor shall cease to be a consent calendar bill or resolution and shall be placed on the regular calendar.
5. Upon objection of one-third of the members-elect to the placement or retention of any bill or resolution to the consent calendar, such shall cease to be a consent calendar bill or resolution and shall be placed on the regular calendar.

- 6- No consent calendar bill or resolution shall be considered for adoption on the same legislative day it is placed on the consent calendar.

SECTION 13. AMENDMENT. Joint Rule 208 is hereby amended to read as follows:

208. INTRODUCTION OF EXECUTIVE DEPARTMENT AND SUPREME COURT BILLS

Each executive agency and the Supreme Court shall file those bills they wish to have introduced with the Legislative Council during the organizational session, or thereafter, but no later than December fifteenth prior to the ensuing regular session. Such. Upon approval by the appropriate Committee on Delayed Bills, such bills will be deemed introduced by the standing committee of the House or Senate with general jurisdiction over the subject matter of the bill. The Legislative Council will deliver those bills to the President of the Senate or the Speaker of the House for recording and numbering. Executive agency and Supreme Court bills will be identified by noting the name of the agency or the court under the name of the sponsoring committee.

SECTION 14. AMENDMENT. Subsection 4 of Joint Rule 501 is hereby amended to read as follows:

4. a. All fiscal notes shall be prepared in triplicate and shall be returned to the Legislative Council or the committee chairman making such request, whichever the case may be, not later than five days one day from date of such request.
- b. One copy of the fiscal note shall be attached to the original bill or resolution, one copy shall be filed with the Bill Clerk of the house wherein the bill or resolution originated, and one copy shall be filed in the Legislative Council office.

REP. KRETSCHMAR, Chairman

REP. KRETSCHMAR MOVED that the report be adopted, which motion prevailed.

MOTIONS

REP. GOETZ MOVED that the House stand in recess until 5:30 p.m., which motion prevailed.

THE HOUSE RECONVENED pursuant to recess taken.

REP. GOETZ MOVED that the House stand in recess, which motion prevailed.

THE HOUSE RECONVENED pursuant to recess taken.

The House will be on the Seventh order of business, Reports of Select Committees, Procedural Committees, and Certain Divided Reports.

MOTION

REP. STRINDEN MOVED that the House defer action on the Sixth order of business pending distribution of the amendments, which motion prevailed.

The report of the majority places HB 1901 on the Sixth order of business on the calendar.

REPORT OF SELECT COMMITTEE

MR. SPEAKER: A majority of your Select Committee on Finance and Taxation to which was referred HB 1901 has had the same under consideration and recommends that the same BE AMENDED AS FOLLOWS and when so amended, recommends the same DO PASS:

On page 1, line 1, delete the second word "and" and insert in lieu thereof a comma

On page 1, line 2, after the numerals "57-38-30.3" insert the words and numerals ", sections 57-38-59, 57-38-60, 57-38-60.1, 57-38-61, and 57-38-62"

On page 1, line 3, after the word "individuals" insert the words "and general income tax withholding and payment of estimated tax for income tax purposes" and after the semicolon insert the words and numerals "to repeal section 57-38-58 of the North Dakota Century Code, relating to definitions for withholding purposes;"

On page 2, after line 17, insert the following new sections:

"SECTION 3. AMENDMENT. Section 57-38-59 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-38-59. Withholding from wages of nonresident employees - Penalty.

1. Every employer making payment of wages to ~~nonresident~~ employees shall deduct and withhold from their wages such percentage or percentages, as determined by the tax commissioner, multiplied times the total amount required to be deducted by an employer from wages of an employee under the provisions of the Internal Revenue Code of 1954, ~~as amended 1986, and as hereafter amended,~~ as will approximate the income taxes due the state; ~~provided, that no employer shall be required to deduct and withhold any amount on the first six hundred dollars of annual wages paid to a nonresident employee unless such employee is~~

employed for a period of sixty days or more within any one year. The amount of tax withheld shall be computed without regard to any other amount required to be withheld thereunder, but the tax withheld shall as closely as possible pay any tax liability imposed by this chapter.

2. In the event that the tax deducted and withheld under the provisions of subsection 1 should prove to be disproportionate to the tax liability, the tax commissioner may adjust the percentage which that, when withheld, will, as closely as may be possible, pay the income tax liability imposed by this chapter.
3. The tax commissioner may, in lieu of the requirement above for deducting and withholding tax based upon a percentage of federal income tax withheld, adopt by regulation rule tax tables which that, when the tax provided for in the tables is withheld, will, as closely as possible, pay the income tax liability imposed by this chapter. When adopted by the tax commissioner said tables shall be followed by every employer required to deduct and withhold any tax imposed by this chapter.
4. Every employer shall deduct and withhold from every nonresident employee's wages the amounts required to be deducted and withheld from a nonresident employee's wages until such time as the employee has filed with his employer a signed certificate, in such form as the tax commissioner shall provide, that such employee entitled to wages is a resident of the state of North Dakota as defined for withholding purposes. Such certificate shall contain a written declaration that it is made under the penalties provided in section 12-1-11-02. Once filed, a certificate shall remain in effect with the employer with whom it is filed, until the employee's status shall have changed to that of a nonresident as defined in subsection 4 of section 57-38-58. The employee shall give written notice to his employer within fifteen days after such change in status. The employer upon receiving such written notice shall deduct and withhold from the employee's wages as provided in this section until the employee files with the employer the signed certificate referred to herein. Any employee willfully failing to give written notice to his employer of his change in status as required herein within the time prescribed shall be subject to the penalty provided for in

~~subsection 3 of section 57-38-45. Employers shall be required to make the certificate of residence available to the tax commissioner upon request.~~

SECTION 4. AMENDMENT. Section 57-38-60 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-38-60. Employer's returns and remittances.

1. Every employer shall, on or before the last day of April, July, October, and January, pay over to the tax commissioner the amount required to be deducted and withheld from wages paid to all ~~nonresident~~ employees during the preceding calendar quarter under ~~the provisions of~~ section 57-38-59; provided, that the tax commissioner may alter the time or period for making reports and payment when in ~~his~~ the tax commissioner's opinion, the tax is in jeopardy, or may prescribe the use of any other time or period as will facilitate the collection and payment of the tax by the employer.
2. Every employer shall file a return on forms prescribed by the tax commissioner with each payment made to the tax commissioner under ~~the provisions of~~ this section which shall show the total amount of wages paid to ~~his nonresident~~ employees, the amount of federal income tax deducted and withheld during the period covered by the return, the amount of tax imposed under ~~the provisions of~~ this chapter ~~that which~~ was deducted and withheld during the period covered by the return, and such other information as the tax commissioner may require.
3. Every employer shall make an annual return to the tax commissioner on forms provided and approved by ~~him~~ the tax commissioner, summarizing the total compensation paid, the federal income tax deducted and withheld, and the state tax deducted and withheld, for each ~~nonresident~~ employee during the calendar year and shall file the same with the tax commissioner on or before the thirty-first day of January of the year following that for which the report is made. Every employer shall also, in accordance with such ~~regulations~~ rules as may be prescribed by the tax commissioner, provide each ~~nonresident~~ employee from whom state income tax has been withheld, with a statement of the amounts of total compensation paid and the amounts deducted and

withheld for such employee during the preceding calendar year in accordance with ~~the provisions of~~ section 57-38-59, and said statement shall be made available to the employee on or before the thirty-first day of January of the year following that for which the report is made.

4. The employer shall be liable to the tax commissioner for the payment of the tax required to be deducted and withheld under section 57-38-59, and the employee shall not thereafter be liable for the amount of any such payment, nor shall the employer be liable to any person or to any employee for the amount of any such payment. For the purpose of making penalty provisions of this chapter applicable, any amount deducted or required to be deducted and remitted to the tax commissioner under this section shall be considered to be the tax of the employer and with respect to such amounts ~~he shall be~~ the employer is considered the taxpayer.
5. Every employer who deducts and withholds any amounts under ~~the provisions of~~ section 57-38-59 shall hold the same in trust for the state of North Dakota for payment thereof to the tax commissioner in the manner and at the time provided for in this section, and the state of North Dakota shall have a lien on the property of the employer to secure the payment of any amounts withheld and not remitted as provided herein, which lien shall attach at the time prescribed and to the property described in section 57-38-48 and shall be subject to the provisions of sections 57-38-49, 57-38-50, and 57-38-51.
6. As a condition precedent to the doing of business in the state of North Dakota, an employer who has not continuously maintained a domicile in this state for a period of one full year from January first to December thirty-first, shall be required, and any other employer, at the discretion of the tax commissioner may be required, to either make a cash deposit or post with ~~him~~ the tax commissioner a bond or undertaking executed by a surety company authorized to do business in the state of North Dakota in such amount as is reasonably calculated to ensure the payment to the state of taxes deducted and withheld from wages, but not to exceed five thousand dollars.

SECTION 5. AMENDMENT. Section 57-38-60.1 of the 1985 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-38-60.1. Corporate officer liability. If a corporation is an employer, as defined in subsection 3 of section 57-38-58, and fails for any reason to file the required returns or to pay the tax due, the chairman, president, or chief operating officer, jointly or severally charged with the responsibility of supervising the preparation of such returns and payments shall be personally liable for such failure. The dissolution of a corporation shall not discharge an officer's liability for a prior failure of the corporation to file a return or remit the tax due. The taxes, penalty, and interest may be assessed and collected pursuant to the provisions of this chapter.

SECTION 6. AMENDMENT. Section 57-38-61 of the 1985 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-38-61. Provisions of chapter applicable. The provisions of sections 57-38-34, 57-38-38, 57-38-39, 57-38-40, 57-38-44, 57-38-45, 57-38-46, 57-38-47, 57-38-53, 57-38-54, 57-38-55, 57-38-56, and 57-38-57 shall, insofar as consistent therewith, govern the administration of sections 57-38-58, 57-38-59, 57-38-60, and 57-38-60.1. The term "employer" as used in sections 57-38-58, 57-38-59, 57-38-60, and 57-38-60.1 also means "taxpayer" as used in this chapter. In addition, the authority of the tax commissioner to adopt rules includes the authority to make such agreements with the United States government or any of its agencies as are necessary to provide for the deducting and withholding of tax from the wages of federal employees in this state.

SECTION 7. AMENDMENT. Section 57-38-62 of the 1985 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-38-62. Declaration of estimated income.

1. All nonresident individual taxpayers shall, and resident individual taxpayers may individually, estates, and trusts that are required to file a federal declaration of estimated tax shall, at the time prescribed in this chapter, make a declaration of their estimated tax for the taxable year, containing such information as the tax commissioner may prescribe by rules and regulations, if their estimated tax due the state from all sources, including wages, salaries, bonuses, or other emoluments, not subject to withholding, can reasonably be expected to exceed

one exceeds two hundred dollars and, except for nonresidents who have not filed a return in this state for the previous year, their previous year's state income tax liability exceeded two hundred dollars.

2. All corporate taxpayers shall, at the time prescribed in this chapter, make a declaration of their estimated tax for the taxable year containing such information as the tax commissioner may prescribe by rules and regulations, if the taxpayer's estimated tax due the state from sources or business done in this state can reasonably be expected to exceed five thousand dollars and if their previous year's state income tax liability exceeded five thousand dollars.
3. The provisions of section 57-38-45 apply in case of failure to file or pay a declaration of estimated tax as required by this chapter, or if a declaration of estimated tax for any quarter is understated or underpaid by more than ten percent. No penalty is due if the total amount of all payments for estimated tax made on or before the due date for that installment equals or exceeds the total amount that would have been required to be paid on or before that date if the estimated tax equaled the tax shown on the taxpayer's return for the preceding taxable year.
4. For purposes of this section, "estimated tax" means the amount that a person estimates to be income tax under this chapter for the taxable year less the amount of any credits allowable, including tax withheld.

SECTION 8. REPEAL. Section 57-38-58 of the North Dakota Century Code is hereby repealed."

On page 2, line 19, delete the numerals "1985" and insert in lieu thereof the numerals "1986"

And renumber the lines, sections, and pages accordingly

Rep. A. Hausauer
Rep. Moore
Rep. Anderson
Rep. Gates
Rep. Goetz
Rep. Kent

Rep. Martin
Rep. A. Olson

REP. A. HAUSAUER, Chairman

The report of the minority places HB 1901 on the Sixth order of business on the calendar.

REPORT OF SELECT COMMITTEE

MR. SPEAKER: A minority of your **Select Committee on Finance and Taxation** to which was referred HB 1901 has had the same under consideration and recommends that the same BE AMENDED AS FOLLOWS and when so amended, recommends the same DO PASS:

On page 1, line 1, delete the second word "and" and insert in lieu thereof a comma

On page 1, line 2, after the numerals "57-38-30.3" insert the words and numerals ", sections 57-38-59, 57-38-60, 57-38-60.1, 57-38-61, and 57-38-62"

On page 1, line 3, after the word "individuals" insert the words "and general income withholding for all employees and payment of estimated tax for income tax purposes" and after the semicolon insert the words and numerals "to repeal section 57-38-58 of the North Dakota Century Code, relating to definitions for withholding purposes;"

On page 1, line 4, after the word "date" insert the words "and an expiration date"

On page 1, after line 6, insert the following new section:

"SECTION 1. AMENDMENT. Section 57-38-29 of the 1985 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-38-29. Rate of tax on individuals. A tax is hereby imposed upon every individual, to be levied, collected, and paid annually with respect to the taxable income of such individual as defined in this chapter, computed at the following rates:

1. On taxable income not in excess of three thousand dollars, a tax of two and thirty hundredths percent.
2. On taxable income in excess of three thousand dollars and not in excess of five thousand dollars, a tax of three and forty-five hundredths percent.
3. On taxable income in excess of five thousand dollars and not in excess of eight thousand

dollars, a tax of four and sixty hundredths percent.

4. On taxable income in excess of eight thousand dollars and not in excess of fifteen thousand dollars, a tax of five and seventy-five hundredths percent.
5. On taxable income in excess of fifteen thousand dollars and not in excess of twenty-five thousand dollars, a tax of six and ninety hundredths percent.
6. On taxable income in excess of twenty-five thousand dollars and not in excess of thirty-five thousand dollars, a tax of ~~seven~~ eight and five hundredths percent.
7. On taxable income in excess of thirty-five thousand dollars and not in excess of fifty thousand dollars, a tax of ~~eight~~ nine and twenty hundredths percent.
8. On taxable income in excess of fifty thousand dollars, a tax of ~~nine~~ ten and thirty-five hundredths percent."

On page 2, after line 8, insert the following new section:

"SECTION 3. AMENDMENT. Subsection 2 of section 57-38-30.3 of the 1985 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

2. A tax is hereby imposed for each taxable year upon income earned or received in that taxable year by every resident and nonresident individual, estate, and trust. This tax shall be ~~ten and one-half~~ twelve percent of the individual's, estate's, or trust's adjusted federal income tax liability for the taxable year."

On page 2, delete lines 18 and 19, and insert in lieu thereof the following new sections:

"SECTION 5. AMENDMENT. Section 57-38-59 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-38-59. Withholding from wages of ~~nonresident~~ employees -
Penalty.

1. Every employer making payment of wages to **nonresident** employees shall deduct and withhold from their wages such percentage or percentages, as determined by the tax commissioner, multiplied times the total amount required to be deducted by an employer from wages of an employee under the provisions of the Internal Revenue Code of 1954 1986, and as hereafter amended, as will approximate the income taxes due the state, provided, that no employer shall be required to deduct and withhold any amount on the first six hundred dollars of annual wages paid to a nonresident employee unless such employee is employed for a period of sixty days or more within any one year. The amount of tax withheld shall be computed without regard to any other amount required to be withheld thereunder, but the tax withheld shall as closely as possible pay any tax liability imposed by this chapter.
2. In the event that the tax deducted and withheld under the provisions of subsection 1 should prove to be disproportionate to the tax liability, the tax commissioner may adjust the percentage which that, when withheld, will, as closely as may be possible, pay the income tax liability imposed by this chapter.
3. The tax commissioner may, in lieu of the requirement above for deducting and withholding tax based upon a percentage of federal income tax withheld, adopt by regulation rule tax tables which that, when the tax provided for in the tables is withheld, will, as closely as possible, pay the income tax liability imposed by this chapter. When adopted by the tax commissioner said tables shall be followed by every employer required to deduct and withhold any tax imposed by this chapter.
- 4- Every employer shall deduct and withhold from every nonresident employee's wages the amounts required to be deducted and withheld from a nonresident employee's wages until such time as the employee has filed with his employer a signed certificate, in such form as the tax commissioner shall provide, that such employee entitled to wages is a resident of the state of North Dakota as defined for withholding purposes. Such certificate shall contain a written declaration that it is made under the penalties provided in section 12-1-11-02. Once filed, a certificate shall remain in effect with the employer with whom it is filed, until the employee's status

shall have changed to that of a nonresident as defined in subsection 4 of section 57-38-58. The employee shall give written notice to his employer within fifteen days after such change in status. The employer upon receiving such written notice shall deduct and withhold from the employee's wages as provided in this section until the employee files with the employer the signed certificate referred to herein. Any employee willfully failing to give written notice to his employer of his change in status as required herein within the time prescribed shall be subject to the penalty provided for in subsection 3 of section 57-38-45. Employers shall be required to make the certificate of residence available to the tax commissioner upon request.

SECTION 6. AMENDMENT. Section 57-38-60 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-38-60. Employer's returns and remittances.

1. Every employer shall, on or before the last day of April, July, October, and January, pay over to the tax commissioner the amount required to be deducted and withheld from wages paid to all nonresident employees during the preceding calendar quarter under the provisions of section 57-38-59; provided, that the tax commissioner may alter the time or period for making reports and payment when in his the tax commissioner's opinion, the tax is in jeopardy, or may prescribe the use of any other time or period as will facilitate the collection and payment of the tax by the employer.
2. Every employer shall file a return on forms prescribed by the tax commissioner with each payment made to the tax commissioner under the provisions of this section which shall show the total amount of wages paid to his nonresident employees, the amount of federal income tax deducted and withheld during the period covered by the return, the amount of tax imposed under the provisions of this chapter that which was deducted and withheld during the period covered by the return, and such other information as the tax commissioner may require.
3. Every employer shall make an annual return to the tax commissioner on forms provided and approved by him the tax commissioner, summarizing the

total compensation paid, the federal income tax deducted and withheld, and the state tax deducted and withheld, for each ~~nonresident~~ employee during the calendar year and shall file the same with the tax commissioner on or before the thirty-first day of January of the year following that for which the report is made. Every employer shall also, in accordance with such ~~regulations~~ rules as may be prescribed by the tax commissioner, provide each ~~nonresident~~ employee from whom state income tax has been withheld, with a statement of the amounts of total compensation paid and the amounts deducted and withheld for such employee during the preceding calendar year in accordance with the provisions of section 57-38-59, and said statement shall be made available to the employee on or before the thirty-first day of January of the year following that for which the report is made.

4. The employer shall be liable to the tax commissioner for the payment of the tax required to be deducted and withheld under section 57-38-59, and the employee shall not thereafter be liable for the amount of any such payment, nor shall the employer be liable to any person or to any employee for the amount of any such payment. For the purpose of making penalty provisions of this chapter applicable, any amount deducted or required to be deducted and remitted to the tax commissioner under this section shall be considered to be the tax of the employer and with respect to such amounts ~~he shall be~~ the employer is considered the taxpayer.
5. Every employer who deducts and withholds any amounts under ~~the provisions of~~ section 57-38-59 shall hold the same in trust for the state of North Dakota for payment thereof to the tax commissioner in the manner and at the time provided for in this section, and the state of North Dakota shall have a lien on the property of the employer to secure the payment of any amounts withheld and not remitted as provided herein, which lien shall attach at the time prescribed and to the property described in section 57-38-48 and shall be subject to the provisions of sections 57-38-49, 57-38-50, and 57-38-51.
6. As a condition precedent to the doing of business in the state of North Dakota, an employer who has not continuously maintained a domicile in this state for a period of one full year from January first to December thirty-first, shall be

required, and any other employer, at the discretion of the tax commissioner may be required, to either make a cash deposit or post with him the tax commissioner a bond or undertaking executed by a surety company authorized to do business in the state of North Dakota in such amount as is reasonably calculated to ensure the payment to the state of taxes deducted and withheld from wages, but not to exceed five thousand dollars.

SECTION 7. AMENDMENT. Section 57-38-60.1 of the 1985 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-38-60.1. Corporate officer liability. If a corporation is an employer, ~~as defined in subsection 3 of section 57-38-58,~~ and fails for any reason to file the required returns or to pay the tax due, the chairman, president, or chief operating officer, jointly or severally charged with the responsibility of supervising the preparation of such returns and payments shall be personally liable for such failure. The dissolution of a corporation shall not discharge an officer's liability for a prior failure of the corporation to file a return or remit the tax due. The taxes, penalty, and interest may be assessed and collected pursuant to ~~the provisions of~~ this chapter.

SECTION 8. AMENDMENT. Section 57-38-61 of the 1985 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-38-61. Provisions of chapter applicable. The provisions of sections 57-38-34, 57-38-38, 57-38-39, 57-38-40, 57-38-44, 57-38-45, 57-38-46, 57-38-47, 57-38-53, 57-38-54, 57-38-55, 57-38-56, and 57-38-57 shall, insofar as consistent therewith, govern the administration of sections 57-38-58, 57-38-59, 57-38-60, and 57-38-60.1. The term "employer" as used in sections 57-38-58, 57-38-59, 57-38-60, and 57-38-60.1 also means "taxpayer" as used in this chapter. In addition, the authority of the tax commissioner to adopt rules includes the authority to make such agreements with the United States government or any of its agencies as are necessary to provide for the deducting and withholding of tax from the wages of federal employees in this state.

SECTION 9. AMENDMENT. Section 57-38-62 of the 1985 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-38-62. Declaration of estimated income.

1. All ~~nonresident individual taxpayers shall, and resident individual taxpayers may~~ individuals, estates, and trusts that are required to file a federal declaration of estimated tax shall, at the time prescribed in this chapter, make a declaration of their estimated tax for the taxable year, ~~containing such information as the tax commissioner may prescribe by rules and regulations,~~ if their estimated tax due the state from all sources, including wages, salaries, bonuses, or other emoluments, not subject to withholding, ~~can reasonably be expected to exceed one exceeds two hundred dollars and, except for nonresidents who have not filed a return in this state for the previous year, their previous year's state income tax liability exceeded two hundred dollars.~~
2. All corporate taxpayers shall, at the time prescribed in this chapter, make a declaration of their estimated tax for the taxable year containing such information as the tax commissioner may prescribe by rules and regulations, if the taxpayer's estimated tax due the state from sources or business done in this state can reasonably be expected to exceed five thousand dollars and if the taxpayer's previous year's state income tax liability exceeded five thousand dollars.
3. The provisions of section 57-38-45 apply in case of failure to file or pay a declaration of estimated tax as required by this chapter, or if a declaration of estimated tax for any quarter is understated or underpaid by more than ten percent. No penalty is due if the total amount of all payments for estimated tax made on or before the due date for that installment equals or exceeds the total amount that would have been required to be paid on or before that date if the estimated tax equaled the tax shown on the taxpayer's return for the preceding taxable year.
4. For purposes of this section, "estimated tax" means the amount that a person estimates to be income tax under this chapter for the taxable year less the amount of any credits allowable, including tax withheld.

SECTION 10. REPEAL. Section 57-38-58 of the North Dakota Century Code is hereby repealed.

SECTION 11. EFFECTIVE DATE - EXPIRATION DATE. This section becomes effective December 8, 1986. Sections 1 and

3 of this Act are effective for the first taxable year beginning after December 31, 1985, and are thereafter ineffective. Sections 2, 4, 5, 6, 7, 8, 9, and 10 of this Act are effective for taxable years beginning after December 31, 1986."

And renumber the lines, sections, and pages accordingly

Rep. Enget
Rep. Linderman
Rep. Riehl
Rep. Schneider
Rep. Watne
Rep. W. Williams

REP. A. HAUSAUER, Chairman

REQUEST

SPEAKER KLOUBEC REQUESTED that Rep. Kretschmar explain House Rule No. 602 pertaining to Divided Committee Reports.

RULING BY SPEAKER

SPEAKER KLOUBEC RULED that pursuant to Rule 602, paragraph 3, the amendment recommended by the report signed by the largest number of committee members, will be placed on the calendar first. Therefore, the explanation of the majority amendments will be explained first, and the explanation of the minority amendments will be explained second.

Pursuant to Rule 602, paragraph 4, if the majority report is adopted, the issue is determined, thus making it unnecessary to vote on the report of the minority.

MOTION

REP. A. HAUSAUER MOVED that the amendments on HB 1901 as recommended by a majority of the **Select Committee on Finance and Taxation** be adopted, and when so adopted, recommends that HB 1901, as amended, DO PASS.

REQUEST

REP. STRINDEN REQUESTED a recorded roll call vote on the motion to adopt the majority report of the **Select Committee on Finance and Taxation**, which request was granted.

ROLL CALL

The question being on the motion to adopt the majority report of the **Select Committee on Finance and Taxation**, on HB 1901, as amended, the roll was called and there were 56 YEAS, 50 NAYS, 0 ABSENT AND NOT VOTING.

YEAS: Almlie; Anderson; Belter; Berg, R.; Christman; Cleveland; Dalrymple; Dorso; Gates; Gerntholz; Goetz; Gorman; Graba; Gunsch; Hamerlik; Hanson, O.; Haugen; Haugland; Hausauer, A.; Hausauer, R.; Kent; Knell; Knudson; Koland; Kretschmar; Kuchera; Lang; Larson;

Lindgren; Martin; Martinson; Melby; Moore; Murphy; Myrdal; Nicholas; Olsen, D.; Olson, A.; Olson, V.; Payne; Peterson; Rice; Rydell; Schindler; Shaft; Shide; Smette; Sorensen; Strinden; Thompson; Tokach; Vander Vorst; Wald; Wentz; Whalen; Speaker Kloubec

NAYS: Aas; Berg, G.; Brokaw; DeMers, J.; DeMers, P.; Dotzenrod; Enget; Flaagan; Frey; Halmrast; Hanson, L.; Hill; Hoffner; Hokana; Kelly; Kingsbury; Klundt; Kolbo; Laughlin; Lautenschlager; Linderman; Marks; Mertens; Meyer; Nelson, C.; Nelson, J.; Nowatzki; Oban; O'Connell; Opedahl; O'Shea; Riehl; Scherber; Schneider; Shaw; Shockman; Skjerven; Solberg; Starke; Stofferahn; Tollefson; Tomac; Trautman; Ulmer; Watne; Wilkie; Williams, A.; Williams, C.; Williams, W.; Winkelman

ABSENT AND NOT VOTING: None

The motion to adopt the majority report of the Select Committee on Finance and Taxation on HB 1901, as amended, passed.

MOTION

REP. STRINDEN MOVED that HB 1901 be deemed properly engrossed, which motion prevailed.

SECOND READING OF HOUSE BILL

HB 1901: A BILL for an Act to amend and reenact section 57-38-29, subsection 2 of section 57-38-30.3, sections 57-38-59, 57-38-60, 57-38-60.1, 57-38-61, and 57-38-62 of the North Dakota Century Code, relating to the rate of income tax on individuals and general income tax withholding and payment of estimated tax for income tax purposes; to repeal section 57-38-58 of the North Dakota Century Code, relating to definitions for withholding purposes; and to provide an effective date.

Which has been read.

ROLL CALL

The question being on the final passage of the bill, as amended, the roll was called and there were 49 YEAS, 57 NAYS, 0 ABSENT AND NOT VOTING.

YEAS: Aas; Almlie; Anderson; Belter; Berg, R.; Christman; Cleveland; Dalrymple; DeMers, J.; Dotzenrod; Gates; Gerntholz; Goetz; Hamerlik; Haugen; Haugland; Hausauer, A.; Hausauer, R.; Kelly; Kent; Kingsbury; Koland; Kretschmar; Kuchera; Lang; Larson; Linderman; Lindgren; Martinson; Moore; Myrdal; Nelson, C.; Nicholas; Olson, A.; Olson, V.; Payne; Peterson; Rice; Rydell; Schneider; Shaft; Shaw; Strinden; Tokach; Tollefson; Trautman; Wentz; Winkelman; Speaker Kloubec

NAYS: Berg, G.; Brokaw; DeMers, P.; Dorso; Enget; Flaagan; Frey; Gorman; Graba; Gunsch; Halmrast; Hanson, L.; Hanson, O.; Hill; Hoffner; Hokana; Klundt; Knell; Knudson; Kolbo; Laughlin; Lautenschlager; Marks; Martin; Melby; Mertens; Meyer; Murphy; Nelson, J.; Nowatzki; Oban; O'Connell; Olsen, D.; Opedahl; O'Shea; Riehl; Scherber; Schindler; Shide; Shockman; Skjerven; Smette; Solberg; Sorensen; Starke; Stofferahn; Thompson; Tomac; Ulmer; Vander Vorst; Wald; Watne; Whalen; Wilkie; Williams, A.; Williams, C.; Williams, W.

ABSENT AND NOT VOTING: None

HB 1901 was declared lost.

REP. MERTENS MOVED that the vote by which HB 1901 lost be reconsidered, which motion prevailed.

SECOND READING OF HOUSE BILL

HB 1901: A BILL for an Act to amend and reenact section 57-38-29, subsection 2 of section 57-38-30.3, sections 57-38-59, 57-38-60, 57-38-60.1, 57-38-61, and 57-38-62 of the North Dakota Century Code, relating to the rate of income tax on individuals and general income tax withholding and payment of estimated tax for income tax purposes; to repeal section 57-38-58 of the North Dakota Century Code, relating to definitions for withholding purposes; and to provide an effective date.

Which has been read.

ROLL CALL

The question being on the final passage of the bill, as amended, the roll was called and there were 68 YEAS, 38 NAYS, 0 ABSENT AND NOT VOTING.

YEAS: Almlie; Anderson; Belter; Berg, G.; Berg, R.; Christman; Cleveland; Dalrymple; DeMers, J.; DeMers, P.; Dotzenrod; Flaagan; Frey; Gates; Gerntholz; Goetz; Gorman; Graba; Hamerlik; Hanson, L.; Haugen; Haugland; Hausauer, R.; Hill; Kelly; Kent; Kingsbury; Koland; Kolbo; Kretschmar; Kuchera; Lang; Larson; Lautenschlager; Linderman; Lindgren; Marks; Martinson; Mertens; Meyer; Moore; Myrdal; Nelson, C.; Nelson, J.; Nicholas; Nowatzki; Oban; Olson, V.; Opedahl; Payne; Peterson; Rice; Riehl; Rydell; Scherber; Schneider; Shaft; Shaw; Smette; Strinden; Tokach; Trautman; Wentz; Wilkie; Williams, A.; Williams, C.; Williams, W.; Speaker Kloube

NAYS: Aas; Brokaw; Dorso; Enget; Gunsch; Halmrast; Hanson, O.; Hausauer, A.; Hoffner; Hokana; Klundt; Knell; Knudson; Laughlin; Martin; Melby; Murphy; O'Connell; Olsen, D.; Olson, A.; O'Shea; Schindler; Shide; Shockman; Skjerven; Solberg; Sorensen; Starke; Stofferahn; Thompson; Tollefson; Tomac; Ulmer; Vander Vorst; Wald; Watne; Whalen; Winkelman

ABSENT AND NOT VOTING: None

HB 1901 passed and the title was agreed to.

MOTION

REP. STRINDEN MOVED that Engrossed HB 1901 be messaged to the Senate immediately, which motion prevailed.

REPORT OF SELECT COMMITTEE

MR. SPEAKER: Your Select Committee on Appropriations to which was referred HB 1902 has had the same under consideration and recommends by a vote of 21 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING that the same DO PASS.

REP. PETERSON, Chairman

HB 1902 was placed on the Eleventh order of business on the calendar.

SECOND READING OF HOUSE BILL

HB 1902: A BILL for an Act to provide authority to the Crafton State School to transfer excess revenue to San Haven; and to provide an effective date.

Which has been read.

ROLL CALL

The question being on the final passage of the bill, the roll was called and there were 104 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING.

YEAS: Aas; Almlie; Anderson; Belter; Berg, G.; Berg, R.; Brokaw; Christman; Cleveland; Dalrymple; DeMers, J.; Dorso; Dotzenrod; Enget; Flaagan; Frey; Gates; Gertholz; Goetz; Gorman; Graba; Gunsch; Halmrast; Hamerlik; Hanson, L.; Hanson, O.; Haugen; Haugland; Hausauer, A.; Hausauer, R.; Hill; Hoffner; Hokana; Kelly; Kent; Kingsbury; Klundt; Knell; Knudson; Koland; Kolbo; Kretschmar; Kuchera; Lang; Larson; Laughlin; Lautenschlager; Linderman; Lindgren; Marks; Martin; Martinson; Melby; Mertens; Meyer; Moore; Murphy; Myrdal; Nelson, C.; Nelson, J.; Nicholas; Nowatzki; Oban; O'Connell; Olsen, D.; Olson, A.; Olson, V.; Opedahl; O'Shea; Payne; Peterson; Rice; Riehl; Rydell; Scherber; Schindler; Schneider; Shaft; Shaw; Shide; Shockman; Skjerven; Smette; Solberg; Sorensen; Starke;

Stofferahn; Strinden; Thompson; Tokach; Tollefson
 Tomac; Trautman; Ulmer; Vander Vorst; Wald; Watne
 Whalen; Wilkie; Williams, A.; Williams, C.
 Williams, W.; Winkelman; Speaker Kloubec

NAYS: None

ABSENT AND NOT VOTING: DeMers, P.; Wentz

HB 1902 passed and the title was agreed to.

MOTIONS

REP. STRINDEN MOVED that HB 1902 be messaged to the Senate immediately, which motion prevailed.

REP. STRINDEN MOVED that the House stand at recess, which motion prevailed.

MESSAGE TO THE SENATE

HOUSE CHAMBER

MADAM PRESIDENT: I have the honor to transmit herewith the following which the House has passed and your favorable consideration is requested on:

HB 1902

ROY GILBREATH, Chief Clerk

REPORT OF SELECT COMMITTEE

MR. SPEAKER: Your Select Committee on Social Services to which was referred HB 1903 has had the same under consideration and recommends by a vote of 12 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING that the same BE AMENDED AS FOLLOWS and when so amended, recommends the same DO PASS:

On page 10, line 18, delete the words and numerals "January 1, 1987" and insert in lieu thereof the following: "March 1, 1987"

And renumber the lines accordingly

REP. HAUGLAND, Chairman

HB 1903 was placed on the Sixth order of business on the calendar.

The Chief Clerk read the proposed amendments to HB 1903.

On page 10, line 18, delete the words and numerals "January 1, 1987" and insert in lieu thereof the following: "March 1, 1987"

And renumber the lines accordingly

REQUEST

REP. STRINDEN REQUESTED the unanimous consent of the House to amend HB 1903 as read by the Chief Clerk, which motion prevailed.

SIXTH ORDER OF BUSINESS

REP. HAUGLAND MOVED that the amendments to HB 1903 as recommended by the Select Committee on Social Services and Veterans Affairs be adopted, and when so adopted, recommends that HB 1903 DO PASS, which motion prevailed.

HB 1903 was placed on the Eleventh order of business on the calendar.

SECOND READING OF HOUSE BILL

HB 1903: A BILL for an Act to create and enact thirteen new sections to chapter 14-09 of the North Dakota Century Code, relating to income withholding for the enforcement of child support obligations; to amend and reenact section 14-09-09.3 of the North Dakota Century Code, relating to income payor's obligations in child support enforcement; to repeal sections 14-09-09.1, 14-09-09.2, 14-09-09.4, 14-09-09.6, 14-09-09.8, and 14-09-09.9 of the North Dakota Century Code, relating to wage assignments for the enforcement of child support and enforcement of out-of-state orders for wage withholding; and to provide an effective date.

Which has been read.

ROLL CALL

The question being on the final passage of the bill, as amended, the roll was called and there were 104 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING.

YEAS: Aas; Almlie; Anderson; Belter; Berg, G.; Berg, R.; Brokaw; Christman; Cleveland; Dalrymple; DeMers, J.; DeMers, P.; Dorso; Dotzenrod; Enget; Flaagan; Frey; Gates; Gerntholz; Goetz; Gorman; Graba; Gunsch; Halmrast; Hamerlik; Hanson, L.; Hanson, O.; Haugen; Haugland; Hausauer, A.; Hausauer, R.; Hill; Hoffner; Hokana; Kelly; Kent; Kingsbury; Klundt; Knell; Knudson; Koland; Kolbo; Kretschmar; Kuchera; Lang; Larson; Laughlin; Lautenschlager; Linderman; Lindgren; Marks; Martin; Martinson; Melby; Mertens; Meyer; Moore; Murphy; Myrdal; Nelson, C.; Nelson, J.; Nicholas; Nowatzki; Oban; O'Connell; Olsen, D.; Olson, A.; Olson, V.; Opedahl; O'Shea; Payne; Peterson; Rice; Riehl; Rydell; Scherber; Schindler; Schneider; Shaft; Shaw; Shide; Shockman; Skjerven; Smette; Solberg; Sorensen; Starke; Stofferahn; Strinden; Thompson; Tokach; Tollefson; Tomac; Trautman; Wald; Watne; Wentz; Whalen; Wilkie; Williams, A.; Williams, C.; Williams, W.; Winkelman; Speaker Kloubec

NAYS: Ulmer; Vander Vorst

ABSENT AND NOT VOTING: None

HB 1903 passed and the title was agreed to.

REPORT OF PROCEDURAL COMMITTEE

MR. SPEAKER: Your Committee on Enrollment and Engrossment respectfully report that they have examined the following bills and find the same correctly engrossed:

HB 1901, HB 1903

REP. KOLAND, Chairman

REP. DALRYMPLE MOVED that the report be adopted, which motion prevailed.

MOTION

REP. STRINDEN MOVED that HB 1903 be messaged to the Senate immediately, which motion prevailed.

**MESSAGE TO THE SENATE
HOUSE CHAMBER**

MADAM PRESIDENT: I have the honor to transmit herewith the following which the House has passed and your favorable consideration is requested on:

HB 1901, HB 1903

ROY GILBREATH, Chief Clerk

FIRST READING OF SENATE BILLS

SB 2901: A BILL for an Act to amend and reenact sections 57-39.2-02.1, 57-39.2-03.2, 57-39.2-08.2, 57-40.2-02.1, and 57-40.3-02 of the North Dakota Century Code, relating to the rate of sales tax, use tax, and motor vehicle excise tax; and to provide an effective date.

Was read the first time and referred to the Select Committee on Finance and Taxation.

SB 2902: A BILL for an Act to amend and reenact section 61-24.3-03.1 of the North Dakota Century Code, relating to a preference for residents on Southwest Pipeline Project contracts; and to provide an effective date.

Was read the first time and referred to the Select Committee on Appropriations.

SB 2903: A BILL for an Act to amend and reenact subsection 2 of section 54-10-01 and sections 54-10-13 and 54-10-14 of the North Dakota Century Code, relating to the powers of the state auditor and audit requirements for political subdivisions; and to provide an effective date.

Was read the first time and referred to the Select Committee on Appropriations.

SB 2904: A BILL for an Act to provide for the reduction in general fund appropriation authority; to provide for a reduction in coal development impact fund appropriation authority; to provide for a transfer of coal development impact funds; to amend and reenact subsection 2 of section 15-40.1-06 of the North Dakota Century Code, relating to educational support per pupil; and to provide an effective date.

Was read the first time and referred to the Select Committee on Appropriations.

SB 2905: A BILL for an Act to provide a property tax exemption for certain residential property which failed to qualify for a previously granted property tax exemption; and to provide an effective date and an expiration date.

Was read the first time and referred to the Select Committee on Finance and Taxation.

MESSAGE FROM THE SENATE
SENATE CHAMBER

MR. SPEAKER: I have the honor to transmit herewith the following which the Senate has passed and your favorable consideration is requested on:

SB 2905, SB 2904, SB 2902, SB 2901

PERRY GROTEBERG, Secretary

MESSAGE FROM THE SENATE
SENATE CHAMBER

MR. SPEAKER: I have the honor to transmit herewith the following which the Senate has passed and your favorable consideration is requested on:

SB 2903

PERRY GROTEBERG, Secretary

MOTIONS

REP. STRINDEN MOVED that the absent members be excused, which motion prevailed.

REP. STRINDEN MOVED that the House be on the Twelfth order of business, and at the conclusion of the Twelfth order, the House be on the Thirteenth order of business, and at the conclusion of the Thirteenth order, the House stand adjourned until 9:00 a.m., Thursday, December 4, 1986, which motion prevailed.

The House stood adjourned pursuant to Rep. Strinden's motion.

ROY GILBREATH, Chief Clerk