

April 26, 2017

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1015

In lieu of the amendments adopted by the Senate as printed on pages 1618-1625 of the Senate Journal, Reengrossed House Bill No. 1015 is amended as follows:

Page 1, line 3, after the semicolon insert "to provide an appropriation for defraying the expenses of the state auditor; to create and enact a new subsection to the new section to chapter 40-05 of the North Dakota Century Code as created by section 1 of Senate Bill No. 2166, as approved by the sixty-fifth legislative assembly, relating to property tax incentives granted by a city;"

Page 1, line 3, after "section" insert "6-09-15.1, section 43-26.1-05.1 as created by section 2 of Senate Bill No. 2131, as approved by the sixty-fifth legislative assembly, and sections"

Page 1, line 3, after "54-06-04.3" insert "and 57-20-04"

Page 1, line 4, after the first "to" insert "temporary loans to the general fund, criminal history record checks,"

Page 1. line 4, after "fees" insert ", and property tax increase reports; to repeal section 57-20-05 of the North Dakota Century Code, relating to tax certifications"

Page 1, line 4, replace "an exemption" with "exemptions"

Page 1, line 5, replace "and" with "to provide for a legislative management study; to provide for a legislative management tribal taxation issues committee; to provide for a report to the legislative management;"

Page 1, line 5, after "report" insert "; and to provide an effective date"

Page 1, remove lines 15 through 24

Page 2, replace lines 1 through 3 with:

"Salaries and wages	\$19,798,254	\$2,242,970	\$22,041,224
Operating expenses	13,855,260	213,178	14,068,438
Emergency commission contingency fund	500,000	(150,000)	350,000
Capital assets	200,000	1,573,477	1,773,477
Grants	555,000	(501,000)	54,000
Guardianship grants	1,328,600	200,000	1,528,600
Prairie public broadcasting	1,600,000	(200,000)	1,400,000
State student internship program	200,000	(200,000)	0
Cybersecurity remediation pool	0	1,000,000	1,000,000
Total all funds	\$38,037,114	\$4,178,625	\$42,215,739
Less estimated income	<u>7,210,390</u>	<u>4,023,697</u>	<u>11,234,087</u>
Total general fund	\$30,826,724	\$154,928	\$30,981,652
Full-time equivalent positions	122.50	(4.50)	118.00"

Page 2, line 5, replace "\$340,576" with "\$315,900"

Page 2, line 5, replace "\$279,990" with "\$259,704"

Page 2, line 6, replace "\$1,249" with "\$1,241"

Page 2, replace lines 12 through 24 with:

"Student internship	\$50,000	\$0
Facilities projects	205,000	0
Signage on the capitol grounds	1,400,000	0
West parking lot repair	50,000	0
Affordable Care Act health insurance pool	3,350,000	0
Facilities projects	1,475,303	0
Legislative electrical	310,000	0
Energy pool	7,965,000	0
Environmental impact committee - HB 1432	1,500,000	0
Surplus property building	0	800,000
Cybersecurity remediation pool	0	1,000,000
Total all funds	\$16,305,303	\$1,800,000
Less estimated income	9,775,000	1,800,000
Total general fund	\$6,530,303	\$0"

Page 2, remove lines 29 and 30

Page 3, replace lines 1 and 2 with:

**"SECTION 4. APPROPRIATION - STATE AUDITOR.** The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the state auditor for the purpose of defraying the expenses of the state auditor, for the biennium beginning July 1, 2017, and ending June 30, 2019, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$11,655,646	\$111,666	\$11,767,312
Operating expenses	1,176,806	(34,023)	1,142,783
North Dakota university system information technology security audits	200,000	(200,000)	0
Information technology consultants	250,000	(250,000)	0
Total all funds	\$13,282,452	(\$372,357)	\$12,910,095
Less estimated income	3,505,870	(94,383)	3,411,487
Total general fund	\$9,776,582	(\$277,974)	\$9,498,608
Full-time equivalent positions	59.80	(3.80)	56.00

**SECTION 5. HEALTH INSURANCE INCREASE - STATE AUDITOR.** The salaries and wages line item in section 4 of this Act includes the sum of \$140,696, of which \$104,201 is from the general fund, for increases in employee health insurance premiums from \$1,130 to \$1,241 per month."

Page 3, line 10, after "EXEMPTION" insert "- FISCAL MANAGEMENT"

Page 3, replace lines 15 through 17 with:

**"SECTION 8. EXEMPTION - CAPITOL BUILDING FUND.** The amount of \$1,400,000 appropriated from the capitol building fund for capitol building entrance and signage projects, as contained in section 1 of chapter 49 of the 2015 Session Laws, is not subject to the provisions of section 54-44.1-11, and any unexpended funds from this appropriation are available during the biennium beginning July 1, 2017, and ending June 30, 2019. Of the \$1,400,000, up to \$1,000,000 is available for extraordinary

repairs, and the remaining amount is available for capitol building entrance and signage projects."

Page 3, after line 22, insert:

"Statewide memberships and related expenses \$531,450

**SECTION 10. AMENDMENT.** Section 6-09-15.1 of the North Dakota Century Code is amended and reenacted as follows:

**6-09-15.1. Loans to general fund authorized - Continuing appropriation.**

The state treasurer and the director of the office of management and budget may, when the balance in the state general fund is insufficient to meet legislative appropriations, execute and issue on behalf of the state evidences of indebtedness on the state general fund which at no time exceed the total principal amount of ~~ten~~one hundred million dollars with principal maturity of not more than twelve months. As a condition precedent to the issuance and sale of the evidences of indebtedness, the state treasurer must request and obtain a statement from the director of the office of management and budget and state tax commissioner certifying that anticipated general fund revenues for the balance of the fiscal year in which the evidences of indebtedness are to be issued will exceed the principal amount and interest on the evidences of indebtedness to be issued. The state industrial commission may in turn direct the Bank of North Dakota to make loans to the state general fund by the purchase of the evidences of indebtedness at such rates of interest as the industrial commission may prescribe. After evidences of indebtedness have been issued and sold pursuant to this section, the state treasurer shall establish a fund for the repayment of the principal upon maturity and the interest when due. The state treasurer shall place all available general fund revenues into this fund until the fund contains a sufficient balance for the repayment of the principal at maturity and interest when due, which moneys are hereby appropriated for this purpose.

**SECTION 11.** A new subsection to the new section to chapter 40-05 of the North Dakota Century Code as created by section 1 of Senate Bill No. 2166, as approved by the sixty-fifth legislative assembly, is created and enacted as follows:

Property subject to a development agreement entered pursuant to section 40-58-20.1 before August 1, 2017, and all amendments to the development agreement, is not subject to the requirements under this section.

**SECTION 12. AMENDMENT.** Section 43-26.1-05.1 of the North Dakota Century Code as created by section 2 of Senate Bill No. 2131, as approved by the sixty-fifth legislative assembly, is amended and reenacted as follows:

**43-26.1-05.1. Use of criminal history record checks.**

The board may require a physical therapy or physical therapy assistant applicant, or a licensee under investigation, to submit to a statewide and nationwide criminal history record check, including a fingerprint-based criminal history background check. The criminal history record check must be conducted in the manner provided by section 12-60-24. The criminal history record check is an exempt record but may not be disseminated by the board to the physical therapy compact commission or a similar entity. All costs associated with a criminal history record check performed under this section are the responsibility of the applicant or licensee."

**"SECTION 14. AMENDMENT.** Section 57-20-04 of the North Dakota Century Code is amended and reenacted as follows:

**57-20-04. Abstract of tax list to be sent to tax commissioner - Reports.**

1. The county auditor, on or before December thirty-first following the levy of the taxes, shall ~~make prepare~~ and transmit to the state tax commissioner, ~~in such form as the tax commissioner may prescribe,~~ a complete abstract of the tax list of the auditor's county.
2. In addition to the tax list required in subsection 1, the county auditor, on or before December thirty-first following the levy of the taxes, shall prepare and transmit to the tax commissioner a report providing each taxing district's property valuation and property tax levy and any other information the tax commissioner deems necessary to prepare the report required in subsection 3. For taxing districts with property in more than one county, information must be collected and transmitted by the county auditor of the county in which the main office of that taxing district is located.
3. The tax commissioner shall compile information received from the county auditors in subsection 2 and prepare a statewide report of property tax increase. The report must include the annual increase in property taxes levied by each taxing district of the state after adjusting for property that was not taxable in the preceding year and property that is no longer taxable which was taxable in the preceding year. The report must be provided to the legislative management by April first of each year.
4. The tax commissioner shall prescribe the form and manner of providing the reports and certifications required under this section.
5. On or before December 31, 2017, the county auditor shall provide a report to the tax commissioner providing the information identified in subsection 2 for the 2015 and 2016 tax years.

**SECTION 15. REPEAL.** Section 57-20-05 of the North Dakota Century Code is repealed.

**SECTION 16. TRIBAL TAXATION ISSUES - LEGISLATIVE MANAGEMENT COMMITTEE.**

1. During the 2017-18 interim, the tribal taxation issues committee is created and is composed of ten members as follows:
  - a. The governor;
  - b. The lieutenant governor;
  - c. The tax commissioner;
  - d. The executive director of the Indian affairs commission;
  - e. The majority leader of the house of representatives and the majority leader of the senate;

- f. The minority leader of the house of representatives and the minority leader of the senate; and
  - g. The chairmen of the finance and taxation standing committees of the house of representatives and the senate.
2. The nonlegislative members shall serve as nonvoting members of the committee.
3. The legislative management shall designate the chairman of the committee. The committee shall operate according to the statutes and procedures governing the operation of other legislative management interim committees.
4. The committee shall study tribal taxation issues, including the tax collection agreements that exist between the tribes and the state, the interaction between tribal sovereignty and state law, consideration of how statutory changes may affect provisions in existing agreements, the amount and manner of revenue sharing under the agreements, the costs and benefits to the state and the tribes if tax compacts are implemented, implementation models used in other states for tax compacts, best practices for negotiating and ratifying tax compacts, and the procedure for withdrawal from an agreement and how to handle disputed funds. As the agenda demands, the chairman of the committee shall invite the tribal chairman and other appropriate tribal members to actively participate in a committee meeting.
5. At the conclusion of its meetings, the committee shall report on its findings and recommendations, together with any legislation required to implement those recommendations, to the legislative management.

**SECTION 17. LEGISLATIVE MANAGEMENT STUDY - INTERNET SERVICE PROVIDERS.** During the 2017-18 interim, the legislative management shall consider studying the privacy policies of telecommunications service providers and internet service providers, and identifying potential issues for legislation. The study must include an evaluation of the process, procedure, and practice by telecommunications service providers and internet service providers in the collection of personal information from a customer resulting from the customer's use of the telecommunications service provider or internet service provider, and an evaluation of the sale, distribution, or use of the personal information collected by the telecommunications service provider or internet service provider. The study must include consideration of rules relating to the privacy rights of telecommunications and internet customers and the enforcement of any such rules by the public service commission. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-sixth legislative assembly.

**SECTION 18. LEGISLATIVE MANAGEMENT STUDY - WIND ENERGY TAXATION AND REVENUE DISTRIBUTION.** During the 2017-18 interim, the legislative management shall consider studying the taxation of wind energy and the distribution of tax collections related to wind energy. The study must include consideration of the various methods of taxing wind energy, the parity of wind energy taxation in comparison to the taxation of other energy sources, and the current and historical distribution formulas related to wind energy taxes; the appropriate level of distributions to the taxing districts and the state; the estimated fiscal impact of any proposed changes to the distributions; and other local revenue sources, including local

tax revenue and state funding provided to the local taxing districts. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-sixth legislative assembly.

**SECTION 19. EFFECTIVE DATE.** Section 11 of this Act is effective for property tax incentives approved after July 31, 2017."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1015 - Summary of Senate Action**

	Base Budget	House Version	Senate Changes	Senate Version
Office of Management and Budget				
Total all funds	\$38,037,114	\$38,593,573	\$3,622,166	\$42,215,739
Less estimated income	7,210,390	10,438,477	795,610	11,234,087
General fund	\$30,826,724	\$28,155,096	\$2,826,556	\$30,981,652
State Auditor				
Total all funds	\$0	\$0	\$12,910,095	\$12,910,095
Less estimated income	0	0	3,411,487	3,411,487
General fund	\$0	\$0	\$9,498,608	\$9,498,608
Bill total				
Total all funds	\$38,037,114	\$38,593,573	\$16,532,261	\$55,125,834
Less estimated income	7,210,390	10,438,477	4,207,097	14,645,574
General fund	\$30,826,724	\$28,155,096	\$12,325,164	\$40,480,260

**House Bill No. 1015 - Office of Management and Budget - Senate Action**

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$19,798,254	\$21,177,508	\$863,716	\$22,041,224
Operating expenses	13,855,260	12,909,988	1,158,450	14,068,438
Capital assets	200,000	973,477	800,000	1,773,477
Grants	555,000	54,000		54,000
Emergency commission contingency fund	500,000	350,000		350,000
Guardianship grants	1,328,600	1,328,600	200,000	1,528,600
Prairie public broadcasting	1,600,000	800,000	600,000	1,400,000
State student internship program	200,000			
Cybersecurity remediation pool		1,000,000		1,000,000
Total all funds	\$38,037,114	\$38,593,573	\$3,622,166	\$42,215,739
Less estimated income	7,210,390	10,438,477	795,610	11,234,087
General fund	\$30,826,724	\$28,155,096	\$2,826,556	\$30,981,652
FTE	122.50	115.00	3.00	118.00

**Department No. 110 - Office of Management and Budget - Detail of Senate Changes**

	Adjusts Funding for Health Insurance Increases <sup>1</sup>	Adds Funding for FTE Positions <sup>2</sup>	Adds Funding for Utility Rate Increases <sup>3</sup>	Restores Funding for 90 Percent of Statewide Memberships <sup>4</sup>	Add Funding for Revenue Forecasting <sup>5</sup>	Adds Funding for Grants <sup>6</sup>
Salaries and wages	(\$24,676)	\$888,392				
Operating expenses			550,000	531,450	77,000	
Capital assets						
Grants						
Emergency commission						

contingency fund						
Guardianship grants						200,000
Prairie public broadcasting						600,000
State student internship program						
Cybersecurity remediation pool						
Total all funds	(\$24,676)	\$888,392	\$550,000	\$531,450	\$77,000	\$800,000
Less estimated income	(4,390)	0	0	0	0	0
General fund	(\$20,286)	\$888,392	\$550,000	\$531,450	\$77,000	\$800,000
FTE	0.00	3.00	0.00	0.00	0.00	0.00

	<b>Adds Funding for Surplus Property Building<sup>7</sup></b>	<b>Total Senate Changes</b>
Salaries and wages		\$863,716
Operating expenses		1,158,450
Capital assets	800,000	800,000
Grants		
Emergency commission contingency fund		
Guardianship grants		200,000
Prairie public broadcasting		600,000
State student internship program		
Cybersecurity remediation pool		
Total all funds	\$800,000	\$3,622,166
Less estimated income	800,000	795,610
General fund	\$0	\$2,826,556
FTE	0.00	3.00

<sup>1</sup> Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month.

<sup>2</sup> Funding for FTE positions and other salaries and wages changes are added as follows:

	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
Adds funding for an FTE position (unspecified)	\$70,000		\$70,000
Adds 1 FTE state architect position	232,709		232,709
Adds 1 FTE human resource officer position	174,380		174,380
Adds 1 FTE position (unspecified)	374,303		374,303
Reduces funding for salaries and wages	37,000		37,000
Total	\$888,392	\$0	\$888,392

<sup>3</sup> Funding of \$550,000 is added for utility rate increases.

<sup>4</sup> Funding is added to provide for 90 percent of the statewide membership dues and related expenses.

<sup>5</sup> Funding is added for revenue forecasting contract and travel expenses.

<sup>6</sup> Funding of \$200,000 is added for guardianship grants to provide total funding of \$1,532,000, and funding of \$600,000 is added for Prairie Public Broadcasting to provide \$1,400,000.

<sup>7</sup> One-time funding is added from surplus property special funds to purchase or construct a new surplus property building.

This amendment also includes the following changes related to the Office of Management and Budget:

- Removes a section added by the House to provide for a transfer of \$100 million from the strategic investment and improvements fund to the general fund during the 2015-17 biennium and provide an emergency clause for this transfer.
- Removes a section added by the House to prohibit the purchase or construction of a new building for surplus property.
- Provides an exemption allowing up to \$1.4 million of unspent 2015-17 biennium appropriation authority from the Capitol building fund to continue in the 2017-19 biennium for extraordinary repairs (\$1 million) and Capitol building entrance and signage projects (\$400,000).
- Identifies the funding for statewide memberships and related expenses (\$531,450) that is included in Section 1 of the bill.
- Adds a section to amend North Dakota Century Code Section 6-09-15.1 to increase temporary borrowing authority for general fund cash flow purposes, from \$10 million to \$100 million.
- Adds a section to create a new subsection to a newly created section of Chapter 40-05 relating to property tax incentives granted by a city and provides an effective date related to the subsection.
- Adds a section to amend newly created Section 43-26.1-05.1 relating to criminal history record checks and physical therapy compact commission.
- Adds a section to amend Section 57-20-04 relating to property tax increase reports by counties.
- Adds a section to repeal Section 57-20-05 relating to certification of taxes levied by taxing districts.
- Removes a section added by the House to restrict state agencies and institutions from spending salaries and wages savings resulting from vacant positions and employee turnover.
- Adds a section to create a Legislative Management committee to study tribal taxation issues.
- Adds a section to provide for a Legislative Management study regarding Internet service providers and the collection of personal information.
- Adds a section to provide for a Legislative Management study regarding taxation and distributions of tax collections related to wind energy.

**House Bill No. 1015 - State Auditor - Senate Action**

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages			\$11,767,312	\$11,767,312
Operating expenses			1,142,783	1,142,783
Total all funds	\$0	\$0	\$12,910,095	\$12,910,095
Less estimated income	0	0	3,411,487	3,411,487
General fund	\$0	\$0	\$9,498,608	\$9,498,608
FTE	0.00	0.00	56.00	56.00

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

	Adds Funding for the State Auditor <sup>1</sup>	Total Senate Changes
Salaries and wages	\$11,767,312	\$11,767,312
Operating expenses	1,142,783	1,142,783
Total all funds	\$12,910,095	\$12,910,095
Less estimated income	3,411,487	3,411,487
General fund	\$9,498,608	\$9,498,608
FTE	56.00	56.00

<sup>1</sup> This amendment adds a section to provide funding for the State Auditor. House Bill No. 1004, which provided funding for the State Auditor, was vetoed by the Governor.



---

This amendment also adds a section to identify additional funding provided for health insurance increases provided for the State Auditor's office, the same as the House and Senate versions of House Bill No. 1004.