

TESTIMONY OF

Joe Morrissette, Director of the Office of Management and Budget

Chairman Delzer and members of the House Appropriations Committee, I am Joe Morrissette, Director of the Office of Management and Budget. I am here to testify in support of House Bill No. 1025, which provides deficiency appropriations to eight different agencies. I will provide an overview of each request. Representatives from each agency are here to provide more detail and answer specific questions.

Secretary of State

The appropriation in subdivision 1 is to pay a court-ordered judgement in the case of Self Advocacy Solutions N.D. v. Jaeger, relating to election law. The judgement of \$97,500 was entered on October 23, 2020. Through June 30, 2021, interest of approximately \$87 is expected to accrue.

I ask that you amend this amount to **\$97,587** to include accrued interest.

Office of Management and Budget

The appropriation in subdivision 2 is to pay a court-ordered judgement in the case of Brakebill v. Jaeger, relating to election law. The judgement of \$452,983.76 was entered on May 7, 2020. Through June 30, 2021, interest of approximately \$884 is expected to accrue.

I ask that you amend this amount to **\$453,868** to reflect the correct judgement amount and accrued interest.

We are now aware of two additional judgements that will need to be paid and I am asking for amendments to include the following:

- **\$103,000** for the court-ordered judgement and accrued interest in the case of Traynor Law Firm v. State, relating to the cost for removal proceedings against the Ward County Sherriff.
- **\$40,025** for the court-ordered judgement and accrued interest in the case of SpoofoCard, LLC v. Burgum, relating to a challenge to North Dakota's anti-spoofing law.

Attorney General

The appropriation in subdivision 3 is to pay the court-ordered judgement relating to the case of North Dakota Farm Bureau, Inc. v. Stenehjem relating to a federal challenge to ND corporate farm laws. The judgement of \$175,435 was entered on August 27, 2019. Through June 30, 2021, interest of \$5,707 is expected to accrue.

I ask that you amend this amount to **\$181,142** to reflect the correct judgement amount and accrued interest.

To simplify the bill and the process of paying these judgements, the amounts in subdivisions 1, 2, and 3 could be combined into one appropriation to the Office of Management and Budget, which could serve as the fiscal agent for paying these claims. If you choose to amend the bill in that way, the appropriation to OMB could be \$875,622 and current subsections 1 and 3 could be removed.

Tax Department

The appropriation in subdivision 4 is to meet deficiency needs in both the Homestead Tax Credit and Disabled Veterans Credit programs. These programs provide property tax relief for qualifying individuals. The Tax Department has a responsibility to reimburse the counties for property tax reductions granted pursuant to these programs. There is no authority for the department to withhold reimbursement or prorate the appropriated amount, so they must request a deficiency if actual program costs exceed appropriations.

The Homestead Tax Credit appropriation for 2019-21 is \$15.8 million and nearly \$8.4 million was spent in the first year. The deficiency request for the Homestead Tax Credit program is \$1.31 million.

The Disabled Veterans' Credit appropriation for 2019-21 is \$8,410,200 and over \$5.2 million was spent in the first year. The deficiency request for the Disabled Veterans Credit program is \$2.73 million.

North Dakota State University

The appropriation in subdivision 5 is a deficiency request of \$474,657 from NDSU to cover litigation costs relating to the A. Glenn Hill Center construction project.

Department of Health

The appropriation in subdivision 6 is a deficiency request from the Department of Health for COVID-19-related expenses. At the time the executive budget recommendation was finalized, the deadline for expenditure of Coronavirus Relief Fund moneys was anticipated to be December 30, 2020. Since that time, federal legislation has extended the timeframe to December 31, 2021. This change in federal guidance, as well as progress made responding to the pandemic and other factors, has diminished the need for this deficiency.

Department of Environmental Quality

The appropriation in subdivision 7 is a deficiency request from the Department of Environmental Quality for costs relating to the COVID-19 wastewater testing project for the period January 1, 2021 through June 30, 2021.

Adjutant General

The appropriation in subdivision 8 is the deficiency request for the Office of the Adjutant General is to repay Bank of North Dakota loans for disaster costs and Dakota Access Pipeline protest costs.

Mr. Chairman and committee members, this concludes my testimony. I ask for your support for House Bill 1025 with the requested amendments. I would be happy to answer any questions.

