

**SECOND ENGROSSMENT
with Senate Amendments
REENGROSSED HOUSE BILL NO. 1015**

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the various divisions
2 under the supervision of the director of the office of management and budget; to provide for
3 transfers; to provide an appropriation for defraying the expenses of the state auditor; to create
4 and enact a new subsection to the new section to chapter 40-05 of the North Dakota Century
5 Code as created by section 1 of Senate Bill No. 2166, as approved by the sixty-fifth legislative
6 assembly, relating to property tax incentives granted by a city; to amend and reenact section
7 6-09-15.1, section 43-26.1-05.1 as created by section 2 of Senate Bill No. 2131, as approved by
8 the sixty-fifth legislative assembly, and sections 54-06-04.3 and 57-20-04 of the North Dakota
9 Century Code, relating to temporary loans to the general fund, criminal history record checks,
10 state agency publication fees, and property tax increase reports; to repeal section 57-20-05 of
11 the North Dakota Century Code, relating to tax certifications; to provide exemptions; to provide
12 statements of legislative intent; to provide for a legislative management study; to provide for a
13 legislative management tribal taxation issues committee; to provide for a report to the legislative
14 management; to provide for a budget section report; and to provide an effective date.

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

16 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
17 as may be necessary, are appropriated out of any moneys in the general fund in the state
18 treasury, not otherwise appropriated, and from special funds derived from federal funds and
19 other income, to the office of management and budget for the purpose of defraying the
20 expenses of the office of management and budget, for the biennium beginning July 1, 2017,
21 and ending June 30, 2019, as follows:

| | <u>Base Level</u> | <u>Adjustments or Enhancements</u> | <u>Appropriation</u> |
|-----------------------|-------------------|--|----------------------|
| 24 Salaries and wages | \$19,798,254 | \$2,242,970 | \$22,041,224 |

Sixty-fifth
Legislative Assembly

| | | | | |
|----|---------------------------------------|------------------|------------------|-------------------|
| 1 | Operating expenses | 13,855,260 | 213,178 | 14,068,438 |
| 2 | Emergency commission contingency fund | 500,000 | (150,000) | 350,000 |
| 3 | Capital assets | 200,000 | 1,573,477 | 1,773,477 |
| 4 | Grants | 555,000 | (501,000) | 54,000 |
| 5 | Guardianship grants | 1,328,600 | 200,000 | 1,528,600 |
| 6 | Prairie public broadcasting | 1,600,000 | (200,000) | 1,400,000 |
| 7 | State student internship program | 200,000 | (200,000) | 0 |
| 8 | Cybersecurity remediation pool | <u>0</u> | <u>1,000,000</u> | <u>1,000,000</u> |
| 9 | Total all funds | \$38,037,114 | \$4,178,625 | \$42,215,739 |
| 10 | Less estimated income | <u>7,210,390</u> | <u>4,023,697</u> | <u>11,234,087</u> |
| 11 | Total general fund | \$30,826,724 | \$154,928 | \$30,981,652 |
| 12 | Full-time equivalent positions | 122.50 | (4.50) | 118.00 |

13 **SECTION 2. HEALTH INSURANCE INCREASE.** The salaries and wages line item in
 14 section 1 of this Act includes the sum of \$315,900, of which \$259,704 is from the general fund,
 15 for increases in employee health insurance premiums from \$1,130 to \$1,241 per month.

16 **SECTION 3. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE**
 17 **SIXTY-SIXTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding
 18 items approved by the sixty-fourth legislative assembly for the 2015-17 biennium and the
 19 2017-19 biennium one-time funding items included in the appropriation in section 1 of this Act:

| 20 | <u>One-Time Funding Description</u> | <u>2015-17</u> | <u>2017-19</u> |
|----|---|----------------|------------------|
| 21 | Student internship | \$50,000 | \$0 |
| 22 | Facilities projects | 205,000 | 0 |
| 23 | Signage on the capitol grounds | 1,400,000 | 0 |
| 24 | West parking lot repair | 50,000 | 0 |
| 25 | Affordable Care Act health insurance pool | 3,350,000 | 0 |
| 26 | Facilities projects | 1,475,303 | 0 |
| 27 | Legislative electrical | 310,000 | 0 |
| 28 | Energy pool | 7,965,000 | 0 |
| 29 | Environmental impact committee - HB 1432 | 1,500,000 | 0 |
| 30 | Surplus property building | 0 | 800,000 |
| 31 | Cybersecurity remediation pool | <u>0</u> | <u>1,000,000</u> |

Sixty-fifth
Legislative Assembly

| | | | |
|---|-----------------------|------------------|------------------|
| 1 | Total all funds | \$16,305,303 | \$1,800,000 |
| 2 | Less estimated income | <u>9,775,000</u> | <u>1,800,000</u> |
| 3 | Total general fund | \$6,530,303 | \$0 |

4 The 2017-19 biennium one-time funding amounts are not a part of the entity's base budget for
5 the 2019-21 biennium. The office of management and budget shall report to the appropriations
6 committees of the sixty-sixth legislative assembly on the use of this one-time funding for the
7 biennium beginning July 1, 2017, and ending June 30, 2019.

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

| | | Adjustments or | |
|----|--|---------------------|----------------------|
| | <u>Base Level</u> | <u>Enhancements</u> | <u>Appropriation</u> |
| 16 | Salaries and wages | \$111,666 | \$11,767,312 |
| 17 | Operating expenses | (34,023) | 1,142,783 |
| 18 | North Dakota university system information | (200,000) | 0 |
| 19 | technology security audits | | |
| 20 | Information technology consultants | <u>(250,000)</u> | <u>0</u> |
| 21 | Total all funds | (\$372,357) | \$12,910,095 |
| 22 | Less estimated income | <u>(94,383)</u> | <u>3,411,487</u> |
| 23 | Total general fund | (\$277,974) | \$9,498,608 |
| 24 | Full-time equivalent positions | (3.80) | 56.00 |

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

29 **SECTION 6. TRANSFER - CYBERSECURITY REMEDIATION POOL.** The office of
30 management and budget may transfer appropriation authority from the cybersecurity
31 remediation pool line item in section 1 of this Act to each eligible agency during the biennium

1 beginning July 1, 2017, and ending June 30, 2019. Transfers may be made for the purpose of
2 providing remediation services resulting from an information technology security breach. The
3 office of management and budget shall notify the legislative council of any transfers made from
4 the cybersecurity remediation pool.

5 **SECTION 7. EXEMPTION - FISCAL MANAGEMENT.** The amount appropriated for the
6 fiscal management division, as contained in section 1 of chapter 49 of the 2015 Session Laws is
7 not subject to the provisions of section 54-44.1-11. Any unexpended funds from this
8 appropriation are available for continued development and operating costs of the statewide
9 systems, including accounting, management, and payroll, during the biennium beginning July 1,
10 2017, and ending June 30, 2019.

11 **SECTION 8. EXEMPTION - CAPITOL BUILDING FUND.** The amount of \$1,400,000
12 appropriated from the capitol building fund for capitol building entrance and signage projects, as
13 contained in section 1 of chapter 49 of the 2015 Session Laws, is not subject to the provisions
14 of section 54-44.1-11, and any unexpended funds from this appropriation are available during
15 the biennium beginning July 1, 2017, and ending June 30, 2019. Of the \$1,400,000, up to
16 \$1,000,000 is available for extraordinary repairs, and the remaining amount is available for
17 capitol building entrance and signage projects.

18 **SECTION 9. INTENT.** Within the authority included in section 1 of this Act are the following
19 grants and special items:

| | |
|---|-------------|
| 20 Boys and girls club work | \$53,000 |
| 21 Unemployment insurance | \$2,000,000 |
| 22 Capitol grounds planning commission | \$25,000 |
| 23 Statewide memberships and related expenses | \$531,450 |

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

26 **6-09-15.1. Loans to general fund authorized - Continuing appropriation.**

27 The state treasurer and the director of the office of management and budget may, when the
28 balance in the state general fund is insufficient to meet legislative appropriations, execute and
29 issue on behalf of the state evidences of indebtedness on the state general fund which at no
30 time exceed the total principal amount of ~~ten~~one hundred million dollars with principal maturity
31 of not more than twelve months. As a condition precedent to the issuance and sale of the

1 evidences of indebtedness, the state treasurer must request and obtain a statement from the
2 director of the office of management and budget and state tax commissioner certifying that
3 anticipated general fund revenues for the balance of the fiscal year in which the evidences of
4 indebtedness are to be issued will exceed the principal amount and interest on the evidences of
5 indebtedness to be issued. The state industrial commission may in turn direct the Bank of North
6 Dakota to make loans to the state general fund by the purchase of the evidences of
7 indebtedness at such rates of interest as the industrial commission may prescribe. After
8 evidences of indebtedness have been issued and sold pursuant to this section, the state
9 treasurer shall establish a fund for the repayment of the principal upon maturity and the interest
10 when due. The state treasurer shall place all available general fund revenues into this fund until
11 the fund contains a sufficient balance for the repayment of the principal at maturity and interest
12 when due, which moneys are hereby appropriated for this purpose.

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

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

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

22 **43-26.1-05.1. Use of criminal history record checks.**

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

1 **SECTION 13. AMENDMENT.** Section 54-06-04.3 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **54-06-04.3. Joint publication and distribution of information by state agencies - Fees.**

4 Any state agency may cooperate with any other state agency to jointly publish and
5 distribute information and may arrange to have the joint publication or distribution, or both,
6 coordinated by a private entity. Any state agency may provide information it has collected or
7 developed, including mailing lists, to each other or to any private entity for the purpose of
8 distributing jointly or individually issued publications or other information. If a state agency
9 publication is available on the agency's website or otherwise available in an electronic format
10 and a person requests a paper copy of the publication, the state agency may charge a
11 reasonable fee for providing the paper copy and for mailing the paper copy of the publication.

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

14 **57-20-04. Abstract of tax list to be sent to tax commissioner - Reports.**

- 15 1. The county auditor, on or before December thirty-first following the levy of the taxes,
16 shall ~~make~~prepare and transmit to the state tax commissioner, ~~in such form as the tax~~
17 ~~commissioner may prescribe,~~ a complete abstract of the tax list of the auditor's county.
- 18 2. In addition to the tax list required in subsection 1, the county auditor, on or before
19 December thirty-first following the levy of the taxes, shall prepare and transmit to the
20 tax commissioner a report providing each taxing district's property valuation and
21 property tax levy and any other information the tax commissioner deems necessary to
22 prepare the report required in subsection 3. For taxing districts with property in more
23 than one county, information must be collected and transmitted by the county auditor
24 of the county in which the main office of that taxing district is located.
- 25 3. The tax commissioner shall compile information received from the county auditors in
26 subsection 2 and prepare a statewide report of property tax increase. The report must
27 include the annual increase in property taxes levied by each taxing district of the state
28 after adjusting for property that was not taxable in the preceding year and property that
29 is no longer taxable which was taxable in the preceding year. The report must be
30 provided to the legislative management by April first of each year.

1 4. The tax commissioner shall prescribe the form and manner of providing the reports
2 and certifications required under this section.

3 5. On or before December 31, 2017, the county auditor shall provide a report to the tax
4 commissioner providing the information identified in subsection 2 for the 2015 and
5 2016 tax years.

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

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

8 **COMMITTEE.**

- 9 1. During the 2017-18 interim, the tribal taxation issues committee is created and is
10 composed of ten members as follows:
- 11 a. The governor;
 - 12 b. The lieutenant governor;
 - 13 c. The tax commissioner;
 - 14 d. The executive director of the Indian affairs commission;
 - 15 e. The majority leader of the house of representatives and the majority leader of the
16 senate;
 - 17 f. The minority leader of the house of representatives and the minority leader of the
18 senate; and
 - 19 g. The chairmen of the finance and taxation standing committees of the house of
20 representatives and the senate.
- 21 2. The nonlegislative members shall serve as nonvoting members of the committee.
- 22 3. The legislative management shall designate the chairman of the committee. The
23 committee shall operate according to the statutes and procedures governing the
24 operation of other legislative management interim committees.
- 25 4. The committee shall study tribal taxation issues, including the tax collection
26 agreements that exist between the tribes and the state, the interaction between tribal
27 sovereignty and state law, consideration of how statutory changes may affect
28 provisions in existing agreements, the amount and manner of revenue sharing under
29 the agreements, the costs and benefits to the state and the tribes if tax compacts are
30 implemented, implementation models used in other states for tax compacts, best
31 practices for negotiating and ratifying tax compacts, and the procedure for withdrawal

1 from an agreement and how to handle disputed funds. As the agenda demands, the
2 chairman of the committee shall invite the tribal chairman and other appropriate tribal
3 members to actively participate in a committee meeting.

4 5. At the conclusion of its meetings, the committee shall report on its findings and
5 recommendations, together with any legislation required to implement those
6 recommendations, to the legislative management.

7 **SECTION 17. LEGISLATIVE MANAGEMENT STUDY - INTERNET SERVICE**

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

20 **SECTION 18. LEGISLATIVE MANAGEMENT STUDY - WIND ENERGY TAXATION AND**

21 **REVENUE DISTRIBUTION.** During the 2017-18 interim, the legislative management shall
22 consider studying the taxation of wind energy and the distribution of tax collections related to
23 wind energy. The study must include consideration of the various methods of taxing wind
24 energy, the parity of wind energy taxation in comparison to the taxation of other energy sources,
25 and the current and historical distribution formulas related to wind energy taxes; the appropriate
26 level of distributions to the taxing districts and the state; the estimated fiscal impact of any
27 proposed changes to the distributions; and other local revenue sources, including local tax
28 revenue and state funding provided to the local taxing districts. The legislative management
29 shall report its findings and recommendations, together with any legislation required to
30 implement the recommendations, to the sixty-sixth legislative assembly.

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