

1999 SENATE APPROPRIATIONS

SB 2015

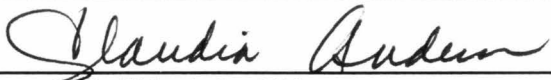
1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2015

Senate Appropriations Committee

Conference Committee

Hearing Date 1/21/99; 2/15/99

| Tape Number | Side A | Side B | Meter # |
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Minutes:

SENATOR NETHING: Opened the hearing on SB 2015; a BILL for an Act to provide an appropriation for defraying the expenses of the various divisions under the supervision of the director of the office of management and budget; to provide for various transfers and financial transactions; to provide an exemption from the provisions of section 54-44.1-11 of the North Dakota Century Code; to provide statements of legislative intent relating to state employee compensation adjustments; to authorize the transfer of special funds to the general fund; to provide for transfers from the Bank of North Dakota to the state general fund; to create and enact a new section to chapter 54-23.2 of the North Dakota Century Code, relating to mobile data terminal and 911 service fees; to amend and reenact section 54-27.2-02 of the North Dakota Century Code, relating to the budget stabilization fund; and to provide an effective date.

ROD BACKMAN: ND Office of Management and Budget, Director to testify in support of SB 2015 (testimony attached pages 1-3) (tape 230-1050)

SENATOR NETHING: Section 12, the \$23M contingency. Where does that show up in appropriations?

ROD BACKMAN: It not appropriated, it would come in as revenue if our revenues fell short. It doesn't change our expenditure appropriations, but would simply be a transfer from the Bank should tax revenues fall below projections. I believe it requires budget section approval to make that transfer.

SENATOR NETHING: Would you explain in more detail the \$1.5M unemployment insurance?

ROD BACKMAN: That had been \$2M, but we haven't been close to using that dollar amount so we moved it to \$1.2M. Each agency under statute is to pay one percent of their payroll on the first \$6,000 for a minimum of \$60 per employee that goes into a fund. That fund is used should there be unemployment claims against the state that would go through Job Service. They then

would send us a bill for those actual claims they paid out. We would reimburse Job Service for the claims they paid. This \$1.2 is just the appropriation should we need to make those payments.

SENATOR NETHING: What were those payments this biennium?

SHEILA PETERSON: The payout over the last number of years has been well under one-half million dollars. The total balance of the fund is closer to \$5M so we haven't been assessing the one percent for a number of years.

SENATOR NETHING: Rod, does this come back as turn-back?

ROD BACKMAN: It comes back as turn-back not general fund as it comes out of that unemployment fund that we have. When we do turn-back, we normally talk about the general fund turn-back because it adds dollars to the general fund balance. What would happen here is that the appropriation just disappears. If we spend one half million and there is \$1.2M appropriated, the appropriation goes away. Whether you call it turn-back or not the dollars coming out of the fund do not change.

SENATOR SOLBERG; (tape 1415) Do you bill every agency one percent?

ROD BACKMAN: That is what is in statute, but we haven't been assessing it because the fund is actually larger than what we need.

SENATOR ST. AUBYN: Do they pay with a mixture of funds--federal, state, etc. going into a special fund? You really don't turn money back, it is maintained as a fund balance?

ROD BACKMAN: Yes, it may be a mixture of funds. The fact we only took \$500,000 out instead of \$1.2M the fund goes down by whatever comes out of it.

SENATOR ST. AUBYN: Are there any restrictions on the use of it?

ROD BACKMAN: There are federal funds in there and so it is restrictive. The federal government would look for their share of the dollars back that they put in.

SENATOR ST. AUBYN: Is there any way of discerning what part of that remaining balance is federal, general, other, etc.?

SHEILA PETERSON: We got into trouble when we transferred fire and tornado funds into the general fund. It took extensive work on our part as well as the part of the firm we hired to do our statewide cost allocation plan and on behalf of the state auditor's office to figure out how much of that transfer from fire and tornado into the general fund was actually federal dollars. We have been paying them back. It is possible, but it is very difficult to figure that out.

ROD BACKMAN: One of our concerns is that the federal government would come in and say that fund is too large. That was a fear we had even back in '96. We thought the best way to deal

with this is to stop assessing the agencies and to let the fund gradually work itself down to a lower level.

SENATOR ST. AUBYN: One of the concerns I have is that it is not truly a reflection of an agency's cost. This is an expense that is really paid for by your department unemployment compensation for each agency?

ROD BACKMAN: The dollars that are in the fund originally came from each agency as they were assessed that one percent.

SENATOR SOLBERG: Section 8, the emergency commission - we appropriated \$500,000, we spent \$295,000 of that so we have a carry-over of \$200,000 and yet you want another \$200,000. Is this just for reworking Y2K emergency type situation? If we can't spend \$500,000, why do you need another \$200,000?

ROD BACKMAN: The \$500,000 is for all types of expenditures, not just technology. We saw when budgets were coming in, a lot of agencies had requests in for a contingency in case there was a problem with Y2K. We think the Y2K problem is under control, but obviously we don't know that until we get past January 1. Agencies had requests in for \$15-20,000, and we thought rather than put a contingency in every agency, let's put a pool together rather than making a separate pool. Let's put that \$200,000 on top of the \$500,000 the Emergency Commission has and if there isn't a problem, it doesn't have to be spent. The \$200,000 in there now, if there aren't any claims against that, that becomes turn-back to the general fund.

SENATOR SOLBERG: There shouldn't any claims on that now with the deficiency appropriation, etc. unless there is something that comes up after we left town.

ROD BACKMAN: That's correct although you never know.

SENATOR NETHING: (tape 1350) I believe the next meeting of the Emergency Management Commission is in March, and the next one in June.

SENATOR SOLBERG: Usually the Emergency Management Commission meetings now contend with federal and other dollars not out of the general fund. I think we have 3-4 claims this year. We have never had the state lobbyists before have we? We have 3 congressmen in Washington that are supposed to be looking out for our needs. Why do we need a state lobbyist?

ROD BACKMAN: (tape 2040-2205) (attachment) The Governor's Office entered into this contract in December of 1997 because they felt there were things going on in Washington that they needed some help with. It costs \$5,000 per month. The attachment contains a description of the contract and examples of where that lobbyist has been of benefit to North Dakota.

SENATOR NETHING: Does the congressional delegation contribute?

ROD BACKMAN: This is a contract with the Governor's Office and paid by state dollars.

SENATOR ROBINSON: Are there other entities other than those from the two universities?

ROD BACKMAN: There are others that have a lobbyist, but they are through their associations, i.e. DOT, State Corrections. It is a pool of state offices so they are not representing ND only.

SENATOR ANDRIST: Do you access the need for other agencies that we finance to have membership in these other associations?

ROD BACKMAN: (tape 2475) I believe most association dues go much beyond lobbyist. There are many other services provided by these associations.

SENATOR ANDRIST: Does anyone look over those associations to see if an agency needs to belong?

ROD BACKMAN: No, it is an individual agency decision.

SENATOR ANDRIST: It would be nice to see a listing of agencies and their associations.

SENATOR NETHING: We have had those lists in the past and the oversight of these associations comes from the legislature.

SENATOR KRAUTER: Section 14, budget stabilization. Prior to the \$65M what do you see happening to those dollars and what is the intent there which then relates to when and if money flows into the budget stabilization fund?

ROD BACKMAN: Any dollars in the general fund up to the \$65M are part of what we refer to as the ending fund balance. We're projecting an ending fund balance of \$57M. Those dollars are built into the process of building the budget. We start with the \$57M, we have receipts, and then whatever is appropriated to come up with the ending.

SENATOR KRAUTER: Once you reach the \$65M and it goes into the budget stabilization fund, what is the technical purpose for that or is it just fiction?

ROD BACKMAN: The budget stabilization fund is actually in statute. There are certain criterion as to how that money can come out.

SENATOR TOMAC: On section 13, is this new language? Is this a new minimum 20 cent minimum charge for state radio? Is this going to be an additional tax on what we already have?

SHEILA PETERSON: That 20 cents has been in our appropriations for some time so this will actually codify it so that we do not have to keep coming back every two years for approval.

SENATOR LINDAAS: Is that an unusual practice for the Governor to have lobbyists? Do other states do the same thing?

ROD BACKMAN: I am not sure. It seems as though there are only 2-3 states that do not have a lobbyist representing their state.

SENATOR NETHING: The states own a building that houses the lobbyists that he is referring to.

CENTRAL SERVICES:

LINDA ENGMANN: OMB Central Services, Acting Director) (testimony attached) (tape 3315-3835)

SENATOR NETHING: Where do you plan to relocate?

LINDA ENGMANN: We're exploring options.

SENATOR ANDRIST: How do you set value on surplus items?

LINDA ENGMANN: Price is determined by our cost. However, the legislative counsel set prices on the computers that were recently sold.

OMB BUDGET: SECTIONS 6 & 7 (tape 4050)

DAN LEROY: Central Personnel Division (testimony attached) (tape 4106-5768)

SENATOR NETHING: On the first page you have listed three areas: one for \$5.4M which is the equity adjustments that we're talking about; the second is a similar adjustment for appointed and elected officials; and the third is the 3 percent built into the budget with a minimum of \$35.00. Are these all stand alones? Can you do number 1 and then modify number 3 to say 4% , 2% or whatever?

DAN LEROY: Yes, one can be modified without affecting the other.

SENATOR ROBINSON: What impact would there be on lower pay grade employees--those who come to work for state government, qualify for food stamps, fuel assistance, etc. Are we going to make progress in that area? And, how many employees are we talking about?

DAN LEROY: Clearly with this focus on the bottom half of the range, that is going to be helpful. I don't have figures on numbers of those eligible for welfare this would actually move. That figures changes, depending on the number of kids you have. We are focusing on the bottom half of the range. I don't have the data to know who is in that position.

SENATOR ROBINSON: If we plugged in annual salaries, we could get a pretty good idea couldn't we?

DAN LEROY: We could get a fair idea, but one of the key issues is how many children.

SENATOR NETHING: I think the question is different. I thought you were interested, Senator Robinson, that once he answered the question that they don't have the data, I think the second part of your question related to having a printout showing what the adjustments will do at the lower end of the scale. Is that you're looking for?

SENATOR ROBINSON: My question really focuses on the issue that I don't think it is the best interests of the state to have a system in place that is not addressing those particular issues at the lower end. Senator St. Aubyn and his committee are struggling with Human Services costs--to me I would rather see the dollars in salaries. We should be strategizing to get those people out of the position where they qualify for benefits--even if it is over a period of years.

SENATOR NETHING: I think he would like to see the number of employees that are at the various salary ranges, particularly when this is addressed.

DAN LEROY: I can give you some data that would show various cut off points--how many employees are above and below certain points.

SENATOR ROBINSON: That would certainly give us a sense of whether or not we are going in the right direction.

SENATOR NETHING: Also, show us what the adjustment would do--one column here, one column here, with the adjustment.

SENATOR GRINDBERG: With the goal of getting the disparity within 5 percent regarding the benefit survey that you conducted, could you draw a fair comparison--it looks like you surveyed and got 39.9 percent of the private sector with the benefits as part of that organization. We pay 100 percent of the health care coverage. At a minimum that is a \$3,000 benefit when you factor in a family plan--at minimum. Could you take that same scenario and put it in and get it closer. From what I see, in the private sector, most organizations only pay the single portion. Could you use that and bring us even closer?

DAN LEROY: What the benefit survey tried to do was not to say who is paying what of retirement or health, basically it says what are the costs to the employer. So as a state we are paying 100 percent of that cost and that is part of that 42.2 percent cost. When compared to the private sector, if they're not paying that, they are paying something else to bring them to 39.9 percent. By focusing on what the costs were to the employer, we think we have a fair comparison, but still there is 2 1/2 percent difference between what we see with large employers in the state and what the state is paying. We started to do additional surveying of small employers and we called nigh onto 80 employers and got 3 responses. We stopped surveying because we were not getting enough data, but it appears smaller employers are doing less in benefits than the larger employers.

SENATOR ST. AUBYN: On the proposed pay grade, I notice in the old system, 5,6, and 7 will be merged into paygrade 2. I noted though that the maximum and the minimums are lower in those particular ones. If you have an employee who is currently in pay grade 7, and let's say they're very close to being maxed out, now they go to pay grade 2 - they're \$14,088, they're

going to be above the max. So does that mean then at that point with the 3 percent raise they would only get the \$35 because we've gone to this new pay grade?

DAN LEROY: On the new pay grades 1 and 2, the \$8.93 is minimum wage. On the new pay grade 2, old grade 5,6,7, that maximum is lower partially because as the chart, page 2 indicates, our current mid points are above the market--as much as 16 percent. There is a very small number of people in those groups. Current grades 4,5,6 have a very small number. We would anticipate if we came across a problem like that we would make some sort of allowance for that.

SENATOR ST. AUBYN: They wouldn't have to take a cut though?

DAN LEROY: No one would get a cut.

SENATOR KRINGSTAD: What is the percentage within the existing range that you have are at the maximum?

DAN LEROY: I don't know, but I will find out.

SENATOR KRINGSTAD: Is the new system going to allow for moving from grade level to grade level?

DAN LEROY: Let me clarify. You didn't have the mechanism to move within the ranges?

SENATOR KRINGSTAD: We had the mechanism, but we've had difficulties moving people from the lower range to the upper range. How many are at the maximum level now?

DAN LEROY: I can get that information for you.

CHET NELSON: (LC) In the past when the legislature has had different percentages levels for different grades, there is always the problem of the person at the bottom of the second grade and gets a percent and a half where if they would have been making \$20-30 less, they would have received a higher raise then it gets to be a benefit to being paid less. How do you plan to overcome that problem when you administer the plan? (tape 710)

DAN LEROY: We have two models. One for the \$2.7M general funds and in our regular salary administration we provide a model to agencies that addresses the issue of percentage increase and flat increase. Every agency can make the decision to use flat dollars for equity and percentage increase for performance or it can go the opposite way. The models address both flat dollars and percentages. Percentages are an advantage to the higher salaried employee; flat dollars to the lower paid employees. In our models we use both to address the issues of that kind of inequity.

CHET NELSON: The schedule you laid out of 6 percent at a certain level and 3 percent, that really is kind of hypothetical, that's not really the way you plan to distribute the money then?

DAN LEROY: In this equity model, yes, that is the way we will be looking at it. We anticipated that in doing this there would be some relationships that would get messed up. That is the reason we would have the discretion in the 3 percent proposed adjustment to allow agencies to fix some

of those relationships. The model here is kind of lock-step to get our salary ranges in a better relationship to market. Then we know there will need to be agency need to fix some of those if someone is at a break point.

SENATOR TOMAC: Of those 44 employees from those agencies that under this matrix might get a 6 percent, are there particular agencies or divisions of agencies that these employees fall into? Is there a group out there that we have missed and do they have the moneys in their budgets to support this?

DAN LEROY: At this point, we have the tools to be able to look at specific agencies and say this agency as a general rule is farther behind in their salary administration than this agency. At this point we do not have it broken down by divisions within agencies. That is something we could get; however, the agencies often have not asked for that breakdown and they would have to give us additional information to know if there are specific groups within the agencies. At the present time we can tell you which agencies are farther behind on their salary administration than others.

SENATOR TOMAC: Of that 44, are a bulk of those employees under this matrix model exclusive to one agency or not?

DAN LEROY: I've not analyzed it to tell you that would be the case.

SENATOR ANDRIST: In most families today, there are two bread winners. Is there an effort being made in the system so that if we have a mom working for the state and the dad's an attorney working for a private firm, to get the dad's firm to pay part of that hospital coverage or does the state routinely pay the family coverage for everyone regardless of that situation?

DAN LEROY: I believe the state routinely pays that. I can draw on some things that happen in the private sector. There are some plans in the private sector that will incent an employee to use a different plan, i.e. if both spouses were covered, the employee would get \$50-100 paid to them on a monthly basis for not taking the health insurance of that particular company. I feel the benefit folks are the better ones to talk on how that would work with the state.

SENATOR ANDRIST: Might the state offer an incentive for declining insurance as the private sector does? (tape 1138)

DAN LEROY: I believe we could, but I don't know the details to be able to say that for sure. The idea behind all of this is to put a system of salary administration in place that is flexible enough that agencies can use it, and that is flexible enough for the legislature. Our goal is to put a system in place and to use the funds available to it so that we get some good salary administration in place. (tape 1250)

KRIS RUNGE: ND Public Employees Assn. Executive Director to testify in favor of sections 6 and 7 of SB 2015 (testimony, attachment 4) (tape 1396-1670)

BARB SHAAN: Department of Transportation, equipment operator II, to testify in support of compensation for state employees of SB 20015 (testimony, attachment 5) (tape 1740-2430)

SENATOR NETHING: I'm trying to determine, you're at a grade 18 that has a minimum of \$1506; a mid of \$1977; and a high of \$2448. Which of these hits your situation?

BARB SHAAN: I'll be in Paygrade 7.

DAN LEROY: (tape 17096) She would fall below the minimum, below the midpoint, and she has 7 years of service in March. She'd fall in the 1 1/2 percent market adjustment beyond the general increase.

SENATOR NETHING: So, in her situation this would improve her pay status.

KEVIN KICONAS: American Federation of State, County & Municipal Employees, to testify in support of the salary fairness in its development of a formula for classified employees, SB 2015 (testimony, attachment 6) (tape 2750-2846)

TOM TUPA: Independent ND Employees Association, to go on record in support of Sections 6 and 7 of SB 2015. We see this as innovative legislation this time around. We encourage your support of those two sections. (tape 2870-2909)

FISCAL MANAGEMENT

SHEILA PETERSON: OMB Fiscal Management Division, Director, to testify in support of SB 2015 (testimony attached) (tape 1990-3310).

DAN LEROY: OMB Central Personnel Division, Director, to testify in support of SB 2015 (testimony attached) (tape 3388-3700)

SENATOR NETHING: Earlier you made reference to vacancies in state government. Have we got a larger turnover in state government?

DAN LEROY: No, the turnover is not real large--approximately 9.2 percent.

SENATOR NETHING: We still see enough turnover that this pay equity will help resolve this?

DAN LEROY: Yes. One of our bigger problems is in areas that we have difficulty in bringing people in. Information processing is such a competitive area. But there are other areas--engineers, health-related workers, etc.

SENATOR GRINDBERG: How much did you spend on development of your web site?

DAN LEROY: There has been nothing spent on development. Our web site has been put together by in-house people; however, they have put time into the project.

SENATOR ROBINSON: Do we have any statistics on how many of our state employees are working additional jobs? It does affect some of the turnover in some of those pay grades because they're caught in a situation where they can't leave.

DAN LEROY: I don't know any data that tracks whether or not employees work a second job.

SENATOR SOLBERG: A few years ago we had a problem of paying higher than the pay grade. Have we taken care of that?

DAN LEROY: We are evaluating this on a monthly basis. There are a small number still involved.

SENATOR SOLBERG: Are these continuous or are these new ones that pop up?

DAN LEROY: There are some that pop up. We review that on a monthly basis. There are no long term situations left. Over the past few months there have been some that have popped one month and dropped off because of delay of records, etc. The problem is virtually solved. Agencies are tracking it closely.

INTEROFFICE GOVERNMENT ASSISTANCE:

DINA BUTCHER: Interoffice Government Assistance, Director, to testify in support of SB 2015 (testimony attached) (tape 42256-5662)

SENATOR ANDRIST: Is the \$40,000 general fund line item a match.

DINA BUTCHER: No, it is not a match. It was a cut back several years ago from federal funds. The legislature saw fit to reinstate \$40,000 to be used in the emergency shelter grants program.

SENATOR SOLBERG: Most of your funds are federal funds, yet we don't really see them. They come and go throughout the biennium?

DINA BUTCHER: The approximation of annual funds we receive are based upon a population base. We don't vary that much because we are a rural state and there is an allocation in those agencies of government. You don't see them specifically and they have remained pretty much the same except when we have flood funds come in. In 1993 you saw a blip where the funds went up and in 1997-99 we went before the emergency commission to receive additional funds above our allocation.

SENATOR SOLBERG: Is the \$4.4M we saw in Dec. of 1998 that came through the emergency commission in the budget section?

DINA BUTCHER: Yes.(end of tape 1, side B)

RISK MANAGEMENT: (tape 2, side A)

JO ZSCHOLMER: OMB Division of Risk Management, Director (testimony attached) (tape 0-178)

SENATOR NETHING: The last number you just mentioned \$4.2M, has that money just been held?

JO ZSCHOLMER: It is in our fund. We are gaining interest on it. We have certainly deposited it in the fund, but we have not had to expend any of those dollars. The \$4.2M is there, but there is a possibility during the next biennium we might have to get into that amount.

SENATOR NETHING: When you say you might have to get into the fund, have you got anything pending that looks like there would have to be money provided for?

JO ZSCHOLMER: The actuary review indicated that our fund including the \$4.2M was a sufficient balance to address our needs for the coming biennium. Without that amount of money we might have to go into it. Right now, it doesn't look like we will have to, but we don't know what is going to happen in the next two years. Should we need those funds, we are just requesting the authority.

SENATOR NETHING: How do we show that \$4.2M in the budgeting process?

SHEILA PETERSON: The risk management fund is referred to as a suspense fund where the assessments of state agencies go into the fund and then claims are paid out of it. It doesn't actually show on budget. All that shows on budget are the administrative costs of running the agency, the salaries of those five employees.

SENATOR GRINDBERG: Please explain retroactive application.

JO ZSCHOLMER: That was added to the amendment because the funds were received on July 1 of '97 and July 1 of '98. The concern from the attorney general's office was that if we authorized the amounts in the fund it might be interpreted as the amounts received from this point forward. They wanted to make sure it didn't include the NDIRF contributions. (tape 328).

FACILITY MANAGEMENT DIVISION

CURT ZIMMERMAN: Facility Management Division, Director to testify in support of SB 2015 (testimony attached) (tape 2, side A 395-935)

SENATOR KRAUTER: On your enhancements for the capitol, have we had problems with security here prompting us to fill a need by changing the process we currently have?

CURT ZIMMERMAN: The change to the north entrance makes it easier for state employees to come and go from the capitol. Employees coming in after non session time and after 6:00 p.m. each day have to check in with security. This would allow individuals to have an access card which would allow them to come in and out. It would still be documented into our command center. We would track it that way. It would make it more user friendly.

SENATOR KRAUTER: What happens to that individual who checks me in and out? If we are going to contract with a service for \$120,000 a year and we are going to add all of these other FTE's, what is going to happen to the people who work here?

CURT ZIMMERMAN: The difference is that the contract service would be someone to man the command center which, right now our security cameras are being monitored at the Heritage Center. Some problems that have arisen as a result of that is that as they have tried to expand their security operations, they are also responsible for the complex security cameras. The idea was that we still need our night security watchman. We need those people to make tours of the building, do the site analysis, etc. We would have the night security watchman and we are asking for .4 difference in staffing there.

SENATOR GRINDBERG: Can you provide a breakdown of the \$200,000 for the hardware and software costs and how much of that is actually the card reader?

CURT ZIMMERMAN: We are looking at about \$100,000 for the security system. It is about \$2500 per door although you have the front end costs for the processor, etc. So when we looked at securing the doors and the elevator, we contacted Otis Elevator. They indicated the cost for securing the elevator was \$40,000. The elevators need to be secured as during the summer there are numerous individuals going through the building on weekend tours. There is one tour guide and one security guard which pretty much leaves the entire tower open for traffic coming and going. The card system would allow employees to access the elevator, but would control visitor access. We are anticipating \$150,000 in card access. The other \$100,000 is for the command center (tape 1330)

INFORMATION OFFICER

JIM HECK: Chief Information Officer, to testify in support of SB 2015 (testimony attached) (tape 1330-4330)

SENATOR KRAUTER: When I look at strategy one, you say that the budget for that strategy is \$12M. Relate that to me in terms of what is general and federal dollars. When you look at lot of the human service issues it is federal dollars given to the state to perform a task.

JIM HECK: In the application development, human services which gets federal participation in various percentages--some as high as 90% initially and then backing down once it is up and running. Human services is our major customer and takes half of our staff or half the billable hours is billed to human services. The billing could have different rates of federal participation.

SENATOR KRAUTER: On the sheet provided, it indicates those FTE's are all other funds. Does that mean it is actually federal dollars?

JIM HECK: We operate out of an internal system. Everything we do gets billed out. It looks like other funds. Our revenue could be a combination of federal, other dollars, or general fund dollars.

SENATOR KRAUTER: In this integrated system for the Medicaid to the TEEM structure, is that related to any welfare reform requirements, or is it a federal requirement or is it just an enhancement that the department is looking at?

JIM HECK: I'm not sure of the topic and would prefer to have human services here to explain the project itself.

SENATOR BOWMAN: When going through the Human Services budget, we find we appropriated money for technology to put all these programs on line and then within two years they decide to change the program or the delivery system and move patients from one part of the government to another. Do you track the costs just in technology to see that they can do that or do they just do that and then come back in two years and say we need another department to cover the computers and more technology? I'm referencing the removal of 26 patients at the State Hospital that are going to go the human service centers. Is it a whole new technology program that is going to be asked for to see that they have on-line equipment to handle that?

JIM HECK: There are applications systems at the regional human service centers. So adding or taking away 26 provided the requirements to monitor or support those 26 is the same as what they are already supporting should not affect computer systems. Volume should not affect this. However, if there are additional services required, you would have to add that to the particular application that is available to the humans service centers.

SENATOR ANDRIST: Is there anything on the horizon for low-cost teleconferencing?

JIM HECK: There is nothing low cost in technology. Cost benefit analysis are constantly being conducted. The technology used by higher education and their IVAN system was an expensive technology, but based on its usage today (12 hours a day for educational instruction) it is a low cost of delivering that. Video conferencing is currently very expensive, but the costs will probably come down. (tape 5395)

SENATOR ST. AUBYN: You reference a couple of things at the end of your testimony that might be duplication of services in funding for SB 2043. IS there a way you can give us a summary of what those are so that we don't duplicate those costs in both applications.

JIM HECK: I think Inteliant has just provided a fiscal note to the legislative council. We can look to see where there is duplication.

BANK OF NORTH DAKOTA TRANSFERS

JOHN HOEVEN: Bank of North Dakota, President, to testify on SB 2015 at the direction of the Industrial Commission (testimony attached) (tape 5600-5925)

ROD BACKMAN: The item handed out contains a schedule along with data from the bank to show how the bank's capital would change if we drew the \$60M. The other thing we did in working with the Bank we laid it out drawing it in these calendar years so as not to reduce the capital in the bank at any one point in time. The \$139.7M is basically where the Bank's capital is

at the end of '98. We're calling for a drawing of \$25M in the next 2 calendar years and then \$12.5M at the end of the biennium. This is based on a bank profit of \$25M which as John said would leave the Bank's equity at \$142M. The Bank's capital has been growing quite extensively under John's, the legislature's, and the Governor's Office leadership. Three years ago after dealing with the real estate trust and bringing that into the Bank, the Bank's capital was down to \$76M. It is now almost double that amount. (end of tape 2, side A)

SENATOR NETHING: On page 2, what would we plug in there for 1998?

ROD BACKMAN: That is on the top age of the handout where it shows equity, \$139.7M. This is based on \$125M profit, John indicates the Bank will probably do better than that.

SENATOR NETHING: With this scenario you've handed out, this would be a \$50M transfer?

ROD BACKMAN: It would be \$25M per calendar years. You will also note we have a \$10M transfer at the end of the biennium. So it is \$60M. (tape 180)

SENATOR GRINDBERG: In Section 11, we talked about \$60M (\$17M which is actually turnback). If we put into play Section 12 with the emergency which is an additional \$23M we're actually talking about a total of \$83M with \$17M being turnback?

ROD BACKMAN: That is correct. If the contingency kicked in so that the \$23M would be drawn, it would be a total of \$83M coming out. The point with the \$17M is we were not viewing that as coming from bank profits, but rather the \$17M that the general fund had put in to the Bank. At the end of the last biennium at the direction of the legislature we transferred \$17M of general fund dollars back to the Bank of ND and put it into the capital of the Bank. It is a kind of rainy day fund without actually having a name to it. It went into the Bank's capital rather to a specific fund. My understanding the intent was to build the Bank's capital for a time when there were unusual needs by the general fund.

SENATOR NETHING: On page 2, in the year 2001 the number showing under that capital would be \$142,200,000?

ROD BACKMAN: We're showing \$142,200,000 on June 30 of that year. If you were going to take it to December 31, you would have to add another half a year's profit and then whatever the transfers were out of that new biennium.

SENATOR ANDRIST: Would we be authorizing the \$23M reduction in the capital at the Bank which it appears we could afford but, if we did, it wouldn't we be reducing future profitability of the Bank and wouldn't we also be putting ourselves in a position where we would be spending \$23M that isn't going to be there two years from now when we start crafting the next budget? When we start with budgets, we start with where we are now. That \$23M is going to logically disappear two years from now isn't it?

ROD BACKMAN: That is correct on both accounts. Anytime you reduce the Bank's capital you're going to reduce potential future profits and the capital itself. Our hope is that the \$23M

will never be transferred. We had the same discussion two years ago, the same concerns that we're going to draw the Bank's reserves too low if we take the \$23M out. It is there for an emergency.

SENATOR ANDRIST: You're viewing the \$23M as a sort of substitute for an ending balance? If the ending balance were falling below \$10M and going to a minus, this would replenish it?

ROD BACKMAN: That's correct.

SENATOR ST. AUBYN: Is there some type of relationship between the profits in comparison to the equity? You're looking at about 21 percent in '98 and in '99-2000 you're looking closer to 17.8 percent. Realistically is that saying this is a conservative number and that we probably have the capability for more than that?

ROD BACKMAN: You're saying more than \$25M? I'll let John answer that.

JOHN HOEVEN: We meet with OMB and we project our profits going forward for the next biennium. You're talking about a period over the next two and one-half years, there are a lot of issues we have to deal with. We've increased our earning substantially and increased capital as well over the last 5-6 years. But, when we make a projection, we feel we have to be sure that money is there when the legislature is looking for it. I believe \$25M is a realistic projection. Your question goes back to do we generate more income with more capital--the answer is yes.

SENATOR ST. AUBYN: Is it a fair comparison to compare that \$28M to your equity and the \$25M to the new equity?

JOHN HOEVEN: No. We generated \$28M in earnings this year and we're giving OMB \$25M as a realistic projection to go forward with. What drives our earnings is our loan growth. Over the last 5-6 years we've quadrupled our loans. In 1993, we had \$200M in loans outstanding. We finished this past year 1998 with \$835M in loans outstanding. Our primary mission is to finance economic development around the state so you can see that is about \$635M that we have injected into the economy, but at the same time those loans generate income for us. That is the real driving force.

Hearing on SB 2015 will reconvene at 2:00 (tape 732)

Hearing on SB 2015 is reconvened.

SENATOR NETHING: Hearing on SB 2015 is reconvened. We will conduct a hearing on the Community Services Block Grant Moneys that we anticipate in OMB beginning October 1, 1999 ending September 30, 2001. At this time we will take testimony to open this hearing.

COMMUNITY SERVICES BLOCK GRANT FUNDS: (tape 2, side B, 873-1372)

DINA BUTCHER: This has been done in past years and there is also a senate resolution you will be hearing next week that relates to this being done in off-years of the legislature. Also, I

have one correction to be made on the materials that was passed out to you. On page 11, change the date from 9/30/96 to 9/30/98 in table 5 (tape 873-1028). The Office of Intergovernmental Assistance administer the Community Services Block Grant. The amount of money that generally comes through our office is sent forth to local communities through the community action agencies is about \$5M each year. That has remained relatively stable with some increases in the past two years. Carol Griffith Eckert is the person in our office who administers the program.

SENATOR NETHING: This open hearing is required by law. We will need to have a formal motion and report it back to the Senate.

SENATOR SOLBERG: Where do these block grants go--to the counties or to the planning councils?

DINA BUTCHER: The Community Services Block Grant goes to the community action agencies by region with one exception. The Dickinson region also provides for the region which normally would be region 1 in a contractual context. In the federal law it prescribes that these moneys go to community action agencies and the exact amount allowed for administration is also prescribed by law.

SENATOR NETHING: Called for the motion "That the information including summaries, minutes and testimony received during the Community Block Grant Hearing be provided to legislative leadership, members of the House Appropriations Committee, and upon the request of other interested persons to help them analyze the portion of the OMB budget request involving the Community Block Grant Revenues and that copies of such information be kept in the Senate Appropriations Committee files for future reference.

SENATOR SOLBERG: Moved

SENATOR ANDRIST: Seconded.

Roll Call: 10 Yes; 4 Absent and Not Voting

SENATOR NETHING: Motion Carried. We will report it out to the Senate President.

SENATOR NETHING: In response to the earlier question how many states have lobbyists, we have information that will be distributed (attachment)

STATE RADIO COMMUNICATIONS

LYLE GALLAGHER: State Radio Communications Department, Director to testify in support of SB 2015 (testimony attached) (tape 2, side B 1420-2112)

SENATOR NETHING: The money you asked us to plug back into the budget, is that to be special or general funds?

LYLE GALLAGHER: General fund, I believe.

SENATOR SOLBERG: In your mission statement you state that this agency is responsible for warning the state residents--don't you deal with law enforcement people and 911 only You don't deal directly with state residents do you?

LYLE GALLAGHER: In each state in the United States, there is one agency that has an interface with Colorado Springs, Colorado. Its the facility that the United States uses to warn citizens against nuclear attack or attack from another country. That entity has a responsibility of warning the counties and the cities and the news media of an attack on the country. There has to be one facility to test and operate this facility on a 24-hours basis.

SENATOR NAADEN: I would like more of a report on the 911. Are you keeping up financially? Are the counties paying their way?

LYLE GALLAGHER: I feel they are based on the evaluation that was during a 911 study. There was an analysis done on the actual cost to our agency. When that was developed the costs for each provider was submitted to State Radio and that is part of our special funds that helps reduce this budget. We feel it is adequate although we do have the authority to massage those rates in the event the costs become higher.

SENATOR NETHING Do you have a report that shows the money that comes in and how it is used? Does it come into your operation. Is it appropriated there or does it go into the general fund?

LYLE GALLAGHER: It is my understanding that it goes into our operating fund and is used to assist us with our monthly operating cost of running our system. We can provide a written analysis of that.

WRITTEN TESTIMONY PROVIDED BY:

LOIS HARTMAN: ND Firemen's Association, Executive Director, provided written testimony in support of SB 2015.

SENATOR NETHING: Closed the hearing on SB 2015. (tape 2475)

2/15/99

Tape 1, Side B 4567-end; Tape 2, Side A 0-275

SENATOR NETHING: Reopened the hearing on SB 2015.

PAUL KRAMER: (LC) Explained the amendments to SB 2015. (tape 4890-5130)

SENATOR ROBINSON: Moved do pass removal of the liaison that has been working for the Governor's Office in Washington.

2-15-99

SENATOR LINDAAS: Seconded the motion.

ROLL CALL: 4 ayes; 9 nays; 1 absent & not voting

MOTION FAILED TO DO PASS SB 2015.

Ayes: Lindaas; Tallackson; Robinson; Krauter

Nays: Nething; Naaden; Solberg; St. Aubyn; Grindberg; Holmberg; Kringstad; Bowman; Andrist

Absent & not voting: Tomac (tape 6050)

MOTION FAILED TO REMOVE GOVERNOR'S WASHINGTON LIAISON

SENATOR TALLACKSON: Moved a health insurance policy providing a 2 and 3 which puts some responsibility on the employees, but that pays for their health insurance.

SENATOR ROBINSON: Seconded the motion.

ROLL CALL: 5 Ayes; 8 nays; 1 absent & not voting.

MOTION FAILED (end of tape 1, side B)

SENATOR NETHING: Moved do pass amendments to SB 2015

MOTION CARRIED TO DO PASS AMENDMENTS TO SB 2015.

SENATOR NAADEN: Moved do pass SB 2015 as amended

SENATOR ST. AUBYN: Seconded the motion.

ROLL CALL: 10 AYES; 3 NAYS; 1 ABSENT & NOT VOTING

MOTION CARRIED TO DO PASS SB 2015 AS AMENDED

Ayes: Nething; Naaden; Solberg; Lindaas; St. Aubyn; Grindberg; Holmberg; Kringstad; Bowman; Andrist

Nays: Tallackson; Robinson; Krauter

Absent & Not Voting: Tomac

CARRIER: SENATOR ST. AUBYN

SENATOR NETHING: Closed the hearing on SB 2015. (tape 275)

FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: SB 2015 Amendment to: _____
 Requested by Legislative Council Date of Request: 1-4-99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

Narrative:

This will allow any city or county law enforcement entity to use the state's mobile data terminal system infrastructure. The change to the local entity will represent the cost to provide the service. It will only effect cities or counties if they choose to use the service.

2. State fiscal effect in dollar amounts:

| | 1997-99 Biennium | | 1999-2001 Biennium | | 2001-03 Biennium | |
|--------------|---------------------|-------------|-----------------------|-------------|---------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | 0 | 0 | 0 | 15,000 | 0 | 50,000 |
| Expenditures | 0 | 0 | 0 | 0 | 0 | 50,000 |

3. What, if any, is the effect of this measure on the budget for your agency or department:

- a. For rest of 1997-99 biennium: 0
 b. For the 1999-2001 biennium: Already included in appropriation bill
 c. For the 2001-03 biennium: Included in appropriation bill

4. County, city, and school district fiscal effect in dollar amounts:

| 1997-99 Biennium | | | 1999-2001 Biennium | | | 2001-03 Biennium | | |
|---------------------|--------|------------------|-----------------------|--------|------------------|---------------------|--------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Signed: _____

Karen Borr
by SP

Typed Name: _____

Karen Borr

Department: _____

OMB

Phone Number: _____

328-2148

Date Prepared: _____

1-6-99

Date: 2-15-99
Roll Call Vote #: _____

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2015

Senate APPROPRIATIONS Committee

Subcommittee on _____
or
 Conference Committee

✓ Legislative Council Amendment Number 98037.0102

Action Taken DO PASS AMENDMENT

Motion Made By SENATOR Seconded By SENATOR

| Senators | Yes | No | Senators | Yes | No |
|-------------------------------|-----|----|----------|-----|----|
| Senator Nething, Chairman | | | | | |
| Senator Naaden, Vice Chairman | | | | | |
| Senator Solberg | | | | | |
| Senator Lindaas | | | | | |
| Senator Tallackson | | | | | |
| Senator Tomac | | | | | |
| Senator Robinson | | | | | |
| Senator Krauter | | | | | |
| Senator St. Aubyn | | | | | |
| Senator Grindberg | | | | | |
| Senator Holmberg | | | | | |
| Senator Kringstad | | | | | |
| Senator Bowman | | | | | |
| Senator Andrist | | | | | |

Total (Yes) UNANIMOUS No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 2/15/99
 Roll Call Vote #: 2

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. SB 2015

Senate APPROPRIATIONS Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken FAILED TO MOTION, DO PASS HEALTH INS. POLICY Providing

Motion Made By Sen. Tallackson ^{a 2-3 -} Seconded By Sen. Robinson

| Senators | Yes | No | Senators | Yes | No |
|-------------------------------|-----|----|----------|-----|----|
| Senator Nething, Chairman | | ✓ | | | |
| Senator Naaden, Vice Chairman | | ✓ | | | |
| Senator Solberg | | ✓ | | | |
| Senator Lindaas | ✓ | . | | | |
| Senator Tallackson | ✓ | | | | |
| Senator Tomac | ✓ | . | | | |
| Senator Robinson | ✓ | | | | |
| Senator Krauter | ✓ | | | | |
| Senator St. Aubyn | | ✓ | | | |
| Senator Grindberg | | ✓ | | | |
| Senator Holmberg | | ✓ | | | |
| Senator Kringstad | ✓ | . | | | |
| Senator Bowman | | ✓ | | | |
| Senator Andrist | | ✓ | | | |

Total (Yes) 5 No 8

Absent 1

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 2/15/99
 Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. SB 2015

Senate APPROPRIATIONS Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken ~~DO PASS~~ MOTION TO REMOVE

Motion Made By Sen. Robinson By Sec. Lindaas
 Seconded WASHINGTON LIAISON.

FAILED

| Senators | Yes | No | Senators | Yes | No |
|-------------------------------|-----|----|----------|-----|----|
| Senator Nething, Chairman | | ✓ | | | |
| Senator Naaden, Vice Chairman | | ✓ | | | |
| Senator Solberg | | ✓ | | | |
| Senator Lindaas | ✓ | | | | |
| Senator Tallackson | ✓ | | | | |
| Senator Tomac | | | | | |
| Senator Robinson | ✓ | | | | |
| Senator Krauter | ✓ | | | | |
| Senator St. Aubyn | | ✓ | | | |
| Senator Grindberg | | ✓ | | | |
| Senator Holmberg | | ✓ | | | |
| Senator Kringstad | | ✓ | | | |
| Senator Bowman | | ✓ | | | |
| Senator Andrist | | ✓ | | | |

Total (Yes) 4 No 9

Absent 1

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 2-15-99
Roll Call Vote #: _____

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2015

Senate APPROPRIATIONS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number 98037.0102

Action Taken DO PASS AS AMENDED

Motion Made By SENATOR NAADEN Seconded By SENATOR ST AUBYN

| Senators | Yes | No | Senators | Yes | No |
|-------------------------------|-----|----|----------|-----|----|
| Senator Nething, Chairman | ✓ | | | | |
| Senator Naaden, Vice Chairman | ✓ | | | | |
| Senator Solberg | ✓ | | | | |
| Senator Lindaas | ✓ | | | | |
| Senator Tallackson | | ✓ | | | |
| Senator Tomac | | | | | |
| Senator Robinson | | ✓ | | | |
| Senator Krauter | | ✓ | | | |
| Senator St. Aubyn | ✓ | | | | |
| Senator Grindberg | ✓ | | | | |
| Senator Holmberg | ✓ | | | | |
| Senator Kringstad | ✓ | | | | |
| Senator Bowman | ✓ | | | | |
| Senator Andrist | ✓ | | | | |

Total (Yes) 10 No 3

Absent 1

Floor Assignment SENATOR ST AUBYN

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2015: Appropriations Committee (Sen. Nething, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (10 YEAS, 3 NAYS, 1 ABSENT AND NOT VOTING). SB 2015 was placed on the Sixth order on the calendar.

Page 1, line 2, after the semicolon insert "to provide an appropriation for defraying the expenses of the department of human services;"

Page 1, line 8, after the semicolon insert "and"

Page 1, line 9, remove "; and to provide an"

Page 1, line 10, remove "effective date"

Page 1, line 20, replace "3,086,844" with "3,082,026"

Page 1, line 21, replace "3,998,308" with "3,875,828"

Page 1, line 22, replace "8,203,213" with "8,174,694"

Page 1, line 23, replace "1,226,846" with "1,212,300"

Page 1, line 24, replace "42,055,293" with "42,035,197"

Page 2, line 1, replace "964,173" with "959,911"

Page 2, line 3, replace "64,934,677" with "64,739,956"

Page 2, line 4, replace "46,105,926" with "46,088,243"

Page 2, line 5, replace "18,828,751" with "18,651,713"

Page 2, line 8, replace "46,282,960" with "45,709,295"

Page 2, line 9, replace "all" with "special", after "funds" insert "appropriation", and replace "46,282,960" with "45,709,295"

Page 2, remove lines 10 and 11

Page 2, line 14, replace "5,472,106" with "5,454,471"

Page 2, line 15, replace "5,472,106" with "5,454,471"

Page 2, line 16, replace "4,787,636" with "4,774,332"

Page 2, line 17, replace "684,470" with "680,139"

Page 2, line 20, replace "2,490,772" with "2,468,120"

Page 2, line 21, replace "1,745,580" with "1,788,580"

Page 2, line 23, replace "4,396,352" with "4,416,700"

Page 2, line 25, replace "3,881,362" with "3,901,710"

Page 2, line 26, replace "23,594,583" with "23,283,562"

Page 2, line 27, replace "97,491,512" with "97,136,860"

Page 2, line 28, replace "121,086,095" with "120,420,422"

Page 2, after line 28, insert:

"SECTION 2. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES.

There is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$50,000, or so much of the sum as may be necessary, and federal funds of \$50,000 to the department of human services for the purpose of providing network technical support to county social service boards, for the biennium beginning July 1, 1999, and ending June 30, 2001."

Page 3, line 21, replace "\$1,000,000" with "\$950,000"

Page 4, line 20, replace "3.0" with "2.0"

Page 4, line 27, replace "\$581,348" with "\$971,035"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 110 - OFFICE OF MANAGEMENT AND BUDGET

SENATE - This amendment makes the following changes:

| | EXECUTIVE BUDGET | SENATE CHANGES | SENATE VERSION |
|------------------------------|-------------------|-----------------|-------------------|
| Administration | \$3,086,844 | (\$4,818) | \$3,082,026 |
| Fiscal management | 3,998,308 | (122,480) | 3,875,828 |
| Facility management | 8,203,213 | (28,519) | 8,174,694 |
| Central personnel | 1,226,846 | (14,546) | 1,212,300 |
| Intergovernmental assistance | 42,055,293 | (20,096) | 42,035,197 |
| Risk management | 964,173 | (4,262) | 959,911 |
| Statewide compensation plan | <u>5,400,000</u> | | <u>5,400,000</u> |
| Total all funds | \$64,934,677 | (\$194,721) | \$64,739,956 |
| Less special funds | <u>46,105,926</u> | <u>(17,683)</u> | <u>46,088,243</u> |
| General fund | \$18,828,751 | (\$177,038) | \$18,651,713 |
| FTE | 122.00 | (1.00) | 121.00 |

Detail of Senate changes to the executive budget includes:

| | REDUCE COMPENSATION PACKAGE TO 2/2 | ADJUST HEALTH INSURANCE COST | DELAY MARKET SALARY ADJUSTMENT TO JANUARY 1, 2001 | REMOVE VACANT ASSISTANT EXECUTIVE BUDGET ANALYST FTE | TOTAL SENATE CHANGES |
|------------------------------|------------------------------------|------------------------------|---|--|----------------------|
| Administration | (\$5,673) | \$855 | | | (\$4,818) |
| Fiscal management | (25,898) | 4,847 | | (\$101,429) | (122,480) |
| Facility management | (47,052) | 18,533 | | | (28,519) |
| Central personnel | (14,369) | 3,136 | (\$3,313) | | (14,546) |
| Intergovernmental assistance | (26,084) | 5,988 | | | (20,096) |
| Risk management | (5,687) | 1,425 | | | (4,262) |
| Statewide compensation plan | | | | | |
| Total all funds | (\$124,763) | \$34,784 | (\$3,313) | (\$101,429) | (\$194,721) |
| Less special funds | <u>(23,183)</u> | <u>5,500</u> | | | <u>(17,683)</u> |
| General fund | (\$101,580) | \$29,284 | (\$3,313) | (\$101,429) | (\$177,038) |
| FTE | 0.00 | 0.00 | 0.00 | (1.00) | (1.00) |

**REPORT OF STANDING COMMITTEE (410)
February 16, 1999 7:41 a.m.**

**Module No: SR-31-3057
Carrier: St. Aubyn
Insert LC: 98037.0102 Title: .0200**

Senate changes narrative:

In addition to the two percent annual salary increases, funding is included to provide the Central Personnel director with a market equity salary increase of \$151.50 per month for the final six months of the biennium.

This amendment also reduces the fiscal management division's carryover from the 1997-99 biennium by \$50,000, from \$1,000,000 to \$950,000.

DEPARTMENT 112 - INFORMATION SERVICES DIVISION

| | EXECUTIVE BUDGET | SENATE CHANGES | SENATE VERSION |
|---------------------------------|---------------------|--------------------|---------------------|
| Information resource management | <u>\$46,282,960</u> | <u>(\$573,665)</u> | <u>\$45,709,295</u> |
| Total all funds | \$46,282,960 | (\$573,665) | \$45,709,295 |
| Less special funds | <u>46,082,960</u> | <u>(373,665)</u> | <u>45,709,295</u> |
| General fund | \$200,000 | (\$200,000) | \$0 |
| FTE | 170.00 | (2.00) | 168.00 |

Detail of Senate changes to the executive budget includes:

| | REDUCE COMPENSATION PACKAGE TO 2/2 | ADJUST HEALTH INSURANCE COST | REMOVE TWO NEW FTE POSITIONS RELATED TO DHS FOOD STAMP PROGRAMMING | REMOVE GENERAL FUND MONEYS PROVIDED FOR A FEASIBILITY STUDY | TOTAL SENATE CHANGES |
|---------------------------------|------------------------------------|------------------------------|--|---|----------------------|
| Information resource management | <u>(\$232,830)</u> | <u>\$48,470</u> | <u>(\$189,305)</u> | <u>(\$200,000)</u> | <u>(\$573,665)</u> |
| Total all funds | (\$232,830) | \$48,470 | (\$189,305) | (\$200,000) | (\$573,665) |
| Less special funds | <u>(232,830)</u> | <u>48,470</u> | <u>(189,305)</u> | | <u>(373,665)</u> |
| General fund | \$0 | \$0 | \$0 | (\$200,000) | (\$200,000) |
| FTE | 0.00 | 0.00 | (2.00) | 0.00 | (2.00) |

DEPARTMENT 118 - CENTRAL SERVICES

| | EXECUTIVE BUDGET | SENATE CHANGES | SENATE VERSION |
|--------------------|--------------------|-------------------|--------------------|
| Central Services | <u>\$5,472,106</u> | <u>(\$17,635)</u> | <u>\$5,454,471</u> |
| Total all funds | \$5,472,106 | (\$17,635) | \$5,454,471 |
| Less special funds | <u>4,787,636</u> | <u>(13,304)</u> | <u>4,774,332</u> |
| General fund | \$684,470 | (\$4,331) | \$680,139 |
| FTE | 30.00 | 0.00 | 30.00 |

Detail of Senate changes to the executive budget includes:

| | REDUCE COMPENSATION PACKAGE TO 2/2 | ADJUST HEALTH INSURANCE COST | TOTAL SENATE CHANGES |
|--------------------|------------------------------------|------------------------------|----------------------|
| Central Services | <u>(\$26,188)</u> | <u>\$8,553</u> | <u>(\$17,635)</u> |
| Total all funds | (\$26,188) | \$8,553 | (\$17,635) |
| Less special funds | <u>(20,346)</u> | <u>7,042</u> | <u>(13,304)</u> |
| General fund | (\$5,842) | \$1,511 | (\$4,331) |
| FTE | 0.00 | 0.00 | 0.00 |

DEPARTMENT 325 - DEPARTMENT OF HUMAN SERVICES

SENATE - This amendment adds a section providing an appropriation of \$100,000, \$50,000 from the general fund and \$50,000 of special funds, to the Department of Human Services for the purpose of providing network technical support to county social service boards.

**REPORT OF STANDING COMMITTEE (410)
February 16, 1999 7:41 a.m.**

**Module No: SR-31-3057
Carrier: St. Aubyn
Insert LC: 98037.0102 Title: .0200**

DEPARTMENT 506 - STATE RADIO COMMUNICATIONS

| | EXECUTIVE BUDGET | SENATE CHANGES | SENATE VERSION |
|--------------------|---------------------|-------------------|-------------------|
| Salaries and wages | \$2,490,772 | (\$22,652) | \$2,468,120 |
| Operating expenses | 1,745,580 | 43,000 | 1,788,580 |
| Equipment | <u>160,000</u> | | <u>160,000</u> |
| Total all funds | \$4,396,352 | \$20,348 | \$4,416,700 |
| Less special funds | <u>514,990</u> | <u>0</u> | <u>514,990</u> |
| General fund | \$3,881,362 | \$20,348 | \$3,901,710 |
| FTE | 31.00 | 0.00 | 31.00 |

Detail of Senate changes to the executive budget includes:

| | REDUCE COMPENSATION PACKAGE TO 2/2 | ADJUST HEALTH INSURANCE COST | INCREASE OPERATING EXPENSES FOR INCREASED TELEPHONE COSTS | TOTAL SENATE CHANGES |
|--------------------|---|---------------------------------------|--|----------------------------|
| Salaries and wages | (\$31,205) | \$8,553 | | (\$22,652) |
| Operating expenses | | | \$43,000 | 43,000 |
| Equipment | | | | |
| Total all funds | <u>(\$31,205)</u> | <u>\$8,553</u> | <u>\$43,000</u> | <u>\$20,348</u> |
| Less special funds | | | | |
| General fund | <u>(\$31,205)</u> | <u>\$8,553</u> | <u>\$43,000</u> | <u>\$20,348</u> |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 |

1999 HOUSE APPROPRIATIONS

SB 2015

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2015

House Appropriations Committee

Conference Committee

Hearing Date February 26, 1999

| Tape Number | Side A | Side B | Meter # |
|--|--------|--------|----------|
| 1 | | x | 18.0-end |
| 2 | x | | 0-end |
| 2 | | x | 0-end |
| 3 | x | | 0-8.0 |
| Committee Clerk Signature <i>Casey Davis</i> | | | |

Minutes:

SB 2015 - A bill for an act to provide an appropriation for defraying the expenses of the various divisions under the supervision of the director of the office of management and budget; to provide an appropriation for defraying the expenses of the dept. of human services; to provide for various transfers and financial transactions; to provide an exemption from the provisions of section 54-44.1-11 of the ND Century Code; to provide statements of legislative intent relating to state employee compensation adjustments; to authorize the transfer of special funds to the general fund; to provide for transfers from the Bank of ND to the state general fund; to create and enact a new section to chapter 54-23.2 of the ND Century Code, relating to mobile data terminal and 911 service fees; and to amend and reenact section 54-27.2-02 of the ND Century Code, relating to the budget stabilization fund.

CHAIRMAN DALRYMPLE opened the hearing on SB 2015.

1B: 18.7 ROD BACKMAN, Director of OMB, provided an overview of the budget. (See attached testimony.)

1B: 30.0 REP. DELZER asked if the \$60 was per employee or per agency. Mr. Backman replied that it is \$60 per employee. It is not reflected in the budget because they are 2-3 years ahead of needing to rebuild.

1B: 34.0 Discussion following regarding lobbying for North Dakota's issues in Washington D.C.. OMB is hiring a full-time employee to lobby issues there. (See handout.)

1B: 49.4 REP. DELZER asked if the \$60 million would all come out if there were not enough earnings. Mr. Backman said yes. Mr. Backman continued by saying that they will have \$142 million of equity at the bank at the end of the next biennium.

1B: 51.3 LINDA ENGMANN, Acting Director of OMB Central Services Division, testified in support of the bill for her division. (See testimony.)

2A: 1.7 SHEILA PETERSON, Director of OMB Fiscal Management Division, testified in support of the bill for her division. (See testimony.)

2A: 6.7 CURT ZIMMERMAN, Director of OMB Facility Management Division, testified in support of the bill for his division. (See testimony.)

2A: 17.5 DINA BUTCHER, Director of Intergovernmental Assistance Office, testified in support of the bill. She reviewed the request for an amendment with an emergency clause, which would allow them to accept funding above the 1997 budget. (See testimony.)

2A: 21.3 JO ZSCHOMLER, Director of OMB Risk Management Division, testified in support of the bill for her division. (See testimony.)

2A: 24.0 JIM HECK, Director of the Information Services Division, testified in support of the bill for his division. (See testimony.)

2A: 46.3 JOHN HOEVEN, Bank of North Dakota, testified and asked for the elimination of Section 13 if the \$60 million transfer in Section 12 is approved. (See testimony.)

2A: 51.4 LYLE GALLAGHER, Director of OMB State Radio Communications, testified in support of the bill. (See testimony.)

2B: 2.2 DAN LAROY, Director of Central Personnel, gave a presentation on salaries. (See testimony.)

2B: 13.0 REP. BERNSTEIN requested information on the market salary figures and how big of an area it entails. Mr. LaRoy said that 10 regional states were used for the highest paid positions, while local job service data was used for the lower paid positions.

2B: 15.9 REP. POOLMAN referred to page 8 of the testimony and asked about the survey mentioned there. Mr. LaRoy said that 42,000 employers were surveyed about payroll added costs. The results showed that the in-state employers' payroll added costs were 39.9%, while the state government's were 42.2%. Rep. Poolman asked if this meant that the state government spends 2-3% more on benefits than does the private enterprise. Mr. LaRoy responded that it shows the the state is in the ballpark.

2B: 18.4 REP. CARLSON said that for every \$1 of payroll, it is really \$1.42 with benefits. Mr. LaRoy affirmed this.

2B: 19.2 CHRIS RUNGE, Executive Director of ND Public Employee Association, request the reinstatement of the 3% and 3% pay increases. (See testimony.)

2B: 25.6 TOM TUPA, ND Independent Employees Association, testified in support of reinstating the 3+3.

2B: 26.7 REP. BILL GORDER, District 16, testified in support of reinstating the 3+3.

2B: 27.0 KEVIN KICONAS, ND AFSCME, testified in support of reinstating the 3+3. (See testimony.)

2B: 27.9 DAVID KEMNITZ, President of ND AFL-CIO, testified in support of reinstating the 3+3.

2B: 29.0 BARB SCHAAN, ND DOT employee, testified in support of reinstating the 3+3. (See testimony.)

2B: 36.2 GARY FEIST, Tax Department Auditor, testified in support of reinstating the 3+3. (See testimony.)

2B: 39.0 CAROLEEN HARVELAND, Tax Department employee, testified in support of reinstating the 3+3.

2B: 49.1 LARRY THOMPSON testified in support of reinstating the 3+3. (See testimony.)

3A: 4.8 IRISH LEONARDS testified in support of reinstating the 3+3. The Senate had given a 5% increase to a certain agency, while cutting the others to 2%. Ms. Leonards said that this is an equality issue that should be changed.

3A: PAUL SMATHERS, Local Veterans Representative from Jamestown, testified in support of reinstating the 3+3.

3A: 7.2 GAYLEN BECKER testified in support of reinstating the 3+3. He said that he lived out of state and returned to North Dakota. When he moved back to ND it took him nine years to get his salary back up to what it was before.

CHAIRMAN DALRYMPLE closed the hearing on SB 2015.

General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

| Date March 4, 1999 | | | |
|--|--------|--------|-----------|
| Tape Number | Side A | B Side | Meter # |
| 3 | x | | 25.0-36.4 |
| | | | |
| Committee Clerk Signature <i>Casey Davis</i> | | | |

Minutes:

SB 2015

CHAIRMAN DALRYMPLE opened discussion on SB 2015.

3A: 25.0 CHAIRMAN DALRYMPLE introduced amendment 0203 to SB 2015.

3A: 27.7 REP. DELZER asked if there is language in the bill to protect the \$100 million or if it will be superceded. Chairman Dalrymple said he does not think they are incompatible.

3A: 33.6 REP. CARLSON made a motion to adopt amendment 0203 to SB 2015. The motion was seconded by Rep. Poolman. A voice vote was taken and the motion carried.

CHAIRMAN DALRYMPLE closed discussion on SB 2015.

General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

| Date April 2, 1999 | | | |
|---|--------|--------|---------|
| Tape Number | Side A | B Side | Meter # |
| 1 | | x | 19-END |
| 2 | x | | 0-24.5 |
| Committee Clerk Signature <i>Roxanne Kone</i> | | | |

Minutes:

Chairman Dalrymple opened the discussion on Senate Bill 2015.

1B: 19.0 Rep. Byerly presented amendment .0213 to the committee: The amendment has all the things that the sub committee agreed to. We expect that there will be some other amendments put forth. This amendment goes through and makes some changes as it was presented. We sat down with the Office of Management & Budget and there were some issues that needed to be cleared up. And if you go to the purpose of the amendment on the back, on page 3 at bottom, OMB had increased the state contingency fund that is used by the Emergency Commission. They had increased it from \$500,000 to \$700,000. We reduced it down to \$600,000 so there would still be a net increase in that fund. The reason we allowed an increase in that fund for the Emergency Commission is if we do run into significant year 2000 types of problems, and they weren't necessarily related to computers, just if anything comes up such as an elevator not running. That fund will handle those kinds of things. The second item that is on there the fiscal management division has a section of code in there that allows them to have money set aside primarily for changes made to the accounting system as it relates to GASB (Government Accounting Standards Board). They feel that GASB is going to come out with some significant

changes in the requirements that we are going to have for our accounting system for the state. The Senate had cut that by \$50,000. In the previous biennium it was \$800,000 and so we just cut it back to that level. In this particular fund, if they don't use it, it comes back to us in the end of the biennium. The Office of Governmental Assistance, there is an additional \$6 million in federal funds. Giving them authority to spend it. Further commented on amendments and Pay Performance.....(See attached amendment).

1B: 24.8 Chairman Dalrymple commented on Pay Performance: talking with members of House and Senate Appropriations Committee, people who have worked these budgets are just tired of having to tie back the Performance Program based bill presentation and get it back to a form where they can figure out what is going on. And I think if that is the way people like to delve in these budgets and that is the way in which they make policy decisions then that is the form in which it should come to us. I have had some discussions with Mr. Backman and I guess I don't see anything that would preclude them from continuing some performance based measures for the purpose of management. I would in fact encourage that. I don't think the legislature should have to be presented anything other than the format that they desire.

1B: 26.0 Rep. Byerly commented on Section 13 of the amendment. It enforces the intent of the legislature that as these federal programs get terminated the agencies don't just start diverting general funds dollars to keep a program alive.

1B: 26.7 Rep. Byerly moved to adopt amendments .0203. **Rep. Huether** 2nd the motion.

1B: 27.1 Rep. Aarsvold asked about page 4 of the amendment, the second bullet: the reference of a transfer from the Financial Institutions Regulatory Fund to the general fund, you failed to address the \$1.5 million from the Public Employees Retirement/Life Insurance Fund. **Rep. Byerly** replied funds are available in the Life Insurance program at PERS and in the Financial Institution Regulatory Fund. In order to facilitate balancing the budgets these funds can be transferred to the general fund. It has to do with the way Life Insurance is paid having to do with rebates. **Chairman Dalrymple** commented it is rebates and savings on premiums from prior insurance policies over the years. The preferable way of handling those funds would be to try and return the premiums back to all the people that ever paid a premium over the last twenty years. Unfortunately, that does not seem to be feasible.

1B: 29.2 Rep. Aarsvold said it would seem to me that if we can't in fact identify who would be the recipients of that individually that those dollars should be invested in an appropriate fashion for purposes that the fund was intended. That would be my preference. Second, in regard to the Financial Institutions Regulatory Fund those are all special funds that the banks pay to the agency for purpose of regulation. It would seem more appropriate to have the fees reduced and bring that fund down to the prescribed level rather than transfer those special funds to the general fund. **Chairman Dalrymple** replied that in the case of the policy holders in life insurance this has gone on for so long, the list of people who are currently paying premiums has gotten to be a

very different list from the prior recipients. There is some logic in what you say but it would not be a very good means of returning it where it belongs.

1B: 30.6 Rep. Tollefson commented to the Chairman that he would like to pursue the performance based budgeting explanation that you came up with. I personally have been a long time strong proponent of performance based budgeting as it reaches towards zero based budgeting as you had mentioned earlier in the session. I believe that performance based budgeting hasn't really had the opportunity to get off the ground or perhaps we haven't been trained well enough to really work with the results of performance based budgeting. You mentioned it could still be possible in talking with Rod Backman, however, it would be not a portion of the program, it's phasing out, is that what you are talking about. **Chairman Dalrymple** replied he doesn't necessarily think it's the end of performance based budgeting. I think that it is a management tool that is useful. You look at work output levels for instance, that type of thing....it all seems to be useful information. But, it does not seem to be information that we in particularly using as Legislators. Maybe we should be. But when I see people going over these budgets, I see them flipping right over those pages. They are interested in the dollars, the amount of money committed to each program, and they want to compare that with other programs. I think there is a way to do some performance based work internally at OMB. Ultimately, we are disconnecting the money from that system. Further comments by **Rep. Tollefson** regarding performance based budgeting: feels it is a grave mistake to leave it out.

1B: 34.3 On a Voice Vote the motion carried to adopt the amendment .0213.

1B: 34.7 Rep. Carlisle made a motion to further amend: pg. 3 line 26 \$800,000 to \$500,000. **Rep. Delzer** 2nd the motion. **Rep. Byerly** commented he would resist the motion. The money that goes into that fund that is not used by the end of the biennium comes back to us as turnover. In this particular biennium this government accounting standards board has or will be changing requirements on the state. And they are going to have to make changes to our accounting system and that is what this money is used for. That doesn't mean they are going to spend it all.

1B: 39.9 Chairman Dalrymple commented that OMB spends a lot of time harassing other agencies telling them they are not supposed to carry over any funds for there pet projects. Is this because of the state accounting system that this is the exception to the rule? **Rep. Byerly** replied it is the entire accounting system for the entire state and if it isn't right, the financial ramifications can be pretty significant. It is more or less a contingency line item. If they don't use it, it comes back in the form of a turnover in the end of the biennium. That is the reason I am content to let it sit there.

1B: 41.6 Rep. Delzer asked if they have to come before the Emergency Commission or let anyone know they are using it. **Rep. Byerly** replied they don't have to go to Emergency Commission to use this fund. Doesn't know what turn back has been over past years. The money can't be used for just anything.

1B: 42.9 On a Roll Call Vote the motion carried to further amend.

1B: 44.4 Rep. Delzer moved to further amend: Remove \$320,000 from securities system and part of a position. **Rep. Carlisle** 2nd the motion. On a Voice Vote the motion carried.

1B: 47.0 Rep. Poolman moved to further amend: 98037.0209: the amendment would study pay performance during the interim and use Workers Comp as an example. Further commented on benefits of this study for state employees, questioned if state employees are really rewarded by across the board raises. **Rep. Delzer** 2nd the motion.

1B: 50.1 Rep. Tollefson commented on success of State Mill & Elevator pay performance program. Thinks doing the study is a great idea.

1B: 51.5 Rep. Aarsvold commented there should be an adequacy of salaries across the board. We don't have many employees at an adequate salary level right now. Has real reservations about this if we can't provide across the board salary raises for state employees.

1B: 52.5 Rep. Carlson commented he would support the amendment. Referred to page 2 of the bill: state wide compensation plan line item of \$5.4 million dollars that is on top of the 2 and 2 that we are presently doing. Many times we are accused of not attempting to deal with those levels of where pay has compressed for whatever reason. But if you read the language in the bill that deals with section 7 and then realize that there is a large chunk of money tied to that. I think that we are moving in that direction but we should surely be willing to put forward some performance guide lines that would go with the money that we are spending already. Thinks it is a great idea.

1B: 53.5 Rep. Poolman responded to Rep. Aarsvold: We may have a problem with market and I think we do as came out in testimony on the OMB bill. But that does not mean that this particular legislative study would exclude market. I think that can be included in that type of a discussion throughout the Interim. This really needs to be studied. We come here every legislative session and argue state employee salaries and across the board. But we never make any discussions on moving towards a different type of system and making change. We are here to make positive change and I think that is what this amendment can do if we really take it serious and look at it over the Interim. I think state employees can only benefit from something like this.

1B: 55.1 On a Voice Vote the amendment was adopted.

1B: 55.4 Rep. Gulleston presented amendment .0214 to the committee: this amendment does two things, it moves the salaries for state employees back to the 3 and 3 as recommended in the governor's budget and it removes the \$120,000 for the state lobbyist. **Rep. Gulleston** moved to adopt the amendment. **Rep. Hoffner** 2nd the motion.

1B: 58.2 Chairman Dalrymple asked if this was the same as it was introduced regarding the 3 and 3. **Rep. Gulleason** replied yes.

1B: 61.0 On a Roll Call vote the motion failed.

2A: .1 Rep. Aarsvold requested a Minority Report regarding the amendment.

2A: .7 Rep. Byerly moved to further amend: on any appointed official, who on the study provided by Mr. Leroy, is more than 5% above the market that the pay raise not be applied to those salaries. **Rep. Svedjan** 2nd the motion. **Rep. Byerly** commented on the agencies that are over the market value.

2A: 3.2 Rep. Aarsvold asked what the study made a comparison to come up with numbers. **Rep. Byerly** replied in the case of the president of Bank of North Dakota they went out, and compared people that were presidents of banks of comparable size. They pick the salaries of people that were of comparable size.

2A: 3.9 Rep. Svedjan commented the reason he seconded the motion is that in all cases of the budget that we have looked at for those people who are way behind market, we've delayed equity adjustments. It doesn't seem right to me that we would allow for increases right away for those people who are well over the market. In the private sector we typically freeze those positions that are above market until the market catches up to them.

2A: 4.4 Chairman Dalrymple commented there is something about it that concerns him. When you put together a general analysis of equity pay across a broad spectrum, I think you are very much dealing with a generalized picture. You are really not evaluating the salary of a particular individual or whether that individual salary is appropriate. As long as the system says that you have to add a few dollars to some positions, I think that philosophically I don't have a problem with that. I am satisfied that they are underpaid. But to turn around to the other side and start talking about not treating the people the same as others, on the addition side I think is quite another question. Many of those positions are unique. They are running large organizations. They are the most important person in that agency in many cases. I really question whether we should take that one particular employee and think that we are the arbitrator for that salary level.

2A: 5.5 Rep. Lloyd tape went blank (?) commented on value of employees.

2A: 6.6 Rep. Carlson commented he had trouble with tying raises to points just made. How do we know that it is comparable? On the other hand, we tied an equity adjustment to that same survey for everybody else. It cuts one way - it cuts both ways. I didn't favor it either way. But if your logic is true for the high side then it's also true for all the people that we delayed the market adjustment and actually gave it to them based on that salary. I just don't think that was the way to do it.

2A: 7.4 Rep. Aarsvold commented there should not be caps on a merit system.

2A: 7.9 On a Voice Vote the motion failed

2A: 8.4 Rep. Delzer commented that he agreed with Rep. Carlson and does not think the \$5.4 million should be in there. Much rather see just a flat out merit situation where the people who are actually doing the best work could get the pay raise.

2A: 9.0 - 15.5 Rep. Byerly further commented on sections of the bill regarding modifications and changes.

2A: 15.3 Chairman Dalrymple commented the Senate added \$43,000 to the state radio. Any explanation behind that amendment? **Rod Backman** from Bank of North Dakota said the amount is due to an adjustment regarding a bid.

2A: 16.8 Rep. Carlson asked about page 5 section 10 of the bill: Is that a standard transfer every biennium? Asked for explanation of trust fund of \$3 million dollars. **Legislative Council** replied it is not a standard transfer made every biennium. It is a fund that is out there and if there are excess funds available in it, this is the fourth transfer and there has to be specific language to do the transfer.

2A: 18.2 Rep. Gulleon said she would like to further amend and remove \$120,000 in general funds for a state lobbyist. **Rep. Aarsvold** 2nd the motion. **Rep. Gulleon** commented very few states actually fund lobbyists. Those that do are the big ones that generally have a tremendous amount of federal dollars. Maybe next session we could come back and share a lobbyist with a Midwestern state. It is common to share this person. It is an unnecessary expense at this time.

2A: 20.3 On a Roll Call Vote the motion failed.

2A: 21.0 Rep. Byerly made a motion to modify the amendment .0203 to change the Office of Intergovernmental Assistance to Division of Community Services. **Rep. Carlisle** 2nd the motion. **Rep. Byerly** commented this is a house keeping amendment. On a Voice Vote the motion carried.

2A: 22.8 Rep. Byerly moved for a DO PASS AS AMENDED. **Rep. Huether** 2nd the motion. On a Roll Call Vote the motion carried.

15 voting YES

5 voting NO

Carrier: Rep. Byerly

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 5, line 21, replace "\$60,000,000" with "\$50,000,000"

Page 6, line 2, after "budget" insert "and"

Page 6, line 4, after the period insert "Transfers made under the provisions of this section may not be made before July 1, 2000, and may only be made to the extent that the transfer is necessary to achieve a projected June 30, 2001, general fund balance of \$10,000,000."

Page 6, line 6, replace "\$23,000,000" with "\$40,000,000"

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 110 - OFFICE OF MANAGEMENT AND BUDGET

HOUSE - This amendment reduces Bank of North Dakota transfers to the general fund by \$10,000,000, from \$60,000,000 to \$50,000,000 and increases the contingent transfers by \$17,000,000, from \$23,000,000 to \$40,000,000. The amendment also adds language providing that contingent transfers can be made only after July 1, 2000, and then only to the extent necessary to achieve a June 30, 2001, general fund balance of \$10,000,000.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 3, after the semicolon insert "to provide a continuing appropriation;"

Page 1, line 8, after "chapter" insert "54-06, a new section to chapter 54-11, and a new section to chapter"

Page 1, line 9, after the first "to" insert "the collection and receipt of public funds and to", remove the second "and", and replace "section" with "sections 15-39.1-26, 34-15-07, 39-12-20,"

Page 1, line 10, after "54-27.2-02" insert ", and 54-44-04.6", after "to" insert "the collection, investment, and deposit of state funds, and to", and after "fund" insert "; and to declare an emergency"

Page 6, after line 9, insert:

"SECTION 14. AMENDMENT. Section 15-39.1-26 of the North Dakota Century Code is amended and reenacted as follows:

15-39.1-26. Investment of moneys in fund - Interest and earnings attributable to fund. Investment of the fund shall be ~~is~~ under the supervision of the state investment board in accordance with chapter 21-10. ~~Such~~ The moneys must be placed for investment only with a firm or firms whose endeavor is money management, and only after a trust agreement or contract has been executed. Investment costs may be paid directly from the fund, and are hereby appropriated for that purpose, in accordance with section 21-10-06.2. All interest and earnings on funds administered by the board must be credited to the fund.

SECTION 15. AMENDMENT. Section 34-15-07 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

34-15-07. Disposition of civil money penalties. A civil money penalty collected under this chapter must be paid into the state treasury for deposit in the general fund ~~after the costs of recovering the civil money penalty are deducted therefrom.~~

SECTION 16. AMENDMENT. Section 39-12-20 of the North Dakota Century Code is amended and reenacted as follows:

39-12-20. Proceeds of sale - Continuing appropriation. The proceeds of sale must be applied first to the payment of deposited with the state treasurer. The state treasurer shall deposit in the highway fund an amount equal to the amount of the charges assessed pursuant to section 39-12-17 after paying the costs to the county. An amount equal to the costs of the proceedings, including attorneys and witness fees and costs, and next to the payment of the charges assessed. Such charges must be remitted to the state treasurer to be credited to the highways fund is appropriated on a continuing basis out of the funds collected to the county in which the prosecution took place for the purpose of defraying the costs of prosecution. The balance of the proceeds of any sale after the payment of costs and charges must is appropriated on a continuing basis out of the funds collected to be paid over by the sheriff to the person

entitled thereto as determined by the court or must be deposited with the clerk of court for such payment.

SECTION 17. A new section to chapter 54-06 of the North Dakota Century Code is created and enacted as follows:

Expenses incurred to collect funds owed the state - Continuing appropriation. If a state agency enters a contract with a collection or credit agency to collect money due the state, the fees for services, reimbursement, or other remuneration to the collection or credit agency must be based on the amount of money actually collected. All funds collected on behalf of a state agency by a collection or credit agency must be deposited with the state treasurer. An amount equal to the amount of fees for services, reimbursement, or any other remuneration to the collection or credit agency as set forth in the contract is appropriated from the fund into which the money collected was deposited to the state agency for which the funds were collected for the payment of fees due under the contract.

SECTION 18. A new section to chapter 54-11 of the North Dakota Century Code is created and enacted as follows:

Appointment of agents. The treasurer may appoint agents for the purpose of receiving public funds as required by section 12 of article X of the Constitution of North Dakota. If appointed by the state treasurer, the Bank of North Dakota shall serve as an agent of the state treasurer for the purpose of receiving public funds."

Page 7, after line 2, insert:

"SECTION 21. AMENDMENT. Section 54-44-04:6 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-44-04.6. State surplus property - Department heads to inform director - Disposition of property - Proceeds - Exchange of property.

1. The person in charge of any department, agency, or institution of the state shall inform the director of the office of management and budget or the director's designee whenever that department, agency, or institution possesses property surplus to its needs, whether originally obtained with state or other funds.
2. State surplus property must be transferred at fair market value to state agencies, political subdivisions, and nonprofit organizations eligible to receive federal surplus property under the Federal Property Administrative Services Act of 1949, as amended. Eligible organizations must be notified of the availability of property on a regular basis.
3. If not disposed of under subsection 2, then by sale on sealed bids or at public auction to the highest and best bidder for property valued at more than three thousand dollars, with no money deposit required prior to sale, or by sealed bids, public auction, or negotiation at fair value for property valued at less than three thousand dollars.
4. All proceeds received from the transfer or sale of state surplus property must be deposited into the fund from which the property was originally purchased, less administrative expenses with the state treasurer for deposit in the surplus property operating fund. For each piece of property, the office of management and budget shall transfer to the agency from which the property was received an amount equal to the proceeds of the sale less the administrative expenses of the sale. The agency shall deposit

the proceeds into the fund from which the property was originally purchased.

5. No department, agency, or institution may exchange items as part of a purchase price of new items until a detailed statement of the value of the items to be exchanged and request for approval have been submitted to the director of the office of management and budget. The director shall approve the exchange only if the director has determined that the item has been valued at fair value.

SECTION 22. EMERGENCY. Sections 14 through 18 and section 21 are declared to be an emergency measure.”

Renumber accordingly

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 2, remove "to provide an"

Page 1, line 3, remove "appropriation for defraying the expenses of the department of human services;"

Page 1, line 6, after "adjustments" insert ", federal program termination, and performance-based program budgeting"

Page 1, line 8, after the semicolon insert "to provide for a legislative council study;"

Page 1, line 9, remove the second "and", after "reenact" insert "subsection 2 of", and after "section" insert "32-12.2-07, sections 54-16-04.1, 54-16-04.2, and"

Page 1, line 10, after "to" insert "the risk management fund, emergency commission approvals, and" and after "fund" insert "; to provide for retroactive application; and to declare an emergency"

Page 1, line 20, replace "3,082,026" with "2,982,026"

Page 1, line 22, replace "8,174,694" with "7,854,694"

Page 1, line 24, replace "Intergovernmental assistance" with "Division of community services"

Page 2, line 3, replace "64,739,956" with "64,319,956"

Page 2, line 5, replace "18,651,713" with "18,231,713"

Page 2, line 8, replace "45,709,295" with "49,409,295"

Page 2, line 9, replace "45,709,295" with "49,409,295"

Page 2, line 24, replace "23,283,562" with "22,813,562"

Page 2, line 25, replace "97,136,860" with "100,786,860"

Page 2, line 26, replace "120,420,422" with "123,600,422"

Page 2, replace lines 27 through 30 with:

"SECTION 2. APPROPRIATION. There is hereby appropriated from federal funds \$6,000,000, or so much of the sum as may be necessary, to the director of the office of management and budget for the division of community services for flood-related disasters and the weatherization of low-income homes, for the period beginning with the effective date of this Act and ending June 30, 1999."

Page 3, remove lines 1 through 9

Page 3, line 26, replace "\$950,000" with "\$500,000"

Page 5, line 2, remove "receive its 1999-2001 employee compensation in a lump sum of \$971,035 to" ^{amount}

Page 5, line 7, replace "700,000" with "600,000"

Page 5, line 14, after "transfer" insert "special funds to the general fund as follows:"

Page 5, replace line 15 with:

| | |
|---|-------------|
| "Lands and minerals trust fund | \$3,000,000 |
| Public employees life insurance program | 1,500,000 |
| Financial institutions regulatory fund | 200,000" |

Page 5, line 21, replace "\$60,000,000" with "\$50,000,000"

Page 6, line 2, after "budget" insert "and"

Page 6, line 4, after the period insert "Transfers made under the provisions of this section may not be made before July 1, 2000, and may only be made to the extent that the transfer is necessary to achieve a projected June 30, 2001, general fund balance of \$10,000,000."

Page 6, line 6, replace "\$23,000,000" with "\$40,000,000"

Page 6, after line 9, insert:

"SECTION 13. FEDERAL PROGRAM TERMINATIONS - BLOCK GRANT - FUNDING REDUCTIONS - RELATED PROGRAM REDUCTIONS - REPORTS TO THE BUDGET SECTION. If the federal government during the 1999-2001 biennium terminates funding for any program administered by an agency, department, or institution of the state of North Dakota, the agency, department, or institution, subject to budget section approval, may terminate the program and not replace the reduction in federal funds with state funds, notwithstanding any other provision of law. If the federal government combines funding for separate programs in a block grant resulting in a reduction of total federal funds available for those programs, the administering agency, department, or institution may, subject to budget section approval, prioritize or reprioritize programs as necessary in making programmatic reductions. The agency, department, or institution may administer funds available under a new federal block grant or similar measure, consistent with the terms of that measure, notwithstanding any other provisions of law intended to conform to or implement the provisions of the repealed federal Act, and shall report any program terminations, reductions, or changes resulting from this section to the budget section of the legislative council for its approval.

SECTION 14. PROGRAM-BASED PERFORMANCE BUDGETING. The office of management and budget shall discontinue the program-based performance budgeting pilot project when preparing the 2001-03 biennium budget documents and accompanying appropriation bills. Budget documents for the 2001-03 biennium are to be based on the standard line items and are not to contain agency performance measures.

SECTION 15. LEGISLATIVE COUNCIL INTERIM STUDY OF PERFORMANCE INCENTIVE PILOT PROGRAMS. The legislative council shall consider studying the establishment of agency performance incentive pilot programs. If conducted, the study should address how agencies could develop, implement, administer, maintain, and evaluate performance incentive pilot programs. The study should also address the development of personnel policies and procedure manuals and

how pay raises which may not be across the board are to be awarded as a reward and incentive for superior performance and the length of time they may be in effect. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-seventh legislative assembly.

SECTION 16. AMENDMENT. Subsection 2 of section 32-12.2-07 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

2. The state risk management fund is a special fund in the state treasury administered by the director of the office of management and budget. The fund is a revolving fund consisting of contributions from participating state entities, all payments received by the fund from its activities, and other appropriations by the legislative assembly. The state investment board shall invest the fund in accordance with chapter 21-10. Funds received as contributions from state entities, all other payments deposited in the fund, and interest and income received on investments are hereby appropriated on a continuing basis for the purposes of the fund. Section 54-44.1-11 does not apply to the fund.

SECTION 17. AMENDMENT. Section 54-16-04.1 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-16-04.1. May authorize acceptance and disbursement of federal funds.

The emergency commission with the advice and counsel of the executive office of the budget may authorize the state treasurer to receive any moneys not appropriated by the legislative assembly which are made available by any federal agency and which the legislative assembly has not indicated an intent to reject. The emergency commission may authorize pass-through federal funds from one state agency to another state agency. The emergency commission, with approval of the budget section of the legislative council if the amount under consideration exceeds fifty thousand dollars, may authorize any state officer to expend federal moneys from the date such moneys become available until June thirtieth following the next regular legislative session. The expenditures must be consistent with state law and with the terms of the grant and the program may not commit the legislative assembly for matching funds in the future unless the program has first been approved by the legislative assembly. A state officer may not expend funds received from the federal government which have not been specifically appropriated by the legislative assembly except as provided in this chapter. A state officer shall submit an expenditure plan with a request for approval under this section of expenditure of federal funds combined with or as part of a block grant for a new or existing program.

SECTION 18. AMENDMENT. Section 54-16-04.2 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-16-04.2. Commission may authorize acceptance and expenditure of moneys. The emergency commission, upon the advice of the office of management and budget, with approval of the budget section of the legislative council if the amount under consideration exceeds fifty thousand dollars, may authorize a state officer to receive moneys from gifts, grants, donations, or other sources, not otherwise appropriated by the legislative assembly, for new or existing programs if the legislative assembly has not indicated an intent to reject the moneys or the program. The emergency commission may authorize the state officer to expend money received under this section from the date the money becomes available until June thirtieth following the next regular legislative session."

"SECTION 21. RETROACTIVE APPLICATION. Section 16 of this Act is effective for all funds received and deposited into the risk management fund on or after July 1, 1997.

SECTION 22. EMERGENCY. Section 2 of this Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 110 - OFFICE OF MANAGEMENT AND BUDGET

HOUSE - This amendment makes the following changes:

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|--------------------------------|---------------------|---------------------|--------------------|---------------------|
| Administration | \$3,086,844 | \$3,082,026 | (\$100,000) | \$2,982,026 |
| Fiscal management | 3,998,308 | 3,875,828 | | 3,875,828 |
| Facility management | 8,203,213 | 8,174,694 | (320,000) | 7,854,694 |
| Central personnel | 1,226,846 | 1,212,300 | | 1,212,300 |
| Division of community services | 42,055,293 | 42,035,197 | | 42,035,197 |
| Risk management | 964,173 | 959,911 | | 959,911 |
| Statewide compensation plan | 5,400,000 | 5,400,000 | | 5,400,000 |
| Total all funds | \$64,934,677 | \$64,739,956 | (\$420,000) | \$64,319,956 |
| Less special funds | 46,105,926 | 46,088,243 | | 46,088,243 |
| General fund | \$18,828,751 | \$18,651,713 | (\$420,000) | \$18,231,713 |
| FTE | 122.00 | 121.00 | (0.40) | 120.60 |

Detail of House changes to the Senate version includes:

| | REDUCE STATE CONTINGENCIES FUNDING | REMOVE .4 FTE CAPITOL SECURITY POSITION | REMOVE SECURITY SYSTEM HARDWARE AND SOFTWARE FUNDING | REMOVE SECURITY SYSTEM CONTRACTING SERVICES FUNDING | TOTAL HOUSE CHANGES |
|--------------------------------|------------------------------------|---|--|---|---------------------|
| Administration | (\$100,000) ¹ | | | | (\$100,000) |
| Fiscal management | | | | | |
| Facility management | | | (\$200,000) ² | (\$120,000) ² | (320,000) |
| Central personnel | | | | | |
| Division of community services | | | | | |
| Risk management | | | | | |
| Statewide compensation plan | | | | | |
| Total all funds | (\$100,000) | \$0 | (\$200,000) | (\$120,000) | (\$420,000) |
| Less special funds | | | | | |
| General fund | (\$100,000) | \$0 | (\$200,000) | (\$120,000) | (\$420,000) |
| FTE | 0.00 | (0.40) ² | 0.00 | 0.00 | (0.40) |

¹ Reduces the state contingencies funding by \$100,000, from \$700,000 to \$600,000.

² Removes a .4 FTE and \$320,000 of general fund moneys which was for a new security system in the Capitol.

The amendment also makes the following changes:

- Reduces the fiscal management division's carryover from the 1997-99 biennium by \$450,000, from \$950,000 to \$500,000.

- Adds a new section appropriating \$6,000,000 of federal funds to the Division of Community Services for flood-related disasters (\$3,000,000) and weatherization of low-income homes (\$3,000,000). The amendment also adds a section making the \$6,000,000 appropriation an emergency measure.
- Provides for special fund transfers to the general fund of \$200,000 from the financial institutions regulatory fund and \$1,500,000 from the Public Employees Retirement System life insurance program.
- Reduces Bank of North Dakota transfers to the general fund by \$10,000,000, from \$60,000,000 to \$50,000,000 and increases the contingent transfers by \$17,000,000, from \$23,000,000 to \$40,000,000. The amendment also adds language providing that contingent transfers can be made only after July 1, 2000, and then only to the extent necessary to achieve a June 30, 2001, general fund balance of \$10,000,000.
- Adds a new section providing that if federal funding for a program is terminated during the 1999-2001 biennium, the administering state agency, department, or institution shall terminate the program. It also provides that if the federal government reduces federal funding by combining the funding for separate programs into a block grant, the agency, department, or institution shall prioritize or reprioritize programs as necessary.
- Adds a new section directing the Office of Management and Budget to discontinue the program-based performance budgeting pilot program.
- Adds a new section providing for a Legislative Council interim study of performance incentive pilot programs.
- Adds a new section clarifying that all deposits into the risk management fund may be spent for the purpose of the fund. The amendment also adds a section making this change retroactive to deposits after July 1, 1997.
- Adds two new sections clarifying which Emergency Commission approvals also need Budget Section approval.

DEPARTMENT 112 - INFORMATION SERVICES DIVISION

HOUSE - This amendment makes the following changes:

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|---------------------------------|---------------------|---------------------|--------------------|---------------------|
| Information resource management | <u>\$46,282,960</u> | <u>\$45,709,295</u> | <u>\$3,700,000</u> | <u>\$49,409,295</u> |
| Total all funds | \$46,282,960 | \$45,709,295 | \$3,700,000 | \$49,409,295 |
| Less special funds | <u>46,082,960</u> | <u>45,709,295</u> | <u>3,700,000</u> | <u>49,409,295</u> |
| General fund | \$200,000 | \$0 | \$0 | \$0 |
| FTE | 170.00 | 168.00 | 0.00 | 168.00 |

Detail of House changes to the Senate version includes:

| | CONTRACT FUNDING FOR DHS MEDICAID/ TANF PROJECT | TOTAL HOUSE CHANGES |
|---------------------------------|--|---------------------------|
| Information resource management | <u>\$3,700,000</u> | <u>\$3,700,000</u> |
| Total all funds | \$3,700,000 | \$3,700,000 |
| Less special funds | <u>3,700,000</u> | <u>3,700,000</u> |
| General fund | \$0 | \$0 |
| FTE | 0.00 | 0.00 |

DEPARTMENT 325 - DEPARTMENT OF HUMAN SERVICES

HOUSE - This amendment removes the section appropriating \$100,000, \$50,000 of which was general fund moneys and \$50,000 of special funds, to the Department of Human Services for the purpose of providing network technical support to county social service boards.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

- Page 1, line 3, replace "for defraying the expenses of the department of human services" with "to agencies and institutions of state government"
- Page 1, line 6, after "adjustments" insert ", federal program termination, and performance-based program budgeting"
- Page 1, line 8, after the semicolon insert "to provide for a legislative council study;"
- Page 1, line 9, remove the second "and", after "reenact" insert "subsection 2 of", and after "section" insert "32-12.2-07, sections 54-16-04.1, 54-16-04.2, and"
- Page 1, line 10, after "to" insert "the risk management fund, emergency commission approvals, and" and after "fund" insert "; to provide for retroactive application; and to declare an emergency"
- Page 1, line 20, replace "3,082,026" with "2,982,026"
- Page 1, line 22, replace "8,174,694" with "7,854,694"
- Page 1, line 24, replace "Intergovernmental assistance" with "Division of community services"
- Page 2, line 3, replace "64,739,956" with "64,319,956"
- Page 2, line 5, replace "18,651,713" with "18,231,713"
- Page 2, line 8, replace "45,709,295" with "49,409,295"
- Page 2, line 9, replace "45,709,295" with "49,409,295"
- Page 2, line 24, replace "23,283,562" with "22,813,562"
- Page 2, line 25, replace "97,136,860" with "100,786,860"
- Page 2, line 26, replace "120,420,422" with "123,600,422"
- Page 2, replace lines 27 through 30 with:

"SECTION 2. APPROPRIATION. There is hereby appropriated from federal funds \$6,000,000, or so much of the sum as may be necessary, to the director of the office of management and budget for the division of community services for flood-related disasters and the weatherization of low-income homes, for the period beginning with the effective date of this Act and ending June 30, 1999.

SECTION 3. APPROPRIATION - ADDITIONAL STATE EMPLOYEE COMPENSATION. The sums hereinafter listed, or so much thereof as may be necessary, are hereby appropriated out of any moneys in the general fund in the state treasury, and from special funds derived from federal funds or other income as indicated to the agencies and institutions of state government named for the purpose of providing additional compensation to employees of the various agencies and institutions for the biennium beginning July 1, 1999, and ending June 30, 2001:

| AGENCY OR INSTITUTION | GENERAL FUND | SPECIAL FUNDS | TOTAL |
|--|-----------------|------------------|-----------|
| Governor | \$24,738 | | \$24,738 |
| Secretary of state | 23,011 | | 23,011 |
| Office of management and budget | 101,580 | \$23,183 | 124,763 |
| Information services division | | 232,830 | 232,830 |
| State auditor | 46,698 | 22,232 | 68,930 |
| Central services | 5,842 | 20,346 | 26,188 |
| State treasurer | 7,952 | | 7,952 |
| Attorney general | 178,527 | 26,492 | 205,019 |
| Tax commissioner | 148,810 | | 148,810 |
| Administrative hearings office | | 8,632 | 8,632 |
| Legislative council | 53,990 | | 53,990 |
| Supreme court | 52,064 | | 52,064 |
| Judicial conduct commission | 5,667 | | 5,667 |
| District court | 180,026 | 3,902 | 183,928 |
| Clerk of court | 42,400 | | 42,400 |
| Retirement and investment office | | 19,038 | 19,038 |
| Public employees retirement system | | 17,021 | 17,021 |
| Department of public instruction | 50,137 | 99,160 | 149,297 |
| North Dakota university system | 35,118 | | 35,118 |
| Land department | | 23,717 | 23,717 |
| Bismarck state college | 193,940 | | 193,940 |
| University of North Dakota - Lake Region | 59,016 | | 59,016 |
| University of North Dakota - Williston | 70,208 | | 70,208 |
| University of North Dakota | 1,330,237 | | 1,330,237 |
| University of North Dakota medical center | 900,749 | | 900,749 |
| North Dakota state university | 1,212,920 | 763 | 1,213,683 |
| North Dakota state college of science | 284,049 | | 284,049 |
| Dickinson state university | 189,770 | | 189,770 |
| Mayville state university | 105,036 | | 105,036 |
| Minot state university | 383,481 | | 383,481 |
| Valley City state university | 141,147 | | 141,147 |
| Minot state university - Bottineau | 46,785 | | 46,785 |
| North Dakota forest service | 18,532 | | 18,532 |
| State library | 23,552 | 734 | 24,286 |
| School for the deaf | 51,814 | 1,093 | 52,907 |
| School for the blind | 32,328 | | 32,328 |
| Board for vocational and technical education | 19,823 | 15,352 | 35,175 |
| Health department | 124,406 | 221,166 | 345,572 |
| Veterans home | 66,734 | | 66,734 |
| Indian affairs commission | 3,637 | | 3,637 |
| Department of veterans affairs | 4,889 | 173 | 5,062 |
| Children's services coordinating committee | | 908 | 908 |
| Department of human services | 1,588,393 | 629,946 | 2,218,339 |
| Protection and advocacy project | 23,348 | | 23,348 |
| Job service | | 406,010 | 406,010 |
| Insurance commissioner | | 56,063 | 56,063 |
| Industrial commission | 71,165 | 9,724 | 80,889 |
| Labor commissioner | 7,342 | 1,047 | 8,389 |
| Public service commission | 52,244 | 8,805 | 61,049 |
| Aeronautics commission | | 7,629 | 7,629 |
| Department of banking and financial institutions | | 31,222 | 31,222 |
| Securities commissioner | 11,042 | | 11,042 |
| Bank of North Dakota | | 185,708 | 185,708 |
| Housing finance agency | | 38,400 | 38,400 |
| Highway patrol | 223,285 | 11,936 | 235,221 |
| State radio | 31,205 | | 31,205 |
| Division of emergency management | 8,984 | 12,054 | 21,038 |
| Department of corrections and rehabilitation | 494,678 | 39,935 | 534,613 |
| Adjutant general | 37,338 | 97,835 | 135,173 |
| Department of economic development and finance | 38,472 | 3,196 | 41,668 |
| Agriculture commissioner | 36,373 | 16,727 | 53,100 |
| Seed department | | | |
| Upper great plains transportation institute | 5,816 | 26,911 | 32,727 |
| North Dakota state university extension service | 211,009 | 118,986 | 329,995 |
| Northern crops institute | 7,153 | 4,554 | 11,707 |
| Main research center | 375,408 | 118,143 | 493,551 |
| Dickinson research extension center | 17,006 | 102 | 17,108 |
| Central grasslands research extension center | 7,561 | | 7,561 |
| Hettinger research extension center | 7,485 | 2,071 | 9,556 |
| Langdon research extension center | 7,631 | 930 | 8,561 |
| North central research extension center | 8,739 | 1,126 | 9,865 |
| Williston research extension center | 8,697 | 443 | 9,140 |
| Carrington research extension center | 15,176 | 4,637 | 19,813 |
| Agronomy seed farm | | 4,468 | 4,468 |
| Historical society | 53,883 | | 53,883 |
| Council on the arts | 4,974 | | 4,974 |
| Game and fish department | | 156,680 | 156,680 |
| Department of tourism | 10,897 | | 10,897 |

| | | | |
|------------------------------------|--------------------|--------------------|---------------------|
| Department of parks and recreation | 39,500 | 1,680 | 41,180 |
| Water commission | 89,446 | 13,417 | 102,863 |
| Department of transportation | | <u>1,033,850</u> | <u>1,033,850</u> |
| Total | <u>\$9,713,863</u> | <u>\$3,780,977</u> | <u>\$13,494,840</u> |

Page 3, remove lines 1 through 9

Page 3, line 26, replace "\$950,000" with "\$500,000"

Page 4, line 25, replace "Each agency appropriation" with "Agency salary funding" and replace "2.0" with "3.0"

Page 5, line 2, remove "receive its 1999-2001 employee compensation in a lump sum of \$971,035 to" ^{amount}

Page 5, line 7, replace "700,000" with "600,000"

Page 5, line 14, after "transfer" insert "special funds to the general fund as follows:"

Page 5, replace line 15 with:

| | |
|---|-------------|
| "Lands and minerals trust fund | \$3,000,000 |
| Public employees life insurance program | 1,500,000 |
| Financial institutions regulatory fund | 200,000" |

Page 5, line 21, replace "\$60,000,000" with "\$50,000,000"

Page 6, line 2, after "budget" insert "and"

Page 6, line 4, after the period insert "Transfers made under the provisions of this section may not be made before July 1, 2000, and may only be made to the extent that the transfer is necessary to achieve a projected June 30, 2001, general fund balance of \$10,000,000."

Page 6, line 6, replace "\$23,000,000" with "\$40,000,000"

Page 6, after line 9, insert:

"SECTION 14. FEDERAL PROGRAM TERMINATIONS - BLOCK GRANT - FUNDING REDUCTIONS - RELATED PROGRAM REDUCTIONS - REPORTS TO THE BUDGET SECTION. If the federal government during the 1999-2001 biennium terminates funding for any program administered by an agency, department, or institution of the state of North Dakota, the agency, department, or institution, subject to budget section approval, may terminate the program and not replace the reduction in federal funds with state funds, notwithstanding any other provision of law. If the federal government combines funding for separate programs in a block grant resulting in a reduction of total federal funds available for those programs, the administering agency, department, or institution may, subject to budget section approval, prioritize or reprioritize programs as necessary in making programmatic reductions. The agency, department, or institution may administer funds available under a new federal block grant or similar measure, consistent with the terms of that measure, notwithstanding any other provisions of law intended to conform to or implement the provisions of the

repealed federal Act, and shall report any program terminations, reductions, or changes resulting from this section to the budget section of the legislative council for its approval.

SECTION 15. PROGRAM-BASED PERFORMANCE BUDGETING. The office of management and budget shall discontinue the program-based performance budgeting pilot project when preparing the 2001-03 biennium budget documents and accompanying appropriation bills. Budget documents for the 2001-03 biennium are to be based on the standard line items and are not to contain agency performance measures.

SECTION 16. LEGISLATIVE COUNCIL INTERIM STUDY OF PERFORMANCE INCENTIVE PILOT PROGRAMS. The legislative council shall consider studying the establishment of agency performance incentive pilot programs. If conducted, the study should address how agencies could develop, implement, administer, maintain, and evaluate performance incentive pilot programs. The study should also address the development of personnel policies and procedure manuals and how pay raises which may not be across the board are to be awarded as a reward and incentive for superior performance and the length of time they may be in effect. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-seventh legislative assembly.

SECTION 17. AMENDMENT. Subsection 2 of section 32-12.2-07 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

2. The state risk management fund is a special fund in the state treasury administered by the director of the office of management and budget. The fund is a revolving fund consisting of contributions from participating state entities, all payments received by the fund from its activities, and other appropriations by the legislative assembly. The state investment board shall invest the fund in accordance with chapter 21-10. Funds received as contributions from state entities, all other payments deposited in the fund, and interest and income received on investments are hereby appropriated on a continuing basis for the purposes of the fund. Section 54-44.1-11 does not apply to the fund.

SECTION 18. AMENDMENT. Section 54-16-04.1 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-16-04.1. May authorize acceptance and disbursement of federal funds. The emergency commission with the advice and counsel of the executive office of the budget may authorize the state treasurer to receive any moneys not appropriated by the legislative assembly which are made available by any federal agency and which the legislative assembly has not indicated an intent to reject. The emergency commission may authorize pass-through federal funds from one state agency to another state agency. The emergency commission, with approval of the budget section of the legislative council if the amount under consideration exceeds fifty thousand dollars, may authorize any state officer to expend federal moneys from the date such moneys become available until June thirtieth following the next regular legislative session. The expenditures must be consistent with state law and with the terms of the grant and the program may not commit the legislative assembly for matching funds in the future unless the program has first been approved by the legislative assembly. A state officer may not expend funds received from the federal government which have not been specifically appropriated by the legislative assembly except as provided in this chapter. A state officer shall submit an expenditure plan with a request for approval under this section of expenditure of federal funds combined with or as part of a block grant for a new or existing program.

SECTION 19. AMENDMENT. Section 54-16-04.2 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-16-04.2. Commission may authorize acceptance and expenditure of moneys. The emergency commission, upon the advice of the office of management and budget, with approval of the budget section of the legislative council if the amount under consideration exceeds fifty thousand dollars, may authorize a state officer to receive moneys from gifts, grants, donations, or other sources, not otherwise appropriated by the legislative assembly, for new or existing programs if the legislative assembly has not indicated an intent to reject the moneys or the program. The emergency commission may authorize the state officer to expend money received under this section from the date the money becomes available until June thirtieth following the next regular legislative session."

Page 7, after line 2, insert:

"SECTION 22. RETROACTIVE APPLICATION. Section 17 of this Act is effective for all funds received and deposited into the risk management fund on or after July 1, 1997.

SECTION 23. EMERGENCY. Section 2 of this Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 110 - OFFICE OF MANAGEMENT AND BUDGET

HOUSE - This amendment makes the following changes:

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|--------------------------------|-------------------|-------------------|---------------|-------------------|
| Administration | \$3,086,844 | \$3,082,026 | (\$100,000) | \$2,982,026 |
| Fiscal management | 3,998,308 | 3,875,828 | | 3,875,828 |
| Facility management | 8,203,213 | 8,174,694 | (320,000) | 7,854,694 |
| Central personnel | 1,226,846 | 1,212,300 | | 1,212,300 |
| Division of community services | 42,055,293 | 42,035,197 | | 42,035,197 |
| Risk management | 964,173 | 959,911 | | 959,911 |
| Statewide compensation plan | 5,400,000 | 5,400,000 | | 5,400,000 |
| Total all funds | \$64,934,677 | \$64,739,956 | (\$420,000) | \$64,319,956 |
| Less special funds | <u>46,105,926</u> | <u>46,088,243</u> | | <u>46,088,243</u> |
| General fund | \$18,828,751 | \$18,651,713 | (\$420,000) | \$18,231,713 |
| FTE | 122.00 | 121.00 | (0.40) | 120.60 |

Detail of House changes to the Senate version includes:

| | REDUCE STATE CONTINGENCIES FUNDING | REMOVE .4 FTE CAPITOL SECURITY POSITION | REMOVE SECURITY SYSTEM HARDWARE AND SOFTWARE FUNDING | REMOVE SECURITY SYSTEM CONTRACTING SERVICES FUNDING | TOTAL HOUSE CHANGES |
|--------------------------------|------------------------------------|---|--|---|---------------------|
| Administration | (\$100,000) ¹ | | | | (\$100,000) |
| Fiscal management | | | | | |
| Facility management | | | (\$200,000) ² | (\$120,000) ² | (320,000) |
| Central personnel | | | | | |
| Division of community services | | | | | |
| Risk management | | | | | |
| Statewide compensation plan | | | | | |
| Total all funds | (\$100,000) | \$0 | (\$200,000) | (\$120,000) | (\$420,000) |
| Less special funds | | | | | |
| General fund | (\$100,000) | \$0 | (\$200,000) | (\$120,000) | (\$420,000) |
| FTE | 0.00 | (0.40) ² | 0.00 | 0.00 | (0.40) |

- ¹ Reduces the state contingencies funding by \$100,000, from \$700,000 to \$600,000.
- ² Removes a .4 FTE and \$320,000 of general fund moneys which was for a new security system in the Capitol.

The amendment also makes the following changes:

- Reduces the fiscal management division's carryover from the 1997-99 biennium by \$450,000, from \$950,000 to \$500,000.
- Adds a new section appropriating \$13,494,840, \$9,713,863 of which is from the general fund to state agencies and institutions for providing an additional one percent state employee salary increase in each year of the 1999-2001 biennium. With this change, state employee salary increases are provided at three percent for each year of the biennium. Neither judges nor other elected officials are included in this increase.
- Adds a new section appropriating \$6,000,000 of federal funds to the Division of Community Services for flood-related disasters (\$3,000,000) and weatherization of low-income homes (\$3,000,000). The amendment also adds a section making the \$6,000,000 appropriation an emergency measure.
- Provides for special fund transfers to the general fund of \$200,000 from the financial institutions regulatory fund and \$1,500,000 from the Public Employees Retirement System life insurance program.
- Reduces Bank of North Dakota transfers to the general fund by \$10,000,000, from \$60,000,000 to \$50,000,000 and increases the contingent transfers by \$17,000,000, from \$23,000,000 to \$40,000,000. The amendment also adds language providing that contingent transfers can be made only after July 1, 2000, and then only to the extent necessary to achieve a June 30, 2001, general fund balance of \$10,000,000.
- Adds a new section providing that if federal funding for a program is terminated during the 1999-2001 biennium, the administering state agency, department, or institution shall terminate the program. It also provides that if the federal government reduces federal funding by combining the funding for separate programs into a block grant, the agency, department, or institution shall prioritize or reprioritize programs as necessary.
- Adds a new section directing the Office of Management and Budget to discontinue the program-based performance budgeting pilot program.
- Adds a new section providing for a Legislative Council interim study of performance incentive pilot programs.
- Adds a new section clarifying that all deposits into the risk management fund may be spent for the purpose of the fund. The amendment also adds a section making this change retroactive to deposits after July 1, 1997.
- Adds two new sections clarifying which Emergency Commission approvals also need Budget Section approval.

DEPARTMENT 112 - INFORMATION SERVICES DIVISION

HOUSE - This amendment makes the following changes:

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|------------------------------------|---------------------|---------------------|--------------------|---------------------|
| Information resource management | <u>\$46,282,960</u> | <u>\$45,709,295</u> | <u>\$3,700,000</u> | <u>\$49,409,295</u> |

| | | | | |
|--------------------|-------------------|-------------------|------------------|-------------------|
| Total all funds | \$46,282,960 | \$45,709,295 | \$3,700,000 | \$49,409,295 |
| Less special funds | <u>46,082,960</u> | <u>45,709,295</u> | <u>3,700,000</u> | <u>49,409,295</u> |
| General fund | \$200,000 | \$0 | \$0 | \$0 |
| FTE | 170.00 | 168.00 | 0.00 | 168.00 |

Detail of House changes to the Senate version includes:

| | CONTRACT FUNDING FOR DHS MEDICAID/ TANF PROJECT | TOTAL HOUSE CHANGES |
|------------------------------------|--|---------------------------|
| Information resource management | <u>\$3,700,000</u> | <u>\$3,700,000</u> |
| Total all funds | \$3,700,000 | \$3,700,000 |
| Less special funds | <u>3,700,000</u> | <u>3,700,000</u> |
| General fund | \$0 | \$0 |
| FTE | 0.00 | 0.00 |

DEPARTMENT 325 - DEPARTMENT OF HUMAN SERVICES

HOUSE - This amendment removes the section appropriating \$100,000, \$50,000 of which was general fund moneys and \$50,000 of special funds, to the Department of Human Services for the purpose of providing network technical support to county social service boards.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 2, remove "to provide an"

Page 1, line 3, remove "appropriation for defraying the expenses of the department of human services;"

Page 1, line 6, after "adjustments" insert ", federal program termination, and performance-based program budgeting"

Page 1, line 8, after the semicolon insert "to provide for a legislative council study;"

Page 1, line 9, remove the second "and", after "reenact" insert "subsection 2 of", and after "section" insert "32-12.2-07, sections 54-16-04.1, 54-16-04.2, and"

Page 1, line 10, after "to" insert "the risk management fund, emergency commission approvals, and" and after "fund" insert "; to provide for retroactive application; and to declare an emergency"

Page 1, line 20, replace "3,082,026" with "2,862,026"

Page 1, line 22, replace "8,174,694" with "7,854,694"

Page 1, line 24, replace "Intergovernmental assistance" with "Division of community services"

Page 2, line 3, replace "64,739,956" with "64,199,956"

Page 2, line 5, replace "18,651,713" with "18,111,713"

Page 2, line 8, replace "45,709,295" with "49,409,295"

Page 2, line 9, replace "45,709,295" with "49,409,295"

Page 2, line 24, replace "23,283,562" with "22,693,562"

Page 2, line 25, replace "97,136,860" with "100,786,860"

Page 2, line 26, replace "120,420,422" with "123,480,422"

Page 2, replace lines 27 through 30 with:

"SECTION 2. APPROPRIATION. There is hereby appropriated from federal funds \$6,000,000, or so much of the sum as may be necessary, to the director of the office of management and budget for the division of community services for flood-related disasters and the weatherization of low-income homes, for the period beginning with the effective date of this Act and ending June 30, 1999."

Page 3, remove lines 1 through 9

Page 3, line 26, replace "\$950,000" with "\$500,000"

Page line remove "receive its 1999-200 employee compensation in a lump sum of
\$971,035 to" ^{amount}

Page 5, line 7, replace "700,000" with "600,000"

Page 5, remove line 12

Page 5, line 14, after "transfer" insert "special funds to the general fund as follows:"

Page 5, replace line 15 with:

| | |
|---|-------------|
| "Lands and minerals trust fund | \$3,000,000 |
| Public employees life insurance program | 1,500,000 |
| Financial institutions regulatory fund | 200,000" |

Page 5, line 21, replace "\$60,000,000" with "\$50,000,000"

Page 6, line 2, after "budget" insert "and"

Page 6, line 4, after the period insert "Transfers made under the provisions of this section may not be made before July 1, 2000, and may only be made to the extent that the transfer is necessary to achieve a projected June 30, 2001, general fund balance of \$10,000,000."

Page 6, line 6, replace "\$23,000,000" with "\$40,000,000"

Page 6, after line 9, insert:

"SECTION 13. FEDERAL PROGRAM TERMINATIONS - BLOCK GRANT - FUNDING REDUCTIONS - RELATED PROGRAM REDUCTIONS - REPORTS TO THE BUDGET SECTION. If the federal government during the 1999-2001 biennium terminates funding for any program administered by an agency, department, or institution of the state of North Dakota, the agency, department, or institution, subject to budget section approval, may terminate the program and not replace the reduction in federal funds with state funds, notwithstanding any other provision of law. If the federal government combines funding for separate programs in a block grant resulting in a reduction of total federal funds available for those programs, the administering agency, department, or institution may, subject to budget section approval, prioritize or reprioritize programs as necessary in making programmatic reductions. The agency, department, or institution may administer funds available under a new federal block grant or similar measure, consistent with the terms of that measure, notwithstanding any other provisions of law intended to conform to or implement the provisions of the repealed federal Act, and shall report any program terminations, reductions, or changes resulting from this section to the budget section of the legislative council for its approval.

SECTION 14. PROGRAM-BASED PERFORMANCE BUDGETING. The office of management and budget shall discontinue the program-based performance budgeting pilot project when preparing the 2001-03 biennium budget documents and accompanying appropriation bills. Budget documents for the 2001-03 biennium are to be based on the standard line items and are not to contain agency performance measures.

SECTION 15. LEGISLATIVE COUNCIL INTERIM STUDY OF PERFORMANCE INCENTIVE PILOT PROGRAMS. The legislative council shall consider studying the establishment of agency performance incentive pilot programs. If conducted, the study should address how agencies could develop, implement,

administer, maintain, and evaluate performance incentive pilot programs. The study should also address the development of personnel policies and procedure manuals and how pay raises which may not be across the board are to be awarded as a reward and incentive for superior performance and the length of time they may be in effect. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-seventh legislative assembly.

SECTION 16. AMENDMENT. Subsection 2 of section 32-12.2-07 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

2. The state risk management fund is a special fund in the state treasury administered by the director of the office of management and budget. The fund is a revolving fund consisting of contributions from participating state entities, all payments received by the fund from its activities, and other appropriations by the legislative assembly. The state investment board shall invest the fund in accordance with chapter 21-10. Funds received as contributions from state entities, all other payments deposited in the fund, and interest and income received on investments are hereby appropriated on a continuing basis for the purposes of the fund. Section 54-44.1-11 does not apply to the fund.

SECTION 17. AMENDMENT. Section 54-16-04.1 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-16-04.1. May authorize acceptance and disbursement of federal funds.

The emergency commission with the advice and counsel of the executive office of the budget may authorize the state treasurer to receive any moneys not appropriated by the legislative assembly which are made available by any federal agency and which the legislative assembly has not indicated an intent to reject. The emergency commission may authorize pass-through federal funds from one state agency to another state agency. The emergency commission, with approval of the budget section of the legislative council if the amount under consideration exceeds fifty thousand dollars, may authorize any state officer to expend federal moneys from the date such moneys become available until June thirtieth following the next regular legislative session. The expenditures must be consistent with state law and with the terms of the grant and the program may not commit the legislative assembly for matching funds in the future unless the program has first been approved by the legislative assembly. A state officer may not expend funds received from the federal government which have not been specifically appropriated by the legislative assembly except as provided in this chapter. A state officer shall submit an expenditure plan with a request for approval under this section of expenditure of federal funds combined with or as part of a block grant for a new or existing program.

SECTION 18. AMENDMENT. Section 54-16-04.2 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-16-04.2. Commission may authorize acceptance and expenditure of moneys.

The emergency commission, upon the advice of the office of management and budget, with approval of the budget section of the legislative council if the amount under consideration exceeds fifty thousand dollars, may authorize a state officer to receive moneys from gifts, grants, donations, or other sources, not otherwise appropriated by the legislative assembly, for new or existing programs if the legislative assembly has not indicated an intent to reject the moneys or the program. The emergency commission may authorize the state officer to expend money received under this section from the date the money becomes available until June thirtieth following the next regular legislative session."

Page 7, after line 2, insert:

"SECTION 21. RETROACTIVE APPLICATION. Section 16 of this Act is effective for all funds received and deposited into the risk management fund on or after July 1, 1997.

SECTION 22. EMERGENCY. Section 2 of this Act is declared to be an emergency measure."

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 110 - OFFICE OF MANAGEMENT AND BUDGET

HOUSE - This amendment makes the following changes:

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|--------------------------------|------------------|----------------|---------------|---------------|
| Administration | \$3,088,844 | \$3,082,026 | (\$220,000) | \$2,862,026 |
| Fiscal management | 3,998,308 | 3,875,828 | | 3,875,828 |
| Facility management | 8,203,213 | 8,174,694 | (320,000) | 7,854,694 |
| Central personnel | 1,226,846 | 1,212,300 | | 1,212,300 |
| Division of community services | 42,055,293 | 42,035,197 | | 42,035,197 |
| Risk management | 964,173 | 959,911 | | 959,911 |
| Statewide compensation plan | 5,400,000 | 5,400,000 | | 5,400,000 |
| Total all funds | \$64,934,677 | \$64,739,956 | (\$540,000) | \$64,199,956 |
| Less special funds | 46,105,926 | 46,088,243 | | 46,088,243 |
| General fund | \$18,828,751 | \$18,651,713 | (\$540,000) | \$18,111,713 |
| FTE | 122.00 | 121.00 | (0.40) | 120.60 |

Detail of House changes to the Senate version includes:

| | REDUCE STATE CONTINGENCIES FUNDING | REMOVE .4 FTE CAPITOL SECURITY POSITION | REMOVE SECURITY SYSTEM HARDWARE AND SOFTWARE FUNDING | REMOVE SECURITY SYSTEM CONTRACTING SERVICES FUNDING | REMOVE FUNDING FOR THE STATE LOBBYIST | TOTAL HOUSE CHANGES |
|--------------------------------|------------------------------------|---|--|---|---------------------------------------|---------------------|
| Administration | (\$100,000) ¹ | | | | (\$120,000) ³ | (\$220,000) |
| Fiscal management | | | | | | |
| Facility management | | | (\$200,000) ² | (\$120,000) ² | | (320,000) |
| Central personnel | | | | | | |
| Division of community services | | | | | | |
| Risk management | | | | | | |
| Statewide compensation plan | | | | | | |
| Total all funds | (\$100,000) | \$0 | (\$200,000) | (\$120,000) | (\$120,000) | (\$540,000) |
| Less special funds | | | | | | |
| General fund | (\$100,000) | \$0 | (\$200,000) | (\$120,000) | (\$120,000) | (\$540,000) |
| FTE | 0.00 | (0.40) ² | 0.00 | 0.00 | 0.00 | (0.40) |

¹ Reduces state contingencies funding by \$100,000, from \$700,000 to \$600,000.

² Removes .4 FTE and \$320,000 of general fund moneys which was for a new Capitol security system.

³ Removes \$120,000 of general fund moneys for a state lobbyist.

The amendment also makes the following changes:

- Reduces the fiscal management division's carryover from the 1997-99 biennium by \$450,000, from \$950,000 to \$500,000.

- Adds a new section appropriating \$6,000,000 of federal funds to the Division of Community Services for flood-related disasters (\$3,000,000) and weatherization of low-income homes (\$3,000,000). The amendment also adds a section making the \$6,000,000 appropriation an emergency measure.
- Provides for special fund transfers to the general fund of \$200,000 from the financial institutions regulatory fund and \$1,500,000 from the Public Employees Retirement System life insurance program.
- Reduces Bank of North Dakota transfers to the general fund by \$10,000,000, from \$60,000,000 to \$50,000,000 and increases the contingent transfers by \$17,000,000, from \$23,000,000 to \$40,000,000. The amendment also adds language providing that contingent transfers can be made only after July 1, 2000, and then only to the extent necessary to achieve a June 30, 2001, general fund balance of \$10,000,000.
- Adds a new section providing that if federal funding for a program is terminated during the 1999-2001 biennium, the administering state agency, department, or institution shall terminate the program. It also provides that if the federal government reduces federal funding by combining the funding for separate programs into a block grant, the agency, department, or institution shall prioritize or reprioritize programs as necessary.
- Adds a new section directing the Office of Management and Budget to discontinue the program-based performance budgeting pilot program.
- Adds a new section providing for a Legislative Council interim study of performance incentive pilot programs.
- Adds a new section clarifying that all deposits into the risk management fund may be spent for the purpose of the fund. The amendment also adds a section making this change retroactive to deposits after July 1, 1997.
- Adds two new sections clarifying which Emergency Commission approvals also need Budget Section approval.

DEPARTMENT 112 - INFORMATION SERVICES DIVISION

HOUSE - This amendment makes the following changes:

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|---------------------------------|---------------------|---------------------|--------------------|---------------------|
| Information resource management | <u>\$46,282,960</u> | <u>\$45,709,295</u> | <u>\$3,700,000</u> | <u>\$49,409,295</u> |
| Total all funds | \$46,282,960 | \$45,709,295 | \$3,700,000 | \$49,409,295 |
| Less special funds | <u>46,082,960</u> | <u>45,709,295</u> | <u>3,700,000</u> | <u>49,409,295</u> |
| General fund | \$200,000 | \$0 | \$0 | \$0 |
| FTE | 170.00 | 168.00 | 0.00 | 168.00 |

Detail of House changes to the Senate version includes:

| | CONTRACT FUNDING FOR DHS MEDICAID/ TANF PROJECT | TOTAL HOUSE CHANGES |
|---------------------------------|--|---------------------------|
| Information resource management | <u>\$3,700,000</u> | <u>\$3,700,000</u> |
| Total all funds | \$3,700,000 | \$3,700,000 |
| Less special funds | <u>3,700,000</u> | <u>3,700,000</u> |
| General fund | \$0 | \$0 |
| FTE | 0.00 | 0.00 |

DEPARTMENT 325 - DEPARTMENT OF HUMAN SERVICES

HOUSE - This amendment removes the section appropriating \$100,000, \$50,000 of which was general fund moneys and \$50,000 of special funds, to the Department of Human Services for the purpose of providing network technical support to county social service boards.

Date: 4.2.99
 Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2015

House Appropriations Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Amend

Motion Made By Carlisle Seconded By Delzer

| Representatives | Yes | No | Representatives | Yes | No |
|----------------------|-----|----|-----------------|-----|----|
| Chairman Dalrymple | ✓ | | Nichols | ✓ | |
| Vice-Chairman Byerly | | ✓ | Poolman | ✓ | |
| Aarsvold | ✓ | | Svedjan | ✓ | |
| Bernstein | ✓ | | Timm | ✓ | |
| Boehm | ✓ | | Tollefson | ✓ | |
| Carlson | ✓ | | Wentz | ✓ | |
| Carlisle | ✓ | | | | |
| Delzer | ✓ | | | | |
| Gulleson | ✓ | | | | |
| Hoffner | ✓ | | | | |
| Huether | | ✓ | | | |
| Kerzman | ✓ | | | | |
| Lloyd | ✓ | | | | |
| Monson | ✓ | | | | |

Total (Yes) 18 No 2

Absent _____

Floor Assignment ~~REP.~~

If the vote is on an amendment, briefly indicate intent:

FURTHER AMEND

pg. 3, line 26
 \$800,000 → \$500,000

Date: 4-2-99
 Roll Call Vote #: 2

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2015

House Appropriations Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken _____

Motion Made By Gulleson Seconded By Hoffner

| Representatives | Yes | No | Representatives | Yes | No |
|----------------------|-----|----|-----------------|-----|----|
| Chairman Dalrymple | | ✓ | Nichols | ✓ | |
| Vice-Chairman Byerly | | ✓ | Poolman | ✓ | |
| Aarsvold | ✓ | | Svedjan | | ✓ |
| Bernstein | | ✓ | Timm | | ✓ |
| Boehm | | ✓ | Tollefson | | ✓ |
| Carlson | | ✓ | Wentz | ✓ | |
| Carlisle | ✓ | | | | |
| Delzer | | ✓ | | | |
| Gulleson | ✓ | | | | |
| Hoffner | ✓ | | | | |
| Huether | ✓ | | | | |
| Kerzman | ✓ | | | | |
| Lloyd | | ✓ | | | |
| Monson | | ✓ | | | |

Total (Yes) 9 No 11

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

* MINORITY REPORT

amend to 3 AND 3

Date: 4.2.99
 Roll Call Vote #: 3

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2015

House Appropriations Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken _____

Motion Made By Gulleson Seconded By HOFFNER

| Representatives | Yes | No | Representatives | Yes | No |
|----------------------|-----|----|-----------------|-----|----|
| Chairman Dalrymple | | ✓ | Nichols | ✓ | |
| Vice-Chairman Byerly | | ✓ | Poolman | ✓ | |
| Aarsvold | ✓ | | Svedjan | | ✓ |
| Bernstein | | ✓ | Timm | | ✓ |
| Boehm | | ✓ | Tollefson | | ✓ |
| Carlson | | ✓ | Wentz | | ✓ |
| Carlisle | | ✓ | | | |
| Delzer | | ✓ | | | |
| Gulleson | ✓ | | | | |
| Hoffner | ✓ | | | | |
| Huether | ✓ | | | | |
| Kerzman | ✓ | | | | |
| Lloyd | | ✓ | | | |
| Monson | ✓ | | | | |

Total (Yes) 8 No 12

Absent 0

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 4-2-99
Roll Call Vote #: 4

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2015

House APPROP. Committee _____

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DP AS AMENDED

Motion Made By Byerly Seconded By Huether

| Representatives | Yes | No | Representatives | Yes | No |
|----------------------|-----|----|-----------------|-----|----|
| Chairman Dalrymple | ✓ | | Nichols | | ✓ |
| Vice-Chairman Byerly | ✓ | | Poolman | ✓ | |
| Aarsvold | | ✓ | Svedjan | ✓ | |
| Bernstein | ✓ | | Timm | ✓ | |
| Boehm | ✓ | | Tollefson | ✓ | |
| Carlson | ✓ | | Wentz | ✓ | |
| Carlisle | ✓ | | | | |
| Delzer | ✓ | | | | |
| Gulleson | | ✓ | | | |
| Hoffner | | ✓ | | | |
| Huether | ✓ | | | | |
| Kerzman | | ✓ | | | |
| Lloyd | ✓ | | | | |
| Monson | ✓ | | | | |

Total (Yes) 15 No 5

Absent _____

Floor Assignment REP. BYERLY

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2015, as engrossed: Appropriations Committee (Rep. Dalrymple, Chairman) A **MINORITY** of your committee (Reps. Aarsvold, Gulleson, Hoffner, Huether, Kerzman, Nichols, Poolman (refused to sign), Monson (refused to sign)) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS**.

Page 1, line 2, remove "to provide an"

Page 1, line 3, remove "appropriation for defraying the expenses of the department of human services;"

Page 1, line 6, after "adjustments" insert ", federal program termination, and performance-based program budgeting"

Page 1, line 8, after the semicolon insert "to provide for a legislative council study;"

Page 1, line 9, remove the second "and", after "reenact" insert "subsection 2 of", and after "section" insert "32-12.2-07, sections 54-16-04.1, 54-16-04.2, and"

Page 1, line 10, after "to" insert "the risk management fund, emergency commission approvals, and" and after "fund" insert "; to provide for retroactive application; and to declare an emergency"

Page 1, line 20, replace "3,082,026" with "2,862,026"

Page 1, line 22, replace "8,174,694" with "7,854,694"

Page 1, line 24, replace "Intergovernmental assistance" with "Division of community services"

Page 2, line 3, replace "64,739,956" with "64,199,956"

Page 2, line 5, replace "18,651,713" with "18,111,713"

Page 2, line 8, replace "45,709,295" with "49,409,295"

Page 2, line 9, replace "45,709,295" with "49,409,295"

Page 2, line 24, replace "23,283,562" with "22,693,562"

Page 2, line 25, replace "97,136,860" with "100,786,860"

Page 2, line 26, replace "120,420,422" with "123,480,422"

Page 2, replace lines 27 through 30 with:

"SECTION 2. APPROPRIATION. There is hereby appropriated from federal funds \$6,000,000, or so much of the sum as may be necessary, to the director of the office of management and budget for the division of community services for flood-related disasters and the weatherization of low-income homes, for the period beginning with the effective date of this Act and ending June 30, 1999."

Page 3, remove lines 1 through 9

Page 3, line 26, replace "\$950,000" with "\$500,000"

Page 5, line 2, remove "receive its 1999-2001 employee compensation in a lump sum amount of \$971,035 to"

Page 5, line 7, replace "700,000" with "600,000"

Page 5, remove line 12

Page 5, line 14, after "transfer" insert "special funds to the general fund as follows:"

Page 5, replace line 15 with:

| | |
|---|-------------|
| "Lands and minerals trust fund | \$3,000,000 |
| Public employees life insurance program | 1,500,000 |
| Financial institutions regulatory fund | 200,000" |

Page 5, line 21, replace "\$60,000,000" with "\$50,000,000"

Page 6, line 2, after "budget" insert "and"

Page 6, line 4, after the period insert "Transfers made under the provisions of this section may not be made before July 1, 2000, and may only be made to the extent that the transfer is necessary to achieve a projected June 30, 2001, general fund balance of \$10,000,000."

Page 6, line 6, replace "\$23,000,000" with "\$40,000,000"

Page 6, after line 9, insert:

"SECTION 13. FEDERAL PROGRAM TERMINATIONS - BLOCK GRANT - FUNDING REDUCTIONS - RELATED PROGRAM REDUCTIONS - REPORTS TO THE BUDGET SECTION. If the federal government during the 1999-2001 biennium terminates funding for any program administered by an agency, department, or institution of the state of North Dakota, the agency, department, or institution, subject to budget section approval, may terminate the program and not replace the reduction in federal funds with state funds, notwithstanding any other provision of law. If the federal government combines funding for separate programs in a block grant resulting in a reduction of total federal funds available for those programs, the administering agency, department, or institution may, subject to budget section approval, prioritize or reprioritize programs as necessary in making programmatic reductions. The agency, department, or institution may administer funds available under a new federal block grant or similar measure, consistent with the terms of that measure, notwithstanding any other provisions of law intended to conform to or implement the provisions of the repealed federal Act, and shall report any program terminations, reductions, or changes resulting from this section to the budget section of the legislative council for its approval.

SECTION 14. PROGRAM-BASED PERFORMANCE BUDGETING. The office of management and budget shall discontinue the program-based performance budgeting pilot project when preparing the 2001-03 biennium budget documents and accompanying appropriation bills. Budget documents for the 2001-03 biennium are to be based on the standard line items and are not to contain agency performance measures.

SECTION 15. LEGISLATIVE COUNCIL INTERIM STUDY OF PERFORMANCE INCENTIVE PILOT PROGRAMS. The legislative council shall consider studying the establishment of agency performance incentive pilot programs. If conducted, the study should address how agencies could develop, implement, administer, maintain, and evaluate performance incentive pilot programs. The study should also address the development of personnel policies and procedure manuals and how pay raises which may not be across the board are to be awarded as a reward

and incentive for superior performance and the length of time they may be in effect. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-seventh legislative assembly.

SECTION 16. AMENDMENT. Subsection 2 of section 32-12.2-07 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

2. The state risk management fund is a special fund in the state treasury administered by the director of the office of management and budget. The fund is a revolving fund consisting of contributions from participating state entities, all payments received by the fund from its activities, and other appropriations by the legislative assembly. The state investment board shall invest the fund in accordance with chapter 21-10. Funds received as contributions from state entities, all other payments deposited in the fund, and interest and income received on investments are hereby appropriated on a continuing basis for the purposes of the fund. Section 54-44.1-11 does not apply to the fund.

SECTION 17. AMENDMENT. Section 54-16-04.1 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-16-04.1. May authorize acceptance and disbursement of federal funds.

The emergency commission with the advice and counsel of the executive office of the budget may authorize the state treasurer to receive any moneys not appropriated by the legislative assembly which are made available by any federal agency and which the legislative assembly has not indicated an intent to reject. The emergency commission may authorize pass-through federal funds from one state agency to another state agency. The emergency commission, with approval of the budget section of the legislative council if the amount under consideration exceeds fifty thousand dollars, may authorize any state officer to expend federal moneys from the date such moneys become available until June thirtieth following the next regular legislative session. The expenditures must be consistent with state law and with the terms of the grant and the program may not commit the legislative assembly for matching funds in the future unless the program has first been approved by the legislative assembly. A state officer may not expend funds received from the federal government which have not been specifically appropriated by the legislative assembly except as provided in this chapter. A state officer shall submit an expenditure plan with a request for approval under this section of expenditure of federal funds combined with or as part of a block grant for a new or existing program.

SECTION 18. AMENDMENT. Section 54-16-04.2 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-16-04.2. Commission may authorize acceptance and expenditure of moneys. The emergency commission, upon the advice of the office of management and budget, with approval of the budget section of the legislative council if the amount under consideration exceeds fifty thousand dollars, may authorize a state officer to receive moneys from gifts, grants, donations, or other sources, not otherwise appropriated by the legislative assembly, for new or existing programs if the legislative assembly has not indicated an intent to reject the moneys or the program. The emergency commission may authorize the state officer to expend money received under this section from the date the money becomes available until June thirtieth following the next regular legislative session."

"SECTION 21. RETROACTIVE APPLICATION. Section 16 of this Act is effective for all funds received and deposited into the risk management fund on or after July 1, 1997.

SECTION 22. EMERGENCY. Section 2 of this Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 110 - OFFICE OF MANAGEMENT AND BUDGET

HOUSE - This amendment makes the following changes:

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|--------------------------------|------------------|----------------|---------------|---------------|
| Administration | \$3,086,844 | \$3,082,026 | (\$220,000) | \$2,862,026 |
| Fiscal management | 3,998,308 | 3,875,828 | | 3,875,828 |
| Facility management | 8,203,213 | 8,174,694 | (320,000) | 7,854,694 |
| Central personnel | 1,226,846 | 1,212,300 | | 1,212,300 |
| Division of community services | 42,055,293 | 42,035,197 | | 42,035,197 |
| Risk management | 964,173 | 959,911 | | 959,911 |
| Statewide compensation plan | 5,400,000 | 5,400,000 | | 5,400,000 |
| Total all funds | \$64,934,677 | \$64,739,956 | (\$540,000) | \$64,199,956 |
| Less special funds | 46,105,926 | 46,088,243 | | 46,088,243 |
| General fund | \$18,828,751 | \$18,651,713 | (\$540,000) | \$18,111,713 |
| FTE | 122.00 | 121.00 | (0.40) | 120.60 |

Detail of House changes to the Senate version includes:

| | REDUCE STATE CONTINGENCIES FUNDING | REMOVE .4 FTE CAPITOL SECURITY POSITION | REMOVE SECURITY SYSTEM HARDWARE AND SOFTWARE FUNDING | REMOVE SECURITY SYSTEM CONTRACTING SERVICES FUNDING | REMOVE FUNDING FOR THE STATE LOBBYIST | TOTAL HOUSE CHANGES |
|--------------------------------|------------------------------------|---|--|---|---------------------------------------|---------------------|
| Administration | (\$100,000) ¹ | | | | (\$120,000) ³ | (\$220,000) |
| Fiscal management | | | | | | |
| Facility management | | | (\$200,000) ² | (\$120,000) ² | | (320,000) |
| Central personnel | | | | | | |
| Division of community services | | | | | | |
| Risk management | | | | | | |
| Statewide compensation plan | | | | | | |
| Total all funds | (\$100,000) | \$0 | (\$200,000) | (\$120,000) | (\$120,000) | (\$540,000) |
| Less special funds | | | | | | |
| General fund | (\$100,000) | \$0 | (\$200,000) | (\$120,000) | (\$120,000) | (\$540,000) |
| FTE | 0.00 | (0.40) ² | 0.00 | 0.00 | 0.00 | (0.40) |

¹ Reduces state contingencies funding by \$100,000, from \$700,000 to \$600,000.

² Removes .4 FTE and \$320,000 of general fund moneys which was for a new Capitol security system.

³ Removes \$120,000 of general fund moneys for a state lobbyist.

The amendment also makes the following changes:

- Reduces the fiscal management division's carryover from the 1997-99 biennium by \$450,000, from \$950,000 to \$500,000.

- Adds a new section appropriating \$6,000,000 of federal funds to the Division of Community Services for flood-related disasters (\$3,000,000) and weatherization of low-income homes (\$3,000,000). The amendment also adds a section making the \$6,000,000 appropriation an emergency measure.
- Provides for special fund transfers to the general fund of \$200,000 from the financial institutions regulatory fund and \$1,500,000 from the Public Employees Retirement System life insurance program.
- Reduces Bank of North Dakota transfers to the general fund by \$10,000,000, from \$60,000,000 to \$50,000,000 and increases the contingent transfers by \$17,000,000, from \$23,000,000 to \$40,000,000. The amendment also adds language providing that contingent transfers can be made only after July 1, 2000, and then only to the extent necessary to achieve a June 30, 2001, general fund balance of \$10,000,000.
- Adds a new section providing that if federal funding for a program is terminated during the 1999-2001 biennium, the administering state agency, department, or institution shall terminate the program. It also provides that if the federal government reduces federal funding by combining the funding for separate programs into a block grant, the agency, department, or institution shall prioritize or reprioritize programs as necessary.
- Adds a new section directing the Office of Management and Budget to discontinue the program-based performance budgeting pilot program.
- Adds a new section providing for a Legislative Council interim study of performance incentive pilot programs.
- Adds a new section clarifying that all deposits into the risk management fund may be spent for the purpose of the fund. The amendment also adds a section making this change retroactive to deposits after July 1, 1997.
- Adds two new sections clarifying which Emergency Commission approvals also need Budget Section approval.

DEPARTMENT 112 - INFORMATION SERVICES DIVISION

HOUSE - This amendment makes the following changes:

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|---------------------------------|---------------------|-------------------|------------------|------------------|
| Information resource management | \$46,282,960 | \$45,709,295 | \$3,700,000 | \$49,409,295 |
| Total all funds | \$46,282,960 | \$45,709,295 | \$3,700,000 | \$49,409,295 |
| Less special funds | 46,082,960 | 45,709,295 | 3,700,000 | 49,409,295 |
| General fund | \$200,000 | \$0 | \$0 | \$0 |
| FTE | 170.00 | 168.00 | 0.00 | 168.00 |

Detail of House changes to the Senate version includes:

| | CONTRACT FUNDING FOR DHS MEDICAID/ TANF PROJECT | TOTAL HOUSE CHANGES |
|---------------------------------|--|---------------------------|
| Information resource management | \$3,700,000 | \$3,700,000 |
| Total all funds | \$3,700,000 | \$3,700,000 |
| Less special funds | 3,700,000 | 3,700,000 |

| | | |
|--------------|------|------|
| General fund | \$0 | \$0 |
| FTE | 0.00 | 0.00 |

DEPARTMENT 325 - DEPARTMENT OF HUMAN SERVICES

HOUSE - This amendment removes the section appropriating \$100,000, \$50,000 of which was general fund moneys and \$50,000 of special funds, to the Department of Human Services for the purpose of providing network technical support to county social service boards.

The reports of the majority and the minority were placed on the Seventh order of business on the calendar for the succeeding legislative day.

REPORT OF STANDING COMMITTEE

SB 2015, as engrossed: Appropriations Committee (Rep. Dalrymple, Chairman) A MINORITY of your committee (Reps. Aarsvold, Guleson, Hoffner, Huether, Kerzman, Nichols (refused to sign), Poolman, Carlisle, Wentz) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS**.

Page 1, line 3, replace "for defraying the expenses of the department of human services" with "to agencies and institutions of state government"

Page 1, line 6, after "adjustments" insert ", federal program termination, and performance-based program budgeting"

Page 1, line 8, after the semicolon insert "to provide for a legislative council study;"

Page 1, line 9, remove the second "and", after "reenact" insert "subsection 2 of", and after "section" insert "32-12.2-07, sections 54-16-04.1, 54-16-04.2, and"

Page 1, line 10, after "to" insert "the risk management fund, emergency commission approvals, and" and after "fund" insert "; to provide for retroactive application; and to declare an emergency"

Page 1, line 20, replace "3,082,026" with "2,982,026"

Page 1, line 22, replace "8,174,694" with "7,854,694"

Page 1, line 24, replace "Intergovernmental assistance" with "Division of community services"

Page 2, line 3, replace "64,739,956" with "64,319,956"

Page 2, line 5, replace "18,651,713" with "18,231,713"

Page 2, line 8, replace "45,709,295" with "49,409,295"

Page 2, line 9, replace "45,709,295" with "49,409,295"

Page 2, line 24, replace "23,283,562" with "22,813,562"

Page 2, line 25, replace "97,136,860" with "100,786,860"

Page 2, line 26, replace "120,420,422" with "123,600,422"

Page 2, replace lines 27 through 30 with:

"SECTION 2. APPROPRIATION. There is hereby appropriated from federal funds \$6,000,000, or so much of the sum as may be necessary, to the director of the office of management and budget for the division of community services for flood-related disasters and the weatherization of low-income homes, for the period beginning with the effective date of this Act and ending June 30, 1999.

SECTION 3. APPROPRIATION - ADDITIONAL STATE EMPLOYEE COMPENSATION. The sums hereinafter listed, or so much thereof as may be necessary, are hereby appropriated out of any moneys in the general fund in the state treasury, and from special funds derived from federal funds or other income as indicated to the agencies and institutions of state government named for the purpose of providing additional compensation to employees of the various agencies and institutions for the biennium beginning July 1, 1999, and ending June 30, 2001:

| AGENCY OR INSTITUTION | GENERAL FUND | SPECIAL FUNDS | TOTAL |
|--|--------------|---------------|-----------|
| Governor | \$24,738 | | \$24,738 |
| Secretary of state | 23,011 | | 23,011 |
| Office of management and budget | 101,580 | \$23,183 | 124,763 |
| Information services division | | 232,830 | 232,830 |
| State auditor | 46,698 | 22,232 | 68,930 |
| Central services | 5,842 | 20,346 | 26,188 |
| State treasurer | 7,952 | | 7,952 |
| Attorney general | 178,527 | 26,492 | 205,019 |
| Tax commissioner | 148,810 | | 148,810 |
| Administrative hearings office | | 8,632 | 8,632 |
| Legislative council | 53,990 | | 53,990 |
| Supreme court | 52,064 | | 52,064 |
| Judicial conduct commission | 5,667 | | 5,667 |
| District court | 180,026 | 3,902 | 183,928 |
| Clerk of court | 42,400 | | 42,400 |
| Retirement and investment office | | 19,038 | 19,038 |
| Public employees retirement system | | 17,021 | 17,021 |
| Department of public instruction | 50,137 | 99,160 | 149,297 |
| North Dakota university system | 35,118 | | 35,118 |
| Land department | | 23,717 | 23,717 |
| Bismarck state college | 193,940 | | 193,940 |
| University of North Dakota - Lake Region | 59,016 | | 59,016 |
| University of North Dakota - Williston | 70,208 | | 70,208 |
| University of North Dakota | 1,330,237 | | 1,330,237 |
| University of North Dakota medical center | 900,749 | | 900,749 |
| North Dakota state university | 1,212,920 | 763 | 1,213,683 |
| North Dakota state college of science | 284,049 | | 284,049 |
| Dickinson state university | 189,770 | | 189,770 |
| Mayville state university | 105,036 | | 105,036 |
| Minot state university | 383,481 | | 383,481 |
| Valley City state university | 141,147 | | 141,147 |
| Minot state university - Bottineau | 46,785 | | 46,785 |
| North Dakota forest service | 18,532 | | 18,532 |
| State library | 23,552 | 734 | 24,286 |
| School for the deaf | 51,814 | 1,093 | 52,907 |
| School for the blind | 32,328 | | 32,328 |
| Board for vocational and technical education | 19,823 | 15,352 | 35,175 |
| Health department | 124,406 | 221,166 | 345,572 |
| Veterans home | 66,734 | | 66,734 |
| Indian affairs commission | 3,637 | | 3,637 |
| Department of veterans affairs | 4,889 | 173 | 5,062 |
| Children's services coordinating committee | | 908 | 908 |
| Department of human services | 1,588,393 | 629,946 | 2,218,339 |
| Protection and advocacy project | 23,348 | | 23,348 |
| Job service | | 406,010 | 406,010 |
| Insurance commissioner | | 56,063 | 56,063 |
| Industrial commission | 71,165 | 9,724 | 80,889 |
| Labor commissioner | 7,342 | 1,047 | 8,389 |
| Public service commission | 52,244 | 8,805 | 61,049 |
| Aeronautics commission | | 7,629 | 7,629 |
| Department of banking and financial institutions | | 31,222 | 31,222 |
| Securities commissioner | 11,042 | | 11,042 |
| Bank of North Dakota | | 185,708 | 185,708 |
| Housing finance agency | | 38,400 | 38,400 |
| Highway patrol | 223,285 | 11,936 | 235,221 |
| State radio | 31,205 | | 31,205 |
| Division of emergency management | 8,984 | 12,054 | 21,038 |
| Department of corrections and rehabilitation | 494,678 | 39,935 | 534,613 |
| Adjutant general | 37,338 | 97,835 | 135,173 |
| Department of economic development and finance | 38,472 | 3,196 | 41,668 |
| Agriculture commissioner | 36,373 | 16,727 | 53,100 |
| Seed department | | | |
| Upper great plains transportation institute | 5,816 | 26,911 | 32,727 |
| North Dakota state university extension service | 211,009 | 118,986 | 329,995 |
| Northern crops institute | 7,153 | 4,554 | 11,707 |
| Main research center | 375,408 | 118,143 | 493,551 |
| Dickinson research extension center | 17,006 | 102 | 17,108 |
| Central grasslands research extension center | 7,561 | | 7,561 |
| Hettinger research extension center | 7,485 | 2,071 | 9,556 |
| Langdon research extension center | 7,631 | 930 | 8,561 |
| North central research extension center | 8,739 | 1,126 | 9,865 |
| Williston research extension center | 8,697 | 443 | 9,140 |
| Carrington research extension center | 15,176 | 4,637 | 19,813 |
| Agronomy seed farm | | 4,468 | 4,468 |
| Historical society | 53,883 | | 53,883 |
| Council on the arts | 4,974 | | 4,974 |

| | | | |
|------------------------------------|--------------------|--------------------|----------------------|
| Game and fish department | | 156,680 | 156,680 |
| Department of tourism | 10,897 | | 10,897 |
| Department of parks and recreation | 39,500 | 1,680 | 41,180 |
| Water commission | 89,446 | 13,417 | 102,863 |
| Department of transportation | | 1,033,850 | 1,033,850 |
| Total | <u>\$9,713,863</u> | <u>\$3,780,977</u> | <u>\$13,494,840"</u> |

Page 3, remove lines 1 through 9

Page 3, line 26, replace "\$950,000" with "\$500,000"

Page 4, line 25, replace "Each agency appropriation" with "Agency salary funding" and replace "2.0" with "3.0"

Page 5, line 2, remove "receive its 1999-2001 employee compensation in a lump sum amount of \$971,035 to"

Page 5, line 7, replace "700,000" with "600,000"

Page 5, line 14, after "transfer" insert "special funds to the general fund as follows:"

Page 5, replace line 15 with:

| | |
|---|-------------|
| "Lands and minerals trust fund | \$3,000,000 |
| Public employees life insurance program | 1,500,000 |
| Financial institutions regulatory fund | 200,000" |

Page 5, line 21, replace "\$60,000,000" with "\$50,000,000"

Page 6, line 2, after "budget" insert "and"

Page 6, line 4, after the period insert "Transfers made under the provisions of this section may not be made before July 1, 2000, and may only be made to the extent that the transfer is necessary to achieve a projected June 30, 2001, general fund balance of \$10,000,000."

Page 6, line 6, replace "\$23,000,000" with "\$40,000,000"

Page 6, after line 9, insert:

"SECTION 14. FEDERAL PROGRAM TERMINATIONS - BLOCK GRANT - FUNDING REDUCTIONS - RELATED PROGRAM REDUCTIONS - REPORTS TO THE BUDGET SECTION. If the federal government during the 1999-2001 biennium terminates funding for any program administered by an agency, department, or institution of the state of North Dakota, the agency, department, or institution, subject to budget section approval, may terminate the program and not replace the reduction in federal funds with state funds, notwithstanding any other provision of law. If the federal government combines funding for separate programs in a block grant resulting in a reduction of total federal funds available for those programs, the administering agency, department, or institution may, subject to budget section approval, prioritize or reprioritize programs as necessary in making programmatic reductions. The agency, department, or institution may administer funds available under a new federal block grant or similar measure, consistent with the terms of that measure, notwithstanding any other provisions of law intended to conform to or implement the provisions of the repealed federal Act, and shall report any program terminations, reductions, or changes resulting from this section to the budget section of the legislative council for its approval.

SECTION 15. PROGRAM-BASED PERFORMANCE BUDGETING. The office of management and budget shall discontinue the program-based performance

budgeting pilot project when preparing the 2001-03 biennium budget documents and accompanying appropriation bills. Budget documents for the 2001-03 biennium are to be based on the standard line items and are not to contain agency performance measures.

SECTION 16. LEGISLATIVE COUNCIL INTERIM STUDY OF PERFORMANCE INCENTIVE PILOT PROGRAMS. The legislative council shall consider studying the establishment of agency performance incentive pilot programs. If conducted, the study should address how agencies could develop, implement, administer, maintain, and evaluate performance incentive pilot programs. The study should also address the development of personnel policies and procedure manuals and how pay raises which may not be across the board are to be awarded as a reward and incentive for superior performance and the length of time they may be in effect. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-seventh legislative assembly.

SECTION 17. AMENDMENT. Subsection 2 of section 32-12.2-07 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

2. The state risk management fund is a special fund in the state treasury administered by the director of the office of management and budget. The fund is a revolving fund consisting of contributions from participating state entities, all payments received by the fund from its activities, and other appropriations by the legislative assembly. The state investment board shall invest the fund in accordance with chapter 21-10. Funds received as contributions from state entities, all other payments deposited in the fund, and interest and income received on investments are hereby appropriated on a continuing basis for the purposes of the fund. Section 54-44.1-11 does not apply to the fund.

SECTION 18. AMENDMENT. Section 54-16-04.1 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-16-04.1. May authorize acceptance and disbursement of federal funds. The emergency commission with the advice and counsel of the executive office of the budget may authorize the state treasurer to receive any moneys not appropriated by the legislative assembly which are made available by any federal agency and which the legislative assembly has not indicated an intent to reject. The emergency commission may authorize pass-through federal funds from one state agency to another state agency. The emergency commission, with approval of the budget section of the legislative council if the amount under consideration exceeds fifty thousand dollars, may authorize any state officer to expend federal moneys from the date such moneys become available until June thirtieth following the next regular legislative session. The expenditures must be consistent with state law and with the terms of the grant and the program may not commit the legislative assembly for matching funds in the future unless the program has first been approved by the legislative assembly. A state officer may not expend funds received from the federal government which have not been specifically appropriated by the legislative assembly except as provided in this chapter. A state officer shall submit an expenditure plan with a request for approval under this section of expenditure of federal funds combined with or as part of a block grant for a new or existing program.

SECTION 19. AMENDMENT. Section 54-16-04.2 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-16-04.2. Commission may authorize acceptance and expenditure of moneys. The emergency commission, upon the advice of the office of management and budget, with approval of the budget section of the legislative council if the amount under consideration exceeds fifty thousand dollars, may authorize a state officer to receive moneys from gifts, grants, donations, or other sources, not otherwise appropriated by the legislative assembly, for new or existing programs if the legislative assembly has not indicated an intent to reject the moneys or the program. The emergency commission may authorize the state officer to expend money received under this section from the date the money becomes available until June thirtieth following the next regular legislative session."

Page 7, after line 2, insert:

"SECTION 22. RETROACTIVE APPLICATION. Section 17 of this Act is effective for all funds received and deposited into the risk management fund on or after July 1, 1997.

SECTION 23. EMERGENCY. Section 2 of this Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 110 - OFFICE OF MANAGEMENT AND BUDGET

HOUSE - This amendment makes the following changes:

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|--------------------------------|-------------------|-------------------|---------------|-------------------|
| Administration | \$3,086,844 | \$3,082,026 | (\$100,000) | \$2,982,026 |
| Fiscal management | 3,998,308 | 3,875,828 | | 3,875,828 |
| Facility management | 8,203,213 | 8,174,694 | (320,000) | 7,854,694 |
| Central personnel | 1,226,846 | 1,212,300 | | 1,212,300 |
| Division of community services | 42,055,293 | 42,035,197 | | 42,035,197 |
| Risk management | 964,173 | 959,911 | | 959,911 |
| Statewide compensation plan | 5,400,000 | 5,400,000 | | 5,400,000 |
| Total all funds | \$64,934,677 | \$64,739,956 | (\$420,000) | \$64,319,956 |
| Less special funds | <u>46,105,926</u> | <u>46,088,243</u> | | <u>46,088,243</u> |
| General fund | \$18,828,751 | \$18,651,713 | (\$420,000) | \$18,231,713 |
| FTE | 122.00 | 121.00 | (0.40) | 120.60 |

Detail of House changes to the Senate version includes:

| | REDUCE STATE CONTINGENCIES FUNDING | REMOVE .4 FTE CAPITOL SECURITY POSITION | REMOVE SECURITY SYSTEM HARDWARE AND SOFTWARE FUNDING | REMOVE SECURITY SYSTEM CONTRACTING SERVICES FUNDING | TOTAL HOUSE CHANGES |
|--------------------------------|------------------------------------|---|--|---|---------------------|
| Administration | (\$100,000) ¹ | | | | (\$100,000) |
| Fiscal management | | | | | |
| Facility management | | | (\$200,000) ² | (\$120,000) ² | (320,000) |
| Central personnel | | | | | |
| Division of community services | | | | | |
| Risk management | | | | | |
| Statewide compensation plan | | | | | |
| Total all funds | (\$100,000) | \$0 | (\$200,000) | (\$120,000) | (\$420,000) |
| Less special funds | | | | | |
| General fund | (\$100,000) | \$0 | (\$200,000) | (\$120,000) | (\$420,000) |

(1) LC, (2) DESK, (3) BILL CLERK, (4-5-6) COMM

| | | | | | |
|-----|------|---------------------|------|------|--------|
| FTE | 0.00 | (0.40) ² | 0.00 | 0.00 | (0.40) |
|-----|------|---------------------|------|------|--------|

- 1 Reduces the state contingencies funding by \$100,000, from \$700,000 to \$600,000.
- 2 Removes a .4 FTE and \$320,000 of general fund moneys which was for a new security system in the Capitol.

The amendment also makes the following changes:

- Reduces the fiscal management division's carryover from the 1997-99 biennium by \$450,000, from \$950,000 to \$500,000.
- Adds a new section appropriating \$13,494,840, \$9,713,863 of which is from the general fund to state agencies and institutions for providing an additional one percent state employee salary increase in each year of the 1999-2001 biennium. With this change, state employee salary increases are provided at three percent for each year of the biennium. Neither judges nor other elected officials are included in this increase.
- Adds a new section appropriating \$6,000,000 of federal funds to the Division of Community Services for flood-related disasters (\$3,000,000) and weatherization of low-income homes (\$3,000,000). The amendment also adds a section making the \$6,000,000 appropriation an emergency measure.
- Provides for special fund transfers to the general fund of \$200,000 from the financial institutions regulatory fund and \$1,500,000 from the Public Employees Retirement System life insurance program.
- Reduces Bank of North Dakota transfers to the general fund by \$10,000,000, from \$60,000,000 to \$50,000,000 and increases the contingent transfers by \$17,000,000, from \$23,000,000 to \$40,000,000. The amendment also adds language providing that contingent transfers can be made only after July 1, 2000, and then only to the extent necessary to achieve a June 30, 2001, general fund balance of \$10,000,000.
- Adds a new section providing that if federal funding for a program is terminated during the 1999-2001 biennium, the administering state agency, department, or institution shall terminate the program. It also provides that if the federal government reduces federal funding by combining the funding for separate programs into a block grant, the agency, department, or institution shall prioritize or reprioritize programs as necessary.
- Adds a new section directing the Office of Management and Budget to discontinue the program-based performance budgeting pilot program.
- Adds a new section providing for a Legislative Council interim study of performance incentive pilot programs.
- Adds a new section clarifying that all deposits into the risk management fund may be spent for the purpose of the fund. The amendment also adds a section making this change retroactive to deposits after July 1, 1997.
- Adds two new sections clarifying which Emergency Commission approvals also need Budget Section approval.

DEPARTMENT 112 - INFORMATION SERVICES DIVISION

HOUSE - This amendment makes the following changes:

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|------------------------------------|---------------------|---------------------|--------------------|---------------------|
| Information resource management | <u>\$46,282,960</u> | <u>\$45,709,295</u> | <u>\$3,700,000</u> | <u>\$49,409,295</u> |
| Total all funds | \$46,282,960 | \$45,709,295 | \$3,700,000 | \$49,409,295 |
| Less special funds | <u>46,082,960</u> | <u>45,709,295</u> | <u>3,700,000</u> | <u>49,409,295</u> |
| General fund | \$200,000 | \$0 | \$0 | \$0 |
| FTE | 170.00 | 168.00 | 0.00 | 168.00 |

Detail of House changes to the Senate version includes:

| | CONTRACT FUNDING FOR DHS MEDICAID/ TANF PROJECT | TOTAL HOUSE CHANGES |
|------------------------------------|--|---------------------------|
| Information resource management | <u>\$3,700,000</u> | <u>\$3,700,000</u> |
| Total all funds | \$3,700,000 | \$3,700,000 |
| Less special funds | <u>3,700,000</u> | <u>3,700,000</u> |
| General fund | \$0 | \$0 |
| FTE | 0.00 | 0.00 |

DEPARTMENT 325 - DEPARTMENT OF HUMAN SERVICES

HOUSE - This amendment removes the section appropriating \$100,000, \$50,000 of which was general fund moneys and \$50,000 of special funds, to the Department of Human Services for the purpose of providing network technical support to county social service boards.

The reports of the majority and the minority were placed on the Seventh order of business on the calendar for the succeeding legislative day.

REPORT OF STANDING COMMITTEE

SB 2015, as engrossed: Appropriations Committee (Rep. Dalrymple, Chairman) A MAJORITY of your committee (Reps. Dalrymple, Byerly, Bernstein, Boehm, Carlson, Carlisle (refused to sign), Delzer (refused to sign), Lloyd, Monson, Svedjan, Timm, Tollefson, Wentz (refused to sign)) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS**.

Page 1, line 2, remove "to provide an"

Page 1, line 3, remove "appropriation for defraying the expenses of the department of human services;"

Page 1, line 6, after "adjustments" insert ", federal program termination, and performance-based program budgeting"

Page 1, line 8, after the semicolon insert "to provide for a legislative council study;"

Page 1, line 9, remove the second "and", after "reenact" insert "subsection 2 of", and after "section" insert "32-12.2-07, sections 54-16-04.1, 54-16-04.2, and"

Page 1, line 10, after "to" insert "the risk management fund, emergency commission approvals, and" and after "fund" insert "; to provide for retroactive application; and to declare an emergency"

Page 1, line 20, replace "3,082,026" with "2,982,026"

Page 1, line 22, replace "8,174,694" with "7,854,694"

Page 1, line 24, replace "Intergovernmental assistance" with "Division of community services"

Page 2, line 3, replace "64,739,956" with "64,319,956"

Page 2, line 5, replace "18,651,713" with "18,231,713"

Page 2, line 8, replace "45,709,295" with "49,409,295"

Page 2, line 9, replace "45,709,295" with "49,409,295"

Page 2, line 24, replace "23,283,562" with "22,813,562"

Page 2, line 25, replace "97,136,860" with "100,786,860"

Page 2, line 26, replace "120,420,422" with "123,600,422"

Page 2, replace lines 27 through 30 with:

"SECTION 2. APPROPRIATION. There is hereby appropriated from federal funds \$6,000,000, or so much of the sum as may be necessary, to the director of the office of management and budget for the division of community services for flood-related disasters and the weatherization of low-income homes, for the period beginning with the effective date of this Act and ending June 30, 1999."

Page 3, remove lines 1 through 9

Page 3, line 26, replace "\$950,000" with "\$500,000"

Page 5, line 2, remove "receive its 1999-2001 employee compensation in a lump sum amount of \$971,035 to"

Page 5, line 7, replace "700,000" with "600,000"

Page 5, line 14, after "transfer" insert "special funds to the general fund as follows:"

Page 5, replace line 15 with:

| | |
|---|-------------|
| "Lands and minerals trust fund | \$3,000,000 |
| Public employees life insurance program | 1,500,000 |
| Financial institutions regulatory fund | 200,000" |

Page 5, line 21, replace "\$60,000,000" with "\$50,000,000"

Page 6, line 2, after "budget" insert "and"

Page 6, line 4, after the period insert "Transfers made under the provisions of this section may not be made before July 1, 2000, and may only be made to the extent that the transfer is necessary to achieve a projected June 30, 2001, general fund balance of \$10,000,000."

Page 6, line 6, replace "\$23,000,000" with "\$40,000,000"

Page 6, after line 9, insert:

"SECTION 13. FEDERAL PROGRAM TERMINATIONS - BLOCK GRANT - FUNDING REDUCTIONS - RELATED PROGRAM REDUCTIONS - REPORTS TO THE BUDGET SECTION. If the federal government during the 1999-2001 biennium terminates funding for any program administered by an agency, department, or institution of the state of North Dakota, the agency, department, or institution, subject to budget section approval, may terminate the program and not replace the reduction in federal funds with state funds, notwithstanding any other provision of law. If the federal government combines funding for separate programs in a block grant resulting in a reduction of total federal funds available for those programs, the administering agency, department, or institution may, subject to budget section approval, prioritize or reprioritize programs as necessary in making programmatic reductions. The agency, department, or institution may administer funds available under a new federal block grant or similar measure, consistent with the terms of that measure, notwithstanding any other provisions of law intended to conform to or implement the provisions of the repealed federal Act, and shall report any program terminations, reductions, or changes resulting from this section to the budget section of the legislative council for its approval.

SECTION 14. PROGRAM-BASED PERFORMANCE BUDGETING. The office of management and budget shall discontinue the program-based performance budgeting pilot project when preparing the 2001-03 biennium budget documents and accompanying appropriation bills. Budget documents for the 2001-03 biennium are to be based on the standard line items and are not to contain agency performance measures.

SECTION 15. LEGISLATIVE COUNCIL INTERIM STUDY OF PERFORMANCE INCENTIVE PILOT PROGRAMS. The legislative council shall consider studying the establishment of agency performance incentive pilot programs. If conducted, the study should address how agencies could develop, implement, administer, maintain, and evaluate performance incentive pilot programs. The study should also address the development of personnel incentive policies and procedure manuals and how pay raises which may not be across the board are to be awarded as a reward

and incentive for superior performance and the length of time they may be in effect. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-seventh legislative assembly.

SECTION 16. AMENDMENT. Subsection 2 of section 32-12.2-07 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

2. The state risk management fund is a special fund in the state treasury administered by the director of the office of management and budget. The fund is a revolving fund consisting of contributions from participating state entities, all payments received by the fund from its activities, and other appropriations by the legislative assembly. The state investment board shall invest the fund in accordance with chapter 21-10. Funds received as contributions from state entities, all other payments deposited in the fund, and interest and income received on investments are hereby appropriated on a continuing basis for the purposes of the fund. Section 54-44.1-11 does not apply to the fund.

SECTION 17. AMENDMENT. Section 54-16-04.1 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-16-04.1. May authorize acceptance and disbursement of federal funds.

The emergency commission with the advice and counsel of the executive office of the budget may authorize the state treasurer to receive any moneys not appropriated by the legislative assembly which are made available by any federal agency and which the legislative assembly has not indicated an intent to reject. The emergency commission may authorize pass-through federal funds from one state agency to another state agency. The emergency commission, with approval of the budget section of the legislative council if the amount under consideration exceeds fifty thousand dollars, may authorize any state officer to expend federal moneys from the date such moneys become available until June thirtieth following the next regular legislative session. The expenditures must be consistent with state law and with the terms of the grant and the program may not commit the legislative assembly for matching funds in the future unless the program has first been approved by the legislative assembly. A state officer may not expend funds received from the federal government which have not been specifically appropriated by the legislative assembly except as provided in this chapter. A state officer shall submit an expenditure plan with a request for approval under this section of expenditure of federal funds combined with or as part of a block grant for a new or existing program.

SECTION 18. AMENDMENT. Section 54-16-04.2 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-16-04.2. Commission may authorize acceptance and expenditure of moneys. The emergency commission, upon the advice of the office of management and budget, with approval of the budget section of the legislative council if the amount under consideration exceeds fifty thousand dollars, may authorize a state officer to receive moneys from gifts, grants, donations, or other sources, not otherwise appropriated by the legislative assembly, for new or existing programs if the legislative assembly has not indicated an intent to reject the moneys or the program. The emergency commission may authorize the state officer to expend money received under this section from the date the money becomes available until June thirtieth following the next regular legislative session."

Page 7, after line 2, insert:

"SECTION 21. RETROACTIVE APPLICATION. Section 16 of this Act is effective for all funds received and deposited into the risk management fund on or after July 1, 1997.

SECTION 22. EMERGENCY. Section 2 of this Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 110 - OFFICE OF MANAGEMENT AND BUDGET

HOUSE - This amendment makes the following changes:

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|--------------------------------|-------------------|-------------------|---------------|-------------------|
| Administration | \$3,086,844 | \$3,082,026 | (\$100,000) | \$2,982,026 |
| Fiscal management | 3,998,308 | 3,875,828 | | 3,875,828 |
| Facility management | 8,203,213 | 8,174,694 | (320,000) | 7,854,694 |
| Central personnel | 1,226,846 | 1,212,300 | | 1,212,300 |
| Division of community services | 42,055,293 | 42,035,197 | | 42,035,197 |
| Risk management | 964,173 | 959,911 | | 959,911 |
| Statewide compensation plan | 5,400,000 | 5,400,000 | | 5,400,000 |
| Total all funds | \$64,934,677 | \$64,739,956 | (\$420,000) | \$64,319,956 |
| Less special funds | <u>46,105,926</u> | <u>46,088,243</u> | | <u>46,088,243</u> |
| General fund | \$18,828,751 | \$18,651,713 | (\$420,000) | \$18,231,713 |
| FTE | 122.00 | 121.00 | (0.40) | 120.60 |

Detail of House changes to the Senate version includes:

| | REDUCE STATE CONTINGENCIES FUNDING | REMOVE .4 FTE CAPITOL SECURITY POSITION | REMOVE SECURITY SYSTEM HARDWARE AND SOFTWARE FUNDING | REMOVE SECURITY SYSTEM CONTRACTING SERVICES FUNDING | TOTAL HOUSE CHANGES |
|--------------------------------|------------------------------------|---|--|---|---------------------|
| Administration | (\$100,000) ¹ | | | | (\$100,000) |
| Fiscal management | | | | | |
| Facility management | | | (\$200,000) ² | (\$120,000) ² | (320,000) |
| Central personnel | | | | | |
| Division of community services | | | | | |
| Risk management | | | | | |
| Statewide compensation plan | | | | | |
| Total all funds | (\$100,000) | \$0 | (\$200,000) | (\$120,000) | (\$420,000) |
| Less special funds | | | | | |
| General fund | (\$100,000) | \$0 | (\$200,000) | (\$120,000) | (\$420,000) |
| FTE | 0.00 | (0.40) ² | 0.00 | 0.00 | (0.40) |

¹ Reduces the state contingencies funding by \$100,000, from \$700,000 to \$600,000.

² Removes a .4 FTE and \$320,000 of general fund moneys which was for a new security system in the Capitol.

The amendment also makes the following changes:

- Reduces the fiscal management division's carryover from the 1997-99 biennium by \$450,000, from \$950,000 to \$500,000.

- Adds a new section appropriating \$6,000,000 of federal funds to the Division of Community Services for flood-related disasters (\$3,000,000) and weatherization of low-income homes (\$3,000,000). The amendment also adds a section making the \$6,000,000 appropriation an emergency measure.
- Provides for special fund transfers to the general fund of \$200,000 from the financial institutions regulatory fund and \$1,500,000 from the Public Employees Retirement System life insurance program.
- Reduces Bank of North Dakota transfers to the general fund by \$10,000,000, from \$60,000,000 to \$50,000,000 and increases the contingent transfers by \$17,000,000, from \$23,000,000 to \$40,000,000. The amendment also adds language providing that contingent transfers can be made only after July 1, 2000, and then only to the extent necessary to achieve a June 30, 2001, general fund balance of \$10,000,000.
- Adds a new section providing that if federal funding for a program is terminated during the 1999-2001 biennium, the administering state agency, department, or institution shall terminate the program. It also provides that if the federal government reduces federal funding by combining the funding for separate programs into a block grant, the agency, department, or institution shall prioritize or reprioritize programs as necessary.
- Adds a new section directing the Office of Management and Budget to discontinue the program-based performance budgeting pilot program.
- Adds a new section providing for a Legislative Council interim study of performance incentive pilot programs.
- Adds a new section clarifying that all deposits into the risk management fund may be spent for the purpose of the fund. The amendment also adds a section making this change retroactive to deposits after July 1, 1997.
- Adds two new sections clarifying which Emergency Commission approvals also need Budget Section approval.

DEPARTMENT 112 - INFORMATION SERVICES DIVISION

HOUSE - This amendment makes the following changes:

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|---------------------------------|---------------------|---------------------|--------------------|---------------------|
| Information resource management | <u>\$46,282,960</u> | <u>\$45,709,295</u> | <u>\$3,700,000</u> | <u>\$49,409,295</u> |
| Total all funds | \$46,282,960 | \$45,709,295 | \$3,700,000 | \$49,409,295 |
| Less special funds | <u>46,082,960</u> | <u>45,709,295</u> | <u>3,700,000</u> | <u>49,409,295</u> |
| General fund | \$200,000 | \$0 | \$0 | \$0 |
| FTE | 170.00 | 168.00 | 0.00 | 168.00 |

Detail of House changes to the Senate version includes:

| | CONTRACT FUNDING FOR DHS MEDICAID/ TANF PROJECT | TOTAL HOUSE CHANGES |
|---------------------------------|--|---------------------------|
| Information resource management | <u>\$3,700,000</u> | <u>\$3,700,000</u> |
| Total all funds | \$3,700,000 | \$3,700,000 |
| Less special funds | <u>3,700,000</u> | <u>3,700,000</u> |

| | | |
|--------------|------|------|
| General fund | \$0 | \$0 |
| FTE | 0.00 | 0.00 |

DEPARTMENT 325 - DEPARTMENT OF HUMAN SERVICES

HOUSE - This amendment removes the section appropriating \$100,000, \$50,000 of which was general fund moneys and \$50,000 of special funds, to the Department of Human Services for the purpose of providing network technical support to county social service boards.

The reports of the majority and the minority were placed on the Seventh order of business on the calendar for the succeeding legislative day.

**1999 SENATE APPROPRIATIONS
CONFERENCE COMMITTEE
SB 2015**

1999 SENATE CONFERENCE COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2015

Senate Appropriations Committee

Conference Committee

Hearing Date April 13, 1999

| Tape Number | Side A | Side B | Meter # |
|-------------|--------|--------|------------|
| 2 | x | | 1,055-3555 |
| | | | |
| | | | |

Committee Clerk Signature: *MINUTES TRANSCRIBED BY OTHER CLERKS. Kathy C. Kotteleroch*

Minutes:

SENATOR NETHING opened the conference committee on SB 2015. Members present included: Sens. Nething, G. Nelson, and T. Mathern and Reps. Dorso, Dalrymple, and Huether.

The House has made some amendments to this bill.

REPRESENTATIVE BYERLY explained the amendments that the House placed on the bill.

We sat down with OMB and there were significant things they asked us to include. They start with Section 13, the narrative in the middle of the bill. Section 15, 16, and 17 are all amendments to straighten out some ambiguities in the existing code. For instance, 16 and 17 deal with clarifying when an agency has to come to the budget section for approval. Now those three sections of code are in sync. Section 14 is the end of performance based budgeting for those pilot agencies that are currently in there. If we adopt this they will go back to the funding in which we are traditionally budgeting. Section 13 is an amendment we added in our

4/13/99

appropriations committee that has become a standard amendment in the OMB budget. We have put this in for the last four sessions and it says that we won't take federal dollars that have gone away with state general fund dollars. The purpose of the amendment, in the OMB budget the line item that was in there for the emergency commission was \$500,000 in the current biennium and OMB increased that to \$700,000 and in appropriations we backed it down by \$100,000 to \$600,000.

OMB has a fund that has been there for previous bienniums. This is that pool of money they had available to rewrite the accounting system and those kinds of contingencies like that. The House appropriations committee reduced that to \$500,000; that is an amount of money for any work on computer programs and stuff like that that are the accounting system. In the original set of amendments, we had reduced it to \$800,000 but in the full committee it was reduced further to \$500,000. There was a section of code added in here at OMB's request that within the Office of Intergovernmental Assistance which was now renamed to be the Department of Community Services, the spending authority to receive another \$6 million in federal funds for flood related disasters and winterization programs. These are monies now available to us and weren't available at the time you saw the bill. Also, at the recommendation of OMB, we transferred some money out of two different funds that were sitting out there: the financial institution regulatory fund where we transferred \$200,000 from that fund back to the general fund. The \$1.5 million out of the public employees retirement system, this one gets to be a little involved because of things like rebates on life insurance that don't go to an individual but to the plan. There was \$1.5 million in excess funds in that fund and OMB recommended that we draw that off and put it into the general fund.

4-13-99

The changes that affected the Bank of North Dakota just reflected a bill we passed earlier in the session that set the transfer from the bank back to \$50 million and the contingency at \$40 million rather than \$23 million.

The next bullet was about the general funds versus federal funds. There was an amendment made that had to deal with sorting out an interpretation of the law as it pertained to risk management. There was an interpretation that without this change we couldn't draw any funds out to pay any settlements on risk management so that section was a clarification.

The other amendment of significance was where the House appropriations committee elected to delete the \$320,000 for the security system that was in the OMB budget.

There was a change in the ISD area. Human services went out on a bid to do some computer program upgrading as it relates to Medicaid in Canada. The only bid they got was in the neighborhood of \$10 million. ISD told them they could do it for \$3.7 million. We amended it to allow ISD to go ahead with that contract.

SENATOR TIM MATHERN In terms of change of the performance based budgeting, is that something you received testimony on that people no longer wanted to do?

REPRESENTATIVE DALRYMPLE I did my own survey with Legislators and I found the project well tested but our committee members are not using the system. They are not using the material to make the decisions. The way the bills are introduced presents problems in working through a budget in the traditional form. I think our members would prefer that we go back to a traditional format.

SENATOR TIM MATHERN I thought the value of performance based budgeting wasn't limited to Legislators only. There is some value to executive agencies also.

H-13-99

SENATOR NETHING I note on page 6 that the House removed \$100,000 that was going to help technical support.

REPRESENTATIVE BYERLY We removed it from the OMB budget and we moved it into the Department of Human Services budget. We did that to clean it up and get it over to the bill where we thought it belonged.

SENATOR TIM MATHERN What is the rationale for the reduction in the fiscal management divisions carryover from the 950,000 to the 500,000? How was 450,000 arrived at?

REPRESENTATIVE BYERLY Our subcommittee brought to the full committee a reduction down to \$800,000 based on historical numbers on how they used that fund. The majority of the committee decided that a \$500,000 fund was sufficient. The majority of the committee chose to reduce that to \$500,000. I can't speak on how they arrived at that number.

SENATOR NETHING Originally, the Senate took 50,000 and we had a reason for that 50,000.

ROD The Senate took out \$43,000 for state radio.

REPRESENTATIVE BYERLY We had gone back to the way it was in the current biennium at that \$800,000. That was that way the committee voted.

SENATOR G. NELSON Can someone explain the interim study of performance of the Senate pilot program?

REPRESENTATIVE DALRYMPLE It's the beginning of a merit pay plan. Representative Poolman feels this is the future of State Government.

SENATOR NETHING The purpose was to review the House amendments.

REPRESENTATIVE BYERLY There is an amendment that we need to put on. This deals with the settlement of the lawsuit that had to do with the permits for handicapped. This was brought

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to us before we finished this bill. For a period of time DOT was charging for handicapped permits. A law suit was filed and in the process of settlement now. It appears as though we will need about \$360,000 to pay off the settlement. We can't use the risk management funds because this was a tork settlement. We were trying to find a different source for the money rather than just the general fund. We looked at a number of funds and the end result was that it comes down to the General Fund dollars. It is my understanding that we are in a situation where we literally have to put this on or we will get into a contempt of court situation.

REPRESENTATIVE DALRYMPLE We've received a preliminary and the judge has asked the two parties to meet and try to settle so this may not be the final figure. We should also consider whether or not this should be handled with the highway funds. We are receiving some information that the damages in the state of North Dakota have to paid with general funds.

SENATOR TIM MATHERN One of the issues before us is the ending fund balance. I would like a better understanding of the Bank of North Dakota profits that we would be transferring into the general fund and I'd like to understand how the House sees that in terms of capitalism of the bank and what the rationale is with that \$10 million change.

REPRESENTATIVE DALRYMPLE It is a result of the discussions and testimony of John Hoeven. We looked at the projected earnings and it did appear that we were going beyond a prudent earnings projection for the coming biennium. We wondered if it was wise to transfer more capital in excess of the projected earnings. We also questioned the likelihood of whether the earning levels were being maintained at the current levels. We don't want to jeopardize the ability of the bank to use capital and continue to generate the levels that we have seen. On the other side, in the event of our ending fund balance problem, we do have a shortage of funds and

4-13-99

the House felt we wanted to put as big a backstop as possible because we didn't think a special session would be an option in any circumstances.

SENATOR MATHERN I understand the concern but as I understood the president's message they were at \$28 million of profits. I don't know how that suggests going back to \$10 million.

REPRESENTATIVE DALRYMPLE We are dealing with a game of odds. The president doesn't see anything tangible out there that would make us think problems would develop. As legislators, we need to look at the farm and oil economy and wonder if we have allowed for any unforeseen changes in the economic area. This will lead to loans being categorized and if that happens \$10 million in loans disappears quickly.

SENATOR NETHING Another factor is the anticipated earnings. If the bank next year was \$48 million it would seem to me that we would be better off to stick to those earnings then go to the \$60 million which the governor had recommended. If you wanted to go back to just the earnings alone, you would have settled at \$48 million.

SENATOR NETHING The purpose of this session was to review the amendments that the House put on and we have done that. We will be at recess.

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2015

Senate Appropriations Committee

✓ Conference Committee

Hearing Date April 16, 1999

| Tape Number | Side A | Side B | Meter # |
|-------------|--------|--------|---------|
| 1 | 1-end | 0-2533 | |
| 2 | 1-end | 1-3360 | |
| 3 | 1-1355 | | |
| 4-17-99 1 | 1-585 | | |

Committee Clerk Signature: **Minutes transcribed by other clerks.**

Hetty C. Koltunrock

Minutes:

SENATOR NETHING: Opened the Conference Committee on Senate Bill 2015.

ROLL CALL: Present; Senator Nething; Senator Nelson, Senator Mathern; Representative Dorso; Representative Dalrymple; Representative Boucher.

SENATOR NETHING: Distributed a packet of amendments and I understand there may be some other ones. I'd like to try to get as much out of the way that we can agree on and hold those areas of disagreement. We already heard part of this bill with the amendments that the House had made to them. Are there any objections to the amendments that the House has made?

SENATOR NELSON: I move that we accede to the House amendments and further amend the bill.

REPRESENTATIVE DORSO: Seconded the motion.

SENATOR NETHING: Motion is made that the Senate accede to the House amendments and that we further amend. Any discussion?

SENATOR MATHERN: I presume that we will individually deal with further amendment if we pass this motion.

SENATOR NETHING: Than I assume that they will deal with these amendments if we pass this motion, I would like to start out with this handed out and work our way down and we will set aside this amendment and come back to these areas for further discussion.

VOICE VOTE UNANIMOUS.

SENATOR NETHING: First amendment that is proposed (attached, #1).

REPRESENTATIVE DORSO: On the one amendment on page 6 of the house amendments. This concerns for county social service and technical support. This was taken care of in SB2012 and we could take care of this on the OMB bill.

PAUL KRAMER: That is what the motion did, the house took care of this by putting this part in the Human Services Bill. That section is out now.

SENATOR NETHING: The prepaid income tax not subject to state income tax after the first year in the state. Explanation of this and the houses position on this. Rod, would you explain.

ROD BACKMAN: These amendments would correct a situation that exists now in statute (attached #1, tape 1, side A, meter 391-647). This is as the result of one particular tax payer but has probably happened before; an individual taxpayer prepaid state income tax for the next year. They then went to the employer and asked not to withhold because it had already been paid. The employer did not withhold it but became subject to penalties and interest for failure to withhold. The tax department drafted amendments stating that if the employee paid the tax by December 31 they can elect to choose that way and nobody will be penalized.

SENATOR MATTERN: I heard about this amendment. Why didn't it go to Finance and Tax?

ROD BACKMAN: It was introduced after the deadline.

SENATOR MATHERN: What is the fiscal impact and how many people warrant it?

ROD BACKMAN: Doesn't apply to too many in the past, because it was illegal by law; how many will use it in the future I don't know. When I was in private practice 8-10%. Many people itemize, estimate 5%.

RICK CLAYBOURG: We worked with Rod Backman (tape 1, side A, meter 865-906). This is a policy decision the legislature must decide if you want to make a change with the withholding statutes.

REPRESENTATIVE DORSO: Over the years, we've had bills concerning. Would you give me some background, I'm not sure I can support this.

RICK CLAYBOURGH: In the 1986 special session the legislature enacted a mandatory withholding provision. Went to the voters and they upheld the decision. This does allow the individual the opportunity to opt out of the withholding.

REPRESENTATIVE BOUCHER: I move that we reject this amendment. It should be taken before the Finance and Tax committee and before both chambers.

REPRESENTATIVE DORSO: Seconded the motion.

ROLL CALL: YEAS: Senator Mathern; Representative Boucher.

NAYS: Senator Nething; Senator Nelson; Representative Dorso; Representative Dalrymple.

Vote carried 4-2-0. No further consideration.

SENATOR NETHING: Amendment 2, requires all public funds to be deposited with state treasurer at the Bank of ND.

ROD BACKMAN: This was a request of Higher Ed (attached #2 (tape 1, side A, meter 1161-1225). It is a simplified method of dealing with problems. The Bank of ND would be appointed to collect those funds.

BETH BAUMSTARK: Attorney Generals office. This amendment is one portion of amendments drawn up by our office which we believe will resolve the problem (attached 98037.0216 (tape 1, side A, meter 1230-1670).

SENATOR NETHING: On the initial amendment and Section 18, the appointment of agents language is almost identical except last line is left off.

BETH BAUMSTARK: I don't think you would use the additional language, because it would be there.

LAURA: Based upon HB1165 that dealt with Billy case, that additional language would be necessary. Without the language the funds would have to go to state treasurer first and then the Bank of ND.

SENATOR NETHING: If the Bank of ND is an agent, I don't follow that last statement.

LAURA: It's because of the specific language that was adopted in House bill 1165 and that requires the department to deposit all funds in a special fund with the state treasurer. That specific language would supersede the more general language of allowing the treasurer to appoint the Bank of ND an agent.

SENATOR MATHERN: Do you support this amendment 98037.0216?

BETH: Yes, it wouldn't pose any problems to insert this language. I don't see that it is needed, but no harm either.

SENATOR MATHERN: Motion to amend in the provision on the initial amendment on section 18 and 0216.

SENATOR NELSON: Second the motion.

Voice vote carried unanimously.

SENATOR NETHING: Amendment 3. Provide the emergency commission upon the Governor's request to transfer Edward Burn memorial funds from the Attorney General's budget to other agencies.

ROD BACKMAN: Under Federal law the Governor has the authority to designate an agency to handle the Burn funds (attached (tape 1, side A, meter 2148-2245). They are used in law enforcement and drug and alcohol related programs. The Governor has designated the AG's office to handle that and the AG's budget. It would allow that if there's a change by the Governor in the middle of a biennium that a certain agency would handle certain parts or even all of the Burns funds that the Governor should he change his election under the Federal law; he could go to the emergency commission to ask that those funds be moved with the program.

SENATOR MATHERN: This funds relate to law enforcement issues, why is it here?

ROD: Has to do with Governor designating the agency.

SENATOR MATHERN: What is the rational to use a different agency?

ROD: I believe that there may be a specific program for drug treatment that corrections is already doing it and it may be used to help other agencies that may be dealing with the same problems. The dollars would follow.

SENATOR MATHERN: Feedback from Attorney General's office?

BILL BOHR: Director of Criminal Investigation (tape 1, side A, meter 2440-2785). The Anti-Drug Abuse Act that gave us 3 pots of money - 1) Treatment that went to Human Services 2) Education for education 3) Criminal justice established the violent crime board. Money set aside for key purpose areas. Match requirement of 75-25. We increased it to 28% for administrative funds to run the program. The Fed Gov. dictates how much money goes to local agencies 65% and 35% goes to state agencies. Funding of state funds goes towards task forces 50% and 50% to corrections. Not in favor of the amendment because we've done an excellent job over the years.

SENATOR MATHERN: Move that we not adopt this amendment.

REPRESENTATIVE DALRYMPLE: Second the motion.

ROLL CALL: YEAS: Senator Nothing, Senator Mathern; Representative Mathern; Representative Dalrymple; Representative Boucher.
NAYS: Senator Nelson; Representative Dorso.

Vote carried 4-2-0 and the amendment will not be furthered.

SENATOR NETHING: Amendment #4. Sufficient funding to continue state planning to record agreements entered into with the counties. This amendment should have been on the bill relating to judicial budget.

SENATOR STENEHJEM: It provides any counties that do enter into a contract with the state for clerk of court services would be first in line to continue the process (attached (tape 1, side A, meter 2925-3000).

REPRESENTATIVE DORSO: Why isn't it left to the next legislative assembly? Supreme Court is going to put it in their budget and they are going to have to react to it.

SENATOR STENEHJEM: I'm just here to explain how the amendment got here. If the next legislature adequately funds the contract services we do not need it, but it may increase the comfort level with folks who are uncomfortable with 1275.

REPRESENTATIVE DORSO: I move we do not adopt.

REPRESENTATIVE BOUCHER: Second the motion.

ROLL CALL: YEAS: Senator Mathern; Representative Dorso; Representative Dalrymple; Representative Boucher.

NAYS: Senator Nething; Senator Nelson.

Motion not to adopt fails 4-2-0. Amendment set aside for further discussion.

SENATOR NETHING: Amendment #5. One call excavation notice system. This bill is simple on Emergency Clause.

CURT: It's here because I goofed up. It allows for a change in SB2265 to become effective earlier in the season.

SENATOR NELSON: Moved to adopt.

REPRESENTATIVE DORSO: Seconded the motion.

ROLL CALL: YEAS: 6; NAYS: 0.

Motion carried 6-0-0.

SENATOR NETHING: Amendment #6. Relating to year 2000 insurance coverage.

TOM SMITH: Domestic Ins. Co., deals with y2k and insurance policies (attached (tape 1, side A, meter 3460-3715). There have been some companies that have filed endorsements that deal with this. Some endorsements excluded all coverage. I don't know what type of policy this includes. One I have specifically deals with home owners policy which specifically excludes problems with y2k problems. The insurance industry is not going to pay for damage to the computer, it's not going to pay for the data. What happens if you have a power surge and the house burns down? What happen if the thermostat is controlled by a computer chip and the pipes all freeze. They will only pay for the resulting damage.

SENATOR MATHERN: Anybody from Insurance Dept. here?

SENATOR NELSON: Move to not consider this.

REPRESENTATIVE DORSO: Second the motion.

ROLL CALL: YEAS; 6, NAY; 0.

Motion carried 6-0-0.

SENATOR NETHING: The first amendments I talked about have been of a non-fiscal nature and we're ready to move into those that have a non-fiscal nature.

SENATOR MATHERN: Amendment #7 of non-fiscal nature (attached (tape 1, side A, meter 3923-4055). This amendment is essentially the contents of the HB1108 with the exclusion of the issues of the Internet service providers. It has been reviewed and I offer it to the committee.

REPRESENTATIVE DORSO: Moved to adopt the amendment.

SENATOR NELSON: Seconded the motion.

ROLL CALL: YEAS; 6, NAYS; 0.

Motion carried.

REPRESENTATIVE DORSO: Amendment 8, regarding the winter sports facility requested by UND (attached 1, side A, meter 4173-4243). It requires that the University reserve positive portion of the gift as a way to pay for operation of maintenance of the facility.

REPRESENTATIVE DORSO: Moved the amendment.

REPRESENTATIVE BOUCHER: Seconded the motion.

REPRESENTATIVE DALRYMPLE: We considered this as well in House Appropriations. We considered a requirement that the facility establish a reserve fund for future repair and maintenance costs. We felt it should not be established out of the original gift. You could

establish some reserves out of the operating budget which would be preferable that requiring the donor to actually maintain the terms of his gift. I move the amendment be modified to state that the second sentence be deleted and a new sentence inserted saying the University shall establish a reserve fund for this purpose.

SENATOR NETHING: This is a friendly amendment.

SENATOR NELSON: The University shall set up a reserve fund. From where, how funded?

REPRESENTATIVE DALRYMPLE: Reserve fund would be from the operations of the winter sports facility.

REPRESENTATIVE DORSO: Is the facility going to make any money? The expenses of operating two hockey arenas and are they going to be able to maintain it. I'm in agreement with Senator Nething.

SENATOR NETHING: Would it be accurate to say to establish a fund but have other than general funds. The purpose not to use general funds.

SENATOR NELSON: Not general funds may not be specific enough. Should we not have made this general? Shouldn't we apply it to all?

REPRESENTATIVE DORSO: I agree with Senator Nelson, but we have done it on an per case basis.

REPRESENTATIVE BOUCHER: We certainly don't want to turn away money; we want these kinds of benefits to come to our campus. We are concerned about the issue of maintenance; we should develop a policy to identify if we are going to use revenues or general fund dollars.

REPRESENTATIVE DALRYMPLE: The intent of my proposed change would be the University shall establish a reserve fund for this purpose from building operating profits donated for other funds. I would hate for us to do anything to upset the feelings of the donor towards the completion of the gift.

ROLL CALL: YEAS; 6, NAYS; 0.

Motion carried 6-0-0.

SENATOR NETHING: Amendment #9 Non-fiscal amendment.

REPRESENTATIVE DORSO: This amendment would take care of workers comp for the purchase of building and land that the city of Bismarck of receive in lieu of instead of property tax (tape 1, side A, meter 5526-5580). I move the amendment.

SENATOR NELSON: Seconded the motion.

REPRESENTATIVE BOUCHER: Would this be year by year or life of building?

REPRESENTATIVE DORSO: Year by year.

REPRESENTATIVE DALRYMPLE: Are there other situations in state where another agency should be given same consideration?

REPRESENTATIVE DORSO: We do have other state agencies in lieu of payments; they are done on an individual basis pretty much.

ROLL CALL: YEAS; 6, NAYS 0.

Motion carried 6-0-0.

SENATOR NETHING: Amendment #10.

REPRESENTATIVE DORSO: This would allow the legislative branch to use the carry over money (attached (tape 1, side A, meter 5944-5976).

SENATOR NELSON: Moved the amendment.

REPRESENTATIVE DORSO: Seconded the motion.

ROLL CALL: YEAS; 6 NAYS 0.

Motion carried 6-0-0.

SENATOR NETHING: Amendment #11.

REPRESENTATIVE DORSO: I'm not sure how this exactly happens what this amendment does is puts \$25,000 in the council for the arts for the traveling and I believe that there would be matching money (tape 1, side B, meter 115-195).

SENATOR GRINDBERG: The difference is that the discussions that OMB had with the council of art was to clarify that the dollars would be used for the Lewis and Clark, so the Lewis and Clark language is added to the most current version.

SENATOR MATHERN: 0237? I take it the Plains Art Museum then supports the Lewis Clark part of this or were they forced into this?

SENATOR GRINDBERG : There was some confusion early on I believe even before we came here to the legislature between what was in the council of arts budget and what was in the historical society budget and so it was meant through the process there was a \$100,000 in the council of arts budget for these purposes so we went back to them and talked to them and asked

how much could they use or how much would they like to match federal grant to be able to refurbish the Rolling Plains Gallery and set up a Lewis and Clark exhibit and take it around the state and throughout the country.

REPRESENTATIVE DORSO: Moves the amendment.

SENATOR MATHERN: Second the motion.

REPRESENTATIVE DALRYMPLE: I'm not so sure it was necessarily an oversight on the House side that the money was not included in the council's of the arts. I think there may have been a difference of opinion on that one.

ROLL CALL: YEAS; 6, NAY; 0.

Motion carried 6-0-0.

SENATOR NETHING: Amendment #12. This appropriates \$360,000 from OMB for purpose of paying cost resulting to the settlement of a lawsuit relating to fees charged for the handicapped parking permits (attached (tape 1, side B, meter 401-421).

REPRESENTATIVE NELSON: Moved the amendment.

REPRESENTATIVE DORSO: Second the motion.

SENATOR NELSON: This is something I don't think we have any choice.

REPRESENTATIVE DALRYMPLE: I agree with that, my only question is if a suit is still under negotiation do we want to name a specific dollar amount is there any chance that could influence the final settlement?

ROSEY SAND: Attorney Generals office. I'm not sure that the language is the way that I draft it but I thought about that when I drafted it. I think that where the litigation is right now the court has issues a letter to the parties saying I am going to decide this, I believe we're just going on in how much are we going to pay in refunds and I think that might be a pretty finite issue. I think that it's probably set whether you give us \$360,000 or not that's probably going to be the result. I think they might be talking about attorney fees which would come from this management and we have a standard appropriation for that.

REPRESENTATIVE BOUCHER: Are we talking about one plaintiff or are we talking multiple?

ROSEY SAND: There are many.

SENATOR MATHERN: I'm wondering if we have this pool and this management why don't we use that?

ROSEY SAND: I believe it does not fall under it or two reason. One because it is not a tort claim and because it happened prior to the establishment of this arrangement fund.

SENATOR NELSON: Maybe there is a way we would like to increase the Emergency Commission contingency fund by this amount and then have that as the cap of what the commission deals with.

REPRESENTATIVE DORSO: Change agency name from Management and Budget to the Emergency Commission that's cool with me.

SENATOR NETHING: The amendment will read just as it is except where you read Office of Management and Budget it will read Emergency Commission, is that correct.

ROLL CALL: YEAS; 6, NAY 0.

Motion carried 6-0-0.

SENATOR NETHING: Amendment #13, the next amendment is 98037.0235, it appropriates \$615,000 to be used whatever portion is necessary to be used as matching funds for Prairie Public Broadcasting for converting to digital television broadcasting (attached (tape 1, side B meter 745-825). This was presented in our committee, we didn't take and any action to include it, the reason was at that time there was considerable more dollars in it.

REPRESENTATIVE DALRYMPLE: Would you consider postponing this one temporarily because this is money that we have never taken into consideration.

SENATOR NETHING: That was the whole reason I wanted to lay out and move what we can and what we can't we can come back and discuss. Let's go to the next one, amendment #14. We are now at, this appropriates \$374,000 into the general fund for the business analysts. This came from OMB.

ROD BACKMAN: What this is, is the technology bill that have worked their way through the session 2043/2044 (attached (tape 1, side B, meter 966-1020). We came out an interim committee and actually had a price tag on it out of the interim committee of 2 million dollars. There have been several changes to it and when it passes out the price had dropped to this level and my understanding is the committee just said we're not going to deal with the appropriation we'll deal with that on 2015 so these are the dollars that relate to the technology bill.

REPRESENTATIVE DALRYMPLE: We did authorize a position for a business analyst. I think it was our feeling that that could be covered from within the ISD funds, special funds. We did not discuss any additional money for consulting services, it was not specifically requested by Jim Heck. I would move that we deny the request.

REPRESENTATIVE DORSO: Seconded the motion.

SENATOR NELSON: I would resist that, perhaps there was a misunderstanding on the conference committee. The members of the Senate who served on the conference committee felt it would be very important to have this level of funding to get the entire project off the ground a bit. I'm not sure how we had any effect on the process unless are going to put in some dollars.

REPRESENTATIVE DALRYMPLE: I think for the most part ISD would have within it's authority the opportunity to develop what they need for wide area network implementation from within the normal authority that they have. The only question is on consulting services for a quarter of a million dollars that would be unusual for them to have that kind of expenditure for outside consulting. In any event I think it is really a department expenditure not a general fund expenditure and I'm not convinced they need any where that kind of money either.

REPRESENTATIVE BOUCHER: What would we be buying for this \$250,000?

SENATOR NELSON: It's my understanding that there is a request for an FTE position and that would be funded. There is a good deal of continued work that we need on developing a state wide network and there is some work in developing and RFT that would be presented under the time table December of 2000. I'm not sure that we have all of the expertise within ISD to do that kind of exploratory type of work to develop the RFT so I expect this to be pretty important.

REPRESENTATIVE BOUCHER: Then you are saying this would probably involve an in-house consultant.

SENATOR NELSON: I don't know that.

JIM HECK: Our thoughts behind this when we were working with 2043/2044, there are two pieces to that that we feel require some funding. We are to develop an extensive business plan with ten points included in the legislation, including Indian tribes, Prairie Public, and county, city, state government, and that would be submitted to the legislative committee that was formed in 2044 and it needs to be completed by October 1999. The other piece is the RFP, the bill does state that the state government has to be on this network by July 2000 with counties and cities and pools by 2001. The purpose of the RFP is to get state government on and to provide information to the next legislative session to determine if the power of leverage of combined purchasing power is there for school, counties, and cities allowing the legislature to maybe undo or to reinforce the mandate of counties, schools and cities.

REPRESENTATIVE BOUCHER: \$124,900 would be for a position of business analyst. \$250,000 would be outside consulting fees?

JIM HECK: That's correct. We were looking for the position to act as the project manager to manage those two activities. The \$250,000 that's an estimate of consulting support, we do not have the expertise to do those activities and the detail required but we want to manage the project so that we have ownership of both of those activities.

REPRESENTATIVE DORSO: I wasn't there for the discussion on 2043/2044. ISD is in my opinion mostly a special fund agency that recovers all of its cost and charges the other areas of state government. They really can charge anything they want if people will pay. If these agencies are going to be the beneficiary putting this together I think maybe the agencies should have it in their IT budgets which they pay ISD. That's just a comment, or it could be recovered in there.

SENATOR MATHERN: One difference here, I think what we are looking at is a much broader comprehensive system. We are looking to get more people on board than are board right now, so charging this off internally is really making some agencies pay for this future project even though other agencies not part of it would benefit from it, so I think the consultant thing is important for that reason to be paid for generally. The other thing is I'd presume there would be some value to having a consultant outside the system because there will be some disagreements between all these different parties as to whether or not they want to be a part of this and having some access to a person outside of ISD might be helpful in that regard.

SENATOR NELSON: I'm not sure what agency benefits from the original development of the plan but I have to think that what we are talking about that we have things as we will two years from develop an online then we can surcharge by putting into the IT portion of the agency budget. But until we get the basic of the finances done and until we can see how we are going to go about implementing it I don't think we able to charge other agencies.

REPRESENTATIVE DORSO: I don't argue with what's been said however I kind of disagree with you about the consulting. I look at this as funding a position for a \$124,900 and once the thing is put together how long do you need it. They are going to privatize this back right, who needs to be there to run it, they're running it, that's why we're privatizing it.

SENATOR NELSON: How do you get it developed? That's what we are talking about, if it shows eventually that as we implement the program we need someone to oversee and take the ownership of the actual implementation of the program.

REPRESENTATIVE DORSO: I'm not arguing with that. Jim if it's just for getting the backbone set up I understand, but the ongoing thing, as in the operating cost they should be spread over everybody's, shouldn't take a general fund appropriation.

JIM HECK: Our intent that the position for this biennium would be focusing on those two activities. However if the county, school, and cities do come on board on it's determined that it is to their benefit they are to submit a technology plan to be incorporated into the state wide plan. The original bill had two positions in that fiscal note for that purpose, if they do come on board this position would be used and as the business to monitor that planning activity, if they do not than I agree this position would have served its function. As to the general fund I would see that the \$250,000 for the first time to get the RFP and the business plan completed could be incorporated into our ongoing activities in the following biennium and not have to be funded any further from general fund and the position as well if it does continue in counties, schools and cities are served.

REPRESENTATIVE DALRYMPLE: It's not unusual for very early stage development cost to be incorporated into the ISD budget and they are continually working on large projects that may not actually come to fruition for some time, so we do that and 2043 also requires that every state agency be on the wide area network so I think that in terms of requirements at least they are all being treated equally, I would really prefer that we just increase the spending authority for the technology department by this \$374,900, keep the statement of the purpose of the amendment if you like but I don't know why we would just for one time in history have a general fund appropriation for one thing.

SENATOR NELSON: I certainly disagree with that, I don't think this is the first time in history we have had a general fund appropriation for a specific item. Had the appropriations committee seeing fit to incorporate these dollars into the individual agencies IT plan we would have nothing to talk about here. I think if we are going to require them to do it that we should also put some money with the requirement.

REPRESENTATIVE DALRYMPLE: Has ISD ever had a general fund support of any kind?

SENATOR NETHING: Not that I am aware of.

ROD BACKMAN: The debate that is going on may be appropriate in that in the past ISD has picked this up within their cost but that becomes part of the reason for the debate in that we have more and more agencies who's IDS line was adjusted by the appropriations committee so they don't have as many dollars as in the original executive budget, plus ISD continues to come under criticism from the agencies saying your fees are too high and we need to look at outside providers because your costs have gotten too high. This project is to bring on school districts, counties, cities, tribes, etc.

SENATOR NELSON: Maybe ISD hasn't had a general fund appropriation but rather than having to amend 2015 to put in X number of dollars into every agencies budget to be able to pay for this I think it would be more appropriate at this point to put the general fund dollars into ISC.

SENATOR NETHING: There are more beneficiaries than just state agencies and I don't know how you collect from them. Chet you were here when ISD was started right, I can't remember how we would start all of that without a general fund appropriation do you have any recollection of that?

CHET NELSON: I think it was started as a special fund and I don't recall any seed money.

SENATOR NETHING: That's really what we are talking about seed money to get it off the ground.

REPRESENTATIVE DALRYMPLE: Maybe we are working this to death but I think that the \$374,000, well maybe it's just \$250,000 spread over the entire budget I think would fall within what I would call the margin of error on their budget, I think they probably have that much in the cushion.

SENATOR NETHING: We will take a break at this point. We will reconvene as subject to the call of the chair.

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SENATOR NETHING: Reconvened the hearing on SB 2015.

The members present included: Sens. Nething, Nelson and Mathern and Reps. Dorso, Dalrymple and Boucher.

SENATOR NELSON: I withdraw my motion on amendment 14 and move that we fund it at \$250,000 without being specific where the money is spent.

REPRESENTATIVE DORSO: Second the motion.

ROLL CALL: YEAS; 6, NAY; 0.

The motion carried.

SENATOR NETHING: Let's go back and revisit the one on the Prairie Public Broadcasting before we move away, amendment #13. The proposal was for 615,000.

REPRESENTATIVE DALRYMPLE: I move that we adopt the amendment at the level of \$415,000.

REPRESENTATIVE DORSO: Second the motion.

SENATOR MATHERN: Have there been any discussions about what would be changed with this reduction in terms of that project?

REPRESENTATIVE DALRYMPLE: The difficulties in this is the early stages in which this activity is occurring. The federal funds have not been received and I think we are in a planning type of stage. Negotiations are under way with the technology. Seeing that I think a year and a half would be adequate.

REPRESENTATIVE BOUCHER: How far along will this take the project? Are we looking at a dollar per dollar here? Are we leveraging \$830,000 with your proposal?

REPRESENTATIVE DALRYMPLE: It is not a strict dollar per dollar match. Part of the problem is that we want to be sure that we are not ahead of the schedule. The funds are unrestricted so whatever direction digital television takes them, whether a joint or individual venture, they'll be able to use these funds for whatever purpose.

REPRESENTATIVE BOUCHER: Then \$415,000 will allow them to stay on schedule?

REPRESENTATIVE DALRYMPLE: In my opinion, yes. No one can say for sure what the schedule will be and you have to make a choice where the right level of funding will be.

ROLL CALL: YEAS; 6, NAY 0.

Motion carried.

SENATOR NETHING: Before we move into the question on the gaming grants, there's a couple other things that OMB requested, amendment #15. Rod, you asked for restoration of a budget analyst position for fiscal management and would you like to tell us more.

ROD BACKMAN: It would be the last page of the handout, item #6 (attached (tape 2, side A, meter 478-620). We had requested to add back one FTE and \$101,000 related to that FTE. Basically, what we have within our fiscal management office would include two long term employees who will be leaving and there are concerns when those are replaced with new people we may not be able to handle it with two people. The next item is \$320,000 we requested to be added back and it was pulled in the House. It deals with the security at the capital complex. That is broken down in a couple of different items. One was \$100,000 for the card system that would limit access to various floors and offices. The other part was additional security cameras and a central point of monitoring which included contracting for security.

SENATOR NETHING: Are those separable?

ROD BACKMAN: Yes, we would consider the card system the lowest priority. On the House side, we had asked for a .4 FTE for security and that deals with the people we are using for security right now. Because of the 12 hour shift we don't need dollars but we do need the .4 FTE. We think in the House amendments that may have been related to the \$320,000 capital security so when that came out the FTE came out with it.

SENATOR NETHING: If you do get the \$320,000 you'd still need the .4 FTE?

ROD BACKMAN: Yes, the next item is for reprogramming. If there are changes in the budget we use those dollars for reprogramming and generally turn those dollars back. In the 1995 session, we dropped that from a 1.8 to a .8 because we were somewhat concerned about Y2K. We moved from \$800,000 to \$1 million. The Senate dropped it to \$950,000 and the House, two amendments, dropped it to \$500,000. We really feel it is important to leave it up to \$800,000. Also, we do know that the government accounting standards board is going to make some changes in the next few months and we know we'll spend some dollars.

SENATOR NETHING: Let's consider these four requests.

SENATOR NELSON: I move that we restore an FTE in fiscal management; \$220,000 in capital security; .4 FTE in facilities management and \$250,000 to fiscal management.

REPRESENTATIVE DORSO: Seconded the motion.

ROLL CALL: YEAS 6; NAY 0.

The motion carried.

SENATOR NETHING: Senator Wanzek has come up with a solution to a problem out there.

SENATOR WANZEK: Distributed and explained the proposed amendment #16 (attached (tape 2, side A, meter 1050-1309). We all know there is a lot of flooding out there in more than one district. We did try to discuss it in the conference committee on SB 2162, the foundation aid formula bill, but that amendment was wide open. In this amendment, any school district out there has a valuation loss, because of inundated land they have to have at least 10% before we even consider helping plus they have to make an effort after you take the new valuation for up to the cap of 185 mills. After that point, we would take the loss in valuation from inundated land and take it times 185 mills or their levy whichever is greater and come up with a number and that is what they would be paid. We worked with Legislative Council and tried to put a fair number to this. The county assessors' are trying to ascertain what that impact may be.

SENATOR NETHING: When we started addressing this problem, we were really focusing more on the Devil's Lake area and Minnewaken area because of the inundated acres there. Now that same legislation has impacted other areas.

SENATOR WANZEK: Yes, this is capped. It won't be anywhere near covering it but we want to provide some relief and that is why we looked at having them absorb at least the first 10% loss of valuation. We are trying to cover everyone.

SENATOR NELSON: Did you look at any other way to address the problem instead of dollars?

SENATOR WANZEK: Yes, but it has come down to the wire. I would be open to any other efforts that might help alleviate the problem. We had an amendment presented in committee in the same dollar range but open ended without any limitations at all.

SENATOR NELSON: I was contacted by a person with the same problem. There seemed to be a real difference in interpretation by the county tax assessors and after we talked there was no longer a problem. Is there some broad or narrow way it can be interpreted?

BARRY HASTY: Property Tax Division (tape 2, side A, meter 1623-1884). The legislation as passed says inundated land without any qualification on it means that it has been underwater to the extent that it makes the land unsuitable for growing crops or grazing livestock for a full growing season. There were some people that wanted to put qualifications on it saying that land that was receiving preventive planting payments or CRP programs was not inundated land but the language of the statute is very clear. One of the advantages of getting a handle on all of the land that is inundated regardless of the program is that it provides for a much more equitable assessment of agricultural land from counties to counties without having this third class

(inundated) of property. You recognize that while the dry land might be as productive in two adjoining counties one has more land that's underwater and unless you can value that at a lower level it forces the productive land level higher unless we have the third class. We've run into county border problems and adding this additional class helps to alleviate that. With the inundated land, we've been working very hard to get all of the counties to identify which land it is that qualifies it.

REPRESENTATIVE BOUCHER: When you talked about inundated land, there is no real distinction between that which is inundated and there is absolutely no revenue coming from it and inundated land where there is revenue coming from it. If you can determine that it is inundated, it qualifies for the tax relief.

BARRY HASTI: That's true, there is no distinction between the different types of inundated land.

REPRESENTATIVE BOUCHER: Are we making a definition of inundated land where there is no revenue? Is that going to be up to the local county officials to make that determination?

BARRY HASTI: The statute that was passed says that the county commissioners have to approve the number of inundated acres on each parcel. If the county commission decides not to allow some inundated land because it is getting revenue from other source they maybe challenged on that because the statute does not put those qualifications. That brings us to a couple of constitutional questions: the legislature is the only body that has the authority to define a class of property and all of the property in the same class has to be taxed at the same rate if it's in the same taxing district.

We've struggle very hard and would suggest further tweeking of this amendment to make it easier to administer and cover a certain problem. On the form that is included with the amendment, maybe eliminate lines 1 and 2 reword line 3 by replacing "reclassification" without "because". That would give us flexibility to address those losses in value. In some counties, some have given a lower valuation to inundated land prior to now. As a result, they had to raise the value of the dry land in order to maintain the county wide average calculated by the statutory formula. The way this is currently written we wouldn't be able to recognize the fact that there was a loss caused by inundated land. We wouldn't be able recognize the land at the lower level that it is. There would be a loss in value. They will have the same problem but this will correct.

SENATOR NETHING: Would we remove the appropriation if we did that or does that include the appropriation too?

BARRY HASTI: This wouldn't do anything to the appropriation.

REPRESENTATIVE DALRYMPLE: I have a little background in this because we started it in the House. We originally thought we could work through the Game and Fish Department to provide some hunting areas and tax relief for farmers in waterfowl hunting areas. We ran into problems with that. It has evolved into this and I see some problems with it. This is asking a lot of the county auditors to begin every year on making a new set of determinations on what land is

considered inundated and what it not and all of the additional calculations involved with that. There are problems interpreting definitions and establishing the common base line.

REPRESENTATIVE JOHNSON: The problems have created because of legislation that passed this winter. That is why we had come forward with the short form here. We could probably come up with the long form too. We are trying to help the school districts out.

REPRESENTATIVE DORSO: I move to not approve.

SENATOR G. NELSON: Second the motion.

REPRESENTATIVE DORSO: It isn't that we don't have empathy but I look at what happened in Grand Forks. We are getting into an area of school district property taxes and the solution is not easy to arrive at. \$250,000 probably don't cover anything close on a first come first serve basis. I'm not comfortable with that either because if there is inundated land out there and we're going to have a policy about it then we should be taking care of it all not just one area.

ROLL CALL: YEAS 4; NAY 2.

Yeas: Senator Nething; Senator Nelson; Representative Dorso; Representative Dalrymple.
Nays: Senator Mathern; Representative Boucher.

The item is not approved.

SENATOR NETHING: We are on amendment #17.1. We are ready to move on to the request appropriating \$310,086 from the general fund to the Attorney General for local gaming enforcement grants.

SENATOR NELSON: Presented the amendment (attached (tape 2, side A, meter 2883-3018). I have mixed feelings. First, we have a budget where all of these cuts were taken out rather than cuts taken through various areas of the budget. Yet, I think there may be some real validity in the funding of this. I would ask that we make an amendment that allows the spending authority for \$310,086 from the Attorney General's budget if the Attorney General finds it within their budget.

SENATOR NETHING: A motion to prepare an amendment to permit the \$310,086 to come from within the Attorney Generals budget in addition to the \$221,877 that is already in that budget.

REPRESENTATIVE DALRYMPLE: Second the motion.

SENATOR MATHERN: I think this is a good amendment. This is a situation of enforcing gaming statutes that we passed. I understand this wouldn't be automatic money and there would be some for the grant process. Finding it within the budget is the problem in the first place. There isn't the money in the budget so I'll resist the motion on this amendment and go back to the original amendment.

SENATOR NELSON: When there was a request for a cut this was the area where the Attorney General has made the determination. If they find the money and if they don't they won't be able to fund.

SENATOR MATHERN: I would move a substitute motion 98037.0228, the original amendment.

SENATOR NETHING: We won't accept a substitute amendment.

SENATOR MATHERN: I withdraw my motion.

REPRESENTATIVE BOUCHER: Does the Attorney General have the ability to line item transfer in her budget?

SENATOR NELSON: Yes, with the approval of the emergency commission.

REPRESENTATIVE BOUCHER: Do you feel there is \$310,000 in view of the cuts that we have made to that budget?

SENATOR NELSON: I hope so.

REPRESENTATIVE BOUCHER: Do we send legislation out hoping there is money there?

SENATOR NELSON: I'd rather vote that it's there than not having it at the ending fund balance. The whole point is the Attorney General made a decision.

ROLL CALL: YEAS 4; NAY 2.

Yeas: Senator Nething; Senator Nelson; Senator Mathern; Representative Dorso; Representative Dalrymple; Representative Boucher.

The amendment was approved.

SENATOR NETHING: Now we are on the amendment as offered, #17.

SENATOR NELSON: Moved the amendment as amended.

REPRESENTATIVE DORSO: Seconded the motion.

ROLL CALL: YEAS 4; NAY 2. was taken.

Yeas: Senator Nething; Senator Nelson; Representative Dorso; Representative Dalrymple.
Nay: Senator Mathern; Representative Boucher.

The motion carries and the amendment will be included.

SENATOR NETHING: We are now on amendment #18. It is from OMB to transfer \$2 million from the mill to the ND elevator in addition to the 3 that's already been transferred.

ROD BACKMAN: Explained the amendment (attached (tape 2, side A, meter 3665-3796).

REPRESENTATIVE DALRYMPLE: What was the total expected for the capital improvement expansion.

ROD BACKMAN: I'm not sure.

REPRESENTATIVE DALRYMPLE: It will be \$18 or \$19 million.

REPRESENTATIVE DORSO: I believe we passed the bill to allow bonding. This was a bonding bill and we were hoping they'd pay out their profits.

SENATOR MATHERN: Are you indicating that with the passage of this amendment we would have the money in place with the ending funding balance to do the 3 and 3 salary increase the Governor recommended.

ROD BACKMAN: It would take \$8.9 million to fund the full increase.

SENATOR MATHERN: I would prefer that we take up the issue of salaries.

SENATOR NETHING: We have two transfers I'd like to deal with before we get to the salaries.

REPRESENTATIVE BOUCHER: When we talk about \$3 million and now \$2 million what are the projected profits for the mill for the coming biennium?

ROD BACKMAN: I believe the projected profits were about \$4 million per year and after the expansion they expected double.

REPRESENTATIVE BOUCHER: What is the time frame in the biennium when the expansion would start to have an affect?

ROD BACKMAN: About \$8 million per year a profit would happen about 9 months into the biennium.

REPRESENTATIVE BOUCHER: So early next year in the year 2000.

ROD BACKMAN: April 2000.

REPRESENTATIVE BOUCHER: We would have a little more than a full year at that profit level. What would be a total profits?

ROD BACKMAN: \$12 million.

REPRESENTATIVE BOUCHER How much of that \$12 million if we were to pay cash for the upgrading?

ROD BACKMAN: I can't answer that.

SENATOR MATHERN: I move a Do Pass on this amendment.

REPRESENTATIVE BOUCHER: Second the motion.

ROLL CALL: YEAS 2; Nay 4.

YEAS: Senator Mathern; Representative Boucher.

NAY: Senator Nething; Senator Nelson; Representative Dorso; Representative Dalrymple.

The motion failed.

SENATOR NETHING: We are on amendment #19 - OMB transfers from the Bank of North Dakota increasing the profit transfers to \$52 million.

ROD BACKMAN: This is based on the same issue as the salary (attached, tape 2, side A, meter 4550-4592).

SENATOR MATHERN: I move the amendment that we change the transfer from \$50 million to \$52 million.

REPRESENTATIVE BOUCHER: Seconded the motion.

ROLL CALL: YEAS 2; NAY 4.

Yeas: Senator Mathern; Representative Boucher.

Nays: Senator Nething; Senator Nelson; Representative Dorso; Representative Dalrymple.

The motion failed.

SENATOR NETHING: We're down to the final item that OMB proposed and that is the state employee salary compensation, amendment #20.

ROD BACKMAN: We support the Governor's recommendation of the 3 and 3 salaries (attached (tape 2, side A, meter 4850-4955). The proposal is to fund part of the salary and allow the agency to fund the remaining.

SENATOR NETHING: Where are we with dollars? How much would you have in addition to \$8.9 million general fund?

ROD BACKMAN: One option I would suggest is that if you fund 1/2 of the 3 and 3 increase then the cost you would need to appropriate would be \$4.5 million.

REPRESENTATIVE BOUCHER: Back in 1993, what you're recommending was done, did they find the money that second year within their budget?

ROD BACKMAN: Only a few couldn't do all of it.

REPRESENTATIVE BOUCHER \$4.5 million in additional general fund dollars to make this work.

ROD BACKMAN: That's correct. In 1993, agencies had to find the full 3% increase for the second year of the biennium. Here, we want them to find half of a 1% increase in two years.

SENATOR TIM MATHERN: It is important that we proceed with the Governor's recommendation and we attempt to address the full 3 and 3 salary issue. We have made progress in terms of administrators and it makes sense that we did that. We have made some progress in terms of salaries for legislators. The funding of the \$35 minimum has been a good idea but the 2 and 2 is not really working. The Governor's recommendation came after considerable studies about what is going on in terms of salary compression.

REPRESENTATIVE BOUCHER: I plan on supporting this recommended 3 and 3. In order to get quality people and to be competitive with the surrounding states this is essential. In some cases these raises were in the vicinity of 16 or 17%. They are definitely significant. 2% is simply maintaining probably with current inflation. At the present time, inflation rates are low but when we talk about employee salaries and wages we have two issues we have to keep in mind: competitiveness and it is imperative that we make these adjustments and, also, maintaining is not a positive approach to employee moral.

SENATOR NETHING: As I look at the amendment that Senator Mathern has offered, that's a 3 and a 3, both to be funded, \$8.9M. I would like to do a vote on this first because it has a higher level of the two.

SENATOR MATHERN: This is amendment 98037.0224 (attached (tape 2, side A, meter 6043-6150). These numbers are from Legislative Council. This would take \$8.9 million from the general fund to grant a salary increase of 3% for the first year of the biennium and an increase of 3% for the second year of the biennium. This would be allocated to the central personnel division and would be dispersed to all of the agencies including higher education.

SENATOR NETHING: Does that exclude the Judiciary?

SENATOR MATHERN: No, not to my knowledge.

PAUL KRAMER: It would provide funding to all agencies because their salary set in statute would not have an increase nor would other elected officials.

REPRESENTATIVE DORSO: I'm not satisfied with \$10 million as the ending fund balance. In the discussion of 3 and 3 a lot of things have been forgotten. Since we've gotten here our health insurance has gone up considerably. We continue to fully fund the retirement plan with tax payers' dollars. As I went through the budget I found numbers of salaries pooled. I think the taxpayers have done very well by the state employees in trying times. With the revenues falling off, we have had to make adjustments.

SENATOR MATHERN: I'd like to pass out the difficulty of implementation of the two and two (attached). It's important that we fund this plan at the 3 and 3 level. I move a do pass.

REPRESENTATIVE BOUCHER: Seconded the motion.

ROLL CALL: YEAS 3; NAY 3.

Yeas: Senator Nething, Senator Mathern; Representative Boucher.

Nay: Senator Nelson; Representative Dorso; Representative Dalrymple.

The motion failed.

SENATOR NETHING: Mr. Backman has an amendment here that is a salary increase of 3% the first year, 2% the second year with the 1% coming from internal savings.

REPRESENTATIVE BOUCHER: I move we accept that recommendation.

SENATOR MATHERN: Does that proposal fund? In talking with Legislative Council, we would need \$5,921,351 to fund 3 and 2. Does this amendment have money in it?

ROD BACKMAN: We are not recommending it but it is an option you can consider. This language here would actually cost about \$6 million general fund because you'd be funding 3 and 2.

SENATOR NETHING: It has a \$6 million impact if it is approved at your proposal.

SENATOR MATHERN: Seconded the motion.

SENATOR MATHERN: That is the intent of your motion to fund this amount at that level.

REPRESENTATIVE BOUCHER: Yes.

ROLL CALL: YEAS 3; NAY 3.

Yeas: Senator Nething; Senator Mathern; Representative Boucher.

Nay: Senator Nelson; Representative Dorso; Representative Dalrymple.

The motion failed.

SENATOR MATHERN: I believe there is support on the Senate floor for additional salaries. For us to go lower, it is not good public policy. The resources are there but our public employees are leaving the state. We have addressed other salary issues this session then this. We should proceed with either one of these and not go any lower in addressing these.

SENATOR NETHING: We are trying to find a compromise. Would the committed consider 2% the first year, 2% the second year and let the agencies go to 3% and fund half of that 1% the second year?

SENATOR MATHERN: I would not be supportive of that.

SENATOR NELSON: No.

SENATOR NETHING: I would like to do something. How about 2% the first year and 3% the second year with the agencies finding the total 1% for the second year?

SENATOR NELSON: I motion that we fund the agencies. The first year at 2%, the second year at 3% and the agencies need to find the 3% within there budget.

REPRESENTATIVE DALRYMPLE: Second the motion.

REPRESENTATIVE DORSO: This would do the same thing we did in 1993. It would require them to certify with OMB. I'd like to know where they'll take the money from if we're going to do this.

ROD BACKMAN: On the last page I gave you with the amendments on it, in the bottom it says "transfers between line items" that was the language that was used in 1993. If an agency could find it within their salary line item they didn't need to do anything. However, if they needed to move it from operating to salary to make up the short fall then they would contact our office and we authorized the transfer.

REPRESENTATIVE DORSO: Did OMB report it to the budget section? We should know if they are going to make transfers other than in their salary line items what they prioritize and where they took the money out of so that we don't get in the same situation in 1995. We had to find that information ourselves and I don't want to look for it. If we're giving them this authority it should be clear in this amendment that they report where they found the savings and that report is given to the budget section.

SENATOR NETHING: Is that workable?

ROD BACKMAN: Not a problem.

REPRESENTATIVE BOUCHER: I do agree with Representative Dorso. We need to define what the latitude of those findings are. I like the idea of compromise but I do feel it would be

more appropriate to turn those numbers around and make it 3% fully funded in the first year. The second year come back with 2% that they have to find out of their own budget.

SENATOR MATHERN: I have some problems with this. We are putting state employees in a situation that is our problem. They are in an ethical dilemma in providing a service that we feel is important. There will be some agencies with a number of unfilled positions because they are trying to address the salary issue. We are passing on our lack of public policy decision making.

ROLL CALL: YEAS 4, NAY 2.

Yeas: Senator Nething; Senator Nelson; Representative Dorso; Representative Dalrymple.

Nays: Senator Mathern; Representative Boucher.

The motion passes.

SENATOR NETHING: I held of on continuation of clerk. This is amendment #21. This ensures that the counties that contract for the clerks of court services with the Supreme Court. If the money doesn't carry through those parties who have contracted will be protected. I think it is a precaution and will make these people feel a little safer.

There was no second. The motion died.

SENATOR MATHERN: I have a proposal regarding the needs of health care for children. The amendment you have before authorizes the Department of Human Services to offer its program between 140-150% poverty level on the condition that the Department receives through private donations the amount of state funding required to access the federal taxing funds. If the Department would secure those private donations the Department should request the emergency commission approval.

SENATOR MATHERN: I move the amendment.

REPRESENTATIVE BOUCHER: Seconded the motion.

SENATOR MATHERN: The reason for this is in light of the level of the program and potential of help, there may be some groups that would address this issue.

ROLL CALL: YEAS; 2, NAY 4.

Yeas: Senator Mathern; Representative Boucher.

Nays: Senator Nething; Senator Nelson; Representative Dorso; Representative Dalrymple.

The motion failed.

SENATOR NETHING: Amendment #22.

SENATOR G. NELSON: This amendment appropriates \$100,000 for the map program. It is an ongoing program that is just about completed.

TOM DECKER: We've been developing a computerized map capability and the ability to analyze school districts, financial, enrollment, test scores and other kinds of data. More recently, we've been developing the capability to do cost analysis between districts relating to transportation. We're proposing rehosting the school map system to the world wide web to make it available to all schools. We want to integrate into the system we have now locational data for students.

SENATOR NELSON: I move this amendment.

REPRESENTATIVE BOUCHER: Seconded the motion.

REPRESENTATIVE DORSO: Was this brought and missed?

TOM DECKER: We did make a presentation to the Education Committee just after crossover. It never quite got picked up.

ROLL CALL: YEAS; 4 NAY; 2.

Yeas: Senator Nething; Senator Nelson; Senator Mathern; Representative Boucher.

Nay: Representative Dorso; Representative Dalrymple.

The motion failed.

REPRESENTATIVE DORSO: Amendment #23 fixes the ethanol subsidy and increases it by \$500,000 of which was plugged in to the Highway Distribution Fund. It takes care of the folks holding the bag in Grafton of the hook.

REPRESENTATIVE DORSO: I move the amendment.

SENATOR NELSON: Seconded the motion.

REPRESENTATIVE BOUCHER: We looking at monies to pay off those investors.

SENATOR MATHERN Will the \$500,000 reduce the General Fund?

REPRESENTATIVE DORSO: Not in the general fund but in the highway distribution process. We took care of that by overfunding with penny gas tax and the dollar registration. It should be a zero impact as far as net dollars to match federal dollars.

REPRESENTATIVE DALRYMPLE: The affected extra funds available to the highway fund are \$655,910.

ROLL CALL: YEAS 6, NAY 0.

The motion passed.

SENATOR NELSON: I move amendment #24. This bill deals with the developmental disabilities revolving fund.

REPRESENTATIVE DORSO: Seconded the motion.

SENATOR MATHERN: What is the rationale? What need has come up?

SENATOR NELSON: The need to protect the ending fund balance.

REPRESENTATIVE DALRYMPLE: It is right around \$9 million for an ending fund balance.

SENATOR NELSON: This is not the first time we've done this.

ROLL CALL: YEAS 6; NAY 0.

The motion passed.

SENATOR NETHING: Closed the conference committee hearing on SB2015.

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SENATOR NETHING: Reopened the conference committee hearing on SB2015. We've asked Legislative Council to review the amendments before we sign off.

PAUL KRAMER: Explained the amendment (attached (tape 3, side A, meter 35-737)).

SENATOR NELSON: Moved to reconsider our action of Section 7.

REPRESENTATIVE DORSO: Seconded the motion.

SENATOR NELSON: I apologize for not fully understanding what this section did. It adds \$500,000 for ethanol and I have a real problem with the gas tax bill in the Senate.

JOHN OLSRUD: Legislative Council. The dollar amount will need to be changed in Section 7. If you take out Section 7, it goes back to \$750,000 rather than \$1M. You need Section 24 to make it clearer which plant you're talking about.

REPRESENTATIVE DALRYMPLE: None of this has anything to do with the \$300,000 contingency dollars for new ethanol plants?

SENATOR NETHING: Correct.

SENATOR NETHING: Motion to reconsider.

VOICE VOTE: UNANIMOUS.

REPRESENTATIVE DORSO: Move to take out Section 7 and make the change in Section 24 to reflect that.

SENATOR NELSON: Seconded.

SENATOR MATHERN: I'm going to resist that motion. I thought this was an attempt to make sure that we were behind that industry to the level that we started. I got the impression that people worked hard in the other committee that we had the money to accomplish this purpose.

SENATOR NETHING: The way it was explained to us it that our conferees were not in favor of that.

SENATOR NELSON: It was explained to me that this subject was discussed in HB1183 and that an amendment was forwarded that the Senate conferees have opposed.

ROLL CALL: YEAS 5; NAYS 1.

Yeas: Senator Nething; Senator Nelson; Representative Dorso; Representative Dalrymple; Representative Boucher.

Nays: Senator Mathern.

Motion passed.

SENATOR NELSON: Move that the House recede from it's amendments and SB2015 be amended as follows.

REPRESENTATIVE DORSO: Seconded the motion.

SENATOR MATHERN: I plan to vote against the motion. I think we still need to address the salary issue to a greater extent.

ROLL CALL: YEAS 4; NAYS 2.

Yeas: Senator Nething; Senator Nelson; Representative Dorso; Representative Dalrymple.

Nays: Senator Mathern; Representative Boucher.

Motion passed.

SENATOR NETHING: Reopened the conference committee meeting on SB2015.

SENATOR MATHERN: I hope that we can send up the 3 & 3. We have 3 & 3 prepared from the Governor.

REPRESENTATIVE BOUCHER: I echo Senator Mathern.

SENATOR NETHING: The Governor committed to the 3 & 3 and that was before the shortfall.

REPRESENTATIVE BOUCHER: Moved to have the 3% the 1st biennium and 3% the 2nd biennium.

SENATOR MATHERN: Seconded the motion.

ROLL CALL: YEAS 3; NAY 3.

Yeas: Senator Nething; Senator Mathern; Representative Boucher.

Nays: Representative Nelson; Representative Dorso; Representative Dalrymple.

SENATOR MATHERN: I would like some feedback from the Industrial Commission or OMB on a \$2M transfer from the Mill & Elevator.

SENATOR NELSON: We would be bonding for salaries. I'm not comfortable for bonding for General expenses.

REPRESENTATIVE DORSO: We looked at it in the House and we did not except that.

SENATOR MATHERN: After the revised forecast, I believe the Governor believed that another \$2M could be taken from the Mill & Elevator.

SENATOR NELSON: I didn't see an amendment from the Governor that was for the 3 and 3.

REPRESENTATIVE DORSO: December's projections were based on the earlier revenue projections. Since then, the projections have been changed. The health insurance increased substantially and we have substantial revenue losses. We had to make adjustments all over. The Governor left the decision to us.

ROD BACKMAN: The impact to the Mill. The equity on the balance sheet is \$44M, up from \$32M two years ago. Project they are doing, they will bond for it. I wouldn't disagree that if \$2M was transferred that they wouldn't have to bond for it.

SENATOR MATHERN: We can go down further in the ending balance.

REPRESENTATIVE DALRYMPLE: It is important to where the House has sighted where it wanted to be. The House caucus goal was to achieve a \$20M ending fund balance. It was never revised. We have failed at that goal and have now arrived at \$12M. We had a close call in the House of bonding for the Mill and Elevator.

SENATOR MATHERN: Part of it is how you approach it. You can describe as bonding or taking from the profits of the Mill is another way of describing.

SENATOR NELSON: Taking \$2M from the profits, they are going to have to bond for whatever figure.

SENATOR MATHERN: That may and may not be the case.

REPRESENTATIVE DORSO: We don't want to get in a situation where we have to raise taxes.

SENATOR NETHING: We are going to take a 30 minute break.

SENATOR NETHING: Reconvened the conference committee hearing.

REPRESENTATIVE DALRYMPLE: Moved to adopt the conference committee report unchanged.

REPRESENTATIVE DORSO: Seconded the motion.

ROLL CALL: YEAS 4; NAYS 2.

Yeas: Senator Nething; Senator Nelson; Representative Dorso; Representative Dalrymple.

Nays: Senator Mathern; Representative Boucher.

Motion passed.

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4/17/99 **Tape 1, Side A, Meter 1-585**

SENATOR NETHING: Reopened the conference committee meeting on SB2015.

REPRESENTATIVE DALRYMPLE: I move that we further amend this conference committee report to add section that would provide the necessary funds, \$1.5M to guarantee the full 2% plus 2% pay increase and the \$35 a month guaranteed minimum pay increase.

SENATOR NELSON: Seconded the motion.

REPRESENTATIVE DALRYMPLE: We had investigated some talk that perhaps some of the salary lines in the agencies did not contain adequate dollars to satisfy the requirements of the 2 and 2 and a \$35 minimum.

SENATOR MATHERN: What is the application to this money and the Higher Ed system?

REPRESENTATIVE DALRYMPLE: Yes, they are the most effected. \$400,000-\$500,000 is what they felt they might need and it's included in this amount.

REPRESENTATIVE BOUCHER: You say that we have covered all the State agencies including Higher Ed with the amendments as it shows.

REPRESENTATIVE DALRYMPLE: Yes, that is correct.

4-17-99

SENATOR MATHERN: I like some things in this amendment and some I don't. It clarifies some of the information in funding. Downside is that it corrects one assumption and creates another with the issue of the 3% the second year of the biennium that's not funded. We put people in a position of cutting services or not giving the proper salaries. I think that is a position that we should not be pushing forward. We ought to fund the full 3%.

SENATOR Nelson: What we are doing is putting people in a position of being managers. I have every confidence that every agency will find 1% in their budget for additional salaries. I think this is the only change in this formula that will pass the Senate.

ROLL CALL: YEAS; 4, NAYS 2.

Yeas: Senator Nething; Senator Nelson; Representative Dorso; Representative Dalrymple.

Nays: Senator Mathern; Representative Boucher.

Motion Passed.

SENATOR NETHING: Closed the conference committee on SB2105.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 2, after line 1, insert:

"Additional compensation 13,821,652"

Page 2, line 3, replace "64,739,956" with "78,561,608"

Page 2, line 4, replace "46,088,243" with "50,952,043"

Page 2, line 5, replace "18,651,713" with "27,609,565"

Page 4, after line 15, insert:

"The additional compensation appropriation of \$13,821,652, of which \$8,957,852 is from the general fund, shall be transferred by the central personnel division to state agencies and institutions to allow the agencies and institutions to provide annual salary increases of 3.0 percent per year."

Page 4, line 17, replace "funds" with "fund"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 110 - OFFICE OF MANAGEMENT AND BUDGET

CONFERENCE COMMITTEE - This amendment adds \$13,821,652, \$8,957,852 of which is from the general fund for annual salary increases of 3.0 percent. The funds are to be allocated by the Central Personnel Division to state agencies and institutions based on the funding needed by each agency or institution to provide annual salary increases of 3.0 percent.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

That the House recede from its amendments as printed on pages 1124-1128 of the Senate Journal and pages 1254-1258 of the House Journal and that Engrossed Senate Bill No. 2015 be amended as follows:

Page 1, line 2, after the semicolon insert "to provide an appropriation to the department of transportation;"

Page 2, after line 26, insert:

"SECTION 2. APPROPRIATION. There is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$360,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of paying costs associated with Americans with Disabilities Act litigation to which the department of transportation is a party for the biennium beginning July 1, 1999, and ending June 30, 2001."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 801 - DEPARTMENT OF TRANSPORTATION

CONFERENCE COMMITTEE - This amendment provides a \$360,000 general fund appropriation to the Department of Transportation for paying costs resulting from the settlement of a lawsuit relating to fees charged for handicapped parking permits.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 10, after "fund" overstrike "the period" and insert immediately thereafter "; to create and enact a new section to chapter 57-38 of the North Dakota Century Code, relating to an employee election to make an advance payment of tax in lieu of withholding; to amend and reenact section 57-38-59, relating to an employee election to make an advance payment of tax in lieu of withholding; and to provide an effective date."

Page 7, after line 2 insert:

"**SECTION 16.** A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Employee election to make advance payment of tax in lieu of withholding – Penalty and interest – Revocation.

1. An employee may elect to not have tax deducted and withheld from the employee's wages under section 57-38-59 if the employee has a calendar-year basis taxable year and pays the amount required under subsection 3 of this section.
2. An election under this section must be made on or before December 31 of the calendar year preceding the calendar year to which the election first applies; however, an employer shall have up to thirty days from receipt of an election to stop deducting and withholding tax from the employee's wages. An election under this section is effective until revoked under subsection 4 of this section.
3. For each calendar year for which an election under this section is effective, the employee shall pay an amount equal to the estimated tax determined to be due under section 57-38-62 for that calendar year. For this purpose, section 57-38-62 is modified by all of the following:
 - a. The employee is deemed to be subject to section 6654 of the Internal Revenue Code.

- b. Notwithstanding section 57-38-63, the due date for the payment required under this subsection is December 31 of the calendar year preceding the calendar year for which the payment under this subsection is required.
 - c. For purposes of subsection 3 of section 57-38-62:
 - (1) The penalty provisions of section 57-38-45 apply; and,
 - (2) The installment due date is December 31 of the calendar year preceding the calendar year for which the payment under this subsection is required.
 - d. For purposes of subsection 6 of section 57-38-62, an overpayment is deemed to be applied on December 31 of the calendar year preceding the calendar year to which the overpayment is applied as an estimated payment.
4. The election under this section may be revoked as follows:
- a. To revoke an election under this section, an employee shall notify the employer of the revocation on or before December 31 of the calendar year preceding the calendar year for which the election under this section is no longer effective; however, an employer shall have up to thirty days from receipt of the revocation from an employee to begin deducting and withholding tax from the employee's wages under section 57-38-59.
 - b. The tax commissioner may revoke an election under this section at any time if the employee fails to comply with any of the provisions of this section, or if the tax commissioner determines it is necessary for the administration and enforcement of this chapter. The tax commissioner shall notify the employer and the employee of the revocation, and shall provide an explanation for the revocation to the employee. The election under this section is ineffective with respect to wages paid on or after January 1 of the calendar year following the calendar year for which the election under this section is revoked by the tax commissioner; however, the employer shall have up to thirty days from receipt of the revocation notice from the tax commissioner to begin deducting and withholding tax from the employee's wages under section 57-38-59. If the tax commissioner revokes an election, the employee may not make another election under this section without prior written approval from the tax commissioner.

- c. If the tax commissioner revokes an election under this section for a calendar year, the employee shall be subject to the estimated tax provisions under section 57-38-62 for that calendar year. For this purpose, section 57-38-62 is modified by all of the following:
- (1) The employee is deemed to be subject to section 6654 of the Internal Revenue Code.
 - (2) For purposes of subsection 3 of section 57-38-62, the penalty provisions of section 57-38-45 apply.
 - (3) Notwithstanding section 57-38-63, the first installment due date is December 31 of the calendar year preceding the calendar year to which this subdivision applies.
 - (4) For purposes of subsection 6 of section 57-38-62, an overpayment is deemed to be applied on December 31 of the calendar year preceding the calendar year to which the overpayment is applied as an estimated payment.
5. An election, revocation of an election, and payment of estimated tax under this section must be made on forms and in the manner prescribed by the tax commissioner.”

SECTION 17. AMENDMENT. Section 57-38-59 of the North Dakota Century Code is amended and reenacted as follows:

57-38-59. Withholding from wages of employees – Penalty.

1. Every employer making payment of wages to employees shall deduct and withhold from their wages such percentage or percentages, as determined by the tax commissioner, multiplied times the total amount required to be deducted by an employer from wages of an employee under the provisions of the Internal Revenue Code of 1986, and as hereafter amended, as will approximate the income taxes due the state. The amount of tax withheld must be computed without regard to any other amount required to be withheld thereunder, but the tax withheld must as closely as possible pay any tax liability imposed by this chapter.

2. In the event that the tax deducted and withheld under subsection 1 should prove to be disproportionate to the tax liability, the tax commissioner may adjust the percentage that, when withheld, will, as closely as may be possible, pay the income tax liability imposed by this chapter.
3. The tax commissioner may, in lieu of the requirement above for deducting and withholding tax based upon a percentage of federal income tax withheld, adopt by rule tax tables that, when the tax provided for in the tables is withheld, will, as closely as possible, pay the income tax liability imposed by this chapter. When adopted by the tax commissioner said tables must be followed by every employer required to deduct and withhold any tax imposed by this chapter.
4. Notwithstanding the other provisions of this section, an employer shall not deduct and withhold tax from the wages of any employee for whom an election under section 16 of this Act is in effect.

SECTION 18. EFFECTIVE DATE. Sections 16 and 17 of this Act are effective for taxable years beginning after December 31, 1999.

Renumber accordingly

(Bill Number) SB 2015 (, as (re)engrossed):

Your Conference Committee

AMEND # 1

| Attendance | SENATORS | Vote |
|------------|----------|------|
| P | NETHING | N |
| P | NELSON | N |
| P | MATHERN | Y |

| Attendance | REPRESENTATIVES | Vote |
|------------|-----------------|------|
| P | DORSO | Y |
| P | DAIRYMPLE | Y |
| A/P | BOUCHER | Y |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from) the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

723/724 725/726 8724/8726 8723/8725

and place _____ on the Seventh order.

727

. adopt (further) amendments as follows, and place _____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

690/515

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4, 16, 99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

**PROPOSED AMENDMENT TO ENGROSSED SB 2015
WITH HOUSE AMENDMENTS**

Appointment of Agents. The treasurer may appoint agents for the purpose of receiving public funds as required by section 12 of article X of the constitution of North Dakota. If appointed by the state treasurer, the Bank of North Dakota shall serve as an agent of the state treasurer for the purpose of receiving public funds, including funds that must be deposited in higher education institution special revenue funds.

**PROPOSED AMENDMENT TO ENGROSSED SB 2015
WITH HOUSE AMENDMENTS**

Edward Byrne Memorial funds appropriated to the Attorney General's budget are granted by Federal law, which authorizes the governor to designate an agency to administer the Byrne Program. Such funds shall be provided to address programs for the prevention and treatment of drug and alcohol abuse, to reduce recidivism and similar preventive programs relative to criminal activity in the state of North Dakota. The Emergency Commission may authorize a transfer of funds from the Attorney General's budget to other agencies upon the governor's request.

(Bill Number) SB 2015 (, as (re)engrossed):

Your Conference Committee

AMEND # 3

| Attendance | SENATORS | Vote |
|------------|----------|------|
| | NETHINGS | Y |
| | NELSON | N |
| | MATHERN | Y |

| Attendance | REPRESENTATIVES | Vote |
|------------|-----------------|------|
| | | N |
| | | Y |
| | | Y |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/728 8724/8728 8723/8725
 the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.
727

. adopt (further) amendments as follows, and place
 _____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged
 and a new committee be appointed. 690/515

((Re)Engrossed) _____ was placed on the Seventh order of business on the
 calendar.

DATE: 4, 16, 99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

#4

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 5, after line 12, insert:

"SECTION 10. LEGISLATIVE INTENT - CONTINUATION OF CLERK OF DISTRICT COURT FUNDING. It is the intent of the fifty-sixth legislative assembly that the supreme court include in its budget request for the 2001-03 biennium sufficient funds to implement any elections made pursuant to subsection 7 of section 27-05.2-02. Notwithstanding the initiation of a new or different option under subdivision b of subsection 7 of section 27-05.2-02, the supreme court shall ensure that, within the limits of legislative appropriation, an agreement is continued if a county elects to continue such an agreement."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 180 - SUPREME COURT

CONFERENCE COMMITTEE - This amendment adds a section of legislative intent that the Supreme Court include in its 2001-03 biennium budget request sufficient funding to continue state funding of district court agreements entered into with counties.

(Bill Number) SB 2015 (, as (re)engrossed):

Your Conference Committee

AMEND #4

| Attendance | SENATORS | Vote |
|------------|----------|------|
| | NEthing | N |
| | NELSON | N |
| | MATHERN | Y |

| Attendance | REPRESENTATIVES | Vote |
|------------|-----------------|------|
| | DORSO | Y |
| | DAIRYMPLE | Y |
| | BOUCHER | Y |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from) the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.

. adopt (further) amendments as follows, and place _____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4, 16, 99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

Amendments to Engrossed Senate Bill 2015

The amendments inserting Sections 14 through 18, and Sections 21 and 22 have been added to cure potential problems with statutes which authorize some public money to be deposited other than with the State Treasurer. This past summer the North Dakota Supreme Court, in a case captioned Billey v. North Dakota Stockmen's Association, held that, with a few stated exceptions, all public money is required by Article X, Section 12 of the North Dakota Constitution to be deposited with the State Treasurer. The Court also clarified what was meant by public money. These amendments to Senate Bill 2015 will take care of potential problems that other agencies may face under that Supreme Court ruling.

Section 14 amending N.D.C.C. § 15-39.1-26 provides that interest and earnings on funds the Teachers Fund For Retirement (TFFR) has invested through the State Investment Board be credited to the fund.

Section 15 amending N.D.C.C. § 34-15-07 requires that the full civil penalty collected for a violation of the requirement that all new hires be reported to the Directory of New Hires under the welfare reform act must be paid into the state treasury. Under current law only the net proceeds, the penalty remaining after the costs of recovering the penalty, are required to be deposited in the general fund.

Section 16 amending N.D.C.C. § 39-12-20 requires that the money obtained from the sale of vehicles forfeited to the Department of Transportation for violation of size, width, and height restrictions must be deposited with the State Treasurer. It includes a continuing appropriation to pay the costs of the proceedings to the county. There is also a continuing appropriation for paying any balance after paying the charges assessed into the state highway fund to the person the court determines is entitled to it.

Section 17 creating a new section in chapter 54-06 requires that any contract entered between a state agency and a collection agency must base any remuneration on the amount of money actually collected. It further requires that all funds collected on behalf of a state agency be deposited with the state treasurer. The section also contains a continuing appropriation, from the fund into which the funds were deposited, for the amount of the remuneration due the collection agency.

Section 18 creating a new section in chapter 54-11 authorizes the State Treasurer to appoint agents for the purpose of receiving public funds. This would allow her to designate the Bank of North Dakota or an individual to accept deposit of public funds

on her behalf. This would provide a means for resolving difficulties for a state agency such as the LAND Board in having interest, dividends, or proceeds from sale of stock being deposited directly with the State Treasurer.

Section 21 amending N.D.C.C. § 54-44-04.6 requires the gross proceeds from the sale of surplus property be deposited with the State Treasurer in the surplus property operating fund. It then authorizes OMB to transfer to the agency from which the property was received the amount of the proceeds less the administrative expenses of the state.

Section 22 provides an emergency clause for Sections 14 - 18 and Section 21.

(Bill Number) SB 2015 (, as (re)engrossed):

Your Conference Committee

AMEND # 5

| Attendance | SENATORS | Vote |
|------------|----------|------|
| | NETHING | Y |
| | NELSON | Y |
| | MATHERN | Y |

| Attendance | REPRESENTATIVES | Vote |
|------------|-----------------|------|
| | DORSO | Y |
| | DALRYMPLE | Y |
| | BEUCHER | Y |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from) the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.

. adopt (further) amendments as follows, and place _____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4, 16, 99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

#6

98037.0236
Title.

Prepared by the Legislative Council staff for
Senator St. Aubyn
April 13, 1999

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 9, remove the second "and"

Page 1, line 10, after "fund" insert "; and to declare an emergency"

Page 7, after line 2, insert:

"SECTION 16. EMERGENCY. Senate Bill No. 2265 is declared to be an emergency measure."

Renumber accordingly

(Bill Number) SB 2015 (, as (re)engrossed):

AMEND #6

Your Conference Committee

| Attendance | SENATORS | Vote |
|------------|----------|------|
| | NETHING | Y |
| | NELSON | Y |
| | MATHERN | Y |

| Attendance | REPRESENTATIVES | Vote |
|------------|-----------------|------|
| | DORSO | Y |
| | DALRYMPLE | Y |
| | BOUCHER | Y |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from) the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.

. adopt (further) amendments as follows, and place _____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4, 16, 99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

#7

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 8, after "54-23.2" insert "and five new sections to chapter 57-34"

Page 1, line 9, after "fees" insert "the audit and assessment of telecommunications carriers, deficiency notice, protest and appeal procedure, claim for credit or refund of the tax on telecommunications carriers, preservation of records, and resale certificates" and replace "section" with "sections"

Page 1, line 10, after "54-27.2-02" insert ", 57-34-01, 57-34-02, 57-34-03, 57-34-06, and 57-34-10" and after "fund" insert "and telecommunications taxes; to provide for retroactive application; to provide an effective date; and to provide an expiration date"

Page 7, after line 2, insert:

"SECTION 16. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Tax commissioner to audit returns and state board of equalization to assess tax. The tax commissioner shall proceed to audit the returns of telecommunications carriers not later than three years after the due date of the return, or three years after the return was filed, whichever period expires later. The state board of equalization shall assess the tax and, if any additional tax is found due, the tax commissioner shall notify the taxpayer in detail as to the reason for the increase.

SECTION 17. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Deficiency, protest, and appeal.

1. When tax is understated on a return because of a mathematical or clerical error, the tax commissioner shall notify the telecommunications carrier of the error and the amount of additional tax due. This notice is not a notice of deficiency and the telecommunications carrier has no right to protest.
2. If upon audit the tax commissioner finds additional tax due, the tax commissioner shall notify the telecommunications carrier and the state board of equalization of the deficiency in the tax amount. A notice of deficiency must be sent to the telecommunications carrier by first-class mail and must state the amount of additional tax due and set forth the reasons for the increase.
3. A telecommunications carrier has thirty days from the date of mailing of the notice of deficiency to file a written protest with the state board of equalization objecting to the assessment of additional tax due. The protest must set forth the basis for the protest and any other information that may be required by the state board of equalization. If a telecommunications carrier fails to file a written protest within the time provided, the amount of additional tax stated in the notice of deficiency becomes finally and irrevocably fixed. If a telecommunications carrier protests only a portion of the tax commissioner's finding, the portion that is not protested becomes finally and irrevocably fixed.

4. If a protest is filed, the state board of equalization shall reconsider the assessment of additional tax due.
5. Within six months after the protest is filed, the state board of equalization shall mail to the telecommunications carrier a notice of reconsideration and assessment which must respond to the telecommunications carrier's protest and assess the amount of any additional tax due. The amount set forth in that notice becomes finally and irrevocably fixed unless the telecommunications carrier brings an action against the state in district court within six months of the mailing of the notice of reconsideration and assessment.

SECTION 18. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Claims for credit or refund.

1. A telecommunications carrier may file a claim for credit or refund of an overpayment of any tax imposed by this chapter within three years after the due date of the return or within three years after the return was filed, whichever period expires later.
2. A claim for credit or refund must be made by filing with the tax commissioner an amended return, or other report as prescribed by the tax commissioner, accompanied by a statement outlining the specific grounds upon which the claim for credit or refund is based.
3. The tax commissioner shall notify the telecommunications carrier if the state board of equalization disallows all or part of a claim for credit or refund. The decision of the state board of equalization denying a claim for credit or refund is final and irrevocable unless the telecommunications carrier brings an action against the state in district court within six months of the mailing of the notice denying the claim for credit or refund.

SECTION 19. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Preservation of records. Every telecommunications carrier required to make a return and pay any tax under this chapter shall preserve records of the gross proceeds of sale as the commissioner may require and every carrier shall preserve for a period of three years and three months all invoices and other records of telecommunications services purchased for resale. All of these books, invoices, and other records must be open to examination at any time by the commissioner or any duly authorized agent of the commissioner.

SECTION 20. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Resale certificates. A telecommunications carrier who receives a resale certificate certifying that another telecommunications carrier holds a North Dakota sales and use tax permit for sales or use tax purposes under section 57-39.2-14 is relieved from submitting the telecommunications gross receipts tax upon the sale of telecommunications services to be resold by the telecommunications carrier submitting the certificate. When a telecommunications carrier submits a false resale certificate to another telecommunications carrier, the telecommunications carrier that submitted the certificate is liable for the telecommunications gross receipts tax on the sale. A hospital, hotel, motel, or similar place of temporary accommodation selling telecommunications service to its patients or guests is not a telecommunications carrier under this section.

SECTION 21. AMENDMENT. Section 57-34-01 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-01. Definitions. The definitions in this section may not be construed to subject a telecommunications carrier or telecommunications service to the provisions of title 49. As used in this chapter, unless the context or subject matter otherwise clearly requires:

1. "Adjusted gross receipts" means telecommunications carrier gross receipts less all amounts paid by the reporting telecommunications carrier on telecommunications service that is taxable under this chapter in state and local sales and use taxes and federal excise taxes and less amounts paid by the reporting telecommunications carrier to another telecommunications carrier for directory assistance originated by a caller in this state.
2. "Company" includes any individual, copartnership, business trust, corporation, limited liability company, joint-stock company, association, or any other organization.
- 2- 3. "Gross receipts" means all telecommunications carrier retail revenues from telecommunications service charges billed to any station in this state and from charges to another telecommunications carrier for directory assistance originated by a caller in this state.
- 3- 4. "Station" means a subscriber service address located in this state with a distinct call number designation or distinct extension number designation. If this is not a defined location, "station" means the location of the primary use of telecommunications equipment as determined by telephone number, authorization code, or billing address.
- 4- 5. "Telecommunications carrier" means a ~~person~~ company that is engaged in the business of furnishing telecommunications service within this state. The term includes a reseller of telecommunications service.
- 5- 6. "Telecommunications service" means transmitting for consideration of two-way communication by wire, cable, fiber optics, radio, lightwave, microwave, satellite, or other means. The term includes:
 - a. Essential telecommunications service and nonessential telecommunications service as defined in section 49-21-01;
 - b. Telecommunications service that originates and terminates in this state and is billed to a station in this state;
 - c. Interstate telecommunications service that originates or terminates in this state and is billed to a station in this state; and
 - d. ~~A hospital, hotel, motel, or similar place of temporary accommodation selling telecommunications service to its patients or guests, if there is a separately stated charge for the service; and~~
 - e. Telegraph service.
- 6- 7. "Telecommunications service charges" means the value of all consideration received by a telecommunications carrier for provision of telecommunications service and recovery within the year of telecommunications service charges written off in a prior year as uncollectible. For a telecommunications carrier operating on any form of mutual basis, the term includes all amounts assessed against the members for the operation and maintenance of the business. The term does not

include revenue from merchandising, jobbing and contract work, maintenance or repair of customer premises equipment including equipment leased or rented by the customer from any source, operations not directly related to provision of telecommunications service, amounts charged for billing and collection on behalf of another telecommunications carrier, proceeds from transfer of capital stock, or transfer, sale, or lease of property not directly related to telecommunications service. The term does not include amounts collected for or amounts collected from federal and state mechanisms to preserve and advance universal service.

SECTION 22. AMENDMENT. Section 57-34-02 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-02. Reports of telecommunications carriers - Penalty.

1. Each telecommunications carrier that received intercarrier telecommunications revenue in the preceding calendar year shall make and file with the tax commissioner, on or before January fifteenth of each year, a list containing the name and mailing address of each telecommunications carrier from which the reporting telecommunications carrier received intercarrier telecommunications revenue in the preceding calendar year. This list is to be filed in addition to the report required by subsection 3.
2. Each telecommunications carrier that provided telecommunications service in the preceding calendar year to one or more pay telephones owned by another company shall make and file with the tax commissioner, on or before January fifteenth of each year, a list containing the name and mailing address for each company that owned a pay telephone served by the reporting telecommunications carrier in the preceding calendar year. This list is to be filed in addition to the report required by subsection 3.
3. Each telecommunications carrier subject to gross receipts taxes under this chapter shall make and file with the tax commissioner, on or before May first of each year, on the form as the tax commissioner may prescribe, a report containing a statement of its gross receipts in this state during the preceding calendar year, amounts paid by the carrier on telecommunications service that is taxable under this chapter during the preceding calendar year in state and local sales and use taxes and federal excise taxes, amounts received from or paid to another telecommunications carrier for directory assistance, and any other information as the tax commissioner may require. The form must include a notice of a telecommunications carrier's right to appeal its assessment to the state board of equalization prior to or at the August meeting of the state board of equalization. Each report must be signed, subject to section 12.1-11-02, by the president, secretary, or other official of the telecommunications carrier.

SECTION 23. AMENDMENT. Section 57-34-03 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-03. Computation of taxes by tax commissioner - Exemption for high-volume customers - Continuing appropriation.

1. On or before July fifteenth of each year, the tax commissioner shall review the report under subsection 3 of section 57-34-02 and compute the ~~tentative~~ total tax to be assessed against each telecommunications carrier in this state at a rate of two and one-half percent of adjusted gross receipts. ~~The~~ If the tax commissioner's computation of the total tax differs from the amount computed by a telecommunications carrier, the tax commissioner

shall give ~~ten days'~~ notice of the change by mail to each that telecommunications carrier of its tentative total tax under this section and of its right to contest the determination before the state board of equalization at its August meeting on or before July fifteenth. The state board of equalization shall assess the tax under this section after consideration of any contest presented.

2. A telecommunications carrier's retail customer in this state is entitled to a refund equal to two and one-half percent of the amount of telecommunications service charges paid to telecommunications carriers by that customer in excess of eight hundred thousand dollars in a calendar year. A refund claim under this subsection must be filed with the tax commissioner before July first of the year following the calendar year for which the refund is claimed. A claim for refund must be made in the manner prescribed by the tax commissioner. Refunds under this subsection must be paid by the tax commissioner from tax collections under this chapter and are appropriated as a standing and continuing appropriation to the tax commissioner for that purpose.

SECTION 24. AMENDMENT. Section 57-34-06 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-06. Duties of county treasurer. The county treasurer shall allocate taxes received under this chapter to the state, the county, and the various taxing districts within the county according to the proportion that taxes paid by telecommunications carriers in locally assessed property taxes and taxes assessed under chapter 57-06 and this chapter in 1997 and received by the state, the county, and each currently existing taxing district in the county bears to all taxes paid by telecommunications carriers in locally assessed property taxes and taxes assessed under chapter 57-06 and this chapter in 1997 and received by the state, the county, and all taxing districts in the county.

SECTION 25. AMENDMENT. Section 57-34-10 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-10. Penalties - Interest - Lien for tax.

1. If a telecommunications carrier refuses or neglects to make the reports required by this chapter, or refuses or neglects to furnish any information requested, the tax commissioner shall use the best available facts and estimates to determine taxation of the gross receipts of that carrier. The tax must be imposed upon the basis of that information, ~~and. If any company fails to make the report required under this chapter on or before the first day of May of any year, the state board of equalization shall add a penalty of one-quarter of the tax due for failure to make the required report which must be collected as a part of the tax, but the tax commissioner, upon application, may grant extensions of time within which the returns must be filed.~~
2. Taxes levied under this chapter are due and payable to the tax commissioner on January first following the year in which the taxes were assessed. ~~The unpaid principal balance of taxes on the following March first is subject to a penalty of three percent, on the following May first an additional penalty of three percent, on the following July first an additional penalty of three percent, and on the following October fifteenth an additional penalty of three percent. Beginning January first of the year following the year the taxes became due, simple interest at the rate of twelve percent per annum applies to the unpaid principal balance until the taxes and penalties are paid. Interest penalties must be prorated to the nearest full month for a fractional year of delinquency. A remittance of tax~~

need not be made and any assessment or collection of tax may not be made unless the amount is at least five dollars, including penalty and interest.

3. If any amount of tax imposed by this chapter is not paid on or before March first, or if upon audit an additional tax is found to be due, there must be added to the tax remaining due interest at the rate of one percent of the additional tax for each month or fraction of a month during which the tax remains unpaid, computed from March first to the date paid.
- ~~3.~~ 4. Taxes under this chapter constitute a first and paramount lien in favor of the state upon all property and rights to property of the taxpayer. The lien may be foreclosed in the same manner provided by law for mortgages on real or personal property. Whenever any taxpayer liable to pay a tax or penalty imposed refuses or neglects to pay the liability, the amount, including any interest, penalty, or addition to the tax, and the additional costs that may accrue are a lien in favor of the state of North Dakota upon all property and rights to property, whether real or personal, belonging to the taxpayer. The lien attaches at the time the tax becomes due and payable and continues until the liability for the amount is satisfied.
5. Any mortgagee, purchaser, judgment creditor, or lien claimant acquiring any interest in, or lien on, any property situated in the state, prior to the tax commissioner filing in the central indexing system maintained by the secretary of state a notice of the lien provided for in subsection 4, takes free of, or has priority over, the lien. The tax commissioner shall index in the central indexing system the following data:
 - a. The name of the taxpayer.
 - b. The tax identification number or social security number of the taxpayer.
 - c. The name "State of North Dakota" as claimant.
 - d. The date and time the notice of lien was indexed.
 - e. The amount of the lien.

The notice of lien is effective as of eight a.m. the next day following the indexing of the notice. The tax commissioner shall index any notice of lien with no payment of fees or costs to the secretary of state.
6. Upon payment of the tax, and any accrued penalties and interest, as to which the tax commissioner has filed a notice of lien, the tax commissioner shall index a satisfaction of the lien in the central indexing system without fees or costs.

SECTION 26. RETROACTIVE APPLICATION - EFFECTIVE DATE - EXPIRATION DATE. Sections 16 through 25 of this Act apply retroactively to all tax years beginning after December 31, 1997. The amendments of subsections 1 and 3 of section 57-34-01 as amended by section 21 of this Act are effective for taxable years beginning after December 31, 1998. The amendments to subsections 1 and 2 of section 57-34-02 as amended by section 22 of this Act are effective for the first two taxable years beginning after December 31, 1999, and are thereafter ineffective."

Renumber accordingly

(Bill Number) SB 2015 (, as (re)engrossed):

Your Conference Committee

AMEND # 7

| Attendance | SENATORS | Vote |
|------------|----------|------|
| | NEthing | Y |
| | NELSON | Y |
| | MATHERN | Y |

| Attendance | REPRESENTATIVES | Vote |
|------------|-----------------|------|
| | DORSO | Y |
| | DALRYMPLE | Y |
| | BOUCHER | Y |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from) the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.

. adopt (further) amendments as follows, and place _____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4, 16, 99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 8, after the semicolon insert "to require the university of North Dakota to establish a maintenance fund;"

Page 6, after line 9, insert:

"SECTION 14. UNIVERSITY OF NORTH DAKOTA WINTER SPORTS FACILITY MAINTENANCE FUND. The university of North Dakota shall establish a fund to be used to provide for future repair and maintenance costs related to the winter sports facility to be constructed at the university of North Dakota. The university shall deposit in this fund a portion of the funds resulting from the gift which uses include the construction of a winter sports facility."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 230 - UNIVERSITY OF NORTH DAKOTA

HOUSE - This amendment requires the University of North Dakota to deposit a portion of the gift a portion of which is to be used for the construction of a winter sports facility in a special fund and be used to provide for future repair and maintenance needs of the new winter sports facility to be constructed at the university.

(Bill Number) SB 2015 (, as (re)engrossed):

AMEND #8

Your Conference Committee

| Attendance | SENATORS | Vote |
|------------|----------|------|
| | NETHING | Y |
| | NELSON | Y |
| | MATHERN | Y |

| Attendance | REPRESENTATIVES | Vote |
|------------|-----------------|------|
| | DORSO | Y |
| | DALRYMPLE | Y |
| | BOUCHER | Y |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from) the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.

. adopt (further) amendments as follows, and place _____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4, 16, 99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

#9

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 8, after "54-23.2" insert "and a new section to chapter 65-02"

Page 1, line 9, after "fees" insert "and payments in lieu of taxes on workers compensation bureau property"

Page 7, after line 2, insert:

"SECTION 16. A new section to chapter 65-02 of the North Dakota Century Code is created and enacted as follows:

Payments in lieu of taxes by bureau. If a building and associated real property is purchased by the workers compensation bureau pursuant to a legislative grant of authority, the bureau shall make payments in lieu of property taxes in the manner and according to the conditions and procedures that would apply if the building and property were privately owned."

Renumber accordingly

(Bill Number) SB 2015 (, as (re)engrossed):

AMEND # 9

Your Conference Committee

| Attendance | SENATORS | Vote |
|------------|----------|------|
| | NETHING | Y |
| | NELSON | Y |
| | MATHERN | Y |

| Attendance | REPRESENTATIVES | Vote |
|------------|-----------------|------|
| | DORSO | Y |
| | DALRYMPLE | Y |
| | BOUCHER | Y |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from) the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.

. adopt (further) amendments as follows, and place _____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4,16,99

CARRIER: _____

LC NO. _____ of amendment

LC NO. _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

#10

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 9, remove the second "and"

Page 1, line 10, after "fund" insert "; and to provide for application"

Page 7, after line 2, insert:

"SECTION 16. APPLICATION. North Dakota Century Code sections 54-16-04 and 54-44.1-11 do not apply to chapter 30 of the 1997 Session Laws."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 160 - LEGISLATIVE COUNCIL

HOUSE - This amendment provides that Sections 54-16-04 and 54-44.1-11, relating to the cancellation of unexpended appropriations, do not apply to the 1997-99 biennium appropriation for the legislative branch.

(Bill Number) SB 2015 (, as (re)engrossed):

Your Conference Committee

AMEND # 10

| Attendance | SENATORS | Vote |
|------------|----------|------|
| | NETHING | Y |
| | NELSON | Y |
| | MATHERN | Y |

| Attendance | REPRESENTATIVES | Vote |
|------------|-----------------|------|
| | DORSO | Y |
| | DALRYMPLE | Y |
| | BOUCHER | Y |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from) the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.

. adopt (further) amendments as follows, and place _____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4, 16, 99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

#11

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

That the House recede from its amendments as printed on pages 1124-1128 of the Senate Journal and pages 1254-1258 of the House Journal and that Engrossed Senate Bill No. 2015 be amended as follows:

Page 7, after line 2, insert:

"SECTION 16. APPROPRIATION. The amount of \$25,000, or so much of that amount as may be necessary, is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, to the council on the arts for the purpose of providing a grant to the plains art museum for the Lewis and Clark bicentennial event, for the biennium beginning July 1, 1999, and ending June 30, 2001. The council on the arts may provide the grant only after the plains art museum has raised \$25,000 of other funds to be used to match the general fund moneys appropriated in this section."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 709 - COUNCIL ON THE ARTS

CONFERENCE COMMITTEE - This amendment provides a \$25,000 appropriation to the Council on the Arts for a grant to the Plains Art Museum for the Lewis and Clark bicentennial event. The grant will not be distributed until the museum has raised \$25,000 of other funds as a match for the general fund grant.

(Bill Number) SB 2015 (, as (re)engrossed):

Amend # 11

Your Conference Committee

| Attendance | SENATORS | Vote |
|------------|-----------------|----------|
| | <i>NETHINGS</i> | <i>Y</i> |
| | <i>NETSON</i> | <i>Y</i> |
| | <i>MATHERN</i> | <i>Y</i> |

| Attendance | REPRESENTATIVES | Vote |
|------------|------------------|----------|
| | <i>DORSO</i> | <i>Y</i> |
| | <i>DAIRYMIDE</i> | <i>Y</i> |
| | <i>BOUCHER</i> | <i>Y</i> |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 8724/E726 8723/E725
the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.
727

, adopt (further) amendments as follows, and place
_____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged
and a new committee be appointed. 690/515

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4, 16, 99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

#12

APPROPRIATION. There is hereby appropriated out of any moneys in the general fund in the state treasury not otherwise appropriated, the sum of \$360,000 or so much thereof as is necessary, to the Office of Management and Budget. The Office of Management and Budget may use the money appropriated in this section to make payment to the plaintiffs in the event a judgement is entered against the state in Miller v. State of North Dakota, (Burleigh Cty. Dist. Ct., Civ. No. 96-C-1988).

(Bill Number) SB 2015 (, as (re)engrossed):

AMEND #12

Your Conference Committee

| Attendance | SENATORS | Vote |
|------------|----------------|----------|
| | <i>NETHING</i> | <i>Y</i> |
| | <i>NELSON</i> | <i>Y</i> |
| | <i>MATHERN</i> | <i>Y</i> |

| Attendance | REPRESENTATIVES | Vote |
|------------|------------------|----------|
| | <i>DORSO</i> | <i>Y</i> |
| | <i>DALRYMPLE</i> | <i>Y</i> |
| | <i>BOUCHER</i> | <i>Y</i> |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 8724/8726 8723/8725
the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.
727

, adopt (further) amendments as follows, and place
_____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged
and a new committee be appointed. 690/515

((Re)Engrossed) _____ was placed on the Seventh order of business on the
calendar.

DATE: 4, 16, 99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 3, after "services" insert "; to provide an appropriation to the university system office"

Page 3, after line 2, insert:

"SECTION 3. APPROPRIATION - UNIVERSITY SYSTEM - GRANT TO PRAIRIE PUBLIC BROADCASTING. There is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$615,000, or so much of the sum as may be necessary, to the university system office for the purpose of providing a grant to be used as matching funds by prairie public broadcasting for phase I of the project to convert to digital television broadcasting."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 215 - UNIVERSITY SYSTEM

CONFERENCE COMMITTEE - This amendment appropriates \$615,000 to the University System Office for a grant to Prairie Public Broadcasting for Phase I of the conversion to digital broadcasting. Any moneys received are to be used as matching funds by Prairie Public Broadcasting.

(Bill Number) SB 2015 (, as (re)engrossed):

Your Conference Committee

Amend #13

| Attendance | SENATORS | Vote |
|------------|----------------|----------|
| | <i>NETTING</i> | <i>Y</i> |
| | <i>NELSON</i> | <i>Y</i> |
| | <i>MATHERN</i> | <i>Y</i> |

| Attendance | REPRESENTATIVES | Vote |
|------------|------------------|----------|
| | <i>DORSO</i> | <i>Y</i> |
| | <i>DALRYMPLE</i> | <i>Y</i> |
| | <i>BOUCHER</i> | <i>Y</i> |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 8724/8726 8723/8725
the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.
727

. adopt (further) amendments as follows, and place
_____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged
and a new committee be appointed. 690/313

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4, 16, 99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

PROPOSED AMENDMENT TO ENGROSSED SENATE BILL NO. 2015
WITH HOUSE AMENDMENTS

Page 2, line 11, overstrike \$49,409,295 and replace with \$49,784,195.

Page 2, after line 11 insert a line that reads "Total all funds \$49,784,195."

Page 2, after line 12, Total special fund appropriation \$49,409,295, insert a line that reads "Total general fund appropriation \$374,900"

Renumber accordingly

STATEMENT OF PURPOSE:

Provides funding of \$124,900 for the business analyst position approved in amendments to SB 2043 and provides \$250,000 for consulting services. This funding will allow ISD to create the business plan and request for proposal (RFP) as required in SB 2043.

(Bill Number) SB 2015 (, as (re)engrossed):

Your Conference Committee

AMEND # 14

| Attendance | SENATORS | Vote |
|------------|----------|------|
| | NETHING | Y |
| | NELSON | Y |
| | MATHERN | Y |

| Attendance | REPRESENTATIVES | Vote |
|------------|-----------------|------|
| | DORSO | Y |
| | DALRYMPLE | Y |
| | BOUCHER | Y |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 8724/8726 8723/8725
the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.
727

, adopt (further) amendments as follows, and place
_____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged
and a new committee be appointed. 690/515

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4, 16, 99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

(Bill Number) SB 2015 (, as (re)engrossed):

Your Conference Committee

AMEND #15 (NEED)

| Attendance | SENATORS | Vote |
|------------|----------|------|
| | NETHIN G | Y |
| | NELSON | Y |
| | MATHERN | Y |

| Attendance | REPRESENTATIVES | Vote |
|------------|-----------------|------|
| | DORSO | Y |
| | DALRYMPLE | Y |
| | BOUCHER | Y |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 8724/8726 8723/8725
the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.
727

, adopt (further) amendments as follows, and place
_____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged
and a new committee be appointed. 690/515

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4, 16, 99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

#16

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 3, after the semicolon insert "to provide an appropriation for allocation to school districts that experience significant taxable valuation reductions due to inundated agricultural land;"

Page 3, after line 2, insert:

"SECTION 3. APPROPRIATION - INUNDATED LAND REIMBURSABLE TAX LOSS. There is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$250,000, or so much of the sum as may be necessary, to the state treasurer for the purpose of allocation to school districts as provided in this section, for the biennium beginning July 1, 1999, and ending June 30, 2001.

In any school district in which the current year's taxable valuation of all taxable property in the district has decreased since 1998 by more than ten percent because of valuation of property as inundated agricultural land, the state treasurer shall allocate funds for reimbursable tax losses according to the formula in this section. The county auditor of a county in which property within a school district that has experienced a reimbursable tax loss is located shall make the computation required by this section and certify the reimbursable tax loss determined for the school district to the state treasurer. The state treasurer shall allocate funds under this section among school districts on the basis of reimbursable tax losses as determined under this section and, if moneys appropriated are not in the amount that would be required for distribution to fully reimburse all reimbursable tax losses, the state treasurer shall provide for pro rata distribution of available funds among school districts for which applications are received within three months after the taxable year for which the application is made. Reimbursable tax loss must be determined according to the following table:

- | | | |
|-----|--|-------|
| 1. | Taxable year 1998 taxable valuation of land in the school district now classified as inundated agricultural land | _____ |
| 2. | Current year taxable valuation of land included in line 1 | _____ |
| 3. | Taxable valuation lost by reclassification of inundated land (line 1 minus line 2) | _____ |
| 4. | Ten percent of taxable valuation of property in the school district | _____ |
| 5. | Adjusted taxable valuation (line 3 minus line 4, if less than zero there is no reimbursable tax loss) | _____ |
| 6. | Most recent year's mill rate or 185 mills, whichever is greater | _____ |
| 7. | Revenue lost from inundated classification of property in the school district (line 5 times line 6) | _____ |
| 8. | Current taxable valuation of all property in the school district | _____ |
| 9. | 185 mills minus most recent year's mill rate, but not less than zero | _____ |
| 10. | Levy in dollars to increase to 185 mills | _____ |

11. (line 8 times line 9)
Reimbursable tax loss due to classification
as inundated land (line 7 minus line 10)

This section is effective for reimbursable tax losses experienced for taxable years 1999 and 2000 and is thereafter ineffective."

Renumber accordingly

(Bill Number) SB 2015 (, as (re)engrossed):

Your Conference Committee

AMEND # 16

| Attendance | SENATORS | Vote |
|------------|----------------|----------|
| | <i>NETHING</i> | <i>Y</i> |
| | <i>NELSON</i> | <i>Y</i> |
| | <i>MATHERN</i> | <i>N</i> |

| Attendance | REPRESENTATIVES | Vote |
|------------|------------------|----------|
| | <i>DORSO</i> | <i>Y</i> |
| | <i>NATRYMPHE</i> | <i>Y</i> |
| | <i>BOUCHER</i> | <i>N</i> |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 8724/8726 8723/8725
the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.
727

, adopt (further) amendments as follows, and place
_____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged
and a new committee be appointed. 690/515

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4, 16, 99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 2, after line 26, insert:

"SECTION 2. APPROPRIATION - LOCAL GAMING ENFORCEMENT GRANTS. There is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$310,086, or so much of the sum as may be necessary, to the attorney general for the purpose of providing local gaming enforcement grants in accordance with the provisions of 1999 Senate Bill No. 2003, for the biennium beginning July 1, 1999, and ending June 30, 2001."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 125 - ATTORNEY GENERAL

CONFERENCE COMMITTEE - This amendment adds a section appropriating \$310,086 from the general fund to the Attorney General for local gaming enforcement grants. This funding is in addition to the general fund local gaming enforcement grant funding of \$221,877 contained in Senate Bill No. 2003, the appropriation bill for the Attorney General's office.

(Bill Number) SB 2015 (, as (re)engrossed):

Your Conference Committee

AMEND # ~~16~~ 17

| Attendance | SENATORS | Vote |
|------------|----------|------|
| | NETHING | Y |
| | NELSON | Y |
| | MATHERN | N |

| Attendance | REPRESENTATIVES | Vote |
|------------|-----------------|------|
| | DORSO | Y |
| | DARBYNDE | Y |
| | BOUCHER | N |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 8724/8726 8723/8725
the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.
727

, adopt (further) amendments as follows, and place
_____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged
and a new committee be appointed. 690/515

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4, 16, 99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

(Bill Number) SB 2015 (. as (re)engrossed):

AMEND # ~~17.1~~ (Need)
17.1

Your Conference Committee

| Attendance | SENATORS | Vote |
|------------|----------|------|
| | NETHING | Y |
| | NELSON | Y |
| | MATHERN | N |

| Attendance | REPRESENTATIVES | Vote |
|------------|-----------------|------|
| | DORSO | Y |
| | DARBYMPLE | Y |
| | BOUCHER | N |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 8724/8726 8723/8725
the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.
727

. adopt (further) amendments as follows, and place
_____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged
and a new committee be appointed. 690/515

((Re)Engrossed) _____ was placed on the Seventh order of business on the
calendar.

DATE: 4, 16, 99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

**PROPOSED AMENDMENTS TO ENGROSSED SB 2015 WITH HOUSE
AMENDMENTS**

SECTION __. TRANSFER. The industrial commission shall transfer to the general fund in the state treasury the sum of \$2,000,000 from the North Dakota mill and elevator association. This transfer is in addition to the \$3,000,000 transfer authorized in House Bill 1015. The \$2,000,000 transfer may not be transferred until the second year of the biennium.

(Bill Number) SB 2015 (, as (re)engrossed):

Your Conference Committee

AMEND. #18

| Attendance | SENATORS | Vote |
|------------|----------|------|
| | NETHINGS | N |
| | NELSON | N |
| | MATHERN | Y |

| Attendance | REPRESENTATIVES | Vote |
|------------|-----------------|------|
| | DORSO | N |
| | DARBYMPLE | N |
| | BOUCHER | Y |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 8724/8726 8723/8725
the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.
727

, adopt (further) amendments as follows, and place
_____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged
and a new committee be appointed. 690/515

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4/16/99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

**PROPOSED AMENDMENT TO ENGROSSED SB 2015
WITH HOUSE AMENDMENTS**

page 1, line 24, replace 3,875,828 with 3,977,257

page 2, line 1, replace 7,854,694 with 8,174,694

page 3, line 20, replace \$500,000 with \$950,000

page 4, line 20, replace 2.0 percent per year with 3.0 percent the first year of the biennium and 2.0 percent the second year of the biennium with authority to provide a 3.0 percent increase the second year based on internal savings.

Add the following section:

TRANSFER BETWEEN LINE ITEMS. Notwithstanding the provisions of chapter 54-16, the director of the office of management and budget shall make transfers of funds between line items of an agency or institution upon the request of the agency or institution in order to provide funding for 3.0 percent employee salary increases for the second year of the biennium as provided in section 7 of this Act.

Page 5, line 19, replace \$50,000,000 with \$52,000,000

July

(Bill Number) SB 2015 (, as (re)engrossed):

Amended #19

Your Conference Committee

| Attendance | SENATORS | Vote |
|------------|----------------|----------|
| | <i>Nothing</i> | <i>N</i> |
| | <i>NELSON</i> | <i>N</i> |
| | <i>MATHERN</i> | <i>Y</i> |

| Attendance | REPRESENTATIVES | Vote |
|------------|------------------|----------|
| | <i>DORSO</i> | <i>N</i> |
| | <i>DALRYMPLE</i> | <i>N</i> |
| | <i>BOUCHER</i> | <i>Y</i> |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 8724/8726 8723/8725
 the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.
727

, adopt (further) amendments as follows, and place
 _____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged
 and a new committee be appointed. 690/315

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4, 16, 99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

(Bill Number) SB 2015 (#20) (, as (re)engrossed):

Your Conference Committee

| Attendance | SENATORS | Vote |
|------------|----------|------|
| | Nothing | Y |
| | NELSON | N |
| | MATHERN | Y |

| Attendance | REPRESENTATIVES | Vote |
|------------|-----------------|------|
| | DORSO | N |
| | DARBYMPLE | N |
| | Boucher | Y |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from) the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.

. adopt (further) amendments as follows, and place _____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4/16/99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 3, after the semicolon insert "to provide authority to the department of human services to seek private funding for the children's health insurance program state plan;"

Page 3, after line 2, insert:

"SECTION 3. CHILDREN'S HEALTH INSURANCE PROGRAM STATE PLAN.

Notwithstanding any contrary provision in state law, the children's health insurance program state plan may provide an income eligibility limit not exceeding one hundred fifty percent of the poverty line if the department of human services secures moneys from private donations to cover the state funding requirement necessary to access federal matching funds. If the department of human services secures private donations under this section, the department shall request emergency commission approval to spend the private and federal funds for the children's health insurance program state plan."

Renumber accordingly

#21

(Bill Number) SB 2015 (, as (re)engrossed):

Your Conference Committee

| Attendance | SENATORS | Vote |
|------------|----------|------|
| | Nothing | N |
| | NELSON | N |
| | MATHERN | Y |

| Attendance | REPRESENTATIVES | Vote |
|------------|-----------------|------|
| | DORSO | N |
| | DALRYMPLE | N |
| | Boucher | Y |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 8724/8726 8723/8725
 the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.
727

, adopt (further) amendments as follows, and place
 _____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged
 and a new committee be appointed. 690/515

((Re)Engrossed) _____ was placed on the Seventh order of business on the
 calendar.

DATE: 4, 16, 99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 3, after the semicolon insert "to provide an appropriation to the department of public instruction;"

Page 6, after line 19, insert:

"SECTION 15. APPROPRIATION - DEPARTMENT OF PUBLIC INSTRUCTION. There is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$100,000, or so much of the sum as may be necessary, to the superintendent of public instruction for the purpose of continuing the data envelopment analysis project, for the biennium beginning July 1, 1999, and ending June 30, 2001."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 201 -DEPARTMENT OF PUBLIC INSTRUCTION

CONFERENCE COMMITTEE - This amendment provides a \$100,000 appropriation to the Department of Public Instruction to continue the data envelopment analysis project.

(Bill Number) SB 2015 (, as (re)engrossed):

#22

Your Conference Committee

| Attendance | SENATORS | Vote | Attendance | REPRESENTATIVES | Vote |
|------------|----------|------|------------|-----------------|------|
| | NETHING | Y | | DARSO | N |
| | NELSON | Y | | DARBYMPLE | N |
| | MATHERN | Y | | Boucher | Y |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 8724/8726 8723/8725
the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.
727

, adopt (further) amendments as follows, and place
_____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged
and a new committee be appointed. 690/515

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4, 16, 99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

Page 1, line 3, after the semicolon insert "to provide an appropriation to the agricultural products utilization commission for grants;"

Page 1, line 10, after "Code" insert "and subsection 2 of section 4-14.1-07 of the North Dakota Century Code as amended by section 11 of House Bill No. 1019, as approved by the fifty-sixth legislative assembly" and after "fund" insert "and limitations on ethanol plant production incentives"

Page 3, after line 2, insert:

"SECTION 3. APPROPRIATION - ETHANOL PRODUCTION INCENTIVES.

There is hereby appropriated out of any moneys in the highway tax distribution fund in the state treasury, not otherwise appropriated, the sum of \$500,000, or so much of the sum as may be necessary, to the agricultural products utilization commission for ethanol production incentive payments, for the biennium beginning July 1, 1999, and ending June 30, 2001. Payments to a producer under this section are in addition to payments under the appropriation provided by House Bill No. 1019, as approved by the fifty-sixth legislative assembly. Distributions from the appropriation in this section to a producer of agriculturally derived fuel must be according to the terms and conditions provided in the appropriation provided by House Bill No. 1019 and the provisions of section 4-14.1-07. Not more than \$250,000 of the amount appropriated in this section may be paid to producers of agriculturally derived fuel in each fiscal year of the 1999-2001 biennium."

Page 6, after line 9, insert:

"SECTION 14. AMENDMENT. Subsection 2 of section 4-14.1-07 of the North Dakota Century Code as amended by section 11 of House Bill No. 1019, as approved by the fifty-sixth legislative assembly, is amended and reenacted as follows:

2. An ethanol plant that was in operation before July 1, 1995, and which ~~produced~~ has a production capacity of fewer than fifteen million gallons [56781000 liters] of ethanol in the previous fiscal year may receive up to ~~seven hundred fifty thousand~~ one million dollars in production incentives from the state for production in a fiscal year. An ethanol plant that was in operation before July 1, 1995, and which has a production capacity of fifteen million gallons [56781000 liters] or more of ethanol per year is not eligible for production incentives from the state.

Renumber accordingly

(Bill Number) SB 2015 (, as (re)engrossed): # 23

Your Conference Committee

| Attendance | SENATORS | Vote | Attendance | REPRESENTATIVES | Vote |
|------------|----------------|----------|------------|------------------|----------|
| | <u>Nothing</u> | <u>Y</u> | | <u>Dorso</u> | <u>Y</u> |
| | <u>NELSON</u> | <u>Y</u> | | <u>DARLYMPLE</u> | <u>Y</u> |
| | <u>MATHERN</u> | <u>Y</u> | | <u>BOUCHER</u> | <u>Y</u> |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from) the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.

. adopt (further) amendments as follows, and place _____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4,16,99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

#24

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

**SECTION ____ DEVELOPMENTAL DISABILITIES REVOLVING LOAN
FUND - AUTHORITY TO SELL LOANS - TRANSFERS.** Between January 1 and
June 30, 2001, at the request of the director of the office of management and budget,
the executive director of the department of human services shall sell such loans in the
developmental disabilities revolving loan fund created under North Dakota Century
Code section 6-09.6-01, as may be necessary to the Bank of North Dakota to provide
\$2,150,000, or so much thereof as may be necessary, with the proceeds to be
deposited in the general fund. The loans may only be sold to the extent necessary to
achieve the June 30, 2001, ending general fund balance as estimated by the fifty-sixth
legislative assembly.

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

CONFERENCE COMMITTEE - This amendment authorizes the sale of loans in the
developmental disabilities loan fund to raise up to \$2,150,000 to be deposited in the general
fund.

#24

(Bill Number) SB 2015 (, as (re)engrossed):

Your Conference Committee

| Attendance | SENATORS | Vote | Attendance | REPRESENTATIVES | Vote |
|------------|----------------|----------|------------|------------------|----------|
| | <u>NETTING</u> | <u>Y</u> | | <u>DORSO</u> | <u>Y</u> |
| | <u>NETSON</u> | <u>Y</u> | | <u>DALRYMPLE</u> | <u>Y</u> |
| | <u>MATHERN</u> | <u>Y</u> | | <u>BOUCHER</u> | <u>Y</u> |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 8724/8726 8723/8725
the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.
727

. adopt (further) amendments as follows, and place
_____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged
and a new committee be appointed. 690/515

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4.16.99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

That the House recede from its amendments as printed on pages 1124-1128 of the Senate Journal and pages 1254-1258 of the House Journal and that Engrossed Senate Bill No. 2015 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide an appropriation for defraying the expenses of the various divisions under the supervision of the director of the office of management and budget; to provide other appropriations; to provide for various transfers and financial transactions; to provide an exemption from the provisions of section 54-44.1-11 of the North Dakota Century Code; to provide statements of legislative intent; to provide for a legislative council study; to create and enact a new section to chapter 54-06, a new section to chapter 54-11, a new section to chapter 54-23.2, five new sections to chapter 57-34, and a new section to chapter 65-02 of the North Dakota Century Code, relating to the collection and receipt of public funds, mobile data terminal and 911 service fees, the audit and assessment of telecommunications carriers, deficiency notice protest and appeal procedure, claim for credit or refund of the tax on telecommunications carriers, preservation of records, and resale certificates, and payments in lieu of taxes on workers compensation bureau property; to amend and reenact subsection 2 of section 4-14.1-07, section 15-39.1-26, subsection 2 of section 32-12.2-07, sections 34-15-07, 39-12-20, subdivision g of subsection 3 of section 49-23-04, sections 54-16-04.1, 54-16-04.2, 54-27.2-02, 54-44-04.6, 57-34-01, 57-34-02, 57-34-03, 57-34-06, and 57-34-10 of the North Dakota Century Code, relating to ethanol plant incentives, the collection, investment, and deposit of state funds, time periods under the one-call excavation notice system, the risk management fund, emergency commission approvals, the budget stabilization fund, and telecommunications carriers gross receipts tax revenues; to provide a penalty; to provide a continuing appropriation; to provide an effective date; to provide an expiration date; to provide for retroactive application; to provide for application; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the various divisions under the supervision of the director of the office of management and budget for the purpose of defraying their expenses, for the biennium beginning July 1, 1999, and ending June 30, 2001, as follows:

Subdivision 1.

OFFICE OF MANAGEMENT AND BUDGET

| | |
|----------------------------------|--------------|
| Administration | \$2,982,026 |
| Fiscal management | 3,875,828 |
| Facility management | 8,074,694 |
| Central personnel | 1,212,300 |
| Division of community services | 42,035,197 |
| Risk management | 959,911 |
| Statewide compensation plan | 5,400,000 |
| Total all funds | \$64,539,956 |
| Less estimated income | 46,088,243 |
| Total general fund appropriation | \$18,451,713 |

| | | |
|----------------------------------|-------------------------------|--------------|
| Subdivision 2. | INFORMATION SERVICES DIVISION | |
| Information resource management | | \$49,659,295 |
| Total all funds | | \$49,659,295 |
| Less estimated income | | 49,409,295 |
| Total general fund appropriation | | \$250,000 |

| | | |
|----------------------------------|------------------|-------------|
| Subdivision 3. | CENTRAL SERVICES | |
| Central services | | \$5,454,471 |
| Total all funds | | \$5,454,471 |
| Less estimated income | | 4,774,332 |
| Total general fund appropriation | | \$680,139 |

| | | |
|---|----------------------------|---------------|
| Subdivision 4. | STATE RADIO COMMUNICATIONS | |
| Salaries and wages | | \$2,468,120 |
| Operating expenses | | 1,788,580 |
| Equipment | | 160,000 |
| Total all funds | | \$4,416,700 |
| Less estimated income | | 514,990 |
| Total general fund appropriation | | \$3,901,710 |
| Grand total general fund appropriation section 1 | | \$23,283,562 |
| Grand total special funds appropriation section 1 | | \$100,786,860 |
| Grand total all funds appropriation section 1 | | \$124,070,422 |

SECTION 2. APPROPRIATION. There is hereby appropriated from federal funds \$6,000,000, or so much of the sum as may be necessary, to the director of the office of management and budget for the division of community services for flood-related disasters and the weatherization of low-income homes, for the period beginning with the effective date of this Act and ending June 30, 1999.

SECTION 3. APPROPRIATION. There is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$360,000, or so much of the sum as may be necessary, to the emergency commission for the purpose of paying costs associated with Americans with Disabilities Act litigation to which the department of transportation is a party for the biennium beginning July 1, 1999, and ending June 30, 2001. The emergency commission may use the funds to make payments to the plaintiffs in the event a judgement is entered against the state in Miller v. State of North Dakota.

SECTION 4. APPROPRIATION - UNIVERSITY SYSTEM - GRANT TO PRAIRIE PUBLIC BROADCASTING. There is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$415,000, or so much of the sum as may be necessary, to the university system office for the purpose of providing a grant to be used as matching funds by prairie public broadcasting for phase I of the project to convert to digital television broadcasting.

SECTION 5. ATTORNEY GENERAL - GAMING ENFORCEMENT GRANTS - LINE ITEM TRANSFERS. Notwithstanding section 54-16-04 and section 5 of Senate Bill No. 2003, as approved by the fifty-sixth legislative assembly, the emergency commission may authorize the attorney general to make transfers between the line items in section 1 of Senate Bill No. 2003 of up to the sum of \$310,086 for the purpose of providing additional local gaming enforcement grants in accordance with the provisions of section 6 of Senate Bill No. 2003, for the biennium beginning July 1, 1999, and ending June 30, 2001.

SECTION 6. APPROPRIATION. The amount of \$25,000, or so much of that amount as may be necessary, is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, to the council on the arts for the

purpose of providing a grant to the plains art museum for the Lewis and Clark bicentennial event, for the biennium beginning July 1, 1999, and ending June 30, 2001. The council on the arts may provide the grant only after the plains art museum has raised \$25,000 of other funds to be used to match the general fund moneys appropriated in this section.

SECTION 7. APPROPRIATION - ETHANOL PRODUCTION INCENTIVES.

There is hereby appropriated out of any moneys in the highway tax distribution fund in the state treasury, not otherwise appropriated, the sum of \$500,000, or so much of the sum as may be necessary, to the agricultural products utilization commission for ethanol production incentive payments, for the biennium beginning July 1, 1999, and ending June 30, 2001. Payments to a producer under this section are in addition to payments under the appropriation provided by House Bill No. 1019, as approved by the fifty-sixth legislative assembly. Distributions from the appropriation in this section to a producer of agriculturally derived fuel must be according to the terms and conditions provided in the appropriation provided by House Bill No. 1019 and the provisions of section 4-14.1-07. Not more than \$250,000 of the amount appropriated in this section may be paid to producers of agriculturally derived fuel in each fiscal year of the 1999-2001 biennium.

SECTION 8. LINE ITEM TRANSFERS - EMERGENCY COMMISSION AND BUDGET SECTION APPROVAL. Upon approval of the emergency commission, the director of the office of management and budget may transfer between various line items in subdivisions 1, 2, and 3 of section 1 of this Act appropriation authority of up to ten percent of a given line item to adjust for changing circumstances in meeting established performance measures. Any further transfers must be approved by the budget section.

SECTION 9. CAPITOL BUILDING FUND. The amount of \$225,000, or so much of the sum as is necessary, included in the estimated income line item in subdivision 1 of section 1 of this Act, is to be spent by the facility management division from the capitol building fund during the biennium beginning July 1, 1999, and ending June 30, 2001. The amount of \$25,000, or so much of the sum as is necessary, included in the estimated income line item in subdivision 1 of section 1 of this Act, is to be spent by the administration division from the capitol building fund for capitol grounds planning during the biennium beginning July 1, 1999, and ending June 30, 2001.

SECTION 10. EXEMPTION. The fiscal management appropriation contained in subdivision 1 of section 1 of chapter 15 of the 1997 Session Laws is not subject to the provisions of section 54-44.1-11 for up to an amount of \$750,000 and any unexpended funds from this appropriation are available for continued development and operating costs of the accounting, management, and payroll systems during the biennium beginning July 1, 1999, and ending June 30, 2001.

SECTION 11. SPECIAL COMPENSATION ADJUSTMENTS FOR CLASSIFIED STATE EMPLOYEES. It is the intent of the fifty-sixth legislative assembly that the statewide compensation plan appropriation included in subdivision 1 of section 1 of this Act be used for market equity compensation adjustments for classified state employees. The special market equity adjustments are to begin with the month of July 1999, to be paid in August 1999. The special market equity adjustments are to be independent of any general salary increase provided by this legislative assembly.

The special market equity increases are to be prioritized based on equity for employees whose salaries are furthest from their respective salary range midpoints effective July 1, 1999. Special market equity increases may not be given to employees whose salary exceeds the midpoints of their assigned salary range effective July 1, 1999.

Probationary employees are eligible for the special market equity increases. Employees whose documented performance levels do not meet standards are not eligible for the special market equity increases.

The central personnel division shall provide a model base plan to each agency. Agencies may adopt the model plan, adopt the model plan with exceptions, or offer an alternative plan that meets the intent outlined in this section.

Upon adoption of an appropriate plan and application to the central personnel division, the division shall transfer appropriated general funds or special fund spending authority for the increases to the agencies.

SECTION 12. INTENT - STATE EMPLOYEE COMPENSATION

ADJUSTMENTS - GUIDELINES. It is the intent of the fifty-sixth legislative assembly that 1999-2001 compensation adjustments for permanent state employees are to be increases of a minimum of \$35 per month, beginning with the month of July 1999, to be paid in August 1999, and a minimum of \$35 per month, beginning with the month of July 2000, to be paid in August 2000. Any increases greater than \$35 per month may not be given across-the-board and must be based on merit and equity. Each agency appropriation is increased by 2.0 percent per year.

Probationary employees and employees whose documented performance levels do not meet standards are not eligible for the general or additional increases.

During the biennium, no salary increase other than the \$35 per month in July 1999 and \$35 per month in July 2000 may be given to an employee whose salary exceeds or would exceed the salary range maximum.

It is the intent of the fifty-sixth legislative assembly that the workers compensation bureau provide pay raises based on merit and performance throughout the 1999-2001 biennium.

An agency may provide average salary increases of up to 3.0 percent for the second year of the 1999-2001 biennium only to the extent that the increase can be paid without an increase in the agency's appropriation. State agencies and institutions shall report to the office of management and budget on the amounts provided for salary increases for the second year of the biennium, any amounts transferred between line items pursuant to section 13 of this Act, the source of funding, and the impact on the provision of agency services. The office of management and budget shall report to the budget section at its December 2000 meeting concerning the amounts provided by state agencies and institutions for salary increases for the second year of the biennium, line item transfers relating to the increases, the source of the funding, and the impact on the provision of agency services.

SECTION 13. STATE AGENCIES - LINE ITEM TRANSFER AUTHORITY.

Notwithstanding the provisions of chapter 54-16, the director of the office of management and budget and the state treasurer shall make transfers of funds between line items of an agency or institution upon the request of the agency or institution in order to provide for an average of 3.0 percent employee salary increases for the second year of the 1999-2001 biennium as provided in section 12 of this Act.

SECTION 14. INTENT. Within the authority included in subdivision 1 of section 1 of this Act, are the following grants and special items:

| | |
|--|-----------|
| Boys and girls clubworks | \$53,000 |
| State contingencies | 600,000 |
| State memberships and related expenses | 317,000 |
| Firemen's association | 63,000 |
| Unemployment insurance | 1,200,000 |

| | |
|-------------------------------------|---------|
| Capitol grounds planning commission | 25,000 |
| State lobbyist | 120,000 |

SECTION 15. TRANSFER. During the biennium beginning July 1, 1999, and ending June 30, 2001, the director of the office of management and budget is authorized to transfer special funds to the general fund as follows:

| | |
|---|-------------|
| Lands and minerals trust fund | \$3,000,000 |
| Public employees life insurance program | 1,500,000 |
| Financial institutions regulatory fund | 200,000 |

SECTION 16. DEVELOPMENTAL DISABILITIES REVOLVING LOAN FUND - AUTHORITY TO SELL LOANS - TRANSFERS. Between January 1 and June 30, 2001, at the request of the director of the office of management and budget, the executive director of the department of human services shall sell such loans in the developmental disabilities revolving loan fund created under North Dakota Century Code section 6-09.6-01, as may be necessary to the Bank of North Dakota to provide \$2,150,000, or so much thereof as may be necessary, with the proceeds to be deposited in the general fund. The loans may only be sold to the extent necessary to achieve the June 30, 2001, ending general fund balance as estimated by the fifty-sixth legislative assembly.

SECTION 17. FIRE AND TORNADO FUND. The amount of \$63,000, or so much of the amount as is necessary, included in the estimated income line item in subdivision 1 of section 1 of this Act, is from the fire and tornado fund.

SECTION 18. BANK OF NORTH DAKOTA TRANSFERS TO STATE GENERAL FUND. During the biennium ending June 30, 2001, the industrial commission shall transfer to the state general fund up to \$50,000,000 from the current earnings and the accumulated undivided profits of the Bank of North Dakota. No more than \$15,000,000 of the amount transferred may come from accumulated undivided profits. The moneys must be transferred in the amounts and at such times as requested by the director of the office of management and budget.

No transfers may be made that would reduce the Bank's capital structure below \$100,000,000.

SECTION 19. CONTINGENT BANK OF NORTH DAKOTA TRANSFERS TO STATE GENERAL FUND - BUDGET SECTION APPROVAL. If, during the biennium ending June 30, 2001, the director of the office of management and budget determines via revised projections that general fund revenue collections will not meet the revenues as forecast in the March 1999 legislative forecast, then the industrial commission shall transfer to the state general fund an additional amount, as determined by the director of the office of management and budget and as approved by the budget section, from the earnings and accumulated and undivided profits of the Bank of North Dakota. Transfers made under the provisions of this section may not be made before July 1, 2000, and may only be made to the extent that the transfer is necessary to achieve a projected June 30, 2001, general fund balance of \$10,000,000. The moneys must be transferred in amounts and at such times as requested by the director of the office of management and budget. The additional amount transferred may not exceed the lesser of \$40,000,000 or the revenue shortfall of actual collections compared to the March 1999 legislative forecast.

No transfers may be made that would reduce the Bank's capital structure below \$100,000,000.

SECTION 20. FEDERAL PROGRAM TERMINATIONS - BLOCK GRANT - FUNDING REDUCTIONS - RELATED PROGRAM REDUCTIONS - REPORTS TO THE BUDGET SECTION. If the federal government during the 1999-2001 biennium terminates funding for any program administered by an agency, department, or

institution of the state of North Dakota, the agency, department, or institution, subject to budget section approval, may terminate the program and not replace the reduction in federal funds with state funds, notwithstanding any other provision of law. If the federal government combines funding for separate programs in a block grant resulting in a reduction of total federal funds available for those programs, the administering agency, department, or institution may, subject to budget section approval, prioritize or reprioritize programs as necessary in making programmatic reductions. The agency, department, or institution may administer funds available under a new federal block grant or similar measure, consistent with the terms of that measure, notwithstanding any other provisions of law intended to conform to or implement the provisions of the repealed federal Act, and shall report any program terminations, reductions, or changes resulting from this section to the budget section of the legislative council for its approval.

SECTION 21. PROGRAM-BASED PERFORMANCE BUDGETING. The office of management and budget shall discontinue the program-based performance budgeting pilot project when preparing the 2001-03 biennium budget documents and accompanying appropriation bills. Budget documents for the 2001-03 biennium are to be based on the standard line items and are not to contain agency performance measures.

SECTION 22. LEGISLATIVE COUNCIL INTERIM STUDY OF PERFORMANCE INCENTIVE PILOT PROGRAMS. The legislative council shall consider studying the establishment of agency performance incentive pilot programs. If conducted, the study should address how agencies could develop, implement, administer, maintain, and evaluate performance incentive pilot programs. The study should also address the development of personnel policies and procedure manuals and how pay raises which may not be across the board are to be awarded as a reward and incentive for superior performance and the length of time they may be in effect. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-seventh legislative assembly.

SECTION 23. UNIVERSITY OF NORTH DAKOTA WINTER SPORTS FACILITY MAINTENANCE FUND. The university of North Dakota shall establish a reserve fund to be used to provide for future repair and maintenance costs related to the winter sports facility to be constructed at the university of North Dakota. The university shall establish a reserve fund for this purpose from building operating profits, donations, or other funds.

SECTION 24. AMENDMENT. Subsection 2 of section 4-14.1-07 of the 1997 Supplement to the North Dakota Century Code as amended by section 11 of House Bill No. 1019, as approved by the fifty-sixth legislative assembly, is amended and reenacted as follows:

2. An ethanol plant that was in operation before July 1, 1995, and which ~~produced~~ has a production capacity of fewer than fifteen million gallons [56781000 liters] of ethanol in the previous fiscal year may receive up to ~~seven hundred fifty thousand~~ one million dollars in production incentives from the state for production in a fiscal year. An ethanol plant that was in operation before July 1, 1995, and which has a production capacity of fifteen million gallons [56781000 liters] or more of ethanol per year is not eligible for production incentives from the state.

SECTION 25. AMENDMENT. Section 15-39.1-26 of the North Dakota Century Code is amended and reenacted as follows:

15-39.1-26. Investment of moneys in fund - Interest and earnings attributable to fund. Investment of the fund ~~shall be~~ is under the supervision of the state investment board in accordance with chapter 21-10. ~~Such~~ The moneys must be placed for investment only with a firm or firms whose endeavor is money management,

and only after a trust agreement or contract has been executed. Investment costs may be paid directly from the fund, and are hereby appropriated for that purpose, in accordance with section 21-10-06.2. All interest and earnings on funds administered by the board must be credited to the fund.

SECTION 26. AMENDMENT. Subsection 2 of section 32-12.2-07 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

2. The state risk management fund is a special fund in the state treasury administered by the director of the office of management and budget. The fund is a revolving fund consisting of contributions from participating state entities, all payments received by the fund from its activities, and other appropriations by the legislative assembly. The state investment board shall invest the fund in accordance with chapter 21-10. Funds received as contributions from state entities, all other payments deposited in the fund, and interest and income received on investments are hereby appropriated on a continuing basis for the purposes of the fund. Section 54-44.1-11 does not apply to the fund.

SECTION 27. AMENDMENT. Section 34-15-07 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

34-15-07. Disposition of civil money penalties. A civil money penalty collected under this chapter must be paid into the state treasury for deposit in the general fund ~~after the costs of recovering the civil money penalty are deducted therefrom.~~

SECTION 28. AMENDMENT. Section 39-12-20 of the North Dakota Century Code is amended and reenacted as follows:

39-12-20. Proceeds of sale - Continuing appropriation. The proceeds of sale must be ~~applied first to the payment of~~ deposited with the state treasurer. The state treasurer shall deposit in the highway fund an amount equal to the amount of the charges assessed pursuant to section 39-12-17 after paying the costs to the county. An amount equal to the costs of the proceedings, including attorneys and witness fees and costs, and next to the payment of the charges assessed. Such charges must be remitted to the state treasurer to be credited to the highways fund is appropriated on a continuing basis out of the funds collected to the county in which the prosecution took place for the purpose of defraying the costs of prosecution. The balance of the proceeds of any sale after the payment of costs and charges ~~must~~ is appropriated on a continuing basis out of the funds collected to be paid over by the sheriff to the person entitled thereto as determined by the court or must be deposited with the clerk of court for such payment.

SECTION 29. AMENDMENT. Subdivision g of subsection 3 of section 49-23-04 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

- g. An excavator may not use a location more than ~~seventy-two hours~~ ten days, or any extension of that period, after the planned excavation date unless the excavator has made previous arrangements with the operators affected.

SECTION 30. A new section to chapter 54-06 of the North Dakota Century Code is created and enacted as follows:

Expenses incurred to collect funds owed the state - Continuing appropriation. If a state agency enters a contract with a collection or credit agency to collect money due the state, the fees for services, reimbursement, or other remuneration to the collection or credit agency must be based on the amount of money

actually collected. All funds collected on behalf of a state agency by a collection or credit agency must be deposited with the state treasurer. An amount equal to the amount of fees for services, reimbursement, or any other remuneration to the collection or credit agency as set forth in the contract is appropriated from the fund into which the money collected was deposited to the state agency for which the funds were collected for the payment of fees due under the contract.

SECTION 31. A new section to chapter 54-11 of the North Dakota Century Code is created and enacted as follows:

Appointment of agents. The treasurer may appoint agents for the purpose of receiving public funds as required by section 12 of article X of the Constitution of North Dakota. If appointed by the state treasurer, the Bank of North Dakota shall serve as an agent of the state treasurer for the purpose of receiving public funds, including funds that must be deposited in higher education institution special revenue funds.

SECTION 32. AMENDMENT. Section 54-16-04.1 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-16-04.1. May authorize acceptance and disbursement of federal funds. The emergency commission with the advice and counsel of the executive office of the budget may authorize the state treasurer to receive any moneys not appropriated by the legislative assembly which are made available by any federal agency and which the legislative assembly has not indicated an intent to reject. The emergency commission may authorize pass-through federal funds from one state agency to another state agency. The emergency commission, with approval of the budget section of the legislative council if the amount under consideration exceeds fifty thousand dollars, may authorize any state officer to expend federal moneys from the date such moneys become available until June thirtieth following the next regular legislative session. The expenditures must be consistent with state law and with the terms of the grant and the program may not commit the legislative assembly for matching funds in the future unless the program has first been approved by the legislative assembly. A state officer may not expend funds received from the federal government which have not been specifically appropriated by the legislative assembly except as provided in this chapter. A state officer shall submit an expenditure plan with a request for approval under this section of expenditure of federal funds combined with or as part of a block grant for a new or existing program.

SECTION 33. AMENDMENT. Section 54-16-04.2 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-16-04.2. Commission may authorize acceptance and expenditure of moneys. The emergency commission, upon the advice of the office of management and budget, with approval of the budget section of the legislative council if the amount under consideration exceeds fifty thousand dollars, may authorize a state officer to receive moneys from gifts, grants, donations, or other sources, not otherwise appropriated by the legislative assembly, for new or existing programs if the legislative assembly has not indicated an intent to reject the moneys or the program. The emergency commission may authorize the state officer to expend money received under this section from the date the money becomes available until June thirtieth following the next regular legislative session.

SECTION 34. A new section to chapter 54-23.2 of the North Dakota Century Code is created and enacted as follows:

Mobile data terminal and 911 service fees. State radio communications shall establish and charge fees to provide mobile data terminal service to interested local law enforcement agencies. The fees must be based on actual costs incurred by state radio communications for providing the service.

State radio communications shall charge at least twenty cents per telephone for 911 services provided to political subdivisions. Each county currently receiving 911 services from state radio communications shall abide by the standards established by the governor's emergency services advisory committee.

SECTION 35. AMENDMENT. Section 54-27.2-02 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-27.2-02. ~~(Effective through June 30, 1999)~~ Certain general fund revenues to be deposited in the budget stabilization fund. Notwithstanding any other provision of law except section 54-27.2-01, any amount in the state general fund in excess of sixty-five million dollars at the end of any biennium must be transferred by the state treasurer to the budget stabilization fund. For purposes of this section, "at the end of any biennium" means after cancellation of unexpended appropriations under section 54-44.1-11.

~~(Effective July 1, 1999) Certain general fund revenues to be deposited in the budget stabilization fund. Notwithstanding any other provision of law except section 54-27.2-01, any amount in the state general fund in excess of forty million dollars at the end of any biennium must be transferred by the state treasurer to the budget stabilization fund. For purposes of this section, "at the end of any biennium" means after cancellation of unexpended appropriations under section 54-44.1-11.~~

SECTION 36. AMENDMENT. Section 54-44-04.6 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-44-04.6. State surplus property - Department heads to inform director - Disposition of property - Proceeds - Exchange of property.

1. The person in charge of any department, agency, or institution of the state shall inform the director of the office of management and budget or the director's designee whenever that department, agency, or institution possesses property surplus to its needs, whether originally obtained with state or other funds.
2. State surplus property must be transferred at fair market value to state agencies, political subdivisions, and nonprofit organizations eligible to receive federal surplus property under the Federal Property Administrative Services Act of 1949, as amended. Eligible organizations must be notified of the availability of property on a regular basis.
3. If not disposed of under subsection 2, then by sale on sealed bids or at public auction to the highest and best bidder for property valued at more than three thousand dollars, with no money deposit required prior to sale, or by sealed bids, public auction, or negotiation at fair value for property valued at less than three thousand dollars.
4. All proceeds received from the transfer or sale of state surplus property must be deposited ~~into the fund from which the property was originally purchased, less administrative expenses~~ with the state treasurer for deposit in the surplus property operating fund. For each piece of property, the office of management and budget shall transfer to the agency from which the property was received an amount equal to the proceeds of the sale less the administrative expenses of the sale. The agency shall deposit the proceeds into the fund from which the property was originally purchased.
5. No department, agency, or institution may exchange items as part of a purchase price of new items until a detailed statement of the value of the items to be exchanged and request for approval have been submitted to

the director of the office of management and budget. The director shall approve the exchange only if the director has determined that the item has been valued at fair value.

SECTION 37. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Tax commissioner to audit returns and state board of equalization to assess tax. The tax commissioner shall proceed to audit the returns of telecommunications carriers not later than three years after the due date of the return, or three years after the return was filed, whichever period expires later. The state board of equalization shall assess the tax and, if any additional tax is found due, the tax commissioner shall notify the taxpayer in detail as to the reason for the increase.

SECTION 38. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Deficiency, protest, and appeal.

1. When tax is understated on a return because of a mathematical or clerical error, the tax commissioner shall notify the telecommunications carrier of the error and the amount of additional tax due. This notice is not a notice of deficiency and the telecommunications carrier has no right to protest.
2. If upon audit the tax commissioner finds additional tax due, the tax commissioner shall notify the telecommunications carrier and the state board of equalization of the deficiency in the tax amount. A notice of deficiency must be sent to the telecommunications carrier by first-class mail and must state the amount of additional tax due and set forth the reasons for the increase.
3. A telecommunications carrier has thirty days from the date of mailing of the notice of deficiency to file a written protest with the state board of equalization objecting to the assessment of additional tax due. The protest must set forth the basis for the protest and any other information that may be required by the state board of equalization. If a telecommunications carrier fails to file a written protest within the time provided, the amount of additional tax stated in the notice of deficiency becomes finally and irrevocably fixed. If a telecommunications carrier protests only a portion of the tax commissioner's finding, the portion that is not protested becomes finally and irrevocably fixed.
4. If a protest is filed, the state board of equalization shall reconsider the assessment of additional tax due.
5. Within six months after the protest is filed, the state board of equalization shall mail to the telecommunications carrier a notice of reconsideration and assessment which must respond to the telecommunications carrier's protest and assess the amount of any additional tax due. The amount set forth in that notice becomes finally and irrevocably fixed unless the telecommunications carrier brings an action against the state in district court within six months of the mailing of the notice of reconsideration and assessment.

SECTION 39. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Claims for credit or refund.

1. A telecommunications carrier may file a claim for credit or refund of an overpayment of any tax imposed by this chapter within three years after the due date of the return or within three years after the return was filed, whichever period expires later.
2. A claim for credit or refund must be made by filing with the tax commissioner an amended return, or other report as prescribed by the tax commissioner, accompanied by a statement outlining the specific grounds upon which the claim for credit or refund is based.
3. The tax commissioner shall notify the telecommunications carrier if the state board of equalization disallows all or part of a claim for credit or refund. The decision of the state board of equalization denying a claim for credit or refund is final and irrevocable unless the telecommunications carrier brings an action against the state in district court within six months of the mailing of the notice denying the claim for credit or refund.

SECTION 40. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Preservation of records. Every telecommunications carrier required to make a return and pay any tax under this chapter shall preserve records of the gross proceeds of sale as the commissioner may require and every carrier shall preserve for a period of three years and three months all invoices and other records of telecommunications services purchased for resale. All of these books, invoices, and other records must be open to examination at any time by the commissioner or any duly authorized agent of the commissioner.

SECTION 41. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Resale certificates. A telecommunications carrier who receives a resale certificate certifying that another telecommunications carrier holds a North Dakota sales and use tax permit for sales or use tax purposes under section 57-39.2-14 is relieved from submitting the telecommunications gross receipts tax upon the sale of telecommunications services to be resold by the telecommunications carrier submitting the certificate. When a telecommunications carrier submits a false resale certificate to another telecommunications carrier, the telecommunications carrier that submitted the certificate is liable for the telecommunications gross receipts tax on the sale. A hospital, hotel, motel, or similar place of temporary accommodation selling telecommunications service to its patients or guests is not a telecommunications carrier under this section.

SECTION 42. AMENDMENT. Section 57-34-01 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-01. Definitions. The definitions in this section may not be construed to subject a telecommunications carrier or telecommunications service to the provisions of title 49. As used in this chapter, unless the context or subject matter otherwise clearly requires:

1. "Adjusted gross receipts" means telecommunications carrier gross receipts less all amounts paid by the reporting telecommunications carrier on telecommunications service that is taxable under this chapter in state and local sales and use taxes and federal excise taxes and less amounts paid by the reporting telecommunications carrier to another telecommunications carrier for directory assistance originated by a caller in this state.
2. "Company" includes any individual, copartnership, business trust, corporation, limited liability company, joint-stock company, association, or any other organization.

- 2- 3. "Gross receipts" means all telecommunications carrier retail revenues from telecommunications service charges billed to any station in this state and from charges to another telecommunications carrier for directory assistance originated by a caller in this state.
- 3- 4. "Station" means a subscriber service address located in this state with a distinct call number designation or distinct extension number designation. If this is not a defined location, "station" means the location of the primary use of telecommunications equipment as determined by telephone number, authorization code, or billing address.
- 4- 5. "Telecommunications carrier" means a ~~person~~ company that is engaged in the business of furnishing telecommunications service within this state. The term includes a reseller of telecommunications service.
- 5- 6. "Telecommunications service" means transmitting for consideration of two-way communication by wire, cable, fiber optics, radio, lightwave, microwave, satellite, or other means. The term includes:
- a. Essential telecommunications service and nonessential telecommunications service as defined in section 49-21-01;
 - b. Telecommunications service that originates and terminates in this state and is billed to a station in this state;
 - c. Interstate telecommunications service that originates or terminates in this state and is billed to a station in this state; and
 - d. ~~A hospital, hotel, motel, or similar place of temporary accommodation selling telecommunications service to its patients or guests, if there is a separately stated charge for the service; and~~
 - e. Telegraph service.
- 6- 7. "Telecommunications service charges" means the value of all consideration received by a telecommunications carrier for provision of telecommunications service and recovery within the year of telecommunications service charges written off in a prior year as uncollectible. For a telecommunications carrier operating on any form of mutual basis, the term includes all amounts assessed against the members for the operation and maintenance of the business. The term does not include revenue from merchandising, jobbing and contract work, maintenance or repair of customer premises equipment including equipment leased or rented by the customer from any source, operations not directly related to provision of telecommunications service, amounts charged for billing and collection on behalf of another telecommunications carrier, proceeds from transfer of capital stock, or transfer, sale, or lease of property not directly related to telecommunications service. The term does not include amounts collected for or amounts collected from federal and state mechanisms to preserve and advance universal service.

SECTION 43. AMENDMENT. Section 57-34-02 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-02. Reports of telecommunications carriers - Penalty.

1. Each telecommunications carrier that received intercarrier telecommunications revenue in the preceding calendar year shall make and file with the tax commissioner, on or before January fifteenth of each year, a list containing the name and mailing address of each

telecommunications carrier from which the reporting telecommunications carrier received intercarrier telecommunications revenue in the preceding calendar year. This list is to be filed in addition to the report required by subsection 3.

2. Each telecommunications carrier that provided telecommunications service in the preceding calendar year to one or more pay telephones owned by another company shall make and file with the tax commissioner, on or before January fifteenth of each year, a list containing the name and mailing address for each company that owned a pay telephone served by the reporting telecommunications carrier in the preceding calendar year. This list is to be filed in addition to the report required by subsection 3.
3. Each telecommunications carrier subject to gross receipts taxes under this chapter shall make and file with the tax commissioner, on or before May first of each year, on the form as the tax commissioner may prescribe, a report containing a statement of its gross receipts in this state during the preceding calendar year, amounts paid by the carrier on telecommunications service that is taxable under this chapter during the preceding calendar year in state and local sales and use taxes and federal excise taxes, amounts received from or paid to another telecommunications carrier for directory assistance, and any other information as the tax commissioner may require. The form must include a notice of a telecommunications carrier's right to appeal its assessment to the state board of equalization prior to or at the August meeting of the state board of equalization. Each report must be signed, subject to section 12.1-11-02, by the president, secretary, or other official of the telecommunications carrier.

SECTION 44. AMENDMENT. Section 57-34-03 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-03. Computation of taxes by tax commissioner - Exemption for high-volume customers - Continuing appropriation.

1. On or before July fifteenth of each year, the tax commissioner shall review the report under subsection 3 of section 57-34-02 and compute the ~~tentative~~ total tax to be assessed against each telecommunications carrier in this state at a rate of two and one-half percent of adjusted gross receipts. ~~The~~ If the tax commissioner's computation of the total tax differs from the amount computed by a telecommunications carrier, the tax commissioner shall give ten days' notice of the change by mail to each that telecommunications carrier of its tentative total tax under this section and of its right to contest the determination before the state board of equalization at its August meeting on or before July fifteenth. The state board of equalization shall assess the tax under this section after consideration of any contest presented.
2. A telecommunications carrier's retail customer in this state is entitled to a refund equal to two and one-half percent of the amount of telecommunications service charges paid to telecommunications carriers by that customer in excess of eight hundred thousand dollars in a calendar year. A refund claim under this subsection must be filed with the tax commissioner before July first of the year following the calendar year for which the refund is claimed. A claim for refund must be made in the manner prescribed by the tax commissioner. Refunds under this subsection must be paid by the tax commissioner from tax collections under this chapter and are appropriated as a standing and continuing appropriation to the tax commissioner for that purpose.

SECTION 45. AMENDMENT. Section 57-34-06 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-06. Duties of county treasurer. The county treasurer shall allocate taxes received under this chapter to the state, the county, and the various taxing districts within the county according to the proportion that taxes paid by telecommunications carriers in locally assessed property taxes and taxes assessed under chapter 57-06 and this chapter in 1997 and received by the state, the county, and each currently existing taxing district in the county bears to all taxes paid by telecommunications carriers in locally assessed property taxes and taxes assessed under chapter 57-06 and this chapter in 1997 and received by the state, the county, and all taxing districts in the county.

SECTION 46. AMENDMENT. Section 57-34-10 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-10. Penalties - Interest - Lien for tax.

1. If a telecommunications carrier refuses or neglects to make the reports required by this chapter, or refuses or neglects to furnish any information requested, the tax commissioner shall use the best available facts and estimates to determine taxation of the gross receipts of that carrier. The tax must be imposed upon the basis of that information, ~~and~~ If any company fails to make the report required under this chapter on or before the first day of May of any year, the state board of equalization shall add a penalty of one-quarter of the tax due for failure to make the required report which must be collected as a part of the tax, but the tax commissioner, upon application, may grant extensions of time within which the returns must be filed.
2. Taxes levied under this chapter are due and payable to the tax commissioner on January first following the year in which the taxes were assessed. ~~The unpaid principal balance of taxes on the following March first is subject to a penalty of three percent, on the following May first an additional penalty of three percent, on the following July first an additional penalty of three percent, and on the following October fifteenth an additional penalty of three percent. Beginning January first of the year following the year the taxes became due, simple interest at the rate of twelve percent per annum applies to the unpaid principal balance until the taxes and penalties are paid. Interest penalties must be prorated to the nearest full month for a fractional year of delinquency. A remittance of tax need not be made and any assessment or collection of tax may not be made unless the amount is at least five dollars, including penalty and interest.~~
3. If any amount of tax imposed by this chapter is not paid on or before March first, or if upon audit an additional tax is found to be due, there must be added to the tax remaining due interest at the rate of one percent of the additional tax for each month or fraction of a month during which the tax remains unpaid, computed from March first to the date paid.
- ~~3.~~ 4. ~~Taxes under this chapter constitute a first and paramount lien in favor of the state upon all property and rights to property of the taxpayer. The lien may be foreclosed in the same manner provided by law for mortgages on real or personal property. Whenever any taxpayer liable to pay a tax or penalty imposed refuses or neglects to pay the liability, the amount, including any interest, penalty, or addition to the tax, and the additional costs that may accrue are a lien in favor of the state of North Dakota upon all property and rights to property, whether real or personal, belonging to~~

the taxpayer. The lien attaches at the time the tax becomes due and payable and continues until the liability for the amount is satisfied.

5. Any mortgagee, purchaser, judgment creditor, or lien claimant acquiring any interest in, or lien on, any property situated in the state, prior to the tax commissioner filing in the central indexing system maintained by the secretary of state a notice of the lien provided for in subsection 4, takes free of, or has priority over, the lien. The tax commissioner shall index in the central indexing system the following data:

- a. The name of the taxpayer.
- b. The tax identification number or social security number of the taxpayer.
- c. The name "State of North Dakota" as claimant.
- d. The date and time the notice of lien was indexed.
- e. The amount of the lien.

The notice of lien is effective as of eight a.m. the next day following the indexing of the notice. The tax commissioner shall index any notice of lien with no payment of fees or costs to the secretary of state.

6. Upon payment of the tax, and any accrued penalties and interest, as to which the tax commissioner has filed a notice of lien, the tax commissioner shall index a satisfaction of the lien in the central indexing system without fees or costs.

SECTION 47. A new section to chapter 65-02 of the North Dakota Century Code is created and enacted as follows:

Payments in lieu of taxes by bureau. If a building and associated real property is purchased by the workers compensation bureau pursuant to a legislative grant of authority, the bureau shall make payments in lieu of property taxes in the manner and according to the conditions and procedures that would apply if the building and property were privately owned.

SECTION 48. RETROACTIVE APPLICATION. Section 26 of this Act is effective for all funds received and deposited into the risk management fund on or after July 1, 1997.

SECTION 49. RETROACTIVE APPLICATION - EFFECTIVE DATE - EXPIRATION DATE. Sections 37 through 46 of this Act apply retroactively to all tax years beginning after December 31, 1997. The amendments to subsections 1 and 3 of section 57-34-01 as amended by section 42 of this Act are effective for taxable years beginning after December 31, 1998. The amendments to subsections 1 and 2 of section 57-34-02 as amended by section 43 of this Act are effective for the first two taxable years beginning after December 31, 1999, and are thereafter ineffective.

SECTION 50. APPLICATION. North Dakota Century Code sections 54-16-04 and 54-44.1-11 do not apply to chapter 30 of the 1997 Session Laws.

SECTION 51. EMERGENCY. Sections 2, 25, 27, 28, 29, 30, 31, and 36 of this Act are declared to be an emergency measure."

Renumber accordingly

JCB
4/16/99
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PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

That the House recede from its amendments as printed on pages 1124-1128 of the Senate Journal and pages 1254-1258 of the House Journal and that Engrossed Senate Bill No. 2015 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide an appropriation for defraying the expenses of the various divisions under the supervision of the director of the office of management and budget; to provide other appropriations; to provide for various transfers and financial transactions; to provide an exemption from the provisions of section 54-44.1-11 of the North Dakota Century Code; to provide statements of legislative intent; to provide for a legislative council study; to create and enact a new section to chapter 54-06, a new section to chapter 54-11, a new section to chapter 54-23.2, five new sections to chapter 57-34, and a new section to chapter 65-02 of the North Dakota Century Code, relating to the collection and receipt of public funds, mobile data terminal and 911 service fees, the audit and assessment of telecommunications carriers, deficiency notice protest and appeal procedure, claim for credit or refund of the tax on telecommunications carriers, preservation of records, and resale certificates, and payments in lieu of taxes on workers compensation bureau property; to amend and reenact subsection 2 of section 4-14.1-07, section 15-39.1-26, subsection 2 of section 32-12.2-07, sections 34-15-07, 39-12-20, subdivision g of subsection 3 of section 49-23-04, sections 54-16-04.1, 54-16-04.2, 54-27.2-02, 54-44-04.6, 57-34-01, 57-34-02, 57-34-03, 57-34-06, and 57-34-10 of the North Dakota Century Code, relating to ethanol plants, the collection, investment, and deposit of state funds, time periods under the one-call excavation notice system, the risk management fund, emergency commission approvals, the budget stabilization fund, and telecommunications carriers gross receipts tax revenues; to provide a penalty; to provide a continuing appropriation; to provide an effective date; to provide an expiration date; to provide for retroactive application; to provide for application; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the various divisions under the supervision of the director of the office of management and budget for the purpose of defraying their expenses, for the biennium beginning July 1, 1999, and ending June 30, 2001, as follows:

Subdivision 1.

OFFICE OF MANAGEMENT AND BUDGET

| | |
|----------------------------------|-------------------|
| Administration | \$2,982,026 |
| Fiscal management | 3,875,828 |
| Facility management | 8,074,694 |
| Central personnel | 1,212,300 |
| Division of community services | 42,035,197 |
| Risk management | 959,911 |
| Statewide compensation plan | <u>5,400,000</u> |
| Total all funds | \$64,539,956 |
| Less estimated income | <u>46,088,243</u> |
| Total general fund appropriation | \$18,451,713 |

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Subdivision 2.

INFORMATION SERVICES DIVISION

| | |
|----------------------------------|--------------|
| Information resource management | \$49,659,295 |
| Total all funds | \$49,659,295 |
| Less estimated income | 49,409,295 |
| Total general fund appropriation | \$250,000 |

Subdivision 3.

CENTRAL SERVICES

| | |
|----------------------------------|-------------|
| Central services | \$5,454,471 |
| Total all funds | \$5,454,471 |
| Less estimated income | 4,774,332 |
| Total general fund appropriation | \$680,139 |

Subdivision 4.

STATE RADIO COMMUNICATIONS

| | |
|---|---------------|
| Salaries and wages | \$2,468,120 |
| Operating expenses | 1,788,580 |
| Equipment | 160,000 |
| Total all funds | \$4,416,700 |
| Less estimated income | 514,990 |
| Total general fund appropriation | \$3,901,710 |
| Grand total general fund appropriation section 1 | \$23,283,562 |
| Grand total special funds appropriation section 1 | \$100,786,860 |
| Grand total all funds appropriation section 1 | \$124,070,422 |

SECTION 2. APPROPRIATION. There is hereby appropriated from federal funds \$6,000,000, or so much of the sum as may be necessary, to the director of the office of management and budget for the division of community services for flood-related disasters and the weatherization of low-income homes, for the period beginning with the effective date of this Act and ending June 30, 1999.

SECTION 3. APPROPRIATION. There is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$360,000, or so much of the sum as may be necessary, to the emergency commission for the purpose of paying costs associated with Americans with Disabilities Act litigation to which the department of transportation is a party for the biennium beginning July 1, 1999, and ending June 30, 2001. The emergency commission may use the funds to make payments to the plaintiffs in the event a judgement is entered against the state in Miller v. State of North Dakota.

SECTION 4. APPROPRIATION - UNIVERSITY SYSTEM - GRANT TO PRAIRIE PUBLIC BROADCASTING. There is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$415,000, or so much of the sum as may be necessary, to the university system office for the purpose of providing a grant to be used as matching funds by prairie public broadcasting for phase I of the project to convert to digital television broadcasting.

SECTION 5. ATTORNEY GENERAL - GAMING ENFORCEMENT GRANTS - LINE ITEM TRANSFERS. Notwithstanding section 54-16-04 and section 5 of Senate Bill No. 2003, as approved by the fifty-sixth legislative assembly, the emergency commission may authorize the attorney general to make transfers between the line items in section 1 of Senate Bill No. 2003 of up to the sum of \$310,086 for the purpose of providing additional local gaming enforcement grants in accordance with the provisions of section 6 of Senate Bill No. 2003, for the biennium beginning July 1, 1999, and ending June 30, 2001.

SECTION 6. APPROPRIATION. The amount of \$25,000, or so much of that amount as may be necessary, is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, to the council on the arts for the

purpose of providing a grant to the plains art museum for the Lewis and Clark bicentennial event, for the biennium beginning July 1, 1999, and ending June 30, 2001. The council on the arts may provide the grant only after the plains art museum has raised \$25,000 of other funds to be used to match the general fund moneys appropriated in this section.

SECTION 7. LINE ITEM TRANSFERS - EMERGENCY COMMISSION AND BUDGET SECTION APPROVAL. Upon approval of the emergency commission, the director of the office of management and budget may transfer between various line items in subdivisions 1, 2, and 3 of section 1 of this Act appropriation authority of up to ten percent of a given line item to adjust for changing circumstances in meeting established performance measures. Any further transfers must be approved by the budget section.

SECTION 8. CAPITOL BUILDING FUND. The amount of \$225,000, or so much of the sum as is necessary, included in the estimated income line item in subdivision 1 of section 1 of this Act, is to be spent by the facility management division from the capitol building fund during the biennium beginning July 1, 1999, and ending June 30, 2001. The amount of \$25,000, or so much of the sum as is necessary, included in the estimated income line item in subdivision 1 of section 1 of this Act, is to be spent by the administration division from the capitol building fund for capitol grounds planning during the biennium beginning July 1, 1999, and ending June 30, 2001.

SECTION 9. EXEMPTION. The fiscal management appropriation contained in subdivision 1 of section 1 of chapter 15 of the 1997 Session Laws is not subject to the provisions of section 54-44.1-11 for up to an amount of \$750,000 and any unexpended funds from this appropriation are available for continued development and operating costs of the accounting, management, and payroll systems during the biennium beginning July 1, 1999, and ending June 30, 2001.

SECTION 10. SPECIAL COMPENSATION ADJUSTMENTS FOR CLASSIFIED STATE EMPLOYEES. It is the intent of the fifty-sixth legislative assembly that the statewide compensation plan appropriation included in subdivision 1 of section 1 of this Act be used for market equity compensation adjustments for classified state employees. The special market equity adjustments are to begin with the month of July 1999, to be paid in August 1999. The special market equity adjustments are to be independent of any general salary increase provided by this legislative assembly.

The special market equity increases are to be prioritized based on equity for employees whose salaries are furthest from their respective salary range midpoints effective July 1, 1999. Special market equity increases may not be given to employees whose salary exceeds the midpoints of their assigned salary range effective July 1, 1999.

Probationary employees are eligible for the special market equity increases. Employees whose documented performance levels do not meet standards are not eligible for the special market equity increases.

The central personnel division shall provide a model base plan to each agency. Agencies may adopt the model plan, adopt the model plan with exceptions, or offer an alternative plan that meets the intent outlined in this section.

Upon adoption of an appropriate plan and application to the central personnel division, the division shall transfer appropriated general funds or special fund spending authority for the increases to the agencies.

SECTION 11. INTENT - STATE EMPLOYEE COMPENSATION ADJUSTMENTS - GUIDELINES. It is the intent of the fifty-sixth legislative assembly that 1999-2001 compensation adjustments for permanent state employees are to be

increases of a minimum of \$35 per month, beginning with the month of July 1999, to be paid in August 1999, and a minimum of \$35 per month, beginning with the month of July 2000, to be paid in August 2000. Any increases greater than \$35 per month may not be given across-the-board and must be based on merit and equity. Each agency appropriation is increased by 2.0 percent per year.

Probationary employees and employees whose documented performance levels do not meet standards are not eligible for the general or additional increases.

During the biennium, no salary increase other than the \$35 per month in July 1999 and \$35 per month in July 2000 may be given to an employee whose salary exceeds or would exceed the salary range maximum.

It is the intent of the fifty-sixth legislative assembly that the workers compensation bureau provide pay raises based on merit and performance throughout the 1999-2001 biennium.

An agency may provide average salary increases of up to 3.0 percent for the second year of the 1999-2001 biennium only to the extent that the increase can be paid without an increase in the agency's appropriation. State agencies and institutions shall report to the office of management and budget on the amounts provided for salary increases for the second year of the biennium, any amounts transferred between line items pursuant to section 12 of this Act, the source of funding, and the impact on the provision of agency services. The office of management and budget shall report to the budget section at its December 2000 meeting concerning the amounts provided by state agencies and institutions for salary increases for the second year of the biennium, line item transfers relating to the increases, the source of the funding, and the impact on the provision of agency services.

SECTION 12. STATE AGENCIES - LINE ITEM TRANSFER AUTHORITY.

Notwithstanding the provisions of chapter 54-16, the director of the office of management and budget and the state treasurer shall make transfers of funds between line items of an agency or institution upon the request of the agency or institution in order to provide for an average of 3.0 percent employee salary increases for the second year of the 1999-2001 biennium as provided in section 11 of this Act.

SECTION 13. INTENT. Within the authority included in subdivision 1 of section 1 of this Act, are the following grants and special items:

| | |
|--|-----------|
| Boys and girls clubworks | \$53,000 |
| State contingencies | 600,000 |
| State memberships and related expenses | 317,000 |
| Firemen's association | 63,000 |
| Unemployment insurance | 1,200,000 |
| Capitol grounds planning commission | 25,000 |
| State lobbyist | 120,000 |

SECTION 14. TRANSFER. During the biennium beginning July 1, 1999, and ending June 30, 2001, the director of the office of management and budget is authorized to transfer special funds to the general fund as follows:

| | |
|---|-------------|
| Lands and minerals trust fund | \$3,000,000 |
| Public employees life insurance program | 1,500,000 |
| Financial institutions regulatory fund | 200,000 |

SECTION 15. DEVELOPMENTAL DISABILITIES REVOLVING LOAN FUND - AUTHORITY TO SELL LOANS - TRANSFERS. Between January 1 and June 30, 2001, at the request of the director of the office of management and budget, the executive director of the department of human services shall sell such loans in the developmental disabilities revolving loan fund created under North Dakota Century

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Code section 6-09.6-01, as may be necessary to the Bank of North Dakota to provide \$2,150,000, or so much thereof as may be necessary, with the proceeds to be deposited in the general fund. The loans may only be sold to the extent necessary to achieve the June 30, 2001, ending general fund balance as estimated by the fifty-sixth legislative assembly.

SECTION 16. FIRE AND TORNADO FUND. The amount of \$63,000, or so much of the amount as is necessary, included in the estimated income line item in subdivision 1 of section 1 of this Act, is from the fire and tornado fund.

SECTION 17. BANK OF NORTH DAKOTA TRANSFERS TO STATE GENERAL FUND. During the biennium ending June 30, 2001, the industrial commission shall transfer to the state general fund up to \$50,000,000 from the current earnings and the accumulated undivided profits of the Bank of North Dakota. No more than \$15,000,000 of the amount transferred may come from accumulated undivided profits. The moneys must be transferred in the amounts and at such times as requested by the director of the office of management and budget.

No transfers may be made that would reduce the Bank's capital structure below \$100,000,000.

SECTION 18. CONTINGENT BANK OF NORTH DAKOTA TRANSFERS TO STATE GENERAL FUND - BUDGET SECTION APPROVAL. If, during the biennium ending June 30, 2001, the director of the office of management and budget determines via revised projections that general fund revenue collections will not meet the revenues as forecast in the March 1999 legislative forecast, then the industrial commission shall transfer to the state general fund an additional amount, as determined by the director of the office of management and budget and as approved by the budget section, from the earnings and accumulated and undivided profits of the Bank of North Dakota. Transfers made under the provisions of this section may not be made before July 1, 2000, and may only be made to the extent that the transfer is necessary to achieve a projected June 30, 2001, general fund balance of \$10,000,000. The moneys must be transferred in amounts and at such times as requested by the director of the office of management and budget. The additional amount transferred may not exceed the lesser of \$40,000,000 or the revenue shortfall of actual collections compared to the March 1999 legislative forecast.

No transfers may be made that would reduce the Bank's capital structure below \$100,000,000.

SECTION 19. FEDERAL PROGRAM TERMINATIONS - BLOCK GRANT - FUNDING REDUCTIONS - RELATED PROGRAM REDUCTIONS - REPORTS TO THE BUDGET SECTION. If the federal government during the 1999-2001 biennium terminates funding for any program administered by an agency, department, or institution of the state of North Dakota, the agency, department, or institution, subject to budget section approval, may terminate the program and not replace the reduction in federal funds with state funds, notwithstanding any other provision of law. If the federal government combines funding for separate programs in a block grant resulting in a reduction of total federal funds available for those programs, the administering agency, department, or institution may, subject to budget section approval, prioritize or reprioritize programs as necessary in making programmatic reductions. The agency, department, or institution may administer funds available under a new federal block grant or similar measure, consistent with the terms of that measure, notwithstanding any other provisions of law intended to conform to or implement the provisions of the repealed federal Act, and shall report any program terminations, reductions, or changes resulting from this section to the budget section of the legislative council for its approval.

SECTION 20. PROGRAM-BASED PERFORMANCE BUDGETING. The office of management and budget shall discontinue the program-based performance budgeting pilot project when preparing the 2001-03 biennium budget documents and

accompanying appropriation bills. Budget documents for the 2001-03 biennium are to be based on the standard line items and are not to contain agency performance measures.

SECTION 21. LEGISLATIVE COUNCIL INTERIM STUDY OF PERFORMANCE INCENTIVE PILOT PROGRAMS. The legislative council shall consider studying the establishment of agency performance incentive pilot programs. If conducted, the study should address how agencies could develop, implement, administer, maintain, and evaluate performance incentive pilot programs. The study should also address the development of personnel policies and procedure manuals and how pay raises which may not be across the board are to be awarded as a reward and incentive for superior performance and the length of time they may be in effect. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-seventh legislative assembly.

SECTION 22. UNIVERSITY OF NORTH DAKOTA WINTER SPORTS FACILITY MAINTENANCE FUND. The university of North Dakota shall establish a reserve fund to be used to provide for future repair and maintenance costs related to the winter sports facility to be constructed at the university of North Dakota. The university shall establish a reserve fund for this purpose from building operating profits, donations, or other funds.

SECTION 23. AMENDMENT. Subsection 2 of section 4-14.1-07 of the 1997 Supplement to the North Dakota Century Code as amended by section 11 of House Bill No. 1019, as approved by the fifty-sixth legislative assembly, is amended and reenacted as follows:

- 2. An ethanol plant that was in operation before July 1, 1995, and which ~~produced~~ has a production capacity of fewer than fifteen million gallons [56781000 liters] of ethanol in the previous fiscal year may receive up to seven hundred fifty thousand dollars in production incentives from the state for production in a fiscal year. An ethanol plant that was in operation before July 1, 1995, and which has a production capacity of fifteen million gallons [56781000 liters] or more of ethanol per year is not eligible for production incentives from the state.

SECTION 24. AMENDMENT. Section 15-39.1-26 of the North Dakota Century Code is amended and reenacted as follows:

15-39.1-26. Investment of moneys in fund - Interest and earnings attributable to fund. Investment of the fund ~~shall be~~ is under the supervision of the state investment board in accordance with chapter 21-10. ~~Such~~ The moneys must be placed for investment only with a firm or firms whose endeavor is money management, and only after a trust agreement or contract has been executed. Investment costs may be paid directly from the fund, and are hereby appropriated for that purpose, in accordance with section 21-10-06.2. All interest and earnings on funds administered by the board must be credited to the fund.

SECTION 25. AMENDMENT. Subsection 2 of section 32-12.2-07 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

- 2. The state risk management fund is a special fund in the state treasury administered by the director of the office of management and budget. The fund is a revolving fund consisting of contributions from participating state entities, all payments received by the fund from its activities, and other appropriations by the legislative assembly. The state investment board shall invest the fund in accordance with chapter 21-10. Funds received as contributions from state entities, all other payments deposited in the fund, and interest and income received on investments are hereby appropriated

on a continuing basis for the purposes of the fund. Section 54-44.1-11 does not apply to the fund.

SECTION 26. AMENDMENT. Section 34-15-07 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

34-15-07. Disposition of civil money penalties. A civil money penalty collected under this chapter must be paid into the state treasury for deposit in the general fund ~~after the costs of recovering the civil money penalty are deducted therefrom.~~

SECTION 27. AMENDMENT. Section 39-12-20 of the North Dakota Century Code is amended and reenacted as follows:

39-12-20. Proceeds of sale - Continuing appropriation. The proceeds of sale must be ~~applied first to the payment of~~ deposited with the state treasurer. The state treasurer shall deposit in the highway fund an amount equal to the amount of the charges assessed pursuant to section 39-12-17 after paying the costs to the county. An amount equal to the costs of the proceedings, including attorneys and witness fees and costs, and next to the payment of the charges assessed. Such charges must be remitted to the state treasurer to be credited to the highways fund is appropriated on a continuing basis out of the funds collected to the county in which the prosecution took place for the purpose of defraying the costs of prosecution. The balance of the proceeds of any sale after the payment of costs and charges ~~must~~ is appropriated on a continuing basis out of the funds collected to be paid ~~over by the sheriff~~ to the person entitled thereto as determined by the court or must be deposited with the clerk of court for such payment.

SECTION 28. AMENDMENT. Subdivision g of subsection 3 of section 49-23-04 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

- g. An excavator may not use a location more than ~~seventy-two hours~~ ten days, or any extension of that period, after the planned excavation date unless the excavator has made previous arrangements with the operators affected.

SECTION 29. A new section to chapter 54-06 of the North Dakota Century Code is created and enacted as follows:

Expenses incurred to collect funds owed the state - Continuing appropriation. If a state agency enters a contract with a collection or credit agency to collect money due the state, the fees for services, reimbursement, or other remuneration to the collection or credit agency must be based on the amount of money actually collected. All funds collected on behalf of a state agency by a collection or credit agency must be deposited with the state treasurer. An amount equal to the amount of fees for services, reimbursement, or any other remuneration to the collection or credit agency as set forth in the contract is appropriated from the fund into which the money collected was deposited to the state agency for which the funds were collected for the payment of fees due under the contract.

SECTION 30. A new section to chapter 54-11 of the North Dakota Century Code is created and enacted as follows:

Appointment of agents. The treasurer may appoint agents for the purpose of receiving public funds as required by section 12 of article X of the Constitution of North Dakota. If appointed by the state treasurer, the Bank of North Dakota shall serve as an agent of the state treasurer for the purpose of receiving public funds, including funds that must be deposited in higher education institution special revenue funds.

SECTION 31. AMENDMENT. Section 54-16-04.1 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-16-04.1. May authorize acceptance and disbursement of federal funds.

The emergency commission with the advice and counsel of the executive office of the budget may authorize the state treasurer to receive any moneys not appropriated by the legislative assembly which are made available by any federal agency and which the legislative assembly has not indicated an intent to reject. The emergency commission may authorize pass-through federal funds from one state agency to another state agency. The emergency commission, with approval of the budget section of the legislative council if the amount under consideration exceeds fifty thousand dollars, may authorize any state officer to expend federal moneys from the date such moneys become available until June thirtieth following the next regular legislative session. The expenditures must be consistent with state law and with the terms of the grant and the program may not commit the legislative assembly for matching funds in the future unless the program has first been approved by the legislative assembly. A state officer may not expend funds received from the federal government which have not been specifically appropriated by the legislative assembly except as provided in this chapter. A state officer shall submit an expenditure plan with a request for approval under this section of expenditure of federal funds combined with or as part of a block grant for a new or existing program.

SECTION 32. AMENDMENT. Section 54-16-04.2 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-16-04.2. Commission may authorize acceptance and expenditure of moneys.

The emergency commission, upon the advice of the office of management and budget, with approval of the budget section of the legislative council if the amount under consideration exceeds fifty thousand dollars, may authorize a state officer to receive moneys from gifts, grants, donations, or other sources, not otherwise appropriated by the legislative assembly, for new or existing programs if the legislative assembly has not indicated an intent to reject the moneys or the program. The emergency commission may authorize the state officer to expend money received under this section from the date the money becomes available until June thirtieth following the next regular legislative session.

SECTION 33. A new section to chapter 54-23.2 of the North Dakota Century Code is created and enacted as follows:

Mobile data terminal and 911 service fees. State radio communications shall establish and charge fees to provide mobile data terminal service to interested local law enforcement agencies. The fees must be based on actual costs incurred by state radio communications for providing the service.

State radio communications shall charge at least twenty cents per telephone for 911 services provided to political subdivisions. Each county currently receiving 911 services from state radio communications shall abide by the standards established by the governor's emergency services advisory committee.

SECTION 34. AMENDMENT. Section 54-27.2-02 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-27.2-02. ~~(Effective through June 30, 1999)~~ Certain general fund revenues to be deposited in the budget stabilization fund. Notwithstanding any other provision of law except section 54-27.2-01, any amount in the state general fund in excess of sixty-five million dollars at the end of any biennium must be transferred by the state treasurer to the budget stabilization fund. For purposes of this section, "at the end of any biennium" means after cancellation of unexpended appropriations under section 54-44.1-11.

~~(Effective July 1, 1999) Certain general fund revenues to be deposited in the budget stabilization fund. Notwithstanding any other provision of law except section 54-27.2-01, any amount in the state general fund in excess of forty million dollars at the end of any biennium must be transferred by the state treasurer to the budget stabilization fund. For purposes of this section, "at the end of any biennium" means after cancellation of unexpended appropriations under section 54-44.1-11.~~

SECTION 35. AMENDMENT. Section 54-44-04.6 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-44-04.6. State surplus property - Department heads to inform director - Disposition of property - Proceeds - Exchange of property.

1. The person in charge of any department, agency, or institution of the state shall inform the director of the office of management and budget or the director's designee whenever that department, agency, or institution possesses property surplus to its needs, whether originally obtained with state or other funds.
2. State surplus property must be transferred at fair market value to state agencies, political subdivisions, and nonprofit organizations eligible to receive federal surplus property under the Federal Property Administrative Services Act of 1949, as amended. Eligible organizations must be notified of the availability of property on a regular basis.
3. If not disposed of under subsection 2, then by sale on sealed bids or at public auction to the highest and best bidder for property valued at more than three thousand dollars, with no money deposit required prior to sale, or by sealed bids, public auction, or negotiation at fair value for property valued at less than three thousand dollars.
4. All proceeds received from the transfer or sale of state surplus property must be deposited ~~into the fund from which the property was originally purchased, less administrative expenses~~ with the state treasurer for deposit in the surplus property operating fund. For each piece of property, the office of management and budget shall transfer to the agency from which the property was received an amount equal to the proceeds of the sale less the administrative expenses of the sale. The agency shall deposit the proceeds into the fund from which the property was originally purchased.
5. No department, agency, or institution may exchange items as part of a purchase price of new items until a detailed statement of the value of the items to be exchanged and request for approval have been submitted to the director of the office of management and budget. The director shall approve the exchange only if the director has determined that the item has been valued at fair value.

SECTION 36. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Tax commissioner to audit returns and state board of equalization to assess tax. The tax commissioner shall proceed to audit the returns of telecommunications carriers not later than three years after the due date of the return, or three years after the return was filed, whichever period expires later. The state board of equalization shall assess the tax and, if any additional tax is found due, the tax commissioner shall notify the taxpayer in detail as to the reason for the increase.

SECTION 37. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Deficiency, protest, and appeal.

1. When tax is understated on a return because of a mathematical or clerical error, the tax commissioner shall notify the telecommunications carrier of the error and the amount of additional tax due. This notice is not a notice of deficiency and the telecommunications carrier has no right to protest.
2. If upon audit the tax commissioner finds additional tax due, the tax commissioner shall notify the telecommunications carrier and the state board of equalization of the deficiency in the tax amount. A notice of deficiency must be sent to the telecommunications carrier by first-class mail and must state the amount of additional tax due and set forth the reasons for the increase.
3. A telecommunications carrier has thirty days from the date of mailing of the notice of deficiency to file a written protest with the state board of equalization objecting to the assessment of additional tax due. The protest must set forth the basis for the protest and any other information that may be required by the state board of equalization. If a telecommunications carrier fails to file a written protest within the time provided, the amount of additional tax stated in the notice of deficiency becomes finally and irrevocably fixed. If a telecommunications carrier protests only a portion of the tax commissioner's finding, the portion that is not protested becomes finally and irrevocably fixed.
4. If a protest is filed, the state board of equalization shall reconsider the assessment of additional tax due.
5. Within six months after the protest is filed, the state board of equalization shall mail to the telecommunications carrier a notice of reconsideration and assessment which must respond to the telecommunications carrier's protest and assess the amount of any additional tax due. The amount set forth in that notice becomes finally and irrevocably fixed unless the telecommunications carrier brings an action against the state in district court within six months of the mailing of the notice of reconsideration and assessment.

SECTION 38. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Claims for credit or refund.

1. A telecommunications carrier may file a claim for credit or refund of an overpayment of any tax imposed by this chapter within three years after the due date of the return or within three years after the return was filed, whichever period expires later.
2. A claim for credit or refund must be made by filing with the tax commissioner an amended return, or other report as prescribed by the tax commissioner, accompanied by a statement outlining the specific grounds upon which the claim for credit or refund is based.
3. The tax commissioner shall notify the telecommunications carrier if the state board of equalization disallows all or part of a claim for credit or refund. The decision of the state board of equalization denying a claim for credit or refund is final and irrevocable unless the telecommunications carrier brings an action against the state in district court within six months of the mailing of the notice denying the claim for credit or refund.

SECTION 39. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Preservation of records. Every telecommunications carrier required to make a return and pay any tax under this chapter shall preserve records of the gross proceeds of sale as the commissioner may require and every carrier shall preserve for a period of three years and three months all invoices and other records of telecommunications services purchased for resale. All of these books, invoices, and other records must be open to examination at any time by the commissioner or any duly authorized agent of the commissioner.

SECTION 40. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Resale certificates. A telecommunications carrier who receives a resale certificate certifying that another telecommunications carrier holds a North Dakota sales and use tax permit for sales or use tax purposes under section 57-39.2-14 is relieved from submitting the telecommunications gross receipts tax upon the sale of telecommunications services to be resold by the telecommunications carrier submitting the certificate. When a telecommunications carrier submits a false resale certificate to another telecommunications carrier, the telecommunications carrier that submitted the certificate is liable for the telecommunications gross receipts tax on the sale. A hospital, hotel, motel, or similar place of temporary accommodation selling telecommunications service to its patients or guests is not a telecommunications carrier under this section.

SECTION 41. AMENDMENT. Section 57-34-01 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-01. Definitions. The definitions in this section may not be construed to subject a telecommunications carrier or telecommunications service to the provisions of title 49. As used in this chapter, unless the context or subject matter otherwise clearly requires:

1. "Adjusted gross receipts" means telecommunications carrier gross receipts less all amounts paid by the reporting telecommunications carrier on telecommunications service that is taxable under this chapter in state and local sales and use taxes and federal excise taxes and less amounts paid by the reporting telecommunications carrier to another telecommunications carrier for directory assistance originated by a caller in this state.
2. "Company" includes any individual, copartnership, business trust, corporation, limited liability company, joint-stock company, association, or any other organization.
- ~~2.~~ 3. "Gross receipts" means all telecommunications carrier retail revenues from telecommunications service charges billed to any station in this state and from charges to another telecommunications carrier for directory assistance originated by a caller in this state.
- ~~3.~~ 4. "Station" means a subscriber service address located in this state with a distinct call number designation or distinct extension number designation. If this is not a defined location, "station" means the location of the primary use of telecommunications equipment as determined by telephone number, authorization code, or billing address.
- ~~4.~~ 5. "Telecommunications carrier" means a ~~person~~ company that is engaged in the business of furnishing telecommunications service within this state. The term includes a reseller of telecommunications service.

- 5- 6. "Telecommunications service" means transmitting for consideration of two-way communication by wire, cable, fiber optics, radio, lightwave, microwave, satellite, or other means. The term includes:
 - a. Essential telecommunications service and nonessential telecommunications service as defined in section 49-21-01;
 - b. Telecommunications service that originates and terminates in this state and is billed to a station in this state;
 - c. Interstate telecommunications service that originates or terminates in this state and is billed to a station in this state; and
 - d. ~~A hospital, hotel, motel, or similar place of temporary accommodation selling telecommunications service to its patients or guests, if there is a separately stated charge for the service; and~~
 - e. Telegraph service.

- 6- 7. "Telecommunications service charges" means the value of all consideration received by a telecommunications carrier for provision of telecommunications service and recovery within the year of telecommunications service charges written off in a prior year as uncollectible. For a telecommunications carrier operating on any form of mutual basis, the term includes all amounts assessed against the members for the operation and maintenance of the business. The term does not include revenue from merchandising, jobbing and contract work, maintenance or repair of customer premises equipment including equipment leased or rented by the customer from any source, operations not directly related to provision of telecommunications service, amounts charged for billing and collection on behalf of another telecommunications carrier, proceeds from transfer of capital stock, or transfer, sale, or lease of property not directly related to telecommunications service. The term does not include amounts collected for or amounts collected from federal and state mechanisms to preserve and advance universal service.

SECTION 42. AMENDMENT. Section 57-34-02 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-02. Reports of telecommunications carriers - Penalty.

- 1. Each telecommunications carrier that received intercarrier telecommunications revenue in the preceding calendar year shall make and file with the tax commissioner, on or before January fifteenth of each year, a list containing the name and mailing address of each telecommunications carrier from which the reporting telecommunications carrier received intercarrier telecommunications revenue in the preceding calendar year. This list is to be filed in addition to the report required by subsection 3.

- 2. Each telecommunications carrier that provided telecommunications service in the preceding calendar year to one or more pay telephones owned by another company shall make and file with the tax commissioner, on or before January fifteenth of each year, a list containing the name and mailing address for each company that owned a pay telephone served by the reporting telecommunications carrier in the preceding calendar year. This list is to be filed in addition to the report required by subsection 3.

- 3. Each telecommunications carrier subject to gross receipts taxes under this chapter shall make and file with the tax commissioner, on or before May

first of each year, on the form as the tax commissioner may prescribe, a report containing a statement of its gross receipts in this state during the preceding calendar year, amounts paid by the carrier on telecommunications service that is taxable under this chapter during the preceding calendar year in state and local sales and use taxes and federal excise taxes, amounts received from or paid to another telecommunications carrier for directory assistance, and any other information as the tax commissioner may require. The form must include a notice of a telecommunications carrier's right to appeal its assessment to the state board of equalization prior to or at the August meeting of the state board of equalization. Each report must be signed, subject to section 12.1-11-02, by the president, secretary, or other official of the telecommunications carrier.

SECTION 43. AMENDMENT. Section 57-34-03 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-03. Computation of taxes by tax commissioner - Exemption for high-volume customers - Continuing appropriation.

1. On or before July fifteenth of each year, the tax commissioner shall review the report under subsection 3 of section 57-34-02 and compute the ~~tentative~~ total tax to be assessed against each telecommunications carrier in this state at a rate of two and one-half percent of adjusted gross receipts. ~~The~~ If the tax commissioner's computation of the total tax differs from the amount computed by a telecommunications carrier, the tax commissioner shall give ten days' notice of the change by mail to each that telecommunications carrier of its tentative total tax under this section and its right to contest the determination before the state board of equalization at its August meeting on or before July fifteenth. The state board of equalization shall assess the tax under this section after consideration of any contest presented.
2. A telecommunications carrier's retail customer in this state is entitled to a refund equal to two and one-half percent of the amount of telecommunications service charges paid to telecommunications carriers by that customer in excess of eight hundred thousand dollars in a calendar year. A refund claim under this subsection must be filed with the tax commissioner before July first of the year following the calendar year for which the refund is claimed. A claim for refund must be made in the manner prescribed by the tax commissioner. Refunds under this subsection must be paid by the tax commissioner from tax collections under this chapter and are appropriated as a standing and continuing appropriation to the tax commissioner for that purpose.

SECTION 44. AMENDMENT. Section 57-34-06 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-06. Duties of county treasurer. The county treasurer shall allocate taxes received under this chapter to the state, the county, and the various taxing districts within the county according to the proportion that taxes paid by telecommunications carriers in locally assessed property taxes and taxes assessed under chapter 57-06 and this chapter in 1997 and received by the state, the county, and each currently existing taxing district in the county bears to all taxes paid by telecommunications carriers in locally assessed property taxes and taxes assessed under chapter 57-06 and this chapter in 1997 and received by the state, the county, and all taxing districts in the county.

SECTION 45. AMENDMENT. Section 57-34-10 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-10. Penalties - Interest - Lien for tax.

1. If a telecommunications carrier refuses or neglects to make the reports required by this chapter, or refuses or neglects to furnish any information requested, the tax commissioner shall use the best available facts and estimates to determine taxation of the gross receipts of that carrier. The tax must be imposed upon the basis of that information, ~~and~~. If any company fails to make the report required under this chapter on or before the first day of May of any year, the state board of equalization shall add a penalty of one-quarter of the tax due for failure to make the required report which must be collected as a part of the tax, but the tax commissioner, upon application, may grant extensions of time within which the returns must be filed.

2. Taxes levied under this chapter are due and payable to the tax commissioner on January first following the year in which the taxes were assessed. ~~The unpaid principal balance of taxes on the following March first is subject to a penalty of three percent, on the following May first an additional penalty of three percent, on the following July first an additional penalty of three percent, and on the following October fifteenth an additional penalty of three percent. Beginning January first of the year following the year the taxes became due, simple interest at the rate of twelve percent per annum applies to the unpaid principal balance until the taxes and penalties are paid. Interest penalties must be prorated to the nearest full month for a fractional year of delinquency. A remittance of tax need not be made and any assessment or collection of tax may not be made unless the amount is at least five dollars, including penalty and interest.~~

3. If any amount of tax imposed by this chapter is not paid on or before March first, or if upon audit an additional tax is found to be due, there must be added to the tax remaining due interest at the rate of one percent of the additional tax for each month or fraction of a month during which the tax remains unpaid, computed from March first to the date paid.

3. 4. ~~Taxes under this chapter constitute a first and paramount lien in favor of the state upon all property and rights to property of the taxpayer. The lien may be foreclosed in the same manner provided by law for mortgages on real or personal property. Whenever any taxpayer liable to pay a tax or penalty imposed refuses or neglects to pay the liability, the amount, including any interest, penalty, or addition to the tax, and the additional costs that may accrue are a lien in favor of the state of North Dakota upon all property and rights to property, whether real or personal, belonging to the taxpayer. The lien attaches at the time the tax becomes due and payable and continues until the liability for the amount is satisfied.~~

5. Any mortgagee, purchaser, judgment creditor, or lien claimant acquiring any interest in, or lien on, any property situated in the state, prior to the tax commissioner filing in the central indexing system maintained by the secretary of state a notice of the lien provided for in subsection 4, takes free of, or has priority over, the lien. The tax commissioner shall index in the central indexing system the following data:
 - a. The name of the taxpayer.
 - b. The tax identification number or social security number of the taxpayer.
 - c. The name "State of North Dakota" as claimant.

d. The date and time the notice of lien was indexed.

e. The amount of the lien.

The notice of lien is effective as of eight a.m. the next day following the indexing of the notice. The tax commissioner shall index any notice of lien with no payment of fees or costs to the secretary of state.

6. Upon payment of the tax, and any accrued penalties and interest, as to which the tax commissioner has filed a notice of lien, the tax commissioner shall index a satisfaction of the lien in the central indexing system without fees or costs.

SECTION 46. A new section to chapter 65-02 of the North Dakota Century Code is created and enacted as follows:

Payments in lieu of taxes by bureau. If a building and associated real property is purchased by the workers compensation bureau pursuant to a legislative grant of authority, the bureau shall make payments in lieu of property taxes in the manner and according to the conditions and procedures that would apply if the building and property were privately owned.

SECTION 47. RETROACTIVE APPLICATION. Section 25 of this Act is effective for all funds received and deposited into the risk management fund on or after July 1, 1997.

SECTION 48. RETROACTIVE APPLICATION - EFFECTIVE DATE - EXPIRATION DATE. Sections 36 through 45 of this Act apply retroactively to all tax years beginning after December 31, 1997. The amendments to subsections 1 and 3 of section 57-34-01 as amended by section 41 of this Act are effective for taxable years beginning after December 31, 1998. The amendments to subsections 1 and 2 of section 57-34-02 as amended by section 42 of this Act are effective for the first two taxable years beginning after December 31, 1999, and are thereafter ineffective.

SECTION 49. APPLICATION. North Dakota Century Code sections 54-16-04 and 54-44.1-11 do not apply to chapter 30 of the 1997 Session Laws.

SECTION 50. EMERGENCY. Sections 2, 24, 26, 27, 28, 29, 30, and 35 of this Act are declared to be an emergency measure."

Renumber accordingly

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4/17/99
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PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015

That the House recede from its amendments as printed on pages 1124-1128 of the Senate Journal and pages 1254-1258 of the House Journal and that Engrossed Senate Bill No. 2015 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide an appropriation for defraying the expenses of the various divisions under the supervision of the director of the office of management and budget; to provide other appropriations; to provide for various transfers and financial transactions; to provide an exemption from the provisions of section 54-44.1-11 of the North Dakota Century Code; to provide statements of legislative intent; to provide for a legislative council study; to create and enact a new section to chapter 54-06, a new section to chapter 54-11, a new section to chapter 54-23.2, five new sections to chapter 57-34, and a new section to chapter 65-02 of the North Dakota Century Code, relating to the collection and receipt of public funds, mobile data terminal and 911 service fees, the audit and assessment of telecommunications carriers, deficiency notice protest and appeal procedure, claim for credit or refund of the tax on telecommunications carriers, preservation of records, and resale certificates, and payments in lieu of taxes on workers compensation bureau property; to amend and reenact subsection 2 of section 4-14.1-07, section 15-39.1-26, subsection 2 of section 32-12.2-07, sections 34-15-07, 39-12-20, subdivision g of subsection 3 of section 49-23-04, sections 54-16-04.1, 54-16-04.2, 54-27.2-02, 54-44-04.6, 57-34-01, 57-34-02, 57-34-03, 57-34-06, and 57-34-10 of the North Dakota Century Code, relating to ethanol plants, the collection, investment, and deposit of state funds, time periods under the one-call excavation notice system, the risk management fund, emergency commission approvals, the budget stabilization fund, and telecommunications carriers gross receipts tax revenues; to provide a penalty; to provide a continuing appropriation; to provide an effective date; to provide an expiration date; to provide for retroactive application; to provide for application; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the various divisions under the supervision of the director of the office of management and budget for the purpose of defraying their expenses, for the biennium beginning July 1, 1999, and ending June 30, 2001, as follows:

| | | |
|----------------------------------|--|-------------------|
| Subdivision 1. | | |
| | OFFICE OF MANAGEMENT AND BUDGET | |
| Administration | | \$2,982,026 |
| Fiscal management | | 3,875,828 |
| Facility management | | 8,074,694 |
| Central personnel | | 1,212,300 |
| Division of community services | | 42,035,197 |
| Risk management | | 959,911 |
| Statewide compensation plan | | <u>5,400,000</u> |
| Total all funds | | \$64,539,956 |
| Less estimated income | | <u>46,088,243</u> |
| Total general fund appropriation | | \$18,451,713 |

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Subdivision 2.

INFORMATION SERVICES DIVISION

| | |
|----------------------------------|---------------------|
| Information resource management | \$49,659,295 |
| Total all funds | <u>\$49,659,295</u> |
| Less estimated income | <u>49,409,295</u> |
| Total general fund appropriation | \$250,000 |

Subdivision 3.

CENTRAL SERVICES

| | |
|----------------------------------|--------------------|
| Central services | \$5,454,471 |
| Total all funds | <u>\$5,454,471</u> |
| Less estimated income | <u>4,774,332</u> |
| Total general fund appropriation | \$680,139 |

Subdivision 4.

STATE RADIO COMMUNICATIONS

| | |
|---|----------------|
| Salaries and wages | \$2,468,120 |
| Operating expenses | 1,788,580 |
| Equipment | <u>160,000</u> |
| Total all funds | \$4,416,700 |
| Less estimated income | <u>514,990</u> |
| Total general fund appropriation | \$3,901,710 |
| Grand total general fund appropriation section 1 | \$23,283,562 |
| Grand total special funds appropriation section 1 | \$100,786,860 |
| Grand total all funds appropriation section 1 | \$124,070,422 |

SECTION 2. APPROPRIATION. There is hereby appropriated from federal funds \$6,000,000, or so much of the sum as may be necessary, to the director of the office of management and budget for the division of community services for flood-related disasters and the weatherization of low-income homes, for the period beginning with the effective date of this Act and ending June 30, 1999.

SECTION 3. APPROPRIATION. There is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$360,000, or so much of the sum as may be necessary, to the emergency commission for the purpose of paying costs associated with Americans with Disabilities Act litigation to which the department of transportation is a party for the biennium beginning July 1, 1999, and ending June 30, 2001. The emergency commission may use the funds to make payments to the plaintiffs in the event a judgement is entered against the state in Miller v. State of North Dakota.

SECTION 4. APPROPRIATION - UNIVERSITY SYSTEM - GRANT TO PRAIRIE PUBLIC BROADCASTING. There is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$415,000, or so much of the sum as may be necessary, to the university system office for the purpose of providing a grant to be used as matching funds by prairie public broadcasting for phase I of the project to convert to digital television broadcasting.

SECTION 5. ATTORNEY GENERAL - GAMING ENFORCEMENT GRANTS - LINE ITEM TRANSFERS. Notwithstanding section 54-16-04 and section 5 of Senate Bill No. 2003, as approved by the fifty-sixth legislative assembly, the emergency commission may authorize the attorney general to make transfers between the line items in section 1 of Senate Bill No. 2003 of up to the sum of \$310,086 for the purpose of providing additional local gaming enforcement grants in accordance with the provisions of section 6 of Senate Bill No. 2003, for the biennium beginning July 1, 1999, and ending June 30, 2001.

SECTION 6. APPROPRIATION. The amount of \$25,000, or so much of that amount as may be necessary, is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, to the council on the arts for the

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purpose of providing a grant to the plains art museum for the Lewis and Clark bicentennial event, for the biennium beginning July 1, 1999, and ending June 30, 2001. The council on the arts may provide the grant only after the plains art museum has raised \$25,000 of other funds to be used to match the general fund moneys appropriated in this section.

SECTION 7. LINE ITEM TRANSFERS - EMERGENCY COMMISSION AND BUDGET SECTION APPROVAL. Upon approval of the emergency commission, the director of the office of management and budget may transfer between various line items in subdivisions 1, 2, and 3 of section 1 of this Act appropriation authority of up to ten percent of a given line item to adjust for changing circumstances in meeting established performance measures. Any further transfers must be approved by the budget section.

SECTION 8. CAPITOL BUILDING FUND. The amount of \$225,000, or so much of the sum as is necessary, included in the estimated income line item in subdivision 1 of section 1 of this Act, is to be spent by the facility management division from the capitol building fund during the biennium beginning July 1, 1999, and ending June 30, 2001. The amount of \$25,000, or so much of the sum as is necessary, included in the estimated income line item in subdivision 1 of section 1 of this Act, is to be spent by the administration division from the capitol building fund for capitol grounds planning during the biennium beginning July 1, 1999, and ending June 30, 2001.

SECTION 9. EXEMPTION. The fiscal management appropriation contained in subdivision 1 of section 1 of chapter 15 of the 1997 Session Laws is not subject to the provisions of section 54-44.1-11 for up to an amount of \$750,000 and any unexpended funds from this appropriation are available for continued development and operating costs of the accounting, management, and payroll systems during the biennium beginning July 1, 1999, and ending June 30, 2001.

SECTION 10. SPECIAL COMPENSATION ADJUSTMENTS FOR CLASSIFIED STATE EMPLOYEES. It is the intent of the fifty-sixth legislative assembly that the statewide compensation plan appropriation included in subdivision 1 of section 1 of this Act be used for market equity compensation adjustments for classified state employees. The special market equity adjustments are to begin with the month of July 1999, to be paid in August 1999. The special market equity adjustments are to be independent of any general salary increase provided by this legislative assembly.

The special market equity increases are to be prioritized based on equity for employees whose salaries are furthest from their respective salary range midpoints effective July 1, 1999. Special market equity increases may not be given to employees whose salary exceeds the midpoints of their assigned salary range effective July 1, 1999.

Probationary employees are eligible for the special market equity increases. Employees whose documented performance levels do not meet standards are not eligible for the special market equity increases.

The central personnel division shall provide a model base plan to each agency. Agencies may adopt the model plan, adopt the model plan with exceptions, or offer an alternative plan that meets the intent outlined in this section.

Upon adoption of an appropriate plan and application to the central personnel division, the division shall transfer appropriated general funds or special fund spending authority for the increases to the agencies.

SECTION 11. INTENT - STATE EMPLOYEE COMPENSATION ADJUSTMENTS - GUIDELINES. It is the intent of the fifty-sixth legislative assembly that 1999-2001 compensation adjustments for permanent state employees are to be

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increases of a minimum of \$35 per month, beginning with the month of July 1999, to be paid in August 1999, and a minimum of \$35 per month, beginning with the month of July 2000, to be paid in August 2000. Any increases greater than \$35 per month may not be given across-the-board and must be based on merit and equity. Each agency appropriation is increased by 2.0 percent per year.

Probationary employees and employees whose documented performance levels do not meet standards are not eligible for the general or additional increases.

During the biennium, no salary increase other than the \$35 per month in July 1999 and \$35 per month in July 2000 may be given to an employee whose salary exceeds or would exceed the salary range maximum.

It is the intent of the fifty-sixth legislative assembly that the workers compensation bureau provide pay raises based on merit and performance throughout the 1999-2001 biennium.

An agency may provide average salary increases of up to 3.0 percent for the second year of the 1999-2001 biennium only to the extent that the increase can be paid without an increase in the agency's appropriation. State agencies and institutions shall report to the office of management and budget on the amounts provided for salary increases for the second year of the biennium, any amounts transferred between line items pursuant to section 12 of this Act, the source of funding, and the impact on the provision of agency services. The office of management and budget shall report to the budget section at its December 2000 meeting concerning the amounts provided by state agencies and institutions for salary increases for the second year of the biennium, line item transfers relating to the increases, the source of the funding, and the impact on the provision of agency services.

SECTION 12. STATE AGENCIES - LINE ITEM TRANSFER AUTHORITY.

Notwithstanding the provisions of chapter 54-16, the director of the office of management and budget and the state treasurer shall make transfers of funds between line items of an agency or institution upon the request of the agency or institution in order to provide for an average of 3.0 percent employee salary increases for the second year of the 1999-2001 biennium as provided in section 11 of this Act.

SECTION 13. INTENT. Within the authority included in subdivision 1 of section 1 of this Act, are the following grants and special items:

| | |
|--|-----------|
| Boys and girls clubworks | \$53,000 |
| State contingencies | 600,000 |
| State memberships and related expenses | 317,000 |
| Firemen's association | 63,000 |
| Unemployment insurance | 1,200,000 |
| Capitol grounds planning commission | 25,000 |
| State lobbyist | 120,000 |

SECTION 14. TRANSFER. During the biennium beginning July 1, 1999, and ending June 30, 2001, the director of the office of management and budget is authorized to transfer special funds to the general fund as follows:

| | |
|---|-------------|
| Lands and minerals trust fund | \$3,000,000 |
| Public employees life insurance program | 1,500,000 |
| Financial institutions regulatory fund | 200,000 |

SECTION 15. DEVELOPMENTAL DISABILITIES REVOLVING LOAN FUND - AUTHORITY TO SELL LOANS - TRANSFERS. Between January 1 and June 30, 2001, at the request of the director of the office of management and budget, the executive director of the department of human services shall sell such loans in the developmental disabilities revolving loan fund created under North Dakota Century

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Code section 6-09.6-01, as may be necessary to the Bank of North Dakota to provide \$2,150,000, or so much thereof as may be necessary, with the proceeds to be deposited in the general fund. The loans may only be sold to the extent necessary to achieve the June 30, 2001, ending general fund balance as estimated by the fifty-sixth legislative assembly.

SECTION 16. FIRE AND TORNADO FUND. The amount of \$63,000, or so much of the amount as is necessary, included in the estimated income line item in subdivision 1 of section 1 of this Act, is from the fire and tornado fund.

SECTION 17. BANK OF NORTH DAKOTA TRANSFERS TO STATE GENERAL FUND. During the biennium ending June 30, 2001, the industrial commission shall transfer to the state general fund up to \$50,000,000 from the current earnings and the accumulated undivided profits of the Bank of North Dakota. No more than \$15,000,000 of the amount transferred may come from accumulated undivided profits. The moneys must be transferred in the amounts and at such times as requested by the director of the office of management and budget.

No transfers may be made that would reduce the Bank's capital structure below \$100,000,000.

SECTION 18. CONTINGENT BANK OF NORTH DAKOTA TRANSFERS TO STATE GENERAL FUND - BUDGET SECTION APPROVAL. If, during the biennium ending June 30, 2001, the director of the office of management and budget determines via revised projections that general fund revenue collections will not meet the revenues as forecast in the March 1999 legislative forecast, then the industrial commission shall transfer to the state general fund an additional amount, as determined by the director of the office of management and budget and as approved by the budget section, from the earnings and accumulated and undivided profits of the Bank of North Dakota. Transfers made under the provisions of this section may not be made before July 1, 2000, and may only be made to the extent that the transfer is necessary to achieve a projected June 30, 2001, general fund balance of \$10,000,000. The moneys must be transferred in amounts and at such times as requested by the director of the office of management and budget. The additional amount transferred may not exceed the lesser of \$40,000,000 or the revenue shortfall of actual collections compared to the March 1999 legislative forecast.

No transfers may be made that would reduce the Bank's capital structure below \$100,000,000.

SECTION 19. FEDERAL PROGRAM TERMINATIONS - BLOCK GRANT - FUNDING REDUCTIONS - RELATED PROGRAM REDUCTIONS - REPORTS TO THE BUDGET SECTION. If the federal government during the 1999-2001 biennium terminates funding for any program administered by an agency, department, or institution of the state of North Dakota, the agency, department, or institution, subject to budget section approval, may terminate the program and not replace the reduction in federal funds with state funds, notwithstanding any other provision of law. If the federal government combines funding for separate programs in a block grant resulting in a reduction of total federal funds available for those programs, the administering agency, department, or institution may, subject to budget section approval, prioritize or reprioritize programs as necessary in making programmatic reductions. The agency, department, or institution may administer funds available under a new federal block grant or similar measure, consistent with the terms of that measure, notwithstanding any other provisions of law intended to conform to or implement the provisions of the repealed federal Act, and shall report any program terminations, reductions, or changes resulting from this section to the budget section of the legislative council for its approval.

SECTION 20. PROGRAM-BASED PERFORMANCE BUDGETING. The office of management and budget shall discontinue the program-based performance budgeting pilot project when preparing the 2001-03 biennium budget documents and

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accompanying appropriation bills. Budget documents for the 2001-03 biennium are to be based on the standard line items and are not to contain agency performance measures.

SECTION 21. LEGISLATIVE COUNCIL INTERIM STUDY OF PERFORMANCE INCENTIVE PILOT PROGRAMS. The legislative council shall consider studying the establishment of agency performance incentive pilot programs. If conducted, the study should address how agencies could develop, implement, administer, maintain, and evaluate performance incentive pilot programs. The study should also address the development of personnel policies and procedure manuals and how pay raises which may not be across the board are to be awarded as a reward and incentive for superior performance and the length of time they may be in effect. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-seventh legislative assembly.

SECTION 22. UNIVERSITY OF NORTH DAKOTA WINTER SPORTS FACILITY MAINTENANCE FUND. The university of North Dakota shall establish a reserve fund to be used to provide for future repair and maintenance costs related to the winter sports facility to be constructed at the university of North Dakota. The university shall establish a reserve fund for this purpose from building operating profits, donations, or other funds.

SECTION 23. AMENDMENT. Subsection 2 of section 4-14.1-07 of the 1997 Supplement to the North Dakota Century Code as amended by section 11 of House Bill No. 1019, as approved by the fifty-sixth legislative assembly, is amended and reenacted as follows:

- 2. An ethanol plant that was in operation before July 1, 1995, and which ~~produced~~ has a production capacity of fewer than fifteen million gallons [56781000 liters] of ethanol in the previous fiscal year may receive up to seven hundred fifty thousand dollars in production incentives from the state for production in a fiscal year. An ethanol plant that was in operation before July 1, 1995, and which has a production capacity of fifteen million gallons [56781000 liters] or more of ethanol per year is not eligible for production incentives from the state.

SECTION 24. AMENDMENT. Section 15-39.1-26 of the North Dakota Century Code is amended and reenacted as follows:

15-39.1-26. Investment of moneys in fund - Interest and earnings attributable to fund. Investment of the fund ~~shall be~~ is under the supervision of the state investment board in accordance with chapter 21-10. ~~Such~~ The moneys must be placed for investment only with a firm or firms whose endeavor is money management, and only after a trust agreement or contract has been executed. Investment costs may be paid directly from the fund, and are hereby appropriated for that purpose, in accordance with section 21-10-06.2. All interest and earnings on funds administered by the board must be credited to the fund.

SECTION 25. AMENDMENT. Subsection 2 of section 32-12.2-07 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

- 2. The state risk management fund is a special fund in the state treasury administered by the director of the office of management and budget. The fund is a revolving fund consisting of contributions from participating state entities, all payments received by the fund from its activities, and other appropriations by the legislative assembly. The state investment board shall invest the fund in accordance with chapter 21-10. Funds received as contributions from state entities, all other payments deposited in the fund, and interest and income received on investments are hereby appropriated

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on a continuing basis for the purposes of the fund. Section 54-44.1-11 does not apply to the fund.

SECTION 26. AMENDMENT. Section 34-15-07 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

34-15-07. Disposition of civil money penalties. A civil money penalty collected under this chapter must be paid into the state treasury for deposit in the general fund ~~after the costs of recovering the civil money penalty are deducted therefrom.~~

SECTION 27. AMENDMENT. Section 39-12-20 of the North Dakota Century Code is amended and reenacted as follows:

39-12-20. Proceeds of sale - Continuing appropriation. The proceeds of sale must be ~~applied first to the payment of~~ deposited with the state treasurer. The state treasurer shall deposit in the highway fund an amount equal to the amount of the charges assessed pursuant to section 39-12-17 after paying the costs to the county. An amount equal to the costs of the proceedings, including attorneys and witness fees and costs, and next to the payment of the charges assessed. Such charges must be remitted to the state treasurer to be credited to the highways fund is appropriated on a continuing basis out of the funds collected to the county in which the prosecution took place for the purpose of defraying the costs of prosecution. The balance of the proceeds of any sale after the payment of costs and charges ~~must~~ is appropriated on a continuing basis out of the funds collected to be paid ~~ever by the sheriff~~ to the person entitled thereto as determined by the court or must be deposited with the clerk of court for such payment.

SECTION 28. AMENDMENT. Subdivision g of subsection 3 of section 49-23-04 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

- g. An excavator may not use a location more than ~~seventy-two hours~~ ten days, or any extension of that period, after the planned excavation date unless the excavator has made previous arrangements with the operators affected.

SECTION 29. A new section to chapter 54-06 of the North Dakota Century Code is created and enacted as follows:

Expenses incurred to collect funds owed the state - Continuing appropriation. If a state agency enters a contract with a collection or credit agency to collect money due the state, the fees for services, reimbursement, or other remuneration to the collection or credit agency must be based on the amount of money actually collected. All funds collected on behalf of a state agency by a collection or credit agency must be deposited with the state treasurer. An amount equal to the amount of fees for services, reimbursement, or any other remuneration to the collection or credit agency as set forth in the contract is appropriated from the fund into which the money collected was deposited to the state agency for which the funds were collected for the payment of fees due under the contract.

SECTION 30. A new section to chapter 54-11 of the North Dakota Century Code is created and enacted as follows:

Appointment of agents. The treasurer may appoint agents for the purpose of receiving public funds as required by section 12 of article X of the Constitution of North Dakota. If appointed by the state treasurer, the Bank of North Dakota shall serve as an agent of the state treasurer for the purpose of receiving public funds, including funds that must be deposited in higher education institution special revenue funds.

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SECTION 31. AMENDMENT. Section 54-16-04.1 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-16-04.1. May authorize acceptance and disbursement of federal funds.

The emergency commission with the advice and counsel of the executive office of the budget may authorize the state treasurer to receive any moneys not appropriated by the legislative assembly which are made available by any federal agency and which the legislative assembly has not indicated an intent to reject. The emergency commission may authorize pass-through federal funds from one state agency to another state agency. The emergency commission, with approval of the budget section of the legislative council if the amount under consideration exceeds fifty thousand dollars, may authorize any state officer to expend federal moneys from the date such moneys become available until June thirtieth following the next regular legislative session. The expenditures must be consistent with state law and with the terms of the grant and the program may not commit the legislative assembly for matching funds in the future unless the program has first been approved by the legislative assembly. A state officer may not expend funds received from the federal government which have not been specifically appropriated by the legislative assembly except as provided in this chapter. A state officer shall submit an expenditure plan with a request for approval under this section of expenditure of federal funds combined with or as part of a block grant for a new or existing program.

SECTION 32. AMENDMENT. Section 54-16-04.2 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-16-04.2. Commission may authorize acceptance and expenditure of moneys. The emergency commission, upon the advice of the office of management and budget, with approval of the budget section of the legislative council if the amount under consideration exceeds fifty thousand dollars, may authorize a state officer to receive moneys from gifts, grants, donations, or other sources, not otherwise appropriated by the legislative assembly, for new or existing programs if the legislative assembly has not indicated an intent to reject the moneys or the program. The emergency commission may authorize the state officer to expend money received under this section from the date the money becomes available until June thirtieth following the next regular legislative session.

SECTION 33. A new section to chapter 54-23.2 of the North Dakota Century Code is created and enacted as follows:

Mobile data terminal and 911 service fees. State radio communications shall establish and charge fees to provide mobile data terminal service to interested local law enforcement agencies. The fees must be based on actual costs incurred by state radio communications for providing the service.

State radio communications shall charge at least twenty cents per telephone for 911 services provided to political subdivisions. Each county currently receiving 911 services from state radio communications shall abide by the standards established by the governor's emergency services advisory committee.

SECTION 34. AMENDMENT. Section 54-27.2-02 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-27.2-02. (~~Effective through June 30, 1999~~) Certain general fund revenues to be deposited in the budget stabilization fund. Notwithstanding any other provision of law except section 54-27.2-01, any amount in the state general fund in excess of sixty-five million dollars at the end of any biennium must be transferred by the state treasurer to the budget stabilization fund. For purposes of this section, "at the end of any biennium" means after cancellation of unexpended appropriations under section 54-44.1-11.

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~~(Effective July 1, 1999) Certain general fund revenues to be deposited in the budget stabilization fund. Notwithstanding any other provision of law except section 54-27.2-01, any amount in the state general fund in excess of forty million dollars at the end of any biennium must be transferred by the state treasurer to the budget stabilization fund. For purposes of this section, "at the end of any biennium" means after cancellation of unexpended appropriations under section 54-44.1-11.~~

SECTION 35. AMENDMENT. Section 54-44-04.6 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-44-04.6. State surplus property - Department heads to inform director - Disposition of property - Proceeds - Exchange of property.

1. The person in charge of any department, agency, or institution of the state shall inform the director of the office of management and budget or the director's designee whenever that department, agency, or institution possesses property surplus to its needs, whether originally obtained with state or other funds.
2. State surplus property must be transferred at fair market value to state agencies, political subdivisions, and nonprofit organizations eligible to receive federal surplus property under the Federal Property Administrative Services Act of 1949, as amended. Eligible organizations must be notified of the availability of property on a regular basis.
3. If not disposed of under subsection 2, then by sale on sealed bids or at public auction to the highest and best bidder for property valued at more than three thousand dollars, with no money deposit required prior to sale, or by sealed bids, public auction, or negotiation at fair value for property valued at less than three thousand dollars.
4. All proceeds received from the transfer or sale of state surplus property must be deposited into the fund from which the property was originally purchased, less administrative expenses with the state treasurer for deposit in the surplus property operating fund. For each piece of property, the office of management and budget shall transfer to the agency from which the property was received an amount equal to the proceeds of the sale less the administrative expenses of the sale. The agency shall deposit the proceeds into the fund from which the property was originally purchased.
5. No department, agency, or institution may exchange items as part of a purchase price of new items until a detailed statement of the value of the items to be exchanged and request for approval have been submitted to the director of the office of management and budget. The director shall approve the exchange only if the director has determined that the item has been valued at fair value.

SECTION 36. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Tax commissioner to audit returns and state board of equalization to assess tax. The tax commissioner shall proceed to audit the returns of telecommunications carriers not later than three years after the due date of the return, or three years after the return was filed, whichever period expires later. The state board of equalization shall assess the tax and, if any additional tax is found due, the tax commissioner shall notify the taxpayer in detail as to the reason for the increase.

SECTION 37. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Deficiency, protest, and appeal.

1. When tax is understated on a return because of a mathematical or clerical error, the tax commissioner shall notify the telecommunications carrier of the error and the amount of additional tax due. This notice is not a notice of deficiency and the telecommunications carrier has no right to protest.
2. If upon audit the tax commissioner finds additional tax due, the tax commissioner shall notify the telecommunications carrier and the state board of equalization of the deficiency in the tax amount. A notice of deficiency must be sent to the telecommunications carrier by first-class mail and must state the amount of additional tax due and set forth the reasons for the increase.
3. A telecommunications carrier has thirty days from the date of mailing of the notice of deficiency to file a written protest with the state board of equalization objecting to the assessment of additional tax due. The protest must set forth the basis for the protest and any other information that may be required by the state board of equalization. If a telecommunications carrier fails to file a written protest within the time provided, the amount of additional tax stated in the notice of deficiency becomes finally and irrevocably fixed. If a telecommunications carrier protests only a portion of the tax commissioner's finding, the portion that is not protested becomes finally and irrevocably fixed.
4. If a protest is filed, the state board of equalization shall reconsider the assessment of additional tax due.
5. Within six months after the protest is filed, the state board of equalization shall mail to the telecommunications carrier a notice of reconsideration and assessment which must respond to the telecommunications carrier's protest and assess the amount of any additional tax due. The amount set forth in that notice becomes finally and irrevocably fixed unless the telecommunications carrier brings an action against the state in district court within six months of the mailing of the notice of reconsideration and assessment.

SECTION 38. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Claims for credit or refund.

1. A telecommunications carrier may file a claim for credit or refund of an overpayment of any tax imposed by this chapter within three years after the due date of the return or within three years after the return was filed, whichever period expires later.
2. A claim for credit or refund must be made by filing with the tax commissioner an amended return, or other report as prescribed by the tax commissioner, accompanied by a statement outlining the specific grounds upon which the claim for credit or refund is based.
3. The tax commissioner shall notify the telecommunications carrier if the state board of equalization disallows all or part of a claim for credit or refund. The decision of the state board of equalization denying a claim for credit or refund is final and irrevocable unless the telecommunications carrier brings an action against the state in district court within six months of the mailing of the notice denying the claim for credit or refund.

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SECTION 39. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Preservation of records. Every telecommunications carrier required to make a return and pay any tax under this chapter shall preserve records of the gross proceeds of sale as the commissioner may require and every carrier shall preserve for a period of three years and three months all invoices and other records of telecommunications services purchased for resale. All of these books, invoices, and other records must be open to examination at any time by the commissioner or any duly authorized agent of the commissioner.

SECTION 40. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Resale certificates. A telecommunications carrier who receives a resale certificate certifying that another telecommunications carrier holds a North Dakota sales and use tax permit for sales or use tax purposes under section 57-39.2-14 is relieved from submitting the telecommunications gross receipts tax upon the sale of telecommunications services to be resold by the telecommunications carrier submitting the certificate. When a telecommunications carrier submits a false resale certificate to another telecommunications carrier, the telecommunications carrier that submitted the certificate is liable for the telecommunications gross receipts tax on the sale. A hospital, hotel, motel, or similar place of temporary accommodation selling telecommunications service to its patients or guests is not a telecommunications carrier under this section.

SECTION 41. AMENDMENT. Section 57-34-01 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-01. Definitions. The definitions in this section may not be construed to subject a telecommunications carrier or telecommunications service to the provisions of title 49. As used in this chapter, unless the context or subject matter otherwise clearly requires:

1. "Adjusted gross receipts" means telecommunications carrier gross receipts less all amounts paid by the reporting telecommunications carrier on telecommunications service that is taxable under this chapter in state and local sales and use taxes and federal excise taxes and less amounts paid by the reporting telecommunications carrier to another telecommunications carrier for directory assistance originated by a caller in this state.
- ~~2.~~ 3. "Company" includes any individual, copartnership, business trust, corporation, limited liability company, joint-stock company, association, or any other organization.
- ~~2.~~ 3. "Gross receipts" means all telecommunications carrier retail revenues from telecommunications service charges billed to any station in this state and from charges to another telecommunications carrier for directory assistance originated by a caller in this state.
- ~~3.~~ 4. "Station" means a subscriber service address located in this state with a distinct call number designation or distinct extension number designation. If this is not a defined location, "station" means the location of the primary use of telecommunications equipment as determined by telephone number, authorization code, or billing address.
- ~~4.~~ 5. "Telecommunications carrier" means a ~~person~~ company that is engaged in the business of furnishing telecommunications service within this state. The term includes a reseller of telecommunications service.

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- 5- 6. "Telecommunications service" means transmitting for consideration of two-way communication by wire, cable, fiber optics, radio, lightwave, microwave, satellite, or other means. The term includes:
- a. Essential telecommunications service and nonessential telecommunications service as defined in section 49-21-01;
 - b. Telecommunications service that originates and terminates in this state and is billed to a station in this state;
 - c. Interstate telecommunications service that originates or terminates in this state and is billed to a station in this state; and
 - d. ~~A hospital, hotel, motel, or similar place of temporary accommodation selling telecommunications service to its patients or guests, if there is a separately stated charge for the service; and~~
 - e. Telegraph service.
- 6- 7. "Telecommunications service charges" means the value of all consideration received by a telecommunications carrier for provision of telecommunications service and recovery within the year of telecommunications service charges written off in a prior year as uncollectible. For a telecommunications carrier operating on any form of mutual basis, the term includes all amounts assessed against the members for the operation and maintenance of the business. The term does not include revenue from merchandising, jobbing and contract work, maintenance or repair of customer premises equipment including equipment leased or rented by the customer from any source, operations not directly related to provision of telecommunications service, amounts charged for billing and collection on behalf of another telecommunications carrier, proceeds from transfer of capital stock, or transfer, sale, or lease of property not directly related to telecommunications service. The term does not include amounts collected for or amounts collected from federal and state mechanisms to preserve and advance universal service.

SECTION 42. AMENDMENT. Section 57-34-02 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-02. Reports of telecommunications carriers - Penalty.

- 1. Each telecommunications carrier that received intercarrier telecommunications revenue in the preceding calendar year shall make and file with the tax commissioner, on or before January fifteenth of each year, a list containing the name and mailing address of each telecommunications carrier from which the reporting telecommunications carrier received intercarrier telecommunications revenue in the preceding calendar year. This list is to be filed in addition to the report required by subsection 3.
- 2. Each telecommunications carrier that provided telecommunications service in the preceding calendar year to one or more pay telephones owned by another company shall make and file with the tax commissioner, on or before January fifteenth of each year, a list containing the name and mailing address for each company that owned a pay telephone served by the reporting telecommunications carrier in the preceding calendar year. This list is to be filed in addition to the report required by subsection 3.
- 3. Each telecommunications carrier subject to gross receipts taxes under this chapter shall make and file with the tax commissioner, on or before May

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first of each year, on the form as the tax commissioner may prescribe, a report containing a statement of its gross receipts in this state during the preceding calendar year, amounts paid by the carrier on telecommunications service that is taxable under this chapter during the preceding calendar year in state and local sales and use taxes and federal excise taxes, amounts received from or paid to another telecommunications carrier for directory assistance, and any other information as the tax commissioner may require. The form must include a notice of a telecommunications carrier's right to appeal its assessment to the state board of equalization prior to or at the August meeting of the state board of equalization. Each report must be signed, subject to section 12.1-11-02, by the president, secretary, or other official of the telecommunications carrier.

SECTION 43. AMENDMENT. Section 57-34-03 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-03. Computation of taxes by tax commissioner - Exemption for high-volume customers - Continuing appropriation.

1. On or before July fifteenth of each year, the tax commissioner shall review the report under subsection 3 of section 57-34-02 and compute the ~~tentative~~ total tax to be assessed against each telecommunications carrier in this state at a rate of two and one-half percent of adjusted gross receipts. ~~The~~ If the tax commissioner's computation of the total tax differs from the amount computed by a telecommunications carrier, the tax commissioner shall give ten days' notice of the change by mail to each that telecommunications carrier ~~of its tentative total tax under this section and of its right to contest the determination before the state board of equalization at its August meeting on or before July fifteenth.~~ The state board of equalization shall assess the tax under this section after consideration of any contest presented.
2. A telecommunications carrier's retail customer in this state is entitled to a refund equal to two and one-half percent of the amount of telecommunications service charges paid to telecommunications carriers by that customer in excess of eight hundred thousand dollars in a calendar year. A refund claim under this subsection must be filed with the tax commissioner before July first of the year following the calendar year for which the refund is claimed. A claim for refund must be made in the manner prescribed by the tax commissioner. Refunds under this subsection must be paid by the tax commissioner from tax collections under this chapter and are appropriated as a standing and continuing appropriation to the tax commissioner for that purpose.

SECTION 44. AMENDMENT. Section 57-34-06 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-06. Duties of county treasurer. The county treasurer shall allocate taxes received under this chapter to the state, the county, and the various taxing districts within the county according to the proportion that taxes paid by telecommunications carriers in locally assessed property taxes and taxes assessed under chapter 57-06 and this chapter in 1997 and received by the state, the county, and each currently existing taxing district in the county bears to all taxes paid by telecommunications carriers in locally assessed property taxes and taxes assessed under chapter 57-06 and this chapter in 1997 and received by the state, the county, and all taxing districts in the county.

SECTION 45. AMENDMENT. Section 57-34-10 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

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57-34-10. Penalties - Interest - Lien for tax.

1. If a telecommunications carrier refuses or neglects to make the reports required by this chapter, or refuses or neglects to furnish any information requested, the tax commissioner shall use the best available facts and estimates to determine taxation of the gross receipts of that carrier. The tax must be imposed upon the basis of that information, ~~and~~. If any company fails to make the report required under this chapter on or before the first day of May of any year, the state board of equalization shall add a penalty of one-quarter of the tax due for failure to make the required report which must be collected as a part of the tax, but the tax commissioner, upon application, may grant extensions of time within which the returns must be filed.
2. Taxes levied under this chapter are due and payable to the tax commissioner on January first following the year in which the taxes were assessed. ~~The unpaid principal balance of taxes on the following March first is subject to a penalty of three percent, on the following May first an additional penalty of three percent, on the following July first an additional penalty of three percent, and on the following October fifteenth an additional penalty of three percent. Beginning January first of the year following the year the taxes became due, simple interest at the rate of twelve percent per annum applies to the unpaid principal balance until the taxes and penalties are paid. Interest penalties must be prorated to the nearest full month for a fractional year of delinquency. A remittance of tax need not be made and any assessment or collection of tax may not be made unless the amount is at least five dollars, including penalty and interest.~~
3. If any amount of tax imposed by this chapter is not paid on or before March first, or if upon audit an additional tax is found to be due, there must be added to the tax remaining due interest at the rate of one percent of the additional tax for each month or fraction of a month during which the tax remains unpaid, computed from March first to the date paid.
3. 4. ~~Taxes under this chapter constitute a first and paramount lien in favor of the state upon all property and rights to property of the taxpayer. The lien may be foreclosed in the same manner provided by law for mortgages on real or personal property. Whenever any taxpayer liable to pay a tax or penalty imposed refuses or neglects to pay the liability, the amount, including any interest, penalty, or addition to the tax, and the additional costs that may accrue are a lien in favor of the state of North Dakota upon all property and rights to property, whether real or personal, belonging to the taxpayer. The lien attaches at the time the tax becomes due and payable and continues until the liability for the amount is satisfied.~~
5. Any mortgagee, purchaser, judgment creditor, or lien claimant acquiring any interest in, or lien on, any property situated in the state, prior to the tax commissioner filing in the central indexing system maintained by the secretary of state a notice of the lien provided for in subsection 4, takes free of, or has priority over, the lien. The tax commissioner shall index in the central indexing system the following data:
 - a. The name of the taxpayer.
 - b. The tax identification number or social security number of the taxpayer.
 - c. The name "State of North Dakota" as claimant.

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d. The date and time the notice of lien was indexed.

e. The amount of the lien.

The notice of lien is effective as of eight a.m. the next day following the indexing of the notice. The tax commissioner shall index any notice of lien with no payment of fees or costs to the secretary of state.

6. Upon payment of the tax, and any accrued penalties and interest, as to which the tax commissioner has filed a notice of lien, the tax commissioner shall index a satisfaction of the lien in the central indexing system without fees or costs.

SECTION 46. A new section to chapter 65-02 of the North Dakota Century Code is created and enacted as follows:

Payments in lieu of taxes by bureau. If a building and associated real property is purchased by the workers compensation bureau pursuant to a legislative grant of authority, the bureau shall make payments in lieu of property taxes in the manner and according to the conditions and procedures that would apply if the building and property were privately owned.

SECTION 47. APPROPRIATION. There is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,055,877, or so much thereof as may be necessary, and from special funds the sum of \$348,985 to the office of management and budget for the purpose of providing funding to state agencies and institutions to assist in providing the minimum of \$35 per month to permanent state employees for the biennium beginning July 1, 1999, and ending June 30, 2001. The office of management and budget shall transfer the funding provided in this section to state agencies and institutions to provide sufficient funding for the \$35 per month minimum salary increase.

SECTION 48. RETROACTIVE APPLICATION. Section 25 of this Act is effective for all funds received and deposited into the risk management fund on or after July 1, 1997.

SECTION 49. RETROACTIVE APPLICATION - EFFECTIVE DATE - EXPIRATION DATE. Sections 36 through 45 of this Act apply retroactively to all tax years beginning after December 31, 1997. The amendments to subsections 1 and 3 of section 57-34-01 as amended by section 41 of this Act are effective for taxable years beginning after December 31, 1998. The amendments to subsections 1 and 2 of section 57-34-02 as amended by section 42 of this Act are effective for the first two taxable years beginning after December 31, 1999, and are thereafter ineffective.

SECTION 50. APPLICATION. North Dakota Century Code sections 54-16-04 and 54-44.1-11 do not apply to chapter 30 of the 1997 Session Laws.

SECTION 51. EMERGENCY. Sections 2, 24, 26, 27, 28, 29, 30, and 35 of this Act are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 110 - OFFICE OF MANAGEMENT AND BUDGET

Conference Committee - This amendment makes the following changes:

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| | EXECUTIVE BUDGET | SENATE VERSION | CONFERENCE COMMITTEE CHANGES | CONFERENCE COMMITTEE VERSION | HOUSE VERSION | CONFERENCE COMPARISON TO HOUSE VERSION |
|--------------------------------|---------------------|---------------------|------------------------------|------------------------------|---------------------|--|
| Administration | \$3,086,844 | \$3,082,026 | (\$100,000) | \$2,982,026 | \$2,982,026 | |
| Fiscal management | 3,998,308 | 3,875,828 | | 3,875,828 | 3,875,828 | |
| Facility management | 8,203,213 | 8,174,694 | (100,000) | 8,074,694 | 7,854,694 | \$220,000 |
| Central personnel | 1,226,846 | 1,212,300 | | 1,212,300 | 1,212,300 | |
| Division of community services | 42,055,293 | 42,035,197 | | 42,035,197 | 42,035,197 | |
| Risk management | 964,173 | 959,911 | | 959,911 | 959,911 | |
| Statewide compensation plan | 5,400,000 | 5,400,000 | | 5,400,000 | 5,400,000 | |
| Total all funds | \$64,934,677 | \$64,739,956 | (\$200,000) | \$64,539,956 | \$64,319,956 | \$220,000 |
| Less special funds | 46,105,926 | 46,088,243 | | 46,088,243 | 46,088,243 | |
| General fund | \$18,828,751 | \$18,851,713 | (\$200,000) | \$18,451,713 | \$18,231,713 | \$220,000 |
| FTE | 122.00 | 121.00 | 1.00 | 122.00 | 120.60 | 1.40 |

Detail of Conference Committee changes to Senate version includes:

| | REDUCE STATE CONTINGENCIES FUNDING | DECREASE FUNDING FOR SECURITY SYSTEM | RESTORE BUDGET ANALYST FTE POSITION WITHOUT FUNDING | TOTAL CONFERENCE COMMITTEE CHANGES |
|--------------------------------|------------------------------------|--------------------------------------|---|------------------------------------|
| Administration | (\$100,000) | | | (\$100,000) |
| Fiscal management | | | | |
| Facility management | | (\$100,000) | | (100,000) |
| Central personnel | | | | |
| Division of community services | | | | |
| Risk management | | | | |
| Statewide compensation plan | | | | |
| Total all funds | (\$100,000) | (\$100,000) | \$0 | (\$200,000) |
| Less special funds | | | | |
| General fund | (\$100,000) | (\$100,000) | \$0 | (\$200,000) |
| FTE | 0.00 | 0.00 | 1.00 | 1.00 |

The amendment also makes the following changes:

- Adds a new section appropriating \$6,000,000 of federal funds to the Division of Community Services for flood-related disasters (\$3,000,000) and weatherization of low-income homes (\$3,000,000). The amendment also adds a section making the \$6,000,000 appropriation an emergency measure.
- Provides a general fund appropriation of \$360,000 to the Emergency Commission for costs resulting from the settlement of a lawsuit relating to fees charged for handicapped parking permits.
- Provides a general fund appropriation of \$415,000 to the University System office for a grant to Prairie Public Broadcasting to be used as matching funds for Phase I of the conversion to digital broadcasting.
- Provides authority for the Attorney General to distribute an additional \$310,086 for local gaming enforcement grants if the funding is available within the Attorney General's appropriation. This amount is in addition to \$221,877 contained in Senate Bill No. 2003 for this purpose.
- Provides a general fund appropriation of \$25,000 to the Council on the Arts for a grant to the Plains Art Museum for the Lewis and Clark bicentennial event. The grant will not be distributed until the museum has raised \$25,000 of other funds as a match for the general fund grant.
- Adds a section appropriating \$1,404,862, of which \$1,055,877 is from the general fund to sufficiently fund the \$35 per month minimum salary increase.
- Adds a section limiting the incentives to only the Grafton plant.

- Authorizes the director of the Office of Management and Budget to sell up to \$2,150,000 of developmentally disabled facility loans to the Bank of North Dakota. The director shall sell such amount as may be necessary to reach the legislative estimate for the June 30, 2001, general fund balance.
- Adds a new section providing that if federal funding for a program is terminated during the 1999-2001 biennium, the administering state agency, department, or institution shall terminate the program. It also provides that if the federal government reduces federal funding by combining the funding for separate programs into a block grant, the agency, department, or institution shall prioritize or reprioritize programs as necessary.
- Adds a new section directing the Office of Management and Budget to discontinue the program-based performance budgeting pilot program.
- Adds a new section providing for a Legislative Council interim study of performance incentive pilot programs.
- Requires the University of North Dakota to establish a fund, which is to be used for repair and maintenance costs related to the proposed winter sports facility.
- Provides statutory changes to address potential problems with statutes authorizing public moneys to be deposited other than with the State Treasurer.
- Adds a new section clarifying that all deposits into the risk management fund may be spent for the purpose of the fund. The amendment also adds a section making this change retroactive to deposits after July 1, 1997.
- Amends Section 49-23-04, relating to time periods under the one-call excavation notice system and provides that this is an emergency measure.
- Adds two new sections clarifying which Emergency Commission approvals also need Budget Section approval.
- Adds sections relating to the audit and assessment of telecommunications carriers and telecommunications taxes.
- Requires the Workers Compensation Bureau to make payments in lieu of property taxes if the Bureau purchases a building.
- Provides that Sections 54-16-04 and 54-44.1-11, relating to the cancellation of unexpended appropriations, do not apply to the 1997-99 biennium appropriation for the legislative branch.
- Provides for special fund transfers to the general fund of \$200,000 from the financial institutions regulatory fund and \$1,500,000 from the Public Employees Retirement System life insurance program.
- Reduces Bank of North Dakota transfers to the general fund by \$10,000,000, from \$60,000,000 to \$50,000,000 and increases the contingent transfers by \$17,000,000, from \$23,000,000 to \$40,000,000. The amendment also adds language providing that contingent transfers can be made only after July 1, 2000, and then only to the extent necessary to achieve a June 30, 2001, general fund balance of \$10,000,000.
- Reduces the fiscal management division's carryover from the 1997-99 biennium by \$250,000, from \$950,000 to \$700,000.

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- Removes the section appropriating \$100,000, \$50,000 of which was general fund moneys and \$50,000 of special funds, to the Department of Human Services for the purpose of providing network technical support to county social service boards.

DEPARTMENT 112 - INFORMATION SERVICES DIVISION

CONFERENCE COMMITTEE - This amendment makes the following changes:

| | EXECUTIVE BUDGET | SENATE VERSION | CONFERENCE COMMITTEE CHANGES | CONFERENCE COMMITTEE VERSION | HOUSE VERSION | CONFERENCE COMPARISON TO HOUSE VERSION |
|---------------------------------|-------------------|-------------------|------------------------------|------------------------------|-------------------|--|
| Information resource management | \$46,282,960 | \$45,709,295 | \$3,950,000 | \$49,659,295 | \$49,409,295 | \$250,000 |
| Total all funds | \$46,282,960 | \$45,709,295 | \$3,950,000 | \$49,659,295 | \$49,409,295 | \$250,000 |
| Less special funds | <u>46,082,960</u> | <u>45,709,295</u> | <u>3,700,000</u> | <u>49,409,295</u> | <u>49,409,295</u> | |
| General fund | \$200,000 | \$0 | \$250,000 | \$250,000 | \$0 | \$250,000 |
| FTE | 170.00 | 168.00 | 0.00 | 168.00 | 168.00 | 0.00 |

Detail of Conference Committee changes to Senate version includes:

| | CONTRACT FUNDING FOR DHS MEDICAID/TANF PROJECT | ADD FUNDING TO IMPLEMENT THE PROVISIONS OF 1999 SENATE BILL NO. 2043 | TOTAL CONFERENCE COMMITTEE CHANGES |
|---------------------------------|--|--|------------------------------------|
| Information resource management | \$3,700,000 | \$250,000 | \$3,950,000 |
| Total all funds | \$3,700,000 | \$250,000 | \$3,950,000 |
| Less special funds | <u>3,700,000</u> | | <u>3,700,000</u> |
| General fund | \$0 | \$250,000 | \$250,000 |
| FTE | 0.00 | 0.00 | 0.00 |

(Bill Number) SB 2015 (, as (re)engrossed):

MOTION #1

Your Conference Committee

| Attendance | SENATORS | Vote |
|------------|----------------|----------|
| | <i>Nothing</i> | <i>Y</i> |
| | <i>NELSON</i> | <i>N</i> |
| | <i>MATHERN</i> | <i>Y</i> |

| Attendance | REPRESENTATIVES | Vote |
|------------|------------------|----------|
| | <i>DORSO</i> | <i>N</i> |
| | <i>DALRYMPLE</i> | <i>N</i> |
| | <i>BOUCHER</i> | <i>Y</i> |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from) the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.

. adopt (further) amendments as follows, and place _____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4, 16, 99

CARRIER: _____

LC NO. _____ of amendment

LC NO. _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

(Bill Number) SB 2015 (. as (re)engrossed):

Motion #2

Your Conference Committee

| Attendance | SENATORS | Vote |
|------------|----------------|----------|
| | <i>Nothing</i> | <i>Y</i> |
| | <i>NELSON</i> | <i>Y</i> |
| | <i>MATHERN</i> | <i>N</i> |

| Attendance | REPRESENTATIVES | Vote |
|------------|------------------|----------|
| | <i>Dorso</i> | <i>Y</i> |
| | <i>DARBYMPLE</i> | <i>Y</i> |
| | <i>BOUCHER</i> | <i>N</i> |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from) the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.

. adopt (further) amendments as follows, and place _____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4, 16, 99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

(Bill Number) SB 2015 (, as (re)engrossed):

*- Reconsider Action
take out Section 7*

Your Conference Committee

| Attendance | SENATORS | Vote |
|------------|----------------|----------|
| | <i>Nothing</i> | <i>Y</i> |
| | <i>NELSON</i> | <i>Y</i> |
| | <i>MATHERN</i> | <i>N</i> |

| Attendance | REPRESENTATIVES | Vote |
|------------|------------------|----------|
| | <i>DORSO</i> | <i>Y</i> |
| | <i>DALRYMPLE</i> | <i>Y</i> |
| | <i>BOUCHER</i> | <i>Y</i> |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 8724/8726 8723/8725
the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.
727

, adopt (further) amendments as follows, and place
_____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged
and a new committee be appointed. 690/315

((Re)Engrossed) _____ was placed on the Seventh order of business on the
calendar.

=====

DATE: 4/16/99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

=====

(1) LC (2) LC (3) DESK (4) COMM.

(Bill Number) SB 2015 (, as (re)engrossed):

Your Conference Committee

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| Attendance | SENATORS | Vote | Attendance | REPRESENTATIVES | Vote |
|------------|----------------|----------|------------|------------------|----------|
| | <i>Nothing</i> | <i>Y</i> | | <i>Dorso</i> | <i>N</i> |
| | <i>NELSON</i> | <i>N</i> | | <i>Dalrymple</i> | <i>N</i> |
| | <i>MATHERN</i> | <i>Y</i> | | <i>Boucher</i> | <i>Y</i> |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 8724/8726 8723/8725
the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.
727

, adopt (further) amendments as follows, and place
_____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged
and a new committee be appointed. 690/515

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4/16/99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

(Bill Number) SB 2015 (, as (re)engrossed):

Your Conference Committee

232 - salaries

| Attendance | SENATORS | Vote |
|------------|----------------|----------|
| | <i>Nothing</i> | <i>Y</i> |
| | <i>NELSON</i> | <i>Y</i> |
| | <i>MATHERN</i> | <i>N</i> |

| Attendance | REPRESENTATIVES | Vote |
|------------|-----------------|----------|
| | <i>DORSO</i> | <i>Y</i> |
| | <i>DARYMPLE</i> | <i>Y</i> |
| | <i>BOUCHER</i> | <i>N</i> |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 8724/8726 8723/8725
the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.
727

, adopt (further) amendments as follows, and place
_____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged
and a new committee be appointed. 690/515

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4, 16, 99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

(Bill Number) SB 2015 (, as (re)engrossed):

Your Conference Committee

| Attendance | SENATORS | Vote |
|------------|----------|------|
| | Nothing | Y |
| | NELSON | Y |
| | MATHERN | N |

| Attendance | REPRESENTATIVES | Vote |
|------------|-----------------|------|
| | DORSO | Y |
| | DARBYMPLE | Y |
| | BAUCHER | N |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from) the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.

, adopt (further) amendments as follows, and place _____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4, 16, 99

CARRIER: _____

LC NO. _____ of amendment

LC NO. _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

(Bill Number) SB 2015 (, as (re)engrossed):

Your Conference Committee

| Attendance | SENATORS | Vote |
|------------|----------|------|
| P | NETTING | Y |
| P | NELSON | Y |
| P | MATHERN | N |

| Attendance | REPRESENTATIVES | Vote |
|------------|-----------------|------|
| P | DORSO | Y |
| P | DALRYMPLE | Y |
| P | BOUCHER | N |

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 8724/8726 8723/8725
the (Senate/House) amendments on (SJ/HJ) page(s) _____ - _____

and place _____ on the Seventh order.
727

, adopt (further) amendments as follows, and place
_____ on the Seventh order:

having been unable to agree, recommends that the committee be discharged
and a new committee be appointed. 690/515

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4, 17, 99

CARRIER: _____

LC NO. _____ . _____ of amendment

LC NO. _____ . _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

Signed

REPORT OF CONFERENCE COMMITTEE

SB 2015, as engrossed: Your conference committee (Sens. Nething, G. Nelson, T. Mathern and Reps. Dorso, Dalrymple, Boucher) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 1124-1128, adopt amendments as follows, and place SB 2015 on the Seventh order:

That the House recede from its amendments as printed on pages 1124-1128 of the Senate Journal and pages 1254-1258 of the House Journal and that Engrossed Senate Bill No. 2015 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide an appropriation for defraying the expenses of the various divisions under the supervision of the director of the office of management and budget; to provide other appropriations; to provide for various transfers and financial transactions; to provide an exemption from the provisions of section 54-44.1-11 of the North Dakota Century Code; to provide statements of legislative intent; to provide for a legislative council study; to create and enact a new section to chapter 54-06, a new section to chapter 54-11, a new section to chapter 54-23.2, five new sections to chapter 57-34, and a new section to chapter 65-02 of the North Dakota Century Code, relating to the collection and receipt of public funds, mobile data terminal and 911 service fees, the audit and assessment of telecommunications carriers, deficiency notice protest and appeal procedure, claim for credit or refund of the tax on telecommunications carriers, preservation of records, and resale certificates, and payments in lieu of taxes on workers compensation bureau property; to amend and reenact subsection 2 of section 4-14.1-07, section 15-39.1-26, subsection 2 of section 32-12.2-07, sections 34-15-07, 39-12-20, subdivision g of subsection 3 of section 49-23-04, sections 54-16-04.1, 54-16-04.2, 54-27.2-02, 54-44-04.6, 57-34-01, 57-34-02, 57-34-03, 57-34-06, and 57-34-10 of the North Dakota Century Code, relating to ethanol plants, the collection, investment, and deposit of state funds, time periods under the one-call excavation notice system, the risk management fund, emergency commission approvals, the budget stabilization fund, and telecommunications carriers gross receipts tax revenues; to provide a penalty; to provide a continuing appropriation; to provide an effective date; to provide an expiration date; to provide for retroactive application; to provide for application; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the various divisions under the supervision of the director of the office of management and budget for the purpose of defraying their expenses, for the biennium beginning July 1, 1999, and ending June 30, 2001, as follows:

Subdivision 1.

OFFICE OF MANAGEMENT AND BUDGET

| | |
|----------------------------------|-------------------|
| Administration | \$2,982,026 |
| Fiscal management | 3,875,828 |
| Facility management | 8,074,694 |
| Central personnel | 1,212,300 |
| Division of community services | 42,035,197 |
| Risk management | 959,911 |
| Statewide compensation plan | <u>5,400,000</u> |
| Total all funds | \$64,539,956 |
| Less estimated income | <u>46,088,243</u> |
| Total general fund appropriation | \$18,451,713 |

| | |
|---|---------------|
| Subdivision 2. | |
| INFORMATION SERVICES DIVISION | |
| Information resource management | \$49,659,295 |
| Total all funds | \$49,659,295 |
| Less estimated income | 49,409,295 |
| Total general fund appropriation | \$250,000 |
| Subdivision 3. | |
| CENTRAL SERVICES | |
| Central services | \$5,454,471 |
| Total all funds | \$5,454,471 |
| Less estimated income | 4,774,332 |
| Total general fund appropriation | \$680,139 |
| Subdivision 4. | |
| STATE RADIO COMMUNICATIONS | |
| Salaries and wages | \$2,468,120 |
| Operating expenses | 1,788,580 |
| Equipment | 160,000 |
| Total all funds | \$4,416,700 |
| Less estimated income | 514,990 |
| Total general fund appropriation | \$3,901,710 |
| Grand total general fund appropriation section 1 | \$23,283,562 |
| Grand total special funds appropriation section 1 | \$100,786,860 |
| Grand total all funds appropriation section 1 | \$124,070,422 |

SECTION 2. APPROPRIATION. There is hereby appropriated from federal funds \$6,000,000, or so much of the sum as may be necessary, to the director of the office of management and budget for the division of community services for flood-related disasters and the weatherization of low-income homes, for the period beginning with the effective date of this Act and ending June 30, 1999.

SECTION 3. APPROPRIATION. There is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$360,000, or so much of the sum as may be necessary, to the emergency commission for the purpose of paying costs associated with Americans with Disabilities Act litigation to which the department of transportation is a party for the biennium beginning July 1, 1999, and ending June 30, 2001. The emergency commission may use the funds to make payments to the plaintiffs in the event a judgement is entered against the state in Miller v. State of North Dakota.

SECTION 4. APPROPRIATION - UNIVERSITY SYSTEM - GRANT TO PRAIRIE PUBLIC BROADCASTING. There is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$415,000, or so much of the sum as may be necessary, to the university system office for the purpose of providing a grant to be used as matching funds by prairie public broadcasting for phase I of the project to convert to digital television broadcasting.

SECTION 5. ATTORNEY GENERAL - GAMING ENFORCEMENT GRANTS - LINE ITEM TRANSFERS. Notwithstanding section 54-16-04 and section 5 of Senate Bill No. 2003, as approved by the fifty-sixth legislative assembly, the emergency commission may authorize the attorney general to make transfers between the line items in section 1 of Senate Bill No. 2003 of up to the sum of \$310,086 for the purpose of providing additional local gaming enforcement grants in accordance with the provisions of section 6 of Senate Bill No. 2003, for the biennium beginning July 1, 1999, and ending June 30, 2001.

SECTION 6. APPROPRIATION. The amount of \$25,000, or so much of that amount as may be necessary, is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, to the council on the arts for the purpose of providing a grant to the plains art museum for the Lewis and Clark bicentennial event, for the biennium beginning July 1, 1999, and ending June 30, 2001. The council on the arts may provide the grant only after the plains art museum has raised \$25,000 of other funds to be used to match the general fund moneys appropriated in this section.

SECTION 7. LINE ITEM TRANSFERS - EMERGENCY COMMISSION AND BUDGET SECTION APPROVAL. Upon approval of the emergency commission, the director of the office of management and budget may transfer between various line items in subdivisions 1, 2, and 3 of section 1 of this Act appropriation authority of up to ten percent of a given line item to adjust for changing circumstances in meeting established performance measures. Any further transfers must be approved by the budget section.

SECTION 8. CAPITOL BUILDING FUND. The amount of \$225,000, or so much of the sum as is necessary, included in the estimated income line item in subdivision 1 of section 1 of this Act, is to be spent by the facility management division from the capitol building fund during the biennium beginning July 1, 1999, and ending June 30, 2001. The amount of \$25,000, or so much of the sum as is necessary, included in the estimated income line item in subdivision 1 of section 1 of this Act, is to be spent by the administration division from the capitol building fund for capitol grounds planning during the biennium beginning July 1, 1999, and ending June 30, 2001.

SECTION 9. EXEMPTION. The fiscal management appropriation contained in subdivision 1 of section 1 of chapter 15 of the 1997 Session Laws is not subject to the provisions of section 54-44.1-11 for up to an amount of \$750,000 and any unexpended funds from this appropriation are available for continued development and operating costs of the accounting, management, and payroll systems during the biennium beginning July 1, 1999, and ending June 30, 2001.

SECTION 10. SPECIAL COMPENSATION ADJUSTMENTS FOR CLASSIFIED STATE EMPLOYEES. It is the intent of the fifty-sixth legislative assembly that the statewide compensation plan appropriation included in subdivision 1 of section 1 of this Act be used for market equity compensation adjustments for classified state employees. The special market equity adjustments are to begin with the month of July 1999, to be paid in August 1999. The special market equity adjustments are to be independent of any general salary increase provided by this legislative assembly.

The special market equity increases are to be prioritized based on equity for employees whose salaries are furthest from their respective salary range midpoints effective July 1, 1999. Special market equity increases may not be given to employees whose salary exceeds the midpoints of their assigned salary range effective July 1, 1999.

Probationary employees are eligible for the special market equity increases. Employees whose documented performance levels do not meet standards are not eligible for the special market equity increases.

The central personnel division shall provide a model base plan to each agency. Agencies may adopt the model plan, adopt the model plan with exceptions, or offer an alternative plan that meets the intent outlined in this section.

Upon adoption of an appropriate plan and application to the central personnel division, the division shall transfer appropriated general funds or special fund spending authority for the increases to the agencies.

SECTION 11. INTENT - STATE EMPLOYEE COMPENSATION ADJUSTMENTS - GUIDELINES. It is the intent of the fifty-sixth legislative assembly that 1999-2001 compensation adjustments for permanent state employees are to be increases of a minimum of \$35 per month, beginning with the month of July 1999, to be paid in August 1999, and a minimum of \$35 per month, beginning with the month of July 2000, to be paid in August 2000. Any increases greater than \$35 per month may not be given across-the-board and must be based on merit and equity. Each agency appropriation is increased by 2.0 percent per year.

Probationary employees and employees whose documented performance levels do not meet standards are not eligible for the general or additional increases.

During the biennium, no salary increase other than the \$35 per month in July 1999 and \$35 per month in July 2000 may be given to an employee whose salary exceeds or would exceed the salary range maximum.

It is the intent of the fifty-sixth legislative assembly that the workers compensation bureau provide pay raises based on merit and performance throughout the 1999-2001 biennium.

An agency may provide average salary increases of up to 3.0 percent for the second year of the 1999-2001 biennium only to the extent that the increase can be paid without an increase in the agency's appropriation. State agencies and institutions shall report to the office of management and budget on the amounts provided for salary increases for the second year of the biennium, any amounts transferred between line items pursuant to section 12 of this Act, the source of funding, and the impact on the provision of agency services. The office of management and budget shall report to the budget section at its December 2000 meeting concerning the amounts provided by state agencies and institutions for salary increases for the second year of the biennium, line item transfers relating to the increases, the source of the funding, and the impact on the provision of agency services.

SECTION 12. STATE AGENCIES - LINE ITEM TRANSFER AUTHORITY. Notwithstanding the provisions of chapter 54-16, the director of the office of management and budget and the state treasurer shall make transfers of funds between line items of an agency or institution upon the request of the agency or institution in order to provide for an average of 3.0 percent employee salary increases for the second year of the 1999-2001 biennium as provided in section 11 of this Act.

SECTION 13. INTENT. Within the authority included in subdivision 1 of section 1 of this Act, are the following grants and special items:

| | |
|--|-----------|
| Boys and girls clubworks | \$53,000 |
| State contingencies | 600,000 |
| State memberships and related expenses | 317,000 |
| Firemen's association | 63,000 |
| Unemployment insurance | 1,200,000 |
| Capitol grounds planning commission | 25,000 |
| State lobbyist | 120,000 |

SECTION 14. TRANSFER. During the biennium beginning July 1, 1999, and ending June 30, 2001, the director of the office of management and budget is authorized to transfer special funds to the general fund as follows:

| | |
|---|-------------|
| Lands and minerals trust fund | \$3,000,000 |
| Public employees life insurance program | 1,500,000 |
| Financial institutions regulatory fund | 200,000 |

SECTION 15. DEVELOPMENTAL DISABILITIES REVOLVING LOAN FUND - AUTHORITY TO SELL LOANS - TRANSFERS. Between January 1 and June 30, 2001, at the request of the director of the office of management and budget, the executive director of the department of human services shall sell such loans in the developmental disabilities revolving loan fund created under North Dakota Century Code section 6-09.6-01, as may be necessary to the Bank of North Dakota to provide \$2,150,000, or so much thereof as may be necessary, with the proceeds to be deposited in the general fund. The loans may only be sold to the extent necessary to achieve the June 30, 2001, ending general fund balance as estimated by the fifty-sixth legislative assembly.

SECTION 16. FIRE AND TORNADO FUND. The amount of \$63,000, or so much of the amount as is necessary, included in the estimated income line item in subdivision 1 of section 1 of this Act, is from the fire and tornado fund.

SECTION 17. BANK OF NORTH DAKOTA TRANSFERS TO STATE GENERAL FUND. During the biennium ending June 30, 2001, the industrial commission shall transfer to the state general fund up to \$50,000,000 from the current earnings and the accumulated undivided profits of the Bank of North Dakota. No more than \$15,000,000 of the amount transferred may come from accumulated undivided profits. The moneys must be transferred in the amounts and at such times as requested by the director of the office of management and budget.

No transfers may be made that would reduce the Bank's capital structure below \$100,000,000.

SECTION 18. CONTINGENT BANK OF NORTH DAKOTA TRANSFERS TO STATE GENERAL FUND - BUDGET SECTION APPROVAL. If, during the biennium ending June 30, 2001, the director of the office of management and budget determines via revised projections that general fund revenue collections will not meet the revenues as forecast in the March 1999 legislative forecast, then the industrial commission shall transfer to the state general fund an additional amount, as determined by the director of the office of management and budget and as approved by the budget section, from the earnings and accumulated and undivided profits of the Bank of North Dakota. Transfers made under the provisions of this section may not be made before July 1, 2000, and may only be made to the extent that the transfer is necessary to achieve a projected June 30, 2001, general fund balance of \$10,000,000. The moneys must be transferred in amounts and at such times as requested by the director of the office of management and budget. The additional amount transferred may not exceed the lesser of \$40,000,000 or the revenue shortfall of actual collections compared to the March 1999 legislative forecast.

No transfers may be made that would reduce the Bank's capital structure below \$100,000,000.

SECTION 19. FEDERAL PROGRAM TERMINATIONS - BLOCK GRANT - FUNDING REDUCTIONS - RELATED PROGRAM REDUCTIONS - REPORTS TO THE BUDGET SECTION. If the federal government during the 1999-2001 biennium terminates funding for any program administered by an agency, department, or institution of the state of North Dakota, the agency, department, or institution, subject to budget section approval, may terminate the program and not replace the reduction in federal funds with state funds, notwithstanding any other provision of law. If the federal

government combines funding for separate programs in a block grant resulting in a reduction of total federal funds available for those programs, the administering agency, department, or institution may, subject to budget section approval, prioritize or reprioritize programs as necessary in making programmatic reductions. The agency, department, or institution may administer funds available under a new federal block grant or similar measure, consistent with the terms of that measure, notwithstanding any other provisions of law intended to conform to or implement the provisions of the repealed federal Act, and shall report any program terminations, reductions, or changes resulting from this section to the budget section of the legislative council for its approval.

SECTION 20. PROGRAM-BASED PERFORMANCE BUDGETING. The office of management and budget shall discontinue the program-based performance budgeting pilot project when preparing the 2001-03 biennium budget documents and accompanying appropriation bills. Budget documents for the 2001-03 biennium are to be based on the standard line items and are not to contain agency performance measures.

SECTION 21. LEGISLATIVE COUNCIL INTERIM STUDY OF PERFORMANCE INCENTIVE PILOT PROGRAMS. The legislative council shall consider studying the establishment of agency performance incentive pilot programs. If conducted, the study should address how agencies could develop, implement, administer, maintain, and evaluate performance incentive pilot programs. The study should also address the development of personnel policies and procedure manuals and how pay raises which may not be across the board are to be awarded as a reward and incentive for superior performance and the length of time they may be in effect. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-seventh legislative assembly.

SECTION 22. UNIVERSITY OF NORTH DAKOTA WINTER SPORTS FACILITY MAINTENANCE FUND. The university of North Dakota shall establish a reserve fund to be used to provide for future repair and maintenance costs related to the winter sports facility to be constructed at the university of North Dakota. The university shall establish a reserve fund for this purpose from building operating profits, donations, or other funds.

SECTION 23. AMENDMENT. Subsection 2 of section 4-14.1-07 of the 1997 Supplement to the North Dakota Century Code as amended by section 11 of House Bill No. 1019, as approved by the fifty-sixth legislative assembly, is amended and reenacted as follows:

2. An ethanol plant that was in operation before July 1, 1995, and which ~~produced~~ has a production capacity of fewer than fifteen million gallons [56781000 liters] of ethanol in the previous fiscal year may receive up to seven hundred fifty thousand dollars in production incentives from the state for production in a fiscal year. An ethanol plant that was in operation before July 1, 1995, and which has a production capacity of fifteen million gallons [56781000 liters] or more of ethanol per year is not eligible for production incentives from the state.

SECTION 24. AMENDMENT. Section 15-39.1-26 of the North Dakota Century Code is amended and reenacted as follows:

15-39.1-26. Investment of moneys in fund - Interest and earnings attributable to fund. Investment of the fund ~~shall be~~ is under the supervision of the state investment board in accordance with chapter 21-10. ~~Such~~ The moneys must be

placed for investment only with a firm or firms whose endeavor is money management, and only after a trust agreement or contract has been executed. Investment costs may be paid directly from the fund, and are hereby appropriated for that purpose, in accordance with section 21-10-06.2. All interest and earnings on funds administered by the board must be credited to the fund.

SECTION 25. AMENDMENT. Subsection 2 of section 32-12.2-07 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

2. The state risk management fund is a special fund in the state treasury administered by the director of the office of management and budget. The fund is a revolving fund consisting of contributions from participating state entities, all payments received by the fund from its activities, and other appropriations by the legislative assembly. The state investment board shall invest the fund in accordance with chapter 21-10. Funds received as contributions from state entities, all other payments deposited in the fund, and interest and income received on investments are hereby appropriated on a continuing basis for the purposes of the fund. Section 54-44.1-11 does not apply to the fund.

SECTION 26. AMENDMENT. Section 34-15-07 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

34-15-07. Disposition of civil money penalties. A civil money penalty collected under this chapter must be paid into the state treasury for deposit in the general fund ~~after the costs of recovering the civil money penalty are deducted therefrom.~~

SECTION 27. AMENDMENT. Section 39-12-20 of the North Dakota Century Code is amended and reenacted as follows:

39-12-20. Proceeds of sale - Continuing appropriation. The proceeds of sale must be ~~applied first to the payment of~~ deposited with the state treasurer. The state treasurer shall deposit in the highway fund an amount equal to the amount of the charges assessed pursuant to section 39-12-17 after paying the costs to the county. An amount equal to the costs of the proceedings, including attorneys and witness fees and costs, and next to the payment of the charges assessed. ~~Such charges must be remitted to the state treasurer to be credited to the highways fund~~ is appropriated on a continuing basis out of the funds collected to the county in which the prosecution took place for the purpose of defraying the costs of prosecution. The balance of the proceeds of any sale after the payment of costs and charges ~~must~~ is appropriated on a continuing basis out of the funds collected to be paid ~~ever by the sheriff~~ to the person entitled thereto as determined by the court or must be deposited with the clerk of court for such payment.

SECTION 28. AMENDMENT. Subdivision g of subsection 3 of section 49-23-04 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

- g. An excavator may not use a location more than ~~seventy-two hours~~ ten days, or any extension of that period, after the planned excavation date unless the excavator has made previous arrangements with the operators affected.

SECTION 29. A new section to chapter 54-06 of the North Dakota Century Code is created and enacted as follows:

Expenses incurred to collect funds owed the state - Continuing appropriation. If a state agency enters a contract with a collection or credit agency to collect money due the state, the fees for services, reimbursement, or other remuneration to the collection or credit agency must be based on the amount of money actually collected. All funds collected on behalf of a state agency by a collection or credit agency must be deposited with the state treasurer. An amount equal to the amount of fees for services, reimbursement, or any other remuneration to the collection or credit agency as set forth in the contract is appropriated from the fund into which the money collected was deposited to the state agency for which the funds were collected for the payment of fees due under the contract.

SECTION 30. A new section to chapter 54-11 of the North Dakota Century Code is created and enacted as follows:

Appointment of agents. The treasurer may appoint agents for the purpose of receiving public funds as required by section 12 of article X of the Constitution of North Dakota. If appointed by the state treasurer, the Bank of North Dakota shall serve as an agent of the state treasurer for the purpose of receiving public funds, including funds that must be deposited in higher education institution special revenue funds.

SECTION 31. AMENDMENT. Section 54-16-04.1 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-16-04.1. May authorize acceptance and disbursement of federal funds.

The emergency commission with the advice and counsel of the executive office of the budget may authorize the state treasurer to receive any moneys not appropriated by the legislative assembly which are made available by any federal agency and which the legislative assembly has not indicated an intent to reject. The emergency commission may authorize pass-through federal funds from one state agency to another state agency. The emergency commission, with approval of the budget section of the legislative council if the amount under consideration exceeds fifty thousand dollars, may authorize any state officer to expend federal moneys from the date such moneys become available until June thirtieth following the next regular legislative session. The expenditures must be consistent with state law and with the terms of the grant and the program may not commit the legislative assembly for matching funds in the future unless the program has first been approved by the legislative assembly. A state officer may not expend funds received from the federal government which have not been specifically appropriated by the legislative assembly except as provided in this chapter. A state officer shall submit an expenditure plan with a request for approval under this section of expenditure of federal funds combined with or as part of a block grant for a new or existing program.

SECTION 32. AMENDMENT. Section 54-16-04.2 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-16-04.2. Commission may authorize acceptance and expenditure of moneys. The emergency commission, upon the advice of the office of management and budget, with approval of the budget section of the legislative council if the amount under consideration exceeds fifty thousand dollars, may authorize a state officer to receive moneys from gifts, grants, donations, or other sources, not otherwise appropriated by the legislative assembly, for new or existing programs if the legislative assembly has not indicated an intent to reject the moneys or the program. The emergency commission may authorize the state officer to expend money received under this section from the date the money becomes available until June thirtieth following the next regular legislative session.

SECTION 33. A new section to chapter 54-23.2 of the North Dakota Century Code is created and enacted as follows:

Mobile data terminal and 911 service fees. State radio communications shall establish and charge fees to provide mobile data terminal service to interested local law enforcement agencies. The fees must be based on actual costs incurred by state radio communications for providing the service.

State radio communications shall charge at least twenty cents per telephone for 911 services provided to political subdivisions. Each county currently receiving 911 services from state radio communications shall abide by the standards established by the governor's emergency services advisory committee.

SECTION 34. AMENDMENT. Section 54-27.2-02 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-27.2-02. ~~(Effective through June 30, 1999)~~ Certain general fund revenues to be deposited in the budget stabilization fund. Notwithstanding any other provision of law except section 54-27.2-01, any amount in the state general fund in excess of sixty-five million dollars at the end of any biennium must be transferred by the state treasurer to the budget stabilization fund. For purposes of this section, "at the end of any biennium" means after cancellation of unexpended appropriations under section 54-44.1-11.

~~(Effective July 1, 1999) Certain general fund revenues to be deposited in the budget stabilization fund.~~ Notwithstanding any other provision of law except section 54-27.2-01, any amount in the state general fund in excess of forty million dollars at the end of any biennium must be transferred by the state treasurer to the budget stabilization fund. For purposes of this section, "at the end of any biennium" means after cancellation of unexpended appropriations under section 54-44.1-11.

SECTION 35. AMENDMENT. Section 54-44-04.6 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-44-04.6. State surplus property - Department heads to inform director - Disposition of property - Proceeds - Exchange of property.

1. The person in charge of any department, agency, or institution of the state shall inform the director of the office of management and budget or the director's designee whenever that department, agency, or institution possesses property surplus to its needs, whether originally obtained with state or other funds.
2. State surplus property must be transferred at fair market value to state agencies, political subdivisions, and nonprofit organizations eligible to receive federal surplus property under the Federal Property Administrative Services Act of 1949, as amended. Eligible organizations must be notified of the availability of property on a regular basis.
3. If not disposed of under subsection 2, then by sale on sealed bids or at public auction to the highest and best bidder for property valued at more than three thousand dollars, with no money deposit required prior to sale, or by sealed bids, public auction, or negotiation at fair value for property valued at less than three thousand dollars.
4. All proceeds received from the transfer or sale of state surplus property must be deposited ~~into the fund from which the property was originally~~

purchased, less administrative expenses with the state treasurer for deposit in the surplus property operating fund. For each piece of property, the office of management and budget shall transfer to the agency from which the property was received an amount equal to the proceeds of the sale less the administrative expenses of the sale. The agency shall deposit the proceeds into the fund from which the property was originally purchased.

5. No department, agency, or institution may exchange items as part of a purchase price of new items until a detailed statement of the value of the items to be exchanged and request for approval have been submitted to the director of the office of management and budget. The director shall approve the exchange only if the director has determined that the item has been valued at fair value.

SECTION 36. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Tax commissioner to audit returns and state board of equalization to assess tax. The tax commissioner shall proceed to audit the returns of telecommunications carriers not later than three years after the due date of the return, or three years after the return was filed, whichever period expires later. The state board of equalization shall assess the tax and, if any additional tax is found due, the tax commissioner shall notify the taxpayer in detail as to the reason for the increase.

SECTION 37. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Deficiency, protest, and appeal.

1. When tax is understated on a return because of a mathematical or clerical error, the tax commissioner shall notify the telecommunications carrier of the error and the amount of additional tax due. This notice is not a notice of deficiency and the telecommunications carrier has no right to protest.
2. If upon audit the tax commissioner finds additional tax due, the tax commissioner shall notify the telecommunications carrier and the state board of equalization of the deficiency in the tax amount. A notice of deficiency must be sent to the telecommunications carrier by first-class mail and must state the amount of additional tax due and set forth the reasons for the increase.
3. A telecommunications carrier has thirty days from the date of mailing of the notice of deficiency to file a written protest with the state board of equalization objecting to the assessment of additional tax due. The protest must set forth the basis for the protest and any other information that may be required by the state board of equalization. If a telecommunications carrier fails to file a written protest within the time provided, the amount of additional tax stated in the notice of deficiency becomes finally and irrevocably fixed. If a telecommunications carrier protests only a portion of the tax commissioner's finding, the portion that is not protested becomes finally and irrevocably fixed.
4. If a protest is filed, the state board of equalization shall reconsider the assessment of additional tax due.

5. Within six months after the protest is filed, the state board of equalization shall mail to the telecommunications carrier a notice of reconsideration and assessment which must respond to the telecommunications carrier's protest and assess the amount of any additional tax due. The amount set forth in that notice becomes finally and irrevocably fixed unless the telecommunications carrier brings an action against the state in district court within six months of the mailing of the notice of reconsideration and assessment.

SECTION 38. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Claims for credit or refund.

1. A telecommunications carrier may file a claim for credit or refund of an overpayment of any tax imposed by this chapter within three years after the due date of the return or within three years after the return was filed, whichever period expires later.
2. A claim for credit or refund must be made by filing with the tax commissioner an amended return, or other report as prescribed by the tax commissioner, accompanied by a statement outlining the specific grounds upon which the claim for credit or refund is based.
3. The tax commissioner shall notify the telecommunications carrier if the state board of equalization disallows all or part of a claim for credit or refund. The decision of the state board of equalization denying a claim for credit or refund is final and irrevocable unless the telecommunications carrier brings an action against the state in district court within six months of the mailing of the notice denying the claim for credit or refund.

SECTION 39. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Preservation of records. Every telecommunications carrier required to make a return and pay any tax under this chapter shall preserve records of the gross proceeds of sale as the commissioner may require and every carrier shall preserve for a period of three years and three months all invoices and other records of telecommunications services purchased for resale. All of these books, invoices, and other records must be open to examination at any time by the commissioner or any duly authorized agent of the commissioner.

SECTION 40. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Resale certificates. A telecommunications carrier who receives a resale certificate certifying that another telecommunications carrier holds a North Dakota sales and use tax permit for sales or use tax purposes under section 57-39.2-14 is relieved from submitting the telecommunications gross receipts tax upon the sale of telecommunications services to be resold by the telecommunications carrier submitting the certificate. When a telecommunications carrier submits a false resale certificate to another telecommunications carrier, the telecommunications carrier that submitted the certificate is liable for the telecommunications gross receipts tax on the sale. A hospital, hotel, motel, or similar place of temporary accommodation selling telecommunications service to its patients or guests is not a telecommunications carrier under this section.

SECTION 41. AMENDMENT. Section 57-34-01 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-01. Definitions. The definitions in this section may not be construed to subject a telecommunications carrier or telecommunications service to the provisions of title 49. As used in this chapter, unless the context or subject matter otherwise clearly requires:

1. "Adjusted gross receipts" means telecommunications carrier gross receipts less all amounts paid by the reporting telecommunications carrier on telecommunications service that is taxable under this chapter in state and local sales and use taxes and federal excise taxes and less amounts paid by the reporting telecommunications carrier to another telecommunications carrier for directory assistance originated by a caller in this state.
2. "Company" includes any individual, copartnership, business trust, corporation, limited liability company, joint-stock company, association, or any other organization.
- ~~2-~~ 3. "Gross receipts" means all telecommunications carrier retail revenues from telecommunications service charges billed to any station in this state and from charges to another telecommunications carrier for directory assistance originated by a caller in this state.
- ~~3-~~ 4. "Station" means a subscriber service address located in this state with a distinct call number designation or distinct extension number designation. If this is not a defined location, "station" means the location of the primary use of telecommunications equipment as determined by telephone number, authorization code, or billing address.
- ~~4-~~ 5. "Telecommunications carrier" means a ~~person~~ company that is engaged in the business of furnishing telecommunications service within this state. The term includes a reseller of telecommunications service.
- ~~5-~~ 6. "Telecommunications service" means transmitting for consideration of two-way communication by wire, cable, fiber optics, radio, lightwave, microwave, satellite, or other means. The term includes:
 - a. Essential telecommunications service and nonessential telecommunications service as defined in section 49-21-01;
 - b. Telecommunications service that originates and terminates in this state and is billed to a station in this state;
 - c. Interstate telecommunications service that originates or terminates in this state and is billed to a station in this state; and
 - d. ~~A hospital, hotel, motel, or similar place of temporary accommodation selling telecommunications service to its patients or guests, if there is a separately stated charge for the service; and~~
 - e. Telegraph service.
- ~~6-~~ 7. "Telecommunications service charges" means the value of all consideration received by a telecommunications carrier for provision of telecommunications service and recovery within the year of

telecommunications service charges written off in a prior year as uncollectible. For a telecommunications carrier operating on any form of mutual basis, the term includes all amounts assessed against the members for the operation and maintenance of the business. The term does not include revenue from merchandising, jobbing and contract work, maintenance or repair of customer premises equipment including equipment leased or rented by the customer from any source, operations not directly related to provision of telecommunications service, amounts charged for billing and collection on behalf of another telecommunications carrier, proceeds from transfer of capital stock, or transfer, sale, or lease of property not directly related to telecommunications service. The term does not include amounts collected for or amounts collected from federal and state mechanisms to preserve and advance universal service.

SECTION 42. AMENDMENT. Section 57-34-02 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-02. Reports of telecommunications carriers - Penalty.

1. Each telecommunications carrier that received intercarrier telecommunications revenue in the preceding calendar year shall make and file with the tax commissioner, on or before January fifteenth of each year, a list containing the name and mailing address of each telecommunications carrier from which the reporting telecommunications carrier received intercarrier telecommunications revenue in the preceding calendar year. This list is to be filed in addition to the report required by subsection 3.
2. Each telecommunications carrier that provided telecommunications service in the preceding calendar year to one or more pay telephones owned by another company shall make and file with the tax commissioner, on or before January fifteenth of each year, a list containing the name and mailing address for each company that owned a pay telephone served by the reporting telecommunications carrier in the preceding calendar year. This list is to be filed in addition to the report required by subsection 3.
3. Each telecommunications carrier subject to gross receipts taxes under this chapter shall make and file with the tax commissioner, on or before May first of each year, on the form as the tax commissioner may prescribe, a report containing a statement of its gross receipts in this state during the preceding calendar year, amounts paid by the carrier on telecommunications service that is taxable under this chapter during the preceding calendar year in state and local sales and use taxes and federal excise taxes, amounts received from or paid to another telecommunications carrier for directory assistance, and any other information as the tax commissioner may require. The form must include a notice of a telecommunications carrier's right to appeal its assessment to the state board of equalization prior to or at the August meeting of the state board of equalization. Each report must be signed, subject to section 12.1-11-02, by the president, secretary, or other official of the telecommunications carrier.

SECTION 43. AMENDMENT. Section 57-34-03 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-03. Computation of taxes by tax commissioner - Exemption for high-volume customers - Continuing appropriation.

1. On or before July fifteenth of each year, the tax commissioner shall review the report under subsection 3 of section 57-34-02 and compute the ~~tentative~~ total tax to be assessed against each telecommunications carrier in this state at a rate of two and one-half percent of adjusted gross receipts. ~~The~~ If the tax commissioner's computation of the total tax differs from the amount computed by a telecommunications carrier, the tax commissioner shall give ten days' notice of the change by mail to each that telecommunications carrier of its tentative total tax under this section and of its right to contest the determination before the state board of equalization at its August meeting on or before July fifteenth. The state board of equalization shall assess the tax under this section after consideration of any contest presented.
2. A telecommunications carrier's retail customer in this state is entitled to a refund equal to two and one-half percent of the amount of telecommunications service charges paid to telecommunications carriers by that customer in excess of eight hundred thousand dollars in a calendar year. A refund claim under this subsection must be filed with the tax commissioner before July first of the year following the calendar year for which the refund is claimed. A claim for refund must be made in the manner prescribed by the tax commissioner. Refunds under this subsection must be paid by the tax commissioner from tax collections under this chapter and are appropriated as a standing and continuing appropriation to the tax commissioner for that purpose.

SECTION 44. AMENDMENT. Section 57-34-06 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-06. Duties of county treasurer. The county treasurer shall allocate taxes received under this chapter to the state, the county, and the various taxing districts within the county according to the proportion that taxes paid by telecommunications carriers in locally assessed property taxes and taxes assessed under chapter 57-06 and this chapter in 1997 and received by the state, the county, and each currently existing taxing district in the county bears to all taxes paid by telecommunications carriers in locally assessed property taxes and taxes assessed under chapter 57-06 and this chapter in 1997 and received by the state, the county, and all taxing districts in the county.

SECTION 45. AMENDMENT. Section 57-34-10 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-10. Penalties - Interest - Lien for tax.

1. If a telecommunications carrier refuses or neglects to make the reports required by this chapter, or refuses or neglects to furnish any information requested, the tax commissioner shall use the best available facts and estimates to determine taxation of the gross receipts of that carrier. The tax must be imposed upon the basis of that information, ~~and~~ If any company fails to make the report required under this chapter on or before the first day of May of any year, the state board of equalization shall add a penalty of one-quarter of the tax due for failure to make the required report which must be collected as a part of the tax, but the tax commissioner, upon application, may grant extensions of time within which the returns must be filed.

2. Taxes levied under this chapter are due and payable to the tax commissioner on January first following the year in which the taxes were assessed. The unpaid principal balance of taxes on the following March first is subject to a penalty of three percent, on the following May first an additional penalty of three percent, on the following July first an additional penalty of three percent, and on the following October fifteenth an additional penalty of three percent. Beginning January first of the year following the year the taxes became due, simple interest at the rate of twelve percent per annum applies to the unpaid principal balance until the taxes and penalties are paid. Interest penalties must be prorated to the nearest full month for a fractional year of delinquency. A remittance of tax need not be made and any assessment or collection of tax may not be made unless the amount is at least five dollars, including penalty and interest.
3. If any amount of tax imposed by this chapter is not paid on or before March first, or if upon audit an additional tax is found to be due, there must be added to the tax remaining due interest at the rate of one percent of the additional tax for each month or fraction of a month during which the tax remains unpaid, computed from March first to the date paid.
- ~~3.~~ 4. Taxes under this chapter constitute a first and paramount lien in favor of the state upon all property and rights to property of the taxpayer. The lien may be foreclosed in the same manner provided by law for mortgages on real or personal property. Whenever any taxpayer liable to pay a tax or penalty imposed refuses or neglects to pay the liability, the amount, including any interest, penalty, or addition to the tax, and the additional costs that may accrue are a lien in favor of the state of North Dakota upon all property and rights to property, whether real or personal, belonging to the taxpayer. The lien attaches at the time the tax becomes due and payable and continues until the liability for the amount is satisfied.
5. Any mortgagee, purchaser, judgment creditor, or lien claimant acquiring any interest in, or lien on, any property situated in the state, prior to the tax commissioner filing in the central indexing system maintained by the secretary of state a notice of the lien provided for in subsection 4, takes free of, or has priority over, the lien. The tax commissioner shall index in the central indexing system the following data:
 - a. The name of the taxpayer.
 - b. The tax identification number or social security number of the taxpayer.
 - c. The name "State of North Dakota" as claimant.
 - d. The date and time the notice of lien was indexed.
 - e. The amount of the lien.

The notice of lien is effective as of eight a.m. the next day following the indexing of the notice. The tax commissioner shall index any notice of lien with no payment of fees or costs to the secretary of state.
6. Upon payment of the tax, and any accrued penalties and interest, as to which the tax commissioner has filed a notice of lien, the tax commissioner

shall index a satisfaction of the lien in the central indexing system without fees or costs.

SECTION 46. A new section to chapter 65-02 of the North Dakota Century Code is created and enacted as follows:

Payments in lieu of taxes by bureau. If a building and associated real property is purchased by the workers compensation bureau pursuant to a legislative grant of authority, the bureau shall make payments in lieu of property taxes in the manner and according to the conditions and procedures that would apply if the building and property were privately owned.

SECTION 47. RETROACTIVE APPLICATION. Section 25 of this Act is effective for all funds received and deposited into the risk management fund on or after July 1, 1997.

SECTION 48. RETROACTIVE APPLICATION - EFFECTIVE DATE - EXPIRATION DATE. Sections 36 through 45 of this Act apply retroactively to all tax years beginning after December 31, 1997. The amendments to subsections 1 and 3 of section 57-34-01 as amended by section 41 of this Act are effective for taxable years beginning after December 31, 1998. The amendments to subsections 1 and 2 of section 57-34-02 as amended by section 42 of this Act are effective for the first two taxable years beginning after December 31, 1999, and are thereafter ineffective.

SECTION 49. APPLICATION. North Dakota Century Code sections 54-16-04 and 54-44.1-11 do not apply to chapter 30 of the 1997 Session Laws.

SECTION 50. EMERGENCY. Sections 2, 24, 26, 27, 28, 29, 30, and 35 of this Act are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 110 - OFFICE OF MANAGEMENT AND BUDGET

Conference Committee - This amendment makes the following changes:

| | EXECUTIVE BUDGET | SENATE VERSION | CONFERENCE COMMITTEE CHANGES | CONFERENCE COMMITTEE VERSION | HOUSE VERSION | CONFERENCE COMPARISON TO HOUSE VERSION |
|--------------------------------|-------------------|-------------------|------------------------------|------------------------------|-------------------|--|
| Administration | \$3,086,844 | \$3,082,026 | (\$100,000) | \$2,982,026 | \$2,982,026 | |
| Fiscal management | 3,998,308 | 3,875,828 | | 3,875,828 | 3,875,828 | |
| Facility management | 8,203,213 | 8,174,694 | (100,000) | 8,074,694 | 7,854,694 | \$220,000 |
| Central personnel | 1,226,846 | 1,212,300 | | 1,212,300 | 1,212,300 | |
| Division of community services | 42,055,293 | 42,035,197 | | 42,035,197 | 42,035,197 | |
| Risk managemnet | 964,173 | 959,911 | | 959,911 | 959,911 | |
| Statewide compensation plan | <u>5,400,000</u> | <u>5,400,000</u> | | <u>5,400,000</u> | <u>5,400,000</u> | |
| Total all funds | \$64,934,677 | \$64,739,956 | (\$200,000) | \$64,539,956 | \$64,319,956 | \$220,000 |
| Less special funds | <u>46,105,926</u> | <u>46,088,243</u> | | <u>46,088,243</u> | <u>46,088,243</u> | |
| General fund | \$18,828,751 | \$18,651,713 | (\$200,000) | \$18,451,713 | \$18,231,713 | \$220,000 |
| FTE | 122.00 | 121.00 | 1.00 | 122.00 | 120.60 | 1.40 |

Detail of Conference Committee changes to Senate version includes:

| REDUCE STATE CONTINGENCIES FUNDING | DECREASE FUNDING FOR SECURITY SYSTEM | RESTORE BUDGET ANALYST FTE POSITION WITHOUT FUNDING | TOTAL CONFERENCE COMMITTEE CHANGES |
|------------------------------------|--------------------------------------|---|------------------------------------|
|------------------------------------|--------------------------------------|---|------------------------------------|

| | | | | |
|--------------------------------|-------------|-------------|------|-------------|
| Administration | (\$100,000) | | | (\$100,000) |
| Fiscal management | | | | |
| Facility management | | (\$100,000) | | (100,000) |
| Central personnel | | | | |
| Division of community services | | | | |
| Risk management | | | | |
| Statewide compensation plan | | | | |
| Total all funds | (\$100,000) | (\$100,000) | \$0 | (\$200,000) |
| Less special funds | | | | |
| General fund | (\$100,000) | (\$100,000) | \$0 | (\$200,000) |
| FTE | 0.00 | 0.00 | 1.00 | 1.00 |

The amendment also makes the following changes:

- Adds a new section appropriating \$6,000,000 of federal funds to the Division of Community Services for flood-related disasters (\$3,000,000) and weatherization of low-income homes (\$3,000,000). The amendment also adds a section making the \$6,000,000 appropriation an emergency measure.
- Provides a general fund appropriation of \$360,000 to the Emergency Commission for costs resulting from the settlement of a lawsuit relating to fees charged for handicapped parking permits.
- Provides a general fund appropriation of \$415,000 to the University System office for a grant to Prairie Public Broadcasting to be used as matching funds for Phase I of the conversion to digital broadcasting.
- Provides authority for the Attorney General to distribute an additional \$310,086 for local gaming enforcement grants if the funding is available within the Attorney General's appropriation. This amount is in addition to \$221,877 contained in Senate Bill No. 2003 for this purpose.
- Provides a general fund appropriation of \$25,000 to the Council on the Arts for a grant to the Plains Art Museum for the Lewis and Clark bicentennial event. The grant will not be distributed until the museum has raised \$25,000 of other funds as a match for the general fund grant.
- Changes compensation guidelines to 2 percent for the first year and 3 percent for the second year, if the additional 1 percent the second year is available from within agency appropriations.
- Adds a section limiting the incentives to only the Grafton plant.
- Authorizes the director of the Office of Management and Budget to sell up to \$2,150,000 of developmentally disabled facility loans to the Bank of North Dakota. The director shall sell such amount as may be necessary to reach the legislative estimate for the June 30, 2001, general fund balance.
- Adds a new section providing that if federal funding for a program is terminated during the 1999-2001 biennium, the administering state agency, department, or institution shall terminate the program. It also provides that if the federal government reduces federal funding by combining the funding for separate programs into a block grant, the agency, department, or institution shall prioritize or reprioritize programs as necessary.
- Adds a new section directing the Office of Management and Budget to discontinue the program-based performance budgeting pilot program.
- Adds a new section providing for a Legislative Council interim study of performance incentive pilot programs.

- Requires the University of North Dakota to establish a fund, which is to be used for repair and maintenance costs related to the proposed winter sports facility.
- Provides statutory changes to address potential problems with statutes authorizing public moneys to be deposited other than with the State Treasurer.
- Adds a new section clarifying that all deposits into the risk management fund may be spent for the purpose of the fund. The amendment also adds a section making this change retroactive to deposits after July 1, 1997.
- Amends Section 49-23-04, relating to time periods under the one-call excavation notice system and provides that this is an emergency measure.
- Adds two new sections clarifying which Emergency Commission approvals also need Budget Section approval.
- Adds sections relating to the audit and assessment of telecommunications carriers and telecommunications taxes.
- Requires the Workers Compensation Bureau to make payments in lieu of property taxes if the Bureau purchases a building.
- Provides that Sections 54-16-04 and 54-44.1-11, relating to the cancellation of unexpended appropriations, do not apply to the 1997-99 biennium appropriation for the legislative branch.
- Provides for special fund transfers to the general fund of \$200,000 from the financial institutions regulatory fund and \$1,500,000 from the Public Employees Retirement System life insurance program.
- Reduces Bank of North Dakota transfers to the general fund by \$10,000,000, from \$60,000,000 to \$50,000,000 and increases the contingent transfers by \$17,000,000, from \$23,000,000 to \$40,000,000. The amendment also adds language providing that contingent transfers can be made only after July 1, 2000, and then only to the extent necessary to achieve a June 30, 2001, general fund balance of \$10,000,000.
- Reduces the fiscal management division's carryover from the 1997-99 biennium by \$250,000, from \$950,000 to \$700,000.
- Removes the section appropriating \$100,000, \$50,000 of which was general fund moneys and \$50,000 of special funds, to the Department of Human Services for the purpose of providing network technical support to county social service boards.

DEPARTMENT 112 - INFORMATION SERVICES DIVISION

CONFERENCE COMMITTEE - This amendment makes the following changes:

| | EXECUTIVE BUDGET | SENATE VERSION | CONFERENCE COMMITTEE CHANGES | CONFERENCE COMMITTEE VERSION | HOUSE VERSION | CONFERENCE COMPARISON TO HOUSE VERSION |
|------------------------------------|---------------------|-------------------|------------------------------------|------------------------------------|-------------------|---|
| Information resource management | \$46,282,960 | \$45,709,295 | \$3,950,000 | \$49,659,295 | \$49,409,295 | \$250,000 |
| Total all funds | \$46,282,960 | \$45,709,295 | \$3,950,000 | \$49,659,295 | \$49,409,295 | \$250,000 |
| Less special funds | <u>46,082,960</u> | <u>45,709,295</u> | <u>3,700,000</u> | <u>49,409,295</u> | <u>49,409,295</u> | |
| General fund | \$200,000 | \$0 | \$250,000 | \$250,000 | \$0 | \$250,000 |

FTE 170.00 168.00 0.00 168.00 168.00 0.00

Detail of Conference Committee changes to Senate version includes:

| | CONTRACT FUNDING FOR DHS MEDICAID/ TANF PROJECT | ADD FUNDING TO IMPLEMENT THE PROVISIONS OF 1999 SENATE BILL NO. 2043 | TOTAL CONFERENCE COMMITTEE CHANGES |
|------------------------------------|--|---|---|
| Information resource management | \$3,700,000 | \$250,000 | \$3,950,000 |
| Total all funds | \$3,700,000 | \$250,000 | \$3,950,000 |
| Less special funds | <u>3,700,000</u> | | <u>3,700,000</u> |
| General fund | \$0 | \$250,000 | \$250,000 |
| FTE | 0.00 | 0.00 | 0.00 |

Engrossed SB 2015 was placed on the Seventh order of business on the calendar.

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[Handwritten signature]
 KATHY C. KOTTENBERG

REPORT OF CONFERENCE COMMITTEE

SB 2015, as engrossed: Your conference committee (Sens. Nething, G. Nelson, T. Mathern and Reps. Dorso, Dalrymple, Boucher) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 1124-1128, adopt amendments as follows, and place SB 2015 on the Seventh order:

That the House recede from its amendments as printed on pages 1124-1128 of the Senate Journal and pages 1254-1258 of the House Journal and that Engrossed Senate Bill No. 2015 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide an appropriation for defraying the expenses of the various divisions under the supervision of the director of the office of management and budget; to provide other appropriations; to provide for various transfers and financial transactions; to provide an exemption from the provisions of section 54-44.1-11 of the North Dakota Century Code; to provide statements of legislative intent; to provide for a legislative council study; to create and enact a new section to chapter 54-06, a new section to chapter 54-11, a new section to chapter 54-23.2, five new sections to chapter 57-34, and a new section to chapter 65-02 of the North Dakota Century Code, relating to the collection and receipt of public funds, mobile data terminal and 911 service fees, the audit and assessment of telecommunications carriers, deficiency notice protest and appeal procedure, claim for credit or refund of the tax on telecommunications carriers, preservation of records, and resale certificates, and payments in lieu of taxes on workers compensation bureau property; to amend and reenact subsection 2 of section 4-14.1-07, section 15-39.1-26, subsection 2 of section 32-12.2-07, sections 34-15-07, 39-12-20, subdivision g of subsection 3 of section 49-23-04, sections 54-16-04.1, 54-16-04.2, 54-27.2-02, 54-44-04.6, 57-34-01, 57-34-02, 57-34-03, 57-34-06, and 57-34-10 of the North Dakota Century Code, relating to ethanol plants, the collection, investment, and deposit of state funds, time periods under the one-call excavation notice system, the risk management fund, emergency commission approvals, the budget stabilization fund, and telecommunications carriers gross receipts tax revenues; to provide a penalty; to provide a continuing appropriation; to provide an effective date; to provide an expiration date; to provide for retroactive application; to provide for application; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the various divisions under the supervision of the director of the office of management and budget for the purpose of defraying their expenses, for the biennium beginning July 1, 1999, and ending June 30, 2001, as follows:

Subdivision 1.

OFFICE OF MANAGEMENT AND BUDGET

| | |
|----------------------------------|--------------|
| Administration | \$2,982,026 |
| Fiscal management | 3,875,828 |
| Facility management | 8,074,694 |
| Central personnel | 1,212,300 |
| Division of community services | 42,035,197 |
| Risk management | 959,911 |
| Statewide compensation plan | 5,400,000 |
| Total all funds | \$64,539,956 |
| Less estimated income | 46,088,243 |
| Total general fund appropriation | \$18,451,713 |

Subdivision 2.

INFORMATION SERVICES DIVISION

| | |
|----------------------------------|--------------|
| Information resource management | \$49,659,295 |
| Total all funds | \$49,659,295 |
| Less estimated income | 49,409,295 |
| Total general fund appropriation | \$250,000 |

Subdivision 3.

CENTRAL SERVICES

| | |
|----------------------------------|-------------|
| Central services | \$5,454,471 |
| Total all funds | \$5,454,471 |
| Less estimated income | 4,774,332 |
| Total general fund appropriation | \$680,139 |

Subdivision 4.

STATE RADIO COMMUNICATIONS

| | |
|---|---------------|
| Salaries and wages | \$2,468,120 |
| Operating expenses | 1,788,580 |
| Equipment | 160,000 |
| Total all funds | \$4,416,700 |
| Less estimated income | 514,990 |
| Total general fund appropriation | \$3,901,710 |
| Grand total general fund appropriation section 1 | \$23,283,562 |
| Grand total special funds appropriation section 1 | \$100,786,860 |
| Grand total all funds appropriation section 1 | \$124,070,422 |

SECTION 2. APPROPRIATION. There is hereby appropriated from federal funds \$6,000,000, or so much of the sum as may be necessary, to the director of the office of management and budget for the division of community services for flood-related disasters and the weatherization of low-income homes, for the period beginning with the effective date of this Act and ending June 30, 1999.

SECTION 3. APPROPRIATION. There is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$360,000, or so much of the sum as may be necessary, to the emergency commission for the purpose of paying costs associated with Americans with Disabilities Act litigation to which the department of transportation is a party for the biennium beginning July 1, 1999, and ending June 30, 2001. The emergency commission may use the funds to make payments to the plaintiffs in the event a judgement is entered against the state in Miller v. State of North Dakota.

SECTION 4. APPROPRIATION - UNIVERSITY SYSTEM - GRANT TO PRAIRIE PUBLIC BROADCASTING. There is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$415,000, or so much of the sum as may be necessary, to the university system office for the purpose of providing a grant to be used as matching funds by prairie public broadcasting for phase I of the project to convert to digital television broadcasting.

SECTION 5. ATTORNEY GENERAL - GAMING ENFORCEMENT GRANTS - LINE ITEM TRANSFERS. Notwithstanding section 54-16-04 and section 5 of Senate Bill No. 2003, as approved by the fifty-sixth legislative assembly, the emergency commission may authorize the attorney general to make transfers between the line items in section 1 of Senate Bill No. 2003 of up to the sum of \$310,086 for the purpose of providing additional local gaming enforcement grants in accordance with the provisions of section 6 of Senate Bill No. 2003, for the biennium beginning July 1, 1999, and ending June 30, 2001.

SECTION 6. APPROPRIATION. The amount of \$25,000, or so much of that amount as may be necessary, is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, to the council on the arts for the purpose of providing a grant to the plains art museum for the Lewis and Clark bicentennial event, for the biennium beginning July 1, 1999, and ending June 30, 2001. The council on the arts may provide the grant only after the plains art museum has raised \$25,000 of other funds to be used to match the general fund moneys appropriated in this section.

SECTION 7. LINE ITEM TRANSFERS - EMERGENCY COMMISSION AND BUDGET SECTION APPROVAL. Upon approval of the emergency commission, the director of the office of management and budget may transfer between various line items in subdivisions 1, 2, and 3 of section 1 of this Act appropriation authority of up to ten percent of a given line item to adjust for changing circumstances in meeting established performance measures. Any further transfers must be approved by the budget section.

SECTION 8. CAPITOL BUILDING FUND. The amount of \$225,000, or so much of the sum as is necessary, included in the estimated income line item in subdivision 1 of section 1 of this Act, is to be spent by the facility management division from the capitol building fund during the biennium beginning July 1, 1999, and ending June 30, 2001. The amount of \$25,000, or so much of the sum as is necessary, included in the estimated income line item in subdivision 1 of section 1 of this Act, is to be spent by the administration division from the capitol building fund for capitol grounds planning during the biennium beginning July 1, 1999, and ending June 30, 2001.

SECTION 9. EXEMPTION. The fiscal management appropriation contained in subdivision 1 of section 1 of chapter 15 of the 1997 Session Laws is not subject to the provisions of section 54-44.1-11 for up to an amount of \$750,000 and any unexpended funds from this appropriation are available for continued development and operating costs of the accounting, management, and payroll systems during the biennium beginning July 1, 1999, and ending June 30, 2001.

SECTION 10. SPECIAL COMPENSATION ADJUSTMENTS FOR CLASSIFIED STATE EMPLOYEES. It is the intent of the fifty-sixth legislative assembly that the statewide compensation plan appropriation included in subdivision 1 of section 1 of this Act be used for market equity compensation adjustments for classified state employees. The special market equity adjustments are to begin with the month of July 1999, to be paid in August 1999. The special market equity adjustments are to be independent of any general salary increase provided by this legislative assembly.

The special market equity increases are to be prioritized based on equity for employees whose salaries are furthest from their respective salary range midpoints effective July 1, 1999. Special market equity increases may not be given to employees whose salary exceeds the midpoints of their assigned salary range effective July 1, 1999.

Probationary employees are eligible for the special market equity increases. Employees whose documented performance levels do not meet standards are not eligible for the special market equity increases.

The central personnel division shall provide a model base plan to each agency. Agencies may adopt the model plan, adopt the model plan with exceptions, or offer an alternative plan that meets the intent outlined in this section.

Upon adoption of an appropriate plan and application to the central personnel division, the division shall transfer appropriated general funds or special fund spending authority for the increases to the agencies.

SECTION 11. INTENT - STATE EMPLOYEE COMPENSATION ADJUSTMENTS - GUIDELINES. It is the intent of the fifty-sixth legislative assembly that 1999-2001 compensation adjustments for permanent state employees are to be increases of a minimum of \$35 per month, beginning with the month of July 1999, to be paid in August 1999, and a minimum of \$35 per month, beginning with the month of July 2000, to be paid in August 2000. Any increases greater than \$35 per month may not be given across-the-board and must be based on merit and equity. Each agency appropriation is increased by 2.0 percent per year.

Probationary employees and employees whose documented performance levels do not meet standards are not eligible for the general or additional increases.

During the biennium, no salary increase other than the \$35 per month in July 1999 and \$35 per month in July 2000 may be given to an employee whose salary exceeds or would exceed the salary range maximum.

It is the intent of the fifty-sixth legislative assembly that the workers compensation bureau provide pay raises based on merit and performance throughout the 1999-2001 biennium.

An agency may provide average salary increases of up to 3.0 percent for the second year of the 1999-2001 biennium only to the extent that the increase can be paid without an increase in the agency's appropriation. State agencies and institutions shall report to the office of management and budget on the amounts provided for salary increases for the second year of the biennium, any amounts transferred between line items pursuant to section 12 of this Act, the source of funding, and the impact on the provision of agency services. The office of management and budget shall report to the budget section at its December 2000 meeting concerning the amounts provided by state agencies and institutions for salary increases for the second year of the biennium, line item transfers relating to the increases, the source of the funding, and the impact on the provision of agency services.

SECTION 12. STATE AGENCIES - LINE ITEM TRANSFER AUTHORITY. Notwithstanding the provisions of chapter 54-16, the director of the office of management and budget and the state treasurer shall make transfers of funds between line items of an agency or institution upon the request of the agency or institution in order to provide for an average of 3.0 percent employee salary increases for the second year of the 1999-2001 biennium as provided in section 11 of this Act.

SECTION 13. INTENT. Within the authority included in subdivision 1 of section 1 of this Act, are the following grants and special items:

| | |
|--|-----------|
| Boys and girls clubworks | \$53,000 |
| State contingencies | 600,000 |
| State memberships and related expenses | 317,000 |
| Firemen's association | 63,000 |
| Unemployment insurance | 1,200,000 |
| Capitol grounds planning commission | 25,000 |
| State lobbyist | 120,000 |

SECTION 14. TRANSFER. During the biennium beginning July 1, 1999, and ending June 30, 2001, the director of the office of management and budget is authorized to transfer special funds to the general fund as follows:

| | |
|---|-------------|
| Lands and minerals trust fund | \$3,000,000 |
| Public employees life insurance program | 1,500,000 |
| Financial institutions regulatory fund | 200,000 |

SECTION 15. DEVELOPMENTAL DISABILITIES REVOLVING LOAN FUND - AUTHORITY TO SELL LOANS - TRANSFERS. Between January 1 and June 30, 2001, at the request of the director of the office of management and budget, the executive director of the department of human services shall sell such loans in the developmental disabilities revolving loan fund created under North Dakota Century Code section 6-09.6-01, as may be necessary to the Bank of North Dakota to provide \$2,150,000, or so much thereof as may be necessary, with the proceeds to be deposited in the general fund. The loans may only be sold to the extent necessary to achieve the June 30, 2001, ending general fund balance as estimated by the fifty-sixth legislative assembly.

SECTION 16. FIRE AND TORNADO FUND. The amount of \$63,000, or so much of the amount as is necessary, included in the estimated income line item in subdivision 1 of section 1 of this Act, is from the fire and tornado fund.

SECTION 17. BANK OF NORTH DAKOTA TRANSFERS TO STATE GENERAL FUND. During the biennium ending June 30, 2001, the industrial commission shall transfer to the state general fund up to \$50,000,000 from the current earnings and the accumulated undivided profits of the Bank of North Dakota. No more than \$15,000,000 of the amount transferred may come from accumulated undivided profits. The moneys must be transferred in the amounts and at such times as requested by the director of the office of management and budget.

No transfers may be made that would reduce the Bank's capital structure below \$100,000,000.

SECTION 18. CONTINGENT BANK OF NORTH DAKOTA TRANSFERS TO STATE GENERAL FUND - BUDGET SECTION APPROVAL. If, during the biennium ending June 30, 2001, the director of the office of management and budget determines via revised projections that general fund revenue collections will not meet the revenues as forecast in the March 1999 legislative forecast, then the industrial commission shall transfer to the state general fund an additional amount, as determined by the director of the office of management and budget and as approved by the budget section, from the earnings and accumulated and undivided profits of the Bank of North Dakota. Transfers made under the provisions of this section may not be made before July 1, 2000, and may only be made to the extent that the transfer is necessary to achieve a projected June 30, 2001, general fund balance of \$10,000,000. The moneys must be transferred in amounts and at such times as requested by the director of the office of management and budget. The additional amount transferred may not exceed the lesser of \$40,000,000 or the revenue shortfall of actual collections compared to the March 1999 legislative forecast.

No transfers may be made that would reduce the Bank's capital structure below \$100,000,000.

SECTION 19. FEDERAL PROGRAM TERMINATIONS - BLOCK GRANT - FUNDING REDUCTIONS - RELATED PROGRAM REDUCTIONS - REPORTS TO THE BUDGET SECTION. If the federal government during the 1999-2001 biennium terminates funding for any program administered by an agency, department, or institution of the state of North Dakota, the agency, department, or institution, subject to budget section approval, may terminate the program and not replace the reduction in federal funds with state funds, notwithstanding any other provision of law. If the federal

government combines funding for separate programs in a block grant resulting in a reduction of total federal funds available for those programs, the administering agency, department, or institution may, subject to budget section approval, prioritize or reprioritize programs as necessary in making programmatic reductions. The agency, department, or institution may administer funds available under a new federal block grant or similar measure, consistent with the terms of that measure, notwithstanding any other provisions of law intended to conform to or implement the provisions of the repealed federal Act, and shall report any program terminations, reductions, or changes resulting from this section to the budget section of the legislative council for its approval.

SECTION 20. PROGRAM-BASED PERFORMANCE BUDGETING. The office of management and budget shall discontinue the program-based performance budgeting pilot project when preparing the 2001-03 biennium budget documents and accompanying appropriation bills. Budget documents for the 2001-03 biennium are to be based on the standard line items and are not to contain agency performance measures.

SECTION 21. LEGISLATIVE COUNCIL INTERIM STUDY OF PERFORMANCE INCENTIVE PILOT PROGRAMS. The legislative council shall consider studying the establishment of agency performance incentive pilot programs. If conducted, the study should address how agencies could develop, implement, administer, maintain, and evaluate performance incentive pilot programs. The study should also address the development of personnel policies and procedure manuals and how pay raises which may not be across the board are to be awarded as a reward and incentive for superior performance and the length of time they may be in effect. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-seventh legislative assembly.

SECTION 22. UNIVERSITY OF NORTH DAKOTA WINTER SPORTS FACILITY MAINTENANCE FUND. The university of North Dakota shall establish a reserve fund to be used to provide for future repair and maintenance costs related to the winter sports facility to be constructed at the university of North Dakota. The university shall establish a reserve fund for this purpose from building operating profits, donations, or other funds.

SECTION 23. AMENDMENT. Subsection 2 of section 4-14.1-07 of the 1997 Supplement to the North Dakota Century Code as amended by section 11 of House Bill No. 1019, as approved by the fifty-sixth legislative assembly, is amended and reenacted as follows:

2. An ethanol plant that was in operation before July 1, 1995, and which ~~produced~~ has a production capacity of fewer than fifteen million gallons [56781000 liters] of ethanol in the previous fiscal year may receive up to seven hundred fifty thousand dollars in production incentives from the state for production in a fiscal year. An ethanol plant that was in operation before July 1, 1995, and which has a production capacity of fifteen million gallons [56781000 liters] or more of ethanol per year is not eligible for production incentives from the state.

SECTION 24. AMENDMENT. Section 15-39.1-26 of the North Dakota Century Code is amended and reenacted as follows:

15-39.1-26. Investment of moneys in fund - Interest and earnings attributable to fund. Investment of the fund ~~shall be~~ is under the supervision of the state investment board in accordance with chapter 21-10. ~~Such~~ The moneys must be

placed for investment only with a firm or firms whose endeavor is money management, and only after a trust agreement or contract has been executed. Investment costs may be paid directly from the fund, and are hereby appropriated for that purpose, in accordance with section 21-10-06.2. All interest and earnings on funds administered by the board must be credited to the fund.

SECTION 25. AMENDMENT. Subsection 2 of section 32-12.2-07 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

2. The state risk management fund is a special fund in the state treasury administered by the director of the office of management and budget. The fund is a revolving fund consisting of contributions from participating state entities, all payments received by the fund from its activities, and other appropriations by the legislative assembly. The state investment board shall invest the fund in accordance with chapter 21-10. Funds received as contributions from state entities, all other payments deposited in the fund, and interest and income received on investments are hereby appropriated on a continuing basis for the purposes of the fund. Section 54-44.1-11 does not apply to the fund.

SECTION 26. AMENDMENT. Section 34-15-07 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

34-15-07. Disposition of civil money penalties. A civil money penalty collected under this chapter must be paid into the state treasury for deposit in the general fund ~~after the costs of recovering the civil money penalty are deducted therefrom.~~

SECTION 27. AMENDMENT. Section 39-12-20 of the North Dakota Century Code is amended and reenacted as follows:

39-12-20. Proceeds of sale - Continuing appropriation. The proceeds of sale must be ~~applied first to the payment of~~ deposited with the state treasurer. The state treasurer shall deposit in the highway fund an amount equal to the amount of the charges assessed pursuant to section 39-12-17 after paying the costs to the county. An amount equal to the costs of the proceedings, including attorneys and witness fees and costs, and next to the payment of the charges assessed. ~~Such charges must be remitted to the state treasurer to be credited to the highways fund~~ is appropriated on a continuing basis out of the funds collected to the county in which the prosecution took place for the purpose of defraying the costs of prosecution. The balance of the proceeds of any sale after the payment of costs and charges ~~must~~ is appropriated on a continuing basis out of the funds collected to be paid ~~ever by the sheriff~~ to the person entitled thereto as determined by the court or must be deposited with the clerk of court for such payment.

SECTION 28. AMENDMENT. Subdivision g of subsection 3 of section 49-23-04 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

- g. An excavator may not use a location more than ~~seventy two hours~~ ten days, or any extension of that period, after the planned excavation date unless the excavator has made previous arrangements with the operators affected.

SECTION 29. A new section to chapter 54-06 of the North Dakota Century Code is created and enacted as follows:

Expenses incurred to collect funds owed the state - Continuing appropriation. If a state agency enters a contract with a collection or credit agency to collect money due the state, the fees for services, reimbursement, or other remuneration to the collection or credit agency must be based on the amount of money actually collected. All funds collected on behalf of a state agency by a collection or credit agency must be deposited with the state treasurer. An amount equal to the amount of fees for services, reimbursement, or any other remuneration to the collection or credit agency as set forth in the contract is appropriated from the fund into which the money collected was deposited to the state agency for which the funds were collected for the payment of fees due under the contract.

SECTION 30. A new section to chapter 54-11 of the North Dakota Century Code is created and enacted as follows:

Appointment of agents. The treasurer may appoint agents for the purpose of receiving public funds as required by section 12 of article X of the Constitution of North Dakota. If appointed by the state treasurer, the Bank of North Dakota shall serve as an agent of the state treasurer for the purpose of receiving public funds, including funds that must be deposited in higher education institution special revenue funds.

SECTION 31. AMENDMENT. Section 54-16-04.1 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-16-04.1. May authorize acceptance and disbursement of federal funds.

The emergency commission with the advice and counsel of the executive office of the budget may authorize the state treasurer to receive any moneys not appropriated by the legislative assembly which are made available by any federal agency and which the legislative assembly has not indicated an intent to reject. The emergency commission may authorize pass-through federal funds from one state agency to another state agency. The emergency commission, with approval of the budget section of the legislative council if the amount under consideration exceeds fifty thousand dollars, may authorize any state officer to expend federal moneys from the date such moneys become available until June thirtieth following the next regular legislative session. The expenditures must be consistent with state law and with the terms of the grant and the program may not commit the legislative assembly for matching funds in the future unless the program has first been approved by the legislative assembly. A state officer may not expend funds received from the federal government which have not been specifically appropriated by the legislative assembly except as provided in this chapter. A state officer shall submit an expenditure plan with a request for approval under this section of expenditure of federal funds combined with or as part of a block grant for a new or existing program.

SECTION 32. AMENDMENT. Section 54-16-04.2 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-16-04.2. Commission may authorize acceptance and expenditure of moneys. The emergency commission, upon the advice of the office of management and budget, with approval of the budget section of the legislative council if the amount under consideration exceeds fifty thousand dollars, may authorize a state officer to receive moneys from gifts, grants, donations, or other sources, not otherwise appropriated by the legislative assembly, for new or existing programs if the legislative assembly has not indicated an intent to reject the moneys or the program. The emergency commission may authorize the state officer to expend money received under this section from the date the money becomes available until June thirtieth following the next regular legislative session.

SECTION 33. A new section to chapter 54-23.2 of the North Dakota Century Code is created and enacted as follows:

Mobile data terminal and 911 service fees. State radio communications shall establish and charge fees to provide mobile data terminal service to interested local law enforcement agencies. The fees must be based on actual costs incurred by state radio communications for providing the service.

State radio communications shall charge at least twenty cents per telephone for 911 services provided to political subdivisions. Each county currently receiving 911 services from state radio communications shall abide by the standards established by the governor's emergency services advisory committee.

SECTION 34. AMENDMENT. Section 54-27.2-02 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-27.2-02. ~~(Effective through June 30, 1999)~~ Certain general fund revenues to be deposited in the budget stabilization fund. Notwithstanding any other provision of law except section 54-27.2-01, any amount in the state general fund in excess of sixty-five million dollars at the end of any biennium must be transferred by the state treasurer to the budget stabilization fund. For purposes of this section, "at the end of any biennium" means after cancellation of unexpended appropriations under section 54-44.1-11.

~~(Effective July 1, 1999) Certain general fund revenues to be deposited in the budget stabilization fund. Notwithstanding any other provision of law except section 54-27.2-01, any amount in the state general fund in excess of forty million dollars at the end of any biennium must be transferred by the state treasurer to the budget stabilization fund. For purposes of this section, "at the end of any biennium" means after cancellation of unexpended appropriations under section 54-44.1-11.~~

SECTION 35. AMENDMENT. Section 54-44-04.6 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-44-04.6. State surplus property - Department heads to inform director - Disposition of property - Proceeds - Exchange of property.

1. The person in charge of any department, agency, or institution of the state shall inform the director of the office of management and budget or the director's designee whenever that department, agency, or institution possesses property surplus to its needs, whether originally obtained with state or other funds.
2. State surplus property must be transferred at fair market value to state agencies, political subdivisions, and nonprofit organizations eligible to receive federal surplus property under the Federal Property Administrative Services Act of 1949, as amended. Eligible organizations must be notified of the availability of property on a regular basis.
3. If not disposed of under subsection 2, then by sale on sealed bids or at public auction to the highest and best bidder for property valued at more than three thousand dollars, with no money deposit required prior to sale, or by sealed bids, public auction, or negotiation at fair value for property valued at less than three thousand dollars.
4. All proceeds received from the transfer or sale of state surplus property must be deposited ~~into the fund from which the property was originally~~

purchased, less administrative expenses with the state treasurer for deposit in the surplus property operating fund. For each piece of property, the office of management and budget shall transfer to the agency from which the property was received an amount equal to the proceeds of the sale less the administrative expenses of the sale. The agency shall deposit the proceeds into the fund from which the property was originally purchased.

5. No department, agency, or institution may exchange items as part of a purchase price of new items until a detailed statement of the value of the items to be exchanged and request for approval have been submitted to the director of the office of management and budget. The director shall approve the exchange only if the director has determined that the item has been valued at fair value.

SECTION 36. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Tax commissioner to audit returns and state board of equalization to assess tax. The tax commissioner shall proceed to audit the returns of telecommunications carriers not later than three years after the due date of the return, or three years after the return was filed, whichever period expires later. The state board of equalization shall assess the tax and, if any additional tax is found due, the tax commissioner shall notify the taxpayer in detail as to the reason for the increase.

SECTION 37. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Deficiency, protest, and appeal.

1. When tax is understated on a return because of a mathematical or clerical error, the tax commissioner shall notify the telecommunications carrier of the error and the amount of additional tax due. This notice is not a notice of deficiency and the telecommunications carrier has no right to protest.
2. If upon audit the tax commissioner finds additional tax due, the tax commissioner shall notify the telecommunications carrier and the state board of equalization of the deficiency in the tax amount. A notice of deficiency must be sent to the telecommunications carrier by first-class mail and must state the amount of additional tax due and set forth the reasons for the increase.
3. A telecommunications carrier has thirty days from the date of mailing of the notice of deficiency to file a written protest with the state board of equalization objecting to the assessment of additional tax due. The protest must set forth the basis for the protest and any other information that may be required by the state board of equalization. If a telecommunications carrier fails to file a written protest within the time provided, the amount of additional tax stated in the notice of deficiency becomes finally and irrevocably fixed. If a telecommunications carrier protests only a portion of the tax commissioner's finding, the portion that is not protested becomes finally and irrevocably fixed.
4. If a protest is filed, the state board of equalization shall reconsider the assessment of additional tax due.

5. Within six months after the protest is filed, the state board of equalization shall mail to the telecommunications carrier a notice of reconsideration and assessment which must respond to the telecommunications carrier's protest and assess the amount of any additional tax due. The amount set forth in that notice becomes finally and irrevocably fixed unless the telecommunications carrier brings an action against the state in district court within six months of the mailing of the notice of reconsideration and assessment.

SECTION 38. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Claims for credit or refund.

1. A telecommunications carrier may file a claim for credit or refund of an overpayment of any tax imposed by this chapter within three years after the due date of the return or within three years after the return was filed, whichever period expires later.
2. A claim for credit or refund must be made by filing with the tax commissioner an amended return, or other report as prescribed by the tax commissioner, accompanied by a statement outlining the specific grounds upon which the claim for credit or refund is based.
3. The tax commissioner shall notify the telecommunications carrier if the state board of equalization disallows all or part of a claim for credit or refund. The decision of the state board of equalization denying a claim for credit or refund is final and irrevocable unless the telecommunications carrier brings an action against the state in district court within six months of the mailing of the notice denying the claim for credit or refund.

SECTION 39. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Preservation of records. Every telecommunications carrier required to make a return and pay any tax under this chapter shall preserve records of the gross proceeds of sale as the commissioner may require and every carrier shall preserve for a period of three years and three months all invoices and other records of telecommunications services purchased for resale. All of these books, invoices, and other records must be open to examination at any time by the commissioner or any duly authorized agent of the commissioner.

SECTION 40. A new section to chapter 57-34 of the North Dakota Century Code is created and enacted as follows:

Resale certificates. A telecommunications carrier who receives a resale certificate certifying that another telecommunications carrier holds a North Dakota sales and use tax permit for sales or use tax purposes under section 57-39.2-14 is relieved from submitting the telecommunications gross receipts tax upon the sale of telecommunications services to be resold by the telecommunications carrier submitting the certificate. When a telecommunications carrier submits a false resale certificate to another telecommunications carrier, the telecommunications carrier that submitted the certificate is liable for the telecommunications gross receipts tax on the sale. A hospital, hotel, motel, or similar place of temporary accommodation selling telecommunications service to its patients or guests is not a telecommunications carrier under this section.

SECTION 41. AMENDMENT. Section 57-34-01 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-01. Definitions. The definitions in this section may not be construed to subject a telecommunications carrier or telecommunications service to the provisions of title 49. As used in this chapter, unless the context or subject matter otherwise clearly requires:

1. "Adjusted gross receipts" means telecommunications carrier gross receipts less all amounts paid by the reporting telecommunications carrier on telecommunications service that is taxable under this chapter in state and local sales and use taxes and federal excise taxes and less amounts paid by the reporting telecommunications carrier to another telecommunications carrier for directory assistance originated by a caller in this state.
2. "Company" includes any individual, copartnership, business trust, corporation, limited liability company, joint-stock company, association, or any other organization.
- ~~2-~~ 3. "Gross receipts" means all telecommunications carrier retail revenues from telecommunications service charges billed to any station in this state and from charges to another telecommunications carrier for directory assistance originated by a caller in this state.
- ~~3-~~ 4. "Station" means a subscriber service address located in this state with a distinct call number designation or distinct extension number designation. If this is not a defined location, "station" means the location of the primary use of telecommunications equipment as determined by telephone number, authorization code, or billing address.
- 4- 5. "Telecommunications carrier" means a ~~person~~ company that is engaged in the business of furnishing telecommunications service within this state. The term includes a reseller of telecommunications service.
- 5- 6. "Telecommunications service" means transmitting for consideration of two-way communication by wire, cable, fiber optics, radio, lightwave, microwave, satellite, or other means. The term includes:
 - a. Essential telecommunications service and nonessential telecommunications service as defined in section 49-21-01;
 - b. Telecommunications service that originates and terminates in this state and is billed to a station in this state;
 - c. Interstate telecommunications service that originates or terminates in this state and is billed to a station in this state; and
 - d. ~~A hospital, hotel, motel, or similar place of temporary accommodation selling telecommunications service to its patients or guests, if there is a separately stated charge for the service; and~~
 - e. Telegraph service.
- 6- 7. "Telecommunications service charges" means the value of all consideration received by a telecommunications carrier for provision of telecommunications service and recovery within the year of

telecommunications service charges written off in a prior year as uncollectible. For a telecommunications carrier operating on any form of mutual basis, the term includes all amounts assessed against the members for the operation and maintenance of the business. The term does not include revenue from merchandising, jobbing and contract work, maintenance or repair of customer premises equipment including equipment leased or rented by the customer from any source, operations not directly related to provision of telecommunications service, amounts charged for billing and collection on behalf of another telecommunications carrier, proceeds from transfer of capital stock, or transfer, sale, or lease of property not directly related to telecommunications service. The term does not include amounts collected for or amounts collected from federal and state mechanisms to preserve and advance universal service.

SECTION 42. AMENDMENT. Section 57-34-02 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-02. Reports of telecommunications carriers - Penalty.

1. Each telecommunications carrier that received intercarrier telecommunications revenue in the preceding calendar year shall make and file with the tax commissioner, on or before January fifteenth of each year, a list containing the name and mailing address of each telecommunications carrier from which the reporting telecommunications carrier received intercarrier telecommunications revenue in the preceding calendar year. This list is to be filed in addition to the report required by subsection 3.
2. Each telecommunications carrier that provided telecommunications service in the preceding calendar year to one or more pay telephones owned by another company shall make and file with the tax commissioner, on or before January fifteenth of each year, a list containing the name and mailing address for each company that owned a pay telephone served by the reporting telecommunications carrier in the preceding calendar year. This list is to be filed in addition to the report required by subsection 3.
3. Each telecommunications carrier subject to gross receipts taxes under this chapter shall make and file with the tax commissioner, on or before May first of each year, on the form as the tax commissioner may prescribe, a report containing a statement of its gross receipts in this state during the preceding calendar year, amounts paid by the carrier on telecommunications service that is taxable under this chapter during the preceding calendar year in state and local sales and use taxes and federal excise taxes, amounts received from or paid to another telecommunications carrier for directory assistance, and any other information as the tax commissioner may require. The form must include a notice of a telecommunications carrier's right to appeal its assessment to the state board of equalization prior to or at the August meeting of the state board of equalization. Each report must be signed, subject to section 12.1-11-02, by the president, secretary, or other official of the telecommunications carrier.

SECTION 43. AMENDMENT. Section 57-34-03 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-03. Computation of taxes by tax commissioner - Exemption for high-volume customers - Continuing appropriation.

1. On or before July fifteenth of each year, the tax commissioner shall review the report under subsection 3 of section 57-34-02 and compute the ~~tentative~~ total tax to be assessed against each telecommunications carrier in this state at a rate of two and one-half percent of adjusted gross receipts. ~~The~~ If the tax commissioner's computation of the total tax differs from the amount computed by a telecommunications carrier, the tax commissioner shall give ten days' notice of the change by mail to each that telecommunications carrier of its tentative total tax under this section and of its right to contest the determination before the state board of equalization at its August meeting on or before July fifteenth. The state board of equalization shall assess the tax under this section after consideration of any contest presented.
2. A telecommunications carrier's retail customer in this state is entitled to a refund equal to two and one-half percent of the amount of telecommunications service charges paid to telecommunications carriers by that customer in excess of eight hundred thousand dollars in a calendar year. A refund claim under this subsection must be filed with the tax commissioner before July first of the year following the calendar year for which the refund is claimed. A claim for refund must be made in the manner prescribed by the tax commissioner. Refunds under this subsection must be paid by the tax commissioner from tax collections under this chapter and are appropriated as a standing and continuing appropriation to the tax commissioner for that purpose.

SECTION 44. AMENDMENT. Section 57-34-06 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-06. Duties of county treasurer. The county treasurer shall allocate taxes received under this chapter to the state, the county, and the various taxing districts within the county according to the proportion that taxes paid by telecommunications carriers in locally assessed property taxes and taxes assessed under chapter 57-06 and this chapter in 1997 and received by the state, the county, and each currently existing taxing district in the county bears to all taxes paid by telecommunications carriers in locally assessed property taxes and taxes assessed under chapter 57-06 and this chapter in 1997 and received by the state, the county, and all taxing districts in the county.

SECTION 45. AMENDMENT. Section 57-34-10 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

57-34-10. Penalties - Interest - Lien for tax.

1. If a telecommunications carrier refuses or neglects to make the reports required by this chapter, or refuses or neglects to furnish any information requested, the tax commissioner shall use the best available facts and estimates to determine taxation of the gross receipts of that carrier. The tax must be imposed upon the basis of that information, ~~and~~ If any company fails to make the report required under this chapter on or before the first day of May of any year, the state board of equalization shall add a penalty of one-quarter of the tax due for failure to make the required report which must be collected as a part of the tax, but the tax commissioner, upon application, may grant extensions of time within which the returns must be filed.

2. Taxes levied under this chapter are due and payable to the tax commissioner on January first following the year in which the taxes were assessed. The unpaid principal balance of taxes on the following March first is subject to a penalty of three percent, on the following May first an additional penalty of three percent, on the following July first an additional penalty of three percent, and on the following October fifteenth an additional penalty of three percent. Beginning January first of the year following the year the taxes became due, simple interest at the rate of twelve percent per annum applies to the unpaid principal balance until the taxes and penalties are paid. Interest penalties must be prorated to the nearest full month for a fractional year of delinquency. A remittance of tax need not be made and any assessment or collection of tax may not be made unless the amount is at least five dollars, including penalty and interest.
3. If any amount of tax imposed by this chapter is not paid on or before March first, or if upon audit an additional tax is found to be due, there must be added to the tax remaining due interest at the rate of one percent of the additional tax for each month or fraction of a month during which the tax remains unpaid, computed from March first to the date paid.
- 3- 4. Taxes under this chapter constitute a first and paramount lien in favor of the state upon all property and rights to property of the taxpayer. The lien may be foreclosed in the same manner provided by law for mortgages on real or personal property. Whenever any taxpayer liable to pay a tax or penalty imposed refuses or neglects to pay the liability, the amount, including any interest, penalty, or addition to the tax, and the additional costs that may accrue are a lien in favor of the state of North Dakota upon all property and rights to property, whether real or personal, belonging to the taxpayer. The lien attaches at the time the tax becomes due and payable and continues until the liability for the amount is satisfied.
5. Any mortgagee, purchaser, judgment creditor, or lien claimant acquiring any interest in, or lien on, any property situated in the state, prior to the tax commissioner filing in the central indexing system maintained by the secretary of state a notice of the lien provided for in subsection 4, takes free of, or has priority over, the lien. The tax commissioner shall index in the central indexing system the following data:
 - a. The name of the taxpayer.
 - b. The tax identification number or social security number of the taxpayer.
 - c. The name "State of North Dakota" as claimant.
 - d. The date and time the notice of lien was indexed.
 - e. The amount of the lien.

The notice of lien is effective as of eight a.m. the next day following the indexing of the notice. The tax commissioner shall index any notice of lien with no payment of fees or costs to the secretary of state.
6. Upon payment of the tax, and any accrued penalties and interest, as to which the tax commissioner has filed a notice of lien, the tax commissioner

shall index a satisfaction of the lien in the central indexing system without fees or costs.

SECTION 46. A new section to chapter 65-02 of the North Dakota Century Code is created and enacted as follows:

Payments in lieu of taxes by bureau. If a building and associated real property is purchased by the workers compensation bureau pursuant to a legislative grant of authority, the bureau shall make payments in lieu of property taxes in the manner and according to the conditions and procedures that would apply if the building and property were privately owned.

SECTION 47. APPROPRIATION. There is hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,055,877, or so much thereof as may be necessary, and from special funds the sum of \$348,985 to the office of management and budget for the purpose of providing funding to state agencies and institutions to assist in providing the minimum of \$35 per month to permanent state employees for the biennium beginning July 1, 1999, and ending June 30, 2001. The office of management and budget shall transfer the funding provided in this section to state agencies and institutions to provide sufficient funding for the \$35 per month minimum salary increase.

SECTION 48. RETROACTIVE APPLICATION. Section 25 of this Act is effective for all funds received and deposited into the risk management fund on or after July 1, 1997.

SECTION 49. RETROACTIVE APPLICATION - EFFECTIVE DATE - EXPIRATION DATE. Sections 36 through 45 of this Act apply retroactively to all tax years beginning after December 31, 1997. The amendments to subsections 1 and 3 of section 57-34-01 as amended by section 41 of this Act are effective for taxable years beginning after December 31, 1998. The amendments to subsections 1 and 2 of section 57-34-02 as amended by section 42 of this Act are effective for the first two taxable years beginning after December 31, 1999, and are thereafter ineffective.

SECTION 50. APPLICATION. North Dakota Century Code sections 54-16-04 and 54-44.1-11 do not apply to chapter 30 of the 1997 Session Laws.

SECTION 51. EMERGENCY. Sections 2, 24, 26, 27, 28, 29, 30, and 35 of this Act are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 110 - OFFICE OF MANAGEMENT AND BUDGET

Conference Committee - This amendment makes the following changes:

| | EXECUTIVE BUDGET | SENATE VERSION | CONFERENCE COMMITTEE CHANGES | CONFERENCE COMMITTEE VERSION | HOUSE VERSION | CONFERENCE COMPARISON TO HOUSE VERSION |
|--------------------------------|-------------------|-------------------|------------------------------|------------------------------|-------------------|--|
| Administration | \$3,086,844 | \$3,082,026 | (\$100,000) | \$2,982,026 | \$2,982,026 | |
| Fiscal management | 3,998,308 | 3,875,828 | | 3,875,828 | 3,875,828 | |
| Facility management | 8,203,213 | 8,174,694 | (100,000) | 8,074,694 | 7,854,694 | \$220,000 |
| Central personnel | 1,226,846 | 1,212,300 | | 1,212,300 | 1,212,300 | |
| Division of community services | 42,055,293 | 42,035,197 | | 42,035,197 | 42,035,197 | |
| Risk management | 964,173 | 959,911 | | 959,911 | 959,911 | |
| Statewide compensation plan | <u>5,400,000</u> | <u>5,400,000</u> | | <u>5,400,000</u> | <u>5,400,000</u> | |
| Total all funds | \$64,934,677 | \$64,739,956 | (\$200,000) | \$64,539,956 | \$64,319,956 | \$220,000 |
| Less special funds | <u>46,105,926</u> | <u>46,088,243</u> | | <u>46,088,243</u> | <u>46,088,243</u> | |
| General fund | \$18,828,751 | \$18,651,713 | (\$200,000) | \$18,451,713 | \$18,231,713 | \$220,000 |
| FTE | 122.00 | 121.00 | 1.00 | 122.00 | 120.60 | 1.40 |

Detail of Conference Committee changes to Senate version includes:

| | REDUCE STATE CONTINGENCIES FUNDING | DECREASE FUNDING FOR SECURITY SYSTEM | RESTORE BUDGET ANALYST FTE POSITION WITHOUT FUNDING | TOTAL CONFERENCE COMMITTEE CHANGES |
|--------------------------------|------------------------------------|--------------------------------------|---|------------------------------------|
| Administration | (\$100,000) | | | (\$100,000) |
| Fiscal management | | | | |
| Facility management | | (\$100,000) | | (100,000) |
| Central personnel | | | | |
| Division of community services | | | | |
| Risk management | | | | |
| Statewide compensation plan | | | | |
| Total all funds | (\$100,000) | (\$100,000) | \$0 | (\$200,000) |
| Less special funds | | | | |
| General fund | (\$100,000) | (\$100,000) | \$0 | (\$200,000) |
| FTE | 0.00 | 0.00 | 1.00 | 1.00 |

The amendment also makes the following changes:

- Adds a new section appropriating \$6,000,000 of federal funds to the Division of Community Services for flood-related disasters (\$3,000,000) and weatherization of low-income homes (\$3,000,000). The amendment also adds a section making the \$6,000,000 appropriation an emergency measure.
- Provides a general fund appropriation of \$360,000 to the Emergency Commission for costs resulting from the settlement of a lawsuit relating to fees charged for handicapped parking permits.
- Provides a general fund appropriation of \$415,000 to the University System office for a grant to Prairie Public Broadcasting to be used as matching funds for Phase I of the conversion to digital broadcasting.
- Provides authority for the Attorney General to distribute an additional \$310,086 for local gaming enforcement grants if the funding is available within the Attorney General's appropriation. This amount is in addition to \$221,877 contained in Senate Bill No. 2003 for this purpose.
- Provides a general fund appropriation of \$25,000 to the Council on the Arts for a grant to the Plains Art Museum for the Lewis and Clark bicentennial event. The grant will not be distributed until the museum has raised \$25,000 of other funds as a match for the general fund grant.
- Adds a section appropriating \$1,404,862, of which \$1,055,877 is from the general fund to sufficiently fund the \$35 per month minimum salary increase.

- Adds a section limiting the incentives to only the Grafton plant.
- Authorizes the director of the Office of Management and Budget to sell up to \$2,150,000 of developmentally disabled facility loans to the Bank of North Dakota. The director shall sell such amount as may be necessary to reach the legislative estimate for the June 30, 2001, general fund balance.
- Adds a new section providing that if federal funding for a program is terminated during the 1999-2001 biennium, the administering state agency, department, or institution shall terminate the program. It also provides that if the federal government reduces federal funding by combining the funding for separate programs into a block grant, the agency, department, or institution shall prioritize or reprioritize programs as necessary.
- Adds a new section directing the Office of Management and Budget to discontinue the program-based performance budgeting pilot program.
- Adds a new section providing for a Legislative Council interim study of performance incentive pilot programs.
- Requires the University of North Dakota to establish a fund, which is to be used for repair and maintenance costs related to the proposed winter sports facility.
- Provides statutory changes to address potential problems with statutes authorizing public moneys to be deposited other than with the State Treasurer.
- Adds a new section clarifying that all deposits into the risk management fund may be spent for the purpose of the fund. The amendment also adds a section making this change retroactive to deposits after July 1, 1997.
- Amends Section 49-23-04, relating to time periods under the one-call excavation notice system and provides that this is an emergency measure.
- Adds two new sections clarifying which Emergency Commission approvals also need Budget Section approval.
- Adds sections relating to the audit and assessment of telecommunications carriers and telecommunications taxes.
- Requires the Workers Compensation Bureau to make payments in lieu of property taxes if the Bureau purchases a building.
- Provides that Sections 54-16-04 and 54-44.1-11, relating to the cancellation of unexpended appropriations, do not apply to the 1997-99 biennium appropriation for the legislative branch.
- Provides for special fund transfers to the general fund of \$200,000 from the financial institutions regulatory fund and \$1,500,000 from the Public Employees Retirement System life insurance program.
- Reduces Bank of North Dakota transfers to the general fund by \$10,000,000, from \$60,000,000 to \$50,000,000 and increases the contingent transfers by \$17,000,000, from \$23,000,000 to \$40,000,000. The amendment also adds language providing that contingent transfers can be made only after July 1, 2000, and then only to the extent necessary to achieve a June 30, 2001, general fund balance of \$10,000,000.

- Reduces the fiscal management division's carryover from the 1997-99 biennium by \$250,000, from \$950,000 to \$700,000.
- Removes the section appropriating \$100,000, \$50,000 of which was general fund moneys and \$50,000 of special funds, to the Department of Human Services for the purpose of providing network technical support to county social service boards.

DEPARTMENT 112 - INFORMATION SERVICES DIVISION

CONFERENCE COMMITTEE - This amendment makes the following changes:

| | EXECUTIVE BUDGET | SENATE VERSION | CONFERENCE COMMITTEE CHANGES | CONFERENCE COMMITTEE VERSION | HOUSE VERSION | CONFERENCE COMPARISON TO HOUSE VERSION |
|---------------------------------|-------------------|-------------------|------------------------------|------------------------------|-------------------|--|
| Information resource management | \$46,282,960 | \$45,709,295 | \$3,950,000 | \$49,659,295 | \$49,409,295 | \$250,000 |
| Total all funds | \$46,282,960 | \$45,709,295 | \$3,950,000 | \$49,659,295 | \$49,409,295 | \$250,000 |
| Less special funds | <u>46,082,960</u> | <u>45,709,295</u> | <u>3,700,000</u> | <u>49,409,295</u> | <u>49,409,295</u> | |
| General fund | \$200,000 | \$0 | \$250,000 | \$250,000 | \$0 | \$250,000 |
| FTE | 170.00 | 168.00 | 0.00 | 168.00 | 168.00 | 0.00 |

Detail of Conference Committee changes to Senate version includes:

| | CONTRACT FUNDING FOR DHS MEDICAID/TANF PROJECT | ADD FUNDING TO IMPLEMENT THE PROVISIONS OF 1999 SENATE BILL NO. 2043 | TOTAL CONFERENCE COMMITTEE CHANGES |
|---------------------------------|--|--|------------------------------------|
| Information resource management | \$3,700,000 | \$250,000 | \$3,950,000 |
| Total all funds | \$3,700,000 | \$250,000 | \$3,950,000 |
| Less special funds | <u>3,700,000</u> | | <u>3,700,000</u> |
| General fund | \$0 | \$250,000 | \$250,000 |
| FTE | 0.00 | 0.00 | 0.00 |

Engrossed SB 2015 was placed on the Seventh order of business on the calendar.

1999 TESTIMONY

SB 2015

TESTIMONY ON SB 2015
By Rod Backman, Director
ND Office of Management and Budget
January 21, 1999

Good Morning Senator Nething and members of the Senate Appropriations Committee. I am Rod Backman, Director of the Office of Management and Budget.

This morning I will cover the narrative sections of the appropriation bill, review the budget requests for the Administration, Fiscal Management, Central Personnel, Office of Intergovernmental Assistance, Central Services and Risk Management divisions, and request two amendments to this bill.

Section 1 of SB 2015 provides the appropriations for the various divisions of OMB. I'll talk more about the appropriation requests after I review the remaining sections of the bill.

Section 2 is the additional income section that has been previously included in our bill. This requires excess income to be approved by the Emergency Commission and any income exceeding \$50,000 to be approved by the Budget Section.

Section 3 allows the Emergency Commission to approve the transfer of up to 10 % between the various programs. Further transfers must be approved by the Budget Section.

Section 4 allows \$225,000 to be spent by Facility Management from the Capitol Building Fund. Curt Zimmerman, Director of Facility Management, will discuss this further during his portion of the testimony.

Section 5 allows Fiscal Management to carryover up to \$1,000,000 of any unexpended funds for continued development and operating costs of accounting, management and payroll systems. Currently \$800,000 is allowed to be carried over.

Sections 6 and 7 relate to state employee compensation and will be covered in a separate hearing later this morning.

Section 8 relates to the special items included in the Administration budget. These include \$53,000 for boys and girls clubwork, \$700,000 for Emergency Commission use on State contingencies, \$317,000 for State memberships and related expenses, \$63,000 for the Firemen's Association, \$1,200,000 for unemployment, \$25,000 for Capitol Grounds Planning Commission, and \$120,000 for a State lobbyist.

Section 9 authorizes OMB to transfer \$3,000,000 from the Lands and Minerals Trust fund to the general fund. This transfer is included in the revenue forecast.

Section 10 provides funding for the Firemen's Association from State Fire and Tornado.

Section 11 covers the \$60 million transfer from the Bank of North Dakota to the general fund. The \$60 million is comprised of \$43 million from current profits and the return of the \$17 million that was transferred to the Bank of North Dakota from the general fund at the end of the 1995-97 biennium. No more than \$15 million of the amount transferred may come from accumulated undivided profits. Transfers may not reduce the Bank's capital structure below \$100 million.

Section 12 relates to contingent Bank of North Dakota transfers. If general fund revenue collections will not meet the revenues as forecast in the March 1999 forecast, then transfers may be made from the Bank of North Dakota to the general fund. The amount transferred may not exceed the lesser of \$23 million or the revenue shortfall of actual collections compared to the March 1999 forecast. These transfers also may not reduce the bank's capital structure below \$100 million.

Section 13 allows State Radio to charge fees for mobile data terminal service. The second paragraph in this section appeared in the 1995 appropriation bill for OMB, but was not codified, therefore, we are repeating the language in this bill.

Section 14 relates to the budget stabilization fund and requires that any amount in the general fund in excess of \$65 million at the end of any biennium must be transferred to the budget stabilization fund.

ADMINISTRATION DIVISION

The recommendation for the Administration Division is \$3,086,844. The special items we discussed under Section 8 account for nearly \$2.5 million of this amount. The remainder is for the salaries and operating costs of the Administration Division. This division has three FTE's which include myself, the deputy director, and an administrative assistant. Included within the operating costs are some of the items for the fourth floor that are not easily categorized into the specific divisions, such as postage, copy machine costs, and office supplies.

Testimony on SB 2015
By Linda Engmann, Acting Director
OMB Central Services Division
January 21, 1999

Chairman Nething and members of the committee, my name is Linda Engmann. I am the Acting Director of Central Services Division of the Office of Management and Budget.

Central Services' mission is to provide agencies and departments with economical and timely centralized services through the administration of Central Duplicating Services, Central Supply, Purchasing, and Surplus Property. Our budget request for the next biennium includes continued funding for all operations and for Division administration.

Central Services Division requests \$4,787,636 in special fund authority for the Division's service operations. Expenditures incurred for these operations, which are Central Duplicating, Central Supply, and Surplus Property, are recovered through billings of all direct and indirect costs for the services performed. The increased spending authority is for Surplus Property and will allow for:

- The addition of a Surplus Property Specialist Position. Recommendations made as a result of a review by the General Services Administration (GSA) in May, 1998, resulted in the reclassification of a current position to implement requirements regarding eligibility and property utilization. The internal shifting created a void in property acquisitions. This position will allow Surplus Property to more efficiently and effectively serve its customers by having adequate personnel to seek out more property while maintaining a quality level of service in the distribution center.
- Increased spending authority to buy Federal property through the General Services Administration at a fixed price. This property includes mostly vehicles and heavy equipment, is in good condition, and is not available through the Donation Program. The expenditures will be offset by corresponding revenue collected at the time of redistribution to eligible recipients.
- In a separate bill we are asking for statutory authority to accept surplus property from political subdivisions. It is anticipated that this will result in sufficient quantities of property to warrant several public auctions during the biennium. Increased spending authority is needed to cover the additional expenses. Expenditures will be recovered from the proceeds of each sale.

We are requesting \$684,470 of general fund appropriation for the State's Purchasing Office. This appropriation will allow:

- Funding to meet normal operating requirements.
- Continued development and maintenance of the new computer system. The development of this new system was recommended in an evaluation of the state's procurement practices by the National Association of State Purchasing Officials (NASPO) in October, 1996, and in a performance audit conducted by the State Auditor's Office in 1997. Phase 1 and 2, the vendor database and the requisition system, were funded in the 1997-1999 biennium and will go on-line July 1, 1999. Phase three is the electronic purchase order system which will allow Purchasing to:
 1. Track commodities purchased by agencies to determine the feasibility of a term contract for that commodity. Term contracts usually mean a better price.
 2. Document vendor performance.
 3. Streamline the purchase order process for all state agencies.
 4. Provide information to legislators and other interested parties regarding state purchases.
- Two additional staff positions. These positions were recommended by the NASPO during its review and are supported by the State Auditor's Office.
- Relocation of Purchasing within the capitol building. Purchasing is currently located in the offices of Central Duplicating along with Central Supply in the basement of the Judicial Wing. This area needs to be rearranged to accommodate Duplicating and Supply inventory currently stored in the hallway – in violation of fire code.

This concludes my testimony. I would be happy to answer any questions you may have.

OMB
Central
Services

Testimony on SB 2015
by Sheila Peterson, Director
OMB Fiscal Management Division
January 21, 1999

Good Morning Mr. Chairman and members of the Senate Appropriations Committee.

My name is Sheila Peterson. I am the Director of the Fiscal Management Division of the Office of Management and Budget.

The Fiscal Management Division has four major areas of responsibility: Budget, Accounting, Payroll and Financial Reporting.

We measure our success in terms of customer satisfaction and peer evaluation. Last summer we surveyed all state agencies on their satisfaction of the services provided by Fiscal Management. Our target was to achieve an 80% satisfaction rate. We were delighted that the quality and timeliness of our services was rated at 87%. Additionally, the comments we received will only help us to improve on those numbers. Our peer evaluations come through the Government Finance Officers Association of the United States and Canada. Our last Comprehensive Annual Financial Report and our last budget documents again received GFOA awards.

The Fiscal Management Division has 17 FTE. We are requesting \$3,998,308 in general funds, including the compensation package, for next biennium. This is a hold even budget for the Division.

Eighty-five percent (85%) of my Division's budget falls into two categories - data processing and salaries. All of our functions depend on computers - accounting, payroll, budget and financial reports - and people. The remainder of our bigger expenses include consultants and printing. Consultants are hired for revenue forecasting, cost allocation and assisting us in the statewide comprehensive annual financial reports. Printing expenses include the CAFR and all the budget documents. In all of these areas we continually look for ways to cut costs.

Mr Chairman, that concludes my remarks. I would be happy to answer any questions.

OMB
Fiscal
Management

Testimony on SB 2015
by Sheila Peterson, Director
OMB Fiscal Management Division
February 26, 1999

Good Morning Mr. Chairman and members of the House Appropriations Committee.

My name is Sheila Peterson. I am the Director of the Fiscal Management Division of the Office of Management and Budget.

The Fiscal Management Division has four major areas of responsibility: Budget, Accounting, Payroll and Financial Reporting.

We measure our success in terms of customer satisfaction and peer evaluation. Last summer we surveyed all state agencies on their satisfaction of the services provided by Fiscal Management. Our target was to achieve an 80% satisfaction rate. We were delighted that the quality and timeliness of our services was rated at 87%. Additionally, the comments we received will only help us to improve on those numbers. Our peer evaluations come through the Government Finance Officers Association of the United States and Canada. Our last Comprehensive Annual Financial Report and our last budget documents again received GFOA awards.

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Eighty-five percent (85%) of my Division's budget falls into two categories - data processing and salaries. All of our functions depend on computers - accounting, payroll, budget and financial reports - and people. The remainder of our bigger expenses include consultants and printing. Consultants are hired for revenue forecasting, cost allocation and assisting us in the statewide comprehensive annual financial reports. Printing expenses include the CAFR and all the budget documents. In all of these areas we continually look for ways to cut costs.

Finally, I would like to point out that the Senate removed a vacant FTE budget analyst position. I'm very proud of the fact that I was able to hold this position open and return the unspent money to the general fund this biennium.

This was accomplished by assigning budget analyst responsibilities to four other staff members on a part-time basis in addition to their regular responsibilities. I was able to do that because those individuals were long time, experienced staff members. Within the next year to year and a half, I will more than likely be losing two staff members to retirement, each with 30 years of state experience. Granted, I'll fill those positions, but I don't necessarily see an opportunity to call on remaining staff to pick up part-time duties for the lost budget analyst position.

I am also concerned that passage of a legislative budget review process, as envisioned in SB2031, will impact my staff. Obviously not to the extent it will impact Legislative Council who estimates they will need five additional staff. But it will be difficult to provide additional resources with a staff that has been cut 20% (from five analysts to four).

Mr Chairman, that concludes my remarks. I would be happy to answer any questions.

TESTIMONY ON SB 2015
by Curt Zimmerman, Director
OMB Facility Management Division
January 21, 1999

Mr. Chairman and members of the Senate Appropriations Committee, my name is Curt Zimmerman, Director of the Facility Management Division of the Office of Management and Budget.

Facility Management is requesting \$7,780,106 in general funds and \$225,000 in special funds for operating and project expenses. This is a reduction of \$371,800 in general fund and special fund spending for the current biennium.

*Carry over
\$335,152*

Our budget request includes funding for 17 projects that range from a new master plan to routine maintenance projects for the capitol complex.

The Master Plan update for the Capitol Complex is the most extensive project planned for the 1999- 2001 biennium. The first master plan was created in 1920 and the last master plan document was written in 1965. The 1965 master plan was a valuable tool in guiding the building expansion and landscape planning through the year 1985. The Capitol Grounds and Planning Commission has requested Facility Management to assist with the process of creating a new master plan. They passed a resolution to commit up to \$225,000 to fund the master plan and formed a selection committee to interview planning firms who were the most qualified for this project. Funding for this project would come from the Capitol Building Fund investments managed by the Land Department. The goal is to have a master plan that will give direction for the most efficient use of office space, parking, infrastructure assessments, landscape inventory/design and development of the complex while maintaining the timely aesthetics of the Capitol grounds.

The proposed ventilation unit replacement at the State Library comes from the fact that there are indoor air quality issues that have been identified and documented by 25 state employees who work in that facility. The State Health Department has investigated these concerns as did a consulting mechanical engineer. Their findings determined that there is inadequate air flow through the building. They both support the plan to replace the ventilation system as the most expedient way to resolve the indoor air quality problems in the State Library building.

\$72,000 cost estimate

Enhancements to the Capitol security operations would include a new card access reader system for the north entrance into the Capitol, and additional readers for elevator and stairwell access. A command center would be placed in the office space behind the information desk. Having the command center in this location would provide a centrally located space for the monitoring equipment and personnel to provide the monitoring for all of the Capitol grounds cameras. This would allow for a more efficient manner of having command center staff coordinating security functions with the night security staff. A contract service company would provide staff with law enforcement backgrounds to man the command center.

*OMB
Facility
Management*

These people would also continually monitor and report on any life safety system or energy management system alarms. The hardware and software costs for the command center and card access system is estimated at \$200,000. The cost for hiring a contract service is \$120,000 per year. We feel that using law enforcement trained contract staff will provide the most qualified service for the least cost.

The remaining 14 projects will cost a total of \$854,000 and they include:

| | |
|--|----------|
| 1. Agency remodel projects | \$40,000 |
| 2. Parking lot repairs | 50,000 |
| 3. Third boiler for the Capitol | 158,000 |
| 4. Capitol carpet replacement | 75,000 |
| 5. Life safety projects | 55,000 |
| 6. Radiator replacement (phase II) | 75,000 |
| 7. Electrical improvements (all buildings) | 96,000 |
| 8. Automation (EM systems and elevator controls) | 80,000 |
| 9. ADA | 40,000 |
| 10. Chiller overhauls and testing | 20,000 |
| 11. Granite paver maintenance | 25,000 |
| 12. Maintenance shop HVAC replacement | 20,000 |
| 13. Governor's residence maintenance | 20,000 |
| 14. Capitol Contingency | 100,000 |

We are requesting an increase of 1.4 FTE for the next biennium. One FTE is for an Administrative Secretary II position in the Facility Management offices. This position is currently being staffed with a temporary staff person. The position requires this person to be the backup for many functions including: giving Capitol tours, assisting with the mail processing in the central mail bureau, tracking lease data for state office leases, maintaining the office files, being the receptionist for the Facility Management office, and providing clerical support for the Facility Management office staff and the State Facility Planner. We have been fortunate that the person in this temporary position has stayed long enough to learn the many tasks needed to perform all of these functions efficiently. The net increase in costs for this position to change from temporary to permanent is \$10,412 per biennium in salary and benefits.

One of the Capitol security positions is a .6 FTE position. This job requires the staff member to work 12 hour shifts every weekend and all holidays. It would be more efficient to maintain a more routine work schedule for all involved if we increased the staffing from 3.6 to 4 full time security workers. Therefore we propose to change the .6 FTE to a full time position. Since the .6 FTE receives benefits the increase in cost for the position change would be approximately \$5,935 per biennium in salary increase.

Mr. Chairman, that concludes my remarks. I would be happy to answer any questions.

Testimony on SB 2015
By Dan LeRoy, Director
OMB Central Personnel Division
January 21, 1999

The Central Personnel Division is responsible for the development and maintenance of the basic personnel structures for 6500 classified state employees. These structures provide a unified system for over 40 boards, commissions and agencies with a variety of authority, reporting relationships, and responsibilities. The primary systems are:

- the classification plan, which evaluates the responsibility of approximately 950 job titles,
- the pay ranges, which establish minimum and maximum pay based upon market pay information,
- administrative rules, which give the basic rules for managing state personnel,
- the employee selection processes, which provide a guide for reasonable and fair employment.

In addition the Division administers a centralized training function, mediation services, and provides advisory services to agency management on a wide variety of personnel issues. Other significant accomplishments include:

- The establishment of the CPD web site through which all state positions are announced, and employment information is given.
- The outsourcing of computer training through a private vendor at significant cost savings to state service.
- The consolidation of state employment advertising into a state ad at significant savings to individual agencies.
- The proposed update of compensation structures to respond to market pressures.

Our budget request for this biennium is:

| | |
|--------------------|-----------|
| Salaries | \$843,528 |
| Benefits | \$234,704 |
| Operating Expenses | \$139,614 |
| Equipment | \$ 9,000 |

OMB
Central
Personnel

**SB2015 – Employee Compensation
Central Personnel Division Testimony
House Appropriations
February 26, 1999**

BUDGET PLAN

The Governor's Budget recommends three distinct adjustments to address employee compensation.

1. Market/Equity Adjustments for Classified Employees - \$5.4 million (general & special funds)

- A budget appropriation to address the market/midpoint disparity (toward 95% target)
- Limited to Employees who have good performance, significant years of service, and who are paid below their new salary range midpoint
- Increase based upon systematic calculations considering distance from range midpoints and years of service
- Central Personnel will provide model structure and will approve agency plans

2. Elected/Appointed Salary Adjustments - \$300,000

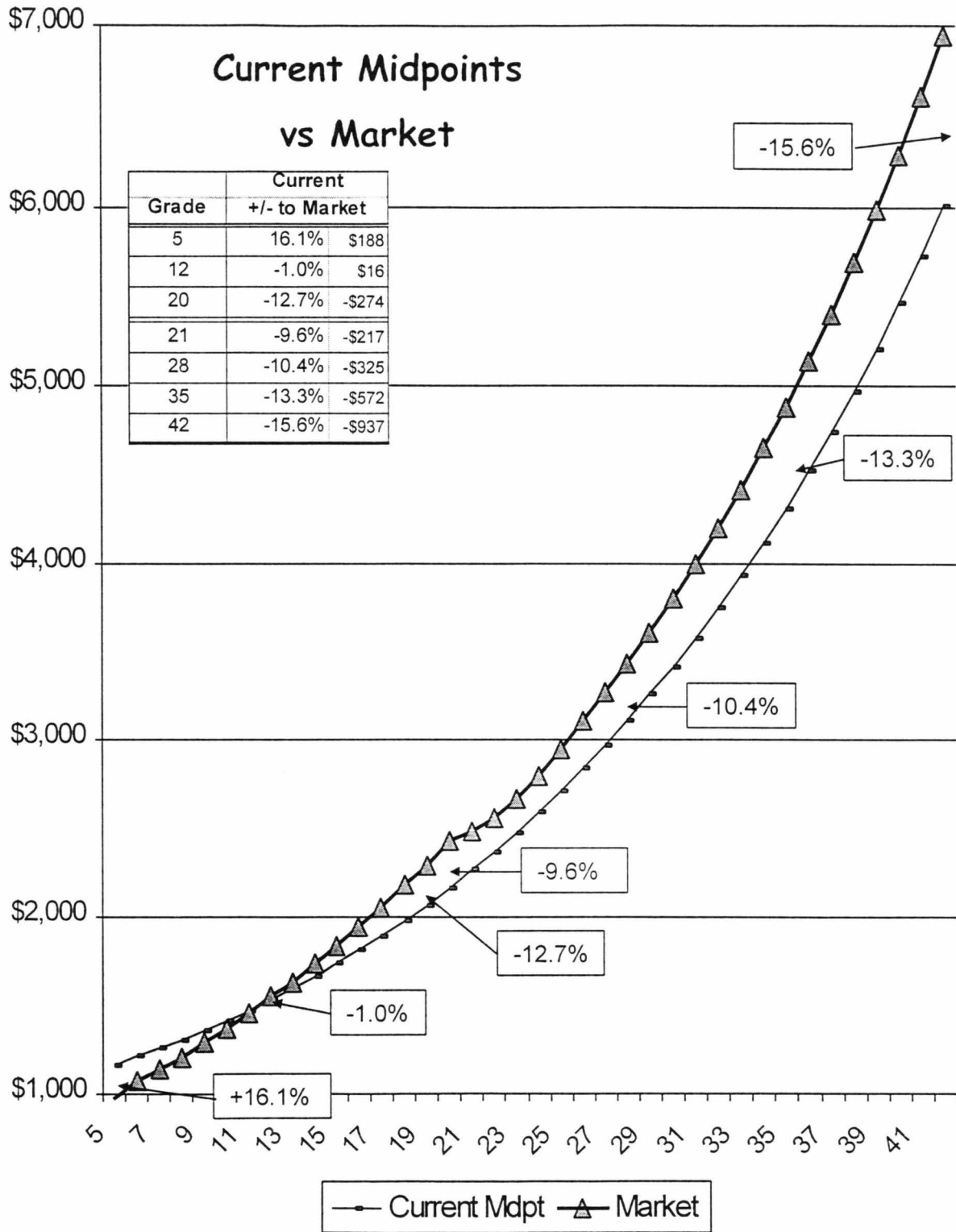
- Salary adjustments based upon outside consultant's independent salary study
- Regional public sector data used for comparison (except BND President)
- Only those officials more than 10% behind market are eligible
- Salaries furthest behind market are given larger increases based on a systematic plan similar to classified plan

3. Annual Employee Salary Increases - 3% per year

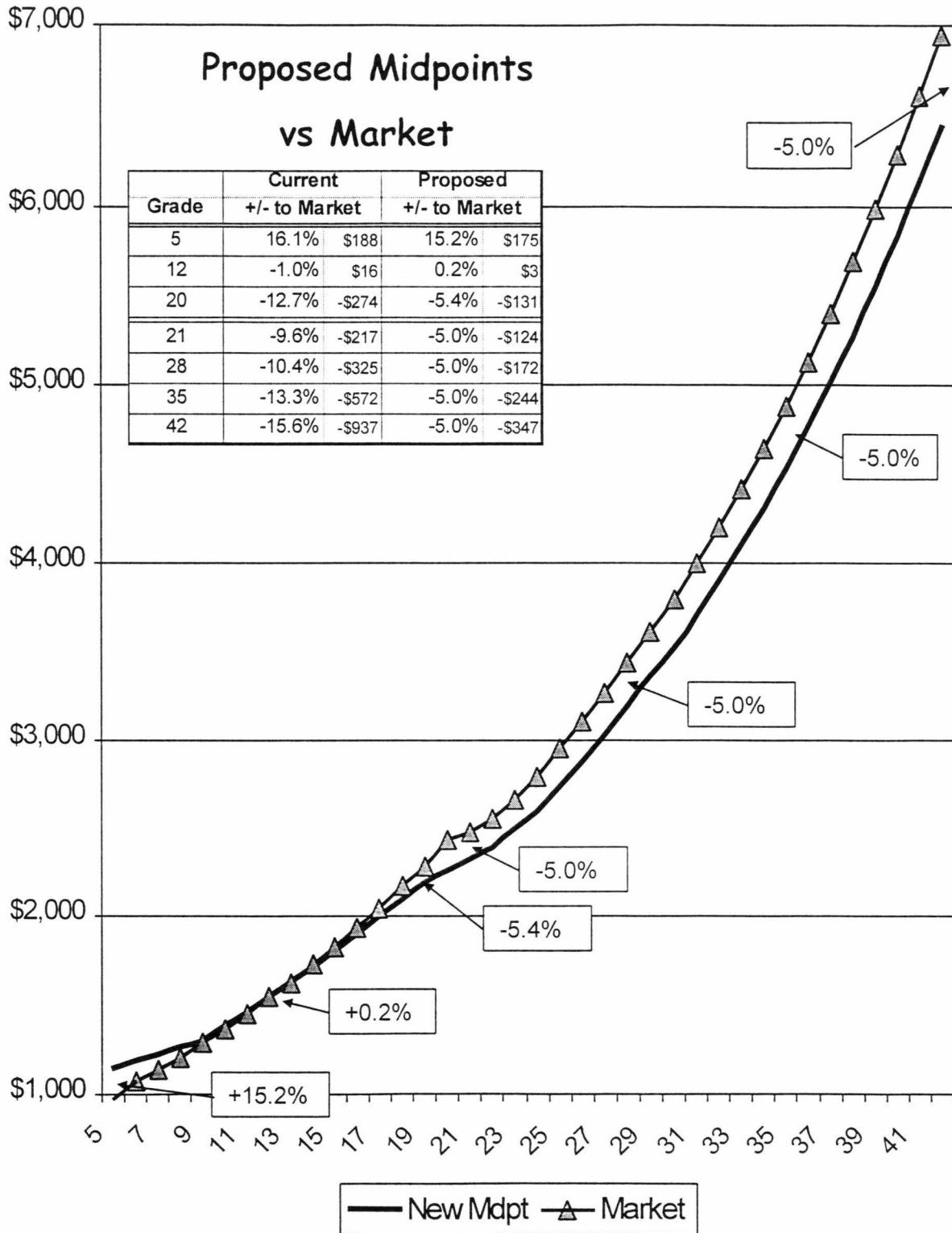
- individual increase amounts are to be discretionary
- Based on systematic plans developed by each agency, or
- Based on model plans provided by the Central Personnel Division

The recommendations and supporting appropriations outlined above set the State on a course to balance internal and external equity. We have, and we will continue to set tools in place to ensure a strategic connection between employee compensation and the mission and functions of North Dakota State Government.

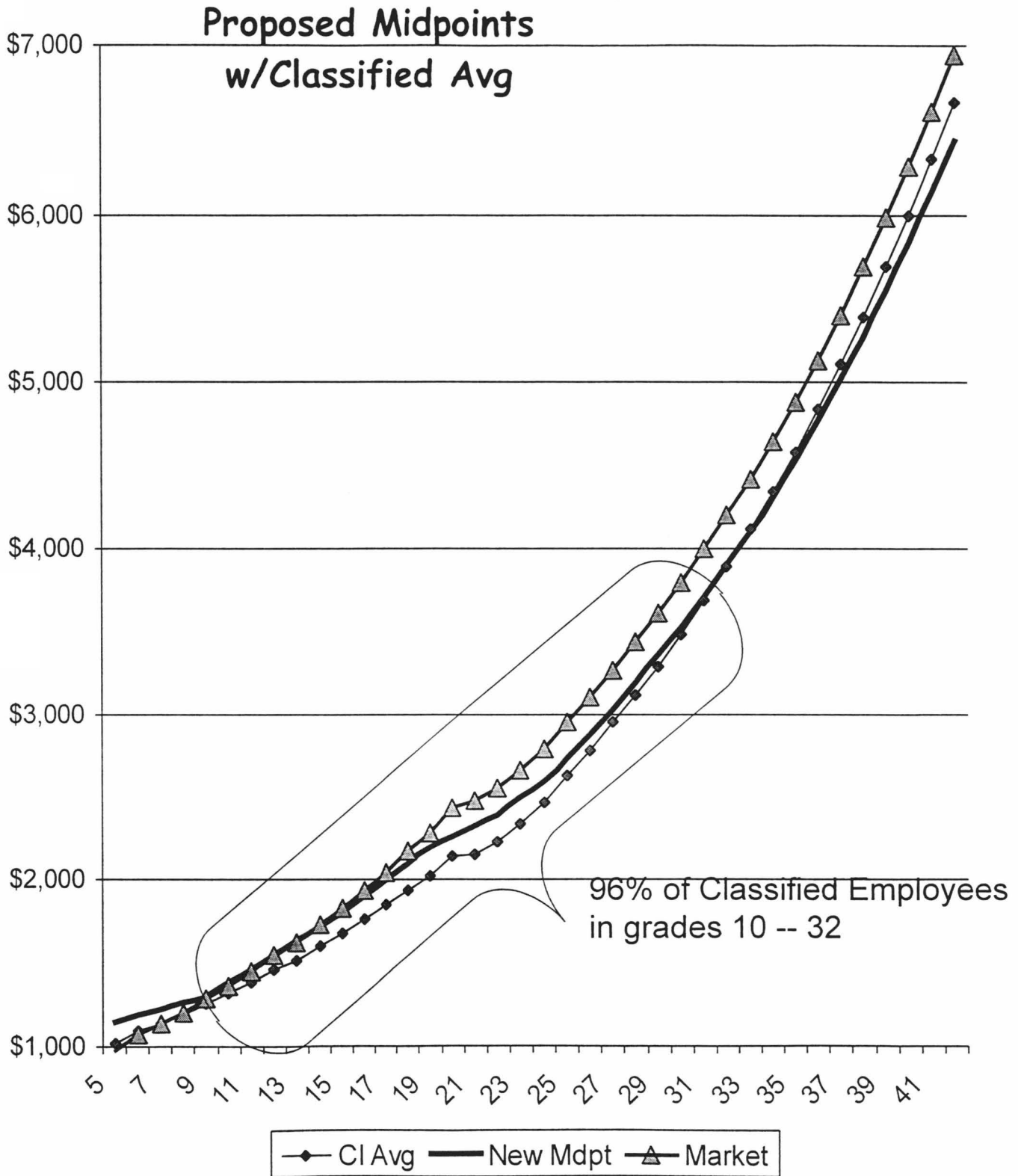
CLASSIFIED & MARKET PAYLINES



CLASSIFIED & MARKET PAYLINES



CLASSIFIED & MARKET PAYLINES

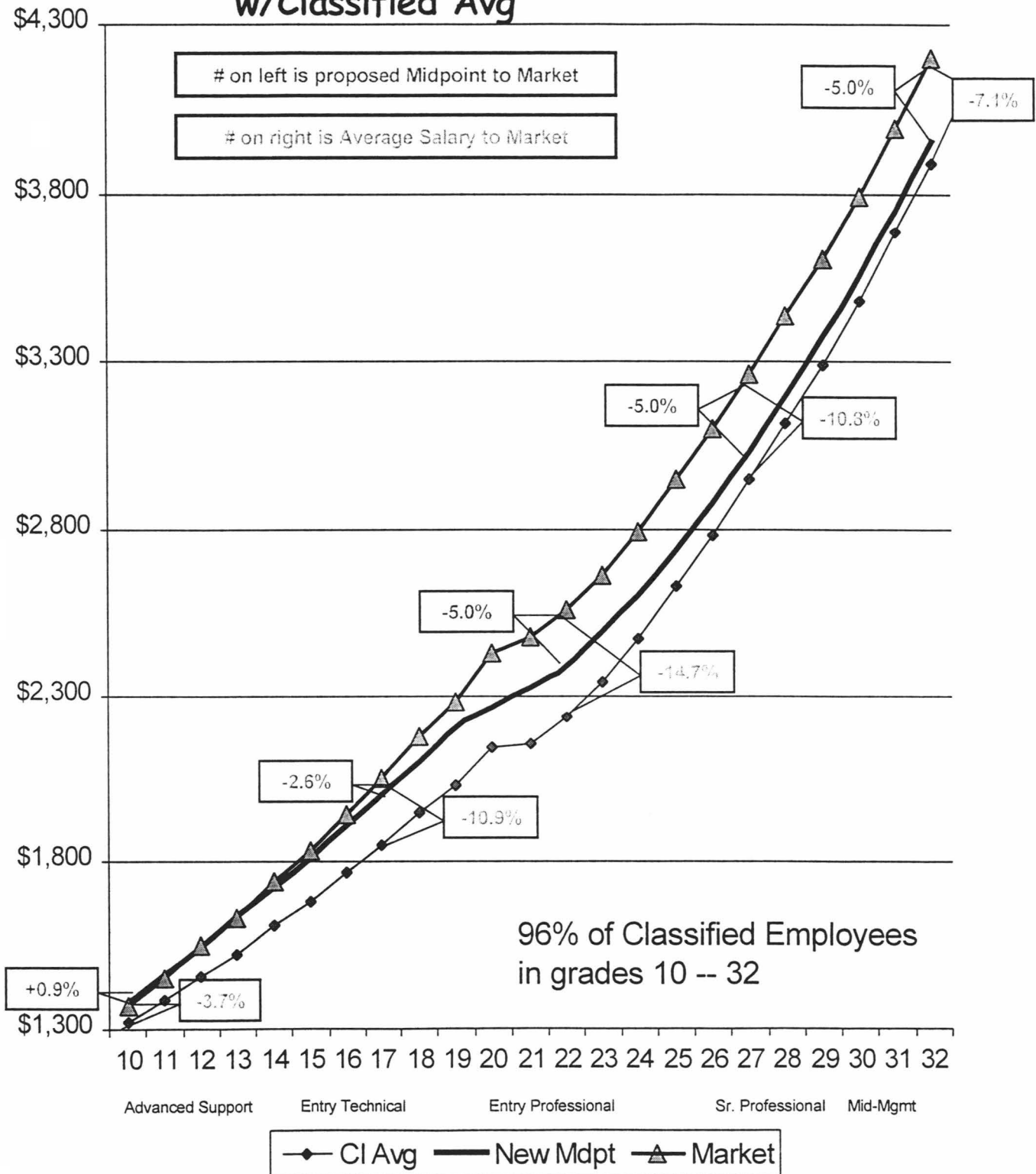


CLASSIFIED & MARKET PAYLINES

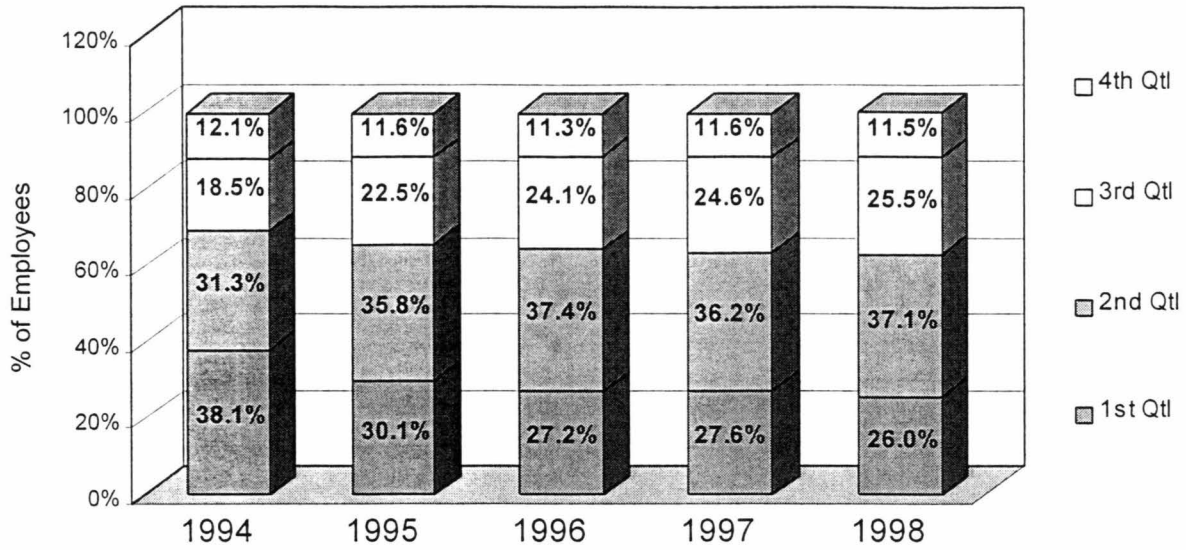
Grades 10 -- 32

Proposed Midpoints

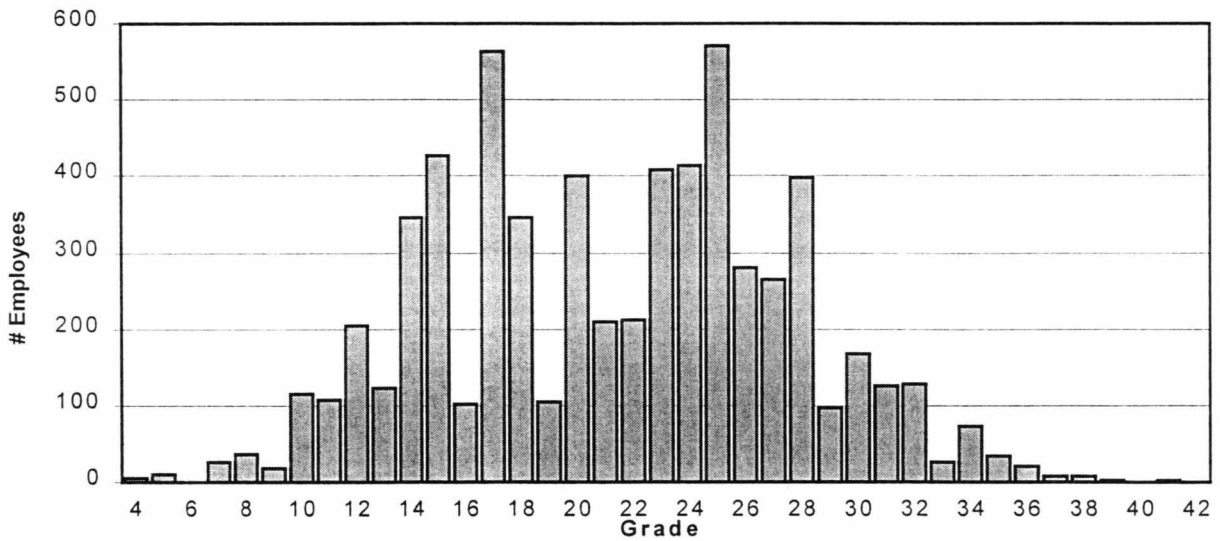
w/Classified Avg



Salary Range Quartile Distribution



CLASSIFIED EMPLOYEES - by Grade



ND SALARY RANGES

JULY 1, 1998 – JUNE 30, 1999

July 1, 1999 -- June 30, 2000

| MONTHLY | | | | MONTHLY | | | |
|---------|-------|-------|-------|-----------|--------------|--------------|--------------|
| GR | MIN | MID | MAX | GR | MIN | MID | MAX |
| 4 | 893 | 1,030 | 1,166 | 1 | 893 | 1,042 | 1,190 |
| 5 | 923 | 1,166 | 1,408 | 2 | 893 | 1,191 | 1,488 |
| 6 | 956 | 1,211 | 1,465 | | | | |
| 7 | 989 | 1,256 | 1,522 | | | | |
| 8 | 1,024 | 1,303 | 1,582 | 3 | 978 | 1,304 | 1,630 |
| 9 | 1,063 | 1,358 | 1,652 | | | | |
| 10 | 1,099 | 1,408 | 1,717 | | | | |
| 11 | 1,142 | 1,469 | 1,795 | 4 | 1,097 | 1,463 | 1,828 |
| 12 | 1,185 | 1,532 | 1,878 | 5 | 1,235 | 1,647 | 2,059 |
| 13 | 1,232 | 1,598 | 1,963 | | | | |
| 14 | 1,276 | 1,662 | 2,047 | | | | |
| 15 | 1,331 | 1,736 | 2,141 | 6 | 1,359 | 1,812 | 2,265 |
| 16 | 1,383 | 1,808 | 2,233 | 7 | 1,500 | 2,000 | 2,500 |
| 17 | 1,443 | 1,891 | 2,338 | | | | |
| 18 | 1,506 | 1,977 | 2,448 | | | | |
| 19 | 1,571 | 2,063 | 2,554 | 8 | 1,649 | 2,199 | 2,748 |
| 20 | 1,640 | 2,157 | 2,674 | 9 | 1,794 | 2,392 | 2,990 |
| 21 | 1,718 | 2,260 | 2,801 | | | | |
| 22 | 1,798 | 2,364 | 2,930 | | | | |
| 23 | 1,882 | 2,475 | 3,067 | 10 | 1,951 | 2,601 | 3,251 |
| 24 | 1,970 | 2,591 | 3,211 | 11 | 2,159 | 2,879 | 3,599 |
| 25 | 2,061 | 2,711 | 3,361 | | | | |
| 26 | 2,158 | 2,837 | 3,516 | | | | |
| 27 | 2,259 | 2,972 | 3,684 | 12 | 2,391 | 3,188 | 3,985 |
| 28 | 2,366 | 3,112 | 3,857 | 13 | 2,646 | 3,528 | 4,410 |
| 29 | 2,479 | 3,260 | 4,041 | | | | |
| 30 | 2,597 | 3,415 | 4,233 | | | | |
| 31 | 2,721 | 3,578 | 4,434 | 14 | 2,924 | 3,899 | 4,874 |
| 32 | 2,850 | 3,748 | 4,646 | 15 | 3,237 | 4,316 | 5,395 |
| 33 | 2,986 | 3,928 | 4,869 | | | | |
| 34 | 3,130 | 4,118 | 5,105 | | | | |
| 35 | 3,279 | 4,312 | 5,345 | 16 | 3,579 | 4,772 | 5,965 |
| 36 | 3,438 | 4,523 | 5,608 | 17 | 3,956 | 5,275 | 6,593 |
| 37 | 3,603 | 4,739 | 5,874 | | | | |
| 38 | 3,776 | 4,966 | 6,156 | | | | |
| 39 | 3,959 | 5,208 | 6,456 | 18 | 4,373 | 5,831 | 7,288 |
| 40 | 4,152 | 5,461 | 6,770 | 19 | 4,830 | 6,440 | 8,050 |
| 41 | 4,354 | 5,728 | 7,101 | | | | |
| 42 | 4,565 | 6,005 | 7,445 | | | | |
| 43 | 4,786 | 6,295 | 7,804 | 20 | 5,340 | 7,120 | 8,900 |
| 44 | 5,020 | 6,603 | 8,185 | | | | |

BENEFIT SURVEY

- Phone/FAX Survey - CPD Staff
- 140 ND Employers with more than 50 employees
- More than 42,000 ND Workers
- Asked Payroll Added Cost of Providing Benefits
- Included direct Cost Benefits (Insurances, Retirement, etc,) and Indirect Cost Benefits (Paid Vacation, Sick Leave, Holidays, etc.)
- **39.9% Payroll Added Costs for Benefits for Surveyed Employers (Ranged from 7.7% to 73.5%)**
- **42.9% Payroll Added Costs for Benefits for 10 Regional State Governments**
- **42.2% Payroll Added Costs for Benefits for State Classified Service**

SALARY INCREASE MODEL - 1999

Special Equity Increase

Prepared by: **ND Central Personnel Division
Office of Management & Budget**

Market/Equity MODEL

DRAFT

| Salary Increase: | # Employees rcvg: |
|------------------|-------------------|
| 6.0% | 44 |
| 4.5% | 344 |
| 3.0% | 1,659 |
| 1.5% | 1,601 |

| Increase Information | |
|-------------------------------|--------------|
| Total # E'ees: | 6,403 |
| E'ees Receiving Increases: | 3,648 |
| Total Market/Equity Increase: | \$ 4,666,632 |
| Total Market/Equity Cost: | \$ 5,444,309 |
| Total General Fund Cost: | \$ 2,908,769 |
| Total Special Fund Cost: | \$ 2,535,744 |

| General Information | | |
|--------------------------|-----------------|-------------|
| # Employees: | 6,403 | |
| Avg Salary: | Current \$2,330 | New \$2,361 |
| Avg Compa-Ratio: | 0.94 | 0.95 |
| Yrs Svc (7/1/99): | 12.8 | |
| Yrs in Cls/Grd (7/1/99): | 7.2 | |
| Avg Increase \$: | \$30.26 | |
| Avg Increase %: | 1.4% | |

| Yrs Svc | | 8-tile | | | | |
|---------|--------|--------|------|------|------|------|
| From: | Up To: | 1 | 2 | 3 | 4 | 5 |
| 12 | 99 | 6.0% | 4.5% | 3.0% | 1.5% | 0.0% |
| 7 | 12 | 4.5% | 3.0% | 1.5% | 0.0% | 0.0% |
| 0.5 | 7 | 3.0% | 1.5% | 0.0% | 0.0% | 0.0% |

| Org | Dept | Div | Name | Class | Grade | Current Salary | Current C-Ratio | 8-tile | Yrs Svc on 7/1/99 | Yrs in Cls/Grd | Total Increase # | \$ Increase/mo | Cost with Benefits | % Gen Fund | Gen Fund Cost | Spcl Fund Cost | Salary % Inc | New Salary | New C-Ratio |
|-----|------|-----|------|-------|-------|----------------|-----------------|--------|-------------------|----------------|------------------|----------------|--------------------|------------|---------------|----------------|--------------|------------|-------------|
| | | | | | 72 | 4 1,399.00 | 0.96 | 4 | 4.1 | 3.2 | | | | 36% | 0.00 | 0.00 | 0.0% | 1,399.00 | 0.96 |
| | | | | | 73 | 6 1,400.00 | 0.77 | 1 | 2.9 | 1.1 | 1 | \$ 42.00 | 49.00 | 36% | 17.60 | 31.40 | 3.0% | 1,442.00 | 0.80 |
| | | | | | 72 | 4 1,425.00 | 0.97 | 4 | 5.1 | 5.1 | | | | 36% | 0.00 | 0.00 | 0.0% | 1,425.00 | 0.97 |
| | | | | | 2 | 3 1,436.00 | 1.10 | 5 | 9.0 | 9.0 | | | | 36% | 0.00 | 0.00 | 0.0% | 1,436.00 | 1.10 |
| | | | | | 113 | 4 1,459.00 | 1.00 | 4 | 7.5 | 7.5 | | | | 36% | 0.00 | 0.00 | 0.0% | 1,459.00 | 1.00 |
| | | | | | 3212 | 6 1,468.00 | 0.81 | 1 | 11.4 | 3.1 | 1 | \$ 66.00 | 77.00 | 36% | 27.70 | 49.30 | 4.5% | 1,534.00 | 0.85 |
| | | | | | 72 | 4 1,480.00 | 1.01 | 5 | 8.2 | 7.1 | | | | 36% | 0.00 | 0.00 | 0.0% | 1,480.00 | 1.01 |
| | | | | | 72 | 4 1,506.00 | 1.03 | 5 | 9.7 | 8.3 | | | | 36% | 0.00 | 0.00 | 0.0% | 1,506.00 | 1.03 |
| | | | | | 3 | 4 1,551.00 | 1.06 | 5 | 23.3 | 15.5 | | | | 36% | 0.00 | 0.00 | 0.0% | 1,551.00 | 1.06 |
| | | | | | 3 | 4 1,576.00 | 1.08 | 5 | 24.5 | 9.0 | | | | 36% | 0.00 | 0.00 | 0.0% | 1,576.00 | 1.08 |
| | | | | | 73 | 6 1,600.00 | 0.88 | 3 | 8.8 | 4.8 | 1 | \$ 24.00 | 28.00 | 36% | 10.10 | 17.90 | 1.5% | 1,624.00 | 0.90 |
| | | | | | 3213 | 7 1,600.00 | 0.80 | 1 | 1.1 | 1.1 | 1 | \$ 48.00 | 56.00 | 36% | 20.20 | 35.80 | 3.0% | 1,648.00 | 0.82 |
| | | | | | 73 | 6 1,610.00 | 0.89 | 3 | 10.4 | 7.4 | 1 | \$ 24.00 | 28.00 | 36% | 10.10 | 17.90 | 1.5% | 1,634.00 | 0.90 |
| | | | | | 72 | 4 1,610.00 | 1.10 | 5 | 19.0 | 11.7 | | | | 36% | 0.00 | 0.00 | 0.0% | 1,610.00 | 1.10 |
| | | | | | 73 | 6 1,643.00 | 0.91 | 3 | 11.3 | 4.5 | 1 | \$ 25.00 | 29.20 | 36% | 10.50 | 18.70 | 1.5% | 1,668.00 | 0.92 |
| | | | | | 73 | 6 1,646.00 | 0.91 | 3 | 23.2 | 5.1 | 1 | \$ 49.00 | 57.20 | 36% | 20.60 | 36.60 | 3.0% | 1,695.00 | 0.94 |
| | | | | | 73 | 6 1,659.00 | 0.92 | 3 | 10.9 | 6.1 | 1 | \$ 25.00 | 29.20 | 36% | 10.50 | 18.70 | 1.5% | 1,684.00 | 0.93 |
| | | | | | 5 | 5 1,664.00 | 1.01 | 5 | 20.4 | 7.7 | | | | 36% | 0.00 | 0.00 | 0.0% | 1,664.00 | 1.01 |
| | | | | | 91 | 7 1,674.00 | 0.84 | 2 | 12.8 | 7.2 | 1 | \$ 75.00 | 87.50 | 36% | 31.50 | 56.00 | 4.5% | 1,749.00 | 0.87 |
| | | | | | 72 | 4 1,682.00 | 1.15 | 5 | 23.8 | 15.4 | | | | 36% | 0.00 | 0.00 | 0.0% | 1,682.00 | 1.15 |
| | | | | | 3 | 4 1,688.00 | 1.15 | 5 | 26.5 | 15.5 | | | | 36% | 0.00 | 0.00 | 0.0% | 1,688.00 | 1.15 |
| | | | | | 91 | 7 1,701.00 | 0.85 | 2 | 7.3 | 5.4 | 1 | \$ 51.00 | 59.50 | 36% | 21.40 | 38.10 | 3.0% | 1,752.00 | 0.88 |
| | | | | | 72 | 4 1,710.00 | 1.17 | 5 | 19.7 | 15.3 | | | | 36% | 0.00 | 0.00 | 0.0% | 1,710.00 | 1.17 |
| | | | | | 91 | 7 1,717.00 | 0.86 | 2 | 24.1 | 12.4 | 1 | \$ 77.00 | 89.80 | 36% | 32.30 | 57.50 | 4.5% | 1,794.00 | 0.90 |
| | | | | | 91 | 7 1,760.00 | 0.88 | 3 | 18.4 | 5.4 | 1 | \$ 53.00 | 61.80 | 36% | 22.20 | 39.60 | 3.0% | 1,813.00 | 0.91 |
| | | | | | 1201 | 5 1,816.00 | 1.10 | 5 | 24.3 | 12.8 | | | | 36% | 0.00 | 0.00 | 0.0% | 1,816.00 | 1.10 |
| | | | | | 85 | 5 1,821.00 | 1.11 | 5 | 19.7 | 15.5 | | | | 36% | 0.00 | 0.00 | 0.0% | 1,821.00 | 1.11 |
| | | | | | 73 | 6 1,830.00 | 1.01 | 5 | 12.3 | 11.3 | | | | 36% | 0.00 | 0.00 | 0.0% | 1,830.00 | 1.01 |
| | | | | | 212 | 7 1,835.00 | 0.92 | 3 | 15.2 | 7.8 | 1 | \$ 55.00 | 64.20 | 36% | 23.10 | 41.10 | 3.0% | 1,890.00 | 0.95 |
| | | | | | 91 | 7 1,836.00 | 0.92 | 3 | 19.4 | 8.5 | 1 | \$ 55.00 | 64.20 | 36% | 23.10 | 41.10 | 3.0% | 1,891.00 | 0.95 |
| | | | | | 3559 | 8 1,838.00 | 0.84 | 2 | 8.2 | 8.2 | 1 | \$ 55.00 | 64.20 | 36% | 23.10 | 41.10 | 3.0% | 1,893.00 | 0.86 |
| | | | | | 5 | 5 1,845.00 | 1.12 | 5 | 23.1 | 10.7 | | | | 36% | 0.00 | 0.00 | 0.0% | 1,845.00 | 1.12 |
| | | | | | 5271 | 9 1,850.00 | 0.77 | 1 | 0.7 | 0.7 | 1 | \$ 56.00 | 65.30 | 36% | 23.50 | 41.80 | 3.0% | 1,906.00 | 0.80 |

Analysis of \$35 Minimum Increase with 2% Appropriation

| Org Dep | SSN | New Salary | | | Remaining | |
|-------------|-----|----------------|----------|---------|-----------|---------|
| | | after Mkt/Eqty | \$35 atb | 2% | \$35>2% | discr % |
| 108 Total | | 38,916 | 735 | 774 | | 0.1% |
| 110 Total | | 240,075 | 3,815 | 4,765 | | 0.4% |
| 112 Total | | 469,811 | 5,390 | 9,350 | | 0.8% |
| 117 Total | | 140,285 | 1,610 | 2,769 | | 0.8% |
| 118 Total | | 48,025 | 875 | 941 | | 0.1% |
| 120 Total | | 7,937 | 140 | 153 | | 0.2% |
| 125 Total | | 280,024 | 3,780 | 5,493 | | 0.6% |
| 127 Total | | 316,181 | 4,690 | 6,248 | | 0.5% |
| 140 Total | | 13,729 | 175 | 272 | | 0.7% |
| 190 Total | | 32,404 | 490 | 628 | | 0.4% |
| 192 Total | | 46,119 | 735 | 893 | | 0.3% |
| 201 Total | | 333,096 | 4,655 | 6,518 | | 0.6% |
| 226 Total | | 43,679 | 560 | 870 | | 0.7% |
| 250 Total | | 55,589 | 980 | 1,087 | | 0.2% |
| 252 Total | | 82,583 | 1,435 | 1,639 | | 0.2% |
| 253 Total | | 29,528 | 490 | 587 | | 0.3% |
| 270 Total | | 70,815 | 875 | 1,391 | | 0.7% |
| 301 Total | | 757,352 | 10,150 | 14,925 | | 0.6% |
| 313 Total | | 154,849 | 3,220 | 3,049 | 1 | -0.1% |
| 316 Total | | 1,751 | 35 | 35 | 1 | 0.0% |
| 321 Total | | 9,057 | 175 | 178 | | 0.0% |
| 324 Total | | 2,125 | 35 | 43 | | 0.4% |
| 310 Total | | 912,336 | 16,660 | 17,907 | | 0.1% |
| 312 Total | | 1,170,299 | 19,810 | 23,127 | | 0.3% |
| 325 Total | | 2,744,795 | 39,865 | 54,056 | | 0.5% |
| 360 Total | | 50,547 | 700 | 977 | | 0.5% |
| 380 Total | | 962,955 | 13,790 | 19,132 | | 0.6% |
| 401 Total | | 104,113 | 1,400 | 2,068 | | 0.6% |
| 405 Total | | 160,777 | 1,960 | 3,190 | | 0.8% |
| 406 Total | | 9,122 | 140 | 181 | | 0.4% |
| 408 Total | | 121,772 | 1,365 | 2,426 | | 0.9% |
| 412 Total | | 10,784 | 140 | 213 | | 0.7% |
| 413 Total | | 55,806 | 630 | 1,112 | | 0.9% |
| 414 Total | | 14,924 | 175 | 298 | | 0.8% |
| 471 Total | | 240,211 | 3,990 | 4,763 | | 0.3% |
| 472 Total | | 1,133 | 35 | 22 | 1 | -1.1% |
| 473 Total | | 74,331 | 1,050 | 1,478 | | 0.6% |
| 504 Total | | 490,086 | 6,335 | 9,779 | | 0.7% |
| 506 Total | | 73,909 | 1,085 | 1,460 | | 0.5% |
| 512 Total | | 45,546 | 665 | 903 | | 0.5% |
| 520 Total | | 37,670 | 560 | 735 | | 0.5% |
| 223 Total | | 148,481 | 2,380 | 2,910 | | 0.4% |
| 502 Total | | 147,667 | 1,995 | 2,910 | | 0.6% |
| 518 Total | | 155,128 | 3,080 | 3,024 | 1 | 0.0% |
| 519 Total | | 484,106 | 7,700 | 9,498 | | 0.4% |
| 530 Total | | 101,627 | 1,435 | 1,998 | | 0.6% |
| 540 Total | | 184,067 | 2,800 | 3,608 | | 0.4% |
| 601 Total | | 62,334 | 770 | 1,239 | | 0.8% |
| 602 Total | | 101,625 | 1,400 | 2,012 | | 0.6% |
| 607 Total | | 9,698 | 175 | 193 | | 0.2% |
| 611 Total | | 2,750 | 35 | 55 | | 0.7% |
| 616 Total | | 51,803 | 805 | 1,029 | | 0.4% |
| 624 Total | | 1,950 | 35 | 39 | | 0.2% |
| 625 Total | | 14,531 | 175 | 291 | | 0.8% |
| 626 Total | | 4,598 | 70 | 91 | | 0.5% |
| 665 Total | | 9,537 | 140 | 189 | | 0.5% |
| 701 Total | | 117,773 | 1,785 | 2,320 | | 0.5% |
| 720 Total | | 344,610 | 4,340 | 6,843 | | 0.7% |
| 740 Total | | 13,757 | 245 | 275 | | 0.2% |
| 750 Total | | 90,692 | 1,330 | 1,782 | | 0.5% |
| 770 Total | | 224,621 | 2,695 | 4,424 | | 0.8% |
| 801 Total | | 2,387,634 | 35,280 | 47,239 | | 0.5% |
| Grand Total | | 15,114,035 | 224,070 | 298,407 | | 0.5% |
| | | | 1.5% | | | |

OFFICE OF INTERGOVERNMENTAL ASSISTANCE 1999-2001 BUDGET — TESTIMONY

As stated in OMB's budget request, the objective of the Office of Intergovernmental Assistance is to administer federal and state programs in a manner that stimulates community development, promotes energy efficiency and renewable energy, and fosters self-sufficiency and independence. To meet this objective we anticipate expending a total of \$42 million in the 99-01 biennium. Our budget request is slightly lower than our 97-99 approved budget. The reason for the decrease is the expiration of various Federally funded flood disaster programs.

Our current request of \$42 million consists of \$36.4 million in federal funds, \$4.5 million in special funds and \$1.1 million in general funds. Our request is broken down into four strategies - Community Development, Energy Conservation, Self Sufficiency and Independence, and Administration.

COMMUNITY DEVELOPMENT STRATEGY

The community development strategy includes the Community Development Block Grant program, the HOME program, and the Emergency Shelter Grants program. The **Community Development Block Grant** program is designed to provide assistance to rural cities and counties for public facilities, housing, and economic development. North Dakota receives in excess of \$6 million annually from the US Department of Housing and Urban Development for CDBG projects. In North Dakota all cities and counties with the exception of Fargo, Bismarck, and Grand Forks are eligible recipients under the State's CDBG program (Fargo, Bismarck, and Grand Forks are considered entitlement cities and therefore receive CDBG funds directly from HUD). Examples of projects funded under this program are renovations to city water and sewer systems, rehabilitation of housing designated for low-income persons, and providing loans to new businesses for the purchase of manufacturing equipment.

The **HOME** program's purpose is to create home ownership opportunities and to promote partnerships among housing providers to further affordable housing for low and moderate income people. North Dakota receives more than \$3 million annually from HUD for this program. HOME funds have been used for the development of handicapped accessible housing, new construction of rental units, and rehabilitation of existing buildings into low income elderly housing and transitional housing. These types of projects are in addition to numerous homeowner rehabilitation and homeowner acquisition projects funded through a variety of partnerships with other agencies and entities in the State.

The **Emergency Shelter Grants** program provides funds to homeless shelters for operations, essential services and homeless prevention activities. The communities of Bismarck, Dickinson, Fargo, Fort Yates, Grafton, Grand Forks, Minot and Williston have shelters and receive funds through this program.

Total funding for the community development strategy consists of \$19.8 million of federal funds, \$3 million in special funds and \$221,000 of general funds.

OMB
OIA

Community Development – Requested General Fund Appropriation

Community Development Block Grant – Administration funds available equal \$100,000 plus 2% of the annual allocation and program income collected. The \$100,000 does not require matching funds, however the 2% of the annual allocation and program income collected must be matched dollar for dollar. Our total requested amount for the Community Development Block Grant totals \$15,504,724. The funding breakdown for this request is \$181,345 general funds; \$12,315,379 federal funds; and \$3,008,000 special funds. Total number of FTE's funded by this award is 3.56. The proposed use of general funds is as follows:

| | |
|-------------------|-------------------|
| Salary and Fringe | \$ 39,376 |
| Operating | <u>141,969</u> |
| Total | <u>\$ 181,345</u> |

Emergency Shelter Grant Program – Presently there is no match requirement for this award, however for the past two bienniums \$40,000 of general funds have been appropriated by the legislature to supplement this program. The funds must be used as grants to homeless shelters and can not be used for state administration. This appropriation came about as a result of the federal government discontinuing a homeless program that was funded by the U.S. Department of HHS. Our total requested amount for this award is \$708,000. The funding breakdown for the request is \$40,000 general funds; and \$668,000 federal funds. Total number of FTE's funded by this award is .15. The proposed use of general funds is as follows:

| | |
|--------|-----------------|
| Grants | <u>\$40,000</u> |
|--------|-----------------|

ENERGY CONSERVATION STRATEGY

The North Dakota energy conservation strategy includes the State Energy Program (SEP), the State Buildings Conservation Program and other energy conservation initiatives. The SEP goal is to strengthen the capabilities of the state to promote and adopt energy efficiency and renewable energy technologies and practices to help realize a stronger economy, a cleaner environment and more secure energy future. The SEP addresses state energy initiatives and local energy priorities. Under SEP guidelines, the states implements energy efficiency and renewable energy activities across all the energy use sectors.

The SEP operates on annual appropriations allocated by Congress to the US Department of Energy and state match. Funds used for program activities are specified in an annual energy plan and include public education, increased transportation efficiency, energy conservation grants for schools and state government buildings, energy audits for state buildings, residential building energy efficiency, training for improved building design and retrofit standards, feasibility studies for energy efficient and renewable energy technologies, and other efforts to encourage the development of energy efficiency and renewable energy measures. One notable SEP activity during the biennium was the Energy Efficient Furnace Rebate Program, a project that allowed over 4,000 North Dakotans to replace damaged heating systems with \$200 grants that were applied against the purchase of new energy efficient furnaces.

The **State Buildings Conservation Program** is an ongoing program designed to improve the energy efficiency of State owned buildings. This program has been a success in reducing energy costs. In 1997, \$147,442 was awarded to replace the lighting in the Capitol tower, resulting in an annual saving of over \$27,000. When combined with previous lighting and HVAC (heating, ventilating and air conditioning) system improvements which have been funded through the program, the annual operating cost of the Capitol Complex has been reduced by over a quarter of a million dollars annually.

Examples of other successful projects include:

- On August, 1998, \$19,877 was dedicated to replacement of a boiler system at the Law Enforcement Training Academy, resulting in a savings of over two thousand dollars annually.
- In October, 1998, \$27,180 was committed to a relamping project at the Bank of North Dakota, resulting in annual savings estimated at \$4,577.
- In 1997, \$14,916 was awarded to Department of Transportation for the installation of variable frequency drives for the HVAC circulating system.
- The Department of Corrections converted some propane equipment to natural gas in 1997. The conversion cost \$61, 531, resulting in annual savings of nearly \$10,000.

Energy Conservation Initiatives

In addition to supplementing funding levels for existing energy conservation programs, a number of energy initiatives have been designated to receive funds remaining from PVE (Petroleum Violation Escrow). These project areas were outlined in the Governor's plan of July 2, 1998.

As well as the furnace rebate program previously described, the project areas include renewable energy and alternative fuels (\$450,000); a matching grant program for energy efficient relamping projects in elementary and secondary schools (\$200,000); energy efficiency and renewable energy demonstrations (\$150,000); and a residential energy efficiency program to work with the HOME and CDBG programs to incorporate energy efficiency in selected projects (\$150,000) and work with a building trades program (\$70,000).

Funding for the energy conservation strategy consists of \$1.5 million of special funds, \$374,000 of federal funds, and \$178,000 of general funds.

Energy Conservation – Requested General Fund Appropriation

State Energy Program – The match requirement for this program is 20% of federal dollars expended. Our total requested amount for the State Energy Program totals \$835,496. The funding breakdown for this request is \$54,961 general funds; \$374,416 federal funds; and \$138,790 special funds. Total number of FTE's funded by this award is 2.25. The proposed use of general funds is as follows:

| | |
|-----------|-----------------|
| Operating | <u>\$54,961</u> |
|-----------|-----------------|

Energy Program Management – This area provides for the coordination and supervision of energy programs and energy staff. The programs budgeted in this area include the State Buildings Program, the Energy Initiatives and the State Energy Program. The funding sources used to implement the awards do not provide funds for administration. As a result, general funds have been used to fund administrative activities. Our total requested amount for Energy Program Management totals \$122,850. The funding breakdown for this request is \$122,850 general funds. Total number of FTE's funded in this area is .70. The proposed use of general funds is as follows:

| | |
|-------------------|-------------------|
| Salary and Fringe | \$ 78,366 |
| Operating | <u>44,484</u> |
| Total | <u>\$ 122,850</u> |

SELF-SUFFICIENCY AND INDEPENDENCE STRATEGY

The self sufficiency and independence strategy includes the Community Services Block Grant, and the Weatherization programs. The Community Services Block Grant (CSBG) program is designed to attack the causes of poverty and to help people become as self-sufficient as possible. The CSBG program is 100% funded with federal dollars; no state or local match is required.

For 99-01 biennium we are anticipating funding to approach the \$5 million mark. CSBG funds are awarded to Community Action Agencies (CAAs), which provide the programs designed to attack poverty. In the separate handout for the CSBG public hearing are some of the success stories about people who have received assistance through various Community Action Programs funded with CSBG dollars.

Although funding for the Weatherization Assistance Program decreased considerably after 1996 it remains one of the most cost effective low income assistance programs available. Community Action Agencies across the state are using state-of-the-art technology such as blower doors and computerized audits to achieve dramatic savings on heating bills while increasing the health, safety and comfort of their clients. Each year approximately 1,500 households are weatherized throughout the State and save an estimated \$200,000 in heating costs for an average of \$125 per client. A furnace repair and replacement program and an energy conservation client education program along with the weatherization program continue to help clients achieve additional significant energy savings.

The program is coordinated with other existing low income programs and we seek new opportunities to establish public/private partnerships with investor-owned utilities and rural electric cooperatives. Funding for the self sufficiency and independence strategy consists of \$15.7 million in federal funds and \$34,702 in general funds.

Self-sufficiency and Independence – Requested General Fund Appropriation

Energy Program Management – This area is also included in this strategy due to the fact supervision is provided to the Weatherization Program. Our total requested amount for this area is \$34,702. The funding breakdown for this request is \$34,702 general funds. Total number of FTE's funded in this area is .30. The proposed use of general funds is as follows:

| | |
|-------------------|------------------|
| Salary and Fringe | \$ 33,152 |
| Operating | <u>1,550</u> |
| Total | <u>\$ 34,702</u> |

ADMINISTRATION STRATEGY

The administration strategy provides funding to coordinate federal funding applications and projects through a review and comment process established under Presidential Executive Order 12372, to provide technical assistance and capacity building to cities, counties, and state agencies in the areas of grant writing, leadership, capitol improvements planning, housing, zoning, building codes, and on achieving compliance with the Americans with Disabilities Act, and to provide financial, personnel, and clerical services to the office and its customers.

ADA activities focus on training for state agencies, local governments, school districts, and businesses; providing materials and technical assistance on how to comply with the ADA; providing materials and technical assistance to the public, building owners, building officials, architects, and contractors on the American with Disabilities Act Guidelines; and implementing NDCC Chapter 54-21.3-04.1 which requires cities and counties to obtain statements of conformance with the ADAAG from building designers – **a law that is not working**. In addition to the requirements of the ADA for accessibility, we also provide materials, training and technical assistance to numerous federal grantees on how to comply with Section 504 of the Rehabilitation Act of 1973.

In conjunction with our ADA and Section 540 activities, we also provide training, materials, and technical assistance to the public, housing developers, building officials, and architects on the Fair Housing Accessibility Design Guidelines and on the requirements of the Federal Fair Housing Act.

With respect to the State Building Code, we updated the code effective October 1, 1998, to the 1997 Uniform Building Code and the 1997 Uniform Mechanical Code. We will start another code update cycle in the fall of the year 2000. We provide technical assistance to all cities and counties, as well as out-of-state designers, on the state amendments to the code, and assist small jurisdictions in adopting the code and networking with other code enforcing cities. We have and will continue to co-sponsor at least two code training sessions each year with the North Dakota Building Officials Association. We anticipate, with the new International Code being developed and with the number of cities now adopting the state building code, working with the home-builders and others to sponsor additional training. We are also accumulating code training materials to develop a lending library for cities and counties to access. In addition, we will continue to play an active role with the National Conference of States on Building Codes and Standards to represent and keep the state up-to-date on the many activities at the federal and international level involving the built environment.

Funding for the administration strategy consists of \$549,399 of federal funds, \$692,682 of general funds and \$53,001 of special funds.

Administration – Requested General Fund Appropriation

Governmental Assistance/ADA Building Codes – This program is funded with 100% general funds. Our total requested amount for this program is \$413,107. The total number of FTE's funded in this program is 1.69. The proposed use of general funds is as follows:

| | |
|-------------------|-------------------|
| Salary and Fringe | \$ 204,657 |
| Operating | 147,350 |
| Equipment | <u>61,100</u> |
| Total | <u>\$ 413,107</u> |

OIA Administration – This program is funded by our indirect cost plan. A calculated percentage is applied to salaries charged directly to the various programs we administer. The result of that calculation is an indirect cost charge to each program. That indirect cost charge is what is used to fund this program. Our total requested amount for this area is \$878,735. The funding break-down for the request is \$276,335 general funds; \$549,399 federal funds; and \$53,001 special funds. Total number of FTE's funded in this area is 7.5. The proposed use of general funds is as follows:

| | |
|-------------------|-------------------|
| Salary and Fringe | \$ 191,733 |
| Operating | <u>84,602</u> |
| Total | <u>\$ 276,335</u> |

State Heating Oil Propane Program – This program requires a 50% match on total expenditures. Our total requested amount for this program is \$6,480. The funding breakdown for this request is \$3,240 general funds; and 3,240 federal funds. Total number of FTE's funded by this award is .03. The proposed use of general funds is as follows:

| | |
|-------------------|-----------------|
| Salary and Fringe | \$ 1,639 |
| Operating | <u>1,601</u> |
| Total | <u>\$ 3,240</u> |

PROPOSED AMENDMENTS TO SENATE BILL NO. 2015

On page 1, line 8 after the semicolon, insert “to amend and reenact subdivision 1 of section 1 of chapter 15 of the 1997 Session laws, relating to the office of management and budget;”

On Page 6, after line 28 insert;

SECTION 15 AMENDMENT. Subdivision 1 of section 1 of chapter 15 of the 1997 Session Laws is amended and reenacted as follows:

Subdivision 1.

| OFFICE OF MANAGEMENT AND BUDGET | | |
|----------------------------------|--------------------|------------|
| Administration | \$ 3,366,327 | |
| Fiscal management | 4,066,236 | |
| Facility Management | 8,340,852 | |
| Central personnel | 1,126,728 | |
| Intergovernmental assistance | 39,503,256 | 45,503,256 |
| Risk management | <u>1,094,360</u> | |
| Total all funds | \$57,497,759 | 63,497,759 |
| Less estimated income | <u>-42,246,762</u> | 48,246,762 |
| Total general fund appropriation | \$15,250,997 | |

SECTION 16. EMERGENCY. Section 15 of this act is declared to be an emergency measure.

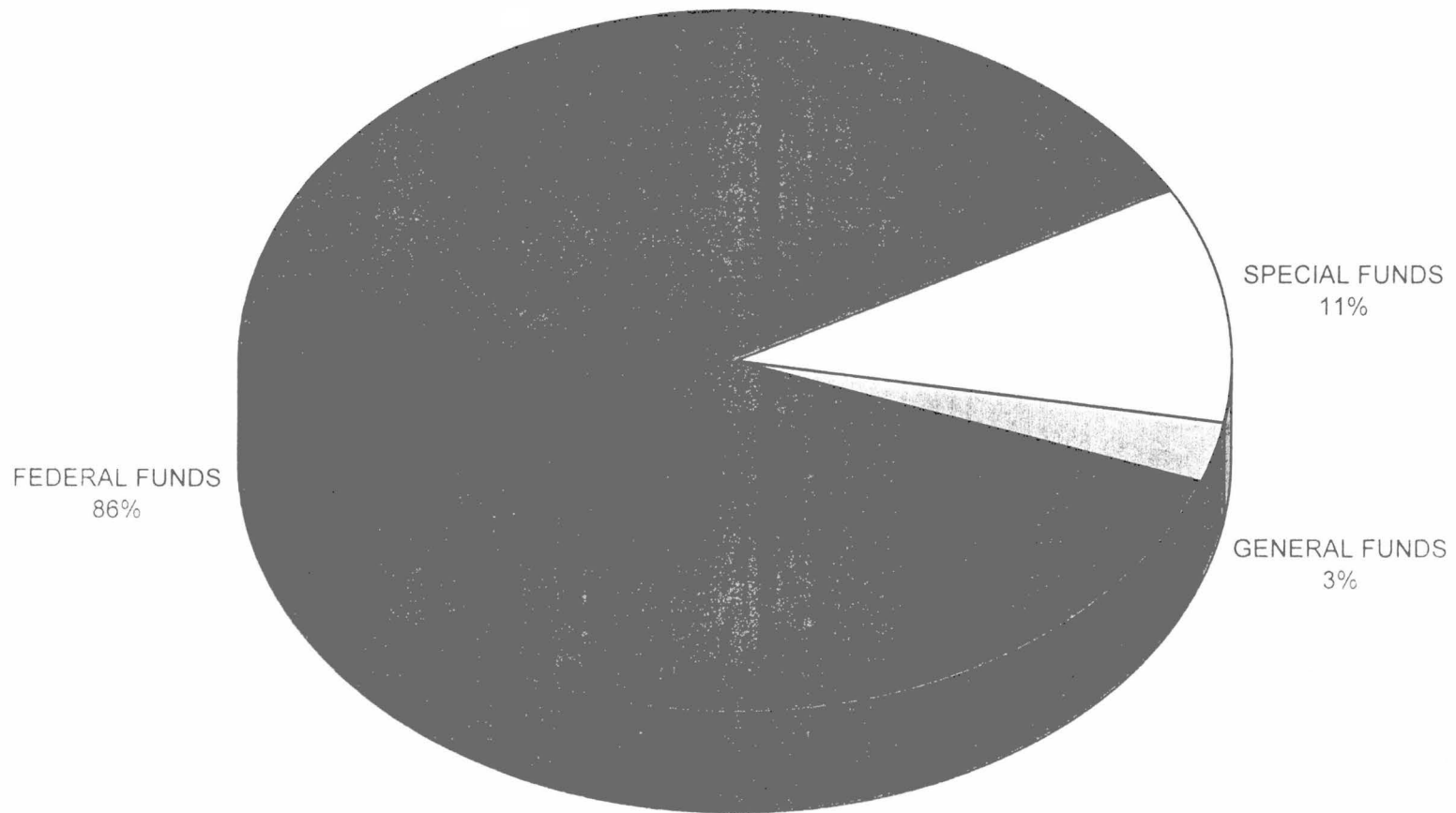
Renumber accordingly.

STATEMENT OF PURPOSE OF AMENDMENT:

OFFICE OF MANAGEMENT AND BUDGET

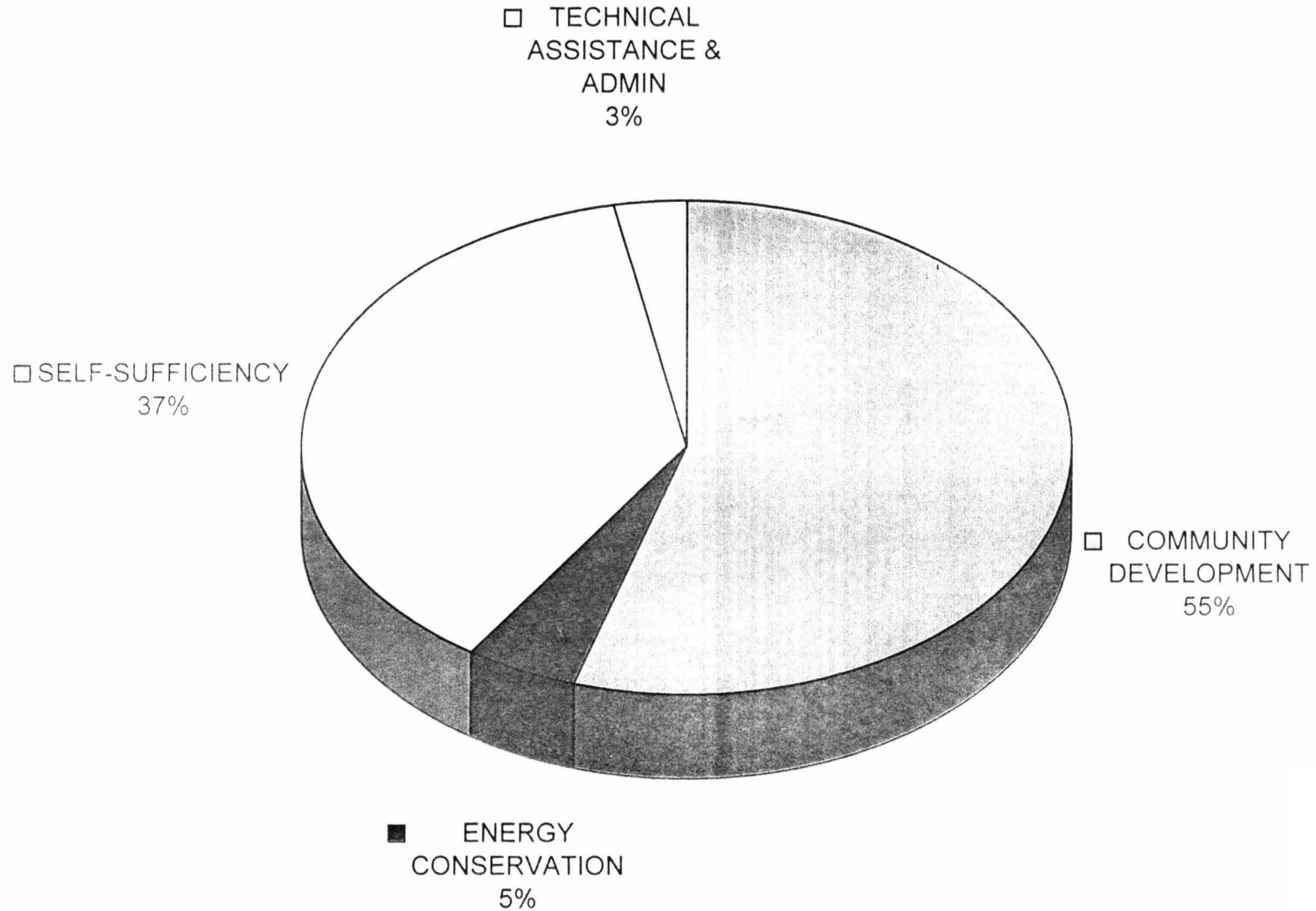
Subdivision 1 of section 1 of chapter 15 of the 1997 Session Laws is amended to increase the appropriation authority of special funds within the Office of Intergovernmental Assistance to allow during the 1997-1999 biennium an additional expenditure of \$6,000,000 in Federal grant funds, where \$3,000,000 is received from the Department of Housing and Urban Development for flood related disasters which have occurred in the past few years and an additional \$3,000,000 is received from the Department of Energy and Department of Human Services for the weatherization of low income homes.

Office of Intergovernmental Assistance 1999-2001 Funding Request by Funding Source



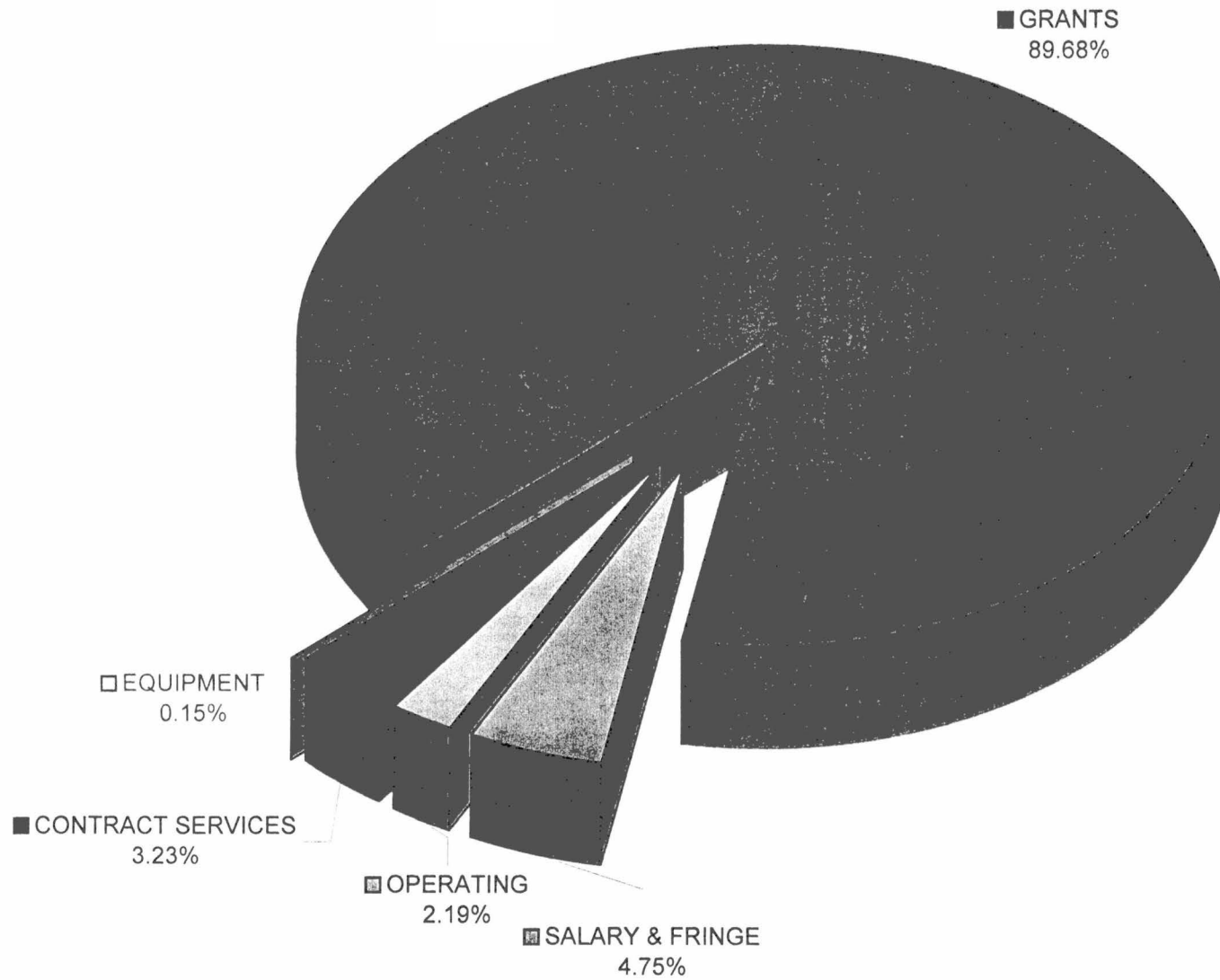
Total 1999-2001 Request \$42,055,293

Office of Intergovernmental Assistance 1999-2001 Funding Request by Strategy



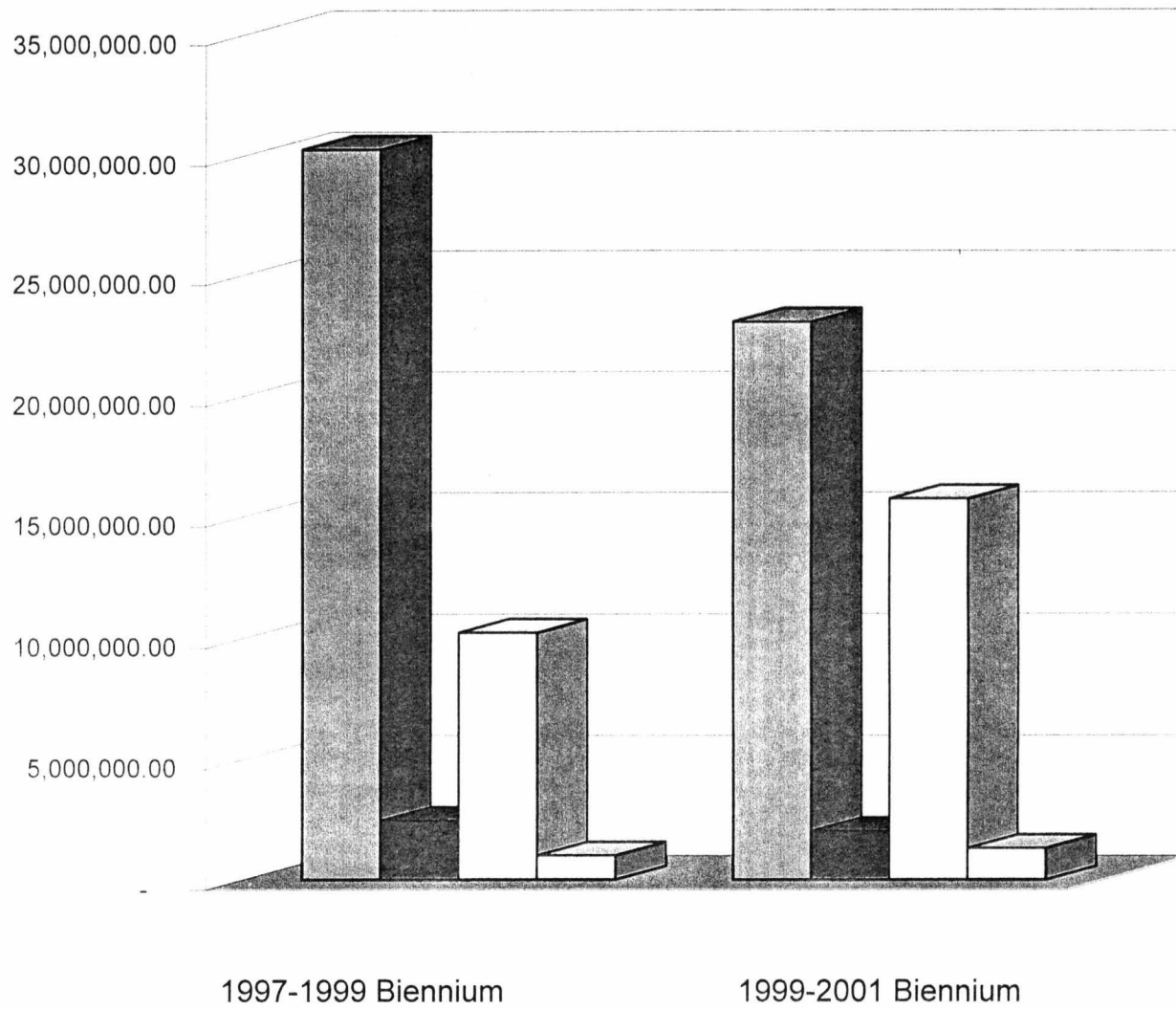
Total 1999-2001 Request \$42,055,293

Office of Intergovernmental Assistance 1999-2001 Funding Request by Line Item



Total 1999-2001 Request \$42,055,293

Office of Intergovernmental Assistance 1997-1999 to 1999-2001 Budget Comparisons



■ COMMUNITY DEVELOPMENT ■ ENERGY CONSERVATION □ SELF-SUFFICIENCY □ TECHNICAL ASSISTANCE & ADMIN

TESTIMONY BY JO ZSCHOMLER, DIRECTOR
OMB Risk Management Division
Senate Appropriations Committee
January 21, 1999

Mr. Chairman, and members of the Senate Appropriations Committee, my name is Jo Zschomler. I am the Director of the OMB Division of Risk Management.

Risk Management was established as a division of OMB in the spring of 1995. The 1995 Legislature established the tort claims act and the assigned the responsibility of administering the risk management program to OMB. The day-to-day activities of the Risk Management Division include administering tort claims and lawsuits filed against the State and state employees, providing for the defense of the State or an employee of the State, and providing loss control services.

Our loss control efforts are directed to promoting safety and reducing loss resulting from claims by identifying and measuring risks of loss for the State and implementing appropriate measures to address those risks.

The 1997 Legislature appropriated \$1,094,360 for the Division's budget and authorized 5 FTE. The Division staff consists of the director position, two loss control analysts, one claims analyst and one support staff.

Our requested budget for 1999-2001 biennium is \$942,772, a reduction of \$151,588.

A 1998 actuarial review of the Risk Management Fund has determined that current Fund reserves are sufficient to administer and pay claims anticipated in the 1999-2001 biennium. However, there is a question of whether or not the Division has the authority to spend some of the Fund's current reserves. During the 1997-1999 biennium the North Dakota Insurance Reserve Fund paid a \$4,200,000 surplus to the Risk Management Fund. Current language in the tort claims act limits appropriation to

OMB
Risk
Management

funds received as contributions from state agencies, and interest and income received on investments. In order to authorize the Division to spend the settlement monies received from the NDIRF, we request support of the proposed amendment to Senate Bill No. 2015 that I have attached to my testimony.

Thank you.

TESTIMONY BY JO ZSCHOMLER, DIRECTOR
OMB Risk Management Division
House Appropriations Committee
February 26, 1999

Mr. Chairman, and members of the House Appropriations Committee, my name is Jo Zschomler. I am the Director of the Risk Management Division of OMB.

The 1995 Legislature established the tort claims act and assigned the responsibility of administering the risk management program to OMB. The day-to-day activities of the Risk Management Division include administering tort claims and lawsuits filed against the State and state employees, providing for the defense of the State or an employee of the State, and providing loss control services.

Our loss control efforts are directed to promoting safety and reducing loss resulting from claims by identifying and measuring risks of loss for the State and implementing appropriate measures to address those risks.

The 1997 Legislature appropriated \$1,094,360 for the Division's budget and authorized 5 FTE. The Division staff consists of the director position, two loss control analysts, one claims analyst and one support staff.

Our requested budget for 1999-2001 biennium is \$942,772, a reduction of \$151,588.

A 1998 actuarial review of the Risk Management Fund has determined that current Fund reserves are sufficient to administer and pay claims anticipated in the 1999-2001 biennium. That represents a savings to the State of from \$4 to \$5 Million, the 1995 and 1997 actuarial recommended contributions to the Fund.

There is, however, a question of whether the Division has the authority to spend some of the Fund's current reserves. During the 1997-1999 biennium the North Dakota Insurance Reserve Fund paid a \$4.2 Million surplus to the Risk Management Fund. Current language in the tort claims act limits appropriation to funds received as contributions from state agencies, and interest and income received on investments. In order to ensure authorization for the Division to spend the settlement monies received from the NDIRF, we request support of the proposed amendment to Senate Bill No. 2015 that I have attached to my testimony.

Thank you.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2015

Page 1, line 8, after "reenact" insert "subsection 2 of section 32-12.2-07 and"

Page 1, line 9, after the first "to" insert "the state risk management fund and", and remove "and"

Page 1, line 10, after "date" insert "and to provide for retroactive application"

Page 6, after line 4, insert:

"SECTION 13. AMENDMENT. Subsection 2 of section 32-12.2-07 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

2. The state risk management fund is a special fund in the state treasury administered by the director of the office of management and budget. The fund is a revolving fund consisting of contributions from participating state entities, all payments received by the fund from its activities, and other appropriations by the legislative assembly. The state investment board shall invest the fund in accordance with chapter 21-10. Funds received as contributions from state entities, all other payments deposited in the fund, and interest and income received on investments are hereby appropriated on a continuing basis for the purposes of the fund. Section 54-44.1-11 does not apply to the fund."

Page 6, after line 28, insert:

"SECTION 16. RETROACTIVE APPLICATION. Section 13 of this Act is effective for all funds received and deposited into the risk management fund on or after July 1, 1997."

Renumber accordingly

SB 2015
Senate Appropriations Committee
Testimony by Jim Heck, Chief Information Officer
January 21, 1999

Information Services Division (ISD) is a division of the Office of Management and Budget.

We provide data processing, telecommunications, and records management services to state government agencies. We are responsible for establishing and maintaining information technology (IT) standards, policies, and guidelines. The 1997-99 biennium is the first time agencies have prepared IT plans which formed the basis of a statewide information technology plan.

This is the third biennium ISD has been a performance based budget agency.

Our **mission** is to provide leadership and to assist our customers in achieving their mission through the innovative use of information technology.

Our **objective** is to provide and support information technology in a timely and cost-effective manner. ISD is an internal service fund and receives all funding from charging our customers for the services we provide. Our current budget is \$45,326,741 with 159 full time positions (FTE). For the 1999-2001 biennium we are requesting \$46,282,960, an increase of \$956,219 and 170 FTE's. Of the 11 new positions, 7 are for new application development projects for the Department of Human Services and 4 positions are to replace contract programmers. Details regarding these positions are explained in detail later in my testimony. If Human Services does not receive funding for their projects, ISD will not need to fill the 7 positions.

Our obligation is to balance the individual needs of our customers with the best interests of the state as a whole. We must, while continuing to be an innovative leader, provide effective and efficient management of technology resources in determining and meeting the needs of state government and the citizens of North Dakota. ISD continues to strive in improving the coordination and delivery of technology and to be a model of quality customer service. We are committed to using public tax dollars wisely, allowing us to provide our services at the lowest possible cost.

Our **outcome measures** in meeting our objective are determined by measuring customer satisfaction with timeliness, cost and quality of the services we provide. We send out annual survey forms collecting this information. Over the last three fiscal years, we have increased customer satisfaction in all three categories:

| | <u>FY '96</u> | <u>FY '97</u> | <u>FY '98</u> |
|------------|---------------|---------------|---------------|
| Timeliness | 92 % | 93 % | 97 % |
| Cost | 84 % | 88 % | 89 % |
| Quality | 95 % | 96 % | 97 % |

OMB
ISD

Our **strategies** to accomplish our mission and objective are:

- Strategy 01 - Provide data processing development services.
- Strategy 02 - Provide data processing operational services.
- Strategy 03 - Provide telephone systems and services.
- Strategy 04 - Provide communications networking and support services.

The four strategies are in order of priority:

Strategy 04 – Provide communications networking and support services.

The network support section is responsible for managing the statewide data network, audio and teleconferencing services, internal building wiring, and access to national networks. They perform network design, implementation, integration between networks and the management of internet addresses. Over 6,000 state agency workstations are located throughout the state and connected to this network today. The state has network access points to support state applications in every county seat and connects over 330 separate locations throughout the state. Over the last 18 months we have added connections in 17 new locations. Agencies getting remote sites connected include Parole and Probation, Tax Department, Protection & Advocacy and Child Support. ISD also works closely with the counties and cities and provides access to them on a voluntary basis for a fee. Today, 28 county governments are connected and we estimate this number to grow to 38 by June 30, 1999. Some city governments are connected to the network but most don't have a need to connect to state agency databases.

The network has become an important technology to deliver government services and the internet is becoming the network of choice. As more businesses and citizens get internet access, the demand for applications to be accessible via the web will continue to grow. Years ago the only way to access a central database was to be physically connected or to dial into a communications box located at the same site. Today, if the application is web enabled the database can be accessed from anyplace in the world where there are internet points of presence. For most customers the call to access the internet is a local call.

ISD has leased fiber from MDU and connected 11 state government agencies located throughout the city of Bismarck. ISD has built an infrastructure capable of transmitting 100 megabits of data per second within buildings and 1 gigabit between buildings. We are regularly upgrading equipment to keep up with the increasing demands of our customers. Currently agencies are upgrading their local area networks from token-ring to an ethernet topology. This investment will position the state for the next stage of bandwidth requirements. ISD's investment in this project will be around \$2,000,000. With the applications becoming mission critical, the availability of this network is important. ISD has entered into a contract with Dakota Carrier Network (DCN), a consortium of North Dakota telephone companies, for a DS3 circuit between Bismarck and Fargo. This circuit connects the eastern and western sides of the state and has been built using "sonet" ring technology allowing multiple paths for the data to travel. In the event the circuit fails, traffic will be routed across a secondary path and will still reach its destination. This year Information Services Division in partnership with the ND

University System implemented ATM (asynchronous transfer mode) technology between Bismarck, Fargo and Grand Forks allowing for greater speed and bandwidth efficiency.

ISD provides a complex electronic mail (e-mail) system to those customers connected to the network. Various e-mail packages are used and need to be translated to be compatible. The translation software runs on the central processor. We are encouraging agencies to consolidate their e-mail systems into three products, Microsoft Exchange, Lotus Notes and POP mail. We will centralize these products onto server(s) located in ISD with proper backup, disaster recovery, a secure environmental condition, and central administration. This will improve the performance of the statewide e-mail system and reduce support requirements. E-mail has become the preferred method for communicating in the business world.

The data network connects interactive video sites at 18 locations in 12 cities for educational instruction. The interactive video network is used primarily by Higher Education but is also used for government meetings and on occasion by the private sector. We will see continued improvements in video conferencing and desktop video as the technology advances and costs come down. ISD is working with the Department of Transportation, the Department of Human Services, and the Department of Corrections in implementing this technology as it will have a substantial impact on how the agencies perform their duties. The Department of Corrections can use video to have a doctor at the Medcenter One Clinic diagnose an inmate at the State Pen without transferring the inmate to the clinic, eliminating the risk of the inmate escaping. Using video over the network to perform certain tasks will save both time and money.

The budget for this strategy is being requested at \$8,486,433.

Strategy 02 – Provide data processing operational services.

ISD operates an IBM 9672 central processor and an IBM AS/400 central processor. Both computers are operational 24 hours a day, 7 days a week except for scheduled down times. This past year we have reduced the scheduled down time to once per month, Sunday morning from 7:00 AM to 3:00 PM. Previously we brought the system down twice a month in order to upgrade software and hardware. As more applications are being run on the central processors and people are working different times of the day, the demand for availability is increasing. Many organizations have refocused their overall IT strategy towards providing a centralized structure. Total cost of ownership is the driving force behind this change. Equipment reliability, improved efficiency of the network, and the difficulty in finding and paying qualified information technology staff are some of the factors used when determining the total cost of ownership. As the functionality of computer applications continues to improve, the complexity of maintaining these systems is becoming more costly. The need for specialized skills in database support and technical service support are essential for the system to perform proficiently. The technical service staff is responsible for the installation and maintenance of the operating system, utility programs and communications software for the central computers. Currently we have 227 separate software licensed programs running on the IBM 9672 central processor, an increase of 10 from one year ago.

Early in 1998, the State Hospital purchased a new patient care system that runs on the existing AS/400 computer where the support processes are in place. Instead of the State Hospital purchasing their own hardware we requested the application be run on our existing equipment where the processes are in place. We are committed to using technology wisely and consolidating whenever possible.

The computer operations staff operates the central computers, peripheral equipment, tape library and assists our customers in processing their work. This biennium ISD installed an IBM 3494 Virtual Tape Server, a robotic tape unit. The machine performs all the tape loads and tracks the necessary tape information, requiring minimal human intervention. This has eliminated human error while loading tapes and has reduced processing time of some batch jobs by 2 hours. Month end processing for state agencies has been reduced by 18 to 24 hours. This enabled us to re-train a computer operator as a programmer.

The security staff is responsible for the safekeeping of the data, data networks and disaster recovery plans. We contract with an off-site facility to provide central processor resources in case of a disaster. With the advent of the internet, new applications are being developed to allow access from anywhere via the internet. This has created the need for additional security called network firewalls which are security programs, equipment, and/or procedures that protect databases from unauthorized network users. ISD has installed a firewall to protect state databases located inside the statewide network. With these increased risks, data must to be properly backed-up in the event it becomes corrupted and needs to be recreated. We will be exploring encryption and digital signatures during the next biennium to determine the value they can bring to our electronic environment.

ISD provides desktop support for agencies that need personal computer and local area network support. We currently have 4 people performing this function of which 1 is dedicated to ISD. Today most people have a personal computer as the workstation tool they use to perform their job. The purchase price of a personal computer is only 25% of the total cost of ownership based on a study performed by the Gartner Group in 1998. The people cost of supporting personal computers has continued to increase as hardware and software upgrades are a requirement. It is important to keep current on software in an enterprise as large as the state, otherwise we will create incompatibilities in communicating with each other. The newest advancement in the workstation arena is the network computer, a cross between a terminal and a personal computer

ISD is responsible for providing microfiche and microfilm services. The creation of CD's (compact disks) has evolved and replaced some microfiche applications. ISD is currently outsourcing the creation of the CD service the demand makes an in-house service feasible.

The budget for this strategy is being requested at \$16,834,624.

Strategy 03 – Provide telephone systems and services.

Information Services Division provides telephone systems and services including the installation, upgrade, and ongoing maintenance of all telephone equipment. Installations

include digital telephone sets with advanced features like voice mail, automatic call distribution, and voice menus. This biennium, ISD completed a ten-year replacement project of 36 PBX's (large telephone systems) around the state with this technology. Each of the last three years we have installed or enhanced an average of 20 telephone systems, PBX's or key systems. As of June '98, ISD managed 7,915 stations in service, an increase of 476 stations from June '97, and will upgrade them with current software releases and other hardware features as needed. The cost for these installations and upgrades are recovered in a monthly per station rate.

ISD contracts with telecommunication providers for long distance services used by state agencies including higher education. City and county government is also eligible to purchase their services from the long distance contract.

ISD operates the State's telephone switchboard and schedules teleconference calls. A state government directory is published as needed, referencing telephone numbers, TDD numbers, and e-mail addresses. We are in the process of developing an on-line state employee directory that will be accessed via the web. State employee name, telephone number, agency name, address, and e-mail will be available.

The budget for this strategy is being requested at \$8,491,344.

Strategy 01 – Provide data processing development services.

Information Services Division has 77 employees in the application development section. Their responsibilities include applications design, development, and support of mainframe computer programs along with new systems developed for client server and world wide web (www) technology. Most new development is being done in the client server. The industry direction is enhancing applications to be web enabled allowing them to be accessed via the internet. The state network infrastructure is in place today for public access but the large cost and delay will be to modify the state's existing applications to be web enabled.

Maintenance on existing systems accounts for 76% of the programming performed by this section. The majority of this maintenance programming is still being done in COBOL and NATURAL languages. ISD maintains over 20,400 agency computer programs for 59 state agencies, an increase of 2,700 programs from one year ago. For the calendar year 1998 our chargeable hours were 157,446, an increase of 26,745 hours over 1997. 99% of the chargeable hours are attributed to 15 state agencies.

For the current biennium our highest priority was to modify existing mainframe computer programs to be year 2000 ready. ISD hired contract programmers to assist our staff in modifying the code. The estimated man-hours to resolve this problem is 80,275 hours and is planned to be completed by June 30, 1999. As of January 1, 1999 we are 95% complete and are ahead of schedule. Like most of the public and private sectors the backlog of development projects is going to keep the demand for application developers high for the next three to five years. ISD will monitor this situation very closely and remain dedicated to retaining talented staff.

ISD is requesting 11 new positions to support the increased workload originating from the Department of Human Services. 3 positions will be directed to the CCWIPS project, 2 positions for the Medicaid/TANF project, 2 positions for the Food Stamps project, and 4 positions to replace contract programmers maintaining existing systems. ISD pays an average rate of \$90 per hour for the 4 contract programmers and we believe we can provide the same service for less money.

This past summer Human Services submitted a request for a proposal to develop a system integrating the Medicaid program into the TEEM architecture. They received a single response (Deloitte & Touche) with a project cost of approximately \$10,000,000. In December, Human Services approached ISD and asked if we can provide the staff for this project. We are in the process of evaluating this request. The challenge will be to find the application developers with the skill sets needed to complete the project by the June 30, 2000 deadline.

The budget for this strategy is being requested at \$12,470,559.

The administrative management staff provides support for financial management, personnel administration, property management, procurement, and general services.

Records management administration is a service we provide to State agencies. They assist in the development of a systematic process of organizing and saving documents for compliance with legal, audit and administrative regulations. This last year we issued electronic records management guidelines for the retention and disposition of records stored on computers and other electronic media. We will continue to work with agencies over the next biennium in implementing these guidelines.

Over the next 9 months, ISD will be testing all software and hardware to determine if they are Year 2000 ready. Contingency plans are being formulated in case of unexpected failures. ISD is acting as the coordinating agency for state agencies with regards to Year 2000 monitoring. Each agency has identified a Year 2000 coordinator who submits a monthly status report to our office. We have been holding monthly meetings with the agencies and are facilitating the resolution of this business problem. The monthly reports are reported on the state's Year 2000 web site.

ISD is responsible for the overall process of creating information technology standards, policies, and guidelines. Over the last 18 months we have scheduled agency committee meetings and together have established a number of technology standards and policies. In addition, agencies were instructed to create an information technology plan which was then consolidated into a statewide plan.

The cost of providing administrative management is distributed as follows over ISD's four strategies as follows:

- 20% to strategy 01 – Provide data processing development services.
- 30% to strategy 02 – Provide data processing operational services.
- 30% to strategy 03 – Provide telephone systems and services.
- 20% to strategy 04 – Provide networking and support services.

Information Services Division (ISD) is requesting \$200,000.00 of general funds to perform three feasible studies. ISD will use contract services to review two business process re-engineering applications. The specific applications or agency have not been selected but ISD would look toward the Information Technology Board that is referenced in SB2043 or the Interim Technology Committee referenced in SB2044. The purpose of the study is to determine the business case to re-engineer the applications to take advantage of the state network and make them web enabled. Agencies today do not have funding because of the requirements to fund at a 95% level. The results of the studies would be submitted in the 2001-2003 biennium budget.

ISD is requesting funding to study K12 technology integration. We provide funding for K12 technology through the Education Telecommunications Council, however, we are not getting the funding to schools that have the greatest need for the use of technology. The Education Telecommunications Council does not have authority to do a comprehensive study but only to provide grants to fund technology. This study would provide an overall technology plan to fund K12 technology. The study will be contracted out.

The \$200,000.00 request may be a duplication of services and funding which may be provided in SB2043.

ISD's appropriation request consists of \$18,323,544 for salaries, \$24,074,416 for operating expenses, and \$3,885,000 for equipment.

Mr. Chairman, that concludes my testimony and I would be happy to answer any questions.

Thank you for your support.

TESTIMONY ON SB 2015
To the House Appropriations Committee
By the Information Services Division
February 26, 1999

Information Services Division (ISD) is a division of the Office of Management and Budget.

We provide data processing, telecommunications, and records management services to state government agencies. We are responsible for establishing and maintaining information technology (IT) standards, policies, and guidelines. The 1997-99 biennium is the first time agencies have prepared IT plans which formed the basis of a statewide information technology plan.

This is the third biennium ISD has been a performance based budget agency.

Our **mission** is to provide leadership and to assist our customers in achieving their mission through the innovative use of information technology.

Our **objective** is to provide and support information technology in a timely and cost-effective manner. ISD is an internal service fund and receives all funding from charging our customers for the services we provide. Our current budget is \$45,326,741 with 159 full time positions (FTE). For the 1999-2001 biennium we are requesting \$46,282,960, an increase of \$956,219 and 170 FTE's. Of the 11 new positions, 7 are for new application development projects for the Department of Human Services and 4 positions are to replace contract programmers. Details regarding these positions and adjustments made in the Senate are explained in detail later in my testimony.

Our obligation is to balance the individual needs of our customers with the best interests of the state as a whole. We must, while continuing to be an innovative leader, provide effective and efficient management of technology resources in determining and meeting the needs of state government and the citizens of North Dakota. ISD continues to strive in improving the coordination and delivery of technology and to be a model of quality customer service. We are committed to using public tax dollars wisely, allowing us to provide our services at the lowest possible cost.

Our **outcome measures** in meeting our objective are determined by measuring customer satisfaction with timeliness, cost and quality of the services we provide. We send out annual survey forms collecting this information. Over the last three fiscal years, we have increased customer satisfaction in all three categories:

| | <u>FY '96</u> | <u>FY '97</u> | <u>FY '98</u> |
|------------|---------------|---------------|---------------|
| Timeliness | 92 % | 93 % | 97 % |
| Cost | 84 % | 88 % | 89 % |
| Quality | 95 % | 96 % | 97 % |

Our **strategies** to accomplish our mission and objective are:

- Strategy 01 - Provide data processing development services.
- Strategy 02 - Provide data processing operational services.
- Strategy 03 - Provide telephone systems and services.
- Strategy 04 - Provide communications networking and support services.

The four strategies are in order of priority:

Strategy 04 – Provide communications networking and support services.

The network support section is responsible for managing the statewide data network, audio and teleconferencing services, internal building wiring, and access to national networks. They perform network design, implementation, integration between networks and the management of internet addresses. Over 6,000 state agency workstations are located throughout the state and connected to this network today. The state has network access points to support state applications in every county seat and connects over 330 separate locations throughout the state. Over the last 18 months we have added connections in 17 new locations. Agencies getting remote sites connected include Parole and Probation, Tax Department, Protection & Advocacy and Child Support. ISD also works closely with the counties and cities and provides access to them on a voluntary basis for a fee. Today, 28 county governments are connected and we estimate this number to grow to 38 by June 30, 1999. Some city governments are connected to the network but most don't have a need to connect to state agency databases.

The network has become an important technology to deliver government services and the internet is becoming the network of choice. As more businesses and citizens get internet access, the demand for applications to be accessible via the web will continue to grow. Years ago the only way to access a central database was to be physically connected or to dial into a communications box located at the same site. Today, if the application is web enabled the database can be accessed from anywhere in the world where there are internet points of presence. For most customers the call to access the internet is a local call.

ISD has leased fiber from MDU and connected 11 state government agencies located throughout the city of Bismarck. ISD has built an infrastructure capable of transmitting 100 megabits of data per second within buildings and 1 gigabit between buildings. We are regularly upgrading equipment to keep up with the increasing demands of our customers. Currently agencies are upgrading their local area networks from token-ring to an ethernet topology. This investment will position the state for the next stage of bandwidth requirements. ISD's investment in this project will be around \$2,000,000. With the applications becoming mission critical, the availability of this network is important. ISD has entered into a contract with Dakota Carrier Network (DCN), a consortium of North Dakota telephone companies, for a DS3 circuit between Bismarck and Fargo. This circuit connects the eastern and western sides of the state and has been built using "sonet" ring technology allowing multiple paths for the data to travel. In the event the circuit fails, traffic will be routed across a secondary path and will still reach its destination. This year Information Services Division in partnership with the ND University System implemented ATM (asynchronous transfer mode) technology between Bismarck, Fargo and Grand Forks allowing for greater speed and bandwidth efficiency. We are currently evaluating expanding this technology to connect Minot and Dickinson.

ISD provides a complex electronic mail (e-mail) system to those customers connected to the network. Agencies use various e-mail packages, which need to be translated to be compatible. The translation

software runs on the central processor. We are encouraging agencies to consolidate their e-mail systems into three products, Microsoft Exchange, Lotus Notes and POP mail. We will centralize these products onto server(s) located in ISD with proper backup, disaster recovery, a secure environmental condition, and central administration. This will improve the performance of the statewide e-mail system and reduce support requirements. E-mail has become the preferred method for communicating in the business world. We have, in the last week, implemented a redundant server system supporting three mail systems. If the primary server fails, a second server takes on the workload without the system going down. We are also be able to reduce spam or unwanted mail.

The data network connects interactive video sites at 18 locations in 12 cities for educational instruction. The interactive video network is used primarily by Higher Education but is also used for government meetings and on occasion by the private sector. We will see continued improvements in video conferencing and desktop video as the technology advances and costs come down. ISD is working with the Department of Transportation, the Department of Human Services, and the Department of Corrections in implementing this technology as it will have a substantial impact on how the agencies perform their duties. The Department of Corrections can use video to have a doctor at the Medcenter One Clinic diagnose an inmate at the State Pen without transferring the inmate to the clinic, eliminating the risk of the inmate escaping. Using video over the network to perform certain tasks will save both time and money.

The budget for this strategy is being requested is found on our budget summary page.

Strategy 02 – Provide data processing operational services.

ISD operates an IBM 9672 central processor and an IBM AS/400 central processor. Both computers are operational 24 hours a day, 7 days a week except for scheduled down times. This past year we have reduced the scheduled down time to once per month, Sunday morning from 7:00 AM to 3:00 PM. Previously we brought the system down twice a month in order to upgrade software and hardware. As more applications are being run on the central processors and people are working different times of the day, the demand for availability is increasing. Many organizations have refocused their overall IT strategy towards providing a centralized structure. Total cost of ownership is the driving force behind this change. Equipment reliability, improved efficiency of the network, and the difficulty in finding and paying qualified information technology staff are some of the factors used when determining the total cost of ownership. As the functionality of computer applications continues to improve, the complexity of maintaining these systems is becoming more costly. The need for specialized skills in database support and technical service support are essential for the system to perform proficiently. The technical service staff is responsible for the installation and maintenance of the operating system, utility programs and communications software for the central computers. Currently we have 227 separate software licensed programs running on the IBM 9672 central processor, an increase of 10 from one year ago.

Early in 1998, the State Hospital purchased a new patient care system that runs on the existing AS/400 computer where the support processes are in place. Instead of the State Hospital purchasing their own hardware we requested the application be run on our existing equipment where the processes are in place. We are committed to using technology wisely and consolidating whenever possible.

The computer operations staff operates the central computers, peripheral equipment, tape library and assists our customers in processing their work. This biennium ISD installed an IBM 3494 Virtual

Tape Server, a robotic tape unit. The machine performs all the tape loads and tracks the necessary tape information, requiring minimal human intervention. This has eliminated human error while loading tapes and has reduced processing time of some batch jobs by 2 hours. Month end processing for state agencies has been reduced by 18 to 24 hours. This enabled us to re-train a computer operator as a programmer.

The security staff is responsible for the safekeeping of the data, data networks and disaster recovery plans. We contract with an off-site facility in Colorado to provide central processor resources in case of a disaster. With the advent of the internet, new applications are being developed to allow access from anywhere via the internet. This has created the need for additional security called network firewalls, which are security programs, equipment, and/or procedures that protect databases from unauthorized network users. ISD has installed a firewall to protect state databases located inside the statewide network. With these increased risks, data must be properly backed-up in the event it becomes corrupted and needs to be recreated. We will be exploring encryption and digital signatures during the next biennium to determine the value they can bring to our electronic environment.

ISD provides desktop support for agencies that need personal computer and local area network support. We currently have 4 people performing this function of which 1 is dedicated to ISD. Today most people have a personal computer as the workstation tool they use to perform their job. The purchase price of a personal computer is only 25% of the total cost of ownership based on a study performed by the Gartner Group in 1998. The people cost of supporting personal computers has continued to increase as hardware and software upgrades are a requirement. It is important to keep current on software in an enterprise as large as the state; otherwise we will create incompatibilities in communicating with each other. The newest advancement in the workstation arena is the network computer, a cross between a terminal and a personal computer

ISD is responsible for providing microfiche and microfilm services. The creation of CD's (compact disks) has evolved and replaced some microfiche applications. ISD is currently outsourcing the creation of the CD service until the demand makes an in-house service feasible.

The budget for this strategy is being requested is found on our budget summary page.

Strategy 03 – Provide telephone systems and services.

Information Services Division provides telephone systems and services including the installation, upgrade, and ongoing maintenance of all telephone equipment. Installations include digital telephone sets with advanced features like voice mail, automatic call distribution, and voice menus. This biennium, ISD completed a ten-year replacement project of 36 PBX's (large telephone systems) around the state with this technology. Each of the last three years we have installed or enhanced an average of 20 telephone systems, PBX's or key systems. As of June '98, ISD managed 7,915 stations, an increase of 476 stations from June '97, and will upgrade them with current software releases and other hardware features as needed. The cost for these installations and upgrades are recovered in a monthly per station rate.

ISD contracts with telecommunication providers for long distance services used by state agencies including higher education. City and county government is also eligible to purchase their services from the long distance contract.

ISD operates the State's telephone switchboard and schedules teleconference calls. A state government directory is published as needed, referencing telephone numbers, TDD numbers, and e-

mail addresses. We are in the process of developing an on-line state employee directory that will be accessed via the web. State employee name, telephone number, agency name, address, and e-mail will be available.

The budget for this strategy is being requested is found on our budget summary page.

Strategy 01 – Provide data processing development services.

Information Services Division has 77 employees in the application development section. Their responsibilities include applications design, development, and support of mainframe computer programs along with new systems developed for client server and World Wide Web (www) technology. Most new development is being done in the client server. The industry direction is enhancing applications to be web enabled allowing them to be accessed via the internet. The state network infrastructure is in place today for public access but the large cost and delay will be to modify the state's existing applications to be web enabled.

Maintenance on existing systems accounts for 76% of the programming performed by this section. The majority of this maintenance programming is still being done in COBOL and NATURAL languages. ISD maintains over 20,400 agency computer programs for 59 state agencies, an increase of 2,700 programs from one year ago. For the calendar year 1998 our chargeable hours were 157,446, an increase of 26,745 hours over 1997. 99% of the chargeable hours are attributed to 15 state agencies.

For the current biennium our highest priority was to modify existing mainframe computer programs to be year 2000 ready. ISD hired contract programmers to assist our staff in modifying the code. The estimated man-hours to resolve this problem is 80,275 hours and is planned to be completed by June 30, 1999. As of January 1, 1999 we are 95% complete and are ahead of schedule. Like most of the public and private sectors the backlog of development projects is going to keep the demand for application developers high for the next three to five years. ISD will monitor this situation very closely and remain dedicated to retaining talented staff.

ISD is requesting 11 new positions to support the increased workload originating from the Department of Human Services. 3 positions will be directed to the CCWIPS project, 2 positions for the Medicaid/TANF project, 2 positions for the Food Stamps project, and 4 positions to replace contract programmers maintaining existing systems. ISD pays an average rate of \$90 per hour for the 4 contract programmers and we believe we can provide the same service for less money.

This past summer Human Services submitted a request for a proposal to develop a system integrating the Medicaid program into the TEEM architecture. They received a single response (Deliotte & Touche) with a project cost of approximately \$10,000,000. In December, Human Services approached ISD and asked if we can provide the staff for this project. We have started this project and are in the process of hiring contract programmer staff, buying development software and hardware and updating space. We expect to have a staff of about 20 to 22 developers working on the project in order to meet a November 2000 deadline. We are implementing some of the processes as a result of the Statewide Information Technology Plan. A full time project manager has been assigned by HSD. HSD has also contracted for quality assurance over sight of the project.

ISD has not included the project in our budget and is requesting an amendment to increase our spending authority in our budget by \$3,700,000.00.

The budget for this strategy is being requested is found on our budget summary page.

The administrative management staff provides support for financial management, personnel administration, property management, procurement, and general services.

Records management administration is a service we provide to State agencies. They assist in the development of a systematic process of organizing and saving documents for compliance with legal, audit and administrative regulations. This last year we issued electronic records management guidelines for the retention and disposition of records stored on computers and other electronic media. We will continue to work with agencies over the next biennium in implementing these guidelines.

Over the next 9 months, ISD will be testing all software and hardware to determine if they are Year 2000 ready. Contingency plans are being formulated in case of unexpected failures. ISD is acting as the coordinating agency for state agencies with regards to Year 2000 monitoring. Each agency has identified a Year 2000 coordinator who submits a monthly status report to our office. We have been holding monthly meetings with the agencies and are facilitating the resolution of this business problem. The monthly reports are reported on the state's Year 2000 web site. The monthly report for January is distributed to your committee separate from this report.

ISD is responsible for the overall process of creating information technology standards, policies, and guidelines. Over the last 18 months we have scheduled agency committee meetings and together have established a number of technology standards and policies. In addition, agencies were instructed to create an information technology plan, which was then consolidated into a statewide plan.

The cost of providing administrative management is distributed as follows over ISD's four strategies as follows:

- 20% to strategy 01 – Provide data processing development services.
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ISD is requesting \$200,000.00 of general funds to perform three feasible studies. ISD will use contract services to review two business process re-engineering applications. The specific applications or agency have not been selected but ISD would look toward the Information Technology Board that is referenced in SB2043 or the Interim Technology Committee referenced in SB2044. The purpose of the study is to determine the business case to re-engineer the applications to take advantage of the state network and make them web enabled. Agencies today do not have funding because of the requirements to fund at a 95% level. The results of the studies would be submitted in the 2001-2003 biennium budget.

ISD is requesting funding to study K12 technology integration. We provide funding for K12 technology through the Education Telecommunications Council, however, we are not getting the funding to schools that have the greatest need for the use of technology. The Education Telecommunications Council does not have authority to do a comprehensive study but only to provide grants to fund technology. This study would provide an overall technology plan to fund K12 technology. The study will be contracted out.

The \$200,000.00 request may be a duplication of services and funding which may be provided in SB2043.

ISD's appropriation request consists of \$18,323,544 for salaries, \$24,074,416 for operating expenses, and \$3,885,000 for equipment.

Attached is an update of the ISD budget.

ISD Budget Summary
February 26, 1999

| | | | |
|--|-------------|------------|------|
| 1997-1999 Budget | | 45,326,741 | |
| 1999-2000 Request | 44,101,385 | | |
| Governor's Salary Increase | + 845,322 | | |
| Planning Studies (General Fund) | + 200,000 | | |
| 11 New Positions | + 1,136,253 | | |
| | | 46,282,960 | 2.1% |
| Senate Adjustment | | | |
| Remove Planning Studies | - 200,000 | | |
| Remove 2 New Positions for Food Stamps | - 189,305 | | |
| Reduce Salary Increase | - 184,360 | | |
| | | 45,709,295 | .8% |
| Request for Medicaid/TANF Project | + 3,700,000 | | |
| | | 49,409,295 | 9.0% |

Strategy Summary

| | Budget Request | Senate Adj | Medicaid/TANF | TOTAL |
|-------------------------|----------------|------------|---------------|------------|
| Strategy 1 | 12,470,559 | - 334,258 | + 3,700,000 | 15,836,301 |
| Application Development | | | | |
| Strategy 2 | 16,834,624 | - 105,182 | | 16,729,443 |
| Data Processing | | | | |
| Strategy 3 | 8,491,344 | - 75,739 | | 8,415,605 |
| Telephone Systems | | | | |
| Strategy 4 | 8,486,433 | - 58,486 | | 8,427,946 |
| Communications Network | | | | |
| | 46,282,960 | - 573,665 | + 3,700,000 | 49,409,295 |

Budget Line Item Summary

| | Budget Request | Senate Adj | Medicaid/TANF | TOTAL |
|-----------|----------------|------------|---------------|------------|
| Salaries | 18,323,544 | - 373,665 | | 17,949,879 |
| Operating | 24,074,416 | - 200,000 | + 3,700,000 | 27,574,416 |
| Equipment | 3,885,000 | | | 3,885,000 |
| | 46,282,960 | - 573,665 | + 3,700,000 | 49,409,295 |

Nancy Walz

**PRESENTATION TO THE
APPROPRIATIONS COMMITTEE
BY: INFORMATION SERVICES DIVISION (ISD)
JANUARY 6, 1999**

Mr. Chairman, and members of the committee, my name is Nancy Walz. I work as an Information Technology Business Analyst for Information Services Division. It is a pleasure to be here to present information about North Dakota's first Statewide Information Technology Plan. In the last legislative session, House Bill 1034 created the requirement that all state agencies submit a technology plan. Based on those plans, ISD developed the first statewide technology plan. I'm happy to say that we had 100% compliance by state agencies. They have been very cooperative in this effort. ISD has also worked with the Interim Committee on Information Technology and their guidance has been very helpful.

You should each have a copy of the Statewide Information Technology Plan in front of you. Each legislator will be receiving a copy. We have also published the plan on ISD's web site. We think the plan will be a valuable reference to you during this legislative session. You will have some tough choices to make regarding the funding of technology projects but the plan will allow for better information on which to make those decisions.

Today, I am going to walk through the plan with you and try to give you an understanding of how the plan can be used as a tool during this legislative session. Please follow along in your copy.

Executive Summary - Vision

The first few pages include acknowledgements and background information which I am going to skip because they are fairly self explanatory. If you want to turn to the tab marked Executive Summary - Vision, we feel is the most important section in the plan. On page II.1 and also repeated on the cover, you see the four components of the vision.

- State government should be customer focused.
- State government should be efficient.
- State government should be well managed.
- And state government should provide the leadership for developing a shared infrastructure.

In this section we identify the role that technology can play in each of these areas. Under the sub heading "Government should be customer focused" we talk about the demand from citizens and business for convenient services that fit their schedule. We talk about the idea of the shopping mall concept for government services where they can get everything they need at one location. The Internet, electronic commerce and other technologies can move us in this direction.

Info
tech
plan

The second critical success factor, "State government should be efficient" is discussed on page II-2 and II-3, Here we talk about the need to take advantage of the fact that personal computers are becoming common place. The paper based processes that we used in the past need to be updated so that we enter data once and share it with each other and with our partners. We also need to move beyond the computer as an adding machine and use it to generate knowledge through the use of decision support systems, GIS and data warehouses.

Under the third critical success factor, "State government should be well managed", on pages II-3 and II-4, we talk about the need to plan and control technology activities and expenditures. Because technology changes so rapidly, it is important to avoid obsolescence by staying in the mainstream. Standards also play an important role in this area by providing guidance to state agencies and reducing costs through volume purchasing.

The final critical success factor begins on page II-5 - "State government should provide the leadership for developing a shared infrastructure. The infrastructure within state government focuses on ISD to provide centralized support for all agencies. But we also look at the role state government in providing access to the Information Highway or the Internet to provide education, health care, and economic development to more rural areas of the state. It will be up to the legislature to determine exactly what role the state will play in providing access to schools, political subdivisions and health care providers.

The purpose of the vision is three fold. First of all it provides the business case for the use of technology. It provides the reader with the background on why we need technology and the possibilities for using technology in state government. Second, it provides a common direction for state agencies. It establishes critical success factors at the enterprise level. These four critical success factors are woven throughout the plan and form the basis for the following sections. And third, it provides criteria for evaluating technology projects and funding initiatives that will be discussed during the legislative session. These vision statements can be turned into questions that can be asked when considering a technology project. Does it make government more customer focused? Will it make government more efficient? Will it be well-managed? Does it provide for the development of a shared infrastructure that can be used to provide services for government, economic development, education and health care? The answers to these questions can help determine the value of the project.

Enterprise Information Technology Architecture

The next tab is the Enterprise Information Technology Architecture. The technology architecture gives us the tools necessary to implement the vision across state government. Technology standards have been developed by ISD with the help of state agencies and form the basis for the technology architecture. Having and architecture based on standards promotes efficiency because research to find the best technology solution can be done once and implemented by many agencies. It also reduces costs through economies of scale and promotes interoperability and coordination across agency lines. Standards have been developed

for each of the topics listed. The standards include best practices in system and project management as well as specific technology choices.

Issues and Recommendations

The following tab is labeled Issues and Recommendations. As we have worked with agencies to develop technology plans and the standards, and as we have worked with the Interim committee on Information Technology, a number of issues have appeared. We have identified each of these issues with a component of the vision. For each issue that we describe in this section, we have also developed a list of recommendations and identified the resources needed to implement the recommendations. I will be going through the issues rather quickly just to create an awareness. Jim will also be providing an update on a couple of these in his presentation.

- User training is critical if we are to use technology successfully but it receives little emphasis in most technology plans. If you look at the format of this first issue, you can see we have a problem statement that describes the issue and then the recommendations. The resources required identifies the implications for the budget. In this case, there aren't any this biennium, but if guidelines are developed there may be implications in the next planning cycle.
- Technical support for state government offices outside of Bismarck needs to be addressed if we are to deliver services consistently across the state.
- Maintaining compatibility with political subdivisions and other partners is essential as we move to more efficient, paperless, sharing of data.
- Project coordination across agency boundaries is difficult but we feel it can be improved by taking an enterprise view of state government.
- Business process improvements are needed to provide breakthroughs in efficiencies. Unnecessary handoffs and bureaucratic paper shuffling need to be eliminated not automated.
- IT planning improvements are needed especially in the area of collecting budget information. This was our first planning effort and we think each time will be an improvement over the last.
- Project management is a priority area for us. We have already developed standards for best practices and are working with higher education to offer professional development in project management.
- Attracting and retaining information technology professionals is a state government problem, it's a private industry problem, it's a national problem. Not having qualified people on staff means that we pay higher rates for temporary contractors and schedules fall behind because of vacancies and turnover.
- Managing hardware and software acquisition and replacement needs to be done on an ongoing basis as technology changes. This has implications for agency budgets because these costs become part of the operational cost of running the agency.
- Network bandwidth requirements are increasing rapidly. We need to actively monitor and expand the bandwidth so that essential services are not interrupted.

- Expansion of the wide area network to remote locations is primarily a funding issue. The Interim Committee on Information Technology hired a consultant to study this issue and has drafted Senate Bill Number 2043 to address this issue as well as a number of other things.
- The adoption of information technology by K-12 schools is also primarily a funding issue. Technology in schools is no longer a luxury but a necessity for preparing North Dakota students for the 21st century.

Current Accomplishments

Following the Issues and Recommendations section is a tab labeled Current Accomplishments which is just what it says. This section highlights a few of the projects and activities that will be completed during the current biennium.

These first four sections, The vision, architecture, issues and accomplishments, are fairly short narrative pieces that can be read in just a few minutes. They communicate the current direction and overall status of technology for state government as an enterprise. The next three sections contain the summary information from individual agency technology plans. These sections are intended to be a reference to answer questions about the technology plan for a specific agency. Particularly during appropriation hearings, we see this as a valuable tool for understanding where an agency plans to spend their technology dollars.

Agency IT Plan Summaries

There are a few things you need to be aware of in order to better understand the information in this sections. Section VI contains the agency IT plan summaries. At the beginning of the section, on pages 2 to 5, you will find three graphs which total the technology spending for all of state government. The first graph shows the total for all of state government. This is the first time we have ever tried to capture the total amount being spent on technology and will be come our baseline in future reporting cycles. The statewide totals do not include ISD's plan because it was already included as planned spending for each agency. We asked agencies to report what they planned to spend for three biennia. 97-99 represents the dollars that were appropriated in the last session. 99-01 represents the amount the agency requested in their budget for the next biennium including optional packages. 01-03 is the agency's best estimate of what they will spend in the following biennium.

If you want to take a look at the graph on page VI-3, across the bottom of the chart are the cost categories that were used to report IT costs. Because the IT plans were developed as planning documents and not budget documents, these categories do not match the categories in the budget. This caused a great deal of frustration for the agencies, for the OMB budget analysts and for us. We hope to improve this in the next planning cycle.

Now if you want to turn to page VI-39, you will see the technology plan for the Legislative Assembly. The Plan Approval date in the upper right hand corner indicates the last time the plan was updated and approved

by ISD. On the left side you see the system or function and the related goals and objectives for the system. Short, medium and long term roughly correspond to the three biennia on the right side of the page. The system budget is broken out by funding source and if any projects are included in the system budget those are broken out. A system or function is simply a way of allocating costs. It can be a data processing application like the Budget Status system or if you look on the next page, system 501 is the hardware replacement schedule. At the end of summary is a total of all the systems for the agency.

Projects by Agency

The next section is the Projects by Agency. If you want to turn to page VII-26, you will see the projects that were identified for Legislative Assembly. We asked agencies to report only significant projects but we left it up to them to determine what was significant. We did set a criteria for large projects of over \$500,000 in total cost or \$250,000 in spending in the next biennium. For large projects we met with the agency to understand the project better and so you see a status date and status under the project name for large projects. You will also see ISD Comments at the bottom of the section.

For all projects, the project type is included. Continuing means the project was started in the current biennium and continues into the next biennium. New means the project will create a new application in a future biennium and Major Change means the project is an enhancement to an existing system that will begin in a future biennium. Because this was a planning document, we did not ask agencies to report in detail projects that would be completed this biennium. The priority is assigned by the agency with 1 being the highest priority. Then you see the budget for the three biennia. In the box you have the project description and project benefits. The accuracy of the budget and the cost/benefit information depends on the status of the project. Scope estimates are generally used for budgeting purposes. As the project proceeds and more information is available, the estimate is refined.

Boards and Commissions

Following the Projects by Agency, is the Boards and Commissions tab. This lists the technology budgets for the boards and commissions which are rather small.

Coordination Reports

Then we've included the Coordination Reports. By law ISD is required to meet with Higher Education and political subdivisions. The information from those meetings is summarized here.

Index of Agency Numbers

And then we've included an Index Of Agency Numbers to make it easier to locate information.

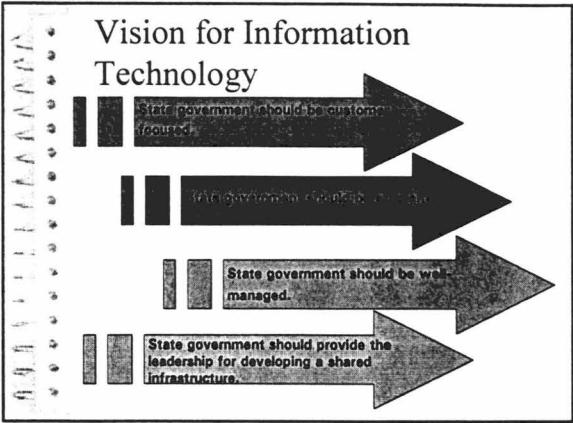
In developing the Statewide Information Technology Plan, we tried to include information that we thought would be usable to the greatest number of people. We have the detail technology plans in a database and

can generate additional reports on request so if you don't see the information that you need, please let us know and we will get it to you.

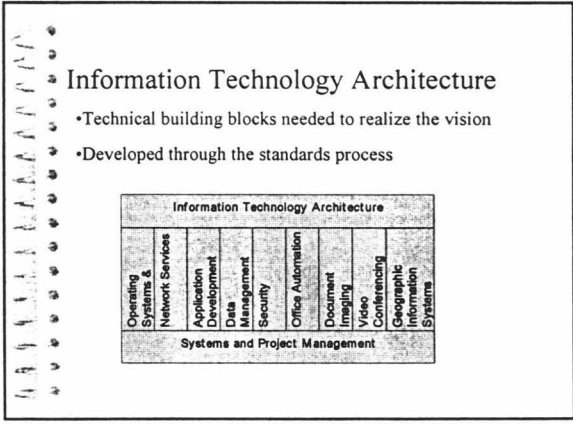
This concludes my remarks. I would be glad to answer any questions about the plan.

Statewide Information Technology Plan

Presentation to the Appropriations Committee
by
Nancy Walz
Information Services Division



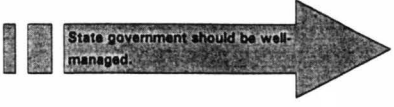
- ## Purpose for Information Technology Vision
- Provides the business case for the use of technology by state government
 - Provides a common direction for coordinated efforts
 - Provides criteria for evaluating technology projects and funding initiatives



- ## Issues
-
- User training
 - Technical support for remote locations
 - Maintaining compatibility with political subdivisions
 - Project coordination

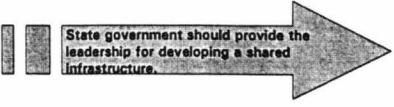
- ## Issues
-
- Business process improvements
 - IT Planning improvements

Issues



- Project management
- Attracting and retaining IT professionals
- Managing hardware and software acquisition and replacement
- Network bandwidth requirements are increasing rapidly
- Year 2000

Issues



- Expansion of the wide area network to remote locations including state offices, counties, schools and other political subdivisions
- The adoption of technology by K-12 schools

Current Accomplishments

- Highlights projects that will be completed this biennium

Agency IT Plan Summaries

- Current biennium technology spending projections are based on **appropriated** dollars
- 1999-2001 spending projections are based on the budget guidelines **and optional budget packages** submitted
- 2001-2003 spending projections are based on the goals **and a best guess** as to the available technology
- The ISD budget is excluded from statewide totals.
- Total technology costs were identified for the first time.

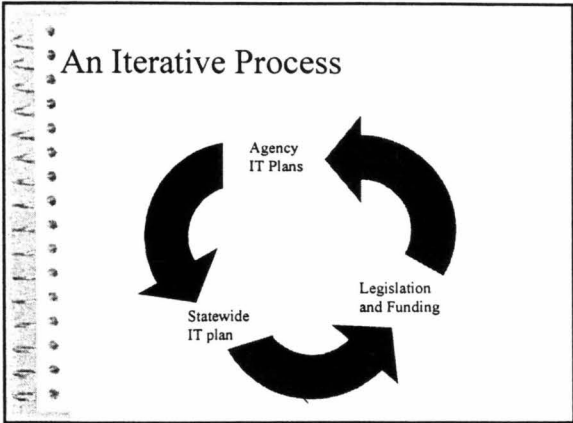
Agency IT Plan Summaries

- Technology spending categories do not match the budget categories.
- The Plan Approval Date indicates the date the latest revision was approved by ISD.
- Agency budgets were reported by system or function.
- Objectives are related to each biennium.

Agency Project Summaries

- Project description
- Project benefits
- Project costs for three biennia
- Status and ISD comments on large projects
- Project type: Continuing, New, Major Change
- The accuracy of the project budget is a function of the project status
- Projects completed in the current biennium were not reported in detail

- Boards and Commissions
- Coordination Reports
- Listing of Agency Numbers



Additional Information

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 - Phone 328-1991
 - E-mail nwalz@state.nd.us
- ✓ Jim Heck
 - Phone 328-3193
 - E-mail jheck@state.nd.us

State of North Dakota
Year 2000 Progress Highlights
Reporting Period: November, 1998

Agency Monthly Status Reports:

- ◆ 54 agencies have submitted monthly status reports.
- ◆ 5 agencies indicate completion of their Y2K efforts and have submitted Good Faith Compliance letters.
- ◆ 8 agencies have not submitted a status report, all of which are smaller agencies with minimal computing resources.
- ◆ Boards & Commissions are not included in the reporting process.
- ◆ Status reports are posted on the State's Y2K web site.

Conversion of mainframe application software is 92% complete, up 7% from last month.

PC BIOS Checking:

- ◆ ISD Desktop Support group has completed PC BIOS checking, by request, for these agencies:

| | | |
|-----------------------|--------------------------|-----------------------|
| Central Personnel | Bureau of Indian Affairs | State Treasurer |
| Industrial Commission | Risk Management | Securities Commission |
| Municipal Bond Bank | Governor's Office | |

- ◆ Scheduled or Currently in progress:

| | | |
|-------------------------------|--------------------------|-----------------------|
| ISD (51% complete) | Secretary of State | Banking & Finance |
| Office of Management & Budget | State Historical Society | ND University Systems |

Status of North Dakota Utility Providers:

- ◆ 51 Utility providers responded to an ISD inquiry that requested Y2K compliance information.
- ◆ Follow up letters will be issued during 1st quarter 1999 to those providers who did not respond to the initial survey.
- ◆ A copy of the survey letter and the status of each provider is posted on ISD's Y2K web site.

Issues or Comments:

- ◆ The ND University System has established its Y2K reporting process and submitted its first monthly status report, a roll-up of 17 entities.
- ◆ Two separate reports are being reviewed as a method of communicating agency Y2K status and progress achieved. A report "Grading" system, similar to the Federal Government's process, is being reviewed as a method of ranking each agency's overall progress. An Agency Quarterly Progress report will indicate progress gains by project phase over a 3 month period.
- ◆ ISD continues to publish additional Year 2000 information on its Y2K website.

92K

Agency Year 2000 Status Report

November

Year 2000 Information and Readiness Act Disclosure

...sequenced by Agency Name

| Agency | Contact | Percent of Phase Complete | | | | | | Compliance Letter |
|---|----------------------|---|------------|-------------|------------|-----------|--------------------------|-------------------|
| | | Plan (on file) | Assessment | Remediation | Validation | Implement | | |
| 5400 Adjutant General / Civil Air Patro | Holly Gaugler | 60 % <input type="checkbox"/> | 100 % | 95 % | 80 % | 80 % | <input type="checkbox"/> | |
| 4120 Aeronautics Commission | Mark J. Holzer | 60 % <input type="checkbox"/> | 100 % | 80 % | 70 % | 60 % | <input type="checkbox"/> | |
| 6020 Agriculture Department/Credit R | Roberta Tjaden, Dat | 80 % <input checked="" type="checkbox"/> | 100 % | 55 % | 50 % | 50 % | <input type="checkbox"/> | |
| 6030 American Dairy Association | Louise Gallagher | 100 % <input type="checkbox"/> | 100 % | 100 % | 95 % | 90 % | <input type="checkbox"/> | |
| 1250 Attorney General/Fire Marshall | Cher Thomas | 60 % <input type="checkbox"/> | 70 % | 35 % | 35 % | 30 % | <input type="checkbox"/> | |
| 4710 Bank of North Dakota | Phyllis Lasher | 100 % <input type="checkbox"/> | 100 % | 100 % | 70 % | 70 % | <input type="checkbox"/> | |
| 4130 Banking and Financial | Lori L. Laschkewitsc | 100 % <input type="checkbox"/> | 100 % | 100 % | 100 % | 100 % | <input type="checkbox"/> | |
| 1102 Central Personnel | Darwin Heinitz | 100 % <input checked="" type="checkbox"/> | 65 % | 40 % | 40 % | 40 % | <input type="checkbox"/> | |
| 1180 Central Services | Leon Rauser | 80 % <input type="checkbox"/> | 90 % | 90 % | 85 % | 85 % | <input type="checkbox"/> | |
| 3240 Children Services Coordinating | Karla Mittleider | 100 % <input checked="" type="checkbox"/> | 100 % | 100 % | 40 % | 20 % | <input type="checkbox"/> | |
| 5300 Department of Corrections - Ad | David Huhncke | 100 % <input type="checkbox"/> | 100 % | 85 % | 60 % | 50 % | <input type="checkbox"/> | |
| 8010 Department of Transportation | Heather J. Liberda | 100 % <input checked="" type="checkbox"/> | 70 % | 50 % | 45 % | 40 % | <input type="checkbox"/> | |
| 6010 Economic Dev & Fin/Ag. Product | Connie Wagner | 60 % <input type="checkbox"/> | 70 % | 75 % | 20 % | 20 % | <input type="checkbox"/> | |
| 5120 Emergency Management | Larry Ruebel | 40 % <input type="checkbox"/> | 75 % | 70 % | 50 % | 50 % | <input type="checkbox"/> | |
| 1103 Facilities Management | Loren Haid or Curt | 20 % <input type="checkbox"/> | 85 % | 85 % | 60 % | 70 % | <input type="checkbox"/> | |
| 7200 Game and Fish | Jerry Gulke | 100 % <input checked="" type="checkbox"/> | 100 % | 100 % | 80 % | 60 % | <input type="checkbox"/> | |
| 3010 Health Department | David Mayer | 60 % <input type="checkbox"/> | 80 % | 75 % | 75 % | 75 % | <input type="checkbox"/> | |
| 5040 Highway Patrol | Carrie Oswald | 80 % <input type="checkbox"/> | 85 % | 55 % | 25 % | 20 % | <input type="checkbox"/> | |
| 7010 Historical Society | Ronald Phil Warner | 40 % <input type="checkbox"/> | 65 % | 50 % | 40 % | 50 % | <input type="checkbox"/> | |
| 4730 Housing and Finance | Franklin Kraft | 80 % <input type="checkbox"/> | 100 % | 100 % | 75 % | 70 % | <input type="checkbox"/> | |
| 3250 Human Services | Ronda Deichert | 100 % <input checked="" type="checkbox"/> | 100 % | 60 % | 20 % | 20 % | <input type="checkbox"/> | |
| 4050 Industrial Commission - Adminis | Shirley Campbell | 100 % <input type="checkbox"/> | 100 % | 100 % | 95 % | 95 % | <input type="checkbox"/> | |
| 4052 Industrial Commission - Geologi | Tom Heck | 40 % <input checked="" type="checkbox"/> | 75 % | 55 % | 100 % | 55 % | <input type="checkbox"/> | |
| 4051 Industrial Commission - Oil and | Jim Lindholm | 100 % <input type="checkbox"/> | 95 % | 60 % | 35 % | 25 % | <input type="checkbox"/> | |

Percent of Phase Complete

| <i>Agency</i> | <i>Contact</i> | <i>Percent of Phase Complete</i> | | | | | | <i>Compliance Letter</i> |
|---------------------------------------|--------------------|---|-------------------|--------------------|-------------------|------------------|-------------------------------------|--------------------------|
| | | <i>Plan (on file)</i> | <i>Assessment</i> | <i>Remediation</i> | <i>Validation</i> | <i>Implement</i> | | |
| 1120 Information Services Division | Larry Lee | 100 % <input checked="" type="checkbox"/> | 95 % | 85 % | 40 % | 40 % | <input type="checkbox"/> | |
| 4010 Insurance Department | Laurie Scully | 40 % <input type="checkbox"/> | 75 % | 65 % | 55 % | 55 % | <input type="checkbox"/> | |
| 1101 Intergovernmental Assistance | Jim Boyd | 80 % <input type="checkbox"/> | 85 % | 100 % | 70 % | 80 % | <input type="checkbox"/> | |
| 3800 Job Service North Dakota | Chuck Helm | 100 % <input checked="" type="checkbox"/> | 90 % | 90 % | 80 % | 80 % | <input type="checkbox"/> | |
| 2260 Land Department | James Luptak | 100 % <input type="checkbox"/> | 100 % | 100 % | 100 % | 100 % | <input checked="" type="checkbox"/> | |
| 1600 Legislative Council | Maryann Trauger | 100 % <input type="checkbox"/> | 100 % | 100 % | 100 % | 100 % | <input checked="" type="checkbox"/> | |
| 4750 Mill and Elevator | Greg McLean | 100 % <input type="checkbox"/> | 70 % | 55 % | 20 % | 20 % | <input type="checkbox"/> | |
| 4720 Municipal Bond Bank | DeAnn Ament | 100 % <input type="checkbox"/> | 100 % | 100 % | 100 % | 95 % | <input checked="" type="checkbox"/> | |
| 1100 Office of Management and Budg | Pam Schafer | 20 % <input type="checkbox"/> | 90 % | 90 % | 80 % | 80 % | <input type="checkbox"/> | |
| 1010 Office of the Governor | Kay A. Roth | 100 % <input type="checkbox"/> | 60 % | 60 % | 60 % | 60 % | <input type="checkbox"/> | |
| 7500 Parks and Recreation | Jeff Quast | 100 % <input type="checkbox"/> | 85 % | 30 % | 20 % | 20 % | <input type="checkbox"/> | |
| 1920 Public Employees Retirement | Sharon Schiermeist | 60 % <input type="checkbox"/> | 80 % | 70 % | 65 % | 45 % | <input type="checkbox"/> | |
| 2010 Public Instruction | Duane Schell | 80 % <input type="checkbox"/> | 80 % | 80 % | 45 % | 45 % | <input type="checkbox"/> | |
| 4080 Public Service Commission | Steve Kahl | 100 % <input type="checkbox"/> | 90 % | 90 % | 80 % | 80 % | <input type="checkbox"/> | |
| 1900 Retirement and Investment Offic | Gary Vetter | 80 % <input type="checkbox"/> | 85 % | 85 % | 65 % | 55 % | <input type="checkbox"/> | |
| 1104 Risk Management | Janet Marquart | 100 % <input type="checkbox"/> | 100 % | 100 % | 100 % | 100 % | <input checked="" type="checkbox"/> | |
| 1080 Secretary of State | Bob Schaible | 40 % <input type="checkbox"/> | 60 % | 40 % | 20 % | 20 % | <input type="checkbox"/> | |
| 4140 Securities Commission | Diane Lillis | 80 % <input type="checkbox"/> | 100 % | 100 % | 95 % | 95 % | <input type="checkbox"/> | |
| 1170 State Auditor | Donald LaFleur | 100 % <input type="checkbox"/> | 100 % | 75 % | 55 % | 20 % | <input type="checkbox"/> | |
| 2560 State Electrical Board | Bonnie Schmidt | 60 % <input type="checkbox"/> | 85 % | 80 % | 75 % | 60 % | <input type="checkbox"/> | |
| 2500 State Library | Todd Bodvig | 100 % <input type="checkbox"/> | 100 % | 100 % | 100 % | 100 % | <input checked="" type="checkbox"/> | |
| 5060 State Radio | Rick Hessinger | 20 % <input type="checkbox"/> | 65 % | 65 % | 60 % | 45 % | <input type="checkbox"/> | |
| 1200 State Treasurer | Carol M. Siegert | 100 % <input checked="" type="checkbox"/> | 100 % | 100 % | 100 % | 100 % | <input type="checkbox"/> | |
| 1800 Supreme Court | Kurt Schmidt | 80 % <input type="checkbox"/> | 50 % | 25 % | 25 % | 25 % | <input type="checkbox"/> | |
| 1270 Tax Department | Becky Herrmann | 60 % <input type="checkbox"/> | 60 % | 35 % | 20 % | 20 % | <input type="checkbox"/> | |
| 2150 University Systems-Administrativ | Marty Hoag | 40 % <input type="checkbox"/> | 40 % | 40 % | 20 % | 20 % | <input type="checkbox"/> | |
| 3210 Veterans Affairs | Cathy Halgunseth | 80 % <input type="checkbox"/> | 100 % | 55 % | 20 % | 0 % | <input type="checkbox"/> | |

| <i>Agency</i> | <i>Contact</i> | <i>Percent of Phase Complete</i> | | | | | | <i>Compliance Letter</i> |
|---------------------------|--------------------|---|-------------------|--------------------|-------------------|------------------|--------------------------|--------------------------|
| | | <i>Plan (on file)</i> | <i>Assessment</i> | <i>Remediation</i> | <i>Validation</i> | <i>Implement</i> | | |
| 3130 Veterans Home | Jacie Grenier | 80 % <input type="checkbox"/> | 70 % | 70 % | 50 % | 20 % | <input type="checkbox"/> | |
| 6250 Wheat Commission | Kathryn Michlitsch | 100 % <input type="checkbox"/> | 95 % | 95 % | 95 % | 95 % | <input type="checkbox"/> | |
| 4850 Workers Compensation | Cathie Forsch | 100 % <input checked="" type="checkbox"/> | 100 % | 85 % | 70 % | 55 % | <input type="checkbox"/> | |

Total Agencies Reporting: 54

Good Faith Compliance Letters received

Year 2000 Information and Readiness Act Disclosure

| <i>Agency</i> | <i>Date letter was received</i> |
|--------------------------|---------------------------------|
| 2260 Land Department | 11/30/98 |
| 1600 Legislative Council | 10/22/98 |
| 4720 Municipal Bond Bank | 11/3/98 |
| 1104 Risk Management | 11/6/98 |
| 2500 State Library | 12/3/98 |

| | |
|---------------------------------------|----------|
| <i>Total Letters Received:</i> | 5 |
|---------------------------------------|----------|

Agencies not submitting a Status Report

| <i>Agency</i> | <i>Comments:</i> |
|------------------------------|-----------------------------|
| 1400 Administrative Hearings | Working on status report |
| 2011 Independent Study | |
| 4060 Labor Department | |
| 3600 Protection and Advocacy | |
| 2530 School for the Blind | |
| 2520 School for the Deaf | |
| 7700 Water Commission | working on status report... |

| | |
|---|----------|
| <i>Total Agencies not submitting a status report:</i> | 7 |
|---|----------|

State of North Dakota
Year 2000 Progress Highlights
Year 2000 Information and Readiness Act Disclosure
Reporting Period: January, 1999

Agency Monthly Status Reports:

- ◆ 60 agencies have submitted monthly status reports.
- ◆ An additional 4 agencies submitted Good Faith Compliance letters, bringing the total to 10 agencies having completed Y2K efforts.
- ◆ To date, only 3 agencies (Water Commission, Independent Study, & School for the Deaf) have not submitted any status report.
- ◆ Boards & Commissions are not included in the reporting process.
- ◆ Status reports are posted on the State's Y2K web site.

Conversion of mainframe application software is 99% complete, up 4% from last month.

Total application conversion involves the review of **187 applications** consisting of **20,435 programs** that accumulated to **4,163,897 lines of source code**.

Issues or Comments:

- ◆ On February 2, 1999, a Y2K expenditure survey was sent to all agencies in an attempt to tabulate cost figures relating to Year 2000 remediation. The reporting deadline is March 1, results of that survey will be presented in next months issue of this report.
- ◆ Beginning April 1st, ISD will publish a Y2K informational brochure that will be distributed in all Motor Vehicle license/registration renewals.
- ◆ As part of the annual Risk Management Workshop on April 28th & 29th, a nationally recognized expert will provide a workshop on the topic of "Contingency Planning". The topic is a critical element in preparing for the Year 2000 and attendance is encouraged – contact the Risk Management Division for more information.
- ◆ The following pages recap Year 2000 remediation progress of state agencies.

Agency Year 2000 Status Report

Year 2000 Information and Readiness Act Disclosure

...sequenced by Agency Name

Monthly Status:

January

| Agency | Contact | Percent of Phase Complete | | | | | | Compliance Letter |
|--------|------------------------------------|---------------------------|---|-------------|------------|-----------|-------|-------------------------------------|
| | | Plan (on file) | Assessment | Remediation | Validation | Implement | | |
| 5400 | Adjutant General / Civil Air Patro | Holly Gaugler | 80 % <input type="checkbox"/> | 100 % | 95 % | 80 % | 80 % | <input type="checkbox"/> |
| 1400 | Administrative Hearings | Frances Zuther | 100 % <input type="checkbox"/> | 100 % | 100 % | 100 % | 95 % | <input type="checkbox"/> |
| 4120 | Aeronautics Commission | Mark J. Holzer | 60 % <input type="checkbox"/> | 80 % | 80 % | 60 % | 60 % | <input type="checkbox"/> |
| 6020 | Agriculture Department/Credit R | Roberta Tjaden, Dat | 80 % <input checked="" type="checkbox"/> | 100 % | 55 % | 50 % | 50 % | <input type="checkbox"/> |
| 6030 | American Dairy Association | Louise Gallagher | 100 % <input type="checkbox"/> | 100 % | 100 % | 95 % | 90 % | <input type="checkbox"/> |
| 1250 | Attorney General/Fire Marshall | Cher Thomas | 80 % <input type="checkbox"/> | 75 % | 45 % | 35 % | 30 % | <input type="checkbox"/> |
| 4710 | Bank of North Dakota | Phyllis Lasher | 100 % <input checked="" type="checkbox"/> | 100 % | 100 % | 90 % | 90 % | <input type="checkbox"/> |
| 4130 | Banking and Financial | Lori L. Laschkewitsc | 100 % <input type="checkbox"/> | 100 % | 100 % | 100 % | 100 % | <input checked="" type="checkbox"/> |
| 1102 | Central Personnel | Darwin Heinitz | 100 % <input checked="" type="checkbox"/> | 70 % | 45 % | 40 % | 40 % | <input type="checkbox"/> |
| 1180 | Central Services | Leon Rausser | 60 % <input type="checkbox"/> | 100 % | 100 % | 90 % | 90 % | <input type="checkbox"/> |
| 3240 | Children Services Coordinating | Karla Mittleider | 100 % <input checked="" type="checkbox"/> | 100 % | 100 % | 40 % | 20 % | <input type="checkbox"/> |
| 5300 | Department of Corrections - Ad | David Huhncke | 100 % <input type="checkbox"/> | 100 % | 100 % | 65 % | 50 % | <input type="checkbox"/> |
| 8010 | Department of Transportation | Heather J. Liberda | 100 % <input checked="" type="checkbox"/> | 90 % | 65 % | 55 % | 50 % | <input type="checkbox"/> |
| 6010 | Economic Dev & Fin/Ag. Product | Connie Wagner | 80 % <input type="checkbox"/> | 90 % | 95 % | 60 % | 55 % | <input type="checkbox"/> |
| 5120 | Emergency Management | Larry Ruebel | 100 % <input type="checkbox"/> | 95 % | 95 % | 80 % | 80 % | <input type="checkbox"/> |
| 1103 | Facilities Management | Curt Zimmerman | 40 % <input type="checkbox"/> | 85 % | 85 % | 75 % | 70 % | <input type="checkbox"/> |
| 7200 | Game and Fish | Randy Meissner | 100 % <input checked="" type="checkbox"/> | 100 % | 100 % | 80 % | 60 % | <input type="checkbox"/> |
| 3010 | Health Department | David Mayer | 80 % <input type="checkbox"/> | 80 % | 80 % | 75 % | 75 % | <input type="checkbox"/> |
| 5040 | Highway Patrol | Carrie Oswald | 80 % <input type="checkbox"/> | 100 % | 100 % | 65 % | 20 % | <input type="checkbox"/> |
| 7010 | Historical Society | Ronald Phil Warner | 100 % <input checked="" type="checkbox"/> | 90 % | 50 % | 40 % | 70 % | <input type="checkbox"/> |
| 4730 | Housing and Finance | Franklin Kraft | 80 % <input type="checkbox"/> | 100 % | 100 % | 75 % | 70 % | <input type="checkbox"/> |
| 3250 | Human Services | Ronda Deichert | 100 % <input checked="" type="checkbox"/> | 100 % | 95 % | 35 % | 35 % | <input type="checkbox"/> |
| 4050 | Industrial Commission - Adminis | Shirley Campbell | 100 % <input type="checkbox"/> | 100 % | 100 % | 95 % | 95 % | <input checked="" type="checkbox"/> |
| 4052 | Industrial Commission - Geologi | Tom Heck | 80 % <input checked="" type="checkbox"/> | 100 % | 100 % | 100 % | 80 % | <input type="checkbox"/> |
| 4051 | Industrial Commission - Oil and | Jim Lindholm | 100 % <input type="checkbox"/> | 95 % | 60 % | 35 % | 25 % | <input type="checkbox"/> |

| <i>Agency</i> | <i>Contact</i> | <i>Percent of Phase Complete</i> | | | | | | <i>Compliance</i> |
|--------------------------------------|--------------------|---|-------------------|--------------------|-------------------|------------------|-------------------------------------|-------------------|
| | | <i>Plan (on file)</i> | <i>Assessment</i> | <i>Remediation</i> | <i>Validation</i> | <i>Implement</i> | <i>Letter</i> | |
| 1120 Information Services Division | Larry Lee | 100 % <input checked="" type="checkbox"/> | 100 % | 85 % | 40 % | 40 % | <input type="checkbox"/> | |
| 4010 Insurance Department | Laurie Scully | 40 % <input type="checkbox"/> | 75 % | 65 % | 55 % | 55 % | <input type="checkbox"/> | |
| 1101 Intergovernmental Assistance | Jim Boyd | 100 % <input checked="" type="checkbox"/> | 95 % | 100 % | 85 % | 85 % | <input type="checkbox"/> | |
| 3800 Job Service North Dakota | Chuck Helm | 100 % <input checked="" type="checkbox"/> | 90 % | 90 % | 85 % | 85 % | <input type="checkbox"/> | |
| 4060 Labor Department | Robyn Bosch | 40 % <input type="checkbox"/> | 40 % | 40 % | 20 % | 20 % | <input type="checkbox"/> | |
| 2260 Land Department | James Luptak | 100 % <input type="checkbox"/> | 100 % | 100 % | 100 % | 100 % | <input checked="" type="checkbox"/> | |
| 1600 Legislative Council | Maryann Trauger | 100 % <input type="checkbox"/> | 100 % | 100 % | 100 % | 100 % | <input checked="" type="checkbox"/> | |
| 4750 Mill and Elevator | Greg McLean | 100 % <input type="checkbox"/> | 80 % | 80 % | 40 % | 20 % | <input type="checkbox"/> | |
| 4720 Municipal Bond Bank | DeAnn Ament | 100 % <input type="checkbox"/> | 100 % | 100 % | 100 % | 95 % | <input checked="" type="checkbox"/> | |
| 2150 ND University Systems | Marty Hoag | 100 % <input type="checkbox"/> | 65 % | 50 % | 35 % | 20 % | <input type="checkbox"/> | |
| 1100 Office of Management and Budg | Dave Anderson | 40 % <input type="checkbox"/> | 65 % | 65 % | 55 % | 50 % | <input type="checkbox"/> | |
| 1010 Office of the Governor | Kay A. Roth | 100 % <input type="checkbox"/> | 70 % | 70 % | 70 % | 60 % | <input type="checkbox"/> | |
| 7500 Parks and Recreation | Jeff Quast | 100 % <input type="checkbox"/> | 100 % | 90 % | 20 % | 20 % | <input type="checkbox"/> | |
| 3600 Protection and Advocacy | Corinne Hofmann | 100 % <input checked="" type="checkbox"/> | 95 % | 95 % | 80 % | 80 % | <input type="checkbox"/> | |
| 1920 Public Employees Retirement | Sharon Schiermeist | 60 % <input type="checkbox"/> | 80 % | 75 % | 80 % | 60 % | <input type="checkbox"/> | |
| 2010 Public Instruction | Duane Schell | 80 % <input type="checkbox"/> | 85 % | 85 % | 55 % | 55 % | <input type="checkbox"/> | |
| 4080 Public Service Commission | Steve Kahl | 100 % <input type="checkbox"/> | 100 % | 100 % | 80 % | 85 % | <input type="checkbox"/> | |
| 1900 Retirement and Investment Offic | Gary Vetter | 80 % <input type="checkbox"/> | 85 % | 85 % | 65 % | 55 % | <input type="checkbox"/> | |
| 1104 Risk Management | Janet Marquart | 100 % <input type="checkbox"/> | 100 % | 100 % | 100 % | 100 % | <input checked="" type="checkbox"/> | |
| 5300 Roughrider Industries | David Huhncke | 100 % <input type="checkbox"/> | 100 % | 100 % | 100 % | 100 % | <input checked="" type="checkbox"/> | |
| 2530 School for the Blind | Gary Bornsen | 60 % <input type="checkbox"/> | 90 % | 95 % | 95 % | 90 % | <input type="checkbox"/> | |
| 1080 Secretary of State | Bob Schaible | 60 % <input type="checkbox"/> | 75 % | 75 % | 75 % | 70 % | <input type="checkbox"/> | |
| 4140 Securities Commission | Diane Lillis | 100 % <input checked="" type="checkbox"/> | 100 % | 100 % | 100 % | 100 % | <input checked="" type="checkbox"/> | |
| 1170 State Auditor | Donald LaFleur | 100 % <input type="checkbox"/> | 100 % | 75 % | 55 % | 20 % | <input type="checkbox"/> | |
| 2560 State Electrical Board | Bonnie Schmidt | 60 % <input type="checkbox"/> | 90 % | 90 % | 80 % | 60 % | <input type="checkbox"/> | |
| 2500 State Library | Todd Bodvig | 100 % <input type="checkbox"/> | 100 % | 100 % | 100 % | 100 % | <input checked="" type="checkbox"/> | |
| 5060 State Radio | Rick Hessinger | 60 % <input type="checkbox"/> | 80 % | 70 % | 70 % | 50 % | <input type="checkbox"/> | |



| <i>Agency</i> | <i>Contact</i> | <i>Percent of Phase Complete</i> | | | | | | <i>Compliance Letter</i> |
|---------------------------|--------------------|----------------------------------|-------------------------------------|--------------------|-------------------|------------------|-------|-------------------------------------|
| | | <i>Plan (on file)</i> | <i>Assessment</i> | <i>Remediation</i> | <i>Validation</i> | <i>Implement</i> | | |
| 1200 State Treasurer | Carol M. Siegert | 100 % | <input checked="" type="checkbox"/> | 100 % | 100 % | 100 % | 100 % | <input type="checkbox"/> |
| 1800 Supreme Court | Kurt Schmidt | 80 % | <input type="checkbox"/> | 60 % | 25 % | 25 % | 25 % | <input type="checkbox"/> |
| 1270 Tax Department | Becky Herrmann | 80 % | <input type="checkbox"/> | 80 % | 75 % | 20 % | 20 % | <input type="checkbox"/> |
| 7400 Tourism Department | Pat Hertz | 100 % | <input type="checkbox"/> | 100 % | 100 % | 100 % | 100 % | <input checked="" type="checkbox"/> |
| 3210 Veterans Affairs | Cathy Halgunseth | 60 % | <input type="checkbox"/> | 100 % | 65 % | 50 % | 40 % | <input type="checkbox"/> |
| 3130 Veterans Home | Jacie Grenier | 80 % | <input type="checkbox"/> | 80 % | 80 % | 75 % | 60 % | <input type="checkbox"/> |
| 6250 Wheat Commission | Kathryn Michlitsch | 100 % | <input type="checkbox"/> | 95 % | 95 % | 95 % | 95 % | <input type="checkbox"/> |
| 4850 Workers Compensation | Cathie Forsch | 100 % | <input checked="" type="checkbox"/> | 100 % | 100 % | 80 % | 70 % | <input type="checkbox"/> |

| | |
|----------------------------------|----|
| <i>Total Agencies Reporting:</i> | 60 |
|----------------------------------|----|



Good Faith Compliance Letters received

Year 2000 Information and Readiness Act Disclosure

| <i>Agency</i> | <i>Date letter was received</i> |
|--|---------------------------------|
| 4130 Banking and Financial | 2/3/99 |
| 4050 Industrial Commission - Administrative Office | 2/12/99 |
| 2260 Land Department | 11/30/98 |
| 1600 Legislative Council | 10/22/98 |
| 4720 Municipal Bond Bank | 11/3/98 |
| 1104 Risk Management | 11/6/98 |
| 5300 Roughrider Industries | 1/11/99 |
| 4140 Securities Commission | 1/14/99 |
| 2500 State Library | 12/3/98 |
| 7400 Tourism Department | 12/31/98 |

| | |
|---------------------------------------|-----------|
| <i>Total Letters Received:</i> | 10 |
|---------------------------------------|-----------|

Agencies not submitting a Status Report

| <i>Agency</i> | <i>Comments:</i> |
|--------------------------|------------------|
| 2011 Independent Study | |
| 2520 School for the Deaf | |
| 7700 Water Commission | |

| | |
|---|----------|
| <i>Total Agencies not submitting a status report:</i> | 3 |
|---|----------|

Testimony on SB 2015
by Lyle Gallagher, Director
State Radio Communications - Dept. 506
February 26, 1999

MISSION STATEMENT:

Provide efficient voice and data public safety communication systems to federal, state and local agencies. These systems rapidly transmit messages and information to aid law enforcement, emergency medical, fire and disaster services on a 24 hour basis.

The agency is responsible for warning the state's residents in case of flood, tornadoes, blizzards or attacks. State Radio acts as the Clearinghouse for missing children in disseminating relevant information to appropriate public safety agencies.

State Radio serves as the state coordinating agency to facilitate the orderly and effective development and implementation of 9-1-1 systems within North Dakota. Additionally, State Radio acts as a backup dispatch system in case of county 9-1-1 system failures.

OMB
State
Radio

NORTH DAKOTA STATE RADIO COMMUNICATIONS

COST CENTER 6000—\$563,767

ADMINISTRATION

Responsible for all business, fiscal, secretarial, records administration, and related planning activities to ensure that objectives of State Radio are accomplished and services rendered effectively.

Director

Responsible for the supervision, operation, and maintenance of all State Public Safety Communication Systems.

TRAINING & EDUCATION

Responsible for providing training and educational materials for State Radio employees and public safety communication users.

LINE ITEMS

SALARIES & WAGES--There are three and one-half (3.5) full time equivalent positions in this cost center. This cost center is requesting \$368,424 for salaries and wages which is based on the executive recommendation.

OPERATING EXPENSES--The operating expenses for this cost center total is \$184,609. Major costs are \$60,896 for professional services; \$31,415 for travel; \$16,475 for operating fees and services; \$11,615 for professional development; and \$8,921 for repairs.

EQUIPMENT--Equipment in this cost center totals \$10,734 to purchase miscellaneous office equipment and furnishings.

COST CENTER 7000—\$3,832,585

RADIO OPERATIONS

Provides statewide centrally dispatched radio communication systems dedicated to providing immediate access to all public safety emergency resources for all citizens in North Dakota as well as nationwide. A nationwide computerized teletype system allows North Dakota law enforcement agencies to communicate by teletype, both intrastate and interstate, with other law enforcement agencies. The system provides access to NLETS (National Law Enforcement Telecommunication Systems) for information on motor vehicle records and drivers license records from other states. The system also provides access to NCIC (National Crime Information Center) where records for suspects, stolen property and other pertinent public safety information is stored.

LINE ITEMS

SALARIES & WAGES--There are twenty-seven and one-half (27.5) full time equivalent positions in this cost center. The cost center is requesting \$2,122,348 for salaries and wages which is based on executive recommendation.

OPERATING EXPENSE--The total operating expense request for this cost center is \$1,560,971. Major expenditures in operating expenses are \$358,034 for service repairs; \$55,000 for utilities; \$129,962 for data processing; \$44,628 for building/grounds and maintenance supplies; and \$836,941 for telecommunications (ISD).

EQUIPMENT--The total equipment request for this cost center is \$149,266. Major cost is for the replacement of a recording system.

NORTH DAKOTA STATE RADIO COMMUNICATIONS

COMPARATIVE APPROPRIATION BY LINE ITEM:

| | EXECUTIVE RECOMMENDATION 1999-2001 | PRESENT BUDGET 1997-1999 | + / (-) FROM 1997-1999 |
|----------------------|--|--------------------------------|---------------------------|
| SALARIES/WAGES | \$2,490,772 | \$2,347,426 | \$ 143,346 |
| OPERATING EXPENSES | \$1,745,580 | \$1,741,249 | \$ 4,331 |
| EQUIPMENT | \$ 160,000 | \$ 613,201 | \$(453,201) |
| CAPITAL IMPROVEMENTS | \$ -0- | \$ 152,000 | \$(152,000) |
| <hr/> | | | |
| TOTAL | \$4,396,352 | \$4,853,876 | \$(457,524) |

REVENUE BY SOURCE:

| | |
|---------------|-------------|
| GENERAL FUND | \$3,881,362 |
| FEDERAL FUNDS | -0- |
| SPECIAL FUNDS | \$ 514,990 |

STATE RADIO'S REQUEST FOR THE 1999-2001 BIENNIA IS \$457,524 LESS THAN THE 1997-1999 APPROPRIATION. THE ENTIRE APPROPRIATION IS COMPRISED OF SYSTEM REVENUE AND GENERAL FUNDS.

SB 2015
1/21/99

5

TESTIMONY IN SUPPORT OF SB 2015

**Before the Senate Appropriations Committee
January 22, 1999**

Chairman Nething, members of the Senate Appropriations Committee, my name is Barb Schaan and I have worked for the North Dakota Department of Transportation six years and 11 months. I work in the Minot District, Mohall section of the Maintenance Division and I have taken annual leave to be here this morning. I have also attached my job description for your information.

My current gross pay is \$1,796 per month and I am a single parent with two minor children and receive no child support. I have attached my personal budget. My children qualify for reduced hot lunches at school; we are on fuel assistance and qualified for weatherization. I also qualify for the child care assistance program but do not utilize it. The community food pantry supplements my food budget.

Yes, there have been raises since I began employment with the state. The cost of living has gone up with the raises. Financially, I am no better off today as an Equipment Operator II than I was as an inexperienced operator nearly seven years ago. But, there is a difference. Today more of my family's necessities of life are paid for out of my paycheck and fewer are paid for with government assistance. Consequently, the state is getting a better return on their money.

As an Equipment Operator II there is a very limited opportunity for advancement. The Equipment Operator III is a section supervisor. Our years of experience should be worth something more than reaching a point mid-career and stagnating at a plateau that sinks as inflation rises.

I work with some of the most dedicated people in the country who perform quality work with dedication and loyalty.

I have confidence that you will see that this bill is a step in the right direction and that by approving this bill you will be acknowledging our worth. Thank you for your time and consideration and I am available to answer your questions.

Public Employee Salaries



NORTH DAKOTA
PUBLIC EMPLOYEES ASSOCIATION

3333 EAST BROADWAY AVE, SUITE 1220
BISMARCK, NORTH DAKOTA 58501-3396

701-223-1964
1-800-472-2698

AMERICAN FEDERATION
OF TEACHERS LOCAL 4660 AFL-CIO



EMAIL: ndpea@btigate.com
WEBSITE: www.ndpea.org

SB 2015
11/21/99

4

TESTIMONY IN SUPPORT OF SB 2015

Before the Senate Appropriations Committee North Dakota Public Employees Association, AFT Local 4660, AFL-CIO

Chairman Nething, members of the Senate Appropriations Committee, my name is Chris Runge and I am the Executive Director of the North Dakota Public Employees Association, AFT #4660. I am here to testify in favor of sections 6 and 7 of SB 2015, the state employee's compensation package for the 1999-2001 biennium. As most of you are aware, it is indeed rare when our organization has been in agreement with the governor's compensation recommendations for state employees. Well, today, NDPEA stands in favor of SB 2015.

NDPEA has come before this committee on various occasions to talk with you about public employees, the great work they do for the citizens of this state and the need to pay them good wages and benefits. Two years ago NDPEA came before this committee to ask for a catch-up raise for state employees. We asked you as legislators to make a commitment to the people resources of this state, state employees who day in and day out go beyond the call of duty to serve the citizens of this state.

Section 6 of SB 2015 provides the good start of a catch-up raise called market equity adjustments. There are many, many state employees who after many years of loyal service to North Dakota are so far behind market that the at the current rate of pay raises, will never even get to the mid-point of their pay

Quality Services from Quality People

Testimony

ranges without additional increases over and above regular pay raises. Section 6, which provides for the special market equity adjustments, is a good step in the right direction of moving state employee salaries closer to market. We are not asking to catch up all at one time. State employees are keenly aware that the compensation problem developed over a number of years and that it will take a few bienniums to get caught up. The special market equity adjustments in Section 6 of this bill is a critical part of the total compensation package and is one of the major reasons we are supporting SB 2015.

We are thankful that the state has recognized and provided for special adjustments for those state employees who are the furthest behind in their salaries with the most years of service. State employees are some of the most educated and talented employees in the state. They have taken on many additional duties. We saw some great examples of public employee dedication during the 1997 Grand Forks Flood. State employees have done a terrific in holding the line on spending and doing more with less.

In addition, Section 7 of this bill provides for a minimum \$35 across the board salary increase up to 3% based on merit and equity each year of the biennium. A flat amount increase will help those employees who are in the lowest pay grades. The “up to 3% increase based on merit and equity” portion of the pay package allows managers the flexibility to address other issues of compression equity and merit. This pay increase coupled with the special market equity adjustments provides a comprehensive compensation package that NDPEA can and will support. While we remain concerned about the pay for performance aspect of the compensation package, NDPEA, nonetheless heartily supports SB 2015.

NDPEA urges a do pass on Sections 6 and 7 of SB 2015 and I am available to answer any questions you may have.

TESTIMONY ON SB 2015

Before the House Appropriations Committee February 26, 1999

Chairman Dalrymple, members of the House Appropriations Committee, my name is Barb Schaan and I have worked for the North Dakota Department of Transportation six years and eleven months. I work in the Minot District, Mohall section of the Maintenance Division and I have taken annual leave to be here this morning. I have also attached my job description for your information.

My current gross pay is \$1,796 per month and I am a single parent with two minor children and receive no child support. I have attached my personal budget. My children qualify for reduced hot lunches at school; we are on fuel assistance and qualified for weatherization. I also qualify for the child care assistance program but do not utilize it. The community food pantry supplements my food budget.

Yes, there have been raises since I began employment with the state. The cost of living has gone up with the raises. Financially, I am no better off today as an Equipment Operator II than I was as an inexperienced operator nearly seven years ago. But, there is a difference. Today more of my family's necessities of life are paid for out of my paycheck and fewer are paid for with government assistance. Consequently, the state is getting a better return on their money.

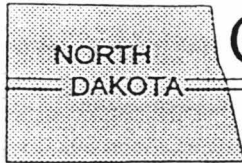
As an Equipment Operator II there is a very limited opportunity for advancement. The Equipment Operator III is a section supervisor. Our years of experience should be worth something more than reaching a point mid-career and stagnating at a plateau that sinks as inflation rises.

I work with some of the most dedicated people in the country who perform quality work with dedication and loyalty.

I have confidence that you will reinstate the 3% and 3% and if you do, you will be acknowledging our worth. Thank you for your time and consideration and I am available to answer your questions.

BUDGET - BARB SCHAAN

| <u>BUDGET ITEM</u> | <u>JANUARY 1999</u> | <u>GOV'T SUBSIDY</u> <u>JANUARY 1992</u> |
|-----------------------|---------------------|---|
| *Rent | \$ 250.00 | \$ 100.00 |
| Electricity | 60.00 | |
| *Propane | 100.00 | 50.00 |
| Water | 60.00 | |
| *Telephone | 100.00 | 20.00 |
| Cable | 27.28 | |
| Car Payment | 204.50 | |
| Car Insurance | 66.84 | |
| Renters Insurance | 8.00 | |
| *Doctors | 50.00 | 50.00 |
| *Dentist | 50.00 | 50.00 |
| *Medications | 30.00 | 30.00 |
| *School Lunches | 18.00 | 18.00 |
| Life Insurance | 50.00 | |
| *Dental Insurance | 42.33 | 42.33 |
| FICA | 108.40 | |
| Medicare | 25.35 | |
| Federal Tax | 94.14 | |
| State Tax | 13.18 | |
| Donations | 25.00 | |
| Gas & oil for Car | 90.00 | |
| Car Repairs & Upkeep | 40.00 | |
| Kids Allowance | 32.00 | |
| *Groceries | 150.00 | 150.00 |
| Clothing and Haircuts | 45.00 | |
| Miscellaneous | 56.00 | |
| TOTAL | \$ 1,796.02 | \$ 510.33 |
| PAYCHECK | \$ 1,796.00 | |



Class Specification

Central Personnel Division
Bismarck, ND 58505-0120 (701)328-3290

CLASS CODES: 8411
8412
8413

EQUIPMENT OPERATOR

SCOPE OF WORK:

Individuals assigned to positions classified within this series operate a variety of equipment in performance of work activities associated with roadway and grounds maintenance; drilling and transportation operations, garbage removal, etc.

DUTIES PERFORMED AT ALL LEVELS:

- Operate a variety of equipment including trucks and buses of various sizes, loader-tractors, rollers, power brooms, pulverizers, tractors with attachments such as sickle mowers, etc.
- Repair roadway surfaces by blade and hand patching, crack pouring, and roadway sealing.
- Mow grounds, clean out culverts, repair erosion damage.
- Remove snow and ice from roadways and walkways.
- Perform preventative maintenance and service work such as tire repairs, oil changes, the cleaning and maintenance of work area, etc.

NOTE: The duties listed are not intended to be all inclusive. Duties assigned any individual employee are at the discretion of the appointing authority.

EQUIPMENT OPERATOR I

8411

GRADE 13

ADDITIONAL DUTIES PERFORMED AT THIS LEVEL:

- Operate light equipment including tractors, trucks, buses, etc.
- May receive training for the operation of heavy equipment under close supervision.

MINIMUM QUALIFICATIONS:

Requires a high school diploma or GED. A valid driver's license of a class appropriate to the equipment operated is also required. The class will be specified by the employing agency at the time of recruitment.

CLASS EVALUATION:

Technical Knowledge

- Requires knowledge of processes, procedures, or methods.
- Requires some specialized knowledge, skill, and ability.
- Requires a high school diploma or GED.
- Requires specific training or experience in duties similar in type and complexity to those performed at this level.

Management Breadth

- The requirement for managing others does not exist.

Interpersonal Skills

- Requires the use of common courtesy in everyday contacts with employees, clients, and the general public.

Guidelines

- Specific guidelines are provided.
- Guidelines are worded in general terms.
- Requires some interpretation because of varying circumstances.

Mental Challenge

- Specific duties are clearly defined.
- A variety of related procedures are provided for performing duties.
- Choosing the appropriate work procedure from available choices is necessary.

Independence of Action

- Instructions are given in general terms.
- Duties include completing a variety of recurring activities independently.
- Supervisor reviews work as necessary assuring work progress, accuracy, and task completion.

Control of Budget Dollars

- None.

Effect on Decisions

- Limited effect - Activities provide a product, information, or service used by others in making decisions.

Hazardous Working Condition

- Work includes exposure to hazardous conditions resulting in a risk of serious physical injury requiring medical attention and some lost time from work.
- Exposure occurs on a seasonal, periodic, or similar intermittent basis.

EQUIPMENT OPERATOR II

8412

GRADE 18

ADDITIONAL DUTIES PERFORMED AT THIS LEVEL:

- Operate a variety of heavy-duty equipment such as graders, bulldozers, scrapers, tandem-axle trucks, backhoes, asphalt pavers, etc.
- Perform minor repairs to equipment, structures, concrete surfaces, etc.

ADDITIONAL MINIMUM QUALIFICATIONS:

The appointing authority shall establish a specific additional type and amount of experience required when recruiting at this level.

CLASS EVALUATION:

(Those Factors Rated Differently from Previous Levels)

Technical Knowledge

- Requires knowledge of processes, procedures, or methods.
- Requires considerable specialized knowledge, skill, and ability.
- Requires specific technical training in the occupation.
- Requires work experience in duties similar in type and complexity to those performed at this level.

Management Breadth

- The requirement to manage others is limited in scope and/or duration.

Guidelines

- General guidelines exist.
- Requires judgement in selecting appropriate guidelines.
- Interpretation of guidelines is required as tasks may vary when repeated.

Independence of Action

- Instructions are given in general terms.
- Duties include deciding methods and details to complete tasks.
- Duties include utilizing established policies and practices in strategy development and problem solving.

EQUIPMENT OPERATOR III
GRADE 20

8413

ADDITIONAL DUTIES PERFORMED AT THIS LEVEL:

- Instruct and train staff in the safe operation of equipment; the maintenance of roadways, equipment, structures, etc.

ADDITIONAL MINIMUM QUALIFICATIONS:

The appointing authority shall establish a specific additional type and amount of experience required when recruiting at this level.

CLASS CODES: 8411
8412
8413

ND Class Specification
Equipment Operator

CLASS EVALUATION:

(Those Factors Rated Differently from Previous Levels)

Management Breadth

- Requires managing and directing the activities of employees with duties of the same or similar nature.

Control of Budget Dollars

- Up to \$500,000.

Effect on Decisions

- Indirect effect - Activities provide analysis, recommendation, or advice used by others in making decisions.

Eff. Date: 10/74

Revised: 7/76 - Duties changed

Revised: 3/93 - Administrative factoring project, payline exception

Reviewed 3/98 - Rewritten to proper format

TESTIMONY ON SB 2015
By Gary Feist
February 25, 1999

Chairman Dalrymple, members of the House Appropriations Committee, my name is Gary Feist and I am public employee for the State of North Dakota. Thank you for allowing public employees this opportunity to address the Appropriation Committee about public employee salaries. I am here to support Governor Schafer's pay plan of \$ 5.4 million in general and special funds for equity adjustments and 3% for each year of the biennium. I have been an auditor in the tax department since November 1991. As an auditor in the tax department I have traveled across this state and the country completing sales and corporate income tax audits. These audits have brought the state millions of dollars in additional revenue. I believe the state needs to pay public employees what they're worth in order to keep quality public employees working for the state of North Dakota. Recently, I was pursued by a company in Minneapolis who wanted to hire me as tax auditor in their office. The company was willing to pay \$12,000 more than my current salary. The offer was very tempting, but I would like to stay in North Dakota if possible. I recognize that our health insurance has increased significantly and the senate has decided to reduce the pay plan from 3% of 2% to cover these additional costs. The problem I have with this approach is that the reduction in the increase has saved the state \$ 13, 821,000 in general and special funds, when the increase in our health insurance was only \$ 3,428,000, creating a net savings to the state of \$ 10,393,000 in general and special funds. I believe this shows that again the state budget is being balanced on the backs of state employees. I would like to ask for you consideration in restoring the pay plan to the 3% for each year of the biennium and support the equity adjustment proposed by the governor. North Dakota needs to keep its young educated

people in the state. This pay plan would be a step in the right direction and would allow the quality public employees that are currently working for the state to continue to provide quality services to the people of North Dakota. Again thank you for you time and consideration for the pay proposal.



NORTH DAKOTA
AFSCME

THE UNION FOR PUBLIC EMPLOYEES

Post Office Box 2423, Bismarck, North Dakota 58502

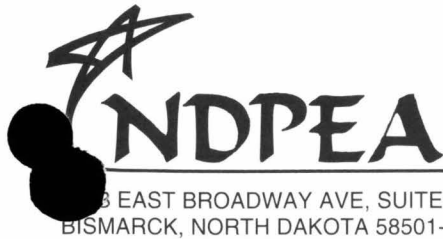
Telephone: (701) 223-5979

Chairman Representative Dalrymple & House Appropriations Committee Members:

My Name is Kevin Kiconas. I am with N.D. AFSCME (American Federation State, County & Municipal Employees). We are here today to testify in support of SB 2015. AFSCME believes that SB 2015 goes a long way promoting salary fairness.

The most important thing it does is that it sets up a formula that is fair for classified employees. It makes a good effort to address the compression problem. AFSCME would recommend that you keep the \$5.4 million dollars for compression in tact. That is important. Also, the formula of \$35.00 a month for the employee and 3% each year of the biennium helps workers in all grades and classifications.

SB 2015 is good and fair bill that should merit your support.



NORTH DAKOTA
PUBLIC EMPLOYEES ASSOCIATION

138 EAST BROADWAY AVE, SUITE 1220
BISMARCK, NORTH DAKOTA 58501-3396

701-223-1964
1-800-472-2698

AMERICAN FEDERATION
OF TEACHERS LOCAL 4660 AFL-CIO



EMAIL: ndpea@btigate.com
WEBSITE: www.ndpea.org

TESTIMONY ON SB 2015

Before the Senate Appropriations Committee
North Dakota Public Employees Association, AFT Local 4660, AFL-CIO
February 26, 1999

Chairman Dalrymple, members of the House Appropriations, my name is Chris Runge and I am the Executive Director of the North Dakota Public Employees Association, AFT Local 4660. I am here to request reinstatement of the 3% and 3% pay increases as requested by Governor Schafer in his Executive Budget for state employees which was reduced to 2% and 2% by the Senate. As most of you are aware, it is indeed rare when our organization has been in agreement with the Governor's compensation recommendations for state employees.

NDPEA has come before this committee on various occasions to talk with you about public employees, the great work they do for the citizens of this state and the need to pay them good wages and benefits. Two years ago, NDPEA came before this committee to ask for a catch-up raise for state employees. Section 7 of SB 2015 provides the good start of a catch-up raise called market equity adjustments. There are many, many state employees who after many years of loyal service to North Dakota are so far behind market that that at the current rate of pay raises will never even get to the mid-point of their pay ranges without additional increases over and above regular pay raises. Section 7, which provides for the special market equity adjustments, is a good step in the right direction of moving state

Quality Services from Quality People

Testimony

employee salaries closer to market. We are not asking to catch up all at one time. State employees are keenly aware that the compensation problem developed over a number of years and that it will take a few biennium to get caught up to market. The pay ranges are set to be within 95% of market. Governor Schafer has made the commitment to this process for the next 6 years and we support his plan. The special market equity adjustments in Section 7 of this bill is a critical part of the total compensation package and is one of the major reasons we are support Section 7 of SB 2015. The special market equity adjustments and moving closer to market ranges will improve the ability of state agencies to recruit and retain talented state employees.

We are thankful that the state has recognized and provided for special adjustments for those state employees who are the furthest behind the market with the most years of service. State employees are some of the most educated and talented employees in the state. They have taken on many additional duties. We saw some great examples of public employee dedication during the 1997 Grand Forks Flood. In the next biennium, for example, the Department of Human Services, we will see more community-based services being provided to individuals who would have received services through the North Dakota State Hospital. Some of those individuals will face daunting challenges in the community and social workers in the Human Services Centers will face tougher caseloads. It is important that state employees are adequately compensated. State employees have done a terrific job in holding the line on spending and have done more with less and will continue to do more with less.

Section 8 of this bill was amended and provides for a minimum \$35 across the board salary increase up to 2% based on merit and equity each year of the biennium. Due to the increased cost of the health insurance state employees will now be faced with higher medical bills in the form of co-insurance, deductibles and prescription. While the increased cost of the health insurance is over and above what the Governor had budgeted for, and the additional increase is not the fault of you, the legislators, or us, as

state employees, nonetheless state employees will face increased health insurance costs as will the state. To remove 1% from the state employee pay raises may in all likelihood result in a net loss for state employees when coupled with the increased health insurance. Now I know, some of you are thinking that the state pays for a family premium and maybe it is time for state employees to pick up the family plan. It is our sincere hope that this will not be a topic of serious discussion for this committee. The state and state employees have always had a cost-sharing arrangement where the state pays the premium and we pay increased deductibles, co-pays, co-insurance and prescriptions costs.

We are requesting that the state employees' compensation plan be restored to the Governor's recommended level of 3% and 3% and \$5.4 million in market equity adjustments. The pins we are wearing today simply state that we are all worth 5% and 5% but we are not asking for 5% salary increases only what was originally in SB 2015 and Governor Schafer's budget recommendations.

Thank you and I am available to answer any questions you may have.

State Employee Fact Sheet

Classified employees under CPD (ND's Civil Service) are covered by basic 'rules' adopted by CPD. The personnel rules ensure reasonably consistent employment conditions regardless of size, function, or location of agency. Generally, the rules provide for equitable pay, open & competitive selection, & protection from arbitrary personnel actions.

Classified employees under the University System are covered by and subject to the policies adopted by the State Board of Higher Education.

Non-Classified employees do NOT have grievance appeal rights under CPD. The terms and conditions of employment vary by agency, category of employee, or even by individual employee.

SALARY INCREASE HISTORY

| Date | Amount | General Increase Specific Provisions |
|--------|---------|--|
| 7/1/83 | 2.0% | Retirement Cont in lieu of salary increase |
| 5/1/84 | \$60/mo | Not appropriated but allowed by Governor within available agency funds |
| 7/1/84 | 2.0% | Retirement Cont in lieu of salary increase |
| 4/1/85 | 5.5% | Minimum Increase of \$50 |
| 7/1/86 | 4.0% | Minimum Increase of \$50 |
| 7/1/87 | 0.0% | |
| 7/1/88 | 0.0% | |
| 7/1/89 | 7.1% | Minimum Increase of \$50 |
| 7/1/90 | 0.0% | |
| 7/1/91 | 4.0% | Minimum Increase of \$50 |
| 7/1/92 | \$40/mo | Averaged approximately 2.0% |
| 7/1/93 | \$60/mo | Averaged approximately 3.2% |
| 7/1/94 | 3.0% | |
| 7/1/95 | 2.0% | |
| 7/1/96 | 3.0% | 2% across-the-board; 1.0% for Performance, Range Compression, & Equity |
| 7/1/97 | 3.0% | \$30 across-the-board; Remainder of 3% appropriation based on Merit & Equity |
| 7/1/98 | 3.0% | \$30 across-the-board; Remainder of 3% appropriation based on Merit & Equity |

12,627 Total State Employees

9,678 Classified Employees (ie. Civil Service)

6,390

Employees classified under the Central Personnel Division

5,156 In Cabinet agencies reporting to the Governor

594 In Agencies reporting to Boards & Commissions

640 In Elected Official's Agencies

3,288

Employees classified under the ND University System

2,949

Non-Classified State Employees

85 State Officials

13 Elected

40 Appointed

32 Deputies & Assistants

635 Other Un-classified

32 Legislative Council

234 ND Court System

162 Worker's Compensation Bureau

28 Physicians

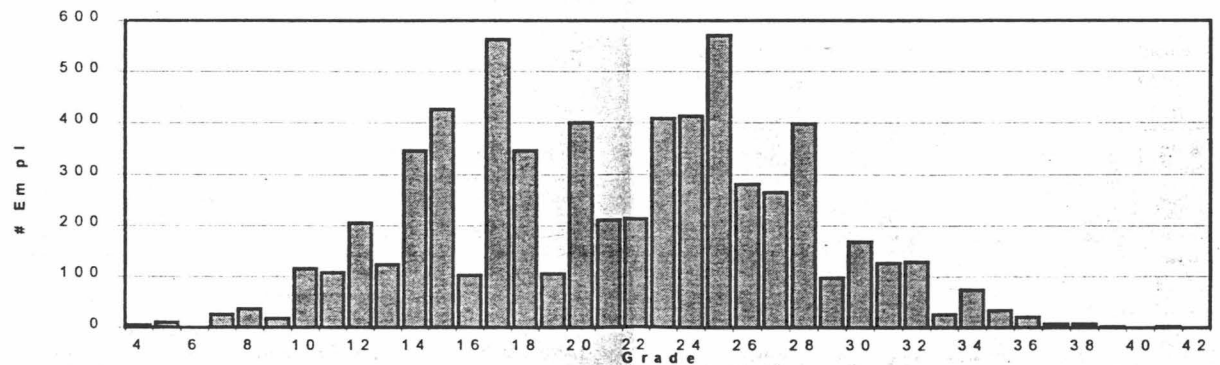
28 Assistant Attorney's General

48 Teachers

103 Miscellaneous (Statutory, SPB action, & Governor's Staff)

2,229 University System Officials & Faculty

CLASSIFIED EMPLOYEES - by Grade



Basic Support Advanced Support Entry Prof. Sr Prof. Sr Mgmt.
Entry Technical Sr Technical Mid-Management

| Classified Employee Salary Distribution | # of Employees | Percent |
|---|----------------|---------|
| up to \$10,000 | 0 | 0.0% |
| \$ 10,000 to 15,000 | 127 | 2.0% |
| 15,000 to 20,000 | 1,266 | 19.8% |
| 20,000 to 25,000 | 1,398 | 21.9% |
| 25,000 to 30,000 | 1,410 | 22.1% |
| 30,000 to 35,000 | 911 | 14.3% |
| 35,000 to 40,000 | 565 | 8.8% |
| 40,000 to 45,000 | 329 | 5.1% |
| 45,000 to 50,000 | 192 | 3.0% |
| 50,000 to 55,000 | 94 | 1.5% |
| 55,000 to 60,000 | 64 | 1.0% |
| 60,000 to 65,000 | 27 | 0.4% |
| 65,000 to 70,000 | 2 | 0.0% |
| 70,000 to 75,000 | 2 | 0.0% |
| 75,000 to 80,000 | 3 | 0.0% |
| 80,000 | 0 | 0.0% |
| | 6,390 | |

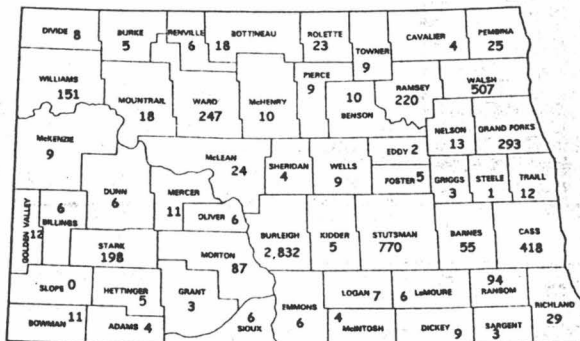
In the North Dakota general workforce:

- 57% of workers have education or trade school beyond high school
- 21% have bachelor's degrees or beyond

In the Classified workforce of the State:

- 77% have education or trade school beyond high school
- 45% have a bachelor's degree or beyond

Classified state employees are located in nearly every county. The following map does NOT include University System, Court System, Legislative Council, or Worker's Comp Bureau employees.



CPD MISSION
To promote continual improvement in the efficiency and effectiveness of human resources management in North Dakota State Government.

CPD's primary responsibility is to provide "... a unified system of personnel administration for the classified service ..."

Beyond the basic framework of personnel policies (rules) and job classification and salary ranges, CPD provides an assortment of assistance to agencies in their ongoing management of human resources. CPD services include:

- Management Consulting
- Supervisor/Employee Training
- Employee Compensation Services
- Recruitment/Selection Assistance
- Mediation
- Legislative & Regulatory Compliance
- Performance Management Tools
- Model Policies, Handbooks, & Guides

CPD also makes current information readily available to agencies via the world wide web at:

www.state.nd.us/cpers

CPD offices are located on the 14th Floor of the State Capitol.

Phone Number: (701) 328-3290

FAX: (701) 328-1475

Please feel free to contact any CPD staff member:

| Name | Phone | Name | Phone |
|----------------|----------|-------------------|----------|
| Dan LeRoy | 328-4735 | Ken Purdy | 328-4739 |
| Linda Jensen | 328-3299 | Bill Gumeringer | 328-3345 |
| Darwin Heinitz | 328-4738 | Virginia Rivinius | 328-3374 |
| Ardy Pfaff | 328-1638 | Jan Kolding | 328-3347 |
| Kim Wassim | 328-4737 | Maureen Vosberg | 328-3293 |
| Del Ekstrom | 328-3290 | FAX | 328-1475 |

January 1998

Discover the Spirit!
NORTH DAKOTA State Employee Fact Sheet

This info fact sheet is provided by the **Central Personnel Division (CPD)** to give a snapshot of state employment. Data is from a variety of sources and over several months. While details of employment change from day-to-day, this data is an accurate overall reflection of State employment.

The 6,000+ classified state employees covered by the **Central Personnel Division** are employed in over 50 separate state agencies. Over 85% of classified employees work in the 12 largest agencies:

| | |
|--|-------|
| Department of Human Services Inc. State Hospital, Developmental Center, & Regional Human Service Centers | 2,187 |
| Department of Transportation | 1,003 |
| Department of Corrections & Rehabilitation Inc. Pen.; MRCC; YCC; Rough Rider Ind.; Parole & Prob.; JRCC. | 483 |
| Job Service North Dakota | 402 |
| Office of Management & Budget Inc. Fiscal Mgmt; Facility Mgmt; Risk Mgmt; Central Personnel Div; Central Svcs Div; Info Svcs Div; State Radio Comm; Intergov Asst | 315 |
| Health Department | 285 |
| Department of Public Instruction Inc. School for the Deaf; School for the Blind; State Library; Div of Independent Study | 207 |
| Highway Patrol | 183 |
| Bank of North Dakota | 151 |
| Tax Department | 131 |
| Game & Fish Department | 123 |
| Attorney General's Office | 108 |

| AVERAGE CLASSIFIED STATE EMPLOYEE | | | |
|-----------------------------------|------|-------------|---------------|
| | Age | Yrs Service | Annual Salary |
| Jan '93 | 42.0 | 9.5 | \$22,189 |
| Jan '94 | 42.0 | 11.0 | 22,812 |
| Jan '96 | 46.0 | 11.4 | 25,476 |
| Jan '97 | 43.0 | 12.2 | 26,273 |
| Jan '98 | 43.8 | 12.1 | 27,034 |
| Aug '98 | 44.0 | 12.1 | 27,963 |

Testimony on SB 2015
House Appropriations Committee Hearing
Larry W. Thompson, State Employee
February 26, 1999

Chairman Dalrymple, Committee Members, Fellow Public Employees. As a State Employee for past 6 ½ years and as a public servant for another 12 years beyond that, I felt it was my duty to be here today and provide you my 2 cents worth. By the way, I am on annual leave today and drove my personal vehicle to this fair city from Devils Lake! When the Governor's budget was unveiled, I like others reviewed it very carefully. Though I had some concerns about the changes in the Health Care Plan and the increased cost per visit and co-pays and the like, I felt that the overall plan was acceptable and fiscally sound. The 3% per year with a minimum of \$35, though didn't get me excited, appeared to be reasonable. When the news of increased costs for health insurance put that 3% in doubt, I took a wait and see attitude, but it became quickly evident that the drop from 3% to 2% went well beyond increased health insurance costs. Then I was made aware that one agency fared better than 2% and even 3% that being 5%. The feelings I had at that time were hurt and anger. I have always taken pride in anything I do. I work hard. I am fiscally responsible, both at work and home. I look around at other state employees I come in contact with and see those same qualities, pride in what they do, a solid work ethic, and fiscal responsibility. As a soldier, I was treated with respect and as a state employee, I can't say that I have been treated the same way.

Larry W. Thompson
February 26, 1999
Page 2

State Employees have been asked to do more with less and we have. We have endured unfounded criticism from both members of this body and the public.

During the BAD years state employees went without pay increases and were given empty promises for better times that even when they are here, never seem to come!

Yet, some public employees appear to DESERVE MORE!! Why! Aren't we all employees of the great State of North Dakota? Tell the DOT employee who risks better cold and blizzard conditions to keep our road safe that they don't deserve an equal share! Tell the State Patrolman who risks their lives in bad weather and roads and risky traffic stops that they don't deserve an equal share! I could continue to drop a list of dedicated hard working women and men who work for you, and they all deserve an equal share. If some state employees deserve 5%, we all do! I talk to the state employees who qualify for public assistance, and that is sad, they deserve a fair share! I returned to this state 10 years ago, after almost 12 years as an officer in the United States Army, because my wife and I wanted to raise our children where the values of honesty, fairness, and taking care of our own were honored! Yet, as a State Employee, there are times I question why we are treated the way we are. I feel that the Governor proposed a fair and reasonable pay plan. Since, I live in a community where there is no EPO for health care, we only have a PPO, if the 1% is

Larry W. Thompson
February 26, 1999
Page 3

restored, it is reasonable to assume that it will be absorbed in the extra health care costs I will incur and maybe part of the remaining 2%! There are State Employees that with the extra health care costs, at 2% will take a step backwards! I wish that more State Employees would have had an opportunity to come here today and tell you their stories, but the short notice for this hearing wouldn't allow for that! I was already planning a half day of annual leave for personal business, but I decided this was something I had to do! But I bring with me the concerns voiced by State Employees from the DOT, the National Guard, Human Services, and Higher Education! We join together to ask that we be treated fairly and honestly! We all deserve an equitable pay raise and maybe if one agency gets 5%, maybe we all should. In fairness, the same percentage needs to be across the board for all agencies! I ask you to reinstate the Governor's proposed increases of 3% and 3%, for ALL agencies! I am proud to be State Employee. I am proud to be a public servant! All I asked that I be treated fairly, honestly, and with respect! We, all State Employees deserve this! Thank you very much for allowing me to speak and if you have any questions, I would be happy to answer them!

THANK YOU!

TO: ROD BACKMAN, OMB DIRECTOR
FROM: WILLIAM GOETZ, CHIEF OF STAFF
SUBJECT: WASHINGTON CONSULTANTS
DATE: 01/19/99

You asked for background information on the budget request from the Governor's Office for funding of a Washington, D.C., lobbyist, to provide services to North Dakota's executive branch agencies.

We signed a contract with Craig Pattee of the Pattee-Williams Group for \$5,000 a month, and he began his work in December 1997. We notified the Legislative Council of the arrangement in February 1998.

Pattee has assigned his associate, Toby Burke, to work with us on a day-to-day basis. The Department of Human Services, the Health Department and the Office of Management and budget have been the source of this funding, but in light of the varied responsibilities assigned Pattee, we believed consolidating the funding through OMB is appropriate.

The Pattee-Williams Group is the premier consulting partnership handling state issues in Washington, D.C. Pattee held policy positions in the Bush White House and the Department of Education, while Burke has worked for Gov. Tommy Thompson of Wisconsin.

Their services have been invaluable in increasing the state's input and influence in Washington. They serve as our regular points of contact for the National Governors Association, attending weekly staff meetings and making sure that North Dakota's views are represented. In 1997-98, Gov. Schafer was chairman of the NGA's Economic Development Committee, where he led the governors' lobbying efforts on behalf of increased highway funding. The governor currently co-chairs the Natural Resources Committee, which deals with energy policy, the environment and water policy, among other issues.

Washington
D.C.
Lobbyist

The NGA is the states' policy and lobbying arm in Washington. In the past, we found it difficult to utilize the NGA services to their full extent, because of distance and small staff size here in Bismarck. Our agreement with Pattee-Williams Group allows us to influence the drafting of policy on issues critical to North Dakota.

In addition, they have been useful in improving our office's relationships with members of the majority in Congress. We have found that new level of access extremely important in pursuing legislation in the area of water, agriculture policy, trade and transportation. While North Dakota's all-Democratic congressional delegation does an excellent job representing the state, the governor saw a need to foster his contacts with the leadership. Through our association with the Pattee-Williams Group, we now can cover all political bases to the benefit of North Dakotans.

These are highlights of their activities.

- Pattee was our point person on the highway funding bill, TEA-21, working closely with the TRUST Coalition and members of Congress to win passage of this critical legislation. The six-year highway bill will bring North Dakota an estimated 48 percent more in gas tax dollars over the life of the legislation. (Attached please see a letter from John DeVierno.)
 - Burke was an immense help in arranging Gov. Schafer's meetings with Senate Majority Leader Trent Lott and members of the House and Senate Agriculture Committees. The governor traveled twice to Washington in 1998, once with leadership of the N.D. Grain Growers and Farm Bureau; another time with presidents of the Farm Bureau, Farmers Union, and Agriculture Commissioner Roger Johnson. Those trips emphasized the serious problems facing the farm economy in North Dakota, helping win passage of important relief measures. On a practical level, it would have been nearly impossible to have accomplished all those meetings without Burke's support.
 - Burke also tracks agriculture-related legislation on a daily basis, giving the governor necessary information on a wide range of issues, including crop insurance, disaster relief and global trade.
 - Pattee and Burke were our regular points of contact with the U.S. Trade Representative during the ongoing negotiations with Canada that resulted in the Dec. 4 agreement that fixed several major trade irritants and improved access for North Dakota farm products to the Canadian market. They supplied the essential monitoring and follow-up that made sure the USTR listened to the Midwest governors who prompted the negotiations.
 - Gov. Schafer played a key role in passage of legislation to suspend a law that would have caused lengthy backups for travelers crossing from Canada into the United States, specifically North Dakota. Pattee and Burke worked extensively on this
-

project, which represented successful cooperation between the northern tier states and members of Congress.

- Pattee and Burke worked with our Department of Human Services to win passage of legislation to reduce penalties for states that could not meet a unnecessarily rigid deadline for enacting a child-support-enforcement computer system. This legislation saved North Dakota hundreds of thousands of dollars.
- A priority for the upcoming year will be resisting federal "recoupment" efforts to take up to half of the money states will receive under the tobacco settlement. The NGA and Gov. Schafer have identified this issue as a major one facing the states, and we will be asking Pattee and Burke to be following this the entire way through the 1999 Congress.
- Burke regularly monitors federal activities involving federal regulations of Indian gaming, a critical issue in North Dakota.
- Pattee is also closely involved with efforts to win federal funding for Centers for Excellence in Rural America, CERA, a new venture in conjunction with the corporation SAIC that aims to bring technical infrastructure to rural communities, strengthening their economic development and educational efforts. Watford City has been designated North Dakota's first CERA community.

Note:

On Jan. 7, Pattee will announce a new partnership with Ron Kaufman and Ben Nelson. Kaufman was director of White House personnel and later political director for President George Bush. Nelson just completed two terms as the Democratic governor of Nebraska. This new arrangement will enhance the work done by this group for the state.

**TESTIMONY TO THE
HOUSE APPROPRIATIONS COMMITTEE**

February 26, 1999

SENATE BILL 2015

JOHN HOEVEN - BANK OF NORTH DAKOTA

The Industrial Commission, by a two to one vote, has requested that I appear before you to testify regarding the level of transfers from Bank of North Dakota to the General Fund as contained in Senate Bill 2015. I'd like to start by reporting to you that BND is now \$1.6 billion in total assets, it is strong, growing, meeting its mission to help finance economic development, and generating more income in the process.

Section 12 of Senate Bill 2015 calls for transfers from BND to the General Fund of \$60 million. Section 13 requires additional transfers of up to \$23 million if General Fund receipts fall below projections in the biennium.

BND can meet the \$60 million transfer requirement of Section 12 and maintain capital of \$140 million, which is the level the Industrial Commission supported in its resolution. Bank capital would be reduced, however, if the \$23 million in additional funds are drawn under the contingency provided for in Section 13 or what's been referred to as the "rainy day" fund.

To avoid reducing Bank capital, the contingent transfer of \$23 million in Section 13 should be eliminated if the \$60 million transfer in Section 12 is approved. The function served by the "rainy day" fund could then be covered through the Governor's power of allotment should the need arise.

SB 2015
Hoeven part 2
presented by Rod Backman

Assumes \$25 million
profit a year

| | |
|-----------------------------------|---------------------|
| Equity - December 31, 1997 * | 128,888,000 |
| Profits 1998 | 28,000,000 |
| Transfers to Gen. Fund 1998 ** | <u>(17,188,000)</u> |
| Equity December 31, 1998 | 139,700,000 |
| Profits 1999 | 25,000,000 |
| Transfer to Gen fund 1999 | <u>(25,000,000)</u> |
| Equity - December 31, 1999 | 139,700,000 |
| Profits 2000 | 25,000,000 |
| Transfer to Gen Fund 2000 | <u>(25,000,000)</u> |
| Equity December 31, 2000 | 139,700,000 |
| Profits 2001 | 12,500,000 |
| Transfer to General Fund | <u>(10,000,000)</u> |
| Equity June 30, 2001 | 142,200,000 |

*Includes \$17.1 million general fund transfer to BND

** BND transferred \$29.6 million to the general fund in 1998, but equity at December 31, 1997 had already been reduced by \$12.4 million.

BANK OF NORTH DAKOTA

December 31st capital balances, earnings, loans & securities

| | Capital | Earnings (b4 transfers) | Loans (less allow for losses) | Securities |
|------|-------------|----------------------------|----------------------------------|-------------|
| 1983 | 46,425,446 | 11,182,816 | 284,297,246 | 196,345,804 |
| 1984 | 55,588,718 | 9,318,272 | 264,804,307 | 235,629,066 |
| 1985 | 58,924,013 | 12,335,295 | 236,867,887 | 390,914,469 |
| 1986 | 68,706,065 | 9,782,052 | 201,686,674 | 343,529,917 |
| 1987 | 70,803,167 | 12,702,682 | 194,218,657 | 414,510,357 |
| 1988 | 89,472,323 | 15,239,724 | 196,289,030 | 367,196,712 |
| 1989 | 84,016,475 | 12,547,009 | 207,521,515 | 402,580,192 |
| 1990 | 96,617,682 | 12,547,009 | 207,521,515 | 402,580,192 |
| 1991 | 92,917,000 | 17,946,000 | 251,649,000 | 483,768,000 |
| 1992 | 114,119,000 | 23,840,000 | 298,338,000 | 442,824,000 |
| 1993 | 100,000,000 | 17,530,000 | 292,652,000 | 410,598,000 |
| 1994 | 100,206,000 | 18,031,000 | 378,408,000 | 342,651,000 |
| 1995 | 76,000,000 | 21,639,000 | 470,083,000 | 334,933,000 |
| 1996 | 98,477,000 | 23,191,000 | 536,294,000 | 271,743,000 |
| 1997 | 128,888,000 | 25,544,000 | 603,354,000 | 254,156,000 |

BANK OF NORTH DAKOTA
Biennium Transfers to the General Fund
Sep-98

| | | |
|------------------------------|------------|--|
| July 1, 1949 - June 30, 1951 | 1,500,000 | |
| July 1, 1951 - June 30, 1953 | 0 | |
| July 1, 1953 - June 30, 1955 | 1,500,000 | |
| July 1, 1955 - June 30, 1957 | 0 | |
| July 1, 1957 - June 30, 1959 | 2,000,000 | |
| July 1, 1959 - June 30, 1961 | 250,000 | |
| July 1, 1961 - June 30, 1963 | 2,500,000 | |
| July 1, 1963 - June 30, 1965 | 4,000,000 | |
| July 1, 1965 - June 30, 1967 | 4,000,000 | |
| July 1, 1967 - June 30, 1969 | 6,000,000 | |
| July 1, 1969 - June 30, 1971 | 5,500,000 | |
| July 1, 1971 - June 30, 1973 | 6,500,000 | |
| July 1, 1973 - June 30, 1975 | 10,000,000 | |
| July 1, 1975 - June 30, 1977 | 16,000,000 | |
| July 1, 1977 - June 30, 1979 | 16,000,000 | |
| July 1, 1979 - June 30, 1981 | 10,000,000 | |
| July 1, 1981 - June 30, 1983 | 5,000,000 | |
| July 1, 1983 - June 30, 1985 | 5,000,000 | |
| July 1, 1985 - June 30, 1987 | 7,000,000 | |
| July 1, 1987 - June 30, 1989 | 12,000,000 | |
| July 1, 1989 - June 30, 1991 | 14,000,000 | |
| July 1, 1991 - June 30, 1993 | 23,217,457 | |
| July 1, 1993 - June 30, 1995 | 14,100,000 | 31,900,000 deferred until 95-97 biennium |
| July 1, 1995 - June 30, 1997 | 50,214,540 | |
| July 1, 1997 - June 30, 1999 | 15,000,000 | Transferred |
| July 1, 1997 - June 30, 1999 | 14,600,000 | To be transferred |



Organized June 4, 1884. Incorporated January 20, 1901.

North Dakota Firemen's Association

SB 2015 Office of Management and Budget

Mr. Chairman and members of the Senate Appropriation Committee, my name is Lois Hartman. I am the Executive Director of the North Dakota Firemen's Association. I am unable to appear before you today, but wanted you to know that The North Dakota Firemen's Association is in support of SB 2015. This appropriation request contains the funding for the North Dakota Firemen's Association's Fire Schools and the Firefighter Certification Program.

The North Dakota Firemen's Association is charged with the responsibility of training and certifying firefighters in North Dakota. There are 389 fire departments and fire protection districts with about 8,800 firefighters. The Association holds an annual state fire school each February, here in Bismarck. Last year we had 1,068 firefighters registered, but due to a blizzard, only 558 attended. In addition to the state fire school, we held 11 regional fire schools. An additional 630 firefighters attended the regional schools.

The annual appropriation for the fire schools and the firefighter certification program is \$31,500. This does not cover the costs, but it is an important part of the funding. Your continued support of this funding will be greatly appreciated.

Thank you.

Lois Hartman
Lobbyist # 364

*Firemen
Assoc*



SB 2015
1/21/99

North Dakota
STATE RADIO COMMUNICATIONS

PO Box 5511
BISMARCK, NORTH DAKOTA 58502-5511
701-328-2121 701-328-2126 (FAX)

LYLE V. GALLAGHER
Director of Communications

January 25, 1999

Senator Naaden
Vice Chair
Senate Appropriations

Senator Naaden:

Please find the attached data as per your request during our Senate Budget hearing. This data is in reference to the method of cost accounting, and validation thereof, used in determining income and expenses of 9-1-1 services as supplied via State Radio Communications.

The method of cost accounting (formula) has not changed nor have the cost associated with the formula changed to any significant degree.

Should you have any questions or desire any further information, please do not hesitate to contact us.

Sincerely,

Rick Hessinger
Business Manager



STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. BOULEVARD AVENUE
BISMARCK, NORTH DAKOTA 58505

April 8, 1996

Senator Aaron Krauter
District 35
HC 1, Box 27
Regent, ND 58650

Dear Senator Krauter:

I am writing in regards to your letter dated March 13, 1996 and our meeting on that same date. You have requested that our office validate data given to us by the subcommittee which was formed to explore the feasibility of alternative options for the operation of the 911 system. Specifically, you wanted us to perform the following: validate the method of cost accounting used in determining the income and expenses of 911 services within State Radio; and validate the numbers that are used in the method of cost accounting for 911 services within State Radio.

We have concluded that the method used by your subcommittee to account for the income and expenses associated with the 911 services within State Radio is appropriate with one exception. We believe that the "administrative costs" on your Schedule 2 should be allocated to providing 911 services based on a more reasonable method. In this regard, we feel that it would be more appropriate to allocate the administrative costs based on the percentage of time the dispatchers spent providing 911 services to their total time spent performing all of their duties. We also believe that administrative costs should include all departmental costs except those which were allocated in other schedules (dispatcher costs and equipment costs). This method of allocation resulted in a slightly higher amount of administrative costs being allocated to providing 911 services than shown by your subcommittee.

It is important to note that the dispatchers' salaries and the administrative costs are fixed costs of State Radio which are incurred by the department in carrying out their statutory responsibilities. These costs did not increase as a result of providing the 911 services. The only additional costs incurred in providing 911 services relates to the purchase of additional equipment. However, it is our opinion that all departmental costs should be allocated to each of the functions administered by State Radio.

A major consideration in determining the costs associated with providing 911 services to nine additional counties, is whether additional personnel or equipment would be necessary. The assumption used by your subcommittee was that no additional personnel or equipment would be necessary. This assurance was reiterated by Rick Hessinger, State Radio Business Manager, during the inquiry stage of this project. Based on the knowledge we obtained of the 911 operations of State Radio during this project, it appears that this assumption is reasonable. The validity of this assumption is critical since the need for additional personnel or equipment could significantly increase the costs associated with administering 911 services.

We have also concluded that the numbers and amounts used by the subcommittee in determining revenues and expenses of administering 911 services were reasonable, with the exception of immaterial differences. We have attached Schedules 1 through 5 which you provided to our office. We have also prepared and attached Schedules A through E which show the numbers and amounts provided by your subcommittee, the numbers and amounts as verified by our office, and narrative explaining the reasons for any differences in numbers and amounts.

I hope that this information satisfies the needs of your subcommittee. If you have questions, please give me a call.

Sincerely,

Paul A. Welk

Paul A. Welk, CPA
Audit Manager

Enclosures

DISPATCH COST – STATE RADIO

| | |
|--|---------|
| TOTAL NUMBER OF 9-1-1 SYSTEMS | 20 |
| TOTAL NUMBER OF ACCESS LINES | 36,235 |
| AVERAGE NUMBER OF ACCESS LINES PER SYSTEM <i>(20 systems divided into 36,235 access lines)</i> | 1,812 |
| AVERAGE CALLTAKER/DISPATCH HOURLY RATE <i>(salary & fringe)</i> | \$14.61 |
| TOTAL 9-1-1 CALLS FOR 11 OPERATIONAL SYSTEMS <i>(COMPUTED ON 12 MONTH BASIS)</i> | 3,617 |
| AVERAGE 9-1-1 CALLS PER SYSTEM <i>(11 systems divided into 3,617)</i> | 328 |
| AVERAGE 9-1-1 CALLS PER MONTH <i>months divided into 328)</i> | 27 |
| FACTORED AVERAGE TIME OF 9-1-1 CALL | 6 MIN. |
| FACTORED COST FOR CALLTAKER/DISPATCHER <i>(27 calls x 6 min. = 2.7 hrs.) (2.7 hrs x \$14.61 = \$39.45) (1,812 DIVIDED INTO \$39.45 = \$0.022)</i> | |
| factored cost per access line | \$0.022 |

FACTORED COST PER ACCESS LINE FOR CALLTAKER/DISPATCHER COS –\$.022

MONTHLY
ADMINISTRATIVE COST – STATE RADIO

| | |
|---|---------|
| TOTAL NUMBER OF 9-1-1 SYSTEMS | 20 |
| TOTAL NUMBER OF ACCESS LINES | 36,235 |
| AVERAGE NUMBER OF ACCESS LINES PER SYSTEM <i>(20 systems divided into 36,235 access lines)</i> | 1,812 |
| ADMIN. COST FACTOR PER ACCESS LINE | \$0.01 |
| ADMINISTRATIVE COST <i>(1,812 x \$0.01 = \$18.12)</i> | \$18.12 |

AVERAGE ADMINITRATIVE COST PER SYSTEM \$18.12

STATE RADIO
9-1-1 EQUIPMENT REPLACEMENT/MAINTENANCE COST

| | |
|---|-----------|
| TOTAL REPLACEMENT/MAINTENANCE COST | \$100,000 |
| AMORTIZATION PERIOD | 10 YEARS |
| MONTHLY AMORTIZATION <u>(120 months divided into \$100,000)</u> | \$833.33 |
| MONTHLY AMORTIZATION PER SYSTEM <u>(20 SYSTEMS DIVIDED INTO \$833 PER MONTH)</u> | \$41.65 |
| COST ALLOCATION PER ACCESS LINE <u>(36,235 access lines divided into \$833)</u> <u>(36,235 x .023 x 120 months = \$100,008)</u> | \$0.023 |

\$100,008 EQUIPMENT/MAINTENANCE COST

SCHEDULE 4.

9-1-1 INCOME AND EXPENSE SUMMARY

AVERAGE ACCESS LINES PER SYSTEM

██ 1,812

SERVICE PER ACCESS LINE

X .20

AVERAGE MONTHLY INCOME PER SYSTEM

\$362

LESS:

dispatch cost

██ \$39.86

██ sched. #1

administrative cost

██ \$18.12

██ sched. #2

equip. replacement/mtnce. cost

██ \$41.68

██ sched. #3

AVERAGE MONTHLY COST PER SYSTEM

\$99.66

AVERAGE SYSTEM REVENUE OVER COST

\$262.34

STATE RADIO
TOTAL SYSTEM REVENUE VS. COST

| | | |
|--------------------|---------|-----------|
| TOTAL ACCESS LINES | 36,235 | |
| SERVICE FEE | X .20 | |
| REVENUE PER MONTH | \$7,247 | |
| BIENNIAL PERIOD | X 24 | |
| TOTAL REVENUE | | \$173,928 |

LESS:

DISPATCH COST

(36,235 X \$.022) \$797.17

ADMIN. COST

(36,235 X \$.01) \$362.35

REPLACEMENT/MTNC COST

(36,235 X \$.023) \$833.41

COST PER MONTH \$1,992.93

BIENNIAL PERIOD X 24

TOTAL FACTORED EXPENSE \$47,830

INCOME OVER FACTORED EXPENSE \$126,098

MONTHLY DISPATCH COST - STATE RADIO

| | State Radio's Numbers | SAO Verified Numbers |
|--|-----------------------------|----------------------------|
| | ----- | ----- |
| Total Number of 911 Systems | 20 | 11 |
| Total Number of Access Lines | 36,205 | 20,117 |
| Average Number of Access Lines Per System d SR - (36,205/20) SAO - (20,117/11) | 1,810 | 1,829 |
| Average Dispatcher Hourly Wage c | \$14.61 | \$14.61 |
| Total Annual 911 Calls for 11 Systems | 3,617 | 3,617 |
| Average Annual Calls per 911 System (3,617/11) | 329 | 329 |
| Average Calls per System/Month a (329/12) | 27 | 27 |
| Factored Avg. Time per 911 Call (Minutes) b | 6 | 6 |
| Total Annual Time for 911 calls - in Hours (3,617*6/60) | 362 | 362 |
| Monthly Dispatcher Cost per Access Line X (a*(b/60)*c/d) or (27*(6/60)*\$14.61/1,829) | \$0.022 | \$0.022 |
| Dispatch Cost per System SR - (1,810*\$0.022) SAO - (1,829*\$0.022) | \$39.82 | \$40.24 |

Percent of Dispatcher Time Spent on 911 Calls

| | |
|--|--------|
| Total Number of Dispatchers | 26 |
| Hours Paid to Each Dispatcher per Year | 2,080 |
| Total Annual Dispatcher Hours (26*2,080) | 54,080 |
| Percent of Time Spent on 911 Calls (362/54,080) | 0.669% |

(Continued on the Next Page)

MONTHLY DISPATCH COST - STATE RADIO

| | State Radio's Numbers ----- | SAO Verified Numbers ----- |
|--|--------------------------------------|-------------------------------------|
| <u>Projected Percent of Time for 20 Counties</u> | | |
| Total Number of Dispatchers | | 26 |
| Hours Paid to Each Dispatcher per Year | | 2,080 |
| Total Annual Dispatcher Hours (26*2,080) | | 54,080 |
| Projected Total Time for 911 Calls - in Hours ((362/20,117)*36,205) | | 651 |
| Percent of Time Spent on 911 Calls (651/54,080) | | 1.204% |
| Projected Monthly Dispatch Cost (651*\$14.61/12) | | \$792.59 |

The subcommittee used the total number of access lines for 20 systems to determine the average for each system. The SAO used the total number of access lines for the 11 operational systems to determine the average for each system. The SAO used this method since the actual number of 911 calls is only known for the 11 operational systems. Using this data, the SAO determined the current amount of time spent by the dispatchers on 911 calls and the projected amount of time if the 9 additional counties are activated.

MONTHLY ADMINISTRATIVE COST - STATE RADIO

| | State Radio's Numbers | SAO Verified Numbers |
|--|-----------------------------|----------------------------|
| | ----- | ----- |
| Total Number of 911 Systems | 20 | 11 |
| Number of Access Lines | 36,205 | 20,117 |
| Average Access Lines per System SR - (36,205/20) SAO - (20,117/11) | 1,810 | 1,829 |
| Admin. Cost Factor per Access Line | \$0.01 | |
| Admin. Cost per System | \$18.10 | |
| Total Monthly Admin. Costs (excludes dispatcher salaries and equipment) | | \$77,668 |
| Allocated Percent for 911 Costs (Schedule A) | | 0.669% |
| Admin. Cost per Month for 911 ($\$77,668 \times 0.669\%$) | | \$520 |
| Monthly Admin. Cost Factor per Access Line ($\$520/20,117$) | | \$0.026 |
| Monthly Admin. Cost Per System ($\$520/11$) | | \$47.27 |
| <u>Projected Admin. Cost for 20 Counties</u> | | |
| Total Monthly Admin. Costs | | \$77,668 |
| Allocated Percent for 911 Costs (Schedule A) | | 1.204% |
| Admin. Cost per Month for 911 ($\$77,668 \times 1.204\%$) | | \$935 |
| Monthly Admin. Cost Factor per Access Line ($\$935/36,205$) | | \$0.026 |
| Monthly Admin. Cost Per System ($\$935/20$) | | \$46.75 |

The subcommittee determined the administrative costs by using the compensatory time earned by the administration (other than dispatchers) of State Radio. The SAO believes a more appropriate method is to consider 911 as a program and to allocate administrative costs based on a percentage of time spent on the program. The SAO used the percentage of time spent by the dispatchers from Schedule A and applied this percentage to all departmental costs except those which were allocated in other schedules (dispatcher costs and equipment costs). For comparative purposes, the SAO included evaluations for the 11 operational counties and a projection for the proposed 20 counties.

911 EQUIPMENT REPLACEMENT/MAINTENANCE COST - STATE RADIO

| | State Radio's Numbers | SAO Verified Numbers |
|---|-----------------------------|----------------------------|
| | ----- | ----- |
| Total Replacement/Maintenance Cost | \$100,000 | \$75,000 |
| Amortization Period (years) (120 months) | 10 | 10 |
| Monthly Amortization SR - (\$100,000/120) SAO - (\$75,000/120) | \$833.33 | \$625.00 |
| Monthly Amortization per System (20 systems) SR - (\$833.33/20) SAO - (\$625.00/20) | \$41.67 | \$31.25 |
| Monthly Cost per Access Line SR - (\$833.33/36,205) SAO - (\$625/36,205) | \$0.023 | \$0.017 |

The subcommittee used an estimated figure of \$100,000 for equipment costs which is comprised of equipment specifically purchased for operating the 911 system. The SAO used actual costs for equipment based on information from State Radio. The equipment amount does not include items such as communication towers which were in place prior to starting the 911 service.

911 MONTHLY INCOME AND EXPENSE SUMMARY

| | State Radio's Numbers ----- | SAO Verified Numbers ----- |
|---|--------------------------------------|-------------------------------------|
| Average Access Lines per System | 1,810 | 1,810 |
| State Radio Charge per Line | \$0.20 | \$0.20 |
| Average Monthly Income per System (1,810*\$0.20) | \$362.00 ----- | \$362.00 ----- |
| LESS: | | |
| Dispatch Cost per System (Schedule A) | \$39.82 | \$40.24 |
| Administrative Cost per System (Schedule B) | \$18.10 | \$46.75 |
| Equipment Cost per System (Schedule C) | \$41.67 ----- | \$31.25 ----- |
| Total Estimated Costs per System | \$99.59 ----- | \$118.24 ----- |
| Estimated Average System Revenue Over Costs | \$262.41 ===== | \$243.76 ===== |

The SAO used the same method as the subcommittee. The differences are shown on previous schedules.

TOTAL PROJECTED 911 SYSTEM REVENUE VS. COST - STATE RADIO

| | State Radio's Numbers ----- | SAO Verified Numbers ----- |
|--|--------------------------------------|-------------------------------------|
| Total Access Lines | 36,205 | 36,205 |
| Charge per Line (monthly) | \$0.20 | \$0.20 |
| Total Monthly Revenue (36,205*\$0.20) | \$7,241 | \$7,241 |
| Biennial Period | 24 | 24 |
| Total Estimated Biennial Revenue (\$7,241*24) | \$173,784 ----- | \$173,784 ----- |
| LESS: | | |
| Monthly Dispatch Costs SR - (Schedule 5) SAO - (Schedule A) | \$797.17 | \$792.59 |
| Monthly Admin. Costs SR - (Schedule 5) SAO - (Schedule B) | \$362.35 | \$935.00 |
| Monthly Equipment Costs (Schedule C) | \$833.33 ----- | \$625.00 ----- |
| Total Estimated Costs (Monthly) | \$1,992.85 ----- | \$2,352.59 ----- |
| Biennial Period | 24 | 24 |
| Total Estimated Biennial Expenditures | \$47,828 ----- | \$56,462 ----- |
| Estimated Income Over Factored Expenditures | \$125,956 ===== | \$117,322 ===== |

The SAO used the same method as the subcommittee. The differences are shown on previous schedules.

April 15, 1999

SUMMARY OF AMENDMENTS UNDER CONSIDERATION FOR SENATE BILL NO. 2015

To provide for individuals who have prepaid their state income taxes to not be subjected to state income tax withholding during the year for which the taxes have been prepaid.

To allow the State Treasurer to appoint the Bank of North Dakota as an agent of the State Treasurer for the purpose of receiving public funds. This amendment is to address the *Billey* Supreme Court decision which requires all public funds to be deposited with the State Treasurer.

To provide that the Emergency Commission may, upon the Governor's request, transfer Edward Byrne memorial funds from the Attorney General's budget to other agencies.

To provide a section of legislative intent that the Supreme Court include in its 2001-03 biennium budget request sufficient funding to continue state funding of district court agreements entered into with counties.

To provide for the following to address potential problems with statutes authorizing public moneys to be deposited other than with the State Treasurer:

- That the interest and earnings on the Teachers' Fund for Retirement be credited to the fund.
- That the full civil penalty collected for a violation of the requirement that all new hires be reported to the Directory of New Hires under the welfare reform act must be paid into the state treasury. Currently, only the net proceeds are required to be deposited in the general fund.
- That the money obtained from the sale of vehicles forfeited to the Department of Transportation for violation of size, width, and height restrictions must be deposited with the State Treasurer. In addition, a continuing appropriation is provided to pay the costs of the proceedings to the county, assessed charges to the highway fund, and any remaining balance to the person the court determines is entitled to it.
- That all funds collected on behalf of a state agency by a collection agency be deposited with the State Treasurer. In addition, a continuing appropriation is provided for the amount of remuneration due to the collection agency.
- That the State Treasurer may appoint agents for the purpose of receiving public funds.
- That the gross proceeds from the sale of surplus property be deposited with the State

Treasurer in the surplus property operating fund.

That 1999 Senate Bill No. 2265 is an emergency measure. Senate Bill No. 2265 relates to the one-call excavation notice system.

To require the Insurance Commissioner to review every insurance policy, contract, and agreement issued or delivered in this state to determine the coverage provided for damages related to the year 2000 date change.

Appropriates \$360,000 from general fund to the Office of Management and Budget (OMB) for the purpose of paying costs resulting from the settlement of a lawsuit relating to fees charged for handicapped parking permits.

Appropriates \$615,000 from the general fund to the University System office for a grant to Prairie Public Broadcasting for Phase I of the conversion to digital broadcasting.

Appropriates \$25,000 from the general fund to the Council on the Arts for a grant to the Plains Art Museum for the Lewis and Clark bicentennial event.

Appropriates \$374,900 from the general fund to the Information Services Division for the business analyst position (\$124,900) as approved in amendments to Senate Bill No. 2043 and for consulting (\$250,000).

Appropriates \$310,086 from the general fund to the Attorney General for local gaming enforcement grants.

Provides for additional transfers of \$2 million from the Mill and Elevator Association to the general fund.

Reinstates the following within the Office of Management and Budget:

| | |
|--------------------------------------|-----------|
| 1 FTE vacant budget analyst position | \$101,429 |
| Fiscal Management Division carryover | \$450,000 |

Provides legislative intent that salary increases are to be three percent the first year of the biennium and two percent the second year of the biennium with authority to provide three percent increases through internal savings.

Increases Bank of North Dakota transfers to the general fund by \$2 million, from \$50 million to \$52 million.

The total impact, to the ending balance, of these amendments is \$1,763,585, which is made up of:

| | |
|---|---------------|
| General fund appropriations | (\$1,684,986) |
| Additional Mill and Elevator transfers | 2,000,000 |
| Additional Bank of North Dakota transfers | 2,000,000 |
| Restore vacant FTE in OMB | (101,429) |
| Increase OMB carryover authority | (450,000) |
| Total | \$1,763,585 |

Summary
of
Amendments
to 2015