

## JOURNAL OF THE SENATE

## Sixty-third Legislative Assembly

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Bismarck, April 22, 2013

The Senate convened at 8:00 a.m., with President Wrigley presiding.

The prayer was offered by Senator Gary Lee, District 22.

The roll was called and all members were present.

A quorum was declared by the President.

## REPORT OF STANDING COMMITTEE

**HB 1015, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman)**  
 recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends  
**DO PASS** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1015  
 was placed on the Sixth order on the calendar.

Page 1, line 2, remove "to create and"

Page 1, remove line 3

Page 1, line 4, remove "political subdivisions submitting budget information to the state  
 budget database website;"

Page 1, line 5, replace "section" with "sections"

Page 1, line 5, after "15.1-27-25" insert "and 48-10-02"

Page 1, line 6, after "royalties" insert "and the capitol building fund"

Page 1, line 7, after the first semicolon insert "to provide for a budget section report; and"

Page 1, line 7, after "for" insert "a"

Page 1, line 7, remove "studies; and to provide an effective"

Page 1, line 8, replace "date" with "study"

Page 1, remove lines 18 through 24

Page 2, replace lines 1 through 5 with:

"Salaries and wages	\$18,477,763	\$2,341,310	\$20,819,073
Operating expenses	13,755,254	991,534	14,746,788
Emergency commission contingency fund	700,000	0	700,000
Capital assets	5,190,143	4,760,922	9,951,065
Grants	430,000	0	430,000
Prairie public broadcasting	1,000,000	1,037,138	2,037,138
State student internship program	200,000	0	200,000
Health insurance pool - temporary employees	0	2,000,000	2,000,000
Total all funds	\$39,753,160	\$11,130,904	\$50,884,064
Less estimated income	10,514,461	(734,162)	9,780,299
Total general fund	\$29,238,699	\$11,865,066	\$41,103,765"

Page 2, replace line 13 with:

"Capitol complex parking lot repairs	800,000	4,000,000"
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Page 2, replace lines 19 through 21 with:

"Prairie public broadcasting	0	700,000
Health insurance pool	0	2,000,000
Land use study	0	50,000
Repair and cleaning capitol and j-wing	0	<u>1,200,000</u>
Total all funds	\$478,354,000	\$10,640,000
Less estimated income	0	<u>1,000,000</u>
Total general fund	\$478,354,000	\$9,640,000"

Page 2, after line 31, insert:

**"SECTION 4. COMMUNITY SERVICE SUPERVISION GRANTS - FUNDING ALLOCATIONS - ADDITIONAL INCOME APPROPRIATION.** The grants line item in section 1 of this Act includes the sum of \$375,000 from the general fund for the purpose of providing community service supervision grants. The office of management and budget shall distribute the grant funds on or before August first during each year of the biennium beginning July 1, 2013, and ending June 30, 2015, to North Dakota community corrections association regions as follows:

Barnes County	\$9,091
Bismarck (urban)	20,293
Bismarck (rural)	10,667
Devils Lake	10,747
Dickinson	12,683
Fargo	24,127
Grand Forks	19,803
Jamestown	13,883
Minot	16,194
Richland County	9,931
Rugby	11,657
Sargent County	8,086
Wells County	8,189
Williston	<u>12,149</u>
Total	\$187,500

Any moneys in the community service supervision fund are appropriated to the office of management and budget for distribution to community corrections association regions on or before August first of each year during the biennium beginning July 1, 2013, and ending June 30, 2015.

**SECTION 5. MISSOURI RIVER CORRECTIONAL CENTER STUDY - BUDGET SECTION REPORT.** The operating expenses line item in section 1 of this Act includes the sum of \$50,000 from the general fund which must be used by the office of management and budget to contract for a land use study of the Missouri River correctional center site. The study must review options to relocate the center to another site, options to develop all or a portion of the current site into a day park, and options to continue agriculture activities on the current site. The study may not include a review of options to develop the land for residential, commercial, or industrial purposes. During the 2013-14 interim, the office of management and budget shall provide a report to the budget section regarding the results of the study."

Page 3, line 18, replace "8" with "10"

Page 3, line 19, remove "However, agencies may not transfer appropriation authority"

Page 3, line 20, remove "from the accrued leave payments line item under authority granted in this section."

Page 3, remove lines 22 through 30

Page 4, replace lines 1 through 31 with:

**"SECTION 10. STATE EMPLOYEE COMPENSATION ADJUSTMENTS - GUIDELINES.** It is the intent of the sixty-third legislative assembly that 2013-15 biennium compensation adjustments for classified state employees are to be in a range of one to four percent for employees below the market policy point and in a range of three to five percent based on documented performance. Increases for classified state employees are not to be the same percentage increase for each employee. The market and performance increases are to be given beginning with the month of July 2013, to be paid in August 2013, and beginning with the month of July 2014, to be paid in August 2014.

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

The office of management and budget shall develop guidelines for use by state agencies for providing compensation adjustments for regular classified employees. The guidelines must follow section 54-44.3-01.2, the compensation philosophy statement, and the compensation system initiatives included in House Bill No. 1031, as approved by the sixty-second legislative assembly.

Compensation adjustments for regular nonclassified state employees are to be in a range of three to five percent based on market and documented performance and are not to be the same percentage increase for each employee.

Employees whose overall documented performance level does not meet standards are not eligible for any salary increase.

**SECTION 11. OFFICE OF MANAGEMENT AND BUDGET - TEMPORARY EMPLOYEE HEALTH INSURANCE POOL - TRANSFER AUTHORITY.** The office of management and budget may transfer to each eligible agency appropriation authority from the health insurance pool - temporary employees line item contained in section 1 of this Act. Transfers may be made for the purpose of providing temporary employee health insurance adjustments for state employees, including institutions of higher education, determined to be full time based on guidelines developed by the office of management and budget in accordance with the shared responsibility provisions of the Affordable Care Act for the biennium beginning July 1, 2013, and ending June 30, 2015."

Page 6, remove lines 9 through 31

Page 7, replace lines 1 through 13 with:

**"SECTION 13. AMENDMENT.** Section 48-10-02 of the North Dakota Century Code is amended and reenacted as follows:

**48-10-02. Capitol building fund to be administered by the capitol grounds planning commission - Continuing appropriation - Procedure for expenditure of certain funds.**

The capitol grounds planning commission shall have general powers to superintend the administration of the capitol building fund, its interest and income fund, and its investments and properties. It may cause any lands now held in such funds to be sold at market value, direct the conversion of any securities now held by such funds to cash, approve expenditures from such funds subject to law and legislative appropriations, and to do all other things necessary to carry out the intent and purposes of this section. The board of university and school lands or its designee, on the commission's behalf, shall see to the investment and management of the capitol building fund and its interest and income fund and shall account to the commission concerning these funds at the commission's request.

Provided further, all moneys and other property in the capitol building fund, except as otherwise appropriated, are hereby dedicated and reserved to the exclusive purpose of the construction of an addition to the legislative wing of the state capitol building, and the capitol grounds planning commission shall take

necessary steps to accumulate and conserve the money and property in the capitol building fund for such purpose.

The commission may, during any biennium, expend from the interest and income fund of the capitol building fund a sum not to exceed fifty percent of the unencumbered balance on the first day of any biennium, and such amount is hereby appropriated to the capitol grounds planning commission. The expenditure may be made, after consideration of the capitol grounds master plan, for projects or planning but ~~shall~~ may not exceed ~~one hundred~~ two hundred fifty thousand dollars per biennium. The expenditure may only be made upon approval by two-thirds of the total membership of the commission. The expenditure must be made upon a voucher, or vouchers, prepared by the office of management and budget at the direction of the commission."

Page 7, remove lines 20 and 21

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### House Bill No. 1015 - Office of Management and Budget - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$20,904,344	\$19,719,302	\$1,099,771	\$20,819,073
Operating expenses	14,696,788	14,226,788	520,000	14,746,788
Capital assets	9,796,065	5,796,065	4,155,000	9,951,065
Grants	430,000	430,000		430,000
Emergency Commission contingency fund	700,000	1,000,000	(300,000)	700,000
Prairie Public Broadcasting	2,037,138	1,537,138	500,000	2,037,138
State student internship program	200,000	200,000		200,000
Health insurance pool - temp employees	2,000,000		2,000,000	2,000,000
Accrued leave payments		570,412	(570,412)	
Transfer to property tax fund		373,210,000		373,210,000
Total all funds	\$50,764,335	\$416,689,705	\$7,404,359	\$424,094,064
Less estimated income	9,589,395	8,669,598	1,110,701	9,780,299
General fund	\$41,174,940	\$408,020,107	\$6,293,658	\$414,313,765
FTE	131.50	130.50	0.00	130.50

#### Department No. 110 - Office of Management and Budget - Detail of Senate Changes

	Restores Executive Compensation Package <sup>1</sup>	Removes Separate Line Item for Accrued Leave Payments <sup>2</sup>	Adjusts Line Item Funding for Central Services Operations <sup>3</sup>	Restores Funding to Contract with Auditors <sup>4</sup>	Adds Funding for Land Use Study <sup>5</sup>	Removes Funding for State Database Website <sup>6</sup>
Salaries and wages	\$654,359	\$570,412	(\$125,000)			
Operating expenses			(30,000)	600,000	50,000	(100,000)
Capital assets			155,000			
Grants						
Emergency Commission contingency fund						
Prairie Public Broadcasting						
State student internship program						
Health insurance pool - temp employees						
Accrued leave payments		(570,412)				
Transfer to property tax fund						
Total all funds	\$654,359	\$0	\$0	\$600,000	\$50,000	(\$100,000)
Less estimated income	110,701	0	0	0	0	0
General fund	\$543,658	\$0	\$0	\$600,000	\$50,000	(\$100,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00
	Restores Funding for Parking Lot Project <sup>7</sup>	Reduces Funding for State Contingencies <sup>8</sup>	Restores One- Time Funding for Prairie Public	Restores Health Insurance Pool for Temporary Employees <sup>10</sup>	Total Senate Changes	

Broadcasting <sup>9</sup>					
Salaries and wages					\$1,099,771
Operating expenses					520,000
Capital assets	4,000,000				4,155,000
Grants					
Emergency Commission contingency fund		(300,000)			(300,000)
Prairie Public Broadcasting			500,000		500,000
State student internship program					
Health insurance pool - temp employees				2,000,000	2,000,000
Accrued leave payments					(570,412)
Transfer to property tax fund					
Total all funds	\$4,000,000	(\$300,000)	\$500,000	\$2,000,000	\$7,404,359
Less estimated income	0	0	0	1,000,000	1,110,701
General fund	\$4,000,000	(\$300,000)	\$500,000	\$1,000,000	\$6,293,658
FTE	0.00	0.00	0.00	0.00	0.00

<sup>1</sup> Funding reductions made by the House to the state employee compensation and benefits package are restored to the Governor's recommended level.

<sup>2</sup> The accrued leave payments line item added by the House is removed and the associated funding returned to line items with salaries and wages funding.

<sup>3</sup> Special funds authority added by the House for Central Services operations is adjusted among line items to reflect anticipated expenses.

<sup>4</sup> Funding removed by the House to allow the Office of Management and Budget to contract with external auditors for certain audits is restored.

<sup>5</sup> One-time funding is added for the Office of Management and Budget to contract for a land use study of the Missouri River Correctional Center site. A section is also added to the bill to provide guidelines for the study and to provide for a report to the Budget Section on the study.

<sup>6</sup> Funding added by the House for costs associated with the implementation of a political subdivision-reporting component for the state database website is removed.

<sup>7</sup> One-time funding from the general fund removed by the House for Capitol grounds parking lot projects is restored.

<sup>8</sup> Funding for the state contingency fund is reduced from \$1,000,000 to \$700,000, the same amount as provided in the executive budget recommendation.

<sup>9</sup> One-time funding of \$500,000 removed by the House for Prairie Public Broadcasting equipment upgrades is restored to provide total one-time funding of \$700,000.

<sup>10</sup> Funding removed by the House for a health insurance pool for temporary employees is restored. A section is added to allow the Office of Management and Budget to transfer funds from the pool to other state agencies.

This amendment also:

- Adds a section to provide guidelines regarding the allocation of community service supervision grants and provides that any funding available in the community service supervision fund is appropriated to the Office of Management and Budget for distribution to community corrections association regions.
- Amends Section 48-10-02 to increase the continuing appropriation provided from the Capitol building fund to the Capitol Grounds Planning Commission from \$100,000 per biennium to \$250,000 per biennium.
- Restores state employee compensation guidelines to the executive budget recommendation. A section added by the House regarding the use of funding in the accrued leave payments line item is removed.
- Removes Section 11 of the bill which enacts a new statutory section for a political

subdivision-reporting component to the state database website. Section 15 of the bill, which provided an effective date for the new statutory section, is also removed.

- Removes Sections 12 and 13 of the bill, which provided for studies of state agency facility needs and state employee compensation.

#### REPORT OF CONFERENCE COMMITTEE

**SB 2008, as engrossed:** Your conference committee (Sens. G. Lee, Bowman, Robinson and Reps. Hawken, Thoreson, Guggisberg) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ page 1237, adopt amendments as follows, and place SB 2008 on the Seventh order:

That the House recede from its amendments as printed on page 1237 of the Senate Journal and pages 1313 and 1314 of the House Journal and that Senate Bill No. 2008 be amended as follows:

Page 1, replace line 11 with:

"Salaries and wages	\$5,356,855	\$518,134	\$5,874,989
Accrued leave payments	0	120,783	120,783"

Page 1, replace line 14 with:

"Total special funds	\$6,836,318	\$743,899	\$7,580,217"
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Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### Senate Bill No. 2008 - Department of Financial Institutions - Conference Committee Action

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$6,055,849	\$6,069,236	(\$194,247)	\$5,874,989	\$5,750,634	\$124,355
Operating expenses	1,428,445	1,428,445		1,428,445	1,428,445	
Contingency	156,000	156,000		156,000	156,000	
Accrued leave payments			120,783	120,783	120,783	
Total all funds	\$7,640,294	\$7,653,681	(\$73,464)	\$7,580,217	\$7,455,862	\$124,355
Less estimated income	7,640,294	7,653,681	(73,464)	7,580,217	7,455,862	124,355
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	29.00	29.00	0.00	29.00	29.00	0.00

#### Department No. 413 - Department of Financial Institutions - Detail of Conference Committee Changes

	Adjusts State Employee Compensation and Benefits Package <sup>1</sup>	Provides Separate Line Item for Accrued Leave Payments <sup>2</sup>	Total Conference Committee Changes
Salaries and wages	(\$73,464)	(\$120,783)	(\$194,247)
Operating expenses			
Contingency			
Accrued leave payments		120,783	120,783
Total all funds	(\$73,464)	\$0	(\$73,464)
Less estimated income	(73,464)	0	(73,464)
General fund	\$0	\$0	\$0
FTE	0.00	0.00	0.00

<sup>1</sup> This amendment adjusts the state employee compensation and benefits package as

follows:

- Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
- Reduces the market component from 2 to 4 percent per year to 1 to 2 percent per year for employees below the midpoint of their salary range.
- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.

<sup>2</sup> A portion of salaries and wages funding from other funds (\$120,783) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying annual leave and sick leave for eligible employees.

Engrossed SB 2008 was placed on the Seventh order of business on the calendar.

#### **REPORT OF CONFERENCE COMMITTEE**

**SB 2030:** Your conference committee (Sens. J. Lee, Anderson, Dever and Reps. Porter, Looyesen, Oversen) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ page 939, adopt amendments as follows, and place SB 2030 on the Seventh order:

That the House recede from its amendments as printed on page 939 of the Senate Journal and page 1086 of the House Journal and that Senate Bill No. 2030 be amended as follows:

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 23-35 of the North Dakota Century Code, relating to tribal health districts;"

Page 1, line 1, after "reenact" insert "section 23-35-01, subsection 2 of section 23-35-03, subsection 1 of section 23-35-04,"

Page 1, line 1, after "sections" insert "23-35-06, 23-35-07, 23-35-08,"

Page 1, line 2, after "to" insert "health districts,"

Page 1, line 3, after the semicolon insert "to provide a report to the legislative management."

Page 1, after line 5, insert:

**"SECTION 1. AMENDMENT.** Section 23-35-01 of the North Dakota Century Code is amended and reenacted as follows:

#### **23-35-01. Definitions.**

As used in this chapter, unless the context otherwise requires:

1. "Board of health" means a district, county, ~~or city,~~ or tribal board of health.
2. "Department" means the state department of health.
3. "Governing body" means, as applicable, a city commission, city council, board of county commissioners, ~~or joint board of county commissioners,~~ or tribal council.
4. "Health district" means an entity formed under section 23-35-04 or 23-35-05.
5. "Joint board of county commissioners" means the boards of county commissioners of two or more counties acting together in joint session.

6. "Local health officer" means the health officer of a public health unit.
7. "Public health department" means a city ~~or~~, county, or tribal health department formed under this chapter.
8. "Public health unit" means the local organization formed under this chapter to provide public health services in a city, county, or designated multicounty or city-county area, or Indian reservation. The term includes a city public health department, county public health department, tribal health department, and a health district.

**SECTION 2.** A new section to chapter 23-35 of the North Dakota Century Code is created and enacted as follows:

**Tribal health units.**

An Indian nation that occupies a reservation the external boundaries of which border more than four counties may form a health district or public health department as provided in this chapter. A tribal public health unit and bordering public health units shall collaborate regarding the provision of public health services. If an individual who is not an enrolled member of an Indian tribe of the Indian reservation that forms a tribal public health unit is a party to a civil action in which the tribal public health unit is also a party, that individual may bring the action in or move the action to tribal court or district court.

**SECTION 3. AMENDMENT.** Subsection 2 of section 23-35-03 of the North Dakota Century Code is amended and reenacted as follows:

2. A city's ~~or~~, county's, or tribe's governing body may establish a public health unit by creating and appointing a board of health, which in the case of a city, may be composed of the city's governing body, or in the case of a tribe, may be composed of the tribal council or governing body. A board of health must have at least five members.
  - a. In the case of a board of health created by a joint board of county commissioners, each county in the health district must have at least one representative on the board; each county of over fifteen thousand population must have an additional representative for each fifteen thousand population or major fraction of that number; and in a health district of fewer than five counties, each county must have at least one representative on the district board of health, and the additional representatives selected to constitute the minimum five-member board must be equitably apportioned among the counties on a population basis.
  - b. In the case of a joint city-county health district composed of only one county and having at least one city over fifteen thousand population, each city having a population over fifteen thousand must have a representative on the district board of health for each fifteen thousand population or major fraction of that number, and the remaining population of the county, exclusive of the populations of cities with more than fifteen thousand each, must have a representative on the district board of health for each fifteen thousand population or major fraction of that number, or at least one member if the remaining population is less than fifteen thousand.

**SECTION 4. AMENDMENT.** Subsection 1 of section 23-35-04 of the North Dakota Century Code is amended and reenacted as follows:

1. Upon the adoption of a resolution, the governing body may form a single county, multicounty, ~~or a city-county~~, or tribal health district.

**SECTION 5. AMENDMENT.** Section 23-35-06 of the North Dakota Century Code is amended and reenacted as follows:



**23-35-06. Health districts - Dissolution - Withdrawal.**

1. ~~If~~Except for a tribal health district, if a health district has been in operation for two years, the district may be dissolved as provided for under this section. If a petition is filed with the county auditor of each county of a health district which is signed by qualified electors of that county equal to ten percent or more of the votes cast in that county at the last general election, an election on the question of dissolution must be presented to the qualified electors in each county in the district at the next election held in each county in the district. If a majority of the votes cast on the question in a majority of the counties favor dissolution, the health district is dissolved on the second January first following the election. If a majority of the votes cast on the question in a majority of the counties are against dissolution, no other election on this issue may be held for two years.
2. If a health district has been in operation for two years, any county may withdraw from the district as provided under this section. If a petition is filed with the withdrawing county's auditor which is signed by qualified electors of the county equal to ten percent or more of the votes cast in that county at the last general election, an election on the question of withdrawal must be presented to the qualified electors in the county at the next election in the county. If a majority of the votes cast on the question favor withdrawing from the district, the county is withdrawn from the district on the second January first following the election. If a majority of the votes cast on the question are against withdrawal, no other election on this issue may be held for two years.
3. A tribal health district may be dissolved by the tribal council or governing body at any time.

**SECTION 6. AMENDMENT.** Section 23-35-07 of the North Dakota Century Code is amended and reenacted as follows:

**23-35-07. Health district funds.**

1. ~~A~~Except for a tribal health district, a district board of health shall prepare a budget for the next fiscal year at the time at which and in the manner in which a county budget is adopted and shall submit this budget to the joint board of county commissioners for approval. The amount budgeted and approved must be prorated in health districts composed of more than one county among the various counties in the health district according to the taxable valuation of the respective counties in the health district. For the purpose of this section, "prorated" means that each member county's contribution must be based on an equalized mill levy throughout the district, except as otherwise permitted under subsection 3 of section 23-35-05. Within ten days after approval by the joint board of county commissioners, the district board of health shall certify the budget to the respective county auditors and the budget must be included in the levies of the counties. The budget may not exceed the amount that can be raised by a levy of five mills on the taxable valuation, subject to public hearing in each county in the health district at least fifteen days before an action taken by the joint board of county commissioners. Action taken by the joint board of county commissioners must be based on the record, including comments received at the public hearing. A levy under this section is not subject to the limitation on the county tax levy for general and special county purposes. The amount derived by a levy under this section must be placed in the health district fund. The health district fund must be deposited with and disbursed by the treasurer of the district board of health. Each county in a health district quarterly shall remit and make settlements with the treasurer. Any funds remaining in the fund at the end of any fiscal year may be carried over to the next fiscal year.
2. ~~The~~Except for a tribal health district, the district board of health, or the president and secretary of the board when authorized or delegated by

the board, shall audit all claims against the health district fund. The treasurer shall pay all claims from the health district fund. The district board of health shall approve or ratify all claims at the board's quarterly meetings.

**SECTION 7. AMENDMENT.** Section 23-35-08 of the North Dakota Century Code is amended and reenacted as follows:

**23-35-08. Boards of health - Powers and duties.**

Except when in conflict with a local ordinance or a civil service rule within a board of health's jurisdiction, or a tribal code, ordinance, or policy, each board of health:

1. Shall keep records and make reports required by the department.
2. Shall prepare and submit a public health unit budget.
3. Shall audit, allow, and certify for payment expenses incurred by a board of health in carrying into effect this chapter.
4. May accept and receive any contribution offered to aid in the work of the board of health or public health unit.
5. May make rules regarding any nuisance, source of filth, and any cause of sickness which are necessary for public health and safety.
6. May establish by rule a schedule of reasonable fees that may be charged for services rendered. Services may not be withheld due to an inability to pay any fees established under this subsection. If a tribal board of health establishes fees for services rendered, the fees may not exceed the highest corresponding fee of any of the public health units that border the tribal public health unit.
7. May make rules in a health district or county public health department, as the case may be, and in the case of a city public health department may recommend to the city's governing body ordinances for the protection of public health and safety.
8. May adopt confinement, decontamination, and sanitary measures in compliance with chapter 23-07.6 which are necessary when an infectious or contagious disease exists.
9. May make and enforce an order in a local matter if an emergency exists.
10. May inquire into any nuisance, source of filth, or cause of sickness.
11. Except in the case of an emergency, may conduct a search or seize material located on private property to ascertain the condition of the property as the condition relates to public health and safety as authorized by an administrative search warrant issued under chapter 29-29.1.
12. May abate or remove any nuisance, source of filth, or cause of sickness when necessary to protect the public health and safety.
13. May supervise any matter relating to preservation of life and health of individuals, including the supervision of any water supply and sewage system.
14. May isolate, kill, or remove any animal affected with a contagious or infectious disease if the animal poses a material risk to human health and safety.
15. Shall appoint a local health officer.

16. May employ any person necessary to effectuate board rules and this chapter.
17. If a public health unit is served by a part-time local health officer, the board of health may appoint an executive director. An executive director is subject to removal for cause by the board of health. The board of health may assign to the executive director the duties of the local health officer, and the executive director shall perform these duties under the direction of the local health officer.
18. May contract with any person to provide the services necessary to carry out the purposes of the board of health.
19. Shall designate the location of a local health officer's office and shall furnish the office with necessary equipment.
20. May provide for personnel the board of health considers necessary.
21. Shall set the salary of the local health officer, the executive director, and any assistant local health officer and shall set the compensation of any other public health unit personnel.
22. Shall pay for necessary travel of the local health officer, the local health officer's assistants, and other personnel in the manner and to the extent determined by the board."

Page 4, remove lines 30 and 31

Page 5, replace lines 1 through 3 with:

**"SECTION 12. STATE DEPARTMENT OF HEALTH REPORTS TO THE LEGISLATIVE MANAGEMENT - TRIBAL PUBLIC HEALTH UNIT PILOT PROJECT.** During the 2013-14 interim, the state department of health shall report semiannually to the legislative management on the status of the tribal public health unit pilot project, including services provided, resources available, expenditures, and the future sustainability of the pilot project.

**SECTION 13. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$700,000, or so much of the sum as may be necessary, to the state department of health for the purposes of planning or establishing, or both, a regional public health network, for the biennium beginning July 1, 2013, and ending June 30, 2015. The department may not spend more than \$250,000 for each regional public health network."

Renumber accordingly

SB 2030 was placed on the Seventh order of business on the calendar.

#### **REPORT OF CONFERENCE COMMITTEE**

**SB 2074, as engrossed:** Your conference committee (Sens. Armstrong, Sitte, Grabinger and Reps. Klemin, Brabandt, Hanson) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ page 1088, adopt amendments as follows, and place SB 2074 on the Seventh order:

That the House recede from its amendments as printed on page 1088 of the Senate Journal and page 1174 of the House Journal and that Engrossed Senate Bill No. 2074 be amended as follows:

Page 1, line 6, after "1." insert:

"a."

Page 1, line 6, overstrike "a" and insert immediately thereafter ":

- (1) A class A felony if the value of any property or services retained exceeds fifty thousand dollars;
- (2) A class B felony if the value of any property or services attempted to be obtained exceeds fifty thousand dollars;
- (3) A"

Page 1, line 7, replace "a" with "but does not exceed fifty thousand dollars;

- (4) A class C felony if the value of any property or services attempted to be obtained exceeds ten thousand dollars but does not exceed fifty thousand dollars;
- (5) A"

Page 1, line 8, overstrike "five" and insert immediately thereafter "one"

Page 1, line 8, replace the underscored comma with "but does not exceed ten thousand dollars;"

Page 1, line 8, overstrike "a" and insert immediately thereafter:

"(6) A"

Page 1, line 9, after the period insert:

"b."

Page 1, line 10, overstrike "subsection 6 of"

Renumber accordingly

Engrossed SB 2074 was placed on the Seventh order of business on the calendar.

#### REPORT OF CONFERENCE COMMITTEE

**SB 2094, as engrossed:** Your conference committee (Sens. Schaible, Poolman, Lyson and Reps. Heilman, Meier, Mock) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 918-1007, adopt amendments as follows, and place SB 2094 on the Seventh order:

That the House recede from its amendments as printed on page 918 of the Senate Journal and page 1007 of the House Journal and that Engrossed Senate Bill No. 2094 be amended as follows:

Page 1, after line 8 insert:

"1."

Page 1, line 14, overstrike the colon

Page 1, line 15, overstrike "1. Documented extraordinary circumstances;"

Page 1, line 15, remove "and"

Page 1, line 16, overstrike "2. Student" and insert immediately thereafter "student"

Page 1, after line 17, insert:

"2. a. Before mandatory fees on students may be increased to support the construction or renovation of a campus building valued at more than one million dollars, the use must be approved by a majority of the students voting on the question at a campuswide election.

- b. This subsection does not apply to any construction or renovation for which the use of mandatory fees was authorized before July 1, 2013."

Renumber accordingly

Engrossed SB 2094 was placed on the Seventh order of business on the calendar.

#### REPORT OF CONFERENCE COMMITTEE

**SB 2210, as engrossed:** Your conference committee (Sens. Dever, Marcellais, Poolman and Reps. Rohr, Karls, Strinden) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 917-918, adopt amendments as follows, and place SB 2210 on the Seventh order:

That the House recede from its amendments as printed on pages 917 and 918 of the Senate Journal and page 1020 of the House Journal and that Engrossed Senate Bill No. 2210 be amended as follows:

Page 1, line 1, remove "; and to provide a continuing"

Page 1, line 2, remove "appropriation"

Page 1, line 5, remove "**- Continuing appropriation**"

Page 1, line 6, after "shall" insert "initiate and"

Page 1, line 6, remove "book of all"

Page 1, replace lines 7 through 14 with "record of all North Dakota veterans, including a record of all North Dakotans killed in action and missing in action since statehood. The adjutant general shall determine the projected costs for the completion of the writing, publishing, and distribution of the records and present those projections to the legislative management."

Renumber accordingly

Engrossed SB 2210 was placed on the Seventh order of business on the calendar.

#### REPORT OF CONFERENCE COMMITTEE

**SB 2211, as engrossed:** Your conference committee (Sens. Miller, Klein, Heckaman and Reps. D. Johnson, Rust, M. Nelson) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1088-1093, adopt amendments as follows, and place SB 2211 on the Seventh order:

That the House recede from its amendments as printed on pages 1088-1093 of the Senate Journal and pages 1176-1181 of the House Journal and that Engrossed Senate Bill No. 2211 be amended as follows:

Page 1, line 1, replace "a" with "two"

Page 1, line 1, replace "section" with "sections"

Page 1, line 1 remove "a new section to"

Page 1, line 5, remove "and"

Page 1, line 5, after "penalty" insert "; and to provide for reports to the legislative management"

Page 1, line 15, replace the second "or" with "purposes."

Page 1, line 15, after "purposes" insert ", or temporary exhibitions"

Page 1, after line 15, insert:

"**SECTION 2.** A new section to chapter 36-01 of the North Dakota Century Code is created and enacted as follows:

**Assistance in criminal investigations.**

The board shall maintain and make available to any law enforcement agency a list of veterinarians who are licensed in this state and trained to provide assistance in any criminal investigation pertaining to this state's animal laws."

Page 1, remove line 20

Page 1, line 21, remove "occurring within ten years"

Page 1, line 22, after ""neglect"" insert "with respect to dogs and cats."

Page 2, replace lines 11 through 24 with:

- "3. For purposes of this chapter, "neglect" with respect to all animals other than those included in subsection 2, means the failure to provide:

  - a. Food and water that is:

    - (1) Appropriate for the species and the breed; and
    - (2) Sufficient to sustain the animal's health;
  - b. Minimal protection from adverse weather conditions, as appropriate for the species and the breed; and
  - c. Medical attention in the event of an injury or illness, as appropriate for the species and the breed.
4. The following do not constitute violations of this section:

  - a. Any usual and customary practice in:

    - (1) The production of food, feed, fiber, or ornament, including all aspects of the livestock industry;
    - (2) The boarding, breeding, competition, exhibition, feeding, raising, showing, and training of animals;
    - (3) The sport of rodeo;
    - (4) Animal racing;
    - (5) The use of animals by exhibitors licensed under the Animal Welfare Act, 7 U.S.C. 2131, et seq.;
    - (6) Fishing, hunting, and trapping;
    - (7) Wildlife management;
    - (8) The culinary arts;
    - (9) Lawful research and educational activities; and
    - (10) Pest, vermin, predator, and animal damage control, including the disposition of wild animals that have entered structures or personal property;
  - b. The humane or swift destruction of an animal for cause; and
  - c. Services provided by or under the direction of a licensed veterinarian."

Page 2, line 29, replace "the physical abuse of" with "any act or omission that results in physical injury to an animal or that causes the death of"

Page 2, line 30, remove "or omission"

Page 3, replace lines 1 through 16 with:

- "3. The following do not constitute violations of this section:
- a. Any usual and customary practice in:
    - (1) The production of food, feed, fiber, or ornament, including all aspects of the livestock industry;
    - (2) The boarding, breeding, competition, exhibition, feeding, raising, showing, and training of animals;
    - (3) The sport of rodeo;
    - (4) Animal racing;
    - (5) The use of animals by exhibitors licensed under the Animal Welfare Act, 7 U.S.C. 2131, et seq.;
    - (6) Fishing, hunting, and trapping;
    - (7) Wildlife management;
    - (8) The culinary arts;
    - (9) Lawful research and educational activities; and
    - (10) Pest, vermin, predator, and animal damage control, including the disposition of wild animals that have entered structures or personal property;
  - b. Any action taken by an individual against an animal that is attacking or is about to attack a human, a companion animal, or livestock;
  - c. The humane or swift destruction of an animal for cause; and
  - d. Services provided by or under the direction of a licensed veterinarian."

Page 3, line 18, replace "willfully" with "intentionally"

Page 3, remove lines 20 through 31

Page 4, replace lines 1 through 10 with:

- "a. Breaking an animal's bones;
  - b. Causing the prolonged impairment of an animal's health;
  - c. Mutilating an animal; or
  - d. Physically torturing an animal.
- 3. The following do not constitute violations of this section:
- a. Any usual and customary practice in:
    - (1) The production of food, feed, fiber, or ornament, including all aspects of the livestock industry;

- (2) The boarding, breeding, competition, exhibition, feeding, raising, showing, and training of animals;
- (3) The sport of rodeo;
- (4) Animal racing;
- (5) The use of animals by exhibitors licensed under the Animal Welfare Act, 7 U.S.C. 2131, et seq.;
- (6) Fishing, hunting, and trapping;
- (7) Wildlife management;
- (8) The culinary arts;
- (9) Lawful research and educational activities; and
- (10) Pest, vermin, predator, and animal damage control, including the disposition of wild animals that have entered structures or personal property;
- b. Any action taken by an individual against an animal that is attacking or is about to attack a human, a companion animal, or livestock;
- c. The humane or swift destruction of an animal for cause; and
- d. Services provided by or under the direction of a licensed veterinarian."

Page 4, line 13, remove "for a first or a second offense and a class C felony for a third or"

Page 4, line 14, remove "subsequent offense occurring within ten years"

Page 4, remove lines 24 through 31

Page 5, replace lines 1 through 6 with:

- "3. The following do not constitute violations of this section:
- a. Any usual and customary practice in:
  - (1) The production of food, feed, fiber, or ornament, including all aspects of the livestock industry;
  - (2) The boarding, breeding, competition, exhibition, feeding, raising, showing, and training of animals;
  - (3) The sport of rodeo;
  - (4) Animal racing;
  - (5) The use of animals by exhibitors licensed under the Animal Welfare Act, 7 U.S.C. 2131, et seq.;
  - (6) Fishing, hunting, and trapping;
  - (7) Wildlife management;
  - (8) The culinary arts;
  - (9) Lawful research and educational activities; and



(10) Pest, vermin, predator, and animal damage control, including the disposition of wild animals that have entered structures or personal property;

b. The humane or swift destruction of an animal for cause; and

c. Services provided by or under the direction of a licensed veterinarian."

Page 6, line 15, replace "The" with "If convicted of violating this chapter, the"

Page 6, line 20, after "seizure" insert "and conviction"

Page 8, line 26, after the underscored semicolon insert "or"

Page 8, remove line 27

Page 8, line 28, replace "d." with "c."

Page 8, line 28, replace the underscored semicolon with an underscored period

Page 8, remove lines 29 through 31

Page 9, replace lines 1 through 12 with:

"4. The following do not constitute violations of this section:

a. Any usual and customary practice in:

(1) The production of food, feed, fiber, or ornament, including all aspects of the livestock industry;

(2) The boarding, breeding, competition, exhibition, feeding, raising, showing, and training of animals;

(3) The sport of rodeo;

(4) Animal racing;

(5) The use of animals by exhibitors licensed under the Animal Welfare Act, 7 U.S.C. 2131, et seq.;

(6) Fishing, hunting, and trapping;

(7) Wildlife management;

(8) The culinary arts;

(9) Lawful research and educational activities; and

(10) Pest, vermin, predator, and animal damage control, including the disposition of wild animals that have entered structures or personal property;

b. Any action taken by an individual against an animal that is attacking or is about to attack a human, a companion animal, or livestock;

c. The humane or swift destruction of an animal for cause; and

d. Services provided by or under the direction of a licensed veterinarian."

Page 9, line 14, replace "A person" with "An individual"

Page 9, line 16, replace "Any person that" with "An individual who"

Page 9, line 26, replace "**Collectives**" with "**Multiple animals**"

Page 9, line 26, replace "**Status**" with "**Enhancement**"

Page 9, replace lines 27 through 29 with "If a violation of this chapter involves multiple animals, whether of the same species or not, the violation is deemed to be a singular offense for purposes of enhancement."

Page 10, after line 3, insert:

**"SECTION 5. REPRESENTATIVES OF AGRICULTURAL PRODUCTION GROUPS - REPORT TO THE LEGISLATIVE MANAGEMENT.** Before July 1, 2014, representatives of agricultural production groups, including representatives of this state's livestock industry, shall compile information regarding the effects of this Act on the various sectors of the agricultural industry. The compiled information must be presented to the legislative management for review, together with any suggestions for potential statutory changes."

Renumber accordingly

Engrossed SB 2211 was placed on the Seventh order of business on the calendar.

#### **REPORT OF CONFERENCE COMMITTEE**

**SB 2243, as engrossed:** Your conference committee (Sens. Dever, G. Lee, Axness and Reps. Damschen, Fehr, Mooney) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ page 918, adopt amendments as follows, and place SB 2243 on the Seventh order:

That the House recede from its amendments as printed on page 918 of the Senate Journal and page 1009 of the House Journal and that Engrossed Senate Bill No. 2243 be amended as follows:

Page 1, line 1, remove "; and"

Page 1, line 2, remove "to provide an appropriation"

Page 1, line 5, replace the first "study" with "consider studying"

Page 1, line 11, after the period insert "The legislative council may contract for consulting and coordination of study services to assist the legislative management in conducting the behavioral health study."

Page 1, remove lines 14 through 19

Renumber accordingly

Engrossed SB 2243 was placed on the Seventh order of business on the calendar.

#### **REPORT OF CONFERENCE COMMITTEE**

**SB 2338, as engrossed:** Your conference committee (Sens. Cook, Burckhard, Triplett and Reps. Klein, Schmidt, Haak) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ page 1013, adopt amendments as follows, and place SB 2338 on the Seventh order:

That the House recede from its amendments as printed on page 1013 of the Senate Journal and page 1117 of the House Journal and that Engrossed Senate Bill No. 2338 be amended as follows:

Page 2, line 29, after "through" insert "local."

Page 2, line 29, after "state" insert an underscored comma

Page 3, line 12, after "a" insert "local."

Page 3, line 12, after "state" insert an underscored comma

Renumber accordingly

Engrossed SB 2338 was placed on the Seventh order of business on the calendar.

#### REPORT OF CONFERENCE COMMITTEE

**SB 2298, as engrossed:** Your conference committee (Sens. Klein, Laffen, Murphy and Reps. Ruby, Keiser, M. Nelson) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ page 1142, adopt amendments as follows, and place SB 2298 on the Seventh order:

That the House recede from its amendments as printed on page 1142 of the Senate Journal and pages 1234 and 1235 of the House Journal and that Engrossed Senate Bill No. 2298 be amended as follows:

Page 1, line 2, remove "; and to provide for"

Page 1, line 3, remove "application"

Page 1, line 8, overstrike "If the organization does not give" and insert immediately thereafter "A presumption may not be established in favor of"

Page 1, overstrike lines 9 through 11

Page 1, line 12, overstrike "employee's record based on one or more of" and insert immediately thereafter ". The organization shall resolve conflicting medical opinions and in doing so the organization may consider"

Page 1, line 20, remove "At an administrative hearing, the organization's determination under subsection 1 is"

Page 1, remove line 21

Page 1, line 22, remove "3."

Page 2, remove lines 1 and 2

Renumber accordingly

Engrossed SB 2298 was placed on the Seventh order of business on the calendar.

#### REPORT OF CONFERENCE COMMITTEE

**HB 1306, as reengrossed:** Your conference committee (Sens. Miller, Burckhard, Dotzenrod and Reps. Bellew, Dockter, Zaiser) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ page 1424, adopt amendments as follows, and place HB 1306 on the Seventh order:

That the Senate recede from its amendments as printed on page 1424 of the House Journal and pages 987 and 988 and 1291 and 1292 of the Senate Journal and that Reengrossed House Bill No. 1306 be amended as follows:

Page 1, line 15, replace "nine" with "six"

Page 1, line 15, after "~~four~~" insert "seven"

Page 1, line 15, remove the overstrike over "~~hundred~~" and insert immediately thereafter "fifty"

Page 1, line 24, replace "nine" with "six"

Page 1, line 24, after "~~four~~" insert "seven"

Page 1, line 24, remove the overstrike over "~~hundred~~" and insert immediately thereafter "fifty"

Page 2, line 5, replace "nine" with "six"

Page 2, line 5, after "~~four~~" insert "seven"

Page 2, line 5, remove the overstrike over "~~hundred~~" and insert immediately thereafter "fifty"

Page 2, line 16, remove "a. A disabled veteran or unremarried surviving spouse who would qualify for a credit"

Page 2, remove lines 17 through 31

Page 3, remove lines 1 through 11

Page 3, line 12, remove "5."

Page 3, line 15, remove "and 'income' has the meaning provided in section"

Page 3, line 16, remove "57-02-08.1"

Page 3, line 17, remove the overstrike over "~~5.~~"

Page 3, line 17, remove "6."

Page 3, line 19, remove the overstrike over "~~6.~~"

Page 3, line 19, remove "7."

Page 3, line 24, remove the overstrike over "~~7.~~"

Page 3, line 24, remove "8."

Page 4, line 1, remove the overstrike over "~~8.~~"

Page 4, line 1, remove "9."

Page 4, line 7, remove the overstrike over "~~9.~~"

Page 4, line 7, remove "10."

Page 4, line 11, remove the overstrike over "~~—10.~~"

Page 4, line 11, remove "11."

Page 4, line 15, remove the overstrike over "~~11.~~"

Page 4, line 15, remove "12."

Page 4, line 22, after "2012" insert ", for ad valorem property taxes and for taxable years beginning after December 31, 2013, for mobile home taxes"

ReNUMBER accordingly

Reengrossed HB 1306 was placed on the Seventh order of business on the calendar.

#### REPORT OF CONFERENCE COMMITTEE

**HB 1291, as engrossed:** Your conference committee (Sens. Schaible, Poolman, Heckaman and Reps. Heller, Heilman, J. Kelsh) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1457-1461, adopt amendments as follows, and place HB 1291 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1457-1461 of the House Journal and pages 1016-1020 of the Senate Journal and that Engrossed House Bill No. 1291 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact sections 15.1-21-02.4, 15.1-21-02.5, and 15.1-21-02.6 of the North Dakota

Century Code, relating to the provision of North Dakota scholarships to students who receive home education; and to declare an emergency.

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

**SECTION 1. AMENDMENT.** Section 15.1-21-02.4 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-21-02.4. North Dakota career and technical education scholarship.**

Any resident student who graduates from a high school during or after the 2010-11 school year and any resident student who completes a program of home education supervised in accordance with chapter 15.1-23 during or after the 2012-13 school year is eligible to receive a North Dakota career and technical education scholarship provided the student:

1. Completed four units of English language arts from a sequence that includes literature, composition, and speech;
2. Completed three units of mathematics, including:
  - a. One unit of algebra II, as defined by the superintendent of public instruction; and
  - b. Two units of any other mathematics;
3. Completed three units of science, including:
  - a. One unit of physical science;
  - b. One unit of biology; and
  - c. (1) One unit of any other science; or  
(2) Two one-half units of any other science;
4. Completed three units of social studies, including:
  - a. One unit of United States history;
  - b. (1) One-half unit of United States government and one-half unit of economics; or  
(2) One unit of problems of democracy; and
  - c. One unit or two one-half units of any other social studies, which may include civics, civilization, geography and history, multicultural studies, North Dakota studies, psychology, sociology, and world history;
5.
  - a. Completed one unit of physical education; or
  - b. One-half unit of physical education and one-half unit of health;
6. Completed:
  - a. One unit selected from:
    - (1) Foreign languages;
    - (2) Native American languages;
    - (3) American sign language;
    - (4) Fine arts; or

- (5) Career and technical education courses; and
- b. Two units of a coordinated plan of study recommended by the department of career and technical education and approved by the superintendent of public instruction;
- 7. Completed any five additional units, two of which must be in the area of career and technical education;
- 8. a. (1) Obtained a cumulative grade point average of at least 3.0 on a 4.0 grading scale, as determined by the superintendent of public instruction, based on all high school units in which the student was enrolled; and
- (2) Obtained a grade of at least "C" in each unit or one-half unit; or
- b. (1) Obtained a cumulative grade point average of at least 3.0 on a 4.0 grading scale, as determined by the superintendent of public instruction, based only on the units required by subsections 1 through 7; and
- (2) Obtained a grade of at least "C" in each unit or one-half unit; and
- 9. Received:
  - a. A composite score of at least twenty-four on an ACT; or
  - b. A score of at least five on each of three WorkKeys assessments recommended by the department of career and technical education and approved by the superintendent of public instruction.

**SECTION 2. AMENDMENT.** Section 15.1-21-02.5 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-21-02.5. North Dakota academic scholarship.**

Any resident student who graduates from a high school during or after the 2010-11 school year and any resident student who completes a program of home education supervised in accordance with chapter 15.1-23 during or after the 2012-13 school year is eligible to receive a North Dakota academic scholarship provided the student:

- 1. Completed four units of English language arts from a sequence that includes literature, composition, and speech;
- 2. Completed three units of mathematics, including:
  - a. One unit of algebra II, as defined by the superintendent of public instruction; and
  - b. One unit of mathematics for which algebra II, as defined by the superintendent of public instruction, is a prerequisite;
- 3. Completed three units of science, including:
  - a. One unit of physical science;
  - b. One unit of biology; and
  - c. (1) One unit of any other science; or
  - (2) Two one-half units of any other science;
- 4. Completed three units of social studies, including:

- a. One unit of United States history;
  - b. (1) One-half unit of United States government and one-half unit of economics; or  
(2) One unit of problems of democracy; and
  - c. One unit or two one-half units of any other social studies, which may include civics, civilization, geography and history, multicultural studies, North Dakota studies, psychology, sociology, and world history;
5. a. Completed one unit of physical education; or  
b. One-half unit of physical education and one-half unit of health;
6. a. Completed:  
(1) Two units of the same foreign or native American language; or  
(2) Two units of American sign language; and  
b. One unit selected from:  
(1) Foreign languages;  
(2) Native American languages;  
(3) American sign language;  
(4) Fine arts; or  
(5) Career and technical education;
7. Completed any five additional units, one of which must be in the area of fine arts or career and technical education;
8. a. (1) Obtained a cumulative grade point average of at least 3.0 on a 4.0 grading scale, as determined by the superintendent of public instruction, based on all high school units in which the student was enrolled; and  
(2) Obtained a grade of at least "C" in each unit or one-half unit; or  
b. (1) Obtained a cumulative grade point average of at least 3.0 on a 4.0 grading scale, as determined by the superintendent of public instruction, based only on the units required by subsections 1 through 7; and  
(2) Obtained a grade of at least "C" in each unit or one-half unit;
9. Received a composite score of at least twenty-four on an ACT; and
10. a. Fulfilled any one unit requirement set forth in subsections 1 through 7 by means of an advanced placement course and examination; or  
b. Fulfilled any one-half unit requirement set forth in subsections 1 through 7 by means of a dual-credit course.

**SECTION 3. AMENDMENT.** Section 15.1-21-02.6 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-21-02.6. North Dakota scholarship - Amount - Applicability.**

1.
  - a. The state board of higher education shall provide to any student certified as being eligible by the superintendent of public instruction either a North Dakota academic scholarship or a North Dakota career and technical education scholarship in the amount of seven hundred fifty dollars for each semester during which the student is enrolled full time at an accredited institution of higher education in this state and maintains a cumulative grade point average of 2.75.
  - b. The state board of higher education shall provide to any student certified as being eligible by the superintendent of public instruction either a North Dakota academic scholarship or a North Dakota career and technical education scholarship in the amount of five hundred dollars for each quarter during which the student is enrolled full time at an accredited institution of higher education in this state and maintains a cumulative grade point average of 2.75.
2. The state board shall monitor each scholarship recipient to ensure that the student meets the academic and other requirements of this section. Upon determining that a recipient student has failed to meet the requirements of this section, the board shall provide notification to the student within ten days.
3. A student is not entitled to receive more than six thousand dollars under this section.
4. The state board of higher education shall forward the scholarship directly to the institution in which the student is enrolled.
5.
  - a.
    - (1) This section does not require a student to be enrolled in consecutive semesters.
    - (2) This section does not require a student to be enrolled in consecutive quarters.
  - b. However, a scholarship under this section is valid only for six academic years after the student's graduation from high school and may not be applied to graduate programs.
6. A scholarship under this section is available to any eligible resident student who fulfills the requirements of section 15.1-21-02.4 or 15.1-21-02.5 and who ~~graduates from~~:
  - a. ~~A~~Graduates from a high school in this state;
  - b. ~~A~~Graduates from a high school in a bordering state under chapter 15.1-29; ~~or~~
  - c. ~~A~~Graduates from a nonpublic high school in a bordering state while residing with a custodial parent in this state; ~~or~~
  - d. Completes a program of home education supervised in accordance with chapter 15.1-23.
7. For purposes of North Dakota scholarship eligibility under this section, "full-time" means enrollment in at least twelve credits during a student's first two semesters and enrollment in at least fifteen credits during each semester thereafter or enrollment in the equivalent number of credits, as determined by the state board of higher education, with respect to students in a quarter system.

**SECTION 4. EMERGENCY.** This Act is declared to be an emergency measure."



Renumber accordingly

Engrossed HB 1291 was placed on the Seventh order of business on the calendar.

#### REPORT OF CONFERENCE COMMITTEE

**HB 1289, as reengrossed:** Your conference committee (Sens. Schaible, Luick, Marcellais and Reps. Brandenburg, Grande, Boe) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ page 1150, adopt amendments as follows, and place HB 1289 on the Seventh order:

That the Senate recede from its amendments as printed on page 1150 of the House Journal and page 831 of the Senate Journal and that Reengrossed House Bill No. 1289 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide an appropriation for veterans' higher education assistance programs.

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

**SECTION 1. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$325,000, or so much of the sum as may be necessary, to the North Dakota university system for the purpose of providing assistance to eligible veterans, for the biennium beginning July 1, 2013, and ending June 30, 2015.

1. An eligible veteran must be:
  - a. Enrolled at or in the process of enrolling at an institution of higher education located in this state; or
  - b. Enrolled at or in the process of enrolling at an institution of higher education located in an adjacent state, provided the institution participates in a course exchange agreement with an institution of higher education located in this state.
2. The department of veterans' affairs may accept and expend gifts, grants, and donations, for the purpose of providing additional assistance to eligible veterans."

Renumber accordingly

Reengrossed HB 1289 was placed on the Seventh order of business on the calendar.

#### REPORT OF CONFERENCE COMMITTEE

**HB 1405, as engrossed:** Your conference committee (Sens. Schaible, Dever, Marcellais and Reps. Steiner, Dockter, Paur) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ page 1171, adopt amendments as follows, and place HB 1405 on the Seventh order:

That the Senate recede from its amendments as printed on page 1171 of the House Journal and pages 849 and 850 of the Senate Journal and that Engrossed House Bill No. 1405 be amended as follows:

Page 1, line 2, remove "to authorize collections for deposit into the veterans"

Page 1, line 3, remove "postwar trust fund;"

Page 1, line 6, replace "\$25,000" with "\$50,000"

Page 1, line 10, remove "Grants awarded under this section may be used only"

Page 1, remove lines 11 through 20

Renumber accordingly

Engrossed HB 1405 was placed on the Seventh order of business on the calendar.

#### REPORT OF CONFERENCE COMMITTEE

**HB 1033, as reengrossed:** Your conference committee (Sens. Schaible, Dever, Marcellais and Reps. Kempenich, Boe, Ruby) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ page 1666, adopt amendments as follows, and place HB 1033 on the Seventh order:

That the Senate recede from its amendments as printed on page 1666 of the House Journal and page 1262 of the Senate Journal and that Reengrossed House Bill No. 1033 be amended as follows:

Page 1, line 2, replace "sale" with "disposition"

Page 1, line 3, after "approval" insert "; to provide for a report to the sixty-fourth legislative assembly"

Page 1, line 16, replace "Each" with "Unless waived by the department, each"

Page 1, line 17, remove "which must be based upon"

Page 1, line 18, remove "the actual cost of operating the aircraft"

Page 2, line 1, replace "**SALE OR DISPOSAL**" with "**DISPOSITION**"

Page 2, line 2, remove "sell or"

Page 2, line 2, after the third "of" insert ", by sale or trade,"

Page 2, line 4, replace "The" with "If the airplanes are sold, the"

Page 2, line 4, remove "or disposal"

Page 2, replace lines 8 through 16 with:

**"SECTION 4. LEGISLATIVE INTENT - NORTH DAKOTA STATE UNIVERSITY AIRPLANE LEASE - REPORT TO SIXTY-FOURTH LEGISLATIVE ASSEMBLY.** It is the intent of the sixty-third legislative assembly that before June 30, 2017, North Dakota state university discontinue the lease entered by the university for a KingAir B200 airplane and that North Dakota state university provide a report to the appropriations committees of the sixty-fourth legislative assembly regarding the status of its KingAir B200 airplane lease and efforts to utilize other air transportation services."

Renumber accordingly

Reengrossed HB 1033 was placed on the Seventh order of business on the calendar.

#### REPORT OF CONFERENCE COMMITTEE

**HB 1128:** Your conference committee (Sens. Hogue, Armstrong, Nelson and Reps. K. Koppelman, Brabandt, Toman) recommends that the **HOUSE ACCEDE** to the Senate amendments as printed on HJ page 1249, adopt further amendments as follows, and place HB 1128 on the Seventh order:

That the House accede to the Senate amendments as printed on page 1249 of the House Journal and pages 1099 and 1100 of the Senate Journal and that House Bill No. 1128 be further amended as follows:

Page 1, line 2, remove the second "and"

Page 1, line 4, after "spouse" insert "; and to provide for a legislative management study"

Page 3, line 17, after the second underscored period insert "A marital agreement created pursuant to this chapter must be signed within the first one hundred twenty days of the marriage."

Page 6, after line 12, insert:

**"SECTION 3. MARRIAGE AND MARITAL AGREEMENTS - LEGISLATIVE MANAGEMENT STUDY.** During the 2013-14 interim, the legislative management shall consider studying marriage, including the positive influence of marriage on society, children, and government spending, and the use of and the need for marital agreements in the state. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-fourth legislative assembly."

Renumber accordingly

HB 1128 was placed on the Seventh order of business on the calendar.

#### REPORT OF CONFERENCE COMMITTEE

**HCR 3011, as engrossed:** Your conference committee (Sens. Hogue, Armstrong, Grabinger and Reps. Paur, Klemin, Hanson) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1232-1233, adopt amendments as follows, and place HCR 3011 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1232 and 1233 of the House Journal and pages 1073 and 1074 of the Senate Journal and that Engrossed House Concurrent Resolution No. 3011 be amended as follows:

Page 1, line 2, after "impact" insert "of measures to initiate constitutional amendments and to the placing"

Page 1, line 2, after "measures" insert "on the ballot"

Page 1, line 4, after "a" insert "significant"

Page 1, line 4, remove "of"

Page 1, line 5, remove "twenty million dollars or more"

Page 1, line 5, after the period insert "The measure also would prohibit the approval for circulation of any petition to initiate a constitutional amendment that would make a direct appropriation of public funds for a specific purpose or require the legislative assembly to appropriate funds for a specific purpose."

Page 1, line 20, overstrike "a procedure through which the legislative"

Page 1, line 21, overstrike "council may establish"

Page 1, line 21, after "the" insert "extent of the"

Page 1, line 23, remove "If the legislative council determines the fiscal impact of an initiated measure will be"

Page 1, remove lines 24 and 25

Page 2, replace lines 1 and 2 with "A measure determined to have a significant fiscal impact must be voted on at a general election."

If a petition to initiate a constitutional amendment would make a direct appropriation of public funds for a specific purpose or would require the legislative assembly to appropriate funds for a specific purpose, the petition may not be approved for circulation.

Renumber accordingly

Engrossed HCR 3011 was placed on the Seventh order of business on the calendar.

#### REPORT OF CONFERENCE COMMITTEE

**HB 1300, as engrossed:** Your conference committee (Sens. Campbell, Oehlke, Triplett and

Reps. Hatlestad, Froseth, Haak) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1301-1302, adopt amendments as follows, and place HB 1300 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1301 and 1302 of the House Journal and pages 1184 and 1185 of the Senate Journal and that Engrossed House Bill No. 1300 be amended as follows:

Page 1, line 2, remove "an"

Page 1, line 3, replace "effective date" with "for retroactive application"

Page 1, line 7, remove "and land"

Page 1, line 8, remove the overstrike over "~~and if on the same~~"

Page 1, remove the overstrike over lines 9 through 12

Page 1, line 13, remove the overstrike over "~~building, and up to a maximum of~~"

Page 1, line 13, after "~~two~~" insert "five"

Page 1, line 13, remove the overstrike over "~~additional acres~~["

Page 1, line 13, after "~~hectare~~" insert "2.02 hectares"

Page 1, line 13, remove the overstrike over the second closing bracket

Page 1, remove the overstrike over lines 16 through 19

Page 1, line 20, overstrike "services" and insert immediately thereafter "purposes"

Page 1, remove the overstrike over line 22

Page 1, line 23, remove the overstrike over "~~from~~"

Page 1, line 23, remove "person if"

Page 1, line 23, remove "received is used for the religious purposes of the religious"

Page 1, line 24, remove "corporation or organization"

Page 2, line 1, replace "**EFFECTIVE DATE**" with "**RETROACTIVE APPLICATION**"

Renumber accordingly

Engrossed HB 1300 was placed on the Seventh order of business on the calendar.

#### **REPORT OF CONFERENCE COMMITTEE**

**HB 1136:** Your conference committee (Sens. Hogue, Armstrong, Grabinger and Reps. Klemin, Kretschmar, Hanson) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1397-1422, adopt amendments as follows, and place HB 1136 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1397-1422 of the House Journal and pages 1263-1288 of the Senate Journal and that House Bill No. 1136 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact sections 11-18-01, 11-18-05, 35-13-02, 35-17-04, 35-17-07, 35-17-08, 35-20-15.1, 35-20-16, 35-29-02, 35-29-04, 35-29-05, 35-30-02, 35-30-05, 35-30-06, 35-31-02, 35-31-05, 35-31-06, 35-34-04, 35-34-06, 35-35-03, 35-37-04, 41-09-72, 41-09-73, and 41-09-84, subsection 2 of section 41-09-87, sections 41-09-94 and 41-09-96, subsection 3 of section 41-09-135, sections 41-10-01, 41-10-05, 47-16-03, 54-09-08, 54-09-09, 54-09-10, and 54-09-11, subsection 5 of section 57-34-10,

subsection 4 of section 57-36-09.5, section 57-38-49, subsection 4 of section 57-39.2-13, subsection 4 of section 57-40.2-16, subsection 3 of section 57-40.3-07.1, subsection 4 of section 57-43.1-17.4, subsection 4 of section 57-43.2-16.3, subsection 4 of section 57-43.3-22, subsection 2 of section 57-51-11, and subsection 4 of section 57-63-10 of the North Dakota Century Code, relating to filing liens and security interests electronically; to repeal section 57-28-29 of the North Dakota Century Code, relating to filing tax liens; to provide for application; to provide for a report to the legislative assembly; and to provide a contingent effective date.

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

**SECTION 1. AMENDMENT.** Section 11-18-01 of the North Dakota Century Code is amended and reenacted as follows:

**11-18-01. Recorder's duties - Recording and filing instruments - Abstracts.**

The recorder shall:

1. Keep a full and true record, in proper books or other storage media provided for that purpose, of each patent, deed, mortgage, bill of sale, security agreement, judgment, decree, lien, certificate of sale, and other instrument required to be filed or admitted to record, if the person offering the instrument for filing or recording pays to the recorder the fees provided by law for the filing or recording.
2. Endorse upon each instrument filed with the recorder for record or otherwise the date and the hour and minute of the day of the filing or recording.
3. When the instrument is recorded or filed, endorse on the instrument the book and page or document number, the date, and the hour and minute of the date when it was recorded or filed with the recorder.
4. Prepare a security agreement abstract whenever any person requests the agreement and pays the required fee.
5. ~~Furnish upon written or telephonic request to persons the information contained in financing statements filed to perfect a security interest pursuant to chapter 41-09 when the collateral is farm products, and to provide written confirmation of the oral information provided upon receipt of a fee which shall be the same as for recording that instrument.~~

**SECTION 2. AMENDMENT.** Section 11-18-05 of the North Dakota Century Code is amended and reenacted as follows:

**11-18-05. Fees of recorder.**

The recorder shall charge and collect the following fees:

1. For recording an instrument affecting title to real estate:
  - a. Deeds, mortgages, and all other instruments not specifically provided for in this subsection, ten dollars for the first page and three dollars for each additional page. In addition, for all documents recorded under this section that list more than five sections of land, a fee of one dollar for each additional section listed which is to be recorded in the tract index. Three dollars of the fee collected for the first page of each instrument recorded under this subdivision must be placed in the document preservation fund.
- (1) "Page" means one side of a single legal size sheet of paper not exceeding eight and one-half inches [21.59 centimeters] in width and fourteen inches [35.56 centimeters] in length.

- (2) The printed, written, or typed words must be considered legible by the recorder before the page will be accepted for recording.
  - (3) Each real estate instrument must have a legal description considered to be adequate by the recorder before such instrument will be accepted for recording.
  - (4) A space of at least four inches by three and one-half inches [10.16 by 8.89 centimeters] square must be provided on the first or last page of each instrument for the recorder's recording information. If recording information can only be placed on the reverse side of an instrument, an additional page charge must be levied.
- b. Instruments satisfying, releasing, assigning, subordinating, continuing, amending, or extending more than one instrument previously recorded in the county in which recording is requested, ten dollars for the first page and three dollars for each additional page plus three dollars for each such additional document number or book and page. In addition, for all documents recorded under this section which list more than five separate sections of land, a fee of one dollar for each additional section listed which is to be recorded in the tract index. Three dollars of the fee collected for the first page of each instrument recorded under this subdivision must be placed in the document preservation fund.
  - c. Plats, irregular tracts, or annexations, ten dollars for one lot plus ten cents for each additional lot, with the exception of auditor's lots which must be a single charge of seven dollars.
  - d. All instruments presented for recording after June 30, 2001, must contain a one-inch [2.54-centimeter] top, bottom, or side margin on each page of the instrument for the placement of computerized recording labels. An instrument that does not conform to this margin requirement may be recorded upon payment of an additional fee of ten dollars.
2. For filing any ~~non-central indexing system~~ instrument, ten dollars.
  3. For making certified copies of any recorded instrument or filed ~~non-central indexing system~~ instrument, the charge is five dollars for the first page and two dollars for each additional page. For making a noncertified copy of any recorded instrument or filed ~~non-central indexing system~~ instrument, a fee of not more than one dollar per instrument page. For providing any electronic data extracted from the recorded instrument, a fee of not more than fifty cents per instrument.
  4. ~~For filing, indexing, making, or completing any statement, abstract, or certificate under the Uniform Commercial Code central filing database, the computerized central notice system or the computerized statutory liens database, for receiving printouts, and for other services provided through the computerized system, the fee is the same as that provided in sections 41-09-06 and 54-09-11.~~
  5. The recorder may establish procedures for providing access for duplicating records under the recorder's control. Such records include paper, photostat, microfilm, microfiche, and electronic or computer-generated instruments created by governmental employees.
  - ~~6-5.~~ Duplicate recorders' records stored offsite as a security measure are not accessible for reproduction.

**SECTION 3. AMENDMENT.** Section 35-13-02 of the North Dakota Century Code, as amended by House Bill No. 1340, as approved by the sixty-third legislative assembly, is amended and reenacted as follows:

**35-13-02. Lien statement - Contents - When required - Filing.**

1. The secretary of state shall prescribe ~~one form~~ an electronic system that can be used to obtain a lien under this section and also be entered in the central indexing system. A person entitled to a lien under this chapter who retains possession of the property made, altered, or repaired is not required to file any statement to perfect the lien. If the possession of the property so made, altered, or repaired is relinquished, the person shall file electronically, within ninety days, or if the property is used for agricultural purposes within one hundred twenty days, or in the exploration for or the production of oil or gas within six months, after the materials are furnished or the labor is completed, in the ~~office of the recorder of the county in which the owner or legal possessor of the property resides~~ central indexing system, a ~~verified written statement~~ showing:
  - a. The labor performed.
  - b. The materials furnished.
  - c. The price agreed upon for the labor performed or materials furnished, or, if no price was agreed upon, the reasonable value thereof.
  - d. The name ~~and address~~ of the person for whom the labor was performed or to whom the materials were furnished.
  - e. The social security number or, in the case of a debtor doing business other than as an individual, the internal revenue service taxpayer identification number of the person for whom the labor was performed or to whom the materials were furnished.
  - f. The name and address of the person claiming the lien.
  - ~~f.g.~~ A description of the property upon which the lien is claimed.
2. A person filing a ~~verified statement~~ shall within thirty days serve notice of the filing, by registered mail, upon the owner or legal possessor of the property. A person entitled to the lien who fails to file a ~~verified statement~~ within the time limited in this section is deemed to have waived the right to a lien.
3. A lienholder may file electronically an amendment to add or correct the social security number or internal revenue service taxpayer identification number of the debtor, to correct the spelling of the debtor's or lienholder's name, or to correct or change the address of the ~~debtor or~~ lienholder. The secretary of state shall ~~prescribe a form that may be used~~ provide a means to amend electronically the repairman's lien that has been filed pursuant to this section. The amendment of the lien does not affect the priority of the lien.

**SECTION 4. AMENDMENT.** Section 35-17-04 of the North Dakota Century Code is amended and reenacted as follows:

**35-17-04. Procedure to obtain lien - Statement filed - Contents - Waiver.**

Any person entitled to an agister's lien, within ninety days after taking possession of the animal, may file electronically in the ~~office of the recorder in any county in this state or in the office of the secretary of state~~ central indexing system, a statement ~~signed by the filer~~ containing the following information:

1. The number of and a description of the animals subject to the lien and the legal description as to the location of the animals.
2. The name and address of the person for whom the animals are kept.

3. The name and address of the lienholder.
4. The price agreed upon for keeping the animals and, if no price was agreed upon, the reasonable value of the services.
5. The social security number or, in the case of a debtor doing business other than as an individual, the internal revenue service taxpayer identification number of the person for whom the animals are kept.

The secretary of state shall ~~prescribe one form that can be used~~ provide a means to obtain electronically a lien under this section or gain protection under the central notice system, or both. If the statement is not filed within ninety days as required by this section, the person entitled to the lien under section 35-17-03 waives the lien.

**SECTION 5. AMENDMENT.** Section 35-17-07 of the North Dakota Century Code is amended and reenacted as follows:

**35-17-07. Amendment of lien.**

A lienholder may file electronically an amendment to correct the social security or internal revenue service taxpayer identification number of the debtor, to correct the spelling of the debtor's or lienholder's name, or to correct or change the address of the debtor or lienholder. The secretary of state shall ~~prescribe a form that may be used to provide a means to electronically~~ amend or assign the agister's lien that has been filed pursuant to section 35-17-04. The amendment or assignment of a lien does not affect the priority of the lien.

**SECTION 6. AMENDMENT.** Section 35-17-08 of the North Dakota Century Code is amended and reenacted as follows:

**35-17-08. Fees - Penalty.**

The fee for filing electronically an agister's lien and related documents ~~with the secretary of state or the county recorder in the central notice system~~ is the same as that provided for in section 41-09-96. If a lienholder fails to file electronically a termination statement within sixty days after the lien has been satisfied, the lienholder is liable to the debtor for one hundred dollars.

**SECTION 7. AMENDMENT.** Section 35-20-15.1 of the North Dakota Century Code is amended and reenacted as follows:

**35-20-15.1. Amendment of lien for unpaid earned property or casualty insurance premiums.**

A lienholder may file an amendment to correct the social security or internal revenue service taxpayer identification number of the debtor, to correct the spelling of the debtor's or lienholder's name, or to correct or change the address of the debtor or lienholder. The secretary of state shall ~~prescribe a form that may be used~~ provide a means to amend electronically or assign the unpaid earned property or casualty insurance premium lien that has been filed under section 35-20-15. The amendment or assignment of a lien does not affect the priority of the lien.

**SECTION 8. AMENDMENT.** Section 35-20-16 of the North Dakota Century Code is amended and reenacted as follows:

**35-20-16. Procedure to obtain unpaid earned property or casualty insurance premium lien - Filing.**

The secretary of state shall ~~prescribe a form that can be used~~ provide a means to obtain electronically a lien under this section and also be entered in the central indexing system. Any person entitled to an unpaid earned property or casualty insurance premium lien, within ninety days after termination of coverage, shall file in the office of the recorder of the county or counties in which the property covered by the policy is located central indexing system and with any loss payee named in the policy, a verified electronic statement in writing stating all of the following:



1. The name and address of the policyholder.
2. The name and address of the lienholder.
3. The nature and quantity of insurance coverage provided.
4. The amount of unpaid earned premium.
5. A description of the property covered by the insurance and subject to the lien.
6. That a lien is claimed upon the property described.
7. The name of the county or counties where the property is located.
8. The social security number of the debtor, or in the case of a debtor doing business other than as an individual, the internal revenue service taxpayer identification number of that person.

**SECTION 9. AMENDMENT.** Section 35-29-02 of the North Dakota Century Code is amended and reenacted as follows:

**35-29-02. Place of filing.**

1. Notices of liens, certificates, and other notices affecting federal tax liens or other federal liens must be filed in accordance with this chapter.
2. Notices of liens upon real property for obligations payable to the United States and certificates and notices affecting the liens must be filed in the office of the recorder of central indexing system and associated to the county in which the real property subject to the liens is situated.
3. Notices of federal liens upon personal property, whether tangible or intangible, for obligations payable to the United States and certificates and notices affecting the liens must be filed as follows:
  - a. If the person against whose interest the lien applies is a corporation, limited liability company, or a partnership whose principal executive office is in this state, as these entities are defined in the internal revenue laws of the United States, in the office of the secretary of state.
  - b. If the person against whose interest the lien applies is a trust that is not covered by subdivision a, in the office of the secretary of state.
  - c. If the person against whose interest the lien applies is the estate of a decedent, in the office of the secretary of state.
  - d. In all other cases, in the office of the recorder of the county where the person against whose interest the lien applies resides at the time of filing of the notice of lien.
4. The secretary of state shall provide a means for the United States to file any documentation according to this chapter.

**SECTION 10. AMENDMENT.** Section 35-29-04 of the North Dakota Century Code is amended and reenacted as follows:

**35-29-04. Duties of filing officer.**

1. If a notice of federal lien, a refiling of a notice of federal lien, or a notice of revocation of any certificate described in subsection 2 is presented to a filing officer who is:

- a. The secretary of state, ~~the secretary~~ shall cause the notice to be marked, held, and indexed in accordance with the provisions of section 41-09-90 as if the notice were a financing statement within the meaning of title 41; or
  - b. ~~Any other officer described in section 35-29-02, the officer~~The secretary of state shall endorse thereon the officer's identification and the date and time of receipt and immediately file it alphabetically or enter it in an alphabetical index showing the name and address of the person named in the notice, the date and time of receipt, the title and address of the official or entity certifying the lien, and the total amount appearing on the notice of lien.
2. If a certificate of release, nonattachment, discharge, or subordination of any lien is presented to the secretary of state for filing, the secretary shall do all of the following:
  - a. Cause a certificate of release or nonattachment to be marked, held, and indexed as if the certificate were a termination statement within the meaning of title 41, but the notice of lien to which the certificate relates may not be removed from the files.
  - b. Cause a certificate of discharge or subordination to be marked, held, and indexed as if the certificate were a release of collateral within the meaning of title 41.
3. If a refiled notice of federal lien referred to in subsection 1 or any certificate or notice referred to in subsection 2 is presented for filing ~~to any other filing officer specified in section 35-29-02, the officer~~to the secretary of state shall permanently attach the refiled notice or the certificate to the original notice of lien and enter the refiled notice or the certificate with the date of filing in any alphabetical lien index on the line where original notice of lien is entered.
4. ~~Upon request of any~~Any person, ~~the filing officer shall issue the officer's certificate showing~~may search the central indexing system to determine whether there is on file, on the date and hour stated therein, any notice of lien or certificate or notice affecting any lien filed under this chapter or chapter 35-28 as it existed prior to enactment of this chapter, naming a particular person, and if a notice or certificate is on file, giving the date and hour of filing of each notice or certificate. ~~The fee for a certificate is one dollar and twenty-five cents for each notice or certificate reported therein. Upon request, the filing officer shall furnish a copy of any notice of federal lien, or notice or certificate affecting a federal lien, for a fee of one dollar, plus seventy-five cents for the second and each succeeding page.~~
5. The secretary of state shall fulfill any of the functions described in this section by electronic means with the same legal effect as if the function had been completed on a physical document.

**SECTION 11. AMENDMENT.** Section 35-29-05 of the North Dakota Century Code is amended and reenacted as follows:

**35-29-05. Fees.**

1. The fee for filing and indexing each notice of lien is:
  - a. ~~For a lien on real estate, ten dollars, plus three dollars for the second and each succeeding page.~~
  - b. ~~For a lien on tangible and intangible personal property, ten dollars, plus five dollars to record if filed with a county recorder.~~

- e. ~~For all other notices, including a certificate of discharge, nonattachment, or subordination, ten dollars, plus ten dollars if filed toward a lien on real estate with a county recorder.~~
  - d. ~~For a nonstandard statement when presented for filing, an additional fee of five dollars plus one dollar per page, and if filed on a real estate lien with a county recorder, an additional ten dollars plus three dollars for the second and each succeeding page.~~
  - e. ~~For a certificate of release, five dollars, which must be paid at the time the lien is filed in the central indexing system is established according to section 41-09-96. Fees to record liens with a county recorder are the same as provided for under section 11-18-05.~~
2. The officer may not file or record an instrument under this chapter unless the person offering the instrument for filing or recording has first paid the requisite filing or recording fee.

**SECTION 12. AMENDMENT.** Section 35-30-02 of the North Dakota Century Code is amended and reenacted as follows:

**35-30-02. Procedure to obtain lien.**

1. To obtain an agricultural processor's lien, the person entitled to the lien, within ninety days after the processing is completed, shall file electronically a statement signed by the filer in the office of the recorder in any county in this state or in the office of the secretary of state central indexing system. The statement must contain the following information:
- a. The name and address of the person for whom the processing was done.
  - b. The name and address of the processor.
  - c. A description of the crops or agricultural products and their amount, if known, subject to the lien together with a reasonable description, including the county as to the location where the crops or agricultural products were grown and the year the crop is to be harvested or was harvested.
  - d. The price agreed upon for processing, or if no price was agreed upon, the reasonable value of the processing.
  - e. The social security number or, in the case of a debtor doing business other than as an individual, the internal revenue service taxpayer identification number of the person for whom the processing was done.
  - f. A description of the processing services and the first date the services were furnished.
2. ~~The secretary of state and the office of the recorder in any county in this state with which a statement signed by the filer under subsection 1 is submitted for filing shall reject the statement unless proof of mailing of notification of the lien to the debtor's last known address by registered or certified mail with return receipt requested is filed with the statement.~~
3. The secretary of state shall ~~prescribe one form that can be used~~ provide an electronic means to obtain a lien under this section or gain protection under the central notice system, or both. Before a processor's lien is filed, a billing statement for the services performed must include notice to the agricultural producer that if the amount due to the agricultural processor is not satisfied a lien may be filed.

**SECTION 13. AMENDMENT.** Section 35-30-05 of the North Dakota Century Code is amended and reenacted as follows:

**35-30-05. Amendment of lien.**

A lienholder may file electronically an amendment to correct the social security or internal revenue service taxpayer identification number of the debtor, to correct the spelling of the debtor's or lienholder's name, or to correct or change the address of the debtor or lienholder. The secretary of state shall ~~prescribe a form that may be used~~provide an electronic means to amend or assign the agricultural processor's lien that has been filed pursuant to section 35-30-02. The amendment or assignment of a lien does not affect the priority of the lien.

**SECTION 14. AMENDMENT.** Section 35-30-06 of the North Dakota Century Code is amended and reenacted as follows:

**35-30-06. Fees - Penalty.**

The fee for filing electronically an agricultural processor's lien and related documents ~~with the secretary of state or the county recorder in the central indexing system~~ is the same as that provided for in section 41-09-96. If a lienholder fails to file a termination statement within sixty days after the lien has been satisfied, the lienholder is liable to the debtor for one hundred dollars.

**SECTION 15. AMENDMENT.** Section 35-31-02 of the North Dakota Century Code is amended and reenacted as follows:

**35-31-02. Procedure to obtain lien.**

To obtain an agricultural supplier's lien, except an agricultural supplier's lien for furnishing petroleum products, the person entitled to the lien, within one hundred twenty days after the supplies are furnished or the services performed, shall file electronically a statement signed by the filer in the office of the recorder of any county in this state or in the office of the secretary of state ~~central notice system~~. To obtain an agricultural supplier's lien for furnishing and delivering petroleum products, the person entitled to the lien, within one hundred fifty days after the petroleum products are furnished or delivered, shall file electronically a statement signed by the filer in the office of the recorder of any county in the state or in the office of the secretary of state ~~central notice system~~. The statement must contain the following information:

1. The name and address of the person to whom the supplies were furnished.
2. The name and address of the supplier.
3. A description of the crops, agricultural products, or livestock and their amount or number, if known, subject to the lien together with a reasonable description, including the county as to the location of the crops, agricultural products, or livestock and the year the crop is to be harvested or was harvested.
4. A description and value of the supplies and the first date furnished.
5. The social security number or, in the case of a debtor doing business other than as an individual, the internal revenue service taxpayer identification number of the person to whom the supplies were furnished.

The secretary of state shall ~~prescribe one form that can be used~~provide an electronic means to obtain a lien under this section or gain protection under the central notice system, or both. Before a supplier's lien is filed, a billing statement for the supplies furnished must include notice to the agricultural producer that if the amount due to the agricultural supplier is not satisfied a lien may be filed.

**SECTION 16. AMENDMENT.** Section 35-31-05 of the North Dakota Century Code is amended and reenacted as follows:

**35-31-05. Amendment of lien.**

A lienholder may file electronically an amendment to correct the social security or internal revenue service taxpayer identification number of the debtor, to correct the spelling of the debtor's or lienholder's name, or to correct or change the address of the debtor or lienholder. The secretary of state shall ~~prescribe a form that may be used~~ provide an electronic means to amend or assign the agricultural supplier's lien that has been filed pursuant to section 35-31-02. The amendment or assignment of a lien does not affect the priority of the lien.

**SECTION 17. AMENDMENT.** Section 35-31-06 of the North Dakota Century Code is amended and reenacted as follows:

**35-31-06. Fees - Penalty.**

The fee for filing an agricultural supplier's lien and related documents ~~with the secretary of state or the county recorder in the central notice system~~ is the same as that provided for in section 41-09-96. If a lienholder fails to file a termination statement within sixty days after the lien has been satisfied, the lienholder is liable to the debtor for one hundred dollars.

**SECTION 18. AMENDMENT.** Section 35-34-04 of the North Dakota Century Code is amended and reenacted as follows:

**35-34-04. Vessel lien.**

1. In the case of a vessel, the child support agency may file electronically a notice of lien ~~with the secretary of state in the central indexing system~~ if the value of the vessel is estimated to be at least twice the cost of establishing the lien. The notice must contain a description of the make, model designation, and serial number of the vessel, including its identification or registration number, if any, and the name, social security number, and last-known address of the obligor. The notice of lien must state that the child support obligation is past due and that a copy of the notice of lien has been served on the obligor by first-class mail at the obligor's last-known address.
2. Upon filing of the notice of lien in accordance with this section, the notice of lien must be indexed ~~by the secretary of state in the central indexing system~~ and may be enforced and foreclosed in the same manner as a security agreement under the provisions of title 41.
3. The secretary of state shall remove and destroy the lien notification statement in the same manner as provided for other liens in section 11-18-14 for the recorder.
4. The child support agency may file electronically an amendment to correct the spelling of the obligor's name, to correct the obligor's social security number, or to correct or change the address of the obligor.

**SECTION 19. AMENDMENT.** Section 35-34-06 of the North Dakota Century Code is amended and reenacted as follows:

**35-34-06. Lien on other personal property.**

1. In the case of untitled personal property other than an account maintained in a financial institution, the child support agency may establish a lien on such personal property by filing electronically a notice of lien ~~with the office of the recorder in the county in which the personal property may be found, with the secretary of state, in the central indexing system~~ or with a third party who is in possession of the personal property. The notice must particularly describe the property to be subjected to the

lien and the name and last-known address of the obligor. The notice of lien must state that the child support obligation is past due and that a copy of the notice of lien has been served on the obligor by first-class mail at the obligor's last-known address.

2. The information filed ~~with a recorder or with the secretary of state~~ under this section must be included in the computerized central indexing system maintained by the secretary of state under section 54-09-09 and must be accessible to the public on the same terms and conditions that apply to access other statutory lien information maintained in the computerized central indexing system.
3. Upon filing of the notice of lien in accordance with this section, the lien attaches to and is perfected against all personal property described in the notice.

**SECTION 20. AMENDMENT.** Section 35-35-03 of the North Dakota Century Code is amended and reenacted as follows:

**35-35-03. Filing officer may reject lien - Filing officer to accept notice of invalid lien - Filing officer not liable.**

1. Any filing officer may reject for filing or recording any nonconsensual common-law lien.
2. If a nonconsensual common-law lien has been accepted for filing or recording, the filing officer shall accept for filing any ~~sworn~~ notice of invalid lien ~~signed and submitted~~ electronically by the person against whom such a lien was filed or that person's attorney. The notice must be captioned "Notice of Invalid Lien" and must state the name and address of the person on whose behalf the notice is filed, the name and address of the lien claimant, and a clear reference to the document or documents the person believes constitute a nonconsensual common-law lien. The notice must be filed in such a manner that any search of the records which reveals the lien the notice refers to will also reveal the notice of invalid lien. The filing officer shall mail or deliver electronically a copy of the notice of invalid lien to the lien claimant at the lien claimant's last-known address within one business day.
3. A filing officer, county, or the state may not be held liable for filing a nonconsensual common-law lien, or for filing a ~~sworn~~ notice of invalid lien pursuant to this section.
4. A fee may not be charged for the filing of a notice of invalid lien against a filed nonconsensual common-law lien.

**SECTION 21. AMENDMENT.** Section 35-37-04 of the North Dakota Century Code is amended and reenacted as follows:

**35-37-04. Perfection of lien - Verified notice - Effect of instruments - Effective date of lien.**

1. If the proceeds for oil or gas which are required to be paid are not paid to the interest owner when due, the interest owner may perfect the security interest and lien by filing electronically a ~~form~~ UCC-1A in the central indexing system and recording the lien in the real estate records in the office of the county recorder of the county in which the well is located. If the oil and gas owner's lien is not filed within ninety days from the date of production, the security interest is not perfected and does not give the interest owner priority over a perfected security interest in the same oil, gas, or proceeds of the oil or gas.
2. ~~All instruments that are presented to a county recorder for filing in accordance with subsection 1 are effective as financing statements even though the signature of the debtor may not appear on the lien. Liens~~

must be filed electronically in the central indexing system and recorded in the real estate records of the county according to sections 11-18-01 and 11-18-05. Liens may be terminated in the same manner as financing statements.

3. Upon perfection by filing, the security interest and lien of the interest owner takes priority over the rights of all persons whose rights or claims arise or attach thereafter to the oil or gas unpaid for, or the proceeds of oil or gas if the oil or gas has been sold, including those that arise or attach between the time the security interest and lien attaches and the time of filing. The security interest and lien created pursuant to this chapter do not have priority over the security interest and lien rights previously created and perfected or an operating agreement or other voluntary agreement for the development and operation of the property.

**SECTION 22. AMENDMENT.** Section 41-09-72 of the North Dakota Century Code is amended and reenacted as follows:

**41-09-72. (9-501) Filing office.**

1. Except as otherwise provided in subsection 2, if the local law of this state governs perfection of a security interest or agricultural lien, the office in which to file a financing statement to perfect the security interest or agricultural lien is:
  - a. The office designated for the filing or recording of a record of a mortgage on the related real property, if:
    - (1) The collateral is as-extracted collateral or timber to be cut; or
    - (2) The financing statement is filed as a fixture filing and the collateral is goods that are or are to become fixtures; or
  - b. The office of the recorder in any county in this state or in the office of the secretary of state, in all other cases, including a case in which the collateral is goods that are or are to become fixtures and the financing statement is not filed as a fixture filing.
2. The office in which to file a financing statement to perfect a security interest in collateral, including fixtures, of a transmitting utility is the office of the secretary of state. The financing statement also constitutes a fixture filing as to the collateral indicated in the financing statement which is or is to become fixtures.
3. The secretary of state shall provide an electronic means for filing any record required or permitted to be filed by this title. This may include use of business-to-business methods using a common data format and must include a web-based application. Any record that is not filed electronically must be rejected.

**SECTION 23. AMENDMENT.** Section 41-09-73 of the North Dakota Century Code is amended and reenacted as follows:

**41-09-73. (9-502) (Effective through June 30, 2013) Contents of financing statement - Record of mortgage as financing statement - Time of filing financing statement - Amending financing statement.**

1. Subject to subsection 2, a financing statement is sufficient only if the statement:
  - a. Provides the name of the debtor;
  - b. Provides the name of the secured party or a representative of the secured party;

- c. Indicates the collateral covered by the financing statement;
  - d. If it is a financing statement that is to be filed to gain protection under the central notice system, includes a reasonable description of the property, including the county in which the property is located, and any other additional information required by the Food Security Act of 1985 [Pub. L. 99-198; Stat. 1535; 7 U.S.C. 1631], as prescribed by the secretary of state, and, to be sufficient a financing statement must include the name and address of the secured party; and unless electronically filed, the signatures of the debtor and secured parties;
  - e. Provides a mailing address for the secured party; and
  - f. Provides a mailing address for the debtor.
2. Except as otherwise provided in subsection 2 of section 41-09-72, to be sufficient, a financing statement that covers as-extracted collateral or timber to be cut, or which is filed as a fixture filing and covers goods that are or are to become fixtures, must satisfy subsection 1 and also:
- a. Indicate that it covers this type of collateral;
  - b. Indicate that it is to be filed for record in the real property records;
  - c. Provide a description of the real property to which the collateral is related sufficient to give constructive notice of a mortgage under the law of this state if the description were contained in a record of the mortgage of the real property; and
  - d. If the debtor does not have an interest of record in the real property, provide the name of a record owner.
3. A record of a mortgage is effective, from the date of recording, as a financing statement filed as a fixture filing or as a financing statement covering as-extracted collateral or timber to be cut only if:
- a. The record indicates the goods or accounts that it covers;
  - b. The goods are or are to become fixtures related to the real property described in the record or the collateral is related to the real property described in the record and is as-extracted collateral or timber to be cut;
  - c. The record satisfies the requirements for a financing statement in this section other than an indication that it is to be filed in the real property records; and
  - d. The record is duly recorded.
4. A financing statement may be filed before a security agreement is made or a security interest otherwise attaches.
5. A financing statement filed to gain protection under the central notice system must be amended within three months of a material change to reflect that change. The amended financing statement must be signed by both the debtor and secured party and filed in the same manner as the original financing statement. An electronically filed amendment does not need to be signed.
6. Any social security number or federal tax identification number submitted on a financing statement filed pursuant to this chapter as a central indexing filing prior to January 1, 2012, is an exempt record as defined by subsection 5 of section 44-04-17.1 and may not be disclosed as part of any search under section 41-09-94 or 41-09-96 or as part of a copy of the record. After December 31, 2011, a debtor's social security number or



federal tax identification number may not be filed pursuant to this chapter in the filing office with the central indexing system and may not be recorded in the real property records.

**(Effective after June 30, 2013) Contents of financing statement - Record of mortgage as financing statement - Time of filing financing statement - Amending financing statement.**

1. Subject to subsection 2, a financing statement is sufficient only if the statement:
  - a. Provides the name of the debtor;
  - b. Provides the name of the secured party or a representative of the secured party;
  - c. Indicates the collateral covered by the financing statement; and
  - d. If it is a financing statement that is to be filed to gain protection under the central notice system, includes a reasonable description of the property, including the county in which the property is located, and any other additional information required by the Food Security Act of 1985 [Pub. L. 99-198; Stat. 1535; 7 U.S.C. 1631], as prescribed by the secretary of state, and, to be sufficient a financing statement must include the name and address of the secured party; and unless electronically filed, the signatures of the debtor and secured parties;
  - ~~e. Provides a mailing address for the secured party; and~~
  - ~~f. Provides a mailing address for the debtor.~~
2. Except as otherwise provided in subsection 2 of section 41-09-72, to be sufficient, a financing statement that covers as-extracted collateral or timber to be cut, or which is filed as a fixture filing and covers goods that are or are to become fixtures, must satisfy subsection 1 and also:
  - a. Indicate that it covers this type of collateral;
  - b. Indicate that it is to be filed for record in the real property records;
  - c. Provide a description of the real property to which the collateral is related sufficient to give constructive notice of a mortgage under the law of this state if the description were contained in a record of the mortgage of the real property; and
  - d. If the debtor does not have an interest of record in the real property, provide the name of a record owner.
3. A record of a mortgage is effective, from the date of recording, as a financing statement filed as a fixture filing or as a financing statement covering as-extracted collateral or timber to be cut only if:
  - a. The record indicates the goods or accounts that it covers;
  - b. The goods are or are to become fixtures related to the real property described in the record or the collateral is related to the real property described in the record and is as-extracted collateral or timber to be cut;
  - c. The record satisfies the requirements for a financing statement in this section, but:
    - (1) The record need not indicate that it is to be filed in the real property records; ~~and~~

- (2) The record sufficiently provides the name of a debtor who is an individual if the record provides the individual name of the debtor or the surname and first personal name of the debtor, even if the debtor is an individual to whom subdivision d of subsection 1 of section 41-09-74 applies; and
  - (3) The mortgage may not include a social security number or internal revenue service taxpayer identification number; and
- d. The record is duly recorded.
4. A financing statement may be filed before a security agreement is made or a security interest otherwise attaches.
  5. A financing statement filed to gain protection under the central notice system must be amended within three months of a material change to reflect that change. The amended financing statement must be signed by both the debtor and secured party and filed in the same manner as the original financing statement. An electronically filed amendment does not need to be signed.
  6. Any social security number or ~~federal tax~~internal revenue service taxpayer identification number submitted on a financing statement filed pursuant to this chapter as a central indexing filing ~~prior to January 1, 2012,~~ is an exempt record as defined by subsection 5 of section 44-04-17.1 and may not be disclosed as part of any search under section 41-09-94 or 41-09-96 or as part of a copy of the record. ~~After December 31, 2011, aA debtor's social security number or federal taxinternal revenue service taxpayer identification number may not be filed pursuant to this chapter in the filing office with the central indexing system and may not be recorded in the real property records as provided for under section 11-18-23.2.~~

**SECTION 24. AMENDMENT.** Section 41-09-84 of the North Dakota Century Code is amended and reenacted as follows:

**41-09-84. (9-513) Termination statement - Remedies - Fees.**

1. If a financing statement covering consumer goods is filed after December 31, 1973, then within one month or within ten days following written demand by the debtor after there is no outstanding secured obligation and no commitment to make advances, incur obligations, or otherwise give value, the secured party shall file ~~with each filing officer with whom the financing statement was filed~~electronically in the central indexing system, a termination statement to the effect that the secured party no longer claims a security interest under the financing statement, which must be identified by file number. In other cases when there is no outstanding secured obligation and no written commitment between the secured party and the debtor to make advances, incur obligations, or otherwise give value, the secured party, unless requested by the debtor in writing to continue the filing, ~~must send to each filing officer with whom the financing statement was filed,~~shall file electronically a termination statement to the effect that the secured party no longer claims a security interest under the financing statement nor under the central notice system, which shall be identified by file number. If the affected secured party fails to file a termination statement as required by this subsection within sixty days of when the secured obligation is fully satisfied, and the debtor has not requested in writing that the filing be continued, then under section 41-09-120 the secured party is liable to the debtor for one hundred dollars and for any loss caused to the debtor by such failure. The debtor's written request for a filing to be continued may be made at any time and be effective under this section. If the affected secured party fails to file a termination statement within ten days after proper written demand by the debtor, then under section 41-09-120 the secured party is

liable to the debtor for one hundred dollars and for any loss caused to the debtor by such failure.

2. Except as otherwise provided in section 41-09-81, upon the filing of a termination statement ~~with the filing office~~, the financing statement to which the termination statement relates ceases to be effective. Except as provided in section 41-09-81, for purposes of subsection 7 of section 41-09-90, subsection 1 of section 41-09-93, and subsection ~~32~~ of section 41-09-94, the electronic filing with the filing office of a termination statement relating to a financing statement that indicates that the debtor is a transmitting utility also causes the effectiveness of the financing statement to lapse.
3. The fee for filing and indexing a termination statement, ~~including sending or delivering the financing statement, is five dollars. For any financing statement filed after April 8, 1991, the fee must be paid at the time is~~ included in the fee for filing the financing statement is paid.

**SECTION 25. AMENDMENT.** Subsection 2 of section 41-09-87 of the North Dakota Century Code is amended and reenacted as follows:

2. Filing does not occur with respect to a record that a filing office refuses to accept because:
  - a. The record is not communicated by a method or medium of communication authorized by the filing office;
  - b. An amount equal to or greater than the applicable filing fee is not tendered;
  - c. The filing office is unable to index the record because:
    - (1) In the case of an initial financing statement, the record does not provide a name for the debtor;
    - (2) In the case of an amendment or correction statement, the record:
      - (a) Does not identify the initial financing statement as required by section 41-09-83 or 41-09-89, as applicable; or
      - (b) Identifies an initial financing statement whose effectiveness has lapsed under section 41-09-86;
    - (3) In the case of an initial financing statement that provides the name of a debtor identified as an individual or an amendment that provides a name of a debtor identified as an individual which was not previously provided in the financing statement to which the record relates, the record does not identify the debtor's last name; or
    - (4) In the case of a record filed or recorded in the filing office described in subdivision a of subsection 1 of section 41-09-72, the record does not provide a sufficient description of the real property to which it relates;
  - d. In the case of an initial financing statement or an amendment that adds a secured party of record, the record does not provide a name and mailing address for the secured party of record;
  - e. In the case of an initial financing statement or an amendment that provides a name of a debtor which was not previously provided in the financing statement to which the amendment relates, the record does not:

- (1) Provide a mailing address for the debtor;
- (2) Indicate whether the debtor is an individual or an organization;  
or
- (3) If the financing statement indicates that the debtor is an organization, provide:
  - (a) A type of organization for the debtor;
  - (b) A jurisdiction of organization for the debtor; or
  - (c) An organizational identification number for the debtor or indicate that the debtor has none;
- f. In the case of an assignment reflected in an initial financing statement under subsection 1 of section 41-09-85 or an amendment filed under subsection 2 of section 41-09-85, the record does not provide a name and mailing address for the assignee; ~~or~~
- g. In the case of a continuation statement, the record is not filed within the six-month period prescribed by subsection 4 of section 41-09-86; or
- h. The record does not contain the social security number or the internal revenue service taxpayer identification number of the debtor.

**SECTION 26. AMENDMENT.** Section 41-09-94 of the North Dakota Century Code is amended and reenacted as follows:

**41-09-94. (9-523) Information from filing office - Sale or license of records.**

1. ~~If a~~Any person that files a written record request may request  
~~electronically an acknowledgment of the filing, the filing office a filing. The central indexing system shall send~~provide to the person detailed information and an image of the record, if not filed electronically, showing the number assigned to the record pursuant to subdivision a of subsection 1 of section 41-09-90 and the date and time of the filing of the record. However, if the person furnishes a copy of the record to the filing office, the filing office may instead:
  - a. ~~Note upon the copy the number assigned to the record pursuant to subdivision a of subsection 1 of section 41-09-90 and the date and time of the filing of the record; and~~
  - b. ~~Send the copy to the person.~~
2. ~~If a person files a record other than a written record, the filing office shall communicate to the person an acknowledgment that provides:~~
  - a. ~~The information in the record;~~
  - b. ~~The number assigned to the record pursuant to subdivision a of subsection 1 of section 41-09-90; and~~
  - c. ~~The date and time of the filing of the record.~~
3. ~~The filing office~~central indexing system shall communicate or otherwise make available in a record electronically the following information to any person that requests it:
  - a. ~~Whether there is on file on a date and time specified by the filing office~~central indexing system, but not a date earlier than three business days before the filing office receives the request, any

verified statement of an agricultural lien created under chapter 35-17, 35-30, or 35-31 or any financing statement that:

- (1) Designates a particular debtor or, if the request so states, designates a particular debtor at the address specified in the request;
  - (2) Has not lapsed under section 41-09-86 with respect to all secured parties of record; and
  - (3) Effective January 1, 2002, if the request so states, has lapsed under section 41-09-86 and a record of which is maintained by the filing office central indexing system under subsection 1 of section 41-09-93;
- b. The date and time of filing of each ~~verified statement~~ and each financing statement; and
- c. The information provided in each ~~verified statement~~ and each financing statement.
4. ~~In complying with its duty under subsection 3, the filing office may communicate information in any medium. However, if requested, the filing office shall communicate information by issuing a written certificate.~~
5. ~~3.~~ The filing office if a request to the central indexing system cannot be automatically accepted, the secretary of state shall perform the acts required by subsections 1 through 4 at the time and in the manner prescribed by filing office rule, but and 2 not later than two business days after the filing office central indexing system receives the request.
6. ~~4.~~ At least weekly, the secretary of state shall offer to sell or license to the public on a nonexclusive basis, in bulk, copies of detailed information of all records filed in it under this part, in every medium from time to time filed within the central indexing system.

**SECTION 27. AMENDMENT.** Section 41-09-96 of the North Dakota Century Code is amended and reenacted as follows:

**41-09-96. (9-525) Fees.**

1. The fee for filing and indexing an original statement under this title is fifty dollars plus one dollar per additional page. When a nonstandard statement is presented for filing, an additional fee of five dollars must be paid. An additional fee may not be charged for the same statement to gain protection under the central notice system.
2. The fee for filing and indexing an amendment, ~~including continuations,~~ assignments, releases, or correction statements under this title is ten dollars plus one dollar per additional page. An additional fee may not be charged for the same document to gain protection under the central notice system.
3. The fee for filing and indexing a continuation under this title is thirty dollars. An additional fee may not be charged for the same document to gain protection under the central notice system.
4. A fee may not be charged for responding to a central indexing system response to an electronic request for information:
  - a. Information from the filing office central indexing system communicating whether there is on file any financing statement or verified statement naming a particular debtor.
  - b. Information on specific filings on a particular debtor.

- c. Copies of each filing on a particular debtor.
- d. Certified copies of filings on a particular debtor.
- 4-5. ~~The fee for a filing office central indexing response providing information on specific filings on submitted by a particular debtor secured party is seven five hundred dollars per debtor for the first five entries, plus two dollars for each additional five entries or fraction thereafter.~~
- 5. ~~The fee for a filing office providing copies of each filing for a particular debtor is seven dollars per debtor plus two dollars per page for each page over three pages.~~
- 6. ~~The fee for a filing office providing certified copies of filings on a particular debtor is ten dollars plus two dollars per page for attachments.~~
- 7-6. ~~Any fees collected by the secretary of state pursuant to this chapter and all other filings entered into the central indexing system must be deposited in the general fund in the state treasury, except with the exception of the fees collected under subsection 64 of section 41-09-94, subsection 4 of this section, and a portion of the filing fees specifically identified in section 54-09-11, which must be deposited in the secretary of state's general services operating fund.~~

**SECTION 28. AMENDMENT.** Subsection 3 of section 41-09-135 of the North Dakota Century Code is amended and reenacted as follows:

- 3. The filing of a continuation statement after this Act takes effect does not continue the effectiveness of the financing statement filed before this Act takes effect. However, upon the timely filing of a continuation statement after this Act takes effect, no later than is required by section 41-09-86, and in accordance with the law of the jurisdiction governing perfection as provided in this chapter as amended by this Act, the effectiveness of a financing statement filed in the same office in that jurisdiction before this Act takes effect continues for the period provided by the law of that jurisdiction.

**SECTION 29. AMENDMENT.** Section 41-10-01 of the North Dakota Century Code is amended and reenacted as follows:

**41-10-01. Definitions.**

As used in this chapter:

- 1. "Authorized", when used with reference to a financing statement record, means that the financing statement record was filed by a person authorized to do so as provided in sections 41-09-80 and 41-09-130.
- 2. "Debtor" means a natural person whose name was provided in a financing statement record as an individual debtor or one of the types of persons listed in section 41-09-76.
- 3. "Filing office" or "filing officer" refers to the ~~appropriate office or~~ office central indexing system, which must be provided by the secretary of state, where a financing statement record is to be filed electronically as provided by section 41-09-72; ~~including the county recorder, the secretary of state, and other designated filing officers.~~
- 4. "Financing statement record" means an initial financing statement, an amendment that adds collateral covered by a financing statement, and an amendment that adds a debtor to a financing statement as such terms are used in this title.

**SECTION 30. AMENDMENT.** Section 41-10-05 of the North Dakota Century Code is amended and reenacted as follows:

**41-10-05. Venue.**

An action under this chapter may be brought in any district court in the county in which the financing statement record is presented for filing or in a county where any of the persons who may bring an action under this chapter reside.

**SECTION 31. AMENDMENT.** Section 47-16-03 of the North Dakota Century Code is amended and reenacted as follows:

**47-16-03. Filing farm lease containing reservation of title to crop - Waiver of rights on failure to file.**

1. When a lease of a farm contains a provision reserving title in the lessor to any part of the crops in excess of the rental share of the lessor until the stated conditions of the lease have been complied with by the lessee, such lease must be filed in the office of the recorder in the county in which the land described therein is located if notice by a real estate recording is sought, and must be filed electronically in the central indexing system if recording in the central notice system is sought, prior to July first in the year in which the crops are raised to render such reservation of title effective as to subsequent purchasers or encumbrancers of any part of the grain over and above the lessor's rental share produced upon the land.
2. The failure to file such lease or contract in accordance with this section constitutes a waiver by the lessor of all rights reserved by that person over and above that person's rental share in such crops as against any subsequent purchaser or encumbrancer of the lessee.
3. The secretary of state ~~may prescribe a form which shall provide an~~ electronic system that includes the pertinent information from the lease that may be filed in the central notice system. A lessor may file this ~~form with the recorder~~ electronic statement and obtain the same rights under this section as if the lessor had filed the lease.
4. The fee required to file and index this notice of lease is:
  - a. As provided in section 11-18-05, if the notice of lease is only a real estate recording;
  - b. As provided in section ~~41-09-06~~ 41-09-96, if the notice of lease is filed only to gain protection under the central notice system; or
  - c. As provided in section 11-18-05, if ~~the notice of lease is both a real estate recording and filed to gain protection under the central notice system. An additional fee may not be charged for the same~~ statement a real estate recording is sought and according to section 41-09-96 if electronically filed to gain protection under the central notice system.

**SECTION 32. AMENDMENT.** Section 54-09-08 of the North Dakota Century Code is amended and reenacted as follows:

**54-09-08. Secretary of state's general services operating fund.**

The secretary of state's general services operating fund is a special fund in the state treasury. Moneys in the fund are to be used pursuant to legislative appropriations for the provision of services under section 16.1-02-15, subsection ~~64~~ of section 41-09-94, subsection 4 of section 41-09-96, subsection ~~87~~ of section 54-09-04, and sections 10-35-33, 54-09-10, and 54-09-11. At the close of each biennium, the secretary of state shall transfer any unobligated balance remaining in the fund exceeding seventy-five thousand dollars to the general fund.

**SECTION 33. AMENDMENT.** Section 54-09-09 of the North Dakota Century Code is amended and reenacted as follows:

**54-09-09. Computerized central indexing system - Rules.**

1. The secretary of state shall maintain a computerized central indexing system that contains the information filed ~~with the office of the secretary of state or with any of the offices of the recorder in this state pursuant to sections 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02, 35-34-04, 35-34-06, 41-09-72, 57-28-29, 57-38-49, 57-39.2-13, 57-40.2-16, 57-40.3-07.1, 57-43.1-17.4, 57-43.2-16.3, and 57-51-11. The system must connect each recorder's office to the secretary of state's office through the information technology department.~~ The system must allow access to financing statement information by equipment that conforms to requirements determined by the information technology department. The system must have safeguards to allow access to information that is in the system relating to security interests or liens and to prevent unauthorized alteration or deletion of that information and to allow access to other information in the system as prescribed by the secretary of state.
2. Within two working days of receipt of a financing statement, continuation statement, amendment, or termination statement filed electronically pursuant to chapter 41-09 or a statement filed electronically pursuant to section 35-13-02, 35-17-04, 35-20-16, 35-30-02, or 35-31-02, the ~~recorder or secretary of state shall file the information contained in the statement~~ must be filed in the computerized central indexing system. A computer printout of information from the system is prima facie evidence of the existence or nonexistence of the filing of a financing statement or lien. The secretary of state shall ~~prescribe one form~~ provide an electronic means that can be used to perfect a security interest in farm products or gain protection under the central notice system, or both.
3. The secretary of state may adopt rules necessary to implement this section and sections 54-09-10 and 54-09-11.

**SECTION 34. AMENDMENT.** Section 54-09-10 of the North Dakota Century Code is amended and reenacted as follows:

**54-09-10. Secretary of state to compile lists for crops and livestock - Distribution of lists.**

1. From the computerized central indexing system, the secretary of state or a designee shall produce ~~each month one~~ electronically a list for crops and ~~one~~ a list for livestock that each contain the information as filed ~~on the forms~~ pursuant to section 41-09-72. The secretary of state shall also include on the lists the information filed for crops and livestock pursuant to sections 35-17-04, 35-30-02, and 35-31-02. The lists must be in alphabetical order according to the last name of, or in numerical order according to the social security number of, the person engaged in farming operations. The lists may be prepared in categories according to county, regions as designated by the secretary of state, or on a statewide basis. If requested, the lists must be in printed form. Each list must conspicuously note the effective date of the list.
2. The secretary of state shall distribute ~~monthly by mail or deliver~~ electronically the lists prepared pursuant to subsection 1, ~~at least five business days in advance of the effective date of each of the lists.~~ If requested, the secretary of state shall mail or deliver electronically the lists to any person making a request at a fee as provided in section 54-09-11.
3. Upon a verbal request of any person, the secretary of state, or a designee of the secretary of state, ~~or a recorder~~ shall verbally provide information contained on a list generated through the computerized central indexing system if the collateral is crops or livestock. The requesting party may request electronically a certificate from ~~the secretary of state or the recorder and the secretary of state or the recorder shall~~ the central indexing system to confirm the information



given. Direct computer access is equivalent to oral confirmation, and a computer printout constitutes the written confirmation of the secretary of state, if use of this method of confirmation does not cause the central indexing system to lose federal certification. A computer printout from the computerized central indexing system constitutes the certificate of the secretary of state or the recorder as to whether there is on file, on the date and hour stated on the computer printout, a financing statement.

**SECTION 35. AMENDMENT.** Section 54-09-11 of the North Dakota Century Code is amended and reenacted as follows:

**54-09-11. Fees.**

1. The secretary of state shall establish fees for ~~placing data in the computerized central indexing system; for obtaining computer access to the computerized central indexing system, to the computerized Uniform Commercial Code central filing database, or to the computerized statutory liens database; for receiving printouts; for direct access to all or parts of the central indexing system; for lists sold or licensed under subsection 6 of section 41-09-94; for any other list provided by the secretary of state; for any programming charges specifically incurred to provide information requested by persons which is related to the central indexing system; and for other services provided through the computerized system.~~
2. ~~The~~A fee may not be required for furnishing information on a verbal request pursuant to subsection 3 of section 54-09-10 ~~is seven dollars, and the fee for furnishing a certificate under subsection 3 of section 54-09-10 is seven~~fifteen dollars.
3. The secretary of state shall establish the fee for furnishing lists ~~under subsection 4 of section 54-09-10~~from the central indexing system based on actual costs to produce the lists for distribution.
4. Fees collected by the secretary of state ~~under subsections 1 and 3 and this section, under subsection 64 of section 41-09-94, and subsection 4 of section 41-09-96, and ten dollars from each filing entered into the central indexing system must be deposited in the secretary of state's general services operating fund. Fees collected by the secretary of state under subsection 2 must be deposited in the general fund in the state treasury~~this section must be used for the programming and maintenance of the central indexing system.
5. The secretary of state ~~may adopt rules regarding what portion of the filing fees and search fees collected by the recorder under section 41-09-96 must be submitted to the secretary of state for deposit into the secretary of state's general operating fund to meet the cost of the provision of services required under sections 54-09-09 and 54-09-10~~shall pay ten dollars to the county recorder of the county of residence for the first debtor listed on each statement filed pursuant to section 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02, or 41-09-72. The payment must be made monthly from the general fund in the state treasury.

**SECTION 36. AMENDMENT.** Subsection 5 of section 57-34-10 of the North Dakota Century Code is amended and reenacted as follows:

5. Any mortgagee, purchaser, judgment creditor, or lien claimant acquiring any interest in, or lien on, any property situated in the state, prior to the tax commissioner filing in the central indexing system maintained by the secretary of state a notice of the lien provided for in subsection 4, takes free of, or has priority over, the lien. The tax commissioner shall index in the central indexing system the following data:
  - a. The name of the taxpayer.

- b. The name "State of North Dakota" as claimant.
- c. The date and time the notice of lien was indexed.
- d. The amount of the lien.
- e. The internal revenue service taxpayer identification number or social security number of the taxpayer.

The notice of lien is effective as of eight a.m. the next day following the indexing of the notice. The tax commissioner shall index any notice of lien with no payment of fees or costs to the secretary of state.

**SECTION 37. AMENDMENT.** Subsection 4 of section 57-36-09.5 of the North Dakota Century Code is amended and reenacted as follows:

- 4. The commissioner shall index in the central indexing system the following data:
  - a. The name of the taxpayer.
  - b. The name "State of North Dakota" as claimant.
  - c. The date and time the notice of lien was indexed.
  - d. The amount of the lien.
  - e. The internal revenue service taxpayer identification number or social security number of the taxpayer.

The notice of lien is effective as of eight a.m. next day following the indexing of the notice. Any notice of lien filed by the commissioner ~~with a recorder~~ may be indexed in the central indexing system without changing its original priority as to property in the county where the lien was filed.

**SECTION 38. AMENDMENT.** Section 57-38-49 of the North Dakota Century Code is amended and reenacted as follows:

**57-38-49. Preservation of lien.**

Any mortgagee, purchaser, judgment creditor, or lien claimant acquiring any interest in, or lien on, any property situated in the state, prior to the commissioner filing in the central indexing system maintained by the secretary of state a notice of the lien provided for in section 57-38-48, takes free of, or has priority over, the lien. The commissioner shall index in the central indexing system the following data:

- 1. The name of the taxpayer.
- 2. The name "State of North Dakota" as claimant.
- 3. The date and time the notice of lien was indexed.
- 4. The amount of the lien.
- 5. The internal revenue service taxpayer identification number or social security number of the taxpayer.

The notice of lien is effective as of eight a.m. next following the indexing of the notice. Any notice of lien filed by the commissioner ~~with a recorder~~ may be indexed in the central indexing system without changing its original priority as to property in the county where the lien was filed. The commissioner shall index any notice of lien with no payment of fees or costs to the secretary of state.

**SECTION 39. AMENDMENT.** Subsection 4 of section 57-39.2-13 of the North Dakota Century Code is amended and reenacted as follows:

4. The commissioner shall index in the central indexing system the following data:
  - a. The name of the taxpayer.
  - b. The name "State of North Dakota" as claimant.
  - c. The date and time the notice of lien was indexed.
  - d. The amount of the lien.
  - e. The internal revenue service taxpayer identification number or social security number of the taxpayer.

The notice of lien is effective as of eight a.m. next following the indexing of the notice. Any notice of lien filed by the commissioner ~~with a recorder~~ may be indexed in the central indexing system without changing its original priority as to property in the county where the lien was filed.

**SECTION 40. AMENDMENT.** Subsection 4 of section 57-40.2-16 of the North Dakota Century Code is amended and reenacted as follows:

4. The commissioner shall index in the central indexing system the following data:
  - a. The name of the taxpayer.
  - b. The name "State of North Dakota" as claimant.
  - c. The date and time the notice of lien was indexed.
  - d. The amount of the lien.
  - e. The internal revenue service taxpayer identification number or social security number of the taxpayer.

The notice of lien is effective as of eight a.m. next following the indexing of the notice. Any notice of lien filed by the commissioner ~~with a recorder~~ may be indexed in the central indexing system without changing its original priority as to property in the county where the lien was filed.

**SECTION 41. AMENDMENT.** Subsection 3 of section 57-40.3-07.1 of the North Dakota Century Code is amended and reenacted as follows:

3. The commissioner shall index in the central indexing system the following data:
  - a. The name of the taxpayer.
  - b. The name "State of North Dakota" as claimant.
  - c. The date and time the notice of lien was indexed.
  - d. The amount of the lien.
  - e. The internal revenue service taxpayer identification number or social security number of the taxpayer.

The notice of lien is effective as of eight a.m. next following the indexing of the notice. Any notice of lien filed by the commissioner ~~with a recorder~~ may be indexed in the central indexing system without changing its original priority as to property in the county where the lien was filed. The commissioner is exempt from the payment of fees otherwise provided by law for the indexing or the satisfaction of the lien.

**SECTION 42. AMENDMENT.** Subsection 4 of section 57-43.1-17.4 of the North Dakota Century Code is amended and reenacted as follows:

4. The commissioner shall index in the central indexing system the following data:
  - a. The name of the taxpayer.
  - b. The name "State of North Dakota" as claimant.
  - c. The date and time the notice of lien was indexed.
  - d. The amount of the lien.
  - e. The internal revenue service taxpayer identification number or social security number of the taxpayer.

The notice of lien is effective as of eight a.m. next following the indexing of the notice. Any notice of lien filed by the commissioner ~~with a recorder~~ may be indexed in the central indexing system without changing its original priority as to property in the county where the lien was filed.

**SECTION 43. AMENDMENT.** Subsection 4 of section 57-43.2-16.3 of the North Dakota Century Code is amended and reenacted as follows:

4. The commissioner shall index in the central indexing system the following data:
  - a. The name of the taxpayer.
  - b. The name "State of North Dakota" as claimant.
  - c. The date and time the notice of lien was indexed.
  - d. The amount of the lien.
  - e. The internal revenue service taxpayer identification number or social security number of the taxpayer.

The notice of lien is effective as of eight a.m. next following the indexing of the notice. Any notice of lien filed by the commissioner ~~with a recorder~~ may be indexed in the central indexing system without changing its original priority as to property in the county where the lien was filed.

**SECTION 44. AMENDMENT.** Subsection 4 of section 57-43.3-22 of the North Dakota Century Code is amended and reenacted as follows:

4. The commissioner shall index in the central indexing system the following data:
  - a. The name of the taxpayer.
  - b. The name "State of North Dakota" as claimant.
  - c. The date and time the notice of lien was indexed.
  - d. The amount of the lien.
  - e. The internal revenue service taxpayer identification number or social security number of the taxpayer.

The notice of lien is effective as of eight a.m. next following the indexing of the notice. Any notice of lien filed by the commissioner ~~with a recorder~~ may be indexed in the central indexing system without changing its original priority as to property in the county where the lien was filed.

**SECTION 45. AMENDMENT.** Subsection 2 of section 57-51-11 of the North Dakota Century Code is amended and reenacted as follows:

2. Any judgment creditor, or lien claimant acquiring any interest in, or lien on, any property situated in this state, prior to the commissioner filing in the central indexing system maintained by the secretary of state, a notice of the lien provided for in this section, takes free of, or has priority over, the lien. The commissioner shall index in the central indexing system the following data:
  - a. The name of the taxpayer.
  - b. The name "State of North Dakota" as claimant.
  - c. The date and time the notice of lien was indexed.
  - d. The amount of the lien.
  - e. The internal revenue service taxpayer identification number or social security number of the taxpayer.

The notice of lien is effective as of eight a.m. of the first day following the indexing of the notice. A notice of lien filed by the commissioner ~~with a recorder before August 1, 1997,~~ may be indexed in the central indexing system without changing its original priority as to property in the county where the lien was filed.

**SECTION 46. AMENDMENT.** Subsection 4 of section 57-63-10 of the North Dakota Century Code is amended and reenacted as follows:

4. The commissioner shall index in the central indexing system the following data:
  - a. The name of the facility.
  - b. The name "State of North Dakota" as claimant.
  - c. The date and time the notice of lien was indexed.
  - d. The amount of the lien.
  - e. The internal revenue service taxpayer identification number of the facility or the social security number of the owner, officer, or manager of the facility.

The notice of lien is effective as of eight a.m. the next day following the indexing of the notice. A notice of lien filed by the commissioner ~~with the recorder~~ may be indexed in the central indexing system without changing its original priority as to property in the county where the lien was filed.

**SECTION 47. REPEAL.** Section 57-28-29 of the North Dakota Century Code is repealed.

**SECTION 48. APPLICATION.** During the 2013-15 biennium, the secretary of state shall provide an electronic means for the central indexing system to accept an amendment to a statement filed before July 1, 2014, pursuant to section 35-13-02, 35-17-04, 35-20-16, 35-30-02, 35-31-02, 35-34-04, 41-09-72, 57-38-49, 57-39.2-13, 57-40.2-16, 57-40.3-07.1, 57-43.1-17.4, or 57-43.2-16. Before July 1, 2015, a secured party or lienholder may amend a filing under this section without a fee if the amendment is limited in scope to correcting the name of the debtor as required under section 41-09-135, or adding or correcting the social security or internal revenue service taxpayer identification number of the debtor, or both.

**SECTION 49. SECRETARY OF STATE REPORT TO LEGISLATIVE ASSEMBLY.** The secretary of state shall report to the sixty-fourth legislative

assembly regarding the change in filing fees provided under this Act, including a comparison of the revenue collected under the new fee system versus the revenues collected under the previous fee system.

**SECTION 50. CONTINGENT EFFECTIVE DATE.** Sections 1 through 27 and sections 29 through 47 of this Act become effective August 1, 2015, or earlier if the secretary of state makes a report to the legislative management and to the information technology committee certifying that the information technology components of the electronic filing system are ready for implementation of those provisions of this Act, in which case those sections become effective ninety days following the completion of the certificate requirement."

Renumber accordingly

HB 1136 was placed on the Seventh order of business on the calendar.

#### REPORT OF CONFERENCE COMMITTEE

**HB 1272, as engrossed:** Your conference committee (Sens. Luick, Schaible, Marcellais and Reps. Meier, Rohr, Mock) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1149-1150, adopt amendments as follows, and place HB 1272 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1149 and 1150 of the House Journal and pages 830 and 831 of the Senate Journal and that Engrossed House Bill No. 1272 be amended as follows:

Page 1, line 23, after "A" insert "benefited employee of the North Dakota university system:

f. The"

Page 1, line 23, overstrike "or dependent"

Page 2, line 6, replace "An" with "A benefited"

Page 2, line 6, overstrike "any institution of higher education in this state"

Page 2, line 7, after "any" insert "the North Dakota university system"

Page 2, line 9, overstrike "f." and insert immediately thereafter "g."

Page 2, line 9, remove the overstrike over "A"

Page 2, line 9, after "person" insert "dependent of:

- (1) A full-time active duty member of the armed forces;
- (2) A member of the North Dakota national guard;
- (3) A member of the armed forces reserve component stationed in this state;
- (4) A veteran, as defined in section 37-01-40, provided the veteran is eligible to transfer entitlement under the Post 9-11 Veterans Educational Assistance Act of 2008 [38 U.S.C. 3301]; or
- (5) A benefited employee of the North Dakota university system;

h."

Page 2, line 11, overstrike "g." and insert immediately thereafter "i."

Renumber accordingly

Engrossed HB 1272 was placed on the Seventh order of business on the calendar.

**REPORT OF CONFERENCE COMMITTEE**

**HB 1099, as engrossed:** Your conference committee (Sens. Poolman, Schaible, Berry and Reps. Kempenich, Dosch, Guggisberg) recommends that the **HOUSE ACCEDE** to the Senate amendments as printed on HJ page 1397 and place HB 1099 on the Seventh order.

Engrossed HB 1099 was placed on the Seventh order of business on the calendar.

**REPORT OF CONFERENCE COMMITTEE**

**HCR 3006, as engrossed:** Your conference committee (Sens. Berry, Armstrong, Nelson and Reps. Maragos, Karls, Hanson) recommends that the **HOUSE ACCEDE** to the Senate amendments as printed on HJ page 1340 and place HCR 3006 on the Seventh order.

Engrossed HCR 3006 was placed on the Seventh order of business on the calendar.

**APPOINTMENT OF CONFERENCE COMMITTEE**

**SEN. KLEIN MOVED** that the President appoint a committee of three to act with a like committee from the House as a Conference Committee on Reengrossed HB 1038, which motion prevailed.

**THE PRESIDENT APPOINTED** as a Conference Committee on:

**Reengrossed HB 1038:** Sens. J. Lee, Dever, Mathern

**CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. SCHAIBLE MOVED** that the conference committee report on Reengrossed SB 2369 as printed on SJ pages 1518-1519 be adopted.

**REQUEST**

**SEN. SCHAIBLE REQUESTED** a verification vote, which request was granted.

The question being on the motion to adopt the conference committee report on Reengrossed SB 2369, the conference committee report on Reengrossed SB 2369 was rejected on a verification vote.

**CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. OEHLKE MOVED** that the conference committee report on SB 2163 as printed on SJ pages 1516-1518 be adopted, which motion prevailed on a voice vote.

SB 2163, as amended, was placed on the Eleventh order of business.

**SECOND READING OF SENATE BILL**

**SB 2163:** A BILL for an Act to amend and reenact section 53-06.1-12 of the North Dakota Century Code, relating to gaming taxes.

**ROLL CALL**

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 47 YEAS, 0 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Anderson; Andrist; Armstrong; Axness; Berry; Bowman; Burckhard; Campbell; Carlisle; Cook; Dever; Dotzenrod; Erbele; Flakoll; Grabinger; Grindberg; Heckaman; Hogue; Holmberg; Kilzer; Klein; Krebsbach; Laffen; Larsen; Lee, G.; Lee, J.; Luick; Lyson; Marcellais; Mathern; Miller; Murphy; Nelson; O'Connell; Oehlke; Poolman; Robinson; Schaible; Schneider; Sinner; Sitte; Sorvaag; Triplett; Unruh; Wanzek; Wardner; Warner

Engrossed SB 2163 passed.

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**CONSIDERATION OF AMENDMENTS**

**HB 1015, as engrossed:** **SEN. HOLMBERG (Appropriations Committee) MOVED** that the amendments be adopted and then be placed on the Fourteenth order with **DO PASS**, which motion prevailed on a voice vote.

**SECOND READING OF HOUSE BILL**

**HB 1015:** A BILL for 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 amend and reenact sections 15.1-27-25 and 48-10-02 of the North Dakota Century Code, relating to distributions of royalties and the capitol building fund; to provide an exemption; to provide for various transfers; to provide legislative intent; to provide for a budget section report; and to provide for a legislative management study.

**MOTION**

**SEN. HOLMBERG MOVED** that Engrossed HB 1015, as amended, be amended as follows, which motion prevailed on a voice vote.

In lieu of the amendments adopted by the Senate as printed on pages \_\_\_\_\_ of the Senate Journal, Engrossed House Bill No. 1015 is amended as follows:

Page 1, line 2, remove "to create and"

Page 1, remove line 3

Page 1, line 4, remove "political subdivisions submitting budget information to the state budget database website;"

Page 1, line 5, replace "section" with "sections"

Page 1, line 5, after "15.1-27-25" insert "and 48-10-02"

Page 1, line 6, after "royalties" insert "and the capitol building fund"

Page 1, line 7, after the semicolon insert "to provide for a budget section report; and"

Page 1, line 7, after "for" insert "a"

Page 1, line 7, remove "studies; and to provide an effective"

Page 1, line 8, replace "date" with "study"

Page 1, remove lines 18 through 24

Page 2 replace lines 1 through 5 with:

"Salaries and wages	\$18,477,763	\$1,475,552	\$19,953,315
Operating expenses	13,755,254	991,534	14,746,788
Emergency commission	700,000	0	700,000
contingency fund			
Capital assets	5,190,143	4,760,922	9,951,065
Grants	430,000	0	430,000
Prairie public broadcasting	1,000,000	1,037,138	2,037,138
State student internship program	200,000	0	200,000
Health insurance pool - temporary employees	0	2,000,000	2,000,000
Accrued leave payments	0	570,412	570,412
Total all funds	\$39,753,160	\$10,835,558	\$50,588,718
Less estimated income	10,514,461	(783,831)	9,730,630
Total general fund	\$29,238,699	\$11,619,389	\$40,858,088"

Page 2, replace line 13 with:

"Capitol complex parking lot repairs	800,000	4,000,000"
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Page 2, replace lines 19 through 21 with:

"Prairie public broadcasting	0	700,000
Health insurance pool	0	2,000,000
Land use study	0	50,000



Repair and cleaning capitol and j-wing	0	1,200,000
Total all funds	\$478,354,000	\$10,640,000
Less estimated income	0	1,000,000
Total general fund	\$478,354,000	\$9,640,000"

Page 2, after line 31, insert:

**"SECTION 4. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET - STATE AGENCY ENERGY DEVELOPMENT IMPACT FUNDING POOL - TRANSFER AUTHORITY - EMERGENCY COMMISSION APPROVAL.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$4,000,000, or so much of the sum as may be necessary, and from special funds derived from federal funds and other income, the sum of \$4,500,000, or so much of the sum as may be necessary, to the office of management and budget for a state agency energy development impact funding pool, for the biennium beginning July 1, 2013, and ending June 30, 2015. The funds provided under this section are considered a one-time funding item.

A state agency may submit an application to the office of management and budget for a transfer of appropriation authority from the state agency energy development impact funding pool for employee housing rental assistance and temporary salary increases for employees affected by energy development. The office of management and budget, subject to emergency commission approval, shall transfer appropriation authority from the state agency energy development impact funding pool to eligible agencies for approved applications.

1. A state agency may submit an application to the office of management and budget for up to six months of rental assistance for employees in affected areas of the state.
  - a. As part of the application for rental assistance, the agency must attach the employee's rental agreement from the rental property company. The rental agreement must include the following information:
    - (1) Rental company name.
    - (2) Rental company address.
    - (3) Amount of rent.
    - (4) Effective date of lease.
  - b. The office of management and budget shall review the application for rental assistance and make a recommendation to the emergency commission to approve or reject the request. The emergency commission shall make the final determination on the application. The applications must be reviewed on an individual basis based on documented need and affordability.
  - c. Rental assistance payments must be based on a housing survey conducted by the agency submitting an application to determine statewide and local housing averages, subject to review and recommendation by the office of management and budget and approval by the emergency commission. Employees eligible to receive rental assistance include employees currently renting in designated areas of the state and new employees or existing employees transferring into affected areas of the state. The rental assistance payment must be a flat dollar amount based on the difference between the state rental rate average and the rental rates for similar housing in the location where the employee resides. When determining the difference in rental rates, consideration must be given to the appropriate amount of housing space needed for an employee based on the number of immediate family members living

with the employee. The rental rate difference calculation may not include costs for garage space for an employee's personal vehicle.

- d. A state agency that has an employee or employees receiving rental assistance must submit documentation to the office of management and budget upon request that verifies the employee's proof of payment.
  - e. A state agency must report any changes to the office of management and budget of the housing status of employees for whom an application has been approved.
2. A state agency may submit an application for up to six months of salary differential payments for employees living in or temporarily assigned to areas of the state affected by energy development. The application must document the salary level of each affected employee compared to statewide and local averages for similar types of employee positions. The office of management and budget shall review the application for salary differential payments and make a recommendation to the emergency commission to approve or reject the request. The emergency commission shall make the final determination on the application. Any salary differential payment provided to an employee does not become part of the employee's permanent base salary.

**SECTION 5. COMMUNITY SERVICE SUPERVISION GRANTS - FUNDING ALLOCATIONS - ADDITIONAL INCOME APPROPRIATION.** The grants line item in section 1 of this Act includes the sum of \$375,000 from the general fund for the purpose of providing community service supervision grants. The office of management and budget shall distribute the grant funds on or before August first during each year of the biennium beginning July 1, 2013, and ending June 30, 2015, to North Dakota community corrections association regions as follows:

Barnes County	\$9,091
Bismarck (urban)	20,293
Bismarck (rural)	10,667
Devils Lake	10,747
Dickinson	12,683
Fargo	24,127
Grand Forks	19,803
Jamestown	13,883
Minot	16,194
Richland County	9,931
Rugby	11,657
Sargent County	8,086
Wells County	8,189
Williston	<u>12,149</u>
Total	\$187,500

Any moneys in the community service supervision fund are appropriated to the office of management and budget for distribution to community corrections association regions on or before August first of each year during the biennium beginning July 1, 2013, and ending June 30, 2015.

**SECTION 6. MISSOURI RIVER CORRECTIONAL CENTER STUDY - BUDGET SECTION REPORT.** The operating expenses line item in section 1 of this Act includes the sum of \$50,000 from the general fund which must be used by the office of management and budget to contract for a land use study of the Missouri River correctional center site. The study must review options to relocate the center to another site, options to develop all or a portion of the current site into a day park, and options to continue agriculture activities on the current site. The study may not include a review of options to develop the land for residential, commercial, or industrial purposes. During the 2013-14 interim, the office of management and budget shall provide a report to the budget section regarding the results of the study.

**SECTION 7. OFFICE OF MANAGEMENT AND BUDGET - TEMPORARY EMPLOYEE HEALTH INSURANCE POOL - TRANSFER AUTHORITY.** The office of management and budget may transfer to each eligible agency appropriation authority from the health insurance pool - temporary employees line item contained in section 1 of this Act. Transfers may be made for the purpose of providing temporary employee health insurance adjustments for state employees, including institutions of higher education, determined to be full time based on guidelines developed by the office of management and budget in accordance with the shared responsibility provisions of the Affordable Care Act for the biennium beginning July 1, 2013, and ending June 30, 2015."

Page 3, line 18, replace "8" with "12"

Page 3, line 22, remove "- **LEGISLATIVE**"

Page 3, line 23, remove "**INTENT**"

Page 3, line 23, after "**GUIDELINES**" insert "- **BUDGET SECTION APPROVAL**"

Page 3, line 24, after "of" insert "3 to 5 percent for the first year of the biennium and in a range of"

Page 3, line 25, replace "each" with "the second"

Page 3, line 27, after "increases" insert "for the first year of the biennium"

Page 3, line 28, after "and" insert "for the second year of the biennium are to be given"

Page 3, line 29, after "adjustment" insert "for each year of the biennium"

Page 3, line 29, remove "for the first year of the biennium may be"

Page 3, line 30, remove "provided"

Page 4, line 1, after "range" insert "and up to 1 percent for a classified state employee whose salary is in the second quartile of the employee's assigned salary range may be provided"

Page 4, line 1, remove "The market equity increases are to be given"

Page 4, remove line 2

Page 4, line 6, after "budget" insert ", subject to budget section approval"

Page 4, line 6, remove "not"

Page 4, line 11, after "of" insert "3 to 5 percent for the first year of the biennium and in a range of"

Page 4, line 12, replace "each" with "the second"

Page 4, line 14, after "2013" insert "for the first year of the biennium"

Page 4, line 15, after the first "2014" insert "for the second year of the biennium"

Page 4, remove lines 16 through 18

Page 4, after line 22, insert:

"Each agency appropriation is increased to provide additional funding of \$95 per month for each eligible employee to maintain existing health insurance benefits. As a percentage of the average state employee monthly salary, this amount represents a 2.35 percent increase."

Page 4, line 23, after the first "**ITEM**" insert "- **PILOT PROJECT**"

Page 4, line 26, after the first "for" insert "a pilot project for the biennium beginning July 1, 2013, and ending June 30, 2015, for"

Page 4, line 31, after the period insert "For the purpose of determining salaries and wages amounts under section 54-27-10, the office of management and budget shall consider the amounts included in the accrued leave payments line item as part of the appropriation for salaries and wages."

Page 6, remove lines 9 through 31

Page 7 replace lines 1 through 13 with:

**"SECTION 15. AMENDMENT.** Section 48-10-02 of the North Dakota Century Code is amended and reenacted as follows:

**48-10-02. Capitol building fund to be administered by the capitol grounds planning commission - Continuing appropriation - Procedure for expenditure of certain funds.**

The capitol grounds planning commission shall have general powers to superintend the administration of the capitol building fund, its interest and income fund, and its investments and properties. It may cause any lands now held in such funds to be sold at market value, direct the conversion of any securities now held by such funds to cash, approve expenditures from such funds subject to law and legislative appropriations, and to do all other things necessary to carry out the intent and purposes of this section. The board of university and school lands or its designee, on the commission's behalf, shall see to the investment and management of the capitol building fund and its interest and income fund and shall account to the commission concerning these funds at the commission's request.

Provided further, all moneys and other property in the capitol building fund, except as otherwise appropriated, are hereby dedicated and reserved to the exclusive purpose of the construction of an addition to the legislative wing of the state capitol building, and the capitol grounds planning commission shall take necessary steps to accumulate and conserve the money and property in the capitol building fund for such purpose.

The commission may, during any biennium, expend from the interest and income fund of the capitol building fund a sum not to exceed fifty percent of the unencumbered balance on the first day of any biennium, and such amount is hereby appropriated to the capitol grounds planning commission. The expenditure may be made, after consideration of the capitol grounds master plan, for projects or planning but ~~shall may~~ not exceed ~~one hundred two hundred fifty~~ thousand dollars per biennium. The expenditure may only be made upon approval by two-thirds of the total membership of the commission. The expenditure must be made upon a voucher, or vouchers, prepared by the office of management and budget at the direction of the commission."

Page 7 remove lines 20 and 21

ReNUMBER accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1015 - Office of Management and Budget - Senate Action**

	Executive Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$20,904,344	\$19,719,302	\$234,013	\$19,953,315
Operating expenses	14,696,788	14,226,788	520,000	14,746,788
Capital assets	9,796,065	5,796,065	4,155,000	9,951,065
Grants	430,000	430,000		430,000
Emergency Commission contingency fund	700,000	1,000,000	(300,000)	700,000
Prairie Public Broadcasting	2,037,138	1,537,138	500,000	2,037,138
State student internship program	200,000	200,000		200,000
Health insurance pool - temp	2,000,000		2,000,000	2,000,000

employees				
Accrued leave payments		570,412		570,412
Transfer to property tax fund		373,210,000		373,210,000
State agency energy impact pool			8,500,000	8,500,000
Total all funds	\$50,764,335	\$416,689,705	\$15,609,013	\$432,298,718
Less estimated income	9,589,395	8,669,598	5,561,032	14,230,630
General fund	\$41,174,940	\$408,020,107	\$10,047,981	\$418,068,088
FTE	131.50	130.50	0.00	130.50

### Department No. 110 - Office of Management and Budget - Detail of Senate Changes

	Removes House Changes to Executive Compensation Package <sup>1</sup>	Adjusts State Employee Compensation and Benefits Package <sup>2</sup>	Adjusts Line Item Funding for Central Services Operations <sup>3</sup>	Restores Funding to Contract with Auditors <sup>4</sup>	Adds Funding for Land Use Study <sup>5</sup>	Removes Funding for State Database Website <sup>6</sup>
Salaries and wages	\$654,359	(\$295,346)	(\$125,000)			
Operating expenses			(30,000)	600,000	50,000	(100,000)
Capital assets			155,000			
Grants						
Emergency Commission contingency fund						
Prairie Public Broadcasting						
State student internship program						
Health insurance pool - temp employees						
Accrued leave payments						
Transfer to property tax fund						
State agency energy impact pool						
Total all funds	\$654,359	(\$295,346)	\$0	\$600,000	\$50,000	(\$100,000)
Less estimated income	110,701	(49,669)	0	0	0	0
General fund	\$543,658	(\$245,677)	\$0	\$600,000	\$50,000	(\$100,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Restores Funding for Parking Lot Project <sup>7</sup>	Reduces Funding for State Contingencies <sup>8</sup>	Restores One-Time Funding for Prairie Public Broadcasting <sup>9</sup>	Restores Health Insurance Pool for Temporary Employees <sup>10</sup>	Adds State Agency Energy Development Impact Pool <sup>11</sup>	Total Senate Changes
Salaries and wages						\$234,013
Operating expenses						520,000
Capital assets	4,000,000					4,155,000
Grants						
Emergency Commission contingency fund		(300,000)				(300,000)
Prairie Public Broadcasting			500,000			500,000
State student internship program						
Health insurance pool - temp employees				2,000,000		2,000,000
Accrued leave payments						
Transfer to property tax fund						
State agency energy impact pool					8,500,000	8,500,000
Total all funds	\$4,000,000	(\$300,000)	\$500,000	\$2,000,000	\$8,500,000	\$15,609,013
Less estimated income	0	0	0	1,000,000	4,500,000	5,561,032
General fund	\$4,000,000	(\$300,000)	\$500,000	\$1,000,000	\$4,000,000	\$10,047,981
FTE	0.00	0.00	0.00	0.00	0.00	0.00

<sup>1</sup> Changes made by the House to the executive compensation package are removed.

<sup>2</sup> This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
- Reduces the market component from 2 to 4 percent per year to 1 to 2 percent per

year for employees below the midpoint of their salary range.

- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.

<sup>3</sup> Special funds authority added by the House for Central Services operations is adjusted among line items to reflect anticipated expenses.

<sup>4</sup> Funding removed by the House to allow the Office of Management and Budget to contract with external auditors for certain audits is restored.

<sup>5</sup> One-time funding is added for the Office of Management and Budget to contract for a land use study of the Missouri River Correctional Center site. A section is also added to the bill to provide guidelines for the study and to provide for a report to the Budget Section on the study.

<sup>6</sup> Funding added by the House for costs associated with the implementation of a political subdivision-reporting component for the state database website is removed.

<sup>7</sup> One-time funding from the general fund removed by the House for Capitol grounds parking lot projects is restored.

<sup>8</sup> Funding for the state contingency fund is reduced from \$1,000,000 to \$700,000, the same amount as provided in the executive budget recommendation.

<sup>9</sup> One-time funding of \$500,000 removed by the House for Prairie Public Broadcasting equipment upgrades is restored to provide total one-time funding of \$700,000.

<sup>10</sup> Funding removed by the House for a health insurance pool for temporary employees is restored. A section is added to allow the Office of Management and Budget to transfer funds from the pool to other state agencies.

<sup>11</sup> A section is added to provide funding and guidelines for a state agency energy impact funding pool. The pool is to be used to address housing and salary needs of state agency employees living in areas affected by energy development.

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This amendment also:

- Adds a section to provide guidelines regarding the allocation of community service supervision grants and provides that any funding available in the community service supervision fund is appropriated to the Office of Management and Budget for distribution to community corrections association regions.
- Amends Section 48-10-02 to increase the continuing appropriation provided from the Capitol building fund to the Capitol Grounds Planning Commission from \$100,000 per biennium to \$250,000 per biennium.
- Adjusts Sections 8 and 9 regarding state employee compensation guidelines and agency accrued leave payments line items.
- Removes Section 11 of the bill which enacts a new statutory section for a political subdivision-reporting component to the state database website. Section 15 of the bill, which provided an effective date for the new statutory section, is also removed.
- Removes Sections 12 and 13 of the bill, which provided for studies of state agency facility needs and state employee compensation.

**HB 1015:** A BILL for 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 amend and reenact sections 15.1-27-25 and 48-10-02 of the North Dakota Century Code, relating to distributions of royalties and the capitol building fund; to provide an exemption; to provide for various transfers; to provide legislative intent; to provide for a budget section report; and to provide for a legislative management study.

**ROLL CALL**

The question being on the final passage of the amended bill, which has been read, and has committee recommendation of DO PASS, the roll was called and there were 47 YEAS, 0 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Anderson; Andrist; Armstrong; Axness; Berry; Bowman; Burckhard; Campbell; Carlisle; Cook; Dever; Dotzenrod; Erbele; Flakoll; Grabinger; Grindberg; Heckaman; Hogue; Holmberg; Kilzer; Klein; Krebsbach; Laffen; Larsen; Lee, G.; Lee, J.; Luick; Lyson; Marcellais; Mathern; Miller; Murphy; Nelson; O'Connell; Oehlke; Poolman; Robinson; Schaible; Schneider; Sinner; Sitte; Sorvaag; Triplett; Unruh; Wanzek; Wardner; Warner

Engrossed HB 1015, as amended, passed.

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**MOTION**

**SEN. KLEIN MOVED** that the Senate stand in recess until 1:00 p.m., which motion prevailed.

**THE SENATE RECONVENED** pursuant to recess taken, with President Wrigley presiding.

**APPOINTMENT OF CONFERENCE COMMITTEE**

**SEN. KLEIN MOVED** that the President appoint a new committee of three to act with a like committee from the House as a Conference Committee on SB 2072, which motion prevailed.

**THE PRESIDENT APPOINTED** as a new Conference Committee on:

**SB 2072:** Sens. Miller, Larsen, Heckaman

**APPOINTMENT OF CONFERENCE COMMITTEE**

**SEN. KLEIN MOVED** that the President appoint a new committee of three to act with a like committee from the House as a Conference Committee on Reengrossed SB 2369, which motion prevailed.

**THE PRESIDENT APPOINTED** as a new Conference Committee on:

**Reengrossed SB 2369:** Sens. Schaible, Dever, Nelson

**CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. UNRUH MOVED** that the conference committee report on Reengrossed HB 1134 be adopted, which motion prevailed on a voice vote.

Reengrossed HB 1134, as amended, was placed on the Fourteenth order of business.

**SECOND READING OF HOUSE BILL**

**HB 1134:** A BILL for an Act to create and enact sections 57-51-02.6 and 57-51.1-02.1 of the North Dakota Century Code, relating to oil and gas gross production tax exemption for natural gas and an oil extraction tax exemption for liquids produced from natural gas extracted to encourage use of gas that might otherwise be flared; to amend and reenact sections 38-08-06.4 and 57-39.2-04.5 of the North Dakota Century Code, relating to flaring restrictions for natural gas and sales tax exemption for property used to process natural gas to encourage use of gas that might otherwise be flared; and to provide an effective date.

**ROLL CALL**

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 46 YEAS, 0 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

**YEAS:** Anderson; Andrist; Armstrong; Axness; Bowman; Burckhard; Campbell; Carlisle; Cook; Dever; Dotzenrod; Erbele; Flakoll; Grabinger; Grindberg; Heckaman; Hogue; Holmberg; Kilzer; Klein; Krebsbach; Laffen; Larsen; Lee, G.; Lee, J.; Luick; Lyson; Marcellais; Mathern; Miller; Murphy; Nelson; O'Connell; Oehlke; Poolman; Robinson; Schaible; Schneider; Sinner; Sitte; Sorvaag; Triplett; Unruh; Wanzek; Wardner; Warner

**ABSENT AND NOT VOTING:** Berry

Reengrossed HB 1134, as amended, passed.

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### CONSIDERATION OF AMENDMENTS

**HB 1250, as amended: SEN. MILLER (Appropriations Committee) MOVED** that the amendments be adopted and then be placed on the Fourteenth order with **DO PASS**.

### REQUEST

**SEN. MILLER REQUESTED** a recorded roll call vote, which request was granted.

### ROLL CALL

The question being on the motion to adopt the amendments to HB 1250, as amended, the roll was called and there were 33 YEAS, 13 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

**YEAS:** Anderson; Andrist; Axness; Bowman; Campbell; Carlisle; Dotzenrod; Erbele; Flakoll; Grabinger; Grindberg; Heckaman; Holmberg; Kilzer; Klein; Krebsbach; Lee, G.; Lee, J.; Luick; Lyson; Mathern; Murphy; Nelson; O'Connell; Oehlke; Poolman; Robinson; Schaible; Schneider; Sinner; Sorvaag; Wardner; Warner

**NAYS:** Armstrong; Burckhard; Cook; Dever; Hogue; Laffen; Larsen; Marcellais; Miller; Sitte; Triplett; Unruh; Wanzek

**ABSENT AND NOT VOTING:** Berry

The proposed amendments to HB 1250, as amended, were adopted on a recorded roll call vote.

### SECOND READING OF HOUSE BILL

**HB 1250:** A BILL for an Act to create and enact three new sections to chapter 57-38, a new subdivision to subsection 7 of section 57-38-30.3, subsections 7 and 8 to section 57-38-34, subsection 11 to section 57-38-38, and subsection 16 to section 57-38-40 of the North Dakota Century Code, relating to corporate and individual income tax credits and transition of financial institutions to corporate income tax treatment; to amend and reenact subsection 5 of section 11-37-08, subsection 8 of section 40-63-01, subsection 5 of section 40-63-04, section 40-63-06, subsections 3 and 4 of section 40-63-07, subsection 3 of section 57-38-01.3, subsection 3 of section 57-38-01.26, subsections 5 and 7 of section 57-38-01.32, section 57-38-30, subsection 1 and subdivisions c, d, and f of subsection 2 of section 57-38-30.3, and section 57-39.2-26.1 of the North Dakota Century Code, relating to authorized investments of an angel fund for income tax credit purposes, reduction in income tax rates for corporations, individuals, estates, and trusts, transition of financial institutions to corporate income tax treatment, income tax credits and exclusions, and allocation to political subdivisions from the state aid distribution fund; to repeal chapter 57-35.3 of the North Dakota Century Code, relating to elimination of the financial institutions tax; to provide for a report; and to provide an effective date.

### MOTION

**SEN. DOTZENROD MOVED** that HB 1250, as amended, be amended as follows.

In lieu of the amendments adopted by the Senate as printed on pages 1102-1113 and pages \_\_\_\_\_ of the Senate Journal, House Bill No. 1250 is amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact section 57-20-07.2, three new sections to chapter 57-38, a new subdivision to subsection 7 of section 57-38-30.3, subsections 7 and 8 to section 57-38-34, subsection 11 to section 57-38-38, and subsection 16 to section 57-38-40 of the North Dakota Century Code, relating to corporate and individual income tax credits and transition of financial institutions to corporate income tax treatment; to amend and reenact subsection 5 of section 11-37-08, subsection 8 of section 40-63-01, subsection 5 of section 40-63-04, section 40-63-06, subsections 3 and 4 of section



40-63-07, sections 57-20-09 and 57-20-21.1, subsection 3 of section 57-38-01.3, subsection 3 of section 57-38-01.26, subsections 5 and 7 of section 57-38-01.32, subdivisions c, d, and f of subsection 2 of section 57-38-30.3, and section 57-39.2-26.1 of the North Dakota Century Code, relating to authorized investments of an angel fund for income tax credit purposes, transition of financial institutions to corporate income tax treatment, income tax credits and exclusions, and allocation to political subdivisions from the state aid distribution fund; to repeal chapter 57-35.3 of the North Dakota Century Code, relating to elimination of the financial institutions tax; to provide for a report; to provide an appropriation; and to provide an effective date.

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

**SECTION 1. AMENDMENT.** Subsection 5 of section 11-37-08 of the North Dakota Century Code is amended and reenacted as follows:

5. Bonds issued by a commerce authority under this section are declared to be issued for an essential public government purpose, and together with interest and income on the bonds, are exempt from all individual and corporate taxes imposed under sections ~~57-35.3-03~~, 57-38-30, and 57-38-30.3.

**SECTION 2. AMENDMENT.** Subsection 8 of section 40-63-01 of the North Dakota Century Code is amended and reenacted as follows:

8. "Taxpayer" means an individual, corporation, ~~financial institution~~, or trust subject to the taxes imposed by chapter ~~57-35.3 or~~ 57-38 and includes a partnership, subchapter S corporation, limited partnership, limited liability company, or any other passthrough entity.

**SECTION 3. AMENDMENT.** Subsection 5 of section 40-63-04 of the North Dakota Century Code is amended and reenacted as follows:

5. The exemptions provided by this section do not eliminate any duty to file a return or to report income as required under chapter ~~57-35.3 or~~ 57-38.

**SECTION 4. AMENDMENT.** Section 40-63-06 of the North Dakota Century Code is amended and reenacted as follows:

**40-63-06. Historic preservation and renovation tax credit.**

A credit against state tax liability as determined under sections ~~57-35.3-03~~, 57-38-30, and 57-38-30.3 is allowed for investments in the historic preservation or renovation of property within the renaissance zone. The amount of the credit is twenty-five percent of the amount invested, up to a maximum of two hundred fifty thousand dollars. The credit may be claimed in the year in which the preservation or renovation is completed. Any excess credit may be carried forward for a period of up to five taxable years.

**SECTION 5. AMENDMENT.** Subsection 3 of section 40-63-07 of the North Dakota Century Code is amended and reenacted as follows:

3. A renaissance fund organization is exempt from any tax imposed by chapter ~~57-35.3 or~~ 57-38. An exemption under this section may be passed through to any shareholder, partner, and owner if the renaissance fund organization is a passthrough entity for tax purposes. A corporation ~~or financial institution~~ entitled to the exemption provided by this subsection shall file required returns and report income to the tax commissioner as required by the provisions of ~~these chapters~~ chapter 57-38 as if the exemption did not exist. If an employer, this subsection does not exempt a renaissance fund organization from complying with the income tax withholding laws.

**SECTION 6. AMENDMENT.** Subsection 4 of section 40-63-07 of the North Dakota Century Code is amended and reenacted as follows:

4. A credit against state tax liability as determined under section ~~57-35.3-03~~, ~~57-38-30~~, or ~~57-38-30.3~~ is allowed for investments in a renaissance fund organization. The amount of the credit is fifty percent of the amount invested in the renaissance fund organization during the taxable year. Any amount of credit which exceeds a taxpayer's tax liability for the taxable year may be carried forward for up to five taxable years after the taxable year in which the investment was made.

**SECTION 7.** Section 57-20-07.2 of the North Dakota Century Code is created and enacted as follows:

**57-20-07.2. State-paid property tax relief credit.**

1. The owner of taxable property is entitled to a credit against property taxes levied against the total amount of property or mobile home taxes in dollars levied against the taxable value of the property. The credit is equal to six and one-half percent of property or mobile home taxes levied in dollars against that property.
2. The owner, operator, or lessee of railroad property assessed by the state board of equalization under chapter 57-05 or public utility operative property assessed by the state board of equalization under chapter 57-06 is entitled to a credit against property taxes levied within each county against that property in the amount provided in subsection 1 against property taxes levied in dollars against that property in that county.
3. The owner, operator, or lessee of operative property of an air carrier transportation company assessed and taxed under chapter 57-32 is entitled to a credit in the amount provided in subsection 1 against property taxes in dollars levied against that property. The tax commissioner shall determine the total amount of credits under this subsection and certify the amount to the state treasurer for transfer from the general fund to the air transportation fund. The credit for each air transportation company must be allocated to each city or municipal airport authority where that company makes regularly scheduled landings, in the same manner as the tax collected from that company is allocated.
4. The tax commissioner shall determine the total amount of credits under this section for each county from the abstract of the tax list filed by the county auditor under section 57-20-04, as audited and corrected by the tax commissioner. The tax commissioner shall certify to the state treasurer for payment, by June first following receipt of the abstract of the tax list, the amount determined for each county under this subsection. No penalty or interest applies to any state payment under this section, regardless of when the payment is made.
5. Upon receipt of the payment from the state treasurer under subsection 4, the county treasurer shall apportion and distribute it to the county and the taxing districts in the county on the basis on which the general real estate tax for the preceding year is apportioned and distributed.
6. After payments to counties under subsection 4 have been made, the tax commissioner shall certify to the state treasurer as necessary any supplemental amounts payable to counties or the air transportation fund or any amounts that must be returned by counties or returned from the air transportation fund for deposit in the state general fund to correct any errors in payments or reflect any abatement or compromise of taxes, court-ordered tax reduction or increase, or levy of taxes against omitted property. The county auditor shall provide any supplemental information requested by the tax commissioner after submission of the abstract of the tax list. The county treasurer shall apply to the tax commissioner for any supplemental payments to which the county treasurer believes the county is entitled.

7. Notwithstanding any other provision of law, for any property other than mobile homes, the property tax credit under this section does not apply to any property subject to payments or taxes that are stated by law to be in lieu of personal or real property taxes.

**SECTION 8. AMENDMENT.** Section 57-20-09 of the North Dakota Century Code is amended and reenacted as follows:

**57-20-09. Discount for early payment of tax.**

Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of real property in any one year in full on or before February fifteenth prior to the date of delinquency. Such discount applies, after deduction of any credit allowed under section 57-20-07.2, to the net remaining amount of all general real estate taxes levied for state, county, city, township, school district, fire district, park district, and any other taxing districts but does not apply to personal property taxes or special assessment installments. Whenever the board of county commissioners, by resolution, determines that an emergency exists in the county by virtue of weather or other catastrophe, it may extend the discount period for an additional thirty days.

**SECTION 9. AMENDMENT.** Section 57-20-21.1 of the North Dakota Century Code is amended and reenacted as follows:

**57-20-21.1. Priority for delinquent taxes.**

When payment is made for any real or personal property taxes or special assessments, payments must be applied first to the oldest unpaid delinquent taxes or special assessments due, if any, shown to exist upon the property for which the tax payments are made, including any penalty and interest, except payments of state-paid property tax relief credit made by the state must be applied to taxes for the year for which the state-paid property tax relief credit is granted. The discounts applicable to payment of taxes set out in section 57-20-09 do not apply to payment of taxes made on property upon which tax payments are delinquent.

**SECTION 10. AMENDMENT.** Subsection 3 of section 57-38-01.3 of the North Dakota Century Code is amended and reenacted as follows:

3. The sum calculated pursuant to subsection 1 must be reduced by the amount of any net operating loss that is attributable to North Dakota sources, including a net operating loss calculated under chapter 57-35.3 for tax years beginning before January 1, 2013. If the net operating loss that is attributable to North Dakota sources exceeds the sum calculated pursuant to subsection 1, the excess may be carried forward for the same time period that an identical federal net operating loss may be carried forward. If a corporation uses an apportionment formula to determine the amount of income that is attributable to North Dakota, the corporation must use the same formula to determine the amount of net operating loss that is attributable to North Dakota. In addition, no deduction may be taken for a carryforward when determining the amount of net operating loss that is attributable to North Dakota sources.

**SECTION 11. AMENDMENT.** Subsection 3 of section 57-38-01.26 of the North Dakota Century Code is amended and reenacted as follows:

3. An angel fund must:
- a. Be a partnership, limited partnership, corporation, limited liability company, limited liability partnership, trust, or estate organized on a for-profit basis which is headquartered in this state.
  - b. Be organized for the purpose of investing in a portfolio of at least three primary sector companies that are early-stage and mid-stage private, nonpublicly traded enterprises with strong growth potential.

For purposes of this section, an early-stage entity means an entity with annual revenues of up to two million dollars and a mid-stage entity means an entity with annual revenues over two million dollars not to exceed ten million dollars. ~~Early-stage and mid-stage entities do not include those that have more than twenty-five percent of their revenue from income-producing real estate. Investments in real estate or real estate holding companies are not eligible investments by certified angel funds. Any angel fund certificate before January 1, 2013, which has invested in real estate or a real estate holding company is not eligible for recertification.~~

- c. Consist of at least six accredited investors as defined by securities and exchange commission regulation D, rule 501.
- d. Not have more than twenty-five percent of its capitalized investment assets owned by an individual investor.
- e. Have at least five hundred thousand dollars in commitments from accredited investors and that capital must be subject to call to be invested over an unspecified number of years to build a portfolio of investments in enterprises.
- f. Be member-managed or a manager-managed limited liability company and the investor members or a designated board that includes investor members must make decisions as a group on which enterprises are worthy of investments.
- g. Be certified as an angel fund that meets the requirements of this section by the department of commerce.
- h. Be in compliance with the securities laws of this state.
- i. Within thirty days after the date on which an investment in an angel fund is made, the angel fund shall file with the tax commissioner and provide to the investor completed forms prescribed by the tax commissioner which show as to each investment in the angel fund the following:
  - (1) The name, address, and social security number or federal employer identification number of the taxpayer or passthrough entity that made the investment;
  - (2) The dollar amount remitted by the taxpayer or passthrough entity; and
  - (3) The date the payment was received by the angel fund for the investment.
- j. Within thirty days after the end of a calendar year, the angel fund shall file with the tax commissioner a report showing the name and principal place of business of each enterprise in which the angel fund has an investment.

**SECTION 12. AMENDMENT.** Subsections 5 and 7 of section 57-38-01.32 of the North Dakota Century Code are amended and reenacted as follows:

- 5. The aggregate amount of tax credits allowed to all eligible contributors is limited to fifteen million dollars per biennium. ~~This limitation applies to all contributions for which tax credits are claimed under section 57-35.3-05 and this section.~~
- 7. To receive the tax credit provided under this section, a taxpayer shall claim the credit on the taxpayer's state income ~~or financial institutions tax~~ return in the manner prescribed by the tax commissioner and file with the

return a copy of the form issued by the housing finance agency under subsection 6.

**SECTION 13.** A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

**Employer-provided child care credit.**

1. An employer is allowed a credit against the tax imposed under section 57-38-30 or 57-38-30.3 for providing a qualified child care facility. The amount of the credit under this section is fifty percent of the qualified child care expenditures incurred by the employer. Qualified child care expenditures under this section may not be used in the calculation of any other income tax deduction or credit allowed under state law.
2. For purposes of this section:
  - a. "Employer" means a taxpayer who employs one or more full-time equivalent employees and whose primary source of income is from a business other than the business of providing child care services.
  - b. "Qualified child care expenditure" means any amount paid or incurred:
    - (1) To acquire, construct, rehabilitate, or expand property:
      - (a) That is to be used as part of a qualified child care facility;
      - (b) For which a deduction under federal law for depreciation, or amortization in lieu of depreciation, is allowable; and
      - (c) That does not constitute part of the principal residence of the taxpayer or any employee of the taxpayer;
    - (2) For the direct costs necessary for the operation of the child care facility;
    - (3) For the indirect or overhead costs properly attributable to the child care facility, including insurance, utilities, front office salaries, property taxes, legal fees, and advertising; or
    - (4) Under a contract with a qualified child care facility to provide child care services to employees of the taxpayer, including any amount paid to the child care facility for additional direct or indirect costs of the facility.
  - c. "Qualified child care facility" means a facility the principal use of which is to provide child care assistance to the taxpayer's employees and that meets the requirements of all applicable laws and regulations of the state and local government in which it is located.
    - (1) The term "qualified child care facility" does not apply to a facility which is the principal residence of the operator of the facility.
    - (2) A facility may not be treated as a qualified child care facility with respect to a taxpayer unless:
      - (a) Enrollment in the facility is open to employees of the taxpayer during the taxable year; and

- (b) Eligibility for enrollment must be offered to all employees on an equal opportunity basis.
- 3. The taxpayer shall claim the total credit amount for the taxable year in which the qualified child care expenditures are made, except depreciated property expenditures shall be claimed in the taxable year in which the property is placed in service. The credit under this section may not exceed the taxpayer's liability as determined under this chapter for any taxable year.
- 4. If two or more taxpayers share in the qualified child care expenditures, each taxpayer must be allowed the credit in relation to the respective share paid or incurred by each taxpayer of the total expenditures for the facility in each taxable year.
- 5. If the amount of the credit determined under this section exceeds the liability for tax under this chapter, the excess may be carried forward to each of the next five succeeding taxable years.
- 6. A partnership, subchapter S corporation, limited partnership, limited liability company, or any other passthrough entity entitled to the credit under this section must be considered to be the taxpayer for purposes of calculating the credit. The amount of the allowable credit must be determined at the passthrough entity level. The total credit determined at the entity level must be passed through to the partners, shareholders, or members in proportion to their respective interests in the passthrough entity. An individual taxpayer may take the credit passed through under this subsection against the individual's state income tax liability under section 57-38-30.3.
- 7. To receive the tax credit provided under this section, a taxpayer shall claim the credit in the form and manner as may be prescribed by the tax commissioner.
- 8. It is the intent of the legislative assembly that the credit provided in this section must be liberally construed and interpreted to effectuate the expansion of child care availability in the state.

**SECTION 14.** A new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota Century Code is created and enacted as follows:

Employer-provided child care credit under section 13 of this Act.

**SECTION 15.** A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

**Financial institutions - Net operating losses - Credit carryovers.**

- 1. A subchapter S corporation that was a financial institution under chapter 57-35.3 may elect to be treated as a taxable corporation under chapter 57-38. If an election is made under this section, the election:
  - a. Must be made in the form and manner prescribed by the tax commissioner on the return filed for the tax year beginning on January 1, 2013, or the return filed for the short period required under subsection 8 of section 57-38-34; and
  - b. Is binding until the earlier of:
    - (1) The end of the tax year for which the taxpayer reports a tax liability after tax credits; or
    - (2) The beginning of the tax year for which the taxpayer elects to be recognized as a subchapter S corporation under section 57-38-01.4.

2. If an election is made under this section, the following apply:
- a. A subchapter S corporation may not file a consolidated return.
  - b. Any unused credit carryovers earned by a financial institution under chapter 57-35.3 for tax years beginning before January 1, 2013, may be carried forward in the same number of years the financial institution would have been entitled under chapter 57-35.3.
  - c. Any unused net operating losses incurred by a financial institution under chapter 57-35.3 for tax years beginning before January 1, 2013, may be carried forward for the same number of years the financial institution would have been entitled under chapter 57-35.3.

**SECTION 16.** A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

**Corporate credit for contributions to rural leadership North Dakota.**

There is allowed a credit against the tax imposed by section 57-38-30 in an amount equal to fifty percent of the aggregate amount of contributions made by the taxpayer during the taxable year for tuition scholarships for participation in rural leadership North Dakota conducted through the North Dakota state university extension service. Contributions by a taxpayer may be earmarked for use by a designated recipient.

**SECTION 17. AMENDMENT.** Subdivisions c, d, and f of subsection 2 of section 57-38-30.3 of the North Dakota Century Code are amended and reenacted as follows:

- c. Reduced by the amount equal to the earnings that are passed through to a taxpayer in connection with an allocation and apportionment to North Dakota under ~~chapter 57-35.3~~section 15 of this Act.
- d. Reduced by ~~thirty~~forty percent of:
  - (1) The excess of the taxpayer's net long-term capital gain for the taxable year over the net short-term capital loss for that year, as computed for purposes of the Internal Revenue Code of 1986, as amended. The adjustment provided by this subdivision is allowed only to the extent the net long-term capital gain is allocated to this state.
  - (2) ~~The qualified dividend income that is taxed at the same rate as long-term capital gain for federal income tax purposes under Internal Revenue Code provisions in effect on December 31, 2008. Qualified dividends as defined under Internal Revenue Code section 1(h)(11), added by section 302(a) of the Jobs and Growth Tax Relief Reconciliation Act of 2003 [Pub. L. 108-27; 117 Stat. 752; 2 U.S.C. 963 et seq.], but only if taxed at a federal income tax rate that is lower than the regular federal income tax rates applicable to ordinary income. If, for any taxable year, qualified dividends are taxed at the regular federal income tax rates applicable to ordinary income, the reduction allowed under this subdivision is equal to twenty percent of all dividends included in federal taxable income. The adjustment provided by this subdivision is allowed only to the extent the qualified dividend income is allocated to this state.~~
- f. Increased by an amount equal to the losses that are passed through to a taxpayer in connection with an allocation and apportionment to North Dakota under ~~chapter 57-35.3~~section 15 of this Act.

**SECTION 18.** Subsections 7 and 8 to section 57-38-34 of the North Dakota Century Code are created and enacted as follows:

7. For a person that was subject to the tax under chapter 57-35.3 for the calendar year ending December 31, 2012, payment of the tax under this chapter is due six months after the due date of the return as required under this section. The provisions of subdivision a of subsection 1 of section 57-38-45 do not apply to the tax due under this subsection. This subsection applies to the first tax year beginning after December 31, 2012.
8. A person that previously reported under chapter 57-35.3 on a calendar year basis and files its federal income tax return on a fiscal year basis must file a short period return for the period beginning January 1, 2013, and ending on the last day of the tax year in calendar year 2013.

**SECTION 19.** Subsection 11 to section 57-38-38 of the North Dakota Century Code is created and enacted as follows:

11. This section applies if additional tax would be due under the provisions of chapter 57-35.3 in effect for taxable years beginning before January 1, 2013.

**SECTION 20.** Subsection 16 to section 57-38-40 of the North Dakota Century Code is created and enacted as follows:

16. A person that would have been entitled to a credit or refund under chapter 57-35.3 for a taxable year beginning before January 1, 2013, may file a claim for refund or credit of an overpayment of tax.

**SECTION 21. AMENDMENT.** Section 57-39.2-26.1 of the North Dakota Century Code is amended and reenacted as follows:

**57-39.2-26.1. Allocation of revenues among political subdivisions.**

Notwithstanding any other provision of law, a portion of sales, gross receipts, use, and motor vehicle excise tax collections, equal to ~~forty~~forty-three and one-half percent of an amount determined by multiplying the quotient of one percent divided by the general sales tax rate, that was in effect when the taxes were collected, times the net sales, gross receipts, use, and motor vehicle excise tax collections under chapters 57-39.2, 57-39.5, 57-39.6, 57-40.2, and 57-40.3 must be deposited by the state treasurer in the state aid distribution fund. The state tax commissioner shall certify to the state treasurer the portion of sales, gross receipts, use, and motor vehicle excise tax net revenues that must be deposited in the state aid distribution fund as determined under this section. Revenues deposited in the state aid distribution fund are provided as a standing and continuing appropriation and must be allocated as follows:

1. Fifty-three and seven-tenths percent of the revenues must be allocated to counties in the first month after each quarterly period as provided in this subsection.
  - a. Sixty-four percent of the amount must be allocated among the seventeen counties with the greatest population, in the following manner:
    - (1) Thirty-two percent of the amount must be allocated equally among the counties; and
    - (2) The remaining amount must be allocated based upon the proportion each such county's population bears to the total population of all such counties.



- b. Thirty-six percent of the amount must be allocated among all counties, excluding the seventeen counties with the greatest population, in the following manner:
  - (1) Forty percent of the amount must be allocated equally among the counties; and
  - (2) The remaining amount must be allocated based upon the proportion each such county's population bears to the total population of all such counties.

A county shall deposit all revenues received under this subsection in the county general fund. Each county shall reserve a portion of its allocation under this subsection for further distribution to, or expenditure on behalf of, townships, rural fire protection districts, rural ambulance districts, soil conservation districts, county recreation service districts, county hospital districts, the Garrison Diversion Conservancy District, the southwest water authority, and other taxing districts within the county, excluding school districts, cities, and taxing districts within cities. The share of the county allocation under this subsection to be distributed to a township must be equal to the percentage of the county share of state aid distribution fund allocations that township received during calendar year 1996. The governing boards of the county and township may agree to a different distribution.

- 2. Forty-six and three-tenths percent of the revenues must be allocated to cities in the first month after each quarterly period based upon the proportion each city's population bears to the total population of all cities.

A city shall deposit all revenues received under this subsection in the city general fund. Each city shall reserve a portion of its allocation under this subsection for further distribution to, or expenditure on behalf of, park districts and other taxing districts within the city, excluding school districts. The share of the city allocation under this subsection to be distributed to a park district must be equal to the percentage of the city share of state aid distribution fund allocations that park district received during calendar year 1996, up to a maximum of thirty percent. The governing boards of the city and park district may agree to a different distribution.

**SECTION 22. REPEAL.** Chapter 57-35.3 of the North Dakota Century Code is repealed.

**SECTION 23. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$125,000,000, or so much of the sum as may be necessary, to the state treasurer for the purpose of allocation of state-paid property tax relief, for the biennium beginning July 1, 2013, and ending June 30, 2015.

**SECTION 24. LEGISLATIVE MANAGEMENT REPORT.** By December 31, 2014, the department of human services, with the assistance of the tax commissioner, shall prepare and file a report with the legislative council on the impact of the employer-provided child care credit on the availability of child care and on existing child care providers' ability to continue to provide affordable quality child care and the effects on the ability of the state's workforce to find affordable quality child care.

**SECTION 25. EFFECTIVE DATE.** Section 22 of this Act is effective for taxable events occurring after June 30, 2014, and the remainder of this Act is effective for taxable years beginning after December 31, 2012."

Renumber accordingly

#### REQUEST

**SEN. SCHNEIDER REQUESTED** a recorded roll call vote on the motion to adopt the proposed amendments to HB 1250, as amended, which request was granted.

**ROLL CALL**

The question being on the motion to adopt the proposed amendments to HB 1250, as amended, the roll was called and there were 15 YEAS, 31 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

**YEAS:** Axness; Dotzenrod; Grabinger; Heckaman; Luick; Marcellais; Mathern; Murphy; Nelson; O'Connell; Robinson; Schneider; Sinner; Triplett; Warner

**NAYS:** Anderson; Andrist; Armstrong; Bowman; Burckhard; Campbell; Carlisle; Cook; Dever; Erbele; Flakoll; Grindberg; Hogue; Holmberg; Kilzer; Klein; Krebsbach; Laffen; Larsen; Lee, G.; Lee, J.; Lyson; Miller; Oehlke; Poolman; Schaible; Sitte; Sorvaag; Unruh; Wanzek; Wardner

**ABSENT AND NOT VOTING:** Berry

The proposed amendments to HB 1250, as amended, failed on a recorded roll call vote.

**ROLL CALL**

The question being on the final passage of the amended bill, which has been read, and has committee recommendation of DO PASS, the roll was called and there were 44 YEAS, 2 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

**YEAS:** Anderson; Andrist; Armstrong; Axness; Bowman; Burckhard; Campbell; Carlisle; Cook; Dever; Erbele; Flakoll; Grabinger; Grindberg; Heckaman; Hogue; Holmberg; Kilzer; Klein; Krebsbach; Laffen; Larsen; Lee, G.; Lee, J.; Luick; Lyson; Marcellais; Mathern; Miller; Murphy; Nelson; O'Connell; Oehlke; Poolman; Robinson; Schaible; Schneider; Sinner; Sitte; Sorvaag; Unruh; Wanzek; Wardner; Warner

**NAYS:** Dotzenrod; Triplett

**ABSENT AND NOT VOTING:** Berry

HB 1250, as amended, passed.

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**CONSIDERATION OF AMENDMENTS**

**HB 1358, as reengrossed and amended: SEN. OEHLKE (Appropriations Committee) MOVED** that the amendments be adopted and then be placed on the Fourteenth order with **DO PASS**, which motion prevailed on a voice vote.

**SECOND READING OF HOUSE BILL**

**HB 1358:** A BILL for an Act to create and enact two new subsections to section 57-51-01 of the North Dakota Century Code, relating to definitions under the oil and gas gross production tax; to amend and reenact paragraph 1 of subdivision f of subsection 1 of section 15.1-27-04.1 of the North Dakota Century Code, as created by House Bill No. 1319, as approved by the sixty-third legislative assembly, and sections 57-51-15 and 57-62-05 of the North Dakota Century Code, relating to oil and gas gross production tax allocation and the impact aid program; to provide appropriations; to provide a transfer; and to provide an effective date.

**MOTION**

**SEN. COOK MOVED** that Reengrossed HB 1358, as amended, be amended as follows.

In lieu of the amendments adopted by the Senate as printed on pages 1131-1136 and 1559-1568 of the Senate Journal, Reengrossed House Bill No. 1358 is amended as follows:

Page 1, line 1, remove "a new section to chapter 23-01 and"

Page 1, line 3, after "reenact" insert "paragraph 1 of subdivision f of subsection 1 of section 15.1-27-04.1 of the North Dakota Century Code, as created by House Bill No. 1319, as approved by the sixty-third legislative assembly, and"

Page 1, line 5, remove "; to provide a continuing appropriation"

Page 1, line 5, remove "to provide a"

Page 1, line 6, remove "statement of legislative intent;"

Page 1, line 6, replace "declare an emergency" with "provide an expiration date"

Page 1, remove lines 8 through 24

Page 2, replace lines 1 through 22 with:

**"SECTION 1. AMENDMENT.** Paragraph 1 of subdivision f of subsection 1 of section 15.1-27-04.1 of the North Dakota Century Code, as created by House Bill No. 1319, as approved by the sixty-third legislative assembly, is amended and reenacted as follows:

- (1) Seventy-five percent of all revenue received by the school district and reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08 and mineral revenue received by the school district by direct allocation from the state treasurer and not reported under code 2000 of the North Dakota school district financial accounting and reporting manual;"

Page 3, line 9, replace "seven" with "three"

Page 3, line 9, replace "fifty" with "seventy-five"

Page 3, line 18, replace "two" with "one"

Page 3, line 18, replace "fifty" with "twenty-five"

Page 3, remove lines 21 through 31

Page 4, remove lines 1 through 24

Page 4, line 25, replace "e." with "c."

Page 4, line 26, overstrike "one" and insert immediately thereafter "two"

Page 4, line 26, replace "fifty" with "fourteen"

Page 4, line 26, after the semicolon insert "and"

Page 4, remove lines 27 through 30

Page 4, overstrike line 31

Page 5, line 1, replace "g." with "d."

Page 5, line 1, remove "If there are no remaining"

Page 5, remove lines 2 through 6

Page 5, line 11, overstrike "the next"

Page 5, line 11, replace "four" with "all annual revenue exceeding five"

Page 5, line 11, overstrike "seventy-five" and insert immediately thereafter "twenty-five"

Page 5, line 12, overstrike "c. Of the next"

Page 5, line 12, remove "three"

Page 5, line 12, overstrike "million dollars, fifty percent is allocated to the county."

Page 5, line 13, overstrike "d. Of"

Page 5, line 13, remove "all remaining annual revenue"

Page 5, line 13, overstrike ", twenty-five"

Page 5, overstrike line 14

Page 6, line 1, replace "a county that received" with "the first"

Page 6, line 1, remove "or more"

Page 6, line 1, after "of" insert "annual"

Page 6, line 1, after "allocations" insert "to a county"

Page 6, line 2, remove "in the most recently completed state fiscal year"

Page 6, line 3, remove "under subsections 1 and 2"

Page 6, line 3, replace "credited" with "distributed"

Page 6, line 3, replace "county" with "state"

Page 6, line 4, remove the overstrike over "Forty-five"

Page 6, line 11, remove the overstrike over "Thirty-five percent of all revenues allocated to any county for allocation under this"

Page 6, remove the overstrike over line 12

Page 6, line 13, remove the overstrike over "school districts within the county"

Page 6, line 13, after "county" insert ", excluding consideration of and allocation to any hub city school district in the county."

Page 6, line 13, remove the overstrike over "on the average daily attendance distribution"

Page 6, remove the overstrike over line 14

Page 6, line 15, remove the overstrike over "schools."

Page 7, line 25, remove the overstrike over "e."

Page 8, remove lines 7 through 30

Page 9, remove lines 1 through 16

Page 9, line 17, replace "a county that did not reach a level of" with "revenues exceeding the first"

Page 9, line 17, after the second "of" insert "annual"

Page 9, line 17, after "allocations" insert "to a county"

Page 9, line 18, remove "in the most recently completed state fiscal year"

Page 9, line 19, replace "credited" with "distributed"

Page 9, line 19, replace the second "county" with "state"

Page 9, line 20, replace "Forty-five" with "Sixty"

Page 9, line 25, replace "Thirty-five" with "Five"

Page 9, line 25, replace "county" with "state"

Page 9, line 28, replace the second "county" with "state"

Page 9, line 29, after "from" insert "consideration and"

Page 9, line 30, remove "The total annual apportionment to school districts under"

Page 9, remove line 31

Page 10, after line 8, insert:

- "d. Ten percent must be apportioned no less than quarterly by the state treasurer to the organized and unorganized townships of the county in the proportion that township road miles in the township bears to the total township road miles in the county, with the board of county commissioners retaining and using the funds available for the maintenance and improvement of roads in unorganized townships.
- e. Five percent must be allocated by the state treasurer among hub cities. The amount available for allocation under this subdivision must be apportioned by the state treasurer no less than quarterly among hub cities, with each hub city receiving an allocation percentage of available funds under this subdivision equal to the percentage of allocations that hub city receives from allocations to hub cities under subdivision a of subsection 1 for the quarterly period.

Page 12, line 31, replace "\$150,000" with "\$120,000"

Page 13, line 5, remove "**STATE TREASURER - STRATEGIC INVESTMENT AND**"

Page 13, line 6, replace "**IMPROVEMENTS FUND**" with "**DEPARTMENT OF TRANSPORTATION**"

Page 13, line 6, remove "strategic investment"

Page 13, line 7, replace "and improvements" with "general"

Page 13, line 8, replace "\$190,000,000" with "\$160,000,000"

Page 13, line 8, replace "state treasurer" with "department of transportation"

Page 13, line 9, after "allocation" insert "as provided in this section"

Page 13, line 9, after "counties" insert "that received \$5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the state fiscal year ending June 30, 2012"

Page 13, line 9, replace "period" with "biennium"

Page 13, line 9, replace "May" with "July"

Page 13, line 10, remove "The amounts available for allocation under this section must be allocated"

Page 13, replace lines 11 through 20 with:

- "1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads needed to support oil and gas production and distribution in North Dakota.

- a. Funding allocations to counties are to be made by the department of transportation based on data supplied by the upper great plains transportation institute.
  - b. Counties identified in the data supplied by the upper great plains transportation institute which received \$5,000,000 or more of allocations under subsection 2 of section 57-51-15 for the state fiscal year ending June 30, 2012, are eligible for this funding.
2. Each county requesting funding under this section for county roads shall submit the request in accordance with criteria developed by the department of transportation.
  - a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads within the county.
  - b. The plan must be based on data supplied by the upper great plains transportation institute, actual road conditions, and integration with state highway and other county road projects.
  - c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].
  - d. Funds may not be used for routine maintenance.
3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.
4. The funding appropriated in this section may be used for:
  - a. Ninety percent of the cost of the approved roadway projects not to exceed the funding available for that county.
  - b. Funding may be used for construction, engineering, and plan development costs.
5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.
6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township road rehabilitation and reconstruction projects.
7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.
8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.
9. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section."

Page 13, line 24, remove "in equal amounts in each fiscal year"

Page 13, line 25, remove "of the biennium"

Page 13, line 26, remove "most recently completed"

Page 13, line 26, after "year" insert "ending June 30, 2012"

Page 13, line 26, replace "period" with "biennium"

Page 13, line 27, replace "May" with "July"

Page 13, line 28, replace "\$45,000,000 on or before May1, 2013," with "\$30,000,000 in the first year of the biennium"

Page 13, line 29, replace "\$105,000,000 on or before May 1, 2014" with "\$70,000,000 in the second year of the biennium"

Page 13, line 29, remove "Allocations among counties under this"

Page 13, remove lines 30 and 31

Page 14, replace lines 1 and 2 with:

- "1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads needed to support economic activity in North Dakota.
  - a. Funding allocations to counties are to be made by the department of transportation based on data supplied by the upper great plains transportation institute.
  - b. Counties identified in the data supplied by the upper great plains transportation institute which did not receive \$5,000,000 or more of allocations under subsection 2 of section 57-51-15 for the state fiscal year ending June 30, 2012, are eligible for this funding.
2. Each county requesting funding under this section for county roads shall submit the request in accordance with criteria developed by the department of transportation.
  - a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads within the county.
  - b. The plan must be based on data supplied by the upper great plains transportation institute, actual road conditions, and integration with state highway and other county road projects.
  - c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].
  - d. Funds may not be used for routine maintenance.
3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.
4. The funding appropriated in this section may be used for:
  - a. Ninety percent of the cost of the approved roadway projects not to exceed the funding available for that county.

- b. Funding may be used for construction, engineering, and plan development costs.
- 5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.
- 6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township road rehabilitation and reconstruction projects.
- 7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.
- 8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.
- 9. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section."

Page 14, line 6, replace "period" with "biennium"

Page 14, line 7, replace "May" with "July"

Page 14, line 8, replace "on or before May 1," with "in July"

Page 14, line 8, remove the second comma

Page 14, line 8, remove the second "1,"

Page 14, line 18, remove "if that township has"

Page 14, line 19, remove "uncommitted reserve funds on hand exceeding \$100,000 or"

Page 14, line 26, replace "for" with "in"

Page 14, line 26, remove "preceding"

Page 14, line 26, after "year" insert "ending June 30, 2012"

Page 14, remove lines 27 through 31

Page 15, remove lines 1 through 5

Page 15, remove lines 22 through 31

Page 16, replace lines 1 through 27 with:

**"SECTION 10. APPROPRIATION - LAW ENFORCEMENT - ATTORNEY GENERAL'S OFFICE - OIL AND GAS IMPACT GRANT FUND - REPORT TO BUDGET SECTION.** There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of \$10,000,000, or so much of the sum as may be necessary, to the attorney general's office for the purpose of awarding grants to law enforcement agencies, for crime-related needs of the attorney general's office, and for the development of a uniformed law enforcement and custody manual, for the biennium beginning July 1, 2013, and ending June 30, 2015. The drug and violent crime policy board of the attorney general shall, with approval of the board of university and school lands, grant funds to law enforcement agencies in oil-impacted counties where crime-related activities have increased or in other counties if the crime-related activities in



oil-impacted counties originated in any of those counties. The attorney general may spend up to ten percent of the funding provided under this section for defraying the expenses of additional staffing needs or other needs necessary to accomplish the role of the attorney general's office as an assisting agency in ensuring public safety in the affected areas. The attorney general may use up to \$750,000 of the funding provided under this section for the development of a uniformed law enforcement and custody manual. The funding provided in this section is considered a one-time funding item. The attorney general shall report to the budget section after June 30, 2014, on the impact the grant funding has had on crime-related activities.

**SECTION 11. APPROPRIATION - AIRPORT GRANTS - COMMISSIONER OF UNIVERSITY AND SCHOOL LANDS - OIL AND GAS IMPACT GRANT FUND.**

There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of \$60,000,000, or so much of the sum as may be necessary, to the commissioner of university and school lands for the purpose of awarding grants to airports impacted by oil and gas development, for the biennium beginning July 1, 2013, and ending June 30, 2015. The director of the energy infrastructure and impact office shall adopt grant procedures and requirements necessary for distribution of grants under this section, which must include cost-share requirements. Cost-share requirements must consider the availability of local funds to support the project. Grant funds must be distributed giving priority to projects that have been awarded or are eligible to receive federal funding. Grants distributed pursuant to this section are not to be considered in making grant recommendations under section 57-62-05. Grants awarded under this section are not subject to section 54-44.1-11. The funding provided in this section is considered a one-time funding item.

**SECTION 12. APPROPRIATION - HIGHER EDUCATION GRANTS - COMMISSIONER OF UNIVERSITY AND SCHOOL LANDS - OIL AND GAS IMPACT GRANT FUND.**

There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of \$4,000,000, or so much of the sum as may be necessary, to the commissioner of university and school lands for the purpose of awarding grants to public institutions of higher education impacted by oil and gas development, for the biennium beginning July 1, 2013, and ending June 30, 2015. Notwithstanding the provisions of chapter 57-62, public institutions of higher education are eligible to receive oil and gas impact grants under this section. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this section. Grants awarded under this section are not subject to section 54-44.1-11. The funding provided in this section is considered a one-time funding item.

**SECTION 13. APPROPRIATION - PILOT PROJECT - DUST CONTROL - COMMISSIONER OF UNIVERSITY AND SCHOOL LANDS - OIL AND GAS IMPACT GRANT FUND.**

There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of \$3,000,000, or so much of the sum as may be necessary, to the commissioner of university and school lands for the purpose of awarding grants of \$1,000,000 each to three counties in oil-impacted areas for a pilot project for dust control, for the biennium beginning July 1, 2013, and ending June 30, 2015. The county commission from each county shall file a report with the department of trust lands by August 1, 2013, regarding any product used to control dust and the success or failure of the product in controlling dust. The director of the energy infrastructure and impact office may develop grant procedures and requirements necessary for distribution of grants under this section. The department of trust lands shall consult with the state department of health and the industrial commission relating to the use of oilfield-produced saltwater and products previously tested for dust control. Grants distributed pursuant to this section are not to be considered in making grant recommendations under section 57-62-05. Grants awarded under this section are not subject to section 54-44.1-11. The funding provided in this section is considered a one-time funding item."

Page 16, line 28, after "2" insert a comma

Page 16, line 29, after "2013" insert ", and before July 1, 2015, and are thereafter ineffective"

Page 16, remove lines 30 and 31

Renumber accordingly

#### MOTION

**SEN. SCHNEIDER MOVED** that HB 1358 be moved to the bottom of the calendar, which motion failed.

#### REQUEST

**SEN. COOK REQUESTED** a recorded roll call vote on the motion to adopt the proposed amendments to Reengrossed HB 1358, as amended, which request was granted.

#### ROLL CALL

The question being on the motion to adopt the proposed amendments to Reengrossed HB 1358, as amended, the roll was called and there were 46 YEAS, 0 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

**YEAS:** Anderson; Andrist; Armstrong; Axness; Bowman; Burckhard; Campbell; Carlisle; Cook; Dever; Dotzenrod; Erbele; Flakoll; Grabinger; Grindberg; Heckaman; Hogue; Holmberg; Kilzer; Klein; Krebsbach; Laffen; Larsen; Lee, G.; Lee, J.; Luick; Lyson; Marcellais; Mathern; Miller; Murphy; Nelson; O'Connell; Oehlke; Poolman; Robinson; Schaible; Schneider; Sinner; Sitte; Sorvaag; Triplett; Unruh; Wanzek; Wardner; Warner

**ABSENT AND NOT VOTING:** Berry

The proposed amendments to Reengrossed HB 1358, as amended, were adopted on a recorded roll call vote.

#### MOTION

**SEN. WARDNER MOVED** the previous question, which motion prevailed on a voice vote.

**HB 1358:** A BILL for an Act to create and enact two new subsections to section 57-51-01 of the North Dakota Century Code, relating to definitions under the oil and gas gross production tax; to amend and reenact paragraph 1 of subdivision f of subsection 1 of section 15.1-27-04.1 of the North Dakota Century Code, as created by House Bill No. 1319, as approved by the sixty-third legislative assembly, and sections 57-51-15 and 57-62-05 of the North Dakota Century Code, relating to oil and gas gross production tax allocation and the impact aid program; to provide appropriations; to provide an effective date; and to provide an expiration date.

#### ROLL CALL

The question being on the final passage of the amended bill, which has been read, and has committee recommendation of DO PASS, the roll was called and there were 46 YEAS, 0 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

**YEAS:** Anderson; Andrist; Armstrong; Axness; Bowman; Burckhard; Campbell; Carlisle; Cook; Dever; Dotzenrod; Erbele; Flakoll; Grabinger; Grindberg; Heckaman; Hogue; Holmberg; Kilzer; Klein; Krebsbach; Laffen; Larsen; Lee, G.; Lee, J.; Luick; Lyson; Marcellais; Mathern; Miller; Murphy; Nelson; O'Connell; Oehlke; Poolman; Robinson; Schaible; Schneider; Sinner; Sitte; Sorvaag; Triplett; Unruh; Wanzek; Wardner; Warner

**ABSENT AND NOT VOTING:** Berry

Reengrossed HB 1358, as amended, passed and the emergency clause was declared carried.

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**MOTION**

**SEN. KLEIN MOVED** that the Senate stand in recess until 4:30 p.m., which motion prevailed.

**THE SENATE RECONVENED** pursuant to recess taken, with President Wrigley presiding.

**CORRECTION AND REVISION OF THE JOURNAL**

**MR. PRESIDENT:** Your **Committee on Correction and Revision of the Journal (Sen. Andrist, Chairman)** recommends that the Journal of the Sixty-ninth and Seventieth Days be corrected as follows and when so corrected, recommends that it be approved:

Page 1544, line 13, replace "Reengrossed" with "Engrossed"

Page 1544, line 15, replace "Reengrossed" with "Engrossed"

Page 1544, line 37, replace "Reengrossed" with "Engrossed"

Page 1544, line 40, replace "Reengrossed" with "Engrossed"

Page 1544, line 42, replace "Reengrossed" with "Engrossed"

Page 1545, line 12, replace "Reengrossed" with "Engrossed"

Page 1545, line 21, delete "as amended"

Page 1545, line 26, replace "Reengrossed" with "Engrossed"

Page 1545, line 28, replace "Reengrossed" with "Engrossed"

Page 1545, line 42, replace "Reengrossed" with "Engrossed"

Page 1583, after line 43 insert:

**"REPORT OF CONFERENCE COMMITTEE**

**HB 1205, as engrossed:** Your conference committee (Sens. Sitte, Axness, Campbell and Reps. Vigesaa, Frantsvog, Delmore) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ page 1423 and place HB 1205 on the Seventh order.

Engrossed HB 1205 was placed on the Seventh order of business on the calendar."

Page 1584, line 7, delete "amended"

Page 1584, line 17, delete "as amended,"

Page 1584, delete lines 32-37

Page 1587, line 16, delete "SB 2163"

Page 1594, line 26, replace "2094" with "2095"

**SEN. ANDRIST MOVED** that the report be adopted, which motion prevailed.

**APPOINTMENT OF CONFERENCE COMMITTEE**

**SEN. KLEIN MOVED** that the President appoint a committee of three to act with a like committee from the House as a Conference Committee on Engrossed HB 1001, Engrossed HB 1007, and Engrossed HB 1011, which motion prevailed.

**THE PRESIDENT APPOINTED** as a Conference Committee on:

**Engrossed HB 1001:** Sens. Carlisle, Holmberg, O'Connell

**Engrossed HB 1007:** Sens. G. Lee, Holmberg, O'Connell

**Engrossed HB 1011:** Sens. Bowman, Wanzek, Warner

**CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. UNRUH MOVED** that the conference committee report on Engrossed HB 1112 be adopted, which motion prevailed on a voice vote.

**CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. POOLMAN MOVED** that the conference committee report on Reengrossed HB 1099 be adopted, which motion prevailed on a voice vote.

**CONSIDERATION OF AMENDMENTS**

**HB 1258: SEN. SCHAIBLE (Education Committee) MOVED** that the amendments be adopted and then be placed on the Fourteenth order with **DO PASS**, which motion prevailed on a voice vote.

**SECOND READING OF HOUSE BILL**

**HB 1258:** A BILL for an Act to amend and reenact sections 15.1-21-02.5 and 15.1-21-02.6 of the North Dakota Century Code, relating to eligibility requirements for the North Dakota academic scholarship.

**ROLL CALL**

The question being on the final passage of the amended bill, which has been read, and has committee recommendation of DO PASS, the roll was called and there were 46 YEAS, 0 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

**YEAS:** Anderson; Andrist; Armstrong; Axness; Bowman; Burckhard; Campbell; Carlisle; Cook; Dever; Dotzenrod; Erbele; Flakoll; Grabinger; Grindberg; Heckaman; Hogue; Holmberg; Kilzer; Klein; Krebsbach; Laffen; Larsen; Lee, G.; Lee, J.; Luick; Lyson; Marcellais; Mathern; Miller; Murphy; Nelson; O'Connell; Oehlke; Poolman; Robinson; Schaible; Schneider; Sinner; Sitte; Sorvaag; Triplett; Unruh; Wanzek; Wardner; Warner

**ABSENT AND NOT VOTING:** Berry

HB 1258, as amended, passed.

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**SECOND READING OF HOUSE CONCURRENT RESOLUTION**

**HCR 3047:** A concurrent resolution to create and enact a new section to article VIII of the Constitution of North Dakota, relating to the creation of a commission of higher education; to repeal section 6 of article VIII of the Constitution of North Dakota, relating to the state board of higher education; and to provide an effective date.

**ROLL CALL**

The question being on the final adoption of the amended resolution, which has been read, and has committee recommendation of DO PASS. The roll was called and there were 25 YEAS, 21 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

**YEAS:** Anderson; Armstrong; Bowman; Burckhard; Campbell; Carlisle; Cook; Dever; Erbele; Flakoll; Grindberg; Hogue; Klein; Larsen; Lee, G.; Lee, J.; Luick; Lyson; Miller; Schaible; Sitte; Sorvaag; Unruh; Wanzek; Wardner

**NAYS:** Andrist; Axness; Dotzenrod; Grabinger; Heckaman; Holmberg; Kilzer; Krebsbach; Laffen; Marcellais; Mathern; Murphy; Nelson; O'Connell; Oehlke; Poolman; Robinson; Schneider; Sinner; Triplett; Warner

**ABSENT AND NOT VOTING:** Berry

HCR 3047, as amended, was declared adopted on a recorded roll call vote.

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**MOTION**

**SEN. HOGUE MOVED** that HCR 3047 be laid on the table, which motion prevailed.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The Senate has amended and subsequently passed: HB 1015.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The Senate has amended and subsequently passed: HB 1233.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The Senate has amended and subsequently passed: HB 1250.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The Senate has amended and subsequently passed: HB 1258.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The Senate has amended and subsequently passed: HB 1358.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The Senate has amended and subsequently passed: HCR 3047.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The House has appointed as a new conference committee to act with a like committee from the Senate on:

**SB 2072:** Reps. D. Johnson; Kiefert; Boschee

**SB 2369:** Reps. Kasper; Boehning; Amerman

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The House has appointed as a conference committee to act with a like committee from the Senate on:

**SB 2222:** Reps. Dosch; Skarphol; Williams

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The House has appointed as a conference committee to act with a like committee from the Senate on:

**SB 2233:** Reps. Hofstad; Keiser; Hunskor

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The House does not concur in the Senate amendments to HB 1001, HB 1007, HB 1011, and HB 1422, and the Speaker has appointed as a conference committee to act with a like committee from the Senate on:

**HB 1001:** Reps. Thoreson; Brandenburg; Glassheim

**HB 1007:** Reps. Kempenich; Hawken; Glassheim

**HB 1011:** Reps. Kempenich; Hawken; Guggisberg

**HB 1422:** Reps. Weisz; Streyle; Oversen

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The Senate has appointed as a conference committee to act with a like committee from the House on:

**HB 1001:** Sens. Carlisle; Holmberg; O'Connell

**HB 1007:** Sens. G. Lee; Holmberg; Robinson

**HB 1011:** Sens. Bowman; Wanzek; Warner

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The Senate has appointed as a conference committee to act with a like committee from the House on:

**HB 1038:** Sens. J. Lee; Dever; Mathern

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**  
**MR. SPEAKER:** The Senate has not adopted the conference committee report on: SB 2369.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**  
**MR. PRESIDENT:** The House has not adopted the conference committee report on: SB 2072.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**  
**MR. SPEAKER:** The Senate has adopted the conference committee report on: HB 1099, HB 1112.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**  
**MR. SPEAKER:** The Senate has adopted the conference committee report and subsequently passed: SB 2163.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**  
**MR. SPEAKER:** The Senate has adopted the conference committee report and subsequently passed: HB 1134.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**  
**MR. PRESIDENT:** The House has adopted the conference committee report on: SB 2244.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**  
**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently passed: HB 1033, HB 1289, HB 1405.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**  
**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently passed: HB 1099, HB 1136, HCR 3006.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**  
**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently passed: HB 1128, HB 1306, HCR 3011.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**  
**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently passed: HB 1272, HB 1300.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**  
**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently passed: SB 2163.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**  
**MR. PRESIDENT:** The House has adopted the conference committee report, subsequently passed, and the emergency clause carried: HB 1291.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**  
**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently failed to pass: HB 1048.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**  
**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently failed to pass: HB 1412.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**  
**MR. SPEAKER:** Your signature is respectfully requested on: SB 2131, SB 2353.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**  
**MR. SPEAKER:** Your signature is respectfully requested on: SB 2244.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**  
**MR. PRESIDENT:** Your signature is respectfully requested on: HB 1061, HB 1063, HB 1163, HB 1166, HB 1338, HCR 3016.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** Your signature is respectfully requested on: HB 1080, HB 1102, HB 1139, HB 1157, HB 1205, HB 1251, HB 1440.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** Your signature is respectfully requested on: HB 1138, HB 1170, HB 1171, HCR 3034.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The Speaker has signed: SB 2115, SB 2144, SB 2152, SB 2175, SB 2225, SB 2227, SB 2299, SB 2330, SB 2361.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The Speaker has signed: SB 2131, SB 2244, SB 2353.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The President has signed: SB 2115, SB 2144, SB 2152, SB 2175, SB 2225, SB 2227, SB 2299, SB 2330, SB 2361.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The President has signed: SB 2131, SB 2244, SB 2353.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The President has signed: HB 1061, HB 1063, HB 1163, HB 1166, HB 1338, HCR 3016.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The President has signed: HB 1080, HB 1102, HB 1139, HB 1157, HB 1205, HB 1251, HB 1440.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The Speaker has signed: HB 1061, HB 1063, HB 1080, HB 1102, HB 1139, HB 1163, HB 1166, HB 1338, HCR 3016.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The Speaker has signed: HB 1157, HB 1205, HB 1251, HB 1440.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The Senate has appointed as a new conference committee to act with a like committee from the House on:

**SB 2072:** Sens. Miller; Larsen; Heckaman

**SB 2369:** Sens. Schaible; Dever; Nelson

**MOTION**

**SEN. KLEIN MOVED** that the absent member be excused, which motion prevailed.

**MOTION**

**SEN. KLEIN MOVED** that the Senate be on the Fourth, Fifth, and Thirteenth orders of business and at the conclusion of those orders, the Senate stand adjourned until 8:00 a.m., Tuesday, April 23, 2013, which motion prevailed.

The Senate stood adjourned pursuant to Senator Klein's motion.

**William R. Horton, Secretary**

