

## BUDGET PRESENTATION

**HOUSE APPROPRIATIONS COMMITTEE – EDUCATION & ENVIRONMENT DIVISION**  
**REPRESENTATIVE MIKE NATHE, CHAIRMAN**

### TESTIMONY PRESENTED BY

**MICHAEL HOWE, SECRETARY OF STATE**

Chairman Nathe and members of the committee, I'm Michael Howe, Secretary of State. I am here to provide you greater insights into our budget and provide information on areas where we are asking for potential changes.

### AGENCY OVERVIEW

The Office of the Secretary of State is the starting point for democracy and transparency. We serve, guide, and engage citizens, through elections, business, and official records. My team conducts a wide range of licensing, regulatory, registration, and administrative functions. We are the office of record for certain legal documents generated by the executive and legislative branches of state government, as well as public records and notices involving various business.

We also serve as North Dakota's trusted source for election information, and along with North Dakota's 53 counties, work to administer and protect the integrity of our election process. Statewide election results are made available through the Secretary of State's elections website – [Vote.ND.Gov](http://Vote.ND.Gov).

### STATUTORY AUTHORITY

Our statutory authority can be found in North Dakota Century Code:

- Title 10 Corporations;
- Title 16.1 Elections;
- Licensing of athlete agents – 9-15.2
- Serve on Board of University and School Lands – 15-01-01;
- Patents for public lands – 15-08-16;
- Administration of varied liens – 35-01, 35-05, 35-17, 35-21, 35-29, 35-30, 35-31;
- Oversight of Uniform Commercial Code – 41-09;
- Licensing of contractors – 43-07;
- Registration of notaries – 44-06.1;
- Registration of partnerships – 45-10.2, 45-11, 45-22, 45-23;
- Registration of trademarks and trade names – 47-22, 47-25;
- Registration of charitable organizations – 50-22;
- Serve as commissioner of combative sports – 53-01;
- Registration of lobbyists – 54-05.1;
- Documents recorded by the office – 54-09;
- Biennial reports received – 54-06-04;

- Secretary of Emergency Commission – 54-16;
- Serve on State Historical Board – 55-01;

## **AGENCY FUNCTION & ORGANIZATIONAL STRUCTURE**

The Office of the Secretary of State is responsible for over 40 functions, here is a breakdown of the key programs.

### **ELECTIONS**

The Secretary of State serves as North Dakota’s chief election officer, maintaining the integrity of the election process as provided in the constitution and laws of the state. This division is responsible for the administration of election law and partners with county auditors in the administration of statewide elections and provides training and guidance.

### **BUSINESS SERVICES**

Business Services grants authority to do business in North Dakota and oversees 46 different entities/records. It processes documents related to the creation and registration of businesses, including business name filings and searches, filing articles and renewals, and copies and certificates. Most of these filings take place through the agency’s business portal, FirstStop.

### **LICENSING & NOTARY**

Licensing and Notary oversees a variety of functions related to licensing and registration of certain professions, and commissioning notaries public.

### **CENTRAL INDEXING**

Central Indexing maintains records filed under UCC (Uniform Commercial Code) regarding collateral pledged to secure loans. It also administers the Central Notification System (CNS) for farm product liens and files and maintains statewide federal tax liens. The North Dakota Central Indexing System allows for any statement required under these systems to be filed and searched online. Most of these filings take place through the Office of the Secretary of State’s Central Indexing System.

### **INFORMATION MANAGEMENT**

Information Management is responsible for maintaining software systems used by agency to perform its duties and to interact with the public. These systems manage both business, licensing and election functions and require robust functionality with workflows, comprehensive reporting, and user-friendly public facing platforms.

### **FISCAL & ADMIN SERVICES**

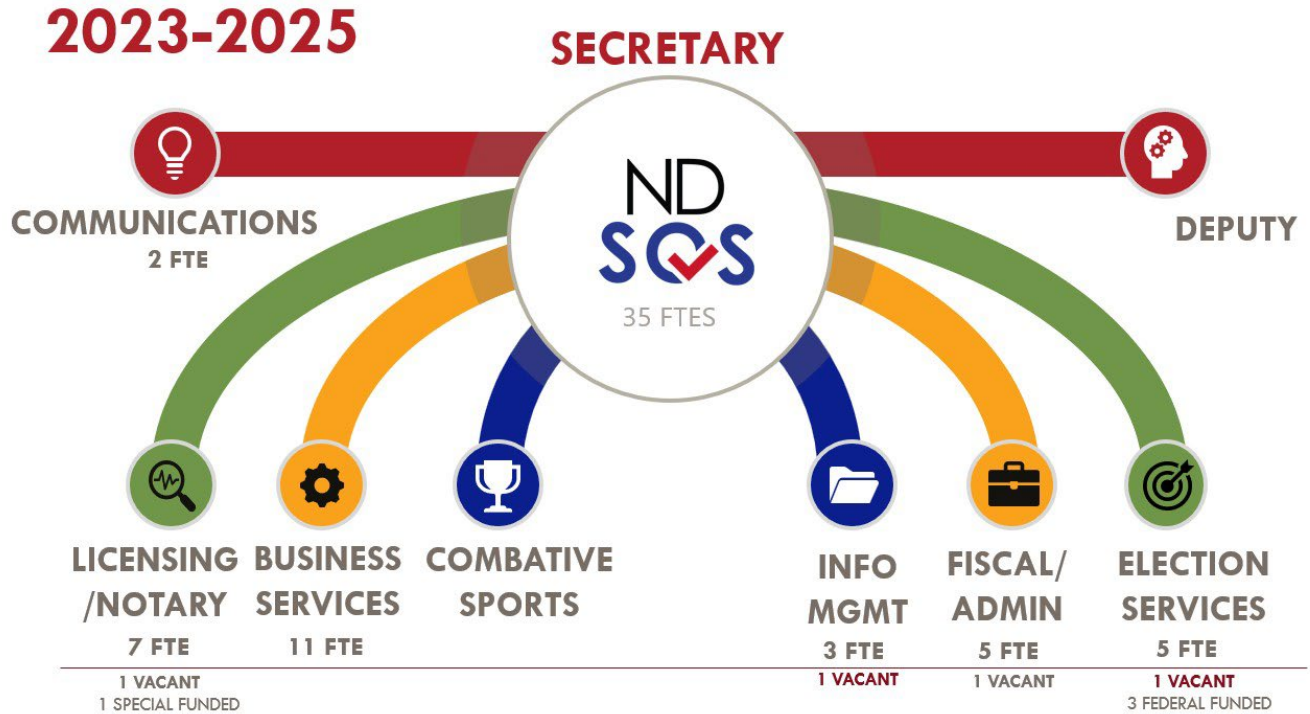
Fiscal Services oversees the Office of the Secretary of State’s finance and operations activities. This includes the management of the office’s fiscal operations such as budget, revenue tracking, accounts payable, audit, procurement, grants, reporting, human resources and payroll. This team also has duties related to the legislative processes, acts by the Governor, maintenance of certain records, and administrative responsibilities.

### **COMBATIVE SPORTS**

The Secretary of State oversee the Commission of Combative Sports and sanctions all combative events, such as boxing and MMA (mixed martial arts), held within the state. Events held on tribal reservations are only under the agency’s oversight at the request of tribal government.

## ORGANIZATIONAL STRUCTURE

The Office of the Secretary of State is currently authorized for 35 full-time equivalent (FTE) employees (31 FTEs – general fund supported, 4 FTEs – special/federal fund supported). A breakout of positions is provided in the below organizational chart.



## AUDIT FINDINGS

### Operational Audit for the Two-Year Period Ended June 30, 2020

#### - Finding Resolved: Lack of revenue reconciliation.

The Office of the Secretary of State has met compliance with the reconciliation requirement in FY2023. Since March 2023, the agency has been successful in fully reconciling daily deposit reports for each system to ConnectND general ledger reports for all three revenue recording systems.

A monthly reconciliation has also been implemented for all deposits across payments types and systems to ConnectND GL data to ensure review and approval of transactions over longer duration.

**Operational Audit for Two-Year Period Ended June 30, 2024** – Audit not yet scheduled.

## CURRENT ACCOMPLISHMENTS/CHALLENGES & NEXT BIENNIUM GOALS

The Office of the Secretary of State has worked to engage stakeholders and grow awareness and synergies for the agency. This has included identifying areas for greater efficiency or process improvements, upgrades/enhancements to technology, greater visibility with stakeholders, and supporting awareness efforts through dedicated communications staffing.

## CURRENT ACCOMPLISHMENTS/CHALLENGES

Highlights of a few accomplishments over the 2023-2025 biennium include:

- Election Awareness Efforts – growing public knowledge about election processes and security
  - Successful 2024 presidential election cycle
  - Supported county auditors and pollworkers in administration of elections through increased training and new and updated materials
  - Elections 101 information presented across the state to multiple groups
  - Conducted a targeted awareness campaign around election security
  - Attended naturalization ceremonies to inform new citizens of voting requirements in North Dakota
- Serving Business Better – creating efficiencies in service and improving filing turn-around
  - 54% reduction in processing time – 3 days on average for processing of filings in 2024 (decrease from 6.65 days in 2022)
  - 51,600+ total business filings in 2024 (17,000+ new filings)
  - Efficiencies gained in online licensing, notaries public, and UCC process improvements

One of the biggest challenges for the agency has been addressing updates to existing technology. The 2023 Legislative Session supported key updates and replacements to critical systems, including:

- Election Management System – nerve center for the state’s election administration - \$5 M ARPA
  - Procurement 2024, January 2025 project launch with completion set by January 2026
- Campaign Finance System – online system for campaign finance reporting – \$1 M SIIF
  - Procurement 2024, January 2025 project launch with completion set by January 2026
- Technology Enhancements – updates to systems to improve usability - \$500,000 SIIF
  - Presently on hold – funds are being redirected to support existing platform security and upgrades rather than investment in existing software versions (due to upgrades)
- FirstStop Business System – portal for business filings, licensing, notary publics, etc. – \$1 M ARPA
  - Procured in 2023, January 2024 project launch with completion set by March 2026

All funds for these projects have been committed and the agency is asking for carry-over authority into the 2025-2027 biennium.

## NEXT BIENNIUM GOALS

Building on the successes of the 2023-2025 biennium, the Office of the Secretary of State plans to continue outreach and awareness efforts, while seeking continued support to address needed technology upgrades and maintenance. Goals for the 2025-2027 include:

**ELECTION TECHNOLOGY/STAFFING SUPPORT** – Successful implementation of the election management and campaign finance system prior to the 2026 election cycle will be a priority (funded in the 2023-2025 session). The agency will also be requesting funding to replace election PollPads used across the state for voter check in. These systems have reached their end of life as they are no longer upgradable to meet ongoing security updates.

The Office of the Secretary of State also believes that funding for critical systems and staffing in election administration should be supported by general fund dollars. Currently, two FTEs and maintenance/licensing for election systems is maintained with uncertain funding from federal Help America Vote Act (HAVA) grants. The duties of these federally supported employees will not go away and are critical to administering North Dakota elections. If the state of North Dakota provides no additional support, HAVA dollars will be expended by 2028. Critical election staffing and the continued maintenance of election systems and equipment – PollPads, ballot scanners, cradle points, etc. – currently costs about \$1.7 million each biennium.

Education, training, and materials to support our election officials and growing voter knowledge and confidence will be a focus of this administration into the future. These efforts will help create transparency and further protect election security.

**BUSINESS PORTAL EXPANSION** – Successful implementation of the FirstStop 5.0 upgrade will eliminate the use of AS400 (set for retirement by NDIT), as well as provide system updates for key security features and assist in modernization of communication with customers, and processes.

**UCC/CENTRAL INDEXING TECHNOLOGY SUPPORT** – The agency will be seeking support to upgrade the UCC/Central Indexing platform implemented in 2016 (upgrade from 1.0 to 4.0), as the vendor is phasing out support for version 1.0. This system is used extensively by banks and lenders.

**IMPLEMENTATION OF CUSTOMER MESSAGE PLATFORM** – The agency has begun implementing a system that will allow text and email messaging to customers in the future. This will coincide with updates to systems to collect data and permissions needed to begin using this communication tool.

**OPERATIONAL SUPPORT** – Greater operational funds are needed to support technology maintenance and enhancements, as well as awareness and outreach efforts. The agency hopes to explore business intelligence dashboarding options to provide greater public access to information in the future.

## 2025-2027 REVISED BUDGET REQUEST As Compared to 2023-2025 Biennium Appropriation

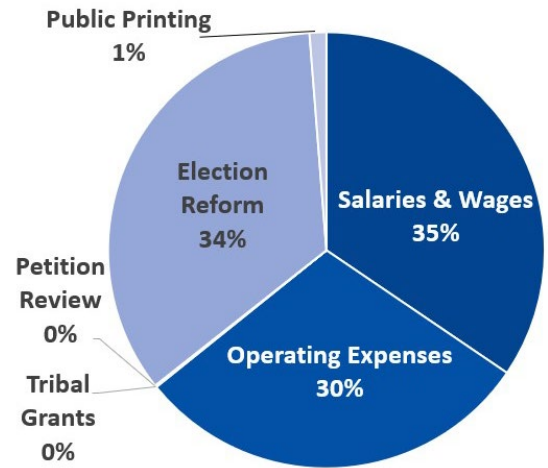
The Office of the Secretary of State relies on people and technology to perform the work the legislature has directed. The agency’s appropriation for the 2023-2025 biennium was \$24.8 million with 88 percent of the general fund authority directed towards salaries and wages. Learn more about special funds used in the agency at: page 9 – Federal Funds; page 12 – Agency Fee Collections – special funds (general services fund).

The 2023-2025 appropriation includes one-time funding of \$8.5 million. The agency is seeking \$7.5 million in carry-over authority into the 2025-2027 biennium for the below:

- \$6 million ARPA – FirstStop Upgrade (\$1M), Election Management System (\$5M)
- \$1.5 million SIFF – Campaign Finance System and IT enhancements

**Spreadsheet can be found in [APPENDIX A \(pg. 14\) – Secretary of State Legislative Request Comparison](#)**

### 2025-27 SOS REVISED - \$23.3 M



	2023-2025 Legislative Appropriation*	Adjustments for Base Budget (*One-Time)
Salaries and Wages	6,254,725	111,682
Operating Expenses	7,484,331	(2,500,000) (1)
Grants	25,000	
Petition Review	8,000	
Election Reform	10,830,808	(6,000,000) (2)
Public Printing	271,335	
<b>Total Line Items</b>	<b>24,874,199</b>	<b>(8,500,000)</b>

By Funding Source		
General Funds	7,042,124	
Federal Funds	11,183,559	(7,000,000)
Special Funds	6,648,516	(1,500,000)
<b>Total Funding Source</b>	<b>24,874,199</b>	<b>(8,500,000)</b>

	2025-2027 Legislative Base Level	2025-2027 Burgum Recommendation	2025-2027 Revised Agency Request**
Salaries and Wages	6,366,407	7,658,837	8,054,837
Operating Expenses	4,984,331	6,936,837	6,936,837
Grants	25,000	25,000	25,000
Petition Review	8,000	8,000	8,000
Election Reform	4,830,808	7,314,390	8,032,437
Public Printing	271,335	290,000	290,000
<b>Total Line Items</b>	<b>16,485,881</b>	<b>22,233,064</b>	<b>23,347,111</b>

By Funding Source			
General Funds	7,141,710	9,950,046	11,183,964
Federal Funds	4,195,655	4,300,258	4,400,617
Special Funds	5,148,516	7,982,760	7,762,530
<b>Total Funding Source</b>	<b>16,485,881</b>	<b>22,233,064</b>	<b>23,347,111</b>

FTE	35	35	33
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## STAFFING – FTES APPROVED IN 2023-2025 BIENNIUM

The agency is authorized for 35 full-time equivalent (FTE) positions for the 2023-25 biennium, of which 31 FTEs were supported through general funds, and 4 FTEs which have no general fund support (1 FTE through special funds, and 3 FTEs through federal funds).

- Due to the critical nature of all positions, we are seeking general fund support in the amount of \$581,000 for 4 FTEs that receive no general fund dollars.
- Based on efficiencies gained from process improvements and staff restructuring, the Office of the Secretary of State intends to return 1 FTE general funded and 1 FTE federal funded position.

The Office of the Secretary of State was granted two FTEs in the 2023-2025 biennium:

- Election Education Position (#31519) – Federal Funds - \$190,950
  - Filled November 2023
  - Amount appropriated and transferred from pool - \$159,125
- Information Management Services Position (#315180) – General Funds - \$180,000
  - Filled January 2024
  - Amount appropriated and transferred from pool - \$135,000

Total amount transferred from OMB FTE Pool - \$294,125

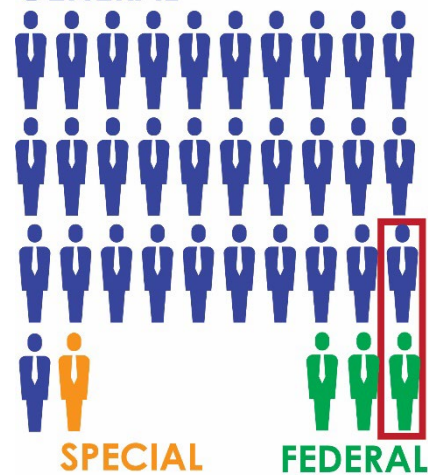
Total amount held for positions in OMB FTE Pool \$455,396 – amount remaining \$151,271

## STAFFING – VACANCIES & TURN-OVER

- Number of vacant positions – a total of 12 vacancies during the biennium to date
- 35 FTE – 34% turnover in staff
  - From 2-6 vacancies at any given time
  - Average 3.8 vacancies per month -  $3.8/35 = 10\%$
- Approximate savings from vacancies = \$468,190
- FTE Pool Reduction = \$445,396
- \$114,510 in savings have been spent on accrued leave payouts, salary increases, and reclassifications.
- Requests from the pool = \$294,125

## SOS FTE REQUEST\*

### GENERAL



Agency request includes increase of \$581,000 to general fund all positions.

## FUNDING PURPOSES – BASE BUDGET & REQUESTED CHANGES

### BASE BUDGET PURPOSES & USE

The Office of the Secretary of State base budget provides general support for all functions across the agency. A brief explanation of each line item and its purpose is provided below.

- **Salaries and Wages – \$6,366,407** – general funds for 31 FTEs, special and federal funds for 4 FTEs, and associated benefit funding.
- **Operating Expenses – \$4,984,331** – supports functions across the agency – travel, NDI costs, printing/postage, etc. – as well as technology systems and support used to support functions.
- **Grants – \$25,000** – available for requests from North Dakota’s tribal governments to support tribal activities related to assisting tribal members gain access to voting.
- **Petition Review – \$8,000** – funding to support outreach to citizens in petition review efforts to validate a sampling of signatures (postage/ mailing). The agency needed to seek emergency commission support for additional costs in 2024. Costs for 2023-2025 biennium were about \$12,000 - \$13,000.
- **Election Reform – \$4,830,808** – state general fund match, state special funds allocated to elections, and federal HAVA grant dollars which are used to support election administration, technology, equipment and maintenance.
- **Public Printing – \$217,335** – cost of printing and producing the North Dakota Century Code, Session Laws, and the North Dakota Administrative Code. This office recommends moving this function to Legislative Council. The appropriation is based on a recommendation from Legislative Council, which has the legal responsibility for preparing, supervising, contracting, and communicating with the various publishers and vendors regarding these publications. A small portion of funding is used to cover costs related to mailing, supplies, etc., which are the only services provided by this agency.

Spreadsheet insert can be found in [APPENDIX A \(pg. 14\) – Secretary of State Legislative Request Comparison](#)

	C	E	F
	2025-2027 Legislative Base Level	2025-2027 Revised Agency Request**	\$ Increase/ (Decrease) Compared to Legislative Base
Salaries and Wages	6,366,407	8,054,837 (4)	1,688,430
Operating Expenses	4,984,331	6,936,837 (3)	1,952,506
Grants	25,000	25,000	-
Petition Review	8,000	8,000	-
Election Reform	4,830,808	8,032,437 (5)	3,201,629
Public Printing	271,335	290,000 (6)	18,665
<b>Total Line Items</b>	<b>16,485,881</b>	<b>23,347,111</b>	<b>6,861,230</b>
<b>By Funding Source</b>			
General Funds	7,141,710	11,183,964	4,042,254
Federal Funds	4,195,655	4,400,617	204,962
Special Funds	5,148,516	7,762,530	2,614,014
<b>Total Funding Source</b>	<b>16,485,881</b>	<b>23,347,111</b>	<b>6,861,230</b>
<b>FTE</b>	<b>35</b>	<b>33</b>	<b>(2)</b>



**Federal Funds - \$4,195,655** – approximately \$4,000,000 of Help America Vote Act federal funds are available for the 2025-2027 biennium, and the anticipated opportunity to access an additional \$1,000,000 with a \$200,000 general fund match in March 2025. The purpose of the funds is to improve the administration of elections for Federal office, including to enhance election technology and make election security improvements” to the systems, equipment and processes used in federal elections.

A breakdown of federal Help America Vote Act federal funds and expenses to date and state matches is below.

	Federal Advance	Interest	Expenses to Date	Balance	State Match
<b>2018 HAVA</b>	\$ 3,000,000	\$ 26,156	\$ 3,026,156	\$ -	\$ 150,000
<b>2020 HAVA</b>	\$ 3,000,000	\$ 20,940	\$ 904,728	\$ 2,116,212	\$ 600,000
<b>2022 HAVA</b>	\$ 1,000,000	\$ 5,339		\$ 1,005,339	\$ 200,000
<b>2023 HAVA</b>	\$ 1,000,000	\$ 3,963		\$ 1,003,963	\$ 200,000
<b>2024 HAVA</b>	\$ 1,000,000	\$ 826		\$ 1,000,826	\$ 200,000
<b>Total Remaining</b>	\$ 9,000,000	\$ 57,225	\$ 3,930,884	\$ 5,126,341	\$ 1,350,000
Anticipated dollars available with 20% match in March 2025.					
<b>2025 HAVA</b>	\$ 1,000,000				\$ 200,000

Spending projections for the currently available \$4,000,000 in HAVA funds are broken down below. If general fund support for staffing is provided, staff dollars will be redirected to education/training efforts.

- 2025-27 Biennium - \$3.7 million (estimated)
  - Elections software/equipment
  - Staffing
  - Supplies/Support
- 2027-29 Biennium - \$3.7 million (estimated)
  - Elections software/equipment
  - Staffing
  - Supplies/Support

**The Office of the Secretary of State is anticipating needing to request funds for replacement of election equipment (ballot tabulators and ballot marking devices) during the 2029 Session. This equipment is purchased and owned by the state and did not include HAVA funding.**

## AGENCY REQUESTED CHANGES FROM BASE BUDGET

The Office of the Secretary of State is requesting the following changes to legislative base budget. Greater explanation of one-time requests are included in the One-Time Funds section later in this testimony.

**Salaries & Wages - Position Support** – Due to the critical nature of our staffing to our ability to serve North Dakota, this agency continues to seek general fund support for all positions – currently 4 FTEs are supported by special (1) or federal (3) funds. These positions support licensing functions and election administration. We were also able to gain efficiencies over the last biennium and are requesting to reduce staffing by 2 FTEs. Other increases in this area are related to FTE funding pool add back or planned benefit/salary increases.

**Operating Expenses - Technology Support** – The agency relies on technology to conduct core functions. This administration is working to upgrade systems to continue to provide greater access, transparency, and a user-friendly experience. We are seeking \$1.3 million in general fund support for annual maintenance/licensing and continued enhancements to ensure these systems provide the best citizen experience. NDIT increased costs to the agency are also included.

**Election Reform - Federal Authority/Match** – The agency is anticipating additional federal grants in the 2025-2027 biennium. A Department of Homeland Security grant was awarded to the agency in late 2024 and we are seeking \$100,359 in federal authority to receive these dollars with no match needed. The agency is also anticipating a 2025 HAVA grant award of likely \$1 million which would require an increase in federal authority and a \$200,000 general fund match. Greater information about federal funds is provided in the Funding Purposes section of this testimony.

**Public Printing** – The \$18,665 increase is related to the cost of printing the North Dakota

## SOS REQUESTED ONGOING CHANGES

Requested changes from base budget:

### POSITION SUPPORT

- **General fund support for all FTEs**
  - \$581,000 for 3 FTEs (1 special/2 federal)
  - Restore \$530,295 from FTE funding pool
- **Reduction of 2 FTEs**
  - \$200,000 shift to election reform (FED)
  - \$185,000 returned to general fund

### TECHNOLOGY SUPPORT

- **\$1.3M - General fund support for technology support, maintenance and planned NDIT cost increases**

### PUBLIC PRINTING

- **\$18,665 – increase in public printing**

## SOS ONE-TIME REQUESTS

Requested one-time funding:

### TECHONOLOGY SUPPORT

- **\$2.8M - Replacement of election PollPads and cradlepoints – used for voter check in**
- **\$500,000 – Upgrade of central indexing system from 1.0 to 4.0**
- **\$200,000 – Server costs for AS400 (set to be retired in 2026)**

### FEDERAL AUTHORITY/MATCH

- **\$100,359 - increase federal authority for Election Awareness/Security Grant Award**
- **\$200,000 – Anticipated increased federal authority for \$1M 2025 HAVA award + \$200,000 one-time general fund match and transfer authority**

Century Code, Session Laws, and the North Dakota Administrative Code, with a small portion covering mailing, supplies, etc. The request is based on a recommendation from the Legislative Council. This office recommends moving this function to Legislative Council as they have the legal responsibility for preparing, supervising, contracting, and communicating with the various publishers and vendors regarding these publications.

## ONE-TIME FUNDING REQUESTS

### 2023-25 One-Time Funding Requests

The agency is requesting carry-forward authority for the following one-time funds into the 2025-2027 biennium.

- **Campaign Finance** – contract executed with implementation scheduled for January 2026 – \$1M (SIIF) allocated – no expenditures to date.
- **Election Management System** – contract executed with implementation scheduled for 2026 election cycle - \$5M (ARPA) allocated – \$12,654 spent to date
- **First Stop Upgrade** – contract executed with implementation in March 2026 – project was delayed 10 months due to state related delays – \$1M (ARPA) - \$258,468 spent to date
- **IT Enhancements** – on hold or funds being redirected to support existing platform security and upgrades rather than investment in existing software versions – \$500,000 (SIIF) \$8,750 spent to date

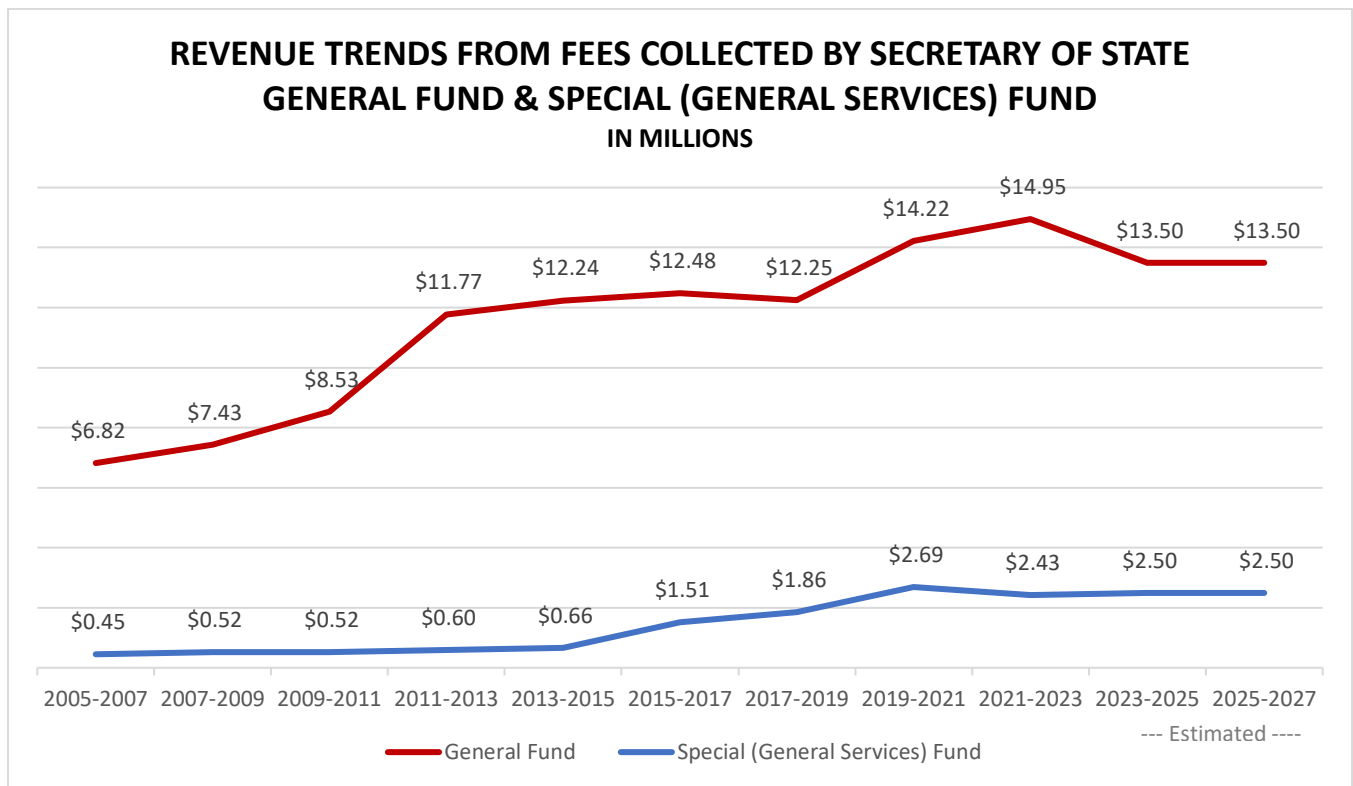
### 2025-27 One-Time Funding Requests

- **PollPad/Cradlepoint Replacement** – \$2.8M of one-time funds are being requested from general fund and have been included in the Burgum Recommendation/Agency Request from Strategic Investment Fund (SIIF) for election PollPads and cradlepoints in all polling locations to establish a secure statewide network and platform for voter check in. These systems have reached their end of life as they are no longer able to be upgraded to meet ongoing security updates.
- **Central Indexing Upgrade** – \$500,000 of one-time funds are being requested from general fund and included in Burgum Recommendation/Agency Request to upgrade the Central Indexing System from 1.0 to 4.0
- **AS400 Server Costs** – \$200,000 of one-time funds are being requested from the general fund and included in the Burgum Recommendation/Agency Request to support NDIIT hosting costs until migration off of the AS400 server occurs. The server hosting cost for the AS400 is split between two agencies – SOS and DHHS – and could be greater if one agency is the sole user of the device. The AS400 will be retired for SOS at the launch of FirstStop 5.0.
- **HAVA Match for 2025 Federal Award** – anticipated one-time funds will be requested for federal match for HAVA 2025 Award - \$200,000 general fund anticipated (unknown at this date).

## AGENCY FEE COLLECTIONS – GENERAL & SPECIAL (GENERAL SERVICES FUND)

The Office of the Secretary of State generates approximately \$17 million in general fund revenues across 450+ fees, and of this about \$2.5 million is retained by the agency which is transferred to the special (general services) fund to support technology needs. Fees retained include a portion of central indexing fees, and revenue gained from the sales of lists or records.

Revenues forecasts for the 2023-2025 biennium were increased based on historical trends and the general fund was increased from \$12.5 million to \$13.5 million, and the special (general services) fund was increased from \$1.5 million to \$2.5 million. These estimates were used again for 2025-2027. Below is 20+ year look at revenue trends from the Office of the Secretary of State.



The Office of the Secretary of State has over 450+ fees associated with its functions. The appropriateness of fees seems in alignment with what most states are charging. Here’s a summarized breakdown:

- Central Indexing – 40 lien or report filing fees – last updated 2016
  - Lien fees range from \$30 – \$40;
  - Report fees range from \$1 – \$500
- Business – Licensing – Elections – 415 fees – last updated varies
  - Fees range from \$.50 – \$1,440
    - 40 types of business entity registrations
    - Varied licensing
    - Sale of election lists for election purposes to candidates/committees

A comparative look at the common types of filings this office processes is included below. These numbers include results of both new and renewals of certain licensing, registrations, etc.

**SECRETARY OF STATE FILINGS  
10-YEAR COMPARISON – 2013 – 2023**

	2013	2023	2013-2023 Increase	Percentage Change
<b>Licensing Unit</b>				
<b>**Active at end of biennium or issued during biennium</b>				
Contractor Licenses	11,701	12,170	469	4%
Home Inspector Licenses	124	231	107	86%
Lobbyists (for biennium)	736	708	(28)	-4%
Charitable/Prof. Fundraisers	1,343	3,022	1,679	125%
Notary Commissions	13,873	14,559	686	5%
Official Acts of Governor	493	1,371	878	178%
Authentications/Apostilles		1,968		
<b>Central Indexing Unit</b>				
Total Filings - UCC/Liens/etc.	50,055	126,461	76,406	153%
<b>Business Registration/Information Unit</b>				
Corporations	50,882	42,736	(8,146)	-16%
Limited Liability Companies/Partnerships	33,097	60,233	27,136	82%
Other	30,796	34,142	3,346	11%

**FEDERAL STATE FISCAL RELIEF FUNDS**

The Office of the Secretary of State received \$6 million in ARPA funding to support technology projects in the 2023-2025 biennium. All funds are committed and the agency is requesting carry-over authority for the below:

- **\$5 million – Election Management System** – contract is executed with implementation scheduled for 2026 election cycle; \$12,654 spent to date
- **\$1 million – FirstStop 5.0 Upgrade** – contract is executed with implementation scheduled for March 2026; \$258,468 spent to date

## AMENDMENT FOR HB 1002 - ADDITIONAL BILL REQUESTS

The Office of the Secretary of State seeks the following amendment requests for HB1002.

- **Support of 3 FTEs with General Funds** – Increase in general fund Salaries and Wages line of \$581,000.
- **Removal of 2 FTEs** – Remove 2 FTEs, return \$185,000 to the general fund from Salaries and Wages line, and shift federal fund authority to Election Reform line.
- **Election Awareness/Security Grant** – Federal authority increase of \$100,359 for Department of Homeland Security grant with no state match.
- **2024 Help America Vote Act Award – Transfer Authority** – ability to transfer \$200,000 general fund to Election Reform line to meet 2024 HAVA match requirements.
- **2025 Help America Vote Act Anticipated Award** – Authority for anticipated federal HAVA grant award of \$1 million in March 2025, associated 20% state general fund match of \$200,000, and ability to transfer this \$200,000 general fund to Election Reform line to meet 2025 HAVA match requirements.

## LEGISLATIVE BILLS WITH POTENTIAL BUDGETARY IMPACT

There are no bills with a determined impact at this point.

## BURGUM RECOMMENDATION REQUESTED CHANGES


The Burgum recommendation supported most of the Office of the Secretary of State’s priorities. The agency is requesting the following additions to the Burgum recommendation:

- \$581,000 general fund increase in the salaries and wages line for 4 FTEs (1 special/3 federal)
- \$185,000 returned to general fund for removal of 1 FTE
- \$200,000 shift to federal funds for removal of 1 FTE
- \$200,000 general fund transfer authority to the Election Reform line to meet match requirements for 2024 HAVA federal grant
- \$100,359 authority increase in federal funds for a Department of Homeland Security grant award for election awareness/security
- \$1M in federal authority for anticipated federal HAVA grant award of \$1 million in March 2025, associated 20% state general fund match of \$200,000, and ability to transfer this \$200,000 general fund to Election Reform line to meet 2025 HAVA match requirements.

*Spreadsheet with increase/decrease amounts can be found in [APPENDIX A \(pg. 14\) – Secretary of State Legislative Request Comparison.](#)*

# APPENDIX A

## Secretary of State Legislative Request Comparison

	A	B		C	D	E	
	2023-2025 Legislative Appropriation*	Adjustments for Base Budget (*One-Time)		2025-2027 Legislative Base Level	2025-2027 Burgum Recommendation	2025-2027 Revised Agency Request**	\$ Increase/ (Decrease) compared to Executive Recommendation
							
Salaries and Wages	6,254,725	111,682	Salaries and Wages	6,366,407	7,658,837	8,054,837	396,000
Operating Expenses	7,484,331	(2,500,000) (1)	Operating Expenses	4,984,331	6,936,837	6,936,837	-
Grants	25,000		Grants	25,000	25,000	25,000	-
Petition Review	8,000		Petition Review	8,000	8,000	8,000	-
Election Reform	10,830,808	(6,000,000) (2)	Election Reform	4,830,808	7,314,390	8,032,437	718,047
Public Printing	271,335		Public Printing	271,335	290,000	290,000	-
<b>Total Line Items</b>	<b>24,874,199</b>	<b>(8,500,000)</b>	<b>Total Line Items</b>	<b>16,485,881</b>	<b>22,233,064</b>	<b>23,347,111</b>	<b>1,114,047</b>
<b>By Funding Source</b>			<b>By Funding Source</b>				
General Funds	7,042,124		General Funds	7,141,710	9,950,046	11,183,964	1,233,918
Federal Funds	11,183,559	(7,000,000)	Federal Funds	4,195,655	4,300,258	4,400,617	100,359
Special Funds	6,648,516	(1,500,000)	Special Funds	5,148,516	7,982,760	7,762,530	(220,230)
<b>Total Funding Source</b>	<b>24,874,199</b>	<b>(8,500,000)</b>	<b>Total Funding Source</b>	<b>16,485,881</b>	<b>22,233,064</b>	<b>23,347,111</b>	<b>1,114,047</b>
<b>FTE</b>			<b>FTE</b>	<b>35</b>	<b>35</b>	<b>33</b>	<b>(2)</b>

\* 2023-2025 Legislative Appropriation includes:

- (1) One-Time Funds - \$1.5M SIF - Campaign Finance, IT Enhancements; \$1M ARPA - FirstStop Upgrade
- (2) One-Time Funds - \$1M HAVA Federal Grant; \$5M ARPA - Election Management System

\*\* 2025-2027 Revised Agency Request includes:

- (3) Ongoing technology support (FirstStop, Central Index, Elec. Mgmt., Camp. Fin.); \$2.8M one-time for replacement of PollPads/cradlepoints; NDIT cost increases, increases costs print/mail.
- (4) Reduces Salaries & Wages for 2 FTE -- 1 FTE (Gen Fund) \$185,000; 1 FTE (Fed Fund) reduces \$200,000 (restores to Election Reform); increases general fund \$396,000 to replace non-gen.fund salaries; includes Burgum recommendation salary/benefit increases
- (5) Increases Election Reform for 1) \$100,359 for DHS Election Awareness/Security Grant Award; 2) \$200,000 Fed Funds restored from Salaries & Wages
- (6) Increase for printing of session books and laws and distribution.