

Organizational and Orientation Session
December 4, 5, 6, 2006

JOURNAL OF THE HOUSE

Sixtieth Legislative Assembly

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Bismarck, December 6, 2006

The House convened at 8:30 a.m., with Speaker Delzer presiding.

The prayer was offered by Dan Sweeney, Chaplain, Bismarck Police Department.

The roll was called and all members were present except Representatives Boucher, Dahl, Glassheim, Hunskor, Kerzman, Porter, and Weiler.

A quorum was declared by the Speaker.

MOTION

REP. MONSON MOVED that the House stand in recess until 9:10 a.m., which motion prevailed.

ANNOUNCEMENT

SPEAKER DELZER ANNOUNCED that the House would be on the Seventh Order of business.

MR. SPEAKER: Your procedural **Rules Committee (Rep. Kretschmar, Chairman)** recommends that the House and Joint Rules of the Fifty-ninth Legislative Assembly, as adopted on Wednesday, December 8, 2004, and published in the 2005 Senate and House Rules and Committees book, with the following amendments, be adopted as the permanent rules of the House for the Sixtieth Legislative Assembly, and that the reading of this report be dispensed with:

SECTION 1. 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-fourth~~ 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 2. AMENDMENT. Subsection 1 of House Rule 402 is amended as follows:

1. No member other than the Majority and Minority Leaders may introduce more than five bills as prime sponsor after the ~~fifth~~ fourth legislative day. No bill may be introduced after the ~~tenth~~ ninth legislative day, and no resolution, except those resolutions described in subsection 3, may 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.

SECTION 3. AMENDMENT. Subsection 1 of House Rule 501 is amended as follows:

1. The Committee on Committees consists of ~~ten~~ eleven members. The Majority Leader, by virtue of office, is a member of the committee and shall serve as its chairman. The Speaker, by virtue of office, is a member of the committee and is the vice chairman of the committee. The Majority Leader shall appoint five other members from the majority party and ~~three~~ four members from the minority party to the committee. The committee shall appoint standing committees concerned with matters in the fields as indicated and procedural committees.

SECTION 4. AMENDMENT. Subsection 1 of Joint Rule 203 is amended as follows:

1. A bill that has passed one house may not be sent to the other house for concurrence after the ~~thirty-fourth~~ thirty-third legislative day, except a bill approved for introduction after the deadline for introduction of bills.

MOTION

REP. KRETSCHMAR MOVED moved to adopt the Rules Committee report, which motion prevailed.

The Chief Clerk read the Committee on Committees assignments.

2007 HOUSE STANDING COMMITTEES**Appropriations Committee**

Committee Chairman - Svedjan
Vice Chairman - Kempenich

Education and Environment Division

Committee Chairman - Wald
Vice Chairman - Monson
Klein
Hawken
Martinson

Aarsvold
Gulleson

Government Operations Division

Committee Chairman - Carlson
Vice Chairman - Carlisle
Skarphol
Thoreson
Kempenich

Kroeber
Glassheim
Williams

Human Resources Division

Committee Chairman - Pollert
Vice Chairman - Bellew
Kreidt
Nelson
Wieland

Metcalf
Kerzman
Ekstrom

Education Committee

Committee Chairman - R. Kelsch
Vice Chairman - Meier
Haas
Herbel
D. Johnson
Karls
Sukut
Wall

Hanson
Hunskor
Mueller
Solberg
Myxter

Finance and Taxation Committee

Committee Chairman - Belter
Vice Chairman - Drovdal
Brandenburg
Froseth
Grande
Headland
Owens
Weiler
Wrangham

Froelich
S. Kelsh
Schmidt
Vig
Pinkerton

Human Services Committee

Committee Chairman - Price
Vice Chairman - Pietsch
Damschen
Hatlestad
Hofstad
Porter
Uglen
Weisz

Conrad
Kaldor
Schneider
Potter

Industry, Business and Labor Committee

Committee Chairman - Keiser
Vice Chairman - N. Johnson
Clark
Dietrich
Dosch
Kasper
Nottestad
Ruby
Vigesaa

Boe
Gruchalla
Thorpe
Amerman
Zaiser

Judiciary Committee

Committee Chairman - DeKrey
Vice Chairman - Klemin
Boehning
Charging
Dahl
Heller
Kingsbury
Koppelman
Kretschmar

Delmore
Meyer
Griffin
Onstad
Wolf

Agriculture Committee

Committee Chairman - D. Johnson
Vice Chairman - Kingsbury
Belter
Brandenburg
Headland
Heller
Uglen
Wall

Onstad
Mueller
Boe
Vig
Froelich

Government and Veterans Affairs Committee

Committee Chairman - Haas
Vice Chairman - Grande
Boehning
Dahl
Froseth
Karls
Kasper
Meier
Weiler

Potter
Amerman
Schneider
Wolf

Natural Resources Committee

Committee Chairman - Porter
Vice Chairman - Damschen
Charging
Clark
DeKrey
Drovdal
Hofstad
Keiser
Nottestad

S. Kelsh
Solberg
Hanson
Hunskor
Meyer

Political Subdivisions Committee

Committee Chairman - Herbel
Vice Chairman - Wrangham
Dietrich
Hattestad
N. Johnson
Klemin
Koppelman
Kretschmar
Pietsch

Kaldor
Griffin
Pinkerton
Conrad
Zaiser

Transportation Committee

Committee Chairman - Weisz
Vice Chairman - Ruby
Dosch
R. Kelsch
Owens
Price

Thorpe
Schmidt
Gruchalla
Myxter
Delmore

Sukut
Vigesaa

Constitutional Revision Committee

Committee Chairman - Koppelman
Vice Chairman - Kretschmar
Dahl
Klemin
Meier
Owens

Conrad
Schneider
Griffin

MOTION

REP. MONSON MOVED that the report of the Committee on Committees be adopted, which motion prevailed.

MOTION

REP. MONSON MOVED that the House stand in recess until 9:55 a.m., which motion prevailed.

The Speaker called to order the Joint Session at 9:55 a.m.

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

The Speaker appointed Reps. Belter and Pietsch to the Escort Committee.

Lt. Governor Dalrymple was escorted to the rostrum and presided over the Joint Session.

REP. MONSON MOVED that a committee of four be appointed to escort the Honorable John Hoeven, Governor, to the rostrum and First Lady, Mikey Hoeven, to a special reserved seat in the Chamber and that Governor Hoeven's remarks be printed in the Journal, which motion prevailed.

LT. GOVERNOR DALRYMPLE APPOINTED Sen. Stenehjem and Sen. O'Connell and Rep. Berg and Rep. Boucher to the Escort Committee.

2007-2009 EXECUTIVE BUDGET ADDRESS

The Honorable John Hoeven

Governor of North Dakota

December 6, 2006

Good morning. I would like to welcome the members of the 60th North Dakota Legislative Assembly, Justices of the Supreme Court, elected officials, cabinet members, state employees, First Lady Mikey, and my fellow North Dakotans.

I want to thank the Office of Management and Budget, out state agencies, and my staff for their hard work, diligence and thoughtful approach to constructing our new budget.

Our efforts together have produced a sound and dynamic budget for the people of North Dakota. Thank you to all who have spent many attentive hours on this important work.

Today, I am pleased to present our executive budget for the 2007-2009 biennium.

Six years ago, we set a course designed to expand our economy and create quality jobs for our people.

Working with you, the legislature, and others, we laid the foundation for economic growth through a strategic plan for aggressive economic development statewide.

We chose to target five industry sectors - industries where North Dakota has natural advantages because of our resources and our citizens.

These include value-added agriculture, energy, advanced manufacturing, technology, and tourism.

We also added benchmarks - concrete measures to assess our progress.

We're working to build the strongest possible business climate. Together, we've simplified our tax code, reduced regulatory red tape, and made it as easy as possible for businesses to start-up, expand and grow in North Dakota.

Last year alone, we gained more than 640 new businesses, and more than 7,000 new jobs.

In fact, we're growing faster than the national average.

Last year, North Dakota's gross state product grew at a rate of 5.3 percent, the highest rate in our region, and in the top quintile in the nation.

And we're growing faster than the nation in per capita personal income. Between 2000 and 2005, we saw a 27 percent growth in per capita personal income, compared to 17 percent for the nation.

In 2004, Moody's Investment Services raised the state's credit rating, and last year, Standard & Poor's followed suit, reflecting our growing financial strength.

These, and other indicators, of North Dakota's economic progress demonstrate that our approach to economic development is working. We have produced significant revenue growth for our state, while holding the line on taxes.

In this budget, we utilize this revenue growth and our surplus in a balanced way to continue to move our state forward.

Our budget achieves three important objectives for the State of North Dakota:

- First, the budget funds our priorities and invests in the future of our people and our state. It is essential that we make the kinds of investments that continue to produce quality jobs, enable us to take care of people, and continue to improve our quality of life.
- Second, our budget is sustainable. Our ongoing revenues cover our ongoing expenditures, and we increase our financial reserves for the future to more than \$400.0 million.
- And third, our budget contains no tax increases, no fee increases, and no borrowing or bonding. In fact, our budget provides real tax relief to the very people who produced our surplus in the first place: the citizens of North Dakota.

THE BIG PICTURE

Let's start with an overview of our budget plan. We have some charts to help illustrate it for you. (Intro to Charts - 2007-09 Budget Objectives)

Due to our more dynamic economy, we have seen growth in both our ongoing revenues and our reserves. That growth is projected to continue into the next biennium, as well.

As good stewards of the taxpayers' dollars, we have looked closely at our revenues and expenditures, and we have been careful to ensure that ongoing revenues are more than ongoing expenditures. (These figures are shown in Chart 1.)

In the 2007-2009 biennium, our ongoing revenues and transfers will total about \$2.29 billion. At the same time, our ongoing expenditures will total about \$2.28 billion, meaning that even with our conservative projections, ongoing revenues exceed our ongoing expenditures.

We do more to fund our priorities, like education, strong law enforcement, and taking care of our seniors, while still living within our means.

Also, as shown next in Chart 2, our growing revenues are reflected in a \$312.0 million ending fund balance for the current biennium. In a nutshell, this is our general fund surplus, or the amount of cash we have above our current level of reserves.

This general fund surplus is largely the result of higher revenues from sales and income taxes, which have been generated by North Dakota's growing and more diversified economy, as well as prudent fiscal management.

This general fund surplus when combined with \$228.0 million in current reserve funds (the budget stabilization fund and oil tax trust fund) provides a total of \$540.0 million in surplus and reserves.

Our budget takes a portion of these resources - \$188.0 million - and invests them in one-time capital needs, like economic development, technology systems, equipment, capital projects, extraordinary repairs, and deferred maintenance.

These are the kinds of investments that will further stimulate economic activity, build infrastructure, help lower costs for the future, make our state more competitive, and improve our standard of living.

That still leaves more than \$352.0 million we will dedicate to our reserves and cash balances going forward.

In addition, just as we have seen growth in our general fund revenues, we have also seen growth in the oil tax trust fund, which affords us an opportunity to not only further strengthen our reserves, but also provide property tax relief for our citizens.

This is shown in Chart 3.

Our budget projects growth of \$167.0 million in the oil tax trust fund over the next biennium.

We propose dedicating a portion of this - \$116.7 million - to provide tax relief for the citizens of North Dakota.

We've put forward a simple, fair plan that provides tax relief to homeowners, businesses, farmers, and ranchers, and we are committed to working with the legislature on this and other proposals, to develop the best property tax relief plan for our citizens.

Even after providing this tax relief, the oil tax trust fund will increase by more than \$50.0 million to \$178.0 million.

Now let's look at the total reserve position created by our budget, which is shown in Chart 4: First, we have doubled the budget stabilization fund from \$100.0 million to \$200.0 million. We have also increased our oil tax trust fund by \$50.0 million, to \$178.0 million. Together, these two reserve funds total more than \$378.0 million.

Add to this a cash ending fund balance of \$34.0 million, and we have a total of \$413.0 million in cash and reserves.

This biennium, we're experiencing 18 percent growth in ongoing revenues. That, combined with future growth, will cover our average annual expenditure growth of 7.3 percent a year, and still leave us with a very strong cash and reserve position for the next biennium.

Compare this to just five years ago: In 2001, we had no reserves in our budget stabilization fund, and just \$13.0 million in our oil tax trust fund.

This budget provides the right balance, and a blueprint for further growth: We're living within our means - ongoing revenues cover ongoing expenditures; we make important one-time investments that help build our state; we provide real tax relief for our citizens; and we build a strong reserve for the future.

Now, having reviewed the overall budget structure, let's look at the individual funding priorities within the budget.

These priorities work to address issues important to North Dakota citizens - issues like providing more funding for quality education, creating good-paying jobs for our citizens, building a workforce to meet our job growth, protecting our communities from violent and sexual offenders, providing quality healthcare for our seniors, and supporting our military.

All represent investments in our people, our state, and our future.

Let's start with education funding.

BUILDING OUR FUTURE ON EDUCATION

Education - both K-12 and higher education - is the bedrock on which we build our economy. For that reason, over the past three bienniums, we have increased funding for K-12 education by more than \$120.0 million.

We have also fostered new partnerships, like regional Joint Powers Agreements, and worked to increase teacher compensation.

A few weeks ago, after months of hard work, the Governor's Commission on Education Improvement released new recommendations to improve the way we fund education.

The Commission worked to develop a new education funding formula to achieve greater school funding equity, and recommended a baseline increase of \$60.0 million to support it.

They also made optional recommendations for another \$12.0 million, which includes additional funding for special education and all-day kindergarten for children at risk.

In our budget, we fully fund both their base and optional recommendations - in fact, we go further.

We recommend an increase of \$76.0 million in general fund monies. This \$76.0 million, together with a \$4.6 million increase from the common schools trust fund, will provide more than \$80.0 million in new funding for K-12 education.

This \$80.0 million, together with the Commission's sound recommendations, is a big step forward.

Adopting the work of the commission establishes a process that will not only dismiss the school funding lawsuit and truly reform funding equity and adequacy, but will also help to reduce the local share of the current cost of education.

That process will continue, focusing more closely on adequacy, throughout the new biennium in preparation for the 2009 legislative session.

Further, our financial reserves will make it possible for us to continue to do a good job for K-12 education funding going forward.

I want to thank and acknowledge Lt. Gov. Jack Dalrymple, Rep. RaeAnn Kelsch, Sen. Tim Flakoll, Sen. Dave O'Connell, Rep. Dave Monson, Superintendent Wayne Sanstead, the school officials, and the entire commission for the hard work and thoughtful recommendations you've put forward.

Thanks to your hard work, this \$80.0 million we have provided in response to the Commission's recommendations, combined with the \$116.7 million we've committed for property tax relief, represents a commitment of nearly \$200.0 million to improve education funding, increase teacher pay, provide greater education equity, and at the same time, enable us to reduce the burden of property taxes on our citizens.

Reforming and improving the way we fund K-12 education is a very big task, and it is critically important, but we can do it.

Higher Education:

In today's world, the link between education and commerce is crucial. For that reason, we propose a strong budget for higher education, as well.

In our recommendation, higher education comes closer to its requested budget than ever before.

This is important, because higher education is one of our best allies in helping to build our economy.

At the same time, we need a university system that can hold the line on tuition, so that our young people can afford to get the quality education they will need in the 21ST Century.

To help higher education achieve these goals, our budget dedicates an increase of \$52.0 million in new funding for the university system's operating budget.

That figure includes the full equity and full parity requests for the campuses in the University System budget submitted by the Board of Higher Education.

In addition, we provide \$16.0 million in one-time funds to address deferred maintenance, ConnectND, and other needs.

Between ongoing and one-time funding, that represents a total of \$68.0 million in operating and deferred maintenance funding. This \$68.0 million includes additional tuition assistance for students, and will put the University System in a better position to hold the line on tuition increases in the next biennium.

Further, we recognize that the university system has ongoing needs for plant and equipment to continue to provide a quality education.

In the past, these capital projects have been bonded, but in our budget, we provide another \$14.5 million in direct funding for construction and renovation projects on the campuses.

Also, to help parents and students save for college education, we propose a state income tax deduction of up to \$5,000 for individuals, and \$10,000 for couples on all contributions to North Dakota's CollegeSave Plan through the Bank of North Dakota.

And we propose offering a matching contribution of up to \$250 for all new CollegeSave accounts for individuals with less than \$20,000 of income or couples with less than \$40,000 of income.

All of these investments are important. Our campuses have become engines of economic growth, and in a high-tech global economy, education and economic development go hand in hand.

ECONOMIC AND WORKFORCE DEVELOPMENT

Now, let's focus more specifically on further building our economic development efforts.

Last session, we asked you to support our plan to strengthen the partnership between higher education and economic development with a \$50.0 million commitment to our **Centers of Excellence** program.

The **Centers of Excellence** program unleashes the economic development potential of our university system, provides more opportunities for our students, and creates higher paying jobs for our citizens.

In our new budget, we are continuing this vital partnership with \$20.0 million as the second installment under the \$50.0 million authorized by you, the legislature, in the last session.

The fact is, we're growing and diversifying our economy through aggressive economic development policies, and that means we are creating not just more jobs, but more careers in North Dakota.

As we continue our efforts toward developing and expanding business, we also need to recruit, educate, and train the quality workforce of the future to fill these careers. Our budget contains funding to do both.

Just as **Centers of Excellence** create opportunities and link college graduates with careers in North Dakota, we need to do more at the high school level, and through career and technical education, to link high school students with education and career tracks for the quality jobs we're creating.

Our budget gives the Commerce Department an additional tool to make the connection between high school and career.

We have included \$1.2 million in the department's budget to provide dedicated career specialists for each of the state's nine Joint Powers Agreement alliances.

These career specialists will link our high school students with the best career opportunities available in our State, and help them choose the right college or technical training to make the most of these opportunities - right here in North Dakota.

We have also increased funding for another Commerce Department tool, which will help young people get a foothold in the job market. That program is Operation Intern.

We are creating internships in both the public sector and the private sector, but we need to do more.

Also, programs like the Development Fund have proven to be powerful incentives for getting primary sector businesses off the ground. Our budget increases funding for the Development Fund and other Department of Commerce programs that are making a real difference in the economic growth of our state.

One of those programs is the North Dakota Trade Office.

Trade Office

In the last five years, North Dakota exports have doubled, growing from \$625.0 million in 2000, to nearly \$1.2 billion in 2005. In fact, we are growing our exports by 18 percent a year, which is nearly twice the national rate.

We owe this in large measure to our growing manufacturing and value-added ag base - and we owe it to the assistance provided by our North Dakota Trade Office.

In fact, growing exports was an important reason that North Dakota was one of only three states last year to gain manufacturing jobs.

With North Dakota Trade Office assistance, we have expanded foreign sales to Taiwan, Japan, Cuba, China, Australia, New Zealand, Russia, the Ukraine, Kazakhstan, and other countries.

In the last legislative session, we budgeted \$700,000 to leverage North Dakota products in foreign markets, and we asked North Dakota exporters to match that amount for a total of \$1.5 million.

For the next biennium, we propose doubling the general fund appropriation for the North Dakota Trade Office to \$1.4 million, and will again seek matching funds from the private sector.

The Trade Office is an effective public-sector, private-sector partnership, and it is providing a good return on our investment for North Dakota citizens.

AGRICULTURE AND ENERGY: NEW PARTNERSHIPS, NEW OPPORTUNITIES

As we expand and diversify our economic base, we must also continue to provide strong support for agriculture.

That means strong support for agricultural research, to ensure that our producers remain competitive.

To do that, we recommend appropriating \$9.0 million to build a new research greenhouse facility, and other funding for the ag Research Extension Centers. This funding will not only promote new advances in food production, but also help drive the growing biofuels industry in North Dakota.

Production agriculture has always been a vital part of our economic base, but agriculture is no longer just about food - we are now seeing dynamic relationships emerge between agriculture energy, as well.

Several years ago, we built a comprehensive energy development plan for our state called **Empower North Dakota**, a comprehensive strategy that addresses renewable resources, like biofuels and wind energy, as well as traditional energy sources like coal, oil, and gas.

The plan sets goals, and implements tools to reach those goals, including strong investment, production, marketing, and tax incentives.

Four years ago, North Dakota had only two small ethanol plants, no biodiesel plants, and no commercial wind generation facilities.

Today, four new ethanol plants, two new biodiesel plants and four new large-scale commercial wind facilities have been completed or are well underway.

To maintain our momentum on all of our energy fronts, our new budget adds new tool to help us continue to spur growth in the energy sector.

For example, our budget dedicates \$5.0 million for a new program, Bio-fuels PACE.

Bio-fuels PACE provides \$500,000 of interest buy-down for each new bio-fuels facility in North Dakota. Combined with the regular PACE and local match, the program makes up to \$900,000 available to finance each new ethanol or bio-diesel project. This is enough leverage to develop 10 major new bio-fuels projects.

Bio-fuels PACE is targeted to new ventures that are either 50 percent owned by North Dakotans, or 10 percent owned by producers.

The program will be available not only for new ethanol and bio-diesel facilities, but also for new or expanding dairies and cattle feeders that can use livestock feed, which is a byproduct of these plants.

Another renewable source of energy that benefits everybody, including agriculture, is wind power.

To maintain our momentum in the field of wind energy, we provide funding for investment tax credits, property tax exemptions, and sales and use tax exemptions for new projects in the state.

Also, wind and coal generated electrical producers both need additional transmission capacity to get their product to market.

To address the need for more electrical transmission capacity, in the last session we formed a North Dakota Transmission Authority, and in this budget, we provide more funding for it.

To meet the need for pipeline capacity for our growing oil and gas production, we propose in this budget a similar Pipeline Authority, under the Industrial Commission, managed and funded by the Oil and Gas Research Program.

Traditional energy industries, like oil, natural gas, and coal, will continue to be a large and important part of our energy strategy, and our budget addresses that by enhancing funding for research and development for coal liquefaction and other major areas of lignite energy development through Lignite Vision 21.

Providing incentives for our energy sector is a great investment, because it represent not million, but billions of dollars of return on investment for our state - and more importantly, higher-paying jobs for our people.

QUALITY OF LIFE: GROWING IN ALL WAYS

Law Enforcement and Public Safety

As we create new and exciting opportunities for our citizens, we need to recognize that it's important to build not only our standard of living, but our quality of life, as well.

Year after year, we are credited by national organizations for our clean environment, quality education, family friendly communities, and low crime rate. Above all, however, people need to feel safe in their homes and businesses.

Last legislative session, we worked together to strengthen our violent and sexual offender laws.

In the upcoming session, we propose taking another step toward making our state even safer.

We are proposing that every first-time sex offender who commits a violent sexual crime get a mandatory sentence of twenty years incarceration followed by lifetime supervised probation.

In addition, we will work for legislation that mandates background checks - including fingerprinting and nationwide criminal history searches - for correctional officers at the city, county and state levels, as well as for other personnel.

Our budget provides funding to help enforce these tougher new laws.

It includes \$42.0 million in funding for a major expansion of the state correctional center in Bismarck.

Our plan also includes more than \$7.0 million in the Human Services budget to address violent and sexual offenders - \$2.8 million for sexual offender community treatment and \$4.4 million for additions at the state hospital to manage and treat the most hardened, civilly committed sexual offenders.

We also provide more funding for a new crime lab in the Attorney General's budget, and funding for additional troopers in the Highway Patrol budget.

To address the treatment side of drug and alcohol addiction, we expand our Drug Courts. In the Department of Human Services Budget, we continue funding for the Robinson Recovery Center, and increase funding for additional treatment centers, to help us fight the scourge of methamphetamine. These programs help reclaim lives, and prevent crime before it happens.

Department of Human Services

Quality of life means being secure in our homes and businesses, and it also means being secure as we grow older or when we have a disability.

Our commitment to Human Services is increasing, in part because we are assuming a larger share of the cost of services previously covered by federal dollars.

For example, the Human Services budget includes an increase from the General Fund to meet a reduction in federal funding due to an adjustment in FMAP, the "Federal Medical Assistance Percentage," which is a part of Medicaid. This reduction is a consequence of higher per capita personal income in North Dakota.

As a result of this and other rising costs, to meet the needs of seniors, children, and persons with disabilities, our Department of Human Services budget increases by \$71.0 million to maintain and enhance services.

We have a growing elderly population, and we are committed to providing Medicaid and other healthcare services that our seniors need. They built our state, and they deserve our support.

Within that \$71.0 million, we provide a \$14.1 million inflationary increase for long-term care, home and community based care, developmentally disabled providers, mental health, and other services necessary to take care of people.

Because we recognize the need for more equity in compensation for DD providers, our budget also includes an increase in their hourly pay above the inflation adjustment.

Public Employee Salaries and Health Insurance

Improving our quality of life should extend as well to the people who work in the public sector to serve our citizens: North Dakota public employees.

For state employees, we have included a salary increase of 4 percent the first year, and 4 percent the second year of the biennium. In addition, we continue full payment of health care premiums.

We also recognize the need within state government to attract and retain quality professionals.

To do that, we provide \$10.0 million - \$5.0 million from the general fund, and \$5.0 million from federal and special funds - for an equity pool to recruit and retain qualified state workers.

Our state employees are dedicated workers, and they are committed to doing a good job for the citizens of North Dakota.

Military and Veterans

As we budget to maintain and improve our quality of life in North Dakota, we must never forget those who defend our freedoms and our very way of life: our military.

In the last session, you approved a \$5.0 million Veterans Bonus program that currently provides North Dakota veterans with \$100 for each month of overseas service and \$50 for each month of domestic services.

In addition, the program provides \$2,500 for the heirs of soldiers who make the ultimate sacrifice in service to our country, and soldiers who receive the Purple Heart.

We also increased funding for the National Guard Tuition Assistance Program, which aids members attending a North Dakota state college or university.

Our budget continues and expands the bonuses to include non-North Dakota residents in our National Guard, and provides funding to sustain our goal of 100 percent tuition assistance to National Guard members. In addition, it expands the eligibility guidelines of the program to include accredited trade schools.

We are also including funding to recruit and retain junior officers and military specialists.

To help military members and their families confront the emotional challenges they face, we've included funding for licensed counselors to assist them with all phases of military deployment.

Finally, after a loved one makes the ultimate sacrifice for our nation, military families should not have to sacrifice their right to mourn their loss.

We will work with legislators and law enforcement officials to implement - and enforce - a 300 foot buffer zone between protestors and the funeral service of one of our fallen heroes.

To all of our military men and women, our veterans, and their families, we say thank you - thank you from the bottom of our hearts.

BUILDING A BUDGET FOR THE FUTURE

In summary, we need to ask ourselves: Where do we want to be 10 years - or 20 years from now?

We're making real progress, and the right investments today can help us build on that progress for tomorrow.

This budget funds our priorities; invests in the future; provides tax relief for our citizens; and builds stronger reserves than ever before. It is sustainable and prudent, but it is also dynamic and forward-looking.

To build a brighter future, we must believe in ourselves. Whether it's improving education, creating more jobs, strengthening our agriculture base, building our energy resources, taking care of people, keeping North Dakota safe, or supporting our military, we are committed to building the future of our state.

Working together, we can do all of these things for the people of North Dakota. We can build a brighter future for ourselves and for our children.

I look forward to working with you and the people of our state to achieve these goals.

Thank you, and may God bless the Great State of North Dakota.

MOTION

REP. MONSON MOVED that the Joint Session be dissolved, which motion prevailed.

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, January 3, 2007, which motion prevailed.

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

Buell J. Reich, Chief Clerk