NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

BUDGET SECTION

Wednesday, June 27, 2007
Senate Chamber, State Capitol
Bismarck, North Dakota

Senator Ray Holmberg, Chairman, called the meeting to order at 10:00 a.m.

Members present: Senators Ray Holmberg, Bill L. Bowman, Tom Fischer, Ralph L. Kilzer, Aaron Krauter, Karen K. Krebsbach, Elroy N. Lindaas, Tim Mathern, David O'Connell, Larry J. Robinson, Harvey D. Tallackson, Rich Wardner; Representatives Ole Aarsvold, Larry Bellew, Merle Boucher, Ron Carlisle, Al Carlson, Eliot Glassheim, Kathy Hawken, James Kerzman, Matthew M. Klein, Gary Kreidt, Joe Kroeber, Bob Martinson, Ralph Metcalf, Jon Nelson, Kenton Onstad, Chet Pollert, Ken Svedjan, Blair Thoreson, Francis J. Wald, Alon C. Wieland, Clark Williams

Members absent: Senators Randel Christmann, Tony Grindberg, Carolyn Nelson, Tom Seymour, Bob Stenehjem; Representatives Rick Berg, Jeff Delzer, Mary Ekstrom, Pam Gulleson, Keith Kempenich, David Monson, Bob Skarphol

Others present: See Appendix A for additional persons present.

STATUS OF THE STATE GENERAL FUND

At the request of Chairman Holmberg, Ms. Pam Sharp, Director, Office of Management and Budget, presented a report on the status of the general fund. A copy of the information presented is on file in the Legislative Council office.

Ms. Sharp said the consumer price index (CPI) in May 2007 was 2.7 percent, which was up .1 percent for the month and down 1.5 percent compared to May 2006, and the CPI is expected to average 2.6 percent during 2007. Ms. Sharp said North Dakota's unemployment rate for April 2007 was 3.5 percent, which was the same as April 2006. She said North Dakota's unemployment rate was lower than the national rate of 4.3 percent in April 2007. Ms. Sharp said personal income in North Dakota grew at a rate of 3.5 percent during 2006 and is expected to grow by 3 percent per year through 2011. Ms. Sharp said North Dakota oil production in April 2007 increased from the March 2007 level of over 117,700 barrels per day to approximately 119,000 barrels per day. She said the average price for North Dakota crude oil has risen to over $60 per barrel compared to the April average of $56 per barrel and the March average of $52 per barrel. She said current oil prices are approximately $62 per barrel and the rig count is 41.

In response to a question from Senator Krauter, Ms. Sharp said the revenue forecasts are based on the discounted price per barrel of oil.

Senator Wardner said the discount on North Dakota oil has averaged from $9.50 to $10 per barrel.

Senator Krauter requested the Office of Management and Budget provide information at the next Budget Section meeting regarding actual quoted prices versus discount prices per barrel of oil.

Ms. Sharp presented the following information on the status of the state general fund for the 2005-07 biennium based on revenue collections through May 2007:

Unobligated general fund balance - July 1, 2005	$68,015,056
Add	
General fund collections through May 31, 2007	2,153,924,111
Forecasted general fund revenue for the remainder of the 2005-07 biennium	136,921,528
Estimated general fund turnback for the 2005-07 biennium	10,000,000
Total estimated general fund revenue for the 2005-07 biennium	$2,368,860,695
Less	
2005-07 biennium general fund appropriations	1,989,452,623
Supplemental appropriations (2007 Senate Bill No. 2023)	11,084,451
Transfer to the budget stabilization fund	100,527,369
Estimated general fund balance - June 30, 2007 ($257,500,721 more than the 2007 legislative estimate of $10,295,531)	$267,796,252

Ms. Sharp said the estimated June 30, 2007, ending balance of the general fund is approximately $50 million more than estimated at the end of the 2007 legislative session.

Ms. Sharp presented the following information on the status of the permanent oil tax trust fund for the 2005-07 biennium:

Beginning permanent oil tax trust fund balance - July 1, 2005	$50,369,096
Less	
Transfer to the general fund - Section 32 of 2005 House Bill No. 1015	55,300,000
2005-07 appropriations - 2005 House Bill No. 1012, 2005 Senate Bill Nos. 2018, 2228	25,317,820
Add	
Transfers from the general fund - Oil and gas tax collections above the $71 million statutory general fund limit (reflects actual through April 2007)	154,726,310
Anticipated oil and gas tax collections - June 2007	11,002,341
Estimated ending permanent oil tax trust fund balance - June 30, 2007	$135,479,927

TOBACCO SETTLEMENT PROCEEDS

Ms. Sharp presented information on the status of tobacco settlement proceeds received by North Dakota. A copy of the information presented is on file in the Legislative Council office. Ms. Sharp said the state received two payments in April 2007 and one payment in June 2007 totaling approximately $22.2 million, which brings the total the state has received in tobacco settlement funds to approximately $196.7 million.

In response to a question from Representative Wald, Ms. Sharp said the separate payments in April 2007 may be due to a company making a late payment and the June 2007 payment is an adjustment.

FISCAL IRREGULARITIES

Pursuant to North Dakota Century Code (NDCC) Section 54-14-03.1, Ms. Sharp presented information on irregularities in the fiscal practices of the state. A copy of the information presented is on file in the Legislative Council office. Ms. Sharp said the state agencies with fiscal irregularities are:

Agency	Amount	Reason
Workforce Safety and Insurance	$823.00	Retroactive pay for additional workload due to vacancies
Information Technology Department	$2,500.00	Retroactive pay for five-month temporary increase for employee who served as interim CIO
Department of Transportation	$2,442.59	Retroactive pay for reinstated employee
Office of Management and Budget	$1,000.00	Retroactive pay for additional workload due to vacancies and implementation of new P-card vendor contract
Department of Human Services	$15,414.36	Severance pay
Department of Human Services	$13,721.13	Severance pay
Department of Transportation	$10,000.00	Severance pay
Department of Commerce	$500.00	Temporary increase for workload increase due to vacancy of director of Economic Development and Finance
Department of Commerce	$4,250.00	Temporary increase for workload increase due to vacancy of vice president of research
Department of Commerce	$2,500.00	Temporary increase for workload increase due to vacancy in Division of Community Services
Information Technology Department	$841.19	Temporary increase for additional workload due to the Family and Medical Leave Act

AGENCY REQUESTS AUTHORIZED BY THE EMERGENCY COMMISSION

Chairman Holmberg directed the committee to consider agency requests which have been authorized by the Emergency Commission and forwarded to the Budget Section pursuant to NDCC Sections 54-16-04, 54-16-04.1, 54-16-04.2, and 54-16-09. The information relating to the requests was provided to the Budget Section prior to the meeting and is on file in the Legislative Council office.

It was moved by Senator Robinson, seconded by Representative Svedjan, and carried on a roll call vote that, pursuant to NDCC Sections 54-16-04, 54-16-04.1, 54-16-04.2, and 54-16-09, the Budget Section approve the following requests which have been approved by the Emergency Commission:

- **Adjutant General (Request #1624) - To increase special funds spending authority by $6,290,000 for the Air Guard contracts ($290,000) and Army Guard contracts ($6 million) line items for the 2005-07 biennium. The request is to provide the additional spending authority needed for federally funded capital construction projects started in the 2003-05 biennium but not completed and fully paid until the 2005-07 biennium.**
- **Department of Public Instruction (Request #1625) - To increase special funds spending authority by $16 million for the operating**

expenses ($1 million) and other grants ($15 million) line items for the 2005-07 biennium. The funding is for providing grants to school districts during the 2005-07 biennium.

- **Department of Public Instruction (Request #1626) - To increase special funds spending authority for the 2007-09 biennium by $525,800 to accept federal funds from the United States Department of Agriculture for development of a software program to expand and improve direct certification procedures related to child nutrition, food stamps, and temporary assistance for needy families.**
- **University of North Dakota (Request #1627) - To modify and extend into the 2007-09 biennium an existing line of credit in the amount of $1,515,259 with the Bank of North Dakota, pursuant to NDCC Section 54-16-13, for costs related to 1997 flood disaster damages. The line of credit authorized for the 2005-07 biennium was $2,610,854.**
- **Department of Transportation (Request #1628) - To increase the drivers and vehicle services line item by $250,000 of federal funds from the National Highway Traffic Safety Administration to provide grants for traffic safety programs.**
- **Department of Agriculture (Request #1629) - To increase spending authority by $110,500 of federal funds from the United States Forest Service for the grants line item ($110,500) for control of leafy spurge and multicounty control of noxious and invasive weeds.**
- **Department of Corrections and Rehabilitation (Request #1630) - To increase spending authority by $250,000 of federal funds from the United States Department of Justice for the juvenile community services line item ($250,000) for juvenile justice, juvenile delinquency prevention, and juvenile accountability programs.**
- **Veterans Home (Request #1631) - To increase special funds spending authority from additional resident rent revenue and the operating expenses line item by $100,000 for medical costs, including medications, primary care lab work, tests, and x-rays which were previously covered by the Veterans Administration Medical Center in Fargo and for increases in utilities and travel costs due to high fuel prices, and for a line item transfer of $65,000 from the salaries line item to the operating expenses line item for additional contract nursing costs incurred due to the inability to find candidates to fill several vacant nursing positions.**

Senators Holmberg, Bowman, Fischer, Kilzer, Krauter, Krebsbach, Lindaas, Mathern, O'Connell, Robinson, Tallackson, and Wardner and Representatives Aarsvold, Bellew, Boucher, Carlisle, Carlson, Glassheim, Hawken, Kerzman, Klein, Kreidt, Kroeber, Martinson, Metcalf, Nelson, Onstad, Pollert, Svedjan, Thoreson, Wald, Wieland, and Williams voted "aye." No negative votes were cast.

BUDGET SECTION DUTIES AND RESPONSIBILITIES FOR THE 2007-09 BIENNIUM

The legislative budget analyst and auditor reviewed the Legislative Council rules of operation and procedure for the 2007-08 interim.

At the request of Chairman Holmberg, the Legislative Council staff presented a memorandum entitled *Budget Section Duties and Responsibilities for the 2007-09 Biennium*. The memorandum lists the following Budget Section duties for the 2007-09 biennium:

1. Receive a status report on the State Board of Agricultural Research and Education (Section 4-05.1-19(10)).
2. Receive statement from ethanol plants in operation before July 1, 1995, that received production incentives (Section 4-14.1-07.1).
3. Consider requests for higher education campus improvements and building construction (Section 15-10-12.1).
4. Receive report on sources of local funds received for construction projects of entities under the State Board of Higher Education (Section 15-10-12.3).
5. Consider designation of a center of excellence (Section 15-69-02 and 2007 Senate Bill No. 1018, Section 14).
6. Consider Game and Fish Department land acquisitions (Section 20.1-02-05.1).
7. Receive report on annual audits of renaissance fund organizations (Section 40-63-07(9)).
8. Receive report identifying every state agency that has not submitted a claim for property belonging to that agency (Section 47-30.1-24.1).
9. Consider relinquishment of agency rights to recover property (Section 47-30.1-24.1).
10. Consider requests to change or expand state building construction projects (Section 48-01.2-25).
11. Receive report on job insurance trust fund (Section 52-02-17).
12. Receive report on irregularities in the fiscal practices of the state (Section 54-14-03.1).
13. Consider requests for transfers exceeding $50,000 (Section 54-16-04(2)).
14. Consider requests to accept and spend more than $50,000 of federal funds which were not appropriated (Section 54-16-04.1).

15. Consider requests to accept and spend more than $50,000 of other funds which were not appropriated (Section 54-16-04.2).
16. Consider requests for transfers of spending authority from the state contingencies appropriation exceeding $50,000 (Section 54-16-09).
17. Receive report on tobacco settlement funds (Section 54-44-04(23)).
18. Prescribe form of budget data (Section 54-44.1-07).
19. Receive a report from the Information Technology Department (Section 54-59-19).
20. Receive periodic reports on the status of the risk management workers' compensation program (Section 65-04-03.1(5)).
21. Receive report on specified commodities and services exempted from the procurement requirements of Chapter 54-44.4 (2003 Senate Bill No. 2015, Section 42).
22. Review and report on budget data (Legislative Council directive).
23. Consider requests by the Board of University and School Lands to invest in real property (Section 15-03-04).
24. Receive annual audits from center of excellence awarded funds under Chapter 15-69 (Section 15-69-05).
25. Consider requests by the Game and Fish Department to reduce the balance of the game and fish fund below $15 million (Section 20.1-02-16.1).
26. Consider the provision of contract services by the Developmental Center (Section 25-04-02.2).
27. Consider a waiver of exemption of special assessments levied for flood control purposes on state property (Section 40-23-22.1).
28. Consider requests to terminate the food stamp program (Section 50-06-05.1(17)).
29. Consider requests to terminate the energy assistance program (Section 50-06-05.1(19)).
30. Consider requests for transfers which will result in program elimination (Section 54-16-04(1)).
31. Consider requests to accept federal funds for a specific purpose or program which were not appropriated (Section 54-16-04.1(4)).
32. Receive reports on new correctional programs which exceed $100,000 of cost during a biennium (Section 54-23.3-09).
33. Consider requests to use money in the capital improvements preliminary planning revolving fund (Section 54-27-22).
34. Consider requests to use cash flow financing (Section 54-27-23).
35. Receive report on transfers from the budget stabilization fund (Section 54-27.2-03).
36. Receive reports on purchases of "put" options (Section 54-44-16).
37. Consider objecting to budget allotments or expenditures (Section 54-44.1-12.1).
38. Consider the reduction of budgets due to initiative or referendum action (Section 54-44.1-13.1).
39. Consider requests for the distribution of Children's Services Coordinating Committee grants (Section 54-56-03).
40. Consider request by the Information Technology Department to finance the purchase of software, equipment, or implementation of services (Section 54-59-05(4)).
41. Hold legislative hearings for federal block grants (2007 House Concurrent Resolution No. 3001).
42. Receive report on reductions made in homestead property income tax credit (Section 57-38-01.29 and 2007 Senate Bill No. 2032, Section 6).
43. Consider request to reduce the commercial property income tax credit (Section 57-38-01.30 and 2007 Senate Bill No. 2032, Section 7).
44. Consider request for annual tuition increase of more than 5 percent (2007 House Bill No. 1003, Section 18).
45. Receive report regarding the status of the grandstand construction on the state fairgrounds (2007 House Bill No. 1009, Section 4).
46. Consider a correctional facility concept (2007 House Bill No. 1015, Section 10).
47. Receive project startup report and consider inmate medical system (2007 House Bill No. 1015, Section 12).
48. Receive space, operational, and staffing plan (2007 House Bill No. 1015, Section 17).
49. Consider request for Office of Management and Budget to borrow $5 million from the Bank of North Dakota for centers of excellence (2007 House Bill No. 1018, Section 15).
50. Consider request for Secretary of State to borrow $2.92 million from the Bank of North Dakota for implementation of the North Dakota business development engine information technology project (2007 House Bill No. 1018, Section 18).
51. Receive report on revenues and expenditures of the abandoned oil and gas well plugging and site reclamation fund; the geophysical, geothermal, subsurface minerals, and coal exploration fund; and the geologic data preservation fund (2007 House Bill No. 1060, Section 7).
52. Receive periodic reports on the status of the construction of a new Crime Laboratory (2007 Senate Bill No. 2003, Section 13).
53. Receive report on facility agreement governing metrology services (2007 Senate Bill No. 2008, Section 11).

54. Receive annual report on the state meat inspection program (2007 Senate Bill No. 2009, Section 13).
55. Receive annual report on the endangered species program (2007 Senate Bill No. 2009, Section 14).
56. Receive report regarding any transfers between line items and between subdivisions in excess of $50,000 (2007 Senate Bill No. 2012, Section 4).
57. Consider request for Department of Human Services to borrow $3.5 million from the Bank of North Dakota for medical assistance grants (Senate Bill No. 2012, Section 5).
58. Receive report on recruitment and retention of hunters (Senate Bill No. 2017, Section 7).
59. Receive quarterly reports on status of performance audit recommendations (Senate Bill No. 2021, Section 5).
60. Receive report on the status of the Medicaid management information system (Senate Bill No. 2024, Section 3).
61. Consider request for Department of Human Services to use state contingency funds (2007 Senate Bill No. 2024, Section 4).
62. Receive periodic reports on the status of the Veterans Home construction project (Senate Bill No. 2418, Section 4).
63. Conduct budget tours and receive budget tour group reports.
64. Receive federal funds report.

The legislative budget analyst and auditor said the Budget Section would receive the executive budget recommendation for the 2009-11 biennium at the organizational session of the 2009 Legislative Assembly in December 2008.

LEGISLATIVE COUNCIL ANALYSIS OF CHANGES TO THE EXECUTIVE BUDGET - 2007-09 BIENNIUM

At the request of Chairman Holmberg, Mr. Allen H. Knudson, Assistant Legislative Budget Analyst and Auditor, Legislative Council, presented the Legislative Council report entitled *60th Legislative Assembly Analysis of Legislative Changes to the Executive Budget 2007-09 Biennium*. The report provides information on legislative changes to the executive budget, full-time equivalent changes, major programs, and related legislation for each state agency. The report also includes the analysis of various special funds and statistical information on state appropriations.

In response to a question from Representative Bellew, Mr. Knudson said income from the common schools trust fund is included in the analysis for the state tuition fund.

Representative Bellew requested the Legislative Council staff provide information on the common schools trust fund.

The legislative budget analyst and auditor said the report is available online at the Legislative Council web site. He said a report on fiscal and budget trends will be available at the conclusion of the 2007-09 biennium.

BUDGET STATUS REPORT FOR THE 2007-09 BIENNIUM

At the request of Chairman Holmberg, Mr. Knudson presented the Legislative Council report entitled *60th Legislative Assembly Budget Status Report for the 2007-09 Biennium*. The report provides information on the status of the general fund and estimated June 30, 2007, ending balance, legislative changes to general fund revenues, and legislative appropriation changes to the executive recommendation.

MEDICAID MANAGEMENT INFORMATION SYSTEM

At the request of Chairman Holmberg, Ms. Jennifer Witham, Director, Information Technology Services, Department of Human Services, presented information on the status of the Medicaid management information system project. A copy of the information presented is on file in the Legislative Council office.

Ms. Witham said the project is on schedule in accordance with the detailed workplan. She said expenditures through May 31, 2007, total $7,330,031. She said ACS State Healthcare LLC has delivered the requirements analysis document, the requirements traceability matrix, and the Medicaid information technology architecture roadmap. She said the Information Technology Department has completed requirement documents related to historical data conversion, interfaces with secondary systems, and current claim edits and audits.

In response to a question from Senator Mathern, Ms. Witham said the focus of work during the 2007-09 biennium will be on the Medicaid management information system. She said the system is dependent on county eligibility systems which will need to be enhanced in future phases of the project.

Senator Mathern requested the Department of Human Services provide information at a future meeting of the Budget Section relating to recommendations and cost estimates for enhancing the other eligibility systems. The chairman asked the Legislative Council staff to arrange for this presentation, including potential county/state financial responsibilities under the "swap agreement."

MINOT STATE UNIVERSITY - CHANGE IN SCOPE OF PROJECT

Chairman Holmberg called on Ms. Laura Glatt, Vice Chancellor for Administrative Affairs, North Dakota University System, to present information regarding a change in scope of the dome floor replacement project at Minot State University pursuant

to NDCC Section 48-02-20. A copy of the information presented is on file in the Legislative Council office. Ms. Glatt said Minot State University is requesting an increase in spending authority for the dome floor replacement project. She said the bid for the project is $431,000, $44,500 more than the 2007-09 legislative appropriation of $387,000 for the project. She said the additional funding will be allocated from the 2007-09 legislative appropriation for deferred maintenance.

In response to a question from Representative Svedjan, Ms. Glatt said there was not a specific list of projects authorized by the 2007 Legislative Assembly for the deferred maintenance funding and the dome floor project is considered deferred maintenance. Representative Svedjan said he is not opposed to the project but is opposed to using deferred maintenance funds for other funded projects.

In response to a question from Representative Svedjan, Ms. Glatt said the institutions are anticipating utility funding shortfalls for the 2007-09 biennium and Minot State University will be looking to local funding sources to cover that shortfall. She said this will limit the amount of local funding sources available for other needs.

Representative Klein said he discussed the dome floor situation with Minot State University representatives and advised them to seek Budget Section approval for increased spending authority rather than rebidding the project. He said rebidding the project probably would not have resulted in lower bids.

It was moved by Senator Wardner, seconded by Senator Fischer, and carried on a roll call vote that the Budget Section, pursuant to NDCC Section 48-02-20, approve the Minot State University request to increase spending authority for the dome floor replacement project. Senators Holmberg, Bowman, Fischer, Kilzer, Krauter, Krebsbach, Lindaas, Mathern, O'Connell, Robinson, Tallackson, and Wardner and Representatives Aarsvold, Bellew, Boucher, Carlisle, Carlson, Glassheim, Hawken, Kerzman, Klein, Kreidt, Kroeber, Martinson, Metcalf, Nelson, Onstad, Pollert, Thoreson, Wald, Wieland, and Williams voted "aye." Representative Svedjan voted "nay."

STATE COLLEGE OF SCIENCE - CHANGE IN SCOPE OF PROJECT

Ms. Glatt presented information regarding a change in scope for the State College of Science steamline project pursuant to NDCC Section 48-02-20. A copy of the information presented is on file in the Legislative Council office. Ms. Glatt said the successful bid for the steamline project is $350,000 less than the 2007 legislative appropriation of $1,670,420. She said the college is requesting authority to use the $350,000 for the water and sewerline project. She said replacement of water and sewerlines has recently emerged as an emergency project, in part due to high ground water levels from heavy rains.

It was moved by Representative Williams, seconded by Senator Robinson, and carried on a roll call vote that the Budget Section, pursuant to NDCC Section 48-02-20, approve the State College of Science request to change the scope of the steamline project. Senators Holmberg, Bowman, Fischer, Kilzer, Krauter, Krebsbach, Lindaas, Mathern, O'Connell, Robinson, Tallackson, and Wardner and Representatives Aarsvold, Bellew, Boucher, Carlisle, Carlson, Glassheim, Hawken, Kerzman, Klein, Kreidt, Kroeber, Martinson, Metcalf, Nelson, Onstad, Pollert, Svedjan, Thoreson, Wald, Wieland, and Williams voted "aye." No negative votes were cast.

STATE AGENCY UNCLAIMED PROPERTY

Chairman Holmberg called on Ms. Linda Fisher, Administrator, Unclaimed Property Division, Land Department, to present a report regarding state agencies that have not submitted a claim for unclaimed property belonging to that agency pursuant to NDCC Section 47-30.1-24.1. A copy of the information presented is on file in the Legislative Council office. Ms. Fisher said the 2003 Legislative Assembly enacted Section 47-30.1-24.1 in an effort to resolve the issue of state agency unclaimed property. She said this section provides that within one year of receipt of state agency property, the administrator of unclaimed property is to notify the agency by certified mail; the commissioner of the University and School Lands is to present a report to the Budget Section identifying every state agency that has not submitted a claim for property belonging to that agency within one year of the receipt of the date of the certified mail receipt; and upon approval of the Budget Section, the agency relinquishes its right to recover its property.

Ms. Fisher said a mailing was completed in December 2005 which included 12 state agencies with unclaimed property and certified letters were mailed to those agencies with a response deadline of December 19, 2006. In an effort to synchronize the response deadlines with the summer meetings of the Budget Section, she said, the 2006 mailing was completed in June and included 13 agencies. Certified letters were mailed to those agencies with a response deadline of June 7, 2007. Ms. Fisher said six agencies from the December 2005 mailing and eight agencies from the June 2006 mailing did not respond. She presented the Budget Section with a list of the 14 state agencies that did not respond to the certified mailing (Appendix B).

In response to a request from Senator Robinson, Ms. Fisher said certified mail is the only contact made with the agencies on the mailing list. She said the Land Department received receipts indicating the 14 agencies had received the certified letter.

In response to a question from Senator Mathern, Ms. Fisher said, upon relinquishment, the agency can no longer make a claim on the property and the

property will become part of the common schools trust fund.

In response to a question from Representative Aarsvold, Ms. Fisher said the unclaimed property consists mostly of uncashed checks and also includes outstanding credit balances on accounts.

It was moved by Representative Wald, seconded by Representative Klein, and carried on a roll call vote that, pursuant to NDCC Section 47-30.1-24.1, the Budget Section approve the list provided by the Land Department of state agencies relinquishing their rights to recover unclaimed property. Senators Holmberg, Bowman, Fischer, Kilzer, Krauter, Krebsbach, Lindaas, Mathern, Robinson, Tallackson, and Wardner and Representatives Aarsvold, Bellew, Carlisle, Carlson, Glassheim, Hawken, Kerzman, Klein, Kreidt, Kroeber, Martinson, Metcalf, Nelson, Onstad, Pollert, Svedjan, Thoreson, Wald, Wieland, and Williams voted "aye." Senator O'Connell voted "nay."

CORRESPONDENCE FROM ETHANOL PLANTS

Pursuant to NDCC Section 4-14.1-07.1, correspondence from a North Dakota ethanol plant receiving production incentives from the state was distributed to the committee members. The correspondence relates to the Archer Daniels Midland Company plant and indicates that the plant produced a profit for the year ending December 31, 2006, and did not receive incentive payments in 2006 from the North Dakota ethanol production incentive program. A copy of the correspondence is on file in the Legislative Council office.

COMMITTEE DISCUSSION AND STAFF DIRECTIVES

Chairman Holmberg said he will work with the Legislative Council to develop a budget tour process to various state institutions that will involve relating budget committees. He said the next meeting for the Budget Section is tentatively scheduled for Tuesday, October 30, 2007.

It was moved by Senator Robinson, seconded by Representative Wieland, and carried on a voice vote that the Budget Section meeting be adjourned subject to the call of the chair. Chairman Holmberg adjourned the meeting at 11:50 a.m.

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Becky Keller
Fiscal Analyst

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Jim Smith
Legislative Budget Analyst and Auditor

ATTACH:2