

Sixty-fourth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2206

Introduced by

Senators Dever, J. Lee, Murphy

Representatives Holman, Owens, Weisz

A BILL for an Act to create and enact sections 50-06-05.8 and 50-06-20.1 of the North Dakota Century Code, relating to the department of human services assuming certain costs of certain social service programs and to the establishment of a human services grant program; to amend and reenact sections 11-23-01, 50-01.2-00.1, 50-03-08, 50-06-20, 50-09-27, and 50-24.1-14, subsection 3 of section 57-15-01.1, and subsection 34 of section 57-15-06.7 of the North Dakota Century Code, relating to county social service board budgets and programs funded at state expense and reduction of county property tax levy authority for social service board budgets to reflect county savings from programs funded at state expense; to repeal sections 50-03-09, 50-06.2-05.1, and 50-09-21.1 of the North Dakota Century Code, relating to the county's share of medical assistance for therapeutic foster care, service payments to the elderly and disabled, and the county share of foster care costs; to ~~establish a social services financing commission~~ provide for a legislative management study; to provide an effective date; to provide an expiration date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 11-23-01 of the North Dakota Century Code is amended and reenacted as follows:

11-23-01. Officers required to furnish commissioners with departmental budget.

1. Every officer in charge of any institution, office, or undertaking supported wholly or in part by the county shall file with the board of county commissioners a departmental budget that is prescribed by the state auditor. The departmental budget must include an itemized statement of the estimated amount of money that will be required for the maintenance, operation, or improvement of the institution, office, or undertaking for the ensuing year. The board of county commissioners may require additional information to clarify the departmental budget.

2. a. The departmental budget submitted by the county social service board beginning in 2015 for the 2016 budget and continuing for succeeding years must identify the reduction in the county's social service funding responsibility derived from transferring the county social service costs identified in this subdivision from the county social service board to the department of human services:

(1) Foster care and subsidized adoption costs incurred by the county after December 31, 2015;

(2) The county's share of grant costs for medical assistance in the form of payments for care furnished to recipients of therapeutic foster care services incurred after December 31, 2015;

(3) The county's share of the costs for service payments to the elderly and disabled incurred after December 15, 2015;

(4) The county's share of salary and benefits for family preservation services pursuant to section 50-06-05.8 incurred after December 31, 2015;

(5) The county's share of the cost of the electronic benefits transfers for the supplemental nutrition assistance program incurred after December 31, 2015; and

(6) The computer processing costs incurred after December 31, 2015, which exceed the county's costs of operation of the technical eligibility computer system in calendar year 1995 increased by the increase in the consumer price index for all urban consumers (all items, United States city average) after January 1, 1996.

b. The budget must include a statement identifying the total savings to the county as shown by a reduction in the amounts that otherwise would have been paid to the department of human services for the costs identified in subdivision a. The department of human services shall determine the appropriate amount of what each county's costs would have been to help identify each county's total savings. The department of human services shall compute the amount of budget savings for each county created by the department's assumption of program costs in subdivision a and shall report that amount to the tax commissioner. The amount reported must equal the full amount budgeted for these costs in the budget

submitted by the county social service board and approved by the board of county commissioners in 2014. ~~The full amount of the savings calculated for each year must be deducted from the county's mill levy calculation beginning in 2016 and continuing in each succeeding year.~~ Each board of county commissioners shall ~~report to the office of the tax commissioner the property tax reduction this action provided to property taxpayers in the board's county.~~ The tax commissioner shall calculate the mill levy reduction in each county made possible by the program costs assumed in subdivision a and deduct that amount from the human services mill levy of the county in effect for taxable year 2014, apply to the resulting mill levy amount the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015, and shall inform the auditor in each county that the amount so determined for the county is the mill levy limit for that county's human services mill levy for taxable year 2015. The tax commissioner shall increase the taxable year 2015 human services mill levy limit determined under this subdivision for each county by the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2016, and shall inform the auditor in each county that the amount so determined for the county is the mill levy limit for that county's human services mill levy for taxable year 2016 and each taxable year thereafter. The county share of the human service budget must be funded entirely from the county's property tax levy for that purpose and the county may not use funds from any other source available to the county for that purpose, with the exception of grant funds that may be available to the county under section 50-06-20.1.

SECTION 2. AMENDMENT. Section 50-01.2-00.1 of the North Dakota Century Code is amended and reenacted as follows:

50-01.2-00.1. Definitions.

In this chapter, unless the context otherwise requires:

1. "Department" means the department of human services.
2. "Local expenses of administration" includes costs for personnel, space, equipment, computer software, materials, travel, utilities, and related costs, and the indirect costs properly allocated to those costs. The term does not include initial acquisition of

computers and related hardware approved by the department for the temporary assistance for needy families program, custom computer programs, custom software development, computer operations undertaken at the direction of the department, and computer processing costs to the extent those costs exceed, in any calendar year, that county's costs of operation of the technical eligibility computer system in calendar year 1995 increased by the increase in the consumer price index for all urban consumers (all items, United States city average) after January 1, 1996, or, unless agreed to by the county social service board, any costs related to pilot programs before the programs are implemented on a statewide basis.

3. "Locally administered economic assistance programs" means those primary economic assistance programs that need to be accessible to all citizens of the state through a county social service office and include:
- a. Temporary assistance for needy families;
 - b. Employment and training programs;
 - c. Child care assistance programs;
 - d. Medical assistance, including early periodic screening, diagnosis, and treatment;
 - e. Supplemental nutrition assistance programs, including employment and training programs;
 - f. Refugee assistance programs;
 - g. Basic care services;
 - h. Energy assistance programs; and
 - i. Information and referral.

SECTION 3. AMENDMENT. Section 50-03-08 of the North Dakota Century Code is amended and reenacted as follows:

50-03-08. Appropriation for county social service board administration and of locally administered economic assistance programs.

The board of county commissioners of each county annually shall appropriate and make available to the human services fund an amount sufficient to pay:

4. ~~The~~ the local expenses of administration of locally administered economic assistance programs;

2. ~~That county's share of fifteen percent of the amount expended in this state, in excess of the amount provided by the federal government, for medical assistance in the form of payments for care furnished to recipients of therapeutic foster care services; and~~
3. ~~That county's share of the cost of other family preservation services, including intensive in-home services, provided under title VI-B, subpart 2, of the Social Security Act [Pub. L. 103-66, title XIII, 13711(a)(2); 107 Stat. 649 et seq.; 42 U.S.C. 629 et seq.], as amended, as may be agreed to by the department and the county social service board.~~

SECTION 4. Section 50-06-05.8 of the North Dakota Century Code is created and enacted as follows:

50-06-05.8. Department to assume certain costs of certain social service programs.

Notwithstanding section 50-06.2-05, or any other provision in title 50 to the contrary, and in addition to the programs identified in section 50-06-20, the department of human services shall pay the local expenses of administration incurred by a county after December 31, 2015, for family preservation programs; a county's share of the cost of the electronic benefits transfers for the supplemental nutrition assistance program incurred after December 31, 2015; and the computer processing costs incurred by the county after December 31, 2015, which exceed the county's costs of operation of the technical eligibility computer system in calendar year 1995 increased by the increase in the consumer price index for all urban consumers (all items, United States city average) after January 1, 1996.

SECTION 5. AMENDMENT. Section 50-06-20 of the North Dakota Century Code is amended and reenacted as follows:

50-06-20. Programs funded at state expense - Interpretation.

1. The state shall bear the cost, in excess of the amount provided by the federal government, of:
 - a. ~~Except as~~As provided in section 50-24.1-14, medical assistance services provided under chapter 50-24.1;
 - b. ~~Benefits~~Energy assistance program benefits provided under subsection 19 of section 50-06-05.1;
 - c. Supplements provided under chapter 50-24.5 as basic care services;
 - d. ~~Services provided under chapter 50-09 as child care assistance;~~

- 1 e. ~~Services provided under chapter 50-09 as employment and training-~~
2 ~~programs~~Services, programs, and costs listed in section 50-09-27;
3 f.~~e.~~ Welfare fraud detection programs;
4 g. ~~Temporary assistance for needy families; and~~
5 h.~~f.~~ Special projects approved by the department and agreed to by any affected
6 county social service board.

7 2. The state shall bear the costs of amounts expended for service payments to the
8 elderly and disabled.

9 3. This section does not grant any recipient of services, benefits, or supplements
10 identified in subsection 1, any service, benefit, or supplement that a recipient could not
11 claim in the absence of this section.

12 **SECTION 6.** Section 50-06-20.1 of the North Dakota Century Code is created and enacted
13 as follows:

14 **50-06-20.1. Human services grant program - Eligible counties - Reports.**

- 15 1. If the authority for counties to use emergency expenditures to address an emergency
16 created by unusual and unanticipated demands on the counties' human services fund
17 under chapter 50-03 is eliminated, the department shall establish a grant program to
18 assist certain counties. An eligible county is one that historically has utilized the
19 emergency expenditures process set forth in chapter 50-03 and which is adjacent to or
20 part of an Indian reservation in this state, which contains Indian trust lands within the
21 service area of a federally recognized Indian tribe which are occupied by enrolled
22 members of that tribe, or which includes the state hospital created pursuant to
23 subsection 8 of section 12 of article IX of the Constitution of North Dakota.
24 2. The grant program established in this section is not subject to rulemaking under
25 chapter 28-32. The department shall develop policies and procedures for the
26 disbursement of grants and may not award more than one million nine hundred
27 thousand dollars during the first year of a biennium, and no more than two million
28 dollars during the second year of a biennium. The department shall notify a county of
29 its approved funding no later than September first of each year of the biennium. The
30 department shall issue an annual payment to counties receiving funds under this
31 chapter in January of each year of the biennium.

- 1 3. The department shall report to the budget section annually and to the appropriations
2 committees of the sixty-fifth legislative assembly and each succeeding legislative
3 assembly on the funding approved under this section.

4 **SECTION 7. AMENDMENT.** Section 50-09-27 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **50-09-27. Programs funded at state expense - Interpretation.**

- 7 1. The state shall bear the cost, in excess of the amount provided by the federal
8 government, of:
- 9 a. Services provided under ~~section 50-06-06.8~~ and this chapter as child care
10 assistance;
- 11 b. Services provided under this chapter as employment and training programs; ~~and~~
- 12 c. Temporary assistance for needy families benefits provided under this chapter;
13 and
- 14 d. Foster care and subsidized adoption costs under this chapter.
- 15 2. This section does not grant any recipient of services, benefits, or supplements
16 identified in subsection 1, any service, benefit, or supplement that a recipient could not
17 claim in the absence of this section.

18 **SECTION 8. AMENDMENT.** Section 50-24.1-14 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **50-24.1-14. Responsibility for expenditures –~~Exceptions.~~**

- 21 ~~1. Except as otherwise specifically provided in subsection 2 and section 50-03-08,~~
22 ~~expenditures~~Expenditures required under this chapter are the responsibility of the
23 federal government or the state of North Dakota.
- 24 ~~2. Each county shall reimburse the department of human services the amount required to~~
25 ~~be appropriated under subsection 3 of section 50-03-08.~~

26 **SECTION 9. AMENDMENT.** Subsection 3 of section 57-15-01.1 of the North Dakota
27 Century Code is amended and reenacted as follows:

- 28 3. A taxing district may elect to levy the amount levied in dollars in the base year. Any
29 levy under this section must be specifically approved by a resolution approved by the
30 governing body of the taxing district. Before determining the levy limitation under this
31 section, the dollar amount levied in the base year must be:

- a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.
- b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.
- c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.
- d. If the base year is a taxable year before 2013, reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of:
 - (1) The base year mill rate of the school district minus sixty mills; or
 - (2) Fifty mills.
- e. If the base year is a taxable year before 2016, reduced by the amount of the savings from the reduction in the county's social service funding responsibility derived from transferring the county social service costs to the department of human services as calculated for the budget year and adjusted for the percentage salary and benefits increase provided by legislative appropriations for state employees for the taxable year under subsection 2 of section 11-23-01.

SECTION 10. AMENDMENT. Subsection 34 of section 57-15-06.7 of the North Dakota Century Code is amended and reenacted as follows:

34. Counties levying an annual tax for human services purposes as provided in section 50-06.2-05 may levy a tax not exceeding the lesser of twenty mills or the limitation as determined under section 11-23-01.

SECTION 11. REPEAL. Sections 50-03-09, 50-06.2-05.1, and 50-09-21.1 of the North Dakota Century Code are repealed.

~~**SECTION 12. SOCIAL SERVICES FINANCING COMMISSION – MEMBERSHIP –
REPORT TO GOVERNOR AND LEGISLATIVE MANAGEMENT.**~~

~~1. The department of human services shall establish a social services financing commission consisting of the following voting members:~~

~~a. The governor, or the governor's designee;~~

~~b. The tax commissioner, or the commissioner's designee;~~

~~c. Two members representing elected county officials identified in section 11-10-02 as selected by the North Dakota association of counties;~~

~~d. The following six members of the sixty-fourth legislative assembly: the chairman of the senate standing committee responsible for hearing issues related to human services during the sixty-fourth legislative assembly, the chairman of the house of representatives standing committee responsible for hearing issues related to human services during the sixty-fourth legislative assembly, the chairman of the senate subcommittee on appropriations responsible for the department of human services budget during the sixty-fourth legislative assembly or designee, the chairman of the subcommittee of the house committee on appropriations responsible for the department of human services budget during the sixty-fourth legislative assembly, one member of the senate who served during the sixty-fourth legislative assembly appointed by the senate minority leader, and one member of the house who served during the sixty-fourth legislative assembly appointed by the house minority leader;~~

~~e. The director of the department of human services or the director's designee; and~~

~~f. The chief financial officer of the department of human services.~~

~~2. The social services financing commission includes the following nonvoting members:~~

~~a. Two county social service directors, selected by the North Dakota county social service association; and~~

~~b. One member representing the North Dakota association of counties.~~

~~3. The governor or the governor's designee shall serve as chairman of the commission. The commission shall assist in the development of a transition plan for~~

~~transferring the cost of operating social service programs from county property tax levies to state general fund appropriations. The commission shall develop a report to be provided to the governor and legislative management by October 1, 2016. The report must include a timeline for the major milestones of the transition plan, considerations for the transition, estimated costs, a plan to require a property tax reduction for the amount of budgeted savings brought about by the transfer of county social services costs to the state, a plan resulting in the elimination of the county social services levy under section 50-06.2-05, and proposed legislation to implement recommended changes.~~

SECTION 12. SOCIAL SERVICES FINANCING - LEGISLATIVE MANAGEMENT STUDY.

1. During the 2015-16 interim, the legislative management shall study the feasibility and desirability of developing a proposal and options for transferring the cost of operating social service programs from county property tax levies to state general fund appropriations, the tax ramifications of the transfer, and the cost and benefits of the transfer to the state and the state's citizens. If developed, the proposal and options may include a timeline for the major milestones of a transition plan, considerations for a transition, estimated costs, the property tax reduction for the amount of budgeted savings brought about by a transfer of county social services costs to the state, and the elimination of the county social services levy under section 50-06.2-05. The study may include input from counties and affected executive branch agencies.
2. The legislative management shall assign the study to an interim committee that studies taxation issues.
3. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly.

SECTION 13. EFFECTIVE DATE. Sections 1, 2, 3, 4, 5, 7, 8, ~~and 9,~~ 10, and 11 are effective for taxable years beginning after December 31, 2015.

SECTION 14. EXPIRATION DATE. ~~Section 10~~ Sections 1 and 12 of this Act ~~is~~ are effective through July 31, 2017, and after that date ~~is~~ are ineffective.

SECTION 15. EMERGENCY. Section 6 of this Act is declared to be an emergency measure.