

2021 HOUSE APPROPRIATIONS

HB 1005

Department 120 - State Treasurer
House Bill No. 1005

Executive Budget Comparison to Prior Biennium Appropriations

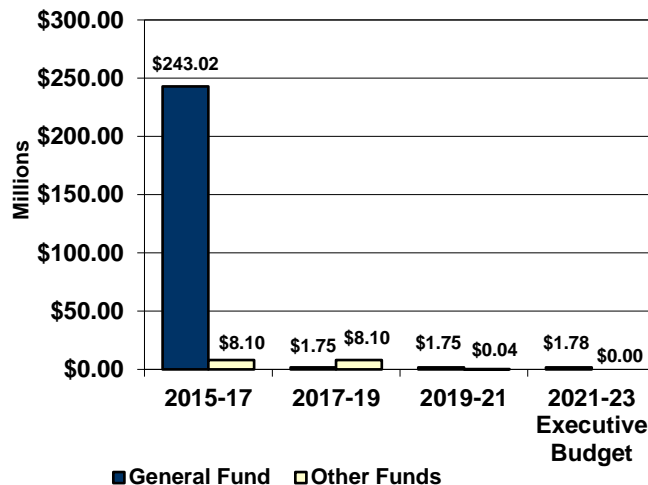
	FTE Positions	General Fund	Other Funds	Total
2021-23 Executive Budget	7.00	\$1,779,467	\$0	\$1,779,467
2019-21 Legislative Appropriations ¹	7.00	1,746,370	35,000	1,781,370
Increase (Decrease)	0.00	\$33,097	(\$35,000)	(\$1,903)

¹The 2019-21 biennium agency appropriation amounts have not been adjusted for additional federal Coronavirus (COVID-19) funds authority of \$122,757,062 for distributions to political subdivisions resulting from Emergency Commission action during the 2019-21 biennium.

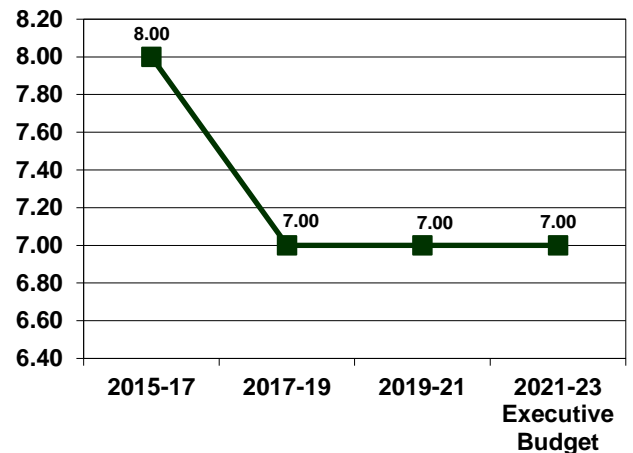
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2021-23 Executive Budget	\$1,779,467	\$0	\$1,779,467
2019-21 Legislative Appropriations	1,746,370	0	1,746,370
Increase (Decrease)	\$33,097	\$0	\$33,097

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2021-23 Executive Budget	\$1,779,467	\$0	\$1,779,467
2021-23 Base Level	1,746,370	0	1,746,370
Increase (Decrease)	\$33,097	\$0	\$33,097

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 \$35,066 is for salary increases, \$342 is for health insurance increases, and \$7,217 is for retirement increases	\$42,625	\$0	\$42,625
2. Decreases funding for operating expenses primarily related to information technology costs	(\$47,577)	\$0	(\$47,577)
3. Decreases funding for the estimated coal severance payments related to the allocation formula change in Section 4 of House Bill No. 1005 (2017)	(\$53,000)	\$0	(\$53,000)
4. Increases funding for Microsoft Office 365 licensing expenses	\$771	\$0	\$771
5. Adds funding for the Capitol complex rent proposal	\$77,019	\$0	\$77,019

January 11, 2021

**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 2 percent increase effective July 1, 2021, and a 2 percent increase effective July 1, 2022. The State Treasurer's annual salary would increase from the current salary of \$110,582 to \$112,794 effective July 1, 2021, and to \$115,050 effective July 1, 2022.

Significant Audit Findings

The operational audit for the State Treasurer's office conducted by the State Auditor's office during the 2019-20 interim identified no significant audit findings.

Major Related Legislation

House Bill No. 1037 - Establishes a percent of market value method for determining the amount of legacy fund earnings available to be spent each biennium, creates a legacy earnings fund, and requires the State Treasurer to transfer legacy fund earnings to the legacy earnings fund.

Senate Bill No. 2040 - Authorizes up to \$2 billion of bonds for infrastructure projects and programs, including \$770 million for county road and bridge infrastructure grants as distributed by the State Treasurer based on a study of road and bridge needs prepared by the Upper Great Plains Transportation Institute.

State Treasurer - Budget No. 120
House Bill No. 1005
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	7.00	\$1,746,370	\$0	\$1,746,370
2021-23 Ongoing Funding Changes				
Base payroll changes		\$13,259		\$13,259
Salary increase		35,066		35,066
Retirement contribution increase		7,217		7,217
Health insurance increase		342		342
Decreases funding for operating expenses		(47,577)		(47,577)
Decreases funding for coal severance payments		(53,000)		(53,000)
Increases funding for Microsoft Office 365 licensing expenses		771		771
Adds funding for the Capitol complex rent proposal		77,019		77,019
Total ongoing funding changes	0.00	\$33,097	\$0	\$33,097
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	\$33,097	\$0	\$33,097
2021-23 Total Funding	7.00	\$1,779,467	\$0	\$1,779,467
<i>Total ongoing changes as a percentage of base level</i>	0.0%	1.9%		1.9%
<i>Total changes as a percentage of base level</i>	0.0%	1.9%		1.9%

Other Sections in State Treasurer - Budget No. 120

Salary of State Treasurer

Executive Budget Recommendation

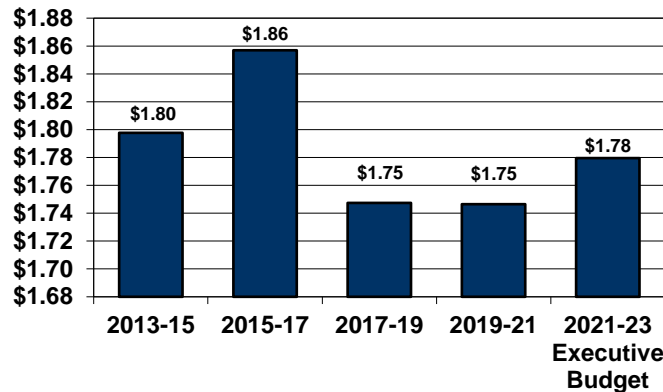
Section 2 would provide the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$110,582 to \$112,794 (2 percent) in fiscal year 2022 and to \$115,050 (2 percent) in fiscal year 2023.

Department 120 - State Treasurer

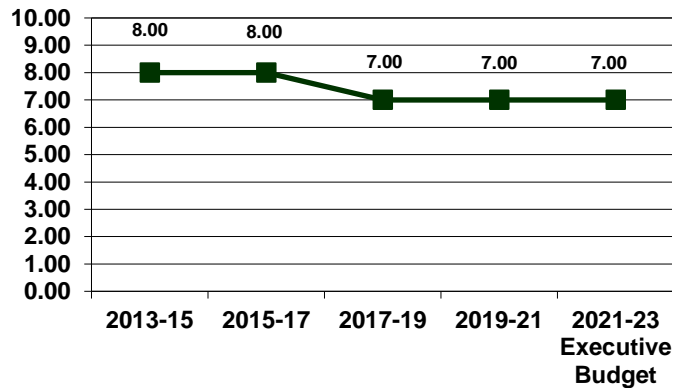
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2013-15

Agency Funding (in Millions)



FTE Positions



Ongoing General Fund Appropriations					
	2013-15	2015-17	2017-19	2019-21	2021-23 Executive Budget
Ongoing general fund appropriations	\$1,797,631	\$1,856,899	\$1,747,399	\$1,746,370	\$1,779,467
Increase (decrease) from previous biennium	N/A	\$59,268	(\$109,500)	(\$1,029)	\$33,097
Percentage increase (decrease) from previous biennium	N/A	3.3%	(5.9%)	(0.1%)	1.9%
Cumulative percentage increase (decrease) from 2013-15 biennium	N/A	3.3%	(2.8%)	(2.9%)	(1.0%)

Major Increases (Decreases) in Ongoing General Fund Appropriations

2015-17 Biennium

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

2017-19 Biennium

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

2019-21 Biennium

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

2021-23 Biennium (Executive Budget Recommendation)

- Decreases funding for operating expenses primarily related to information technology costs (\$47,577)
- Decreases funding for the estimated coal severance payments related to the completion of the allocation formula change in Section 4 of House Bill No. 1005 (2017) (\$53,000)
- Adds funding for the Capitol complex rent proposal \$77,019

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, 2021, and ending June 30, 2023, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$1,383,141	\$55,884	\$1,439,025
Operating Expenses	192,229	30,213	222,442
Coal Severance Payments	<u>171,000</u>	<u>(53,000)</u>	<u>118,000</u>
Total General Fund	\$1,746,370	\$33,097	\$1,779,467
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 ~~one hundred seven thousand eight hundred eighty-five dollars through June 30, 2020, and one hundred ten thousand five hundred eighty-two dollars~~ one hundred twelve thousand seven hundred ninety-four dollars through June 30, 2022 and one hundred fifteen thousand fifty dollars thereafter.

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division

Brynhild Haugland Room, State Capitol

HB1005

1/11/2021

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

11:19 Chairman Vigesaa opened the meeting. Members present: Chairman Vigesaa, Vice Chairman Brandenburg, Representative Kempenich, Representative Howe, Representative Bellew, Representative Meier, Representative Mock.

Discussion Topics:

- Appropriation request for 2021-2023 budget.
- Proposed budget changes
- One time budget requests

11:20 Introduction – Thomas Beadle, Treasurer, ND Office of State Treasurer.

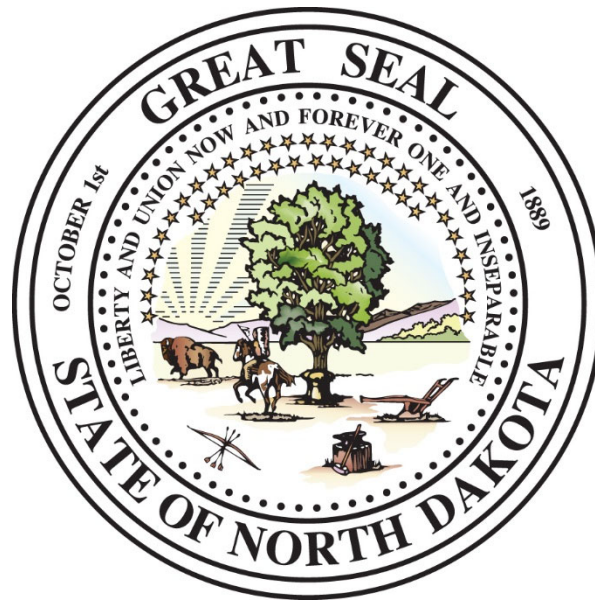
11:23 Ryan Skor, Director of Finance, ND Office of State Treasurer –. Testimony #362.

11:58 Chairman Vigesaa adjourned the meeting.

Sheri Lewis, Committee Clerk

2021-2023
Office of State Treasurer

Budget Presentation



Thomas Beadle, State Treasurer
Ryan K. Skor, Director of Finance

Presented to:

House Government Operations
Representative Don Vigesaa, Chairman
Representative Mike Brandenburg, Vice-Chair
January 11th, 2021

OVERVIEW

Article V, Section 2, of the North Dakota Constitution created the Office of State Treasurer and provides that the powers and duties of the state treasurer shall be prescribed by law. Chapter 54-11 of the North Dakota Century Code prescribes the powers, duties, and responsibilities of the state treasurer. The mission of the Office of State Treasurer is *“to fulfill our constitutional and statutory responsibilities, to assure sound financial oversight and transparency of all public funds, and to promote prudent practices in government.”*

We have five 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 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 operating fund account. Our agency reconciles daily in three primary areas: our accounts held 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 numerous special funds, including state agriculture commodity groups and the Veterans Postwar Trust.
- 4. Revenue Collection** – The State Treasurer is responsible for the collection of various revenues from political subdivisions. Revenues include, but are not limited to, the Assessed Communications Services Fee, Civil Filing Fees, Criminal Administration Fees, Indigent Defense Administrative Fund, Medical Center Levy, Domestic Violence Prevention Fund, and numerous other district court costs.
- 5. Revenue Distribution** – The State Treasurer is in charge of disbursing over 30 tax distributions to political subdivisions. The office’s web-based, Tax Distribution and Outstanding Checks (TDOC) system, pulls data from a variety of sources, which streamlines our distributions and ensures greater accuracy, transparency, and efficiency.

Revenue distributions assigned to the Office of State Treasurer for distribution to political subdivisions include:

Airline	Disabled Veterans Homestead Tax Credit	Oil Extraction Tax - Tribal
City Cigarette Tax	Electric Generation Transmission	Prepaid Wireless E-911 Fee
City Motor Vehicle Rental Tax	Flood Control	Senior Mill Levy
City Occupancy Tax	Forest Service	Special Highway
City Restaurant/Lodging Tax	Highway Tax Distribution Fund	Special Township Road
City & County Sales Tax	Homestead Tax Credit	State Aid
Coal Conversion Tax	Medical Center Levy	Taylor Grazing
Coal Conversion Shortfall	Mineral Management	Telecommunication Carriers
Coal Severance Tax	Motorboat	Township Road & Bridge Fund
Coal Severance Shortfall - Tipple Share Reimbursement	Municipal Infrastructure	Tribal Cigarette Tax
Coronavirus Relief Funds	New Jobs Program	Tribal Highway Fund
County & Township Infrastructure	Oil and Gas Gross Production Tax	Tribal Sales Tax

The Office of State Treasurer provides analysis, data, and education of various tax distributions and state laws to legislators, employees of other state agencies, officials and employees of local political subdivisions, and the general public.

BOARDS

In addition to the responsibilities of the office, as required by statute or Constitution, the State Treasurer serves 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.

FINANCIAL AUDIT FINDINGS

Our agency performs all our responsibilities with tremendous pride and accuracy and we have consistently received a “clean” audit since 2009. Our most recent audit was completed in January of 2020 for the biennium ended June of 2019, with no findings.

AGENCY ACCOMPLISHMENTS

- **Tax Distributions** – Updated our Tax Distribution Outstanding Checks (TDOC) system to accommodate the legislative changes made to the Oil and Gas Gross Production Tax distribution and smaller changes made to other tax distributions.
- **“Prairie Dog” Funds** – Created and tested the required processes and systems to distribute the newly created “Prairie Dog” funds. Also developed the system needed to accept, compile, and report the required information filings of each recipient political subdivision.

- **Website** – Completed the conversion of our agency website to the state’s website platform to give added flexibility in maintaining the website as well as allow further enhancements to be implemented more cost-effectively and timely. We also added additional dashboards to provide more visual and intuitive data regarding our tax distributions, Legacy Fund deposits, and our operating fund balances.
- **Process Updates** – Updated all office processes to allow for efficient and effective remote work which provides added flexibility to our team and increases efficiency and effectiveness of the whole office.

AGENCY CHALLENGES

- **IT Costs** – One of the major challenges we face relates to our day-to-day IT costs. As I will spell out further during this overview, a large portion of our requested on-going operating expenses are directly related to data processing, communications, and desktop support services provided by ITD. We continue to receive excellent service from ITD, but we want to make you aware that a reduction in our operating expense budget is not possible without a reduction in amounts paid to ITD.

Throughout session, we will continue to monitor bills that will affect our agency and analyze the potential IT costs which may be associated with implementing a formula change or new distribution. We will keep a watchful eye to ensure we are not absorbing hard IT costs into our existing budget projections.

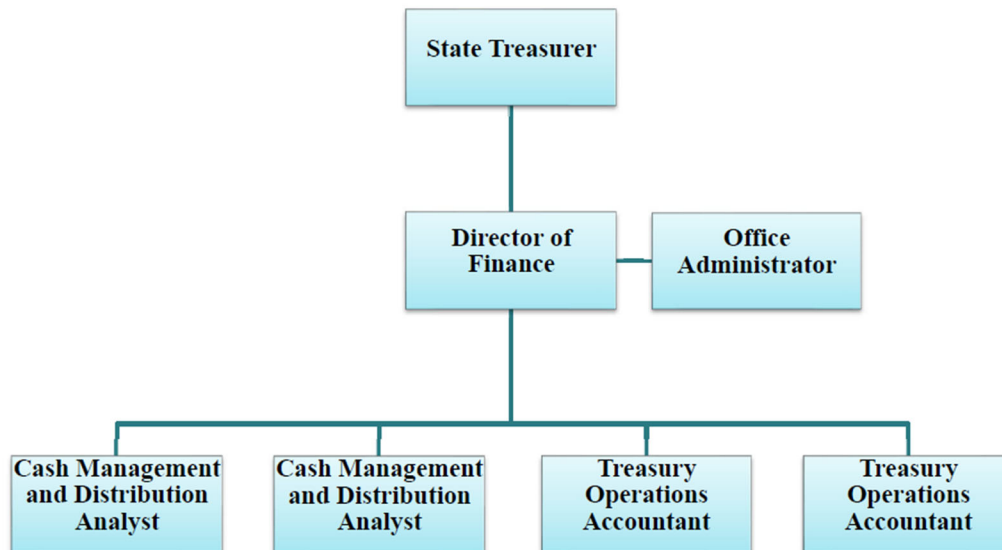
2021-2023 BUDGET

As with prior biennia, the Office of State Treasurer’s budget consists of two major items – salaries and information technology fees. Nearly ninety-eight percent (98%) of our biennium to-date expenditures have fallen into one of those two categories. Our office relies heavily on our people and on the technology needed to help them do their jobs efficiently and effectively.

Salaries and wages:

Our agency consists of seven full time employees, including the Treasurer. 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 and complexity of everything we do in our office, we are very fortunate to have an excellent team we have been able to retain.

OFFICE OF STATE TREASURER ORGANIZATIONAL CHART



With the duties required of our office, this level of staffing is vitally important not only to be able to perform these duties, but also to provide the essential checks and balances so that one person is not 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.

Operating expenses:

Our operating expenses consist mainly of amounts paid for data processing and other services provided by ITD. To-date in the current biennium, nearly 85% of our operating expenses have consisted of data processing, desktop support, and telecommunication service charges from ITD. Our office has always been heavily reliant on this technology and the events of the past year have only expanded upon this fact. Our push to advance the automation of several processes was expedited during the Covid-19 pandemic. As previously mentioned, we were able to modify and update a significant number of our processes which has allowed for efficient and effective remote work which provides added flexibility to our team and increases efficiency and effectiveness of the whole office.

Coal Severance Shortfall:

As a separate line in our budget, NDCC 57-62-02(5) requires the Office of State Treasurer to include in our biennial budget request funds for the purpose of reimbursing coal-producing counties for 30% of coal severance tax funds paid to non-coal-producing counties from coal-producing counties.

The 2019-21 amount was set at \$171,000. During the 2017 session, the statute pertaining to this payment was modified to reduce the annual amount paid. This phased-in change in statute

is now fully implemented. Because of this, the total needed to pay the statutorily mandated amounts will be reduced significantly. We have included a reduction of \$53,000 as part of our budget request.

2019-2021 ONE-TIME FUNDING ITEMS

As part of our 2019-2021 budget, we were appropriated \$35,000 in one-time funding from the Strategic Investment and Improvements Fund for IT costs related to the statutory requirements added as part of House Bill 1066 (Operation Prairie Dog). This legislation made a number of changes to the oil and gas gross production tax distribution formula. It also created two new distribution formulas for our office to facilitate. Coinciding with these new distributions are reporting requirements which require us to accept and compile the reported information and publish this information to our website for review by the general public.

To date, the Office of State Treasurer has developed the processes necessary to perform the new distributions as required and made the first required distribution to non-oil cities with populations of 1,000 or greater in December of 2020. We have also worked directly with ITD to develop the reporting and publishing platforms required. Enhancements have been made to allow for electronic submission of required political subdivision reports available to the public on our website. We are in the final stages of pushing each of these platforms into production.

2021-2023 ONE-TIME FUNDING REQUESTS

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 67th Legislative Assembly in respect to distributions or other activities performed by our office. Substantive 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.

AGENCY COLLECTIONS

Our office is responsible for the collection of various revenues from political subdivisions throughout the state. Mainly court fines and fees collected by the County Clerks of Court and Assessed Communication fees and Medical Center Levy tax revenues collected by County Auditors. Of these, a significant number are deposited directly into the general fund while others are deposited into special funds. Due to the nature of these collections, we do not anticipate any significant changes in revenue amounts for the coming biennium.

PROPOSED BUDGET CHANGES TO MEET THE EXECUTIVE RECOMMENDATION

The Office of State Treasurer has continually sought to find efficiencies to keep its operating budget as lean as possible. Outside of salaries and benefits, over 70% of the OST's 2019-2021 operating expense budget is made up of amounts 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 significant reduction in ITD expenditures.

In analyzing our overall IT budget, we do anticipate realizing some savings by having our website hosted on the state's web platform. This conversion was fully completed during the 2019-2021 biennium. However, further looking at the desktop support area, with the new rate structure released by ITD and our switch to laptops to facilitate more efficient remote work, we do anticipate an increase in expenses in this area. To offset this increase and, as an attempt to realize some additional savings, we are reducing the IT dollars we have set aside to pay for emergency and one-time issues that may arise within our distribution system. These combined changes make up the IT-data processing reduction shown in our base budget reduction change package.

In addition to the IT reductions outlined above, we have also included significant reductions in our travel and dues and professional development line items. With the new focus on the ability to work remotely, the need for significant amounts of travel has been greatly reduced. We also began utilizing an online training platform that will reduce the overall amounts spent on professional development significantly.

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

Furthermore, in addition to our salaries, benefits, and normal operating expenses, the OST's general fund appropriation includes the Coal Severance Shortfall, which are payments made to coal-producing counties. This is estimated each biennium and included in our agency budget. The 2019-21 amount was set at \$171,000. During the 2017 session, the statute pertaining to this payment was modified to reduce the annual amount paid. This phased-in change in statute is now fully implemented which will cause the amount needed to pay the statutorily mandated amounts to be reduced significantly. As such, we have included a reduction of \$53,000 as part of our base budget reduction change package.

AGENCY REQUEST VS. EXECUTIVE BUDGET

The final executive recommended budget for the Office of State Treasurer includes all the adjustments we outlined above. It also includes their proposed salary and benefit package changes along with a small addition related to the change in ITD's Microsoft licensing structure. In addition, it includes a \$77,019 increase in general fund appropriations for a proposed rent model change. As a general fund agency, we have never been charged rent for the office space we occupy at the capitol and this would represent a significant increase in our operating budget.

CORONAVIRUS (COVID-19) FEDERAL FUNDING

The Office of State Treasurer was appropriated \$122,757,062.75 of Federal Coronavirus Relief Fund (CRF) authority to distribute to political subdivisions across the state. Payments were made to cities, counties, park districts, ambulance districts, soil conservation districts, and water authorities. Payments were made to political subdivisions as reimbursement for COVID-19 related expenditures and, most notably, for the reimbursement of law enforcement expenditures of cities and counties.

Through December 2020, our office had expended \$109,494,904.20 of the total appropriation. In working with OMB, we anticipate distributing substantially all our remaining appropriation to the political subdivisions in January 2021.

2019-2021 EXPENDITURES AND ESTIMATED TURNBACK

Line Item Description	2019-2021 Appropriation	Expended Through 12/31/20	2019-2021 Remaining Appropriation	Expected Expenditures through 6/30/21	2019-2021 Estimated Turnback	
Salaries and Wages	\$ 1,383,141.00	(1,022,640.94)	360,500.06	(348,618.06)	\$ 11,882.00	
Normal Operating Expenses	192,229.00	(92,029.52)	100,199.48	(63,582.21)	36,617.27	1
Coal Severance Shortfall	171,000.00	(57,478.63)	113,521.37	(58,307.11)	55,214.26	2
CARES Act Funding	122,757,062.75	(109,494,904.20)	13,262,158.55	(13,262,158.55)	-	3
One-Time Funding:						
IT Project	35,000.00	(16,303.59)	18,696.41	(10,000.00)	8,696.41	4
IT Project C/O	20,000.00	(15,752.26)	4,247.74	-	4,247.74	5
Total For Department	\$ 124,558,432.75	(110,699,109.14)	13,859,323.61	(13,742,665.93)	\$ 116,657.68	

NOTES:

- Operating expense turnback will be mostly due to IT savings, limited travel opportunities, a reduction in dues paid, and other miscellaneous operating savings.
- The General Fund appropriation for Coal Severance Shortfall (NDCC 57-62-02(5)) is estimated for each biennium. During the 2017 session, the statute pertaining to this payment was modified to reduce the annual amount paid. This phased-in change in statute is now fully implemented, resulting in this estimated turnback for the 2019-2021 biennium.
- The Office of State Treasurer was allocated CRF funds to further distribute to political subdivisions across the state. The majority of the funds were used to reimburse law enforcement expenditures for March through December 2020.
- Our office was allocated one-time funding to complete IT enhancements related to the newly implemented Prairie Dog distributions. Enhancements were made to allow for electronic submission of required political subdivision reports as well as the ability for the Office of State Treasurer to make these reports available to the public on our website.
- We requested carryover authority from our 2017-2019 biennium budget to complete the software rewrites initiated in response to the oil and gas distribution changes passed during the 2019 Legislative Session (HBs 1014 & 1066; SBs 2016, 2249, 2312 & 2362). All required changes were completed early in the biennium.

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division

Brynild Haugland Room, State Capitol

HB1005

1/27/2021

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

9:00 **Chairman Vigesaa** brought the meeting to order. Members present: Chairman Vigesaa, Vice Chairman Brandenburg, Representative Meier, Representative Bellew, Representative Mock. Members absent: Representative Kempenich, Representative Howe.

Discussion Topics:

- Appropriation request for the 2021-2023 biennium budget.
- Green sheet budget No. 120

Rep Bellew: discussion on #3127.

9:12 **Chairman Vigesaa** adjourned the meeting.

Sheri Lewis, Committee Clerk

State Treasurer - Budget No. 120
House Bill No. 1005
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	7.00	\$1,746,370	\$0	\$1,746,370	7.00	\$1,746,370	\$0	\$1,746,370
2021-23 Ongoing Funding Changes								
Base payroll changes		\$13,259		\$13,259				\$0
Salary increase		35,066		35,066				0
Retirement contribution increase		7,217		7,217				0
Health insurance increase		342		342				0
Decreases funding for operating expenses		(47,577)		(47,577)				0
Decreases funding for coal severance payments		(53,000)		(53,000)				0
Increases funding for Microsoft Office 365 licensing expenses		771		771				0
Adds funding for the Capitol complex rent proposal		77,019		77,019				0
Total ongoing funding changes	0.00	\$33,097	\$0	\$33,097	0.00	\$0	\$0	\$0
One-time funding items								
No one-time funding items				\$0				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	\$33,097	\$0	\$33,097	0.00	\$0	\$0	\$0
2021-23 Total Funding	7.00	\$1,779,467	\$0	\$1,779,467	7.00	\$1,746,370	\$0	\$1,746,370
<i>Total ongoing changes as a percentage of base level</i>	0.0%	1.9%		1.9%	0.0%	0.0%		0.0%
<i>Total changes as a percentage of base level</i>	0.0%	1.9%		1.9%	0.0%	0.0%		0.0%

Other Sections in 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 \$110,582 to \$112,794 (2 percent) in fiscal year 2022 and to \$115,050 (2 percent) in fiscal year 2023.

House Version

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division

Brynhild Haugland Room, State Capitol

HB1005

2/1/2021

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

11:32 **Chairman Vigesaa** brought the meeting to order. Members present: Chairman Vigesaa, Vice Chairman Brandenburg, Representative Kempenich, Representative Howe, Representative Bellew, Representative Meier, Representative Mock.

Discussion Topics:

- Appropriation request for the 2021-2023 biennium budget.
- Base level funding changes

11:36 **Chairman Vigesaa** adjourned the meeting. *Sheri Lewis, Committee Clerk*

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division Brynhild Haugland Room, State Capitol

HB1005
2/8/2021

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

10:21 **Chairman Vigesaa** brought the committee to order. Members present: Chairman Vigesaa, Representative Kempenich, Representative Howe, Representative Meier, Representative Bellew, Representative Mock. Members absent: Vice Chairman Brandenburg.

Discussion Topics:

- Base level changes
- Rental package

10:21 **Chairman Vigesaa** explained the changes to the budget. Testimony #3127.

10:26 **Representative Bellew** made a motion to adopt the amendment. LC21.0264.01001.

10:28 **Representative Howe** seconded the motion.

10:28 Voice vote.

10:28 Motion carried.

10:29 **Representative Bellew** made a motion for a "Do Pass as Amended".

10:30 **Representative Howe** seconded the motion.

10:30 Roll call vote: 5 Yeas 0 Nays 2 Absent

10:30 Motion carried

<i>Representatives</i>	Yes	No
<i>Chairman Vigesaa</i>	X	
<i>Vice Chairman Brandenburg</i>	A	
<i>Representative Kempenich</i>	X	
<i>Representative Howe</i>	A	
<i>Representative Meier</i>	X	
<i>Representative Bellew</i>	X	
<i>Representative Mock</i>	X	

Testimony #6244 was received after the meeting was closed.

10:31 **Chairman Vigesaa** closed the hearing.

Sheri Lewis, Committee Clerk

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1005

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	Appropriation
		Enhancements	
Salaries and wages	\$1,383,141	\$46,649	\$1,429,790
Operating expenses	192,229	(46,806)	145,423
Coal severance payments	<u>171,000</u>	<u>(53,000)</u>	<u>118,000</u>
Total general fund	\$1,746,370	(\$53,157)	\$1,693,213
Full-time equivalent positions	7.00	0.00	7.00"

Page 1, after line 19, insert:

"SECTION 3. 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 ~~one hundred seven thousand eight hundred eighty five dollars through June 30, 2020, and one hundred ten thousand five hundred eighty two dollars thereafter~~one hundred twelve thousand two hundred forty-one dollars through June 30, 2022, and one hundred thirteen thousand nine hundred twenty-five dollars thereafter."

ReNUMBER accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1005 - State Treasurer - House Action

	Base Budget	House Changes	House Version
Salaries and wages	\$1,383,141	\$46,649	\$1,429,790
Operating expenses	192,229	(46,806)	145,423
Coal severance payments	<u>171,000</u>	<u>(53,000)</u>	<u>118,000</u>
Total all funds	\$1,746,370	(\$53,157)	\$1,693,213
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
General fund	\$1,746,370	(\$53,157)	\$1,693,213
FTE	7.00	0.00	7.00

Department 120 - State Treasurer - Detail of House Changes

	Adjusts Funding for Base Payroll Changes ¹	Adds Funding for Salary and Benefit Increases ²	Adjusts Funding for Operating Expenses ³	Decreases Funding for Coal Severance Payments ⁴	Total House Changes
Salaries and wages	\$13,259	\$33,390			\$46,649
Operating expenses			(\$46,806)		(46,806)
Coal severance payments				(\$53,000)	(53,000)
Total all funds	\$13,259	\$33,390	(\$46,806)	(\$53,000)	(\$53,157)
Less estimated income	0	0	0	0	0
General fund	\$13,259	\$33,390	(\$46,806)	(\$53,000)	(\$53,157)
FTE	0.00	0.00	0.00	0.00	0.00

¹ Funding is adjusted for base payroll changes.

² The following funding is added for 2021-23 biennium salary adjustments of 1.5 percent on July 1, 2021, and July 1, 2022, with a minimum monthly increase of \$100 and a maximum monthly increase of \$250, and increases in health insurance premiums from \$1,427 to \$1,429 per month:

<u>General Fund</u>	
Salary increase	\$33,048
Health insurance increase	<u>342</u>
Total	\$33,390

³ Funding for operating expenses is adjusted as follows:

<u>General Fund</u>	
Decreases funding primarily related to information technology costs	(\$47,577)
Increases funding for Microsoft Office 365 licensing expenses	<u>771</u>
Total	(\$46,806)

⁴ Funding is reduced for the estimated coal severance payments related to the allocation formula change in Section 4 of House Bill No. 1005 (2017) and anticipated coal production levels.

This amendment also adds a section to provide the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$110,582 to \$112,241 (1.5 percent) in fiscal year 2022 and to \$113,925 (1.5 percent) in fiscal year 2023.

State Treasurer - Budget No. 120
House Bill No. 1005
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	7.00	\$1,746,370	\$0	\$1,746,370	7.00	\$1,746,370	\$0	\$1,746,370
2021-23 Ongoing Funding Changes								
Base payroll changes		\$13,259		\$13,259				\$0
Salary increase		35,066		35,066				0
Retirement contribution increase		7,217		7,217				0
Health insurance increase		342		342				0
Decreases funding for operating expenses		(47,577)		(47,577)				0
Decreases funding for coal severance payments		(53,000)		(53,000)				0
Increases funding for Microsoft Office 365 licensing expenses		771		771				0
Adds funding for the Capitol complex rent proposal		77,019		77,019				0
Total ongoing funding changes	0.00	\$33,097	\$0	\$33,097	0.00	\$0	\$0	\$0
One-time funding items								
No one-time funding items				\$0				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	\$33,097	\$0	\$33,097	0.00	\$0	\$0	\$0
2021-23 Total Funding	7.00	\$1,779,467	\$0	\$1,779,467	7.00	\$1,746,370	\$0	\$1,746,370
<i>Total ongoing changes as a percentage of base level</i>	0.0%	1.9%		1.9%	0.0%	0.0%		0.0%
<i>Total changes as a percentage of base level</i>	0.0%	1.9%		1.9%	0.0%	0.0%		0.0%

Other Sections in 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 \$110,582 to \$112,794 (2 percent) in fiscal year 2022 and to \$115,050 (2 percent) in fiscal year 2023.

House Version

21.0264.01001
Title.

Prepared by the Legislative Council staff for
the House Appropriations - Government
Operations Division Committee
February 9, 2021

Fiscal No. 1

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1005

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	\$1,383,141	\$46,649	\$1,429,790
Operating expenses	192,229	(46,806)	145,423
Coal severance payments	<u>171,000</u>	<u>(53,000)</u>	<u>118,000</u>
Total general fund	\$1,746,370	(\$53,157)	\$1,693,213
Full-time equivalent positions	7.00	0.00	7.00"

Page 1, after line 19, insert:

"SECTION 3. 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 ~~one hundred seven thousand eight hundred eighty-five dollars through June 30, 2020, and one hundred ten thousand five hundred eighty-two dollars thereafter~~one hundred twelve thousand two hundred forty-one dollars through June 30, 2022, and one hundred thirteen thousand nine hundred twenty-five dollars thereafter."

ReNUMBER accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1005 - State Treasurer - House Action

	Base Budget	House Changes	House Version
Salaries and wages	\$1,383,141	\$46,649	\$1,429,790
Operating expenses	192,229	(46,806)	145,423
Coal severance payments	<u>171,000</u>	<u>(53,000)</u>	<u>118,000</u>
Total all funds	\$1,746,370	(\$53,157)	\$1,693,213
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
General fund	\$1,746,370	(\$53,157)	\$1,693,213
FTE	7.00	0.00	7.00

Department 120 - State Treasurer - Detail of House Changes

	Adjusts Funding for Base Payroll Changes ¹	Adds Funding for Salary and Benefit Increases ²	Adjusts Funding for Operating Expenses ³	Decreases Funding for Coal Severance Payments ⁴	Total House Changes
Salaries and wages	\$13,259	\$33,390			\$46,649
Operating expenses			(\$46,806)		(46,806)
Coal severance payments				(\$53,000)	(53,000)
Total all funds	\$13,259	\$33,390	(\$46,806)	(\$53,000)	(\$53,157)
Less estimated income	0	0	0	0	0
General fund	\$13,259	\$33,390	(\$46,806)	(\$53,000)	(\$53,157)
FTE	0.00	0.00	0.00	0.00	0.00

¹ Funding is adjusted for base payroll changes.

² The following funding is added for 2021-23 biennium salary adjustments of 1.5 percent on July 1, 2021, and July 1, 2022, with a minimum monthly increase of \$100 and a maximum monthly increase of \$250, and increases in health insurance premiums from \$1,427 to \$1,429 per month:

<u>General Fund</u>	
Salary increase	\$33,048
Health insurance increase	<u>342</u>
Total	\$33,390

³ Funding for operating expenses is adjusted as follows:

<u>General Fund</u>	
Decreases funding primarily related to information technology costs	(\$47,577)
Increases funding for Microsoft Office 365 licensing expenses	<u>771</u>
Total	(\$46,806)

⁴ Funding is reduced for the estimated coal severance payments related to the allocation formula change in Section 4 of House Bill No. 1005 (2017) and anticipated coal production levels.

This amendment also adds a section to provide the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$110,582 to \$112,241 (1.5 percent) in fiscal year 2022 and to \$113,925 (1.5 percent) in fiscal year 2023.

Introduced by

Appropriations Committee

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

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

5 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
 6 as may be necessary, are appropriated out of any moneys in the general fund in the state
 7 treasury, not otherwise appropriated, to the state treasurer for the purpose of defraying the
 8 expenses of the state treasurer, for the biennium beginning July 1, 2021, and ending June 30,
 9 2023, as follows:

10	<u>Governor's</u>		
11	<u>Base Level</u>	<u>Recommendation</u>	<u>Appropriation</u>
12	Salaries and wages	\$1,383,141	\$1,439,025
13	Operating expenses	192,229	222,442
14	Coal severance payments	171,000	118,000
15	Total general fund	\$1,746,370	\$1,779,467
16	Full-time equivalent positions	7.00	7.00
17	<u>Adjustments or</u>		
18	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
19	<u>Salaries and wages</u>	<u>\$1,383,141</u>	<u>\$46,649</u>
20	<u>Operating expenses</u>	<u>192,229</u>	<u>(46,806)</u>
21	<u>Coal severance payments</u>	<u>171,000</u>	<u>(53,000)</u>
22	<u>Total general fund</u>	<u>\$1,746,370</u>	<u>(\$53,157)</u>
23	<u>Full-time equivalent positions</u>	<u>7.00</u>	<u>0.00</u>

1 **SECTION 2. ONE-TIME FUNDING.** The following amounts reflect the one-time funding
2 items approved by the sixty-sixth legislative assembly for the 2019-21 biennium:

3 <u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
4 Information technology costs	<u>\$35,000</u>	<u>\$0</u>
5 Total special funds	\$35,000	\$0

6 **SECTION 3. AMENDMENT.** Section 54-11-13 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **54-11-13. Salary of state treasurer.**

9 The annual salary of the state treasurer is ~~one hundred seven thousand eight hundred~~
10 ~~eighty-five dollars through June 30, 2020, and one hundred ten thousand five hundred~~
11 ~~eighty-two dollars thereafter~~ one hundred twelve thousand two hundred forty-one dollars through
12 June 30, 2022, and one hundred thirteen thousand nine hundred twenty-five dollars thereafter.

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Brynhild Haugland Room, State Capitol

HB 1005
2/9/2021

Relating to the salary of the state treasurer.
--

4:50 Chairman Delzer- Opens the meeting on HB 1005

Attendance	P/A
Representative Jeff Delzer	P
Representative Keith Kempenich	A
Representative Bert Anderson	P
Representative Larry Bellew	P
Representative Tracy Boe	P
Representative Mike Brandenburg	P
Representative Michael Howe	P
Representative Gary Kreidt	P
Representative Bob Martinson	P
Representative Lisa Meier	P
Representative Alisa Mitskog	P
Representative Corey Mock	A
Representative David Monson	P
Representative Mike Nathe	P
Representative Jon O. Nelson	P
Representative Mark Sanford	P
Representative Mike Schatz	P
Representative Jim Schmidt	A
Representative Randy A. Schobinger	P
Representative Michelle Strinden	P
Representative Don Vigesaa	P

Discussion Topics:

- Treasure's budget

4:50 Representative Bellew Explains the bill and the amendment 21.0264.01001

4:54 Representative Bellew- Motion to amend

Representative Howe-Second

Further discussion

4:55 Voice Vote- Motion Carries

4:55 Representative Bellew-Move as amended

Representative Howe-Second

Roll Call Vote;

Representatives	Vote
Representative Jeff Delzer	Y
Representative Keith Kempenich	A
Representative Bert Anderson	Y
Representative Larry Bellew	Y
Representative Tracy Boe	Y
Representative Mike Brandenburg	Y
Representative Michael Howe	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative Corey Mock	A
Representative David Monson	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y
Representative Jim Schmidt	A
Representative Randy A. Schobinger	Y
Representative Michelle Strinden	Y
Representative Don Vigesaa	Y

Motion Carries 18-0-3

Representative Bellew- Will carry the bill

Additional written testimony: No Written Testimony

4:57 Chairman Delzer -Closes the meeting on HB 1005

Risa Berube,

House Appropriations Committee Clerk

DP 2/10/21
1st 2

21.0264.01001
Title.02000

Fiscal No. 1

Prepared by the Legislative Council staff for
the House Appropriations - Government
Operations Division Committee
February 9, 2021

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1005

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	\$1,383,141	\$46,649	\$1,429,790
Operating expenses	192,229	(46,806)	145,423
Coal severance payments	<u>171,000</u>	<u>(53,000)</u>	<u>118,000</u>
Total general fund	\$1,746,370	(\$53,157)	\$1,693,213
Full-time equivalent positions	7.00	0.00	7.00"

Page 1, after line 19, insert:

"SECTION 3. 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 one hundred ~~seventy-two~~ thousand ~~eighty-two~~ hundred ~~eighty-five~~ ~~forty-one~~ dollars through June 30, ~~2020~~2022, and one hundred ~~ten~~thirteen thousand ~~five~~nine hundred ~~eighty-two~~twenty-five dollars thereafter."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1005 - State Treasurer - House Action

	<u>Base Budget</u>	<u>House Changes</u>	<u>House Version</u>
Salaries and wages	\$1,383,141	\$46,649	\$1,429,790
Operating expenses	192,229	(46,806)	145,423
Coal severance payments	<u>171,000</u>	<u>(53,000)</u>	<u>118,000</u>
Total all funds	\$1,746,370	(\$53,157)	\$1,693,213
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
General fund	\$1,746,370	(\$53,157)	\$1,693,213
FTE	7.00	0.00	7.00

DR 2/10/21
2 of 2

Department 120 - State Treasurer - Detail of House Changes

	Adjusts Funding for Base Payroll Changes ¹	Adds Funding for Salary and Benefit Increases ²	Adjusts Funding for Operating Expenses ³	Decreases Funding for Coal Severance Payments ⁴	Total House Changes
Salaries and wages	\$13,259	\$33,390			\$46,649
Operating expenses			(\$46,806)		(46,806)
Coal severance payments				(\$53,000)	(53,000)
Total all funds	\$13,259	\$33,390	(\$46,806)	(\$53,000)	(\$53,157)
Less estimated income	0	0	0	0	0
General fund	\$13,259	\$33,390	(\$46,806)	(\$53,000)	(\$53,157)
FTE	0.00	0.00	0.00	0.00	0.00

¹ Funding is adjusted for base payroll changes.

² The following funding is added for 2021-23 biennium salary adjustments of 1.5 percent on July 1, 2021, and July 1, 2022, with a minimum monthly increase of \$100 and a maximum monthly increase of \$250, and increases in health insurance premiums from \$1,427 to \$1,429 per month:

<u>General Fund</u>	
Salary increase	\$33,048
Health insurance increase	<u>342</u>
Total	\$33,390

³ Funding for operating expenses is adjusted as follows:

<u>General Fund</u>	
Decreases funding primarily related to information technology costs	(\$47,577)
Increases funding for Microsoft Office 365 licensing expenses	<u>771</u>
Total	(\$46,806)

⁴ Funding is reduced for the estimated coal severance payments related to the allocation formula change in Section 4 of House Bill No. 1005 (2017) and anticipated coal production levels.

This amendment also adds a section to provide the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$110,582 to \$112,241 (1.5 percent) in fiscal year 2022 and to \$113,925 (1.5 percent) in fiscal year 2023.

REPORT OF STANDING COMMITTEE

HB 1005: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (18 YEAS, 0 NAYS, 3 ABSENT AND NOT VOTING). HB 1005 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:

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	\$1,383,141	\$46,649	\$1,429,790
Operating expenses	192,229	(46,806)	145,423
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Full-time equivalent positions	7.00	0.00	7.00"

Page 1, after line 19, insert:

"SECTION 3. 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 one hundred ~~seventy-two~~ thousand ~~eight~~^{two} hundred ~~eighty-five~~^{forty-one} dollars through June 30, ~~2020~~²⁰²², and one hundred ~~ten~~^{thirteen} thousand ~~five~~^{nine} hundred ~~eighty-two~~^{twenty-five} dollars thereafter."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1005 - State Treasurer - House Action

	Base Budget	House Changes	House Version
Salaries and wages	\$1,383,141	\$46,649	\$1,429,790
Operating expenses	192,229	(46,806)	145,423
Coal severance payments	171,000	(53,000)	118,000
Total all funds	\$1,746,370	(\$53,157)	\$1,693,213
Less estimated income	0	0	0
General fund	\$1,746,370	(\$53,157)	\$1,693,213
FTE	7.00	0.00	7.00

Department 120 - State Treasurer - Detail of House Changes

	Adjusts Funding for Base Payroll Changes ¹	Adds Funding for Salary and Benefit Increases ²	Adjusts Funding for Operating Expenses ³	Decreases Funding for Coal Severance Payments ⁴	Total House Changes
Salaries and wages	\$13,259	\$33,390			\$46,649
Operating expenses			(\$46,806)		(46,806)
Coal severance payments				(\$53,000)	(53,000)
Total all funds	\$13,259	\$33,390	(\$46,806)	(\$53,000)	(\$53,157)
Less estimated income	0	0	0	0	0
General fund	\$13,259	\$33,390	(\$46,806)	(\$53,000)	(\$53,157)
FTE	0.00	0.00	0.00	0.00	0.00

¹ Funding is adjusted for base payroll changes.

² The following funding is added for 2021-23 biennium salary adjustments of 1.5 percent on July 1, 2021, and July 1, 2022, with a minimum monthly increase of \$100 and a maximum monthly increase of \$250, and increases in health insurance premiums from \$1,427 to \$1,429 per month:

	<u>General Fund</u>
Salary increase	\$33,048
Health insurance increase	<u>342</u>
Total	\$33,390

³ Funding for operating expenses is adjusted as follows:

	<u>General Fund</u>
Decreases funding primarily related to information technology costs	(\$47,577)
Increases funding for Microsoft Office 365 licensing expenses	<u>771</u>
Total	(\$46,806)

⁴ Funding is reduced for the estimated coal severance payments related to the allocation formula change in Section 4 of House Bill No. 1005 (2017) and anticipated coal production levels.

This amendment also adds a section to provide the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$110,582 to \$112,241 (1.5 percent) in fiscal year 2022 and to \$113,925 (1.5 percent) in fiscal year 2023.

2021 SENATE APPROPRIATIONS

HB 1005

Department 120 - State Treasurer
House Bill No. 1005

Executive Budget Comparison to Prior Biennium Appropriations

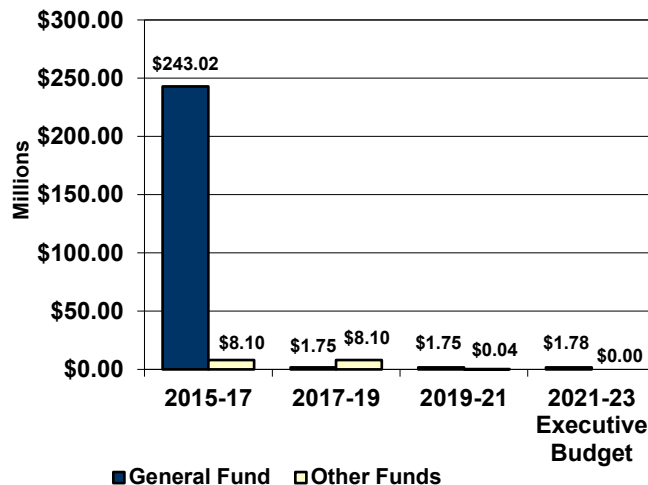
	FTE Positions	General Fund	Other Funds	Total
2021-23 Executive Budget	7.00	\$1,779,467	\$0	\$1,779,467
2019-21 Legislative Appropriations ¹	7.00	1,746,370	35,000	1,781,370
Increase (Decrease)	0.00	\$33,097	(\$35,000)	(\$1,903)

¹The 2019-21 biennium agency appropriation amounts have not been adjusted for additional federal Coronavirus (COVID-19) funds authority of \$122,757,062 for distributions to political subdivisions resulting from Emergency Commission action during the 2019-21 biennium.

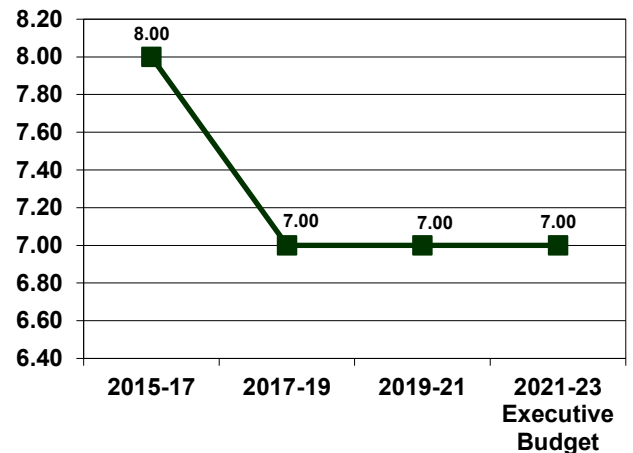
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2021-23 Executive Budget	\$1,779,467	\$0	\$1,779,467
2019-21 Legislative Appropriations	1,746,370	0	1,746,370
Increase (Decrease)	\$33,097	\$0	\$33,097

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2021-23 Executive Budget	\$1,779,467	\$0	\$1,779,467
2021-23 Base Level	1,746,370	0	1,746,370
Increase (Decrease)	\$33,097	\$0	\$33,097

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 \$35,066 is for salary increases, \$342 is for health insurance increases, and \$7,217 is for retirement increases. The House added funding for salary adjustments of 1.5 percent per year with a \$100 minimum and \$250 maximum monthly increase and increases in health insurance premiums from \$1,427 to \$1,429 per month. The House did not add funding for retirement contribution increases.	\$42,625	\$0	\$42,625

2. Decreases funding for operating expenses primarily related to information technology costs	(\$47,577)	\$0	(\$47,577)
3. Decreases funding for the estimated coal severance payments related to the allocation formula change in Section 4 of House Bill No. 1005 (2017)	(\$53,000)	\$0	(\$53,000)
4. Increases funding for Microsoft Office 365 licensing expenses	\$771	\$0	\$771
5. Adds funding for the Capitol complex rent proposal. The House did not add funding for the rent proposal.	\$77,019	\$0	\$77,019

Other Sections in House Bill No. 1014

Salary of State Treasurer - Section 3 provides the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$110,582 to \$112,241 (1.5 percent) effective July 1, 2021, and to \$113,925 (1.5 percent) effective July 1, 2022.

Significant Audit Findings

The operational audit for the State Treasurer's office conducted by the State Auditor's office during the 2019-20 interim identified no significant audit findings.

Major Related Legislation

House Bill No. 1211 - Authorizes the State Treasurer to invest the veteran's aid fund and veterans' postwar trust fund in the same manner as the funds invested by the State Investment Board.

State Treasurer - Budget No. 120
House Bill No. 1005
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	7.00	\$1,746,370	\$0	\$1,746,370	7.00	\$1,746,370	\$0	\$1,746,370
2021-23 Ongoing Funding Changes								
Base payroll changes		\$13,259		\$13,259		\$13,259		\$13,259
Salary increase		35,066		35,066		33,048		33,048
Retirement contribution increase		7,217		7,217				0
Health insurance increase		342		342		342		342
Decreases funding for operating expenses		(47,577)		(47,577)		(47,577)		(47,577)
Increases funding for Microsoft Office 365 licensing expenses		771		771		771		771
Adds funding for the Capitol complex rent proposal		77,019		77,019				0
Decreases funding for coal severance payments		(53,000)		(53,000)		(53,000)		(53,000)
Total ongoing funding changes	0.00	\$33,097	\$0	\$33,097	0.00	(\$53,157)	\$0	(\$53,157)
One-time funding items								
No one-time funding items				\$0				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	\$33,097	\$0	\$33,097	0.00	(\$53,157)	\$0	(\$53,157)
2021-23 Total Funding	7.00	\$1,779,467	\$0	\$1,779,467	7.00	\$1,693,213	\$0	\$1,693,213
<i>Total ongoing changes as a percentage of base level</i>	0.0%	1.9%		1.9%	0.0%	(3.0%)		(3.0%)
<i>Total changes as a percentage of base level</i>	0.0%	1.9%		1.9%	0.0%	(3.0%)		(3.0%)

Other Sections in State Treasurer - Budget No. 120

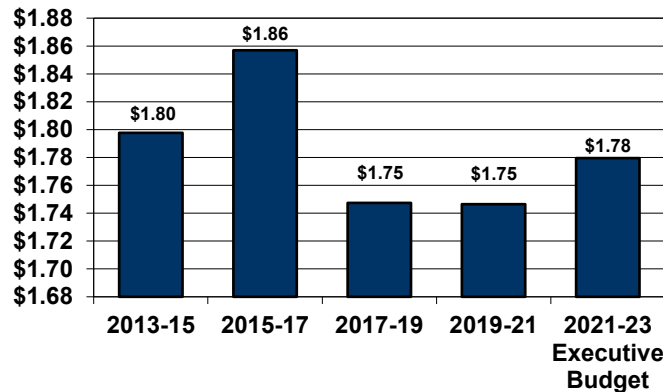
	Executive Budget Recommendation	House Version
Salary of State Treasurer	Section 2 would provide the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$110,582 to \$112,794 (2 percent) in fiscal year 2022 and to \$115,050 (2 percent) in fiscal year 2023.	Section 2 provides the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$110,582 to \$112,241 (1.5 percent) in fiscal year 2022 and to \$113,925 (1.5 percent) in fiscal year 2023.

Department 120 - State Treasurer

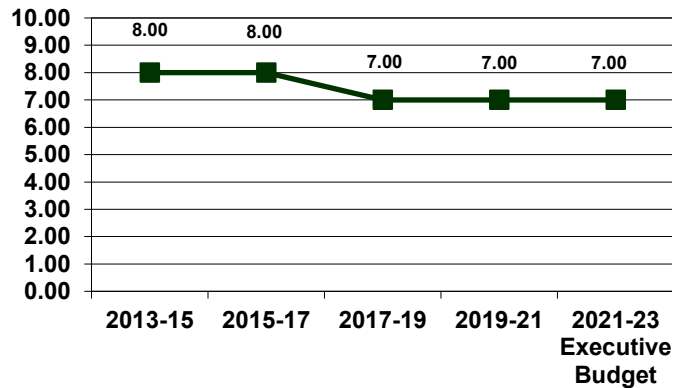
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2013-15

Agency Funding (in Millions)



FTE Positions



Ongoing General Fund Appropriations					
	2013-15	2015-17	2017-19	2019-21	2021-23 Executive Budget
Ongoing general fund appropriations	\$1,797,631	\$1,856,899	\$1,747,399	\$1,746,370	\$1,779,467
Increase (decrease) from previous biennium	N/A	\$59,268	(\$109,500)	(\$1,029)	\$33,097
Percentage increase (decrease) from previous biennium	N/A	3.3%	(5.9%)	(0.1%)	1.9%
Cumulative percentage increase (decrease) from 2013-15 biennium	N/A	3.3%	(2.8%)	(2.9%)	(1.0%)

Major Increases (Decreases) in Ongoing General Fund Appropriations

2015-17 Biennium

1. Added funding for information technology costs, including desktop support services \$101,658
2. Decreased 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. Decreased funding for coal severance shortfall payments (\$48,952)

2019-21 Biennium

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

2021-23 Biennium (Executive Budget Recommendation)

1. Decreases funding for operating expenses primarily related to information technology costs (\$47,577)
2. Decreases funding for the estimated coal severance payments related to the completion of the allocation formula change in Section 4 of House Bill No. 1005 (2017) (\$53,000)
3. Adds funding for the Capitol complex rent proposal. **The House did not add funding for the rent proposal.** \$77,019

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, 2021, and ending June 30, 2023, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$1,383,141	\$55,884	\$1,439,025
Operating Expenses	192,229	30,213	222,442
Coal Severance Payments	<u>171,000</u>	<u>(53,000)</u>	<u>118,000</u>
Total General Fund	\$1,746,370	\$33,097	\$1,779,467
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 ~~one hundred seven thousand eight hundred eighty-five dollars through June 30, 2020, and one hundred ten thousand five hundred eighty-two dollars~~ one hundred twelve thousand seven hundred ninety-four dollars through June 30, 2022 and one hundred fifteen thousand fifty dollars thereafter.

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

HB 1005
3/3/2021
Senate Appropriations Committee

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

Senator Holmberg opened the hearing at 10:14 a.m.

Senators present: **Holmberg, Krebsbach, Wanzek, Bekkedahl, Poolman, Erbele, Dever, Oehlke, Rust, Davison, Hogue, Sorvaag, Mathern, and Heckaman.**

Discussion Topics:

- Cash Flow
- Agency Challenges/Accomplishments
- General Fund
- Legacy Fund

Thomas Beadle, State Treasurer, testified in favor and submitted testimony #7212.

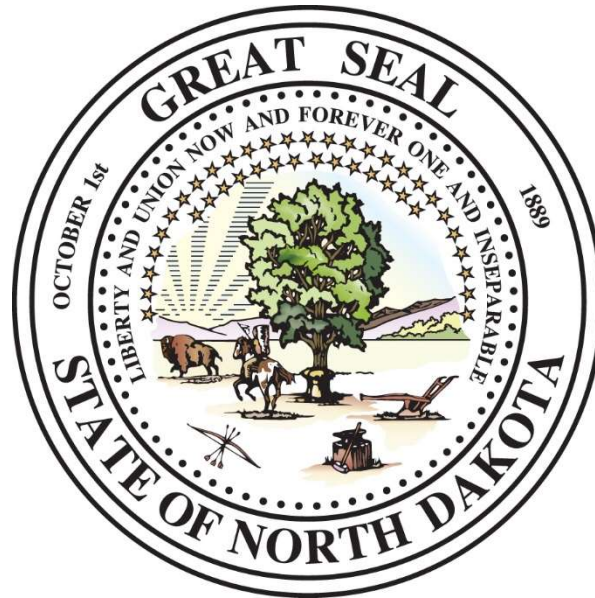
Ryan Skor, Director of Finance, Office of State Treasurer, continued on testimony #7212.

Senator Holmberg appoints **Senator Rust, Senator Dever, and Senator Bekkedahl** to the sub-committee.

Senator Holmberg closed the hearing at 10:49 a.m.

Skyler Strand, Committee Clerk

2021-2023
Office of State Treasurer
Budget Presentation
House Bill 1005



Thomas Beadle, State Treasurer
Ryan K. Skor, Director of Finance

Presented to:

Senate Appropriations
Senator Ray Holmberg, Chairman
Senator Karen Krebsbach, Vice-Chair
Senator Terry Wanzek, Vice-Chair

March 3, 2021

OVERVIEW

Article V, Section 2, of the North Dakota Constitution created the Office of State Treasurer and provides that the powers and duties of the state treasurer shall be prescribed by law. Chapter 54-11 of the North Dakota Century Code prescribes the powers, duties, and responsibilities of the state treasurer. The mission of the Office of State Treasurer is *“to fulfill our constitutional and statutory responsibilities, to assure sound financial oversight and transparency of all public funds, and to promote prudent practices in government.”*

We have five 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 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 operating fund account. Our agency reconciles daily in three primary areas: our accounts held 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 numerous special funds, including state agriculture commodity groups and the Veterans Postwar Trust.
4. **Revenue Collection** – The State Treasurer is responsible for the collection of various revenues from political subdivisions. Revenues include, but are not limited to, the Assessed Communications Services Fee, Civil Filing Fees, Criminal Administration Fees, Indigent Defense Administrative Fund, Medical Center Levy, Domestic Violence Prevention Fund, and numerous other district court costs.
5. **Revenue Distribution** – The State Treasurer is in charge of disbursing over 30 tax distributions to political subdivisions. The office’s web-based, Tax Distribution and Outstanding Checks (TDOC) system, pulls data from a variety of sources, which streamlines our distributions and ensures greater accuracy, transparency, and efficiency.

Revenue distributions assigned to the Office of State Treasurer for distribution to political subdivisions include:

Airline	Disabled Veterans Homestead Tax Credit	Oil Extraction Tax - Tribal
City Cigarette Tax	Electric Generation Transmission	Prepaid Wireless E-911 Fee
City Motor Vehicle Rental Tax	Flood Control	Senior Mill Levy
City Occupancy Tax	Forest Service	Special Highway
City Restaurant/Lodging Tax	Highway Tax Distribution Fund	Special Township Road
City & County Sales Tax	Homestead Tax Credit	State Aid
Coal Conversion Tax	Medical Center Levy	Taylor Grazing
Coal Conversion Shortfall	Mineral Management	Telecommunication Carriers
Coal Severance Tax	Motorboat	Township Road & Bridge Fund
Coal Severance Shortfall - Tipple Share Reimbursement	Municipal Infrastructure	Tribal Cigarette Tax
Coronavirus Relief Funds	New Jobs Program	Tribal Highway Fund
County & Township Infrastructure	Oil and Gas Gross Production Tax	Tribal Sales Tax

The Office of State Treasurer provides analysis, data, and education of various tax distributions and state laws to legislators, employees of other state agencies, officials and employees of local political subdivisions, and the general public.

BOARDS

In addition to the responsibilities of the office, as required by statute or Constitution, the State Treasurer serves 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.

FINANCIAL AUDIT FINDINGS

Our agency performs all our responsibilities with tremendous pride and accuracy, and we have consistently received a “clean” audit since 2009. Our most recent audit was completed in January of 2020 for the biennium ended June of 2019, with no findings.

AGENCY ACCOMPLISHMENTS

- **Tax Distributions** – Updated our Tax Distribution Outstanding Checks (TDOC) system to accommodate the legislative changes made to the Oil and Gas Gross Production Tax distribution and smaller changes made to other tax distributions.
- **“Prairie Dog” Funds** – Created and tested the required processes and systems to distribute the newly created “Prairie Dog” funds. Also developed the system needed to accept, compile, and report the required information filings of each recipient political subdivision.

- **Website** – Completed the conversion of our agency website to the state’s website platform to give added flexibility in maintaining the website as well as allow further enhancements to be implemented more cost-effectively and timely. We also added additional dashboards to provide more visual and intuitive data regarding our tax distributions, Legacy Fund deposits, and our operating fund balances.
- **Process Updates** – Updated all office processes to allow for efficient and effective remote work which provides added flexibility to our team and increases efficiency and effectiveness of the whole office.

AGENCY CHALLENGES

- **IT Costs** – One of the major challenges we face relates to our day-to-day IT costs. As I will spell out further during this overview, a large portion of our requested on-going operating expenses are directly related to data processing, communications, and desktop support services provided by ITD. We continue to receive excellent service from ITD, but we want to make you aware that a reduction in our operating expense budget is not possible without a reduction in amounts paid to ITD.

Throughout session, we will continue to monitor bills that will affect our agency and analyze the potential IT costs which may be associated with implementing a formula change or new distribution. We will keep a watchful eye to ensure we are not absorbing hard IT costs into our existing budget projections.

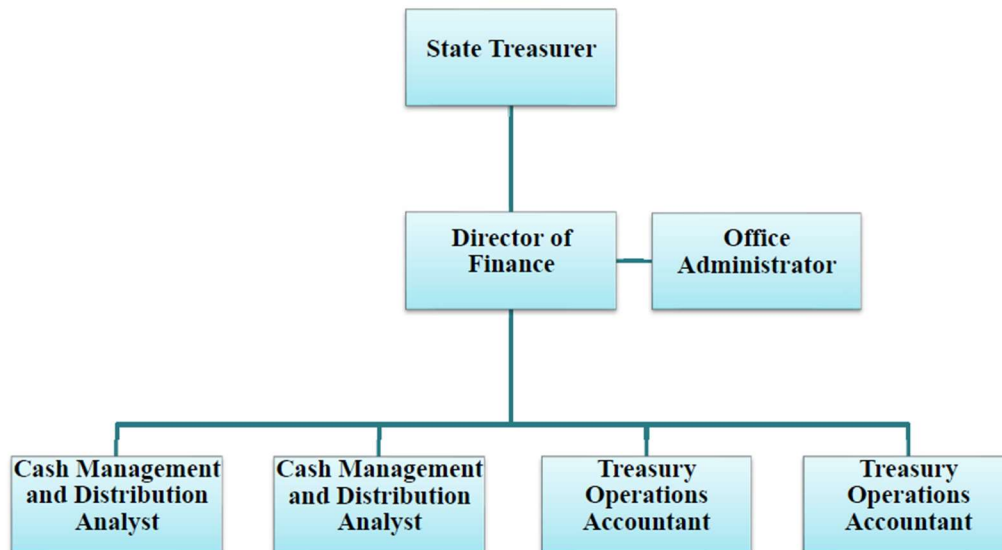
2021-2023 BUDGET

As with prior biennia, the Office of State Treasurer’s budget consists of two major items – salaries and information technology fees. Nearly ninety-eight percent (98%) of our biennium to-date expenditures have fallen into one of those two categories. Our office relies heavily on our people and on the technology needed to help them do their jobs efficiently and effectively.

Salaries and wages:

Our agency consists of seven full time employees, including the Treasurer. 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 and complexity of everything we do in our office, we are very fortunate to have an excellent team we have been able to retain.

OFFICE OF STATE TREASURER ORGANIZATIONAL CHART



With the duties required of our office, this level of staffing is vitally important not only to be able to perform these duties, but also to provide the essential checks and balances so that one person is not 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.

Operating expenses:

Our operating expenses consist mainly of amounts paid for data processing and other services provided by ITD. To-date in the current biennium, nearly 85% of our operating expenses have consisted of data processing, desktop support, and telecommunication service charges from ITD. Our office has always been heavily reliant on this technology and the events of the past year have only expanded upon this fact. Our push to advance the automation of several processes was expedited during the Covid-19 pandemic. As previously mentioned, we were able to modify and update a significant number of our processes which has allowed for efficient and effective remote work which provides added flexibility to our team and increases efficiency and effectiveness of the whole office.

Coal Severance Shortfall:

As a separate line in our budget, NDCC 57-62-02(5) requires the Office of State Treasurer to include in our biennial budget request funds for the purpose of reimbursing coal-producing counties for 30% of coal severance tax funds paid to non-coal-producing counties from coal-producing counties.

The 2019-21 amount was set at \$171,000. During the 2017 session, the statute pertaining to this payment was modified to reduce the annual amount paid. This phased-in change in statute

is now fully implemented. Because of this, the total needed to pay the statutorily mandated amounts will be reduced significantly. We included a reduction of \$53,000 as part of our budget request.

2019-2021 ONE-TIME FUNDING ITEMS

As part of our 2019-2021 budget, we were appropriated \$35,000 in one-time funding from the Strategic Investment and Improvements Fund for IT costs related to the statutory requirements added as part of House Bill 1066 (Operation Prairie Dog). This legislation made a number of changes to the oil and gas gross production tax distribution formula. It also created two new distribution formulas for our office to facilitate. Coinciding with these new distributions are reporting requirements which require us to accept and compile the reported information and publish this information to our website for review by the general public.

To date, the Office of State Treasurer has developed the processes necessary to perform the new distributions as required and made the first required distribution to non-oil cities with populations of 1,000 or greater in December of 2020. We have also worked directly with ITD to develop the reporting and publishing platforms required. Enhancements have been made to allow for electronic submission of required political subdivision reports available to the public on our website. We are in the final stages of pushing each of these platforms into production.

2021-2023 ONE-TIME FUNDING REQUESTS

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 67th Legislative Assembly in respect to distributions or other activities performed by our office. Substantive 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.

AGENCY COLLECTIONS

Our office is responsible for the collection of various revenues from political subdivisions throughout the state. Mainly court fines and fees collected by the County Clerks of Court and Assessed Communication fees and Medical Center Levy tax revenues collected by County Auditors. Of these, a significant number are deposited directly into the general fund while others are deposited into special funds. Due to the nature of these collections, we do not anticipate any significant changes in revenue amounts for the coming biennium.

PROPOSED BUDGET CHANGES TO MEET THE EXECUTIVE RECOMMENDATION

The Office of State Treasurer has continually sought to find efficiencies to keep its operating budget as lean as possible. Outside of salaries and benefits, over 70% of the OST's 2019-2021 operating expense budget is made up of amounts 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 significant reduction in ITD expenditures.

In analyzing our overall IT budget, we do anticipate realizing some savings by having our website hosted on the state's web platform. This conversion was fully completed during the 2019-2021 biennium. However, further looking at the desktop support area, with the new rate structure released by ITD and our switch to laptops to facilitate more efficient remote work, we do anticipate an increase in expenses in this area. To offset this increase and, as an attempt to realize some additional savings, we are reducing the IT dollars we have set aside to pay for emergency and one-time issues that may arise within our distribution system. These combined changes make up the IT-data processing reduction shown in our base budget reduction change package.

In addition to the IT reductions outlined above, we have also included significant reductions in our travel and dues and professional development line items. With the new focus on the ability to work remotely, the need for significant amounts of travel has been greatly reduced. We also began utilizing an online training platform that will reduce the overall amounts spent on professional development significantly.

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

Furthermore, in addition to our salaries, benefits, and normal operating expenses, the OST's general fund appropriation includes the Coal Severance Shortfall, which are payments made to coal-producing counties. This is estimated each biennium and included in our agency budget. The 2019-21 amount was set at \$171,000. During the 2017 session, the statute pertaining to this payment was modified to reduce the annual amount paid. This phased-in change in statute is now fully implemented which will cause the amount needed to pay the statutorily mandated amounts to be reduced significantly. As such, we have included a reduction of \$53,000 as part of our base budget reduction change package.

AGENCY REQUEST VS. EXECUTIVE BUDGET

The final executive recommended budget for the Office of State Treasurer includes all the adjustments we outlined above. It also includes their proposed salary and benefit package changes along with a small addition related to the change in ITD's Microsoft licensing structure. In addition, it includes a \$77,019 increase in general fund appropriations for a proposed rent model change. As a general fund agency, we have never been charged rent for the office space we occupy at the capitol and this would represent a significant increase in our operating budget.

HOUSE CHANGES TO BASE BUDGET

The adjustments made by the House to our budget included the proposed executive budget reductions to our operating expenses as well as the coal severance shortfall reductions. They also added amounts related to the Microsoft licensing as well as their recommended pay package increases.

Although there was significant discussion, the House did not include any additions to the executive recommendation in respect to the dues and professional development line items that were reduced significantly to meet the 5% base budget reduction. Without an additional appropriation for professional development, there will not be funds available to pay for the Treasurer to continue being a member of the National Association of State Treasurers.

CORONAVIRUS (COVID-19) FEDERAL FUNDING

The Office of State Treasurer was appropriated \$122,757,062.75 of Federal Coronavirus Relief Fund (CRF) authority to distribute to political subdivisions across the state. Payments were made to cities, counties, park districts, ambulance districts, soil conservation districts, and water authorities. Payments were made to political subdivisions as reimbursement for COVID-19 related expenditures and, most notably, for the reimbursement of law enforcement expenditures of cities and counties.

Through February 2021, our office had expended all of this appropriation.

2019-2021 EXPENDITURES AND ESTIMATED TURNBACK

Line Item Description	2019-2021 Appropriation	Expended Through 1/31/21	2019-2021 Remaining Appropriation	Expected Expenditures through 6/30/21	2019-2021 Estimated Turnback	
Salaries and Wages	\$ 1,383,141.00	(1,080,752.91)	302,388.09	(295,515.05)	\$ 6,873.04	
Normal Operating Expenses	192,229.00	(97,802.44)	94,426.56	(56,517.52)	37,909.04	1
Coal Severance Shortfall	171,000.00	(115,785.74)	55,214.26	-	55,214.26	2
CARES Act Funding	122,757,062.75	(120,298,207.34)	2,458,855.41	(2,458,855.41)	-	3
One-Time Funding:						
IT Project	35,000.00	(16,360.59)	18,639.41	(10,000.00)	8,639.41	4
IT Project C/O	20,000.00	(15,752.26)	4,247.74	-	4,247.74	5
Total For Department	\$ 124,558,432.75	(121,624,661.28)	2,933,771.47	(2,820,887.98)	\$ 112,883.49	

NOTES:

- Operating expense turnback will be mostly due to IT savings, limited travel opportunities, a reduction in dues paid, and other miscellaneous operating savings.
- The General Fund appropriation for Coal Severance Shortfall (NDCC 57-62-02(5)) is estimated for each biennium. During the 2017 session, the statute pertaining to this payment was modified to reduce the annual amount paid. This phased-in change in statute is now fully implemented, resulting in this estimated turnback for the 2019-2021 biennium.
- The Office of State Treasurer was allocated CRF funds to further distribute to political subdivisions across the state. The majority of the funds were used to reimburse law enforcement expenditures for March through December 2020.
- Our office was allocated one-time funding to complete IT enhancements related to the newly implemented Prairie Dog distributions. Enhancements were made to allow for electronic submission of required political subdivision reports as well as the ability for the Office of State Treasurer to make these reports available to the public on our website.
- We requested carryover authority from our 2017-2019 biennium budget to complete the software rewrites initiated in response to the oil and gas distribution changes passed during the 2019 Legislative Session (HBs 1014 & 1066; SBs 2016, 2249, 2312 & 2362). All required changes were completed early in the biennium.

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1005
3/23/2021
State Treasurer sub-committee

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

Senator Rust opened the hearing at 11:01 AM

Senators present: **Rust, Dever; Senator Bekkedahl** was absent

Discussion Topics:

- National dues
- Wages and Salaries

Senator Rust presented amendment [LC 21.0246.02001] - testimony #10541.

Adam Mathiak, Legislative Council, presented testimony #10544.

Thomas Beadle, State Treasurer – testified in favor.

Ryan Skor, Director of Finance – Office of State Treasurer – testified in favor.

Senator Dever moved adoption of amendment LC 21.0246.02001.

Senator Rust second.

Senator Rust - Y

Senator Dever –Y

Senator Bekkedahl – Y (previously discussed the amendment with the committee and gave approval.)

Roll Call vote 3-0-0

Motion passed.

HB 1005 will be presented before the whole Senate Appropriations Committee.

Senator Rust closed the hearing at 11:11 AM.

Rose Laning, Committee Clerk

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1005

Page 1, replace lines 12 through 15 with:

"Salaries and wages	\$1,383,141	\$47,354	\$1,430,495
Operating expenses	192,229	(34,806)	157,423
Coal severance payments	<u>171,000</u>	<u>(53,000)</u>	<u>118,000</u>
Total general fund	\$1,746,370	(\$40,452)	\$1,705,918"

Page 2, line 3, replace "thirteen" with "fourteen"

Page 2, line 4, replace "nine" with "four"

Page 2, line 4, replace "twenty-five" with "eighty-six"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1005 - State Treasurer - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$1,383,141	\$1,429,790	\$705	\$1,430,495
Operating expenses	192,229	145,423	12,000	157,423
Coal severance payments	<u>171,000</u>	<u>118,000</u>		<u>118,000</u>
Total all funds	\$1,746,370	\$1,693,213	\$12,705	\$1,705,918
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General fund	\$1,746,370	\$1,693,213	\$12,705	\$1,705,918
FTE	7.00	7.00	0.00	7.00

Department 120 - State Treasurer - Detail of Senate Changes

	Adjusts Funding for Salary Increases ¹	Adds Funding for Membership Dues ²	Total Senate Changes
Salaries and wages	\$705		\$705
Operating expenses		\$12,000	12,000
Coal severance payments			
Total all funds	\$705	\$12,000	\$12,705
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
General fund	\$705	\$12,000	\$12,705
FTE	0.00	0.00	0.00

¹ Funding is adjusted to provide for employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100, and an increase of 2 percent on July 1, 2022. The House provided funding for salary increases of 1.5 percent on July 1, 2021, and July 1, 2022, with a minimum monthly increase of \$100 and a maximum monthly increase of \$250.

² Funding of \$12,000 is added for membership dues, which were removed to meet the budget reduction guidelines. The House did not add funding for membership dues.

This amendment also provides the statutory changes to increase the State Treasurer's salary. The State Treasurer's annual salary is increased from the current level of \$110,582 to \$112,241, effective July 1, 2021, and to \$114,486,

effective July 1, 2022, to reflect the 1.5 percent and 2 percent salary increase respectively. The House provided for a 1.5 percent annual salary increase.

21.0264.02001
Title.
Fiscal No. 1

Prepared by the Legislative Council staff for
Senator Rust
March 23, 2021

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1005

Page 1, replace lines 12 through 15 with:

"Salaries and wages	\$1,383,141	\$47,354	\$1,430,495
Operating expenses	192,229	(34,806)	157,423
Coal severance payments	171,000	(53,000)	118,000
Total general fund	\$1,746,370	(\$40,452)	\$1,705,918"

Page 2, line 3, replace "thirteen" with "fourteen"

Page 2, line 4, replace "nine" with "four"

Page 2, line 4, replace "twenty-five" with "eighty-six"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1005 - State Treasurer - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$1,383,141	\$1,429,790	\$705	\$1,430,495
Operating expenses	192,229	145,423	12,000	157,423
Coal severance payments	171,000	118,000		118,000
Total all funds	\$1,746,370	\$1,693,213	\$12,705	\$1,705,918
Less estimated income	0	0	0	0
General fund	\$1,746,370	\$1,693,213	\$12,705	\$1,705,918
FTE	7.00	7.00	0.00	7.00

Department 120 - State Treasurer - Detail of Senate Changes

	Adjusts Funding for Salary Increases ¹	Adds Funding for Membership Dues ²	Total Senate Changes
Salaries and wages	\$705		\$705
Operating expenses		\$12,000	12,000
Coal severance payments			
Total all funds	\$705	\$12,000	\$12,705
Less estimated income	0	0	0
General fund	\$705	\$12,000	\$12,705
FTE	0.00	0.00	0.00

¹ Funding is adjusted to provide for employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100, and an increase of 2 percent on July 1, 2022. The House provided funding for salary increases of 1.5 percent on July 1, 2021, and July 1, 2022, with a minimum monthly increase of \$100 and a maximum monthly increase of \$250.

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State Treasurer - Budget No. 120
House Bill No. 1005
Base Level Funding Changes

	House Version				Senate Version				Senate Changes to House Version Increase (Decrease) - House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	7.00	\$1,746,370	\$0	\$1,746,370	7.00	\$1,746,370	\$0	\$1,746,370	0.00	\$0	\$0	\$0
2021-23 Ongoing Funding Changes												
Base payroll changes		\$13,259		\$13,259		\$13,259		\$13,259				\$0
Salary increase		33,048		33,048		33,753		33,753		\$705		705
Health insurance increase		342		342		342		342				0
Decreases funding for operating expenses		(47,577)		(47,577)		(47,577)		(47,577)				0
Increases funding for Microsoft Office 365 licensing expenses		771		771		771		771				0
Adds funding for membership dues				0		12,000		12,000		12,000		12,000
Decreases funding for coal severance payments		(53,000)		(53,000)		(53,000)		(53,000)				0
Total ongoing funding changes	0.00	(\$53,157)	\$0	(\$53,157)	0.00	(\$40,452)	\$0	(\$40,452)	0.00	\$12,705	\$0	\$12,705
One-time funding items												
No one-time funding items				\$0				\$0				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	(\$53,157)	\$0	(\$53,157)	0.00	(\$40,452)	\$0	(\$40,452)	0.00	\$12,705	\$0	\$12,705
2021-23 Total Funding	7.00	\$1,693,213	\$0	\$1,693,213	7.00	\$1,705,918	\$0	\$1,705,918	0.00	\$12,705	\$0	\$12,705
Total ongoing changes as a percentage of base level	0.0%	(3.0%)		(3.0%)	0.0%	(2.3%)		(2.3%)				
Total changes as a percentage of base level	0.0%	(3.0%)		(3.0%)	0.0%	(2.3%)		(2.3%)				

Other Sections in State Treasurer - Budget No. 120

	House Version	Senate Version
Salary of State Treasurer	Section 2 provides the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$110,582 to \$112,241 (1.5 percent) in fiscal year 2022 and to \$113,925 (1.5 percent) in fiscal year 2023.	Section 2 provides the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$110,582 to \$112,241 (1.5 percent) in fiscal year 2022 and to \$114,486 (2 percent) in fiscal year 2023.

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1005
3/23/2021
Senate Appropriations Committee

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

Senator Wanzek opened the hearing at 3:24 PM.

Senators present: **Holmberg, Krebsbach, Wanzek, Poolman, Erbele, Dever, Oehlke, Rust, Davison, Hogue, Sorvaag, Mathern, and Heckaman.** **Senator Bekkedahl** was absent.

Senator Rust moved adoption of amendment [LC 21.0264.02001] – testimony # 10541.
Senator Poolman seconded the motion.

Senators		Senators	
<i>Senator Holmberg</i>	Y	<i>Senator Hogue</i>	Y
<i>Senator Krebsbach</i>	Y	<i>Senator Oehlke</i>	Y
<i>Senator Wanzek</i>	Y	<i>Senator Poolman</i>	Y
<i>Senator Bekkedahl</i>	A	<i>Senator Rust</i>	Y
<i>Senator Davison</i>	Y	<i>Senator Sorvaag</i>	Y
<i>Senator Dever</i>	Y	<i>Senator Heckaman</i>	Y
<i>Senator Erbele</i>	Y	<i>Senator Mathern</i>	Y

Roll call vote 13-0-1. Motion passed.

Senator Rust moved Do Pass as Amended on HB 1005
Senator Oehlke seconded the motion.

Senators		Senators	
<i>Senator Holmberg</i>	Y	<i>Senator Hogue</i>	Y
<i>Senator Krebsbach</i>	Y	<i>Senator Oehlke</i>	Y
<i>Senator Wanzek</i>	Y	<i>Senator Poolman</i>	Y
<i>Senator Bekkedahl</i>	A	<i>Senator Rust</i>	Y
<i>Senator Davison</i>	Y	<i>Senator Sorvaag</i>	Y
<i>Senator Dever</i>	Y	<i>Senator Heckaman</i>	Y
<i>Senator Erbele</i>	Y	<i>Senator Mathern</i>	Y

Roll Call vote 13-0-1. Motion passed.

Senator Rust will carry the bill.

Senator Wanzek closed the hearing at 3:27 PM.

Rose Laning, Committee Clerk

March 23, 2021

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Page 2, line 4, replace "nine" with "four"

Page 2, line 4, replace "twenty-five" with "eighty-six"

Renumber accordingly

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House Bill No. 1005 - State Treasurer - Senate Action

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Department 120 - State Treasurer - Detail of Senate Changes

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SL
1002
OK

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REPORT OF STANDING COMMITTEE

HB 1005, as engrossed: 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). Engrossed HB 1005 was placed on the Sixth order on the calendar.

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