

Sixty-ninth
Legislative Assembly
of North Dakota

**FIRST ENGROSSMENT
with Conference Committee Amendments
ENGROSSED 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 create and
3 enact a new section to chapter 54-44 of the North Dakota Century Code, relating to a state
4 facility maintenance fund; to amend and reenact subsection 1 of section 10-30.5-02 of the North
5 Dakota Century Code and section 9 of House Bill No. 1012, as approved by the sixty-ninth
6 Legislative Assembly, relating to the North Dakota development fund and infant and toddler care
7 provider support payments; to repeal section 11-38-08 of the North Dakota Century Code,
8 relating to county achievement days; to provide for a transfer; to authorize a line of credit; to
9 provide an exemption; to provide for a report; and to declare an emergency.

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

11 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
12 as may be necessary, are appropriated out of any moneys in the general fund in the state
13 treasury, not otherwise appropriated, and from other funds derived from special funds and
14 federal funds, to the office of management and budget for the purpose of defraying the
15 expenses of the office of management and budget, for the biennium beginning July 1, 2025,
16 and ending June 30, 2027, as follows:

		Adjustments or		
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>	
18				
19	Salaries and wages	\$23,510,218	\$2,884,853	\$26,395,071
20	New and vacant FTE pool	98,200,000	(96,997,038)	1,202,962
21	Operating expenses	18,217,793	6,874,081	25,091,874
22	Capital assets	308,355	5,808,649	6,117,004

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1	Emergency commission contingency fund	750,000	(750,000)	0
2	Guardianship grants	7,100,000	1,000,000	8,100,000
3	Prairie public broadcasting	1,200,000	(800,000)	400,000
4	Community service supervision grants	350,000	(35,000)	315,000
5	State employee child care benefits	3,000,000	(1,635,000)	1,365,000
6	Student internship program	0	500,000	500,000
7	State facility maintenance fund	0	34,000,000	34,000,000
8	Rent, moving, and space reconfiguration pool	0	5,700,000	5,700,000
9	Retirement incentive pool	0	1,000,000	1,000,000
10	State hospital project	<u>0</u>	<u>300,000,000</u>	<u>300,000,000</u>
11	Total all funds	\$152,636,366	\$257,550,545	\$410,186,911
12	Less other funds	<u>71,757,126</u>	<u>291,360,834</u>	<u>363,117,960</u>
13	Total general fund	\$80,879,240	(\$33,810,289)	\$47,068,951
14	Full-time equivalent positions	110.00	1.00	111.00

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

SEVENTIETH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items included in the appropriation in section 1 of this Act which are not included in the entity's base budget for the 2027-29 biennium and which the entity shall report to the appropriations committees of the seventieth legislative assembly regarding the use of this funding:

<u>One-Time Funding Description</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
21 Procurement automation	\$0	\$515,052	\$515,052
22 Recruiting management system	250,000	0	250,000
23 Student internship program	500,000	0	500,000
24 Employee leave payouts	99,305	50,695	150,000
25 Snow removal equipment	0	172,000	172,000
26 Floor scrubber	0	20,000	20,000
27 Capitol building improvements	0	3,000,000	3,000,000
28 Governor's residence projects	0	2,350,000	2,350,000
29 State facility maintenance fund	0	34,000,000	34,000,000
30 Rent, moving, and space reconfiguration pool	0	5,700,000	5,700,000
31 Retirement incentive pool	1,000,000	0	1,000,000

1	Prairie public broadcasting infrastructure grants	0	400,000	400,000
2	State hospital project	<u>0</u>	<u>300,000,000</u>	<u>300,000,000</u>
3	Total	\$1,849,305	\$346,207,747	\$348,057,052

4 **SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST.** The
5 office of management and budget may not spend funds appropriated in the new and vacant
6 FTE pool line item in section 1 of this Act, but may transfer funds from the new and vacant
7 FTE pool line item to the salaries and wages line item in accordance with the provisions of this
8 Act.

9 **SECTION 4. CONTINGENT APPROPRIATION - LOAN REPAYMENT TO BANK OF**
10 **NORTH DAKOTA.** There is appropriated out of any moneys in the general fund in the state
11 treasury, not otherwise appropriated, for the period beginning with the effective date of this
12 section and ending June 30, 2027, the sum of \$13,600,000, or so much of the sum as may be
13 necessary, to the office of management and budget for the purpose of paying the outstanding
14 adjutant general loan obligation and accrued interest relating to state costs incurred for
15 responding to unlawful protests. The office of management and budget shall transfer, from the
16 funding appropriated in this section, the amount necessary to pay the outstanding loan
17 obligation and accrued interest to the Bank of North Dakota. The appropriation in this section is
18 effective upon the office of management and budget certifying to the legislative council that the
19 state has received and deposited in the general fund at least \$13,600,000 related to the
20 judgement awarded by the United States District Court for the District of North Dakota on
21 April 24, 2025, in the case of State of North Dakota vs. United States of America.

22 **SECTION 5. APPROPRIATION - NEW AND VACANT FTE POOL - 2023-25 BIENNIUM.**
23 There is appropriated out of any moneys in the general fund in the state treasury, not otherwise
24 appropriated, the sum of \$3,000,000, or so much of the sum as may be necessary, to the office
25 of management and budget for the 2023-25 biennium new and vacant FTE pool, for the period
26 beginning with the effective date of this section and ending June 30, 2025. Notwithstanding any
27 other provision of law, the office of management and budget may transfer the funds under this
28 section to other state agencies in accordance with the guidelines established in section 16 of
29 chapter 640 of the 2023 Special Session Session Laws.

30 **SECTION 6. APPROPRIATION - UNIFORM LAW COMMISSION - 2023-25 BIENNIUM.**
31 There is appropriated out of any moneys in the general fund in the state treasury, not otherwise

appropriated, the sum of \$45,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of uniform law commission expenses, for the period beginning with the effective date of this section and ending June 30, 2025.

SECTION 7. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - STATE FACILITY MAINTENANCE FUND. The office of management and budget shall transfer the sum of \$34,000,000 from the strategic investment and improvements fund to the state facility maintenance fund during the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 8. APPROPRIATION - COMMUNITY SERVICES SUPERVISION FUND. Any moneys in the community service supervision fund under section 29-26-22 are appropriated to the office of management and budget for distribution to community corrections association regions on or before August first of each year, for the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 9. TRANSFER - SOCIAL SERVICES FUND TO HUMAN SERVICE FINANCE FUND. The office of management and budget shall transfer the sum of \$235,800,000 from the social services fund to the human service finance fund during the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 10. TRANSFER AUTHORITY - STUDENT INTERNSHIP PROGRAM - STATE FACILITY MAINTENANCE FUND - RENT, MOVING, AND SPACE RECONFIGURATION POOL. The office of management and budget may transfer appropriation authority to eligible state agencies during the biennium beginning July 1, 2025, and ending June 30, 2027, from the line items in section 1 of this Act as follows:

1. From the student internship line item for student internships.
2. From the state facility maintenance fund line item for maintenance projects at state-owned facilities.
3. From the rent, moving, and space reconfiguration pool line item for agency lease, relocation, and remodeling costs.

SECTION 11. TRANSFER - FEDERAL STATE FISCAL RECOVERY FUND APPROPRIATION AUTHORITY TO DEPARTMENT OF CORRECTIONS AND REHABILITATION - EXEMPTION - SPENDING RESTRICTION - REPORT.

- 1 1. Notwithstanding any other provision of law, on or before June 30, 2025, the office of
2 management and budget shall transfer any federal state fiscal recovery fund
3 appropriation authority amounts previously obligated but not anticipated to be
4 expended from the state agency that received the appropriation authority to the
5 department of corrections and rehabilitation for the purpose of defraying the expenses
6 of salaries and wages of the department of corrections and rehabilitation, for the
7 biennium beginning July 1, 2023, and ending June 30, 2025.
- 8 2. Notwithstanding any other provision of law, on or before December 31, 2026, the office
9 of management and budget shall transfer any federal state fiscal recovery fund
10 appropriation authority amounts previously obligated but not anticipated to be
11 expended from the state agency that received the appropriation authority to the
12 department of corrections and rehabilitation for the purpose of defraying the expenses
13 of salaries and wages of the department of corrections and rehabilitation, for the
14 biennium beginning July 1, 2025, and ending June 30, 2027.
- 15 3. The office of management and budget shall transfer any uncommitted accumulated
16 interest and earnings of the federal state fiscal recovery fund to the department of
17 corrections and rehabilitation during the biennium beginning July 1, 2025, and ending
18 June 30, 2027. Any interest and earnings received by the department of corrections
19 and rehabilitation under this section are appropriated to the department for the
20 purpose of defraying the expenses of salaries and wages, for the biennium beginning
21 July 1, 2025, and ending June 30, 2027.
- 22 4. The department of corrections and rehabilitation may not spend general fund
23 appropriations equal to the amount of any federal state fiscal recovery fund moneys
24 transferred to the department under this section.
- 25 5. The office of management and budget shall report to the budget section regarding any
26 appropriation authority and interest and earnings transferred under this section.

SECTION 12. OTHER FUNDS - STRATEGIC INVESTMENT AND IMPROVEMENTS

FUND. The other funds line item in section 1 of this Act includes the sum of \$206,807,052 from the strategic investment and improvements fund for the following projects:

Procurement automation	\$515,052
Snow removal equipment	172,000

1	Floor scrubber	20,000
2	Rent, moving, and space reconfiguration pool	5,700,000
3	Prairie public broadcasting infrastructure grants	400,000
4	State hospital project	<u>200,000,000</u>
5	Total	\$206,807,052

6 **SECTION 13. OTHER FUNDS - CAPITOL BUILDING FUND.** The other funds line item in
7 section 1 of this Act includes the sum of \$5,850,000 from the capitol building fund for the
8 following purposes and projects:

9	Ongoing capitol grounds repairs	\$500,000
10	Governor's residence projects	2,350,000
11	Capitol building improvements	<u>3,000,000</u>
12	Total	\$5,850,000

13 **SECTION 14. OTHER FUNDS - STATE HOSPITAL PROJECT - BANK OF NORTH**
14 **DAKOTA LINE OF CREDIT - PROJECT OVERSIGHT.**

15 1. The other funds line item in section 1 of this Act includes \$100,000,000 from a Bank of
16 North Dakota line of credit. The office of management and budget may borrow up to
17 \$100,000,000 through a line of credit from the Bank of North Dakota during the
18 biennium beginning July 1, 2025, and ending June 30, 2027, for costs associated with
19 the construction of a new state hospital. The interest rate on the line of credit may not
20 exceed the prevailing interest rate charged to North Dakota governmental entities. If
21 the office of management and budget accesses the line of credit, it shall request a
22 deficiency appropriation from the seventieth legislative assembly to repay the line of
23 credit.

24 2. The office of management and budget shall oversee and have managerial control of
25 the project consistent with the objectives approved by the state hospital steering
26 committee established in this Act. The office of management and budget may seek
27 other federal, state, local, or private funds, and may enter contracts, agreements, or
28 partnerships to complete the project. Any management consultants utilized for the
29 project must report directly to the office of management and budget.

30 **SECTION 15. NEW STATE HOSPITAL - STEERING COMMITTEE.** The office of
31 management and budget shall establish a new state hospital facility steering committee to

1 oversee the design and construction of a new state hospital facility, for the biennium beginning
2 July 1, 2025, and ending June 30, 2027. The committee must include representation from the
3 department of health and human services, the office of management and budget, the governor's
4 office, and the legislative assembly. The legislative assembly representation must include one
5 member of the senate appointed by the senate majority leader, one member of the house
6 appointed by the house majority leader, and one member of the minority party from either the
7 senate or the house appointed by the minority leaders of the senate and the house.

8 **SECTION 16. GRANTS AND SPECIAL ITEMS.** Section 1 of this Act includes appropriation
9 authority which may be used only for the following grants and special items:

10 Unemployment insurance	\$1,500,000
11 Capitol grounds planning commission	\$25,000
12 Statewide memberships and related expenses	\$757,489

13 **SECTION 17. STATE EMPLOYEE COMPENSATION ADJUSTMENTS - GUIDELINES.**

- 14 1. The 2025-27 biennium compensation adjustments for permanent state employees are
15 to average 3 percent per eligible employee for the first fiscal year of the biennium and
16 are to average 3 percent per eligible employee for the second year of the biennium.
17 The increases for the first year of the biennium are to be given beginning with the
18 month of July 2025, to be paid in August 2025, and for the second year of the
19 biennium are to be given beginning with the month of July 2026, to be paid in
20 August 2026. Increases for eligible state employees are to be based on documented
21 performance and are not to be the same percentage increase for each employee.
- 22 2. The office of management and budget shall develop guidelines for use by state
23 agencies for providing compensation adjustments for classified state employees. The
24 guidelines must follow the compensation philosophy statement under section
25 54-44.3-01.2.
- 26 3. Probationary employees are not entitled to the increases. However, at the discretion of
27 the appointing authority, probationary employees may be given all or a portion of the
28 increases effective in July, paid in August, or upon completion of probation. Employees
29 whose overall documented performance level does not meet standards are not eligible
30 for any salary increase.

**SECTION 18. NEW AND VACANT FTE POOL - GUIDELINES - EXEMPTION -
TRANSFERS - REPORTS - APPLICATION.**

1. Notwithstanding section 54-16-04, the office of management and budget shall transfer funds from an executive branch state agency's new and vacant FTE pool line item to the agency's salaries and wages line item or other line items with salaries and wages funding as requested by the agency in accordance with provisions of this section.
2. An executive branch state agency may request a transfer to provide funding for the salaries and wages necessary for the remainder of the 2025-27 biennium for a new full-time equivalent position authorized by the sixty-ninth legislative assembly from the date of hiring through the end of the biennium, limited to the amount identified for the position in the statement of purpose of amendment.
3. After July 31, 2026, an executive branch state agency may request a transfer if the agency projects actual salaries and wages expenditures will exceed the agency's available salaries and wages funding for the biennium. The transfer amount may not exceed the amount by which the agency's actual salaries and wages savings from vacant positions and employee turnover to date and estimates for the remainder of the biennium adjusted for other identified uses of any savings are less than the vacant position savings estimate used by the sixty-ninth legislative assembly in development of the agency's appropriation. The agency shall provide documentation supporting the need for the transfer to the office of management and budget and the legislative council in advance of the transfer request.
4. Each executive branch state agency with a new and vacant FTE pool line item shall report to the office of management and budget and the legislative council on a quarterly basis regarding any transfer of appropriation authority for filling a new full-time equivalent position. The report must include the funding transferred, the title of the position filled, the salary funding removed by the sixty-ninth legislative assembly for the position by funding source as identified in the statement of purpose of amendment, and the date the position was filled.
5. Each executive branch state agency with a new and vacant FTE pool line item shall report quarterly to the office of management and budget and the legislative council on the number of full-time equivalent positions that become vacant and the number of

positions filled each month, the number of vacant positions at the end of each month, salaries and wages savings by funding source for each month resulting from vacant positions and employee turnover, and the use of salaries and wages savings by funding source for other purposes, including accrued leave payouts, salary increases in addition to general salary increases provided by the sixty-ninth legislative assembly, bonuses, incentive or location pay adjustments, reclassifications, temporary salaries or overtime in excess of amounts provided by the sixty-ninth legislative assembly, or other items.

6. The office of management and budget shall report to each meeting of the budget section regarding the status of funding in each executive branch state agency's new and vacant FTE pool line item; vacant positions, employee turnover, and savings from vacant positions and employee turnover by agency; and uses of savings from vacant positions and employee turnover for other purposes by agency.
7. The provisions of section 54-27-10 do not apply to the salaries and wages line item of appropriations approved by the sixty-ninth legislative assembly, for the biennium beginning July 1, 2025, and ending June 30, 2027.
8. An executive branch state agency may request a deficiency appropriation from the seventieth legislative assembly if the funding in the agency's new and vacant FTE pool line item is insufficient to provide the necessary salaries and wages funding for the biennium.

SECTION 19. A new section to chapter 54-44 of the North Dakota Century Code is created and enacted as follows:

State facility maintenance fund.

There is created in the state treasury the state facility maintenance fund. The fund consists of moneys allocated to the fund from legislative transfers. Subject to legislative appropriation, moneys in the fund may be used for maintenance needs at state-owned facilities, excluding facilities under the control of the state board of higher education.

SECTION 20. AMENDMENT. Subsection 1 of section 10-30.5-02 of the North Dakota Century Code is amended and reenacted as follows:

1. It is the purpose of this chapter to create a statewide nonprofit development corporation that will have the authority to take equity positions in, to provide loans to,

erto form a management and operation entity related to the beyond visual line of sight uncrewed aircraft system program under section 54-60-29.1, and to use other innovative financing mechanisms to provide capital for new or expanding businesses in this state, or relocating businesses to this state. The corporation's principal mission is the development and expansion of primary sector business in this state. The corporation may form additional corporations, limited liability companies, partnerships, and joint ventures related to the beyond visual line of sight uncrewed aircraft system program under section 54-60-29.1, or other forms of business associations in order to further its mission of primary sector economic development.

SECTION 21. Section 9 of House Bill No. 1012, as approved by the sixty-ninth legislative assembly, is amended and reenacted as follows:

SECTION 9. - INFANT AND TODDLER CARE PROVIDER SUPPORT DIRECT

PAYMENT - ONE-TIME FUNDING - REPORT. Section 1 of this Act includes the sum of \$11,000,000 of one-time funding from the general fund for direct payments to licensed child care providers to support high-quality early childhood care for infants and toddlers. The department shall administer the direct payment program and include the following provisions:

1. To qualify for a direct payment under this section, a direct payment recipient may not be currently receiving a child care assistance program infant/toddler bonus payment and must:
 - a. Be a licensed ~~child care facility~~ early childhood program within the state of North Dakota;
 - b. Be enrolled in the state's bright and early quality rating system at a two-star, three-star, or four-star rating level; and
 - c. Provide care for children from birth ~~through~~ to three years of age.
2. Eligible providers may receive up to \$200 per month for each child from birth through seventeen months of age and up to \$115 per month for each child from eighteen ~~through~~ to thirty-six months of age.
3. The department shall distribute the direct payments on a ~~quarterly~~ monthly basis. Direct payments may not be used for non-child care-related expenses or debt repayment.

4. Direct payment recipients shall submit annual reports to the department detailing fund usage, enrollment statistics, and other information requested by the department.

5. The department shall provide reports to the legislative management and to the appropriations committees of the seventieth legislative assembly on direct payments and the effectiveness of the program.

SECTION 22. REPEAL. Section 11-38-08 of the North Dakota Century Code is repealed.

SECTION 23. EXEMPTION - FISCAL MANAGEMENT. The amount appropriated for the fiscal management division, as contained in section 1 of chapter 640 of the 2023 Special Session Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available for continued development and operating costs of the statewide systems, including accounting, management, and payroll, during the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 24. EXEMPTION - UNEXPENDED APPROPRIATIONS. The following appropriations are not subject to the provisions of section 54-44.1-11 and may be continued into the biennium beginning July 1, 2025, and ending June 30, 2027:

1. The sum of \$500,000 appropriated from the strategic investment and improvements fund in section 1 and identified in section 2 of chapter 40 of the 2019 Session Laws and continued into the 2021-23 biennium pursuant to chapter 42 of the 2021 Session Laws and continued into the 2023-25 biennium pursuant to chapter 640 of the 2023 Special Session Session Laws for an assessment of state facilities.
2. The sum of \$3,659,555 appropriated from federal funds in section 1 and identified in section 2 of chapter 640 of the 2023 Special Session Session Laws for the governor's emergency education relief program.
3. The sum of \$4,000,000 from the capitol building fund in section 1 and identified in section 2 of chapter 640 of the 2023 Special Session Session Laws for the window replacement project.
4. The sum of \$2,500,000 appropriated from the general fund in section 1 and identified in section 2 of chapter 640 of the 2023 Special Session Session Laws for space utilization improvements.

- 1 5. The sum of \$20,000,000 appropriated from the strategic investment and
2 improvements fund in section 1 and identified in section 2 of chapter 640 of the 2023
3 Special Session Session Laws for the boiler replacement project and water mitigation
4 at the liberty memorial building.
- 5 6. The sum of \$400,000 appropriated from the general fund in section 1 and identified in
6 section 2 of chapter 640 of the 2023 Special Session Session Laws for the
7 procurement automation project.

8 **SECTION 25. EMERGENCY.** The capital assets, state facility maintenance fund, and rent,
9 moving, and space reconfiguration pool line items in section 1 of this Act and sections 4, 5, 6,
10 and 11 of this Act are declared to be emergency measures.