Third Day of Legislative Organizational Session

JOURNAL OF THE HOUSE

Sixty-eighth Legislative Assembly

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Bismarck, December 7, 2022

The House convened at 8:00 a.m., with Speaker D. Johnson presiding.

The prayer was offered by Pastor Bobby GreyEagle, Campus Crusade, Bismarck.

The roll was called and all members were present except Representatives K. Anderson, Boschee, Brandenburg, Kempenich, Klemin, and Toman.

A quorum was declared by the Speaker.

MOTION

REP. BOSCH MOVED that the House stand in recess until 8:40 a.m., which motion prevailed.

THE HOUSE RECONVENED pursuant to recess taken, with Speaker D. Johnson presiding.

REPORT OF PROCEDURAL COMMITTEE

MR. SPEAKER: Your procedural **Rules Committee (Rep. Lefor, Chairman)** recommends that the House and Joint Rules of the Sixty-seventh Legislative Assembly, as in effect on January 1, 2022, with the following amendments, be adopted as the permanent rules of the House for the Sixty-eighth Legislative Assembly, and that the reading of the report be dispensed with:

SECTION 1. AMENDMENT. House Rule 204 is amended as follows:

204. Preparation and distribution of the journal.

1. Upon completion of the House journal for a legislative day, the Chief Clerk shall deliver to the printer having the contract for printing the legislative journals a complete copy of the House journal.

2. The printer shall deliver to the Chief Clerk copies of the House journal by the time, in the number and style, and on the grade of paper, as may be determined by the Legislative Council. The Chief Clerk shall cause a copy of the House journal to be placed immediately on the desk of each member.

3. Before the House goes into session again, the Committee on Correction and Revision of the Journal shall carefully examine and review the journal of the previous legislative day. The committee shall note any errors or omissions and report the errors or omissions to the House for action.

4. The printer shall set aside ~~twenty-eight~~twenty-four copies of the daily journal. Upon termination of the legislative session, the printer shall deliver these copies to the contract binder, who shall assemble the copies into ~~twenty-eight~~twenty-four sets of permanent journals.

5. The permanent journals must be bound in hard covers~~. Two of these sets must~~ and be deposited with the Secretary of State~~, who~~. The Secretary of State shall preserve ~~these~~two sets and attach the Secretary of State's certificate ~~thereto~~to those sets showing the date of delivery and attesting that the copies are identical and official journals as delivered to the Secretary of State. ~~The~~From the remaining sets, the Secretary of State shall forward one set to the Supreme Court Library, one set to the Law School Library at the University of North Dakota, eight sets to the State Library, ~~two sets to the Attorney General, six~~three sets to the Legislative Council, one set to the Chief Clerk, and one set to each judicial district as

determined by the presiding judge of the district. The number of sets set aside in subsection 4 and delivered to the State Library may be reduced by five if the State Library is authorized to accept copies of the journals in an electronic format.

6. The Chief Clerk shall compile two sets of the daily journals. The Secretary of State may distribute these sets to public officials upon their request if in the discretion of the Secretary of State the public official needs the journals to carry on the functions of office. The Secretary of State may dispose of any of these sets not distributed by the time the next Legislative Assembly convenes.

SECTION 2. AMENDMENT. House Rule 206 is amended as follows:

206. Officers and employee positions of the House. The following officers and employee positions are established, with the number, title, and manner of selection for each position as stated:

Title of Position	**Number of Positions**
Group A	
Chief Clerk	1
Journal Reporter	1
Sergeant-at-Arms	1

Persons holding Group A positions must be elected by a majority of the members-elect and the results of the vote must be recorded in the journal.

Group B	
Deputy Chief Clerk	1
Assistant Chief Clerk	1
Procedural Appropriations Committee Clerk	1
Technological Appropriations Committee Clerk	1
Bill and Recording Clerk	1
Calendar Clerk	1
~~Recording Clerk~~	~~1~~
Procedural Assistant Appropriations Committee Clerks	3
Technological Assistant Appropriations Committee Clerks	3
Procedural Committee Clerks	~~10~~5
Technological Committee Clerks	5
Chief Legislative Assistant	1
~~Assistant Committee~~Quality Assurance Clerk	~~2~~1
Deputy Sergeant-at-Arms	1
~~Legislative Assistant - Information Kiosk Attendant~~	~~1~~
Legislative Assistant - Desk Page	1
~~Legislative Assistant - Parking Lot Attendant~~	~~1~~

Persons holding Group B positions must be appointed by the party having a majority of the members-elect, acting by and through the Employment Committee.

Group C	
Administrative Assistant to the Speaker	1
Administrative Assistant to Majority Leader	1
Staff Assistants to Majority Leader	2
Administrative Assistant to Minority Leader	1
Staff Assistants to Minority Leader	2

The Speaker and the Majority and Minority Leaders shall appoint their respective administrative and staff assistants, acting by and through the Employment Committee.

Other employees must be appointed as determined necessary by the Employment Committee and must be allocated to the majority and minority parties in proportion to each party's percentage of the total number of the members-elect and each party shall appoint the persons to the positions allocated to them, acting by and through the Employment

Committee. The majority party has the first right to select positions of a group until its allocation is filled.

The powers, duties, and qualifications for each officer or employee are as provided by law, these rules, and the current Legislative Session Employee Handbook.

SECTION 3. AMENDMENT. House Rule 329 is amended as follows:

329. Measures referred to Appropriations Committee.

1. Every bill providing an appropriation of ~~ten~~fifty thousand dollars or more must be referred or rereferred to and acted on by the Appropriations Committee before final action by the House thereon, unless otherwise ordered by a majority vote of the members present.

2. Every bill or resolution with a fiscal note stating the measure has an effect of ~~one~~two hundred thousand dollars or more on the appropriation for a state agency or department must be rereferred to and acted on by the Appropriations Committee before final action by the House thereon, unless otherwise ordered by a majority vote of the members present.

3. A bill or resolution required to be referred or rereferred to the Appropriations Committee which received a do not pass recommendation from committee and which then is passed by the House is deemed reconsidered and must be referred to and acted upon by the Appropriations Committee if that measure has not been referred or rereferred to the Appropriations Committee before passage. The Appropriations Committee shall report the measure back to the House for action in accordance with these rules.

4. Except for bills approved for introduction after the deadline for introduction of bills, all House bills required to be rereferred to the Appropriations Committee must be rereferred not later than the twenty-third legislative day and all Senate bills required to be rereferred to the Appropriations Committee must be rereferred not later than the fifty-fifth legislative day. If an appropriation bill is not reported to the floor and rereferred as required herein, the bill is deemed rereferred and is under the jurisdiction of the Appropriations Committee at the end of the twenty-third or fifty-fifth legislative day, as appropriate.

SECTION 4. AMENDMENT. House Rule 351 is amended as follows:

351. Return of House measure with amendment. Upon the return to the House of a House bill or resolution that was amended and passed by the Senate, the Speaker shall refer the measure to the chairman of the standing committee that reported the measure to the House. The chairman shall recommend whether to concur in the amendments. If the recommendation is to not concur and to appoint a conference committee, the Speaker shall ~~appoint a~~announce the conference committee members selected pursuant to Joint Rule 301. Without objection, a motion to accept recommendations to not concur and to appoint conference committees must be voted on in a single vote. If any member objects to voting on a recommendation to not concur and to appoint a conference committee with other recommendations to not concur and to appoint conference committees, that recommendation must be voted on as a separate item.

SECTION 5. AMENDMENT. House Rule 402 is amended as follows:

402. When introduced.

1. No member other than the Majority and Minority Leaders may introduce more than five bills as prime sponsor after the third legislative day. No bill may be introduced after the eighth legislative day, and no resolution, except those resolutions described in subsection ~~4~~3, may be introduced after the sixteenth legislative day, except upon approval of a majority of the Delayed Bills Committee or upon two-thirds vote of the members of the House present and voting.

2. ~~No member of the Legislative Assembly on April first of the year before a regular legislative session may submit a bill mandating health insurance coverage of~~

~~services or payment for specified providers as described in North Dakota Century Code Section 54-03-28 for consideration by the Employee Benefits Programs Committee after April first of the year before a regular legislative session. No member of the Legislative Assembly taking legislative office for the first time after November thirtieth of the year before a regular legislative session may submit a bill mandating health insurance coverage of services or payment for specified providers as described in North Dakota Century Code Section 54-03-28 for consideration by the Employee Benefits Programs Committee after the first Wednesday following adjournment of the organizational session.~~

~~3.~~ No bill introduced at the request of an executive agency or the Supreme Court may be introduced after the close of business on the day after the adjournment of the organizational session, except upon approval of a majority of the Delayed Bills Committee.

~~4.~~3. Resolutions that propose amendments to the Constitution of North Dakota and resolutions directing the Legislative Management to carry out a study may not be introduced after the thirty-fourth legislative day.

SECTION 6. AMENDMENT. House Rule 403 is amended as follows:

403. Delayed bills and resolutions. The Delayed Bills Committee shall receive from the Chief Clerk every bill and resolution offered for introduction after the time for introduction as limited by House Rule 402, and, on the same or the next legislative day after receiving the measure, shall inform the House whether the introduction of the measure has been approved. If a majority of the committee favors introduction, the sponsor may introduce the measure. The report of the Delayed Bills Committee is not subject to approval of the House. Each measure approved for introduction must bear the name or names of the sponsor or sponsors and must note the approval of the Delayed Bills Committee.

SECTION 7. AMENDMENT. House Rule 501 is amended as follows:

501. Standing committees.

1. The Committee on Committees consists of eleven members. The Majority Leader, by virtue of office, is a member of the committee and shall serve as its chairman. The Speaker, by virtue of office, is a member of the committee and is the vice chairman of the committee. The Majority Leader shall appoint five other members from the majority party and four members from the minority party to the committee. The committee shall appoint standing committees concerned with matters in the fields as indicated and procedural committees.

2. The five-day standing committee is Appropriations: (~~22~~23 members) Bills and resolutions referred or rereferred under House Rule 329. Except for the committee chairman, each member of the committee must be appointed to one of the following divisions of the committee which, for purposes of North Dakota Century Code Section 54-03-10, are deemed standing committees:

   a. Education and Environment.

   b. Government Operations.

   c. Human Resources.

3. The three-day standing committees are:

   a. Education: (~~13~~14 members)

      Public Schools; Libraries; Institutions of Higher Learning.

   b. Finance and Taxation: (~~14~~13 members)

      Public Debt; Taxes and Tax Laws.

   c. Human Services: (~~13~~14 members)

Human Services; Public Health; Public Safety.

d. Industry, Business and Labor: (~~15~~14 members)

Banks and Banking; Corporations; Insurance; Matters pertaining to Private Business and Industry; Workers' Compensation; Unemployment Compensation; Labor Laws and kindred subjects.

e. Judiciary: (~~14~~13 members)

Elections and Election Privileges; Judiciary; Constitutional Revision.

4. The two-day standing committees are:

a. Agriculture: (13 members)

Agriculture; Livestock; Drainage and Irrigation; Warehouse and Grain Grading.

b. Energy and Natural Resources: (~~13~~14 members)

Game and Fish; Public Lands; Mines and Mining; Gas and Oil; Forestry.

c. Government and Veterans Affairs: (~~14~~13 members)

State and Federal Affairs; Government Pensions and Benefits; Military and Veterans Affairs; Industrial Commission and institutions under its supervision; State Historical Society and State Parks.

d. Political Subdivisions: (~~15~~14 members)

Cities; Counties; Townships; Park Districts; Apportionment.

e. Transportation: (14 members)

Highways and Bridges; Railroads; Motor Vehicles; Airlines and Airports.

5. The procedural committees are:

a. Arrangements for House Committee Rooms, to consist of three members.

b. Correction and Revision of the Journal, to consist of five members.

c. Delayed Bills, to consist of five members.

d. Employment, to consist of five members.

e. Inaugural Planning, to consist of three members.

f. Rules, to consist of seven members.

SECTION 8. AMENDMENT. House Rule 506 is amended as follows:

506. Notice of hearings. On ~~Wednesday of each week, with respect to three-day committees, and on~~ Thursday of each week, ~~with respect to the Appropriations Committee and two-day committees,~~ each committee chairman shall deliver to the Chief Clerk a notice of the time and place of the meetings of the chairman's committee for the following week, including a list of the bills and resolutions to be considered. This rule does not prevent a change in such schedule as to time, place, or bill or resolution, if circumstances may so require. The decision of the chairman in this regard is final. The Chief Clerk shall cause the schedule to be posted.

SECTION 9. House Rule 512 is created as follows:

512. Conference committee appointments. The committee chairman of each committee shall recommend conference committee appointments to the Majority Leader.

SECTION 10. Joint Rule 211 is created as follows:

211. Bills providing for health insurance mandates. A member planning to introduce a bill providing for a health insurance mandate under North Dakota Century Code Section 54-03-28 shall submit that proposal to the Legislative Council by the close of business on the second Friday following adjournment of the organizational session to allow for a cost-benefit analysis to be performed. Under Section 54-03-28, a measure providing for a health insurance mandate may not be referred to a committee of the Legislative Assembly unless the cost-benefit analysis is appended to that measure.

SECTION 11. AMENDMENT. Joint Rule 301 is amended as follows:

301. Conference committees.

1. In every case of a difference between the two houses arising from a refusal by one house to concur in amendments made by the other house, if either house requests a conference on the difference that has arisen and appoints a committee for that purpose, the other house shall also appoint such a committee.

2. Unless otherwise provided by vote of the House or Senate, conference committee members shall be selected by the House Majority Leader in the House and the Senate Majority Leader in the Senate.

3. The committees so appointed shall meet within two legislative days of appointment at the hour and place agreed on by the chairmen. A conference committee consisting of members from a three-day committee shall meet on Mondays, Wednesdays, and Fridays, and a conference committee consisting of members from a two-day committee shall meet on Tuesdays and Thursdays. The chairmen may call meetings on other days as deemed necessary. The chairmen shall have the time and place of the meeting posted before the meeting, or the chairmen shall announce the time and place of the meeting to their respective houses.

~~3.~~4. The committees so appointed shall state to each other, verbally, or in writing, as either may choose, the reasons of their respective houses, and confer thereon; and they may report, in the manner set out below, to their respective houses regarding the manner in which they recommend that the difference between the two houses should be resolved. If the conference committees are not able to come to an agreement, the Majority Leader of each house may replace the members of the conference committee.

~~4.~~5. The chairman of the conference committee representing the house of origin of the bill or resolution under consideration shall ensure that minutes of the meetings of the conference committee be kept in the same manner as other standing committee minutes.

~~5.~~6. Conference committees appointed pursuant to this rule shall confine their conferences and recommendations to consideration of the general differences that gave rise to the appointment of the committees, and in no event may a conference committee submit a divided report.

~~6.~~7. The conference committee report shall first be submitted to the house having possession of the bill or resolution over which the difference has arisen. The house shall act on the report and, if appropriate, shall proceed to take action on the bill or resolution. If a house refuses to adopt the report of the conference committee, the Majority Leader of that house may replace the members of the conference committee from that house.

~~7.~~8. After action on the report and, if appropriate, on the bill or resolution, the house having possession of the bill shall transmit the bill or resolution to the other house for appropriate action.

SECTION 12. AMENDMENT. Joint Rule 602 is amended as follows:

602. Printing of the rules. The rules of the Senate and House and the Joint Rules must be printed in a single publication, which must also include the names, addresses, and

telephone numbers of members of the Senate and House, the Senate and House standing committees, the Senate and House joint committees, names, addresses, and telephone numbers of the officers and employees of the Senate and House, a directory of state officers and the location and telephone numbers of their offices, and an index. A colored sheet of paper must separate the rules of the Senate from those of the House. ~~One thousand~~Two hundred twenty-five rule books must be printed.

SECTION 13. AMENDMENT. Joint Rule 901 is amended as follows:

901. Workplace harassment policy.

1. The Legislative Assembly is committed to providing a healthy and appropriate work environment for legislators, legislative employees, and other state employees which is free from workplace harassment. Workplace harassment in any manner will not be tolerated.

2. The North Dakota Legislative Assembly Policy Against Workplace Harassment, including the Checklist for Intake and Investigations Under the North Dakota Legislative Assembly Policy Against Workplace Harassment, is incorporated into this rule.
3. Any individual who believes the individual has been subjected to workplace harassment is encouraged to contact the Senate Majority Leader or Minority Leader or a designee of the opposite gender, or the House of Representatives Majority Leader or Minority Leader or a designee of the opposite gender. If a complaint is regarding the Senate or House Majority Leader or Minority Leader, an individual is encouraged to contact the President Pro Tempore of the Senate or the Speaker of the House of Representatives.

MOTION

REP. WEISZ MOVED that the report of the **Rules Committee** be adopted, which motion prevailed.

REPORT OF PROCEDURAL COMMITTEE

MR. SPEAKER: Your procedural **Committee on Committees (Rep. Lefor, Chairman)** recommends the following as chairmen, vice chairmen, and members of Standing Committees:

2023 HOUSE STANDING COMMITTEES
Appropriations Committee

Chairman - Don Vigesaa
Vice Chairman - Keith Kempenich

Education and Environment Division

Chairman - Mike Nathe
Vice Chairman - Steve Swiontek
Bob Martinson
David Richter
Mark Sanford
Mike Schatz
Karla Rose Hanson

Government Operations Division

Chairman - David Monson
Vice Chairman - Mike Brandenburg
Larry Bellew
Keith Kempenich
Lisa Meier
Brandy Pyle
Corey Mock

Human Resources Division

Chairman - Jon O. Nelson
Vice Chairman - Greg Stemen
Bert Anderson
Gary Kreidt
Emily O'Brien
Alisa Mitskog

Randy A. Schobinger
Michelle Strinden

Education Committee

Chairman - Pat D. Heinert
Vice Chairman - Cynthia Schreiber-Beck
Scott Dyk
Dori Hauck
Matt Heilman
Jeff Hoverson
Jim Jonas
Donald W. Longmuir
Andrew Marschall
Eric James Murphy
Anna S. Novak
Kelby Timmons
Liz Conmy
LaurieBeth Hager

Finance and Taxation Committee

Chairman - Craig Headland
Vice Chairman - Jared Hagert
Dick Anderson
Glenn Bosch
Jason Dockter
Jay Fisher
Jim Grueneich
Patrick Hatlestad
Mike Motschenbacher
Jeremy Olson
Vicky Steiner
Nathan Toman
Lisa Finley-DeVille
Zachary Ista

Human Services Committee

Chairman - Robin Weisz
Vice Chairman - Matthew Ruby
Karen A. Anderson
Mike Beltz
Clayton Fegley
Kathy Frelich
Dawson Holle
Dwight Kiefert
Carrie McLeod
Todd Porter
Brandon Prichard
Karen M. Rohr
Jayme Davis
Gretchen Dobervich

Industry, Business and Labor Committee

Chairman - Scott Louser
Vice Chairman - Mitch Ostlie
Josh Christy
Jorin Johnson
Jim Kasper
Ben Koppelman
Dan Ruby
Austen Schauer
Paul J. Thomas
Bill Tveit
Scott Wagner
Jonathan Warrey
Josh Boschee
Hamida Dakane

Judiciary Committee

Chairman - Lawrence R. Klemin
Vice Chairman - Karen Karls
Landon Bahl
Cole Christensen
Claire Cory
Mary Schneider

Donna Henderson
SuAnn Olson
Nico Rios
Shannon Roers Jones
Bernie Satrom
Lori VanWinkle
Steve Vetter

Agriculture Committee

Chairman - Paul J. Thomas
Vice Chairman - Mike Beltz
Josh Christy
Jay Fisher
Craig Headland
Donna Henderson
Dwight Kiefert
SuAnn Olson
Brandon Prichard
Cynthia Schreiber-Beck
Bill Tveit
Lori VanWinkle
Lisa Finley-DeVille

Government and Veterans Affairs Committee

Chairman - Austen Schauer
Vice Chairman - Bernie Satrom
Landon Bahl
Claire Cory
Jeff A. Hoverson
Jorin Johnson
Karen Karls
Scott Louser
Carrie McLeod
Karen M. Rohr
Vicky Steiner
Steve Vetter
Mary Schneider

Energy and Natural Resources Committee

Chairman - Todd Porter
Vice Chairman - Dick Anderson
Glenn Bosch
Jason Dockter
Jared Hagert
Pat D. Heinert
Jim Kasper
Andrew Marschall
Anna S. Novak
Jeremy Olson
Shannon Roers Jones
Matthew Ruby
Liz Conmy
Zachary Ista

Political Subdivisions Committee

Chairman - Donald W. Longmuir
Vice Chairman - Clayton Fegley
Patrick Hatlestad
Matt Heilman
Dawson Holle
Jim Jonas
Lawrence R. Klemin
Mike Motschenbacher
Mitch Ostlie
Nico Rios
Nathan Toman
Jonathan Warrey
Jayme Davis
LaurieBeth Hager

Transportation Committee

Chairman - Dan Ruby
Vice Chairman - Jim Grueneich
Karen A. Anderson
Cole Christensen
Scott Dyk
Kathy Frelich
Dori Hauck
Ben Koppelman
Eric James Murphy
Kelby Timmons
Scott Wagner
Robin Weisz
Hamida Dakane
Gretchen Dobervich

MOTION

REP. BOSCH MOVED that the report of the **Committee on Committees** be adopted, which motion prevailed.

MOTION

REP. BOSCH MOVED that the House stand in recess until 9:55 a.m., which motion prevailed.

THE HOUSE RECONVENED pursuant to recess taken, with Speaker D. Johnson presiding.

MOTION

REP. BOSCH MOVED that a committee of four be appointed to escort the Honorable Lt. Governor Brent Sanford to the rostrum, which motion prevailed.

SPEAKER D. JOHNSON APPOINTED Reps. Jonas and Davis and Sens. Beard and Paulson to the escort committee.

SPEAKER D. JOHNSON ANNOUNCED that a Joint Session would come to order with Lt. Governor Sanford presiding.

MOTION

REP. BOSCH MOVED that a committee of four be appointed to escort The Honorable Doug Burgum, Governor, to the rostrum and First Lady, Kathryn Helgaas Burgum, to a special reserved seat in the chamber and that Governor Burgum's remarks, as submitted to the front desk, be printed in the journal, which motion prevailed.

LT. GOVERNOR SANFORD APPOINTED Sens. Hogue and Hogan and Reps. Lefor and Boschee to the escort committee.

2023-2025 EXECUTIVE BUDGET ADDRESS
The Honorable Doug Burgum
Governor of North Dakota
December 7, 2022

Eighty-one years ago today, December 7, 1941, at 7:55 a.m., Japan launched an unprovoked and surprise attack against the United States at Pearl Harbor, killing over 2,400 U.S. personnel and wounding nearly 1,200. It was designed to be a knockout blow to keep the U.S. out of the war in the Pacific.

Three years and 10 months later, on Sept. 2, 1945, the Japanese unconditionally surrendered to the U.S. on the decks of the battleship Missouri, in Tokyo Bay. Also in Tokyo Bay that day was the USS Wren destroyer, including my father, Navy Lieutenant Junior Grade Joey Burgum. It’s hard to imagine the emotions of those had survived the horrors of World War II, including the emotions of my dad, who was coincidentally celebrating his 28th birthday that same day.

Today Japan is one of our nation’s most strategic partners, a country where democracy and peace and free markets have thrived for 77 years, with 126 million people living in a space the size of North and South Dakota. Yet they import nearly 100 percent of their oil and gas, and almost two-thirds of their food.

During our recent trade and investment mission to Japan, our delegation of North Dakota

CEOs, Ag Commissioner Doug Goehring, UND and NDSU leaders and others were presenting on our state's abundance of oil, gas, coal, agriculture, unmanned aerial systems, carbon storage capacity and more to a national Japanese chamber of commerce group. Afterward the chairman of the group said, "We are envious of North Dakota." … "You have a young and growing population, you have energy security, food security and national security."

Yes, we as North Dakotans are deeply blessed with enormous and abundant God-given resources – our rich soil, our enormous water resources, and our jackpot of geology, which have been the foundation of our state and its economic prosperity.

Today, as we find ourselves in competition with every other state for attracting capital and talent, we need a comprehensive, strategic budget that builds upon our competitive advantages, supports families and communities, attracts and retains a thriving, healthy, well-educated citizenry, and sets North Dakota up for long-term success in the realities of the 21st Century economy.

Therefore, it is a distinct honor to present to you the Executive Budget for the 2023-2025 biennium.

* * *

Good morning, and welcome to all those here in the beautiful North Dakota Capitol, each and every member of the 68th Legislative Assembly, esteemed Justices of the Supreme Court, amazing Lieutenant Governor Brent Sanford and Second Lady Sandi Sanford, courageous First Lady Kathryn Helgaas Burgum, all of our terrific statewide elected officials, dedicated cabinet leaders, hardworking state team members and fellow North Dakotans, including all of those joining us online.

The first of two special shout-outs: First, as he wraps up his service as our second-longest serving Secretary of State – which entails not only overseeing elections but a broad set of other duties including serving on the State Historical Society Board, the Land Board, and Emergency Commission. Thank you, Secretary of State Al Jaeger, for 30 years of commitment, dedication and integrity.

Secondly, joining us today is of one our greatest servant leaders in state history. On January 31st, Justice Jerry VandeWalle will retire after 64 years of service to the State of North Dakota, including over 44 years on the North Dakota Supreme Court and 27 years as chief justice. Please join me in acknowledging Justice VandeWalle for his selfless and incomparable dedication to justice and to our great state!

As we embark on this journey together over the next five months, we do so with an overwhelming sense of gratitude for the service of the legislative leaders who retired from their roles last week: House Majority Leader Chet Pollert, Senate Majority Leader Rich Wardner, and Senate Minority Leader Joan Heckaman. For their service – and the service of all the legislators whose presence in these chambers will be missed but not forgotten – they have our deepest gratitude.

To the 37 newly elected legislators who were sworn in this week and our 104 returning legislators, welcome. We look forward to working with all of you, including your recently elected leaders, House Majority Leader Mike Lefor and Senate Majority Leader David Hogue, House Minority Leader Josh Boschee and Senate Minority Leader Kathy Hogan, and your appropriations chairs, Sen. Brad Bekkedahl and Rep. Don Vigesaa.

We'd now ask that our state's 37 new legislators please stand and be welcomed.

Congratulations to all of you, and we very much look forward to working with you!

We also thank the thousands of members of **Team North Dakota** who every day continue to deliver on our administration's purpose: to **Empower People, Improve Lives, and Inspire Success**. It is your hard work and dedication that allows us to deliver the programs and services initiated by this legislature to the citizens of our great state.

As the executive branch, we have a constitutional and statutory duty to deliver a budget and recommended legislation to this body.

We deeply appreciate the small and mighty band of analysts in the Office of Management and Budget, our cabinet leaders and their fiscal teams, the Governor's Office policy team, our statewide elected officials and their teams, and all state agencies for their steady work to drive our best yet strategic planning effort which underpins this budget – a process which began 11 months ago.

And I'd like to extend a special note of gratitude to OMB Director Joe Morrissette as he transitions toward retirement from state government next spring. For nearly 30 years in state government, Joe has improved the lives of team members and citizens alike by developing strong budgets, sharing his expertise in finance, and identifying the most effective and efficient use of state resources. Plus, as everyone knows, he's just one heck of a nice guy. Thank you, Joe!

* * *

Our strategy-driven executive budget leverages investments in infrastructure, community and economic development for the future and reduces taxes for workers while tackling our number one barrier to economic growth, our workforce challenge.

Every company, every state, is now competing for workforce. States will grow and prosper or shrink and decline based on if they can attract and retain talent. Today's workforce can choose which state and which city they want to live in, and likely any job of their choosing will be there waiting.

In this competitive environment, we are proposing an integrated and comprehensive workforce investment across all agencies and programs of **$167 million**.

And, as always, we must remember to measure success not by the inputs that go into state agency budgets, but rather by the outcomes. To that end, over the past year, we again engaged in a comprehensive strategic planning process and a budgeting process where strategy drives budgets, not the other way around.

Budgeting in today's complex global economic environment is full of both challenges and opportunities.

North Dakota is attracting a level of economic investment in value-added energy and value-added agriculture beyond anything seen in recent history – in just two years we've had over $1 billion of private sector investments in new soybean processing plants announced.

However, we also have experienced a period of historically high inflation not seen in at least 40 years. Inflation combined with chronic workforce shortages in both the private and public sectors creates new budgeting challenges that require innovative solutions.

On the revenue side of budgeting, global instability and supply uncertainty and U.S. federal policies designed to kill fossil fuel industries sent oil prices skyrocketing, generating an abundance of oil tax revenues.

High inflation drove up prices for goods and services, which in turn created an abundance of sales tax revenue while also pushing up wages. Higher oil prices also increased North Dakota income taxes from mineral royalties. As a result, our general fund revenues are running well ahead of the legislative forecast that was issued just before you adjourned your last regular session in April 2021.

When we look at this abundance of state tax revenue, we must recognize that it comes at the expense of taxpayers who are paying more for goods and services and having to work longer hours to make ends meet. That's why it's so important, now more than ever, to both invest dollars wisely and quickly provide **real, meaningful tax relief to all income earners**.

* * *

While our general fund budget has grown since 2017 when we worked together to reduce it by an unprecedented $1.7 billion, or 28%, under today's proposed budget, 2023-25 general fund spending still remains $162 million less than when Brent and I took office.

And, as we prepare to submit this budget, I'm pleased to report that our state's balance

sheet has never been stronger.

Oil tax revenues are running 60%, or $1.5 billion, ahead of the legislative forecast from spring 2021 and are projected to end this biennium at over $6 billion, just missing the record set in 2013-15. With eight revenue months left in the biennium, this current budget cycle is projected to yield the second-highest oil tax collections in state history before you adjourn next spring.

General fund revenues are running 23%, or $660 million, ahead of forecast.

Digging deeper into general fund revenues, we find that sales tax revenues are 16% over forecast, individual income tax is 13% ahead and corporate income tax revenues are a remarkable 128% over forecast. Across those three major tax types and motor vehicle excise taxes, we expect to collect over half a billion dollars more this biennium than last.

Our financial position is strong. With $718 million in the Budget Stabilization Fund, a projected $1.1 billion unassigned in the Strategic Investment and Improvements Fund, or SIIF, over $1.4 billion expected for a general fund ending balance and an estimated $486 million in Legacy Fund earnings – our reserves are full.

In the spirit of transparency, we once again are proposing to use $1 billion in oil tax revenue in our general fund through a $400 million transfer from SIIF and by increasing our oil tax allocations to the general fund from $400 million to $600 million. This will help balance ongoing spending and create a sustainable level of transfer from the SIIF.

While on the topic of transfers, our revenues are strong enough at this time that we shouldn't need to draw profits from the State Mill and Elevator and the Bank of North Dakota to balance the general fund budget. Therefore, we propose a one-time pause in these profit transfers, allowing these state entities to reinvest their profits in their missions of serving North Dakota and creating higher returns for taxpayers.

We also recommend smarter cash management approach to how we fill our rainy day fund, officially known as the Budget Stabilization Fund. Currently, this fund carries a maximum balance equal to 15% of all general fund appropriations, or about $752 million. It is intended to cover our ongoing expenses in case of a severe revenue shortfall.

The current mandated 15% of overall general fund formula does not consider the fact that K-12 education, which receives general fund appropriations, already has its own rainy day fund. So, we are double counting reserves, which are all held in low interest-bearing accounts.

We should streamline the Budget Stabilization Fund by capping it at 15% of only ongoing general fund appropriations and eliminate the double counting of general fund investment in K-12 education. This would bring the Budget Stabilization Fund down to $602 million. Without streamlining, the current formula would raise the Budget Stabilization Fund required cap to $880 million – more than we need and an unwise use of cash when higher interest rate earnings are available. Our proposed changes are conservative and proactive, while being transparent and avoiding double counting.

For next biennium, we also project a general fund ending balance of $410 million, which when added to the Budget Stabilization Fund of $602 million, will bring our available reserves to over $1 billion.

With these backstops in place, we're proposing a general fund budget of just under $5.9 billion, The massive influx of federal and special funds, formula-driven increases and historic inflationary costs push our total budget proposal to $18.4 billion.

With the high rate of inflation creating higher operating costs, supply chain issues, and a workforce shortage full of recruitment and compensation challenges, increased budgets are to be expected. Looking at surrounding states, we've seen proposed total budget increases of 9.1% in Montana, 12.7% in Idaho and 11.6% in South Dakota, similar to our proposed increase of 8.9%. It's important to note that 56% of North Dakota's budget is driven by funding formulas established by the legislature to support education, the long-term care sector and Medicaid.

ACHIEVING MEANINGFUL, PERMANENT TAX RELIEF

We are fortunate to be in a position to make investments in our state's future. The bottom line is that our state is doing extremely well. And when the state is doing well, citizens should share in that prosperity.

To accomplish this, our budget includes income tax relief that will eliminate the state individual income tax for three out of five taxpayers. Those who will still pay income tax will see their liability reduced by roughly one-quarter to one-half, allowing North Dakotans to keep more of their hard-earned money to offset expenses and invest in their families and communities.

Every North Dakota income taxpayer will benefit from this plan, which will make North Dakota the lowest flat-tax state in the nation. This will give us an advantage as we compete against other states for workers.

And it puts on a path toward eventually zeroing out our individual income tax and joining the eight states that don't have individual income tax. These include some of our nation's fastest-growing states and ones with whom we compete for workers in the energy industry and other sectors, including Alaska, Texas and Wyoming, and our neighbor South Dakota.

We're grateful to Tax Commissioner Kroshus along with Rep. Headland, Sen. Meyer, Sen. Kannianen, Rep. Bosch and Rep. Dockter for their leadership on this proposal.

This plan expands upon the income tax credit package, introduced by Rep. Heinert, which the legislature approved and was signed into law in November of last year.

We also signed legislation, thanks to the leadership of Majority Leader Hogue, that exempts Social Security from state income tax. This will provide an estimated $14.6 million in much-needed tax relief per biennium to approximately 20,000 North Dakota retirees.

We're grateful to the legislators who supported last year's income tax package to provide meaningful relief to our citizens. Our proposal will build upon that relief to allow North Dakota working families to keep more of their paycheck in their pockets.

To show working families that we understand their plight and that tax relief is a priority for this assembly, we urge you to expedite this income tax relief legislation and make it one of the first bills to cross my desk.

Now is the right time to provide a meaningful, permanent income tax cut to make our state a more attractive place to work and a more affordable place to live. It's a real reduction in taxes, it will help us recruit and retain workers and military members, and it benefits all. Let's get it done.

We share and recognize the concerns about high property taxes and the burden they place on residents in some of our communities. I say some, and not all, because some communities have done a good job of limiting the property tax burden on their residents – a tangible reminder that property taxes are set and managed at the local level – cities, counties, schools, park districts and others.

This Legislature, and legislatures in many other states, have tried and nearly exhausted every option to address property taxes with state subsidies and valuation caps – almost always with unintended negative consequences and disappointing results. Here in North Dakota, from 2007 to today, 17 pieces of legislation have passed resulting in $7.25 billion of property tax relief. Yet property taxes continue to rise in many communities, which reinforces the old refrain: If you want more of something, you subsidize it. And by continuing to subsidize property taxes, we're growing local government.

Nearly six years ago, in my first State of the State Address, I warned that property tax buydowns were nothing more than a subsidy that entices communities to make long-term investments they may be ill-equipped to afford. I suggested the state find an off-ramp to remove itself from the business of the unsuccessful 12% property tax buydowns, and we did.

Reducing the costs that drive up property taxes? We're in favor of that.

Subsidizing more local spending? We're absolutely not in favor of that.

In the meantime, it is entirely appropriate to direct those concerned with property taxes levels in their local areas, to engage with their school boards, city commissions, county commissions and park boards to learn more about how their local property taxes are set and managed.

PROMOTING QUALITY EDUCATION

While a share of locally levied property taxes go toward public schools, it's the state that covers the majority of the cost of public education, with K-12 accounting for the largest single component, nearly $2.3 billion, of our general and special funds.

In this budget we recommend increasing the per-pupil rate for education aid by 4% the first year and 3% the second year. This will bring these formula payments to record levels in North Dakota – roughly $7 million in taxpayer dollars per day to educate our students.

Last session, we demonstrated our support for educators by requiring that 70% of new dollars approved for K-12 be spent on compensation for those teaching our more than 116,000 students in the state. And we're doing it again. If we want to keep our teachers teaching and our classrooms staffed, we need to show our educators that we value them for the professionals they are.

Currently, the K-12 funding formula does not fully recognize the students in a growing district.

After the 2019 session, we began a seven-year transition to on-time funding to ensure that school aid is based on this year's enrollment number and not last year's enrollment. We need to accelerate this shift so that we're not shortchanging growing districts.

The flip side is we continue to pay for "phantom" students in declining districts. Our proposed budget addresses this challenge. We need to adjust the formula to provide on-time funding that recognizes growth or decline and ensure resources are available to the meet student needs.

The K-12 funding formula has gone through multiple iterations in the past decade, yet 54% of our school districts are still not on the formula.

While there is a plan to move all districts onto the K-12 formula in time, we propose to first address "transition-maximum" districts that are currently below the per pupil payment. These 11 school districts have a combined enrollment of 4,440 students, the majority Native American students. We need to correct this inequity.

Like K-12, our higher education system is critical to addressing our workforce challenges and creating strong communities.

To compete in the global market and ensure our universities are responsive to the private sector, we propose a Workforce Innovation Grant program. By investing $10 million in this competitive grant program, we can support the institutions that are able to create new programs or alter existing programs based on urgent workforce needs.

We also need to build upon successful programs like the Higher Education Challenge Grants – a grant driven by private sector investments. Since its inception in 2013, the state has invested $72 million into the challenge grant program, which has resulted in a combined public-private investment in higher education of $221 million for scholarships, research, endowed chairs and other items. Given this program's success our budget proposes $50 million for challenge grants, which will drive $100 million in private sector investment.

* * *

SUPPORTING WORKFORCE AND FAMILIES

One of most impactful actions taken last year to address workforce was the appropriation of $88 million in matching funds for private-sector investment to create career centers where high school students can pursue high-demand careers in the trades, tech and other sectors.

The North Dakota State Board for Career and Technical Education awarded $68 million in matching funds for 13 of these projects, which require a local dollar-for-dollar match. Several communities have stepped up and raised their matching funds. But Treasury continues to deny release of these federal dollars, due to debate over funding criteria.

To address our immediate workforce challenges, it's critical that we don't allow federal inaction to delay our state's progress. We urge this assembly to quickly honor the commitment made by the previous assembly and provide authority to borrow from the Bank of North Dakota to get these projects going and avoid delaying construction.

These career academies are just one of many tools in the workforce toolbox we're asking this assembly to support.

Based on input from North Dakota's Workforce Development Council, which has broad representation across multiple industries and all levels of government, we're recommending a package of proposals called the ND Works Investment Plan.

The plan includes $20 million to a competitive Regional Workforce Impact Grant program for local governments, economic development groups and others addressing labor demands.

It also provides nearly $25 million for a strategic marketing and recruitment campaign which will include support for expanding the Find the Good Life campaign and virtual job fairs, in addition to other initiatives.

We also know that the lack of available, affordable, and quality child care is a major barrier to workforce participation.

In many cases, parents are having to choose between working and paying for child care, or not working at all. Currently, child care costs account for 15% to 40% of the average household budget in North Dakota, which often simply isn't sustainable for young working families.

By investing in child care, we can make it easier for North Dakotans – especially young families just beginning their careers – to participate in the workforce, help grow our economy and support our local businesses and communities.

In September, we were grateful to have partners in Reps. Sanford, Stemen, Matt Ruby, Nelson, Strinden, Beltz, O'Brien, Schreiber-Beck, Mitskog and Sens. Patten, Lee, Davison and Kreun and GNDC President Arik Spencer in announcing a framework for child care legislation for this assembly to consider.

These recommendations represent an investment of roughly $76 million, through programs addressing affordability, availability and quality. These proposals are based on more than 14 months of work and discussions with child care providers, business leaders, the Workforce Development Council, legislators and other key stakeholders.

Still, to truly solve our workforce challenges, we must hit this issue from every angle.

As a major employer and the top driver of our state tax revenues, it is critical that we fill the open jobs within our oil and gas sector. By creating a $10 million Energy Scholarship Pilot Program, we can offer a tool to compete with other states to attract and retain not only energy workers, but their families as well.

You've heard me talk about over 35,000 open jobs in North Dakota. But even if every graduate from high school, every graduate of our university system, and everyone on unemployment or formerly incarcerated took an open job, we still wouldn't have solved the problem. Part of the solution to this problem must be to invest in automation.

We propose a three-pronged approach:

First, let's expand the successful automation tax credit to $5 million a biennium.

We also should incent industries to adopt automation through a $10 million automation enhancement matching grant program for all industries.

Finally, we propose investing $5 million in a workforce transition training program to help retrain and up-skill citizens who have been provided a new opportunity through automation. Because the key to automation is making work more meaningful for North Dakotans and helping citizens climb the ladder of opportunity.

We also recommend nearly doubling the size of the Native American Scholarship program, available to enrolled members of federally recognized tribes including the five tribal nations with whom North Dakota shares geography.

Nearly doubling this program to $1 million will be the largest investment in the program's history but will still not meet current demand. It also follows the lead of private sector companies such as Hess Corp., which announced this fall a new $14 million apprenticeship program to expand educational and employment opportunities for tribal members across North Dakota.

INVESTING IN TEAM MEMBERS

To attract and retain state team members in an increasingly competitive market and during this time of high inflation of wages and services, we need to offer a competitive total rewards package.

Last year, we formed a total rewards task force that looked at team member compensation, well-being, benefits, development and recognition.

The task force found that state government compensation is up to 10% below what some North Dakota counties and cities are offering.

Recent increases given by other states and cities are far higher than the 2% given to our North Dakota state team members this biennium. South Dakota, Idaho and Kentucky all gave 6% to 8% increases this year, plus special adjustments. Arizona gave 10% general increases, and 20% to corrections staff.

Our state has faced periods of high inflation before, and state government has adjusted accordingly. In 1981 and 1982, when the annual inflation rate was over 10%, team members received general salary increases of 8% and 9%.

North Dakota's unemployment is tied for third-lowest in the nation, at 2.3%. Turnover in state government in 2021 was nearly 14%, which was a 14-year high. And we've already discussed the high inflation rate.

Given all these factors, first, we propose $90 million in targeted equity funding based on a data-supported analysis to bring targeted agency salaries, including higher education, closer in line with the overall market.

This will make us more competitive when trying to recruit for critical positions. Take State Radio, for example: 9-1-1 dispatchers, often referred to as the FIRST first responders, need to answer the call 24/7/365 and sometimes guide citizens through life-and-death situations. But since 2019, State Radio has been fully staffed only once, for about a month.

With an average turnover rate of 33%, they've had a constant hiring and training process. The starting pay for our entry-level dispatchers and supervisors is the lowest among their peers, including dispatch centers in Bismarck, Fargo, Grand Forks, Minot, and Pierre, South Dakota. It's more important than ever to develop compensation solutions that attract and retain top talent.

In addition to the targeted pay equity funding, we recommend performance increases of 6% in the first year of the biennium and 4% in the second year, representing an investment in our workforce of $211 million.

For health insurance, we recommend no changes to the existing plan, and that the state cover the 15% increase in the premium amount or, approximately $78 million.

Through our strategic reviews, we also identified the need for additional FTEs in priority areas to deliver the level of service that North Dakota citizens expect and deserve.

North Dakota's population grew by 16% last decade, the fourth-fastest growing state in the nation, adding over 106,000 residents. Yet, this biennium, we actually have 125 fewer FTEs in state government, not counting higher education, than when we took office in 2016.

We've been through multiple bienniums with budget constraints and positions being cut or removed because they couldn't be filled, adding workload for existing team members.

Our budget recommends a 3.1% increase in positions across state government and higher education – in most cases only bringing staffing levels back to pre-2015-17 budget reduction levels.

We also must ensure that we can meet our obligation to team members, past and present, enrolled in the state pension plan.

Our July 1 financial report for our main retirement plan shows the state pension fund had an unfunded liability of nearly $1.9 billion. To move the pension toward fully funded status, we propose a one-time, $250 million injection into the pension fund. This would be in addition to the $48 million per biennium, starting in 2023, that the Legislature has previously approved as an ongoing transfer from the Legacy Fund. We thank Majority Leader Mike Lefor and the interim Retirement Committee for proposing a similar transfer in their bill drafts.

As part of these proposed reforms, we also support a responsible plan to close the defined benefit plan for prospective hires as soon as possible, and shift to a defined contribution plan.

This would give prospective team members greater flexibility in how their retirement contributions are invested while maintaining and protecting the pension benefits for existing team members. If we don't get on the off-ramp from defined benefits now, this will cost North Dakota taxpayers billions more down the road.

* * *

BUILDING COMMUNITIES, OPPORTUNITY AND INFRASTRUCTURE

While compensation is important, we know it's only one factor that workers consider when deciding where to live.

With millions of job openings and low unemployment across the nation, today's workforce – especially those just starting their careers – are choosing where to live first and finding a job second.

This means we need to work even harder to make our state and communities more attractive places to live. During our Main Street Summit in October, we announced the Energize Our Communities plan to help cities attract new residents and help retain our youth and existing workforce.

Our proposed investments in this plan include:

- $10 million for a Rural Revitalization and Redevelopment Grant Program to promote in-fill development especially in blighted areas.
- $5 million for a Rural Workforce Housing Program
- $25 million into the Housing Incentive Fund

When housing needs are addressed, people then look to amenities. Does the community have access to recreation, music, arts and culture? For visitors and tourists who may become our future workforce, these amenities are critical.

We must use our natural resources not only for agriculture, energy and economic development, but also for recreation. Our budget proposes more than $51 million for our state parks and recreation sites, including building cabins at state parks, developing a new campground at the Pembina Gorge, and investments in renovation and maintenance at our state parks and state historical sites across the state.

Beyond our existing offerings, North Dakota must step up our Destination Development. By creating unique new attractions and amenities, we can spur visitation and workforce development and expand one of our biggest industries – tourism.

Today, we are proposing a Destination Development Fund of $50 million to be matched 1:1 by private or non-state sources to build or expand unique attractions. Imagine, if you will, the next Burning Hills Amphitheater, expansions of the Frost Fire or Huff Hills ski resorts, the newest facilities for summer musicals at Sleepy Hollow, or world-class hiking and biking such as the Maah Daah Hey Trail. Think of the place where family memories were made and communities were built. This is what legacy projects look like.

We know truly great communities have quality amenities but also prioritize safety.

Our local, state and federal law enforcement agencies work hard and work together to keep our streets and neighborhoods safe, and they do so with our full support. Back the Blue isn't just a slogan in North Dakota, it's a way of life.

To support our police departments and sheriff's offices, we're proposing a $5 million fund for matching grants that law enforcement agencies can use to drive their own workforce and retention strategies and provide much needed equipment to ensure every officer comes home safely each night.

In addition to supporting law enforcement, North Dakotans have always been strong backers of our military, with our North Dakota National Guard and Air Force bases in Grand Forks and Minot. To maintain our military excellence and increase our competitive advantage for military training, this budget includes $15 million for additions at Camp Grafton, including military housing and a training facility.

We also need to keep diversifying our economy, and this budget will help build on our momentum.

The 2021 legislature approved loan authority for the Clean Sustainable Energy Fund, and now we propose investing $500 million between this biennium and next to capitalize the Clean Sustainable Energy Loan Fund. This infusion, along with $50 million for grants through the fund, will support clean energy projects such as carbon capture, which represents a path forward for base-load coal power through **innovation over regulation**.

Our budget also invests $30 million in the North Dakota Development Fund that provides flexible gap financing for economic development, and with the leadership of Rep. Mike Nathe an additional $20 million in the Innovation Technology Loan Fund, or LIFT.

We also expand the Agricultural Products Utilization Commission grant program by $3.3 million, nearly tripling this program for a total of $5.1 million.

North Dakota also continues to lead the nation as a proving ground for testing and development of Unmanned Aerial Systems, thanks in no small part to this body's support of the Vantis network for UAS operations beyond visual line of sight. To build on that status, we propose investing $30 million in Vantis and $7 million in the Grand Sky commercial UAS business and aviation park in Grand Forks.

Promoting economic development and creating healthy, vibrant communities is only possible if you have the infrastructure to support it. We've made great strides in North Dakota in recent years, including the historic bonding bill approved last session.

Today, we're recommending that North Dakota take it to the next level and address our aging roads, bridges and other infrastructure with an unprecedented $2.4 billion investment. This includes $1.2 billion in federal funds from the Infrastructure Investment & Jobs Act and $1 billion in special funds that includes a $300 million one-time allocation from SIIF, and a $125 million one-time investment from the general fund.

The general fund and SIIF dollars would go into a state transportation fund, allowing greater flexibility and faster responses to unanticipated local needs, economic development support, matching dollars for federal grants, and the needs of DOT's 10- year Infrastructure Plan.

In addition to transportation infrastructure, we made historic progress on water infrastructure

last session. Efforts included flood protection in Minot and Fargo – thanks to our historic bonding bill paid for with Legacy Fund earnings – as well as water supply projects involving public systems of all sizes, drought resilient water supplies for our ag producers, and smaller water management projects in all corners of the state.

We propose investing over $600 million through the Department of Water Resources to keep making progress on flood protection projects in Minot, Valley City and Mandan; to continue advancing our largest regional water systems like the Northwest Area Water Supply, Southwest Pipeline, and Red River Valley Water Supply; and to address other critical water supply infrastructure needs for municipal and rural systems.

We also continue to identify shortcomings in state government infrastructure. Unless we invest in modernizing ancient technology systems across state government, the cost to taxpayers to maintain those systems will continue to increase. Our proposal addresses our "tech debt," including $45 million for the Job Service Unemployment Insurance system. This 46-year-old system was implemented when Gerald Ford was president and Art Link was governor. We're running out of duct tape and baling wire to keep this thing alive.

As we look at our physical presence as state government, we continue working to reduce our footprint. However, there are some specialized needs that we must address.

The time is long overdue to upgrade our correctional center for women. The state has contracted with Dakota Women's Correctional Rehab Center in New England since 2003 to house female residents. While staff there have done a commendable job of providing services with the resources and facilities available, the disparity in conditions between our male residents in Bismarck and female residents in New England is simply unacceptable.

To provide adequate space and conditions for female residents, and a more central location for visitation and recruiting staff, we recommend creating a new women's correctional center in Mandan at a projected investment of $161 million. The Department of Corrections and Rehabilitation is committed to working with the community of New England to re-purpose the existing facility. One option may be a residential treatment center for individuals on community supervision struggling with addiction and at risk of returning to prison.

Also included in the budget is the final plan for the new Public Health and Environmental Quality Lab. Thanks to the generous support from the Legislature last session, our team has been actively working to create the plans for a state-of-the-art public health and environmental quality lab totaling about $55 million, which includes the $15 million appropriated last session.

The budget also provides $10 million from SIIF for a master plan and architectural design of a new State Hospital to replace the outdated facility in Jamestown.

PROVIDING HEALTH CARE AND HUMAN SERVICES

With First Lady Kathryn's leadership in Recovery Reinvented, and the tireless work of our Department of Health and Human Services, we are making progress in eliminating the shame and stigma of the disease of addiction and helping people find hope in recovery. Still, there is much more work to be done.

The Free Through Recovery program, which we announced at the first Recovery Reinvented in 2017, has impacted more than 8,300 North Dakotans by offering care coordination, peer support and other recovery support services to individuals in the criminal justice system.

And now we're seeing an even bigger impact on people throughout the state. A year ago, the Behavioral Health Division launched a new program, Community Connect. Building on the Free Through Recovery model, the goal of Community Connect is to provide services upstream, before individuals become involved in the criminal justice system, child welfare services, or homelessness.

Our budget increases funding for Free Through Recovery by $8.3 million, to $15.5 million, and for Community Connect by $7.1 million, to $15 million, allowing these programs combined to serve nearly 3,000 North Dakotans. In total, the budget invests over $30 million in behavioral health, with additional FTEs for more peer support specialists and mobile crisis services.

The safety and well-being of our children is always paramount. We propose a Child Protection Response Team that can be deployed quickly to provide short-term, targeted, front-line staffing capacity in Human Service Zones experiencing challenges created by staff turnover.

By deploying a fully trained team managed by Child and Family Services, the state can better deliver services to at-risk children, even in the face of short-term, localized staffing crises. Domestic violence and abuse prevention and treatment programs also would receive a $3.4 million increase.

We've also included four permanent FTEs for tribal health liaisons to assist Health and Human Services with understanding and communicating tribal needs so we can be responsive and provide support. These positions are essential in building trust and strengthening relationships with our tribal nations.

This budget also provides resources to help ensure older adults and people with physical disabilities can make informed choices about where they want to live and how they want to receive needed services and support. We propose investing nearly $15 million to enhance home and community-based care services, plus more than a dozen FTEs to help manage these services and cases due to the growth in these programs.

These are just some of the many programs and services included in this budget to support the health, well-being and care of some of our most vulnerable citizens.

PRESERVING OUR LEGACY

We've outlined proposals to strengthen our infrastructure, support our communities and address our workforce challenge. And now we'll discuss the unique tool North Dakota has at its disposal to drive projects impacting generations – the Legacy Fund.

The Legacy Fund exists only because of the dedicated entrepreneurs and innovators who are advancing the oil and gas industry in North Dakota and because of the voters who had the wisdom and foresight to harness the bounty from this one-time resource for future generations.

Last session, a complicated framework was created for distributing earnings from the Legacy Fund. Our budget simplifies how we define and distribute Legacy Fund earnings, using the same method as the Common Schools Trust Fund. This will help us better forecast earnings and keep excess earnings in the Legacy Fund to help it grow faster.

This will provide greater flexibility in directing the funds for one-time, multi-generational and statewide projects that have a high return on investments or leverage non-state funding. There will come a time when these earnings will be needed to offset the expenses of ongoing, general fund expenses – but today is not that day.

Our budget divides the Legacy Fund earning streams into four buckets: debt service; workforce and community development; economic development and research; and legacy projects.

One of the projects within this legacy plan is a public/private Military Museum, right here on the Capitol grounds connected to the Heritage Center. For current and future generations, we must preserve our state's rich military history and provide a peaceful setting where North Dakotans can reflect upon, learn about and be inspired by the incredible service and sacrifice of those men and women in uniform, such as Medal of Honor recipient Woody Keeble, who served our country with honor and defended our freedom.

It's that freedom that allows us as Americans to choose, as Theodore Roosevelt did, to live passionately, to think boldly, to care deeply, and to dare greatly. And to harness our abundant resources and invest confidentially in our communities and institutions to create a better future for our children and grandchildren.

The great General Douglas MacArthur, who accepted Japan's surrender, famously said that even when opportunity knocks, you still have to get up off your seat and open the door.

We have an historic opportunity before us today. We only need the courage to open the

door.

Let’s open it together and help our state, our communities and our citizens reach their fullest potential.

Thank you, and God bless you, the Great State of North Dakota and the United States of America.

MOTION

REP. BOSCH MOVED that the Joint Session be dissolved, which motion prevailed.

MOTION

REP. BOSCH MOVED that the absent members be excused, which motion prevailed.

MOTION

REP. BOSCH MOVED that the House stand adjourned until 12:00 p.m., Tuesday, January 3, 2023, which motion prevailed.

The House stood adjourned pursuant to Representative Bosch's motion.

Buell J. Reich, Chief Clerk