

GOVERNMENTAL FINANCE

CHAPTER 181

S. B. No. 28

(Lips, Van Horn)

(Recommended by Legislative Audit and Fiscal Review Committee)

FISCAL PRACTICE OF STATE AGENCIES

AN ACT

To provide for a national guard operating fund and expenditures therefrom, and to create and enact section 50-21-02.1 of the North Dakota Century Code, relating to the revolving fund for the construction of nursing homes, and to amend and reenact section 2 of chapter 56 of the 1963 Session Laws of North Dakota, sections 25-01-10, 26-22-07, 26-22-16, 26-22-52, 26-23-04, 26-23-12, 26-23-16, 26-24-03, 26-24-12, 26-24-13, 26-24-14, 26-24-17, 27-12-06, 37-14-08, 39-16-10, 50-06-04, 50-06-14, 50-24-26, 50-24-27, 52-09-03, 52-09-06, subsection d of section 52-10-06, sections 54-23-25, 54-23-40, 54-23-41, 57-52-15, 65-02-05, and 65-04-30 of the North Dakota Century Code, relating to the depositing of public moneys in the state treasury and the Bank of North Dakota, withdrawal of such moneys by vouchers and abstracts approved by state officials or the state auditing board, the preparation of warrant-checks and the supervision of check-writing procedures by the department of accounts and purchases, and generally providing uniform fiscal procedures for state agencies, and to repeal section 26-24-20, subsection 5 of section 37-02-06, chapter 37-06, section 54-11-02, and 54-23-41.1 of the North Dakota Century Code, relating to procedures for the payments from appropriations and funds of state educational institutions, payment of insurance adjustment expenses, the office of paymaster general in the national guard, the disposition of vouchers by the state treasurer, and the monthly purchases abstract for the board of administration.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. **Amendment.)** Section 2 of chapter 56 of the 1963 Session Laws of North Dakota is hereby amended and reenacted to read as follows:

§ 2. **Nurses' Scholarship Loan Fund.)** There is hereby created a permanent fund to be known as the nurses' scholarship loan fund. All moneys appropriated for the purpose of granting scholarship loans under the provisions of chapter 43-12, together with principal and interest payments collected from recipients of scholarship loans, whether such scholarship loans were granted prior to the creation of the nurses' scholarship loan fund or after the creation of such fund, shall be credited by the state treasurer to the nurses' scholarship

loan fund, and the moneys in such fund shall be used, subject to biennial legislative appropriations, for the purpose of granting such scholarship loans.

§ 2. Amendment.) Section 25-01-10 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

***25-01-10. Board May Accept Gifts and Bequests—State Treasurer To Have Custody of Funds.)** The board may accept in the name of the state and hold in trust for any institution mentioned in this chapter any lands conveyed or devised and any money or other personal property given or bequeathed for application to any purpose connected with such institution. All moneys and property coming into the hands of the board as grants, donations, devises, gifts, and bequests shall be used for the specific purposes for which they are granted, donated, devised, bequeathed, or given. If no terms are imposed upon the use of any grant, donation, devise, bequest, or gift, it shall be used under conditions prescribed by the board for the general welfare of the institution for the benefit of which it is made.

§ 3. Amendment.) Section 26-22-07 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-22-07. State Hail Insurance Fund—Permanent Surplus—How Maintained — Appropriations from Fund.) A separate fund designated as the state hail insurance fund shall be maintained by the state treasurer, and all moneys collected under the provisions of this chapter shall be turned over to the state treasurer and kept in such fund. There shall be maintained in such fund a permanent surplus in the sum of five million dollars for the purpose of carrying out the provisions of this chapter and of paying hail losses promptly. All hail indemnities payable under the provisions of this chapter shall be paid from the state hail insurance fund, and all moneys placed in such fund are appropriated for the purpose of paying such hail indemnities. The legislative assembly shall appropriate moneys required to pay the expenses of conducting the hail insurance department from such fund and such expenses shall be paid by warrant-checks prepared by the department of accounts and purchases after the submission of vouchers to the state auditing board for its approval.

§ 4. Amendment.) Section 26-22-16 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

***Note:** Section 25-01-10 was amended twice by the 1965 Session, once by section 2, chapter 181, 1965 S.L., and once by section 51, chapter 203, 1965 S.L.

26-22-16. Compensation of Assessors and County Auditors for Taking Applications.) The assessors and county auditors, in addition to other compensation allowed them by law, shall receive three-tenths percent of the risk carried on the applications for hail insurance coverage listed and reported by them and approved by the commissioner of insurance. The commissioner of insurance shall certify to the state auditing board upon a voucher the list of the assessors and county auditors entitled to payment under this section showing the several amounts due them, and after approval of the voucher the department of accounts and purchases shall draw warrants on the state treasurer for the payment of such compensation.

§ 5. Amendment.) Section 26-22-52 of the 1963 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-22-52. Payment of Hail Losses — Deduction of Unpaid Hail Taxes — Certification of Deductions.) Warrants in payment of hail losses shall be drawn after the adjustments thereof are approved. The commissioner of insurance, through the manager of the state hail insurance department, shall execute vouchers or abstracts for the payment of hail losses and the department of accounts and purchases shall prepare such warrants drawn on the state treasurer payable out of the state hail insurance fund, and the warrants shall be mailed by the insurance department to the persons entitled thereto, or if the warrant is a joint warrant, to one of such persons. The warrants shall become due and payable immediately upon issue and shall draw no interest unless they are registered for lack of funds, in which event they shall draw interest at the rate of five percent per annum from the date of registration. Before executing the vouchers or abstracts, the commissioner shall deduct the current hail indemnity taxes if ascertained at the time, all unpaid hail indemnity taxes for prior years upon the lands covered by the policy as certified by the county auditor, and any other unpaid indemnity tax for which the insured is liable. If the hail indemnity taxes for the then current year are not determined when the payment of the indemnity is made, the commissioner shall deduct from the indemnity a sum which he considers sufficient to cover such tax. The commissioner shall certify all deductions made under the provisions of this section to the various county auditors, and the county auditors and county treasurers shall use such certification as authority for striking from the tax rolls the current or delinquent taxes which have been paid by deduction from the indemnity. Any amount deducted by the insurance department in excess of the actual premium and other legal deductions shall be repaid to the claimant

within a reasonable time after the hail indemnity tax rate has been determined. Repayment of such excessive deductions shall be by warrant-check prepared by the department of accounts and purchases and drawn on the state treasurer payable out of the state hail insurance fund after the execution of vouchers for repayment by the commissioner. Any net indemnity of less than one dollar shall be paid to the claimant direct by postage stamps and a record of such payments shall be kept.

§ 6. Amendment.) Section 26-23-04 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-23-04. Commissioner May Employ Assistants.) The commissioner may employ such clerical and other assistants as may be necessary to operate the fund. The salaries of all employees together with all other expenditures for the operation of the fund shall remain within the appropriations made from time to time by the legislative assembly for such purposes and shall be paid by warrant-check drawn on the state treasury prepared by the department of accounts and purchases after the approval of expense vouchers by the state auditing board.

§ 7. Amendment.) Section 26-23-12 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-23-12. Audit of Claims Against State Bonding Fund—State Bonding Fund Board—Register of Claims.) All liability claims against the fund shall be audited by the state bonding fund board which shall consist of the commissioner of insurance, the state examiner, and the attorney general. Such board shall have the authority to prescribe the forms upon which claims shall be presented, and may administer oaths and examine witnesses in connection with claims presented to it. If the said board shall find a claim or any part thereof to be a valid, just, and proper charge against the fund, it shall make and file an order to that effect and shall state therein the amount allowed upon such claim. A brief description of every claim filed against the fund shall be entered by the commissioner in a register provided for that purpose showing the name of the claimant, the amount and character of the claim, the action taken by the board of audit, and the date when such action was taken.

§ 8. Amendment.) Section 26-23-16 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-23-16. Allowed Liability Claims Payable from Fund—Administrative Expenses—Methods of Payment.) All liability claims which are allowed against the fund shall be paid upon warrants drawn upon the state treasurer against the fund. Such warrants shall be prepared by the department of accounts and purchases pursuant to the directions of the state bonding fund board. Payments for administrative expenses of the state bonding fund shall be made within the limitations of legislative appropriations upon warrant-checks prepared by the department of accounts and purchases after the approval of vouchers by the state auditing board.

§ 9. Amendment.) Section 26-24-03 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-24-03. Employment of Assistants—Expenditures from Fund.) To carry out the provisions of this chapter, the commissioner may utilize the services of any deputy fire marshal and of any of the employees in the department of insurance, and he may employ such assistants and incur such expense as may be necessary, but all expenditures made for such purposes shall remain within the limits of appropriations made therefor by the legislative assembly from time to time and shall be paid out of the fund upon warrants prepared by the department of accounts and purchases drawn upon the state treasurer after the approval of vouchers by the state auditing board.

§ 10. Amendment.) Section 26-24-12 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-24-12. Reserve Balance—Payment of Loss.) All assessments, interest, and profits on investments and all other income of the fire and tornado fund shall be added to a reserve balance within the fund and from such reserve balance shall be paid all losses incurred and operating expenses appropriated by the legislative assembly in the manner provided by law.

§ 11. Amendment.) Section 26-24-13 of the 1963 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-24-13. Assessments.) If the reserve balance shall have been depleted below the sum of twelve million dollars, the commissioner shall determine the amount of money which may be necessary to bring the said reserve balance up to the sum of twelve million dollars and he thereupon shall levy an assessment against each and every policy in force with the fund on all public property. Said assessment shall be computed as follows:

The eighty percent or ninety percent co-insurance rate established by the Fire Underwriters Inspection Bureau for each insured property to which said eighty percent or ninety percent co-insurance rate may be applicable, and the full rate established for properties to which the said co-insurance rate is not applicable under the rules of the said Fire Underwriters Inspection Bureau, shall be applied to the amount of insurance provided in each policy and the result of the application of said rate to the amount of insurance shall set the tentative assessment to be made against such policy. The total of all such tentative assessments shall then be ascertained. The percentage of such assessment necessary to restore the reserve balance to the sum of twelve million dollars shall then be computed and collected on each policy, provided that until the reserve balance shall reach twelve million dollars, the assessment shall be in such amount as may be determined by the commissioner but in no event in excess of fifty percent of the rates set by the Fire Underwriters Inspection Bureau unless the reserve balance shall be depleted below three million dollars. In case of a fractional percentage the next higher whole percent shall be used in such computation.

§ 12. Amendment.) Section 26-24-14 of the 1963 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-24-14. New Construction Insurance Rate.) Any property which shall not have been insured in the fund for a period of at least five years shall be charged a premium equal to fifty percent of the rate established by the Fire Underwriters Inspection Bureau. Any additional insurance shall be regarded as a new risk upon which premiums must be paid until such additional insurance has been in force for a period of five years. After any such property shall have been insured in the fund for a period of five years and the reserve balance is not up to twelve million dollars on August 1, 1947, it shall thereafter be charged a premium equal to twenty-five percent of such bureau rate. However, after the reserve balance is up to twelve million dollars and any property shall have been insured in the fund for a period of five years it shall thereafter be subject only to the assessment as provided in this chapter.

§ 13. Amendment.) Section 26-24-17 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

26-24-17. Loss—How Paid.) All losses occasioned by the hazards hereinbefore provided for shall be paid out of the funds in an amount not exceeding the amount of the insurance upon any particular risk. The loss upon any building or property in-

sured in the fund, whether totally destroyed or partially damaged by reason of said hazards or any of them, shall be adjusted by the commissioner or a duly authorized adjuster or adjusting company. Immediately upon the happening or occasion of any such loss or damage the officer, board, agent or agency having charge or control of the property destroyed or damaged shall notify the commissioner by telegram or in writing, giving the description of the property, the amount of insurance carried, the probable amount of loss or damage, and the probable cause of loss or damage. The officer, board, or agency having control of such damaged property shall not disturb the same except as provided in the policy until the commissioner or his agent shall have adjusted the loss or shall have given notice that the information on which adjustment is to be made has been secured. Allowances for loss and damage to insured property shall be paid out of the fund upon warrants drawn by the department of accounts and purchases upon the state treasurer against the fund after the submission of a voucher prepared by the commissioner to the department of accounts and purchases specifying the amount to be paid and the payee to whom such warrants shall be drawn. However, if at any time due to a catastrophe or disaster, or a succession of catastrophes or disasters, the reserve balance shall have been depleted below the sum of two million dollars, the commissioner may, with the approval of the industrial commission, issue premium anticipation certificates in an amount sufficient to bring the reserve balance up to two million dollars. Such premium anticipation certificates shall be issued for a period of from ten to twenty years, as determined by the commissioner with the approval of the industrial commission, and the interest and principal shall be paid and retired by assessments levied on all policies in force with the fund. To retire these premium anticipation certificates, the commissioner of insurance shall levy a special assessment against all property insured in the fund, provided, however, that the total of all assessments and premiums provided for in section 26-24-13 shall not exceed the full bureau rate. Any state department shall have the right to invest its funds in the purchase of such premium anticipation certificates.

§ 14. Amendment.) Section 27-12-06 of the 1963 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

27-12-06. Method of Expenditure of Association's Funds—Annual Report of Receipts and Disbursements.) Expenditures of funds from the state bar association special fund in the state treasury shall be approved by the president and executive director of said association upon vouchers signed by them and approved by the state auditing board. Moneys shall be paid

from said fund by warrant-check prepared by the department of accounts and purchases. The secretary-treasurer of said association, in addition to the duties imposed upon him by the constitution, bylaws, and rules of the association, annually shall file in the office of the secretary-treasurer of the state bar board an itemized statement of the receipts and disbursements of said association.

§ 15. National Guard Operating Fund.) All income, collections, and reimbursements of the North Dakota National Guard from the United States and from armory rentals shall be deposited in the state treasury and credited to a national guard operating fund. All such income, collections, and reimbursements are hereby appropriated for the maintenance and operation of the national guard and shall be expended in the manner and for the purposes provided by law. The state treasurer, upon order of the director of the department of accounts and purchases, shall make semi-annual transfers from the general fund appropriation for the maintenance of the national guard to the national guard operating fund.

§ 16. Expenditure of Funds.) All expenditures of funds for the maintenance and operation of the national guard and the office of the adjutant general shall be made upon vouchers signed and approved by the adjutant general or such other officer or official as may be designated by him. Upon approval of such vouchers by the state auditing board, warrant-checks shall be prepared by the department of accounts and purchases for signature by the state auditor and state treasurer in accordance with such approved vouchers.

§ 17. Amendment.) Section 37-14-08 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

37-14-08. How Payments of Aid Made.) All payments of aid or other expenditures approved by the commission shall be made upon vouchers approved by the state auditing board by warrant-checks prepared by the department of accounts and purchases.

§ 18. Amendment.) Section 39-16-10 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

39-16-10. Deposit of Security with State Treasurer — Release—How Payment Made.) 1. Security deposited in compliance with the requirements of this chapter shall be placed by the commissioner in the custody of the state treasurer and shall be applied as in subsection 2 of this section only to the payment of a judgment rendered against the person on whose

behalf the deposit was made, for damages arising out of the accident in question in an action at law, begun not later than one year after the date of such accident, or within one year after the date of deposit of any security under subsection 3 of section 39-16-07, and such deposit or any balance thereof shall be returned to the depositor or his personal representative, when evidence satisfactory to the commissioner has been filed with him that there has been a release from liability, or a final adjudication of nonliability, or a confession of judgment, or a duly acknowledged agreement, in accordance with subsection 3 of section 39-16-06, or whenever, after the expiration of one year from the date of the accident, or within one year after the date of deposit of any security under subsection 3 of section 39-16-07, the commissioner shall be given reasonable evidence that there is no such action pending and no judgment rendered in such action left unpaid. Upon certification by the commissioner the state treasurer shall return any security deposited with him under the provisions of this chapter to the person entitled thereto except as provided for in subsection 3 of this section.

2. Such deposit shall be held by the state treasurer to satisfy, in accordance with the provisions of this chapter, any execution on a judgment issued against the person for whom such deposit was made, for damages, including damages for care and loss of services, because of bodily injury to or death of any person, or for damages because of injury to or destruction of property, including the loss of use thereof, resulting from the ownership, maintenance, use or operation of a motor vehicle in the accident which resulted in the requirement for the deposit of such security. Money or securities so deposited shall not be subject to attachment or execution unless such attachment or execution shall arise out of a suit for damages as aforesaid.

3. All payments and refunds made from cash deposits in the state treasury under chapter 39-16 shall be made upon a warrant-check issued by the department of accounts and purchases after submission of a voucher signed by the state highway commissioner and approved by the state auditing board.

§ 19. Amendment.) Section 50-06-04 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

50-06-04. Members of Board—Compensation.) The members of the public welfare board shall receive fifteen dollars per day, not to exceed seventy-five days in any one year, and their necessary expenses for travel in the same amounts as other public officials while attending meetings, or in the performance of such special duties as the board may direct. Such

per diem and expenses shall be audited and paid in the manner provided for in section 50-06-14. The per diem compensation or expenses provided for in this section shall not be paid to any member of the board who receives a salary or expenses from the state, or any of its political subdivisions, or any institution or industry operated by the state in excess of two hundred fifty dollars a month.

§ 20. Amendment.) Section 50-06-14 of the 1963 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

50-06-14. Financing of Welfare Programs.) All programs carried out by the public welfare board under the provisions of this title shall be financed by payments out of a special operating fund maintained within the state treasury to be known as the welfare special operating fund. The executive director of the public welfare board or such other person as the board may designate and the state treasurer shall deposit in the welfare special fund, at such times as they may become available, all moneys received from any of the counties within the state, all moneys received from the United States under the provisions of the Social Security Act, such moneys as may be periodically required from legislative appropriations for public welfare purposes, and all public moneys received from any other source. All administrative expenditures made under the provisions of this title shall be paid upon individual warrants prepared by the department of accounts and purchases drawn on the state treasurer against the welfare special operating fund and signed by the state auditor after approval by the state auditing board, such expenditures to be supported by itemized vouchers signed by the executive director of the board or by such other officer or assistant as the board may designate and certify to the department of accounts and purchases. Funds available for payments to or on behalf of recipients of assistance shall be withdrawn as needed from the welfare special operating fund upon a voucher or vouchers approved and signed by the executive director of the public welfare board and by warrant-checks prepared by the department of accounts and purchases. Such warrant-checks shall be delivered to such executive director who shall deposit such warrant-checks in the Bank of North Dakota, whereupon such deposit shall be subject to individual checks drawn by the executive director or such other persons as he may designate for such payments. Any fund received from federal agencies shall be deposited and disbursed as herein provided and in the manner provided by Act of Congress or by the regulations of the federal agencies from which the funds were received.

§ 21.) Section 50-21-02.1 of the North Dakota Century Code is hereby created and enacted to read as follows:

50-21-02.1. Revolving Fund Deposited in State Treasury—Expenditures.) The revolving fund shall be maintained in the state treasury. All expenditures therefrom shall be paid by warrant-check prepared by the department of accounts and purchases upon vouchers submitted by the manager of the Bank of North Dakota as approved by the state auditing board.

§ 22. Amendment.) Section 50-24-26 of the 1963 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

50-24-26. Assistance to the Aged, Blind, or Disabled Funds.) All moneys received by the state department from any source for the purpose of carrying out the provisions of this chapter shall be deposited in the state treasury to the credit of the welfare special fund and shall be disbursed in the manner provided in section 50-06-14.

§ 23. Amendment.) Section 50-24-27 of the 1963 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

50-24-27. Disbursements for Assistance to the Aged, Blind, or Disabled.) Disbursements for assistance under the provisions of this chapter shall be made only for the purposes of this chapter which shall include:

1. Payments to or on behalf of recipients of assistance;
2. Expenses of administration of the assistance to the aged, blind, or disabled plan in this state.

All disbursements for expenses of administration shall be made in the manner prescribed by section 50-06-14.

§ 24. Amendment.) Section 52-09-03 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

***52-09-03. Administration.)** The North Dakota unemployment compensation division of the North Dakota workmen's compensation bureau hereinafter called the "bureau" shall be vested with authority to administer the old age and survivor insurance system. Expenses for the administration of the old age and survivor insurance system shall be within the limits of legislative appropriation and funds shall be expended by warrant-checks prepared by the department of accounts and purchases after the approval by the state auditing board.

***Note:** Section 52-09-03 was amended twice by the 1965 Session, once by section 24, chapter 181, 1965 S.L., and once by section 7, chapter 333, 1965 S.L.

§ 25. Amendment.) Section 52-09-06 of the North Dakota Century Code is hereby amended and reenacted by creating and enacting subsection D to read as follows:

- D. A monthly abstract showing all of the deposits to and disbursements from such trust fund shall be forwarded to the department of accounts and purchases.

§ 26. Amendment.) Subsection d of section 52-10-06 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

d. The treasurer of the state of North Dakota shall be ex officio treasurer and custodian of the social security contribution fund and shall administer such fund in accordance with the provisions of this chapter and the directions of the state agency. All disbursements from such fund except administrative expenses shall be made in accordance with such regulations as the state agency may prescribe. All disbursements for administrative expenses from such fund shall be paid by warrant-checks prepared by the department of accounts and purchases after submission of vouchers to the state auditing board for its approval;

§ 27. Amendment.) Section 54-23-25 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

***54-23-25. Moneys Remitted to State Treasurer.)** All moneys belonging to the state, derived from any source at any of the institutions under the control of the board shall be accounted for and remitted to the state treasurer not later than the tenth day of each month and the state treasurer shall maintain a special operating fund within the state treasury for each remitting institution receiving funds from such sources. All rents, interest, or income from land, money, or property, donated or granted by the United States and allocated to specific penal or charitable institutions under the terms of the Enabling Act and the state Constitution shall be deposited in such special operating fund of each institution and expended in accordance with the provisions of section 159 of the Constitution. The state treasurer shall make periodic transfers upon order of the director of the department of accounts and purchases from each institutional general fund appropriation to the appropriate institutional special operating fund whenever its balance falls so low as to require supplementation. All funds for necessary expenditures of such institutions shall be drawn from the special operating fund in the state treasury as provided by this chapter.

***Note:** Section 54-23-25 was amended twice by the 1965 Session, once by section 27, chapter 181, 1965 S.L., and once by section 2, chapter 351, 1965 S.L.

§ 28. Amendment.) Section 54-23-40 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

54-23-40. Monthly Statement of Institutional Expenditures and Payroll to Board of Administration.) An officer designated by the board for each institution under its control shall prepare two monthly statements showing first the payroll; and second the expenditures of every kind during the preceding month. Such statement shall be signed by the officer, approved by the chief executive officer of the institution, and filed in such form as the board may prescribe on a date fixed by the board for the examination and audit by the board. Attached thereto shall be the affidavit of the officer stating that the services therein specified were rendered and that the goods and other articles therein specified were purchased and received by him or under his direction at the institution and were purchased at a fair cash market price on credit not exceeding thirty days, that neither he nor any person in his behalf had any pecuniary or other interest in the purchases made, that he did not receive any pecuniary or other benefit therefrom, directly or indirectly, by commission, percentage, deductions, or in any other manner whatever, and that the articles contained in such bill conformed in all respects to the invoiced goods received and ordered by him or the samples from which the goods were purchased, both in quality and quantity. Such monthly statement shall be accompanied by the original vouchers of all institutional purchases and a complete itemized statement of each institutional expenditure. If any voucher or statement, or any part thereof, is found objectionable, the board shall endorse its disapproval thereon with its reasons therefor, and shall return it to the management of the institution, and when the matter disapproved of is corrected, the statement and voucher shall be returned to the board.

§ 29. Amendment.) Section 54-23-41 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

54-23-41. Audit of Monthly Statements of Expenditures and Payroll—Abstracts of Statement—Payment.) When the statements of expenditures and the payroll of an institution have been audited by the board and found correct, the secretary of the board, under the seal of the board, shall prepare an abstract, in duplicate. He shall deliver one copy thereof to the department of accounts and purchases and the other copy shall be retained in the office of the board. The department of accounts and purchases, upon receipt of the certified abstract, after approval by the auditing board, shall issue a warrant or warrants to be signed by the state auditor for the amount or

amounts thereof and shall deliver the same to the board for delivery to the proper officer of the institution, to be paid out in conformity with such rules as the board may prescribe.

§ 30. Amendment.) Section 57-52-15 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-52-15. Erroneously or Illegally Collected Taxes.) In the event that any taxes, penalties, or interest imposed by this chapter have been erroneously or illegally collected from a special fuel dealer, the state auditor may permit such special fuel dealer to take credit against a subsequent tax return for the amount of the erroneous or illegal overpayment, or shall present a voucher to the department of accounts and purchases for payment of the amount erroneously or illegally collected and a warrant-check shall be prepared by that department drawn on the state treasurer payable to such special fuel dealer. Such refund shall be paid to the special fuel dealer from undistributed funds received from the tax imposed by this chapter.

§ 31. Amendment.) Section 65-02-05 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

65-02-05. Office Space for Bureau—Expenditures from Fund for Assistants and Supplies—Travel.) The bureau shall be provided with office space in the state capitol. The bureau, at the expense of the fund, shall provide all necessary equipment, supplies, stationery, and furniture, and all clerical and other help necessary to carry out the provisions of this title. The members of the bureau and its assistants shall be entitled to receive from the fund for each mile actually and necessarily traveled in the performance of official duty by motor vehicle the same rates in the same manner as other state officials. If travel is by a motor vehicle owned by the state, or by any department or political subdivision thereof, no allowance shall be paid for such mileage. Vouchers for travel and other administrative expenses shall bear the approval of the bureau and the state auditing board before payment is made therefor. Travel and other administrative expense payments shall be made by warrant-check prepared by the department of accounts and purchases drawn upon the state treasurer against the fund. Expenditures made under the provisions of this section, however, must be within the limitations designated by the legislative assembly in appropriation measures adopted from time to time.

§ 32. Amendment.) Section 65-04-30 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

65-04-30. State Treasurer Is Custodian of Fund—Deposit—Disbursement on Vouchers—Additional Bond of Treasurer.)

The state treasurer shall be the custodian of the fund and all payments of awards of the bureau therefrom for disbursements other than travel and administrative expenses shall be paid by him upon warrant-checks authorized and prepared by the bureau. Warrants drawn upon the fund and paid by the state treasurer shall be returned to the bureau and shall be kept in the files thereof. The bureau shall submit to the department of accounts and purchases once each month a monthly financial statement showing the receipts, disbursements, investments, and status of the fund. The treasurer may deposit any portion of the fund not needed for immediate use in the manner and subject to the requirements prescribed by law for the deposit by such treasurer of state funds. Any interest earned by any portion of the fund which is deposited by the state treasurer under the provisions of this section shall be collected by him and placed to the credit of the fund. The treasurer shall give a separate and additional bond in such amount as may be fixed by the governor conditioned for the faithful performance of his duties as custodian of the fund.

§ 33. Repeal.) Section 26-24-20, subsection 5 of section 37-02-06, chapter 37-06, and sections 54-11-02, 54-23-41.1 of the North Dakota Century Code are hereby repealed.

Approved March 17, 1965.

CHAPTER 182

S. B. No. 153
(Lashkowitz, Lips)

MUNICIPAL BOND PURPOSES**AN ACT**

To amend and reenact subdivision b of subsection 7 of section 21-03-06 of the North Dakota Century Code, relating to the purposes for which general obligation bonds may be issued by municipalities, authorizing the refunding of bonds in advance of maturity, and declaring an emergency.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Amendment.) Subdivision b of subsection 7 of section 21-03-06 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

- b. To provide necessary funds for the payment of the principal and interest of bonds of such municipality, due or about to become due, for the payment of which the municipality has not sufficient funds, but only to the extent of such deficit; or to refund outstanding bonds of the municipality which are called for redemption and prepayment in accordance with their terms, or by the consent of the holders thereof, within six months from the date of the refunding bonds, when in the judgment of the governing body the best interests of the municipality will be served thereby, through the reduction of interest cost or the extension of maturities.

§ 2. Emergency.) This Act is hereby declared to be an emergency measure and shall be in full force and effect from and after its passage and approval.

Approved March 1, 1965.

CHAPTER 183

H. B. No. 836
(Meschke, Stockman)

ISSUANCE OF MUNICIPAL BONDS

AN ACT

To amend and reenact sections 21-03-04, 21-03-18, 21-03-23, 21-03-41, and subsection 2 of section 21-03-42 of the North Dakota Century Code, subsections 5 and 6 of section 21-03-06 of the North Dakota Century Code, and subsection 1 of section 21-03-06, and section 21-03-15 of the 1963 Supplement to the North Dakota Century Code, relating to the issuance of bonds by municipalities and making provision for the payment of interest on and the principal amount of such bonds by the levy of taxes or the pledging of other revenues or moneys as may be authorized by the legislative assembly.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Amendment.) Section 21-03-04 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

21-03-04. Grant of Power to Borrow—General Limitations of Indebtedness.) Every municipality may borrow money and issue municipal obligations thereof for the purpose specified and by the procedure provided in this chapter, and for no other purpose and in no other manner, except as otherwise provided in section 21-03-02. No municipality shall incur in-

debtedness in any manner or for any purpose in an amount which, with all other outstanding indebtedness of the municipality, shall exceed seven percent of the assessed value of the taxable property therein, except:

1. Any incorporated city, by a two-thirds vote of the qualified voters thereof voting upon said question at a general or special election, may increase such limit of indebtedness four percent on such assessed value beyond said seven percent limit, and a school district, by a majority vote of the qualified voters thereof voting upon said question at a general or special election, may increase such limitation of indebtedness six percent on such assessed value beyond the said seven percent limit;
2. Any county or city, when authorized by a majority vote of the qualified voters thereof voting upon said question at a general or special election, may issue bonds upon any revenue producing utility owned by such county or city, for the purchase or acquisition of such utility, or the building or establishment thereof, in amounts not exceeding the physical value of such utility, industry, or enterprise;
3. Any incorporated city, if authorized by a majority vote of the qualified voters thereof voting upon said question at a general or special election, may become indebted in any amount not exceeding five percent of such assessed value, without regard to the existing indebtedness of said city, for the purpose of constructing or purchasing waterworks for furnishing a supply of water to the inhabitants of such city or for the purpose of constructing sewers, and for no other purposes whatever, but the aggregate of such additional indebtedness for waterworks and sewers never shall exceed such five percent over and above the limitations of indebtedness in this section heretofore prescribed.

All bonds or obligations in excess of the amount of indebtedness permitted by this chapter, given by any municipality as herein defined, shall be void.

§ 2. Amendment.) Section 21-03-18 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

21-03-18. Form and Contents of Bonds.) Every municipal bond shall be a negotiable instrument payable to bearer, or to bearer or the registered owner, with interest coupons attached payable annually or semiannually at the rate specified in the accepted bid for the purchase of said bonds, which rate

shall not exceed the maximum rate specified in the initial resolution. Each bond shall specify the time and place for payment of the principal and interest, and shall be numbered consecutively with the other bonds of the same issue, which shall begin with number one and continue upward, or if so directed by the governing body, shall begin with any other number and continue upward. Each bond shall bear upon its face a name indicative of the purpose of the issue specified in said initial resolution and shall contain a certificate or recital of any direct, annual, irrevocable tax which has been levied by the municipality upon all the taxable property therein, together with any other tax or source of revenue which the municipality may be authorized to impose or pledge and any annual or periodic payments or distributions appropriated or allocated by the legislative assembly, sufficient to pay the interest when it falls due, and also to pay and discharge the principal of such bond at maturity, and may contain any other statement of fact not in conflict with said initial resolution. The entire issue may be composed of bonds of a single denomination or of two or more denominations.

§ 3. Amendment.) Section 21-03-23 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

21-03-23. Bond Register.) The county auditor shall keep a bond register in which shall be entered, as to each issue of bonds issued by a taxing district in the county required by the provision of section 21-03-22 to be delivered to the county auditor after execution, a record of the date of issuance, the aggregate amount authorized, the aggregate amount issued, the number of bonds and the denomination of each, the date of maturity of each bond, the rate of interest, the amount of the levy on taxable property for each year certified by the taxing board, the amount levied on any other object of taxation by the municipality, the amount pledged or allocated from other sources of revenue of the municipality, and the amount of any annual or periodic payments or distributions appropriated or allocated by the legislative assembly. Such bond register also shall contain similar information regarding each issue of certificates of indebtedness of each taxing district in the county. The state examiner shall prescribe for the use of the county auditors a uniform form of bond register.

§ 4. Amendment.) Section 21-03-41 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

21-03-41. Sinking Funds—Duty of County Treasurer.) When the county treasurer is custodian of any sinking fund, he shall

not remit to the treasurer of the taxing district any taxes levied or any other moneys received for the purpose of paying the interest on or retiring the principal of bonds issued, but he shall retain the same in a separate special fund maintained as a sinking and interest fund for the bonds of such taxing district. The county treasurer shall make quarterly reports to the treasurer of the taxing district whose sinking fund he has in his possession, showing all collections and amounts added to each such fund, all payments made from such fund, and the net balance in each such fund from time to time. The county treasurer shall keep the sinking funds of each taxing district on deposit in such public depository as may have furnished proper bond therefor and as may have been designated by the governing board of the taxing district. When a sinking fund is so deposited, the county treasurer shall be relieved of personal responsibility for its safekeeping.

§ 5. Amendment.) Subsection 2 of section 21-03-42 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

2. All moneys raised by taxation and received from other sources pursuant to section 21-03-15 for the purpose of paying said bonds;

§ 6. Amendment.) Subsection 1 of section 21-03-06 of the 1963 Supplement to the North Dakota Century Code and subsections 5 and 6 of section 21-03-06 of the North Dakota Century Code are hereby amended and reenacted to read as follows:

21-03-06. Purpose and Specific Limitations of Bond Issues.) Municipalities are empowered to borrow money, subject to the general limitations of amounts prescribed by sections 21-03-04 and 21-03-05, and subject, in certain cases, to the further limitations prescribed by this section, and to issue bonds thereof for the purposes enumerated in this section. Such bonds may be issued:

1. By any county:
 - a. To provide county buildings, but all outstanding unpaid bonds, for this purpose shall not exceed in amount at any one time one and four-fifths percent of the value of the taxable property in such county, except that any county maintaining a county agricultural and training school may issue bonds in excess of such limit to provide buildings for such school but all outstanding unpaid bonds for such purpose shall not exceed in amount at any one time one and one-fifth percent of the value of the taxable property in such county;

- b. To construct or aid in the construction of bridges within or without such county, but all outstanding unpaid bonds for such purpose shall not exceed in amount at any one time one and one-fifth percent of the value of the taxable property in such county; and
 - c. To provide funds for the original construction and for the improvement and maintenance of highways, but all outstanding unpaid bonds for these purposes shall not exceed in amount at any one time one and one-fifth percent of the value of the taxable property in such county.
5. By any township:
- a. For the erection of a township hall and the purchase of a site therefor; and
 - b. For the construction of roads and bridges, but all outstanding unpaid bonds for road and bridge purposes shall not exceed in amount at any one time one and four-fifths percent of the value of the taxable property in such township.
6. By any park district which constitutes a distinct municipality, to provide for acquiring, laying out, and improving parks, parkways, boulevards, and pleasure drives, and to acquire land for these purposes, but such indebtedness shall not at any time exceed one and one-fifth percent of the value of the taxable property in such park district.

§ 7. Amendment.) Section 21-03-15 of the 1963 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

21-03-15. Direct, Annual, Irrepealable Tax.) The governing body of every municipality issuing bonds under the authority of this chapter, after the sale of such bonds and before the delivery thereof, shall levy by recorded resolution or ordinance a direct, annual tax which, together with any other moneys provided by, or sources of revenue authorized by, the legislative assembly, shall be sufficient in amount to pay, and for the express purpose of paying, the interest on such bonds as it falls due, and also to pay and discharge the principal thereof at maturity. The municipality shall be and continue without power to repeal such levy or levies or to obstruct the collection of any such tax until such payments have been made or provided for. A copy of such resolution or ordinance shall be certified to and filed with the county

auditor, and after the issuance of such bonds, any such tax on property from year to year shall be carried into the tax roll of the municipality and collected as other property taxes are collected. No further annual levy for that purpose shall be necessary. Any other tax or source of revenue authorized by the legislative assembly for such purposes and imposed or pledged by the municipality for those purposes shall likewise be irrevocable and subject to the same conditions and limitations as any taxes levied on property for the same purposes. Any annual or periodic amounts provided for the municipality issuing such bonds by the legislative assembly out of state funds for paying the interest and principal of such bonds shall constitute an irrevocable and continuing appropriation until the liability for all interest and principal payments of the bonds have been satisfied. When insufficient funds are available to pay the matured bonds, the county auditor shall notify the governing body of such municipality of such deficiency and the governing body thereupon may levy a direct tax on the taxable property to pay said deficiency and interest thereon. If the governing body of the issuing municipality no longer exists, the county auditor shall levy a direct tax against the taxable property in the original issuing municipality to pay said deficiency and the interest thereon. The manner of levy, certification and collection of said tax shall be the same as provided by this section for the levy, certification and collection of taxes by this section. When such bonds are further sustained by revenue of a revenue producing utility, industry, or enterprise, said resolution or ordinance may provide that the tax to be levied and assessed may be reduced by such amount and under such conditions as shall be determined in said resolution or ordinance so long as adequate provision is always made for the payment of such bonds and interest thereon.

§ 8. Validation of Increased Debt Limits.) The amendments contained in this Act shall not in any way invalidate any increased limit of bonded indebtedness that may have been approved by the electorate of any municipality or political subdivision prior to the effective date of this Act.

Approved March 19, 1965.

CHAPTER 184

S. B. No. 154
(Lashkowitz, Lips)

BIDS ON MUNICIPAL BONDS

AN ACT

Authorizing municipalities to call for and consider only sealed bids for the purchase of municipal bonds.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Sealed Bids.) The governing body of any municipality calling for bids for the purchase of municipal bonds, as provided in sections 21-03-26 and 21-03-27 of the North Dakota Century Code, may in its discretion determine, and may state in the notice calling for such bids, that only sealed bids shall be received and considered.

Approved February 26, 1965.

CHAPTER 185

S. B. No. 133
(Sinner, Baeverstad)

MUNICIPAL SINKING FUNDS

AN ACT

To amend and reenact section 21-03-40 of the North Dakota Century Code, relating to the custodian of municipal sinking funds.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Amendment.) Section 21-03-40 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

21-03-40. Sinking Funds—Custodian.) The county treasurer shall be custodian of each sinking fund for the payment of bonds issued by each taxing district within the county except in case of any city, school district, or park district having a population of more than one thousand. In the case of any municipality having a population of more than one thousand, the treasurer thereof shall be custodian of each of its sinking funds.

Approved March 2, 1965.

CHAPTER 186

S. B. No. 155
(Lashkowitz, Lips)

1965 BOND VALIDATING ACT

AN ACT

To amend and reenact sections 21-09-01 and 21-09-05 of the 1963 Supplement to the North Dakota Century Code, changing the title of "The 1963 Bond Validating Act" to "The 1965 Bond Validating Act" and relating to the application of chapter 21-09 of the North Dakota Century Code to bonds issued and proceedings taken prior to July 1, 1965.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1. Amendment.) Section 21-09-01 of the 1963 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

21-09-01. Citation.) This chapter may be cited as "The 1965 Bond Validating Act".

§ 2. Amendment.) Section 21-09-05 of the 1963 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

21-09-05. Application of Chapter.) The provisions of chapter 21-09 relating to validation shall be applicable to all bonds issued and proceedings taken by any public body prior to July 1, 1965.

Approved February 25, 1965.

CHAPTER 187

H. B. No. 532

(Christensen, Poling)

(Recommended by Legislative Audit and Fiscal Review Committee)

SPECIAL FUND TRANSFERS

AN ACT

To transfer certain dedicated funds from the general fund and to amend and reenact sections 39-17-02 and 57-32-04 of the North Dakota Century Code, relating to deposits in certain funds.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

§ 1.) All moneys in the air transportation fund as provided for in section 57-32-04 of the 1963 Supplement to the North Dakota Century Code in the general fund are hereby transferred to a special fund within the state treasury to be known as the Air Transportation Fund.

§ 2.) All moneys in the judges retirement fund in the general fund are hereby transferred to a special fund within the state treasury to be known as the judicial retirement fund. Any money collected pursuant to chapter 27-17 of the North Dakota Century Code shall be deposited with the state treasurer, who shall credit the same to the special fund to be known as the Judicial Retirement Fund.

§ 3.) All moneys in the unsatisfied judgment fund as provided in section 39-17-02 of the North Dakota Century Code in the general fund are hereby transferred to a special fund within the state treasury to be known as the Unsatisfied Judgment Fund.

§ 4. **Amendment.)** Section 39-17-02 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

39-17-02. Unsatisfied Judgment Fund Established—When Collection of Fee Suspended.) The fees paid pursuant to section 39-17-01 shall be deposited with the state treasurer, who shall credit the same to the unsatisfied judgment fund. Judgments recovered under the provisions of this chapter shall be paid from moneys deposited in the unsatisfied judgment fund under the provisions of this section and such moneys are hereby appropriated for such purpose. It is also provided that there shall be a continuing appropriation out of the fund of all moneys required for administration purposes but not to exceed thirty-five thousand dollars annually for admin-

istration of the unsatisfied judgment fund. If on the first day of June in any year the amount of money standing to the credit of the unsatisfied judgment fund is one hundred thousand dollars or more, the requirement for the payment of such fee shall be suspended during the succeeding year and until such year in which, on the first day of June of the previous year, the amount of such fund is less than one hundred thousand dollars when such fee shall be reimposed and collected as provided herein.

§ 5. Amendment.) Section 57-32-04 of the 1963 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-32-04. Allocation of Tax.) The taxes imposed by this chapter upon car line companies and express companies shall be collected by the state treasurer and deposited in the state general fund. The taxes imposed by this chapter upon air transportation companies shall be deposited with the state treasurer, who shall credit the same to the air transportation fund, but within ninety days after receipt thereof, these funds shall be remitted by the state treasurer to the cities or villages where such air transportation companies make regularly scheduled landings upon the basis of the number of regularly scheduled landings made in such municipalities to be used exclusively by such municipalities for airport purposes. It shall be the duty of the tax commissioner to certify to the state treasurer the names of such air transportation companies, the municipalities where such scheduled landings are made, and the number of such scheduled landings in such municipalities.

Approved February 25, 1965.