

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

GOVERNMENT ADMINISTRATION COMMITTEE

Tuesday, July 10, 2018
Roughrider Room, State Capitol
Bismarck, North Dakota

Representative Scott Louser, Chairman, called the meeting to order at 10:00 a.m.

Members present: Representatives Scott Louser, Lawrence R. Klemin, Kim Koppelman, Marvin E. Nelson, Dan Ruby, Roscoe Streyle; Senators Randall A. Burckhard, Dave Oehlke, Ronald Sorvaag

Members absent: Representative Christopher D. Olson; Senator Joan Heckaman

Others present: Representative Corey Mock, Grand Forks, member of the Legislative Management
See [Appendix A](#) for additional persons present.

It was moved by Senator Sorvaag, seconded by Representative Ruby, and carried on a voice vote that the minutes of the February 22, 2018, meeting be approved as distributed.

STUDY OF THE PURPOSE AND CONTENT OF STATEMENTS OF INTERESTS

Mr. John Arnold, Director, Elections Unit, Secretary of State's office, presented information ([Appendix B](#)) regarding statements of interests, including statement of interests requirements in other states. He said Wyoming has statement of interests requirements similar to the North Dakota requirements. He said there are six states that do not have a statement of interests form equivalent to North Dakota's, including Alaska, Connecticut, Idaho, Iowa, Mississippi, and Tennessee. He said it is possible those states collect similar information using other methods.

In response to a question from Representative Mock, Mr. Arnold said about half of the states require annual statement of interests and half require the reporting only at the beginning of a term or campaign.

The Legislative Council staff presented a bill draft [[19.0183.01000](#)] to amend North Dakota Century Code Section 16.1-09-03, relating to the contents of statements of interests. He said the bill draft amends Section 16.1-09-03(2) to require disclosure of a business or trust in which the person making the statement has a financial interest, only when that person's financial interest is at least 20 percent of the total value of the business or trust. He said the bill draft also combines the requirements of subsections 3 and 4 to clarify the information required.

In response to a question from Representative Klemin regarding the value of a business or trust, Representative Streyle said the value of a business may vary, but the individual's ownership interest should remain more constant. He suggested the committee consider amending the bill draft to replace "total value" with "ownership interest" relating to the individual's business involvement.

In response to a question from Representative Ruby regarding the inclusion of trusts in the statement of interests, the Legislative Council staff said under current law, trusts are required to be disclosed in the statement of interests.

Representative Nelson expressed disagreement with the use of a 20 percent minimum for business ownership interest. He said a person with an ownership interest greater than 20 percent in a small business may have to disclose that interest when it is worth maybe a few thousand dollars while a person with an ownership interest of less than 20 percent in a large business may be exempt even if the interest is worth millions of dollars.

Senator Sorvaag questioned the reasoning behind the proposed changes. He suggested the statement of interests form be changed to make it easier to complete rather than to change the information provided.

Representative Mock suggested the Secretary of State change the statement of interests form to remove the various options for types of occupations in order to reduce confusion.

Representative Streyle suggested the requirements for disclosure of the type of occupation and for disclosure of trusts be removed.

Representative Klemin suggested the statement of interests requirements be repealed.

In response to a question from Representative Ruby, the Legislative Council staff said the current statement of interests requirements would require disclosure of membership on the board of an association.

In response to a question from Chairman Louser, the Legislative Council staff said failure to disclose information on the statement of interests form could be penalized as perjury; however, intent to not disclose the information would have to be proven.

Representative Mock suggested the more important information from the statement of interests form be added to the disclosures already submitted separately online to the Secretary of State by candidates.

In response to a question from Chairman Louser, Mr. Arnold said the statement of interests requirements could be added to Chapter 16.1-08.1, relating to campaign contribution statements.

Representative Klemin commented on the requirement for appointees to also file statements of interests. He said appointees do not currently disclose information under Chapter 16.1-08.1.

Senator Sorvaag suggested the committee make a recommendation to repeal Chapter 16.1-09 and add the requirements to Chapter 16.1-08.1.

It was moved by Representative Klemin and seconded by Representative Ruby to amend the bill draft to repeal Chapter 16.1-09.

Representative Nelson said he would not support repealing Chapter 16.1-09 without amending relevant provisions into Chapter 16.1-08.1. Senator Sorvaag and Senator Oehlke also expressed concern with repealing Chapter 16.1-09 without making relevant changes to Chapter 16.1-08.1. The motion was withdrawn.

It was moved by Representative Klemin, seconded by Representative Koppelman, and carried on a roll call vote that the committee recommend that the 2019 Legislative Assembly consider legislation to repeal Chapter 16.1-09 and to include relevant provisions from Chapter 16.1-09 in Chapter 16.1-08.1. Representatives Louser, Klemin, Koppelman, Ruby, and Streyle and Senators Burckhard, Oehlke, and Sorvaag voted "aye." Representative Nelson voted "nay."

STUDY OF MOVING LOCAL ELECTIONS TO THE GENERAL ELECTION IN NOVEMBER OF EVEN-NUMBERED YEARS

Ms. Amy L. De Kok, Legal Counsel, North Dakota School Boards Association, presented information ([Appendix C](#)) regarding the timing of school board elections. She said Section 15.1-09-22 provides that a board of a school district must hold an election each year between April 1 and June 30 to fill all vacancies, including those caused by the expiration of terms of office. She said a school board may also hold a special election at any time and for any lawful purpose, including to fill a vacancy on the board, to increase debt limits, to change the size of the board, to change the term of board members, or for a bond referendum.

In response to a question from Senator Sorvaag, Ms. De Kok said state law exempts the Fargo School Board from the requirement that a school board election be held annually. She said every other school board in the state is required to hold elections annually.

In response to a question from Representative Ruby, Ms. De Kok said a potential benefit of moving school board elections to the general election in November would be increased voter turnout.

In response to a question from Representative Koppelman, Ms. De Kok said it is beneficial for school boards to hold their elections at the same time as the state primary in years in which a primary occurs.

Representative Streyle and Senator Sorvaag expressed support for the current timing of local elections.

Chairman Louser commented on the Initiated and Referred Measures Study Commission. He said the Commission has also discussed the timing of school board referendums and has chosen not to recommend any changes.

It was moved by Representative Klemin, seconded by Senator Oehlke, and carried on a roll call vote that the committee recommend no statutory changes be made to the timing of local elections. Representatives Louser, Klemin, Nelson, and Streyle and Senators Burckhard, Oehlke, and Sorvaag voted "aye." Representatives Koppelman and Ruby voted "nay."

STUDY OF OFFICE SPACE COST AND VALUE OF PROPERTIES OWNED BY JOB SERVICE NORTH DAKOTA

Mr. John Boyle, Director of Facility Management, Office of Management and Budget, presented information ([Appendix D](#)) regarding potential statutory changes necessary to allow the state to be more flexible in purchasing available real property. He said the Office of Management and Budget (OMB) is not currently recommending any statutory changes relating to the purchase of property; however, he said the committee could consider legislation to establish a fund that would allow OMB or individual state agencies to access funds to be used for an earnest money deposit associated with the purchase of property.

In response to a question from Representative Streyle, Mr. Boyle said the common schools trust fund could be used to purchase real property and lease the property to the state. Representative Streyle expressed an interest in further review of the potential for the state to lease properties owned by the common schools trust fund.

In response to a question from Chairman Louser, Mr. Boyle said earnest money is not required for an agency to inquire into available space; however, if the agency would like to proceed with the purchase but does not provide earnest money, the owner could sell or lease the space to another interested party.

Ms. Michelle Kommer, Executive Director, Job Service North Dakota, commented on agency efforts to consolidate staff and to lease or sell excess space. She said Job Service North Dakota (JSND) is working with the Department of Human Services (DHS) to co-locate DHS's vocational rehabilitation staff in the JSND Bismarck regional office. She added that discussions are also occurring to replicate the Bismarck co-location model at JSND regional offices across the state.

In response to a question from Representative Ruby, Ms. Kommer said JSND and DHS vocational rehabilitation offer services to many of the same clients and other efficiencies could also be gained.

Chairman Louser and Representative Streyle expressed support for JSND and other agencies working together to gain efficiencies.

The committee makes no recommendations regarding the study of office space cost and value of properties owned by JSND.

OTHER COMMITTEE RESPONSIBILITIES

Ms. Leslie Bakken Oliver, General Counsel, Governor's office, presented information ([Appendix E](#)) regarding the findings and recommendations from the Governor's office's study ([Appendix E](#)) of operations of the Department of Financial Institutions (DFI) and the Securities Department, including the feasibility and desirability of combining the agencies into a single department. She said the two agencies support separate and distinct regulatory policy objectives and core missions and there are no redundancies in the regulatory functions and operations. She said there are no meaningful cost reduction or operational efficiencies to be gained from combining the two agencies. As a result of the study, she said, Governor Burgum recommends that DFI and the Securities Department not be combined.

In response to a question from Representative Nelson, Mr. Allen H. Knudson, Legislative Budget Analyst and Auditor, said revenue received by the Securities Department is deposited in the general fund.

In response to a question from Representative Koppelman, Ms. Bakken Oliver said DFI conducts examinations whereas the Securities Department conducts investigations.

Ms. Karen Tyler, Securities Commissioner, said the Securities Department investigations focus on the risk to the securities investors. She said DFI examinations focus on the risk to the banking institution depositors.

Ms. Lise Kruse, Commissioner, Department of Financial Institutions, said many of the DFI examinations focus on the loans made by the banks.

In response to a question from Representative Ruby, Ms. Tyler said a combination of the two agencies may result in the removal of one director position, but would likely result in the creation of two deputy director positions to oversee each division.

Representative Streyle suggested considering the feasibility and desirability of combining the Securities Department and DFI with the Insurance Commissioner.

Mr. Rick Clayburgh, President and CEO, North Dakota Bankers Association, expressed support for the Governor's recommendation to not combine the two agencies.

It was moved by Representative Klemin, seconded by Senator Sorvaag, and carried on a roll call vote that the committee recommend the Legislative Management concur with the recommendation of the Governor's office that DFI and the Securities Department not be combined. Representatives Louser, Klemin, Koppelman, Nelson, and Ruby and Senators Burckhard, Oehlke, and Sorvaag voted "aye." Representative Streyle voted "nay."

STUDY OF THE DUTIES AND ROLE OF THE NORTH DAKOTA FIREFIGHTER'S ASSOCIATION

Chairman Louser asked if the committee members or the public have any comments regarding the study.

In response to a question from Representative Ruby, Senator Oehlke said representatives of the North Dakota Firefighter's Association met with the Governor's office recently regarding funding from the insurance premium tax distribution fund. He anticipates the 2019 Legislative Assembly will be asked to consider funding recommendations included in the Governor's executive budget for fire departments and the North Dakota Firefighter's Association.

The committee makes no recommendations regarding the study of the duties and role of the North Dakota Firefighter's Association.

STUDY OF STATUTORY AND REGULATORY REQUIREMENTS RELATING TO FEDERAL FUNDING

Mr. Joe Morrissette, Director, Office of Management and Budget, presented information ([Appendix G](#)) regarding the reports from each executive branch agency receiving federal funds of a plan to operate the agency if federal funds the agency receives would be reduced by 5 percent or more, pursuant to Section 54-27-27.1. He said of the 31 executive branch agencies that receive federal funds, 6 are expecting a decrease in federal funds of 5 percent or more for the 2019-21 biennium. He said those agencies include the Information Technology Department (ITD), Tax Commissioner, School for the Deaf, Insurance Department, Aeronautics Commission, and Adjutant General. He said none of the 6 agencies indicated an intent to request state funds to offset the anticipated decrease in federal funds.

In response to a question from Senator Burckhard, Mr. Morrissette said the reduction in federal funds for ITD relates to a planning grant that has expired.

In response to a question from Chairman Louser, the Legislative Council staff said the Secretary of State and the Public Service Commission reported anticipated federal funds reductions greater than 5 percent in October 2016.

In response to a question from Representative Mock regarding federal funds for the Council on the Arts, Mr. Morrissette said he was unsure of the potential loss of federal funds due to the reduction in state matching funds.

Representative Nelson suggested future federal funds surveys sent to state agencies request information regarding whether the federal funds received by the agencies are subject to federal sequestration provisions.

The committee makes no recommendations regarding the study of statutory and regulatory requirements relating to federal funding.

STUDY OF STATE'S EMERGENCY MEDICAL SERVICE SYSTEM

Mr. Tim Wiedrich, Section Chief & Education Technology Director, Emergency Preparedness Section, State Department of Health, presented information ([Appendix H](#)) regarding the state's emergency medical service system. He said emergency medical services (EMS) personnel range from emergency medical responders requiring 40 to 60 hours of initial training to paramedics requiring about 1,360 hours of initial training. He said a subcommittee of the North Dakota Emergency Medical Services Advisory Committee (EMSAC) was formed after the Government Administration Committee's February 22, 2018, meeting, to make recommendations regarding the distribution of rural EMS assistance grant funds for fiscal year 2019. He said the subcommittee met on April 4 and May 5, 2018, and developed a funding distribution formula that includes the establishment of revenue and expense models based on run volume, compared the actual revenue and expenses of the applicant, and uses grant funds to cover a percentage of the difference. He said the subcommittee's recommendations were reviewed and approved by EMSAC and implemented by the State Department of Health. He said the budget for the 2019-21 biennium is still being developed and the department's funding request for the rural EMS assistance grant program has not yet been determined.

In response to a question from Representative Klemin, Mr. Wiedrich said ambulances not receiving funding through the rural EMS assistance grant program are still subject to the same standards of care and licensure requirements as ambulances that do receive state funding.

Representative Streyle expressed support for the changes made by the State Department of Health to the rural EMS assistance grant program in 2018.

In response to a question from Representative Nelson, Mr. Wiedrich said the ambulance service financial information collected by the State Department of Health is confidential. He said the department will share the model generated by the department with the committee.

In response to a question from Chairman Louser, Mr. Wiedrich said proposed changes to the rural EMS assistance grant program could be ready for review by the 2019 Legislative Assembly.

Mr. Patrick Tracy, Emergency Medical Technician, Maddock Ambulance Service, presented information ([Appendix I](#)) regarding the rural EMS assistance grant program. He expressed support for the fiscal year 2019 rural EMS assistance grant program distributions. He provided funding information for each ambulance service, including the rural EMS assistance grant awarded to each ambulance service for fiscal year 2019.

In response to a question from Chairman Louser, Mr. Tracy said the state's EMS system will need to review available funding for the 2019-21 biennium, and potential methods to better regionalize services.

The committee made no recommendations regarding the study of the state's EMS system.

It was moved by Representative Koppelman, seconded by Senator Sorvaag, and carried on a voice vote that the Chairman and the Legislative Council staff be requested to prepare a report and to present the report to the Legislative Management.

It was moved by Senator Burckhard, seconded by Senator Oehlke, and carried on a voice vote that the committee be adjourned sine die.

No further business appearing, Chairman Louser adjourned the committee sine die at 2:05 p.m.

Alex J. Cronquist
Fiscal Analyst

ATTACH:9