

Third Day of Legislative Organizational Session

JOURNAL OF THE HOUSE

Fifty-sixth Legislative Assembly

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Bismarck, December 10, 1998

The House convened at 9:00 a.m., with Speaker Wald presiding.

The prayer was offered by the Rev. Maury Millican, Bismarck Reformed Church, Bismarck, North Dakota.

The roll was called and all members were present except Representatives N. Johnson, Mickelson, and Poolman.

A quorum was declared by the Speaker.

REPORT OF PROCEDURAL COMMITTEE

MR. SPEAKER: Your procedural **Rules Committee (Rep. Dorso, Chairman)** recommends that the House and the Joint Rules of the Fifty-fifth Legislative Assembly, as adopted on Thursday, December 5, 1996, and amended on Thursday, January 9, and Friday, January 10, 1997, and published in the 1997 Senate and House Rules and Committees book, and as amended on Monday, January 27, 1997, with the following new rules and amendments, be adopted as the permanent rules of the House for the Fifty-sixth Legislative Assembly, and that the reading of this report be dispensed with:

SECTION 1. AMENDMENT. Subsection 1 of House Rule 203 is amended as follows:

1. Keep correct journals of the proceedings of the House. The Chief Clerk shall request from the Secretary of State a list of all currently registered lobbyists, and shall print a list of those lobbyists in the journal ~~on~~ upon the thirty-fifth adjournment of the legislative day session.

SECTION 2. AMENDMENT. Subsections 4 and 5 of House Rule 204 are amended as follows:

4. The printer shall set aside ~~thirty~~ twenty-seven copies of the daily journal. Upon termination of the legislative session, the printer shall deliver these copies to the contract binder, who shall assemble the copies into ~~thirty~~ twenty-seven sets of permanent journals.
5. The permanent journals must be bound in hard covers. Two of these sets must be deposited with the Secretary of State, who shall preserve these sets and attach the Secretary of State's certificate thereto showing the date of delivery and attesting that the copies are identical and official journals as delivered to the Secretary of State. The Secretary of State shall forward one set to the Supreme Court Library, one set to the Law School Library at the University of North Dakota, eight sets to the State Library, ~~one set to the Lieutenant Governor~~, two sets to the Attorney General, ~~seven~~ five sets to the Legislative Council, one set to the Chief Clerk, and one set to each judicial district as determined by the presiding judge of the district.

SECTION 3. AMENDMENT. Subsection 3 of House Rule 205 is amended as follows:

3. The Sergeant-at-Arms shall clear the floor of the House chamber in front of the railing of all persons, except legislators, legislative employees, legislative guests who have passes, former members of the Legislative Assembly who have passes, and properly identified representatives of the media, during the time period commencing ~~thirty~~ sixty minutes before the House convenes on any legislative day and ending when the House recesses for that calendar day and from 12:00 noon until 1:00 p.m. on any legislative day. During these periods, a legislator may have only one guest per day on the floor. The Sergeant-at-Arms shall clear a designated area of the balcony of all persons, except legislative guests who have passes, during the daily session.

SECTION 4. AMENDMENT. House Rule 346 is amended as follows:

346. TRANSMITTAL OF MEASURE TO SENATE - NOTICE OF INTENTION TO RECONSIDER. After the second reading of a bill or resolution, the Chief Clerk shall retain the bill or resolution until the end of the next legislative day, unless the bill or resolution has previously been disposed of. On the thirty-third legislative day and after the forty-ninth legislative day, the Chief Clerk shall transmit the bill or resolution to the Senate immediately upon adjournment of that day's session unless action on the bill or resolution is pending as the result of the House passing a motion to reconsider or unless the Majority or Minority Leader has given notice of intention to move the reconsideration of that bill or resolution. After the fifty-eighth legislative day, the Chief Clerk shall transmit the bill or resolution to the Senate immediately after the second reading of the bill or resolution unless the Majority or Minority Leader has given notice of intention to move the reconsideration of that bill or resolution. When a member in explaining the member's vote states to the House that the member's vote is for the purpose of reconsideration, that statement also is notice of such intention.

SECTION 5. AMENDMENT. Subsection 3 of House Rule 347 is amended as follows:

3. In the case of a bill, resolution, or amendment to the Constitution, the motion to reconsider, if made after the end of the next legislative day following the action on the measure, requires a two-thirds vote of the members-elect.

SECTION 6. House Rule 354.1 is created as follows:

354.1. PROCEDURE ON RECEIPT OF VETOED BILLS. Upon receipt of a vetoed bill and objections, the Chief Clerk shall place the bill on the eleventh order of business on the calendar.

SECTION 7. AMENDMENT. House Rule 360 is amended as follows:

360. TELEPHONES AND PAGERS. No private telephones are allowed on the floor of A wireless telephone or pager may not be used in the House chamber during a floor session or in a House committee room during a committee meeting in that room.

SECTION 8. AMENDMENT. Subsections 4 and 5 of House Rule 361 are amended as follows:

4. Seat number 86 is reserved for the Speaker.
5. Seat numbers 26, 27, 28, 29, 55, 56, 57, and 58 are reserved.
6. The Speaker may ~~also~~ permit extra seats on the floor of the House chamber to be utilized by members of the press, and may reserve certain seats for that purpose.
- ~~5.~~ 7. When two or more members have exactly the same seniority as determined pursuant to subsection 1, seating among those members must be in ascending numerical order based on the number of the district represented. When two or more members from the same district or multidistrict have equal seniority, the member or members of the party of the Speaker, if any, must be seated first; thereafter members must be listed in alphabetical order for seating purposes.

SECTION 9. AMENDMENT. House Rule 402 is amended as follows:

402. WHEN INTRODUCED.

1. No bill may be introduced after the ~~eleventh~~ tenth legislative day and no member other than the Majority and Minority Leaders may introduce more than five bills as prime sponsor after the ~~sixth~~ fifth legislative day, nor may any resolution, except those resolutions described in subsection 3, be introduced after the eighteenth legislative day, except upon approval of a majority of the Delayed Bills Committee or upon two-thirds vote of the members of the House present and voting.
2. No bill introduced at the request of an executive agency or the Supreme Court may be introduced after December tenth before the ensuing regular session, except upon approval of a majority of the Delayed Bills Committee.
3. Resolutions that propose amendments to the Constitution of the United States and resolutions directing the Legislative Council to carry out a study may not be introduced after the thirty-first legislative day.

SECTION 10. AMENDMENT. Subsection 1 of House Rule 601 is amended as follows:

1. The report of a committee must provide for one or more of the following recommendations with respect to the bill or resolution: do pass, do not pass, be amended, be rereferred to another committee, or be placed on the calendar without recommendation. However, when a committee fails to adopt any of the above recommendations due to the lack of a majority, the chairman shall report the bill to the floor with whatever minority reports individual committee members may request in accordance with House Rule 602.

SECTION 11. AMENDMENT. House Rule 602 is amended as follows:

602. DIVIDED COMMITTEE REPORT.

1. In case all the members of any committee required or entitled to report on any subject referred to them cannot agree upon any report, the majority and minority may each make a special report, ~~and any member or members dissenting, in whole or in part, from the reasoning and conclusions of both the majority and minority may also present to the House a statement of reasonings and conclusions as provided by this rule;~~ and all reports, if decorous in language, and respectful to the House, must be entered at length in the journal, and must be announced by the Chief Clerk as provided in House Rule 601.
2. A minority report must be signed by at least three members of the committee, or four members of the Appropriations Committee, who voted against the majority report.
3. The majority report is either the report signed by the largest number of committee members or the report signed by the committee chairman if that report is one of two or more reports signed by the largest and an equal number of members. The majority report must be placed on the calendar for consideration before consideration of any minority report. Minority reports must be placed on the calendar in order in accordance with the number of committee members signing the reports, with the report signed by the largest number of members being placed on the calendar first.
- ~~3-~~ 4. If more than one amendment is recommended by divided reports relating to a particular measure, the Speaker shall direct that they be placed on the calendar in order in accordance with this rule.
- ~~4-~~ 5. The Speaker shall also rule as to the effect of the adoption of the first report on each subsequent report.

SECTION 12. AMENDMENT. Joint Rule 203 is amended as follows:

203. LIMITATION ON MESSAGING OF MEASURES - CROSSOVER DAYS.

1. ~~No~~ A bill that has passed one house may not be sent to the other house for concurrence after the thirty-fourth legislative day, except a bill approved for introduction after the deadline for introduction of bills.
2. ~~No~~ A resolution ~~directing the Legislative Council to carry out a study which~~ that has passed one house may not be sent to the other house for concurrence after the fortieth legislative day, except a study resolution approved for introduction after the deadline for introduction of study resolutions that type of resolution.

SECTION 13. AMENDMENT. Subsection 5 of Joint Rule 207 is amended as follows:

- ~~5-~~ The consent calendar must be considered immediately before the consideration of bills and resolutions on second reading and final passage in the regular calendar.

SECTION 14. AMENDMENT. Subsection 1 of Joint Rule 603 is amended as follows:

1. Five hundred copies of each bill and ~~four hundred copies of each~~ resolution must be printed. After the initial order is printed, the supervisor of the bill and journal room may order additional copies to be printed to meet demand.

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

ANNOUNCEMENT BY THE SPEAKER

SPEAKER WALD ANNOUNCED that the Rules for Decorum would be passed out rather than printed in the Journal.

REPORT OF PROCEDURAL COMMITTEE

MR. SPEAKER: Your procedural **Committee on Committees (Rep. Dorso, Chairman)** recommends the following as Chairpersons, Vice Chairpersons, and members of Standing Committees:

**1999 NORTH DAKOTA LEGISLATIVE ASSEMBLY
HOUSE STANDING COMMITTEES**

Appropriations Committee

Committee Chairman - Dalrymple, J.
Committee Vice Chairman - Byerly, R.

Education and Environment Division

Chairman - Wentz, J.
Vice Chairman - Lloyd, E.
Boehm, J.
Carlson, A.
Monson, D.

Aarsvold, O.
Nichols, R.

Human Resources Division

Chairman - Svedjan, K.
Vice Chairman - Bernstein, L.
Delzer, J.
Timm, M.

Hoffner, S.
Kerzman, J.

Government Operations Division

Chairman - Byerly, R.
Vice Chairman - Carlisle, R.
Poolman, J.
Tollefson, B.

Huether, B.
Gulleson, P.

Industry, Business and Labor Committee

Chairman - Berg, R.
Vice Chairman - Kempenich, K.
Brekke, C.
Froseth, G.
Johnson, N.
Keiser, G.
Klein, M.
Koppang, M.
Martinson, J.
Severson, D.

Ekstrom, M.
Glassheim, E.
Lemieux, D.
Stefonowicz, B.
Thorpe, W.

Finance and Taxation Committee

Chairman - Belter, W.
Vice Chairman - Rennerfeldt, E.
Clark, B.
Grande, B.
Grosz, M.
Herbel, G.
Mickelson, S.
Nicholas, G.
Renner, D.
Wikenheiser, R.

Froelich, R.
Kroeber, J.
Schmidt, A.
Warner, J.
Winrich, L.

Human Services Committee

Chairman - Price, C.
Vice Chairman - Weisz, R.
Devlin, B.
Galvin, P.
Henegar, D.
Jensen, R.
Kliniske, A.
Pollert, C.
Porter, T.
Thoreson, B.

Eckre, B.
Metcalf, R.
Niemeier, C.
Rose, W.
Sandvig, S.

Judiciary Committee

Chairman - DeKrey, D.
Vice Chairman - Koppelman, K.
Disrud, R.
Gorder, B.
Gunter, J.
Hawken, K.
Klemin, L.
Maragos, A.
Sveen, G.

Cleary, A.
Delmore, L.
Fairfield, A.
Kelsh, S.
Mahoney, J.
Meyer, S.

Education Committee

Chairman - Kelsch, R.
Vice Chairman - Drovdal, D.
Brandenburg, M.
Brusegaard, T.
Haas, C.
Johnson, D.
Nelson, J.
Nottestad, D.
Thoreson, L.

Grumbo, H.
Hanson, L.
Lundgren, D.
Mueller, P.
Nowatzki, B.
Solberg, D.

Natural Resources Committee

Chairman - Grosz, M.
Vice Chairman - Henegar, D.
Drovdal, D.
Galvin, P.
DeKrey, D.
Nottestad, D.
Nelson, J.
Clark, B.
Porter, T.
Martinson, J.

Hanson, L.
Kelsh, S.
Lundgren, D.
Sandvig, S.
Solberg, D.

Political Subdivisions Committee

Chairman - Froseth, G.
Vice Chairman - Maragos, A.
Disrud, R.
Gunter, J.
Johnson, N.
Koppelman, K.
Severson, D.
Thoreson, B.
Wikenheiser, R.

Delmore, L.
Eckre, B.
Ekstrom, M.
Glassheim, E.
Niemeier, C.
Rose, W.

Transportation Committee

Chairman - Keiser, G.
Vice Chairman - Mickelson, S.
Kelsch, R.
Price, C.
Weisz, R.
Sveen, G.
Belter, W.
Jensen, R.
Kempenich, K.

Grumbo, H.
Mahoney, J.
Thorpe, W.
Schmidt, A.
Meyer, S.
Lemieux, D.

Government and Veterans Affairs Committee

Chairman - Klein, M.
Vice Chairman - Kliniske, A.
Hawken, K.
Grande, B.
Thoreson, L.
Gorder, B.
Devlin, B.
Brekke, C.
Klemin, L.
Haas, C.

Fairfield, A.
Kroeber, J.
Winrich, L.
Metcalf, R.
Cleary, A.

Agriculture Committee

Chairman - Nicholas, G.
Vice Chairman - Johnson, D.
Brusegaard, T.
Rennerfeldt, E.
Pollert, C.
Renner, D.
Brandenburg, M.
Herbel, G.
Berg, R.
Koppang, M.

Warner, J.
Froelich, R.
Nowatzki, B.
Mueller, P.
Stefonowicz, B.

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

MOTION

REP. DORSO MOVED that the House stand in recess until 10:25 a.m., which motion prevailed.

THE HOUSE RECONVENED pursuant to recess taken, with Speaker Wald presiding.

JOINT SESSION

The Joint Session of the House and Senate convened at 10:30 a.m., with Speaker Wald presiding.

MOTION

REP. MONSON MOVED that a committee of two be appointed to escort Lt. Governor Myrdal to the rostrum, which motion prevailed.

SPEAKER WALD APPOINTED Reps. Devlin and Hanson to such committee and Lt. Governor Myrdal was escorted to the rostrum.

SPEAKER WALD INTRODUCED Lt. Governor Myrdal to the Assembly and turned the gavel over to her. Lt. Governor Myrdal called the Joint Session to order.

MOTION

REP. MONSON MOVED that a committee of four be appointed to escort the Honorable Edward T. Schafer, Governor, to the rostrum, and First Lady Nancy Jones Schafer to a special reserved seat in the Assembly and that Governor Schafer's remarks as submitted to the front desk be printed in the Journal, which motion prevailed.

Gov. Ed Schafer
1999-01 Budget Message
Dec. 10, 1998
House Chambers

Distinguished members of the 56th North Dakota Legislative Assembly and fellow North Dakotans. Good morning.

The official business of legislating does not begin for another month, but today is the moment we've all been waiting for. Today marks the official beginning of "unofficial" huddles in the hallways, in the cafeteria and at various locations throughout the state to discuss and debate our state's priorities for the next biennium.

This presentation is the result of many months of difficult work. My personal thanks to the Office of Management and Budget Director Rod Backman and all the agency directors and state employees who have joined me in bringing honest, conservative fiscal management to our state government.

This budget outlines our priorities for the upcoming biennium and moves us confidently into a new millennium. If we follow its recommendations, North Dakota will be able to seize new opportunities and improve the quality of life for all our citizens.

We are placing education squarely on top of the priority list.

We are building a stronger transportation system to support economic development, agriculture and commerce.

We are investing in the future of agriculture with initiatives to enhance research, develop new products and improve participation in value-added co-ops.

We are launching a training system to enhance our greatest natural resource -- our excellent workforce.

We are answering the public's demand for safe streets and communities by increasing funding for state prisons and corrections.

And we are recognizing the importance of technology in schools, communities and the workplace.

This budget sets clear priorities and makes key investments in our infrastructure and our people.

Most importantly, it is a conservative approach built on conservative fiscal forecasts and government expenditures that I believe are prudent and affordable for the citizens of this state.

State agencies are essentially receiving hold-even budgets -- they are absorbing most inflationary increases within their budget. And, 82 percent of all new or increased spending is focused on education, economic development, health and safety.

For the fourth biennium in a row, this administration is delivering a budget that does NOT include a general fund tax increase. This budget is NOT balanced by taking more money from our citizens on April 15.

In the last six years, we have increased funding for education by 24 percent -- WITHOUT RAISING GENERAL FUND TAXES.

We have increased funding to care for our elderly by \$41 million -- WITHOUT RAISING TAXES.

And in this budget alone, we have redirected almost \$20 million to fight disasters that could have destroyed some of our largest communities -- WITHOUT RAISING TAXES.

We have held the line on taxes and will continue to do so, even under serious pressure to spend more. We have refused a general fund tax increase because we know that government spending does not make citizens more wealthy or prosperous. We understand it is our people and private enterprise who create wealth, when government does not get in their way.

Government sets policies and creates an environment for safe, healthy, vibrant communities. And then it must step aside and let people in the free market do their magic. Our goal is to guarantee a government that works. A government that is efficient. Government that does just what the people want, and no more.

With this in mind, the 1999-2001 executive recommendation is 1 billion 615 million dollars in general funds, an annual growth of 4 percent general fund spending per year. The total state budget is \$4.3 billion.

ELEMENTARY AND SECONDARY EDUCATION

First, this budget increases funding for K-12 education by \$27 million over current spending. Based on enrollment projections this is a 7 percent increase per pupil -- well above the current inflation rate of 1.4 percent.

We are proud of our education system. We all see and hear evidence of our good schools every day.

Coming from strong, intact families, our children enter quality schools with excellent, caring instructors. Together, they build a world-class workforce. Our education system is perhaps the most significant economic development tool we have.

However, we cannot rest on the successes of the past. A major challenge and opportunity for education today is technology. Our society is undergoing a technological revolution that will change every aspect of life, as we know it.

Information technology must be broadly incorporated into our schools. It is the chalk, chalkboard and library of the future. The building blocks of education today are reading, writing, arithmetic and information technology.

Last session, the legislature appropriated \$5 million for schools to use for technology investments. I am recommending we continue this program by designating \$6 million for technology investments or teacher training this biennium. This will bring the total available money for the Education Telecommunications Council to \$10 million.

Improved compensation and professional development for teachers are also key challenges for our education system. Although salaries are set by local school boards, the state has regularly increased funding for schools in hopes of affecting teacher pay.

And this year, I am recommending another step -- a program to help North Dakota teachers receive national certification.

This plan would pay for 60 teachers to participate in the national board certification process this biennium. Teachers who successfully pass the certification test would receive a \$5,000 salary increase per year, independent of their salary schedule. It is my hope that this program will also influence teacher salary policy at the local levels.

Our teachers need better access to professional development resources and more incentive to grow in their field. This program will benefit both rural and urban schools and give administrators and local school boards a powerful tool for attracting, retaining and rewarding excellent teachers.

HIGHER EDUCATION

North Dakota's colleges and universities are a tremendous asset for our citizens and our business community. They will play a central role in helping our state succeed in the emerging high-tech global economy.

The past year has been a tumultuous one in higher education, but we are resolving some of the difficult issues the system faced in 1997.

Voters settled one important issue with their defeat of Measure One, retaining the constitutional status of eight of the state's 11 campuses. I do not interpret that result as an endorsement of the status quo, with which few are satisfied.

I see it as a reaffirmation of the need for a quality system of higher education in North Dakota. Our challenge, then, is to make the most of the system and the resources that exist today.

This demands creativity. It also demands flexibility -- for campuses and the board.

Salaries are a critical issue. The executive budget recommends creating a \$16.9 million pool of money for the Board of Higher Education to address salary issues on campuses. This is a first step toward eventually pooling all salary dollars for the system. I strongly encourage administrators to continue targeting exceptional faculty for salary increases to maintain North Dakota's competitiveness.

Technology, too, is critical. Higher education needs up-to-date equipment and computer-oriented programs to educate a high-tech workforce for North Dakota. This budget invests more than \$1.4 million in technology.

The board has asked for the tools to encourage innovation and experimentation in campus management. This budget takes an important step toward this goal by proposing that individual campuses keep all the tuition money they generate.

In future biennia, about \$240 million of tuition and other local funds will be off-budget and linked to performance. We believe institutions should be able to retain the funds they generate by providing and marketing high-quality programs that are attractive to students.

I am generally satisfied with changes occurring in the system as a result of the 95 percent budget process and campus initiatives to become more efficient. As I promised last spring, this budget restores all the dollars that would have been generated by a five percent cut.

These funds are reinvested on key priorities the campuses identified. This budget book provides details about the specific changes and reinvestments proposed as a result of this process, but let me highlight a few:

- Bismarck State College's reductions in several areas are reinvested in computer and health-oriented programs.
- NDSU reinvested in agribusiness, bioengineering, dietetics, distance education and environmental sciences.
- Dickinson eliminated the truck driver training program and the German major, and focused savings on salaries.

- And UND made a significant number of changes to invest \$4.4 million additional campus dollars in salaries and to provide incentives to encourage innovation among faculty members.

I am also especially pleased with the way the University System is reaching out to the business community. And this budget supports those efforts:

- UND-Williston conducted a survey of area businesses to determine what types of training are in greatest demand. The new information technology program is a result of that effort.
- New faculty positions at Mayville and Valley City State will focus on customized training programs with the private sector.
- NDSCS will beef up its computer information systems, diesel technology and allied health programs.
- And Minot State will expand on-line training programs.

In total, this budget recommends \$316 million in general funds, a 4.3 percent increase for the biennium. Including salary and benefits increases, total new funds for the University System are \$30 million, up 9.8 percent.

ECONOMIC DEVELOPMENT

Spurring economic growth and employment opportunities remain fundamental goals of this administration.

I am recommending \$8.8 million in general funds to the Economic Development and Finance agency to provide top quality research, technical assistance, planning, education and image marketing for communities and the state as a whole.

The Bank of North Dakota's PACE program gives emerging businesses a good source of low-interest loans to help leverage additional support. I recommend increasing the PACE program by \$2 million to \$6.6 million this biennium.

And, I believe we should earmark a portion of those funds specifically for technology-oriented businesses. Tech-PACE would be a source of funding for technology start-up companies in North Dakota that have a tough time securing financing under traditional banking rules and regulations.

\$500,000 in Tech-PACE could leverage up to \$5 million in high-tech loans. Technology is the adhesive that binds the emerging global economy together. We must do everything we can to help spawn high-tech ideas and businesses right here at home.

Workforce development and training are our biggest challenges for growth.

Norwest Bank's chief economist recently told a Bismarck audience that tight labor markets are a major hindrance to economic growth, both in North Dakota and nationwide. Everyone is competing for workers. And North Dakota workers are worth a premium.

I recommend two state initiatives to address the workforce development challenge. First, this budget provides \$2 million for the popular Workforce 2000 program, which is widely used by new and expanding North Dakota businesses. In the current biennium, this program has helped 79 businesses offer specialized job training to 4,300 employees.

Second, I recommend providing \$2 million in new funding to the Department of Vocational Education to upgrade our workforce training plan. Companies need specialized training resources in this state. The Greater North Dakota Association coordinated a task force from education, business, government and industry to design the necessary plan.

It's a good plan -- a plan that builds on the existing resources of our higher education system. The workforce development system will foster partnerships between business and education and make our universities more responsive to the demands of the marketplace.

I strongly recommend funding this plan. Let's ignite this initiative and start training North Dakotans for the jobs of the future.

AGRICULTURE

Finally, while talking about economic development I want to address agriculture, our state's most important industry.

This year has been a tough one for farmers and ranchers. Farm income is down 90 percent in 1997 according to the North Dakota Agricultural Statistics Service. That's an incredible blow.

Agriculture policy is largely a federal function. As you know, I have criticized the failure of Washington to address problems that undercut our producers here in North Dakota. I will continue to push for action on issues like crop insurance, trade fairness and export enhancement.

The state also has a role to play. The Commission on the Future of Agriculture developed a broad list of positive initiatives to help shore up agriculture in North Dakota. Some of these initiatives are new, others the state has funded for many years to support the agriculture economy. This budget addresses several of the Commission's goals, and builds on my administration's longstanding emphasis on agriculture research.

To make North Dakota agriculture products synonymous with high quality and increase value-added processing, this budget allocates \$150,000 to Pride of Dakota, increases funding for crop and disease research by \$1.3 million, directs \$4.1 million (\$1 million general funds) to the Agricultural Products Utilization Committee, and increases funding for the popular Ag PACE program by \$1.1 million for a total of \$1.5 million.

To diversify and increase the value of agriculture production we provide \$340,000 to NDSU to create a value-added research center and to develop new uses for byproducts from value-added processing. This budget also provides \$356,000 to study the production of high-value crops with irrigation.

By combining new funding and key reinvestments at the state's agriculture research stations, we generated \$3.6 million for agriculture-related research initiatives through NDSU.

And this budget includes funds to enhance farm and non-farm cooperation, the Commission's fourth goal, including \$450,000 for farm management education.

The host of "US Farm Report," Orion Samuelson, was in Bismarck last month and said food production must triple in the next 30 years in order to feed a rapidly increasing global demand. His long-term outlook for agriculture is bright, and I share that belief. We need to help our farmers get past this current crisis and become the leaders in the global economy.

LEWIS AND CLARK BICENTENNIAL

In just a few years, North Dakota will play host to a major celebration of American history.

We need to heighten our preparations for the bicentennial commemoration of the Lewis and Clark Expedition. It is a real opportunity to showcase our state, and frankly, to bring visitors and their dollars to North Dakota.

This budget recommends appropriating \$2.3 million to four agencies to take the lead in positioning North Dakota at the center of Expedition history. The Lewis and Clark planning team includes the State Historical Society, the North Dakota Council on the Arts, the Department of Tourism and the Department of Parks and Recreation.

Together, they have developed a comprehensive "to do" list.

It includes extensive marketing initiatives, improvements at historic sites and parks, developing permanent and traveling exhibits, providing grants to communities and much more. This money will help convince national and international tourists that, "The real adventure began here."

Tourism is North Dakota's third largest industry, and we have just begun tapping our potential. Our goal is to ensure all visitors to North Dakota a quality experience, not only on the Lewis and Clark Trail but throughout the state.

TRANSPORTATION

The North Dakota Department of Transportation completed 230 miles of needed improvements across the state highway system in 1998. But the continued wet cycle has challenged the department. This was the sixth consecutive year that we have used federal emergency funds as well as state funds to raise highways and maintain basic traffic routes in the Devils Lake area and counties in southeastern North Dakota.

We can all celebrate a major accomplishment of this year: new transportation legislation in Congress. This six-year legislation, called the Transportation Equity Act for the 21st Century or TEA-21, will give North Dakota a significant boost in the return of federal tax dollars. TEA-21

will increase our federal transportation funding from \$102 million in 1997 to an average of more than \$150 million for the years 1998 through 2003.

TEA-21 means that North Dakota will be able to improve about 350 miles of highway each year. That's a full 50 percent more than what we improved each year under the old legislation.

The legislation also provides about \$14 million more per year to cities and counties for transportation improvements, which will be matched by \$7 million from the state.

Our transportation infrastructure is essential to economic development, and this federal investment in our state and nation is appropriate and necessary. Now it is up to the state to cover its share of the projects. In total, we must find \$22 million additional dollars for the next biennium for transportation improvements.

To do so, this budget funds 40 percent of the state Highway Patrol with general funds, leaving nearly \$10 million more in the Highway Trust Fund for road repairs. This is the first step toward moving the entire Highway Patrol budget into the general fund. We propose making permanent the 3 cent per gallon tax that is scheduled to sunset at the end of 1999. The remaining match dollars in this budget are generated by changing the point of taxation for diesel and petroleum fuels and increasing motor vehicle registration fees.

These are proposals I do not make lightly, but it is critical that we use all the federal dollars available to North Dakota. I do not believe we can leave those revenues on the table.

CORRECTIONS

The population in our prison system continues to rise, not only in North Dakota but nationwide, from policies and practices that espouse the concept, "Get tough on crime."

This approach does come with a considerable price tag. Last session we increased funding for the Department of Corrections and Rehabilitation by about \$13 million, a 40 percent increase.

And this biennium will be much the same with a \$20 million general fund increase. Space in the new James River Correctional Center in Jamestown is already filled, and this budget approves completing the fifth and sixth floors of that facility, bringing capacity there to 350 inmates.

A majority of the construction costs for this project is covered by federal crime bill money, but this budget recommends \$1.5 million in new funds to staff and operate the JRCC. It also adds \$4.1 million to house more overflow inmates externally.

I believe we should pursue an enlightened view, of being tough and also smart on crime -- recognizing the budgetary impact of current practice. So while we are increasing funds to address prison growth, we also address prevention.

We recommend spending \$3.1 million for alternatives to incarceration, including \$1 million to launch a new revocation center in Jamestown. This intense 60-day drug and alcohol treatment program will attempt to rehabilitate probation violators whose primary problem is addiction.

Drug and alcohol abuse is at the root of 85 percent of the criminal behavior that leads to incarceration in our prison system. My hope is that we can better manage and control our prison growth by more effectively treating and rehabilitating inmates.

And, this budget seeks to enhance programming for our youngest violators. We recommend expanding the school system at the Youth Correctional Center to 12 months to improve education opportunities for these at-risk students. If we can more effectively reform juveniles and prevent them from a life of crime, this will be money well spent.

HUMAN SERVICES

I'm very pleased with the outcome of the largest state agency's budget. This is clearly the best Human Services budget we have presented during my administration.

The executive budget recommendation is \$349 million in general funds, a 4 percent increase over the current biennium.

The budget increases funding for nursing care by 5 percent. We also recommend \$4 million new dollars for home-based care for elderly and the disabled. This 48 percent increase recognizes the huge demand for these services. It is a more sensible, cost-effective and compassionate way to care for our growing elderly population. We should help people stay at home and remain independent as long as possible.

We recommend increasing state funding for children and family services by 28 percent or \$4.4 million. Federal funds in this area are declining, and this budget replaces those funds.

This budget also allocates \$4 million including almost \$1 million in general funds for the children's health insurance program North Dakota Healthy Steps, and provides two new FTEs to improve collection of child support.

We recommend \$1.4 million in general funds to allow developmental disability providers to improve benefits to their employees and reduce turnover.

In the current biennium, the State Hospital has worked to reduce admissions and serve more clients in their own communities through Human Service Centers. This budget continues this trend. We recommend closing one chemical dependency ward that serves 25 patients, which eliminates 31 positions and \$1.8 million from the general fund.

We also recommend transferring 14 elderly psych patients to a community geriatric program, which eliminates 26 positions and \$1.1 million from the general fund. These patients will be served in the community at a cost of \$142 per day rather than \$288 per day at the State Hospital.

I applaud Human Services Director Carol Olson and her department for finding efficiencies and holding down budget increases even while health and nursing care costs are rising and federal dollars for several programs are declining significantly. Increases in this traditionally volatile budget are modest.

More importantly, this budget improves the quality of services for children, elderly, mentally ill, disabled, addicted and many of our state's most needy citizens.

TOBACCO SETTLEMENT FUNDS

The outcome of the tobacco settlement was not certain as we prepared this budget, and I have not included any of the dollars in this document. However, the figure could be substantial -- up to \$30 million during the upcoming biennium alone.

A sizable and unanticipated stream of revenue of this sort will tempt many to dream up new ways to spend money on government. That would be unwise. We must be cautious about building too much of the state budget on tobacco revenue, which we all hope declines as fewer people smoke.

It is imperative that we design a plan that is responsible, effective and includes a strong public health focus. I have directed State Health Officer Murray Sagsveen to take the lead in developing this plan, which I will present in full during my State of the State message on the first day of the legislative session.

EMPLOYEE COMPENSATION

State employees are ultimately responsible for turning all of your good work as legislators into effective services for North Dakota citizens. The quality of our employees is exceptional, and I am committed to paying public employees a good wage for their work.

For the second biennium in a row, the executive budget includes funding for a 3 percent pay raise per year for state employees. The cost of the state's health insurance program is going up \$456 per employee per year, a 12 percent increase. Combined, the pay raises and benefit increases in this budget will cost taxpayers \$33.5 million.

We recently completed a study of state employee salaries in North Dakota compared to similar positions in neighboring states. Some positions, particularly elected officials and unclassified employees, are significantly behind.

This budget recommends \$2.7 million in general funds to move classified employees closer to market pay levels. This figure also includes \$300,000 in pay increases for elected and appointed officials who are more than 10 percent behind their counterparts in neighboring states.

BETTER GOVERNMENT

For the final few minutes I want to highlight some features of this budget that I believe represent genuine efforts to provide good government.

My favorite item in this section is reducing funding for our state tax collectors by nearly 3 percent. Tax Commissioner Rick Clayburgh gets the credit for this -- and for eliminating seven full-time positions in his agency. This budget also earmarks \$50,000 for Commissioner Clayburgh to lead a comprehensive citizen-based study of our state tax system.

In the state auditor's office, we add funding to take advantage of private sector expertise in conducting performance audits. At the same time, we propose giving the auditor additional technical expertise to help agency auditors perform more constructive audits of the state's technology investments.

We increase state funds for block grants to local airports for improvements.

We fund the next phase of the State Library's plan to connect all community libraries throughout the state via technology.

We double state funding to support local ambulance services.

This budget includes \$52 million in bonding authority for Grand Forks flood protection -- an effort that is essential for protecting one of only four major regional centers in our state.

We add \$200,000 to the state contingency fund to address emergency Y2K problems. This is in addition to funds for technology projects included in each agency budget.

And, we increased funds in the state aid distribution formula by \$11 million. This is a 21 percent increase. I hope city and county governments will use this increased funding to help reduce the burden of property taxes in their areas.

CONCLUSION

Two years ago I talked about the obvious change in attitude that had occurred among people throughout our state. New jobs, new successful industries and new construction gave people new hope for our future. North Dakotans finally started to believe in their potential and the possibilities for our state.

That same attitude continues to exist today, but I fear recent challenges may have depressed some spirits.

Now is not the time to get discouraged or lose faith. We are in the middle of a revolution that is totally realigning the economies and structures of this world. When the winds of globalization, technology and economic change start to buffet us, we should not hunker down or head to the basement. We should take on these challenges.

Now more than ever, North Dakotans must turn our anxiety into action. It is up to each of us to help this state find its position of power in the new marketplace.

This is why this budget is so important. It sets the direction and tone for our state at a very critical time. As I see it, we have two choices -- we can turn inward and become protective, defensive and reactive.

Or we can continue reaching confidently outward for creative ideas, opportunities, and new ways of operating.

The budget produced by this legislative session will make a statement about who we are and where we are going. My recommendations to you today are very clear on those issues. They say North Dakotans are talented and determined people who can march confidently into a future of our own design.

Thank you. God bless you.

MOTION

REP. MONSON MOVED that the Joint Session be dissolved, which motion prevailed. The Joint Session was declared dissolved by Lt. Governor Myrdal, President of the Senate.

The House reconvened following the Joint Session.

MOTION

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

MOTION

REP. MONSON MOVED that the House stand adjourned until 12:00 noon, Tuesday, January 5, 1999, which motion prevailed.

The House stood adjourned pursuant to Representative Monson's motion.

LANCE HAGEN, Chief Clerk