

Third Day of Legislative Organizational Session

JOURNAL OF THE HOUSE

Fifty-fifth Legislative Assembly

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Bismarck, December 5, 1996

The House convened at 9:00 a.m., with Speaker Timm presiding.

The prayer was offered by the Rev. Mark Phillips, Good Shepherd United Methodist Church, Mandan, ND.

The roll was called and all members were present except Representatives Axtman, Freier, Grande, Renner, and Skarphol.

A quorum was declared by the Speaker.

MOTION

REP. DORSO MOVED that the House stand in recess until 9:30 a.m., which motion prevailed.

THE HOUSE RECONVENED pursuant to recess taken, with Speaker Timm presiding.

REPORT OF PROCEDURAL COMMITTEE

MR. SPEAKER: Your procedural **Rules Committee (Rep. Dorso, Chairman)** has met and recommends that the House and the Joint Rules of the Fifty-fourth Legislative Assembly, as adopted on Thursday, December 8, 1994, and published in the 1995 Senate and House Rules and Committees book, with the following new rules and amendments, be adopted as the permanent rules of the House for the Fifty-fifth Legislative Assembly, and that the reading of this report be dispensed with:

SECTION 1. AMENDMENT. House Rule 201 is amended as follows:

201. DUTIES OF SPEAKER. The Speaker shall:

1. Preside over the House. The Speaker is charged with all the powers and duties pertaining to the position of presiding officer.
2. Preserve order and decorum. In case of disorderly conduct or disturbance in the galleries or the corridors, the Speaker or the chairman of the Committee of the Whole may order the galleries or corridors to be cleared.
3. ~~Appoint all House committees, except when otherwise provided by vote of the House.~~
4. Sign all acts, addresses, resolutions, writs, warrants, and subpoenas of or issued by order of the House and, while the Legislative Assembly is in session, all vouchers for payment of money out of the appropriation for the Legislative Assembly.

SECTION 2. AMENDMENT. Subsection 2 of House Rule 204 is amended as follows:

2. ~~Before 9:00 a.m. of the next legislative day, the~~ The printer shall deliver to the Chief Clerk copies of the House journal by the time, in the number and style, and on the grade of paper, as may be determined by the Legislative Council. The Chief Clerk shall cause a copy of the House journal to be placed immediately on the desk of each member.

SECTION 3. AMENDMENT. House Rule 206 is amended as follows:

206. OFFICERS AND EMPLOYEE POSITIONS OF THE HOUSE. The following officers and employee positions are established, with the number, title, and manner of selection for each position as stated:

Title of Position	Group A	Number of Positions
Chief Clerk		1
Desk Reporter		1
Sergeant-at-Arms		1

Persons holding Group A positions must be elected by a majority of the members-elect and the vote must be recorded in the journal.

Group B

Assistant Chief Clerk	1
Chief Committee Clerk	1
Appropriations Committee Clerk	1
Bill Clerk	1
Calendar Clerk	1
Assistant Appropriations Committee Clerks	3
Committee Clerks	9
Chief Page and Bill Book Clerk	1
Assistant Committee Clerks	2
<u>Legislative Assistant/Deputy Sergeant-at-Arms</u>	<u>1</u>
<u>Legislative Assistant/Information Kiosk Attendant</u>	<u>1</u>
<u>Legislative Assistant/Desk Page</u>	<u>1</u>

Persons holding Group B positions must be appointed by the party having a majority of the members-elect, acting by and through the Employment Committee.

Group C

Secretary to the Speaker	1
Secretary to Majority Leader	1
Staff Assistants to Majority Leader	2
Secretary to Minority Leader	1
Staff Assistants to Minority Leader	2

The Speaker and the Majority and Minority Leaders shall appoint their respective secretaries and staff assistants, acting by and through the Employment Committee.

Other employees must be appointed as determined necessary by the Employment Committee and must be allocated to the majority and minority parties in proportion to each party's percentage of the total number of the members-elect and each party shall appoint the persons to the positions allocated to them, acting by and through the Employment Committee. The majority party has the first right to select positions of a group until its allocation is filled.

The powers, duties, and qualifications for each officer or employee are as provided by law, these rules, and the Legislative Handbook for North Dakota Legislators and Employees.

SECTION 4. AMENDMENT. House Rule 301 is amended as follows:

301. ORDER OF BUSINESS. The order of business is as follows:

1. Prayer by the Chaplain.
2. Calling the Roll.
3. Reference to the Journal.
4. Presentation of Petitions and Communications, and Questions of Personal Privilege.
5. Reports of Standing Committees.
6. Consideration of Amendments.
7. Reports of Select Committees, Procedural Committees, and Certain Divided Committee Reports.

8. Motions and Resolutions.
9. First Reading of House Bills and Resolutions.
10. Consideration of Amendments, Bills, and Resolutions on Consent Calendar.
11. Second Reading of House Bills and Resolutions.
12. Consideration of Messages from the Senate.
13. First Reading of Senate Bills and Resolutions.
14. Second Reading of Same.
15. Unfinished Business.
16. Signing of Bills and Resolutions.
17. Announcements.

SECTION 5. AMENDMENT. House Rule 318 is amended as follows:

318. VOTES REQUIRED FOR CERTAIN QUESTIONS.

1. The following questions require a majority vote of the members of the House present and voting:
 - a. Action, other than referrals or rereferrals to the Appropriations Committee on certain measures, as authorized in House Rule 329.
 - b. Order to a chairman to report a measure back from committee, as provided in House Rule 508.
 - c. Adoption of amendments, as provided in House Rule 601.
 - d. Reconsideration of the adoption of an amendment, as provided in House Rule 346.
 - e. Adoption of propositions of a divided question if the division would require a majority vote of the members present, as provided in House Rule 319.
 - f. Adoption of conference committee reports, as provided in House Rule 605.
 - g. To return a measure requested by the Senate before action, as provided in Joint Rule 204.
 - h. To have the Speaker refuse to sign any bill the Senate refuses to return, as provided in House Rule 348.
 - ~~h.~~ i. To request preparation of a fiscal note, as provided in Joint Rule 501.
 - j. Any question for which another vote is not required by the Constitution or another rule.
2. The following questions require a majority vote of the members-elect of the House:
 - a. Passage of bills, as provided in Section 13, Article IV, of the Constitution and House Rule 338.
 - b. Passage of proposed amendments to the Constitution of North Dakota, as provided in Section 16, Article IV, of the Constitution.
 - c. Ratification of amendments to the Constitution of the United States, as provided in House Rule 338.
 - d. To recede before a conference in a case where a majority governs, as provided in Joint Rule 202.
 - e. To constitute a quorum, as provided in House Rule 103.

- e- f. Election of certain House employees, as provided in House Rule 206.
 - f- g. Suspension of further proceedings under a call of the House, as provided in House Rule 303.
 - g- h. Adoption of propositions of a divided question if the division would require a majority vote of the members-elect, as provided in House Rule 319.
 - h- i. Reconsideration of questions other than adoption of amendments if before the end of the next legislative day, as provided in House Rule 346.
 - i- j. Adoption of a clincher motion, as provided in House Rule 347.
3. The following questions require a two-thirds vote of the members of the House present and voting, which two-thirds may, in no event, constitute fewer than a majority of the members-elect of the House:
- a. Introduction of ~~bill~~ measures after deadline, as provided in House Rule 402.
 - b. Return of measures to other house after action taken, as provided in Joint Rule 204.
 - c. Previous question.
4. The following questions require a two-thirds vote of the members-elect of the House:
- a. Initiated and referred measures amended or repealed within seven years after enactment or approval, as provided in Section 8, Article III, of the Constitution and House Rule ~~348~~ 338.
 - b. Emergency clauses, as provided in Section 13, Article IV, of the Constitution.
 - c. Vetoed measures, reconsideration, as provided in Section 9, Article V, of the Constitution.
 - d. Adoption of propositions of a divided question if the division would require a two-thirds vote of the members-elect, as provided in House Rule 319.
 - e. To recede before a conference in a case where two-thirds governs, as provided in Joint Rule 202.
 - f. Second reading same day as report, as provided in House Rule 336.
 - f- g. Reconsideration after the next legislative day ~~or after a previous motion to reconsider~~, as provided in House Rule 346.
 - g- h. Reconsideration after a clincher motion, as provided in House Rule 347.
 - h- i. Suspension of requirement that copies of amendments be distributed before acted on, as provided in House Rule 601.
 - i- j. Suspension of the rules, as provided in House Rule 324.
 - j- k. Amendment, reconsideration, or suspension of a joint rule, as provided in Joint Rule 105.
5. The following questions require the unanimous consent of the members of the House:
- a. Suspension of the rules and passage of a bill neither printed nor heard by a committee, as provided in House Rule 324.
 - b. Reconsideration or suspension of a standing rule or order requiring unanimous consent, as provided in House Rule 324.
 - c. Amendment of measures on second reading except to amend the title, as provided in House Rule 332.

- d. Withdrawal of a measure after it has been referred to committee, as provided in House Rule ~~328~~ 330.1.

SECTION 6. AMENDMENT. House Rule 319 is amended as follows:

319. DIVISION OF QUESTION.

1. If a question before the House contains more than one proposal, any member may have the question divided, except a question on the adoption of a conference committee report or on the second reading and final passage of a measure resulting from the adoption of a conference committee report may not be divided.
2. A question containing more than one proposal may be divided only if each resulting division is so distinct and separate it can stand as a complete proposition without being rewritten.
3. Each division of a divided question requires the same vote for adoption that the division would require if it stood alone.
- ~~3-~~ 4. After voting on all divisions, the approved divisions comprise the question before the House.

SECTION 7. AMENDMENT. House Rule 328 is amended as follows:

328. MEASURES REFERRED TO COMMITTEE. Upon the first reading of a bill or concurrent resolution, the Speaker shall refer it to an appropriate standing committee, unless the House, by motion, decides to refer it to a select or other standing committee, or to the Committee of the Whole. If the bill or resolution is referred to the Committee of the Whole, the bill or resolution must come up for consideration the next day, unless otherwise ordered by the House. ~~After referral as provided by this rule, the bill or resolution may not be withdrawn without unanimous consent of the House.~~

SECTION 8. AMENDMENT. Subsection 4 of House Rule 329 is amended as follows:

4. ~~All House bills required to be rereferred to the Appropriations Committee, except~~ Except for bills introduced approved for introduction after the deadline for introduction of bills by the Delayed Bills Committee or on two thirds vote of the House, all House bills required to be rereferred to the Appropriations Committee must be rereferred not later than the twenty-third legislative day and all Senate bills required to be rereferred to the Appropriations Committee must be rereferred not later than the forty-seventh legislative day. If an appropriation bill is not reported to the floor and rereferred as required herein, the bill is deemed rereferred and is under the jurisdiction of the Appropriations Committee at the end of the twenty-third or forty-seventh legislative day, as appropriate.

SECTION 9. House Rule 330.1 is created as follows:

330.1. WITHDRAWAL OF MEASURES. After referral as provided in House Rule 328, the bill or resolution may not be withdrawn without unanimous consent of the House. A bill or resolution that has been placed on the calendar after receipt of a committee report may not be withdrawn.

SECTION 10. AMENDMENT. House Rule 332 is amended as follows:

332. AMEND OR REREFER FROM THE FLOOR. No amendment to a bill or resolution, other than one to amend the title, may be considered on second reading without unanimous consent of the House, nor may any floor amendment be considered on sixth order without unanimous consent of the House, but all bills and resolutions may be rereferred to committee at any time before their passage. No amendment of a measure reported from a conference committee may be made on second reading.

SECTION 11. AMENDMENT. House Rule 335 is amended as follows:

335. SETTING TIME CERTAIN FOR FLOOR DEBATE. If a committee chairman determines that amendments recommended or a bill or resolution considered by the chairman's committee presents important issues of public concern, the chairman ~~may~~, after consultation with and approval of the Speaker, may request the Majority Leader to set a time certain for floor debate on the amendments when placed on the calendar for consideration during the sixth order of business or the bill or resolution when it has been placed on the calendar for consideration during the eleventh or fourteenth order of business. The Majority Leader may set

an exact time when the amendments, bill, or resolution will be debated, and when that time is reached, the Speaker shall hold any other matters pending at that time in abeyance until such time as the scheduled floor debate has been completed.

SECTION 12. AMENDMENT. House Rule 344 is amended as follows:

344. RECORDING REMARKS IN JOURNAL. When a member desires to have the member's remarks, other than those in explanation of the member's vote, recorded in the journal, the member shall inform the Desk Reporter before speaking and the remarks must be recorded. Except for the Majority or Minority Leader with respect to the remarks of a member of that leader's party, no member may request the remarks of any other member be recorded in the journal.

SECTION 13. AMENDMENT. House Rule 345 is amended as follows:

345. TRANSMITTAL OF MEASURE TO SENATE - NOTICE OF INTENTION TO RECONSIDER. ~~Except on the thirty-third legislative day and on or after the fiftieth legislative day, when notice of intention to move the reconsideration of any bill or resolution must be given by a member~~ After the second reading of a bill or resolution, the Chief Clerk ~~of the House~~ shall retain the bill or resolution until the end of the next legislative day, unless the bill or resolution has previously been disposed of. On the thirty-third legislative day and after the forty-ninth legislative day, the Chief Clerk shall transmit the bill or resolution to the Senate immediately upon adjournment of that day's session unless action on the bill or resolution is pending as the result of the House passing a motion to reconsider or unless the Majority or Minority Leader has given notice of intention to move the reconsideration of that bill or resolution. When a member in explaining the member's vote states to the House that the member's vote is for the purpose of reconsideration, that statement also is notice of such intention.

SECTION 14. AMENDMENT. Subsections 3 and 4 of House Rule 346 are amended as follows:

3. In the case of a bill, resolution, or amendment to the Constitution, the motion to reconsider, if made after the end of the next legislative day, requires a two-thirds vote of the members-elect.
4. The vote by which any measure passed or failed to pass may not be reconsidered more than once in any natural day. For purposes of this ~~rule~~ subsection, a clincher motion that fails is not a motion to reconsider.

SECTION 15. AMENDMENT. House Rule 358 is amended as follows:

358. INTRODUCTION AND ANNOUNCEMENT OF GUESTS - COURTESY OF THE HOUSE.

1. Introduction of guests in the House of Representatives is limited to those individuals called on to address the House and former members of the Legislative Assembly. The presence of other guests in groups may be announced daily on the electronic message boards.
2. No person may be admitted to the floor of the House except state officers; justices of the Supreme Court and judges of the district courts; present and former members of Congress; present and former members of the Legislative Assembly; present officers and officials; all employees of both houses of the Legislative Assembly; reporters for newspapers; and any other person granted admission by the Speaker.
3. No member may have more than one guest per day on the floor during the time period guests are restricted under House Rule 205. The guest must be seated with the member.
4. For the purposes of this rule, the floor of the House is all of the first floor of the House chamber in front of the railing.

SECTION 16. AMENDMENT. Subsections 1 and 3 of House Rule 402 are amended as follows:

1. No bill may be introduced after the ~~tenth~~ eleventh legislative day and no member other than the Majority and Minority Leaders may introduce more than five bills as prime sponsor after the ~~fifth~~ sixth legislative day, nor may any resolution, except those resolutions described in subsection 3, be introduced after the eighteenth

legislative day, except upon approval of a majority of the Delayed Bills Committee or upon two-thirds vote of the members of the House present and voting.

3. Resolutions that propose amendments to the Constitution of the United States and resolutions directing the Legislative Council to carry out a study may not be introduced after the ~~thirty-fourth~~ thirty-first legislative day.

SECTION 17. AMENDMENT. Subsections 1, 5, and 6 of House Rule 501 are amended as follows:

1. ~~Standing~~ The Committee on Committees consists of eight members. The Majority Leader, by virtue of office, is a member of the committee and shall serve as its chairman. The Majority Leader shall appoint four other members from the majority party and three members from the minority party to the committee. The committee shall appoint standing committees concerned with matters in the fields as indicated and procedural committees must be appointed as provided in this section.
5. The procedural committees are:
 - a. Arrangements for House Committee Rooms, to consist of three members.
 - b. Correction and Revision of the Journal, to consist of five members.
 - c. Delayed Bills, to consist of five members.
 - d. Employment, to consist of five members.
 - e. Inaugural Planning, to consist of three members.
 - f. ~~Photography, to consist of three members.~~
 - g. Rules, to consist of ~~nine~~ seven members.
6. ~~In the event of a change in membership, notwithstanding committee provisions provided in this rule, the Speaker may assign the new member to any committee or committees.~~

SECTION 18. AMENDMENT. House Rule 502 is amended as follows:

502. LIMITATIONS ON COMMITTEE MEMBERSHIP. Each member shall serve on two standing committees, ~~not including the Joint Constitutional Revision Committee,~~ except the Speaker and the Majority ~~and Minority Leaders~~ Leader, who may not serve on any standing committee, the Minority Leader, who may be appointed to any standing committee by the Committee on Committees, and all members of the Appropriations Committee, who may not serve on any other standing committee, ~~including the Joint Constitutional Revision Committee.~~ No member of the House of Representatives may be appointed to more than one 3-day and one 2-day committee. The Speaker and the Majority and Minority Leaders may participate in all standing committees but may not vote therein except that the Minority Leader may vote on any committee to which the Minority Leader has been appointed.

SECTION 19. AMENDMENT. House Rule 503 is amended as follows:

503. COMMITTEE CHAIRMAN. ~~On all committees, the first named member is the chairman, and in the first named member's absence the next member named, and so on as often as the case happens, shall act as chairman.~~ The Majority Leader shall appoint the chairman and vice chairman of each committee. The Majority Leader shall designate a chairman if the appointed chairman and vice chairman are absent for an extended period of time.

SECTION 20. AMENDMENT. House Rule 504 is amended as follows:

504. COMMITTEE MEETINGS.

1. The Appropriations Committee meets on Monday, Tuesday, Wednesday, Thursday, and Friday of each week.
2. The three-day committees meet on Monday, Tuesday, and Wednesday of each week.
3. The two-day committees meet on Thursday and Friday of each week.

4. ~~Any committee that meets on Wednesday and which has a member who is also a member of the Joint Constitutional Revision Committee may not meet during the time the Joint Constitutional Revision Committee meets. Any committee that meets on Wednesday may adjust its schedule to allow time for committees without regularly scheduled meeting times to meet.~~
5. The chairman of any committee, or a majority of that committee, may call meetings at times and on other days as deemed necessary.

SECTION 21. AMENDMENT. House Rule 507 is amended as follows:

507. REPORTING OF MEASURES. Except for an appropriations bill, a resolution proposing an amendment to the Constitution of the United States or the Constitution of North Dakota, or a resolution directing an interim study by the Legislative Council, no House bill or resolution may be held in a committee for more than thirty legislative days after it is referred to the committee, unless an extension of time is granted by the House. Except for a resolution directing an interim study by the Legislative Council or ~~a resolution~~ proposing an amendment to the Constitution of the United States or the Constitution of North Dakota, all House bills and resolutions must be reported back to the House no later than the thirty-first legislative day. A resolution directing an interim study by the Legislative Council or proposing an amendment to the Constitution of the United States or the Constitution of North Dakota must be reported back to the House no later than the thirty-seventh legislative day. ~~A resolution proposing an amendment to the Constitution of the United States or the Constitution of North Dakota must be reported to the House no later than the forty-fourth legislative day.~~ A bill or resolution not reported back as required by this rule must automatically be placed on the calendar without recommendation. Senate bills and resolutions must be reported back to the House by the fifty-fifth legislative day.

SECTION 22. House Rule 509 is created as follows:

509. LIMITATION ON CHANGES TO MEASURES REREFERRED. The Appropriations Committee may not change the intent of any measure rereferred to it after a hearing in another standing committee of the House, unless necessitated by consideration of the appropriation contained in the measure.

SECTION 23. AMENDMENT. Joint Rule 202 is amended as follows:

202. RECEDING BEFORE CONFERENCE. Either house may recede from any subject matter of difference existing between the two houses at any time before a conference whether the papers on which difference has arisen are before the house receding formally or informally, and a majority of the members-elect governs, except in a case where two-thirds ~~are of the members-elect~~ is required by the Constitution, and the question having been put and lost, may not be again put the same day, and the consideration thereof in other respects is regulated by the rules of the respective houses.

SECTION 24. AMENDMENT. Joint Rule 203 is amended as follows:

203. LIMITATION ON MESSAGING OF MEASURES - CROSSOVER DAYS.

1. No bill that has passed one house may be sent to the other house for concurrence after the thirty-fourth legislative day, except a bill ~~introduced with the approval of the Delayed Bills Committee or introduced with the concurrence of two thirds or more of the members of the house of~~ approved for introduction after the deadline for introduction of bills.
2. No resolution directing the Legislative Council to carry out a study which has passed one house may be sent to the other house for concurrence after the fortieth legislative day, except a study ~~resolutions introduced after the thirty fourth legislative day with the approval of the Delayed Bills Committee or introduced with the concurrence of two thirds or more of the members of the house of~~ resolution approved for introduction after the deadline for introduction of study resolutions.

SECTION 25. AMENDMENT. Joint Rule 204 is amended as follows:

204. RETURNING OF MEASURES. Either house, upon majority vote of the members present, shall return any bill or resolution requested by motion of the other house, if the bill or resolution is yet in possession of the house called on, and no action thereon has been had. In case action has been had, then it requires a two-thirds vote of the members present of the house asked to return a bill or resolution called for.

SECTION 26. AMENDMENT. Joint Rule 206 is amended as follows:

206. CONSENT CALENDAR.

1. Each standing committee may report an uncontested ~~amendment~~, bill, or resolution, or a contested resolution out of committee and may include in its report a recommendation for placement on the consent calendar.
2. As used in this rule, "uncontested ~~amendment~~, bill, or resolution" means any ~~amendment~~, bill, or resolution, except an ~~amendment~~ or a bill providing an appropriation, which receives a do pass or do pass as amended recommendation from the committee of referral, by unanimous vote of the members present provided a quorum is present. As used in this rule, "contested resolution" means any resolution that receives a do pass or do pass as amended recommendation from the committee of referral, by any vote other than a unanimous vote of the members present provided a quorum is present.
3. Following the presentation of a committee report recommending placement on the consent calendar, all ~~amendments~~, bills, or resolutions recommended by the committee for placement on the consent calendar must be placed on the consent calendar.
4. A resolution directing a Legislative Council study which receives a do pass or do pass as amended recommendation from the committee of referral must be placed on the consent calendar, regardless of whether the committee report recommends placement on the consent calendar.
5. Any consent calendar ~~amendment~~, bill, or resolution that is amended from the floor must be taken off the consent calendar and must be placed on the regular calendar.
6. Upon objection of any member to the placement or retention of any uncontested ~~amendment~~, bill, or resolution, any contested resolution, or any Legislative Council study resolution on the consent calendar, the bill or resolution must be taken off the consent calendar and must be placed on the regular calendar.
7. No item on the consent calendar may be considered for adoption on the same legislative day it is placed on the consent calendar.

SECTION 27. AMENDMENT. Joint Rule 207 is amended as follows:

207. CONSIDERATION OF ITEMS ON CONSENT CALENDAR.

1. ~~Amendments, bills,~~ Bills or resolutions on the consent calendar are not debatable, except that the President of the Senate or the Speaker of the House shall allow a reasonable time for questions from the floor and shall permit the proponents of the ~~amendments~~, bills, or resolutions to answer the questions.
2. The question of the final passage of more than one item contained on the consent calendar may be voted on in a single ~~roll-call~~ vote if the vote is on either ~~amendments~~, bills, or resolutions and not on any combination thereof in the same ~~roll-call~~ vote.
3. Immediately prior to voting on the first consent calendar ~~amendments~~, bills, or resolutions, the President of the Senate or the Speaker of the House shall call to the attention of the members the fact that the next ~~roll-call~~ vote will be the ~~roll-call~~ vote on the ~~amendments~~, bills, or resolutions on the consent calendar. A recorded roll call vote is necessary on items on the consent calendar only if a recorded roll call vote is required under Senate or House Rule 339.
4. The consent calendar must be considered immediately prior to the consideration ~~of~~ ~~amendments~~, ~~with respect to committee reports for amendment~~, or of bills and resolutions on second reading and final passage in the regular calendar.

SECTION 28. AMENDMENT. Joint Rule 208 is amended as follows:

208. INTRODUCTION OF EXECUTIVE AGENCY AND SUPREME COURT BILLS.

Each executive agency and the Supreme Court shall file with the Legislative Council those bills they wish to have introduced no later than December tenth before the ensuing regular session.

Each bill is deemed introduced by the standing committee of the House or Senate with general jurisdiction over the subject matter of the bill; but if the filing entity receives the approval of a legislator to sponsor the bill, that bill is to be introduced by the legislator rather than by the standing committee. A bill sponsored by a legislator may not have more sponsors than the number allowed under Senate and House Rules 401. The director of the budget shall file with the Legislative Council those bills making appropriations to implement the budget recommended by the Governor no later than December tenth before the ensuing regular session and those bills are deemed introduced by the Appropriations Committee of the House or Senate at the request of the Governor. The bill implementing the budget request of the judicial branch is deemed introduced by the Appropriations Committee of the House or Senate at the request of the Supreme Court, and the bill implementing the budget request of the legislative branch is deemed introduced by the Appropriations Committee of the House or Senate at the request of the Legislative Council. The Legislative Council shall number and deliver ~~those~~ bills filed under this rule to the President of the Senate or the Speaker of the House for recording. Each bill introduced under this rule must be identified by noting the name of the agency or the court under the name of the sponsoring committee or legislator. The identification of a bill introduced by a standing committee may include the names of not more than five entities authorized to file bills under this rule.

SECTION 29. AMENDMENT. Subdivision b of subsection 2 of Joint Rule 501 is amended as follows:

- b. A bill or resolution to which an amendment having a fiscal effect of five thousand dollars or more has been approved must have a fiscal note attached upon request of the chairman of the committee considering the bill or resolution, or by request of the majority of the members present of the house in which the bill is considered at the time of second reading.

SECTION 30. AMENDMENT. Joint Rule 502 is amended as follows:

502. FISCAL NOTES FOR ~~BILLS~~ MEASURES IMPACTING COUNTIES AND, CITIES, OR SCHOOL DISTRICTS.

1. ~~All bills and resolutions~~ Every bill or resolution introduced into either house of the Legislative Assembly which ~~mandate~~ mandates changes in the revenues, expenditures, or fiscal liability of counties ~~or, cities, or school districts~~ must have a fiscal note attached reflecting the statewide impact of the bill or resolution on ~~counties or, cities, or school districts.~~
2. If no state agency has primary responsibility for compiling and maintaining the information necessary for the proper preparation of a fiscal note otherwise required by this rule, a statement to that effect must be attached to the bill or resolution by the party responsible for requesting the fiscal note pursuant to subsection 2 of Joint Rule 501. A statement attached pursuant to this subsection meets the fiscal note requirement.
3. The same requirements and procedures provided in Joint Rule 501 for state fiscal notes, including preparation, deadlines, forms, and reading of fiscal notes on second reading and final passage, apply to fiscal notes for counties ~~and, cities, and school districts~~ except as provided in this rule.

SECTION 31. AMENDMENT. Joint Rule 603 is amended as follows:

603. PRINTING AND DISTRIBUTION OF MEASURES AND JOURNALS.

1. Five hundred copies of each bill; and ~~three~~ four hundred copies of each resolution; must be printed. After the initial order is printed, the ~~Chief Bill and Journal Room Clerk~~ supervisor of the bill and journal room may order additional copies to be printed to meet demand.
2. One hundred copies of each bill and resolution engrossed under Senate Rule 334 and House Rule 334 must be printed on request of the Chief Clerk of the House or the Secretary of the Senate. After the initial order is printed, the supervisor of the bill and journal room may order additional copies to be printed to meet demand.
3. Bill room employees, under the supervision of the Chief Clerk of the House or the Secretary of the Senate, as the case may be, may, as time and physical space allow, set aside not more than one copy of each bill or resolution to be delivered to any person who subscribes to receive a copy of each bill and resolution introduced. The employees also may set aside not more than one copy of each

engrossed bill or resolution and reengrossed bill or resolution to be delivered to any person who subscribes to receive a copy of each bill and resolution introduced. The Legislative Management Committee of the Legislative Council shall establish appropriate fees for this service. Not more than five copies of a limited number of specified bills and resolutions may be delivered to persons who personally request the bills and resolutions.

- ~~3-~~ 4. Persons who subscribe to receive a set of bills and resolutions as of the first day of the regular session have priority for receiving bills and resolutions pursuant to this rule.
- ~~4-~~ 5. This rule does not apply to the staff of the Legislative Council which may have such number of bills set aside as are necessary to aid it in carrying on legislative business.
- ~~5-~~ 6. Bill room employees may not distribute more than five bills to any one person, except to legislators, legislative employees, and members of the Legislative Council staff, and persons who subscribe to receive more than five sets of bills and resolutions.
- ~~6-~~ 7. The journals of the Senate and House must be printed as provided in Senate Rule 204 and House Rule 204, and bill room employees shall distribute copies of daily journals.

SECTION 32. Joint Rule 1001 is created as follows:

1001. LEGISLATIVE ETHICS POLICY.

1. The Legislative Assembly always seeks a high reputation for progressive accomplishment where its members are public officers of integrity and dedication, maintaining high standards of ethical conduct.
2. The public interest is best served by attracting and retaining in the Legislative Assembly citizens of high caliber and attainment. The public interest will suffer if unduly stringent requirements deprive government of the services of well-qualified citizens.
3. Membership in the Legislative Assembly is not a full-time occupation and is not compensated on that basis. Membership is in two-year or four-year terms, requiring each member to recognize and contemplate that election will not provide any career tenure. These characteristics ensure that each member is rooted to a community and that legislation reflects the needs and values of citizens.
4. A member such as a teacher, administrator, state employee, farmer, labor leader, lawyer, independent business person, or any salaried employee must look to a source of income from other than legislative compensation for sustenance and support; moreover, every member must plan for return to that individual's regular employment, business, or profession.
5. The increasing complexity of public policy at all levels, with intervention into private affairs, makes conflicts of interest almost inevitable for every part-time public official, and particularly for a member who must vote on measures affecting the life of every citizen or resident of the state. Consequently, the adoption of standards of ethics does not impugn a member's integrity or dedication; rather, it recognizes the increasing complexity of government and private life and provides members with helpful advice and guidance when confronted with difficult problems in that gray area involving action that is neither clearly right nor clearly wrong.
6. Ethical conduct is expected of all who participate in the legislative process, including lobbyists, legislative staff, government employees, interest groups, the media, and others. All participants in the legislative process should recognize the importance of their role to support each member's ethical duty to make independent judgments.
7. If public confidence in the Legislative Assembly is to be maintained and enhanced, it is not enough that members avoid acts of misconduct. They also must avoid acts that may create an appearance of misconduct.

SECTION 33. Joint Rule 1002 is created as follows:

1002. RECOGNITION OF ETHICAL STANDARDS. The resolution of ethical problems must rest largely in the individual conscience. The Legislative Assembly may and should, however, define ethical standards, as most professions have done, to chart the areas of real or apparent impropriety. Unless otherwise provided by law, no criminal penalty applies to a member who engages in conduct that is inconsistent with this section. However, in striving to maintain ethical standards, each member should recognize the importance of:

1. Complying with all other rules relating to ethics, including Joint Rule 901 regarding sexual harassment and Senate and House Rules 321 regarding disclosure of personal or private interest when voting.
2. Acknowledging that the public trust requires each member to make a consistent effort to be well-informed about legislative issues and legislative proposals and to resist influences that may bias the member's independent judgment.
3. Acknowledging that accountability requires members to maintain communication with constituents, to remain open to constructive comment, and to exercise leadership in helping constituents understand legislative issues.
4. Acknowledging that institutional responsibility requires members to remain committed to the integrity and maintenance of the legislative branch.
5. Not using or attempting to use the member's influence in any matter involving a substantial conflict between the member's personal interest and duties in the public interest.
6. Not using the member's official position to obtain financial gain for the member, the member's family, or a business associate or to secure privileges or exemptions in direct contravention of the public interest.

SECTION 34. Joint Rule 1003 is created as follows:

1003. RECOGNITION OF CONSTITUTIONAL AND STATUTORY PROVISIONS. Members should apprise themselves of constitutional provisions and statutes that prohibit conduct for which criminal penalties may apply, including Article IV, Section 9, of the Constitution of North Dakota, which prohibits vote trading; Article IV, Section 10, of the Constitution of North Dakota, which provides for expulsion for corruption, bribery, perjury, or other infamous crimes; Article IV, Section 12, of the Constitution of North Dakota, which prohibits contempt or disorderly behavior; North Dakota Century Code Chapter 12.1-12, which prohibits bribery and unlawful influence of public servants; North Dakota Century Code Section 12.1-13-01, which prohibits disclosure of confidential information; North Dakota Century Code Section 12.1-13-02, which prohibits acquisition of a pecuniary interest in property or an enterprise in contemplation of official action or in reliance on information accessed as a public servant; North Dakota Century Code Section 12.1-13-03, which prohibits a public servant from becoming interested individually in the sale or lease of property or a contract for which the public servant is authorized to transact; North Dakota Century Code Sections 12.1-14-02 and 12.1-14-03, which prohibit interference with voting; North Dakota Century Code Sections 12.1-23-03 and 12.1-23-05, which prohibit theft to obtain services while a public servant; North Dakota Century Code Section 12.1-23-07, which relates to the use of property entrusted to a public servant; North Dakota Century Code Chapter 16.1-08.1, which relates to campaign contributions and campaign contributing statements; North Dakota Century Code Chapter 16.1-09, which relates to statements of interest; North Dakota Century Code Chapter 16.1-10, which relates to corrupt election practices; North Dakota Century Code Sections 39-01-03 and 39-01-05, which prohibit the private or political use of state motor vehicles; North Dakota Century Code Section 44-08-19, which relates to political activities by public employees; North Dakota Century Code Section 48-02-12, which prohibits the interest in public contracts by a member of a governing board; North Dakota Century Code Section 54-02-01, which governs the use of the Great Seal; North Dakota Century Code Chapter 54-05.1, which relates to legislative lobbying; and North Dakota Century Code Section 54-06-12, which prohibits false statements regarding state departments, institutions, or industries.

SECTION 35. Joint Rule 1004 is created as follows:

1004. LEGISLATIVE ETHICS CLASSES - PUBLICATION OF INFORMATION RELATING TO ETHICS. During each organizational session and at other times as deemed appropriate, the Legislative Council shall conduct classes on legislative ethics and laws governing the activities and conduct of public officials, including criminal laws, election practices, and conflicts of interest. Before each regular legislative session, the Legislative Council shall distribute a document to all members which includes constitutional provisions,

statutes, legislative rules, and other pertinent information regarding ethical conduct in the legislative process.

SECTION 36. REPEAL. Joint Rule 303 is repealed.

REP. DORSO MOVED that the report be adopted, which motion prevailed.

MOTION

REP. DORSO MOVED that the House stand in recess until 10:10 a.m., at which time the House will receive the Senate for a Joint Session, which motion prevailed.

THE HOUSE RECONVENED pursuant to recess taken with Speaker Timm presiding.

REPORT OF PROCEDURAL COMMITTEE

MR. SPEAKER: Your procedural **Committee on Committees (Rep. Dorso, Chairman)** recommends the following as Chairpersons, Vice Chairpersons and members of Standing Committees:

**1997 NORTH DAKOTA LEGISLATIVE ASSEMBLY
HOUSE STANDING COMMITTEES**

Appropriations Committee

Committee Chairman - Dalrymple, J.
Committee Vice Chairman - Hausauer, R.

Education and Environment Division

Chairman - Wald, F.	Aarsvold, O.
Vice Chairman - Kunkel, R.	Wilkie, G.
Hausauer, R.	
Lloyd, E.	
Boehm, J.	
Freier, T.	

Government Operations Division

Chairman - Gerntholz, G.	Huether, R.
Vice Chairman - Byerly, R.	
Tollefson, B.	
Martin, C.	
Soukup, A.	
Martinson, B.	

Human Resources Division

Chairperson - Wentz, J.	Oban, B.
Vice Chairman - Svedjan, K.	Nichols, R.
Carlisle, R.	
Delzer, J.	
Bernstein, L.	

Education Committee

Chairperson - Kelsch, R.	Grumbo, H.
Vice Chairman - Drovdal, D.	Brandenburg, M.
Gorder, W.	Hanson, L.
Johnson, D.	Christenson, L.
Nelson, J.	
Grande, B.	
Clark, T.	
Thoreson, L.	
Brusegaard, T.	
Monson, D.	
Torgerson, J.	

Finance and Taxation Committee

Chairman - Belter, W.	Gulleson, P.
Vice Chairman - Rennerfeldt, E.	Kroeplin, K.
Brown, G.	Warner, J.
Mickelson, S.	Schmidt, A.
Olson, A.	
Wardner, R.	
Grosz, M.	
Nicholas, E.	
Thompson, L.	
Renner, D.	

Human Services Committee

Chairperson - Price, C.	Kerzman, J.
Vice Chairperson - Christopherson, C.	Niemeier, C.
Henegar, D.	Sandvig, S.
Galvin, P.	Rose, W.
Johnsen, C.	
Jensen, R.	
Kliniske, A.	
Devlin, W.	
Kilzer, R.	
Weisz, R.	

Industry, Business and Labor Committee

Chairman - Berg, R.	Mahoney, J.
Vice Chairman - Keiser, G.	Coats, J.
Klein, M.	Glassheim, E.
Carlson, A.	Thorpe, E.
Poolman, J.	
Froseth, G.	
Jacobs, L.	
Kempenich, K.	
Axtman, C.	
Skarphol, B.	
Murphy, P.	

Judiciary Committee

Chairman - Kretschmar, W.	Callahan, M.
Vice Chairman - DeKrey, D.	Delmore, L.
Koppelman, K.	Kelsh, S.
Maragos, A.	Fairfield, A.
Nottestad, D.	
Stenehjem, A.	
Sabby, L.	
Sveen, G.	
Hawken, K.	
Gunter, J.	

Agriculture Committee

Chairman - Nicholas, E.	Brandenburg, M.
Vice Chairman - Johnson, D.	Kroeplin, K.
Berg, R.	Warner, J.
Brusegaard, T.	Kerzman, J.
Rennerfeldt, E.	
Thompson, L.	
Renner, D.	
Kelsch, R.	
Nelson, J.	

Natural Resources Committee

Chairperson - Olson, A.
 Vice Chairman - Grosz, M.
 Brown, G.
 Carlson, A.
 DeKrey, D.
 Drovdal, D.
 Galvin, P.
 Gorder, W.
 Henegar, D.
 Nottestad, D.
 Torgerson, J.
 Murphy, P.

Callahan, M.
 Gulleson, P.
 Hanson, L.
 Kelsh, S.

Political Subdivisions Committee

Chairman - Poolman, J.
 Vice Chairman - Froseth, G.
 Gunter, J.
 Jacobs, L.
 Kilzer, R.
 Koppleman, K.
 Kretschmar, W.
 Maragos, A.
 Grande, B.
 Johnsen, C.

Delmore, L.
 Glassheim, E.
 Niemeier, C.
 Rose, W.

Government and Veterans Affairs

Chairman - Wardner, R.
 Vice Chairman - Stenehjem, A.
 Christopherson, C.
 Clark, T.
 Devlin, W.
 Klein, M.
 Kliniske, A.
 Sabby, L.
 Hawken, K.
 Thoreson, L.
 Axtman, C.

Christenson, L.
 Fairfield, A.
 Coats, J.
 Schmidt, A.

Transportation Committee

Chairman - Skarphol, B.
 Vice Chairman - Kempenich, K.
 Belter, W.
 Keiser, G.
 Mickelson, S.
 Monson, D.
 Price, C.
 Sveen, G.
 Weisz, R.
 Jensen, R.

Grumbo, H.
 Mahoney, J.
 Sandvig, S.
 Thorpe, E.

REP. DORSO MOVED that the report be adopted, which motion prevailed.

JOINT SESSION

The Joint Session of the House and Senate convened at 10:30 a.m., with Speaker Timm presiding.

MOTION

REP. DORSO MOVED that a committee of two be appointed to escort Lt. Governor Myrdal to the rostrum, which motion prevailed.

SPEAKER TIMM APPOINTED Reps. Hawken and Murphy to such committee and Lt. Governor Myrdal was escorted to the rostrum.

SPEAKER TIMM INTRODUCED Lt. Governor Myrdal to the Assembly and turned the gavel over to her. Lt. Governor Myrdal called the Joint Session to order.

MOTION

REP. DORSO MOVED that a committee of two be appointed to escort the Honorable Edward T. Schafer, Governor, to the rostrum and First Lady Nancy Jones Schafer to a special

reserved seat in the Assembly and that Governor Schafer's remarks as submitted to the front desk be printed in the Journal, which motion prevailed.

**1997-99 BUDGET ADDRESS TO
JOINT SESSION OF THE NORTH DAKOTA LEGISLATURE**
by Governor Ed Schafer

Madam President, Mr. Speaker, First Lady, distinguished members of the 55th North Dakota Legislative Assembly and all fellow North Dakotans. Good morning.

Although the legislative session does not begin for another month, today marks the beginning of "official" discussions and debates about our state's priorities for the next biennium. Today we present the results of many months of work. First, my personal thanks to the Office of Management and Budget and all the agency directors and State employees who have joined me in bringing honest, conservative fiscal management to our state government.

The priorities we outline in this budget not only determine where we are going for the next biennium; it also shapes the direction of our state for many years to come.

North Dakota today is vibrant and alive. Job growth is up, business development in urban and rural areas is on the rise, and our population figures are stabilizing.

Our progress is very encouraging. But even more encouraging to me is the change in attitude of our people. Most of you have been on the campaign trail this fall, so you know what I'm talking about. North Dakotans are excited about the future and are really starting to believe in the potential of our state.

In the last legislative session, many of you worked hard to implement some important changes. For example, we reorganized the Workers Compensation Bureau, and reduced the rates businesses pay while increasing benefits for the most seriously injured. We also provided incentives to the oil industry to encourage horizontal drilling, to re-enter inactive wells and to invest in marginal wells. These initiatives and others are contributing to a more positive business climate that encourages growth and investment.

I have said -- and you have supported me -- that we are going to grow this state through economic growth, not new taxes. By restraining government growth and spending, we have unleashed the power of the private sector and allowed individual endeavor to flourish. This session, without any tax increases, we have \$147 million in new revenue to work with!

The '80s were tough on North Dakota. State employees went without pay raises. The state repeatedly failed to meet its obligation to education. Businesses closed or moved out of state. We lost 50,000 people!

Today, I have good news for North Dakota. We are going to be prudent, but we are going to meet the needs that are important including some, that for too long, have gone unmet.

We are going to make serious progress toward achieving equity in our public schools AND we are going to raise the level of excellence at the same time. We will begin increasing pay to our professors through a special line item for salaries in the Board of Higher Education budget.

Economic growth, not new taxes, will help us take another big step in TEEM, our welfare reform project. And, we're going to restructure the human services delivery system to relieve some pressure on counties.

Our economic growth enables us to provide not necessarily more, but **better** government services for the health, safety and education of our people. As careful stewards of this hard-earned revenue, we will fund necessary and essential state programs carefully and make additional wise investments that will provide ongoing returns to our state.

The 1997-99 executive recommendation is 1 billion 494 million dollars in general funds.

In my budget guidelines in March, I asked agencies to prepare 97 percent budgets that clearly outlined each agency's strategic priorities. In preparing the final budget, we used these savings, along with revenue from economic growth, to adequately fund the necessary programs and priorities of our government. The budget also makes several sizable long-term investments in education, technology, and water development.

ELEMENTARY AND SECONDARY EDUCATION

First, this budget invests \$40 million of new money into our K-12 education system.

Well-educated citizens are the very basis of our current strength and will provide the foundation for all future growth and development.

Our education system produces some of the best and brightest students in the nation. With this investment, we aim to enhance our education system, increase technology in the classroom, improve teacher pay and professional development, and raise the overall standards by which we measure ourselves.

First, I am recommending \$447 million in Foundation Aid, an increase of \$15 million. Over the past four years, we have increased foundation aid payments by \$320 per pupil. This budget recommends continuing this tradition.

It also increases funding for special education by \$3.7 million and earmarks a total of \$1.4 million for the Education Telecommunications Council. Technology is changing the face of education, and we must help position our schools to take advantage of it.

Vocational education is increasingly important in today's marketplace. North Dakota manufacturers are crying out for welders, electricians and mechanics. This budget provides an additional \$925,000 to the Board of Vocational and Technical Education to expand programs, equipment, and training in the schools.

Last session we made some modest steps to improve funding for the small but necessary schools. However, considerable work remains to achieve equity in our school financing system. In 1994, the Supreme Court narrowly upheld the constitutionality of this system. In the October issue of Gavel magazine, several state judges cited school funding as the most important issue facing legislators this session.

I challenge you as leaders of this state to put parochial interests aside. You represent your district, but you also represent North Dakota as a whole. Let's settle the equity issue this session, and give all our children equal access to excellence and quality.

To this end, the executive budget recommendation includes \$20 million for legislative efforts to improve the school financing system.

The issue of quality is different from, but related to, equity. Last spring, I hosted the first-ever statewide Education Summit. Educators, administrators, parents, students, legislators and advocates from throughout the state discussed ways to challenge our children more and elevate the level of learning in our state. We talked about raising our standards and developing methods to measure what our children are learning.

This budget proposes the next step in that process. We recommend establishing a \$1.3 million fund earmarked for excellence. We call it the Myrdal Fund for Excellence after Lieutenant Governor Rose Myrdal, who proposed the concept.

These funds will improve the **quality** of education for students by helping educators develop standards, create assessment methods, and provide advanced training and professional development for teachers.

We all have a role in educating our youth. This budget creates a partnership between the Governor, the legislature, the Department of Public Instruction, and local school boards. It is a Partnership for Equity and Excellence. Working together, we will maximize our individual strengths to shape an education system that will meet the changing needs of our students and our state.

HIGHER EDUCATION

Higher education is a second and equally important part of our statewide education system. North Dakota's university system should be at the center of our state's efforts to produce well-rounded citizens working in a stronger, more diversified economy.

Since becoming governor, I have asked higher education to establish clearer priorities and to operate more efficiently together as a unified system.

And I believe the system is beginning to answer this call. The University System and many campuses have made good starts at working together, at sharing responsibilities and programs.

The type of introspective exercise that has taken place at the University of North Dakota is exactly what must continue to take place system wide. They performed the work, now we need to support the very difficult decisions they will be making. I commend faculty, students, and administration at all institutions for their efforts thus far.

But, as the results of the study funded by the Bush Foundation become available, I believe it is important as Chancellor Larry Isaak is fond of saying, "to maintain tension on the rope". With their recent overwhelming vote on Measure 2, the people spoke loudly and clearly that change is necessary. We must heed their message.

This budget seeks to craft a new partnership with the University System -- to continue and even accelerate their efforts to unify with a \$35 million general fund increase.

Faculty pay surfaced this year as a very public indication that System funding needs to be examined. People throughout the state, including me, are concerned about the low ranking of North Dakota professors on national pay scales. Our teachers work hard in North Dakota. I am a product of the North Dakota University System, and I appreciate these professors who deliver a topnotch education to our students.

The problem of low salaries is just one of many challenges facing the University System today. These challenges have developed over many, many years, and no single entity is to blame. This session, I hope we will refrain from pointing fingers, placing blame and dismissing each other's concerns.

Rather, let us pledge to work together. We have a meaningful opportunity this session to help shape and guide the University System to address the long-term needs of the state and the people who live and learn here.

First, this budget recommends creating a \$3.2 million pool of money to specifically begin addressing the pay issue. The money will be part of the Board of Higher Education's budget. In this way, the board can manage and allocate the money for the most benefit system-wide.

Also included is \$2 million to improve technology on all the campuses, \$2 million to enhance the system's computer network that maintains student records, \$1.2 million in equity funding for campuses with low funding for student support services, and nearly \$3 million to cover general operational increases due to inflation.

In addition, the University System receives several major capital improvement projects funded separately from their budget. These include animal quarters at the University of North Dakota, an animal research facility at NDSU, renovation of Moore Hall in Minot, remodeling Bute Gym at Wahpeton, initial remodeling of Schafer Hall at BSC and improvements at the NDSU Main Research Center. The total state share of these projects is \$14 million.

As many of you know, I have been reluctant to endorse new construction on our campuses. However, I believe these are necessary and worthwhile investments, which is shown by the local contribution made to each of these projects.

WATER DEVELOPMENT

Water development is another critical priority. Sound investments in water infrastructure carry high price tags, but increased growth and development will ultimately pay us back tenfold.

The state currently has numerous water needs, including a solution to the devastating flood in Devils Lake. For this reason, I recommend we continue dedicating 20 percent of revenues from the Oil Extraction Tax to the Resource Trust fund for water development. This creates an additional \$3.6 million. This budget also recommends \$1.4 million in new general fund revenues, bringing the total available new dollars for water development to \$5 million for a total of \$53 million for water projects.

The prospects of completing Garrison Diversion are better this year than they have been in decades. Should the federal government come through for North Dakota, this project will quickly become the state's top priority. We are well positioned as a state to focus considerable energy and resources toward delivering Garrison Diversion water to our citizens once and for all.

ECONOMIC DEVELOPMENT

The 1997-99 budget will continue our momentum in economic development. Our focus remains on statewide growth generated from the communities, not the Capitol.

Last session we re-prioritized Growing North Dakota initiatives. This session, we seek to fine tune these programs a bit further to more appropriately reflect the opportunities in the marketplace today.

I recommend adding an additional \$300,000 to the successful PACE program. It is widely used, and is a valuable tool for local developers in creating incentive packages for new businesses.

Additionally, I propose expanding the criteria for qualifying for many of the state's financial assistance programs. Currently, qualification is based primarily on job creation.

This is an important criteria, but it should not be the **only** one. Business owners should be able to qualify for financial assistance to support capital investments aimed at improving their business's efficiency and productivity. This will have a tremendous impact on improving wages for existing employees.

We also want to emphasize our initiatives for farming. The state must make sure we are focusing resources where they are most effective in helping farmers and ranchers adjust successfully to the rapidly changing industry.

Research is an important part of that. We recommend allocating \$43.2 million to NDSU for research and extension programs. Research will play a critical role in leading our state's most important industry from the production focus of the past, to a more industrial focus in the future. New products and different uses for products hold great promise.

Currently, farmers are maximizing the funding available through the Beginning Farmer program. This budget recommends \$922,000 for Beginning Farmer and \$397,000 for Ag PACE.

Workforce development is a major challenge for our state. Our highly educated and motivated workforce is gaining national attention as companies like ProMark and Rosenbluth Travel open multiple locations in North Dakota. In order to fully capitalize on these qualities, we must train our workers to meet the specific demands of business and industry. In my travels throughout the state, business owners frequently express the need for customized training and retraining programs.

Workforce 2000 is a valuable development tool that links Job Service, ED&F, higher education, vocational education and the business community. So far in this biennium, 65 businesses have received funding from the Workforce 2000 program to help tailor effective training programs for their employees.

Grants from this program have been part of incentive packages for several major new businesses including Marvin Windows and Doors in Grafton, First Bank in Fargo, and Sykes Enterprises in Bismarck. These projects alone brought 2,200 jobs into this state. Because of this success, my budget recommends investing \$2 million in the Workforce 2000 program next biennium.

I am confident this investment will be returned to the state many times over by new or expanding businesses who take advantage of these valuable training dollars.

TECHNOLOGY

With this budget, I also recommend that the state make several significant investments in the area of technology. These investments come in different forms in a variety of agencies. Some improve the quality of government services. Others prepare North Dakota to take full advantage of the next century, which will clearly be characterized as the Age of High Technology.

First, we provide funding for a mobile data terminal project for the North Dakota Highway Patrol. The project will equip 65 patrol cars in 10 sites with computers and global positioning devices. Troopers will use the computers to communicate with State Radio, perform instant background checks and instantaneously alert law enforcement agencies and personnel statewide about emergency situations.

The MDT project has numerous public safety benefits. Most importantly, it will maximize our current force, and enable officers to spend more time on the road and less in the office filing reports. It will give troopers much more information and background prior to entering potentially dangerous situations. And, it will ensure seamless communications between officers, state radio and other safety or law enforcement professionals.

I also recommend the state's Information Services Division take the lead in providing strategic direction for the use of information technology and telecommunication infrastructure statewide. Technology is changing rapidly, and we must be confident our investments in technology throughout the state are proper and prudent, not only now, but for the long term.

In recent years, many agencies have contracted with private consultants for technology improvements. As a result, compatibility between agencies is not what it should be. The Wolfe Report commissioned this biennium makes several recommendations for improving the consistency and interface of state technology initiatives.

With this budget, we recommend implementing some of these strategies to ensure the state is taking a broad view of our telecommunication investments. As we forge a path toward higher technology in North Dakota, we must travel together toward a strategic, not accidental, destination.

This budget also recommends funding increases to improve the Tax Department's tax payment and return processing system, to enhance IVN/ODIN in higher education, and to advance a project that will unify libraries throughout the state on one computer network.

HUMAN SERVICES

One measure of a society is how it deals with its least fortunate and most vulnerable members. We in North Dakota take great pride in our long tradition of providing a high-quality and cost-effective continuum of care to our senior citizens and the most needy among us. Our proposal for delivering health and human services to our citizens continues that tradition while meeting the challenges presented by a return of responsibility from the federal level to state and local government.

Fortunately, we laid a solid base for reform during the last legislative session. Federal welfare reform efforts now permit us to tailor programs that are truly responsive to the needs of low-income and dependent North Dakotans. Included in our \$343 million general fund human services budget proposal is a recommendation to expand our TEEM project statewide. TEEM stands for Training, Education, Employment, and Management.

This initiative will simplify and standardize Heating Assistance, Food Stamps, Employment and Training, Child Care Assistance, and the new Temporary Assistance for Needy Families, or TANF grants, that replace the old Aid to Families with Dependent Children (AFDC) payments. The focus of our programs changes from financial dependency to personal responsibility and self-sufficiency.

I believe counties should not pay for economic assistance grant costs over which they have no control. Therefore, I am recommending the state relieve counties of all responsibility for TANF grant costs. In exchange, the counties will pay the full cost of local administration, which they **can** control. This swap proposal is made possible by statewide implementation of TEEM and is an important first step toward some day transferring responsibility for all Medicaid and basic care grant costs to the state. These reforms should provide significant relief to our overburdened property taxpayers.

As I am sure you all know, Medicaid costs are a significant portion of the increase in the DHS budget, amounting to \$54 million. The largest share of these increases, \$23 million, provides nursing home care for our seniors.

I am also excited to report that Food Stamp coupons will be eliminated in the spring of 1997, replaced by Electronic Benefit Transfers. The statewide use of EBT debit cards will make the program more user friendly and help deter fraudulent transactions, reduce issuance costs, simplify food purchases by Food Stamp households, and help grocers receive timely payment.

Our DHS budget proposes several other enhancements including improved access to dental care for low income children and the disabled, and use of the Children's Trust Fund to provide targeted case management for pregnant women and infants. In addition, we remove perverse incentives for restrictive and costly institutionalization by extending the policy to prevent the impoverishment of spouses of elderly or disabled people receiving home and community-based services under a Medicaid waiver.

Our Health Department budget recommends funding for EMT training and a statewide trauma care coordinator; it provides for additional inspection of food and lodging entities to reduce the incidence of food borne illness, and adds a chemist in the state crime lab to work on methamphetamine cases.

CORRECTIONS

The population at the State Penitentiary is increasing dramatically and we are carefully examining the reasons for these increases. As a nation, we are getting tougher on crime. Mandatory sentences, longer sentences, fewer parole releases, truth-in-sentencing laws, court unification and changes in good-time laws are all contributing to more inmates in our state prison. And, the reality is, there are more serious offenders today than in the past.

This budget recommends \$6.6 million to address increasing populations in our correction facilities. We are looking at every available option. We will find the safest, most cost-effective way to manage these criminals.

Currently, corrections officials are scouring the state for an existing building that could be readily converted into a second medium security facility. The state itself owns numerous vacant buildings. I am confident we will find a proper location.

The other option being considered is contracting for prisoner space in other states. However, if the population continues to climb, as experts predict, contracting out may not be the most cost-effective solution.

We recommend adding six more parole officers, two counselors and additional support staff at the penitentiary to handle the increasing population. The budget also moves 15 temporary correctional officers into permanent FTE positions.

The bottom line is, the safety of those working at the prison will be ensured. The public must continue to feel secure. And, criminals in this state must know they will be caught and duly punished.

EMPLOYEE COMPENSATION

North Dakota's state employees are at the heart of our state's top-quality government services and operations.

I would match our state workers with those in any other state, and I'm confident ours would be the friendliest, most committed and hardest working group of professionals. Many of our state employees regularly go beyond the call of duty to perform their job well.

It is only right that we appropriately compensate our employees for their work, whether they are changing oil in state cars, maintaining our beautiful capitol grounds, or helping place children with foster parents.

The employee compensation package I recommend provides a 3 percent employee pay raise in each year of the biennium. However, in order to reward and encourage excellence on the job, half of each year's pay increase will go to all employees and half will be used by managers to address compression problems or provide merit raises.

One of my goals as governor is to update the employee compensation programs to base pay raises on performance and objective annual reviews.

To this end, I recommend giving the Workers Compensation Bureau their portion of the 3 percent salary increase in a lump sum to be used for a merit pay pilot project. The Bureau will provide pay raises independent of Central Personnel. Raises will be based 100 percent on merit and performance, enabling the Bureau to reward excellence appropriately.

CONCLUSION

Four years ago I talked about a new era of opportunity in North Dakota. We have worked hard in my first term to foster an environment that now offers us the luxury of investing new revenue in improved services for our citizens.

We have struggled together through difficult times, but our sacrifice and our dedication have been rewarded with a new confidence in our state and a new prosperity that we must nurture, promote and guard jealously.

We have new resources that afford us a chance to re-craft, reformulate, and retool higher education, human service delivery, and elementary and secondary education, and move them into the 21st Century.

But we must be cautious as we face the important task of stewarding the precious resources entrusted to us. I believe we have crafted a budget of which the people of North Dakota can be proud. And I want to assure them that they can also be secure in knowing we will not betray their confidence in us.

They have **told** us they want us to be responsible.

They have **told** us they want us to be efficient.

They have **told** us they want us to grow our economy and our state, not our government.

Individual endeavor and private initiative have restored the character of North Dakota.

But, despite our favorable circumstances, our emphasis will remain on restraint. We must never, and we will never, forget that it is not **our** money; ... It belongs to the people of North Dakota.

We, therefore, must be judicious and prudent in its investment, always remembering that our obligation is not just to today, but to the future.

To that end, I ask that the spending levels proposed in this budget be considered "bottom line." If the revenue projections released in March predict increases beyond the \$147 million we used in preparing this budget, I propose the additional dollars be distributed in the following manner:

First, I recommend that any additional general fund revenues produced by oil and gas taxes be set aside in a permanent natural resources trust fund against the inevitable day when this revenue source begins to decline.

Second, excess general fund revenues produced by all other taxes would be directed on a dollar-for-dollar basis to two additional funds. The first fund will provide additional resources for water development projects.

The second will be used to provide a tax rebate to the hardworking taxpayers of North Dakota. I believe strongly that, if our revenue picture warrants it, these additional dollars should not be spent by government. They should go back in the pockets of our citizens, where they belong.

Members of the Legislature, Democrats, Republicans, North Dakotans, and friends all, I present this budget to you for your consideration. Read it, study it, analyze it critically, and know it represents the combined effort of hundreds of dedicated public servants who want to do the best job they can of serving their fellow citizens.

God speed in your efforts as we begin the important work the people of North Dakota have entrusted to us. I look forward to the opportunity to meet this challenge together. Thank you.

MOTION

REP. DORSO MOVED that the Joint Session be dissolved, which motion prevailed. The Joint Session was declared dissolved by President of the Senate, Lt. Governor Myrdal.

The House reconvened following the Joint Session.

MOTION

REP. DORSO MOVED that the absent members be excused, which motion prevailed.

MOTION

REP. DORSO MOVED that the House stand adjourned until 12:00 noon, Monday, January 6, 1997, which motion prevailed.

The House stood adjourned pursuant to Representative Dorso's motion.

ROY GILBREATH, Chief Clerk