

Introduced by

1 A BILL for an Act to create and enact a new section to chapter 54-03 and two new sections to
2 chapter 54-35 of the North Dakota Century Code, relating to the executive budget and
3 legislative budget recommendations; and to amend and reenact sections 54-03.1-03, 54-35-14,
4 54-44.1-04, and 54-44.1-06 of the North Dakota Century Code, relating to the organizational
5 session, legislative budget analyst and auditor, budget requests, and appropriations bills.

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

7 **SECTION 1.** A new section to chapter 54-03 of the North Dakota Century Code is
8 created and enacted as follows:

9 **Consideration of executive and legislative budgets.** The legislative assembly shall
10 adopt rules to provide for the consideration of budget recommendations made by the governor
11 and the legislative council and for the preparation of appropriations acts by the appropriations
12 committees based on hearings on agency budget requests.

13 **SECTION 2.** A new section to chapter 54-35 of the North Dakota Century Code is
14 created and enacted as follows:

15 **Legislative budget committee and interim budget committees - Creation.** For the
16 purpose of providing for greater involvement by the legislative assembly and involving more
17 members of the legislative assembly in the budgeting process of state government, the
18 legislative council shall create a legislative budget committee to coordinate and direct activities
19 involved in the development of budget recommendations to assist the legislative assembly as it
20 develops policy and provides appropriations for the operations of state government. With the
21 advice of the legislative budget committee, the legislative council shall create additional
22 committees to assist the legislative budget committee in performing its duties and
23 responsibilities. If a member of the legislative budget committee is unable to serve on the

committee, the legislative council chairman shall appoint another member of the legislative assembly to fill the vacancy.

SECTION 3. A new section to chapter 54-35 of the North Dakota Century Code is created and enacted as follows:

Legislative budget committee - Duties and responsibilities. The legislative budget committee, with the assistance of the legislative budget analyst and auditor, shall:

1. Develop budget guidelines and parameters, subject to legislative council approval, for the interim committees designated by the legislative council to have budget responsibilities to utilize in the development of their budget recommendations.
2. Advise the legislative council on the interim budget committee structure needed for addressing legislative budget issues.
3. Assign budget-related studies and program reviews to other interim committees designated to have budget responsibilities by the legislative council within limitations of time and legislative appropriations.
4. Review, analyze, and evaluate budgets, budget requests, programs, and activities of state agencies, institutions, and departments.
5. Monitor agency performance by utilizing performance measures, when appropriate.
6. Provide to the office of the budget, by February first of the year preceding the regular session of the legislative assembly, any budget forms, guidelines, or requests for information for inclusion in agency budget requests. The office of the budget shall incorporate the committee's forms, guidelines, or requests into its budget request forms and guidelines for agencies to use when preparing their budget requests.
7. Conduct hearings it determines necessary to perform the duties of this section. Interim committees designated by the legislative council to have budget responsibilities may conduct hearings necessary to assist the legislative budget committee in the performance of its duties. Hearings may be held jointly with budget hearings of the executive budget officer.
8. Review and approve reports and recommendations of interim committees designated by the legislative council to have budget responsibilities.

9. Develop budget-related recommendations to assist the legislative assembly as it develops policy and provides appropriations for the operations of state government. The recommendations may pertain to the state budget or any portion of that budget, including general fund revenues and appropriations; special funds or federal funds; funding or operations of state agencies, institutions, and departments; and assistance to political subdivisions.

10. Present a report on its budget recommendations to the legislative council in November of the year preceding the regular session of the legislative assembly and to the legislative assembly.

11. Provide assistance during the legislative session as requested by legislative leadership.

Each agency, institution, or department shall furnish the records and information requested by legislative committees in the performance of the duties of this section. The tax commissioner and the office of management and budget shall provide economic and revenue forecasting information and services as requested by legislative committees carrying out the duties of this section.

SECTION 4. AMENDMENT. Section 54-03.1-03 of the North Dakota Century Code is amended and reenacted as follows:

54-03.1-03. Agenda. The agenda of the organizational session must include, ~~but is not limited to,~~ the following:

1. Orientation classes upon legislative rules and procedure for new legislators;
2. Presentation of reports by legislative interim boards or committees;
3. Party caucuses to determine which party has a majority in each house of the legislative assembly and thereafter proceed to select party nominees for officers of each body;
4. Appointment of employment committees to process applications for positions of employment with the legislative assembly and make recommendation for hiring the selected employees;
5. Appointment of a senate committee on committees;

6. Each legislator shall present the legislator's committee appointment preferences to the speaker of the majority party or the chairman of the interim senate committee on committees;

7. Presentation of budget proposals recommended by the legislative council.

8. Presentation of the budget and revenue proposals recommended by the governor as provided in section 54-44.1-07; and

~~8.~~ 9. All other similar matters, in order that the legislative assembly be fully organized and ready to begin its business by the first day of the regular session.

SECTION 5. AMENDMENT. Section 54-35-14 of the North Dakota Century Code is amended and reenacted as follows:

54-35-14. Powers and duties of legislative budget analyst and auditor. The legislative budget analyst and auditor shall assist the legislative council and any committees created by the council in the review, analysis, and evaluation of budgets, budget requests, programs, and activities of state agencies, institutions, and departments and in the development of legislative budget recommendations. The legislative budget analyst and auditor ~~shall~~ may attend all budget hearings carried on by the executive budget officer and shall have access to all budget material submitted to the executive budget officer and all studies carried on by ~~him~~ the executive budget officer; ~~he~~ the legislative budget analyst and auditor shall analyze the executive budget when prepared, with special reference to sources of revenue, trends in governmental spending and finance, comparisons to budget recommendations of the legislative council, policies followed and inconsistencies in such policies, and proposed new or substantially expanded or reduced areas of spending and prepare a report of ~~his~~ the legislative budget analyst and auditor's analysis for the legislative assembly. ~~He~~ The legislative budget analyst and auditor shall report thereon to the appropriations committees of the senate and house of representatives ~~in joint meeting~~ and shall perform such services for such committees during the legislative session as they shall reasonably request. At the close of each regular session of the legislative assembly, the legislative budget analyst and auditor shall prepare a report on the legislative budget as approved by the legislative assembly. The legislative audit and fiscal review committee may call upon the legislative budget analyst and auditor for such assistance as it may deem necessary in the analysis of any audit submitted to such committee. Each department, institution, and agency shall furnish such records and information to the

1 legislative budget analyst and auditor as ~~he may request~~ be requested in the performance of
2 ~~his~~ official duties.

3 **SECTION 6. AMENDMENT.** Section 54-44.1-04 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **54-44.1-04. Budget estimates of budget units filed with the office of the budget -**
6 **Deadline.** The head of each budget unit, not later than July fifteenth of each year next
7 preceding the session of the legislative assembly, shall submit to the office of the budget and
8 the legislative council, estimates of financial requirements of ~~his~~ the budget unit for the next two
9 fiscal years, on the forms and in the manner prescribed by the office of the budget and the
10 legislative council, with such explanatory data as is required by the office of the budget or the
11 legislative council and such additional data as the head of the budget unit wishes to submit.
12 The estimates so submitted must bear the approval of the board or commission of each budget
13 unit for which a board or commission is constituted. The director of the budget ~~in his discretion~~
14 and the legislative budget analyst and auditor may extend the filing date for any budget unit if
15 ~~he finds there is some circumstance which makes it advantageous to authorize the~~
16 circumstances warrant an extension. If a budget unit has not submitted its estimate of financial
17 requirements by the required date or within a period of extension ~~set by the director of the~~
18 ~~budget~~, the director of the budget shall prepare such budget unit's estimate of financial
19 requirements except such estimate may not exceed ninety percent of such budget unit's
20 previous biennial appropriation. The director of the budget or such subordinate officer as ~~he~~
21 the director shall designate shall examine the estimates and shall afford to the heads of budget
22 units reasonable opportunity for explanation in regard thereto and, when requested, shall grant
23 to the heads of budget units a hearing thereon which must be open to the public.

24 **SECTION 7. AMENDMENT.** Section 54-44.1-06 of the 1997 Supplement to the North
25 Dakota Century Code is amended and reenacted as follows:

26 **54-44.1-06. Preparation of the budget data - Contents.** The director of the budget,
27 through the office of the budget, shall prepare budget data which must contain and include the
28 following:

- 29 1. Summary statements of the financial condition of the state, accompanied by such
30 detailed schedules of assets and liabilities as the director of the budget deems
31 desirable, which shall include, but not be limited to, the following:

- 1 a. Summary statements of fund balances and assets showing in detail for each
2 fund the surplus or deficit at the beginning of each of the two fiscal years of
3 the previous biennium and the first fiscal year of the present biennium, the
4 actual revenue for those years, the total appropriations for the previous and
5 present biennium, and the total expenditures for those fiscal years; and
6 b. Similar summary statements of the estimated fund balances and assets for
7 the current fiscal year and each of the fiscal years of the next biennium.

8 Summary statements may include, but not be limited to, a comparative
9 consolidated balance sheet showing all the assets and liabilities of the state and
10 the surplus or deficit, as the case may be, at the close of the first fiscal year of the
11 current biennium.

- 12 2. Statements of actual revenue for the previous biennium, the first year of the
13 present biennium, and the estimated revenue of the current fiscal year and of the
14 next biennium, and a statement of unappropriated surplus expected to have
15 accrued in the state treasury at the beginning of the next fiscal year. The
16 statements of revenue and estimated revenue must be classified by sources and
17 by budget unit collecting them. Existing sources of revenue must be analyzed as
18 to their equity, productivity, and need for revision, and any proposed new sources
19 of revenue must be explained.
- 20 3. Summary statements of expenditures of the previous biennium and first year of the
21 present biennium, itemized by budget units and classified as prescribed by the
22 director of the budget.
- 23 4. Detailed comparative statements of expenditures and requests for appropriations
24 by funds, budget units and classification of expenditures, showing the expenditures
25 for the previous biennium, the first fiscal year of the present biennium, the budget
26 of the current biennium, and the governor's recommendation for appropriations for
27 each budget unit for the next biennium, all distributed according to the prescribed
28 classification of expenditures. Following the lists of actual and proposed
29 expenditures of each budget unit there must be a brief explanation of the functions
30 of the unit and comments on its policies and plans and on any considerable
31 differences among the amounts recommended, with such descriptive, quantitative,

comparative, and other data as to work done, unit costs, and like information as may be considered necessary or desirable. For capital outlay expenditures involving construction projects to be completed in two or more fiscal years, there must be shown the total estimated cost of each such project and the amount thereof recommended to be appropriated and expended in each ensuing fiscal year until completion of the project. Capital outlay needs may be projected for at least two years beyond the period covered by the budget.

5. A detailed statement showing the estimate of all moneys required to be raised or appropriated for the payment of interest upon the funded debt of the state and its other obligations bearing interest, and the amount of money required to be contributed in the two next ensuing fiscal years to the general sinking funds maintained for the redemption and payment of the debts of the state.
6. A summary statement of the unappropriated fund balance estimated to be available at the beginning of the next biennium, and the estimated revenue of the next biennium, as compared with the total recommended amounts of appropriation for all classes of expenditures for the next biennium, and if the total of the recommended expenditures exceeds the total of the estimated resources, recommendations as to how the deficiency is to be met and estimates of any proposed additional revenue.
7. ~~Drafts of a proposed general appropriations act and special appropriations acts embodying the budget data and recommendations of the governor for appropriations for the next biennium, and drafts of such revenues and other acts recommended by the governor for putting into effect the proposed financial plan. The recommended general appropriation for each budget unit must be specified in a separate section of the general appropriations act.~~
8. A list of every individual leased asset, excluding real estate, with a value of at least fifty thousand dollars and every group of leased assets comprising a single system with a combined value of at least fifty thousand dollars acquired through a capital or operating lease arrangement by a state agency or institution. The list must include leased assets acquired in the current biennium and anticipated leased assets in the next biennium.

- 1 ~~9.~~ 8. Such other information as the director of the budget deems desirable or as is
2 required by law.