

**2019 SENATE APPROPRIATIONS**

**SB 2005**

# 2019 SENATE STANDING COMMITTEE MINUTES

## Appropriations Committee Harvest Room, State Capitol

SB 2005  
1/7/2019  
Job # 30474

- ☐ Subcommittee  
☐ Conference Committee

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| Committee Clerk: Alice Delzer |
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### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state treasurer.

### Minutes:

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| 1. Budget Presentation for the state treasurer. |
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**Chairman Holmberg:** called the Committee to order on SB 2005 at 11:00 am in the Harvest Room. All committee members were present. Renae Bloms, OMB and Adam Mathiak, Legislative Council were also present.

**State Treasurer, Kelly Schmidt** testified in favor of SB 2005 and presented Attachment #1 Budget Presentation which is a document explaining the responsibilities of the state treasurer's office, including some major challenges to the department and budget discussion and requests. **(10.47)** Many times the fiscal note requests go to the tax department to get the information relating the revenue side. Seldom are we given the opportunity to include in that fiscal note what it costs to process on the distribution side. What we have done in the past is we watch those bills and when we get to crossover we get the ITD estimates, we collaborate them together and we take them to the next side in our budget presentation to the House, so we know exactly what those estimates would be from ITD. So we are not guessing throughout the process. Then whatever falls off you'll know what bill goes away and which bill continues down the road and we'll know exactly what we need for our hard costs. She continued with cyber security and fraud on page 3 of Attachment # 1. We have had people call and ask about checks they have received, wondering if they are fraud checks, but for the most part they don't call because it looks very legal and issued from the state of ND, but it is a fraud, therefore, that person did not truly receive the funds from the state as they thought. She continued with page 5 of testimony regarding Legacy Funds and asked for any questions.

**Senator Bekkedahl:** Your website is very nice. I send people to your website all the time. On your legacy fund, you always have the most recent deposit and the total historical deposits, you've added the most recent fair market value sometime this year. My question on the historical deposits, they normally include the oil and gas deposits and some deposits from SIFF until we change that law, but is there also interest deposits prior to 2017? **(15.52)**

**Kelly Schmidt:** No. That would be included in the market value but no additional deposits are made to that number or to the Legacy Fund other than 30% of oil revenue and the SIFF.

**Senator Bekkedahl:** So the years from 2011 and beginning collections to 2017, any interest that was incurred, any interest that was, where there was investments obviously, where are those showed in here?

**Kelly Schmidt:** I stand corrected. That is correct. Those did go into the principal of the fund.

**Senator Mathern:** The ITD security costs that were reflected in the governor's budget, accrued to you or is that a charge against your department.

**Kelly Schmidt:** It is a charge to our department. We get bills every month from ITD which we pay.

**Senator Mathern:** There is this new item that the governor has in the budget, is that all in ITD? He was told she did not know that.

**Senator Hogue: (17.31)** On page 5 it sounds like you are troubled by the definition of earnings that the Legislature established. Is that true?

**Kelly Schmidt:** Yes I am. As I work with other states relating to sovereign law funds, the majority of those definitions are dividends and interest which takes out the volatility of the capital market or the market as we well know it. If you look at the legislative history the original bill was dividends and interest and then during the legislative session, the Senate changed to include gains and losses, which makes it much more volatile to what's happening on the stock market.

**Senator Hogue:** I know you sit on the State Investment Board and you mentioned your fiduciary responsibility and I am wondering whether you regard your fiduciary duty different for the different types of funds that you supervise. Do you make any differentiation between the Legacy Fund and the Teacher's Fund for Retirement and the PERS Funds, or do you all manage them with the same level of risk and fiduciary responsibility?

**Kelly Schmidt: (18.59)** Each fund, in the capacity of the Treasurer, I sit on the TFFR board so I am involved in the asset allocation study, which determines where we are going to put every dollar for TFFR. I am using that as an example, as we have the policy committee for the Legacy fund, which they determine the asset allocation and then it comes to the State Investment Board. Once I get to the door of the State Investment Board, the tip of our hat comes off and I will have to walk into that room and I have to make decisions they spend every single dollar, which is within the bucket of the State Investment Board. Some find it more challenging than others, for myself, it's all I know. But it is, you have to remove the hat, and I can tell you that there is the most utmost integrity in the investment of the funds under the purview of the State Investment Board, not only by the board members but by their talented staff of the Retirement Investment Office. Each fund has its own requirements and we have to follow those requirements. **(20.08)**

**V. Chairman Wanzek:** This current biennium in our budget what was the dollar amount of the earnings? He was told the dollar amount. Was that earned before the biennium and they would go into the general fund at the end of the biennium?

**Kelly Schmidt:** Right now the number you are hearing from REA, the Retirement Investment office and from the State Investment Board as of the end of November 30<sup>th</sup>, says that if we were to mark the line today there would be just over \$300M in interest revenue from the Legacy Fund. Of that \$300M which will be deposited in June or July in 2019 at the end of the biennium, \$200M of that has already been spent. so the remaining portion is \$100M which would go into the end of fund balance. Now everything that is included in the 17-19, or the 19-21 biennial budget, which you are hearing now relating to the governor's projects or any other projects, those dollars would be pre-appropriated and the revenue would not be deposited until July 2021. The challenge, not only for that is, as I mentioned the market issue but we have to cash flow it. In my office we've been cash flowing that \$200M that's already been appropriated and it won't be until the end of the biennium. The General Fund is interest-free, and that's what we've been doing.

**V. Chairman Wanzek: (22.08)** With cash flow, what's the most vulnerable point that our state is ever in as far as cash flow. I am assuming we must maintain a checkbook balance of a certain amount. Does it get to a point where it could be a problem?

**Kelly Schmidt:** We've been there. most recently when we had to move money from the Rainy Day Fund in order to pay the bills. We do fund accounting, which means we group it all into one bucket and we use this money but if you are looking at it as just General Fund revenue we've come very close to using other dollars or have used other dollars in order to pay our bills especially during the last down turn.

**Senator Grabinger:** Basically you are saying, let's not use the money until we have it. Essentially waiting until the end of the biennium to get the money to make sure that it's there rather than betting that we're going to have it at that time. Is that correct?

**Kelly Schmidt:** That is correct and I believe that was the intent when the resolution went forward relating to the whole creation of the Legacy Fund.

**Senator Bekkedahl: (23.53)** The way we are doing business right now the money that is allocated this biennium will be paid out or utilized in the General Fund in some expenditure that we planned. Any remaining would go to the General Fund at the end of the biennium. Is that correct? He was told yes. Then by statute anything over \$65M in the ending fund balance goes into Budget Stabilization. That was confirmed. So in effect, if we didn't delegate anything until the next biennium potentially all that money will be transferred into the Budget Stabilization Fund and not be able to be used. Is that correct? That was confirmed. **(24.57)**

**Ryan Skor, Director of Finance in Treasurer's Office:** My duty today is I work through the requested items as outlined in the letter we received from Legislative Council, going through a detailed review of our budget and our budget requests going forward. Our budget really consists of two major items: Salaries and Wages and IT. If you look at our current biennium to date 97% roughly has been spent on those items alone. We rely heavily on the people and



technology of what they do. He referred to the organizational chart on page 6 of testimony. **(29.19)** He continued with Attachment # 1 on pay 6-9. and explained the chart on page 8. **(31.02)** Going on to the next page (9) is our Budget changes, showing our Base Budget compared with the governor's recommended changes and explained the charts to the committee.

**Chairman Holmberg: (32.18)** A question for you based upon the first note that you had here, the governor recommended a 4% and a 2% salary increase and included that funding in most of the budgets. There is a few of them that were underfunded. I am assuming yours was funded. But, my question is then he also said that if you can make changes and save additional resources that you can do a another 2% the second year, so a 4 and a 4, Do you see in the numbers that you have in the budget here today that you would be doing a 4 and a 2 or do you see the possibility of doing a 4 and 4?

**Ryan Skor: (33.12)** As of right now its absolutely in there as a 4 and a 2. With the small staff we don't generally have the turnover to create some vacancies that would have some saved dollars in there. So if my team is fully staffed for the entire biennium I don't see where we would find the additional 2% especially with the trimming that we've done on the operating expense line. That would be the only place we'd ever be able to pull anything from and with the reduction in IT that we're calling for in here I don't see that we've be able to find that additional 2%. He continued on page 9 of testimony regarding one-time funding needs.

**Chairman Holmberg: (34.39)** The new committee members should be aware that this is very common occurrence because no agency knows exactly what happens in other legislation. They follow them and when they get to the House there might be something but clearly at the conference committee level, if there are questions sometimes the agency itself will go to the Senate or the House and say please do not concur because there's a bill out that still has financial implications for our area. That happens at the end and the Treasurer did point that out.

**Ryan Skor: (35.30)** He continued on page 9 concerning the Federal Funding Changes that was requested. We do not receive any federal funding as far as our general fund budget goes so we don't anticipate any federal funding changes at our level. The next page (10) is the proposed budget changes to get to that 95% budget request guideline. On the Coal Severance Shortfall that's on our budget mentioned previously that we reduce that dollar amount in our request. The Optional adjustment request neither our office or the governor's budget included any optional adjustment request for our office. The last page (12) listed the changes that we have requested. 1<sup>st</sup> one is Coal Severance Shortfall. Each year under Century Code we end up paying an amount back to Oliver County and the Oliver County cities and schools for a percentage of what was paid from their mine that's close to Morton County to Morton County. So what happened last session the law was changed to reduce the percentage of repayments to Morton County so we reduced how much they shared and then we reduced the percentage going back to Oliver County of that so it went from 50% down to 30% which means Oliver County gets more on the front end and gets less this side of it. So that statute is fully implemented or will be fully implemented. it was fazed in but is now fully implemented for this 19-21 biennium and so the money that we have in our budget for this biennium will be too much. We won't need that much, so we feel we'll be able to get that down for the new appropriation going forward. So including in our governor's change was

money reduction, this would add another dollar amount to a net reduction of \$55,000 in that line item of our budget. The last item on there is onetime IT costs and we did touch on that item previously. That's what we will be asking for when we get a little closer working through this session. The Treasurer mentioned the Prairie Dog Bill has made its way around, that is HB 1066 so we already have done a fiscal note for that and we have gotten some preliminary IT estimates for that part of the bill. We haven't gone as far as getting an estimate and the new distributions and grants included in that bill. This completed his testimony through page 12.

**Chairman Holmberg: (42.33)** Right. and we don't have control over HB 1066.

**Senator Robinson:** Given the size of your staff and the Treasurer talked about your cross-training and we appreciate that. The question I have is auditors often will write you up for the inability of small staffs to separate duties and responsibilities. Do you have that concern in your office?

**Ryan Skor:** It is not, there is always one person that can step up to the tasks.

**Senator Robinson:** made comments about his own situation.

**Ryan Skor:** We have gotten informal recommendations based on something similar to that in that in the Peoplesoft side of things when we are creating journals we are not supposed to be able create a journal and post that journal on your own. We never do, however, there has been times where the system has shown it's allowed.

**Senator Robinson:** You referenced to the presentation in technology in IT and the changes that are coming about there and their effort to do a lot of consolidation with cyber security and hiring new people and so on, I would assume your office has been in those discussions through the interim because of the nature of our hacking attacks and so on that have not slowed down.

**Ryan Skor: (45.05)** Absolutely. We went to ITD and asked them to come in regarding the cyber security task force and they added these things to ours. We told them we would like them to come into our office as well and do an overview of everything and we have worked with them and they did come in and give us some recommendations as far as what they think we could use and they also went in and did testing on our systems, we have been proactive on all that.

**Senator Gary Lee:** You mentioned several times about the IT issues as well in terms in your costs, is there costs for the monthly rate that you pay to IT services based strictly on what you use from them, the computer and the hours of service that you get from them, or is there some kind of global fee that you end up paying.

**Ryan Skor:** It is a combination of all of the above. There is definitely a set dollar amount in there that connect MB rates in there, there's another one that is a higher monthly rate that's going to be the same every month and that's usually formula driven and that is usually based by the prior biennium to where it's a percentage of your budget times a certain dollar amount, that's how they've built it into it so that number is going to be set. Currently for us it's about \$1,980.00 a month that we pay for just that rate and then on top of that there's obviously the

hourly rate, anytime they are changing a software for us or testing something or if we have issues and go to them, they're going to charge us an hourly rate based on that, and then finally there's a desktop support rate that's included in there which is a set dollar amount for every PC that we have in our office so we pay anywhere from \$100.00 to \$115.00 a month per computer that we have and that's based on the number of computers that we have. Then there are more minors that we pay on a monthly basis as far as how many gigabytes are storage or how much processing, the power we're using and that's all paid and on top of that our telecommunications. it's a combination of all the above. **(47.31)**

**Senator Gary Lee:** That money that you had referenced, that's above all those other things? that was confirmed. He asked if this is your number per month.

**Ryan Skor:** Our average monthly rate is around \$5000 a month for ITD costs.

**Senator Dever:** Regarding the 4 and 2 and potential 2, could you comment on how that is more difficult for a smaller agency than for a larger agency?

**Ryan Skor: (48.18)** In bigger agencies that have 50 employees, if you fund these employees, there's always going to be a position that's vacant for a month or two. In our agency, we can't afford to have that vacancy for the checks and balances purposes so we make sure we want to keep our people around. Our budget is fully funded based on the 7 FTEs and if that 7 FTEs are fully employed for the entire 24 months of the biennium that's the entire appropriation of our salaries and wages line. So if there was no vacancies to reduce that at all there would be no salaries and wages number left to be able to give an additional raise above and beyond what was included in legislative appropriations.

**Chairman Holmberg: (49.14)** For example, in Human Services, roughly 2% to 4% underfunding the 4 and the 2 because they've got thousands employees and DOT and a couple of others. It is much more of a challenge to the smaller agencies. I had the question asked of me for the new people you saw the securities Commissioner had a request that was put in the budget from the governor's office regarding flexibility of moving between line items up to 10% and that was the first budget we had but that was a cabinet budget, whereas these are not in the cabinet, these are independently elected so it's not in their budget. Some budgets you will see that and some you won't. We will have a discussion as a committee as to the directions we want to go and then take action. The subcommittee for this SB 2005 are Senator Bekkedahl, Chair; Senator Dever who has served on this before as has Senator Robinson. Chairman Holmberg closed the hearing on SB 2005.

# 2019 SENATE STANDING COMMITTEE MINUTES

## Appropriations Committee Harvest Room, State Capitol

SB 2005  
1/22/2019  
Job # 31193

- ☐ Subcommittee  
☐ Conference Committee

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| Committee Clerk: Rose Laning / Marne Johnson |
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### Explanation or reason for introduction of bill/resolution:

AN ACT to provide an appropriation for defraying the expenses of the state treasurer; relating to the salary of the state treasurer; and to provide for a report.

### Minutes:

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| No Attachments |
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Legislative Council: Alex Cronquist  
OMB: Larry Martin

The Senate Appropriations Committee met to discuss the agency bills and others that have been presented thus far and wanted to get input from the whole committee on what should be the focus of each sub-committee.

Chairman Holmberg said that we're not going thru salaries at this time.

SB 2001 – Governor (sub-committee: Hogue, Lee, Mathern)

- The 10% movement of moving money between line items. Have a standard response for them.
- Discuss the governor's salary - this reduces salary just short of \$200,000 & what happens to the rest of it. They took their 5% cut. (Language needs to be revisited)
- Council said by putting it in a line item, then it couldn't get spent in other areas.
- Transfer language - limited it to 10% before going to emergency commission

SB 2002 – Secretary of State (sub-committee: Hogue, Oehlke, Grabinger)

- Voting equipment – replacing voting machines (matching requirement by state)
- Emergency clause should be there.
- 10% line item transfers

SB 2003 – Attorney General (sub-committee: Sorvaag, Bekkedahl, Mathern)

- Litigation authority
- Amount of money for Litigation
- Joining in with other states suing the federal government

- New line in OMB to tap into litigation pool
- Human trafficking grants added to AG bill

SB 2004 – State Auditor (sub-committee: Oehlke, Dever, Mathern)

- Looking at number of FTE requests
- FTEs between University system and Auditor's office
- ITD FTEs.

SB 2005 – State Treasurer (sub-committee: Bekkedahl, Dever, Robinson)

- Investments of the Veterans Post War Trust Fund (low interest)
- Treasurer's salary

SB 2006 – Tax Commissioner (sub-committee: Wanzek, Bekkedahl, Mathern)

- Discovery of compliance of businesses with no physical sales tax.
- Concern about staffing – many retirees and loss of senior staff.
- Authority for line item transfers between the Homestead Tax Credit and Disabled Veteran's Credit programs.
- Litigation funds – or funds in litigation pool.

SB 2007 – Labor & Human Rights (sub-committee: Poolman, Sorvaag, Robinson)

- Salary of Commissioner as she will be in charge of Dept of Labor and Human Rights as well as the Dept. of Commerce.

SB 2008 – Public Service Commissioner (sub-committee: Lee, Wanzek, Grabinger)

- Wanting additional staff for indemnity issues
- Additional staff
- \$100,000 increase in budget

**JOB # 31232 -**

SB 2009 – Agriculture Commissioner (sub-committee: Wanzek, Erbele, Grabinger)

- Want to move APUC and Trade Office to his office.
- 2 less FTEs
- Ag bio-science program – an appropriation bill. Should it be added to the budget or let it a stand-alone bill.

SB 2010 – Insurance Commissioner (sub-committee: Oehlke, Erbele, Grabinger)

- Moving the Fire & Tornado fund over to the ND Insurance Reserve Fund
- Boiler inspection program
- Fire Departments & Sheriff's tax on insurance

SB 2011 – Securities Commission (sub-committee: Krebsbach)

- Money for a FINTECH position
- Section 3 appropriation of any income from federal funds (14:17)

**Larry Martin:** Like the transfer language, we added a lot of the language to spend additional federal or other funds to the cabinet agencies. Again, some of them receive money from outside sources, so we wanted them to have the ability to pay out. Job Service has similar language currently because they do get additional federal money so they have to be able to spend it out. We added that language to all the cabinet bills.

SB 2012 – Human Services (sub-committee: Dever, Erbele, Mathern)

- Provider rates. Governor 1-1. They want 3-3-3.
- Medicaid – reauthorization of the expansion. Do we reimburse?
- Behavioral Health
- State Hospital – support the move from New England for the women? Justification for the state hospital – a study?
- Policy and how its structured – for whole department. \$182M
- Nursing Homes
- Study the 36 Critical Access Hospitals - Commercial rates vs. traditional rates
- Study resolution of medical care in the future for the state
- 1915(i) needs support.
- Commercial vs. traditional rates

SB 2013 – Public Instruction; Library, Blind & Deaf (sub-committee: Holmberg, Poolman, Robinson)

- Will have some meetings but need to wait for Education Committee to complete policy. Governor's school information is confusing.
- 1 FTE reinstated.
- Adult education.
- FTEs at school at Devils' Lake
- Governor moved pre-school money from Commerce to DPI (where is the money?)
- Transportation grants

SB 2014 – Protection & Advocacy (sub-committee: Sorvaag, Krebsbach, Grabinger)

- Adding of one employee
- Additional operating expenses
- Transferring guardianship programs to P & A.

SB 2015 – Office of Management & Budget (sub-committee: Holmberg, Bekkedahl, Robinson)

- Transferring money – \$1B of oil revenue to general funds.  
If we put \$1B in and oil prices go down and we have less money in the general fund, we might have a risk with allotments.  
Do we want to expose ourselves more in the general fund by putting \$1B in the general fund from direct oil revenue?
- Fees or dues for several organizations. Last session we reduced dues by 10%.
- WICHE (Western Interstate Commission for Higher Ed) dues were in OMB and Commission was placed under Higher Ed. Did the \$15,000 get transferred?

SB 2016 – Office of Adjutant General (sub-committee: Hogue, Holmberg, Grabinger)

- Land Acquisition - Proposed 6,000 acres of land in south Camp Grafton. Want to ask the adjutant, you have \$15M set aside to acquire 6000 continuous acres and will not exercise the power of eminent domain. How much will they pay an acre?  
How did they come up with \$15M?
- \$15M set aside to gain land - long term leases. Be wary of setting precedent for cost/acre.
- Locals are not on board?

SB 2017 – Game & Fish (sub-committee: Oehlke, Wanzek, Grabinger)

- Section 5 on green sheet – additional amounts appropriated to Game & Fish Dept. There is appropriated additional income from the feds from other funds to that agency. Would the federal funds go to their agency first?
- If they're receiving monies from federal, they can spend them out.
- Section 6 - Require them to hang onto \$15M unless we have a budget section meeting and have an exception for some emergency. They have to invest it and its not making money where its being invested. They'd like it to be invested by the state investment board.
- Sportsman's clubs – raise the fishing licenses; boat tax/gas tax.

# 2019 SENATE STANDING COMMITTEE MINUTES

## Appropriations Committee Harvest Room, State Capitol

SB 2005  
2/7/2019  
JOB # 32374

☒ Subcommittee  
☐ Conference Committee

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| Committee Clerk Signature   Alice Delzer / Florence Mayer |
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### Explanation or reason for introduction of bill/resolution:

A Subcommittee hearing for State Treasurer

### Minutes:

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| <ol style="list-style-type: none"><li>1. ITD Considerations</li><li>2. Elected Officials' Salary Increases</li><li>3. Analysis of Elected Officials' Salaries</li></ol> |
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**Senator Bekkedahl:** Called the Subcommittee to order on SB 2005. Rollcall was taken. All members were present: Senator Bekkedahl, Chair., Senator Dever and Senator Robinson. Renae Bloms, OMB and Adam Mathiak, Legislative Council were also present.

I met with the Treasurer about a week ago. There are no capital projects, no increase in FTE's in this budget. We talked about salaries sheets. Health insurance, we recommend that that stays intact. The 1% and 1% retirement, that's a PERS issue, has not been decided yet.

**Senator Dever:** We will have the bill before crossover. It will most likely start January 1, 2021. My request is if we institute that 1 and 1 on the employee side, that we bump the salary to include that and not absorb that into the proposal with the 2 and 3.

**Senator Bekkedahl:** The other issue is the salary adjustment recommended by appropriations for all of the personnel. They recommend we go to a 2% the first year and the second year 3%. As far as the treasurer's salary, we have done comparisons to other states. There was a recommendation of section 6 of HB 1005 in 2013 session, to increase the state treasurer's salary to that of the next lowest paid elected official effective July 1, 2017. The state treasurer did not receive this increase, because the legislature did not authorize a 2017-19 salary increase for elected officials. We want to bring that up to alignment. That would move the salary up to the state auditor's salary. With the 2%, that would have been \$105,954 in the second year of the biennium. The state auditors would be \$112,201. It is our intent to equal the state auditor's salary.

**Senator Robinson:** I've been on this budget before and we tried to accomplish that. I hope we can do that this time around. I think that is the right thing to do. There is also the argument our treasurer has several years of experience that is not taken into consideration. I hope we can get through the House with this new endeavor.



**Senator Dever:** I would agree. I thought there was a provision somewhere that says elected officials could not receive a pay increase higher than the general increase, except for an adjustment. Did you find anything on that?

**Senator Bekkedahl:** I talked to John Bjornson about this and he said there is no impediment in this.

**Senator Robinson:** So the only thing we have to do is have Adam Mathiak, Legislative Council do the amendment and sign off? (He was told that is correct.)

**Senator Dever:** The amendments would involve the adjustments on compensation, everything included in the executive recommendation, plus the treasurers?

**Senator Bekkedahl:** That is correct. The executive recommendation would stand and then the amendment would deal with the salary of the treasurer.

**Ryan Skor, Director of Finance, Treasurer Office:** I don't have any argument. I want to bring more attention to, previously I had mentioned we have capital projects scheduled. However, we are tracking a number of bills that will require appropriation for IT changes. We don't have any bills that went fully through yet. But it might require some additional funding not included in the budget in front of you.

**Kelly Schmidt, State Treasurer:** Presented Attachment #1, a list of bills being tracked that propose changes that would affect the treasurer's office that would need coding changes in order to be implemented; Attachment # 2- Elected Officials' Salary Increases, which is a list of salaries for state elected officials that are set in statute; and Attachment # 3, Analysis of Elected Officials' Salaries, which is a list of the executive budget recommendation for the 2019-21 biennium regarding funding for increased salary for elected officials.

**Senator Robinson:** On CD rates, what impediments do you have on your investments in CDs? We just did a small CD at our college and we got 2.90%. I know there are things that restrict your ability to invest wherever you want, what are they?

**Kelly Schmidt:** The Bank sets the rates for us. Their process is somewhat convoluted. They look at the published rates of banks within the state, and that's how they determine their rates. To compete, the banks do not publish the best rates, they don't want their competitors to know. Ultimately we end up with a much more reduced rate. The rates we have right now, we can look back 5 years, and we still don't have a 2% interest rate on our general fund dollars.

**Senator Robinson:** The Bank is a reference to the Bank of ND, (BND)?

**Kelly Schmidt:** That is correct.

**Senator Robinson:** Has this never surfaced before as an issue? We are leaving a lot of money on the line.

**Kelly Schmidt:** When I was first elected there was an annual deposit of profit that came from the Bank of North Dakota (BND) into the general fund, some made the argument that we could compensate in one area and refill with the other. Then there was an extended period of time where the BND didn't make that deposit. The last biennium, they did make a deposit to the general fund. Whether you want the general fund to make the profit or the BND to make the profit, the legislators make that determination. When we talk about competitiveness relating to what we could get in the private sector, we can certainly get a higher rate if we could put our general fund dollars in a competitive situation. It's a philosophical give and take.

**(9:43) Senator Robinson:** The BND has been wonderful for the state of ND. We need to keep in mind that their assets are mainly student loans. Our students are picking up a significant portion of that. I struggle with all this. We will be looking at tuition hikes, taxes and student debt because it is a national monster second only to home mortgage.

**Kelly Schmidt:** We now have people retiring that still have student debt.

**Senator Robinson:** It's not just a ND problem, it's a national problem. I want to be fair to the bank, but some pass judgement on your office that you're not getting the job done.

**Kelly Schmidt:** OMB comes out with a report each month that shows what the interest income to the general fund should be. We work diligently to get every dollar we can out of the general fund, but when you don't have a competitive rate and folks are comparing you to that, there is no opportunity for us to meet that.

**Senator Robinson:** The issue surfaced when we talked about the Veterans Post War Trust Fund, we could do better for that fund and the veterans. There are a lot of restrictions and red tape.

**Kelly Schmidt:** I think you're referring to their 410 operating account? (That was confirmed.) That is their working capital. The Veterans Post War Trust fund and what is invested is not in the BND. It's the portion that once we move it from the actual trust fund, into the working capital, we are required to keep it at the BND.

**Senator Robinson:** Our investments portfolios, who manages all that, and why are some doing better than others? There's a lot of questions that surround that, and I'm not passing judgement on your office.

**Kelly Schmidt:** I want to say thank you. This is a discussion that has been going on since 2009 and I just want to say thank you.

**Senator Bekkedahl:** These legislative changes we are tracking, if they require funding to your office to accommodate, will they be part of the bills as they pass or an adjustment to your bill on the House side?

**Ryan Skor:** We will go out and get an IT estimate, as far as the change. We will try and get that attached in the second half in the House.

**Senator Bekkedahl:** I just want to make sure it's accommodated at some point in time. We will go over the amendments yet.

**Ryan Skor:** Our intent is to get a more solid number at cross over and include it in the House side.

**Senator Bekkedahl:** Do we need to vote in order for an amendment to be drawn up?

**Adam Mathiak, Legislative Council:** No.

**Senator Bekkedahl:** Then please do that. We will have to meet one more time to vote on the budget. The hearing was closed on SB 2005.

# 2019 SENATE STANDING COMMITTEE MINUTES

## Appropriations Committee Harvest Room, State Capitol

SB 2005  
2/8/2019  
JOB # 32427

☒ Subcommittee  
☐ Conference Committee

|                               |
|-------------------------------|
| Committee Clerk: Alice Delzer |
|-------------------------------|

### Explanation or reason for introduction of bill/resolution:

A Subcommittee hearing for the State Treasurer.

### Minutes:

|                                       |
|---------------------------------------|
| 1. Proposed Amendment # 19.0218.01001 |
|---------------------------------------|

**Senator Bekkedahl:** called the Subcommittee to order on SB 2005. Let the record show that all members were present: Senator Bekkedahl, Chair., Senator Dever and Senator Robinson. Adam Mathiak, Legislative Council and Larry Martin, OMB were also present.

**Adam Mathik:** Explained Attachment # 1, Amendment # 19.0218.01001.

**Senator Robinson: Moved the Amendment. 2<sup>nd</sup> by Senator Dever.**

**A Roll Call vote was taken. Yea:3; Nay:0; Absent: 0. It carried.**

The subcommittee hearing on SB 2005 was closed.

# 2019 SENATE STANDING COMMITTEE MINUTES

## Appropriations Committee Harvest Room, State Capitol

SB 2005  
2/8/2019  
JOB # 32446

- ☐ Subcommittee  
☐ Conference Committee

|                               |
|-------------------------------|
| Committee Clerk: Alice Delzer |
|-------------------------------|

### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to defray the expenses of the state treasurer. (Do Pass as Amended. )

### Minutes:

|                                       |
|---------------------------------------|
| 1. Proposed Amendment # 19.0218.01001 |
|---------------------------------------|

**Chairman Holmberg:** opened the hearing on SB 2005. All committee members were present except Senator Gary Lee. Levi Kinnischtzke, Legislative Council and Larry Martin, OMB were also present.

**Senator Bekkedahl:** Explained Attachment # 1, Amendment # 19.0216.01001.

**Senator Bekkedahl:** moved the Amendment. 2<sup>nd</sup> by V. Chairman Wanzek.

Discussion followed.

**Senator Bekkedahl:** Moved a Do Pass as Amended. 2<sup>nd</sup> by Senator Robinson.

**Chairman Holmberg:** Call the roll on a Do Pass as Amended on SB 2005.

**A Roll Call vote was taken. Yea: 13; Nay: 0; Absent: 1. Senator Bekkedahl will carry the bill.**

The hearing was closed on SB 2005.

86  
192

PROPOSED AMENDMENTS TO SENATE BILL NO. 2005

Page 1, line 1, after "treasurer" insert "; and to amend and reenact section 54-11-13 of the North Dakota Century Code, relating to the salary of the state treasurer"

Page 1, replace lines 8 through 14 with:

|                                | Base Level  | Adjustments or<br>Enhancements | Appropriation |
|--------------------------------|-------------|--------------------------------|---------------|
| Salaries and wages             | \$1,316,139 | \$64,658                       | \$1,380,797   |
| Operating expenses             | 251,260     | (59,031)                       | 192,229       |
| Coal severance payments        | 180,000     | (9,000)                        | 171,000       |
| Total general fund             | \$1,747,399 | (\$3,373)                      | \$1,744,026   |
| Full-time equivalent positions | 7.00        | 0.00                           | 7.00          |

**SECTION 2. AMENDMENT.** Section 54-11-13 of the North Dakota Century Code is amended and reenacted as follows:

**54-11-13. Salary of state treasurer.**

The annual salary of the state treasurer is ~~ninety-six thousand nine hundred seventy-two dollars through June 30, 2016, and ninety-nine thousand eight hundred eighty-one dollars thereafter~~ one hundred seven thousand eight hundred eighty-five dollars through June 30, 2020, and one hundred eleven thousand one hundred twenty-two dollars thereafter."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2005 - State Treasurer - Senate Action**

|                         | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|-------------------------|----------------|-------------------|-------------------|
| Salaries and wages      | \$1,316,139    | \$64,658          | \$1,380,797       |
| Operating expenses      | 251,260        | (59,031)          | 192,229           |
| Coal severance payments | 180,000        | (9,000)           | 171,000           |
| Total all funds         | \$1,747,399    | (\$3,373)         | \$1,744,026       |
| Less estimated income   | 0              | 0                 | 0                 |
| General fund            | \$1,747,399    | (\$3,373)         | \$1,744,026       |
| FTE                     | 7.00           | 0.00              | 7.00              |

## Department 120 - State Treasurer - Detail of Senate Changes

|                         | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Provides a<br>Salary Equity<br>Increase to the<br>State<br>Treasurer <sup>3</sup> | Reduces<br>Funding for<br>Information<br>Technology<br>Costs <sup>4</sup> | Adjusts<br>Funding for<br>Coal<br>Severance<br>Payments <sup>5</sup> | Total Senate<br>Changes |
|-------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------|
| Salaries and wages      | (\$19,339)                                                     | \$69,376                                                            | \$14,621                                                                          |                                                                           |                                                                      | \$64,658                |
| Operating expenses      |                                                                |                                                                     |                                                                                   | (\$59,031)                                                                |                                                                      | (59,031)                |
| Coal severance payments |                                                                |                                                                     |                                                                                   |                                                                           | (\$9,000)                                                            | (9,000)                 |
| Total all funds         | (\$19,339)                                                     | \$69,376                                                            | \$14,621                                                                          | (\$59,031)                                                                | (\$9,000)                                                            | (\$3,373)               |
| Less estimated income   | 0                                                              | 0                                                                   | 0                                                                                 | 0                                                                         | 0                                                                    | 0                       |
| General fund            | (\$19,339)                                                     | \$69,376                                                            | \$14,621                                                                          | (\$59,031)                                                                | (\$9,000)                                                            | (\$3,373)               |
| FTE                     | 0.00                                                           | 0.00                                                                | 0.00                                                                              | 0.00                                                                      | 0.00                                                                 | 0.00                    |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

| General Fund              |          |
|---------------------------|----------|
| Salary increase           | \$38,142 |
| Health insurance increase | 31,234   |
| Total                     | \$69,376 |

<sup>3</sup> Funding is added to provide a salary equity increase to the State Treasurer to align the State Treasurer's salary with the salary of next lowest-paid elected official, which is the State Auditor.

<sup>4</sup> Funding is reduced for operating expenses, primarily related to information technology costs.

<sup>5</sup> Funding is reduced for the estimated coal severance payments related to the allocation formula change in Section 4 of House Bill No. 1005 (2017).

This amendment also adds a section to provide the statutory changes necessary to provide an equity salary increase to the State Treasurer of \$5,889 per year, increasing the current annual salary of \$99,881 to \$105,770 and to increase the salary to \$107,885 (2 percent) in fiscal year 2020 and to \$111,122 (3 percent) in fiscal year 2021. The salary equity increase aligns the State Treasurer's salary with the salary of next lowest-paid elected official.

Date: 2-8-19  
Roll Call Vote #: 7

2019 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 2005

Senate Appropriations Committee

☒ Subcommittee

Amendment LC# or Description: #19.0218.01001

Recommendation: ☒ Adopt Amendment

- ☐ Do Pass    ☐ Do Not Pass    ☐ Without Committee Recommendation  
☐ As Amended    ☐ Rerefer to Appropriations  
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ \_\_\_\_\_

Motion Made By Robinson Seconded By Dever

| Senators          | Yes | No | Senators          | Yes | No |
|-------------------|-----|----|-------------------|-----|----|
| Senator Holmberg  |     |    | Senator Mathern   |     |    |
| Senator Krebsbach |     |    | Senator Grabinger |     |    |
| Senator Wanzek    |     |    | Senator Robinson  | ✓   |    |
| Senator Erbele    |     |    |                   |     |    |
| Senator Poolman   |     |    |                   |     |    |
| Senator Bekkedahl | ✓   |    |                   |     |    |
| Senator G. Lee    |     |    |                   |     |    |
| Senator Dever     | ✓   |    |                   |     |    |
| Senator Sorvaag   |     |    |                   |     |    |
| Senator Oehlke    |     |    |                   |     |    |
| Senator Hogue     |     |    |                   |     |    |
|                   |     |    |                   |     |    |
|                   |     |    |                   |     |    |
|                   |     |    |                   |     |    |

Total (Yes) 3 No 0

Absent 0

Floor Assignment \_\_\_\_\_

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



Date: 2-8-2019Roll Call Vote #: 1

**2019 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 2005**

Senate Appropriations Committee☐ SubcommitteeAmendment LC# or Description: 19.0218.01001

Recommendation: ☒ Adopt Amendment  
☐ Do Pass    ☐ Do Not Pass    ☐ Without Committee Recommendation  
☐ As Amended    ☐ Rerefer to Appropriations  
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ \_\_\_\_\_Motion Made By Bekkedahl Seconded By Wanzek

| Senators          | Yes | No | Senators          | Yes | No |
|-------------------|-----|----|-------------------|-----|----|
| Senator Holmberg  |     |    | Senator Mathern   |     |    |
| Senator Krebsbach |     |    | Senator Grabinger |     |    |
| Senator Wanzek    |     |    | Senator Robinson  |     |    |
| Senator Erbele    |     |    |                   |     |    |
| Senator Poolman   |     |    |                   |     |    |
| Senator Bekkedahl |     |    |                   |     |    |
| Senator G. Lee    |     |    |                   |     |    |
| Senator Dever     |     |    |                   |     |    |
| Senator Sorvaag   |     |    |                   |     |    |
| Senator Oehlke    |     |    |                   |     |    |
| Senator Hogue     |     |    |                   |     |    |
|                   |     |    |                   |     |    |
|                   |     |    |                   |     |    |
|                   |     |    |                   |     |    |

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

*Voice Vote  
Approved*

Date: 2-8-2019  
Roll Call Vote #: 2

**2019 SENATE STANDING COMMITTEE**  
**ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 2005**

Senate Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation: ☐ Adopt Amendment  
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation  
☒ As Amended ☐ Rerefer to Appropriations  
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ \_\_\_\_\_

Motion Made By Bekkedahl Seconded By Robinson

| Senators          | Yes | No | Senators          | Yes | No |
|-------------------|-----|----|-------------------|-----|----|
| Senator Holmberg  | ✓   |    | Senator Mathern   | ✓   |    |
| Senator Krebsbach | ✓   |    | Senator Grabinger | ✓   |    |
| Senator Wanzek    | ✓   |    | Senator Robinson  | ✓   |    |
| Senator Erbele    | ✓   |    |                   |     |    |
| Senator Poolman   | ✓   |    |                   |     |    |
| Senator Bekkedahl | ✓   |    |                   |     |    |
| Senator G. Lee    | A   |    |                   |     |    |
| Senator Dever     | ✓   |    |                   |     |    |
| Senator Sorvaag   | ✓   |    |                   |     |    |
| Senator Oehlke    | ✓   |    |                   |     |    |
| Senator Hogue     | ✓   |    |                   |     |    |
|                   |     |    |                   |     |    |
|                   |     |    |                   |     |    |
|                   |     |    |                   |     |    |

Total (Yes) 13 No 0

Absent 1

Floor Assignment Bekkedahl

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

**REPORT OF STANDING COMMITTEE**

**SB 2005: Appropriations Committee (Sen. Holmberg, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2005 was placed on the Sixth order on the calendar.

Page 1, line 1, after "treasurer" insert "; and to amend and reenact section 54-11-13 of the North Dakota Century Code, relating to the salary of the state treasurer"

Page 1, replace lines 8 through 14 with:

|                                | <u>Base Level</u> | <u>Adjustments or Enhancements</u> | <u>Appropriation</u> |
|--------------------------------|-------------------|------------------------------------|----------------------|
| Salaries and wages             | \$1,316,139       | \$64,658                           | \$1,380,797          |
| Operating expenses             | 251,260           | (59,031)                           | 192,229              |
| Coal severance payments        | 180,000           | (9,000)                            | 171,000              |
| Total general fund             | \$1,747,399       | (\$3,373)                          | \$1,744,026          |
| Full-time equivalent positions | 7.00              | 0.00                               | 7.00                 |

**SECTION 2. AMENDMENT.** Section 54-11-13 of the North Dakota Century Code is amended and reenacted as follows:

**54-11-13. Salary of state treasurer.**

The annual salary of the state treasurer is ~~ninety-six thousand nine hundred seventy-two dollars through June 30, 2016, and ninety-nine thousand eight hundred eighty-one dollars thereafter~~ one hundred seven thousand eight hundred eighty-five dollars through June 30, 2020, and one hundred eleven thousand one hundred twenty-two dollars thereafter."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2005 - State Treasurer - Senate Action**

|                         | <u>Base Budget</u> | <u>Senate Changes</u> | <u>Senate Version</u> |
|-------------------------|--------------------|-----------------------|-----------------------|
| Salaries and wages      | \$1,316,139        | \$64,658              | \$1,380,797           |
| Operating expenses      | 251,260            | (59,031)              | 192,229               |
| Coal severance payments | 180,000            | (9,000)               | 171,000               |
| Total all funds         | \$1,747,399        | (\$3,373)             | \$1,744,026           |
| Less estimated income   | 0                  | 0                     | 0                     |
| General fund            | \$1,747,399        | (\$3,373)             | \$1,744,026           |
| FTE                     | 7.00               | 0.00                  | 7.00                  |

**Department 120 - State Treasurer - Detail of Senate Changes**

|                         | <u>Adjusts Funding for Base Payroll Changes<sup>1</sup></u> | <u>Adds Funding for Salary and Benefit Increases<sup>2</sup></u> | <u>Provides a Salary Equity Increase to the State Treasurer<sup>3</sup></u> | <u>Reduces Funding for Information Technology Costs<sup>4</sup></u> | <u>Adjusts Funding for Coal Severance Payments<sup>5</sup></u> | <u>Total Senate Changes</u> |
|-------------------------|-------------------------------------------------------------|------------------------------------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------------------------------|----------------------------------------------------------------|-----------------------------|
| Salaries and wages      | (\$19,339)                                                  | \$69,376                                                         | \$14,621                                                                    |                                                                     |                                                                | \$64,658                    |
| Operating expenses      |                                                             |                                                                  |                                                                             | (\$59,031)                                                          |                                                                | (59,031)                    |
| Coal severance payments |                                                             |                                                                  |                                                                             |                                                                     | (\$9,000)                                                      | (9,000)                     |
| Total all funds         | (\$19,339)                                                  | \$69,376                                                         | \$14,621                                                                    | (\$59,031)                                                          | (\$9,000)                                                      | (\$3,373)                   |
| Less estimated income   | 0                                                           | 0                                                                | 0                                                                           | 0                                                                   | 0                                                              | 0                           |
| General fund            | (\$19,339)                                                  | \$69,376                                                         | \$14,621                                                                    | (\$59,031)                                                          | (\$9,000)                                                      | (\$3,373)                   |
| FTE                     | 0.00                                                        | 0.00                                                             | 0.00                                                                        | 0.00                                                                | 0.00                                                           | 0.00                        |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

| General Fund              |          |
|---------------------------|----------|
| Salary increase           | \$38,142 |
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| Total                     | \$69,376 |

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<sup>4</sup> Funding is reduced for operating expenses, primarily related to information technology costs.

<sup>5</sup> Funding is reduced for the estimated coal severance payments related to the allocation formula change in Section 4 of House Bill No. 1005 (2017).

This amendment also adds a section to provide the statutory changes necessary to provide an equity salary increase to the State Treasurer of \$5,889 per year, increasing the current annual salary of \$99,881 to \$105,770 and to increase the salary to \$107,885 (2 percent) in fiscal year 2020 and to \$111,122 (3 percent) in fiscal year 2021. The salary equity increase aligns the State Treasurer's salary with the salary of next lowest-paid elected official.

**2019 HOUSE APPROPRIATIONS**

**SB 2005**

# 2019 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee – Government Operations Division Medora Room, State Capitol

SB2005  
2/27/2019  
Recording Job# 32928

- ☐ Subcommittee  
☐ Conference Committee

|                              |
|------------------------------|
| Committee Clerk: Sheri Lewis |
|------------------------------|

### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state treasurer.

### Minutes:

|                         |
|-------------------------|
| Attachments A through D |
|-------------------------|

**Chairman Vigesaa:** Opened the hearing on HB2005.

**Roll call taken.**

**Adam Mathiak, Fiscal Analyst, ND Legislative Council:** Explained attachments A and B.

**Kelly Schmidt, Treasurer, Office of State Treasurer:** See testimony attachment C.

**Representative Bellew:** I agree with you on that Legacy Fund that we should not be spending it until the end of the biennium.

**Ryan Skor, Director of Finance, Office of State Treasurer:** See testimony attachment C.

**Representative Bellew:** Do you require a specific four year degree in accounting or economics or just a generic four year degree?

**Ryan Skor:** It depends on the position. The positions that are classified as account budget specialist II or III; they require a four year accounting degree. The account budget specialist I just requires a four year degree with some experience in accounting and book keeping; the experience level will substitute for the accounting degree; but it does require a four-year college degree.

**Representative Bellew:** Do you require your accountants to become CPA's?

**Ryan Skor:** Currently, we don't require them to become CPA's; we do encourage that, but it's not a requirement for any of our positions currently to be that.

**Representative Kempenich:** Where are you at in your range on your employees?

**Ryan Skor:** The ratio was about .84% for the staff; so the majority of the staff is going to be at the very top of the first quartile or bottom of the second quartile.

**Representative Kempenich:** I was wondering if you were having any experiences with compression.

**Ryan Skor:** Currently, it's been reasonable and we've been able to make do with what we've had in the last biennium. We've had some reallocation of duties that we were able to move some dollars around to certain positions to make sure that we were able to keep them in line with what they're doing.

**Representative Kempenich:** You need experience and a degree; but that's basically a ticket to learn more. What is the average experience of new hires?

**Ryan Skor:** We've had the same accounting staff for almost five years. When I was involved in hiring them initially, it was a degree and three to four years of some other accounting background depending on whether it was other state agencies or if it was in the private sector.

Kelly Schmidt continued with her testimony.

Ryan Skor continued with his testimony.

**Chairman Vigesaa:** Do you require a certain amount of hours to stay current; so when you come to the review, they can document that they've fulfilled your requirements.

**Ryan Skor:** Yes. It's not necessarily hours based; but, we put a number of courses down that are approved and after they go through that online course, they communicate to the rest of the staff some of the key points that they have learned in our biweekly staff meetings.

Ryan Skor continued with his testimony.

**Representative Bellew:** Explain to me the coal severance shortfall.

**Ryan Skor:** See attachment D.

**Representative Bellew:** The Senate did a 2% and 3% is that correct?

**Ryan Skor:** That's correct.

Ryan Skor continued with his testimony.

**Chairman Vigesaa:** Do you see any increase in operating expenses in the future; because of these changes? One time is pretty much software and once that's done operating expenses shouldn't be any different.

**Ryan Skor:** We don't see any continued expenditures.

**Kelly Schmidt:** The reason we've been able to use our team to do the testing on the distributions is because of the skill set of our team. If we all of a sudden had a big turnover in the treasurer's office that would change it to the point where we would have to go back to ITD and get some assistance.

**Representative Howe:** Last biennium you had turn back funding for IT projects. Has that been kind of the history going back to 2013-2015 biennium?

**Ryan Skor:** The last couple of bienniums we have been able to save travel dollars knowing that these expenditures were coming. We've seen a change in the formula and we get started right away. We've saved our IT money until the end of the biennium for those reasons. Last biennium we did not get the total amount of one-time changes that we had; so we carried that over to use it. Without that carry over we would have been short on IT money for this biennium.

**Representative Bellew:** The Senate gave you an equity increase. Was that an agreement that was made in a previous biennium?

**Kelly Schmidt:** There was legislative intent added in the 2013 legislative session that would bring the treasurer's salary to the lowest level of the other elected officials. That legislative intent was lost in the 2017 session.

**Representative Bellew:** That was in the treasurer's bill in 2013?

**Kelly Schmidt:** It was. It was also in our bill in 2017; but it was removed.

**Chairman Vigesaa:** Did the Senate add anything to your budget above and beyond what the governor recommended?

**Ryan Skor:** The only thing that was added was the salary adjustment.

**Chairman Vigesaa:** Closed the hearing.



# 2019 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee – Government Operations Division Medora Room, State Capitol

SB2005  
3/4/2019  
Recording Job# 33158

- ☐ Subcommittee  
☐ Conference Committee

Committee Clerk: Sheri Lewis

### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state treasurer.

### Minutes:

**Chairman Vigesaa:** Called the work session to order.

**Chairman Vigesaa:** Discussed the green sheet.

**Representative Bellew:** They reduced operating expenses because they're transferring everything over to IT for the unification project?

**Adam Mathiak, Fiscal Analyst, ND Legislative Council:** That \$59,000.00 reduction was related to them finding internal efficiencies that they were able to gain some savings. The increase in operating expenses for IT costs was related to HB1066; the \$35,000.00 they were asking for additional one-time funding to adjust their programming for that.

**Chairman Vigesaa:** That \$35,000.00 is not in this bill?

**Adam Mathiak:** There is no funding for their cost to address their programming needs because of that bill. When there are changes to the oil formula it's been looked at in the second half and put into their budget to cover that cost. This would be an additional \$35,000.00 of one-time funding that they were requesting. It's in the fiscal note for HB1066; it's a cost that currently doesn't have an appropriation for it.

**Chairman Vigesaa:** Is she requesting us to add that \$35,000.00 into her budget?

**Adam Mathiak:** Yes.

**Chairman Vigesaa:** That's a one-time programming fee?

**Adam Mathiak:** Yes.

**Representative Bellew:** I don't have a problem with adding it in but I don't think it should be out of general funds.

**Chairman Vigesaa:** Where she's talking about the one-time IT cost, the \$15,550.00 they will receive that or have received it?

**Adam Mathiak:** What ends up happening in the process, when HB1066 was introduced, they received a very rough estimate from ITD on their estimated cost of changes. That estimate was around \$35,000.00 which is reflected in the fiscal note for HB1066. Once the bills reach cross over, if they've been approved by the first chamber, then they get more concrete estimates. In this case, they looked at it more closely and realized it would only be about \$15,550.00. The total cost of all the programming changes that would be needed for all the bills that touched the oil formula would total to that \$35,000.00 that they had originally estimated.

**Chairman Vigesaa:** Would that show in the bill as a one-time cost?

**Adam Mathiak:** That's correct.

**Chairman Vigesaa:** That's general funds and there wouldn't be any other source where those could come from?

**Representative Bellew:** I suggest it comes out of the SIIF Fund.

**Chairman Vigesaa:** What are the thoughts about the treasurer's salary?

**Representative Kempenich:** The money has been in there since the 2015 session, all that's been missing is the language. It should be about the office and not who's in there.

**Chairman Vigesaa:** Is the money there?

**Adam Mathiak:** The salaries and wages line item would include temporary salaries and any potential roll up dollars if they had any turn over. It was added as part of the Senate compensation package to make sure that it was included. It's possible that there may be enough funding in there to not add additional funding; but still cover it.

**Representative Howe:** I have a really big problem with this. We're giving an almost \$6,000.00 increase just for this position; and we haven't seen it in any other budget through the first half. I have a really strong feeling that we should not be doing that.

**Representative Kempenich:** I'm saying take the \$6,000.00 out of it. We never took the money out; the language disappeared from four years ago. I don't want the \$6,000.00 in there, I just want the language.

**Representative Bellew:** How does she get paid?

**Representative Kempenich:** We appropriated the money four years ago that never came out.

**Representative Bellew:** What is the treasurer's current salary?

**Chairman Vigesaa:** What would be the actual increase be if it would have just been the 2% and 2% versus what they did?

**Representative Beadle:** Can you explain what the intent language was previous sessions that they were talking about? What was the rationale for that?

**Representative Kempenich:** It's an elected office. In 2000 there was a lady from the opposite party that was in that office; and there were basically powers taken away. It was run for again and there has been a lot more added to that office since it's been reconstructed. In 2009 the intent was to take the salary to the next lowest elected official.

**Representative Beadle:** What happened with the compensation during that ten year period?

**Representative Kempenich:** We didn't put any money in it; it was just an intent to that. In 2015 the governor funded and we left it alone and the bill was killed on the floor; and the language came out, but we never took the money away from it. It would be the same salary as the lieutenant governor.

**Chairman Vigesaa:** If we could calculate what the Senate put in for that funding, remove it but left the language in, we would be in effect saying that yes she could receive that salary; but you need to find it from your salary and wages line.

**Adam Mathiak:** There was \$14,621.00 that was added for the equity increase and that \$14,621.00 did include the adjustment for the equity increase. It did include the increase for the compensation. It could be done without adding the funding and just updating the century code.

**Representative Howe:** Do we have equity increases for any other elected official?

**Representative Bellew:** We've done it before.

**Representative Beadle:** I remember when we had the conversation with the attorney general's budget a few sessions ago and we gave him a pretty hefty pay raise. One of the arguments for that was comparing that budget to attorneys in the private sector.

**Chairman Vigesaa:** Closed the discussion.

# 2019 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee – Government Operations Division Medora Room, State Capitol

SB2005  
3/13/2019  
Recording Job# 33658

☐ Subcommittee  
☐ Conference Committee

|                              |
|------------------------------|
| Committee Clerk: Sheri Lewis |
|------------------------------|

### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state treasurer.

### Minutes:

|              |
|--------------|
| Attachment A |
|--------------|

**Chairman Vigesaa:** Opened the discussion on SB2005.

**Chairman Vigesaa:** We had some discussion on the cost of Prairie Dog. Does she have that in as one-time?

**Representative Bellew:** No.

**Alex Cronquist, Fiscal Analyst, ND Legislative Council:** It's a one-time funding for IT changes.

**Chairman Vigesaa:** It was not included in any Senate changes?

**Chairman Vigesaa:** It's not in the bill as we speak?

**Vice Chairman Brandenburg:** If you have to do a new program you're going to have to give her the \$35,000.00.

**Chairman Vigesaa:** My take is that HB1066 is going through without amendments. That will not be going to conference.

**Representative Bellew:** Why don't we just take it out of SIIF for now.

**Representative Howe:** In the ag commissioners budget he's looking for pretty hefty pay increases that doesn't align with the 2%/2%. I won't support moving this over.

**Chairman Vigesaa:** The Senate put this in. She's a state elected official and the purpose was to bring her up to the lowest other paid official.

**Vice Chairman Brandenburg:** If you give it to the ag commissioner, you have to give it to the treasurer.

**Representative Howe:** I would move to remove that as well for the ag commissioner.

**Representative Beadle:** Can we get a list of what the salaries are for the elected officials?

**Alex Cronquist:** See attachment A. The lieutenant governor is the second lowest, the proposal that came out of the Senate would raise the state treasurer up to be the same level as the secretary of state, insurance commissioner and state auditor; that's about \$2,500.00 higher than the lieutenant governor right now.

**Chairman Vigesaa:** We did a substantial raise to the attorney general two or three sessions ago.

**Representative Beadle:** I think we should take a look at the size of the agencies also.

**Alex Cronquist:** I believe they wanted to make the ag commissioner the same level as the tax commissioner; the \$114,791.00.

**Representative Beadle:** In the 2019 budget for the ag commissioner as it came across from the Senate, they had bumped the salary of the commissioner to \$117,087.00 for the first chunk and then \$120,600.00 for the second chunk.

**Alex Cronquist:** It would be the same as the tax commissioner.

**Chairman Vigesaa:** Closed the discussion.

# 2019 HOUSE STANDING COMMITTEE MINUTES

**Appropriations Committee – Government Operations Division**  
Medora Room, State Capitol

SB2005  
3/25/2019  
Recording Job# 34197

☐ Subcommittee  
☐ Conference Committee

|                              |
|------------------------------|
| Committee Clerk: Sheri Lewis |
|------------------------------|

## **Explanation or reason for introduction of bill/resolution:**

A BILL for an Act to provide an appropriation for defraying the expenses of the state treasurer.

## **Minutes:**

**Chairman Vigesaa:** Opened the discussion on SB2005.

**Chairman Vigesaa:** Discussed the green sheet.

**Vice Chairman Brandenburg:** I would support that.

**Representative Howe:** I would not support that.

**Representative Mock:** I'm undecided.

**Representative Kempenich:** The money is there, we've been carrying it for two bienniums now. It's the language that the issue.

**Representative Beadle:** I understand the argument that it's time, we gave that intent before. What's the actual justification as to why in 2013 we felt that intent language is necessary?

**Representative Kempenich:** It's the office itself, not the employees. Twenty years ago we created this and then we took it away. It does affect retirement and the benefit side of it also.

**Representative Howe:** I think we need to look at it from a 2021 biennium standpoint. Everyone can get a 2% and 2% increase except for the treasurer and the ag commissioner; or if we want to make exceptions for these people, let's make exceptions for every statewide elected official and give them additional raises as well.

**Representative Kempenich:** They're not a state employee, they serve at the will of the citizens. When it comes for compensation I really don't like what we do for the legislature. They run statewide for an office. The agreement was that the treasurer had to run again and get elected to get this bump.

**Representative Howe:** Was it specifically this treasurer who had to run and win or was it just the treasurer's position?

**Representative Kempenich:** It was the position. It took an action of this body to change it and we have changed it in the past for a number of agencies.

**Representative Mock:** In the past when we have authorized the increase with the intent to bring the treasurer's salary up to the lowest level. We gave the authorization in statute, but we underfunded the agency. Is that correct?

**Representative Kempenich:** It was funded three bienniums ago. It came in with a bill that the governor had put the language in but didn't fund it. Two bienniums ago it came in with the money and the language in there, we let it go through and it was killed on the floor. The language then came out but the money never moved.

**Representative Mock:** The base budget has the funding in it for her to have whatever the amount is if we just raise the statutory amount?

**Representative Kempenich:** All it counts is a 2% and 2%. The number has been in the base for the last two bienniums.

**Representative Mock:** Has this just increased her turn back?

**Representative Kempenich:** This should just be a language change. You'd have to change the dollar amount to have it accepted; but it shouldn't change anything in the base budget.

**Adam Mathiak, Fiscal Analyst, ND Legislative Council:** If the money hadn't been removed previously maybe it was turned back or if there were promotions or other additional changes within the office for structuring their employees, it's possible that some of that funding was reallocated to other purposes. The Senate did an increase in funding for the equity portion of it. It would be possible to just make the statutory changes and not include funding for it. It's not an unsurmountable amount of money that they couldn't make adjustments within their salaries and wages operating line to find that.

**Chairman Vigesaa:** Can someone look up what the securities commissioner earns for a salary?

**Becky Deichert, Budget Analyst, ND Office of Management and Budget:** Karen is at \$9,833.00 per month.

**Representative Mock:** I know we've talked a little bit about those two offices on the 3<sup>rd</sup> floor. If this is a cost issue and the state could realize some cost savings by bringing the auditor's employees in house and collecting some of these rents, it would offset the cost of giving the treasurer a pay increase.

**Representative Kempenich:** Four years ago I did support and I am on record to eliminate the office. Increasing this would bring it up to the level of the lieutenant governor's salary.

**Representative Bellew:** Is the lieutenant governor an elected official?

**Representative Kempenich:** Yes. They have to run on the ballot also.

**Chairman Vigesaa:** Closed the discussion.



# 2019 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee – Government Operations Division Medora Room, State Capitol

SB2005  
4/2/2019  
Recording Job# 34435

- ☐ Subcommittee  
☐ Conference Committee

|                              |
|------------------------------|
| Committee Clerk: Sheri Lewis |
|------------------------------|

### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state treasurer.

### Minutes:

**Chairman Vigesaa:** Opened the discussion on SB2005.

**Alex Cronquist, Fiscal Analyst, ND Legislative Council:** It appears that it would put it on the same level as the state auditor.

**Chairman Vigesaa:** Is the lieutenant governor listed there?

**Representative Beadle:** Based from the executive budget the lieutenant governor is projected to go up to \$107,000.00 and the treasurer is projected to go up to \$103,000.00. This is putting her to be on par with the auditor at \$110,000.00 which is also the same as the insurance commissioner and the secretary of state.

**Chairman Vigesaa:** Is the lieutenant governor considered a statewide elected official?

**Alex Cronquist:** He is elected and the salary is set in century code; which we seem to only do for elected positions.

**Representative Beadle:** Read the intent language from HB1005 of the 2013 legislative session.

**Chairman Vigesaa:** The salary for the lieutenant governor, is that in the governor's budget?

**Representative Beadle:** Right.

**Representative Howe:** I think that intent language is pigeon holing ourselves for this position; where it's at the second lowest position.

**Chairman Vigesaa:** Your thoughts would be just to leave it the same as it is in the bill? The office is going up to the same level as others that are on the ballot as officials that are individually elected on their own merit.

**Representative Mock:** I have a feeling that we'll be adjusting the lieutenant governor's salary to be on par with everyone else.

**Representative Beadle:** I would support moving the salary up to the level of the lieutenant governor's office. I just don't see the workload of the treasurer's office matching up with insurance, auditor or secretary of state; from both the size of the office and the scope of the office, I don't see that it's commiserate with those positions. I have a hard time moving the salary up to match those positions.

**Chairman Vigesaa:** If we did that, are we just setting us up for another intent language that would bring the state treasurer's salary up to the same level as the others that are on the ballot as an individual running for elected office?

**Representative Beadle:** I don't know if we'll be getting into that fight. At some point the way our budgeting process always works, we look at the number that's there and give them the adjusted percentage that we give to everyone else. If we go up to the lieutenant governor's salary then it gets us back so that we're on the schedule that we are with everyone else of doing the percentage adjustment. We don't have to have intent language added on, we can just move the number.

**Representative Mock:** The bill as it is before us has the salary for the state treasurer at the same level as the auditor and the insurance commissioner. Correct? It would take a majority of the committee members to either bring it back to its current level for this biennium or to reduce it and have it align with another office.

**Chairman Vigesaa:** No that's in the bill.

**Representative Beadle:** I have moved from just wanting to give the same as our employee's salary percentage to be willing to go to lieutenant. I don't see me moving any more.

**Representative Howe:** I would concur with Representative Beadle.

**Representative Mock:** I would resist a motion to adjust it from its current level in the bill. I would likely be supportive of an amendment that would bring the lieutenant governor's compensation up a couple thousand dollars to be aligned with this.

**Representative Howe:** Most importantly for me is getting away from this intent language.

**Representative Mock:** Finding a resolution with this today would do that. If we raise that compensation to the level as proposed by the Senate, the intent language from the 2013 session is merely historical.

**Chairman Vigesaa:** What was the difference between the state auditor and the lieutenant governor?

**Representative Beadle:** Effective July 1, 2018 the treasurer is at \$99,881.00 and the auditor, insurance and secretary of state are all at \$105,770.00 and the lieutenant is \$103,221.00.

**Chairman Vigesaa:** What was the difference again?

**Representative Beadle:** Lieutenant governor is at \$103,221.00 and treasurer is \$99,881.00.

**Chairman Vigesaa:** Closed the discussion.

# 2019 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee – Government Operations Division Medora Room, State Capitol

SB2005  
4/4/2019  
Recording Job# 34511

- ☐ Subcommittee  
☐ Conference Committee

|                              |
|------------------------------|
| Committee Clerk: Sheri Lewis |
|------------------------------|

### Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the state treasurer.

### Minutes:

|              |
|--------------|
| Attachment A |
|--------------|

**Chairman Vigesaa:** Opened the discussion on SB2005.

**Vice Chairman Brandenburg:** Made a motion to adopt the changes to the bill.

**Representative Kempenich:** Seconded the motion.

**Representative Beadle:** What the Senate had put in for the pay package for the position itself, was where the other employees were going to be with a 2% and 3% increase as well. So this wouldn't necessarily be proper unless that had been amended back to what we're doing for the rest of the employees.

**Chairman Vigesaa:** The idea behind Vice Chairman's Brandenburg's motion would be to adjust to our agreed pay package; which would include her salary and add the \$35,000.00 from SIIF.

**Representative Howe:** We discussed this earlier this week and if we're still going back to the 63<sup>rd</sup> Legislative assembly's intent that it has to be the second lowest paid statewide elected position, I don't think that's a good precedent to set.

**Chairman Vigesaa:** Your thought is to give her the pay increase from her current rate of pay? Would you follow the intent or just go back to what her salary is currently with the pay package increase?

**Representative Howe:** I would say go with the pay package increase that the House and Senate has agreed to from her current salary.

**Chairman Vigesaa:** See attachment A.

**Representative Bellew:** This is what the Senate proposed.

**Voice Vote made.**

**Motion Carried.**

**Representative Beadle:** Made a motion to further amend for the treasurer's salary to match it up with lieutenant governor.

**Representative Howe:** Seconded the motion.

**Representative Bellew:** My problem is that the lieutenant governor is not an individually elected person; he is a team. I'm not sure if I would consider him the next lowest elected official.

**Representative Beadle:** The lieutenant is still elected, his name appears on the ballot. They are constitutional officers with their salaries set in century code; just like all of the other statewide elected positions that are constitutional officers. I still have heartburn that this agency is 7 FTE's and has a \$1.7 million total appropriation; the one position of the treasurer would be getting the equivalent of 12.5% of their total budget for that individual salary. I think it's significantly outsized compared to other agencies. It's nothing against the position, it's just the scope of the work of the office.

**Voice Vote made.**

**Motion Carried.**

**Representative Beadle:** Made a motion for a "Do Pass as Amended".

**Representative Howe:** Seconded the motion.

**Roll Call Vote:** 6 Yeas 1 Nay 0 Absent.

**Motion Carried.**

**Chairman Vigesaa:** Closed the discussion.

# 2019 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee Roughrider Room, State Capitol

SB 2005  
4/4/2019  
34538

- ☐ Subcommittee  
☐ Conference Committee

|                                 |
|---------------------------------|
| Committee Clerk: Risa Bergquist |
|---------------------------------|

### Explanation or reason for introduction of bill/resolution:

**A BILL for an Act to provide an appropriation for defraying the expenses of the state treasurer; and to amend and reenact section 54-11-13 of the North Dakota Century Code, relating to the salary of the state treasurer.**

### Minutes:

**Chairman Delzer:** Called the meeting to order for SB 2005, this is the budget for the state treasure.

**Representative Bellew:** Before you are an amendment 19.0218.02001, first thing that we did was adjust funding for the salary increases. The next thing we did was a salary equity increase of 8,270 to align the state treasure salary to the salary of the lieutenant governor. The senate provided a salary increase of 14,600 to align the state treasure salary with the salary of the state auditor. It was felt in our committee that the legislative intent of the 2013 bill said to the lowest elected official and our committee felt that was the lieutenant governor.

**Chairman Delzer:** That's for both years of the biennium?

**Representative Bellew:** Yes, the next thing we did was add onetime funding of 35 thousand to cover the SIIF fund. She needed the extra money to work in the program to distribute the funds for the Prairie Dog bill passing.

**Chairman Delzer:** Did she ask for that just because of the SB 2362 or was it because of HB 1066?

**Representative Bellew:** It was HB 1066 that she asked for.

**Chairman Delzer:** What about 2362? We just passed that out this morning and that deals with the reconstruction of the land board.

**Representative Bellew:** I don't think so. We did add those 2 sections to the bill, it explains at the bottom what we did to the salary. With that **I will move the amendment 19.0218.02001.**

**Representative Beadle: Second**

**Chairman Delzer:** We have a motion to amend SB 2005 with amendment 02001 is there any further discussion? Seeing none, **Voice vote, All in Favor, Motion Carries.**

**Representative Nathe:** Further amend to not give pay raise above the other state employees.

**Representative Martinson: Second**

**Representative Nathe:** We have been down this road before I just don't think that a few deserve the bump when the other employees don't.

**Chairman Delzer:** We have a motion to further amend and to not give the extra raise. Any further discussion? Seeing none we will call the roll.

**A Roll Call vote was taken. Yea: 9 Nay: 8 Absent: 4**

**Motion carries**

**Chairman Delzer:** Any further amendments for SB 2005?

**Representative Bellew:** I will make a motion for a Do Pass as Amended.

**Representative Howe: Second**

**Chairman Delzer:** We have a motion for a Do Pass as Amended, Any further discussion? Seeing none we will call the roll.

**A Roll Call vote was taken. Yea: 14 Nay: 3 Absent: 4**

**Motion Carries, Representative Bellew will carry the bill.**

**Chairman Delzer:** We close this meeting.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2005

Page 1, line 7, after the second comma insert "and from special funds derived from the strategic investment and improvements fund"

Page 1, replace lines 12 through 15 with:

|                         |                |                |                |
|-------------------------|----------------|----------------|----------------|
| "Salaries and wages     | \$1,316,139    | \$60,688       | \$1,376,827    |
| Operating expenses      | 251,260        | (24,031)       | 227,229        |
| Coal severance payments | <u>180,000</u> | <u>(9,000)</u> | <u>171,000</u> |
| Total all funds         | \$1,747,399    | \$27,657       | \$1,775,056    |
| Less estimated income   | <u>0</u>       | <u>35,000</u>  | <u>35,000</u>  |
| Total general fund      | \$1,747,399    | (\$7,343)      | \$1,740,056"   |

Page 1, after line 16, insert:

**"SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-SEVENTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the 2019-21 biennium one-time funding items included in the appropriation in section 1 of this Act:

| <u>One-Time Funding Description</u> | <u>2017-19</u> | <u>2019-21</u>  |
|-------------------------------------|----------------|-----------------|
| Information technology costs        | <u>\$0</u>     | <u>\$35,000</u> |
| Total special funds                 | <u>\$0</u>     | <u>\$35,000</u> |

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The state treasurer shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

**SECTION 3. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.** The operating expenses line item and the estimated income line item in section 1 of this Act include \$35,000 from the strategic investment and improvements fund for information technology costs."

Page 1, line 22, replace "one hundred seven thousand eight hundred eighty-five" with "one hundred five thousand two hundred eighty-five"

Page 1, line 23, replace "one hundred eleven thousand one hundred twenty-two" with "one hundred seven thousand nine hundred seventeen"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2005 - State Treasurer - House Action**

|                         | <u>Base<br/>Budget</u> | <u>Senate<br/>Version</u> | <u>House<br/>Changes</u> | <u>House<br/>Version</u> |
|-------------------------|------------------------|---------------------------|--------------------------|--------------------------|
| Salaries and wages      | \$1,316,139            | \$1,380,797               | (\$3,970)                | \$1,376,827              |
| Operating expenses      | 251,260                | 192,229                   | 35,000                   | 227,229                  |
| Coal severance payments | <u>180,000</u>         | <u>171,000</u>            |                          | <u>171,000</u>           |



|                       |             |             |           |             |
|-----------------------|-------------|-------------|-----------|-------------|
| Total all funds       | \$1,747,399 | \$1,744,026 | \$31,030  | \$1,775,056 |
| Less estimated income | 0           | 0           | 35,000    | 35,000      |
| General fund          | \$1,747,399 | \$1,744,026 | (\$3,970) | \$1,740,056 |
| FTE                   | 7.00        | 7.00        | 0.00      | 7.00        |

#### Department 120 - State Treasurer - Detail of House Changes

|                         | Adjusts<br>Funding for<br>Salary<br>Increases <sup>1</sup> | Adjusts<br>Funding for<br>Salary Equity<br>Increase to<br>State<br>Treasurer <sup>2</sup> | Adds Funding for<br>Information<br>Technology<br>Costs <sup>3</sup> | Total House<br>Changes |
|-------------------------|------------------------------------------------------------|-------------------------------------------------------------------------------------------|---------------------------------------------------------------------|------------------------|
| Salaries and wages      | \$2,381                                                    | (\$6,351)                                                                                 |                                                                     | (\$3,970)              |
| Operating expenses      |                                                            |                                                                                           | \$35,000                                                            | 35,000                 |
| Coal severance payments |                                                            |                                                                                           |                                                                     |                        |
| Total all funds         | \$2,381                                                    | (\$6,351)                                                                                 | \$35,000                                                            | \$31,030               |
| Less estimated income   | 0                                                          | 0                                                                                         | 35,000                                                              | 35,000                 |
| General fund            | \$2,381                                                    | (\$6,351)                                                                                 | \$0                                                                 | (\$3,970)              |
| FTE                     | 0.00                                                       | 0.00                                                                                      | 0.00                                                                | 0.00                   |

<sup>1</sup> Funding is adjusted to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and a 2.5 percent salary increase on July 1, 2020. The Senate provided funding for salary increases of 2 percent on July 1, 2019, and 3 percent on July 1, 2020.

<sup>2</sup> Funding is adjusted to provide a salary equity increase of \$8,270 to the State Treasurer to align the State Treasurer's salary with the salary of the Lieutenant Governor. The Senate provided a salary equity increase of \$14,621 to align the State Treasurer's salary with the salary of the State Auditor.

<sup>3</sup> One-time funding of \$35,000 is added from the strategic investment and improvements fund for information technology costs related to changes in the oil and gas tax revenue allocation formulas. The Senate did not include funding for these information technology costs.

This amendment also:

- Adds a section to identify \$35,000 from the strategic investment and improvements fund for information technology costs.
- Includes a section to provide the statutory changes necessary to provide a salary equity increase to the State Treasurer of \$3,340 per year, increasing the current annual salary of \$99,881 to \$103,221 and to increase the salary to \$105,285 (2 percent) in fiscal year 2020 and to \$107,917 (2.5 percent) in fiscal year 2021. The salary equity increase aligns the State Treasurer's salary with the salary of the Lieutenant Governor.

DP 4/3/19  
1 of 2

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2005

Page 1, line 7, after the second comma insert "and from special funds derived from the strategic investment and improvements fund"

Page 1, replace lines 12 through 15 with:

|                         |             |            |              |
|-------------------------|-------------|------------|--------------|
| "Salaries and wages     | \$1,316,139 | \$52,418   | \$1,368,557  |
| Operating expenses      | 251,260     | (24,031)   | 227,229      |
| Coal severance payments | 180,000     | (9,000)    | 171,000      |
| Total all funds         | \$1,747,399 | \$19,387   | \$1,766,786  |
| Less estimated income   | 0           | 35,000     | 35,000       |
| Total general fund      | \$1,747,399 | (\$15,613) | \$1,731,786" |

Page 1, after line 16, insert:

**"SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-SEVENTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the 2019-21 biennium one-time funding items included in the appropriation in section 1 of this Act:

| <u>One-Time Funding Description</u> | <u>2017-19</u> | <u>2019-21</u> |
|-------------------------------------|----------------|----------------|
| Information technology costs        | \$0            | \$35,000       |
| Total special funds                 | \$0            | \$35,000       |

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The state treasurer shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

**SECTION 3. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.** The operating expenses line item and the estimated income line item in section 1 of this Act include \$35,000 from the strategic investment and improvements fund for information technology costs."

Page 1, line 22, replace "one hundred seven thousand eight hundred eighty-five" with "one hundred one thousand eight hundred seventy-nine"

Page 1, line 23, replace "one hundred eleven thousand one hundred twenty-two" with "one hundred four thousand four hundred twenty-six"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2005 - State Treasurer - House Action**

|                         | <u>Base Budget</u> | <u>Senate Version</u> | <u>House Changes</u> | <u>House Version</u> |
|-------------------------|--------------------|-----------------------|----------------------|----------------------|
| Salaries and wages      | \$1,316,139        | \$1,380,797           | (\$12,240)           | \$1,368,557          |
| Operating expenses      | 251,260            | 192,229               | 35,000               | 227,229              |
| Coal severance payments | 180,000            | 171,000               |                      | 171,000              |

|                       |             |             |            |             |
|-----------------------|-------------|-------------|------------|-------------|
| Total all funds       | \$1,747,399 | \$1,744,026 | \$22,760   | \$1,766,786 |
| Less estimated income | 0           | 0           | 35,000     | 35,000      |
| General fund          | \$1,747,399 | \$1,744,026 | (\$12,240) | \$1,731,786 |
| FTE                   | 7.00        | 7.00        | 0.00       | 7.00        |

DE 4/3/19  
Z.f.d

#### Department 120 - State Treasurer - Detail of House Changes

|                         | Adjusts<br>Funding for<br>Salary<br>Increases <sup>1</sup> | Removes<br>Funding for<br>Salary Equity<br>Increase to<br>State<br>Treasurer <sup>2</sup> | Adds Funding<br>for<br>Information<br>Technology<br>Costs <sup>3</sup> | Total House<br>Changes |
|-------------------------|------------------------------------------------------------|-------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------|
| Salaries and wages      | \$2,381                                                    | (\$14,621)                                                                                |                                                                        | (\$12,240)             |
| Operating expenses      |                                                            |                                                                                           | \$35,000                                                               | 35,000                 |
| Coal severance payments |                                                            |                                                                                           |                                                                        |                        |
| Total all funds         | \$2,381                                                    | (\$14,621)                                                                                | \$35,000                                                               | \$22,760               |
| Less estimated income   | 0                                                          | 0                                                                                         | 35,000                                                                 | 35,000                 |
| General fund            | \$2,381                                                    | (\$14,621)                                                                                | \$0                                                                    | (\$12,240)             |
| FTE                     | 0.00                                                       | 0.00                                                                                      | 0.00                                                                   | 0.00                   |

<sup>1</sup> Funding is adjusted to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and a 2.5 percent salary increase on July 1, 2020. The Senate provided funding for salary increases of 2 percent on July 1, 2019, and 3 percent on July 1, 2020.

<sup>2</sup> Funding is removed for a salary equity increase to the State Treasurer. The Senate provided a salary equity increase of \$14,621 to align the State Treasurer's salary with the salary of the State Auditor.

<sup>3</sup> One-time funding of \$35,000 is added from the strategic investment and improvements fund for information technology costs related to changes in the oil and gas tax revenue allocation formulas. The Senate did not include funding for these information technology costs.

This amendment also:

- Adds a section to identify \$35,000 from the strategic investment and improvements fund for information technology costs.
- Includes a section to provide the statutory changes necessary to increase the State Treasurer's salary to \$101,879 (2 percent) in fiscal year 2020 and to \$104,426 (2.5 percent) in fiscal year 2021.

**2019 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. SB2005**

House Appropriations - Government Operations Division Committee

☐ Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation: ☒ Adopt Amendment  
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation  
☐ As Amended ☐ Rerefer to Appropriations  
☐ Place on Consent Calendar  
Other Actions: ☐ Reconsider ☐ \_\_\_\_\_

Motion Made By Vice Chairman Brandenburg Seconded By Representative Kempenich

| Representatives           | Yes | No | Representatives     | Yes | No |
|---------------------------|-----|----|---------------------|-----|----|
| Chairman Vigesaa          |     |    | Representative Mock |     |    |
| Vice Chairman Brandenburg |     |    |                     |     |    |
| Representative Beadle     |     |    |                     |     |    |
| Representative Bellew     |     |    |                     |     |    |
| Representative Howe       |     |    |                     |     |    |
| Representative Kempenich  |     |    |                     |     |    |
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Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:  
A motion to adopt the changes to the bill  
Motion Carried

**2019 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. SB2005**

House Appropriations - Government Operations Division Committee

☐ Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation: ☒ Adopt Amendment  
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation  
☐ As Amended ☐ Rerefer to Appropriations  
☐ Place on Consent Calendar  
Other Actions: ☐ Reconsider ☐ \_\_\_\_\_

Motion Made By Representative Beadle Seconded By Representative Howe

| Representatives           | Yes | No | Representatives     | Yes | No |
|---------------------------|-----|----|---------------------|-----|----|
| Chairman Vigasaa          |     |    | Representative Mock |     |    |
| Vice Chairman Brandenburg |     |    |                     |     |    |
| Representative Beadle     |     |    |                     |     |    |
| Representative Bellew     |     |    |                     |     |    |
| Representative Howe       |     |    |                     |     |    |
| Representative Kempenich  |     |    |                     |     |    |
|                           |     |    |                     |     |    |
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Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

A motion to further amend to match the treasurer's salary to the lieutenant governor.

Motion Carried

**2019 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. SB2005**

House Appropriations - Government Operations Division Committee

☐ Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation: ☐ Adopt Amendment  
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation  
☒ As Amended ☐ Rerefer to Appropriations  
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ \_\_\_\_\_

Motion Made By Representative Beadle Seconded By Representative Howe

| Representatives           | Yes | No | Representatives     | Yes | No |
|---------------------------|-----|----|---------------------|-----|----|
| Chairman Vigesaa          | X   |    | Representative Mock |     | X  |
| Vice Chairman Brandenburg | X   |    |                     |     |    |
| Representative Beadle     | X   |    |                     |     |    |
| Representative Bellew     | X   |    |                     |     |    |
| Representative Howe       | X   |    |                     |     |    |
| Representative Kempenich  | X   |    |                     |     |    |
|                           |     |    |                     |     |    |
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Total (Yes) 6 No 1

Absent 0

Floor Assignment Representative Beadle

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

Date: 4/4/2019  
Roll Call Vote #: 1

**2019 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2005**

House Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: 19.0218.02001

Recommendation: ☒ Adopt Amendment  
☐ Do Pass    ☐ Do Not Pass    ☐ Without Committee Recommendation  
☐ As Amended    ☐ Rerefer to Appropriations  
☐ Place on Consent Calendar  
Other Actions: ☐ Reconsider    ☐ \_\_\_\_\_

Motion Made By Representative Bellew Seconded By Representative Beadle

| Representatives            | Yes | No | Representatives           | Yes | No |
|----------------------------|-----|----|---------------------------|-----|----|
| Chairman Delzer            |     |    |                           |     |    |
| Representative Kempenich   |     |    |                           |     |    |
| Representative Anderson    |     |    | Representative Schobinger |     |    |
| Representative Beadle      |     |    | Representative Vigesaa    |     |    |
| Representative Bellew      |     |    |                           |     |    |
| Representative Brandenburg |     |    |                           |     |    |
| Representative Howe        |     |    | Representative Boe        |     |    |
| Representative Kreidt      |     |    | Representative Holman     |     |    |
| Representative Martinson   |     |    | Representative Mock       |     |    |
| Representative Meier       |     |    |                           |     |    |
| Representative Monson      |     |    |                           |     |    |
| Representative Nathe       |     |    |                           |     |    |
| Representative J. Nelson   |     |    |                           |     |    |
| Representative Sanford     |     |    |                           |     |    |
| Representative Schatz      |     |    |                           |     |    |
| Representative Schmidt     |     |    |                           |     |    |
|                            |     |    |                           |     |    |

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

**Voice Vote/Motion Carries**



Date: 4/4/2019  
Roll Call Vote #: 2

**2019 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2005**

House Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: Not to give pay raise above employee's rate

Recommendation: ☒ Adopt Amendment  
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation  
☐ As Amended ☐ Rerefer to Appropriations  
☐ Place on Consent Calendar  
Other Actions: ☐ Reconsider ☐ \_\_\_\_\_

Motion Made By Representative Nathe Seconded By Representative Martinson

| Representatives            | Yes | No | Representatives           | Yes | No |
|----------------------------|-----|----|---------------------------|-----|----|
| Chairman Delzer            |     | x  |                           |     |    |
| Representative Kempenich   |     | X  |                           |     |    |
| Representative Anderson    |     | X  | Representative Schobinger |     | X  |
| Representative Beadle      | X   |    | Representative Vigesaa    |     | X  |
| Representative Bellew      |     | X  |                           |     |    |
| Representative Brandenburg |     | X  |                           |     |    |
| Representative Howe        | X   |    | Representative Boe        | X   |    |
| Representative Kreidt      | X   |    | Representative Holman     | X   |    |
| Representative Martinson   | X   |    | Representative Mock       | A   |    |
| Representative Meier       | A   |    |                           |     |    |
| Representative Monson      | A   |    |                           |     |    |
| Representative Nathe       | X   |    |                           |     |    |
| Representative J. Nelson   | X   |    |                           |     |    |
| Representative Sanford     | X   |    |                           |     |    |
| Representative Schatz      |     | X  |                           |     |    |
| Representative Schmidt     | A   |    |                           |     |    |
|                            |     |    |                           |     |    |

Total (Yes) 9 No 8

Absent 4

Floor Assignment \_\_\_\_\_

*Motion Carries*



Date: 4/4/2019  
Roll Call Vote #: 3

**2019 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2005**

House Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation: ☐ Adopt Amendment  
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation  
☒ As Amended ☐ Rerefer to Appropriations  
☐ Place on Consent Calendar  
Other Actions: ☐ Reconsider ☐ \_\_\_\_\_

Motion Made By Representative Bellew Seconded By Representative Howe

| Representatives            | Yes | No | Representatives           | Yes | No |
|----------------------------|-----|----|---------------------------|-----|----|
| Chairman Delzer            |     | X  |                           |     |    |
| Representative Kempenich   | X   |    |                           |     |    |
| Representative Anderson    |     | X  | Representative Schobinger | X   |    |
| Representative Beadle      | X   |    | Representative Vigesaa    | X   |    |
| Representative Bellew      | X   |    |                           |     |    |
| Representative Brandenburg |     | X  |                           |     |    |
| Representative Howe        | X   |    | Representative Boe        | X   |    |
| Representative Kreidt      | X   |    | Representative Holman     | X   |    |
| Representative Martinson   | X   |    | Representative Mock       | A   |    |
| Representative Meier       | A   |    |                           |     |    |
| Representative Monson      | A   |    |                           |     |    |
| Representative Nathe       | X   |    |                           |     |    |
| Representative J. Nelson   | X   |    |                           |     |    |
| Representative Sanford     | X   |    |                           |     |    |
| Representative Schatz      | X   |    |                           |     |    |
| Representative Schmidt     | A   |    |                           |     |    |
|                            |     |    |                           |     |    |

Total (Yes) 14 No 3

Absent 4

Floor Assignment Representative Bellew

*Motion carries*

**REPORT OF STANDING COMMITTEE**

**SB 2005, as engrossed: Appropriations Committee (Rep. Delzer, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 3 NAYS, 4 ABSENT AND NOT VOTING). Engrossed SB 2005 was placed on the Sixth order on the calendar.

Page 1, line 7, after the second comma insert "and from special funds derived from the strategic investment and improvements fund"

Page 1, replace lines 12 through 15 with:

|                         |             |            |              |
|-------------------------|-------------|------------|--------------|
| "Salaries and wages     | \$1,316,139 | \$52,418   | \$1,368,557  |
| Operating expenses      | 251,260     | (24,031)   | 227,229      |
| Coal severance payments | 180,000     | (9,000)    | 171,000      |
| Total all funds         | \$1,747,399 | \$19,387   | \$1,766,786  |
| Less estimated income   | 0           | 35,000     | 35,000       |
| Total general fund      | \$1,747,399 | (\$15,613) | \$1,731,786" |

Page 1, after line 16, insert:

**"SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-SEVENTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the 2019-21 biennium one-time funding items included in the appropriation in section 1 of this Act:

| <u>One-Time Funding Description</u> | <u>2017-19</u> | <u>2019-21</u> |
|-------------------------------------|----------------|----------------|
| Information technology costs        | \$0            | \$35,000       |
| Total special funds                 | \$0            | \$35,000       |

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The state treasurer shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

**SECTION 3. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.** The operating expenses line item and the estimated income line item in section 1 of this Act include \$35,000 from the strategic investment and improvements fund for information technology costs."

Page 1, line 22, replace "one hundred seven thousand eight hundred eighty-five" with "one hundred one thousand eight hundred seventy-nine"

Page 1, line 23, replace "one hundred eleven thousand one hundred twenty-two" with "one hundred four thousand four hundred twenty-six"

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2005 - State Treasurer - House Action**

|                         | <u>Base Budget</u> | <u>Senate Version</u> | <u>House Changes</u> | <u>House Version</u> |
|-------------------------|--------------------|-----------------------|----------------------|----------------------|
| Salaries and wages      | \$1,316,139        | \$1,380,797           | (\$12,240)           | \$1,368,557          |
| Operating expenses      | 251,260            | 192,229               | 35,000               | 227,229              |
| Coal severance payments | 180,000            | 171,000               |                      | 171,000              |
| Total all funds         | \$1,747,399        | \$1,744,026           | \$22,760             | \$1,766,786          |
| Less estimated income   | 0                  | 0                     | 35,000               | 35,000               |
| General fund            | \$1,747,399        | \$1,744,026           | (\$12,240)           | \$1,731,786          |
| FTE                     | 7.00               | 7.00                  | 0.00                 | 7.00                 |

**Department 120 - State Treasurer - Detail of House Changes**

|                         | Adjusts Funding for<br>Salary Increases <sup>1</sup> | Removes Funding<br>for Salary Equity<br>Increase to State<br>Treasurer <sup>2</sup> | Adds Funding for<br>Information<br>Technology Costs <sup>3</sup> | Total House<br>Changes |
|-------------------------|------------------------------------------------------|-------------------------------------------------------------------------------------|------------------------------------------------------------------|------------------------|
| Salaries and wages      | \$2,381                                              | (\$14,621)                                                                          |                                                                  | (\$12,240)             |
| Operating expenses      |                                                      |                                                                                     | \$35,000                                                         | 35,000                 |
| Coal severance payments |                                                      |                                                                                     |                                                                  |                        |
| Total all funds         | \$2,381                                              | (\$14,621)                                                                          | \$35,000                                                         | \$22,760               |
| Less estimated income   | 0                                                    | 0                                                                                   | 35,000                                                           | 35,000                 |
| General fund            | \$2,381                                              | (\$14,621)                                                                          | \$0                                                              | (\$12,240)             |
| FTE                     | 0.00                                                 | 0.00                                                                                | 0.00                                                             | 0.00                   |

<sup>1</sup> Funding is adjusted to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and a 2.5 percent salary increase on July 1, 2020. The Senate provided funding for salary increases of 2 percent on July 1, 2019, and 3 percent on July 1, 2020.

<sup>2</sup> Funding is removed for a salary equity increase to the State Treasurer. The Senate provided a salary equity increase of \$14,621 to align the State Treasurer's salary with the salary of the State Auditor.

<sup>3</sup> One-time funding of \$35,000 is added from the strategic investment and improvements fund for information technology costs related to changes in the oil and gas tax revenue allocation formulas. The Senate did not include funding for these information technology costs.

This amendment also:

- Adds a section to identify \$35,000 from the strategic investment and improvements fund for information technology costs.
- Includes a section to provide the statutory changes necessary to increase the State Treasurer's salary to \$101,879 (2 percent) in fiscal year 2020 and to \$104,426 (2.5 percent) in fiscal year 2021.

**2019 CONFERENCE COMMITTEE**

**SB 2005**

# 2019 SENATE STANDING COMMITTEE MINUTES

## Appropriations Committee Harvest Room, State Capitol

SB 2005  
4/17/2019  
JOB # 34818

☐ Subcommittee  
☒ Conference Committee

|                                              |
|----------------------------------------------|
| Committee Clerk: Alice Delzer / Justin Velez |
|----------------------------------------------|

### Explanation or reason for introduction of bill/resolution:

A Conference Committee hearing for the office of the State Treasurer.

### Minutes:

|                                                                     |
|---------------------------------------------------------------------|
| 1.Base Level Funding Changes<br>2.Statement of Purpose of Amendment |
|---------------------------------------------------------------------|

**Senators:** Senator Bekkedahl, Senator Dever, Senator Robinson.

**Representatives:** Bellew, Kempenich, Beadle

**Adam Mathiak, Legislative Council**  
**Rena Bloms, OMB**

**Adam Mathiak, Legislative Council: Distributed Attachment # 1. Base Level Funding changes and Attachment # 2. Statement of Purpose of Amendment.** (These documents were not discussed during this hearing.)

**Senator Bekkedahl:** Called the Conference Committee to order on SB 2005 at 3:10 pm in the Harvest Room. Roll call was taken. All committee members were present.

**Senator Bekkedahl:** Thank you and let the record note we have representation from OMB as well as legislative council with us today. I want to thank the House Conferees for attending and I would open up the meeting for the House to explain any changes they made to the bill.

**Representative Belew:** The first thing we did was approve the new salary package of 2 and 2 ½. We removed the equity increase to the state treasurer that the Senate had put in. We also added \$35,000 from the SIIF fund for IT project that the treasurer came before us and stated that with the passage of that great big early bill that she would need to update her computers to ensure that cities, towns, and townships would get paid on time. I think that is all we did. In the House Governments Ops, we did reduce the equity increase from the state treasurer, I think this matches the auditor to the lieutenant Governor and that would reduce this amount by \$9,000 but, the whole equity was taken out in full appropriations.

**Senator Bekkedahl:** Can you explain to the committee the rational for reduction in the equity adjustment?

**Representative Belew:** The motion was made in full Approps and it passed. That's all I can say. I don't know what else to tell you at this point.

**Representative Kempenich:** This has been an ongoing conversation for a number of biennium's now and basically in our subsection we reduced it down to the lieutenant Governor thinking, let's start stepping this up. In full Appropriations there was a motion made to take it completely out and basically leave it at state employees. In our subcommittee we did get into that, this is an elected office. It is something that's unique. I don't think anybody sitting in this room or sitting in House Appropriations would ever hold the job because, I don't think they would ever get elected on a statewide office. That is one of the things that bugs me. Truthfully, I don't mind if we do go back there. This has been something but whether it passes on the House floor, we can try that once but just being upfront, I don't have a problem with increasing this to at least the lowest. You know you can take the workload, and you can take this argument and that argument, but it's more about the office. It was back six years ago, it's longer than that, because I can't remember when that Hays study came out, we did an adjustment on state employee salaries, up and down, and including elected officials and this one was left off the chart, it stayed the same. The intent at the time going out of that session was; we make the person in the office run again through an election cycle and we would put the funding in. We had push-back from the previous administration but there is not really any push-back from the current administration but there is push-back from members of the assembly and so that is kind of the history of what has been going on here with this. It's one of those things, and truthfully I think we're skating on thin ice on this because I don't think it is about the office, I think it is more about the person that is in the office and the state is skating on thin ice on this. The future will tell what that happens.

**Representative Beadle:** I think some of the conversation is a little bit about the offices as a whole because looking at the offices total budget, is a relatively small budget with pretty small staff load. I think some of the conversation too is, looking at putting a position or constitutionally elected, as it absolutely is and certainly has tremendous value to the state but a position that oversees an office of seven at 1.7-million-dollar budget versus moving them up to a level like the auditor, treasurer, tax commissioner, or auditor, insurance and tax commissioner are kind of on that same level, where we are now dealing with 50 million dollar budgets in the tax office with 130 employees that there is some disparity there as well. Some of it does go with the work load. We did pass it out of our section at the level of the lieutenant governor and the conversation there was based off of, in HB 1005 during the 2013 session, the legislative intent section, Section 6 in that bill, was that the intent of the 63<sup>rd</sup> legislative assembly that the salary of the state treasurer be increased to the salary of the next lowest paid elected official, effective July 1, 2017. Obviously we missed that July 1, 2017 date but the next lowest paid elected official would be lieutenant Governor so, we made the motion for that and was approved in our section with a 9 to 8 vote to take it down to the 2 and 2 ½ parameters as with all the other state employees and elected officials. So that was in a conversation that was had there. It was extended to be along the lines of "Well, this is what we are doing for all the state employees, this is just to be fair with where we are with every other employee up and down the tower, and across the way" so that is what carried the prevailing motion in the full Appropriations committee was that argument, but out of our section we were at the lieutenant level.

**(0.06.55) Senator Bekkedahl:** Thank you. Anymore from the House. What I would say is that the Senate position is pretty clear. The Senate accepts the fact that it's a constitutionally elected office and it needs to be on parity with other constitutional elected offices within the state. We think the disparity has gone on long enough. We think the legislative intent was there in 2013, you can parse the words to whatever lowest official you want to, but I think it is a travesty and I think the Senate agrees that we have this elective office paid below all of those constitutionally elected offices. I think you will see us standing firm on that regardless of what it does on the House floor. I think the Senate's sentiments are exactly what I have conveyed that, we believe the office deserves to be paid for the office of the position that it holds, not based on any person that is in that office historically in the past or today. What we are doing in the Senate side is, we are going to hold firm at the salary increase and equity increase that we have talked about here. If you go back in history, there have been huge equity increases to other salary positions. The Attorney General in 2009 received a 17.6% increase, in 2011 the Attorney General received another 18.4% increase. I believe the AG commissioner in his budget this year, has a significant increase as well. If you continue to go down this road of we're just going to pay to the next lowest official, and never get there by 2 and 2 ½ % increases, it's just never going to happen. Just to let you know the Senate's position pretty firm here, and you can make all the arguments you want as far as I'm concerned but I'll open it up to my other Senate colleagues first and then I'll get back to you, Representative Beadle.

**Senator Dever:** Mr. Chairman, how in the world am I supposed to add anything to that? Except to say, Mr. Chairman, that I agree with you and Representative Kempenich mentioned the HAY group study that was done in the 2009-2011 interim. I served as Vice Chair of that committee and Representative Ken Stenejem served as chair, and then he opted not to run that year and we continued that study through the session so I kind of inherited it. We polled all the Midwestern states, including down to Oklahoma on all the various elected officials and their salaries and we recommended those adjustments. I think they were appropriate then and it's appropriate now. I agree with the Chairman's use of the word travesty that it has not happened. I'm not sure why we are arguing this, it seems interesting to me that your subcommittee took a position and the full committee took a different position. It seems to me that following that line of logic it would be only appropriate that the full House have an opportunity to consider the decision as well. I kind of sense that there might some agreement among the House members here too. It is time to quit arguing about this and do it.

**Senator Robinson:** I agree with my colleagues in the Senate. I've been on committees before where we've talked about this thing. I think at the end of the day we can try to find reasons not to do it. I would like to see us look at the very reasons, the legitimacy of doing this. It's the right thing to do. Whoever sits in that office should be treated on an equitable basis with other elected officials. Whoever sits in that office is going to retire someday and all of this contributes to that compensation down the road when you finally say, I'm done. I really think we should take the high road. We debated ethics this morning and to me that umbrella is pretty wide and broad. We should strive to always do the right thing. We can debate some of these things but to me this thing is pretty crystal clear and should have been done a long time ago. But it is never too late to correct a mistake we made years back.

**Representative Beadle:** For conversation sake, people make the argument that we are against the individual and I am not at all, even not a little bit. with regards to the study that

had been done before, I would be interested to see if when looking at the different constitutionally elected officials and their salaries and comparing those to other areas, that is great but, was there also consideration of the salary compared to the overall size of the budget that they are involved in and everything else. I don't want to punish efficiencies and streamlines, making sure that it is a sound budget but as the Senate came over it would be one position, the constitutional officer at 12 1/2 % of the total budget for an agency. There is nowhere else that we have in state where that one elected official comes anywhere close to that for the overall nature of that budget. While, Yes, we do need to make sure that we treat constitutional offices the same, even doing this doesn't provide that equity because we have, I think four or five different pay ranges depending on what constitutionally elected officer that is. If we want to discuss the equity and make sure we are treating them all equally and fairly, either we need to put them all at the same level or recognize the difference in the scope, size, and responsibilities of various positions and have an adjustment with some of the compensation accordingly, as we have now. I know that was some of the big argument in 2011 when the Attorney General's office got their increases. 1, the size and scope of the office and the ever expanding nature of BCI, and also, 2, the comparison to market rate for getting qualified individuals in there and what an attorney could make elsewhere in the market. We could certainly pull in CPA data and look at what other accounting professionals would be at and we can use that to help formulate the amount as well. I think we all recognize that there is some disparity within there. I know these arguments are going to come up when we do take it to the full floor. If that is what we want to do, we can certainly do that but I expect there to be some push-back.

**Senator Robinson:** Often doing the right things results in pushback and that is why we have to be here and I hope this committee can come to a consensus that it is the right thing to do and we go out and make our case. I think the case is pretty solid. There will be those who don't want to go there but, they aren't taking the high road, we should take the high road.

**Representative Beadle:** We are making the argument here of it's the right thing to do versus anything else is the wrong thing to do. I take issue with that. Intent language before was the next lowest paid elected official. That's the sentence. There's not qualifiers or anything else on there. If we wanted to do that, that would mean that in the 2013 assembly and the intent language there put the right thing to do at being where the lieutenant Governor would be at. That is how we came out of our committee and our section with it. To say arbitrarily that, well the right thing to do is the auditors level, that is different than the Governor, that's different than where the AG commissioner's level is, that's different than where the Attorney General is. You're saying it's the right thing or the wrong thing without really saying why it is the right thing to specifically be at this level.

**Senator Robinson:** We've had this discussion several times. We know where we should be. That's where I'm coming from. I have never felt comfortable with leaving this legislative session for several years now, with this issue kind of hanging over us. We could argue that point that were we justified when we increased the Attorney General and the AG commissioner. Again, we can find reasons not to support it, I would like to see us look for reasons to support this effort. That is where I would like to come from.

**Senator Dever:** The argument regarding the size of the budget, I'm sure would be interesting for Chris Jones the Executive Director of the Department of Human Services because a



budget of 4.1 billion dollars. That discussion of the size of the budget and everything was not a part of the HAY group study. As you know, most statewide elected officials earn less money in public office than they would in the private sector so I don't know if that applies. With all due respect to the lieutenant Governor, and I have the greatest admiration for him, I don't think that it is the same argument to say that the second in command in the Governor's office is the same as the head of a statewide office. I'm not so sure that raising it to that level satisfies the legislative intent. I think we would need to argue that. It was interesting in the HAY group study to learn that most states don't have the all the number of elected officials that we do. There were only four states in the country that have an AG Commissioner who is elected. They have a position, but not an elected official. I guess what I would like to see is to take it up to the floor but before we do that, I'd like to see that you not only support that but feel committed to it. That might require further conversation.

**Representative Kempenich:** I think Senator Dever pretty much hit the points that, technically, I'd say most of the executive, you take a look at similar offices are paid quite a bit more. There is only one place where you go with this and that is the legislature if you are going to get a pay raise and that is including the legislatures, with that we can end it with that and keep this conversation going.

**Senator Bekkedahl:** We will meet again.

**Senator Bekkedahl** closed the conference committee hearing on SB 2005.

# 2019 SENATE STANDING COMMITTEE MINUTES

## Appropriations Committee Harvest Room, State Capitol

SB 2005  
4/22/2019  
JOB # 34886

☐ Subcommittee  
☒ Conference Committee

|                                             |
|---------------------------------------------|
| Committee Clerk: Alice Delzer/Liz Stenehjem |
|---------------------------------------------|

### Explanation or reason for introduction of bill/resolution:

A Conference Committee hearing for the state treasurer

### Minutes:

|                        |
|------------------------|
| No Testimony submitted |
|------------------------|

**SENATORS:** Brad Bekkedahl, Dick Dever, Larry Robinson

**REPRESENTATIVES:** Larry Bellew, Keith Kempenich, Thomas Beadle

**Adam Mathiak, Legislative Council**  
**Rena Bloms, OMB**

**Senator Bekkedahl:** Called the Conference Committee to order on SB 2005. Roll call was taken. All committee members were present.

**Senator Bekkedahl:** If I remember correctly, the only area of contention we had to deal with still was the salary line item that was changed in the House for the salary adjustment for the office of Treasurer. I know the Senate conferees have agreed that the \$35,000 for the Operation Prairie Dog implementation needs to be there. That was a good addition by the House. I think we also agree that the changes you made in the salary and wage item for staff as agreed to by both chambers was a good addition. So we would agree to those two changes. We do disagree with the change in the constitution elected office of state treasurer. Where you have it set in your legislation, so we would just ask the House if you've had any changes in that thought process, or where are you at with that?

**Representative Bellew:** I am not sure where the rest of the committee is, the other subsection did pass out the salary increase that was equivalent to the lieutenant governor, and that gotten taken away in full appropriation and that's the bill before you.

**Representative Kempenich:** This has been an issue we've danced around for a number of bienniums now. Truthfully I think to move this forward I'll make a motion that the House accede to the Senate amendments and further amend.

**Adam Mathiak:** We could do it that way, but we would want to have the House recede and further amend, that would be a cleaner way to do it.

**Representative Kempenich:** well I was trying to figure it out. Because, we'll go with what the Senate sent over to us and the further amendment will be the \$35,000 because otherwise I don't think there were any other changes outside of that. So I was trying to think of what would be the best way to do it.

**Senator Bekkedahl:** What would make the most sense is for the House to recede from their amendments and further amend the \$35,000 for Operation Prairie Dog implementation and the salary and wage changes that were made in the House. Because we had different item B. Is that correct Adam?

**Adam Mathiak:** Yeah, that's the cleanest way to do it.

**Senator Bekkedahl:** Is that your motion?

**Representative Kempenich:** I make the motion for the House to recede from House amendments and further amend. 2<sup>nd</sup> by Senator Dever.

**Representative Bellew:** Can I get an explanation so I know what I'm voting on?

**Adam Mathiak, Legislative Council:** I'm wondering what the further amend part would be. Just for clarification.

**Representative Kempenich:** What we would do is, the Senate had to it the next lowest which is a \$14,000 increase and then we'd further amend with the \$35,000 operating changes in IT and salary package.

**Senator Bekkedahl:** We'll have the clerk call the roll on the motion made by Representative Kempenich.

**A Roll Call vote was taken. Yea: 6; Nay: 0; Absent: 0.**

**Carriers:**

**Senator Bekkedahl**

**Representative Bellew**

**Senator Bekkedahl:** The meeting on SB 2005 is adjourned.

(The hearing ended at 0.05.08, however the recorder was not turned off until 0.13.26)

5/1/2019  
192

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2005

That the House recede from its amendments as printed on pages 1443 and 1444 of the Senate Journal and pages 1573 and 1574 of the House Journal and that Engrossed Senate Bill No. 2005 be amended as follows:

Page 1, line 2, remove the first "and"

Page 1, line 3, after "treasurer" insert "; and to provide for a report"

Page 1, line 7, after the second comma insert "and from special funds derived from the strategic investment and improvements fund"

Page 1, replace lines 12 through 15 with:

|                         |                |                |                |
|-------------------------|----------------|----------------|----------------|
| "Salaries and wages     | \$1,316,139    | \$67,002       | \$1,383,141    |
| Operating expenses      | 251,260        | (24,031)       | 227,229        |
| Coal severance payments | <u>180,000</u> | <u>(9,000)</u> | <u>171,000</u> |
| Total all funds         | \$1,747,399    | \$33,971       | \$1,781,370    |
| Less estimated income   | <u>0</u>       | <u>35,000</u>  | <u>35,000</u>  |
| Total general fund      | \$1,747,399    | (\$1,092)      | \$1,746,370"   |

Page 1, after line 16, insert:

**"SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-SEVENTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the 2019-21 biennium one-time funding items included in the appropriation in section 1 of this Act:

|                                     |                |                 |
|-------------------------------------|----------------|-----------------|
| <u>One-Time Funding Description</u> | <u>2017-19</u> | <u>2019-21</u>  |
| Information technology costs        | <u>\$0</u>     | <u>\$35,000</u> |
| Total special funds                 | <u>\$0</u>     | <u>\$35,000</u> |

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The state treasurer shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

**SECTION 3. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.** The operating expenses line item and the estimated income line item in section 1 of this Act include \$35,000 from the strategic investment and improvements fund for information technology costs."

Page 1, line 23, replace "one hundred eleven thousand one hundred twenty-two" with "one hundred ten thousand five hundred eighty-two"

Renumber accordingly

## STATEMENT OF PURPOSE OF AMENDMENT:

### Senate Bill No. 2005 - State Treasurer - Conference Committee Action

|                         | Base Budget | Senate Version | Conference Committee Changes | Conference Committee Version | House Version | Comparison to House |
|-------------------------|-------------|----------------|------------------------------|------------------------------|---------------|---------------------|
| Salaries and wages      | \$1,316,139 | \$1,380,797    | \$2,344                      | \$1,383,141                  | \$1,368,557   | \$14,584            |
| Operating expenses      | 251,260     | 192,229        | 35,000                       | 227,229                      | 227,229       |                     |
| Coal severance payments | 180,000     | 171,000        |                              | 171,000                      | 171,000       |                     |
| Total all funds         | \$1,747,399 | \$1,744,026    | \$37,344                     | \$1,781,370                  | \$1,766,786   | \$14,584            |
| Less estimated income   | 0           | 0              | 35,000                       | 35,000                       | 35,000        | 0                   |
| General fund            | \$1,747,399 | \$1,744,026    | \$2,344                      | \$1,746,370                  | \$1,731,786   | \$14,584            |
| FTE                     | 7.00        | 7.00           | 0.00                         | 7.00                         | 7.00          | 0.00                |

### Department 120 - State Treasurer - Detail of Conference Committee Changes

|                         | Adjusts Funding for Salary Increases <sup>1</sup> | Adjusts Funding for Salary Equity Increase to State Treasurer <sup>2</sup> | Adds Funding for Information Technology Costs <sup>3</sup> | Total Conference Committee Changes |
|-------------------------|---------------------------------------------------|----------------------------------------------------------------------------|------------------------------------------------------------|------------------------------------|
| Salaries and wages      | \$2,381                                           | (\$37)                                                                     |                                                            | \$2,344                            |
| Operating expenses      |                                                   |                                                                            | \$35,000                                                   | 35,000                             |
| Coal severance payments |                                                   |                                                                            |                                                            |                                    |
| Total all funds         | \$2,381                                           | (\$37)                                                                     | \$35,000                                                   | \$37,344                           |
| Less estimated income   | 0                                                 | 0                                                                          | 35,000                                                     | 35,000                             |
| General fund            | \$2,381                                           | (\$37)                                                                     | \$0                                                        | \$2,344                            |
| FTE                     | 0.00                                              | 0.00                                                                       | 0.00                                                       | 0.00                               |

<sup>1</sup> Funding is adjusted to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and a 2.5 percent salary increase on July 1, 2020. The Senate provided funding for salary increases of 2 percent on July 1, 2019, and 3 percent on July 1, 2020.

<sup>2</sup> Funding is adjusted to provide a salary equity increase of \$14,584 to the State Treasurer to align the State Treasurer's salary with the salary of the State Auditor, the same level as the Senate. The \$37 reduction relates to the 2nd year salary increase on the equity increase. The Senate provided a 2nd year salary increase of 3 percent and the Conference Committee is providing for a 2.5 percent 2nd year increase. The House did not provide a salary equity increase for the State Treasurer's salary.

<sup>3</sup> One-time funding of \$35,000 is added from the strategic investment and improvements fund for information technology costs related to changes in the oil and gas tax revenue allocation formulas. The Senate did not include funding for these information technology costs.

This amendment also:

- Adds a section to identify \$35,000 from the strategic investment and improvements fund for information technology costs, the same as the House version. The Senate did not include funding from the strategic investment and improvements fund.
- Includes a section to provide the statutory changes necessary to provide a salary equity increase to the State Treasurer of \$5,889 per year, increasing the current annual salary of \$99,881 to \$105,770 and to increase the salary to \$107,885 (2 percent) in fiscal year 2020 and to \$110,582 (2.5 percent) in fiscal year 2021. The salary equity increase aligns the State Treasurer's salary with the salary of the State Auditor, the same level as the Senate version. The House provided a 2 percent in fiscal year 2020 and a 2.5 percent in fiscal year 2021 without an equity increase.

**2019 SENATE CONFERENCE COMMITTEE  
ROLL CALL VOTES**

BILL/RESOLUTION NO. SB 2005 as (re) engrossed

**Senate Appropriations Committee**

- Action Taken**    ☐ **SENATE accede to House Amendments**  
                         ☐ **SENATE accede to House Amendments and further amend**  
                         ☐ **HOUSE recede from House amendments**  
                         ☒ **HOUSE recede from House amendments and amend as follows**
- ☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Representative Kempenich    Seconded by: Senator Dever

| Senators          | 4/17 | 4/22 |  | Yes | No |  | Representatives          | 4/17 | 4/22 |  | Yes | No |
|-------------------|------|------|--|-----|----|--|--------------------------|------|------|--|-----|----|
| Senator Bekkedahl | x    | x    |  | X   |    |  | Representative Bellew    | x    | x    |  | X   |    |
| Senator Dever     | x    | x    |  | X   |    |  | Representative Kempenich | x    | x    |  | X   |    |
| Senator Robinson  | x    | x    |  | X   |    |  | Representative Beadle    | x    | x    |  | X   |    |
|                   |      |      |  |     |    |  |                          |      |      |  |     |    |
|                   |      |      |  |     |    |  |                          |      |      |  |     |    |
| Total Senate Vote |      |      |  | 3   | 0  |  | Total Rep. Vote          |      |      |  | 3   | 0  |

Vote Count            Yes: 6                      No: 0                      Absent: 0

Senate Carrier Senator Bekkedahl    House Carrier Representative Bellew

LC Number 19.0218 . 02004 of amendment

LC Number 19.0218 . 04000 of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Insert LC: 19.0218.02004  
Senate Carrier: Bekkedahl  
House Carrier: Bellew

**REPORT OF CONFERENCE COMMITTEE**

**SB 2005, as engrossed:** Your conference committee (Sens. Bekkedahl, Dever, Robinson and Reps. Bellew, Kempenich, Beadle) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1443-1444, adopt amendments as follows, and place SB 2005 on the Seventh order.

That the House recede from its amendments as printed on pages 1443 and 1444 of the Senate Journal and pages 1573 and 1574 of the House Journal and that Engrossed Senate Bill No. 2005 be amended as follows:

Page 1, line 2, remove the first "and"

Page 1, line 3, after "treasurer" insert "; and to provide for a report"

Page 1, line 7, after the second comma insert "and from special funds derived from the strategic investment and improvements fund"

Page 1, replace lines 12 through 15 with:

|                         |                |                |                |
|-------------------------|----------------|----------------|----------------|
| "Salaries and wages     | \$1,316,139    | \$67,002       | \$1,383,141    |
| Operating expenses      | 251,260        | (24,031)       | 227,229        |
| Coal severance payments | <u>180,000</u> | <u>(9,000)</u> | <u>171,000</u> |
| Total all funds         | \$1,747,399    | \$33,971       | \$1,781,370    |
| Less estimated income   | <u>0</u>       | <u>35,000</u>  | <u>35,000</u>  |
| Total general fund      | \$1,747,399    | (\$1,092)      | \$1,746,370"   |

Page 1, after line 16, insert:

**"SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET -  
REPORT TO THE SIXTY-SEVENTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the 2019-21 biennium one-time funding items included in the appropriation in section 1 of this Act:

| <u>One-Time Funding Description</u> | <u>2017-19</u> | <u>2019-21</u>  |
|-------------------------------------|----------------|-----------------|
| Information technology costs        | <u>\$0</u>     | <u>\$35,000</u> |
| Total special funds                 | <u>\$0</u>     | <u>\$35,000</u> |

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The state treasurer shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

**SECTION 3. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.** The operating expenses line item and the estimated income line item in section 1 of this Act include \$35,000 from the strategic investment and improvements fund for information technology costs."

Page 1, line 23, replace "one hundred eleven thousand one hundred twenty-two" with "one hundred ten thousand five hundred eighty-two"

Renumber accordingly

Insert LC: 19.0218.02004  
Senate Carrier: Bekkedahl  
House Carrier: Bellew

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2005 - State Treasurer - Conference Committee Action**

|                         | Base Budget | Senate Version | Conference Committee Changes | Conference Committee Version | House Version | Comparison to House |
|-------------------------|-------------|----------------|------------------------------|------------------------------|---------------|---------------------|
| Salaries and wages      | \$1,316,139 | \$1,380,797    | \$2,344                      | \$1,383,141                  | \$1,368,557   | \$14,584            |
| Operating expenses      | 251,260     | 192,229        | 35,000                       | 227,229                      | 227,229       |                     |
| Coal severance payments | 180,000     | 171,000        |                              | 171,000                      | 171,000       |                     |
| Total all funds         | \$1,747,399 | \$1,744,026    | \$37,344                     | \$1,781,370                  | \$1,766,786   | \$14,584            |
| Less estimated income   | 0           | 0              | 35,000                       | 35,000                       | 35,000        | 0                   |
| General fund            | \$1,747,399 | \$1,744,026    | \$2,344                      | \$1,746,370                  | \$1,731,786   | \$14,584            |
| FTE                     | 7.00        | 7.00           | 0.00                         | 7.00                         | 7.00          | 0.00                |

**Department 120 - State Treasurer - Detail of Conference Committee Changes**

|                         | Adjusts Funding for Salary Increases <sup>1</sup> | Adjusts Funding for Salary Equity Increase to State Treasurer <sup>2</sup> | Adds Funding for Information Technology Costs <sup>3</sup> | Total Conference Committee Changes |
|-------------------------|---------------------------------------------------|----------------------------------------------------------------------------|------------------------------------------------------------|------------------------------------|
| Salaries and wages      | \$2,381                                           | (\$37)                                                                     |                                                            | \$2,344                            |
| Operating expenses      |                                                   |                                                                            | \$35,000                                                   | 35,000                             |
| Coal severance payments |                                                   |                                                                            |                                                            |                                    |
| Total all funds         | \$2,381                                           | (\$37)                                                                     | \$35,000                                                   | \$37,344                           |
| Less estimated income   | 0                                                 | 0                                                                          | 35,000                                                     | 35,000                             |
| General fund            | \$2,381                                           | (\$37)                                                                     | \$0                                                        | \$2,344                            |
| FTE                     | 0.00                                              | 0.00                                                                       | 0.00                                                       | 0.00                               |

<sup>1</sup> Funding is adjusted to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and a 2.5 percent salary increase on July 1, 2020. The Senate provided funding for salary increases of 2 percent on July 1, 2019, and 3 percent on July 1, 2020.

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This amendment also:

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**Insert LC: 19.0218.02004**  
**Senate Carrier: Bekkedahl**  
**House Carrier: Bellew**

Engrossed SB 2005 was placed on the Seventh order of business on the calendar.

**2019 TESTIMONY**

**SB 2005**

**Department 120 - State Treasurer**  
**Senate Bill No. 2005**

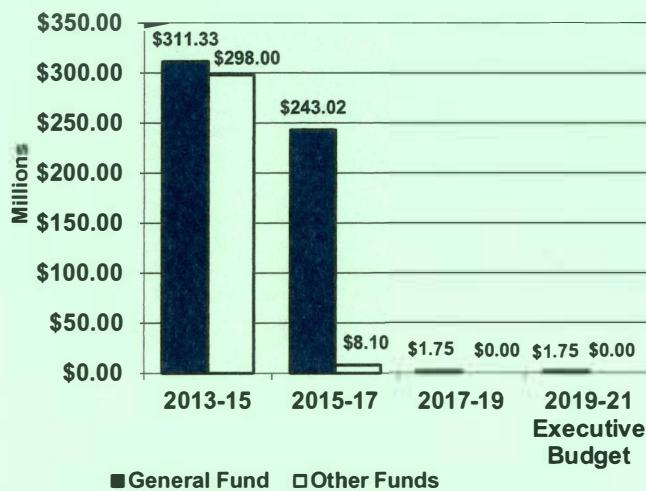
**Executive Budget Comparison to Prior Biennium Appropriations**

|                                    | FTE Positions | General Fund | Other Funds | Total       |
|------------------------------------|---------------|--------------|-------------|-------------|
| 2019-21 Executive Budget           | 7.00          | \$1,748,039  | \$0         | \$1,748,039 |
| 2017-19 Legislative Appropriations | 7.00          | 1,747,399    | 0           | 1,747,399   |
| Increase (Decrease)                | 0.00          | \$640        | \$0         | \$640       |

**Ongoing and One-Time General Fund Appropriations**

|                                    | Ongoing General Fund Appropriation | One-Time General Fund Appropriation | Total General Fund Appropriation |
|------------------------------------|------------------------------------|-------------------------------------|----------------------------------|
| 2019-21 Executive Budget           | \$1,748,039                        | \$0                                 | \$1,748,039                      |
| 2017-19 Legislative Appropriations | 1,747,399                          | 0                                   | 1,747,399                        |
| Increase (Decrease)                | \$640                              | \$0                                 | \$640                            |

**Agency Funding**



**FTE Positions**



**Executive Budget Comparison to Base Level**

|                          | General Fund | Other Funds | Total       |
|--------------------------|--------------|-------------|-------------|
| 2019-21 Executive Budget | \$1,748,039  | \$0         | \$1,748,039 |
| 2019-21 Base Level       | 1,747,399    | 0           | 1,747,399   |
| Increase (Decrease)      | \$640        | \$0         | \$640       |

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

**Executive Budget Highlights**

|                                                                                                                                                                                                    | General Fund | Other Funds | Total      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------|------------|
| 1. Provides funding for state employee salary and benefit increases of which \$54,456 is for salary increases, \$26,450 is for health insurance increases, and \$7,104 is for retirement increases | \$88,010     | \$0         | \$88,010   |
| 2. Reduces funding for operating expenses primarily related to information technology costs                                                                                                        | (\$59,031)   | \$0         | (\$59,031) |
| 3. Reduces funding for the estimated coal severance payments related to the allocation formula change in Section 4 of House Bill No. 1005 (2017)                                                   | (\$9,000)    | \$0         | (\$9,000)  |

**Other Sections Recommended to be Added in the Executive Budget  
(As Detailed in the Attached Appendix)**

**Salary of State Treasurer** - Section 2 would provide the statutory changes necessary to increase the State Treasurer's salary. The executive budget recommends a 4 percent increase effective July 1, 2019, and a 2 percent increase effective July 1, 2020. The State Treasurer's annual salary would increase from the current salary of \$99,881 to \$103,876 effective July 1, 2019, and to \$105,954 effective July 1, 2020.

**Significant Audit Findings**

The operational audit for the State Treasurer's office conducted by the State Auditor's office during the 2017-18 interim identified no significant audit findings.

**Major Related Legislation**

**House Bill No. 1066** - Changes the oil and gas tax revenue allocation formulas and creates two infrastructure funds for grants to non-oil-producing counties, cities, and townships for infrastructure projects.

**House Bill No. 1074** - Authorizes additional background checks for employees of the State Treasurer's office related to federal requirements.

**Senate Bill No. 2036** - Removes obsolete language related to the coal conversion tax allocations made by the State Treasurer.

**Senate Bill No. 2104** - Changes the oil and gas tax revenue allocation formulas to increase the allocation to the general fund from \$300 million to \$1 billion.

**State Treasurer - Budget No. 120**  
**Senate Bill No. 2005**  
**Base Level Funding Changes**

**2019-21 Biennium Base Level**

**2019-21 Ongoing Funding Changes**

|                                                  |      |            |     |            |
|--------------------------------------------------|------|------------|-----|------------|
| Base payroll changes                             |      | (\$19,339) |     | (\$19,339) |
| Salary increase                                  |      | 54,456     |     | 54,456     |
| Health insurance increase                        |      | 26,450     |     | 26,450     |
| Retirement contribution increase                 |      | 7,104      |     | 7,104      |
| Reduces funding for information technology costs |      | (59,031)   |     | (59,031)   |
| Adjusts funding for coal severance payments      |      | (9,000)    |     | (9,000)    |
| Total ongoing funding changes                    | 0.00 | \$640      | \$0 | \$640      |

**One-time funding items**

|                                |      |     |     |     |
|--------------------------------|------|-----|-----|-----|
| No one-time funding items      |      |     |     | \$0 |
| Total one-time funding changes | 0.00 | \$0 | \$0 | \$0 |

**Total Changes to Base Level Funding**

|      |       |     |       |
|------|-------|-----|-------|
| 0.00 | \$640 | \$0 | \$640 |
|------|-------|-----|-------|

**2019-21 Total Funding**

|      |             |     |             |
|------|-------------|-----|-------------|
| 7.00 | \$1,748,039 | \$0 | \$1,748,039 |
|------|-------------|-----|-------------|

**Executive Budget Recommendation**

| FTE<br>Position | General<br>Fund | Other<br>Funds | Total       |
|-----------------|-----------------|----------------|-------------|
| 7.00            | \$1,747,399     | \$0            | \$1,747,399 |

**Other Sections for State Treasurer - Budget No. 120**

Salary of State Treasurer

**Executive Budget Recommendation**

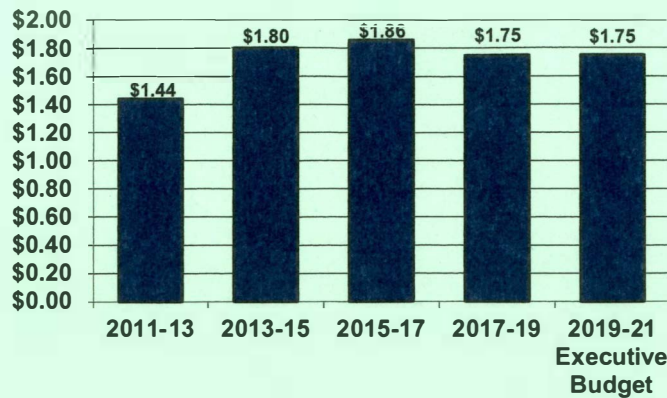
Section 2 would provide the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$99,881 to \$103,876 (4 percent) in fiscal year 2020 and to \$105,954 (2 percent) in fiscal year 2021.

## Department 120 - State Treasurer

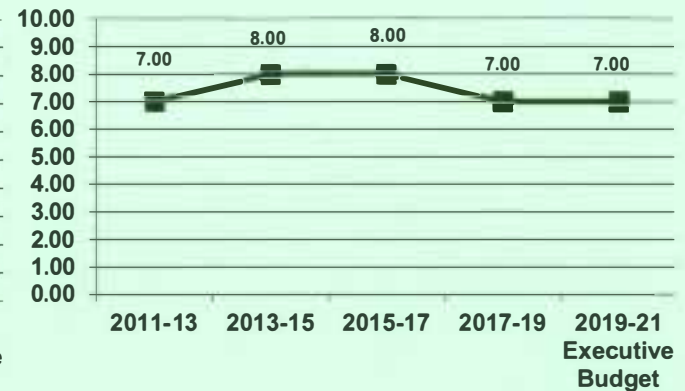
# Historical Appropriations Information

## Ongoing General Fund Appropriations Since 2011-13

Agency Funding (in Millions)



FTE Positions



| Ongoing General Fund Appropriations                             |             |             |             |             |                          |
|-----------------------------------------------------------------|-------------|-------------|-------------|-------------|--------------------------|
|                                                                 | 2011-13     | 2013-15     | 2015-17     | 2017-19     | 2019-21 Executive Budget |
| Ongoing general fund appropriations                             | \$1,438,802 | \$1,797,631 | \$1,856,899 | \$1,747,399 | \$1,748,039              |
| Increase (decrease) from previous biennium                      | N/A         | \$358,829   | \$59,268    | (\$109,500) | \$640                    |
| Percentage increase (decrease) from previous biennium           | N/A         | 24.9%       | 3.3%        | (5.9%)      | 0.0%                     |
| Cumulative percentage increase (decrease) from 2011-13 biennium | N/A         | 24.9%       | 29.1%       | 21.4%       | 21.5%                    |

### Major Increases (Decreases) in Ongoing General Fund Appropriations

#### 2013-15 Biennium

1. Added funding for 1 FTE accounting manager position \$195,223
2. Added funding for temporary salaries \$60,000

#### 2015-17 Biennium

1. Added funding for information technology costs, including desktop support services \$101,658
2. Reduced funding for salaries and wages related to the August 2016 budget reductions (\$74,309)

#### 2017-19 Biennium

1. Removed 1 FTE deputy state treasurer position and reduced funding for temporary staff (\$132,696)
2. Added funding for operating expenses primarily related to information technology costs \$50,646
3. Reduced funding for coal severance shortfall payments (\$48,952)

#### 2019-21 Biennium (Executive Budget Recommendation)

1. Reduces funding for operating expenses primarily related to information technology costs (\$59,031)
2. Reduces funding for the estimated coal severance payments related to the allocation formula change in Section 4 of House Bill No. 1005 (2017) (\$9,000)

**GOVERNOR'S RECOMMENDATION FOR THE  
STATE TREASURER AS SUBMITTED  
BY THE OFFICE OF MANAGEMENT AND BUDGET**

**SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury not otherwise appropriated, to the state treasurer for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

|                                | <u>Base Level</u> | <u>Adjustments or<br/>Enhancements</u> | <u>Appropriation</u> |
|--------------------------------|-------------------|----------------------------------------|----------------------|
| Salaries and wages             | \$1,316,139       | \$68,671                               | \$1,384,810          |
| Operating expenses             | 251,260           | (59,031)                               | 192,229              |
| Coal severance payments        | 180,000           | (9,000)                                | 171,000              |
| Total general fund             | \$1,747,399       | \$640                                  | \$1,748,039          |
| Full-time equivalent positions | 7.00              | 0.00                                   | 7.00                 |

**SECTION 2. AMENDMENT.** Section 54-11-13 of the North Dakota Century Code is amended and reenacted as follows:

**54-11-13. Salary of state treasurer.**

The annual salary of the state treasurer is ~~ninety six thousand nine hundred seventy two dollars through June 30, 2016, and ninety nine thousand eight hundred eighty one~~ one hundred three thousand eight hundred seventy six dollars through June 30, 2018 and one hundred five thousand nine hundred fifty four dollars thereafter.

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2019-2021  
Office of State Treasurer  
Budget Presentation



Kelly Schmidt, State Treasurer  
Ryan K. Skor, Director of Finance

Presented to:  
Senate Appropriations  
Senator Ray Holmberg, Chairman  
January 7, 2019

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Chairman Holmberg, and members of the committee, I am Kelly Schmidt, State Treasurer. Today's presentation will be an overview of the Office of the Treasurer and a detailed budget presentation. For some of you, this may be your first introduction to the Office of the State Treasurer. I welcome your questions.

## OVERVIEW

The mission of the Office of State Treasurer is "to fulfill our constitutional and statutory responsibilities, to assure sound financial oversight and transparency to all public funds, and to promote prudent practices in government." We have four key management functions within the Office of the Treasurer:

1. **Cash management** – We collect all deposits and payables from state agencies. It is our expertise that manages the daily cash flow within the state operating fund. The forecasting and cash management done by our Agency is necessary to ensure the availability of sufficient funds to cover the obligations/payables while ALWAYS optimizing investment opportunities. The millions and billions invested in the immediate short term are where we work diligently, making wise investment decisions ensuring the State is always "making money."
2. **Accounting** – The Office of State Treasurer is responsible for paying all warrants (payables) or checks drawn against the state. We manage over a dozen bank accounts which are reconciled daily to ensure enough funds are available to pay all outstanding warrants/payables. We also process void check requests and stop payments. All state funds/deposits received by state agencies are deposited through the Office of State Treasurer for investment into the general fund. Our agency reconciles daily in three primary areas: Our accounts with the Bank of North Dakota to the State's accounting software, PeopleSoft; state agency deposits to PeopleSoft; and Certificate of Deposit (CD) interest income between our records and the bank's.
3. **Investments** – Our agency serves as the custodian for all state funds, and we are responsible for the investment of the state's general and special funds, including all state agriculture commodity groups and the Veterans Postwar Trust.
4. **Tax Collection and Distribution** – The Office of State Treasurer is responsible for the collection of various revenues from political subdivisions. These include all the miscellaneous court costs collected by the counties. We collect these revenues from each county and ensure they are all deposited into the appropriate state fund as defined in statute. We are also responsible for the administration of over 35 separate revenue distributions to local political subdivisions across the state. A number of these distributions are inherently complex and have changed drastically over the years. Specifically, the oil and gas distribution has been changing each biennium. Our Agency expends a significant amount of resources to provide analysis, data, and education of these tax distributions and state laws to legislators, employees of other state agencies, officials and employees of local political subdivisions, and the public. The "Prairie Dog

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bill", the Legacy Fund, or the "buckets" of the oil and gas distribution formula have been frequent discussions in recent months.

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Our agency performs these responsibilities with tremendous pride and accuracy; we have consistently received a "clean" audit since 2009

In addition to the responsibilities of my office, as required by statute or Constitution, I serve on six Boards: State Investment Board, Teachers Fund for Retirement, Board of University and School Lands, State Board of Tax Equalization, State Historical Board, and the State Canvassing Board.

Some may think the Office of State Treasurer is a duplication of services or functions you may find inside of other agencies. This is not factual. While we work directly with OMB on numerous issues, there is no duplication of duties. OMB maintains PeopleSoft (the state accounting system). We as an agency use PeopleSoft to process our daily deposits and run reports used in our reconciliation process. OMB assists us when any PeopleSoft issues arise. We are the checks and balances between OMB and the Bank of North Dakota...the accounting system and the checkbook. While it is the role of the Bank of North Dakota to invest money to profit the Bank, it is the fiduciary responsibility of the Treasurer to manage and grow assets for the general fund.

In our relationship with the Tax Department, they create and maintain a tax processing system certifying collections by a local jurisdiction; they determine the administration fee and provide the NET amount to be distributed. They are the collectors. The Office of State Treasurer creates and maintains a distribution system, for the electronic transfer of funds to the political subdivisions. These complex distribution formulas are based on statute and subject to change. We are the distributor, communicator and manager of the funds after the Tax Department collects the revenue. This is the checks and balances provided for by our Constitution.

#### AGENCY ACCOMPLISHMENTS:

- **Staff** – the Office of State Treasurer has evolved from a staff of bookkeepers to a team of five skilled and educated accountants. Our Finance Director, Ryan Skor is a CPA and holds a master's degree. Our staff is cross-trained in every capacity. If one person is out on leave or sick, a team member has the skill set and knowledge to fulfill that role with ease. The volume of work in our agency has grown exponentially, and we have remained consistent in our staff. In April of 2016, I defunded the deputy position, which brought us back to 7 FTE, this is the same number I had back in 2007.
- **Financial Literacy** –As stated in statute, we provide a community outreach and education program to our middle schools and high schools. This is funded entirely by partnerships with the business community as we continue to educate North Dakota's youth on the importance of money management.

- **Technology** – The Office of State Treasurer continues to embrace technology with gusto. We maintain an interactive website and are currently working with ITD to move our site to their platform. This will allow us to do our own maintenance and page design, but most importantly increase security for ourselves and the political subdivisions. Our external stakeholders, including city and county auditors/treasurers/clerk of courts have access to all forms and pending distributions on-line, allowing them to accurately plan, budget and submit information. We continue to work towards a paperless, seamless, defect-free agency.
- **Monthly Revenue Report** – This is the newest addition to the TDOC (Tax Distribution Outstanding Check) system. Municipal courts throughout the state must now electronically file all reports monthly to our TDOC system. The system then creates the appropriate journal entries to record each deposit. Keep in mind there are 53 counties and each county has three entries tied to their deposit. This has saved us hundreds of hours in journal entries, reconciling and mail costs. This reporting system was also used to implement the new **Statewide Interoperable Radio Network (SIRN)** fees we collect from the counties.

#### AGENCY CHALLENGES

- **IT Costs** – A major concern we face relates to our day-to-day IT costs. Of our \$251,000 of requested on-going operating expenses, almost \$167,000 is directly related to data processing, communications, and desktop support services provided by ITD. We receive excellent service from ITD, we want to make you aware that a reduction is not possible without a reduction in fees from ITD. We have held back on professional development, travel, and other operating expenses in anticipation we may need to “pull from Peter to pay Paul”.

As we are in the midst of the session, we are “bird-dogging” bills that will affect our agency and analyzing potential IT costs that may be associated with implementing a formula change or new distribution. We must keep a watchful eye, so we are not absorbing hard IT costs in our existing budget projections.

- **Cyber Security** – Cyber Security is a growing concern for North Dakota and a significant concern for our agency. It has enormous implications. We are working proactively with ITD to ensure the security of our financial resources. This is vital not only for our state resources but for the political subdivisions we work with every day.
- **Fraud** – Financial fraud is escalating. We have seen 75-100 fraudulent checks in the current biennium. These checks are created to look like state checks. These checks have been replicated to look like they are coming from DOT, Game and Fish, or the Tax Department. All contain state account information, some are local, some from across the country. Some are quite impressive others, not so much. The state has had no loss relating to this activity. We work regularly with the Bank of North Dakota, the Bureau of Criminal Investigation, and various agencies and political subdivisions to find the culprit. Unfortunately, there are

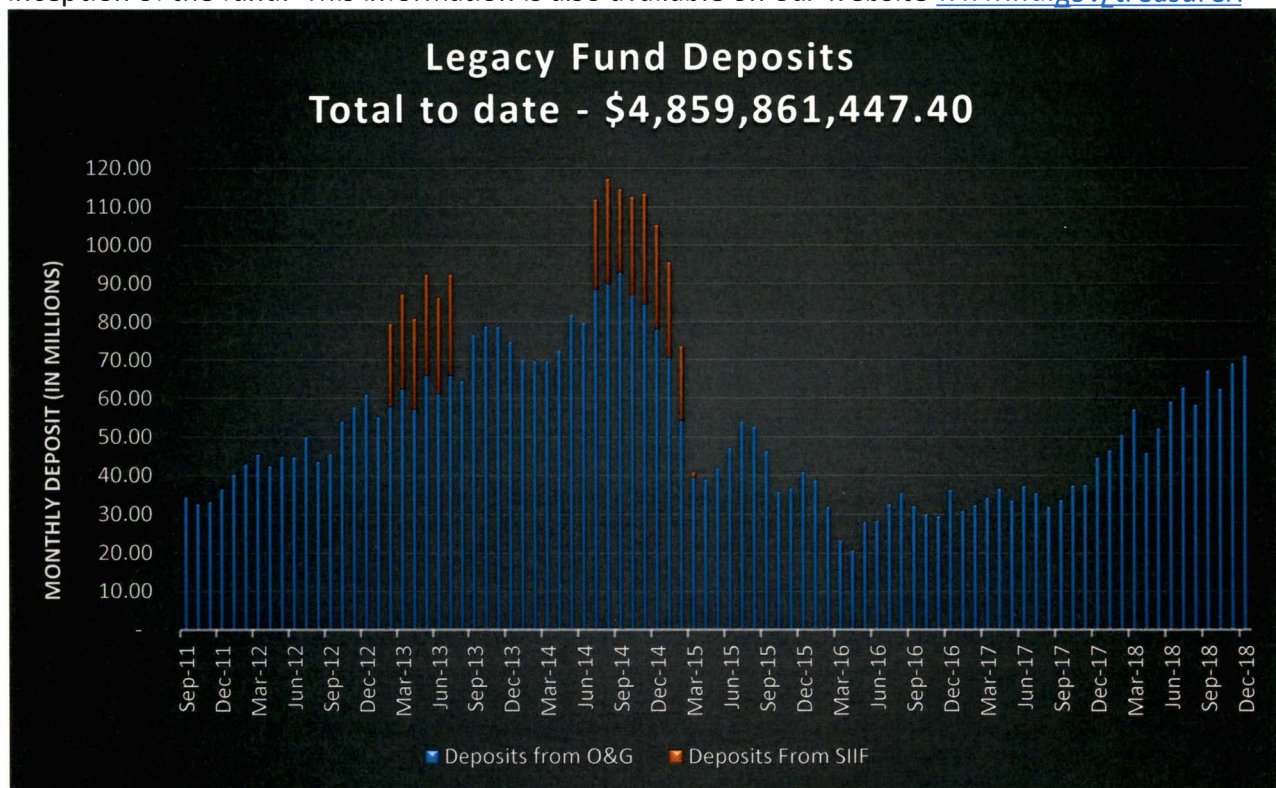
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those that do not understand if it's too good to be true it is. Those are the folks who have lost money.

## ADDITIONAL INFORMATION

### Legacy Fund

The Legacy Fund continues to generate a lot of attention and questions. The chart below illustrates the complete history of the Legacy Fund deposits which our office has made since inception of the fund. This information is also available on our website [www.nd.gov/treasurer](http://www.nd.gov/treasurer).



### Legacy Fund Earnings

Preliminary estimates November 30, 2018, show Legacy Fund earnings of slightly over \$300 million. It is important to note markets were extremely volatile in December including a 9% loss in the S&P 500. The Legacy Fund's asset allocation is 50% equity, 35% fixed income and 15% real assets. These 2017-19 earnings, of which \$200 million has already been appropriated in the 2017-19 biennium, will be transferred at the end of the fiscal year, July 2019 as required by the Constitution.

I have concerns relating to the pre-spending of Legacy Fund earnings. This fund is different than most forecasted revenue in a few ways:

1. Legacy Fund deposits come from 100% oil, a volatile commodity.
2. Increased market volatility exposure due to the earnings definition found in NDCC 21-10-12 which contains "gains or losses", rather than a more appropriate definition of interest and dividends.
3. Additional risk is added due to the timing of the deposit. If we wait, there are 18 months of earnings history prior to a legislative session, as noted in the estimate above. If we don't wait, we are guessing what the capital markets will do over an extended period to provide earnings in June of 2021.

I appreciate this opportunity and look forward to future discussion.

I would now like to introduce Ryan Skor, our Director of Finance to continue with the budget detail.



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## BUDGET DISCUSSION

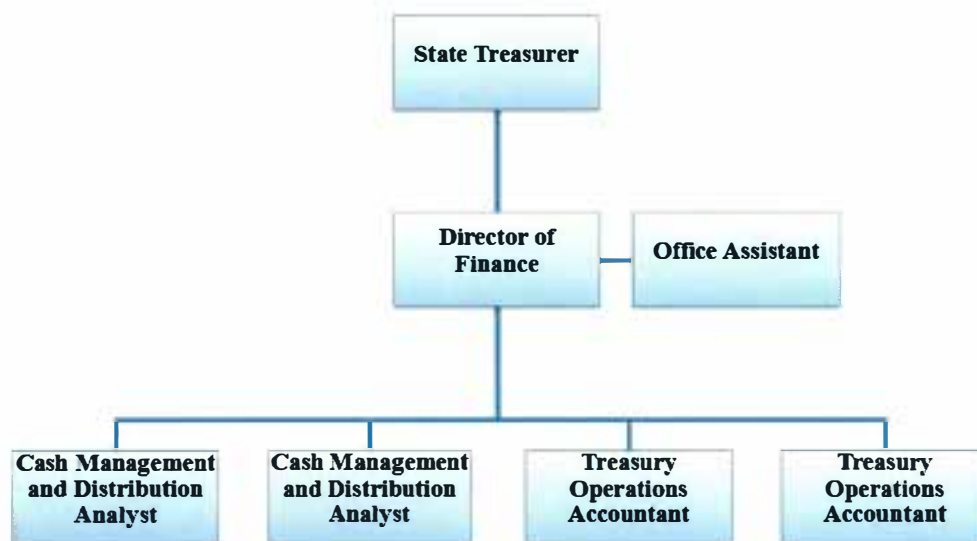
### Ryan Skor, Director of Finance

As part of the budget discussion for the Office of State Treasurer, I'll work my way through the requested items as outlined in our request from Legislative Council.

#### 2017-2019 BUDGET

The Office of State Treasurer's budget consists of two major items – salaries and information technology fees. Over ninety-seven percent (97%) of our biennium to-date expenditures have fallen into one of those two categories. As the Treasurer pointed out in her remarks, our office relies heavily on our people and on the technology needed to help them do their jobs efficiently and effectively.

#### OFFICE OF STATE TREASURER ORGANIZATIONAL CHART



Our office consists of seven full time employees, including the Treasurer. This FTE count is at the same level as it was during the 2007-2009 biennium. The current fiscal staff is made up of two Cash Management and Distribution Analysts, two Treasury Operations Accountants, and a Director of Finance. As a testament to the complexity of the work we perform, all fiscal positions require a minimum of a four-year college degree and varying levels of work experience to be qualified. With the timing of everything we do in our office, it takes upwards of two years to fully train a new member of our fiscal team. With this being said, we are very fortunate to have an excellent team we have been able to retain. Each member of our fiscal team has been with us for at least the past four years.

With the duties required of our office, this current level of staffing is vitally important not only to be able to perform the required duties, but also to provide the essential checks and balances

so that one person isn't handling all stages of a process. This is true not only with daily depositing to and reconciling of the state's checkbook, but also with our revenue distribution processes for all the funds we send out to the political subdivisions.

As with prior biennia, most of our operating expenses are for data processing services provided by ITD. To-date in the current biennium, over 80% of our on-going operating expenses have consisted of data processing, desktop support, and telecommunication service charges from ITD. Our office is heavily reliant on this technology and has continued to advance the automation of several processes. This automation has created significant efficiencies in our office which allow us to perform our statutory and constitutional duties at a very high level without the need for drastically increased staff, even during times of unprecedented growth in the volume of activity processed by our office.

# 2017-2019 EXPENDITURES AND ESTIMATED TURNBACK

| Line Item Description    | 2017-2019 Appropriation | Expended Through 11/30/18 | 2017-2019 Remaining Appropriation | Expected Expenditures through 6/30/19 | 2017-2019 Estimated Turnback |   |
|--------------------------|-------------------------|---------------------------|-----------------------------------|---------------------------------------|------------------------------|---|
| Salaries and Wages       | \$ 1,316,139.00         | (891,156.35)              | 424,982.65                        | (373,722.16)                          | \$ 51,260.49                 | 1 |
| Operating Expenses       | 251,260.00              | (133,367.06)              | 117,892.94                        | (104,462.93)                          | 13,430.01                    | 2 |
| Coal Severance Shortfall | 180,000.00              | (112,781.02)              | 67,218.98                         | (58,576.29)                           | 8,642.69                     | 3 |
|                          |                         |                           |                                   |                                       |                              |   |
| <b>One-Time Funding:</b> |                         |                           |                                   |                                       |                              |   |
| IT Project C/O           | 20,000.00               | (20,000.00)               | -                                 | -                                     | -                            | 4 |
| <b>Total Department</b>  | <b>\$ 1,767,399.00</b>  | <b>(1,157,304.43)</b>     | <b>610,094.57</b>                 | <b>(536,761.38)</b>                   | <b>\$ 73,333.19</b>          |   |

## NOTES:

1. A portion of the salaries and wages turnback will have originated from temporary vacancies throughout the biennium. The remaining amount is a result of funding received for an increase in the Treasurer's salary which was not accompanied by the necessary statutory language to facilitate an actual change in pay.
2. Miscellaneous operating expenses.
3. The General Fund appropriation for Coal Severance Shortfall (NDCC 57-62-02(5)) is estimated for each biennium. The estimated turnback amount is the amount that will be remaining after we distribute the final amounts per statute in 2019.
4. We requested carryover authority from our 2015-2017 biennium budget to complete the software rewrites initiated in response to the oil and gas distribution changes passed during the 2017 Legislative Session (HBs 1020 & 1152; SBs 2003 & 2013). All carryover funding was expended by September 30, 2017.

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## 2019-2021 BUDGET CHANGES COMPARED TO 2017-2019

| Line Item Description   | 2019-2021<br>Base Budget | Governor's<br>Recommended<br>Changes | 2019-2021<br>Governor's<br>Recommended |
|-------------------------|--------------------------|--------------------------------------|----------------------------------------|
| Salaries and Wages      | \$ 1,316,139.00          | \$ 68,671.00                         | \$ 1,384,810.00                        |
| Operating Expenses      | 251,260.00               | (59,031.00)                          | 192,229.00                             |
| Coal Sev. Shortfall     | 180,000.00               | (9,000.00)                           | 171,000.00                             |
| <b>Total Department</b> | <b>\$ 1,747,399.00</b>   | <b>\$ 640.00</b>                     | <b>\$ 1,748,039.00</b>                 |
| FTE                     | 7                        | -                                    | 7                                      |

### NOTES:

1. Total recommended change to salaries and wages included base budget savings of \$19,339 realized from reallocation of duties during previous biennium along with Governor recommended increases in salaries and benefits of \$88,010 (\$54,456 - salary increases; \$26,450 - health insurance increases; \$7,104 - retirement increases).
2. The vast majority of the recommended operating expense reduction is from anticipated savings in our IT line item. Specifically, we worked in coordination with ITD to consolidate several of our PCs which are maintained under desktop support agreements which will generate considerable savings for the 2019-2021 biennium. We also expect a reduction in our ConnectND rates due to a reduction in our prior biennium budget. These IT changes combined with other miscellaneous reductions combine to total the total recommended reduction.
3. The General Fund appropriation for Coal Severance Shortfall (NDCC 57-62-02(5)) was reduced by the requested 5% to meet the governor's 95% budget request.

### 2019-2021 ONE-TIME FUNDING NEEDS

The Office of State Treasurer only anticipates one-time funding needs related to costs associated with coding changes required by any statutory changes made by the 66th Legislative Assembly in respect to distributions performed by our office. Changes to distribution formulas generally require some level of rewriting of our Tax Distribution and Outstanding Checks (TDOC) system to comply with the changes made to statute. These would include changes to the oil and gas gross production tax distribution, the highway tax distribution, and any of the other distributions we currently administer. This would also be true for any new distributions added to our statutory responsibilities.

### FEDERAL FUNDING CHANGES

The Office of State Treasurer does not receive any federal funding as part of its operating budget so there would be no anticipated changes.

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## **PROPOSED BUDGET CHANGES TO MEET THE 95% BUDGET REQUEST GUIDELINE**

Over the course of her tenure, the Treasurer has continually sought to find efficiencies to keep the Office of State Treasurer's (OST) operating budget as lean as possible.

Outside of salaries and benefits, on average nearly 70% of the OST's on-going operating expenses are paid to ITD for services related to technology fees, desktop support services, and telecommunications systems. Because these costs are such a significant portion of our budget, a 5% reduction in our overall budget must include a reduction in ITD expenditures.

Working in coordination with ITD personnel, we have consolidated several of our PCs which are maintained under desktop support agreements. This consolidation will generate considerable savings in desktop support fees for the 2019-21 biennium. We also anticipate significant savings by using OST personnel in the testing process when changes are made to our systems, rather than relying solely on ITD personnel at their hourly rate. Finally, we expect a reduction in our ConnectND rates due to a reduction in our prior biennium budget. These combined changes make up the IT-data processing reduction shown in our 95% base budget reduction change package request that was submitted to the governor.

In addition to the IT savings outlined above, we have also generated significant savings in our salaries and benefits line items. In the 2017-19 biennium, we experienced turnover in our agency administrator position. This gave us an opportunity to reassess the position. It was most efficient and cost-effective to reallocate a portion of these duties and rehire the position at a lower salary level. This change will generate roughly \$24,000 in salaries and benefits savings included in the same budget request change package.

For the remainder of our base budget change package related to operating expenses, we identified some small savings which may be realized by purchasing supplies in bulk or prepaying certain expenses.

Furthermore, in addition to our salaries, benefits, and normal operating expenses, the OST's general fund appropriation includes the Coal Severance Shortfall distribution, which are payments made to coal-producing counties. This is estimated each biennium and included in our agency budget, paid out annually. The 2017-19 amount was set at \$180,000. During the 2017 session, the statute pertaining to this payment was modified to reduce the annual amount paid. This change in statute will be fully implemented for the 2019-21 biennium. We believe the amount needed to pay the statutorily mandated amounts will be reduced significantly. We included a 5% reduction of \$9,000 as part of our base budget reduction change package.

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#### OPTIONAL ADJUSTMENT REQUESTS

Neither the Office of State Treasurer nor the executive recommendation included any optional adjustment requests for our 2019-2021 budget.

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## CHANGES REQUESTED

- **Coal Severance Shortfall**

During the 2017 Legislative Session, the statute pertaining to the Coal Severance Shortfall payments made by our office was modified to reduce the annual amount paid to coal-producing counties. NDCC 57-62-02(3)b(5) was amended to make these changes effective for payments starting in 2019. With this statutory change fully implemented for the 2019-21 biennium, we believe the amount needed to pay the statutorily mandated amounts will be reduced to roughly \$125,000.

In addition to the 5% (\$9,000) reduction we included as part of our 95% base budget request, we would suggest an additional \$46,000 reduction to the coal severance payments line included in our general fund budget request.

- **One-time IT Costs**

We will be following several bills during the session that propose changes to distributions we currently make or add new distributions to our statutory duties. Any changes to distributions require a certain amount of programming revision to facilitate the change. We will continue to monitor these bills and, as they move further through the legislative process, we will work directly with ITD to obtain estimates of the total funds needed.

We have already done this with House Bill 1066 ("Prairie Dog") and have included those estimates with the fiscal note prepared for the bill.

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Office of State Treasurer  
ITD Considerations  
2019 Legislative Session

(As of 2/7/19)

Remaining bills being tracked that propose changes which would need coding changes in order to be implemented:

- HB 1066 – Prairie Dog
  - Oil and gas formula changes
  - New infrastructure fund distributions/Reporting requirements
- HB 1449 – State Aid/Oil Extraction
  - Oil extraction distribution formula changes
- SB 2192 – County-wide Rest/Lodging Tax
  - Minor changes to rest/lodging distribution to add counties
- SB 2249 – State Energy Research Center from O&G
  - Oil and gas formula change
- SB 2293 – Aquatic Nuisance Species Program Fund
  - Highway tax distribution changes
- SB 2312 – Tribal/State Agreement on O&G Revenues
  - Oil and gas formula changes

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## ELECTED OFFICIALS' SALARY INCREASES

Salaries for state elected officials are set in statute; therefore, are determined by legislative action. The salaries and powers and duties of each elected official are provided for in each official's respective chapter of the North Dakota Century Code. North Dakota's state elected officials and their respective chapter of Century Code include:

- Agriculture Commissioner - Chapter 4-01;
- Attorney General - Chapter 54-12;
- State Auditor - Chapter 54-10;
- Governor - Chapter 54-07;
- Insurance Commissioner - Chapter 26.1-01;
- Public Service Commissioners - Chapters 49-01 and 49-02;
- Secretary of State - Chapter 54-09;
- Tax Commissioner - Chapter 57-01; and
- State Treasurer - Chapter 54-11.

### HISTORY OF ELECTED OFFICIALS' SALARY INCREASES

The schedule below presents information on salary increases and other salary adjustments for elected officials authorized by the Legislative Assembly for the 1997-99 through 2017-19 bienniums.

| Biennium  | General Salary Increases                                                                             | Other Salary Adjustments                                                                                                                                                                                                                                                                                                                       |
|-----------|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1997-99   | 3 percent for each year of the biennium                                                              |                                                                                                                                                                                                                                                                                                                                                |
| 1999-2001 | 2 percent for each year of the biennium                                                              | Equity adjustments were provided for all elected officials, except the Lieutenant Governor, based on a survey of similar positions in neighboring states.                                                                                                                                                                                      |
| 2001-03   | 3 percent effective July 1, 2001<br>2 percent effective July 1, 2002                                 | Equity adjustments were provided for all elected officials, except the Governor, Lieutenant Governor, and State Treasurer, based on a survey of similar positions in neighboring states.                                                                                                                                                       |
| 2003-05   | The Legislative Assembly did not authorize a 2003-05 biennium salary increase for elected officials. |                                                                                                                                                                                                                                                                                                                                                |
| 2005-07   | 4 percent effective July 1, 2005<br>4 percent effective July 1, 2006                                 | The Governor and Lieutenant Governor received a 2 percent salary increase on July 1, 2005, rather than the 4 percent increase.                                                                                                                                                                                                                 |
| 2007-09   | 4 percent effective July 1, 2007<br>4 percent effective July 1, 2008                                 |                                                                                                                                                                                                                                                                                                                                                |
| 2009-11   | 5 percent effective July 1, 2009<br>5 percent effective July 1, 2010                                 | Provisions of HB 1003 (2009) provided the Attorney General an additional increase of 17.6 percent effective January 1, 2011.                                                                                                                                                                                                                   |
| 2011-13   | 3 percent effective July 1, 2011<br>3 percent effective July 1, 2012                                 | The Attorney General received an 18.4 percent salary increase effective July 1, 2011, rather than the 3 percent increase.                                                                                                                                                                                                                      |
| 2013-15   | 4 percent effective July 1, 2013<br>3 percent effective July 1, 2014                                 | Section 6 of HB 1005 (2013) provided legislative intent to increase the State Treasurer's salary to the salary of the next lowest paid elected official effective July 1, 2017. The State Treasurer did not receive this increase because the Legislative Assembly did not authorize a 2017-19 biennium salary increase for elected officials. |
| 2015-17   | 3 percent effective July 1, 2015<br>3 percent effective July 2, 2016                                 |                                                                                                                                                                                                                                                                                                                                                |
| 2017-19   | The Legislative Assembly did not authorize a 2017-19 biennium salary increase for elected officials. |                                                                                                                                                                                                                                                                                                                                                |

## ANALYSIS OF ELECTED OFFICIALS' SALARIES

The executive budget recommendation for the 2019-21 biennium includes funding to provide salary increases of 4 percent effective July 1, 2019, and 2 percent effective July 1, 2020, for executive branch elected officials. The statutory changes necessary to adjust elected officials' salaries are recommended to be included in the appropriation bills for the respective elected officials. The schedule below shows for each elected official the salary authorized by the 2017 Legislative Assembly and the salary being proposed in the executive budget.

| State Official                       | Statutory Annual Salary Authorized by<br>the 2017 Legislative Assembly |                        | Proposed Annual Salary Included in the<br>2019-21 Executive Budget Recommendation |                        |
|--------------------------------------|------------------------------------------------------------------------|------------------------|-----------------------------------------------------------------------------------|------------------------|
|                                      | Effective July 1, 2017                                                 | Effective July 1, 2018 | Effective July 1, 2019                                                            | Effective July 1, 2020 |
| Governor                             | \$132,964 <sup>1</sup>                                                 | \$132,964 <sup>1</sup> | \$138,282                                                                         | \$141,048              |
| Lieutenant Governor                  | \$103,221                                                              | \$103,221              | \$107,350                                                                         | \$109,497              |
| Secretary of State                   | \$105,770                                                              | \$105,770              | \$110,001                                                                         | \$112,201              |
| Attorney General                     | \$157,009                                                              | \$157,009              | \$163,289                                                                         | \$166,555              |
| Superintendent of Public Instruction | \$120,410                                                              | \$120,410              | \$125,226                                                                         | \$127,731              |
| Tax Commissioner                     | \$114,791                                                              | \$114,791              | \$119,383                                                                         | \$121,770              |
| Insurance Commissioner               | \$105,770                                                              | \$105,770              | \$110,001                                                                         | \$112,201              |
| Public Service Commissioners (3)     | \$108,656                                                              | \$108,656              | \$113,002                                                                         | \$115,262              |
| Agriculture Commissioner             | \$108,656                                                              | \$108,656              | \$113,002                                                                         | \$115,262              |
| State Auditor                        | \$105,770                                                              | \$105,770              | \$110,001                                                                         | \$112,201              |
| State Treasurer                      | \$99,881                                                               | \$99,881               | \$103,876                                                                         | \$105,954              |

<sup>1</sup>Section 5 of House Bill No. 1001 (2017) includes legislative intent that the Governor accept the Governor's salary, but allows the Governor, if the Governor chooses, to decline the salary. The Governor has declined the 2017-19 biennium salary appropriated by the Legislative Assembly.

The judicial branch included funding in its request for a 2 percent annual increase in judges salaries. The following schedule shows the current salary and the salary being proposed for each judge in the judicial branch budget request:

|                                 | Statutory Annual Salary Authorized by<br>the 2017 Legislative Assembly |                        | Proposed Annual Salary Included in the<br>2019-21 Judicial Branch Budget Request |                        |
|---------------------------------|------------------------------------------------------------------------|------------------------|----------------------------------------------------------------------------------|------------------------|
|                                 | Effective July 1, 2017                                                 | Effective July 1, 2018 | Effective July 1, 2019                                                           | Effective July 1, 2020 |
| Supreme Court Chief Justice     | \$161,517                                                              | \$161,517              | \$164,747                                                                        | \$168,042              |
| Other Supreme Court justices    | \$157,009                                                              | \$157,009              | \$160,149                                                                        | \$163,352              |
| District court presiding judges | \$148,025                                                              | \$148,025              | \$150,986                                                                        | \$154,005              |
| Other district court judges     | \$143,869                                                              | \$143,869              | \$146,746                                                                        | \$149,681              |

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Fiscal No. 1

Prepared by the Legislative Council staff for  
Senator Bekkedahl  
February 7, 2019

SB 2005  
2-8-19  
#1  
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# PROPOSED AMENDMENTS TO SENATE BILL NO. 2005

Page 1, line 1, after "treasurer" insert "; and to amend and reenact section 54-11-13 of the North Dakota Century Code, relating to the salary of the state treasurer"

Page 1, replace lines 8 through 14 with:

|                                | Base Level  | Adjustments or Enhancements | Appropriation |
|--------------------------------|-------------|-----------------------------|---------------|
| Salaries and wages             | \$1,316,139 | \$64,658                    | \$1,380,797   |
| Operating expenses             | 251,260     | (59,031)                    | 192,229       |
| Coal severance payments        | 180,000     | (9,000)                     | 171,000       |
| Total general fund             | \$1,747,399 | (\$3,373)                   | \$1,744,026   |
| Full-time equivalent positions | 7.00        | 0.00                        | 7.00          |

**SECTION 2. AMENDMENT.** Section 54-11-13 of the North Dakota Century Code is amended and reenacted as follows:

## 54-11-13. Salary of state treasurer.

The annual salary of the state treasurer is ~~ninety six thousand nine hundred seventy two dollars through June 30, 2016, and ninety nine thousand eight hundred eighty one dollars thereafter~~ one hundred seven thousand eight hundred eighty-five dollars through June 30, 2020, and one hundred eleven thousand one hundred twenty-two dollars thereafter."

Renumber accordingly

## STATEMENT OF PURPOSE OF AMENDMENT:

### Senate Bill No. 2005 - State Treasurer - Senate Action

|                         | Base Budget | Senate Changes | Senate Version |
|-------------------------|-------------|----------------|----------------|
| Salaries and wages      | \$1,316,139 | \$64,658       | \$1,380,797    |
| Operating expenses      | 251,260     | (59,031)       | 192,229        |
| Coal severance payments | 180,000     | (9,000)        | 171,000        |
| Total all funds         | \$1,747,399 | (\$3,373)      | \$1,744,026    |
| Less estimated income   | 0           | 0              | 0              |
| General fund            | \$1,747,399 | (\$3,373)      | \$1,744,026    |
| FTE                     | 7.00        | 0.00           | 7.00           |



SB 2003  
2-8-19  
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## Department 120 - State Treasurer - Detail of Senate Changes

|                         | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Provides a<br>Salary Equity<br>Increase to the<br>State<br>Treasurer <sup>3</sup> | Reduces<br>Funding for<br>Information<br>Technology<br>Costs <sup>4</sup> | Adjusts<br>Funding for<br>Coal<br>Severance<br>Payments <sup>5</sup> | Total Senate<br>Changes |
|-------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------|
| Salaries and wages      | (\$19,339)                                                     | \$69,376                                                            | \$14,621                                                                          |                                                                           |                                                                      | \$64,658                |
| Operating expenses      |                                                                |                                                                     |                                                                                   | (\$59,031)                                                                |                                                                      | (59,031)                |
| Coal severance payments |                                                                |                                                                     |                                                                                   |                                                                           | (\$9,000)                                                            | (9,000)                 |
| Total all funds         | (\$19,339)                                                     | \$69,376                                                            | \$14,621                                                                          | (\$59,031)                                                                | (\$9,000)                                                            | (\$3,373)               |
| Less estimated income   | 0                                                              | 0                                                                   | 0                                                                                 | 0                                                                         | 0                                                                    | 0                       |
| General fund            | (\$19,339)                                                     | \$69,376                                                            | \$14,621                                                                          | (\$59,031)                                                                | (\$9,000)                                                            | (\$3,373)               |
| FTE                     | 0.00                                                           | 0.00                                                                | 0.00                                                                              | 0.00                                                                      | 0.00                                                                 | 0.00                    |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | General Fund |
|---------------------------|--------------|
| Salary increase           | \$38,142     |
| Health insurance increase | 31,234       |
| Total                     | \$69,376     |

<sup>3</sup> Funding is added to provide a salary equity increase to the State Treasurer to align the State Treasurer's salary with the salary of next lowest-paid elected official, which is the State Auditor.

<sup>4</sup> Funding is reduced for operating expenses, primarily related to information technology costs.

<sup>5</sup> Funding is reduced for the estimated coal severance payments related to the allocation formula change in Section 4 of House Bill No. 1005 (2017).

This amendment also adds a section to provide the statutory changes necessary to provide an equity salary increase to the State Treasurer of \$5,889 per year, increasing the current annual salary of \$99,881 to \$105,770 and to increase the salary to \$107,885 (2 percent) in fiscal year 2020 and to \$111,122 (3 percent) in fiscal year 2021. The salary equity increase aligns the State Treasurer's salary with the salary of next lowest-paid elected official.

SB 2005  
2-8-19  
9/

PROPOSED AMENDMENTS TO SENATE BILL NO. 2005

Page 1, line 1, after "treasurer" insert "; and to amend and reenact section 54-11-13 of the North Dakota Century Code, relating to the salary of the state treasurer"

Page 1, replace lines 8 through 14 with:

|                                | <u>Base Level</u> | <u>Adjustments or Enhancements</u> | <u>Appropriation</u> |
|--------------------------------|-------------------|------------------------------------|----------------------|
| Salaries and wages             | \$1,316,139       | \$64,658                           | \$1,380,797          |
| Operating expenses             | 251,260           | (59,031)                           | 192,229              |
| Coal severance payments        | <u>180,000</u>    | <u>(9,000)</u>                     | <u>171,000</u>       |
| Total general fund             | \$1,747,399       | (\$3,373)                          | \$1,744,026          |
| Full-time equivalent positions | 7.00              | 0.00                               | 7.00                 |

**SECTION 2. AMENDMENT.** Section 54-11-13 of the North Dakota Century Code is amended and reenacted as follows:

**54-11-13. Salary of state treasurer.**

The annual salary of the state treasurer is ~~ninety-six thousand nine hundred seventy-two dollars through June 30, 2016, and ninety-nine thousand eight hundred eighty-one dollars thereafter~~ one hundred seven thousand eight hundred eighty-five dollars through June 30, 2020, and one hundred eleven thousand one hundred twenty-two dollars thereafter."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2005 - State Treasurer - Senate Action**

|                         | <b>Base Budget</b> | <b>Senate Changes</b> | <b>Senate Version</b> |
|-------------------------|--------------------|-----------------------|-----------------------|
| Salaries and wages      | \$1,316,139        | \$64,658              | \$1,380,797           |
| Operating expenses      | 251,260            | (59,031)              | 192,229               |
| Coal severance payments | 180,000            | (9,000)               | 171,000               |
| Total all funds         | \$1,747,399        | (\$3,373)             | \$1,744,026           |
| Less estimated income   | 0                  | 0                     | 0                     |
| General fund            | \$1,747,399        | (\$3,373)             | \$1,744,026           |
| FTE                     | 7.00               | 0.00                  | 7.00                  |

SB 2005  
2-8-19  
A1  
P2

## Department 120 - State Treasurer - Detail of Senate Changes

|                         | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Provides a<br>Salary Equity<br>Increase to the<br>State<br>Treasurer <sup>3</sup> | Reduces<br>Funding for<br>Information<br>Technology<br>Costs <sup>4</sup> | Adjusts<br>Funding for<br>Coal<br>Severance<br>Payments <sup>5</sup> | Total Senate<br>Changes |
|-------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------|
| Salaries and wages      | (\$19,339)                                                     | \$69,376                                                            | \$14,621                                                                          |                                                                           |                                                                      | \$64,658                |
| Operating expenses      |                                                                |                                                                     |                                                                                   | (\$59,031)                                                                |                                                                      | (59,031)                |
| Coal severance payments |                                                                |                                                                     |                                                                                   |                                                                           | (\$9,000)                                                            | (9,000)                 |
| Total all funds         | (\$19,339)                                                     | \$69,376                                                            | \$14,621                                                                          | (\$59,031)                                                                | (\$9,000)                                                            | (\$3,373)               |
| Less estimated income   | 0                                                              | 0                                                                   | 0                                                                                 | 0                                                                         | 0                                                                    | 0                       |
| General fund            | (\$19,339)                                                     | \$69,376                                                            | \$14,621                                                                          | (\$59,031)                                                                | (\$9,000)                                                            | (\$3,373)               |
| FTE                     | 0.00                                                           | 0.00                                                                | 0.00                                                                              | 0.00                                                                      | 0.00                                                                 | 0.00                    |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

| General Fund              |          |
|---------------------------|----------|
| Salary increase           | \$38,142 |
| Health insurance increase | 31,234   |
| Total                     | \$69,376 |

<sup>3</sup> Funding is added to provide a salary equity increase to the State Treasurer to align the State Treasurer's salary with the salary of next lowest-paid elected official, which is the State Auditor.

<sup>4</sup> Funding is reduced for operating expenses, primarily related to information technology costs.

<sup>5</sup> Funding is reduced for the estimated coal severance payments related to the allocation formula change in Section 4 of House Bill No. 1005 (2017).

This amendment also adds a section to provide the statutory changes necessary to provide an equity salary increase to the State Treasurer of \$5,889 per year, increasing the current annual salary of \$99,881 to \$105,770 and to increase the salary to \$107,885 (2 percent) in fiscal year 2020 and to \$111,122 (3 percent) in fiscal year 2021. The salary equity increase aligns the State Treasurer's salary with the salary of next lowest-paid elected official.

Department 120 - State Treasurer  
Senate Bill No. 2005

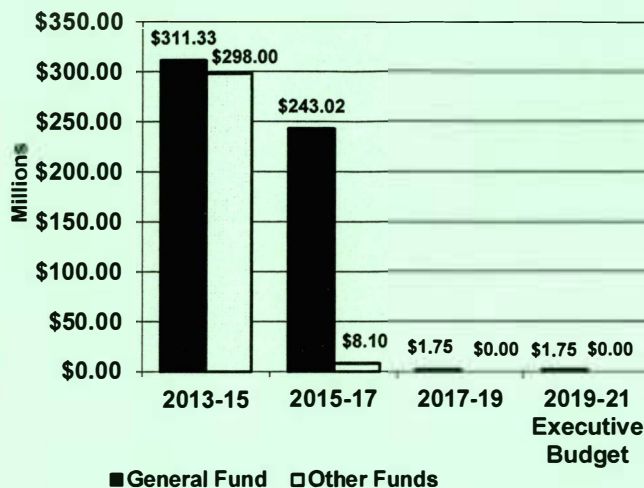
### Executive Budget Comparison to Prior Biennium Appropriations

|                                    | FTE Positions | General Fund | Other Funds | Total       |
|------------------------------------|---------------|--------------|-------------|-------------|
| 2019-21 Executive Budget           | 7.00          | \$1,748,039  | \$0         | \$1,748,039 |
| 2017-19 Legislative Appropriations | 7.00          | 1,747,399    | 0           | 1,747,399   |
| Increase (Decrease)                | 0.00          | \$640        | \$0         | \$640       |

### Ongoing and One-Time General Fund Appropriations

|                                    | Ongoing General Fund<br>Appropriation | One-Time General<br>Fund Appropriation | Total General Fund<br>Appropriation |
|------------------------------------|---------------------------------------|----------------------------------------|-------------------------------------|
| 2019-21 Executive Budget           | \$1,748,039                           | \$0                                    | \$1,748,039                         |
| 2017-19 Legislative Appropriations | 1,747,399                             | 0                                      | 1,747,399                           |
| Increase (Decrease)                | \$640                                 | \$0                                    | \$640                               |

#### Agency Funding



#### FTE Positions



### Executive Budget Comparison to Base Level

|                          | General Fund | Other Funds | Total       |
|--------------------------|--------------|-------------|-------------|
| 2019-21 Executive Budget | \$1,748,039  | \$0         | \$1,748,039 |
| 2019-21 Base Level       | 1,747,399    | 0           | 1,747,399   |
| Increase (Decrease)      | \$640        | \$0         | \$640       |

### First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

### Executive Budget Highlights (With First House Changes in Bold)

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | General Fund | Other Funds | Total      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------|------------|
| 1. Provides funding for state employee salary and benefit increases of which \$54,456 is for salary increases, \$26,450 is for health insurance increases, and \$7,104 is for retirement increases.<br>The Senate added funding for salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month. The Senate did not add funding for retirement contribution increase. The Senate also added \$14,621 for a salary equity increase for the State Treasurer. | \$88,010     | \$0         | \$88,010   |
| 2. Reduces funding for operating expenses primarily related to information technology costs                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | (\$59,031)   | \$0         | (\$59,031) |

|                                                                                                                                                  |           |     |           |
|--------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----|-----------|
| 3. Reduces funding for the estimated coal severance payments related to the allocation formula change in Section 4 of House Bill No. 1005 (2017) | (\$9,000) | \$0 | (\$9,000) |
|--------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----|-----------|

### **Other Sections in Senate Bill No. 2005**

**Salary of State Treasurer** - Section 2 provides the statutory changes necessary to provide a salary equity increase to the State Treasurer of \$5,889 per year, increasing the current annual salary of \$99,881 to \$105,770 and to increase the salary to \$107,885 (2 percent) in fiscal year 2020 and to \$111,122 (3 percent) in fiscal year 2021. The salary equity increase aligns the State Treasurer's salary with the salary of next lowest-paid state elected official.

### **Significant Audit Findings**

The operational audit for the State Treasurer's office conducted by the State Auditor's office during the 2017-18 interim identified no significant audit findings.

### **Major Related Legislation**

**House Bill No. 1014** - Changes the oil and gas tax revenue allocations to the North Dakota outdoor heritage fund and the oil and gas research fund.

**House Bill No. 1066** - Changes the oil and gas tax revenue allocation formulas and creates two infrastructure funds for grants to non-oil-producing counties, cities, and townships for infrastructure projects.

**House Bill No. 1074** - Authorizes additional background checks for employees of the State Treasurer's office related to federal requirements.

**House Bill No. 1530** - Transfers 50 percent of the legacy fund earnings to a newly created legacy income tax reduction fund rather than the general fund.

**House Concurrent Resolution No. 3055** - Requires a two-thirds vote to spend the legacy fund earnings and retains the earnings in the fund rather than transferring them to the general fund at the end of each biennium.

**Senate Bill No. 2036** - Removes obsolete language related to the coal conversion tax allocations made by the State Treasurer.

**Senate Bill No. 2249** - Provides for oil and gas tax revenue allocations to a newly created state energy research center fund.

**Senate Bill No. 2282** - Transfers 15 percent of the legacy fund earnings to a newly created economic diversification research grant fund rather than the general fund.

**State Treasurer - Budget No. 120**  
**Senate Bill No. 2005**  
**Base Level Funding Changes**

|                                                    | Executive Budget Recommendation |              |             |             | Senate Version |              |             |             |
|----------------------------------------------------|---------------------------------|--------------|-------------|-------------|----------------|--------------|-------------|-------------|
|                                                    | FTE Positions                   | General Fund | Other Funds | Total       | FTE Positions  | General Fund | Other Funds | Total       |
| <b>2019-21 Biennium Base Level</b>                 | 7.00                            | \$1,747,399  | \$0         | \$1,747,399 | 7.00           | \$1,747,399  | \$0         | \$1,747,399 |
| <b>2019-21 Ongoing Funding Changes</b>             |                                 |              |             |             |                |              |             |             |
| Base payroll changes                               |                                 | (\$19,339)   |             | (\$19,339)  |                | (\$19,339)   |             | (\$19,339)  |
| Salary increase                                    |                                 | 54,456       |             | 54,456      |                | 38,142       |             | 38,142      |
| Health insurance increase                          |                                 | 26,450       |             | 26,450      |                | 31,234       |             | 31,234      |
| Retirement contribution increase                   |                                 | 7,104        |             | 7,104       |                |              |             | 0           |
| Provides an equity increase to the State Treasurer |                                 |              |             | 0           |                | 14,621       |             | 14,621      |
| Reduces funding for information technology costs   |                                 | (59,031)     |             | (59,031)    |                | (59,031)     |             | (59,031)    |
| Adjusts funding for coal severance payments        |                                 | (9,000)      |             | (9,000)     |                | (9,000)      |             | (9,000)     |
| Total ongoing funding changes                      | 0.00                            | \$640        | \$0         | \$640       | 0.00           | (\$3,373)    | \$0         | (\$3,373)   |
| <b>One-time funding items</b>                      |                                 |              |             |             |                |              |             |             |
| No one-time funding items                          |                                 |              |             | \$0         |                |              |             | \$0         |
| Total one-time funding changes                     | 0.00                            | \$0          | \$0         | \$0         | 0.00           | \$0          | \$0         | \$0         |
| <b>Total Changes to Base Level Funding</b>         | 0.00                            | \$640        | \$0         | \$640       | 0.00           | (\$3,373)    | \$0         | (\$3,373)   |
| <b>2019-21 Total Funding</b>                       | 7.00                            | \$1,748,039  | \$0         | \$1,748,039 | 7.00           | \$1,744,026  | \$0         | \$1,744,026 |

**Other Sections for State Treasurer - Budget No. 120**

|                           | Executive Budget Recommendation                                                                                                                                                                                                     | Senate Version                                                                                                                                                                                                                             |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Salary of State Treasurer | Section 2 would provide the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$99,881 to \$103,876 (4 percent) in fiscal year 2020 and to \$105,954 (2 percent) in fiscal year 2021. | Section 2 provides the statutory changes necessary to provide an equity increase to the State Treasurer's salary and to increase the salary to \$107,885 (2 percent) in fiscal year 2020 and to \$111,122 (3 percent) in fiscal year 2021. |

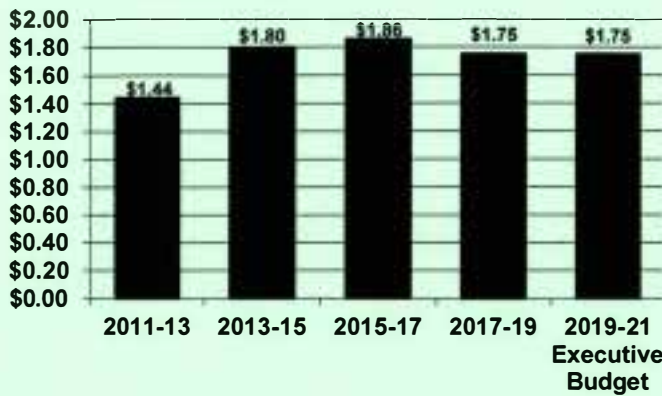


## Department 120 - State Treasurer

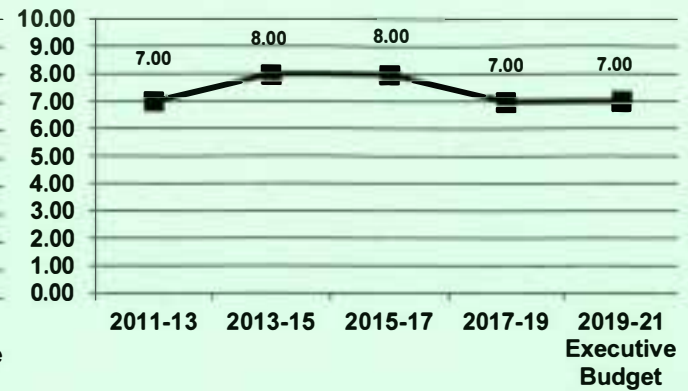
# Historical Appropriations Information

## Ongoing General Fund Appropriations Since 2011-13

Agency Funding (in Millions)



FTE Positions



| Ongoing General Fund Appropriations                             |             |             |             |             |                          |
|-----------------------------------------------------------------|-------------|-------------|-------------|-------------|--------------------------|
|                                                                 | 2011-13     | 2013-15     | 2015-17     | 2017-19     | 2019-21 Executive Budget |
| Ongoing general fund appropriations                             | \$1,438,802 | \$1,797,631 | \$1,856,899 | \$1,747,399 | \$1,748,039              |
| Increase (decrease) from previous biennium                      | N/A         | \$358,829   | \$59,268    | (\$109,500) | \$640                    |
| Percentage increase (decrease) from previous biennium           | N/A         | 24.9%       | 3.3%        | (5.9%)      | 0.0%                     |
| Cumulative percentage increase (decrease) from 2011-13 biennium | N/A         | 24.9%       | 29.1%       | 21.4%       | 21.5%                    |

### Major Increases (Decreases) in Ongoing General Fund Appropriations

#### 2013-15 Biennium

1. Added funding for 1 FTE accounting manager position \$195,223
2. Added funding for temporary salaries \$60,000

#### 2015-17 Biennium

1. Added funding for information technology costs, including desktop support services \$101,658
2. Reduced funding for salaries and wages related to the August 2016 budget reductions (\$74,309)

#### 2017-19 Biennium

1. Removed 1 FTE deputy state treasurer position and reduced funding for temporary staff (\$132,696)
2. Added funding for operating expenses primarily related to information technology costs \$50,646
3. Reduced funding for coal severance shortfall payments (\$48,952)

#### 2019-21 Biennium (Executive Budget Recommendation)

1. Reduces funding for operating expenses primarily related to information technology costs (\$59,031)
2. Reduces funding for the estimated coal severance payments related to the allocation formula change in Section 4 of House Bill No. 1005 (2017) (\$9,000)

**GOVERNOR'S RECOMMENDATION FOR THE  
STATE TREASURER AS SUBMITTED  
BY THE OFFICE OF MANAGEMENT AND BUDGET**

**SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury not otherwise appropriated, to the state treasurer for the purpose of defraying the expenses of that agency, for the biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

|                                | <u>Base Level</u> | <u>Adjustments or<br/>Enhancements</u> | <u>Appropriation</u> |
|--------------------------------|-------------------|----------------------------------------|----------------------|
| Salaries and wages             | \$1,316,139       | \$68,671                               | \$1,384,810          |
| Operating expenses             | 251,260           | (59,031)                               | 192,229              |
| Coal severance payments        | 180,000           | (9,000)                                | 171,000              |
| Total general fund             | \$1,747,399       | \$640                                  | \$1,748,039          |
| Full-time equivalent positions | 7.00              | 0.00                                   | 7.00                 |

**SECTION 2. AMENDMENT.** Section 54-11-13 of the North Dakota Century Code is amended and reenacted as follows:

**54-11-13. Salary of state treasurer.**

The annual salary of the state treasurer is ~~ninety-six thousand nine hundred seventy-two dollars through June 30, 2016, and ninety-nine thousand eight hundred eighty-one~~ one hundred three thousand eight hundred seventy six dollars through June 30, 2018 and one hundred five thousand nine hundred fifty four dollars thereafter.



**66<sup>TH</sup> LEGISLATIVE ASSEMBLY**

# **ANALYSIS OF CHANGES TO BASE FUNDING LEVELS**



**FEBRUARY 20, 2019  
(CROSSOVER)**

Prepared by the Legislative Council Staff

# TABLE OF CONTENTS

## ANALYSIS OF LEGISLATIVE CHANGES TO THE BASE LEVEL BUDGET AT CROSSOVER

| Reports                              | Page |
|--------------------------------------|------|
| General Fund Executive Summary       | i    |
| Budget Status Report                 |      |
| Summary                              | iii  |
| General Fund Revenue Changes         | iv   |
| Appropriations Changes               | vi   |
| One-time general fund appropriations | ix   |

Legislative changes by agency - Legislative changes for each agency, as of crossover, are included in the report organized by bill number. (The bill number is indicated on the bottom of each page.)

| Agency                                        | Bill No.                           |
|-----------------------------------------------|------------------------------------|
| Adjutant General                              | SB 2016, SB 2195                   |
| Administrative Hearings, Office of            | HB 1017                            |
| Aeronautics Commission                        | HB 1006                            |
| Agriculture Commissioner                      | SB 2009, HB 1383                   |
| Agronomy Seed Farm                            | HB 1020                            |
| Attorney General                              | SB 2003                            |
| Auditor                                       | SB 2004                            |
| Bank of North Dakota                          | HB 1014, SB 2282                   |
| Bismarck State College                        | HB 1003                            |
| Career and Technical Education, Board for     | HB 1019                            |
| Carrington Research Extension Center          | HB 1020                            |
| Central Grasslands Research Extension Center  | HB 1020                            |
| Commerce, Department of                       | HB 1018, HB 1402, SB 2263, SB 2265 |
| Corrections and Rehabilitation, Department of | HB 1015                            |
| Council on the Arts                           | HB 1010                            |
| Dakota College at Bottineau                   | HB 1003                            |
| Dickinson Research Extension Center           | HB 1020                            |
| Dickinson State University                    | HB 1003, SB 2297                   |
| District Court                                | HB 1002                            |
| Emergency Services, Department of             | SB 2016                            |
| Environmental Quality, Department of          | HB 1024                            |
| Ethics Commission                             | HB 1521, SB 2148                   |
| Financial Institutions, Department of         | HB 1008                            |
| Fire district payments                        | SB 2010                            |
| Forest Service                                | HB 1003                            |
| Game and Fish Department                      | SB 2017                            |
| Governor                                      | SB 2001                            |
| Health Department                             | HB 1004, HB 1359                   |
| Hettinger Research Extension Center           | HB 1020                            |
| Higher education                              | HB 1003                            |
| Highway Patrol                                | HB 1011                            |
| Historical Society                            | SB 2018, SB 2146                   |
| Homestead tax credit                          | SB 2006                            |
| Housing Finance Agency                        | HB 1014                            |
| Human Services, Department of                 | SB 2012                            |
| Indian Affairs Commission                     | HB 1005                            |
| Industrial Commission                         | HB 1014, SB 2214, SB 2268, SB 2275 |
| Information Technology Department             | HB 1021, HB 1435                   |
| Insurance Commissioner                        | SB 2010                            |
| International Peace Garden                    | SB 2019                            |
| Job Service                                   | HB 1016                            |
| Judicial branch                               | HB 1002                            |
| Judicial Conduct Commission                   | HB 1002                            |
| Labor Commissioner                            | SB 2007                            |
| Lake Region State College                     | HB 1003                            |
| Langdon Research Extension Center             | HB 1020                            |

|                                             |                           |
|---------------------------------------------|---------------------------|
| Legal Counsel for Indigents                 | HB 1022                   |
| Legislative Assembly                        | HB 1001                   |
| Legislative Council                         | HB 1001                   |
| Life Skills and Transition Center           | SB 2012                   |
| Main Research Center                        | HB 1020                   |
| Management and Budget, Office of            | SB 2015, SB 2224, SB 2271 |
| Mayville State University                   | HB 1003                   |
| Mill and Elevator                           | HB 1014                   |
| Minot State University                      | HB 1003                   |
| NDSU Extension Service                      | HB 1020                   |
| North Central Research Extension Center     | HB 1020                   |
| North Dakota State College of Science       | HB 1003                   |
| North Dakota State University               | HB 1003, SB 2297          |
| Northern Crops Institute                    | HB 1020, SB 2297          |
| Parks and Recreation Department             | SB 2019                   |
| Protection and Advocacy Project             | SB 2014                   |
| Public Employees Retirement System          | SB 2023                   |
| Public Instruction, Department of           | SB 2013, SB 2265          |
| Public Printing                             | SB 2002                   |
| Public Service Commission                   | SB 2008                   |
| Racing Commission                           | HB 1023                   |
| Retirement and Investment Office            | SB 2022                   |
| Secretary of State                          | SB 2002                   |
| Securities Commissioner                     | SB 2011                   |
| School for the Blind - Vision Services      | SB 2013                   |
| School for the Deaf                         | SB 2013                   |
| State Fair                                  | HB 1009                   |
| State Hospital                              | SB 2012                   |
| State Library                               | SB 2013                   |
| Supreme Court                               | HB 1002                   |
| Tax Commissioner                            | SB 2006                   |
| Transportation, Department of               | HB 1012, SB 2268          |
| Treasurer                                   | SB 2005                   |
| Trust Lands, Department of                  | HB 1013                   |
| UND Medical Center                          | HB 1003                   |
| University of North Dakota                  | HB 1003                   |
| University System Office                    | HB 1003                   |
| Upper Great Plains Transportation Institute | HB 1020                   |
| Valley City State University                | HB 1003, SB 2297          |
| Veterans' Affairs, Department of            | HB 1025                   |
| Veterans' Home                              | HB 1007                   |
| Vision Services - School for the Blind      | SB 2013                   |
| Water Commission                            | SB 2020                   |
| Williston Research Extension Center         | HB 1020                   |
| Williston State College                     | HB 1003                   |
| Workforce Safety and Insurance              | SB 2021                   |

**2019-21 BUDGET STATUS SUMMARY  
AS OF FEBRUARY 20, 2019 - CROSSOVER**

**Beginning Balance and Revenues**

|                                                                                                                                           |                           |
|-------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Legislative estimate of unobligated general fund cash balance - July 1, 2019                                                              | \$65,000,000 <sup>1</sup> |
| Add 2019-21 estimated revenues                                                                                                            |                           |
| January 2019 legislative base revenue forecast                                                                                            | \$4,173,075,986           |
| Legislative changes to base revenue forecast                                                                                              |                           |
| Major increases                                                                                                                           |                           |
| HB 1066 - Increases the allocation of oil and gas tax collections to the general fund                                                     | \$100,000,000             |
| Major decreases                                                                                                                           |                           |
| HB 1106 - Provides for an insurance premium tax credit for the payment of an assessment related to the invisible reinsurance pool         | (31,702,006)              |
| HB 1174 - Provides an income tax deduction for the taxable portion of Social Security benefits                                            | (20,800,000)              |
| HB 1424 - Provides a sales and use tax exemption for purchases made by contractors on behalf of tax exempt entities                       | (40,400,000)              |
| HB 1530 - Transfers 50 percent of the legacy fund earnings at the end of each biennium to a legacy income tax reduction fund              | (150,000,000)             |
| SB 2282 - Transfers 15 percent of the legacy fund earnings at the end of each biennium to an economic diversification research grant fund | (45,000,000)              |
| Other increases (decreases)                                                                                                               | <u>(8,639,371)</u>        |
| Total legislative changes affecting revenues                                                                                              | <u>(\$196,541,377)</u>    |
| Total estimated general fund revenues and beginning balance - 2019-21                                                                     | \$4,041,534,609           |

**Appropriations**

|                                                                                            |                      |
|--------------------------------------------------------------------------------------------|----------------------|
| Base level appropriations                                                                  | \$4,269,474,415      |
| Legislative increases (decreases) to base level appropriations                             |                      |
| Major increases                                                                            |                      |
| HB 1002 - Judicial branch                                                                  | 4,256,977            |
| HB 1003 - North Dakota University System                                                   | 35,081,983           |
| HB 1004 - State Department of Health                                                       | 3,302,505            |
| HB 1015 - Department of Corrections and Rehabilitation                                     | 12,060,421           |
| HB 1018 - Department of Commerce                                                           | 3,134,988            |
| HB 1019 - Department of Career and Technical Education                                     | 8,403,208            |
| SB 2012 - Department of Human Services                                                     | 226,346,965          |
| SB 2013 - Department of Public Instruction                                                 | 293,102,254          |
| SB 2015 - Office of Management of Budget                                                   | 3,064,204            |
| SB 2268 - Department of Transportation - Corridors of commerce                             | 4,000,000            |
| SB 2271 - Office of Management and Budget - Housing incentive fund                         | 10,000,000           |
| SB 2275 - Industrial Commission - Infrastructure revolving loan fund debt service payments | 26,000,000           |
| Major decreases                                                                            |                      |
| SB 2011 - Securities Department - Changes to a special fund agency                         | (2,184,714)          |
| Other increases (decreases) net                                                            | <u>27,915,494</u>    |
| Total legislative changes affecting appropriations                                         | <u>\$654,484,285</u> |
| Total 2019-21 general fund appropriations                                                  | \$4,923,958,700      |

**Estimated Ending Balance - June 30, 2021**

|                                                     |                        |
|-----------------------------------------------------|------------------------|
| <b>Estimated budget status general fund balance</b> | <b>(\$882,424,091)</b> |
|-----------------------------------------------------|------------------------|

## Footnotes

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| <sup>1</sup> January 2019 base revenue forecast - Unobligated general fund cash balance on June 30, 2019                                                                                                                                                                                                                                                                                                                                                                                                                                     | \$413,433,705 <sup>a</sup>        |
| Legislative action affecting the June 30, 2019, balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                   |
| HB 1012 - Provides an appropriation to the Department of Transportation                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | (13,000,000)                      |
| HB 1015 - Provides an exemption to the Department of Corrections and Rehabilitation                                                                                                                                                                                                                                                                                                                                                                                                                                                          | (2,150,000)                       |
| HB 1018 - Provides an appropriation to the Department of Commerce                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | (27,000,000)                      |
| SB 2013 - Provides an exemption to the Department of Public Instruction                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | (4,000,000)                       |
| SB 2024 - Provides deficiency appropriations to various state agencies                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <u>(6,049,984)</u>                |
| Total legislative changes affecting the beginning balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | (\$52,199,984)                    |
| Estimated general fund cash balance prior to budget stabilization fund transfer                                                                                                                                                                                                                                                                                                                                                                                                                                                              | \$361,233,721                     |
| Estimated transfer to budget stabilization fund - June 30, 2019                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <u>(296,233,721) <sup>b</sup></u> |
| Legislative estimate of unobligated general fund cash balance - July 1, 2019                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <u>\$65,000,000</u>               |
| <sup>a</sup> The beginning balance reflects estimated unexpended 2017-19 biennium general fund appropriations of \$34.9 million.                                                                                                                                                                                                                                                                                                                                                                                                             |                                   |
| <sup>b</sup> North Dakota Century Code Chapter 54-27.2 provides that any amount in the general fund at the end of a biennium in excess of \$65 million must be transferred to the budget stabilization fund except that the balance in the budget stabilization fund may not exceed 15 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. The amount shown is based on the current estimate of the June 30, 2019, general fund balance and the current status of 2019-21 biennium general fund |                                   |

## Budget Stabilization Fund Transfer and Balance

|                                      |                    |
|--------------------------------------|--------------------|
| Estimated balance - June 30, 2019    | \$113,308,675      |
| Estimated transfer from general fund | <u>296,233,721</u> |
| Estimated balance - July 1, 2019     | \$409,542,396      |

## Strategic Investment and Improvements Fund

|                                                                                                |                       |
|------------------------------------------------------------------------------------------------|-----------------------|
| Estimated July 1, 2019, balance available for appropriation or transfer                        | \$766,129,670         |
| Appropriations and transfers                                                                   |                       |
| HB 1006 - Aeronautics Commission - Airport grants                                              | (\$5,000,000)         |
| HB 1013 - Department of Trust Lands - Oil and gas impact grants                                | (4,000,000)           |
| HB 1014 - Industrial Commission - Rare earth element study and fracturing sand study           | (270,000)             |
| HB 1015 - Department of Corrections and Rehabilitation - Equipment and repairs                 | (1,468,000)           |
| HB 1020 - North Dakota State University Main Research Center - Extraordinary repairs           | (1,440,465)           |
| HB 1024 - Department of Environmental Quality - Air pollution control primacy implementation   | (1,040,000)           |
| SB 2002 - Secretary of State - Voting system information technology project                    | (8,200,000)           |
| SB 2012 - Department of Human Services - Information technology projects and capital projects  | (11,490,695)          |
| SB 2015 - Office of Management and Budget - Litigation funding pool and real estate assessment | (5,000,000)           |
| SB 2016 - Adjutant General - Information technology project and Camp Grafton project           | (2,502,253)           |
| SB 2019 - Parks and Recreation Department - Capital projects at various parks                  | <u>(3,755,000)</u>    |
| Total appropriations and transfers                                                             | <u>(\$44,166,413)</u> |
| Estimated remaining funds                                                                      | \$721,963,257         |

This summary and additional detail are available online at <https://www.legis.nd.gov/fiscal/66-2019>

State of North Dakota  
Tentative Budget Status Report  
Budget Status Summary  
As of February 20, 2019

| Legislative Budget Status - General Fund Summary |                 |
|--------------------------------------------------|-----------------|
| Estimated beginning balance                      | \$65,000,000    |
| Add estimated revenue                            | 3,976,534,609   |
| Total funds available                            | \$4,041,534,609 |
| Less appropriations                              | 4,923,958,700   |
| Estimated ending balance - June 30, 2021         | (\$882,424,091) |

-----  
**Legislative Changes to the Base Budget**  
-----

|                             | General Fund Appropriations and Revenues |                     |                       |
|-----------------------------|------------------------------------------|---------------------|-----------------------|
|                             | Base Budget                              | Legislative Changes | Current Budget Status |
| Estimated beginning balance | \$65,000,000                             | \$0                 | \$65,000,000          |
| Add estimated revenue       | 4,173,075,986                            | (196,541,377)       | 3,976,534,609         |
| Total funds available       | \$4,238,075,986                          | (\$196,541,377)     | \$4,041,534,609       |
| Less appropriations         | 4,269,474,415                            | 654,484,285         | 4,923,958,700         |
| Estimated ending balance    | (\$31,398,429)                           | (\$851,025,662)     | (\$882,424,091)       |

|                                | All Funds Appropriations |                     |                       |
|--------------------------------|--------------------------|---------------------|-----------------------|
|                                | Base Budget              | Legislative Changes | Current Budget Status |
| General fund appropriations    | \$4,269,474,415          | \$654,484,285       | \$4,923,958,700       |
| Estimated income               | 7,965,178,912            | 1,692,126,216       | 9,657,305,128         |
| Total all funds appropriations | \$12,234,653,327         | \$2,346,610,501     | \$14,581,263,828      |

State of North Dakota  
Tentative Budget Status Report  
Legislative General Fund Revenue Changes to the Base Budget by Revenue Type  
As of February 20, 2019

| Revenue Type                                 | Bill No. | Action By | General Fund<br>Change       | Explanation of Change                                                                                                                                                          |
|----------------------------------------------|----------|-----------|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sales and use tax                            | HB 1424  | H         | (\$40,400,000)               | Provides a sales and use tax exemption for purchases made by contractors on behalf of tax exempt entities                                                                      |
| Motor vehicle excise tax                     | HB 1292  | H         | (\$155,200)                  | Allows for certain reductions to the purchase price of a vehicle resulting in a decrease in motor vehicle excise tax collections                                               |
| Individual income tax                        | HB 1040  | H         | (\$745,000)                  | Provides up to \$500,000 of total individual and corporate income tax credits per year related to manufacturing and automation incentives                                      |
|                                              | HB 1053  | H         | (3,000,000)                  | Provides an income tax deduction for military retirement pay                                                                                                                   |
|                                              | HB 1111  | H         | (520,000)                    | Provides an alternate method for calculating an income tax credit for research expenses resulting in a decrease in tax collections                                             |
|                                              | HB 1174  | H         | (20,800,000)                 | Provides an income tax deduction for the taxable portion of Social Security benefits                                                                                           |
| <b>Total Changes - Individual income tax</b> |          |           | <b><u>(\$25,065,000)</u></b> |                                                                                                                                                                                |
| Corporate income tax                         | HB 1040  | H         | (\$255,000)                  | Provides up to \$500,000 of total individual and corporate income tax credits per year related to manufacturing and automation incentives                                      |
|                                              | HB 1111  | H         | (180,000)                    | Provides an alternate method for calculating an income tax credit for research expenses resulting in a decrease in tax collections                                             |
| <b>Total Changes - Corporate income tax</b>  |          |           | <b><u>(\$435,000)</u></b>    |                                                                                                                                                                                |
| Oil and gas production tax                   | HB 1066  | H         | \$50,000,000                 | Increases the allocation of oil and gas tax collections to the general fund                                                                                                    |
| Oil extraction tax                           | HB 1066  | H         | \$50,000,000                 | Increases the allocation of oil and gas tax collections to the general fund                                                                                                    |
| Gaming tax                                   | HB 1533  | H         | (\$184,000)                  | Adjusts the tax rate for gaming proceeds associated with electronic pull tabs and deposits certain gaming tax revenue in a gaming technology fund rather than the general fund |
|                                              | SB 2003  | S         | (400,000)                    | Provides a transfer to a gaming technology fund reducing the amount deposited in the general fund                                                                              |
|                                              | SB 2162  | S         | (88,800)                     | Increases the limit of prizes that may be awarded by a charitable organization without a state gaming license                                                                  |
| <b>Total Changes - Gaming tax</b>            |          |           | <b><u>(\$672,800)</u></b>    |                                                                                                                                                                                |
| Insurance premium tax                        | HB 1106  | H         | (\$31,702,006)               | Provides for an insurance premium tax credit for the payment of an assessment related to the invisible reinsurance pool                                                        |
|                                              | SB 2010  | S         | (3,753,944)                  | Increases payments to fire departments and the North Dakota Firefighter's Association resulting in a decrease in deposits in the general fund                                  |
| <b>Total Changes - Insurance premium tax</b> |          |           | <b><u>(\$35,455,950)</u></b> |                                                                                                                                                                                |
| Departmental collections                     | HB 1004  | H         | \$312,000                    | Increases the fees for vital records and transfers the excess revenue to the general fund                                                                                      |

|                                                 |         |   |                               |                                                                                                                                      |
|-------------------------------------------------|---------|---|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
|                                                 | HB 1194 | H | 3,693,057                     | Provides for 50 percent of any cost-savings resulting from tribal care coordination agreements to be deposited in the general fund   |
|                                                 | HB 1516 | H | (69,360)                      | Deposits fees collected by the Commission on Legal Counsel for Indigents in a special fund rather than the general fund              |
|                                                 | SB 2011 | S | (2,524,124)                   | Deposits fees and penalties collected by the Securities Department in a special fund rather than the general fund                    |
|                                                 | SB 2115 | S | (14,000)                      | Deposits child support penalties in a special fund maintained by the Department of Human Services rather than the general fund       |
| <b>Total Changes - Departmental collections</b> |         |   | <b><u>\$1,397,573</u></b>     |                                                                                                                                      |
| Transfer - Lottery                              | SB 2003 | S | (\$755,000)                   | Increases the amount designated for the multijurisdictional drug task force fund reducing the amount transferred to the general fund |
| Transfer - Legacy fund                          | HB 1530 | H | (\$150,000,000)               | Transfers 50 percent of the legacy fund earnings at the end of each biennium to a legacy income tax reduction fund                   |
|                                                 | SB 2282 | S | (45,000,000)                  | Transfers 15 percent of the legacy fund earnings at the end of each biennium to an economic diversification research grant fund      |
| <b>Total Changes - Transfer - Legacy fund</b>   |         |   | <b><u>(\$195,000,000)</u></b> |                                                                                                                                      |
| <b>Total All Changes:</b>                       |         |   | <b><u>(\$196,541,377)</u></b> |                                                                                                                                      |



**State of North Dakota**  
**Tentative Budget Status Report**  
**Legislative Appropriations Changes to the Base Budget by Bill No.**  
**As of February 20, 2019**

| Bill No.                | Department                            | Action by | General Fund | Estimated Income | All Funds     |
|-------------------------|---------------------------------------|-----------|--------------|------------------|---------------|
| HB 1001                 | Legislative Assembly                  | H         | \$1,609,695  | \$140,000        | \$1,749,695   |
|                         | Legislative Council                   | H         | 1,064,608    |                  | 1,064,608     |
| Total Changes - HB 1001 |                                       |           | \$2,674,303  | \$140,000        | \$2,814,303   |
| HB 1002                 | Supreme Court                         | H         | \$277,824    |                  | \$277,824     |
|                         | District Courts                       | H         | 3,925,751    | \$315,033        | 4,240,784     |
|                         | Judicial Conduct Commission           | H         | 53,402       | 18,724           | 72,126        |
| Total Changes - HB 1002 |                                       |           | \$4,256,977  | \$333,757        | \$4,590,734   |
| HB 1003                 | University System Office              | H         | \$6,536,864  | \$2,550,610      | \$9,087,474   |
|                         | Bismarck State College                | H         | 294,779      | (3,062,872)      | (2,768,093)   |
|                         | Lake Region State College             | H         | 172,635      | 4,405,672        | 4,578,307     |
|                         | Williston State College               | H         | 1,651,227    | (137,663)        | 1,513,564     |
|                         | University of North Dakota            | H         | 6,727,099    | 143,918,802      | 150,645,901   |
|                         | UND Medical Center                    | H         | 11,087,697   | 4,768,324        | 15,856,021    |
|                         | North Dakota State University         | H         | 3,753,289    | 97,661,956       | 101,415,245   |
|                         | State College of Science              | H         | 1,249,342    | 3,898,705        | 5,148,047     |
|                         | Dickinson State University            | H         | 735,137      | 1,675,772        | 2,410,909     |
|                         | Mayville State University             | H         | 2,080,768    | 1,906,832        | 3,987,600     |
|                         | Minot State University                | H         | (69,640)     | 3,207,692        | 3,138,052     |
|                         | Valley City State University          | H         | 602,574      | (1,583,258)      | (980,684)     |
|                         | Dakota College at Bottineau           | H         | 44,815       | 1,124,568        | 1,169,383     |
|                         | Forest Service                        | H         | 215,397      | 14,652           | 230,049       |
| Total Changes - HB 1003 |                                       |           | \$35,081,983 | \$260,349,792    | \$295,431,775 |
| HB 1004                 | State Department of Health            | H         | \$3,302,505  | \$8,503,033      | \$11,805,538  |
| HB 1005                 | Indian Affairs Commission             | H         | (17,333)     |                  | (17,333)      |
| HB 1006                 | Aeronautics Commission                | H         | (400,000)    | 3,840,021        | 3,440,021     |
| HB 1007                 | Veterans' Home                        | H         | (347,155)    | 482,056          | 134,901       |
| HB 1008                 | Department of Financial Institutions  | H         |              | 299,947          | 299,947       |
| HB 1009                 | State Fair Association                | H         |              |                  | 0             |
| HB 1010                 | Council on the Arts                   | H         | 21,651       | (48,004)         | (26,353)      |
| HB 1011                 | Highway Patrol                        | H         | 906,326      | 2,359,464        | 3,265,790     |
| HB 1012                 | Department of Transportation          | H         | 2,500,000    | 138,582,970      | 141,082,970   |
| HB 1013                 | Department of Trust Lands             | H         |              | 4,127,991        | 4,127,991     |
| HB 1014                 | Industrial Commission                 | H         | 1,630,706    | 2,644,219        | 4,274,925     |
|                         | Bank of North Dakota                  | H         |              | 4,865,031        | 4,865,031     |
|                         | Housing Finance Agency                | H         |              | 2,844,436        | 2,844,436     |
|                         | Mill and Elevator                     | H         |              | 8,626,293        | 8,626,293     |
| Total Changes - HB 1014 |                                       |           | \$1,630,706  | \$18,979,979     | \$20,610,685  |
| HB 1015                 | Department of Corrections and Rehab.  | H         | \$12,060,421 | \$4,978,055      | \$17,038,476  |
| HB 1016                 | Job Service North Dakota              | H         | (15,372)     | 10,136,618       | 10,121,246    |
| HB 1017                 | Office of Administrative Hearings     | H         |              | (92,358)         | (92,358)      |
| HB 1018                 | Department of Commerce                | H         | 3,134,988    | (3,499,311)      | (364,323)     |
| HB 1019                 | Dept. of Career and Technical Edu.    | H         | 8,403,208    | 5,586,455        | 13,989,663    |
| HB 1020                 | Transportation Institute              | H         | 520,232      | 257,255          | 777,487       |
|                         | Branch Research Centers               | H         | (559,795)    | 459,338          | (100,457)     |
|                         | NDSU Extension Service                | H         | 1,184,918    | 982,267          | 2,167,185     |
|                         | Northern Crops Institute              | H         | 49,416       | 137,010          | 186,426       |
|                         | Main Research Center                  | H         | (932,916)    | 157,539          | (775,377)     |
|                         | Agronomy Seed Farm                    | H         |              | 26,205           | 26,205        |
| Total Changes - HB 1020 |                                       |           | \$261,855    | \$2,019,614      | \$2,281,469   |
| HB 1021                 | Information Technology Department     | H         | \$2,637,248  | \$1,526,094      | \$4,163,342   |
| HB 1022                 | Commission on Legal Counsel for Indig | H         | 360,619      | 9,834            | 370,453       |
| HB 1023                 | Racing Commission                     | H         | 17,588       | 3,253            | 20,841        |
| HB 1024                 | Department of Environmental Quality   | H         | 1,184,008    | 7,428,412        | 8,612,420     |
| HB 1025                 | Department of Veterans' Affairs       | H         | 254,497      | (1,007,071)      | (752,574)     |
| HB 1359                 | State Department of Health            | H         |              | 335,000          | 335,000       |

|                                    |                                        |   |                     |                      |                      |
|------------------------------------|----------------------------------------|---|---------------------|----------------------|----------------------|
| HB 1383                            | Department of Agriculture              | H |                     | 5,000,000            | 5,000,000            |
| HB 1402                            | Department of Commerce                 | H | 200,000             |                      | 200,000              |
| HB 1435                            | Information Technology Department      | H |                     | 120,000,000          | 120,000,000          |
| HB 1521                            | Ethics Commission                      | H | 300,000             |                      | 300,000              |
| <b>Total Changes - House Bills</b> |                                        |   | <b>\$78,409,023</b> | <b>\$590,375,601</b> | <b>\$668,784,624</b> |
| SB 2001                            | Governor's Office                      | S | \$485,464           |                      | \$485,464            |
| SB 2002                            | Secretary of State                     | S | (182,422)           | \$12,385,493         | 12,203,071           |
|                                    | Public Printing                        | S | (31,172)            |                      | (31,172)             |
| Total Changes - SB 2002            |                                        |   | (\$213,594)         | \$12,385,493         | \$12,171,899         |
| SB 2003                            | Attorney General                       | S | \$1,173,334         | \$8,178,825          | \$9,352,159          |
| SB 2004                            | State Auditor                          | S | 915,532             | 800,807              | 1,716,339            |
| SB 2005                            | State Treasurer                        | S | (3,373)             |                      | (3,373)              |
| SB 2006                            | State Tax Commissioner                 | S | 2,877,345           |                      | 2,877,345            |
| SB 2007                            | Labor Commissioner                     | S | 323,123             | (199,789)            | 123,334              |
| SB 2008                            | Public Service Commission              | S | 766,525             | 529,658              | 1,296,183            |
| SB 2009                            | Department of Agriculture              | S | 628,636             | 3,415,513            | 4,044,149            |
| SB 2010                            | Insurance Department                   | S | 0                   | (16,092,280)         | (16,092,280)         |
| SB 2011                            | Securities Department                  | S | (2,184,714)         | 2,524,124            | 339,410              |
| SB 2012                            | DHS - Management                       | S | 7,517,887           | 18,100,469           | 25,618,356           |
|                                    | DHS - Program/Policy                   | S | 197,863,337         | 246,336,098          | 444,199,435          |
|                                    | DHS - County Social Services           | S |                     | 182,300,000          | 182,300,000          |
|                                    | DHS - Field Services                   | S | 20,965,741          | (6,392,183)          | 14,573,558           |
| Total Changes - SB 2012            |                                        |   | \$226,346,965       | \$440,344,384        | \$666,691,349        |
| SB 2013                            | Department of Public Instruction       | S | \$292,649,845       | \$108,815,319        | \$401,465,164        |
|                                    | State Library                          | S | 137,890             | 119,886              | 257,776              |
|                                    | School for the Deaf                    | S | 9,389               | 231,752              | 241,141              |
|                                    | Vision Services - School for the Blind | S | 305,130             | 251,746              | 556,876              |
| Total Changes - SB 2013            |                                        |   | \$293,102,254       | \$109,418,703        | \$402,520,957        |
| SB 2014                            | Protection and Advocacy Project        | S | \$359,137           | \$504,729            | \$863,866            |
| SB 2015                            | Office of Management and Budget        | S | 3,064,204           | 6,188,799            | 9,253,003            |
| SB 2016                            | Adjutant General                       | S | 1,979,286           | (10,426,348)         | (8,447,062)          |
|                                    | Department of Emergency Services       | S | (252,874)           | (16,757,646)         | (17,010,520)         |
| Total Changes - SB 2016            |                                        |   | \$1,726,412         | (\$27,183,994)       | (\$25,457,582)       |
| SB 2017                            | Game and Fish Department               | S |                     | \$558,637            | \$558,637            |
| SB 2018                            | State Historical Society               | S | \$1,819,684         | 321,858              | 2,141,542            |
| SB 2019                            | Parks and Recreation Department        | S | (328,827)           | 7,939,828            | 7,611,001            |
| SB 2020                            | State Water Commission                 | S |                     | 198,042,985          | 198,042,985          |
| SB 2021                            | Workforce Safety and Insurance         | S |                     | 5,198,693            | 5,198,693            |
| SB 2022                            | Retirement and Investment Office       | S |                     | 9,567,388            | 9,567,388            |
| SB 2023                            | Public Employees Retirement System     | S |                     | 331,254              | 331,254              |
| SB 2146                            | State Historical Society               | S | 450,000             |                      | 450,000              |
| SB 2148                            | Ethics Commission                      | S | 517,155             |                      | 517,155              |
| SB 2195                            | Adjutant General                       | S | 250,000             |                      | 250,000              |
| SB 2214                            | Industrial Commission                  | S |                     | 25,000,000           | 25,000,000           |
| SB 2224                            | Office of Management and Budget        | S | 1,000,000           |                      | 1,000,000            |
| SB 2263                            | Department of Commerce                 | S | 1,500,000           |                      | 1,500,000            |
| SB 2265                            | Department of Public Instruction       | S |                     | 3,000,000            | 3,000,000            |
|                                    | Department of Commerce                 | S | 200,000             |                      | 200,000              |
| Total Changes - SB 2265            |                                        |   | \$200,000           | \$3,000,000          | \$3,200,000          |
| SB 2268                            | Industrial Commission                  | S | \$4,000,000         |                      | \$4,000,000          |
|                                    | Department of Transportation           | S |                     | \$100,000,000        | 100,000,000          |
| Total Changes - SB 2268            |                                        |   | \$4,000,000         | \$100,000,000        | \$104,000,000        |
| SB 2271                            | Office of Management and Budget        | S | \$10,000,000        |                      | \$10,000,000         |
| SB 2275                            | Industrial Commission                  | S | 26,000,000          |                      | 26,000,000           |
| SB 2282                            | Bank of North Dakota                   | S |                     | \$45,000,000         | 45,000,000           |
| SB 2297                            | North Dakota State University          | S |                     | 111,200,000          | 111,200,000          |
|                                    | Dickinson State University             | S |                     | 4,500,000            | 4,500,000            |
|                                    | Valley City State University           | S |                     | 32,275,000           | 32,275,000           |
|                                    | Northern Crops Institute               | S |                     | 18,000,000           | 18,000,000           |
| Total Changes - SB 2297            |                                        |   | \$0                 | \$165,975,000        | \$165,975,000        |

|                                     |                              |   |                             |                               |                               |
|-------------------------------------|------------------------------|---|-----------------------------|-------------------------------|-------------------------------|
| SB 2300                             | Department of Human Services | S | \$1,300,000                 |                               | \$1,300,000                   |
| <b>Total Changes - Senate Bills</b> |                              |   | <u>\$576,075,262</u>        | <u>\$1,101,750,615</u>        | <u>\$1,677,825,877</u>        |
| <b>Total All Changes</b>            |                              |   | <u><u>\$654,484,285</u></u> | <u><u>\$1,692,126,216</u></u> | <u><u>\$2,346,610,501</u></u> |

State of North Dakota  
Tentative Budget Status Report  
One-Time General Fund Appropriations  
As of February 20, 2019

| Department / One-Time Appropriation          | Bill No. | Amount     |
|----------------------------------------------|----------|------------|
| <b>101 Governor's Office</b>                 |          |            |
| Boards and commissions IT project            | SB2001   | \$139,808  |
| Governor's transition costs                  | SB2001   | 65,000     |
| <b>110 Office of Management and Budget</b>   |          |            |
| Electronic procurement study                 | SB2015   | 50,000     |
| Housing incentive fund                       | SB2271   | 10,000,000 |
| State student internship                     | SB2015   | 250,000    |
| <b>112 Information Technology Department</b> |          |            |
| Cybersecurity                                | HB1021   | 8,100,000  |
| <b>117 State Auditor</b>                     |          |            |
| Copier replacement                           | SB2004   | 16,000     |
| <b>125 Attorney General</b>                  |          |            |
| Undercover vehicles                          | SB2003   | 300,000    |
| <b>150 Legislative Assembly</b>              |          |            |
| Computer and iPad replacement                | HB1001   | 517,760    |
| <b>160 Legislative Council</b>               |          |            |
| Computer replacement                         | HB1001   | 124,856    |
| Council of State Governments Conference      | HB1001   | 7,500      |
| Redistricting equipment                      | HB1001   | 22,400     |
| <b>181 Supreme Court</b>                     |          |            |
| Copy machines                                | HB1002   | 7,500      |
| <b>182 District Courts</b>                   |          |            |
| Copy machines                                | HB1002   | 75,000     |
| <b>201 Department of Public Instruction</b>  |          |            |
| Rewrite state school aid formula             | SB2013   | 200,000    |
| <b>215 University System Office</b>          |          |            |
| Challenge grants                             | HB1003   | 2,200,000  |
| Tier III capital building fund               | HB1003   | 4,000,000  |
| <b>239 Dickinson State University</b>        |          |            |
| Theodore Roosevelt digitization              | HB1003   | 250,000    |
| <b>301 State Department of Health</b>        |          |            |
| Microbiology lab IT upgrade                  | HB1004   | 90,000     |
| <b>321 Department of Veterans' Affairs</b>   |          |            |
| Grant database enhancements                  | HB1025   | 7,500      |
| Temporary loan and grant position            | HB1025   | 140,000    |
| <b>328 DHS - Program/Policy</b>              |          |            |
| Provider adjustment                          | SB2012   | 977,603    |
| <b>349 DHS - Field Services</b>              |          |            |
| State Hospital study                         | SB2012   | 200,000    |
| <b>360 Protection and Advocacy Project</b>   |          |            |
| Polycom machine                              | SB2014   | 8,000      |
| Retirement lump sum                          | SB2014   | 64,550     |
| <b>406 Labor Commissioner</b>                |          |            |
| Paperless system                             | SB2007   | 69,659     |
| <b>504 Highway Patrol</b>                    |          |            |

State of North Dakota  
Tentative Budget Status Report  
One-Time General Fund Appropriations  
As of February 20, 2019

| Department / One-Time Appropriation             | Bill No. | Amount              |
|-------------------------------------------------|----------|---------------------|
| Aircraft engine overhaul                        | HB1011   | \$81,830            |
| <b>530 Department of Corrections and Rehab.</b> |          |                     |
| Extraordinary repairs                           | HB1015   | 876,250             |
| Replace Elite servers                           | HB1015   | 40,000              |
| <b>542 Department of Emergency Services</b>     |          |                     |
| Computer aided dispatch upgrade                 | SB2016   | 66,000              |
| Message switch software                         | SB2016   | 95,000              |
| Uninterruptible power supply battery            | SB2016   | 20,000              |
| <b>601 Department of Commerce</b>               |          |                     |
| Census 2020                                     | HB1018   | 1,000,000           |
| Enhanced use lease grants                       | HB1018   | 1,000,000           |
| Unmanned aircraft system                        | HB1018   | 2,000,000           |
| Workforce grants to tribally colleges           | HB1018   | 500,000             |
| Workforce safety grant                          | HB1018   | 1,000,000           |
| <b>602 Department of Agriculture</b>            |          |                     |
| Master customer database                        | SB2009   | 110,000             |
| <b>640 Main Research Center</b>                 |          |                     |
| Williston seed cleaning plant                   | HB1020   | 250,000             |
| <b>701 State Historical Society</b>             |          |                     |
| Auditorium chairs                               | SB2018   | 75,000              |
| Exhibits and collections care                   | SB2018   | 372,000             |
| Historic site repairs                           | SB2018   | 1,000,000           |
| Whitestone hill native memorial                 | SB2018   | 200,000             |
| <b>801 Department of Transportation</b>         |          |                     |
| Short line railroad program                     | HB1012   | 2,500,000           |
| <b>Grand Total:</b>                             |          | <b>\$39,069,216</b> |

## STATEMENT OF PURPOSE OF AMENDMENT:

### House Bill No. 1001 - Funding Summary

|                                         | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------------------------|----------------|------------------|------------------|
| Legislative Assembly                    |                |                  |                  |
| Salaries and wages                      | \$10,233,424   | \$927,113        | \$11,160,537     |
| Operating expenses                      | 3,694,591      | 710,647          | 4,405,238        |
| Capital assets                          | 6,000          | 100,000          | 106,000          |
| National Conf. of State<br>Legislatures | 225,155        | 11,935           | 237,090          |
|                                         |                |                  |                  |
| Total all funds                         | \$14,159,170   | \$1,749,695      | \$15,908,865     |
| Less estimated income                   | 0              | 140,000          | 140,000          |
| General fund                            | \$14,159,170   | \$1,609,695      | \$15,768,865     |
|                                         |                |                  |                  |
| FTE                                     | 0.00           | 0.00             | 0.00             |
| Legislative Council                     |                |                  |                  |
| Salaries and wages                      | \$9,049,530    | \$886,859        | \$9,936,389      |
| Operating expenses                      | 2,911,608      | 171,749          | 3,083,357        |
| Capital assets                          |                | 6,000            | 6,000            |
|                                         |                |                  |                  |
| Total all funds                         | \$11,961,138   | \$1,064,608      | \$13,025,746     |
| Less estimated income                   | 70,000         | 0                | 70,000           |
| General fund                            | \$11,891,138   | \$1,064,608      | \$12,955,746     |
|                                         |                |                  |                  |
| FTE                                     | 36.00          | 0.00             | 36.00            |
| Bill total                              |                |                  |                  |
| Total all funds                         | \$26,120,308   | \$2,814,303      | \$28,934,611     |
| Less estimated income                   | 70,000         | 140,000          | 210,000          |
| General fund                            | \$26,050,308   | \$2,674,303      | \$28,724,611     |
|                                         |                |                  |                  |
| FTE                                     | 36.00          | 0.00             | 36.00            |

### House Bill No. 1001 - Legislative Assembly - House Action

|                                         | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------------------------|----------------|------------------|------------------|
| Salaries and wages                      | \$10,233,424   | \$927,113        | \$11,160,537     |
| Operating expenses                      | 3,694,591      | 710,647          | 4,405,238        |
| Capital assets                          | 6,000          | 100,000          | 106,000          |
| National Conf. of State<br>Legislatures | 225,155        | 11,935           | 237,090          |
|                                         |                |                  |                  |
| Total all funds                         | \$14,159,170   | \$1,749,695      | \$15,908,865     |
| Less estimated income                   | 0              | 140,000          | 140,000          |
| General fund                            | \$14,159,170   | \$1,609,695      | \$15,768,865     |
|                                         |                |                  |                  |
| FTE                                     | 0.00           | 0.00             | 0.00             |

### Department 150 - Legislative Assembly - Detail of House Changes

|                                         | Adds Funding<br>for Legislative<br>Pay Increases <sup>1</sup> | Adjusts<br>Funding for<br>Health<br>Insurance<br>Increases <sup>2</sup> | Increases<br>Funding for<br>Temporary<br>Salaries <sup>3</sup> | Restores<br>Funding for<br>Two<br>Legislative<br>Days <sup>4</sup> | Increases<br>Funding for<br>Monthly Lodging<br>Reimbursement <sup>5</sup> | Adjusts<br>Funding for<br>Operating<br>Expenses <sup>6</sup> |
|-----------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------------|--------------------------------------------------------------|
| Salaries and wages                      | \$196,858                                                     | \$594,255                                                               | \$24,000                                                       | \$112,000                                                          |                                                                           |                                                              |
| Operating expenses                      |                                                               |                                                                         |                                                                | 48,000                                                             | \$40,670                                                                  | \$64,217                                                     |
| Capital assets                          |                                                               |                                                                         |                                                                |                                                                    |                                                                           |                                                              |
| National Conf. of State<br>Legislatures |                                                               |                                                                         |                                                                |                                                                    |                                                                           |                                                              |
|                                         |                                                               |                                                                         |                                                                |                                                                    |                                                                           |                                                              |
| Total all funds                         | \$196,858                                                     | \$594,255                                                               | \$24,000                                                       | \$160,000                                                          | \$40,670                                                                  | \$64,217                                                     |
| Less estimated income                   | 0                                                             | 0                                                                       | 0                                                              | 0                                                                  | 0                                                                         | 0                                                            |
| General fund                            | \$196,858                                                     | \$594,255                                                               | \$24,000                                                       | \$160,000                                                          | \$40,670                                                                  | \$64,217                                                     |
|                                         |                                                               |                                                                         |                                                                |                                                                    |                                                                           |                                                              |
| FTE                                     | 0.00                                                          | 0.00                                                                    | 0.00                                                           | 0.00                                                               | 0.00                                                                      | 0.00                                                         |

|                                         | Increases<br>Funding for<br>National<br>Conference of<br>State<br>Legislatures<br>Dues <sup>7</sup> | Adds One-<br>Time Funding<br>for Digital<br>Signage<br>Replacement <sup>8</sup> | Adds One-<br>Time Funding<br>for Computer<br>and iPad<br>Replacement <sup>9</sup> | Adds One-<br>Time Funding<br>for Voting<br>System<br>Upgrades <sup>10</sup> | Total House<br>Changes |
|-----------------------------------------|-----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------|------------------------|
| Salaries and wages                      |                                                                                                     |                                                                                 |                                                                                   |                                                                             | \$927,113              |
| Operating expenses                      |                                                                                                     | \$40,000                                                                        | \$517,760                                                                         |                                                                             | 710,647                |
| Capital assets                          |                                                                                                     |                                                                                 |                                                                                   | \$100,000                                                                   | 100,000                |
| National Conf. of State<br>Legislatures | \$11,935                                                                                            |                                                                                 |                                                                                   |                                                                             | 11,935                 |
| Total all funds                         | \$11,935                                                                                            | \$40,000                                                                        | \$517,760                                                                         | \$100,000                                                                   | \$1,749,695            |
| Less estimated income                   | 0                                                                                                   | 40,000                                                                          | 0                                                                                 | 100,000                                                                     | 140,000                |
| General fund                            | \$11,935                                                                                            | \$0                                                                             | \$517,760                                                                         | \$0                                                                         | \$1,609,695            |
| FTE                                     | 0.00                                                                                                | 0.00                                                                            | 0.00                                                                              | 0.00                                                                        | 0.00                   |

<sup>1</sup> Funding is added for legislator compensation adjustments of 2 percent per year for regular and organizational sessions, legislators' monthly compensation, and additional monthly compensation for legislative leaders.

|                                          | <b>Current<br/>Compensation<br/>Rate</b> | <b>Rate<br/>Effective<br/>July 1, 2019</b> | <b>Rate<br/>Effective<br/>July 1, 2020</b> |
|------------------------------------------|------------------------------------------|--------------------------------------------|--------------------------------------------|
| Daily session pay                        | \$177                                    | \$181                                      | \$185                                      |
| Monthly compensation                     | \$495                                    | \$505                                      | \$515                                      |
| Leaders' additional monthly compensation | \$355                                    | \$362                                      | \$369                                      |

<sup>2</sup> Funding is added for increases in health insurance premiums from \$1,241 to \$1,427 per month.

<sup>3</sup> Funding is added for compensation adjustments of 2 percent per year for temporary session staff.

<sup>4</sup> Funding is added to restore legislative compensation and travel for 2 legislative days removed in 2017 to provide funding for 77 legislative days.

<sup>5</sup> Funding is added to increase the maximum monthly lodging expense reimbursement to \$1,796 anticipated for the 2021 legislative session. The maximum monthly lodging expense reimbursement is \$1,758 for the 2019 session.

<sup>6</sup> Funding for operating expenses is increased, including increases in funding for service contracts and repairs, telecommunications, and information technology software and decreases in information technology data processing, information technology equipment over \$5,000, and other operating expenses.

<sup>7</sup> Funding is added for increases in National Conference of State Legislatures dues, to provide for 90 percent of the dues assessment, for a total of \$237,090 for the 2019-21 biennium.

<sup>8</sup> One-time funding is added from the capitol building fund for digital signage replacement.

<sup>9</sup> One-time funding is provided for information technology equipment under \$5,000 for laptop and iPad replacement.

<sup>10</sup> One-time funding for capital assets is added from the capitol building fund for voting system upgrades.

This amendment also adds sections to:

- Identify funding from the Capitol building fund;
- Adjust 2019-21 biennium compensation rates to provide 2 percent per year increases for regular and organizational session pay, legislators' monthly compensation, and additional monthly compensation for legislative leaders; and
- Provide effective dates of the legislative compensation increases.

## House Bill No. 1001 - Legislative Council - House Action

|                       | Base Budget  | House Changes | House Version |
|-----------------------|--------------|---------------|---------------|
| Salaries and wages    | \$9,049,530  | \$886,859     | \$9,936,389   |
| Operating expenses    | 2,911,608    | 171,749       | 3,083,357     |
| Capital assets        |              | 6,000         | 6,000         |
| Total all funds       | \$11,961,138 | \$1,064,608   | \$13,025,746  |
| Less estimated income | 70,000       | 0             | 70,000        |
| General fund          | \$11,891,138 | \$1,064,608   | \$12,955,746  |
| FTE                   | 36.00        | 0.00          | 36.00         |

## Department 160 - Legislative Council - Detail of House Changes

|                       | Adjusts Funding for Base Payroll Changes <sup>1</sup> | Adds Funding for Salary and Benefit Increases <sup>2</sup> | Restores Funding for an Administrative Position <sup>3</sup> | Reduces Funding for Overtime Salaries <sup>4</sup> | Adds Funding for a Session Retention Program <sup>5</sup> | Increases Funding for Legislator Per Diem <sup>6</sup> |
|-----------------------|-------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------------|----------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------------|
| Salaries and wages    | \$39,069                                              | \$364,071                                                  | \$125,579                                                    | (\$5,091)                                          | \$333,512                                                 | \$19,731                                               |
| Operating expenses    |                                                       |                                                            |                                                              |                                                    |                                                           |                                                        |
| Capital assets        |                                                       |                                                            |                                                              |                                                    |                                                           |                                                        |
| Total all funds       | \$39,069                                              | \$364,071                                                  | \$125,579                                                    | (\$5,091)                                          | \$333,512                                                 | \$19,731                                               |
| Less estimated income | 0                                                     | 0                                                          | 0                                                            | 0                                                  | 0                                                         | 0                                                      |
| General fund          | \$39,069                                              | \$364,071                                                  | \$125,579                                                    | (\$5,091)                                          | \$333,512                                                 | \$19,731                                               |
| FTE                   | 0.00                                                  | 0.00                                                       | 0.00                                                         | 0.00                                               | 0.00                                                      | 0.00                                                   |

|                       | Decreases Funding for Reduced Interim Committee Sizes <sup>7</sup> | Restores Funding for Out-of-State Travel <sup>8</sup> | Adds Funding for Increased Lodging Rates <sup>9</sup> | Decreases Funding for Operating Expenses <sup>10</sup> | Adds Funding for Capital Assets <sup>11</sup> | Adds One-Time Funding for Computer Replacement <sup>12</sup> |
|-----------------------|--------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------|--------------------------------------------------------------|
| Salaries and wages    | (\$20,200)                                                         | \$30,188                                              |                                                       |                                                        |                                               |                                                              |
| Operating expenses    | (39,257)                                                           | 81,860                                                | \$11,600                                              | (\$37,210)                                             |                                               | \$124,856                                                    |
| Capital assets        |                                                                    |                                                       |                                                       |                                                        | \$6,000                                       |                                                              |
| Total all funds       | (\$59,457)                                                         | \$112,048                                             | \$11,600                                              | (\$37,210)                                             | \$6,000                                       | \$124,856                                                    |
| Less estimated income | 0                                                                  | 0                                                     | 0                                                     | 0                                                      | 0                                             | 0                                                            |
| General fund          | (\$59,457)                                                         | \$112,048                                             | \$11,600                                              | (\$37,210)                                             | \$6,000                                       | \$124,856                                                    |
| FTE                   | 0.00                                                               | 0.00                                                  | 0.00                                                  | 0.00                                                   | 0.00                                          | 0.00                                                         |

|                       | Adds One-Time Funding for Redistricting Equipment <sup>13</sup> | Adds One-Time Funding for Council of State Governments Conference <sup>14</sup> | Total House Changes |
|-----------------------|-----------------------------------------------------------------|---------------------------------------------------------------------------------|---------------------|
| Salaries and wages    |                                                                 |                                                                                 | \$886,859           |
| Operating expenses    | \$22,400                                                        | \$7,500                                                                         | 171,749             |
| Capital assets        |                                                                 |                                                                                 | 6,000               |
| Total all funds       | \$22,400                                                        | \$7,500                                                                         | \$1,064,608         |
| Less estimated income | 0                                                               | 0                                                                               | 0                   |
| General fund          | \$22,400                                                        | \$7,500                                                                         | \$1,064,608         |
| FTE                   | 0.00                                                            | 0.00                                                                            | 0.00                |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:



|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>   |
|---------------------------|---------------------|--------------------|----------------|
| Salary increase           | \$207,899           | \$0                | \$207,899      |
| Health insurance increase | <u>156,172</u>      | <u>0</u>           | <u>156,172</u> |
| Total                     | \$364,071           | \$0                | \$364,071      |

<sup>3</sup> Funding is restored for one of two unfunded administrative positions.

<sup>4</sup> Funding for overtime salaries is reduced.

<sup>5</sup> Funding is added for a session retention program.

<sup>6</sup> Funding is added for 2019-21 biennium compensation adjustments of 2 percent per year for legislators' attendance at interim meetings. The compensation adjustments are as follows:

|                     | <u>Current<br/>Compensation<br/>Rate</u> | <u>Rate<br/>Effective<br/>July 1, 2019</u> | <u>Rate<br/>Effective<br/>July 1, 2020</u> |
|---------------------|------------------------------------------|--------------------------------------------|--------------------------------------------|
| Interim meeting pay | \$177                                    | \$181                                      | \$185                                      |

<sup>7</sup> Funding is decreased to continue reduced committee sizes during the 2019-21 biennium, including per diem (\$20,200) and travel (\$39,257).

<sup>8</sup> Funding is added for other meetings and out-of-state travel to restore 2017-19 biennium 10 percent reductions, including per diem \$30,188 and travel \$81,860.

<sup>9</sup> Funding is added for estimated increases in the lodging rate.

<sup>10</sup> Funding is reduced for operating expenses.

<sup>11</sup> Funding is added for capital assets for emergency equipment replacement.

<sup>12</sup> One-time funding is added for information technology equipment less than \$5,000 for computer replacement.

<sup>13</sup> One-time funding is added for information technology equipment less than \$5,000 for redistricting.

<sup>14</sup> One-time funding is added for a Council of State Governments conference.

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Sections are also added to:

- Adjust 2019-21 biennium compensation rates to provide a 2 percent per year increase for interim meeting pay; and
- Provide effective dates of the legislative compensation increases.

## STATEMENT OF PURPOSE OF AMENDMENT:

### House Bill No. 1002 - Funding Summary

|                                    | Base<br>Budget | House<br>Changes | House<br>Version |
|------------------------------------|----------------|------------------|------------------|
| Supreme Court                      |                |                  |                  |
| Salaries and wages                 | \$10,909,112   | \$398,560        | \$11,307,672     |
| Operating expenses                 | 2,731,582      | (820)            | 2,730,762        |
| Capital assets                     |                | 7,500            | 7,500            |
| Judges' retirement                 | 80,764         | (80,764)         |                  |
| Guardianship monitoring<br>program | 316,204        | (46,652)         | 269,552          |
|                                    |                |                  |                  |
| Total all funds                    | \$14,037,662   | \$277,824        | \$14,315,486     |
| Less estimated income              | 0              | 0                | 0                |
| General fund                       | \$14,037,662   | \$277,824        | \$14,315,486     |
|                                    |                |                  |                  |
| FTE                                | 43.50          | 0.00             | 43.50            |
| District Courts                    |                |                  |                  |
| Salaries and wages                 | \$67,602,628   | \$4,724,467      | \$72,327,095     |
| Operating expenses                 | 20,881,207     | (455,005)        | 20,426,202       |
| Capital assets                     |                | 75,000           | 75,000           |
| Judges' retirement                 | 343,290        | (63,678)         | 279,612          |
| UND central legal<br>research      | 40,000         | (40,000)         |                  |
|                                    |                |                  |                  |
| Total all funds                    | \$88,867,125   | \$4,240,784      | \$93,107,909     |
| Less estimated income              | 1,339,138      | 315,033          | 1,654,171        |
| General fund                       | \$87,527,987   | \$3,925,751      | \$91,453,738     |
|                                    |                |                  |                  |
| FTE                                | 308.00         | 5.00             | 313.00           |
| Judicial Conduct Commission        |                |                  |                  |
| Judicial Conduct<br>Commission     | \$1,174,822    | \$72,126         | \$1,246,948      |
|                                    |                |                  |                  |
| Total all funds                    | \$1,174,822    | \$72,126         | \$1,246,948      |
| Less estimated income              | 482,701        | 18,724           | 501,425          |
| General fund                       | \$692,121      | \$53,402         | \$745,523        |
|                                    |                |                  |                  |
| FTE                                | 4.00           | 0.50             | 4.50             |
| Bill total                         |                |                  |                  |
| Total all funds                    | \$104,079,609  | \$4,590,734      | \$108,670,343    |
| Less estimated income              | 1,821,839      | 333,757          | 2,155,596        |
| General fund                       | \$102,257,770  | \$4,256,977      | \$106,514,747    |
|                                    |                |                  |                  |
| FTE                                | 355.50         | 5.50             | 361.00           |

### House Bill No. 1002 - Supreme Court - House Action

|                                    | Base<br>Budget | House<br>Changes | House<br>Version |
|------------------------------------|----------------|------------------|------------------|
| Salaries and wages                 | \$10,909,112   | \$398,560        | \$11,307,672     |
| Operating expenses                 | 2,731,582      | (820)            | 2,730,762        |
| Capital assets                     |                | 7,500            | 7,500            |
| Judges' retirement                 | 80,764         | (80,764)         |                  |
| Guardianship monitoring<br>program | 316,204        | (46,652)         | 269,552          |
|                                    |                |                  |                  |
| Total all funds                    | \$14,037,662   | \$277,824        | \$14,315,486     |
| Less estimated income              | 0              | 0                | 0                |
| General fund                       | \$14,037,662   | \$277,824        | \$14,315,486     |
|                                    |                |                  |                  |
| FTE                                | 43.50          | 0.00             | 43.50            |

## Department 181 - Supreme Court - Detail of House Changes

|                                    | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Removes<br>Funding for<br>Judges'<br>Retirement <sup>3</sup> | Reduces<br>Funding for<br>Miscellaneous<br>Expenses <sup>4</sup> | Adds One-<br>Time Funding<br>for Copy<br>Machines <sup>5</sup> | Total House<br>Changes |
|------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------------|----------------------------------------------------------------|------------------------|
| Salaries and wages                 | (\$72,810)                                                     | \$471,370                                                           |                                                              |                                                                  |                                                                | \$398,560              |
| Operating expenses                 |                                                                |                                                                     |                                                              | (\$820)                                                          |                                                                | (820)                  |
| Capital assets                     |                                                                |                                                                     |                                                              |                                                                  | \$7,500                                                        | 7,500                  |
| Judges' retirement                 |                                                                |                                                                     | (\$80,764)                                                   |                                                                  |                                                                | (80,764)               |
| Guardianship monitoring<br>program | 7,515                                                          | 10,268                                                              |                                                              | (64,435)                                                         |                                                                | (46,652)               |
|                                    |                                                                |                                                                     |                                                              |                                                                  |                                                                |                        |
| Total all funds                    | (\$65,295)                                                     | \$481,638                                                           | (\$80,764)                                                   | (\$65,255)                                                       | \$7,500                                                        | \$277,824              |
| Less estimated income              | 0                                                              | 0                                                                   | 0                                                            | 0                                                                | 0                                                              | 0                      |
| General fund                       | (\$65,295)                                                     | \$481,638                                                           | (\$80,764)                                                   | (\$65,255)                                                       | \$7,500                                                        | \$277,824              |
|                                    |                                                                |                                                                     |                                                              |                                                                  |                                                                |                        |
| FTE                                | 0.00                                                           | 0.00                                                                | 0.00                                                         | 0.00                                                             | 0.00                                                           | 0.00                   |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <b>General Fund</b> |
|---------------------------|---------------------|
| Salary increase           | \$287,454           |
| Health insurance increase | 194,184             |
| Total                     | \$481,638           |

<sup>3</sup> Base funding of \$80,764 from the general fund is removed for judges' retirement.

<sup>4</sup> Funding for miscellaneous expenses, including travel and information technology expenses, is reduced by \$65,255 from the general fund.

<sup>5</sup> One-time funding of \$7,500 from the general fund is added for a new copy machine.

## House Bill No. 1002 - District Courts - House Action

|                            | Base<br>Budget | House<br>Changes | House<br>Version |
|----------------------------|----------------|------------------|------------------|
| Salaries and wages         | \$67,602,628   | \$4,724,467      | \$72,327,095     |
| Operating expenses         | 20,881,207     | (455,005)        | 20,426,202       |
| Capital assets             |                | 75,000           | 75,000           |
| Judges' retirement         | 343,290        | (63,678)         | 279,612          |
| UND central legal research | 40,000         | (40,000)         |                  |
|                            |                |                  |                  |
| Total all funds            | \$88,867,125   | \$4,240,784      | \$93,107,909     |
| Less estimated income      | 1,339,138      | 315,033          | 1,654,171        |
| General fund               | \$87,527,987   | \$3,925,751      | \$91,453,738     |
|                            |                |                  |                  |
| FTE                        | 308.00         | 5.00             | 313.00           |

## Department 182 - District Courts - Detail of House Changes

|                            | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Reduces<br>Funding for<br>Judges'<br>Retirement <sup>3</sup> | Adds FTE<br>Positions <sup>4</sup> | Adds Funding<br>for the Court<br>Improvement<br>Program <sup>5</sup> | Reduces<br>Funding for<br>Miscellaneous<br>Expenses <sup>6</sup> |
|----------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------|------------------------------------|----------------------------------------------------------------------|------------------------------------------------------------------|
| Salaries and wages         | \$457,424                                                      | \$3,169,437                                                         |                                                              | \$841,856                          | \$255,750                                                            |                                                                  |
| Operating expenses         |                                                                |                                                                     |                                                              |                                    | 202,472                                                              | (\$657,477)                                                      |
| Capital assets             |                                                                |                                                                     |                                                              |                                    |                                                                      |                                                                  |
| Judges' retirement         |                                                                |                                                                     | (\$63,678)                                                   |                                    |                                                                      |                                                                  |
| UND central legal research |                                                                |                                                                     |                                                              |                                    |                                                                      |                                                                  |
| Total all funds            | \$457,424                                                      | \$3,169,437                                                         | (\$63,678)                                                   | \$841,856                          | \$458,222                                                            | (\$657,477)                                                      |
| Less estimated income      | (99,705)                                                       | 48,922                                                              | 0                                                            | 0                                  | 404,306                                                              | (38,490)                                                         |
| General fund               | \$557,129                                                      | \$3,120,515                                                         | (\$63,678)                                                   | \$841,856                          | \$53,916                                                             | (\$618,987)                                                      |
| FTE                        | 0.00                                                           | 0.00                                                                | 0.00                                                         | 5.00                               | 0.00                                                                 | 0.00                                                             |

|                            | Removes<br>Funding for<br>UND Central<br>Legal<br>Research <sup>7</sup> | Adds One-<br>Time Funding<br>for Copy<br>Machines <sup>8</sup> | Total House<br>Changes |
|----------------------------|-------------------------------------------------------------------------|----------------------------------------------------------------|------------------------|
| Salaries and wages         |                                                                         |                                                                | \$4,724,467            |
| Operating expenses         |                                                                         |                                                                | (455,005)              |
| Capital assets             |                                                                         | \$75,000                                                       | 75,000                 |
| Judges' retirement         |                                                                         |                                                                | (63,678)               |
| UND central legal research | (\$40,000)                                                              |                                                                | (40,000)               |
| Total all funds            | (\$40,000)                                                              | \$75,000                                                       | \$4,240,784            |
| Less estimated income      | 0                                                                       | 0                                                              | 315,033                |
| General fund               | (\$40,000)                                                              | \$75,000                                                       | \$3,925,751            |
| FTE                        | 0.00                                                                    | 0.00                                                           | 5.00                   |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | General Fund | Other Funds | Total       |
|---------------------------|--------------|-------------|-------------|
| Salary increase           | \$1,726,546  | \$26,264    | \$1,752,810 |
| Health insurance increase | 1,393,969    | 22,658      | 1,416,627   |
| Total                     | \$3,120,515  | \$48,922    | \$3,169,437 |

<sup>3</sup> Funding for judges' retirement is reduced by \$63,678 from the general fund.

<sup>4</sup> The following FTE positions and relating funding are added:

|                       | FTE Positions | General Fund |
|-----------------------|---------------|--------------|
| Deputy clerk of court | 2.00          | \$309,117    |
| Law clerk             | 2.00          | 378,067      |
| Court recorder        | 1.00          | 154,672      |
| Total                 | 5.00          | \$841,856    |

<sup>5</sup> Funding is added for the court improvement program, including \$53,916 from the general fund and \$404,306 from federal funds.

<sup>6</sup> Funding for miscellaneous expenses, including operating fees and services and information technology expenses, is reduced by \$618,987 from the general fund and \$38,490 from federal funds.

<sup>7</sup> Base funding of \$40,000 from the general fund is removed for University of North Dakota central legal research.

<sup>8</sup> One-time funding of \$75,000 from the general fund is added for 10 new copy machines.

## House Bill No. 1002 - Judicial Conduct Commission - House Action

|                             | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------------|----------------|------------------|------------------|
| Judicial Conduct Commission | \$1,174,822    | \$72,126         | \$1,246,948      |
| Total all funds             | \$1,174,822    | \$72,126         | \$1,246,948      |
| Less estimated income       | 482,701        | 18,724           | 501,425          |
| General fund                | \$692,121      | \$53,402         | \$745,523        |
| FTE                         | 4.00           | 0.50             | 4.50             |

## Department 183 - Judicial Conduct Commission - Detail of House Changes

|                             | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Adds<br>Paralegal FTE<br>Position <sup>3</sup> | Adjusts<br>Funding for<br>Miscellaneous<br>Expenses <sup>4</sup> | Total House<br>Changes |
|-----------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|------------------------------------------------|------------------------------------------------------------------|------------------------|
| Judicial Conduct Commission | (\$8,372)                                                      | \$46,579                                                            | \$36,826                                       | (\$2,907)                                                        | \$72,126               |
| Total all funds             | (\$8,372)                                                      | \$46,579                                                            | \$36,826                                       | (\$2,907)                                                        | \$72,126               |
| Less estimated income       | (9,934)                                                        | 18,725                                                              | 14,111                                         | (4,178)                                                          | 18,724                 |
| General fund                | \$1,562                                                        | \$27,854                                                            | \$22,715                                       | \$1,271                                                          | \$53,402               |
| FTE                         | 0.00                                                           | 0.00                                                                | 0.50                                           | 0.00                                                             | 0.50                   |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | General Fund | Other Funds | Total    |
|---------------------------|--------------|-------------|----------|
| Salary increase           | \$14,513     | \$9,756     | \$24,269 |
| Health insurance increase | 13,341       | 8,969       | 22,310   |
| Total                     | \$27,854     | \$18,725    | \$46,579 |

<sup>3</sup> Funding is added to convert a part-time temporary paralegal position to a 0.50 FTE position.

<sup>4</sup> Funding is adjusted for miscellaneous expenses, including an increase in rent and decreases in postage and information technology expenses.

## House Bill No. 1002 - Other Changes - House Action

This amendment also adds sections to:

- Provide the statutory changes needed to increase judges' and justices' salaries by 2 percent each year of the biennium
- Extend the effective date of the temporary court of appeals through January 1, 2024.

## STATEMENT OF PURPOSE OF AMENDMENT:

### House Bill No. 1003 - Funding Summary

|                                             | Base<br>Budget | House<br>Changes | House<br>Version |
|---------------------------------------------|----------------|------------------|------------------|
| University System Office                    |                |                  |                  |
| Capital assets - Bond<br>payments           | \$6,605,326    | (\$1,645,878)    | \$4,959,448      |
| Competitive research<br>programs            | 6,027,750      |                  | 6,027,750        |
| System governance                           | 8,163,238      | 280,095          | 8,443,333        |
| Title II                                    | 1,006,472      | (1,006,472)      |                  |
| Core technology services                    | 61,527,347     | 663,122          | 62,190,469       |
| Student financial<br>assistance grants      | 21,917,306     | 2,000,000        | 23,917,306       |
| Professional student<br>exchange program    | 3,699,342      |                  | 3,699,342        |
| Academic and CTE<br>scholarships            | 12,016,749     |                  | 12,016,749       |
| Scholars program                            | 1,807,115      |                  | 1,807,115        |
| Native American<br>scholarship              | 555,323        |                  | 555,323          |
| Tribally controlled comm.<br>college grants | 600,000        | (100,000)        | 500,000          |
| Education incentive<br>programs             | 2,863,393      | (2,103,393)      | 760,000          |
| Student mental health                       | 284,400        |                  | 284,400          |
| Veterans' assistance<br>grants              | 277,875        |                  | 277,875          |
| Shared campus services                      | 500,000        |                  | 500,000          |
| Dual-credit instructor<br>assistance        | 200,000        | (200,000)        |                  |
| Education challenge fund                    |                | 2,200,000        | 2,200,000        |
| Tier III capital building<br>fund pool      |                | 9,000,000        | 9,000,000        |
|                                             |                |                  |                  |
| Total all funds                             | \$128,051,636  | \$9,087,474      | \$137,139,110    |
| Less estimated income                       | 26,412,106     | 2,550,610        | 28,962,716       |
| General fund                                | \$101,639,530  | \$6,536,864      | \$108,176,394    |
|                                             |                |                  |                  |
| FTE                                         | 149.40         | (0.50)           | 148.90           |
|                                             |                |                  |                  |
| Bismarck State College                      |                |                  |                  |
| Operations                                  | \$101,670,034  | (\$4,447,175)    | \$97,222,859     |
| Capital assets                              | 1,922,561      |                  | 1,922,561        |
| Capital building fund                       |                | 1,679,082        | 1,679,082        |
|                                             |                |                  |                  |
| Total all funds                             | \$103,592,595  | (\$2,768,093)    | \$100,824,502    |
| Less estimated income                       | 72,991,998     | (3,062,872)      | 69,929,126       |
| General fund                                | \$30,600,597   | \$294,779        | \$30,895,376     |
|                                             |                |                  |                  |
| FTE                                         | 358.35         | (34.42)          | 323.93           |
|                                             |                |                  |                  |
| Lake Region State College                   |                |                  |                  |
| Operations                                  | \$36,449,048   | \$950,031        | \$37,399,079     |
| Capital assets                              | 362,667        | 3,000,000        | 3,362,667        |
| Capital building fund                       |                | 628,276          | 628,276          |
|                                             |                |                  |                  |
| Total all funds                             | \$36,811,715   | \$4,578,307      | \$41,390,022     |
| Less estimated income                       | 24,111,092     | 4,405,672        | 28,516,764       |
| General fund                                | \$12,700,623   | \$172,635        | \$12,873,258     |
|                                             |                |                  |                  |
| FTE                                         | 129.61         | (11.51)          | 118.10           |
|                                             |                |                  |                  |
| Williston State College                     |                |                  |                  |
| Operations                                  | \$26,954,133   | \$1,077,752      | \$28,031,885     |
| Capital assets                              | 1,261,968      |                  | 1,261,968        |
| Capital building fund                       |                | 435,812          | 435,812          |
|                                             |                |                  |                  |
| Total all funds                             | \$28,216,101   | \$1,513,564      | \$29,729,665     |
| Less estimated income                       | 19,855,598     | (137,663)        | 19,717,935       |

|                                 |               |               |                 |
|---------------------------------|---------------|---------------|-----------------|
| General fund                    | \$8,360,503   | \$1,651,227   | \$10,011,730    |
| FTE                             | 100.75        | (0.27)        | 100.48          |
| University of North Dakota      |               |               |                 |
| Operations                      | \$864,554,974 | \$20,252,443  | \$884,807,417   |
| Capital assets                  | 4,411,566     | 115,000,000   | 119,411,566     |
| Capital building fund           |               | 15,393,458    | 15,393,458      |
| Total all funds                 | \$868,966,540 | \$150,645,901 | \$1,019,612,441 |
| Less estimated income           | 728,870,450   | 143,918,802   | 872,789,252     |
| General fund                    | \$140,096,090 | \$6,727,099   | \$146,823,189   |
| FTE                             | 2,218.07      | (85.90)       | 2,132.17        |
| UND Medical Center              |               |               |                 |
| Operations                      | \$205,926,712 | \$5,179,871   | \$211,106,583   |
| Healthcare workforce initiative |               | 10,676,150    | 10,676,150      |
| Total all funds                 | \$205,926,712 | \$15,856,021  | \$221,782,733   |
| Less estimated income           | 154,078,620   | 4,768,324     | 158,846,944     |
| General fund                    | \$51,848,092  | \$11,087,697  | \$62,935,789    |
| FTE                             | 435.75        | 49.57         | 485.32          |
| North Dakota State University   |               |               |                 |
| Operations                      | \$732,673,267 | \$9,213,433   | \$741,886,700   |
| Capital assets                  | 7,799,104     | 79,800,000    | 87,599,104      |
| Capital building fund           |               | 12,401,812    | 12,401,812      |
| Total all funds                 | \$740,472,371 | \$101,415,245 | \$841,887,616   |
| Less estimated income           | 611,881,329   | 97,661,956    | 709,543,285     |
| General fund                    | \$128,591,042 | \$3,753,289   | \$132,344,331   |
| FTE                             | 1,895.66      | (25.50)       | 1,870.16        |
| State College of Science        |               |               |                 |
| Operations                      | \$91,682,610  | \$3,610,065   | \$95,292,675    |
| Capital assets                  | 1,012,379     |               | 1,012,379       |
| Capital building fund           |               | 1,537,982     | 1,537,982       |
| Total all funds                 | \$92,694,989  | \$5,148,047   | \$97,843,036    |
| Less estimated income           | 57,605,613    | 3,898,705     | 61,504,318      |
| General fund                    | \$35,089,376  | \$1,249,342   | \$36,338,718    |
| FTE                             | 345.04        | (34.31)       | 310.73          |
| Dickinson State University      |               |               |                 |
| Operations                      | \$47,135,592  | \$1,203,267   | \$48,338,859    |
| Capital assets                  | 409,078       |               | 409,078         |
| Theodore Roosevelt digitization |               | 250,000       | 250,000         |
| Capital building fund           |               | 957,642       | 957,642         |
| Total all funds                 | \$47,544,670  | \$2,410,909   | \$49,955,579    |
| Less estimated income           | 29,737,827    | 1,675,772     | 31,413,599      |
| General fund                    | \$17,806,843  | \$735,137     | \$18,541,980    |
| FTE                             | 168.90        | 44.36         | 213.26          |
| Mayville State University       |               |               |                 |
| Operations                      | \$44,197,761  | \$3,153,768   | \$47,351,529    |
| Capital assets                  | 358,992       |               | 358,992         |
| Capital building fund           |               | 833,832       | 833,832         |
| Total all funds                 | \$44,556,753  | \$3,987,600   | \$48,544,353    |
| Less estimated income           | 30,307,148    | 1,906,832     | 32,213,980      |
| General fund                    | \$14,249,605  | \$2,080,768   | \$16,330,373    |
| FTE                             | 210.53        | (1.26)        | 209.27          |

|                              |                 |               |                 |
|------------------------------|-----------------|---------------|-----------------|
| Minot State University       |                 |               |                 |
| Operations                   | \$100,710,275   | \$1,095,224   | \$101,805,499   |
| Capital assets               | 1,099,620       |               | 1,099,620       |
| Capital building fund        |                 | 2,042,828     | 2,042,828       |
|                              |                 |               |                 |
| Total all funds              | \$101,809,895   | \$3,138,052   | \$104,947,947   |
| Less estimated income        | 62,058,916      | 3,207,692     | 65,266,608      |
| General fund                 | \$39,750,979    | (\$69,640)    | \$39,681,339    |
|                              |                 |               |                 |
| FTE                          | 441.65          | (34.07)       | 407.58          |
|                              |                 |               |                 |
| Valley City State University |                 |               |                 |
| Operations                   | \$48,444,336    | (\$2,009,370) | \$46,434,966    |
| Capital assets               | 455,823         |               | 455,823         |
| Capital building fund        |                 | 1,028,686     | 1,028,686       |
|                              |                 |               |                 |
| Total all funds              | \$48,900,159    | (\$980,684)   | \$47,919,475    |
| Less estimated income        | 28,470,657      | (1,583,258)   | 26,887,399      |
| General fund                 | \$20,429,502    | \$602,574     | \$21,032,076    |
|                              |                 |               |                 |
| FTE                          | 202.75          | (22.07)       | 180.68          |
|                              |                 |               |                 |
| Dakota College at Bottineau  |                 |               |                 |
| Operations                   | \$17,168,111    | \$811,683     | \$17,979,794    |
| Capital assets               | 114,007         |               | 114,007         |
| Capital building fund        |                 | 357,700       | 357,700         |
|                              |                 |               |                 |
| Total all funds              | \$17,282,118    | \$1,169,383   | \$18,451,501    |
| Less estimated income        | 9,629,173       | 1,124,568     | 10,753,741      |
| General fund                 | \$7,652,945     | \$44,815      | \$7,697,760     |
|                              |                 |               |                 |
| FTE                          | 84.30           | (2.01)        | 82.29           |
|                              |                 |               |                 |
| Forest Service               |                 |               |                 |
| Operations                   | \$14,958,447    | \$230,049     | \$15,188,496    |
| Capital assets               | 118,728         |               | 118,728         |
|                              |                 |               |                 |
| Total all funds              | \$15,077,175    | \$230,049     | \$15,307,224    |
| Less estimated income        | 10,650,748      | 14,652        | 10,665,400      |
| General fund                 | \$4,426,427     | \$215,397     | \$4,641,824     |
|                              |                 |               |                 |
| FTE                          | 27.00           | 0.00          | 27.00           |
|                              |                 |               |                 |
| Bill total                   |                 |               |                 |
| Total all funds              | \$2,479,903,429 | \$295,431,775 | \$2,775,335,204 |
| Less estimated income        | 1,866,661,275   | 260,349,792   | 2,127,011,067   |
| General fund                 | \$613,242,154   | \$35,081,983  | \$648,324,137   |
|                              |                 |               |                 |
| FTE                          | 6,767.76        | (157.89)      | 6,609.87        |



## House Bill No. 1003 - North Dakota University System - General Fund Summary of House Action

|                               | Base<br>Budget | House<br>Changes | House<br>Version |
|-------------------------------|----------------|------------------|------------------|
| University System Office      | \$101,639,530  | \$6,536,864      | \$108,176,394    |
| Bismarck State College        | 30,600,597     | 294,779          | 30,895,376       |
| Lake Region State College     | 12,700,623     | 172,635          | 12,873,258       |
| Williston State College       | 8,360,503      | 1,651,227        | 10,011,730       |
| University of North Dakota    | 140,096,090    | 6,727,099        | 146,823,189      |
| UND Medical Center            | 51,848,092     | 11,087,697       | 62,935,789       |
| North Dakota State University | 128,591,042    | 3,753,289        | 132,344,331      |
| State College of Science      | 35,089,376     | 1,249,342        | 36,338,718       |
| Dickinson State University    | 17,806,843     | 735,137          | 18,541,980       |
| Mayville State University     | 14,249,605     | 2,080,768        | 16,330,373       |
| Minot State University        | 39,750,979     | (69,640)         | 39,681,339       |
| Valley City State University  | 20,429,502     | 602,574          | 21,032,076       |
| Dakota College at Bottineau   | 7,652,945      | 44,815           | 7,697,760        |
| Forest Service                | 4,426,427      | 215,397          | 4,641,824        |
| Total general fund            | \$613,242,154  | \$35,081,983     | \$648,324,137    |

### Detail of House Changes to the General Fund

|                               | Adjusts<br>Funding for<br>University<br>System Office <sup>1</sup> | Provides<br>Funding<br>Formula<br>Adjustments <sup>2</sup> | Adjusts<br>Special Funds<br>and FTE<br>Positions <sup>3</sup> | Adds Funding<br>for Residency<br>Program <sup>4</sup> | Adds One-<br>Time Funding<br>for Theodore<br>Roosevelt<br>Digitization <sup>5</sup> | Adds Funding<br>for Capital<br>Projects <sup>6</sup> |
|-------------------------------|--------------------------------------------------------------------|------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------------------------|------------------------------------------------------|
| University System Office      | \$6,536,864                                                        |                                                            |                                                               |                                                       |                                                                                     |                                                      |
| Bismarck State College        |                                                                    | \$294,779                                                  |                                                               |                                                       |                                                                                     |                                                      |
| Lake Region State College     |                                                                    | 172,635                                                    |                                                               |                                                       |                                                                                     |                                                      |
| Williston State College       |                                                                    | 1,651,227                                                  |                                                               |                                                       |                                                                                     |                                                      |
| University of North Dakota    |                                                                    | 6,727,099                                                  |                                                               |                                                       |                                                                                     |                                                      |
| UND Medical Center            |                                                                    | 6,580,445                                                  |                                                               | \$4,507,252                                           |                                                                                     |                                                      |
| North Dakota State University |                                                                    | 3,753,289                                                  |                                                               |                                                       |                                                                                     |                                                      |
| State College of Science      |                                                                    | 1,249,342                                                  |                                                               |                                                       |                                                                                     |                                                      |
| Dickinson State University    |                                                                    | 485,137                                                    |                                                               |                                                       | \$250,000                                                                           |                                                      |
| Mayville State University     |                                                                    | 2,080,768                                                  |                                                               |                                                       |                                                                                     |                                                      |
| Minot State University        |                                                                    | (69,640)                                                   |                                                               |                                                       |                                                                                     |                                                      |
| Valley City State University  |                                                                    | 602,574                                                    |                                                               |                                                       |                                                                                     |                                                      |
| Dakota College at Bottineau   |                                                                    | 44,815                                                     |                                                               |                                                       |                                                                                     |                                                      |
| Forest Service                |                                                                    |                                                            |                                                               |                                                       |                                                                                     |                                                      |
| Total general fund            | \$6,536,864                                                        | \$23,572,470                                               | \$0                                                           | \$4,507,252                                           | \$250,000                                                                           | \$0                                                  |

|                               | Adds Funding<br>for Capital<br>Building<br>Funds <sup>2</sup> | Adjusts Forest<br>Service<br>Funding <sup>3</sup> | Total the<br>General Fund<br>Changes |
|-------------------------------|---------------------------------------------------------------|---------------------------------------------------|--------------------------------------|
| University System Office      |                                                               |                                                   | \$6,536,864                          |
| Bismarck State College        |                                                               |                                                   | 294,779                              |
| Lake Region State College     |                                                               |                                                   | 172,635                              |
| Williston State College       |                                                               |                                                   | 1,651,227                            |
| University of North Dakota    |                                                               |                                                   | 6,727,099                            |
| UND Medical Center            |                                                               |                                                   | 11,087,697                           |
| North Dakota State University |                                                               |                                                   | 3,753,289                            |
| State College of Science      |                                                               |                                                   | 1,249,342                            |
| Dickinson State University    |                                                               |                                                   | 735,137                              |
| Mayville State University     |                                                               |                                                   | 2,080,768                            |
| Minot State University        |                                                               |                                                   | (69,640)                             |
| Valley City State University  |                                                               |                                                   | 602,574                              |
| Dakota College at Bottineau   |                                                               |                                                   | 44,815                               |
| Forest Service                |                                                               | \$215,397                                         | 215,397                              |
| Total general fund            | \$0                                                           | \$215,397                                         | \$35,081,983                         |

## House Bill No. 1003 - North Dakota University System - Other Funds Summary of House Action

|                               | Base<br>Budget  | House<br>Changes | House<br>Version |
|-------------------------------|-----------------|------------------|------------------|
| University System Office      | \$26,412,106    | \$2,550,610      | \$28,962,716     |
| Bismarck State College        | 72,991,998      | (3,062,872)      | 69,929,126       |
| Lake Region State College     | 24,111,092      | 4,405,672        | 28,516,764       |
| Williston State College       | 19,855,598      | (137,663)        | 19,717,935       |
| University of North Dakota    | 728,870,450     | 143,918,802      | 872,789,252      |
| UND Medical Center            | 154,078,620     | 4,768,324        | 158,846,944      |
| North Dakota State University | 611,881,329     | 97,661,956       | 709,543,285      |
| State College of Science      | 57,605,613      | 3,898,705        | 61,504,318       |
| Dickinson State University    | 29,737,827      | 1,675,772        | 31,413,599       |
| Mayville State University     | 30,307,148      | 1,906,832        | 32,213,980       |
| Minot State University        | 62,058,916      | 3,207,692        | 65,266,608       |
| Valley City State University  | 28,470,657      | (1,583,258)      | 26,887,399       |
| Dakota College at Bottineau   | 9,629,173       | 1,124,568        | 10,753,741       |
| Forest Service                | 10,650,748      | 14,652           | 10,665,400       |
| Total other funds             | \$1,866,661,275 | \$260,349,792    | \$2,127,011,067  |

### Detail of House Changes to Other Funds

|                               | Adjusts<br>Funding for<br>University<br>System Office <sup>1</sup> | Provides<br>Funding<br>Formula<br>Adjustments <sup>2</sup> | Adjusts<br>Special Funds<br>and FTE<br>Positions <sup>3</sup> | Adds Funding<br>for Residency<br>Program <sup>4</sup> | Adds One-<br>Time Funding<br>for Theodore<br>Roosevelt<br>Digitization <sup>5</sup> | Adds Funding<br>for Capital<br>Projects <sup>6</sup> |
|-------------------------------|--------------------------------------------------------------------|------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------------------------|------------------------------------------------------|
| University System Office      | \$2,550,610                                                        |                                                            |                                                               |                                                       |                                                                                     |                                                      |
| Bismarck State College        |                                                                    |                                                            | (\$4,741,954)                                                 |                                                       |                                                                                     |                                                      |
| Lake Region State College     |                                                                    |                                                            | 777,396                                                       |                                                       |                                                                                     | \$3,000,000                                          |
| Williston State College       |                                                                    |                                                            | (573,475)                                                     |                                                       |                                                                                     |                                                      |
| University of North Dakota    |                                                                    |                                                            | 13,525,344                                                    |                                                       |                                                                                     | 115,000,000                                          |
| UND Medical Center            |                                                                    |                                                            | 4,768,324                                                     |                                                       |                                                                                     |                                                      |
| North Dakota State University |                                                                    |                                                            | 5,460,144                                                     |                                                       |                                                                                     | 79,800,000                                           |
| State College of Science      |                                                                    |                                                            | 2,360,723                                                     |                                                       |                                                                                     |                                                      |
| Dickinson State University    |                                                                    |                                                            | 718,130                                                       |                                                       |                                                                                     |                                                      |
| Mayville State University     |                                                                    |                                                            | 1,073,000                                                     |                                                       |                                                                                     |                                                      |
| Minot State University        |                                                                    |                                                            | 1,164,864                                                     |                                                       |                                                                                     |                                                      |
| Valley City State University  |                                                                    |                                                            | (2,611,944)                                                   |                                                       |                                                                                     |                                                      |
| Dakota College at Bottineau   |                                                                    |                                                            | 766,868                                                       |                                                       |                                                                                     |                                                      |
| Forest Service                |                                                                    |                                                            |                                                               |                                                       |                                                                                     |                                                      |
| Total other funds             | \$2,550,610                                                        | \$0                                                        | \$22,687,420                                                  | \$0                                                   | \$0                                                                                 | \$197,800,000                                        |

|                               | Adds Funding<br>for Capital<br>Building<br>Funds <sup>7</sup> | Adjusts Forest<br>Service<br>Funding <sup>8</sup> | Total Other<br>Funds<br>Changes |
|-------------------------------|---------------------------------------------------------------|---------------------------------------------------|---------------------------------|
| University System Office      |                                                               |                                                   | \$2,550,610                     |
| Bismarck State College        | \$1,679,082                                                   |                                                   | (3,062,872)                     |
| Lake Region State College     | 628,276                                                       |                                                   | 4,405,672                       |
| Williston State College       | 435,812                                                       |                                                   | (137,663)                       |
| University of North Dakota    | 15,393,458                                                    |                                                   | 143,918,802                     |
| UND Medical Center            |                                                               |                                                   | 4,768,324                       |
| North Dakota State University | 12,401,812                                                    |                                                   | 97,661,956                      |
| State College of Science      | 1,537,982                                                     |                                                   | 3,898,705                       |
| Dickinson State University    | 957,642                                                       |                                                   | 1,675,772                       |
| Mayville State University     | 833,832                                                       |                                                   | 1,906,832                       |
| Minot State University        | 2,042,828                                                     |                                                   | 3,207,692                       |
| Valley City State University  | 1,028,686                                                     |                                                   | (1,583,258)                     |
| Dakota College at Bottineau   | 357,700                                                       |                                                   | 1,124,568                       |
| Forest Service                |                                                               | \$14,652                                          | 14,652                          |
| Total other funds             | \$37,297,110                                                  | \$14,652                                          | \$260,349,792                   |

## House Bill No. 1003 - North Dakota University System - All Funds Summary of House Action

|                               | Base<br>Budget  | House<br>Changes | House<br>Version |
|-------------------------------|-----------------|------------------|------------------|
| University System Office      | \$128,051,636   | \$9,087,474      | \$137,139,110    |
| Bismarck State College        | 103,592,595     | (2,768,093)      | 100,824,502      |
| Lake Region State College     | 36,811,715      | 4,578,307        | 41,390,022       |
| Williston State College       | 28,216,101      | 1,513,564        | 29,729,665       |
| University of North Dakota    | 868,966,540     | 150,645,901      | 1,019,612,441    |
| UND Medical Center            | 205,926,712     | 15,856,021       | 221,782,733      |
| North Dakota State University | 740,472,371     | 101,415,245      | 841,887,616      |
| State College of Science      | 92,694,989      | 5,148,047        | 97,843,036       |
| Dickinson State University    | 47,544,670      | 2,410,909        | 49,955,579       |
| Mayville State University     | 44,556,753      | 3,987,600        | 48,544,353       |
| Minot State University        | 101,809,895     | 3,138,052        | 104,947,947      |
| Valley City State University  | 48,900,159      | (980,684)        | 47,919,475       |
| Dakota College at Bottineau   | 17,282,118      | 1,169,383        | 18,451,501       |
| Forest Service                | 15,077,175      | 230,049          | 15,307,224       |
| Total all funds               | \$2,479,903,429 | \$295,431,775    | \$2,775,335,204  |
| FTE                           | 6,767.76        | (157.89)         | 6,609.87         |

### Detail of House Changes to All Funds

|                               | Adjusts<br>Funding for<br>University<br>System Office <sup>1</sup> | Provides<br>Funding<br>Formula<br>Adjustments <sup>2</sup> | Adjusts<br>Special Funds<br>and FTE<br>Positions <sup>3</sup> | Adds Funding<br>for Residency<br>Program <sup>4</sup> | Adds One-<br>Time Funding<br>for Theodore<br>Roosevelt<br>Digitization <sup>5</sup> | Adds Funding<br>for Capital<br>Projects <sup>6</sup> |
|-------------------------------|--------------------------------------------------------------------|------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------------------------|------------------------------------------------------|
| University System Office      | \$9,087,474                                                        |                                                            |                                                               |                                                       |                                                                                     |                                                      |
| Bismarck State College        |                                                                    | \$294,779                                                  | (\$4,741,954)                                                 |                                                       |                                                                                     |                                                      |
| Lake Region State College     |                                                                    | 172,635                                                    | 777,396                                                       |                                                       |                                                                                     | \$3,000,000                                          |
| Williston State College       |                                                                    | 1,651,227                                                  | (573,475)                                                     |                                                       |                                                                                     |                                                      |
| University of North Dakota    |                                                                    | 6,727,099                                                  | 13,525,344                                                    |                                                       |                                                                                     | 115,000,000                                          |
| UND Medical Center            |                                                                    | 6,580,445                                                  | 4,768,324                                                     | \$4,507,252                                           |                                                                                     |                                                      |
| North Dakota State University |                                                                    | 3,753,289                                                  | 5,460,144                                                     |                                                       |                                                                                     | 79,800,000                                           |
| State College of Science      |                                                                    | 1,249,342                                                  | 2,360,723                                                     |                                                       |                                                                                     |                                                      |
| Dickinson State University    |                                                                    | 485,137                                                    | 718,130                                                       |                                                       | \$250,000                                                                           |                                                      |
| Mayville State University     |                                                                    | 2,080,768                                                  | 1,073,000                                                     |                                                       |                                                                                     |                                                      |
| Minot State University        |                                                                    | (69,640)                                                   | 1,164,864                                                     |                                                       |                                                                                     |                                                      |
| Valley City State University  |                                                                    | 602,574                                                    | (2,611,944)                                                   |                                                       |                                                                                     |                                                      |
| Dakota College at Bottineau   |                                                                    | 44,815                                                     | 766,868                                                       |                                                       |                                                                                     |                                                      |
| Forest Service                |                                                                    |                                                            |                                                               |                                                       |                                                                                     |                                                      |
| Total all funds               | \$9,087,474                                                        | \$23,572,470                                               | \$22,687,420                                                  | \$4,507,252                                           | \$250,000                                                                           | \$197,800,000                                        |
| FTE                           | (0.50)                                                             | 0.00                                                       | (157.39)                                                      | 0.00                                                  | 0.00                                                                                | 0.00                                                 |

|                               | Adds Funding<br>for Capital<br>Building<br>Funds <sup>1</sup> | Adjusts Forest<br>Service<br>Funding <sup>2</sup> | Total All Funds<br>Changes |
|-------------------------------|---------------------------------------------------------------|---------------------------------------------------|----------------------------|
| University System Office      |                                                               |                                                   | \$9,087,474                |
| Bismarck State College        | \$1,679,082                                                   |                                                   | (2,768,093)                |
| Lake Region State College     | 628,276                                                       |                                                   | 4,578,307                  |
| Williston State College       | 435,812                                                       |                                                   | 1,513,564                  |
| University of North Dakota    | 15,393,458                                                    |                                                   | 150,645,901                |
| UND Medical Center            |                                                               |                                                   | 15,856,021                 |
| North Dakota State University | 12,401,812                                                    |                                                   | 101,415,245                |
| State College of Science      | 1,537,982                                                     |                                                   | 5,148,047                  |
| Dickinson State University    | 957,642                                                       |                                                   | 2,410,909                  |
| Mayville State University     | 833,832                                                       |                                                   | 3,987,600                  |
| Minot State University        | 2,042,828                                                     |                                                   | 3,138,052                  |
| Valley City State University  | 1,028,686                                                     |                                                   | (980,684)                  |
| Dakota College at Bottineau   | 357,700                                                       |                                                   | 1,169,383                  |
| Forest Service                |                                                               | \$230,049                                         | 230,049                    |
| Total all funds               | \$37,297,110                                                  | \$230,049                                         | \$295,431,775              |
| FTE                           | 0.00                                                          | 0.00                                              | (157.89)                   |

<sup>1</sup> Funding for the University System office is adjusted as detailed in the schedules below.

The following schedule details funding adjustments for system governance:

#### System Governance

|                                                                | FTE Positions | General Fund | Other Funds | Total       |
|----------------------------------------------------------------|---------------|--------------|-------------|-------------|
| Base payroll changes                                           | (0.50)        | \$760        | (\$226,935) | (\$226,175) |
| Salary increase                                                |               | 174,561      | 6,969       | 181,530     |
| Health insurance increase                                      |               | 90,278       | 4,462       | 94,740      |
| Restore funding for the Midwestern Higher<br>Education Compact |               | 230,000      |             | 230,000     |
| Total                                                          | (0.50)        | \$495,599    | (\$215,504) | \$280,095   |

The following schedule details funding adjustments for Core Technology Services:

#### Core Technology Services

|                                                 | General Fund | Other Funds | Total     |
|-------------------------------------------------|--------------|-------------|-----------|
| Base payroll changes                            | \$16         | \$59        | \$75      |
| Salary increase                                 | 404,597      | 263,475     | 668,072   |
| Health insurance increase                       | 320,616      | 213,796     | 534,412   |
| Remove funding from the student loan trust fund |              | (539,437)   | (539,437) |
| Total                                           | \$725,229    | (\$62,107)  | \$663,122 |

The following schedule details funding adjustments in other line items in the University System office budget:

|                                       | Funding Adjustments to Other Line Items |                            |                           |                  |
|---------------------------------------|-----------------------------------------|----------------------------|---------------------------|------------------|
|                                       | Base<br>Level                           | General Fund<br>Adjustment | Other Funds<br>Adjustment | House<br>Version |
| Capital bond payments                 | \$6,605,326                             | (\$1,645,878)              |                           | \$4,959,448      |
| Title II                              | 1,006,472                               |                            | (\$1,006,472)             | 0                |
| Student financial assistance grants   | 21,917,306                              | 2,000,000                  |                           | \$23,917,306     |
| Professional student exchange program | 3,699,342                               | 465,307                    | (465,307)                 | 3,699,342        |
| Tribal college grants                 | 600,000                                 | 400,000                    | (500,000)                 | 500,000          |
| Education incentive programs          | 2,863,393                               | (2,103,393)                |                           | 760,000          |
| Dual-credit instructor assistance     | 200,000                                 |                            | (200,000)                 | 0                |
| Tier III capital building fund pool   |                                         | 4,000,000                  | 5,000,000                 | 9,000,000        |
| Challenge grants                      |                                         | 2,200,000                  |                           | 2,200,000        |
| Total                                 | \$36,891,839                            | \$5,316,036                | \$2,828,221               | \$45,036,096     |

<sup>2</sup> The following adjustments are made to institution general fund appropriations through the higher education funding formula:

|                               | <b>Credit Hour<br/>Completion<br/>Adjustment</b> | <b>Salary<br/>Increase</b> | <b>Health<br/>Insurance<br/>Increase</b> | <b>Hold Harmless<br/>Provision</b> | <b>Total<br/>Increase</b> |
|-------------------------------|--------------------------------------------------|----------------------------|------------------------------------------|------------------------------------|---------------------------|
| Bismarck State College        | (\$822,345)                                      | \$536,167                  | \$580,957                                |                                    | \$294,779                 |
| Dakota College at Bottineau   | (233,523)                                        | 110,595                    | 167,743                                  |                                    | 44,815                    |
| Lake Region State College     | (292,840)                                        | 223,963                    | 241,512                                  |                                    | 172,635                   |
| State College of Science      | (64,604)                                         | 625,495                    | 688,451                                  |                                    | 1,249,342                 |
| Williston State College       | 1,289,220                                        | 179,354                    | 182,653                                  |                                    | 1,651,227                 |
| Dickinson State University    | (228,509)                                        | 331,284                    | 382,362                                  |                                    | 485,137                   |
| Mayville State University     | 1,443,653                                        | 293,670                    | 343,445                                  |                                    | 2,080,768                 |
| Minot State University        | (2,300,918)                                      | 721,208                    | 799,191                                  | \$710,879                          | (69,640)                  |
| Valley City State University  | (217,974)                                        | 354,107                    | 466,441                                  |                                    | 602,574                   |
| North Dakota State University | (716,330)                                        | 2,305,373                  | 2,164,246                                |                                    | 3,753,289                 |
| University of North Dakota    | 3,544                                            | 3,426,959                  | 3,296,596                                |                                    | 6,727,099                 |
| UND School of Medicine        | 6,580,445                                        |                            |                                          |                                    | 6,580,445                 |
| <b>Total</b>                  | <b>\$4,439,819</b>                               | <b>\$9,108,175</b>         | <b>\$9,313,597</b>                       | <b>\$710,879</b>                   | <b>\$23,572,470</b>       |

<sup>3</sup> The following adjustments are made to institution other funds appropriations and FTE positions:

|                               | <b>FTE<br/>Positions<br/>Adjustment</b> | <b>Salary<br/>Increase</b> | <b>Health<br/>Insurance<br/>Increase</b> | <b>Other<br/>Adjustments</b> | <b>Total</b>        |
|-------------------------------|-----------------------------------------|----------------------------|------------------------------------------|------------------------------|---------------------|
| Bismarck State College        | (34.42)                                 | \$684,881                  | \$793,112                                | (\$6,219,947)                | (\$4,741,954)       |
| Lake Region State College     | (11.51)                                 | 240,968                    | 297,550                                  | 238,878                      | 777,396             |
| Williston State College       | (0.27)                                  | 244,194                    | 249,961                                  | (1,067,630)                  | (573,475)           |
| University of North Dakota    | (85.90)                                 | 6,998,168                  | 6,588,173                                | (60,997)                     | 13,525,344          |
| UND School of Medicine        | 49.57                                   | 1,554,668                  | 1,318,041                                | 1,895,615                    | 4,768,324           |
| North Dakota State University | (25.50)                                 | 5,703,094                  | 6,069,593                                | (6,312,543)                  | 5,460,144           |
| State College of Science      | (34.31)                                 | 557,546                    | 742,674                                  | 1,060,503                    | 2,360,723           |
| Dickinson State University    | 44.36                                   | 339,891                    | 408,144                                  | (29,905)                     | 718,130             |
| Mayville State University     | (1.26)                                  | 382,722                    | 621,084                                  | 69,194                       | 1,073,000           |
| Minot State University        | (34.07)                                 | 832,505                    | 1,032,444                                | (700,085)                    | 1,164,864           |
| Valley City State University  | (22.07)                                 | 257,239                    | 340,031                                  | (3,209,214)                  | (2,611,944)         |
| Dakota College at Bottineau   | (2.01)                                  | 94,244                     | 147,723                                  | 524,901                      | 766,868             |
| <b>Total</b>                  | <b>(157.39)</b>                         | <b>\$17,890,120</b>        | <b>\$18,608,530</b>                      | <b>(\$13,811,230)</b>        | <b>\$22,687,420</b> |

<sup>4</sup> Funding of \$4,507,252 from the general fund is added to continue funding 35 residency positions at the University of North Dakota School of Medicine and Health Sciences. Funding for the residency positions provided through the funding formula is transferred to the healthcare workforce initiative line item from the operations line item to provide total funding of \$10,676,150 for the residency program.

<sup>5</sup> One-time funding of \$250,000 from the general fund is added for the digitization of documents at the Theodore Roosevelt Center.

<sup>6</sup> One-time funding is added for the following capital building projects:

|                                                  | <b>Other Funds</b>   |
|--------------------------------------------------|----------------------|
| LRSC precision agriculture center                | \$3,000,000          |
| UND athletics High Performance Center phase II   | 35,000,000           |
| UND Memorial Union (revenue bonds)               | 80,000,000           |
| NDSU Barry Hall                                  | 3,000,000            |
| NDSU indoor practice facility                    | 37,200,000           |
| NDSU softball indoor facility                    | 2,000,000            |
| NDSU University Village phase II (revenue bonds) | 37,600,000           |
| <b>Total</b>                                     | <b>\$197,800,000</b> |

<sup>7</sup> One-time funding, including \$10 million from Bank of North Dakota profits, is added as Tier II funding to establish a capital building fund at each institution as follows:

|                               | Bank of North<br>Dakota | 1 Percent Tuition<br>Increase | Institution<br>Match | Total        |
|-------------------------------|-------------------------|-------------------------------|----------------------|--------------|
| Bismark State College         | \$425,693               | \$413,848                     | \$839,541            | \$1,679,082  |
| Lake Region State College     | 177,375                 | 136,763                       | 314,138              | 628,276      |
| Williston State College       | 137,947                 | 79,959                        | 217,906              | 435,812      |
| University of North Dakota    | 4,361,801               | 3,334,928                     | 7,696,729            | 15,393,458   |
| North Dakota State University | 2,899,596               | 3,301,310                     | 6,200,906            | 12,401,812   |
| State College of Science      | 500,695                 | 268,296                       | 768,991              | 1,537,982    |
| Dickinson State University    | 268,862                 | 209,959                       | 478,821              | 957,642      |
| Mayville State University     | 240,029                 | 176,887                       | 416,916              | 833,832      |
| Minot State University        | 572,801                 | 448,613                       | 1,021,414            | 2,042,828    |
| Valley City State University  | 309,137                 | 205,206                       | 514,343              | 1,028,686    |
| Dakota College at Bottineau   | 106,064                 | 72,786                        | 178,850              | 357,700      |
| Total                         | \$10,000,000            | \$8,648,555                   | \$18,648,555         | \$37,297,110 |

<sup>8</sup> The following funding adjustments are made for the Forest Service:

#### Forest Service

|                           | FTE Positions | General Fund | Other Funds | Total     |
|---------------------------|---------------|--------------|-------------|-----------|
| Base payroll changes      |               |              | \$14,652    | \$14,652  |
| Salary increase           |               | \$94,921     |             | 94,921    |
| Health insurance increase |               | 120,476      |             | 120,476   |
| Total                     | 0.00          | \$215,397    | \$14,652    | \$230,049 |

#### House Bill No. 1003 - Other Changes - House Action

This amendment also:

- Restores language in Title 15 of the North Dakota Century Code, relating to the Midwestern Higher Education Compact.
- Amends Section 15-10-49 to include Dickinson State University as an eligible institution for the higher education challenge grant program.
- Adds 3 new subsections to section 15-10-63, relating to capital project authorization.
- Amends Section 15-18.2-02 to transition funding for residency positions and the University of North Dakota School of Medicine and Health Sciences to a separate line item outside of the formula.
- Amends Section 15-62.4-03 relating to the student financial assistance program to increase the maximum annual award from \$1,950 to \$2,200.
- Repeals Section 15-10-61 relating to the dual-credit instructor assistance pilot program.
- Adds a section to provide for a portion of the funding formula allocation attributable to inflation to be transferred between the University of North Dakota and the University of North Dakota School of Medicine and Health Sciences.
- Adds a section to authorize the State Board of Higher Education to issue and sell revenue bonds for capital projects.
- Adds sections to provide requirements relating to Tier II and Tier III capital building fund moneys.
- Adds a section to provide for tuition increase limits.

## STATEMENT OF PURPOSE OF AMENDMENT:

### House Bill No. 1004 - Funding Summary

|                            | Base<br>Budget | House<br>Changes | House<br>Version |
|----------------------------|----------------|------------------|------------------|
| State Department of Health |                |                  |                  |
| Salaries and wages         | \$36,371,434   | \$1,143,172      | \$37,514,606     |
| Operating expenses         | 27,714,187     | 5,038,893        | 32,753,080       |
| Capital assets             | 2,188,491      | 1,646,322        | 3,834,813        |
| Grants                     | 46,441,941     | 6,615,351        | 53,057,292       |
| Tobacco prevention         | 13,646,704     | (752,496)        | 12,894,208       |
| WIC food payments          | 20,200,000     | (420,000)        | 19,780,000       |
| Medical marijuana          | 1,465,704      | (1,465,704)      |                  |
| Total all funds            | \$148,028,461  | \$11,805,538     | \$159,833,999    |
| Less estimated income      | 115,278,152    | 8,503,033        | 123,781,185      |
| General fund               | \$32,750,309   | \$3,302,505      | \$36,052,814     |
| FTE                        | 211.50         | (7.50)           | 204.00           |
| Bill total                 |                |                  |                  |
| Total all funds            | \$148,028,461  | \$11,805,538     | \$159,833,999    |
| Less estimated income      | 115,278,152    | 8,503,033        | 123,781,185      |
| General fund               | \$32,750,309   | \$3,302,505      | \$36,052,814     |
| FTE                        | 211.50         | (7.50)           | 204.00           |

### House Bill No. 1004 - State Department of Health - House Action

|                       | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------|----------------|------------------|------------------|
| Salaries and wages    | \$36,371,434   | \$1,143,172      | \$37,514,606     |
| Operating expenses    | 27,714,187     | 5,038,893        | 32,753,080       |
| Capital assets        | 2,188,491      | 1,646,322        | 3,834,813        |
| Grants                | 46,441,941     | 6,615,351        | 53,057,292       |
| Tobacco prevention    | 13,646,704     | (752,496)        | 12,894,208       |
| WIC food payments     | 20,200,000     | (420,000)        | 19,780,000       |
| Medical marijuana     | 1,465,704      | (1,465,704)      |                  |
| Total all funds       | \$148,028,461  | \$11,805,538     | \$159,833,999    |
| Less estimated income | 115,278,152    | 8,503,033        | 123,781,185      |
| General fund          | \$32,750,309   | \$3,302,505      | \$36,052,814     |
| FTE                   | 211.50         | (7.50)           | 204.00           |

### Department 301 - State Department of Health - Detail of House Changes

|                       | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Adds Cost to<br>Continue<br>Adjustments <sup>3</sup> | Adjusts<br>Funding for<br>Various<br>Programs <sup>4</sup> | Removes 6.5<br>FTE positions<br>and Related<br>Operating<br>Expenses <sup>5</sup> | Adjusts<br>Funding and<br>FTE Positions<br>for the Medical<br>Marijuana<br>Division <sup>6</sup> |
|-----------------------|----------------------------------------------------------------|---------------------------------------------------------------------|------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| Salaries and wages    | (\$31,805)                                                     | \$1,779,851                                                         |                                                      |                                                            | (\$1,781,507)                                                                     |                                                                                                  |
| Operating expenses    |                                                                |                                                                     | \$4,473,376                                          |                                                            | (545,098)                                                                         |                                                                                                  |
| Capital assets        |                                                                |                                                                     |                                                      |                                                            |                                                                                   |                                                                                                  |
| Grants                |                                                                |                                                                     | 7,788,061                                            |                                                            | (736,000)                                                                         |                                                                                                  |
| Tobacco prevention    | (38,622)                                                       | 52,934                                                              | (135,528)                                            |                                                            | (706,280)                                                                         |                                                                                                  |
| WIC food payments     |                                                                |                                                                     | (420,000)                                            |                                                            |                                                                                   |                                                                                                  |
| Medical marijuana     | 132,155                                                        |                                                                     |                                                      |                                                            |                                                                                   | (\$1,597,859)                                                                                    |
| Total all funds       | \$61,728                                                       | \$1,832,785                                                         | \$11,705,909                                         | \$0                                                        | (\$3,768,885)                                                                     | (\$1,597,859)                                                                                    |
| Less estimated income | 55,045                                                         | 991,180                                                             | 10,596,715                                           | (6,378,195)                                                | (584,041)                                                                         | (1,146,592)                                                                                      |
| General fund          | \$6,683                                                        | \$841,605                                                           | \$1,109,194                                          | \$6,378,195                                                | (\$3,184,844)                                                                     | (\$451,267)                                                                                      |
| FTE                   | 0.00                                                           | 0.00                                                                | 0.00                                                 | 0.00                                                       | (6.50)                                                                            | (1.00)                                                                                           |

|                       | Transfers the<br>Suicide<br>Prevention<br>Program <sup>7</sup> | Adds 1 FTE<br>Food and<br>Lodging<br>Position <sup>8</sup> | Restores<br>Funding for<br>Vital Records <sup>9</sup> | Increases<br>Funding for<br>Life Safety<br>Inspections <sup>10</sup> | Adds Funding<br>for a Federal<br>Opioid<br>Program <sup>11</sup> | Adds Funding<br>for Emergency<br>Medical<br>Services<br>Licensing and<br>Records<br>Management <sup>12</sup> |
|-----------------------|----------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| Salaries and wages    | (\$319,503)                                                    | \$159,720                                                  | \$1,218,501                                           | \$80,000                                                             | \$37,915                                                         |                                                                                                              |
| Operating expenses    | (259,993)                                                      | 26,185                                                     | 704,821                                               |                                                                      | 34,410                                                           | \$126,000                                                                                                    |
| Capital assets        |                                                                |                                                            |                                                       |                                                                      |                                                                  |                                                                                                              |
| Grants                | (1,265,000)                                                    |                                                            |                                                       |                                                                      | 253,290                                                          |                                                                                                              |
| Tobacco prevention    |                                                                |                                                            |                                                       |                                                                      |                                                                  |                                                                                                              |
| WIC food payments     |                                                                |                                                            |                                                       |                                                                      |                                                                  |                                                                                                              |
| Medical marijuana     |                                                                |                                                            |                                                       |                                                                      |                                                                  |                                                                                                              |
| Total all funds       | (\$1,844,496)                                                  | \$185,905                                                  | \$1,923,322                                           | \$80,000                                                             | \$325,615                                                        | \$126,000                                                                                                    |
| Less estimated income | (583,984)                                                      | 0                                                          | 1,923,322                                             | 30,000                                                               | 325,615                                                          | 0                                                                                                            |
| General fund          | (\$1,260,512)                                                  | \$185,905                                                  | \$0                                                   | \$50,000                                                             | \$0                                                              | \$126,000                                                                                                    |
| FTE                   | (1.00)                                                         | 1.00                                                       | 0.00                                                  | 0.00                                                                 | 0.00                                                             | 0.00                                                                                                         |

|                       | Adds Funding<br>for Microsoft<br>Office 365<br>Licensing <sup>13</sup> | Adjusts<br>Funding for<br>Bond and<br>Capital<br>Payments <sup>14</sup> | Increases<br>Funding for<br>Extraordinary<br>Repairs <sup>15</sup> | Adjusts<br>Funding for<br>Equipment <sup>16</sup> | Increases<br>Funding for<br>Local Public<br>Health Unit<br>Grants <sup>17</sup> | Adjusts<br>Funding for<br>Cancer<br>Programs and<br>Domestic<br>Violence<br>Offender<br>Treatment <sup>18</sup> |
|-----------------------|------------------------------------------------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| Salaries and wages    |                                                                        |                                                                         |                                                                    |                                                   |                                                                                 |                                                                                                                 |
| Operating expenses    | \$124,638                                                              |                                                                         |                                                                    |                                                   |                                                                                 |                                                                                                                 |
| Capital assets        |                                                                        | \$94,604                                                                | \$127,659                                                          | (\$245,941)                                       |                                                                                 |                                                                                                                 |
| Grants                |                                                                        |                                                                         |                                                                    |                                                   | \$525,000                                                                       | \$50,000                                                                                                        |
| Tobacco prevention    |                                                                        |                                                                         |                                                                    |                                                   |                                                                                 |                                                                                                                 |
| WIC food payments     |                                                                        |                                                                         |                                                                    |                                                   |                                                                                 |                                                                                                                 |
| Medical marijuana     |                                                                        |                                                                         |                                                                    |                                                   |                                                                                 |                                                                                                                 |
| Total all funds       | \$124,638                                                              | \$94,604                                                                | \$127,659                                                          | (\$245,941)                                       | \$525,000                                                                       | \$50,000                                                                                                        |
| Less estimated income | 82,261                                                                 | 761                                                                     | 97,009                                                             | (245,941)                                         | 525,000                                                                         | 880,324                                                                                                         |
| General fund          | \$42,377                                                               | \$93,843                                                                | \$30,650                                                           | \$0                                               | \$0                                                                             | (\$830,324)                                                                                                     |
| FTE                   | 0.00                                                                   | 0.00                                                                    | 0.00                                                               | 0.00                                              | 0.00                                                                            | 0.00                                                                                                            |

|                       | Adds Funding<br>to Transfer<br>Youth Access<br>Reporting <sup>19</sup> | Adds One-<br>Time Funding<br>for a Women,<br>Infants, and<br>Children<br>Technology<br>Project <sup>20</sup> | Adds One-Time<br>Funding for<br>Microbiology<br>Laboratory<br>Capital<br>Improvements <sup>21</sup> | Adds One-<br>Time Funding<br>for<br>Microbiology<br>Laboratory<br>Technology<br>Upgrades <sup>22</sup> | Total House<br>Changes |
|-----------------------|------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|------------------------|
| Salaries and wages    |                                                                        | \$354,554                                                                                                    |                                                                                                     |                                                                                                        | \$1,143,172            |
| Operating expenses    |                                                                        |                                                                                                              |                                                                                                     |                                                                                                        | 5,038,893              |
| Capital assets        |                                                                        |                                                                                                              | \$1,220,000                                                                                         | \$450,000                                                                                              | 1,646,322              |
| Grants                |                                                                        |                                                                                                              |                                                                                                     |                                                                                                        | 6,615,351              |
| Tobacco prevention    | \$75,000                                                               |                                                                                                              |                                                                                                     |                                                                                                        | (752,496)              |
| WIC food payments     |                                                                        |                                                                                                              |                                                                                                     |                                                                                                        | (420,000)              |
| Medical marijuana     |                                                                        |                                                                                                              |                                                                                                     |                                                                                                        | (1,465,704)            |
| Total all funds       | \$75,000                                                               | \$354,554                                                                                                    | \$1,220,000                                                                                         | \$450,000                                                                                              | \$11,805,538           |
| Less estimated income | 0                                                                      | 354,554                                                                                                      | 1,220,000                                                                                           | 360,000                                                                                                | 8,503,033              |
| General fund          | \$75,000                                                               | \$0                                                                                                          | \$0                                                                                                 | \$90,000                                                                                               | \$3,302,505            |
| FTE                   | 0.00                                                                   | 0.00                                                                                                         | 0.00                                                                                                | 0.00                                                                                                   | (7.50)                 |

<sup>1</sup> Funding is adjusted for base payroll changes.



<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>   |
|---------------------------|---------------------|--------------------|----------------|
| Salary increase           | \$397,095           | \$462,956          | \$860,051      |
| Health insurance increase | <u>444,510</u>      | <u>528,224</u>     | <u>972,734</u> |
| Total                     | \$841,605           | \$991,180          | \$1,832,785    |

<sup>3</sup> Funding is adjusted for base budget changes, including increases relating to technology, professional development, travel and other operating expenses; and various grant programs including the state-funded loan repayment programs and federal grant programs.

<sup>4</sup> Funding is provided from the general fund and the community health trust fund for various programs funded from the tobacco prevention and control trust fund during the 2017-19 biennium, including the tobacco prevention and control program, state aid to local public health units, the stroke and cardiac care program, cancer programs, medical and behavioral health loan repayment programs, and domestic violence offender treatment.

<sup>5</sup> Funding and 6.5 FTE undesignated positions are removed agencywide.

<sup>6</sup> One FTE office assistant III position, including salaries and wages, and related medical marijuana program expenditures are removed and these costs will be paid through a continuing appropriation.

<sup>7</sup> The suicide prevention program is transferred from the State Department of Health to the Department of Human Services, including 1 FTE position and related funding for salaries and wages, operating expenses, and grants.

<sup>8</sup> One FTE food and lodging environmental health position, including salaries and wages and operating expenses, is added.

<sup>9</sup> Vital records fees are increased and funding is restored from vital records fee revenue for salaries and wages and operating expenses removed as part of the base budget reductions for the Vital Records Division.

<sup>10</sup> Funding for temporary salaries related to life safety construction and renovation plan review is increased to provide a total of \$130,000, of which \$50,000 is from the general fund and \$80,000 is from fee revenue.

<sup>11</sup> Funding is added for a federal opioid program.

<sup>12</sup> Funding is added to implement an emergency medical services data licensing and records management system.

<sup>13</sup> Funding is added for Microsoft Office 365 license expense.

<sup>14</sup> Funding is adjusted for bond and capital payments to provide a total of \$518,457, of which \$457,947 is from the general fund.

<sup>15</sup> Funding for extraordinary repairs is increased to provide a total of \$1,317,009, of which \$55,650 is from the general fund.

<sup>16</sup> Funding is adjusted for equipment over \$5,000 to provide a total of \$1,518,697 from other funds.

<sup>17</sup> Funding is provided from the tobacco prevention and control trust fund to restore local public health unit grants reduced in the department's base budget to provide a total of \$5,250,000, of which \$4,725,000 is from the general fund and \$525,000 is from the tobacco prevention and control trust fund. This level of funding is the same as the 2017-19 biennium.

<sup>18</sup> The funding source for cancer programs and domestic violence offender treatment grants is changed to the tobacco prevention and control trust fund and domestic violence offender treatment grants are increased by \$50,000. A total of \$880,324 is provided from the tobacco prevention and control trust fund for cancer programs (\$580,324) and domestic violence offender treatment grants (\$300,000).

<sup>19</sup> Funding is added to transfer reporting of youth access to tobacco from the Department of Human Services to the State Department of Health.

<sup>20</sup> One-time funding is added from federal funds for operating expenses related to the continuation of the women, infants, and children electronic benefit transfer project.

<sup>21</sup> One-time funding is added from the tobacco prevention and control trust fund for microbiology laboratory capital improvements.

<sup>22</sup> One-time funding is added, including funding from federal funds, for microbiology laboratory information technology upgrades.

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This amendment also:

- Removes a section related to funding from the student loan trust fund;
- Amends the section related to funding from the tobacco prevention and control trust fund;
- Adds a section to amend Section 23-02.1-29 to increase vital records fees; resulting in an estimated increase in general fund revenues of \$312,000 for the 2019-21 biennium.
- Adds a section of legislative intent related to life safety construction and renovation plan review fees; and
- Adds a section to declare funding related to the microbiology laboratory technology upgrades an emergency measure.

## STATEMENT OF PURPOSE OF AMENDMENT:

### House Bill No. 1005 - Funding Summary

|                           | Base<br>Budget | House<br>Changes | House<br>Version |
|---------------------------|----------------|------------------|------------------|
| Indian Affairs Commission |                |                  |                  |
| Salaries and wages        | \$848,407      | \$17,811         | \$866,218        |
| Operating expenses        | 263,704        | (35,144)         | 228,560          |
| Total all funds           | \$1,112,111    | (\$17,333)       | \$1,094,778      |
| Less estimated income     | 0              | 0                | 0                |
| General fund              | \$1,112,111    | (\$17,333)       | \$1,094,778      |
| FTE                       | 4.00           | 0.00             | 4.00             |
| Bill total                |                |                  |                  |
| Total all funds           | \$1,112,111    | (\$17,333)       | \$1,094,778      |
| Less estimated income     | 0              | 0                | 0                |
| General fund              | \$1,112,111    | (\$17,333)       | \$1,094,778      |
| FTE                       | 4.00           | 0.00             | 4.00             |

### House Bill No. 1005 - Indian Affairs Commission - House Action

|                       | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------|----------------|------------------|------------------|
| Salaries and wages    | \$848,407      | \$17,811         | \$866,218        |
| Operating expenses    | 263,704        | (35,144)         | 228,560          |
| Total all funds       | \$1,112,111    | (\$17,333)       | \$1,094,778      |
| Less estimated income | 0              | 0                | 0                |
| General fund          | \$1,112,111    | (\$17,333)       | \$1,094,778      |
| FTE                   | 4.00           | 0.00             | 4.00             |

### Department 316 - Indian Affairs Commission - Detail of House Changes

|                       | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Reduces<br>Funding for<br>the American<br>Indian<br>Business<br>Office <sup>3</sup> | Total House<br>Changes |
|-----------------------|----------------------------------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------------------------------|------------------------|
| Salaries and wages    | (\$20,462)                                                     | \$38,273                                                            |                                                                                     | \$17,811               |
| Operating expenses    |                                                                |                                                                     | (\$35,144)                                                                          | (35,144)               |
| Total all funds       | (\$20,462)                                                     | \$38,273                                                            | (\$35,144)                                                                          | (\$17,333)             |
| Less estimated income | 0                                                              | 0                                                                   | 0                                                                                   | 0                      |
| General fund          | (\$20,462)                                                     | \$38,273                                                            | (\$35,144)                                                                          | (\$17,333)             |
| FTE                   | 0.00                                                           | 0.00                                                                | 0.00                                                                                | 0.00                   |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

| General Fund              |          |
|---------------------------|----------|
| Salary increase           | \$20,425 |
| Health insurance increase | 17,848   |
| Total                     | \$38,273 |

<sup>3</sup> Reduces funding for the American Indian Business Office to provide a total of \$64,856.

## STATEMENT OF PURPOSE OF AMENDMENT:

### House Bill No. 1006 - Funding Summary

|                        | Base<br>Budget | House<br>Changes | House<br>Version |
|------------------------|----------------|------------------|------------------|
| Aeronautics Commission |                |                  |                  |
| Salaries and wages     | \$1,431,222    | \$89,457         | \$1,520,679      |
| Operating expenses     | 2,204,190      | (199,436)        | 2,004,754        |
| Capital assets         | 100,000        | (100,000)        |                  |
| Grants                 | 7,150,000      | 3,650,000        | 10,800,000       |
| Total all funds        | \$10,885,412   | \$3,440,021      | \$14,325,433     |
| Less estimated income  | 9,985,412      | 3,840,021        | 13,825,433       |
| General fund           | \$900,000      | (\$400,000)      | \$500,000        |
| FTE                    | 7.00           | 0.00             | 7.00             |
| Bill total             |                |                  |                  |
| Total all funds        | \$10,885,412   | \$3,440,021      | \$14,325,433     |
| Less estimated income  | 9,985,412      | 3,840,021        | 13,825,433       |
| General fund           | \$900,000      | (\$400,000)      | \$500,000        |
| FTE                    | 7.00           | 0.00             | 7.00             |

### House Bill No. 1006 - Aeronautics Commission - House Action

|                       | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------|----------------|------------------|------------------|
| Salaries and wages    | \$1,431,222    | \$89,457         | \$1,520,679      |
| Operating expenses    | 2,204,190      | (199,436)        | 2,004,754        |
| Capital assets        | 100,000        | (100,000)        |                  |
| Grants                | 7,150,000      | 3,650,000        | 10,800,000       |
| Total all funds       | \$10,885,412   | \$3,440,021      | \$14,325,433     |
| Less estimated income | 9,985,412      | 3,840,021        | 13,825,433       |
| General fund          | \$900,000      | (\$400,000)      | \$500,000        |
| FTE                   | 7.00           | 0.00             | 7.00             |

### Department 412 - Aeronautics Commission - Detail of House Changes

|                       | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Reduces<br>Funding for<br>Building,<br>Ground, and<br>Maintenance <sup>3</sup> | Adds Funding<br>for Operating<br>Expenses <sup>4</sup> | Adds Funding<br>for Microsoft<br>Office 365<br>Licensing <sup>5</sup> | Reduces<br>Ongoing Grant<br>Funding <sup>6</sup> |
|-----------------------|----------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------|
| Salaries and wages    | \$22,266                                                       | \$67,191                                                            |                                                                                |                                                        |                                                                       |                                                  |
| Operating expenses    |                                                                |                                                                     | (\$220,000)                                                                    | \$19,810                                               | \$754                                                                 |                                                  |
| Capital assets        |                                                                |                                                                     |                                                                                |                                                        |                                                                       |                                                  |
| Grants                |                                                                |                                                                     |                                                                                |                                                        |                                                                       | (\$1,350,000)                                    |
| Total all funds       | \$22,266                                                       | \$67,191                                                            | (\$220,000)                                                                    | \$19,810                                               | \$754                                                                 | (\$1,350,000)                                    |
| Less estimated income | 22,266                                                         | 67,191                                                              | (220,000)                                                                      | 19,810                                                 | 754                                                                   | (950,000)                                        |
| General fund          | \$0                                                            | \$0                                                                 | \$0                                                                            | \$0                                                    | \$0                                                                   | (\$400,000)                                      |
| FTE                   | 0.00                                                           | 0.00                                                                | 0.00                                                                           | 0.00                                                   | 0.00                                                                  | 0.00                                             |

|                       | Removes<br>Funding for<br>Capital<br>Assets <sup>7</sup> | Adds Funding<br>for Airport<br>Energy Impact<br>Grants <sup>8</sup> | Total House<br>Changes |
|-----------------------|----------------------------------------------------------|---------------------------------------------------------------------|------------------------|
| Salaries and wages    |                                                          |                                                                     | \$89,457               |
| Operating expenses    |                                                          |                                                                     | (199,436)              |
| Capital assets        | (\$100,000)                                              |                                                                     | (100,000)              |
| Grants                |                                                          | \$5,000,000                                                         | 3,650,000              |
| Total all funds       | (\$100,000)                                              | \$5,000,000                                                         | \$3,440,021            |
| Less estimated income | (100,000)                                                | 5,000,000                                                           | 3,840,021              |
| General fund          | \$0                                                      | \$0                                                                 | (\$400,000)            |
| FTE                   | 0.00                                                     | 0.00                                                                | 0.00                   |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>Other Funds</u> |
|---------------------------|--------------------|
| Salary increase           | \$35,957           |
| Health insurance increase | <u>31,234</u>      |
| Total                     | \$67,191           |

<sup>3</sup> Reduces funding for building, ground, and maintenance to provide a total of \$62,005.

<sup>4</sup> Increases funding for operating expenses to provide a total of \$2,004,754.

<sup>5</sup> Increases operating expenses for Microsoft Office 365 licensing.

<sup>6</sup> Ongoing funding is reduced from the general fund (\$400,000) and federal funds (\$950,000) for grants to airports.

<sup>7</sup> Removes funding for capital assets.

<sup>8</sup> One-time funding from the strategic investment and improvements fund is added for providing energy impact grants to airports.

Adds a section to identify \$5 million in the estimated income line item in Section 1 of the bill is from the strategic investment and improvements fund for energy impact grants to airports.

## STATEMENT OF PURPOSE OF AMENDMENT:

### House Bill No. 1007 - Funding Summary

|                           | Base<br>Budget | House<br>Changes | House<br>Version |
|---------------------------|----------------|------------------|------------------|
| Veterans' Home            |                |                  |                  |
| Salaries and wages        | \$18,684,490   | \$25,629         | \$18,710,119     |
| Operating expenses        | 5,454,239      | (370,508)        | 5,083,731        |
| Capital assets            | 411,303        | 246,330          | 657,633          |
| Administrator's residence |                | 233,450          | 233,450          |
| Total all funds           | \$24,550,032   | \$134,901        | \$24,684,933     |
| Less estimated income     | 18,598,593     | 482,056          | 19,080,649       |
| General fund              | \$5,951,439    | (\$347,155)      | \$5,604,284      |
| FTE                       | 120.72         | 0.00             | 120.72           |
| Bill total                |                |                  |                  |
| Total all funds           | \$24,550,032   | \$134,901        | \$24,684,933     |
| Less estimated income     | 18,598,593     | 482,056          | 19,080,649       |
| General fund              | \$5,951,439    | (\$347,155)      | \$5,604,284      |
| FTE                       | 120.72         | 0.00             | 120.72           |

### House Bill No. 1007 - Veterans' Home - House Action

|                           | Base<br>Budget | House<br>Changes | House<br>Version |
|---------------------------|----------------|------------------|------------------|
| Salaries and wages        | \$18,684,490   | \$25,629         | \$18,710,119     |
| Operating expenses        | 5,454,239      | (370,508)        | 5,083,731        |
| Capital assets            | 411,303        | 246,330          | 657,633          |
| Administrator's residence |                | 233,450          | 233,450          |
| Total all funds           | \$24,550,032   | \$134,901        | \$24,684,933     |
| Less estimated income     | 18,598,593     | 482,056          | 19,080,649       |
| General fund              | \$5,951,439    | (\$347,155)      | \$5,604,284      |
| FTE                       | 120.72         | 0.00             | 120.72           |

### Department 313 - Veterans' Home - Detail of House Changes

|                           | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Unfunds 6.00<br>FTE positions <sup>3</sup> | Adjusts Base<br>Level Funding <sup>4</sup> | Adds One-<br>Time Funding<br>for Equipment <sup>5</sup> | Adds One-<br>Time Funding<br>for a Veterans'<br>Home Flooring<br>Project <sup>6</sup> |
|---------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|---------------------------------------------------------|---------------------------------------------------------------------------------------|
| Salaries and wages        | (\$144,333)                                                    | \$1,009,002                                                         | (\$839,040)                                |                                            |                                                         |                                                                                       |
| Operating expenses        |                                                                |                                                                     |                                            | (\$370,508)                                |                                                         |                                                                                       |
| Capital assets            |                                                                |                                                                     |                                            | (5,570)                                    | \$99,400                                                | \$100,000                                                                             |
| Administrator's residence |                                                                |                                                                     |                                            |                                            |                                                         |                                                                                       |
| Total all funds           | (\$144,333)                                                    | \$1,009,002                                                         | (\$839,040)                                | (\$376,078)                                | \$99,400                                                | \$100,000                                                                             |
| Less estimated income     | 95,100                                                         | 764,508                                                             | (483,731)                                  | (379,171)                                  | 99,400                                                  | 100,000                                                                               |
| General fund              | (\$239,433)                                                    | \$244,494                                                           | (\$355,309)                                | \$3,093                                    | \$0                                                     | \$0                                                                                   |
| FTE                       | 0.00                                                           | 0.00                                                                | 0.00                                       | 0.00                                       | 0.00                                                    | 0.00                                                                                  |

|                           | Adds Funding<br>for the<br>Demolition of<br>the<br>Administrator's<br>Residence <sup>7</sup> | Adds One-<br>Time Funding<br>for Security<br>System<br>Upgrades <sup>8</sup> | Total House<br>Changes |
|---------------------------|----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|------------------------|
| Salaries and wages        |                                                                                              |                                                                              | \$25,629               |
| Operating expenses        |                                                                                              |                                                                              | (370,508)              |
| Capital assets            |                                                                                              | \$52,500                                                                     | 246,330                |
| Administrator's residence | <u>\$233,450</u>                                                                             |                                                                              | <u>233,450</u>         |
| Total all funds           | \$233,450                                                                                    | \$52,500                                                                     | \$134,901              |
| Less estimated income     | <u>233,450</u>                                                                               | <u>52,500</u>                                                                | <u>482,056</u>         |
| General fund              | \$0                                                                                          | \$0                                                                          | (\$347,155)            |
| FTE                       | 0.00                                                                                         | 0.00                                                                         | 0.00                   |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>   |
|---------------------------|---------------------|--------------------|----------------|
| Salary increase           | \$84,474            | \$264,140          | \$348,614      |
| Health insurance increase | <u>160,020</u>      | <u>500,368</u>     | <u>660,388</u> |
| Total                     | \$244,494           | \$764,508          | \$1,009,002    |

<sup>3</sup> Funding is removed for 6.00 FTE positions, including 1.90 FTE licensed practical nurse II positions and 4.10 FTE residential living specialist positions.

<sup>4</sup> Base level funding is adjusted as follows:

|                                                               | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>   |
|---------------------------------------------------------------|---------------------|--------------------|----------------|
| Adds funding for information technology contractual services  |                     | \$73,750           | \$73,750       |
| Reduces funding for professional services                     | (\$500)             | (88,600)           | (89,100)       |
| Reduces funding for travel                                    |                     | (5,000)            | (5,000)        |
| Adds funding for information technology software supplies     |                     | 15,450             | 15,450         |
| Reduces funding for food and clothing                         |                     | (137,000)          | (137,000)      |
| Reduces funding for equipment under \$5,000                   | (552)               | (32,421)           | (32,973)       |
| Reduces funding for nursing professional service fees         |                     | (31,200)           | (31,200)       |
| Reduces funding for social services professional service fees |                     | (13,800)           | (13,800)       |
| Reduces funding for other professional service fees           |                     | (58,240)           | (58,240)       |
| Reduces funding for medical, dental, and optical expenses     |                     | (100,000)          | (100,000)      |
| Reduces funding for dues and professional development         |                     | (11,500)           | (11,500)       |
| Reduces funding for professional supplies                     |                     | (6,800)            | (6,800)        |
| Adds funding for Microsoft Office 365 licenses                | 4,145               | 21,760             | 25,905         |
| Adjusts funding for bonds and interest                        |                     | 1,230              | 1,230          |
| Reduces funding for capital assets                            |                     | <u>(6,800)</u>     | <u>(6,800)</u> |
| Total                                                         | \$3,093             | (\$379,171)        | (\$376,078)    |

<sup>5</sup> One-time funding is added from the soldiers' home fund for equipment, including a boilerless steamer (\$18,500), dish machines (\$21,900), a commercial refrigerator (\$9,000), a Toro broom (\$6,000), dryers (\$20,500), and a Whirlpool tub (\$23,500).

<sup>6</sup> One-time funding is added from the soldiers' home fund for a flooring project in the skilled nursing areas of the Veterans' Home.

<sup>7</sup> One-time funding is added from the soldiers' home fund for the demolition of the administrator's residence, including demolishing the house, driveway, and two underground tunnels.

<sup>8</sup> One-time funding is added from the soldiers' home fund for security system upgrades to provide additional security cameras for the Veterans' Home.

Sections are added identifying the funding appropriated from the soldiers' home fund for specific purposes.

## STATEMENT OF PURPOSE OF AMENDMENT:

### House Bill No. 1008 - Funding Summary

|                                         | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------------------------|----------------|------------------|------------------|
| Department of Financial<br>Institutions |                |                  |                  |
| Salaries and wages                      | \$6,813,840    | \$182,802        | \$6,996,642      |
| Operating expenses                      | 1,576,072      | 117,145          | 1,693,217        |
| Contingency                             | 20,000         |                  | 20,000           |
| Total all funds                         | \$8,409,912    | \$299,947        | \$8,709,859      |
| Less estimated income                   | 8,409,912      | 299,947          | 8,709,859        |
| General fund                            | \$0            | \$0              | \$0              |
| FTE                                     | 30.00          | 1.00             | 31.00            |
| Bill total                              |                |                  |                  |
| Total all funds                         | \$8,409,912    | \$299,947        | \$8,709,859      |
| Less estimated income                   | 8,409,912      | 299,947          | 8,709,859        |
| General fund                            | \$0            | \$0              | \$0              |
| FTE                                     | 30.00          | 1.00             | 31.00            |

### House Bill No. 1008 - Department of Financial Institutions - House Action

|                       | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------|----------------|------------------|------------------|
| Salaries and wages    | \$6,813,840    | \$182,802        | \$6,996,642      |
| Operating expenses    | 1,576,072      | 117,145          | 1,693,217        |
| Contingency           | 20,000         |                  | 20,000           |
| Total all funds       | \$8,409,912    | \$299,947        | \$8,709,859      |
| Less estimated income | 8,409,912      | 299,947          | 8,709,859        |
| General fund          | \$0            | \$0              | \$0              |
| FTE                   | 30.00          | 1.00             | 31.00            |

### Department 413 - Department of Financial Institutions - Detail of House Changes

|                       | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Adds<br>Cybersecurity/<br>Money<br>Transmitter<br>Examiner <sup>3</sup> | Reduces<br>Funding for<br>Operating<br>Expenses <sup>4</sup> | Adds Funding<br>for Website<br>Redesign <sup>5</sup> | Total House<br>Changes |
|-----------------------|----------------------------------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------|------------------------|
| Salaries and wages    | (\$323,842)                                                    | \$312,085                                                           | \$194,559                                                               |                                                              |                                                      | \$182,802              |
| Operating expenses    |                                                                |                                                                     | 60,000                                                                  | (\$294,160)                                                  | \$351,305                                            | 117,145                |
| Contingency           |                                                                |                                                                     |                                                                         |                                                              |                                                      |                        |
| Total all funds       | (\$323,842)                                                    | \$312,085                                                           | \$254,559                                                               | (\$294,160)                                                  | \$351,305                                            | \$299,947              |
| Less estimated income | (323,842)                                                      | 312,085                                                             | 254,559                                                                 | (294,160)                                                    | 351,305                                              | 299,947                |
| General fund          | \$0                                                            | \$0                                                                 | \$0                                                                     | \$0                                                          | \$0                                                  | \$0                    |
| FTE                   | 0.00                                                           | 0.00                                                                | 1.00                                                                    | 0.00                                                         | 0.00                                                 | 1.00                   |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

| <u>Other Funds</u>        |           |
|---------------------------|-----------|
| Salary increase           | \$173,761 |
| Health insurance increase | 138,324   |
| Total                     | \$312,085 |

<sup>3</sup> Funding for 1 cybersecurity/money transmitter examiner FTE position (\$194,559) and related operating expenses (\$60,000) is added.



<sup>4</sup> Funding for operating expenses is reduced to provide a total of \$1,693,217.

<sup>5</sup> One-time funding is added to continue the department's website redesign project started during the 2017-19 biennium.

**STATEMENT OF PURPOSE OF AMENDMENT:****House Bill No. 1009 - Funding Summary**

|                                    | Base<br>Budget   | House<br>Changes | House<br>Version |
|------------------------------------|------------------|------------------|------------------|
| State Fair Association<br>Premiums | <u>\$515,665</u> |                  | <u>\$515,665</u> |
| Total all funds                    | \$515,665        | \$0              | \$515,665        |
| Less estimated income              | <u>0</u>         | <u>0</u>         | <u>0</u>         |
| General fund                       | \$515,665        | \$0              | \$515,665        |
| FTE                                | 0.00             | 0.00             | 0.00             |
| Bill total                         |                  |                  |                  |
| Total all funds                    | \$515,665        | \$0              | \$515,665        |
| Less estimated income              | <u>0</u>         | <u>0</u>         | <u>0</u>         |
| General fund                       | \$515,665        | \$0              | \$515,665        |
| FTE                                | 0.00             | 0.00             | 0.00             |

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**House Bill No. 1009 - State Fair Association - House Action**

The House did not change the base level funding for the State Fair Association of \$515,665 from the general fund for the 2019-21 biennium.

## STATEMENT OF PURPOSE OF AMENDMENT:

### House Bill No. 1010 - Funding Summary

|                       | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------|----------------|------------------|------------------|
| Council on the Arts   |                |                  |                  |
| Salaries and wages    | \$905,453      | \$51,647         | \$957,100        |
| Operating expenses    | 355,851        | (78,000)         | 277,851          |
| Grants                | 2,090,494      |                  | 2,090,494        |
| Total all funds       | \$3,351,798    | (\$26,353)       | \$3,325,445      |
| Less estimated income | 1,786,922      | (48,004)         | 1,738,918        |
| General fund          | \$1,564,876    | \$21,651         | \$1,586,527      |
| FTE                   | 5.00           | 0.00             | 5.00             |
| Bill total            |                |                  |                  |
| Total all funds       | \$3,351,798    | (\$26,353)       | \$3,325,445      |
| Less estimated income | 1,786,922      | (48,004)         | 1,738,918        |
| General fund          | \$1,564,876    | \$21,651         | \$1,586,527      |
| FTE                   | 5.00           | 0.00             | 5.00             |

### House Bill No. 1010 - Council on the Arts - House Action

|                       | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------|----------------|------------------|------------------|
| Salaries and wages    | \$905,453      | \$51,647         | \$957,100        |
| Operating expenses    | 355,851        | (78,000)         | 277,851          |
| Grants                | 2,090,494      |                  | 2,090,494        |
| Total all funds       | \$3,351,798    | (\$26,353)       | \$3,325,445      |
| Less estimated income | 1,786,922      | (48,004)         | 1,738,918        |
| General fund          | \$1,564,876    | \$21,651         | \$1,586,527      |
| FTE                   | 5.00           | 0.00             | 5.00             |

### Department 709 - Council on the Arts - Detail of House Changes

|                       | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Reduces<br>Funding for<br>Operating<br>Expenses <sup>3</sup> | Removes<br>Funding for<br>One-Time<br>Grant <sup>4</sup> | Total House<br>Changes |
|-----------------------|----------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------|----------------------------------------------------------|------------------------|
| Salaries and wages    | \$6,833                                                        | \$44,814                                                            |                                                              |                                                          | \$51,647               |
| Operating expenses    |                                                                |                                                                     | (\$30,000)                                                   | (\$48,000)                                               | (78,000)               |
| Grants                |                                                                |                                                                     |                                                              |                                                          |                        |
| Total all funds       | \$6,833                                                        | \$44,814                                                            | (\$30,000)                                                   | (\$48,000)                                               | (\$26,353)             |
| Less estimated income | 955                                                            | 0                                                                   | (959)                                                        | (48,000)                                                 | (48,004)               |
| General fund          | \$5,878                                                        | \$44,814                                                            | (\$29,041)                                                   | \$0                                                      | \$21,651               |
| FTE                   | 0.00                                                           | 0.00                                                                | 0.00                                                         | 0.00                                                     | 0.00                   |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

| <u>General Fund</u>       |          |
|---------------------------|----------|
| Salary increase           | \$22,504 |
| Health insurance increase | 22,310   |
| Total                     | \$44,814 |

<sup>3</sup> Reduces funding for operating expenses by \$30,000, of which \$29,041 is from the general fund and \$959 is from other funds.

<sup>4</sup> Removes funding related to a one-time Bush Foundation grant.

## STATEMENT OF PURPOSE OF AMENDMENT:

### House Bill No. 1011 - Funding Summary

|                       | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------|----------------|------------------|------------------|
| Highway Patrol        |                |                  |                  |
| Highway patrol        | \$57,230,706   | \$3,265,790      | \$60,496,496     |
| Total all funds       | \$57,230,706   | \$3,265,790      | \$60,496,496     |
| Less estimated income | 14,703,278     | 2,359,464        | 17,062,742       |
| General fund          | \$42,527,428   | \$906,326        | \$43,433,754     |
| FTE                   | 204.00         | (9.00)           | 195.00           |
| Bill total            |                |                  |                  |
| Total all funds       | \$57,230,706   | \$3,265,790      | \$60,496,496     |
| Less estimated income | 14,703,278     | 2,359,464        | 17,062,742       |
| General fund          | \$42,527,428   | \$906,326        | \$43,433,754     |
| FTE                   | 204.00         | (9.00)           | 195.00           |

### House Bill No. 1011 - Highway Patrol - House Action

|                       | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------|----------------|------------------|------------------|
| Highway patrol        | \$57,230,706   | \$3,265,790      | \$60,496,496     |
| Total all funds       | \$57,230,706   | \$3,265,790      | \$60,496,496     |
| Less estimated income | 14,703,278     | 2,359,464        | 17,062,742       |
| General fund          | \$42,527,428   | \$906,326        | \$43,433,754     |
| FTE                   | 204.00         | (9.00)           | 195.00           |

### Department 504 - Highway Patrol - Detail of House Changes

|                       | Adjusts<br>Funding for<br>Base Payroll<br>and Budget<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Removes FTE<br>Positions <sup>3</sup> | Adds<br>Operating<br>Funding <sup>4</sup> | Adds Funding<br>for Equipment<br>Replacement <sup>5</sup> | Adds One-<br>Time Funding <sup>6</sup> |
|-----------------------|------------------------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------|-------------------------------------------|-----------------------------------------------------------|----------------------------------------|
| Highway patrol        | (\$68,417)                                                                   | \$1,862,723                                                         | (\$1,325,123)                         | \$700,349                                 | \$189,100                                                 | \$1,907,158                            |
| Total all funds       | (\$68,417)                                                                   | \$1,862,723                                                         | (\$1,325,123)                         | \$700,349                                 | \$189,100                                                 | \$1,907,158                            |
| Less estimated income | (81,149)                                                                     | 462,058                                                             | (213,387)                             | 177,514                                   | 189,100                                                   | 1,825,328                              |
| General fund          | \$12,732                                                                     | \$1,400,665                                                         | (\$1,111,736)                         | \$522,835                                 | \$0                                                       | \$81,830                               |
| FTE                   | 0.00                                                                         | 0.00                                                                | (9.00)                                | 0.00                                      | 0.00                                                      | 0.00                                   |

|                       | Total House<br>Changes |
|-----------------------|------------------------|
| Highway patrol        | \$3,265,790            |
| Total all funds       | \$3,265,790            |
| Less estimated income | 2,359,464              |
| General fund          | \$906,326              |
| FTE                   | (9.00)                 |

<sup>1</sup> Funding is adjusted for base payroll and other changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <b>General Fund</b> | <b>Other Funds</b> | <b>Total</b> |
|---------------------------|---------------------|--------------------|--------------|
| Salary increase           | \$761,206           | \$249,260          | \$1,010,466  |
| Health insurance increase | 639,459             | 212,798            | 852,257      |
| Total                     | \$1,400,665         | \$462,058          | \$1,862,723  |

<sup>3</sup> The following FTE positions and related funding are removed:

|                             | <b>FTE Positions</b> | <b>General Fund</b> | <b>Other Funds</b> | <b>Total</b>  |
|-----------------------------|----------------------|---------------------|--------------------|---------------|
| Cook II                     | (1.00)               | (\$105,559)         | (\$17,184)         | (\$122,743)   |
| Administrative assistant II | (4.00)               | (372,697)           | (87,683)           | (460,380)     |
| Vacant trooper positions    | (4.00)               | (633,480)           | (108,520)          | (742,000)     |
| Total                       | (9.00)               | (\$1,111,736)       | (\$213,387)        | (\$1,325,123) |

<sup>4</sup> Funding is added for the following operating expenses:

|                                 | <b>General Fund</b> | <b>Other Funds</b> | <b>Total</b> |
|---------------------------------|---------------------|--------------------|--------------|
| Lease rate increases            | \$26,000            | \$4,000            | \$30,000     |
| Mileage rate increase           | 313,000             | 51,000             | 364,000      |
| Trooper cell phones             | 67,000              | 11,000             | 78,000       |
| State employee ID cards         | 10,000              | 2,000              | 12,000       |
| Indoor shooting range operating |                     | 70,000             | 70,000       |
| Microsoft Office 365 licensing  | 106,835             | 39,514             | 146,349      |
| Total                           | \$522,835           | \$177,514          | \$700,349    |

<sup>5</sup> Funding is added from the motor carrier electronic permit fund and highway tax distribution fund to replace the following equipment:

|                                                  | <b>Other Funds</b> |
|--------------------------------------------------|--------------------|
| Body armor                                       | \$143,100          |
| Taser cartridges                                 | 32,000             |
| Automated external defibrillator pad replacement | 14,000             |
| Total                                            | \$189,100          |

<sup>6</sup> One-time funding is added for the following:

|                          | <b>General Fund</b> | <b>Motor Carrier<br/>Electronic<br/>Permit Fund</b> | <b>Total</b> |
|--------------------------|---------------------|-----------------------------------------------------|--------------|
| Aircraft engine overhaul | \$81,830            |                                                     | \$81,830     |
| Drone purchase           |                     | \$96,228                                            | 96,228       |
| Shooting range addition  |                     | 1,729,100                                           | 1,729,100    |
| Total                    | \$81,830            | \$1,825,328                                         | \$1,907,158  |

This amendment also:

- Adds a section to allow the Highway Patrol to continue unused 2015-17 biennium appropriations for an aircraft engine overhaul into the 2019-21 biennium.
- Amends sections 3 and 4 to adjust the amount of funding provided from the highway tax distribution fund and motor carrier electronic permit fund.
- Adds a section to authorize the Highway Patrol to offer job shadowing opportunities.

## STATEMENT OF PURPOSE OF AMENDMENT:

### House Bill No. 1012 - Funding Summary

|                                | Base<br>Budget       | House<br>Changes   | House<br>Version     |
|--------------------------------|----------------------|--------------------|----------------------|
| Department of Transportation   |                      |                    |                      |
| Salaries and wages             | \$201,478,341        | \$460,582          | \$201,938,923        |
| Operating expenses             | 229,381,646          | 19,871,688         | 249,253,334          |
| Capital assets                 | 771,101,851          | 89,924,093         | 861,025,944          |
| Grants                         | 67,528,030           | 28,326,607         | 95,854,637           |
| Short line railroad<br>program |                      | 2,500,000          | 2,500,000            |
|                                |                      |                    |                      |
| Total all funds                | \$1,269,489,868      | \$141,082,970      | \$1,410,572,838      |
| Less estimated income          | <u>1,269,489,868</u> | <u>138,582,970</u> | <u>1,408,072,838</u> |
| General fund                   | \$0                  | \$2,500,000        | \$2,500,000          |
|                                |                      |                    |                      |
| FTE                            | 1,047.00             | (42.00)            | 1,005.00             |
|                                |                      |                    |                      |
| Bill total                     |                      |                    |                      |
| Total all funds                | \$1,269,489,868      | \$141,082,970      | \$1,410,572,838      |
| Less estimated income          | <u>1,269,489,868</u> | <u>138,582,970</u> | <u>1,408,072,838</u> |
| General fund                   | \$0                  | \$2,500,000        | \$2,500,000          |
|                                |                      |                    |                      |
| FTE                            | 1,047.00             | (42.00)            | 1,005.00             |

### House Bill No. 1012 - Department of Transportation - House Action

|                             | Base<br>Budget       | House<br>Changes   | House<br>Version     |
|-----------------------------|----------------------|--------------------|----------------------|
| Salaries and wages          | \$201,478,341        | \$460,582          | \$201,938,923        |
| Operating expenses          | 229,381,646          | 19,871,688         | 249,253,334          |
| Capital assets              | 771,101,851          | 89,924,093         | 861,025,944          |
| Grants                      | 67,528,030           | 28,326,607         | 95,854,637           |
| Short line railroad program |                      | 2,500,000          | 2,500,000            |
|                             |                      |                    |                      |
| Total all funds             | \$1,269,489,868      | \$141,082,970      | \$1,410,572,838      |
| Less estimated income       | <u>1,269,489,868</u> | <u>138,582,970</u> | <u>1,408,072,838</u> |
| General fund                | \$0                  | \$2,500,000        | \$2,500,000          |
|                             |                      |                    |                      |
| FTE                         | 1,047.00             | (42.00)            | 1,005.00             |

### Department 801 - Department of Transportation - Detail of House Changes

|                             | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Removes 42<br>Unspecified<br>FTE Positions <sup>3</sup> | Adjusts Base<br>Level Funding <sup>4</sup> | Adds Funding<br>for Snow and<br>Ice Control <sup>5</sup> | Adds Funding<br>for Microsoft<br>Office 365<br>Licensing <sup>6</sup> |
|-----------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------|--------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------------|
| Salaries and wages          | (\$1,019,746)                                                  | \$9,459,923                                                         | (\$7,979,595)                                           |                                            |                                                          |                                                                       |
| Operating expenses          |                                                                |                                                                     |                                                         | (\$3,336,810)                              |                                                          | \$708,498                                                             |
| Capital assets              |                                                                |                                                                     |                                                         | 87,874,093                                 | \$750,000                                                |                                                                       |
| Grants                      |                                                                |                                                                     |                                                         | 28,326,607                                 |                                                          |                                                                       |
| Short line railroad program |                                                                |                                                                     |                                                         |                                            |                                                          |                                                                       |
|                             |                                                                |                                                                     |                                                         |                                            |                                                          |                                                                       |
| Total all funds             | (\$1,019,746)                                                  | \$9,459,923                                                         | (\$7,979,595)                                           | \$112,863,890                              | \$750,000                                                | \$708,498                                                             |
| Less estimated income       | <u>(1,019,746)</u>                                             | <u>9,459,923</u>                                                    | <u>(7,979,595)</u>                                      | <u>112,863,890</u>                         | <u>750,000</u>                                           | <u>708,498</u>                                                        |
| General fund                | \$0                                                            | \$0                                                                 | \$0                                                     | \$0                                        | \$0                                                      | \$0                                                                   |
|                             |                                                                |                                                                     |                                                         |                                            |                                                          |                                                                       |
| FTE                         | 0.00                                                           | 0.00                                                                | (42.00)                                                 | 0.00                                       | 0.00                                                     | 0.00                                                                  |

|                             | Adds Funding<br>for Driver's<br>License<br>System<br>Project <sup>2</sup> | Adds Funding<br>for Driver's<br>License<br>Facility<br>Maintenance <sup>8</sup> | Adds Funding<br>for Short Line<br>Railroad<br>Program <sup>9</sup> | Total House<br>Changes |
|-----------------------------|---------------------------------------------------------------------------|---------------------------------------------------------------------------------|--------------------------------------------------------------------|------------------------|
| Salaries and wages          |                                                                           |                                                                                 |                                                                    | \$460,582              |
| Operating expenses          | \$22,500,000                                                              |                                                                                 |                                                                    | 19,871,688             |
| Capital assets              |                                                                           | \$1,300,000                                                                     |                                                                    | 89,924,093             |
| Grants                      |                                                                           |                                                                                 |                                                                    | 28,326,607             |
| Short line railroad program |                                                                           |                                                                                 | \$2,500,000                                                        | 2,500,000              |
| Total all funds             | \$22,500,000                                                              | \$1,300,000                                                                     | \$2,500,000                                                        | \$141,082,970          |
| Less estimated income       | 22,500,000                                                                | 1,300,000                                                                       | 0                                                                  | 138,582,970            |
| General fund                | \$0                                                                       | \$0                                                                             | \$2,500,000                                                        | \$2,500,000            |
| FTE                         | 0.00                                                                      | 0.00                                                                            | 0.00                                                               | (42.00)                |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>Other Funds</u> |
|---------------------------|--------------------|
| Salary increase           | \$4,774,660        |
| Health insurance increase | <u>4,685,263</u>   |
| Total                     | \$9,459,923        |

<sup>3</sup> Forty-two unspecified FTE positions and related funding are removed.

<sup>4</sup> Base level funding is adjusted as follows:

|                                                | <u>Other Funds</u> |
|------------------------------------------------|--------------------|
| Increases funding for capital assets           | \$87,874,093       |
| Increases funding for grants                   | 17,226,607         |
| Reclassifies funding for the rail loan program | 11,100,000         |
| Reduces payments to State Fleet Services       | (3,550,000)        |
| Adjusts operating expenses                     | <u>213,190</u>     |
| Total                                          | \$112,863,890      |

<sup>5</sup> Funding is added for the purchase of three snow plows.

<sup>6</sup> Funding is added for Microsoft Office 365 licensing.

<sup>7</sup> One-time funding from the highway fund is added for the department's driver's license system project.

<sup>8</sup> One-time funding from the highway fund is added for driver's license facility maintenance at Minot and Williston.

<sup>9</sup> A section is added to provide one-time funding from the general fund for the Department of Transportation's short line railroad program.

This amendment also adds sections to:

- Provide that \$503,115,558 appropriated in the capital assets line item in House Bill No. 1012 (2015) relating to enhanced state highway investments is exempt from provisions of North Dakota Century Code Section 54-44.1-11 and may be continued into the 2019-21 biennium.
- Appropriate one-time funding of \$13 million from the general fund for enhanced state highway funding during the 2017-19 biennium, and provide an exemption from Section 54-11.1-11, authorizing the funding to be continued into the 2019-21 biennium.
- Amend Section 24-02-45.1 to require that in cooperative agreements for highway construction items, only the private entity's cost-share is to be paid in advance of the construction and declares this section an emergency.
- Direct the department to establish the Mayville section site as a satellite site of the Hillsboro section and set requirements for seasonal winter services in the Courtenay, Gackle, New England, and Finley sections.
- Require a Department of Transportation study of public transportation services within the state.
- Require the Department of Transportation to report to the 2021 Legislative Assembly regarding the department's state fleet service expenditures compared to its 2019-21 biennium budgeted amounts.

## STATEMENT OF PURPOSE OF AMENDMENT:

### House Bill No. 1013 - Funding Summary

|                           | Base<br>Budget   | House<br>Changes | House<br>Version  |
|---------------------------|------------------|------------------|-------------------|
| Department of Trust Lands |                  |                  |                   |
| Salaries and wages        | \$6,005,550      | (\$299,966)      | \$5,705,584       |
| Operating expenses        | 1,775,723        | 427,957          | 2,203,680         |
| Grants                    |                  | 4,000,000        | 4,000,000         |
| Contingencies             | <u>100,000</u>   |                  | <u>100,000</u>    |
| Total all funds           | \$7,881,273      | \$4,127,991      | \$12,009,264      |
| Less estimated income     | <u>7,881,273</u> | <u>4,127,991</u> | <u>12,009,264</u> |
| General fund              | \$0              | \$0              | \$0               |
| FTE                       | 31.00            | (3.00)           | 28.00             |
| Bill total                |                  |                  |                   |
| Total all funds           | \$7,881,273      | \$4,127,991      | \$12,009,264      |
| Less estimated income     | <u>7,881,273</u> | <u>4,127,991</u> | <u>12,009,264</u> |
| General fund              | \$0              | \$0              | \$0               |
| FTE                       | 31.00            | (3.00)           | 28.00             |

### House Bill No. 1013 - Department of Trust Lands - House Action

|                       | Base<br>Budget   | House<br>Changes | House<br>Version  |
|-----------------------|------------------|------------------|-------------------|
| Salaries and wages    | \$6,005,550      | (\$299,966)      | \$5,705,584       |
| Operating expenses    | 1,775,723        | 427,957          | 2,203,680         |
| Grants                |                  | 4,000,000        | 4,000,000         |
| Contingencies         | <u>100,000</u>   |                  | <u>100,000</u>    |
| Total all funds       | \$7,881,273      | \$4,127,991      | \$12,009,264      |
| Less estimated income | <u>7,881,273</u> | <u>4,127,991</u> | <u>12,009,264</u> |
| General fund          | \$0              | \$0              | \$0               |
| FTE                   | 31.00            | (3.00)           | 28.00             |

### Department 226 - Department of Trust Lands - Detail of House Changes

|                       | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Removes FTE<br>Positions <sup>3</sup> | Reduces<br>Funding for<br>Operating<br>Expenses <sup>4</sup> | Adds Funding<br>for Legal and<br>Audit Costs <sup>5</sup> | Adds Funding<br>for Financial<br>Software<br>Contracts <sup>6</sup> |
|-----------------------|----------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------|---------------------------------------------------------------------|
| Salaries and wages    | (\$293,941)                                                    | \$282,838                                                           | (\$288,863)                           |                                                              |                                                           |                                                                     |
| Operating expenses    |                                                                |                                                                     |                                       | (\$504,949)                                                  | \$384,564                                                 | \$175,000                                                           |
| Grants                |                                                                |                                                                     |                                       |                                                              |                                                           |                                                                     |
| Contingencies         |                                                                |                                                                     |                                       |                                                              |                                                           |                                                                     |
| Total all funds       | (\$293,941)                                                    | \$282,838                                                           | (\$288,863)                           | (\$504,949)                                                  | \$384,564                                                 | \$175,000                                                           |
| Less estimated income | <u>(293,941)</u>                                               | <u>282,838</u>                                                      | <u>(288,863)</u>                      | <u>(504,949)</u>                                             | <u>384,564</u>                                            | <u>175,000</u>                                                      |
| General fund          | \$0                                                            | \$0                                                                 | \$0                                   | \$0                                                          | \$0                                                       | \$0                                                                 |
| FTE                   | 0.00                                                           | 0.00                                                                | (3.00)                                | 0.00                                                         | 0.00                                                      | 0.00                                                                |



|                       | Adds Funding<br>for Microsoft<br>Office 365<br>Licensing <sup>2</sup> | Adds One-<br>Time Funding<br>for a Mineral<br>Valuation<br>Study <sup>8</sup> | Adds One-<br>Time Funding<br>for Oil Impact<br>Grants <sup>9</sup> | Total House<br>Changes |
|-----------------------|-----------------------------------------------------------------------|-------------------------------------------------------------------------------|--------------------------------------------------------------------|------------------------|
| Salaries and wages    |                                                                       |                                                                               |                                                                    | (\$299,966)            |
| Operating expenses    | \$23,342                                                              | \$350,000                                                                     |                                                                    | 427,957                |
| Grants                |                                                                       |                                                                               | \$4,000,000                                                        | 4,000,000              |
| Contingencies         |                                                                       |                                                                               |                                                                    |                        |
| Total all funds       | \$23,342                                                              | \$350,000                                                                     | \$4,000,000                                                        | \$4,127,991            |
| Less estimated income | 23,342                                                                | 350,000                                                                       | 4,000,000                                                          | 4,127,991              |
| General fund          | \$0                                                                   | \$0                                                                           | \$0                                                                | \$0                    |
| FTE                   | 0.00                                                                  | 0.00                                                                          | 0.00                                                               | (3.00)                 |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>Other Funds</u> |
|---------------------------|--------------------|
| Salary increase           | \$148,976          |
| Health insurance increase | 133,862            |
| Total                     | \$282,838          |

<sup>3</sup> Funding and authorization for 3 FTE positions, including 2 administrative assistants and an audit technician, is removed.

<sup>4</sup> Funding is reduced for operating expenses, primarily related to travel, equipment, information technology costs, professional development, and other services.

<sup>5</sup> Funding is added for legal and audit costs related to the implementation of administrative rules, compliance requirements for internal controls and fraud risks, and financial statement audits.

<sup>6</sup> Funding is added for ongoing costs associated with new financial software, including maintenance agreements and subscription fees.

<sup>7</sup> Funding is added for Microsoft Office 365 licensing expenses.

<sup>8</sup> One-time funding is added for a mineral valuation study to hire a consultant to estimate the value of the state's mineral resources.

<sup>9</sup> Funding is added for grants to political subdivisions from the oil and gas impact grant fund. The estimated funding available for oil and gas impact grant funds for the 2019-21 biennium totals \$5.5 million, including \$4 million from the strategic investment and improvements fund and \$1.5 million of unspent prior biennium appropriations.

This amendment also adds sections to:

- Transfer \$4 million from the strategic investment and improvements fund to the oil and gas impact grant fund.
- Transfer any remaining funds in the energy impact fund to the oil and gas impact grant fund, related to the repeal of the fund.
- Provide the statutory changes necessary to require the Board of University and School Lands to make investments through the State Investment Board.
- Repeal the energy impact fund.
- Identify \$4 million of funding from the oil and gas impact grant fund for grants to political subdivisions.
- Provide an exemption to continue unspent prior biennium appropriations related to undesignated oil and gas impact grants and administrative costs of the oil and gas impact grant fund into the 2019-21 biennium.
- Provide an exemption to continue unspent prior biennium appropriations related to an information technology project into the 2019-21 biennium and require the Commissioner of Board and University School Lands to report to the interim Information Technology Committee.
- Provide effective dates, including a contingent effective date, relating to the statutory changes requiring investment through the State Investment Board and the repeal of the energy impact fund.

# STATEMENT OF PURPOSE OF AMENDMENT:

## House Bill No. 1014 - Funding Summary

|                                    | Base<br>Budget     | House<br>Changes  | House<br>Version   |
|------------------------------------|--------------------|-------------------|--------------------|
| Industrial Commission              |                    |                   |                    |
| Salaries and wages                 | \$22,014,084       | \$1,282,736       | \$23,296,820       |
| Operating expenses                 | 5,305,888          | 686,099           | 5,991,987          |
| Capital assets                     |                    | 5,000,000         | 5,000,000          |
| Grants - Bond payments             | 13,210,484         | (2,701,717)       | 10,508,767         |
| Contingencies                      | <u>221,737</u>     | <u>7,807</u>      | <u>229,544</u>     |
| Total all funds                    | \$40,752,193       | \$4,274,925       | \$45,027,118       |
| Less estimated income              | <u>15,343,206</u>  | <u>2,644,219</u>  | <u>17,987,425</u>  |
| General fund                       | \$25,408,987       | \$1,630,706       | \$27,039,693       |
| FTE                                | 110.25             | 2.00              | 112.25             |
| Bank of North Dakota               |                    |                   |                    |
| Capital assets                     | \$810,000          | \$700,000         | \$1,510,000        |
| Bank of North Dakota<br>operations | <u>58,489,204</u>  | <u>4,165,031</u>  | <u>62,654,235</u>  |
| Total all funds                    | \$59,299,204       | \$4,865,031       | \$64,164,235       |
| Less estimated income              | <u>59,299,204</u>  | <u>4,865,031</u>  | <u>64,164,235</u>  |
| General fund                       | \$0                | \$0               | \$0                |
| FTE                                | 181.50             | 0.00              | 181.50             |
| Housing Finance Agency             |                    |                   |                    |
| Salaries and wages                 | \$7,892,056        | \$569,743         | \$8,461,799        |
| Operating expenses                 | 4,743,355          | 602,921           | 5,346,276          |
| Grants                             | 31,794,828         | 1,671,772         | 33,466,600         |
| HFA contingencies                  | <u>100,000</u>     |                   | <u>100,000</u>     |
| Total all funds                    | \$44,530,239       | \$2,844,436       | \$47,374,675       |
| Less estimated income              | <u>44,530,239</u>  | <u>2,844,436</u>  | <u>47,374,675</u>  |
| General fund                       | \$0                | \$0               | \$0                |
| FTE                                | 44.00              | 0.00              | 44.00              |
| Mill and Elevator                  |                    |                   |                    |
| Salaries and wages                 | \$39,308,519       | \$6,984,293       | \$46,292,812       |
| Operating expenses                 | 28,195,000         | 1,642,000         | 29,837,000         |
| Contingencies                      | 500,000            |                   | 500,000            |
| Agriculture promotion              | <u>210,000</u>     |                   | <u>210,000</u>     |
| Total all funds                    | \$68,213,519       | \$8,626,293       | \$76,839,812       |
| Less estimated income              | <u>68,213,519</u>  | <u>8,626,293</u>  | <u>76,839,812</u>  |
| General fund                       | \$0                | \$0               | \$0                |
| FTE                                | 153.00             | 2.00              | 155.00             |
| Bill total                         |                    |                   |                    |
| Total all funds                    | \$212,795,155      | \$20,610,685      | \$233,405,840      |
| Less estimated income              | <u>187,386,168</u> | <u>18,979,979</u> | <u>206,366,147</u> |
| General fund                       | \$25,408,987       | \$1,630,706       | \$27,039,693       |
| FTE                                | 488.75             | 4.00              | 492.75             |

## House Bill No. 1014 - Industrial Commission - House Action

|                        | Base<br>Budget | House<br>Changes | House<br>Version |
|------------------------|----------------|------------------|------------------|
| Salaries and wages     | \$22,014,084   | \$1,282,736      | \$23,296,820     |
| Operating expenses     | 5,305,888      | 686,099          | 5,991,987        |
| Capital assets         |                | 5,000,000        | 5,000,000        |
| Grants - Bond payments | 13,210,484     | (2,701,717)      | 10,508,767       |
| Contingencies          | 221,737        | 7,807            | 229,544          |
| Total all funds        | \$40,752,193   | \$4,274,925      | \$45,027,118     |
| Less estimated income  | 15,343,206     | 2,644,219        | 17,987,425       |
| General fund           | \$25,408,987   | \$1,630,706      | \$27,039,693     |
| FTE                    | 110.25         | 2.00             | 112.25           |

## Department 405 - Industrial Commission - Detail of House Changes

|                        | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Adjusts<br>Funding for<br>2017-19<br>Contingent<br>FTE Positions <sup>3</sup> | Adds<br>Contingent<br>FTE Positions <sup>4</sup> | Adjusts<br>Funding for<br>Operating<br>Expenses <sup>5</sup> | Reduces<br>Funding for<br>Bond<br>Payments <sup>6</sup> |
|------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------|
| Salaries and wages     | (\$123,310)                                                    | \$1,143,845                                                         | \$262,201                                                                     |                                                  |                                                              |                                                         |
| Operating expenses     |                                                                |                                                                     |                                                                               |                                                  | \$416,099                                                    |                                                         |
| Capital assets         |                                                                |                                                                     |                                                                               |                                                  |                                                              |                                                         |
| Grants - Bond payments |                                                                |                                                                     |                                                                               |                                                  |                                                              | (\$2,701,717)                                           |
| Contingencies          |                                                                |                                                                     | (221,737)                                                                     | \$229,544                                        |                                                              |                                                         |
| Total all funds        | (\$123,310)                                                    | \$1,143,845                                                         | \$40,464                                                                      | \$229,544                                        | \$416,099                                                    | (\$2,701,717)                                           |
| Less estimated income  | 40,140                                                         | 67,711                                                              | 0                                                                             | 0                                                | (31,915)                                                     | (2,701,717)                                             |
| General fund           | (\$163,450)                                                    | \$1,076,134                                                         | \$40,464                                                                      | \$229,544                                        | \$448,014                                                    | \$0                                                     |
| FTE                    | 0.00                                                           | 0.00                                                                | 0.00                                                                          | 2.00                                             | 0.00                                                         | 0.00                                                    |

|                        | Adds One-<br>Time Funding<br>for Studies<br>and an<br>Information<br>Technology<br>Project <sup>7</sup> | Total House<br>Changes |
|------------------------|---------------------------------------------------------------------------------------------------------|------------------------|
| Salaries and wages     |                                                                                                         | \$1,282,736            |
| Operating expenses     | \$270,000                                                                                               | 686,099                |
| Capital assets         | 5,000,000                                                                                               | 5,000,000              |
| Grants - Bond payments |                                                                                                         | (2,701,717)            |
| Contingencies          |                                                                                                         | 7,807                  |
| Total all funds        | \$5,270,000                                                                                             | \$4,274,925            |
| Less estimated income  | 5,270,000                                                                                               | 2,644,219              |
| General fund           | \$0                                                                                                     | \$1,630,706            |
| FTE                    | 0.00                                                                                                    | 2.00                   |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | General Fund | Other Funds | Total       |
|---------------------------|--------------|-------------|-------------|
| Salary increase           | \$571,918    | \$36,477    | \$608,395   |
| Health insurance increase | 504,216      | 31,234      | 535,450     |
| Total                     | \$1,076,134  | \$67,711    | \$1,143,845 |

<sup>3</sup> Funding of \$221,737 is transferred from the contingencies line item to the salaries and wages line item, and funding of \$40,464 is added related to 2 FTE positions that were partially funded as contingent positions in the 2017-19 biennium.

<sup>4</sup> Contingent funding and authorization is provided for 2 FTE positions. The FTE positions and related funding are authorized, subject to Budget Section approval, if the total number of wells capable of production and injection exceeds 20,800 as identified in Section 5 of the bill.

<sup>5</sup> Funding is adjusted for operating expenses as follows:

|                                                 | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>  |
|-------------------------------------------------|---------------------|--------------------|---------------|
| Adjusts funding for travel and building leases  | \$300,827           | (\$36,324)         | \$264,503     |
| Adds funding for computer replacements          | 70,400              | 0                  | 70,400        |
| Adds funding for Microsoft Office 365 licensing | <u>76,787</u>       | <u>4,409</u>       | <u>81,196</u> |
| Total                                           | \$448,014           | (\$31,915)         | \$416,099     |

<sup>6</sup> Funding for bond payments is reduced by \$2,701,717, from \$13,210,484 to \$10,508,767.

<sup>7</sup> Funding is added for the following one-time items:

|                                                                                                | <u>Total</u>     |
|------------------------------------------------------------------------------------------------|------------------|
| Rare earth element study (strategic investment and improvements fund)                          | \$160,000        |
| Fracturing sand study (strategic investment and improvements fund)                             | 110,000          |
| Information technology project (abandoned oil and gas well plugging and site reclamation fund) | <u>5,000,000</u> |
| Total                                                                                          | \$5,270,000      |

This amendment also includes the following items related to the Industrial Commission:

- Provides legislative intent for bond payments.
- Identifies 2 FTE positions included in the appropriation as contingent FTE positions. The positions are available if the total number of wells capable of production and injection exceeds 20,800.
- Allows the Industrial Commission to transfer up to \$1,150,782 from special funds from the entities under the control of the Industrial Commission for administrative services and provides an exemption to allow any unspent 2017-19 biennium appropriations for administrative costs to continue in the 2019-21 biennium.
- Identifies \$270,000 from the strategic investment and improvements fund for a rare earth element study and a fracturing sand study.
- Identifies \$5 million from the abandoned oil and gas well plugging and site reclamation fund for an information technology project.
- Limits the oil and gas tax revenue allocations to the abandoned oil and gas well plugging and site reclamation fund by decreasing the fund balance limit by \$50 million, from \$100 million to \$50 million.
- Decreases the oil and gas tax revenue allocations to the North Dakota outdoor heritage fund from \$20 million per fiscal year to \$7.5 million per fiscal year, but only for the 2019-21 biennium.
- Increases the oil and gas tax revenue allocations to the oil and gas research fund for the 2019-21 biennium by \$4 million, from \$10 million to \$14 million, and requires the Industrial Commission to use \$4 million from the oil and gas research fund to contract with the Energy and Environmental Research Center for a pilot project relating to the underground storage of produced natural gas.
- Provides an exemption allowing the Industrial Commission to continue unspent prior biennium appropriation authority for a survey review in the 2019-21 biennium.
- Provides legislative intent that \$4.5 million is available from the lignite research fund for lignite marketing studies, the Lignite Vision 21 program, or possible lignite-related litigation.

#### House Bill No. 1014 - Bank of North Dakota - House Action

|                                 | Base Budget       | House Changes    | House Version     |
|---------------------------------|-------------------|------------------|-------------------|
| Capital assets                  | \$810,000         | \$700,000        | \$1,510,000       |
| Bank of North Dakota operations | 58,489,204        | 4,165,031        | 62,654,235        |
| Total all funds                 | \$59,299,204      | \$4,865,031      | \$64,164,235      |
| Less estimated income           | <u>59,299,204</u> | <u>4,865,031</u> | <u>64,164,235</u> |
| General fund                    | \$0               | \$0              | \$0               |
| FTE                             | 181.50            | 0.00             | 181.50            |

## Department 471 - Bank of North Dakota - Detail of House Changes

|                                    | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Adjusts<br>Funding for<br>Bank<br>Operations <sup>3</sup> | Adds Funding<br>for Bank<br>Contingencies <sup>4</sup> | Adds Funding<br>for Information<br>Technology<br>Equipment<br>and Software <sup>5</sup> | Total House<br>Changes |
|------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------------------------------------------|------------------------|
| Capital assets                     |                                                                |                                                                     |                                                           |                                                        | \$700,000                                                                               | \$700,000              |
| Bank of North Dakota<br>operations | \$230,000                                                      | \$1,706,921                                                         | \$1,228,110                                               | \$1,000,000                                            |                                                                                         | 4,165,031              |
| Total all funds                    | \$230,000                                                      | \$1,706,921                                                         | \$1,228,110                                               | \$1,000,000                                            | \$700,000                                                                               | \$4,865,031            |
| Less estimated income              | 230,000                                                        | 1,706,921                                                           | 1,228,110                                                 | 1,000,000                                              | 700,000                                                                                 | 4,865,031              |
| General fund                       | \$0                                                            | \$0                                                                 | \$0                                                       | \$0                                                    | \$0                                                                                     | \$0                    |
| FTE                                | 0.00                                                           | 0.00                                                                | 0.00                                                      | 0.00                                                   | 0.00                                                                                    | 0.00                   |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>Other Funds</u> |
|---------------------------|--------------------|
| Salary increase           | \$894,823          |
| Health insurance increase | <u>812,098</u>     |
| Total                     | \$1,706,921        |

<sup>3</sup> Funding is adjusted for Bank of North Dakota operations, as follows:

|                                                                             | <u>Other Funds</u> |
|-----------------------------------------------------------------------------|--------------------|
| Adjusts funding for postage and temporary salaries                          | (\$75,550)         |
| Increases funding for information technology costs                          | 876,800            |
| Adds funding for Microsoft Office 365 licensing                             | 37,352             |
| Increases funding for professional development and<br>services              | 139,508            |
| Increases funding for utilities, insurance, and other<br>operating expenses | <u>250,000</u>     |
| Total                                                                       | \$1,228,110        |

<sup>4</sup> Funding of \$1 million is added for Bank of North Dakota contingencies to provide total contingency funding of \$3.5 million.

<sup>5</sup> Funding is added for information technology equipment and software.

This amendment also includes the following items related to the Bank of North Dakota:

- Transfers \$140 million of Bank profits to the general fund and identifies the transfer as an ongoing revenue source for Legislative Council budget status reporting purposes.
- Transfers \$26 million of Bank profits to the partnership in assisting community expansion (PACE) fund.
- Transfers \$3 million of Bank profits to the Ag PACE fund.
- Transfers \$1 million of Bank profits to the biofuels PACE fund.
- Transfers \$6 million of Bank profits to the beginning farmer revolving loan fund.
- Transfers \$15 million of Bank profits to the North Dakota development fund and requires the funding be used to purchase existing venture capital assets held by the Bank.

## House Bill No. 1014 - Housing Finance Agency - House Action

|                       | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------|----------------|------------------|------------------|
| Salaries and wages    | \$7,892,056    | \$569,743        | \$8,461,799      |
| Operating expenses    | 4,743,355      | 602,921          | 5,346,276        |
| Grants                | 31,794,828     | 1,671,772        | 33,466,600       |
| HFA contingencies     | 100,000        |                  | 100,000          |
| Total all funds       | \$44,530,239   | \$2,844,436      | \$47,374,675     |
| Less estimated income | 44,530,239     | 2,844,436        | 47,374,675       |
| General fund          | \$0            | \$0              | \$0              |
| FTE                   | 44.00          | 0.00             | 44.00            |

## Department 473 - Housing Finance Agency - Detail of House Changes

|                       | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Removes<br>Funding for<br>Temporary<br>Employees <sup>3</sup> | Adds Funding<br>for Mortgage<br>Servicing<br>Premium<br>Expenses <sup>4</sup> | Adds Funding<br>for Grants <sup>5</sup> | Total House<br>Changes |
|-----------------------|----------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------------------------|-----------------------------------------|------------------------|
| Salaries and wages    | \$221,665                                                      | \$405,297                                                           | (\$57,219)                                                    |                                                                               |                                         | \$569,743              |
| Operating expenses    |                                                                |                                                                     |                                                               | \$602,921                                                                     |                                         | 602,921                |
| Grants                |                                                                |                                                                     |                                                               |                                                                               | \$1,671,772                             | 1,671,772              |
| HFA contingencies     |                                                                |                                                                     |                                                               |                                                                               |                                         |                        |
| Total all funds       | \$221,665                                                      | \$405,297                                                           | (\$57,219)                                                    | \$602,921                                                                     | \$1,671,772                             | \$2,844,436            |
| Less estimated income | 221,665                                                        | 405,297                                                             | (57,219)                                                      | 602,921                                                                       | 1,671,772                               | 2,844,436              |
| General fund          | \$0                                                            | \$0                                                                 | \$0                                                           | \$0                                                                           | \$0                                     | \$0                    |
| FTE                   | 0.00                                                           | 0.00                                                                | 0.00                                                          | 0.00                                                                          | 0.00                                    | 0.00                   |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>Other Funds</u> |
|---------------------------|--------------------|
| Salary increase           | \$208,965          |
| Health insurance increase | 196,332            |
| Total                     | \$405,297          |

<sup>3</sup> Funding is removed for temporary employees.

<sup>4</sup> Funding is added for mortgage servicing premium expenses related to an increasing loan volume.

<sup>5</sup> Funding of \$1,671,772 is added for grants, including \$20,000 for program grants and \$1,651,772 for federal housing grants.

This amendment also adds a section related to the Housing Finance Agency to provide appropriation authority for any additional or unanticipated income from federal or other funds which may become available during the 2019-21 biennium and requires the Housing Finance Agency to notify the Office of Management and Budget and the Legislative Council of additional income received.

## House Bill No. 1014 - Mill and Elevator - House Action

|                       | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------|----------------|------------------|------------------|
| Salaries and wages    | \$39,308,519   | \$6,984,293      | \$46,292,812     |
| Operating expenses    | 28,195,000     | 1,642,000        | 29,837,000       |
| Contingencies         | 500,000        |                  | 500,000          |
| Agriculture promotion | 210,000        |                  | 210,000          |
| Total all funds       | \$68,213,519   | \$8,626,293      | \$76,839,812     |
| Less estimated income | 68,213,519     | 8,626,293        | 76,839,812       |
| General fund          | \$0            | \$0              | \$0              |
| FTE                   | 153.00         | 2.00             | 155.00           |

## Department 475 - Mill and Elevator - Detail of House Changes

|                       | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Benefit<br>Increases <sup>2</sup> | Increases<br>Funding for<br>Overtime and<br>Temporary<br>Employees <sup>3</sup> | Adds FTE<br>Positions <sup>4</sup> | Adds Funding<br>for Operating<br>Expenses <sup>5</sup> | Total House<br>Changes |
|-----------------------|----------------------------------------------------------------|-------------------------------------------------------|---------------------------------------------------------------------------------|------------------------------------|--------------------------------------------------------|------------------------|
| Salaries and wages    | \$3,477,828                                                    | \$682,698                                             | \$2,538,685                                                                     | \$285,082                          |                                                        | \$6,984,293            |
| Operating expenses    |                                                                |                                                       |                                                                                 |                                    | \$1,642,000                                            | 1,642,000              |
| Contingencies         |                                                                |                                                       |                                                                                 |                                    |                                                        |                        |
| Agriculture promotion |                                                                |                                                       |                                                                                 |                                    |                                                        |                        |
| Total all funds       | \$3,477,828                                                    | \$682,698                                             | \$2,538,685                                                                     | \$285,082                          | \$1,642,000                                            | \$8,626,293            |
| Less estimated income | 3,477,828                                                      | 682,698                                               | 2,538,685                                                                       | 285,082                            | 1,642,000                                              | 8,626,293              |
| General fund          | \$0                                                            | \$0                                                   | \$0                                                                             | \$0                                | \$0                                                    | \$0                    |
| FTE                   | 0.00                                                           | 0.00                                                  | 0.00                                                                            | 2.00                               | 0.00                                                   | 2.00                   |

<sup>1</sup> Funding is adjusted for base payroll changes, including salary increases.

<sup>2</sup> Funding is added for increases in health insurance premiums from \$1,241 to \$1,427 per month.

<sup>3</sup> Funding is increased for overtime expenses (\$2,227,085) and temporary employees (\$311,600).

<sup>4</sup> Funding is added for 2 FTE positions, including 1 food safety position (\$155,012) and 1 utility worker position (\$130,070).

<sup>5</sup> Funding is added for operating expenses for increased costs related to utilities, insurance, and repairs.

No other sections were included by the House related to the Mill and Elevator Association.

## STATEMENT OF PURPOSE OF AMENDMENT:

### House Bill No. 1015 - Funding Summary

|                                      | Base<br>Budget | House<br>Changes | House<br>Version |
|--------------------------------------|----------------|------------------|------------------|
| Department of Corrections and Rehab. |                |                  |                  |
| Adult services                       | \$220,757,448  | \$15,683,040     | \$236,440,488    |
| Youth services                       | 30,740,509     | 1,355,436        | 32,095,945       |
| Total all funds                      | \$251,497,957  | \$17,038,476     | \$268,536,433    |
| Less estimated income                | 37,161,253     | 4,978,055        | 42,139,308       |
| General fund                         | \$214,336,704  | \$12,060,421     | \$226,397,125    |
| FTE                                  | 845.29         | 54.50            | 899.79           |
| Bill total                           |                |                  |                  |
| Total all funds                      | \$251,497,957  | \$17,038,476     | \$268,536,433    |
| Less estimated income                | 37,161,253     | 4,978,055        | 42,139,308       |
| General fund                         | \$214,336,704  | \$12,060,421     | \$226,397,125    |
| FTE                                  | 845.29         | 54.50            | 899.79           |

### House Bill No. 1015 - Department of Corrections and Rehab. - House Action

|                       | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------|----------------|------------------|------------------|
| Adult services        | \$220,757,448  | \$15,683,040     | \$236,440,488    |
| Youth services        | 30,740,509     | 1,355,436        | 32,095,945       |
| Total all funds       | \$251,497,957  | \$17,038,476     | \$268,536,433    |
| Less estimated income | 37,161,253     | 4,978,055        | 42,139,308       |
| General fund          | \$214,336,704  | \$12,060,421     | \$226,397,125    |
| FTE                   | 845.29         | 54.50            | 899.79           |

### Department 530 - Department of Corrections and Rehab. - Detail of House Changes

|                       | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Increases<br>Funding for<br>Teachers <sup>3</sup> | Adds FTE<br>Positions <sup>4</sup> | Transfers the<br>Tompkins<br>Rehabilitation<br>and<br>Corrections<br>Center <sup>5</sup> | Increases<br>Funding for<br>Treatment <sup>6</sup> |
|-----------------------|----------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------|------------------------------------|------------------------------------------------------------------------------------------|----------------------------------------------------|
| Adult services        | \$916,681                                                      | \$6,365,580                                                         | \$1,125,280                                       | \$1,053,697                        | (\$3,576,240)                                                                            | \$3,873,750                                        |
| Youth services        | (647,423)                                                      | 1,118,805                                                           | 232,510                                           | 27,772                             |                                                                                          | 537,500                                            |
| Total all funds       | \$269,258                                                      | \$7,484,385                                                         | \$1,357,790                                       | \$1,081,469                        | (\$3,576,240)                                                                            | \$4,411,250                                        |
| Less estimated income | (1,364,762)                                                    | 372,763                                                             | 0                                                 | 0                                  | 0                                                                                        | 0                                                  |
| General fund          | \$1,634,020                                                    | \$7,111,622                                                         | \$1,357,790                                       | \$1,081,469                        | (\$3,576,240)                                                                            | \$4,411,250                                        |
| FTE                   | 0.00                                                           | 0.00                                                                | 0.00                                              | 27.00                              | 27.50                                                                                    | 0.00                                               |

|                       | Increases<br>Funding for<br>DWCRC<br>Contract <sup>7</sup> | Adjusts<br>Ongoing<br>Funding for<br>Other<br>Changes <sup>8</sup> | Adds One-<br>Time Funding <sup>9</sup> | Total House<br>Changes |
|-----------------------|------------------------------------------------------------|--------------------------------------------------------------------|----------------------------------------|------------------------|
| Adult services        | \$1,143,360                                                | \$2,316,044                                                        | \$2,464,888                            | \$15,683,040           |
| Youth services        |                                                            | (446,790)                                                          | 533,062                                | 1,355,436              |
| Total all funds       | \$1,143,360                                                | \$1,869,254                                                        | \$2,997,950                            | \$17,038,476           |
| Less estimated income | 0                                                          | 3,888,354                                                          | 2,081,700                              | 4,978,055              |
| General fund          | \$1,143,360                                                | (\$2,019,100)                                                      | \$916,250                              | \$12,060,421           |
| FTE                   | 0.00                                                       | 0.00                                                               | 0.00                                   | 54.50                  |



<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>     |
|---------------------------|---------------------|--------------------|------------------|
| Salary increase           | \$3,348,094         | \$165,036          | \$3,513,130      |
| Health insurance increase | <u>3,763,528</u>    | <u>207,727</u>     | <u>3,971,255</u> |
| Total                     | \$7,111,622         | \$372,763          | \$7,484,385      |

<sup>3</sup> Funding of \$1,357,790 from the general fund is added for teacher salaries and wages to comply with the teacher composite schedule.

<sup>4</sup> Funding of \$1,081,469 from the general fund is added to convert 20 temporary correctional officer positions to FTE positions and to add 7 FTE positions for pretrial services.

<sup>5</sup> Funding from the general fund is reduced and 27.5 FTE positions are added to reflect the transfer of the Tompkins Rehabilitation and Corrections Center from the Department of Human Services to the Department of Corrections and Rehabilitation. This includes an increase of \$5,031,222 of funding for the FTE positions and to operate the Tompkins Rehabilitation and Corrections Center and a reduction of \$8,607,462 for contract payments to the Department of Human Services.

<sup>6</sup> Funding of \$4,411,250 from the general fund is added, including \$3,873,750 to contract with the State Hospital for up to 30 addiction treatment beds and \$537,500 to expand juvenile day treatment to up to five additional school districts. Juvenile day treatment is currently provided in Beach, Dickinson, Dunseith, Grand Forks, and Jamestown.

<sup>7</sup> Funding for the Dakota Women's Correctional and Rehabilitation Center contract is increased by \$1,143,360, to provide a total of \$11,905,311 for the contract.

<sup>8</sup> Ongoing funding is adjusted for the following other changes:

|                                                                                     | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>       |
|-------------------------------------------------------------------------------------|---------------------|--------------------|--------------------|
| Miscellaneous expenses                                                              | \$571,322           | (\$2,980,285)      | (\$2,408,963)      |
| Crime victims grants                                                                | 20,000              | 6,822,251          | 6,842,251          |
| Microsoft Office 365 licensing expense                                              | 618,699             | 110,208            | 728,907            |
| Capital bond payments                                                               | (469,380)           | 16,180             | (453,200)          |
| Other adjustments, including the removal of ongoing funding used for one-time items | <u>(2,759,741)</u>  | <u>(80,000)</u>    | <u>(2,839,741)</u> |
| Total                                                                               | (\$2,019,100)       | \$3,888,354        | \$1,869,254        |

<sup>9</sup> One-time funding is added for the following:

|                                                                                                              | <u>General Fund</u> | <u>Strategic Investment and Improvements Fund</u> | <u>Rough Rider Industries Fund</u> | <u>Total</u>   |
|--------------------------------------------------------------------------------------------------------------|---------------------|---------------------------------------------------|------------------------------------|----------------|
| Replace Elite servers                                                                                        | \$40,000            |                                                   |                                    | \$40,000       |
| Rough Rider Industries equipment                                                                             |                     |                                                   | \$298,700                          | 298,700        |
| Extraordinary repairs                                                                                        | 876,250             | \$141,000                                         | 315,000                            | 1,332,250      |
| Youth Correctional Center, James River Correctional Center, and State Hospital campus infrastructure studies |                     | 250,000                                           |                                    | 250,000        |
| Scan/screen device                                                                                           |                     | 230,000                                           |                                    | 230,000        |
| Redundant fence                                                                                              |                     | 160,000                                           |                                    | 160,000        |
| Portable x-ray equipment                                                                                     |                     | 22,000                                            |                                    | 22,000         |
| Oracle software upgrade                                                                                      |                     | 165,000                                           |                                    | 165,000        |
| Contracts and payments processing system                                                                     |                     | 100,000                                           |                                    | 100,000        |
| Inmate tracking system                                                                                       |                     | 160,000                                           |                                    | 160,000        |
| Intake and legal movement system                                                                             |                     | <u>240,000</u>                                    |                                    | <u>240,000</u> |
| Total                                                                                                        | \$916,250           | \$1,468,000                                       | \$613,700                          | \$2,997,950    |

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**House Bill No. 1015 - Other Changes - House Action**

This amendment also adds sections to:

- Identify the amount of funding from the strategic investment and improvements fund for various one-time items.
- Provide an exemption to North Dakota Century Code Section 54-44.1-11 to allow the Department of Corrections and Rehabilitation to continue any unspent funds relating to the community behavioral health program and to expend the funds during the 2019-21 biennium.
- Authorize the Department of Corrections and Rehabilitation to deposit certain revenues in its operating fund.
- Transfer ownership of the Tompkins Rehabilitation and Corrections Center from the Department of Human Services to the Department of Corrections and Rehabilitation.
- Provide for a Legislative Management study of the Department of Corrections and Rehabilitation, including services and facilities for female inmates and minimum security male inmates.

## STATEMENT OF PURPOSE OF AMENDMENT:

### House Bill No. 1016 - Funding Summary

|                                      | Base<br>Budget | House<br>Changes | House<br>Version |
|--------------------------------------|----------------|------------------|------------------|
| Job Service North Dakota             |                |                  |                  |
| Salaries and wages                   | \$27,155,566   | \$3,196,656      | \$30,352,222     |
| Operating expenses                   | 11,501,255     | 6,339,640        | 17,840,895       |
| Capital assets                       | 20,000         |                  | 20,000           |
| Grants                               | 5,458,571      | 707,541          | 6,166,112        |
| Reed Act - Computer<br>modernization | 11,209,557     | (122,591)        | 11,086,966       |
|                                      |                |                  |                  |
| Total all funds                      | \$55,344,949   | \$10,121,246     | \$65,466,195     |
| Less estimated income                | 54,899,156     | 10,136,618       | 65,035,774       |
| General fund                         | \$445,793      | (\$15,372)       | \$430,421        |
|                                      |                |                  |                  |
| FTE                                  | 181.61         | (9.00)           | 172.61           |
| Bill total                           |                |                  |                  |
| Total all funds                      | \$55,344,949   | \$10,121,246     | \$65,466,195     |
| Less estimated income                | 54,899,156     | 10,136,618       | 65,035,774       |
| General fund                         | \$445,793      | (\$15,372)       | \$430,421        |
|                                      |                |                  |                  |
| FTE                                  | 181.61         | (9.00)           | 172.61           |

### House Bill No. 1016 - Job Service North Dakota - House Action

|                                      | Base<br>Budget | House<br>Changes | House<br>Version |
|--------------------------------------|----------------|------------------|------------------|
| Salaries and wages                   | \$27,155,566   | \$3,196,656      | \$30,352,222     |
| Operating expenses                   | 11,501,255     | 6,339,640        | 17,840,895       |
| Capital assets                       | 20,000         |                  | 20,000           |
| Grants                               | 5,458,571      | 707,541          | 6,166,112        |
| Reed Act - Computer<br>modernization | 11,209,557     | (122,591)        | 11,086,966       |
|                                      |                |                  |                  |
| Total all funds                      | \$55,344,949   | \$10,121,246     | \$65,466,195     |
| Less estimated income                | 54,899,156     | 10,136,618       | 65,035,774       |
| General fund                         | \$445,793      | (\$15,372)       | \$430,421        |
|                                      |                |                  |                  |
| FTE                                  | 181.61         | (9.00)           | 172.61           |

### Department 380 - Job Service North Dakota - Detail of House Changes

|                                      | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Removes<br>Unfunded<br>Positions <sup>3</sup> | Adjusts<br>Funding for<br>Operating<br>Expenses <sup>4</sup> | Adds Grant<br>Funding <sup>5</sup> | Adds Funding<br>for<br>Unemployment<br>System<br>Modernization <sup>6</sup> |
|--------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------|--------------------------------------------------------------|------------------------------------|-----------------------------------------------------------------------------|
| Salaries and wages                   | \$1,763,190                                                    | \$1,433,466                                                         |                                               |                                                              |                                    |                                                                             |
| Operating expenses                   |                                                                |                                                                     | (\$22,290)                                    | (\$191,469)                                                  |                                    | \$5,405,800                                                                 |
| Capital assets                       |                                                                |                                                                     |                                               |                                                              |                                    |                                                                             |
| Grants                               |                                                                |                                                                     |                                               |                                                              | \$707,541                          |                                                                             |
| Reed Act - Computer<br>modernization | (734,443)                                                      |                                                                     |                                               |                                                              |                                    |                                                                             |
|                                      |                                                                |                                                                     |                                               |                                                              |                                    |                                                                             |
| Total all funds                      | \$1,028,747                                                    | \$1,433,466                                                         | (\$22,290)                                    | (\$191,469)                                                  | \$707,541                          | \$5,405,800                                                                 |
| Less estimated income                | 1,029,081                                                      | 1,431,205                                                           | 0                                             | (191,803)                                                    | 707,541                            | 5,405,800                                                                   |
| General fund                         | (\$334)                                                        | \$2,261                                                             | (\$22,290)                                    | \$334                                                        | \$0                                | \$0                                                                         |
|                                      |                                                                |                                                                     |                                               |                                                              |                                    |                                                                             |
| FTE                                  | 0.00                                                           | 0.00                                                                | (9.00)                                        | 0.00                                                         | 0.00                               | 0.00                                                                        |

|                                      | Adds Funding<br>for<br>Registration<br>System <sup>7</sup> | Adds Funding<br>for Microsoft<br>Office 365<br>Licensing <sup>8</sup> | Adds One-<br>Time Funding<br>for<br>Unemployment<br>System<br>Modernization <sup>9</sup> | Total House<br>Changes |
|--------------------------------------|------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------------------------|------------------------|
| Salaries and wages                   |                                                            |                                                                       |                                                                                          | \$3,196,656            |
| Operating expenses                   | \$1,069,980                                                | \$77,619                                                              |                                                                                          | 6,339,640              |
| Capital assets                       |                                                            |                                                                       |                                                                                          |                        |
| Grants                               |                                                            |                                                                       |                                                                                          | 707,541                |
| Reed Act - Computer<br>modernization |                                                            |                                                                       | \$611,852                                                                                | (122,591)              |
| Total all funds                      | \$1,069,980                                                | \$77,619                                                              | \$611,852                                                                                | \$10,121,246           |
| Less estimated income                | 1,069,980                                                  | 72,962                                                                | 611,852                                                                                  | 10,136,618             |
| General fund                         | \$0                                                        | \$4,657                                                               | \$0                                                                                      | (\$15,372)             |
| FTE                                  | 0.00                                                       | 0.00                                                                  | 0.00                                                                                     | (9.00)                 |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>   |
|---------------------------|---------------------|--------------------|----------------|
| Salary increase           | \$1,145             | \$672,024          | \$673,169      |
| Health insurance increase | <u>1,116</u>        | <u>759,181</u>     | <u>760,297</u> |
| Total                     | \$2,261             | \$1,431,205        | \$1,433,466    |

<sup>3</sup> This amendment removes 9 FTE unfunded positions and related operating expenses of \$22,290.

<sup>4</sup> Funding is adjusted for operating expenses, primarily related to decreases in postage, repairs, and professional services and increases in IT supplies, data processing, and contractual services.

<sup>5</sup> Funding for grants is increased to provide total grant funding of \$6,166,112.

<sup>6</sup> Funding is added for an unemployment insurance system modernization project.

<sup>7</sup> Funding is added for an unemployment insurance registration project.

<sup>8</sup> Funding is added for Microsoft Office 365 license expenses.

<sup>9</sup> One-time funding of \$611,852 is provided for an unemployment insurance system modernization project to provide total funding of \$16,492,766, of which \$11,086,966 is in the Reed Act - Unemployment insurance computer modernization line item and \$5,405,800 is in the operating expenses line item.

This amendment also:

- Removes Section 4 of the bill which relates to funding received by the agency from rent revenue.
- Adds a section to provide that no more than \$2.5 million may be awarded during the 2019-21 biennium for new agreements related to the new jobs training program.

## STATEMENT OF PURPOSE OF AMENDMENT:

### House Bill No. 1017 - Funding Summary

|                                   | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------------------|----------------|------------------|------------------|
| Office of Administrative Hearings |                |                  |                  |
| Salaries and wages                | \$1,191,850    | \$52,092         | \$1,243,942      |
| Operating expenses                | 1,726,784      | (144,450)        | 1,582,334        |
| Total all funds                   | \$2,918,634    | (\$92,358)       | \$2,826,276      |
| Less estimated income             | 2,918,634      | (92,358)         | 2,826,276        |
| General fund                      | \$0            | \$0              | \$0              |
| FTE                               | 5.00           | 0.00             | 5.00             |
| Bill total                        |                |                  |                  |
| Total all funds                   | \$2,918,634    | (\$92,358)       | \$2,826,276      |
| Less estimated income             | 2,918,634      | (92,358)         | 2,826,276        |
| General fund                      | \$0            | \$0              | \$0              |
| FTE                               | 5.00           | 0.00             | 5.00             |

### House Bill No. 1017 - Office of Administrative Hearings - House Action

|                       | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------|----------------|------------------|------------------|
| Salaries and wages    | \$1,191,850    | \$52,092         | \$1,243,942      |
| Operating expenses    | 1,726,784      | (144,450)        | 1,582,334        |
| Total all funds       | \$2,918,634    | (\$92,358)       | \$2,826,276      |
| Less estimated income | 2,918,634      | (92,358)         | 2,826,276        |
| General fund          | \$0            | \$0              | \$0              |
| FTE                   | 5.00           | 0.00             | 5.00             |

### Department 140 - Office of Administrative Hearings - Detail of House Changes

|                       | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Reduces<br>Funding for<br>Operating<br>Expenses <sup>3</sup> | Total House<br>Changes |
|-----------------------|----------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------|------------------------|
| Salaries and wages    | (\$1,483)                                                      | \$53,575                                                            |                                                              | \$52,092               |
| Operating expenses    |                                                                |                                                                     | (\$144,450)                                                  | (144,450)              |
| Total all funds       | (\$1,483)                                                      | \$53,575                                                            | (\$144,450)                                                  | (\$92,358)             |
| Less estimated income | (1,483)                                                        | 53,575                                                              | (144,450)                                                    | (92,358)               |
| General fund          | \$0                                                            | \$0                                                                 | \$0                                                          | \$0                    |
| FTE                   | 0.00                                                           | 0.00                                                                | 0.00                                                         | 0.00                   |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>Other Funds</u> |
|---------------------------|--------------------|
| Salary increase           | \$31,265           |
| Health insurance increase | 22,310             |
| Total                     | \$53,575           |

<sup>3</sup> Reduces funding for operating expenses by \$144,450 from other funds.

# STATEMENT OF PURPOSE OF AMENDMENT:

## House Bill No. 1018 - Funding Summary

|                                         | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------------------------|----------------|------------------|------------------|
| Department of Commerce                  |                |                  |                  |
| Salaries and wages                      | \$12,995,788   | \$169,782        | \$13,165,570     |
| Operating expenses                      | 15,477,622     | 1,244,297        | 16,721,919       |
| Grants                                  | 48,910,416     | 4,679,395        | 53,589,811       |
| Discretionary funds                     | 2,200,000      | (2,200,000)      |                  |
| Ag. Products Utilization<br>Commission  | 3,152,915      | (2,478,950)      | 673,965          |
| North Dakota Trade Office               | 2,000,000      | (400,000)        | 1,600,000        |
| Partner programs                        | 1,939,845      | (377,314)        | 1,562,531        |
| Entrepreneurship grants<br>and vouchers | 1,950,000      | (1,001,533)      | 948,467          |
|                                         |                |                  |                  |
| Total all funds                         | \$88,626,586   | (\$364,323)      | \$88,262,263     |
| Less estimated income                   | 58,283,906     | (3,499,311)      | 54,784,595       |
| General fund                            | \$30,342,680   | \$3,134,988      | \$33,477,668     |
|                                         |                |                  |                  |
| FTE                                     | 66.40          | (4.60)           | 61.80            |
| Bill total                              |                |                  |                  |
| Total all funds                         | \$88,626,586   | (\$364,323)      | \$88,262,263     |
| Less estimated income                   | 58,283,906     | (3,499,311)      | 54,784,595       |
| General fund                            | \$30,342,680   | \$3,134,988      | \$33,477,668     |
|                                         |                |                  |                  |
| FTE                                     | 66.40          | (4.60)           | 61.80            |

## House Bill No. 1018 - Department of Commerce - House Action

|                                         | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------------------------|----------------|------------------|------------------|
| Salaries and wages                      | \$12,995,788   | \$169,782        | \$13,165,570     |
| Operating expenses                      | 15,477,622     | 1,244,297        | 16,721,919       |
| Grants                                  | 48,910,416     | 4,679,395        | 53,589,811       |
| Discretionary funds                     | 2,200,000      | (2,200,000)      |                  |
| Ag. Products Utilization<br>Commission  | 3,152,915      | (2,478,950)      | 673,965          |
| North Dakota Trade Office               | 2,000,000      | (400,000)        | 1,600,000        |
| Partner programs                        | 1,939,845      | (377,314)        | 1,562,531        |
| Entrepreneurship grants and<br>vouchers | 1,950,000      | (1,001,533)      | 948,467          |
|                                         |                |                  |                  |
| Total all funds                         | \$88,626,586   | (\$364,323)      | \$88,262,263     |
| Less estimated income                   | 58,283,906     | (3,499,311)      | 54,784,595       |
| General fund                            | \$30,342,680   | \$3,134,988      | \$33,477,668     |
|                                         |                |                  |                  |
| FTE                                     | 66.40          | (4.60)           | 61.80            |

## Department 601 - Department of Commerce - Detail of House Changes

|                                         | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup>        | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Removes 3<br>FTE Positions <sup>3</sup>                                      | Adjusts Base<br>Level Funding <sup>4</sup>                     | Adjusts<br>Funding for<br>Department<br>Reorganization <sup>5</sup> | Adds Funding<br>for the<br>Unmanned<br>Aircraft<br>Systems<br>Program <sup>6</sup> |
|-----------------------------------------|-----------------------------------------------------------------------|---------------------------------------------------------------------|------------------------------------------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Salaries and wages                      | (\$286,534)                                                           | \$587,161                                                           | (\$130,845)                                                                  |                                                                |                                                                     |                                                                                    |
| Operating expenses                      |                                                                       |                                                                     |                                                                              | \$49,888                                                       | (\$1,154,307)                                                       |                                                                                    |
| Grants                                  |                                                                       |                                                                     |                                                                              | 528,111                                                        |                                                                     | \$2,000,000                                                                        |
| Discretionary funds                     |                                                                       |                                                                     |                                                                              |                                                                |                                                                     |                                                                                    |
| Ag. Products Utilization<br>Commission  | 297,579                                                               | 12,261                                                              | (390,991)                                                                    |                                                                |                                                                     |                                                                                    |
| North Dakota Trade Office               |                                                                       |                                                                     |                                                                              |                                                                | (400,000)                                                           |                                                                                    |
| Partner programs                        |                                                                       |                                                                     |                                                                              |                                                                | (377,314)                                                           |                                                                                    |
| Entrepreneurship grants and<br>vouchers |                                                                       |                                                                     |                                                                              |                                                                | 198,467                                                             |                                                                                    |
| Total all funds                         | \$11,045                                                              | \$599,422                                                           | (\$521,836)                                                                  | \$577,999                                                      | (\$1,733,154)                                                       | \$2,000,000                                                                        |
| Less estimated income                   | 287,033                                                               | 120,786                                                             | (390,991)                                                                    | 265,665                                                        | (184,005)                                                           | 2,000,000                                                                          |
| General fund                            | (\$275,988)                                                           | \$478,636                                                           | (\$130,845)                                                                  | \$312,334                                                      | (\$1,549,149)                                                       | \$0                                                                                |
| FTE                                     | (1.60)                                                                | 0.00                                                                | (3.00)                                                                       | 0.00                                                           | 0.00                                                                | 0.00                                                                               |
|                                         |                                                                       | Reduces<br>Funding for<br>the                                       | Removes<br>Funding from<br>the Research<br>North Dakota<br>Fund <sup>3</sup> | Removes<br>Funding for<br>Discretionary<br>Funds <sup>10</sup> | Adds Funding<br>for Homeless<br>Shelter<br>Grants <sup>11</sup>     | Adds Funding<br>for<br>Biotechnology<br>Grants <sup>12</sup>                       |
|                                         | Transfers the<br>Prekindergarten<br>Community<br>Program <sup>7</sup> | Agricultural<br>Products<br>Utilization<br>Commission <sup>8</sup>  |                                                                              |                                                                |                                                                     |                                                                                    |
| Salaries and wages                      |                                                                       |                                                                     |                                                                              |                                                                |                                                                     |                                                                                    |
| Operating expenses                      | (\$151,284)                                                           |                                                                     | (\$500,000)                                                                  |                                                                |                                                                     |                                                                                    |
| Grants                                  | (1,348,716)                                                           |                                                                     | (500,000)                                                                    |                                                                | \$1,200,000                                                         | \$300,000                                                                          |
| Discretionary funds                     |                                                                       |                                                                     |                                                                              | (\$2,200,000)                                                  |                                                                     |                                                                                    |
| Ag. Products Utilization<br>Commission  |                                                                       | (\$2,397,799)                                                       |                                                                              |                                                                |                                                                     |                                                                                    |
| North Dakota Trade Office               |                                                                       |                                                                     |                                                                              |                                                                |                                                                     |                                                                                    |
| Partner programs                        |                                                                       |                                                                     |                                                                              |                                                                |                                                                     |                                                                                    |
| Entrepreneurship grants and<br>vouchers |                                                                       |                                                                     | (1,200,000)                                                                  |                                                                |                                                                     |                                                                                    |
| Total all funds                         | (\$1,500,000)                                                         | (\$2,397,799)                                                       | (\$2,200,000)                                                                | (\$2,200,000)                                                  | \$1,200,000                                                         | \$300,000                                                                          |
| Less estimated income                   | 0                                                                     | (2,397,799)                                                         | (2,200,000)                                                                  | (1,000,000)                                                    | 0                                                                   | 0                                                                                  |
| General fund                            | (\$1,500,000)                                                         | \$0                                                                 | \$0                                                                          | (\$1,200,000)                                                  | \$1,200,000                                                         | \$300,000                                                                          |
| FTE                                     | 0.00                                                                  | 0.00                                                                | 0.00                                                                         | 0.00                                                           | 0.00                                                                | 0.00                                                                               |

|                                      | Adds One-Time Funding for a Census 2020 Program <sup>13</sup> | Adds One-Time Funding for Unmanned Aircraft System Programs <sup>14</sup> | Adds One-Time Funding for Workforce Grants to Tribal Colleges <sup>15</sup> | Adds One-Time Funding for a Workforce Safety Grant <sup>16</sup> | Total House Changes |
|--------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------|---------------------|
| Salaries and wages                   |                                                               |                                                                           |                                                                             |                                                                  | \$169,782           |
| Operating expenses                   | \$1,000,000                                                   | \$2,000,000                                                               |                                                                             |                                                                  | 1,244,297           |
| Grants                               |                                                               | 1,000,000                                                                 | \$500,000                                                                   | \$1,000,000                                                      | 4,679,395           |
| Discretionary funds                  |                                                               |                                                                           |                                                                             |                                                                  | (2,200,000)         |
| Ag. Products Utilization Commission  |                                                               |                                                                           |                                                                             |                                                                  | (2,478,950)         |
| North Dakota Trade Office            |                                                               |                                                                           |                                                                             |                                                                  | (400,000)           |
| Partner programs                     |                                                               |                                                                           |                                                                             |                                                                  | (377,314)           |
| Entrepreneurship grants and vouchers |                                                               |                                                                           |                                                                             |                                                                  | (1,001,533)         |
| Total all funds                      | \$1,000,000                                                   | \$3,000,000                                                               | \$500,000                                                                   | \$1,000,000                                                      | (\$364,323)         |
| Less estimated income                | 0                                                             | 0                                                                         | 0                                                                           | 0                                                                | (3,499,311)         |
| General fund                         | \$1,000,000                                                   | \$3,000,000                                                               | \$500,000                                                                   | \$1,000,000                                                      | \$3,134,988         |
| FTE                                  | 0.00                                                          | 0.00                                                                      | 0.00                                                                        | 0.00                                                             | (4.60)              |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>   |
|---------------------------|---------------------|--------------------|----------------|
| Salary increase           | \$260,450           | \$62,323           | \$322,773      |
| Health insurance increase | <u>218,186</u>      | <u>58,463</u>      | <u>276,649</u> |
| Total                     | \$478,636           | \$120,786          | \$599,422      |

<sup>3</sup> Three FTE undesignated positions are removed.

<sup>4</sup> Base level funding is adjusted as follows:

|                                                        | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>   |
|--------------------------------------------------------|---------------------|--------------------|----------------|
| Adds funding for Microsoft Office 365 license expenses | \$41,905            | \$7,983            | \$49,888       |
| Adds funding for commission investment grants          | 0                   | 257,682            | 257,682        |
| Adds funding for self-sufficiency grants               | <u>270,429</u>      | <u>0</u>           | <u>270,429</u> |
| Total                                                  | \$312,334           | \$265,665          | \$577,999      |

<sup>5</sup> Funding is adjusted for the department's reorganization, including the following division changes:

|                          | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>     |
|--------------------------|---------------------|--------------------|------------------|
| Administration           | (\$962,527)         | \$0                | (\$962,527)      |
| Marketing and innovation | 293,110             | (443,489)          | (150,379)        |
| Strategy and research    | 154,800             | 0                  | 154,800          |
| Tourism                  | (634,212)           | 42,000             | (592,212)        |
| Workforce development    | (233,652)           | (4,318)            | (237,970)        |
| Economic development     | (10,982)            | 515,982            | 505,000          |
| Community services       | <u>(155,686)</u>    | <u>(294,180)</u>   | <u>(449,866)</u> |
| Total                    | (\$1,549,149)       | (\$184,005)        | (\$1,733,154)    |

<sup>6</sup> Funding of \$2 million is added for the unmanned aircraft systems program, of which \$1 million is from federal funds and \$1 million is from the unmanned aircraft systems fund to allow the department to collect private industry matching funds.

<sup>7</sup> Funding of \$1.5 million for the prekindergarten community program is transferred to the Department of Public Instruction.

<sup>8</sup> Funding for the Agricultural Products Utilization Commission is reduced by \$2,397,799 to provide total funding of \$673,965 from the Agricultural Products Utilization Commission fund.

<sup>9</sup> Funding of \$2.2 million provided from the Research North Dakota fund during the 2017-19 biennium is removed. Of



this amount, \$500,000 was for tourism operating expenses, \$500,000 was for a grant to be awarded to the Energy and Environmental Research Center during the 2017-19 biennium, and \$1.2 million was for the entrepreneurship grants and vouchers program.

<sup>10</sup> Funding of \$2.2 million for discretionary funds is removed, of which \$1.2 million is from the general fund and \$1 million is from the Research North Dakota fund.

<sup>11</sup> Funding of \$1.2 million is added for homeless shelter grants to provide total funding of \$1.5 million from the general fund. The 2017 Legislative Assembly appropriated \$300,000 to the Department of Commerce for homeless shelter grants for the 2017-19 biennium.

<sup>12</sup> Funding of \$300,000 from the general fund is added for biotechnology grants, which is also referred to in Section 8 of the bill.

<sup>13</sup> One-time funding of \$1 million is added from the general fund for a census 2020 program for marketing and advocating to include transient and low-population county individuals in the 2020 census.

<sup>14</sup> One-time funding of \$3 million is added from the general fund for unmanned aircraft systems programs, of which \$2 million is for operating expenses of the Northern Plains Unmanned Aircraft Systems Test Site and \$1 million is for enhanced use lease grants.

<sup>15</sup> One-time funding of \$500,000 is added from the general fund for workforce grants to tribally controlled community colleges. The 2017 Legislative Assembly appropriated one-time funding of \$500,000 from the student loan trust fund to the Department of Commerce for the 2017-19 biennium.

<sup>16</sup> One-time funding of \$1 million is added from the general fund for a workforce safety grant to be provided to an organization that provides workforce safety.

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This amendment also:

- Removes a section allowing the Department of Commerce to continue unexpended 2017-19 funding for discretionary funds into the 2019-21 biennium.
- Adds a section allowing the Department of Commerce to continue unexpended 2017-19 funding for the unmanned aircraft systems program into the 2019-21 biennium.
- Amends a section related to the Operation Intern fund by reducing the transfer from the general fund to the internship fund from \$950,000 to \$855,000.
- Amends a section identifying the general fund appropriation for the North Dakota Trade Office.
- Amends a section identifying the general fund and special fund appropriations for the entrepreneurship grants and vouchers program included in Section 1 of the bill.
- Adds a section to identify a general fund appropriation of \$300,000 for biotechnology grants included in Section 1 of the bill.
- Adds a section to provide a 2017-19 biennium appropriation of \$27 million to the Department of Commerce for operating expenses of the beyond visual line of sight unmanned aircraft systems program and allows the funding to continue into the 2019-21 biennium. This section is declared to be an emergency measure.
- Adds a section identifying the general fund appropriation for the beyond visual line of sight unmanned aircraft systems program provided in Section 1 of the bill and includes requirements for an entity receiving funding from this appropriation to provide quarterly payments to the State Treasurer. This section is declared to be an emergency measure.
- Adds a section for the Legislative Management to consider studying the future administration and regulation of the unmanned aircraft systems industry in North Dakota.

# STATEMENT OF PURPOSE OF AMENDMENT:

## House Bill No. 1019 - Funding Summary

|                                            | Base<br>Budget | House<br>Changes | House<br>Version |
|--------------------------------------------|----------------|------------------|------------------|
| Dept. of Career and Technical<br>Education |                |                  |                  |
| Salaries and wages                         | \$4,699,975    | \$93,343         | \$4,793,318      |
| Operating expenses                         | 1,240,589      | 1,075,000        | 2,315,589        |
| Grants                                     | 30,106,356     | (21,041,214)     | 9,065,142        |
| Grants - Postsecondary                     | 296,207        | 45,189           | 341,396          |
| Adult farm management                      | 579,822        | 1,214,420        | 1,794,242        |
| Workforce training                         | 2,000,000      |                  | 2,000,000        |
| Educational Technology<br>Council          |                | 770,978          | 770,978          |
| Grants - Secondary                         |                | 22,537,780       | 22,537,780       |
| Marketplace for Kids                       |                | 300,000          | 300,000          |
| Center for Distance<br>Education           |                | 8,994,167        | 8,994,167        |
| Total all funds                            | \$38,922,949   | \$13,989,663     | \$52,912,612     |
| Less estimated income                      | 9,616,666      | 5,586,455        | 15,203,121       |
| General fund                               | \$29,306,283   | \$8,403,208      | \$37,709,491     |
| FTE                                        | 24.50          | 28.30            | 52.80            |
| Bill total                                 |                |                  |                  |
| Total all funds                            | \$38,922,949   | \$13,989,663     | \$52,912,612     |
| Less estimated income                      | 9,616,666      | 5,586,455        | 15,203,121       |
| General fund                               | \$29,306,283   | \$8,403,208      | \$37,709,491     |
| FTE                                        | 24.50          | 28.30            | 52.80            |

## House Bill No. 1019 - Dept. of Career and Technical Education - House Action

|                                   | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------------------|----------------|------------------|------------------|
| Salaries and wages                | \$4,699,975    | \$93,343         | \$4,793,318      |
| Operating expenses                | 1,240,589      | 1,075,000        | 2,315,589        |
| Grants                            | 30,106,356     | (21,041,214)     | 9,065,142        |
| Grants - Postsecondary            | 296,207        | 45,189           | 341,396          |
| Adult farm management             | 579,822        | 1,214,420        | 1,794,242        |
| Workforce training                | 2,000,000      |                  | 2,000,000        |
| Grants - Secondary                |                | 22,537,780       | 22,537,780       |
| Educational Technology<br>Council |                | 770,978          | 770,978          |
| Center for Distance Education     |                | 8,994,167        | 8,994,167        |
| Marketplace for Kids              |                | 300,000          | 300,000          |
| Total all funds                   | \$38,922,949   | \$13,989,663     | \$52,912,612     |
| Less estimated income             | 9,616,666      | 5,586,455        | 15,203,121       |
| General fund                      | \$29,306,283   | \$8,403,208      | \$37,709,491     |
| FTE                               | 24.50          | 28.30            | 52.80            |

## Department 270 - Dept. of Career and Technical Education - Detail of House Changes

|                                   | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Removes 1<br>FTE Assistant<br>Program<br>Supervisor<br>Position <sup>3</sup> | Transfers the<br>Center for<br>Distance<br>Education <sup>4</sup> | Removes 1<br>FTE Center for<br>Distance<br>Education<br>Position <sup>5</sup> | Transfers the<br>Educational<br>Technology<br>Council <sup>6</sup> |
|-----------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|------------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------------------|--------------------------------------------------------------------|
| Salaries and wages                | \$32,673                                                       | \$220,407                                                           | (\$159,737)                                                                  |                                                                   |                                                                               |                                                                    |
| Operating expenses                |                                                                |                                                                     |                                                                              |                                                                   |                                                                               |                                                                    |
| Grants                            |                                                                |                                                                     |                                                                              |                                                                   |                                                                               |                                                                    |
| Grants - Postsecondary            |                                                                |                                                                     |                                                                              |                                                                   |                                                                               |                                                                    |
| Adult farm management             |                                                                |                                                                     |                                                                              |                                                                   |                                                                               |                                                                    |
| Workforce training                |                                                                |                                                                     |                                                                              |                                                                   |                                                                               |                                                                    |
| Educational Technology<br>Council |                                                                | 5,856                                                               |                                                                              |                                                                   |                                                                               | \$765,122                                                          |
| Grants - Secondary                |                                                                |                                                                     |                                                                              |                                                                   |                                                                               |                                                                    |
| Center for Distance Education     |                                                                | 248,110                                                             |                                                                              | \$8,850,000                                                       | (\$103,943)                                                                   |                                                                    |
| Marketplace for Kids              |                                                                |                                                                     |                                                                              |                                                                   |                                                                               |                                                                    |
| Total all funds                   | \$32,673                                                       | \$474,373                                                           | (\$159,737)                                                                  | \$8,850,000                                                       | (\$103,943)                                                                   | \$765,122                                                          |
| Less estimated income             | 36,455                                                         | 0                                                                   | 0                                                                            | 3,050,000                                                         | 0                                                                             | 500,000                                                            |
| General fund                      | (\$3,782)                                                      | \$474,373                                                           | (\$159,737)                                                                  | \$5,800,000                                                       | (\$103,943)                                                                   | \$265,122                                                          |
| FTE                               | 0.00                                                           | 0.00                                                                | (1.00)                                                                       | 29.80                                                             | (1.00)                                                                        | 0.50                                                               |

|                                   | Adjusts Base<br>Level Funding <sup>7</sup> | Adds Funding<br>for Anticipated<br>Federal Funds<br>Increases <sup>8</sup> | Line Item<br>Transfers <sup>9</sup> | Adds Funding<br>for Grants to<br>School<br>Districts and<br>Area Centers <sup>10</sup> | Adds Funding<br>for the<br>Marketplace<br>for Kids<br>Program <sup>11</sup> | Total House<br>Changes |
|-----------------------------------|--------------------------------------------|----------------------------------------------------------------------------|-------------------------------------|----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|------------------------|
| Salaries and wages                |                                            |                                                                            |                                     |                                                                                        |                                                                             | \$93,343               |
| Operating expenses                |                                            | \$400,000                                                                  | \$675,000                           |                                                                                        |                                                                             | 1,075,000              |
| Grants                            | (\$220,000)                                | 1,600,000                                                                  | (22,421,214)                        |                                                                                        |                                                                             | (21,041,214)           |
| Grants - Postsecondary            | (25,818)                                   |                                                                            | 71,007                              |                                                                                        |                                                                             | 45,189                 |
| Adult farm management             | (350,007)                                  |                                                                            | 1,564,427                           |                                                                                        |                                                                             | 1,214,420              |
| Workforce training                |                                            |                                                                            |                                     |                                                                                        |                                                                             |                        |
| Educational Technology<br>Council |                                            |                                                                            |                                     |                                                                                        |                                                                             | 770,978                |
| Grants - Secondary                |                                            |                                                                            | 20,110,780                          | \$2,427,000                                                                            |                                                                             | 22,537,780             |
| Center for Distance Education     |                                            |                                                                            |                                     |                                                                                        |                                                                             | 8,994,167              |
| Marketplace for Kids              |                                            |                                                                            |                                     |                                                                                        | \$300,000                                                                   | 300,000                |
| Total all funds                   | (\$595,825)                                | \$2,000,000                                                                | \$0                                 | \$2,427,000                                                                            | \$300,000                                                                   | \$13,989,663           |
| Less estimated income             | 0                                          | 2,000,000                                                                  | 0                                   | 0                                                                                      | 0                                                                           | 5,586,455              |
| General fund                      | (\$595,825)                                | \$0                                                                        | \$0                                 | \$2,427,000                                                                            | \$300,000                                                                   | \$8,403,208            |
| FTE                               | 0.00                                       | 0.00                                                                       | 0.00                                | 0.00                                                                                   | 0.00                                                                        | 28.30                  |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

| <u>General Fund</u>       |           |
|---------------------------|-----------|
| Salary increase           | \$237,884 |
| Health insurance increase | 236,489   |
| Total                     | \$474,373 |

<sup>3</sup> One FTE assistant program supervisor position is removed.

<sup>4</sup> Transfers 29.80 FTE positions and related funding of \$8,850,000 from the Information Technology Department to the Department of Career and Technical Education. Of this amount, \$5,800,000 is for salaries and wages from the general fund and \$3,050,000 is for operating expenses from the independent study operating fund.

<sup>5</sup> One FTE office assistant III position for the Center for Distance Education and related salaries and wages funding of \$103,943 from the general fund is removed. Including salaries and health insurance increases of \$248,110 approved by the House, the total appropriation for the Center for Distance Education is \$8,994,167, of which

\$5,944,167 is for salaries and wages from the general fund and \$3,050,000 is for operating expenses from the independent study operating fund. The total authorized FTE for the Center for Distance Education is 28.80 positions.

<sup>6</sup> Transfers 0.50 FTE administrative assistant II position and \$765,122 for the Educational Technology Council from the Information Technology Department to the Department of Career and Technical Education. Of this amount, \$265,122 is from the general fund for salaries (\$76,556), operating expenses (\$103,566), and grants (\$85,000). The remaining \$500,000 is from federal funds for capital assets.

<sup>7</sup> Base level funding is adjusted as follows:

|                                                  | <b><u>General Fund</u></b> |
|--------------------------------------------------|----------------------------|
| Reduces funding for grants                       | (\$220,000)                |
| Reduces funding for postsecondary grants         | (25,818)                   |
| Reduces funding for adult farm management grants | <u>(350,007)</u>           |
| Total                                            | (\$595,825)                |

<sup>8</sup> Adds funding of \$2 million for anticipated increases in federal funds, of which \$400,000 is for operating expenses and \$1.6 million is for grants.

<sup>9</sup> Funding of \$22,421,214 is transferred from the grants line item to the following line items:

|                        | <b><u>General Fund</u></b> | <b><u>Other Funds</u></b> | <b><u>Total</u></b> |
|------------------------|----------------------------|---------------------------|---------------------|
| Operating expenses     | \$100,000                  | \$575,000                 | \$675,000           |
| Grants - Secondary     | 20,110,780                 | 0                         | 20,110,780          |
| Grants - Postsecondary | 71,007                     | 0                         | 71,007              |
| Adult farm management  | <u>1,564,427</u>           | <u>0</u>                  | <u>1,564,427</u>    |
| Total                  | \$21,846,214               | \$575,000                 | \$22,421,214        |

<sup>10</sup> Funding of \$2,427,000 is added for grants to school districts and area centers to provide a total appropriation of \$22,537,780 from the general fund in the grants - secondary line item.

<sup>11</sup> Funding of \$300,000 is added from the general fund for the Marketplace for Kids program. One-time funding of \$300,000 was appropriated for the 2017-19 biennium, of which \$250,000 was from the general fund and \$50,000 was from the foundation aid stabilization fund.

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Sections are added to:

- Change the position responsible for approving Center for Distance Education expenditures from the technology director of the Educational Technology Council to the director of the Department of Career and Technical Education.
- Transfer the Educational Technology Council from the Information Technology Department to the Department of Career and Technical Education by including related statutory provisions under the Department of Career and Technical Education chapter of the Century Code and repealing related provisions from the Information Technology Department chapter.

# STATEMENT OF PURPOSE OF AMENDMENT:

## House Bill No. 1020 - Funding Summary

|                                        | Base<br>Budget | House<br>Changes | House<br>Version |
|----------------------------------------|----------------|------------------|------------------|
| Transportation Institute               |                |                  |                  |
| Upper Great Plains Trans.<br>Institute | \$22,060,242   | \$777,487        | \$22,837,729     |
| Total all funds                        | \$22,060,242   | \$777,487        | \$22,837,729     |
| Less estimated income                  | 18,617,068     | 257,255          | 18,874,323       |
| General fund                           | \$3,443,174    | \$520,232        | \$3,963,406      |
| FTE                                    | 43.88          | 0.00             | 43.88            |
| Branch Research Centers                |                |                  |                  |
| Dickinson Research<br>Center           | \$6,825,551    | (\$152,469)      | \$6,673,082      |
| Central Grasslands<br>Research Center  | 3,423,624      | (56,881)         | 3,366,743        |
| Hettinger Research<br>Center           | 4,975,133      | (22,900)         | 4,952,233        |
| Langdon Research Center                | 2,964,607      | (16,696)         | 2,947,911        |
| North Central Research<br>Center       | 4,953,652      | 314              | 4,953,966        |
| Williston Research Center              | 5,118,890      | (50,125)         | 5,068,765        |
| Carrington Research<br>Center          | 9,175,491      | 198,300          | 9,373,791        |
| Total all funds                        | \$37,436,948   | (\$100,457)      | \$37,336,491     |
| Less estimated income                  | 20,281,691     | 459,338          | 20,741,029       |
| General fund                           | \$17,155,257   | (\$559,795)      | \$16,595,462     |
| FTE                                    | 110.29         | (0.48)           | 109.81           |
| NDSU Extension Service                 |                |                  |                  |
| Extension Service                      | \$51,188,489   | \$2,167,185      | \$53,355,674     |
| Soil Conservation<br>Committee         | 1,091,520      |                  | 1,091,520        |
| Total all funds                        | \$52,280,009   | \$2,167,185      | \$54,447,194     |
| Less estimated income                  | 26,646,689     | 982,267          | 27,628,956       |
| General fund                           | \$25,633,320   | \$1,184,918      | \$26,818,238     |
| FTE                                    | 252.98         | (10.47)          | 242.51           |
| Northern Crops Institute               |                |                  |                  |
| Northern Crops Institute               | \$3,642,721    | \$186,426        | \$3,829,147      |
| Total all funds                        | \$3,642,721    | \$186,426        | \$3,829,147      |
| Less estimated income                  | 1,755,830      | 137,010          | 1,892,840        |
| General fund                           | \$1,886,891    | \$49,416         | \$1,936,307      |
| FTE                                    | 11.80          | 1.00             | 12.80            |
| Main Research Center                   |                |                  |                  |
| Main Research Center                   | \$108,642,243  | (\$775,377)      | \$107,866,866    |
| Total all funds                        | \$108,642,243  | (\$775,377)      | \$107,866,866    |
| Less estimated income                  | 59,084,828     | 157,539          | 59,242,367       |
| General fund                           | \$49,557,415   | (\$932,916)      | \$48,624,499     |
| FTE                                    | 336.12         | 3.93             | 340.05           |
| Agronomy Seed Farm                     |                |                  |                  |
| Agronomy Seed Farm                     | \$1,536,129    | \$26,205         | \$1,562,334      |
| Total all funds                        | \$1,536,129    | \$26,205         | \$1,562,334      |
| Less estimated income                  | 1,536,129      | 26,205           | 1,562,334        |
| General fund                           | \$0            | \$0              | \$0              |

|                       |               |             |               |
|-----------------------|---------------|-------------|---------------|
| FTE                   | 3.00          | 0.00        | 3.00          |
| Bill total            |               |             |               |
| Total all funds       | \$225,598,292 | \$2,281,469 | \$227,879,761 |
| Less estimated income | 127,922,235   | 2,019,614   | 129,941,849   |
| General fund          | \$97,676,057  | \$261,855   | \$97,937,912  |
| FTE                   | 758.07        | (6.02)      | 752.05        |

#### House Bill No. 1020 - Transportation Institute - House Action

|                                     | Base Budget  | House Changes | House Version |
|-------------------------------------|--------------|---------------|---------------|
| Upper Great Plains Trans. Institute | \$22,060,242 | \$777,487     | \$22,837,729  |
| Total all funds                     | \$22,060,242 | \$777,487     | \$22,837,729  |
| Less estimated income               | 18,617,068   | 257,255       | 18,874,323    |
| General fund                        | \$3,443,174  | \$520,232     | \$3,963,406   |
| FTE                                 | 43.88        | 0.00          | 43.88         |

#### Department 627 - Transportation Institute - Detail of House Changes

|                                     | Adds Funding for Salary and Benefit Increases <sup>1</sup> | Adjusts Funding for Miscellaneous Expenses <sup>2</sup> | Adds Funding for a Road and Bridge Study <sup>3</sup> | Total House Changes |
|-------------------------------------|------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------------|---------------------|
| Upper Great Plains Trans. Institute | \$398,350                                                  | (\$70,863)                                              | \$450,000                                             | \$777,487           |
| Total all funds                     | \$398,350                                                  | (\$70,863)                                              | \$450,000                                             | \$777,487           |
| Less estimated income               | 257,255                                                    | 0                                                       | 0                                                     | 257,255             |
| General fund                        | \$141,095                                                  | (\$70,863)                                              | \$450,000                                             | \$520,232           |
| FTE                                 | 0.00                                                       | 0.00                                                    | 0.00                                                  | 0.00                |

<sup>1</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | General Fund | Other Funds | Total     |
|---------------------------|--------------|-------------|-----------|
| Salary increase           | \$83,222     | \$136,645   | \$219,867 |
| Health insurance increase | 57,873       | 120,610     | 178,483   |
| Total                     | \$141,095    | \$257,255   | \$398,350 |

<sup>2</sup> Funding is reduced by \$70,863 from the general fund for miscellaneous expenses.

<sup>3</sup> Ongoing funding of \$450,000 from the general fund is added to continue the road and bridge study.

#### House Bill No. 1020 - Branch Research Centers - House Action

|                                    | Base Budget  | House Changes | House Version |
|------------------------------------|--------------|---------------|---------------|
| Dickinson Research Center          | \$6,825,551  | (\$152,469)   | \$6,673,082   |
| Central Grasslands Research Center | 3,423,624    | (56,881)      | 3,366,743     |
| Hettinger Research Center          | 4,975,133    | (22,900)      | 4,952,233     |
| Langdon Research Center            | 2,964,607    | (16,696)      | 2,947,911     |
| North Central Research Center      | 4,953,652    | 314           | 4,953,966     |
| Williston Research Center          | 5,118,890    | (50,125)      | 5,068,765     |
| Carrington Research Center         | 9,175,491    | 198,300       | 9,373,791     |
| Total all funds                    | \$37,436,948 | (\$100,457)   | \$37,336,491  |
| Less estimated income              | 20,281,691   | 459,338       | 20,741,029    |
| General fund                       | \$17,155,257 | (\$559,795)   | \$16,595,462  |
| FTE                                | 110.29       | (0.48)        | 109.81        |

## Department 628 - Branch Research Centers - Detail of House Changes

|                                       | Removes FTE<br>Position <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Reduces<br>Funding for<br>Operating<br>Expenses <sup>3</sup> | Adds Funding<br>for Oakes<br>Irrigation Site <sup>4</sup> | Reduces<br>Funding for<br>Capital Bond<br>Payments <sup>5</sup> | Total House<br>Changes |
|---------------------------------------|--------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------------|------------------------|
| Dickinson Research Center             |                                      | \$110,917                                                           | (\$263,386)                                                  |                                                           |                                                                 | (\$152,469)            |
| Central Grasslands Research<br>Center |                                      | 82,870                                                              | (130,969)                                                    |                                                           | (\$8,782)                                                       | (56,881)               |
| Hettinger Research Center             |                                      | 118,850                                                             | (141,750)                                                    |                                                           |                                                                 | (22,900)               |
| Langdon Research Center               |                                      | 76,755                                                              | (93,451)                                                     |                                                           |                                                                 | (16,696)               |
| North Central Research Center         |                                      | 117,939                                                             | (103,316)                                                    |                                                           | (14,309)                                                        | 314                    |
| Williston Research Center             |                                      | 148,606                                                             | (198,731)                                                    |                                                           |                                                                 | (50,125)               |
| Carrington Research Center            |                                      | 267,257                                                             | (268,957)                                                    | \$200,000                                                 |                                                                 | 198,300                |
| Total all funds                       | \$0                                  | \$923,194                                                           | (\$1,200,560)                                                | \$200,000                                                 | (\$23,091)                                                      | (\$100,457)            |
| Less estimated income                 | 0                                    | 259,338                                                             | 0                                                            | 200,000                                                   | 0                                                               | 459,338                |
| General fund                          | \$0                                  | \$663,856                                                           | (\$1,200,560)                                                | \$0                                                       | (\$23,091)                                                      | (\$559,795)            |
| FTE                                   | (0.48)                               | 0.00                                                                | 0.00                                                         | 0.00                                                      | 0.00                                                            | (0.48)                 |

<sup>1</sup> Pursuant to Section 10 of Chapter 45 if the 2017 Session Laws, the branch research centers removed 0.48 FTE positions.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>   |
|-------------------------------------------|---------------------|--------------------|----------------|
| <b>Dickinson Research Center</b>          |                     |                    |                |
| Salary increase                           | \$49,814            | \$6,041            | \$55,855       |
| Health insurance increase                 | <u>50,600</u>       | <u>4,462</u>       | <u>55,062</u>  |
| Total                                     | \$100,414           | \$10,503           | \$110,917      |
| <b>Central Grasslands Research Center</b> |                     |                    |                |
| Salary increase                           | \$36,824            | \$1,424            | \$38,248       |
| Health insurance increase                 | <u>42,390</u>       | <u>2,232</u>       | <u>44,622</u>  |
| Total                                     | \$79,214            | \$3,656            | \$82,870       |
| <b>Hettinger Research Center</b>          |                     |                    |                |
| Salary increase                           | \$45,284            | \$11,098           | \$56,382       |
| Health insurance increase                 | <u>44,620</u>       | <u>17,848</u>      | <u>62,468</u>  |
| Total                                     | \$89,904            | \$28,946           | \$118,850      |
| <b>Langdon Research Center</b>            |                     |                    |                |
| Salary increase                           | \$33,925            | \$2,671            | \$36,596       |
| Health insurance increase                 | <u>36,813</u>       | <u>3,346</u>       | <u>40,159</u>  |
| Total                                     | \$70,738            | \$6,017            | \$76,755       |
| <b>North Central Research Center</b>      |                     |                    |                |
| Salary increase                           | \$38,586            | \$21,345           | \$59,931       |
| Health insurance increase                 | <u>28,781</u>       | <u>29,227</u>      | <u>58,008</u>  |
| Total                                     | \$67,367            | \$50,572           | \$117,939      |
| <b>Williston Research Center</b>          |                     |                    |                |
| Salary increase                           | \$66,310            | \$15,366           | \$81,676       |
| Health insurance increase                 | <u>49,082</u>       | <u>17,848</u>      | <u>66,930</u>  |
| Total                                     | \$115,392           | \$33,214           | \$148,606      |
| <b>Carrington Research Center</b>         |                     |                    |                |
| Salary increase                           | \$71,665            | \$52,806           | \$124,471      |
| Health insurance increase                 | <u>69,162</u>       | <u>73,624</u>      | <u>142,786</u> |
| Total                                     | \$140,827           | \$126,430          | \$267,257      |
| <b>Total</b>                              |                     |                    |                |
| Salary increase                           | \$342,408           | \$110,751          | \$453,159      |
| Health insurance increase                 | <u>321,448</u>      | <u>148,587</u>     | <u>470,035</u> |
| Grand total                               | \$663,856           | \$259,338          | \$923,194      |

<sup>3</sup> Funding is reduced by \$1,200,560 from the general fund for operating expenses.

<sup>4</sup> Funding of \$200,000 from other funds is added for the Oakes irrigation site at the Carrington Research Center.

<sup>5</sup> Funding is reduced by \$23,091 from the general fund for capital bond payments.

## House Bill No. 1020 - NDSU Extension Service - House Action

|                             | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------------|----------------|------------------|------------------|
| Extension Service           | \$51,188,489   | \$2,167,185      | \$53,355,674     |
| Soil Conservation Committee | 1,091,520      |                  | 1,091,520        |
| Total all funds             | \$52,280,009   | \$2,167,185      | \$54,447,194     |
| Less estimated income       | 26,646,689     | 982,267          | 27,628,956       |
| General fund                | \$25,633,320   | \$1,184,918      | \$26,818,238     |
| FTE                         | 252.98         | (10.47)          | 242.51           |

## Department 630 - NDSU Extension Service - Detail of House Changes

|                             | Removes FTE<br>Positions <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Adds Funding<br>for<br>Miscellaneous<br>Expenses <sup>3</sup> | Total House<br>Changes |
|-----------------------------|---------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------|------------------------|
| Extension Service           |                                       | \$2,067,185                                                         | \$100,000                                                     | \$2,167,185            |
| Soil Conservation Committee |                                       |                                                                     |                                                               |                        |
| Total all funds             | \$0                                   | \$2,067,185                                                         | \$100,000                                                     | \$2,167,185            |
| Less estimated income       | 0                                     | 982,267                                                             | 0                                                             | 982,267                |
| General fund                | \$0                                   | \$1,084,918                                                         | \$100,000                                                     | \$1,184,918            |
| FTE                         | (10.47)                               | 0.00                                                                | 0.00                                                          | (10.47)                |

<sup>1</sup> Pursuant to Section 10 of Chapter 45 of the 2017 Session Laws, NDSU Extension Service removed 10.47 FTE positions.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u> |
|---------------------------|---------------------|--------------------|--------------|
| Salary increase           | \$577,488           | \$473,054          | \$1,050,542  |
| Health insurance increase | 507,430             | 509,213            | 1,016,643    |
| Total                     | \$1,084,918         | \$982,267          | \$2,067,185  |

<sup>3</sup> Funding of \$100,000 from the general fund is added for miscellaneous expenses.

## House Bill No. 1020 - Northern Crops Institute - House Action

|                          | Base<br>Budget | House<br>Changes | House<br>Version |
|--------------------------|----------------|------------------|------------------|
| Northern Crops Institute | \$3,642,721    | \$186,426        | \$3,829,147      |
| Total all funds          | \$3,642,721    | \$186,426        | \$3,829,147      |
| Less estimated income    | 1,755,830      | 137,010          | 1,892,840        |
| General fund             | \$1,886,891    | \$49,416         | \$1,936,307      |
| FTE                      | 11.80          | 1.00             | 12.80            |

## Department 638 - Northern Crops Institute - Detail of House Changes

|                          | Adds One FTE<br>Position <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Adjusts<br>Funding for<br>Miscellaneous<br>Expenses <sup>3</sup> | Total House<br>Changes |
|--------------------------|---------------------------------------|---------------------------------------------------------------------|------------------------------------------------------------------|------------------------|
| Northern Crops Institute |                                       | \$124,164                                                           | \$62,262                                                         | \$186,426              |
| Total all funds          | \$0                                   | \$124,164                                                           | \$62,262                                                         | \$186,426              |
| Less estimated income    | 0                                     | 37,010                                                              | 100,000                                                          | 137,010                |
| General fund             | \$0                                   | \$87,154                                                            | (\$37,738)                                                       | \$49,416               |
| FTE                      | 1.00                                  | 0.00                                                                | 0.00                                                             | 1.00                   |



<sup>1</sup> Pursuant to Section 10 of Chapter 45 of the 2017 Session Laws, the Northern Crops Institute added 1.00 FTE position.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>  |
|---------------------------|---------------------|--------------------|---------------|
| Salary increase           | \$46,996            | \$19,162           | \$66,158      |
| Health insurance increase | <u>40,158</u>       | <u>17,848</u>      | <u>58,006</u> |
| Total                     | \$87,154            | \$37,010           | \$124,164     |

<sup>3</sup> Funding is adjusted by \$62,262 for miscellaneous expenses, including a reduction of \$37,738 from the general fund and an increase of \$100,000 from other funds.

#### House Bill No. 1020 - Main Research Center - House Action

|                       | Base Budget   | House Changes | House Version |
|-----------------------|---------------|---------------|---------------|
| Main Research Center  | \$108,642,243 | (\$775,377)   | \$107,866,866 |
| Total all funds       | \$108,642,243 | (\$775,377)   | \$107,866,866 |
| Less estimated income | 59,084,828    | 157,539       | 59,242,367    |
| General fund          | \$49,557,415  | (\$932,916)   | \$48,624,499  |
| FTE                   | 336.12        | 3.93          | 340.05        |

#### Department 640 - Main Research Center - Detail of House Changes

|                       | Adds FTE Positions <sup>1</sup> | Adds Funding for Salary and Benefit Increases <sup>2</sup> | Adjusts Funding for Miscellaneous Expenses <sup>3</sup> | Reduces Funding for Capital Bond Payments <sup>4</sup> | Reduces Capital Funding from Other Funds <sup>5</sup> | Adds One-Time Funding for Extraordinary Repairs <sup>6</sup> |
|-----------------------|---------------------------------|------------------------------------------------------------|---------------------------------------------------------|--------------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------------|
| Main Research Center  |                                 | \$3,052,389                                                | \$44,258                                                | (\$65,091)                                             | (\$5,997,398)                                         | \$1,440,465                                                  |
| Total all funds       | \$0                             | \$3,052,389                                                | \$44,258                                                | (\$65,091)                                             | (\$5,997,398)                                         | \$1,440,465                                                  |
| Less estimated income | 0                               | 1,214,472                                                  | 3,000,000                                               | 0                                                      | (5,997,398)                                           | 1,440,465                                                    |
| General fund          | \$0                             | \$1,837,917                                                | (\$2,955,742)                                           | (\$65,091)                                             | \$0                                                   | \$0                                                          |
| FTE                   | 3.93                            | 0.00                                                       | 0.00                                                    | 0.00                                                   | 0.00                                                  | 0.00                                                         |

|                       | Adds One-Time Funding for a Williston Seed Cleaning Plant <sup>7</sup> | Total House Changes |
|-----------------------|------------------------------------------------------------------------|---------------------|
| Main Research Center  | \$750,000                                                              | (\$775,377)         |
| Total all funds       | \$750,000                                                              | (\$775,377)         |
| Less estimated income | 500,000                                                                | 157,539             |
| General fund          | \$250,000                                                              | (\$932,916)         |
| FTE                   | 0.00                                                                   | 3.93                |

<sup>1</sup> Pursuant to Section 10 of Chapter 45 of the 2017 Session Laws, the main research center added 3.93 FTE positions.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>     |
|---------------------------|---------------------|--------------------|------------------|
| Salary increase           | \$1,039,641         | \$593,352          | \$1,632,993      |
| Health insurance increase | <u>798,276</u>      | <u>621,120</u>     | <u>1,419,396</u> |
| Total                     | \$1,837,917         | \$1,214,472        | \$3,052,389      |

<sup>3</sup> Funding is adjusted by \$44,258 for miscellaneous expenses, including a reduction of \$2,955,742 from the general fund and an increase of \$3,000,000 from other funds.

<sup>4</sup> Funding is reduced by \$65,091 from the general fund for capital bond payments.

<sup>5</sup> Capital funding is reduced by \$5,997,398 from other funds.

<sup>6</sup> One-time funding of \$1,440,465 from the strategic investment and improvements fund is added for extraordinary repairs.

<sup>7</sup> One-time funding of \$750,000 is added for a Williston seed cleaning plant, including \$250,000 from the general fund and \$500,000 from other funds.

#### House Bill No. 1020 - Agronomy Seed Farm - House Action

|                       | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------|----------------|------------------|------------------|
| Agronomy Seed Farm    | \$1,536,129    | \$26,205         | \$1,562,334      |
| Total all funds       | \$1,536,129    | \$26,205         | \$1,562,334      |
| Less estimated income | 1,536,129      | 26,205           | 1,562,334        |
| General fund          | \$0            | \$0              | \$0              |
| FTE                   | 3.00           | 0.00             | 3.00             |

#### Department 649 - Agronomy Seed Farm - Detail of House Changes

|                       | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>1</sup> | Total House<br>Changes |
|-----------------------|---------------------------------------------------------------------|------------------------|
| Agronomy Seed Farm    | \$26,205                                                            | \$26,205               |
| Total all funds       | \$26,205                                                            | \$26,205               |
| Less estimated income | 26,205                                                              | 26,205                 |
| General fund          | \$0                                                                 | \$0                    |
| FTE                   | 0.00                                                                | 0.00                   |

<sup>1</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>Other Funds</u> |
|---------------------------|--------------------|
| Salary increase           | \$12,819           |
| Health insurance increase | <u>13,386</u>      |
| Total                     | \$26,205           |

#### House Bill No. 1020 - Other Changes - House Action

This amendment also adds a new section to allow funds appropriated for the 2017-19 biennium for a Williston seed cleaning plant to be continued and spent during the 2019-21 biennium.

**STATEMENT OF PURPOSE OF AMENDMENT:****House Bill No. 1021 - Funding Summary**

|                                             | Base<br>Budget | House<br>Changes | House<br>Version |
|---------------------------------------------|----------------|------------------|------------------|
| Information Technology<br>Department        |                |                  |                  |
| Salaries and wages                          | \$59,359,772   | \$199,786        | \$59,559,558     |
| Operating expenses                          | 69,552,998     | 19,538,649       | 89,091,647       |
| Capital assets                              | 8,295,000      | (4,041,883)      | 4,253,117        |
| Center for Distance<br>Education            | 9,079,116      | (9,079,116)      |                  |
| Statewide longitudinal<br>data system       | 4,310,561      | 72,790           | 4,383,351        |
| Educational Technology<br>Council           | 1,121,472      | (1,121,472)      |                  |
| EduTech                                     | 9,752,767      | (132,729)        | 9,620,038        |
| K-12 wide area network                      | 4,534,278      | 631,674          | 5,165,952        |
| Geographic information<br>system            | 1,147,716      | (95,688)         | 1,052,028        |
| Health information<br>technology office     | 5,315,509      | (438,669)        | 4,876,840        |
| Statewide Interoperability<br>Radio Network | 13,700,000     | (1,370,000)      | 12,330,000       |
| Total all funds                             | \$186,169,189  | \$4,163,342      | \$190,332,531    |
| Less estimated income                       | 165,636,855    | 1,526,094        | 167,162,949      |
| General fund                                | \$20,532,334   | \$2,637,248      | \$23,169,582     |
| FTE                                         | 344.30         | (41.30)          | 303.00           |
| Bill total                                  |                |                  |                  |
| Total all funds                             | \$186,169,189  | \$4,163,342      | \$190,332,531    |
| Less estimated income                       | 165,636,855    | 1,526,094        | 167,162,949      |
| General fund                                | \$20,532,334   | \$2,637,248      | \$23,169,582     |
| FTE                                         | 344.30         | (41.30)          | 303.00           |

**House Bill No. 1021 - Information Technology Department - House Action**

|                                             | Base<br>Budget | House<br>Changes | House<br>Version |
|---------------------------------------------|----------------|------------------|------------------|
| Salaries and wages                          | \$59,359,772   | \$199,786        | \$59,559,558     |
| Operating expenses                          | 69,552,998     | 19,538,649       | 89,091,647       |
| Capital assets                              | 8,295,000      | (4,041,883)      | 4,253,117        |
| Center for Distance Education               | 9,079,116      | (9,079,116)      |                  |
| Statewide longitudinal data<br>system       | 4,310,561      | 72,790           | 4,383,351        |
| Educational Technology<br>Council           | 1,121,472      | (1,121,472)      |                  |
| EduTech                                     | 9,752,767      | (132,729)        | 9,620,038        |
| K-12 wide area network                      | 4,534,278      | 631,674          | 5,165,952        |
| Geographic information system               | 1,147,716      | (95,688)         | 1,052,028        |
| Health information technology<br>office     | 5,315,509      | (438,669)        | 4,876,840        |
| Statewide Interoperability<br>Radio Network | 13,700,000     | (1,370,000)      | 12,330,000       |
| Total all funds                             | \$186,169,189  | \$4,163,342      | \$190,332,531    |
| Less estimated income                       | 165,636,855    | 1,526,094        | 167,162,949      |
| General fund                                | \$20,532,334   | \$2,637,248      | \$23,169,582     |
| FTE                                         | 344.30         | (41.30)          | 303.00           |

## Department 112 - Information Technology Department - Detail of House Changes

|                                             | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>1</sup>        | Removes 16<br>FTE Positions <sup>2</sup>                                       | Adds 5<br>Cybersecurity<br>FTE <sup>3</sup>                                 | Underfunds<br>Salaries by 2<br>Percent <sup>4</sup>                           | Adjusts Base<br>Level Funding <sup>5</sup>                                                           | Adds Funding<br>for Microsoft<br>Office 365<br>Licenses <sup>6</sup> |
|---------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------|-----------------------------------------------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| Salaries and wages                          | \$2,831,259                                                                | (\$2,649,997)                                                                  | \$1,234,025                                                                 | (\$1,215,501)                                                                 |                                                                                                      |                                                                      |
| Operating expenses                          |                                                                            |                                                                                | 217,650                                                                     |                                                                               | \$2,786,106                                                                                          | \$4,209,893                                                          |
| Capital assets                              |                                                                            |                                                                                |                                                                             |                                                                               | (4,041,883)                                                                                          |                                                                      |
| Center for Distance Education               |                                                                            |                                                                                |                                                                             |                                                                               |                                                                                                      |                                                                      |
| Statewide longitudinal data<br>system       | 73,846                                                                     |                                                                                |                                                                             |                                                                               | (1,056)                                                                                              |                                                                      |
| Educational Technology<br>Council           |                                                                            |                                                                                |                                                                             |                                                                               | (10,000)                                                                                             |                                                                      |
| EduTech                                     | 292,499                                                                    | (337,439)                                                                      |                                                                             |                                                                               | (434,139)                                                                                            |                                                                      |
| K-12 wide area network                      | 41,674                                                                     |                                                                                |                                                                             |                                                                               | 590,000                                                                                              |                                                                      |
| Geographic information system               | 11,584                                                                     |                                                                                |                                                                             |                                                                               | (107,272)                                                                                            |                                                                      |
| Health information technology<br>office     | 42,882                                                                     |                                                                                |                                                                             |                                                                               | (481,551)                                                                                            |                                                                      |
| Statewide Interoperability<br>Radio Network |                                                                            |                                                                                |                                                                             |                                                                               |                                                                                                      |                                                                      |
| Total all funds                             | \$3,293,744                                                                | (\$2,987,436)                                                                  | \$1,451,675                                                                 | (\$1,215,501)                                                                 | (\$1,699,795)                                                                                        | \$4,209,893                                                          |
| Less estimated income                       | 2,811,539                                                                  | (2,912,445)                                                                    | 0                                                                           | 0                                                                             | (1,797,893)                                                                                          | 4,209,893                                                            |
| General fund                                | \$482,205                                                                  | (\$74,991)                                                                     | \$1,451,675                                                                 | (\$1,215,501)                                                                 | \$98,098                                                                                             | \$0                                                                  |
| FTE                                         | 0.00                                                                       | (16.00)                                                                        | 5.00                                                                        | 0.00                                                                          | 0.00                                                                                                 | 0.00                                                                 |
|                                             | Adds Funding<br>for IT Service<br>Management<br>and Platforms <sup>7</sup> | Reduces<br>Funding for<br>the Center for<br>Distance<br>Education <sup>8</sup> | Transfers the<br>Center for<br>Distance<br>Education to<br>CTE <sup>9</sup> | Transfers the<br>Educational<br>Technology<br>Council to<br>CTE <sup>10</sup> | Transfers<br>Funding from<br>the<br>Educational<br>Technology<br>Council to<br>EduTech <sup>11</sup> | Reduces<br>Funding for<br>SIRN <sup>12</sup>                         |
| Salaries and wages                          |                                                                            |                                                                                |                                                                             |                                                                               |                                                                                                      |                                                                      |
| Operating expenses                          | \$4,225,000                                                                |                                                                                |                                                                             |                                                                               |                                                                                                      |                                                                      |
| Capital assets                              |                                                                            |                                                                                |                                                                             |                                                                               |                                                                                                      |                                                                      |
| Center for Distance Education               |                                                                            | (\$229,116)                                                                    | (\$8,850,000)                                                               |                                                                               |                                                                                                      |                                                                      |
| Statewide longitudinal data<br>system       |                                                                            |                                                                                |                                                                             |                                                                               |                                                                                                      |                                                                      |
| Educational Technology<br>Council           |                                                                            |                                                                                |                                                                             | (\$765,122)                                                                   | (\$346,350)                                                                                          |                                                                      |
| EduTech                                     |                                                                            |                                                                                |                                                                             |                                                                               | 346,350                                                                                              |                                                                      |
| K-12 wide area network                      |                                                                            |                                                                                |                                                                             |                                                                               |                                                                                                      |                                                                      |
| Geographic information system               |                                                                            |                                                                                |                                                                             |                                                                               |                                                                                                      |                                                                      |
| Health information technology<br>office     |                                                                            |                                                                                |                                                                             |                                                                               |                                                                                                      |                                                                      |
| Statewide Interoperability<br>Radio Network |                                                                            |                                                                                |                                                                             |                                                                               |                                                                                                      | (\$1,370,000)                                                        |
| Total all funds                             | \$4,225,000                                                                | (\$229,116)                                                                    | (\$8,850,000)                                                               | (\$765,122)                                                                   | \$0                                                                                                  | (\$1,370,000)                                                        |
| Less estimated income                       | 4,225,000                                                                  | 0                                                                              | (3,050,000)                                                                 | (585,000)                                                                     | (5,000)                                                                                              | (1,370,000)                                                          |
| General fund                                | \$0                                                                        | (\$229,116)                                                                    | (\$5,800,000)                                                               | (\$180,122)                                                                   | \$5,000                                                                                              | \$0                                                                  |
| FTE                                         | 0.00                                                                       | 0.00                                                                           | (29.80)                                                                     | (0.50)                                                                        | 0.00                                                                                                 | 0.00                                                                 |

|                                          | Adds One-Time Funding for Cybersecurity Operating Expenses <sup>13</sup> | Total House Changes |
|------------------------------------------|--------------------------------------------------------------------------|---------------------|
| Salaries and wages                       |                                                                          | \$199,786           |
| Operating expenses                       | \$8,100,000                                                              | 19,538,649          |
| Capital assets                           |                                                                          | (4,041,883)         |
| Center for Distance Education            |                                                                          | (9,079,116)         |
| Statewide longitudinal data system       |                                                                          | 72,790              |
| Educational Technology Council           |                                                                          | (1,121,472)         |
| EduTech                                  |                                                                          | (132,729)           |
| K-12 wide area network                   |                                                                          | 631,674             |
| Geographic information system            |                                                                          | (95,688)            |
| Health information technology office     |                                                                          | (438,669)           |
| Statewide Interoperability Radio Network |                                                                          | (1,370,000)         |
| Total all funds                          | \$8,100,000                                                              | \$4,163,342         |
| Less estimated income                    | 0                                                                        | 1,526,094           |
| General fund                             | \$8,100,000                                                              | \$2,637,248         |
| FTE                                      | 0.00                                                                     | (41.30)             |

<sup>1</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u> |
|---------------------------|---------------------|--------------------|--------------|
| Salary increase           | \$313,373           | \$1,469,467        | \$1,782,840  |
| Health insurance increase | 168,832             | 1,342,072          | 1,510,904    |
| Total                     | \$482,205           | \$2,811,539        | \$3,293,744  |

<sup>2</sup> Funding for 16 FTE undesignated positions is removed, including 1 FTE EduTech position. Of the \$2,987,436 reduction, \$74,991 is from the general fund, \$262,448 is from the PowerSchool fund, and \$2,649,997 is from the Information Technology Department service fund.

<sup>3</sup> Funding of \$1,451,675 is added for 5 FTE cybersecurity positions, of which \$1,234,025 is for salaries and wages and \$217,650 is for related operating expenses.

<sup>4</sup> Salaries and wages are underfunded by 2 percent of the total salaries and wages line item in anticipation of savings from vacant positions and employee turnover.

<sup>5</sup> Base level funding is adjusted as follows:

|                                                              | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>  |
|--------------------------------------------------------------|---------------------|--------------------|---------------|
| Adds funding for operating expenses                          | (\$97,594)          | \$2,883,700        | \$2,786,106   |
| Reduces funding for capital assets                           | 0                   | (4,041,883)        | (4,041,883)   |
| Reduces funding for the statewide longitudinal data system   | (1,056)             | 0                  | (1,056)       |
| Reduces funding for the Educational Technology Council       | 0                   | (10,000)           | (10,000)      |
| Reduces funding for EduTech                                  | (295,980)           | (138,159)          | (434,139)     |
| Adjusts funding for the K-12 wide area network               | 600,000             | (10,000)           | 590,000       |
| Reduces funding for the geographic information system        | (107,272)           | 0                  | (107,272)     |
| Reduces funding for the Health Information Technology Office | 0                   | (481,551)          | (481,551)     |
| Total                                                        | \$98,098            | (\$1,797,893)      | (\$1,699,795) |

<sup>6</sup> Funding of \$4,209,893 is added from the Information Technology Department service fund for Microsoft Office 365 licenses.

<sup>7</sup> Funding of \$4,225,000 is added from the Information Technology Department operating service fund for information technology service management (\$2,000,000), application as a service platform (\$1,325,000), and automation and orchestration platforms (\$900,000).

<sup>8</sup> Funding for the Center for Distance Education is reduced by \$229,116 from the general fund, of which \$8,366 is

from salaries and \$220,750 is from operating expenses.

<sup>9</sup> Funding of \$8.85 million for the Center for Distance Education, including 29.80 FTE positions, is transferred from the Information Technology Department to the Department of Career and Technical Education. Of this amount, \$5.8 million is for salaries and wages from the general fund and \$3.05 million is for operating expenses from the independent study operating fund.

<sup>10</sup> Transfers a 0.50 FTE administrative assistant II position and \$765,122 for the Educational Technology Council from the Information Technology Department to the Department of Career and Technical Education. Of this amount, \$180,122 is from the general fund for salaries (\$76,556) and operating expenses (\$103,566). The remaining amount of \$585,000 includes \$500,000 from federal funds for capital assets and \$85,000 from the Information Technology Department service fund for grants.

<sup>11</sup> Funding of \$346,350 is transferred from the Educational Technology Council to EduTech, relating to the salaries and fringe benefits of the director of EduTech. The position was formerly the director of both the Educational Technology Council and EduTech, prior to the transfer of the Educational Technology Council to the Department of Career and Technical Education.

<sup>12</sup> Funding of \$1.37 million is reduced for the Statewide Interoperable Radio Network (SIRN), of which \$400,000 is for operating expenses and \$970,000 is for capital assets, to provide a total appropriation of \$12.33 million from the SIRN fund.

<sup>13</sup> One-time funding of \$8.1 million is added from the general fund for cybersecurity operating expenses.

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This amendment also removes a section allowing for the transfer of funds between line items.

## STATEMENT OF PURPOSE OF AMENDMENT:

### House Bill No. 1022 - Funding Summary

|                                             | Base<br>Budget | House<br>Changes | House<br>Version |
|---------------------------------------------|----------------|------------------|------------------|
| Commission on Legal Counsel<br>for Indigent |                |                  |                  |
| Comm. on Legal Counsel<br>for Indigents     | \$19,903,623   | \$370,453        | \$20,274,076     |
| Total all funds                             | \$19,903,623   | \$370,453        | \$20,274,076     |
| Less estimated income                       | 1,919,747      | 9,834            | 1,929,581        |
| General fund                                | \$17,983,876   | \$360,619        | \$18,344,495     |
| FTE                                         | 40.00          | 0.00             | 40.00            |
| Bill total                                  |                |                  |                  |
| Total all funds                             | \$19,903,623   | \$370,453        | \$20,274,076     |
| Less estimated income                       | 1,919,747      | 9,834            | 1,929,581        |
| General fund                                | \$17,983,876   | \$360,619        | \$18,344,495     |
| FTE                                         | 40.00          | 0.00             | 40.00            |

### House Bill No. 1022 - Commission on Legal Counsel for Indigent - House Action

|                                         | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------------------------|----------------|------------------|------------------|
| Comm. on Legal Counsel for<br>Indigents | \$19,903,623   | \$370,453        | \$20,274,076     |
| Total all funds                         | \$19,903,623   | \$370,453        | \$20,274,076     |
| Less estimated income                   | 1,919,747      | 9,834            | 1,929,581        |
| General fund                            | \$17,983,876   | \$360,619        | \$18,344,495     |
| FTE                                     | 40.00          | 0.00             | 40.00            |

### Department 188 - Commission on Legal Counsel for Indigent - Detail of House Changes

|                                         | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Adds Funding<br>for Microsoft<br>Office 365<br>Licenses <sup>3</sup> | Total House<br>Changes |
|-----------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|----------------------------------------------------------------------|------------------------|
| Comm. on Legal Counsel for<br>Indigents |                                                                | \$368,945                                                           | \$1,508                                                              | \$370,453              |
| Total all funds                         | \$0                                                            | \$368,945                                                           | \$1,508                                                              | \$370,453              |
| Less estimated income                   | 1                                                              | 9,833                                                               | 0                                                                    | 9,834                  |
| General fund                            | (\$1)                                                          | \$359,112                                                           | \$1,508                                                              | \$360,619              |
| FTE                                     | 0.00                                                           | 0.00                                                                | 0.00                                                                 | 0.00                   |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u> |
|---------------------------|---------------------|--------------------|--------------|
| Salary increase           | \$180,931           | \$5,371            | \$186,302    |
| Health insurance increase | 178,181             | 4,462              | 182,643      |
| Total                     | \$359,112           | \$9,833            | \$368,945    |

<sup>3</sup> Funding is added for Microsoft Office 365 licensing expenses.

## STATEMENT OF PURPOSE OF AMENDMENT:

### House Bill No. 1023 - Funding Summary

|                       | Base<br>Budget   | House<br>Changes | House<br>Version |
|-----------------------|------------------|------------------|------------------|
| Racing Commission     |                  |                  |                  |
| Racing Commission     | <u>\$542,178</u> | <u>\$20,841</u>  | <u>\$563,019</u> |
| Total all funds       | \$542,178        | \$20,841         | \$563,019        |
| Less estimated income | <u>162,557</u>   | <u>3,253</u>     | <u>165,810</u>   |
| General fund          | <u>\$379,621</u> | <u>\$17,588</u>  | <u>\$397,209</u> |
| FTE                   | 2.00             | 0.00             | 2.00             |
| Bill total            |                  |                  |                  |
| Total all funds       | \$542,178        | \$20,841         | \$563,019        |
| Less estimated income | <u>162,557</u>   | <u>3,253</u>     | <u>165,810</u>   |
| General fund          | <u>\$379,621</u> | <u>\$17,588</u>  | <u>\$397,209</u> |
| FTE                   | 2.00             | 0.00             | 2.00             |

### House Bill No. 1023 - Racing Commission - House Action

|                       | Base<br>Budget   | House<br>Changes | House<br>Version |
|-----------------------|------------------|------------------|------------------|
| Racing Commission     | <u>\$542,178</u> | <u>\$20,841</u>  | <u>\$563,019</u> |
| Total all funds       | \$542,178        | \$20,841         | \$563,019        |
| Less estimated income | <u>162,557</u>   | <u>3,253</u>     | <u>165,810</u>   |
| General fund          | <u>\$379,621</u> | <u>\$17,588</u>  | <u>\$397,209</u> |
| FTE                   | 2.00             | 0.00             | 2.00             |

### Department 670 - Racing Commission - Detail of House Changes

|                       | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>1</sup> | Adds Funding<br>for Microsoft<br>Office 365 <sup>2</sup> | Total House<br>Changes |
|-----------------------|---------------------------------------------------------------------|----------------------------------------------------------|------------------------|
| Racing Commission     | <u>\$18,579</u>                                                     | <u>\$2,262</u>                                           | <u>\$20,841</u>        |
| Total all funds       | \$18,579                                                            | \$2,262                                                  | \$20,841               |
| Less estimated income | <u>1,438</u>                                                        | <u>1,815</u>                                             | <u>3,253</u>           |
| General fund          | <u>\$17,141</u>                                                     | <u>\$447</u>                                             | <u>\$17,588</u>        |
| FTE                   | 0.00                                                                | 0.00                                                     | 0.00                   |

<sup>1</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>    |
|---------------------------|---------------------|--------------------|-----------------|
| Salary increase           | \$8,906             | \$748              | \$9,654         |
| Health insurance increase | <u>8,235</u>        | <u>690</u>         | <u>8,925</u>    |
| Total                     | <u>\$17,141</u>     | <u>\$1,438</u>     | <u>\$18,579</u> |

<sup>2</sup> Adds funding for Microsoft Office 365 licensing.



## STATEMENT OF PURPOSE OF AMENDMENT:

### House Bill No. 1024 - Funding Summary

|                                        | Base<br>Budget | House<br>Changes | House<br>Version |
|----------------------------------------|----------------|------------------|------------------|
| Department of Environmental<br>Quality |                |                  |                  |
| Salaries and wages                     | \$27,040,544   | \$3,156,409      | \$30,196,953     |
| Operating expenses                     | 8,005,878      | 1,996,302        | 10,002,180       |
| Capital assets                         | 1,258,249      | 1,005,180        | 2,263,429        |
| Grants                                 | 13,407,000     | 2,454,529        | 15,861,529       |
| Total all funds                        | \$49,711,671   | \$8,612,420      | \$58,324,091     |
| Less estimated income                  | 38,987,520     | 7,428,412        | 46,415,932       |
| General fund                           | \$10,724,151   | \$1,184,008      | \$11,908,159     |
| FTE                                    | 152.50         | 13.00            | 165.50           |
| Bill total                             |                |                  |                  |
| Total all funds                        | \$49,711,671   | \$8,612,420      | \$58,324,091     |
| Less estimated income                  | 38,987,520     | 7,428,412        | 46,415,932       |
| General fund                           | \$10,724,151   | \$1,184,008      | \$11,908,159     |
| FTE                                    | 152.50         | 13.00            | 165.50           |

### House Bill No. 1024 - Department of Environmental Quality - House Action

|                       | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------|----------------|------------------|------------------|
| Salaries and wages    | \$27,040,544   | \$3,156,409      | \$30,196,953     |
| Operating expenses    | 8,005,878      | 1,996,302        | 10,002,180       |
| Capital assets        | 1,258,249      | 1,005,180        | 2,263,429        |
| Grants                | 13,407,000     | 2,454,529        | 15,861,529       |
| Total all funds       | \$49,711,671   | \$8,612,420      | \$58,324,091     |
| Less estimated income | 38,987,520     | 7,428,412        | 46,415,932       |
| General fund          | \$10,724,151   | \$1,184,008      | \$11,908,159     |
| FTE                   | 152.50         | 13.00            | 165.50           |

### Department 303 - Department of Environmental Quality - Detail of House Changes

|                       | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Cost to<br>Continue<br>Adjustments <sup>3</sup> | Removes 3<br>FTE Positions <sup>4</sup> | Adds Funding<br>to Transfer the<br>Petroleum<br>Tank Release<br>Program <sup>5</sup> | Adds Funding<br>to Transfer the<br>Boiler<br>Inspection<br>Program <sup>6</sup> |
|-----------------------|----------------------------------------------------------------|---------------------------------------------------------------------|-------------------------------------------------|-----------------------------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| Salaries and wages    | \$146,390                                                      | \$1,396,063                                                         |                                                 | (\$365,530)                             | \$336,481                                                                            | \$753,365                                                                       |
| Operating expenses    |                                                                |                                                                     | \$1,239,823                                     |                                         | 238,588                                                                              | 89,000                                                                          |
| Capital assets        |                                                                |                                                                     |                                                 |                                         |                                                                                      |                                                                                 |
| Grants                |                                                                |                                                                     | (445,000)                                       |                                         |                                                                                      |                                                                                 |
| Total all funds       | \$146,390                                                      | \$1,396,063                                                         | \$794,823                                       | (\$365,530)                             | \$575,069                                                                            | \$842,365                                                                       |
| Less estimated income | 322,006                                                        | 939,547                                                             | 957,799                                         | (271,407)                               | 575,069                                                                              | 842,365                                                                         |
| General fund          | (\$175,616)                                                    | \$456,516                                                           | (\$162,976)                                     | (\$94,123)                              | \$0                                                                                  | \$0                                                                             |
| FTE                   | 0.00                                                           | 0.00                                                                | 0.00                                            | (3.00)                                  | 2.00                                                                                 | 4.00                                                                            |

|                       | Adds<br>Contingent<br>Funding and<br>FTE Positions<br>for the<br>Supremacy of<br>Federal<br>Programs <sup>7</sup> | Decreases<br>Funding for<br>Water<br>Treatment<br>System<br>Training <sup>8</sup> | Adds Funding<br>for Microsoft<br>Office 365<br>Licensing <sup>9</sup> | Adjusts<br>Funding for<br>Bond and<br>Capital<br>Payments <sup>10</sup> | Reduces<br>Funding for<br>Extraordinary<br>Repairs <sup>11</sup> | Increases<br>Funding for<br>Equipment <sup>12</sup> |
|-----------------------|-------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------------------------------------|------------------------------------------------------------------|-----------------------------------------------------|
| Salaries and wages    | \$889,640                                                                                                         |                                                                                   |                                                                       |                                                                         |                                                                  |                                                     |
| Operating expenses    | 359,305                                                                                                           | (\$55,000)                                                                        | \$84,586                                                              |                                                                         |                                                                  |                                                     |
| Capital assets        |                                                                                                                   |                                                                                   |                                                                       | \$3,405                                                                 | (\$273,350)                                                      | \$275,125                                           |
| Grants                |                                                                                                                   |                                                                                   |                                                                       |                                                                         |                                                                  |                                                     |
| Total all funds       | \$1,248,945                                                                                                       | (\$55,000)                                                                        | \$84,586                                                              | \$3,405                                                                 | (\$273,350)                                                      | \$275,125                                           |
| Less estimated income | 0                                                                                                                 | 0                                                                                 | 64,538                                                                | 1,541                                                                   | (217,700)                                                        | 275,125                                             |
| General fund          | \$1,248,945                                                                                                       | (\$55,000)                                                                        | \$20,048                                                              | \$1,864                                                                 | (\$55,650)                                                       | \$0                                                 |
| FTE                   | 10.00                                                                                                             | 0.00                                                                              | 0.00                                                                  | 0.00                                                                    | 0.00                                                             | 0.00                                                |

|                       | Adds Funding<br>for Grants<br>from the<br>Volkswagen<br>Trust<br>Settlement <sup>13</sup> | Adds One-<br>Time<br>Contingent<br>Funding to<br>Establish<br>Federal<br>Program<br>Supremacy <sup>14</sup> | Total House<br>Changes |
|-----------------------|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|------------------------|
| Salaries and wages    |                                                                                           |                                                                                                             | \$3,156,409            |
| Operating expenses    |                                                                                           | \$40,000                                                                                                    | 1,996,302              |
| Capital assets        |                                                                                           | 1,000,000                                                                                                   | 1,005,180              |
| Grants                | \$2,899,529                                                                               |                                                                                                             | 2,454,529              |
| Total all funds       | \$2,899,529                                                                               | \$1,040,000                                                                                                 | \$8,612,420            |
| Less estimated income | 2,899,529                                                                                 | 1,040,000                                                                                                   | 7,428,412              |
| General fund          | \$0                                                                                       | \$0                                                                                                         | \$1,184,008            |
| FTE                   | 0.00                                                                                      | 0.00                                                                                                        | 13.00                  |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | General Fund | Other Funds | Total       |
|---------------------------|--------------|-------------|-------------|
| Salary increase           | \$231,686    | \$472,755   | \$704,441   |
| Health insurance increase | 224,830      | 466,792     | 691,622     |
| Total                     | \$456,516    | \$939,547   | \$1,396,063 |

<sup>3</sup> Funding is adjusted for cost to continue changes to the base budget.

<sup>4</sup> Three FTE positions and related funding for salaries and wages are removed.

<sup>5</sup> Two FTE positions and related funding from the petroleum tank release compensation fund for salaries and wages and operating expenses are transferred from the Insurance Department to the Department of Environmental Quality for the petroleum tank release program.

<sup>6</sup> Four FTE positions are added to transfer the boiler inspection program from the Insurance Department to the Department of Environmental Quality, including funding from the state fire and tornado fund for base salaries and wages of \$753,365 and operating expenses of \$89,000.

<sup>7</sup> Contingent funding and 10 FTE positions are added in the 2nd year of the biennium for the supremacy of federal programs, including funding for salaries and wages of \$889,640 and operating expenses of \$359,305. The appropriation and FTE positions are contingent on federal Environmental Protection Agency approval of the Department of Environmental Quality assuming the duties of federal air pollution programs.

<sup>8</sup> Funding for operating expenses related to training water treatment system operators is reduced to provide a total of \$125,000 from the general fund.

<sup>9</sup> Funding is added for Microsoft Office 365 license expenses.

<sup>10</sup> Funding for bond and capital payments is increased to provide a total of \$216,429, of which \$93,691 is from the general fund.

<sup>11</sup> Funding for extraordinary repairs is reduced to provide a total of \$27,000, of which \$6,866 is from the general fund.

<sup>12</sup> Funding for equipment and information technology equipment over \$5,000 is increased to provide a total ongoing appropriation of \$1,020,000 from other funds.

<sup>13</sup> Funding for grants is increased to accept and disburse funding from the Volkswagen trust settlement to provide a total of \$5,399,529.

<sup>14</sup> One-time funding is added from the strategic investment and improvements fund for capital assets of \$1 million and operating expenses of \$40,000 related to the establishment of federal program supremacy. The funding is contingent on Environmental Protection Agency approval of the Department of Environmental Quality assuming the duties of federal air pollution programs.

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This amendment also adds sections to:

- Identify funding from the state fire and tornado fund for the boiler inspection program;
- Identify contingent one-time funding of \$1,040,000 from the strategic investment and improvements fund for air pollution program equipment related to the establishment of federal program supremacy. The funding provided is available the 2nd year of the biennium and is contingent on Environmental Protection Agency approval of the Department of Environmental Quality assuming the duties of federal air pollution programs;
- Identify contingent funding of \$1,248,945 from the general fund and 10 FTE positions related to the establishment of federal program supremacy effective July 1, 2020;
- Amend various sections of Chapter 23.1-12 to transfer the petroleum tank release program from the Insurance Commissioner to the Department of Environmental Quality and to provide the Department of Environmental Quality set registration fees by rule;
- Create Chapter 23.1-16 to transfer the boiler inspection program from the Insurance Commissioner to the Department of Environmental Quality;
- Repeal Chapter 26.1-22.1 related to the boiler inspection program; and
- Provide effective dates for the program transfers.

## STATEMENT OF PURPOSE OF AMENDMENT:

### House Bill No. 1025 - Funding Summary

|                                    | Base<br>Budget | House<br>Changes | House<br>Version |
|------------------------------------|----------------|------------------|------------------|
| Department of Veterans' Affairs    |                |                  |                  |
| Veterans' affairs                  | \$1,168,015    | \$154,243        | \$1,322,258      |
| State approving agency             | 271,998        | 12,503           | 284,501          |
| Grants - Transportation<br>program | 1,719,520      | (919,520)        | 800,000          |
| Transport vans                     | 18,600         | 200              | 18,800           |
| Service dogs                       | 50,000         |                  | 50,000           |
| Total all funds                    | \$3,228,133    | (\$752,574)      | \$2,475,559      |
| Less estimated income              | 2,091,571      | (1,007,071)      | 1,084,500        |
| General fund                       | \$1,136,562    | \$254,497        | \$1,391,059      |
| FTE                                | 7.00           | 0.00             | 7.00             |
| Bill total                         |                |                  |                  |
| Total all funds                    | \$3,228,133    | (\$752,574)      | \$2,475,559      |
| Less estimated income              | 2,091,571      | (1,007,071)      | 1,084,500        |
| General fund                       | \$1,136,562    | \$254,497        | \$1,391,059      |
| FTE                                | 7.00           | 0.00             | 7.00             |

### House Bill No. 1025 - Department of Veterans' Affairs - House Action

|                                    | Base<br>Budget | House<br>Changes | House<br>Version |
|------------------------------------|----------------|------------------|------------------|
| Veterans' affairs                  | \$1,168,015    | \$154,243        | \$1,322,258      |
| State approving agency             | 271,998        | 12,503           | 284,501          |
| Grants - Transportation<br>program | 1,719,520      | (919,520)        | 800,000          |
| Transport vans                     | 18,600         | 200              | 18,800           |
| Service dogs                       | 50,000         |                  | 50,000           |
| Total all funds                    | \$3,228,133    | (\$752,574)      | \$2,475,559      |
| Less estimated income              | 2,091,571      | (1,007,071)      | 1,084,500        |
| General fund                       | \$1,136,562    | \$254,497        | \$1,391,059      |
| FTE                                | 7.00           | 0.00             | 7.00             |

### Department 321 - Department of Veterans' Affairs - Detail of House Changes

|                                    | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Adjusts Base<br>Level Funding <sup>3</sup> | Adds Funding<br>for County and<br>Tribal Veteran<br>Service Officer<br>Outreach and<br>Training <sup>4</sup> | Reduces<br>Funding for<br>the<br>Transportation<br>Grants<br>Program <sup>5</sup> | Adds One-<br>Time Funding<br>for the Loan<br>and Grant<br>Program <sup>6</sup> |
|------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------|--------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| Veterans' affairs                  | (\$3)                                                          | \$49,589                                                            | (\$72,843)                                 | \$30,000                                                                                                     |                                                                                   | \$140,000                                                                      |
| State approving agency             | <sup>3</sup>                                                   | 10,192                                                              | 2,308                                      |                                                                                                              |                                                                                   |                                                                                |
| Grants - Transportation<br>program | (100,053)                                                      |                                                                     |                                            |                                                                                                              | (\$819,467)                                                                       |                                                                                |
| Transport vans                     |                                                                |                                                                     | 200                                        |                                                                                                              |                                                                                   |                                                                                |
| Service dogs                       |                                                                |                                                                     |                                            |                                                                                                              |                                                                                   |                                                                                |
| Total all funds                    | (\$100,053)                                                    | \$59,781                                                            | (\$70,335)                                 | \$30,000                                                                                                     | (\$819,467)                                                                       | \$140,000                                                                      |
| Less estimated income              | (200,103)                                                      | 10,191                                                              | 2,308                                      | 0                                                                                                            | (819,467)                                                                         | 0                                                                              |
| General fund                       | \$100,050                                                      | \$49,590                                                            | (\$72,643)                                 | \$30,000                                                                                                     | \$0                                                                               | \$140,000                                                                      |
| FTE                                | 0.00                                                           | 0.00                                                                | 0.00                                       | 0.00                                                                                                         | 0.00                                                                              | 0.00                                                                           |

|                                    | Adds One-Time<br>Funding for<br>Grant Database<br>Enhancements <sup>1</sup> | Total House<br>Changes |
|------------------------------------|-----------------------------------------------------------------------------|------------------------|
| Veterans' affairs                  | \$7,500                                                                     | \$154,243              |
| State approving agency             |                                                                             | 12,503                 |
| Grants - Transportation<br>program |                                                                             | (919,520)              |
| Transport vans                     |                                                                             | 200                    |
| Service dogs                       |                                                                             |                        |
| Total all funds                    | \$7,500                                                                     | (\$752,574)            |
| Less estimated income              | 0                                                                           | (1,007,071)            |
| General fund                       | \$7,500                                                                     | \$254,497              |
| FTE                                | 0.00                                                                        | 0.00                   |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>  |
|---------------------------|---------------------|--------------------|---------------|
| Salary increase           | \$23,560            | \$4,985            | \$28,545      |
| Health insurance increase | <u>26,030</u>       | <u>5,206</u>       | <u>31,236</u> |
| Total                     | \$49,590            | \$10,191           | \$59,781      |

<sup>3</sup> Base level funding is adjusted as follows:

|                                                | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u> |
|------------------------------------------------|---------------------|--------------------|--------------|
| Reduces funding for temporary salaries         | (\$100,053)         | \$0                | (\$100,053)  |
| Adds funding for travel expenses               | 11,775              | 0                  | 11,775       |
| Adds funding for desktop support               | 7,935               | 0                  | 7,935        |
| Adds funding for Microsoft Office 365 licenses | 2,500               | 0                  | 2,500        |
| Adds funding for stand down events             | 5,000               | 0                  | 5,000        |
| Adds funding for the State Approving Agency    | 0                   | 2,308              | 2,308        |
| Adds funding for transport vans                | <u>200</u>          | <u>0</u>           | <u>200</u>   |
| Total                                          | (\$72,643)          | \$2,308            | (\$70,335)   |

<sup>4</sup> Funding is provided for county veterans' service officer and tribal veterans' service officer outreach and training to provide total funding of \$30,000.

<sup>5</sup> Federal funding for the transportation grants program is reduced to provide total funding of \$800,000.

<sup>6</sup> One-time funding of \$140,000 is added from the general fund for a temporary loan and grants position.

<sup>7</sup> One-time funding of \$7,500 is added from the general fund for enhancements to the department's grant database.

**STATEMENT OF PURPOSE OF AMENDMENT:****House Bill No. 1359 - Funding Summary**

|                                                                          | Base<br>Budget | House<br>Changes | House<br>Version |
|--------------------------------------------------------------------------|----------------|------------------|------------------|
| State Department of Health<br>Hyperbaric oxygen<br>therapy pilot program |                | \$335,000        | \$335,000        |
|                                                                          |                |                  |                  |
| Total all funds                                                          | \$0            | \$335,000        | \$335,000        |
| Less estimated income                                                    | 0              | 335,000          | 335,000          |
| General fund                                                             | \$0            | \$0              | \$0              |
|                                                                          |                |                  |                  |
| FTE                                                                      | 0.00           | 0.00             | 0.00             |
|                                                                          |                |                  |                  |
| Bill total                                                               |                |                  |                  |
| Total all funds                                                          | \$0            | \$335,000        | \$335,000        |
| Less estimated income                                                    | 0              | 335,000          | 335,000          |
| General fund                                                             | \$0            | \$0              | \$0              |
|                                                                          |                |                  |                  |
| FTE                                                                      | 0.00           | 0.00             | 0.00             |

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**House Bill No. 1359 - State Department of Health - House Action**

This bill provides an appropriation of \$335,000 from the tobacco prevention and control trust fund to the State Department of Health to contract with a third party to implement a hyperbaric oxygen therapy pilot program for the treatment of moderate to severe brain-injuries.

**STATEMENT OF PURPOSE OF AMENDMENT:****House Bill No. 1383 - Funding Summary**

|                                                                        | Base<br>Budget | House<br>Changes | House<br>Version |
|------------------------------------------------------------------------|----------------|------------------|------------------|
| Department of Agriculture<br>Environmental impact<br>mitigation grants |                | \$5,000,000      | \$5,000,000      |
|                                                                        |                |                  |                  |
| Total all funds                                                        | \$0            | \$5,000,000      | \$5,000,000      |
| Less estimated income                                                  | 0              | 5,000,000        | 5,000,000        |
| General fund                                                           | \$0            | \$0              | \$0              |
|                                                                        |                |                  |                  |
| FTE                                                                    | 0.00           | 0.00             | 0.00             |
|                                                                        |                |                  |                  |
| Bill total                                                             |                |                  |                  |
| Total all funds                                                        | \$0            | \$5,000,000      | \$5,000,000      |
| Less estimated income                                                  | 0              | 5,000,000        | 5,000,000        |
| General fund                                                           | \$0            | \$0              | \$0              |
|                                                                        |                |                  |                  |
| FTE                                                                    | 0.00           | 0.00             | 0.00             |

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**House Bill No. 1383 - Department of Agriculture - House Action**

This bill provides an appropriation of \$5,000,000 from the environmental impact mitigation fund to the Agriculture Commissioner for providing grants to political subdivisions for the mitigation of environmental impacts.

**STATEMENT OF PURPOSE OF AMENDMENT:****House Bill No. 1402 - Funding Summary**

|                                                           | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------------------------------------------|----------------|------------------|------------------|
| Department of Commerce<br>Health care workforce<br>grants |                | \$200,000        | \$200,000        |
|                                                           |                |                  |                  |
| Total all funds                                           | \$0            | \$200,000        | \$200,000        |
| Less estimated income                                     | 0              | 0                | 0                |
| General fund                                              | \$0            | \$200,000        | \$200,000        |
|                                                           |                |                  |                  |
| FTE                                                       | 0.00           | 0.00             | 0.00             |
|                                                           |                |                  |                  |
| Bill total                                                |                |                  |                  |
| Total all funds                                           | \$0            | \$200,000        | \$200,000        |
| Less estimated income                                     | 0              | 0                | 0                |
| General fund                                              | \$0            | \$200,000        | \$200,000        |
|                                                           |                |                  |                  |
| FTE                                                       | 0.00           | 0.00             | 0.00             |

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**House Bill No. 1402 - Department of Commerce - House Action**

This bill provides a general fund appropriation of \$200,000 to the Department of Commerce for providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state. The department may spend the funds only to the extent the grant recipient provides matching funds from nonstate sources on a dollar-for-dollar basis.



**STATEMENT OF PURPOSE OF AMENDMENT:****House Bill No. 1435 - Funding Summary**

|                                                                                  | Base<br>Budget | House<br>Changes | House<br>Version |
|----------------------------------------------------------------------------------|----------------|------------------|------------------|
| Information Technology<br>Department<br>Statewide interoperable<br>radio network |                | \$120,000,000    | \$120,000,000    |
|                                                                                  |                |                  |                  |
| Total all funds                                                                  | \$0            | \$120,000,000    | \$120,000,000    |
| Less estimated income                                                            | 0              | 120,000,000      | 120,000,000      |
| General fund                                                                     | \$0            | \$0              | \$0              |
|                                                                                  |                |                  |                  |
| FTE                                                                              | 0.00           | 0.00             | 0.00             |
|                                                                                  |                |                  |                  |
| Bill total                                                                       |                |                  |                  |
| Total all funds                                                                  | \$0            | \$120,000,000    | \$120,000,000    |
| Less estimated income                                                            | 0              | 120,000,000      | 120,000,000      |
| General fund                                                                     | \$0            | \$0              | \$0              |
|                                                                                  |                |                  |                  |
| FTE                                                                              | 0.00           | 0.00             | 0.00             |

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**House Bill No. 1435 - Information Technology Department - House Action**

This bill appropriates \$120 million from a Bank of North Dakota line of credit to the Information Technology Department for statewide interoperable radio network projects.

**STATEMENT OF PURPOSE OF AMENDMENT:****House Bill No. 1521 - Funding Summary**

|                       | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------|----------------|------------------|------------------|
| Ethics Commission     |                |                  |                  |
| Ethics commission     |                | \$300,000        | \$300,000        |
|                       |                |                  |                  |
| Total all funds       | \$0            | \$300,000        | \$300,000        |
| Less estimated income | 0              | 0                | 0                |
| General fund          | \$0            | \$300,000        | \$300,000        |
|                       |                |                  |                  |
| FTE                   | 0.00           | 1.50             | 1.50             |
|                       |                |                  |                  |
| Bill total            |                |                  |                  |
| Total all funds       | \$0            | \$300,000        | \$300,000        |
| Less estimated income | 0              | 0                | 0                |
| General fund          | \$0            | \$300,000        | \$300,000        |
|                       |                |                  |                  |
| FTE                   | 0.00           | 1.50             | 1.50             |

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**House Bill No. 1521 - Ethics Commission - House Action**

This bill provides a general fund appropriation of \$300,000 and authorizes 1.5 FTE positions for administrative and operational costs of the Ethics Commission. The bill also establishes the Ethics Commission in statute and changes other statutory provisions relating to the commission.

## STATEMENT OF PURPOSE OF AMENDMENT:

### Senate Bill No. 2001 - Funding Summary

|                       | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|-----------------------|----------------|-------------------|-------------------|
| Governor's Office     |                |                   |                   |
| Salaries and wages    | \$3,422,574    | \$201,285         | \$3,623,859       |
| Operating expenses    | 298,456        | 209,792           | 508,248           |
| Contingencies         | 10,000         |                   | 10,000            |
| Rough Rider Awards    | 10,800         |                   | 10,800            |
| Governor's salary     | 265,928        | 9,387             | 275,315           |
| Transition in         |                | 15,000            | 15,000            |
| Transition out        |                | 50,000            | 50,000            |
|                       |                |                   |                   |
| Total all funds       | \$4,007,758    | \$485,464         | \$4,493,222       |
| Less estimated income | 0              | 0                 | 0                 |
| General fund          | \$4,007,758    | \$485,464         | \$4,493,222       |
|                       |                |                   |                   |
| FTE                   | 18.00          | 0.00              | 18.00             |
| Bill total            |                |                   |                   |
| Total all funds       | \$4,007,758    | \$485,464         | \$4,493,222       |
| Less estimated income | 0              | 0                 | 0                 |
| General fund          | \$4,007,758    | \$485,464         | \$4,493,222       |
|                       |                |                   |                   |
| FTE                   | 18.00          | 0.00              | 18.00             |

### Senate Bill No. 2001 - Governor's Office - Senate Action

|                       | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|-----------------------|----------------|-------------------|-------------------|
| Salaries and wages    | \$3,422,574    | \$201,285         | \$3,623,859       |
| Operating expenses    | 298,456        | 209,792           | 508,248           |
| Contingencies         | 10,000         |                   | 10,000            |
| Rough Rider Awards    | 10,800         |                   | 10,800            |
| Governor's salary     | 265,928        | 9,387             | 275,315           |
| Transition in         |                | 15,000            | 15,000            |
| Transition out        |                | 50,000            | 50,000            |
|                       |                |                   |                   |
| Total all funds       | \$4,007,758    | \$485,464         | \$4,493,222       |
| Less estimated income | 0              | 0                 | 0                 |
| General fund          | \$4,007,758    | \$485,464         | \$4,493,222       |
|                       |                |                   |                   |
| FTE                   | 18.00          | 0.00              | 18.00             |

### Department 101 - Governor's Office - Detail of Senate Changes

|                       | Adjusts<br>Funding for<br>Base Payroll<br>and Budget<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Adjusts Base<br>Level Funding <sup>3</sup> | Adds Funding<br>for Boards and<br>Commissions<br>Project <sup>4</sup> | Adds Funding<br>for Governor's<br>Transition<br>Costs <sup>5</sup> | Total Senate<br>Changes |
|-----------------------|------------------------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------------|-------------------------|
| Salaries and wages    | \$76,886                                                                     | \$180,704                                                           | (\$56,305)                                 |                                                                       |                                                                    | \$201,285               |
| Operating expenses    | 8,476                                                                        |                                                                     | 61,508                                     | \$139,808                                                             |                                                                    | 209,792                 |
| Contingencies         |                                                                              |                                                                     |                                            |                                                                       |                                                                    |                         |
| Rough Rider Awards    |                                                                              |                                                                     |                                            |                                                                       |                                                                    |                         |
| Governor's salary     |                                                                              | 9,387                                                               |                                            |                                                                       |                                                                    | 9,387                   |
| Transition in         |                                                                              |                                                                     |                                            |                                                                       | \$15,000                                                           | 15,000                  |
| Transition out        |                                                                              |                                                                     |                                            |                                                                       | 50,000                                                             | 50,000                  |
|                       |                                                                              |                                                                     |                                            |                                                                       |                                                                    |                         |
| Total all funds       | \$85,362                                                                     | \$190,091                                                           | \$5,203                                    | \$139,808                                                             | \$65,000                                                           | \$485,464               |
| Less estimated income | 0                                                                            | 0                                                                   | 0                                          | 0                                                                     | 0                                                                  | 0                       |
| General fund          | \$85,362                                                                     | \$190,091                                                           | \$5,203                                    | \$139,808                                                             | \$65,000                                                           | \$485,464               |
|                       |                                                                              |                                                                     |                                            |                                                                       |                                                                    |                         |
| FTE                   | 0.00                                                                         | 0.00                                                                | 0.00                                       | 0.00                                                                  | 0.00                                                               | 0.00                    |

<sup>1</sup> Funding is adjusted for base payroll and budget changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <b>General Fund</b> |
|---------------------------|---------------------|
| Salary increase           | \$114,235           |
| Health insurance increase | 75,856              |
| Total                     | <u>\$190,091</u>    |

<sup>3</sup> Base level funding is adjusted as follows:

|                                                | <b>General Fund</b> |
|------------------------------------------------|---------------------|
| Underfund salaries and wages                   | (\$86,305)          |
| Add funding for temporary staff                | 30,000              |
| Add funding for Microsoft Office 365 licensing | 1,508               |
| Increase funding for operating expenses        | 60,000              |
| Total                                          | <u>\$5,203</u>      |

<sup>4</sup> One-time funding is added for a technology project to update the boards and commissions database.

<sup>5</sup> One-time funding is added for transition costs in the event a new Governor is elected in 2020.

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This amendment also:

- Adjusts Section 2 to specify the Governor's office report to the Budget Section when any additional income from federal or other sources is received by the office.
- Adds a section to provide the statutory changes needed to increase the Governor's salary by 2 percent on July 1, 2019, and 3 percent on July 1, 2020.
- Adds a section to provide the statutory changes needed to increase the Lieutenant Governor's salary by 2 percent on July 1, 2019, and 3 percent on July 1, 2020.
- Adds a section to allow the Governor to decline the salary for the office during the 2019-21 biennium. The section requires the Governor's office to turn back any 2019-21 biennium salaries and wages funding not used for the Governor's position at the end of the biennium.

## STATEMENT OF PURPOSE OF AMENDMENT:

### Senate Bill No. 2002 - Funding Summary

|                       | Base<br>Budget   | Senate<br>Changes | Senate<br>Version |
|-----------------------|------------------|-------------------|-------------------|
| Secretary of State    |                  |                   |                   |
| Salaries and wages    | \$4,652,764      | \$296,571         | \$4,949,335       |
| Operating expenses    | 2,711,018        | 298,535           | 3,009,553         |
| Petition review       | 8,000            |                   | 8,000             |
| Election reform       | <u>1,192,655</u> | <u>11,607,965</u> | <u>12,800,620</u> |
| Total all funds       | \$8,564,437      | \$12,203,071      | \$20,767,508      |
| Less estimated income | <u>3,044,155</u> | <u>12,385,493</u> | <u>15,429,648</u> |
| General fund          | \$5,520,282      | (\$182,422)       | \$5,337,860       |
| FTE                   | 32.00            | 0.00              | 32.00             |
| Public Printing       |                  |                   |                   |
| Public printing       | <u>\$288,450</u> | <u>(\$31,172)</u> | <u>\$257,278</u>  |
| Total all funds       | \$288,450        | (\$31,172)        | \$257,278         |
| Less estimated income | <u>0</u>         | <u>0</u>          | <u>0</u>          |
| General fund          | \$288,450        | (\$31,172)        | \$257,278         |
| FTE                   | 0.00             | 0.00              | 0.00              |
| Bill total            |                  |                   |                   |
| Total all funds       | \$8,852,887      | \$12,171,899      | \$21,024,786      |
| Less estimated income | <u>3,044,155</u> | <u>12,385,493</u> | <u>15,429,648</u> |
| General fund          | \$5,808,732      | (\$213,594)       | \$5,595,138       |
| FTE                   | 32.00            | 0.00              | 32.00             |

### Senate Bill No. 2002 - Secretary of State - Senate Action

|                       | Base<br>Budget   | Senate<br>Changes | Senate<br>Version |
|-----------------------|------------------|-------------------|-------------------|
| Salaries and wages    | \$4,652,764      | \$296,571         | \$4,949,335       |
| Operating expenses    | 2,711,018        | 298,535           | 3,009,553         |
| Petition review       | 8,000            |                   | 8,000             |
| Election reform       | <u>1,192,655</u> | <u>11,607,965</u> | <u>12,800,620</u> |
| Total all funds       | \$8,564,437      | \$12,203,071      | \$20,767,508      |
| Less estimated income | <u>3,044,155</u> | <u>12,385,493</u> | <u>15,429,648</u> |
| General fund          | \$5,520,282      | (\$182,422)       | \$5,337,860       |
| FTE                   | 32.00            | 0.00              | 32.00             |

### Department 108 - Secretary of State - Detail of Senate Changes

|                       | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Adds Funding<br>for Temporary<br>Salaries <sup>3</sup> | Reduces<br>Funding for<br>Election<br>Reform <sup>4</sup> | Increases<br>Funding for<br>Operating<br>Expenses <sup>5</sup> | Increases<br>Funding for<br>Technology<br>Projects <sup>6</sup> |
|-----------------------|----------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------------------------|
| Operating expenses    |                                                                |                                                                     |                                                        |                                                           | \$293,671                                                      |                                                                 |
| Salaries and wages    | (\$118,954)                                                    | \$265,525                                                           | \$150,000                                              |                                                           |                                                                |                                                                 |
| Petition review       |                                                                |                                                                     |                                                        |                                                           |                                                                |                                                                 |
| Election reform       | <u>1,020</u>                                                   | <u>9,442</u>                                                        |                                                        | <u>(\$402,497)</u>                                        |                                                                | <u>\$800,000</u>                                                |
| Total all funds       | (\$117,934)                                                    | \$274,967                                                           | \$150,000                                              | (\$402,497)                                               | \$293,671                                                      | \$800,000                                                       |
| Less estimated income | <u>(200,158)</u>                                               | <u>16,676</u>                                                       | <u>150,000</u>                                         | <u>(402,497)</u>                                          | <u>820,673</u>                                                 | <u>800,000</u>                                                  |
| General fund          | \$82,224                                                       | \$258,291                                                           | \$0                                                    | \$0                                                       | (\$527,002)                                                    | \$0                                                             |
| FTE                   | 0.00                                                           | 0.00                                                                | 0.00                                                   | 0.00                                                      | 0.00                                                           | 0.00                                                            |

|                       | Adds Funding<br>for Microsoft<br>Office 365 <sup>7</sup> | Adds Funding<br>for Voting<br>System and<br>E-poll Books <sup>8</sup> | Total Senate<br>Changes |
|-----------------------|----------------------------------------------------------|-----------------------------------------------------------------------|-------------------------|
| Operating expenses    | \$4,864                                                  |                                                                       | \$298,535               |
| Salaries and wages    |                                                          |                                                                       | 296,571                 |
| Petition review       |                                                          |                                                                       |                         |
| Election reform       |                                                          | \$11,200,000                                                          | 11,607,965              |
| Total all funds       | \$4,864                                                  | \$11,200,000                                                          | \$12,203,071            |
| Less estimated income | 799                                                      | 11,200,000                                                            | 12,385,493              |
| General fund          | \$4,065                                                  | \$0                                                                   | (\$182,422)             |
| FTE                   | 0.00                                                     | 0.00                                                                  | 0.00                    |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>   |
|---------------------------|---------------------|--------------------|----------------|
| Salary increase           | \$124,429           | \$7,752            | \$132,181      |
| Health insurance increase | <u>133,862</u>      | <u>8,924</u>       | <u>142,786</u> |
| Total                     | \$258,291           | \$16,676           | \$274,967      |

<sup>3</sup> Adds funding for temporary salaries from the Secretary of State's general services operating fund.

<sup>4</sup> Reduces federal (\$229,662) and state matching funds (\$172,835) for election reform.

<sup>5</sup> Increases funding from the Secretary of State's general services operating fund (\$820,673) and reduces funding from the general fund (\$527,002) to provide a total of \$3,009,553 for operating expenses.

<sup>6</sup> Increases funding for technology projects from additional revenue of \$800,000 deposited in the Secretary of State's general services operating fund as a result of changes in Section 6 of the bill. The \$800,000 in additional revenue is anticipated to be used for the Secretary of State's statewide voting system and e-poll book project, which is expected to cost a total of \$12 million during the 2019-21 biennium.

<sup>7</sup> Adds funding for Microsoft Office 365 licensing.

<sup>8</sup> Adds one-time funding from the strategic investment and improvements fund (\$8,200,000) and federal funds (\$3,000,000) for the Secretary of State's statewide voting system and e-poll book project, which is expected to cost a total of \$12 million during the 2019-21 biennium.

This amendment also adds sections to:

- Identify \$8.2 million from the strategic investment and improvements fund for the Secretary of State's statewide voting system and e-poll book project.
- Provide the statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$105,770 to \$107,885, effective July 1, 2019, and to \$111,122, effective July 1, 2020, to reflect the 2 percent and 3 percent salary increase.
- Amend North Dakota Century Code Section 54-09-08 to remove the requirement to transfer all funds in the Secretary of State's general services operating fund exceeding \$75,000 to the general fund at the end of each biennium.
- Amend Section 54-09-11 to remove a directive for the Secretary of State to establish a fee for furnishing lists from the central indexing system and establish a fee of \$40 for preparing any listing or compilation of any information recorded or filed, and provide an additional fee of 50 cents per page for a listing in paper format. The section also amends Section 54-09-11 to increase the filing fee for the central indexing system from \$10 to \$20 and allows the fee to be used for the programming and maintenance of the information technology systems administered by the Secretary of State. The section also amends Section 54-09-11 to remove the requirement for the Secretary of State to pay \$10 to the county recorder of the county of residence for the first debtor listed on certain statements.
- Provide that any unexpended funds from the technology project in Section 2 of Chapter 36 of the 2015 Session Laws may be continued and spent during the 2019-21 biennium.

**Senate Bill No. 2002 - Public Printing - Senate Action**

|                       | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|-----------------------|----------------|-------------------|-------------------|
| Public printing       | \$288,450      | (\$31,172)        | \$257,278         |
| Total all funds       | \$288,450      | (\$31,172)        | \$257,278         |
| Less estimated income | 0              | 0                 | 0                 |
| General fund          | \$288,450      | (\$31,172)        | \$257,278         |
| FTE                   | 0.00           | 0.00              | 0.00              |

**Department 109 - Public Printing - Detail of Senate Changes**

|                       | Reduces<br>Funding for<br>Public<br>Printing <sup>1</sup> | Total Senate<br>Changes |
|-----------------------|-----------------------------------------------------------|-------------------------|
| Public printing       | (\$31,172)                                                | (\$31,172)              |
| Total all funds       | (\$31,172)                                                | (\$31,172)              |
| Less estimated income | 0                                                         | 0                       |
| General fund          | (\$31,172)                                                | (\$31,172)              |
| FTE                   | 0.00                                                      | 0.00                    |

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<sup>1</sup> Funding for public printing is reduced to provide a total of \$257,278 from the general fund.

## STATEMENT OF PURPOSE OF AMENDMENT:

### Senate Bill No. 2003 - Funding Summary

|                                      | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|--------------------------------------|----------------|-------------------|-------------------|
| Attorney General                     |                |                   |                   |
| Salaries and wages                   | \$41,179,043   | \$4,175,280       | \$45,354,323      |
| Operating expenses                   | 15,977,281     | 475,981           | 16,453,262        |
| Capital assets                       | 2,742,372      | 529,964           | 3,272,336         |
| Grants                               | 2,440,000      | 1,978,440         | 4,418,440         |
| Litigation fees                      | 150,000        |                   | 150,000           |
| Intellectual property attorney       | 426,924        | 17,837            | 444,761           |
| Medical examinations                 | 660,000        |                   | 660,000           |
| North Dakota lottery                 | 5,336,797      | (147,847)         | 5,188,950         |
| Arrest and return of fugitives       | 10,000         |                   | 10,000            |
| Gaming commission                    | 7,490          | (1)               | 7,489             |
| Criminal justice information sharing | 3,386,645      | 244,369           | 3,631,014         |
| Law enforcement                      | 2,901,608      | 78,136            | 2,979,744         |
| Human trafficking victims grants     | 125,000        | 1,500,000         | 1,625,000         |
| Additional expenses                  |                | 250,000           | 250,000           |
| Forensic nurse examiners grants      |                | 250,000           | 250,000           |
| Total all funds                      | \$75,343,160   | \$9,352,159       | \$84,695,319      |
| Less estimated income                | 30,647,320     | 8,178,825         | 38,826,145        |
| General fund                         | \$44,695,840   | \$1,173,334       | \$45,869,174      |
| FTE                                  | 237.00         | 7.00              | 244.00            |
| Bill total                           |                |                   |                   |
| Total all funds                      | \$75,343,160   | \$9,352,159       | \$84,695,319      |
| Less estimated income                | 30,647,320     | 8,178,825         | 38,826,145        |
| General fund                         | \$44,695,840   | \$1,173,334       | \$45,869,174      |
| FTE                                  | 237.00         | 7.00              | 244.00            |

### Senate Bill No. 2003 - Attorney General - Senate Action

|                                      | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|--------------------------------------|----------------|-------------------|-------------------|
| Salaries and wages                   | \$41,179,043   | \$4,175,280       | \$45,354,323      |
| Operating expenses                   | 15,977,281     | 475,981           | 16,453,262        |
| Capital assets                       | 2,742,372      | 529,964           | 3,272,336         |
| Grants                               | 2,440,000      | 1,978,440         | 4,418,440         |
| Litigation fees                      | 150,000        |                   | 150,000           |
| Intellectual property attorney       | 426,924        | 17,837            | 444,761           |
| Medical examinations                 | 660,000        |                   | 660,000           |
| North Dakota lottery                 | 5,336,797      | (147,847)         | 5,188,950         |
| Arrest and return of fugitives       | 10,000         |                   | 10,000            |
| Gaming commission                    | 7,490          | (1)               | 7,489             |
| Criminal justice information sharing | 3,386,645      | 244,369           | 3,631,014         |
| Law enforcement                      | 2,901,608      | 78,136            | 2,979,744         |
| Human trafficking victims grants     | 125,000        | 1,500,000         | 1,625,000         |
| Forensic nurse examiners grants      |                | 250,000           | 250,000           |
| Additional expenses                  |                | 250,000           | 250,000           |
| Total all funds                      | \$75,343,160   | \$9,352,159       | \$84,695,319      |
| Less estimated income                | 30,647,320     | 8,178,825         | 38,826,145        |
| General fund                         | \$44,695,840   | \$1,173,334       | \$45,869,174      |
| FTE                                  | 237.00         | 7.00              | 244.00            |



## Department 125 - Attorney General - Detail of Senate Changes

|                                         | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup>       | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Adjusts<br>Funding for<br>Various FTE<br>Positions <sup>3</sup>      | Adds Funding<br>for a Social<br>Security<br>Investigation<br>Program <sup>4</sup> | Adjusts<br>Funding for<br>Salaries <sup>5</sup>                          | Adds Funding<br>for a Medicaid<br>Fraud Control<br>Unit Program <sup>6</sup>           |
|-----------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| Salaries and wages                      | (\$1,854,110)                                                        | \$2,209,473                                                         | (\$416,589)                                                          | \$453,288                                                                         | \$2,150,861                                                              | \$1,333,717                                                                            |
| Operating expenses                      |                                                                      |                                                                     |                                                                      | 136,520                                                                           |                                                                          | 398,809                                                                                |
| Capital assets                          |                                                                      |                                                                     |                                                                      | 72,080                                                                            |                                                                          | 84,800                                                                                 |
| Grants                                  |                                                                      |                                                                     |                                                                      |                                                                                   |                                                                          |                                                                                        |
| Litigation fees                         |                                                                      |                                                                     |                                                                      |                                                                                   |                                                                          |                                                                                        |
| Intellectual property attorney          | 1,109                                                                | 16,728                                                              |                                                                      |                                                                                   |                                                                          |                                                                                        |
| Medical examinations                    |                                                                      |                                                                     |                                                                      |                                                                                   |                                                                          |                                                                                        |
| North Dakota lottery                    | 130,243                                                              | 97,007                                                              |                                                                      |                                                                                   |                                                                          |                                                                                        |
| Arrest and return of fugitives          |                                                                      |                                                                     |                                                                      |                                                                                   |                                                                          |                                                                                        |
| Gaming commission                       | (1)                                                                  |                                                                     |                                                                      |                                                                                   |                                                                          |                                                                                        |
| Criminal justice information<br>sharing | 53,532                                                               | 50,837                                                              |                                                                      |                                                                                   |                                                                          |                                                                                        |
| Law enforcement                         | (73,926)                                                             | 137,163                                                             |                                                                      |                                                                                   | 14,899                                                                   |                                                                                        |
| Human trafficking victims<br>grants     |                                                                      |                                                                     |                                                                      |                                                                                   |                                                                          |                                                                                        |
| Additional expenses                     |                                                                      |                                                                     |                                                                      |                                                                                   |                                                                          |                                                                                        |
| Forensic nurse examiners<br>grants      |                                                                      |                                                                     |                                                                      |                                                                                   |                                                                          |                                                                                        |
| Total all funds                         | (\$1,743,153)                                                        | \$2,511,208                                                         | (\$416,589)                                                          | \$661,888                                                                         | \$2,165,760                                                              | \$1,817,326                                                                            |
| Less estimated income                   | (250,559)                                                            | 668,601                                                             | 0                                                                    | 661,888                                                                           | 2,348,217                                                                | 1,635,593                                                                              |
| General fund                            | (\$1,492,594)                                                        | \$1,842,607                                                         | (\$416,589)                                                          | \$0                                                                               | (\$182,457)                                                              | \$181,733                                                                              |
| FTE                                     | 0.00                                                                 | 0.00                                                                | (3.00)                                                               | 2.00                                                                              | 0.00                                                                     | 7.00                                                                                   |
|                                         | Adds Funding<br>for the State<br>Fire Marshal<br>Office <sup>7</sup> | Adjusts Base<br>Level Funding <sup>8</sup>                          | Adds Funding<br>for Microsoft<br>Office 365<br>Licenses <sup>9</sup> | Removes<br>Funding from<br>the Tobacco<br>Settlement<br>Trust Fund <sup>10</sup>  | Adds Funding<br>for the Lottery<br>Narcotics Task<br>Force <sup>11</sup> | Adds Funding<br>for the Human<br>Trafficking<br>Victims Grant<br>Program <sup>12</sup> |
| Salaries and wages                      | \$298,640                                                            |                                                                     |                                                                      |                                                                                   |                                                                          |                                                                                        |
| Operating expenses                      | 124,888                                                              | (\$953,900)                                                         | \$168,000                                                            | (\$200,000)                                                                       | \$1,664                                                                  |                                                                                        |
| Capital assets                          |                                                                      | (2,094,872)                                                         |                                                                      |                                                                                   |                                                                          |                                                                                        |
| Grants                                  |                                                                      | 1,223,440                                                           |                                                                      |                                                                                   | 755,000                                                                  |                                                                                        |
| Litigation fees                         |                                                                      |                                                                     |                                                                      |                                                                                   |                                                                          |                                                                                        |
| Intellectual property attorney          |                                                                      |                                                                     |                                                                      |                                                                                   |                                                                          |                                                                                        |
| Medical examinations                    |                                                                      |                                                                     |                                                                      |                                                                                   |                                                                          |                                                                                        |
| North Dakota lottery                    |                                                                      | (375,097)                                                           |                                                                      |                                                                                   |                                                                          |                                                                                        |
| Arrest and return of fugitives          |                                                                      |                                                                     |                                                                      |                                                                                   |                                                                          |                                                                                        |
| Gaming commission                       |                                                                      |                                                                     |                                                                      |                                                                                   |                                                                          |                                                                                        |
| Criminal justice information<br>sharing |                                                                      |                                                                     |                                                                      |                                                                                   |                                                                          |                                                                                        |
| Law enforcement                         |                                                                      |                                                                     |                                                                      |                                                                                   |                                                                          |                                                                                        |
| Human trafficking victims<br>grants     |                                                                      |                                                                     |                                                                      |                                                                                   |                                                                          | \$1,500,000                                                                            |
| Additional expenses                     |                                                                      |                                                                     |                                                                      |                                                                                   |                                                                          |                                                                                        |
| Forensic nurse examiners<br>grants      |                                                                      |                                                                     |                                                                      |                                                                                   |                                                                          |                                                                                        |
| Total all funds                         | \$423,528                                                            | (\$2,200,429)                                                       | \$168,000                                                            | (\$200,000)                                                                       | \$756,664                                                                | \$1,500,000                                                                            |
| Less estimated income                   | 423,528                                                              | (1,223,063)                                                         | 0                                                                    | (200,000)                                                                         | 756,664                                                                  | 0                                                                                      |
| General fund                            | \$0                                                                  | (\$977,366)                                                         | \$168,000                                                            | \$0                                                                               | \$0                                                                      | \$1,500,000                                                                            |
| FTE                                     | 1.00                                                                 | 0.00                                                                | 0.00                                                                 | 0.00                                                                              | 0.00                                                                     | 0.00                                                                                   |

|                                         | Adds Funding<br>for a Forensic<br>Nurse<br>Examiners<br>Grant<br>Program <sup>13</sup> | Adds Funding<br>for Criminal<br>Justice<br>Information<br>Sharing<br>Improvements <sup>14</sup> | Adds One-<br>Time Funding<br>for a Criminal<br>History<br>Improvement<br>Project <sup>15</sup> | Adds One-<br>Time Funding<br>for Capital<br>Assets <sup>16</sup> | Adds One-<br>Time Funding<br>for<br>Undercover<br>Vehicles <sup>17</sup> | Adds One-<br>Time Funding<br>for Finger<br>Identification<br>System<br>Replacement <sup>18</sup> |
|-----------------------------------------|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| Salaries and wages                      |                                                                                        |                                                                                                 |                                                                                                |                                                                  |                                                                          |                                                                                                  |
| Operating expenses                      |                                                                                        |                                                                                                 | \$400,000                                                                                      |                                                                  |                                                                          |                                                                                                  |
| Capital assets                          |                                                                                        |                                                                                                 |                                                                                                | \$1,851,956                                                      | \$300,000                                                                | \$316,000                                                                                        |
| Grants                                  |                                                                                        |                                                                                                 |                                                                                                |                                                                  |                                                                          |                                                                                                  |
| Litigation fees                         |                                                                                        |                                                                                                 |                                                                                                |                                                                  |                                                                          |                                                                                                  |
| Intellectual property attorney          |                                                                                        |                                                                                                 |                                                                                                |                                                                  |                                                                          |                                                                                                  |
| Medical examinations                    |                                                                                        |                                                                                                 |                                                                                                |                                                                  |                                                                          |                                                                                                  |
| North Dakota lottery                    |                                                                                        |                                                                                                 |                                                                                                |                                                                  |                                                                          |                                                                                                  |
| Arrest and return of fugitives          |                                                                                        |                                                                                                 |                                                                                                |                                                                  |                                                                          |                                                                                                  |
| Gaming commission                       |                                                                                        |                                                                                                 |                                                                                                |                                                                  |                                                                          |                                                                                                  |
| Criminal justice information<br>sharing |                                                                                        | \$140,000                                                                                       |                                                                                                |                                                                  |                                                                          |                                                                                                  |
| Law enforcement                         |                                                                                        |                                                                                                 |                                                                                                |                                                                  |                                                                          |                                                                                                  |
| Human trafficking victims<br>grants     |                                                                                        |                                                                                                 |                                                                                                |                                                                  |                                                                          |                                                                                                  |
| Additional expenses                     |                                                                                        |                                                                                                 |                                                                                                |                                                                  |                                                                          |                                                                                                  |
| Forensic nurse examiners<br>grants      | \$250,000                                                                              |                                                                                                 |                                                                                                |                                                                  |                                                                          |                                                                                                  |
| Total all funds                         | \$250,000                                                                              | \$140,000                                                                                       | \$400,000                                                                                      | \$1,851,956                                                      | \$300,000                                                                | \$316,000                                                                                        |
| Less estimated income                   | 0                                                                                      | 140,000                                                                                         | 400,000                                                                                        | 1,851,956                                                        | 0                                                                        | 316,000                                                                                          |
| General fund                            | \$250,000                                                                              | \$0                                                                                             | \$0                                                                                            | \$0                                                              | \$300,000                                                                | \$0                                                                                              |
| FTE                                     | 0.00                                                                                   | 0.00                                                                                            | 0.00                                                                                           | 0.00                                                             | 0.00                                                                     | 0.00                                                                                             |

|                                         | Adds One-<br>Time Funding<br>for a<br>Charitable<br>Gaming<br>Technology<br>System <sup>19</sup> | Adds One-<br>Time Funding<br>for Additional<br>Income from<br>Other<br>Sources <sup>20</sup> | Total Senate<br>Changes |
|-----------------------------------------|--------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|-------------------------|
| Salaries and wages                      |                                                                                                  |                                                                                              | \$4,175,280             |
| Operating expenses                      | \$400,000                                                                                        |                                                                                              | 475,981                 |
| Capital assets                          |                                                                                                  |                                                                                              | 529,964                 |
| Grants                                  |                                                                                                  |                                                                                              | 1,978,440               |
| Litigation fees                         |                                                                                                  |                                                                                              |                         |
| Intellectual property attorney          |                                                                                                  |                                                                                              | 17,837                  |
| Medical examinations                    |                                                                                                  |                                                                                              |                         |
| North Dakota lottery                    |                                                                                                  |                                                                                              | (147,847)               |
| Arrest and return of fugitives          |                                                                                                  |                                                                                              |                         |
| Gaming commission                       |                                                                                                  |                                                                                              | (1)                     |
| Criminal justice information<br>sharing |                                                                                                  |                                                                                              | 244,369                 |
| Law enforcement                         |                                                                                                  |                                                                                              | 78,136                  |
| Human trafficking victims<br>grants     |                                                                                                  |                                                                                              | 1,500,000               |
| Additional expenses                     |                                                                                                  | \$250,000                                                                                    | 250,000                 |
| Forensic nurse examiners<br>grants      |                                                                                                  |                                                                                              | 250,000                 |
| Total all funds                         | \$400,000                                                                                        | \$250,000                                                                                    | \$9,352,159             |
| Less estimated income                   | 400,000                                                                                          | 250,000                                                                                      | 8,178,825               |
| General fund                            | \$0                                                                                              | \$0                                                                                          | \$1,173,334             |
| FTE                                     | 0.00                                                                                             | 0.00                                                                                         | 7.00                    |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>     |
|---------------------------|---------------------|--------------------|------------------|
| Salary increase           | \$1,033,650         | \$373,193          | \$1,406,843      |
| Health insurance increase | <u>808,957</u>      | <u>295,408</u>     | <u>1,104,365</u> |
| Total                     | \$1,842,607         | \$668,601          | \$2,511,208      |

<sup>3</sup> The following FTE positions and related funding are adjusted:

|                                | <u>FTE Positions</u> | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>   |
|--------------------------------|----------------------|---------------------|--------------------|----------------|
| Paralegal                      | (1.00)               | (\$134,989)         | \$0                | (\$134,989)    |
| Criminal records specialist II | (1.00)               | (125,320)           | 0                  | (125,320)      |
| Assistant Attorney General     | (1.00)               | (255,460)           | 0                  | (255,460)      |
| Administrative assistant II    | (1.00)               | (125,320)           | 0                  | (125,320)      |
| Forensic scientist             | <u>1.00</u>          | <u>224,500</u>      | <u>0</u>           | <u>244,500</u> |
| Total                          | (3.00)               | (\$416,589)         | \$0                | (\$416,589)    |

<sup>4</sup> Federal funding of \$661,888 and 2 FTE criminal investigator positions are added for a Social Security Administration cooperative disability investigation program. The program will partner state and federal personnel to investigate social security-related fraud.

<sup>5</sup> Funding is adjusted to reduce \$182,457 from the general fund and add \$2,348,217 from other funds, of which \$163,121 is from federal funds, \$355,935 is from the Attorney General operating fund, \$1,419,038 is from the Attorney General refund fund, and \$410,122 is from the Attorney General 24/7 sobriety fund.

<sup>6</sup> Funding and FTE positions are added for a Medicaid Fraud Control Unit program. The federal government will pay up to 90 percent of the expenses of the program for the first 3 years. After the first 3 years, the federal government will pay up to 75 percent of the expenses of the program. Of the 7 FTE positions added, 2 are attorney positions, 2 are auditor positions, 2 are criminal investigator positions, and 1 is an administrative assistant position. Funding added is shown below.

|                    | <u>FTE Positions</u> | <u>General Fund</u> | <u>Federal Funds</u> | <u>Total</u>  |
|--------------------|----------------------|---------------------|----------------------|---------------|
| Salaries and wages | 7.00                 | \$133,372           | \$1,200,345          | \$1,333,717   |
| Operating expenses | 0.00                 | 39,881              | 358,928              | 398,809       |
| Capital assets     | <u>0.00</u>          | <u>8,480</u>        | <u>76,320</u>        | <u>84,800</u> |
| Total              | 7.00                 | \$181,733           | \$1,635,593          | \$1,817,326   |

<sup>7</sup> Funding of \$423,528 is added for 1 FTE Fire Marshal administrative assistant position (\$128,716), 1 previously unfunded Deputy Fire Marshall position (\$169,924), and related operating expenses (\$124,888). Of the total, \$382,488 is from the Attorney General operating fund and \$41,040 is from the reduced cigarette ignition propensity fund.

<sup>8</sup> Base level funding is adjusted as follows:

|                                                                                                                                  | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>     |
|----------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------|------------------|
| Adjusts funding for operating expenses                                                                                           | (\$775,404)         | (\$843,728)        | (\$1,619,132)    |
| Adds federal funding for sex offender sentencing, monitoring, apprehending, registering, and tracking (SMART) operating expenses | 0                   | 650,000            | 650,000          |
| Adds federal funding for the Project Safe Neighborhood program                                                                   | 0                   | 291,232            | 291,232          |
| Reduces funding for crime laboratory bond payments                                                                               | (118,512)           | 0                  | (118,512)        |
| Reduces funding for capital assets                                                                                               | (83,450)            | (1,892,910)        | (1,976,360)      |
| Adds federal funding for community-oriented policing grants                                                                      | 0                   | 1,021,237          | 1,021,237        |
| Reduces funding for other federal grants                                                                                         | 0                   | (73,797)           | (73,797)         |
| Reduces funding for North Dakota lottery operating expenses                                                                      | <u>0</u>            | <u>(375,097)</u>   | <u>(375,097)</u> |
| Total                                                                                                                            | (\$977,366)         | (\$1,223,063)      | (\$2,200,429)    |

<sup>9</sup> Funding is added from the general fund for Microsoft Office 365 license expenses.

<sup>10</sup> Funding of \$200,000 is removed from the tobacco settlement trust fund provided during the 2015-17 and 2017-19 bienniums.

<sup>11</sup> Funding of \$756,664 is provided to increase the quarterly transfer from the lottery operating fund to the multijurisdictional drug task force grant fund from \$105,625 to \$200,000 to provide total transfers of \$1.6 million each

biennium. This change will reduce general fund revenues. The statutory change is made in a separate section of the bill.

<sup>12</sup> Funding of \$1.5 million is added for the human trafficking victims grants program, to provide a total of \$1,625,000 from the general fund for the 2019-21 biennium. The allowable uses and reporting requirements of the program are identified in a separate section of the bill.

<sup>13</sup> Funding of \$250,000 is added from the general fund for a forensic nurse examiners grant program. The Attorney General received a one-time appropriation of \$150,000 from the strategic investment and improvements fund for this program for the 2017-19 biennium. The reporting requirements of the program are identified in a separate section of the bill.

<sup>14</sup> Funding of \$140,000 is added from the Attorney General refund fund for Criminal Justice Information Sharing projects and improvements, including a common statute table database (\$40,000), portal improvements (\$50,000), and broker interface implementation (\$50,000).

<sup>15</sup> One-time funding of \$400,000 is appropriated from the Attorney General refund fund for a criminal history improvement project.

<sup>16</sup> One-time funding of \$1,851,956 is added from federal funds for capital assets, to provide total funding for capital assets of \$3,272,336 for the 2019-21 biennium.

<sup>17</sup> One-time funding of \$300,000 from the general fund is added for the replacement of 12 Bureau of Criminal Investigation undercover vehicles.

<sup>18</sup> One-time funding of \$316,000 is added for an automated finger identification system replacement project, of which \$158,000 is from the Attorney General refund fund and \$158,000 is from federal funds.

<sup>19</sup> One-time funding of \$400,000 is added from the Attorney General operating fund for the purpose of purchasing equipment and software for a charitable gaming technology system. An exemption is added to the bill to allow the Attorney General to deposit \$400,000 of gaming tax revenue collected during fiscal year 2020 in the Attorney General operating fund rather than depositing the revenue in the general fund as provided for in North Dakota Century Code Section 53-06.1-12.

<sup>20</sup> One-time funding of \$250,000 is added from additional federal or other funds received during the 2019-21 biennium, the same amount provided for the 2017-19 biennium. This amount is appropriated in a separate section of the bill.

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This amendment also:

- Removes a section identifying \$200,000 from the tobacco settlement trust fund.
- Adds a section allowing the Attorney General to retain the balance in the Attorney General refund fund for the 2019-21 biennium rather than transferring the balance to the general fund at the end of the 2017-19 biennium.
- Amends section 54-12-11 related to the salary of the Attorney General.
- Amends section 53-12.1-09 to increase the quarterly transfer from the lottery operating fund to the multijurisdictional drug task force grant fund from \$105,625 to \$200,000 to provide total transfers of \$1.6 million each biennium.
- Adds a section requiring any person or entity requesting a criminal history record check from the Bureau of Criminal Investigation to pay a reasonable fee established by the Attorney General to the Attorney General to be deposited in the general fund.
- Adds a section allowing the Attorney General to continue unexpended 2017-19 funding for the statewide automated victim information and notification program into the 2019-21 biennium.
- Adds a section identifying \$1,625,000 from the general fund for human trafficking victim grants and requires reports be provided to the Attorney General, the appropriations committees of the 2021 Legislative Assembly, and the Legislative Management.
- Adds a section identifying \$250,000 from the general fund for forensic nurse examiners grants and requiring reports be provided to the Attorney General and the appropriations committees of the 2021 Legislative Assembly.
- Adds a section identifying \$400,000 from the Attorney General operating fund for the purpose of purchasing equipment and software for a charitable gaming technology system and to require the Attorney General to deposit \$400,000 of gaming tax revenue collected during fiscal year 2020 into the Attorney General operating fund during the 2019-21 biennium rather than depositing the revenue in the general fund.
- Adds a section allowing the Attorney General to continue unexpended 2015-17 funding that was continued into the 2017-19 biennium for a concealed weapon rewrite project into the 2019-21 biennium.

## STATEMENT OF PURPOSE OF AMENDMENT:

### Senate Bill No. 2004 - Funding Summary

|                                    | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|------------------------------------|----------------|-------------------|-------------------|
| State Auditor                      |                |                   |                   |
| Salaries and wages                 | \$11,767,312   | \$988,446         | \$12,755,758      |
| Operating expenses                 | 1,142,783      | 261,893           | 1,404,676         |
| Capital assets                     |                | 16,000            | 16,000            |
| Information technology consultants |                | 450,000           | 450,000           |
|                                    |                |                   |                   |
| Total all funds                    | \$12,910,095   | \$1,716,339       | \$14,626,434      |
| Less estimated income              | 3,411,487      | 800,807           | 4,212,294         |
| General fund                       | \$9,498,608    | \$915,532         | \$10,414,140      |
|                                    |                |                   |                   |
| FTE                                | 56.00          | 5.00              | 61.00             |
| Bill total                         |                |                   |                   |
| Total all funds                    | \$12,910,095   | \$1,716,339       | \$14,626,434      |
| Less estimated income              | 3,411,487      | 800,807           | 4,212,294         |
| General fund                       | \$9,498,608    | \$915,532         | \$10,414,140      |
|                                    |                |                   |                   |
| FTE                                | 56.00          | 5.00              | 61.00             |

### Senate Bill No. 2004 - State Auditor - Senate Action

|                                    | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|------------------------------------|----------------|-------------------|-------------------|
| Salaries and wages                 | \$11,767,312   | \$988,446         | \$12,755,758      |
| Operating expenses                 | 1,142,783      | 261,893           | 1,404,676         |
| Capital assets                     |                | 16,000            | 16,000            |
| Information technology consultants |                | 450,000           | 450,000           |
|                                    |                |                   |                   |
| Total all funds                    | \$12,910,095   | \$1,716,339       | \$14,626,434      |
| Less estimated income              | 3,411,487      | 800,807           | 4,212,294         |
| General fund                       | \$9,498,608    | \$915,532         | \$10,414,140      |
|                                    |                |                   |                   |
| FTE                                | 56.00          | 5.00              | 61.00             |

### Department 117 - State Auditor - Detail of Senate Changes

|                                    | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Removes<br>Positions and<br>Underfunds<br>Salaries and<br>Wages <sup>3</sup> | Adds Local<br>Government<br>Auditors <sup>4</sup> | Adds State<br>Audit Division<br>Auditors for<br>NDUS Audit <sup>5</sup> | Decreases<br>Funding for<br>Operating<br>Expenses <sup>6</sup> |
|------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|------------------------------------------------------------------------------|---------------------------------------------------|-------------------------------------------------------------------------|----------------------------------------------------------------|
| Salaries and wages                 | (\$54,597)                                                     | \$615,258                                                           | (\$725,231)                                                                  | \$665,172                                         | \$487,844                                                               |                                                                |
| Operating expenses                 |                                                                |                                                                     |                                                                              | 40,000                                            | 72,856                                                                  | (\$963)                                                        |
| Capital assets                     |                                                                |                                                                     |                                                                              |                                                   |                                                                         |                                                                |
| Information technology consultants |                                                                |                                                                     |                                                                              |                                                   |                                                                         |                                                                |
|                                    |                                                                |                                                                     |                                                                              |                                                   |                                                                         |                                                                |
| Total all funds                    | (\$54,597)                                                     | \$615,258                                                           | (\$725,231)                                                                  | \$705,172                                         | \$560,700                                                               | (\$963)                                                        |
| Less estimated income              | (68,186)                                                       | 161,165                                                             | (2)                                                                          | 705,172                                           | 0                                                                       | 2,658                                                          |
| General fund                       | \$13,589                                                       | \$454,093                                                           | (\$725,229)                                                                  | \$0                                               | \$560,700                                                               | (\$3,621)                                                      |
|                                    |                                                                |                                                                     |                                                                              |                                                   |                                                                         |                                                                |
| FTE                                | 0.00                                                           | 0.00                                                                | (2.00)                                                                       | 4.00                                              | 3.00                                                                    | 0.00                                                           |

|                                       | Adds Funding<br>for Information<br>Technology<br>Reviews <sup>7</sup> | Adds Funding<br>for Consulting<br>Fees <sup>8</sup> | Adds One-<br>Time Funding<br>for a Copier <sup>9</sup> | Total Senate<br>Changes |
|---------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------|--------------------------------------------------------|-------------------------|
| Salaries and wages                    |                                                                       |                                                     |                                                        | \$988,446               |
| Operating expenses                    |                                                                       | \$150,000                                           |                                                        | 261,893                 |
| Capital assets                        |                                                                       |                                                     | \$16,000                                               | 16,000                  |
| Information technology<br>consultants | \$450,000                                                             |                                                     |                                                        | 450,000                 |
| Total all funds                       | \$450,000                                                             | \$150,000                                           | \$16,000                                               | \$1,716,339             |
| Less estimated income                 | 0                                                                     | 0                                                   | 0                                                      | 800,807                 |
| General fund                          | \$450,000                                                             | \$150,000                                           | \$16,000                                               | \$915,532               |
| FTE                                   | 0.00                                                                  | 0.00                                                | 0.00                                                   | 5.00                    |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>   |
|---------------------------|---------------------|--------------------|----------------|
| Salary increase           | \$264,455           | \$92,003           | \$356,458      |
| Health insurance increase | <u>189,638</u>      | <u>69,162</u>      | <u>258,800</u> |
| Total                     | \$454,093           | \$161,165          | \$615,258      |

<sup>3</sup> One FTE local government division position and 1 FTE state audit division position are removed and salaries and wages are underfunded for anticipated savings resulting from vacant positions and employee turnover.

<sup>4</sup> Four FTE local government division auditors, including related salaries and wages and operating expenses, are added with funding from audit fee revenue.

<sup>5</sup> Three FTE state audit division auditors and related salaries and wages and operating expenses are added to audit the North Dakota University System.

<sup>6</sup> Base budget funding for operating expenses is reduced.

<sup>7</sup> Funding is added for information technology reviews of the Information Technology Department and the University System.

<sup>8</sup> Funding is added for the State Auditor to contract for consulting services.

<sup>9</sup> Funding is added for information technology equipment to replace a copier.

This amendment also adds sections to:

- Provide the statutory changes to increase the State Auditor's salary. The State Auditor's annual salary would increase from the current level of \$105,770 to \$107,885, effective July 1, 2019, and to \$111,122, effective July 1, 2020, to reflect the 2 percent and 3 percent salary increase; and
- Declare one-time funding from the general fund for copier replacement an emergency measure.

## STATEMENT OF PURPOSE OF AMENDMENT:

### Senate Bill No. 2005 - Funding Summary

|                         | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|-------------------------|----------------|-------------------|-------------------|
| State Treasurer         |                |                   |                   |
| Salaries and wages      | \$1,316,139    | \$64,658          | \$1,380,797       |
| Operating expenses      | 251,260        | (59,031)          | 192,229           |
| Coal severance payments | 180,000        | (9,000)           | 171,000           |
| Total all funds         | \$1,747,399    | (\$3,373)         | \$1,744,026       |
| Less estimated income   | 0              | 0                 | 0                 |
| General fund            | \$1,747,399    | (\$3,373)         | \$1,744,026       |
| FTE                     | 7.00           | 0.00              | 7.00              |
| Bill total              |                |                   |                   |
| Total all funds         | \$1,747,399    | (\$3,373)         | \$1,744,026       |
| Less estimated income   | 0              | 0                 | 0                 |
| General fund            | \$1,747,399    | (\$3,373)         | \$1,744,026       |
| FTE                     | 7.00           | 0.00              | 7.00              |

### Senate Bill No. 2005 - State Treasurer - Senate Action

|                         | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|-------------------------|----------------|-------------------|-------------------|
| Salaries and wages      | \$1,316,139    | \$64,658          | \$1,380,797       |
| Operating expenses      | 251,260        | (59,031)          | 192,229           |
| Coal severance payments | 180,000        | (9,000)           | 171,000           |
| Total all funds         | \$1,747,399    | (\$3,373)         | \$1,744,026       |
| Less estimated income   | 0              | 0                 | 0                 |
| General fund            | \$1,747,399    | (\$3,373)         | \$1,744,026       |
| FTE                     | 7.00           | 0.00              | 7.00              |

### Department 120 - State Treasurer - Detail of Senate Changes

|                         | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Provides a<br>Salary Equity<br>Increase to the<br>State<br>Treasurer <sup>3</sup> | Reduces<br>Funding for<br>Information<br>Technology<br>Costs <sup>4</sup> | Adjusts<br>Funding for<br>Coal<br>Severance<br>Payments <sup>5</sup> | Total Senate<br>Changes |
|-------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------|
| Salaries and wages      | (\$19,339)                                                     | \$69,376                                                            | \$14,621                                                                          |                                                                           |                                                                      | \$64,658                |
| Operating expenses      |                                                                |                                                                     |                                                                                   | (\$59,031)                                                                |                                                                      | (59,031)                |
| Coal severance payments |                                                                |                                                                     |                                                                                   |                                                                           | (\$9,000)                                                            | (9,000)                 |
| Total all funds         | (\$19,339)                                                     | \$69,376                                                            | \$14,621                                                                          | (\$59,031)                                                                | (\$9,000)                                                            | (\$3,373)               |
| Less estimated income   | 0                                                              | 0                                                                   | 0                                                                                 | 0                                                                         | 0                                                                    | 0                       |
| General fund            | (\$19,339)                                                     | \$69,376                                                            | \$14,621                                                                          | (\$59,031)                                                                | (\$9,000)                                                            | (\$3,373)               |
| FTE                     | 0.00                                                           | 0.00                                                                | 0.00                                                                              | 0.00                                                                      | 0.00                                                                 | 0.00                    |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

| <u>General Fund</u>       |          |
|---------------------------|----------|
| Salary increase           | \$38,142 |
| Health insurance increase | 31,234   |
| Total                     | \$69,376 |

<sup>3</sup> Funding is added to provide a salary equity increase to the State Treasurer to align the State Treasurer's salary with the salary of next lowest-paid elected official.

<sup>4</sup> Funding is reduced for operating expenses, primarily related to information technology costs.

<sup>5</sup> Funding is reduced for the estimated coal severance payments related to the allocation formula change in Section 4 of House Bill No. 1005 (2017).

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This amendment also adds a section to provide the statutory changes necessary to provide an equity salary increase to the State Treasurer of \$5,889 per year, increasing the current annual salary of \$99,881 to \$105,770 and to increase the salary to \$107,885 (2 percent) in fiscal year 2020 and to \$111,122 (3 percent) in fiscal year 2021. The salary equity increase aligns the State Treasurer's salary with the salary of next lowest-paid elected official.



## STATEMENT OF PURPOSE OF AMENDMENT:

### Senate Bill No. 2006 - Funding Summary

|                           | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|---------------------------|----------------|-------------------|-------------------|
| State Tax Commissioner    |                |                   |                   |
| Salaries and wages        | \$21,724,004   | \$1,214,180       | \$22,938,184      |
| Operating expenses        | 6,749,295      | 363,165           | 7,112,460         |
| Capital assets            | 6,000          |                   | 6,000             |
| Homestead tax credit      | 14,800,000     | 1,000,000         | 15,800,000        |
| Disabled veterans' credit | 8,110,200      | 300,000           | 8,410,200         |
| Total all funds           | \$51,389,499   | \$2,877,345       | \$54,266,844      |
| Less estimated income     | 125,000        | 0                 | 125,000           |
| General fund              | \$51,264,499   | \$2,877,345       | \$54,141,844      |
| FTE                       | 133.00         | (10.00)           | 123.00            |
| Bill total                |                |                   |                   |
| Total all funds           | \$51,389,499   | \$2,877,345       | \$54,266,844      |
| Less estimated income     | 125,000        | 0                 | 125,000           |
| General fund              | \$51,264,499   | \$2,877,345       | \$54,141,844      |
| FTE                       | 133.00         | (10.00)           | 123.00            |

### Senate Bill No. 2006 - State Tax Commissioner - Senate Action

|                           | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|---------------------------|----------------|-------------------|-------------------|
| Salaries and wages        | \$21,724,004   | \$1,214,180       | \$22,938,184      |
| Operating expenses        | 6,749,295      | 363,165           | 7,112,460         |
| Capital assets            | 6,000          |                   | 6,000             |
| Homestead tax credit      | 14,800,000     | 1,000,000         | 15,800,000        |
| Disabled veterans' credit | 8,110,200      | 300,000           | 8,410,200         |
| Total all funds           | \$51,389,499   | \$2,877,345       | \$54,266,844      |
| Less estimated income     | 125,000        | 0                 | 125,000           |
| General fund              | \$51,264,499   | \$2,877,345       | \$54,141,844      |
| FTE                       | 133.00         | (10.00)           | 123.00            |

### Department 127 - State Tax Commissioner - Detail of Senate Changes

|                           | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Adds Funding<br>for an Auditor<br>Position <sup>3</sup> | Removes<br>Unfunded<br>Vacant FTE<br>Positions <sup>4</sup> | Underfunds<br>Salaries and<br>Wages <sup>5</sup> | Increases<br>Funding for<br>GenTax<br>Software<br>Support <sup>6</sup> |
|---------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------|------------------------------------------------------------------------|
| Salaries and wages        | \$711,232                                                      | \$1,200,200                                                         | \$75,000                                                |                                                             | (\$772,252)                                      |                                                                        |
| Operating expenses        |                                                                |                                                                     |                                                         |                                                             |                                                  | \$300,589                                                              |
| Capital assets            |                                                                |                                                                     |                                                         |                                                             |                                                  |                                                                        |
| Homestead tax credit      |                                                                |                                                                     |                                                         |                                                             |                                                  |                                                                        |
| Disabled veterans' credit |                                                                |                                                                     |                                                         |                                                             |                                                  |                                                                        |
| Total all funds           | \$711,232                                                      | \$1,200,200                                                         | \$75,000                                                | \$0                                                         | (\$772,252)                                      | \$300,589                                                              |
| Less estimated income     | 0                                                              | 0                                                                   | 0                                                       | 0                                                           | 0                                                | 0                                                                      |
| General fund              | \$711,232                                                      | \$1,200,200                                                         | \$75,000                                                | \$0                                                         | (\$772,252)                                      | \$300,589                                                              |
| FTE                       | 0.00                                                           | 0.00                                                                | 0.00                                                    | (10.00)                                                     | 0.00                                             | 0.00                                                                   |

|                           | Adds Funding<br>for Microsoft<br>Office 365<br>Licensing <sup>7</sup> | Increases<br>Funding for<br>Tax Credit<br>Programs <sup>8</sup> | Total Senate<br>Changes |
|---------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------|-------------------------|
| Salaries and wages        |                                                                       |                                                                 | \$1,214,180             |
| Operating expenses        | \$62,576                                                              |                                                                 | 363,165                 |
| Capital assets            |                                                                       |                                                                 |                         |
| Homestead tax credit      |                                                                       | \$1,000,000                                                     | 1,000,000               |
| Disabled veterans' credit |                                                                       | 300,000                                                         | 300,000                 |
| Total all funds           | \$62,576                                                              | \$1,300,000                                                     | \$2,877,345             |
| Less estimated income     | 0                                                                     | 0                                                               | 0                       |
| General fund              | \$62,576                                                              | \$1,300,000                                                     | \$2,877,345             |
| FTE                       | 0.00                                                                  | 0.00                                                            | (10.00)                 |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <b>General Fund</b> |
|---------------------------|---------------------|
| Salary increase           | \$633,516           |
| Health insurance increase | 566,684             |
| Total                     | \$1,200,200         |

<sup>3</sup> Funding is added for an auditor position that was partially funded during the 2017-19 biennium to provide a total of \$150,000.

<sup>4</sup> Removes 10 FTE unfunded vacant positions, including 2 office assistants, 1 account technician, 2 auditors, and 5 unspecified positions.

<sup>5</sup> Funding for salaries and wages is reduced for anticipated savings from vacant positions and employee turnover.

<sup>6</sup> Funding is increased for GenTax information technology support to provide total funding of \$3,630,000.

<sup>7</sup> Funding is added for Microsoft Office 365 licensing expenses.

<sup>8</sup> Funding for the homestead tax credit program is increased by \$1,000,000, from \$14,800,000 to \$15,800,000. Funding for the disabled veterans' tax credit program is increased by \$300,000, from \$8,110,200 to \$8,410,200.

This amendment also adds sections to:

- Authorize the Tax Commissioner to transfer funds between the homestead tax credit line item and the disabled veterans' tax credit line item for the 2019-21 biennium.
- Provide the statutory changes necessary to increase the Tax Commissioner's salary from the current salary of \$114,791 to \$117,087 (2 percent) in fiscal year 2020 and to \$120,600 (3 percent) in fiscal year 2021.

## STATEMENT OF PURPOSE OF AMENDMENT:

### Senate Bill No. 2007 - Funding Summary

|                       | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|-----------------------|----------------|-------------------|-------------------|
| Labor Commissioner    |                |                   |                   |
| Salaries and wages    | \$2,414,984    | \$52,167          | \$2,467,151       |
| Operating expenses    | 328,918        | 71,167            | 400,085           |
| Total all funds       | \$2,743,902    | \$123,334         | \$2,867,236       |
| Less estimated income | 439,916        | (199,789)         | 240,127           |
| General fund          | \$2,303,986    | \$323,123         | \$2,627,109       |
| FTE                   | 14.00          | 0.00              | 14.00             |
| Bill total            |                |                   |                   |
| Total all funds       | \$2,743,902    | \$123,334         | \$2,867,236       |
| Less estimated income | 439,916        | (199,789)         | 240,127           |
| General fund          | \$2,303,986    | \$323,123         | \$2,627,109       |
| FTE                   | 14.00          | 0.00              | 14.00             |

### Senate Bill No. 2007 - Labor Commissioner - Senate Action

|                       | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|-----------------------|----------------|-------------------|-------------------|
| Salaries and wages    | \$2,414,984    | \$52,167          | \$2,467,151       |
| Operating expenses    | 328,918        | 71,167            | 400,085           |
| Total all funds       | \$2,743,902    | \$123,334         | \$2,867,236       |
| Less estimated income | 439,916        | (199,789)         | 240,127           |
| General fund          | \$2,303,986    | \$323,123         | \$2,627,109       |
| FTE                   | 14.00          | 0.00              | 14.00             |

### Department 406 - Labor Commissioner - Detail of Senate Changes

|                       | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Adjusts<br>Funding for<br>Salaries and<br>Wages <sup>3</sup> | Adjusts<br>Funding for<br>Investigations<br>Related to<br>Housing<br>Claims <sup>4</sup> | Adds Funding<br>for Microsoft<br>Office 365<br>Licenses <sup>5</sup> | Adds One-<br>Time Funding<br>for a<br>Paperless<br>Storage<br>System <sup>6</sup> |
|-----------------------|----------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| Salaries and wages    | (\$74,434)                                                     | \$126,601                                                           |                                                              |                                                                                          |                                                                      |                                                                                   |
| Operating expenses    |                                                                |                                                                     |                                                              |                                                                                          | \$1,508                                                              | \$69,659                                                                          |
| Total all funds       | (\$74,434)                                                     | \$126,601                                                           | \$0                                                          | \$0                                                                                      | \$1,508                                                              | \$69,659                                                                          |
| Less estimated income | 25,154                                                         | 0                                                                   | 15,611                                                       | (240,554)                                                                                | 0                                                                    | 0                                                                                 |
| General fund          | (\$99,588)                                                     | \$126,601                                                           | (\$15,611)                                                   | \$240,554                                                                                | \$1,508                                                              | \$69,659                                                                          |
| FTE                   | 0.00                                                           | 0.00                                                                | 0.00                                                         | 0.00                                                                                     | 0.00                                                                 | 0.00                                                                              |

|                       | Total Senate<br>Changes |
|-----------------------|-------------------------|
| Salaries and wages    | \$52,167                |
| Operating expenses    | 71,167                  |
| Total all funds       | \$123,334               |
| Less estimated income | (199,789)               |
| General fund          | \$323,123               |
| FTE                   | 0.00                    |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

| <b><u>General Fund</u></b> |               |
|----------------------------|---------------|
| Salary increase            | \$68,593      |
| Health insurance increase  | <u>58,008</u> |
| Total                      | \$126,601     |

<sup>3</sup> Funding of \$15,611 for salaries and wages is adjusted from the general fund to federal funds.

<sup>4</sup> Funding of \$240,554, of which \$158,709 is for salaries and wages and \$81,845 is for operating expenses, is adjusted from federal funds to the general fund for housing claims investigations.

<sup>5</sup> Funding is added from the general fund for Microsoft Office 365 licensing expenses.

<sup>6</sup> One-time funding of \$69,659 is added from the general fund for a paperless storage system. A one-time appropriation of \$56,135 was provided to the department for the 2015-17 biennium for this purpose, but the funding was reduced as a result of the August 2016 special legislative session.

## STATEMENT OF PURPOSE OF AMENDMENT:

### Senate Bill No. 2008 - Funding Summary

|                                      | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|--------------------------------------|----------------|-------------------|-------------------|
| Public Service Commission            |                |                   |                   |
| Salaries and wages                   | \$9,197,284    | \$866,541         | \$10,063,825      |
| Operating expenses                   | 1,829,826      | 54,000            | 1,883,826         |
| Capital assets                       | 10,000         | 15,000            | 25,000            |
| Grants                               | 20,000         |                   | 20,000            |
| Abandoned mined lands<br>contractual | 6,000,000      |                   | 6,000,000         |
| Rail rate complaint case             | 900,000        |                   | 900,000           |
| Railroad safety program              | 564,668        | 24,642            | 589,310           |
| Specialized legal services           | 94,000         | 336,000           | 430,000           |
| Total all funds                      | \$18,615,778   | \$1,296,183       | \$19,911,961      |
| Less estimated income                | 11,985,016     | 529,658           | 12,514,674        |
| General fund                         | \$6,630,762    | \$766,525         | \$7,397,287       |
| FTE                                  | 45.00          | 1.00              | 46.00             |
| Bill total                           |                |                   |                   |
| Total all funds                      | \$18,615,778   | \$1,296,183       | \$19,911,961      |
| Less estimated income                | 11,985,016     | 529,658           | 12,514,674        |
| General fund                         | \$6,630,762    | \$766,525         | \$7,397,287       |
| FTE                                  | 45.00          | 1.00              | 46.00             |

### Senate Bill No. 2008 - Public Service Commission - Senate Action

|                                      | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|--------------------------------------|----------------|-------------------|-------------------|
| Salaries and wages                   | \$9,197,284    | \$866,541         | \$10,063,825      |
| Operating expenses                   | 1,829,826      | 54,000            | 1,883,826         |
| Capital assets                       | 10,000         | 15,000            | 25,000            |
| Grants                               | 20,000         |                   | 20,000            |
| Abandoned mined lands<br>contractual | 6,000,000      |                   | 6,000,000         |
| Rail rate complaint case             | 900,000        |                   | 900,000           |
| Railroad safety program              | 564,668        | 24,642            | 589,310           |
| Specialized legal services           | 94,000         | 336,000           | 430,000           |
| Total all funds                      | \$18,615,778   | \$1,296,183       | \$19,911,961      |
| Less estimated income                | 11,985,016     | 529,658           | 12,514,674        |
| General fund                         | \$6,630,762    | \$766,525         | \$7,397,287       |
| FTE                                  | 45.00          | 1.00              | 46                |

## Department 408 - Public Service Commission - Detail of Senate Changes

|                                      | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>1</sup> | Adds Grain<br>Warehouse<br>Inspector<br>Position and<br>Additional<br>Funding <sup>2</sup> | Adds Funding<br>for an<br>Accounting<br>Budget<br>Specialist<br>Position <sup>3</sup> | Increases<br>Funding for<br>Capital<br>Assets <sup>4</sup> | Adds Funding<br>for Specialized<br>Legal<br>Services <sup>5</sup> | Total Senate<br>Changes |
|--------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------------------------|-------------------------|
| Salaries and wages                   | \$455,767                                                           | \$245,281                                                                                  | \$165,493                                                                             |                                                            |                                                                   | \$866,541               |
| Operating expenses                   |                                                                     | 49,000                                                                                     | 5,000                                                                                 |                                                            |                                                                   | 54,000                  |
| Capital assets                       |                                                                     |                                                                                            |                                                                                       | \$15,000                                                   |                                                                   | 15,000                  |
| Grants                               |                                                                     |                                                                                            |                                                                                       |                                                            |                                                                   |                         |
| Abandoned mined lands<br>contractual |                                                                     |                                                                                            |                                                                                       |                                                            |                                                                   |                         |
| Rail rate complaint case             |                                                                     |                                                                                            |                                                                                       |                                                            |                                                                   |                         |
| Railroad safety program              | 24,642                                                              |                                                                                            |                                                                                       |                                                            |                                                                   | 24,642                  |
| Specialized legal services           |                                                                     |                                                                                            |                                                                                       |                                                            | \$336,000                                                         | 336,000                 |
| Total all funds                      | \$480,409                                                           | \$294,281                                                                                  | \$170,493                                                                             | \$15,000                                                   | \$336,000                                                         | \$1,296,183             |
| Less estimated income                | 193,658                                                             | 0                                                                                          | 0                                                                                     | 0                                                          | 336,000                                                           | 529,658                 |
| General fund                         | \$286,751                                                           | \$294,281                                                                                  | \$170,493                                                                             | \$15,000                                                   | \$0                                                               | \$766,525               |
| FTE                                  | 0.00                                                                | 1.00                                                                                       | 0.00                                                                                  | 0.00                                                       | 0.00                                                              | 1.00                    |

<sup>1</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u> |
|---------------------------|---------------------|--------------------|--------------|
| Salary increase           | \$169,759           | \$118,779          | \$288,538    |
| Health insurance increase | 116,992             | 74,879             | 191,871      |
| Total                     | \$286,751           | \$193,658          | \$480,409    |

<sup>2</sup> Funding is added from the general fund for one grain warehouse inspector position, related operating expenses, and an increase in funding for the salaries and wages line item for an existing grain warehouse inspector position underfunded during the 2017-19 biennium.

<sup>3</sup> Funding is added for salaries and wages (\$165,493) and related operating expenses (\$5,000) for the reclassification of an existing underfunded FTE position as an accounting budget specialist position.

<sup>4</sup> Funding is increased for capital assets to provide a total of \$25,000.

<sup>5</sup> One-time funding from federal funds is added for specialized legal services.

This amendment also:

- Provides the statutory changes to increase the Public Service Commissioners' salaries. The Public Service Commissioners' annual salaries are increased from the current level of \$108,656 to \$110,829, effective July 1, 2019, and to \$114,154, effective July 1, 2020, to reflect the 2 percent and 3 percent salary increases.
- Amends North Dakota Century Code Section 57-43.2-19 relating to the distribution of funds in the highway tax distribution fund to continue the allocation to the rail safety fund and to increase the allocation amount from \$285,000 per year to \$294,655 per year.

# STATEMENT OF PURPOSE OF AMENDMENT:

## Senate Bill No. 2009 - Funding Summary

|                                         | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|-----------------------------------------|----------------|-------------------|-------------------|
| Department of Agriculture               |                |                   |                   |
| Salaries and wages                      | \$12,372,949   | \$676,514         | \$13,049,463      |
| Operating expenses                      | 6,444,336      | 133,444           | 6,577,780         |
| Capital assets                          | 13,000         | 2,000             | 15,000            |
| Grants                                  | 8,817,774      | 6,000             | 8,823,774         |
| State Board of Animal<br>Health         | 865,718        |                   | 865,718           |
| Wildlife services                       | 1,408,000      | 49,400            | 1,457,400         |
| Crop Harmonization<br>Board             | 75,000         |                   | 75,000            |
| Pipeline restoration and<br>reclamation | 200,000        |                   | 200,000           |
| Ag. Products Utilization<br>Commission  |                | 3,176,791         | 3,176,791         |
| Total all funds                         | \$30,196,777   | \$4,044,149       | \$34,240,926      |
| Less estimated income                   | 21,087,676     | 3,415,513         | 24,503,189        |
| General fund                            | \$9,109,101    | \$628,636         | \$9,737,737       |
| FTE                                     | 73.00          | 2.00              | 75.00             |
| Bill total                              |                |                   |                   |
| Total all funds                         | \$30,196,777   | \$4,044,149       | \$34,240,926      |
| Less estimated income                   | 21,087,676     | 3,415,513         | 24,503,189        |
| General fund                            | \$9,109,101    | \$628,636         | \$9,737,737       |
| FTE                                     | 73.00          | 2.00              | 75.00             |

## Senate Bill No. 2009 - Department of Agriculture - Senate Action

|                                         | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|-----------------------------------------|----------------|-------------------|-------------------|
| Salaries and wages                      | \$12,372,949   | \$676,514         | \$13,049,463      |
| Operating expenses                      | 6,444,336      | 133,444           | 6,577,780         |
| Capital assets                          | 13,000         | 2,000             | 15,000            |
| Grants                                  | 8,817,774      | 6,000             | 8,823,774         |
| State Board of Animal Health            | 865,718        |                   | 865,718           |
| Wildlife services                       | 1,408,000      | 49,400            | 1,457,400         |
| Crop Harmonization Board                | 75,000         |                   | 75,000            |
| Pipeline restoration and<br>reclamation | 200,000        |                   | 200,000           |
| Ag. Products Utilization<br>Commission  |                | 3,176,791         | 3,176,791         |
| Total all funds                         | \$30,196,777   | \$4,044,149       | \$34,240,926      |
| Less estimated income                   | 21,087,676     | 3,415,513         | 24,503,189        |
| General fund                            | \$9,109,101    | \$628,636         | \$9,737,737       |
| FTE                                     | 73.00          | 2.00              | 75.00             |

## Department 602 - Department of Agriculture - Detail of Senate Changes

|                                         | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>1</sup> | Adjusts Base<br>Level Funding <sup>2</sup> | Adds Funding<br>for an<br>Agriculture<br>Commissioner<br>Salary Equity<br>Increase <sup>3</sup> | Adjusts<br>Funding for<br>the Meat<br>Inspection<br>Program <sup>4</sup> | Transfers the<br>Agricultural<br>Products<br>Utilization<br>Commission <sup>5</sup> | Adds One-<br>Time Funding<br>for a Master<br>Customer<br>Database <sup>6</sup> |
|-----------------------------------------|---------------------------------------------------------------------|--------------------------------------------|-------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| Salaries and wages                      | \$661,801                                                           |                                            | \$14,713                                                                                        |                                                                          |                                                                                     |                                                                                |
| Operating expenses                      |                                                                     | \$2,226                                    |                                                                                                 | \$21,218                                                                 |                                                                                     | \$110,000                                                                      |
| Capital assets                          |                                                                     | 2,000                                      |                                                                                                 |                                                                          |                                                                                     |                                                                                |
| Grants                                  |                                                                     | 6,000                                      |                                                                                                 |                                                                          |                                                                                     |                                                                                |
| State Board of Animal Health            |                                                                     |                                            |                                                                                                 |                                                                          |                                                                                     |                                                                                |
| Wildlife services                       |                                                                     | 49,400                                     |                                                                                                 |                                                                          |                                                                                     |                                                                                |
| Crop Harmonization Board                |                                                                     |                                            |                                                                                                 |                                                                          |                                                                                     |                                                                                |
| Pipeline restoration and<br>reclamation |                                                                     |                                            |                                                                                                 |                                                                          |                                                                                     |                                                                                |
| Ag. Products Utilization<br>Commission  | 23,876                                                              |                                            |                                                                                                 |                                                                          | \$3,152,915                                                                         |                                                                                |
| Total all funds                         | \$685,677                                                           | \$59,626                                   | \$14,713                                                                                        | \$21,218                                                                 | \$3,152,915                                                                         | \$110,000                                                                      |
| Less estimated income                   | 322,005                                                             | 377                                        | 0                                                                                               | (59,784)                                                                 | 3,152,915                                                                           | 0                                                                              |
| General fund                            | \$363,672                                                           | \$59,249                                   | \$14,713                                                                                        | \$81,002                                                                 | \$0                                                                                 | \$110,000                                                                      |
| FTE                                     | 0.00                                                                | 0.00                                       | 0.00                                                                                            | 0.00                                                                     | 2.00                                                                                | 0.00                                                                           |

|                                         | Total Senate<br>Changes |
|-----------------------------------------|-------------------------|
| Salaries and wages                      | \$676,514               |
| Operating expenses                      | 133,444                 |
| Capital assets                          | 2,000                   |
| Grants                                  | 6,000                   |
| State Board of Animal Health            |                         |
| Wildlife services                       | 49,400                  |
| Crop Harmonization Board                |                         |
| Pipeline restoration and<br>reclamation |                         |
| Ag. Products Utilization<br>Commission  | 3,176,791               |
| Total all funds                         | \$4,044,149             |
| Less estimated income                   | 3,415,513               |
| General fund                            | \$628,636               |
| FTE                                     | 2.00                    |

<sup>1</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u> |
|---------------------------|---------------------|--------------------|--------------|
| Salary increase           | \$192,238           | \$163,246          | \$355,484    |
| Health insurance increase | 171,434             | 158,759            | 330,193      |
| Total                     | \$363,672           | \$322,005          | \$685,677    |

<sup>2</sup> Base level funding is adjusted as follows:

|                                                          | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u> |
|----------------------------------------------------------|---------------------|--------------------|--------------|
| Adds funding for Microsoft Office 365 license expenses   | \$1,849             | \$377              | \$2,226      |
| Adjusts funding for capital assets                       | 2,000               | 0                  | 2,000        |
| Adds funding for wildlife services operating fees        | 49,400              | 0                  | 49,400       |
| Adds funding for grape and wine grants and apiary grants | 6,000               | 0                  | 6,000        |
| Total                                                    | \$59,249            | \$377              | \$59,626     |

<sup>3</sup> Funding of \$14,713 is added to increase the Agriculture Commissioner's salary to align the Agriculture Commissioner's salary with the Tax Commissioner's salary. Of the total, \$6,135 is added for each fiscal year of the biennium for salaries and \$2,443 is added for fringe benefits. The additional \$6,135 per year increases the Agriculture Commissioner's salary from the current level of \$108,656 to \$114,791, the same amount as the Tax



Commissioner. After adjusting for the 2 percent and 3 percent salary increases proposed by the Senate, the Agriculture Commissioner's salary for fiscal years 2020 and 2021 will be \$117,087 and \$120,600, respectively.

<sup>4</sup> Funding of \$21,218, of which \$11,033 is from the general fund and \$10,185 is from federal funds, is added for operating expenses for the meat inspection program. The funding for 1 FTE meat inspector program director position is adjusted to increase funding from the general fund by \$69,969 and to reduce other funds by \$69,969.

<sup>5</sup> The Agricultural Products Utilization Commission (APUC) and related funding of \$3,152,915 from the APUC fund, including 2 FTE positions, is transferred from the Department of Commerce to the Agriculture Commissioner. Of this amount, \$434,342 is for salaries and wages, \$67,857 is for operating expenses, and \$2,650,716 is for grants.

<sup>6</sup> One-time funding of \$110,000 is added from the general fund for a master customer database project.

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This amendment also adds sections to:

- Provide statutory changes necessary to increase the Agriculture Commissioner's salary.
- Provide statutory changes necessary to transfer APUC from the Department of Commerce to the Agriculture Commissioner.
- Repeal North Dakota Century Code Chapter 54-60.3, which establishes APUC as an office of the Department of Commerce Division of Economic Development and Finance.

## STATEMENT OF PURPOSE OF AMENDMENT:

### Senate Bill No. 2010 - Funding Summary

|                        | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|------------------------|----------------|-------------------|-------------------|
| Insurance Department   |                |                   |                   |
| Salaries and wages     | \$8,549,567    | (\$415,092)       | \$8,134,475       |
| Operating expenses     | 2,179,777      | (613,102)         | 1,566,675         |
| Insurance tax payments | 15,064,086     | (15,064,086)      |                   |
| Total all funds        | \$25,793,430   | (\$16,092,280)    | \$9,701,150       |
| Less estimated income  | 25,793,430     | (16,092,280)      | 9,701,150         |
| General fund           | \$0            | \$0               | \$0               |
| FTE                    | 46.00          | (5.00)            | 41.00             |
| Bill total             |                |                   |                   |
| Total all funds        | \$25,793,430   | (\$16,092,280)    | \$9,701,150       |
| Less estimated income  | 25,793,430     | (16,092,280)      | 9,701,150         |
| General fund           | \$0            | \$0               | \$0               |
| FTE                    | 46.00          | (5.00)            | 41.00             |

### Senate Bill No. 2010 - Insurance Department - Senate Action

|                        | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|------------------------|----------------|-------------------|-------------------|
| Salaries and wages     | \$8,549,567    | (\$415,092)       | \$8,134,475       |
| Operating expenses     | 2,179,777      | (613,102)         | 1,566,675         |
| Insurance tax payments | 15,064,086     | (15,064,086)      |                   |
| Total all funds        | \$25,793,430   | (\$16,092,280)    | \$9,701,150       |
| Less estimated income  | 25,793,430     | (16,092,280)      | 9,701,150         |
| General fund           | \$0            | \$0               | \$0               |
| FTE                    | 46.00          | (5.00)            | 41.00             |

### Department 401 - Insurance Department - Detail of Senate Changes

|                        | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Adds FTE<br>Positions <sup>3</sup> | Transfers Fund<br>Administration <sup>4</sup> | Transfers the<br>Boiler<br>Inspection<br>Program <sup>5</sup> | Reduces<br>Funding for<br>Operating<br>Expenses <sup>6</sup> |
|------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|------------------------------------|-----------------------------------------------|---------------------------------------------------------------|--------------------------------------------------------------|
| Salaries and wages     | \$165,007                                                      | \$401,116                                                           | \$382,502                          | (\$610,352)                                   | (\$753,365)                                                   |                                                              |
| Operating expenses     |                                                                |                                                                     |                                    |                                               |                                                               | (\$637,255)                                                  |
| Insurance tax payments |                                                                |                                                                     |                                    |                                               |                                                               |                                                              |
| Total all funds        | \$165,007                                                      | \$401,116                                                           | \$382,502                          | (\$610,352)                                   | (\$753,365)                                                   | (\$637,255)                                                  |
| Less estimated income  | 165,007                                                        | 401,116                                                             | 382,502                            | (610,352)                                     | (753,365)                                                     | (637,255)                                                    |
| General fund           | \$0                                                            | \$0                                                                 | \$0                                | \$0                                           | \$0                                                           | \$0                                                          |
| FTE                    | 0.00                                                           | 0.00                                                                | 2.00                               | (3.00)                                        | (4.00)                                                        | 0.00                                                         |

|                        | Adds Funding<br>for Microsoft<br>Office 365<br>Licensing <sup>7</sup> | Adjusts<br>Funding for<br>Fire District<br>Payments <sup>8</sup> | Total Senate<br>Changes |
|------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------|-------------------------|
| Salaries and wages     |                                                                       |                                                                  | (\$415,092)             |
| Operating expenses     | \$24,153                                                              |                                                                  | (613,102)               |
| Insurance tax payments |                                                                       | (\$15,064,086)                                                   | (15,064,086)            |
| Total all funds        | \$24,153                                                              | (\$15,064,086)                                                   | (\$16,092,280)          |
| Less estimated income  | 24,153                                                                | (15,064,086)                                                     | (16,092,280)            |
| General fund           | \$0                                                                   | \$0                                                              | \$0                     |
| FTE                    | 0.00                                                                  | 0.00                                                             | (5.00)                  |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

| <b><u>Other Funds</u></b> |                |
|---------------------------|----------------|
| Salary increase           | \$218,170      |
| Health insurance increase | <u>182,946</u> |
| Total                     | \$401,116      |

<sup>3</sup> The following FTE positions and related funding are added:

|                                                   | <b><u>FTE</u></b> | <b><u>Other Funds</u></b> |
|---------------------------------------------------|-------------------|---------------------------|
| Consumer assistance outreach coordinator          | 1.00              | \$179,711                 |
| High risk pool and health care reform coordinator | <u>1.00</u>       | <u>202,791</u>            |
| Total                                             | 2.00              | \$382,502                 |

<sup>4</sup> Funding is reduced by \$610,352 and 3 FTE positions are removed to transfer administration of the state bonding fund and the state fire and tornado fund to the North Dakota insurance reserve fund. This amendment also provides continuing appropriation authority from the state bonding fund and the state fire and tornado fund to pay contract expenses to the North Dakota insurance reserve fund.

<sup>5</sup> Funding is reduced by \$753,365 and 4 FTE positions are removed to transfer the boiler inspection program to the Department of Environmental Quality.

<sup>6</sup> Funding for operating expenses, including travel, professional services, and information technology expenses, is reduced by \$637,255. This amount includes operating reductions for the removal of the boiler inspection program and administration of the state bonding fund, state fire and tornado fund, and petroleum release compensation fund.

<sup>7</sup> Funding of \$24,153 is added for Microsoft Office 365 licensing expenses.

<sup>8</sup> Funding for payments to fire districts and the North Dakota Firefighter's Association is removed to reflect continuing appropriation authority provided in this amendment. The Insurance Commissioner estimates \$18,818,030 will be deposited in the insurance tax distribution fund pursuant to this amendment, of which \$17,783,038 (94.5 percent) will be distributed to fire districts and \$1,034,992 (5.5 percent) will be distributed to the North Dakota Firefighter's Association during the 2019-21 biennium, an increase of \$3,753,944 from the base level. This results in a general fund revenue reduction of \$3,753,944.

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## **Senate Bill No. 2010 - Other Changes - Senate Action**

This amendment also:

- Removes the section identifying the appropriation from the insurance tax distribution fund for payments to fire districts and the North Dakota Firefighter's Association.
- Adds sections to provide continuing appropriation authority from the insurance tax distribution fund for payments to fire districts and the North Dakota Firefighter's Association. These sections also provide for the Insurance Commissioner to calculate the amounts to be deposited in and distributed from the insurance tax distribution fund for payments to fire districts and the North Dakota Firefighter's Association.
- Removes sections identifying the amounts appropriated from the state bonding fund, state fire and tornado fund, and the petroleum release compensation fund.
- Adds sections to allow the Insurance Commissioner to contract for the administration of the state bonding fund and the state fire and tornado fund.
- Adds sections to provide continuing appropriation authority from the state bonding fund and the state fire and tornado fund to the Insurance Commissioner to pay the contractual administration costs for the funds.
- Adds sections to transfer the boiler inspection program from the Insurance Commissioner to the Department of Environmental Quality.
- Adds a section to increase the Insurance Commissioner's salary by 2 percent beginning July 1, 2019, and 3 percent beginning July 1, 2020.

## STATEMENT OF PURPOSE OF AMENDMENT:

### Senate Bill No. 2011 - Funding Summary

|                       | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|-----------------------|----------------|-------------------|-------------------|
| Securities Department |                |                   |                   |
| Salaries and wages    | \$1,848,667    | \$315,896         | \$2,164,563       |
| Operating expenses    | 506,047        | 23,514            | 529,561           |
| Total all funds       | \$2,354,714    | \$339,410         | \$2,694,124       |
| Less estimated income | 170,000        | 2,524,124         | 2,694,124         |
| General fund          | \$2,184,714    | (\$2,184,714)     | \$0               |
| FTE                   | 9.00           | 1.00              | 10.00             |
| Bill total            |                |                   |                   |
| Total all funds       | \$2,354,714    | \$339,410         | \$2,694,124       |
| Less estimated income | 170,000        | 2,524,124         | 2,694,124         |
| General fund          | \$2,184,714    | (\$2,184,714)     | \$0               |
| FTE                   | 9.00           | 1.00              | 10.00             |

### Senate Bill No. 2011 - Securities Department - Senate Action

|                       | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|-----------------------|----------------|-------------------|-------------------|
| Salaries and wages    | \$1,848,667    | \$315,896         | \$2,164,563       |
| Operating expenses    | 506,047        | 23,514            | 529,561           |
| Total all funds       | \$2,354,714    | \$339,410         | \$2,694,124       |
| Less estimated income | 170,000        | 2,524,124         | 2,694,124         |
| General fund          | \$2,184,714    | (\$2,184,714)     | \$0               |
| FTE                   | 9.00           | 1.00              | 10.00             |

### Department 414 - Securities Department - Detail of Senate Changes

|                       | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>1</sup> | Adds Financial<br>Technology<br>Research and<br>Investigation<br>Position <sup>2</sup> | Adds Funding<br>for Microsoft<br>Office 365 <sup>3</sup> | Changes<br>Agency from<br>General Fund<br>to Special<br>Funds <sup>4</sup> | Total Senate<br>Changes |
|-----------------------|---------------------------------------------------------------------|----------------------------------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------------------------|-------------------------|
| Salaries and wages    | \$106,602                                                           | \$209,294                                                                              |                                                          |                                                                            | \$315,896               |
| Operating expenses    |                                                                     | 23,000                                                                                 | \$514                                                    |                                                                            | 23,514                  |
| Total all funds       | \$106,602                                                           | \$232,294                                                                              | \$514                                                    | \$0                                                                        | \$339,410               |
| Less estimated income | 0                                                                   | 0                                                                                      | 0                                                        | 2,524,124                                                                  | 2,524,124               |
| General fund          | \$106,602                                                           | \$232,294                                                                              | \$514                                                    | (\$2,524,124)                                                              | (\$2,184,714)           |
| FTE                   | 0.00                                                                | 1.00                                                                                   | 0.00                                                     | 0.00                                                                       | 1.00                    |

<sup>1</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

| <u>General Fund</u>       |           |
|---------------------------|-----------|
| Salary increase           | \$61,982  |
| Health insurance increase | 44,620    |
| Total                     | \$106,602 |

<sup>2</sup> Funding for 1 FTE financial technology research and investigation position (\$209,294) and related operating expenses (\$23,000) is added.

<sup>3</sup> Adds funding for Microsoft Office 365 licensing.

<sup>4</sup> Changes the agency to a special fund agency.

Adds a section amending subsection 5 of Section 10-04-03 of North Dakota Century Code, relating to collection of fees, civil penalties, and other moneys collected under the Securities Act to facilitate the change from being a general fund agency to a special fund agency, resulting in a decrease of \$2,524,124 of departmental collections deposited in the general fund.

# STATEMENT OF PURPOSE OF AMENDMENT:

## Senate Bill No. 2012 - Funding Summary

|                                        | Base<br>Budget  | Senate<br>Changes | Senate<br>Version |
|----------------------------------------|-----------------|-------------------|-------------------|
| DHS - Management                       |                 |                   |                   |
| Salaries and wages                     | \$26,280,139    | (\$6,136,338)     | \$20,143,801      |
| Operating expenses                     | 116,315,826     | 31,908,694        | 148,224,520       |
| Grants                                 | 204,000         | (204,000)         |                   |
| Capital assets                         |                 | 50,000            | 50,000            |
| Total all funds                        | \$142,799,965   | \$25,618,356      | \$168,418,321     |
| Less estimated income                  | 85,679,558      | 18,100,469        | 103,780,027       |
| General fund                           | \$57,120,407    | \$7,517,887       | \$64,638,294      |
| FTE                                    | 140.45          | (32.50)           | 107.95            |
| DHS - Program/Policy                   |                 |                   |                   |
| Salaries and wages                     | \$62,782,944    | \$5,121,667       | \$67,904,611      |
| Operating expenses                     | 125,299,436     | 22,965,990        | 148,265,426       |
| Capital assets                         | 10,000          |                   | 10,000            |
| Grants                                 | 441,420,827     | 7,455,348         | 448,876,175       |
| Grants - Medical assistance            | 2,373,678,247   | 408,656,430       | 2,782,334,677     |
| Total all funds                        | \$3,003,191,454 | \$444,199,435     | \$3,447,390,889   |
| Less estimated income                  | 1,945,157,519   | 246,336,098       | 2,191,493,617     |
| General fund                           | \$1,058,033,935 | \$197,863,337     | \$1,255,897,272   |
| FTE                                    | 366.50          | 10.75             | 377.25            |
| DHS - County Social Services Financing |                 |                   |                   |
| County social services                 |                 | \$182,300,000     | \$182,300,000     |
| Total all funds                        | \$0             | \$182,300,000     | \$182,300,000     |
| Less estimated income                  | 0               | 182,300,000       | 182,300,000       |
| General fund                           | \$0             | \$0               | \$0               |
| FTE                                    | 0.00            | 223.00            | 223.00            |
| DHS - Field Services                   |                 |                   |                   |
| Human service centers                  | \$196,049,489   | \$7,294,632       | \$203,344,121     |
| Institutions                           | 140,421,224     | 7,278,926         | 147,700,150       |
| Total all funds                        | \$336,470,713   | \$14,573,558      | \$351,044,271     |
| Less estimated income                  | 138,543,705     | (6,392,183)       | 132,151,522       |
| General fund                           | \$197,927,008   | \$20,965,741      | \$218,892,749     |
| FTE                                    | 1,655.28        | (56.25)           | 1,599.03          |
| Bill total                             |                 |                   |                   |
| Total all funds                        | \$3,482,462,132 | \$666,691,349     | \$4,149,153,481   |
| Less estimated income                  | 2,169,380,782   | 440,344,384       | 2,609,725,166     |
| General fund                           | \$1,313,081,350 | \$226,346,965     | \$1,539,428,315   |
| FTE                                    | 2,162.23        | 145.00            | 2,307.23          |

## Senate Bill No. 2012 - DHS - Management - Senate Action

|                       | Base<br>Budget | Senate<br>Changes <sup>1</sup> | Senate<br>Version |
|-----------------------|----------------|--------------------------------|-------------------|
| Salaries and wages    | \$26,280,139   | (\$6,136,338)                  | \$20,143,801      |
| Operating expenses    | 116,315,826    | 31,908,694                     | 148,224,520       |
| Capital assets        |                | 50,000                         | 50,000            |
| Grants                | 204,000        | (204,000)                      |                   |
| Total all funds       | \$142,799,965  | \$25,618,356                   | \$168,418,321     |
| Less estimated income | 85,679,558     | 18,100,469                     | 103,780,027       |
| General fund          | \$57,120,407   | \$7,517,887                    | \$64,638,294      |
| FTE                   | 140.45         | (32.50)                        | 107.95            |

<sup>1</sup> The following changes are made to management:

|                                                                                                  | FTE Positions | General Fund | Other Funds  | Total        |
|--------------------------------------------------------------------------------------------------|---------------|--------------|--------------|--------------|
| <b>2019-21 Ongoing Funding Changes</b>                                                           |               |              |              |              |
| Transfers and adjustments                                                                        | 30.50         | \$3,415,322  | \$1,945,713  | \$5,361,035  |
| Base payroll changes                                                                             |               | 916,246      | (750,204)    | 166,042      |
| Salary increase - 2 percent 1 <sup>st</sup> year, 3 percent 2 <sup>nd</sup> year                 |               | 372,801      | 179,035      | 551,836      |
| Health insurance increase from \$1,241 to \$1,427 per month                                      |               | 364,626      | 177,334      | 541,960      |
| <b>Administration</b>                                                                            |               |              |              |              |
| Continued program changes                                                                        |               | (206,214)    | (213,546)    | (419,760)    |
| Savings plan                                                                                     | (11.00)       | (1,183,219)  | (645,805)    | (1,829,024)  |
| <b>Information Technology Services</b>                                                           |               |              |              |              |
| Continued program changes                                                                        |               | (1,800,138)  | (1,524,064)  | (3,324,202)  |
| Savings plan                                                                                     | (4.00)        | (527,763)    | (329,485)    | (857,248)    |
| Microsoft Office 365 license expenses                                                            |               | 906,744      | 226,685      | 1,133,429    |
| Information technology unification                                                               | (48.00)       | 425,927      | 217,386      | 643,313      |
| Medicaid management information system (MMIS) maintenance                                        |               | 4,010,885    | 4,010,886    | 8,021,771    |
| SPACES maintenance                                                                               |               | 822,670      | 1,020,876    | 1,843,546    |
| Total ongoing funding changes                                                                    | (32.50)       | \$7,517,887  | \$4,314,811  | \$11,832,698 |
| <b>One-Time Funding Items</b>                                                                    |               |              |              |              |
| Child welfare technology project (\$575,000 from the strategic investment and improvements fund) |               |              | \$1,250,000  | \$1,250,000  |
| Upgrade MMIS Tech Stack (\$1,776,000 from the strategic investment and improvements fund)        |               |              | 7,104,000    | 7,104,000    |
| SPACES program support (\$2,369,030 from the strategic investment and improvements fund)         |               |              | 5,431,658    | 5,431,658    |
| Total one-time funding changes                                                                   |               |              | \$13,785,658 | \$13,785,658 |
| Total changes to base level funding                                                              | (32.50)       | \$7,517,887  | \$18,100,469 | \$25,618,356 |

## Senate Bill No. 2012 - DHS - Program/Policy - Senate Action

|                             | Base<br>Budget  | Senate<br>Changes <sup>1</sup> | Senate<br>Version |
|-----------------------------|-----------------|--------------------------------|-------------------|
| Salaries and wages          | \$62,782,944    | \$5,121,667                    | \$67,904,611      |
| Operating expenses          | 125,299,436     | 22,965,990                     | 148,265,426       |
| Capital assets              | 10,000          |                                | 10,000            |
| Grants                      | 441,420,827     | 7,455,348                      | 448,876,175       |
| Grants - Medical assistance | 2,373,678,247   | 408,656,430                    | 2,782,334,677     |
| Total all funds             | \$3,003,191,454 | \$444,199,435                  | \$3,447,390,889   |
| Less estimated income       | 1,945,157,519   | 246,336,098                    | 2,191,493,617     |
| General fund                | \$1,058,033,935 | \$197,863,337                  | \$1,255,897,272   |
| FTE                         | 366.50          | 10.75                          | 377.25            |

<sup>1</sup> The following changes are made to program and policy:

|                                                                                                            | <u>FTE Positions</u> | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u> |
|------------------------------------------------------------------------------------------------------------|----------------------|---------------------|--------------------|--------------|
| <b>2019-21 Ongoing Funding Changes</b>                                                                     |                      |                     |                    |              |
| Transfers and adjustments                                                                                  | (2.75)               | (\$3,872,416)       | \$7,791,213        | \$3,918,797  |
| Base payroll changes                                                                                       |                      | (144,370)           | (758,443)          | (902,813)    |
| Salary increase - 2 percent 1 <sup>st</sup> year, 3 percent 2 <sup>nd</sup> year                           |                      | 706,703             | 1,079,745          | 1,786,448    |
| Health insurance increase from \$1,241 to \$1,427 per month                                                |                      | 691,207             | 1,063,268          | 1,754,475    |
| Provider inflationary increases - 2 percent 1 <sup>st</sup> year, 3 percent 2 <sup>nd</sup> year           |                      | 31,548,501          | 37,048,673         | 68,597,174   |
| <b>Economic Assistance</b>                                                                                 |                      |                     |                    |              |
| Continued program changes                                                                                  |                      | (170,486)           | (1,601,209)        | (1,771,695)  |
| Grant cost and caseload changes                                                                            |                      | (1,234,948)         | (11,437,579)       | (12,672,527) |
| Temporary assistance for needy families tribal kinship care                                                |                      | 2,935,800           |                    | 2,935,800    |
| <b>Child Support</b>                                                                                       |                      |                     |                    |              |
| Continued program changes                                                                                  |                      | 12,948              | (193,734)          | (180,786)    |
| Savings plan                                                                                               | (6.00)               | (249,880)           | (485,063)          | (734,943)    |
| <b>Medical Services</b>                                                                                    |                      |                     |                    |              |
| Continued program changes                                                                                  |                      | (2,448,041)         | (778,139)          | (3,226,180)  |
| Grant cost and caseload changes                                                                            |                      | 16,940,099          | 8,057,177          | 24,997,276   |
| Replace 2017-19 funding from the tobacco prevention and control trust fund and community health trust fund |                      | 34,175,000          | (34,175,000)       |              |
| Replace 2017-19 one-time funding for Medicaid Expansion commercial rates                                   |                      | 13,300,000          | 212,700,000        | 226,000,000  |
| Federal medical assistance percentage changes - Medicaid expansion                                         |                      | 26,407,133          | (26,407,133)       |              |
| Savings plan                                                                                               | 2.00                 | (891,519)           | (3,130,160)        | (4,021,679)  |
| Medicaid funding source change from general fund to the department's operating fund                        |                      | (6,679,246)         | 6,679,246          |              |
| Medicaid funding for peer support                                                                          | 0.50                 | 432,287             | 563,906            | 996,193      |
| 1915i plan amendment                                                                                       | 3.00                 | 5,453,475           | 5,244,919          | 10,698,394   |
| Fee schedule increase for physical, occupational, and speech therapy                                       |                      | 1,507,876           | 1,770,535          | 3,278,411    |
| Children with disabilities buy in                                                                          |                      | 1,241,435           | 1,241,426          | 2,482,861    |
| <b>Long-Term Care</b>                                                                                      |                      |                     |                    |              |
| Continued program changes                                                                                  |                      | 2,111,435           | 2,111,443          | 4,222,878    |
| Grant cost and caseload changes                                                                            |                      | 22,357,421          | 9,076,179          | 31,433,600   |
| Replace 2017-19 funding from the tobacco prevention and control trust fund and health care trust fund      |                      | 2,136,191           | (2,136,191)        |              |
| Savings plan                                                                                               |                      | (475,348)           | (475,354)          | (950,702)    |
| Service payments to elderly and disabled (SPED) functional eligibility change                              |                      | 2,884,691           |                    | 2,884,691    |
| Expand elderly community grants                                                                            |                      | 540,000             |                    | 540,000      |
| Expand home and community-based services waiver for residential services                                   |                      | 3,867,333           | 3,867,316          | 7,734,649    |
| SPED client contribution levels                                                                            |                      | 624,051             |                    | 624,051      |
| Rebase adult residential service rates                                                                     |                      | 100,000             | 100,000            | 200,000      |
| Pediatric subacute care facility                                                                           |                      | 817,615             | 817,613            | 1,635,228    |
| Autism extended services                                                                                   |                      | 170,000             |                    | 170,000      |
| <b>DD Council</b>                                                                                          |                      |                     |                    |              |
| Continued program changes                                                                                  |                      |                     | 36,276             | 36,276       |
| <b>Aging Services</b>                                                                                      |                      |                     |                    |              |
| Continued program changes                                                                                  |                      | (124,241)           | (303,446)          | (427,687)    |
| Administration of SPED functional eligibility change                                                       | 1.00                 | 54,605              | 72,152             | 126,757      |
| Administration of expanded home and community-based services waiver for residential services               | 1.00                 | 54,605              | 72,152             | 126,757      |



**Children and Family Services**

|                                                                                    |  |             |             |             |
|------------------------------------------------------------------------------------|--|-------------|-------------|-------------|
| Continued program changes                                                          |  | (130,038)   | 1,219,235   | 1,089,197   |
| Grant cost and caseload changes                                                    |  | 8,122,852   | (3,428,031) | 4,694,821   |
| Savings plan                                                                       |  | (4,025,480) | 2,672,765   | (1,352,715) |
| Increase grants to children's advocacy centers to provide a total of \$1.6 million |  | 600,000     |             | 600,000     |

**Behavioral Health Division**

|                                                                          |      |           |             |           |
|--------------------------------------------------------------------------|------|-----------|-------------|-----------|
| Continued program changes                                                |      | (366,216) | 8,089,466   | 7,723,250 |
| Grant cost and caseload changes                                          |      | 314,112   |             | 314,112   |
| Replace 2017-19 funding from tobacco prevention and control trust fund   |      | 1,854,159 | (1,854,159) |           |
| Savings plan                                                             | 1.00 | 184,398   |             | 184,398   |
| Transfer suicide prevention program from State Department of Health      | 1.00 | 1,260,512 |             | 1,260,512 |
| Transfer tobacco reporting to State Department of Health                 |      | (75,000)  |             | (75,000)  |
| Expand free through recovery program                                     | 6.00 | 4,500,000 |             | 4,500,000 |
| Behavioral health recovery home grants                                   |      | 200,000   |             | 200,000   |
| Expand substance use disorder voucher program                            | 2.00 | 3,053,523 |             | 3,053,523 |
| Certify peer support specialists                                         | 1.00 | 275,000   |             | 275,000   |
| Increase Parents Listen, Educate, Ask, Discuss program to \$360,000      |      | 260,000   |             | 260,000   |
| School behavioral health program                                         |      | 300,000   |             | 300,000   |
| Health Services Research Institute report recommendations implementation |      | 300,000   |             | 300,000   |
| Children's system of care grant                                          |      |           | 3,000,000   | 3,000,000 |
| Substance use disorder voucher services for 14 to 18 year olds           |      | 175,091   |             | 175,091   |
| Expansion of early intervention and prevention services                  |      | 600,000   |             | 600,000   |
| Establish a mental health voucher program                                | 1.00 | 1,050,000 |             | 1,050,000 |
| Trauma-informed practices group                                          |      | 200,000   |             | 200,000   |

**Vocational Rehabilitation**

|                                         |      |         |           |          |
|-----------------------------------------|------|---------|-----------|----------|
| Continued program changes               |      | 254,676 | (298,395) | (43,719) |
| Corporate disability investigation unit | 1.00 |         | 180,000   | 180,000  |

**Developmental Disabilities**

|                                                                 |        |                |               |                |
|-----------------------------------------------------------------|--------|----------------|---------------|----------------|
| Continued program changes                                       |        | 103,355        | (331,309)     | (227,954)      |
| Grant cost and caseload changes                                 |        | 22,059,559     | 21,717,656    | 43,777,215     |
| Federal medical assistance percentage changes                   |        | 1,529,534      | (1,529,534)   |                |
| Savings plan                                                    | (1.00) | (60,166)       | (56,459)      | (116,625)      |
| Home and community-based services residential waiver adjustment |        | (556,916)      | (556,925)     | (1,113,841)    |
| Corporate guardianships - Adds 20                               |        | <u>122,863</u> |               | <u>122,863</u> |
| Total ongoing funding changes                                   | 10.75  | \$196,885,734  | \$246,336,098 | \$443,221,832  |

**One-Time Funding Items**

|                                                         |  |                  |  |                  |
|---------------------------------------------------------|--|------------------|--|------------------|
| Medically complex children services provider adjustment |  | <u>\$977,603</u> |  | <u>\$977,603</u> |
| Total one-time funding changes                          |  | <u>\$977,603</u> |  | <u>\$977,603</u> |

|                                     |       |               |               |               |
|-------------------------------------|-------|---------------|---------------|---------------|
| Total changes to base level funding | 10.75 | \$197,863,337 | \$246,336,098 | \$444,199,435 |
|-------------------------------------|-------|---------------|---------------|---------------|

**Senate Bill No. 2012 - DHS - County Social Services Financing - Senate Action**

|                        | Base Budget | Senate Changes <sup>1</sup> | Senate Version       |
|------------------------|-------------|-----------------------------|----------------------|
| County social services |             | <u>\$182,300,000</u>        | <u>\$182,300,000</u> |
| Total all funds        | \$0         | \$182,300,000               | \$182,300,000        |
| Less estimated income  | <u>0</u>    | <u>182,300,000</u>          | <u>182,300,000</u>   |
| General fund           | \$0         | \$0                         | \$0                  |
| FTE                    | 0.00        | 223.00                      | 223.00               |

<sup>1</sup> Funding of \$182.3 million from the human service finance fund and 223 FTE positions are added for the human service delivery redesign project. Senate Bill No. 2124 provides the department may add the positions if human service zone duties are transferred to the Department of Human Services.

### Senate Bill No. 2012 - DHS - Field Services - Senate Action

|                       | Base Budget   | Senate Changes <sup>1</sup> | Senate Version |
|-----------------------|---------------|-----------------------------|----------------|
| Human service centers | \$196,049,489 | \$7,294,632                 | \$203,344,121  |
| Institutions          | 140,421,224   | 7,278,926                   | 147,700,150    |
| Total all funds       | \$336,470,713 | \$14,573,558                | \$351,044,271  |
| Less estimated income | 138,543,705   | (6,392,183)                 | 132,151,522    |
| General fund          | \$197,927,008 | \$20,965,741                | \$218,892,749  |
| FTE                   | 1,655.28      | (56.25)                     | 1,599.03       |

<sup>1</sup> The following changes are made to field services:

|                                                                                                      | FTE Positions | General Fund     | Other Funds        | Total              |
|------------------------------------------------------------------------------------------------------|---------------|------------------|--------------------|--------------------|
| <b>2019-21 Ongoing Funding Changes</b>                                                               |               |                  |                    |                    |
| Transfers and adjustments                                                                            | (27.75)       | \$457,094        | (\$9,736,926)      | (\$9,279,832)      |
| Base payroll changes                                                                                 |               | (2,509,398)      | 6,301,599          | 3,792,201          |
| Salary increase - 2 percent 1 <sup>st</sup> year, 3 percent 2 <sup>nd</sup> year                     |               | 4,186,135        | 2,902,602          | 7,088,737          |
| Health insurance increase from \$1,241 to \$1,427 per month                                          |               | 4,094,341        | 2,867,518          | 6,961,859          |
| Provider inflationary increases - 2 percent 1 <sup>st</sup> year, 3 percent 2 <sup>nd</sup> year     |               | 556,611          | 6,921              | 563,532            |
| <b>Human Service Centers</b>                                                                         |               |                  |                    |                    |
| Continued program changes                                                                            |               | 6,287,498        | (7,322,873)        | (1,035,375)        |
| Cost and caseload changes                                                                            |               | 1,549,130        |                    | 1,549,130          |
| Savings plan                                                                                         | (14.00)       | (1,001,675)      | (1,095,826)        | (2,097,501)        |
| Underfunds salaries and wages                                                                        |               | (2,891,071)      |                    | (2,891,071)        |
| Expand crisis services                                                                               | 27.00         | 4,096,174        |                    | 4,096,174          |
| Restore selected positions removed in savings plan                                                   | 7.00          | 478,430          | 625,557            | 1,103,987          |
| Supportive housing grant for northeast human service region                                          |               | 550,000          |                    | 550,000            |
| <b>Institutions</b>                                                                                  |               |                  |                    |                    |
| Continued program changes                                                                            |               | 4,835,861        | (1,819,056)        | 3,016,805          |
| Savings plan                                                                                         | (77.00)       | (4,974,691)      | (6,362,324)        | (11,337,015)       |
| Underfunds salaries and wages                                                                        | 0.00          | (1,803,659)      |                    | (1,803,659)        |
| Expand CARES services provided by the Life Skills and Transition Center                              | 7.50          | 469,961          | 469,960            | 939,921            |
| Restore beds at State Hospital                                                                       | <u>21.00</u>  | <u>6,385,000</u> |                    | <u>6,385,000</u>   |
| Total ongoing funding changes                                                                        | (56.25)       | \$20,765,741     | (\$13,162,848)     | \$7,602,893        |
| <b>One-Time Funding Items</b>                                                                        |               |                  |                    |                    |
| Life Skills and Transition Center - Remodeling projects (strategic investment and improvements fund) |               |                  | \$3,361,595        | \$3,361,595        |
| Life Skills and Transition Center - Demolish buildings (strategic investment and improvements fund)  |               |                  | 915,570            | 915,570            |
| State Hospital - Roof replacement (strategic investment and improvements fund)                       |               |                  | 562,500            | 562,500            |
| State Hospital - Coal boiler replacement project (strategic investment and improvements fund)        |               |                  | 1,931,000          | 1,931,000          |
| State Hospital study                                                                                 |               | <u>\$200,000</u> |                    | <u>200,000</u>     |
| Total one-time funding changes                                                                       |               | <u>\$200,000</u> | <u>\$6,770,665</u> | <u>\$6,970,665</u> |
| Total changes to base level funding                                                                  | (56.25)       | \$20,965,741     | (\$6,392,183)      | \$14,573,558       |

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## Senate Bill No. 2012 - Other Changes - Senate Action

This amendment also:

- Adds two sections to North Dakota Century Code Chapter 50-06 to certify peer support specialists and to provide for a community behavioral health program.
- Amends Section 50-24.1-37 to remove the expiration date for the Medicaid Expansion program.
- Adds a section to allow the Department of Human Services (DHS) to transfer appropriation authority from line items within subdivisions 1 through 3 of Section 1 of the bill to subdivision 4 of Section 1.
- Adds sections to allow DHS to continue unexpended appropriations for prior biennium information technology projects into the 2019-21 biennium.
- Adds a section to identify \$182.3 million from the human service finance fund for administering county social service programs.
- Adds a section to identify \$11.5 million from the strategic investment and improvements fund for various DHS capital and information technology projects.
- Adds a section to identify \$6 million from the tobacco control and prevention trust fund for medical services costs.
- Adds a section to require DHS to study the placement of individuals in institutions for mental disease.
- Adds a section to authorize DHS to convey certain buildings housing the Tompkins Rehabilitation and Corrections Center located on the State Hospital grounds to the Department of Corrections and Rehabilitation.
- Adds a section to authorize DHS to proceed with capital projects and pay special assessments costs at the State Hospital and Life Skills and Transition Center.
- Adds a section to allow DHS to hire temporary staff to assist in developmental disability case management if case management services exceed the ratio provided pursuant to North Dakota Administrative Code.
- Adds a section to require behavioral health services providers to submit process and outcome measures to DHS for services provided through state-funded programs.
- Adds a section to require the vendor of telephone and directory services under contract with DHS to include private behavioral health service providers in the vendor's directory at no cost to the private behavioral health service providers.
- Adds a section to require DHS to include adult companionship services as an allowable service under the home and community-based Medicaid waiver on or after January 1, 2020.
- Adds a section to require DHS to rebase adult residential rates for services provided on or after January 1, 2020.
- Adds sections to require DHS to expand the types of providers recognized as Medicaid providers of targeted case management for individuals with serious emotional disturbance or serious mental illness.
- Adds a section to require DHS to include withdrawal management as a covered service in the Medicaid state plan.
- Adds a section to require DHS to provide reports regarding the implementation of the state behavioral health study.
- Adds a section to provide for a Legislative Management study of the health care delivery system.
- Removes sections relating to base funding being provided from the health care trust fund and community health trust fund.

# STATEMENT OF PURPOSE OF AMENDMENT:

## Senate Bill No. 2013 - Funding Summary

|                                           | Base<br>Budget  | Senate<br>Changes | Senate<br>Version |
|-------------------------------------------|-----------------|-------------------|-------------------|
| Department of Public<br>Instruction       |                 |                   |                   |
| Salaries and wages                        | \$17,439,176    | \$502,280         | \$17,941,456      |
| Operating expenses                        | 30,165,005      | 2,004,942         | 32,169,947        |
| Integrated formula<br>payments            | 1,750,204,163   | 356,441,891       | 2,106,646,054     |
| Grants - Special<br>education contracts   | 19,300,000      | 5,700,000         | 25,000,000        |
| Grants - Transportation                   | 55,400,000      | 500,000           | 55,900,000        |
| Grants - Other grants                     | 254,062,705     | 33,000,000        | 287,062,705       |
| Grants - Program grants                   | 6,210,000       | 3,406,711         | 9,616,711         |
| Grants - Passthrough<br>grants            | 2,898,000       | (48,660)          | 2,849,340         |
| PowerSchool                               | 5,500,000       |                   | 5,500,000         |
| Transportation efficiency                 | 30,000          | (30,000)          |                   |
| National board<br>certification           | 120,000         | (12,000)          | 108,000           |
| Total all funds                           | \$2,141,329,049 | \$401,465,164     | \$2,542,794,213   |
| Less estimated income                     | 705,727,065     | 108,815,319       | 814,542,384       |
| General fund                              | \$1,435,601,984 | \$292,649,845     | \$1,728,251,829   |
| FTE                                       | 91.75           | (3.00)            | 88.75             |
| State Library                             |                 |                   |                   |
| Salaries and wages                        | \$4,152,758     | \$115,434         | \$4,268,192       |
| Operating expenses                        | 1,604,075       | 17,842            | 1,621,917         |
| Grants                                    | 2,109,028       | 124,500           | 2,233,528         |
| Total all funds                           | \$7,865,861     | \$257,776         | \$8,123,637       |
| Less estimated income                     | 2,247,560       | 119,886           | 2,367,446         |
| General fund                              | \$5,618,301     | \$137,890         | \$5,756,191       |
| FTE                                       | 28.75           | (1.00)            | 27.75             |
| School for the Deaf                       |                 |                   |                   |
| Salaries and wages                        | \$7,588,749     | \$432,098         | \$8,020,847       |
| Operating expenses                        | 2,026,543       | (320,957)         | 1,705,586         |
| Capital assets                            | 158,678         | 270,000           | 428,678           |
| Grants                                    | 180,000         | (140,000)         | 40,000            |
| Total all funds                           | \$9,953,970     | \$241,141         | \$10,195,111      |
| Less estimated income                     | 2,465,444       | 231,752           | 2,697,196         |
| General fund                              | \$7,488,526     | \$9,389           | \$7,497,915       |
| FTE                                       | 45.61           | (1.00)            | 44.61             |
| Vision Services - School for the<br>Blind |                 |                   |                   |
| Salaries and wages                        | \$4,660,995     | \$253,761         | \$4,914,756       |
| Operating expenses                        | 773,206         | 42,615            | 815,821           |
| Capital assets                            | 39,192          | 260,500           | 299,692           |
| Total all funds                           | \$5,473,393     | \$556,876         | \$6,030,269       |
| Less estimated income                     | 1,079,247       | 251,746           | 1,330,993         |
| General fund                              | \$4,394,146     | \$305,130         | \$4,699,276       |
| FTE                                       | 28.50           | (0.60)            | 27.90             |
| Bill total                                |                 |                   |                   |
| Total all funds                           | \$2,164,622,273 | \$402,520,957     | \$2,567,143,230   |
| Less estimated income                     | 711,519,316     | 109,418,703       | 820,938,019       |
| General fund                              | \$1,453,102,957 | \$293,102,254     | \$1,746,205,211   |
| FTE                                       | 194.61          | (5.60)            | 189.01            |

## Senate Bill No. 2013 - Department of Public Instruction - Senate Action

|                                         | Base<br>Budget  | Senate<br>Changes | Senate<br>Version |
|-----------------------------------------|-----------------|-------------------|-------------------|
| Salaries and wages                      | \$17,439,176    | \$502,280         | \$17,941,456      |
| Operating expenses                      | 30,165,005      | 2,004,942         | 32,169,947        |
| Integrated formula payments             | 1,750,204,163   | 356,441,891       | 2,106,646,054     |
| Grants - Special education<br>contracts | 19,300,000      | 5,700,000         | 25,000,000        |
| Grants - Transportation                 | 55,400,000      | 500,000           | 55,900,000        |
| Grants - Other grants                   | 254,062,705     | 33,000,000        | 287,062,705       |
| Grants - Program grants                 | 6,210,000       | 3,406,711         | 9,616,711         |
| Grants - Passthrough grants             | 2,898,000       | (48,660)          | 2,849,340         |
| PowerSchool                             | 5,500,000       |                   | 5,500,000         |
| Transportation efficiency               | 30,000          | (30,000)          |                   |
| National board certification            | 120,000         | (12,000)          | 108,000           |
| Total all funds                         | \$2,141,329,049 | \$401,465,164     | \$2,542,794,213   |
| Less estimated income                   | 705,727,065     | 108,815,319       | 814,542,384       |
| General fund                            | \$1,435,601,984 | \$292,649,845     | \$1,728,251,829   |
| FTE                                     | 91.75           | (3.00)            | 88.75             |

## Department 201 - Department of Public Instruction - Detail of Senate Changes

|                                         | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Removes 4<br>FTE Positions <sup>3</sup> | Adds 1 FTE<br>Division<br>Manager<br>Position <sup>4</sup> | Transfers the<br>Teacher<br>Shortage Loan<br>Forgiveness<br>Program from<br>the NDUS <sup>5</sup> | Adds Funding<br>for Microsoft<br>Office 365<br>Licensing <sup>6</sup> |
|-----------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------|------------------------------------------------------------|---------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| Salaries and wages                      | (\$1,590)                                                      | \$918,154                                                           | (\$686,976)                             | \$272,692                                                  |                                                                                                   |                                                                       |
| Operating expenses                      |                                                                |                                                                     |                                         |                                                            | \$2,103,393                                                                                       | \$63,488                                                              |
| Integrated formula payments             |                                                                |                                                                     |                                         |                                                            |                                                                                                   |                                                                       |
| Grants - Special education<br>contracts |                                                                |                                                                     |                                         |                                                            |                                                                                                   |                                                                       |
| Grants - Transportation                 |                                                                |                                                                     |                                         |                                                            |                                                                                                   |                                                                       |
| Grants - Other grants                   |                                                                |                                                                     |                                         |                                                            |                                                                                                   |                                                                       |
| Grants - Program grants                 |                                                                |                                                                     |                                         |                                                            |                                                                                                   |                                                                       |
| Grants - Passthrough grants             |                                                                |                                                                     |                                         |                                                            |                                                                                                   |                                                                       |
| PowerSchool                             |                                                                |                                                                     |                                         |                                                            |                                                                                                   |                                                                       |
| Transportation efficiency               |                                                                |                                                                     |                                         |                                                            |                                                                                                   |                                                                       |
| National board certification            |                                                                |                                                                     |                                         |                                                            |                                                                                                   |                                                                       |
| Total all funds                         | (\$1,590)                                                      | \$918,154                                                           | (\$686,976)                             | \$272,692                                                  | \$2,103,393                                                                                       | \$63,488                                                              |
| Less estimated income                   | 1,116,589                                                      | 621,727                                                             | (103,046)                               | 0                                                          | 0                                                                                                 | 47,145                                                                |
| General fund                            | (\$1,118,179)                                                  | \$296,427                                                           | (\$583,930)                             | \$272,692                                                  | \$2,103,393                                                                                       | \$16,343                                                              |
| FTE                                     | 0.00                                                           | 0.00                                                                | (4.00)                                  | 1.00                                                       | 0.00                                                                                              | 0.00                                                                  |

|                                            | Decreases<br>Funding for<br>Operating<br>Expenses <sup>7</sup> | Adjusts<br>Funding for<br>Integrated<br>Formula<br>Payments <sup>8</sup> | Increases<br>Funding for<br>Special<br>Education<br>Grants <sup>9</sup> | Increases<br>Funding for<br>Transportation<br>Grants <sup>10</sup> | Increases<br>Funding for<br>Adult<br>Education<br>Matching<br>Grants <sup>11</sup> | Transfers<br>Funding for<br>Early<br>Childhood<br>Education<br>Grants <sup>12</sup> |
|--------------------------------------------|----------------------------------------------------------------|--------------------------------------------------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Salaries and wages                         |                                                                |                                                                          |                                                                         |                                                                    |                                                                                    |                                                                                     |
| Operating expenses                         | (\$361,939)                                                    |                                                                          |                                                                         |                                                                    |                                                                                    |                                                                                     |
| Integrated formula payments                |                                                                | \$356,441,891                                                            |                                                                         |                                                                    |                                                                                    |                                                                                     |
| Grants - Special education<br>contracts    |                                                                |                                                                          | \$5,700,000                                                             |                                                                    |                                                                                    |                                                                                     |
| Grants - Transportation                    |                                                                |                                                                          |                                                                         | \$500,000                                                          |                                                                                    |                                                                                     |
| Grants - Other grants                      |                                                                |                                                                          |                                                                         |                                                                    |                                                                                    |                                                                                     |
| Grants - Program grants                    |                                                                |                                                                          |                                                                         |                                                                    | \$1,300,000                                                                        | \$1,500,000                                                                         |
| Grants - Passthrough grants<br>PowerSchool |                                                                |                                                                          |                                                                         |                                                                    |                                                                                    |                                                                                     |
| Transportation efficiency                  |                                                                |                                                                          |                                                                         |                                                                    |                                                                                    |                                                                                     |
| National board certification               |                                                                |                                                                          |                                                                         |                                                                    |                                                                                    |                                                                                     |
| Total all funds                            | (\$361,939)                                                    | \$356,441,891                                                            | \$5,700,000                                                             | \$500,000                                                          | \$1,300,000                                                                        | \$1,500,000                                                                         |
| Less estimated income                      | (84,191)                                                       | 74,217,095                                                               | 0                                                                       | 0                                                                  | 0                                                                                  | 0                                                                                   |
| General fund                               | (\$277,748)                                                    | \$282,224,796                                                            | \$5,700,000                                                             | \$500,000                                                          | \$1,300,000                                                                        | \$1,500,000                                                                         |
| FTE                                        | 0.00                                                           | 0.00                                                                     | 0.00                                                                    | 0.00                                                               | 0.00                                                                               | 0.00                                                                                |

|                                            | Increases<br>Funding for<br>the Program<br>Grant Pool <sup>13</sup> | Adjusts<br>Funding for<br>Passthrough<br>Grants <sup>14</sup> | Increases<br>Federal Funds<br>Authority for<br>Grants <sup>15</sup> | Decreases<br>Funding for<br>National Board<br>Certification <sup>16</sup> | Adds One-<br>Time Funding<br>to Rewrite the<br>State School<br>Aid Formula <sup>17</sup> | Total Senate<br>Changes |
|--------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------------|------------------------------------------------------------------------------------------|-------------------------|
| Salaries and wages                         |                                                                     |                                                               |                                                                     |                                                                           |                                                                                          | \$502,280               |
| Operating expenses                         |                                                                     |                                                               |                                                                     |                                                                           | \$200,000                                                                                | 2,004,942               |
| Integrated formula payments                |                                                                     |                                                               |                                                                     |                                                                           |                                                                                          | 356,441,891             |
| Grants - Special education<br>contracts    |                                                                     |                                                               |                                                                     |                                                                           |                                                                                          | 5,700,000               |
| Grants - Transportation                    |                                                                     |                                                               |                                                                     |                                                                           |                                                                                          | 500,000                 |
| Grants - Other grants                      |                                                                     |                                                               | \$33,000,000                                                        |                                                                           |                                                                                          | 33,000,000              |
| Grants - Program grants                    | \$606,711                                                           |                                                               |                                                                     |                                                                           |                                                                                          | 3,406,711               |
| Grants - Passthrough grants<br>PowerSchool |                                                                     | (\$48,660)                                                    |                                                                     |                                                                           |                                                                                          | (48,660)                |
| Transportation efficiency                  | (30,000)                                                            |                                                               |                                                                     |                                                                           |                                                                                          | (30,000)                |
| National board certification               |                                                                     |                                                               |                                                                     | (\$12,000)                                                                |                                                                                          | (12,000)                |
| Total all funds                            | \$576,711                                                           | (\$48,660)                                                    | \$33,000,000                                                        | (\$12,000)                                                                | \$200,000                                                                                | \$401,465,164           |
| Less estimated income                      | 0                                                                   | 0                                                             | 33,000,000                                                          | 0                                                                         | 0                                                                                        | 108,815,319             |
| General fund                               | \$576,711                                                           | (\$48,660)                                                    | \$0                                                                 | (\$12,000)                                                                | \$200,000                                                                                | \$292,649,845           |
| FTE                                        | 0.00                                                                | 0.00                                                          | 0.00                                                                | 0.00                                                                      | 0.00                                                                                     | (3.00)                  |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>   |
|---------------------------|---------------------|--------------------|----------------|
| Salary increase           | \$166,771           | \$336,409          | \$503,180      |
| Health insurance increase | <u>129,656</u>      | <u>285,318</u>     | <u>414,974</u> |
| Total                     | \$296,427           | \$621,727          | \$918,154      |

<sup>3</sup> Four FTE positions, including 1 assistant superintendent position, 1 computer network specialist position, 1 education program administrator position, and 1 administrative assistant III position are removed.

<sup>4</sup> One FTE division manager position is added.

<sup>5</sup> The teacher shortage loan forgiveness program and related funding is transferred from the North Dakota University System to the Superintendent of Public Instruction.

<sup>6</sup> Funding is added for Microsoft Office 365 license expenses.

<sup>7</sup> Funding for operating expenses is reduced.

<sup>8</sup> Funding for integrated formula payments is adjusted as follows:

|                                                                                                                                                                                         | <b>General<br/>Fund</b> | <b>Foundation Aid<br/>Stabilization<br/>Fund</b> | <b>State<br/>Tuition<br/>Fund</b> | <b>Total</b>           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------------------------------------|-----------------------------------|------------------------|
| Base budget - Integrated formula payments                                                                                                                                               | \$1,334,657,258         | \$110,000,000                                    | \$305,546,905                     | \$1,750,204,163        |
| Adds funding for integrated formula payments to replace one-time funding provided from the foundation aid stabilization fund during the 2017-19 biennium                                | 185,000,000             |                                                  |                                   | 185,000,000            |
| Increases funds available from the state tuition fund                                                                                                                                   | (74,217,095)            |                                                  | 74,217,095                        |                        |
| Adds funding for cost-to-continue integrated formula payments                                                                                                                           | 53,625,374              |                                                  |                                   | 53,625,374             |
| Adds funding to provide a 2 percent increase in the per pupil payment in the 1st year of the biennium and a 3 percent increase in the per pupil payment in the 2nd year of the biennium | 72,760,971              |                                                  |                                   | 72,760,971             |
| Adds funding to increase formula maximum payments by 5 percent each year of the biennium                                                                                                | 4,331,460               |                                                  |                                   | 4,331,460              |
| Reduces funding for savings related to transitioning school districts from minimum payments                                                                                             | (2,031,496)             |                                                  |                                   | (2,031,496)            |
| Adds funding to transition the formula to on-time funding                                                                                                                               | 36,999,559              |                                                  |                                   | 36,999,559             |
| Increases funding for adjustments to the state aid formula that reduce the local revenue deduction to 75 percent for all local revenue types                                            | 5,756,023               |                                                  |                                   | 5,756,023              |
| <b>Total - Integrated formula payments</b>                                                                                                                                              | <b>\$1,616,882,054</b>  | <b>\$110,000,000</b>                             | <b>\$379,764,000</b>              | <b>\$2,106,646,054</b> |

<sup>9</sup> Funding is increased for special education contract grants to provide a total of \$25 million from the general fund.

<sup>10</sup> Funding for transportation grants is increased to provide a total of \$55.9 million from the general fund and the section related to the distribution of transportation grants is amended to adjust reimbursement rates.

<sup>11</sup> Funding is increased for adult education matching grants to provide a total of \$4.4 million from the general fund.

<sup>12</sup> The early childhood education provider grant program, including \$1.5 million of general fund authority, is transferred from the Department of Commerce to the Superintendent of Public Instruction.

<sup>13</sup> Funding in the transportation efficiency line item is reduced by \$3,000 and the remaining funding of \$27,000 is transferred from the transportation efficiency line item to the program grant pool. In addition, funding for the program grant pool is increased by \$579,711, to provide a total of \$2,136,711 from the general fund for the following programs:

- Leveraging the senior year;
- Leadership program;
- Continuing education grants;
- Preschool continuing education grants;
- Curriculum alignment grants;
- Teacher and principal evaluation system grants;
- Family engagement initiatives; and
- Transportation efficiency.

<sup>14</sup> Funding for passthrough grants is adjusted as follows:

|                                                    | <b>General Fund<br/>Increase<br/>(Decrease)</b> | <b>Total General<br/>Fund</b> |
|----------------------------------------------------|-------------------------------------------------|-------------------------------|
| Rural art outreach projects                        | \$10,000                                        | \$360,000                     |
| North Central Council for Education Media Services | (14,424)                                        | 223,576                       |
| Mentoring program                                  | 75,764                                          | 2,125,764                     |
| Global Bridges (Atlantik-Brucke) exchange          | (200,000)                                       | 0                             |
| North Dakota Young Entrepreneur education program  | 0                                               | 30,000                        |
| "We the People" program                            | 40,000                                          | 50,000                        |
| National writing projects                          | 20,000                                          | 40,000                        |
| Governor's School program                          | <u>20,000</u>                                   | <u>20,000</u>                 |
| Total                                              | (\$48,660)                                      | \$2,849,340                   |

<sup>15</sup> Federal funds authority for grants is increased.

<sup>16</sup> Funding for national board certification is reduced to provide a total of \$108,000 from the general fund.

<sup>17</sup> One-time funding is added to rewrite the state school aid formula.

This amendment also:

- Adds a section to allow the Superintendent of Public Instruction to transfer up to \$4 million from the integrated formula payments line item to the grants - special education line item to provide funding for 2017-19 biennium special education contract expenditures in excess of the 2017-19 biennium special education contract appropriation.
- Adds a section to provide if funds appropriated to the Superintendent of Public Instruction in the grants - special education line item for special education contract grants in the 2019-21 biennium are not sufficient to meet special education contract obligations, the Superintendent must request supplemental funding from the 67<sup>th</sup> Legislative Assembly.
- Adds a section to provide the statutory changes necessary to transfer the administration of the teacher loan forgiveness program from the State Board of Higher Education to the Superintendent of Public Instruction.
- Adds a section to provide the statutory changes to increase the Superintendent of Public Instruction's salary. The Superintendent's annual salary would increase from the current level of \$120,410 to \$122,818, effective July 1, 2019, and to \$126,503, effective July 1, 2020, to reflect the 2 and 3 percent salary increase.
- Adds sections to provide the statutory changes necessary to transfer the early childhood service provider grant program from the Department of Commerce to the Superintendent of Public Instruction.
- Adds a section to declare the authorization to transfer funding from the integrated formula payments line item to the grant - special education line item for the 2017-19 biennium an emergency.

#### Senate Bill No. 2013 - State Library - Senate Action

|                       | Base<br>Budget   | Senate<br>Changes | Senate<br>Version |
|-----------------------|------------------|-------------------|-------------------|
| Salaries and wages    | \$4,152,758      | \$115,434         | \$4,268,192       |
| Operating expenses    | 1,604,075        | 17,842            | 1,621,917         |
| Grants                | <u>2,109,028</u> | <u>124,500</u>    | <u>2,233,528</u>  |
| Total all funds       | \$7,865,861      | \$257,776         | \$8,123,637       |
| Less estimated income | <u>2,247,560</u> | <u>119,886</u>    | <u>2,367,446</u>  |
| General fund          | \$5,618,301      | \$137,890         | \$5,756,191       |
| FTE                   | 28.75            | (1.00)            | 27.75             |



## Department 250 - State Library - Detail of Senate Changes

|                       | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Removes 2<br>FTE Library<br>Associate I<br>Positions <sup>3</sup> | Adds 1 FTE<br>Librarian III<br>Position <sup>4</sup> | Decreases<br>Funding for<br>Operating<br>Expenses <sup>5</sup> | Adds Funding<br>for Microsoft<br>Office 365<br>Licensing <sup>6</sup> |
|-----------------------|----------------------------------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------------------------------|
| Salaries and wages    | (\$28,695)                                                     | \$243,766                                                           | (\$280,915)                                                       | \$181,278                                            |                                                                |                                                                       |
| Operating expenses    |                                                                |                                                                     |                                                                   |                                                      | (\$4,773)                                                      | \$22,615                                                              |
| Grants                |                                                                |                                                                     |                                                                   |                                                      |                                                                |                                                                       |
| Total all funds       | (\$28,695)                                                     | \$243,766                                                           | (\$280,915)                                                       | \$181,278                                            | (\$4,773)                                                      | \$22,615                                                              |
| Less estimated income | (58,654)                                                       | 28,854                                                              | 0                                                                 | 0                                                    | 25,186                                                         | 0                                                                     |
| General fund          | \$29,959                                                       | \$214,912                                                           | (\$280,915)                                                       | \$181,278                                            | (\$29,959)                                                     | \$22,615                                                              |
| FTE                   | 0.00                                                           | 0.00                                                                | (2.00)                                                            | 1.00                                                 | 0.00                                                           | 0.00                                                                  |

|                       | Adds Funding<br>for a Youth<br>Coding Skills<br>Grant <sup>7</sup> | Total Senate<br>Changes |
|-----------------------|--------------------------------------------------------------------|-------------------------|
| Salaries and wages    |                                                                    | \$115,434               |
| Operating expenses    |                                                                    | 17,842                  |
| Grants                | \$124,500                                                          | 124,500                 |
| Total all funds       | \$124,500                                                          | \$257,776               |
| Less estimated income | 124,500                                                            | 119,886                 |
| General fund          | \$0                                                                | \$137,890               |
| FTE                   | 0.00                                                               | (1.00)                  |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u> |
|---------------------------|---------------------|--------------------|--------------|
| Salary increase           | \$98,898            | \$11,006           | \$109,904    |
| Health insurance increase | 116,014             | 17,848             | 133,862      |
| Total                     | \$214,912           | \$28,854           | \$243,766    |

<sup>3</sup> Two FTE library associate I positions are removed.

<sup>4</sup> One FTE librarian III position is added.

<sup>5</sup> Funding for operating expenses is adjusted.

<sup>6</sup> Funding is added for Microsoft Office 365 license expenses.

<sup>7</sup> Federal funding authority is added for a youth coding skills grant.

## Senate Bill No. 2013 - School for the Deaf - Senate Action

|                       | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|-----------------------|----------------|-------------------|-------------------|
| Salaries and wages    | \$7,588,749    | \$432,098         | \$8,020,847       |
| Operating expenses    | 2,026,543      | (320,957)         | 1,705,586         |
| Capital assets        | 158,678        | 270,000           | 428,678           |
| Grants                | 180,000        | (140,000)         | 40,000            |
| Total all funds       | \$9,953,970    | \$241,141         | \$10,195,111      |
| Less estimated income | 2,465,444      | 231,752           | 2,697,196         |
| General fund          | \$7,488,526    | \$9,389           | \$7,497,915       |
| FTE                   | 45.61          | (1.00)            | 44.61             |

## Department 252 - School for the Deaf - Detail of Senate Changes

|                       | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Removes<br>Undesignated<br>Positions <sup>3</sup> | Adds Adult<br>Services<br>Position <sup>4</sup> | Restores an<br>Undesignated<br>Position and<br>Increases<br>Funding for<br>Salaries and<br>Wages <sup>5</sup> | Increases<br>Funding for<br>Temporary<br>Salaries <sup>6</sup> |
|-----------------------|----------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| Salaries and wages    | (\$222,852)                                                    | \$440,955                                                           | (\$317,654)                                       | \$159,996                                       | \$200,000                                                                                                     | \$27,500                                                       |
| Operating expenses    |                                                                |                                                                     |                                                   |                                                 |                                                                                                               |                                                                |
| Capital assets        |                                                                |                                                                     |                                                   |                                                 |                                                                                                               |                                                                |
| Grants                |                                                                |                                                                     |                                                   |                                                 |                                                                                                               |                                                                |
| Total all funds       | (\$222,852)                                                    | \$440,955                                                           | (\$317,654)                                       | \$159,996                                       | \$200,000                                                                                                     | \$27,500                                                       |
| Less estimated income | 70,593                                                         | 24,620                                                              | 0                                                 | 159,996                                         | 0                                                                                                             | 27,500                                                         |
| General fund          | (\$293,445)                                                    | \$416,335                                                           | (\$317,654)                                       | \$0                                             | \$200,000                                                                                                     | \$0                                                            |
| FTE                   | (1.00)                                                         | 0.00                                                                | (2.00)                                            | 1.00                                            | 1.00                                                                                                          | 0.00                                                           |

|                       | Increases<br>Funding for<br>Teacher<br>Salaries <sup>7</sup> | Adds Funding<br>for Interactive<br>Information<br>Technology<br>Equipment <sup>8</sup> | Increases<br>Funding for<br>Meals <sup>9</sup> | Increases<br>Funding for<br>Audiology and<br>Speech<br>Contract<br>Costs <sup>10</sup> | Decreases<br>Funding for<br>Operating<br>Expenses <sup>11</sup> | Decreases<br>Funding for<br>Interpreter<br>Grants <sup>12</sup> |
|-----------------------|--------------------------------------------------------------|----------------------------------------------------------------------------------------|------------------------------------------------|----------------------------------------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|
| Salaries and wages    | \$144,153                                                    |                                                                                        |                                                |                                                                                        |                                                                 |                                                                 |
| Operating expenses    |                                                              | \$15,000                                                                               | \$10,000                                       | \$20,000                                                                               | (\$365,957)                                                     |                                                                 |
| Capital assets        |                                                              |                                                                                        |                                                |                                                                                        |                                                                 |                                                                 |
| Grants                |                                                              |                                                                                        |                                                |                                                                                        |                                                                 | (\$140,000)                                                     |
| Total all funds       | \$144,153                                                    | \$15,000                                                                               | \$10,000                                       | \$20,000                                                                               | (\$365,957)                                                     | (\$140,000)                                                     |
| Less estimated income | 0                                                            | 15,000                                                                                 | 10,000                                         | 20,000                                                                                 | (365,957)                                                       | 0                                                               |
| General fund          | \$144,153                                                    | \$0                                                                                    | \$0                                            | \$0                                                                                    | \$0                                                             | (\$140,000)                                                     |
| FTE                   | 0.00                                                         | 0.00                                                                                   | 0.00                                           | 0.00                                                                                   | 0.00                                                            | 0.00                                                            |

|                       | Adds One-<br>Time Funding<br>for a<br>Dishwashing<br>Unit <sup>13</sup> | Adds One-<br>Time Funding<br>for<br>Extraordinary<br>Repairs <sup>14</sup> | Total Senate<br>Changes |
|-----------------------|-------------------------------------------------------------------------|----------------------------------------------------------------------------|-------------------------|
| Salaries and wages    |                                                                         |                                                                            | \$432,098               |
| Operating expenses    |                                                                         |                                                                            | (320,957)               |
| Capital assets        | \$20,000                                                                | \$250,000                                                                  | 270,000                 |
| Grants                |                                                                         |                                                                            | (140,000)               |
| Total all funds       | \$20,000                                                                | \$250,000                                                                  | \$241,141               |
| Less estimated income | 20,000                                                                  | 250,000                                                                    | 231,752                 |
| General fund          | \$0                                                                     | \$0                                                                        | \$9,389                 |
| FTE                   | 0.00                                                                    | 0.00                                                                       | (1.00)                  |

<sup>1</sup> One FTE position is removed and funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u> |
|---------------------------|---------------------|--------------------|--------------|
| Salary increase           | \$194,480           | \$9,985            | \$204,465    |
| Health insurance increase | 221,855             | 14,635             | 236,490      |
| Total                     | \$416,335           | \$24,620           | \$440,955    |

<sup>3</sup> Two FTE undesignated positions are removed.

<sup>4</sup> One FTE adult services position is added.

<sup>5</sup> One FTE undesignated position is restored and funding is increased for salaries and wages.

<sup>6</sup> Funding for temporary salaries is increased.

<sup>7</sup> Funding for teacher salaries is increased.

<sup>8</sup> Funding is added for interactive information technology equipment.

<sup>9</sup> Funding for meals is increased.

<sup>10</sup> Funding for audiology and speech contract costs is increased.

<sup>11</sup> Funding for operating expenses is reduced.

<sup>12</sup> Funding for interpreter grants to state colleges and universities is reduced to provide a total of \$40,000 from the general fund. A section is added to provide that the \$40,000 from the general fund is for a grants program to assist institutions under the control of the State Board of Higher Education with the cost of interpreters and real-time captioning for students who are deaf or hearing impaired for the 2019-21 biennium. This funding is not subject to North Dakota Century Code Section 54-44.1-11. In addition, the section requires the School for the Deaf develop a formula for distribution of the funds based on a uniform hourly reimbursement and may not distribute more than 50 percent of the amount appropriated during the 1st year of the biennium. If any grant funding remains undistributed at the end of the biennium, the School for the Deaf may provide additional prorated grants to institutions that during the biennium incurred hourly expenses in excess of the formula reimbursement level. The Legislative Assembly has allowed the School for the Deaf to continue unused funding provided for interpreter grants in previous bienniums, resulting in \$209,115 of total carryover funding for a total of \$389,115 for interpreter grants during the 2017-19 biennium.

<sup>13</sup> One-time funding for a dishwashing unit is added.

<sup>14</sup> One-time funding is added for extraordinary repairs to the Smith Building related to the master facility plan.

#### Senate Bill No. 2013 - Vision Services - School for the Blind - Senate Action

|                       | Base Budget | Senate Changes | Senate Version |
|-----------------------|-------------|----------------|----------------|
| Salaries and wages    | \$4,660,995 | \$253,761      | \$4,914,756    |
| Operating expenses    | 773,206     | 42,615         | 815,821        |
| Capital assets        | 39,192      | 260,500        | 299,692        |
| Total all funds       | \$5,473,393 | \$556,876      | \$6,030,269    |
| Less estimated income | 1,079,247   | 251,746        | 1,330,993      |
| General fund          | \$4,394,146 | \$305,130      | \$4,699,276    |
| FTE                   | 28.50       | (0.60)         | 27.90          |

#### Department 253 - Vision Services - School for the Blind - Detail of Senate Changes

|                       | Adjusts Funding for Base Payroll Changes <sup>1</sup> | Adds Funding for Salary and Benefit Increases <sup>2</sup> | Removes a .6 FTE Position <sup>3</sup> | Increases Funding for Teacher Salaries <sup>4</sup> | Adjusts Funding for Operating Expenses <sup>5</sup> | Adds Funding for Microsoft Office 365 Licensing <sup>6</sup> |
|-----------------------|-------------------------------------------------------|------------------------------------------------------------|----------------------------------------|-----------------------------------------------------|-----------------------------------------------------|--------------------------------------------------------------|
| Salaries and wages    | (\$22,329)                                            | \$261,589                                                  | (\$104,702)                            | \$119,203                                           |                                                     |                                                              |
| Operating expenses    |                                                       |                                                            |                                        |                                                     |                                                     | \$22,615                                                     |
| Capital assets        |                                                       |                                                            |                                        |                                                     |                                                     |                                                              |
| Total all funds       | (\$22,329)                                            | \$261,589                                                  | (\$104,702)                            | \$119,203                                           | \$0                                                 | \$22,615                                                     |
| Less estimated income | (21,389)                                              | 10,420                                                     | (31,633)                               | 0                                                   | (939)                                               | 14,787                                                       |
| General fund          | (\$940)                                               | \$251,169                                                  | (\$73,069)                             | \$119,203                                           | \$939                                               | \$7,828                                                      |
| FTE                   | 0.00                                                  | 0.00                                                       | (0.60)                                 | 0.00                                                | 0.00                                                | 0.00                                                         |

|                       | Adds One-Time Funding for Adaptive Technology Equipment <sup>2</sup> | One-Time Funding is Added for Capital Improvements <sup>3</sup> | Total Senate Changes |
|-----------------------|----------------------------------------------------------------------|-----------------------------------------------------------------|----------------------|
| Salaries and wages    |                                                                      |                                                                 | \$253,761            |
| Operating expenses    | \$20,000                                                             |                                                                 | 42,615               |
| Capital assets        |                                                                      | \$260,500                                                       | 260,500              |
| Total all funds       | \$20,000                                                             | \$260,500                                                       | \$556,876            |
| Less estimated income | 20,000                                                               | 260,500                                                         | 251,746              |
| General fund          | \$0                                                                  | \$0                                                             | \$305,130            |
| FTE                   | 0.00                                                                 | 0.00                                                            | (0.60)               |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>   |
|---------------------------|---------------------|--------------------|----------------|
| Salary increase           | \$124,044           | \$3,683            | \$127,727      |
| Health insurance increase | <u>127,125</u>      | <u>6,737</u>       | <u>133,862</u> |
| Total                     | \$251,169           | \$10,420           | \$261,589      |

<sup>3</sup> A .6 FTE position is removed.

<sup>4</sup> Funding for teacher salaries is increased.

<sup>5</sup> The funding source for operating expenses is adjusted.

<sup>6</sup> Funding is added for Microsoft Office 365 license expenses.

<sup>7</sup> One-time funding is added for adaptive technology equipment.

<sup>8</sup> One-time funding is added for capital improvements, including roof repair, garage door replacement, gym floor replacement, daily living skills room and south wing restroom remodels, glycol installation, sprinkler heads, and carpeting.

## STATEMENT OF PURPOSE OF AMENDMENT:

### Senate Bill No. 2014 - Funding Summary

|                                    | Base Budget | Senate Changes | Senate Version |
|------------------------------------|-------------|----------------|----------------|
| Protection and Advocacy Project    |             |                |                |
| Protection and advocacy operations | \$6,447,600 | \$863,866      | \$7,311,466    |
| Total all funds                    | \$6,447,600 | \$863,866      | \$7,311,466    |
| Less estimated income              | 3,488,601   | 504,729        | 3,993,330      |
| General fund                       | \$2,958,999 | \$359,137      | \$3,318,136    |
| FTE                                | 27.50       | 1.00           | 28.50          |
| Bill total                         |             |                |                |
| Total all funds                    | \$6,447,600 | \$863,866      | \$7,311,466    |
| Less estimated income              | 3,488,601   | 504,729        | 3,993,330      |
| General fund                       | \$2,958,999 | \$359,137      | \$3,318,136    |
| FTE                                | 27.50       | 1.00           | 28.50          |

### Senate Bill No. 2014 - Protection and Advocacy Project - Senate Action

|                                    | Base Budget | Senate Changes | Senate Version |
|------------------------------------|-------------|----------------|----------------|
| Protection and advocacy operations | \$6,447,600 | \$863,866      | \$7,311,466    |
| Total all funds                    | \$6,447,600 | \$863,866      | \$7,311,466    |
| Less estimated income              | 3,488,601   | 504,729        | 3,993,330      |
| General fund                       | \$2,958,999 | \$359,137      | \$3,318,136    |
| FTE                                | 27.50       | 1.00           | 28.50          |

### Department 360 - Protection and Advocacy Project - Detail of Senate Changes

|                                    | Adjusts Funding for Base Payroll Changes <sup>1</sup> | Adds Funding for Salary and Benefit Increases <sup>2</sup> | Adds 1 FTE Olmstead Commission Position <sup>3</sup> | Adds Funding for Operating Expenses <sup>4</sup> | Adds One-Time Funding <sup>5</sup> | Total Senate Changes |
|------------------------------------|-------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------|--------------------------------------------------|------------------------------------|----------------------|
| Protection and advocacy operations | (\$80,945)                                            | \$288,980                                                  | \$238,929                                            | \$276,352                                        | \$140,550                          | \$863,866            |
| Total all funds                    | (\$80,945)                                            | \$288,980                                                  | \$238,929                                            | \$276,352                                        | \$140,550                          | \$863,866            |
| Less estimated income              | 124,158                                               | 158,707                                                    | 74,615                                               | 79,249                                           | 68,000                             | 504,729              |
| General fund                       | (\$205,103)                                           | \$130,273                                                  | \$164,314                                            | \$197,103                                        | \$72,550                           | \$359,137            |
| FTE                                | 0.00                                                  | 0.00                                                       | 1.00                                                 | 0.00                                             | 0.00                               | 1.00                 |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | General Fund | Other Funds | Total     |
|---------------------------|--------------|-------------|-----------|
| Salary increase           | \$71,909     | \$87,671    | \$159,580 |
| Health insurance increase | 58,364       | 71,036      | 129,400   |
| Total                     | \$130,273    | \$158,707   | \$288,980 |

<sup>3</sup> Funding of \$238,929, of which \$164,314 is from the general fund, is added for 1 FTE Olmstead Commission related position.

<sup>4</sup> Funding of \$276,352, of which \$197,103 is from the general fund, is added for operating expenses, primarily related to professional service fees, repairs, and travel expenses.

<sup>5</sup> One-time funding is added as follows:

|                        | <b><u>General Fund</u></b> | <b><u>Other Funds</u></b> | <b><u>Total</u></b> |
|------------------------|----------------------------|---------------------------|---------------------|
| Polycom machine        | \$8,000                    | \$0                       | \$8,000             |
| Accrued leave payments | <u>64,550</u>              | <u>68,000</u>             | <u>132,550</u>      |
| Total                  | \$72,550                   | \$68,000                  | \$140,550           |

**STATEMENT OF PURPOSE OF AMENDMENT:****Senate Bill No. 2015 - Funding Summary**

|                                          | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|------------------------------------------|----------------|-------------------|-------------------|
| Office of Management and<br>Budget       |                |                   |                   |
| Salaries and wages                       | \$21,596,832   | (\$588,055)       | \$21,008,777      |
| Operating expenses                       | 14,051,438     | 4,076,010         | 18,127,448        |
| Capital assets                           | 973,477        | 1,863,648         | 2,837,125         |
| Grants                                   | 54,000         |                   | 54,000            |
| Emergency commission<br>contingency fund | 600,000        | (100,000)         | 500,000           |
| Guardianship grants                      | 1,328,600      | 1,001,400         | 2,330,000         |
| Prairie Public<br>Broadcasting           | 1,200,000      | 200,000           | 1,400,000         |
| Community service<br>supervision grants  | 350,000        | 50,000            | 400,000           |
| Litigation pool                          |                | 2,500,000         | 2,500,000         |
| State student internship                 |                | 250,000           | 250,000           |
| Total all funds                          | \$40,154,347   | \$9,253,003       | \$49,407,350      |
| Less estimated income                    | 9,434,087      | 6,188,799         | 15,622,886        |
| General fund                             | \$30,720,260   | \$3,064,204       | \$33,784,464      |
| FTE                                      | 117.00         | (9.00)            | 108.00            |
| Bill total                               |                |                   |                   |
| Total all funds                          | \$40,154,347   | \$9,253,003       | \$49,407,350      |
| Less estimated income                    | 9,434,087      | 6,188,799         | 15,622,886        |
| General fund                             | \$30,720,260   | \$3,064,204       | \$33,784,464      |
| FTE                                      | 117.00         | (9.00)            | 108.00            |

**Senate Bill No. 2015 - Office of Management and Budget - Senate Action**

|                                          | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|------------------------------------------|----------------|-------------------|-------------------|
| Salaries and wages                       | \$21,596,832   | (\$588,055)       | \$21,008,777      |
| Operating expenses                       | 14,051,438     | 4,076,010         | 18,127,448        |
| Capital assets                           | 973,477        | 1,863,648         | 2,837,125         |
| Grants                                   | 54,000         |                   | 54,000            |
| Emergency commission<br>contingency fund | 600,000        | (100,000)         | 500,000           |
| Guardianship grants                      | 1,328,600      | 1,001,400         | 2,330,000         |
| Prairie Public Broadcasting              | 1,200,000      | 200,000           | 1,400,000         |
| Community service supervision<br>grants  | 350,000        | 50,000            | 400,000           |
| Litigation pool                          |                | 2,500,000         | 2,500,000         |
| State student internship                 |                | 250,000           | 250,000           |
| Total all funds                          | \$40,154,347   | \$9,253,003       | \$49,407,350      |
| Less estimated income                    | 9,434,087      | 6,188,799         | 15,622,886        |
| General fund                             | \$30,720,260   | \$3,064,204       | \$33,784,464      |
| FTE                                      | 117.00         | (9.00)            | 108.00            |

## Department 110 - Office of Management and Budget - Detail of Senate Changes

|                                          | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Removes FTE<br>Positions and<br>Adjusts<br>Funding <sup>3</sup> | Adjusts<br>Funding and<br>FTE Positions<br>for IT<br>Unification <sup>4</sup> | Adjusts<br>Funding for<br>Operating<br>Expenses <sup>5</sup> | Reduces<br>Funding for<br>Contingency<br>Fund <sup>6</sup> |
|------------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------|
| Salaries and wages                       | (\$40,219)                                                     | \$1,000,061                                                         | (\$754,350)                                                     | (\$793,547)                                                                   |                                                              |                                                            |
| Operating expenses                       |                                                                |                                                                     |                                                                 | 820,022                                                                       | \$885,988                                                    |                                                            |
| Capital assets                           |                                                                |                                                                     |                                                                 |                                                                               |                                                              |                                                            |
| Grants                                   |                                                                |                                                                     |                                                                 |                                                                               |                                                              |                                                            |
| Emergency commission<br>contingency fund |                                                                |                                                                     |                                                                 |                                                                               |                                                              | (\$100,000)                                                |
| Guardianship grants                      |                                                                |                                                                     |                                                                 |                                                                               |                                                              |                                                            |
| Prairie Public Broadcasting              |                                                                |                                                                     |                                                                 |                                                                               |                                                              |                                                            |
| Community service supervision<br>grants  |                                                                |                                                                     |                                                                 |                                                                               |                                                              |                                                            |
| Litigation pool                          |                                                                |                                                                     |                                                                 |                                                                               |                                                              |                                                            |
| State student internship                 |                                                                |                                                                     |                                                                 |                                                                               |                                                              |                                                            |
| Total all funds                          | (\$40,219)                                                     | \$1,000,061                                                         | (\$754,350)                                                     | \$26,475                                                                      | \$885,988                                                    | (\$100,000)                                                |
| Less estimated income                    | (50,000)                                                       | 175,530                                                             | (600,994)                                                       | 0                                                                             | (225,737)                                                    | 0                                                          |
| General fund                             | \$9,781                                                        | \$824,531                                                           | (\$153,356)                                                     | \$26,475                                                                      | \$1,111,725                                                  | (\$100,000)                                                |
| FTE                                      | 0.00                                                           | 0.00                                                                | (5.00)                                                          | (4.00)                                                                        | 0.00                                                         | 0.00                                                       |

|                                          | Reduces<br>Funding For<br>Bond<br>Payments <sup>2</sup> | Increases<br>Funding for<br>Grants <sup>8</sup> | Adds One-<br>Time Funding<br>for Projects<br>and a Funding<br>Pool <sup>8</sup> | Total Senate<br>Changes |
|------------------------------------------|---------------------------------------------------------|-------------------------------------------------|---------------------------------------------------------------------------------|-------------------------|
| Salaries and wages                       |                                                         |                                                 |                                                                                 | (\$588,055)             |
| Operating expenses                       |                                                         |                                                 | \$2,370,000                                                                     | 4,076,010               |
| Capital assets                           | (\$206,352)                                             |                                                 | 2,070,000                                                                       | 1,863,648               |
| Grants                                   |                                                         |                                                 |                                                                                 |                         |
| Emergency commission<br>contingency fund |                                                         |                                                 |                                                                                 | (100,000)               |
| Guardianship grants                      |                                                         | \$1,001,400                                     |                                                                                 | 1,001,400               |
| Prairie Public Broadcasting              |                                                         | 200,000                                         |                                                                                 | 200,000                 |
| Community service supervision<br>grants  |                                                         | 50,000                                          |                                                                                 | 50,000                  |
| Litigation pool                          |                                                         |                                                 | 2,500,000                                                                       | 2,500,000               |
| State student internship                 |                                                         |                                                 | 250,000                                                                         | 250,000                 |
| Total all funds                          | (\$206,352)                                             | \$1,251,400                                     | \$7,190,000                                                                     | \$9,253,003             |
| Less estimated income                    | 0                                                       | 0                                               | 6,890,000                                                                       | 6,188,799               |
| General fund                             | (\$206,352)                                             | \$1,251,400                                     | \$300,000                                                                       | \$3,064,204             |
| FTE                                      | 0.00                                                    | 0.00                                            | 0.00                                                                            | (9.00)                  |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u> |
|---------------------------|---------------------|--------------------|--------------|
| Salary increase           | \$441,684           | \$94,320           | \$536,004    |
| Health insurance increase | 382,847             | 81,210             | 464,057      |
| Total                     | \$824,531           | \$175,530          | \$1,000,061  |



<sup>3</sup> FTE positions and funding for salaries and wages are adjusted as follows:

|                                      | <u>FTE Positions</u> | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>  |
|--------------------------------------|----------------------|---------------------|--------------------|---------------|
| Removes FTE positions                | (5.00)               | (\$560,182)         |                    | (\$560,182)   |
| Underfunds salaries and wages        |                      | (210,252)           | (\$600,994)        | (811,246)     |
| Adds funding to reclassify positions |                      | 560,678             |                    | 560,678       |
| Adds funding for temporary employees |                      | <u>56,400</u>       |                    | <u>56,400</u> |
| Total                                | (5.00)               | (\$153,356)         | (\$600,994)        | (\$754,350)   |

<sup>4</sup> Funding and FTE positions are adjusted as follows for the information technology unification initiative:

|                                     | <u>FTE Positions</u> | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>   |
|-------------------------------------|----------------------|---------------------|--------------------|----------------|
| Transfers FTE positions             | (4.00)               | (\$793,547)         |                    | (\$793,547)    |
| Adds funding for operating expenses |                      | <u>820,022</u>      |                    | <u>820,022</u> |
| Total                               | (4.00)               | \$26,475            |                    | \$26,475       |

<sup>5</sup> Funding for operating expenses is adjusted as follows:

|                                                                                                                                  | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>  |
|----------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------|---------------|
| Reduces funding for information technology and maintenance costs                                                                 | (\$588,483)         | (\$247,461)        | (\$835,944)   |
| Adds funding for contracted custodians                                                                                           | 640,000             |                    | 640,000       |
| Increases funding for utility costs                                                                                              | 427,650             |                    | 427,650       |
| Adds funding for information technology costs associated with the state's accounting software and an employee onboarding project | 483,360             |                    | 483,360       |
| Adds funding for Microsoft Office 365 licensing                                                                                  | 55,584              | 21,724             | 77,308        |
| Increases funding for statewide memberships and dues                                                                             | <u>93,614</u>       |                    | <u>93,614</u> |
| Total                                                                                                                            | \$1,111,725         | (\$225,737)        | \$885,988     |

<sup>6</sup> Funding is reduced for the Emergency Commission contingency fund by \$100,000, from \$600,000 to \$500,000.

<sup>7</sup> Funding is reduced for bond payments to provide total funding of \$567,125.

<sup>8</sup> Funding from the general fund is increased for grants as follows:

- \$1,001,400 for guardianship grants to provide total funding of \$2,330,000.
- \$50,000 for community service supervision grants to provide total funding of \$400,000.
- \$200,000 for matching grants for Prairie Public Broadcasting to provide total funding of \$1,400,000.

<sup>9</sup> Funding is added for the following one-time items:

|                                                                                       | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>     |
|---------------------------------------------------------------------------------------|---------------------|--------------------|------------------|
| Extraordinary repairs (Capitol building fund)                                         |                     | \$1,900,000        | \$1,900,000      |
| Risk management technology project (risk management fund)                             |                     | 170,000            | 170,000          |
| State student internship program                                                      | \$250,000           |                    | 250,000          |
| Electronic procurement study                                                          | 50,000              |                    | 50,000           |
| Special assessments on Capitol grounds (Capitol building fund)                        |                     | 320,000            | 320,000          |
| Litigation funding pool (strategic investment and improvements fund)                  |                     | 2,500,000          | 2,500,000        |
| Assessment of state lands and facilities (strategic investment and improvements fund) |                     | <u>2,000,000</u>   | <u>2,000,000</u> |
| Total                                                                                 | \$300,000           | \$6,890,000        | \$7,190,000      |

This amendment also:

- Transfers \$182.3 million from the tax relief fund to the human service finance fund.
- Transfers \$500,000 from the strategic investment and improvements fund to the preliminary planning revolving fund.
- Authorizes the Office of Management and Budget (OMB) to transfer student internship funding and litigation funding to other state agencies.
- Identifies the funding designated for certain grants and expenses, including statewide memberships and dues.
- Identifies one-time funding of \$2.22 million from the Capitol building fund for extraordinary repairs (\$1.9 million)

and special assessments (\$320,000).

- Identifies one-time funding of \$170,000 from the risk management fund for an information technology project.
- Identifies one-time funding of \$4.5 million from the strategic investment and improvements fund for a litigation funding pool (\$2.5 million) and a state facility assessment (\$2 million).
- Authorizes OMB to provide a grant of up to \$200,000 to Prairie Public Broadcasting and requires dollar-for-dollar matching funds.
- Includes an exemption allowing 2017-19 biennium appropriation authority for the Fiscal Management Division of OMB to continue to be available in the 2019-21 biennium.
- Provides guidelines for salary increases averaging 2 percent with a minimum of \$80 per month to eligible state employees in the 1st year and averaging 3 percent in the 2nd year of the 2019-21 biennium.
- Increases performance bonus limits from \$1,000 to \$2,500 per employee per year and removes a provision limiting performance bonuses to 25 percent of the agency's staff.
- Creates a new shared services fund allowing state agencies to make payments to each other for shared services, including equipment, operating expenses, or salaries.
- Repeals the state employee suggestion incentive program at the end of the 2019-21 biennium.

## STATEMENT OF PURPOSE OF AMENDMENT:

### Senate Bill No. 2016 - Funding Summary

|                                    | Base<br>Budget     | Senate<br>Changes   | Senate<br>Version  |
|------------------------------------|--------------------|---------------------|--------------------|
| Adjutant General                   |                    |                     |                    |
| Salaries and wages                 | \$6,666,525        | \$147,083           | \$6,813,608        |
| Operating expenses                 | 3,525,934          | (758,613)           | 2,767,321          |
| Capital assets                     | 224,046            |                     | 224,046            |
| Grants                             | 318,553            | (107,637)           | 210,916            |
| Civil air patrol                   | 299,580            | 4,295               | 303,875            |
| Tuition, recruiting, and retention | 2,617,500          | 2,164,572           | 4,782,072          |
| Air guard contract                 | 8,098,582          | 443,544             | 8,542,126          |
| Army guard contract                | 57,717,944         | (10,818,059)        | 46,899,885         |
| Veterans' cemetery                 | 881,284            | 91,388              | 972,672            |
| Reintegration program              | 1,261,384          | (213,635)           | 1,047,749          |
| Camp Grafton expansion             |                    | 600,000             | 600,000            |
| Total all funds                    | \$81,611,332       | (\$8,447,062)       | \$73,164,270       |
| Less estimated income              | <u>65,174,778</u>  | <u>(10,426,348)</u> | <u>54,748,430</u>  |
| General fund                       | \$16,436,554       | \$1,979,286         | \$18,415,840       |
| FTE                                | 155.00             | (1.00)              | 154.00             |
| Department of Emergency Services   |                    |                     |                    |
| Salaries and wages                 | \$12,551,119       | (\$1,226,414)       | \$11,324,705       |
| Operating expenses                 | 6,988,451          | 2,379,149           | 9,367,600          |
| Grants                             | 16,889,159         | (615,734)           | 16,273,425         |
| Disaster costs                     | 51,445,841         | (18,992,521)        | 32,453,320         |
| Capital assets                     |                    | 660,000             | 660,000            |
| Radio communications               |                    | 785,000             | 785,000            |
| Total all funds                    | \$87,874,570       | (\$17,010,520)      | \$70,864,050       |
| Less estimated income              | <u>78,424,702</u>  | <u>(16,757,646)</u> | <u>61,667,056</u>  |
| General fund                       | \$9,449,868        | (\$252,874)         | \$9,196,994        |
| FTE                                | 79.00              | (9.00)              | 70.00              |
| Bill total                         |                    |                     |                    |
| Total all funds                    | \$169,485,902      | (\$25,457,582)      | \$144,028,320      |
| Less estimated income              | <u>143,599,480</u> | <u>(27,183,994)</u> | <u>116,415,486</u> |
| General fund                       | \$25,886,422       | \$1,726,412         | \$27,612,834       |
| FTE                                | 234.00             | (10.00)             | 224.00             |

### Senate Bill No. 2016 - Adjutant General - Senate Action

|                                    | Base<br>Budget    | Senate<br>Changes   | Senate<br>Version |
|------------------------------------|-------------------|---------------------|-------------------|
| Salaries and wages                 | \$6,666,525       | \$147,083           | \$6,813,608       |
| Operating expenses                 | 3,525,934         | (758,613)           | 2,767,321         |
| Capital assets                     | 224,046           |                     | 224,046           |
| Grants                             | 318,553           | (107,637)           | 210,916           |
| Civil air patrol                   | 299,580           | 4,295               | 303,875           |
| Tuition, recruiting, and retention | 2,617,500         | 2,164,572           | 4,782,072         |
| Air guard contract                 | 8,098,582         | 443,544             | 8,542,126         |
| Army guard contract                | 57,717,944        | (10,818,059)        | 46,899,885        |
| Veterans' cemetery                 | 881,284           | 91,388              | 972,672           |
| Reintegration program              | 1,261,384         | (213,635)           | 1,047,749         |
| Camp Grafton expansion             |                   | 600,000             | 600,000           |
| Total all funds                    | \$81,611,332      | (\$8,447,062)       | \$73,164,270      |
| Less estimated income              | <u>65,174,778</u> | <u>(10,426,348)</u> | <u>54,748,430</u> |
| General fund                       | \$16,436,554      | \$1,979,286         | \$18,415,840      |
| FTE                                | 155.00            | (1.00)              | 154.00            |

## Department 540 - Adjutant General - Detail of Senate Changes

|                                       | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Adjusts FTE<br>Positions <sup>3</sup> | Adjusts<br>Funding for<br>National<br>Guard<br>Contracts <sup>4</sup> | Increases<br>Funding for<br>Tuition<br>Assistance <sup>5</sup> | Reduces<br>Funding for<br>Grants and<br>Operating<br>Expenses <sup>6</sup> |
|---------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------|-----------------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------------------|
| Salaries and wages                    | (\$18,506)                                                     | \$314,153                                                           | (\$148,564)                           |                                                                       |                                                                |                                                                            |
| Operating expenses                    |                                                                |                                                                     |                                       |                                                                       |                                                                | (\$758,613)                                                                |
| Capital assets                        |                                                                |                                                                     |                                       |                                                                       |                                                                |                                                                            |
| Grants                                |                                                                |                                                                     |                                       |                                                                       |                                                                | (107,637)                                                                  |
| Civil air patrol                      |                                                                | 7,927                                                               |                                       |                                                                       |                                                                | (3,632)                                                                    |
| Tuition, recruiting, and<br>retention |                                                                |                                                                     |                                       |                                                                       | \$2,164,572                                                    |                                                                            |
| Air guard contract                    | (12,999)                                                       | 281,543                                                             |                                       | \$175,000                                                             |                                                                |                                                                            |
| Army guard contract                   | 592                                                            | 660,005                                                             | 221,344                               | (11,700,000)                                                          |                                                                |                                                                            |
| Veterans' cemetery                    | 48,565                                                         | 42,823                                                              |                                       |                                                                       |                                                                |                                                                            |
| Reintegration program                 | 23,563                                                         | 49,499                                                              | (286,697)                             |                                                                       |                                                                |                                                                            |
| Camp Grafton expansion                |                                                                |                                                                     |                                       |                                                                       |                                                                |                                                                            |
| Total all funds                       | \$41,215                                                       | \$1,355,950                                                         | (\$213,917)                           | (\$11,525,000)                                                        | \$2,164,572                                                    | (\$869,882)                                                                |
| Less estimated income                 | 216,404                                                        | 888,530                                                             | (131,282)                             | (12,000,000)                                                          | 0                                                              | 0                                                                          |
| General fund                          | (\$175,189)                                                    | \$467,420                                                           | (\$82,635)                            | \$475,000                                                             | \$2,164,572                                                    | (\$869,882)                                                                |
| FTE                                   | 0.00                                                           | 0.00                                                                | (1.00)                                | 0.00                                                                  | 0.00                                                           | 0.00                                                                       |

|                                       | Adds Funding<br>for the Camp<br>Grafton<br>Expansion <sup>7</sup> | Total Senate<br>Changes |
|---------------------------------------|-------------------------------------------------------------------|-------------------------|
| Salaries and wages                    |                                                                   | \$147,083               |
| Operating expenses                    |                                                                   | (758,613)               |
| Capital assets                        |                                                                   |                         |
| Grants                                |                                                                   | (107,637)               |
| Civil air patrol                      |                                                                   | 4,295                   |
| Tuition, recruiting, and<br>retention |                                                                   | 2,164,572               |
| Air guard contract                    |                                                                   | 443,544                 |
| Army guard contract                   |                                                                   | (10,818,059)            |
| Veterans' cemetery                    |                                                                   | 91,388                  |
| Reintegration program                 |                                                                   | (213,635)               |
| Camp Grafton expansion                | \$600,000                                                         | 600,000                 |
| Total all funds                       | \$600,000                                                         | (\$8,447,062)           |
| Less estimated income                 | 600,000                                                           | (10,426,348)            |
| General fund                          | \$0                                                               | \$1,979,286             |
| FTE                                   | 0.00                                                              | (1.00)                  |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u> |
|---------------------------|---------------------|--------------------|--------------|
| Salary increase           | \$248,659           | \$444,672          | \$693,331    |
| Health insurance increase | 218,761             | 443,858            | \$662,619    |
| Total                     | \$467,420           | \$888,530          | \$1,355,950  |

<sup>3</sup> FTE positions and related funding are adjusted as follows:

|                                                  | <b>FTE<br/>Positions</b> | <b>General<br/>Fund</b> | <b>Other<br/>Funds</b> | <b>Total</b> |
|--------------------------------------------------|--------------------------|-------------------------|------------------------|--------------|
| Adds Fargo Readiness Center positions            | 3.00                     | \$131,028               | \$131,029              | \$262,057    |
| Removes carpenter                                | (1.00)                   | (148,564)               | 0                      | (148,564)    |
| Removes veterans' benefits specialists           | (2.00)                   | (286,697)               | 0                      | (286,697)    |
| Removes security officer                         | (1.00)                   | 0                       | (129,932)              | (129,932)    |
| Reclassifies security officer as project manager | 0.00                     | 221,598                 | (132,379)              | 89,219       |
| Total                                            | (1.00)                   | (\$82,635)              | (\$131,282)            | (\$213,917)  |

<sup>4</sup> Funding for the Air Guard and Army Guard contracts is adjusted as follows:

|                     | <b>General Fund</b> | <b>Other Funds</b> | <b>Total</b>   |
|---------------------|---------------------|--------------------|----------------|
| Air Guard contract  | \$175,000           | \$0                | \$175,000      |
| Army Guard contract | 300,000             | (12,000,000)       | (11,700,000)   |
| Total               | \$475,000           | (\$12,000,000)     | (\$11,525,000) |

<sup>5</sup> Funding of \$2,164,572 from the general fund is added to provide tuition assistance for National Guard members.

<sup>6</sup> Funding for operating expenses including travel, utilities, repairs, and information technology expenses, is reduced by \$762,245 from the general fund. Funding for city-owned armory grants is reduced by \$107,637 from the general fund due to the closure of armories in Mayville, Bottineau, Carrington, Grafton, Mott, and Rugby during the 2017-19 biennium.

<sup>7</sup> One-time funding of \$600,000 from the strategic investment and improvements fund is added for the Adjutant General to purchase options for the lease or purchase of up to 6,000 acres for the expansion of Camp Grafton.

#### Senate Bill No. 2016 - Department of Emergency Services - Senate Action

|                       | <b>Base<br/>Budget</b> | <b>Senate<br/>Changes</b> | <b>Senate<br/>Version</b> |
|-----------------------|------------------------|---------------------------|---------------------------|
| Salaries and wages    | \$12,551,119           | (\$1,226,414)             | \$11,324,705              |
| Operating expenses    | 6,988,451              | 2,379,149                 | 9,367,600                 |
| Capital assets        |                        | 660,000                   | 660,000                   |
| Grants                | 16,889,159             | (615,734)                 | 16,273,425                |
| Disaster costs        | 51,445,841             | (18,992,521)              | 32,453,320                |
| Radio communications  |                        | 785,000                   | 785,000                   |
| Total all funds       | \$87,874,570           | (\$17,010,520)            | \$70,864,050              |
| Less estimated income | 78,424,702             | (16,757,646)              | 61,667,056                |
| General fund          | \$9,449,868            | (\$252,874)               | \$9,196,994               |
| FTE                   | 79.00                  | (9.00)                    | 70.00                     |

#### Department 542 - Department of Emergency Services - Detail of Senate Changes

|                       | <b>Adjusts<br/>Funding for<br/>Base Payroll<br/>Changes<sup>1</sup></b> | <b>Adds Funding<br/>for Salary and<br/>Benefit<br/>Increases<sup>2</sup></b> | <b>Removes FTE<br/>Positions<sup>3</sup></b> | <b>Adjusts<br/>Funding and<br/>FTE Positions<br/>for IT<br/>Unification<sup>4</sup></b> | <b>Adjusts<br/>Funding for<br/>Operating<br/>Expenses<sup>5</sup></b> | <b>Reduces<br/>Funding for<br/>Disaster Costs<br/>and Grants<sup>6</sup></b> |
|-----------------------|-------------------------------------------------------------------------|------------------------------------------------------------------------------|----------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------------|
| Salaries and wages    | (\$478,711)                                                             | \$560,263                                                                    | (\$630,476)                                  | (\$677,490)                                                                             |                                                                       |                                                                              |
| Operating expenses    |                                                                         |                                                                              |                                              | 716,040                                                                                 | \$364,856                                                             |                                                                              |
| Capital assets        |                                                                         |                                                                              |                                              |                                                                                         |                                                                       |                                                                              |
| Grants                |                                                                         |                                                                              |                                              |                                                                                         |                                                                       | (\$615,734)                                                                  |
| Disaster costs        | (340,934)                                                               | 56,466                                                                       |                                              |                                                                                         |                                                                       | (18,708,053)                                                                 |
| Radio communications  |                                                                         |                                                                              |                                              |                                                                                         |                                                                       |                                                                              |
| Total all funds       | (\$819,645)                                                             | \$616,729                                                                    | (\$630,476)                                  | \$38,550                                                                                | \$364,856                                                             | (\$19,323,787)                                                               |
| Less estimated income | (819,646)                                                               | 309,029                                                                      | (48,591)                                     | 20,758                                                                                  | 542,338                                                               | (19,323,787)                                                                 |
| General fund          | \$1                                                                     | \$307,700                                                                    | (\$581,885)                                  | \$17,792                                                                                | (\$177,482)                                                           | \$0                                                                          |
| FTE                   | 0.00                                                                    | 0.00                                                                         | (5.00)                                       | (4.00)                                                                                  | 0.00                                                                  | 0.00                                                                         |

|                       | Adds One-Time Funding for State Radio <sup>7</sup> | Adds One-Time Funding for Equipment <sup>8</sup> | Total Senate Changes |
|-----------------------|----------------------------------------------------|--------------------------------------------------|----------------------|
| Salaries and wages    |                                                    |                                                  | (\$1,226,414)        |
| Operating expenses    | \$1,298,253                                        |                                                  | 2,379,149            |
| Capital assets        |                                                    | \$660,000                                        | 660,000              |
| Grants                |                                                    |                                                  | (615,734)            |
| Disaster costs        |                                                    |                                                  | (18,992,521)         |
| Radio communications  | <u>785,000</u>                                     |                                                  | <u>785,000</u>       |
| Total all funds       | \$2,083,253                                        | \$660,000                                        | (\$17,010,520)       |
| Less estimated income | <u>1,902,253</u>                                   | <u>660,000</u>                                   | <u>(16,757,646)</u>  |
| General fund          | \$181,000                                          | \$0                                              | (\$252,874)          |
| FTE                   | 0.00                                               | 0.00                                             | (9.00)               |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>   |
|---------------------------|---------------------|--------------------|----------------|
| Salary increase           | \$159,354           | \$162,877          | \$322,231      |
| Health insurance increase | <u>148,346</u>      | <u>146,152</u>     | <u>294,498</u> |
| Total                     | \$307,700           | \$309,029          | \$616,729      |

<sup>3</sup> FTE positions and related funding are adjusted as follows:

|                                    | <u>FTE Positions</u> | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>     |
|------------------------------------|----------------------|---------------------|--------------------|------------------|
| Removes communications specialists | (4.00)               | (\$437,314)         | (\$48,591)         | (\$485,905)      |
| Removes GIS specialist             | <u>(1.00)</u>        | <u>(144,571)</u>    | <u>0</u>           | <u>(144,571)</u> |
| Total                              | (5.00)               | (\$581,885)         | (\$48,591)         | (\$630,476)      |

<sup>4</sup> Funding and FTE positions are adjusted as follows for the information technology unification initiative:

|                                     | <u>FTE Positions</u> | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u>   |
|-------------------------------------|----------------------|---------------------|--------------------|----------------|
| Transfers FTE positions             | (4.00)               | (\$310,746)         | (\$366,744)        | (\$677,490)    |
| Adds funding for operating expenses | <u>0.00</u>          | <u>328,538</u>      | <u>387,502</u>     | <u>716,040</u> |
| Total                               | (4.00)               | \$17,792            | \$20,758           | \$38,550       |

<sup>5</sup> Funding for operating expenses, including miscellaneous supplies, repairs, professional services, and information technology expenses, is reduced by \$177,482 from the general fund and increased by \$542,338 from the radio communications fund.

<sup>6</sup> Funding for disaster costs is reduced by \$18.7 million, including a reduction of \$5.4 million from the state disaster relief trust fund and a reduction of \$13.3 million from federal funds. Funding from federal funds is also reduced by \$615,734 for Department of Emergency Services grants.

<sup>7</sup> One-time funding is added for State Radio as follows:

|                                                  | <u>General Fund</u> | <u>Strategic Investment and Improvements Fund</u> | <u>Total</u> |
|--------------------------------------------------|---------------------|---------------------------------------------------|--------------|
| Uninterruptible power supply battery replacement | \$20,000            | \$0                                               | \$20,000     |
| Computer-aided dispatch equipment replacement    | 66,000              | 450,000                                           | 516,000      |
| Message switch system upgrade                    | 95,000              | 240,000                                           | 335,000      |
| Dispatching service revenue shortfall            | 0                   | 1,212,253                                         | 1,212,253    |
| Total                                            | \$181,000           | \$1,902,253                                       | \$2,083,253  |

<sup>8</sup> One-time funding of \$660,000 from federal funds is added for Department of Emergency Services equipment.

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**Senate Bill No. 2016 - Other Changes - Senate Action**

This amendment also:

- Adds a section of legislative intent regarding the purchase of options for the future expansion of Camp Grafton.
- Amends North Dakota Century Code Section 37-07.1-03 to increase the National Guard tuition waiver from 25 to 35 percent.
- Amends Section 37-07.2-01 to provide the increased tuition waiver does not affect the National Guard tuition grant amounts paid to nonstate institutions of higher education.
- Adds 6 new sections to allow the following items to be continued and expended during the 2019-21 biennium:
  - Unexpended general or special funds authority carried over in the radio communications line item from the 2013-15 biennium relating to the State Radio tower package may be used for that purpose or for technology upgrade costs relating to the statewide interoperable radio network;
  - Unexpended general or special funds authority in the tuition, recruiting, and retention line item from the 2017-19 biennium relating to tuition assistance, recruiting, and retention incentives for eligible members of the National Guard;
  - Unexpended general or special funds authority carried over in the grants line item from the 2015-17 biennium relating to adjusted compensation for veterans;
  - Unexpended special funds authority from the strategic investment and improvements fund from the 2017-19 biennium relating to mobile repeaters and programming radios;
  - Unexpended general or special funds authority in the disaster costs line item from the 2011-13 biennium relating to grants to political subdivisions for amounts required to match federal dollars on road grade raising projects and federal emergency relief funding; and
  - Unexpended funds appropriated from the state disaster relief trust fund in the disaster costs line item from the 2017-19 biennium relating to the state share of disaster costs.
- Adds a section to declare the Camp Grafton expansion line item and provisions and the tuition, recruiting, and retention line item to be an emergency measure.

# STATEMENT OF PURPOSE OF AMENDMENT:

## Senate Bill No. 2017 - Funding Summary

|                                      | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|--------------------------------------|----------------|-------------------|-------------------|
| Game and Fish Department             |                |                   |                   |
| Salaries and wages                   | \$29,854,874   | \$1,071,380       | \$30,926,254      |
| Operating expenses                   | 15,338,130     | 1,166,727         | 16,504,857        |
| Capital assets                       | 6,080,956      | (163,065)         | 5,917,891         |
| Grants - Game and fish               | 9,650,184      | (1,103,019)       | 8,547,165         |
| Land habitat and deer<br>depredation | 17,824,177     | (165,196)         | 17,658,981        |
| Noxious weed control                 | 725,000        |                   | 725,000           |
| Missouri River<br>enforcement        | 283,857        | 4,143             | 288,000           |
| Grants - Gifts - Donations           | 802,201        | (268,581)         | 533,620           |
| Nongame wildlife<br>conservation     | 120,000        | (20,000)          | 100,000           |
| Lonetree reservoir                   | 1,798,119      | 36,248            | 1,834,367         |
| Wildlife services                    | 500,000        |                   | 500,000           |
| Shooting sports grant<br>program     | 250,000        |                   | 250,000           |
| Total all funds                      | \$83,227,498   | \$558,637         | \$83,786,135      |
| Less estimated income                | 83,227,498     | 558,637           | 83,786,135        |
| General fund                         | \$0            | \$0               | \$0               |
| FTE                                  | 163.00         | (3.00)            | 160.00            |
| Bill total                           |                |                   |                   |
| Total all funds                      | \$83,227,498   | \$558,637         | \$83,786,135      |
| Less estimated income                | 83,227,498     | 558,637           | 83,786,135        |
| General fund                         | \$0            | \$0               | \$0               |
| FTE                                  | 163.00         | (3.00)            | 160.00            |

## Senate Bill No. 2017 - Game and Fish Department - Senate Action

|                                      | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|--------------------------------------|----------------|-------------------|-------------------|
| Salaries and wages                   | \$29,854,874   | \$1,071,380       | \$30,926,254      |
| Operating expenses                   | 15,338,130     | 1,166,727         | 16,504,857        |
| Capital assets                       | 6,080,956      | (163,065)         | 5,917,891         |
| Grants - Game and fish               | 9,650,184      | (1,103,019)       | 8,547,165         |
| Land habitat and deer<br>depredation | 17,824,177     | (165,196)         | 17,658,981        |
| Noxious weed control                 | 725,000        |                   | 725,000           |
| Missouri River enforcement           | 283,857        | 4,143             | 288,000           |
| Grants - Gifts - Donations           | 802,201        | (268,581)         | 533,620           |
| Nongame wildlife conservation        | 120,000        | (20,000)          | 100,000           |
| Lonetree reservoir                   | 1,798,119      | 36,248            | 1,834,367         |
| Wildlife services                    | 500,000        |                   | 500,000           |
| Shooting sports grant program        | 250,000        |                   | 250,000           |
| Total all funds                      | \$83,227,498   | \$558,637         | \$83,786,135      |
| Less estimated income                | 83,227,498     | 558,637           | 83,786,135        |
| General fund                         | \$0            | \$0               | \$0               |
| FTE                                  | 163.00         | (3.00)            | 160.00            |



## Department 720 - Game and Fish Department - Detail of Senate Changes

|                                      | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Transfers 3<br>FTE Positions<br>for IT<br>Unification <sup>3</sup> | Underfunds<br>Salaries and<br>Wages <sup>4</sup> | Reduces<br>Funding for<br>Temporary<br>Employees <sup>5</sup> | Reduces<br>Funding for<br>Grants <sup>6</sup> |
|--------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------|
| Salaries and wages                   | \$478,818                                                      | \$1,463,409                                                         | (\$519,904)                                                        | (\$302,943)                                      | (\$48,000)                                                    |                                               |
| Operating expenses                   |                                                                |                                                                     | 555,688                                                            |                                                  |                                                               |                                               |
| Capital assets                       |                                                                |                                                                     |                                                                    |                                                  |                                                               |                                               |
| Grants - Game and fish               |                                                                |                                                                     |                                                                    |                                                  |                                                               | (\$1,603,019)                                 |
| Land habitat and deer<br>depredation | (561,331)                                                      | 73,937                                                              |                                                                    | (39,134)                                         |                                                               | (530)                                         |
| Noxious weed control                 | (111,678)                                                      |                                                                     |                                                                    |                                                  |                                                               |                                               |
| Missouri River enforcement           | 10,603                                                         | 4,145                                                               |                                                                    |                                                  |                                                               |                                               |
| Grants - Gifts - Donations           | 33,508                                                         | 8,620                                                               |                                                                    |                                                  | (25,000)                                                      | (80,000)                                      |
| Nongame wildlife conservation        |                                                                |                                                                     |                                                                    |                                                  |                                                               | (20,000)                                      |
| Lonetree reservoir                   | 717                                                            | 36,248                                                              |                                                                    |                                                  |                                                               |                                               |
| Wildlife services                    |                                                                |                                                                     |                                                                    |                                                  |                                                               |                                               |
| Shooting sports grant program        |                                                                |                                                                     |                                                                    |                                                  |                                                               |                                               |
| Total all funds                      | (\$149,363)                                                    | \$1,586,359                                                         | \$35,784                                                           | (\$342,077)                                      | (\$73,000)                                                    | (\$1,703,549)                                 |
| Less estimated income                | (149,363)                                                      | 1,586,359                                                           | 35,784                                                             | (342,077)                                        | (73,000)                                                      | (1,703,549)                                   |
| General fund                         | \$0                                                            | \$0                                                                 | \$0                                                                | \$0                                              | \$0                                                           | \$0                                           |
| FTE                                  | 0.00                                                           | 0.00                                                                | (3.00)                                                             | 0.00                                             | 0.00                                                          | 0.00                                          |

|                                      | Increases<br>Funding for<br>Federal<br>Shooting<br>Range Grants <sup>7</sup> | Adjusts Base<br>Level Funding <sup>8</sup> | Adds Funding<br>for Microsoft<br>Office 365 <sup>9</sup> | Total Senate<br>Changes |
|--------------------------------------|------------------------------------------------------------------------------|--------------------------------------------|----------------------------------------------------------|-------------------------|
| Salaries and wages                   |                                                                              |                                            |                                                          | \$1,071,380             |
| Operating expenses                   |                                                                              | \$488,405                                  | \$122,634                                                | 1,166,727               |
| Capital assets                       |                                                                              | (163,065)                                  |                                                          | (163,065)               |
| Grants - Game and fish               | \$500,000                                                                    |                                            |                                                          | (1,103,019)             |
| Land habitat and deer<br>depredation |                                                                              | 361,862                                    |                                                          | (165,196)               |
| Noxious weed control                 |                                                                              | 111,678                                    |                                                          |                         |
| Missouri River enforcement           |                                                                              | (10,605)                                   |                                                          | 4,143                   |
| Grants - Gifts - Donations           |                                                                              | (205,709)                                  |                                                          | (268,581)               |
| Nongame wildlife conservation        |                                                                              |                                            |                                                          | (20,000)                |
| Lonetree reservoir                   |                                                                              | (717)                                      |                                                          | 36,248                  |
| Wildlife services                    |                                                                              |                                            |                                                          |                         |
| Shooting sports grant program        |                                                                              |                                            |                                                          |                         |
| Total all funds                      | \$500,000                                                                    | \$581,849                                  | \$122,634                                                | \$558,637               |
| Less estimated income                | 500,000                                                                      | 581,849                                    | 122,634                                                  | 558,637                 |
| General fund                         | \$0                                                                          | \$0                                        | \$0                                                      | \$0                     |
| FTE                                  | 0.00                                                                         | 0.00                                       | 0.00                                                     | (3.00)                  |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

| <b>Other Funds</b>        |             |
|---------------------------|-------------|
| Salary increase           | \$890,275   |
| Health insurance increase | 696,084     |
| Total                     | \$1,586,359 |

<sup>3</sup> Three FTE positions are transferred to the Information Technology Department for the IT unification project, resulting in reduced salaries and wages of \$519,904 and increased operating expenses of \$555,688.

<sup>4</sup> The salaries and wages (\$302,943) and the land habitat and deer depredation (\$39,134) line items are underfunded in anticipation of savings resulting from vacant positions and employee turnover.

<sup>5</sup> Funding for temporary employees is reduced.

<sup>6</sup> Funding for grants is reduced.

<sup>7</sup> Federal fund spending authority is increased for federal shooting range grants.

<sup>8</sup> Base level funding is adjusted as follows:

|                                                           | <u><b>Other Funds</b></u> |
|-----------------------------------------------------------|---------------------------|
| Increase funding for operating expenses                   | \$1,074,294               |
| Reduce funding for motor vehicles                         | (179,859)                 |
| Reduce capital asset funding                              | (246,685)                 |
| Reduce other information technology funding               | (207,000)                 |
| Increase funding for equipment over \$5,000               | 108,344                   |
| Increase building, grounds, and equipment repairs funding | 80,627                    |
| Reduce extraordinary repairs funding                      | (27,665)                  |
| Reduce land and buildings funding                         | <u>(20,207)</u>           |
| Total                                                     | \$581,849                 |

<sup>9</sup> Funding is added for Microsoft Office 365 licensing.

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Amends Section 20.1-02-16.1 relating to the game and fish fund to authorize the investment of up to \$15 million of the balance of the game and fish fund.

## STATEMENT OF PURPOSE OF AMENDMENT:

### Senate Bill No. 2018 - Funding Summary

|                          | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|--------------------------|----------------|-------------------|-------------------|
| State Historical Society |                |                   |                   |
| Salaries and wages       | \$13,595,892   | \$655,962         | \$14,251,854      |
| Operating expenses       | 3,885,894      | 55,691            | 3,941,585         |
| Capital assets           | 1,747,653      | 1,037,889         | 2,785,542         |
| Grants                   | 600,000        |                   | 600,000           |
| Exhibits                 |                | 372,000           | 372,000           |
| Cultural heritage grants |                | 20,000            | 20,000            |
| Total all funds          | \$19,829,439   | \$2,141,542       | \$21,970,981      |
| Less estimated income    | 3,155,795      | 321,858           | 3,477,653         |
| General fund             | \$16,673,644   | \$1,819,684       | \$18,493,328      |
| FTE                      | 75.00          | 0.00              | 75.00             |
| Bill total               |                |                   |                   |
| Total all funds          | \$19,829,439   | \$2,141,542       | \$21,970,981      |
| Less estimated income    | 3,155,795      | 321,858           | 3,477,653         |
| General fund             | \$16,673,644   | \$1,819,684       | \$18,493,328      |
| FTE                      | 75.00          | 0.00              | 75.00             |

### Senate Bill No. 2018 - State Historical Society - Senate Action

|                          | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|--------------------------|----------------|-------------------|-------------------|
| Salaries and wages       | \$13,595,892   | \$655,962         | \$14,251,854      |
| Operating expenses       | 3,885,894      | 55,691            | 3,941,585         |
| Capital assets           | 1,747,653      | 1,037,889         | 2,785,542         |
| Grants                   | 600,000        |                   | 600,000           |
| Exhibits                 |                | 372,000           | 372,000           |
| Cultural heritage grants |                | 20,000            | 20,000            |
| Total all funds          | \$19,829,439   | \$2,141,542       | \$21,970,981      |
| Less estimated income    | 3,155,795      | 321,858           | 3,477,653         |
| General fund             | \$16,673,644   | \$1,819,684       | \$18,493,328      |
| FTE                      | 75.00          | 0.00              | 75.00             |

### Department 701 - State Historical Society - Detail of Senate Changes

|                          | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Removes<br>Ongoing<br>Funding for<br>Extraordinary<br>Repairs <sup>3</sup> | Reduces<br>Funding for<br>Bond<br>Payments <sup>4</sup> | Adds Funding<br>for Microsoft<br>Office 365 <sup>5</sup> | Adds Funding<br>for Cultural<br>Heritage<br>Grants <sup>6</sup> |
|--------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|----------------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------|
| Salaries and wages       | (\$14,150)                                                     | \$670,112                                                           |                                                                            |                                                         |                                                          |                                                                 |
| Operating expenses       |                                                                |                                                                     |                                                                            |                                                         | \$55,691                                                 |                                                                 |
| Capital assets           |                                                                |                                                                     | (\$307,357)                                                                | (\$214,754)                                             |                                                          |                                                                 |
| Grants                   |                                                                |                                                                     |                                                                            |                                                         |                                                          |                                                                 |
| Exhibits                 |                                                                |                                                                     |                                                                            |                                                         |                                                          |                                                                 |
| Cultural heritage grants |                                                                |                                                                     |                                                                            |                                                         |                                                          | \$20,000                                                        |
| Total all funds          | (\$14,150)                                                     | \$670,112                                                           | (\$307,357)                                                                | (\$214,754)                                             | \$55,691                                                 | \$20,000                                                        |
| Less estimated income    | (14,150)                                                       | 51,008                                                              | 0                                                                          | 0                                                       | 0                                                        | 0                                                               |
| General fund             | \$0                                                            | \$619,104                                                           | (\$307,357)                                                                | (\$214,754)                                             | \$55,691                                                 | \$20,000                                                        |
| FTE                      | 0.00                                                           | 0.00                                                                | 0.00                                                                       | 0.00                                                    | 0.00                                                     | 0.00                                                            |

|                          | Adds Funding<br>for Historic<br>Site and<br>Extraordinary<br>Repairs <sup>7</sup> | Adds Funding<br>for Exhibit and<br>Collections<br>Care <sup>8</sup> | Adds Funding<br>for Auditorium<br>Chairs <sup>9</sup> | Adds Funding<br>for Whitestone<br>Hill Native<br>Memorial <sup>10</sup> | Total Senate<br>Changes |
|--------------------------|-----------------------------------------------------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------------|-------------------------|
| Salaries and wages       |                                                                                   |                                                                     |                                                       |                                                                         | \$655,962               |
| Operating expenses       |                                                                                   |                                                                     |                                                       |                                                                         | 55,691                  |
| Capital assets           | \$1,000,000                                                                       |                                                                     | \$160,000                                             | \$400,000                                                               | 1,037,889               |
| Grants                   |                                                                                   |                                                                     |                                                       |                                                                         |                         |
| Exhibits                 |                                                                                   | \$372,000                                                           |                                                       |                                                                         | 372,000                 |
| Cultural heritage grants |                                                                                   |                                                                     |                                                       |                                                                         | 20,000                  |
| Total all funds          | \$1,000,000                                                                       | \$372,000                                                           | \$160,000                                             | \$400,000                                                               | \$2,141,542             |
| Less estimated income    | 0                                                                                 | 0                                                                   | 85,000                                                | 200,000                                                                 | 321,858                 |
| General fund             | \$1,000,000                                                                       | \$372,000                                                           | \$75,000                                              | \$200,000                                                               | \$1,819,684             |
| FTE                      | 0.00                                                                              | 0.00                                                                | 0.00                                                  | 0.00                                                                    | 0.00                    |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u> |
|---------------------------|---------------------|--------------------|--------------|
| Salary increase           | \$321,930           | \$26,913           | \$348,843    |
| Health insurance increase | 297,174             | 24,095             | 321,269      |
| Total                     | \$619,104           | \$51,008           | \$670,112    |

<sup>3</sup> Funding is removed for extraordinary repairs.

<sup>4</sup> Funding is reduced for bond payments to provide a total of \$1,144,542.

<sup>5</sup> Funding is added for Microsoft Office 365 licensing.

<sup>6</sup> Funding is added for cultural heritage grants for the agency's education and innovation initiative in the agency's strategic plan.

<sup>7</sup> One-time funding from the general fund is added for historic site and extraordinary repairs.

<sup>8</sup> One-time funding from the general fund is added for exhibits and collections care.

<sup>9</sup> One-time funding of \$160,000 from the general fund (\$75,000) and other funds (\$85,000) is added for the replacement of auditorium chairs in the Heritage Center.

<sup>10</sup> One-time funding of \$400,000 from the general fund (\$200,000) and other funds (\$200,000) is added for the Whitestone Hill native memorial.

A section is added authorizing the agency to spend \$25,000 of the general fund appropriation after June 30, 2019, for the planning and design of the Whitestone Hill native memorial. The agency may spend, on a \$1 for \$1 match from other funds, the remaining \$175,000 from the general fund for the memorial, during the 2019-21 biennium.

## STATEMENT OF PURPOSE OF AMENDMENT:

### Senate Bill No. 2019 - Funding Summary

|                                        | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|----------------------------------------|----------------|-------------------|-------------------|
| Parks and Recreation<br>Department     |                |                   |                   |
| Administration                         | \$2,668,728    | (\$65,123)        | \$2,603,605       |
| Park operations and<br>maintenance     | 20,570,558     | 3,340,362         | 23,910,920        |
| Recreation                             | 7,039,554      | 2,284,745         | 9,324,299         |
| International Peace<br>Garden          | 876,329        | 2,000,000         | 2,876,329         |
| Lewis and Clark<br>Interpretive Center | 1,250,687      | 51,017            | 1,301,704         |
|                                        |                |                   |                   |
| Total all funds                        | \$32,405,856   | \$7,611,001       | \$40,016,857      |
| Less estimated income                  | 17,751,580     | 7,939,828         | 25,691,408        |
| General fund                           | \$14,654,276   | (\$328,827)       | \$14,325,449      |
|                                        |                |                   |                   |
| FTE                                    | 62.50          | (1.00)            | 61.50             |
|                                        |                |                   |                   |
| Bill total                             |                |                   |                   |
| Total all funds                        | \$32,405,856   | \$7,611,001       | \$40,016,857      |
| Less estimated income                  | 17,751,580     | 7,939,828         | 25,691,408        |
| General fund                           | \$14,654,276   | (\$328,827)       | \$14,325,449      |
|                                        |                |                   |                   |
| FTE                                    | 62.50          | (1.00)            | 61.50             |

### Senate Bill No. 2019 - Parks and Recreation Department - Senate Action

|                                        | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|----------------------------------------|----------------|-------------------|-------------------|
| Administration                         | \$2,668,728    | (\$65,123)        | \$2,603,605       |
| Park operations and<br>maintenance     | 20,570,558     | 3,340,362         | 23,910,920        |
| Recreation                             | 7,039,554      | 2,284,745         | 9,324,299         |
| International Peace Garden             | 876,329        | 2,000,000         | 2,876,329         |
| Lewis and Clark Interpretive<br>Center | 1,250,687      | 51,017            | 1,301,704         |
|                                        |                |                   |                   |
| Total all funds                        | \$32,405,856   | \$7,611,001       | \$40,016,857      |
| Less estimated income                  | 17,751,580     | 7,939,828         | 25,691,408        |
| General fund                           | \$14,654,276   | (\$328,827)       | \$14,325,449      |
|                                        |                |                   |                   |
| FTE                                    | 62.50          | (1.00)            | 61.50             |

### Department 750 - Parks and Recreation Department - Detail of Senate Changes

|                                        | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Transfers 1<br>FTE for<br>Information<br>Technology<br>Unification <sup>3</sup> | Adjusts<br>Funding for<br>Salary and<br>Wages <sup>4</sup> | Increases<br>Federal Funds<br>Authority for<br>the Land and<br>Water<br>Conservation<br>Fund <sup>5</sup> | Adjusts<br>Funding for<br>Extraordinary<br>Repairs <sup>6</sup> |
|----------------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| Administration                         | \$173,433                                                      | \$68,643                                                            | \$13,446                                                                        | (\$105,086)                                                |                                                                                                           |                                                                 |
| Park operations and<br>maintenance     | (326,184)                                                      | 458,706                                                             |                                                                                 |                                                            |                                                                                                           |                                                                 |
| Recreation                             | 27,978                                                         | 45,885                                                              |                                                                                 |                                                            | \$1,910,882                                                                                               |                                                                 |
| International Peace Garden             |                                                                |                                                                     |                                                                                 |                                                            |                                                                                                           |                                                                 |
| Lewis and Clark Interpretive<br>Center | (36,206)                                                       | 37,223                                                              |                                                                                 |                                                            |                                                                                                           |                                                                 |
|                                        |                                                                |                                                                     |                                                                                 |                                                            |                                                                                                           |                                                                 |
| Total all funds                        | (\$160,979)                                                    | \$610,457                                                           | \$13,446                                                                        | (\$105,086)                                                | \$1,910,882                                                                                               | \$0                                                             |
| Less estimated income                  | (187,033)                                                      | 36,758                                                              | 0                                                                               | 0                                                          | 1,910,882                                                                                                 | 947,794                                                         |
| General fund                           | \$26,054                                                       | \$573,699                                                           | \$13,446                                                                        | (\$105,086)                                                | \$0                                                                                                       | (\$947,794)                                                     |
|                                        |                                                                |                                                                     |                                                                                 |                                                            |                                                                                                           |                                                                 |
| FTE                                    | 0.00                                                           | 0.00                                                                | (1.00)                                                                          | 0.00                                                       | 0.00                                                                                                      | 0.00                                                            |

|                                        | Reduces<br>Funding for<br>Agency<br>Operations <sup>7</sup> | Adjusts<br>Funding for<br>Lewis and<br>Clark<br>Interpretive<br>Center<br>Operations <sup>8</sup> | Adds Funding<br>for Microsoft<br>Office 365<br>Licensing <sup>9</sup> | Reduces<br>Funding for<br>Bond<br>Payments <sup>10</sup> | Adds One-<br>Time Funding<br>for Additional<br>Extraordinary<br>Repairs <sup>11</sup> | Adds One-<br>Time Funding<br>for Capital<br>Projects <sup>12</sup> |
|----------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| Administration                         |                                                             |                                                                                                   |                                                                       |                                                          |                                                                                       |                                                                    |
| Park operations and<br>maintenance     | (\$103,286)                                                 |                                                                                                   | (\$208,791)<br>300,000                                                | (\$6,768)                                                | \$634,126                                                                             | \$1,755,000                                                        |
| Recreation                             |                                                             |                                                                                                   |                                                                       |                                                          |                                                                                       |                                                                    |
| International Peace Garden             |                                                             | \$50,000                                                                                          |                                                                       |                                                          |                                                                                       | 2,000,000                                                          |
| Lewis and Clark Interpretive<br>Center |                                                             |                                                                                                   |                                                                       |                                                          |                                                                                       |                                                                    |
| Total all funds                        | (\$103,286)                                                 | \$50,000                                                                                          | \$91,209                                                              | (\$6,768)                                                | \$634,126                                                                             | \$3,755,000                                                        |
| Less estimated income                  | (103,286)                                                   | 516                                                                                               | 23,071                                                                | 0                                                        | 634,126                                                                               | 3,755,000                                                          |
| General fund                           | \$0                                                         | \$49,484                                                                                          | \$68,138                                                              | (\$6,768)                                                | \$0                                                                                   | \$0                                                                |
| FTE                                    | 0.00                                                        | 0.00                                                                                              | 0.00                                                                  | 0.00                                                     | 0.00                                                                                  | 0.00                                                               |

|                                        | Adds One-<br>Time Funding<br>for Additional<br>Equipment <sup>13</sup> | Adds One-<br>Time Funding<br>for a State<br>Park Survey <sup>14</sup> | Adds One-<br>Time Funding<br>for Recreation<br>Mapping <sup>15</sup> | Adds One-<br>Time Funding<br>for Traffic<br>Counters <sup>16</sup> | Total Senate<br>Changes |
|----------------------------------------|------------------------------------------------------------------------|-----------------------------------------------------------------------|----------------------------------------------------------------------|--------------------------------------------------------------------|-------------------------|
| Administration                         |                                                                        |                                                                       |                                                                      |                                                                    | (\$65,123)              |
| Park operations and<br>maintenance     | \$622,000                                                              |                                                                       |                                                                      |                                                                    | 3,340,362               |
| Recreation                             |                                                                        | \$150,000                                                             | \$75,000                                                             | \$75,000                                                           | 2,284,745               |
| International Peace Garden             |                                                                        |                                                                       |                                                                      |                                                                    | 2,000,000               |
| Lewis and Clark Interpretive<br>Center |                                                                        |                                                                       |                                                                      |                                                                    | 51,017                  |
| Total all funds                        | \$622,000                                                              | \$150,000                                                             | \$75,000                                                             | \$75,000                                                           | \$7,611,001             |
| Less estimated income                  | 622,000                                                                | 150,000                                                               | 75,000                                                               | 75,000                                                             | 7,939,828               |
| General fund                           | \$0                                                                    | \$0                                                                   | \$0                                                                  | \$0                                                                | (\$328,827)             |
| FTE                                    | 0.00                                                                   | 0.00                                                                  | 0.00                                                                 | 0.00                                                               | (1.00)                  |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u> |
|---------------------------|---------------------|--------------------|--------------|
| Salary increase           | \$303,268           | \$12,691           | \$315,959    |
| Health insurance increase | 270,431             | 24,067             | 294,498      |
| Total                     | \$573,699           | \$36,758           | \$610,457    |

<sup>3</sup> One FTE position is transferred to the Information Technology Department for the information technology unification project, resulting in reduced salaries and wages of \$177,868 and increased operating expenses of \$191,314 in the administration line item.

<sup>4</sup> Funding for salaries and wages is reduced by \$105,086 from the general fund.

<sup>5</sup> Federal funds spending authority is increased for the land and water conservation fund.

<sup>6</sup> Funding of \$947,794 is reduced from the general fund and \$947,794 is increased from other funds for extraordinary repairs.

<sup>7</sup> Funding is reduced for park operations and maintenance.

<sup>8</sup> Funding is increased by \$50,000 for the Lewis and Clark Interpretive Center operations, of which \$49,484 is from the general fund and \$516 is from other funds.

<sup>9</sup> Funding for Microsoft Office 365 license expense is added.

<sup>10</sup> Funding is reduced by \$6,768 from the general fund for bond payments.

<sup>11</sup> One-time funding of \$634,126 is added from other funds for additional extraordinary repairs.

<sup>12</sup> One-time funding of \$3,755,000 is added from the strategic investment and improvements fund for capital projects (\$1,755,000) and for International Peace Garden capital projects (\$2,000,000).

<sup>13</sup> One-time funding of \$622,000 is added from other funds for additional equipment.

<sup>14</sup> One-time funding of \$150,000 is added from other funds for a state park survey.

<sup>15</sup> One-time funding of \$75,000 is added from other funds for recreation mapping.

<sup>16</sup> One-time funding of \$75,000 is added from other funds for traffic counters.

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This amendment also adds sections to:

- Provide \$122,000 from the game and fish operating fund, or federal or other funds available to the Game and Fish Department, must be transferred to the Parks and Recreation Department for maintenance, operating, and extraordinary repairs expenses relating to boat ramps at state parks for the 2019-21 biennium.
- Identify \$100,000 of grant funding in the estimated income line item is from the Department of Transportation for defraying the expenses of the Lewis and Clark Interpretive Center for the 2019-21 biennium.
- Provide an appropriation of any additional federal funds or other funds which become available to the Parks and Recreation Department for the 2019-21 biennium.
- Exempt any funds included in the International Peace Garden line item for repair of the Peace Tower in Section 30 of Chapter 15 of the 2013 Session Laws, from the provisions of North Dakota Century Code Section 54-44.1-11, relating to cancellation of unexpended appropriations. The section also requires the Parks and Recreation Department to review and accept engineering proposals and specifications before committing additional funds to the project and to assist with bidding and construction of any work associated with this section.
- Exempt any funds remaining for park enhancements in Section 1 of Chapter 53 of the 2015 Session Laws from the provisions of Section 54-44.1-11, relating to cancellation of unexpended appropriations.
- Exempt any funds remaining for recreation opportunities on sovereign lands in Section 1 of Chapter 18 of the 2017 Session Laws from the provisions of Section 54-44.1-11, relating to cancellation of unexpended appropriations.
- Require, for the International Peace Garden capital projects in subdivision 2 of Section 1, dollar-for-dollar matching funds from nonstate sources. The section also requires the Parks and Recreation Department to review and accept engineering proposals and specifications before committing additional funds to the projects and to assist with bidding and construction of any work associated with this section.
- Identify \$3,755,000 from the strategic investment and improvements fund for capital projects and International Peace Garden capital projects for the 2019-21 biennium.
- Amend Section 55-08-07.1 to authorize the Parks and Recreation Department to transfer any unobligated funds from the state parks and recreation concession revolving fund to the state park operating fund.

# STATEMENT OF PURPOSE OF AMENDMENT:

## Senate Bill No. 2020 - Funding Summary

|                             | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|-----------------------------|----------------|-------------------|-------------------|
| State Water Commission      |                |                   |                   |
| Salaries and wages          | \$19,659,298   | \$173,833         | \$19,833,131      |
| Operating expenses          | 58,044,691     | (14,188,938)      | 43,855,753        |
| Capital assets              | 124,819,442    | 23,119,316        | 147,938,758       |
| Project carryover           | 274,867,897    | 33,465,921        | 308,333,818       |
| New projects                | 169,782,147    | (169,782,147)     |                   |
| Water supply - Grants       |                | 115,000,000       | 115,000,000       |
| Rural water supply - Grants |                | 30,000,000        | 30,000,000        |
| General water - Grants      |                | 35,255,000        | 35,255,000        |
| Flood control - Grants      |                | 145,000,000       | 145,000,000       |
| Total all funds             | \$647,173,475  | \$198,042,985     | \$845,216,460     |
| Less estimated income       | 647,173,475    | 198,042,985       | 845,216,460       |
| General fund                | \$0            | \$0               | \$0               |
| FTE                         | 93.00          | (3.00)            | 90.00             |
| Bill total                  |                |                   |                   |
| Total all funds             | \$647,173,475  | \$198,042,985     | \$845,216,460     |
| Less estimated income       | 647,173,475    | 198,042,985       | 845,216,460       |
| General fund                | \$0            | \$0               | \$0               |
| FTE                         | 93.00          | (3.00)            | 90.00             |

## Senate Bill No. 2020 - State Water Commission - Senate Action

|                             | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|-----------------------------|----------------|-------------------|-------------------|
| Salaries and wages          | \$19,659,298   | \$173,833         | \$19,833,131      |
| Operating expenses          | 58,044,691     | (14,188,938)      | 43,855,753        |
| Capital assets              | 124,819,442    | 23,119,316        | 147,938,758       |
| Project carryover           | 274,867,897    | 33,465,921        | 308,333,818       |
| New projects                | 169,782,147    | (169,782,147)     |                   |
| Water supply - Grants       |                | 115,000,000       | 115,000,000       |
| Rural water supply - Grants |                | 30,000,000        | 30,000,000        |
| General water - Grants      |                | 35,255,000        | 35,255,000        |
| Flood control - Grants      |                | 145,000,000       | 145,000,000       |
| Total all funds             | \$647,173,475  | \$198,042,985     | \$845,216,460     |
| Less estimated income       | 647,173,475    | 198,042,985       | 845,216,460       |
| General fund                | \$0            | \$0               | \$0               |
| FTE                         | 93.00          | (3.00)            | 90.00             |



## Department 770 - State Water Commission - Detail of Senate Changes

|                             | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Removes 4<br>Unspecified<br>FTE Positions <sup>3</sup> | Adds Risk<br>Mapping FTE<br>Position <sup>4</sup> | Adjusts Base<br>Level Funding <sup>5</sup> | Adds Funding<br>for Microsoft<br>Office 365 <sup>6</sup> |
|-----------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------|---------------------------------------------------|--------------------------------------------|----------------------------------------------------------|
| Salaries and wages          | (\$285,707)                                                    | \$979,326                                                           | (\$693,912)                                            | \$174,126                                         |                                            |                                                          |
| Operating expenses          |                                                                |                                                                     |                                                        |                                                   | (\$14,257,138)                             | \$68,200                                                 |
| Capital assets              |                                                                |                                                                     |                                                        |                                                   | (51,880,684)                               |                                                          |
| Project carryover           |                                                                |                                                                     |                                                        |                                                   | 33,465,921                                 |                                                          |
| New projects                |                                                                |                                                                     |                                                        |                                                   | (169,782,147)                              |                                                          |
| Flood control - Grants      |                                                                |                                                                     |                                                        |                                                   |                                            |                                                          |
| General water - Grants      |                                                                |                                                                     |                                                        |                                                   |                                            |                                                          |
| Rural water supply - Grants |                                                                |                                                                     |                                                        |                                                   |                                            |                                                          |
| Water supply - Grants       |                                                                |                                                                     |                                                        |                                                   |                                            |                                                          |
| Total all funds             | (\$285,707)                                                    | \$979,326                                                           | (\$693,912)                                            | \$174,126                                         | (\$202,454,048)                            | \$68,200                                                 |
| Less estimated income       | (285,707)                                                      | 979,326                                                             | (693,912)                                              | 174,126                                           | (202,454,048)                              | 68,200                                                   |
| General fund                | \$0                                                            | \$0                                                                 | \$0                                                    | \$0                                               | \$0                                        | \$0                                                      |
| FTE                         | 0.00                                                           | 0.00                                                                | (4.00)                                                 | 1.00                                              | 0.00                                       | 0.00                                                     |

|                             | Adds Funding<br>for Water<br>Supply -<br>Grants <sup>7</sup> | Adds Funding<br>for Rural<br>Water Supply -<br>Grants <sup>8</sup> | Adds Funding<br>for Flood<br>Control -<br>Grants <sup>9</sup> | Adds Funding<br>for General<br>Water -<br>Grants <sup>10</sup> | Adds Funding<br>from Bank of<br>North Dakota<br>Line of Credit <sup>11</sup> | Total Senate<br>Changes |
|-----------------------------|--------------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------------------------|------------------------------------------------------------------------------|-------------------------|
| Salaries and wages          |                                                              |                                                                    |                                                               |                                                                |                                                                              | \$173,833               |
| Operating expenses          |                                                              |                                                                    |                                                               |                                                                |                                                                              | (14,188,938)            |
| Capital assets              |                                                              |                                                                    |                                                               |                                                                | \$75,000,000                                                                 | 23,119,316              |
| Project carryover           |                                                              |                                                                    |                                                               |                                                                |                                                                              | 33,465,921              |
| New projects                |                                                              |                                                                    |                                                               |                                                                |                                                                              | (169,782,147)           |
| Flood control - Grants      |                                                              |                                                                    | \$145,000,000                                                 |                                                                |                                                                              | 145,000,000             |
| General water - Grants      |                                                              |                                                                    |                                                               | \$35,255,000                                                   |                                                                              | 35,255,000              |
| Rural water supply - Grants |                                                              | \$30,000,000                                                       |                                                               |                                                                |                                                                              | 30,000,000              |
| Water supply - Grants       | \$115,000,000                                                |                                                                    |                                                               |                                                                |                                                                              | 115,000,000             |
| Total all funds             | \$115,000,000                                                | \$30,000,000                                                       | \$145,000,000                                                 | \$35,255,000                                                   | \$75,000,000                                                                 | \$198,042,985           |
| Less estimated income       | 115,000,000                                                  | 30,000,000                                                         | 145,000,000                                                   | 35,255,000                                                     | 75,000,000                                                                   | 198,042,985             |
| General fund                | \$0                                                          | \$0                                                                | \$0                                                           | \$0                                                            | \$0                                                                          | \$0                     |
| FTE                         | 0.00                                                         | 0.00                                                               | 0.00                                                          | 0.00                                                           | 0.00                                                                         | (3.00)                  |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

| <u>Other Funds</u>        |           |
|---------------------------|-----------|
| Salary increase           | \$559,891 |
| Health insurance increase | 419,435   |
| Total                     | \$979,326 |

<sup>3</sup> Four FTE unspecified positions and related funding are removed.

<sup>4</sup> One FTE risk mapping position and related funding from federal funds (\$174,126) is added.

<sup>5</sup> Base level funding is adjusted, including adjustments to reduce professional services funding in operating expenses, to reduce capital assets funding for state-owned projects, to increase project carryover funding for the 2019-21 biennium, and to eliminate the new projects line item because funding for new projects is provided in four new separate line items, as follows:

| <u>Other Funds</u> |                 |
|--------------------|-----------------|
| Operating expenses | (\$14,257,138)  |
| Capital assets     | (51,880,684)    |
| Project carryover  | 33,465,921      |
| New projects       | (169,782,147)   |
| Total              | (\$202,454,048) |

<sup>6</sup> Funding for Microsoft Office 365 license expense is added.

<sup>7</sup> Funding is identified for water supply grants.

<sup>8</sup> Funding is identified for rural water supply grants.

<sup>9</sup> Funding is identified for flood control grants.

<sup>10</sup> Funding is identified for general water grants.

<sup>11</sup> Funding from proceeds received from a Bank of North Dakota line of credit is added. A section is also added to amend Section 61-02-79 relating to a Bank of North Dakota line of credit, to continue authorization for a \$75 million Bank of North Dakota line of credit for the 2019-21 biennium.

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This amendment also adds sections to:

- Appropriate any additional amounts in the resources trust fund and water development trust fund which become available to the State Water Commission, subject to Budget Section approval.
- Provide legislative intent that the state provide a portion of the local cost-share of the Fargo flood control project not to exceed \$703 million and that the \$332.5 million yet to be designated by the state be provided in equal installments over the next 5 bienniums.
- Provide legislative intent that the State Water Commission provide, in the form of a grant, up to \$50 million to the Garrison Diversion Conservancy District for the Red River valley water supply project during the 2019-21 biennium and that the State Water Commission provide state funding at an 80 percent state cost-share after June 30, 2021.
- Identify requirements the Garrison Diversion Conservancy District must meet regarding the planning and permitting process and provide the district must obtain certification from the State Water Commission and the State Engineer that those items are complete. The section also requires approval from the Budget Section of the certification and construction to begin before the funding can be provided to the Garrison Conservancy District for the Red River Valley Water Supply Project.

## STATEMENT OF PURPOSE OF AMENDMENT:

### Senate Bill No. 2021 - Funding Summary

|                                | Base Budget  | Senate Changes | Senate Version |
|--------------------------------|--------------|----------------|----------------|
| Workforce Safety and Insurance |              |                |                |
| WSI operations                 | \$63,473,062 | \$5,198,693    | \$68,671,755   |
| Total all funds                | \$63,473,062 | \$5,198,693    | \$68,671,755   |
| Less estimated income          | 63,473,062   | 5,198,693      | 68,671,755     |
| General fund                   | \$0          | \$0            | \$0            |
| FTE                            | 260.14       | (12.00)        | 248.14         |
| Bill total                     |              |                |                |
| Total all funds                | \$63,473,062 | \$5,198,693    | \$68,671,755   |
| Less estimated income          | 63,473,062   | 5,198,693      | 68,671,755     |
| General fund                   | \$0          | \$0            | \$0            |
| FTE                            | 260.14       | (12.00)        | 248.14         |

### Senate Bill No. 2021 - Workforce Safety and Insurance - Senate Action

|                       | Base Budget  | Senate Changes | Senate Version |
|-----------------------|--------------|----------------|----------------|
| WSI operations        | \$63,473,062 | \$5,198,693    | \$68,671,755   |
| Total all funds       | \$63,473,062 | \$5,198,693    | \$68,671,755   |
| Less estimated income | 63,473,062   | 5,198,693      | 68,671,755     |
| General fund          | \$0          | \$0            | \$0            |
| FTE                   | 260.14       | (12.00)        | 248.14         |

### Department 485 - Workforce Safety and Insurance - Detail of Senate Changes

|                       | Adjusts Funding for Base Payroll Changes <sup>1</sup> | Adds Funding for Salary and Benefit Increases <sup>2</sup> | Unfunds 6 FTE Positions <sup>3</sup> | Adjusts Funding for IT Unification <sup>4</sup> | Reduces Funding for Operating Expenses <sup>5</sup> | Adds Funding for Microsoft Office 365 Licenses <sup>6</sup> |
|-----------------------|-------------------------------------------------------|------------------------------------------------------------|--------------------------------------|-------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------------|
| WSI operations        | (\$1,821,876)                                         | \$2,359,968                                                | (\$1,012,252)                        | \$130,041                                       | (\$2,332,176)                                       | \$14,988                                                    |
| Total all funds       | (\$1,821,876)                                         | \$2,359,968                                                | (\$1,012,252)                        | \$130,041                                       | (\$2,332,176)                                       | \$14,988                                                    |
| Less estimated income | (1,821,876)                                           | 2,359,968                                                  | (1,012,252)                          | 130,041                                         | (2,332,176)                                         | 14,988                                                      |
| General fund          | \$0                                                   | \$0                                                        | \$0                                  | \$0                                             | \$0                                                 | \$0                                                         |
| FTE                   | 0.00                                                  | 0.00                                                       | 0.00                                 | (12.00)                                         | 0.00                                                | 0.00                                                        |

|                       | Adds One-Time Funding for the CAPS Replacement Project <sup>7</sup> | Adds One-Time Funding for the MyWSI Enhancement Project <sup>8</sup> | Total Senate Changes |
|-----------------------|---------------------------------------------------------------------|----------------------------------------------------------------------|----------------------|
| WSI operations        | \$7,010,000                                                         | \$850,000                                                            | \$5,198,693          |
| Total all funds       | \$7,010,000                                                         | \$850,000                                                            | \$5,198,693          |
| Less estimated income | 7,010,000                                                           | 850,000                                                              | 5,198,693            |
| General fund          | \$0                                                                 | \$0                                                                  | \$0                  |
| FTE                   | 0.00                                                                | 0.00                                                                 | (12.00)              |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           | <b><u>Other Funds</u></b> |
|---------------------------|---------------------------|
| Salary increase           | \$1,282,527               |
| Health insurance increase | <u>1,077,441</u>          |
| Total                     | \$2,359,968               |

<sup>3</sup> Funding for 6 FTE positions is removed.

<sup>4</sup> Funding is adjusted for the information technology unification initiative, including the transfer of 12 FTE positions and 1 temporary position to the Information Technology Department, as shown below:

|                                        | <b><u>FTE</u></b> | <b><u>Other Funds</u></b> |
|----------------------------------------|-------------------|---------------------------|
| Transfers 12 FTE positions             | (12.00)           | (\$2,532,319)             |
| Transfers 1 temporary position         | 0.00              | (99,840)                  |
| Adds funding for IT operating expenses | <u>0.00</u>       | <u>2,762,200</u>          |
| Total                                  | (12.00)           | \$130,041                 |

<sup>5</sup> Funding for operating expenses, primarily related to professional service fees, is reduced.

<sup>6</sup> Funding is added for Microsoft Office 365 licensing expenses.

<sup>7</sup> One-time funding of \$7,010,000 is added from the workmens compensation fund for the claims and policy system replacement project for releases 7 through 10 of the 20 release project. The total project is estimated to cost \$29.5 million and has an estimated completion date of June 2026.

<sup>8</sup> One-time funding of \$850,000 is added from the workmens compensation fund for the MyWSI extranet enhancement project. The 2017 Legislative Assembly appropriated \$538,500 for the project for the 2017-19 biennium.

## STATEMENT OF PURPOSE OF AMENDMENT:

### Senate Bill No. 2022 - Funding Summary

|                                  | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|----------------------------------|----------------|-------------------|-------------------|
| Retirement and Investment Office |                |                   |                   |
| Salaries and wages               | \$4,425,570    | \$560,938         | \$4,986,508       |
| Operating expenses               | 862,484        | 2,676,450         | 3,538,934         |
| Contingencies                    | 52,000         | 30,000            | 82,000            |
| Capital assets                   |                | 6,300,000         | 6,300,000         |
| Total all funds                  | \$5,340,054    | \$9,567,388       | \$14,907,442      |
| Less estimated income            | 5,340,054      | 9,567,388         | 14,907,442        |
| General fund                     | \$0            | \$0               | \$0               |
| FTE                              | 19.00          | 1.00              | 20.00             |
| Bill total                       |                |                   |                   |
| Total all funds                  | \$5,340,054    | \$9,567,388       | \$14,907,442      |
| Less estimated income            | 5,340,054      | 9,567,388         | 14,907,442        |
| General fund                     | \$0            | \$0               | \$0               |
| FTE                              | 19.00          | 1.00              | 20.00             |

### Senate Bill No. 2022 - Retirement and Investment Office - Senate Action

|                       | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|-----------------------|----------------|-------------------|-------------------|
| Salaries and wages    | \$4,425,570    | \$560,938         | \$4,986,508       |
| Operating expenses    | 862,484        | 2,676,450         | 3,538,934         |
| Capital assets        |                | 6,300,000         | 6,300,000         |
| Contingencies         | 52,000         | 30,000            | 82,000            |
| Total all funds       | \$5,340,054    | \$9,567,388       | \$14,907,442      |
| Less estimated income | 5,340,054      | 9,567,388         | 14,907,442        |
| General fund          | \$0            | \$0               | \$0               |
| FTE                   | 19.00          | 1.00              | 20.00             |

### Department 190 - Retirement and Investment Office - Detail of Senate Changes

|                       | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds 1 FTE<br>Investment<br>Analyst<br>Position <sup>2</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>3</sup> | Adds Funding<br>for Microsoft<br>Office 365<br>License<br>Expenses <sup>4</sup> | Adds Funding<br>for<br>Contingencies <sup>5</sup> | Adds One-<br>Time Funding<br>for Teachers'<br>Fund for<br>Retirement<br>Pension<br>Project <sup>6</sup> |
|-----------------------|----------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| Salaries and wages    | (\$15,251)                                                     | \$294,996                                                    | \$231,193                                                           |                                                                                 |                                                   | \$50,000                                                                                                |
| Operating expenses    |                                                                | 14,450                                                       |                                                                     | \$12,000                                                                        |                                                   | 2,650,000                                                                                               |
| Capital assets        |                                                                |                                                              |                                                                     |                                                                                 |                                                   | 6,300,000                                                                                               |
| Contingencies         |                                                                |                                                              |                                                                     |                                                                                 | \$30,000                                          |                                                                                                         |
| Total all funds       | (\$15,251)                                                     | \$309,446                                                    | \$231,193                                                           | \$12,000                                                                        | \$30,000                                          | \$9,000,000                                                                                             |
| Less estimated income | (15,251)                                                       | 309,446                                                      | 231,193                                                             | 12,000                                                                          | 30,000                                            | 9,000,000                                                                                               |
| General fund          | \$0                                                            | \$0                                                          | \$0                                                                 | \$0                                                                             | \$0                                               | \$0                                                                                                     |
| FTE                   | 0.00                                                           | 1.00                                                         | 0.00                                                                | 0.00                                                                            | 0.00                                              | 0.00                                                                                                    |

|                       |                         |
|-----------------------|-------------------------|
|                       | Total Senate<br>Changes |
| Salaries and wages    | \$560,938               |
| Operating expenses    | 2,676,450               |
| Capital assets        | 6,300,000               |
| Contingencies         | 30,000                  |
| Total all funds       | \$9,567,388             |
| Less estimated income | 9,567,388               |
| General fund          | \$0                     |
| FTE                   | 1.00                    |

<sup>1</sup> Funding is adjusted for base payroll changes.

<sup>2</sup> One FTE investment analyst position and related operating expenses are added:

|                    |                           |
|--------------------|---------------------------|
|                    | <b><u>Other Funds</u></b> |
| Salary and wages   | \$294,996                 |
| Operating expenses | <u>14,450</u>             |
| Total              | \$309,446                 |

<sup>3</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

|                           |                           |
|---------------------------|---------------------------|
|                           | <b><u>Other Funds</u></b> |
| Salary increase           | \$141,951                 |
| Health insurance increase | <u>89,242</u>             |
| Total                     | \$231,193                 |

<sup>4</sup> Funding of \$12,000 is added for Microsoft Office 365 license expenses.

<sup>5</sup> Funding of \$30,000 is added for contingencies to provide a total appropriation of \$82,000.

<sup>6</sup> One-time funding of \$9 million is added from the retirement and investment fund for a Teachers' Fund for Retirement pension administration project.

## STATEMENT OF PURPOSE OF AMENDMENT:

### Senate Bill No. 2023 - Funding Summary

|                                       | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|---------------------------------------|----------------|-------------------|-------------------|
| Public Employees Retirement<br>System |                |                   |                   |
| Salaries and wages                    | \$6,316,169    | \$349,883         | \$6,666,052       |
| Operating expenses                    | 2,692,221      | (208,629)         | 2,483,592         |
| Contingencies                         | 250,000        |                   | 250,000           |
| Capital assets                        |                | 190,000           | 190,000           |
| Total all funds                       | \$9,258,390    | \$331,254         | \$9,589,644       |
| Less estimated income                 | 9,258,390      | 331,254           | 9,589,644         |
| General fund                          | \$0            | \$0               | \$0               |
| FTE                                   | 34.50          | 0.00              | 34.50             |
| Bill total                            |                |                   |                   |
| Total all funds                       | \$9,258,390    | \$331,254         | \$9,589,644       |
| Less estimated income                 | 9,258,390      | 331,254           | 9,589,644         |
| General fund                          | \$0            | \$0               | \$0               |
| FTE                                   | 34.50          | 0.00              | 34.50             |

### Senate Bill No. 2023 - Public Employees Retirement System - Senate Action

|                       | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|-----------------------|----------------|-------------------|-------------------|
| Salaries and wages    | \$6,316,169    | \$349,883         | \$6,666,052       |
| Operating expenses    | 2,692,221      | (208,629)         | 2,483,592         |
| Capital assets        |                | 190,000           | 190,000           |
| Contingencies         | 250,000        |                   | 250,000           |
| Total all funds       | \$9,258,390    | \$331,254         | \$9,589,644       |
| Less estimated income | 9,258,390      | 331,254           | 9,589,644         |
| General fund          | \$0            | \$0               | \$0               |
| FTE                   | 34.50          | 0.00              | 34.50             |

### Department 192 - Public Employees Retirement System - Detail of Senate Changes

|                       | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>1</sup> | Reduce<br>Funding for<br>Information<br>Technology<br>Operating<br>Expenses <sup>2</sup> | Reduces<br>Funding for<br>Other<br>Operating<br>Expenses <sup>3</sup> | Adds One-<br>Time Funding<br>for an<br>Information<br>Technology<br>Risk<br>Assessment <sup>4</sup> | Adds One-<br>Time Funding<br>to Upgrade<br>Business<br>System<br>Software <sup>5</sup> | Total Senate<br>Changes |
|-----------------------|---------------------------------------------------------------------|------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-------------------------|
| Salaries and wages    | \$349,883                                                           |                                                                                          |                                                                       |                                                                                                     |                                                                                        | \$349,883               |
| Operating expenses    |                                                                     | (\$230,519)                                                                              | (\$18,110)                                                            | \$40,000                                                                                            |                                                                                        | (208,629)               |
| Capital assets        |                                                                     |                                                                                          |                                                                       |                                                                                                     | \$190,000                                                                              | 190,000                 |
| Contingencies         |                                                                     |                                                                                          |                                                                       |                                                                                                     |                                                                                        |                         |
| Total all funds       | \$349,883                                                           | (\$230,519)                                                                              | (\$18,110)                                                            | \$40,000                                                                                            | \$190,000                                                                              | \$331,254               |
| Less estimated income | 349,883                                                             | (230,519)                                                                                | (18,110)                                                              | 40,000                                                                                              | 190,000                                                                                | 331,254                 |
| General fund          | \$0                                                                 | \$0                                                                                      | \$0                                                                   | \$0                                                                                                 | \$0                                                                                    | \$0                     |
| FTE                   | 0.00                                                                | 0.00                                                                                     | 0.00                                                                  | 0.00                                                                                                | 0.00                                                                                   | 0.00                    |

<sup>1</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

| Other Funds               |           |
|---------------------------|-----------|
| Salary increase           | \$184,787 |
| Health insurance increase | 165,096   |
| Total                     | \$349,883 |

<sup>2</sup> Reduces funding by \$230,519 from other funds for information technology operating expenses.

<sup>3</sup> Reduces funding by \$18,110 from other funds for other operating expenses.

<sup>4</sup> Adds one-time funding of \$40,000 to other funds for an information technology risk assessment.

<sup>5</sup> Adds one-time funding of \$190,000 to other funds to upgrade business system software.



**STATEMENT OF PURPOSE OF AMENDMENT:****Senate Bill No. 2146 - Funding Summary**

|                            | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|----------------------------|----------------|-------------------|-------------------|
| State Historical Society   |                |                   |                   |
| Pioneer village relocation |                | \$450,000         | \$450,000         |
| Total all funds            | \$0            | \$450,000         | \$450,000         |
| Less estimated income      | 0              | 0                 | 0                 |
| General fund               | \$0            | \$450,000         | \$450,000         |
| FTE                        | 0.00           | 0.00              | 0.00              |
| Bill total                 |                |                   |                   |
| Total all funds            | \$0            | \$450,000         | \$450,000         |
| Less estimated income      | 0              | 0                 | 0                 |
| General fund               | \$0            | \$450,000         | \$450,000         |
| FTE                        | 0.00           | 0.00              | 0.00              |

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**Senate Bill No. 2146 - State Historical Society - Senate Action**

This bill provides a one-time appropriation of \$450,000 from the general fund to the State Historical Society for providing a grant for the relocation of the Pioneer Village from the North Dakota State Fairgrounds to another location within Ward County during the 2019-21 biennium.

**STATEMENT OF PURPOSE OF AMENDMENT:****Senate Bill No. 2148 - Funding Summary**

|                       | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|-----------------------|----------------|-------------------|-------------------|
| Ethics Commission     |                |                   |                   |
| Ethics commission     |                | \$517,155         | \$517,155         |
|                       |                |                   |                   |
| Total all funds       | \$0            | \$517,155         | \$517,155         |
| Less estimated income | 0              | 0                 | 0                 |
| General fund          | \$0            | \$517,155         | \$517,155         |
|                       |                |                   |                   |
| FTE                   | 0.00           | 2.00              | 2.00              |
|                       |                |                   |                   |
| Bill total            |                |                   |                   |
| Total all funds       | \$0            | \$517,155         | \$517,155         |
| Less estimated income | 0              | 0                 | 0                 |
| General fund          | \$0            | \$517,155         | \$517,155         |
|                       |                |                   |                   |
| FTE                   | 0.00           | 2.00              | 2.00              |

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**Senate Bill No. 2148 - Ethics Commission - Senate Action**

This bill provides a general fund appropriation of \$517,155 and authorizes 2 FTE positions for administrative and operational costs of the Ethics Commission. The bill also establishes the Ethics Commission in statute and changes other statutory provisions relating to the commission.

**STATEMENT OF PURPOSE OF AMENDMENT:****Senate Bill No. 2195 - Funding Summary**

|                       | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|-----------------------|----------------|-------------------|-------------------|
| Adjutant General      |                |                   |                   |
| Burial fees           |                | \$250,000         | \$250,000         |
|                       |                |                   |                   |
| Total all funds       | \$0            | \$250,000         | \$250,000         |
| Less estimated income | 0              | 0                 | 0                 |
| General fund          | \$0            | \$250,000         | \$250,000         |
|                       |                |                   |                   |
| FTE                   | 0.00           | 0.00              | 0.00              |
|                       |                |                   |                   |
| Bill total            |                |                   |                   |
| Total all funds       | \$0            | \$250,000         | \$250,000         |
| Less estimated income | 0              | 0                 | 0                 |
| General fund          | \$0            | \$250,000         | \$250,000         |
|                       |                |                   |                   |
| FTE                   | 0.00           | 0.00              | 0.00              |

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**Senate Bill No. 2195 - Adjutant General - Senate Action**

This bill provides a general fund appropriation of \$250,000 to the Adjutant General for paying the costs of interring veterans' spouses and dependents who are eligible for internment at the Veterans' Cemetery.

**STATEMENT OF PURPOSE OF AMENDMENT:****Senate Bill No. 2214 - Funding Summary**

|                                                            | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|------------------------------------------------------------|----------------|-------------------|-------------------|
| Industrial Commission<br>School construction<br>assistance |                | \$25,000,000      | \$25,000,000      |
|                                                            |                |                   |                   |
| Total all funds                                            | \$0            | \$25,000,000      | \$25,000,000      |
| Less estimated income                                      | 0              | 25,000,000        | 25,000,000        |
| General fund                                               | \$0            | \$0               | \$0               |
|                                                            |                |                   |                   |
| FTE                                                        | 0.00           | 0.00              | 0.00              |
|                                                            |                |                   |                   |
| Bill total                                                 |                |                   |                   |
| Total all funds                                            | \$0            | \$25,000,000      | \$25,000,000      |
| Less estimated income                                      | 0              | 25,000,000        | 25,000,000        |
| General fund                                               | \$0            | \$0               | \$0               |
|                                                            |                |                   |                   |
| FTE                                                        | 0.00           | 0.00              | 0.00              |

**Senate Bill No. 2214 - Industrial Commission - Senate Action**

This bill authorizes the Public Finance Authority to issue up to \$250 million of bonds to support the school construction assistance revolving loan fund, increasing the amount available in the fund for low-interest rate loans to school districts for construction projects. In the bill, the Bank of North Dakota is authorized to use up to \$5 million from the school construction assistance revolving loan fund to continue interest rate buydowns on school construction loans held by the Bank. The bill also appropriates \$25 million from the foundation aid stabilization fund to the Public Finance Authority bond repayments during the 2019-21 biennium.

**STATEMENT OF PURPOSE OF AMENDMENT:****Senate Bill No. 2224 - Funding Summary**

|                                    | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|------------------------------------|----------------|-------------------|-------------------|
| Office of Management and<br>Budget |                |                   |                   |
| Bioscience innovation<br>grant     |                | \$1,000,000       | \$1,000,000       |
|                                    |                |                   |                   |
| Total all funds                    | \$0            | \$1,000,000       | \$1,000,000       |
| Less estimated income              | 0              | 0                 | 0                 |
| General fund                       | \$0            | \$1,000,000       | \$1,000,000       |
|                                    |                |                   |                   |
| FTE                                | 0.00           | 0.00              | 0.00              |
|                                    |                |                   |                   |
| Bill total                         |                |                   |                   |
| Total all funds                    | \$0            | \$1,000,000       | \$1,000,000       |
| Less estimated income              | 0              | 0                 | 0                 |
| General fund                       | \$0            | \$1,000,000       | \$1,000,000       |
|                                    |                |                   |                   |
| FTE                                | 0.00           | 0.00              | 0.00              |

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**Senate Bill No. 2224 - Office of Management and Budget - Senate Action**

This bill creates a bioscience innovation grant program administered by the Department of Agriculture to provide grants to support the development and commercialization of biotechnology, including research at startup companies and institutions of higher education. The bill also authorizes the Office of Management and Budget to transfer \$1 million from the general fund to the newly created bioscience innovation grant fund to support the program.

**STATEMENT OF PURPOSE OF AMENDMENT:****Senate Bill No. 2263 - Funding Summary**

|                         | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|-------------------------|----------------|-------------------|-------------------|
| Department of Commerce  |                |                   |                   |
| Homeless shelter grants |                | \$1,500,000       | \$1,500,000       |
| Total all funds         | \$0            | \$1,500,000       | \$1,500,000       |
| Less estimated income   | 0              | 0                 | 0                 |
| General fund            | \$0            | \$1,500,000       | \$1,500,000       |
| FTE                     | 0.00           | 0.00              | 0.00              |
| Bill total              |                |                   |                   |
| Total all funds         | \$0            | \$1,500,000       | \$1,500,000       |
| Less estimated income   | 0              | 0                 | 0                 |
| General fund            | \$0            | \$1,500,000       | \$1,500,000       |
| FTE                     | 0.00           | 0.00              | 0.00              |

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**Senate Bill No. 2263 - Department of Commerce - Senate Action**

This bill provides a general fund appropriation of \$1,500,000 to the Department of Commerce for providing homeless shelter grants.

**STATEMENT OF PURPOSE OF AMENDMENT:****Senate Bill No. 2265 - Funding Summary**

|                                     | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|-------------------------------------|----------------|-------------------|-------------------|
| Department of Public<br>Instruction |                |                   |                   |
| Rapid enrollment grants             |                | \$3,000,000       | \$3,000,000       |
| Total all funds                     | \$0            | \$3,000,000       | \$3,000,000       |
| Less estimated income               | 0              | 3,000,000         | 3,000,000         |
| General fund                        | \$0            | \$0               | \$0               |
| FTE                                 | 0.00           | 0.00              | 0.00              |
| Department of Commerce              |                |                   |                   |
| Literacy intervention<br>grants     |                | \$200,000         | \$200,000         |
| Total all funds                     | \$0            | \$200,000         | \$200,000         |
| Less estimated income               | 0              | 0                 | 0                 |
| General fund                        | \$0            | \$200,000         | \$200,000         |
| FTE                                 | 0.00           | 0.00              | 0.00              |
| Bill total                          |                |                   |                   |
| Total all funds                     | \$0            | \$3,200,000       | \$3,200,000       |
| Less estimated income               | 0              | 3,000,000         | 3,000,000         |
| General fund                        | \$0            | \$200,000         | \$200,000         |
| FTE                                 | 0.00           | 0.00              | 0.00              |

**Senate Bill No. 2265 - Department of Public Instruction - Senate Action**

This bill provides a one-time appropriation of \$3,000,000 from the foundation aid stabilization fund to the Department of Public Instruction for rapid enrollment grants to school districts during the first year of the 2019-21 biennium.

**Senate Bill No. 2265 - Department of Commerce - Senate Action**

This bill provides an appropriation of \$200,000 from the general fund to the Department of Commerce for providing matching funds for AmeriCorps funding to an organization providing research-based literacy intervention services to students below grade four who score below proficient in reading.

**STATEMENT OF PURPOSE OF AMENDMENT:****Senate Bill No. 2268 - Funding Summary**

|                              | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|------------------------------|----------------|-------------------|-------------------|
| Industrial Commission        |                |                   |                   |
| Grants - bond payments       |                | \$4,000,000       | \$4,000,000       |
| Total all funds              | \$0            | \$4,000,000       | \$4,000,000       |
| Less estimated income        | 0              | 0                 | 0                 |
| General fund                 | \$0            | \$4,000,000       | \$4,000,000       |
| FTE                          | 0.00           | 0.00              | 0.00              |
| Department of Transportation |                |                   |                   |
| Corridors of commerce        |                | \$100,000,000     | \$100,000,000     |
| Total all funds              | \$0            | \$100,000,000     | \$100,000,000     |
| Less estimated income        | 0              | 100,000,000       | 100,000,000       |
| General fund                 | \$0            | \$0               | \$0               |
| FTE                          | 0.00           | 0.00              | 0.00              |
| Bill total                   |                |                   |                   |
| Total all funds              | \$0            | \$104,000,000     | \$104,000,000     |
| Less estimated income        | 0              | 100,000,000       | 100,000,000       |
| General fund                 | \$0            | \$4,000,000       | \$4,000,000       |
| FTE                          | 0.00           | 0.00              | 0.00              |

**Senate Bill No. 2268 - Industrial Commission - Senate Action**

This bill:

- Establishes the corridors of commerce program and creates a corridors of commerce fund,
- Provides an appropriation of \$4 million from the general fund to the Public Finance Authority for the debt service payments associated with bonds issued to support the corridors of commerce fund,
- Authorizes the Public Finance Authority to lend money to the Department of Transportation for the corridors of commerce program, and
- Directs the Public Finance Authority to request an appropriation from the general fund to meet the debt service requirements for evidence of indebtedness issued by the authority for the program.

**Senate Bill No. 2268 - Department of Transportation - Senate Action**

This bill provides an appropriation of \$100 million from the corridors of commerce fund to the Department of Transportation for eligible highway projects under the Corridors of Commerce Program for the 2019-21 biennium.



**STATEMENT OF PURPOSE OF AMENDMENT:****Senate Bill No. 2271 - Funding Summary**

|                                    | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|------------------------------------|----------------|-------------------|-------------------|
| Office of Management and<br>Budget |                |                   |                   |
| Housing incentive fund             |                | \$10,000,000      | \$10,000,000      |
| Total all funds                    | \$0            | \$10,000,000      | \$10,000,000      |
| Less estimated income              | 0              | 0                 | 0                 |
| General fund                       | \$0            | \$10,000,000      | \$10,000,000      |
| FTE                                | 0.00           | 0.00              | 0.00              |
| Bill total                         |                |                   |                   |
| Total all funds                    | \$0            | \$10,000,000      | \$10,000,000      |
| Less estimated income              | 0              | 0                 | 0                 |
| General fund                       | \$0            | \$10,000,000      | \$10,000,000      |
| FTE                                | 0.00           | 0.00              | 0.00              |

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**Senate Bill No. 2271 - Office of Management and Budget - Senate Action**

This bill updates the prioritization process for grants in the housing incentive fund and provides a one-time transfer by the Office of Management and Budget of \$10 million from the general fund to the housing incentive fund for grants to support housing projects that address unmet housing needs.

**STATEMENT OF PURPOSE OF AMENDMENT:****Senate Bill No. 2275 - Funding Summary**

|                        | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|------------------------|----------------|-------------------|-------------------|
| Industrial Commission  |                |                   |                   |
| Grants - bond payments |                | \$26,000,000      | \$26,000,000      |
| Total all funds        | \$0            | \$26,000,000      | \$26,000,000      |
| Less estimated income  | 0              | 0                 | 0                 |
| General fund           | \$0            | \$26,000,000      | \$26,000,000      |
| FTE                    | 0.00           | 0.00              | 0.00              |
| Bill total             |                |                   |                   |
| Total all funds        | \$0            | \$26,000,000      | \$26,000,000      |
| Less estimated income  | 0              | 0                 | 0                 |
| General fund           | \$0            | \$26,000,000      | \$26,000,000      |
| FTE                    | 0.00           | 0.00              | 0.00              |

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**Senate Bill No. 2275 - Industrial Commission - Senate Action**

This bill authorizes the Public Finance Authority to issue up to \$500 million of bonds to support the infrastructure revolving loan fund and the resources trust fund, increasing the amount available in the infrastructure revolving loan fund for low-interest loans to political subdivisions and institutions of higher education for infrastructure projects and increasing the amount available in the resources trust fund for water projects. The bill also expands the bonding authority for counties and transfers existing infrastructure loans for water projects from the resources trust fund to the infrastructure revolving loan fund. In the bill, \$26 million from the general fund is appropriated to the Public Finance Authority for bond repayments during the 2019-21 biennium.

**STATEMENT OF PURPOSE OF AMENDMENT:****Senate Bill No. 2282 - Funding Summary**

|                                                                     | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|---------------------------------------------------------------------|----------------|-------------------|-------------------|
| Bank of North Dakota<br>Economic diversification<br>research grants |                | \$45,000,000      | \$45,000,000      |
|                                                                     |                |                   |                   |
| Total all funds                                                     | \$0            | \$45,000,000      | \$45,000,000      |
| Less estimated income                                               | 0              | 45,000,000        | 45,000,000        |
| General fund                                                        | \$0            | \$0               | \$0               |
|                                                                     |                |                   |                   |
| FTE                                                                 | 0.00           | 0.00              | 0.00              |
|                                                                     |                |                   |                   |
| Bill total                                                          |                |                   |                   |
| Total all funds                                                     | \$0            | \$45,000,000      | \$45,000,000      |
| Less estimated income                                               | 0              | 45,000,000        | 45,000,000        |
| General fund                                                        | \$0            | \$0               | \$0               |
|                                                                     |                |                   |                   |
| FTE                                                                 | 0.00           | 0.00              | 0.00              |

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**Senate Bill No. 2282 - Bank of North Dakota - Senate Action**

This bill creates an economic diversification grant program administered by the Bank of North Dakota to provide grants to research universities to support the innovation of new businesses and new products. The bill transfers 15 percent of the legacy fund earnings to the newly created economic diversification research grant fund and appropriates \$45 million from the fund to the Bank of North Dakota for the program.

**STATEMENT OF PURPOSE OF AMENDMENT:****Senate Bill No. 2297 - Funding Summary**

|                               | Base<br>Budget | Senate<br>Changes    | Senate<br>Version    |
|-------------------------------|----------------|----------------------|----------------------|
| North Dakota State University |                |                      |                      |
| Capital assets                |                | <u>\$111,200,000</u> | <u>\$111,200,000</u> |
| Total all funds               | \$0            | \$111,200,000        | \$111,200,000        |
| Less estimated income         | <u>0</u>       | <u>111,200,000</u>   | <u>111,200,000</u>   |
| General fund                  | \$0            | \$0                  | \$0                  |
| FTE                           | 0.00           | 0.00                 | 0.00                 |
| Dickinson State University    |                |                      |                      |
| Capital assets                |                | <u>\$4,500,000</u>   | <u>\$4,500,000</u>   |
| Total all funds               | \$0            | \$4,500,000          | \$4,500,000          |
| Less estimated income         | <u>0</u>       | <u>4,500,000</u>     | <u>4,500,000</u>     |
| General fund                  | \$0            | \$0                  | \$0                  |
| FTE                           | 0.00           | 0.00                 | 0.00                 |
| Valley City State University  |                |                      |                      |
| Capital assets                |                | <u>\$32,275,000</u>  | <u>\$32,275,000</u>  |
| Total all funds               | \$0            | \$32,275,000         | \$32,275,000         |
| Less estimated income         | <u>0</u>       | <u>32,275,000</u>    | <u>32,275,000</u>    |
| General fund                  | \$0            | \$0                  | \$0                  |
| FTE                           | 0.00           | 0.00                 | 0.00                 |
| Northern Crops Institute      |                |                      |                      |
| Capital assets                |                | <u>\$18,000,000</u>  | <u>\$18,000,000</u>  |
| Total all funds               | \$0            | \$18,000,000         | \$18,000,000         |
| Less estimated income         | <u>0</u>       | <u>18,000,000</u>    | <u>18,000,000</u>    |
| General fund                  | \$0            | \$0                  | \$0                  |
| FTE                           | 0.00           | 0.00                 | 0.00                 |
| Bill total                    |                |                      |                      |
| Total all funds               | \$0            | \$165,975,000        | \$165,975,000        |
| Less estimated income         | <u>0</u>       | <u>165,975,000</u>   | <u>165,975,000</u>   |
| General fund                  | \$0            | \$0                  | \$0                  |
| FTE                           | 0.00           | 0.00                 | 0.00                 |

**Senate Bill No. 2297 - North Dakota State University - Senate Action**

This bill appropriates \$51.2 million from bond proceeds to North Dakota State University for the Dunbar Hall replacement project. This bill also appropriates \$54 million from bond proceeds and \$6 million from federal or other funds to North Dakota State University for the agriculture products development center project.

**Senate Bill No. 2297 - Dickinson State University - Senate Action**

This bill appropriates \$4.5 million from bond proceeds to Dickinson State University for the Pulver Hall renovation project.

**Senate Bill No. 2297 - Valley City State University - Senate Action**

This bill appropriates \$32,275,000 from bond proceeds to Valley City State University for the communications and fine arts building project.

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**Senate Bill No. 2297 - Northern Crops Institute - Senate Action**

This bill appropriates \$10 million from bond proceeds and \$8 million from federal or other funds to the Northern Crops Institute for a building project.

**STATEMENT OF PURPOSE OF AMENDMENT:****Senate Bill No. 2300 - Funding Summary**

|                                  | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|----------------------------------|----------------|-------------------|-------------------|
| DHS - Other                      |                |                   |                   |
| Student behavioral health grants |                | \$1,300,000       | \$1,300,000       |
|                                  |                |                   |                   |
| Total all funds                  | \$0            | \$1,300,000       | \$1,300,000       |
| Less estimated income            | 0              | 0                 | 0                 |
| General fund                     | \$0            | \$1,300,000       | \$1,300,000       |
|                                  |                |                   |                   |
| FTE                              | 0.00           | 0.00              | 0.00              |
|                                  |                |                   |                   |
| Bill total                       |                |                   |                   |
| Total all funds                  | \$0            | \$1,300,000       | \$1,300,000       |
| Less estimated income            | 0              | 0                 | 0                 |
| General fund                     | \$0            | \$1,300,000       | \$1,300,000       |
|                                  |                |                   |                   |
| FTE                              | 0.00           | 0.00              | 0.00              |

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**Senate Bill No. 2300 - DHS - Other - Senate Action**

This bill provides a general fund appropriation of \$1.3 million to the Department of Human Services to provide grants to school districts to address student behavioral health needs.

February 27, 2019

SB 2005

Attachment B

# **ANALYSIS OF MAJOR SPECIAL FUNDS FOR THE 2017-19 AND 2019-21 BIENNIUMS REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER**



Prepared by the  
North Dakota Legislative Council Staff  
February 2019

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**ANALYSIS OF THE ABANDONED OIL AND GAS WELL PLUGGING AND SITE RECLAMATION FUND  
FOR THE 2017-19 AND 2019-21 BIENNIUMS  
(REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)**

|                                                                                                                                | 2017-19 Biennium |              | 2019-21 Biennium |              |
|--------------------------------------------------------------------------------------------------------------------------------|------------------|--------------|------------------|--------------|
| Estimated beginning balance                                                                                                    |                  | \$17,382,475 |                  | \$21,028,063 |
| Add estimated revenues                                                                                                         |                  |              |                  |              |
| Fees, forfeitures, transfers, and recoveries penalties <sup>1</sup>                                                            | \$3,211,000      |              | \$2,157,000      |              |
| Oil and gas tax collections (2019 HB 1014) <sup>2,3</sup>                                                                      | 8,399,588        |              | 12,690,000       |              |
| Total estimated revenues                                                                                                       |                  | 11,610,588   |                  | 14,847,000   |
| Total estimated available                                                                                                      |                  | \$28,993,063 |                  | \$35,875,063 |
| Less estimated expenditures and transfers                                                                                      |                  |              |                  |              |
| Reclamation of well sites placed into service after July 31, 1983                                                              | \$2,562,000      |              | \$3,000,000      |              |
| Reclamation of well sites placed into service on or before July 31, 1983 (2017 HB 1347)                                        | 3,426,000        |              | 600,000          |              |
| Transfer to the environmental quality restoration fund <sup>4</sup>                                                            | 400,000          |              | 400,000          |              |
| Brine pond and soil remediation studies (2017 HB 1347)                                                                         | 1,358,000        |              | 400,000          |              |
| Pipeline restoration and reclamation oversight program - Agriculture Commissioner<br>(2017 HB 1009; 2019 SB 2009) <sup>5</sup> | 200,000          |              | 200,000          |              |
| Oil database information technology project (2019 HB 1014)                                                                     |                  |              | 5,000,000        |              |
| Miscellaneous <sup>6</sup>                                                                                                     | 19,000           |              | 25,000           |              |
| Total estimated expenditures and transfers                                                                                     |                  | 7,965,000    |                  | 9,625,000    |
| Estimated ending balance                                                                                                       |                  | \$21,028,063 |                  | \$26,250,063 |

<sup>1</sup>Revenues to the fund include:

- Fees collected by the Oil and Gas Division of the Industrial Commission for permits or other services;
- Funds received from the forfeiture of drilling and reclamation bonds;
- Funds received from any federal agency or from donations related to well plugging and site reclamation;
- Transfers or grant awards from the oil and gas impact fund; and
- Funds recovered from the sale of confiscated equipment and oil and from certain civil penalties.

<sup>2</sup>In Senate Bill No. 2013, the 2017 Legislative Assembly decreased the oil and gas tax allocations to the fund by \$3.5 million per fiscal year, from \$7.5 million to \$4 million; however, the decrease is effective only for the 2017-19 biennium.

House Bill No. 1014 (2019) decreases the allocation limit related to the fund balance by \$50 million, from \$100 million to \$50 million.

<sup>3</sup>Estimated revenues - Estimated allocations for the remainder of the 2017-19 biennium and the 2019-21 biennium are based on the January 2019 revenue forecast and legislative action through crossover.

<sup>4</sup>For the 2017-19 biennium through December 31, 2018, the State Department of Health has not requested any transfers. North Dakota Century Code Section 38-08-04.5 allows for transfers from the abandoned oil and gas well plugging and site reclamation fund with the requirement that any transfers into the environmental quality restoration fund will be returned by the State Department of Health to the abandoned oil and gas well plugging and site reclamation fund.

<sup>5</sup>The 2017 Legislative Assembly appropriated \$200,000 in House Bill No. 1009. Senate Bill No. 2009 (2019) includes an appropriation of \$200,000 from the fund for the program.

<sup>6</sup>Miscellaneous expenditures include credit card merchant fees and audit fees.

#### **FUND HISTORY**

The fund was established in 1983 under Section 38-08-04.5. The purpose of the fund is to defray the costs of plugging or replugging oil wells, the reclamation of well sites, and all other related activities for wells or pipelines. The money in the fund may be spent, pursuant to a continuing appropriation, for contracting for the plugging of abandoned wells; contracting for the reclamation of abandoned drilling and production sites, saltwater disposal pits, drilling fluid pits, and access roads; paying mineral owners their royalty share of confiscated oil; and paying any contract-related expenses. The Industrial Commission is to report to the Budget Section each biennium on the expenditures of the fund and the fund balance.

The 2015 Legislative Assembly, in House Bill No. 1032, increased the oil and gas tax allocation to the fund by \$2.5 million per fiscal year, from \$5 million to \$7.5 million, and increased the allocation limit from an amount that would bring the balance of the fund over \$75 million to an amount that would bring the balance of the fund over \$100 million. In Senate Bill No. 2013, the 2017 Legislative Assembly decreased the oil and gas tax allocations to the fund by \$3.5 million per fiscal year, from \$7.5 million to \$4 million; however, the decrease is effective only for the 2017-19 biennium.

**ANALYSIS OF THE ATTORNEY GENERAL REFUND FUND  
FOR THE 2017-19 AND 2019-21 BIENNIUMS  
(REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)**

|                                                                                                              | 2017-19 Biennium |              | 2019-21 Biennium |             |
|--------------------------------------------------------------------------------------------------------------|------------------|--------------|------------------|-------------|
| Beginning balance                                                                                            |                  | \$8,432,608  |                  | \$6,256,906 |
| Add estimated revenues                                                                                       |                  |              |                  |             |
| Refunds of consumer protection and antitrust expenditures, attorney's fees, and civil penalties <sup>1</sup> | \$3,170,040      |              | \$900,000        |             |
| Cash deposit bonds                                                                                           | 5,000            |              |                  |             |
| Tribal gaming, licensing, and investigation fees                                                             | 394,817          |              | 350,000          |             |
| Background checks                                                                                            | 35,563           |              | 50,000           |             |
| Total estimated revenues                                                                                     |                  | 3,605,420    |                  | 1,300,000   |
| Total available                                                                                              |                  | \$12,038,028 |                  | \$7,556,906 |
| Less estimated expenditures and transfers authorized in North Dakota Century Code Section 54-12-18           |                  |              |                  |             |
| Refunds to specifically named consumers (54-12-18(1)) <sup>2</sup>                                           | \$0              |              |                  |             |
| Claims against cash deposit bonds (54-12-18(2))                                                              | 6,000            |              |                  |             |
| Refund of cash deposit bond balance (54-12-18(3))                                                            | 0                |              |                  |             |
| Consumer Protection and Antitrust Division expenditures (54-12-18(4))                                        | 1,421,798        |              | \$2,151,134      |             |
| Tribal gaming background investigations (54-12-18(5))                                                        | 50,000           |              | 50,000           |             |
| Tribal gaming licensing expenditures (54-12-18(5))                                                           | 357,034          |              | 614,374          |             |
| Tribal gaming enforcement expenditures (54-12-18(5))                                                         | 394,817          |              | 400,000          |             |
| Less other estimated expenditures and transfers <sup>3</sup>                                                 |                  |              |                  |             |
| Bureau of Criminal Investigation salaries and operating expenses                                             | 555,047          |              | 857,680          |             |
| State Crime Laboratory operating expenditures                                                                | 290,894          |              | 360,554          |             |
| Information technology contractual program maintenance                                                       | 800,000          |              | 800,000          |             |
| Information technology operating expenditures                                                                | 1,184,497        |              | 1,015,161        |             |
| Criminal justice information sharing system improvements (2019 SB 2003)                                      |                  |              | 140,000          |             |
| Technology project carryover <sup>4</sup>                                                                    | 721,035          |              |                  |             |
| Criminal history improvement project (2019 SB 2003) <sup>4,5</sup>                                           |                  |              | 400,000          |             |
| Automated fingerprint identification system replacement project (2019 SB 2003) <sup>5</sup>                  |                  |              | 158,000          |             |
| Total estimated expenditures and transfers                                                                   |                  | 5,781,122    |                  | 6,946,903   |
| Estimated ending balance <sup>6</sup>                                                                        |                  | \$6,256,906  |                  | \$610,003   |

<sup>1</sup>The Attorney General has indicated that it is not possible to separately identify refunds, attorney's fees, and civil penalties received, as a court judgement often includes a lump sum amount awarded for the payment of attorney's fees, investigation costs, or payment in lieu of civil penalties.

<sup>2</sup>The Attorney General has indicated that a court rarely awards refunds to specific consumers, instead awarding refunds to organizations such as the Housing Finance Agency.

<sup>3</sup>The other expenditures are not specifically authorized in Section 37-12-18, but are appropriated as part of the Attorney General's biennial appropriation.

<sup>4</sup>Technology project carryover expenditures relate primarily to the criminal history repository replacement project, which was started during the 2011-13 biennium to rewrite the current criminal history repository system. The Attorney General budgeted \$450,000 on the project during the 2011-13 biennium, \$2.3 million during the 2013-15 biennium, and \$970,000 during the 2015-17 biennium, totaling \$3.72 million, all from the Attorney General refund fund. Actual project expenditures during the 2015-17 biennium totaled \$1,293,452, of which \$188,608 was for general information technology operating expenditures and \$1,104,844 was from project carryover authority from the 2013-15 biennium. Of the total \$3,720,000 approved for the project since the 2011-13 biennium, actual expenditures through the 2015-17 biennium totaled \$3,091,659. The Attorney General anticipates spending an additional \$721,035 on the project during the 2017-19 biennium and an additional \$400,000 during the 2019-21 biennium, resulting in a total estimated project cost of \$4,212,694.

<sup>5</sup>Reengrossed Senate Bill No. 2003 (2019) includes one-time funding of \$558,000 from the Attorney General refund fund, of which \$400,000 is for the criminal history improvement project and \$158,000 is for an automated fingerprint identification system replacement project. The bill also appropriates \$158,000 from the general fund for the automated fingerprint identification system replacement project, providing a total of \$316,000 for the project during the 2019-21 biennium.

<sup>6</sup>Section 54-12-18 provides at the end of each biennium, any balance in the Attorney General refund fund in excess of the amount necessary to fulfill the requirements of the fund must be deposited in the general fund. In Section 3 of Reengrossed Senate Bill No. 2003 (2019), the Senate authorized the Attorney General to retain the June 30, 2019, balance in the Attorney General refund fund rather than transferring the balance to the general fund. As a result, unless further amended during the 2019 legislative session, no funding from the Attorney General refund fund will be transferred to the general fund at the end of the 2017-19 biennium, allowing the Attorney General to use the remaining balance in the Attorney General refund fund during the 2019-21 biennium. See the **FUND HISTORY** section for additional information on exemptions granted to the Attorney General.

#### **FUND HISTORY**

Section 54-12-18, created by House Bill No. 1141 (1989), establishes the Attorney General refund fund. The section was amended by the 1991, 1993, 1999, and 2001 Legislative Assemblies and currently provides when the Attorney General's consumer protection division recovers funding for cases involving the violation of consumer fraud laws, the Attorney General is required to deposit the funding in the Attorney General refund fund. Funding recovered by the Consumer Protection Division for the following costs must also be deposited in the fund:

1. Refunds related to Consumer Protection Division expenditures, attorney's fees, and civil penalties regarding consumer protection or antitrust matters;
2. Cash deposit bonds paid by applicants for a transient merchant's license when surety bonds are not provided; and
3. Funds and fees collected by the gaming section for licensing tribal gaming and the investigation of gaming employees, applicants, organizations, manufacturers, distributors, or tribes involved in state or tribal gaming.

Funding in the Attorney General refund fund is appropriated to the Attorney General on a continuing basis for the following purposes:

1. Provide refunds from funds recovered by the Consumer Protection Division to specifically named consumers;
2. Pay valid claims against cash deposit bonds posted by transient merchant licensees;
3. Refund the balance of any cash deposit bond remaining after the payment of valid claims. Refunds will be issued 2 years after the expiration of the transient merchant's license;
4. Pay expenditures, attorney's fees, and salaries incurred in the operation of the Consumer Protection Division; and
5. Pay the actual costs of background investigations, licensing, and enforcement of gaming in the state or pursuant to Indian gaming compacts.

At the end of each biennium, any money in the fund in excess of the amounts required for numbers 1, 2, 3, and 5 above must be deposited in the general fund. The Attorney General and Director of the Office of Management and Budget are required to establish accounting procedures for the Attorney General refund fund.

Since the 2001 legislative session, each Legislative Assembly has provided the Attorney General with an exemption to allow unexpended funds from the Attorney General refund fund to continue to be spent in each subsequent biennium. The following table provides information regarding these exemptions:

| Biennium | Bill No. | Section | Exemption Limitation <sup>1</sup> |
|----------|----------|---------|-----------------------------------|
| 2001-03  | 1003     | 8       | \$100,000                         |
| 2003-05  | 2003     | 4       | No limitation specified           |
| 2005-07  | 1003     | 11      | No limitation specified           |
| 2007-09  | 2003     | 15      | No limitation specified           |
| 2009-11  | 1003     | 13      | No limitation specified           |
| 2011-13  | 2003     | 9       | No limitation specified           |
| 2013-15  | 1003     | 3       | No limitation specified           |
| 2015-17  | 2003     | 4       | No limitation specified           |
| 2017-19  | 1003     | 16      | No limitation specified           |
| 2019-21  | 2003     | 3       | No limitation specified           |

<sup>1</sup>Section 8 of House Bill No. 1003 (2001) allowed the Attorney General to continue up to \$100,000 of unexpended funds from the Attorney General refund fund to be spent during the 2001-03 biennium while any remaining amount in excess of \$100,000 was required to be returned to the general fund at the end of the 1999-2001 biennium. Exemptions granted in subsequent bienniums have not been limited to a specific dollar amount, allowing the Attorney General to continue using the full balance of the Attorney General refund fund each biennium.

## ANALYSIS OF THE STATE BONDING FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

|                                           | 2017-19 Biennium |                    | 2019-21 Biennium |                    |
|-------------------------------------------|------------------|--------------------|------------------|--------------------|
| Estimated beginning balance               |                  | \$3,640,412        |                  | \$3,557,212        |
| Add estimated revenues                    |                  |                    |                  |                    |
| Investment income                         | \$100,000        |                    | \$100,000        |                    |
| State bonding fund claims collections     | 30,000           |                    | 30,000           |                    |
| Game and fish bonds                       | 3,000            |                    | 3,000            |                    |
| Total estimated revenues                  |                  | 133,000            |                  | 133,000            |
| Total available                           |                  | \$3,773,412        |                  | \$3,690,212        |
| Less estimated expenditures and transfers |                  |                    |                  |                    |
| Claim liabilities/payments/write-offs     | \$152,000        |                    | \$150,000        |                    |
| Claims related expenses                   | 5,200            |                    | 5,000            |                    |
| Investment expense                        | 7,000            |                    | 10,000           |                    |
| Administration                            | 52,000           |                    | 15,000           |                    |
| Total expenditures and transfers          |                  | 216,200            |                  | 180,000            |
| Estimated ending balance                  |                  | <u>\$3,557,212</u> |                  | <u>\$3,510,212</u> |

### FUND HISTORY

The state bonding fund was created in 1915 and is maintained for bond coverage of public employees. The state bonding fund is managed by the Insurance Commissioner, and the amount of coverage provided to each state agency, department, industry, and institution is determined by the Commissioner based upon the amount of money and property handled and the opportunity for default. North Dakota Century Code Section 26.1-21-09 provides that premiums for bond coverage are to be determined by the Insurance Commissioner, but can be waived if the state bonding fund's balance is in excess of \$2 million. No premium has been charged, possibly since 1953, because the bonding fund's balance has exceeded the minimum level established by the Legislative Assembly.

Senate Bill No. 2010 (2019) provides for the Insurance Commissioner to contract with the North Dakota Insurance Reserve Fund for administration of the state bonding fund. The bill also provides continuing appropriation authority from the state bonding fund to the Insurance Commissioner to pay contractual fund administration costs to the North Dakota Insurance Reserve Fund.

## ANALYSIS OF THE BUDGET STABILIZATION FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

|                                            | 2017-19 Biennium         |                      | 2019-21 Biennium         |                      |
|--------------------------------------------|--------------------------|----------------------|--------------------------|----------------------|
| Beginning balance                          |                          | \$38,308,669         |                          | \$411,052,390        |
| Add estimated revenues                     |                          |                      |                          |                      |
| Investment income                          | \$1,510,000 <sup>1</sup> |                      | \$8,950,000 <sup>1</sup> |                      |
| Oil and gas tax collections                | 75,000,000 <sup>2</sup>  |                      | 75,000,000 <sup>2</sup>  |                      |
| Transfer from general fund                 | 296,233,721 <sup>3</sup> |                      | 0                        |                      |
| Total estimated revenues                   |                          | 372,743,721          |                          | 83,950,000           |
| Total available                            |                          | \$411,052,390        |                          | \$495,002,390        |
| Less estimated expenditures and transfers  |                          |                      |                          |                      |
| None                                       | \$0                      |                      | \$0                      |                      |
| Total estimated expenditures and transfers |                          | 0                    |                          | 0                    |
| Estimated ending balance                   |                          | <u>\$411,052,390</u> |                          | <u>\$495,002,390</u> |

<sup>1</sup>Interest earnings are retained in the fund unless the balance of the fund is at the maximum amount allowed under North Dakota Century Code Section 54-27.2-01.

<sup>2</sup>Section 57-51.1-07.5 provides for the deposit of up to \$75 million of the state share of oil and gas tax collections into the budget stabilization fund each biennium. The entire \$75 million amount is anticipated to be deposited into the fund during the 2017-19 and 2019-21 bienniums.

<sup>3</sup>Chapter 54-27.2 provides any amount in the general fund at the end of a biennium in excess of \$65 million must be transferred to the budget stabilization fund, except that the balance in the budget stabilization fund may not exceed 15 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. The amount shown is based on a general fund appropriations amount of \$4,923,958,700 which reflects legislative action through crossover.

### FUND HISTORY

The budget stabilization fund was established by the 1987 Legislative Assembly in House Bill No. 1596. Major provisions include:

- Section 54-27.2-01 establishes the budget stabilization fund and provides any interest earned on the balance of the budget stabilization fund must be retained in the fund. The section originally provided any money in the fund in excess of 10 percent of the general fund budget, as approved by the most recently adjourned Legislative Assembly, must be deposited in the general fund. The 2011 Legislative Assembly approved House Bill No. 1451, which decreased the maximum balance allowed in the fund from 10 to 9.5 percent of the general fund budget approved by the most recently adjourned Legislative Assembly. The 2017 Legislative Assembly approved House Bill No. 1155, which increased the maximum balance allowed in the fund from 9.5 to 15 percent of the general fund budget, as approved by the most recently adjourned Legislative Assembly.
- Section 54-27.2-02 provides any amount in the general fund at the end of a biennium in excess of \$65 million must be transferred to the budget stabilization fund.
- Section 54-27.2-03 provides the Governor may order a transfer from the budget stabilization fund to the general fund if the Director of the Office of Management and Budget projects a general fund revenue shortfall. The section originally limited the transfer to the difference between an amount 2.5 percent less than the original legislative general fund revenue forecast and the revised forecast prepared by the Office of Management and Budget. House Bill No. 1155 (2017) revised the section to allow for transfers from the budget stabilization fund to the general fund as follows:

After general fund allotments totaling at least 3 percent have been made under Section 54-44.1-12, the Governor may order a transfer of up to an amount equal to 3 percent of general fund appropriations;



After the previous transfer has been made and an additional 1 percent general fund budget allotment has been made, the Governor may order a transfer of up to 2 percent of general fund appropriations;

After the previous transfer has been made and an additional 1 percent general fund budget allotment has been made, the Governor may order a transfer of up to 3 percent of general fund appropriations; and

After the previous transfer has been made and an additional 1 percent general fund budget allotment has been made, the Governor may order a transfer of any remaining funds in the budget stabilization fund.

The amount of transfers from the budget stabilization fund to the general fund may not exceed the difference between the original and revised general fund revenue forecasts less general fund allotments made under Section 54-44.1-12. For purposes of the transfers, total general fund allotment percentages must be based on allotments made after any allotment exemption granted by the Director of the Budget.

## ANALYSIS OF THE CAPITOL BUILDING FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)<sup>1</sup>

|                                                                                                           | 2017-19 Biennium       |             | 2019-21 Biennium       |             |
|-----------------------------------------------------------------------------------------------------------|------------------------|-------------|------------------------|-------------|
| Estimated beginning balance                                                                               |                        | \$5,089,876 |                        | \$5,832,843 |
| Add estimated revenues                                                                                    |                        |             |                        |             |
| Investment income                                                                                         | \$226,892              |             | \$425,000              |             |
| Governor's residence fundraising                                                                          | 500,000                |             | 0                      |             |
| Rentals, royalties, and bonuses                                                                           | 2,820,800              |             | 1,666,000              |             |
| Total estimated revenues                                                                                  |                        | 3,547,692   |                        | 2,091,000   |
| Total estimated available                                                                                 |                        | \$8,637,568 |                        | \$7,923,843 |
| Less estimated expenditures and transfers                                                                 |                        |             |                        |             |
| Administrative expenses                                                                                   | \$48,328               |             | \$50,000               |             |
| Income payments to counties                                                                               | 6,397 <sup>2</sup>     |             | 7,000 <sup>2</sup>     |             |
| Capitol Grounds Planning Commission continuing appropriation (North Dakota Century Code Section 48-10-02) | 175,000 <sup>3</sup>   |             | 175,000 <sup>3</sup>   |             |
| Capitol Grounds Planning Commission operating expenses (2017 HB 1015; 2019 SB 2015)                       | 25,000                 |             | 25,000                 |             |
| Office of Management and Budget Capitol projects (2017 HB 1015; 2019 SB 2015)                             | 820,563 <sup>4</sup>   |             | 2,220,000 <sup>4</sup> |             |
| Legislative Assembly digital signage and voting system upgrades (2019 HB 1001)                            |                        |             | 140,000                |             |
| Governor's residence (2015 SB 2304)                                                                       | 1,729,437 <sup>5</sup> |             |                        |             |
| Total estimated expenditures and transfers                                                                |                        | 2,804,725   |                        | 2,617,000   |
| Estimated ending balance                                                                                  |                        | \$5,832,843 |                        | \$5,306,843 |

<sup>1</sup>The analysis reflects the legislative appropriations for the 2017-19 and 2019-21 bienniums and does not include the land owned by the fund.

<sup>2</sup>Section 15-04-23 provides the Board of University and School Lands is to pay a fee to the board of county commissioners of each county in which the state retains original grant lands. The total fees paid may not exceed 5 percent of the net revenue generated from the original grant lands in that county during the year preceding the payments. The board of county commissioners is to forward a prorated portion of any fees received to the organized townships in which the original grant lands are located. The funds are to be used for the repair, maintenance, and construction of roads and bridges. Any remaining funds are to be used by the county for repair, maintenance, and construction of roads and bridges in unorganized townships in which the original grant lands are located.

<sup>3</sup>Section 48-10-02 provides a continuing appropriation to the Capitol Grounds Planning Commission to spend up to \$175,000 per biennium of income and interest of the Capitol building fund. The amount that may be spent may not exceed 50 percent of the unencumbered balance of the fund on the 1<sup>st</sup> day of the biennium.

<sup>4</sup>The 2017 Legislative Assembly, in House Bill No. 1015, authorized the \$1.4 million appropriated by the 2015 Legislative Assembly for Capitol building entrance and signage projects to be continued into the 2017-19 biennium to provide up to \$1 million for extraordinary repairs and the remaining amount for Capitol building entrance and signage projects. Senate Bill No. 2015 (2019) appropriates one-time funding of \$2.22 million from the fund for extraordinary repairs (\$1.9 million) and special assessments on the Capitol grounds (\$320,000).

<sup>5</sup>Funding of \$4 million was appropriated from the Capitol building fund by the 2015 Legislative Assembly in Senate Bill No. 2304, for the demolition of the existing Governor's residence and the construction of a new residence. The bill also included an appropriation of \$1 million from private donations for a total appropriation of \$5 million for the project, which continued into the 2017-19 biennium.

**ANALYSIS OF THE CENTERS OF EXCELLENCE FUND  
FOR THE 2017-19 AND 2019-21 BIENNIUMS  
(REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)**

|                                                     | 2017-19 Biennium |           | 2019-21 Biennium |           |
|-----------------------------------------------------|------------------|-----------|------------------|-----------|
| Beginning balance <sup>1</sup>                      |                  | \$623,004 |                  | \$347,131 |
| Add estimated revenues                              |                  |           |                  |           |
| Investment income                                   | \$1,200          |           | \$600            |           |
| Refunds from previously awarded grants <sup>2</sup> | 287,342          |           |                  |           |
| Total estimated revenues                            |                  | 288,542   |                  | 600       |
| Total available                                     |                  | \$911,546 |                  | \$347,731 |
| Less estimated expenditures and transfers           |                  |           |                  |           |
| Administrative expenses <sup>3</sup>                | \$4,500          |           | \$2,250          |           |
| Centers of excellence grants funding distributions  | 559,915          |           |                  |           |
| Total estimated expenditures and transfers          |                  | 564,415   |                  | 2,250     |
| Estimated ending balance <sup>4</sup>               |                  | \$347,131 |                  | \$345,481 |

<sup>1</sup>The 2009 Legislative Assembly provided \$31,070,541 for the centers of excellence fund, including a transfer of \$15 million from the general fund, a contingent transfer of \$5 million from the general fund, a transfer of \$4.45 million from the general fund related to centers of excellence grants awarded but not distributed, and \$6,620,541 from the permanent oil tax trust fund related to unexpended 2007-09 biennium centers of excellence funding.

<sup>2</sup>In February 2018 the Department of Commerce received refunds totaling \$287,342 from North Dakota State University. North Dakota State University had been awarded this funding during the 2005-07, 2009-11, and 2011-13 bienniums for six centers of excellence centers. Of this amount, \$158,984 was received due to the Center for Advanced Technology Development and Commercialization not spending centers of excellence funding prior to closing in December 2016. The remaining \$128,358 was received from five centers due to the allowable time for grant expenditures expiring. The department does not anticipate receiving any refunds during the 2019-21 biennium.

<sup>3</sup>North Dakota Century Code Section 15-69-05(6), as amended by the Legislative Assembly in Senate Bill No. 2057 (2011), authorized the Department of Commerce to use funds available within the centers of excellence fund for the department's administrative expenses.

<sup>4</sup>The 2017-19 biennium ending balance does not include any funding obligated for centers of excellence proposals approved in previous bienniums.

**FUND HISTORY**

Section 15-69-06 (2009 Senate Bill No. 2018) establishes a centers of excellence fund. Money in the fund is appropriated to the Department of Commerce on a continuing basis for implementing and administering the centers of excellence program. Interest earned on money in the fund is retained in the fund. The Legislative Assemblies in 2011 and 2013 did not appropriate new funding to the centers of excellence fund for the 2011-13 or 2013-15 biennium. Estimated expenditures for the 2011-13 and 2013-15 bienniums relate to centers of excellence awarded in prior bienniums. Pursuant to provisions of Senate Bill No. 2057 (2011), the centers of excellence fund will be repealed on August 1, 2023.

**ANALYSIS OF THE CENTERS OF RESEARCH EXCELLENCE FUND  
FOR THE 2017-19 AND 2019-21 BIENNIUMS  
(REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)**

|                                                     | 2017-19 Biennium |             | 2019-21 Biennium |           |
|-----------------------------------------------------|------------------|-------------|------------------|-----------|
| Estimated beginning balance <sup>1</sup>            |                  | \$2,264,626 |                  | \$309,304 |
| Add estimated revenues                              |                  |             |                  |           |
| Investment income                                   | \$3,500          |             | \$3,500          |           |
| Refunds from previously awarded grants <sup>2</sup> | 5,970            |             |                  |           |
| Total estimated revenues                            |                  | 9,470       |                  | 3,500     |
| Total available                                     |                  | \$2,274,096 |                  | \$312,804 |
| Less estimated expenditures and transfers           |                  |             |                  |           |
| Centers of research excellence grants               |                  |             |                  |           |
| University of North Dakota (UND) <sup>3,4</sup>     | \$948,650        |             |                  |           |
| North Dakota State University (NDSU) <sup>3</sup>   | 802,952          |             |                  |           |
| Base realignment grants                             |                  |             |                  |           |
| UND <sup>4</sup>                                    | 213,190          |             |                  |           |
| Total estimated expenditures and transfers          |                  | 1,964,792   |                  | \$0       |
| Estimated ending balance <sup>5</sup>               |                  | \$309,304   |                  | \$312,804 |

<sup>1</sup>The 2011 Legislative Assembly appropriated \$12 million from the general fund for transfer to the centers of research excellence fund to provide funding for a limited deployment-cooperative airspace project grant, centers of research excellence grants, and base realignment grants for the 2011-13 biennium.

<sup>2</sup>In February 2018 the Department of Commerce received a refund of \$4,672 from NDSU. North Dakota State University had been awarded this funding during the 2011-13 biennium for the NDSU Center for Life Sciences Research and Applications. However, the allowable time for the center to spend centers of research excellence funding expired, resulting in the refunds. In May 2018 the department received a refund of \$1,298 from UND. The University of North Dakota was awarded this funding during the 2015-17 biennium for the Center for Gas Unification. However, the allowable time for the center to spend centers of research excellence funding expired, resulting in the refunds. The department does not anticipate receiving any refunds during the 2019-21 biennium.

<sup>3</sup>The 2011 Legislative Assembly designated \$4 million of the \$12 million for grants to the North Dakota University System's research institutions for the purpose of leveraging private and federal funding to advance opportunities for a limited deployment-cooperative airspace project in the state during the 2011-13 biennium.

The amount of centers of research excellence grants awarded originally in the 2011-13 biennium totaled \$4,813,750. Of this amount, the Center for Life Sciences Research and Applications at NDSU was awarded \$1.35 million. However, the center has been closed by NDSU, resulting in \$1.1 million of grants becoming uncommitted. As a result, the Centers of Excellence Commission opened a special base realignment grant round under North Dakota Century Code Section 54-65-04 during the 2015-17 biennium. In February 2017 the Department of Commerce awarded \$1,212,145 of grant funds to UND for base realignment grants.

Of the remaining \$250,000 awarded and distributed to the Center for Life Sciences Research and Applications, \$44,672 was refunded to the Department of Commerce due to the allowable time for the center to spend the centers of research excellence funding expiring, resulting in \$205,328 awarded and spent by the Center for Life Sciences Research and Applications. The Center for Gas Unification also refunded \$1,298 of the \$300,000 awarded and distributed by the department, resulting in \$298,702 available to the Center for Gas Unification.

The Department of Commerce anticipates awarding \$1,751,602 during the 2017-19 biennium, of which \$802,952 is for the Center for Technologically Innovative Processes and Products at NDSU and \$948,650 is for the Center for Biobased Materials Science and Technology at UND, resulting in a total of \$5,419,382 awarded for the program.

|                                                                |             |
|----------------------------------------------------------------|-------------|
| NDSU                                                           |             |
| Center for Life Sciences Research and Applications             | \$205,328   |
| Center for Technologically Innovative Processes and Products 1 | 320,000     |
| Center for Technologically Innovative Processes and Products 2 | 1,011,250   |
| Center for Technologically Innovative Processes and Products 3 | 802,952     |
| UND                                                            |             |
| Center for Avian Therapeutics for Infectious Diseases          | 700,000     |
| Center for Gas Utilization                                     | 298,702     |
| Center for Biobased Materials Science and Technology 1         | 1,132,500   |
| Center for Biobased Materials Science and Technology 2         | 948,650     |
| Total                                                          | \$5,419,382 |

<sup>4</sup>Of the \$4 million available to UND through the centers of research excellence program from funds appropriated for the 2011-13 biennium, \$3 million was designated for Grand Forks base realignment grants. The purpose of the base realignment grants was to enhance economic development and employment opportunities associated with the Grand Forks Air Force Base resulting from action by the federal Defense Base Closure and Realignment Commission and to enhance infrastructure and economic development projects or programs to accommodate growth near the Grand Forks Air Force Base. Any funds not committed within the first 18 months of the 2011-13 biennium are available for the centers of research excellence program. The amount of base realignment grants awarded originally totaled \$2,840,400. Due to NDSU closing the Center for Life Sciences Research and Applications, \$1,212,145 of centers of research excellence grants became uncommitted. In February 2017 the Department of Commerce awarded an additional \$1,212,145 of grant funds to UND for base realignment grants. The department anticipates awarding an additional \$213,190 of base realignment grants for beyond visual line of sight radar during the 2017-19 biennium, resulting in a total of \$4,265,735 awarded for base realignment grants:

|                                                                                   |             |
|-----------------------------------------------------------------------------------|-------------|
| UND                                                                               |             |
| Global Hawk sensor operator part task trainer                                     | \$878,204   |
| Joint Distributed Common Ground System                                            | 125,706     |
| North Dakota Unmanned Aircraft Systems Airspace Initiative (Phase 2)              | 255,440     |
| Airspace Integration Team - Unmanned Aircraft System National Test Site           | 500,000     |
| Enhanced Use Lease for Grand Forks Air Force Base                                 | 921,050     |
| Enhanced Use Lease Phase IV for Grand Forks Air Force Base                        | 160,000     |
| Beyond Visual Line of Sight Radar - Unmanned Aircraft System National Test Site   | 1,212,145   |
| Beyond Visual Line of Sight Radar - Unmanned Aircraft System National Test Site 2 | 213,190     |
| Total                                                                             | \$4,265,735 |

<sup>5</sup>There are no anticipated committed funds for centers of research excellence proposals approved in the 2011-13 biennium in the 2017-19 biennium and 2019-21 biennium estimated ending balances.

### FUND HISTORY

Section 12 of Senate Bill No. 2057 (2011) established the centers of research excellence fund. Money in the fund is appropriated to the Department of Commerce on a continuing basis for implementing and administering the centers of research excellence program. Interest earned on money in the fund is retained in the fund.

The 2013 Legislative Assembly designated \$8 million of the \$12 million for centers of research excellence grants. The Centers of Excellence Commission may not award centers of research excellence grants of more than \$4 million to one research university or nonprofit foundation related to that research university. The centers of research excellence program established by the Legislative Assembly in 2011 replaces the centers of excellence program with the following modifications:

- Removed the requirement for Budget Section or Emergency Commission approval and authorized the Centers of Excellence Commission to award grants.
- Removed tourism from the definition of an "industry cluster."

- Removed the requirement that research universities limit applications to two per round of funding and removed the requirement that the awarding process give consideration to a center's ability to become financially self-sustaining.
- Replaced the prior requirement of annual audits with the requirement for an audit of all funds distributed to the centers after the second full fiscal year, after all funds distributed to the centers have been expended, and for all other years during the postaward monitoring. The centers may contract with an independent accountant for an agreed-upon procedures engagement. Postaward monitoring lasts for no fewer than 6 years and no more than 10 years following the designation of a center for both the centers of excellence and the centers of research excellence programs.
- Provided a statement of legislative intent for the centers of research excellence program to be an ongoing program. (The centers of excellence program had an established expiration date.)

The Legislative Assembly did not appropriate new funding to the centers of research excellence fund for the 2013-15, 2015-17, or 2017-19 bienniums. Estimated expenditures for the 2013-15, 2015-17, and 2017-19 bienniums relate to centers of research excellence grants awarded in prior bienniums.

**ANALYSIS OF THE COAL DEVELOPMENT TRUST FUND  
FOR THE 2017-19 AND 2019-21 BIENNIUMS  
(REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)**

|                                              | 2017-19 Biennium <sup>1</sup> |             | 2019-21 Biennium <sup>1</sup> |             |
|----------------------------------------------|-------------------------------|-------------|-------------------------------|-------------|
| Estimated beginning balance                  |                               | \$41,579    |                               | \$44,872    |
| Add estimated revenues                       |                               |             |                               |             |
| Investment income <sup>2</sup>               | \$600,652                     |             | \$1,158,000                   |             |
| School construction loan income <sup>2</sup> | 1,368,896                     |             | 1,200,000                     |             |
| Total estimated revenues                     |                               | 1,969,548   |                               | 2,358,000   |
| Total estimated available                    |                               | \$2,011,127 |                               | \$2,402,872 |
| Less estimated expenditures and transfers    |                               |             |                               |             |
| Investment expense                           | \$15,912                      |             | \$23,160                      |             |
| Administrative expenses                      | 8,764                         |             | 10,000                        |             |
| Transfer to the general fund <sup>2</sup>    | 1,941,579                     |             | 2,300,000                     |             |
| Total estimated expenditures and transfers   |                               | 1,966,255   |                               | 2,333,160   |
| Estimated ending balance                     |                               | \$44,872    |                               | \$69,712    |

<sup>1</sup>The beginning and ending balances do not include the value of permanent assets of the coal development trust fund, which must be maintained pursuant to North Dakota Century Code Section 57-62-02 and Section 21 of Article X of the Constitution of North Dakota. As of June 30, 2018, the total value of permanent fund assets was \$69.6 million, of which \$44.3 million was school construction loans receivable, \$12 million was coal impact loans receivable, and \$13.3 million was either cash or short-term investments.

Senate Bill No. 2014 (2017) reduces the allocation of coal severance tax allocations to the coal development trust fund from 30 to 15 percent and provides an allocation of 15 percent to the lignite research fund. The coal severance tax allocations become part of the fund assets which are not reflected in the amounts shown in the table. Senate Bill No. 2272 (2017) amends Section 15.1-36-02 to make available up to \$60 million from the fund for loans of up to \$2 million for unanticipated school construction projects or emergency repairs.

<sup>2</sup>Section 57-62-02 and Section 21 of Article X of the Constitution of North Dakota, provide that the income from the coal development trust fund must be used first to replace any uncollectible loans made from the fund and any remaining income must be deposited in the general fund. The amounts shown on this analysis include only the income in excess of any allowance for uncollectible loans made from the fund and do not include any revenues or expenses affecting the permanent fund balance.

**FUND HISTORY**

The coal development trust fund originated in 1979 with passage of House Bill No. 1257, now codified as various sections of Chapter 57-62. In 1980 the voters of North Dakota approved Constitutional Measure No. 5, Section 21 of Article X of the Constitution of North Dakota, and establishing the coal development trust fund as a constitutional trust fund.

Section 57-62-02 provides 30 percent of the coal severance tax must be deposited in the coal development trust fund. Section 57-62-02 provides the Board of University and School Lands shall administer the fund and use money in the fund for loans to coal-impacted counties, cities, and school districts, and for loans to school districts for school construction. Section 15.1-36-02 limits the outstanding principal balance of school construction loans from the coal development trust fund to \$50 million.

Section 57-61-01.5 provides that 70 percent of the money deposited in the coal development trust fund must be transferred to the lignite research fund. Consequently, 30 percent of the coal severance taxes deposited in the fund (9 percent of total coal severance taxes collected) remains in the coal development trust fund to be used for the purposes provided in Section 57-62-02.

# ANALYSIS OF THE COMMON SCHOOLS TRUST FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

## ASSETS, DISTRIBUTIONS, AND INVESTMENT RETURNS FOR THE COMMON SCHOOLS TRUST FUND

The following is a summary of actual and estimated assets, distributions, and investment returns for the common schools trust fund for the 1997-99 through 2019-21 bienniums:

| Biennium  | Fiscal Year | Beginning Assets<br>(Excluding Land<br>and Minerals Values) | Distributions | Total Average<br>Investment Return<br>(Interest Income<br>and Capital Gains) |
|-----------|-------------|-------------------------------------------------------------|---------------|------------------------------------------------------------------------------|
| 1997-99   | 1998        | \$400,689,879                                               | \$23,200,000  | 13.57%                                                                       |
|           | 1999        | \$444,823,559                                               | \$23,200,000  | 7.50%                                                                        |
| 1999-2001 | 2000        | \$467,059,293                                               | \$23,775,000  | 11.05%                                                                       |
|           | 2001        | \$521,509,978                                               | \$23,775,000  | 2.03%                                                                        |
| 2001-03   | 2002        | \$533,360,593                                               | \$28,896,500  | (1.34%)                                                                      |
|           | 2003        | \$522,905,814                                               | \$28,896,500  | 4.57%                                                                        |
| 2003-05   | 2004        | \$547,047,877                                               | \$30,000,000  | 12.60%                                                                       |
|           | 2005        | \$614,738,548                                               | \$30,000,000  | 8.58%                                                                        |
| 2005-07   | 2006        | \$686,273,875                                               | \$31,100,000  | 7.51%                                                                        |
|           | 2007        | \$761,901,287                                               | \$31,100,000  | 12.82%                                                                       |
| 2007-09   | 2008        | \$887,092,909                                               | \$33,400,000  | (4.22%)                                                                      |
|           | 2009        | \$908,928,685                                               | \$33,400,000  | (13.75%)                                                                     |
| 2009-11   | 2010        | \$846,314,086                                               | \$38,589,000  | 14.48%                                                                       |
|           | 2011        | \$1,221,501,801                                             | \$38,589,000  | 17.99%                                                                       |
| 2011-13   | 2012        | \$1,622,412,984                                             | \$46,257,000  | 2.42%                                                                        |
|           | 2013        | \$1,917,135,220                                             | \$46,257,000  | 10.65%                                                                       |
| 2013-15   | 2014        | \$2,417,363,782                                             | \$65,163,000  | 13.85%                                                                       |
|           | 2015        | \$3,128,315,233                                             | \$65,163,000  | .50%                                                                         |
| 2015-17   | 2016        | \$3,437,988,002                                             | \$103,067,000 | (0.63%)                                                                      |
|           | 2017        | \$3,512,355,582                                             | \$103,067,000 | 9.50%                                                                        |
| 2017-19   | 2018        | \$3,940,114,988                                             | \$144,132,000 | 6.50%                                                                        |
|           | 2019        | \$4,318,989,728                                             | \$144,132,000 | <sup>1</sup>                                                                 |
| 2019-21   | 2020        | <sup>1</sup>                                                | \$183,378,000 | <sup>1</sup>                                                                 |
|           | 2021        | <sup>1</sup>                                                | \$183,378,000 | <sup>1</sup>                                                                 |

<sup>1</sup>Section 2 of Article IX of the Constitution of North Dakota was amended in November 2006 through voter approval of Measure No. 1 (House Concurrent Resolution No. 3037 (2005)). The measure changed the way distributions from the common schools trust fund and other permanent educational trust funds are determined. The amendment became effective July 1, 2009, and distributions are no longer based on interest and income earned by the fund. Distributions from the common schools trust fund are now based on a percentage of the 5-year average value of trust assets, excluding the value of lands and minerals. Therefore, the Board of University and School Lands does not project asset values, income, or investment return because it is no longer relevant to the calculation of distribution amounts. **The unaudited fund balance of the common schools trust fund was \$4,422,495,456 as of December 31, 2018.**



## **MONEY DEPOSITED IN THE COMMON SCHOOLS TRUST FUND**

### **Select Constitutional Provisions**

#### **Article IX, Section 1**

This section provides the following money must be deposited in a permanent trust fund, known as the common schools trust fund, and used to support the common schools of the state:

- All proceeds relating to public lands granted to the state by the federal government for the support of the common schools.
- All proceeds relating to property acquired by the state through escheat (property reverting to the state in the absence of legal heirs).
- All gifts, donations, and other property acquired by the state for the support of the common schools.
- The proceeds of all bonuses relating to the leasing of coal, gas, oil, or other mineral interests relating to common schools lands.

This section was included in the original Constitution of North Dakota enacted in 1889. In 1982 the section was amended to provide that bonuses relating to the leasing of coal, gas, oil, or other mineral interests relating to common schools lands were to be deposited in the common schools trust fund. In 2006 Measure No. 1, approved by voters, removed the reference to bonuses related to leasing and provided that revenues earned by a perpetual trust fund must be deposited in the fund.

#### **Article IX, Section 5**

This section provides that in all sales of common schools lands, the state must retain the mineral interests. Leases may be executed for the extraction and sale of the minerals.

This section was included in the original Constitution of North Dakota enacted in 1889. As originally enacted, the section prohibited the sale of common schools lands that were "coal lands" and did not address other minerals. In 1960 the section was amended to its current form which allows the sale of lands containing minerals, but requires that the state retain the mineral interests. Minerals are defined to include oil, gas, coal, cement materials, sodium sulphate, sand and gravel, road material, building stone, chemical substances, metallic ores, uranium ores, and colloidal or other clays.

#### **Article X, Section 24**

This section provides that 10 percent of oil extraction tax revenue must be deposited in the common schools trust fund.

This section was enacted in 1994 through voter approval of Measure No. 1 (Senate Concurrent Resolution No. 4011 (1993)). In November 2016 voters approved Senate Concurrent Resolution No. 4003 (2015), which provided for a constitutional amendment to Section 24. The amendment allows the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for the most recently completed biennium for education-related purposes and simplifies other language in the section. However, the amendment does not change deposits to the fund or limit the balance in the common schools trust fund, which has not been changed since enactment.

### **Select North Dakota Century Code Provisions**

#### **Section 47-30.1-23**

This section provides that all funds received by the state under the Uniform Unclaimed Property Act, except amounts deducted for the payment of claims and certain administrative costs, must be deposited in the common schools trust fund.

#### **Section 54-27-25**

This section, which was enacted by the 1999 Legislative Assembly, creates a tobacco settlement trust fund to be used to deposit tobacco settlement money received by the state. Forty-five percent of the tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement and deposited in the tobacco settlement trust fund must be transferred to the common schools trust fund and become a part of the principal of the fund. In House Bill No. 1012 (2017), the Legislative Assembly amended Section 54-27-25 to suspend transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increase transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.

The Legislative Assembly, in Senate Bill No. 2003 (2015), amended Section 54-27-25 related to the tobacco settlement trust fund to provide the principal and interest of the fund may be appropriated to the attorney general for the enforcement of the Master Settlement Agreement and any disputes with the agreement. Appropriations made to the attorney general for enforcement of the Master Settlement Agreement reduce the amount available for transfer from the tobacco settlement trust fund to the common schools trust fund.

To date, \$189,745,840 of tobacco settlement money received by the state has been transferred to the common schools trust fund. The following is a summary of transfers to the common schools trust fund from the tobacco settlement trust fund, net of funds appropriated from the tobacco settlement trust fund to the Attorney General's office for the enforcement of the Master Settlement Agreement and pursuant to the temporary change in transfers from the tobacco settlement trust fund approved in House Bill No. 1012 (2017). Estimated transfers are based on actual transfers through December 2018 and estimated transfers for the remainder of the 2017-19 biennium and for the 2019-21 biennium based on the December 2018 executive budget revenue forecast.

|           |                         |
|-----------|-------------------------|
| 1999-2001 | \$23,805,353 (actual)   |
| 2001-03   | \$23,998,745 (actual)   |
| 2003-05   | \$20,977,123 (actual)   |
| 2005-07   | \$19,722,653 (actual)   |
| 2007-09   | \$27,672,929 (actual)   |
| 2009-11   | \$18,248,834 (actual)   |
| 2011-13   | \$18,108,052 (actual)   |
| 2013-15   | \$19,003,716 (actual)   |
| 2015-17   | \$18,208,436 (actual)   |
| 2017-19   | \$0 (estimate)          |
| 2019-21   | \$16,200,000 (estimate) |
| 2021-25   | \$47,253,448 (estimate) |

## **DISTRIBUTIONS FROM THE COMMON SCHOOLS TRUST FUND**

### **Select Constitutional Provisions**

#### **Article IX, Section 1**

This section provides that revenues earned by the perpetual trust fund must be deposited in the fund, the costs of administering the fund may be paid out of the fund, and the perpetual trust funds must be managed to preserve their purchasing power and to maintain stable distributions to fund beneficiaries.

#### **Article IX, Section 2**

This section provides that payments to the common schools of the state include:

- Biennial distributions from each educational trust fund must be 10 percent of the 5-year average value of the trust assets, excluding the value of land and minerals. This section was amended in November 2006 through voter approval of Measure No. 1 (House Concurrent Resolution No. 3037 (2005)). The measure changed the way distributions from the common schools trust fund and other permanent educational trust funds are determined. Previously, distributions were based on the amount of interest and income earned by each trust during a fiscal year. The amendment became effective July 1, 2009, and distributions from the common schools trust fund for the 2009-11 biennium and all subsequent bienniums are based on the distribution formula.
- All fines for violation of state laws. (This money is not added to the trust fund, but is added to the distributions from the common schools trust fund and distributed to schools.)
- All other amounts provided by law.

This section was included in the original Constitution of North Dakota enacted in 1889. The original law contained the following two provisions that were removed through voter approval of Measure No. 3 in June 1982:

- Payments to the common schools must be distributed in proportion to the number of school-age children in each district.

- Any portion of the interest or income of the common schools trust fund not distributed during a fiscal year must be added to the permanent balance of the trust fund.

### **Select North Dakota Century Code Provisions**

#### **Section 15-01-02**

This section provides the Board of University and School Lands has full control of:

- The selection, appraisal, rental, sale, disposal, and management of common schools lands.
- The investment of any funds derived from the sale of common schools lands.
- The proceeds of any other property required by law to be used for the support of the common schools.

### **INVESTMENT OF THE COMMON SCHOOLS TRUST FUND**

Section 15-03-04 provides the Board of University and School Lands is to apply the prudent investor rule in investing the permanent funds under its control, including the common schools trust fund. The prudent investor rule means that in making investments, the board is to exercise the same judgment and care that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it.

# ANALYSIS OF THE COMMUNITY HEALTH TRUST FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

|                                                                                                                             | 2017-19 Biennium          |                         | 2019-21 Biennium         |                        |
|-----------------------------------------------------------------------------------------------------------------------------|---------------------------|-------------------------|--------------------------|------------------------|
| Beginning balance                                                                                                           |                           | \$609,221               |                          | \$17,689,734           |
| Add estimated revenues                                                                                                      |                           |                         |                          |                        |
| Transfers to date from the tobacco settlement trust fund                                                                    | \$29,180,513 <sup>1</sup> |                         | \$0                      |                        |
| Projected remaining transfers from the tobacco settlement trust fund                                                        | 9,900,000 <sup>2</sup>    |                         | 3,600,000 <sup>2</sup>   |                        |
| Total estimated revenues                                                                                                    |                           | 39,080,513 <sup>2</sup> |                          | 3,600,000 <sup>2</sup> |
| Total available                                                                                                             |                           | \$39,689,734            |                          | \$21,289,734           |
| Less estimated expenditures and adjustments                                                                                 |                           |                         |                          |                        |
| State Department of Health (2017 SB 2004; 2019 HB 1004)                                                                     |                           |                         |                          |                        |
| Tobacco prevention and control program grants to local public health units for tobacco prevention and control               |                           |                         | \$6,500,000 <sup>3</sup> |                        |
| Tobacco prevention and control, including the Tobacco Quitline and the tobacco cessation coordinator and operating expenses | \$3,200,000 <sup>4</sup>  |                         | 3,200,000 <sup>4</sup>   |                        |
| Women's Way program                                                                                                         | 329,500                   |                         | 329,500                  |                        |
| Behavioral Risk Factor State Survey                                                                                         | 470,500                   |                         | 270,500                  |                        |
| Dentists' loan repayment program                                                                                            |                           |                         | 324,000 <sup>5</sup>     |                        |
| Behavioral health loan repayment program                                                                                    |                           |                         | 200,000 <sup>6</sup>     |                        |
| Department of Human Services (2017 HB 1012) - Medical Services Division                                                     | 18,000,000                |                         |                          |                        |
| Total estimated expenditures and adjustments                                                                                |                           | 22,000,000              |                          | 10,824,000             |
| Estimated ending balance                                                                                                    |                           | \$17,689,734            |                          | \$10,465,734           |

<sup>1</sup>As of December 2018, the state has received a tobacco settlement payment of \$53,096,556 for the 2017-19 biennium, of which \$29,093,106 has been transferred from the tobacco settlement trust fund to the community health trust fund for the 2017-19 biennium. The tobacco settlement payment received in April 2018 included funding released from an escrow account related to the settlement of an ongoing dispute between the state and major tobacco companies over enforcement of the 1998 Tobacco Master Settlement Agreement. The funding released from the escrow account resulted in an additional \$20.5 million being deposited in the community health trust fund. In addition, the community health trust fund received a transfer of \$87,407 from the tobacco settlement trust fund related to funding returned to the tobacco settlement trust fund from an appropriation to the Attorney General for the 2015-17 biennium. Total transfers of \$71,346,255 have been made from the tobacco settlement trust fund to the community health trust fund.

<sup>2</sup>Revenues - Interest earned on the community health trust fund is deposited in the general fund. Community health trust fund revenues have been estimated based on actual revenues received through December 2018 and estimated revenues for remainder of the 2017-19 biennium and for the 2019-21 biennium, based on the December 2018 executive budget revenue forecast. Estimates are net of funds appropriated from the tobacco settlement trust fund to the Attorney General's office for the enforcement of the Master Settlement Agreement and related disputes. **In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.**

Initiated Measure No. 3 (2008) resulted in the allocation shown below of the revised estimated collections for tobacco settlement payments through 2025. In House Bill No. 1012 (2017), the Legislative Assembly amended Section 54-27-25 to suspend transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increase transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund. Transfers from the tobacco settlement trust fund to the water development trust

fund remain at 45 percent. Therefore, the following are estimated allocations of tobacco settlement payments through 2025, based on the temporary reallocation approved by the 2017 Legislative Assembly and the December 2018 executive budget revenue forecast for the 2019-21 biennium, as of crossover:

|                                  | Actual and Estimated<br>Total Tobacco<br>Settlement Proceeds, Including<br>Attorney General Costs | Actual and Estimated<br>Payments Under Master Settlement Agreement<br>Subsection IX(c)(2) Deposited in<br>the Tobacco Prevention and<br>Control Trust Fund | Allocation of Actual and Estimated Payments Under<br>Master Settlement Agreement Subsection IX(c)(1) |                                    |                                |
|----------------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|------------------------------------|--------------------------------|
|                                  |                                                                                                   |                                                                                                                                                            | Common Schools<br>Trust Fund                                                                         | Water<br>Development<br>Trust Fund | Community Health<br>Trust Fund |
| Actual payment April 2008        | \$36.4 million                                                                                    | N/A                                                                                                                                                        | \$16.4 million                                                                                       | \$16.4 million                     | \$3.6 million                  |
| Actual payment April 2009        | 39.2 million                                                                                      | \$14.1 million                                                                                                                                             | 11.3 million                                                                                         | 11.3 million                       | 2.5 million                    |
| Actual payments 2009-11 biennium | 64.0 million                                                                                      | 23.5 million                                                                                                                                               | 18.2 million                                                                                         | 18.2 million                       | 4.1 million                    |
| Actual payments 2011-13 biennium | 63.0 million                                                                                      | 22.8 million                                                                                                                                               | 18.1 million                                                                                         | 18.1 million                       | 4.0 million                    |
| Actual payments 2013-15 biennium | 64.6 million                                                                                      | 22.4 million                                                                                                                                               | 19.0 million                                                                                         | 19.0 million                       | 4.2 million                    |
| Actual payments 2015-17 biennium | 63.5 million <sup>1</sup>                                                                         | 22.9 million                                                                                                                                               | 18.2 million                                                                                         | 18.2 million                       | 4.0 million                    |
| Estimated 2017-19 biennium       | 71.3 million <sup>1</sup>                                                                         | N/A                                                                                                                                                        | 0                                                                                                    | 32.0 million                       | 39.1 million                   |
| Estimated 2019-21 biennium       | 36.0 million                                                                                      | N/A                                                                                                                                                        | 16.2 million                                                                                         | 16.2 million                       | 3.6 million                    |
| Estimated 2021-23 biennium       | 52.5 million                                                                                      | N/A                                                                                                                                                        | 23.6 million                                                                                         | 23.6 million                       | 5.3 million                    |
| Estimated 2023-25 biennium       | 52.5 million                                                                                      | N/A                                                                                                                                                        | 23.6 million                                                                                         | 23.6 million                       | 5.3 million                    |
| Total                            | \$543.0 million                                                                                   | \$105.7 million                                                                                                                                            | \$164.6 million                                                                                      | \$196.6 million                    | \$75.7 million                 |

<sup>1</sup>This amount includes \$200,000 made available from the tobacco settlement trust fund to the attorney general for enforcement of the Master Settlement Agreement and any disputes with the agreement.

<sup>3</sup>In 2017 the Legislative Assembly provided \$6.5 million from the tobacco prevention and control trust fund to the State Department of Health for grants to local public health units for tobacco prevention and control programs. House Bill No. 1004 (2019) appropriates \$6.5 million from the community health trust fund for grants to local public health units for tobacco prevention and control programs during the 2019-21 biennium.

<sup>4</sup>Section 54-27-25 provides money in the community health trust fund may be used by the State Department of Health, subject to legislative appropriation, for community-based public health programs and other public health programs, including programs with an emphasis on preventing or reducing tobacco usage. The 2003 Legislative Assembly authorized the establishment of a telephone "Tobacco Quitline." The 2007 Legislative Assembly increased the funding for the Tobacco Quitline to provide nicotine replacement therapy and cessation counseling. The 2007 Legislative Assembly authorized 1 full-time equivalent tobacco prevention coordinator position and related funding for salaries and wages and operating expenses for the position. The 2017 Legislative Assembly did not approve direct funding for the Tobacco Quitline or the tobacco prevention coordinator position, but appropriated \$3.2 million from the community health trust fund for tobacco prevention and control programs for the 2017-19 biennium. The department anticipates spending \$3.2 million from the fund for tobacco prevention and control during the 2017-19 biennium. House Bill No. 1004 (2019) appropriates \$3.2 million from the community health trust fund to the department for tobacco prevention and control programs for the 2019-21 biennium.

<sup>5</sup>In 2017 the Legislative Assembly provided \$600,000 to the State Department of Health for the dental loan repayment program in the 2017-19 biennium, of which \$360,000 was from the student loan trust fund and \$240,000 was from the general fund. House Bill No. 1004 (2019) appropriates a total of \$740,000 for the dental loan repayment program, of which \$324,000 is from the community health trust fund and \$416,000 is from the general fund.

<sup>6</sup>In 2017 the Legislative Assembly provided \$243,640 from the tobacco prevention and control trust fund to the State Department of Health for the behavioral health loan repayment program in the 2017-19 biennium. House Bill No. 1004 (2019) appropriates a total of \$364,000 for the behavioral health loan repayment program, of which \$200,000 is from the community health trust fund and \$164,000 is from the general fund.

### FUND HISTORY

Section 54-27-25, created by House Bill No. 1475 (1999), established the community health trust fund. This section created a tobacco settlement trust fund for the deposit of all tobacco settlement money obtained by the state. Money in the fund must be transferred within 30 days of its deposit in the fund as follows:

- 10 percent to the community health trust fund. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.

- 45 percent to the common schools trust fund. In House Bill No. 1012 (2017), the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the water development trust fund.

In the November 2008 general election, voters approved Initiated Measure No. 3 that amended Section 54-27-25 to establish a tobacco prevention and control trust fund. The measure provides for a portion of tobacco settlement funds received by the state to be deposited in this new fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continues in perpetuity, will continue to be deposited into the tobacco settlement trust fund and allocated 10 percent to the community health trust fund, 45 percent to the common schools trust fund, and 45 percent to the water development trust fund after the 2017-19 biennium. In 2009, tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement, relating to strategic contribution payments, which began in 2008 and continued through 2017, was deposited into the tobacco prevention and control trust fund. The measure also provided 80 percent of the funds allocated to the community health trust fund from the tobacco settlement trust fund be used for tobacco prevention and control. However, in Senate Bill No. 2004 (2017), the Legislative Assembly amended Section 54-27-25 to remove the 80 percent restriction on transfers to the community health trust fund.

The Legislative Assembly, in Senate Bill No. 2003 (2015), amended Section 54-27-25 related to the tobacco settlement trust fund to provide the principal and interest of the fund may be appropriated to the attorney general for the enforcement of the Master Settlement Agreement and any disputes with the agreement. Appropriations made to the attorney general for enforcement of the Master Settlement Agreement reduce the amount available for transfer from the tobacco settlement trust fund to the community health trust fund.

**ANALYSIS OF THE STATE DISASTER RELIEF FUND FOR THE  
2013-15, 2015-17, 2017-19, AND 2019-21 BIENNIUMS  
(REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)**

|                                                                                  | 2013-15 Biennium<br>Actual |               | 2015-17 Biennium<br>Actual |              | 2017-19 Biennium<br>Estimated |              | 2019-21 Biennium<br>Estimated |              |
|----------------------------------------------------------------------------------|----------------------------|---------------|----------------------------|--------------|-------------------------------|--------------|-------------------------------|--------------|
| Beginning balance                                                                |                            | \$77,651,986  |                            | \$75,867,942 |                               | \$36,687,549 |                               | \$28,793,446 |
| Add revenues                                                                     |                            |               |                            |              |                               |              |                               |              |
| Interest income                                                                  | \$81,030                   |               | \$50,723                   |              | \$58,000                      |              | \$40,000                      |              |
| Miscellaneous reimbursements                                                     | 1,007,480                  |               | 2,716,118                  |              | 700,000                       |              | 100,000                       |              |
| Oil and gas tax collections                                                      | 22,000,000 <sup>2</sup>    |               | 3,482,364 <sup>7</sup>     |              | 0 <sup>8</sup>                |              | 0 <sup>18</sup>               |              |
| Total revenues                                                                   |                            | 23,088,510    |                            | 6,249,205    |                               | 758,000      |                               | 140,000      |
| Total available                                                                  |                            | \$100,740,496 |                            | \$82,117,147 |                               | \$37,445,549 |                               | \$28,933,446 |
| Less estimated expenditures                                                      |                            |               |                            |              |                               |              |                               |              |
| Disasters occurring prior to 2009                                                | 1,306,121 <sup>6</sup>     |               |                            |              |                               |              |                               |              |
| 2009 flooding                                                                    | 2,530,274 <sup>6,11</sup>  |               | 247,214 <sup>15</sup>      |              | 57,462 <sup>17</sup>          |              |                               |              |
| January 2010 snowstorm                                                           | 310,392 <sup>6,11</sup>    |               |                            |              |                               |              |                               |              |
| 2010 flooding                                                                    | 320,896 <sup>6,11</sup>    |               | 269,007 <sup>15</sup>      |              | 1,199,702 <sup>17</sup>       |              |                               |              |
| April 2010 ice storm                                                             | 565,976 <sup>6,11</sup>    |               | 102,560 <sup>15</sup>      |              |                               |              |                               |              |
| 2011 flooding                                                                    | 7,430,968 <sup>6,11</sup>  |               | 6,366,153 <sup>15</sup>    |              | 4,771,730 <sup>17</sup>       |              | 2,058,727 <sup>19</sup>       |              |
| 2011 ice storm                                                                   | 616,217 <sup>11</sup>      |               | 925 <sup>15</sup>          |              |                               |              |                               |              |
| Costs relating to flooding in<br>incorporated cities                             | 1,461,014 <sup>6</sup>     |               |                            |              |                               |              |                               |              |
| Disaster response coordination<br>contract                                       | 400,000 <sup>3</sup>       |               | 200,000 <sup>3</sup>       |              |                               |              |                               |              |
| State disasters and flood<br>mitigation efforts (road grade<br>raising projects) | 91,986 <sup>6</sup>        |               | 2,562 <sup>15</sup>        |              | 18,620 <sup>17</sup>          |              | 81,380 <sup>19</sup>          |              |
| Housing rehab and retention                                                      | 2,461,071 <sup>1</sup>     |               |                            |              |                               |              |                               |              |
| Flood-impacted housing<br>assistance grant program                               | 1,500,000 <sup>4</sup>     |               | 1,088,468 <sup>15</sup>    |              |                               |              |                               |              |
| Disaster recovery planning and<br>technical services                             | 1,031,218 <sup>5</sup>     |               | 34,810 <sup>5</sup>        |              |                               |              |                               |              |
| Fargo interior flood protection                                                  |                            |               | 30,000,000 <sup>9</sup>    |              |                               |              |                               |              |
| Chronic flooding relief                                                          |                            |               | 2,000,000 <sup>10</sup>    |              |                               |              |                               |              |
| 2013 Red River Valley flood                                                      | 1,591,135 <sup>11</sup>    |               | 589,741 <sup>15</sup>      |              | 512,157 <sup>17</sup>         |              | 464,161 <sup>19</sup>         |              |
| 2013 winter storm                                                                | 36,116 <sup>11</sup>       |               | 59,539 <sup>15</sup>       |              | 314,044 <sup>17</sup>         |              | 294,412 <sup>19</sup>         |              |
| 2014 rain storms                                                                 | 219,170 <sup>11</sup>      |               | 84,122 <sup>15</sup>       |              | 52,651 <sup>17</sup>          |              | 124,481 <sup>19</sup>         |              |
| Valley City flood protection                                                     | 3,000,000 <sup>12</sup>    |               |                            |              |                               |              |                               |              |

|                                            |              |                         |                         |                         |              |
|--------------------------------------------|--------------|-------------------------|-------------------------|-------------------------|--------------|
| Double Ditch Historic Site repairs         |              | 384,497 <sup>13</sup>   | 1,725,737 <sup>13</sup> |                         |              |
| Bismarck area flood protection             |              | 4,000,000 <sup>14</sup> |                         |                         |              |
| Total estimated expenditures and transfers | 24,872,554   |                         | 45,429,598              | 8,652,103 <sup>16</sup> | 3,023,161    |
| Estimated ending balance                   | \$75,867,942 |                         | \$36,687,549            | \$28,793,446            | \$25,910,285 |

<sup>1</sup>Section 17 of 2011 Senate Bill No. 2371 provided the Office of Management and Budget transfer \$48.7 million from the general fund to the state disaster relief fund during the 2011-13 biennium for the following purposes:

| Relief Assistance                               | Transfer Amount | Appropriation Authority                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------------------|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Disaster-related expenses                       | \$32,700,000    | Section 15 of 2011 Senate Bill No. 2371 provided appropriation authority of \$29.5 million from the state disaster relief fund to the Adjutant General for providing the required state share of funding for expenses associated with presidentially declared state disasters. Section 16 of the bill provided a contingent appropriation of \$5 million from the state disaster relief fund to the Adjutant General relating to grants to political subdivisions for a portion of the local share required to match federal emergency relief funding. |
| Flood-impacted housing assistance grant program | 10,000,000      | Section 9 of Senate Bill No. 2371 appropriated \$10 million from the state disaster relief fund to the Adjutant General for providing additional rebuilders loan program funding to the Bank of North Dakota and funding to political subdivisions for flood-impacted housing rehabilitation.                                                                                                                                                                                                                                                          |
| Road grade raising grants                       | 6,000,000       | Section 14 of Senate Bill No. 2371 appropriated \$6 million from the state disaster relief fund to the Department of Transportation for grants to counties for road grade raising projects on federal aid-eligible roads.                                                                                                                                                                                                                                                                                                                              |
| Total                                           | \$48,700,000    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

<sup>2</sup>House Bill No. 1451 (2011) created North Dakota Century Code Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1 as follows:

- The first \$543.79 million is deposited in the general fund, property tax relief fund, and strategic investment and improvements fund;
- The next \$22 million is deposited in the state disaster relief fund; and
- Any additional revenues are deposited in the strategic investment and improvements fund.

<sup>3</sup>In 2011 Senate Bill No. 2016, the Legislative Assembly provided authority to the Department of Emergency Services to utilize \$400,000 from the state disaster relief fund to contract for services to coordinate disaster response organizations with state and political subdivision disaster response efforts, including all aspects of disaster recovery from preparedness training through cleanup for declared or undeclared disasters. House Bill No. 1016 (2013) continued the same level of funding for the 2013-15 biennium. Senate Bill No. 2016 (2015) provided a \$200,000 appropriation from the state disaster relief fund for disaster response coordination for the 2015-17 biennium.

<sup>4</sup>Section 4 of 2013 House Bill No. 1016 appropriated \$1.5 million from the state disaster relief fund to the Housing Finance Agency to provide grants to counties, cities, local housing authorities, and other nonprofit entities providing flood-impacted housing assistance. The section required an entity requesting grant funding to certify to the Housing Finance Agency that housing occupants were eligible to receive housing assistance under federal Department of Housing and Urban Development guidelines, that a land use agreement was in place for temporary housing units, and that a plan had been developed for the disposal of temporary housing units. The Housing Finance Agency was to develop guidelines for the distribution of funds, including the frequency of the distribution of grant funds.

<sup>5</sup>The 2013-15 biennium legislative appropriations include funding of \$1.5 million for contracted services to provide technical assistance and support to state and local government agencies with emergency management needs associated with preparedness, mitigation, and response and recovery. Senate Bill No. 2016 (2015) appropriated \$1 million for continuing the disaster recovery planning and technical assistance contracted services for the 2015-17 biennium.



<sup>6</sup>Section 1 of 2013 House Bill No. 1016 included spending authority of \$13.9 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2013-15 biennium.

<sup>7</sup>This amount reflects actual oil tax revenue allocations for the 2015-17 biennium. House Bill No. 1377 (2015) amended Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1 as follows:

- The first \$700 million is deposited in the general fund, tax relief fund, and strategic investment and improvements fund;
- The next \$22 million is deposited in the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than \$25 million; and
- Any additional revenues:
  - 70 percent into the strategic investment and improvements fund; and
  - 30 percent into the political subdivision allocation fund.

<sup>8</sup>This amount reflects estimated oil tax revenue allocations for the 2017-19 biennium based on the January 2019 legislative revenue forecast. House Bill No. 1152 (2017) amended Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1 as follows:

- The first \$775 million is deposited in the general fund, tax relief fund, budget stabilization fund, strategic investment and improvements fund, and lignite research fund;
- The next \$20 million is deposited in the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than \$20 million; and
- Any additional revenues are deposited in the strategic investment and improvements fund.

<sup>9</sup>Section 11 of 2015 Senate Bill No. 2020 appropriates \$30 million from the state disaster relief fund to the State Water Commission for flood protection projects within the city limits of Fargo.

<sup>10</sup>Section 3 of 2015 Senate Bill No. 2016 appropriates \$2 million from the state disaster relief fund to the Adjutant General to provide for repair and replacement of infrastructure and for removal of debris and other health hazards in organized service districts that are experiencing chronic flooding. The Adjutant General is required to consult with the Environmental Division of the State Department of Health regarding the process of environmental cleanup.

<sup>11</sup>Subdivision 9 of Section 1 of 2015 Senate Bill No. 2023 provides a deficiency appropriation of \$5 million from the state disaster relief fund for four disasters occurring in 2013 and 2014 (\$2.1 million) and for disasters occurring in 2009, 2010, and 2011 (\$2.9 million).

<sup>12</sup>Subdivision 6 of Section 1 of 2015 Senate Bill No. 2023 provides a deficiency appropriation of \$3 million from the state disaster relief fund to Valley City State University for flood protection.

<sup>13</sup>Section 5 of 2015 Senate Bill No. 2018 appropriates \$2 million from the state disaster relief fund for Double Ditch Historic Site repairs. Section 6 of 2017 House Bill No. 1018 appropriates \$500,000 from the state disaster relief fund for Double Ditch Historic Site repairs.

<sup>14</sup>Section 15 of 2015 Senate Bill No. 2020 appropriates \$4 million from the state disaster relief fund to the State Water Commission for levee projects for the Missouri River Correctional Center (\$1.2 million) and for Lincoln township's Fox Island area (\$2.8 million).

<sup>15</sup>Section 1 of 2015 Senate Bill No. 2016 included spending authority of \$17.8 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2015-17 biennium.

<sup>16</sup>This amount is an estimate based on actual expenditures through December 31, 2018, and agency estimated expenditures through June 30, 2019.

<sup>17</sup>Section 1 of 2017 House Bill No. 1016 includes spending authority of \$8.5 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2017-19 biennium. Section 13 of 2017 House Bill No. 1016 includes carryover authority for amounts related to disaster costs for road grade raising projects. The amount of carryover is estimated to be approximately \$100,000.

<sup>18</sup> This amount reflects estimated oil tax revenue allocations for the 2019-21 biennium based on the January 2019 legislative revenue forecast. House Bill No. 1066 (2019) amends Section 57-51.1-07.5 to provide for the allocation of the state's share of oil and gas tax revenues designated for deposit in the general fund under Chapters 57-51 and 57-51.1 as follows:

- The first \$685 million is deposited in the general fund, tax relief fund, budget stabilization fund, and lignite research fund;
- The next \$20 million is deposited in the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than \$20 million; and
- Additional revenues are deposited in the municipal infrastructure fund, strategic investment and improvements fund, county and township infrastructure fund, and airport infrastructure fund.

<sup>19</sup>Section 1 of 2019 Senate Bill No. 2016 includes spending authority of \$3.0 million from the state disaster relief fund for expenses related to unclosed state disasters in the 2019-21 biennium. Section 13 of 2019 Senate Bill No. 2016 includes carryover authority estimated to total \$81,380 related to disaster costs for road grade raising projects. Section 14 of 2019 Senate Bill No. 2016 includes carryover authority for any unspent funds from the \$8.5 million appropriated from the state disaster relief fund for expenses related to unclosed state disasters in the 2017-19 biennium.

#### **FUND HISTORY**

Section 37-17.1-27 (Section 4 of 2009 Senate Bill No. 2012) establishes a state disaster relief fund. Any interest or other fund earnings must be deposited in the fund. In 2011 Senate Bill No. 2369, the Legislative Assembly amended Section 37-17.1-27 to limit use of money in the fund for only the required state share of funding for expenses associated with presidentially declared disasters in the state and to require Emergency Commission and Budget Section approval of the use of money in the fund. In 2013 Senate Bill No. 2292, the Legislative Assembly further amended the section to allow money in the fund to be used for wide area search and rescue activities. Section 1 of 2019 Senate Bill No. 2095 further amends Section 37-17.1-27 to allow the fund to be used for the state share of Federal Emergency Management Agency disaster response, recovery, and mitigation grants, to eliminate the requirement for Emergency Commission and Budget Section approval of the use of money that has been appropriated by the Legislative Assembly, and to provide for the Adjutant General to report to the Budget Section on fund expenditures.

Section 3 of 2015 House Bill No. 1377 amended Section 57-51.1-07.5 relating to the allocation of oil and gas taxes to the state disaster relief fund. The section provides that no oil and gas taxes may be deposited in the state disaster relief fund if the unobligated balance in the fund exceeds \$25 million. Section 2 of 2017 House Bill No. 1152 amended Section 57-51.1-07.5 relating to the allocation of oil and gas taxes to the state disaster relief fund. The section provides that no oil and gas taxes may be deposited in the state disaster relief fund if the unobligated balance in the fund exceeds \$20 million.

**ANALYSIS OF THE ELECTRONIC HEALTH INFORMATION EXCHANGE FUND  
FOR THE 2017-19 AND 2019-21 BIENNIUMS  
(REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)**

|                                                                                          | 2017-19 Biennium |             | 2019-21 Biennium |              |
|------------------------------------------------------------------------------------------|------------------|-------------|------------------|--------------|
| Beginning balance <sup>1</sup>                                                           |                  | \$2,533,511 |                  | \$2,792,447  |
| Add estimated revenues                                                                   |                  |             |                  |              |
| Funds from health information network participants                                       | \$1,332,050      |             | \$1,350,000      |              |
| Funds from the Department of Human Services <sup>2</sup>                                 | 3,352,690        |             | 17,673,416       |              |
| eHealth Summit                                                                           | 11,488           |             | 11,500           |              |
| Total estimated revenues                                                                 |                  | 4,696,228   |                  | 19,034,916   |
| Total available                                                                          |                  | \$7,229,739 |                  | \$21,827,363 |
| Less estimated expenditures and transfers                                                |                  |             |                  |              |
| Implementing a statewide health information technology and exchange network <sup>2</sup> | \$4,430,535      |             | \$19,637,129     |              |
| Department of Human Services Health Information Technology Grant Match                   | 6,757            |             |                  |              |
| Total expenditures and transfers                                                         |                  | 4,437,292   |                  | 19,637,129   |
| Estimated ending balance                                                                 |                  | \$2,792,447 |                  | \$2,190,234  |

<sup>1</sup>Section 8 of Senate Bill No. 2332 (2009) provided the Industrial Commission transfer, during the 2009-11 biennium, as requested by the Director of the Health Information Technology Office, up to \$8 million from the Bank of North Dakota's profits to the health information technology loan fund to meet any required match for federal funds or to the electronic health information exchange fund to meet any required match for federal funds.

Section 6 of House Bill No. 1021 (2011) amended Section 8 of 2009 Senate Bill No. 2332 to provide the Industrial Commission transfer, during the 2009-11 or 2011-13 biennium, up to \$8 million from the Bank's profits to the information technology loan fund or to the electronic health information exchange fund to meet any required match for federal funds or for ongoing operating expenditures of the health information exchange. During the 2009-11 biennium, \$500,000 was transferred to the electronic health information exchange fund, and during the 2011-13 biennium, \$7.5 million was transferred to the electronic health information exchange fund.

<sup>2</sup>Section 2 of Senate Bill No. 2021 (2017) provides a special fund appropriation of \$43,555,133 for a project to expand the North Dakota health information network. The purpose of the funding is to enhance the overall functionality of the North Dakota health information network by providing comprehensive interoperability between all Medicaid providers throughout the state. The project will allow for statewide repositories for analytics, care coordination, credentialing, and advanced directives.

The Department of Human Services anticipates receiving federal Medicaid funding of \$40.8 million for the project, which was included in 2017 House Bill No. 1012. The balance will be provided by the payers, providers, and existing state health information network. Funds are expected to be used through the 2021-23 biennium.

The Information Technology Department received \$125,100 during the 2015-17 biennium from the Department of Human Services for advanced planning documents, a state Medicaid plan, and to conduct a care coordination study for the North Dakota health information network. The Information Technology Department anticipates receiving \$3.35 million in the 2017-19 biennium from the Department of Human Services for the North Dakota health information network. Expenditures for the North Dakota health information network totaled \$2.2 million during the 2015-17 biennium. The Information Technology Department anticipates total expenditures for the North Dakota health information network of \$4.4 million during the 2017-19 biennium and \$19.6 million during the 2019-21 biennium.

#### **FUND HISTORY**

North Dakota Century Code Section 54-59-27 (2009 Senate Bill No. 2332) establishes the electronic health information exchange fund. The fund consists of the money deposited in the fund from federal or other sources or money transferred into the fund as directed by the Legislative Assembly. The Health Information Technology Office is to administer the fund. The money in the fund is to be used to facilitate and expand the electronic health information exchange. Money in the fund may be used, subject to legislative appropriations, to provide services directly for grants and for costs of administration of the fund.

An application for a grant must be made to the Health Information Technology Office. The Health Information Technology Office is to determine the applicant's eligibility based upon criteria established by the Director of the Health Information Technology Office, in collaboration with the Health Information Technology Advisory Committee.

**ANALYSIS OF THE ENVIRONMENT AND RANGELAND PROTECTION FUND  
FOR THE 2017-19 AND 2019-21 BIENNIUMS  
(REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)**

|                                                                                                                             | 2017-19 Biennium |              | 2019-21 Biennium |              |
|-----------------------------------------------------------------------------------------------------------------------------|------------------|--------------|------------------|--------------|
|                                                                                                                             |                  |              |                  |              |
| Beginning balance                                                                                                           |                  | \$4,527,455  |                  | \$4,487,374  |
| Add estimated revenues                                                                                                      |                  |              |                  |              |
| Pesticide registration fees (North Dakota Century Code Section 19-18-04) <sup>1</sup>                                       | \$4,675,000      |              | \$4,675,000      |              |
| Weed seed-free forage (Section 4.1-14-04) <sup>2</sup>                                                                      | 78,922           |              | 78,922           |              |
| Fertilizer registration, inspection, and tonnage fees (Sections 19-20.1-03, 19-20.1-03.1, and 19-20.1-06) <sup>3,4</sup>    | 1,500,000        |              | 1,500,000        |              |
| Commercial feed registration, inspection, and tonnage fees (Section 19-13.1-16) <sup>5</sup>                                | 727,500          |              | 727,500          |              |
| Total estimated revenues                                                                                                    |                  | 6,981,422    |                  | 6,981,422    |
| Total available                                                                                                             |                  | \$11,508,877 |                  | \$11,468,796 |
| Less estimated expenditures and transfers                                                                                   |                  |              |                  |              |
| Agriculture Commissioner (2017 HB 1009; 2019 SB 2009)                                                                       |                  |              |                  |              |
| Administrative Services Division                                                                                            | \$639,398        |              | \$662,521        |              |
| Wildlife Services program <sup>6</sup>                                                                                      | 384,400          |              | 384,400          |              |
| Animal Health Division (State Veterinarian) <sup>6</sup>                                                                    | 110,872          |              | 118,905          |              |
| Plant Industries Division <sup>7</sup>                                                                                      | 1,863,042        |              | 1,885,948        |              |
| Livestock Development Division <sup>8</sup>                                                                                 | 322,444          |              | 330,911          |              |
| Pesticide and Fertilizer Division                                                                                           | 3,051,347        |              | 3,205,993        |              |
| Crop Protection Product Harmonization and Registration Board (2017 HB 1009; 2019 SB 2009) <sup>9</sup>                      |                  |              |                  |              |
| Crop protection product registration, labeling, and grants                                                                  | 75,000           |              | 75,000           |              |
| Minor use pesticide registration                                                                                            | 325,000          |              | 325,000          |              |
| State Department of Health (2017 SB 2004) / Department of Environmental Quality (2019 HB 1024)                              |                  |              |                  |              |
| Ground water testing, including a \$50,000 grant for the North Dakota Stockmen's Association environmental services program | 250,000          |              | 250,000          |              |
| Total estimated expenditures and transfers                                                                                  |                  | 7,021,503    |                  | 7,238,678    |
| Estimated ending balance                                                                                                    |                  | \$4,487,374  |                  | \$4,230,118  |

<sup>1</sup>The 1999 Legislative Assembly approved Senate Bill No. 2009, which included a provision increasing the biennial pesticide registration fee by \$50, from \$300 to \$350. The 2009 Legislative Assembly approved House Bill No. 1009, which deposits all pesticide registration fees in the environment and rangeland protection fund rather than a portion in the general fund.

<sup>2</sup>Chapter 4.1-14 allows the Agriculture Commissioner to certify forage acreage as being free of certain weeds and weed seed. The appropriation provided to the department for the program is the amount that is anticipated to be received from fees charged for certifications.

<sup>3</sup>House Bill No. 1321 (2011) repealed Section 19-20.2-08.1 that deposits certain inspection fees in the anhydrous ammonia storage facility inspection fund. The bill provided that the fee collections are to be deposited in the environment and rangeland protection fund, and anhydrous ammonia inspection storage facility inspection duties are to be transferred from the Insurance Commissioner to the Agriculture Commissioner.

<sup>4</sup>Senate Bill No. 2009 (2011) amended Sections 19-20.1-03, 19-20.1-03.1, and 19-20.1-06 to deposit fertilizer distribution registration, licensing, and inspection fees in the environment and rangeland protection fund rather than the general fund. House Bill No. 1321 (2011) also amended Section 19-20.1-06 to deposit a portion of fertilizer distribution inspection fees in the environment and rangeland protection fund rather than the general fund.

<sup>5</sup>Section 19-13.1 provides for the deposit of the first \$727,500 of commercial feed inspection, licensing, and registration fees in the environment and rangeland protection fund rather than the general fund.

<sup>6</sup>House Bill No. 1009 (2017) provides for a portion of funding for the Wildlife Services program (\$384,400) and the State Board of Animal Health (\$110,872) to be paid from the environment and rangeland protection fund rather than the game and fish fund. Senate Bill No. 2009 (2019) provides for a portion of funding for the Wildlife Services program (\$384,400) and the State Board of Animal Health (\$118,905) to be paid from the environment and rangeland protection fund.

<sup>7</sup>House Bill No. 1009 (2017) included a one-time appropriation of \$120,000 from the environment and rangeland protection fund to the Agriculture Commissioner for the national genomics center.

<sup>8</sup>House Bill No. 1009 (2013) provides for the Agriculture Commissioner to assume livestock development duties from the Dairy Coalition.

<sup>9</sup>Section 4-35-30, as created by House Bill Nos. 1009 (2001) and 1328 (2001), created the Crop Protection Product Harmonization and Registration Board. The duties of the board consist of:

- Identifying and prioritizing crop protection product labeling needs.
- Exploring the extent of authority given to North Dakota under the federal Insecticide, Fungicide, and Rodenticide Act.
- Identifying the data necessary to enable registration of a use to occur in a timely manner.
- Determining what research, if any, is necessary to fulfill data requirements for responsibilities of the board.
- Requesting the Agriculture Commissioner to pursue specific research funding options from public and private sources.
- Requesting the Agricultural Experiment Station to pursue specific research to coordinate registration efforts.
- Pursuing any opportunities to make more crop protection product options available to agricultural producers in this state through any means the board determines advisable.
- Administering a grant program through which agriculture commodity groups may apply for funds to be used to address issues related to the registration of crop protection products.

The members of the Crop Protection Product Harmonization and Registration Board consist of:

- The Governor or the Governor's designee (Chairman).
- The Agriculture Commissioner or the Commissioner's designee.
- The Chairman of the House Agriculture Committee or the Chairman's designee.
- The Chairman of the Senate Agriculture Committee or the Chairman's designee.
- A member of the House or Senate Agriculture Committee who is not a member of the faction in which the committee Chairman is a member, appointed by the Chairman of the Legislative Management.
- A crop protection product dealer in the state appointed by the Governor from a list of three nominees submitted by the North Dakota Agricultural Association.
- A consumer of crop protection products appointed by the Governor from a list of three nominees submitted by the North Dakota Grain Growers Association.
- A consumer of crop protection products appointed by the Governor from a list of three nominees submitted by the North Dakota Oilseed Council.

- A representative of the crop protection product manufacturing industry appointed by the Chairman of the Legislative Management (nonvoting).
- The Director of the Agricultural Experiment Station (nonvoting).

#### **FUND HISTORY**

Section 19-18-02.1, created by Senate Bill No. 2451 (1991), establishes the environment and rangeland protection fund. The fund contains collections from pesticide registration fees. During the 2007-09 biennium, the biennial fee was \$350 per pesticide product registered in the state. Of this amount, \$300 was deposited in the environment and rangeland protection fund and \$50 in the general fund. Pursuant to Section 19-18-04, as amended by 2009 House Bill No. 1009, beginning with the 2009-11 biennium, the entire pesticide registration fee is deposited in the environment and rangeland protection fund rather than a portion in the general fund.

## ANALYSIS OF THE FIRE AND TORNADO FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

|                                                         | 2017-19 Biennium |              | 2019-21 Biennium |              |
|---------------------------------------------------------|------------------|--------------|------------------|--------------|
| Beginning balance                                       |                  | \$20,804,390 |                  | \$19,284,390 |
| Add estimated revenues                                  |                  |              |                  |              |
| Premium collections                                     | \$10,650,000     |              | \$10,600,000     |              |
| Investment income (loss)                                | 590,000          |              | 500,000          |              |
| Boiler inspection fees                                  | 610,000          |              | 600,000          |              |
| Loss claims and insurance recoveries                    | 390,000          |              | 300,000          |              |
| Total estimated revenues                                |                  | 12,240,000   |                  | 12,000,000   |
| Total available                                         |                  | \$33,044,390 |                  | \$31,284,390 |
| Less estimated expenditures and transfers               |                  |              |                  |              |
| Loss claims payments                                    | \$4,980,000      |              | \$5,000,000      |              |
| Claims-related payments, including reinsurance costs    | 6,880,000        |              | 6,670,000        |              |
| Administration                                          | 740,000          |              | 735,000          |              |
| Boiler inspection program (2017 HB 1010, 2019 HB 1024)  | 960,000          |              | 879,312          |              |
| Investment expense                                      | 70,000           |              | 70,000           |              |
| State Fire Marshal program (2017 HB 1003, 2019 SB 2003) | 130,000          |              | 130,000          |              |
| Total estimated expenditures and transfers              |                  | 13,760,000   |                  | 13,484,312   |
| Estimated ending balance                                |                  | \$19,284,390 |                  | \$17,800,078 |

### FUND HISTORY

The fire and tornado fund originated in 1919. The fund is maintained to insure the various political subdivisions and state industries against loss to public buildings and permanent fixtures. North Dakota Century Code Section 26.1-22-14 requires that if the fire and tornado fund balance is less than \$12 million, the Insurance Commissioner must increase assessments on policies. Chapter 26.1-22.1 provides for a boiler inspection program under the Insurance Commissioner and provides for the deposit of boiler inspection fees in the state fire and tornado fund.

Senate Bill No. 2010 (2019) provides for the Insurance Commissioner to contract with the North Dakota Insurance Reserve Fund for administration of the state fire and tornado fund. The bill also provides continuing appropriation authority from the state fire and tornado fund to the Insurance Commissioner to pay contractual fund administration costs to the North Dakota Insurance Reserve Fund. The bill also transfers the boiler inspection program from the Insurance Commissioner to the Department of Environmental Quality.



## ANALYSIS OF THE FOUNDATION AID STABILIZATION FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

|                                                                                                                                                                                                     | 2017-19 Biennium           |                          | 2019-21 Biennium           |                          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------------------|----------------------------|--------------------------|
|                                                                                                                                                                                                     |                            |                          |                            |                          |
| Beginning balance                                                                                                                                                                                   |                            | \$621,854,625            |                            | \$411,507,625            |
| Add estimated revenues                                                                                                                                                                              |                            |                          |                            |                          |
| Oil extraction tax allocations                                                                                                                                                                      | \$168,730,000 <sup>1</sup> |                          | \$159,630,000 <sup>1</sup> |                          |
| Total estimated revenues                                                                                                                                                                            |                            | 168,730,000              |                            | 159,630,000              |
| Total available                                                                                                                                                                                     |                            | \$790,584,625            |                            | \$571,137,625            |
| Less estimated expenditures and transfers                                                                                                                                                           |                            |                          |                            |                          |
| Department of Public Instruction - State school aid (2017 HB 1013, 2019 SB 2013)                                                                                                                    | \$110,000,000              |                          | \$110,000,000              |                          |
| Department of Public Instruction - One-time funding for state school aid (2017 HB 1013)                                                                                                             | 185,000,000                |                          |                            |                          |
| Department of Public Instruction - One-time funding for regional education association merger grants (2017 HB 1013)                                                                                 | 100,000                    |                          |                            |                          |
| Department of Public Instruction - One-time funding for rapid enrollment grants (2017 SB 2272, 2019 SB 2265)                                                                                        | 6,000,000 <sup>2</sup>     |                          | 3,000,000 <sup>2</sup>     |                          |
| Department of Public Instruction - One-time funding for English language learner grants (2017 SB 2272)                                                                                              | 500,000 <sup>2</sup>       |                          |                            |                          |
| Career and Technical Education - One-time funding for grants to school districts and area centers, including \$50,000 for the Marketplace for Kids program (2017 SB 2019)                           | 2,477,000 <sup>2</sup>     |                          |                            |                          |
| Transfer to the school construction assistance revolving loan fund (2017 SB 2272)                                                                                                                   | 75,000,000 <sup>2</sup>    |                          |                            |                          |
| Public Finance Authority - Debt service repayments on bonds issued to support the school construction assistance revolving loan fund (2019 SB 2214)                                                 |                            |                          | 25,000,000 <sup>3</sup>    |                          |
| Total estimated expenditures and transfers                                                                                                                                                          |                            | 379,077,000 <sup>4</sup> |                            | 138,000,000 <sup>4</sup> |
| Estimated ending balance                                                                                                                                                                            |                            | \$411,507,625            |                            | \$433,137,625            |
| Less required reserve of 15 percent of the general fund appropriation for state school aid and career and technical education grants to school districts and area centers during the prior biennium |                            | 269,168,800 <sup>5</sup> |                            | 214,831,704 <sup>6</sup> |
| Estimated ending balance available                                                                                                                                                                  |                            | \$142,338,825            |                            | \$218,305,921            |

<sup>1</sup>Estimated revenues - Estimated allocations for the remainder of the 2017-19 biennium and the 2019-21 biennium are based on the January 2019 revenue forecast and legislative action through crossover.

<sup>2</sup>In 2017 the Legislative Assembly approved Senate Bill No. 2272, which provides for a transfer of \$75 million from the foundation aid stabilization fund to the school construction assistance revolving loan fund and for appropriations from the foundation aid stabilization fund to the Department of Public Instruction for rapid enrollment grants (\$6 million) and English language learner grants (\$500,000). The Legislative Assembly also provided, in Senate Bill No. 2019 (2017), one-time funding of \$2,477,000 from the foundation aid stabilization fund for grants to school districts and area centers, including \$50,000 for the Marketplace for Kids program. Senate Bill No. 2265 (2019) provides \$3 million from the foundation aid stabilization fund for rapid enrollment grants to qualifying school districts during the 1<sup>st</sup> year of the 2019-21 biennium.

<sup>3</sup>Senate Bill No. 2214 (2019) authorizes bonding to support the school construction assistance revolving loan fund at the Bank of North Dakota. The bill requires the Public Finance Authority to request from the Legislative Assembly an appropriation from the foundation aid stabilization fund each biennium to meet the debt service requirements for indebtedness issued by the authority to support the school construction assistance revolving loan fund. The bill includes an appropriation of \$25 million from the foundation aid stabilization fund to the Public Finance Authority for debt service payments associated with bonds issued to support the school construction assistance revolving loan fund and provides the Bank of North Dakota may use funding in the school construction assistance revolving loan fund to reimburse the bank for interest rate buydowns associated with the loans.

<sup>4</sup>Expenditures - Prior to December 8, 2016, Section 24 of Article X of the Constitution of North Dakota provided the principal of the foundation aid stabilization fund could only be used to offset foundation aid reductions made by executive action due to a revenue shortfall. Senate Concurrent Resolution No. 4003 (2015), approved by voters in November 2016, amended Section 24 of Article X of the Constitution of North Dakota to allow the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for the most recently completed biennium for education-related purposes.

<sup>5</sup>Amendments to the Constitution approved by the voters, as provided in Senate Concurrent Resolution No. 4003 (2015), require the balance in the foundation aid stabilization fund be at least 15 percent of the general fund appropriation for state aid to school districts for the most recently completed biennium as determined by the Office of Management and Budget. Any excess balance in the fund is available for education-related purposes. The Legislative Assembly, in Senate Bill No. 2272 (2017) and House Bill No. 1155 (2017), amended North Dakota Century Code Section 54-44.1-12 to provide any reductions to the general fund appropriation to the Department of Career and Technical Education for grants to school districts due to allotment are also to be offset by funding from the foundation aid stabilization fund. Senate Bill No. 2272 also created a new section to Chapter 54-27 indicating that state school aid includes general fund appropriations for state school aid, transportation aid, and special education aid in the Department of Public Instruction as well as general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education. Based on general fund appropriations to the Department of Career and Technical Education for career and technical education grants to school districts and area centers during the 2015-17 biennium, this change increases the required reserve during the 2017-19 biennium by \$3,397,900. The adjusted appropriation for integrated formula payments, transportation aid, and special education grants totaled \$1,990,940,000 during the 2015-17 biennium, of which \$219,134,000 is provided from the state tuition fund, \$116,053,293 is from the foundation aid stabilization fund, and \$1,655,752,707 is provided from the general fund. Based on this level of funding from the general fund during the 2015-17 biennium, the required balance in the foundation aid stabilization fund during the 2017-19 biennium would be \$251,760,806. However, the Office of Management and Budget reported in its 2017-19 executive budget documents a required reserve balance of \$265,770,900, which is the reserve balance required based on the original 2015-17 biennium state school aid appropriations. Therefore, based on original 2015-17 biennium appropriations for state school aid appropriations and for career and technical education grants to school districts and area centers, the required reserve totals \$269,168,800 for the 2017-19 biennium.

<sup>6</sup>The appropriation for integrated formula payments, transportation aid, and special education grants totals \$2,009,904,163 during the 2017-19 biennium, of which \$305,546,905 is provided from the state tuition fund, \$295,000,000 is from the foundation aid stabilization fund, and \$1,409,357,258 is provided from the general fund. In addition, general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education totaled \$22,854,100 during the 2017-19 biennium. Based on this level of funding from the general fund during the 2017-19 biennium, the Office of Management and Budget, in its 2019-21 executive budget documents, reported a required reserve balance of \$214,831,704 for the 2019-21 biennium.

### **FUND HISTORY**

The foundation aid stabilization fund was created in 1994 when the voters of North Dakota approved a constitutional amendment--now Section 24 of Article X of the Constitution of North Dakota--to provide that 20 percent of oil extraction tax revenue be allocated as follows:

- 50 percent (of the 20 percent) to the common schools trust fund; and
- 50 percent (of the 20 percent) to the foundation aid stabilization fund.

In November 2016 voters approved Senate Concurrent Resolution No. 4003 (2015), which amended the Constitution of North Dakota to allow the Legislative Assembly to appropriate or transfer the principal balance of the foundation aid stabilization fund in excess of 15 percent of the general fund appropriation for state school aid for education-related purposes. In addition the Legislative Assembly approved Senate Bill No. 2039 (2015), which included certain provisions effective December 1, 2016, based on the approval of Senate Concurrent Resolution No. 4003 by voters. Those provisions of Senate Bill No. 2039 established a scholarship

endowment fund and a school construction assistance loan fund and provided for transfers from the foundation aid stabilization fund to the school construction assistance loan fund (the lesser of \$200 million or 50 percent of the balance of the fund on December 1, 2016) and to the scholarship endowment fund (the lesser of \$200 million or 50 percent of the balance of the fund on December 1, 2016). Other provisions of Senate Bill No. 2039 provided any accessible funds that remain in the foundation aid stabilization fund, after completion of the required transfers to other funds, must be used for education-related purposes, including state aid to school districts and education-related property tax relief to school district patrons. In 2017 the Legislative Assembly approved Senate Bill No. 2272, which provided for uses of the foundation aid stabilization fund and repealed Sections 9 and 10 of Chapter 153 of the 2015 Session Laws related to the transfers to the scholarship endowment fund and the school construction assistance loan fund.

Prior to December 8, 2016, the principal of the foundation aid stabilization fund was only available upon order of the Governor to offset foundation aid reductions made by executive action due to a revenue shortfall. Section 54-44.1-12 provides the Director of the Budget may order an allotment to control the rate of expenditures of state agencies. This section provided that an allotment must be made by a specific fund and all departments and agencies that receive money from a fund must be allotted on a uniform percentage basis, except that appropriations for foundation aid, transportation aid, and special education aid may only be allotted to the extent the allotment can be offset by transfers from the foundation aid stabilization fund. In 2017 the Legislative Assembly approved Senate Bill No. 2272 and House Bill No. 1155, which amended Section 54-44.1-12 to provide any reductions to the general fund appropriation to the Department of Career and Technical Education for grants to school districts due to allotment are offset by funding from the foundation aid stabilization fund. Senate Bill No. 2272 also created a new section to Chapter 54-27 indicating that state school aid includes general fund appropriations for state school aid, transportation aid, and special education aid in the Department of Public Instruction, as well as general fund appropriations for career and technical education grants to school districts and area centers in the Department of Career and Technical Education.

Section 24 of Article X of the Constitution of North Dakota provides the interest income of the foundation aid stabilization fund must be transferred to the general fund on July 1 of each year. However, the State Treasurer's office allocates the interest income to the general fund on a monthly basis. For the period July 1, 2017, through December 31, 2018, \$628,726 of interest from the foundation aid stabilization fund has been allocated to the general fund.

**ANALYSIS OF THE HEALTH CARE TRUST FUND  
FOR THE 2017-19 AND 2019-21 BIENNIUMS  
(REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)**

|                                                                                                                                                   | 2017-19 Biennium       |                       | 2019-21 Biennium |                          |
|---------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|-----------------------|------------------|--------------------------|
| Beginning balance                                                                                                                                 |                        | \$831,510             |                  | \$67,158                 |
| Add estimated revenues                                                                                                                            |                        |                       |                  |                          |
| Investment earnings                                                                                                                               | \$1,595                |                       | \$1,595          |                          |
| Loan repayments - Principal and interest                                                                                                          | 1,014,012              |                       | 1,014,012        |                          |
| Total estimated revenues                                                                                                                          |                        | 1,015,607             |                  | 1,015,607                |
| Total available                                                                                                                                   |                        | \$1,847,117           |                  | \$1,082,765              |
| Less expenditures and transfers                                                                                                                   |                        |                       |                  |                          |
| Department of Human Services increased payments to basic care and long-term care facilities (2017 HB 1012)                                        | \$546,786 <sup>1</sup> |                       | \$0              |                          |
| Department of Human Services increased nursing home per-bed property cost limitation for single- and double-occupancy construction (2017 HB 1012) | 139,405 <sup>2</sup>   |                       | 0                |                          |
| Department of Human Services nursing facility operating margin increases (2017 HB 1012)                                                           | 1,000,000              |                       | 0                |                          |
| State Department of Health operation and maintenance of the nurse aide registry (2017 SB 2004)                                                    | 93,768                 |                       | 0                |                          |
| Total estimated expenditures and transfers                                                                                                        |                        | 1,779,959             |                  | 0                        |
| Estimated ending balance                                                                                                                          |                        | \$67,158 <sup>3</sup> |                  | \$1,082,765 <sup>3</sup> |

<sup>1</sup>House Bill No. 1012 (2017) appropriates \$546,786 to the Department of Human Services for increased payments to basic care and long-term care facilities to continue funding for a portion of the bed layaway program from the health care trust fund.

<sup>2</sup>House Bill No. 1012 (2017) appropriates funding from the health care trust fund to continue 2015-17 biennium nursing home rate increases for property cost limitations of a single- or double-occupancy room.

<sup>3</sup>Section 19 of House Bill No. 1012 requires the Department of Human Services to deposit any federal funding received in excess of the state's regular federal medical assistance percentage resulting from the department establishing requisite agreements with tribal health care organizations in the health care trust fund. The department also is required to maintain a separate account within the health care trust fund for this funding. No funds have been deposited into the fund relating to requisite agreements with tribal health care organizations.

**FUND HISTORY**

The health care trust fund was established by the Legislative Assembly in 1999 Senate Bill No. 2168 for providing nursing alternative loans or grants. The Legislative Assembly in 2011 House Bill No. 1196 provided that money in the fund may be transferred to the long-term care facility loan fund for nursing facility renovation projects and used for other programs as authorized by the Legislative Assembly. Money was generated for the health care trust fund as a result of the Department of Human Services making government nursing facility funding pool payments to two government nursing facilities--McVille and Dunseith. Payments were made based on the average amount Medicare rates exceeded Medicaid rates for all nursing care facilities in the state multiplied by the total of all Medicaid resident days of all nursing homes. Federal Medicaid funds were available for these payments and required a state match. Payments were made to the two government nursing facilities and were subsequently returned to the state, less a \$50,000 transaction fee retained by each of the two government nursing facilities. Once returned to the state, the state's matching share was returned to its source, and the federal funds were deposited in the health care trust fund. Money in the fund is invested

by the State Investment Board, and any investment earnings are retained in the fund. The federal government has eliminated this intergovernmental transfer program. As a result, North Dakota's final intergovernmental transfer payment was received in July 2004. The 2009 Legislative Assembly, in House Bill No. 1012, amended North Dakota Century Code Section 50-30-02 to preclude the Governor from recommending spending from the health care trust fund in draft appropriation acts under Section 54-44.1-06, except for the operation and maintenance of the nurse aide registry.

**ANALYSIS OF THE HEALTH INFORMATION TECHNOLOGY PLANNING LOAN FUND  
FOR THE 2017-19 AND 2019-21 BIENNIUMS  
(REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)**

|                                                     | 2017-19 Biennium |             | 2019-21 Biennium |             |
|-----------------------------------------------------|------------------|-------------|------------------|-------------|
| Beginning balance <sup>1</sup>                      |                  | \$2,724,224 |                  | \$3,676,045 |
| Add estimated revenues                              |                  |             |                  |             |
| Loan repayments - Principal                         | \$2,714,735      |             | \$1,840,252      |             |
| Loan repayments - Interest and miscellaneous income | 124,070          |             | 185,604          |             |
| Total estimated revenues                            |                  | 2,838,805   |                  | 2,025,856   |
| Total available                                     |                  | \$5,563,029 |                  | \$5,701,901 |
| Less estimated expenditures and transfers           |                  |             |                  |             |
| Loans to health care entities <sup>2</sup>          | \$1,830,652      |             | \$4,000,000      |             |
| Bank of North Dakota fees                           | 56,332           |             | 92,802           |             |
| Total estimated expenditures and transfers          |                  | 1,886,984   |                  | 4,092,802   |
| Estimated ending balance                            |                  | \$3,676,045 |                  | \$1,609,099 |

<sup>1</sup>Section 9 of House Bill No. 2332 (2009) provided for a transfer of up to \$5 million of Bank of North Dakota profits to the health information technology planning loan fund, which was transferred during the 2009-11 biennium. Section 4 of House Bill No. 1021 (2011) provided for a transfer of up to \$5 million of Bank profits to the health information technology planning loan fund in the 2011-13 biennium. During the 2011-13 biennium, approximately \$4.3 million of Bank profits were transferred to the fund.

<sup>2</sup>The Health Information Technology Advisory Committee has approved \$14,317,324 of loans since the program's inception in the 2009-11 biennium through January 31, 2019:

|                                                    |           |                                       |              |
|----------------------------------------------------|-----------|---------------------------------------|--------------|
| St. Andrew's Health Center (Bottineau)             | \$625,000 | Nelson County Health System           | \$305,000    |
| Cooperstown Medical Center                         | 396,996   | Southwest Healthcare System           | 605,000      |
| Wishek Hospital                                    | 761,449   | CHI St. Alexius Medical Center        | 1,250,000    |
| Towner County Medical Center (Cando)               | 924,018   | Pediatric Therapy Partners            | 100,000      |
| Presentation Medical Center (Rolla)                | 625,000   | Valley Health                         | 72,155       |
| West River Health Services (Hettinger)             | 1,250,000 | Knife River Care Center               | 215,000      |
| Ashley Medical Center                              | 815,652   | Golden Acres Manor                    | 98,648       |
| Tioga Medical Center                               | 931,320   | St. Luke's Home                       | 115,053      |
| St. Luke's Community Hospital and Clinics (Crosby) | 874,542   | Richard P. Stadter Psychiatric Center | 463,000      |
| Midgarden Family Clinic (Park River)               | 101,590   | Elm Crest Manor                       | 74,500       |
| 7-Day Clinic Walk-In Express Care (Fargo)          | 50,000    | Northwood Deaconess                   | 920,125      |
| Linton Hospital                                    | 1,073,012 | Pharmacists Association               | 120,070      |
| McKenzie County Health Care System                 | 600,000   | St. Gerard's Community of Care        | 150,194      |
| Garrison Memorial Hospital                         | 800,000   |                                       |              |
|                                                    |           | Total                                 | \$14,317,324 |

### **FUND HISTORY**

North Dakota Century Code Section 6-09-43 (2009 Senate Bill No. 2332) establishes a health information technology planning loan fund at the Bank of North Dakota for providing low-interest loans to health care entities to assist those entities in improving health information technology infrastructure. This fund is a revolving loan fund. As prescribed in Section 9 of the bill, \$5 million was transferred from the Bank to this fund during the 2009-11 biennium. All money transferred into the fund, interest upon money in the fund, and collections of interest and principal on loans made from the fund are appropriated for disbursement. Annually, the Bank may deduct a service fee for administering the revolving loan fund.

Section 4 of 2011 House Bill No. 1021 provided the Industrial Commission transfer up to \$5 million from the current earnings and accumulated undivided profits of the Bank of North Dakota to the health information technology planning loan fund or the health information technology loan fund in the 2011-13 biennium. The Health Information Technology Office Director was to request transfers from the Bank only as necessary to meet cashflow needs of the funds and only upon certification by the Director of a demonstrated need for health information technology planning loans. During the 2011-13 biennium, \$4,280,219 was transferred by the Bank to the health information technology loan fund.

An application for a loan must be made to the Health Information Technology Office. The Health Information Technology Office Director, in collaboration with the Health Information Technology Advisory Committee, may approve the application of a qualified applicant that meets the criteria established by the Health Information Technology Office Director. The Health Information Technology Office is to forward approved applications to the Bank. Upon approval of the application by the Bank, the Bank is to make the loan from the revolving loan fund.

# ANALYSIS OF THE HIGHWAY TAX DISTRIBUTION FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

|                                                 | 2017-19 Biennium         |               | 2019-21 Biennium         |               |
|-------------------------------------------------|--------------------------|---------------|--------------------------|---------------|
| Estimated beginning balance                     |                          | \$0           |                          | \$0           |
| Add estimated revenues <sup>1,2</sup>           |                          |               |                          |               |
| Motor vehicle fuel tax                          | \$196,270,000            |               | \$200,300,000            |               |
| Special fuels taxes                             | 186,400,000              |               | 186,600,000              |               |
| Motor vehicle registration fees                 | 181,200,000 <sup>1</sup> |               | 192,142,286 <sup>1</sup> |               |
| Total estimated revenues                        |                          | 563,870,000   |                          | 579,042,286   |
| Total available                                 |                          | \$563,870,000 |                          | \$579,042,286 |
| Less estimated deductions before distributions  |                          |               |                          |               |
| Highway Patrol                                  | \$6,912,904              |               | \$7,089,982              |               |
| Motorboat safety account                        | 273,103                  |               | 200,000                  |               |
| State snowmobile fund                           | 175,499                  |               | 200,000                  |               |
| Rail safety fund                                | 570,000                  |               | 0                        |               |
| Administrative assistance to transferees        | 5,500,000                |               | 5,500,000                |               |
| Ethanol production incentive                    | 4,700,000                |               | 4,700,000                |               |
| Total estimated deductions before distributions |                          | 18,131,506    |                          | 17,689,982    |
| Total available for distributions and transfers |                          | \$545,738,494 |                          | \$561,352,304 |
| Less estimated distributions and transfers      |                          |               |                          |               |
| State highway fund                              | \$334,738,494            |               | \$344,052,304            |               |
| Counties                                        | 120,000,000              |               | 123,500,000              |               |
| Cities                                          | 68,100,000               |               | 70,200,000               |               |
| Townships                                       | 14,700,000               |               | 15,200,000               |               |
| Transit                                         | 8,200,000                |               | 8,400,000                |               |
| Total estimated distributions and transfers     |                          | 545,738,494   |                          | 561,352,304   |
| Estimated ending balance                        |                          | \$0           |                          | \$0           |

<sup>1</sup>Revenues do not include funds collected and disbursed for the administration of the Department of Transportation's (DOT) Motor Vehicle Division, through tribal agreements, or funds collected for vanity license plates and disbursed to nonprofit organizations.

<sup>2</sup>The amounts shown reflect actual revenue collections deposited in the fund through October 2018. The estimated revenue for the remainder of the 2017-19 biennium and the estimated collections for the 2019-21 biennium are based on the DOT's revenue forecast, and the effects of House Bill No. 1238 and Senate Bill Nos. 2061 and 2321. This analysis does not reflect the effect of House Bill No. 1291 and Senate Bill No. 2251, because the fiscal impact of these bills cannot be determined.

## FUND HISTORY

Section 11 of Article X of the Constitution of North Dakota provides:

Revenue from gasoline and other motor fuel excise and license taxation, motor vehicle registration and license taxes, except revenue from aviation gasoline and unclaimed aviation motor fuel refunds and other aviation motor fuel excise and license taxation used by aircraft, after deduction of cost of administration and collection authorized by legislative appropriation only, and statutory refunds, shall be appropriated and used solely for construction,



reconstruction, repair and maintenance of public highways, and the payment of obligations incurred in the construction, reconstruction, repair and maintenance of public highways.

The majority of funds received from motor fuels taxes and motor vehicle registration fees are deposited in the highway tax distribution fund. North Dakota Century Code Section 54-27-19 provides the highway tax distribution fund consists of the "moneys available by law from collections of motor vehicle registration and related fees, fuels taxes, special fuels taxes, use taxes, and special fuels excise taxes." This section provides after the first \$5.5 million per biennium is transferred to the state highway fund for the purpose of providing administrative assistance to other transferees, the money in the fund must be distributed by the state treasurer as follows:

1. Sixty-one and three-tenths percent must be transferred monthly to the state department of transportation and placed in a state highway fund.
2. Two and seven-tenths percent must be transferred monthly to the township highway fund.
3. One and five-tenths percent must be transferred monthly to the public transportation fund.
4. Thirty-four and five-tenths percent must be allocated to the counties of this state in proportion to the number of vehicle registrations credited to each county. Each county must be credited with the certificates of title of vehicles registered by residents of the county. The state treasurer shall compute and distribute the counties' share monthly after deducting the incorporated cities' share. All the moneys received by the counties from the highway tax distribution fund must be set aside in a separate fund called the "highway tax distribution fund" and must be appropriated and applied solely for highway purposes in accordance with section 11 of article X of the Constitution of North Dakota. The state treasurer shall compute and distribute monthly the sums allocated to the incorporated cities within each county according to the formulas in this subsection using the incorporated cities' populations as determined by the last official regular or special federal census or the census taken in accordance with the provisions of chapter 40-02 in case of a city incorporated subsequent to the census.
  - a. For counties having no cities with a population of ten thousand or more, twenty-seven percent of the total county allocation must be distributed to all of the incorporated cities within the county on a countywide per capita basis. The remaining county allocation amount must be transferred into the county highway tax distribution fund.
  - b. For each county having a city with a population of ten thousand or more, the amount transferred each month into the county highway tax distribution fund must be the difference between the amount allocated to that county pursuant to this subsection and the total amount allocated and distributed to the incorporated cities in that county as computed according to the following formula:
    - (1) A statewide per capita average as determined by calculating twenty-seven percent of the amount allocated to all of the counties under this subsection divided by the total population of all of the incorporated cities in the state.
    - (2) The share distributed to each city in the county having a population of less than one thousand must be determined by multiplying the population of that city by the product of 1.50 times the statewide per capita average computed under paragraph 1.
    - (3) The share distributed to each city in the county having a population of one thousand to four thousand nine hundred ninety-nine, inclusive, must be determined by multiplying the population of that city by the product of 1.25 times the statewide per capita average computed under paragraph 1.
    - (4) The share distributed to each city in the county having a population of five thousand or more must be determined by multiplying the population of that city by the statewide per capita average for all such cities, which per capita average must be computed as follows: the total of the shares computed under paragraphs 2 and 3 for all cities in the state having a population of less than five thousand must be subtracted from the total incorporated cities' share in the state as computed under paragraph 1 and the balance remaining must then be divided by the total population of all cities of five thousand or more in the state.
5. The moneys allocated to the incorporated cities must be distributed to them monthly by the state treasurer and must be deposited by the cities in a separate fund and may only be used in accordance with section 11 of article X of the Constitution of North Dakota and an incorporated city may use the fund for the construction, reconstruction, repair, and maintenance of public highways within or outside the city pursuant to an agreement entered into between the city and any other political subdivision as authorized by section 54-40-08.

Section 54-27-19(1) provides for 61.3 percent of the funds from the highway tax distribution fund be transferred to DOT for deposit in the state highway fund. Section 24-02-37(1) provides, except for investment income, the money of the state highway fund must be applied in the following priority:

- a. The cost of maintaining the state highway system.
- b. The cost of construction and reconstruction of highways in the amount necessary to match, in whatever proportion may be required, federal aid granted to this state by the United States government for road purposes in North Dakota. Notwithstanding any other provision of law, the department of transportation may repay the United States department of transportation for previous related expenditures from current biennium appropriations to allow the department to reobligate the federal aid to other federal aid projects.
- c. Any portion of the highway fund not allocated as provided in subdivisions a and b may be expended for the construction of state highways without federal aid or may be expended in the construction, improvement, or maintenance of such state highways.

Section 54-27-19(2) requires 2.7 percent of the funds from the highway tax distribution fund to be deposited in the township highway fund. Section 54-27-19.1 directs the state treasurer to distribute the money to the counties of the state based on the length of township roads in each county compared to the length of all township roads in the state. To receive any funds, organized townships must provide 50 percent matching funds. Each county treasurer is required to allocate the funds received to the organized townships in the county which provide 50 percent matching funds based on the length of township roads in each of those organized townships compared to the length of all township roads in the county. The funds received must be deposited in the township road and bridge fund and used for highway and bridge purposes. If a county does not have organized townships, or has some organized and some unorganized townships, the county is required to retain a pro rata portion of the funds received based on the length of roads in unorganized townships compared to the length of township roads in organized townships in the county.

Section 54-27-19(3) allocates 1.5 percent of the funds from the highway tax distribution fund to the public transportation fund. Section 39-04.2-04 provides money in the public transportation fund must be disbursed under guidelines issued by the director of DOT and must be used by transportation providers to establish and maintain public transportation, especially for the elderly and handicapped. In addition the money may be used to contract to provide public transportation, as matching funds to procure money from other sources for public transportation and for other expenditures authorized by the director.

#### **Motor Vehicle Fuel Tax**

Prior to 1983, the motor vehicle fuel excise tax was 8 cents per gallon on motor vehicle fuel sold. The 1983 Legislative Assembly repealed Chapter 57-54 relating to motor vehicle fuel tax and created Chapter 57-43.1 to consolidate the provisions of the motor fuel tax law and the importers for use tax law. Section 1 of 1983 House Bill No. 1539 impose a 13 cents per gallon tax for all motor vehicle fuel sold except on motor vehicle fuel sold containing a minimum of 10 percent agricultural ethyl or methanol, which was taxed as shown in the following table:

| Exception Effective Dates                 | Tax Rate Per Gallon |
|-------------------------------------------|---------------------|
| Through December 31, 1983                 | \$0.09              |
| January 1, 1984 through December 31, 1984 | \$0.08              |
| January 1, 1985 through December 31, 1985 | \$0.07              |
| January 1, 1986 through June 30, 1992     | \$0.09              |
| July 1, 1992                              | \$0.13              |

The 1985 Legislative Assembly, in Section 1 of Senate Bill No. 2296, changed the language from agricultural ethyl or methanol to "a qualifying alcohol," adjusted the motor fuel tax on motor vehicle fuel sold containing a minimum of 10 percent agricultural ethyl or methanol as shown in the following table:

| Exception Effective Dates                 | Tax Rate Per Gallon |
|-------------------------------------------|---------------------|
| July 1, 1985 through June 30, 1987        | \$0.05              |
| January 1, 1987 through December 31, 1992 | \$0.09              |
| January 1, 1993                           | \$0.13              |

The 1987 Legislative Assembly, in Section 9 of Senate Bill No. 2557, increased the motor vehicle fuel tax from 13 cents per gallon to 17 cents per gallon for all motor vehicle fuel sold.

The 1989 Legislative Assembly, in Section 2 of Senate Bill No. 2029, increased the motor vehicle fuel tax from 17 cents per gallon to 20 cents per gallon for all motor vehicle fuel sold. Referred measure was disapproved on December 5, 1989, leaving the motor vehicle fuel tax rate at 17 cents per gallon.

The 1991 Legislative Assembly, in Section 2 of House Bill No. 1575, removed Section 57-43.1-02(2) relating to the exception from the motor vehicle fuel tax for motor vehicle fuels containing a minimum of 10 percent of qualifying alcohol.

The 1997 Legislative Assembly, in Section 1 of House Bill No. 1163, increased the motor vehicle fuel tax from 17 cents per gallon to 20 cents per gallon for all motor vehicle fuel sold.

The 1999 Legislative Assembly, in Section 2 of House Bill No. 1183, increased the motor vehicle fuel tax from 20 cents per gallon to 21 cents per gallon for all motor vehicle fuel sold.

The 2005 Legislative Assembly, in Section 12 of Senate Bill No. 2012, increased the motor vehicle fuel tax from 21 cents per gallon to 23 cents per gallon for all motor vehicle fuel sold. Section 2 of House Bill No. 1478, created a new subsection to Section 57-43.1-02, imposing a 1 cent per gallon motor vehicle fuel tax on E85 fuel effective after June 30, 2005, through the month in which a cumulative total of 1.2 million gallons of E85 fuel has been reported to the tax commissioner and after that date is ineffective.

### **Special Fuels Excise Tax**

The 1983 Legislative Assembly also repealed Chapter 57-52 relating to special fuels excise tax and created Chapter 57-43.2 to consolidate the provisions of the Special Fuels Tax Act, the special fuels tax levy, the Importers for Use Tax Act, and the aviation fuel tax. Section 1 of House Bill No. 1072 (1983) created Chapter 57-43.2 related to special fuels taxes and imposed an excise tax of 8 cents per gallon on the sale or delivery of special fuel with some exceptions and an excise tax of 2 cents per gallon on the exempt items in Section 57-43.2-02. Section 1 of House Bill No. 1539 amended Section 1 of House Bill No. 1072 to increase the special fuels excise tax from 8 cents per gallon to 13 cents per gallon.

The 1985 Legislative Assembly, in Section 1 of House Bill No. 1248, amended the definition of special fuel to include compressed natural gas.

The 1987 Legislative Assembly, in Section 10 of Senate Bill No. 2557, increased the special fuels excise tax from 13 cents per gallon to 17 cents per gallon.

The 1989 Legislative Assembly, in Section 3 of Senate Bill No. 2029, increased the special fuels excise tax from 17 cents per gallon to 19 cents per gallon. Referred measure was disapproved on December 5, 1989, leaving the special fuels excise tax rate at 17 cents per gallon.

The 1997 Legislative Assembly, in Section 12 of House Bill No. 1311, removed exemptions from the 17 cents per gallon on special fuels. Section 2 of House Bill No. 1163 increased the special fuels excise tax from 17 cents per gallon to 20 cents per gallon.

The 1999 Legislative Assembly, in Section 3 of House Bill No. 1183, increased the special fuels excise tax from 20 cents per gallon to 21 cents per gallon.

The 2001 Legislative Assembly, in Section 3 of Senate Bill No. 2454, amended Section 57-43.2-02 regarding special fuels excise taxes to authorize a reduction of one and five-hundredths cents per gallon on the sale or delivery of diesel fuel that contains at least 2 percent biodiesel fuel by weight.

The 2005 Legislative Assembly, in Section 14 of Senate Bill No. 2012, amended Section 57-43.2-02 regarding special fuels excise taxes to increase the special fuels excise tax from 21 cents per gallon to 23 cents per gallon effective after June 30, 2005.

### **Motor Vehicle Registration Fees**

Motor vehicle registration fees are assessed based on Chapter 39-04 and vary by vehicle type and vehicle weight. Motor vehicles required to be registered in this state must be furnished license plates upon the payment of an initial fee of \$10 for plates. Motor vehicle registration fees were last changed in 2005, which increased fees for all weight classes by \$10.

## ANALYSIS OF THE LEGACY FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

|                                                                                                                     | 2017-19 Biennium |                        | 2019-21 Biennium |                        |
|---------------------------------------------------------------------------------------------------------------------|------------------|------------------------|------------------|------------------------|
| Estimated beginning balance                                                                                         |                  | \$4,630,254,963        |                  | \$5,808,474,963        |
| Add estimated revenues                                                                                              |                  |                        |                  |                        |
| Oil and gas gross production and extraction tax collections (30 percent of collections) (2019 SB 2312) <sup>1</sup> | \$1,178,220,000  |                        | \$1,086,890,000  |                        |
| Investment earnings (losses) (2019 SB 2276) <sup>2,3</sup>                                                          | 300,000,000      |                        | 300,000,000      |                        |
| Total estimated revenues                                                                                            |                  | 1,478,220,000          |                  | 1,386,890,000          |
| Total estimated available                                                                                           |                  | \$6,108,474,963        |                  | \$7,195,364,963        |
| Less estimated expenditures and transfers                                                                           |                  |                        |                  |                        |
| Transfer of realized earnings to the general fund (2019 HCR 3055) <sup>3,4</sup>                                    | \$300,000,000    |                        | \$105,000,000    |                        |
| Transfer of earnings to a legacy income tax reduction fund (2019 HB 1530)                                           | 0                |                        | 150,000,000      |                        |
| Transfer of earnings to an economic diversification research grant fund (2019 SB 2282)                              | 0                |                        | 45,000,000       |                        |
| Expenditure of principal <sup>4</sup>                                                                               | 0                |                        | 0                |                        |
| Total estimated expenditures and transfers                                                                          |                  | 300,000,000            |                  | 300,000,000            |
| Estimated ending balance                                                                                            |                  | <u>\$5,808,474,963</u> |                  | <u>\$6,895,364,963</u> |

<sup>1</sup>Estimated revenues - Estimated allocations for the remainder of the 2017-19 biennium and the 2019-21 biennium are based on the January 2019 revenue forecast and legislative action through crossover.

Senate Bill No. 2312 (2019) amends the oil and gas tax revenue sharing agreement between the state and the Three Affiliated Tribes of the Fort Berthold Reservation increasing the revenue allocated to the Three Affiliated Tribes and decreasing the revenue allocated to the state. As a result, less revenue is available for allocations to the legacy fund.

<sup>2</sup>Based on the provisions of Section 26 of Article X of the Constitution of North Dakota, investment earnings accruing after June 30, 2017, will be transferred to the general fund at the end of each biennium. North Dakota Century Code Section 21-10-12 provides that the investment earnings are the realized earnings of the fund. The schedule below provides more detail on the investment earnings since the 2011-13 biennium.

|                                    | 2011-13 Biennium<br>Actual | 2013-15 Biennium<br>Actual | 2015-17 Biennium<br>Actual | 2017-19 Biennium<br>Estimated | 2019-21 Biennium<br>Estimated |
|------------------------------------|----------------------------|----------------------------|----------------------------|-------------------------------|-------------------------------|
| Realized earnings (losses)         | \$18,520,564               | \$145,255,008              | \$273,064,100              | \$300,000,000                 | \$300,000,000                 |
| Unrealized earnings (losses)       | (12,004,313)               | 67,871,752                 | 252,305,388                | 0                             | 0                             |
| Total investment earnings (losses) | \$6,516,251                | \$213,126,760              | \$525,369,488              | \$300,000,000                 | \$300,000,000                 |

**The investment earnings (losses) for the legacy fund for the 2017-19 biennium through December 31, 2018, were approximately \$30.5 million, including realized earnings (losses) of \$336.8 million and unrealized earnings (losses) of (\$306.3 million).**

Senate Bill No. 2276 (2019) provides legislative intent regarding collaboration between the Bank of North Dakota and the State Investment Board to allow for the expansion of the investment of legacy fund assets in Bank of North Dakota programs.

<sup>3</sup>The amounts shown reflect estimates from the Retirement and Investment Office, which were included in the January 2019 revenue forecast, and legislative action through crossover. The 2017 legislative forecast prepared at the close of the 2017 legislative session included \$200 million of estimated investment earnings for the 2017-19 biennium pursuant to House Bill No. 1015 (2017).

<sup>4</sup>The principal and earnings of the legacy fund may not be spent until after June 30, 2017, pursuant to Section 26 of Article X of the Constitution of North Dakota. After June 30, 2017, the principal and earnings may be spent as follows:

- Up to 15 percent of the principal of the legacy fund may be spent during a biennium subject to approval by at least two-thirds of the members elected to each house of the Legislative Assembly.
- The realized earnings accruing after June 30, 2017, are transferred by the state treasurer to the general fund at the end of the biennium and may be spent from the general fund pursuant to legislative appropriation.

House Concurrent Resolution 3055 (2019) would provide for a constitutional amendment, subject to voter approval at the 2020 general election, to require a two-thirds vote to spend legacy fund earnings and retains the earnings in the fund rather than transferring them to the general fund at the end of each biennium.

#### **FUND HISTORY**

The legacy fund was created in 2010 when the voters of North Dakota approved a constitutional amendment--now Section 26 of Article X of the Constitution of North Dakota--to provide 30 percent of oil and gas gross production and oil extraction taxes on oil and gas produced after June 30, 2011, be transferred to the legacy fund. The principal and earnings of the legacy fund may not be spent until after June 30, 2017, and any expenditure of principal after that date requires a vote of at least two-thirds of the members elected to each house of the Legislative Assembly. Not more than 15 percent of the principal of the legacy fund may be spent during a biennium. The Legislative Assembly may transfer funds from any source to the legacy fund, and such transfers become part of the principal of the fund. The State Investment Board is responsible for investment of the principal of the legacy fund. Investment earnings accruing after June 30, 2017, are transferred to the general fund at the end of each biennium.

Prior to July 1, 2015, if the unobligated balance of the strategic investment and improvements fund exceeded \$300 million at the end of any month, 25 percent of any revenues received for deposit in the strategic investment and improvements fund were deposited instead into the legacy fund in the subsequent month. In House Bill Nos. 1176 and 1377 (2015), the Legislative Assembly amended Section 15-08.1-08 to remove the provision related to the additional deposits of revenue in the legacy fund from the strategic investment and improvements fund.

**ANALYSIS OF THE LIGNITE RESEARCH FUND  
FOR THE 2017-19 AND 2019-21 BIENNIUMS  
(REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)**

|                                                                                                                                                                                                          | <b>2017-19 Biennium</b> |              | <b>2019-21 Biennium</b> |              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------|-------------------------|--------------|
| Estimated beginning balance <sup>1</sup>                                                                                                                                                                 |                         | \$23,941,865 |                         | \$729,270    |
| Add estimated revenues                                                                                                                                                                                   |                         |              |                         |              |
| Separate two-cent coal severance tax                                                                                                                                                                     | \$1,140,000             |              | \$1,140,000             |              |
| 50 percent of coal severance taxes deposited in the coal development trust fund (result of passage of Initiated Measure No. 3 in June 1990) (2017 SB 2014) <sup>2</sup>                                  | 1,730,000               |              | 1,730,000               |              |
| 20 percent of coal severance taxes deposited in the coal development trust fund for clean coal projects (result of constitutional amendment approved by voters in June 1994) (2017 SB 2014) <sup>2</sup> | 710,000                 |              | 710,000                 |              |
| 15 percent of coal severance taxes (2017 SB 2014) <sup>2</sup>                                                                                                                                           | 3,205,000               |              | 3,205,000               |              |
| Investment income on Dakota Gasification Company ammonia plant and Spiritwood Plant                                                                                                                      | 180,000                 |              | 180,000                 |              |
| 5 percent of the general fund share of coal conversion tax (2007 HB 1093)                                                                                                                                | 2,310,000               |              | 2,310,000               |              |
| Oil and gas tax allocation (2017 HB 1152) (2019 HB 1066) <sup>2</sup>                                                                                                                                    | 3,000,000               |              | 10,000,000              |              |
| Revenue bonds/short-term loan <sup>3</sup>                                                                                                                                                               | 0                       |              | 0                       |              |
| Transfer from the strategic investment and improvements fund (2017 SB 2014)                                                                                                                              | 3,000,000               |              | 0                       |              |
| Interest income and return of funds and litigation contributions                                                                                                                                         | 234,000                 |              | 600,000                 |              |
| Total estimated revenues                                                                                                                                                                                 |                         | 15,509,000   |                         | 19,875,000   |
| Total estimated available                                                                                                                                                                                |                         | \$39,450,865 |                         | \$20,604,270 |
| Less estimated expenditures and transfers <sup>4,5</sup>                                                                                                                                                 |                         |              |                         |              |
| Administration                                                                                                                                                                                           | \$850,000               |              | \$900,000               |              |
| Lignite feasibility studies (nonmatching grants)                                                                                                                                                         | 2,192,250               |              | 2,000,000               |              |
| Small research grants                                                                                                                                                                                    | 6,974,844               |              | 2,500,000               |              |
| Lignite marketing                                                                                                                                                                                        | 2,634,000               |              | 1,500,000               |              |
| Lignite litigation <sup>6</sup>                                                                                                                                                                          | 1,500,000               |              | 1,500,000               |              |
| Demonstration projects                                                                                                                                                                                   | 1,367,678               |              |                         |              |
| Allam Cycle grants (2015 HB 1014) <sup>7</sup>                                                                                                                                                           | 2,358,678               |              |                         |              |
| Advanced energy technology development                                                                                                                                                                   | 20,844,145              |              | 11,500,000              |              |
| Total estimated expenditures and transfers <sup>8</sup>                                                                                                                                                  |                         | 38,721,595   |                         | 19,900,000   |
| Estimated ending balance                                                                                                                                                                                 |                         | \$729,270    |                         | \$704,270    |

<sup>1</sup>The beginning balance shown for the 2017-19 biennium is \$72,952 less than the \$24,014,817 reported in June 2018 due to an adjustment to 2015-17 biennium expenditures.

<sup>2</sup>Senate Bill No. 2014 (2017) reduces the allocation of coal severance tax allocations to the coal development trust fund from 30 to 15 percent and provides an allocation of 15 percent to the lignite research fund. House Bill No. 1152 (2017) changes the allocation of the state's share of oil and gas tax revenue to increase the allocation to the general fund and provide allocations to the budget stabilization fund and the lignite research fund, providing up to \$3 million of allocations to the lignite research fund.

House Bill No. 1066 (2019) increases the allocation of oil and gas tax revenue to the lignite research fund by \$7 million, from \$3 million to \$10 million.

<sup>3</sup>Pursuant to North Dakota Century Code Section 54-17.5-04, the Industrial Commission may issue revenue bonds or borrow short-term funds from the Bank of North Dakota.

<sup>4</sup>The Industrial Commission has a policy stating that 18 percent of lignite research fund income will be used for small research projects, 56 percent for large demonstration research projects, 21 percent for marketing projects, and 5 percent for administration. The commission has further directed that no single large demonstration research project can receive more than 37.5 percent of available funds.

<sup>5</sup>The Industrial Commission has waived the fund allocation policy. The commission has committed \$22 million through the 2011-13 biennium to three projects. In January 2015 the commission learned one of the projects is not proceeding and released the project's commitment of \$8,732,503. Expenditures for Lignite Vision 21 Project have been \$1,360,750 during the 2003-05 biennium, \$2,243,391 during the 2005-07 biennium, \$2,200,000 during the 2007-09 biennium, \$3,972,090 during the 2009-11 biennium, \$678,851 during the 2011-13 biennium, \$110,000 during the 2013-15 biennium, \$914,663 during the 2015-17 biennium, and anticipated expenditures of \$1,367,678 in subsequent bienniums. The objective of the Lignite Vision 21 Project is to construct new lignite-fired power plants in North Dakota. (These amounts are net of funds that were distributed but later returned when projects did not proceed.)

<sup>6</sup>Lignite litigation - 2007 House Bill No. 1093 provides that \$500,000 of the amount appropriated to the lignite research fund for the 2007-09 biennium is to be used to pay for fees associated with lignite litigation that may be brought by the state to protect and promote the continued development of lignite resources. Activities associated with the litigation have been initiated with \$83,379 spent during the 2007-09 biennium, \$153,907 spent during the 2009-11 biennium, \$652,519 spent during the 2011-13 biennium, \$983,288 during the 2013-15 biennium with \$451,555 of that amount paid by industry, \$259,159 during the 2015-17 biennium with \$122,866 of that amount paid by industry, and \$1,500,000 is set aside to be spent during the 2017-19 biennium and the 2019-21 biennium. The State of North Dakota was successful in its litigation against the State of Minnesota and will be receiving a total of \$1,410,000. Of the \$1,410,000, \$670,000 will be paid to industry partners, and the remaining \$740,000 will be deposited in the lignite research fund during the 2017-19 and 2019-21 bienniums. The original \$500,000 was spent by the end of the 2011-13 biennium with additional funding being provided from nonmatching program funds in subsequent bienniums. In addition, the lignite industry has paid a portion of the litigation costs.

<sup>7</sup>The 2015 Legislative Assembly provided \$5 million from the general fund; however, the appropriation was reduced by \$327,500 as the result of the August 2016 budget reductions. All of the funding was committed during the 2015-17 biennium, the funding is distributed as projects are completed. As of February 20, 2019, the remaining \$2,358,678 has been distributed.

<sup>8</sup>The Industrial Commission has continuing appropriation authority for all money deposited in the lignite research fund pursuant to Section 57-61-01.6.

#### **FUND HISTORY**

Section 57-61-01.5(2) and Section 21 of Article X of the Constitution of North Dakota provide for up to 70 percent of the taxes collected and deposited in the coal development trust fund to be deposited in the lignite research fund. The remaining 30 percent of the funds deposited in the coal development trust fund are to be held in trust and administered by the Board of University and School Lands, which has the authority to invest the funds, and may, as provided by law, lend money from the fund to political subdivisions.

## ANALYSIS OF THE MEDICAL MARIJUANA FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

|                                                                          | 2017-19 Biennium |                      | 2019-21 Biennium |                        |
|--------------------------------------------------------------------------|------------------|----------------------|------------------|------------------------|
| Beginning balance                                                        |                  | \$0                  |                  | \$423,274              |
| Add estimated revenues                                                   |                  |                      |                  |                        |
| Manufacturer registration fees                                           | \$220,000        |                      | \$220,000        |                        |
| Dispensary registration fees                                             | 360,000          |                      | 720,000          |                        |
| Application fees                                                         | 335,000          |                      | 0                |                        |
| Qualifying patient, caregiver and agent card fees                        | 41,400           |                      | 410,000          |                        |
| Replacement card and other revenues                                      | 0                |                      | 10,000           |                        |
| Total estimated revenues                                                 |                  | 956,400 <sup>1</sup> |                  | 1,360,000 <sup>1</sup> |
| Total available                                                          |                  | \$956,400            |                  | \$1,783,274            |
| Less estimated expenditures and adjustments                              |                  |                      |                  |                        |
| State Department of Health (2017 SB 2004; 2019 Continuing appropriation) |                  |                      |                  |                        |
| Salaries and wages                                                       | \$126,436        |                      | \$904,721        |                        |
| Operating expenses                                                       | 247,620          |                      | 493,359          |                        |
| One-time system costs                                                    | 159,070          |                      |                  |                        |
| Total estimated expenditures and adjustments                             |                  | 533,126 <sup>2</sup> |                  | 1,398,080              |
| Estimated ending balance                                                 |                  | \$423,274            |                  | \$385,194              |

<sup>1</sup>Revenues - In Section 19-24.1-40, the Legislative Assembly established a medical marijuana fund. The State Department of Health must deposit all fees related to medical marijuana into the fund and must administer the fund. Money in the fund is appropriated to the department on a continuing basis for use in administering the medical marijuana program.

<sup>2</sup>In 2017, the Legislative Assembly, based on the fiscal note for Senate Bill No. 2344, provided a total of \$1,560,770 and authorized 6 FTE positions to establish a Medical Marijuana Division. The Legislative Assembly provided ongoing funding of \$1,465,704, of which \$723,270 is from the general fund and \$742,434 is from the medical marijuana fund, and one-time funding of \$95,066 from the medical marijuana fund for costs related to establishing a Medical Marijuana Division.

### FUND HISTORY

In November 2016, voters approved Initiated Statutory Measure No. 5 (North Dakota Compassionate Care Act) relating to medical marijuana and created North Dakota Century Code Chapter 19-24. In Senate Bill No. 2344 (2017), the Legislative Assembly repealed Chapter 19-24 and created and enacted Chapter 19-24.1 to provide for the legalization of medical marijuana. Chapter 19-24.1 requires the State Department of Health to establish and implement a medical marijuana program to allow for the production, processing, and sale of marijuana for medical use. The chapter establishes fees related to the program and Section 19-24.1-40, created by Senate Bill No. 2344 (2017), establishes the medical marijuana fund. The State Department of Health is required to deposit all fees collected under the chapter into the fund. The section also appropriates moneys in the fund to the department on a continuing basis for use in administering the medical marijuana program.



**ANALYSIS OF THE NORTH DAKOTA OUTDOOR HERITAGE FUND  
FOR THE 2017-19 AND 2019-21 BIENNIUMS  
(REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)**

|                                              | 2017-19 Biennium          |              | 2019-21 Biennium          |              |
|----------------------------------------------|---------------------------|--------------|---------------------------|--------------|
| Beginning balance                            |                           | \$7,996,508  |                           | \$0          |
| Add estimated revenues                       |                           |              |                           |              |
| Oil and gas gross production tax collections | \$10,800,000 <sup>1</sup> |              | \$15,000,000 <sup>2</sup> |              |
| Interest income                              | 45,000                    |              | 45,000                    |              |
| Total estimated revenues                     |                           | 10,845,000   |                           | 15,045,000   |
| Total available                              |                           | \$18,841,508 |                           | \$15,045,000 |
| Less estimated expenditures and transfers    |                           |              |                           |              |
| Grant award commitments                      | \$19,342,517              |              | \$14,845,000 <sup>3</sup> |              |
| Grant awards withdrawn                       | (651,009)                 |              |                           |              |
| Administrative expenses                      | 150,000                   |              | 200,000                   |              |
| Total estimated expenditures and transfers   |                           | 18,841,508   |                           | 15,045,000   |
| Estimated ending balance                     |                           | \$0          |                           | \$0          |

<sup>1</sup>Senate Bill No. 2013 (2017) includes provisions amending North Dakota Century Code Section 57-51-15 to adjust the maximum oil and gas gross production tax collection deposits from \$40 million to \$10 million for the period September 1, 2017, through August 31, 2019, only. The oil and gas gross production tax collections allocation of \$10.8 million is estimated to be deposited in the fund during the 2017-19 biennium. The estimated allocation for the 2017-19 biennium includes actual allocations through March 2018 and estimated allocations for the remainder of the 2017-19 biennium based on the January 2019 legislative revenue forecast.

<sup>2</sup>House Bill No. 1014 (2019) amends Section 57-51-15 to provide the maximum oil and gas gross production tax collection deposits in the fund may not exceed \$7.5 million per fiscal year for the period of September 1, 2019, through August 31, 2021.

<sup>3</sup>The amount shown reflects estimated funds that will be available for grants in the 2017-19 biennium based on the 2017 legislative revenue forecast for oil and gas gross production tax collections. Many of the grants are for multiyear projects; therefore, not all of the grant funds awarded will be expended during the 2017-19 biennium. The commission anticipates approximately \$8 million will be expended from the fund during the 2017-19 biennium for grants.

**FUND HISTORY**

The North Dakota outdoor heritage fund was established in 2013 House Bill No. 1278 (Chapter 54-17.8) to provide, pursuant to a continuing appropriation, grants to state agencies, tribal governments, political subdivisions, and nonprofit organizations, with higher priority given to enhancing conservation practices in this state by:

- Providing access to private and public lands for sportsmen, including projects that create fish and wildlife habitat and provide access for sportsmen;
- Improving, maintaining, and restoring water quality, soil conditions, plant diversity, animal systems, and by supporting other practices of stewardship to enhance farming and ranching;
- Developing, enhancing, conserving, and restoring wildlife and fish habitat on private and public lands; and
- Conserving natural areas and creating other areas for recreation through the establishment and development of parks and other recreation areas.

For the 2013-15 biennium, pursuant to Section 57-51-15, 4 percent of the first 1 percent of oil and gas gross production tax collections is deposited in the North Dakota outdoor heritage fund, up to \$15 million per year. House Bill No. 1176 (2015) amended Section 57-51-15 to increase the amount deposited in the North Dakota outdoor heritage fund from 4 percent of the first 1 percent of oil and gas gross production tax collections to 8 percent, and to increase the maximum oil and gas gross production tax collection deposits from \$15 million to \$20 million per year and from \$30 million to \$40 million per biennium. For the period September 1, 2017, through August 31, 2019, a maximum of \$10 million of oil and gas gross production tax collections may be deposited in the fund. The Industrial Commission has oversight of the North Dakota outdoor heritage fund. The North Dakota Outdoor Heritage Advisory Board (consisting of 12 voting and 4 ex officio members) makes recommendations to the commission on the funding of grants.

**ANALYSIS OF THE RESEARCH NORTH DAKOTA FUND  
FOR THE 2017-19 AND 2019-21 BIENNIUMS  
(REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)**

|                                                                                              | 2017-19 Biennium |              | 2019-21 Biennium |             |
|----------------------------------------------------------------------------------------------|------------------|--------------|------------------|-------------|
|                                                                                              |                  |              |                  |             |
| Beginning balance <sup>1,2</sup>                                                             |                  | \$13,632,996 |                  | \$1,936,556 |
| Add estimated revenues                                                                       |                  |              |                  |             |
| Investment income                                                                            | \$12,500         |              | 12,500           |             |
| Total estimated revenues                                                                     |                  | 12,500       |                  | 12,500      |
| Total available                                                                              |                  | \$13,645,496 |                  | \$1,949,056 |
| Less estimated expenditures and transfers                                                    |                  |              |                  |             |
| Technical review expenses                                                                    | \$10,000         |              |                  |             |
| Administrative expenses                                                                      | 5,000            |              | \$3,000          |             |
| Research North Dakota grants <sup>3</sup>                                                    | 1,886,007        |              | 1,312,225        |             |
| Research North Dakota grants designated for biotechnology <sup>4</sup>                       | 1,368,973        |              |                  |             |
| Research North Dakota venture grants <sup>5</sup>                                            | 1,238,960        |              |                  |             |
| Department of Commerce tourism operating <sup>6</sup>                                        | 500,000          |              |                  |             |
| Department of Commerce grants - Energy and Environmental Research Center (EERC) <sup>6</sup> | 500,000          |              |                  |             |
| Department of Commerce discretionary grants <sup>6</sup>                                     | 1,000,000        |              |                  |             |
| Department of Commerce entrepreneurship grants and vouchers <sup>6,7</sup>                   | 1,200,000        |              |                  |             |
| Transfer to the general fund <sup>6</sup>                                                    | 4,000,000        |              |                  |             |
| Total estimated expenditures and transfers                                                   |                  | 11,708,940   |                  | 1,315,225   |
| Estimated ending balance <sup>8</sup>                                                        |                  | \$1,936,556  |                  | \$633,831   |

<sup>1</sup>In Senate Bill No. 2018 (2013), the Legislative Assembly established the Research North Dakota fund and provided a transfer of \$12 million from the general fund to provide funding for the Research North Dakota grant program and the Research North Dakota venture grant program. House Bill No. 1018 (2015) included a transfer of \$4.5 million from the general fund to the Research North Dakota fund. However, the transfer in the 2015-17 biennium was reduced by \$146,458 to \$4,353,542 due to the general fund budget reductions made during the August 2016 special legislative session. House Bill No. 1018 (2015) also directed the Office of Management and Budget to transfer unobligated funds from the centers of excellence fund to the Research North Dakota funds. Unobligated funds of \$7.65 million in the centers of excellence fund were transferred to the Research North Dakota fund in January 2017.

<sup>2</sup>The 2017-19 biennium beginning balance of \$13,632,996 included \$5,308,699 of funds awarded but not distributed and \$8,324,297 of available funds not yet awarded.

<sup>3</sup>Of the \$12 million appropriated for Research North Dakota for the 2013-15 biennium, \$6 million is available for Research North Dakota grants without any specific designation. The purpose of the Research North Dakota grant program is to provide grants to research universities for research, development, and commercialization activities in collaboration with a private sector partner. The Department of Commerce and the Centers of Excellence Commission are to develop guidelines for the grant application, which must include a detailed partnership agreement and proof of dollar-for-dollar matching funds which must be in cash. The partnership agreement must include the scope and location of the work, a budget, and intellectual property agreements.

<sup>4</sup>The 2013 Legislative Assembly designated \$4 million of the \$12 million provided for the Research North Dakota grant program for biotechnology grants. These grants are to be provided to a research university to conduct research on and develop and commercialize vaccines and antibodies for the prevention of, treatment of, or cure for cancer; virally infectious diseases; or other pathogens, including bacteria, mycobacteria, fungi, and parasites. The Department of Commerce did not receive sufficient applications to award the full \$4 million of funding for biotechnology grants; therefore, the department reallocated unawarded funds for other

Research North Dakota grants. The 2015 Legislative Assembly designated \$1 million of the \$4.5 million general fund transfer to the Research North Dakota fund for biotechnology grants. The Legislative Assembly provided if the entire \$1 million allocation was not awarded by December 31, 2016, any remaining funds must be reallocated for other Research North Dakota purposes. The funds were not reallocated as the department awarded the entire \$1 million prior to December 31, 2016.

<sup>5</sup>The 2013 Legislative Assembly designated up to \$2 million of the \$12 million provided for the Research North Dakota grant program for venture grants. These grants are to be provided to a research university to further the commercialization of technology developed by the university or jointly with a startup or spinoff business operating in North Dakota. The Department of Commerce and the Centers of Excellence Commission developed guidelines for the grants and established three categories--phase 1, phase 2, and phase 1-2 grants. Phase 1 venture grant recipients are not required to provide a match of grant funds. Phase 2 venture grant recipients must have established a startup or spinoff business during phase 1 and must provide matching funds for grants received. Phase 1-2 venture grants recipients are not required to match grant funds received during the 1<sup>st</sup> grant year, but must provide matching funds during the 2<sup>nd</sup> grant year to receive additional funding. The 2015 Legislative Assembly did not designate any funding for venture grants. However, the Department of Commerce reallocated \$3.6 million of unallocated Research North Dakota funding for venture grants. Of this amount, \$2.4 million was distributed during the 2015-17 biennium and the department anticipates distributing the remaining \$1.2 million during the 2017-19 biennium. The 2017 Legislative Assembly did not designate any funding for venture grants and the department does not anticipate any additional funding will be reallocated for venture grants during the 2017-19 biennium. As of crossover, the 2019 Legislative Assembly has not designated any funding for venture grants and the department does not anticipate any additional funding will be reallocated for venture grants during the 2019-21 biennium.

<sup>6</sup>The 2017 Legislative Assembly approved a transfer of \$4 million from the Research North Dakota fund to the general fund in Section 15 of Senate Bill No. 2018 to be transferred by the Office of Management and Budget during the 2017-19 biennium. The transfer was made in July 2017. Section 14 of the bill also requires \$3.5 million of available funding to be used for Department of Commerce programs during the 2017-19 biennium. Of this amount, \$500,000 is for the North Dakota tourism program, \$1 million is for discretionary funds, \$1.5 million is for entrepreneurship grants and vouchers (see noted 6 below), and \$500,000 is appropriated to the department for the purpose of providing a grant to EERC at the University of North Dakota. The grant provided to EERC, as described in Section 13 of Senate Bill No. 2018 (2017), must be utilized for economic development and diversification of the North Dakota economy and may be spent only to the extent EERC provides \$1 of matching funds from private or other public sources for each \$1 provided by the department for the 2017-19 biennium.

<sup>7</sup>Of the \$1.5 million available to the Department of Commerce for entrepreneurship grants and vouchers, Governor Burgum vetoed \$300,000 designated for an organization that provides workforce safety, resulting in a total of \$1.2 million available to the department for entrepreneurship grants and vouchers from Research North Dakota during the 2017-19 biennium.

<sup>8</sup>The 2017-19 biennium estimated ending balance of \$1,936,556 includes funds awarded but not distributed of \$1,312,225 and available funds not yet awarded of \$624,331.

#### **FUND HISTORY**

Section 17 of Senate Bill No. 2018 (2013) established a Research North Dakota fund. Money in the fund is appropriated to the Department of Commerce on a continuing basis for implementing and administering the Research North Dakota grant program and the Research North Dakota venture grant program. Interest earned on money in the fund is retained in the fund.

# ANALYSIS OF THE RESOURCES TRUST FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

|                                                                                                                                           | 2017-19 Biennium           |                      | 2019-21 Biennium           |                     |
|-------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------|----------------------------|---------------------|
| Beginning balance, excluding infrastructure revolving loan fund                                                                           |                            | \$306,411,028        |                            | \$317,541,401       |
| Add estimated revenues                                                                                                                    |                            |                      |                            |                     |
| Oil extraction tax collections                                                                                                            | \$337,470,000 <sup>1</sup> |                      | \$319,250,000 <sup>1</sup> |                     |
| Bond proceeds relating to loan fund transfer to the Bank of North Dakota (2019 SB 2275)                                                   |                            |                      | 26,000,000                 |                     |
| Repayments and reimbursements                                                                                                             | 12,324,400                 |                      | 13,568,805                 |                     |
| Investment earnings/Miscellaneous income                                                                                                  | 10,185,973                 |                      | 4,492,000                  |                     |
| Total estimated revenues                                                                                                                  |                            | 359,980,373          |                            | 363,310,805         |
| Total available                                                                                                                           |                            | \$666,391,401        |                            | \$680,852,206       |
| Less funds designated for the infrastructure revolving loan fund (North Dakota Century Code Section 61-02-78)                             | \$0 <sup>2</sup>           |                      | \$0 <sup>2</sup>           |                     |
| Less estimated expenditures and transfers                                                                                                 |                            |                      |                            |                     |
| State Water Commission - Grants, projects, and project administration, pursuant to 2017 HB 1020 and 2019 SB 2020 for the 2019-21 biennium | 345,650,000 <sup>3</sup>   |                      | 640,877,240 <sup>4</sup>   |                     |
| Total estimated State Water Commission expenditures and loans                                                                             |                            | 345,650,000          |                            | 640,877,240         |
| Transfer to renewable energy development fund (Section 57-51.1-07)                                                                        | \$3,000,000 <sup>5</sup>   |                      | \$3,000,000 <sup>5</sup>   |                     |
| Transfer to energy conservation grant fund (Section 57-51.1-07)                                                                           | 200,000 <sup>5</sup>       |                      | 1,200,000 <sup>5</sup>     |                     |
| Total estimated transfers                                                                                                                 |                            | 3,200,000            |                            | 4,200,000           |
| Estimated ending balance, excluding funds designated for infrastructure revolving loan fund                                               |                            | <u>\$317,541,401</u> |                            | <u>\$35,774,966</u> |

<sup>1</sup>Estimated revenues - The estimated allocations for the 2017-19 biennium and the 2019-21 biennium are based on the January 2019 legislative revenue forecast and legislative action through crossover.

<sup>2</sup>House Bill No. 1020 (2017) amended Section 61-02-78 to provide no more than \$26 million of total resources trust fund revenue may be allocated to the infrastructure revolving loan fund. As a result, excess transfers of \$8,440,473 were returned to the resources trust fund during the 2017-19 biennium and there will be no more transfers to the infrastructure revolving loan fund. Senate Bill No. 2275 (2019) transfers the infrastructure revolving loan fund within the resources trust fund to the infrastructure revolving loan fund at the Bank of North Dakota and deposits bond proceeds equal to the loan fund transfer amount (estimated to be \$26 million) in the resources trust fund.

| Infrastructure Revolving Loan Fund Share of Oil Extraction Tax Collections |                                              |
|----------------------------------------------------------------------------|----------------------------------------------|
|                                                                            | Infrastructure Revolving Loan Fund Transfers |
| 2013-15 biennium                                                           | \$11,407,864                                 |
| 2015-17 biennium                                                           | 23,032,609                                   |
| 2017-19 biennium                                                           | (8,440,473)                                  |
| Total                                                                      | \$26,000,000 <sup>1</sup>                    |

<sup>1</sup>Loans outstanding as of December 31, 2018, totaled \$23,507,561.

<sup>3</sup>Sections 1 and 3 of House Bill No. 1020 (2017) appropriate \$542,515,358 or any additional funding that becomes available, from the resources trust fund for the purpose of defraying the expenses of the State Water Commission for the 2017-19 biennium.

<sup>4</sup>Senate Bill No. 2020 (2019) includes \$640,877,240 from the resources trust fund for the purpose of defraying the expenses of the State Water Commission for the 2019-21 biennium.

<sup>5</sup>The Legislative Assembly in Senate Bill No. 2014 (2013) authorized quarterly transfers of 5 percent of the amount credited to the resources trust fund to the renewable energy development fund--up to \$3 million per biennium and of .5 percent of the amount credited to the resources trust fund to the energy conservation grant fund--up to \$1.2 million per biennium. Funds in the energy conservation grant fund are appropriated on a continuing basis to the Department of Commerce for grants to political subdivisions for energy conservation projects in nonfederal public buildings. House Bill No. 1020 (2017) reduced the resources trust fund allocation to the renewable energy development fund from 5 to 3 percent and the maximum allocation to the energy conservation grant fund from \$1.2 million to \$200,000 for the 2017-19 biennium and restored the maximum allocation to the energy conservation grant fund to \$1.2 million after July 31, 2019.

### INFRASTRUCTURE REVOLVING LOAN FUND HISTORY

The infrastructure revolving loan fund was created by the 2013 Legislative Assembly in Senate Bill No. 2233, which became effective on January 1, 2015. The bill established an infrastructure revolving loan fund within the resources trust fund. The bill provided 10 percent of oil extraction tax revenue deposited in the resources trust fund is to be made available on a continuing basis to provide loans for water supply, flood protection, or other water development and water management projects. Loans are approved by the State Water Commission with a fixed interest rate of 1.5 percent and administered by the Bank of North Dakota. Annually, the Bank receives .5 percent of the balance of issued loans to cover costs associated with administering the loans. The fund beginning balance and revenue earned in a biennium are carried over from biennium to biennium within the resources trust fund. House Bill No. 1020 (2017) provided the maximum to be allocated to the infrastructure revolving loan fund is **\$26 million**.

### RESOURCES TRUST FUND HISTORY

The resources trust fund was created pursuant to the passage of Initiated Measure No. 6 in the November 1980 general election. Initiated Measure No. 6 created a 6.5 percent oil extraction tax, 10 percent of which was to be allocated to the resources trust fund. In June 1990 the Constitution of North Dakota was amended to establish the resources trust fund as a constitutional trust fund and provide that the principal and income of the fund could be spent only upon legislative appropriations for:

- Constructing water-related projects, including rural water systems; and
- Energy conservation programs.

In November 1994 the voters of North Dakota approved a constitutional amendment, which is now Section 24 of Article X of the Constitution of North Dakota, to provide that 20 percent of oil extraction taxes be allocated as follows:

- 50 percent (of the 20 percent) to the common schools trust fund; and
- 50 percent (of the 20 percent) to the foundation aid stabilization fund.

The 1995 Legislative Assembly amended Section 57-51.1-07 to increase the percentage of oil extraction tax deposited into the resources trust fund from 10 to 20 percent. The general fund received 60 percent of oil extraction tax revenues, and the remaining 20 percent was allocated pursuant to Section 24 of Article X of the Constitution of North Dakota.

Section 57-51.1-07, as amended by Senate Bill No. 2129 (2011) , provides that oil extraction tax revenues be distributed as follows:

- 20 percent to the resources trust fund;
- 20 percent allocated as provided in Section 24 of Article X of the Constitution of North Dakota;
- 30 percent to the legacy fund; and
- 30 percent to be allocated to the state's general fund with certain funds designated for deposit in the property tax relief sustainability fund, the strategic investment and improvements fund, and the state disaster relief fund as provided in House Bill No. 1451 (2011).

The 2013 Legislative Assembly in Senate Bill No. 2014 authorized quarterly transfers of 5 percent of the amount credited to the resources trust fund to the renewable energy development fund--up to \$3 million per biennium and of .5 percent of the amount credited to the resources trust fund to the energy conservation grant fund--up to \$1.2 million per biennium. Funds in the newly created energy conservation grant fund are appropriated on a continuing basis to the Department of Commerce for grants to political subdivisions for energy conservation projects in nonfederal public buildings. In addition, effective January 1, 2015, the Legislative Assembly, in Senate Bill No. 2233 (2013), established an infrastructure revolving loan fund within the resources trust fund. The bill provides 10 percent of oil extraction tax revenue deposited in the resources trust fund is to be made available on a continuing basis to provide loans for water supply, flood protection, or other water development and water management projects. Loans are approved by the State Water Commission and administered by the Bank of North Dakota. House Bill No. 1020 (2017) reduced the allocation to the renewable energy development fund from 5 to 3 percent and the maximum allocation to the energy conservation grant fund from \$1.2 million to \$200,000 for the 2017-19 biennium, restored the maximum allocation to the energy conservation grant fund to \$1.2 million after July 31, 2019, and provided for a \$26 million maximum allocation of resources trust fund revenues to the infrastructure revolving loan fund.

The 2015 Legislative Assembly in Senate Bill No. 2020, directed the State Water Commission to refinance all remaining bonds through the Bank of North Dakota and to continue annual loan payments on the newly refinanced bonds. The State Water Commission refinanced the bonds with the Bank on July 29, 2015, in the amount of \$45,840,221 at a variable interest rate of 1.75 percent. The Bank loan will mature on June 30, 2030.

**ANALYSIS OF THE SENIOR CITIZEN SERVICES AND PROGRAMS FUND  
FOR THE 2017-19 AND 2019-21 BIENNIUMS  
(REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)**

|                                                                      | 2017-19 Biennium           |             | 2019-21 Biennium           |             |
|----------------------------------------------------------------------|----------------------------|-------------|----------------------------|-------------|
|                                                                      |                            |             |                            |             |
| Beginning balance                                                    |                            | \$0         |                            | \$0         |
| Add estimated revenues                                               |                            |             |                            |             |
| Allocation from sales, use, and motor vehicle excise tax collections | \$7,947,463 <sup>1,2</sup> |             | \$8,700,000 <sup>1,2</sup> |             |
| Total estimated revenues                                             |                            | 7,947,463   |                            | 8,700,000   |
| Total available                                                      |                            | \$7,947,463 |                            | \$8,700,000 |
| Less estimated expenditures and transfers                            |                            |             |                            |             |
| State Treasurer - County senior citizen matching grants              | \$7,600,000 <sup>3</sup>   |             | \$8,700,000 <sup>3</sup>   |             |
| Transfer to the general fund                                         | 347,463 <sup>4</sup>       |             | 0                          |             |
| Total estimated expenditures and transfers                           |                            | 7,947,463   |                            | 8,700,000   |
| Estimated ending balance                                             |                            | \$0         |                            | \$0         |

<sup>1</sup>The allocation from sales, use, and motor vehicle excise tax collections is shown below:

| Fiscal Year | Allocation From Sales, Use, and Motor Vehicle Excise Tax Collections | Percentage Increase (Decrease) From Previous Year |
|-------------|----------------------------------------------------------------------|---------------------------------------------------|
| 2010        | \$1,310,947 (actual)                                                 | 5.4%                                              |
| 2011        | \$1,399,652 (actual)                                                 | 6.8%                                              |
| 2012        | \$1,695,832 (actual)                                                 | 21.2%                                             |
| 2013        | \$1,821,347 (actual)                                                 | 7.4%                                              |
| 2014        | \$2,311,346 (actual)                                                 | 26.9%                                             |
| 2015        | \$2,654,064 (actual)                                                 | 14.8%                                             |
| 2016        | \$3,169,878 (actual)                                                 | 19.4%                                             |
| 2017        | \$3,627,787 (actual)                                                 | 14.4%                                             |
| 2018        | \$3,886,950 (actual)                                                 | 7.1%                                              |
| 2019        | \$4,060,513 (estimate)                                               | 4.5%                                              |
| 2020        | \$4,350,000 (estimate)                                               | 7.1%                                              |
| 2021        | \$4,350,000 (estimate)                                               | 0%                                                |

<sup>2</sup>Senate Bill No. 2242 (2011) increased the amount of general fund revenue to be allocated to the senior citizen services and programs fund from two-thirds of one mill levied statewide to three-fourths of one mill levied statewide effective for taxable years beginning after December 31, 2010. The bill also increased the amount of grants provided to counties that have approved a mill levy for senior citizen services and programs from two-thirds of the amount levied in the county for senior citizen programs to three-fourths of the amount levied in the county for senior citizen programs, limited to one mill.

Senate Bill No. 2162 (2013) increased the amount of general fund revenue to be allocated to the senior citizen services and programs fund from three-fourths of one mill levied statewide to 85 percent of one mill levied statewide effective for taxable years beginning after December 31, 2012. The bill also increased the amount of grants provided to counties that have approved a mill levy for senior citizen programs from three-fourths of the amount levied in the county for senior citizen programs to 85 percent of the amount levied up to one mill.



Senate Bill No. 2143 (2015) increased the amount of general fund revenue to be allocated to the senior citizen services and programs fund from 85 percent of one mill levied statewide to 87.5 percent of the amount appropriated up to one mill levied statewide effective for taxable years beginning after December 31, 2014. The bill also increased the amount of grants provided to counties that have approved a mill levy for senior citizen programs from 85 percent of the amount levied in the county for senior citizen programs to 87.5 percent of the amount appropriated up to one mill.

<sup>3</sup>The county senior citizen matching grants are shown below:

| Fiscal Year | County Senior Citizen Matching Grants | Percentage Increase (Decrease) From Previous Year |
|-------------|---------------------------------------|---------------------------------------------------|
| 2010        | \$1,298,462 (actual)                  | 5.9%                                              |
| 2011        | \$1,384,391 (actual)                  | 6.6%                                              |
| 2012        | \$1,687,098 (actual)                  | 21.9%                                             |
| 2013        | \$1,789,363 (actual)                  | 6.1%                                              |
| 2014        | \$2,290,963 (actual)                  | 28.0%                                             |
| 2015        | \$2,650,725 (actual)                  | 15.7%                                             |
| 2016        | \$3,143,803 (actual)                  | 18.6%                                             |
| 2017        | \$3,504,725 (actual)                  | 11.5%                                             |
| 2018        | \$3,723,317 (actual)                  | 6.2%                                              |
| 2019        | \$3,876,683 (estimate)                | 4.1%                                              |
| 2020        | \$4,350,000 (estimate)                | 12.2%                                             |
| 2021        | \$4,350,000 (estimate)                | 0%                                                |

<sup>4</sup>Any funds remaining at the end of each biennium are transferred to the general fund.

#### FUND HISTORY

The Legislative Assembly in 2005 approved Senate Bill No. 2267, which created the senior citizen services and programs fund. Statutory provisions are contained in North Dakota Century Code Sections 57-15-56(5) and 57-39.2-26.2. Current statutory provisions provide that each year during July through December, the State Treasurer is to transfer to the fund the portion of sales, use, and motor vehicle excise tax collections that are equivalent to the amount generated from 87.5 percent of one mill levied statewide as reported by the Tax Commissioner. The State Treasurer, by March 1 of the following year, pursuant to a continuing appropriation, distributes money in the fund as grants to eligible counties for senior citizen programs. The grants are provided to counties that have approved a mill levy for senior citizen services and programs. Current statutory provisions provide that the amount of each county's annual grant is equal to 87.5 percent of the amount appropriated in dollars in the county for senior citizen programs, limited to one mill. The Legislative Assembly provided intent that counties match 50 percent of the state grant with funding from the county general fund or state aid distribution fund receipts. Any money remaining in the fund at the end of each biennium is transferred to the general fund, except in the 2005-07 biennium any remaining money in the fund at the end of the biennium was allocated to those counties that were levying the statutory maximum for senior citizen programs in proportion to the amounts generated by those levies in those counties. The Legislative Assembly in 2011 Senate Bill No. 2242 amended statutory provisions to increase the amount of collections to be allocated to the fund and the amount of grants provided to counties from two-thirds of the amount levied for senior citizen programs to three-fourths of the amount levied for senior citizen programs, limited to one mill. In 2013 Senate Bill No. 2162, the Legislative Assembly increased these amounts to 85 percent of the amounts levied for senior citizen programs, limited to one mill. In 2015 Senate Bill No. 2143, the Legislative Assembly increased these amounts to 87.5 percent of the amounts appropriated for senior citizen programs, limited to one mill.

## ANALYSIS OF THE STATE AID DISTRIBUTION FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

|                                                                                                                               | 2017-19 Biennium           |               | 2019-21 Biennium           |               |
|-------------------------------------------------------------------------------------------------------------------------------|----------------------------|---------------|----------------------------|---------------|
| Beginning balance                                                                                                             |                            | \$0           |                            | \$0           |
| Add estimated revenues                                                                                                        |                            |               |                            |               |
| Sales, use, and motor vehicle excise taxes (based on 43.5 percent of an equivalent one-cent sales tax effective July 1, 2014) | \$189,459,366 <sup>1</sup> |               | \$192,520,076 <sup>1</sup> |               |
| Total estimated revenues                                                                                                      |                            | 189,459,366   |                            | 192,520,076   |
| Total available                                                                                                               |                            | \$189,459,366 |                            | \$192,520,076 |
| Less estimated expenditures and transfers                                                                                     |                            |               |                            |               |
| Payments to political subdivisions                                                                                            |                            |               |                            |               |
| County share (53.7 percent)                                                                                                   | \$101,739,680              |               | \$103,383,281              |               |
| City share (46.3 percent)                                                                                                     | 87,719,686                 |               | 89,136,795                 |               |
| Total estimated expenditures and transfers                                                                                    |                            | 189,459,366   |                            | 192,520,076   |
| Estimated ending balance                                                                                                      |                            | \$0           |                            | \$0           |

<sup>1</sup>The amounts shown reflect actual revenue collections deposited in the fund through October 2018. The estimated revenues for the remainder of the 2017-19 biennium and the estimated revenues for the 2019-21 biennium are based on the January 2019 legislative revenue forecast, and the effects of House Bill Nos. 1292 and 1424. This analysis does not reflect the effect of House Bill Nos. 1097, 1158, 1159, 1196, and 1205, and Senate Bill Nos. 2165, 2258, and 2338, because based on the fiscal notes, the effect of these bills cannot be determined.

### FUND HISTORY

North Dakota Century Code Section 57-39.2-26.1 provided, prior to January 1999, for a portion of sales, use, and motor vehicle excise tax collections equal to 60 percent of an equivalent one-cent sales tax to be deposited by the State Treasurer in the state aid distribution fund. The Tax Commissioner certified to the State Treasurer the portion of sales, use, and motor vehicle excise tax net revenues that were deposited in the state aid distribution fund. The state aid distribution fund had historically been allocated, subject to legislative appropriation, with 50 percent of revenues for state revenue sharing and 50 percent for personal property tax replacement.

The 1997 Legislative Assembly amended Section 57-39.2-26.1 to provide that, effective January 1, 1999, deposits into the state aid distribution fund are based on an amount equal to 40 percent of an equivalent one-cent sales tax instead of an amount equal to 60 percent of an equivalent one-cent sales tax. In addition, a continuing appropriation was added which appropriates all revenues deposited in the state aid distribution fund for payments to political subdivisions. Senate Bill No. 2325 (2013) provides that effective July 1, 2014, deposits into the state aid distribution fund be based on an amount equal to 43.5 percent of an equivalent one-cent sales tax instead of an amount equal to 40 percent of an equivalent one-cent sales tax.

The 1997 Legislative Assembly also changed the allocation of the state aid distribution fund from 50 percent for personal property tax replacement and 50 percent for revenue sharing to 53.7 percent for counties and 46.3 percent for cities. The allocation for each county includes townships, rural fire protection districts, rural ambulance districts, soil conservation districts, county recreation service districts, county hospital districts, the Garrison Diversion Conservancy District, the Southwest Water Authority, and other taxing districts within the county, excluding school districts, cities, and taxing districts within the cities. The allocation for each city includes park districts and other taxing districts within the city, excluding school districts. The county allocation to townships must be based on the same percentage allocation that a township received in calendar year 1996.

House Bill No. 1025 (2003), which became effective on August 1, 2003, revised the state aid distribution formula for cities and counties to account for population changes resulting from the 2000 federal census. The bill provides for total distribution percentages to cities and counties to remain at 53.7 percent to counties and 46.3 percent to cities; however, the allocation formula to specific counties and cities is:

| Population Category Through June 30, 2011                               |            |                                     |            |
|-------------------------------------------------------------------------|------------|-------------------------------------|------------|
| Counties                                                                | Percentage | Cities (Based on Population)        | Percentage |
| 17 counties with the largest population (allocated equally)             | 20.48%     | 80,000 or more                      | 19.4%      |
| 17 counties with the largest population (allocated based on population) | 43.52%     | 20,000 or more but less than 80,000 | 34.5%      |
| Remaining counties (allocated equally)                                  | 14.40%     | 10,000 or more but less than 20,000 | 16.0%      |
| Remaining counties (allocated based on population)                      | 21.60%     | 5,000 or more but less than 10,000  | 4.9%       |
|                                                                         |            | 1,000 or more but less than 5,000   | 13.1%      |
|                                                                         |            | 500 or more but less than 1,000     | 6.1%       |
|                                                                         |            | 200 or more but less than 500       | 3.4%       |
|                                                                         |            | Less than 200                       | 2.6%       |
| Total                                                                   | 100.00%    |                                     | 100.0%     |

Senate Bill No. 2253 (2011), which became effective July 1, 2011, revised the state aid distribution formula for cities to provide that distributions be based upon the proportion each city's population bears to the total population of all cities. The bill did not change the total distribution percentages to cities and counties, which remains at 53.7 percent to counties and 46.3 percent to cities. The allocation formula for specific counties and cities is:

| Population Category Effective July 1, 2011                              |            |                                                                            |
|-------------------------------------------------------------------------|------------|----------------------------------------------------------------------------|
| Counties                                                                | Percentage | Cities                                                                     |
| 17 counties with the largest population (allocated equally)             | 20.48%     | Based upon the proportion each city's population bears to total population |
| 17 counties with the largest population (allocated based on population) | 43.52%     |                                                                            |
| Remaining counties (allocated equally)                                  | 14.40%     |                                                                            |
| Remaining counties (allocated based on population)                      | 21.60%     |                                                                            |
| Total                                                                   | 100.00%    |                                                                            |

Senate Bill No. 2325 (2013), which became effective July 1, 2014, increased the portion of the sales and use, gross receipts, and motor vehicle excise tax collections that is deposited in the state aid distribution fund from an amount equal to 40 percent of the equivalent one-cent sales tax to an amount equal to 43.5 percent of an equivalent one-cent sales tax.

House Bill No. 1067 (2015), which became effective July 1, 2015, and expires on June 30, 2021, changes the state aid distribution formula from allocations based on the decennial census to allocations based on most recent actual or estimated census date.

**ANALYSIS OF THE STRATEGIC INVESTMENT AND IMPROVEMENTS FUND  
FOR THE 2017-19 AND 2019-21 BIENNIUMS  
(REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)**

|                                                                                                                                    | 2017-19 Biennium |                 | 2019-21 Biennium |                 |
|------------------------------------------------------------------------------------------------------------------------------------|------------------|-----------------|------------------|-----------------|
|                                                                                                                                    |                  |                 |                  |                 |
| Estimated beginning balance                                                                                                        |                  | \$374,001,957   |                  | \$1,008,836,709 |
| Add estimated revenues                                                                                                             |                  |                 |                  |                 |
| Production royalties (2017 SB 2134; 2019 HB 1192) <sup>1,2</sup>                                                                   | \$187,955,181    |                 | \$210,000,000    |                 |
| Mineral leases <sup>1</sup>                                                                                                        | 454,439          |                 | 550,000          |                 |
| Oil and gas bonuses <sup>1</sup>                                                                                                   | 4,061,514        |                 | 4,000,000        |                 |
| Investment earnings <sup>1</sup>                                                                                                   | 20,788,098       |                 | 40,000,000       |                 |
| Oil and gas tax collections (2017 HB 1152; 2017 SB 2013; 2019 HB 1014;<br>2019 HB 1066; 2019 SB 2249; 2019 SB 2312) <sup>3,4</sup> | 695,130,000      |                 | 400,000,000      |                 |
| Transfer from political subdivision allocation fund (2017 SB 2013) <sup>5</sup>                                                    | 7,660,518        |                 |                  |                 |
| Unspent appropriations from prior bienniums returned to fund                                                                       | 100,000          |                 |                  |                 |
| Total estimated revenues                                                                                                           |                  | 916,149,750     |                  | 654,550,000     |
| Total estimated available                                                                                                          |                  | \$1,290,151,707 |                  | \$1,663,386,709 |
| Less estimated expenditures and transfers                                                                                          |                  |                 |                  |                 |
| <b>Secretary of State</b>                                                                                                          |                  |                 |                  |                 |
| Voting system information technology project (2019 SB 2002)                                                                        |                  |                 | \$8,200,000      |                 |
| <b>Office of Management and Budget</b>                                                                                             |                  |                 |                  |                 |
| Litigation funding pool (2019 SB 2015)                                                                                             |                  |                 | 2,500,000        |                 |
| Comprehensive real estate assessment (2019 SB 2015)                                                                                |                  |                 | 2,000,000        |                 |
| Transfer to preliminary planning revolving fund (2019 SB 2015)                                                                     |                  |                 | 500,000          |                 |
| <b>State Treasurer</b>                                                                                                             |                  |                 |                  |                 |
| Transfer to energy impact fund (2017 SB 2013)                                                                                      | \$3,000,000      |                 |                  |                 |
| <b>Attorney General</b>                                                                                                            |                  |                 |                  |                 |
| Contingent court-ordered payments to a bankruptcy estate (2017 HB 1024)                                                            | 15,872,000       |                 |                  |                 |
| Domestic violence and sexual assault examiner grants (2017 SB 2191)                                                                | 150,000          |                 |                  |                 |
| <b>Department of Trust Lands</b>                                                                                                   |                  |                 |                  |                 |
| Oil and gas impact grants (2019 HB 1013)                                                                                           |                  |                 | 4,000,000        |                 |
| Contract costs to determine mineral revenue repayments (2019 SB 2211)                                                              |                  |                 | 2,500,000        |                 |
| <b>State Department of Health</b>                                                                                                  |                  |                 |                  |                 |
| Federal litigation costs (2017 SB 2004)                                                                                            | 500,000          |                 |                  |                 |
| <b>Department of Environmental Quality</b>                                                                                         |                  |                 |                  |                 |
| Contingent appropriation for the implementation of air pollution control primacy<br>(2019 HB 1024)                                 |                  |                 | 1,040,000        |                 |
| <b>Department of Human Services</b>                                                                                                |                  |                 |                  |                 |
| Information technology projects and capital projects (2019 SB 2012)                                                                |                  |                 | 11,490,695       |                 |
| <b>Industrial Commission</b>                                                                                                       |                  |                 |                  |                 |
| Federal litigation costs (2017 SB 2014)                                                                                            | 1,000,000        |                 |                  |                 |
| Transfer to the lignite research fund (2017 SB 2014)                                                                               | 3,000,000        |                 |                  |                 |
| Limited survey review contract related to mineral revenue disputes (2017 SB 2134)                                                  | 800,000          |                 |                  |                 |

|                                                                                                  |             |                 |           |                 |
|--------------------------------------------------------------------------------------------------|-------------|-----------------|-----------|-----------------|
| Rare earth elements and fracturing sand studies (2019 HB 1014)                                   |             |                 | 270,000   |                 |
| <b>Public Service Commission</b>                                                                 |             |                 |           |                 |
| Litigation costs (2017 HB 1008)                                                                  | 100,000     |                 |           |                 |
| <b>Aeronautics Commission</b>                                                                    |             |                 |           |                 |
| Airport grants (2019 HB 1006)                                                                    |             |                 | 5,000,000 |                 |
| <b>Highway Patrol</b>                                                                            |             |                 |           |                 |
| Equipment (2017 SB 2011)                                                                         | 358,000     |                 |           |                 |
| <b>Department of Emergency Services</b>                                                          |             |                 |           |                 |
| Mobile radios and programming radios (2017 HB 1016)                                              | 300,000     |                 |           |                 |
| <b>Department of Corrections and Rehabilitation</b>                                              |             |                 |           |                 |
| Electronic medical records information technology project (2017 SB 2015)                         | 935,907     |                 |           |                 |
| Equipment, repairs, and a facility assessment (2019 HB 1015)                                     |             |                 | 1,468,000 |                 |
| <b>Adjutant General</b>                                                                          |             |                 |           |                 |
| Dispatch system information technology project and Camp Grafton expansion project (2019 SB 2016) |             |                 | 2,502,253 |                 |
| <b>Department of Commerce</b>                                                                    |             |                 |           |                 |
| Enhanced use lease grant (2015 HB 1018; 2017 SB 2018)                                            | 2,000,000   |                 |           |                 |
| Grant for unmanned aerial systems (2017 SB 2018)                                                 | 2,000,000   |                 |           |                 |
| Base retention grants (2017 SB 2018)                                                             | 600,000     |                 |           |                 |
| <b>Department of Agriculture</b>                                                                 |             |                 |           |                 |
| Transfer to environmental law impact review fund (2017 HB 1009)                                  | 1,000,000   |                 |           |                 |
| <b>NDSU Main Research Center</b>                                                                 |             |                 |           |                 |
| Extraordinary repairs (2019 HB 1020)                                                             |             |                 | 1,440,465 |                 |
| <b>Parks and Recreation Department</b>                                                           |             |                 |           |                 |
| Various capital projects at parks and the International Peace Garden (2019 SB 2019)              |             |                 | 3,755,000 |                 |
| <b>Transfer to the general fund</b> (2017 HB 1024)                                               | 248,000,000 |                 |           |                 |
| <b>Mineral revenue repayments from reserves</b> (2017 SB 2134; 2019 HB 1192) <sup>2</sup>        | 0           |                 |           |                 |
| <b>Administrative costs/other fees</b>                                                           | 1,699,091   |                 | 2,400,000 |                 |
| Total estimated expenditures and transfers                                                       |             | 281,314,998     |           | 49,066,413      |
| Estimated ending balance                                                                         |             | \$1,008,836,709 |           | \$1,614,320,296 |
| Restricted fund income                                                                           |             |                 |           |                 |
| Reserve relating to potential title disputes (2017 SB 2134; 2019 HB 1192) <sup>2,6</sup>         |             | 229,325,049     |           | 229,325,049     |
| Loan guarantees (2011 SB 2306; 2013 SB 2287; 2019 SB 2296) <sup>7</sup>                          |             | 13,381,990      |           | 50,000,000      |
| Estimated ending balance - Unobligated                                                           |             | \$766,129,670   |           | \$1,334,995,247 |

<sup>1</sup>The amounts shown reflect projections by the Department of Trust Lands for the 2017-19 and 2019-21 bienniums.

<sup>2</sup>Senate Bill No. 2134 (2017) changes the definition of the ordinary high water mark related to sovereign minerals, reducing the mineral revenue to the strategic investment and improvements fund and requiring repayments for previously received mineral revenues. The bill appropriates \$100 million from the strategic investment and improvements fund and authorizes \$87 million from a line of credit through the Bank of North Dakota for the mineral revenue repayments. Some production royalties may be deposited in the strategic investment and improvements fund prior to the implementation of the repayment process. The bill provides legislative intent that the \$87 million line of credit is to be repaid from the strategic investment and improvements fund; however, the total amount of funding needed for mineral revenue repayments is unknown and any changes to the amount of funding or the line of credit repayments will be determined by future legislative assemblies.

House Bill No. 1192 (2019) changes the definition of the ordinary high water mark, which may affect mineral revenue deposited in the strategic investment and improvements fund. However, the estimated impact is unknown.

<sup>3</sup>Estimated revenues - Estimated allocations for the remainder of the 2017-19 biennium and the 2019-21 biennium are based on the January 2019 revenue forecast and legislative action through crossover.

<sup>4</sup>House Bill No. 1152 (2017) changes the allocation of the state's share of oil and gas tax revenue to increase the allocation to the general fund and provide allocations to the budget stabilization fund and the lignite research fund, resulting in a decrease in the allocations to the strategic investment and improvements fund. Senate Bill No. 2013 (2017) changes the allocations to hub cities, hub city school districts, the North Dakota outdoor heritage fund, the abandoned oil and gas well plugging and site reclamation fund, and the oil and gas impact grant fund resulting in an increase to the allocations under the state's share.

House Bill No. 1014 (2019), House Bill No. 1066 (2019), Senate Bill No. 2249 (2019), and Senate Bill No. 2312 (2019) change the oil and gas tax revenue allocation formulas. The combined effect of the bills results in a decrease in the allocations to the strategic investment and improvements fund.

<sup>5</sup>The Legislative Assembly created the political subdivision allocation fund in House Bill No. 1377 (2015), to provide additional allocations from oil and gas tax collections to political subdivisions. In Senate Bill No. 2013 (2017), the Legislative Assembly provided that instead of allocating the funds to political subdivisions, the funds be transferred to the newly created energy impact fund and to the strategic investment and improvements fund.

<sup>6</sup>These amounts represent mineral revenues received from areas of the Yellowstone and Missouri Rivers and Lake Sakakawea where mineral rights are in dispute. Pursuant to action of the Board of University and School Lands, this portion of the fund balance is designated to be held in reserve.

<sup>7</sup>Senate Bill No. 2287 (2013) increased the guarantee reserve fund balance from 25 to 100 percent, not to exceed a total of \$25 million, through July 31, 2015. After July 31, 2015, the amount of reserves for all guaranteed loans must be determined by a formula that will provide an adequate amount of reserves as determined by the Bank of North Dakota. Money may be transferred from the strategic investment and improvements fund to reimburse lenders for guaranteed loans in default.

Senate Bill No. 2296 (2019) increases the limit for loan guarantees to \$50 million.

#### **FUND HISTORY**

House Bill No. 1451 (2011) provided the lands and minerals trust fund be renamed the strategic investment and improvements fund, and as soon as feasible after June 30, 2011, the state treasurer close out the lands and minerals trust fund and transfer any remaining unobligated balance to the strategic investment and improvements fund. The lands and minerals trust fund originated in 1977 when the Legislative Assembly transferred to the Board of University and School Lands possessory interest in properties obtained by the Bank of North Dakota, including tracts of real property and reserved mineral interests.

All income from the sale, lease, and management of the mineral interests relating to these properties is deposited in the strategic investment and improvements fund, pursuant to North Dakota Century Code Section 15-08.1-08. The principal and interest of the fund may be used for one-time expenditures relating to improving state infrastructure or for initiatives to improve the efficiency and effectiveness of state government. Money in the fund may be included in draft appropriation Acts under Section 54-44.1-06 and may be appropriated by the Legislative Assembly, but only to the extent the money is estimated to be available at the beginning of the biennium in which the appropriations are authorized.

Prior to July 1, 2015, if the unobligated balance of the strategic investment and improvements fund exceeded \$300 million at the end of any month, 25 percent of any revenues received for deposit in the strategic investment and improvements fund were deposited instead into the legacy fund in the subsequent month. In House Bill Nos. 1176 and 1377 (2015), the Legislative Assembly amended Section 15-08.1-08 to remove the provision related to the additional deposits of revenue in the legacy fund from the strategic investment and improvements fund. The unobligated balance in the fund is defined as the balance in the fund reduced by appropriations or transfers from the fund authorized by the Legislative Assembly, guarantee reserve fund requirements under Section 6-09.7-05, and any fund balance designated by the Board of University and School Lands relating to potential title disputes related to certain riverbed leases.

**ANALYSIS OF THE STUDENT LOAN TRUST FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS  
(REFLECTING BOTH THE 1979 AND 1996 BOND RESOLUTIONS AND  
LEGISLATIVE ACTION THROUGH CROSSOVER)**

|                                                                                           | 2017-19 Biennium <sup>1</sup> |                        | 2019-21 Biennium <sup>1</sup> |                        |
|-------------------------------------------------------------------------------------------|-------------------------------|------------------------|-------------------------------|------------------------|
|                                                                                           |                               |                        |                               |                        |
| Beginning balance                                                                         |                               | \$17,399,512           |                               | \$1,101,577            |
| Add estimated revenues                                                                    |                               |                        |                               |                        |
| Fund earnings (net)                                                                       | \$200,000 <sup>2</sup>        |                        | \$150,000 <sup>2</sup>        |                        |
| Total estimated revenues                                                                  |                               | 200,000                |                               | 150,000                |
| Total available                                                                           |                               | \$17,599,512           |                               | \$1,251,577            |
| Less estimated expenditures and transfers                                                 |                               |                        |                               |                        |
| Funding for veterinary medical education program (2017 SB 2003)                           | \$465,307 <sup>3</sup>        |                        |                               |                        |
| Funding for North Dakota University System information technology services (2017 SB 2003) | 539,437 <sup>4</sup>          |                        |                               |                        |
| Funding for tribal college assistance grants (2017 SB 2003)                               | 500,000 <sup>5</sup>          |                        |                               |                        |
| Funding for tribal college workforce development grants (2017 SB 2144)                    | 500,000 <sup>6</sup>          |                        |                               |                        |
| Return of unused 2015-17 tribal college workforce development grant funding               | (93,665) <sup>7</sup>         |                        |                               |                        |
| Funding for dental loan repayment program (2017 SB 2004)                                  | 360,000 <sup>8</sup>          |                        |                               |                        |
| Funding for dual-credit courses pilot program (2017 SB 2244)                              | 200,000 <sup>9</sup>          |                        |                               |                        |
| Funding for medical residency positions (2017 SB 2003)                                    | 13,806,856 <sup>10</sup>      |                        |                               |                        |
| Funding for the Governor's school program (2017 HB 1013)                                  | 220,000 <sup>11</sup>         |                        |                               |                        |
| Total estimated expenditures and transfers                                                |                               | \$16,497,935           |                               | \$0                    |
| Estimated ending balance                                                                  |                               | \$1,101,577            |                               | \$1,251,577            |
| Restricted fund balance relating to outstanding bonds                                     |                               | 1,000,000 <sup>1</sup> |                               | 1,000,000 <sup>1</sup> |
| Estimated ending balance - Unobligated                                                    |                               | \$101,577              |                               | \$251,577              |

<sup>1</sup>This analysis reflects the estimated revenues, expenditures, and ending balance for **both the 1979 and 1996 bond resolutions**. Prior to fiscal year 2012, permission was needed from the Ambac Assurance Corporation to use any assets from the 1996 bond resolution. There are no longer any bonds insured by the Ambac Assurance Corporation; however, there are outstanding bonds of \$1 million as of December 31, 2018. The outstanding bonds will mature on June 1, 2029. Debt service to bondholders has priority over all other transfers.

<sup>2</sup>The projected income for the 2017-19 biennium and 2019-21 biennium is based on interest rates as of December 31, 2018, and is net of the Industrial Commission and trustee expenses.

<sup>3</sup>The 2017 Legislative Assembly provided \$465,307 of funding from the student loan trust fund for the Kansas State University veterinary medical education program.

<sup>4</sup>The 2017 Legislative Assembly provided \$539,437 of funding from the student loan trust fund for the University System information technology services pool for ConnectND positions within the University System.

<sup>5</sup>The 2017 Legislative Assembly approved Senate Bill No. 2003, which includes \$500,000 of funding from the student loan trust fund for grants to tribal colleges to assist in costs associated with the enrollment of nonbeneficiary students.

<sup>6</sup>The 2017 Legislative Assembly approved Senate Bill No. 2144, which includes \$500,000 of one-time funding from the student loan trust fund for tribal college workforce development grants.

<sup>7</sup>In November 2017 one of the tribal colleges returned \$93,665 to the Department of Commerce that it did not use during the 2015-17 biennium for tribal college workforce development.

<sup>8</sup>The 2017 Legislative Assembly approved Senate Bill No. 2004, which includes \$360,000 of funding from the student loan trust fund for the dental loan repayment program.

<sup>9</sup>The 2017 Legislative Assembly approved Senate Bill No. 2244, which includes \$200,000 of funding from the student loan trust fund for a dual-credit courses pilot program.

<sup>10</sup>The 2017 Legislative Assembly approved Senate Bill No. 2003, which includes \$13,806,856 of funding from the student loan trust fund for residency positions at the University of North Dakota School of Medicine and Health Sciences.

<sup>11</sup>The 2017 Legislative Assembly approved House Bill No. 1013, which includes \$220,000 of funding from the student loan trust fund for science, technology, engineering, and mathematics programs in the Governor's school program.

### **FUND HISTORY**

The 1971 Legislative Assembly authorized the Industrial Commission to acquire and hold all unpaid government-guaranteed or reinsured student loans and North Dakota student loans belonging to the state or any of its agencies. As a result, the student loan trust fund was created which enabled the state to sell tax-exempt bonds and use the proceeds for purchasing student loans made or acquired by the Bank of North Dakota.

The student loan trust fund does not make loans to students or service loans which it acquires. The Bank of North Dakota continues to service those loans which the student loan trust fund holds.

The student loan trust fund is comprised of funds held under two general bond resolutions. The first general bond resolution includes funds from bonds issued in 1979, 1988, 1989, 1992, and 2004. The second general bond resolution--referred to as the 1996 bond resolution--includes funds from bonds issued in 1996, 1997, 1998, and 2000. All bond issuances prior to 2004 were insured by Ambac Assurance Corporation. There are no longer any outstanding bonds insured by Ambac Assurance Corporation.

Under both of the bond resolutions, assets may only be used for:

- Purchase of student loans.
- Payment of debt service to bondholders.
- Providing financial assistance to the North Dakota Student Loan Guarantee Agency.
- Payment of any rebate liability to the federal government.
- Administration of the student loan trust fund.

After all bonds in the 1979 and 1996 bond resolutions have matured, been redeemed or defeased and all expenses paid, and the resolutions closed, any remaining assets held under the bond resolutions would be transferred to the Industrial Commission for use at its discretion and as allowed by law. As of December 31, 2018, \$1 million in bonds remains outstanding. In order to use assets held under the 1979 and 1996 general bond resolutions for a purpose other than those stated in the general bond resolution, the administrator of the student loan trust fund must receive a certification from the trustee of the bond (the Bank of North Dakota) that sufficient reserves remain for bond payments and other related program costs. Prior to 2012, permission needed to be obtained from Ambac Assurance Corporation for any use of assets held in the 1996 general bond resolution. However, there are no longer any bonds insured by Ambac Assurance Corporation.

North Dakota Century Code Section 54-17-25 provides the Industrial Commission may issue subordinate or residual bonds when the commission determines that it is appropriate or expedient to do so.



## ANALYSIS OF THE TAX RELIEF FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

|                                                                       | 2017-19 Biennium             |               | 2019-21 Biennium             |               |
|-----------------------------------------------------------------------|------------------------------|---------------|------------------------------|---------------|
| Beginning balance                                                     |                              | \$300,000,000 |                              | \$182,300,000 |
| Add estimated revenues                                                |                              |               |                              |               |
| Allocation of oil and gas tax revenues                                | \$200,000,000 <sup>1,2</sup> |               | \$200,000,000 <sup>1,2</sup> |               |
| Total estimated revenues                                              |                              | 200,000,000   |                              | 200,000,000   |
| Total available                                                       |                              | \$500,000,000 |                              | \$382,300,000 |
| Less estimated expenditures and transfers                             |                              |               |                              |               |
| Transfer to general fund (Section 10 of 2017 HB 1015)                 | \$183,000,000                |               |                              |               |
| Transfer to social services finance fund (Section 20 of 2017 SB 2206) | 134,700,000                  |               |                              |               |
| Transfer to human service finance fund (Section 3 of 2019 SB 2015)    |                              |               | \$182,300,000                |               |
| Total estimated expenditures and transfers                            |                              | 317,700,000   |                              | 182,300,000   |
| Estimated ending balance                                              |                              | \$182,300,000 |                              | \$200,000,000 |

<sup>1</sup>House Bill No. 1152 (2017) amends North Dakota Century Code Section 57-51.1-07.5 to change the allocation of the state's share of oil and gas tax revenue to provide the following:

- The first \$200 million to the general fund;
- The next \$200 million to the tax relief fund;
- The next \$75 million to the budget stabilization fund;
- The next \$200 million to the general fund;
- The next \$100 million, 80 percent to the strategic investment and improvements fund and 20 percent up to \$3 million deposited to the lignite research fund, and 100 percent to the strategic investment and improvements fund after the \$3 million cap for the lignite research fund has been met;
- The next \$20 million to the state disaster relief fund if the amounts do not bring the unobligated balance of the fund to more than \$20 million; and
- Any additional revenues into the strategic investment and improvements fund.

Although House Bill No. 1066 (2019) changes the allocations of the state's share of oil and gas tax revenue, it does not affect the tax relief fund allocation. House Bill No. 1014 (2019) and Senate Bill No. 2249 (2019) affect oil and gas tax allocations; however, these bills also do not affect allocations to the tax relief fund.

<sup>2</sup>Estimated revenues - These amounts reflect actual oil and gas tax revenue collections deposited in the fund through November 2018. The estimated allocations for the remainder of the 2017-19 biennium and the estimated allocations for the 2019-21 biennium are based on the January 2019 legislative revenue forecast.

### FUND HISTORY

Section 57-64-05, as created by Senate Bill No. 2199 (2009), created the property tax relief sustainability fund for property tax relief programs, pursuant to legislative appropriation. Senate Bill No. 2199 provided an initial transfer of \$295 million from the permanent oil tax trust fund to the property tax relief sustainability fund. Chapter 57-51.1 provided for an allocation of the state's share of oil and gas tax revenues of \$341.79 million each biennium to the property tax relief sustainability fund.

Section 15.1-27-45, as created by Section 40 of House Bill No. 1013 (2013), changed the name of the property tax relief sustainability fund to the property tax relief fund, but only for the 2013-15 biennium. House Bill No. 1377 (2015) repealed Sections 15.1-27-45 and 57-64-05 and amended Section 57-51.1-07.5 to change the name of the property tax relief sustainability fund to the tax relief fund and decreased the amount of the state's share of oil and gas tax revenue deposited in the fund from \$341.79 million per biennium to \$300 million per biennium.

House Bill No. 1377 (2015) repealed Sections 15.1-27-45 and 57-64-05 relating to the property tax relief sustainability fund and amended Sections 57-51.1-07.3 and 57-51.1-07.5 to change the name of the property tax relief sustainability fund to the tax relief fund and to change the allocation of the state's share of oil and gas tax revenue to provide the following:

- The first \$200 million to the general fund;
- The next \$300 million to the tax relief fund;
- The next \$100 million to the general fund;
- The next \$100 million to the strategic investment and improvements fund;
- The next \$22 million to the state disaster relief fund if the amounts do not bring the unobligated balance of the fund to more than \$25 million;
- For the 2015-17 biennium, any remaining revenues are deposited:
  - 70 percent to the strategic investment and improvements fund; and
  - 30 percent to the political subdivision allocation fund; and
- After the 2015-17 biennium, any remaining revenues are deposited into the strategic investment and improvements fund.

**ANALYSIS OF THE TOBACCO PREVENTION AND CONTROL TRUST FUND  
FOR THE 2017-19 AND 2019-21 BIENNIUMS  
(REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)**

|                                                                                                                                        | 2017-19 Biennium       |                      | 2019-21 Biennium       |                        |
|----------------------------------------------------------------------------------------------------------------------------------------|------------------------|----------------------|------------------------|------------------------|
| Beginning balance                                                                                                                      |                        | \$58,216,127         |                        | \$8,468,773            |
| Add estimated revenues                                                                                                                 |                        |                      |                        |                        |
| Investment and miscellaneous revenue                                                                                                   | \$910,000 <sup>1</sup> |                      | \$250,000 <sup>1</sup> |                        |
| Total estimated revenues                                                                                                               |                        | 910,000 <sup>2</sup> |                        | 250,000 <sup>2</sup>   |
| Total available                                                                                                                        |                        | \$59,126,127         |                        | \$8,718,773            |
| Less estimated expenditures and transfers                                                                                              |                        |                      |                        |                        |
| State Department of Health (2017 SB 2004, 2019 HB 1004)                                                                                |                        |                      |                        |                        |
| Local public health unit grants                                                                                                        | \$2,000,000            |                      | \$525,000              |                        |
| Cancer programs                                                                                                                        | 644,804                |                      | 580,324                |                        |
| Stroke and cardiac care programs                                                                                                       | 756,418                |                      |                        |                        |
| Physician loan repayment program                                                                                                       | 480,000                |                      |                        |                        |
| Behavioral health loan repayment program                                                                                               | 243,640                |                      |                        |                        |
| Tobacco prevention and control program, including cessation and grants to local public health units for tobacco prevention and control | 8,453,333              |                      |                        |                        |
| Domestic violence offender treatment grants                                                                                            | 300,000                |                      | 300,000                |                        |
| Microbiology laboratory capital improvements                                                                                           |                        |                      | 1,220,000              |                        |
| State Department of Health - Hyperbaric oxygen therapy pilot program (2019 HB 1359)                                                    |                        |                      | 335,000                |                        |
| Department of Human Services (2017 HB 1012; 2019 SB 2012)                                                                              |                        |                      |                        |                        |
| Medical services grants                                                                                                                | 22,175,000             |                      | 6,000,000              |                        |
| Medicaid Expansion - Commercial rates                                                                                                  | 13,300,000             |                      |                        |                        |
| Youth access to tobacco prevention services                                                                                            | 75,000                 |                      |                        |                        |
| Substance use disorder voucher program                                                                                                 | 1,779,159              |                      |                        |                        |
| Basic care services                                                                                                                    | 450,000                |                      |                        |                        |
| Total estimated expenditures and transfers                                                                                             |                        | 50,657,354           |                        | 8,960,324 <sup>3</sup> |
| Estimated ending balance                                                                                                               |                        | \$8,468,773          |                        | (\$241,551)            |

<sup>1</sup>In August 2015 the Tobacco Prevention and Control Executive Committee entered into an agreement with the State Investment Board to provide investment management services for the tobacco prevention and control trust fund. On September 30, 2015, the Tobacco Prevention and Control Executive Committee transferred \$47.3 million to the State Investment Board for management. The investment policy statement adopted by the executive committee includes an asset mix of 75 percent global fixed income, 10 percent global equity, and 15 percent cash. Estimated investment income reflects earnings and realized gains, but does not include changes in the market value of the investments. The Legislative Assembly repealed North Dakota Century Code Chapter 23-42 in 2017 Senate Bill No. 2024 to dissolve the Tobacco Prevention and Control Executive Committee and provided funds in the tobacco prevention and control trust fund are to be used as appropriated by the Legislative Assembly. In Section 15 of 2017 House Bill No. 1015 the Legislative Assembly directed the Office of Management and Budget to administer the tobacco prevention and control trust fund in accordance with legislative authorizations or appropriations during the 2017-19 biennium.

<sup>2</sup>Revenues have been estimated based on actual revenues received through December 2018. Estimated revenues for remainder of the 2017-19 biennium and for the 2019-21 biennium are based on the December 2018 executive budget revenue forecast.

<sup>3</sup>Because the fund may not have a negative balance, the appropriations will need to be reduced to eliminate the negative balance.

## FUND HISTORY

The tobacco prevention and control trust fund was created as a result of voter approval of Initiated Measure No. 3 in the November 2008 general election. The measure added seven new sections to Century Code and amended Section 54-27-25 to establish the Tobacco Prevention and Control Advisory Committee and an executive committee, develop and fund a comprehensive statewide tobacco prevention and control plan, and create a tobacco prevention and control trust fund to receive tobacco settlement dollars to be administered by the executive committee. The measure provided for the advisory committee, appointed by the Governor, to develop the initial comprehensive plan and select an executive committee responsible for the implementation and administration of the comprehensive plan. The initiated measure became effective 30 days after the election (December 4, 2008).

Tobacco settlement payments received by the state under the Master Settlement Agreement are derived from two subsections of the Master Settlement Agreement. Subsection IX(c)(1) of the Master Settlement Agreement provides payments on April 15, 2000, and on April 15 of each year thereafter in perpetuity, while subsection IX(c)(2) of the Master Settlement Agreement provided for additional strategic contribution payments that began on April 15, 2008, and continue each April 15 thereafter through 2017. Section 54-27-25, created by 1999 House Bill No. 1475, did not distinguish between payments received under the separate subsections of the Master Settlement Agreement and provided for the deposit of all tobacco settlement money received by the state into the tobacco settlement trust fund. Money in the fund, including interest, is transferred within 30 days of deposit in the fund as follows:

- 10 percent to the community health trust fund. In 2017 House Bill No. 1012, the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the common schools trust fund. In House Bill No. 1012, the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the water development trust fund.

The measure provided for a portion of tobacco settlement dollars received by the state to be deposited in the newly created tobacco prevention and control trust fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement continues to be deposited in the tobacco settlement trust fund and will continue to be allocated 10 percent to the community health trust fund, 45 percent to the common schools trust fund, and 45 percent to the water development trust fund after the 2017-19 biennium. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement was deposited into the tobacco prevention and control trust fund until the last payment was received in 2017. Interest earned on the balance in this fund is deposited in the fund. The fund was administered by the executive committee created by the measure for the purpose of creating and implementing the comprehensive plan. However, the 2017 Legislative Assembly approved Senate Bill No. 2024 to repeal Chapter 23-42 related to the tobacco prevention and control program and to amend Section 54-27-25 to provide funds in the tobacco prevention and control trust fund are to be used as appropriated by the Legislative Assembly. The Legislative Assembly did not provide funding for the Tobacco Prevention and Control Executive Committee for the 2017-19 biennium. In addition Section 15 of 2017 House Bill No. 1015 requires the Office of Management and Budget administer the tobacco prevention and control trust fund in accordance with legislative authorizations or appropriations during the 2017-19 biennium.

The measure also provided, if in any biennium the tobacco prevention and control trust fund does not have adequate funding for the comprehensive plan, money may be transferred from the water development trust fund to the tobacco prevention and control trust fund in an amount determined necessary by the executive committee to adequately provide for the comprehensive plan. The Legislative Assembly, in Section 39 of 2009 House Bill No. 1015, provided any money deposited in the water development trust fund under Section 54-27-25 may only be spent pursuant to legislative appropriation. Senate Bill No. 2024 (2017) repeals the Tobacco Prevention and Control Executive Committee and authority to use funding from the water development trust fund for the comprehensive plan.

The tobacco settlement payment received by the state in April 2008 was the first payment that included funds relating to subsection IX(c)(2) of the Master Settlement Agreement. This payment was received prior to the approval of the measure and was deposited in the tobacco settlement trust fund and disbursed as provided for in Section 54-27-25 prior to amendment by the measure. In 2009 tobacco settlement payments began to be deposited in the tobacco settlement trust fund and the tobacco prevention and control trust fund pursuant to Section 54-27-25 as amended by the measure. The last payment under subsection IX(c)(2) of the Master Settlement Agreement was received in April 2017. The state received total tobacco settlement collections of \$119,487,461 under subsection IX(c)(2) of the Master Settlement Agreement, of which \$105,689,732 was deposited into the tobacco prevention and control trust fund from April 2009 through April 2017.

## ANALYSIS OF THE TOBACCO SETTLEMENT TRUST FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

|                                                                      | 2017-19 Biennium          |                             | 2019-21 Biennium |                             |
|----------------------------------------------------------------------|---------------------------|-----------------------------|------------------|-----------------------------|
| Beginning balance                                                    |                           | \$0                         |                  | \$0                         |
| Add estimated revenues                                               |                           |                             |                  |                             |
| Tobacco settlement revenues collected to date                        | \$53,096,556 <sup>1</sup> |                             |                  |                             |
| Funding turned back by the Attorney General for the 2015-17 biennium | 158,922 <sup>1</sup>      |                             |                  |                             |
| Projected tobacco settlement revenues                                | 18,000,000                |                             | \$36,000,000     |                             |
| Total estimated revenues                                             |                           | 71,255,478 <sup>2</sup>     |                  | 36,000,000 <sup>2</sup>     |
| Total available                                                      |                           | \$71,255,478 <sup>3,4</sup> |                  | \$36,000,000 <sup>3,4</sup> |
| Less estimated expenditures and transfers                            |                           |                             |                  |                             |
| Attorney General - Tobacco settlement agreement costs (2017 HB 1003) | \$200,000 <sup>5</sup>    |                             | \$0 <sup>5</sup> |                             |
| Transfers to the community health trust fund                         | 39,080,513 <sup>2</sup>   |                             | 3,600,000        |                             |
| Transfers to the common schools trust fund                           | 0 <sup>2</sup>            |                             | 16,200,000       |                             |
| Transfers to the water development trust fund                        | 31,974,965                |                             | 16,200,000       |                             |
| Total estimated expenditures and transfers                           |                           | 71,255,478 <sup>4</sup>     |                  | 36,000,000 <sup>4</sup>     |
| Estimated ending balance                                             |                           | \$0                         |                  | \$0                         |

<sup>1</sup>As of December 2018 the state has received a tobacco settlement payment of \$53,096,556 for the 2017-19 biennium, which has been deposited in the tobacco settlement trust fund. Because payments under subsection IX(c)(2) of the Master Settlement Agreement ended in 2017, no funds were deposited in the tobacco prevention and control trust fund. Included in the tobacco settlement payment received in April 2018 was approximately \$37.3 million released from an escrow account related to the settlement of an ongoing dispute between the state and major tobacco companies over enforcement of the 1998 Tobacco Master Settlement Agreement. In addition, the tobacco settlement trust fund received turn back of \$158,922 related to an appropriation to the Attorney General for the 2015-17 biennium. To date, the state has received total tobacco settlement collections of \$580,802,633, including \$461,315,172 under subsection IX(c)(1) of the Master Settlement Agreement and \$119,487,461 under subsection IX(c)(2) of the Master Settlement Agreement. Of the \$580,802,633, \$475,112,901 has been deposited into the tobacco settlement trust fund and \$105,689,732 has been deposited into the tobacco prevention and control trust fund.

<sup>2</sup>Revenues - House Bill No. 1475 (1999), North Dakota Century Code Section 54-27-25, provides interest on the money in the tobacco settlement trust fund must be retained in the fund, and the principal and interest must be allocated 10 percent to the community health trust fund, 45 percent to the common schools trust fund, and 45 percent to the water development trust fund. **In 2017 House Bill No. 1012, the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.** The interest earned on the money in the tobacco settlement trust fund will increase the amount available for transfers to the other funds. However, because of uncertainty regarding the timing of the receipt of the tobacco settlement proceeds, interest earned on the balance of the tobacco settlement trust fund has not been included in this analysis. Tobacco settlement revenues collected to date have been transferred immediately to the proper trust funds; therefore, no interest has been earned by the tobacco settlement trust fund to date.

In the November 2008 general election, voters approved Initiated Measure No. 3 that amended Section 54-27-25 to provide a portion of tobacco settlement funds received by the state be deposited in the newly created tobacco prevention and control trust fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continues in perpetuity, will continue to be deposited into the tobacco settlement trust fund and, except for the 2017-19 biennium, allocated 10 percent to the community health trust fund, 45 percent to the common schools trust fund, and 45 percent to the water development trust fund. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement, which began in 2008 and continued through 2017, began to be deposited in 2009 into the tobacco prevention and control trust fund. The amount received under subsection IX(c)(2) of the Master Settlement Agreement for 2008 was \$13,797,729, which, because it was received prior to passage of the measure, was allocated pursuant to Section 54-27-25 prior to amendment.

Tobacco settlement trust fund revenues have been estimated based on actual revenues received through December 2018. Estimated revenues for remainder of the 2017-19 biennium and for the 2019-21 biennium are based on the December 2018 executive budget revenue forecast.

<sup>3</sup>In 2006 certain tobacco companies began reducing their tobacco settlement payments to North Dakota contending that the Master Settlement Agreement allows for the payments to be reduced if they lose sales to small cigarette makers that did not participate in the agreement and if states do not enforce laws intended to make smaller tobacco companies set aside money for legal claims. The Attorney General's office filed a lawsuit against the tobacco companies to collect the full payment and in 2018 reached a settlement with the tobacco companies. The total original estimated tobacco settlement collections, including payments to be received under both subsection IX(c)(1) and subsection IX(c)(2) of the Master Settlement Agreement, and the total actual and estimated collections as revised by the Office of Management and Budget are:

| Biennium  | 1999 Original<br>Estimated Collections | Actual and Office of Management and Budget<br>Revised Estimated Collections |
|-----------|----------------------------------------|-----------------------------------------------------------------------------|
| 1999-2001 | \$57,593,770                           | \$52,900,784                                                                |
| 2001-03   | 61,143,578                             | 53,636,363                                                                  |
| 2003-05   | 51,271,214                             | 46,310,010                                                                  |
| 2005-07   | 51,271,214                             | 43,828,118                                                                  |
| 2007-09   | 82,231,080                             | 75,633,409                                                                  |
| 2009-11   | 82,231,080                             | 64,013,596                                                                  |
| 2011-13   | 82,231,080                             | 63,035,245                                                                  |
| 2013-15   | 82,231,080                             | 64,618,711                                                                  |
| 2015-17   | 82,231,080                             | 63,570,920                                                                  |
| 2017-19   | 58,591,490                             | 71,255,478                                                                  |
| 2019-21   | 58,591,490                             | 36,000,000                                                                  |
| 2021-23   | 58,591,490                             | 52,503,832                                                                  |
| 2023-25   | 58,591,490                             | 52,503,832                                                                  |
| Total     | \$866,801,136                          | \$739,810,298                                                               |

<sup>4</sup>Initiated Measure No. 3 (2008) resulted in the following allocation of the revised estimated collections for tobacco settlement payments through 2025. In 2017 House Bill No. 1012, the Legislative Assembly amended Section 54-27-25 to suspend transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increase transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund. Transfers from the tobacco settlement trust fund to the water development trust fund remain at 45 percent. Therefore, the following are estimated allocations of tobacco settlement payments through 2025, based on the temporary reallocation approved by the 2017 Legislative Assembly and the December 2018 executive budget revenue forecast for the 2019-21 biennium, as of crossover:

|                                  | Actual and Estimated<br>Total Tobacco<br>Settlement Proceeds, Including<br>Attorney General Costs | Actual and Estimated<br>Payments Under Master Settlement Agreement<br>Subsection IX(c)(2) Deposited in<br>the Tobacco Prevention and<br>Control Trust Fund | Allocation of Actual and Estimated Payments Under<br>Master Settlement Agreement Subsection IX(c)(1) |                                    |                                |
|----------------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|------------------------------------|--------------------------------|
|                                  |                                                                                                   |                                                                                                                                                            | Common Schools<br>Trust Fund                                                                         | Water<br>Development<br>Trust Fund | Community Health<br>Trust Fund |
| Actual payment April 2008        | \$36.4 million                                                                                    | N/A                                                                                                                                                        | \$16.4 million                                                                                       | \$16.4 million                     | \$3.6 million                  |
| Actual payment April 2009        | 39.2 million                                                                                      | \$14.1 million                                                                                                                                             | 11.3 million                                                                                         | 11.3 million                       | 2.5 million                    |
| Actual payments 2009-11 biennium | 64.0 million                                                                                      | 23.5 million                                                                                                                                               | 18.2 million                                                                                         | 18.2 million                       | 4.1 million                    |
| Actual payments 2011-13 biennium | 63.0 million                                                                                      | 22.8 million                                                                                                                                               | 18.1 million                                                                                         | 18.1 million                       | 4.0 million                    |
| Actual payments 2013-15 biennium | 64.6 million                                                                                      | 22.4 million                                                                                                                                               | 19.0 million                                                                                         | 19.0 million                       | 4.2 million                    |
| Actual payments 2015-17 biennium | 63.5 million <sup>1</sup>                                                                         | 22.9 million                                                                                                                                               | 18.2 million                                                                                         | 18.2 million                       | 4.0 million                    |
| Estimated 2017-19 biennium       | 71.3 million <sup>1</sup>                                                                         | N/A                                                                                                                                                        | 0                                                                                                    | 32.0 million                       | 39.1 million                   |
| Estimated 2019-21 biennium       | 36.0 million                                                                                      | N/A                                                                                                                                                        | 16.2 million                                                                                         | 16.2 million                       | 3.6 million                    |
| Estimated 2021-23 biennium       | 52.5 million                                                                                      | N/A                                                                                                                                                        | 23.6 million                                                                                         | 23.6 million                       | 5.3 million                    |
| Estimated 2023-25 biennium       | 52.5 million                                                                                      | N/A                                                                                                                                                        | 23.6 million                                                                                         | 23.6 million                       | 5.3 million                    |
| Total                            | \$543.0 million                                                                                   | \$105.7 million                                                                                                                                            | \$164.6 million                                                                                      | \$196.6 million                    | \$75.7 million                 |

<sup>1</sup>This amount includes \$200,000 made available from the tobacco settlement trust fund to the Attorney General for enforcement of the Master Settlement Agreement and any disputes with the agreement.

<sup>5</sup>The 2015 Legislative Assembly, in Senate Bill No. 2003, amended Section 54-27-25 relating to the tobacco settlement trust fund to provide the principal and interest of the fund may be appropriated to the Attorney General for enforcement of the Master Settlement Agreement and any disputes with the agreement. The Senate version of Senate Bill No. 2003 (2019), the appropriation bill for the Attorney General, does not provide funding from the tobacco settlement trust fund to the Attorney General.

#### **FUND HISTORY**

Section 54-27-25, created by 1999 House Bill No. 1475, established a tobacco settlement trust fund for the deposit of all tobacco settlement money obtained by the state. Money in the fund, including interest, must be transferred within 30 days of its deposit in the fund:

- 10 percent to the community health trust fund. In 2017 House Bill No. 1012, the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the common schools trust fund. In 2017 House Bill No. 1012, the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the water development trust fund.

In the November 2008 general election, voters approved Initiated Measure No. 3 that amended Section 54-27-25 to establish a tobacco prevention and control trust fund. The measure provides for a portion of tobacco settlement funds received by the state to be deposited in a new fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continues in perpetuity, will continue to be deposited into the tobacco settlement trust fund and allocated 10 percent to the community health trust fund, 45 percent to the common schools trust fund, and 45 percent to the water development trust fund after the 2017-19 biennium. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement, relating to strategic contribution payments, which began in 2008 and continued through 2017, was deposited into the tobacco prevention and control trust fund.

The tobacco settlement payment received by the state in April 2008 was the first payment that included funds relating to subsection IX(c)(2) of the Master Settlement Agreement. This payment was received prior to the approval of the measure and was deposited in the tobacco settlement trust fund and disbursed as provided for in Section 54-27-25 prior to amendment by the measure. In 2009 tobacco settlement payments began to be deposited in the tobacco settlement trust fund and the tobacco prevention and control trust fund pursuant to Section 54-27-25 as amended by the measure.

The Legislative Assembly, in 2015 Senate Bill No. 2003, amended Section 54-27-25 relating to the tobacco settlement trust fund to provide the principal and interest of the fund may be appropriated to the Attorney General for the enforcement of the Master Settlement Agreement and any disputes with the agreement.

# ANALYSIS OF THE STATE TUITION FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

|                                                          | 2017-19 Biennium           |                          | 2019-21 Biennium           |                        |
|----------------------------------------------------------|----------------------------|--------------------------|----------------------------|------------------------|
| Beginning balance                                        |                            | \$1,745,972 <sup>1</sup> |                            | \$143,100 <sup>1</sup> |
| Add estimated revenues                                   |                            |                          |                            |                        |
| Fines for violation of state laws                        | \$11,397,128 <sup>2</sup>  |                          | \$13,000,000 <sup>2</sup>  |                        |
| Transfer from the public instruction fund (2017 HB 1013) | 4,282,905 <sup>3</sup>     |                          | 0                          |                        |
| Transfers from the common schools trust fund             | 288,264,000                |                          | 366,756,000                |                        |
| Total estimated revenues                                 |                            | 303,944,033              |                            | 379,756,000            |
| Total available                                          |                            | \$305,690,005            |                            | \$379,899,100          |
| Less estimated expenditures and transfers                |                            |                          |                            |                        |
| State aid to schools (2017 HB 1013; 2019 SB 2013)        | \$305,546,905 <sup>3</sup> |                          | \$379,764,000 <sup>3</sup> |                        |
| Total estimated expenditures and transfers               |                            | 305,546,905              |                            | 379,764,000            |
| Estimated ending balance                                 |                            | \$143,100 <sup>1</sup>   |                            | \$135,100 <sup>1</sup> |

<sup>1</sup>Beginning/ending balance - North Dakota Century Code Section 15.1-28-03 provides for the distribution of money in the state tuition fund in August, September, October, November, December, January, February, March, and April of each fiscal year. Fine proceeds deposited in the state tuition fund during May and June of each fiscal year are carried forward for distribution in August of the subsequent year.

<sup>2</sup>Fines for violation of state laws - Fine proceeds estimated to be deposited in the state tuition fund during the 2017-19 biennium are based on actual fines deposited into the fund through January 2019 and estimated fine proceeds for the remainder of the 2017-19 biennium based on the 2017 legislative revenue forecast. Fine proceeds estimated to be deposited in the state tuition fund during the 2019-21 biennium are based on the December 2018 executive budget revenue forecast. The amount of state tuition fund distributions from fine proceeds is shown below.

| Fiscal Year | Revenue From Fines     | Percentage Increase (Decrease)<br>From Previous Year |
|-------------|------------------------|------------------------------------------------------|
| 1998        | \$3,384,890 (actual)   | N/A                                                  |
| 1999        | \$3,818,890 (actual)   | 12.8%                                                |
| 2000        | \$4,866,644 (actual)   | 27.4%                                                |
| 2001        | \$4,241,256 (actual)   | (12.9%)                                              |
| 2002        | \$4,778,756 (actual)   | 12.7%                                                |
| 2003        | \$4,607,423 (actual)   | (3.6%)                                               |
| 2004        | \$4,721,407 (actual)   | 2.5%                                                 |
| 2005        | \$4,507,137 (actual)   | (4.5%)                                               |
| 2006        | \$4,506,316 (actual)   | (0.01%)                                              |
| 2007        | \$4,590,395 (actual)   | 1.9%                                                 |
| 2008        | \$4,692,048 (actual)   | 2.2%                                                 |
| 2009        | \$4,452,118 (actual)   | (5.1%)                                               |
| 2010        | \$4,593,325 (actual)   | 3.2%                                                 |
| 2011        | \$4,963,691 (actual)   | 8.1%                                                 |
| 2012        | \$5,769,861 (actual)   | 16.2%                                                |
| 2013        | \$6,158,750 (actual)   | 6.7%                                                 |
| 2014        | \$6,844,632 (actual)   | 11.1%                                                |
| 2015        | \$7,655,890 (actual)   | 11.9%                                                |
| 2016        | \$6,945,206 (actual)   | (9.3%)                                               |
| 2017        | \$5,511,247 (actual)   | (20.6%)                                              |
| 2018        | \$6,055,397 (actual)   | 9.9%                                                 |
| 2019        | \$5,341,731 (estimate) | (11.8%)                                              |
| 2020        | \$6,500,000 (estimate) | 21.7%                                                |
| 2021        | \$6,500,000 (estimate) | 0%                                                   |



<sup>3</sup>Section 15.1-28-01 provides distributions received from the common schools trust fund must be paid into the state treasury and, with the net proceeds of fines for the violation of state laws, constitute the state tuition fund. In 2013 the Legislative Assembly appropriated \$140,326,000 from the state tuition fund for state school aid payments during the 2013-15 biennium. In addition, Section 4 of 2013 House Bill No. 1013 provided that any money available in the state tuition fund in excess of the \$140,326,000 is appropriated to the Department of Public Instruction for distribution to school districts. However, the 2013 Legislative Assembly suspended Section 15.1-27-22.1 relating to the payment of excess funds appropriated for state school aid and, in 2015, Section 15.1-27-22.1 was repealed. During the 2013-15 biennium, common schools trust fund distributions deposited into the department's operating fund of \$130,326,000 and transfers from the state tuition fund to the department's operating fund of \$14,282,905 totaled \$144,608,905, \$4,282,905 more than appropriated from the state tuition fund for state school aid during the 2013-15 biennium. The funding in excess of the \$140,326,000 appropriated for state school aid of \$4,282,905 remained in the department's operating account at the end of the 2013-15 biennium instead of the state tuition fund. House Bill No. 1013 (2017) provides for a transfer of \$4,282,905 from the Department of Public Instruction operating account to the state tuition fund and includes the funding in the total appropriated from the state tuition fund for state school aid during the 2017-19 biennium.

### **FUND HISTORY**

The state tuition fund originated in 1889 with the enactment of the Constitution of North Dakota. The original constitutional provisions have not changed significantly since enactment and are currently contained in Section 2 of Article IX of the Constitution of North Dakota, which provides that payments to the common schools trust fund of the state include:

- Distributions from the common schools trust fund;
- All fines for violation of state laws; and
- All other amounts provided by law.

Section 15.1-28-01 provides the state tuition fund consists of the net proceeds from all fines for violation of state laws and distributions from the common schools trust fund. Section 15.1-28-03 directs the Office of Management and Budget, on or before the third Monday in January, February, March, April, August, September, October, November, and December of each year, to certify to the Superintendent of Public Instruction the amount of the state tuition fund. Prior to the 2007-09 biennium, the Superintendent apportioned the money in the state tuition fund among the school districts in the state based on the number of school-age children in the district. The Legislative Assembly, in 2007 Senate Bill No. 2200, consolidated funding for the state school aid program, including per-student payments, teacher compensation payments, special education average daily membership payments, revenue supplemental payments, and tuition apportionment payments, into a new state school aid funding formula with a new distribution methodology; therefore, beginning with the 2007-09 biennium, the Superintendent includes the money in the state tuition fund in state school aid payments to school districts as determined by Chapter 15.1-27.

**ANALYSIS OF THE VETERANS' POSTWAR TRUST FUND  
FOR THE 2015-17 AND 2017-19 BIENNIUMS  
(REFLECTING PROPOSED LEGISLATION THROUGH CROSSOVER)**

|                                                                         | 2017-19 Biennium           |                          | 2019-21 Biennium         |             |
|-------------------------------------------------------------------------|----------------------------|--------------------------|--------------------------|-------------|
| Beginning balance                                                       |                            | \$5,700,423 <sup>1</sup> |                          | \$5,886,103 |
| Add estimated revenues and other funds available for benefits           |                            |                          |                          |             |
| Investment income and increases in market value                         | \$430,000 <sup>2,3,4</sup> |                          | \$430,000 <sup>2,5</sup> |             |
| Commemorative memorial coin program donations and sales (2017 SB 2183)  | 24,600                     |                          | 10,000                   |             |
| Impact Foundation donations                                             | 79,258 <sup>6</sup>        |                          | 0 <sup>6</sup>           |             |
| Total deposits, estimated revenues, and other increases in market value |                            | 533,858                  |                          | 440,000     |
| Total available                                                         |                            | \$6,234,281              |                          | \$6,326,103 |
| Less estimated expenditures and transfers                               |                            |                          |                          |             |
| Grants and related expenditures                                         | \$95,764                   |                          |                          |             |
| Veterans' transportation programs                                       | 4,346                      |                          |                          |             |
| Commemorative memorial coin program expenditures (2017 SB 2183)         | 25,000                     |                          | 10,000                   |             |
| Other veterans' programs                                                | 2,709                      |                          |                          |             |
| Impact Foundation expenditures                                          | 81,253 <sup>6</sup>        |                          |                          |             |
| Remaining funds available for programs that benefit veterans            | 139,106 <sup>3</sup>       |                          | \$290,000 <sup>5</sup>   |             |
| Total estimated expenditures and transfers                              |                            | 348,178                  |                          | 300,000     |
| Estimated ending balance                                                |                            | \$5,886,103              |                          | \$6,026,103 |

<sup>1</sup>Revenue from the sale of vans during the 2015-17 biennium (\$6,268), short-term interest (\$323) donations for the commemorative memorial coin program approved by the 2017 Legislative Assembly in Senate Bill No. 2183 (\$400), net proceeds from the Impact Foundation (\$1,995 - see footnote 6 below), and unspent funding available from the 2015-17 biennium (\$24,151) is available for programs during the 2017-19 biennium and is included in this beginning balance.

<sup>2</sup>The State Treasurer has not provided investment income estimates for the 2017-19 or 2019-21 bienniums. Investment income for the 2017-19 and 2019-21 bienniums are estimated based on the average income and change in the fund value, biennium to date through December 2018. See footnotes 3 and 5 below regarding income available for benefits.

<sup>3</sup>Prior to July 2011, North Dakota Century Code Section 37-14-14 appropriated on a continuing basis all income of the veterans' postwar trust fund to the Administrative Committee on Veterans' Affairs for programs that benefit veterans or their dependents. The Legislative Assembly in House Bill No. 1468 (2011) amended Section 37-14-14 to provide that all income earned in a biennium is appropriated to the Administrative Committee on Veterans' Affairs on a continuing basis in the following biennium, and not in the biennium in which it is earned, for authorized programs. Therefore, the investment income earned by the fund during the 2017-19 biennium will not be available for programs until the 2019-21 biennium. Funds available for benefits during the 2017-19 biennium totaled \$348,178, of which \$218,369 is from income earned on the fund during the 2015-17 biennium, \$24,600 is from revenue received during the 2017-19 biennium for the commemorative memorial coin program, \$1,800 is from service dog carryover funding, \$24,151 is unspent 2015-17 biennium funding, and \$79,258 is from revenue received from the Impact Foundation (see footnote 6 below). Remaining funds available consisted of unspent funds available from prior bienniums.

<sup>4</sup>Of the investment income and increase in market value reported for the 2017-19 biennium through December 2018, \$8,475 is from patriotic license plate fees transferred to the postwar trust fund (see Fund History below).

<sup>5</sup>Pursuant to provisions of House Bill No. 1468 (2011), investment income earned during the 2019-21 biennium is not available for program expenditures until the 2021-23 biennium. Estimated funds available for benefits during the 2019-21 biennium total approximately \$290,000 based on average monthly payable income earned through December 2018.

<sup>6</sup>The North Dakota Veterans Emergency Needs Charitable Fund (also known as the North Dakota Support Our Veterans Fund) was established in April 2010 by the Impact Foundation to support emergency needs of North Dakota veterans and their eligible dependents. As noted in the March 28, 2018, Performance Audit Report of the Department of Veterans' Affairs prepared by the State Auditor, the department has received and expended funds from the Impact Foundation by combining these funds with those of the veterans postwar trust fund without legislative or Emergency Commission approval. The State Auditor's report has identified that these actions are in conflict with Section 18 of Article X of the Constitution of North Dakota and Section 37-18-12.

### **FUND HISTORY**

#### **Established**

The fund was created by Section 6 of Senate Bill No. 2271 (1981):

**SECTION 6. TRANSFER OF VIETNAM BONUS FUNDS TO VETERANS' POSTWAR TRUST FUND.** All unobligated moneys in the Vietnam veterans' adjusted compensation funds in the state treasury after July 1, 1981, shall be transferred by the state treasurer to the veterans' postwar trust fund. Any obligations of such funds as a result of any amendment of section 37-25-10 by the forty-seventh legislative assembly shall be paid out of the veterans' postwar trust fund and the moneys necessary to meet those obligations are hereby appropriated.

#### **1988 Initiated Measure No. 4**

Initiated Measure No. 4, approved by the voters in the November 1988 general election, provided the following:

- Established the veterans' postwar trust fund as a permanent fund.
- Required the State Treasurer to transfer \$740,000 per year for 5 years commencing July 1, 1989, from the state general fund or other sources as appropriated by the Legislative Assembly to the veterans' postwar trust fund to total \$3.7 million.
- Appropriated the income from the veterans' postwar trust fund on a continuing basis to the Administrative Committee on Veterans' Affairs to be spent for veterans' programs as authorized by law.
- Required the State Treasurer to invest the fund in legal investments as provided by Section 21-10-07.

The principal balance in the fund on December 8, 1988, was \$401,849.

Senate Bill No. 2009 (1989) transferred \$1,480,000, \$740,000 on July 1, 1989, and \$740,000 on July 1, 1990, from the state general fund to the veterans' postwar trust fund. The bill also appropriated up to \$274,000 of investment income earned on the veterans' postwar trust fund balance to the Veterans' Home for its operating costs. Because of net budget reductions during the 1989-91 biennium, the transfer from the general fund to the veterans' postwar trust fund for the second year of the 1989-91 biennium was reduced by \$95,005, from \$740,000 to \$644,995.

Senate Bill No. 2001 (1991) transferred \$1,575,005 from the general fund to the veterans' postwar trust fund during the 1991-93 biennium. This amount restored the \$95,005 which was not transferred during the 1989-91 biennium because of net budget reductions. Because of budget allotments ordered by the Governor during the 1991-93 biennium, the transfer from the general fund to the veterans' postwar trust fund for the 2<sup>nd</sup> year of the 1991-93 biennium was reduced by \$5,670, from \$740,000 to \$734,330.

House Bill No. 1001 (1993) transferred \$745,670 from the general fund to the veterans' postwar trust fund during the 1993-95 biennium. This was the final transfer required by the initiated measure and included \$5,670 to restore the reduction made during the 1991-93 biennium because of budget reductions.

#### **1996 Initiated Constitutional Measure No. 4**

Initiated Constitutional Measure No. 4, approved by the voters in the November 1996 general election, created the following new section to Article X of the Constitution of North Dakota:

The veterans' postwar trust fund shall be a permanent trust fund of the state of North Dakota and shall consist of moneys transferred or credited to the fund as authorized by legislative enactment. Investment of the fund shall be the responsibility of the state treasurer who shall have full authority to invest the fund only in the same manner as the state investment board is authorized to make investments. All income received from investments is to be utilized for programs which must be of benefit and service to veterans, who are defined by legislative enactment, or their dependents, and such income

is hereby appropriated to the administrative committee on veterans' affairs on a continuing basis for expenditure upon those programs selected at the discretion of the administrative committee on veterans' affairs.

**House Bill No. 1468 (2011)**

The Legislative Assembly in House Bill No. 1468 (2011) amended Section 37-14-14 to provide that all income earned in a biennium is appropriated to the Administrative Committee on Veterans' Affairs on a continuing basis in the following biennium, and not in the biennium in which it is earned, for authorized programs.

**House Bill No. 1439 (2013)**

The Legislative Assembly in House Bill No. 1439 (2013) provided \$250,000 from the general fund to increase the principal balance of the veterans' postwar trust fund.

**House Bill No. 1360 (2015)**

The Legislative Assembly in House Bill No. 1360 (2015) created Section 39-04-10.15 to require an initial fee of \$25 for patriot license plates, of which \$20 is deposited in the highway tax distribution fund and \$5 is deposited in the veterans' postwar trust fund. The revenue deposited in the veterans' postwar trust fund must be added to the principal of the fund.

# ANALYSIS OF THE WATER DEVELOPMENT TRUST FUND FOR THE 2017-19 AND 2019-21 BIENNIUMS (REFLECTING LEGISLATIVE ACTION THROUGH CROSSOVER)

|                                                                  | 2017-19 Biennium          |                         | 2019-21 Biennium          |                         |
|------------------------------------------------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| Beginning balance                                                |                           | \$29,099,770            |                           | \$58,236,657            |
| Add estimated revenues                                           |                           |                         |                           |                         |
| Transfers to date from tobacco settlement trust fund             | \$23,874,965 <sup>1</sup> |                         |                           |                         |
| Projected remaining transfers from tobacco settlement trust fund | 8,100,000 <sup>2</sup>    |                         | \$16,200,000 <sup>2</sup> |                         |
| Total estimated revenues                                         |                           | 31,974,965 <sup>2</sup> |                           | 16,200,000 <sup>2</sup> |
| Total available                                                  |                           | \$61,074,735            |                           | \$74,436,657            |
| Less estimated expenditures and transfers                        |                           |                         |                           |                         |
| Bank of North Dakota loan repayment                              | \$0 <sup>3</sup>          |                         |                           |                         |
| Water projects (2017 HB 1020; 2019 SB 2020)                      | 2,838,078 <sup>4</sup>    |                         | \$72,860,276 <sup>5</sup> |                         |
| Total estimated expenditures and transfers                       |                           | 2,838,078               |                           | 72,860,276              |
| Estimated ending balance                                         |                           | \$58,236,657            |                           | \$1,576,381             |

<sup>1</sup>As of December 2018 the state has received a tobacco settlement payment of \$53,096,556 for the 2017-19 biennium, of which \$23,803,450 has been transferred from the tobacco settlement trust fund to the water development trust fund for the 2017-19 biennium. The tobacco settlement payment received in April 2018 included funding released from an escrow account related to the settlement of an ongoing dispute between the state and major tobacco companies over enforcement of the 1998 Tobacco Master Settlement Agreement. In addition, the water development trust fund received a transfer of \$71,515 from the tobacco settlement trust fund related to funding turned back to the tobacco settlement trust fund from an appropriation to the Attorney General for the 2015-17 biennium. Total transfers of \$213,620,805 have been made from the tobacco settlement trust fund to the water development trust fund.

<sup>2</sup>Revenues - Interest earned on the water development trust fund is deposited in the general fund. Water development trust fund revenues have been estimated based on actual revenues received through December 2018. Estimated revenues for remainder of the 2017-19 biennium and for the 2019-21 biennium are based on the December 2018 executive budget revenue forecast. Estimates are net of funds appropriated from the tobacco settlement trust fund to the Attorney General's office for the enforcement of the Master Settlement Agreement and related disputes.

Initiated Measure No. 3 (2008) resulted in the following allocation of the revised estimated collections for tobacco settlement payments through 2025. In 2017 House Bill No. 1012, the Legislative Assembly amended Section 54-27-25 to suspend transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increase transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund. Transfers from the tobacco settlement trust fund to the water development trust fund remain at 45 percent. Therefore, the following are estimated allocations of tobacco settlement payments through 2025, based on the temporary reallocation approved by the 2017 Legislative Assembly and the December 2018 executive budget revenue forecast for the 2019-21 biennium, as of crossover:

|                                  | Actual and Estimated<br>Total Tobacco<br>Settlement Proceeds, Including<br>Attorney General Costs | Actual and Estimated<br>Payments Under Master Settlement Agreement<br>Subsection IX(c)(2) Deposited in<br>the Tobacco Prevention and<br>Control Trust Fund | Allocation of Actual and Estimated Payments Under<br>Master Settlement Agreement Subsection IX(c)(1) |                                    |                                |
|----------------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|------------------------------------|--------------------------------|
|                                  |                                                                                                   |                                                                                                                                                            | Common Schools<br>Trust Fund                                                                         | Water<br>Development<br>Trust Fund | Community Health<br>Trust Fund |
| Actual payment April 2008        | \$36.4 million                                                                                    | N/A                                                                                                                                                        | \$16.4 million                                                                                       | \$16.4 million                     | \$3.6 million                  |
| Actual payment April 2009        | 39.2 million                                                                                      | \$14.1 million                                                                                                                                             | 11.3 million                                                                                         | 11.3 million                       | 2.5 million                    |
| Actual payments 2009-11 biennium | 64.0 million                                                                                      | 23.5 million                                                                                                                                               | 18.2 million                                                                                         | 18.2 million                       | 4.1 million                    |
| Actual payments 2011-13 biennium | 63.0 million                                                                                      | 22.8 million                                                                                                                                               | 18.1 million                                                                                         | 18.1 million                       | 4.0 million                    |
| Actual payments 2013-15 biennium | 64.6 million                                                                                      | 22.4 million                                                                                                                                               | 19.0 million                                                                                         | 19.0 million                       | 4.2 million                    |
| Actual payments 2015-17 biennium | 63.5 million <sup>1</sup>                                                                         | 22.9 million                                                                                                                                               | 18.2 million                                                                                         | 18.2 million                       | 4.0 million                    |
| Estimated 2017-19 biennium       | 71.3 million <sup>1</sup>                                                                         | N/A                                                                                                                                                        | 0                                                                                                    | 32.0 million                       | 39.1 million                   |
| Estimated 2019-21 biennium       | 36.0 million                                                                                      | N/A                                                                                                                                                        | 16.2 million                                                                                         | 16.2 million                       | 3.6 million                    |

|                            |                 |                 |                 |                 |                |
|----------------------------|-----------------|-----------------|-----------------|-----------------|----------------|
| Estimated 2021-23 biennium | 52.5 million    | N/A             | 23.6 million    | 23.6 million    | 5.3 million    |
| Estimated 2023-25 biennium | 52.5 million    | N/A             | 23.6 million    | 23.6 million    | 5.3 million    |
| Total                      | \$543.0 million | \$105.7 million | \$164.6 million | \$196.6 million | \$75.7 million |

<sup>1</sup>This amount includes \$200,000 made available from the tobacco settlement trust fund to the Attorney General for enforcement of the Master Settlement Agreement and any disputes with the agreement.

<sup>3</sup>The State Water Commission has historically used the water development trust fund for loan payments on outstanding bonds that were refinanced during the 2015-17 biennium with the Bank of North Dakota; however, the commission will be making the loan payments from the resources trust fund during the 2017-19 biennium. The outstanding balance of the loans as of March 31, 2018, is \$39,728,192.

<sup>4</sup>Sections 1 and 3 of 2017 House Bill No. 1020 appropriate \$34,949,628, and any additional funding that becomes available from the water development trust fund for the purpose of defraying the expenses of the State Water Commission for the 2017-19 biennium.

<sup>5</sup>Sections 1 and 4 of 2019 Senate Bill No. 2020 appropriate \$72,860,276, and any additional funding that becomes available from the water development trust fund for the purpose of defraying the expenses of the State Water Commission for the 2019-21 biennium.

### FUND HISTORY

Section 54-27-25, created by 1999 House Bill No. 1475, established a water development trust fund to be used for the long-term water development and management needs of the state. This section created a tobacco settlement trust fund for the deposit of all tobacco settlement money obtained by the state. Money in the fund must be transferred within 30 days of its deposit in the fund:

- 10 percent to the community health trust fund. In 2017 House Bill No. 1012, the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the common schools trust fund. In 2017 House Bill No. 1012, the Legislative Assembly suspended transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium and increased transfers from the tobacco settlement trust fund to the community health trust fund from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund.
- 45 percent to the water development trust fund.

In the November 2008 general election, voters approved Initiated Measure No. 3 that amended Section 54-27-25 to establish a tobacco prevention and control trust fund. The measure provides for a portion of tobacco settlement funds received by the state to be deposited in this new fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement, which continues in perpetuity, will continue to be deposited into the tobacco settlement trust fund and allocated 10 percent to the community health trust fund, 45 percent to the common schools trust fund, and 45 percent to the water development trust fund after the 2017-19 biennium. In 2009, tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement, relating to strategic contribution payments, which began in 2008 and continued through 2017, was deposited into the tobacco prevention and control trust fund. The measure also provided that if in any biennium the tobacco prevention and control trust fund does not have adequate funding for the comprehensive plan, money may be transferred from the water development trust fund to the tobacco prevention and control trust fund in an amount determined necessary by the Tobacco Prevention and Control Executive Committee to adequately provide for the comprehensive plan. The Legislative Assembly in Section 39 of 2009 House Bill No. 1015 provided any money deposited in the water development trust fund under Section 54-27-25 may only be spent pursuant to legislative appropriation. In Senate Bill No. 2024 (2017) the Legislative Assembly repealed the Tobacco Prevention and Control Executive Committee and authority to use funding from the water development trust fund for the comprehensive plan.

The tobacco settlement payment received by the state in April 2008 was the first payment that included funds relating to subsection IX(c)(2) of the agreement. This payment was received prior to the approval of the measure and was deposited in the tobacco settlement trust fund and disbursed as provided for in Section 54-27-25 prior to amendment by the measure. In 2009 tobacco settlement payments began to be deposited in the tobacco settlement trust fund and the tobacco prevention and control trust fund pursuant to Section 54-27-25 as amended by the measure.

Section 61-02.1-04, created by 1999 Senate Bill No. 2188, provides the principal and interest on bonds issued for flood control projects, the Southwest Pipeline Project, and an outlet to Devils Lake must be repaid with money appropriated from the water development trust fund.

The Legislative Assembly, in 2015 Senate Bill No. 2003, amended Section 54-27-25 relating to the tobacco settlement trust fund to provide the principal and interest of the fund may be appropriated to the Attorney General for the enforcement of the Master Settlement Agreement and any disputes with the agreement. Appropriations made to the Attorney General for enforcement of the Master Settlement Agreement reduce the amount available for transfer from the tobacco settlement trust fund to the water development trust fund.

February 27, 2019

SB2005

Attachment C

2019-2021  
Office of State Treasurer  
Budget Presentation



Kelly Schmidt, State Treasurer  
Ryan K. Skor, Director of Finance

Presented to:

House Government Operations  
Representative Don Vigesaa, Chairman  
Representative Mike Brandenburg, Vice-Chair  
February 27, 2019



Chairman Vigesaa, and members of the committee, I am Kelly Schmidt, State Treasurer. Today's presentation will be an overview of the Office of the Treasurer and a detailed budget presentation. For some of you, this may be your first introduction to the Office of State Treasurer. I welcome your questions.

## OVERVIEW

The mission of the Office of State Treasurer is "to fulfill our constitutional and statutory responsibilities, to assure sound financial oversight and transparency to all public funds, and to promote prudent practices in government." We have four key management functions within the Office of the Treasurer:

1. **Cash management** – We collect all deposits and payables from state agencies. It is our expertise that manages the daily cash flow within the state operating fund. The forecasting and cash management done by our Agency is necessary to ensure the availability of sufficient funds to cover the obligations/payables while ALWAYS optimizing investment opportunities. The millions and billions invested in the immediate short term are where we work diligently, making wise investment decisions ensuring the State is always "making money."
2. **Accounting** – The Office of State Treasurer is responsible for paying all warrants (payables) or checks drawn against the state. We manage over a dozen bank accounts which are reconciled daily to ensure enough funds are available to pay all outstanding warrants/payables. We also process void check requests and stop payments. All state funds/deposits received by state agencies are deposited through the Office of State Treasurer for investment into the general fund. Our agency reconciles daily in three primary areas: Our accounts with the Bank of North Dakota to the State's accounting software, PeopleSoft; state agency deposits to PeopleSoft; and Certificate of Deposit (CD) interest income between our records and the bank's.
3. **Investments** – Our agency serves as the custodian for all state funds, and we are responsible for the investment of the state's general and special funds, including all state agriculture commodity groups and the Veterans Postwar Trust.
4. **Tax Collection and Distribution** – The Office of State Treasurer is responsible for the collection of various revenues from political subdivisions. These include all the miscellaneous court costs collected by the counties. We collect these revenues from each county and ensure they are all deposited into the appropriate state fund as defined in statute. We are also responsible for the administration of over 35 separate revenue distributions to local political subdivisions across the state. A number of these distributions are inherently complex and have changed drastically over the years. Specifically, the oil and gas distribution has been changing each biennium. Our Agency expends a significant amount of resources to provide analysis, data, and education of these tax distributions and state laws to legislators, employees of other state agencies, officials and employees of local political subdivisions, and the public. The "Prairie Dog

bill”, the Legacy Fund, or the “buckets” of the oil and gas distribution formula have been frequent discussions in recent months.

Our agency performs these responsibilities with tremendous pride and accuracy; we have consistently received a “clean” audit since 2009

In addition to the responsibilities of my office, as required by statute or Constitution, I serve on six Boards: State Investment Board, Teachers Fund for Retirement, Board of University and School Lands, State Board of Tax Equalization, State Historical Board, and the State Canvassing Board.

Some may think the Office of State Treasurer is a duplication of services or functions you may find inside of other agencies. This is not factual. While we work directly with OMB on numerous issues, there is no duplication of duties. OMB maintains PeopleSoft (the state accounting system). We as an agency use PeopleSoft to process our daily deposits and run reports used in our reconciliation process. OMB assists us when any PeopleSoft issues arise. We are the checks and balances between OMB and the Bank of North Dakota...the accounting system and the checkbook. While it is the role of the Bank of North Dakota to invest money to profit the Bank, it is the fiduciary responsibility of the Treasurer to manage and grow assets for the general fund.

In our relationship with the Tax Department, they create and maintain a tax processing system certifying collections by a local jurisdiction; they determine the administration fee and provide the NET amount to be distributed. They are the collectors. The Office of State Treasurer creates and maintains a distribution system, for the electronic transfer of funds to the political subdivisions. These complex distribution formulas are based on statute and subject to change. We are the distributor, communicator and manager of the funds after the Tax Department collects the revenue. This is the checks and balances provided for by our Constitution.

#### **AGENCY ACCOMPLISHMENTS:**

- **Staff** – the Office of State Treasurer has evolved from a staff of bookkeepers to a team of five skilled and educated accountants. Our Finance Director, Ryan Skor is a CPA and holds a master’s degree. Our staff is cross-trained in every capacity. If one person is out on leave or sick, a team member has the skill set and knowledge to fulfill that role with ease. The volume of work in our agency has grown exponentially, and we have remained consistent in our staff. In April of 2016, I defunded the deputy position, which brought us back to 7 FTE, this is the same number of FTE as in 2007.
- **Financial Literacy** –As stated in statute, we provide a community outreach and education program to our middle schools and high schools. This is funded entirely by partnerships with the business community as we continue to educate North Dakota’s youth on the importance of money management.

- **Technology** – The Office of State Treasurer continues to embrace technology with gusto. We maintain an interactive website and are currently working with ITD to move our site to their platform. This will allow us to do our own maintenance and page design, but most importantly increase security for ourselves and the political subdivisions. Our external stakeholders, including city and county auditors/treasurers/clerk of courts have access to all forms and pending distributions on-line, allowing them to accurately plan, budget and submit information. We continue to work towards a paperless, seamless, defect-free agency.
- **Monthly Revenue Report** – This is the newest addition to the TDOC (Tax Distribution Outstanding Check) system. Municipal courts throughout the state must now electronically file all reports monthly to our TDOC system. The system then creates the appropriate journal entries to record each deposit. Keep in mind there are 53 counties and each county has three entries tied to their deposit. This has saved us hundreds of hours in journal entries, reconciling and mail costs. This reporting system was also used to implement the new **Statewide Interoperable Radio Network (SIRN)** fees we collect from the counties.

#### AGENCY CHALLENGES

- **IT Costs** – A major concern we face relates to our day-to-day IT costs. Of our \$251,000 of requested on-going operating expenses, almost \$167,000 is directly related to data processing, communications, and desktop support services provided by ITD. We receive excellent service from ITD, we want to make you aware that a reduction is not possible without a reduction in fees from ITD. We have held back on professional development, travel, and other operating expenses in anticipation we may need to “pull from Peter to pay Paul”.

As we are in the midst of the session, we are “bird-dogging” bills that will affect our agency and analyzing potential IT costs that may be associated with implementing a formula change or new distribution. We must keep a watchful eye, so we are not absorbing hard IT costs in our existing budget projections.

- **Cyber Security** – Cyber Security is a growing concern for North Dakota and a significant concern for our agency. It has enormous implications. We are working proactively with ITD to ensure the security of our financial resources. This is vital not only for our state resources but for the political subdivisions we work with every day.
- **Fraud** – Financial fraud is escalating. We have seen 75-100 fraudulent checks in the current biennium. These checks are created to look like state checks. These checks have been replicated to look like they are coming from DOT, Game and Fish, or the Tax Department. All contain state account information, some are local, some from across the country. Some are quite impressive others, not so much. The state has had no loss relating to this activity. We work regularly with the Bank of North Dakota, the Bureau of Criminal Investigation, and various agencies and political subdivisions to find the culprit.

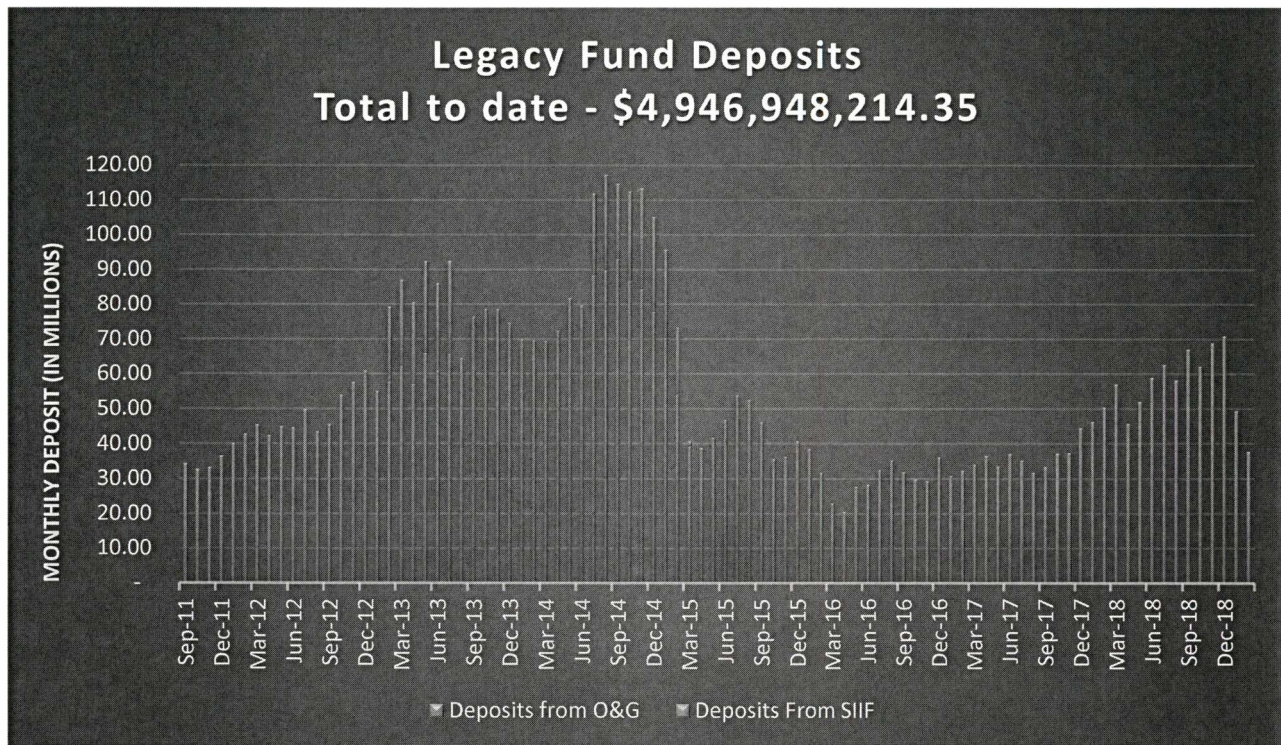


Unfortunately, there are those that do not understand if it's too good to be true it is. Those are the folks who have lost money.

## ADDITIONAL INFORMATION

### Legacy Fund

The Legacy Fund continues to generate a lot of attention and questions. The chart below illustrates the complete history of the Legacy Fund deposits which our office has made since inception of the fund. This information is also available on our website [www.nd.gov/treasurer](http://www.nd.gov/treasurer).



### Legacy Fund Earnings

Preliminary estimates as of December 31, 2018 show Legacy Fund earnings of slightly over \$336 million. It is important to note markets have been extremely volatile in recent months. The Legacy Fund's asset allocation is 50% equity, 35% fixed income and 15% real assets. These 2017-19 earnings, of which \$200 million has already been appropriated in the 2017-19 biennium, will be transferred at the end of the fiscal year, July 2019 as required by the Constitution.

I have concerns relating to the pre-spending of Legacy Fund earnings. This fund is different than most forecasted revenue in a few ways:

1. Legacy Fund deposits come from 100% oil, a volatile commodity.
2. Increased market volatility exposure due to the earnings definition found in NDCC 21-10-12 which contains "gains or losses", rather than a more appropriate definition of interest and dividends.
3. Additional risk is added due to the timing of the deposit. If we wait, there are 18 months of earnings history prior to a legislative session, as noted in the estimate above. If we don't wait, we are guessing what the capital markets will do over an extended period to provide earnings in June of 2021.

I appreciate this opportunity and look forward to future discussion.

I would now like to introduce Ryan Skor, our Director of Finance to continue with the budget detail.

A.H. C  
SB 2005  
2-27-19

## BUDGET DISCUSSION

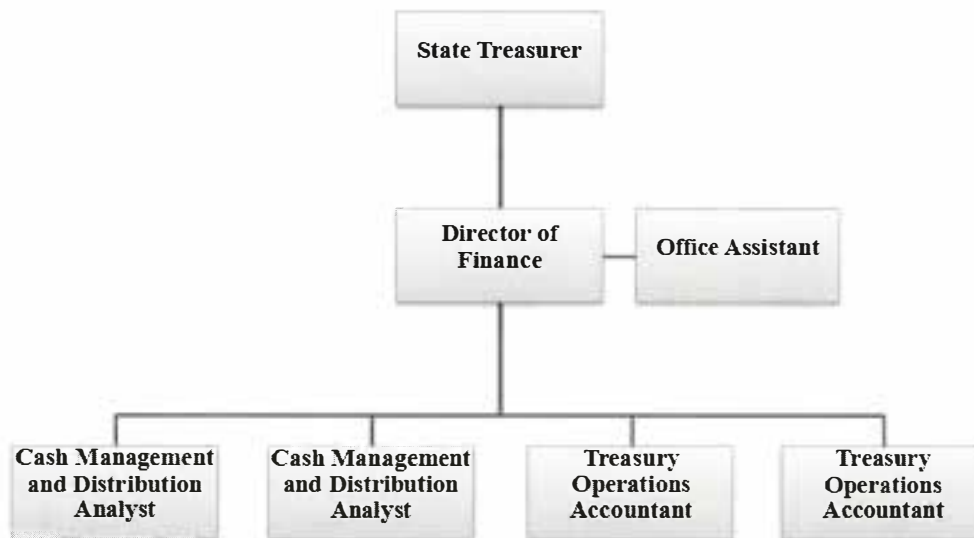
### Ryan Skor, Director of Finance

As part of the budget discussion for the Office of State Treasurer, I'll work my way through the major areas of our budget as well as the changes made in the Senate.

#### 2017-2019 BUDGET

The Office of State Treasurer's budget consists of two major items – salaries and information technology fees. Over ninety-seven percent (97%) of our biennium to-date expenditures have fallen into one of those two categories. As the Treasurer pointed out in her remarks, our office relies heavily on our people and on the technology needed to help them do their jobs efficiently and effectively.

#### OFFICE OF STATE TREASURER ORGANIZATIONAL CHART



Our office consists of seven full time employees, including the Treasurer. This FTE count is at the same level as it was during the 2007-2009 biennium. The current fiscal staff is made up of two Cash Management and Distribution Analysts, two Treasury Operations Accountants, and a Director of Finance. As a testament to the complexity of the work we perform, all fiscal positions require a minimum of a four-year college degree and varying levels of work experience to be qualified. With the timing of everything we do in our office, it takes upwards of two years to fully train a new member of our fiscal team. With this being said, we are very fortunate to have an excellent team we have been able to retain. Each member of our fiscal team has been with us for at least the past four years.

With the duties required of our office, this current level of staffing is vitally important not only to be able to perform the required duties, but also to provide the essential checks and balances so that one person isn't handling all stages of a process. This is true not only with daily depositing to and reconciling of the state's checkbook, but also with our revenue distribution processes for all the funds we send out to the political subdivisions.

As with prior biennia, most of our operating expenses are for data processing services provided by ITD. To-date in the current biennium, over 80% of our on-going operating expenses have consisted of data processing, desktop support, and telecommunication service charges from ITD. Our office is heavily reliant on this technology and has continued to advance the automation of several processes. This automation has created significant efficiencies in our office which allow us to perform our statutory and constitutional duties at a very high level without the need for drastically increased staff, even during times of unprecedented growth in the volume of activity processed by our office.

# 2017-2019 EXPENDITURES AND ESTIMATED TURNBACK

| Line Item Description    | 2017-2019 Appropriation | Expended Through 1/31/19 | 2017-2019 Remaining Appropriation | Expected Expenditures through 6/30/19 | 2017-2019 Estimated Turnback |   |
|--------------------------|-------------------------|--------------------------|-----------------------------------|---------------------------------------|------------------------------|---|
| Salaries and Wages       | \$ 1,316,139.00         | (998,556.62)             | 317,582.38                        | (266,944.40)                          | \$ 50,637.98                 | 1 |
| Operating Expenses       | 251,260.00              | (133,367.06)             | 117,892.94                        | (66,476.41)                           | 6,525.88                     | 2 |
| Coal Severance Shortfall | 180,000.00              | (171,357.31)             | 8,642.69                          | -                                     | 8,642.69                     | 3 |
| <b>One-Time Funding:</b> |                         |                          |                                   |                                       |                              |   |
| IT Project C/O           | 20,000.00               | (20,000.00)              | -                                 | -                                     | -                            | 4 |
| <b>Total Department</b>  | <b>\$ 1,767,399.00</b>  | <b>(1,368,171.64)</b>    | <b>399,227.36</b>                 | <b>(333,420.81)</b>                   | <b>\$ 65,806.55</b>          |   |

## NOTES:

- Salaries and wages turnback will have originated from temporary vacancies throughout the biennium as well as from savings realized from a reallocation of administrative duties.
- Miscellaneous operating expenses.
- The General Fund appropriation for Coal Severance Shortfall (NDCC 57-62-02(5)) is estimated for each biennium. The estimated turnback amount is the amount remaining after distribution of the final amounts per statute in January 2019.
- We requested carryover authority from our 2015-2017 biennium budget to complete the software rewrites initiated in response to the oil and gas distribution changes passed during the 2017 Legislative Session (HBs 1020 & 1152; SBs 2003 & 2013). All carryover funding was expended by September 30, 2017.

Att. C SB 2005  
2-27-19



## 2019-2021 SENATE BUDGET CHANGES COMPARED TO 2017-2019

| Line Item Description   | 2019-2021<br>Base Budget | Senate<br>Changes    |   | Engrossed<br>Senate Bill 2005 |
|-------------------------|--------------------------|----------------------|---|-------------------------------|
| Salaries and Wages      | \$ 1,316,139.00          | \$ 64,658.00         | 1 | \$ 1,380,797.00               |
| Operating Expenses      | 251,260.00               | (59,031.00)          | 2 | 192,229.00                    |
| Coal Sev. Shortfall     | 180,000.00               | (9,000.00)           | 3 | 171,000.00                    |
|                         |                          |                      |   |                               |
| <b>Total Department</b> | <b>\$ 1,747,399.00</b>   | <b>\$ (3,373.00)</b> |   | <b>\$ 1,744,026.00</b>        |
| FTE                     | 7                        | -                    |   | 7                             |

### NOTES:

1. Total recommended change to salaries and wages included base budget savings of \$19,339 realized from reallocation of duties during current biennium along with Senate recommended increases in salaries and benefits of \$83,997.
2. The vast majority of the recommended operating expense reduction is from anticipated savings in our IT line item. Specifically, we worked in coordination with ITD to consolidate several of our PCs which are maintained under desktop support agreements which will generate considerable savings for the 2019-2021 biennium. We also expect a reduction in our ConnectND rates due to a reduction in our prior biennium budget. These IT changes combined with other miscellaneous reductions combine to total the total recommended reduction.
3. The General Fund appropriation for Coal Severance Shortfall (NDCC 57-62-02(5)) was reduced by the requested 5% to meet the governor's 95% budget request.

### 2019-2021 ONE-TIME FUNDING NEEDS

The Office of State Treasurer only anticipates one-time funding needs related to costs associated with coding changes required by any statutory changes made by the 66th Legislative Assembly in respect to distributions performed by our office. Changes to distribution formulas generally require some level of rewriting of our Tax Distribution and Outstanding Checks (TDOC) system to comply with the changes made to statute. These would include changes to the oil and gas gross production tax distribution, the highway tax distribution, and any of the other distributions we currently administer. This would also be true for any new distributions added to our statutory responsibilities.

### FEDERAL FUNDING CHANGES

The Office of State Treasurer does not receive any federal funding as part of its operating budget so there would be no anticipated changes.

## **FINANCIAL AUDIT FINDINGS**

The Office of State Treasurer did not receive any formal financial audit findings as part of its most recently completed biennial audit.

## **PROPOSED BUDGET CHANGES TO MEET THE 95% BUDGET REQUEST GUIDELINE**

Over the course of her tenure, the Treasurer has continually sought to find efficiencies to keep the Office of State Treasurer's (OST) operating budget as lean as possible.

Outside of salaries and benefits, on average nearly 70% of the OST's on-going operating expenses are paid to ITD for services related to technology fees, desktop support services, and telecommunications systems. Because these costs are such a significant portion of our budget, a 5% reduction in our overall budget must include a reduction in ITD expenditures.

Working in coordination with ITD personnel, we have consolidated several of our PCs which are maintained under desktop support agreements. This consolidation will generate considerable savings in desktop support fees for the 2019-21 biennium. We also anticipate significant savings by using OST personnel in the testing process when changes are made to our systems, rather than relying solely on ITD personnel at their hourly rate. Finally, we expect a reduction in our ConnectND rates due to a reduction in our prior biennium budget. These combined changes make up the IT-data processing reduction shown in our 95% base budget reduction change package request that was submitted to the governor and adopted by the Senate.

In addition to the IT savings outlined above, we have also generated significant savings in our salaries and benefits line items. In the 2017-19 biennium, we experienced turnover in our agency administrator position. This gave us an opportunity to reassess the position. It was most efficient and cost-effective to reallocate a portion of these duties and rehire the position at a lower salary level. This change will generate roughly \$20,000 in salaries and benefits savings included in the same budget request change package.

For the remainder of our base budget change package related to operating expenses, we identified some small savings which may be realized by purchasing supplies in bulk or prepaying certain expenses.

Furthermore, in addition to our salaries, benefits, and normal operating expenses, the OST's general fund appropriation includes the Coal Severance Shortfall distribution, which are payments made to coal-producing counties. This is estimated each biennium and included in our agency budget, paid out annually. The 2017-19 amount was set at \$180,000. We included a 5% reduction of \$9,000 as part of our base budget reduction change package.

## CHANGES REQUESTED

- **One-time IT Costs**

We are following several bills during the session that propose changes to distributions we currently make or add new distributions to our statutory duties. Any changes to distributions generally require a certain amount of programming revision to facilitate the change. We will continue to monitor these bills and, as they move further through the legislative process, we will work directly with ITD to obtain estimates of the total funds needed.

Currently, we are tracking a handful of bills that all propose differing levels of changes to the oil and gas tax distributions. Most significantly, House Bill 1066 (Prairie Dog) proposes to make some significant changes to the gross production tax distribution formula. We have worked with ITD personnel regarding the changes proposed by this bill and have received an estimate of \$15,550. This estimate only includes the programming changes for the proposed distribution adjustments. It does NOT include anything for the corresponding report changes or any of the changes proposed by other bills (ie. HB 1014, SB 2192, SB 2249, & SB 2312).

In addition to the GPT distribution changes estimated for above, House Bill 1066 also creates two new distributions to be administered by the Office of State Treasurer. These new distributions also include reporting requirements which are to be accumulated by the Office of State Treasurer and subsequently made available to the public on our website. We are currently estimating the cost of incorporating these new distributions and making the appropriate online reporting changes would result in additional one-time IT costs of approximately \$20,000.

The total additional one-time IT costs to the Office of State Treasurer are currently estimated to be \$35,000.

## Coal Severance Shortfall Summary

### Background:

NDCC 57-62-02(2)(b) stipulates that when the tipple of a currently active coal mining operation in a county is within fifteen miles of a non-coal producing county, the revenue from the first 3.4 million tons of production is split between the coal producing and non-coal producing county and their political subdivisions as spelled out in statute.

NDCC 57-62-02(5) requires the State Treasurer distribute coal severance shortfall payments to coal producing counties (and its political subdivisions) that shared a portion of their coal severance tax revenue with a non-coal producing county in the prior year. Within the Office of State Treasurer's biennial budget, the estimated amount needed to make these shortfall distributions are included as a general fund appropriation. The original appropriation amount for this section of law for the 2015-2017 biennium was set at \$245,000. After the combined 6.55% allotment, this amount was reduced to \$228,952. This remaining amount is insufficient to pay the entire shortfall payment as spelled out in statute.

As part of the Governor's budget recommendation for the Office of State Treasurer (HB 1065), there was included language to repeal NDCC 57-62-02(5) which would eliminate the coal severance shortfall reimbursement payments and remove the related appropriation amount from the OST budget.

### Distribution Summary:

| Coal Severance Distributed to Non-Coal Counties |            |            |            |
|-------------------------------------------------|------------|------------|------------|
|                                                 | CY '14     | CY '15     | CY '16     |
| Morton County                                   | 88,996.34  | 93,706.18  | 90,306.81  |
| Mandan PSD                                      | 133,988.86 | 135,901.14 | 117,817.47 |
| Glen Ullin PSD                                  | 298.21     | -          | -          |
| New Salem PSD                                   | 20,926.41  | 19,601.39  | 18,752.18  |
| Total                                           | 244,209.82 | 249,208.71 | 226,876.46 |

| Coal Severance Shortfall Distributions |            |            |            |   |            |
|----------------------------------------|------------|------------|------------|---|------------|
|                                        | Jan '15    | Jan '16    | Jan '17^   | / | Jan '17*   |
| Oliver County                          | 48,841.88  | 49,841.74  | 45,375.29  | / | 41,739.06  |
| City of Center                         | 36,631.41  | 37,381.31  | 34,031.47  | / | 31,304.29  |
| School Districts                       | 36,631.41  | 37,381.31  | 34,031.47  | / | 31,304.29  |
| Total                                  | 122,104.70 | 124,604.36 | 113,438.23 | / | 104,347.64 |

^ This is what the distribution would have been without any allotments.  
 \* Actual distributions made in Jan '17.

### Legislative History:

- House Bill 1402 (1979 Legislative Session)
  - Added the "15-mile tipple" language to share money with non-coal counties
- Senate Bill 2505 (1993 Legislative Session)
  - Limited the sharing to the revenues from the first 3.4M tons severed
- House Bill 1015, Section 24 (2009 Legislative Session)
  - Added the coal severance shortfall language to offset revenue shared with non-coal counties

Att. D  
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2-27-19

**CHAPTER 57-62  
IMPACT AID PROGRAM**

**57-62-01. Definitions.**

As used in this chapter, unless the context or subject matter otherwise requires:

1. "Coal development" means the mining of coal and industries directly related to the processing of coal, including the generation of electricity from coal or coal products, coal gasification, coal liquefaction, and the manufacture of fertilizer from coal.
2. "Impacted city" means a city which demonstrates actual or anticipated extraordinary expenditures caused by coal or oil and gas development and the growth incidental thereto.
3. "Impacted county" means a county which demonstrates actual or anticipated extraordinary expenditures caused by coal or oil and gas development and the growth incidental thereto.
4. "Impacted school district" means a public school district which demonstrates actual or anticipated extraordinary expenditures caused by coal or oil and gas development and the growth incidental thereto.
5. "Impacted taxing district" means a taxing district as defined in subsection 7 which demonstrates actual or anticipated extraordinary expenditures caused by coal or oil and gas development and the growth incidental thereto.
6. "Oil and gas development" means the exploration for and production of oil and gas and industries directly relating to the refining or processing of the oil or gas.
7. "Taxing district" means any political subdivision, other than those included in subsections 2 through 4, empowered by law to levy taxes.

**57-62-02. Allocation of moneys in coal development fund**

Moneys deposited in the coal development fund shall be apportioned monthly by the state treasurer as follows:

1. Thirty percent must be deposited in a permanent trust fund in the state treasury, to be known as the coal development trust fund, pursuant to section 21 of article X of the Constitution of North Dakota. Those funds held in trust and administered by the board of university and school lands on March 5, 1981, pursuant to section 12, chapter 563, 1975 Session Laws; section 12, chapter 560, 1977 Session Laws; or section 13, chapter 626, 1979 Session Laws must also be deposited in the trust fund created pursuant to this subsection. The fund must be held in trust and administered by the board of university and school lands for loans to coal-impacted counties, cities, and school districts as provided in section 57-62-03 and for loans to school districts pursuant to chapter 15.1-36. The board of university and school lands may invest such funds as are not loaned out as provided in this chapter and may consult with the state investment board as provided by law. The income, including interest payments on loans, from the trust must be used first to replace uncollectible loans made from the fund and the balance must be deposited in the school construction assistance loan fund. Loan principal payments must be redeposited in the trust fund. The trust fund must be perpetual and held in trust as a replacement for depleted natural resources subject to the provisions of this chapter and chapter 15.1-36.
2. Seventy percent must be allocated to the coal-producing counties and must be distributed among such counties in such proportion as the number of tons [metric tons] of coal severed at each mining operation bears to the total number of tons [metric tons] of coal severed in the state during such monthly period. Allocations under subdivisions a and b must be apportioned by the state treasurer as follows:
  - a. If the tipple of the currently active coal mining operation in a county is not within fifteen miles [24.14 kilometers] of another county in which no coal is mined, the revenue apportioned according to this subdivision must be allocated as follows:
    - (1) Thirty percent must be paid by the state treasurer to the incorporated cities of the county based upon the population of each incorporated city according to the last official regular or special federal census or the census taken in



accordance with the provisions of chapter 40-02 in case of a city incorporated subsequent to such census.

- (2) Forty percent must be paid to the county treasurer who shall deposit it in the county general fund to be used for general governmental purposes.
  - (3) Thirty percent must be apportioned by the state treasurer to school districts within the county on the average daily membership basis, as certified to the state treasurer by the county superintendent of schools.
- b. If the tipple of a currently active coal mining operation in a county is within fifteen miles [24.14 kilometers] of another county in which no coal is mined, the revenue from the production not exceeding the production limitation in a calendar year which is apportioned from that coal mining operation according to this subsection must be allocated, subject to the definitions of terms and the requirements in paragraph 4, as provided in this subdivision. For purposes of this subdivision, the production limitation is three million eight hundred thousand tons [3447302.02 metric tons] through calendar year 1995, three million six hundred thousand tons [3265865.07 metric tons] in calendar years 1996 and 1997, and three million four hundred thousand tons [3084428.12 metric tons] in calendar years after 1997. Revenue from production exceeding the production limitation in a calendar year from that coal mining operation must be allocated only within the coal-producing county under subdivision a. Allocations under this subdivision must be made as follows:
- (1) Thirty percent must be paid by the state treasurer to the incorporated cities of the coal-producing county and to any city of a non-coal-producing county when any portion of the city lies within fifteen miles [24.14 kilometers] of the tipple of the currently active coal mining operation in the coal-producing county, based upon the population of each incorporated city according to the last official regular or special federal census or the census taken in accordance with the provisions of chapter 40-02 in case of a city incorporated subsequent to such census.
  - (2) Forty percent must be divided by the state treasurer between the general fund of the coal-producing county and the general fund of any non-coal-producing county when any portion of the latter county lies within fifteen miles [24.14 kilometers] of the tipple of the currently active coal mining operation in the coal-producing county. The non-coal-producing county portion must be based upon the ratio which the assessed valuation of all quarter sections of land in that county, any portion of which lies within fifteen miles [24.14 kilometers] of the tipple of the currently active coal mining operation, bears to the combined assessed valuations of all land in the coal-producing county and the quarter sections of land in the non-coal-producing county within fifteen miles [24.14 kilometers] of the tipple of the currently active coal mining operation. The county director of tax equalization of the coal-producing county shall certify to the state treasurer the number of quarter sections of land in the non-coal-producing counties which lie at least in part within fifteen miles [24.14 kilometers] of the tipple of the currently active coal mining operation and their assessed valuations.
  - (3) Thirty percent must be apportioned by the state treasurer to school districts within the coal-producing county and to school districts in adjoining non-coal-producing counties when a portion of those school districts' land includes any of the quarter sections of land certified by the director of tax equalization to the state treasurer to be eligible to share county funds as provided for in paragraph 2. The county superintendent of the non-coal-producing counties shall certify to the state treasurer the number of students actually residing on these quarter sections lying outside the coal-producing county and each school district in non-coal-producing counties shall receive a portion of the money under this paragraph based upon the ratio of the number of children residing on quarter sections of that

school district within the fifteen-mile [24.14-kilometer] radius of the tipple of a currently active coal mining operation to the total number of schoolchildren from the coal-producing county combined with all the schoolchildren certified to be living on quarter sections within fifteen miles [24.14 kilometers] of the tipple of the currently active coal mining operation in the coal-producing county.

- (4) For the purposes of this subdivision:
  - (a) The terms "currently active coal mining operation in a county", "currently active coal mining operation in the coal-producing county", and "currently active coal mining operation" mean a coal mining operation that produced more than one hundred fifty thousand tons [136077.71 metric tons] of coal in a coal-producing county during the prior quarterly period.
  - (b) The term "coal-producing county" means a county in which more than one hundred fifty thousand tons [136077.71 metric tons] of coal were mined in the prior quarterly period.
  - (c) The term "another county in which no coal is mined" means a county in which not more than seventy-five thousand tons [68038.86 metric tons] of coal were mined in the prior quarterly period.
  - (d) The terms "non-coal-producing county" and "non-coal-producing counties" mean any county in which not more than seventy-five thousand tons [68038.86 metric tons] of coal were mined in the prior quarterly period.
  - (e) In computing each amount to be paid as provided in paragraph 1, 2, or 3 for coal severance tax revenue from coal mined during a monthly period, the state treasurer shall deduct from the allocation the amount of coal severance tax revenue, if any, that the governmental body in the non-coal-producing county received from the coal mined in the non-coal-producing county during the same monthly period.
- (5) The state treasurer shall allocate funds provided by legislative appropriation to cities, the county general fund, and school districts within a coal-producing county according to the allocation method provided in subdivision a in an amount to offset fifty percent of the loss of that county's share of coal severance tax revenue allocated to a non-coal-producing county under this subdivision in the previous calendar year. The state treasurer shall make the allocation and distribute the funds, within the limits of legislative appropriations, under this paragraph during the first month of each calendar year. The state treasurer shall include in each biennial budget request the amounts estimated to be necessary for the biennium for purposes of this paragraph, based on the allocations under this subdivision in the most recent calendar years.

#### **57-62-03. Loans - Terms and conditions - Repayment.**

The board of university and school lands is authorized to make loans to coal development-impacted counties, cities, and school districts before or after the beginning of actual coal mining from moneys deposited in the coal development trust fund established by subsection 2 of section 57-62-02. Loans made prior to actual mining must be preceded by site permitting and by beginning actual construction of the mine or its mine mouth facility. Loans may be made for any purpose for which a grant may be made pursuant to this chapter, but before making any loan the board of university and school lands shall receive the recommendation of the energy infrastructure and impact office. The board of university and school lands shall prescribe the terms and conditions of such loans within the provisions of this chapter and shall require a warrant executed by the governing body of the county, city, or school district as evidence of such loan. The warrants must bear interest at a rate not to exceed six percent. The warrants shall be payable only from the allocations of moneys from the coal development fund to the borrowing county, city, or school district and shall not constitute a general obligation of the

March 13, 2019

SB2005

Attachment A

## ANALYSIS OF ELECTED OFFICIALS' SALARIES

The executive budget recommendation for the 2019-21 biennium includes funding to provide salary increases of 4 percent effective July 1, 2019, and 2 percent effective July 1, 2020, for executive branch elected officials. The statutory changes necessary to adjust elected officials' salaries are recommended to be included in the appropriation bills for the respective elected officials. The schedule below shows for each elected official the salary authorized by the 2017 Legislative Assembly and the salary being proposed in the executive budget.

| State Official                       | Statutory Annual Salary Authorized by<br>the 2017 Legislative Assembly |                        | Proposed Annual Salary Included in the<br>2019-21 Executive Budget Recommendation |                        |
|--------------------------------------|------------------------------------------------------------------------|------------------------|-----------------------------------------------------------------------------------|------------------------|
|                                      | Effective July 1, 2017                                                 | Effective July 1, 2018 | Effective July 1, 2019                                                            | Effective July 1, 2020 |
| Governor                             | \$132,964 <sup>1</sup>                                                 | \$132,964 <sup>1</sup> | \$138,282                                                                         | \$141,048              |
| Lieutenant Governor                  | \$103,221                                                              | \$103,221              | \$107,350                                                                         | \$109,497              |
| Secretary of State                   | \$105,770                                                              | \$105,770              | \$110,001                                                                         | \$112,201              |
| Attorney General                     | \$157,009                                                              | \$157,009              | \$163,289                                                                         | \$166,555              |
| Superintendent of Public Instruction | \$120,410                                                              | \$120,410              | \$125,226                                                                         | \$127,731              |
| Tax Commissioner                     | \$114,791                                                              | \$114,791              | \$119,383                                                                         | \$121,770              |
| Insurance Commissioner               | \$105,770                                                              | \$105,770              | \$110,001                                                                         | \$112,201              |
| Public Service Commissioners (3)     | \$108,656                                                              | \$108,656              | \$113,002                                                                         | \$115,262              |
| Agriculture Commissioner             | \$108,656                                                              | \$108,656              | \$113,002                                                                         | \$115,262              |
| State Auditor                        | \$105,770                                                              | \$105,770              | \$110,001                                                                         | \$112,201              |
| State Treasurer                      | \$99,881                                                               | \$99,881               | \$103,876                                                                         | \$105,954              |

<sup>1</sup>Section 5 of House Bill No. 1001 (2017) includes legislative intent that the Governor accept the Governor's salary, but allows the Governor, if the Governor chooses, to decline the salary. The Governor has declined the 2017-19 biennium salary appropriated by the Legislative Assembly.

The judicial branch included funding in its request for a 2 percent annual increase in judges salaries. The following schedule shows the current salary and the salary being proposed for each judge in the judicial branch budget request:

|                                 | Statutory Annual Salary Authorized by<br>the 2017 Legislative Assembly |                        | Proposed Annual Salary Included in the<br>2019-21 Judicial Branch Budget Request |                        |
|---------------------------------|------------------------------------------------------------------------|------------------------|----------------------------------------------------------------------------------|------------------------|
|                                 | Effective July 1, 2017                                                 | Effective July 1, 2018 | Effective July 1, 2019                                                           | Effective July 1, 2020 |
| Supreme Court Chief Justice     | \$161,517                                                              | \$161,517              | \$164,747                                                                        | \$168,042              |
| Other Supreme Court justices    | \$157,009                                                              | \$157,009              | \$160,149                                                                        | \$163,352              |
| District court presiding judges | \$148,025                                                              | \$148,025              | \$150,986                                                                        | \$154,005              |
| Other district court judges     | \$143,869                                                              | \$143,869              | \$146,746                                                                        | \$149,681              |



April 4, 2019

SB2005

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**State Treasurer - Budget No. 120**  
**Senate Bill No. 2005**  
**Base Level Funding Changes**

|                                                    | Executive Budget Recommendation |                 |                |             | Senate Version   |                 |                |             | Senate Changes to Executive Budget<br>Increase (Decrease) - Executive Budget |                 |                |           |
|----------------------------------------------------|---------------------------------|-----------------|----------------|-------------|------------------|-----------------|----------------|-------------|------------------------------------------------------------------------------|-----------------|----------------|-----------|
|                                                    | FTE<br>Positions                | General<br>Fund | Other<br>Funds | Total       | FTE<br>Positions | General<br>Fund | Other<br>Funds | Total       | FTE<br>Positions                                                             | General<br>Fund | Other<br>Funds | Total     |
| <b>2019-21 Biennium Base Level</b>                 | 7.00                            | \$1,747,399     | \$0            | \$1,747,399 | 7.00             | \$1,747,399     | \$0            | \$1,747,399 | 0.00                                                                         | \$0             | \$0            | \$0       |
| <b>2019-21 Ongoing Funding Changes</b>             |                                 |                 |                |             |                  |                 |                |             |                                                                              |                 |                |           |
| Base payroll changes                               |                                 | (\$19,339)      |                | (\$19,339)  |                  | (\$19,339)      |                | (\$19,339)  |                                                                              |                 |                | \$0       |
| Salary increase                                    |                                 | 54,456          |                | 54,456      |                  | 38,142          |                | 38,142      |                                                                              | (16,314)        |                | (16,314)  |
| Health insurance increase                          |                                 | 26,450          |                | 26,450      |                  | 31,234          |                | 31,234      |                                                                              | 4,784           |                | 4,784     |
| Retirement contribution increase                   |                                 | 7,104           |                | 7,104       |                  |                 |                | 0           |                                                                              | (7,104)         |                | (7,104)   |
| Provides an equity increase to the State Treasurer |                                 |                 |                | 0           |                  | 14,621          |                | 14,621      |                                                                              | 14,621          |                | 14,621    |
| Reduces funding for information technology costs   |                                 | (59,031)        |                | (59,031)    |                  | (59,031)        |                | (59,031)    |                                                                              |                 |                | 0         |
| Adjusts funding for coal severance payments        |                                 | (9,000)         |                | (9,000)     |                  | (9,000)         |                | (9,000)     |                                                                              |                 |                | 0         |
| Total ongoing funding changes                      | 0.00                            | \$640           | \$0            | \$640       | 0.00             | (\$3,373)       | \$0            | (\$3,373)   | 0.00                                                                         | (\$4,013)       | \$0            | (\$4,013) |
| <b>One-time funding items</b>                      |                                 |                 |                | \$0         |                  |                 |                | \$0         |                                                                              |                 |                | \$0       |
| Information technology costs                       |                                 |                 |                | \$0         |                  |                 |                | \$0         |                                                                              |                 |                | \$0       |
| Total one-time funding changes                     | 0.00                            | \$0             | \$0            | \$0         | 0.00             | \$0             | \$0            | \$0         | 0.00                                                                         | \$0             | \$0            | \$0       |
| <b>Total Changes to Base Level Funding</b>         | 0.00                            | \$640           | \$0            | \$640       | 0.00             | (\$3,373)       | \$0            | (\$3,373)   | 0.00                                                                         | (\$4,013)       | \$0            | (\$4,013) |
| <b>2019-21 Total Funding</b>                       | 7.00                            | \$1,748,039     | \$0            | \$1,748,039 | 7.00             | \$1,744,026     | \$0            | \$1,744,026 | 0.00                                                                         | (\$4,013)       | \$0            | (\$4,013) |

**Other Sections for State Treasurer - Budget No. 120**

|                           | Executive Budget Recommendation                                                                                                                                                                                                     | Senate Version                                                                                                                                                                                                                             |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Salary of State Treasurer | Section 2 would provide the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$99,881 to \$103,876 (4 percent) in fiscal year 2020 and to \$105,954 (2 percent) in fiscal year 2021. | Section 2 provides the statutory changes necessary to provide an equity increase to the State Treasurer's salary and to increase the salary to \$107,885 (2 percent) in fiscal year 2020 and to \$111,122 (3 percent) in fiscal year 2021. |

**State Treasurer - Budget No. 120**  
**Senate Bill No. 2005**  
**Base Level Funding Changes**

|                                                    | Senate Version   |                 |                |             | House Version    |                 |                |             | House Changes to Senate Version<br>Increase (Decrease) - Senate Version |                 |                |            |
|----------------------------------------------------|------------------|-----------------|----------------|-------------|------------------|-----------------|----------------|-------------|-------------------------------------------------------------------------|-----------------|----------------|------------|
|                                                    | FTE<br>Positions | General<br>Fund | Other<br>Funds | Total       | FTE<br>Positions | General<br>Fund | Other<br>Funds | Total       | FTE<br>Positions                                                        | General<br>Fund | Other<br>Funds | Total      |
| <b>2019-21 Biennium Base Level</b>                 | 7.00             | \$1,747,399     | \$0            | \$1,747,399 | 7.00             | \$1,747,399     | \$0            | \$1,747,399 | 0.00                                                                    | \$0             | \$0            | \$0        |
| <b>2019-21 Ongoing Funding Changes</b>             |                  |                 |                |             |                  |                 |                |             |                                                                         |                 |                |            |
| Base payroll changes                               |                  | (\$19,339)      |                | (\$19,339)  |                  | (\$19,339)      |                | (\$19,339)  |                                                                         |                 |                | \$0        |
| Salary increase                                    |                  | 38,142          |                | 38,142      |                  | 40,523          |                | 40,523      |                                                                         | 2,381           |                | 2,381      |
| Health insurance increase                          |                  | 31,234          |                | 31,234      |                  | 31,234          |                | 31,234      |                                                                         |                 |                | 0          |
| Provides an equity increase to the State Treasurer |                  | 14,621          |                | 14,621      |                  | 0               |                | 0           |                                                                         | (14,621)        |                | (14,621)   |
| Reduces funding for information technology costs   |                  | (59,031)        |                | (59,031)    |                  | (59,031)        |                | (59,031)    |                                                                         |                 |                | 0          |
| Adjusts funding for coal severance payments        |                  | (9,000)         |                | (9,000)     |                  | (9,000)         |                | (9,000)     |                                                                         |                 |                | 0          |
| Total ongoing funding changes                      | 0.00             | (\$3,373)       | \$0            | (\$3,373)   | 0.00             | (\$15,613)      | \$0            | (\$15,613)  | 0.00                                                                    | (\$12,240)      | \$0            | (\$12,240) |
| <b>One-time funding items</b>                      |                  |                 |                |             |                  |                 |                |             |                                                                         |                 |                |            |
| Information technology costs                       |                  |                 |                | \$0         |                  |                 | \$35,000       | \$35,000    |                                                                         |                 | \$35,000       | \$35,000   |
| Total one-time funding changes                     | 0.00             | \$0             | \$0            | \$0         | 0.00             | \$0             | \$35,000       | \$35,000    | 0.00                                                                    | \$0             | \$35,000       | \$35,000   |
| <b>Total Changes to Base Level Funding</b>         | 0.00             | (\$3,373)       | \$0            | (\$3,373)   | 0.00             | (\$15,613)      | \$35,000       | \$19,387    | 0.00                                                                    | (\$12,240)      | \$35,000       | \$22,760   |
| <b>2019-21 Total Funding</b>                       | 7.00             | \$1,744,026     | \$0            | \$1,744,026 | 7.00             | \$1,731,786     | \$35,000       | \$1,766,786 | 0.00                                                                    | (\$12,240)      | \$35,000       | \$22,760   |

**Other Sections for State Treasurer - Budget No. 120**

|                                            | Senate Version                                                                                                                                                                                                                             | House Version                                                                                                                                                                                |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strategic investment and improvements fund |                                                                                                                                                                                                                                            | Section 3 identifies \$35,000 from the strategic investment and improvements fund for information technology costs.                                                                          |
| Salary of State Treasurer                  | Section 2 provides the statutory changes necessary to provide an equity increase to the State Treasurer's salary and to increase the salary to \$107,885 (2 percent) in fiscal year 2020 and to \$111,122 (3 percent) in fiscal year 2021. | Section 4 provides the statutory changes necessary to increase the State Treasurer's salary to \$101,879 (2 percent) in fiscal year 2020 and to \$104,426 (2.5 percent) in fiscal year 2021. |

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**STATEMENT OF PURPOSE OF AMENDMENT:****Senate Bill No. 2005 - Funding Summary**

|                         | Base<br>Budget | Senate<br>Version | House<br>Changes | House<br>Version |
|-------------------------|----------------|-------------------|------------------|------------------|
| State Treasurer         |                |                   |                  |                  |
| Salaries and wages      | \$1,316,139    | \$1,380,797       | (\$12,240)       | \$1,368,557      |
| Operating expenses      | 251,260        | 192,229           | 35,000           | 227,229          |
| Coal severance payments | 180,000        | 171,000           |                  | 171,000          |
| Total all funds         | \$1,747,399    | \$1,744,026       | \$22,760         | \$1,766,786      |
| Less estimated income   | 0              | 0                 | 35,000           | 35,000           |
| General fund            | \$1,747,399    | \$1,744,026       | (\$12,240)       | \$1,731,786      |
| FTE                     | 7.00           | 7.00              | 0.00             | 7.00             |
| Bill total              |                |                   |                  |                  |
| Total all funds         | \$1,747,399    | \$1,744,026       | \$22,760         | \$1,766,786      |
| Less estimated income   | 0              | 0                 | 35,000           | 35,000           |
| General fund            | \$1,747,399    | \$1,744,026       | (\$12,240)       | \$1,731,786      |
| FTE                     | 7.00           | 7.00              | 0.00             | 7.00             |

**Senate Bill No. 2005 - State Treasurer - Senate Action**

|                         | Base<br>Budget | Senate<br>Changes | Senate<br>Version |
|-------------------------|----------------|-------------------|-------------------|
| Salaries and wages      | \$1,316,139    | \$64,658          | \$1,380,797       |
| Operating expenses      | 251,260        | (59,031)          | 192,229           |
| Coal severance payments | 180,000        | (9,000)           | 171,000           |
| Total all funds         | \$1,747,399    | (\$3,373)         | \$1,744,026       |
| Less estimated income   | 0              | 0                 | 0                 |
| General fund            | \$1,747,399    | (\$3,373)         | \$1,744,026       |
| FTE                     | 7.00           | 0.00              | 7.00              |

**Department 120 - State Treasurer - Detail of Senate Changes**

|                         | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds Funding<br>for Salary and<br>Benefit<br>Increases <sup>2</sup> | Provides a<br>Salary Equity<br>Increase to the<br>State<br>Treasurer <sup>3</sup> | Reduces<br>Funding for<br>Information<br>Technology<br>Costs <sup>4</sup> | Adjusts<br>Funding for<br>Coal<br>Severance<br>Payments <sup>5</sup> | Total Senate<br>Changes |
|-------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------|
| Salaries and wages      | (\$19,339)                                                     | \$69,376                                                            | \$14,621                                                                          |                                                                           |                                                                      | \$64,658                |
| Operating expenses      |                                                                |                                                                     |                                                                                   | (\$59,031)                                                                |                                                                      | (59,031)                |
| Coal severance payments |                                                                |                                                                     |                                                                                   |                                                                           | (\$9,000)                                                            | (9,000)                 |
| Total all funds         | (\$19,339)                                                     | \$69,376                                                            | \$14,621                                                                          | (\$59,031)                                                                | (\$9,000)                                                            | (\$3,373)               |
| Less estimated income   | 0                                                              | 0                                                                   | 0                                                                                 | 0                                                                         | 0                                                                    | 0                       |
| General fund            | (\$19,339)                                                     | \$69,376                                                            | \$14,621                                                                          | (\$59,031)                                                                | (\$9,000)                                                            | (\$3,373)               |
| FTE                     | 0.00                                                           | 0.00                                                                | 0.00                                                                              | 0.00                                                                      | 0.00                                                                 | 0.00                    |

<sup>1</sup> Funding is adjusted for base payroll changes.<sup>2</sup> The following funding is added for 2019-21 biennium salary adjustments of 2 percent on July 1, 2019, and 3 percent on July 1, 2020, and increases in health insurance premiums from \$1,241 to \$1,427 per month:

| General Fund              |          |
|---------------------------|----------|
| Salary increase           | \$38,142 |
| Health insurance increase | 31,234   |
| Total                     | \$69,376 |

<sup>3</sup> Funding is added to provide a salary equity increase to the State Treasurer to align the State Treasurer's salary with the salary of the State Auditor.

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<sup>4</sup> Funding is reduced for operating expenses, primarily related to information technology costs.

<sup>5</sup> Funding is reduced for the estimated coal severance payments related to the allocation formula change in Section 4 of House Bill No. 1005 (2017).

This amendment also adds a section to provide the statutory changes necessary to provide an equity salary increase to the State Treasurer of \$5,889 per year, increasing the current annual salary of \$99,881 to \$105,770 and to increase the salary to \$107,885 (2 percent) in fiscal year 2020 and to \$111,122 (3 percent) in fiscal year 2021. The salary equity increase aligns the State Treasurer's salary with the salary of the State Auditor.

#### Senate Bill No. 2005 - State Treasurer - House Action

|                         | Base<br>Budget | Senate<br>Version | House<br>Changes | House<br>Version |
|-------------------------|----------------|-------------------|------------------|------------------|
| Salaries and wages      | \$1,316,139    | \$1,380,797       | (\$12,240)       | \$1,368,557      |
| Operating expenses      | 251,260        | 192,229           | 35,000           | 227,229          |
| Coal severance payments | 180,000        | 171,000           |                  | 171,000          |
| Total all funds         | \$1,747,399    | \$1,744,026       | \$22,760         | \$1,766,786      |
| Less estimated income   | 0              | 0                 | 35,000           | 35,000           |
| General fund            | \$1,747,399    | \$1,744,026       | (\$12,240)       | \$1,731,786      |
| FTE                     | 7.00           | 7.00              | 0.00             | 7.00             |

#### Department 120 - State Treasurer - Detail of House Changes

|                         | Adjusts<br>Funding for<br>Salary<br>Increases <sup>1</sup> | Removes<br>Funding for<br>Salary Equity<br>Increase to<br>State<br>Treasurer <sup>2</sup> | Adds Funding<br>for Information<br>Technology<br>Costs <sup>3</sup> | Total House<br>Changes |
|-------------------------|------------------------------------------------------------|-------------------------------------------------------------------------------------------|---------------------------------------------------------------------|------------------------|
| Salaries and wages      | \$2,381                                                    | (\$14,621)                                                                                |                                                                     | (\$12,240)             |
| Operating expenses      |                                                            |                                                                                           | \$35,000                                                            | 35,000                 |
| Coal severance payments |                                                            |                                                                                           |                                                                     |                        |
| Total all funds         | \$2,381                                                    | (\$14,621)                                                                                | \$35,000                                                            | \$22,760               |
| Less estimated income   | 0                                                          | 0                                                                                         | 35,000                                                              | 35,000                 |
| General fund            | \$2,381                                                    | (\$14,621)                                                                                | \$0                                                                 | (\$12,240)             |
| FTE                     | 0.00                                                       | 0.00                                                                                      | 0.00                                                                | 0.00                   |

<sup>1</sup> Funding is adjusted to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and a 2.5 percent salary increase on July 1, 2020. The Senate provided funding for salary increases of 2 percent on July 1, 2019, and 3 percent on July 1, 2020.

<sup>2</sup> Funding is removed for a salary equity increase to the State Treasurer. The Senate provided a salary equity increase of \$14,621 to align the State Treasurer's salary with the salary of the State Auditor.

<sup>3</sup> One-time funding of \$35,000 is added from the strategic investment and improvements fund for information technology costs related to changes in the oil and gas tax revenue allocation formulas. The Senate did not include funding for these information technology costs.

This amendment also:

- Adds a section to identify \$35,000 from the strategic investment and improvements fund for information technology costs.
- Includes a section to provide the statutory changes necessary to increase the State Treasurer's salary to \$101,879 (2 percent) in fiscal year 2020 and to \$104,426 (2.5 percent) in fiscal year 2021.