

**Fifty-seventh Legislative Assembly of North Dakota  
In Regular Session Commencing Tuesday, January 9, 2001**

HOUSE BILL NO. 1015  
(Appropriations Committee)  
(At the request of the Governor)

AN ACT to provide an appropriation for defraying the expenses of the various divisions under the supervision of the director of the office of management and budget; to provide other appropriations; to provide for various transfers and financial transactions; to provide an exemption from the provisions of section 54-44.1-11 of the North Dakota Century Code; to provide statements of legislative intent; to provide a conditional exemption for certain state property from special assessments for flood control; to provide for additional lodging reimbursement for members of the legislative assembly; to provide levee protection funding authority; to provide for forgiveness of the Fargo family healthcare center debt; to provide for a legislative council study; to create and enact a new section to chapter 15-10, a new section to chapter 54-44.1, and a new section to chapter 65-04 of the North Dakota Century Code, relating to local fund sources for capital construction projects, new building construction cost-benefit analyses, and a state entities workers' compensation account; to amend and reenact section 6-08.3-13, subsection 3 of section 50-01.2-03.2, section 54-16-01, and section 54-23.2-09 of the North Dakota Century Code, relating to interstate banking, county reimbursements, membership of the emergency commission, and provision of 911 services by the state radio communications division; to repeal section 18 of chapter 37 of the 1995 Session Laws and section 12 of chapter 15 of the 1997 Session Laws, relating to the provision of 911 services by the state radio communications division; to provide an expiration date; and to declare an emergency.

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

**SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds as may be necessary, are hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the various divisions under the supervision of the director of the office of management and budget for the purpose of defraying their expenses, for the biennium beginning July 1, 2001, and ending June 30, 2003, as follows:

Subdivision 1.

**OFFICE OF MANAGEMENT AND BUDGET**

Salaries and wages	\$12,018,846
Operating expenses	9,696,346
Equipment	171,000
Capital improvements	1,320,620
Grants	274,000
Statewide compensation plan	<u>5,000,000</u>
Total all funds	\$28,480,812
Less estimated income	<u>9,592,120</u>
Total general fund appropriation	\$18,888,692

Subdivision 2.

**STATE RADIO COMMUNICATIONS**

Salaries and wages	\$2,655,238
Operating expenses	1,870,810
Equipment	<u>314,136</u>
Total all funds	\$4,840,184
Less estimated income	<u>524,432</u>

Total general fund appropriation	\$4,315,752
Grand total general fund appropriation H.B. 1015	\$23,329,444
Grand total special funds appropriation H.B. 1015	\$10,116,552
Grand total all funds appropriation H.B. 1015	\$33,445,996

**SECTION 2. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$125,000, or so much of the sum as may be necessary, to the department of human services for the purpose of reimbursing counties with economic assistance administrative costs in excess of the statewide average, for the biennium beginning July 1, 2001, and ending June 30, 2003.

**SECTION 3. CAPITOL BUILDING FUND.** The amount of \$25,000, or so much of the sum as is necessary, included in the estimated income line item in subdivision 1 of section 1 of this Act, is to be spent by the administration division from the capitol building fund for capitol grounds planning during the biennium beginning July 1, 2001, and ending June 30, 2003.

**SECTION 4. EXEMPTION.** The fiscal management appropriation contained in subdivision 1 of section 1 of chapter 37 of the 1999 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available for continued development and operating costs of the accounting, management, and payroll systems during the biennium beginning July 1, 2001, and ending June 30, 2003.

**SECTION 5. SPECIAL COMPENSATION ADJUSTMENTS FOR CLASSIFIED STATE EMPLOYEES.** It is the intent of the fifty-seventh legislative assembly that the statewide compensation plan appropriation included in subdivision 1 of section 1 of this Act be used for market equity compensation adjustments for classified state employees. The special market equity adjustments are to begin with the month of July 2001, to be paid in August 2001. The special market equity adjustments are to be independent of any general salary increase provided by this legislative assembly.

The special market equity increases are to be prioritized based on equity for employees whose salaries are furthest from their respective salary range midpoints effective July 1, 2001. Special market equity increases may not be given to employees whose salary exceeds the midpoints of their assigned salary ranges effective July 1, 2001.

Probationary employees are eligible for the special market equity increases. Employees whose documented performance levels do not meet standards are not eligible for the special market equity increases.

The central personnel division shall provide a model base plan to each agency. Agencies may adopt the model plan, adopt the model plan with exceptions, or offer an alternative plan that meets the intent outlined in this section.

Upon adoption of an appropriate plan and application to the central personnel division, the division shall transfer appropriated general funds or special fund spending authority for the increases to the agencies.

**SECTION 6. INTENT - STATE EMPLOYEE COMPENSATION ADJUSTMENTS - GUIDELINES.** It is the intent of the fifty-seventh legislative assembly that 2001-03 compensation adjustments for permanent state employees are to be increases of a minimum of \$35 per month, beginning with the month of July 2001, to be paid in August 2001, and a minimum of \$35 per month, beginning with the month of July 2002, to be paid in August 2002. Any increases greater than \$35 per month may not be given across-the-board and must be based on merit and equity. Each agency appropriation is increased by 3.0 percent the first year of the 2001-03 biennium and 2.0 percent the second year of the 2001-03 biennium.

Employees whose documented performance levels do not meet standards are not eligible for the general or additional increases.

Probationary employees are not entitled to the general or additional increases. However, probationary employees may be given all or a portion of the increases effective July, paid in August, or upon completion of probation, at the discretion of the appointing authority.

During the biennium, no salary increase other than the \$35 per month in July 2001 and \$35 per month in July 2002 may be given to an employee whose salary exceeds or would exceed the salary range maximum.

It is the intent of the fifty-seventh legislative assembly that the workers compensation bureau provide pay raises based on merit and performance throughout the 2001-03 biennium.

Agency salaries and wages appropriations are increased in total by approximately two percent for the 2001-03 biennium relating to increased health insurance benefit costs.

**SECTION 7. INTENT.** Within the authority included in subdivision 1 of section 1 of this Act, are the following grants and special items:

Boys and girls clubworks	\$53,000
State contingencies	500,000
State memberships and related expenses	333,200
Firemen's association	126,000
Unemployment insurance	1,200,000
Capitol grounds planning commission	25,000
State consultant	120,000

**SECTION 8. TRANSFER.** During the biennium beginning July 1, 2001, and ending June 30, 2003, the director of the office of management and budget is authorized to transfer special funds to the general fund as follows:

Land and minerals trust fund	\$3,545,102
Financial institutions regulatory fund	300,000

**SECTION 9. DEVELOPMENTAL DISABILITIES REVOLVING LOAN FUND - AUTHORITY TO SELL LOANS - TRANSFERS.** At the request of the director of the office of management and budget, the executive director or the department of human services shall sell such loans in the developmental disabilities revolving loan fund created under North Dakota Century Code section 6-09.6-01, as may be necessary to the Bank of North Dakota to provide \$2,000,000, or so much thereof as may be necessary, with the proceeds to be deposited in the general fund.

**SECTION 10. FIRE AND TORNADO FUND.** The amount of \$126,000, or so much of the amount as is necessary, included in the estimated income line item in subdivision 1 of section 1 of this Act, is from the fire and tornado fund.

**SECTION 11. BANK OF NORTH DAKOTA TRANSFERS TO STATE GENERAL FUND.** During the biennium ending June 30, 2003, the industrial commission shall transfer to the state general fund up to \$60,000,000 from the current earnings and the accumulated undivided profits of the Bank of North Dakota. No more than \$15,000,000 of the amount transferred shall come from accumulated undivided profits. The moneys shall be transferred in the amounts and at such times as requested by the director of the office of management and budget.

No transfers may be made that would reduce the Bank's capital structure below \$140,000,000.

**SECTION 12. CONTINGENT BANK OF NORTH DAKOTA TRANSFERS TO STATE GENERAL FUND - BUDGET SECTION APPROVAL.** If, during the biennium ending June 30, 2003, the director of the office of management and budget determines via revised projections that general fund revenue collections will not meet the revenues as forecast in the March 2001 legislative forecast, then the industrial commission shall transfer to the state general fund an additional amount, as determined by the director of the office of management and budget as approved by the budget section, from the earnings and accumulated and undivided profits of the Bank of North Dakota. The moneys must be transferred in amounts and at such times as requested by the director of the office of

management and budget. The additional amount transferred may not exceed the lesser of \$25,000,000 or the revenue shortfall of actual collections compared to the March 2001 legislative forecast.

No transfers may be made that would reduce the Bank's capital structure below \$140,000,000.

**SECTION 13. STUDENT LOAN TRUST TRANSFER TO STATE GENERAL FUND.** The industrial commission shall transfer to the general fund in the state treasury, the sum of \$9,000,000 from the North Dakota student loan trust. The moneys must be transferred in such amounts and at such times as requested by the director of the office of management and budget during the biennium beginning July 1, 2001, and ending June 30, 2003, and upon certification by the student loan trust trustee that sufficient moneys remain available to pay all debt service on student loan trust bonds, all required rebate payments to the United States treasury, and all program operating expenses.

**SECTION 14. FEDERAL PROGRAM TERMINATIONS - BLOCK GRANT - FUNDING REDUCTIONS - RELATED PROGRAM REDUCTIONS - REPORTS TO THE BUDGET SECTION.** If the federal government during the 2001-03 biennium terminates funding for any program administered by an agency, department, or institution of the state of North Dakota, the agency, department, or institution, subject to budget section approval, may terminate the program and not replace the reduction in federal funds with state funds, notwithstanding any other provision of law. If the federal government combines funding for separate programs in a block grant resulting in a reduction of total federal funds available for those programs, the administering agency, department, or institution may, subject to budget section approval, prioritize or reprioritize programs as necessary in making programmatic reductions. The agency, department, or institution may administer funds available under a new federal block grant or similar measure, consistent with the terms of that measure, notwithstanding any other provision of law intended to conform to or implement the provisions of the repealed federal Act, and shall report any program terminations, reductions, or changes resulting from this section to the budget section of the legislative council for its approval.

**SECTION 15. LEGISLATIVE INTENT - STATEWIDE RADIO SYSTEM ENGINEERING PLAN.** It is the intent of the legislative assembly that state radio communications may request a transfer of \$100,000 from the state contingency appropriation of the emergency commission for matching funds from federal or other sources for developing a statewide radio system engineering plan during the biennium beginning July 1, 2001, and ending June 30, 2003.

**SECTION 16. TRANSFER OF STATE CONTINGENCY APPROPRIATION.** Notwithstanding sections 54-16-04 and 54-16-09, the office of management and budget is authorized to transfer \$160,000 from the state contingency appropriation of the emergency commission to the emergency fund of the office of the adjutant general during the time period beginning with the effective date of this Act and ending on June 30, 2001.

**SECTION 17. City flood control special assessment exemption for state property.** Notwithstanding any other provision of law, property of the state in a city subject to this section is exempt from special assessments levied for flood control purposes. Upon request by the governing body of the city, the exemption under this section may be completely or partially waived by majority vote of the budget section of the legislative council. A city is subject to the exemption under this section in recognition of state financial assistance for flood control provided to the city pursuant to section 61-02.1-01 or other appropriation or commitment of state funds.

**SECTION 18. ADDITIONAL LODGING REIMBURSEMENT FOR APRIL 2001 - LEGISLATIVE ASSEMBLY.** Notwithstanding the \$650 per calendar month lodging maximum provided in section 54-03-20 for members of the legislative assembly during a legislative session, a member of the fifty-seventh legislative assembly is entitled to lodging reimbursement as provided in section 44-08-04 for state officers and employees for each calendar day the fifty-seventh legislative assembly is in session during the month of April 2001.

**SECTION 19. LEVEE PROTECTION FUNDING AUTHORITY.** The state water commission may use up to \$5,000,000 from the resources trust fund and from bond proceeds to provide a cost

share for constructing and improving levees at Devils Lake during the biennium beginning July 1, 2001, and ending June 30, 2003. This authority is for the nonfederal cost share of any Devils Lake levee construction or improvement project, however, this authority exists only if no other funds, whether from state, federal, or local sources, may be used by the state water commission to satisfy the project's nonfederal cost share. If bonds are issued, the state water commission may use an amount over \$5,000,000 necessary to cover the cost of issuing the bonds. To the extent money is used under this section, the \$20,000,000 cap in subsection 1 of section 14 of House Bill No. 1023, and the \$67,800,000 cap in section 16 of House Bill No. 1023 is increased by the amount used. The proceeds of any bonds issued under the authority provided in this section are appropriated to the state water commission for the purposes set forth in this section.

**SECTION 20. LEGISLATIVE INTENT - ELIMINATION OF CERTAIN DEPUTY POSITIONS IN 2003-05 BIENNIUM.** It is the intent of the legislative assembly that the appropriations measures submitted to the fifty-eighth legislative assembly do not include funding for the positions of deputies in any agency with fewer than thirty full-time equivalent positions for the 2003-05 biennium. It is the intent of the legislative assembly that the governor, when submitting the budget for the 2003-05 biennium, include legislation to amend North Dakota Century Code section 44-03-01 and any other appropriate statutory provisions to eliminate the authority to appoint a deputy for any state officer whose office has fewer than thirty full-time equivalent positions authorized for the 2003-05 biennium.

**SECTION 21. FORGIVENESS OF FARGO FAMILY HEALTHCARE CENTER DEBT - BUDGET SECTION APPROVAL.** The university of North Dakota school of medicine and health sciences shall forgive the amount of debt owed by the Fargo family healthcare center in an amount not to exceed \$395,000 upon adoption by the family healthcare center of a plan to address sustainability of programs and services at the family healthcare center, approval of the plan by the budget section of the legislative council, adoption by the city of Fargo of a plan to provide support to the family healthcare center, and forgiveness by the city of Fargo of at least \$100,000 in family healthcare center debt relating to rental expenses and approval by the budget section. The family healthcare center plan to address sustainability of programs and services must include information regarding immediate steps taken to reduce expenses, implementation of consultants' recommendations concerning internal operations and family healthcare center board functions, the center's role in the community including the identification of community support, core services, noncritical services to be reduced, and enhanced fundraising capacity and organizational capacity. The plan must be presented to and approved by the budget section before the budget section considers approval of the debt writeoff.

**SECTION 22. LEGISLATIVE COUNCIL STUDY.** The legislative council shall consider studying during the 2001-02 interim health insurance company benefit limitations, including maximum payments or reimbursements for prescribed medicines and treatments and the effect of limiting benefit payments or reimbursements on consumers, family members, and individuals with incurable illnesses. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-eighth legislative assembly.

**SECTION 23. AMENDMENT.** Section 6-08.3-13 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**6-08.3-13. Interstate banking authorization.** This chapter specifically authorizes, in accordance with section 3 of the Bank Holding Company Act of 1956 [12 U.S.C. 1842], and section 101 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 [Pub. L. 103-328; 108 Stat. 2338; 12 U.S.C. 1811 et seq.], interstate banking in this state. However, to the extent a state imposes a restriction on the ability of a North Dakota bank holding company to acquire a bank in that state and the restriction is based on the length of time either bank has existed, that restriction must apply to any acquisition of a North Dakota bank by a bank holding company located in that state but does not apply to any bank established in this state on July 31, 1997.

**SECTION 24.** A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

**Capital construction projects - Local fund sources - Local matching funds - Report to budget section.** If any institution under the control of the state board of higher education undertakes a capital construction project, including any renovation or expansion, with the approval of the legislative assembly, all local funds to be used for the project must be derived from sources that have been presented to and approved by the legislative assembly or the budget section pursuant to section 15-10-12.1. The source of any local matching funds required for state-funded or bonded projects must be funds raised and designated for the project and may not include funding from the state general fund, state and federal grant and contract funds, tuition or fees, endowment or investment income, institutional sales and services income including indirect and administrative costs, or transfers or loans from other institutions' funds or agency funds unless the institution has received prior approval from the legislative assembly or from the budget section pursuant to section 15-10-12.1. Each institution undertaking a capital construction project that was approved by the legislative assembly and for which local funds are to be used shall present a biennial report to the budget section of the legislative council detailing the source of all funds used in the capital construction project including local funds. This section applies to projects approved after July 1, 2001.

**SECTION 25. AMENDMENT.** Subsection 3 of section 50-01.2-03.2 of the North Dakota Century Code is amended and reenacted as follows:

3. Notwithstanding any other provisions of law, the department shall reimburse county social service boards for expenses of locally administered economic assistance programs in counties in which more than twenty percent of the caseload for these programs consists of people who reside on a federally recognized Indian reservation or property tax-exempt tribal trust lands. The reimbursement must be such that:
  - a. An affected county's expenses for locally administered economic assistance programs in excess of the statewide average of such costs, expressed in mills, for all other counties will be reimbursed at ~~one hundred~~ ninety percent;
  - b. Each calendar year the affected counties will receive quarterly allocations based on the actual county expenses for the state fiscal year ending the previous June thirtieth and the most recent taxable valuations published pursuant to section 57-13-07 available on that date; and
  - c. The reimbursement will be calculated for each county and reported to the county social service board prior to August first of the year preceding the allocation; ~~and~~.
  - ~~d. For calendar year 2000, up to fifteen percent of the social service block grant funds available to all counties during that calendar year or general fund equivalents of social service block grant funds must be used for part of this reimbursement. For the first six months of calendar year 2001, up to seven and one half percent of the social service block grant funds available to all counties during that calendar year or general fund equivalents of social service block grant funds must be used for part of this reimbursement.~~

**SECTION 26. AMENDMENT.** Section 54-16-01 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**54-16-01. Emergency commission - Members - Organization - Quorum - Meetings.** The emergency commission consists of the governor, the chairman of the legislative council, the secretary of state, and the chairmen of the senate and house of representatives appropriations committees. If the chairman of an appropriations committee ceases to be a member of the legislative assembly, the vice chairman of that committee succeeds to that position on the commission. An appropriations committee vice chairman may serve in the place of the appropriations committee chairman as a member of the commission at the request of the appropriate appropriations committee chairman, if the appropriations committee chairman is unable to attend a commission meeting. The vice chairman of the legislative council may serve as a member of the commission in the place of the chairman of the legislative council at the request of the chairman of the legislative council if that individual is serving on

the commission in another capacity or is unable to attend a commission meeting. Four members of the commission constitute a quorum. The governor is the chairman and the secretary of state is the secretary of the commission. The commission shall meet at the call of the chairman.

**SECTION 27. AMENDMENT.** Section 54-23.2-09 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**54-23.2-09. Mobile data terminal and 911 service fees.** State radio communications shall establish and charge fees to provide mobile data terminal service to interested local law enforcement agencies. The fees must be based on actual costs incurred by state radio communications for providing the service.

State radio communications may provide 911 services to a political subdivision with a population of fewer than twenty thousand and shall charge at least twenty cents per telephone access line and wireless access line for 911 services provided to political subdivisions. Each county currently receiving 911 services from state radio communications shall abide by the standards established by the ~~governor's emergency services advisory committee law.~~

**SECTION 28.** A new section to chapter 54-44.1 of the North Dakota Century Code is created and enacted as follows:

**Office of the budget and information technology department - New building construction cost-benefit analyses.** The office of the budget shall complete a cost-benefit analysis for each new building construction project included in budget requests submitted by state agencies, departments, and institutions. The analysis must review options for co-locating with other state agencies, departments, or institutions and consider information on related technology costs and savings. The office of the budget shall obtain the assistance of the information technology department, and that department shall review the technology costs and savings involved in the proposed building and provide the analysis to the office of the budget. The office of the budget shall report on the cost-benefit analyses for building projects included in the governor's budget recommendation to the legislative assembly at the same time as the governor's budget and revenue proposals are presented.

**SECTION 29.** A new section to chapter 65-04 of the North Dakota Century Code is created and enacted as follows:

**State entities account - Continuing appropriation - Report to budget section.**

1. The bureau shall establish a single workers' compensation account for state entities covered by chapter 32-12.2. The bureau shall use the combined payroll, premium, and loss history of selected agencies to determine future experience rates, dividends, assessments, and premiums. Classifications and premium rates must be based on the hazards and risks of the different occupations covered by this account. The payroll reporting period for this account is for a fiscal year of July first through June thirtieth. The office of management and budget shall furnish combined payroll information to the bureau in a format prescribed by the bureau.
2. Workers' compensation premiums from state entities covered by chapter 32-12.2 must be deposited in the risk management workers' compensation fund. The state investment board shall invest this fund in accordance with chapter 21-10. Funds received as contributions from state entities, all other payments deposited in this fund, and interest and income received on investments are appropriated on a continuing basis for the purposes of this fund. The purposes of this fund are to pay workers' compensation premiums for state agencies and to pay workers' compensation claims costs not covered by the deductible contract. The risk management division of the office of management and budget shall administer this fund. Section 54-44.1-11 does not apply to this fund.

3. A state entity covered by chapter 32-12.2 shall participate in the risk management workers' compensation program unless exempted by the director of the office of management and budget.
4. The risk management division of the office of management and budget shall administer the account's internal workers' compensation return-to-work program. Every state entity is required to participate in the return-to-work program. The program may include assigning employees to agencies other than the agency for which the employee worked on the date of the injury.
5. The office of management and budget may adopt rules to administer the risk management workers' compensation program. The workers compensation bureau and the risk management division of the office of management and budget periodically shall report to the budget section of the legislative council on the success of this program.

**SECTION 30. REPEAL.** Section 18 of chapter 37 of the 1995 Session Laws and section 12 of chapter 15 of the 1997 Session Laws are repealed.

**SECTION 31. EXPIRATION DATE.** Sections 19 and 29 of this Act are effective through June 30, 2003, and after that date are ineffective.

**SECTION 32. EMERGENCY.** Sections 16 and 18 of this Act are declared to be an emergency measure.



\_\_\_\_\_  
Speaker of the House

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Chief Clerk of the House

\_\_\_\_\_  
Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Fifty-seventh Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1015 and that two-thirds of the members-elect of the House of Representatives voted in favor of said law.

Vote:      Yeas          70              Nays          21              Absent        7

\_\_\_\_\_  
Speaker of the House

\_\_\_\_\_  
Chief Clerk of the House

This certifies that two-thirds of the members-elect of the Senate voted in favor of said law.

Vote:      Yeas          45              Nays          0              Absent        4

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Secretary of the Senate

Received by the Governor at \_\_\_\_\_ M. on \_\_\_\_\_, 2001.

Approved at \_\_\_\_\_ M. on \_\_\_\_\_, 2001.

\_\_\_\_\_  
Governor

Filed in this office this \_\_\_\_\_ day of \_\_\_\_\_, 2001,  
at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary of State