

VETOED MEASURES

CHAPTER 763

HOUSE BILL NO. 1040
(Legislative Council)
(Interim Indian Jurisdiction Committee)

REPORTING OF FUNDS FOR RESERVATION SERVICES

AN ACT to create and enact a new subsection to section 54-06-04 of the North Dakota Century Code, relating to the preparation of reports by executive and administrative officers and departments.

VETO

March 13, 1987

The Honorable Richard Kloubec
Speaker of the House
House Chamber
State Capitol
Bismarck, North Dakota 58505

Dear Mr. Speaker:

Administrative officers in state agencies are currently required to submit biennial reports. Those reports currently contain most of the information required by this legislation, although perhaps not in the form contemplated. Placing additional paperwork and reporting burdens upon state agencies at a time when we are considering reductions in personnel is counter-productive.

Furthermore, after conferring with several administrative agency heads, I have been informed that the accuracy and utility of such information would be subject to serious question. That is, there are Indians not residing on reservations who receive state services;

and there are Indians residing on reservations who do not receive state services.

As a noted legislator said recently, "State government is becoming increasingly bureaucratic with too much paper shuffling and time and money being spent on unnecessary reports and computations." I want to help eliminate such unnecessary reports and computations.

In short, the benefits of this bill are very doubtful.

Therefore, I hereby veto House Bill 1040.

Sincerely,

GEORGE A. SINNER
Governor

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

SECTION 1. A new subsection to section 54-06-04 of the 1985 Supplement to the North Dakota Century Code is hereby created and enacted to read as follows:

All executive and administrative officers and departments required by this section to submit biennial reports shall include in their reports a detailed statement of all sources and expenditures of public funds for state services that benefit Indians residing on Indian reservations in this state including a presentation of sources and expenditures associated with each category of service provided. The director of the office of management and budget shall compile the information submitted pursuant to this subsection in the biennial report required of the director in subsection 1.

Disapproved March 12, 1987
Filed March 20, 1987

CHAPTER 764

HOUSE BILL NO. 1044
(Legislative Council)
(Interim Judicial Process Committee)

AGRICULTURAL LIENS

AN ACT to create and enact two new chapters to title 35 of the North Dakota Century Code, relating to statutory agricultural liens; to amend and reenact sections 11-18-14, 11-29-24, 35-21-01, and subsection 9 of section 41-09-28 of the North Dakota Century Code, relating to duties of the county register of deeds, county seed, feed, and fuel liens, release of liens, and to protection of buyers of goods; and to repeal chapters 35-07, 35-08, 35-09, and 35-10 of the North Dakota Century Code, relating to threshing or drying liens, crop production liens, motor fuel liens, fertilizer, farm chemicals, or seed liens, and sugar beet production liens.

VETO

March 20, 1987

The Honorable Richard Kloubec
Speaker of the House
House of Representatives
House Chamber
State Capitol
Bismarck, North Dakota 58505

Dear Speaker Kloubec:

As prepared by the Interim Judicial Process Committee, House Bill 1044 was appropriate and important legislation. However,

according to the Secretary of State, an amendment added to that legislation has created a substantial problem.

The amendment added to section 6 of the bill provides that the social security number is not required for a crop, agricultural processor's or agricultural supplier's lien obtained under the act.

Upon consultation with the Secretary of State, we have concluded that, because such liens may be filed in the central notice system and because that system requires a social security number in order for the system to be certified under the Food Security Act of 1985, our central filing system will, in all likelihood, be decertified if this Act is adopted.

I would certainly be willing to reconsider this legislation with appropriate modification.

However, without such modification I must veto House Bill 1044.

Sincerely,

GEORGE A. SINNER
Governor

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

SECTION 1. AMENDMENT. Section 11-18-14 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

11-18-14. Register of deeds to remove and destroy certain documents - Records to be made. The register of deeds in each county in this state, unless otherwise earlier permitted by law, shall remove from the files in ~~his~~ the register's office, and destroy, all seed liens, ~~labor liens, stallion liens,~~ chattel mortgages, threshing or drying liens, crop production liens, combining liens, agricultural processor's liens, agricultural supplier's liens, mechanic's liens, repairman's liens, unpaid earned insurance premium liens, and sales contracts together with any releases for the same upon which a claim for relief has accrued and which claim for relief is more than ten years old. At the time of destroying the files the register of deeds shall note on the margin of the index opposite the record of each instrument so removed and destroyed the date when the same was destroyed.

SECTION 2. AMENDMENT. Section 11-29-24 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

11-29-24. Lien on crops for seed, feed, or fuel furnished by county - How obtained. In order to secure a lien upon crops for seed, feed, or fuel furnished by the county under this chapter, the county,

through the county auditor, shall comply with the provisions of chapter 35-08 section 4 of this Act.

SECTION 3. A new chapter to title 35 of the North Dakota Century Code is hereby created and enacted to read as follows:

Agricultural processor's lien authorized. Any person who processes any crop or agricultural product is entitled to a lien upon the crop or product processed for the reasonable value of the services performed. As used in this chapter, the term "processor" includes persons threshing, combining, drying, or harvesting any crop or agricultural product. The agricultural processor's lien is effective from the date the processing is completed.

Procedure to obtain lien. To obtain an agricultural processor's lien, the person entitled to the lien, within ninety days after the processing is completed, shall file a verified statement in the office of the register of deeds in the county or counties in which the crop or agricultural product was grown. The statement must contain the following information:

1. The name and address of the person for whom the processing was done.
2. The name and address of the processor.
3. A description of the crops or agricultural products and their amount, if known, subject to the lien together with the legal description as to the location where the crops or agricultural products were grown.
4. The price agreed upon for processing, or if no price was agreed upon, the reasonable value of the processing.

Priority. An agricultural processor's lien obtained under this chapter has priority, as to the crops or agricultural products covered thereby, over all other liens or encumbrances.

SECTION 4. A new chapter to title 35 of the North Dakota Century Code is hereby created and enacted to read as follows:

Agricultural supplier's lien authorized. Any person who furnishes supplies used in the production of crops, agricultural products, or livestock is entitled to a lien upon the crops, products produced by the use of the supplies, and livestock and their products including milk. As used in this chapter, the term "supplies" includes seed, petroleum products, fertilizer, farm chemicals, insecticide, feed, hay, pasturage, veterinary services, or the furnishing of services in delivering or applying the supplies. The agricultural supplier's lien is effective from the date the supplies are furnished or the services performed.

Procedure to obtain lien. To obtain an agricultural supplier's lien, the person entitled to the lien, within ninety days

after the supplies are furnished or the services performed, shall file a verified statement in the office of the register of deeds of the county or counties in which the crop, agricultural product, or livestock was grown. The statement must contain the following information:

1. The name and address of the person to whom the supplies were furnished.
2. The name and address of the supplier.
3. A description of the crops, agricultural products, or livestock and their amount or number, if known, subject to the lien together with the legal description as to the location of the crops, agricultural products, or livestock.
4. A description and value of the supplies furnished.

Priority. An agricultural supplier's lien obtained under the provisions of this chapter has priority, as to the crops or agricultural products covered thereby, over all other liens or encumbrances except any agricultural processor's lien.

SECTION 5. AMENDMENT. Section 35-21-01 of the 1985 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

35-21-01. Release of lien by undertaking authorized. When any mechanic's lien, garage storage lien, repairman's lien, seed lien, sugar beet production lien, crop production lien, threshing lien, agricultural processor's lien, agricultural supplier's lien, unpaid earned insurance premium lien, or miner's lien is filed against the ~~real property or personal~~ property of a resident of this state, the property affected may be released by an undertaking in the manner provided in this chapter.

SECTION 6. AMENDMENT. Subsection 9 of section 41-09-28 of the 1985 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

9. If a secured party who has perfected a security interest in crops or livestock, or if a lienholder who has created a lien by statute or otherwise; which includes, but is not limited to, liens for threshing; crop or agricultural product processing; crop production; fertilizer, farm chemicals, and seed; agricultural supplies; and landlord's lien; intends to impose liability for such security interest or lien against a crop or livestock buyer, the name of the secured party or lienholder must appear on the most current list or lists distributed by the secretary of state pursuant to subsection 4 of section 41-09-46. In order to appear on the list or lists, secured parties or lienholders must file with the secretary of state a form

prescribed by him which contains all of the following information:

- a. The name and address of the person engaged in farming operations.
- b. The county of residence of the person engaged in farming operations.
- c. The social security number of the person engaged in farming operations except that the social security number is not required for a crop, agricultural processor's or agricultural supplier's lien obtained under section 3 or 4 of this Act.
- d. The name and address of the secured party or lienholder.
- e. A description of the crops or livestock and their amount, if known, subject to the security interest or lien.
- f. The legal description as to the location of the crops or livestock.

A form filed pursuant to this section is effective for a period of five years. The effectiveness and continuation of the form filed is to be treated as if it were filed as a financing statement.

SECTION 7. REPEAL. Chapters 35-08, 35-09, and 35-10 of the North Dakota Century Code, and chapter 35-07 of the 1985 Supplement to the North Dakota Century Code are hereby repealed.

Disapproved March 20, 1987
Filed April 1, 1987

CHAPTER 765

HOUSE BILL NO. 1621
(Kretschmar, Stofferahn)

**BANK REAL ESTATE CHARGE OFF AND
AMORTIZATION OF LOAN LOSSES**

AN ACT to create and enact four new sections to chapter 6-03 of the North Dakota Century Code, relating to charging off real estate, and amortization of certain loan losses by banks.

VETO

April 6, 1987

The Honorable Richard Kloubec
Speaker of the House
House Chamber
State Capitol
Bismarck, North Dakota 58505

Dear Speaker Kloubec:

House Bill 1621 would allow banks to defer losses on certain types of loans received through the collection of debts.

It would be extremely difficult to apply this legislation because it conflicts with current bank reporting requirements established by the Federal Deposit Insurance Corporation and enforced by federal examination. It does not square with current law, insolvency definitions, generally accepted accounting principles or federal regulatory guidelines. This type of legislation must be enacted on a national basis in order to be effective.

What is more important, HB 1621 would not be of any benefit to borrowers attempting to repay debt obligations.

I have been informed by our Banking Commissioner that several programs, including capital forbearance and loan restructuring, already address the concerns raised by this legislation, and other federal legislation is being proposed as well.

Because it would unnecessarily complicate the interpretation of reporting requirements and would not address the problems of borrowers, I veto House Bill 1621.

Sincerely,

GEORGE A. SINNER
Governor

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

SECTION 1. A new section to chapter 6-03 of the North Dakota Century Code is hereby created and enacted to read as follows:

Monthly chargeoff of real estate - Extension by commissioner - Book value exclusive of chargeoff as bankable asset. Real estate acquired by any bank through the collection of debts in the due course of business may be charged off at one-sixtieth of the acquisition cost of the real estate. The chargeoff must be made monthly within thirty days after the acquisition of the real estate. The commissioner may extend the monthly chargeoff of the real estate upon written request of the bank. The book value of the real estate exclusive of the chargeoff is considered a bankable asset. This section applies to any debts contracted for prior to the effective date of this Act.

SECTION 2. A new section to chapter 6-03 of the North Dakota Century Code is hereby created and enacted to read as follows:

Increase in chargeoff - Approval by commissioner - Annual review - Notice of modification, revision, or termination of time limits. The commissioner may approve or disapprove time limits of less than five years and may increase the rate of chargeoff to not more than six and two-thirds percent per year. The commissioner shall approve or disapprove a request received from a bank pursuant to section 1 of this Act on a case-by-case basis after considering the material facts, information, and evidence submitted by the bank. The commissioner shall review annually all approvals granted under this section and may modify or extend the approvals granted. The commissioner shall give a bank ten days' notice of any modification, revision, or termination of time limits previously set.

SECTION 3. A new section to chapter 6-03 of the North Dakota Century Code is hereby created and enacted to read as follows:

Amortization of certain losses. A bank may, prior to an examination or immediately after an examination, amortize a loan loss or amortize each loan classified as a loss, over a period not to exceed fifteen years using the straight-line method of amortization pursuant to rules adopted by the commissioner if the loan:

1. Was in an amount of or was classified in an amount not less than fifty thousand dollars;
2. Was advanced as a business, commercial, or agricultural loan;
3. Was not advanced to any officer, director, or employee of the bank; and
4. Was not the result of fraud or willful abuse on the part of the bank, its directors, or employees.

If the bank amortizes a loan loss before an examination, the bank shall notify the commissioner in writing within thirty days of the action.

SECTION 4. A new section to chapter 6-03 of the North Dakota Century Code is hereby created and enacted to read as follows:

Loans ineligible for amortization to be charged to reserve. Following a report of examination, any bank loans classified as ineligible for amortization must be charged to the bank's reserve for bad debts account in compliance with applicable rules.

Disapproved April 6, 1987
Filed April 14, 1987

CHAPTER 766

HOUSE BILL NO. 1033
(Legislative Council)
(Interim Budget Committee on Human Services)

HUMAN SERVICES BOARD

AN ACT to create and enact a new section to chapter 50-06 and a new subdivision to subsection 1 of section 54-07-01.2 of the North Dakota Century Code, relating to the creation of a human services board and the power of the governor to appoint a majority of members of certain boards and commissions; to amend and reenact sections 50-06-01, 50-06-01.1, 50-06-01.3, 50-06-01.4, 50-06-05.1, 50-06-16, and 50-06-17 of the North Dakota Century Code, relating to the authority of the human services board and the structure of the department of human services; and to provide an effective date.

VETO

April 24, 1987

Mr. Ben Meier
Secretary of State
State Capitol
Bismarck, North Dakota 58505

Dear Mr. Meier:

House Bill 1033 creates a board which would have not only advisory but also policy-making authority over the Department of Human Services.

The board would have to meet very often both to understand the complex human service delivery system and to attempt to formulate policy. Therefore, it would be an expensive creature.

Such a board would also serve to divide loyalties of the Director between it and the Governor, who retains the appointing authority under the bill. It would be extremely difficult for any director to resolve such potentially conflicting loyalties.

Perhaps most important of all, this legislation would create yet another layer of bureaucracy, when the goal of state government must be to streamline and create greater efficiencies. Such a board would be counter-productive in that context.

I support the idea of an advisory board which could give the Governor and Director valuable input without interfering with the functioning of the Department of Human Services. But this bill goes too far.

Therefore, I veto House Bill 1033.

Sincerely,

GEORGE A. SINNER
Governor

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 50-06-01 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

50-06-01. Definition "Board" and "department" defined.
Whenever the word "department" is As used in this chapter, it shall mean unless the context or subject matter otherwise requires:

1. "Board" means the human services board.
2. "Department" means the department of human services.

SECTION 2. AMENDMENT. Section 50-06-01.1 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

50-06-01.1. Department of human services to be substituted for public welfare board of North Dakota and social service board of North Dakota, members of board, and executive director. Wherever the terms "public welfare board of North Dakota", "social service board of North Dakota", "executive director of the public welfare board", "executive director of the social service board", "member of the public welfare board", or "member of the social service board", or any derivative of those terms which, when used in context indicates an intention to

refer to those persons or that board, shall appear in the North Dakota Century Code, the term "department of human services", or the term "executive director of the department of human services", as the case may be, shall be substituted therefor. It is the intent of the legislative assembly that the department of human services shall be substituted for, shall take any action previously to be taken by, and shall perform any duties previously to be performed by the public welfare board of North Dakota or by the social service board of North Dakota.

SECTION 3. AMENDMENT. Section 50-06-01.3 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

50-06-01.3. Executive Appointment of executive director - Appointment-- Compensation. The governor shall appoint the executive director of the department shall be appointed by, and who shall serve at the pleasure of, the governor. The executive director shall take the oath of office required of civil officers by section 44-01-05 and shall be bonded as required of civil officers by section 44-01-06. The executive director shall receive compensation in the amount established by the governor within the limits of legislative appropriations.

SECTION 4. A new section to chapter 50-06 of the North Dakota Century Code is hereby created and enacted to read as follows:

Human services board - Membership - Meetings - Compensation and expenses - Responsibilities.

1. The human services board consists of seven members appointed by the governor, with the consent of the senate. Each member appointed to the board must possess expertise that the governor determines will assist the board in establishing department policy for the delivery of human services. Before August 1, 1988, the governor shall appoint three members with terms ending June 30, 1990, two with terms ending June 30, 1992, and two with terms ending June 30, 1994. Appointments thereafter are for terms of six years, with the terms commencing on July first. A vacancy on the board may be filled for the unexpired term only. Members serve until their successors are appointed. The governor may remove a member for cause. Members may serve for no more than one full six-year term.
2. Before September 1, 1988, and every July first thereafter, the board shall meet and elect a vice president, a secretary, and other officers as the board determines necessary, and employ staff for the board as it determines necessary. The governor or the governor's designee, who may not be the executive director of the department, shall act as president of the board. The board shall meet quarterly and at other times as the executive director

determines necessary or when called by the president or a majority of the members of the board.

3. All board members are entitled to receive the same compensation for their services as provided in section 54-35-10 for members of the legislative council. Members are entitled to be paid their necessary travel and mileage expenses as provided in sections 44-08-04 and 54-06-09 incurred in attending meetings of the board and while engaged in the performance of their duties.
4. The board shall establish administrative policy for the department which is to be implemented by the executive director. The board may advise the governor concerning the appointment or reappointment of an executive director. The board shall advise the executive director with respect to issues and concerns arising from the executive director's administrative activities and other relevant matters at the request of the executive director.

* SECTION 5. AMENDMENT. Section 50-06-01.4 of the 1985 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

50-06-01.4. Structure of the department. The department shall include the state hospital, an office of human services, an office of economic assistance and county administration, a vocational rehabilitation division including regional vocational rehabilitation offices, administrative and fiscal support services as the ~~executive director~~ board deems necessary, and as many other subdivisions as the ~~executive director~~ board may deem appropriate, or as may be provided by law.

1. The office of human services shall contain the following divisions:
 - a. Developmental disabilities division.
 - b. Mental health division.
 - c. Children and family services division.
 - d. Aging services division.
 - e. Alcoholism and drug abuse division.
 - f. Crippled children's services division.
2. The office of economic assistance and county administration shall include the following divisions:
 - a. Economic assistance division, including a food stamp unit, an assistance payments unit, a fuel assistance unit, and a child support enforcement unit.

* NOTE: Section 50-06-01.4 was amended by section 18 of House Bill No. 1034, chapter 570.

b. Medical services division.

Regional supervisors of economic assistance shall be collocated with regional human service centers and shall be responsible for maintaining a close working relationship between county social service boards and regional human service centers. The executive director of the department shall be responsible for consulting with and maintaining a close working relationship with the department of health; with the director of institutions and the superintendents of the Grafton state school, the school for the deaf, and the school for the blind to develop programs for developmentally disabled persons; and with the superintendent of public instruction to maximize the use of resource persons in regional human service centers in the provision of special education services.

* SECTION 6. AMENDMENT. Section 50-06-05.1 of the 1985 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

50-06-05.1. Powers and duties of the department. The department ~~shall have~~ has the following powers and duties to be administered under the direction of the board by the department through its state office or through regional human service centers or otherwise as directed by ~~it~~ the board:

1. To act as the official agency of the state in any social welfare or human service activity initiated by the federal government not otherwise by law made the responsibility of another state agency.
2. To administer, allocate, and distribute any state and federal funds that may be made available for the purpose of providing financial assistance, care, and services to eligible persons and families who do not have sufficient income or other resources to provide a reasonable subsistence compatible with decency and health.
3. To provide preventive, rehabilitative, and other human services to help families and individuals to retain or attain capability for independence or self-care.
4. To do needed research and study in the causes of social problems and to define appropriate and effective techniques in providing preventive and rehabilitative services.
5. To provide for the study, and to promote the well-being of deprived, unruly, and delinquent children.
6. To provide for the placing and supervision of children in need of substitute parental care, subject to the control of any court having jurisdiction and control of any such child.

* NOTE: Section 50-06-05.1 was amended by section 30 of House Bill No. 1448, chapter 582.

7. To recommend appropriate social legislation to the legislative assembly.
8. To direct and supervise county social service board activities as may be financed in whole or in part by or with funds allocated or distributed by the department.
9. To inform the public as to social conditions and ways of meeting social needs.
10. To secure, hold, and administer for the purpose for which it is established, any property and any funds donated to it either by will or deed, or otherwise, or through court order or otherwise available to the board or department, and to administer said funds or property in accordance with the instructions in the instrument creating them or in accordance with the instructions in the court order or otherwise.
11. To formulate standards and make appropriate inspections and investigations in accordance with such standards in connection with all licensing activities delegated by law to the department including child-care facilities, nonmedical adult-care facilities and maternity homes, and persons or organizations receiving and placing children, and to require such facilities, persons, and organizations to submit reports and information as the department may determine necessary.
12. To permit the making of any surveys of human service needs and activities if ~~deemed by the department~~ determined to be necessary and expedient.
13. To issue subpoenas, administer oaths, and compel attendance of witnesses and production of documents or papers whenever ~~the department deems it~~ necessary in making the investigations provided for herein or in the discharge of its other duties. A subpoena ~~shall~~ may not be issued to compel the production of documents or papers relating to any private child-caring or child-placing agency or maternity hospital or to compel the attendance as a witness of any officer or employee of those facilities except upon the order of a judge of the district court of the judicial district in which the facilities are located.
14. To provide insofar as staff resources permit appropriate human services, including social histories, social or social-psychological evaluations, individual, group, family, and marital counseling, and related consultation, when referred by self, parent, guardian, county social service board, court, physician, or other individual or agency, and when application is made by self (if an adult or emancipated youth), parent, guardian, or agency having

- custody; also, on the same basis, to provide human services to children and adults in relation to their placement in or return from the Grafton state school, state hospital, or North Dakota industrial school.
15. To provide marital counseling to individuals ordered to participate in such treatment by the family court.
 16. To provide insofar as staff resources permit social services, including social-psychological evaluations, predisposition reports, treatment, probation, and aftercare services when requested by the judge of a juvenile court, all reports to be kept confidential for the use of the judge except as may be disclosed by the judge.
 17. To provide insofar as staff resources permit social services, including social-psychological evaluations, predisposition reports, treatment, and probation and parole services, when requested by the judge in a criminal case, all reports to be kept confidential for use by the judge except as may be disclosed by the judge.
 18. To act as the official agency of the state in the administration of the food stamp program and to direct and supervise county administration of that program. Provided, however, that the ~~department~~ board with the consent of the budget section of the legislative council may terminate the program should the rate of federal financial participation in administrative costs provided under Public Law 93-347 be decreased or limited, or should the state or counties become financially responsible for all or a portion of the coupon bonus payments under the Food Stamp Act.
 19. To administer, allocate, and distribute any funds made available for the making of direct cash assistance payments, housing assistance payments, and rental subsidies under any rental assistance programs initiated by the federal government not otherwise by law made the responsibility of another state agency possessing statewide jurisdiction.
 20. To act as the official agency of the state in the administration of the energy assistance program; to direct and supervise county administration of that program; and to take such actions, give such directions, and adopt such rules, subject to review in the courts of this state, as may be necessary or desirable to carry out this subsection. Provided, however, that the ~~department~~ board with the consent of the budget section of the legislative council may terminate the program should the rate of federal financial participation in administrative costs be decreased or limited to less than fifty percent of total

administrative costs, or should the state or counties become financially responsible for all or a portion of the cost of energy assistance program benefits.

21. To provide an administrative appeal and hearing process for all claimants who are aggrieved by a decision of the department. Provided, however, that upon request of any claimant, the department shall refer the claimant's appeal or request for administrative hearing to the attorney general for the appointment of a hearing officer who is not an employee of the department and who has not been involved in the decision from which the claimant has appealed.

SECTION 7. AMENDMENT. Section 50-06-16 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

50-06-16. Authority to adopt rules. The department may adopt rules necessary to carry out ~~its~~ the responsibilities of the department under this chapter. All rules ~~adopted shall~~ must be approved by the board before adoption and must be published in the North Dakota Administrative Code. Rules adopted by agencies prior to January 1, 1982, which relate to functions or agencies covered by this chapter shall remain in effect until such time as they are specifically amended or repealed by the department.

SECTION 8. AMENDMENT. Section 50-06-17 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

50-06-17. Biennial report to governor and office of management and budget - Budget estimates. The department shall submit ~~to the governor and the office of management and budget~~ a board shall review and approve the biennial report as prescribed by section and budget estimate prepared and submitted by the department pursuant to sections 54-06-04 and 54-44.1-04.

SECTION 9. A new subdivision to subsection 1 of section 54-07-01.2 of the North Dakota Century Code is hereby created and enacted to read as follows:

The human services board.

SECTION 10. EFFECTIVE DATE. This Act becomes effective on July 1, 1988.

Disapproved April 24, 1987
Filed April 27, 1987

CHAPTER 767

HOUSE BILL NO. 1019
(Committee on Appropriations)

**LIGNITE DEVELOPMENT RESEARCH
APPROPRIATION**

AN ACT making an appropriation for defraying the expenses of the commissioner of university and school lands of the state of North Dakota; to authorize the industrial commission acting as the North Dakota building authority to issue evidences of indebtedness for payment of the loans, accrued interest, and special assessments on the old Dickinson experiment station; to provide for a transfer from the lignite research fund; and to declare an emergency.

VETO

April 30, 1987

Mr. Ben Meier
Secretary of State
State Capitol
Bismarck, North Dakota 58505

Dear Mr. Meier:

House Bill 1019 provides, among other appropriations, an appropriation of \$250,000 to the University of North Dakota for lignite development research projects.

That expenditure would virtually deplete the Lignite Research Fund created this session in House Bill No. 1065 and placed under the jurisdiction of the Industrial Commission. Furthermore, even the

full amount appropriated by House Bill 1019 may not be available if lignite mining fails to meet expectations.

Because the Lignite Research Fund can provide a long-term resource for lignite research projects, especially if utilized wisely to leverage other funds from private and federal sources, it is essential that some of that Fund remain intact for future purposes to better assist UND as well as other research efforts.

Therefore, I line-item veto only Section 5 of House Bill 1019. The remainder of the bill will have full force and effect.

Sincerely,

GEORGE A. SINNER
Governor

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

* SECTION 5. LIGNITE DEVELOPMENT RESEARCH - APPROPRIATION - TRANSFER. There is hereby appropriated and transferred by the industrial commission, at the direction of the office of management and budget, from the lignite research fund as created by the 1987 legislative assembly, to the university of North Dakota, the sum of \$250,000, or so much thereof as may be necessary, for lignite development research projects for the biennium beginning July 1, 1987, and ending June 30, 1989.

Disapproved April 29, 1987
Filed April 30, 1987

* NOTE: Section 5 of House Bill No. 1019 was line-item vetoed. Only the vetoed portion of the bill is printed here. The bill is printed in its entirety at Session Laws chapter 19.

CHAPTER 768

SENATE BILL NO. 2248
(Committee on State and Federal Government)
(At the request of the Public Employees Retirement System)

PERS INVESTMENTS

AN ACT to create and enact a new subsection to section 54-52-01 of the North Dakota Century Code, relating to a definition of investment counselor in the public employees retirement system law; to amend and reenact subsection 6 of section 54-52-04 and sections 54-52-16 and 54-52-25 of the North Dakota Century Code, relating to authority of the public employees retirement system board; and to repeal subsection 6 of section 54-52-01 of the North Dakota Century Code, relating to a definition of funding agent in the public employees retirement system law.

VETO

March 27, 1987

The Honorable Rolland W. Redlin
President Pro Tempore
North Dakota Senate
Senate Chamber, State Capitol
Bismarck, North Dakota 58505

Dear President Redlin:

Senate Bill No. 2248 makes two major changes which are of concern and would hinder cooperation and coordination between state agencies relative to investment activities.

Under the new definition of "investment counselor" set out in this bill, the Bank of North Dakota would be excluded from providing

investment services to the Public Employees Retirement System. North Dakota is fortunate to have the only state-owned bank in the United States. We should be utilizing the bank to its maximum potential rather than eliminating areas where it can serve the people of North Dakota.

Secondly, Senate Bill 2248 would allow the Public Employees Retirement Board to establish in-house investment management. The Bank is now working with the Retirement Board to provide the services they need. It is not cost-effective to have two state agencies providing the same investment services.

Currently the State Investment Board has undertaken a major effort to coordinate and share services to avoid duplication and save dollars for the various funds. During this difficult financial time in our history, it is important we avoid duplication among our state agencies and encourage cooperation.

Therefore, I veto Senate Bill 2248.

Sincerely,

GEORGE A. SINNER
Governor

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF THE
STATE OF NORTH DAKOTA:

SECTION 1. A new subsection to section 54-52-01 of the 1985 Supplement to the North Dakota Century Code is hereby created and enacted to read as follows:

"Investment counselor" means a professionally qualified person whose principal livelihood is obtained from giving objective and impartial investment advice, and who provides investment management of security portfolios on a continuous basis.

SECTION 2. AMENDMENT. Subsection 6 of section 54-52-04 of the 1985 Supplement to the North Dakota Century Code is hereby amended and reenacted to read as follows:

6. a. The Through its investment officer, the board shall select the funding agent or agents and establish an investment agreement contract. The contract must authorize the funding agent or agents to hold and invest moneys for the system. No moneys of the system may be invested by the board. The moneys of the system must be placed for investment only with a firm or firms whose primary endeavor is money management, and only after a trust agreement or contract has been executed manage the assets of the system. The board

may contract with investment counselors to assist in managing the assets of the system. The board shall establish a statement of investment goals, objectives, and policies under which the investment officer and each investment counselor shall manage the assets of the system. The basis for managing the assets of the system is the prudent man rule of investments.

- b. All securities, agreements, contracts, or and instruments of value must be delivered to the Bank of North Dakota, or its agents board's master custodian for safekeeping. Except for disbursing money for investment to the funding agent or agents investment counselor or paying prior service benefits, funding agent or agents investment counselor's management fees, performance measurement fees, actuarial consultant fees, auditors fees, or making withdrawal payments and refunds, the board shall expend money only for administrative purposes by preparing an appropriate voucher and submitting such that voucher to the office of management and budget, and as limited by the appropriation first made by the legislative assembly.

SECTION 3. AMENDMENT. Section 54-52-16 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

54-52-16. Appointment of investment counselor - Insurance contracts - Trust agreements. For the purpose of establishing the funding agent or agents appointing an investment counselor, the board may enter into make an insurance contract, agreement, or purchase an insurance policy or policies covering all or any part of the retirement plan adopted, provided the assuring company is a North Dakota corporation or authorized to do business in the this state of North Dakota, or may enter into. The board may also make a contract with any qualified trust company or companies, or combinations of insurance contracts and trust contracts.

SECTION 4. AMENDMENT. Section 54-52-25 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

54-52-25. Limitation of powers Delegation of investment counselor duties prohibited. The funding agent or agents An investment counselor selected by the board shall may not delegate any powers or duties to any person, partnership, or corporation.

SECTION 5. REPEAL. Subsection 6 of section 54-52-01 of the 1985 Supplement to the North Dakota Century Code is hereby repealed.

Disapproved March 26, 1987
Filed April 15, 1987

CHAPTER 769

SENATE BILL NO. 2306
(Adams)

RECREATION SERVICE DISTRICT LEVIES

AN ACT to amend and reenact sections 11-28.2-02 and 57-15-26.1 of the North Dakota Century Code, relating to compensation and expense reimbursement for members of a board of recreation service district commissioners and mill levy limitations that apply to recreation service districts.

VETO

March 27, 1987

The Honorable Rolland W. Redlin
President Pro Tempore
North Dakota Senate
Senate Chamber, State Capitol
Bismarck, North Dakota 58505

Dear President Redlin:

Senate Bill 2306 would allow recreation service district commissioners to levy a tax for general purposes, in addition to all other levies permitted by law, of up to twenty-five mills on the taxable valuation of property in the district.

That is a significant increase above the current one mill authorized by law.

Furthermore, the only approval required for such an increase is that of a majority of the qualified voters who are present and voting on

the question at the annual meeting. No specific notice of such proposed increase is required prior to the meeting. That is an invitation to abuse.

Because the mill levy increase permitted by this bill is so significant and the procedures required to approve the increase so deficient, I hereby veto Senate Bill 2306.

Sincerely,

GEORGE A. SINNER
Governor

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

SECTION 1. AMENDMENT. Section 11-28.2-02 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

11-28.2-02. Meetings of recreation service districts - Election of board. The first meeting of the recreation service district shall be held within thirty days after the district is organized at a time and place designated by the board of county commissioners. At such meeting, the qualified voters, as defined in section 11-28.2-03, shall elect not less than five qualified voters of the district to serve as members of the board of recreation service district commissioners. Each member elected and qualified shall serve until the first annual meeting of the district. The voters of the district shall assemble and hold an annual meeting during the month of June of each year, at a time and place within the county designated by the board of recreation service district commissioners. In addition to the annual meeting, the board of recreation service district commissioners may call a special meeting of the voters of the district at such time and place as the board may select. For any annual or special meeting the board shall publish notice of the meeting not less than fifteen days prior to the meeting in the official county newspaper of the county in which the district is located and the notice shall be mailed by regular mail to property owners of the district as recorded in the county treasurer's office in which the district is located not less than fifteen days prior to the meeting. Not less than five qualified voters of the district shall be elected to serve on the board of recreation service district commissioners at the annual meeting. Each member so elected shall serve a term of three years, until his successor is elected and qualified. The term of each member shall be established so that the term of approximately one-third of the members shall terminate each year. The members of such the board shall serve without compensation may be compensated not more than twenty-five dollars for each meeting of the board actually attended and may be reimbursed for necessary meals, lodging, and travel expenses actually incurred while engaged on official business of the

board, at the same rates as provided for state officers and employees.

SECTION 2. AMENDMENT. Section 57-15-26.1 of the North Dakota Century Code is hereby amended and reenacted to read as follows:

57-15-26.1. General tax levy of recreation service districts. The board of recreation service district commissioners of a recreation service district created under chapter 11-28.2 may, upon resolution of the board, levy a tax for general purposes in addition to all other levies permitted by law, not exceeding ~~one mill~~ twenty-five mills on the taxable valuation of property in the district. A resolution of the board of recreation service district commissioners may not increase a tax levy under this section from the amount levied in the previous taxable year unless approved by a majority of the qualified voters, as defined in section 11-28.2-03, present and voting on the question at the annual meeting of the recreation service district.

Disapproved March 26, 1987
Filed April 15, 1987