

HOUSE BILL NO. 1075

Introduced by

Appropriations Committee

(At the request of the Governor)

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 various transfers; to amend and reenact subdivision b of subsection 1 of section 54-27-25,
4 subsection 1 of section 57-51-15, and section 57-51.1-07.5 of the North Dakota Century Code,
5 relating to oil and gas allocations; to provide an exemption; to provide a statement of legislative
6 intent; and to declare an emergency.

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

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

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>	
14				
15				
16	Salaries and wages	\$19,798,254	\$2,501,938	\$22,300,192
17	Operating expenses	13,855,260	(127,772)	13,727,488
18	Emergency commission contingency fund	500,000	0	500,000
19	Capital assets	200,000	2,573,477	2,773,477
20	Grants	555,000	(501,000)	54,000
21	Guardianship grants	1,328,600	(132,860)	1,195,740
22	Prairie public broadcasting	1,600,000	(400,000)	1,200,000
23	State student internship program	200,000	(200,000)	0
24	State transfers to social service finance fund	0	275,000,000	275,000,000

Sixty-fifth
Legislative Assembly

1	Cyber insurance remediation pool	<u>0</u>	<u>1,000,000</u>	<u>1,000,000</u>
2	Total all funds	\$38,037,114	\$279,713,783	\$317,750,897
3	Less estimated income	<u>7,210,390</u>	<u>5,043,082</u>	<u>12,253,472</u>
4	Total general fund	\$30,826,724	\$274,670,701	\$305,497,425
5	Full-time equivalent positions	122.50	(3.50)	119.00

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

7 **SIXTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items
8 approved by the sixty-fourth legislative assembly for the 2015-17 biennium and the 2017-19
9 biennium one-time funding items included in the appropriation in section 1 of this Act:

10	<u>One-Time Funding Description</u>	<u>2015-17</u>	<u>2017-19</u>
11	Student internship	\$50,000	\$0
12	Facilities projects	205,000	0
13	Signage on the Capitol grounds	1,400,000	0
14	West parking lot repair	50,000	0
15	ACA health insurance pool	3,350,000	0
16	Facilities projects	1,475,303	0
17	Legislative electrical	310,000	0
18	Energy pool	7,965,000	0
19	Environmental impact committee - HB 1432	1,500,000	0
20	Surplus property building	0	800,000
21	Cyber security remediation pool	<u>0</u>	<u>1,000,000</u>
22	Total all funds	\$16,305,303	\$1,800,000
23	Less estimated income	<u>9,775,000</u>	<u>\$1,800,000</u>
24	Total general fund	\$6,530,303	\$0

25 The 2017-19 one-time funding amounts are not a part of the entity's base budget for the
26 2019-21 biennium. The office of management and budget shall report to the appropriations
27 committees of the sixty-sixth legislative assembly on the use of this one-time funding for the
28 biennium beginning July 1, 2017, and ending June 30, 2019.

29 **SECTION 3. APPROPRIATION - TRANSFERS - STRATEGIC INVESTMENT AND**
30 **IMPROVEMENTS FUND TO BUDGET STABILIZATION FUND.** There is appropriated out of
31 any moneys in the strategic investment and improvements fund in the state treasury, not

1 otherwise appropriated, the sum of \$154,162,971, or so much of the sum as may be necessary,
2 which the office of management and budget shall transfer to the budget stabilization fund during
3 the biennium beginning July 1, 2017, and ending June 30, 2019.

4 **SECTION 4. APPROPRIATION - TRANSFER - TAX RELIEF FUND TO BUDGET**

5 **STABILIZATION FUND.** There is appropriated out of any moneys in the tax relief fund in the
6 state treasury, not otherwise appropriated, the sum of \$300,000,000, or so much of the sum as
7 may be necessary, which the office of management and budget shall transfer to the budget
8 stabilization fund during the biennium beginning July 1, 2017, and ending June 30, 2019.

9 **SECTION 5. APPROPRIATION - TRANSFER - GENERAL FUND TO SOCIAL SERVICES**

10 **FINANCE FUND.** There is appropriated out of any moneys in the general fund in the state
11 treasury, not otherwise appropriated, the sum of \$275,000,000, or so much of the sum as may
12 be necessary, which the office of management and budget shall transfer to the social services
13 finance fund during the biennium beginning July 1, 2017, and ending June 30, 2019.

14 **SECTION 6. APPROPRIATION - TRANSFER - STRATEGIC INVESTMENT AND**

15 **IMPROVEMENTS FUND TO GENERAL FUND.** There is appropriated out of any moneys in the
16 strategic investment and improvements fund in the state treasury, not otherwise appropriated,
17 the sum of \$30,000,000, or so much of the sum as may be necessary, which the office of
18 management and budget shall transfer to the general fund for the period beginning with the
19 effective date of this Act, and ending June 30, 2017.

20 **SECTION 7. APPROPRIATION - TRANSFER - STRATEGIC INVESTMENT AND**

21 **IMPROVEMENTS FUND TO GENERAL FUND.** There is appropriated out of any moneys in the
22 strategic investment and improvements fund in the state treasury, not otherwise appropriated,
23 the sum of \$30,000,000, or so much of the sum as may be necessary, which the office of
24 management and budget shall transfer to the general fund during the biennium beginning
25 July 1, 2017, and ending June 30, 2019.

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

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

- 3 Boys and girls club work
- 4 State memberships and related expenses
- 5 Unemployment insurance
- 6 Capitol grounds planning commission

7 **SECTION 10. OFFICE OF MANAGEMENT AND BUDGET - CYBER SECURITY**

8 **REMEDATION POOL.** The office of management and budget may transfer to each eligible
9 agency appropriation authority from the cyber security remediation pool line item contained in
10 section 1 of this Act. Transfers may be made for the purpose of providing remediation services
11 as a result of a cyber security breach for the biennium beginning July 1, 2017, and ending
12 June 30, 2019.

13 **SECTION 11. STATE EMPLOYEE COMPENSATION ADJUSTMENT - GUIDELINES.** It is
14 the intent of the sixty-fifth legislative assembly that 2017-19 biennium compensation adjustment
15 for classified state employees for the second year of the biennium is 1 percent. The increase for
16 the second year of the biennium is to be given beginning with the month of July 2018, to be paid
17 in August 2018.

18 Probationary employees are not entitled to the salary increase. However, probationary
19 employees may be given all or a portion of the increase effective in July, paid in August, or upon
20 completion of probation, at the discretion of the appointing authority.

21 The compensation adjustments for regular nonclassified state employees are to be 1
22 percent.

23 An employee whose overall documented performance level does not meet standards is not
24 eligible for any salary increase.

25 **SECTION 12. AMENDMENT.** Subdivision b of subsection 1 of section 54-27-25 of the North
26 Dakota Century Code is amended and reenacted as follows:

- 27 b. Transfers to the ~~common schools trust~~general fund ~~to become a part of the~~
28 principal of that fund. Transfers under this subsection must equal forty-five
29 percent of total annual transfers from the tobacco settlement trust fund.

30 **SECTION 13. AMENDMENT.** Subsection 1 of section 57-51-15 of the North Dakota
31 Century Code is amended and reenacted as follows:

- 1 1. First the tax revenue collected under this chapter equal to one percent of the gross
2 value at the well of the oil and one-fifth of the tax on gas must be deposited with the
3 state treasurer who shall:
 - 4 a. Allocate, for the period beginning September 1, 2015, and ending August 31,
5 2017, to each hub city, which is located in a county that received an allocation
6 under subsection 2, a monthly amount that will provide a total allocation of three
7 hundred seventy-five thousand dollars per fiscal year for each full or partial
8 percentage point of its private covered employment engaged in oil and
9 gas-related employment, according to annual data compiled by job service North
10 Dakota and after August 31, 2017, allocate to each hub city, which is located in a
11 county that received an allocation under subsection 2, a monthly amount that will
12 provide a total allocation of three hundred seventy-five thousand dollars per fiscal
13 year for each full or partial percentage point of its private covered employment
14 engaged in the mining industry, according to annual data compiled by job service
15 North Dakota;
 - 16 b. Allocate, for the period beginning September 1, 2015, and ending August 31,
17 2017, to each hub city, which is located in a county that did not receive an
18 allocation under subsection 2, a monthly amount that will provide a total
19 allocation of two hundred fifty thousand dollars per fiscal year for each full or
20 partial percentage point of its private covered employment engaged in oil and
21 gas-related employment, according to annual data compiled by job service North
22 Dakota and after August 31, 2017, allocate to each hub city, which is located in a
23 county that did not receive an allocation under subsection 2, a monthly amount
24 that will provide a total allocation of two hundred fifty thousand dollars per fiscal
25 year for each full or partial percentage point of its private covered employment
26 engaged in the mining industry, according to annual data compiled by job service
27 North Dakota;
 - 28 c. Allocate, for the period beginning September 1, 2015, and ending August 31,
29 2017, to each hub city school district, which is located in a county that received
30 an allocation under subsection 2, a monthly amount that will provide a total
31 allocation of one hundred twenty-five thousand dollars per fiscal year for each full

- 1 or partial percentage point of the hub city's private covered employment engaged
2 in oil and gas-related employment, according to annual data compiled by job
3 service North Dakota and after August 31, 2017, allocate to each hub city school
4 district, which is located in a county that received an allocation under
5 subsection 2, a monthly amount that will provide a total allocation of one hundred
6 twenty-five thousand dollars per fiscal year for each full or partial percentage
7 point of the hub city's private covered employment engaged in the mining
8 industry, according to annual data compiled by job service North Dakota,
9 provided that hub city school districts, which are located in a county that did not
10 receive an allocation under subsection 2, must be excluded from the allocations
11 under this subdivision;
- 12 d. Allocate to each county that received more than five million dollars but less than
13 thirty million dollars of total allocations under subsection 2 in state fiscal year
14 2014 a monthly amount that will provide a total allocation of one million five
15 hundred thousand dollars per fiscal year to be added by the state treasurer to the
16 allocations to school districts under subdivision b of subsection 5;
- 17 ~~e. Credit revenues to the oil and gas impact grant fund, but not in an amount~~
18 ~~exceeding one hundred forty million dollars per biennium for the 2015-17~~
19 ~~biennium, and not in an amount exceeding one hundred million dollars per~~
20 ~~biennium thereafter;~~
- 21 ~~f.e.~~ Credit eight percent of the amount available under this subsection to the North
22 Dakota outdoor heritage fund, but not in an amount exceeding ~~twenty million~~
23 ~~dollars in a state fiscal year and not in an amount exceeding forty~~ten million
24 dollars per biennium;
- 25 ~~g.f.~~ Credit four percent of the amount available under this subsection to the
26 abandoned oil and gas well plugging and site reclamation fund, but not in an
27 amount exceeding ~~seven~~five million ~~five hundred thousand~~ dollars in a state
28 fiscal year and not in an amount that would bring the balance in the fund to more
29 than one hundred million dollars; and
- 30 ~~h.g.~~ Allocate the remaining revenues under subsection 3.

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

3 **57-51.1-07.5. (Effective through June 30, 2017) State share of oil and gas taxes -**
4 **Deposits.**

5 From the revenues designated for deposit in the state general fund under chapters 57-51
6 and 57-51.1, the state treasurer shall deposit the revenues received each biennium as follows:

- 7 1. The first two hundred million dollars into the state general fund;
- 8 2. The next three hundred million dollars into the tax relief fund;
- 9 3. The next one hundred million dollars into the state general fund;
- 10 4. The next one hundred million dollars into the strategic investment and improvements
11 fund;
- 12 5. The next twenty-two million dollars into the state disaster relief fund, but not in an
13 amount that would bring the unobligated balance in the fund to more than twenty-five
14 million dollars; and
- 15 6. Any additional revenues:
 - 16 a. Seventy percent into the strategic investment and improvements fund; and
 - 17 b. Thirty percent into the political subdivision allocation fund.

18 **(Effective after June 30, 2017) State share of oil and gas taxes - Deposits.** From the
19 revenues designated for deposit in the state general fund under chapters 57-51 and 57-51.1,
20 the state treasurer shall deposit the revenues received each biennium as follows:

- 21 1. The first ~~two hundred million~~one billion dollars into the state general fund;
- 22 2. ~~The next three hundred million dollars into the tax relief fund;~~
- 23 3. ~~The next one hundred million dollars into the state general fund;~~
- 24 4.~~2.~~ The next one hundred million dollars into the strategic investment and improvements
25 fund;
- 26 5.~~3.~~ The next twenty-two million dollars into the state disaster relief fund, but not in an
27 amount that would bring the unobligated balance in the fund to more than twenty-five
28 million dollars; and
- 29 6.~~4.~~ Any additional revenues ~~into the strategic investment and improvements fund;~~
 - 30 a. Seventy-five percent into the strategic investment and improvements fund; and

- 1 b. Twenty-five percent into the lignite research fund to be used for advanced energy
2 technology grants, but not in an amount exceeding three million dollars per
3 biennium.

4 **SECTION 15. EMERGENCY.** Section 6 of this Act is declared to be an emergency
5 measure.