

Report of the North Dakota Legislative Research Committee

**Pursuant to Chapter 54-35 of the 1957 Supplement
to the North Dakota Revised Code of 1943**



Thirty-sixth Legislative Assembly

1959

North Dakota Legislative Research Committee

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The Honorable John E. Davis
Governor of North Dakota

Members, Thirty-sixth Legislative Assembly
of North Dakota

Pursuant to law we have the honor to transmit to you the report and recommendations of the Legislative Research Committee to the Thirty-sixth Legislative Assembly.

This report includes the reports and recommendations of the Legislative Research Committee in the fields of credit practices; education; finance and taxation; governmental organization; industry, business and labor; judiciary and code revision; legislative organization and procedure; natural resources; securities; state, federal, and local government; transportation; and other miscellaneous subjects considered by the Committee. In addition, you will find a short explanation of all bills being introduced by the Legislative Research Committee.

Respectfully submitted,

NORTH DAKOTA LEGISLATIVE
RESEARCH COMMITTEE

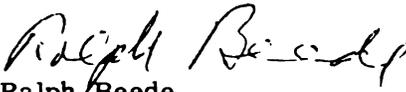

Ralph Beede
Chairman

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Summary

Briefly - - - This Report Says

CREDIT PRACTICES

Installment Sales:

The present Installment Sales Act, which was hurriedly passed at the last session, is quite workable, but some amendments are recommended as follows:

1. Extend protection of the Act to include purchasers of farm equipment which are now probably excluded;
2. Provide two classes of goods in the rate schedule with Class A including motor vehicles and all farm machinery at the same rates provided in the present Act. Class B goods would include all other property at a new rate schedule providing a maximum of \$9 per \$100 per year on the first \$500 of any contract and \$6 per \$100 on any excess;
3. Provide a minimum charge of \$10 per installment contract and reduce the amount that can be withheld upon prepayment of a contract from \$15 to \$10;
4. Require notice in the contract of unequal or "balloon" payments;
5. Revision of the penalty clause to make it effective.

Revolving Charge Accounts:

This is a new type of financial transaction. Under this arrangement, a retail dealer agrees to extend a certain amount of charge account credit to a purchaser and the purchaser agrees to make specified monthly payments. A set charge upon the outstanding balance at the end of the month, usually at the rate of $1\frac{1}{2}\%$ per month, is made for carrying the account. The purpose of this arrangement is to permit installment payments on the periodic purchase of many small items which are not large enough to warrant separate installment sales contracts. When payments are made, thereby reducing the balance below the agreed maximum, the purchaser is again permitted to charge items up to the maximum amount of credit authorized to him. It appears these accounts are seldom completely paid in full before new charges are made. The legal status of the monthly charges under the usury law is uncertain. If this type of credit transaction is to be permitted to continue, it is recommended that it be

regulated to prevent abuses or unconscionable charges. The Committee proposes a bill which would limit the charges to a maximum of 1% per month and prevent other abuses.

Small Loans:

Studies show small loan businesses in the state make charges as high as 301% per year. From reports of other states and the experience of the North Dakota Attorney General, it appears impossible to police this type of business under the usury law. A Small Loans Act is therefore recommended to provide the basis of policing this industry, to prevent unconscionably high charges, and to protect the borrower from the many other abuses that can exist. Such a bill would provide for licensing, filing of reports, and periodic examination to insure compliance with the law. The bill would limit charges to 2½% per month on the first \$250 of the loan; 2% on the amount exceeding \$250, but under \$500; 1½% on the amount over \$500, but under \$750; and 1% on any balance over \$750, but not more than \$1,000. This rate is lower on the beginning balances than found in the statutes of the majority of states, but is believed by the Committee to be adequate. Strict penalties are provided in the bill.

EDUCATION

Elementary and Secondary Education:

North Dakota is not doing as well as some other states in the education of its youth at the elementary and secondary level. For instance, a higher percentage of North Dakota men failed the Armed Forces qualification tests than men from any surrounding state. Poor preparation for college, mainly in small high schools, requires institutions of higher learning to budget funds for less than college level work in order to aid students in reaching academic standards. Some high schools have such limited course offerings and poor quality of instruction that they are high schools in name only, which in effect cheats the students who believe they are obtaining a high school education.

To improve elementary and secondary education, the Committee recommends the following:

1. That the minimum school term be increased from eight months to 175 days of "class room instruction".

2. That a minimum curriculum be offered once every four years in every high school, beginning in 1961, if a high school is to receive any accreditation. See the full report for the recommended curriculum. This curriculum would be within the capabilities of four teachers and one administrator or even three teachers, if they hold the proper majors and minors.

3. That a foundation finance program be established which would guarantee 60% of the state average per pupil cost of education to every school district in the state with the balance of 40% to be carried by the local district. An aid for school transportation is proposed in order to more fully equalize educational opportunities and to promote school district reorganization. To make these payments to the school districts, an increase in the county levy for education from 14 mills to 20 mills would be required. The maximum local school district levy would be decreased an equivalent 6 mills. State payments from the State Equalization Fund would be made to each county to pay the difference between the tax yield of the 20-mill

levy and the cost of county payments to school districts. It is essential that this section of the main report be read in its entirety in order to obtain a full explanation of the program.

4. At present, laws require a 60% majority vote of the electorate to increase maximum school district levies by 50%, and a majority vote of 70% to increase levies by 75%. This requirement appears to unreasonably thwart the will of the majority. It is recommended that increases in maximum levies from 25% to 75% be permitted upon a 60% majority vote.

5. Even with the proposed foundation program, several schools in the state may require assistance under the "Basis of Need" program. Before this special state aid is made available, it is only fair that a strong local effort be made to support their schools. Therefore, it is recommended that a local district be required to make a levy equal to 50% over the normal maximum levy before it is eligible for "Basis of Need" payments.

6. That consideration be given to appropriating moneys from the Welfare Fund to support the Special Education and Vocational Education Programs in order to retard the annual decrease in the Equalization Fund. As an alternative, consideration might be given to placing two-thirds of the sales tax receipts in the Equalization Fund instead of the present seven-twelfths.

Higher Education:

Enrollments at all state institutions of higher learning have increased sharply and substantial future increases appear certain to come. The development of junior colleges in areas where they can be economically supported, can relieve crowded four-year institutions of some of the enrollment pressure at the freshman and sophomore level and permit them to give greater concentration to advanced fields of study. The cost of education in junior colleges would probably be less than at four-year institutions. Junior colleges will also permit many students to advance their education who would otherwise find it impossible to attend more distant institutions.

It is recommended that a program of support for junior colleges be initiated by the state to be paid from the general fund. Such payments should be at the rate of \$200 per year for each student carrying a course of 12 or more credit hours. Present requirements of law permitting the establishment of junior colleges only in cities of a population of 5,000 or more and only upon a two-thirds majority vote in the school district would be retained. To be eligible for state aid, the junior college should have an enrollment of not less than 90 full-time students and receive payments only after accreditation by the State Board of Higher Education.

Most of the recommendations contained in the report to the Committee and State Board of Higher Education, prepared by the U. S. Office of Education, can be carried out by the State Board of Higher Education under their present constitutional and statutory authority.

FINANCE AND TAXATION

Special State Funds and Nonreverting Appropriations:

Approximately 74% of all state income is at least partially beyond the control of the Legislature through being earmarked for special purposes or funds. Several state agencies deposit income and make expendi-

tures from special funds without any appropriation or review by the Legislature. Some special funds were found that had been inactive for years and in some cases it was even difficult to determine their purpose.

The Committee could find no reason why many of these funds should not be transferred to the general fund. Consolidation of special funds in the general fund can actually free some working capital for other purposes. For instance, a given fund may have periods of peak income at one time of the year and peak expense at another, thereby requiring a very high cash balance to carry the expenditures during the period of low income. If special funds were placed in the general fund, many times the peak expenditure period of one activity would be balanced by the peak income period of another. Consequently, a smaller cash balance could carry the functions if the funds were consolidated than would be required if each separate fund were required to carry a cash balance large enough to carry all its expenditures at all times.

The total of the funds recommended for transfer to the general fund was \$1,700,000. The Committee believes that about one-half of this amount could be appropriated for general purposes and the balance, together with income, would be a sufficient addition to the general fund to carry all expenditures previously carried by the separate special funds. See the full report for the list of funds recommended for transfer.

The Committee recommends consideration by the Legislative Assembly of changing the present methods of financing the cost of care of patients at the charitable institutions. At present, a portion of these costs are collected from the counties under a complex procedure of charges and credits, with a duty to the county of obtaining reimbursement from the patient or responsible relatives for both the state and county costs in instances where they are financially able to pay the costs. Most counties do not collect for their own share of the costs and almost never collect the state's share. Consequently, many patients and responsible relatives who are financially able to pay full costs of care, escape from making the required payments. The Committee recommends that the state assume full responsibility for the cost of operating the charitable institutions and direct responsibility for collecting the costs of care from the patients or responsible relatives.

Homestead Exemptions:

Homestead exemptions have substantial equities in their favor since a home is not an income-producing type of property nor a luxury deserving of special taxation. Any encouragement of home ownership has a beneficial effect on society.

The Committee selected a number of sample counties and cities of the state for study to determine the tax loss in the event homestead exemptions of various amounts should be adopted. It was found that the tax loss on even a \$250 homestead exemption was substantial and more than could be absorbed by the political subdivisions unless a new source of tax revenue were provided. Since the Committee has no recommendation to offer for new taxes to replace the lost revenue, it cannot recommend a homestead exemption.

GOVERNMENTAL ORGANIZATION

The Committee was directed to review the 1942 Governmental Survey Report on reorganization of state government. Much of this report and accompanying recommendations are still worthy of consideration. The

report and recommendations are too broad and sweeping to be adequately studied in one biennium. Consequently, the Committee studied the reorganization proposals relating to the fiscal administration of the state, which is considered the most pressing need.

Present statutes result in considerable intermingling and confusion of duties and responsibilities. Various boards with almost identical membership approve vouchers for state expenses before their payment, then audit their own actions after payment, and finally serve upon the budget board, reviewing expenditures of the past biennium and making recommendations for future appropriations. There should be a complete separation between the officer approving the payments and the officer auditing the expenditure as a matter of sound business practice. In addition, the board-type action makes it difficult to hold anyone responsible for financial administration.

At present, the Governor has the responsibility under the Constitution and statutes, and in the minds of most citizens, for the execution of all laws and for the activities of the entire executive branch of government. Yet because statutes for the most part place the powers of management in officers, boards and commissions beyond his control, he has little power to go with his constitutional responsibility.

The creation of a Department of Comptroller, with the director responsible to the Governor, is recommended to assume the responsibility of keeping all state accounts, preparation of the Governor's budget, approving expenditures, issuing warrants in accordance with the appropriations, preparation of revenue estimates, acting as central purchasing agency, and several other duties. The Department can eventually replace almost all of the duplicate bookkeeping activities of the various departments, resulting in substantial savings. This department can save the state thousands of dollars annually through its other activities. Since state activities are, to a large extent determined through financial control, his activities in the preparation of the budget and in the supervision of expenditures in accordance with appropriations and actual needs, will give the Governor a reasonable degree of authority in the planning, coordination, and supervision of the activities of the executive branch of government. For the first time he would have tools of management in his hands in at least some degree proportionate to his responsibilities.

The collection of beer, liquor and oleomargarine taxes is recommended for transfer from the Treasury to the Tax Commissioner. The eventual transfer of responsibility for collection of motor fuel taxes from the Auditor to the Tax Commissioner is recommended, but a two-year delay is suggested. These transfers would promote the most efficient use of personnel, especially fieldmen, as well as remove confusion to the citizens in regard to tax collection responsibilities.

The Auditor should become responsible for all post auditing of state agencies with a transfer of these responsibilities from the Board of Auditors and State Examiner, and be responsible to report to the Legislative Assembly as well as the Governor.

The Board of Auditors, Auditing Board, Budget Board, and Printing Commission, together with the offices of State Printer and State Purchasing Agent would be eliminated and their duties transferred to other departments.

INDUSTRY, BUSINESS AND LABOR

Minimum Wages and Hours:

Minimum wages and hours laws are found in 33 states. Originally most laws covered only women and children. There has been a trend toward including men under such laws and men are now covered in 11 states. Eight states and territories have more recently enacted statutory minimum wage laws which act as a floor above which state boards may set further minimums. Federal minimum wage and hour laws cover all persons employed in interstate commerce with a minimum wage set at \$1 per hour.

It is recommended that the state minimum wages and hours law be amended to provide a statutory minimum wage for both men and women of 75c per hour, but excluding domestic workers, those persons employed in interstate commerce, and persons 17 years of age or younger. The Commissioner of Agriculture and Labor would be authorized to make exceptions for those who are physically handicapped, mentally defective, apprentices and learners, or those who have limited ability because of age. The statutory minimum wage would serve as a floor, with authority in a wage board and the Commissioner of Agriculture and Labor to establish wages in the various occupations at higher minimums in the event future conditions warrant such action.

Department of Labor:

Matters affecting Labor are of growing importance in North Dakota. It is recommended that a constitutional amendment be submitted to a vote of the people to authorize a separate Department of Labor.

Pharmacy Laws:

It is impossible to define a "proprietary" drug or preparation by a general statute in order to determine which types can be safely sold by persons other than registered pharmacists. If the law on this subject is to be amended, the only alternative would be to empower some person or board to individually determine which drug or preparation could be classed as a "proprietary" drug. Since this is a decision not depending upon research, no recommendations are made.

Life Insurance Company Investments:

Premiums paid to foreign life insurance companies do not result in a drain of capital from North Dakota. Such companies invest in the state an amount equal to 103% of the legal reserve on North Dakota policies. If their investments in United States Government bonds were prorated to North Dakota on a population basis, the total investments in the state would equal 123% of the legal reserve on North Dakota policies. Therefore, special legislation or taxation on foreign life insurance companies for the purpose of obtaining a fair share of their investments in North Dakota is unnecessary.

JUDICIARY AND CODE REVISION

Partnerships:

Many of the provisions of our law relating to partnerships were enacted in the year 1895. Nearly all the amendments to this basic law were enacted prior to the year 1925. The phenomenal growth of partnerships in size, number, and importance throughout the nation make adequate part-

nership laws a matter of great importance. The laws of our state in this field have not kept pace with the progress of partnerships generally, because of the impact of income tax laws, modern accounting procedures and other technical business procedures that have grown up in the past twenty years. The Committee therefore recommends that the Model Partnership Act and Model Limited Partnership Act, with minor alterations, be adopted in North Dakota. These Acts would give the state a well-planned, correlated and comprehensive law governing partnerships and limited partnerships.

Nonprofit Corporations:

The Committee found that the laws governing nonprofit corporations have not kept pace with the growth and increase of nonprofit corporations in this state. Because of the complexity of business generally, it was felt that our nonprofit corporation laws should be modernized. The Committee recommends that the Legislative Assembly enact the Model Nonprofit Corporation Act, with minor adjustments. It should also be pointed out that many of the procedural provisions of this Model Act are substantially the same as the corresponding provisions in the Business Corporation Law passed by the Thirty-fifth Legislative Assembly.

Republication of the North Dakota Revised Code of 1943:

The consensus of the Committee was that a constant revision of the laws of this state should be undertaken, preferably at the rate of one volume each biennium, but because our Code has only five volumes, it would be impossible to revise all the statutes in any one of the volumes in a single biennium. The Committee therefore recommends that the North Dakota Revised Code of 1943 be republished in 12 to 15 volumes, together with complete annotations, source notes, and law review citations. A questionnaire was sent to the attorneys of the state and they overwhelmingly favored the idea of the republication by a majority of five to one.

The Committee wishes to stress the fact that this republication would not be a substantive revision work, but there should be authority to do such revision as may be necessary to correct minor errors, to correlate and integrate laws, and to eliminate or clarify the obviously obsolete or ambiguous sections that exist in the law.

It is the opinion of the Committee that the republication should be undertaken by a private publisher with the state having supervision over all editorial work and printing. A deadline for the completion of the republication in December of 1960 would be required. In addition, the publisher would be responsible for keeping the Code current by means of pocket part supplements containing all amendments that would be issued after each Legislative Session. Because of this valuable service it would mean that the need for a publication of a supplement to the Code every four years, which is a huge undertaking both in terms of cost and staff time, could be discontinued. It is anticipated that the cost would be between \$125 and \$175 for a complete set of the republished Code.

LEGISLATIVE ORGANIZATION AND PROCEDURE

It Is Recommended:

That Sundays be omitted in the calculation of "legislative days" within the meaning of the 60-day constitutional limitation on the length of the Session, thereby gaining 9 additional working days.

That a statutory 3-day pre-session Orientation Conference be held during early December preceding the Legislative Session for the purpose of providing orientation classes upon legislative rules and procedure for new legislators; to informally select officers and, in general, provide for the organization of the Legislative Assembly; to appoint informal employment committees for the selection of employees; to submit committee preferences for committee assignments to the Speaker-elect and a Senate Committee on Committees, in order to make informal committee assignments; and to submit requests to the staff of the Legislative Research Committee for the drafting of bills so that a substantial number of bills are ready upon the opening of the Session. These advance arrangements could be formally confirmed upon the opening of the Session, and the Legislative Assembly would be ready to immediately go to work, thereby gaining 3 to 7 additional working days.

That a deadline for the introduction of resolutions be established on the 30th legislative day and thereafter permit resolutions to be introduced only by the Delayed Bills Committee.

That penalties be established for the failure of the printer to make reasonable delivery of printed bills, and that bills be printed on better paper.

That the number of Senate Committees be reduced from 14 to 11 by consolidating the Committee on Social Welfare with the Committee on Veterans Affairs, and consolidating the Committee on Industry and Business with the Committee on Labor. The Committee on General Affairs would be eliminated. A schedule of Senate Committee meeting times is proposed that will provide for full 3-hour meetings on consecutive days without conflicts to any member. The consolidations and new schedule would equalize the work load of committees and provide more time for meetings.

That employees be assigned to keep bill books of Legislators current in order that all amendments are before them before they are required to vote on a measure.

That the total number of employees be reduced by 17 in each House, through the elimination of nonessential positions with a resulting saving of \$6,000, but that better paid qualified employees be obtained for the remaining positions. The specific duties of each employee and his necessary qualifications would be specified and supervision provided. That the informal employment committees appointed at the Orientation Conference accept and process written applications in advance of the session in order to provide sufficient time to obtain and select qualified employees.

That the Senate obtain the meeting room in the Quain and Ramstad Clinic building for use of the Senate Appropriations Committee in order to provide air conditioned, well-lighted quarters of adequate size. That the lounge area behind the railing of the Senate floor be closed off to provide an additional Committee Room or Conference Room for the Senate.

That the courtesy of the floor be restricted to members of the Legislative Assembly, the Governor, present and former members of Congress, members of the press, those specified legislative employees whose duties require them to be present, and those persons extended the courtesy of the floor by motion of the House or Senate, in order to do away with the con-

fusion and noise behind the railing of the House and Senate floor, while the Legislature is in formal session.

That a handbook upon rules, procedure, organization of state government and its agencies, taxation, and expenditures be prepared for the use of the members of the Legislative Assembly, to provide a source of condensed information.

That no further consideration be given to a lengthened or annual Session until all possible improvements under the existing structure have been given a fair trial.

NATURAL RESOURCES

Proof of Kill for Bounties:

The bounty system in the states and provinces surrounding North Dakota require different parts of the animal to be exhibited as proof of kill. All states do not pay bounties upon the same animals. This allows individuals to bounty the same animal in several different states and permits a person who kills an animal in a state which has no bounty on the animal to exhibit it in another state that has a bounty and receive payment for it.

The Committee believes that uniformity between North Dakota and surrounding states and provinces regarding the part of the animal required to be exhibited as the proof of kill would eliminate some of the bounty problems. It therefore recommends that the laws be amended to permit the Game and Fish Commissioner to determine what part of the predatory animal or bird shall be exhibited to obtain a bounty payment. This would allow North Dakota to change its proof of kill requirements for bounty payments to conform with other surrounding states and provinces when the need arises.

It was the opinion of some members of the Committee that the bounty system was not the most effective method of accomplishing its avowed purpose, but it was the concensus of all the members that before the bounty system could be eliminated, another form of predator control should be well established in order to insure that an effective means exists of controlling predatory animals and birds.

Rabies Control:

Rabies has definitely been on the increase the past few years and is becoming a serious problem in some areas in the state. The Committee believes that it would be to the advantage of the state to establish a rabies control program now, before this disease gets out of control. Therefore, it is recommended that a rabies control committee be established with authority to give emergency assistance to local authorities in preventing and controlling rabies in the event an outbreak of epidemic proportion should occur.

SECURITIES

A separate report upon North Dakota securities laws and their administration will be issued at the beginning of the Legislative Session.

STATE, FEDERAL AND LOCAL GOVERNMENT

Capitol Office Space:

Questionnaires returned by the various state departments requested 33,709 square feet of additional office space. Their estimated 1967 requirements were 47,752 square feet. The Committee, after personal examination of existing offices, believes the requests for space to meet present needs are reasonable, and in a few instances were conservative.

The need for additional space results from the efforts of the State to meet the demands of the public for additional state services. For instance, improved game and fish management techniques demanded by sportsmen has resulted in an expanded Game and Fish Department. Highway construction has increased from a \$4,000,000 annual program in 1933 when the Capitol building was occupied to a \$50,000,000 program in 1958. Increased state services of this type require additional office space.

Three alternatives were explored to meet present space requirements: acquiring Fort Lincoln; purchasing the Bismarck Junior College building; and constructing a new office building on the State Capitol grounds. While the buildings at Fort Lincoln are only partially occupied, the Committee found that the Department of the Army has made a decision to, at least temporarily, continue to occupy the post.

It appears possible that the Bismarck School Board may be willing to sell the Junior College building to the state. If this can be purchased at a reasonable price, it is recommended that it be acquired as a "Highway Office Building" to house the Highway Department, Highway Patrol, and Motor Vehicle Registrar. If such purchase cannot be made, it is recommended that \$600,000 be appropriated from the Highway Construction Fund to construct a very functional office building on the State Capitol grounds.

As a temporary solution to office space problems, the Committee was instrumental in making arrangements for the lease of two buildings at Fort Lincoln for a nominal rental, to be occupied by the Game and Fish Department and portions of the State Highway Department. If additional space is needed, it is recommended that the offices of the State Water Conservation Commission be moved from the Capitol building.

Welfare Records:

North Dakota has the most restrictive laws relating to welfare records of any State in the Midwest. Federal laws and those of most states, permit the name, address, and the amount of payment to be made available to any citizen with suitable safeguards to prevent the use of this information for commercial or political purposes. The Committee recommends a law of this type for North Dakota.

Insurance on State-Owned Motor Vehicles:

The Committee found that over a period of years the State has paid almost two dollars in insurance premiums for each dollar paid to it in claims under collision, comprehensive and miscellaneous special coverages in the insurance policies on state-owned vehicles. It is recommended that this type of insurance coverage be discontinued. Public liability and property damage liability insurance provides the only means for citizens of the state to be compensated for damage or injury from the negligent operation of

state vehicles, since it is impossible to bring suit against the State. It is therefore recommended that this type of insurance coverage be continued.

TRANSPORTATION

Revision of Motor Vehicle Laws:

Chapter 39-04 of the Code, dealing primarily with the registration of motor vehicles is very much in need of revision. Some of the sections in this chapter should be rewritten because of ambiguities, others should be consolidated into a single section because they deal with the same subject matter, and some should be repealed because they are outmoded or conflict with or duplicate, other sections. The Committee does recommend a few substantive changes in this chapter, but the great majority of the amendments are simply for the purpose of clarification.

It is also recommended that any member of the armed forces stationed in North Dakota be authorized to operate a motor vehicle in the state without taking a driver's examination or obtaining a North Dakota driver's license, if such serviceman has a valid current driver's license from another state or territory of the United States. In addition the Committee recommends that all operators of moving motor vehicles be prohibited from using only parking lights, the thought being that if any lights are needed, the head lamps should be turned on.

Abandoned Rural Highways:

The Committee believes that the present policy of the state in abandoning old state highway routes when new highways are constructed is fair and equitable. When the state constructs a new highway upon a new location, it is relieving the county or township of the burden of maintaining a similar highway in that area, and the county or township should assume the responsibility for the maintenance of the abandoned state highways if they feel it necessary for local purposes. Therefore, the Committee recommends that the present state statutes and the policies of the State Highway Department be continued for the transfer of abandoned routes to the counties and townships, but that the counties be relieved of the burden of participating in the cost of purchasing rights-of-way for state highways. This will free \$450,300 in county funds for use in maintaining abandoned state highways or improving other county roads during 1959.

Access Routes to Municipalities:

It is the present policy of the State Highway Department, when the relocation of a state highway results in the by-passing of cities and villages, to maintain routes into larger cities but to require the counties or townships to provide access routes into the smaller cities and villages. The Committee believes this policy is unfair because it provides special state assistance to the counties that have the greatest ability to provide their own access routes. A bill is therefore recommended which would make it the responsibility of all counties to provide access routes between the corporate limits of the municipalities and boundaries of the rights-of-way of the state and interstate highway system to whatever extent such access facilities are required.

Weight Division of the State Highway Department:

It was found by the Committee that there is a definite duplication of activities between the Weight Division of the State Highway Department

and the State Highway Patrol in the enforcement of certain motor vehicle regulations and tax laws. The Weight Division is responsible for enforcing weight restrictions, registrations and mile tax laws which are also enforced by the State Highway Patrol as a part of their enforcement program. A consolidation of these two departments would provide a larger force with over-all enforcement authority. It would give greater flexibility and better enforcement during peak work periods in the various fields of enforcement for the same enforcement dollar. The Committee therefore recommends the transfer of the Weight Division to the State Highway Patrol.

Additions to the State Highway System:

There have been an increasing number of requests to the State Highway Department to add additional highways to the state highway system. While the Committee is not making any recommendations in this field it did feel that the Legislative Assembly should be provided with information in regard to these proposed additions. The Committee found that at the present time the state does not have sufficient funds to adequately construct and maintain the state secondary system and therefore in the Committee's opinion the Legislative Assembly, before adding any additional miles of highways to the state secondary system, should recognize a responsibility to provide the additional revenue that will be necessary to at least construct and maintain these roads on a twenty-year improvement program.

Section 24-0102:

Section 24-0102 is ambiguous. It is not clear whether it permits the State Highway Commissioner to make additions to the state highway system in the amount of 25 miles per year upon the basis of new developments affecting the natural resources or economy of any area, or if such additional mileage can be added only for the purpose of constructing by-passes or alternate routes. The Committee believes that some flexibility should be available so that the Commissioner, in his discretion, may make additions to the state highway system to take care of transportation needs that result from major new developments as they occur in the state. The Committee is recommending an amendment to this section to accomplish this purpose.

History and Functions of Legislative Research Committee

HISTORY OF THE COMMITTEE

The North Dakota Legislative Research Committee was established by act of the 1945 Legislative Assembly with amendments to this law passed during the 1947 Assembly.

The legislative research committee movement began in the State of Kansas in 1933 and has now grown until 37 states and territories have established such interim committees, with further states considering this matter at their 1959 legislative assemblies.

The establishment of legislative research committees is a result of the growth of modern government and the increasingly complex problems with which legislators must deal. Although one may not agree with the trend of modern government in assuming additional functions, it is nevertheless a fact which the legislators must face. There is a growing tendency among legislators of all states to want the facts and full information on important matters before making decisions or spending the taxpayers' money.

Compared with the problems facing present legislators, those of but one or two decades ago seem much less difficult by comparison. The sums they were called upon to appropriate were much smaller. The range of subjects considered was not nearly so broad nor as complex. In contrast with other departments of government, however, the Legislature in the past has been forced to approach its deliberations without records, studies, or investigations of its own. Some of the information that it has had to rely upon in the past has been inadequate and occasionally it has been slanted because of interest. To assist in meeting its problems and to expedite the work of the session, the legislatures of the various states have established legislative research committees.

The work and stature of the North Dakota Legislative Research Committee has grown each year since it was established in 1945. Among its major projects since that time have been revision of the House and Senate rules; soldiers' bonus financing; studies of the feasibility of a state-operated automobile insurance plan; highway engineering and finance problems; oil and gas regu-

lation and taxation; tax assessment; drainage laws; reorganization of state education functions; highway safety; business and cooperative corporations; Indian affairs; licensing and inspections; mental health; and public welfare. Among the major fields of studies included in the work of the Committee during the present biennium are credit practices; education; finance and taxation; governmental organization; industry, business and labor; judiciary and code revision; legislative organization and procedure; natural resources; securities; state, federal, and local government; and transportation. In addition, many projects of lesser importance were studied and considered by the Committee, some of which will be the subject of legislation during the 1959 Session of the Legislature.

FUNCTIONS OF THE COMMITTEE

In addition to making detailed studies which are requested by resolution of the Legislature, the Legislative Research Committee considers problems of statewide importance that arise between sessions or upon which study is requested by individual members of the Legislature and, if feasible, develops legislation for introduction at the next session of the Legislature to meet these problems. The Committee provides a continuing research service to individual legislators, since the services of the Committee staff are open to any individual senator or representative who desires specialized information upon problems that might arise or ideas that may come to his mind between sessions. The staff of the Committee drafts bills for individual legislators prior to and during each legislative session upon any subject on which they may choose to introduce a bill. In addition, the Committee revises portions of our Code which are in need of revision and periodically compiles all the laws of the State of North Dakota into one cumulative Supplement to the Revised Code of 1943.

METHODS OF RESEARCH AND INVESTIGATIONS

The manner in which the Committee carries on its research and investigations varies with the subject upon which the Committee is working. In all studies of major importance, the Committee has followed a practice of appointing a subcom-

mittee from its own membership and from other members of the Legislature who may not be members of the Legislative Research Committee, upon whom falls the primary duty of preparing and supervising the study. These studies are in most instances carried on by the subcommittee with the assistance of the regular staff of the Legislative Research Committee, although on some projects the entire Committee has participated in the findings and studies. These subcommittees then make their reports upon their findings to the full Legislative Research Committee which may reject, amend, or accept a subcommittee's report. After the adoption of a report of a subcommittee, the Legislative Research Committee as a whole makes recommendations to the Legislative Assembly and where appropriate the Committee will prepare legislation to carry out such recommendations of the bills which are introduced by members of the subcommittee.

During the past interim, the Committee by contract obtained the services of the U. S. Office of Education of the Department of Health, Education and Welfare to carry on a survey of Higher Education and to make a report to the Committee. In this manner, the services of highly competent personnel were obtained for the Committee, and the Committee feels that it has obtained an extremely sound and unbiased study at a very economical cost.

In all other instances, the studies carried on by the Legislative Research Committee during this interim were handled entirely by the subcommittee concerned and the regular staff of the Committee. On certain occasions the advice and counsel of other people employed by the state government have been requested and their cooperation obtained. The office of the Superintendent of Public Instruction was of special assistance in the Education Study.

REGIONAL MEETINGS AND INTERSTATE COOPERATION

The Legislative Research Committee is designated by statute as the State's committee on interstate cooperation. The most important and noteworthy activity of the Committee in this field has been through the North Central Legislative Conference, which held its biennial meeting at Madison, Wisconsin. While a number of matters of an interstate nature were discussed, a concrete proposal for joint action by the States of Minnesota, North Dakota, South Dakota, and Wisconsin through their congressional delegations to obtain equal treatment in reimbursement from the federal government for services provided Indian people was approved. A bill was introduced in the Senate by Senators from the four States, but they were unsuccessful in getting action on the bill prior to adjournment of the Congress.

Notes

Reports and Recommendations

Credit Practices

House Concurrent Resolution H-1 and Senate Concurrent Resolution 0-0 directed the Legislative Research Committee to make a broad study of credit practices in the State of North Dakota, and to report its recommendations and findings to the 36th Legislative Assembly. The Legislative Research Committee appointed a Subcommittee consisting of Representatives R. Fay Brown, Chairman, Walter O. Burk, K. A. Fitch, Arthur A. Link, John Neukircher; Senators H. W. George, O. S. Johnson, Gilman A. Klefstad, and John Leier to carry out this study.

In assigning such resolutions to this Subcommittee for study, the Legislative Research Committee recognized that by the terms of the resolutions the study would be so broad that it would be impossible for the Subcommittee to give adequate attention to the entire field of credit practices in view of the limited funds of the Committee and the limited time available on the part of Subcommittee members and the Legislative Research Committee staff. Therefore, the Legislative Research Committee directed the Subcommittee to limit its study to those items which they believed to be of most immediate concern.

While the Subcommittee spent some time studying credit practices of banking institutions in the state, the majority of the Committee's time was spent studying the credit practices in regard to installment sales, revolving charge accounts, and small loans. The Subcommittee held numerous meetings and public hearings both in Bismarck and elsewhere in the state in order to obtain as many facts as possible in regard to the fields under study, and to give as many people as possible an opportunity to appear before the Subcommittee and present their views upon the subjects under consideration. In addition, representatives of many state and national business firms and other interested people were invited to have representatives at the meeting.

The report of the Committee from this point on will be divided into three portions relating to: Installment Sales, Revolving Charge Accounts, and Small Loans.

Installment Sales

The 1957 Session of the Legislative Assembly passed an Act regulating installment sales which is now known as Chapter 51-13 of the 1957 Supplement to the North Dakota Revised Code of 1943. Since the Attorney General ruled that usury statutes did not cover transactions sold upon the installment plan involving a cash price-credit price differential, it was necessary for the 1957 Legislative Assembly to hurriedly have a bill upon the subject drafted and passed, in order to fill the vacuum that was found to exist in regulating credit practices in this field. In view of the haste in which of necessity it had to be prepared and passed upon by the Legislative Assembly, the Committee believed it desirable to review the operations of this Act to determine if it was workable in all respects and that it did not contain any deficiencies necessary to adequate regulation of credit practices in the field of installment sales.

On the whole the Committee found the Retail Installment Sales Act passed by the 1957 Legislative Assembly to be an excellent regulatory Act, and generally both consumers and those in the industry of financing installment sales appeared to be reasonably satisfied with its operation. However, several items were found by the Committee upon which they felt amendments were desirable. The principal amendments being recommended by the Committee are as follows:

1. Subsection 3 of section 51-1301 of the 1957 Supplement contained a phrase excluding property sold for business or commercial use from the protection of the Act. Subsequent to the adjournment of the Legislative Assembly which passed the Retail Installment Sales Act, a case in the state of New York, passing upon identical language to that found in this subsection of the North Dakota Act, held that farming was a business. Therefore, property sold for farming purposes was a sale for "commercial or business use" and not subject to the Retail Installment Sales Act. It is the belief of the Committee that

the Legislative Assembly intended to provide the protection of the Installment Sales Act to farmers and ranchers when they purchased farm machinery and, therefore, the Committee recommends that the Act be amended to extend its provisions to cover property sold for commercial or business use.

2. Section 51-1303 of the 1957 Supplement is the section containing the maximum rates that may be charged upon property sold under installment sales contracts. Since this section was patterned after a law on the books of the State of New York covering motor vehicles and adapted to cover all property in North Dakota as well as motor vehicles, references to manufacture year numbers and similar items have caused some confusion as to which schedule of charges in that section applies to various types of property. In order to remove this uncertainty, the Committee recommends that there be two separate classes of property under the Act with two separate schedules of charges. Class A property under the first schedule would be motor vehicles, and to facilitate the inclusion of farm equipment under the Act, it is recommended that a definition of motor vehicles, designed to include all vehicles other than those moving by muscular power, including all farm machinery mounted on any type of wheel whatsoever, be included in the schedule of charges provided for motor vehicles. The Committee recommends that a rate of charges upon motor vehicles remain the same as is presently found in the 1957 Act. It is the recommendation of the Committee that all other property subject to the Act be placed in Class B and that a new schedule of maximum charges be established limiting the credit charges on such installment sales contract, to not more than \$9 per \$100 per annum on the first \$500 of any installment sales contract, and not more than \$6 per \$100 per annum on any balance of the installment contract in excess of \$500.
3. The most common complaint received by the Committee in regard to the operation of the 1957 Act is the fact that no minimum charges were provided. This was a special handicap to merchants dealing primarily in small appliance or furniture sales, since on small installment sales contracts the authorized charges were often

substantially below the actual cost of processing the paper. Upon resale to finance companies or banks, the financing agency or bank would often discount such papers to the extent that it removed all profit entirely from the sale to the dealer. The Committee recognizes that the processing and handling of installment contracts involves a certain overhead expense, regardless of its size, and that to this extent a minimum charge upon any installment sales contract should probably be authorized. The Committee therefore recommends that the Act be amended to authorize a minimum credit service charge of \$10 per contract. In order to be consistent, it is recommended by the Committee that the authorization to the holder of the installment sale contract to retain \$15 upon the prepayment of the contract be reduced to \$10.

4. It came to the Committee's attention through studying credit practices in the field of installment sales in other states that some merchandisers advertise their merchandise by stating a monthly payment that would be required under installment sales contracts. Occasionally such merchants or dealers have misled the public by setting extremely small monthly payments over the greater part of the life of the installment contract with a substantially higher payment at the end of the contract. The buyer is sometimes not aware of this large "balloon" payment and at times is unable to meet it. It is the recommendation of the Committee that the North Dakota law be amended to provide that if any installment payment substantially exceeds prior installments that notice thereof be conspicuously set forth in the installment sale contract.
5. The provisions of subsection 9 of section 51-1302, which prohibits the negotiation of any note resulting from the sale of goods upon an installment contract without the transfer of the attached retail installment contract has caused some difficulty to national banks in the state. The purpose of this section is to prevent separate negotiation of the note from cutting off, as to third parties, any right of action or defense that the buyer may have had against the seller under the contract, since the accompanying contract to the note would prevent the purchaser of the note from becoming a "holder in due course".

The Comptroller of the Currency, who supervises the nationally chartered banks, has refused to recognize notes attached to an installment contract as negotiable paper, which therefore substantially reduces the amount of funds that national banks may invest in installment paper. While it is recognized by the Committee that the repeal of subsection 9 of section 51-1302 would permit the separate negotiation of the note apart from the contract, and, therefore, permit a holder in due course to enforce collection of the note regardless of any defenses or offsets on the contract that might exist between the dealer and the purchaser, it is important to consumers and businessmen of this state that adequate credit from national banks in the installment field be available. The Committee therefore recommends that subsection 9 of section 51-1302 be repealed.

6. In the opinion of the Committee the penalties provided in section 51-1307 are not entirely adequate. The present Act provides that a willful and intentional violation of the Act shall be considered a misdemeanor and punishable by a fine not exceeding \$500. It is the recommendation of the Committee that the penalty provision be amended to provide for a fine of not exceeding \$500 and by imprisonment for not more than one year, or by both such fine and imprisonment. A further section of the penalty states that notwithstanding any provisions of the section, any failure to comply with the Act may be corrected within ten days by notifying the buyer in writing and in that case neither the holder nor seller will be subject to any penalty. This in effect is an invitation to violate the Act and, if caught, to simply notify the buyer that it has all been a mistake, with the result that no civil penalty and possibly no criminal penalty can be imposed. The Committee therefore recommends that the ten-day grace period be deleted from the Act.
7. Several other minor amendments have been recommended by the Committee but from an examination of the bill accompanying this report such minor changes will be readily apparent and no attempt is made to discuss them in detail in this report.

Revolving Charge Accounts.

In the course of the Subcommittee's study it came to their attention that a comparatively new type of credit transaction in the field of retail credit sales is being widely used in the United States and in North Dakota. This type of credit practice transaction is what is commonly called the "revolving charge agreement" or "revolving charge account." A revolving charge agreement is usually used when a buyer wishes to purchase a number of items each having a value too small to warrant the execution of a regular installment contract, but for which he does not wish, or is not able, to pay cash. The retail seller will make an investigation through usual credit channels to determine the amount of credit that he feels is proper to extend to the purchaser. He will thereafter execute an agreement with the purchaser which authorizes the purchaser to charge up to a given sum of money at any one time upon a revolving charge account and which also obligates the purchaser to make a minimum monthly payment upon such account. As payments upon the account reduce the outstanding indebtedness below the maximum size of the account that is established in the contract, the purchaser may again make further purchases to bring the account up to the maximum of his credit authorization. It is reported to the Committee, that in practice the revolving charge account is seldom ever completely paid off in any given year, since the purchaser continually makes additional purchases. The retail seller charges a flat service charge, usually from $\frac{3}{4}$ of 1% to 1 $\frac{1}{2}$ % per month upon the balance at the end of the billing period, which is his fee for carrying the revolving charge account. The retail sellers using this plan claim that this charge is actually a credit price for the goods, is included within the price of the goods they sell, and therefore cannot be considered as interest within the meaning of usury law. The Committee is by no means certain that the contention of the retail sellers that such charges in excess of 7% per year are not a violation of the North Dakota usury laws, but until a test case occurs, it cannot be definitely ascertained whether this would be construed to be a usurious transaction.

It is the opinion of the Committee that if these types of credit transactions are to be permitted to continue in North Dakota, they should be regulated to prevent unconscionable charges or other abuses. The Committee has therefore prepared a bill to regulate revolving charge agreements in order to protect the citizens of the state from potential abuses that might occur in such transactions. The principal provisions of this recommended bill are as follows:

1. It would require that certain basic inform-

ation in regard to the unpaid balance, identification of goods and services, payments made by the retail buyer, the amount of credit service charge, and similar items be included in the monthly statement forwarded to revolving charge account purchasers.

2. That the total of all fees or credit service charges be limited to a maximum of 1% per month on the outstanding indebtedness.
3. The inclusion of delinquent or unpaid credit service charges in the outstanding balance for the purpose of calculating subsequent credit service charges would be prohibited.
4. A penalty for violation of the Act would be a misdemeanor punishable by a fine of not exceeding \$500, or by imprisonment in the county jail for not more than one year or by both such fine and imprisonment. In addition any act in the making or collection of any revolving charge account which violates the provisions of the Act would result in a forfeiture of all credit service charges that had been paid or may become due or payable. In the event such violation is willful the retail seller would not have a right to collect or retain any credit service charges or principal whatsoever.

Small Loans

A substantial amount of the Subcommittee's time was consumed in the study of the field of small loans. This matter was under consideration at almost every meeting held by the Subcommittee and, in addition, a substantial number of reports from public and private sources relating to small loans were reviewed. The statutes of a number of other states were also studied in some detail in order to familiarize the Subcommittee with the regulatory practices common to the field of small loans in the country.

The Committee did not attempt to develop new factual material in regard to current practices of small loan companies in the state, since studies made by the Public Welfare Department in 1950 were made available to the Committee and, in addition, the action of the Attorney General's office in placing the Peerless Finance Company of Fargo in receivership revealed a substantial amount of factual information on small loan operations which

the Committee believed to be adequate evidence of current practices in the small loans field.

The Subcommittee reviewed the Peerless Finance case with the Attorney General on several occasions and from his investigation it appeared that simple interest rates being charged by that company ranged up to 277% per year. The study by the Public Welfare Department in 1950 showed interest rates up to 301% per year.

In view of the recent experience of the office of the Attorney General in regard to the Peerless Finance case, it is the opinion of the Committee that the recommendations of the Attorney General in regard to legislation in the field of small loans are of special significance. The Attorney General strongly recommended to the Committee that North Dakota adopt a Small Loans Act to regulate the practice of making small loans. In his opinion it is far better to attempt to regulate the small loans business than to assume the job of policing a nonregulated business of this type under our usury laws, since only through regulation could the state know exactly how the small loans businesses are being operated. It is extremely difficult for the Attorney General's office to investigate and police the small loans businesses without a major continuing effort, which with the size of the present staff of the Attorney General's office and all their other responsibilities, is almost an impossibility. In the opinion of the Attorney General, the passage of a Small Loans Act requiring the filing of specified information on business practices will permit easier investigations and make it much simpler to obtain evidence in the event of a violation than is the case now. The Attorney General states that his office received few complaints in regard to the small loans business and has great difficulty in gathering evidence because it seems that the people who borrow from small loan companies are either of the type who do not complain and do not wish to become involved in any legal action, or who do not wish to advertise the fact that they have borrowed from small loan companies. In essence, it was the Attorney General's opinion that the present usury laws are impractical as a means of adequately policing small loans business.

In the course of the Committee's study it came to their attention that North Dakota is one of four states which at present does not have a special small loans law. It is apparent to the Committee that there is a need for lending agencies to make the type of small loans that the normal banking institutions do not wish to carry, either because of the high risk or because of the high overhead cost involved in small loans which are

often paid in installments. In the opinion of the Committee, if state laws do not recognize this need and provide for a legitimate regulated small loans business, all of the abuses normally attendant to the loan shark variety of small loan activities will tend to flourish. If strict enforcement prevents established businesses from dealing in small loans, small loans will still be made by individuals on a less formalized basis.

The Committee believes that the state of North Dakota must take cognizance of factual conditions in regard to small loans. It must be admitted by everyone that our present 7% interest laws do not in most instances make it profitable for regularly established financial institutions to make these loans. It must be recognized that the costs of investigation will often be almost as high as those attending the investigations for loans of larger amounts and in the event that security is taken, the cost of preparation of mortgages, recording fees, and other usual costs incident thereto are about the same as in the case of larger loans. In addition, the risks involved are somewhat higher. Without question, the cost involved in accepting numerous small periodic payments, processing the more numerous loan renewals, and the more vigorous collection efforts that are required necessitate a higher percentage rate of return than is necessary in the normal bank type loans.

It is therefore the recommendation of the Committee that the 36th Legislative Assembly enact a special Small Loans Act to regulate the small loans business. The Committee has prepared a draft of a bill to accomplish this purpose, the principal points of which are as follows:

1. The bill would make the State Examiner and the Banking Department the agency to administer the Small Loans Act. Provision is made for the delegation of duties thereunder to the deputy.
2. The Act would provide for the licensing of all persons who wish to engage in the business of making small loans at the rates authorized in the Act. The Act would authorize the special small loans rates only on loans in the amount of \$1,000 or less.
3. The Act would not apply to banking associations and institutions, trust companies, savings or building and loan associations, mutual investment corporations, credit unions, or those conducting a pawnbroker's business.
4. Provision is made for the payment of

\$100 per year as an annual license fee plus a special fee of \$300 for investigation costs upon each new application for a license. The State Examiner would be authorized to reject the application for a license of anyone not meeting the requirements of the Act. A separate license would be required for each place of business of the same licensee.

5. Provision is made for the suspension and revocation of licenses administratively by the State Examiner after due hearing for a number of specific offenses or for any violation of the Act with provision of appeal to the district courts.
6. The State Examiner would make an annual examination of the place of business of each licensee and require the filing of information in regard to the small loans transactions in order to permit him to adequately review their operation.
7. A small loans licensee or any other person would be prohibited from engaging in the sale of tangible merchandise in the same place of business in which the small loans activities are carried on. Other types of business, such as the sale of insurance or other activities not involving the sale of tangible merchandise would be permitted.
8. The Committee recommends a rate and charge for small loans as follows: 2½% per month on that part of the unpaid balance not exceeding \$250; 2% per month on that part of the unpaid balance exceeding \$250 and not exceeding \$500; 1½% per month on that part of the balance exceeding \$500 but not exceeding \$750; and 1% per month on that part of the balance exceeding \$750 but not exceeding \$1,000. Charges may be made upon an annual basis at a set dollar per hundred rate not exceeding the equivalent percentage rates established in the Act upon the unpaid reducing balance. The recommended rate upon the first \$250 of a loan is lower than that provided in the Small Loans Acts of most other states, since the majority of the Small Loans Acts provide for 3% per month on the first \$300. It is recognized that some people engaged in the small loans business may not feel that these charges are adequate, but since it has come to the Committee's attention that the average loan in the United States being made by small loan companies is

about \$345, it is the opinion of the Committee that the rates are sufficient to provide for a reasonable rate of return if a reasonable volume of business is established.

9. Provisions are made for the refund of unearned charges in the event of the prepayment of contracts in instances where the loan is made on a dollar per hundred basis in lieu of the percentage charges stated in the Act. In the event that a dollar per hundred basis is used to calculate the charges, the Act requires that the annual simple interest equivalent of the charges must be conspicuously stated upon the note or small loans contract.
10. There are numerous other provisions in the Act for the protection of the borrower that the Committee believes are essential if abuses in the field are to be prevented. For the sake of brevity a discussion of these specific provisions will not be included in this report but they will be readily apparent upon a review of the accompanying bill.
11. The Committee recommends a substantial penalty for violation of the Act. Naturally, violation would be grounds for the State Examiner to suspend or revoke the license of any small loans licensee. In addition, a criminal penalty is inserted for a violation of the Act or regulations promulgated thereunder which will provide for a fine of \$1,000 or imprisonment for not more than one year, or by both such fine and imprisonment. In addition thereto, any contract or loan, or any act in the making of any contract or loan, which violates the provisions of the Act will have the result of voiding the contract of loan and the lender will have no right to collect, receive, or retain any principal, interest, or charges whatsoever. This is a very heavy penalty for violation, especially when it is considered that the contract of loan may be voided when an unintentional mistake occurs, but it is the opinion of the Committee that strict penalties are essential to prevent abuses from arising and that the results of mistakes that might unintentionally occur are a risk of the business that should be carried by those choosing to engage in small loans activities.

General Comments

There are several special items that might

be mentioned that arose in the consideration of the three bills being recommended by the Committee. It has come to the attention of the Committee that the companies dealing in the installment sales field are interpreting the word "proportionately" as found in the Installment Sales Act as requiring the charges be proportionate only on the basis of the time the loan is held in excess of or less than one year, and that the charges are calculated each year on the basis of the beginning balance without recognition of the fact that payments have reduced the principal by the beginning of the subsequent year. Representatives of finance companies and banks contended, however, that installment contracts are usually handled on a level payment basis, that is, with the same payment being made throughout the entire life of the contract. Therefore, during the early months of the contract a greater portion of payment must be allocated to the payment of interest or service charges and a smaller amount on the principal. During the latter part of the contract a greater proportion of the payment goes to reduce the principal and less in payment of service charges. Therefore, the effect is to give a constant service charge or rate of interest over the entire period. For instance, if a new automobile is sold on an installment contract upon the basis of a \$6 per hundred charge over a two-year period, the interest or service charge over the entire life of the contract will equal 11.6%. If the rate of return of 11.6% is applied to the reducing monthly balance on the same 24-month contract, the return will again be approximately \$6 per hundred per year. They stated that it would be a burden to calculate the exact amount of interest during each month of the contract and make it difficult to keep the payments uniform, especially if the purchaser did not make his payments on the exact day that they were due. The net effect of requiring the charge to be made on the reduced balance at the beginning of the second and subsequent years would be to reduce the over-all maximum rate of return authorized by the Act. In their opinion, if the rate of return were reduced it might result in a tightening of money available for installment credit purposes. They further stated that it would tend to encourage companies to write only one-year contracts, often with a balloon, or larger payment, at the end of the contract, which would again have to be refinanced under a second contract for one year. Such multiple one-year contracts, in their opinion, would increase the cost of the installment loans business and again tend to result in higher rates. This matter is brought to the attention of the Legislature because of the fact that many members of the Legislative Assembly apparently did not recognize that the provisions of the 1957 Installment Sales Act might be interpreted to authorize the calculation of charges upon the be-

ginning principal balance regardless of the number of years of the contract. The Committee has not made a recommendation for reducing the rates to compensate for the greater rate of return that is allowed in the Installment Sales Act than was contemplated by some members of the Legislative Assembly, but bring this matter to their attention only for their information or consideration.

This report is of necessity very brief and does not begin to encompass all of the matters con-

sidered by the Committee in the course of its study, nor does it begin to explain all of the considerations involved in the various provisions found in the recommended bills that accompany this report. The Committee, however, stands ready to give further explanation to the Legislative Assembly upon any matter contained in the bills being recommended. A substantial amount of additional information is on file in the Committee offices for the information of any interested person.

Education

House Concurrent Resolution J in effect directed the Legislative Research Committee to make a study of all phases of education in the state of North Dakota at the elementary, secondary and higher education level. To carry on this study, the Legislative Research Committee appointed a Subcommittee on Education consisting of Representative Arthur A. Link, Chairman, Representatives Adam Gefreh, Lloyd Esterby, S. Bryce Streibel, and Senators H. B. Baeverstad, Glenn R. Dolan, Ralph J. Erickstad, Guy Larson, and C. W. Schrock. The Legislative Research Committee recognized that it was physically impossible for the Committee and its staff to make a complete study of all phases of education in the state in a single biennium, especially in view of the other seventeen study resolutions that were referred to the Committee and the other work the Committee and its staff must perform during the biennium. Therefore, in referring the study to the Subcommittee on Education, it directed them to consider those matters they considered to be most pressing.

ELEMENTARY AND SECONDARY EDUCATION

North Dakota has not been alone in its concern with the quality of its elementary and secondary education programs. There has been a growing national concern in this field, especially since our nation was jarred by the technological advancement shown by Russia in launching the first Sputnik. There is reason to believe, however, that North Dakota is not doing as well as some other states in the education of its youngsters at the elementary and secondary level. In the course of the survey of higher education, referred to later in this report, personnel of the U. S. Office of Education made some comments of note in this area. The survey report stated that the nature and quality of higher education are conditioned by the elementary and secondary education received by students prior to entering college. It cites figures from the year 1957 in which a higher percentage (6.2%) of North Dakota men failed the Armed Forces qualification test than men from any surrounding state. The survey staff laid much of the blame for a lack of quality at the higher education level to poor preparation for college by high school students, mainly those from the many small high schools in the state. Because of the poor elementary and high school preparation of these students, North Dakota colleges are required to budget funds for less than college level work in order to aid students in reaching the academic

levels required by the institutions of higher learning.

The Committee feels that there are a number of things which should be done to improve the quality of elementary and secondary education in North Dakota. The principal recommendations in this field are as follows:

Length of School Term

The laws of the state permit school terms of as low as 8 months, although the average length of school terms in the state is somewhat longer. The Committee believes that this is too short a period to permit adequate instruction in the various course areas that should be covered in a school year. It is therefore the recommendation of the Committee that the statutes of the state be amended to require school terms of not less than 175 days of classroom instruction. The term "classroom instruction" is used, rather than "months of school term", to insure that such lengthened terms will not be used to provide longer vacations or additional time for extracurricular activities.

Minimum Curriculum

It is the opinion of the Subcommittee that some minimum curriculum must be established by the state for all high schools as a minimum standard for any accreditation by the Department of Public Instruction. Unless a minimum level of course offerings and quality of instruction is available in a high school, it is a high school in name only and not in fact. The provision of sub-par course offerings and instruction to the student under the guise of calling it a high school is almost equal to perpetuating a fraud upon the student, and may seriously limit his achievements during the rest of his life. If it is believed that all youth of the state should have an opportunity to develop to a reasonable level, within the limits of their capabilities, it is necessary that some floor be placed under the curriculum of the high schools in order to insure that a minimum curriculum is offered at a reasonable level of quality. It is recognized by the Committee, however, that any standards adopted must of necessity be less than the ideal minimum in view of the number of small high schools that exist, some of which must continue to operate regardless of any future reorganization plans.

The Committee, therefore, recommends a minimum curriculum which would be within the capabilities of a high school employing four teach-

ers and one administrator, or if the school is able to obtain teachers with a sufficiently wide range of majors and minors over a four-year period, it would be possible to provide the curriculum with three teachers. An accompanying requirement would be that all subjects be taught by teachers having a major or minor in the field of instruction, in order to insure the quality of the instruction. It is the Committee's recommendation that, beginning July 1, 1961, unless a high school offers all subjects in the minimum curriculum at least once every four years, no accreditation be extended by the Superintendent of Public Instruction. It is not the Committee's recommendation, however, that non-accredited schools be denied county or state equalization payments.

Such minimum curriculum of 22 units of credit recommended by the Subcommittee is as follows:

Course Area	Units
English	4
Mathematics	3
Physical Science	4
Social Studies	3
Health & Physical Education	1
Music	1
Business Education)	
Foreign Language)	
Homemaking)	- - - 6
Vocational Agriculture)	
Industrial Arts)	

It will be noted that the above curriculum would require that 16 units of credit be offered in five fields. However, the local high schools at their option could select six credit units from the fields of Business Education, Foreign Language, Homemaking, Vocational Agriculture, and Industrial Arts. This optional feature will give flexibility to high schools in developing programs in accordance with their local needs and physical facilities, and programs consistent with the qualifications of the teachers in the high school at any time.

Foundation Program of Finance

Consistent with the recommendation of the Committee in regard to a minimum curriculum for high schools and a minimum quality of instruction, the Subcommittee believes that there should be a foundation finance program to guarantee that at least a minimum amount of money per student is available to every school district of the state to aid school districts in providing a program of education at both the elementary and secondary level at a reasonable level of quality.

Section 147 of the Constitution requires the Legislative Assembly to provide for "the establishment and maintenance of a system of public schools". Section 148 of the Constitution places upon the Legislative Assembly a duty to provide for a "uniform system of free public schools throughout the state, beginning with the primary and extending through all grades up to and including the normal and collegiate course". Section 151 of the Constitution requires the Legislative Assembly to "take such other steps as may be necessary to prevent illiteracy, secure a reasonable degree of uniformity in course of study, and to promote industrial, scientific, and agricultural improvements". It is therefore clear that it is the responsibility of the Legislative Assembly to provide for a uniform system of free education to all pupils of the state beginning with the primary level and extending up through the college level. In the opinion of the Committee, the Legislative Assembly in striving to meet these responsibilities is justified in providing for a system of state aid to school districts and also to require that at least certain minimum levels of effort be made by local levels of government. For over 20 years the state has provided assistance to local school districts, but this assistance has been set at rather arbitrary levels of payment, and has not required uniform minimum efforts through the taxation of all property by the local school districts in an effort to support their own education systems, to the degree that is believed desirable by the Committee.

It has been determined that the average cost of elementary education in the state of North Dakota amounts to \$250 per pupil per year, although such \$250 per student figure does not include the cost of physical facilities, payment upon bonded indebtedness, or funds spent in transportation of students. It is the opinion of the Committee that this average annual per pupil cost of education should be the basis of a foundation program of education in North Dakota. In other words, the state should use its best efforts to guarantee that the sum of \$250 per child will be available to each school district through local taxes or state aid for the education of all children in the school district.

It is obvious that the state of North Dakota does not have a sufficient amount of money in the state equalization fund to provide a direct grant-in-aid program of 100% of the average cost of education in North Dakota and that obviously a partnership effort between the local districts and the state and counties would be required. At present, statutes require a county-wide levy of 10 mills to go into a county equalization fund for the support of elementary schools

within that county. A similar 4-mill levy is made for the high school tuition fund to be prorated out on a per pupil basis to the high schools within the county. The state makes payments to the county equalization and high school tuition funds to aid the county in providing the per pupil payments.

The Committee believes that a new foundation program should be established in North Dakota based upon refinements in the present plan. It is recommended that the state guarantee 60% of the statewide cost of education for every student in the state. This would be accomplished by shifting to the county and state level the burden of supplying 60% of the per pupil cost of education in North Dakota. To do this a levy of 20 mills upon all taxable property in every county would be required with the proceeds to be placed in one single county equalization fund. From this fund the county would make payments to the various school districts of 60% of the average \$250 per pupil cost of education. It is recognized that this county mill levy will not bring in sufficient funds to make the contemplated payments. The state would therefore pay to the county equalization fund from the state equalization fund such amount as may be necessary to place sufficient money in the county equalization fund to make the guaranteed payment. The local school district would levy local taxes in an amount sufficient to provide the balance of the operating cost of the school as well as to pay for improvements in the physical facilities. Since such a proposal would increase the amount of taxes levied at the county level for education from 14 to 20 mills, it is recommended that the statutory maximum mill levy of school districts be reduced by 6 mills so that the total maximum mill levies permitted by law for education remain the same as at present.

This program of shifting a greater degree of responsibility for school finance to the county level from the local district has several real advantages and equities in the opinion of the Committee. It is well known that there is not an equal degree of contribution by all citizens or taxpayers in the state to the support of education, because many school districts are not active and consequently levy no taxes at all, while others make exceedingly small levies. Still other school districts levy the maximum levies permitted by law to support their schools and still may find they are unable to provide an adequate program. The increase of the county mill levy from 14 to 20 mills and the decrease in the maximum district levy by 6 mills will make all property in the county subject to taxation for the support of schools to a greater degree than is true under the present system. It will insure that all property in the state of North Dakota is subject to a tax of at least 20

mills for the support of education. Since property not now taxed by local district taxes or, in some cases, taxed at only a nominal level by school districts, will be subject to the full county tax, there will be a greater tax yield from the same number of mills levied at the county level than is the case of an equivalent levy by individual school districts.

While the sum of \$250 per pupil, as the average cost of elementary education in the state of North Dakota, is the basis for the Committee's recommendation of a new foundation program, it was recognized that some adjustments must be made in order to take care of the varied circumstances that exist in school district operation and finance. Certain higher cost schools in the state must continue to operate regardless of future school district reorganization plans and some reorganization plans may not succeed in always reducing the average per pupil cost to the statewide average. It is therefore recommended that all elementary schools having 100 or more pupils in average daily membership be paid 60% of \$250, the statewide average cost of education, or \$150 per pupil, for the first 30 pupils in every classroom with no payment after 30 pupils; that elementary schools having under 100 pupils in average daily membership be weighted at 1.25, or \$187.50 per pupil, for the first 20 pupils in any room and thereafter reduced to \$150 per pupil for additional pupils with no additional payments after 30; and that one-room rural schools be weighted at 1.5, or \$225 per pupil, in average daily membership for the first 16 pupils and thereafter reduced to \$150 for additional pupils with no payments beyond a total of 30 pupils. In recognition that the cost per high school student is greater than the cost for providing an education for elementary students, it is recommended that high school payments be weighted at 1.32, or \$198 per high school student, in average daily membership. While the recommended per pupil payment for high school students is less than the present \$234 payment, it must be remembered that every high school district also operates an elementary school. The substantially increased payments for the elementary pupils will more than compensate the high school districts for the lower per pupil high school payment.

In order to determine exactly how this foundation program would operate in the various counties of the state, the Committee requested the Department of Public Instruction to prepare a table based upon 1957 enrollments to determine the various payments in the counties, the proceeds from a 20-mill levy, and the funds required from the state equalization fund to operate the program. A copy of this chart is attached for your information.

A PROPOSED SHARED FOUNDATION PROGRAM FOR THE PUBLIC SCHOOLS OF NORTH DAKOTA
(At 60% of the Cost Per Pupil)

AVERAGE DAILY MEMBERSHIP									
COUNTY	Elementary Schools A. D. M. under 100		High School		Total Weighted Units	Payment at \$150	Taxable Valuation	Proceeds from 20 Mills	Balance from State Equalization Fund
	One-room Rural Schools	Elementary Schools A. D. M. over 100							
ADAMS	187	260	372	278	1,344.46	\$201,669.00	\$5,282,484.00	\$105,649.68	\$96,019.32
BARNES	356	889	1,036	759	3,683.13	552,469.50	18,111,989.00	362,239.78	190,229.72
BENSON	195	610	695	402	2,280.64	342,096.00	11,442,375.00	228,847.50	113,248.50
BILLINGS	188	87		38	440.91	66,136.50	2,712,993.00	54,259.86	11,876.64
BOTTINEAU	297	562	1,202	678	3,244.96	486,744.00	14,340,180.00	286,803.60	199,940.40
BOWMAN	208	69	379	295	1,166.65	174,997.50	5,061,902.00	101,238.04	73,759.46
BURKE	182	106	788	365	1,675.30	251,295.00	8,075,898.00	161,517.96	89,777.04
BURLEIGH	546	308	3,068	1,131	5,764.92	864,738.00	25,847,936.00	516,958.72	347,779.28
CASS	200	1,087	6,384	2,565	11,428.55	1,714,282.50	63,547,122.00	1,270,942.44	443,340.06
CAVALIER	564	590	524	484	2,746.38	411,957.00	14,193,544.00	283,870.88	128,086.12
DICKEY	276	212	808	498	2,144.36	321,654.00	11,264,504.00	225,290.08	96,363.92
DIVIDE	244	152	527	264	1,431.48	214,722.00	7,205,423.00	144,108.46	70,613.54
DUNN	593	88	426	301	1,822.82	273,423.00	7,436,647.00	148,732.94	124,690.06
EDDY	244	47	425	194	1,105.83	165,874.50	6,496,153.00	129,923.06	35,951.44
EMMONS	803	165	545	484	2,594.63	389,194.50	8,897,146.00	177,942.92	211,251.58
FOSTER	170	337	404	328	1,513.21	226,981.50	7,284,351.00	145,687.02	81,294.48
GOLDEN VALLEY	168	163	283	237	1,051.59	157,738.50	4,543,590.00	90,871.80	65,866.70
GRAND FORKS	730	425	3,664	1,608	7,412.81	1,111,921.50	36,237,838.00	724,756.76	387,164.74
GRANT	545	200	548	305	2,018.10	302,715.00	6,916,563.00	138,331.26	164,383.74
GRIGGS	416	257	212	235	1,467.45	220,117.50	7,551,071.00	151,021.42	69,096.08
HETTINGER	262	207	501	350	1,614.75	242,212.50	6,824,973.00	136,499.46	105,713.04
KIDDER	434	186	428	324	1,739.18	260,877.00	7,735,189.00	154,703.78	106,173.22
LAMOURE	338	542	777	606	2,761.42	414,213.00	11,318,395.00	226,367.90	187,845.10
LOGAN	639	33	465	232	1,770.99	265,648.50	6,143,686.00	122,873.72	142,774.78
McHENRY	448	604	1,109	818	3,615.76	542,364.00	13,825,178.00	276,503.56	265,860.44
McINTOSH	475	124	606	448	2,064.86	309,729.00	7,357,606.00	147,152.12	162,576.88
McKENZIE	500	104	698	249	1,906.68	286,002.00	8,059,104.00	161,182.08	124,819.92
McLEAN	546	339	1,816	933	4,290.31	643,546.50	12,046,829.00	240,936.58	402,609.92
MERCER	470	144	797	467	2,298.44	344,766.00	7,283,000.00	145,660.00	199,106.00
MORTON	860	157	1,316	1,096	4,248.97	637,345.50	19,874,334.00	397,486.68	239,858.82
MOUNTRAIL	492	267	1,090	554	2,893.03	433,954.50	10,086,211.00	201,724.22	232,230.28
NELSON	214	361	591	490	2,010.05	301,507.50	10,160,601.00	203,212.02	98,295.48
OLIVER	427		128	85	880.75	132,105.00	3,770,550.00	75,411.00	56,624.00
PEMBINA	479	406	1,327	748	3,540.36	531,054.00	14,497,578.00	289,951.56	241,102.44
PIERCE	475	186	606	450	2,145.00	321,750.00	9,727,327.00	194,546.54	127,203.46
RAMSEY	270	445	1,144	761	3,109.77	466,465.50	16,661,346.00	333,226.92	133,238.58
RANSOM	360	232	644	444	2,060.08	309,012.00	9,019,961.00	180,399.22	128,612.78
RENVILLE	181	212	525	261	1,406.02	210,903.00	6,209,218.00	124,184.36	86,718.64
RICHLAND	702	601	1,000	911	4,006.77	601,015.50	20,299,917.00	405,998.34	195,017.16
ROLETTE	227	31	914	380	1,794.85	269,227.50	6,364,347.00	127,286.94	141,940.56
SARGENT	93	277	941	478	2,057.71	308,656.50	8,907,388.00	178,147.76	130,508.74
SHERIDAN	460	103	318	225	1,433.75	215,062.50	5,409,487.00	108,189.74	106,872.76
SIOUX	91	84	267	210	785.70	117,855.00	2,113,422.00	42,268.44	75,586.56
SLOPE	219	101		26	489.07	73,360.50	3,058,889.00	61,177.78	12,182.72
STARK	468	146	1,419	919	3,516.58	527,487.00	13,953,260.00	279,065.20	248,421.80
STEELE	248	133	405	224	1,238.93	185,839.50	7,407,955.00	148,159.10	37,680.40
STUTSMAN	566	506	2,202	1,031	5,044.12	756,663.00	23,923,673.00	478,473.46	278,189.54
TOWNER	123	75	808	363	1,565.41	234,811.50	9,171,785.00	183,435.70	51,375.80
TRAILL	326	489	801	676	2,793.57	419,035.50	13,447,214.00	268,944.28	150,091.22
WALSH	670	528	1,563	696	4,146.72	622,008.00	17,530,448.00	350,608.96	271,399.04
WARD	504	450	4,531	1,754	8,164.78	1,224,717.00	32,304,288.00	646,085.76	578,631.24
WELLS	401	441	594	528	2,443.71	366,556.50	12,902,439.00	258,048.78	108,507.72
WILLIAMS	519	377	2,671	1,137	5,421.59	813,238.50	23,678,000.00	473,560.00	339,678.50
TOTALS	20,599	15,505	55,292	30,323	\$145,598.11	\$21,839,716.50	\$653,523,307.00	\$13,070,466.14	\$8,769,250.36

Rural one-room schools weighted 1.5 or \$225.00
Full payments for first 16 pupils reduced to \$150 for additional pupils

Elementary schools under 100 A. D. M. weighted at 1.25 or \$187.50
Full payment for first 20 pupils reduced to \$150 for additional pupils

Elementary schools 100 or more A. D. M. not weighted or \$150
Full payment for first 30 pupils no payment after 30

High schools weighted at 1.32 or \$198.00

It is recognized by the Committee that one of the greatest deterrents to proper school district reorganization is the difficulty in providing adequate transportation in rural areas. School district reorganization is essential in order to provide schools with sufficient membership to operate upon an economical basis and to provide a reasonable tax base for the local support of education. It is therefore the recommendation of the Committee that there be included in the foundation program, provisions for an aid for transportation program.

In order to determine the feasibility and cost of a state program of aid to transportation, the Committee and the Department of Public Instruction made a survey of transportation programs being conducted by the various school districts during the fiscal year ending June 30, 1957. It was found that the total pupils transported by privately-owned buses was 4,552, while 3,806 were transported in district-owned buses. The average number of days pupils were transported was 171.6 days for privately-owned buses, and 176.8 for district-owned buses. The average number of pupils in each privately-owned bus was 12.4, while 28.7 pupils were carried in district-owned buses. Privately-owned buses traveled an average of 34.28 miles per day and district-owned buses traveled 57.4 miles. The amount spent for transportation by districts in privately-owned buses was \$569,000, while the amount spent in transportation through district-owned buses was \$237,000, making a total of \$806,000 spent in transporting students in district-owned or privately-owned buses. 11,571 pupils were transported in the 1956-57 school year with an increase of 757 students during the 1957-58 school year. An equal increase is predicted for the 1958-59 year. In the event state aid to transportation is provided, it is estimated that the first year such program would show an increase of 1,514 students and that an increase of 2,271 could be anticipated in the second year of the program.

It would be unfair to make state aid for transportation available solely on a per pupil basis since many districts must transport the same students much further because of sparsity of population. Therefore, any state program should provide for payments on a "per pupil mile" basis in order to compensate districts for their additional costs in transporting their students greater distances. The Committee therefore recommends that a foundation program include state aid for transportation based upon payments at the rate of .007 per pupil mile for students transported in privately-owned buses and .004 for students transported in district-owned buses. The difference in the recommended rates reflects the fact that the cost to the dis-

trict is substantially less in transporting students in district-owned buses. Since any state aid for transportation would provide only a portion of the transportation cost, an incentive would still exist for districts to go into a district-owned bus system in order to cut their transportation costs wherever district-owned bus systems were feasible.

It is estimated that the total costs of such aid to transportation program would be \$610,819 during the first year of its operation and \$705,838 during the second year. An aid to transportation program has further equities when it is remembered that an additional county levy would be placed upon all property in the proposed foundation program in order to equalize the burden of supporting education. An aid for transportation program would have the corresponding equity of equalizing the availability of education in all areas. In addition, since the proposed foundation program would result in the elimination of closed school payments, it would compensate those districts now receiving closed school payments for their loss in state aid through assisting them in providing transportation to other schools.

The principal points of the foundation program can therefore be summarized as including:

1. A change in the foundation program to base the payments upon the North Dakota average cost of education, with recognition of higher cost in certain circumstances, instead of the rather arbitrary payment schedules that appear in the statutes now;
2. The shifting of a greater portion of the cost of education from the local district to the county level and therefore equalizing to a greater degree the financial responsibility for the support of education by making a substantial amount of property not presently in active school districts or in a high school district subject to the county levy;
3. A decrease in the maximum school district levies in proportion to the increase in the county levy;
4. The provision of a program of aid to transportation in order to attempt to equalize educational opportunities in rural areas and to encourage school district reorganization;
5. A much higher degree of true equalization in providing a minimum level of educational opportunities throughout the state.

It is impossible for the Committee, without having this report become unreasonably long, to cover all of the many detailed items that they have considered in the many hours spent in studying this program. However, members of the Committee and the Committee staff stand ready to answer such questions as may not be fully answered in the report to every extent possible.

Majorities Required for Increased School District Levies and Participation in Basis of Need Program

It is the opinion of the Committee that the Legislative Assembly has unduly restricted the authority of local districts to levy adequate taxes to meet their local needs for education. In order to increase local levies over and above the statutory maximums, it is necessary that a majority vote be obtained to make a 25% increase, a 60% majority vote for a 50% increase, and a 70% majority for a 75% increase. In the opinion of the Committee, such high majorities have the effect of unreasonably thwarting the will of the majority in providing an adequate program of education in some districts. It is therefore recommended by the Committee that the law be amended to permit a 25% increase in the maximum levy upon a majority vote and allow a 50% to 75% increase upon a 60% majority vote of the electorate.

It is the belief of the Committee that the adoption of the proposed foundation program will practically eliminate the necessity of the "Basis of Need" state aid program. However, in a few extreme cases, probably not numbering over 3 or 4 districts in any one year, some special type of state aid might be required to permit the operation of schools. The past session of the Legislative Assembly amended the laws to require a local levy of 25% in excess of the normal maximum school district levy in order to qualify for state aid under the "Basis of Need" program. It is the recommendation of the Committee that this statute be further amended to require a local levy of 50% in excess of the normal maximum in order to obtain this state aid. It is recognized by the Committee that many districts have voluntarily increased their local maximum levies by 50% in order to make a maximum local effort for the support of their schools, and it seems unfair that other districts should be permitted to obtain special state aid without making a similar local effort.

Other Programs Supported by the State Equalization Fund

It was recognized by the Committee that al-

though the income from the sales tax going into the State Equalization Fund has been increasing from year to year, that appropriations therefrom continue to exceed the income and, consequently, the balance in the state equalization fund is decreasing from year to year. At present a balance of approximately \$9 million exists. It is the opinion of the Committee that steps should be taken to conserve the balance in this fund to a greater degree than at present so that the day when other state funds must be found to support the state equalization program can be postponed. It is therefore recommended that the appropriations for the vocational rehabilitation and special education programs be taken from the welfare fund, or if these changes do not meet with approval, that the feasibility of altering the division of the sales tax revenues to place two-thirds of the revenue in the equalization fund and one-third in the welfare fund be considered.

Vocational Education

Included in the resolution directing the education study was a provision for the consideration of our existing program of vocational agriculture. Time did not permit a detailed study of the field of vocational education by the Committee but some information was obtained from the Department of Public Instruction in regard to the vocational agriculture program.

At present 56 schools now have vocational agriculture departments. This is an all-time high. Vocational agriculture for farm boys in high school is a four-year elective subject tailored to fit the type of agriculture in the community. As a part of the course each boy has a farming program and in addition to vocational agriculture the student takes three other high school subjects. The training is geared toward helping the boy become established in farming and take his place in society as a successful farmer and a good American citizen.

Since agriculture in North Dakota is highly mechanized, about two-fifths of the instruction is in farm mechanics. Because of this it is necessary for schools to have a sizable farm shop equipped with tools and equipment generally found on mechanized farms.

The success of a local program of vocational agriculture depends chiefly upon the school having

1. A sufficient number of students (usually about 30 interested farm boys);

2. Adequate facilities;
3. A well-qualified instructor;
4. An adequate tax base.

It is therefore clear that the limiting factor in further expansion of vocational agriculture in many areas of the state is the size of the school district, since small districts can seldom provide the enrollment and physical facilities to warrant the program. Generally, it would seem that a total enrollment of at least 75 would usually be required to justify the program. As school district reorganization progresses in this state and larger districts with greater enrollments and a more adequate tax base become a reality, a further expansion of the program of vocational agriculture in our high schools can be expected.

HIGHER EDUCATION

It is well known that enrollments at our institutions of higher learning have increased in recent years and that such increases may be accelerated in future years. Projections of future population in the state show that while North Dakota is to continue to be a state with a relatively small population, an increasing percentage of North Dakota youth is expected to attend institutions of higher learning. It is not anticipated that there will be any immediate change in North Dakota's economic status and we will continue to be predominately an agricultural state. Consequently the tax resources available for the support of higher education and other government activities will probably not materially increase during the next ten years. Therefore, the main purpose of the Subcommittee on Education in the higher education study was to determine methods of obtaining the most higher education possible from the limited tax dollars available for this purpose.

As an aid to the Legislative Assembly and the State Board of Higher Education in planning for the future of higher education in North Dakota and in making the maximum use of the limited funds available, it was determined that information should be obtained in regard to enrollments, space utilization, faculty utilization, unnecessary or uneconomical duplication, fees and tuition, scholarships, the status and potential of junior colleges, cost comparisons in the various subject matter fields with institutions both within and without the state, supervision and management of institutions, various financial data, and other related information pertaining to these subjects.

Although the State Board of Higher Education

offered their complete cooperation to the Legislative Research Committee in providing all information possible, it was recognized by the Committee that the staff of the Committee and the office of Commissioner of Higher Education could not possibly supply all the facts and information desired in addition to carrying out their other duties. Through the office of the Commissioner of Higher Education, contacts were made with the U. S. Office of Education of the Department of Health, Education and Welfare and arrangements were made with the U. S. Office of Education to procure their services in making a survey. The U. S. Office of Education agreed to furnish the personnel required for the study at no cost with the only expense to the state being the expense of travel to and from North Dakota and direct special out-of-pocket costs for items of additional expense incurred in their Washington office. The state agreed to print the report of the U. S. Office of Education upon its completion. It is anticipated that the cost of this study will be less than \$10,000, which is a real bargain since a number of other states during the present biennium are expending between \$35,000 and \$150,000 to have similar surveys made for them.

By far the greater portion of the findings and recommendations of the survey team of the U. S. Office of Education affect matters upon which the State Board of Higher Education already is empowered to take action administratively. The Committee will not attempt to review this multitude of data and recommendations in the administrative field, but will rather refer their readers to the report of the survey team entitled "Higher Education in North Dakota." Some of the more important recommendations of the survey staff which would require legislative action for accomplishment are listed as follows:

1. That the State Board of Higher Education be authorized to make inter-institutional arrangements between colleges under its jurisdiction and colleges in other states which jointly would make it possible for a student to carry through programs to the bachelor's degree level, in fields where such programs are not available at institutions within the state;
2. That criteria be provided by statute in regard to the establishment of two-year junior colleges which criteria should be based upon:
 - a. Present or potential enrollment,
 - b. Resources for fiscal support,
 - c. Accessibility to students,

- d. Proximity to other institutions of higher learning,
- e. Evidences of community need, desires and acceptances.

In the opinion of the survey staff the Bismarck Junior College would meet all standards for the establishment of a Junior College, but the present Junior College at Devils Lake did not qualify under such criteria. The only other area of the state recommended by the survey team for establishment of a two-year Junior College was at the city of Williston. The survey further recommended that the state provide support to junior colleges either through an aid program or by making them state-supported institutions. The survey recommended that no branch institution be created to be affiliated with any existing institution in a fashion that would make a sub-system under the State Board of Higher Education. Each individual institution, they recommended, should be considered as having an identity and integrity of its own and as having equal status under the State Board of Higher Education.

3. The survey recommended that the staff of the office of the Commissioner of Higher Education be increased in order to provide for a higher degree of centralized purchasing, supervision of the construction of physical facilities, and to make continuing studies of space and faculty utilization, education programs and similar items. It was further recommended that the salary level of the personnel in the office of the Commissioner of Higher Education be increased to a level comparable with that paid at the two major institutions of higher education for similar positions.

4. Other recommendations of the survey team which would require legislative action for fulfillment are largely in the field of appropriations. Recommendations are made in the field of salaries for personnel, equipment, and a priority in the construction of buildings and institutions.

Recommendations by the Committee in Higher Education

The Committee agrees with the recommendations of the survey staff in authorizing the State Board of Higher Education to enter into agreements with institutions in other states for the admission of North Dakota students in fields in which the state of North Dakota does not offer a program leading to a bachelor's degree. Similar authority should be given to authorize the board to agree to accept students at North Dakota institutions in fields in which North Dakota may excel.

It must be recognized that North Dakota cannot provide the highest types of education in every field, nor should it attempt to do so, and such agreements would have the beneficial effect of providing a means for North Dakota youth to gain an education in fields of study not available in the state in the event North Dakota students should experience widespread difficulty in gaining admission to out-of-state institutions.

The Committee recognizes that the survey staff is correct in pointing out that junior colleges have a very definite role to play in the higher education system of North Dakota. In view of the expanded enrollments at institutions of higher learning that can be expected in the future it is probably good economy for North Dakota to lend support in the development of junior colleges in areas where they can economically be operated. It is noted that there is a high drop-out ratio at some of our four-year institutions during the first two years of college since some students apparently regard their first two years as a terminal type of education. The junior colleges can aid the state in providing higher education at the freshman and sophomore level at a cost that may be less than would be possible at our regular four-year institutions. Since state-supported institutions are rapidly approaching their maximum capacities, it would be necessary for the state to expand existing institutions to care for students who might otherwise go to the junior colleges and, therefore, some state funds would be expended for their education in any event. To the extent the junior colleges would siphon enrollment away from our regular four-year institutions, it would permit such four-year institutions to give greater stress to the more advanced academic work. In addition, since a local college will permit some students to obtain a higher education when they otherwise might not be able to do so, state support of junior colleges may be considered as an assumption of responsibility by the state of providing a uniform system of free public education within the mandate of the constitutional provisions. In view of the rather poor geographical distribution of institutions of higher learning that are supported by the state, there is also some equity in supporting junior colleges in areas not presently served by our state-supported colleges and in extending to a greater number of citizens of the state the benefit of attending colleges closer to home with the resultant savings in college education costs.

Present laws permit junior colleges to be established by school districts upon a favorable vote of two-thirds of the voters in cities having a population of over 5,000. Thereafter, upon a majority vote, the district may levy not to exceed 8 mills

for the support of the college. In addition, the county in which the junior college is located and all adjacent counties may, upon a majority vote of the electorate, levy not to exceed 5 mills for the support of the junior college.

It is the opinion of the Committee that the state should begin a program of support in the operation of junior colleges in those districts which organize and operate a junior college under existing laws. The Committee recommends that the state provide a grant-in-aid program in the amount of \$200 per student per year from the general fund to all junior colleges which have been accredited by the State Board of Higher Education as meeting proper academic standards and which maintain an enrollment of 90 or more students carrying 12 or more credit hours during the quarter or semester for which payment is made.

Since items three and four as mentioned above in the recommendations of the survey team pertain to matters of appropriations or affect matters under the direct control of the State Board of Higher Education the Committee proposes no legislation thereon, but leaves these items to the State Board of Higher Education to present, in their discretion, to the respective appropriations committees of the Legislative Assembly.

It is the opinion of the Committee that the many administrative recommendations made by the survey team for economies and improvements in our state system of higher education will have

a beneficial effect in the state for many years to come. The cost of the survey can be repaid in economies many times over in future years and the other benefits and improvements in the quality of our higher education, although not measured in dollars and cents, can be very substantial.

General Comments

The Committee recognizes that the study it has carried on has not completely encompassed every item that was mentioned in the study resolution, nor has there been sufficient time to delve into all of the items mentioned to the degree that the sponsors of the resolution may have desired. However, the resolution was so broad that it was almost impossible to give detailed attention to every item included in it without placing an unreasonable demand upon the time of the individual members of the Committee and its staff, and the Department of Public Instruction.

The Superintendent of Public Instruction and members of his department were exceedingly helpful in aiding the Committee in developing their recommendations and in providing the huge amount of statistical data necessary to evaluate the plans that were studied. The Committee wishes to especially commend Mr. Howard Snortland, Director of the State Equalization Fund, for his exceedingly fine cooperation and contribution to the Committee's work.

FINANCE and TAXATION

Special State Funds and Nonreverting Appropriations

Senate Concurrent Resolution Z directed the Legislative Research Committee to study all special funds and nonreverting appropriations in this state to determine which funds are no longer active or needed, and what balances in these special state funds or nonreverting appropriations, if any, can be returned to the general fund of this state. The Subcommittee was directed to make its report and recommendations to the 36th Legislative Assembly and introduce any legislation that may be necessary to carry out the recommendations of the Committee.

Representatives George R. Berntson, Chairman, C. Hilleboe, Clarence Poling, Halvor Rolfsrud, Albert Schmalenberger, Martin E. Vinje, and Senators Ralph Dewing, P. L. Foss, and Rosamund O'Brien were appointed to conduct this study.

The Committee first examined all of those special funds and nonreverting balances as to their purpose, to see whether such special funds and nonreverting appropriations were actually needed in a special fund, or if these special funds and nonreverting appropriations could readily be put into the general fund. In addition the Committee studied the special funds in the Bank of North Dakota that have been deposited there by the different state departments and agencies for purposes of expediency, again to see whether the moneys on deposit there were actually needed in a special fund, or if they could be returned to the general fund.

After discussion and study of each special fund and nonreverting appropriation as to their purpose and operation, it was the opinion of the Committee that a great many of these special funds and nonreverting appropriations in both the state treasury and the Bank of North Dakota could be returned to the general fund.

It was found by the Committee that if a portion of these special funds were returned to the general fund it would mean that such fund would have a much higher operating balance. If many of these special funds and nonreverting appropriations were returned to the general fund, then the

peak periods of income and expenditure of the different funds would tend to offset one another and therefore keep the amount of money in this fund at a fairly constant level. The cash balance needed in the general fund to carry on these functions would be substantially less than the total necessary if they are kept in special funds, therefore freeing the excess "working capital" for other purposes.

Also, the Committee found that in the case of some funds, the Legislature had no real control over departmental operations, since some state departments and agencies could deposit income, and make expenditures from these special funds and nonreverting appropriations at will. It was the feeling of the Committee that if all of these state funds and nonreverting appropriations were deposited in the general fund, a closer scrutiny of the income and expenditures by the various state departments and agencies from these funds in the process of making appropriations could be given by the Legislative Assembly. In addition, the Committee believes that an important prerogative of the Legislative Assembly is lost by permitting special funds and nonreverting appropriations outside of the general fund, for it results in taking away from the Legislature its right and constitutional duty to appropriate all moneys coming into this state from any source, before any expenditure is made.

It was also discovered by the Committee that some of these special funds and nonreverting appropriations have not been used for many years, and in some instances the state departments and agencies could not tell the Committee for what purpose the fund had been initially appropriated.

Because of these and other reasons it was the consensus of the Committee that the following special funds and nonreverting appropriations in the state treasury or on deposit in the Bank of North Dakota should be returned to the general fund of this state.

Special Funds in State Treasury

1. LIVESTOCK DEALERS FUND

Balance \$3,916.45

The source of funds in this special fund is from livestock dealers license fees, collected by the Public Service Commission. Effective July 1, 1957, the laws of our state were amended to provide for the administration of the livestock dealers licenses by the Commissioner of Agriculture and Labor and thereafter all proceeds from these fees should be credited to the general fund. At the time the Committee examined this fund, moneys deposited in the fund prior to the 1957 amendment had not been transferred.

2. BOARD OF AUDITORS FUND

Balance \$9,926.29

This fund is derived from the various state departments and agencies which reimburse the Board of Auditors for their costs in auditing their respective departments. These state departments and agencies have special funds appropriated for the purpose of this reimbursement. It was the thought of the Committee that these funds could be returned to the general fund and that the Board of Auditors could ask for an appropriation covering all of their expenses in connection with the audit of the different state departments and agencies, and therefore eliminate a double appropriation and transfer of funds.

3. PURCHASING DEPARTMENT FUND

Balance \$81,788.08

Initially this fund received its money from an appropriation of \$3,000 made under authority of Chapter 71, of the 1919 Session Laws of North Dakota, to the Board of Administration for the purpose of maintaining a State Purchasing Department. This fund is a revolving fund and has grown through the years, from the profits made by the Purchasing Department. The purpose of this fund is to purchase supplies and to pay for expenses for the operation of the Purchasing Department. The Purchasing Department acts as a purchasing agent for the state departments and agencies. It appeared to the Committee that this fund could be consolidated in the general fund with authority to the Board of Administration to make expenditures up to a set amount from the general fund for the purpose of acquiring an inventory. Upon the purchase by the different state departments and agencies of any item of this inventory, such funds would then be returned to the general fund. It would however then be necessary for the Legislative Assembly to continue to make an appropriation from the general fund to the Board of Administration for the purpose of paying for the administrative costs of the operation of the Purchasing Department in the same manner

as appropriations for administrative costs of other departments are made.

4. CLOSED BANK FUND

Balance \$2,254.00

This fund is derived from receipts forwarded by receivers of closed banks for services performed by the State Examiner and also from dividends to stockholders of closed banks which, if not claimed within 15 years, are transferred to this fund by the State Examiner. It is provided, however, that any stockholder may subsequently make claims for the dividends that may rightly be his. In addition the remaining balance in this fund is to be transferred to the state common school fund. The Committee felt that these funds should be deposited into the general fund, with authority to the State Examiner to withdraw such moneys from this fund for dividends to stockholders, and that after the 15-year period the moneys would actually be a part of the general fund and could not be used for the payment of dividends.

5. TWINE PLANT OPERATION FUND

Balance \$222,334.80

The present provisions of this fund require the Warden of the Penitentiary to keep accurate accounts of all funds received from the operation of the Twine Plant and to turn over such funds to the State Treasurer monthly for deposit in the twine plant operation fund. It would appear, therefore, that all income from the twine plant operation could be credited to the general fund and that appropriations could be made on a biennial basis from this fund for the operation of the plant without any difficulty. Separate records upon the profit and loss of the Twine Plant could be kept by the Warden, regardless of whether the funds go into the special fund or into the general fund of this state.

6. UNSATISFIED JUDGMENT FUND

Balance \$98,494.57

The purpose of this fund is to provide compensation to those individuals who have been injured or have had some property damage from a motor vehicle accident in this state. Recovery from this fund can only be made upon the showing that the defendant and judgment debtor in the action has no money or insurance with which to pay for injury or property damage. This fund receives its proceeds from a periodic registration fee levy of \$1 on all motor vehicles in this state. The law further provides that at any time the

Unsatisfied Judgment Fund is less than \$100,000 that an additional \$1 registration fee be reimposed and collected. It was the opinion of the Committee that the Unsatisfied Judgment Fund should be placed in the general fund, with provision that whenever the amount of money remaining in the general fund from the \$1 license fee for payment of unsatisfied judgments falls below \$100,000, that additional fees upon motor vehicle registrations be levied and credited to the general fund; that the portion of the appropriation to the Attorney General for costs of defending the fund be charged upon the books of the State Auditor as an expense of the Unsatisfied Judgment Fund within the meaning of the \$100,000 levy provisions; and that money for the defense of the fund by the Attorney General be appropriated each biennium from the general fund.

7. CANCELED WARRANTS FUND

Balance \$29,779.63

This fund received its moneys by the transfer of moneys that have been set aside to meet outstanding warrants, based upon existing obligations of this state. The Committee believes there is no need for a canceled warrants fund and that the proceeds allocated to outstanding warrants could be transferred to the general fund, and subsequently if such warrants are turned in for payment they could then be honored from the general fund.

8. ALCOHOLISM SPECIAL FUND

Balance \$1,250.02

The moneys in this fund are derived by reimbursement to the Commission from patients who have been treated and rehabilitated at the expense of the Commission. In addition, the Commission is authorized to accept property, gifts, grants-in-aid, and receive money from the sale of articles or services. The law now provides for a standing appropriation of all moneys in this fund to the Alcoholism Commission to be spent by them in such manner as they deem wise. It is the feeling of the Committee that all of those moneys received by the Commission for reimbursement of expenses incurred by the Commission in connection with the care, custody, treatment, and rehabilitation of any person, and from the sale of articles or services should be deposited into the general fund of this state. However, the Committee believes that all funds in the form of gifts and grants-in-aid should be kept in a special fund and that the Alcoholism Commission should be allowed to spend such sums from this fund as they deem necessary.

9. AIR TRANSPORTATION FUND

Balance \$299.91

Our laws provide that there shall be levied, for the purpose of providing revenue for payment of interest due or to accrue upon outstanding North Dakota Real Estate Series Bonds, certain taxes on car line express companies and air transportation companies. However, that portion of the taxes upon the airline companies is not transferred for the purpose of payment of interest due or to accrue upon outstanding North Dakota Real Estate Series Bonds, but is held in a special fund, and within 90 days after the receipt of such moneys is distributed to the cities and villages where air line companies make regular scheduled landings, to be used by such municipalities for airport purposes. The Committee recommends that this money be credited to the general fund and records be kept by the State Treasurer of the amount so deposited. The State Treasurer could thereafter request the State Auditor to draw a warrant upon the general fund to the proper municipalities and distribute such money from the general fund.

10. SEED DEPARTMENT REVOLVING FUND

Balance \$105,291.64

The moneys in this fund are received by the State Seed Department through the collection of fees and other charges of the department, and are deposited in the state treasury to the credit of a special revolving fund known as the State Seed Department revolving fund and disbursed within the limits of legislative appropriation. The Committee recommends that all collections from this source should be deposited in the general fund. Records can be kept by the State Treasurer or the State Seed Department of the amount of money placed in the general fund from this source. The Legislative Assembly could then appropriate to the State Seed Department the funds necessary for their operation directly from the general fund based in some degree, if it chooses, upon the amount of collections of that department.

11. GAME AND FISH FUND

Balance \$906,791.98

This fund is derived from fees received by the Game and Fish Department from hunting, trapping, fishing, and taxidermists' licenses, which are transferred to the State Treasurer and credited to the game and fish fund. It is provided, however, that these funds can only be expended after appropriation by the Legislative Assembly from the

game and fish fund. The Federal Act requires that to be eligible to receive federal aid money for game and fish purposes the state must use all money from the sale of hunting, trapping, fishing, and taxidermists' licenses for game and fish purposes. However, it is the opinion of the Committee that these funds could be deposited in the general fund, with a record being kept by the State Treasurer and the Game and Fish Department of the amount of funds so deposited, and thereafter such funds can be appropriated to the Game and Fish Department as the Legislature deems necessary. Any surplus of such funds would stand as a credit within the general fund to the Game and Fish Department.

**12. ATTORNEY GENERAL
LICENSING FUND**

Balance \$47,626.98

This fund receives its moneys from the license of sports and amusement devices and other miscellaneous license fees. The appropriation to operate the Attorney General Licensing Department is made from this special fund. The Committee can see no valid reason why this special fund should be separately maintained for this purpose, and it is the Committee's recommendation that its balance be transferred to the general fund as well as any future collections from this source, and that thereafter the Attorney General Licensing Department be operated by appropriations from the general fund.

13. STATE PARK MAINTENANCE FUND

Balance \$8,573.48

This fund derives its income from moneys collected as fees, compensation for concessions, and other miscellaneous items under the laws of this state governing State Parks and the State Historical Society. The law provides that such funds shall be deposited in a special fund known as the state park maintenance fund to be used and expended without further appropriation to maintain our state parks. The Committee recommends that all income from parks and concessions be credited directly to the general fund and that the regular appropriation to the State Historical Society be increased by the amount of their estimated collections, so that there would be no decrease in the amount of funds available for park maintenance purposes. The special fund entitled state park maintenance fund would then be discontinued.

**14. WORLD WAR II
ADJUSTED COMPENSATION
ADMINISTRATION FUND**

Balance \$48,699.70

This fund was originally established to provide moneys for the administration of the World War II Bonus Act. Because the deadline for World War II bonus claims has passed, it appears to the Committee that any balance remaining in this fund should be transferred to the general fund of this state.

Special Accounts in Bank of North Dakota

The Committee examined funds on deposit in the Bank of North Dakota and it appears many of the state agencies and departments have established funds in the Bank without legislative authority. After a review of the status of these funds in the Bank of North Dakota and their purposes, the Committee recommends that the following funds on deposit in the bank be transferred to the general fund.

**1. BISMARCK DENTAL
DEMONSTRATION FUND**

Balance \$52.95

This money was originally received through donations on behalf of the Bismarck Chamber of Commerce and is used to help underprivileged youngsters in the Bismarck area obtain care for their teeth. The Health Department of this state volunteered to take over the administration of this fund, to see that deserving children in this area received dental care. It was the opinion of the Committee that this fund be transferred back to the Bismarck Chamber of Commerce for administration.

**2. STALLION REGISTRATION
BOARD FUND**

Balance \$1,411.11

This fund was established many years ago and has been inoperative for at least 20 years. The law establishing this fund and its operation has been repealed and no one seems to know what the balance in this fund is to be used for. Therefore the Committee recommends that the balance in this fund be transferred to the general fund.

**3. DIVISION OF HIGH SCHOOL
CORRESPONDENCE STUDY FUND**

Balance \$48,383.11

This fund was originally established from appropriations to the Division of High School Cor-

correspondence Study Department and has through administrative action become a revolving fund and does not revert to the general fund. The fund actually consists of 5 separate accounts. The first is entitled Educational Films, which is used for the purchase of films. This account receives its money from the rental of such films. The second account is the Lyceum Service which is used to provide educational talent for the high schools in this state, and in turn this account is reimbursed by the high schools for the educational talent that they use for convocations, etc. The third account is for text materials for the correspondence program. Textbooks are bought by the Division of Supervised Study and sold to the students. The fourth account is the free rental library to which the students pay 25c and from which fund books are bought for the purpose of loan to students. The fifth account in the division of high school correspondence study fund is the registration account, which receives its money from a \$1 registration fee per subject from students engaged in the supervised study program. The Committee can find no statutory authorization for a revolving fund of this nature. Its very maintenance and use appears to be a violation of both statutes and the Constitution. Since the balance of this fund is substantially high it is the opinion of the Committee that all of this fund should be placed in the general fund and that the Division of Supervised Study should receive an appropriation from the Legislative Assembly for the operation of their program in the same manner as other state departments and agencies.

4. STATE TAX COMMISSIONER FUND
"POSTAGE ACCOUNT"

Balance \$419.76

The moneys in this fund are received from cigarette retailers who are required by the State Tax Commissioner to send return postage to the Tax Commissioner when they order cigarette stamps. The money is used by the State Tax Commissioner for the purchase of postage stamps in forwarding the cigarette stamps to the cigarette retailers. The Committee believes the state could well afford to pay for return postage and are recommending that the moneys in this fund be transferred to the general fund.

5. SALES TAX DIVISION FUND
"BOND ACCOUNT"

Balance \$1,220.00

This fund is made up of moneys deposited with the state by salesmen who do not have a place of business in this state, who must purchase a \$25 bond for the period they are engaged in busi-

ness to insure the payment of sales tax. At such time as the salesmen leave the state they receive the unused portion of their bond. The Committee recommends that this fund be transferred to the general fund, and that reimbursement to these salesmen be made from the general fund.

6. STATE WATER
CONSERVATION FUND

Balance \$2,451.22

This fund was first established from collection of taxes on the Yellowstone Pumping Irrigation District. The first deposit in this fund was made in 1944, and to the best knowledge of the State Water Conservation Commission has not been used since. Therefore since the fund is no longer being used it should be transferred to the general fund.

7. NORTH DAKOTA STATE
WATER CONSERVATION
COMMISSION FUND

Balance \$885.51

The State Water Conservation Commission periodically publishes a magazine entitled "Climate and Weather" which is then sold by them. The moneys received from the sale of the copies of this magazine are then deposited into this account, and subsequently used for the expense of republication of this magazine. The Committee can find no statutory authorization for this fund, and the expenditure of non-appropriated funds in this manner appears to be a violation of the "jackpot" clause of the Constitution. It is the opinion of the Committee that the moneys in this fund be transferred to the general fund, and that if the State Water Commission needs additional funds to publish this magazine, it can ask for such funds from the Legislative Assembly through its regular appropriation.

8. AERONAUTICS COMMISSION FUND

Balance \$16,161.02

Moneys in this fund are received from aircraft and pilot registration licenses required by the Aeronautics Commission and, in addition, consists of those fees paid for the privilege of aerial spraying in this state. Seventy-five percent of all fees received for the registration of aircraft licenses are paid to the county wherein the aircraft was registered. Fifty percent of the fees received for the privilege of aerial spraying is also returned back to the counties wherein the individual wishing to spray resides. The remainder of this fund reverts to the general fund at such time

as the Commissioner may direct. It is recommended that this money be placed in the general fund, and that the counties be paid their respective proportions directly from the general fund.

**9. SECURITIES COMMISSIONER
OIL AND GAS ACCOUNT**

Balance \$1,540.00

The moneys in this fund are derived from fees paid by oil and gas brokers. The funds in this account revert each year to the general fund of this state. The Committee recommends that these funds be deposited directly into the general fund, rather than transferred on an annual basis.

**10. STATE EXAMINER TRUSTEE,
LIQUIDATED CREDIT UNION
ACCOUNT FUND**

Balance \$197.95

The moneys in this fund are received from the unclaimed fund of liquidated credit unions. This fund has not been used for many years and there seemed to the Committee no valid reason why it should not be transferred to the general fund.

**11. NORTH DAKOTA STATE EXAMINER,
TRUST FUND**

Balance \$74,140.08

This fund consists of moneys received by the State Examiner as receiver of closed banks in this state. The fund is invested by the Bank of North Dakota and the interest from this investment remains a part of the fund. The Committee recommends that the moneys in this fund be transferred to the general fund as this fund is no longer active.

If all of the special funds in the state treasury and all of the funds on deposit in the Bank of North Dakota that the Committee is recommending to be transferred to the general fund of this state are transferred, it will increase the balance of the general fund by \$1,713,890.19. It is the opinion of the Committee that in excess of one-half of this amount could actually be expended in any way the Legislative Assembly should direct, and that the remaining balance would still be sufficient

to meet the expenditures and appropriations for the various special purposes for which the general fund would become obligated under these transfers.

**Charitable Institutional
Revolving and Support Funds**

The Committee also examined the operation and purpose of the charitable institutional revolving fund and the institutional support funds. These funds are derived from the state liquor tax, and are used to defray the expense of operation of the Grafton State School, the Tuberculosis Sanatorium, and the State Hospital. The Committee felt these funds should be seriously discussed and studied by the Legislature because the principle of earmarking funds is involved. It is the thought of the Committee that many of the funds that are presently earmarked should be credited directly to the general fund. This would free more of the state money which in turn would make the general fund more flexible. These institutions would then receive funds for their administration and operation by appropriation from the general fund. Therefore, it is the opinion of the Committee that all funds presently in the charitable institutional revolving fund and in the institutional support funds should be transferred to the general fund, and that all future income from liquor taxes, and collections from the counties for institutional care be transferred to the general fund. In addition, the Committee recommends that the requirement that the counties pay a portion of the institutional care costs of all of their residents who can not afford to pay for such care be removed, and that all such costs be absorbed by the state. Based on the amount of money budgeted by all the counties for this institutional care for the fiscal year 1958-1959, this would mean that the cost to the state for assuming the cost of this care would be approximately \$560,000. The Committee also recommends that the Board of Administration assume the duty of billing those individuals who have been determined able to pay for the cost of care they received at our state institutions. Consequently, the Committee recommends that the total appropriation for operating the State Hospital, the Tuberculosis Sanatorium, and the Grafton State School be made from the general fund.

FINANCE and TAXATION

Homestead Exemptions

House Concurrent Resolution M directed the Legislative Research Committee to make an interim study of the feasibility of providing a tax exemption on all homesteads in this state and to make its report and recommendations to the 36th Legislative Assembly.

The Committee began its study by an examination of the various methods used by other states in lowering taxes on homesteads. These methods include a flat dollar exemption of a portion of the valuation from taxation or, in the alternative, an exemption taxing only a percentage of the assessed valuation of homesteads. However, it is also possible to reach the same results by giving a dollars and cents tax credit upon the net tax due. A homestead for taxation purposes is defined as a dwelling occupied by the owner as his home.

The Committee next made an examination of the different taxes that are levied by the political subdivisions of this state. Since it was found that most of the political subdivisions of this state are operating on a very strained budget, the Committee felt that it would be reasonable to assume that if a substantial part of the tax moneys coming into these political subdivisions from taxes on homestead property were taken away from them, the political subdivisions would have to look for supplemental tax money to counteract any loss that they may incur.

It was decided by the Committee that some sample cities and counties in this state, representing both large, medium, and small cities and counties should be used as examples in determining what effect a homestead exemption would have. It was determined that \$250, \$500, and \$1000 assessed valuation exemption increments should be used as a basis in determining what tax revenue loss the different political subdivisions of this state would incur if a homestead exemption were enacted. The Committee felt that anything

higher than a \$1000 assessed valuation exemption on homestead property would unquestionably be too much of a burden, in terms of loss of tax revenue, for the political subdivisions of this state to bear. Therefore, for purposes of determining the sample figures, nothing higher than a \$1000 assessed valuation exemption was used.

The Committee thought it wise to determine the loss of tax revenue in two of the larger cities of this state, and chose Bismarck and Fargo for this purpose. It was also decided that one city in the state having a population of between 5,000 and 10,000 people should be used. This city was Devils Lake. To determine the loss of tax revenue in one of the smaller communities of this state, the city of McClusky was used, which has a population of less than 2,500 people. In order to be sure that all types of political subdivisions were used in the determination of the sample figures regarding homestead exemptions, three counties were chosen representing a large, medium, and small county, in terms of population in this state. These counties were Burleigh, Ramsey, and Sheridan.

The following chart contains the findings of the Committee regarding the loss of tax revenue that would be incurred by the sample political subdivisions of this state, and the state of North Dakota, if a homestead exemption were enacted based on a \$250, \$500, and \$1000, assessed valuation exemption on homestead property.

It should be pointed out that the total loss of tax revenue, based on a homestead exemption in the following instances may have a variance of 10 per cent more or less than the figure that is listed, due to certain estimates that had to be made because actual figures on the number of homesteads were not available, and also due to the fact that some of the homesteads had apartments and rooms that were being rented, and consequently would not be entitled to a full homestead exemption.

**LOSS OF TAX REVENUE TO CITIES AND COUNTIES
RESULTING FROM A HOMESTEAD EXEMPTION**

\$250.00 Assessed Valuation Exemption

Name of City or County	Loss of Assessed Valuation	Loss of General Tax Revenue	Loss of School Tax Revenue	Loss of Park Tax Revenue	Total Loss of Tax Revenue
Bismarck	\$ 987,750.00	\$19,261.12	\$24,352.97	\$6,370.98	\$49,985.07
Fargo	1,824,750.00	33,675.75	47,233.65	3,649.50	84,558.90
Devils Lake	483,000.00	9,488.54	9,935.31	1,477.98	20,901.83
McClusky	55,000.00	880.00	1,830.75		2,710.75
Burleigh	1,053,250.00	10,774.75	6,846.13		17,620.88
Ramsey	453,500.00	5,269.67	2,947.75		8,217.42
Sheridan	107,500.00	1,391.05	698.75		2,089.80
State of N.D.	20,000,000.00	40,000.00			40,000.00

\$500.00 Assessed Valuation Exemption

Bismarck	\$ 1,975,500.00	\$38,522.24	\$48,705.94	\$12,741.96	*\$97,470.61
Devils Lake	966,000.00	18,977.08	19,870.62	2,955.96	* 40,658.57
Fargo	3,649,500.00	67,351.50	94,467.30	7,299.00	*164,889.85
McClusky	110,000.00	1,760.00	3,661.75		* 5,301.12
Burleigh	2,106,500.00	21,549.50	13,692.26		* 34,360.72
Ramsey	907,000.00	10,539.34	5,895.50		* 16,023.97
Sheridan	215,000.00	2,782.10	1,397.50		* 4,075.11
State of N. D.	40,000,000.00	80,000.00			* 78,000.00

\$1000.00 Assessed Valuation Exemption

Bismarck	\$ 3,951,000.00	\$ 77,044.48	\$ 97,411.88	\$25,483.92	**\$189,943.27
Devils Lake	1,932,000.00	37,954.16	39,741.24	5,911.92	** 79,426.97
Fargo	7,299,000.00	134,703.00	169,117.80	14,598.00	** 321,323.82
McClusky	220,000.00	3,520.00	7,323.50		** 10,300.85
Burleigh	4,213,000.00	43,099.00	27,384.52		** 66,959.34
Ramsey	1,814,000.00	21,078.68	11,791.00		** 31,226.20
Sheridan	430,000.00	5,564.20	2,795.00		** 7,941.24
State of N.D.	80,000,000.00	160,000.00			** 152,000.00

* Less 2.5%, which is the estimated number of homes having an assessed valuation of under \$500.00
 ** Less 5%, which is the estimated number of homes having an assessed valuation of under \$1000.00

Based upon the sample figures that the Committee worked out regarding the loss of tax revenue on homestead exemption increments of \$250, \$500, and \$1000, it was obvious that in all cases the political subdivisions would incur a very serious loss of tax money if a homestead law were to be enacted. It was the belief of the Committee that if this loss of tax revenue was incurred by the political subdivisions of this state, another

source of tax money would have to be immediately provided to cover this deficit. It was felt by the Committee that this would be done in one of three ways. Either a new type of tax would have to be made available to these political subdivisions; the political subdivisions would have to transfer the tax burden now carried by the homesteads to business and rental property through increased levies within their respective jurisdictions; or the

assessed valuation would have to be raised on the remaining taxable property within the political subdivisions. This would have the effect of requiring higher rental payments on rental property and where the tax burden was shifted to business property, it was felt that the persons dealing with such business would eventually pay the additional tax, since the businessmen would have to add it to the product or service that they sell. Therefore, it was the opinion of the Committee that in the long run a large proportion of the revenue loss brought about by a homestead tax exemption would be paid by homeowners by various indirect means.

The Committee felt that if the political subdivisions incurring a loss of tax revenue from a homestead exemption were not to add an additional tax, raise the assessed valuation of property, or were not to transfer the tax burden to other rental and business property, then it would be logical to assume that the political subdivisions would have to reduce their rate of spending. This would mean fewer dollars for schools of our state, parks, city and county roads and streets, and for the many other services that these political subdivisions perform for the convenience of the people located therein. It was thought that a substantial cut in spending by the political subdivisions would not be desired by the majority of the citizens of the state, since many political subdivisions are not now offering all the services that the citizens demand, or that should be offered to the people, due to insufficient funds.

It was found by the Committee that if a homestead exemption were enacted and the tax burden shifted, it would have a very definite effect on rental property. In some areas of this state it is difficult to obtain adequate rental property to meet present needs, and if an additional tax burden were placed on rental property, it might very well result in discouraging additional construction for rental purposes. It was also the opinion of the Committee that some people cannot afford to buy their own homes, regardless of the rental pressure, and these people could be seriously handicapped if they were to bear, through home and apartment rentals, the additional tax burden that would be imposed on the rental properties.

The Committee also discussed the impact of a homestead exemption upon the industrial development of this state. It was their feeling that if the tax burden were shifted to business property, it would penalize industrial and business growth in this state. Tax exemptions of this type are usually viewed by business and industry as examples of an unfair tax climate, and the restrictions

it would impose upon the possession of adequate rental property would be a further deterrent to industrial and business growth.

RECOMMENDATIONS

Homestead Exemptions

The Committee does, however, agree with the principle of homestead exemptions, for it must be recognized that a home is not an income-producing type of property when occupied by the owner, nor can it be considered a luxury item deserving of special taxation. There is substantial merit, therefore, in not taxing homesteads in the same amount as income-producing property or luxury items. In addition, the encouragement of home ownership, will have a beneficial and stabilizing effect on our society, especially upon the youth of our state. While the Committee can not recommend such an exemption if the effect thereof is to transfer a greater tax burden to the remaining business, farm or rental property that would still remain on the tax rolls, the Committee does believe that a homestead exemption would have real merit if a new and separate type of tax were provided to replace the revenue that would be lost to the political subdivisions. Since the Committee has no recommendation to make for such a new tax to replace the lost revenue, it can not recommend a homestead exemption. However, in the event the Legislative Assembly can determine a new tax to provide replacement revenue, the Committee would then heartily endorse the passage of a homestead exemption.

Assessment of Clothing, Musical Instruments, And Household Goods

While the Committee was not directed by the study resolution to specifically consider tax assessment of personal property, it was so akin to the exemption of homesteads that it did not appear too far afield to give consideration to it. The Committee is not making any recommendation regarding the assessment of personal property, but they do want to emphasize the inequities that presently exist in such assessment. The most glaring example of these inequities are in the assessment of clothing, musical instruments, and household goods. It is the Committee's feeling that uniformity in the assessment of personal property cannot come about under the present system of assessment used in this state, whereby nearly every county and political subdivision use different methods in the assessment of personal property. The Committee further believes that

the Legislative Assembly should seriously consider a program wherein the assessment of personal property would become uniform throughout the state, or if such a program is not feasible then to consider the possibility of exempting clothing, musical instruments, and household goods from

personal property assessment. For further information regarding the assessment of personal property, any interested individual is invited to read that part of the 1957 Legislative Research Committee report entitled "Assessment and Taxation".

Governmental Organization

House Concurrent Resolution H directed the Legislative Research Committee to study and review the report and recommendations of the North Dakota Governmental Survey Commission which was created in 1941 by the Legislative Assembly, and make recommendations regarding the reorganization of the state government which would be appropriate to present day governmental needs. A Subcommittee consisting of Senator Ralph Dewing, Chairman, Senators A. W. Luick, R. E. Meidinger, Raymond G. Vendsel, and Aloys Wartner, Jr.; and Representatives Murray A. Baldwin, Adam Gefreh, Hjalmer C. Nygaard, Don L. Short, and Targie Trydahl was appointed to conduct the study and recommend a course of action. Appointed as advisory members of the Subcommittee were former Governor Norman Brunsdale, Mr. Tom Kleppe of Bismarck, and former State Senator Rilie R. Morgan.

1941 Governmental Survey

The North Dakota Governmental Survey Commission was created by the Legislative Assembly in 1941. This Commission retained the Public Administration Service of Chicago to investigate the several state departments, commissions and agencies; to make findings from the information gathered; and to draw a bill implementing the recommended action. The result of this investigation was the 1942 Governmental Survey Report, upon which the North Dakota Governmental Survey Commission based its report and findings. The Commission recommended that a majority of the proposals contained in the 1942 Governmental Survey Report be adopted, thus recommending a complete streamlining of the entire state government. No action was taken by the Legislative Assembly on such recommendations, although small portions of them have been acted upon in recent Sessions.

Scope of Committee Study

This same 1942 Governmental Survey Report made by the Public Administration Service was carefully considered by the Committee. It was agreed that most of the recommendations contained in the 1942 Governmental Survey Report were worthy of consideration, but that in view of the limited time of the Committee and staff available, it would be impossible to give adequate consideration to the entire report during the present biennium and it would also be difficult for the Legislature to consider all the recommendations made in the report in the hurried 60-day Session. It was thus decided to consider only a portion of

the recommended changes at this time and to leave the other matters contained in the report for study during future bienniums.

The Committee felt that a reorganization of the fiscal administration of the government was the most pressing need at the present time, and directed its attention to a consideration of the present problems existing in this field and possible remedies that could be recommended to solve these problems.

Present Fiscal Organization

The first step taken by the Committee was an analysis of the present administrative structure of the state in relation to fiscal matters. It is apparent that considerable intermingling and confusion of duties and responsibilities now exist. Presently the administration of the financial affairs of the state is performed by a number of independent officers and boards, and the limits of the duties and responsibilities of each are often not clearly defined.

An example of the multiplicity of duties can be pointed out. The state auditing board, which conducts the pre-audit or approval of vouchers prior to the issuance of warrants, consists of the governor, auditor, secretary of state, state treasurer, and state examiner. The board of auditors, which conducts the post audit of many departments, consists of the auditor, attorney general, and secretary of state. The state examiner, who examines other state departments, is a member of the auditing board and is appointed by the governor. The budget board, which prepares the budget for the Legislative Assembly, consists of the governor, auditor, attorney general, and chairmen of the Appropriations Committees of the House and Senate. This, in effect, places the state auditor in the position of making decisions and then approving his own actions in the post audit as well as recommending appropriations to the Legislative Assembly on the basis of his past action. The secretary of state, as a member of the auditing board, also approves expenditures before they are made and then serves upon the board of auditors to approve such expenditures in the post audit. The governor serves upon the auditing board approving the expenditures, appoints the state examiner who audits many of the departments to check such expenditures and serves upon the budget board to make recommendations to the Legislature in regard to future expenditures.

The state treasurer serves upon the auditing board to approve expenditures and then honors the warrants of the state auditor in payment of such expenditures. Therefore, many of these officers are in the position of first approving expenditures and then auditing their own activities in approving such expenditures in the post audit. In addition, the board of auditors and the state examiner report on their audits to the governor, who also is upon the auditing and the budget boards. Consequently, there is no independent audit or check of state expenditures by persons who are not directly connected with the expenditures. It would appear that there would be a natural tendency of persons responsible for the post audit to justify their actions in the approval of expenditures in the pre-audit as well as to justify such expenditures to the Legislative Assembly in their position as members of the state budget board. This situation is completely foreign to sound business practices and contrary to the philosophy of checks and balances in government.

The confused organizational structure of the government practically precludes effective financial administration. When related functions are divided among different agencies it becomes difficult to assign responsibility for their performance. In many cases responsibility for functions is divided among members of a board or commission, again making it difficult to assign responsibility to any one person. In addition, the members of these present boards are elected officials with other primary duties. The state auditing board can be taken as an example. The governor has very little time to adequately perform his duties as a member of the auditing board in pre-auditing the thousands of expense vouchers prior to the issuance of warrants, and the same is to a large extent true of the other public officials serving on the board. The job of approving and processing all expenditures is too overwhelming a job for these officials with other major duties, and the result is that, under the present system, the majority of processing must be left to a clerk in the office of the state auditor.

Lack of centrally controlled staff services, such as accounting and reporting, budgeting, and purchasing makes effective management difficult, if not impossible, to attain. Under the present system the state budget board and the office of the budget director can not fully perform all desirable functions of a budget director, especially during the interim period between sessions of the Legislative Assembly.

For example, there is no real provision for a follow-through after the session adjourns in

checking on the expenditure of funds to be certain that they are expended in accordance with appropriations. It can be seriously questioned whether the present system provides the type of service that is needed, or whether it gives us our money's worth for expenditures now being made operating the office of the budget director. This again is the result of the faulty organization of our fiscal control structure and is at least partially a result of public officials with other primary duties serving upon the budget board. Also, budgets must be submitted to the budget board three years in advance of the time the last dollar of appropriations is spent and must be submitted to the Legislature two and one-half years prior to the time the last money in the appropriation is expended. The result is a certain amount of inflexibility in appropriations and expenditures. If it appears that a surplus in appropriations to a department is likely to exist, because of changed conditions since the time the Legislative Assembly appropriated the funds, there is the tendency of that department to spend the surplus for nonessential items. A board made up of public officials with other primary duties and meeting only intermittently cannot adequately supervise expenditures to prevent this type of occurrence. Also, these ex officio members of the budget board do not usually have the time to make visits to institutions and agencies outside of Bismarck, and thus cannot get a true picture of expenditures needed or of estimated revenues. Lack of accurate revenue estimates has at times been a problem, and errors of substantial consequence have been and can be made in revenue estimates. In addition, the present system of purchasing does not always serve the best interests of the state financially. For example, the methods used to pay for purchases are so cumbersome that it is almost impossible to make payments at a sufficiently early date to obtain the benefit of cash discounts. The problems cited here are merely a few of those which have arisen out of the present administrative structure of our state government.

Committee Findings and Recommendations

Financial administration is one of the most important phases of governmental administration, for it is primarily through the processes of financial administration that the governmental programs are determined, controlled, and reported. The purpose of the legislation recommended by the Committee is to reorganize and strengthen this financial administration and to provide more efficiency and economy. The main factors dealt with in this reorganization are revenue collection or taxation; auditing; budgeting; accounting and reporting; and purchasing and miscellaneous centralized services. It is the intention of the Com-

mittee to propose that there be provided unification of financial administration under executive control, the grouping of related activities into single organization units, the elimination of duplication, the general strengthening of the entire financial process, and an independent check on the administration of financial affairs.

In deciding on the recommendations to be made to implement the reorganization desired, the Committee adopted many of the principles of financial administration which were set out in the 1942 Governmental Survey Report made by the Public Administration Service. In addition the Committee considered the views expressed by the governor, the state auditor, the state treasurer, and the state tax commissioner, all of whom appeared before the Committee, and all of whom agreed that such reorganization is desirable.

All of the changes and additions included in the proposed bill can not adequately be set forth in detail in this report, and must be determined from an examination of the bill itself. However, the major recommendations submitted can be stated here. The first proposal is a revamping of the duties of the state auditor in order to make it the primary duty of the state auditor to conduct a true, independent post-audit of all departments and agencies of the state government. This office would thus assume the function which the board of auditors now performs, and this board is abolished. In addition, the auditing functions of the state examiner in regard to state agencies would be transferred to the state auditor. The state auditor would be responsible to report both to the Legislative Assembly and to the governor. Other present functions of the state auditor are recommended for transfer to other departments. One exception is the collection of the gasoline tax. The Committee recommends that collection of the gas tax eventually be transferred to the state tax commissioner, but feels that such a transfer should be postponed for a period of at least two years, in order to permit the office of the state auditor to further firm up present collection activities and to provide sufficient time to make arrangements for the transfer.

Essentially the duties of the state treasurer remain the same under the proposed reorganization. However the responsibility for collecting the beer and liquor taxes and the oleomargarine tax should be transferred to the state tax commissioner. It is felt by the Committee that centralization of tax collections in a single department will result in utilization of common staff services and common field personnel, more effective assignment

of personnel and equipment, improved government-taxpayer relationships, a simplification of accountability, and facilitation of tax research and tax reporting. Consequently, the duties of the state tax commissioner have been changed in the proposed legislation to include the collection of additional taxes. It should be pointed out that in addition to delaying the transfer of gas tax collections to the tax commissioner, the function of administering the motor vehicle tax and licensing would not be transferred to the tax commissioner.

Perhaps the major proposal recommended by the Committee is the establishment of a Department of Comptroller. This department is intended to be a central fiscal control authority for the executive branch of the government. It is believed that such a central control authority can remedy many of the existing ills which we find in our present administrative structure. The budgeting process, for example, if placed under a central, full-time authority could result in the saving of thousands of dollars. The proposed department of comptroller, handling the budget on a full-time basis, could supervise the expenditure of funds of the executive branch of government during the interim period between sessions of the Legislative Assembly, checking to see that expenditures are made in accordance with appropriations. Such a central authority can allocate appropriations to various departments in the event that revenues fall to the point where all appropriations made by the Legislature cannot be honored in full. On the other hand, it could restrict expenditures from an appropriation when it appears that a surplus in the appropriation to a department exists, thus saving the department the temptation to spend this surplus on unnecessary items. Such a department can constantly make up-to-date revenue estimates, and balance these revenue estimates with expected appropriations. This department could conduct a true pre-audit, inspecting and actually giving consideration to each expense item, and as a result could prevent spending of money out of improper appropriation accounts; could control excess travel and purchases; and could insist that items purchased by the state be bought at the best possible price. This constant pre-audit alone could save the state countless dollars of unneeded expense. It is felt that this department acting as a central control authority under the direction of the governor, would be able to promote the coordination of activities of state departments and would also tend to prevent new duplication of services arising among the various departments. In addition this department equipped with modern business machines would make it unnecessary for the separate departments to do all their own bookkeeping in most instances, since

full information could be readily available upon request to this department. This, of course, would materially decrease the number of personnel needed to man the various departments. Centralized purchasing and rapid payment procedures would permit obtaining the benefit of cash discounts on purchases. These are but a few of the savings in financial expense and manpower that it is felt can result from the establishment of a department of comptroller.

The department of comptroller would be headed by a director who is appointed by and serves at the pleasure of the governor. It is believed such an agency responsible to the governor will give the governor the tools with which he can more readily carry out the responsibilities placed upon him by the Constitution, statutes and the citizenry of the state. At the present time the governor has been placed upon many boards, which supervise state activities, so that he might be informed on what is going on, but in the usual case he is given no real authority to take action or really supervise such activities. Without any staff or organization under his control, he has little power. In fact, the governor often has no positive means of preventing certain actions of the various executive departments and agencies for which he is responsible, or at times even becoming aware of them. In his position as the chief executive officer, the governor should be in a position to coordinate all the miscellaneous governmental activities. Such duties and responsibilities are placed on him by the Constitution, statutes, and the citizens, but he has been given no effective means to meet this responsibility. If he has supervision of expenditures of the executive branch of government he will, in effect, be in a position to supervise and coordinate the actions of the entire executive branch of government to a reasonable degree. It is felt that, through the department of comptroller which is responsible to him, the governor will truly become the chief executive of the state. As to the internal workings of the department, the Committee was of the opinion that the director of the department of comptroller should be allowed to set up any divisions or other internal organization within the department he deems necessary to carry out the functions of the department.

One of the major duties of the department of comptroller is to replace the state budget board, which is abolished in the proposed bill. It would thus be the responsibility of this department to secure budget requests and work programs from the several state departments, agencies, and institutions; to prepare revenue estimates; and to review budget requests and prepare the biennial budget. In addition, the department is to maintain

continuous control of expenditures by departments, agencies and institutions of the executive branch of the government in conformity with the budget approved by the Legislature and the governor, and to allot appropriations to the various executive departments periodically. The department will make frequent comparisons of actual revenue and budget estimates.

The department of comptroller will also be the central accounting agency of the state. It will keep the general accounts, showing the current condition of each fund and appropriation, and showing resources, obligations, reserves and surpluses, together with current revenues and expenditures. The state auditing board is abolished in the proposed bill and the department of comptroller would assume the duty of pre-auditing all claims before payment and auditing all current revenues. The department would also assume the existing duties of the state auditor as to the issuance of warrants on the department of treasury for payment of all approved claims. In addition, the bill provides for the department to conduct interval audits of accounts in the several departments and develop, prescribe and install financial records and procedures for all departments. It would be the duty of the department to issue periodic reports to the governor, administrative officials, the Legislative Assembly and the public, and to submit to the governor at the close of each business day, or at such times as the governor may request, a report showing the current condition of each fund and appropriation.

The third major function of the department of comptroller is to perform the duties of a central purchasing agency. The department will purchase all commodities, including printing, except in cases of emergency and of specifically exempted items, for all state departments, agencies, and institutions. It will in addition maintain an office supplies storeroom and a central duplicating service.

In order to effectuate the recommendations of the Committee, three bills have been prepared. One bill amends sections which deal with the collection of beer and liquor taxes and this amendment will result in the transfer of these tax collecting duties from the state treasurer to the state tax commissioner. A second bill was drawn which relates to the transfer of part of the duties of the state auditor and state auditing board to the department of comptroller. The third, and by far the largest bill, implements all of the recommendations made previously in this report in regard to the establishment of the department of comptroller.

The Committee considered it wise that the effective date of any legislation affecting governmental reorganization should be set at July 1, 1960. This will enable the various present administrative agencies to more readily prepare for the changes which will result should the proposed bill become law. The Committee also felt it necessary to authorize the emergency commission on July 1, 1960, to transfer appropriations from the agency presently carrying on the transferred functions to the agency receiving the duties in order to prevent last minute changes in appropriation bills at the end of the Session.

In addition, it was felt necessary to appropriate out of the state treasury \$50,000 to be expended at the direction of the governor for the purpose of establishing, equipping, and operating the department of comptroller, and a sum of \$35,000 to be expended at the direction of the governor to be used for studying and establishing operating procedures, accounting practices, and the implementation of the program of the department, and to pay salaries to the persons who will become the director of the department of comptroller and his staff. These moneys will be-

come available for expenditure on July 1, 1959, so that the department of comptroller will be set up and ready to assume its required duties on July 1, 1960, when the transfer of duties and functions becomes effective.

The Committee feels that all of the above changes are necessary if substantial progress is to be made in efficiently carrying out the purposes of state government. The development of the state government of North Dakota, like most other state governments, has taken place in a topsy-turvy manner. Practically every session of the Legislative Assembly has added new functions of state government. It cannot be expected that the same system of government constructed in 1889 should be able to deftly handle the complexity of governmental administration which exists in our time. The Committee thus feels that the modern needs which the state government is expected to fulfill, the size to which our government has grown, and the great volume of expenditures which our government must deal with, dictate that the structure of our government be streamlined in order to adequately cope with present day responsibilities and problems.

INDUSTRY, BUSINESS AND LABOR

Senate Concurrent Resolution I-I directed the Legislative Research Committee to conduct an interim study into the laws of other states relating to minimum wages, hours, and standards for the employment of men, women, and children for the purpose of establishing modern and workable statutes in this state relating to such subjects, and to make its reports and recommendations to the 36th Legislative Assembly. House Concurrent Resolution M-1 directed the Committee to study the pharmacy laws of this state and to submit its report and recommendations to the following session of the Legislature. Senate Concurrent Resolution V directed the Legislative Research Committee to make an interim study of the feasibility of providing incentives for foreign life insurance companies writing life insurance in the state of North Dakota, to invest more of their reserves in this state.

These resolutions were referred to the Subcommittee on Industry, Business and Labor, consisting of Senators A. W. Luick, Chairman, and Walter R. Fiedler, George Longmire, and L. A. Sayer, and Representatives R. Fay Brown, Brynhild Haugland, Milo Knudsen, L. C. Mueller, and Clarence Poling.

For purposes of convenience this report will deal separately with the different problems considered by the Committee.

Minimum Wages and Hours

The resolution directing a study of minimum wages and hours laws resulted from the introduction of a bill during the last session of the Legislature which called for a statewide minimum wage of one dollar per hour for all workers except domestic employees. At that time all persons concerned agreed that the measure was too sweeping to be given adequate consideration during the Legislative Session, and thus it was decided to direct that the Legislative Research Committee conduct a study and determine whether or not it is practical to develop a minimum wage for the entire state, and at the same time look into the desirability of extending present wage and hours laws to men.

As a first step the Committee attempted to obtain the opinions of interested parties as to any wage and hour legislation that might be introduced. A list of employers groups was obtained from the Greater North Dakota Association, and these employers groups as well as representatives of labor and the Labor Division of the Department of Agriculture and Labor were contacted by letter. The letter asked that such parties submit briefs, views or opinions as to our present laws; the question of a statutory minimum wage; the question of extension of minimum wages and hours laws to men; and related matters. In addition, a brief questionnaire was sent out to these parties for their comment on certain questions that the Committee specifically wished to consider. The response from employers groups was very light, and the Committee did not feel that they could effectively use the results of the inquiries as a basis for their recommendations. Questionnaires that were returned seemed to indicate that the majority, but not all, of the employers groups were

opposed both to a statutory minimum wage and to the inclusion of men under wages and hours legislation. Opposition was based upon the grounds that supply and demand for labor takes care of wage and hour problems; that the employee and employer can better agree on a fair wage for the work being done by the employee; and that federal laws on wages and hours presently tend to establish wages and hours for most persons. On the other hand representatives of labor, as well as a few employer groups, felt that both a statutory minimum wage and extension of wage and hours regulations to men were desirable in order to stabilize the economy of the state and provide a livable wage to men and women alike. There was also a feeling that legislation of this type may tend to keep a higher percentage of our present labor force within the state.

The Committee also studied the labor laws of other states. They found that although originally most minimum wage and hours laws covered only women and minors, there has been a definite trend towards including men under such laws. At the present time, thirty-three states and territories have minimum wages and hours type laws. Eleven of these laws apply to men as well as women and minors. In more recent legislation eight states and territories have enacted statutory minimum wage laws which act as a floor above which boards in their discretion may further set wages.

All meetings of the Committee were open to the public and various persons, mostly representatives of labor, took this opportunity to appear before the Committee.

The Deputy Commissioner of Agriculture and Labor described to the Committee the operation of the present North Dakota minimum wages and hours law. This law covers women and minors, and provides that the Commissioner of Agriculture and Labor, after investigation and a public hearing, and after recommendations are submitted to him by a committee of interested parties, can set minimum wages and hours for women and minors employed in different occupations. Many problems existing in the present law were called to the attention of the Committee by persons attending the meeting. For example, the committees which recommend wages and hours for the different occupations are composed of an equal number of representatives of management, labor, and disinterested persons representing the public. The representatives of management and of labor are often antagonistic toward each other by virtue of labor-management difficulties and the public members are not always effective arbitrators. Thus it is difficult for such a conference to make recommendations affecting their occupation, and as a result, minimum wages and hours for the different occupations are not adjusted up and down with economic conditions, in the manner that the law intends.

Another common problem is the difficulty, during the course of a public hearing, in obtaining the testimony of wage earners in regard to minimum wages because of their fear of retaliatory action by their employers. This is considered by the Department of Agriculture and Labor to be the main reason why, in the past twenty-two years, only about ten wage orders have been issued on wage minimums in only five different fields of employment.

It was also pointed out to the Committee that when an employer delays in making salary payments to an employee, or simply neglects or refuses to pay the amount of wages due, there is at present no practical method under which the employee can collect the unpaid wages. About the only remedy open to the employee is to institute a civil action, and in most instances, if the services of an attorney are employed, the court costs or fees of the attorney are more than the unpaid wages which the employee is seeking to recover.

After discussing the present law, its operation, and problems, the Committee turned to a determination of what, if any, legislation should be formulated. The Committee was advised by the Deputy Commissioner of the Department of Agriculture and Labor that the United States Department of Labor recommends a statutory wage floor with authority in a board to raise this

level if economic conditions and living costs warrant. Representatives of labor recommended to the Committee that wage and hour legislation be extended to cover men and that there be established a minimum \$1 per hour wage for both men and women workers except those working in domestic positions or in agriculture. Their position was that such legislation was necessary to provide protection to a large segment of the labor force which cannot be protected by unions because of the fact that it is not practical to unionize occupations in which small numbers of workers are employed. The Committee attempted to obtain information from various sources which would indicate the number of male employees in the state who are presently working for less than \$1 per hour, but was unable to find information which would be a suitable basis for such an estimate.

Several problems immediately presented themselves in relation to any statutory minimum wage covering all employees. One problem considered was whether or not all the different industries and occupations within the state should be subject to the same minimum wage floor. Another was whether or not such minimum wages should vary according to the size of the community in which a person is employed. These questions were asked in the questionnaires sent to employer groups and representatives of labor, but the answers to these questions showed no particular uniform feelings which could guide the Committee in arriving at a conclusion, although a slight majority of the answers took the view that if a statutory minimum was established, it should apply to all industries and all areas. There was a feeling among some persons that the minimum wage set in the larger cities should be higher than that set in the smaller towns. However, the Committee felt that if a lower minimum was set in the smaller towns the result might be that workers would leave the smaller towns to seek the higher minimum wage in the larger cities, and the Committee thus favored a uniform minimum wage for all areas.

A considerable problem arises as to the effect of a statutory wage upon persons who are physically handicapped, mentally defective, or otherwise have limited ability because of age or other reasons. The present law provides that the Commissioner of Agriculture and Labor may issue special licenses to physically defective females which authorizes such persons to work for less than the minimum wage which has been set for women in the particular occupation in which they are employed. The Committee was of the opinion that such a practice should be continued for all such handicapped persons under any new minimum wage law.

Recommendations on Minimum Wages and Hours

After considering opinions and views expressed by employer groups, representatives of labor, and other persons appearing before the Committee, the Committee recommended that several proposals be incorporated in legislation to be introduced in the next Legislative Assembly. It is recommended that a statutory minimum wage of 75c per hour be established. This 75c per hour minimum wage would apply to all occupations in all areas of the state except workers employed in interstate commerce or domestic employment and persons who are 17 years of age or under. Persons appearing before the Committee urged the adoption of a \$1 per hour minimum wage, but the Committee feels that it is necessary to set a minimum wage that would be acceptable to the public and that the \$1 per hour minimum would probably be unacceptable to many persons. It is further recommended that the Commissioner of Agriculture and Labor be authorized to make exceptions to the statutory minimum wage for persons who are physically handicapped or mentally defective, who have limited ability because of age or any other reason, or who are apprentices or learners.

It is the intention of the Committee that the statutory minimum wage should be only a floor, and that the Commissioner of Agriculture and Labor and the wage boards should continue to consider and establish minimum wages by order above the statutory minimum wage for different occupations in which a higher minimum wage is desirable. In addition, the Committee is of the opinion that, since employees seventeen years of age or under are usually working only part-time or are apprentices or learners seeking to gain experience, it would be undesirable to include such persons under wage regulations. Since these would have to apply for exemptions from wage orders set for the occupations or industries in which they are employed, it is felt that an extremely great administrative burden would result from their in-

clusion. Consequently, the Committee recommends that such minor employees be excluded from both the 75c statutory minimum wage and any wage orders established by the Secretary of Agriculture and Labor for the various occupations and industries. However, the Committee feels that such minors should continue to be governed by regulations concerning hours and working conditions.

The Committee also recommends a change in the amount that an employee can recover from an employer in the event that the employer does not pay him the wages to which he is entitled. It is recommended in such a case that the employee be entitled to recover the amount of unpaid wages plus an additional equal amount as liquidated damages as well as attorneys fees. It is felt that such a provision would make it more worthwhile for the employee to attempt to recover his unpaid wages, since under the present law, the cost of an attorney often makes it impractical to recover unpaid wages in a civil suit. The Committee makes no recommendation as to whether or not male employees should be included under any minimum hour laws.

Miscellaneous Recommendations

In the course of its investigations into the study of minimum wages and hours, the Committee has discussed related matters upon which it wishes to make recommendations.

The Committee feels that it is very probable that the state will be faced with an increasing variety of labor problems in the future, and that enforcement of the present and proposed minimum wages and hours laws will require a considerable amount of administrative attention and effort. It therefore recommends that the increasing importance of labor activities be recognized and that a Resolution for a constitutional amendment be introduced at the next session of the Legislative Assembly to provide for a separate and independent Department of Labor.

Pharmacy Laws

The House resolution requesting an investigation into present pharmacy laws was referred to the Subcommittee on Industry, Business and Labor. Representatives of the State Pharmacy Board appeared before the Committee and explained the problems involved in the present law, and the recommendations of the Pharmacy Board. The problems with which the pharmacists are faced is a determination of what is a "proprietary" drug or preparation which can be sold by persons other than registered pharmacists, assistant pharmacists, or licensed physicians. The Committee and its staff devoted a considerable amount of time seeking a way to define such a proprietary drug

or preparation, but were unsuccessful in doing so. An investigation in other state laws found that no state has yet been able to enact a suitable definition of a proprietary drug. Since the problem is one which research cannot solve, the Subcommittee referred it back to the full Legislative Research Committee. Two alternatives seem available. The law could be left as it is, or as an alternative a board could be empowered to individually determine which drug or medicinal preparation can be sold by persons other than pharmacists. The Committee makes no recommendation on this matter.

Life Insurance Company Investments

Senate Concurrent Resolution V directed the Legislative Research Committee to make an interim study of the feasibility of providing incentives for foreign life insurance companies writing life insurance in the state of North Dakota, to invest more of their reserves in this state. This Resolution actually grew out of a bill (Senate Bill No. 206) which, if enacted, would have compelled life insurance companies to invest 25% of their reserve on their North Dakota policies in North Dakota securities.

One of the reasons for the introduction of this Resolution was the belief that foreign insurance companies were taking many thousands of dollars out of this state, but were making little effort to contribute to the development of the state through reinvestment of premium collections within this state. It was felt by the proponents of this Resolution that the spending or investment by foreign life insurance companies of a substantial portion of their annual premium collections in this state would aid materially in the industrial, agricultural, and economic development, and would assist in providing employment for citizens who might otherwise be compelled to leave and seek employment elsewhere.

In considering the feasibility of investment incentives for foreign insurance companies, the Legislative Research Committee called upon the American Life Convention and the Life Insurance Association of America which represented the foreign life insurance companies doing business in this state, and representatives from all the domestic life insurance companies to appear before the Committee and give them the benefit of any comments they had to make regarding this study.

The representatives of the domestic life insurance companies stated that the domestic companies were opposed to restrictions upon the investments of foreign insurance companies, either in the form of a requirement of a given percentage of the reserves allocated to North Dakota policyholders to be invested in the state, or by means of allowing a credit upon insurance taxes if a given proportion of insurance premium dollars are invested in the state. They further expressed the opinion that insurance investments must of necessity follow economic factors, and that money will come into North Dakota only if the investment opportunities exist. The insurance companies by necessity must look to the soundness of the investment and its income in order to protect their

policyholders, and can allow no other considerations to determine their investment policies. Further, they expressed a belief that a credit upon insurance taxes based upon the amount of investments by life insurance companies would only result in retaliatory legislation in other states which would adversely affect our own North Dakota domestic companies. Since domestic North Dakota insurance companies invest a very substantial portion of their capital in North Dakota by virtue of being located here, retaliatory legislation in other states might force domestic companies to lower their investments in this state in order to invest them elsewhere. Therefore, it was the general feeling of the representatives of our domestic life insurance companies that such legislation would actually handicap growing domestic insurance companies in their out-of-state operations.

The Committee also received memorandums from the American Life Convention and the Life Insurance Association of America answering certain questions the Committee had submitted to them, and in addition, provided factual information regarding the actual investments of foreign life insurance companies doing business in this state. It was found by studying this information and other information submitted by the Legislative Research Committee staff that there is no annual drain of life insurance money from this state. In fact, there actually is a flow of money into our state from other states by the operation of foreign life insurance companies in North Dakota.

In discussing the investments by these foreign insurance companies, the term "reserves" should first be defined. Generally speaking, the life insurance reserve on any group of policies is equal to that portion of the premiums remaining after all current claims and expenses are paid. These reserve funds are necessarily invested in order to return to the companies, for the benefit of their policyholders, a definite precalculated minimum interest rate. The laws of most states very properly limit the investment of these reserve funds to only the highest type of securities.

Reports from the home offices of sixty-three legal reserve life insurance companies of other states doing business in North Dakota show that at the end of 1956 they had invested in North Dakota \$126,950,554. These sixty-three companies had in force about 90% of all legal reserve life

insurance in this state carried by foreign companies. \$126,950,554 so invested by these foreign life insurance companies in North Dakota is actually equivalent to 103.25% of the legal reserve on their North Dakota policies, which legal reserve is \$122,951,495. In addition to these investments, foreign insurance companies held large amounts of United States government securities and the proportion of these securities which could properly be allocated to North Dakota on the basis of our population would bring the total of the investments by these foreign life insurance companies in our state to \$151,641,898. This is equivalent to 123% of the legal reserve on all of the North Dakota policies which these foreign companies hold.

The Committee believes that the passage of either insurance investment incentives or mandatory insurance investment laws would have an adverse effect on policyholders and the state of North Dakota itself. The enactment of such proposals in other states, would necessarily cause a marked readjustment of life insurance investments and would require a continual shifting of investments by insurance companies from state to state in order to comply with the exact requirements of the various states. The constant reinvestment of these funds, which would not necessarily follow the law of supply and demand, would necessarily place the companies at a disadvantage in obtaining adequate security and interest rates for their policyholders. This, in turn, would increase the overhead expenses of these life insurance companies and would react generally to the disadvantage of the policyholders for whom these reserves are actually held and invested. Also the effect on North Dakota of a general

adoption of similar laws in other states would actually cause a withdrawal of a portion of present life insurance investments in North Dakota in order to take care of the requirements of other states.

The Committee found that Texas is the only state in the Union which has a compulsory investment insurance law, which law was passed in 1907. Similar bills have been introduced in the legislatures of forty-one other states. In these forty-one states compulsory investment laws were considered 232 different times and without a single exception every one of these bills failed of passage. Some of the reasons it was found for the failure of this legislation to pass was that there seemed to be no demand or necessity for it; that such legislation would work to the disadvantage of the policyholders; and that some states could incur very serious reduction in existing investments.

Because of the large amount of investments by foreign life insurance companies in this state, which actually are over 100% of their reserves allocated North Dakota policies, the Committee believes that legislation of any kind affecting the investments of these foreign life insurance companies would not improve the present investments in our state, since the investments by these companies exceed any amount that state law could actually require. From all information available to the Committee, it is readily apparent that there is no need at present for either investment incentives or a compulsory investment law in North Dakota to bring life insurance funds to this state, and consequently no legislation is recommended.

JUDICIARY and CODE REVISION

Senate Concurrent Resolution X directed the Legislative Research Committee, in cooperation with the State Bar Association, to study, and if feasible to revise the laws of this state governing partnerships and limited partnerships, and to submit suitable legislation to accomplish this revision.

To carry on this revision a Subcommittee on Judiciary and Code Revision was appointed consisting of Representatives Adam Gefreh, Chairman, Bruce M. Van Sickle, R. W. Wheeler; and Senators Lee F. Brooks, Ralph J. Erickstad and Donald C. Holand. This Subcommittee obtained the services of District Judge Eugene A. Burdick, representing the State Judicial Council; Professor Ross C. Tisdale, representing the School of Law at the University of North Dakota; and Attorney Joseph A. Donahue, representing the State Bar Association, as advisory members of the Subcommittee.

Partnerships

The Committee first examined our present statutes governing partnerships in this state. The basic provisions of our laws relating to partnerships were enacted in the year 1895. Many of the amendments to this law were passed prior to the year 1925. These partnership laws are not completely obsolete but the phenomenal growth of partnerships in size, number, and importance throughout the nation make adequate partnership laws a matter of increasing importance. The laws of our state have not kept pace with the progress of partnerships generally.

Our basic partnership statutes were drafted at a time when the partnership, although commonplace, was not subject to the impact of present income tax laws, modern accounting procedures, and other technical business procedures that have grown up in the last twenty years. In North Dakota we have seen, and are expecting to see, an increasing growth in the partnership as a means to do business. Our laws in this respect must be suitably geared to serve the needs of industrial growth today and in the future.

It was the conclusion of the Committee that to bring the present partnership laws up to date, through amendment of individual sections, would

be nearly an impossibility, there being too many additions and corrections required, and the inadequacies in our basic partnership law in some respects are too basic.

An examination of the Model Partnership Act and the Model Limited Partnership Act resulted in the decision that, with minor alterations these Acts would give this state a well-planned, correlated and comprehensive law governing partnerships and limited partnerships. The Model Partnership Act and the Model Limited Partnership Act have been adopted practically verbatim in Alaska, California, Colorado, Idaho, Illinois, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New York, Pennsylvania, South Dakota, Tennessee, Utah, Virginia, Wisconsin, Wyoming, Arizona, Arkansas, Delaware, Indiana, Kentucky, Missouri, Montana, Nebraska, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, South Carolina, Vermont, Washington, and West Virginia.

The Model Partnership Act and Model Limited Partnership Acts are not Uniform Acts that are to be rigidly followed. On the contrary, they are Acts that should be changed and modified to fit the present needs of this state and are capable of being changed and modified to fit future needs regarding partnerships and limited partnerships.

All the changes and additions provided in these Acts could not adequately be set forth in this report, and must be determined from an examination of the bill which resulted from this study, but it may be well to highlight some of the major items here:

1. More detailed and comprehensive provisions, as to dissolution, in absence of an agreement;
2. Partnership would continue after dissolution, for liquidation purposes;
3. Assignment of partnership interest would not dissolve the firm;
4. Partners generally would be liable jointly and severally under this Act, whereas they are liable jointly under the present law;

5. The Model Partnership Act permits property to be held in the partnership name;
6. Under the Uniform Partnership Act, rules for determining the partnership are more explicit; and
7. The Uniform Partnership Act provides separate definitions of "knowledge" and "notice", instead of "actual notice" and "constructive notice".

The Model Partnership Act and Model Limited Partnership Act will replace chapters 45-01, 45-02, 45-03, and 45-04 of the North Dakota Revised Code of 1943, as they have been amended.

In summary, because of the needs of a substantial revision in our partnership laws in this state, and because the Model Uniform Partnership Act and the Model Limited Uniform Partnership Act give this state a well-planned correlated and comprehensive law governing partnerships generally, it is the recommendation of the Committee that the Model Partnership Act and the Model Limited Partnership Act be recommended for enactment with minor corrections, by the 36th Legislative Assembly.

Model Nonprofit Corporation Act

Although the Legislative Research Committee was not specifically assigned a study of our Nonprofit Corporation Laws, it is a function of the Committee to study those laws which are in need of revision, and to recommend suitable legislation to accomplish such revision. Therefore, the status of our present laws regarding nonprofit corporations was examined.

It would be well to point out that our present laws governing nonprofit corporations were enacted in the late 1800's and early 1900's. Such laws have not kept pace with the growth of nonprofit corporations in this state and are generally inadequate to meet the present needs of nonprofit corporations doing business in this state. Again because of the complexity of business generally, it was felt that our nonprofit corporation laws should be modernized and brought up to date. The Committee examined the Model Nonprofit Corporation Act, and found that, with minor adjustments, it would be a very workable law for governing nonprofit corporations doing business in this state.

It should be pointed out, that many of the procedural sections of the Model Nonprofit Corporation Act are substantially the same as those of the Business Corporation Act, which was passed by the 35th Legislative Assembly in 1957. Also,

much of the substantive law of the Model Nonprofit Corporation Act corresponds to the Model Business Corporation Act.

Again this Model Nonprofit Corporation Act is not a uniform Act which is to be rigidly followed, but has been drafted in such a manner so it can be changed and modified to fit the needs of this state, now and in the future. Since this Act will govern existing nonprofit corporations as well as future nonprofit corporations, and to avoid unnecessary confusion and litigation, it was the thought of the Committee that there should be time given to the existing corporations to make any necessary or desirable changes in their charters or bylaws. To accomplish this, the effective date of the Act as applied to existing corporations would be July 1, 1961. However, if a nonprofit corporation elects to come under the Act prior to this date, it may do so by filing such intention with the Secretary of State. For all other nonprofit corporations the law is effective July 1, 1961. In addition it should be pointed out that this two-year period will also provide a trial period under which any impracticalities in the law can be discovered and corrected.

While the Model Nonprofit Corporation Act could not be adequately set forth in this report, and must be determined by an examination of the bill itself, some of the reasons that the Committee is recommending its passage are as follows:

1. Most of the statutes governing nonprofit corporations were passed when the nonprofit corporations were relatively new and before their problems were fully recognized;
2. Provisions governing nonprofit corporations are scattered through many chapters in the Code, and do not adequately cover all existing nonprofit corporations;
3. Most of the chapters regarding nonprofit corporations, do not set forth any procedural laws governing incorporation, operation, dissolution, and other matters essential to a sound Act; and
4. The adoption of the Model Nonprofit Corporation Act would provide a law for nonprofit corporations, much the same as the law for business corporations, and also, the passage of this model Act would bring all corporations and cooperatives doing business in this state under one of three model Acts, namely: the Business Corporation Act, the Cooperative Association Act, and the Model Nonprofit Corporation Act.

The passage of the Model Nonprofit Corporation Act would repeal chapters 10-08, 10-09, 10-10, and 10-11 of the North Dakota Revised Code of 1943, as amended.

Republication of North Dakota Revised Code of 1943

In addition to the other studies, the Committee examined the feasibility of a republication of the North Dakota Revised Code of 1943, together with all amendments thereto. It was the consensus of the Committee that a constant revision of the laws of this state should be undertaken, preferably on a volume-by-volume basis, but that because our Code has only 5 volumes, it would be impossible to revise all the statutes in any one of the volumes of our Code in a single biennium, which is the desirable timetable. It was, therefore, the opinion of the Committee that the North Dakota Revised Code of 1943 and subsequent laws of the state should be republished in 12 to 15 volumes, together with complete annotations, source notes, and law review citations.

The Committee stresses the fact that this recodification would not be a substantive revision work, but primarily a republication of all the laws. It is pointed out, however, that there should be authority in conjunction with the republication of the Code, to do such revision as may be necessary to correct minor errors, to correlate and integrate all the laws, and to eliminate or clarify the obviously obsolete or ambiguous sections that exist in the law.

In addition to the republication of the Code, it was the thought and recommendation of the Committee, that the Annotations to recent court decisions affecting the law should be brought up to date and that the present Annotations of Volume 7 of the Code, be studied for the purpose of possible clarification and expansion. The Committee also feels that citations to North Dakota Law Review articles should be incorporated into the republication where applicable. In many instances these law review articles are very valuable to clarify sections of the law and give its historical background, and in addition many times the corresponding laws and their respective interpretation in other states are discussed.

At the request of the Committee, the State Bar Association sent out questionnaires to all attorneys in our state to determine what their reaction would be to a republication of the North Dakota Revised Code of 1943 in 12 to 15 volumes. In answer to this questionnaire the attorneys of the state overwhelmingly favored the idea of a

republication of the Code by a majority of five to one.

Because the 35th Legislative Assembly directed the Legislative Research Committee to prepare a new index to the "Code" and because such index will be at least partially prepared prior to any republication of the "Code", it was the desire of the Committee that any private publisher that obtains the republication contract, should retain the basic North Dakota index entries that have been prepared by previous Code Revision Commissions and by the staff of the Legislative Research Committee, since many persons have become familiar with them. It is the general consensus of indexing experts that in addition to the preparation of standard index entries, local indexing personnel have the special advantage of being able to index statutes in accordance with their local use or application.

The Committee discussed with several private publishers the merits of a Code republication and subsequent service contract. Such contract could be let jointly by the Secretary of State and the Legislative Research Committee. Although the publisher undertaking the republication would be responsible for all editorial work and printing, the state would have supervision over all such work through the provisions of the contract and close liaison with the publisher. This supervision should be exercised by a Code Revision Subcommittee of the Legislative Research Committee because of their present responsibilities in the field. The Code Revision Subcommittee would also make all policy decisions which might arise during the course of the republication of the Code. In addition to the republication, the publishers informed the Committee that it is the usual policy for the publishers to provide all subsequent services necessary to keep the Code current. These services would include keeping the volume up to date by means of pocket part supplements containing all amendments to the Code, which would be inserted in the back of each volume. These pocket parts would be printed and distributed by the publisher every two years following the legislative session. Because of this valuable service it would mean that the need for a publication of a Supplement to the Code every four years, which is a huge undertaking both in terms of cost and staff time, could be discontinued and the efforts of the staff of the Legislative Research Committee that is presently expended on the Supplement, could be spent on actual revision of the laws of the state.

The Committee was also informed by publishers that the usual contract in a small state calls for the state to purchase a set number of

volumes of the Code from the publisher for distribution to their state officials, but that the publisher reserves all rights to sell the volumes of the Code to all other individuals. In the past, the Secretary of State has not only distributed the volumes of the Code to state officials, but it has also been his responsibility to sell and distribute the Code to all other individuals in the state wishing to buy it. Authorizing the publisher to undertake the sale of all volumes of the Code, other than those bought by the state for free distribution, would take the state out of the book-selling business, and relieve the Secretary of State of this responsibility.

It was the thought of the Committee that legislative approval should be received in 1959 and that a contract should be let and the republication started shortly after the 1959 Legislative Assembly adjourns, with a goal of having the republication completed by December, 1960, so that the republished Code could be adopted by the 1961

Legislative Assembly and distributed soon thereafter.

The probable cost of such a republished set of the Code was also considered by the Committee, and upon the basis of information available, it was found that a complete set of the republished Code, together with Annotations and index would cost between \$125 and \$175. The average in other states that have undertaken the same type of republishing, has been around \$150 per complete set. The state might be required to purchase up to 1000 volumes of the Code for distribution to the different state departments, agencies, and officials. This would place the cost to the state at somewhere between \$125,000 and \$175,000, with \$150,000 being possibly the closest estimate. A portion of this cost could be recovered through sales to political subdivisions. In addition there would be a cost to the state for the expenses of its Code Revision Subcommittee and their staff which would approximate \$25,000.

LEGISLATIVE ORGANIZATION and PROCEDURE

Senate Concurrent Resolution K-K and Senate Concurrent Resolution S-S directed the Legislative Research Committee to make a complete study of all aspects of legislative organization and procedure, including consideration of split or lengthened sessions of the Legislative Assembly. This project was assigned by the Legislative Research Committee to its Subcommittee on Legislative Organization and Procedure, consisting of Senator Ralph J. Erickstad, Chairman, Senators Ralph Dewing, Gail Hernet, Donald C. Holand, Frank A. Wenstrom; Representatives Howard F. Doherty, Louis Leet, Norbert Muggli, and Gordon Paulson.

This study was, in the words of the Resolutions requesting such a study, "a result of the growth of modern government and the increasingly complex problems with which the Legislative Assembly must deal in the hundreds of bills placed before it at every session". Because of this increasing work load, the Legislative Assembly has experienced great difficulty under its present organization, procedures, rules and time limitations in properly passing upon the bills and problems placed before it in the limited sixty-day session. The Resolutions specifically directed the Committee to study the rules, procedures and organization of the Legislative Assembly; the committee system, including the necessary number of committees, size of committees, and scheduling of committee meetings; the merits of an annual or recessed session; the feasibility of pre-hiring, orientation and schooling of certain key legislative employees; improvements in the preparation, introduction and printing of bills; improvements in the printing of journals; and to consider the preparation of a legislators' handbook which would provide information in clear and simple form, regarding rules and procedures of the Legislative Assembly and facts about state government in general.

The Committee began its work by forwarding to each member of the Legislative Assembly a questionnaire which requested their opinion upon some 37 different proposals that might improve the efficiency of the Legislative Assembly in performing its duties. In addition, legislators were requested to add to this questionnaire any further recommendations that they might have for improvement in the legislative structure. The Committee received excellent results in the return of this questionnaire since over two-thirds of all

members of the Legislative Assembly replied and gave their opinions on the proposals submitted to them, and added a number of new suggestions for improvement in the legislative branch of government. Thereafter, the work of the Committee was largely based upon the items that were favorably considered by the legislators in the questionnaire, and upon subjects and changes which were recommended by the legislators for further improvement of the Legislative Assembly.

The many items considered and recommended to the Legislative Assembly for improvement in the legislative branch of government can logically be classified into nine separate fields. The report of the Committee from this point will discuss the recommendations falling into these nine fields.

LENGTH OF LEGISLATIVE SESSION AND PRE-SESSION ORGANIZATION CONFERENCE

Omission of Sundays

Section 36 of the North Dakota Constitution provides that no regular sessions of the Legislative Assembly shall exceed sixty days. The Legislative Assembly, apparently since statehood, has adopted a practice of considering every calendar day, including Sundays, as a legislative day within the sixty-day constitutional limitation, thereby giving the Legislative Assembly only fifty-one working days. A number of states, with similar constitutional provisions, have apparently always followed the practice of counting only working days as legislative days within the meaning of their constitutional limitations. There appears to be no reason why the Legislative Assembly cannot exclude Sundays, or other days during which the Legislature does not actually meet, from the calculation of legislative days within the sixty-day constitutional limit. In fact, when a constitutional provision similar to that found in the North Dakota law was considered by the Supreme Court of Alabama, they held that the constitutional limitation upon the length of the legislative session meant days in which the Legislature actually met and carried on proceedings. The Committee, therefore, recommends that the Legislative Assembly of North Dakota adopt the practice of counting only working days as legislative days within the meaning of the sixty-day constitutional

limitation, and that the Journals of the House and Senate omit any reference to dates or calendar days and carry only the designation of the legislative day to which the Journal pertains. This proposal, which was approved by over a 4-to-1 vote by the legislators answering the questionnaire, would gain the Legislative Assembly at least nine additional days in which to carry out their work.

Pre-Session Orientation Conference

It was the opinion of the Committee that the beginning days of the Legislative Assembly could be more usefully utilized if arrangements were made in advance of the convening of the Legislative Assembly for the organization of the House and the Senate. The Committee, therefore, recommends that a three-day pre-session conference of all hold-over senators and legislators-elect be held during the early part of December for the purpose of organizing the Legislative Assembly and providing orientation classes upon legislative rules and procedure for new legislators. At this conference it would be possible for each party to hold a caucus to determine which party had the majority in each House of the Legislative Assembly and thereafter proceed to informally select the officers of each body. The Secretary of the Senate, Chief Clerk of the House, Sergeants-at-Arms, and Desk Reporters could also be selected at this time. An informal employment committee could be appointed to process applications for other positions of employment with the Legislative Assembly and make recommendations for hiring the selected employees when the Legislature convenes. At such pre-session conference, all legislators would be urged to turn in their committee preferences to the Speaker-elect of the House and an informal committee on committees in the Senate so that committee appointments could be announced the first day of the session. Therefore, the Legislative Assembly could, on the opening day of the session, simply confirm the action taken at the previous pre-session orientation conference, receive the report of the employment committee and act thereon, and would be ready to commence its formal business.

In addition, at such pre-session conference, individual legislators could contact the staff of the Legislative Research Committee on the bills that they wish to have drawn, thereby insuring that some individual bills, in addition to bills introduced on behalf of the Legislative Research Committee and the Appropriations Committees, would be available on the first day and ready for action. It is believed by the Committee that the Legislative Assembly can gain from three to sev-

en additional working days by the use of a pre-session orientation conference. In order to authorize payment of expenses for attendance at the meeting, it is recommended that a statute be passed formally setting up the conference and providing for payment of the expenses of legislators and legislators-elect in attending the meeting for a period of not more than three days. This recommendation was approved by a vote of almost 4-to-1 in the questionnaire sent to legislators.

Lengthened, Annual or Recessed Sessions

The Committee has also considered the possibility of annual or recessed sessions, but since a constitutional amendment would be required to either formally lengthen the Legislative session or provide for annual or recessed sessions, it is the recommendation of the Committee that the Legislative Assembly first give a fair trial to the methods previously proposed of gaining additional working days, plus the other recommended improvements, before any constitutional amendment is submitted to the people for a longer legislative session.

INTRODUCTION AND PROCESSING OF BILLS AND RESOLUTIONS

Utilization of Additional Working Days

In view of the previous recommendations of the Committee providing for additional working days through the elimination of Sundays in the calculation of legislative days, it is believed that some rearrangement of deadlines for introduction and processing of bills is necessary in order to make the fullest use of the working days that are gained. The Committee therefore recommends that the deadline for introduction of bills be changed from the twenty-fifth to the twenty-second legislative day, which, with the additional working days gained, will still allow the same number of calendar days for the preparation and introduction of bills as previously existed.

It is believed by the Committee that the time previously provided to process bills in the House of their introduction has been reasonably adequate, and that none of the additional nine days should be used in processing bills in the House of their origination. Therefore, the Committee recommends that the rules be amended to provide that all bills shall be messaged to the other House from their House of introduction by the thirty-ninth legislative day, rather than the forty-fifth day as has previously been provided. Since the thirty-ninth legislative day is the equivalent of

the forty-fifth calendar day, the same amount of time will continue to exist to process bills in the House in which they originated. The Committee believes that all of the additional nine days that are gained through the elimination of Sundays as legislative days, should be used in lengthening the fifteen-day period provided for processing the bills originating in the opposite House, or in considering amendments that were made in the House other than the Chamber of their origination. It is thought that these nine additional days will go a long way in eliminating the log-jam in the final ten days of the session that has heretofore existed. In addition, should the pre-session organization and orientation conference be adopted, it may provide an additional three to seven days of working time to process the bills in the House in which they were introduced and therefore in effect give substantially more working time in the House in which the bill originates.

Checking of Form and Style of Bills

The Committee has also taken note of the fact that some bills introduced at each session do not follow the constitutional or accepted form and style and that at times the same sections of the laws are affected by amendments in several different bills. In addition, amendments to bills adopted by the House and Senate are not always in good form and sometimes cause further duplicity in the amendment of the same sections of the Code. At present no one has the responsibility of checking the bills and resolutions, with the exception of the general responsibility of the Chief Clerk or Secretary, and the task is more than the Floor Leaders can properly undertake. The Committee recommends that a copy of the bill be forwarded to the staff of the Legislative Research Committee in order to provide a check upon the form and style of bills. It is recognized by the Committee that the staff of the Legislative Research Committee cannot assume this additional duty prior to the deadline for the introduction of bills without materially decreasing the number of bills drawn and other services provided to legislators. Therefore, the Committee recommends that the Legislative Research Committee employ an additional attorney upon its staff for a period beginning thirty to forty-five days prior to the session and continuing until after the deadline for the introduction of bills. Such attorney could then perform the check of the form and style of bills and return his report upon the bill to the Chief Clerk of the House or the Secretary of the Senate.

Time Limitation on Introduction of Resolutions

By a vote of 6-to-1, a majority of legislators

answering the questionnaire forwarded to them by the Subcommittee on Legislative Organization and Procedure recommended that a time limitation be placed upon the introduction of resolutions, and a great many stated that the same restrictions governing the introduction of bills should apply to resolutions. The Committee, therefore, recommends that the Rules of the House and the Senate be amended to require any resolution proposed for introduction after the thirtieth day be referred to the Delayed Bills Committee for consideration and only introduced by that Committee after its approval.

Introduction of Legislative Research Committee Bills

A number of legislators have commented that it is sometimes difficult for standing committees of the Legislative Assembly to determine who is responsible for appearing before such standing committees of the Legislature and explaining bills introduced by the Legislative Research Committee. It is, therefore, recommended that all bills resulting from Legislative Research Committee studies be introduced by individual members of the Legislative Research Committee or its Subcommittees, with a note that such bill results from a study of the Legislative Research Committee. Members of the Legislative Research Committee or its Subcommittees whose names appear upon the bill would then be responsible for appearing and explaining the bill before the Committees.

Explanatory and Fiscal Notes

A very interesting method of providing information as to the purpose of bills which have been introduced has come to the Committee's attention from the state of Wisconsin. The Wisconsin Legislative Assembly requires that all bills introduced carry a brief marginal comment from the sponsor explaining the purpose of his bill. In addition, if the bill in any way affects tax revenues or the expenditure of public funds, it is necessary that a copy of the bill be forwarded to the state department administering the collection of the tax or to the department that would be required to make the expenditure in order to obtain their estimate of the amount of tax gain or loss, or increase or decrease in expenditures, that would result from passage of the bill. This information must be attached to the bill under the Wisconsin rules prior to its introduction. It is reported that this may have resulted in a decrease in bills having a financial impact, since, when the sponsor obtains information in regard to the result of a bill, he

may not deem it feasible to actually introduce the bill. No formal recommendations have been made by the Committee on this point.

PREPARATION AND PRINTING OF LEGISLATIVE DOCUMENTS

An overwhelming majority of legislators, by a vote of 10-to-1, stated in the questionnaire that the delay and inaccuracies occurring in printing of legislative bills is one of the biggest bottlenecks in the efficient operation of the Legislative Assembly. In order to determine ways of alleviating this problem, the Subcommittee met with a committee appointed by the North Dakota Press Association. It was the opinion of the committee of the Press Association that private printers could provide the type of service on printing of bills and resolutions desired by the Legislative Assembly and that it should not at this time be necessary for the Legislative Assembly to consider reproducing their own bills and resolutions by offset, or other process. It was agreed, however, that requirements in regard to the printing of bills should permit a printer to use offset or photo-offset process in reproducing the bills in supplementing the regular methods. This would give the printer greater flexibility in the use of his equipment.

Penalties of Delay in Delivery of Bills

As a result of this meeting it was agreed that the printer obtaining the legislative bill contract should be informed in the printing specifications issued by the State Printer of the specific requirements of the Legislative Assembly, and that suitable penalties be provided in the event of his failure to provide the type of service called for. It is, therefore, recommended by the Committee that the specifications and printing contracts for the printing of legislative bills and resolutions require that all bills of sixteen pages or less be delivered to the Legislative Assembly within three days after the day of their introduction and that all bills of seventeen pages or more be delivered within five days after their day of introduction, subject to a penalty of 10% of the contract price per page of such bills for each day after the deadline that delivery is delayed.

Proofreaders

It was also found by the Committee that the printing contracts did not require the Legislative Assembly to furnish proofreaders to proofread bills, and that this was properly a responsibility

of the printer. The Committee, therefore, recommends that the employment of persons for proof-reading bills be discontinued and that the printer be held responsible for delivering to the Legislative Assembly printed bills that are identical to the original typewritten bill introduced. Proof-readers for Journals, however, should be supplied by the Legislature since the nature of the copy submitted to the printer can not be in as finalized form as in the case of bills.

Bill Paper

In reviewing the statutes in regard to the printing of bills, it was found that a requirement exists that the bills be printed upon first-class white paper. Since legislative bills for many years have been printed upon common newsprint, there have been many complaints from legislators requesting improvement in bill paper. The Committee, therefore, recommends that the printing specifications for legislative bills be altered by the State Printer to provide that bills be printed upon 50-pound book paper.

Form and Style of Legislative Documents

Numerous provisions exist in statutes as to the details of the form and style of bills, resolutions and journals. These requirements prevent the proper degree of flexibility upon the part of the Legislative Assembly in determining the form of bills that are suitable for introduction and the method and style required to be used by the printer in preparing the printed bills. It is the opinion of the Committee that these matters would be more properly left to the Rules of the House and Senate and statutory provisions in relation thereto be entirely repealed. It is recommended that the Rules of the Legislative Assembly be amended to provide that the Journals be printed in the form and style prescribed by the House and Senate Printing Committees and that the form and style of bills and resolutions be prescribed by the Legislative Research Committee.

It was found by the Committee that an excess number of permanent Journals have been ordered by the Legislative Assembly for many years and because of delays in the printing and publication of the permanent Journals, they have been of little value to legislators. It is, therefore, recommended by the Committee that only 200 copies of the permanent Journals be ordered, with only 25 copies being sewn and bound with hard covers, the balance to be assembled by the most inexpensive means available. The Committee further recommends that the manner of distribution of Journals

be stricken from the statutes and placed in the House and Senate Rules, with copies going only to state offices that have specific requirements therefor, and the balance to be available to members of the Legislative Assembly upon their request.

Printing Journals in Segments

It has often been a problem to determine the current status of bills and resolutions during the closing days of the session when the legislative day often exceeds one calendar day. It has usually been the practice in the past to only reprint Journals at the end of each legislative day, and, consequently, when a legislative day extended over several calendar days, it was difficult for the chart room and those relying upon the printed Journals to keep informed as to the status of bills. It is recommended by the Committee that the Chief Clerk of the House and the Secretary of the Senate direct that Journals be printed at the end of each calendar day, even though that day's work may be only a segment of the total legislative day. This will make the current status of bills and resolutions available to everyone having access to the House and Senate Journals.

Use of Brackets and Underlining in Bills

It was found by the Committee that in the past it was required that brackets and underscoring be used only when a bill amends existing statutes, and that entirely new sections of law inserted in a bill need not be bracketed or underlined, or placed in italics in the printed bill. This has often caused confusion when entirely new sections of the law are inserted in the same bill that amends existing sections of law. The Committee, therefore, recommends that the rules be amended to require that whenever a bill amends existing statutes and also provides completely new sections of law, that the entirely new sections of law be underlined or italicized in the same manner as the insertion of new material in existing statutes.

COMMITTEE ORGANIZATION AND PROCEDURE

It was found by the Committee that there was very little criticism of the committee system of the House of Representatives after the adoption of the new committee schedule that was placed in

operation at the 1957 Session. A large number of Senators, however, expressed dissatisfaction in the questionnaire in regard to the present Senate committee organization and meeting times.

Problems in Present Senate Committee System

One of the biggest difficulties in the Senate committee system is that of conflict of committee meetings. Because of the number of committees existing in the Senate, the size of their membership, and the conflicting meeting times, it was often difficult to obtain a quorum at a meeting, and at times some Senators found it necessary to simply attend the opening of a committee meeting in order to be counted in a quorum and then proceed to another meeting and be counted in a quorum at that meeting, in order to permit the operation of both committees. In addition, the work load of many Senate committees is not well-balanced, with some needing substantially more time than was allotted to them to conduct their business, while others did not find it necessary to always meet at the scheduled times. A further handicap in the Senate committee system, is that meetings are scheduled for one hour and a half at a time. Most meetings are scheduled for 9:00 o'clock a.m. and it is often 9:15 or 9:30 before a quorum is obtained and the committee can begin operation. Since the meeting is scheduled to adjourn at 10:30 and another committee must make use of the committee room for its hearings, the members of the next committee to use the room often begin arriving prior to 10:30, causing disruptions in committee proceedings. Therefore, Senate committees often have only forty-five minutes to one hour of actual working time, two or four times a week.

Recommendations for New Committee Organization

The Committee feels that it is essential that more time be given to committee meetings and that conflicts in committee membership and meetings be eliminated. It is the Committee's opinion, however, that the size of committees should remain as large as possible in order to permit as many Senators as possible to be familiar in detail with the bills processed in the various committees.

The Committee, therefore, recommends the following Senate committee organization and schedule which will accomplish all of the recommendations of the Committee:

SENATE COMMITTEE SCHEDULE
11 Committees

No. of Senators on Committee	Committee	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
17	Appropriations.....	Evening	Evening	Evening	Evening		
13	Education.....	9-12	9-12				Any
13	Finance & Taxation.....	9-12	9-12				Committee
13	State & Federal Govt.....	9-12	9-12				may
13	Agriculture.....			9-12	9-12		schedule
13	Judiciary.....			9-12	9-12		meetings
13	Industry, Business & Labor.....			9-12	9-12		on
11	Political Subdivisions.....					9-12	Saturday
11	Natural Resources.....					9-12	
13	Social Welfare and Vet- erans Affairs.....					9-12	
13	Transportation.....					9-12	

Note: Each Senator will serve on three standing committees except the minority floor leader, who will serve on two standing committees. The majority floor leader will have no committee assignments. Saturday mornings may be used by any committee that may wish to hold a meeting on that day.

**Comments upon Proposed
Committee System**

You will note that the proposed committee organization entirely eliminates the Senate Committee on General Affairs, since the Committee feels that this is somewhat of a catch-all committee and that all bills that are assigned to it might very well be assigned to other regular committees of the Senate. Since the work load of the Senate Committee on Labor Relations is usually very light, it is recommended that this Committee be consolidated with the Committee on Industry and Business. The work load of the Veterans Affairs Committee is also usually not too heavy, and it is felt by the Committee that the bills normally assigned to the Committee on Veterans Affairs could be carried by the Committee on Social Welfare, and a consolidation of those two committees is recommended. The Committee, therefore, recommends that the number of standing committees of the Senate be decreased from 14 to 11. The number of Senators to serve on the various committees remains the same as at present, and in a few instances the size of the committee membership is actually increased. It will also be noted that committees will meet on consecutive days so that the committee operation can have greater continuity in completing their work, while

the matters discussed are fresh in the members' minds from the previous day. The total meeting time allocated to the Committees on Education, Agriculture, Finance and Taxation, Judiciary, State and Federal Government, and Industry, Business and Labor totals six hours per week in continuous three-hour meetings.

The time allocated to the Committees on Political Subdivisions, Natural Resources, Social Welfare and Veterans Affairs, and Transportation continues to be three hours, but again, since the three hours run consecutively, it will be possible for these committees to accomplish more work in the same period of time. Saturdays are left open for any committee meeting that may be necessary. The Senate Appropriations Committee would continue to meet evenings. Under this committee system, each Senator will serve on three standing committees except the Minority Floor Leader, who will serve on only two committees. The Majority Floor Leader will have no formal committee assignments. Since definite meeting schedules are provided, it would be necessary that Senators make their committee preferences from committees that do not have conflicting meeting dates. This would require some Senators to choose between two committees upon which they have previously served, but the Committee can find

no schedule of committee meetings that would permit all Senators to continue to serve upon exactly the same committees that they have served upon in the past. This situation also existed in the House of Representatives at the time of the adoption of their new committee schedule in the 1957 Session, but very little complaint was evidenced, and all members of the House of Representatives have expressed a great deal of satisfaction in their new committee arrangements.

The Committee strongly recommends the proposed committee schedule to the Legislative Assembly as one of the very cornerstones to the improvement in the legislative process.

Committee Operation and Procedure

Several recommendations can be made by the Committee in regard to committee operation and procedure. It is recommended that the Rules of the House and Senate be amended to provide that all committees keep records of the amendments to bills processed by the committees, record the names and addresses of persons appearing before the committees in relation to any bills or resolutions and whom they represent, keep records of the total aye and nay vote upon any matter before the committees, and maintain such records until the end of the legislative session. These committee minutes and records should be turned over to the Legislative Research Committee following the adjournment of the Session, and kept on file for a period of thirty days after the adjournment. In this manner, it will be possible for interested legislators to more exactly determine the committee action in the course of processing bills before them.

Joint Hearings by Committees

The Committee believes that a greater number of joint meetings of similar committees of the House and Senate is desirable upon bills of an important or technical nature. However, it is recommended by the Committee that such joint meetings or hearings be held following the adjournment of the House and Senate on any day in order to prevent committee conflicts from arising.

Meeting of Committee Chairmen

It is the opinion of the Committee that it is necessary for the committee chairmen to meet regularly every week if the work of the Legislative Assembly is to proceed smoothly. It will no longer be necessary, if the committee recommendation in

regard to the scheduling of committee meetings is followed, that such committee chairmen arrange a schedule of committee meetings, but it is vitally important that such committee chairmen review the status of committee work and determine whether committees are processing bills and resolutions before them on schedule. At such meeting, each chairman should report the number of each bill and resolution that will be considered during the following week and at which committee meeting it will come under consideration, so that notice thereof may be posted well in advance of the hearing date. The action of committee chairmen in periodically reviewing committee work is an essential element in providing for a smooth flow of work in preventing a log-jam near the end of the session.

BILL BOOKS OF SENATORS AND REPRESENTATIVES

Keeping Bill Books Current

One of the greatest difficulties of individual members of the Legislative Assembly is keeping abreast of the current status of and amendments to bills and resolutions. In the past, only the bill books of the Speaker, President of the Senate, and Majority and Minority Floor Leaders of the two Houses have been kept up to date through the noting of Journal page numbers, showing action upon bills and resolutions and in inserting the actual amendments to bills and resolutions in the proper place in the bill books. The Committee feels that this is a service which should be provided to every member of the Legislative Assembly in order to permit him to have a thorough understanding of all matters before him when he is required to vote upon bills and resolutions. The Committee is therefore recommending in a later section of this report dealing with legislative employees, that persons be assigned to keep up to date all bill books of members of the Legislative Assembly. It is probably impossible to actually insert the amendment in the proper place in the bill books of every member but the Committee believes that this should be done in the case of the Speaker, President of the Senate, Majority and Minority Floor Leaders, and all Committee Chairmen, since they are so pressed for time that they seldom have an opportunity to perform such services for themselves. For all other members, because of limitations of personnel, the Committee recommends that their bill books be kept current by the notation of the Journal page number which shows the previous action upon the bill or resolution before them.

Bill Book Covers

As previously noted in the section of this report dealing with the preparation and printing of legislative documents, the poor quality of paper upon which bills were printed have made it a problem to handle the bills without tearing them from the bill books and most difficult to insert new bills in the bill books. It is believed by the Committee that the change to 50-pound book paper for the printing of bills will in part alleviate this problem. It is also felt by the Committee that the shoestring method of tying bills together which has been used since statehood, must be improved upon. The Committee recommends that five hundred new bill book covers of a pressure type be ordered prior to the Legislative Assembly and used for this purpose. With such pressure type bill book covers, it will be possible to insert new bills in place without tearing the bill book completely apart, and it will permit heavy usage of such bill books without the bills becoming frayed or torn from their binding. At the end of the Session, the bills in the legislators' bill books should be transferred to a cheap cover with ACCO binders, and the new bill book binders used for several sessions.

LEGISLATIVE EMPLOYEES

It was the opinion of practically every one of the 107 legislators answering the questionnaire of the Subcommittee on Legislative Organization and

Procedure that improvements must be made in the system of procuring legislative employees. It was their opinion that the Legislative Assembly employs for too many employees in certain types of positions and insufficient numbers in others. In addition, it was felt that some method must be found to obtain qualified employees for positions where special qualifications are needed.

The Committee has spent a great deal of time in studying the employment system and the duties of employees of the Legislative Assembly. It was found by the Committee that the number of employees of the Senate has increased from a total of forty-five during the 1943 Session to fifty-six during the 1957 Session. Employees of the House of Representatives have increased from thirty-four in 1943 to sixty-six during the 1957 Session. It is the opinion of the Committee that if a number of positions are consolidated and if employees are carefully screened to insure that they actually have the qualifications necessary to carry out their duties, that the total number of employees can be substantially reduced. However, in order to obtain a sufficient number of employees who have the qualifications desired, it is probable that the individual rate of pay for employees must be slightly increased.

The following is a list of recommended legislative employee positions and the salary the Committee recommends to be paid to each such employee.

RECOMMENDED LEGISLATIVE POSITIONS AND SALARIES

Position	No. of Senate	Employees House	Salary per Working Day
Secretary of Senate or Chief Clerk	1	1	\$ 25
Supervisor of Personnel	1	1	18
Asst. Secretary or Asst. Chief Clerk	1	1	15
Desk Reporter	1	1	25
Bill Clerk	1	1	15
Calendar Clerk	1	1	15
Sergeant-at-Arms	1	1	13
Chief Stenographer & Chief Committee Clerk & Payroll Clerk	1	1	18
Secretary to Speaker & President	1	1	15
Stenographers and Committee Clerks	8	11	14
Messenger & Bill Book Clerk	1	1	12
Doorkeepers & Bill Book Clerks	2	2	12
Postmaster	1	1	12
Asst. Postmaster & Telephone Attendant	1	1	10
Attendant, Public Information Desk	1		14
Enrolling and Engrossing Clerks	2	2	15
Chart Room Clerk	1	1	12
Bill Room Clerk	1	1	10
Appropriations Committee Clerk	1	1	15
Parking Lot Attendant	1	1	12
Chief Mailing Room Clerk		1	13
Mailing Room & Bill Book Clerks & Pages	8	16	12
Supply Room Attendant (Joint Supply Room)	1		10
Proofreader for Journal & Bill Book Clerk	1	1	12
T O T A L S	39	49	

Paid during 1957 Session	\$ 78,420
Amount that would be paid under proposed employee list and increased pay status	\$ 72,420

Comments upon Recommended Employee Schedule

It will be noted in the proposed new schedule of positions that the total number of employees recommended for the Senate is 17 less than was employed during the 1957 Session, and the total employees in the House of Representatives would be decreased by 17 from the total in the 1957 Session. In spite of the recommended increased pay schedule, the total cost of salaries for legislative employees would be \$6,000 less than was paid in 1957. It will be noted that many of the positions previously found among legislative employees have been consolidated with other positions in order to equalize the work load among employees and to obtain the maximum output for each employee who is hired. A new duty has also been added to those existing for employees in previous sessions, in that a substantial number of employees have as an additional responsibility the maintenance of bill books of individual legislators. Some employees have that function as their sole duty. It would make this report too lengthy to discuss in detail the reasons why certain legislative employee positions have been consolidated and why in some instances employee positions have been entirely eliminated, but the Committee stands ready to explain such details to the Legislative Assembly. The Committee has, however, full confidence that the Legislative Assembly can operate much more efficiently with fewer but better paid and more qualified employees if the recommended schedule is followed.

Supervision of Employees

A further difficulty that was observed by the Committee was that of inadequate supervision of legislative employees. In theory, it was the duty of the Chief Clerk of the House and the Secretary of the Senate to supervise all legislative employees. This, of course, is a physical impossibility in view of all the many duties of the Secretary and the Chief Clerk.

The Committee, therefore, recommends that a Supervisor of Personnel be provided to supervise the activities of and be responsible for the work of legislative employees who have no other immediate superior.

It is recommended by the Committee that the organizational charts of employees of the North Dakota Senate and the House of Representatives found on pages 60 and 61 be adopted by the Legislative Assembly, in order to clarify the channels of responsibility and supervision of all employees.

Procurement of Legislative Employees

It is recognized by the Committee that it would be impossible to fill some of the positions provided for in the proposed table of organization of legislative employees if the methods used in the past of procuring applicants are followed. It is, therefore, recommended by the Committee that the Chief Clerk of the House of Representatives and the Secretary of the Senate mail to all legislators-elect and hold-over senators, prior to the convening of the legislative session, but after the November election, an organizational chart showing the positions, salaries, and duties of all legislative employees, together with application forms for these positions. All applications for legislative employee positions should be forwarded prior to the convening of the legislative session to the House or Senate Employment Committee in care of the Secretary of State. It was also felt by the Committee that the House and Senate Employment Committees should, insofar as possible, with the exception of the Chief Clerk of the House and the Secretary of the Senate, Sergeants-at-Arms of the House and Senate, and the Desk Reporters of the House and Senate, select all legislative employees from the list of applications forwarded to these two employment committees.

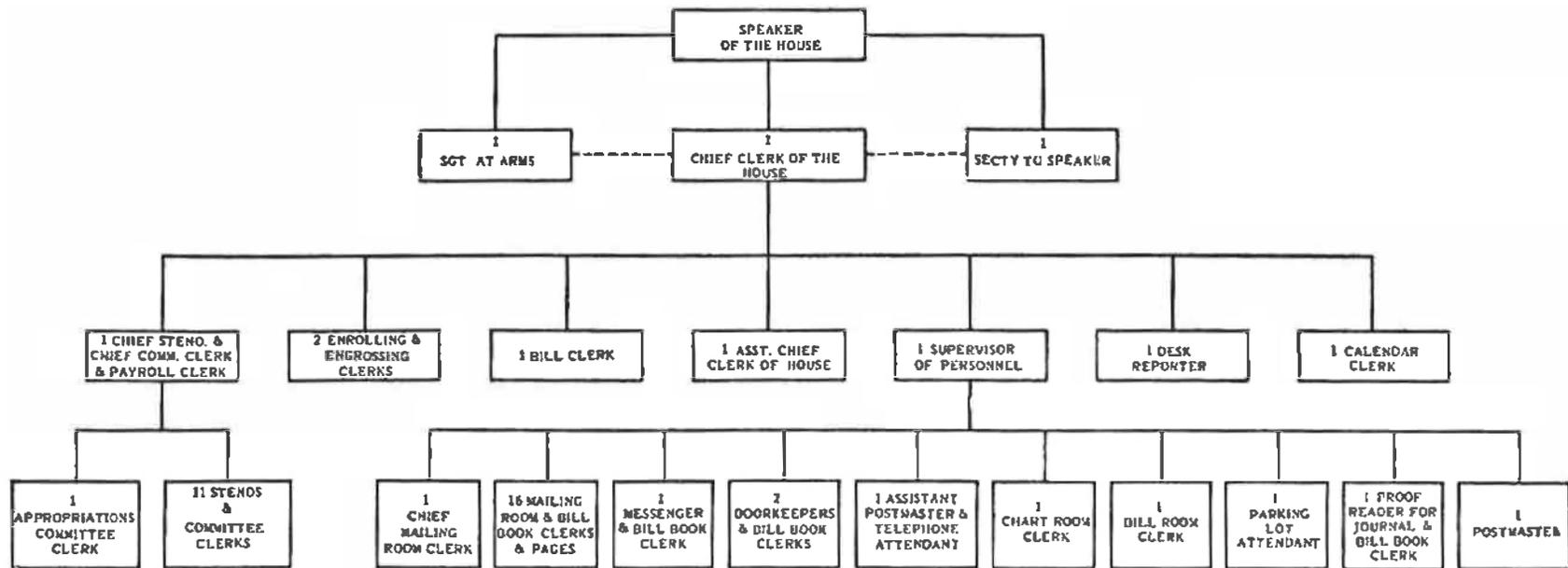
Prescribing Specific Duties of Employees

In order to clearly set forth the responsibilities of all legislative employees and the qualifications necessary to perform their duties, the Committee has prepared a list of the duties of each legislative employee, the qualifications necessary to carry out such duties, and also designated his immediate supervisor, which the Committee recommends be enacted into the Rules of the House and the Senate. It would, therefore, be possible for the first time, to hold all legislative employees responsible for the performance of their duties, since their duties will for the first time be well known by both the Legislature and by the employees themselves and provision made for supervision.

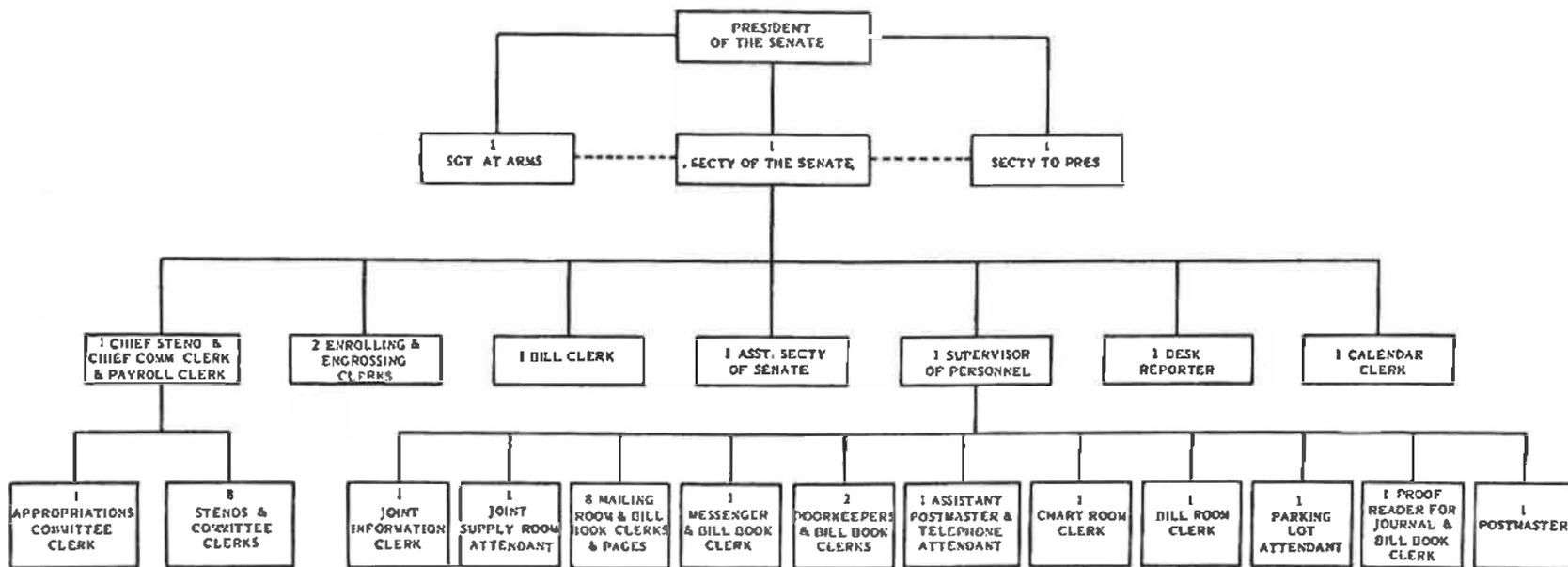
Badges for Employees

It is recommended by the Committee that each employee of the Legislative Assembly be required to wear a name plate upon his lapel showing his name, and position or duties, and that each legislative employee required by his work to have the privileges and courtesies of the floor of the House and Senate be given a name plate of distinctive color. This will aid officers of the Legislative Assembly and members of the House and Senate in supervising legislative employees, and aid them in determining who is responsible for the performance of the various legislative duties.

ORGANIZATION CHART
OF
EMPLOYEES OF NORTH DAKOTA HOUSE OF REPRESENTATIVES



ORGANIZATION CHART
OF
EMPLOYEES OF NORTH DAKOTA SENATE



Use of Legislative Parking Lot

It has come to the attention of the Committee that because of shortage of parking facilities during the legislative session, it has at times been difficult for certain key members of the staff of the Legislative Assembly to find adequate parking and to be at their proper stations on time. It is, therefore, recommended by the Committee that the Secretary of the Senate, Chief Clerk of the House, members of the desk force of the House and the Senate, and staff members of the Legislative Research Committee be given all courtesies of the legislative parking lot.

Working Hours of Stenographic Pool

A common complaint among members of the Legislative Assembly is that the hours of stenographers in the stenographic pool are not such as to make them available for taking dictation at times when legislators are free to carry on such work. It is, therefore, recommended that the working hours of stenographers in the stenographic pool be staggered so that some stenographers will be available at all times in both the House and Senate from 8:30 a.m. in the morning until 6:00 p.m. at night, and at such other times as they may be needed.

Staff of Legislative Research Committee to Duplicate Amendments

It was found by the Committee that it was often difficult for legislators to obtain amendments which had been approved by the House and the Senate to bills or resolutions that are before them for final passage. It is, therefore, recommended that the Legislative Research Committee employ one additional stenographer upon its staff whose duty it would be to duplicate amendments which had been approved by the House and Senate, in order that such amendments may be placed upon the desks of all members on the following day when such bill or resolution is before them for second reading and final passage.

PHYSICAL FACILITIES

The Committee has reviewed the adequacy of physical facilities for housing the legislative branch of government. It is recognized by the Committee that additional committee meeting and hearing rooms are desirable and that working

space for legislative employees is at present not entirely adequate. In addition, the staff of the Legislative Research Committee is extremely crowded and cannot adequately perform their functions in the space presently allocated to them, especially in the period prior to and during the legislative session. However, the adequacy of capitol office space is covered in a separate section of the Report of the Legislative Research Committee and no general recommendations in regard thereto are made in this portion of the Report.

However, there are a few specific improvements that can be made within the quarters presently allocated to the legislative branch of government and other improvements that can be made in outside committee meeting rooms.

Senate Appropriations Committee Room

The replies to questionnaires from members of the Senate in regard to an adequate committee room for the Senate Committee on Appropriations amounted to almost a mandate to the Committee to find new suitable quarters. The committee room used by the Senate Committee on Appropriations in the past has been so small that it was physically impossible for all those desiring to appear or to be present to even gain entrance to the room, much less properly seat them. In addition, the lighting and ventilation was very poor. The Committee has checked all possible meeting places in the downtown area of Bismarck and finds that the most suitable committee meeting room is in the lower floor of the Quain and Ramstad Clinic. This room is approximately three times the size of the room previously used by the Senate Appropriations Committee, is air-conditioned, well lighted with fluorescent lights, has lavatory facilities conveniently available, has telephone service, and is most attractively decorated and furnished. This room has been offered to the Senate at a rental of \$250 per month, which is only \$50 more per month than was paid for the space previously occupied by the Committee on Appropriations. Since other rooms in this building would not be closed off to the public if the front door were unattended, it will be necessary for the Quain and Ramstad Clinic to furnish an attendant to direct people in and out of the building and to prevent unauthorized persons from roaming about the Clinic. It is recommended by the Committee that the Clinic be paid an additional \$100 per month to provide an attendant for this purpose. The Committee recommends that the Legislative Assembly take action to rent this meeting room in the Quain and Ramstad Clinic for the use of the Senate Committee on Appropriations, and that the Legislative Research Committee request the Board of

Administration to determine the availability of this room and services for this purpose.

Location of Chart Room

It has come to the attention of the Committee that some members of the Legislative Assembly consider the location of the chart room to be very inconvenient. It is recommended by the Committee that the chart room be moved to the northwest end of Memorial Hall and placed in a roped-off area where it will be readily available for use of members of the House and the Senate and the interested public. This will also have the advantage of providing additional working space for legislative employees in the area vacated by the chart room employees. The furniture of the chart room should be refurbished by the Board of Administration in keeping with the dignity of the Hall.

It is the opinion of the Committee that the lounge area immediately behind the railing on the Senate floor is practically useless for any purpose in the manner now arranged. The lack of privacy prevents its usefulness for conferences or committee meetings or as office space for legislative employees. It is, therefore, recommended by the Committee that the lounge area behind the Senate be closed off and furnished in a manner to make it useful for conferences and committee meetings and that the State Board of Administration be urged to consider the possibilities of having this work accomplished prior to the next session, or, in the alternative, that a resolution be introduced at the next session of the Legislature directing the Board of Administration to remodel and properly furnish the lounge area.

COURTESY OF THE FLOOR

A substantial number of legislators requested on the questionnaire forwarded to them that action be taken to prevent unauthorized persons from entering the floor of the House and the Senate, including the area behind the railing, because of the distractions that result from the movement and conversations of persons in that area during the legislative session and during other periods when legislators are attempting to work at their desks.

It is recommended by the Committee that the rules be amended to limit the courtesy of the floor of the House and the Senate, including the areas behind the railings, to members of the Legislative Assembly, the Governor, former and present Members of Congress, and only those specified legislative employees and members of the press that in the discretion of the presiding officer are re-

quired by virtue of their duties to be present upon the floor. It is recommended that all such authorized persons be issued a permanent pass signed by the presiding officer to entitle them to the courtesy of the floor. All other persons who might be entitled to courtesy of the floor on a specified day by virtue of a special motion passed by the House or Senate, should be issued a temporary pass which should be signed and dated by the presiding officer and entitle that person to be admitted on the floor only on the date specified in the temporary pass. No person holding a temporary pass, except wives or husbands and children of members of the Legislative Assembly, and any special guest of a legislator who has received permission from the Speaker or President, should be permitted upon the floor for a period beginning fifteen minutes prior to the convening of the House or Senate and ending when the House or Senate recesses or adjourns for the day.

While these proposals in regard to limitations of the extension of the courtesy of the floor of the House and Senate are in part already contained in the House and Senate Rules, they have seldom been enforced. The distractions resulting from the congregation of people behind the railing of the House and Senate seriously handicap the efficient operation of the assembly and at times almost prevent members from hearing action that is taking place upon the floor. In the opinion of the Committee, legislative employees should be strictly limited in their presence upon the floor, since their presence not only compounds the noise and confusion in the area behind the railing, but interferes with the performance of their assigned duties. The regular galleries provided for visitors can easily seat all those who wish to observe the legislative proceedings.

LEGISLATIVE HANDBOOK

A substantial number of legislators have requested that consideration be given to the preparation of a legislative handbook in order to provide the legislators with basic information upon the legislative branch of government and state government in general. The Committee recommends that such a handbook be prepared prior to the next session of the Legislative Assembly, if at all possible. Such handbook should include a condensed statement of the functions, organization, source of funds, and the amount of expenditures of each state agency. Such handbook should refer the reader for details on any program to the budget board report, the Blue Book, or suitable sections of the Code. There should be a brief explanation of legislative organization and procedure, including examples of basic motions; a brief explanation of the

state financial structure, showing sources of funds and direction of expenditures on a graph basis; and an adequate index so that all subjects could be readily located. It is suggested that the Rules of the Legislative Assembly be printed in such handbook rather than in a separate Rule book. Such handbook might be of a loose-leaf type and probably could be contained in about one hundred pages. If such handbook were prepared by use of an offset process from information obtained in advance of the session, it is probable that both the handbook and the Rules could be made available to the Legislative Assembly very early in the session.

CONCLUSION

It is impossible, without permitting this report to become extremely lengthy and detailed, to present all of the various suggestions and subjects that have been studied by the Committee, but for one or more reasons have not been recommended for adoption by the Legislative Assembly. Members of the Committee, however, stand ready to discuss any of the other items considered, and a review of the minutes of the meetings of the Subcommittee on Legislative Organization and Procedure will show the basis of action of the Committee upon all matters which

were not approved for recommendation to the Legislative Assembly. Further details in regard to recommendations can be found through the examination of proposed rule changes and amendments to statutes that accompany this report.

It is the opinion of the Committee that improvements in the organization and procedure of the North Dakota Legislative Assembly are essential if it is to perform the duties placed upon it by the Constitution and to meet the problems of today. Since the Legislature sets the policies that govern all departments and agencies of the executive branch of government, the political subdivisions, and regulate or affect almost every field of business and social contact, improvement in the legislative branch of government is the very cornerstone of improvements in government in general. It is necessary for the Legislative Assembly to periodically review the adequacy of their structure and operation to determine whether it is capable of meeting the needs of the times.

In the opinion of the Committee the recommendations contained in this Report will go far in equipping the Legislative Assembly with the tools necessary to fully carry out its duties as one of the three equal and coordinate branches of state government.

NATURAL RESOURCES

House Concurrent Resolution No. 4 directed the Legislative Research Committee to study means for coordinating the activity of North Dakota with her border states in the field of predatory animal control, and to make its recommendations to the Thirty-sixth Legislative Assembly in such form as it may deem expedient.

The Legislative Research Committee appointed a Subcommittee consisting of Representative Clarence Poling, Chairman, Representatives George R. Berntson, Stanley Saugstad, Senators O. S. Johnson and Kenneth Morgan to carry on this study.

Proof of Kill for Bounties

The Committee began its study by an examination of the bounty systems in the states and provinces surrounding North Dakota. It was found that each of these states and provinces have different requirements in their bounty systems. They require different parts of the animal to be exhibited as proof of kill for bounty payments, and do not have a uniform policy as to which animals are predatory and which need bounty control. This has caused a definite problem because it allows individuals to bounty the same animals in several different states and permits a person who kills an animal in a state in which there is no bounty to exhibit it in another state that has a bounty and receive payment for it. The Committee feels uniformity between North Dakota and surrounding states and provinces regarding the part of the animal required to be exhibited as the proof of kill would eliminate some of the bounty problems presently existing in North Dakota.

The method used in Minnesota to identify animals for bounty purposes was of special interest to the Committee. There the Game and Fish Commissioner is given the authority to determine what part of any predatory animal or bird shall be exhibited as proof of kill. This allows him to adapt the Minnesota regulations regarding proof of kill to the regulations of the surrounding states. In North Dakota and many other states in this area it was found that laws specifically provide what part of the predatory animal or bird shall be exhibited as the proof of kill for bounty payment. This puts the state at a distinct disadvantage in that they cannot amend their regulations to conform to the proof of kill provisions of

surrounding areas without specific legislative action.

It was the opinion of the Committee that the laws presently existing in this state regarding bounties should be amended to provide a more flexible system. Therefore, the Committee recommends that our laws be amended to give the Game and Fish Commissioner authority to determine what part of the predatory animal or bird shall be exhibited to obtain a bounty payment. This would permit North Dakota to change its proof of kill requirements for bounty payments to conform with other surrounding states and provinces when the need arises.

Some of the bounty problems existing within North Dakota were also studied by the Committee. It was found that in some cases county auditors have not been physically checking the portion of the animal required to be exhibited for bounty payments closely enough, nor have they been marking the proof of kill so it could not again be exhibited for bounty payment. This has been one of the reasons that bounties have been collected in several counties in the state on the same animal. The Committee discussed whether it would be better to have bounty claims brought directly to game wardens, but upon further investigation it was found that the wardens have such a large area to cover that they would seldom be available for such service. Another possibility examined by the Committee was that of having the county auditors required to keep proofs of kill until the warden would come around monthly, or bi-monthly to check their authenticity, but here it was found that there would be great difficulty in preserving and storing that part of the animal that was required for the proof of kill.

During the course of the Committee's study the Game and Fish Department was requested to send out questionnaires to surrounding states and provinces to obtain information regarding their bounty systems. The Committee learned that in all of the ten states and provinces returning the questionnaire, the Game and Fish Departments felt that the bounty system is definitely not effective, and that the money used for bounty payments could be utilized more effectively on other programs of predator control. It was the opinion of some members of the Committee that the bounty system was not the most effective means of accomplishing its avowed purpose, but these members pointed out that public feelings run very high regarding a bounty system. They felt a repeal of

the bounty system could worsen city-rural relations in game and fish matters. It was, however, the concensus of all members of the Committee that before our bounty system could be eliminated, another form of predator control should be well established in this state in order to insure that we have an effective means of controlling predatory animals and birds.

Rabies Control

Although the Committee was not specifically directed to study the problem of rabies, and rabies control, it was the thought of the Committee that a rabies control program has real merit. The Committee found that rabies has definitely been on the increase in the last few years and that the disease has become a serious problem in some areas of the state. It appears that it would be to the advantage of the state to enact a rabies control program now, before this disease gets out of control. The Committee therefore recommends that a rabies control committee be established consisting of the Director of the State Health Department who will be chairman, the Game and Fish Commissioner, the Commissioner of Agriculture and Labor, and the State Veterinarian. This committee would be authorized to assist local authorities in the prevention and control of rabies in

those areas in the state that have been determined by the committee to be emergency areas because of prevalence of rabies. The rabies control committee would place its primary emphasis on human exposure cases and could provide vaccine for humans if requested to do so by the attending physician. In addition the rabies control committee would have the authority to provide rabies vaccine for dogs and cats in emergency areas and could quarantine, vaccinate, or exterminate any animal in an area which has been designated an emergency area. The Committee would be authorized to establish a rabies extermination team composed of certain members of the Game and Fish Department and the Predatory Animal and Rodent Control Division of the Department of Agriculture and Labor. It would be the duty of the extermination team, upon the direction of the rabies control committee, to exterminate or quarantine those animals suspected of having rabies and to carry out such other preventative measures as the committee may from time to time direct. In the opinion of the Legislative Research Committee, no regular biennial appropriations are necessary to support the activities of the rabies control committee since they will take action only very occasionally, in emergency areas. When the emergency conditions arise, the rabies control committee can apply to the State Emergency Commission for funds to carry out the emergency program.

SECURITIES

At the June meeting of the Legislative Research Committee, the Chairman presented a request from the Governor that the Committee study our present securities laws and consider any possible changes in such laws that might be desirable. At that time, Senator Ralph J. Erickstad was appointed to act as a Subcommittee of one to consider this problem.

Senator Erickstad, aided by the Committee staff, first compared our present securities laws with those of Minnesota and South Dakota as well as with the Uniform Securities Law. He then met with the State Securities Commissioner and discussed with him the problems involved in the administration of the securities laws. A meeting was also held with other interested state officials, including the Governor and Attorney General. After thus studying the securities laws and the present methods employed to administer these laws, it was felt that the problems in this field were considerable, and a request was made that more members be added to the Subcommittee to consider these matters.

At a later meeting of the Legislative Research Committee, Senator Gail Hernet and Representative Ralph Beede were designated to join Senator Erickstad as members of the Subcommittee on Securities. This group met with the Assistant Commissioner of Securities of Minnesota, who has over twenty years' experience in the administration of securities laws. Methods of administration were the main point of discussion at this meeting, but the group also spent considerable time inquiring into the capabilities of the present North Dakota securities laws. In addition, the Subcommittee held a meeting at which a group from the North Dakota Bar Association was present, as well as representatives from some of the leading securities investment firms within the state. This Subcommittee has not yet completed its work, and has made no formal recommendations to the Legislative Research Committee. Full recommendations as well as recommended legislation will be presented in a separate report at the beginning of the Legislative Session.

State, Federal and Local Government

A Subcommittee on State, Federal and Local Government consisting of Senator Donald C. Holland, Chairman, Senators John Kusler, and Leland Roen; Representatives George R. Berntson, R. Fay Brown, James W. Johnston, and Richard J. Thompson was appointed by the Legislative Research Committee to carry on the studies requested by the Legislative Assembly in House Concurrent Resolution A-1, Senate Concurrent Resolution T-T, and Senate Concurrent Resolution F-F.

Accessibility of Welfare Records

House Concurrent Resolution A-1 directed the Legislative Research Committee to make a study of the accessibility of public welfare records. In the words of the Resolution, the Committee was directed to "investigate and study the desirability and feasibility of allowing more free access to state and county welfare records and files in order to better bring to light any undeserving recipients that may be on the welfare rolls, but at the same time preventing irresponsible use of such records or interference with federal standards".

At the direction of the Committee, the director of the State Public Welfare Board was requested to contact other states in regard to the operation of their laws governing public welfare records as well as to contact the U. S. Department of Health, Education and Welfare to determine any federal regulations that might exist pertaining to the secrecy of such records. As a result of these inquiries, it was determined that the U. S. Department of Health, Education and Welfare had no objection to any citizen or taxpayer having access to the name and address of any recipient nor to the amount of welfare payments he might receive. The "Jenner Amendment", however, does prohibit any commercial or political use of this information under penalty of withdrawal of federal aid funds in the public welfare field.

It appears, that among the states in the Midwest region, North Dakota has by far the most restrictive law in regard to obtaining information about public welfare recipients. The North Dakota law makes information available only upon the written request of an elected public official. In most states, the name, address and the amount paid is fully available to any taxpayer.

At present, there is no interpretation by the Department of Health, Education and Welfare or

by any court relating to the propriety of the publication of such information in newspapers, but it would seem possible that publishing such information in newspapers might be a commercial use of the information within the prohibition of the "Jenner Amendment". However, it appears that lists containing the names, addresses and the amounts of the welfare payments can be provided directly to taxpayers or citizens under the federal law. The State Public Welfare Board has in the past favored an open record law in North Dakota so that such information can be available to any person upon request.

No real determination can be made as to the number of recipients of welfare aid that might be removed from the welfare rolls through making available the names, addresses, and the amount of payments in regard to welfare recipients. The Director of the Public Welfare Board does not believe it would have a substantial effect in removing people already upon the welfare rolls since, in practice, few people would avail themselves of the privilege of examining the records, and this would no doubt be realized by recipients. However, it might deter a few people from originally applying for assistance when their request was not entirely justified and any measure that might have the effect of preventing undeserving persons from receiving welfare aid should be looked upon with favor.

The Committee therefore recommends that the Public Welfare Board be authorized to establish and enforce rules and regulations governing the custody and use of public welfare records, with the requirement that those records providing the name, address, and the amount of aid received by any person shall be open to public inspection upon the written request of the person desiring to see such records. The bill recommended by the Committee does provide, however, that it would be unlawful for any person to use this information for any commercial or political purposes, or to publish this information in any news media whatsoever.

Insurance on State-Owned Vehicles

Senate Concurrent Resolution T-T directed the Legislative Research Committee to study the procedure and practices of various departments and agencies of the state in providing insurance coverage upon state-owned motor vehicles and the practicality of providing this insurance by com-

petitive bids under fleet or group insurance contracts.

In order to determine the present method used in acquiring insurance upon state-owned motor vehicles, the types of insurance carried and the premiums paid, the Committee sent a questionnaire to all state departments, agencies, and institutions. The information requested pertained to the years 1954, 1955 and 1956. From this questionnaire it was determined that in the year 1956 the state insured 462 passenger cars, 563 trucks, 49 other types of vehicles, which were primarily station wagons, and 812 other vehicles, mostly highway construction equipment. With the exception of the State Highway Patrol, Water Conservation Commission, and the University of North Dakota, the usual practice of state agencies in obtaining vehicle insurance was to negotiate insurance contracts with local insurance agents at the home station of the vehicle. In a few instances, bids were solicited when the insurance contract was first obtained and thereafter the contracts were simply renewed from year to year.

Generally, it was found that almost all departments, agencies and institutions carrying any type of insurance carried public liability and property damage coverage. Collision and comprehensive coverage was often carried, and in some instances medical and other special coverages were found. The tabulation of such questionnaire showed that, excluding liability and property damage coverage, the state paid the sum of \$9,514 in premiums in the year 1954 and recovered \$5,452 in claims paid. In 1955 the state paid \$10,319 in premiums for insurance, other than liability and property damage coverage, and recovered \$5,568 in claims paid. During 1956, \$10,886 was paid in premiums for this type of coverage while the state received \$5,974 in claims. It is apparent, therefore, that the state has been paying out approximately \$2 in premiums for collision, comprehensive, and other miscellaneous coverage in return for each \$1 in claims paid that the state received.

Since the purpose of collision, comprehensive, and similar types of insurance coverage upon motor vehicles is to spread the risk of loss over many policyholders by means of purchasing a contract with an insurance company, there would seem little reason for the state to carry this type of coverage upon its motor vehicles. The state is supported by its 650,000 citizens and in the event of damage to one of its vehicles, this loss is automatically spread over all taxpayers in the state. Since the relative loss that the state can possibly receive in the damage of any one

of its vehicles is comparatively small in relation to the total resources of the state, the state can easily afford to act as a self-insurer for this purpose with a probable saving of almost \$5,000 per year. Most of the larger state departments would have sufficient funds in their regular budgets to repair or replace any vehicle damaged through an accident, and in the event their funds should be insufficient an application could be made to the State Emergency Commission for a grant of funds for this purpose. It is therefore recommended by the Committee that the purchase of collision, comprehensive, medical and similar type insurance coverages be discontinued by the state and a bill to carry out this recommendation accompanies this report.

While the state has not had sufficient claims paid under the public liability and property damage provisions of its policies to equal the total premiums in most years, it is felt by the Committee that the carriage of public liability and property damage insurance must be viewed in a different light. The state, in its sovereign capacity, cannot be sued for the torts of its employees or agents without its consent. Since the state has never given its consent to suit as a result of the negligence of its employees in the operation of motor vehicles, the citizens of this state who might be injured through the negligence of state employees have no redress against the state for their loss or injury. It is therefore the opinion of the Committee that public liability and property damage insurance should be carried by the state upon all of its vehicles in order to give citizens a means of redress in the event of wrongful damage or injury resulting from motor vehicle accidents involving state vehicles. Present statutes permit the carrying of public liability and property damage insurance for this purpose.

The cost of liability and property damage insurance upon all state vehicles and equipment during the year 1956 totaled \$13,612.91. It is probable that some saving to the state would result if all state agencies were to pool their insurance and obtain their liability and property damage coverage upon a single fleet contract on the basis of competitive bids. However, in view of the comparatively small amount involved in the purchase of such insurance, the Committee doubts that the savings would be sufficient to warrant the administrative difficulties that would result in obtaining the coverage through any single contract. For instance, since the number and type of vehicles in almost every state department is constantly changing through the replacement of vehicles, a considerable amount of correspondence with some central agency would be necessary in order to keep coverages current. Unless a great

deal of vigilance was exercised by the central agency it is possible that not all such changes would be recorded with the insurance company in order to provide continuing coverages. In addition, the Committee believes there is some benefit through the purchase of insurance at the location of the vehicle. The local insurance agent is then in a position to give personal service in issuing and renewing the policy, and is readily available to provide personal attention and aid in the adjustment or processing of any claim that may arise.

Therefore, while the Committee does suggest that each state department or agency obtain fleet contracts for public liability and property damage insurance if it owns a sufficient number of vehicles to warrant fleet rates, it does not recommend that the state obtain such insurance through one single fleet policy for all vehicles owned by the state.

Capitol Office Space

Senate Concurrent Resolution F-F directed the Legislative Research Committee to make a study of the "adequacy or inadequacy of present facilities to meet the needs of the various agencies in the capitol building or capital city for additional or improved office space; to recommend an integrated plan for meeting the needs that are found to exist in the most efficient manner possible; and to recommend methods of financing any improvements or new construction found necessary".

The Committee began its work by determining the amount of space presently occupied by each agency in the state capitol building and in the capital city area; obtaining the views of each department and agency as to the amount of additional space they felt was presently necessary to adequately carry on their functions; and to obtain the views of the various agencies in regard to their estimated additional space needs in the year 1967. A tabulation of the requests by state departments and agencies for additional space for present needs, together with the number of square feet of office space presently occupied is as follows:

AGENCIES REQUESTING SPACE FOR PRESENT NEEDS

Agency	Present Space		Additional Space Requested		Remarks from Depts.
	Office	Vault	Office	Vault	
Bd. of Admin.	3,935	1,360	250	0	Radio communications office, operator and storage facilities now in leased space at Bismarck Airport using approx. 1340 sq. ft. space at a biennial cost of \$2,520.
Aeronautics Commission	0	0	750	150	For engineering activities, desks and equipment.
Budget Director	0	0	400	0	
Game & Fish Department	2,217	561	2,400	800	1. Library space-200 sq. ft. 2. Offices for division heads-1000 sq. ft. (five offices) 3. Conference room-300 sq. ft. 4. Machine and supply room-500 sq. ft. 5. Game mgt. office space-200 sq. ft.
Health Dept.	5,473	852	2,000	0	1. Move the public health lab. from rented quarters to adequate state-owned quarters. 2. Additional office space so that professional people can have private offices. 3. The Division of Mental Health is now located in the Lt. Governor's office. To make it a more integral part of the Dept. it should be located near the other divisional offices.
Highway Dept.	15,682	2,988	12,899	1,993	Drafting room, accounting office, designing room, stenographic offices, photogrametric section, library and two conference rooms.
Highway Patrol	870	48	500	0	Superintendent and assistant each definitely need a separate office; office space for bookkeepers, stenographers and clerks presently too confined.
Insurance Dept.	4,772	751	240	200	Storage of records, etc.
Legislative Research Comm.	728	120	1,100	0	Housing present staff, staff for peak loads during legislative sessions & during periods of publication of laws—increase outer office space by 600 ft., provide one additional private office or conference room, and slightly increasing the size of present private offices, and to provide room for files, office equipment, supplies, library, etc. now in Senate Locker Room.
Motor Vehicle Dept.	3,615	885	3,600	800	For regular operation as the department is now crowded together in half the space it should have for efficient operation.

Agency	Present Space		Additional Space Requested		Remarks from Depts.
	Office	Vault	Office	Vault	
Public Instruction	4,939	433	1,000	500	Divisions of Surplus Property and Vocational Education.
Public Welfare Bd.	12,000	2,000	1,500	0	To alleviate crowded conditions in Child Welfare and Research Division.
Secretary of State	1997	978	0	0	More vault space for filing cabinets or more office space for the filing cabinets.
State Auditor	2,659	1,918	800	420	Gas Tax Refund Department.
State Examiner	1,888	192	0	0	When deputy examiners are in office writing reports.
Tax Dept.	5,580	1,384	0	450	If additional vault space could be provided, some files could be moved to the vault allowing for more desk space.
Water Conservation Comm.	2,663	140	500	0	To provide adequate working space for field employees when in office and for Garrison Diversion Conservancy District personnel who work closely with State Water Conservation Commission.

S U M M A R Y

CAPITOL OFFICE SPACE QUESTIONNAIRE

Present Space Requirements:	Office	Vault
Additional space requested by agencies presently housed in Capitol Bldg.	27,939 sq. ft.	5,313 sq. ft.
Space requested by agencies presently in part housed in Capitol Bldg. for portions of the departments presently occupying space outside Capitol Bldg. in Bismarck Area	4,850	1,740
Space requests of agencies presently located in the Bismarck Area, but using office space entirely outside Capitol Bldg.	1,250	252
Total Present Space Requested By Depts.	<hr style="width: 100%;"/> 33,709 sq. ft.	<hr style="width: 100%;"/> 7,953 sq. ft.
1967 Space Requirements:		
Additional space requested by agencies presently in whole or in part housed in Capitol Building	46,402	6,703
Space requests by agencies presently entirely housed outside Capitol Bldg.	1,350	252
Total 1967 Space Requested By Depts.	<hr style="width: 100%;"/> 47,752 sq. ft.	<hr style="width: 100%;"/> 6,955 sq. ft.

In order to obtain a better view of the amount of space requested, the total might be compared to the present tower section of the state capitol building. Upon the basis of approximately 6,000 sq. ft. of usable office space upon each floor of the tower, it would require a building equal to five and one-half floors of the tower section to meet the present space requests of 33,709 sq. ft. If the estimates of 1967 requirements of 47,752 sq. ft. are adequate, a building equivalent to eight floors of the present tower section of the capitol building would be required.

The Committee also made a personal examination of every office in the entire capitol building. While the Committee believes it may be possible for some departments to manage without the additional requested space though operating under a handicap, it felt that all the requests were reasonable and that the additional space would promote efficiency in the operation of the departments and in the conduct of their duties. In a few instances the Committee was of the opinion that the requests by certain departments were actually understated.

The question might logically be asked "Why is additional office space needed in the state of North Dakota?" There are a number of reasons why the office space in the state capitol building is presently inadequate to house the activities of state government and perhaps a few of the principal causes are worth mentioning. As changes occur and our economy and society grow more complex, there is a constant demand for additional governmental services in many fields. For instance, the adoption of modern techniques of game and fish management has resulted in more personnel being employed by the Game and Fish Department than was contemplated in 1931 when the capitol building was planned. The increase in the state highway program from a \$4,000,000 annual program in 1933 when the state capitol building was occupied to a \$50,000,000 program in 1957 has necessitated a several-fold increase in the personnel of the State Highway Department to design, plan, maintain and supervise the highways that the public has demanded. The tripling of the motor vehicle registrations since the thirties has resulted in tripling the work of the Motor Vehicle Department while the increased travel upon the highways has resulted in substantial increases in the State Highway Patrol. However, by far the greatest growth in personnel within the capitol building has occurred in the State Highway Department. This growth appears to be unavoidable if the state is to supply the highways that are demanded by the citizens. The rapid expansion of the interstate highway program during 1957 and

1958 has made it imperative that additional space be provided for this department. It is therefore the firm opinion of the Committee that additional office space must be provided if the state is to adequately carry on its governmental functions.

Possible Solutions To Office Space Problem

While the construction of a new state office building upon the capitol grounds is an obvious solution to the state's office problem, the Committee felt a duty to explore other avenues to determine if a satisfactory solution could be found at less cost, or one that might be more advantageous to the state. During the past interim it came to the attention of the Committee that the Department of the Army was transferring a portion of the activities of the North Dakota Military District from Fort Lincoln to Headquarters of the 14th Corps in Minneapolis. As a result, certain facilities previously used by the Army for office space at Fort Lincoln were no longer occupied. There appeared to be some possibility that the Army might declare the entire post to be surplus property and that, if so, it might be advantageous to the state to acquire this property for capitol office purposes. It was found, however, through conferences with representatives of the Army, that the Army was unable to find sufficient rental office space in the city of Bismarck to meet their requirements even though the amount of space at Fort Lincoln was substantially in excess of their needs. Therefore the Army made a decision to, at least temporarily, retain custody of Fort Lincoln. It appeared, however, that two substantial buildings at the Fort containing a total of over 20,000 square feet of usable office space and approximately 10,000 square feet of usable storage space might be made available to the state upon a lease basis.

Another avenue explored by the Committee was the possibility of the purchase of the Bismarck Junior College building presently located upon the state capitol grounds. This building is owned by the Bismarck Special School District and was constructed upon land conveyed from the capitol plat to the Bismarck School District. It has been the opinion of some people in the city of Bismarck that the present facilities of the Junior College are too small to meet the present and the anticipated expanded enrollments of the Bismarck Junior College. It appeared to the Committee that there might be merit in the state considering the acquisition of the Bismarck Junior College building for capitol office purposes in the event it should be the desire of the Bismarck School District to construct new facilities at another location. In addition it was the opinion of the Committee,

that it might be to the advantage of the state to reacquire the 15 acres of capitol grounds that were sold to the Bismarck School District in order to be certain of having sufficient land to meet the capitol building purposes in future years. However, it was not possible for the Committee to obtain a firm commitment from the Bismarck School Board for the sale of such building.

The final alternative solution considered by the Committee was that of the construction of a new capitol office building upon the state capitol grounds to house the State Highway Department, the office of the Motor Vehicle Registrar, and the office of the State Highway Patrol. In the event that it is impossible to obtain a firm offer from the Bismarck Special School District for the purchase of the present Junior College building at a reasonable cost, it is the recommendation of the Committee that the Legislative Assembly appropriate funds for the construction of a new office building to house these agencies. In the opinion of the Committee such building should be located to the rear of the state capitol building, possibly facing Fourth Street, so that the more expensive architectural style of the state capitol building would not have to be followed in the construction of the new building. It is suggested that such building be of two or three floors and that it be of a very functional design. The building should be designed for the addition of one or two additional wings in the event future needs of the state should require additional office space. It is recommended by the Committee that the building be constructed by an appropriation in the amount of \$600,000 from the State Highway Construction Fund.

Immediate Relief

The construction of a new state office building can provide a long-term solution to the state office problem, but in view of the approximate two and one-half years required for its construction, some immediate relief was believed to be necessary. The Committee felt that additional space for use of the State Highway Department must be procured at once if that department is to properly carry on its duties. It therefore recommended that negotiations be carried on with the Department of the Army to obtain a three-year lease upon Buildings 30 and 33 at Fort Lincoln in order to provide interim relief to the problem.

It was also the opinion of the Committee that if certain departments were to be moved from the capitol building to Fort Lincoln on a temporary basis, it would be preferable to move entire departments in order to prevent the inconvenience

and inefficiencies that result when the various inter-related activities of a department are scattered at different locations. The departments designated to occupy such rented space should be those which have the least inter-relationship or dependence upon other departments that would continue to be located in the state capitol building.

The Committee considered the activities of every agency occupying space in the state capitol building to determine which departments could be moved from the state capitol building with the least disruption of the work, through being separated from other state agencies, as well as those that were of sufficient size to fit the space available at Fort Lincoln, and thus free substantial blocks of space within the state capitol building. The Committee conferred with various departments in the building that might meet this classification. It developed that every department in the state capitol building was most reluctant to move to Fort Lincoln or to any other quarters outside the state capitol building, but in view of the necessity of providing some additional space at the earliest possible date, it was felt by the Committee that a decision must be made as to which agency could most readily move from the capitol building. It appeared to the Committee that the State Game and Fish Department and the State Water Conservation Commission most readily met these requirements and it is the recommendation of the Committee that these departments be moved to Fort Lincoln upon the execution of a lease with the Department of the Army. If additional space is needed consideration might also be given to moving the Livestock Sanitary Board and the office of the State Veterinarian. It was recommended by the Committee that the space made available within the building through the removal of these departments be made available to the State Highway Department in order to prevent the necessity of further splitting that department and scattering its functions over several locations.

In view of the pressing need of the State Highway Department to acquire some space during the fall of 1958, the Committee suggested that the Governor's office proceed with negotiations with the Department of the Army to determine whether a lease might not be obtained even in advance of the Legislative Session. In view of the Committee's previous contacts with the Department of the Army, the Governor requested that the Committee, acting as his representative, make further inquiries to determine the availability of the buildings. After lengthy negotiations with the Department of the Army, representatives of the Committee were able to obtain an agreement by the Army to lease Buildings 30 and 33 to the state

for the sum of \$1,080 per year, plus the assumption by the state of the cost of maintenance and utilities in the building. The original rental asked by the Army was over \$20,000. It is the understanding of the Committee that the Game and Fish Department voluntarily plans to move to Fort Lincoln during the early part of December and that the space vacated by that department would be made available to the State Highway Department. It is also the understanding of the Committee that the State Water Conservation Commission does not desire to voluntarily move to Fort Lincoln and that as a consequence, the State Highway Department plans to split its department and place some of its divisions at Fort Lincoln.

In the course of the Committee's study, it came to their attention, that authority apparently exists through standing statutory appropriations that permits the State Highway Department to construct buildings and make major renovations without prior appropriation or approval of the Legislative Assembly. While it is recognized by the Committee that it may be impractical for the Legislative Assembly to appropriate funds for state highway construction in view of fluctuations of revenues and federal aid, it would seem that the construction of buildings is a matter upon which long-term advance planning by the State Highway Department is possible. The Committee therefore believes that it would be desirable for the State Highway Department to obtain prior Legislative approval for the construction of buildings in the same manner as all other state agencies. It is therefore recommended that a bill be passed requiring the appropriation of funds by the Legislative Assembly before any construction or major renovation of buildings costing in excess of \$10,000 could be carried on by the State Highway Department.

Records Management Survey

In the course of the Committee's study it came to their attention that the Federal Government and a number of states have instituted efficiencies in governmental operations and reclaimed a substantial amount of office and vault space through proper records management. It is clear that within the state capitol building there are a

considerable number of files located in the offices that are robbing them of much valuable office space and that the vaults in the basement of the building are, for the most part, crammed full of old records. A comprehensive paper work management survey, including a study of records creation, maintenance and disposal might free considerable valuable office and vault space by eliminating unnecessary forms, simplifying office records and procedures, and providing for efficient maintenance of necessary records and the disposal of records of no further use. The benefits of such records management program, when once installed, are not only immediate, but are lasting down through the years, in that a substantial amount of unnecessary current paper work might be eliminated and, in addition, proper disposal and storage plans might prevent the records from again pushing employees out of their offices in future years. A number of agencies of the Federal Government and several states have stated that the benefits of such a program are substantial and that the savings are far in excess of the costs of professional services in setting up the necessary program to keep the records from getting out of control.

In this regard, the Committee was contacted by Records Engineering, Incorporated, and Nye-Mahan Associates of Washington, D. C., who wished to make a preliminary survey of the state without cost, in order to determine whether their firm might advantageously offer their services to the state to institute a records management program. Such a preliminary survey was carried out and a proposal was submitted to the Committee in which these firms expressed the strong belief that their services would be of substantial benefit to the state and could save the state many, many times the cost of the services.

While the Committee has not taken any action upon this proposal, it is brought to the attention of the Legislative Assembly for their information in the event that the Legislature should wish to take action during the coming Session to make provisions for obtaining the services of such a group to make a records management survey. A copy of the proposal from the firm of Records Engineering, Incorporated and Nye-Mahan Associates is retained in the Committee files and can be made available to any interested person.

TRANSPORTATION

Senate Concurrent Resolution O directed the Legislative Research Committee to make a study of the motor vehicle laws of the state and to present to the 36th Legislative Assembly its recommendations to eliminate or clarify contradictory or ambiguous statutes, repeal obsolete statutes, and to make any other changes that are found necessary or advisable. House Concurrent Resolution O-1 directed the Committee to study problems resulting from the relocation of state and federal highways, with special consideration in regard to the proper agency to assume the responsibility for the maintenance of old routes, the financial burdens involved in their maintenance, and possible methods of financing their future maintenance. These studies were referred by the Legislative Research Committee to the Subcommittee on Transportation, composed of Senator O. S. Johnson, Chairman, Senators Ralph Dewing, A.

W. Luick, George Saumur, Representatives Arthur A. Link, and Kenneth C. Lowe.

In the course of its study, the Committee conferred a number of times with representatives of the State Highway Department, State Highway Patrol, and Motor Vehicle Registrar, and at one meeting a conference with a representative group of county commissioners was held. The Committee wishes especially to commend the State Highway Department for their cooperation and assistance at all times during the study.

The matters considered by the Committee in the two study resolutions and related items can logically be classified into four separate areas. The report of the Committee from this point on will deal with these four separate sections.

REVISION OF MOTOR VEHICLE LAWS

The Committee examined the laws dealing with motor vehicles to determine what areas needed revision and clarification. Also, in order to obtain the recommendations of those individuals working directly with the motor vehicle laws, the Committee called upon the State Highway Commissioner, the Motor Vehicle Registrar, the Highway Patrol and any other interested individuals who wished to give the Committee the benefit of their recommendations.

The Committee decided that, except for some scattered changes in the general motor vehicle laws, chapter 39-04 dealing with registration of motor vehicles was in the greatest need of revision and clarification. It was evident that many of these sections should be rewritten and clarified because of ambiguities, and others should be consolidated into a single section because they dealt with the same subject matter. It was also apparent that some sections should be repealed because they were outmoded; conflicted with other sections; or because they simply duplicated other sections of the chapter.

The Committee thought it especially advisable that all of those sections in chapter 39-04 of the North Dakota Revised Code of 1943, as amended, dealing with motor vehicle registration exemptions, be incorporated into a single section in order to aid those individuals wishing to determine whether or not their motor vehicles are exempt from registration. By consolidation of these sections, they will only have to check the one exemption section in the chapter to determine the status of their vehicles. It was also the thought

of the Committee that all of those sections dealing with the fees to be paid for the registration of motor vehicles should be consolidated. Again this was done to accommodate individuals in determining what fees are required to register motor vehicles, without having to read numerous sections in the chapter.

It should be pointed out that while the Committee does recommend substantive changes in some of the sections in chapter 39-04, the great majority of the amendments are to eliminate contradictory statutes; to delete those statutes that are now inoperative because of changing conditions; to rewrite those sections that are ambiguous and subject to many interpretations; and to consolidate those sections that the Committee thought should logically come under one section.

The Committee is also recommending that any member of the armed forces serving in North Dakota be permitted to operate a motor vehicle in this state without taking an examination or obtaining a North Dakota driver's license, for as long as such serviceman is stationed in North Dakota, provided he has a valid current operator's license from another state or territory of the United States. It was felt that the licensing of servicemen would be both an inconvenience to them and the state because of the rapid turnover of military personnel. An additional recommendation of the Committee, at the request of a state department, is to prohibit any motor vehicle from being operated upon the highways or streets of

this state with only the parking lights turned on, the thought being that if any lights were needed on the motor vehicle, the head lamps should be used.

For the details in regard to these amendments, the Committee refers any interested person to copies of the bills recommended by the Committee, together with a summary explaining the section-by-section amendments to chapter 39-04 of the Code, which can be obtained from the offices of the Legislative Research Committee.

MAINTENANCE OF ABANDONED RURAL HIGHWAYS AND ACCESS ROUTES

Abandoned Rural Highways

As routes of the state highway system are rebuilt and reconstructed, it is sometimes found desirable by the State Highway Department to rebuild a highway upon a new location that may be anywhere from a few hundred yards to several miles from its original location. In the reconstruction of the interstate system, it will be the usual case for the new highway to be constructed on a new location and at times this new location will be a number of miles removed from the location of the original route. This practice of relocating state highways naturally raises the question of who should be responsible for the maintenance of the old state highway.

Section 24-0106 of the 1957 Supplement to the North Dakota Revised Code of 1943 provides that the State Highway Commissioner "shall have the authority to abandon sections of routes on the state highway system when such abandoned sections are substantially replaced by improvements on new locations serving the area. Such abandonment may be made even though such highway is not placed on any other road system". It has therefore been the policy of the State Highway Department to abandon old state highways when the highway is reconstructed upon a new location which substantially serves the territory previously served by the old facility. It is then up to the county or township through which the old highway passed to determine whether it is of sufficient importance to warrant placing it upon their respective systems and maintaining it as a public thoroughfare. Since in most instances the old state highway is equal to, or at times even better than most roads found upon the county or township systems, the governing boards thereof have usually placed the abandoned state highway upon their system and maintained it. Naturally, if the old highway practically parallels the new one at a distance of a few hundred yards, it is

the practice for no one to maintain it at all, but for it to be plowed up and returned to the owner from whom it was originally acquired. Such short stretches as occur when curves are straightened, etc., are actually of no use to any one and are therefore not maintained.

The underlying principle in the passage of section 24-0106, as quoted above, was that since the state, in reconstructing a new state highway on a new location was actually relieving the county or township from the responsibility for the maintenance of one of their roads, it would be only fair that the county or township assume the responsibility for the old state highway. It was looked upon as simply trading miles of roads.

In view of the increased amount of reconstruction of state highways and the modern practice of by-passing municipalities, the state statutes and the present policies of the State Highway Department in regard to the maintenance of abandoned sections of rural highways, and the provision of access routes to by-passed municipalities, have caused concern among some people that an undue burden might be placed upon the counties.

It is the opinion of the Committee that the policy of the state of abandoning old state highway routes when new highways are constructed on the primary or secondary system is fair and equitable. When the state constructs a new highway upon a new location, it is relieving the county or township of the burden of maintaining a similar highway in that area. It is therefore no more than fair that the county or township assume the responsibility for the maintenance of the old highway abandoned by the state if they feel it necessary for local purposes.

The Committee does recognize, however, that in the course of the reconstruction of highways on the interstate system at a new location several miles removed from the old, that there are several special elements that should be considered. Because the interstate system is a completely controlled access facility, it is possible to gain access to the new interstate highway only at given intervals, usually four to six miles apart. Since it is not possible for persons living adjacent to the new interstate highway to gain access at will, as was usual in the case of highways on the primary or secondary system, the new interstate highway does not completely replace the old county or township roads for local use purposes.

It was also recognized by the Committee that the construction of the interstate system as a

completely controlled access facility will make it necessary for the counties and townships in many instances to improve their roads connecting with interchanges at which access may be had to the interstate highways. In some instances these county roads will require repairs at a date substantially earlier than would otherwise be required in the course of the normal county road improvement program. In addition, other county or township roads must be improved to give access to farms which previously had access to the state highway.

It has been estimated by the State Highway Department that approximately 350 miles of rural state highways will be abandoned and replaced by new construction upon the interstate system. It appeared to the Committee that there are four alternatives available for the maintenance of these highways, which are as follows:

1. A continuation of present policies of the State Highway Department with no amendment of state statutes. This would leave the maintenance of abandoned sections of state highways to the discretion of the boards of county commissioners or township supervisors within whose jurisdiction the roads are located. If these highways were placed upon the county system by the county commissioners, some federal aid would be available for their reconstruction in the same manner that it is available for other county highways.

2. The state could maintain all such roads as a part of the state secondary system. Based upon average maintenance costs upon state secondary highways, this would cost the state \$247,000 for annual maintenance. In addition, it is probable that the future annual costs of reconstruction would be in excess of \$500,000. This would further complicate the construction and maintenance of highways presently on the state's secondary system, since the funds available for the construction and maintenance of this system are presently very short. The alternative would be the provision of new state highway moneys to handle their construction and maintenance.

3. A formula could be devised based upon the miles of highways abandoned in any county and the motor vehicle registrations of that county. Under such a formula, the state could pay a portion of the cost of maintenance of such roads, based upon the state's average maintenance costs of approximately \$400 per mile. If such a formula were devised, it might be necessary to provide a maximum of 75% and a minimum of 25% state aid, so that some counties would not have almost all of their costs of maintenance of such roads paid, while other counties were paid practically

nothing. Several formulas for possible state aid under such a plan were prepared by the Committee and the State Highway Department and applied on a county-by-county basis, in order to determine their results. Copies of such formula provisions are available in the Committee's files. It was generally agreed, however, that in the event a state aid formula should be devised, the payment should be made to cover costs only for a period of approximately ten years during which time the counties could rearrange their county highway systems to correlate them with interchanges on interstate routes. Thereafter, regular county funds would be freed to maintain or reconstruct such abandoned sections of the state highway system as they desired. It would also probably be desirable that the 10-year payments to the county be made on a lump-sum basis in the year the state highway was abandoned, in order to simplify administration and to relieve pressure upon the state for further extension of maintenance agreements beyond the 10-year period.

4. The final alternative would appear to be that of continuing the present state law and policies of the State Highway Department for the transfer of abandoned routes to the counties and townships as in Alternative No. 1, but to provide a special optional mill levy to aid the counties in maintaining the roads, or to relieve the counties of other financial responsibilities, such as the purchase of rights-of-way for state highways in order to free additional county funds to be applied to the maintenance of the abandoned routes.

The Committee feels that Alternative No. 1 has merit, since the primary benefits that result from the construction of the interstate system will be to the counties and cities through which the interstate system passes. It would therefore seem proper that the counties assume the burden of maintaining such portions of the abandoned state highways as they desire maintained.

It is believed that Alternative No. 2 can not be considered, since it would place such a large number of miles of highways upon the state secondary system that there would not be sufficient revenue available for its support. Unless the number of miles upon the state secondary system is restricted, the state will be able to provide so little service upon it that it may actually not meet the standards found upon many county roads. This proposal would also set a precedent which would probably apply to roads abandoned in the reconstruction of the primary and secondary system in the future.

The Committee does not feel that it can

recommend Alternative No. 3 because any substantial state aid to the counties would probably have to come from the state highway fund. This would handicap the construction and maintenance of other state highways. An even more compelling reason for rejecting No. 3 is that it would require the entire state and taxpayers far removed from the interstate system to contribute to local county roads in counties through which the interstate system passes. In addition, the Committee feels that if the practice of giving state aid to counties for the maintenance of sections of state highways that are abandoned through reconstruction of the interstate system is ever begun, the practice will grow to include all highways that are abandoned through the relocation of the primary and secondary systems as well. This will place an intolerable drain upon state highway revenues. The Committee also has some doubts as to whether such a program, once initiated, would ever be discontinued after a given period of years when the need for it has passed.

The Committee recommends Alternative No. 4 as the most practical method of handling abandoned rural state highways. It is the opinion of the Committee that such highways should be maintained or built only to normal county standards. Therefore, it would be less expensive for the counties to build and maintain them than it would for the state to do the job. In addition, this plan has the advantage of requiring the local people in the area, who are most benefited by the interstate system and who are served by the abandoned highways, to provide the funds for its maintenance and construction. The Committee recommends that the laws of the state be amended to provide that the State Highway Department shall pay for all costs of acquisition of rights-of-way for state highways and thereby relieve the counties of the financial burden of providing rights-of-way. This will free some funds in the various counties for expenditure upon county roads, as may be seen from the following tabulation:

**Estimated Right-of-Way Cost for 1959
Primary & Secondary**

Project - - - County	
S 835(1) — Adams County	\$ 7,000.00
S 328(5) — Logan County	10,000.00
F 262(10) — Sioux County	15,000.00
F 298(7) — Stutsman County	45,000.00
F 267(20) — Trail County	75,000.00
F 355(11) — Cass County	8,000.00
F 17(12) — Griggs County	15,000.00
F 166(13) — Walsh County	45,000.00
F 703(1) — McKenzie County	9,500.00
S 273(3) — Ward County	3,500.00
S 422(10) — Morton County	10,000.00
F 350(13) — McKenzie County	16,000.00
S 263(10) &	
S 413(18) — Towner County	20,000.00
F 693(3) — Ward County	90,000.00
F 701(1) — Ward County	500,000.00
S 295(9) — Stutsman County	9,600.00
S 275(8) — Stutsman County	10,000.00
S 354(8) — Barnes, Ransom &	
LaMoure Counties	15,000.00
F 80(5) — Williams County	200,000.00
F 302(16) — Williams County	20,000.00
F 702(1) — Williams County	100,000.00
S 427(8) — Adams County	15,000.00
S 353(4) — Wells County	16,000.00
F 364(8) — Grand Forks County	15,000.00
S 358(16) — Sheridan County	25,000.00
S 383(9) — Williams &	
Burke Counties	15,000.00
S 208(6) — Nelson County	9,000.00
S 309(12) — Nelson County	27,000.00
Total	\$ 1,345,600.00

Estimated Cost on Project

F 693(3) & F 701(1) - Ward	
County, F 80(5) & F 702(1) -	
Williams County, \$890,000.00 -	
Less 75% : Counties Share	\$ 222,500.00
Estimated Cost on all other	
projects \$455,600.00 - Less 50% :	
Counties Share	\$ 227,800.00

Counties Share of Grand Total	
Estimated Right-of-Way Cost.....\$	450,300.00

In addition, while not included in the bills submitted by the Committee, the Legislative Assembly may wish to authorize a special mill levy to the counties for the maintenance of such roads. Ample authority exists in the statutes to permit the counties to contract with the state, on a reimbursable basis, for the maintenance of paved highways in the event the counties do not have suitable equipment for their maintenance.

Access Routes to Municipalities

It is the present policy of the State Highway Department when the relocation of a state highway results in the by-passing of cities and villages, to build or maintain routes into the larger cities, but to require the counties or townships to provide access routes into the smaller cities or villages. The State Highway Department has adopted this policy upon the premise that the greater traffic into the larger cities warrants state maintenance of access routes into these cities as a part of the state highway system, but that the traffic volume into smaller cities or villages does not warrant their maintenance as state highways.

The Committee disagrees with this policy upon the basis of equity, since in its opinion counties containing larger cities are the very counties that have the greater ability to pay for their access roads and, therefore, have the least need of state assistance. The counties having smaller cities or villages have the least local ability to provide their own access routes. The use of state funds to provide access routes into larger cities has the net effect of taxing taxpayers all over the state, including the smaller counties far removed from the larger cities, for the special benefit of the counties having the higher population, without receiving reciprocal financial support from the more populous areas. The Committee also recognizes that the construction of improved highways tends to channel trade and population into the larger cities to a much greater degree than it does to the smaller cities and villages and, therefore, is perhaps of greater benefit to the larger cities. It is the Committee's opinion that the state should in all cases leave the provision of access routes into municipalities to the counties within which the cities lie. The Committee therefore submits a bill which would make it the responsibility of the counties to provide access routes between the corporate limits of municipalities and the boundaries of the right-of-way of the state and interstate highway systems to whatever extent such access facilities are required.

WEIGHT DIVISION OF THE STATE HIGHWAY DEPARTMENT

Although not directly included in the resolutions assigned to the Committee for study, another matter relating to state highways was reviewed. This is the duplication of activities between the Weight Division of the State Highway Department and the State Highway Patrol in the enforcement of certain motor vehicle regulation and tax laws.

The Weight Division of the State Highway Department operates permanent scales on the principal highways throughout the state, and portable weighing scales at shifting locations, for the purpose of enforcing the weight restriction laws. In addition, this division is active in enforcing registration and mile tax laws. This division presently operates ten permanent and seven portable scales, and maintains a field force of 53 men plus five persons as administrative and supervisory personnel.

It was noted by the Committee that the State Highway Patrol has responsibility for enforcing the same laws as are enforced by the Weight Division. It is the opinion of the Committee that a consolidation of the Weight Division of the State Highway Department with the State Highway Patrol would eliminate confusion that sometimes results from having two completely separate enforcement agencies operating under separate policies and separate interpretations of laws or reciprocal agreements. Although cooperation between these two agencies is perhaps reasonably good, nevertheless, each agency tends to give its primary interest and attention to its principal duties of enforcement and allows the other agency to provide the major enforcement of the functions for which it may deem itself primarily responsible. It would seem that the 14 vehicles presently operated by the Weight Division of the State Highway Department could just as well be enforcing all motor vehicle laws. By the same token, all state highway patrolmen could give equal attention to weight and taxation laws.

The consolidation of these two functions should provide better enforcement of all laws concerned. By having one larger force with overall enforcement authority, a single agency could stress the duty that is most pressing at any one time and turn to other duties as the need arises. In other words, it would provide greater flexibility and better enforcement at peak periods in the various fields of enforcement. Further, it is believed that uniformed officers can more easily enforce the weight registration and highway tax

laws than is presently possible with the Weight Division being a part of the State Highway Department. It is the opinion of the Committee that such a transfer of the Weight Division to the State Highway Patrol would provide improved enforcement from the same enforcement dollar, as well as remove the confusion that results from having two agencies operating in the same field. Such a transfer is therefore recommended by the Committee.

ADDITIONS TO THE STATE HIGHWAY SYSTEM

There have been an increasing number of requests to the State Highway Department to add additional highways to the state highway system. Several persons have appeared before the Committee to make this recommendation. While the Committee does not make any recommendation in this regard, it is probable that the Legislative Assembly will have before it for consideration several bills providing for additions to the state highway system. It therefore appeared desirable to provide the Legislative Assembly with certain information in regard to these additions.

Such requests usually affect highways which at one time were a part of the state highway system but subsequently transferred to the counties. Beginning about 1953 the State Highway Department entered into agreements with a number of counties under which the state agreed to reconstruct certain roads upon the state secondary system if the counties would agree to accept these highways and to place them upon their county system for maintenance. Since 1953 approximately 275 miles of state secondary highways have been transferred to the counties under such agreements. A listing of such highways is as follows:

County	Hwy. Route Number	Miles
Cavalier	29	39.000
Dunn	22	25.000
Grand Forks	33	22.672
McIntosh	old 3	12.000*
Mercer	49	2.5
Nelson	35	12.025
Pembina	29	8.000
Pierce	17	25.000
Ransom	27	19.158
Richland	27	7.085
Renville	17	4.990
Rolette	29	19.834
Rolette	30	17.598
Stutsman	36	8.100
Ward	old 23	23.000*
Walsh	35	29.500

County	Hwy. Route Number	Miles
Walsh	54	5.678
Williams	old 2	22.000*
Williams	40	3.512
Williams	50	25.314
TOTAL		331.966

*Portions of highways that have been relocated.

In all instances the relocation has moved the new route two or three miles. In most instances the new road parallels the old road.

Most of these highways consist of gravel surface roads. If the state were to place these highways upon the state secondary system and the State Highway Department were to reconstruct this mileage to 38-foot hard surface roads, using today's cost of \$45,000 per mile, the reconstruction costs would be \$12,375,000. If this reconstruction cost were spread out over a 20-year improvement program, in order to permit their improvement at the same rate as other roads of the state secondary system, the annual cost would be approximately \$618,750.

The present-day costs of the State Highway Department for the maintenance of most state highways is approximately \$500 per mile per year. If the state were to reacquire this mileage it would cost approximately \$137,500 annually for maintenance. Therefore, the maintenance costs, plus the annual reconstruction costs, would result in a total cost to the state of \$756,250 annually.

At present the state does not have sufficient funds available for the construction of the state secondary system. The state primary system is on approximately a 15-year improvement program, or in other words, a program which in 15 years will bring the entire state primary system up to standard. Because of the shortage of funds for the state secondary system, it is on approximately a 20-year improvement program. If all the roads that have been transferred to the counties since 1953 were added to the state secondary system, it would further lengthen the improvement program for the state secondary system to well over 25 years. If other additions to the state system were also made, it is possible that the expanded state secondary system could so far outstrip the revenues available for the secondary program, that the state would be able to provide less service than would be possible if the roads remained upon the county system. It is therefore the opinion of the Committee that the Legislative Assembly, before adding any additional miles of highways to the state secondary system, should recognize a responsibility to provide the additional

revenue that will be necessary to at least construct and maintain them on a 20-year improvement program.

There is one amendment in regard to the statutes pertaining to the addition of new roads to the state system that the Committee does feel should be considered by the Legislative Assembly, regardless of action upon other matters affecting the expansion of the state system. This amendment is for the purpose of clarifying section 24-0102 of the 1957 Supplement to the North Dakota Revised Code of 1943. It is not clear whether this statute permits the State Highway Commis-

sioner to make additions to the state highway system in the amount of 25 miles per year upon the basis of new developments affecting the natural resources or economy of any area, or if such additional mileage can be added only for the purpose of constructing by-passes or alternate routes. It is the opinion of the Committee that some flexibility should be available so that the Commissioner, in his discretion, may make additions to the state highway system to take care of transportation needs that result from major new developments as they occur in the state. The Committee therefore recommends the amendment of section 24-0102 to accomplish this purpose.

Explanation of Legislative Research Committee Bills

Senate Bills

Senate Bills 1 through 35—Appropriations.

Senate Bill 36. Transfer of Funds for Implementation of Governmental Reorganization Act. This bill provides for the transfer of funds from those state departments and agencies relinquishing fiscal administration functions to the departments or agencies assuming the functions, and provides for an appropriation to establish a department of comptroller. See Committee report on Governmental Organization.

Senate Bill 37. Transfer of Weight Division. This bill transfers to the State Highway Patrol the field enforcement functions of the Weight Division of the State Highway Department, including enforcement of all weight, length, and height restrictions on motor vehicles, and all laws relating to the payment of registration fees, mile tax, and other taxes imposed on motor vehicles. See Committee report on Transportation.

Senate Bill 38. Responsibility for Constructing and Maintaining Access Routes. The purpose of this bill is to establish the responsibility for constructing and maintaining access routes from the state and interstate highway system to the street system of incorporated cities and villages. In addition, this bill defines the term "Interstate Highway System". See Committee report on Transportation.

Senate Bill 39. State Highway Right-of-Way. This bill relieves the counties from the responsibility of paying costs in acquiring rights-of-way for the state highway system. See report on Transportation.

Senate Bill 40. Revision of Partnership Laws. This bill revises our general partnership and limited partnership laws by adopting the basic law of the Uniform Partnership Act as adapted to our state needs. Existing general partnerships are not subject to the Act until July 1, 1959, unless they elect to come under the Act at an earlier date, and limited or special partnerships may elect to come under the Act at any time. See report on Judiciary and Code Revision.

Senate Bill 41. Revision of Nonprofit Corpo-

ration Laws. This bill revises our general nonprofit corporation laws by the adoption of the basic law of the Model Nonprofit Corporation Act adapted to the needs of our state. Existing nonprofit corporations are not subject to the Act until July 1, 1961, but may elect to come under the provisions of the Act at an earlier date. See report on Judiciary and Code Revision.

Senate Bill 42. Revision of Motor Vehicle Laws. Except for some scattered changes in the general motor vehicle law, the purpose of this bill is to revise chapter 39-04 dealing with registration of motor vehicles. While some substantive changes were made in the revision of these laws, the great majority of the amendments are to rewrite outmoded, ambiguous, and contradictory laws. See report on Transportation.

Senate Bill 43. Establishment of a Department of Comptroller. This bill reorganizes and streamlines the fiscal administration of the state government and establishes a Department of Comptroller which is intended to be a central fiscal control authority for the executive branch of government. The bill abolishes several executive boards and reorganizes the functions of several executive agencies. See report on Governmental Organization.

Senate Bill 44. Exemption of Serviceman from Obtaining Driver's License. This bill provides that any member of the armed forces stationed in North Dakota will not be required to obtain a North Dakota driver's license if he has a valid current license from another state or territory of the United States. See report on Transportation.

Senate Bill 45. Additions to State Highway System. This bill clarifies section 24-0102 of the 1957 Supplement to clearly provide that the State Highway Commissioner, in his discretion, may make additions to the state highway system in the amount of 25 miles per year to take care of transportation needs that result from major new developments as they occur in the state. See report on Transportation.

Senate Bill 46. Parking Lights on Motor Vehicles. This bill amends section 39-1101 of the

Code to make it unlawful to operate a motor vehicle on the highways or streets of this state with only parking lights turned on. See report on Transportation.

Senate Bill 47. Transfer of Tax Collection Functions. This bill provides for the transfer of responsibility for collection of beer and liquor taxes from the State Treasurer to the State Tax Commissioner. See report on Governmental Organization.

Senate Bill 48. Transfer of Part of Functions of State Auditor and State Auditing Board. This bill transfers part of the duties of the State Auditor to the Department of Comptroller and abolishes the State Auditing Board and transfers its functions to the Department of Comptroller. See report on Governmental Organization.

Senate Bill 49. Minimum Wages and Hours. This bill provides for a minimum wage of 75 cents per hour for all men and women except domestic workers, those persons employed in interstate commerce, and persons 17 years of age or younger. Exceptions are also made for the physically handicapped, mentally defective, apprentices and learners, and those who have limited ability because of age. The minimum wage would serve as a floor with authority to establish higher minimums in the event future conditions warrant such action. See report on Industry, Business and Labor.

Senate Bill 50. Appropriation for Republication of 1943 Code. This bill provides for an appropriation to the Secretary of State for the republication of the 1943 Code. It also gives authority to the Legislative Research Committee and the Secretary of State to enter into a contract with a private publisher for such republication. See report on Judiciary and Code Revision.

Senate Bill 51. Meeting of Legislators in Advance of Session. This bill provides for the meeting of legislators and legislators-elect in advance of the Session for the purpose of conducting an orientation conference and considering matters pertaining to organization of the next Legislative Assembly. See report on Legislative Organization and Procedure.

Senate Bill 52. Printing of Legislative Bills, Resolutions and Journals. This bill amends those sections of the law dealing with legislative bills, resolutions, and journals and provides that the form, style and number of the bills, resolutions, and journals shall be prescribed by legislative rules. See report on Legislative Organization and Procedure.

Senate Bill 53. Issuance and Sale of Securities. This bill amends and supplements the present laws regulating the issuance and sale of securities, especially relating to information which must be disclosed upon registration, regulatory procedures which the administrator of the law may use, fraudulent practices, and circumstances under which registration of securities and licenses of dealers and their agents may be revoked or suspended. See report on Securities.

Senate Bill 54. Additional Office Space. This bill will provide authority to the State Board of Administration to obtain additional office space outside the state Capitol building for state departments, agencies and boards. See report on State, Federal and Local Government.

Senate Bill 55. Appropriation for a New State Office Building. This bill appropriates \$600,000 to the Board of Administration for the construction of a new state office building which would be occupied by the State Highway Department, Motor Vehicle Registrar, and State Highway Patrol. See report on State, Federal and Local Government.

Senate Bill 56. Highway Department Building Limitation. This bill limits the state Highway Department from constructing any building costing in excess of \$10,000 unless specific appropriation has been made from the Legislature. See report on State, Federal and Local Government.

Senate Bill 57. Insurance on State-Owned Vehicles. The provisions of this bill will limit the state departments and agencies from carrying any insurance on state-owned vehicles, other than public liability and property damage insurance. See report on State, Federal and Local Government.

Senate Bill 58. Inspection of Public Welfare Records. This bill will authorize citizens, upon written request, to inspect public welfare records relating to the names of recipients, their addresses, and the amount of aid they have received, but provides a penalty for misuse of this information. See report on State, Federal and Local Government.

Senate Bill 59. State Aid to Junior Colleges. This bill will provide state aid to junior colleges in the amount of \$200 per student per year if the junior college meets certain standards. See the Committee report herein on Education.

Senate Concurrent Resolution "A". This resolution provides for the amendment of sections

82, 83, and 84 of the North Dakota Constitution to authorize the Legislative Assembly to provide by law for a Department of Labor separate from

the Department of Agriculture and Labor. See report on Industry, Business and Labor.

House Bills

House Bills 501 through 535—Appropriations.

House Bill 536. Oasis Deficiency Appropriation. Appropriation to pay the University the balance of their costs in conducting an actuarial study of OASIS during the 1955-1957 biennium.

House Bill 537. Small Loans. This bill authorizes small loans companies to do business in this state and provides for their licensing and regulation. The bill also prescribes the maximum rate of charges that are permitted and provides for the administration and enforcement of the Act by the State Examiner. See report on Credit Practices.

House Bill 538. Installment Sales Act. This bill amends the present Installment Sales Act to remedy certain deficiencies. See the Committee report herein on Credit Practices.

House Bill 539. Revolving Charge Accounts. The provisions of this bill will authorize, regulate and prescribe maximum credit charges for revolving charge account transactions. See Committee report on Credit Practices.

House Bill 540. Charitable Institutions Revolving Fund and Institutional Support Funds. This bill would transfer all moneys in the charitable institutional revolving fund and the institutional support funds to the general fund of the state and provide that all future income from the liquor tax be deposited in the general fund. The bill also relieves the counties from their share of the support of patients at the State Hospital, Tuberculosis Sanatorium, and the Grafton State School and provides that the State shall assume the costs of such care and the duty of collecting such costs from financially responsible patients or relatives. See the Committee report on Finance and Taxation.

House Bill 541. Transfer of Certain Special Funds and Nonreverting Appropriations in the State Treasury. This bill provides for the transfer of certain special funds and nonreverting appropriations in the state treasury to the general fund of the state. See the Committee report herein on Finance and Taxation.

House Bill 542. Transfer of State Park Maintenance Fund, Attorney General License Fund, and WW II Adjusted Compensation Administration Fund. This bill transfers the moneys in the

state park maintenance fund, the attorney general licensing fund, and the WW II adjusted compensation administration fund to the general fund. See Committee report herein on Finance and Taxation.

House Bill 543. Transfer of Certain Funds on Deposit in Bank of North Dakota. The provisions of this bill will transfer certain earmarked state funds in the Bank of North Dakota, that are presently beyond legislative control, to the general fund. See Committee report herein on Finance and Taxation.

House Bill 544. Transfer of Game and Fish Fund, State Seed Department Revolving Fund, and the Predatory Animal Special Fund. This bill transfers the moneys in the game and fish fund, the state seed department revolving fund and the predatory animal special fund to the general fund. See Committee report herein on Finance and Taxation.

House Bill 545. Proof of Kill for Bounty Payments. The provisions of this bill will permit the State Game and Fish Commissioner to determine what part of a predatory animal or bird shall be exhibited for bounty payment and will allow North Dakota to change its proof of kill requirements for bounty payments to conform with other surrounding states and provinces when the need arises. See report on Natural Resources.

House Bill 546. Rabies Control Committee. This bill provides for the establishment of a rabies control committee which will have authority to give emergency assistance in preventing and controlling rabies in the event an outbreak of rabies occurs. See report on Natural Resources.

House Bill 547. Higher Education Reciprocal Agreements. This bill will authorize the State Board of Higher Education to enter into reciprocal agreements with institutions of higher learning of other states for the education of North Dakota students in courses that are not offered by institutions of higher learning in this state. See report on Education.

House Bill 548. Length of Elementary and Secondary School Terms. This bill provides that all elementary and secondary schools in this state shall provide at least 175 days of classroom instruction during each school year term. See report on Education.

House Bill 549. Vote necessary for Increased Levy in School Districts. This bill changes the present number of votes required to authorize excess levies in school districts. See report on Education.

House Bill 550. Minimum Curriculum and Teacher Qualification in High Schools. This bill provides for the minimum teacher qualification and the minimum curriculum that must be provided by each high school in this state beginning July 1, 1962, if such high school is to be accredited by the Department of Public Instruction. See report on Education.

House Bill 551. Educational Foundation Program. This bill provides for the payment of 60% of the per pupil cost of education from the county and state equalization funds to each school district and establishes a "state aid for transportation" program. See report on Education.

House Bill 552. Local Levies for Education Basis of Need Payments. This bill increases the local taxation effort required of school districts in order to qualify for "Basis of Need" payments from a 25% excess levy to a 50% excess levy. See report on Education.

