

JOURNAL OF THE HOUSE**Sixty-fourth Legislative Assembly**

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Bismarck, April 15, 2015

The House convened at 8:00 a.m., with Speaker Belter presiding.

The prayer was offered by Pastor Daniel Haveman, Open Door Baptist Church, Bismarck.

The roll was called and all members were present except Representatives Frantsvog and Glassheim.

A quorum was declared by the Speaker.

SIXTH ORDER OF BUSINESS

SPEAKER BELTER DEEMED approval of the amendments to Engrossed SB 2018, Engrossed SB 2019, Engrossed SB 2088, Engrossed SB 2151, and Engrossed SB 2199.

Engrossed SB 2018, Engrossed SB 2019, Engrossed SB 2088, Engrossed SB 2151, and Engrossed SB 2199, as amended, were placed on the Fourteenth order of business on the calendar.

THE HOUSE RECOGNIZED THE PRESENCE OF:

Former Rep. Alon Wieland

SECOND READING OF SENATE BILL

SB 2151: A BILL for an Act to create and enact four new sections to chapter 15.1-37 of the North Dakota Century Code, relating to early childhood education provider grants; to amend and reenact section 15.1-37-01 of the North Dakota Century Code, relating to early childhood education program approval; to provide for a superintendent of public instruction study and report to the legislative management; to provide an appropriation; and to provide an effective 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 50 YEAS, 41 NAYS, 0 EXCUSED, 3 ABSENT AND NOT VOTING.

YEAS: Amerman; Anderson, P.; Beadle; Boe; Boehning; Boschee; Brandenburg; Delmore; Dockter; Dosch; Guggisberg; Haak; Hanson; Hawken; Hofstad; Hogan; Holman; Hunsakor; Johnson, D.; Johnson, M.; Kasper; Keiser; Kelsh; Klemin; Kretschmar; Larson; Lefor; Looysen; Maragos; Martinson; Mitskog; Mock; Monson; Mooney; Muscha; Nathe; Nelson, J.; Nelson, M.; Onstad; Porter; Sanford; Schneider; Schreiber Beck; Silbernagel; Steiner; Streyle; Strinden; Thoreson; Wallman; Zubke

NAYS: Anderson, B.; Anderson, D.; Becker, Rich S.; Becker, Rick C.; Bellew; Brabandt; Carlson; Damschen; Delzer; Devlin; Fehr; Froseth; Hatlestad; Headland; Kading; Karls; Kempenich; Kiefert; Klein; Koppelman, B.; Koppelman, K.; Kreidt; Laning; Louser; Meier; Olson; Owens; Paur; Pollert; Rohr; Ruby; Schatz; Schmidt; Seibel; Skarphol; Sukut; Toman; Trottier; Vigasaa; Weisz; Speaker Belter

ABSENT AND NOT VOTING: Frantsvog; Glassheim; Oversen

Engrossed SB 2151, as amended, passed.

VOTE INDICATION

Rep. Oversen indicated that she had intended to vote YEA on SB 2151.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)
MR. PRESIDENT: The House has amended and subsequently passed: SB 2151.

MESSAGE TO THE HOUSE FROM THE SENATE (JANE SCHAIBLE, SECRETARY)
MR. SPEAKER: The Senate has amended and subsequently passed: HB 1151.

SENATE AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1151

In lieu of the amendments adopted by the Senate as printed on page 765 of the Senate Journal, Reengrossed House Bill No. 1151 is amended as follows:

Page 1, line 3, after the semicolon insert "to provide for a legislative management study;"

Page 1, line 19, replace "five" with "seven"

Page 1, line 20, after the period insert "The first two million dollars in matching grants awarded to each institution must be used for student scholarships that comply with section 15-10-53."

Page 2, line 8, replace "forward" with "retain up to"

Page 2, line 9, remove "the office of the governor, to"

Page 2, line 18, after the third comma insert "university of Jamestown."

Page 2, line 20, after the first comma insert "university of Mary."

Page 3, line 8, after "3." insert:

- "a. The board may award an additional five hundred thousand dollars in matching grants to institutions that have been awarded one million dollars in matching grants under subsection 1 and apply for an additional matching grant.
- b. An application submitted under this subsection must meet the same criteria as an original application.
- c. The board shall consider each application submitted under this subsection in chronological order.
- d. If the funding provided under this subsection is insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

4."

Page 3, line 8, replace "forward" with "retain up to"

Page 3, line 9, remove "the office of the governor, to"

Page 5, line 1, remove ", campus facility repair projects."

Page 5, after line 3, insert:

"SECTION 7. LEGISLATIVE MANAGEMENT STUDY. During the 2015-16 interim, the legislative management shall consider studying the provision of matching grants to institutions of higher education, as set forth in sections 15-10-48 through 15-10-53 of the North Dakota Century Code, for the purposes of ensuring that the statutory parameters provide sufficient direction, provide flexibility to accommodate changing circumstances and needs, and ultimately enable the delivery of the greatest possible benefits to the students attending institutions of higher education in this state. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly."

Page 5, line 6, replace "\$19,000,000" with "\$23,000,000, or so much of the sum as may be necessary, and out of any moneys in the student loan trust fund in the state treasury, not otherwise appropriated, the sum of \$2,500,000"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment provides for the following:

- Increases the amount of matching grants available to North Dakota State University and the University of North Dakota from \$5 million to \$7 million each and requires the first \$2 million of matching grants awarded to each institution to be used for student scholarships.
- Adds University of Jamestown and the University of Mary as institutions eligible to receive higher education challenge grants.
- Provides an additional \$500,000 to be awarded to nonresearch and private institutions that have fully utilized the original \$1,000,000 of grant funding available to the institution.
- Increases the general fund appropriation for the matching grant program from \$19 million to \$23 million and appropriates \$2.5 million from the student loan trust fund.
- Allows the State Board of Higher Education, rather than the Governor's office, to retain one-quarter of one percent of grants awarded to be used for administrative costs of the program.
- Allows grant funds to be used for campus infrastructure repairs.
- Provides for a Legislative Management study of higher education matching grants.

MESSAGE TO THE HOUSE FROM THE SENATE (JANE SCHAIBLE, SECRETARY)

MR. SPEAKER: The Senate has amended, subsequently passed, and the emergency clause carried: HB 1003.

SENATE AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1003

Page 1, line 2, replace "six" with "five"

Page 1, line 3, after "new" insert "subsection to a new"

Page 1, line 3, after "54-10" insert "as created in section 5 of Senate Bill No. 2004, as approved by the sixty-fourth legislative assembly,"

Page 1, line 6, remove ", capital project budget requests"

Page 1, line 9, replace "section 15-10-12.1, subsection 3 of section 15-10-17," with "subdivision c of subsection 1 of section 15-10-17,"

Page 1, line 10, remove "15.1-21-02.6,"

Page 1, line 11, remove "campus"

Page 1, remove line 12

Page 1, line 13, replace "higher education" with "university system office personnel"

Page 1, line 13, remove "career and technical education scholarships,"

Page 1, line 17, after "funds" insert "; to authorize the state board of higher education to issue and sell bonds for capital projects; to limit tuition rate increases"

Page 1, line 20, remove "to provide an appropriation to the state auditor; to"

Page 1, line 21, remove "provide an appropriation to the attorney general;"

Page 1, line 21, remove "a"

Page 1, line 21, replace the second "appropriation" with "appropriations"

Page 2, remove lines 8 through 31

Page 3, remove lines 1 through 31

Page 4, remove lines 1 through 31

Page 5, remove lines 1 through 30

Page 6, remove lines 1 through 31

Page 7, replace lines 1 through 17 with:

"Subdivision 1.

NORTH DAKOTA UNIVERSITY SYSTEM OFFICE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Capital assets - bond payments	\$10,436,045	(\$2,067,209)	\$8,368,836
Competitive research program	7,050,000	0	7,050,000
System governance	12,666,502	(4,702,515)	7,963,987
Title II	1,006,472	0	1,006,472
Core technology services	38,662,551	7,318,414	45,980,965
Student financial assistance grants	21,245,679	4,388,597	25,634,276
Professional student exchange program	4,275,015	0	4,275,015
Academic and technical education scholarships	10,000,000	4,054,677	14,054,677
Two-year campus marketing	800,000	0	800,000
Scholars program	2,113,584	0	2,113,584
Native American scholarships	649,267	0	649,267
Tribally controlled community college grants	1,000,000	0	1,000,000
Education incentive programs	3,349,000	0	3,349,000
Student mental health	282,520	33,480	316,000
Veterans assistance grants	325,000	0	325,000
Deferred maintenance pool	0	5,000,000	5,000,000
Campus security pool	0	3,000,000	3,000,000
Open education resources training	0	110,000	110,000
Internal audit pool	0	300,000	300,000
Contract and leave payouts	0	250,000	250,000
Total all funds	\$113,861,635	\$17,685,444	\$131,547,079
Less estimated income	2,299,912	211,304	2,511,216
Total general fund	\$111,561,723	\$17,474,140	\$129,035,863
Full-time equivalent positions	112.91	(8.52)	104.39

Subdivision 2.

BISMARCK STATE COLLEGE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$32,653,654	\$2,943,192	\$35,596,846
Capital assets	417,673	3,532,600	3,950,273
Total all funds	\$33,071,327	\$6,475,792	\$39,547,119
Less estimated income	0	600,000	600,000
Total general fund	\$33,071,327	\$5,875,792	\$38,947,119
Full-time equivalent positions	126.96	6.57	133.53

Subdivision 3.

LAKE REGION STATE COLLEGE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$12,429,097	\$2,514,217	\$14,943,314
Capital assets	<u>155,367</u>	<u>1,648,423</u>	<u>1,803,790</u>
Total all funds	\$12,584,464	\$4,162,640	\$16,747,104
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
Total general fund	\$12,584,464	\$4,162,640	\$16,747,104
Full-time equivalent positions	40.22	9.97	50.19

Subdivision 4.

WILLISTON STATE COLLEGE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$12,783,506	(\$157,056)	\$12,626,450
Capital assets	<u>197,801</u>	<u>285,000</u>	<u>482,801</u>
Total all funds	\$12,981,307	\$127,944	\$13,109,251
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
Total general fund	\$12,981,307	\$127,944	\$13,109,251
Full-time equivalent positions	44.15	5.81	49.96

Subdivision 5.

UNIVERSITY OF NORTH DAKOTA

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$149,683,005	\$19,256,679	\$168,939,684
Capital assets	<u>4,411,566</u>	<u>74,241,585</u>	<u>78,653,151</u>
Total all funds	\$154,094,571	\$93,498,264	\$247,592,835
Less estimated income	<u>0</u>	<u>6,000,000</u>	<u>6,000,000</u>
Total general fund	\$154,094,571	\$87,498,264	\$241,592,835
Full-time equivalent positions	633.60	(3.40)	630.20

Subdivision 6.

NORTH DAKOTA STATE UNIVERSITY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$140,341,540	\$15,504,698	\$155,846,238
Capital assets	<u>2,732,244</u>	<u>13,191,426</u>	<u>15,923,670</u>
Total all funds	\$143,073,784	\$28,696,124	\$171,769,908
Less estimated income	<u>0</u>	<u>11,600,000</u>	<u>11,600,000</u>
Total general fund	\$143,073,784	\$17,096,124	\$160,169,908
Full-time equivalent positions	491.21	45.89	537.10

Subdivision 7.

NORTH DAKOTA STATE COLLEGE OF SCIENCE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$38,181,456	\$5,869,593	\$44,051,049
Capital assets	<u>1,012,379</u>	<u>13,573,098</u>	<u>14,585,477</u>
Total all funds	\$39,193,835	\$19,442,691	\$58,636,526
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
Total general fund	\$39,193,835	\$19,442,691	\$58,636,526
Full-time equivalent positions	171.87	(3.57)	168.30

Subdivision 8.

DICKINSON STATE UNIVERSITY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$26,299,227	\$501,965	\$26,801,192
Capital assets	<u>409,078</u>	<u>0</u>	<u>409,078</u>
Total all funds	\$26,708,305	\$501,965	\$27,210,270
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
Total general fund	\$26,708,305	\$501,965	\$27,210,270
Full-time equivalent positions	100.32	19.94	120.26

Subdivision 9.

MAYVILLE STATE UNIVERSITY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$14,364,424	\$2,139,817	\$16,504,241
Capital assets	<u>358,992</u>	<u>228,285</u>	<u>587,277</u>
Total all funds	\$14,723,416	\$2,368,102	\$17,091,518
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
Total general fund	\$14,723,416	\$2,368,102	\$17,091,518
Full-time equivalent positions	62.78	3.45	66.23

Subdivision 10.

MINOT STATE UNIVERSITY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$43,810,211	\$3,293,399	\$47,103,610
Capital assets	<u>899,620</u>	<u>0</u>	<u>899,620</u>
Total all funds	\$44,709,831	\$3,293,399	\$48,003,230
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
Total general fund	\$44,709,831	\$3,293,399	\$48,003,230
Full-time equivalent positions	201.76	2.34	204.10

Subdivision 11.

VALLEY CITY STATE UNIVERSITY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$20,691,135	\$4,559,020	\$25,250,155
Capital assets	<u>408,319</u>	<u>56,382,238</u>	<u>56,790,557</u>
Total all funds	\$21,099,454	\$60,941,258	\$82,040,712
Less estimated income	<u>0</u>	<u>16,000,000</u>	<u>16,000,000</u>
Total general fund	\$21,099,454	\$44,941,258	\$66,040,712
Full-time equivalent positions	97.29	8.30	105.59

Subdivision 12.

DAKOTA COLLEGE AT BOTTINEAU

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$7,892,043	\$762,099	\$8,654,142
Capital assets	<u>114,007</u>	<u>11,775,440</u>	<u>11,889,447</u>
Total all funds	\$8,006,050	\$12,537,539	\$20,543,589
Less estimated income	<u>0</u>	<u>10,648,194</u>	<u>10,648,194</u>
Total general fund	\$8,006,050	\$1,889,345	\$9,895,395
Full-time equivalent positions	36.12	10.84	46.96

Subdivision 13.

UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$52,762,590	\$18,514,806	\$71,277,396
Total all funds	\$52,762,590	\$18,514,806	\$71,277,396
Less estimated income	0	0	0
Total general fund	\$52,762,590	\$18,514,806	\$71,277,396
Full-time equivalent positions	156.55	28.03	184.58

Subdivision 14.

NORTH DAKOTA FOREST SERVICE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$6,249,979	\$306,655	\$6,556,634
Capital assets	101,210	0	101,210
Total all funds	\$6,351,189	\$306,655	\$6,657,844
Less estimated income	1,650,000	0	1,650,000
Total general fund	\$4,701,189	\$306,655	\$5,007,844
Full-time equivalent positions	29.00	(0.04)	28.96

Subdivision 15.

BILL TOTAL

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand total general fund	\$679,271,846	\$223,543,125	\$902,814,971
Grand total special funds	3,949,912	45,059,498	49,009,410
Grand total all funds	\$683,221,758	\$268,602,623	\$951,824,381"

Page 7, replace lines 23 and 24 with:

"Capital projects - general fund	\$155,691,350	\$125,759,212
Capital projects - other funds	168,531,029	44,848,194"

Page 7, replace line 30 with:

"Theodore Roosevelt center	6,000,000	800,000
Employee contract and leave payouts	0	250,000
Williston state college energy development impact	0	2,500,000"

Page 8, replace lines 11 through 13 with:

"Total all funds	\$394,389,098	\$207,854,401
Total other funds	171,031,029	44,848,194
Total general fund	\$223,358,069	\$163,006,207"

Page 8, remove lines 27 through 30

Page 9, remove lines 1 through 31

Page 10, replace lines 1 through 28 with:

"SECTION 4. CONTINGENT APPROPRIATION - STATE BOARD OF HIGHER EDUCATION - DUNBAR HALL. Subject to the provisions of this section, there is appropriated out of any moneys in the general fund, not otherwise appropriated, the sum of \$46,000,000, or so much of the sum as may be necessary, to the state board of higher education for the North Dakota state university Dunbar Hall project, for the biennium beginning July 1, 2015, and ending June 30, 2017.

The appropriation in this section is available only if the office of management and budget determines that actual general fund revenues for the period beginning July 1, 2015, and ending May 31, 2016, exceed the legislative estimates made at the close of the 2015 legislative session for general fund revenues during the same period by at least \$50,000,000. For purposes of this section, "estimated general fund revenues" excludes the unobligated general fund balance on July 1, 2015, and transfers to the general fund from the strategic investment and improvements fund, property tax relief sustainability fund, the lottery, the mill and elevator, and gas tax administration.

SECTION 5. AMENDMENT. Subdivision c of subsection 1 of section 15-10-17 of the North Dakota Century Code is amended and reenacted as follows:

- c. Appoint and remove, at will, all university system office personnel, fix their salaries within the limits of legislative appropriations, ~~fix their terms of office,~~ and prescribe their duties. The board may provide severance pay to an employee upon termination of employment only in accordance with section 54-14-04.3."

Page 15, line 3, remove the overstrike over "2.3"

Page 15, line 3, remove "1.0"

Page 16, replace lines 6 through 11 with:

- "a. 1.00 if the number of credit-hours is at least 210,000;
- b. 1.05 if the number of credit-hours is at least 180,000 but less than 210,000;
- c. 1.075 if the number of credit-hours is at least 150,000 but less than 180,000;
- d. 1.10 if the number of credit-hours is at least 120,000 but less than 150,000;
- e. 1.125 if the number of credit-hours is at least 100,000 but less than 120,000;
- f. 1.15 if the number of credit-hours is at least 90,000 but less than 100,000;
- g. 1.20 if the number of credit-hours is at least 80,000 but less than 90,000;
- h. 1.30 if the number of credit-hours is at least 70,000 but less than 80,000;
- i. 1.40 if the number of credit-hours is at least 60,000 but less than 70,000;
- j. 1.50 if the number of credit-hours is at least 50,000 but less than 60,000;
- k. 1.60 if the number of credit-hours is at least 40,000 but less than 50,000;
- l. 1.70 if the number of credit-hours is at least 30,000 but less than 40,000; and
- m. 1.80 if the number of credit-hours is less than 30,000."

Page 17, line 12, replace "\$71.00" with "\$73.17"

Page 17, line 14, replace "\$105.10" with "\$108.13"

Page 17, line 17, replace "\$112.46" with "\$115.73"

Page 22, remove lines 8 through 31

Page 23, remove lines 1 through 31

Page 24, remove lines 1 through 31

Page 25, replace lines 1 through 22 with:

"SECTION 17. A new subsection to a new section to Chapter 54-10, as created in section 5 of Senate Bill No. 2004, as approved by the sixty-fourth legislative assembly, is created and enacted as follows:

4. This section does not prohibit the state board of higher education from employing internal audit staff or contracting for internal audit services."

Page 25, after line 26, insert:

"1."

Page 26, line 3, after the period insert "The state board of higher education may employ attorneys to provide legal services limited to the field of intellectual property law on behalf of research institutions under the supervision of the board."

Page 26, line 12, after the period, insert:

"2."

Page 26, line 18, after the period, insert:

"3."

Page 26, after line 26, insert:

- "4. An assistant or special assistant attorney general appointed to represent the state board of higher education or an institution under the control of the state board of higher education may access and examine any record under the control of the state board of higher education. For purposes of reviewing records under the Family Educational Rights and Privacy Act [20 U.S.C. 1232g; 34 CFR 99] or any other federal privacy law, the assistant or special assistant attorney general is considered a state educational official authorized to access student records."

Page 30, line 11, replace "Act" with "section"

Page 30, line 22, remove "extraordinary repairs funding pool line item includes funding that must be used to"

Page 30, remove lines 23 and 24

Page 30, line 25, replace "forest service" with "internal audit funding pool line item includes funding that must be used for systemwide and campus internal audit purposes"

Page 30, remove lines 26 through 30

Page 30, line 31, remove "utilization of each type of space; and the projected future needs for each type of space."

Page 31, line 3, replace "extraordinary repairs" with "internal audit"

Page 31, line 24, replace "biennium" with "period"

Page 31, line 24, replace "July 1, 2015" with "with the effective date of this section"

Page 31, line 26, replace "\$1,004,744" with "\$1,504,744"

Page 31, line 27, after "fund" insert a comma

Page 31, line 27, after "program" insert ", \$500,000 is for grants to tribally controlled community colleges,"

Page 32, line 3, replace "minimum of twenty-five percent" with "portion"

Page 32, line 19, remove "The amount"

Page 32, remove lines 20 through 22

Page 32, line 23, replace "The" with "Pursuant to section 54-44.1-11, the sum of \$5,000,000 appropriated from the general fund in the performance funding pool line item of subdivision 1 of section 1 of chapter 34 of the 2013 Session Laws may be continued into the biennium beginning July 1, 2015, and ending June 30, 2017. Of the unexpended appropriation, the state board of higher education shall transfer \$1,500,000 to Williston state college, \$1,500,000 to Dickinson state university, \$1,500,000 to Minot state university, and \$500,000 to Dakota college at Bottineau for extraordinary campus needs resulting from energy development. The board shall transfer a prorated amount if sufficient funding is not available to provide for full transfers. Excluding the transfers authorized in this section, the"

Page 32, line 27, remove "- **TRANSFER - GRANT**"

Page 32, line 30, remove "Pursuant to section 54-44.1-11,"

Page 32, remove line 31

Page 33, remove lines 1 and 2

Page 33, line 3, remove "council for the development of elementary and secondary civics education."

Page 33, replace lines 7 through 28 with:

"SECTION 33. FULL-TIME EQUIVALENT POSITION ADJUSTMENTS.

Notwithstanding any other provisions of law, the state board of higher education may adjust full-time equivalent positions as needed, subject to the availability of funds, for institutions and entities under its control during the biennium beginning July 1, 2015, and ending June 30, 2017. The North Dakota university system shall report any adjustments to the office of management and budget before the submission of the 2017-19 biennium budget request.

SECTION 34. BOND ISSUANCE AUTHORIZATION - PURPOSES.

The state board of higher education, in accordance with chapter 15-55, may arrange for the funding of projects authorized in this section, declared to be in the public interest, through the issuance of self-liquidating, tax-exempt evidences of indebtedness under chapter 15-55, beginning with the effective date of this section and ending June 30, 2017. Evidences of indebtedness issued pursuant to this section are not a general obligation of the state of North Dakota. Any unexpended balance resulting from the proceeds of the evidences of indebtedness must be placed in a sinking fund to be used for the retirement of indebtedness. The evidences of indebtedness may be issued and the proceeds are appropriated in section 1 of this Act for the following capital projects:

Dakota college at Bottineau - dormitory renovations	\$2,900,000
North Dakota state university - aquatic center	<u>10,000,000</u>
Total special funds	\$12,900,000

**SECTION 35. TUITION RATE INCREASE LIMITATIONS - BUDGET
SECTION APPROVAL.**

1. Notwithstanding any other provision of law, the state board of higher education may not increase tuition rates for students attending institutions of higher education under its control during the 2015-16 academic year by more than two and one-half percent as compared to the tuition rate in effect during the 2015 spring semester unless the board receives prior budget section approval.
2. Notwithstanding any other provision of law, the state board of higher education may not increase tuition rates for students attending institutions of higher education under its control during the 2016-17 academic year by more than two and one-half percent as compared to the tuition rate in effect during the 2016 spring semester unless the board receives prior budget section approval.
3. For purposes of this section, any adjustments to an institution's method of charging tuition and fees must be included in calculations of tuition limits.
4. This section does not apply to tuition rates determined under tuition reciprocity agreements entered into by the state board of higher education with other states or state education compacts.
5. This section does not apply to tuition rates charged for programs offered through the university of North Dakota school of medicine and health sciences.

SECTION 36. LEGISLATIVE MANAGEMENT REPORT - DICKINSON STATE UNIVERSITY. Before July 1, 2016, the state board of higher education shall provide a report to the legislative management regarding the operations of Dickinson state university. The report must detail the financial condition of the institution and board directives and plans to improve the financial stability of the institution."

Page 35, line 13, replace "study" with "consider studying"

Page 35, after line 21, insert:

"SECTION 42. LEGISLATIVE MANAGEMENT STUDY - INSTITUTION ADMINISTRATION COSTS. During the 2015-16 interim, the legislative management shall consider studying administrative costs at institutions under the control of the state board of higher education. The study, if conducted, must review the number of administrator positions at each institution, the number of new administrator positions added at each institution during the previous five academic years, the total salaries and benefits associated with the administrator positions, the average salaries and benefits for administrator positions at each institution for each of the previous five fiscal years, the percentage of overall institution operating costs attributable to administration, and options to provide future increased legislative appropriations to institutions specifically for instructional purposes. The legislative management shall report its findings, together with any legislation necessary to implement the findings, to the sixty-fifth legislative assembly."

Page 35, line 22, replace "10, 27, 35, and 36" with "7, 23, 26, 31, 32, and 34"

Page 35, line 23, remove "extraordinary repairs pool,"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1003 - Summary of Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
State Auditor				
Total all funds	\$0	\$1,221,914	(\$1,221,914)	\$0
Less estimated income	0	0	0	0
General fund	\$0	\$1,221,914	(\$1,221,914)	\$0

Attorney General				
Total all funds	\$0	\$1,604,500	(\$1,604,500)	\$0
Less estimated income	0	0	0	0
General fund	\$0	\$1,604,500	(\$1,604,500)	\$0
University System Office				
Total all funds	\$113,861,635	\$142,312,417	(\$10,715,338)	\$131,597,079
Less estimated income	2,299,912	2,011,216	500,000	2,511,216
General fund	\$111,561,723	\$140,301,201	(\$11,215,338)	\$129,085,863
Bismarck State College				
Total all funds	\$33,071,327	\$37,987,006	\$1,560,113	\$39,547,119
Less estimated income	0	0	600,000	600,000
General fund	\$33,071,327	\$37,987,006	\$960,113	\$38,947,119
Lake Region State College				
Total all funds	\$12,584,464	\$15,274,092	\$1,473,012	\$16,747,104
Less estimated income	0	0	0	0
General fund	\$12,584,464	\$15,274,092	\$1,473,012	\$16,747,104
Williston State College				
Total all funds	\$12,981,307	\$12,532,922	\$576,329	\$13,109,251
Less estimated income	0	0	0	0
General fund	\$12,981,307	\$12,532,922	\$576,329	\$13,109,251
University of North Dakota				
Total all funds	\$154,094,571	\$223,998,846	\$23,593,989	\$247,592,835
Less estimated income	0	0	6,000,000	6,000,000
General fund	\$154,094,571	\$223,998,846	\$17,593,989	\$241,592,835
UND Medical Center				
Total all funds	\$52,762,590	\$72,274,239	(\$996,843)	\$71,277,396
Less estimated income	0	0	0	0
General fund	\$52,762,590	\$72,274,239	(\$996,843)	\$71,277,396
North Dakota State University				
Total all funds	\$143,073,784	\$152,478,383	\$19,291,525	\$171,769,908
Less estimated income	0	0	11,600,000	11,600,000
General fund	\$143,073,784	\$152,478,383	\$7,691,525	\$160,169,908
State College of Science				
Total all funds	\$39,193,835	\$41,968,479	\$16,668,047	\$58,636,526
Less estimated income	0	0	0	0
General fund	\$39,193,835	\$41,968,479	\$16,668,047	\$58,636,526
Dickinson State University				
Total all funds	\$26,708,305	\$25,202,782	\$2,007,488	\$27,210,270
Less estimated income	0	0	0	0
General fund	\$26,708,305	\$25,202,782	\$2,007,488	\$27,210,270
Mayville State University				
Total all funds	\$14,723,416	\$15,216,363	\$1,875,155	\$17,091,518
Less estimated income	0	0	0	0
General fund	\$14,723,416	\$15,216,363	\$1,875,155	\$17,091,518
Minot State University				
Total all funds	\$44,709,831	\$46,790,745	\$1,212,485	\$48,003,230
Less estimated income	0	0	0	0
General fund	\$44,709,831	\$46,790,745	\$1,212,485	\$48,003,230
Valley City State University				
Total all funds	\$21,099,454	\$22,149,777	\$59,890,935	\$82,040,712
Less estimated income	0	0	16,000,000	16,000,000
General fund	\$21,099,454	\$22,149,777	\$43,890,935	\$66,040,712
Dakota College at Bottineau				
Total all funds	\$8,006,050	\$7,901,679	\$12,641,910	\$20,543,589
Less estimated income	0	0	10,648,194	10,648,194
General fund	\$8,006,050	\$7,901,679	\$1,993,716	\$9,895,395
Forest Service				
Total all funds	\$6,351,189	\$6,633,209	\$24,635	\$6,657,844
Less estimated income	1,650,000	1,650,000	0	1,650,000
General fund	\$4,701,189	\$4,983,209	\$24,635	\$5,007,844
Bill total				
Total all funds	\$683,221,758	\$825,547,353	\$126,277,028	\$951,824,381
Less estimated income	3,949,912	3,661,216	45,348,194	49,009,410
General fund	\$679,271,846	\$821,886,137	\$80,928,834	\$902,814,971

House Bill No. 1003 - State Auditor - Senate Action

Base Budget	House Version	Senate Changes	Senate Version
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Higher education audit		\$1,221,914	(\$1,221,914)	
Total all funds	\$0	\$1,221,914	(\$1,221,914)	\$0
Less estimated income	0	0	0	0
General fund	\$0	\$1,221,914	(\$1,221,914)	\$0
FTE	0.00	6.00	(6.00)	0.00

Department No. 117 - State Auditor - Detail of Senate Changes

	Removes Higher Education Audit Positions¹	Total Senate Changes
Higher education audit	(\$1,221,914)	(\$1,221,914)
Total all funds	(\$1,221,914)	(\$1,221,914)
Less estimated income	0	0
General fund	(\$1,221,914)	(\$1,221,914)
FTE	(6.00)	(6.00)

¹ Funding and 6 higher education audit FTE positions added by the House to the State Auditor's office are removed.

House Bill No. 1003 - Attorney General - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Higher education legal services		\$1,604,500	(\$1,604,500)	
Total all funds	\$0	\$1,604,500	(\$1,604,500)	\$0
Less estimated income	0	0	0	0
General fund	\$0	\$1,604,500	(\$1,604,500)	\$0
FTE	0.00	6.00	(6.00)	0.00

Department No. 125 - Attorney General - Detail of Senate Changes

	Removes Higher Education Legal Services Positions¹	Total Senate Changes
Higher education legal services	(\$1,604,500)	(\$1,604,500)
Total all funds	(\$1,604,500)	(\$1,604,500)
Less estimated income	0	0
General fund	(\$1,604,500)	(\$1,604,500)
FTE	(6.00)	(6.00)

¹ Funding and 6 higher education legal services FTE positions added by the House to the Attorney General's office are removed.

House Bill No. 1003 - North Dakota University System - General Fund Summary

	Base Budget	House Version	Senate Changes	Senate Version
University System Office	111,561,723	140,301,201	(11,215,338)	129,085,863
Bismarck State College	33,071,327	37,987,006	960,113	38,947,119
Lake Region State College	12,584,464	15,274,092	1,473,012	16,747,104
Williston State College	12,981,307	12,532,922	576,329	13,109,251
University of North Dakota	154,094,571	223,998,846	17,593,989	241,592,835
UND Medical Center	52,762,590	72,274,239	(996,843)	71,277,396
North Dakota State University	143,073,784	152,478,383	7,691,525	160,169,908

State College of Science	39,193,835	41,968,479	16,668,047	58,636,526
Dickinson State University	26,708,305	25,202,782	2,007,488	27,210,270
Mayville State University	14,723,416	15,216,363	1,875,155	17,091,518
Minot State University	44,709,831	46,790,745	1,212,485	48,003,230
Valley City State University	21,099,454	22,149,777	43,890,935	66,040,712
Dakota College at Bottineau	8,006,050	7,901,679	1,993,716	9,895,395
Forest Service	4,701,189	4,983,209	24,635	5,007,844
Total general fund	\$679,271,846	\$819,059,723	\$83,755,248	\$902,814,971

Detail of Senate changes to the General Fund

	Adjusts University System Office and Institution Funding ¹	Removes House Funding Formula and Base Funding Adjustments ²	Provides Funding Formula Adjustments and Supplemental Funding ³	Transfers Extraordinary Repairs Funding to Institutions ⁴	Adds Funding for Capital Projects ⁵	Total General Fund Changes
University System Office	(\$53,330)			(\$11,162,008)		(\$11,215,338)
Bismarck State College		(3,975,752)	2,943,192	417,673	1,575,000	960,113
Lake Region State College		(2,844,995)	2,514,217	155,367	1,648,423	1,473,012
Williston State College		535,584	(157,056)	197,801		576,329
University of North Dakota		(12,074,256)	19,256,679	4,411,566	6,000,000	17,593,989
UND Medical Center		(996,843)				(996,843)
North Dakota State University		(10,545,417)	15,504,698	2,732,244		7,691,525
State College of Science		(3,511,925)	5,869,593	1,012,379	13,298,000	16,668,047
Dickinson State University	800,000	1,096,445	(298,035)	409,078		2,007,488
Mayville State University		(623,654)	2,139,817	358,992		1,875,155
Minot State University		(2,980,534)	3,293,399	899,620		1,212,485
Valley City State University		(1,215,404)	4,559,020	408,319	40,139,000	43,890,935
Dakota College at Bottineau		18,821	762,099	114,007	1,098,789	1,993,716
Forest Service	(20,327)			44,962		24,635
Total general fund	\$726,343	(\$37,117,930)	\$56,387,623	\$0	\$63,759,212	\$83,755,248

House Bill No. 1003 - North Dakota University System - Other Funds Summary

	Base Budget	House Version	Senate Changes	Senate Version
University System Office	2,299,912	2,011,216	500,000	2,511,216
Bismarck State College			600,000	600,000
Lake Region State College				
Williston State College				
University of North Dakota			6,000,000	6,000,000
UND Medical Center				
North Dakota State University			11,600,000	11,600,000
State College of Science				
Dickinson State University				
Mayville State University				
Minot State University				
Valley City State University			16,000,000	16,000,000
Dakota College at Bottineau			10,648,194	10,648,194
Forest Service	1,650,000	1,650,000		1,650,000
Total other funds	\$3,949,912	\$3,661,216	\$45,348,194	\$49,009,410

Detail of Senate changes to Other Funds

	Adjusts University System Office and Institution Funding ¹	Removes House Funding Formula and Base Funding Adjustments ²	Provides Funding Formula Adjustments and Supplemental Funding ³	Transfers Extraordinary Repairs Funding to Institutions ⁴	Adds Funding for Capital Projects ⁵	Total Other Funds Changes
University System Office	\$500,000					\$500,000
Bismarck State College					600,000	600,000
Lake Region State College						
Williston State College						
University of North Dakota					6,000,000	6,000,000
UND Medical Center						
North Dakota State University					11,600,000	11,600,000
State College of Science						
Dickinson State University						
Mayville State University						
Minot State University						
Valley City State University					16,000,000	16,000,000
Dakota College at Bottineau					10,648,194	10,648,194
Forest Service						
Total other funds	\$500,000	\$0	\$0	\$0	\$44,848,194	\$45,348,194

House Bill No. 1003 - North Dakota University System - All Funds Summary

	Base Budget	House Version	Senate Changes	Senate Version
University System Office	113,861,635	142,312,417	(10,715,338)	131,597,079
Bismarck State College	33,071,327	37,987,006	1,560,113	39,547,119
Lake Region State College	12,584,464	15,274,092	1,473,012	16,747,104
Williston State College	12,981,307	12,532,922	576,329	13,109,251
University of North Dakota	154,094,571	223,998,846	23,593,989	247,592,835
UND Medical Center	52,762,590	72,274,239	(996,843)	71,277,396
North Dakota State University	143,073,784	152,478,383	19,291,525	171,769,908
State College of Science	39,193,835	41,968,479	16,668,047	58,636,526
Dickinson State University	26,708,305	25,202,782	2,007,488	27,210,270
Mayville State University	14,723,416	15,216,363	1,875,155	17,091,518
Minot State University	44,709,831	46,790,745	1,212,485	48,003,230
Valley City State University	21,099,454	22,149,777	59,890,935	82,040,712
Dakota College at Bottineau	8,006,050	7,901,679	12,641,910	20,543,589
Forest Service	6,351,189	6,633,209	24,635	6,657,844
Total all funds	\$683,221,758	\$822,720,939	\$129,103,442	\$951,824,381
FTE	2304.74	2422.35	8.00	2430.35

Detail of Senate changes to All Funds

	Adjusts University System Office and Institution Funding ¹	Removes House Funding Formula and Base Funding Adjustments ²	Provides Funding Formula Adjustments and Supplemental Funding ³	Transfers Extraordinary Repairs Funding to Institutions ⁴	Adds Funding for Capital Projects ⁵	Total All Funds Changes
University System Office	\$446,670			(\$11,162,008)		(\$10,715,338)
Bismarck State College		(3,975,752)	2,943,192	417,673	2,175,000	1,560,113
Lake Region State College		(2,844,995)	2,514,217	155,367	1,648,423	1,473,012
Williston State College		535,584	(157,056)	197,801		576,329
University of North Dakota		(12,074,256)	19,256,679	4,411,566	12,000,000	23,593,989
UND Medical Center		(996,843)				(996,843)
North Dakota State University		(10,545,417)	15,504,698	2,732,244	11,600,000	19,291,525
State College of Science		(3,511,925)	5,869,593	1,012,379	13,298,000	16,668,047
Dickinson State University	800,000	1,096,445	(298,035)	409,078		2,007,488
Mayville State University		(623,654)	2,139,817	358,992		1,875,155
Minot State University		(2,980,534)	3,293,399	899,620		1,212,485
Valley City State University		(1,215,404)	4,559,020	408,319	56,139,000	59,890,935
Dakota College at Bottineau		18,821	762,099	114,007	11,746,983	12,641,910
Forest Service	(20,327)			44,962		24,635
Total all funds	\$1,226,343	(\$37,117,930)	\$56,387,623	\$0	\$108,607,406	\$129,103,442
FTE	8.00	0.00	0.00	0.00	0.00	8.00

¹ Funding is adjusted for the University System office, institutions, and the Forest Service as follows:

- University System office funding from the general fund is adjusted as follows:

	Ongoing Funding	One-Time Funding	Total
Health insurance adjustment for system office employees	(\$24,782)		(\$24,782)
Health insurance adjustment for Core Technology Services employees	(72,566)		(72,566)
Restore 1 intellectual property attorney FTE position	436,994		436,994
Internal audit funding pool	300,000		300,000
System office employee contract and leave payouts		250,000	250,000
Adjust funding for academic and career and technical education scholarship program to provide scholarships of \$1,500 per year	(942,976)		(942,976)
Total	(\$303,330)	\$250,000	(\$53,330)

- Funding of \$500,000 from the student loan trust fund is added for tribal college assistance grants to provide total funding of \$1 million.
- One-time funding from the general fund of \$800,000 is added for document digitization and operations of the Theodore Roosevelt Center at Dickinson State University.

- Funding of \$2.5 million from the general fund provided by the House to Williston State College for extraordinary campus needs is classified as one-time funding.
- Health insurance premium funding for the Forest Service is adjusted to reflect revised premium rates.
- The 2013-15 biennium FTE positions for the University System office are adjusted pursuant to Section 36 of 2013 Senate Bill No. 2003 which authorizes the State Board of Higher Education to adjust FTE positions as needed subject to the availability of funds.

² Adjustments made by the House for base level funding is removed as follows:

Bismarck State College	(\$3,975,752)
Lake Region State College	(2,844,995)
Williston State College	535,584
University of North Dakota	(12,074,256)
UND Medical Center	(996,843)
North Dakota State University	(10,545,417)
State College of Science	(3,511,925)
Dickinson State University	1,096,445
Mayville State University	(623,654)
Minot State University	(2,980,534)
Valley City State University	(1,215,404)
Dakota College at Bottineau	18,821
Total	(\$37,117,930)

³ Funding is added to institutions through higher education funding formula adjustments and supplemental funding allocations as follows:

	Base Funding Formula Adjustments	Supplemental Funding	Total
Bismarck State College	\$1,887,437	\$1,055,755	\$2,943,192
Lake Region State College	2,071,604	442,613	2,514,217
Williston State College	(459,708)	302,652	(157,056)
University of North Dakota	12,628,220	6,628,459	19,256,679
North Dakota State University	10,856,018	4,648,680	15,504,698
State College of Science	4,548,572	1,321,021	5,869,593
Dickinson State University	(1,072,244)	774,209	(298,035)
Mayville State University	1,645,476	494,341	2,139,817
Minot State University	1,886,199	1,407,200	3,293,399
Valley City State University	3,806,850	752,170	4,559,020
Dakota College at Bottineau	505,063	257,036	762,099
Total	\$38,303,487	\$18,084,136	\$56,387,623

Funding for Minot State University is adjusted to discontinue \$2.5 million of flood recovery funding. Sections in the bill are also amended to provide for a remedial education weighting factor of 2.3 instead of 1.0 and to adjust the credit volume production factor levels.

⁴ Funding is transferred from the University System office extraordinary repairs funding pool to institutions and entities under its control. The House transferred the funding from the institutions and entities to the University System office for the funding pool.

⁵ Funding is added for the following major capital projects:

Project	General Fund	Other Funds	Total
Bismarck State College - Campus infrastructure	\$1,575,000		\$1,575,000
Bismarck State College - Student Union lower level renovation		600,000	600,000
Lake Region State College - Switchgear, electrical services, window replacement	1,648,423		1,648,423

University of North Dakota - Student engagement projects		6,000,000	6,000,000
University of North Dakota - Airport project	6,000,000		6,000,000
North Dakota State University - Aquatic center (\$10 million of revenue bonds)		11,000,000	11,000,000
North Dakota State University - Minard Hall		600,000	600,000
State College of Science - Infrastructure repairs	13,298,000		13,298,000
Valley City State University - Fine arts building	25,850,000		25,850,000
Valley City State University - Heating plant	14,289,000		14,289,000
Valley City State University - Health and wellness facility		16,000,000	16,000,000
Dakota College at Bottineau - Allied Health and Wellness Center		6,864,118	6,864,118
Dakota College at Bottineau - Dormitory upgrades (\$2.9 million of revenue bonds)		3,784,076	3,784,076
Dakota College at Bottineau - Nelson Science Center renovation	1,098,789		1,098,789
Total	\$63,759,212	\$44,848,194	\$108,607,406

The Senate did not adjust the House version which provided \$62 million from the general fund for Phase II of the University of North Dakota School of Medicine and Health Sciences facility project.

House Bill No. 1003 - Other Changes - Senate Action

This amendment also:

- Adds a contingent general fund appropriation of \$46 million for the North Dakota State University Dunbar Hall project. The appropriation is contingent upon actual general fund revenues during the first 11 months of the 2015-17 biennium exceeding legislative estimates during the same time period by at least \$50 million.
- Removes Section 6 regarding legislative approval of campus capital projects.
- Removes Section 7 regarding the authority of the State Board of Higher Education to set tuition rates at institutions under its control.
- Removes Section 8 which would require a maintenance reserve account to be established for certain new capital projects.
- Removes Section 20 which adjusts the academic and career and technical scholarship award amount.
- Removes Section 21 regarding higher education audits.
- Adjusts Section 22 to authorize the State Board of Higher Education to employ intellectual property attorneys at research institutions.
- Adjusts Section 27 regarding distributions from systemwide funding pools.
- Amends Section 35 to allow the University System to carryover funds from the 2013-15 biennium performance funding pool and authorizes the transfer of the funds to institutions affected by energy development.
- Amends Section 36 to remove the requirement for the State Board of Higher Education to provide a grant for civics education.
- Removes Section 37 regarding reimbursement to State Fleet Services for motorcoaches.
- Removes Section 38 regarding comprehensive evaluations of certain University System employees.
- Adds a section regarding employee severance payments.
- Adds a section to clarify that the State Board of Higher Education may conduct internal audits.
- Adds a section to authorize the State Board of Higher Education to adjust FTE positions at institutions and entities under its control.
- Adds a section to authorize the issuance of revenue bonds for projects at Dakota College at Bottineau and North Dakota State University.
- Adds a section to limit tuition rate increases to 2.5 percent per year during the 2015-17 biennium at University System institutions unless an institution receives Budget Section approval.
- Adds a section to provide for a report from the State Board of Higher Education to the Legislative Management regarding the financial conditions of Dickinson State University.

- Adds a Legislative Management study of institution administration costs.
- Makes various technical adjustments.

MESSAGE TO THE HOUSE FROM THE SENATE (JANE SCHAIBLE, SECRETARY)

MR. SPEAKER: The Senate has appointed as a conference committee to act with a like committee from the House on:

HB 1001: Sens. Holmberg; Bowman; Heckaman
HB 1002: Sens. Kilzer; Sorvaag; Heckaman
HB 1008: Sens. Carlisle; Wanzek; Robinson
HB 1009: Sens. Krebsbach; Bowman; O'Connell
HB 1011: Sens. Wanzek; Krebsbach; O'Connell
HB 1012: Sens. G. Lee; Wanzek; O'Connell
HB 1013: Sens. Krebsbach; Wanzek; Heckaman
HB 1014: Sens. Carlisle; Holmberg; Heckaman
HB 1020: Sens. Bowman; Erbele; O'Connell
HB 1021: Sens. Wanzek; G. Lee; Robinson
HB 1022: Sens. Kilzer; Carlisle; Robinson

MESSAGE TO THE HOUSE FROM THE SENATE (JANE SCHAIBLE, SECRETARY)

MR. SPEAKER: Your signature is respectfully requested on: SB 2021, SB 2030, SB 2074, SB 2075, SB 2097, SB 2164, SB 2190.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

MR. PRESIDENT: The Speaker has signed: SB 2278, SB 2289, SB 2318, SB 2327, SB 2334.

REPORT OF STANDING COMMITTEE

SB 2020, as engrossed: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (21 YEAS, 1 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2020 was placed on the Sixth order on the calendar.

Page 1, line 2, after the second semicolon insert "to create and enact three new sections to chapter 61-02 of the North Dakota Century Code, relating to a Bank of North Dakota line of credit, to the state water commission cost-share policy, and to North Dakota outdoor heritage fund grants and cost-share;"

Page 1, line 3, remove "to repeal section"

Page 1, line 4, remove "61-02-78 of the North Dakota Century Code, relating to the infrastructure revolving loan fund;"

Page 1, line 5, after the semicolon insert "to allocate funding; to provide contingent allocations; to provide for reports to the legislative assembly;"

Page 1, line 5, remove "and"

Page 1, line 6, replace "legislative management" with "state water commission"

Page 1, line 6, after "study" insert "; and to declare an emergency"

Page 1, line 11, replace "biennium" with "period"

Page 1, line 11, replace "July 1, 2015" with "with the effective date of this Act"

Page 1, replace lines 15 through 21 with:

"Accrued leave payments	\$325,774	(\$325,774)	\$0
Administrative and support services	4,716,665	818,953	5,535,618
Water and atmospheric resources	822,365,166	296,834,597	1,119,199,763
Total all funds	\$827,407,605	\$297,327,776	\$1,124,735,381
Full-time equivalent positions	90.00	6.00	96.00"

Page 2, after line 13, insert:

"SECTION 4. SOVEREIGN LANDS RECREATION USE GRANT. The water and atmospheric resources line item in section 1 of this Act includes \$1,000,000 from the resources trust fund which the state water commission shall provide as a grant to the parks and recreation department for developing recreation opportunities on sovereign lands in the state, for the biennium beginning July 1, 2015, and ending June 30, 2017."

Page 2, line 14, after **"APPROPRIATION"** insert **"- BUDGET SECTION APPROVAL"**

Page 2, line 17, after "appropriated" insert ", subject to budget section approval,"

Page 2, after line 25, insert:

"SECTION 7. BANK OF NORTH DAKOTA LOAN - BOND PAYMENTS. The state water commission shall obtain a loan from the Bank of North Dakota in an amount that may not exceed \$56,000,000 for the purpose of paying off or defeasing outstanding bond issues, for the period beginning with the effective date of this Act, and ending June 30, 2017."

Page 3, line 11, after the period insert "It is further the intent of the sixty-fourth legislative assembly that state funding of \$120,000,000 be provided for Fargo interior flood control projects and that any funds spent for Fargo interior flood control projects after July 1, 2017, require fifty percent matching funds from the Fargo flood authority."

Page 3, line 12, replace "\$206,000,000" with "\$266,000,000"

Page 3, line 13, replace "project" with "projects"

Page 3, removes lines 28 through 31

Page 4, replace lines 1 through 6 with:

"SECTION 11. APPROPRIATION - FARGO INTERIOR FLOOD PROTECTION - STATE DISASTER RELIEF FUND - FUNDING REQUIREMENTS. There is appropriated out of any moneys in the state disaster relief fund in the state treasury, the sum of \$30,000,000, or so much of the sum as may be necessary, for the purpose of providing funding for flood protection projects within city limits of Fargo for the period beginning with the effective date of this Act and ending June 30, 2017. The city of Fargo must apply for flood protection funding, but the state water commission may not deny an application unless the funds are not intended to be used in accordance with provisions of this section. The city of Fargo may use the funds for costs directly associated with completion of interior flood protection projects within its city limits, including engineering and legal fees, right-of-way acquisition costs, land purchases, home buyouts, and construction costs. Funds may not be used for general operations or administrative costs. Any funds designated by the sixty-fourth legislative assembly for Fargo interior flood control projects may be expended only for Fargo interior flood control projects, including levees and dikes until a federal appropriation is provided for project construction for the Fargo flood control project at which time it may be used for a federally authorized Fargo flood control project."

Page 3, after line 27, insert:

"SECTION 13. RED RIVER VALLEY WATER SUPPLY PROJECT FUNDING. The 2013-15 unobligated funding of \$7,359,000 designated by the state water commission for the Red River valley water supply project in the water and atmospheric resources line item in section 1 of this Act and an additional \$5,000,000 in the water and atmospheric resources line item in section 1 of this Act is designated for a grant to the Garrison diversion conservancy district to plan and design the Red River valley water supply project for the biennium beginning July 1, 2015, and ending June 30, 2017. The Garrison diversion conservancy district shall report on a regular basis to the legislative management's water topics overview

committee to review its progress in planning and designing the Red River valley water supply project.

SECTION 14. APPROPRIATION - MISSOURI RIVER CORRECTIONAL CENTER LEVEE - FOX ISLAND LEVEE - STATE DISASTER RELIEF FUND. There is appropriated out of any moneys in the state disaster relief fund in the state treasury, the sum of \$5,000,000, or so much of the sum as may be necessary, to the state water commission, for the purpose of providing funding for levee projects for the biennium beginning July 1, 2015, and ending June 30, 2017. Of the funds the state water commission shall make available \$1,700,000 for a levee for the Missouri River correctional center, and \$3,300,000, for a levee for Lincoln township's Fox Island area.

SECTION 15. 2013-15 BIENNIUM CARRYOVER FUNDING - FLOOD CONTROL PROJECT FUNDING. The 2013-15 unobligated funding of \$4,543,679 designated by the state water commission for the irrigation development and 2013-15 unobligated funding of \$5,198,663 designated by the state water commission for general water management in the water and atmospheric resources line item in section 1 of this Act is designated for providing \$9,742,342 for grants to flood control projects that pose an imminent threat to loss of life and property for the biennium beginning July 1, 2015, and ending June 30, 2017.

SECTION 16. FUNDING DESIGNATION - REIMBURSEMENTS FOR 2013-15 BIENNIUM RURAL AND MUNICIPAL WATER SYSTEMS AFFECTED BY LOCAL COST-SHARE CHANGE. Of the funds appropriated in the water and atmospheric resources line item in section 1 of this Act, the state water commission shall make available \$8,000,000 from funds available from the line of credit for reimbursing rural and municipal water systems affected by local cost-share changes during the 2013-15 biennium. Rural and municipal water systems must be reimbursed up to an amount, which makes the state share 65 percent in lieu of the 75 percent which was approved by the state water commission.

SECTION 17. STATE WATER COMMISSION PROJECT FUNDING DESIGNATIONS. Of the funds appropriated in the water and atmospheric resources line item in section 1 of this Act from funds available in the resources trust fund, water development trust fund, and the line of credit available from the Bank of North Dakota, \$501,000,000 is designated as follows:

1. \$69,000,000 for a grant for Fargo flood control project;
2. \$40,000,000 for a grant for Minot flood control project;
3. \$10,000,000 for a grant for northwest area water supply project;
4. \$3,000,000 for reimbursing rural and municipal water systems affected by local cost-share changes during the 2013-15 biennium;
5. \$11,000,000 for a grant for operation of the Devils Lake outlet;
6. \$30,000,000 for a grant for Sheyenne River flood control;
7. \$40,000,000 capital repayment loan for southwest pipeline project;
8. \$7,000,000 for a grant for Williston flood control project;
9. \$20,000,000 for a grant for Grafton flood control project;
10. \$20,000,000 for a grant and \$40,000,000 for a loan for western area water supply authority projects;
11. \$30,000,000 for a grant for Grand Forks water treatment plant;
12. \$30,000,000 for a grant for Fargo interior flood control;

13. \$40,000,000 for providing grants and \$11,000,000 for providing loans from the infrastructure revolving loan fund for general water management;
14. \$50,000,000 for the purpose of providing grants for rural water supply projects for all project costs;
15. \$25,000,000 for the purpose of providing grants for municipal water supply projects for all project costs;
16. \$25,000,000 for providing loans from the infrastructure revolving loan fund for the purposes identified in subsections 14 and 15.

SECTION 18. FUNDING DESIGNATIONS - TRANSFERS - BUDGET

SECTION APPROVAL. The funding designated for the items in section 15 of this Act and subsections 14, 15, and 16 of section 17 of this Act, are designated for the specific purposes identified; however, the state water commission may transfer funding among these items, subject to budget section approval.

SECTION 19. CENTRAL DAKOTA WATER SUPPLY STUDY. The state water commission shall conduct a study on the feasibility and desirability of the central Dakota water supply project for the biennium beginning July 1, 2015, and ending June 30, 2017. The study must include a cost-benefit analysis as well as a detailed business plan for the project, including projected operational costs and projected water supply needs for the area to be served.

SECTION 20. CONTINGENT ALLOCATION - WATER AND

ATMOSPHERIC RESOURCES. Of the funds appropriated in the water and atmospheric resources line item in section 1 of this Act, \$70,000,000, is designated as follows, contingent on the state water commission entering into a written agreement that a fertilizer or chemical processing facility will be constructed in Stutsman County:

1. \$10,000,000 for a grant and \$40,000,000 for a loan for a water reuse facility;
2. \$20,000,000 for the central Dakota water supply project.

SECTION 21. STUTSMAN COUNTY WATER REUSE FACILITY -

EXEMPTION. For purposes of a project for a water reuse facility the Stutsman rural water district is granted an exemption from the aggregate total outstanding limit of \$50,000,000 of revenue bonds under section 61-35-15 and is instead limited to an aggregate total outstanding limit of \$100,000,000 of revenue bonds for purposes of section 61-35-15.

SECTION 22. STUTSMAN COUNTY WATER REUSE FACILITY PROJECT

- USER BONDING. Any agreement entered into by the state water commission relating to the Stutsman County water reuse facility project must include requirements that the users of the water from the plant are responsible for repayment of the loans or revenue bonds authorized by the sixty-fourth legislative assembly for the Stutsman County water reuse facility and the users must be bonded in an amount equal to each user's proportionate share of any outstanding debt of the project.

SECTION 23. LEGISLATIVE MANAGEMENT STUDY.

During the 2015-16 interim, the legislative management shall study options available for providing a sustainable water supply to central and eastern North Dakota. The study must compile and review studies that have been completed relating to the project options and prepare a report that evaluates each option's ability to meet projected water demands to central North Dakota as well as eastern North Dakota. The report must also include a cost-benefit analysis, and a feasibility analysis of the options as well as a detailed business plan for the project, including projected operational costs, and projected water costs to the end users. 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 24. LEGISLATIVE INTENT - RED RIVER VALLEY WATER SUPPLY PROJECT. It is the intent of the sixty-fourth legislative assembly that the state, over the next four bienniums, provide \$150,000,000 per biennium of state funds to implement the selected alternative for the Red River valley water supply project.

SECTION 25. LEGISLATIVE INTENT - LOWER HEART RIVER, MORTON COUNTY, ENHANCED FLOOD CONTROL PROJECT. It is the intent of the sixty-fourth legislative assembly that state funding be provided for a share of the nonfederal or local cost for construction of the lower Heart River, Morton County, flood control project.

SECTION 26. WESTERN AREA WATER SUPPLY AUTHORITY MEMBER ENTITIES - DEBT. A western area water supply authority member entity may incur debt as authorized by law, except that an entity may not use any income from industrial water sales relating to oil and gas exploration or production to repay any debt or as collateral to secure debt beginning July 1, 2015."

Page 4, line 18, replace "budget section" with "legislative management's water topics overview committee"

Page 4, after line 20, insert:

"SECTION 29. INDEPENDENT WATER PROVIDERS AND WESTERN AREA WATER SUPPLY AUTHORITY - REPORT TO THE WATER TOPICS OVERVIEW COMMITTEE. During the 2015-16 interim, the independent water providers and the western area water supply authority shall report to the legislative management's water topics overview committee on a regular basis and collaborate with the committee and the state water commission to monitor water usage, rates, engineering contract procedures, and market share. The water topics overview committee shall report to the legislative management with recommendations to ensure western area water supply authority's ability to maintain its payment schedule of the state's loan.

SECTION 30. REPORT TO LEGISLATIVE ASSEMBLY - SOUTHWEST PIPELINE PROJECT. The state water commission and the southwest water authority shall continue the process of reviewing capital repayment and revenues being returned to the resources trust fund; payments necessary to meet obligations of existing bonds and other loans; ownership of land and associated facilities; existing construction documents; liabilities; contracts with cities, bulk users, companies, and other users; and other items; and shall report to the sixty-fifth legislative assembly on the actions necessary for the transfer of ownership and responsibility of the southwest pipeline project from the state water commission to the southwest water authority."

Page 4, line 28, remove "The impacts in the area outside the area recognized by the United States army corps"

Page 4, replace lines 29 through 31 with "The area determined by hydrology modeling to be affected by project conditions in excess of six inches, and outside the area recognized by the army corps of engineers for which mitigation is required upstream of the proposed dam, which is consistent with current floodplain designation by the federal emergency management agency for the studied flood event."

Page 5, line 1, replace "Agricultural production income impacts due to operation of the diversion project." with "The impacts on agricultural production income due to operation of the diversion project."

Page 5, replace lines 2 and 3 with "The study must be completed by September 1, 2016."

Page 5, line 12, after "develop" insert "and review"

Page 5, line 12, after "policies" insert "and update as necessary"

Page 5, after line 26, insert:

"SECTION 33. A new section to chapter 61-02 of the North Dakota Century Code is created and enacted as follows:

Bank of North Dakota - Line of credit.

The Bank of North Dakota shall extend a line of credit not to exceed two hundred million dollars at a rate that may not exceed one and three-quarters percent to the state water commission. The state water commission shall repay the line of credit from funds available in the resources trust fund, water development trust fund, or other funds, as appropriated by the legislative assembly. The state water commission may access the line of credit, as necessary, to provide funding as authorized by the legislative assembly up to the amounts designated for the following projects:

1. Sixty-nine million dollars for Fargo flood control;
2. Forty million dollars for Minot flood control;
3. Ten million dollars for northwest area water supply;
4. Three million dollars for Rice Lake flood control;
5. Fifty million dollars for a water reuse facility in Stutsman County;
6. Twenty million dollars for central Dakota water supply;
7. Eight million dollars for reimbursement for 2013-15 biennium rural and municipal water systems affected by the local cost-share change.

SECTION 34. A new section to chapter 61-02 of the North Dakota Century Code is created and enacted as follows:

State water commission cost-share policy.

The state water commission shall adopt a cost-share policy for the financing of water projects. The policy:

1. Must provide a water supply project is eligible for grants up to seventy-five percent of the total project cost with the remaining cost of the project financed through loans. The commission shall set the terms of the loan at one and one-half percent interest per year for up to forty years.
2. May not prioritize water supply projects based on population growth factor.
3. Must provide all project costs are eligible for reimbursement except the commission may exclude operations expense and regular maintenance. The commission may require a water project sponsor to maintain a capital improvement fund from the rates charged customers for future extraordinary maintenance projects as condition of funding an extraordinary maintenance project.
4. May not use affordability in a service area as a factor in determining the priority of a project or a loan amount. However, affordability may be used as a factor in determining the amount of a grant.

SECTION 35. A new section to chapter 61-02 of the North Dakota Century Code is created and enacted as follows:

North Dakota outdoor heritage fund grants - Effect on local cost-share.

For projects involving the repair of an existing flood control or recreation structure, the state water commission may not deduct North Dakota outdoor heritage fund moneys provided from the cost of the project before determining the local cost-

share. The state water commission shall include those provided moneys as part of the local cost-share, however, the local entity may not receive funding in excess of the total project cost."

Page 5, replace line 27 with:

"SECTION 36. EMERGENCY. Sections 1, 7, 11, and 17 of this Act are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2020 - State Water Commission - House Action

	Base Budget	Senate Version	House Changes	House Version
Administrative and support services	\$4,716,665	\$4,507,674	\$1,027,944	\$5,535,618
Water and atmospheric resources	822,365,166	989,218,748	129,981,015	1,119,199,763
Accrued leave payments	325,774			
Fargo interior flood protection			30,000,000	30,000,000
Levees in Burleigh County			5,000,000	5,000,000
Total all funds	\$827,407,605	\$993,726,422	\$166,008,959	\$1,159,735,381
Less estimated income	827,407,605	968,741,263	190,994,118	1,159,735,381
General fund	\$0	\$24,985,159	(\$24,985,159)	\$0
FTE	90.00	98.00	(2.00)	96.00

Department No. 770 - State Water Commission - Detail of House Changes

	Changes Funding Source for Administrative Costs ¹	Adds Funding for Costs Associated to Funding Source Change ²	Adjusts Funding for Health Insurance Premium Increases ³	Removes Funding for New Water Permitting Position ⁴	Removes Funding for New Sovereign Lands Position ⁵	Adds Funding From a Line of Credit for Water Projects ⁶
Administrative and support services		\$1,038,000	(\$10,056)			
Water and atmospheric resources			(70,851)	(218,640)	(200,455)	200,000,000
Accrued leave payments						
Fargo interior flood protection						
Levees in Burleigh County						
Total all funds	\$0	\$1,038,000	(\$80,907)	(\$218,640)	(\$200,455)	\$200,000,000
Less estimated income	24,985,159	1,038,000	(80,907)	(218,640)	(200,455)	200,000,000
General fund	(\$24,985,159)	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	(1.00)	(1.00)	0.00
	Adds Funding From Bank of North Dakota Bond Refinancing Loan ⁷	Adds Funding for 2015-17 Biennium Payment on Refinanced Bonds ⁸	Removes Carryover Funding for Water Projects ⁹	Adjusts Water Projects Funding ¹⁰	Adds One-Time Funding for Fargo Interior Flood Protection ¹¹	Adds One-Time Funding for Levees ¹²
Administrative and support services						
Water and atmospheric resources	56,000,000	7,000,000	(16,529,039)	(116,000,000)		
Accrued leave payments						
Fargo interior flood protection					30,000,000	
Levees in Burleigh County						5,000,000
Total all funds	\$56,000,000	\$7,000,000	(\$16,529,039)	(\$116,000,000)	\$30,000,000	\$5,000,000
Less estimated income	56,000,000	7,000,000	(16,529,039)	(116,000,000)	30,000,000	5,000,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Administrative and support	<div>Total House Changes</div> <div>\$1,027,944</div>					

services	
Water and atmospheric resources	129,981,015
Accrued leave payments	
Fargo interior flood protection	30,000,000
Levees in Burleigh County	5,000,000
Total all funds	\$166,008,959
Less estimated income	190,994,118
General fund	(\$24,985,159)
FTE	(2.00)

¹ The funding source for administrative, salaries and benefits, and operating costs is changed from the general fund to the resources trust fund.

² The following funding is added for additional base level operating costs as a result of being a special funded agency:

	General Fund	Other Funds	Total
Rent		\$315,000	\$315,000
Statewide cost allocation		235,000	235,000
Legal fees		488,000	488,000
Total	\$0	\$1,038,000	\$1,038,000

³ Funding for employee health insurance premiums is adjusted to reflect the revised premium estimate of \$1,130.22 per month.

⁴ Funding is removed for a new water permitting FTE position (\$210,184) and related salary increase (\$8,456).

⁵ Funding is removed for a new sovereign lands FTE position (\$192,784) and related salary increase (\$7,671).

⁶ Funding from a \$200 million line of credit from the Bank of North Dakota is added for the following projects:

	Grants	Loans	Line of Credit Total
Fargo flood control project	\$69,000,000		\$69,000,000
Minot flood control project	40,000,000		40,000,000
Stutsman County water reuse facility	10,000,000	40,000,000	50,000,000
Central Dakota water supply project (Contingent)	20,000,000		20,000,000
Northwest Area Water Supply Project (Contingent)	10,000,000		10,000,000
Rice Lake flood control project	3,000,000		3,000,000
2013-15 biennium cost-share reimbursements	8,000,000		8,000,000
Line of credit total	\$160,000,000	\$40,000,000	\$200,000,000

⁷ Funding is added from loan proceeds from the Bank of North Dakota to pay off or defease the remaining outstanding bonds issues of the State Water Commission.

⁸ Funding is added from the water development trust fund for repayment to the Bank of North Dakota, relating to the loan to refinance the existing outstanding bonds of the State Water Commission.

⁹ Carryover funding from the resources trust fund has been removed for the following projects:

	General Fund	Other Funds	Total
Devils Lake gravity outflow channel		(\$13,686,839)	(\$13,686,839)
Rice Lake recreation district		(2,842,200)	(2,842,200)
Total	\$0	(\$16,529,039)	(\$16,529,039)

¹⁰ Water projects funding is adjusted to provide a total of \$381 million for new water projects in the 2015-17 biennium from the resources trust fund and water development trust fund.

¹¹ One-time funding from the state disaster relief fund is added for the Fargo interior flood protection project along with a section regarding funding requirements.

¹² One-time funding from the state disaster relief fund is added for the following levees in Burleigh County:

	General Fund	Other Funds	Total
Missouri River Correctional Center levee		\$1,700,000	\$1,700,000
Fox Island levee		3,300,000	3,300,000
Total	\$0	\$5,000,000	\$5,000,000

This amendment also:

- Adds a section granting \$1 million to the Parks and Recreation Department for developing recreation opportunities on sovereign lands in the state.
- Adds a section requiring the State Water Commission to obtain a loan from the Bank of North Dakota to pay off or defease the Commission's outstanding bond issues.
- Amends Section 10, indicating that the Legislative Assembly intends to provide \$120 million for Fargo interior flood control projects.
- Adds a section designating funding from the water and atmospheric resources line item in Section 1 to the Garrison Diversion Conservancy District for planning and designing the Red River Valley Water Supply Project.
- Adds a section designating funding from the water and atmospheric resources line item in Section 1 for grants for flood control projects that pose an imminent threat to loss of life and property.
- Adds a section designating funding made available from the line of credit for reimbursing rural water systems affected by local cost-share changes during the 2013-15 biennium.
- Adds a section designating funding from the water and atmospheric resources line item in Section 1 to various projects.
- Adds a section allowing funding transfers between specific items identified in Section 15 and Section 17, subject to Budget Section approval.
- Adds a section regarding a central North Dakota water supply study.
- Adds a section providing a contingent allocation from the water and atmospheric resources line item in Section 1 for various projects.
- Adds a section increasing Stutsman rural water districts aggregated total outstanding limit from \$50 million to \$100 million of revenue bonds.
- Adds a section requiring any agreement entered into by the State Water Commission for the Stutsman County water reuse facility project to include requirements that the users be bonded in proportion to their share of any project debt.
- Adds a Legislative Management study of the options available for providing a sustainable water supply to central and eastern North Dakota.
- Adds a section that provides the legislative intent that over the next four bienniums, \$150 million per biennium be provided for the implementation of the option identified in the Legislative Management study indicated in the preceding section.
- Removes Section 14 relating to incremental funding for the Western Area Water Supply Authority.
- Adds a section providing legislative intent that state funding be provided for a share of the nonfederal or local cost for construction of the lower Heart River, Morton County, flood control project.
- Adds a section restricting Western Area Water Supply Authority member entities from using industrial water sales relating to oil and gas exploration or production to repay debt or as collateral to secure debt.
- Adds a section requiring independent water providers and the Western Area Water Supply Authority to report to the Legislative Management's Water Topics Overview Committee.
- Adds a section requiring Southwest Pipeline Authority to report to the 65th Legislative Assembly.
- Amends Section 25 relating to a State Water Commission study.
- Creates a new section to North Dakota Century Code Chapter 61-02 relating to the Bank of North Dakota extending a line of credit to the State Water Commission for designated projects.

- Creates a new section to Chapter 61-02 relating to North Dakota outdoor heritage fund grants and their effect on local cost-share.
- Adds an emergency clause.

REPORT OF CONFERENCE COMMITTEE

SB 2113, as engrossed: Your conference committee (Sens. Bekkedahl, Oehlke, Triplett and Reps. Froseth, Klein, Mitskog) recommends that the **SENATE ACCEDE** to the House amendments as printed on SJ pages 883-884 and place SB 2113 on the Seventh order.

Engrossed SB 2113 was placed on the Seventh order of business on the calendar.

REPORT OF CONFERENCE COMMITTEE

SB 2292, as reengrossed: Your conference committee (Sens. Cook, Laffen, Triplett and Reps. Headland, Owens, Haak) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1019-1033, adopt amendments as follows, and place SB 2292 on the Seventh order:

That the House recede from its amendments as printed on pages 1019-1033 of the Senate Journal and pages 1137-1151 of the House Journal and that Reengrossed Senate Bill No. 2292 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 subsection 5 of section 57-38-04 and sections 57-38.1-09, 57-59-01, 57-59-05, 57-59-06, and 57-59-08 of the North Dakota Century Code, relating to apportionment of business income and the multistate tax compact; to repeal section 57-59-02 of the North Dakota Century Code, relating to the optional computation provision of the multistate tax compact; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 5 of section 57-38-04 of the North Dakota Century Code is amended and reenacted as follows:

5. Whenever business activity is carried on partly within and partly without this state by a nonresident of this state as a sole proprietorship, or through a partnership, subchapter S corporation, or other passthrough entity, the entire income therefrom must be allocated to this state and to other states, according to the provisions of chapter 57-38.1 but only according to the apportionment method provided under subsection 1 of section 57-38.1-09, providing for allocation and apportionment of income of corporations doing business within and without this state.

SECTION 2. AMENDMENT. Section 57-38.1-09 of the North Dakota Century Code is amended and reenacted as follows:

57-38.1-09. Business income.

1. All~~Except as permitted under subsections 2 through 4, all~~ business income must be apportioned to this state by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor, and the denominator of which is three.
2. For the first two taxable years beginning after December 31, 2015, a taxpayer that is not a passthrough entity may elect to apportion business income to this state by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor plus two times the sales factor, and the denominator of which is four.
 - a. The election must be made on the return as originally and timely filed in the form and manner prescribed by the tax commissioner.

- b. The election is applicable for all companies in a unitary group and for all companies filing a consolidated North Dakota return.
 - c. The election is binding for five consecutive taxable years after making the election, at which time the election lapses. The election under this subsection also includes the election to use the sales factor under subsections 3 and 4 for the taxable years those subsections apply.
 - d. Unless a taxpayer makes another election under subsection 4 in the taxable year immediately following the final year of the binding effect of the election under this subsection, the taxpayer must file under subsection 1 for a period of three taxable years before it may make a new election under subsection 4.
- 3. For the first taxable year beginning after December 31, 2017, a taxpayer that is not a passthrough entity may elect to apportion business income to this state by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor plus six times the sales factor, and the denominator of which is eight.
 - a. The election must be made on the return as originally and timely filed in the form and manner prescribed by the tax commissioner.
 - b. The election is applicable for all companies in a unitary group and for all companies filing a consolidated North Dakota return.
 - c. The election is binding for five consecutive taxable years after making the election, at which time the election lapses. The election under this subsection also includes the election to use the sales factor under subsection 4 for the taxable years that subsection applies.
 - d. Unless a taxpayer makes another election under subsection 4 in the taxable year immediately following the final year of the binding effect of the election under this subsection, the taxpayer must file under subsection 1 for a period of three taxable years before it may make a new election under subsection 4.
- 4. For taxable years beginning after December 31, 2018, a taxpayer that is not a passthrough entity may elect to apportion business income to this state by multiplying the income by the sales factor. A taxpayer electing to file using a single sales factor must comply with the following:
 - a. The election must be made on the return as originally and timely filed in the form and manner prescribed by the tax commissioner.
 - b. The election is applicable for all companies in a unitary group and for all companies filing a consolidated North Dakota return.
 - c. The election is binding for five consecutive taxable years after making the election, at which time the election lapses.
 - d. Unless a taxpayer makes another election under this subsection in the taxable year immediately following the final year of a prior single sales factor election, the taxpayer must file under subsection 1 for a period of three taxable years before it may make a new single sales factor election.

SECTION 3. AMENDMENT. Section 57-59-01 of the North Dakota Century Code is amended and reenacted as follows:

57-59-01. Multistate tax compact.

The multistate tax compact is hereby entered into law and entered into with all jurisdictions legally joining therein, in the form substantially as follows:

MULTISTATE TAX COMPACT**ARTICLE I - PURPOSES**

The purposes of this compact are to:

1. Facilitate proper determination of state and local tax liability of multistate taxpayers, including the equitable apportionment of tax bases and settlement of apportionment disputes.
2. Promote uniformity or compatibility in significant components of tax systems.
3. Facilitate taxpayer convenience and compliance in the filing of tax returns and in other phases of tax administration.
4. Avoid duplicative taxation.

ARTICLE II - DEFINITIONS

As used in this compact:

1. "Capital stock tax" means a tax measured in any way by the capital of a corporation considered in its entirety.
2. "Gross receipts tax" means a tax, other than a sales tax, which is imposed on or measured by the gross volume of business, in terms of gross receipts or in other terms, and in the determination of which no deduction is allowed which would constitute the tax an income tax.
3. "Income tax" means a tax imposed on or measured by net income including any tax imposed on or measured by an amount arrived at by deducting expenses from gross income, one or more forms of which expenses are not specifically and directly related to particular transactions.
4. "Sales tax" means a tax imposed with respect to the transfer for a consideration of ownership, possession, or custody of tangible personal property or the rendering of services measured by the price of the tangible personal property transferred or services rendered and which is required by state or local law to be separately stated from the sales price by the seller, or which is customarily separately stated from the sales price, but does not include a tax imposed exclusively on the sale of a specifically identified commodity or article or class of commodities or articles.
5. "State" means a state of the United States, the District of Columbia, the commonwealth of Puerto Rico, or any territory or possession of the United States.
6. "Subdivision" means any governmental unit or special district of a state.
7. "Tax" means an income tax, capital stock tax, gross receipts tax, sales tax, use tax, and any other tax which has a multistate impact, except that the provisions of ~~articles article III, IV, and V~~ of this compact shall apply only to the taxes specifically designated therein ~~and the provisions of article IX of this compact shall apply only in respect to determinations pursuant to article IV.~~

8. "Taxpayer" means any corporation, partnership, firm, association, governmental unit, or agency or person acting as a business entity in more than one state.
9. "Use tax" means a nonrecurring tax, other than a sales tax, which (a) is imposed on or with respect to the exercise or enjoyment of any right or power over tangible personal property incident to the ownership, possession, or custody of that property or the leasing of that property from another including any consumption, keeping, retention, or other use of tangible personal property, and (b) is complementary to a sales tax.

ARTICLE III -ELEMENTS OF INCOME TAX LAWS

Taxpayer Option, State and Local Taxes

1. ~~Any taxpayer subject to an income tax whose income is subject to apportionment and allocation for tax purposes pursuant to the laws of a party state or pursuant to the laws of subdivisions in two or more party states may elect to apportion and allocate the taxpayer's income in the manner provided by the laws of such state or by the laws of such states and subdivisions without reference to this compact, or may elect to apportion and allocate in accordance with article IV. This election for any tax year may be made in all party states or subdivisions thereof or in any one or more of the party states or subdivisions thereof without reference to the election made in the others. For the purposes of this subsection, taxes imposed by subdivisions shall be considered separately from state taxes and the apportionment and allocation also may be applied to the entire tax base. In no instance wherein article IV is employed for all subdivisions of a state may the sum of all apportionments and allocations to subdivisions within a state be greater than the apportionment and allocation that would be assignable to that state if the apportionment or allocation were being made with respect to a state income tax.~~

Taxpayer Option, Short Form

2. ~~Each party state or any subdivision thereof which imposes an income tax shall provide by law that any taxpayer required to file a return, whose only activities within the taxing jurisdiction consist of sales and do not include owning or renting real estate or tangible personal property, and whose dollar volume of gross sales made during the tax year within the state or subdivision, as the case may be, is not in excess of one hundred thousand dollars may elect to report and pay any tax due on the basis of a percentage of such volume, and shall adopt rates which shall produce a tax which reasonably approximates the tax otherwise due. The multistate tax commission, not more than once in five years, may adjust the one hundred thousand dollar figure in order to reflect such changes as may occur in the real value of the dollar, and such adjusted figure, upon adoption by the commission, shall replace the one hundred thousand dollar figure specifically provided herein. Each party state and subdivision thereof may make the same election available to taxpayers additional to those specified in this subsection.~~

Coverage

3. ~~Nothing in this article relates to the reporting or payment of any tax other than an income tax.~~

ARTICLE IV -DIVISION OF INCOME

1. ~~As used in this article, unless the context otherwise requires:~~
 - (a) ~~"Business income" means income arising from transactions and activity in the regular course of the taxpayer's trade or business and includes income from tangible and intangible property if the~~

acquisition, management, and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations.

- (b) "Commercial domicile" means the principal place from which the trade or business of the taxpayer is directed or managed.
 - (c) "Compensation" means wages, salaries, commissions, and any other form of remuneration paid to employees for personal services.
 - (d) "Financial organization" means any bank, trust company, savings bank, industrial bank, land bank, safe deposit company, private banker, savings and loan association, credit union, cooperative bank, small loan company, sales finance company, investment company, or any type of insurance company.
 - (e) "Nonbusiness income" means all income other than business income.
 - (f) "Public utility" means any business entity (1) which owns or operates any plant, equipment, property, franchise, or license for the transmission of communications, transportation of goods or persons, except by pipeline, or the production, transmission, sale, delivery, or furnishing of electricity, water, or steam; and (2) whose rates of charges for goods or services have been established or approved by a federal, state, or local government or governmental agency.
 - (g) "Sales" means all gross receipts of the taxpayer not allocated under subsections of this article.
 - (h) "State" means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, and any foreign country or political subdivision thereof.
 - (i) "This state" means the state in which the relevant tax return is filed or, in the case of application of this article to the apportionment and allocation of income for local tax purposes, the subdivision or local taxing district in which the relevant tax return is filed.
2. Any taxpayer having income from business activity which is taxable both within and without this state, other than activity as a financial organization or public utility or the rendering of purely personal services by an individual, shall allocate and apportion that taxpayer's net income as provided in this article. If a taxpayer has income from business activity as a public utility but derives the greater percentage of the taxpayer's income from activities subject to this article, the taxpayer may elect to allocate and apportion the taxpayer's entire net income as provided in this article.
3. For purposes of allocation and apportionment of income under this article, a taxpayer is taxable in another state if (a) in that state the taxpayer is subject to a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, or a corporate stock tax, or (b) that state has jurisdiction to subject the taxpayer to a net income tax regardless of whether, in fact, the state does or does not.
4. Rents and royalties from real or tangible personal property, capital gains, interest, dividends, or patent or copyright royalties, to the extent that they constitute nonbusiness income, shall be allocated as provided in subsections 5 through 8 of this article.
5. (a) Net rents and royalties from real property located in this state are allocable to this state.

- (b) Net rents and royalties from tangible personal property are allocable to this state: (1) if and to the extent that the property is utilized in this state, or (2) in their entirety if the taxpayer's commercial domicile is in this state and the taxpayer is not organized under the laws of or taxable in the state in which the property is utilized.
 - (c) The extent of utilization of tangible personal property in a state is determined by multiplying the rents and royalties by a fraction, the numerator of which is the number of days of physical location of the property in the state during the rental or royalty period in the taxable year and the denominator of which is the number of days of physical location of the property everywhere during all rental or royalty periods in the taxable year. If the physical location of the property during the rental or royalty period is unknown or unascertainable by the taxpayer, tangible personal property is utilized in the state in which the property was located at the time the rental or royalty payer obtained possession.
6. (a) Capital gains and losses from sales of real property located in this state are allocable to this state.
- (b) Capital gains and losses from sales of tangible personal property are allocable to this state if (1) the property had a situs in this state at the time of the sale, or (2) the taxpayer's commercial domicile is in this state and the taxpayer is not taxable in the state in which the property had a situs.
- (c) Capital gains and losses from sales of intangible personal property are allocable to this state if the taxpayer's commercial domicile is in this state.
7. Interest and dividends are allocable to this state if the taxpayer's commercial domicile is in this state.
8. (a) Patent and copyright royalties are allocable to this state: (1) if and to the extent that the patent or copyright is utilized by the payer in this state, or (2) if and to the extent that the patent or copyright is utilized by the payer in a state in which the taxpayer is not taxable and the taxpayer's commercial domicile is in this state.
- (b) A patent is utilized in a state to the extent that it is employed in production, fabrication, manufacturing, or other processing in the state or to the extent that a patented product is produced in the state. If the basis of receipts from patent royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the patent is utilized in the state in which the taxpayer's commercial domicile is located.
- (c) A copyright is utilized in a state to the extent that printing or other publication originates in the state. If the basis of receipts from copyright royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the copyright is utilized in the state in which the taxpayer's commercial domicile is located.
9. All business income shall be apportioned to this state by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor, and the denominator of which is three.
10. The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in this state during the tax period and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned or rented and used during the tax period.

11. ~~Property owned by the taxpayer is valued at its original cost. Property rented by the taxpayer is valued at eight times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the taxpayer less any annual rental rate received by the taxpayer from subrentals.~~
12. ~~The average value of property shall be determined by averaging the values at the beginning and ending of the tax period but the tax administrator may require the averaging of monthly values during the tax period if reasonably required to reflect properly the average value of the taxpayer's property.~~
13. ~~The payroll factor is a fraction, the numerator of which is the total amount paid in this state during the tax period by the taxpayer for compensation and the denominator of which is the total compensation paid everywhere during the tax period.~~
14. ~~Compensation is paid in this state if:~~
 - ~~(a) The individual's service is performed entirely within the state;~~
 - ~~(b) The individual's service is performed both within and without the state, but the service performed without the state is incidental to the individual's service within the state; or~~
 - ~~(c) Some of the service is performed in the state and (1) the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in the state, or (2) the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual's residence is in this state.~~
15. ~~The sales factor is a fraction, the numerator of which is the total sales of the taxpayer in this state during the tax period, and the denominator of which is the total sales of the taxpayer everywhere during the tax period.~~
16. ~~Sales of tangible personal property are in this state if:~~
 - ~~(a) The property is delivered or shipped to a purchaser, other than the United States government, within this state regardless of the f.o.b. point or other conditions of the sale; or~~
 - ~~(b) The property is shipped from an office, store, warehouse, factory, or other place of storage in this state and (1) the purchaser is the United States government, or (2) the taxpayer is not taxable in the state of the purchaser.~~
17. ~~Sales, other than sales of tangible personal property, are in this state if:~~
 - ~~(a) The income-producing activity is performed in this state; or~~
 - ~~(b) The income-producing activity is performed both in and outside this state and a greater proportion of the income-producing activity is performed in this state than in any other state, based on costs of performance.~~
18. ~~If the allocation and apportionment provisions of this article do not fairly represent the extent of the taxpayer's business activity in this state, the taxpayer may petition for or the tax administrator may require, in respect to all or any part of the taxpayer's business activity, if reasonable:~~
 - ~~(a) Separate accounting;~~
 - ~~(b) The exclusion of any one or more of the factors;~~

- (c) ~~The inclusion of one or more additional factors which will fairly represent the taxpayer's business activity in this state; or~~
- (d) ~~The employment of any other method to effectuate an equitable allocation and apportionment of the taxpayer's income.~~

ARTICLE V- ELEMENTS OF SALES AND USE TAX LAWS

Tax Credit

1. Each purchaser liable for a use tax on tangible personal property shall be entitled to full credit for the combined amount or amounts of legally imposed sales or use taxes paid by the purchaser with respect to the same property to another state and any subdivision thereof. The credit shall be applied first against the amount of any use tax due the state, and any unused portion of the credit shall then be applied against the amount of any use tax due a subdivision.

Exemption Certificates, Vendors May Rely

2. Whenever a vendor receives and accepts in good faith from a purchaser a resale or other exemption certificate or other written evidence of exemption authorized by the appropriate state or subdivision taxing authority, the vendor shall be relieved of liability for a sales or use tax with respect to the transaction.

ARTICLE ~~VII~~IV - THE COMMISSION

Organization and Management

1. (a) The multistate tax commission is hereby established. It shall be composed of one "member" from each party state who shall be the head of the state agency charged with the administration of the types of taxes to which this compact applies. If there is more than one such agency the state shall provide by law for the selection of the commission member from the heads of the relevant agencies. State law may provide that a member of the commission be represented by an alternate but only if there is on file with the commission written notification of the designation and identity of the alternate. The attorney general of each party state or the attorney general's designee, or other counsel if the laws of the party state specifically provide, shall be entitled to attend the meetings of the commission, but shall not vote. Such attorneys general, designees, or other counsel shall receive all notices of meetings required under subdivision e of subsection 1 of this article.
- (b) Each party state shall provide by law for the selection of representatives from its subdivisions affected by this compact to consult with the commission member from that state.
- (c) Each member shall be entitled to one vote. The commission shall not act unless a majority of the members are present, and no action shall be binding unless approved by a majority of the total number of members.
- (d) The commission shall adopt an official seal to be used as it may provide.
- (e) The commission shall hold an annual meeting and such other regular meetings as its bylaws may provide and such special meetings as its executive committee may determine. The commission bylaws shall specify the dates of the annual and any other regular meetings, and shall provide for the giving of notice of annual, regular, and special meetings. Notices of special meetings

shall include the reasons therefor and an agenda of the items to be considered.

- (f) The commission shall elect annually, from among its members, a chairman, a vice chairman, and a treasurer. The commission shall appoint an executive director who shall serve at its pleasure, and it shall fix the executive director's duties and compensation. The executive director shall be secretary of the commission. The commission shall make provision for the bonding of such of its officers and employees as it may deem appropriate.
- (g) Irrespective of the civil service, personnel, or other merit system laws of any party state, the executive director shall appoint or discharge such personnel as may be necessary for the performance of the functions of the commission and shall fix their duties and compensation. The commission bylaws shall provide for personnel policies and programs.
- (h) The commission may borrow, accept, or contract for the services of personnel from any state, the United States, or any other governmental entity.
- (i) The commission may accept for any of its purposes and functions any and all donations and grants of money, equipment, supplies, materials, and services, conditional or otherwise, from any governmental entity, and may utilize and dispose of the same.
- (j) The commission may establish one or more offices for the transacting of its business.
- (k) The commission shall adopt bylaws for the conduct of its business. The commission shall publish its bylaws in convenient form, and shall file a copy of the bylaws and any amendments thereto with the appropriate agency or officer in each of the party states.
- (l) The commission annually shall make to the governor and legislature of each party state a report covering its activities for the preceding year. Any donation or grant accepted by the commission or services borrowed shall be reported in the annual report of the commission, and shall include the nature, amount, and conditions, if any, of the donation, gift, grant, or services borrowed and the identity of the donor or lender. The commission may make additional reports as it may deem desirable.

Committees

- 2. (a) To assist in the conduct of its business when the full commission is not meeting, the commission shall have an executive committee of seven members, including the chairman, vice chairman, treasurer, and four other members elected annually by the commission. The executive committee subject to the provisions of this compact and consistent with the policies of the commission, shall function as provided in the bylaws of the commission.
- (b) The commission may establish advisory and technical committees, membership on which may include private persons and public officials, in furthering any of its activities. Such committees may consider any matter of concern to the commission, including problems of special interest to any party state and problems dealing with particular types of taxes.
- (c) The commission may establish such additional committees as its bylaws may provide.

Powers

3. In addition to powers conferred elsewhere in this compact, the commission shall have power to:
 - (a) Study state and local tax systems and particular types of state and local taxes.
 - (b) Develop and recommend proposals for an increase in uniformity or compatibility of state and local tax laws with a view toward encouraging the simplification and improvement of state and local tax law and administration.
 - (c) Compile and publish information as in its judgment would assist the party states in implementation of the compact and taxpayers in complying with state and local tax laws.
 - (d) Do all things necessary and incidental to the administration of its functions pursuant to this compact.

Finance

4.
 - (a) The commission shall submit to the governor or designated officer or officers of each party state a budget of its estimated expenditures for such period as may be required by the laws of that state for presentation to the legislature thereof.
 - (b) Each of the commission's budgets of estimated expenditures shall contain specific recommendations of the amounts to be appropriated by each of the party states. The total amount of appropriations requested under any such budget shall be apportioned among the party states as follows: one-tenth in equal shares; and the remainder in proportion to the amount of revenue collected by each party state and its subdivisions from income taxes, capital stock taxes, gross receipts taxes, and sales and use taxes. In determining such amounts, the commission shall employ such available public sources of information as, in its judgment, present the most equitable and accurate comparisons among the party states. Each of the commission's budgets of estimated expenditures and requests for appropriations shall indicate the sources used in obtaining information employed in applying the formula contained in this subsection.
 - (c) The commission shall not pledge the credit of any party state. The commission may meet any of its obligations in whole or in part with funds available to it under subdivision i of subsection 1 of this article; provided, that the commission takes specific action setting aside such funds prior to incurring any obligation to be met in whole or in part in such manner. Except where the commission makes use of funds available to it under subdivision i of subsection 1, the commission shall not incur any obligation prior to the allotment of funds by the party states adequate to meet the same.
 - (d) The commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the commission shall be subject to the audit and accounting procedures established under its bylaws. All receipts and disbursements of funds handled by the commission shall be audited yearly by a certified or licensed public accountant and the report of the audit shall be included in and become part of the annual report of the commission.
 - (e) The accounts of the commission shall be open at any reasonable time for inspection by duly constituted officers of the party states and by any persons authorized by the commission.
 - (f) Nothing contained in this article shall be construed to prevent commission compliance with laws relating to audit or inspection of

accounts by or on behalf of any government contributing to the support of the commission.

ARTICLE ~~VII~~IV - UNIFORM REGULATIONS AND FORMS

1. Whenever any two or more party states, or subdivisions of party states, have uniform or similar provisions of law relating to an income tax, the commission may adopt uniform regulations for any phase of the administration of such law, including assertion of jurisdiction to tax, or prescribing uniform tax forms. ~~The commission may also act with respect to the provisions of article IV of this compact.~~
2. Prior to the adoption of any regulation, the commission shall:
 - (a) As provided in its bylaws, hold at least one public hearing on due notice to all affected party states and subdivisions thereof and to all taxpayers and other persons who have made timely request of the commission for advance notice of its regulation-making proceedings.
 - (b) Afford all affected party states and subdivisions and interested persons an opportunity to submit relevant written data and views, which shall be considered fully by the commission.
3. The commission shall submit any regulations adopted by it to the appropriate officials of all party states and subdivisions to which they might apply. Each such state and subdivision shall consider any such regulation for adoption in accordance with its own laws and procedures.

ARTICLE ~~VIII~~VI - INTERSTATE AUDITS

1. This article shall be in force only in those party states that specifically provide therefor by statute.
2. Any party state or subdivision thereof desiring to make or participate in an audit of any accounts, books, papers, records, or other documents may request the commission to perform the audit on its behalf. In responding to the request, the commission shall have access to and may examine, at any reasonable time, such accounts, books, papers, records, and other documents and any relevant property or stock of merchandise. The commission may enter into agreements with party states or their subdivisions for assistance in performance of the audit. The commission shall make charges, to be paid by the state or local government or governments for which it performs the service, for any audits performed by it in order to reimburse itself for the actual costs incurred in making the audit.
3. The commission may require the attendance of any person within the state where it is conducting an audit or part thereof at a time and place fixed by it within such state for the purpose of giving testimony with respect to any account, book, paper, document, other record, property, or stock of merchandise being examined in connection with the audit. If the person is not within the jurisdiction, the person may be required to attend for such purpose at any time and place fixed by the commission within the state of which the person is a resident; provided, that such state has adopted this article.
4. The commission may apply to any court having power to issue compulsory process for orders in aid of its powers and responsibilities pursuant to this article and any and all such courts shall have jurisdiction to issue such orders. Failure of any person to obey any such order shall be punishable as contempt of the issuing court. If the party or subject matter on account of which the commission seeks an order is within the jurisdiction of the court to which application is made, such application may be to a court in the state or subdivision on behalf of which the audit is being made or a court in the state in which the object of the order

being sought is situated. The provisions of this subsection apply only to courts in a state that has adopted this article.

5. The commission may decline to perform any audit requested if it finds that its available personnel or other resources are insufficient for the purpose or that, in the terms requested, the audit is impracticable of satisfactory performance. If the commission, on the basis of its experience, has reason to believe that an audit of a particular taxpayer, either at a particular time or on a particular schedule, would be of interest to a number of party states or their subdivisions, it may offer to make the audit or audits, the offer to be contingent on sufficient participation therein as determined by the commission.
6. Information obtained by any audit pursuant to this article shall be confidential and available only for tax purposes to party states, their subdivisions, or the United States. Availability of information shall be in accordance with the laws of the states or subdivisions on whose account the commission performs the audit, and only through the appropriate agencies or officers of such states or subdivisions. Nothing in this article shall be construed to require any taxpayer to keep records for any period not otherwise required by law.
7. Other arrangements made or authorized pursuant to law for cooperative audit by or on behalf of the party states or any of their subdivisions are not superseded or invalidated by this article.
8. In no event shall the commission make any charge against a taxpayer for an audit.
9. As used in this article, "tax", in addition to the meaning ascribed to it in article II, means any tax or license fee imposed in whole or in part for revenue purposes.

ARTICLE IX—ARBITRATION

- ~~1. Whenever the commission finds a need for settling disputes concerning apportionments and allocations by arbitration, it may adopt a regulation placing this article in effect, notwithstanding the provisions of article VII.~~
- ~~2. The commission shall select and maintain an arbitration panel composed of officers and employees of state and local governments and private persons who shall be knowledgeable and experienced in matters of tax law and administration.~~
- ~~3. Whenever a taxpayer who has elected to employ article IV, or whenever the laws of the party state or subdivision thereof are substantially identical with the relevant provisions of article IV, the taxpayer, by written notice to the commission and to each party state or subdivision thereof that would be affected, may secure arbitration of an apportionment or allocation, if the taxpayer is dissatisfied with the final administrative determination of the tax agency of the state or subdivision with respect thereto on the ground that it would subject the taxpayer to double or multiple taxation by two or more party states or subdivisions thereof. Each party state and subdivision thereof hereby consents to the arbitration as provided herein, and agrees to be bound thereby.~~
- ~~4. The arbitration board shall be composed of one person selected by the taxpayer, one by the agency or agencies involved, and one member of the commission's arbitration panel. If the agencies involved are unable to agree on the person to be selected by them, such person shall be selected by lot from the total membership of the arbitration panel. The two persons selected for the board in the manner provided by the foregoing provisions of this subsection shall jointly select the third member of the board. If they are unable to agree on the selection, the third member shall be selected by lot from among the total membership~~

of the arbitration panel. No member of a board selected by lot shall be qualified to serve if that member is an officer or employee or is otherwise affiliated with any party to the arbitration proceeding. Residence within the jurisdiction of a party to the arbitration proceeding shall not constitute affiliation within the meaning of this subsection.

5. The board may sit in any state or subdivision party to the proceeding, in the state of the taxpayer's incorporation, residence, or domicile, in any state where the taxpayer does business, or in any place that it finds most appropriate for gaining access to evidence relevant to the matter before it.
6. The board shall give due notice of the times and places of its hearings. The parties shall be entitled to be heard, to present evidence, and to examine and cross-examine witnesses. The board shall act by majority vote.
7. The board shall have power to administer oaths, take testimony, subpoena, and require the attendance of witnesses and the production of accounts, books, papers, records, and other documents, and issue commissions to take testimony. Subpoenas may be signed by any member of the board. In case of failure to obey a subpoena, and upon application by the board, any judge of a court of competent jurisdiction of the state in which the board is sitting or in which the person to whom the subpoena is directed may be found may make an order requiring compliance with the subpoena, and the court may punish failure to obey the order as a contempt. The provisions of this subsection apply only in states that have adopted this article.
8. Unless the parties otherwise agree the expenses and other costs of the arbitration shall be assessed and allocated among the parties by the board in such manner as it may determine. The commission shall fix a schedule of compensation for members of arbitration boards and of other allowable expenses and costs. No officer or employee of a state or local government who serves as a member of a board shall be entitled to compensation therefor unless that person is required on account of that person's service to forego the regular compensation attaching to that person's public employment, but any such board member shall be entitled to expenses.
9. The board shall determine the disputed apportionment or allocation and any matters necessary thereto. The determinations of the board shall be final for purposes of making the apportionment or allocation, but for no other purpose.
10. The board shall file with the commission and with each tax agency represented in the proceeding: the determination of the board; the board's written statement of its reasons therefor; the record of the board's proceedings; and any other documents required by the arbitration rules of the commission to be filed.
11. The commission shall publish the determinations of boards together with the statements of the reasons therefor.
12. The commission shall adopt and publish rules of procedure and practice and shall file a copy of such rules and of any amendment thereto with the appropriate agency or officer in each of the party states.
13. Nothing contained herein shall prevent at any time a written compromise of any matter or matters in dispute, if otherwise lawful, by the parties to the arbitration proceeding.

ARTICLE XVII - ENTRY INTO FORCE AND WITHDRAWAL

1. This compact shall enter into force when enacted into law by any seven states. Thereafter, this compact shall become effective as to any other state upon its enactment thereof. The commission shall arrange for notification of all party states whenever there is a new enactment of the compact.
2. Any party state may withdraw from this compact by enacting a statute repealing the same. No withdrawal shall affect any liability already incurred by or chargeable to a party state prior to the time of such withdrawal.
3. ~~No proceeding commenced before an arbitration board prior to the withdrawal of a state and to which the withdrawing state or any subdivision thereof is a party shall be discontinued or terminated by the withdrawal, nor shall the board thereby lose jurisdiction over any of the parties to the proceeding necessary to make a binding determination therein.~~

ARTICLE ~~XIV~~III - EFFECT ON OTHER LAWS AND JURISDICTION

Nothing in this compact shall be construed to:

1. Affect the power of any state or subdivision thereof to fix rates of taxation, ~~except that a party state shall be obligated to implement subsection 2 of article III of this compact.~~
2. Apply to any tax or fixed fee imposed for the registration of a motor vehicle or any tax on motor fuel, other than a sales tax; provided, that the definition of "tax" in subsection 9 of article ~~VI~~IV may apply for the purposes of that article and the commission's powers of study and recommendation pursuant to subsection 3 of article ~~VI~~IV may apply.
3. Withdraw or limit the jurisdiction of any state or local court or administrative officer or body with respect to any person, corporation, ~~limited liability company~~, or other entity or subject matter, except to the extent that such jurisdiction is expressly conferred by or pursuant to this compact upon another agency or body.
4. Supersede or limit the jurisdiction of any court of the United States.

ARTICLE ~~XIII~~X - CONSTRUCTION AND SEVERABILITY

This compact shall be liberally construed so as to effectuate the purposes thereof. The provisions of this compact shall be severable and if any phrase, clause, sentence, or provision of this compact is declared to be contrary to the constitution of any state or of the United States or the applicability thereof to any government, agency, person, or circumstance is held invalid, the validity of the remainder of this compact and the applicability thereof to any government, agency, person, or circumstance shall not be affected thereby. If this compact shall be held contrary to the constitution of any state participating therein, the compact shall remain in full force and effect as to the remaining party states and in full force and effect as to the state affected as to all severable matters.

SECTION 4. AMENDMENT. Section 57-59-05 of the North Dakota Century Code is amended and reenacted as follows:

57-59-05. Legal counsel.

The chief counsel of the state tax department or the chief counsel's designee shall attend the meetings of the multistate tax commission as the legal counsel representing the state of North Dakota as provided for by subdivision a of subsection 1 of article ~~VI~~IV of section 57-59-01.

SECTION 5. AMENDMENT. Section 57-59-06 of the North Dakota Century Code is amended and reenacted as follows:

57-59-06. Selection of representatives to meet with commission member.

The state tax commissioner shall appoint two persons who are representatives of subdivisions affected or likely to be affected by the multistate tax compact from among persons nominated by the association of counties and league of cities. The state tax commissioner, and any alternate designated by the state tax commissioner, shall consult with these appointees, in accordance with subdivision b of subsection 1 of article ~~VII~~ of section 57-59-01. The state tax commissioner shall also consult regularly with the chairman and ranking minority party member of the finance and taxation committees of the senate and house of representatives as provided for in subdivision b of subsection 2 of article ~~VII~~ of section 57-59-01.

SECTION 6. AMENDMENT. Section 57-59-08 of the North Dakota Century Code is amended and reenacted as follows:

57-59-08. Interaudits.

Article ~~VIII~~ of the multistate tax compact relating to interaudits shall be in force in and with respect to the state of North Dakota.

SECTION 7. REPEAL. Section 57-59-02 of the North Dakota Century Code is repealed.

SECTION 8. EFFECTIVE DATE. This Act is effective for taxable years beginning after December 31, 2014."

Renumber accordingly

Reengrossed SB 2292 was placed on the Seventh order of business on the calendar.

ANNOUNCEMENT

SPEAKER BELTER ANNOUNCED that the House stand in recess until 1:00 p.m.

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

SIXTH ORDER OF BUSINESS

SPEAKER BELTER DEEMED approval of the amendments to Engrossed SB 2020.

Engrossed SB 2020, as amended, was placed on the Fourteenth order of business on the calendar.

CONSIDERATION OF MESSAGES FROM THE SENATE

REP. VIGESAA MOVED that the House do not concur in the Senate amendments to Reengrossed HB 1015 as printed on HJ pages 1605-1608, in the Senate amendments to Engrossed HB 1016 as printed on HJ pages 1361-1362, in the Senate amendments to HB 1113 as printed on HJ pages 1551-1552, and in the Senate amendments to Reengrossed HB 1151 and that a conference committee be appointed to meet with a like committee from the Senate on each of these measures, which motion prevailed on a voice vote.

APPOINTMENT OF CONFERENCE COMMITTEES

THE SPEAKER APPOINTED as a Conference Committee on:

Reengrossed HB 1015: Reps. J. Nelson, Pollert, Holman.

Engrossed HB 1016: Reps. Dosch, Sanford, Guggisberg.

HB 1113: Reps. Laning, Dockter, Mooney.

Reengrossed HB 1151: Reps. Sanford, Streyle, Boe.

APPOINTMENT OF CONFERENCE COMMITTEE

REP. VIGESAA MOVED that the Speaker appoint a committee of three to act with a like committee from the Senate as a Conference Committee on Engrossed SB 2008, Engrossed SB 2009, Engrossed SB 2012, Engrossed SB 2039, SB 2205, and Reengrossed SB 2284, which motion prevailed.

THE SPEAKER APPOINTED as a Conference Committee on:

Engrossed SB 2008: Reps. Streyle, Monson, Guggisberg

Engrossed SB 2009: Reps. Monson, Schmidt, Boe

Engrossed SB 2012: Reps. Pollert, Bellew, Holman

Engrossed SB 2039: Reps. Brandenburg, Vigasaa, Boe

SB 2205: Reps. Hofstad, Rich S. Becker, Oversen

Reengrossed SB 2284: Reps. Skarphol, Vigasaa, Hogan

SECOND READING OF SENATE BILL

SB 2020: A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission; to provide exemptions; to create and enact three new sections to chapter 61-02 of the North Dakota Century Code, relating to a Bank of North Dakota line of credit, to the state water commission cost-share policy, and to North Dakota outdoor heritage fund grants and cost-share; to amend and reenact section 54-35-02.7 of the North Dakota Century Code, relating to the water topics overview committee; to provide legislative intent; to allocate funding; to provide contingent allocations; to provide for reports to the legislative assembly; to provide for legislative management reports; to provide for a state water commission study; and to declare an emergency.

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 90 YEAS, 3 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

YEAS: Amerman; Anderson, B.; Anderson, D.; Anderson, P.; Beadle; Becker, Rick C.; Boe; Boehning; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Delzer; Devlin; Dockter; Dosch; Fehr; Froseth; Glassheim; Guggisberg; Haak; Hanson; Hatlestad; Hawken; Headland; Hofstad; Hogan; Holman; Hunsakor; Johnson, D.; Johnson, M.; Kading; Karls; Kasper; Keiser; Kelsh; Kempenich; Kiefert; Klein; Klemin; Koppelman, B.; Koppelman, K.; Kreidt; Kretschmar; Laning; Larson; Lefor; Looyesen; Louser; Maragos; Martinson; Meier; Mitskog; Mock; Monson; Mooney; Muscha; Nathe; Nelson, J.; Olson; Onstad; Oversen; Owens; Paur; Pollert; Porter; Rohr; Ruby; Sanford; Schatz; Schmidt; Schneider; Schreiber Beck; Seibel; Silbernagel; Skarphol; Steiner; Streyle; Strinden; Sukut; Thoreson; Toman; Trottier; Vigasaa; Wallman; Weisz; Zubke; Speaker Belter

NAYS: Becker, Rich S.; Bellew; Nelson, M.

ABSENT AND NOT VOTING: Frantvog

Engrossed SB 2020, as amended, passed and the emergency clause was declared carried.

SECOND READING OF SENATE BILL

SB 2107: A BILL for an Act to create and enact chapter 12.1-41 of the North Dakota Century Code, relating to the Uniform Act on Prevention of and Remedies for Human Trafficking; to amend and reenact subsection 1 of section 12.1-32-15 of the North Dakota Century Code, relating to definitions; to repeal chapter 12.1-40 of the North Dakota Century Code, relating to human trafficking; and to provide a penalty.

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 93 YEAS, 0 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

YEAS: Amerman; Anderson, B.; Anderson, D.; Anderson, P.; Beadle; Becker, Rich S.; Becker, Rick C.; Bellew; Boe; Boehning; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Delzer; Devlin; Dockter; Dosch; Fehr; Froseth; Glassheim; Guggisberg; Haak; Hanson; Hatlestad; Hawken; Headland; Hofstad; Hogan; Holman; Hunsakor; Johnson, D.; Johnson, M.; Kading; Karls; Kasper; Keiser; Kelsh; Kempenich; Kiefert; Klein; Klemin; Koppelman, B.; Koppelman, K.; Kreidt; Kretschmar; Laning; Larson; Lefor; Looyesen; Louser; Maragos; Martinson; Meier; Mitskog; Mock; Monson; Mooney; Muscha; Nathe; Nelson, J.; Nelson, M.; Olson;

Onstad; Oversen; Owens; Paur; Pollert; Porter; Rohr; Ruby; Sanford; Schatz;
Schmidt; Schneider; Schreiber Beck; Seibel; Silbernagel; Skarphol; Steiner; Streyle;
Strinden; Sukut; Thoreson; Toman; Trottier; Vigesaa; Wallman; Weisz; Zubke;
Speaker Belter

ABSENT AND NOT VOTING: Frantsvog

Reengrossed SB 2107, as amended, passed.

SECOND READING OF SENATE BILL

SB 2199: A BILL for an Act to provide an appropriation to the attorney general for a human trafficking victims treatment and support services, to amend and reenact section 54-12-14 of the North Dakota Century Code, relating to the assets forfeiture fund; to provide for a report to the legislative management; to provide a continuing appropriation; and to declare an emergency.

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 93 YEAS, 0 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

YEAS: Amerman; Anderson, B.; Anderson, D.; Anderson, P.; Beadle; Becker, Rich S.; Becker, Rick C.; Bellew; Boe; Boehning; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Delzer; Devlin; Dockter; Dosch; Fehr; Froseth; Glassheim; Guggisberg; Haak; Hanson; Hatlestad; Hawken; Headland; Hofstad; Hogan; Holman; Hunskor; Johnson, D.; Johnson, M.; Kading; Karls; Kasper; Keiser; Kelsh; Kempenich; Kiefert; Klein; Klemin; Koppelman, B.; Koppelman, K.; Kreidt; Kretschmar; Laning; Larson; Lefor; Looyesen; Louser; Maragos; Martinson; Meier; Mitskog; Mock; Monson; Mooney; Muscha; Nathe; Nelson, J.; Nelson, M.; Olson; Onstad; Oversen; Owens; Paur; Pollert; Porter; Rohr; Ruby; Sanford; Schatz; Schmidt; Schneider; Schreiber Beck; Seibel; Silbernagel; Skarphol; Steiner; Streyle; Strinden; Sukut; Thoreson; Toman; Trottier; Vigesaa; Wallman; Weisz; Zubke; Speaker Belter

ABSENT AND NOT VOTING: Frantsvog

Engrossed SB 2199, as amended, passed and the emergency clause was declared carried.

SECOND READING OF SENATE BILL

SB 2275: A BILL for an Act create and enact a new section to chapter 12.1-41 of the North Dakota Century Code, as created by section 2 of Senate Bill No. 2107, as approved by the sixty-fourth legislative assembly, relating to a forced or coerced abortion performed on a victim of human trafficking; and to provide a penalty.

ROLL CALL

The question being on the final passage of the bill, which has been read, and has committee recommendation of DO PASS, the roll was called and there were 93 YEAS, 0 NAYS, 0 EXCUSED, 1 ABSENT AND NOT VOTING.

YEAS: Amerman; Anderson, B.; Anderson, D.; Anderson, P.; Beadle; Becker, Rich S.; Becker, Rick C.; Bellew; Boe; Boehning; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Delzer; Devlin; Dockter; Dosch; Fehr; Froseth; Glassheim; Guggisberg; Haak; Hanson; Hatlestad; Hawken; Headland; Hofstad; Hogan; Holman; Hunskor; Johnson, D.; Johnson, M.; Kading; Karls; Kasper; Keiser; Kelsh; Kempenich; Kiefert; Klein; Klemin; Koppelman, B.; Koppelman, K.; Kreidt; Kretschmar; Laning; Larson; Lefor; Looyesen; Louser; Maragos; Martinson; Meier; Mitskog; Mock; Monson; Mooney; Muscha; Nathe; Nelson, J.; Nelson, M.; Olson; Onstad; Oversen; Owens; Paur; Pollert; Porter; Rohr; Ruby; Sanford; Schatz; Schmidt; Schneider; Schreiber Beck; Seibel; Silbernagel; Skarphol; Steiner; Streyle; Strinden; Sukut; Thoreson; Toman; Trottier; Vigesaa; Wallman; Weisz; Zubke; Speaker Belter

ABSENT AND NOT VOTING: Frantsvog

SB 2275 passed.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)
MR. PRESIDENT: The House has passed, unchanged: SB 2275.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)
MR. PRESIDENT: The House has amended and subsequently passed: SB 2107.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)
MR. PRESIDENT: The House has amended, subsequently passed, and the emergency clause carried: SB 2020, SB 2199.

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 1015, HB 1016, HB 1113, and HB 1151, and the Speaker has appointed as a conference committee to act with a like committee from the Senate on:

HB 1015: Reps. J. Nelson; Pollert; Holman
HB 1016: Reps. Dosch; Sanford; Guggisberg
HB 1113: Reps. Laning; Dockter; Mooney
HB 1151: Reps. Sanford; Streyle; Boe

MESSAGE TO THE HOUSE FROM THE SENATE (JANE SCHAIBLE, SECRETARY)
MR. SPEAKER: The Senate has appointed as a conference committee to act with a like committee from the House on:

HB 1113: Sens. Laffen; Hogue; Murphy

MESSAGE TO THE HOUSE FROM THE SENATE (JANE SCHAIBLE, SECRETARY)
MR. SPEAKER: The Senate does not concur in the House amendments to SB 2016, and the President has appointed as a conference committee to act with a like committee from the House on:

SB 2016: Sens. Holmberg; Bowman; Robinson

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 2008: Reps. Streyle; Monson; Guggisberg
SB 2009: Reps. Monson; Schmidt; Boe
SB 2012: Reps. Pollert; Bellew; Holman
SB 2039: Reps. Brandenburg; Vigasaa; Boe
SB 2205: Reps. Hofstad; Rich S. Becker; Oversen
SB 2284: Reps. Skarphol; Vigasaa; Holman

MESSAGE TO THE HOUSE FROM THE SENATE (JANE SCHAIBLE, SECRETARY)
MR. SPEAKER: The Senate has adopted the conference committee report on: HB 1255, HB 1313, HB 1474.

MESSAGE TO THE HOUSE FROM THE SENATE (JANE SCHAIBLE, SECRETARY)
MR. SPEAKER: The Senate has adopted the conference committee report and subsequently passed: SB 2011, SB 2332.

MESSAGE TO THE HOUSE FROM THE SENATE (JANE SCHAIBLE, SECRETARY)
MR. SPEAKER: The Senate has adopted the conference committee report and subsequently passed: HB 1030, HB 1244.

MESSAGE TO THE HOUSE FROM THE SENATE (JANE SCHAIBLE, SECRETARY)

MR. SPEAKER: The Senate has adopted the conference committee report and subsequently failed to pass: SB 2258.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

MR. PRESIDENT: Your signature is respectfully requested on: HB 1006, HB 1017, HB 1023, HB 1102, HB 1206, HB 1231, HB 1256, HB 1358, HB 1390, HB 1403.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

MR. PRESIDENT: The Speaker has signed: SB 2278, SB 2289, SB 2318, SB 2327, SB 2334.

MESSAGE TO THE HOUSE FROM THE SENATE (JANE SCHAIBLE, SECRETARY)

MR. SPEAKER: The President has signed: SB 2278, SB 2289, SB 2318, SB 2327, SB 2334.

REPORT OF CONFERENCE COMMITTEE

HB 1368, as engrossed: Your conference committee (Sens. Casper, Armstrong, Grabinger and Reps. Kretschmar, Klemin, Delmore) recommends that the **HOUSE ACCEDE** to the Senate amendments as printed on HJ page 1220 and place HB 1368 on the Seventh order.

Engrossed HB 1368 was placed on the Seventh order of business on the calendar.

REPORT OF CONFERENCE COMMITTEE

HB 1217, as engrossed: Your conference committee (Sens. Burckhard, J. Lee, Grabinger and Reps. Hatlestad, Rich S. Becker, Oversen) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ page 1416, adopt amendments as follows, and place HB 1217 on the Seventh order:

That the Senate recede from its amendments as printed on page 1416 of the House Journal and pages 1153 and 1154 of the Senate Journal and that Engrossed House Bill No. 1217 be amended as follows:

Page 2, line 12, overstrike "a"

Page 2, line 13, overstrike "protection order"

Page 2, line 13, overstrike "under section 14-07.1-02"

Page 2, line 15, after the first comma insert "protection order under section 14-07.1-02, ex parte temporary"

Page 2, line 15, after the second underscored comma insert "order prohibiting contact."

Page 2, line 16, after the underscored semicolon insert "or"

Page 2, line 17, remove the underscored semicolon

Page 2, remove lines 18 through 25

Page 2, replace line 26 with "containing objective supporting evidence indicating domestic violence or sexual assault; and"

Renumber accordingly

Engrossed HB 1217 was placed on the Seventh order of business on the calendar.

REPORT OF CONFERENCE COMMITTEE

HB 1392: Your conference committee (Sens. Laffen, Unruh, Dotzenrod and Reps. Dockter, Owens, Mitskog) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1449-1450, adopt amendments as follows, and place HB 1392 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1449 and 1450 of the

House Journal and pages 1201 and 1202 of the Senate Journal and that House Bill No. 1392 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 40-22 of the North Dakota Century Code, relating to adoption of municipal policy establishing special assessment determination methods for allocation of assessments among and within classes of property; to amend and reenact section 40-53.1-07 of the North Dakota Century Code, relating to the disposition of the property of a dissolved city by a county.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 40-22 of the North Dakota Century Code is created and enacted as follows:

Municipal policy providing special assessment determination methods for allocation of assessments among and within classes of property.

Within five months of this section becoming applicable to a city, the governing body of each city with a population exceeding ten thousand shall adopt written policies, after a public hearing for consideration of the policies, which will be applied for cost allocation among properties benefited by a special assessment project. Policies established under this section must provide separately the policy that will be applied for cost allocation for each kind of special assessment and the cost allocation method for residential, commercial, and agricultural property and for any property subject to separate or special assessment factors or assessment rates.

SECTION 2. AMENDMENT. Section 40-53.1-07 of the North Dakota Century Code is amended and reenacted as follows:

40-53.1-07. Dissolution - Care of property - Manager - Disposition of funds.

If a city is dissolved, the board of county commissioners shall assume control of all property belonging to the dissolved city and shall employ a qualified person to manage and operate the property and to collect all charges due from the operation of such property or dispose of the property in accordance with chapter 11-27. The person employed shall execute a bond to the county in an amount determined by the board of county commissioners, conditioned that that person will faithfully perform that person's duties and will promptly pay all money that person receives to the county treasurer monthly on the first day of each month. The bond shall be executed by the person employed and a surety company authorized to do business in the state. The premium on the bond shall be paid by the board of county commissioners from city funds, if any, and if none, from county funds."

Renumber accordingly

HB 1392 was placed on the Seventh order of business on the calendar.

REPORT OF CONFERENCE COMMITTEE

SB 2332, as engrossed: Your conference committee (Sens. Armstrong, Casper, Nelson and Reps. Paur, M. Johnson, P. Anderson) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ page 1140, adopt amendments as follows, and place SB 2332 on the Seventh order:

That the House recede from its amendments as printed on page 1140 of the Senate Journal and page 1263 of the House Journal and that Engrossed Senate Bill No. 2332 be amended as follows:

Page 1, line 3, remove "and"

Page 1, line 4, after "penalty" insert "; to provide an effective date; and to provide an expiration date"

Page 1, remove line 16

Page 1, line 17, replace "offender's residence or is available online, a" with "A"

Page 1, line 17, replace "a first" with "an"

Page 1, after line 21, insert:

"SECTION 3. EFFECTIVE DATE - EXPIRATION DATE. Section 2 of this Act is effective from January 1, 2016, through July 31, 2017, and is thereafter ineffective."

Renumber accordingly

Engrossed SB 2332 was placed on the Seventh order of business on the calendar.

REPORT OF CONFERENCE COMMITTEE

SB 2011, as engrossed: Your conference committee (Sens. Bowman, Erbele, O'Connell and Reps. Kempenich, Skarphol, Hogan) recommends that the **SENATE ACCEDE** to the House amendments as printed on SJ pages 1122-1123 and place SB 2011 on the Seventh order.

Engrossed SB 2011 was placed on the Seventh order of business on the calendar.

ANNOUNCEMENT

SPEAKER BELTER ANNOUNCED that the House stand in recess until 4:30 p.m.

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

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

REP. K. KOPPELMAN MOVED that the conference committee report on Engrossed HCR 3052 as printed on HJ page 1221 be adopted, which motion prevailed on a voice vote.

SECOND READING OF HOUSE CONCURRENT RESOLUTION

HCR 3052: A concurrent resolution urging the North Dakota University System and State Board of Higher Education to study all policies, procedures, supports, and services available at all public institutions of higher education in the state regarding sexual assault and related incidents.

ROLL CALL

The question being on the final adoption of the resolution, which has been read, and has committee recommendation of DO PASS. The roll was called and there were 92 YEAS, 0 NAYS, 0 EXCUSED, 2 ABSENT AND NOT VOTING.

YEAS: Amerman; Anderson, B.; Anderson, D.; Anderson, P.; Beadle; Becker, Rich S.; Becker, Rick C.; Bellew; Boe; Boehning; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Delzer; Devlin; Dockter; Dosch; Fehr; Froseth; Glassheim; Guggisberg; Haak; Hanson; Hatlestad; Hawken; Headland; Hofstad; Hogan; Holman; Hunskor; Johnson, D.; Johnson, M.; Kading; Karls; Kasper; Keiser; Kelsh; Kempenich; Kiefert; Klein; Klemin; Koppelman, B.; Koppelman, K.; Kreidt; Kretschmar; Laning; Larson; Lefor; Looysen; Louser; Maragos; Martinson; Meier; Mitskog; Mock; Monson; Mooney; Muscha; Nathe; Nelson, J.; Nelson, M.; Olson; Onstad; Oversen; Owens; Paur; Pollert; Porter; Rohr; Ruby; Sanford; Schatz; Schmidt; Schneider; Schreiber Beck; Seibel; Silbernagel; Skarphol; Steiner; Streyle; Sukut; Thoreson; Toman; Trottier; Vigasaa; Wallman; Weisz; Zubke; Speaker Belter

ABSENT AND NOT VOTING: Frantsvog; Strinden

Reengrossed HCR 3052 was declared adopted on a recorded roll call vote.

SECOND READING OF SENATE BILL

SB 2018: A BILL for an Act to provide an appropriation for defraying the expenses of the state historical society; and to declare an emergency.

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 80 YEAS, 12 NAYS, 0 EXCUSED, 2 ABSENT AND NOT VOTING.

YEAS: Amerman; Anderson, B.; Anderson, D.; Anderson, P.; Beadle; Becker, Rich S.; Boe; Boehning; Brandenburg; Carlson; Damschen; Delmore; Delzer; Devlin; Dockter; Dosch; Fehr; Froseth; Glassheim; Guggisberg; Haak; Hanson; Hatlestad; Hawken; Headland; Hofstad; Hogan; Holman; Hunskor; Johnson, D.; Karls; Kasper; Keiser; Kelsh; Kempenich; Kiefert; Klein; Klemin; Koppelman, K.; Kreidt; Kretschmar; Laning; Larson; Looyesen; Louser; Maragos; Martinson; Meier; Mitskog; Mock; Monson; Mooney; Muscha; Nathe; Nelson, J.; Nelson, M.; Olson; Onstad; Oversen; Owens; Paur; Pollert; Porter; Sanford; Schatz; Schmidt; Schneider; Schreiber Beck; Seibel; Silbernagel; Skarphol; Streyle; Sukut; Thoreson; Toman; Trottier; Vigasaa; Wallman; Zubke; Speaker Belter

NAYS: Becker, Rick C.; Bellew; Boschee; Brabandt; Johnson, M.; Kading; Koppelman, B.; Lefor; Rohr; Ruby; Steiner; Weisz

ABSENT AND NOT VOTING: Frantsvog; Strinden

Engrossed SB 2018, as amended, passed and the emergency clause was declared carried.

SECOND READING OF SENATE BILL

SB 2019: A BILL for an Act to provide an appropriation for defraying the expenses of the parks and recreation department; to provide a 2013-15 appropriation; to provide a grant to the International Peace Garden; to provide funding for the Lewis and Clark interpretive center; to provide an exemption; to amend and reenact section 43-30-05.2 of the North Dakota Century Code, relating to the private investigative and security board and peace officers; to provide an effective date; and to declare an emergency.

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 79 YEAS, 13 NAYS, 0 EXCUSED, 2 ABSENT AND NOT VOTING.

YEAS: Amerman; Anderson, B.; Anderson, D.; Beadle; Becker, Rich S.; Boe; Boehning; Boschee; Brandenburg; Carlson; Damschen; Delmore; Delzer; Devlin; Dockter; Dosch; Fehr; Froseth; Glassheim; Guggisberg; Haak; Hanson; Hatlestad; Hawken; Headland; Hofstad; Hogan; Holman; Hunskor; Johnson, D.; Johnson, M.; Kading; Karls; Kasper; Keiser; Kelsh; Kempenich; Kiefert; Klein; Klemin; Koppelman, K.; Kreidt; Kretschmar; Laning; Larson; Looyesen; Louser; Maragos; Martinson; Meier; Mock; Monson; Mooney; Muscha; Nathe; Nelson, J.; Nelson, M.; Olson; Onstad; Pollert; Porter; Sanford; Schatz; Schmidt; Schneider; Schreiber Beck; Seibel; Silbernagel; Skarphol; Steiner; Streyle; Sukut; Thoreson; Toman; Trottier; Vigasaa; Wallman; Zubke; Speaker Belter

NAYS: Anderson, P.; Becker, Rick C.; Bellew; Brabandt; Koppelman, B.; Lefor; Mitskog; Oversen; Owens; Paur; Rohr; Ruby; Weisz

ABSENT AND NOT VOTING: Frantsvog; Strinden

Engrossed SB 2019, as amended, passed and the emergency clause was declared carried.

SECOND READING OF SENATE BILL

SB 2088: A BILL for an Act to create and enact eight new sections to chapter 15.1-02 of the North Dakota Century Code, relating to authorization for the creation of a North Dakota education foundation; to provide for a report to legislative management; 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 NOT PASS, the roll was called and there were 36 YEAS, 56 NAYS, 0 EXCUSED, 2 ABSENT AND NOT VOTING.

YEAS: Amerman; Anderson, D.; Anderson, P.; Boehning; Delmore; Dockter; Hatlestad; Hawken; Headland; Hofstad; Holman; Hunskor; Johnson, D.; Johnson, M.; Kelsh; Larson; Lefor; Looyesen; Maragos; Mitskog; Monson; Mooney; Muscha; Nathe; Nelson, J.; Nelson, M.; Oversen; Owens; Sanford; Schreiber Beck; Seibel; Silbernagel; Sukut; Wallman; Weisz; Zubke

NAYS: Anderson, B.; Beadle; Becker, Rich S.; Becker, Rick C.; Bellew; Boe; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delzer; Devlin; Dosch; Fehr; Froseth; Glassheim; Guggisberg; Haak; Hanson; Hogan; Kading; Karls; Kasper; Keiser; Kempenich; Kiefert; Klein; Klemin; Koppelman, B.; Koppelman, K.; Kreidt; Kretschmar; Laning; Louser; Martinson; Meier; Mock; Olson; Onstad; Paur; Pollert; Porter; Rohr; Ruby; Schatz; Schmidt; Schneider; Skarphol; Steiner; Streyle; Thoreson; Toman; Trottier; Vigasaa; Speaker Belter

ABSENT AND NOT VOTING: Frantsvog; Strinden

Engrossed SB 2088, as amended, failed.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

MR. PRESIDENT: The House has amended, subsequently passed, and the emergency clause carried: SB 2018, SB 2019.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

MR. PRESIDENT: The House has amended and subsequently failed to pass: SB 2088.

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: HCR 3052.

MESSAGE TO THE HOUSE FROM THE SENATE (JANE SCHAIBLE, SECRETARY)

MR. SPEAKER: Your signature is respectfully requested on: SB 2323.

MOTION

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

MOTION

REP. VIGESAA MOVED that the House be on the Fourth, Fifth, Seventh, and Sixteenth orders of business and at the conclusion of those orders, the House stand adjourned until 8:00 a.m., Thursday, April 16, 2015, which motion prevailed.

REPORT OF CONFERENCE COMMITTEE

HB 1095, as engrossed: Your conference committee (Sens. Schaible, Hogue, Murphy and Reps. Lefor, Hofstad, Hunskor) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ page 1297, adopt amendments as follows, and place HB 1095 on the Seventh order:

That the Senate recede from its amendments as printed on page 1297 of the House Journal and pages 1071 and 1072 of the Senate Journal and that Engrossed House Bill No. 1095 be amended as follows:

Page 1, line 1, remove "subsection 2 of section 61-16.1-09,"

Page 1, line 3, remove "a water resource board's eminent domain power,"

Page 1, line 5, after "projects" insert "; and to provide for a legislative management study"

Page 1, remove lines 7 through 24

Page 2, remove lines 1 through 4

Page 4, line 26, replace "the" with "that"

Page 4, line 30, remove "Drain" also"

Page 4, remove line 31

Page 7, after line 17, insert:

"SECTION 4. LEGISLATIVE MANAGEMENT STUDY. During the 2015-16 interim, the legislative management shall assign to the water topics overview committee the responsibility of studying the use of quick take in eminent domain by water resource districts. The study must include input from stakeholders, including the state water commission, water resource districts, and landowners. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fifth legislative assembly."

Renumber accordingly

Engrossed HB 1095 was placed on the Seventh order of business on the calendar.

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

Buell J. Reich, Chief Clerk