

FRIDAY, APRIL 17, 1987

2569

JOURNAL OF THE SENATE

Fiftieth Legislative Assembly

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SEVENTY-SECOND DAY

Bismarck, April 17, 1987

The Senate convened at 8:00 a.m., with President Pro Tem Redlin presiding.

The prayer was offered by Reverend Joanne Spears, Religious Society of Friends, Bismarck.

God of our lives, our energy, and our fatigue, we give thanks for this process of democracy with all of its weaknesses and problems. It has served us well and is serving us well under the unknowable influence of Your presence among us.

We give thanks for the gifts You have given us and the special opportunities and duties which these gifts have brought. Guide our memories that we may remember this legislative session as the natural outcome of our love and concern for Your people.

Help us be open to Your call to continued service. Grant us courage to continue to live up to the challenge of working for the good of all people in this state.

We give thanks for colleagues and friends, and for adversaries in our common struggle to understand the way to public goodness and service to our communities. Give us that additional measure of strength, courtesy, patience, and good humor as we struggle to apply our gifts to our life together this day. Amen.

ROLL CALL

The roll was called and all Senators were present, except Senator Keller.

A quorum was declared by the President Pro Tem.

SECOND READING OF HOUSE CONCURRENT RESOLUTION

HCR 3014: A concurrent resolution for the amendment of subsection 1 and subdivision d of subsection 6 of section 6 of article VIII and sections 12 and 13 of article IX of the Constitution of the State of North Dakota, relating to a college and university system and removing references to the types and locations of institutions of higher education; and to provide an effective date.

Which has been read and has committee recommendation of DO PASS.

ROLL CALL

The question being on the final adoption of the resolution, the roll was called and there were 24 YEAS, 26 NAYS, 3 ABSENT AND NOT VOTING.

YEAS: Bakewell; David; Dotzenrod; Freborg; Heinrich; Holmberg; Langley; Lips; Lodoen; Mathern; Maxson; Meyer, D.; Meyer, W.; Moore; Mutch; Naaden; Nelson; Nething; Olson; Peterson; Redlin; Stenehjem; Thane; Todd

NAYS: Adams; Axtman; Hilken; Ingstad; Kelly; Kelsh; Krauter; Lashkowitz; Meyer, J.; Mushik; Nalewaja; Reiten; Richard; Satrom; Schoenwald; Shea; Streibel; Stromme; Tallackson; Tennefos; Tweten; Vosper; Waldera; Wogsland; Wright; Yockim

ABSENT AND NOT VOTING: Heigaard; Keller; Maixner

HCR 3014 was declared lost on a roll call vote.

MOTION

SEN. WOGSLAND MOVED that the vote by which HCR 3014 failed be reconsidered and the motion to reconsider be laid on the table, which motion prevailed.

REQUEST

SEN. STENEHJEM REQUESTED a verification vote, which request was granted.

The clincher motion prevailed on a verification vote.

MESSAGE FROM THE HOUSE
HOUSE CHAMBER

MR. PRESIDENT: I have the honor to inform you that the Speaker has appointed as a new conference committee to act with a like committee from the Senate on:

HB 1009: Reps. Winkelman, Wald, Stofferahn

ROY GILBREATH, Chief Clerk

MOTIONS

SEN. SATROM MOVED that HB 1686, which is on the Sixth order, be rereferred to the Committee on Finance and Taxation, which motion prevailed.

SEN. WOGSLAND MOVED that the Senate stand in recess until 10:00 a.m., which motion prevailed.

THE SENATE RECONVENED pursuant to recess taken, with President Pro Tem Redlin presiding.

DELIVERY OF ENROLLED BILLS

THE PRESIDENT PRO TEM ANNOUNCED that the following bills were delivered to the Governor for his approval at the hour of 9:15 a.m., April 17, 1987:

SB 2113, SB 2387, SB 2557

CORRECTION AND REVISION OF THE JOURNAL

MR. PRESIDENT: Your Committee on Correction and Revision of the Journal has carefully examined the Journal of the Seventy-first Day and finds the same to be correct.

SEN. J. MEYER, Chairman

SEN. J. MEYER MOVED that the report be adopted, which motion prevailed.

MESSAGE FROM THE HOUSE
HOUSE CHAMBER

MR. PRESIDENT: I have the honor to transmit herewith the following on which the House has adopted the conference committee report and subsequently passed the same, but whereby the emergency clause failed to pass:

HB 1450

ROY GILBREATH, Chief Clerk

REPORT OF CONFERENCE COMMITTEE

SEN. SATROM MOVED that the conference committee report on Engrossed HB 1258 as printed on pages 2558-2561 of the Senate Journal be adopted, which motion prevailed.

SECOND READING OF HOUSE BILL

HB 1258: A BILL for an Act to create and enact a new subsection to section 57-38-01 of the North Dakota Century Code, relating to alternative minimum taxable income; to amend and reenact subsections 3 and 8 of section 57-38-01, subsection 1 of section 57-38-01.4, and section 57-38-30 of the North Dakota Century Code, relating to the federalization date for income tax purposes, treatment of federal alternative minimum tax for corporate income tax purposes, and income tax treatment of subchapter S corporation income; 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 51 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING.

YEAS: Adams; Axtman; Bakewell; David; Dotzenrod; Freborg; Helgaard; Heinrich; Hilken; Holmberg; Ingstad; Keller; Kelly; Kelsh; Krauter; Langley; Lashkowitz; Lips; Lodoen; Maixner; Mathern; Maxson; Meyer, D.; Meyer, J.;

Moore; Mushik; Mutch; Naaden; Nalewaja; Nelson;
Nething; Olson; Peterson; Redlin; Reiten; Richard;
Satrom; Schoenwald; Shea; Stenehjem; Streibel; Stromme;
Tallackson; Tennefos; Thane; Todd; Vosper; Waldera;
Wogsland; Wright; Yockim

NAYS: Tweten

ABSENT AND NOT VOTING: Meyer, W.

HB 1258 passed and the title was agreed to.

MOTION

SEN. WOGSLAND MOVED that the Senate stand in recess until 11:00 a.m., which motion prevailed.

THE SENATE RECONVENED pursuant to recess taken, with President Pro Tem Redlin presiding.

MESSAGE TO THE HOUSE

SENATE CHAMBER

MR. SPEAKER: I have the honor to return herewith the following which the Senate has failed to pass:

HCR 3014

PERRY GROTEBERG, Secretary

SIGNING OF BILLS AND RESOLUTIONS

THE SECRETARY ANNOUNCED that the President Pro Tem signed the following:

SB 2378, SB 2510

PERRY GROTEBERG, Secretary

MESSAGE TO THE HOUSE

SENATE CHAMBER

MR. SPEAKER: I have the honor to transmit herewith the following which the President Pro Tem and your signature is respectfully requested:

SB 2378

PERRY GROTEBERG, Secretary

REPORT OF CONFERENCE COMMITTEE

MR. PRESIDENT: Your Conference Committee to which was referred Engrossed HB 1450 has had the same under consideration and recommends that the SENATE RECEDE from its amendments as found on page 1726 of the Senate Journal and that Engrossed HB 1450 be amended as follows:

On page 1 of the engrossed bill, line 3, after the word "licensure" insert the words "; and to declare an emergency"

On page 1 of the engrossed bill, line 13, after the word "in" insert the words "residential or agricultural"

On page 2 of the engrossed bill, after line 13, insert the following new section:

"SECTION 2. EMERGENCY. This Act is declared to be an emergency measure and is in effect upon its filing with the secretary of state or on a date specified in this Act."

And renumber the lines, sections, and pages accordingly

For the Senate: Sens. Axtman, Lodoen, Bakewell

For the House: Reps. Koland, Dalrymple, Scherber (refused to sign)

Engrossed HB 1450 was placed on the Seventh order of business on the calendar for the succeeding legislative day.

MESSAGES FROM THE HOUSE HOUSE CHAMBER

MR. PRESIDENT: I have the honor to transmit herewith the following which the Speaker has signed and your signature is respectfully requested:

HB 1015, HB 1016, HB 1446, HB 1548, HB 1596, HCR 3099

ROY GILBREATH, Chief Clerk

HOUSE CHAMBER

MR. PRESIDENT: I have the honor to return herewith the following which the Speaker has signed:

SB 2378

ROY GILBREATH, Chief Clerk

DELIVERY OF ENROLLED BILLS

THE PRESIDENT PRO TEM ANNOUNCED that the following bill was delivered to the Governor for his approval at the hour of 10:48 a.m., April 17, 1987:

SB 2378

MOTION

SEN. WOGSLAND MOVED that HB 1450 be placed on the Seventh order at the head of the calendar, which motion prevailed.

REPORT OF CONFERENCE COMMITTEE

SEN. AXTMAN MOVED that the conference committee report on HB 1450 as printed in the Senate Journal of the Seventy-second Legislative Day be adopted, which motion prevailed.

SECOND READING OF HOUSE BILL

HB 1450: A BILL for an Act to amend and reenact section 43-23-07 of the North Dakota Century Code, relating to exceptions to real estate licensure; and to declare an emergency.

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 40 YEAS, 1 NAY, 12 ABSENT AND NOT VOTING.

YEAS: Adams; Axtman; Bakewell; David; Dotzenrod; Hilken; Holmberg; Ingstad; Keller; Kelly; Krauter; Langley; Lashkowitz; Lips; Lodoen; Mathern; Maxson; Meyer, D.; Meyer, J.; Moore; Mutch; Naaden; Nalewaja; Olson; Peterson; Redlin; Reiten; Richard; Satrom; Shea; Stenehjem; Streibel; Stromme; Tennefos; Thane; Todd; Tweten; Vosper; Wogsland; Wright

NAYS: Tallackson

ABSENT AND NOT VOTING: Freborg; Heigaard; Heinrich; Kelsh; Maixner; Meyer, W.; Mushik; Nelson; Nething; Schoenwald; Waldera; Yockim

HB 1450 passed, the title was agreed to, and the emergency clause carried.

MOTIONS

SEN. WOGSLAND MOVED that the vote by which HB 1450 passed be reconsidered and the motion to reconsider be laid on the table, which motion prevailed.

SEN. WOGSLAND MOVED that the rules be suspended and that HB 1450 be messaged to the House immediately, which motion prevailed.

SEN. WOGSLAND MOVED that the Senate stand in recess until 12:30 p.m., which motion prevailed.

THE SENATE RECONVENED pursuant to recess taken, with President Pro Tem Redlin presiding.

MESSAGES TO THE HOUSE
SENATE CHAMBER

MR. SPEAKER: I have the honor to return herewith the following on which the Senate has adopted the conference committee report and subsequently passed the same:

HB 1450

PERRY GROTEBERG, Secretary

FRIDAY, APRIL 17, 1987

2575

SENATE CHAMBER

MR. SPEAKER: I have the honor to transmit herewith the following which the President Pro Tem has signed and your signature is respectfully requested:

SB 2510

PERRY GROTBORG, Secretary

SENATE CHAMBER

MR. SPEAKER: I have the honor to return herewith the following on which the Senate has adopted the conference committee report and subsequently passed the same:

HB 1258

PERRY GROTBORG, Secretary

SIGNING OF BILLS AND RESOLUTIONS

THE SECRETARY ANNOUNCED that the President Pro Tem signed the following:

HB 1015, HB 1016, HB 1446, HB 1548, HB 1596, HCR 3099

PERRY GROTBORG, Secretary

SIGNING OF BILLS AND RESOLUTIONS

THE SECRETARY ANNOUNCED that the President Pro Tem signed the following:

SB 2035, SB 2036, SB 2063, SB 2103, SB 2259

PERRY GROTBORG, Secretary

PRESENTATION OF PETITIONS AND COMMUNICATIONS

State of North Dakota
EXECUTIVE OFFICE
Bismarck

April 17, 1987

The Honorable Rolland Redlin
President Pro Tempore
Senate Chamber
State Capitol
Bismarck, North Dakota 58505

Dear Mr. President Pro Tempore:

This is to inform you that on April 15, 1987, I signed the following:

SB 2404.

On April 17, 1987, I signed the following:

SB 2099, SB 2183, SB 2542, SB 2547.

Sincerely,

GEORGE A. SINNER
Governor

REPORT OF CONFERENCE COMMITTEE

MR. PRESIDENT: Your Conference Committee to which was referred Engrossed SB 2004 has had the same under consideration and recommends that the SENATE ACCEDE to the amendments as found on pages 1956-1957 of the Senate Journal:

For the Senate: Sens. Tallackson, Waldera, Nelson

For the House: Reps. R. Hausauer, Thompson, Nowatzki

Engrossed SB 2004 was placed on the Seventh order of business on the calendar for the succeeding legislative day.

MOTION

SEN. WOGSLAND MOVED that SB 2004 be placed on the Seventh order and be placed at the head of the calendar, which motion prevailed.

REPORT OF CONFERENCE COMMITTEE

SEN. TALLACKSON MOVED that the conference committee report on SB 2004 as printed in the Senate Journal of the Seventy-second Legislative Day be adopted, which motion prevailed.

SECOND READING OF SENATE BILL

SB 2004: A BILL for an Act making an appropriation for defraying the expenses of the various divisions under the supervision of the director of the office of management and budget of the state of North Dakota; providing an exemption to the provisions of section 54-44.1-11 of the North Dakota Century Code; and to amend and reenact section 54-16-11.1 of the North Dakota Century Code, relating to the emergency commission authority to increase revenue appropriation authority for intergovernmental service fund agencies.

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 51 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING.

YEAS: Adams; Axtman; Bakewell; David; Dotzenrod; Freborg; Heigaard; Heinrich; Holmberg; Ingstad; Keller; Kelly; Kelsh; Krauter; Langley; Lashkowitz; Lips; Lodoen; Maixner; Mathern; Maxson; Meyer, D.; Meyer, J.; Meyer, W.; Moore; Mushik; Mutch; Nalewaja; Nelson;

Nething; Olson; Peterson; Redlin; Reiten; Richard;
Satom; Schoenwald; Shea; Stenehjem; Streibel; Stromme;
Tallackson; Tennefos; Thane; Todd; Tweten; Vosper;
Waldera; Wogsland; Wright; Yockim

NAYS: None

ABSENT AND NOT VOTING: Hilken; Naaden

SB 2004 passed and the title was agreed to.

MOTION

SEN. WOGSLAND MOVED that the Senate stand in recess until 3:00 p.m., which motion prevailed.

THE SENATE RECONVENED pursuant to recess taken, with President Pro Tem Redlin presiding.

REPORT OF STANDING COMMITTEE

MR. PRESIDENT: Your Committee on Appropriations to which was rereferred Engrossed HB 1590 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:

In lieu of the amendments to House Bill No. 1590 adopted by the Senate as found on pages 2510-2514 of the Senate Journal, House Bill No. 1590 is amended as follows:

On page 1 of the engrossed bill, line 1, after the words "A BILL" delete the remainder of the bill and insert in lieu thereof the following: "for an Act to provide for allocation of a portion of sales, use, and motor vehicle excise tax collections to personal property tax replacement and state revenue sharing; to amend and reenact section 57-58-01 of the North Dakota Century Code, relating to personal property tax replacement; to repeal section 54-27-20.1 of the North Dakota Century Code, relating to determination of state revenue sharing; to provide an appropriation; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1. Allocation of sales, use, and motor vehicle excise tax revenues to revenue sharing and personal property tax replacement. Notwithstanding any other provision of law, a portion of sales, use, and motor vehicle excise tax collections equal to seventy-five percent of an amount determined by multiplying the quotient of one percent divided by the general sales tax rate, that was in effect when the taxes were collected, times the net

sales, use, and motor vehicle excise tax collections under chapters 57-39.2, 57-40.2, and 57-40.3 must be deposited by the state treasurer in the state aid distribution fund. The state tax commissioner shall certify to the state treasurer the portion of sales, use, and motor vehicle excise tax net revenues that must be deposited in the state aid distribution fund as determined under this section. The total amount deposited in the state aid distribution fund during each fiscal year of the 1987-89 biennium may not exceed \$22,617,950 and any amount in excess of this amount must be deposited instead in the state general fund. The state aid distribution fund must be allocated, subject to legislative appropriation, as follows:

1. Fifty percent of the revenues must be allocated in the last month of each quarterly period for state revenue sharing as provided in sections 54-27-20.2 and 54-27-20.3.
2. Fifty percent of the revenues must be allocated for personal property tax replacement as provided in section 57-58-01.

SECTION 2. AMENDMENT. Section 57-58-01 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-58-01. Distribution to counties and local subdivisions. It is hereby provided that any political subdivision which has an existing bonded indebtedness for which a tax levy must be made in 1970 or any year thereafter, shall reduce its levy in each such year for current operating purposes by the amount which its tax levy on taxable property in that year for retirement of the bonded indebtedness is increased because of the exemption of personal property by subsection 25 of section 57-02-08. On or before February 1, 1971, the county auditor of each county shall certify to the state tax commissioner the total amount of taxes levied in the year 1968 for the state, county, cities, park boards, school districts, airport authorities, townships, and all other units of government having the authority to levy taxes, and levies voted by the people, new or present levies increased by legislative action of such county on those items of personal property exempt under the provisions of section 57-02-08, and, in addition, the total valuation of real estate and taxes levied on real estate for the year 1968. On or before June 1, 1980, and each year thereafter, the state tax commissioner shall certify for payment to the state treasurer an amount, for payment by the state treasurer to each county, determined to be due such county based upon the personal property taxes levied in the year 1968 for the political subdivisions herein mentioned on the items of personal property exempt from the personal property tax under the provisions of section

57-02-08, the per capita school tax under the provisions of former section 57-15-23, and the grain tax under the provisions of former chapter 57-03, together with any adjustments to be made in the manner hereinafter provided. Within sixty days after the receipt of the revenue as provided by this section, the county treasurer shall allocate and remit to the county, cities, park boards, school districts, airport authorities, townships, and all other units of government having the authority to levy taxes that amount of revenue which is received from the state in the same ratio as he would have distributed the revenue from the personal property tax, adjusting such amount by any increase or decrease in real property taxes as levied by each taxing authority according to the formula hereinafter provided. Any amount that would be apportioned and credited to the retirement of a bonded indebtedness existing in 1970 for which a tax levy was made in 1970 and in any year thereafter, shall be credited to the general fund of the political subdivision. In the years after 1971, payments to the counties under this section shall be made based upon ninety-five percent of such payment for 1971 together with a growth factor which shall be based upon the dollar amount of increase or decrease in real property taxes levied within each county. For each seven dollar increase in real property taxation within a county, the state shall contribute an additional one dollar over that amount which equals ninety-five percent of such payment in the base year. For each seven dollar decrease in real property taxation within a county, the state shall contribute one dollar less than that amount which equals ninety-five percent of such payment in the base year.

On or before June 1, 1980, and each year thereafter, the state tax commissioner shall certify to the state treasurer the amount determined to be due to the state based upon the personal property taxes levied in the year 1968 for the North Dakota state medical center. The amount so certified shall be computed in accordance with the formula provided in this section for computing the amounts to be certified and paid to the counties. The state treasurer upon receiving the certification from the tax commissioner shall transfer from the general fund to the credit of the North Dakota state medical center the amount so certified.

Any political subdivision which levied taxes on taxable property in the year 1970 for a specific fund or purpose for which a levy was not made by it in the year 1968 shall be entitled to a distribution of revenue from the state in the year 1971 for any such levy. The amount of such distribution shall be determined as follows: the county auditor shall certify to the state tax commissioner as soon as possible after March 30, 1971, the amount of each such levy made by and spread for each political

subdivision on taxable real property in the county in the year 1970; the tax commissioner shall forthwith determine the correctness of such amounts and certify to the state treasurer for immediate payment to the county an amount that is determined by dividing the total of such levies made and spread in 1970 on taxable real property in the county by the growth factor that is provided in the first paragraph of this section; the county treasurer within fifteen days after the receipt of such revenue from the state treasurer shall allocate and remit to each political subdivision its proportionate amount of that revenue.

If the classification of any property for taxation purposes is changed from real to personal property or from personal to real property because of legislative or judicial action, the county auditor of the county in which the property is located shall forthwith certify to the tax commissioner the amount of real estate taxes or personal property taxes that was levied on all such property by each taxing district in the year 1968 and in any other year thereafter that the tax commissioner may request. The tax commissioner, in determining the amount to be certified to the state treasurer for payment to the county pursuant to this section, shall adjust the amounts of taxes certified by the county auditor as levied on real property and on personal property in 1968 and in any other year as may be necessary by adding to or subtracting from each such amount the taxes on the reclassified property so that the distribution by the state to the county will be determined as though such property had been taxed in 1968 and all later years in the classification into which it was reclassified.

Notwithstanding the other provisions of this section, personal property tax replacement is an amount as determined under section 1 of this Act, subject to legislative appropriation. If moneys appropriated by the legislative assembly for personal property tax replacement are not in the amount that would be provided under this section for distribution, the tax commissioner and the state treasurer shall provide for pro rata distribution of available funds on the basis of the formula contained in this section.

SECTION 3. APPROPRIATION. There is hereby appropriated out of any moneys in the state aid distribution fund in the state treasury, not otherwise appropriated, the sum of \$45,235,900, or so much thereof as may be necessary, to the state treasurer for distribution in equal amounts for state revenue sharing and personal property tax replacement for the biennium beginning July 1, 1987, and ending June 30, 1989.

SECTION 4. LEGISLATIVE INTENT. It is the intent of the legislative assembly that revenue sharing allocations for the fiscal year beginning July 1, 1987, be made in a manner that provides greater allocations to political subdivisions during the first two quarters of the fiscal year than during the second two quarters of the fiscal year.

SECTION 5. REPEAL. Section 54-27-20.1 of the 1985 Supplement to the North Dakota Century Code is hereby repealed.

SECTION 6. EFFECTIVE DATE. Section 1 of this Act is effective for sales and use tax collections received by the state tax commissioner after June 30, 1987."

And renumber the lines, sections, and pages accordingly
SEN. TALLACKSON, Chairman

HB 1590 was placed on the Sixth order of business on the calendar for the succeeding legislative day.

**MESSAGES TO THE HOUSE
SENATE CHAMBER**

MR. SPEAKER: I have the honor to transmit herewith the following on which the Senate has adopted the conference committee report and subsequently passed the same:

SB 2004

PERRY GROTEBERG, Secretary

SENATE CHAMBER

MR. SPEAKER: I have the honor to return herewith the following which the President Pro Tem has signed:

HB 1015, HB 1016, HB 1446, HB 1548, HB 1596, HCR 3099

PERRY GROTEBERG, Secretary

SENATE CHAMBER

MR. SPEAKER: I have the honor to transmit herewith the following which the President Pro Tem has signed and your signature is respectfully requested:

SB 2035, SB 2036, SB 2063, SB 2103, SB 2259

PERRY GROTEBERG, Secretary

**MESSAGE FROM THE HOUSE
HOUSE CHAMBER**

MR. PRESIDENT: I have the honor to return herewith the following which the Speaker has signed:

SB 2035, SB 2036, SB 2063, SB 2103, SB 2259, SB 2510

ROY GILBREATH, Chief Clerk

MOTION

SEN. WOGSLAND MOVED that the Senate resolve itself into a "Hearts and Flowers Session", which motion prevailed.

HEARTS AND FLOWERS SESSION

SEN. WOGSLAND: As the Fiftieth Legislature winds closer to its completion, today is the time to pause and reflect back on this session and the work that we've accomplished. It has truly been a historic time for all of us, both in this Senate, in this Legislature, and in this state. We've had our wins, we've had our losses. We've had our joys, we've had our sorrows. But, together, the majority party, a caucus of which I'm proud to be a part of, and the minority party, whom I respect and I commend - each of the fifty-three members of this Senate are doing, to the best of their abilities, the business of the State of North Dakota. That's all we can do and that's all that the people of North Dakota ask of us. But, as in any well-oiled ship of state, the senators may seem to bask in the limelight, but it's only because of the hard work of so many people behind the scenes. It is my pleasure, today, to make some presentations to some of these very, very special people.

To Perry Grotberg, our Secretary of the Senate, whose guiding hand and fatherly countenance has directed the traffic of this oftentimes hectic ship of state and whose calm and even manner has kept the desk an efficient and extremely well-run part of this Senate. It is our pleasure today to present a small token of our appreciation and, no, Perry, it's not an ashtray for the front desk.

A gift was presented to Secretary of the Senate Perry Grotberg.

SEN. WOGSLAND: To Jim Kusler, Assistant Secretary of the Senate, whose hard work and dedication to detail has time and again shown up as you make a very difficult job in keeping the Senate and its actions look very, very easy. Even though you may have fibbed to Senator Dean Meyer on occasion, you've never steered the rest of the Senate wrong and we really appreciate your effort. It's our pleasure to give you a small gift of our thanks.

A gift was presented to Assistant Secretary of the Senate Jim Kusler.

SEN. WOGSLAND: To Paula Riehl, our Desk Reporter, whose warm smile and friendly manner has been coupled with efficiency par excellence in terms of keeping the records of this Senate that we can all use to beat each other up with in the next campaign. But, to split the divisions, the points, the verifications, and all the other motions we throw at you every day, and all of the late nights that you spend after everyone else has gone home, or to the Townhouse, or wherever we go to, you have happily weathered it all. We, in the Senate, would like to show our appreciation.

A gift was presented to Desk Reporter Paula Riehl.

SEN. WOGSLAND: And, to Deanna Hill, our Bill Clerk, whose calm, but efficient, manner has subtly kept the constant shuffle of paper flowing through here like clockwork. What with constant messages from the House and Senators checking which bill or which drawer the bills are in, you have made a difficult job look very, very easy. We, in the Senate, are grateful for you and for that we want to show our appreciation and our thanks.

A gift was presented to Bill Clerk Deanna Hill.

SEN. WOGSLAND: And, finally, to Doug Nordby, our gentle giant in our Sergeant-at-Arms, who has the unenviable task of keeping order in this zoo; keeping politicians quiet and keeping tabs on our comings and goings is a yeoman's task. The gracious and good-natured manner in which you've done that job is very much appreciated by this Senate today, and we'd like to present to you, as well, a token of our thanks and appreciation.

A gift was presented to Sergeant-at-Arms Doug Nordby.

SEN. WOGSLAND: You are the folks that make this Senate work, we're proud of you, and we really, really appreciate you a lot. Thank you very much.

SECRETARY GROTEBERG: My response is certainly to say "thank you" on behalf of the Desk Force for the presents and gifts. I don't know whether we dare open them or not right now. I have seen some of these things go off around here. But, my response probably is a little different than you might have anticipated. Not to dishonor anyone, or even myself, as far as that is concerned, but I would say, Mr. President and Members of the Senate, may we be on the Fourth Order or any other order we don't use much?

I'd like to get on to this thing a little bit. I'd like to suspend the rules and introduce a bill. It is, in fact, a delayed bill. It is delayed about 98 years the way I look at it. I see this rare opportunity because some of us don't have much time left to say a few things that we would like to say.

This bill comes to you without committee approval, and most certainly doesn't conform to the North Dakota Century Code as to style and form. If it's too long, amend it. In fact, you may want to do a lot of things to it. Oh well, you could send it over to the House and they'd cut it up any way they wanted to. But, Mr. President, on behalf of the Desk Force and Senate employees, we would like to say "thank you" to all for letting us serve you. We apologize for any errors or omissions on the first day only. We, the Desk Force, highly commend our predecessors for creating that third order of business, the corrections of the Journal. It is the most marvelous of all the orders of business.

Seriously, we have all tried to serve you with pride, integrity, and impartiality.

I have a part here that's put down to the foot of the calendar, and I don't want to blow it. I would like all of you to know that our Desk Reporter, Paula, who is my right-hand lady, doesn't function well until she has butterflies in her tummy. This is borne out by checking out the desk inventory. You'll find bottles of tums, aspirin, and pepto bismal. Given all these things, Paula can perform very well.

Now, to my left, the very capable Jim Kusler, Assistant Secretary. Jim was the first-round draft choice for the position of Head Coach in this group. He calls a good portion of the plays. However, neither he nor the rest of us approve of this instant replay stuff that you referred to a while ago there, Senator Wogsland. You see, usually one of us gets put on the spot in that process.

Now, just to give you an example. If Senator Maixner decides to play quarterback and make a call, makes a pass, and that ball goes out there someplace, there is usually some wide receiver out there just screaming "pass interference". Then Senator Heigaard gets into the act. He's the coach for the offense, and out comes all the rule books, and the problems fall in the lap of the line judge: That's Mr. President. Of course, someone has to bail all these guys out. (No, Jim, it ain't you.) I'm the fall guy. I have to sign off on most of these decisions, but we do think Jim has done a great job; and, by the way, Senator Heigaard, I had a little problem with a line in there for you. I was going to say "offensive coach", but that isn't quite the way I wanted it to come out so it didn't go that way.

Now, we have Deanna over here, our Bill Clerk, who is without a doubt the best carrier in the entire Senate. She has passed on every bill in the Legislature and hasn't lost one of them yet. Her smile and good-natured personality has been enjoyed by everyone.

Doug Nordby, our Sergeant-at-Arms: It helps to have a sizable person in this position. You see, he has rules to enforce too. One of his first major assignments came after that highly discriminatory smoking rule invoked by the Rules Committee, presented to the floor by the Majority Leader, and totally upsetting Senator David and myself. Well, Doug had his work cut out there with Senator David for a while.

Doug has two deputies, Vern Thompson and Frank LaQua, who asked for increased liability insurance because of the hazards of their jobs. These folks are assisted by Jim, Paul, and Lance, and they have all done well. Our Desk Page Stephanie, with all of her regular duties, has also become an expert page-turner and sends out the two-minute warning before convening.

Lucy and her pages and bill clerks, Renee and her operators, Mary and the clerks, Maureen and her stenos, I feel, have done an exemplary job. All of the employees have expressed their gratitude to the Employment Committee. The secretaries for the Minority and Majority Leaders, the Bill Room people, and those at the Information Kiosk have been most cooperative, and I offer my personal thanks to them all.

Now, I had a whole sheet of stuff to say about Senator Wogsland, but I lost that one, so that's over with; but now to Mr. President. Especially to you, Mr. President. You have had to play a dual role in the Senate. You command our greatest respect. While the entire Senate was consumed with the well-being of our Lieutenant Governor Ruth Meiers and the subsequent loss to us all, you were able to cope with your added responsibilities and stress. The Desk Force considers it a high privilege to have served with you. I am going to ask Jim if he would present the President with a gift from the Desk Force.

That's the end of my bill. It hasn't even got a signature on it. Thank you.

SEN. REITEN: Mr. President and Ladies and Gentlemen of the Senate. I have had the privilege of representing the same district as Mr. President for the past fourteen years. I have also had the privilege of being presiding officer of the Senate a few times as President Pro Tem. I know of the intense concentration and knowledge of parliamentary procedure needed to do this job. When others of us can walk off the floor for a cup of coffee or a short visit, Mr. President must stay behind the microphone closely monitoring the floor debate, making fast decisions, questioning the procedure and rules, and moving the floor act along with fairness and decorum. We all agree that Mr. President has been very fair to both the minority and the majority in his rulings from the Chair. On behalf of the entire Senate, I want to give a sincere thanks to Mr. President for a job well done and make a small presentation for this job that he has done and to point out that the gavel that is on there has been used some; it was used by Mr. President and the Lieutenant Governor.

A gift was presented to President Pro Tem Redlin.

PRESIDENT PRO TEM REDLIN: May I relax in my normal position in front of you. Thank you very much. Presiding over this Senate is a special privilege and a rewarding experience. We have demonstrated again that democracy works and is way ahead of whatever is in second place as a form of government. The excellent work of the desk force and the attention to duty of our entire Senate staff have contributed so very much to the many accomplishments of the 50th Legislative Session. The splendid cooperation and the statesmanlike conduct of the Senate leadership is greatly appreciated by this President. Committee chairmen, vice chairmen, bill carriers, and all Senators in

debate, you have shown great respect for our legislative process and for each other. Your promptness and alertness in handling bills and discussions in this chamber have been a joy to this presiding officer. Senators, you have kept faith with the trust that people have in you. Thank you for the respect you have shown for your President Pro Tem.

SEN. WALDERA: Thank you, Mr. President and members of the Senate. It is my pleasure to extend the Senate's appreciation to the Senator from district 6, the Assistant Minority Leader, Senator Mark Adams. Some of us refer to him as the Senator 142-percent-of-formula Mark Adams. Mr. President and members of the Senate, I might just say that my son, Mike, attended Bottineau for one year and that it was a good year. He came away with a girlfriend, an accounting major, and I got, I inherited, debt and a freezer full of ducks and geese. Not too many days ago, he called me and said, "You'd better go back to 130 percent of formula, I am going to quit my job." So Mark, we have gone back to 130 percent of formula and I would like to say, I know that you have worked hard and long. It is not an easy job being Assistant Minority Leader, ask Senator Maixner. He will tell you all about it. So on behalf of all of us, Senator Adams, please accept this gift as a small token of our appreciation for your hard work and your dedication. We all thank you very much.

A gift was presented to Senator Mark Adams, Assistant Minority Leader.

SEN. ADAMS: Thank you, Mr. President. Ladies and Gentlemen of the Senate. I rise cautiously because I was wondering how much it might cost me. I sincerely would like to thank each and every one of you for your friendship, concern, and patience. It has definitely been a new experience for me as Assistant Minority Leader of the Senate. As it was said before: We are making history because I am the first Republican to ever serve as Assistant Minority Leader of the Senate. We have had a lot of tough discussions and a lot of tough times. I guess when we leave the legislative session, hopefully in a day or two or a few hours, we will all sit back and think about all the things that happened and I guess we will all chuckle. I think that is why I like the process so well - because we can sit down most generally and laugh at ourselves along with our friends: You know, when some of those days happen that things don't go very well which we have all had, we have our highs and lows. You have probably noticed these flowers here. It says it all, right there. It says, "Thanks for all the hard work". I think everybody should have gotten these flowers because you have all worked very hard. Thank you very much.

SEN. STENEHJEM: Thank you, Mr. President. Mr. President and members of the Senate: I have had the opportunity to work with Senator Maixner over the last ten years, he and I having both been elected to the House of Representatives back in 1976. As most of you know, he had a brief respite from legislative service

during the 1981 session following his unsuccessful bid for the Public Service Commission, fortunately for us Republicans. Unfortunately, though, for us Republicans, I think, he used that time apparently to memorize all of the Senate Rules including Mason's Rules of Procedure and to sharpen his ranching skills by participating in many a roundup at the ranch and those are two skills which have made him particularly well suited to serve as Majority Whip this session.

I am sure Senator Maixner, that during last December's special session when the mistakes were all here just waiting to be made, you had no idea that serving as Assistant Majority Leader would be such hard work. In fact, I remember telling you sometime ago that you need to sit back a little bit and relax and you said to me, "Wayne, I have tried relaxing but, I do not know, I just feel more comfortable tense."

We all know that you have a very difficult job full of all kinds of responsibilities and subjecting you to all kinds of criticism. I am sure that you agree with me that criticism is very hard to take, especially if it comes from a relative, a friend, an acquaintance, or a stranger. I am also sure that you agree with me that there is nothing wrong with some of your caucus members that reasoning with them will not aggravate.

Seriously, Senator Maixner, I want you to know that you have the respect and the admiration of all of your Senate colleagues. Your hard work and your extensive knowledge of Senate rules have always impressed me and I know that I am speaking for all Senators that disagree or agree on specific issues: You are regarded highly for your intelligence and your commitment to your principles.

I would like to impart to the Senate a little known fact about Senator Maixner's early life. I would like you to know that I have discovered that when he was born, he was not brought by the stork. He was delivered by a man from the Audubon Society personally.

SEN. MAIXNER: Thank you, Mr. President, and thank you, Senator Stenehjem. What Senator Stenehjem did not tell you is, when we came in together in 1977, that he was part of a group that was known as the "Kitty Caucus". I had always wished that I could have been a member of that group because they seemed to really enjoy themselves here.

He talks about criticism being particularly difficult to take from a number of different quarters. I guess the one quarter he did not mention where I occasionally get some is from my wife.

I would have to say that, over the past years, I have really enjoyed the professional relationship that Wayne and I have developed, both in the House and in the Senate. I would have to say that my sessions here in the Senate have been the most

challenging and rewarding times of my life. I would have to say that this session has been the highlight of that. Senator Stenehjem is right. I never realized how much work it was to run the Senate and be a member of a committee as well. I look to those who have been in this role in the past, and realize how difficult it was, and realize how much extra work that you put in to make the place run in other sessions that I have been here. As difficult and divisive as some of the issues that we have considered here have been, I would have to say that the professional relationships that I have developed here are going to be ones that I will treasure for years to come.

I would like to thank the Senators for their help in making this session interesting and, even to those that sometimes made it challenging, I would like to give thanks. Those of us that have been here for a few sessions and those that have been here for more sessions tend to attach a special meaning to the word "Senator". I would like to thank you for the gift and thank you for being Senators.

A gift was presented to Senator Rick Maixner, Assistant Majority Leader.

SEN. HEINRICH: Thank you, Mr. President. I am honored today to have a very distinguished person to present a gift to, but, before I do, I need to digress just briefly because, the other day, this person that I am going to gift today was accused of something, or he accused us of something, I can not remember how it worked, but, anyway, the subject was rhetoric. I want to take just a minute to tell the Senators how lucky we are. We complain about the rhetoric of the Senate, but we do not have to listen to the rhetoric of the House.

I want to show you how lucky we are by giving you a few quotes from the House of Representatives. These are actual quotes, people, I have not made these up. In case you are not aware, the press corps collects these and there is a whole wall full of them down in the press room.

Actual quotes from the House: "I was asked to introduce this by constituents not from my district." "You can get more oats in a large bin than in a small one." "There were little old ladies of both sexes." "Are children less important than a sewer pipe?" "North Dakota is not an island." Probably the classic: "North Dakotans should be thankful they are not getting all the government they're paying for."

What has all this got to do with the person I am honoring today? Well, not a great deal.

In fact, in the spirit of fair play, I suppose, we should just, to keep the House on an even keel here, mention a few such statements for the Senate. A couple of my favorites from the majority and then I will get right off them and go to the other

group. The majority, a couple of my favorites, "It's located mostly in the southeastern and central corners of the state." "This is less confusing for those of us who don't understand it."

Those from the minority are better. "I think we ought to start thinking." "This is another good idea that isn't worth a dang." "I am reluctant to rise and speak on this because I have definite feelings about it." "I don't know if this is gonna be a question, but if it ends up to be one I hope somebody can answer it." Then one of my very favorites: "We're going to have to face the bullet."

At any rate, Mr. President, to get back to the matter at hand: I wish to present a gift today to the leader of the caucus that I was just quoting. If I dared, I would say that it is a present to a man who is known for his rhetoric. One who is mellifluous, smooth-talking, someone who has stood up strongly for his party positions. One, by the way, that I do not think I ever recall hearing standing up on this floor and saying, "If it ain't broke, don't fix it." He deserves an award for that all by itself.

Before we send over his gift, I have just one more question. I know he wants to know the answer, too, and I am going to give him the answer before he gets a chance to ask. Yes, Senator, this present is well below the House level of spending.

SEN. OLSON: Thank you, Mr. President. This is rhetoric speech no. 2. If we are going to vote for tax increases, we must first have a level of spending, level of spending, level of spending. I was prepared for you, Senator.

We had a very difficult, hard-hitting session. We all know that. I remember, after our distinguished President rejected House Bill 1346, he and I found ourselves speaking to a group of Air Force officers and their wives. Senator Redlin said, in response to some of the media things that were going on and everybody knew how hard fought that issue was: The Senator said, "No matter how difficult things get and no matter how mad we get at each other in the Chamber and how hard we argue these issues," he said, "I am confident that if I was stranded along side the road a mile from town, Senator Olson would give me a ride back to town." My response was, "It depends on what bill was on the calendar that day."

I very much appreciate the considerations that the majority party have given us. I thank, especially, Senator Maxson for making me feel like a prosecutor again. I appreciate Senator Mathern for keeping us informed on the deal that was cut last night and early this morning. We appreciate all the kinds of considerations that we had.

Senator Heigaard and I go back to Pembina County where we grew up. He lives not too far away from there today, but we will never forget our Iceland heritage. I have to claim mine by my father's

remarriage to my stepmother. I do not have any Icelandic blood, but, at least, we have those things in common.

My staff, Jan and Marlene, and our attorney, who successfully represented us before the North Dakota Supreme Court on the 1346 issue, David Hogue: I appreciate their hard work and their consideration for all of us. I especially thank Senator Adams, my teammate in this session, Senator Freborg, who has been the caucus leader, and all of the Senators in my caucus. We started out knowing that things would be hard and difficult but you have taught me a great deal. You have taught me how to fight and to communicate, to rely on my skills to develop those and I know that I am better because of all of you. I hope, in fact, that we all are better because of the struggle that we had this session and I want you to know that I really appreciate everything that you have done for me.

I think that Senator Maixner said that professional relationships developed. We developed friendships and I believe that friendships are very important and I know that we will carry those friendships beyond these halls when we adjourn finally.

Let me just end by saying that I entered politics knowing that there would be a great deal of sacrifice, as we all did. We are too closely watched to really benefit from any corruption or financial reward, obviously, and so we know what kind of sacrifices there are. Those of us that stay in and want to continue know that we do have those kinds of sacrifices but those sacrifices are shared.

I know I speak on behalf of all of you when I express my appreciation to my wife, Carol, and to my family and to your families and your children who must put up with the kinds of sacrifice and hard work and turmoil that sometimes is caused in political life.

I congratulate each and every one of you on a hard-fought session knowing that we may have some difficult times ahead in the next few hours, but knowing that, when we leave here, I think each one of us can feel proud of the job we have done. Thank you very much, Mr. President.

A gift was presented to Senator John M. Olson, Minority Leader.

SEN. FREBORG: Mr. President, I've been waiting a long time for this opportunity. This gentleman has been looking down on me for something over three months now, he gets me into a lot of trouble, I have to turn my chair around whenever he's speaking and lean way back to watch him. I've been accused of sleeping, they have pictures of me sitting back like that, so it could be a "get even" opportunity, but, Mr. President, ladies and gentlemen of the Senate, it really is a very special privilege to me to be able to present this small token of appreciation to Senator Heigaard, whom I consider a good friend. I enjoy that

for two reasons: One is because it truly is a privilege to make the presentation to a very capable leader and friend to us all, I'm sure.

Senator Adams stole some of my ammunition here, but the other reason is because I'm really making history, and we all know why. I'm the first Republican, an independent Republican at that if you've noticed, to make a presentation of a gift to a Democrat Majority Leader - the first time in history. He'll have to admit, of course, that we really knew what we were doing when we allowed you to win this time. It's been tough, and we appreciate the fact that we don't have to bear the brunt of what's coming.

Three years ago, the Senator making your presentation said, "You lost many, but you won a few, too. I'm sure that, two years ago, you didn't ever believe that that would be true also when you're in the majority. We understand, we know that is true, it's a hard battle.

We also appreciated the times that you allowed some of your Senators to vote with us, we also appreciated both times that you voted with us.

I want you to listen now very carefully to the last paragraph - don't miss any part of it. In the 49th Legislative Session, when you were presented your gift, it was as the leader of the permanent minority. Senator Heigaard, it is with sincere friendship and honest appreciation that I present this remembrance on behalf of all of the members of the Senate to a very fine leader of what I hope is the temporary majority.

A gift was presented to Senator Heigaard, Majority Leader of the Senate.

SEN. FREBORG: Mr. President, I have a very special gift of my own that I did secure for Senator Heigaard. I know that he's been trying to pick one of these up for some five or six years and, if I'd had enough time, I would have had it autographed, but I may be able to do that yet - I hope that Senator Heigaard cherishes that as I have.

Senator Freborg's gift was presented to Senator Heigaard: A picture of Ronald Reagan.

SEN. HEIGAARD: Thank you, Mr. President, and members of the Senate - I do cherish this. Right or wrong, he's my President. Thank you, Senator. I have not looked down at you at all - in fact I look up to you, and all the rest of the Senators here. There has been a special bond that comes between the Senators while we are here. I think back over my lifetime and I've had a lot of friends, I guess, when I was growing up and in high school and a lot of friends after I got out of high school and got married, a lot of close friendships. But I don't think there's anything that compares with the comradery that is here in the

Senate within this body. The friends and the closeness that we all have to each other are something that you just don't acquire anyplace else, regardless of which side of the aisle you're on.

I was thinking, Senator, as you mentioned about the first time in history that the Democrat party was in the majority in the Senate, and maybe it wasn't the most opportune time. I've had that brought up to me time and time again, that this must really be a bad time to be in the majority, and I've always said, "If it only comes once every hundred years, you'd probably better take it when it gets here."

It's been a privilege to be in this position. We all, I know, talk when we're back home in our districts that it's a privilege to serve, and it most certainly is a privilege. The greatest privilege is getting to know each other and working with each other.

I'm not going to start thanking people by name, because invariably I'd leave out my wife, and that gets me in trouble - so I just want to thank all of you - everybody on the desk force, the President, Stephanie, the pages; it has been a very, very professional job that everyone has done, that all of the employees have done. I, contrary to what you might think, have enjoyed this session. I've found it very enjoyable and very stimulating. I trust and I hope that we can just finish this off and just have that comradery come Sunday morning. Thank you.

SEN. MUSHIK: Thank you, Mr. President. Ruth Meiers will be long remembered by all who served here during the 49th and 50th Legislative Sessions as a capable, gracious, dedicated, even-handed Lieutenant Governor and presiding officer. On behalf of the committees, and all of us, I would like to present this gavel to be used by the presiding officers of the Senate, as a memorial to Lieutenant Governor Ruth Meiers. This gavel will remind those who follow Ruth Meiers of the historic significance of her role as the first woman Lieutenant Governor and the first woman to preside over the Senate. This is a memorial that Ruth would truly appreciate.

As the first woman Lieutenant Governor, it was a joy and challenge for her to preside over these Senate proceedings. She spent many hours preparing herself for that task. As was significant in all of her public service, Ruth was determined to preside with justice and equality. All who served with her in this body know that she did her very best to fulfill that goal.

Ruth and her leadership, spirit, wit, charm, and courage, are sorely missed. Ruth, I'm certain, would be extremely pleased and delighted that this gavel, dedicated to her memory, will be used in this chamber that meant so much to her.

A woman's voice may be stilled, but her good words ever move us, and all that came from deep within her heart is secure in the hearts of those who loved her.

SEN. OLSON: Mr. President and members of the Senate, I had the good fortune to know Ruth for a number of years and I know that she followed the Golden Rule more than anybody that I know. When I think of her, I think of the Golden Rule and I think of the Golden Rule as it was interpreted by Count Leo Tolstoy who wrote "War and Peace" - some of us can't wait to get back to our homes and reread that, I'm sure. He also set forth his interpretation of the Golden Rule and his confessions of faith and, knowing Ruth and her commitment to all of us, whatever position that we were in, I think of these words, and I shall think of them when I think of Ruth and I see that gavel. He said, "I believe that the will of God is that every man should love his fellow man and should act towards others as he desires that they should act toward him. I believe that the reason for life is for each of us simply to grow in love. I believe that the growth in love will contribute more than any force to establish the Kingdom of God on earth, to replace a social life in which division, falsehood, violence are all-powerful with a new order in which humanity, truth, and brotherhood will reign."

PRESIDENT PRO TEM REDLIN: I'm sure that the gavel that Senator Mushik has provided will be preserved for the use of the presiding officers of the Senate, and I'm sure that the Capitol staff people will make sure of that.

SEN. SATROM: Mr. President, and members of the Senate: The 50th Legislative Assembly has been fortunate to have had the service of a wonderful group of employees. As chairperson of the Senate Employment Committee, I wanted to acknowledge and applaud the hard work and dedication of our 57 employees, including the desk force, the staff here on the Senate floor, the pages, the bill book clerks, our Senate receptionist in the kiosk in the Great Hall, the steno room and telephone room staffs, the bill and journal room clerks and personnel, the committee clerks and the interns that provide an important function in our various committees.

I have asked Senators on many occasions during the Senate for suggestions and criticisms regarding the performance of our employees. I think it's not only pleasing, but unique, to point out that I've had no specific criticisms of any of our employees, and I've only had a couple suggestions about how we might change staffing at various times of the day. Those suggestions have been specifically couched with ideas or thoughts that our current staff is doing the very best they can, given the inconsistent hours and the manner in which we conduct our business here in the Senate.

All of you know that the Senate depends on a staff which is not only dedicated, but very flexible. This session, in part and

throughout, we have had the services of a unique and fine group of people of all ages. The Legislature asks a great deal of these people and I think all of you would join me in acknowledging their tremendous work, and will join me in an ovation to the 57 people who have helped us do our work. I want to say "thank you" on behalf of all of us.

MOTION

SEN. WOGSLAND MOVED that the "Hearts and Flowers Session" be dissolved, which motion prevailed.

MESSAGES FROM THE HOUSE HOUSE CHAMBER

MR. PRESIDENT: I have the honor to inform you that the House has reconsidered its action whereby it did not concur with the Senate amendments to HB 1026, and now wishes to inform you that it does now concur in the Senate amendments to HB 1026, and subsequently passed the same. Also, the House has dissolved the House Conference Committee on HB 1026.

ROY GILBREATH, Chief Clerk

HOUSE CHAMBER

MR. PRESIDENT: I have the honor to inform you that Rep. Oban will replace Rep. Frey on the Conference Committee on HB 1359.

ROY GILBREATH, Chief Clerk

HOUSE CHAMBER

MR. PRESIDENT: The House respectfully requests the return of SB 2079.

ROY GILBREATH, Chief Clerk

REPORT OF CONFERENCE COMMITTEE

SEN. MAIXNER MOVED that the Senate do not adopt the conference committee report on HB 1544 as printed on pages 2566-2568 of the Senate Journal, which motion prevailed.

MOTIONS

SEN. HEIGAARD MOVED that the Senate return SB 2079 to the House, which motion prevailed.

SEN. MAIXNER MOVED that the Senate stand in recess until 5:00 p.m., which motion prevailed.

THE SENATE RECONVENED pursuant to recess taken, with President Pro Tem Redlin presiding.

MESSAGE TO THE HOUSE SENATE CHAMBER

MR. SPEAKER: The Senate accedes to the House request and respectfully returns SB 2079.

PERRY GROTEBERG, Secretary

MESSAGES FROM THE HOUSE
HOUSE CHAMBER

MR. PRESIDENT: I have the honor to inform you that the House has reconsidered its action whereby it adopted the conference committee report on SB 2079 and subsequently passed the same, and now wishes to inform you that it has not adopted the conference committee report on SB 2079 and the Speaker has appointed as a new conference committee to meet with a like committee from the Senate, the following:

SB 2079: Reps. Goetz, A. Hausauer, Schneider

ROY GILBREATH, Chief Clerk

HOUSE CHAMBER

MR. PRESIDENT: I have the honor to inform you that the House has concurred in the Senate amendments to HB 1022, HB 1033, and HB 1295 and subsequently passed the same.

ROY GILBREATH, Chief Clerk

HOUSE CHAMBER

MR. PRESIDENT: I have the honor to transmit herewith the following on which the House has adopted the conference committee report and subsequently passed the same:

HB 1008, HB 1010, HB 1064

ROY GILBREATH, Chief Clerk

HOUSE CHAMBER

MR. PRESIDENT: I have the honor to return herewith the following on which the House has adopted the conference committee report:

SB 2004, SB 2468

ROY GILBREATH, Chief Clerk

HOUSE CHAMBER

MR. PRESIDENT: I have the honor to return herewith the following which the House has passed unchanged:

SB 2560

ROY GILBREATH, Chief Clerk

HOUSE CHAMBER

MR. PRESIDENT: I have the honor to return herewith the following on which the House has adopted the conference committee report and subsequently passed the same:

SB 2013, SB 2339

ROY GILBREATH, Chief Clerk

APPOINTMENT OF CONFERENCE COMMITTEES

SEN. TALLACKSON MOVED that the President Pro Tem appoint a committee of three to act with a like committee from the House as a new Conference Committee on HB 1544, which motion prevailed.

THE PRESIDENT PRO TEM APPOINTED as a Conference Committee on HB 1544:

Sens. Waldera, Yockim, Naaden

SEN. SATROM MOVED that the President Pro Tem appoint a committee of three to act with a like committee from the House as a new Conference Committee on SB 2079, which motion prevailed.

THE PRESIDENT PRO TEM APPOINTED as a Conference Committee on SB 2079:

Sens. Maixner, Richard, Wright

MOTIONS

SEN. HEIGAARD MOVED that Sen. Tallackson replace Sen. Shea on the Conference Committee on HB 1009, which motion prevailed.

SEN. HEIGAARD MOVED that the Senate stand in recess until 6:30 p.m., which motion prevailed.

THE SENATE RECONVENED pursuant to recess taken, with President Pro tem Redlin presiding.

MESSAGES TO THE HOUSE

SENATE CHAMBER

MR. SPEAKER: I have the honor to inform you that the President Pro Tem has appointed as a new conference committee to act with a like committee from the House on:

SB 2079: Sens. Maixner, Richard, Wright

PERRY GROTBERG, Secretary

SENATE CHAMBER

MR. SPEAKER: I have the honor to inform you that the Senate has not adopted the conference committee report on HB 1544 and the President Pro Tem has appointed as a new conference committee to act with a like committee from the House on:

HB 1544: Sens. Waldera, Yockim, Naaden

PERRY GROTBERG, Secretary

SENATE CHAMBER

MR. SPEAKER: I have the honor to inform you that the President Pro Tem has replaced Sen. Shea with Sen. Tallackson on the Conference Committee on HB 1009.

PERRY GROTBERG, Secretary

REPORT OF CONFERENCE COMMITTEE

MR. PRESIDENT: Your Conference Committee to which was referred Engrossed HB 1008 has had the same under consideration and recommends that the SENATE RECEDE from its amendments as found on pages 2495-2496 of the Senate Journal and that Engrossed HB 1008 be amended as follows:

That the Senate recede from its amendments, as printed on pages 2495-2496 of the Senate Journal and page 2942 of the House Journal, and that engrossed House Bill No. 1008 be amended as follows:

On page 1 of the engrossed bill, line 18, delete the numerals "2,057,090" and insert in lieu thereof the numerals "2,157,090"

On page 1 of the engrossed bill, line 19, delete the numerals "3,074,826" and insert in lieu thereof the numerals "3,174,826"

On page 1 of the engrossed bill, line 21, delete the numerals "450,000" and insert in lieu thereof the numerals "550,000"

And renumber the lines, sections, and pages accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Aeronautics Commission

This amendment appropriates an additional \$100,000 from the general fund for grants to political subdivisions or airport authorities with scheduled airline service.

For the Senate: Sens. Yockim, Stromme, Thane

For the House: Reps. Gerntholz, Gunsch, Laughlin

HB 1008 was placed on the Seventh order of business on the calendar for the succeeding legislative day.

REPORT OF CONFERENCE COMMITTEE

MR. PRESIDENT: Your Conference Committee to which was referred HB 1010 has had the same under consideration and recommends that the HOUSE ACCEDE to the amendments as found on pages 2296-2299 of the Senate Journal:

For the Senate: Sens. Stromme, Redlin, Streibel

For the House: Reps. Kingsbury, Smette, Laughlin

HB 1010 was placed on the Seventh order of business on the calendar for the succeeding legislative day.

REPORT OF CONFERENCE COMMITTEE

MR. PRESIDENT: Your Conference Committee to which was referred Engrossed HB 1064 has had the same under consideration and recommends that the SENATE RECEDE from its amendments as found on pages 1870-1876 of the Senate Journal and that Engrossed HB 1064 be amended as follows:

That the Senate recede from its amendments and that engrossed House Bill No. 1064 be amended as follows:

On page 1 of the engrossed bill, line 1, after the words "A BILL" delete the remainder of the bill and insert in lieu thereof the following: "for an Act to provide that corporate income taxpayers may elect to use a water's edge unitary combination approach to apportion income for corporate income tax purposes; and to provide an effective date.

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

SECTION 1. Definitions. As used in this Act unless the context or subject matter otherwise requires:

1. "Affiliated corporation" means a corporation more than fifty percent of the voting stock of which is owned directly or indirectly by another corporate member of the water's edge combined group.
2. "Domestic disclosure spreadsheet" means a spreadsheet that fully discloses the income reported to each state, the state tax liability, the method used for apportioning or allocating income to the various states, and other information provided for by rules as may be necessary to determine the proper amount of tax due to each state and to identify the water's edge corporate group.
3. "Existing corporation" means a corporation that filed a North Dakota income tax return for any year after taxable year 1979 or was a successor to or unitary with a corporation that filed a North Dakota income tax return for any year after taxable year 1979.
4. "Foreign dividends" means any dividend received by a member of the water's edge group from any affiliated corporation incorporated outside the fifty states and District of Columbia, including amounts included in income computed under sections 951 through 954 of the Internal Revenue Code.
5. "Income from 80/20 corporations" means net book income after taxes of a corporation which is incorporated in the United States and eligible to be included in the federal consolidated return and which has less than twenty percent of its property and payroll as determined by factoring under chapter 57-38.1 assigned to locations outside the fifty states and the District of Columbia. For purposes of determining eligibility for inclusion in a federal

consolidated return under this subsection, the eighty percent stock ownership requirements of section 1504 of the Internal Revenue Code shall be reduced to ownership of over fifty percent of the voting stock directly or indirectly owned or controlled by an includable corporation.

6. "New corporation" means a corporation that has not filed an income tax return in North Dakota for any year after the tax year 1979. A new corporation does not include a corporation which is a successor to or which is affiliated with a corporation that filed an income tax return in North Dakota for any year after the tax year 1979. A new corporation does not include a business reorganization or acquisition, except a corporation with no previous activity in North Dakota which acquires an existing corporation and increases and maintains the threshold activity of the existing corporation by twenty-five percent or more shall be treated as a new corporation.
7. "Threshold activity" means the yearly average combined property and payroll in North Dakota of a corporation and its affiliates for the previous three years.
8. "Water's edge group" includes the following entities:
 - a. Any affiliated corporation incorporated in the United States or a possession of the United States, as described in sections 931 through 936 of the Internal Revenue Code. Corporations incorporated in the United States must be eligible to be included in a federal consolidated return and must have more than twenty percent of its property and payroll, as determined by factoring under chapter 57-38.1, assigned to locations inside the fifty states, the District of Columbia, and possessions of the United States. For purposes of determining eligibility for inclusion in a federal consolidated return under this subsection, the eighty percent stock ownership requirements of section 1504 of the Internal Revenue Code shall be reduced to ownership of over fifty percent of the voting stock directly or indirectly owned or controlled by an includable corporation.
 - b. Domestic international sales corporations, as described in sections 991 through 994 of the

Internal Revenue Code, and foreign sales corporations, as described in sections 921 through 927 of the Internal Revenue Code.

- c. Export trade corporations, as described in sections 970 through 972 of the Internal Revenue Code.
 - d. Foreign corporations deriving gain or loss from a disposition of a United States real property interest to the extent recognized under section 897 of the Internal Revenue Code.
 - e. Any corporation incorporated outside the United States if over fifty percent of its voting stock is owned directly or indirectly by the taxpayer and if more than twenty percent of the average of its payroll and property is assignable to a location within the United States.
9. "Worldwide combined report" means a combined report with respect to a unitary affiliated group irrespective of the country or countries in which any member of the affiliated group is incorporated or conducts business activity.

SECTION 2. Water's edge election. A corporation required to file a worldwide unitary combined report must continue to do so unless it elects to apportion its income using the water's edge method.

- 1. A corporation electing to file using the water's edge method must comply with the following:
 - a. The election must be made on the return as originally filed.
 - b. The corporation may not reduce taxable income for federal taxes paid or accrued as allowed by subdivision c of subsection 1 of section 57-38-01.3.
 - c. The water's edge election is binding for ten consecutive taxable years after making the election.
 - d. The corporation must file with the tax commissioner a domestic disclosure spreadsheet.
- 2. All corporations electing the water's edge method must include the income and apportionment factors

of the water's edge group. Foreign dividends and income from 80/20 corporations must be included as follows:

- a. An existing corporation must include fifty percent of foreign dividends and sixty percent of income from 80/20 corporations. However, an existing corporation that increases and maintains a threshold activity by twenty-five percent or more, but not by business reorganization or acquisition, is only required to include thirty percent of foreign dividends and thirty percent of income from 80/20 corporations.
- b. A new corporation must include thirty percent of foreign dividends and thirty percent of income from 80/20 corporations.
- c. For taxable years beginning after December 31, 1994, all corporations making the water's edge election may reduce the inclusion to include thirty percent of foreign dividends and thirty percent of income from 80/20 corporations.

SECTION 3. Conditions imposed by tax commissioner. The tax commissioner may impose necessary conditions other than the imposition of worldwide combination to prevent tax avoidance or to clearly reflect income in accordance with chapter 57-38.1.

SECTION 4. Presumptions and burden of proof. A taxpayer and its affiliates are presumed to be a part of a unitary business and all income of that business is presumed to be apportionable business income except as otherwise provided in this Act. A taxpayer has the burden of proof regarding the issue of whether or not a corporation is a member of a water's edge combined group.

SECTION 5. EFFECTIVE DATE. This Act is effective for taxable years beginning after December 31, 1988."

And renumber the lines, sections, and pages accordingly

For the Senate: Sens. Satrom, Dotzenrod, Moore

For the House: Reps. Moore, Anderson, Schneider

Engrossed HB 1064 was placed on the Seventh order of business on the calendar for the succeeding legislative day.

MOTION

SEN. HEIGAARD MOVED that HB 1008, HB 1010, and HB 1064 be placed on the Seventh order and at the head of the calendar, which motion prevailed.

REPORT OF CONFERENCE COMMITTEE

SEN. YOCKIM MOVED that the conference committee report on HB 1008 as printed in the Senate Journal of the Seventy-second Legislative Day be adopted, which motion prevailed.

SECOND READING OF HOUSE BILL

HB 1008: A BILL for an Act making an appropriation for defraying the expenses of the aeronautics commission of the state of North Dakota.

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 50 YEAS, 0 NAYS, 3 ABSENT AND NOT VOTING.

YEAS: Adams; Axtman; Bakewell; David; Dotzenrod; Freborg; Heigaard; Heinrich; Hilken; Holmberg; Ingstad; Keller; Kelly; Kelsh; Krauter; Langley; Lashkowitz; Lips; Lodoen; Mathern; Maxson; Meyer, D.; Meyer, J.; Meyer, W.; Moore; Mushik; Mutch; Naaden; Nalewaja; Nelson; Olson; Peterson; Redlin; Reiten; Richard; Satrom; Shea; Stenehjem; Streibel; Stromme; Tallackson; Tennefos; Thane; Todd; Tweten; Vosper; Waldera; Wogsland; Wright; Yockim

NAYS: None

ABSENT AND NOT VOTING: Maixner; Nething; Schoenwald

HB 1008 passed and the title was agreed to.

REPORTS OF CONFERENCE COMMITTEES

SEN. STROMME MOVED that the conference committee report on HB 1010 as printed in the Senate Journal of the Seventy-second Legislative Day be adopted, which motion prevailed.

SEN. SATROM MOVED that the conference committee report on Engrossed HB 1064 as printed in the Senate Journal of the Seventy-second Legislative Day be adopted, which motion prevailed.

SECOND READING OF HOUSE BILL

HB 1064: A BILL for an Act to provide that corporate income taxpayers may elect to use a water's edge unitary

combination approach to apportion income for corporate income tax 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 40 YEAS, 13 NAYS, 0 ABSENT AND NOT VOTING.

YEAS: Adams; Bakewell; David; Freborg; Heigaard; Holmberg; Ingstad; Keller; Kelly; Langley; Lips; Lodoen; Maixner; Mathern; Maxson; Meyer, D.; Meyer, W.; Moore; Mutch; Naaden; Nalewaja; Nelson; Nething; Olson; Peterson; Reiten; Satrom; Shea; Stenehjem; Streibel; Stromme; Tallackson; Tennefos; Thane; Todd; Tweten; Vosper; Waldera; Wright; Yockim

NAYS: Axtman; Dotzenrod; Heinrich; Hilken; Kelsh; Krauter; Lashkowitz; Meyer, J.; Mushik; Redlin; Richard; Schoenwald; Wogsland

ABSENT AND NOT VOTING: None

HB 1064 passed and the title was agreed to.

MOTION

SEN. HEIGAARD MOVED that the Senate stand in recess until 8:30 p.m., which motion prevailed.

THE SENATE RECONVENED pursuant to recess taken, with President Pro Tem Redlin presiding.

MESSAGES TO THE HOUSE

SENATE CHAMBER

MR. SPEAKER: I have the honor to return herewith the following on which the Senate has adopted the conference committee report:

HB 1010

PERRY GROTEBERG, Secretary

SENATE CHAMBER

MR. SPEAKER: I have the honor to return herewith the following on which the Senate has adopted the conference committee report and subsequently passed the same:

HB 1008, HB 1064

PERRY GROTEBERG, Secretary

MESSAGE FROM THE HOUSE
HOUSE CHAMBER

MR. PRESIDENT: I have the honor to inform you that the Speaker has appointed as a new conference committee to act with a like committee from the Senate on:

HB 1544: Reps. Gunsch, Wald, Hill

ROY GILBREATH, Chief Clerk

REPORT OF CONFERENCE COMMITTEE

MR. PRESIDENT: Your Conference Committee to which was referred Engrossed SB 2079 has had the same under consideration and recommends that the HOUSE RECEDE from its amendments as found on page 2017 of the Senate journal and that Engrossed SB 2079 be amended as follows:

That the House recede from its amendments and that engrossed Senate Bill No. 2079 be amended as follows:

On page 1 of the engrossed bill, line 1, after the words "A BILL" delete the remainder of the bill and insert in lieu thereof the following: "for an Act to amend and reenact subsections 4 and 5 of section 38-08-04, and sections 57-51.1-01, 57-51.1-02, and 57-51.1-03 of the North Dakota Century Code, relating to the duties of the industrial commission, the definitions of stripper well property, qualifying secondary recovery project, and qualifying tertiary recovery project for oil extraction purposes, the definition of average price, the rate of the oil extraction tax, and exemption from the oil extraction tax; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsections 4 and 5 of section 38-08-04 of the 1985 Supplement to the North Dakota Century Code are hereby amended and reenacted to read as follows:

4. To classify wells as oil or gas wells for purposes material to the interpretation or enforcement of this chapter, and to classify and determine the status and depth of wells that are stripper well property as defined in subsection 5 8 of section 57-51.1-01, to certify to the tax commissioner which wells are stripper wells and the depth of those wells, and to certify to the tax commissioner which wells involve secondary or tertiary recovery operations under section 2 of this Act, and the date of qualification for the reduced rate of oil extraction tax for secondary and tertiary recovery operations.

5. To adopt and to enforce rules and orders to effectuate the purposes and the intent of this chapter and of subsections 1 and, 4, 5, 6, and 8 of section 57-51.1-01.

SECTION 2. AMENDMENT. Section 57-51.1-01 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-51.1-01. Definitions for oil extraction tax. For the purposes of the oil extraction tax law, the following words and terms shall have the meaning ascribed to them in this section:

1. "Average daily production" of a well means the qualified maximum total production of oil from the well during a calendar month period divided by the number of calendar days in that period; and "qualified maximum total production" of a well means that the well must have been maintained at the maximum efficient rate of production as defined and determined by rule adopted by the industrial commission in furtherance of its authority under chapter 38-08.
2. "Average price" of a barrel of crude oil means the average daily price for a barrel of west Texas intermediate cushing crude oil, as those prices appear in the wall street journal, midwest edition, for the period June first through October thirty-first of any year."
3. "Oil" means petroleum, crude oil, mineral oil, casinghead gasoline, and all liquid hydrocarbons that are recovered from gas on the lease incidental to the production of the gas.
- 3- 4. "Property" means the right which arises from a lease or fee interest, as a whole or any designated portion thereof, to produce oil. A producer shall treat as a separate property each separate and distinct producing reservoir subject to the same right to produce crude oil; provided, that such reservoir is recognized by the appropriate governmental regulatory authority industrial commission as a producing formation that is separate and distinct from, and not in communication with, any other producing formation.
5. "Qualifying secondary recovery project" means a project employing water flooding. To be eligible for the tax reduction provided under section 57-51.1-02, a secondary recovery project must be"

certified as qualifying by the industrial commission, the project must have been unitized after the effective date of this Act, and the project operator must have achieved for six consecutive months an average production level of at least twenty-five percent above the level that would have been recovered under normal recovery operations.

6. "Qualifying tertiary recovery project" means a project for enhancing recovery of oil which meets the requirements of section 4993(c), Internal Revenue Code of 1954, as amended through December 31, 1986, and includes the following methods for recovery:

a. Miscible fluid displacement.

b. Steam drive injection.

c. Microemulsion.

d. In situs combustion.

e. Polymer augmented water flooding.

f. Cyclic steam injection.

g. Alkaline flooding.

h. Carbonated water flooding.

i. Immiscible carbon dioxide displacement.

j. New tertiary recovery methods certified by the industrial commission.

It does not include water flooding, unless the water flooding is used as an element of one of the qualifying tertiary recovery techniques described in this subsection, or immiscible natural gas injection. To be eligible for the tax reduction provided under section 57-51.1-02, a tertiary recovery project must be certified as qualifying by the industrial commission, the project operator must continue to operate the unit as a qualifying tertiary recovery project, and the project operator must have achieved for at least one month a production level of at least fifteen percent above the level that would have been recovered under normal recovery operations.

4- 7. "Royalty owner" means an owner of what is commonly known as the royalty interest and shall

not include the owner of any overriding royalty or other payment carved out of the working interest.

- 5- 8. "Stripper well property" means a "property" whose average daily production of oil, excluding condensate recovered in nonassociated production, per well did not exceed ten barrels per day for wells of a depth of six thousand feet or less, fifteen barrels per day for wells of a depth of more than six thousand feet but not more than ten thousand feet, and twenty barrels per day for wells of a depth of more than ten thousand feet during any preceding consecutive twelve-month period beginning after December 31, 1972. Wells which did not actually yield or produce oil during the qualifying twelve-month period, including disposal wells, dry wells, spent wells, and shut-in wells, are not production wells for the purpose of determining whether the stripper well property exemption applies.

SECTION 3. AMENDMENT. Section 57-51.1-02 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-51.1-02. Imposition of oil extraction tax. There is hereby imposed an excise tax, to be known as the "oil extraction tax", upon the activity in this state of extracting oil from the earth, and every owner, including any royalty owner, of any part of the oil extracted shall be deemed for the purposes of this chapter to be engaged in the activity of extracting that oil. The rate of tax shall be six and one-half percent of the gross value at the well of the oil extracted, except that for wells drilled and completed after the effective date of this Act, and not otherwise exempt under section 57-51.1-03, and for a qualifying secondary recovery project or for a qualifying tertiary recovery project, the rate of tax shall be four percent of the gross value at the well of the oil extracted. However, if the average price of a barrel of crude oil between June first and October thirty-first of any year is thirty-three dollars or more then the rate of tax for the following calendar year on all taxable wells is six and one-half percent of the gross value at the well of the oil extracted.

SECTION 4. AMENDMENT. Section 57-51.1-03 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-51.1-03. Exemptions from oil extraction tax. The following activities are specifically exempted from the oil extraction tax:

1. The activity of extracting from the earth any oil that is exempt from the gross production tax imposed by chapter 57-51.
2. The activity of extracting from the earth any oil from a stripper well property.
3. The activity not otherwise exempt of extracting from the earth the oil that is owned by a royalty owner or royalty owners in the first one hundred barrels, or any lesser amount, of the average daily production of oil that is produced during each calendar day from any well. For a well drilled and completed after the effective date of this Act, the initial production of oil from the well is exempt from any taxes imposed under this chapter for a period of fifteen months. Oil recovered during testing prior to well completion is exempt from the oil extraction tax. The exemption under this subsection becomes ineffective if the average price of a barrel of crude oil between June first and October thirty-first of any year is thirty-three dollars or more.

SECTION 5. EMERGENCY. This Act is declared to be an emergency measure and is in effect upon its filing with the secretary of state, except the portion of the amendment to subsection 3 of section 57-51.1-03 relating to removal of the oil extraction tax exemption for oil owned by a royalty owner becomes effective July 1, 1987."

And renumber the lines, sections, and pages accordingly

For the Senate: Sens. Maixner, Richard, Wright

For the House: Reps. Goetz, A. Hausauer, Schneider

Engrossed SB 2079 was placed on the Seventh order of business on the calendar for the succeeding legislative day.

REPORT OF CONFERENCE COMMITTEE

MR. PRESIDENT: Your Conference Committee to which was referred Engrossed SB 2008 has had the same under consideration and recommends that the HOUSE RECEDE from its amendments as found on page 1753 of the Senate Journal and that Engrossed SB 2008 be amended as follows:

That the House recede from its amendments as printed on pages 2037-2038 of the House Journal and page 1753 of the Senate Journal, and that engrossed Senate Bill No. 2008 be amended as follows:

On page 1 of the engrossed bill, line 15, delete the numerals "804,868" and insert in lieu thereof the numerals "787,462"

On page 1 of the engrossed bill, line 19, delete the numerals "2,997,849" and insert in lieu thereof the numerals "2,980,443"

On page 1 of the engrossed bill, line 21, delete the numerals "2,191,545" and insert in lieu thereof the numerals "2,174,139"

And renumber the lines, sections, and pages accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

State Library

The operating expenses line item is reduced by \$17,406 from the general fund and the reduction relates to resource and reference materials.

For the Senate: Sens. Waldera, Stromme, Lips

For the House: Reps. Gunsch, Gerntholz, Solberg

Engrossed SB 2008 was placed on the Seventh order of business on the calendar for the succeeding legislative day.

REPORT OF CONFERENCE COMMITTEE

MR. PRESIDENT: Your Conference Committee to which was referred Reengrossed SB 2009 has had the same under consideration and recommends that the HOUSE RECEDE from its amendments as found on pages 2098-2099 of the Senate Journal and that Reengrossed SB 2009 be amended as follows:

That the House recede from its amendments as found on page 2559 of the House Journal and pages 2098 and 2099 of the Senate Journal and that reengrossed Senate Bill No. 2009 be amended as follows:

On page 1 of the reengrossed bill, line 22, delete the numerals "2,144,214" and insert in lieu thereof the numerals "2,132,214"

On page 1 of the reengrossed bill, line 23, delete the numerals "14,882,785" and insert in lieu thereof the numerals "14,870,785"

On page 1 of the reengrossed bill, line 25, delete the numerals "13,252,929" and insert in lieu thereof the numerals "13,240,929"

On page 2 of the reengrossed bill, line 3, delete the numerals "1,071,798" and insert in lieu thereof the numerals "1,266,798"

On page 2 of the reengrossed bill, line 4, delete the numerals "3,784,390" and insert in lieu thereof the numerals "4,944,390"

On page 2 of the reengrossed bill, line 5, delete the numerals "209,000" and insert in lieu thereof the numerals "754,000"

On page 2 of the reengrossed bill, line 7, delete the numerals "5,765,188" and insert in lieu thereof the numerals "7,665,188"

On page 2 of the reengrossed bill, line 8, delete the numerals "13,252,929" and insert in lieu thereof the numerals "13,240,929"

On page 2 of the reengrossed bill, line 9, delete the numerals "7,395,044" and insert in lieu thereof the numerals "9,295,044"

On page 2 of the reengrossed bill, line 10, delete the numerals "20,647,973" and insert in lieu thereof the numerals "22,535,973"

On page 3 of the reengrossed bill, after line 5, insert the following section:

"SECTION 7. CONTINGENT APPROPRIATION. Subdivision 2 of section 1 of this Act includes \$1,900,000, including \$195,000 in salaries and wages, \$1,160,000 in operating expenses, and \$545,000 in equipment, which is appropriated for the 1987-89 biennium for a license plate manufacturing program only if the one dollar motor vehicle license fee increase for distribution of a license plate issue included in House Bill No. 1018 is approved by the 1987 legislative assembly."

And renumber the lines, sections, and pages accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

State Penitentiary

The capital improvements line item is reduced by \$12,000 from the general fund. The \$12,000 reduction consists of \$8,000 for the drainage project and a \$4,000 reduction in the food service renovation project. The House reduced capital improvements by \$24,000.

Roughrider Industries

The appropriation for Roughrider Industries is increased by \$1,900,000 from other funds to provide funding for a license plate manufacturing program. The appropriation is contingent

upon the 1987 Legislative Assembly's approval of a \$1 license fee increase for a general license plate issue.

The Senate had removed \$1,450,888 relating to the license plate program from the bill as introduced. The revised cost estimates for the project have been increased to \$1,900,000.

For the Senate: Sens. Tallackson, Shea, Lips

For the House: Reps. Gerntholz, Smette (refused to sign), Laughlin

Reengrossed SB 2009 was placed on the Seventh order of business on the calendar for the succeeding legislative day.

MESSAGE FROM THE HOUSE HOUSE CHAMBER

MR. PRESIDENT: I have the honor to transmit herewith the following on which the House has adopted the conference committee report and subsequently passed the same:

HB 1009, HB 1019

ROY GILBREATH, Chief Clerk

MOTION

SEN. HEIGAARD MOVED that SB 2079, SB 2008, and SB 2009 be placed on the Seventh order at the head of the calendar, which motion prevailed.

REPORT OF CONFERENCE COMMITTEE

SEN. MAIXNER MOVED that the conference committee report on Engrossed SB 2079 as printed in the Senate Journal of the Seventy-second Legislative Day be adopted, which motion prevailed.

SECOND READING OF SENATE BILL

SB 2079: A BILL for an Act to amend and reenact subsections 4 and 5 of section 38-08-04, and sections 57-51.1-01, 57-51.1-02, and 57-51.1-03 of the North Dakota Century Code, relating to the duties of the industrial commission, the definitions of stripper well property, qualifying secondary recovery project, and qualifying tertiary recovery project for oil extraction purposes, the definition of average price, the rate of the oil extraction tax, and exemption from the oil extraction tax; and to declare an emergency.

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 44 YEAS, 9 NAYS, 0 ABSENT AND NOT VOTING.

YEAS: Adams; Axtman; Bakewell; David; Dotzenrod; Freborg; Heigaard; Holmberg; Ingstad; Keller; Kelly; Langley; Lips; Lodoen; Maixner; Maxson; Meyer, D.; Meyer, J.; Meyer, W.; Moore; Mushik; Mutch; Naaden; Nalewaja; Nelson; Nothing; Olson; Peterson; Redlin; Reiten; Satrom; Shea; Stenehjem; Streibel; Stromme; Tallackson; Tennefos; Thane; Todd; Tweten; Vosper; Waldera; Wright; Yockim

NAYS: Heinrich; Hilken; Kelsh; Krauter; Lashkowitz; Mathern; Richard; Schoenwald; Wogsland

ABSENT AND NOT VOTING: None

SB 2079 passed, the title was agreed to, and the emergency clause carried.

MESSAGE FROM THE HOUSE HOUSE CHAMBER

MR. PRESIDENT: I have the honor to return herewith the following which the House has passed unchanged:

SB 2555

ROY GILBREATH, Chief Clerk

REPORT OF CONFERENCE COMMITTEE

SEN. WALDERA MOVED that the conference committee report on Engrossed SB 2008 as printed in the Senate Journal of the Seventy-second Legislative Day be adopted, which motion prevailed.

SECOND READING OF SENATE BILL

SB 2008: A BILL for an Act making an appropriation for defraying the expenses of the state library of the state of North Dakota.

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 48 YEAS, 5 NAYS, 0 ABSENT AND NOT VOTING.

YEAS: Adams; Axtman; Dotzenrod; Freborg; Heigaard; Heinrich; Hilken; Holmberg; Ingstad; Keller; Kelly; Kelsh; Krauter; Langley; Lashkowitz; Lips; Lodoen; Maixner; Mathern; Maxson; Meyer, D.; Meyer, J.; Meyer, W.; Moore; Mushik; Mutch; Naaden; Nalewaja; Nelson; Nothing; Olson; Peterson; Redlin; Reiten; Richard; Satrom; Schoenwald; Shea; Stenehjem; Stromme; Tallackson; Tennefos; Thane; Todd; Tweten; Waldera; Wogsland; Yockim

NAYS: Bakewell; David; Streibel; Vosper; Wright

ABSENT AND NOT VOTING: None

SB 2008 passed and the title was agreed to.

REPORT OF CONFERENCE COMMITTEE

SEN. TALLACKSON MOVED that the conference committee report on Reengrossed SB 2009 as printed in the Senate Journal of the Seventy-second Legislative Day be adopted, which motion prevailed on a verification vote.

SECOND READING OF SENATE BILL

SB 2009: A BILL for an Act making an appropriation for defraying the expenses of the state penitentiary and various divisions thereof of the state of North Dakota and providing for a transfer from the North Dakota state penitentiary land fund.

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 36 YEAS, 17 NAYS, 0 ABSENT AND NOT VOTING.

YEAS: Axtman; Dotzenrod; Heigaard; Heinrich; Hilken; Holmberg; Ingstad; Keller; Kelly; Kelsh; Krauter; Langley; Lashkowitz; Lips; Maixner; Mathern; Maxson; Meyer, D.; Meyer, J.; Meyer, W.; Mushik; Nalewaja; Redlin; Reiten; Richard; Satrom; Schoenwald; Shea; Stenehjem; Stromme; Tallackson; Thane; Tweten; Waldera; Wogsland; Yockim

NAYS: Adams; Bakewell; David; Freborg; Lodoen; Moore; Mutch; Naaden; Nelson; Nething; Olson; Peterson; Streibel; Tennefos; Todd; Vosper; Wright

ABSENT AND NOT VOTING: None

SB 2009 passed and the title was agreed to.

REPORT OF CONFERENCE COMMITTEE

MR. PRESIDENT: Your Conference Committee to which was referred Engrossed HB 1009 has had the same under consideration and recommends that the SENATE RECEDE from its amendments as found on page 1688 of the Senate Journal and that Engrossed HB 1009 be amended as follows:

That the Senate recede from its amendments as printed on page 1688 of the Senate Journal and page 2308 of the House Journal, and that engrossed House Bill No. 1009 be amended as follows:

On page 2 of the engrossed bill, line 30, delete the words "unobligated balance in" and insert in lieu thereof the words and numerals "sum of \$2,000,000 from"

On page 2 of the engrossed bill, line 31, delete the word and numerals "on July 1, 1987,"

And renumber the lines, sections, and pages accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

That the Senate recede from its amendments and that engrossed House Bill No. 1009 be amended as follows:

The conference committee amendments transfer \$2,000,000 of the estimated \$2,264,412 unobligated July 1, 1987, balance from the veterans' postwar trust fund to the general fund on July 1, 1987.

For the Senate: Sens. Tallackson, Redlin, Lips

For the House: Reps. Winkelman, Wald, Stofferahn (refused to sign)

HB 1009 was placed on the Seventh order of business on the calendar for the succeeding legislative day.

REPORT OF CONFERENCE COMMITTEE

MR. SPEAKER: Your Conference Committee to which was referred Engrossed HB 1019 has had the same under consideration and recommends that the SENATE RECEDE from its amendments as found on page 2332 of the Senate Journal and that Engrossed HB 1019 be amended as follows:

That the Senate recede from its amendments, as printed on page 2332 of the Senate Journal and 2799 of the House Journal, and that engrossed House Bill No. 1019 be amended as follows:

On page 1 of the engrossed bill, line 3, after the semicolon insert the words "to provide a contingent appropriation for payment of the special assessments on the old Dickinson experiment station;" and delete the words "declare an emergency" and insert in lieu thereof the words "provide for a transfer from the lignite research fund"

On page 1 of the engrossed bill, line 21, delete the numerals "1,779,041" and insert in lieu thereof the numerals "840,881"

- On page 1 of the engrossed bill, line 23, delete the numerals "3,207,412" and insert in lieu thereof the numerals "2,269,252"
- On page 1 of the engrossed bill, line 25, delete the numerals "1,779,041" and insert in lieu thereof the numerals "840,881"
- On page 2 of the engrossed bill, delete lines 10 through 13 and insert in lieu thereof the following new sections:

"SECTION 4. CONTINGENT APPROPRIATION - DICKINSON EXPERIMENT STATION. There is hereby appropriated to the commissioner of university and school lands, the sum of \$1,140,228, or so much thereof as may be necessary, out of any moneys in the general fund in the state treasury, not otherwise appropriated, for the period beginning July 1, 1988, and ending June 30, 1989, for payment of the special assessments on the old Dickinson experiment station. This appropriation shall be effective only upon determination by the director of the office of management and budget that the unobligated general fund balance on June 30, 1988, is in excess of \$20,000,000.

SECTION 5. LIGNITE DEVELOPMENT RESEARCH - APPROPRIATION - TRANSFER. There is hereby appropriated and transferred by the industrial commission, at the direction of the office of management and budget, from the lignite research fund as created by the fiftieth legislative assembly, to the university of North Dakota, the sum of \$250,000, or so much thereof as may be necessary, for lignite development research projects for the biennium beginning July 1, 1987, and ending June 30, 1989.

SECTION 6. LEGISLATIVE INTENT REGARDING SALE OF OLD DICKINSON EXPERIMENT STATION PROPERTY. The legislative assembly urges the board of university and school lands to sell the old Dickinson experiment station property at public auction to the highest bidder or bidders."

And renumber the lines, sections, and pages accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Land Department

This amendment reduces the \$1,779,041 general fund appropriation for special assessments at the old Dickinson Experiment Station to \$840,881, which is the amount due for the 1985-87 and 1987-89 bienniums.

A section is added which appropriates \$1,140,228 from the general fund for the complete payoff of those special assessments if the

unobligated general fund balance at June 30, 1988, is in excess of \$20 million.

A section is added which appropriates \$250,000 from the lignite research fund for lignite development research projects at the University of North Dakota.

A section is added to reflect legislative intent that the Board of University and School Lands sell the old Dickinson Experiment Station property at public auction to the highest bidder or bidders.

For the Senate: Sens. Waldera, Wogsland, Nelson

For the House: Reps. Wald, Kuchera, Opedahl

Engrossed HB 1019 was placed on the Seventh order of business on the calendar.

MOTIONS

SEN. HEIGAARD MOVED that the vote by which SB 2008, SB 2009, and SB 2079 passed be reconsidered and the motion to reconsider be laid on the table, which motion prevailed.

SEN. HEIGAARD MOVED that the rules be suspended and that SB 2008, SB 2009, and SB 2079 be messaged to the House immediately, which motion prevailed.

SEN. HEIGAARD MOVED that the Senate stand in recess until 10:00 p.m., which motion prevailed.

THE SENATE RECONVENED pursuant to recess taken, with President Pro Tem Redlin presiding.

MESSAGE TO THE HOUSE SENATE CHAMBER

MR. PRESIDENT: I have the honor to transmit herewith the following on which the Senate has adopted the conference committee report and subsequently passed the same:

SB 2008, SB 2009, SB 2079

PERRY GROTEBERG, Secretary

REPORTS OF STANDING COMMITTEES

MR. PRESIDENT: Your Committee on Finance and Taxation to which was referred SB 2558 has had the same under consideration and recommends by a vote of 4 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING that the same BE AMENDED AS FOLLOWS and when so amended, recommends the same DO PASS:

On page 1, line 1, after the words "A BILL" delete the remainder of the bill and insert in lieu thereof the following: "for an Act to amend and reenact section 57-38-29 and subsection 2 of section 57-38-30.3 of the North Dakota Century Code as contained in sections 1 and 2 of House Bill

No. 1901, as approved by the fiftieth legislative assembly, relating to the rate of income tax for individuals, estates, and trusts; and to provide an effective date and an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 57-38-29 of the North Dakota Century Code as contained in section 1 of House Bill No. 1901, as approved by the fiftieth legislative assembly, 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 ~~sixty-seven~~ eighty-six hundredths percent.
2. On taxable income in excess of three thousand dollars and not in excess of five thousand dollars, a tax of four and twenty-eight hundredths percent.
3. On taxable income in excess of five thousand dollars and not in excess of eight thousand dollars, a tax of five and ~~thirty-three~~ seventy hundredths percent.
4. On taxable income in excess of eight thousand dollars and not in excess of fifteen thousand dollars, a tax of ~~six~~ seven and ~~sixty-seven~~ fourteen hundredths percent.
5. On taxable income in excess of fifteen thousand dollars and not in excess of twenty-five thousand dollars, a tax of eight and fifty-six 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 nine and ~~thirty-three~~ ninety-eight hundredths percent.
7. On taxable income in excess of thirty-five thousand dollars and not in excess of fifty thousand dollars, a tax of ~~ten~~ eleven and ~~sixty-seven~~ forty-two hundredths percent.

8. On taxable income in excess of fifty thousand dollars, a tax of twelve and eighty-four hundredths percent.

SECTION 2. AMENDMENT. Subsection 2 of section 57-38-30.3 of the North Dakota Century Code as contained in section 2 of House Bill No. 1901, as approved by the fiftieth legislative assembly, 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 fourteen fifteen percent of the individual's, estate's, or trust's adjusted federal income tax liability for the taxable year.

SECTION 3. EFFECTIVE DATE - EXPIRATION DATE. This Act is effective for the first two taxable years beginning after December 31, 1986, and is thereafter ineffective. When this Act becomes ineffective the provisions of sections 57-38-29 and 57-38-30.3 shall be in effect as those provisions would exist without the application of this Act."

And renumber the lines, sections, and pages accordingly
SEN. SATROM, Chairman

SB 2558 was placed on the Sixth order of business on the calendar for the succeeding legislative day.

MR. PRESIDENT: Your Committee on Finance and Taxation to which was referred HB 1686 has had the same under consideration and recommends by a vote of 4 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING that the same BE AMENDED AS FOLLOWS and when so amended, recommends the same DO PASS:

On page 1, line 3, delete the word "and"

On page 1, line 4, after the second word "date" insert the words
"; and to declare an emergency"

On page 1, line 22, after the word "ineffective" insert the words
"unless the director of the office of management and budget certifies before September 30, 1988, to the governor, tax commissioner, and the budget section of the legislative council that there will be an estimated negative state general fund balance at the end of the 1987-89 biennium. The director of the office of management and budget shall consult the tax commissioner and the state treasurer prior to making any certification under this section. If the director of the office of management and budget makes the certification of a projected negative general fund ending

balance under this section before December 31, 1988, this Act is effective for the first two taxable years beginning after December 31, 1986, and is thereafter ineffective"

On page 1, after line 22, insert the following new section:

"SECTION 3. EMERGENCY. This Act is declared to be an emergency measure and is in effect upon its filing with the secretary of state or on a date specified in this Act."

And renumber the lines, sections, and pages accordingly
SEN. SATROM, Chairman

HB 1686 was placed on the Sixth order of business on the calendar for the succeeding legislative day.

MESSAGE FROM THE HOUSE
HOUSE CHAMBER

MR. PRESIDENT: The House respectfully requests the return of SB 2004.

ROY GILBREATH, Chief Clerk

MOTION

SEN. HEIGAARD MOVED that the Senate return to the House SB 2004, which motion prevailed.

REPORT OF STANDING COMMITTEE

MR. PRESIDENT: Your Committee on Finance and Taxation to which was referred SB 2556 has had the same under consideration and recommends by a vote of 6 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING that the same BE AMENDED AS FOLLOWS and when so amended, recommends the same DO PASS:

On page 1, line 1, after the words "A BILL" delete the remainder of the bill and insert in lieu thereof the following: "for an Act to amend and reenact section 57-40.2-03.2 of the North Dakota Century Code, relating to the rate of use tax on alcoholic beverages.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 57-40.2-03.2 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-40.2-03.2. Use tax on alcoholic beverages and tobacco products. Notwithstanding any other provision of law, the use taxes imposed by this chapter apply to the storage, use, or consumption in this state of alcoholic beverages as defined in section 5-01-01, whether mixed or unmixed at the time of sale or thereafter, and whether sold for consumption on the premises or through off-sale outlets for consumption off the premises, and cigarettes, cigars, and

other tobacco products, provided that gross receipts from the sale thereof shall mean and include any other taxes imposed on such merchandise or its use or on the retail or other sale thereof. Notwithstanding any other provision of law, there is imposed a tax of ~~five~~ six percent on the storage, use, or consumption in this state of alcoholic beverages, which is in lieu of and not in addition to any other tax imposed by this chapter."

And renumber the lines, sections, and pages accordingly
SEN. SATROM, Chairman

SB 2556 was placed on the Sixth order of business on the calendar for the succeeding legislative day.

MOTION

SEN. MAIXNER MOVED that Rule 601, subdivisions a through e of subsection 2 be suspended, and that SB 2556 and SB 2558 be placed on the Sixth order of business, which motion prevailed.

CONSIDERATION OF AMENDMENTS

SEN. SATROM MOVED that the amendments to SB 2558 as recommended by the Committee on Finance and Taxation be adopted, and when so adopted, recommends the same DO PASS, which motion prevailed.

SECOND READING OF SENATE BILL

SB 2558: A BILL for an Act to amend and reenact section 57-38-29 and subsection 2 of section 57-38-30.3 of the North Dakota Century Code as contained in sections 1 and 2 of House Bill No. 1901, as approved by the fiftieth legislative assembly, relating to the rate of income tax for individuals, estates, and trusts; and to provide an effective date and an expiration date.

Which has been read and has committee recommendation of DO PASS.

ROLL CALL

The question being on the final passage of the bill, as amended, the roll was called and there were 27 YEAS, 25 NAYS, 1 ABSENT AND NOT VOTING.

YEAS: Axtman; Dotzenrod; Heigaard; Heinrich; Hilken; Keller; Kelsh; Krauter; Langley; Lashkowitz; Maixner; Mathern; Maxson; Meyer, D.; Meyer, J.; Meyer, W.; Mushik; Redlin; Richard; Satrom; Schoenwald; Shea; Stromme; Tallackson; Waldera; Wogsland; Yockim

NAYS: Adams; Bakewell; David; Freborg; Holmberg; Ingstad; Kelly; Lodoen; Moore; Mutch; Naaden; Nalewaja; Nelson; Nething; Olson; Peterson; Reiten; Stenehjem; Streibel; Tennesfos; Thane; Todd; Tweten; Vosper; Wright

ABSENT AND NOT VOTING: Lips

SB 2558 passed and the title was agreed to.

MESSAGE FROM THE HOUSE
HOUSE CHAMBER

MR. PRESIDENT: I have the honor to return herewith SB 2554 which the House has amended and subsequently failed to pass:

HOUSE AMENDMENTS TO ENGROSSED SB 2554

On page 1 of the engrossed bill, line 18, after the third comma insert the word "transportation,"

On page 2 of the engrossed bill, delete lines 6 and 7

On page 2 of the engrossed bill, line 16, delete the word "five" and insert in lieu thereof the word "fifty"

On page 2 of the engrossed bill, line 17, delete the word "hundred" and delete the words "An industrial business receiving program"

On page 2 of the engrossed bill, delete lines 18 through 21

And renumber the lines, sections, and pages accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

State Board of Vocational Education

This amendment expands the definition of "industrial business" to include transportation, deletes administrative expenses from the definition of "program services," reduces the award for any one project from \$500,000 to \$50,000, and deletes the portion relating to initial compensation of employees who have completed the program.

ROY GILBREATH, Chief Clerk

CONSIDERATION OF AMENDMENTS

SEN. SATROM MOVED that the amendments to SB 2556 as recommended by the Committee on Finance and Taxation be adopted, and when so adopted, recommends the same DO PASS, which motion prevailed.

MOTION

SEN. INGSTAD MOVED that SB 2556 be further amended as follows:

In addition to the amendments to Senate Bill No. 2556 adopted by the Senate as found in the Senate Journal for the seventy-second legislative day, Senate Bill No. 2556 is amended as follows:

On page 1, line 1, after the word "Act" insert the words and numerals "to create and enact a new section to chapter 57-39.2 and a new section to chapter 57-40.2 of the North Dakota Century Code, relating to refund of a portion of

sales or use taxes paid for purchases or use of farm machinery repair parts;"

On page 1, line 3, delete the word "section" and insert in lieu thereof the word "sections" and after the numerals "57-39.2-02.1" insert the word and numerals "and 57-40.2-02.1"

On page 1, line 4, delete the word "section" and insert in lieu thereof the word "sections" and after the numerals "1" insert the word and numerals "and 4"

On page 1, line 6, after the word "nonresidents" insert the words", imposition of sales and use taxes on farm machinery repair parts,"

On page 1, line 7, after the word "services" insert the words "; and to declare an emergency"

On page 4, line 22, overstrike the words ", farm machinery"

On page 4, line 23, overstrike the words "repair parts,"

On page 4, line 33, overstrike the comma

On page 4, line 34, overstrike the words "farm machinery repair parts,"

On page 5, line 24, overstrike the words ", farm machinery repair parts,"

On page 6, after line 28, insert the following new sections:

"SECTION 4. A new section to chapter 57-39.2 of the North Dakota Century Code is hereby created and enacted to read as follows:

Refund of tax on purchases of farm machinery repair parts. Any person who, after the effective date of this section, purchases any farm machinery repair parts for agricultural purposes on which a tax is paid under this chapter is entitled to refund or credit of the amount of taxes paid on such purchases made during any calendar year which are attributable to two percentage points of the rate of tax paid on the purchase. The claim for the refund under this section must be filed with the person's income tax return for the taxable year during which the purchases subject to refund or credit under this section were made. The commissioner may adopt rules for filing and documentation of the refund claim and for allowing credit of the amount of refund against income tax liability under chapter 57-38. No claim for refund under this section may be paid or credited unless approved by the commissioner. Any person claiming a refund but who is not required to

file an income tax return under chapter 57-38 must file a claim for refund under this section within one hundred twenty days after the calendar year for which the refund is claimed. Refund claims must be made on a form furnished by the commissioner and must have a written declaration by the claimant that it is made under the penalties of perjury. The claim must contain such information as the commissioner requires.

SECTION 5. AMENDMENT. Section 57-40.2-02.1 of the North Dakota Century Code as contained in section 4 of Senate Bill No. 2901, as approved by the fiftieth legislative assembly, is hereby amended and reenacted to read as follows:

57-40.2-02.1. Use tax imposed.

1. Except as otherwise expressly provided in subsection 2 for purchases of mobile homes used for residential or business purposes and for purchases of farm machinery, ~~farm machinery repair parts,~~ and irrigation equipment used exclusively for agricultural purposes, an excise tax is imposed on the storage, use, or consumption in this state of tangible personal property purchased at retail for storage, use, or consumption in this state, at the rate of five percent of the purchase price of such property. Except as limited by section 57-40.2-11, an excise tax is imposed on the storage, use, or consumption in this state of tangible personal property not originally purchased for storage, use, or consumption in this state at the rate of five percent of the fair market value of such property at the time it was brought into this state.
2. An excise tax is imposed on the storage, use, or consumption in this state of mobile homes used for residential or business purposes, except as provided in subsection 19 of section 57-40.2-04, and of farm machinery, ~~farm machinery repair parts,~~ and irrigation equipment used exclusively for agricultural purposes purchased at retail for storage, use, or consumption in this state at the rate of three percent of the purchase price thereof. Except as limited by section 57-40.2-11, and except as provided in subsection 35 of section 57-39.2-04, an excise tax is imposed on the storage, use, or consumption in this state of mobile homes used for residential or business purposes and of farm machinery, ~~farm machinery repair parts,~~ and irrigation equipment used exclusively for agricultural purposes not

originally purchased for storage, use, or consumption in this state at the rate of three percent of the fair market value of such mobile homes used for residential or business purposes and of such farm machinery, ~~farm machinery repair parts~~, and irrigation equipment used exclusively for agricultural purposes at the time it was brought into this state.

3. In the case of a contract awarded for the construction of highways, roads, streets, bridges, and buildings prior to December 1, 1986, the contractor receiving the award shall be liable only for the sales or use tax at the rate of tax in effect on the date of contract.

SECTION 6. A new section to chapter 57-40.2 of the North Dakota Century Code is hereby created and enacted to read as follows:

Refund of tax on farm machinery repair parts. Any person who, after the effective date of this section, pays a tax under this chapter for any farm machinery repair parts for agricultural purposes is entitled to refund or credit of the amount of such taxes paid during any calendar year which are attributable to two percentage points of the rate of tax paid. The claim for the refund under this section must be filed with the person's income tax return for the taxable year during which the purchases subject to refund or credit under this section were made. The commissioner may adopt rules for filing and documentation of the refund claim and for allowing credit of the amount of refund against income tax liability under chapter 57-38. No claim for refund under this section may be paid or credited unless approved by the commissioner. Any person claiming a refund but who is not required to file an income tax return under chapter 57-38 must file a claim for refund under this section within one hundred twenty days after the calendar year for which the refund is claimed. Refund claims must be made on a form furnished by the commissioner and must have a written declaration by the claimant that it is made under the penalties of perjury. The claim must contain such information as the commissioner requires.

SECTION 7. EMERGENCY. Sections 4, 5, and 6 of this Act and the provisions of section 57-39.2-02.1 relating to farm machinery repair parts are declared to be an emergency measure and are in effect on the filing of this Act with the secretary of state or on a date specified in this Act."

And renumber the lines, sections, and pages accordingly

MOTION

SEN. INGSTAD MOVED that the proposed amendments be adopted.

REQUEST

SEN. KRAUTER REQUESTED a recorded roll call vote on the motion to adopt the proposed amendments to SB 2556, which request was granted.

ROLL CALL

The question being on the motion to adopt the proposed amendments to SB 2556, the roll was called and there were 26 YEAS, 27 NAYS, 0 ABSENT AND NOT VOTING.

YEAS: Adams; Bakewell; David; Freborg; Heinrich; Holmberg; Ingstad; Kelly; Lips; Meyer, D.; Meyer, J.; Mushik; Nalewaja; Olson; Peterson; Reiten; Satrom; Shea; Stenehjem; Streibel; Tallackson; Thane; Todd; Waldera; Wright; Yockim

NAYS: Axtman; Dotzenrod; Heigaard; Hilken; Keller; Kelsh; Krauter; Langley; Lashkowitz; Lodoen; Maixner; Mathern; Maxson; Meyer, W.; Moore; Mutch; Naaden; Nelson; Nething; Redlin; Richard; Schoenwald; Stromme; Tennefos; Tweten; Vosper; Wogsland

ABSENT AND NOT VOTING: None

The proposed amendments to SB 2556 lost.

MOTION

SEN. SATROM MOVED that SB 2556 be further amended as follows:

That in lieu of the amendments to Senate Bill No. 2556 adopted by the Senate as printed in the Senate Journal for the seventy-second legislative day, Senate Bill No. 2556 is amended as follows:

On page 1, line 1, after the words "A BILL" delete the remainder of the bill and insert in lieu thereof the following: "for an Act to create and enact a new section to chapter 57-39.2 and a new section to chapter 57-40.2 of the North Dakota Century Code, relating to a deduction for retailers of cable television or other video programming service franchise fees to be applied against sales and use tax collections; and to amend and reenact section 57-40.2-03.2 of the North Dakota Century Code, relating to the rate of use tax on alcoholic beverages.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1. A new section to chapter 57-39.2 of the North Dakota Century Code is hereby created and enacted to read as follows:

Deduction for cable television franchise fees. A retailer who remits sales taxes collected from furnishing

of cable television or other video programming services may deduct and retain the amount provided in this section from the sales taxes collected. The deduction is equal to any franchise fees paid or due to a political subdivision for the privilege of operating a cable television or other video programming business during the taxable period in which the sales taxes were collected. The deduction under this section for franchise fees applies only against sales tax collections under that franchise.

SECTION 2. AMENDMENT. Section 57-40.2-03.2 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-40.2-03.2. Use tax on alcoholic beverages and tobacco products. Notwithstanding any other provision of law, the use taxes imposed by this chapter apply to the storage, use, or consumption in this state of alcoholic beverages as defined in section 5-01-01, whether mixed or unmixed at the time of sale or thereafter, and whether sold for consumption on the premises or through off-sale outlets for consumption off the premises, and cigarettes, cigars, and other tobacco products, provided that gross receipts from the sale thereof shall mean and include any other taxes imposed on such merchandise or its use or on the retail or other sale thereof. Notwithstanding any other provision of law, there is imposed a tax of ~~five~~ six percent on the storage, use, or consumption in this state of alcoholic beverages, which is in lieu of and not in addition to any other tax imposed by this chapter.

SECTION 3. A new section to chapter 57-40.2 of the North Dakota Century Code is hereby created and enacted to read as follows:

Deduction for cable television franchise fees. A retailer who remits use taxes collected from furnishing of cable television or other video programming services may deduct and retain the amount provided in this section from the use taxes collected. The deduction is equal to any franchise fees paid or due to a North Dakota political subdivision for the privilege of operating a cable television or other video programming business during the taxable period in which the use taxes were collected. The deduction under this section for franchise fees applies only against use tax collections under that franchise."

And renumber the lines, sections, and pages accordingly

MOTION

SEN. SATROM MOVED that the proposed amendments be adopted, which motion lost.

REQUEST

SEN. SATROM REQUESTED a verification vote on the motion to adopt the proposed amendments to SB 2556, which request was granted.

The proposed amendments to SB 2556 lost on a verification vote.

SECOND READING OF SENATE BILL

SB 2556: A BILL for an Act to amend and reenact section 57-40.2-03.2 of the North Dakota Century Code, relating to the rate of use tax on alcoholic beverages.

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 38 YEAS, 15 NAYS, 0 ABSENT AND NOT VOTING.

YEAS: Axtman; Dotzenrod; Freborg; Heigaard; Heinrich; Hilken; Holmberg; Ingstad; Keller; Kelsh; Krauter; Langley; Lashkowitz; Lips; Maixner; Mathern; Maxson; Meyer, D.; Meyer, J.; Meyer, W.; Moore; Mushik; Nalewaja; Olson; Redlin; Reiten; Richard; Satrom; Schoenwald; Shea; Stenehjem; Stromme; Tallackson; Thane; Tweten; Waldera; Wogsland; Yockim

NAYS: Adams; Bakewell; David; Kelly; Lodoen; Mutch; Naaden; Nelson; Nething; Peterson; Streibel; Tennefos; Todd; Vosper; Wright

ABSENT AND NOT VOTING: None

SB 2556 passed and the title was agreed to.

MESSAGES FROM THE HOUSE
HOUSE CHAMBER

MR. PRESIDENT: I have the honor to transmit herewith the following on which the House has adopted the conference committee report and subsequently passed the same:

HB 1004

ROY GILBREATH, Chief Clerk

HOUSE CHAMBER

MR. PRESIDENT: I have the honor to inform you that the House has concurred in the Senate amendments to HB 1065 and subsequently passed the same.

ROY GILBREATH, Chief Clerk

HOUSE CHAMBER

MR. PRESIDENT: I have the honor to return herewith the following on which the House has adopted the conference committee report and subsequently passed the same:

SB 2008, SB 2012

ROY GILBREATH, Chief Clerk

HOUSE CHAMBER

MR. PRESIDENT: I have the honor to return herewith the following which the House has failed to pass:

SB 2198

ROY GILBREATH, Chief Clerk

MESSAGE TO THE HOUSE

SENATE CHAMBER

MR. SPEAKER: The Senate accedes to the House request and respectfully returns SB 2004.

PERRY GROTEBERG, Secretary

REPORT OF CONFERENCE COMMITTEE

MR. PRESIDENT: Your Conference Committee to which was referred Engrossed HB 1004 has had the same under consideration and recommends that the SENATE RECEDE from its amendments as found on page 1720 of the Senate Journal and that Engrossed HB 1004 be amended as follows:

That the Senate recede from its amendments, as printed on page 1720 of the Senate Journal and page 2446 of the House Journal, and that engrossed House Bill No. 1004 be amended as follows:

On page 1 of the engrossed bill, line 19, delete the numerals "14,549,720" and insert in lieu thereof the numerals "14,749,720"

On page 1 of the engrossed bill, line 23, delete the numerals "21,131,459" and insert in lieu thereof the numerals "21,331,459"

On page 1 of the engrossed bill, line 25, delete the numerals "13,330,262" and insert in lieu thereof the numerals "13,530,262"

And renumber the lines, sections, and pages accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Board of Vocational Education

That the Senate recede from its amendments and that engrossed House Bill No. 1004 be amended as follows:

The conference committee restores \$200,000 from the general fund to the grants line item, a portion of which is to provide for a vocational industrial jobs training program.

For the Senate: Sens. Shea, Redlin, Streibel

For the House: Reps. Thompson, R. Hausauer, Hill

HB 1004 was placed on the Seventh order of business on the calendar for the succeeding legislative day.

MOTIONS

SEN. MAIXNER MOVED that the vote by which SB 2556 and SB 2558 passed be reconsidered and the motion to reconsider be laid on the table, which motion prevailed.

SEN. MAIXNER MOVED that the rules be suspended and that SB 2556 and SB 2558 be messaged to the House immediately, which motion prevailed.

SEN. MAIXNER MOVED that the Senate Journal reflect that Senators were absent on the final passage of bills due to conference committee meetings, which motion prevailed.

MESSAGE TO THE HOUSE 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 2556, SB 2558

PERRY GROTEBERG, Secretary

REPORT OF CONFERENCE COMMITTEE

MR. PRESIDENT: Your Conference Committee to which was referred Engrossed SB 2030 has had the same under consideration and recommends that the HOUSE RECEDE from its amendments as found on pages 2317-2319 of the Senate Journal and that Engrossed SB 2030 be amended as follows:

That the House recede from its amendments, as found on pages 2755-2757 of the House Journal and pages 2317-2319 of the Senate Journal, and that engrossed Senate Bill No. 2030 be amended as follows:

On page 1 of the engrossed bill, line 14, delete the numerals "1,837,684" and insert in lieu thereof the numerals "1,795,684"

On page 1 of the engrossed bill, line 15, delete the numerals "3,103,110" and insert in lieu thereof the numerals "2,753,110"

On page 1 of the engrossed bill, line 17, delete the numerals "550,000" and insert in lieu thereof the numerals "492,000"

On page 1 of the engrossed bill, line 20, delete the numerals "5,620,929" and insert in lieu thereof the numerals "5,170,929"

On page 1 of the engrossed bill, line 21, delete the numerals "2,638,437" and insert in lieu thereof the numerals "2,738,437"

On page 1 of the engrossed bill, line 22, delete the numerals "2,982,492" and insert in lieu thereof the numerals "2,432,492"

And renumber the lines, sections, and pages accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Economic Development Commission

An analysis of the general fund changes is as follows:

<u>Description</u>	<u>Total All Funds Increase (Decrease)</u>	<u>Total General Fund Increase (Decrease)</u>	<u>Total Special Funds Increase (Decrease)</u>
<u>Salaries</u>			
Reduction for Small Business Development Center salary vacancies	\$ (42,000)	\$ (42,000)	
<u>Operating expenses</u>			
Add funds for foreign trade office	200,000	200,000	
Delete funds for home-based industry development and marketing	(100,000)	(100,000)	
Delete funds for alternate crops feasibility studies	(250,000)	(250,000)	
Delete funds for statewide tourism site development study	(100,000)	(100,000)	
Reduce additional funds for tourism promotion from \$500,000 to \$300,000	(200,000)	(200,000)	
Add funds for the receipt and expenditure of revenue collected pursuant to Senate Bill No. 2319	100,000		100,000
Total change operating expenses	\$(350,000)	\$(450,000)	\$100,000

Grants

Reduce funds for regional development organizations	(58,000)	(58,000)	
	<hr/>	<hr/>	<hr/>
Total bill change	\$(450,000)	\$(550,000)	\$100,000

For the Senate: Sens. Yockim, Shea, Tweten

For the House: Reps. Kent, Payne, Hill

Engrossed SB 2030 was placed on the Seventh order of business on the calendar for the succeeding legislative day.

MOTIONS

SEN. MAIXNER MOVED that the absent Senator be excused, which motion prevailed.

SEN. MAIXNER MOVED that the Senate be on the Fourth order of business, and at the conclusion of the Fourth order of business, be on the Seventh order of business, and at the conclusion of the Seventh order of business, be on the Sixteenth order of business, and at the conclusion of the Sixteenth order of business, the Senate adjourn and convene at 8:00 a.m., Saturday, April 18, 1987, which motion prevailed.

PERRY GROTEBERG, Secretary