

Sixty-ninth
Legislative Assembly
of North Dakota

**PROPOSED AMENDMENTS TO
FIRST ENGROSSMENT**

ENGROSSED HOUSE BILL NO. 1015

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the various divisions
2 under the supervision of the director of the office of management and budget; to amend and
3 reenact subsection 1 of section 10-30.5-02 and section 57-51.1-07.5 of the North Dakota
4 Century Code, relating to the purpose of the North Dakota development fund and state share of
5 oil and gas tax revenue allocations; to repeal section 11-38-08 of the North Dakota Century
6 Code, relating to county achievement days; to provide a transfer; to provide an exemption; to
7 provide a report; and to declare an emergency.

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

9 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
10 as may be necessary, are appropriated out of any moneys in the general fund in the state
11 treasury, not otherwise appropriated, and from other funds derived from special funds and
12 federal funds, to the office of management and budget for the purpose of defraying the
13 expenses of the office of management and budget, for the biennium beginning July 1, 2025,
14 and ending June 30, 2027, as follows:

| | | Adjustments or | |
|----------------------------|-------------------|---------------------|----------------------|
| | <u>Base Level</u> | <u>Enhancements</u> | <u>Appropriation</u> |
| 17 Salaries and wages | \$23,510,218 | \$2,774,739 | \$26,284,957 |
| 18 New and vacant FTE pool | 98,200,000 | (96,997,038) | 1,202,962 |
| 19 Operating expenses | 18,217,793 | 6,874,081 | 25,091,874 |
| 20 Capital assets | 308,355 | 5,808,649 | 6,117,004 |

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| | | | | |
|----|--|-------------------|--------------------|-------------------|
| 1 | Emergency commission contingency fund | 750,000 | (750,000) | 0 |
| 2 | Guardianship grants | 7,100,000 | 0 | 7,100,000 |
| 3 | Prairie public broadcasting | 1,200,000 | (1,200,000) | 0 |
| 4 | Community service supervision grants | 350,000 | (35,000) | 315,000 |
| 5 | State employee child care benefits | 3,000,000 | (1,635,000) | 1,365,000 |
| 6 | Student internship program | 0 | 500,000 | 500,000 |
| 7 | Deferred maintenance funding pool | 0 | 40,000,000 | 40,000,000 |
| 8 | Rent, moving, and space reconfiguration pool | <u>0</u> | <u>2,000,000</u> | <u>2,000,000</u> |
| 9 | Total all funds | \$152,636,366 | (\$42,659,569) | \$109,976,797 |
| 10 | Less other funds | <u>71,757,126</u> | <u>(6,630,280)</u> | <u>65,126,846</u> |
| 11 | Total general fund | \$80,879,240 | (\$36,029,289) | \$44,849,951 |
| 12 | Full-time equivalent positions | 110.00 | 1.00 | 111.00 |

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO

SEVENTIETH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items included in the appropriation in section 1 of this Act which are not included in the entity's base budget for the 2027-29 biennium and which the entity shall report to the appropriations committees of the seventieth legislative assembly regarding the use of this funding:

| <u>One-Time Funding Description</u> | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u> |
|--|---------------------|--------------------|------------------|
| 19 Procurement automation | \$0 | \$515,052 | \$515,052 |
| 20 Recruiting management system | 250,000 | 0 | 250,000 |
| 21 Student internship program | 500,000 | 0 | 500,000 |
| 22 Employee leave payouts | 99,305 | 50,695 | 150,000 |
| 23 Snow removal equipment | 0 | 172,000 | 172,000 |
| 24 Floor scrubber | 0 | 20,000 | 20,000 |
| 25 Capitol building improvements | 0 | 3,000,000 | 3,000,000 |
| 26 Governor's residence projects | 0 | 2,350,000 | 2,350,000 |
| 27 Deferred maintenance pool | 0 | 40,000,000 | 40,000,000 |
| 28 Rent, moving and space reconfiguration pool | <u>0</u> | <u>2,000,000</u> | <u>2,000,000</u> |
| 29 Total | \$849,305 | \$48,107,747 | \$48,957,052 |

SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST. The

office of management and budget may not spend funds appropriated in the new and vacant

1 FTE pool line item in section 1 of this Act, but may transfer funds from the new and vacant
2 FTE pool line item to the salaries and wages line item in accordance with the provisions of this
3 Act.

4 **SECTION 4. APPROPRIATION - COMMUNITY SERVICES SUPERVISION FUND.** Any
5 moneys in the community service supervision fund under section 29-26-22 are appropriated to
6 the office of management and budget for distribution to community corrections association
7 regions on or before August first of each year, for the biennium beginning July 1, 2025, and
8 ending June 30, 2027.

9 **SECTION 5. TRANSFER - SOCIAL SERVICES FUND TO HUMAN SERVICE FINANCE**
10 **FUND.** The office of management and budget shall transfer the sum of \$250,000,000 from the
11 social services fund to the human service finance fund during the biennium beginning July 1,
12 2025, and ending June 30, 2027.

13 **SECTION 6. TRANSFER AUTHORITY - STUDENT INTERNSHIP PROGRAM -**
14 **DEFERRED MAINTENANCE FUNDING POOL - RENT, MOVING, AND SPACE**
15 **RECONFIGURATION POOL.** The office of management and budget may transfer appropriation
16 authority to eligible state agencies during the biennium beginning July 1, 2025, and ending
17 June 30, 2027, from the line items in section 1 of this Act as follows:

- 18 1. From the student internship line item for student internships.
- 19 2. From the deferred maintenance pool line item for deferred maintenance projects.
- 20 3. From the rent, moving, and space reconfiguration pool line item for agency lease,
21 relocation, and remodeling costs.

22 **SECTION 7. TRANSFER - FEDERAL FISCAL RECOVERY FUND APPROPRIATION**
23 **AUTHORITY TO DEPARTMENT OF CORRECTIONS AND REHABILITATION - EXEMPTION -**
24 **SPENDING RESTRICTION - REPORT.**

- 25 1. Notwithstanding any other provision of law, on or before June 30, 2025, the office of
26 management and budget shall transfer any federal state fiscal recovery fund
27 appropriation authority amounts previously obligated but not anticipated to be
28 expended from the state agency that received the appropriation authority to the
29 department of corrections and rehabilitation for the purpose of defraying the expenses
30 of salaries and wages of the department of corrections and rehabilitation for the
31 biennium beginning July 1, 2023, and ending June 30, 2025.

2. Notwithstanding any other provision of law, on or before December 31, 2026, the office of management and budget shall transfer any federal state fiscal recovery fund appropriation authority amounts previously obligated but not anticipated to be expended from the state agency that received the appropriation authority to the department of corrections and rehabilitation for the purpose of defraying the expenses of salaries and wages of the department of corrections and rehabilitation for the biennium beginning July 1, 2025 and ending June 30, 2027.

3. The office of management and budget shall transfer any uncommitted accumulated interest and earnings of the federal state fiscal recovery fund to the department of corrections and rehabilitation during the biennium beginning July 1, 2025, and ending June 30, 2027. Any interest and earnings received by the department of corrections and rehabilitation under this section are appropriated to the department for the purpose of defraying the expenses of salaries and wages, for the biennium beginning July 1, 2025, and ending June 30, 2027.

4. The department of corrections and rehabilitation may not spend general fund appropriations equal to the amount of any federal state fiscal recovery fund moneys transferred to the department under this section.

5. The office of management and budget shall report to the budget section regarding any appropriation authority and interest and earnings transferred under this section.

SECTION 8. OTHER FUNDS - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.

The other funds line item in section 1 of this Act includes the sum of \$42,707,052 from the strategic investment and improvements fund for the following projects:

| | |
|--|------------------|
| Procurement automation | \$515,052 |
| Snow removal equipment | 172,000 |
| Floor scrubber | 20,000 |
| Deferred maintenance pool | 40,000,000 |
| Rent, moving, and space reconfiguration pool | <u>2,000,000</u> |
| Total | \$42,707,052 |

SECTION 9. OTHER FUNDS - CAPITOL BUILDING FUND. The other funds line item in section 1 of this Act includes the sum of \$5,850,000 from the capitol building fund for the following purposes and projects:

| | | |
|---|---------------------------------|------------------|
| 1 | Ongoing Capitol grounds repairs | \$500,000 |
| 2 | Governor's residence projects | 2,350,000 |
| 3 | Capitol building improvements | <u>3,000,000</u> |
| 4 | Total | \$5,850,000 |

5 **SECTION 10. GRANTS AND SPECIAL ITEMS.** Section 1 of this Act includes appropriation
6 authority which may be used only for the following grants and special items:

| | | |
|---|--|-------------|
| 7 | Unemployment insurance | \$1,500,000 |
| 8 | Capitol grounds planning commission | \$25,000 |
| 9 | Statewide memberships and related expenses | \$757,489 |

10 **SECTION 11. STATE EMPLOYEE COMPENSATION ADJUSTMENTS - GUIDELINES.**

- 11 1. The 2025-27 biennium compensation adjustments for permanent state employees are
12 to average 3 percent per eligible employee for the first fiscal year of the biennium and
13 are to average 3 percent per eligible employee for the second year of the biennium.
14 The increases for the first year of the biennium are to be given beginning with the
15 month of July 2025, to be paid in August 2025, and for the second year of the
16 biennium are to be given beginning with the month of July 2026, to be paid in
17 August 2026. Increases for eligible state employees are to be based on documented
18 performance and are not to be the same percentage increase for each employee.
- 19 2. The office of management and budget shall develop guidelines for use by state
20 agencies for providing compensation adjustments for classified state employees. The
21 guidelines must follow the compensation philosophy statement under section
22 54-44.3-01.2.
- 23 3. Probationary employees are not entitled to the increases. However, at the discretion of
24 the appointing authority, probationary employees may be given all or a portion of the
25 increases effective in July, paid in August, or upon completion of probation. Employees
26 whose overall documented performance level does not meet standards are not eligible
27 for any salary increase.

28 **SECTION 12. NEW AND VACANT FTE POOL - GUIDELINES - EXEMPTION -**
29 **TRANSFERS - REPORTS - APPLICATION.**

- 30 1. Notwithstanding section 54-16-04, the office of management and budget shall transfer
31 funds from an executive branch state agency's new and vacant FTE pool line item to

the agency's salaries and wages line item or other line items with salaries and wages funding as requested by the agency in accordance with provisions of this section.

2. An executive branch state agency may request a transfer to provide funding for the salaries and wages necessary for the remainder of the 2025-27 biennium for a new full-time equivalent position authorized by the sixty-ninth legislative assembly from the date of hiring through the end of the biennium, limited to the amount identified for the position in the statement of purpose of amendment.

3. After July 31, 2026, an executive branch state agency may request a transfer if the agency projects actual salaries and wages expenditures will exceed the agency's available salaries and wages funding for the biennium. The transfer amount may not exceed the amount by which the agency's actual salaries and wages savings from vacant positions and employee turnover to date and estimates for the remainder of the biennium adjusted for other identified uses of any savings are less than the vacant position savings estimate used by the sixty-ninth legislative assembly in development of the agency's appropriation. The agency shall provide documentation supporting the need for the transfer to the office of management and budget and legislative council in advance of the transfer request.

4. Each executive branch state agency with a new and vacant FTE pool line item shall report to the office of management and budget and the legislative council on a quarterly basis regarding any transfer of appropriation authority for filling a new full-time equivalent position. The report must include the funding transferred, the title of the position filled, the salary funding removed by the sixty-ninth legislative assembly for the position by funding source as identified in the statement of purpose of amendment, and the date the position was filled.

5. Each executive branch state agency with a new and vacant FTE pool line item shall report quarterly to the office of management and budget and the legislative council on the number of full-time equivalent positions that become vacant and the number of positions filled each month, the number of vacant positions at the end of each month, salaries and wages savings by funding source for each month resulting from vacant positions and employee turnover, and the use of salaries and wages savings by funding source for other purposes, including accrued leave payouts, salary increases

in addition to general salary increases provided by the sixty-ninth legislative assembly, bonuses, incentive or location pay adjustments, reclassifications, temporary salaries or overtime in excess of amounts provided by the sixty-ninth legislative assembly, or other items.

6. The office of management and budget shall report to each meeting of the budget section regarding the status of funding in each executive branch state agency's new and vacant FTE pool line item; vacant positions, employee turnover, and savings from vacant positions and employee turnover by agency; and uses of savings from vacant positions and employee turnover for other purposes by agency.
7. The provisions of section 54-27-10 do not apply to the salaries and wages line item of appropriations approved by the sixty-ninth legislative assembly, for the biennium beginning July 1, 2025, and ending June 30, 2027.
8. An executive branch state agency may request a deficiency appropriation from the seventieth legislative assembly if the funding in the agency's new and vacant FTE pool line item is insufficient to provide the necessary salaries and wages funding for the biennium.

SECTION 13. AMENDMENT. Subsection 1 of section 10-30.5-02 of the North Dakota Century Code is amended and reenacted as follows:

1. It is the purpose of this chapter to create a statewide nonprofit development corporation that will have the authority to take equity positions in, to provide loans to, ~~or~~ to form a management and operations entity related to the beyond visual line of sight uncrewed aircraft system program under section 54-60-29.1, and to use other innovative financing mechanisms to provide capital for new or expanding businesses in this state, or relocating businesses to this state. The corporation's principal mission is the development and expansion of primary sector business in this state. The corporation may form additional corporations, limited liability companies, partnerships, joint ventures related to the beyond visual line of sight uncrewed aircraft system program under section 54-60-29.1, or other forms of business associations in order to further its mission of primary sector economic development.

SECTION 14. AMENDMENT. Section 57-51.1-07.5 of the North Dakota Century Code is amended and reenacted as follows:

1 **57-51.1-07.5. State share of oil and gas taxes - Deposits.**

2 From the revenues designated for deposit in the state general fund under chapters 57-51
3 and 57-51.1, the state treasurer shall deposit the revenues received each biennium in the
4 following order:

- 5 1. The first two hundred thirty million dollars into the state general fund;
- 6 2. The next two hundred fifty million dollars into the social service fund;
- 7 3. The next seventy-five million dollars into the budget stabilization fund, but not in an
8 amount that would bring the balance in the fund to more than the limit in section
9 54-27.2-01;
- 10 4. The next two hundred thirty million dollars into the state general fund;
- 11 5. The next ten million dollars into the lignite research fund;
- 12 6. The next twenty million dollars into the state disaster relief fund, but not in an amount
13 that would bring the unobligated balance in the fund to more than twenty million
14 dollars;
- 15 7. The next ~~four hundred million~~two hundred seventy million dollars into the strategic
16 investment and improvements fund;
- 17 8. The next sixty-five million dollars to the public employees retirement fund for the main
18 system plan;
- 19 9. The next fifty-nine million seven hundred fifty thousand dollars, or the amount
20 necessary to provide for twice the amount of the distributions under subsection 2 of
21 section 57-51.1-07.7, into the funds designated for infrastructure development in
22 non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty
23 percent deposited into the municipal infrastructure fund and fifty percent deposited into
24 the county and township infrastructure fund;
- 25 10. The next ~~one hundred seventy million two hundred fifty thousand~~two hundred twenty
26 million two hundred fifty thousand dollars or the amount necessary to provide a total of
27 ~~two hundred thirty million~~two hundred eighty million dollars into the funds designated
28 for infrastructure development in non-oil-producing counties under sections
29 57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal
30 infrastructure fund and fifty percent deposited into the county and township
31 infrastructure fund;

1 11. The next twenty million dollars into the airport infrastructure fund; and

2 12. Any additional revenues into the strategic investment and improvements fund.

3 **SECTION 15. REPEAL.** Section 11-38-08 of the North Dakota Century Code is repealed.

4 **SECTION 16. EXEMPTION - FISCAL MANAGEMENT.** The amount appropriated for the
5 fiscal management division, as contained in section 1 of chapter 640 of the 2023 Special
6 Session Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended
7 funds from this appropriation are available for continued development and operating costs of
8 the statewide systems, including accounting, management, and payroll, during the biennium
9 beginning July 1, 2025, and ending June 30, 2027.

10 **SECTION 17. EXEMPTION - UNEXPENDED APPROPRIATIONS.** The following
11 appropriations are not subject to the provisions of section 54-44.1-11 and may be continued into
12 the biennium beginning July 1, 2025, and ending June 30, 2027:

13 1. The sum of \$500,000 appropriated from the strategic investment and improvements
14 fund in section 1 and identified in section 2 of chapter 40 of the 2019 Session Laws
15 and continued into the 2021-23 biennium pursuant to chapter 42 of the 2021 Session
16 Laws and continued into the 2023-25 biennium pursuant to chapter 640 of the 2023
17 Special Session Session Laws for an assessment of state facilities.

18 2. The sum of \$3,659,555 appropriated from federal funds in section 1 and identified in
19 section 2 of chapter 640 of the 2023 Special Session Session Laws for governor's
20 emergency education relief program.

21 3. The sum of \$4,000,000 from the capitol building fund in section 1 and identified in
22 section 2 of chapter 640 of the 2023 Special Session Session Laws for the window
23 replacement project.

24 4. The sum of \$2,500,000 appropriated from the general fund in section 1 and identified
25 in section 2 of chapter 640 of the 2023 Special Session Session Laws for space
26 utilization improvements.

27 5. The sum of \$20,000,000 appropriated from the strategic investment and
28 improvements fund in section 1 and identified in section 2 of chapter 640 of the 2023
29 Special Session Session Laws for the boiler replacement project and water mitigation
30 at the liberty memorial building.

1 6. The sum of \$400,000 appropriated from the general fund in section 1 and identified in
2 section 2 of chapter 640 of the 2023 Special Session Session Laws for the
3 procurement automation project.

4 **SECTION 18. EMERGENCY.** Section 7 of this Act is declared to be an emergency
5 measure.