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2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1003

House Appropriations Committee  
Government Operations Division

☐ Conference Committee

Hearing Date January 24, 2001

Tape Number	Side A	Side B	Meter #
01-24-01 tape #1	0 - 6231	0 - 3710	
Committee Clerk Signature <i>Julie Hall</i>			

Minutes:

The committee was called to order, and opened the hearing on HB 1003, the budget for the Attorney General's office.

Wayne Stenehjem, Attorney General: Had prepared written testimony. There is a lot going on in the office of the Attorney General. In addition to himself, three other staff persons will be testifying, and Kathy Roll, their fiscal expert, is also available. He was warned not to mention the word "more" but he needs to because in order for the office to accomplish the tasks that have been assigned by law, the department needs the resources to do so. The department had asked for \$1,2 million in addition to what was recommended by the governor. We have shaved this amount down to about \$564,000.

The NCHIP (National Crime History Information Project) is exceedingly important for your constituents and law enforcement in the local area. Designed to allow local law enforcement to connect to a central registry and get information on suspects when they are

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

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2001 HOUSE APPROPRIATIONS

HB 1003

apprehended from six different registries. It is a program we have been working on that was funded federally, but at the present time, the feds have withdrawn the money. We had had in our office a public information officer and that was eliminated in the executive budget, and I am asking that you put that back, because we get a lot of calls from persons who need to be answered. We need to get the information out to the public. Finally, we need to look at the Fire Marshall funding. The source of funding was changed, and over the last two years we were not able to realize the amount of income expected, and there is a shortfall of \$118,000, and we need to find a source to recoup those funds.

We also have a meth amphetamine enforcement challenge and a needs for a statewide drug plan. He is proposing a plan for a statewide drug enforcement program, and most of this can be done administratively, but is reserving the right to come before the legislature to explain why an additional drug enforcement agent may be needed. We are going to be working with the federal government in fighting tremendous odds to get additional federal funding for additional drug enforcement agents. There is an increasing problem with meth amphetamine enforcement. I will be proposing in a week or so my plan. We also are developing a cybercrime area, and have an agent who is skilled in this area. There is a bill requesting \$197,000 for this biennium to enhance the local gaming enforcement grants. That money will come out of the tobacco fund. The cities and counties do a bulk of the gaming enforcement, and are entitled to a share of the fund.

Rep. Carlisle: Now that we have a DEA department, do we need another state DEA agent. Are you pursuing the possibility that another federal agent may be coming?

Response: We participate in HIDTA (High Intensity Drug Trafficking Area) and have 4 agents from federal grants, and have authority that was given for 2 additional. There are



additional federal programs. We need to look at adding an agent in Barnes County, in Rugby and north of there, and in Dickinson. Meth labs are rural in nature, and the Bismarck agents have to travel to Dickinson.

Rep. Koppelman: Do you expect any shifts in staffing and reorganizing in the office?

Response: He has only been in office for a few weeks, but the staff seems really great. He is pleased with the structure.

Rep. Byerly: Are we going to get into the local gaming enforcement grant later on. Is this going to be a separate item in your budget.

Response: We can do that.

Rep. Skarphol: Do you have in the budget any one time expenditures?

Response: Someone will answer that later.

Jerry Kemmet, Director, Bureau of Criminal Investigation (CBI): Written testimony covered on pages 4 through 8 in the written testimony. We are seeking increases in general funds to support the following: 1) The National Criminal History Information Program (NCHIP) technical staffing, - Cher Thomas will speak more directly on that later; and 2) Uniform Crime Reporting (UCR) research analyst, who actually compiles reports that are vital for the state; and 3) a rewrite of the Uniform Crime Reporting System. I will also update the committee on the narcotics enforcement and cybercrime.

Pages 4 through 6 cover Uniform Crime Reporting. This is an old system that needs to be rewritten. This system is so old they are afraid that it may quit on them, but the information is very critical. Along with the system, the research analyst is equally important. They supply very critical information. The Bureau of Justice Statistics has been funding this position and they no longer want to fund basic services.

Chairman Byerly: On the UCR system, is that still on an old system, and you want to go to a client server?

Response: Yes we want to go to a client server, and the old system is still on old DOS system.

Rep. Skarphol: Is this utilized for background checks, or strictly for statistical information? Can the officers in the field check this system?

Response: This system is utilized to collect arrest data for ND. When we talk about instant base versus summary base, summary base only collects information on 7 crimes in the state, where instant base collects data on 49 crimes plus 11 smaller crimes. Where you have instant base it also talks about what kind of violator, when did it happen, etc. It has nothing to do with criminal records at all.

Jerry Kemmet (continuing): Pages 6 and 7 refer to meth amphetamine and other drugs. Marijuana is still the drug of choice. But meth amphetamine is increasing tremendously. There are seven narcotic task forces throughout the state of ND (he names them). They were just recently assigned a DEA agent in Bismarck, and have two spots open now. In 1999 the state had 17 meth labs in the state. We ended up with 46 meth labs in 2000. And already have 4 meth labs in January. Clean up of these labs is a big concern. We will have 11 trained persons to clean up meth labs. To contract it out, it can range in cost from \$2,000 to \$20,000 for clean up. DEA will sometimes come in to help out, but the money is frozen in the police budgets. Maybe the state could look at setting up some special fund for clean up purposes, even if its from federal money. Hopefully the state would have a backup plan.

Rep. Skarphol: What is the average cost of clean up?

Response: Between \$2,000 and \$20,000. Our labs have been costing, if we call the company out of Minneapolis who has a federal contract, it runs about \$20,000. The companies in ND that we could use have the same credentials, but are less costly. They could cost about \$3,000.

Rep. Skarphol: So if we were to establish a fund, you would need between \$30,000 and \$150,000.

Response: Yes, if it became a crisis issue, then the Attorney General could go to the emergency commission, and get some from this fund.

Rep. Koppelman: How is the drug fight going, with the increase in labs, and how do we compare with other states in numbers?

Response: Actually, we are quite fortunate in ND. Neighboring states have had a major increase in meth labs. We are hoping that this will not happen in ND. Cannot always regulate the underlying drugs in this area. There is no bill on regulating over the counter drug purchases. The Attorney General hopes to come into this area with a package, not little bills.

Rep. Carlisle: Notes that you can get meth recipes off the Internet. How are you going to balance this with education? How about education in the schools, are we making impact?

Response, Wayne Stenehjem: He hopes to not have to regulate surveillance, but that the companies watch and are careful. There are hotlines to call to report unusual behavior. The kids in schools are responding pretty well.

Jerry Kemmet (continuing): On pages 7 and 8 the testimony deals with cybercrime. There is a tremendous expense to keep the technical level of their cybercrime expert up to par. The department has one person assigned to this task. Chat room, identity theft, e-mails, etc are all problems.

Rep. Koppelman: What are you seeing the most activity in the cybercrime area?

Response: Child pornography, and chat room problems. Where a child is contacted and then sex crimes are later committed.

Rep. Skarphol: What are the number of FTE's in your department in the Attorney General's office, and the approximate dollar amount of your budget?

Response: 63 FTE's, and \$18,000,000 budget. Out of those 63 FTE's, 30 are investigators. \$13,000,000 is special or federal funds.

Chairman Byerly: Comments that the policy is not to replace federal dollars with general fund dollars. The feds start a program, and then take all the funds away. It concerns me when you talk about these things, and I don't think you have had the support you should have from the national level. We may have to guess what is going to happen there in the next four years.

Rep. Glassheim: What is the source of the special funds?

Response: The concealed weapons permits.

Cher Thomas, Director Information Technology Division: Covers handout pages 9 through 12. Information technology is an issue, and the costs are skyrocketing in all areas. Most people think software and hardware. She wants to get away from that misconception. IT plays a critical area in every agencies strategic planning. We should not be buying software and hardware just for the sake of buying software and hardware. It should apply to the strategic organization of the agency. We are trying to do this. She gives an example of home owner, architect, and blueprint, and specialization. The IT division of the department specializes in finding and developing the software and hardware needs of the department, interactive and usable systems talking together.

Rep. Koppelman: Do you have any idea of the cost of the AFIS system since its implementation? What are the ongoing costs?

Response: We can develop these costs, and provide them to you.

Rep. Koppelman: Why are some systems initiated last session still not up and running?

Response: We were planning on having it available, but unfortunately the federal government had not finalized their guidelines until just recently.

Rep. Skarphol: There seems to be two requests. One for your ability to enter the information and access it, and the other request for the uniform crime reporting. Why are they not the same, or easily meshed together.

Response: The UCR system is more of a summary level, and statistical and does not contain all the information.

Response, Jerry Kemmet: UCR is data we collect from local police and sheriff offices. It is information we are gathering from their offices to ours.

Cher Thomas: The old UCR system seems to keep us busy just supporting it, that every time a new version of windows on the computer, it affects the DOS differently. Sometimes the printers will mess the DOS up, and there are other old computer systems that mess things up. It is not meeting the law enforcement needs.

She also discusses the information technology staff funding. This comes up quite regularly, but they do have positions that were initially funded under the NCHIP grant, and the request is that 1.5 of the current 3.75 FTE's be transferred to general fund. The reason is because the NCHIP grant very specifically specifies what the FTE's can be doing. We find that less and less of the staff are working on those projects, and we can't bill the grant. We are also concerned about the NCHIP grant going away, but the program has gone to a different level. The emphasis

is heading to integrating systems between agencies, and a more integrated judicial system. Those funds are probably not going to be coming into the Attorney General's office, but may be going into the Governor's office. Currently the Governor has put together a request for a study into that integrated judicial system.

Rep. Skarphol: Would this new process give you more flexibility to utilize these funds for the UCR program as well as the NCHIP program.

Response: She does not know what the funds will be classified for. Not sure anyone does just yet.

Rep. Koppelman: I am confused as to the UCR funding component. According to the information, the executive budget recommendation added \$250,000 specifically for IT and UCR. And your request beyond the executive budget is about another \$96,000. Is that for the same thing, or are those duplicative.

Response: The original request that went into the budget was a total of those two, when it came out of the governor's recommendation it was cut. We are asking for full funding.

Chairman Byerly: How many actual IT FTE's do you have in the department?

Response: We have 8. We have her position, the director, 3 programmers, 3 network persons, and 1 help desk technician.

Cher Thomas (continuing): In the strategic plan, they would require 10 FTE's, but they are not asking for an increase in FTE's at this time. If there are not enough people, you act reactively and not proactively. Web development continues to be on the back burner. Cannot separate IT from the other divisions, they are interrelated.

Rep. Skarphol: Your portion of this budget is \$2.1 million. Are there any special funds or federal funds in the budget?

Response: Yes there are.

Response, Kathy Roll: \$300,000 In federal funds and a little over \$200,000 in special funds.

Chairman Byerly: To Kathy Roll, you might want to put together a report that will show us where you are loosing federal dollars, and if you are asking for that to be substituted that for general funds.

Response, Kathy Roll: That information should be on page 15 of the handout written testimony.

Ray Lambert, Director Fire Marshall: Handout written testimony pages 13 and 14. He read his written testimony almost word for word. The Fire Marshall division will expect a \$250,000 - \$300,000 shortfall in this biennium. The reasons for the shortfall were listed in the testimony. Ways the shortfall is being made up is listed in the written testimony. The current Fire Marshall billing revenues projection for this next biennium is \$80,000, leaving a shortfall of \$196,000, and even if they get the ability to bill for fuel sites and occupied state buildings they anticipate the need to still be \$118,500, and request that amount from the general fund. He also encourages the passage of HB 1811 as amended.

Rep. Koppelman: Regarding the bill allowing inspections, what about the city facilities that are supposed to be inspected. What degree are those inspected by local fire marshals or fire chiefs. Why city owned property?

Response: Most communities that fire inspectors these facilities are being inspected by the locals. But the communities that do not have fire inspectors, these facilities, like courthouses, are covered under the Fire and Tornado Fund. They do not have inspectors and these facilities are not being inspected. Fire safety becomes an issue.

Rep. Koppelman: How often, by law or in your opinion, do they need inspection.

Response: Currently the standard as written is that they be inspected annually by the local fire district. This could change on more years per inspection.

Rep. Skarphol: Are we referring to city buildings, or private buildings? Does a city fire inspector have to have continuing education?

Response: We are referencing city owned or state owned buildings. No private facilities. Reoccurring proficiency training is an issue, and a lot of that is based upon local communities not having trained persons available.

Rep. Skarphol: Does your office see a potential problem occurring in rural ND with the number of vacant buildings?

Response: There has been a concern in that area, and the numbers of calls this office receives has become increasing. A lot of communities are becoming more aware of this based on the number of fires occurring in vacant and abandoned property. Yes.

Rep. Skarphol: Is your office available on a fee basis to come into a community at a request to take a look at buildings. Are you authorized to?

Response: No. Explains what they are authorized to do.

Chairman Byerly: When you talk about Fire Marshall billings, other than billing to the Fire and Tornado Fund, you don't do any other billing?

Response: Not doing any other billing, to any other agency, other than to the Fire and Tornado Fund. They are not authorized to do so.

Response, Kathy Roll: Explains that the department needs statutory authority to make the inspections.



Chairman Byerly: Is your office involved in like arson investigations, or just inspections?

Response: This office does both. We do get involved in arson investigations.

Rep. Skarphol: How many FTE's in your department?

Response: 6 inspectors, including the Fire Marshall, and 1 secretary. One is authorized but vacant.

Wayne Steneheim: Wants to follow up - that there is a proposed amendment dealing with the authorization of charging fees, located at page 20 of the written testimony.

Rep. Skarphol: Can you tell me the number of FTE;s in the other divisions?

Response, Kathy Roll: Legal services - 34 FTE

Financial Administrative - 15 FTE

Aging - 4 FTE (cut by 1)(asked for 1 back)

Consumer Protection - 7 FTE

Gaming 17 FTE

Rep. Carlisle: Do you have any sense from the new administration in Washington as to grants and federal funding?

Response, Wayne Steneheim: No, and we will be following up on that. There will some lag in Washington with appointment of persons.

Rep. Huether: Do you know of any states that have technology being used with microchip implantation.

Response: The technology exists. We have home monitoring somewhat like that.

Jerry Hjelmstad, North Dakota League of Cities: Handed out written testimony. They support section 5 of the bill, the appropriation for the local gaming enforcement grants. He read

the history of the gaming grants to the committee from his written testimony. In 1999 the legislature set up the grant application process. He discusses the deficiency appropriation bill dealing with this present biennium.

Rep. Koppelman: Can you give an idea from the League of Cities if there would be any need or requests from the cities to have the Fire Marshall do inspections if he could do the billings? Let us know at some later time.

Rep. Koppelman: In terms of gaming enforcement dollars, what tasks do local law enforcement offices do versus the Attorney General's office.

Response: At the local level it varies, there are some entities that get involved in the auditing, and investigations.

Dennis Rohr, Mandan Police Department: Have an investigation unit of 4 people, and 1 investigator is assigned to be a gaming officer. His job is multitasked, and generally he is responsible for issuing permits, processing, doing site investigations, and investigations of violations.

Rep. Koppelman: Can you give me an example of what requests, concerns, or issues your investigator may handle, and why he would call the Attorney General's office for assistance.

Response: The scope of the investigation would determine that answer. How complicated the investigation is and the resources needed in prosecution or evidence gathering. Most of the investigations can be handled locally.

Rep. Koppelman: So its not a division of the tasks, its more an issue of the scope.

Response: Yes. It depends a lot on the local resources.

Debra Ness, Bismarck Police Chief: Supports the changes proposed by Mr. Hjelmstad. This would be much better for her department. She has one full time person assigned to the

gaming enforcement. Other officers in the department are involved in investigating gaming violations. She would like to go back to the old way of receiving funds from the fund., and get away from the gaming grant process established last session. Its a budget problem.

Chairman Byerly: Asking question of Kathy Roll, In the bill there is a line item for the arrest and return of fugitives of only \$10,000. In the deficiency bill there was an additional request of \$40,000. Do we need to adjust the \$10,000?

Response, Kathy Roll: Probably not.

Lance Hagen, North Dakota Racing Commission: They submitted a budget that is somewhat higher than what the governor has recommended. We have hired a new executive director, Paul Bowlinger, and he will speak to the budget now.

Paul Bowlinger, Executive Director of Racing Commission: The three topics that he discusses that are important to their budget include: 1) They belong to an organization named NAPRA (North American Paramutual Regulator Association). Essentially its like the FBI of horse racing industry, without a data base, so the industry is regulated by a collection of states. There is no data base, so the association is very important. It deals with horse registration, jockey registration, etc. These dues have gone from \$2,500 to \$7,500, and \$10,000. That is 10% of our budget, and we cannot get around that. Secondly, we have increased the live tracks from one to three. We will need to now regulate two new tracks, which includes hiring people, like veterinarians and stewards. The budget however, has remained the same. Third, the rules and administrative code needs to be updated and revised, since it has not been done for 10 years. He has worked on revising the rules, but now they will need to go through the administrative hearing process.

Rep. Koppelman: Makes the comment the race track will be in West Fargo, not Fargo.

Rep. Skarphol: You will be operating under the office of the Attorney General, and can we not provide for your unusual expenses through that budget.

Response, Paul Bowlinger: Actually, by statute the racing commission is created in the Attorney General's office, but for all intensive purposes we act autonomously. Our regulatory function is quite different, and we regulate a specific industry that they have no access to.

Wayne Stenehjem: The Attorney General's office has no authority to control or regulate the racing commission.

Paul Bowlinger: This doesn't nullify my budget problems, I still have to regulate these three race tracks and still have to pay the NAPRA dues, and our budget is a line item, but we are here to protect our line item from cuts.

Rep. Koppelman: With the new type of gaming, as an industry new in ND, to what degree can the Attorney General's office get involved in irregularities or problems as the industry grows.

Response, Paul Bowlinger: There is a nexus between us and gaming in the simulcast end of it. Primarily we work with gaming and we regulate the same charities. With the live racing it comes down to my office, and the Attorney General does not do much with live racing, and they have no access to the data bases, and why the NAPRA dues are so important.

Chairman Byerly: If there is criminal wrongdoing, then you have some connection.

Response: Yes. But most of the violations are administrative. We want to insure the race is straight.

Rep. Skarphol: Do you have any idea what the projected increased costs of your department will be?

Response: I know what the dues will be. I will have to negotiate a contract with the veterinarians, but typically it costs \$2,500 to run a race. We were running one track, now we're running three. We are a positive revenue source to the state. Whatever the costs were before, they will triple now. The races will be two days in Bottineau, three weekends in Belcourt, and three weekends in West Fargo. The cost will be \$5,000 per event, \$2,500 for steward and \$2,500 for veterinarians.

Rep. Glassheim: You brought in \$5.6 million? Are you expecting an increase because of the new sites?

Response: Over the last two calendar years, we look at the simulcast handle, take it times 2.5%, and the simulcast handle last year was \$151,000,000 and times 2.5%, and you get our revenue. The live racing has nothing to do with the simulcast. The simulcast funds the live racing. In many states, the racing revenue goes right to the racing commission, In ND the revenue goes partly to the racing commission, and partly to the general fund.

Rep. Glassheim: I don't see in one place what you are getting in the governor's recommendation and what you are asking for. Are you seeking the \$56,000 additional?

Response: Yes. My understanding is that the budget was requested to be put in as status quo. The budget was ut in before I was hired. The then commissioner put in the budget, and then the additional needs were requested as a supplemental, optional request. Our request of \$56,500 has been cut down to a recommendation of an additional \$16,700.

Rep. Glassheim: So now we are at about \$40,000 difference.

Response, Kathy Roll: The \$16,700 would only cover the salary increases.

Rep. Koppelman: Does this also include inflationary increases?

Response, Kathy Roll: The present budget for racing is \$222,000.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1003

House Appropriations Committee  
Government Operations Division

☐ Conference Committee

Hearing Date February 12, 2001

Tape Number	Side A	Side B	Meter #
02-12-01 tape #1	390 - 1508		
02-12-01 tape #2	3185 - 4170		
Committee Clerk Signature <i>Kathleen Hall</i>			

Minutes:

The committee was called to order, and opened committee work on HB 1003, the Attorney General's budget.

Chairman Byerly: I know that the committee has been looking at pieces of this budget.

Rep. Carlisle: WE talked about computer prices the other day, and the understanding is that Human Services are spending between \$1500 and \$1700. We asked the question of the Attorney General what they are going to spend, and their figure was \$2000. Rep. Carlisle then handed out a sheet of paper that listed new and replacement computers included in the budget of the Attorney General.

Chairman Byerly: When you look at the unit cost on some of this stuff, Human Services is using \$1370 for a desk top and \$1750 for a laptop. They didn't have any servers listed. The server on this sheet at \$15,000 is pretty spendy. This is some room to make some adjustments in the equipment line item.

Rep. Koppelman: Are the prices listed what they get from ITD?

Chairman Byerly: No.

(Some general discussion among the committee and Sheila Paulson from OMB about computer purchasing and how the state should be more united and should be getting discounts for higher volume buying, not the other way around. Sheila Peterson says that she believes some of the difference in costs has to do with software purchases and not just hardware. The computer purchases are made on an annual bidding process, and each department requests what they want, and not all are the same. There was discussion as to buying the computer needed, and not the top of the line. The committee also discussed the software licensing of each computer, and that ITD has now begun looking at and is becoming the owner of all the software programs, where it is less expensive to buy computer licenses in larger amounts.)

Rep. Byerly: Makes the comment that it is his experience in working with state agencies that they take a "cookie cutter" approach to buying computers. That everyone gets the same thing, no matter what their needs are.

Rep. Byerly: Has talked to Sandi Tabor and she will get to him some information today or tomorrow that the committee can go over and find the room for amendments, outside of what the other subcommittee has been discussing.

February 12, 2001 (later in the day)

(Chairman Byerly gave instructions to the committee about meeting back together on Tuesday, to meet in regard to the Attorney General's budget. Start thinking about amendments.)

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Government Operations Division

Bill/Resolution Number HB 1003

Hearing Date February 12, 2001

Rep. Skarphol: Gave some information on the Safe Send and the possibility of adding language that instructs the Attorney General to pursue the cooperation there. Can't do anything on the Agriculture Commissioner's budget at this point, but can in the Attorney General's budget.

Rep. Glassheim: Has some questions and wonders who to ask.

(There was some general discussions on line items in the expanded budget book. Sandi Tabor and Kathy Roll of the Attorney General's office and Sandy of OMB had some of the answers. The discussion was conversational and not in the question and answer context.)



2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1003

House Appropriations Committee  
Government Operations Division

☐ Conference Committee

Hearing Date February 13, 2001

Tape Number	Side A	Side B	Metr.
02-13-01 tape #1	0 - 6215		
Committee Clerk Signature <i>Kathy Roll</i>			

Minutes:

The committee was called to order, and opened committee work on HB 1003.

Chairman Byerly: Sandi Tabor and Kathy Roll have some insight for us.

Sandi Tabor, Attorney General's office: We have taken a look at areas where we have been able to take a cut or perhaps where we can find some funding. Connie Sprynczynatyk is here because we are talking about one option in the gaming enforcement allocation. There are suggesting a 3% tax allocation.

Chairman Byerly: What will the 3% raise in round numbers?

Response: About \$629,000.

Sandi Tabor: There have been a set of amendments drafted, suggested by the League of Cities, and have been given to the chairman. Copies will be made and handed out later.

Chairman Byerly: Would like to skip the gaming issue and focus more on the other aspects of the bill right now.

Sandi Tabor: We have looked at the computer budget and think that we can cut about \$29,000 out of that expense. Another thing, we have talked to the people at consumer protection, and we think that we can receive about \$100,000 in settlement money that would come to our office, and we are proposing, normally what we would have to do is turn that money over at the end of the biennium, back to the general fund, and we would like to take that money and apply it to the UCR rewrite. We have about \$200,000 in the budget for the rewrite, and we would like to take \$100,000 from the settlement and apply it to that.

Rep. Skarphol: On the pink sheet on the budget the request is for \$100,000.

Chairman Byerly: That's what OMB gave them, but they feel they need is another \$200,000.

Rep. Koppelman: The total for the rewrite is a total of \$300,000. \$100,000 was recommended and you say it will take another \$200,000?

Response: That was the amount that we originally estimated, and we will do the best we can with what we have.

(There was some general discussion as to why the cost of the rewrite was so high between Rep. Koppelman and Sandi Tabor and Kathy Roll. The rest of the committee were looking at budget books, and having small conversations between themselves. [The tape has a loud buzzing noise and the speakers are very hard to hear.] Many of the expenses of the rewrite are not just personnel expenses, there are travel costs and meeting costs, etc.).

Chairman Byerly: We had talked about giving the Fire Marshall the ability to bill the petroleum tank release fund if they go out and inspect those tanks. Any idea how much we would be talking about in the course of a biennium.

Response: A little more that around \$20,000 a biennium. We have been doing a lot this year to bring them up to schedule and develop a plan.

Kathy Roll, Attorney General's office: Addresses HB 1118, presented elsewhere in the session, that will provide that the State Fire Marshall will be inspecting state owned occupied buildings. That will amount to about \$50,000 per biennium to be billed to the Fire and Tornado Fund.

Chairman Byerly: So you're talking \$20,000 for petroleum tank inspections, and \$50,000 on the other.

Kathy Roll: We had originally needed more money than \$118,500 requested, and we factored those new amounts in.

Chairman Byerly: Wanted a better request from the department on what they are looking for, broken down and prioritized.

(The committee was directed to page 15 of the written testimony, where there is a single sheet, broken down and prioritized).

Kathy Roll: Our priorities are the top two, and then the fourth one. We are working on ideas for the Fire Marshall.

Rep. Skarphol: If you look at the budget detail book requests, they have a huge increase in professional services in operating.

Response: I think we provided to the committee these details. (Some time later the noted form was found in documents previously handed out to the committee). There was a federal fund shift, that created that. Had to do with disposal of meth labs, and was federally funded. The document was titled Federal Fund Reallocation.

(Two new papers were handed out).

Chairman Byerly: The analyst and the NCHIP were both originally funded by federal funds, and the fed funds have gone away or been reallocated. He reminds the committee that they normally do not replace the federal funds with general funds. If the feds pull the money, the department has to make it up.

Rep. Koppelman: On the handout just received, regarding UCR, you have a section about types of use. Do you have a plan for using funds for all those areas, or is that just a list of possibilities.

Response, Sandi Tabor: You must be talking about the Juvenile Accountability and Local Enforcement. Those funds do not come directly to us. Maybe it goes to the department of corrections. As to the federal money replacement, the NCHIP program and the UCR program are not for the Attorney General's office, they are for locals.

Chairman Byerly: Lets go back and address these one at a time. The Fire Marshall is the easiest. If HB 1118 goes through, then we solve some problem and if we do something with petroleum release fund we get a few dollars there. HB 1118 passed the House, and is in the Senate. Lets say we give \$25,000 out of the petroleum release fund that still leaves about \$100,000 that you anticipate being short.

Kathy Roll: On HB 1118, we've already subtracted the \$25,000. The Fire Marshall is our low priority.

Rep. Skarphol: Your office is being assessed a \$123,000 increase in data processing. Is this going to result in an upgrade of your system.

Response: That is what was requested in the budget, as a rate increase.

(Some general discussion on the data processing, ITD charges in the budget, allowed and requested)

Rep. Glassheim: Are we satisfied that the rent increases are appropriate, necessary, inevitable?

Response: They are probably inevitable. This is probably what it is going to cost.

Chairman Byerly: Lets back up to the priorities. Drop off the Fire Marshall.

Sandi Tabor: And the additional \$96,000 UCR rewrite. And we up at \$324,349. And we found \$129,000 ...

Chairman Byerly: I'll concede the \$29,000 but the \$100,000 that comes into consumer protection ultimately gets rolled into general fund. So that really comes out of general fund. (Rep. Koppelman asked a question regarding professional services that had been asked and answered before, and were answered in a previous handout).

Rep. Carlisle: Going back to page 15, explain again.

Kathy Roll: The UCR rewrite is out, the Fire Marshall. What's in is NCHIP maintenance at \$168,000, the research analyst at \$86,000, and the public information person at \$96,000.

Rep. Byerly: They have identified \$29,000 in their equipment line item.

Rep. Skarphol: Going back to the increased IT costs, were they federally funded, and can federal funds be utilized?

Response: IT costs include IT data processing and ITD expenses. There are no federal funds to be used.

(There was some conversation in regard to asking for some amendments to be drafted in regard to meth lab cleanup and Safe Send).

Rep. Glassheim: Looking at the gross summary, and seeing increases of \$2.2 million, of that \$1.096 are general funds. Would it do any good to get a listing from the department as to what is general fund and which is not.

Response: Kathy Roll went through the various line items and stated which were general fund and which were federal and special.

Chairman Byerly: Now we'll talk a little bit about gaming. Connie Sprynczynatik has offered a set of amendments that would put the gaming grants back in as a percentage rather than a grant program. Personally I agree with that. I think the grant process should not have occurred. The 3% should bring in about \$630,000 per biennium. Roughly \$310,000 that would go back on a formula basis.

(The Attorney General's office staff notes that there is a history of the gaming grant program in the written testimony handed out by the Attorney General at the hearing. The committee spent some time on the history of income and expenses of gaming grants. The gaming tax collects about \$28 million. The projection is about \$20.9 million without the bingo tax.)

Rep. Glassheim: How is the proportion of gaming grants distributed?

Response: Basically in proportion of how much they earn, they get back some proportion back in enforcement money.

(The committee discussed how the formula is written, and that there is a cap, no payments under \$200).

Rep. Skarphol: If you got more money for this program, would you collect more funds?

Response: The reality is that when the charitable gaming was set up, it was acknowledged that enforcement would cost the locals some money. Therefore the gaming enforcement funding formula was set up. They would expect gaming fines to be about \$42,000. The gaming tax comes from gaming sites, and the more sites the more taxes generated.

(The committee heard some more information of the importance of keeping the gaming industry enforced and clean, and how important this need is ).

## 2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1003

House Appropriations Committee  
Government Operations Division

☐ Conference Committee

Hearing Date February 14, 2001

Tape Number	Side A	Side B	Meter #
02-14-01 tape #2	3008 - 6227		
Committee Clerk Signature <i>Kelly Hall</i>			

Minutes:

The committee was called to order, and opened committee work on HB 1003.

Kathy Roll, Attorney General's office: (Handed out two documents to the committee.

One was portrait layout, the other landscape layout.) The portrait paper is the changes that were made between 1999-2001 biennium and 2001-2003 biennium. It shows by operating expense type changes in each funds (general, federal, special) as requested by the committee. The other document shows IT related costs for this biennium, and broken down between the IT division and within our own information division in our office.

(The committee read and made a few questions regarding IT related issues from these papers handed out. Sandy from OMB was present and made some remarks. There was an error in the original papers handed out, and they were later replaced with the correct ones).

Rep. Byerly: Handed out prepared amendments from the Attorney General's office. In

Section 9 of the amendment, aren't we going to need a maximum number?

Roxanne from LC: Unsure what Section 9 establishes.

Rep. Byerly: The Fire Marshall inspects above ground petroleum tanks, and right now he does it without being reimbursed for his time. What we want to do is to have him be reimbursed for some of his expenses. To be reimbursed from the petroleum relief fund. Say a cap of \$35,000 per biennium, or as much as, or up to kind of language.

Kathy Roll: Would request \$35,000 to take care of the retroactive measure.

Rep. Byerly: I'm not sure we can make this retroactive. We would have to do too much, and probably couldn't get it passed with the retroactive clause. Don't see any problem with Section 10. Doesn't think they can tie this into Safe Send, but suggests that the two agency heads need to take it out and see if they can make it work. Section 11 talks about the money the department might get in, that would free up the \$100,000 in general fund. It's already in the operating line item, so nothing needs to get moved around. Section 12 has to be deleted.

(Proposed amendments from the League of Cities was then handed out, regarding the gaming enforcement grants). This changes the enforcement money back to straight allocation rather than the grant program. On page 2 of the amendment, item #4, talks about 3% of total taxes. Again, there is no cap. That would now amount to \$629,000, which is above the governor's recommended budget, but it is not general fund dollars. Its out of the proceeds of gaming, and they do ultimately end up in the general fund balance.

(The committee read and had some discussion on the proposed amendments. There was some general discussion as to the difference between the allocation and the grant program. They discussed various amounts of the cap per quarter, and the various small towns that might be affected).



Chairman Byerly: Another proposal we had was to have the Racing Commission funded from the proceeds.

Rep. Carlisle: Would we amend that to be like the Multistate Tax Commission.?

Chairman Byerly: Explains to Roxanne of LC the desire of the committee.

The chairman closed committee work on this bill.

## 2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1003

House Appropriations Committee  
Government Operations Division

☐ Conference Committee

Hearing Date February 15, 2001

Tape Number	Side A	Side B	Meter #
02-15-01 tape #1	0 - 6220	0 - 3607	
Committee Clerk Signature <i>Kelli Hall</i>			

Minutes:

The committee was called to order, and opened committee work on HB 1003.

Chairman Byerly: The LC staff are still working on putting together the amendments. We should first work on gaming, and get that out of the way. We do have some questions for Connie, on the interpretation of the minimum allocation for gaming enforcement allocations.

Connie Sprynzynatik: The language mirrors what was present before the grant program was established. The new language says no check would be issued if less than \$200 per quarter. So that would mean that any entity that hosts gaming sites, would receive only a check if the check were at least \$200, and if not, that money would be reallocated among other recipients.

Chairman Byerly: We had two different interpretations, and we want everyone to have the same interpretation.

(Connie Sprynczynatik gave some examples of how cities might not receive payment. Sandi Tabor from the Attorney General's office is reviewing the amendment language, and they will discuss which is correct).

Rep. Glassheim: How much gaming activity would a site need to have to receive the minimum payment?

Response, Connie: The formula was simply a payback on the number of sites.

(Discussion among the committee and Kathy Roll for the Attorney General's office determined that a site would have to do \$4,000 per quarter in adjusted gross proceeds at 5% to get a check for \$200 per quarter for enforcement, and with the current proposal at 3%, they would need to do \$6,667 adjusted gross income per quarter to receive \$ 200 per quarter back. Connie explained to the committee how they arrived in their proposed amendment at the floor of \$200, which pulls in a number of subdivisions, but not all. The committee also discussed what would happen if they raised or lowered the floor payment. Connie gave some examples of various cities that would be affected moving in one way or the other).

Chairman Byerly: The committee should decide what the "floor" should be, determining what the amount of the check should be to these subdivisions.

Rep. Skarphol: How do you determine the adjusted gross income on a gaming site?

Response, Kathy Roll: There are allowable deductions from gross proceeds, and there is a formula to determine that, and later named the allowable expenses.

Chairman, Byerly: Stated that it was his opinion that just about any gaming site should be able to do \$6,667 adjusted gross proceeds per quarter. Next we need to talk about the percentage. We know that 3% is about \$630,000, and 2 1/2% would be about \$523,000. Right now in the governor's budget there is \$419,600. Last biennium there was only \$219,000 plus the

\$197,000 that will resurface again. Ultimately those moneys flow to the general fund. We have to now sort out how we want to handle this.

Rep. Glassheim: I am wearing two hats, like everyone else is, trying to protect the general fund, but policing the activity where the activity is taking place is important. He's inclined to send more rather than less.

Rep. Huether: How do we know how much policing is going on in these places.

Deborah Ness, Bismarck Police Department: Chief Ness gave an explanation of how the Bismarck Police Department polices their gaming activities, how the investigations are done, and their working with the Attorney General's office.

Allen, LC: Does propose an amendment regarding quarterly payments being less than \$200, making the committee intent much clearer.

Rep. Koppelman: Are we changing the accountability?

Chairman Byerly: No, not changing it. There will be no accountability under this plan. Some political subdivisions use this money all for gaming enforcement, and some may not use it for that at all. To enforce it, there seems to be a need for increased bureaucracy. (The committee discussed somewhat the need for enforcement at some sites that have dispensing machines, the accountability factor, gaming irregularities, the fact that gaming enforcement has to be investigated no matter what, and the status of video cameras required at certain sites).

Rep. Glassheim: The more he thinks about it, he likes the grant program more and more. He likes the accountability factor, and maybe some two-tiered program. Give some funds, but then give the other funds after some accountability is fixed in.

Response, Connie S: There could be some argument for the grant program, but then someone has to administer it. The argument that only a few cities applied because they couldn't

account for the enforcement is not really good; the people who might have had to apply may not have gotten the notice, and they were not used to having to apply, the money just used to come without any action. These city employees are just part time and have no idea how to fill out a grant application.

Rep. Skarphol: In theory, if you had two cities who spent the same amount of dollars on gaming, and in once city you have a charitable organization that is charitable (do realize profits), and in the other city you have a charitable organization who realizes very little profits, what effect does that have on the gaming tax enforcement payback?

Response: The deductions allowable are statutory, and can only go to the limit. These are the same comments and questions that the local authorities have all the time. The League of Cities really wants to enforce their position that either the figures have to stay where they are as the amendment is read, or go back to the gaming grant process.

Chairman Byerly: Now lets talk about the racing commission. Would really like to move the commission, but cannot. Question to Kathy Roll, Attorney General's office: Is this \$238,800 basically general fund dollars? We had talked about changing this over to let them get their first \$238,800 out of their proceeds, and the rest goes to the general fund, would that make it cleaner four your office?

Response, Kathy Roll: Are you talking about cutting the general fund, or taking taxes to cover that.

Chairman Byerly: Well we would take the taxes to cover the \$238,000, and the language would be just like what we did to the State Tax Commissioner's office and the multistate tax commission.

Allen, LC: I believe right now there is already a split, a certain percentage already goes to general fund, and the rest goes to the promotion fund.

(The discussion is that the racing commission should be self-supporting. If it isn't self-supporting then we should do something different. There is no real concern as to which fund this comes out of).

Rep. Skarphol: The fund for the breeders promotion isn't statutory is it?

Response, Kathy Roll: That is statutory.

(The discussion is what fund this could come out of. Rep. Skarphol wonders what the difference is if it comes out of the gross revenue produced for the horse racing commission before distribution to the funds. We don't need to designate which funds it comes from).

Chairman Byerly: Didn't the commission ask during testimony for extra money that was not included in the budget. I really don't care if they want more if it comes out of their revenues, so long as it doesn't impact the general fund..

Sandy Paulson, OMB: Yes they did request amounts over the budget. If we take that money out of their revenues, won't it eventually impact general funds?

Allen, LC: He believes there is still a problem, because it is the Code as to how much goes into each fund. Then all we need to do is make a funding source change from the general fund to the promotion fund. The amendment would be simple.

Chairman Byerly: Then we'll just take it out of the promotion fund. Now we need to know how much more they had asked for.

Response, Sandy, OMB: \$56,544, requested in the optional requests.

Chairman Byerly: Does a review of what has been discussed. The last time we got together with the Attorney General's office we discussed \$29,000 off the equipment line item,

they have talked about a \$100,000 that they may get in from a settlement award. Then we had the request for the public information officer at about \$96,000, and a UCR research analyst. Take that \$100,000 to be used for their requests. Then they want some money from NCHIP. Lets talk about the \$100,000 coming in from the settlement. Are there any strings attached to that?

Response, Sandi Tabor, Attorney General's office: Actually the \$100,000 is for our costs and expenses. There may be some additional money but we don't know how much, and that will have additional strings. The \$100,000 is from two settlements, one for \$20,000, and the other has no strings.

Chairman Byerly: Explains to the committee about the settlement dollars, that they were for expenses previously expended generally from general fund dollars, and then refunded in the settlement into a refund fund. sometimes the settlements are stated that they can only be used for some things. They should be able to use the \$100,000 in the operation or NCHIP. Any money left in the refund fund goes into the general fund on June 30. The first question we need to resolve is the FTE for public information officer. That is pure general fund dollars, a vacant position for 23 months.

Kathy Roll, Attorney General's office: That position was vacant because the then-Attorney General decided to wait to allow the new Attorney General to fill this position. (The Attorney General's office representatives Kathy Roll and Sandi Tabor explained that the position was left open, and not filled, and no apportioned money will be refunded to the general fund because of that. They explained that there were many negative line items in their budget to balance that appropriation. They explained that the rest of the staff, attorneys and paralegals, are now answering the questions that the public information officer would.

Chairman Byerly: Then we have the UCR analyst that the feds pulled money from and then the NCHIP that the feds decreased funding for. If we give the \$100,000 out of the refund fund, where was that money going to be used?

Response, Sandi Tabor: For one of the three items. Since its one-time money, we should apply it to one-time expense. It should be used for the UCR rewrite.

Rep. Skarphol: On your sheet, you have NCHIP with a federal funds decrease of \$168,000 with a corresponding increase to the general fund. That's a \$168,000 increase in general funds in that particular program, what is the total general fund dollars in that program. Is this the first general fund dollars in this program. And the statistical analyst, is that the same?

Response: This is the first general fund investment in this program. We did try last biennium to get some general fund money, and we were not successful. The analyst position is the same.

Sandy, OMB: In their actual budget request the dollar amount tied to the NCHIP is a little over 2.3 million, all of that is federal, with a small amount of special funds. This is the first general funds.

Chairman Byerly: The amendment that you have prepared in your office, is what you consider to be the minimum, bare minimum.

Response, Sandi Tabor: If you look at the sheet that broke down our operating budget, by general funds, special funds, and federal funds. You can see that there is not a lot of places left to cut. (She explains the big ticket items in the budget, ITD etc.).

Chairman Byerly: We need to decide how we are going to address the FTE's. The public information officer doesn't have any complication that the UCR research analyst has. This is in



effect new money, new position (kind of), and different circumstance than the other. We are going to have to deal with how we handle this request.

(The committee discussed how to deal with the information officer. Rep. Carlisle asked what kind of calls the office receives that this position would deal with. Sandi Tabor explained that the calls are handled by attorneys, the Attorney General, and the executive assistant. The information is not always consistent, with so many persons answering the questions. They explain that the office receives 200-300 calls per day, and a few may be for different departments. This position is not just a secretarial job, they would need to have some skills).

Chairman Byerly: We are going to have to address here, and in full committee, the issue of replacing federal dollars with general funds. No matter what we do here, the department gets to present their arguments in the Senate. Concerned about BCI, and how the feds start a program and then back down the funding.

Rep. Skarphol: Salaries and wages are 76.3% general funds.

Rep. Glassheim: Questions whether the department should receive a refund from cases regarding consumers.

Response: The settlements are not from the consumers, but awards from the settlement for expended attorney fees and expenses.

(The committee closed with some general discussion on the various topics. Discussion was on doing things because they've always been done that way, and any things like that in the department that should not be anymore. The response was that the department doesn't seem to have any baggage, and the new staff may find some things recently. An example of "reports" and how they should not be sent out unless requested. Who really reads all these reports. The

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Government Operations Division

Bill/Resolution Number HB 1003

Hearing Date February 15, 2001

department says that they are trying to make this more available on the internet, and not being mailed out without request).

The chairman closed the committee work on this bill.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1003

House Appropriations Committee  
Government Operations Division

☐ Conference Committee

Hearing Date February 19, 2001

Tape Number	Side A	Side B	Meter #
02-19-01 tape #1	0 - 1608		
Committee Clerk Signature <i>Patricia Hall</i>			

Minutes:

The committee was called to order, and opened committee work on HB 1003.

Chairman Byerly: We have an amendment 0103 in front of you. It does all those things we have talked about previously. It has the fees to the Fire Marshall for above ground tank inspection, it has the \$100,00 in there from settlement that we will allow them to keep, it has the shift of the racing commission over to the promotion fund instead of general fund dollars, there is a section 9 requested by the Attorney General in case the DEA money dries up for cleaning up labs, there is section 12 that covers the gaming enforcement money with a \$200 floor and 3%, the amendment takes away \$29,000 from equipment, but also puts in money for the UCR analyst and the NCHIP program. It does not include the information officer.

Rep. Skarphol: On the racing promotion fund change, I still question why we can't take equal or proportionate amounts out of all three funds.

Kathy Roll: She had a conversation with the racing commissioner and that would be possible to allocate from all three funds.

Rep. Glassheim: What is this \$56,544 racing commission for in the amendment?

Chairman Byerly: That is what had been requested over the governors recommendation. Since we are taking the moneys out of proceeds, its not an invalid request.

Rep. Skarphol: Moves to adopt the amendment 18003.0103. Rep. Carlisle seconded.

Vote on Motion to amend: 7 yes, 0 no. Motion carries.

Rep. Glassheim: Do you want it to be proportional or do you want it to be their choice?

Rep. Skarphol: They seem to have a formula for dividing the revenue that comes in, and I would think that we would follow that, what's already in statute.

Rep. Skarphol: Moves to further adopt to change the allocation between the three funds.

Rep. Glassheim seconded.

Vote on the Motion to further amend: 7 yes, 0 no. Motion carries.

Chairman Byerly: Rep. Skarphol has a suggestion for another amendment that deals with the Fire Marshall.

Rep. Skarphol: I would like to amend to add the ability of the local political subdivision to contract with the State Fire Marshall's office to do inspections on a fee for service basis.

Kathy Roll, Attorney General's office: If we are able to bill for those services, that we treat it the same as when we bill the Fire and Tornado Fund, and the petroleum release fund. The rate is \$35 hour, includes mileage.

(Rep. Byerly and Rep. Skarphol give examples of why this amendment language is sought).

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Government Operations Division

Bill/Resolution Number HB 1003

Hearing Date February 19, 2001

Rep. Skarphol: Moves to further amend to amend to add the ability of the local political subdivision to contract with the State Fire Marshall's office to do inspections on a fee for service basis. Rep. Koppelman seconded.

Vote on Motion to further amend: 7 yes, 0 no. Motion passes.

Rep. Koppelman: Moves DO PASS AS AMENDED. Rep. Thoreson seconded.

Vote on Do Pass as Amended: 7 yes, 0 no. Motion passes.

Rep. Koppelman is assigned to carry the bill to the full committee.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1003

House Appropriations Committee

☐ Conference Committee

Hearing Date February 20, 2001

Tape Number	Side A	Side B	Meter #
02-20-01 tape #1		4244 - 6235	
02 20-01 tape #2	0 - 1723		
Committee Clerk Signature <i>Laura Hall</i>			

Minutes:

The committee was called to order, and opened committee work on HB 1003.

Rep. Koppelman: Amendments were handed out. The back page of the amendments has an overview of the changes that were made. The racing commission was increased for funding for operating costs, and changed the funding source there. There was a decrease in computer replacement costs, along with all other changes as addressed in the amendments. We did not approve funding for the public information position.

Chairman Timm: Was there any conversation regarding the petroleum release fund. Has there been much activity in that fund in the last few years?

Rep. Byerly: The only change that comes about in this bill that affects the petroleum release fund is right now the state fire marshall has to inspect all above ground tanks. We are giving the attorney general's office the ability to bill the release fund to a total of \$35,000 per biennium. The petroleum release fund is solvent and doing their job.

Chairman Timm: The complaint is I think that they are not cleaning up like we intended when we passed the law.

Rep. Byerly: I am sure there are some complaints. It's like any insurance claim, some things are paid and some are not. Some people do not get everything they think they should, but there is an appeal process.

Rep. Delzer: Section 13 new language setting up gaming enforcement, what kind of number does that match to.

Rep. Byerly: That is a return to the methodology that they used prior to last biennium, where they instituted a grant program, and cut the money significantly. We went back to the past, and straight allocations out of the gaming tax, and totals out to be \$629,000, about 3%, and is divided out back to the political subdivisions, based upon the gaming they do. There is a floor on this of \$200 per quarter.

Rep. Delzer: Is this money going down or up?

Rep. Byerly: From last biennium, it is going up, but historically, this is about half of what they used to get. We worked with the League of Cities and the Attorney General's office to get to this compromise.

Rep. Kerzman: What is the replacement cycle on the computers and did you look at sharing workstations?

Rep. Byerly: We did look at that. Their replacement cycle is about 4 years, and the problem in the Attorney General's office is that most of the equipment is paid for by federal funds, and located at BCI. We did reduce that by about \$29,000.

Rep. Monson: In section 7, what is the rationale for the addition of that. It looks like you are taking away private land ownership rights when you start having political subdivisions telling the fire marshall check buildings.

Rep. Koppelman: The thinking was that in some localities it may be there is not local expertise or that there is a conflict of interest. The political subdivision can request the fire marshall to do the inspection and they would be charged an appropriate fee.

Chairman Timm: Run section 6 by me again.

Rep. Byerly: Right now, all above ground tanks have to be inspected by the state fire marshall. All this bill is doing is allowing the fire marshall to bill for doing so, he bills the petroleum release fund. Has nothing to do with removing the tanks from the ground.

Rep. Delzer: Is there current language to allow a political subdivision to force a private individual for fire inspection?

Rep. Skarphol: This bill allows for a political subdivision that does not have the expertise to inspect a building, to contract with the fire marshall to do the inspection. The political subdivision already has the authority to do the inspection, all this bill does is allows them to contract with the state fire marshall to have expertise to do it.  
(Rep. Wald gives an example. The fee is charged to the political subdivision, not the owner of the building. Rep. Monson gives an hypothetical. The fee is not charged to the public, is charged to the political subdivision).

Rep. Aarsvold: Has a question on section 9 of the amendment regarding the racing commission. We are removing all general fund support for this division, which is a regulatory agency. Argues that since the division is regulatory it should remain a public expenditure from the general fund. Hope that we would look at his closely. He suggests an amendment to section



9 or remove section 9 from the amendment. Most of these dollars are from out of state, and the commission generates about \$5 million general fund revenue in the next biennium.

Rep. Koppelman: Moves to adopt the amendment. Seconded by Rep. Byerly.

Voice vote adopts the amendment.

Rep. Aarsvold: Moves to further amend, by striking section 9 and move the appropriation from the three funds to the general fund line item on line 15 of the bill, \$297,112. Seconded by Rep. Kerzman.

Rep. Byerly: I hope we resist this motion, because we spent a considerable amount of time in our subsection on this issue and it was the consensus of the committee that horse racing, while being beneficial to the state of ND general funds, should also be self supporting. Also note that although the racing commission is in the attorney general's budget, the department has no control over the racing commission.

Rep. Kliniski: Question for the LC staff, are there any other regulatory commissions that operate their administrative costs through general fund appropriations?

Allen, LC: Cannot think of any off hand.

Voice vote to further amend fails.

Rep. Carlisle: Hands out another amendment. This has to do with gaming grants, and the emergency clause bill that failed. Moves to adopt the amendment. Seconded by Rep. Thoreson.

Chairman Timm: We had SB 2050, that would have placed \$197,000 in the Attorney General's department. We killed that bill earlier. We expected that this amendment would be placed on the attorney general budget.

Rep. Delzer: Questions whether there is a duplication of gaming grants in the bill and the amendment.

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House Appropriations Committee

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Hearing Date February 20, 2001

(Some discussion as to the gaming grants and this biennium and next biennium. Some history as to what happened last year with these funds in the department. More discussion as to what the gaming enforcement moneys are for).

Voice vote adopted the amendment.

Rep. Koppelman: Moves DO PASS AS AMENDED. Rep. Huether seconded.

Vote on Do Pass as Amended: 16 yes, 2 no, 3 absent and not voting. Bill passes.

Rep. Koppelman is assigned to carry this bill on the floor.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1003

House Appropriations Committee  
Government Operations Division

☐ Conference Committee

Hearing Date February 29, 2001

Tape Number	Side A	Side B	Meter #
02-19-01 tape #1	0 - 1608		
Committee Clerk Signature <i>Kathleen Hall</i>			

Minutes:

The committee was called to order, and opened committee work on HB 1003.

Chairman Byerly: We have an amendment 0103 in front of you. It does all those things we have talked about previously. It has the fees to the Fire Marshall for above ground tank inspection, it has the \$100,00 in there from settlement that we will allow them to keep, it has the shift of the racing commission over to the promotion fund instead of general fund dollars, there is a section 9 requested by the Attorney General in case the DEA money dries up for cleaning up labs, there is section 12 that covers the gaming enforcement money with a \$200 floor and 3%, the amendment takes away \$29,000 from equipment, but also puts in money for the UCR analyst and the NCHIP program. It does not include the information officer.

Rep. Skarphol: On the racing promotion fund change, I still question why we can't take equal or proportionate amounts out of all three funds.

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Kathy Roll: She had a conversation with the racing commissioner and that would be possible to allocate from all three funds.

Rep. Glassheim: What is this \$56,544 racing commission for in the amendment?

Chairman Byerly: That is what had been requested over the governors recommendation. Since we are taking the moneys out of proceeds, its not an invalid request.

Rep. Skarphol: Moves to adopt the amendment 18003.0103. Rep. Carlisle seconded. Vote on Motion to amend: 7 yes, 0 no. Motion carries.

Rep. Glassheim: Do you want it to be proportional or do you want it to be their choice?

Rep. Skarphol: They seem to have a formula for dividing the revenue that comes in, and I would think that we would follow that, what's already in statute.

Rep. Skarphol: Moves to further adopt to change the allocation between the three funds. Rep. Glassheim seconded.

Vote on the Motion to further amend: 7 yes, 0 no. Motion carries.

Chairman Byerly: Rep. Skarphol has a suggestion for another amendment that deals with the Fire Marshall.

Rep. Skarphol: I would like to amend to add the ability of the local political subdivision to contract with the State Fire Marshall's office to do inspections on a fee for service basis.

Kathy Roll, Attorney General's office: If we are able to bill for those services, that we treat it the same as when we bill the Fire and Tornado Fund, and the petroleum release fund. The rate is \$35 hour, includes mileage.

(Rep. Byerly and Rep. Skarphol give examples of why this amendment language is sought).

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Government Operations Division

Bill/Resolution Number HB 1003

Hearing Date February 17, 2001

Feb 19, 2001  
2

Rep. Skarphol: Moves to further amend to amend to add the ability of the local political subdivision to contract with the State Fire Marshall's office to do inspections on a fee for service basis. Rep. Koppelman seconded.

Vote on Motion to further amend: 7 yes, 0 no. Motion passes.

Rep. Koppelman: Moves DO PASS AS AMENDED. Rep. Thoreson seconded.

Vote on Do Pass as Amended: 7 yes, 0 no. Motion passes.

Rep. Koppelman is assigned to carry the bill to the full committee.

# FISCAL NOTE

Requested by Legislative Council

02/22/2001

Bill/Resolution No.:

Amendment to: HB 1003

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>			(\$826,714)	\$729,000	(\$629,000)	\$529,000
<b>Expenditures</b>	\$197,714		(\$419,591)	\$729,000		(\$100,000)
<b>Appropriations</b>	\$197,714		(\$419,591)	\$729,000		(\$100,000)

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$1,445	\$196,269		\$45,917	\$583,083		\$45,917	\$583,083	

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

Engrossed House Bill No. 1003, contains provisions that have fiscal impacts. The impacts identified are as follows:

- For the 1999-01 biennium, expenditures and appropriations are increased by \$197,714 from the General Fund for the appropriation for local law enforcement gaming grants. There is an emergency clause on this section.
- For the 2001-03 biennium, General Fund revenues are reduced by \$629,000, with a corresponding increase in other funds revenues (gaming and excise taxes to be deposited into the gaming and excise tax allocation fund) to allow 3% of the gaming and excise taxes to be distributed to cities and counties based on the gaming and excise taxes collected. The General Fund revenues are decreased by \$197,714 for the local law enforcement gaming grants appropriation for the 1999-01 biennium, since this amount is included in the June 30, 2001 ending General Fund balance in the Executive budget.
- For the 2001-03 biennium, General Fund expenditures and appropriations are reduced by \$419,591 for local law enforcement gaming grants (which were included in the Executive budget), with other funds expenditures and appropriations increased by \$629,000 for these grants.
- For the 2001-03 biennium, a \$100,000 increase in other funds revenues, appropriations, and expenditures from the Consumer Protection Fund carryover is provided.
- Because we are unable to determine the impact of billing for public and private buildings, no change is reflected. These revenues should be deposited into the Attorney General's operating fund.
- Billing revenues for the 2001-03 biennium are already included in estimated income for the Fire Marshal services provided to entities covered by the Petroleum Release Compensation Fund.
- For the 2003-05 biennium, General Fund revenues are reduced by \$629,000, with a corresponding

- increase in other funds relating to the 3% of gaming and excise tax change discussed above.
- For the 2003-05 biennium, a \$100,000 decrease in other funds revenues, appropriations, and expenditures results from discontinuation of the Consumer Protection Fund carryover allowed for the 2001-03 biennium.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

See narrative

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

See narrative

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

See narrative

<b>Name:</b>	Kathy Roll	<b>Agency:</b>	Office of Attorney General
<b>Phone Number:</b>	328-3622	<b>Date Prepared:</b>	02/28/2001

**FISCAL NOTE**  
Requested by Legislative Council  
01/05/2001

**REVISION**

Bill/Resolution No.: HB 1003

Amendment to:

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$8,312			
Appropriations			\$8,312			

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The fiscal impact of this bill is reflected in the appropriation provided in the bill. The 2001-03 biennium salary increase provided in the Executive Recommendation for the Attorney General is shown here for information purposes.

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

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Name:	Kathy Roll	Agency:	Office of Attorney General
Phone Number:	701-328-3622	Date Prepared:	01/02/2001

**FISCAL NOTE**  
 Requested by Legislative Council  
 12/14/2000

Bill/Resolution No.: HB 1003

Amendment to:

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The fiscal impact of this bill is reflected in the appropriation provided in the bill.

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Kathy Roll	Agency:	Office of Attorney General
Phone Number:	701-328-3622	Date Prepared:	01/02/2001

February 16, 2001

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1003

Page 1, line 2, remove the first "and" and replace "section" with "sections 53-06.1-12 and"

Page 1, line 3, after "to" insert "gaming and excise tax collections and" and after "general" insert "; and to declare an emergency"

Page 1, line 10, replace "14,847,334" with "14,841,235"

Page 1, line 12, replace "428,876" with "399,876"

Page 1, line 13, replace "5,524,989" with "5,734,398"

Page 1, line 15, replace "238,814" with "297,112"

Page 1, line 21, replace "31,909,515" with "32,142,123"

Page 1, line 22, replace "16,979,504" with "17,751,371"

Page 1, line 23, replace "14,930,011" with "14,390,752"

Page 2, line 15, after the first period insert **"ESTIMATED INCOME - GAMING AND EXCISE TAX ALLOCATION FUND -"**

Page 2, line 16, replace "\$419,591" with "\$629,000"

Page 2, replace lines 17 through 20 with:

**"SECTION 6. PETROLEUM RELEASE COMPENSATION FUND - FEES.** The attorney general shall charge and collect fees for services provided by the state fire marshal program to entities covered by the petroleum release compensation fund under chapter 23-37 of up to a total of \$35,000 for the biennium beginning July 1, 2001, and ending June 30, 2003. All fees collected under this section must be deposited in the attorney general's operating fund.

**SECTION 7. ATTORNEY GENERAL REFUND FUND - EXCEPTION - ESTIMATED INCOME.** Notwithstanding section 54-12-18, the attorney general may retain \$100,000 in the attorney general refund fund that would otherwise be transferred to the general fund on June 30, 2001. The estimated income line item in section 1 of this Act includes \$100,000 from the attorney general refund fund for the purpose of defraying the expenses of the consumer protection division for the biennium beginning July 1, 2001, and ending June 30, 2003.

**SECTION 8. ESTIMATED INCOME - RACING PROMOTION FUND.** Notwithstanding section 53-06.2-11, the estimated income line item in section 1 of this Act includes \$297,112 from the racing promotion fund for the purpose of defraying the administrative and operating costs of the racing commission for the biennium beginning July 1, 2001, and ending June 30, 2003.

**SECTION 9. LEGISLATIVE INTENT - CLANDESTINE LABORATORY CLEANUP - EMERGENCY COMMISSION REQUEST.** It is the intent of the legislative

assembly that the attorney general request emergency commission approval for funding from the state contingencies appropriation if additional funding is needed for defraying the cleanup costs of clandestine laboratories and if federal funds are not available for this purpose for the biennium beginning July 1, 2001, and ending June 30, 2003."

Page 2, after line 28, insert:

**"SECTION 12. AMENDMENT.** Section 53-06.1-12 of the North Dakota Century Code is amended and reenacted as follows:

**53-06.1-12. Gaming and excise taxes - Deposits and allocations.**

1. A gaming tax is imposed on the total adjusted gross proceeds earned by a licensed organization in a quarter and it must be computed and paid to the attorney general on a quarterly basis on the tax return. This tax must be paid from adjusted gross proceeds and is not part of the allowable expenses. The tax rates are:
  - a. On adjusted gross proceeds not exceeding two hundred thousand dollars, a tax of five percent.
  - b. On adjusted gross proceeds exceeding two hundred thousand dollars but not exceeding four hundred thousand dollars, a tax of ten percent.
  - c. On adjusted gross proceeds exceeding four hundred thousand dollars but not exceeding six hundred thousand dollars, a tax of fifteen percent.
  - d. On adjusted gross proceeds exceeding six hundred thousand dollars, a tax of twenty percent.
2. In addition to any other tax provided by law and in place of sales or use taxes, there is imposed an excise tax of four and one-half percent on the gross proceeds from the sale at retail of pull tabs to a final user. This includes pull tabs provided to a player in exchange for redeemed winning pull tabs. The tax must be paid to the attorney general when tax returns are filed.
3. ~~The~~ Except as provided in subsection 4, the state treasurer shall deposit gaming and excise taxes, monetary fines, and interest and penalties collected in the general fund in the state treasury.
4. The state treasurer shall deposit three percent of the total taxes collected under this section into a gaming and excise tax allocation fund. Pursuant to legislative appropriation, moneys in the fund must be distributed quarterly to cities and counties in proportion to the taxes collected under this section from licensed organizations conducting games of chance within each city, for sites within city limits, or within each county, for sites outside city limits. If a city or county allocation under this subsection is less than two hundred dollars, that city or county is not entitled to receive a payment for the quarter and the undistributed amount must be included in the total amount to be distributed to other cities and counties for the quarter."

Page 3, after line 5, insert:

**"SECTION 14. EMERGENCY.** Section 7 of this Act is declared to be an emergency measure."

Renumber accordingly

# STATEMENT OF PURPOSE OF AMENDMENT:

## House Bill No. 1003 - Attorney General - House Action

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE TOTALS
Salaries and wages	\$14,847,134	(\$6,099)	\$14,841,235
Operating expenses	5,802,969		5,802,969
Equipment	428,876	(\$29,000)	399,876
Grants	5,524,989	209,409	5,734,398
Litigation fees	50,000		50,000
Racing Commission	238,814	58,298	297,112
National Criminal History Improvement Project	2,358,720		2,358,720
Arrest and return of fugitives	10,000		10,000
Gaming Commission	5,109		5,109
Law enforcement programs	631,056		631,056
High-intensity drug trafficking area	1,931,648		1,931,648
Total all funds	\$31,909,515	\$232,608	\$32,142,123
Less estimated income	16,979,504	771,867	17,751,371
General fund	\$14,930,011	(\$539,259)	\$14,390,752
FTE	158.50	0.00	158.50

## Dept. 125 - Attorney General - Detail of House Changes

	ADJUST MARKET EQUITY SALARY INCREASE <sup>1</sup>	RACING COMMISSION ADJUSTMENTS <sup>2</sup>	REDUCE EQUIPMENT <sup>3</sup>	FEDERAL FUNDING REDUCTIONS <sup>4</sup>	USE OF REFUND FUND <sup>5</sup>	GAMING ENFORCEMENT GRANTS <sup>6</sup>
Salaries and wages	(\$6,099)					
Operating expenses						
Equipment			(\$29,000)			
Grants						\$209,409
Litigation fees						
Racing Commission	1,764	\$56,544				
National Criminal History Improvement Project						
Arrest and return of fugitives						
Gaming Commission						
Law enforcement programs						
High-intensity drug trafficking area						
Total all funds	(\$4,345)	\$56,544	(\$29,000)	\$0	\$0	\$209,409
Less estimated income		297,112		(254,245)	100,000	629,000
General fund	(\$4,345)	(\$240,568)	(\$29,000)	\$254,245	(\$100,000)	(\$419,571)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

### TOTAL HOUSE CHANGES

Salaries and wages	(\$6,099)
Operating expenses	
Equipment	(29,000)
Grants	209,409
Litigation fees	
Racing Commission	58,298
National Criminal History Improvement Project	
Arrest and return of fugitives	
Gaming Commission	
Law enforcement programs	
High-intensity drug trafficking area	
Total all funds	\$232,608
Less estimated income	771,867
General fund	(\$539,259)
FTE	0.00

<sup>1</sup> This amendment reduces, from \$9,833 to \$3,734, the amount provided for a market equity salary increase for the Attorney General. The amount included in the bill will provide for a monthly increase of \$177.67 and related fringe benefits for the last 18 months of the biennium. In addition, funding for the racing commissioner's market equity salary increase is increased, from \$7,007 to \$8,761, to provide a monthly increase of \$416.83 and related fringe benefits for the last 18 months of the biennium.

<sup>2</sup> Funding for the Racing Commission is increased by \$56,544 to provide additional funding for operating costs. In addition, a funding source change is made removing the general fund support and providing the funding from the racing promotion fund.

- 3 Equipment funding is reduced to reflect lower computer replacement costs.
- 4 Federal funding is reduced and general fund support is increased relating to the Uniform Crime Reporting (UCR) research analysis system (\$86,055) and for C.I.T.E. information technology positions required to maintain the law enforcement system (National Computer System Improvement Project) on a 24 hour basis (\$168,190).
- 5 General fund support is reduced and funding is provided from the Attorney General refund fund for a portion of the costs of the Emergency Protection Division. Provisions are added allowing the Attorney General to retain these funds in the refund fund and not transfer them to the general fund on June 30, 2001. This amount was not included in the general fund revenue forecast, therefore, estimated general fund revenues are not affected.
- 6 Funding for local gaming enforcement grants is increased by \$209,400 to \$629,000. Funding for these grants is changed from the general fund to the gaming and exercise tax allocation fund. A section is added amending North Dakota Century Code Section 53-05-1, 2, to provide that three percent of gaming tax collections be deposited in the gaming and exercise tax allocation fund rather than the general fund. This change increases 2001-03 biennium estimated general fund revenues by \$629,000.

Grants from this special fund will be distributed quarterly to cities and counties based on their proportion of the taxes collected. If a city or county's allocation for a quarter is less than \$200, that city or county will not receive a payment for that quarter, but that amount will be distributed to other cities and counties receiving payments of \$200 or more.

The section providing that the Attorney General distribute local gaming enforcement grants on a competitive basis is removed from the bill.

A section is added authorizing the Attorney General to charge fees totaling up to \$35,000 for the 2001-03 biennium for services provided by the State Fire Marshal to entities covered by the petroleum release compensation fund. Collections of these fees will be deposited in the Attorney General's operating fund.

A section of legislative intent is added providing that the Attorney General request state contingency funds from the Emergency Commission if additional funding is needed for cleanup costs relating to clandestine laboratories and if federal funds are not available for paying these costs.

Date: 2-19-01  
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1003

House Appropriations - Government Operations Division Committee

☒ Subcommittee on Government Operations  
or  
☐ Conference Committee

Legislative Council Amendment Number 18003.0103

Action Taken to adopt amendment 18003.0103

Motion Made By Rep Skarphol Seconded By Rep Carlisle

Representatives	Yes	No	Representatives	Yes	No
Rep. Rex R. Byerly - Chairman	✓		Rep. Eliot Glassheim	✓	
Rep. Ron Carlisle - Vice Chairman	✓		Rep. Robert Huether	✓	
Rep. Kim Koppelman	✓				
Rep. Bob Skarphol	✓				
Rep. Blair Thoreson	✓				

Total (Yes) 7 No 0

Absent 0

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

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

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1003

Page 1, line 1, after the semicolon insert "to require the state fire marshal to inspect buildings as requested by a political subdivision;"

Page 1, line 2, remove the first "and" and replace "section" with "sections 53-06.1-12 and"

Page 1, line 3, after "to" insert "gaming and excise tax collections and" and after "general" insert "; and to declare an emergency"

Page 1, line 10, replace "14,847,334" with "14,841,235"

Page 1, line 12, replace "428,876" with "399,876"

Page 1, line 13, replace "5,524,989" with "5,734,398"

Page 1, line 15, replace "238,814" with "297,112"

Page 1, line 21, replace "31,909,515" with "32,142,123"

Page 1, line 22, replace "16,979,504" with "17,751,371"

Page 1, line 23, replace "14,930,011" with "14,390,752"

Page 2, line 15, after the first period insert **"ESTIMATED INCOME - GAMING AND EXCISE TAX ALLOCATION FUND -"**

Page 2, line 16, replace "\$419,591" with "\$629,000"

Page 2, replace lines 17 through 20 with:

**"SECTION 6. PETROLEUM RELEASE COMPENSATION FUND - FEES.** The attorney general shall charge and collect fees for services provided by the state fire marshal program to entities covered by the petroleum release compensation fund under chapter 23-37 of up to a total of \$35,000 for the biennium beginning July 1, 2001, and ending June 30, 2003. All fees collected under this section must be deposited in the attorney general's operating fund.

**SECTION 7. STATE FIRE MARSHAL - BUILDING INSPECTIONS AS REQUESTED BY POLITICAL SUBDIVISIONS - FEES.** The state fire marshal shall conduct, upon request of a political subdivision, an inspection of a publicly or privately owned building and shall charge a fee for the cost of providing this service for the biennium beginning July 1, 2001, and ending June 30, 2003.

**SECTION 8. ATTORNEY GENERAL REFUND FUND - EXCEPTION - ESTIMATED INCOME.** Notwithstanding section 54-12-18, the attorney general may retain \$100,000 in the attorney general refund fund that would otherwise be transferred to the general fund on June 30, 2001. The estimated income line item in section 1 of this Act includes \$100,000 from the attorney general refund fund for the purpose of defraying the expenses of the consumer protection division for the biennium beginning July 1, 2001, and ending June 30, 2003.



**SECTION 9. ESTIMATED INCOME - RACING PROMOTION, PURSE, AND BREEDERS' FUNDS.** Notwithstanding section 53-06.2-11, the estimated income line item in section 1 of this Act includes \$297,112 from the racing promotion fund, purse fund, and breeders' fund for the purpose of defraying the administrative and operating costs of the racing commission for the biennium beginning July 1, 2001, and ending June 30, 2003. The racing commission shall determine the allocation from each fund based on the proportion of the resources available in each fund.

**SECTION 10. LEGISLATIVE INTENT - CLANDESTINE LABORATORY CLEANUP - EMERGENCY COMMISSION REQUEST.** It is the intent of the legislative assembly that the attorney general request emergency commission approval for funding from the state contingencies appropriation if additional funding is needed for defraying the cleanup costs of clandestine laboratories and if federal funds are not available for this purpose for the biennium beginning July 1, 2001, and ending June 30, 2003."

Page 2, after line 28, insert:

**"SECTION 13. AMENDMENT.** Section 53-06.1-12 of the North Dakota Century Code is amended and reenacted as follows:

**53-06.1-12. Gaming and excise taxes - Deposits and allocations.**

1. A gaming tax is imposed on the total adjusted gross proceeds earned by a licensed organization in a quarter and it must be computed and paid to the attorney general on a quarterly basis on the tax return. This tax must be paid from adjusted gross proceeds and is not part of the allowable expenses. The tax rates are:
  - a. On adjusted gross proceeds not exceeding two hundred thousand dollars, a tax of five percent.
  - b. On adjusted gross proceeds exceeding two hundred thousand dollars but not exceeding four hundred thousand dollars, a tax of ten percent.
  - c. On adjusted gross proceeds exceeding four hundred thousand dollars but not exceeding six hundred thousand dollars, a tax of fifteen percent.
  - d. On adjusted gross proceeds exceeding six hundred thousand dollars, a tax of twenty percent.
2. In addition to any other tax provided by law and in place of sales or use taxes, there is imposed an excise tax of four and one-half percent on the gross proceeds from the sale at retail of pull tabs to a final user. This includes pull tabs provided to a player in exchange for redeemed winning pull tabs. The tax must be paid to the attorney general when tax returns are filed.
3. ~~The~~ Except as provided in subsection 4, the state treasurer shall deposit gaming and excise taxes, monetary fines, and interest and penalties collected in the general fund in the state treasury.
4. The state treasurer shall deposit three percent of the total taxes collected under this section into a gaming and excise tax allocation fund. Pursuant to legislative appropriation, moneys in the fund must be distributed quarterly to cities and counties in proportion to the taxes collected under this section from licensed organizations conducting games of chance within each city, for sites within city limits, or within each county, for sites outside city limits. If a city or county allocation under this subsection is less than two hundred dollars, that city or county is not entitled to receive a payment

for the quarter and the undistributed amount must be included in the total amount to be distributed to other cities and counties for the quarter."

Page 3, after line 5, insert:

"SECTION 15. EMERGENCY. Section 8 of this Act is declared to be an emergency measure."

Renumber accordingly

# STATEMENT OF PURPOSE OF AMENDMENT:

## House Bill No. 1003 - Attorney General - House Action

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$14,847,334	(\$6,099)	\$14,841,235
Operating expenses	5,882,969		5,882,969
Equipment	428,878	(29,000)	399,878
Grants	5,524,989	209,409	5,734,398
Litigation fees	50,000		50,000
Racing Commission	238,814	58,298	297,112
National Criminal History Improvement Project	2,358,720		2,358,720
Arrest and return of fugitives	10,000		10,000
Gaming Commission	5,109		5,109
Law enforcement programs	631,056		631,056
High-intensity drug trafficking area	1,931,648		1,931,648
Total all funds	\$31,909,515	\$232,600	\$32,142,123
Less estimated income	16,979,504	771,867	17,751,371
General fund	\$14,930,011	(\$539,259)	\$14,390,752
FTE	158.50	0.00	158.50

## Dept. 125 - Attorney General - Detail of House Changes

	ADJUST MARKET EQUITY SALARY INCREASE <sup>1</sup>	RACING COMMISSION ADJUSTMENTS <sup>2</sup>	REDUCE EQUIPMENT <sup>3</sup>	FEDERAL FUNDING REDUCTIONS <sup>4</sup>	USE OF REFUND FUND <sup>5</sup>	GAMING ENFORCEMENT GRANTS <sup>6</sup>
Salaries and wages	(\$6,099)					
Operating expenses						
Equipment			(\$29,000)			
Grants						\$209,409
Litigation fees						
Racing Commission	1,754	\$58,544				
National Criminal History Improvement Project						
Arrest and return of fugitives						
Gaming Commission						
Law enforcement programs						
High-intensity drug trafficking area						
Total all funds	(\$4,345)	\$58,544	(\$29,000)	\$0	\$0	\$209,409
Less estimated income		297,112		(254,245)	100,000	629,000
General fund	(\$4,345)	(\$240,568)	(\$29,000)	\$254,245	(\$100,000)	(\$419,591)
FTE	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL HOUSE CHANGES						
Salaries and wages	(\$6,099)					
Operating expenses						
Equipment			(29,000)			
Grants						209,409
Litigation fees						
Racing Commission		58,298				
National Criminal History Improvement Project						
Arrest and return of fugitives						
Gaming Commission						
Law enforcement programs						
High-intensity drug trafficking						

area	
Total all funds	\$232,608
Less estimated income	771,867
General fund	(\$539,259)
TTL	0 00

- <sup>1</sup> This amendment reduces from \$9,833 to \$3,734, the amount provided for a market equity salary increase for the Attorney General. The amount included in the bill will provide for a monthly increase of \$177.67 and related fringe benefits for the last 18 months of the biennium. In addition, funding for the racing commissioner's market equity salary increase is increased, from \$7,007 to \$8,761 to provide a monthly increase of \$49.64 and related fringe benefits for the last 18 months of the biennium.
- <sup>2</sup> Funding for the Racing Commission is increased by \$56,544 to provide additional funding for operating costs. In addition, a funding source change is made removing the general fund support and providing the funding from the racing promotion fund, purse fund, and breeders' fund based on the proportion of the resources available in each fund.
- <sup>3</sup> Equipment funding is reduced to reflect lower computer replacement costs.
- <sup>4</sup> Federal funding is reduced and general fund support is increased relating to the Uniform Crime Reporting (UCR) research analyst position (\$86,055) and for 1.5 FTE information technology positions required to maintain the law enforcement system (National Criminal History Improvement Project) on a 24-hour basis (\$168,190).
- <sup>5</sup> General fund support is reduced and funding is provided from the Attorney General refund fund for a portion of the costs of the Consumer Protection Division. Provisions are added allowing the Attorney General to retain those funds in the refund fund and not transfer them to the general fund on June 30, 2001. This amount was not included in the general fund revenue forecast, therefore, estimated general fund revenues are not affected.
- <sup>6</sup> Funding for local gaming enforcement grants is increased by \$209,408 to \$629,000. Funding for these grants is changed from the general fund to the gaming and excise tax allocation fund. A section is added amending North Dakota Century Code Section 53-06.1-12 to provide that three percent of gaming tax collections be deposited in the gaming and excise tax allocation fund rather than the general fund. This change reduces 2001-03 biennium estimated general fund revenues by \$629,000.

Grants from this special fund will be distributed quarterly to cities and counties based on their proportion of the taxes collected. If a city or county's allocation for a quarter is less than \$200, that city or county will not receive a payment for that quarter, but that amount will be distributed to other cities and counties receiving payments of \$200 or more.

The section providing that the Attorney General distribute local gaming enforcement grants on a competitive basis is removed from the bill.

A section is added authorizing the Attorney General to charge fees totaling up to \$35,000 for the 2001-03 biennium for services provided by the State Fire Marshal to entities covered by the petroleum release compensation fund. Collections of these fees will be deposited in the Attorney General's operating fund.

A section is added requiring the State Fire Marshal, as requested by a political subdivision, to conduct inspections of publicly or privately owned buildings. The State Fire Marshal will charge a fee for these inspections, the proceeds of which will be deposited in the general fund.

A section of legislative intent is added providing that the Attorney General request state contingency funds from the Emergency Commission if additional funding is needed for cleanup costs relating to clandestine laboratories and if federal funds are not available for paying these costs.

Date: 2-19-01  
Roll Call Vote #: 2

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. *HB1003*

House Appropriations - Government Operations Division Committee

☒ Subcommittee on Government Operations

or  
☐ Conference Committee

Legislative Council Amendment Number 18005.6164

Action Taken to further adopt amendment

Motion Made By Rep Skarphol Seconded By Rep. Glassheim

[illegible]

Total (Yes) 7 No 0

Absent ☒

### Floor Assignment

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

changes funding allocation between  
3 funds.

Date: 2-19-01  
Roll Call Vote #: 3

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1003

House Appropriations - Government Operations Division Committee

☒ Subcommittee on Government Operations  
or  
☐ Conference Committee

Legislative Council Amendment Number 18003. 0104

Action Taken to further amend

Motion Made By Rep. Skarphol Seconded By Rep. Koppelman

Representatives	Yes	No	Representatives	Yes	No
Rep. Rex R. Byerly - Chairman	✓		Rep. Eliot Glassheim	✓	
Rep. Ron Carlisle - Vice Chairman	✓		Rep. Robert Huether	✓	
Rep. Kim Koppelman	✓				
Rep. Bob Skarphol	✓				
Rep. Blair Thoreson	✓				

Total (Yes) 7 No 0

Absent 0

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

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

~~Stop~~  
to allow the fire Inspector to be able  
to contract w/ political subdivisions to inspect  
privately owned buildings

Date: 2-19-01  
Roll Call Vote #: 4

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1003

House Appropriations - Government Operations Division Committee

☒ Subcommittee on Government Operations  
or  
☐ Conference Committee

Legislative Council Amendment Number

18003.0104

Action Taken

DO PASS As Amended

Motion Made By

Rep Koppelman

Seconded  
By

Rep. Thoreson

Representatives	Yes	No	Representatives	Yes	No
Rep. Rex R. Byerly - Chairman	✓		Rep. Eliot Glassheim	✓	
Rep. Ron Carlisle - Vice Chairman	✓		Rep. Robert Huether	✓	
Rep. Kim Koppelman	✓				
Rep. Bob Skarphol	✓				
Rep. Blair Thoreson	✓				

Total (Yes)

7

No

0

Absent

0

Floor Assignment

Rep. Koppelman

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

Date: 2-20-01  
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1003

House APPROPRIATIONS

Committee

☐ Subcommittee on \_\_\_\_\_  
or  
☐ Conference Committee

Legislative Council Amendment Number 18003.0104

Action Taken to adopt amendment

Motion Made By Rep. Koppelman Seconded By Rep. Byerly

Representatives	Yes	No	Representatives	Yes	No
Timm - Chairman					
Wald - Vice Chairman					
Rep - Aarsvold			Rep - Koppelman		
Rep - Boehm			Rep - Martinson		
Rep - Byerly			Rep - Monson		
Rep - Carlisle			Rep - Skarphol		
Rep - Delzer			Rep - Svedjan		
Rep - Glassheim			Rep - Thoreson		
Rep - Gulleeson			Rep - Warner		
Rep - Huether			Rep - Wentz		
Rep - Kempenich					
Rep - Kerzman					
Rep - Kliniske					

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

Absent \_\_\_\_\_

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

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

*Carried*

Date: 2-20-01  
Roll Call Vote #: 2

**2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. HB 1003**

House APPROPRIATIONS Committee

☐ Subcommittee on \_\_\_\_\_  
or  
☐ Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken to further amend.

Motion Made By Rep. Aarsvold Seconded By Rep. Kerzman

Representatives	Yes	No	Representatives	Yes	No
Timm - Chairman					
Wald - Vice Chairman					
Rep - Aarsvold			Rep - Koppelman		
Rep - Boehm			Rep - Martinson		
Rep - Byerly			Rep - Monson		
Rep - Carlisle			Rep - Skarphol		
Rep - Delzer			Rep - Svedjan		
Rep - Glassheim			Rep - Thoreson		
Rep - Gulleeson			Rep - Warner		
Rep - Huether			Rep - Wentz		
Rep - Kempenich					
Rep - Kerzman					
Rep - Kliniske					

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

Absent \_\_\_\_\_

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

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

Strike Section 9 - more funding 1

*failed*



PROPOSED AMENDMENTS TO HOUSE BILL NO. 1003

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

Page 1, line 3, after "general" insert "; and to declare an emergency"

Page 1, after line 23, insert:

**"SECTION 2. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$197,714, or so much of the sum as may be necessary, to the attorney general for the purpose of providing local gaming enforcement grants, for the period beginning with the effective date of this Act, and ending June 30, 2001."

Page 3, after line 5, insert:

**"SECTION 11. EMERGENCY.** Section 2 of this Act is declared to be an emergency measure."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1003 - Attorney General - House Action**

This amendment adds an appropriation section of \$197,714 from the general fund for local gaming enforcement grants for the 1999-2001 biennium and a related section providing for this appropriation to be an emergency measure.

Date: 2-20-01  
Roll Call Vote #: 3

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1003

House APPROPRIATIONS

Committee

☐ Subcommittee on \_\_\_\_\_  
or  
☐ Conference Committee

Legislative Council Amendment Number 18003 0101

Action Taken to adopt amendment

Motion Made By Rep. Carlisle Seconded By Rep. Monson

Representatives	Yes	No	Representatives	Yes	No
Timm - Chairman					
Wald - Vice Chairman					
Rep - Aarsvold			Rep - Koppelman		
Rep - Boehm			Rep - Martinson		
Rep - Byerly			Rep - Monson		
Rep - Carlisle			Rep - Skarphol		
Rep - Delzer			Rep - Svedjan		
Rep - Glassheim			Rep - Thoreson		
Rep - Gulleason			Rep - Warner		
Rep - Huether			Rep - Wentz		
Rep - Kempenich					
Rep - Kerzman					
Rep - Kliniske					

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

Absent \_\_\_\_\_

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

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

Carried

2 14 01  
1 HB 1003

Prepared By Office Of Attorney General  
for Government Operations Section  
House Appropriations  
February 14, 2001

**PROPOSED AMENDMENT TO HOUSE BILL NO. 1003**

Page 1, line 2, remove "and"

Page 1, line 3, after "general" insert "; and to provide for retroactive application"

Page 1, line 10, replace "\$14,547,334" with "\$14,943,334"

Page 1, line 12, replace "428,876" with "399,876"

Page 1, line 21, replace "\$31,909,515" with "\$31,976,515"

Page 1, line 22, replace "16,979,504" with "16,825,259"

Page 1, line 23, replace "\$14,930,011" with "\$15,151,256"

Page 2, after line 28, Insert:

**"SECTION 9. LEGISLATIVE INTENT – PETROLEUM RELEASE COMPENSATION FUND.** It is the intent of the fifty-seventh legislative assembly that the attorney general charge and collect a fee for services provided by the state fire marshal program to entities covered under the petroleum release compensation fund as contained in chapter 23-37 of the North Dakota Century Code.

**SECTION 10. LEGISLATIVE INTENT – CLANDESTINE LABORATORY CLEAN UP – EMERGENCY COMMISSION REQUEST.** It is the intent of the fifty-seventh legislative assembly that the attorney general submit a request to the emergency commission for additional appropriation authority, from the contingency fund, for clean up of clandestine laboratories, if federal funding through the federal Drug Enforcement Agency is unavailable for this purpose.

**SECTION 11. ATTORNEY GENERAL REFUND FUND.** Notwithstanding section 54-12-18 of the North Dakota Century Code, section 1 of this Act includes \$100,000 in estimated income received in the attorney general's refund fund during the biennium beginning July 1, 1999 and ending June 30, 2001, for use in the operation of the consumer protection division for the biennium beginning July 1, 2001 and ending June 30, 2003."

Page 3, after line 5, Insert:

**"SECTION 12. RETROACTIVE APPLICATION.** Section 9 of this Act is effective for all related services provided by the fire marshal program beginning July 1, 1999. "

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

Department 125 - Attorney General

The salaries and wages line item is increased by \$96,000 from the General Fund to restore the public information officer Fte removed in the Governor's budget.

The equipment line item is reduced by \$29,000 from the General Fund to reflect lower computer replacement costs.

Funding source changes are provided for the following:

- National Criminal History Improvement Project (NCHIP) – Federal funds are decreased by \$168,190, with a corresponding increase to the General Fund, relating to 1.5 information technology positions required to maintain the law enforcement NCHIP system on a 24-hour, seven day a week basis.
- Statistical Analysis Center (SAC) Research Analyst – Federal funds are decreased by \$86,055, with a corresponding increase to the General Fund, to fund the Uniform Crime Reporting (UCR) research analyst position.
- Attorney General Refund Fund revenues totaling \$100,000, received during the 1999-2001 biennium, will be used to pay for a part of the operation expenses of the Consumer Protection Division during the 2001-03 biennium. Estimated income is increased by \$100,000, with a corresponding General Fund decrease to effect this change.

A legislative intent section allows the Attorney General's office to charge and collect a fee for services provided by the Fire Marshal program to entities covered under the petroleum release compensation fund. This section is retroactively applied to services provided by the Fire Marshal program as of July 1, 1999.

A legislative intent section allows the Attorney General's office to request moneys from the Emergency Commission to pay for clandestine laboratory cleanup costs in the event federal Drug Enforcement Agency (DEA) funds are not available.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1003

Page 1, line 1, after the semicolon insert "to require the state fire marshal to inspect buildings as requested by a political subdivision;"

Page 1, line 2, remove the first "and" and replace "section" with "sections 53-06.1-12 and"

Page 1, line 3, after "to" insert "gaming and excise tax collections and" and after "general" insert "; and to declare an emergency"

Page 1, line 10, replace "14,847,334" with "14,841,235"

Page 1, line 12, replace "428,876" with "399,876"

Page 1, line 13, replace "5,524,989" with "5,734,398"

Page 1, line 15, replace "238,814" with "297,112"

Page 1, line 21, replace "31,909,515" with "32,142,123"

Page 1, line 22, replace "16,979,504" with "17,751,371"

Page 1, line 23, replace "14,930,011" with "14,390,752"

Page 2, line 15, after the first period insert "**ESTIMATED INCOME - GAMING AND EXCISE TAX ALLOCATION FUND -**"

Page 2, line 16, replace "\$419,591" with "\$629,000"

Page 2, replace lines 17 through 20 with:

**"SECTION 6. PETROLEUM RELEASE COMPENSATION FUND - FEES.** The attorney general shall charge and collect fees for services provided by the state fire marshal program to entities covered by the petroleum release compensation fund under chapter 23-37 of up to a total of \$35,000 for the biennium beginning July 1, 2001, and ending June 30, 2003. All fees collected under this section must be deposited in the attorney general's operating fund.

**SECTION 7. STATE FIRE MARSHAL - BUILDING INSPECTIONS AS REQUESTED BY POLITICAL SUBDIVISIONS - FEES.** The state fire marshal shall conduct, upon request of a political subdivision, an inspection of a publicly or privately owned building and shall charge a fee for the cost of providing this service for the biennium beginning July 1, 2001, and ending June 30, 2003.

**SECTION 8. ATTORNEY GENERAL REFUND FUND - EXCEPTION - ESTIMATED INCOME.** Notwithstanding section 54-12-18, the attorney general may retain \$100,000 in the attorney general refund fund that would otherwise be transferred to the general fund on June 30, 2001. The estimated income line item in section 1 of this Act includes \$100,000 from the attorney general refund fund for the purpose of defraying the expenses of the consumer protection division for the biennium beginning July 1, 2001, and ending June 30, 2003.

**SECTION 9. ESTIMATED INCOME - RACING PROMOTION, PURSE, AND BREEDERS' FUNDS.** Notwithstanding section 53-06.2-11, the estimated income line item in section 1 of this Act includes \$297,112 from the racing promotion fund, purse fund, and breeders' fund for the purpose of defraying the administrative and operating costs of the racing commission for the biennium beginning July 1, 2001, and ending June 30, 2003. The racing commission shall determine the allocation from each fund based on the proportion of the resources available in each fund.

**SECTION 10. LEGISLATIVE INTENT - CLANDESTINE LABORATORY CLEANUP - EMERGENCY COMMISSION REQUEST.** It is the intent of the legislative assembly that the attorney general request emergency commission approval for funding from the state contingencies appropriation if additional funding is needed for defraying the cleanup costs of clandestine laboratories and if federal funds are not available for this purpose for the biennium beginning July 1, 2001, and ending June 30, 2003.

**SECTION 11. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$197,714, or so much of the sum as may be necessary, to the attorney general for the purpose of providing local gaming enforcement grants, for the period beginning with the effective date of this section, and ending June 30, 2001."

Page 2, after line 28, insert:

**"SECTION 14. AMENDMENT.** Section 53-06.1-12 of the North Dakota Century Code is amended and reenacted as follows:

**53-06.1-12. Gaming and excise taxes - Deposits and allocations.**

1. A gaming tax is imposed on the total adjusted gross proceeds earned by a licensed organization in a quarter and it must be computed and paid to the attorney general on a quarterly basis on the tax return. This tax must be paid from adjusted gross proceeds and is not part of the allowable expenses. The tax rates are:
  - a. On adjusted gross proceeds not exceeding two hundred thousand dollars, a tax of five percent.
  - b. On adjusted gross proceeds exceeding two hundred thousand dollars but not exceeding four hundred thousand dollars, a tax of ten percent.
  - c. On adjusted gross proceeds exceeding four hundred thousand dollars but not exceeding six hundred thousand dollars, a tax of fifteen percent.
  - d. On adjusted gross proceeds exceeding six hundred thousand dollars, a tax of twenty percent.
2. In addition to any other tax provided by law and in place of sales or use taxes, there is imposed an excise tax of four and one-half percent on the gross proceeds from the sale at retail of pull tabs to a final user. This includes pull tabs provided to a player in exchange for redeemed winning pull tabs. The tax must be paid to the attorney general when tax returns are filed.
3. ~~The Except as provided in subsection 4, the state treasurer shall deposit gaming and excise taxes, monetary fines, and interest and penalties collected in the general fund in the state treasury.~~
4. The state treasurer shall deposit three percent of the total taxes collected under this section into a gaming and excise tax allocation fund. Pursuant

to legislative appropriation, moneys in the fund must be distributed quarterly to cities and counties in proportion to the taxes collected under this section from licensed organizations conducting games of chance within each city, for sites within city limits, or within each county, for sites outside city limits. If a city or county allocation under this subsection is less than two hundred dollars, that city or county is not entitled to receive a payment for the quarter and the undistributed amount must be included in the total amount to be distributed to other cities and counties for the quarter."

Page 3, after line 5, insert:

**"SECTION 16. EMERGENCY.** Sections 8 and 11 of this Act are declared to be an emergency measure."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1003 - Attorney General - House Action**

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$14,847,334	(\$6,099)	\$14,841,235
Operating expenses	5,882,969		5,882,969
Equipment	428,876	(29,000)	399,876
Grants	5,524,989	209,409	5,734,398
Litigation fees	50,000		50,000
Racing Commission	238,814	58,298	297,112
National Criminal History Improvement Project	2,358,720		2,358,720
Arrest and return of fugitives	10,000		10,000
Gaming Commission	5,109		5,109
Law enforcement programs	631,056		631,056
High-intensity drug trafficking area	1,931,648		1,931,648
Total all funds	\$31,909,515	\$232,608	\$32,142,123
Less estimated income	<u>16,979,504</u>	<u>771,867</u>	<u>17,751,371</u>
General fund	\$14,930,011	(\$539,259)	\$14,390,752
FTE	158.50	0.00	158.50

**Dept. 125 - Attorney General - Detail of House Changes**

	ADJUST MARKET EQUITY SALARY INCREASE <sup>1</sup>	RACING COMMISSION ADJUSTMENTS <sup>2</sup>	REDUCE EQUIPMENT <sup>3</sup>	FEDERAL FUNDING REDUCTIONS <sup>4</sup>	USE OF REFUND FUND <sup>5</sup>	GAMING ENFORCEMENT GRANTS <sup>6</sup>
Salaries and wages	(\$6,099)					
Operating expenses						
Equipment			(\$29,000)			
Grants						\$209,409
Litigation fees						
Racing Commission	1,754	\$56,544				
National Criminal History Improvement Project						
Arrest and return of fugitives						
Gaming Commission						
Law enforcement programs						
High-intensity drug trafficking area						
Total all funds	(\$4,345)	\$56,544	(\$29,000)	\$0	\$0	\$209,409
Less estimated income		<u>297,112</u>		<u>(254,245)</u>	<u>100,000</u>	<u>629,000</u>
General fund	(\$4,345)	(\$240,568)	(\$29,000)	\$254,245	(\$100,000)	(\$419,591)
FTE	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL HOUSE CHANGES</b>						
Salaries and wages	(\$6,099)					
Operating expenses						
Equipment			(29,000)			

Grants	209,409
Litigation fees	
Racing Commission	58,298
National Criminal History Improvement Project	
Arrest and return of fugitives	
Gaming Commission	
Law enforcement programs	
High-intensity drug trafficking area	
Total all funds	\$232,608
Less estimated income	<u>771,867</u>
General fund	(\$539,259)
FTE	0.00

<sup>1</sup> This amendment reduces, from \$9,833 to \$3,734, the amount provided for a market equity salary increase for the Attorney General. The amount included in the bill will provide for a monthly increase of \$177.67 and related fringe benefits for the last 18 months of the biennium. In addition, funding for the racing commissioner's market equity salary increase is increased, from \$7,007 to \$8,761, to provide a monthly increase of \$416.83 and related fringe benefits for the last 18 months of the biennium.

<sup>2</sup> Funding for the Racing Commission is increased by \$56,544 to provide additional funding for operating costs. In addition, a funding source change is made removing the general fund support and providing the funding from the racing promotion fund, purse fund, and breeders' fund based on the proportion of the resources available in each fund.

<sup>3</sup> Equipment funding is reduced to reflect lower computer replacement costs.

<sup>4</sup> Federal funding is reduced and general fund support is increased relating to the Uniform Crime Reporting (UCR) research analyst position (\$86,055) and for 1.5 FTE information technology positions required to maintain the law enforcement system (National Criminal History Improvement Project) on a 24-hour basis (\$168,190).

<sup>5</sup> General fund support is reduced and funding is provided from the Attorney General refund fund for a portion of the costs of the Consumer Protection Division. Provisions are added allowing the Attorney General to retain these funds in the refund fund and not transfer them to the general fund on June 30, 2001. This amount was not included in the general fund revenue forecast, therefore, estimated general fund revenues are not affected.

<sup>6</sup> Funding for local gaming enforcement grants is increased by \$209,409 to \$629,000. Funding for these grants is changed from the general fund to the gaming and excise tax allocation fund. A section is added amending North Dakota Century Code Section 53-06.1-12 to provide that three percent of gaming tax collections be deposited in the gaming and excise tax allocation fund rather than the general fund. This change reduces 2001-03 biennium estimated general fund revenues by \$629,000.

Grants from this special fund will be distributed quarterly to cities and counties based on their proportion of the taxes collected. If a city or county's allocation for a quarter is less than \$200, that city or county will not receive a payment for that quarter, but that amount will be distributed to other cities and counties receiving payments of \$200 or more.

The section providing that the Attorney General distribute local gaming enforcement grants on a competitive basis is removed from the bill.

A section is added authorizing the Attorney General to charge fees totaling up to \$35,000 for the 2001-03 biennium for services provided by the State Fire Marshal to entities covered by the petroleum release compensation fund. Collections of these fees will be deposited in the Attorney General's operating fund.

A section is added requiring the State Fire Marshal, as requested by a political subdivision, to conduct inspections of publicly or privately owned buildings. The State Fire Marshal will charge a fee for these inspections, the proceeds of which will be deposited in the general fund.

A section of legislative intent is added providing that the Attorney General request state contingency funds from the Emergency Commission if additional funding is needed for cleanup costs relating to clandestine laboratories and if federal funds are not available for paying these costs.

A section is added appropriating \$197,714 from the general fund for local gaming enforcement grants for the 1999-2001 biennium providing a total of \$419,591 for these grants for the 1999-2001 biennium.



Date: 2-20-01  
Roll Call Vote #: 4

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1003

House APPROPRIATIONS

Committee

☐ Subcommittee on \_\_\_\_\_  
or  
☐ Conference Committee

Legislative Council Amendment Number 18003.0105

Action Taken DO PASS AS AMENDED.

Motion Made By Rep. Koppelman Seconded By Rep. Huether.

Representatives	Yes	No	Representatives	Yes	No
Timm - Chairman	✓				
Wald - Vice Chairman	✓				
Rep - Aarsvold			Rep - Koppelman	✓	
Rep - Boehm	✓		Rep - Martinson	✓	
Rep - Byerly	✓		Rep - Monson	✓	
Rep - Carlisle	✓		Rep - Skarphol		
Rep - Delzer		✓	Rep - Svedjan	✓	
Rep - Glassheim	✓		Rep - Thoreson	✓	
Rep - Gulleeson			Rep - Warner	✓	
Rep - Huether	✓		Rep - Wentz	✓	
Rep - Kempenich	✓				
Rep - Kerzman		✓			
Rep - Kliniske	✓				

Total (Yes) 16 No 2

Absent 3

Floor Assignment Rep Koppelman

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

## ROLL CALL

The question being on the final passage of the amended bill which has been read and has committee recommendation of DO PASS, the roll was called and there were 71 YEAS, 26 NAYS & EXCUSED, 1 ABSENT AND NOT VOTING.

## YEAS:

Bailey, Butler, Berg, Boehm, Brandenburg, Brenne, Brusegaard, Bryson, Canine, Carlson, Clark, DeKey, Deizer, Dewitt, Dismal, Dismal, Ecker, Friesen, Galt, Grande, Gross, Gunter, Haas, Hawken, Heibel, Jensen, Johnson, D., Johnson, A., Kasper, Kester, Kelson, R., Kempenich, Krysoski, Klein, F., Klein, M., Klemm, Kumske, Koppang, Koppelman, Kreschmar, Lloyd, Maragos, Marmonson, Meyer, Metcalf, Monson, Nelson, Nicholas, Norderstad, Peterson, Poirer, Price, Ranner, Remmerick, Rudy, Severson, Sharp, Sjogren, Thoreson, S., Thoreson, L., Tieman, Timm, Ward, Weiler, Weisz, Wentz, Wiemann, Wengman, Wingham, Soeaver, Bentsen.

**NAVS:** Aarsvold, Boucher, Cleary, Delmore, Ekstrom, Froehlich, Glassheim, Grundo, Gullason, Hanson, Huether, Hunsaker, Kelson, S., Ketzman, Kroeber, Lemieux, Manoney, Mueller, Niemeyer, Onstad, Sandoy, Schmidt, Seiberg, Thoepe, Warner, Wingham.

**ABSENT AND NOT VOTING:** Farniejo

Engrossed HB 1435 passed and the time was agreed to

.....

## REPORT OF STANDING COMMITTEE

HB 1003: Appropriations Committee (Rep. Timm, Chairman) recommends AMENDMENTS AS FOLLOWS, and when so amended, recommends DO PASS (16 YEAS, 2 NAYS, 3 ABSENT AND NOT VOTING). HB 1003 was placed on the Sixth order on the calendar.

Page 1, line 1, after the semicolon insert "to require the state fire marshal to inspect buildings as requested by a political subdivision."

Page 1, line 2, remove the first "and" and replace "section" with "sections 53-06.1-12 and"

Page 1, line 3, after "to" insert "gaming and excise tax collections and" and after "general" insert "and to declare an emergency"

Page 1, line 10, replace "14,847,334" with "14,841,235"

Page 1, line 12, replace "428,676" with "339,876"

Page 1, line 13, replace "5,524,989" with "5,734,396"

Page 1, line 15, replace "238,814" with "297,112"

Page 1, line 21, replace "31,905,515" with "32,142,125"

Page 1, line 22, replace "15,579,504" with "17,751,371"

Page 1, line 23, replace "14,930,011" with "14,390,752"

Page 2, line 15, after the first period insert "ESTIMATED INCOME - GAMING AND EXCISE TAX ALLOCATION FUND."

Page 2, line 16, replace "5419,591" with "5629,000"

Page 2, replace lines 17 through 20 with:

**SECTION 6. PETROLEUM RELEASE COMPENSATION FUND - FEES.** The attorney general shall charge and collect fees for services provided by the state fire marshal program to entities covered by the petroleum release compensation fund under chapter 23-37 of up to a total of \$35,000 for the biennium beginning July 1, 2001, and ending June 30, 2003. All fees collected under this section must be deposited in the attorney general's operating fund.

**SECTION 7. STATE FIRE MARSHAL - BUILDING INSPECTIONS AS REQUESTED BY POLITICAL SUBDIVISIONS - FEES.** The state fire marshal shall conduct, upon request of a political subdivision, an inspection of a publicly or privately

owned building and shall charge a fee for the cost of providing this service for the biennium beginning July 1, 2001, and ending June 30, 2003.

## SECTION 8. ATTORNEY GENERAL REFUND FUND - EXCEPTION -

**ESTIMATED INCOME.** Notwithstanding section 54-12.16 the attorney general may retain \$100,000 in the attorney general refund fund that would otherwise be transferred to the general fund on June 30, 2001. The estimated income line item in section 1 of this Act includes \$100,000 from the attorney general refund fund for the purpose of delaying the expenses of the consumer protection division for the biennium beginning July 1, 2001, and ending June 30, 2003.

**SECTION 9. ESTIMATED INCOME - RACING PROMOTION, PURSE, AND BREEDERS FUNDS.** Notwithstanding section 53-06.2.11, the estimated income line item in section 1 of this Act includes \$297,112 from the racing promotion fund, purse fund, and breeders' fund for the purpose of delaying the administrative and operating costs of the racing commission for the biennium beginning July 1, 2001, and ending June 30, 2003. The racing commission shall determine the allocation from each fund based on the proportion of the resources available in each fund.

**SECTION 10. LEGISLATIVE INTENT - CLANDESTINE LABORATORY CLEANUP - EMERGENCY COMMISSION REQUEST.** It is the intent of the legislative assembly that the attorney general request emergency commission approval for funding from the state contingencies appropriation if additional funding is needed for delaying the cleanup costs of clandestine laboratories and if federal funds are not available for this purpose for the biennium beginning July 1, 2001, and ending June 30, 2003.

**SECTION 11. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$197,714, or so much of the sum as may be necessary, to the attorney general for the purpose of providing local gaming enforcement grants for the period beginning with the effective date of this section, and ending June 30, 2001.

Page 2, after line 28, insert:

**SECTION 14. AMENDMENT.** Section 53-06.1-12 of the North Dakota Century Code is amended and reenacted as follows:

## 53-06.1-12. Gaming and excise taxes - Deposits and allocations.

1. A gaming tax is imposed on the total adjusted gross proceeds earned by a licensed organization in a quarter and it must be computed and paid to the attorney general on a quarterly basis on the tax return. This tax must be paid from adjusted gross proceeds and is not part of the allowable expenses. The tax rates are:

- On adjusted gross proceeds not exceeding two hundred thousand dollars, a tax of five percent.
- On adjusted gross proceeds exceeding two hundred thousand dollars but not exceeding four hundred thousand dollars, a tax of ten percent.
- On adjusted gross proceeds exceeding four hundred thousand dollars but not exceeding six hundred thousand dollars, a tax of fifteen percent.
- On adjusted gross proceeds exceeding six hundred thousand dollars a tax of twenty percent.

2. In addition to any other tax provided by law and in place of sales or use taxes, there is imposed an excise tax of four and one-half percent on the gross proceeds from the sale of pull tabs to a final user. This includes pull tabs provided to a player in exchange for redeemed winning pull tabs. The tax must be paid to the attorney general when tax returns are filed.

3. The Except as provided in subsection 4, the state treasurer shall deposit gaming and excise taxes, monetary fines, and interest and penalties collected in the general fund in the state treasury.



2001 SENATE APPROPRIATIONS

HB 1003

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1003

Senate Appropriations Committee

☐ Conference Committee

Hearing Date March 6, 2001

Tape Number	Side A	Side B	Meter #
Tape #2	x		0.0-54.7
Tape #2		x	0.0-32.7
Committee Clerk Signature <i>Terence Putsch</i>			

Minutes:

Senator Nething opened the hearing on HB1003- Attorney General appropriation.

Wayne Stenehjem, Attorney General, provided the 2001-03 budget presentation (a copy of written testimony is attached).

Jerald C. Kemmet, Director of the Bureau of Criminal Investigation presented that division's portion of the budget (a copy of written testimony is attached, pages 5-11).

Senator Robinson: Regarding the issue of meth amphetamine: the awareness is there and the impact it makes on lives --- still exploring success? What is the division doing to help those to know the effects on their lives?

Jerald Kemmet: Yes we are aware of the growing concerns/use age of meth amphetamine -- we are doing things, and know that we must continue to do more. We make use of our web page; parents want to know what they should be looking for, symptoms of potential problems; we have

undercover cops who relate to the school age children -- they've been there, and know how to interact; kids respect them and listen -- like to do more.

Senator Robinson: Regarding the second agent position -- have you considered a floating position?

Jerald Kemmet: Floating? Sharing with another agency?

Senator Robinson: Serving several communities.

Jerald Kemmet: If we get the FTE, we'd like to use it in the rural areas; perhaps shift some of the division's resources to complete the service.

Senator Bowman: Users of meth amphetamine -- what kind of treatment? What is done to the sellers?

Jerry Kemmet: One good approach: first time offenders should be required to take a drug course. Individuals go to court only for possession to sell -- when they become third, fourth, or fifth time offenders for their habit -- my personal opinion is they are not going to change their life style and the penitentiary is the only solution.

Senator Solberg: There was a bill prior to cross over -- regarding computers and the uniform crime reporting -- which comes from all counties -- is that information in compatible form for your office? Being received?

Jerry Kemmet: Disposition reporting is now from the states attorney offices; now the criminal justice information project includes everyone and we will all share information... believe you are referring to Cass County, and they are included in the project.

Senator Grindberg: Lots of data regarding cost of the corrections/ incarceration -- do all offenders need to be in jail? Have you been involved in the discussion regarding courts decision/responsibilities-- especially on first time offenders?

Jerald Kemmet: 4 years ago, North Dakota only had the marijuana problem; now there is methamphetamine and other chemicals. Believe the "softer" drug offenders could be switched from doing jail time to attending drug abuse courses. Sentencing is stiffer than we have seen in previous years.

Wayne Stenchjem: There is a Study Resolution regarding the sentencing statutes - mandatory minimum sentences -- reviewing/studying to see what works. Our office hopes the interim study becomes a reality and the study includes alternative that might work --- reviewing all measures; we look forward to cooperating in the Study if asked.

Ray Lambert, Director Fire Marshal presented documentation regarding that portion of HB1003 (a copy of written testimony is attached, beginning on page 12 of booklet).

Senator Tallackson: How many marshals do you have in the state?

Ray Lambert: Five deputies throughout the state and myself, located in Bismarck for a total of six.

Senator Andrist: How could such a huge shortfall happen at once?

Ray Lambert: Revenue from the Fire and Tornado Fund has dropped considerably. The information to bill able revenue was grossly understated.

Wayne Stenchjem: Prior funding for the Fire Marshall came from the Fire and Tornado Fund. Revenue wasn't realized. Wrap up: 3 prongs to the drug problem: 1) dealers, 2) users, and 3) education. Agents in the classrooms is recognized as important, but, when in the classrooms, that agent isn't working the areas out in the field. We would like/need both to combat the drug problems.

Senator Tom Fischer, District 46, presented a proposed amendment regarding guardianship ( a copy of proposed amendment is attached).

Senator Tomac: For clarification: should this be on a stand-alone bill -- why the Attorney General budget?

Senator Fischer: There were two bills, this is one that came from the House, where it could be included; would be a minor change.

Senator Tomac: Were they both killed?

Senator Fischer: Yes.

Senator Tomac: Weren't it have been appropriate to have the Human Services Department introduce this? Why Attorney General?

Senator Fischer: This would be in the court system -- comfortable whether Human Services or Attorney General; can see cooperation between both.

Senator Nething: Proposed amendment --training for volunteers?

Senator Fischer: When the Legislative Council rewrites amendment (should Appropriations approve such) -- that wording can be changed; I've no opposition to it; proposal in draft form only.

Senator Nething: Your position -- like to have it done, don't care where?

Senator Fischer: Yes, considering standards and practices.

Senator Nething: (question addressed to Wayne Stenehjem) Requests made to the House during hearing regarding the requests for additional dollars?

Wayne Stenehjem: Yes, except for the agent.

Senator Nething: No response?

Wayne Stenehjem: They were kind in part to other requests.

Senator Robinson: Your 3 prong approach; proactive? Comfort level for education up front?



Wayne Stenchjem: There is a need to educate -- young individuals especially -- agents may be the best source, they relate well to young people. The increase is needed -- need to reduce the demand; believe education is the solution.

Paul Bowlinger, Director of Racing testified regarding special funds administered by the Racing Commission ( a copy of his written testimony is attached, beginning on page 49).

Senator Andrist: Some of my constituents indicated promotional dollars were spent in Winnipeg?

Paul Bowlinger: Since I began in September, and as far as I know; no promotional dollars have been spent out-of-state. There was a request from individuals regarding the North Dakota Derby in Winnipeg--- that was voted down, perhaps that's part of the confusion.

Senator Tallackson: Isn't this in the best interest for the public? Keeps things clean; wrong to fund own commission?

Paul Bowlinger: Believe there would be an inherent conflict of interest -- director of racing is regulatory -- dual hat allows promotion and regulatory --- but my number one obligation is regulatory.

Senator Solberg: How does bill promote breeders? What's the percent of tax? Simulcast sites?

Paul Bowlinger: Best explained: if you bet a dollar -- 2% web sites; 2% simulcast sites. 2 and a half cents to the general fund; 1 and a half cent to the racing commission for each dollar bet -- the racing commission has three funds where the one and a half cents per dollar are placed.

Senator Solberg: Breakdown of the three funds?

Paul Bowlinger: promotional approximately 2.1 Million (of which 1.5 Million is committed for the proposed Fargo track); 1 Million for the breeders fund; and 1 Million for the purse fund (500 thousand of which is committed for the proposed Fargo track).

Senator Nething: Need to realize the House (and Senate) have many areas that need to be looked at, dollars are limited; and the cut was not to indicate you were being picked on --- others (Water Commission for example) budgets have been addressed. We are willing to listen why things should be intact; appreciate your time to come here and testify.

Paul Bowlinger: Understand. It is primary to build context --- think best if the horsemen here today have the opportunity to tell their story -- why the need is there. I'm here in Bismarek and available to provide any information you might like.

Senator Nething: Where is your office housed?

Paul Bowlinger: Dixie Building (Water Commission Building); basement.

Ken Pawluk, cochairman, Advisory Committee for the North Dakota Horse Park, testified in support of restoration of the \$290,000 appropriation for the Racing Commission ( a copy of his written testimony is attached). He also provided legal documentation on pari-mutuel horse racing (a copy of which is attached to his testimony).

Senator Nething: Did you testify - provide this documentation to the House?

Ken Pawluk: No, we had no knowledge of potential change -- until the change came out.

Senator Schobinger: Why the change from 222 thousand to 297 thousand?

Paul Pawluk: Issue is out of general funds --

Paul Bowlinger: 222 thousand plus 57 thousand additional dollars needed for attorney general's office --- salary etc. -- the original requested dollars was 278 thousand.

Senator Bowman: Success rate of park? If a failure, who's responsible? What value if it doesn't make it?

Paul Bowlinger: We operate on the assumption that if we build to scale it won't fail --- better to have Ken address it, I do the regulatory portion.

Ken Pawluk: This is phase 1 we are working on to get going; then we have phase 2 and 3 which will allow for additional attraction and growth. The key is to build without debt; and the partnership we have with North Dakota State University (NDSU). NDSU has a new equine study program and the track facilities will fit in well there.

Senator Grindberg: Some feedback regarding records -- from 1/2% to 1 1/2 --- consistent from '89 --- been a request for increase?

Paul Bowlinger: Only been here since September, but believe the extra 1/2% was in '97; 2 1/2 consistent to general fund since '89. There is a report available if you wish that indicates there are states that contribute zero to 5% --- I'm the regulator.

Senator Solberg: Which funds 1 1/2 Million out of for the track?

Paul Bowlinger: Out of promotion, and 500 thousand purse funds.

Senator Solberg: So 2 Million then?

Paul Bowlinger: Yes.

Don Hart: Rancher, who raises race horses testified in support of the racing commission cuts being restored. He cited figures that show a direct impact horse racing has on the economy.

Senator Nething: Understand, it is not the amount but question the 100 thousand from each of the three funds?

Paul Bowlinger: Correct. Believe the individuals here from the thoroughbred and quarter horse associations can best speak to that -- regulatory is my area.

Kris Moen, President of the Thoroughbred Horse Association testified in support of the general fund being used. The three funds are for promotion and growth of the industry; the purse fund for purchasing equipment, direct payments to the breeders. Like to have dollars going back to ND directly--- members here will be involved in racing in other states -- we are some 100

members strong. What happened in the House circumvents legislation of 10 years ago. The contribution was put into the general fund for two purposes -- agriculture (racing commission) and legislative direction/choices.

Senator Nething: Breeder fund for North Dakota breeders only?

Kris Moen: Foal must be born in North Dakota, with the North Dakota stamp which makes them eligible for funds. Other states paid more to breeders and individuals foaled their horses out of state -- the funds have provided the incentive for the breeders to do the foaling here at home; helps to make the industry grow.

Senator Nething: Purse fund? Original position? Effective time?

Kris Moen: When the horse runs in a race; so much for track or race/their choice.

Senator Nething: Prize dollars big enough so no depletion?

Kris Moen: Yes.

Senator Nething: Away from promotion, what dollars go to the race tracks?

Kris Moen: For some time all funds were dispersed annually. When we saw a growth potential -- the suggestion was to hang on to some dollars -- average out the payments. Promotion dollars are there to advertise -- promote awareness ; for different groups it may mean the purchase of starting gates, improve barns etc.

Senator Solberg: You compare sales to agriculture--- how?

Kris Moen: It is agriculture as far as I'm concerned.

Senator Solberg: Other commodity groups -- wheat, barley etc. Pay own expenses out of its earnings; why not racing?

Kris Moen: Bow to your authority -- 2 ½ into the general fund -- believe more than we spend --state gets a good chunk. We respectfully disagree that we are not paying our own way.

Greg Bensen, President, Quarter horse Association, testified in support of the racing commission portion on HB1003 being restored. He and Leon Glasser distributed copies of a January 26th article in the Farm-Ranch Guide ( a copy of the article is attached). He indicated that individuals in the horse arena are paying for supplies, veterinary services, etc. Just as the farmers do -- only they pay a higher price (example he gave: lice powder for dairy is \$1.89 and for horses \$5-\$6 -- calf castration is \$20 and for colts \$125. The purse fund encourages out-of-state racers to come to our tracks. Breeders fund makes the value of our animals up. 3 weekends of racing in Aberdeen brought in 1.8 Million revenue -- predications are for the proposed Fargo track to bring in 2-8 Million --- and perhaps draw more.

Ann (last name not given, nor signed registration form) spoke in support of the HB1003 restoration of the racing dollars from the general fund. She has been on the Commission for some ten years. 8 years ago the decision was made to set aside 10 thousand dollars -- towards a live track ---- then simuleast took off. System has worked; we've set up and are now able to grow; can develop more to bring more dollars into the local economy. Perhaps there is a reason for the change -- but lead time is necessary.

A gentleman from the audience (didn't give name nor did he sign the registration sheet) spoke in support of general fund dollars being used. Another gentleman indicated the racing business creates jobs.

Senator Nething: Asked for a raise of hands for those here today who opposed to the House funding -- thanks all for coming here to express their views/support. He indicated a subcommittee would be appointed to review the bill, report back to the full Appropriations Committee which would take action and take the bill to floor action.

Senator Nething closed the hearing on HB1003.

4-3-01 Full Committee Action (Tape #1, Side A, Meter # 0.0 - 13.8)

Senator Nething reopened the hearing on HB1003 - Office of the Attorney General.

Senator Nething, Subcommittee Chair reviewed the bill, testimony, and the Subcommittee's findings. Amendments #18003.0203 were distributed; Roxanne Hobza, Legislative Council Staff explained the amendments as recommended by the Subcommittee. Discussion on the amendments; Senator Holmberg moved to adopt the amendments; second by Senator Robinson. Discussion; call for the vote: Voice Vote carried.

Discussion on the bill as amended. Senator Holmberg moved a DO PASS AS AMENDED; Senator Robinson seconded. Discussion; call for the vote: Roll Call Vote 14 yes; 0 no; 0 absent and not voting.

Senator Robinson accepted the floor assignment.

## Senate Appropriations Committee

### Proposed Amendments for HB ~~4023~~ 1003

Prepared by Senator Tom Fischer

**Standards of practice for guardians.** The attorney general, in cooperation with the department of human services, shall adopt and implement standards of practice for guardianship services in accordance with the national guardianship association standards of practices adopted most recently by the membership of the national guardianship association.

**APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$50,000, or so much of the sum as may be necessary, to the department of human services for the purpose of providing volunteer guardianship services in the state, for the biennium beginning July 1, 2001, and ending June 30, 2003.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1003

Page 1, line 2, after the semicolon insert "to provide for standards of practice for guardians:"

Page 1, line 3, after the first semicolon insert "to provide for a legislative council study;"

Page 1, line 4, replace the first "and" with "subsection 1 of section 53-06.2-02, subsection 3 of section 53-06.2-11," and after "54-12-11" insert ", and 54-12-18"

Page 1, line 5, replace the first "and" with ", racing commission supervision and expenses," and after "general" insert ", and the attorney general refund fund; to provide for retroactive application"

Page 1, line 12, replace "14,841,235" with "14,970,368"

Page 1, line 13, replace "5,882,969" with "6,002,469"

Page 1, line 14, replace "399,876" with "414,876"

Page 1, line 17, replace "297,112" with "240,568"

Page 1, line 23, replace "32,142,123" with "32,349,212"

Page 2, line 1, replace "17,751,371" with "17,454,259"

Page 2, line 2, replace "14,390,752" with "14,894,953"

Page 2, line 22, after "23-37" insert ". Fees under this section may be collected in amounts"

Page 2, line 23, replace "2001" with "1999", replace "2003" with "2001 and of up to a total of \$35,000 for services provided by the state fire marshal program for the biennium beginning July 1, 2001, and ending June 30, 2003"

Page 3, remove lines 5 through 11

Page 3, after line 30, insert:

**"SECTION 13. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES.**

There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$50,000, or so much of the sum as may be necessary, to the department of human services for the purpose of providing volunteer guardianship training in the state, for the biennium beginning July 1, 2001, and ending June 30, 2003.

**SECTION 14. Standards of practice for guardians.** The attorney general, in cooperation with the department of human services, shall adopt and implement standards of practice for guardianship services in accordance with the national guardianship association standards of practices adopted most recently by the membership of the national guardianship association.



**SECTION 15. LEGISLATIVE COUNCIL STUDY - RACING COMMISSION.**

The legislative council shall consider studying, during the 2001-02 interim, the racing commission, including its authority to schedule, promote, support, and regulate live or simulcast racing in North Dakota. If chosen, the study must address the effectiveness of the commission's authority to both promote and regulate racing and whether its authority is appropriate for the commission and its members. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-eighth legislative assembly."

Page 5, after line 3, insert:

**"SECTION 17. AMENDMENT.** Subsection 1 of section 53-06.2-02 of the North Dakota Century Code is amended and reenacted as follows:

1. A North Dakota racing commission is established in the office of the attorney general. The commission is subject to the supervision and direction of the attorney general, except with regard to the commission's authority to spend the funds described in subsection 6 of section 53-06.2-11. The attorney general may require payment for any services rendered to the racing commission. Payment for such services must be deposited into the attorney general's operating fund. The commission consists of the chairman and four other members appointed by the governor. Of the members appointed by the governor, one must be appointed from a list of four nominees, one of whom is nominated by the state chapter or affiliate of the American quarter horse racing association, one of whom is nominated by the state chapter or affiliate of the United States trotting association, one of whom is nominated by the state chapter or affiliate of the International Arabian horse association, and one of whom is nominated by the state chapter or affiliate of the North Dakota thoroughbred association. The members serve five-year terms and until a successor is appointed and qualified. A member appointed to fill a vacancy arising from other than the natural expiration of a term serves only for the unexpired portion of the term. The terms of the commissioners must be staggered so that one term expires each July first. At the expiration of the five-year term of each incumbent member of the commission, the governor shall appoint a new member to the commission.

**SECTION 18. AMENDMENT.** Subsection 3 of section 53-06.2-11 of the North Dakota Century Code is amended and reenacted as follows:

3. Unclaimed tickets and breakage from each live race meet and simulcast program as defined by the commission and the percentage of the wagering pool to be paid to the racing promotion fund under subsections 1 and 2 must be retained by the commission in a special fund to assist in improving and upgrading racetracks in the state, for the promotion of horse racing within the state, and in developing new racetracks in the state as necessary and approved by the commission. Notwithstanding this section, the commission may, upon approval of the ~~emergency commission~~ attorney general, receive no more than twenty-five percent of this fund for the purpose of payment of operating expenses of the commission."

Page 5, after line 10, insert:

**"SECTION 20. AMENDMENT.** Section 54-12-18 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**54-12-18. Special fund established - Continuing appropriation.** A special fund is established in the state treasury and designated as the attorney general refund

fund. The attorney general shall deposit all moneys recovered by the consumer protection division for refunds to consumers in cases where persons or parties are found to have violated the consumer fraud laws, all costs, expenses, attorney's fees, and civil penalties collected by the division regarding any consumer protection or antitrust matter, all cash deposit bonds paid by applicants for a transient merchant's license who do not provide a surety bond, and all funds and fees collected by the gaming section for licensing tribal gaming and for the investigation of gaming employees, applicants, organizations, manufacturers, distributors, or tribes involved in state or tribal gaming. The moneys in the fund are appropriated, as necessary, for the following purposes:

1. To provide refunds of moneys recovered by the consumer protection and antitrust division on behalf of specifically named consumers;
2. To pay valid claims against cash deposit bonds posted by transient merchant licensees;
3. To refund, upon expiration of the two-year period after the expiration of the transient merchant's license, the balance of any cash deposit bond remaining after the payment of valid claims;
4. To pay costs, expenses, and attorney's fees and salaries incurred in the operation of the consumer protection division; and
5. To pay the actual costs of background investigations, licensing, and enforcement of gaming in the state or pursuant to Indian gaming compacts.

At the end of each ~~fiscal year~~ biennium any moneys in the fund in excess of the amounts required for subsections 1, 2, 3, and 5 must be deposited in the general fund. The attorney general, with the concurrence of the director of the office of management and budget, shall establish the necessary accounting procedures for use of the attorney general refund fund, particularly with respect to expenditures under subsection 4.

**SECTION 21. RETROACTIVE APPLICATION.** Section 6 of this Act is effective for services provided by the state fire marshal program beginning July 1, 1999."

Page 5, line 11, replace "11" with "10"

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

##### House Bill No. 1003 - Summary of Senate Action

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
Attorney General				
Total all funds	\$31,909,515	\$32,142,123	\$207,089	\$32,349,212
Less estimated income	16,979,504	17,751,371	(297,112)	17,454,259
General fund	\$14,930,011	\$14,390,752	\$504,201	\$14,894,953
Department of Human Services - Program and Policy				
Total all funds	\$0	\$0	\$50,000	\$50,000
Less estimated income				
General fund	\$0	\$0	\$50,000	\$50,000
Bill Total				
Total all funds	\$31,909,515	\$32,142,123	\$257,089	\$32,399,212
Less estimated income	16,979,504	17,751,371	(297,112)	17,454,259
General fund	\$14,930,011	\$14,390,752	\$554,201	\$14,944,953

##### House Bill No. 1003 - Attorney General - Senate Action

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
Salaries and wages	\$14,847,334	\$14,841,235	\$129,133	\$14,970,368

Operating expenses	5,082,909	5,082,909	5,082,909	6,002,462
Equipment	420,876	399,876	399,876	414,876
Grants	5,524,989	5,714,398	5,714,398	5,714,398
Litigation fees	50,000	50,000	50,000	50,000
Racing Commission	238,814	297,112	(56,544)	240,568
National criminal history improvement project	2,358,720	2,358,720		2,358,720
Arrest and return of fugitives	10,000	10,000		10,000
Gaming Commission	5,109	5,109		5,109
Law enforcement programs	631,056	631,056		631,056
High intensity drug trafficking area	1,931,648	1,931,648		1,931,648
Total all funds	\$31,909,515	\$32,142,123	\$207,089	\$32,349,212
Less estimated income	16,979,504	17,251,371	(297,112)	17,454,259
General fund	\$14,930,011	\$14,390,752	\$504,201	\$14,894,953
FTE	158.50	158.50	2.00	160.50

#### Dept. 125 - Attorney General - Detail of Senate Changes

	ADD PUBLIC INFORMATION OFFICER <sup>1</sup>	ADD BCI AGENT	ADD INFORMATION TECHNOLOGY FUNDING <sup>2</sup>	CHANGE FUNDING FOR RACING COMMISSION <sup>3</sup>	TOTAL SENATE CHANGES
Salaries and wages	\$48,000	\$81,133			\$129,133
Operating expenses		19,500	\$100,000		119,500
Equipment		15,000			15,000
Grants					
Litigation fees					
Racing Commission				(\$56,544)	(56,544)
National criminal history improvement project					
Arrest and return of fugitives					
Gaming Commission					
Law enforcement programs					
High intensity drug trafficking area					
Total all funds	\$48,000	\$115,633	\$100,000	(\$56,544)	\$207,089
Less estimated income				(297,112)	(297,112)
General fund	\$48,000	\$115,633	\$100,000	\$240,568	\$504,201
FTE	1.00	1.00	0.00	0.00	2.00

<sup>1</sup> A public information officer position is added only for the second year of the biennium.

<sup>2</sup> Operating expenses are increased by \$100,000 from the general fund to provide a total of \$200,000 from the general fund for costs associated with rewriting the uniform crime reporting (UCR) computer system.

<sup>3</sup> The funding source for Racing Commission expenses is changed from Racing Commission special funds as included in the House version to the general fund. This amendment removes funding of \$56,544 added by the House for additional funding for Racing Commission operating costs.

A section is added providing that any excess moneys in the Attorney General refund fund be transferred to the general fund at the end of each biennium rather than at the end of each fiscal year. (Section 20)

A retroactive application section is added which will allow the Fire Marshal to bill for services provided to entities covered by the petroleum release compensation fund for the 1999-2001 biennium in addition to the 2001-03 biennium. (Section 21)

Sections are added providing that:

- The Racing Commission is under the supervision of the Attorney General. (Section 17)
- The Attorney General may charge the Racing Commission for services provided to the commission. (Section 17)
- The Attorney General, rather than the Emergency Commission, may authorize the Racing Commission to spend more than 25 percent of the promotion fund for operating expenses of the commission. (Section 18)

A section is added providing for a Legislative Council study of the Racing Commission.

**House Bill No. 1003 - Department of Human Services - Program and Policy - Senate Action**

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
Grants			\$50,000	\$50,000
Total all funds	\$0	\$0	\$50,000	\$50,000
Less estimated income				
General fund	\$0	\$0	\$50,000	\$50,000
FTE	0.00	0.00	0.00	0.00

**Dept. 328 - Department of Human Services - Program and Policy - Detail of Senate Changes**

	ADD GUARDIANSHIP TRAINING FUNDING <sup>1</sup>	TOTAL SENATE CHANGES
Grants	\$50,000	\$50,000
Total all funds	\$50,000	\$50,000
Less estimated income		
General fund	\$50,000	\$50,000
FTE	0.00	0.00

<sup>1</sup> Funding is added for the Department of Human Services to provide volunteer guardianship training during the 2001-03 biennium. (Section 13)

A section is added providing that the Attorney General, in cooperation with the Department of Human services, implement standards of practice for guardianship services. (Section 14)

Date: 4.3.01

Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1003

Senate Appropriations Committee

☐ Subcommittee on \_\_\_\_\_  
or  
☐ Conference Committee

Legislative Council Amendment Number 1800 B.C.203

Action Taken As per the amendment

Motion Made By Senator Holmberg Seconded By Senator Robinson

Senators	Yes	No	Senators	Yes	No
Dave Nething, Chairman	✓				
Ken Solberg, Vice-Chairman	✓				
Randy A. Schobinger	✓				
Elroy N. Lindaas	✓				
Harvey Tallackson	✓				
Larry J. Robinson	✓				
Steven W. Tomac	✓				
Joel C. Heitkamp	✓				
Tony Grindberg	✓				
Russell T. Thane	✓				
Ed Kringstad	✓				
Ray Holmberg	✓				
Bill Bowman	✓				
John M. Andrist	✓				

Total Yes 14 No 0

Absent 0

Floor Assignment Senator Robinson

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

**REPORT OF STANDING COMMITTEE**

**HB 1003, as engrossed: Appropriations Committee (Sen. Nething, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1003 was placed on the Sixth order on the calendar.

Page 1, line 2, after the semicolon insert "to provide for standards of practice for guardians."

Page 1, line 3, after the first semicolon insert "to provide for a legislative council study;" and replace "sections" with "section"

Page 1, line 4, replace the first "and" with ", subsection 1 of section 53-06.2-02, subsection 3 of section 53-06.2-11, sections" and after "54-12-11" insert ", and 54-12-18"

Page 1, line 5, replace the first "and" with ", racing commission supervision and expenses," and after "general" insert ", and the attorney general refund fund; to provide for retroactive application"

Page 1, line 12, replace "14,841,235" with "14,970,368"

Page 1, line 13, replace "5,882,969" with "6,002,469"

Page 1, line 14, replace "399,876" with "414,876"

Page 1, line 17, replace "297,112" with "240,568"

Page 1, line 23, replace "32,142,123" with "32,349,212"

Page 2, line 1, replace "17,751,371" with "17,454,259"

Page 2, line 2, replace "14,390,752" with "14,894,953"

Page 2, line 22, after "23-37" insert ". Fees under this section may be collected in amounts"

Page 2, line 23, replace "2001" with "1999", replace "2003" with "2001, and of up to a total of \$35,000 for services provided by the state fire marshal program for the biennium beginning July 1, 2001, and ending June 30, 2003"

Page 3, remove lines 5 through 11

Page 3, after line 30, insert:

**"SECTION 13. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES.**

There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$50,000, or so much of the sum as may be necessary, to the department of human services for the purpose of providing volunteer guardianship training in the state, for the biennium beginning July 1, 2001, and ending June 30, 2003.

**SECTION 14. Standards of practice for guardians.** The attorney general, in cooperation with the department of human services, shall adopt and implement standards of practice for guardianship services in accordance with the national guardianship association standards of practices adopted most recently by the membership of the national guardianship association.

**SECTION 15. LEGISLATIVE COUNCIL STUDY - RACING COMMISSION.**

The legislative council shall consider studying, during the 2001-02 interim, the racing

commission, including its authority to schedule, promote, support, and regulate live or simulcast racing in North Dakota. If chosen, the study must address the effectiveness of the commission's authority to both promote and regulate racing and whether its authority is appropriate for the commission and its members. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-eighth legislative assembly."

Page 5, after line 3, insert:

**"SECTION 17. AMENDMENT.** Subsection 1 of section 53-06.2-02 of the North Dakota Century Code is amended and reenacted as follows:

1. A North Dakota racing commission is established in the office of the attorney general. The commission is subject to the supervision and direction of the attorney general, except with regard to the commission's authority to spend the funds described in subsection 6 of section 53-06.2-11. The attorney general may require payment for any services rendered to the racing commission. Payment for such services must be deposited into the attorney general's operating fund. The commission consists of the chairman and four other members appointed by the governor. Of the members appointed by the governor, one must be appointed from a list of four nominees, one of whom is nominated by the state chapter or affiliate of the American quarter horse racing association, one of whom is nominated by the state chapter or affiliate of the United States trotting association, one of whom is nominated by the state chapter or affiliate of the International Arabian horse association, and one of whom is nominated by the state chapter or affiliate of the North Dakota thoroughbred association. The members serve five-year terms and until a successor is appointed and qualified. A member appointed to fill a vacancy arising from other than the natural expiration of a term serves only for the unexpired portion of the term. The terms of the commissioners must be staggered so that one term expires each July first. At the expiration of the five-year term of each incumbent member of the commission, the governor shall appoint a new member to the commission.

**SECTION 18. AMENDMENT.** Subsection 3 of section 53-06.2-11 of the North Dakota Century Code is amended and reenacted as follows:

3. Unclaimed tickets and breakage from each live race meet and simulcast program as defined by the commission and the percentage of the wagering pool to be paid to the racing promotion fund under subsections 1 and 2 must be retained by the commission in a special fund to assist in improving and upgrading racetracks in the state, for the promotion of horse racing within the state, and in developing new racetracks in the state as necessary and approved by the commission. Notwithstanding this section, the commission may, upon approval of the ~~emergency commission~~ attorney general, receive no more than twenty-five percent of this fund for the purpose of payment of operating expenses of the commission."

Page 5, after line 10, insert:

**"SECTION 20. AMENDMENT.** Section 54-12-18 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**54-12-18. Special fund established - Continuing appropriation.** A special fund is established in the state treasury and designated as the attorney general refund fund. The attorney general shall deposit all moneys recovered by the consumer

protection division for refunds to consumers in cases where persons or parties are found to have violated the consumer fraud laws, all costs, expenses, attorney's fees, and civil penalties collected by the division regarding any consumer protection or antitrust matter, all cash deposit bonds paid by applicants for a transient merchant's license who do not provide a surety bond, and all funds and fees collected by the gaming section for licensing tribal gaming and for the investigation of gaming employees, applicants, organizations, manufacturers, distributors, or tribes involved in state or tribal gaming. The moneys in the fund are appropriated, as necessary, for the following purposes:

1. To provide refunds of moneys recovered by the consumer protection and antitrust division on behalf of specifically named consumers;
2. To pay valid claims against cash deposit bonds posted by transient merchant licensees;
3. To refund, upon expiration of the two-year period after the expiration of the transient merchant's license, the balance of any cash deposit bond remaining after the payment of valid claims;
4. To pay costs, expenses, and attorney's fees and salaries incurred in the operation of the consumer protection division; and
5. To pay the actual costs of background investigations, licensing, and enforcement of gaming in the state or pursuant to Indian gaming compacts.

At the end of each ~~fiscal-year~~ biennium any moneys in the fund in excess of the amounts required for subsections 1, 2, 3, and 5 must be deposited in the general fund. The attorney general, with the concurrence of the director of the office of management and budget, shall establish the necessary accounting procedures for use of the attorney general refund fund, particularly with respect to expenditures under subsection 4.

**SECTION 21. RETROACTIVE APPLICATION.** Section 6 of this Act is effective for services provided by the state fire marshal program beginning July 1, 1999."

Page 5, line 11, replace "11" with "10"

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### House Bill No. 1003 - Summary of Senate Action

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
Attorney General				
Total all funds	\$31,909,515	\$32,142,123	\$207,089	\$32,349,212
Less estimated income	16,979,504	17,751,371	(287,112)	17,454,259
General fund	\$14,930,011	\$14,390,752	\$504,201	\$14,894,953
Department of Human Services - Program and Policy				
Total all funds	\$0	\$0	\$50,000	\$50,000
Less estimated income				
General fund	\$0	\$0	\$50,000	\$50,000

Bill Total



Total all funds	\$31,909,515	\$32,142,123	\$207,089	\$32,399,212
Less estimated income	16,979,504	17,751,371	(297,112)	17,454,259
General fund	\$14,930,011	\$14,390,752	\$504,201	\$14,894,953

House Bill No. 1003 - Attorney General - Senate Action

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
Salaries and wages	\$14,847,934	\$14,841,235	\$129,133	\$14,970,368
Operating expenses	5,882,969	5,882,969	119,500	6,002,469
Equipment	428,876	399,876	15,000	414,876
Grants	5,624,989	5,734,398		5,734,398
Litigation fees	50,000	50,000		50,000
Racing Commission	236,814	297,112	(56,544)	240,568
National criminal history improvement project	2,358,720	2,358,720		2,358,720
Arrest and return of fugitives	10,000	10,000		10,000
Gaming Commission	5,109	5,109		5,109
Law enforcement programs	631,056	631,056		631,056
High-intensity drug trafficking area	1,931,648	1,931,648		1,931,648
Total all funds	\$31,909,515	\$32,142,123	\$207,089	\$32,399,212
Less estimated income	16,979,504	17,751,371	(297,112)	17,454,259
General fund	\$14,930,011	\$14,390,752	\$504,201	\$14,894,953
FTE	158.50	158.50	2.00	160.50

Dept. 125 - Attorney General - Detail of Senate Changes

	ADD PUBLIC INFORMATION OFFICER <sup>1</sup>	ADD BCI AGENT	ADD INFORMATION TECHNOLOGY FUNDING <sup>2</sup>	CHANGE FUNDING FOR RACING COMMISSION <sup>3</sup>	TOTAL SENATE CHANGES
Salaries and wages	\$48,000	\$81,133			\$129,133
Operating expenses		19,500	\$100,000		119,500
Equipment		15,000			15,000
Grants					
Litigation fees					
Racing Commission				(\$56,544)	(56,544)
National criminal history improvement project					
Arrest and return of fugitives					
Gaming Commission					
Law enforcement programs					
High-intensity drug trafficking area					
Total all funds	\$48,000	\$115,633	\$100,000	(\$56,544)	\$207,089
Less estimated income				(297,112)	(297,112)
General fund	\$48,000	\$115,633	\$100,000	\$240,568	\$504,201
FTE	1.00	1.00	0.00	0.00	2.00

<sup>1</sup> A public information officer position is added only for the second year of the biennium.

<sup>2</sup> Operating expenses are increased by \$100,000 from the general fund to provide a total of \$200,000 from the general fund for costs associated with rewriting the uniform crime reporting (UCR) computer system.

<sup>3</sup> The funding source for Racing Commission expenses is changed from Racing Commission special funds as included in the House version to the general fund. This amendment removes funding of \$56,544 added by the House for additional funding for Racing Commission operating costs.

A section is added providing that any excess moneys in the Attorney General refund fund be transferred to the general fund at the end of each biennium rather than at the end of each fiscal year. (Section 20)

A retroactive application section is added which will allow the Fire Marshal to bill for services provided to entities covered by the petroleum release compensation fund for the 1999-2001 biennium in addition to the 2001-03 biennium. (Section 21)

Sections are added providing that:

- The Racing Commission is under the supervision of the Attorney General. (Section 17)
- The Attorney General may charge the Racing Commission for services provided to the commission. (Section 17)
- The Attorney General, rather than the Emergency Commission, may authorize the Racing Commission to spend more than 25 percent of the promotion fund for operating expenses of the commission. (Section 18)

A section is added providing for a Legislative Council study of the Racing Commission.

**House Bill No. 1003 - Department of Human Services - Program and Policy - Senate Action**

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
Grants			\$50,000	\$50,000
Total all funds	\$0	\$0	\$50,000	\$50,000
Less estimated income				
General fund	\$0	\$0	\$50,000	\$50,000
FTE	0.00	0.00	0.00	0.00

**Dept. 328 - Department of Human Services - Program and Policy - Detail of Senate Changes**

	ADD GUARDIANSHIP TRAINING FUNDING <sup>1</sup>	TOTAL SENATE CHANGES
Grants	\$50,000	\$50,000
Total all funds	\$50,000	\$50,000
Less estimated income		
General fund	\$50,000	\$50,000
FTE	0.00	0.00

<sup>1</sup> Funding is added for the Department of Human Services to provide volunteer guardianship training during the 2001-03 biennium. (Section 13)

A section is added providing that the Attorney General, in cooperation with the Department of Human services, implement standards of practice for guardianship services. (Section 14)

2001 HOUSE APPROPRIATIONS

CONFERENCE COMMITTEE

HB 1003

2001 HOUSE CONFERENCE COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1003

House Appropriations Committee  
Government Operations Division

☒ Conference Committee

Hearing Date April 10, 2001

Tape Number	Side A	Side B	Meter #
04-10-01 tape #1	0 - 4275		
Committee Clerk Signature <i>Kathleen L. Lall</i>			

Minutes:

The conference committee was called to order. Roll call was taken.

Sen. Nething: Explains the Senate amendments. They added a public information officer, added a BCI agent, added some IT money, and changed the racing commission funding. (He goes through the amendment and explains the Senate reasoning to the committee).

Rep. Koppelman: As to the settlement, you found this money in the attorney general's office settlement, that looks like a net change of approximately \$500,000. Is that right?

Sen. Nething: We were able to offset that with the settlement fund that is forthcoming. The settlement has been reached, and the paperwork is in process.

Rep. Koppelman: Asks a question of LC staff: If we see this as an increase in funding in this bill, where are we going to see the offsetting decrease?

Allen, LC: The reduction came in four other bills, HB 1200, HB 1249, HB 1349, and SB 2004.

Rep. Carlisle: These four bills are still funded, just from other sources?

Allen, L.C.: Yes.

Rep. Carlisle: If he remembers right, the House killed a guardianship bill, didn't they?

He carried the bill, so he remembers that.

Sandi Tabor, Attorney General's office: There were two bills. Explains what she remembers as the difference of the two bills.

Rep. Koppelman: Is concerned about the conference committee rules, and that they are trying to bring up some language in this bill about the same information in a bill already killed, and is concerned about that. Is supportive of the BCI, but wonders why the House didn't hear about the request of the new agent before this.

Sen. Nething: It was explained to us that the BCI people did not make this request, but rather the request of the Attorney General, who after reviewing the office, concluded that he needed another person after the bill had already come over to the Senate.

Sandi Tabor: In addition to that, the methamphetamine traffic/concerns have increased even just since the new attorney general has been in office. There is some federal money to apply to that position.

(Sandi Tabor and Kathy ? from the attorney general's office explains the staffing of BCI agents and explains the current drug problems. Committee discussion on the concerns of drug trafficking and enforcement needs.)

Rep. Glassheim: Wants to make some comments on the guardianship portion of this bill. As he recalls in the House appropriations committee there was some concern as to the provisions of the bill, not just the money. It was somewhat unclear to the committee about the standards of

practice, and the intrusiveness of the language. He is hopeful that there could be alternate language that could modify these concerns that could be proposed.

Sen. Nething: This came to us in a separate bill. The sponsor of the bill they had was interested in getting dollars for the standards, and there was an appropriation. We didn't have the Human Services budget at that time. At that time we were going to have the department of human services set this up, so we killed the bill with the understanding that we revisit this issue when we got the human services budget. After some discussion, they had a concern about human services do this. So, we then thought we would be better off moving this, the designing of the standards, to go to the attorney general's office, because of the legal nature of what we were doing. That's how this got here. We were not aware that you had another bill on this matter, because you had not sent it to us. We had quite a bit of testimony on the initial bill regarding the need for this particular service. He has no idea what the standards to work off are. The AARP testified that they had volunteers, but no training, and they need that.

Rep. Glassheim: We had them (general standards) distributed in House appropriations. Some are general and helpful in nature, and some are more narrow.

Sandi Tabor: The only real idea the attorney general's office has about promulgating these is that they are more like guidelines, not standards. She has not read the guidelines that Rep. Glassheim had. She agrees that there is no training, and that there may be some need for that.

Rep. Koppelman: He sees the amendment proposed providing money for training, and that it standards that no one has really worked on or understands completely. It makes him uncomfortable to put this into the bill something that both houses had previously killed.

(General discussion as to the guardianship issue. Sen. Robinson does explain that the Senate had killed their bill with the intention of bringing it up in this bill. The Senators disagree that it does not belong in this bill, and that the Senate bill was very different from the bill the House saw. Sandi Tabor explained some aspects of the money requests in the bill.)

(The Committee then went on to discuss the public information officer employee. Rep. Koppelman explains why the House rejected this position, and the Senators explained why they thought it was necessary. The committee did discuss the settlement that the Senate wants to use a portion of to fund this position. The Senate also freed up money for this from four other locations.)

( The Committee also discussed the racing commission, with the Senate expressing their concerns and the House expressing theirs).

The chairman closed the meeting on this bill.

2001 HOUSE CONFERENCE COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1003

House Appropriations Committee  
Government Operations Division

☒ Conference Committee

Hearing Date April 12, 2001

Tape Number	Side A	Side B	Meter #
04-12-01 tape #1	0 - 4341		
Committee Clerk Signature <i>Kathleen Hall</i>			

Minutes:

The conference committee was called to order. Roll call was taken.

Sen. Nething: Explains the amendment being handed out by Sandi Tabor. They thought after last meeting, and Rep. Glassheim's request to find some language that could be more agreeable, they had the attorney general's office make this amendment.

Sandi Tabor: She had shown the amendment to Rep. Glassheim, and the amendment changes the language from standards being mandated, to guidelines to be developed.

Rep. Koppelman: Asks how committed the attorney general's office is to this issue.

Sandi Tabor: They are doing this at the request of Sen. Nething and Rep. Glassheim, but they are not advocating it themselves. The appropriation is still there. They have no idea what the cost will be.

(Sen. Holmberg explained to the committee the Senate's views on the various issues: the racing commission, the BCI agent, the information person, guardianship guidelines, and the IT



Page 2

Government Operations Division

Bill/Resolution Number HB 1003

Hearing Date April 12, 2001

funds. Both Senators and Representatives expressed their thoughts and concerns on all the issues, and any possibilities to resolve the differences.)

The chairman closed the meeting on this bill.

2001 HOUSE CONFERENCE COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1003

House Appropriations Committee  
Government Operations Division

☒ Conference Committee

Hearing Date April 18, 2001

Tape Number	Side A	Side B	Meter #
04-18-01 tape #1		0 - 2387	
Committee Clerk Signature <i>Kathleen Hall</i>			

Minutes:

The conference committee was called to order. Roll call was taken.

Rep. Koppelman: We had several issues that we were discussing when we last met, and I understand some discussions have been ongoing.

Sen. Nething: Would like to know the House members' position on the guardianship issues. Has the information distributed made any difference.

Rep. Carlisle: In checking with leadership, HB 1388 was defeated. He understands that the Senate had a similar bill that was defeated. From what he can gather the issue has had a hearing, had a vote, and was defeated.

Roxanne, LC: Passes out minutes from HB 1388, appropriations and Human Services.

(The committee looked at the minutes, read through parts, and had some general discussions).

Sen. Nething: Says that the record should reflect the House opposes the guardianship issue. Then brings up the second issue of contention, the racing commission. He proposes some compromise, that the committee consider taking \$150,000 from the three racing funds for defraying the expenses, being an equal \$50,000 from each fund. Then we have the balance come from the general fund, which would be \$59,432 to provide the additional funding for operating costs, and a funding source change to the general fund of \$90,568, which is \$150,000. What we have done is split the difference with the racing commission paying half and the general funds paying half. Also wanted to raise the board pay to \$75 per day to be the same with the other boards.

Rep. Koppelman: The reduction that the Senate had was \$56,544, and your proposal was in addition to splitting the source of these funds was to put that back in.

Sen. Nething: Right, but we also made an equity adjustment in the director's pay, and that's how we came up with the \$59,432.

Sandi Tabor, Attorney General's office: (Says something too soft to understand.)

Rep. Koppelman: So that amounts to a \$90,000 savings in the general fund, versus the version before us.

Sen. Nething: Motion to adopt this proposal as an amendment. Seconded by Rep. Carlisle.

(General discussion by committee members as to what the amendment and agreement of the committee is, regarding the racing commission and the guardianship issues, the IT funding, the BCI agent, and the public information officer).

Rep. Glassheim: Asks if there is any chance of getting in any intent language that the attorney general's office look at the guardianship issue. Something that keeps this somewhat alive?

Rep. Koppelman: Wouldn't object to such an idea.

Sandi Tabor: Doesn't think that the attorney general's office is the right entity. They were asked to participate in this, and have done so. But they really are not the right department to do this. That's Human Services, and the Attorney General's office would not have the information to do so.

(The committee discussed the guardianship issue some more, that this has all been discussed in committee, in conference committee, and that there is an interest for this, a need for this, and all the interested parties know that we have made this point. Some committee members expressed the view that they have more comfort in having the attorney general's office doing the guardianship issues rather than human services. That's why this was brought up in this committee. There was general disappointment that this did not work out, that the guardianship issue is very important, and will not go away. There was some discussion as to the racing commission and the fact that the racing commission did not feel that they had a real hearing in the House.)

Vote on the Motion that the Senate recede from their amendments, and further amend. 6 yes, 0 no, 0 absent and not voting. Motion passes.

Rep. Koppelman will carry the report to the floor.

The chairman closed the meeting on this bill.

PROPOSED AMENDMENTS TO THE FIRST ENGROSSMENT with SENATE  
AMENDMENTS OF ENGROSSED HOUSE BILL 1003

Page 4, line 7, replace "adopt and implement standards of " with "develop guidelines"

Page 4, line 8, delete "practice" and replace "in accordance with" with "utilizing"

Page 4, line 10, after "association" insert "as a model"

With these amendments Section 14 will read as follows:

**SECTION 14. Standards of practice for guardians.** The attorney general, in cooperation with the department of human services, shall develop guidelines for guardianship services utilizing the national guardianship association standards of practices adopted most recently by the membership of the national guardianship association as a model.

PROPOSED AMENDMENTS TO FIRST ENGROSSMENT with Senate Amendments  
ENGROSSED HOUSE BILL NO. 1003

Page 1, line 2, remove "to provide for standards of practice for guardians;"

Page 1, line 5, replace "subsection 1" with "subsections 1 and 3"

Page 1, line 21, replace "240,568" with "300,000"

Page 2, line 3, replace "\$ 32,349,212" with "\$32,408,644"

Page 2, line 4, replace "17,454,259" with "17,604,259"

Page 2, line 5, replace "\$ 14,894,953" with "\$ 14,804,385"

Page 4, remove lines 1 through 10

Page 4, after line 10, insert:

**"SECTION 13. ESTIMATED INCOME - RACING PROMOTION, PURSE, AND BREEDERS' FUNDS.** Notwithstanding section 53-06.2-11, the estimated income line item in section 1 of this Act includes \$150,000 from the racing promotion fund, purse fund, and breeders' fund for the purpose of defraying the administrative and operating costs of the racing commission for the biennium beginning July 1, 2001, and ending June 30, 2003. For purposes of this funding, the racing commission shall allocate \$50,000 from each fund.

Page 5, line 23, replace "Subsection 1" with "Subsections 1 and 3"

Page 6, after line 13 insert:

3. Commission members are entitled to forty seventy-five dollars per day for compensation, and mileage and expense reimbursement as allowed to other state employees.

Renumber accordingly.

**STATEMENT OF PURPOSE OF AMENDMENT**

**Department 125 -- Office of Attorney General**

Funding for the Racing Commission is increased by \$59,432 to provide additional funding for operating costs. In addition, a funding source change is made decreasing the general fund support by \$90,568 and authorizing the funding of \$150,000 to be allocated equally between the racing promotion fund, purse fund, and breeders' fund.

Compensation for racing commissioners is increased from \$40 per meeting date to \$75 per meeting date.

Language authorizing the attorney general in cooperation with the department of human services to adopt standards of practice for guardians is removed.

**Dept. 328 - Department of Human Services - Program and Policy**

Funding of \$50,000 from the general fund appropriated to the Department of Human Services for volunteer guardianship training is removed.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1003

That the Senate recede from its amendments as printed on pages 1325-1329 of the House Journal and pages 1166-1170 of the Senate Journal and that Engrossed House Bill No. 1003 be amended as follows:

Page 1, line 3, after the first semicolon insert "to provide for a legislative council study;" and replace "sections" with "section"

Page 1, line 4, replace the first "and" with ", subsections 1 and 3 of section 53-06.2-02, subsection 3 of section 53-06.2-11, sections" and after "54-12-11" insert "and 54-12-18"

Page 1, line 5, replace the first "and" with ", racing commission supervision and compensation, racing commission expenses," and after "general" insert ", and the attorney general refund fund; to provide for retroactive application"

Page 1, line 12, replace "14,841,235" with "14,970,368"

Page 1, line 13, replace "5,882,969" with "6,002,469"

Page 1, line 14, replace "399,876" with "414,876"

Page 1, line 17, replace "297,112" with "300,000"

Page 1, line 23, replace "32,142,123" with "32,408,644"

Page 2, line 1, replace "17,751,371" with "17,604,259"

Page 2, line 2, replace "14,390,752" with "14,804,385"

Page 2, line 22, after "23-37" insert ". Fees under this section may be collected in amounts"

Page 2, line 23, replace "2001" with "1999", replace "2003" with "2001, and of up to a total of \$35,000 for services provided by the state fire marshal program for the biennium beginning July 1, 2001, and ending June 30, 2003"

Page 3, line 7, replace "\$297,112" with "\$50,000", after the second comma insert "\$50,000 from the", and after "and" insert "\$50,000 from the"

Page 3, line 9, remove "The racing"

Page 3, remove lines 10 and 11

Page 3, after line 30, insert:

**"SECTION 14. LEGISLATIVE COUNCIL STUDY - RACING COMMISSION.**

The legislative council shall consider studying, during the 2001-02 interim, the racing commission, including its authority to schedule, promote, support, and regulate live or simulcast racing in North Dakota. If chosen, the study must address the effectiveness of the commission's authority to both promote and regulate racing and whether its



authority is appropriate for the commission and its members. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-eighth legislative assembly."

Page 5, after line 3, insert:

**"SECTION 16. AMENDMENT.** Subsections 1 and 3 of section 53-06.2-02 of the North Dakota Century Code are amended and reenacted as follows:

1. A North Dakota racing commission is established in the office of the attorney general. The commission is subject to the supervision and direction of the attorney general, except with regard to the commission's authority to spend the funds described in subsection 6 of section 53-06.2-11. The attorney general may require payment for any services rendered to the racing commission. Payment for such services must be deposited into the attorney general's operating fund. The commission consists of the chairman and four other members appointed by the governor. Of the members appointed by the governor, one must be appointed from a list of four nominees, one of whom is nominated by the state chapter or affiliate of the American quarter horse racing association, one of whom is nominated by the state chapter or affiliate of the United States trotting association, one of whom is nominated by the state chapter or affiliate of the international Arabian horse association, and one of whom is nominated by the state chapter or affiliate of the North Dakota thoroughbred association. The members serve five-year terms and until a successor is appointed and qualified. A member appointed to fill a vacancy arising from other than the natural expiration of a term serves only for the unexpired portion of the term. The terms of the commissioners must be staggered so that one term expires each July first. At the expiration of the five-year term of each incumbent member of the commission, the governor shall appoint a new member to the commission.
3. Commission members are entitled to ~~forty~~ seventy-five dollars per day for compensation, and mileage and expense reimbursement as allowed to other state employees.

**SECTION 17. AMENDMENT.** Subsection 3 of section 53-06.2-11 of the North Dakota Century Code is amended and reenacted as follows:

3. Unclaimed tickets and breakage from each live race meet and simulcast program as defined by the commission and the percentage of the wagering pool to be paid to the racing promotion fund under subsections 1 and 2 must be retained by the commission in a special fund to assist in improving and upgrading racetracks in the state, for the promotion of horse racing within the state, and in developing new racetracks in the state as necessary and approved by the commission. Notwithstanding this section, the commission may, upon approval of the ~~emergency commission~~ attorney general, receive no more than twenty-five percent of this fund for the purpose of payment of operating expenses of the commission."

Page 5, after line 10, insert:

**"SECTION 19. AMENDMENT.** Section 54-12-18 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**54-12-18. Special fund established - Continuing appropriation.** A special fund is established in the state treasury and designated as the attorney general refund fund. The attorney general shall deposit all moneys recovered by the consumer

protection division for refunds to consumers in cases where persons or parties are found to have violated the consumer fraud laws, all costs, expenses, attorney's fees, and civil penalties collected by the division regarding any consumer protection or antitrust matter, all cash deposit bonds paid by applicants for a transient merchant's license who do not provide a surety bond, and all funds and fees collected by the gaming section for licensing tribal gaming and for the investigation of gaming employees, applicants, organizations, manufacturers, distributors, or tribes involved in state or tribal gaming. The moneys in the fund are appropriated, as necessary, for the following purposes:

1. To provide refunds of moneys recovered by the consumer protection and antitrust division on behalf of specifically named consumers;
2. To pay valid claims against cash deposit bonds posted by transient merchant licensees;
3. To refund, upon expiration of the two-year period after the expiration of the transient merchant's license, the balance of any cash deposit bond remaining after the payment of valid claims;
4. To pay costs, expenses, and attorney's fees and salaries incurred in the operation of the consumer protection division; and
5. To pay the actual costs of background investigations, licensing, and enforcement of gaming in the state or pursuant to Indian gaming compacts.

At the end of each ~~fiscal year~~ biennium any moneys in the fund in excess of the amounts required for subsections 1, 2, 3, and 5 must be deposited in the general fund. The attorney general, with the concurrence of the director of the office of management and budget, shall establish the necessary accounting procedures for use of the attorney general refund fund, particularly with respect to expenditures under subsection 4.

**SECTION 20. RETROACTIVE APPLICATION.** Section 6 of this Act is effective for services provided by the state fire marshal program beginning July 1, 1999."

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### House Bill No. 1003 - Summary of Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Attorney General						
Total all funds	\$31,909,515	\$32,142,123	\$266,521	\$32,408,644	\$32,349,212	\$59,432
Less estimated income	16,979,504	17,751,371	(147,112)	17,604,259	17,454,259	150,000
General fund	\$14,930,011	\$14,390,752	\$413,633	\$14,804,385	\$14,894,953	(\$90,568)
Department of Human Services - Program and Policy						
Total all funds	\$0	\$0	\$0	\$0	\$50,000	(\$50,000)
Less estimated income						
General fund	\$0	\$0	\$0	\$0	\$50,000	(\$50,000)
Bill Total						
Total all funds	\$31,909,515	\$32,142,123	\$266,521	\$32,408,644	\$32,399,212	\$9,432
Less estimated income	16,979,504	17,751,371	(147,112)	17,604,259	17,454,259	150,000
General fund	\$14,930,011	\$14,390,752	\$413,633	\$14,804,385	\$14,944,953	(\$140,568)

#### House Bill No. 1003 - Attorney General - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Salaries and wages	\$14,847,334	\$14,841,235	\$129,133	\$14,970,368	\$14,970,368	
Operating expenses	5,882,089	5,882,989	119,500	6,002,489	6,002,489	
Equipment	428,876	399,876	15,000	414,876	414,876	
Grants	5,524,989	5,734,398		5,734,398	5,734,398	

Litigation fees	50,000	50,000		50,000	50,000	
Racing Commission	238,814	297,112	2,888	300,000	240,168	\$59,432
National criminal history improvement project	2,358,720	2,358,720		2,358,720	2,358,720	
Arrest and return of fugitives	10,000	10,000		10,000	10,000	
Gaming Commission	5,109	5,109		5,109	5,109	
Law enforcement programs	631,056	631,056		631,056	631,056	
High-intensity drug trafficking area	1,931,648	1,931,648		1,931,648	1,931,648	
Total all funds	\$31,909,515	\$32,142,123	\$266,521	\$32,408,644	\$32,344,112	\$59,432
Less estimated income	<u>16,979,504</u>	<u>17,751,371</u>	<u>(147,112)</u>	<u>17,604,259</u>	<u>17,454,259</u>	<u>150,000</u>
General fund	\$14,930,011	\$14,390,752	\$413,633	\$14,804,385	\$14,894,953	(\$90,568)
FTE	158.50	158.50	2.00	160.50	160.50	0.00

#### Dept. 125 - Attorney General - Detail of Conference Committee Changes

	ADD PUBLIC INFORMATION OFFICER <sup>1</sup>	ADD BCI AGENT <sup>2</sup>	ADD INFORMATION TECHNOLOGY FUNDING <sup>3</sup>	CHANGE FUNDING FOR RACING COMMISSION <sup>4</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages	\$48,000	\$81,133			\$129,133
Operating expenses		19,500	\$100,000		119,500
Equipment		15,000			15,000
Grants					
Litigation fees					
Racing Commission				\$2,888	2,888
National criminal history improvement project					
Arrest and return of fugitives					
Gaming Commission					
Law enforcement programs					
High-intensity drug trafficking area					
Total all funds	\$48,000	\$115,633	\$100,000	\$2,888	\$266,521
Less estimated income				<u>(147,112)</u>	<u>(147,112)</u>
General fund	\$48,000	\$115,633	\$100,000	\$150,000	\$413,633
FTE	1.00	1.00	0.00	0.00	2.00

<sup>1</sup> A public information officer position is added only for the second year of the biennium, the same as the Senate version.

<sup>2</sup> A Bureau of Criminal Investigation (BCI) position is added, the same as the Senate version.

<sup>3</sup> Operating expenses are increased by \$100,000 from the general fund to provide a total of \$200,000 from the general fund for costs associated with rewriting the uniform crime reporting (UCR) computer system, the same as the Senate version.

<sup>4</sup> Funding for the Racing Commission is increased by \$2,888, to a total of \$300,000, of which \$150,000 is from the general fund, \$50,000 is from the Racing Commission promotion fund, \$50,000 is from the Racing Commission purse fund, and \$50,000 from the Racing Commission breeders' fund. The House provided a total of \$297,112 for the Racing Commission from the promotion, purse, and breeders' fund. The Racing Commission was to determine the allocation from each fund based on the proportion of resources available in each fund. The Senate provided a total of \$240,568 for the Racing Commission from the general fund.

A section is added providing that any excess moneys in the Attorney General refund fund be transferred to the general fund at the end of each biennium rather than at the end of each fiscal year, the same as the Senate version. (Section 20)

A retroactive application section is added which will allow the State Fire Marshal to bill for services provided to entities covered by the petroleum release compensation fund for the 1999-2001 biennium in addition to the 2001-03 biennium, the same as the Senate version. (Section 21)

Sections added by the Senate are included providing that:

- The Racing Commission is under the supervision of the Attorney General. (Section 16)
- The Attorney General may charge the Racing Commission for services provided to the commission. (Section 16)
- The Attorney General, rather than the Emergency Commission, may authorize the Racing Commission to spend up to 25 percent of the promotion fund for operating expenses of the commission. (Section 18)

The section added by the Senate providing for a Legislative Council study of the Racing Commission is included. (Section 14)

A section is added increasing the compensation of Racing Commission members by \$35 per day, from \$40 to \$75. (Section 17)

**House Bill No. 1003 - Department of Human Services - Program and Policy - Conference Committee Action**

The Conference Committee did not include funding of \$50,000 added by the Senate for the Department of Human Services to provide volunteer guardianship training during the 2001-03 biennium.

The Conference Committee did not include the section added by the Senate providing that the Attorney General, in cooperation with the Department of Human Services, implement standards of practice for guardianship services.

Date: 4-18-01  
Roll Call Vote # 01

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1003

House Appropriations Committee

☐ Subcommittee on \_\_\_\_\_  
or  
☒ Conference Committee

Legislative Council Amendment Number

Action Taken

Motion Made By

Senate  
Ricade/Motion to adopt amendment (Racing)  
Sen. Neklung Seconded By Rep Carlisle

Representatives	Yes	No	SENATORS	Yes	No
Rep Kappelman	✓		Sen. Neklung	✓	
Rep Carlisle	✓		Sen. Halmburg	✓	
Rep Glassheim	✓		Sen. Robinson	✓	

Total (Yes) 6 No 0

Absent 0

Floor Assignment Rep Kappelman

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

amendment written by A.G. office  
plus a few other changes

**REPORT OF CONFERENCE COMMITTEE**

**HB 1003, as engrossed:** Your conference committee (Sens. Nething, Robinson, Holmberg and Reps. Koppelman, Glasshelm, Carlisle) recommends that the **SENATE RECEDE** from the Senate amendments on HJ pages 1325-1329, adopt amendments as follows, and place HB 1003 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1325-1329 of the House Journal and pages 1166-1170 of the Senate Journal and that Engrossed House Bill No. 1003 be amended as follows:

Page 1, line 3, after the first semicolon insert "to provide for a legislative council study;" and replace "sections" with "section"

Page 1, line 4, replace the first "and" with ", subsections 1 and 3 of section 53-06.2-02, subsection 3 of section 53-06.2-11, sections" and after "54-12-11" insert "and 54-12-18"

Page 1, line 5, replace the first "and" with ", racing commission supervision and compensation, racing commission expenses," and after "general" insert ", and the attorney general refund fund; to provide for retroactive application"

Page 1, line 12, replace "14,841,235" with "14,970,368"

Page 1, line 13, replace "5,882,969" with "6,002,469"

Page 1, line 14, replace "399,876" with "414,876"

Page 1, line 17, replace "297,112" with "300,000"

Page 1, line 23, replace "32,142,123" with "32,408,644"

Page 2, line 1, replace "17,751,371" with "17,604,259"

Page 2, line 2, replace "14,390,752" with "14,804,385"

Page 2, line 22, after "23-37" insert ". Fees under this section may be collected in amounts"

Page 2, line 23, replace "2001" with "1999" and replace "2003" with "2001, and of up to a total of \$35,000 for services provided by the state fire marshal program for the biennium beginning July 1, 2001, and ending June 30, 2003"

Page 3, line 7, replace "\$297,112" with "\$50,000", after the second comma insert "\$50,000 from the", and after "and" insert "\$50,000 from the"

Page 3, line 9, remove "The racing"

Page 3, remove lines 10 and 11

Page 3, after line 30, insert:

**"SECTION 14. LEGISLATIVE COUNCIL STUDY - RACING COMMISSION.**

The legislative council shall consider studying, during the 2001-02 interim, the racing commission, including its authority to schedule, promote, support, and regulate live or simulcast racing in North Dakota. If chosen, the study must address the effectiveness of the commission's authority to both promote and regulate racing and whether its authority is appropriate for the commission and its members. The legislative council

shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the fifty-eighth legislative assembly."

Page 5, after line 3, insert:

**"SECTION 16. AMENDMENT.** Subsections 1 and 3 of section 53-06.2-02 of the North Dakota Century Code are amended and reenacted as follows:

1. A North Dakota racing commission is established in the office of the attorney general. The commission is subject to the supervision and direction of the attorney general, except with regard to the commission's authority to spend the funds described in subsection 6 of section 53-06.2-11. The attorney general may require payment for any services rendered to the racing commission. Payment for such services must be deposited into the attorney general's operating fund. The commission consists of the chairman and four other members appointed by the governor. Of the members appointed by the governor, one must be appointed from a list of four nominees, one of whom is nominated by the state chapter or affiliate of the American quarter horse racing association, one of whom is nominated by the state chapter or affiliate of the United States trotting association, one of whom is nominated by the state chapter or affiliate of the international Arabian horse association, and one of whom is nominated by the state chapter or affiliate of the North Dakota thoroughbred association. The members serve five-year terms and until a successor is appointed and qualified. A member appointed to fill a vacancy arising from other than the natural expiration of a term serves only for the unexpired portion of the term. The terms of the commissioners must be staggered so that one term expires each July first. At the expiration of the five-year term of each incumbent member of the commission, the governor shall appoint a new member to the commission.
3. Commission members are entitled to ~~forty-seventy-five~~ dollars per day for compensation, and mileage and expense reimbursement as allowed to other state employees.

**SECTION 17. AMENDMENT.** Subsection 3 of section 53-06.2-11 of the North Dakota Century Code is amended and reenacted as follows:

3. Unclaimed tickets and breakage from each live race meet and simulcast program as defined by the commission and the percentage of the wagering pool to be paid to the racing promotion fund under subsections 1 and 2 must be retained by the commission in a special fund to assist in improving and upgrading racetracks in the state, for the promotion of horse racing within the state, and in developing new racetracks in the state as necessary and approved by the commission. Notwithstanding this section, the commission may, upon approval of the ~~emergency commission~~ attorney general, receive no more than twenty-five percent of this fund for the purpose of payment of operating expenses of the commission."

Page 5, after line 10, insert:

**"SECTION 19. AMENDMENT.** Section 54-12-18 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**54-12-18. Special fund established - Continuing appropriation.** A special fund is established in the state treasury and designated as the attorney general refund fund. The attorney general shall deposit all moneys recovered by the consumer

protection division for refunds to consumers in cases where persons or parties are found to have violated the consumer fraud laws, all costs, expenses, attorney's fees, and civil penalties collected by the division regarding any consumer protection or antitrust matter, all cash deposit bonds paid by applicants for a transient merchant's license who do not provide a surety bond, and all funds and fees collected by the gaming section for licensing tribal gaming and for the investigation of gaming employees, applicants, organizations, manufacturers, distributors, or tribes involved in state or tribal gaming. The moneys in the fund are appropriated, as necessary, for the following purposes:

1. To provide refunds of moneys recovered by the consumer protection and antitrust division on behalf of specifically named consumers;
2. To pay valid claims against cash deposit bonds posted by transient merchant licensees;
3. To refund, upon expiration of the two-year period after the expiration of the transient merchant's license, the balance of any cash deposit bond remaining after the payment of valid claims;
4. To pay costs, expenses, and attorney's fees and salaries incurred in the operation of the consumer protection division; and
5. To pay the actual costs of background investigations, licensing, and enforcement of gaming in the state or pursuant to Indian gaming compacts.

At the end of each ~~fiscal year~~ biennium any moneys in the fund in excess of the amounts required for subsections 1, 2, 3, and 5 must be deposited in the general fund. The attorney general, with the concurrence of the director of the office of management and budget, shall establish the necessary accounting procedures for use of the attorney general refund fund, particularly with respect to expenditures under subsection 4.

**SECTION 20. RETROACTIVE APPLICATION.** Section 6 of this Act is effective for services provided by the state fire marshal program beginning July 1, 1999."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1003 - Summary of Conference Committee Action**

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Attorney General						
Total all funds	\$31,909,515	\$32,142,123	\$266,521	\$32,408,644	\$32,349,212	\$59,432
Less estimated income	16,979,504	17,751,371	(147,112)	17,604,259	17,454,259	150,000
General fund	\$14,930,011	\$14,390,752	\$413,633	\$14,804,385	\$14,894,953	(\$90,568)
Department of Human Services - Program and Policy						
Total all funds	\$0	\$0	\$0	\$0	\$50,000	(\$50,000)
Less estimated income						
General fund	\$0	\$0	\$0	\$0	\$50,000	(\$50,000)
Bill Total						
Total all funds	\$31,909,515	\$32,142,123	\$266,521	\$32,408,644	\$32,399,212	\$9,432
Less estimated income	16,979,504	17,751,371	(147,112)	17,604,259	17,454,259	150,000



General fund	\$14,930,011	\$14,390,752	\$413,633	\$14,804,385	\$14,944,953	(\$140,568)
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**House Bill No. 1003 - Attorney General - Conference Committee Action**

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Salaries and wages	\$14,847,334	\$14,841,235	\$129,133	\$14,970,368	\$14,970,368	
Operating expenses	6,882,969	5,882,969	119,500	6,002,469	6,002,469	
Equipment	428,876	399,876	15,000	414,876	414,876	
Grants	5,524,989	5,734,398		5,734,398	5,734,398	
Litigation fees	50,000	50,000		50,000	50,000	
Racing Commission	238,814	297,112	2,888	300,000	240,568	\$59,432
National criminal history improvement project	2,358,720	2,358,720		2,358,720	2,358,720	
Arrest and return of fugitives	10,000	10,000		10,000	10,000	
Gaming Commission	5,109	5,109		5,109	5,109	
Law enforcement programs	631,056	631,056		631,056	631,056	
High-intensity drug trafficking area	1,931,648	1,931,648		1,931,648	1,931,648	
<b>Total all funds</b>	<b>\$31,909,516</b>	<b>\$32,142,123</b>	<b>\$266,521</b>	<b>\$32,408,644</b>	<b>\$32,349,212</b>	<b>\$59,432</b>
Less estimated income	16,979,504	17,751,371	(147,112)	17,604,259	17,454,259	150,000
<b>General fund</b>	<b>\$14,930,011</b>	<b>\$14,390,752</b>	<b>\$413,633</b>	<b>\$14,804,385</b>	<b>\$14,894,953</b>	<b>(\$90,568)</b>
FTE	158.50	158.50	2.00	160.50	160.50	0.00

**Dept. 125 - Attorney General - Detail of Conference Committee Changes**

	ADD PUBLIC INFORMATION OFFICER <sup>1</sup>	ADD BCI AGENT <sup>2</sup>	ADD INFORMATION TECHNOLOGY FUNDING <sup>3</sup>	CHANGE FUNDING FOR RACING COMMISSION <sup>4</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages	\$48,000	\$81,133			\$129,133
Operating expenses		19,500	\$100,000		119,500
Equipment		15,000			15,000
Grants					
Litigation fees					
Racing Commission				\$2,888	2,888
National criminal history improvement project					
Arrest and return of fugitives					
Gaming Commission					
Law enforcement programs					
High-intensity drug trafficking area					
<b>Total all funds</b>	<b>\$48,000</b>	<b>\$115,633</b>	<b>\$100,000</b>	<b>\$2,888</b>	<b>\$266,521</b>
Less estimated income				(147,112)	(147,112)
<b>General fund</b>	<b>\$48,000</b>	<b>\$115,633</b>	<b>\$100,000</b>	<b>\$150,000</b>	<b>\$413,633</b>
FTE	1.00	1.00	0.00	0.00	2.00

<sup>1</sup> A public information officer position is added only for the second year of the biennium, the same as the Senate version.

<sup>2</sup> A Bureau of Criminal Investigation (BCI) position is added, the same as the Senate version.

<sup>3</sup> Operating expenses are increased by \$100,000 from the general fund to provide a total of \$200,000 from the general fund for costs associated with rewriting the uniform crime reporting (UCR) computer system, the same as the Senate version.

<sup>4</sup> Funding for the Racing Commission is increased by \$2,888, to a total of \$300,000, of which \$150,000 is from the general fund, \$50,000 is from the Racing Commission promotion fund, \$50,000 is from the Racing Commission purse fund, and \$50,000 from the Racing Commission breeders' fund. The House provided a total of \$297,112 for the Racing Commission from the promotion, purse, and breeders' fund. The Racing Commission was to determine the allocation from each fund based on the proportion of resources available in each fund. The Senate provided a total of \$240,568 for the Racing Commission from the general fund.

A section is added providing that any excess moneys in the Attorney General refund fund be transferred to the general fund at the end of each biennium rather than at the end of each fiscal year, the same as the Senate version. (Section 20)

A retroactive application section is added which will allow the State Fire Marshal to bill for services provided to entities covered by the petroleum release compensation fund for the 1999-2001 biennium in addition to the 2001-03 biennium, the same as the Senate version. (Section 21)

Sections added by the Senate are included providing that:

- The Racing Commission is under the supervision of the Attorney General. (Section 16)
- The Attorney General may charge the Racing Commission for services provided to the commission. (Section 16)
- The Attorney General, rather than the Emergency Commission, may authorize the Racing Commission to spend up to 25 percent of the promotion fund for operating expenses of the commission. (Section 18)

The section added by the Senate providing for a Legislative Council study of the Racing Commission is included. (Section 14)

A section is added increasing the compensation of Racing Commission members by \$35 per day, from \$40 to \$75. (Section 17)

**House Bill No. 1003 - Department of Human Services - Program and Policy - Conference Committee Action**

The Conference Committee did not include funding of \$50,000 added by the Senate for the Department of Human Services to provide volunteer guardianship training during the 2001-03 biennium.

The Conference Committee did not include the section added by the Senate providing that the Attorney General, in cooperation with the Department of Human Services, implement standards of practice for guardianship services.

Engrossed HB 1003 was placed on the Seventh order of business on the calendar.

2001 TESTIMONY

HB 1003

**Department 125 - Attorney General**  
**House Bill No. 1003**

	FTE Positions	General Fund	Other Funds	Total
2001-03 Schafer Executive Budget	158.50	\$14,930,011	\$16,979,504	\$31,909,515
1999-2001 Legislative Appropriations	159.50	13,833,692	15,922,565	29,756,257 <sup>1</sup>
Increase (Decrease)	(1.00)	\$1,096,319	\$1,056,939	\$2,153,258

2001-03 Hoeven Executive Budget	158.50	\$14,930,011	\$16,979,504	\$31,909,515
Hoeven Increase (Decrease) to Schafer	0.00	\$0	\$0	\$0

<sup>1</sup> The 1999-2001 appropriation amounts include \$126,929, \$100,282 of which is from the general fund, for the agency's share of the \$5.4 million funding pool appropriated to the Office of Management and Budget (OMB) for special market equity adjustments for classified employees and \$4,324, \$3,309 of which is from the general fund, for the agency's share of the \$1.4 million funding pool appropriated to OMB for assisting agencies in providing the \$35 per month minimum salary increases in July 1999 and July 2000. The 1999-2001 appropriation amounts do not reflect a \$95,300 federal funds reduction which relates to 1999-2001 appropriation authority spent during the 1997-99 biennium because of an emergency clause.

**Major Schafer Recommendations Affecting Attorney General 2001-03 Budget**

	General Fund	Other Funds	Total
1. Adds funding for a market equity salary increase of \$177.67 per month for the Attorney General and \$416.83 per month for the Racing Commissioner effective January 1, 2002. The amount added in the executive budget is \$4,345 more than is necessary to provide for these increases.	\$16,840		\$16,840
2. Removes 1 FTE public information specialist (\$81,708) and operating expenses (\$20,000).	(\$101,708)		(\$101,708)
3. Increases funding for Information Technology Department services as a result of rate increases.	\$100,000		\$100,000
4. Provides funding for rewriting the uniform crime reporting computer system.	\$100,000		\$100,000
5. Provides funding for rent increase and computer room expansion.	\$70,000		\$70,000
6. Adds funding for relocating legal staff positions from the Water Commission building to other office space.	\$86,800		\$86,800
7. Removes funding for salaries and wages in the legal division for anticipated savings resulting from employee vacancies and turnover.	(\$50,000)		(\$50,000)
8. Increases funding for Bureau of Criminal Investigation office rent.	\$55,000		\$55,000
9. Increases funding for the high-intensity drug trafficking area (HIDTA) program.		\$295,825	\$295,825
10. Increases funding for local gaming enforcement grants. Provides for grants totaling \$419,591 from the general fund.	\$197,714		\$197,714

**Major Hoeven Recommendations Affecting Attorney General 2001-03 Budget**  
**Compared to the Bill as Introduced (Schafer Budget)**

The Hoeven executive budget recommendation does not change the Schafer executive budget for this agency.

**Major Legislation Affecting the Attorney General**

House Bill No. 1026, as amended by the House Appropriations Committee, provides a \$47,000 general fund deficiency appropriation to the Attorney General for paying prosecution witness fees (\$40,000) and for costs associated with the arrest and return of fugitives (\$7,000) for the 1999-2001 biennium.

House Bill No. 1034 creates a revolving fund for the investigation of antitrust violations and appropriates \$500,000 from the general fund to the Attorney General for enforcing antitrust laws.

House Bill No. 1159 increases the detection of deception examiner license fee by \$10, from \$25 to \$35, for an examiner that is licensed in another state and is seeking to be licensed in North Dakota.

House Bill No. 1160, as amended by House Appropriations - Government Operations, increases the maximum amount of funding that is retained in the Attorney General's operating fund before additional collections from concealed weapons license fees are transferred to the general fund by \$15,000, from \$50,000 to \$65,000 per biennium.

Senate Bill No. 2050 appropriates \$197,714 from the general fund to the Attorney General for additional local gaming enforcement grants during the 1999-2001 biennium. With this additional funding, a total of \$419,591 will be provided for these grants during the 1999-2001 biennium.

461003

OFFICE OF ATTORNEY GENERAL - DIVISION FUNDING SOURCES AND NUMBER OF EMPLOYEES - EXECUTIVE RECOMMENDATION

DIVISION	FUNDING SOURCES			NUMBER OF EMPLOYEES
	GENERAL FUND	FEDERAL FUNDS	OTHER FUNDS	
FINANCE AND ADMINISTRATION	1,423,399	90,977	120,814	15
INFORMATION TECHNOLOGY	1,612,223	309,370	233,025	8
A G ADMINISTRATION	609,620			4
LEGAL SERVICES	2,628,154	132,416	2,245,006	34
BUREAU OF CRIMINAL INVESTIGATION	5,153,742	13,013,475	143,598	63.5
CONSUMER PROTECTION & ANTITRUST	636,586	-	41,358	7
GAMING, LICENSING, RACING	2,217,042	-	192,897	19
FIRE MARSHAL	649,245	160,000	296,568	8
TOTAL	14,930,011	13,706,238	3,273,266	158.5

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OFFICE OF ATTORNEY GENERAL - DIVISION FUNDING SOURCES AND NUMBER OF EMPLOYEES - EXECUTIVE RECOMMENDATION

DIVISION	GENERAL FUND	FUNDING SOURCES		TOTAL ALL FUNDS	NUMBER OF EMPLOYEES
		FEDERAL FUNDS	OTHER FUNDS		
FINANCE AND ADMINISTRATION	1,423,399	90,977	120,814	1,635,190	15
INFORMATION TECHNOLOGY	1,612,223	309,370	233,025	2,154,618	8
A G ADMINISTRATION	609,620			609,620	4
LEGAL SERVICES	2,628,154	132,416	2,245,006	5,005,576	34
BUREAU OF CRIMINAL INVESTIGATION	5,153,742	13,013,475	143,598	18,310,815	63.5
CONSUMER PROTECTION & ANTITRUST	636,586	-	41,358	677,944	7
GAMING, LICENSING, RACING	2,217,042	-	192,897	2,409,939	19
FIRE MARSHAL	649,245	160,000	296,568	1,105,813	8
TOTAL	14,930,011	13,706,238	3,273,266	31,909,515	158.5

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ANALYSIS OF OPERATING EXPENSE CHANGED FOR THE 2001-03 BIENNIUM  
OFFICE OF ATTORNEY GENERAL

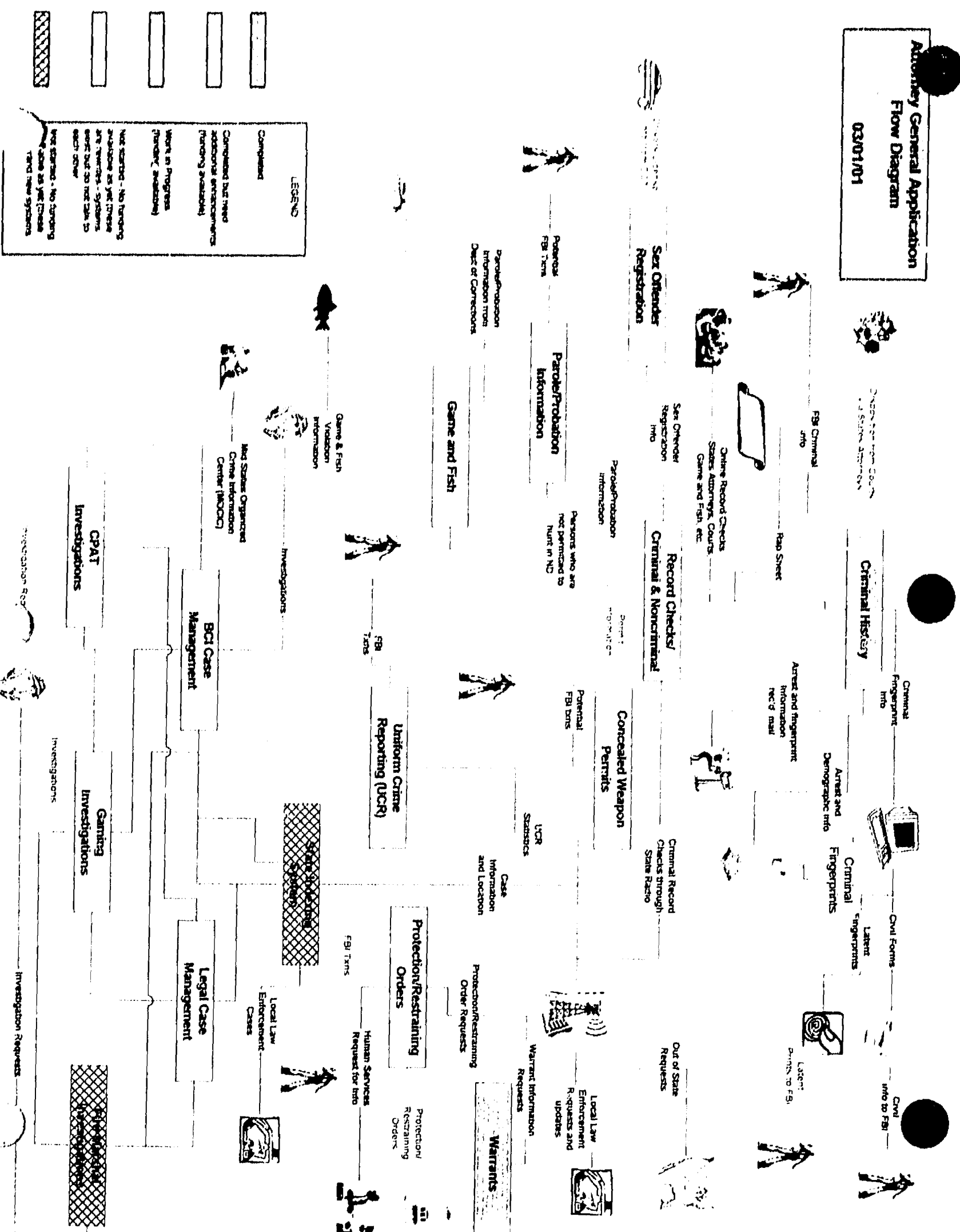
2001-03 BIENNIUM

	<u>GENERAL FUND</u>	<u>FEDERAL FUNDS</u>	<u>OTHER FUNDS</u>	<u>TOTAL ALL FUNDS</u>
ITD - DATA PROCESSING	249,402			249,402
ITD - TELECOMMUNICATIONS	6,000	(1,280)	(2,869)	1,851
TRAVEL	3,404	51,958	(44,193)	11,169
IT SOFTWARE/SUPPLIES	29,130			29,130
UTILITIES		20,000		20,000
POSTAGE	(4,709)	5,974		1,265
IT CONTRACTUAL SERVICES	134,554			134,554
LEASE/RENT EQUIPMENT	200	25,000		25,200
LEASE/RENT BUILDINGS	211,500	67,443	(15,328)	263,615
DUES & PROFESSIONAL DEVELOPMENT	25,326	5,222	15,878	46,426
OPERATING FEES & SERVICES	12	89,674	(1,345)	88,341
REPAIRS	(33,429)	(19,827)	(793)	(54,049)
PROFESSIONAL SERVICES	(1,131)	365,774	(127)	364,516
INSURANCE		(15,000)		(15,000)
OFFICE SUPPLIES	(33,328)	16,946	(1,192)	(17,574)
PRINTING	(17,400)	9,306	44,000	35,906
PROFESSIONAL/SCIENTIFIC SUPPLIES	25,201	73,596		98,797
FOOD & CLOTHING	(100)	(400)		(500)
MED/DENTAL/OPTICAL		(360)		(360)
BUILDING/EQUIPMENT SUPPLIES	150	23,000	(31)	23,119
MISC. SUPPLIES	(4,100)	28,558		24,458
OPERATING BUDGET ADJUSTMENTS	(20,000)			(20,000)
TOTAL	570,682	745,584	(6,000)	1,310,266



# Attorney General Application Flow Diagram

03/01/01



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2001-03 Budget Presentation  
to the  
House Government Operations Division  
of the Appropriations Committee

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Office of Attorney General  
State of North Dakota

Wayne Stenehjem  
Attorney General

See Serde & Shuman  
for pages missing  
here - they are same  
in both documents

A. H. H. H.  
G. H. H. H.

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## STATEMENT OF WAYNE STENEHJEM ATTORNEY GENERAL

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For the record, my name is Wayne Stenehjem. I am the Attorney General for the State of North Dakota.

During the last two years, we have continued to provide quality legal services to state agencies and protection to North Dakota's citizens. We have met with considerable success.

### **Legal Service Divisions**

- Participated with other states in monitoring and enforcing the Tobacco Master Settlement Agreement to ensure tobacco companies did not violate its measures designed to protect the public health and reduce youth smoking. Participated with other states in defending lawsuits challenging the Master Settlement Agreement and the Model Statute, including N.D.C.C. ch. 51-25, to ensure payments by the settling tobacco companies to the State of North Dakota and other settling states. **As a result of this settlement, North Dakota has received payments of approximately \$38 million for the period from January 1999 through December 31, 2000.**
- Assisted the Office of Management and Budget in administering the State's Risk Management Fund to handle claims and lawsuits against the State and its employees.
- Successfully represented state agencies in administrative hearings and appeals and lawsuits in state and federal courts.
- Prosecuted or assisted in the prosecution of a wide variety of criminal cases, including death, assault, theft, gaming, obscenity, drug, and adult and child sex offenses.
- Initiated numerous administrative complaints for state alcoholic beverage licensing violations against state retail alcoholic beverage licensees.

### **Bureau of Criminal Investigation Division**

- Continued to utilize the Automated Fingerprint Identification System (AFIS) in a regional program with Minnesota and South Dakota. The system presently contains

fingerprint images on approximately 65,000 persons. Our office added a second AFIS workstation to allow us to more quickly and efficiently process fingerprints.

- Increased sex offender registration from 994 sex offenders and offenders against children in July 1998 to 1,123 as of June 1, 2000.
- Processed approximately 11,000 requests each year from the general public for criminal history record information, an increase of approximately 4,000 per year over the last biennium.
- Received federal funding to join the Midwest High Intensity Drug Trafficking Area (HIDTA) and, as a result, have targeted those resources specifically at furthering the fight against methamphetamine.

### **Consumer Protection and Antitrust Division**

- Obtained refunds for consumers and businesses in North Dakota, recovering \$703,119 on behalf of consumers.
- Collected \$317,423 in civil penalties, investigative costs and attorney's fees since the beginning of the biennium.

### **Gaming Division**

- The Gaming Division administers, regulates and enforces the state's charitable gaming industry and ensures that five Indian tribes comply with the Tribal-State gaming compacts. The charitable gaming industry has grown significantly in size and complexity since its inception in 1977.
- In the 1999-01 biennium, there will be about 950 gaming sites, \$511 million wagered, \$31 million earned for charitable uses, \$21 million paid in gaming and excise taxes, \$5 million paid in bingo sales tax, and \$500,000 collected for license fees, interest, penalties, gaming stamps, fines, and record checks. From 1977 through June 30, 2001, about \$334 million will have been raised for charitable uses and \$148 million paid in gaming tax, excise tax, and sales tax on bingo.
- The Executive Budget Recommendation provides increased funding for local gaming enforcement grants by \$197,714 for a total of \$419,591. I support an initiative by cities and counties to increase the local gaming enforcement grants funding. The cities and counties will be proposing an amendment to increase this appropriation. Background information on this important issue is on pages 45-46.

## **Fire Marshal Division**

- Developed and delivered a new arson detection program and a hazardous materials awareness program for local firefighters and law enforcement personnel.
- Developed and distributed a quarterly newsletter to the fire service.

In the Division Summaries section of our budget presentation, we provide a brief description of the various functions the Office of Attorney General performs and highlight other significant accomplishments over the past two years.

In our presentation to you today, several division directors will provide testimony concerning their budgets. Jerry Kemmet, director of the Bureau of Criminal Investigation, will discuss the uniform crime reporting process in North Dakota, law enforcement issues regarding methamphetamine and other drugs, and cybercrime. Following Jerry will be Cher Thomas, director of the Information Technology Division, who will discuss our information technology programs and their importance to our operations and law enforcement throughout North Dakota. Following Cher will be Ray Lambert, Fire Marshal, to discuss Fire Marshal services revenues from the Fire & Tornado Fund.

Division directors from other divisions are also here to answer any questions you have.

## STATEMENT OF JERALD C. KEMMET, DIRECTOR

### BUREAU OF CRIMINAL INVESTIGATION

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We are seeking increases in General Fund support for the following:

- National Criminal History Information Program (NCHIP) technical staffing for 1.5 FTE positions to maintain this system used by local law enforcement on a 24-hour, 7 days per week basis.
- The Uniform Crime Reporting (UCR) Research Analyst will no longer be funded with federal funds after September 30, 2001. This position which generates crime statistics for the state is critical to the state and citizens of North Dakota.
- Rewrite of the Uniform Crime Reporting (UCR) System.

In addition, we would like to update you on the status of narcotics enforcement and cybercrime enforcement activities.

#### Uniform Crime Reporting

We have serious concerns about whether the incident-based Uniform Crime Reporting system will fail in our state if the software is not updated soon. Local agencies have become increasingly frustrated with the existing software due to problems with incompatibility as they replace hardware and operating systems. As agencies rushed to update hardware for Y2K, we saw a great many problems with the software. Some local agencies actually discontinued use of the Incident Based software and began using shareware that provides only Summary UCR data. This is a major step backward. We thank you for recognizing the importance of collecting this data and our responsibility for ensuring that agencies can continue to report Incident Based Crime Data. A rewrite of the Uniform Crime Reporting (UCR) system is critical to the survival of this program in North Dakota.

Also critical to the survival of this program is the research analyst position at the Bureau of Criminal Investigation who is responsible for managing the Uniform Crime Reporting (UCR) program. The UCR program involves the collection, compilation, and analysis of crime and arrest statistics reported voluntarily by local law enforcement agencies throughout the state. The research analyst monitors reporting by local agencies, serves as a contact for questions regarding reporting, provides officer training on UCR, trains local agency staff on the use of software developed for incident-based reporting, and works with our agency Information Technology staff in processing the data provided by the local agencies.

The primary annual publication utilizing UCR data is Crime in North Dakota, which is written by the research analyst. Crime in North Dakota presents detailed information on

crimes that have been reported to local law enforcement agencies in North Dakota and arrests that have been made by local law enforcement agencies. This report also provides detailed analysis of DUI arrests, drug offenses, and separate analysis on juvenile and adult arrests. In addition to producing this report, the research analyst responds to special requests for data that may require several days of work to create a database of UCR data that can be used by a researcher.

Information collected through the North Dakota UCR program is forwarded on to the national UCR program administered by the FBI and is included in the annual Crime In the United States publication. As the UCR program manager, the research analyst serves as the point of contact for the FBI for any questions regarding UCR data provided by any of the agencies in our state.

North Dakota's UCR research analyst/program manager position has been funded by a federal grant from the Bureau of Justice Statistics (BJS) for many years. In the past, the BJS grant program provided grant funds to enhance our state's capabilities to collect and analyze statistical data. Meeting the guidelines under the grant program at that time was not difficult, as the guidelines directly coincided with the duties of the research analyst whose primary responsibilities were data collection and analysis.

BJS no longer wants to fund basic UCR data collection, and it is becoming increasingly difficult to convince them that we should qualify for funding. The federal grant program through BJS has changed its focus from providing assistance to states for basic data collection and analysis, to funding research projects on particular topics. BJS now expects the states to fund their own basic crime statistics program, and any money provided by BJS is to be used only as an enhancement to fund topic-specific research projects. This change in focus has put us in a difficult position, as we have been utilizing these funds since 1981 to provide the minimum basic services for data collection and analysis. We had a very difficult time getting our most recent grant approved by BJS. In fact, BCI was notified in June 2000 that the activities performed by the Research Analyst and part-time Statistical Analysis Center (SAC) assistant no longer meet the grant criteria and will not be funded through the Bureau of Justice Statistics after FY2001.

Due to this change in focus, the BJS grant program is no longer a stable funding source for this position, and ultimately basic crime reporting services in the state are at stake. Because no General Fund support exists for the UCR research analyst, crime statistics for North Dakota will not be collected when we are eventually denied federal funding for this position.

This is critical to our state for a number of reasons. First, UCR data collected at the national level is now being used on a routine basis to determine the allocation of federal grant dollars. Our state receives millions of dollars in federal grant funds each year that are determined, in part, by crime rate information collected through our UCR program. The absence of this data for North Dakota jeopardizes the future of several federal funding sources including the Edward Byrne Memorial funds (Drug and Violent Crime



Funds), Local Law Enforcement Block Grants, and the Juvenile Accountability Incentive Block Grant Program.

Second, the availability of accurate crime rate information is also an economic development concern. Companies considering investments in North Dakota can acquire crime rate information from the FBI and from state reports. For example, some medical facilities in the state have requested crime rate information for use in their efforts to recruit doctors to the area. Crime rate information is generally used as one of the indicators of "quality of life."

We respectfully request that you reconsider providing General Fund support for this position. We feel it is imperative that the state recognize the value of crime reporting as it relates to future funding and economic development, and therefore assume fiscal responsibility for this basic service. Any future BJS funds that become available for topic-specific projects would allow us to expand on these basic activities.

### **Methamphetamine and Other Dangerous Drugs**

Although marijuana continues to be the drug of choice in North Dakota, methamphetamine is the biggest drug problem challenging North Dakota law enforcement. Local, state, and federal law enforcement agencies are deeply committed to the elimination of methamphetamine and other dangerous drugs from the plains of North Dakota, and have been working together on task forces throughout the state. The BCI currently participates in and coordinates the activities of seven regional task forces that are located in Williston, Minot, Stanton, Bismarck, Jamestown, Wahpeton, and Grand Forks. Most recently, a BCI agent was assigned to the Fargo area DEA task force bringing our participation to eight task forces throughout the state.

Because methamphetamine is an extremely addictive drug, the demand for the drug provides methamphetamine dealers with a considerable market. In the last few years, North Dakota has experienced a phenomenal increase in importation, distribution, and clandestine manufacturing of methamphetamine. The following statistics demonstrate the seriousness of the problem.

- Cases Investigated: The North Dakota Bureau of Criminal Investigation reported no methamphetamine cases in 1993. Since then the caseload has grown from 15 in 1994 to 85 in 2000.
- Clandestine laboratories seized: Prior to 1995, only one methamphetamine lab was seized in North Dakota. Between 1996 and 1998, ten methamphetamine labs were seized in our state. Those numbers have grown significantly, from 19 labs in 1999 to 46 in 2000. Methamphetamine activity has also greatly impacted the Health Department's Crime Lab.
- Laboratory samples sent to the Crime Lab for analysis: In 1992, 14 suspected methamphetamine samples were sent in for analysis. This number has grown to 494 in 1999, and most recently to 1,218 methamphetamine samples in 2000.

Methamphetamine labs contain extremely dangerous substances and pose significant health hazards to our agents who are often the first responders to a clandestine lab scene. The very toxic nature of these labs requires that experts be called upon to properly dispose of the chemicals found. EPA specifications must be followed, and this process can be very costly. Costs incurred to clean up an average methamphetamine lab can easily add up to between \$2,000 and \$20,000 at a minimum. With reductions in federal law enforcement funding, state and local officials have been left with the burden of contracting for this service. A quick response to cleanup is essential, and because of the expertise required, contracting for this service is our only option. At least two companies in North Dakota are presently equipped to deal with this particular type of cleanup, the location of which assures that services are readily accessible in both the western and eastern portions of our state. Securing funding for cleanup is critical to the health and safety of all North Dakotans.

North Dakota officially became affiliated with the Midwest High Intensity Drug Trafficking Area (HIDTA) project in 1999. The Midwest HIDTA, which is comprised of North Dakota, South Dakota, Iowa, Nebraska, Kansas, and Missouri, compliments the methamphetamine enforcement effort in North Dakota by providing additional personnel, resources, and equipment. Our state has greatly benefited from its association with the Midwest High Intensity Drug Trafficking Area. Over \$609,000 in federal funds was awarded to North Dakota for fiscal year 1999, with another \$639,000 in 2000. Unfortunately, funding for clandestine lab cleanup is not an approved expense.

The HIDTA project has afforded the North Dakota Attorney General's office the ability to hire four additional special agents and a HIDTA prosecutor. In addition, it has also allowed the North Dakota Department of Health to hire two additional forensic scientists. Because this funding must be specifically targeted at areas that appear to be the most impacted by methamphetamine activity, eight North Dakota counties were identified as HIDTA counties. Those counties are Burleigh, Morton, Ward, Ramsey, Grand Forks, Walsh, Cass, and Richland. HIDTA funds must be targeted toward methamphetamine activity that occurs in, or has a nexus to one of those counties. As a result, HIDTA agents are located throughout the state in order to provide these services.

## **Cybercrime Enforcement**

In the spring of 2000, the Office of Attorney General formed a cybercrime committee to determine the scope of cybercrime problems as well as the perceived needs for training, assistance, and other resources. A survey of prosecutors and law enforcement indicated an overwhelming need for a central repository for evidence, and someone with expertise to assist in the investigation of cybercrime. Most respondents indicated a preference for BCI to be that repository. Training of prosecutors and law enforcement on cybercrime awareness and beginning an investigation was also a priority. Crime Lab staff attended and expressed support for a computer forensic examiner to be located at

the BCI. They indicated they do not have the personnel, space, or training to take on additional forensic examination responsibilities in the arena of computer crimes.

In response to the survey, as well as the growing number of requests for assistance relating to cybercrime and increasing numbers of victims within our state from cyber-stalkers, the BCI reassigned a position that was a full time intelligence coordinator into a ½ time intelligence coordinator and ½ time cybercrime investigator. This investigator is in the process of being trained to be an expert within the state as well as a resource for local law enforcement and prosecutors.

The cybercrime investigator has already assisted numerous agencies throughout the state with investigations that vary from narcotics activity to child pornography, child abuse, child molesters, counterfeit documents such as drivers licenses, internet auction fraud, terrorizing, extortion, and identity theft. This investigator has become a point of contact for the National White Collar Crime Center Internet Fraud Complaint Center and has been contacted over a dozen times already with complaints from North Dakota victims as well as some complaints about North Dakota perpetrators.

It is critical that law enforcement make every effort to be knowledgeable about cybercrime issues as we continue to advance into the world of technology. We are fortunate to have recently been awarded a rural state grant project entitled Internet Crimes Against Children (ICAC). We hope this grant award of \$45,000 over a two-year period will be sufficient to initially fund all training, travel, software and hardware needed for this position.

## STATEMENT OF CHER THOMAS, DIRECTOR INFORMATION TECHNOLOGY DIVISION

---

Information Technology plays a critical role in the success of the Office of Attorney General. The Division prepares an IT strategic plan each biennium. This plan aligns with the business strategies of the Agency. It is critical when identifying key agency business strategies that IT processes are aligned with that strategic direction. It is also critical that the IT resources are available to facilitate success for the business processes affected. U.S. Federal Reserve Chairman Alan Greenspan regularly gives information technology much of the credit for our booming, low-inflation economy. IT helps employees to be more productive.

From initial investigation to final appeal in the Supreme Court, computers have revolutionized the legal arena. Computers can be used to track criminals, to sort information for trial and to help organize documents. For example in a recent a trust case our computers and ability to use them proved instrumental in helping us to organize the thousands and thousands of pages of documents, including bank records. That case involved hours of depositions and seven weeks of trial spread over several months. Using computers to organize and store the information from the discovery, the depositions, and the trial allowed us to be prepared, to save the Court's time, and helped us win the case. Aside from prevailing, we also impressed the Judge with our ability to keep on top of the information and make our point quickly. We are currently requesting \$100,000 in costs and attorney's fees in that case and we believe there is a good likelihood the Court will award them to us. But the most important thing the computers allowed us to do was to save hundreds of thousands of dollars for North Dakota consumers.

Our computer timekeeping system allowed us to track the time our legal staff worked on the tobacco settlement. As a result we documented hundreds of thousands of dollars in legal work that was reimbursed. Unfortunately, our current system still requires us to run queries that are time consuming and are not 100% accurate. Updates to this system are long overdue and would make the timekeeping process more functional, not only for our staff, but also for our client agencies.

Our computers have the capability to revolutionize the criminal investigation process. Picture a world where, using computers, we can track the progress of a kidnapper from one state to the next by following the criminal's use of the victim's credit card. That very situation happened only a short time ago. Because of computers we were able to bring the kidnappers to justice.

Now, our office has the opportunity to have a system that will simultaneously search six different databases for information about a suspect. That program is called the National Criminal History Records Improvement Program (NCHIP). The NCHIP system will allow law enforcement to search for

- Social security number
- Date of birth, and
- Name on the:
  - Criminal history system
  - Sex offender registration
  - Parole/probation information
  - Warrants
  - Restraining orders, and
  - Concealed weapons

Using the NCHIP system, local law enforcement will be able to find all matches to the search criteria. On the old system, law enforcement had to search each system individually. You can see how much time can be saved if law enforcement only has to enter data once and the computer searches six systems and tells them there is information in only two of the systems.

Our office also has the opportunity to join with other law enforcement agencies and tap into their information. One example is the AFIS program Jerry spoke about. This program also provides the means to use livescan machines to submit fingerprint information to BCI for a search of the AFIS database, and to return information back to the local law enforcement agency. The program provides automatic transmission of fingerprint cards into the criminal history system from the local law enforcement agencies that have Livescan or Cardscan Units. This program relies heavily upon the ability of our computer staff to keep it up and running. This is not a system we can build and forget. It will require maintenance, and upgrading which all requires adequate computer staff.

Keeping the staff we have is very important. It takes 37 percent more time to fill an IT position than other positions. The demand for IT people exceeds the supply. It is predicted that by the year 2004, 20 percent of all IT positions will be vacant due to the lack of qualified candidates. The best computer staff to maintain a project is the computer staff that developed it. Keeping our staff is also important because of the diversity of programs we have in the Office of Attorney General. It takes time to learn all the systems and the software that is used.

We have staff that sue people, staff that arrest people, staff that return consumer moneys and staff that help local fire departments solve arsons and train firefighters and police officers. With the broad responsibilities of our office, our computer support staff must have a broad understanding of many subject areas and be able to support the multiple applications used by the all the different users. In the past we have not had the staff to adequately maintain our systems. As a result many of our systems have deteriorated beyond repair or do not operate very well. In part, because of these issues, we welcomed the opportunity the Legislature gave us to have a thorough strategic planning effort.

We have spent considerable time and internal resources to develop the Office's strategic plan. Developing the plan is one thing; implementing it is quite another. We cannot implement the plan and maintain the systems without adequate staff, software, and hardware. If we cannot implement our plan our problems will only grow and we will be at a competitive disadvantage with criminals and in court. As we progress with implementation of this plan, more information is being shared with other agencies and entities. When funding and personnel levels are not maintained, this affects our ability to support such information.

### Information Technology Staff Funding

In the Office's strategic plan we identified the hardware, software and personnel needed to support existing systems, and new projects. Complete implementation of the strategic plan requires 10 FTEs. We know that an increase in FTEs for new programs is unlikely. However maintaining our current staff is an important priority. If we lose these staff positions we will not be able to maintain our current staff, our systems will continue to deteriorate, and we will move backwards.

In the past federal funds have been available for such projects as the rewrite of the Criminal History system under the National Criminal Records Improvement Program (NCHIP). Like many federal programs, this program does not fund ongoing IT positions past the initial project implementation. Yet as I discussed above, the project will make law enforcement more effective and efficient. The new system has connected many systems and allows the sharing of information where information could not previously be shared. This system requires computer staff support 24 hours a day, seven days a week.

The NCHIP federal grant also provided livescan machines to local law enforcement that allows submission of fingerprint information directly to BCI so that a search of the AFIS system can be done. When the computer records are searched, local law enforcement officials receive the results. This grant has allowed direct input of fingerprint cards in to the criminal history system from local law enforcement agencies. These systems will only be operational because our computer staff created programs and built and will maintain a secure network for the transfer of this information.

We are requesting that 1.5 of the 3.75 FTEs funded with dedicated federal funds relating to NCHIP be funded from the General Fund. The positions are needed to maintain what has been built and to support the customers who utilize the system. The NCHIP moneys that have funded these positions are gradually being replaced with a new program. This new program has been moved to a higher level with funds coming into the Governor's office in order to facilitate the integration of judicial systems among state and local agencies. Therefore, these funds will no longer be available to fund these IT positions.

### Uniform Crime Reporting Rewrite

This project is to rewrite the Uniform Crime Reporting system that currently is partly microcomputer based, partly AS400 (minicomputer) based and partly mainframe based. If this system is not rewritten it will still need major enhancements to fix some problems with the current system. Many agencies are refusing to use it because of the many problems and the fact that it no longer meets their needs. If the agencies do not use it, the state cannot compile crime statistics. If this system does not get rewritten it will cause our network and application support hours to continue to climb as more incompatibility issues surface.

## STATEMENT OF RAY LAMBERT, DIRECTOR FIRE MARSHAL

---

During the 1999 legislative session, our appropriation bill included legislative intent about billing the Fire and Tornado Fund for Fire Marshal services provided to entities covered by the Fund. The estimate for the revenues projected was based on the following inspection and investigation billable services:

- All schools not inspected by other city fire departments.
- City buildings
- Fuel sites

For the 1999-01 blennium, the Fire Marshal Division will experience a significant shortfall in revenues from billable services. We estimate the shortfall will be approximately \$250,000 - \$300,000. The reasons for the shortfall are as follows:

- The legislative intent section only provided for billing Fire Marshal services basically for school inspections. The fuel sites, which are covered by the Petroleum Release Compensation Fund, were not included in the language providing for billings.
- There have been approximately 40 schools that have closed since the revenue projection was developed.
- When the revenue projection was developed, it was based on the large number of inspections that were completed prior to the billing process to assure all schools had been inspected at least once.
- Since schools have been inspected regularly and recommendations are normally implemented, school inspections take less time on a routine inspection basis.
- City buildings are not currently being inspected.
- Revenues from Fire Marshal billings for this blennium were over-estimated.

So what is being done to make up for the significant revenue shortfall?

- A vacant deputy fire marshal (chief deputy) position located in Minot is being left unfilled.
- Training for Fire Marshal staff members will be severely reduced or completely eliminated.
- We are reviewing other expense areas to determine if additional reductions can be made while still providing quality services.



- This office would like to amend our appropriation bill to allow fuel site inspections to be billed to the Petroleum Release Compensation Fund.
- Currently 2001 House Bill No. 1118, as amended, requires the Fire Marshal to perform inspections and investigations on occupied state owned facilities not currently receiving such services. Currently, these buildings are to be inspected by the local fire departments. Due to the large number of volunteer firefighters in many areas, many of these inspections are not being completed. If the Fire Marshal Division inspects these state-owned buildings it will result in additional revenues from the Fire and Tornado Fund to the division since these entities are covered by the Fund. The Fire Marshal Division is in a better position to conduct these inspections.

The current Fire Marshal billing revenues projection for the 2001-03 biennium is \$80,000, leaving a revenue shortfall of \$196,000. If the Fire Marshal Division is able to bill for fuel site and occupied state buildings inspections/investigations, we anticipate we will still need \$118,500. We respectfully request your approval of \$118,500 in General Fund moneys to fund essential Fire Marshal services to North Dakota.

We would encourage you to support passage of 2001 House Bill No. 1118 as amended.

2001-03 Biennium Office of Attorney General  
Revised General Fund Requests

Description	Salary	Operating	Equipment	Grants	Special Line Items	General		Executive Recommendation	Requested Items
						Fund	Funds		
NCHIP Maintenance	142,190	26,000				168,190	(168,190)	Not allowed	168,190
Research Analyst and Part-time SAC Assistance	86,055					86,055	(86,055)	Not allowed	86,055
UCR Rewrite		96,065				96,065		Not allowed	96,065
Public Information Officer - Base Budget	96,000					96,000		Removed from budget	96,000
Fire Marshal Projected Revenue Shortfall - Base Budget						118,500	(118,500)	Revenue shortfall	118,500
Total of Revised Requests	324,245	122,065	-	-	-	564,810	(372,745)		564,810

REQUESTED CHANGES TO 2001 HOUSE BILL NO. 1003 - HOUSE GOVERNMENT OPERATIONS - APPROPRIATIONS COMMITTEE

1 NATIONAL CRIMINAL HISTORY IMPROVEMENT PROJECT - FUNDING SOURCE CHANGE (FROM FEDERAL FUNDS TO THE GENERAL FUND) FOR 1.5 FTE AND ASSOCIATED OPERATING EXPENSES

GENERAL FUND	\$	168,190
FEDERAL FUNDS	\$	(168,190)
TOTAL	\$	.

2 UCR RESEARCH ANALYST - FUNDING SOURCE CHANGE (FROM FEDERAL FUNDS TO THE GENERAL FUND) FOR 1.0 FTE

GENERAL FUND	\$	88,055
FEDERAL FUNDS	\$	(88,055)
TOTAL	\$	.

3. UNIFORM CRIME REPORTING REWRITE - FUND AMOUNT EXCLUDED FROM THE EXECUTIVE RECOMMENDATION OPERATING EXPENSES

GENERAL FUND	\$	98,065
TOTAL	\$	98,065

4. ALLOW 1.0 FTE PUBLIC INFORMATION OFFICER - REMOVED IN THE EXECUTIVE RECOMMENDATION - SALARIES AND WAGES

GENERAL FUND	\$	98,000
TOTAL	\$	98,000

5. FIRE MARSHAL REVENUE SHORTFALL - FUNDING SOURCE CHANGE

GENERAL FUND	\$	118,500
OTHER FUNDS	\$	(118,500)
TOTAL	\$	.

GENERAL FUND CHANGES	\$	584,810
FEDERAL FUNDS CHANGES	\$	(254,245)
OTHER FUNDS CHANGES	\$	(118,500)
TOTAL REQUESTED CHANGES	\$	212,065

OFFICE OF ATTORNEY GENERAL 2001-2003 BIENNIAL BUDGET - REQUESTED HOUSE CHANGES  
2001 HOUSE BILL NO. 1003

	2001-2003 EXECUTIVE RECOMMENDATION	NATIONAL CRIMINAL HISTORY	UCR RESEARCH ANALYST	UCR PROGRAM REWRITE	PUBLIC INFORMATION OFFICER	FIRE MARSHAL REVENUE SHORTFALL	TOTAL CHANGES
SALARIES AND WAGES	14,847,334				96,000		96,000
OPERATING EXPENSES	5,882,969			96,065			96,065
EQUIPMENT	428,876						-
GRANTS	5,524,989						-
LITIGATION FEES	50,000						-
RACING COMMISSION	238,814						-
NATIONAL CRIMINAL HISTORY IMPROVEMENT	2,358,720						-
ARREST AND RETURN OF FUGITIVES	10,000						-
GAMING COMMISSION	5,109						-
LAW ENFORCEMENT PROGRAMS	631,056						-
HIGH INTENSITY DRUG TRAFFICKING AREA	1,931,648						-
TOTAL	31,909,515	-	-	96,065	96,000	-	192,065
GENERAL FUND	14,930,011	168,190	86,055			118,500	15,494,821
FEDERAL FUNDS	13,706,238	(168,190)	(86,055)		96,000		13,451,993
OTHER FUNDS	3,273,266					(118,500)	3,154,766
TOTAL	31,909,515	-	-	96,065	96,000	-	32,101,580
FTE	158.5	-	-	-	1.0	-	159.5

OFFICE OF ATTORNEY GENERAL BUDGET ANALYSIS  
FOR THE 2001-2002 BIENNIAL

LINE ITEM	COLUMN 1 PRESENT BUDGET 1999-01	COLUMN 2 CONTINUED PROGRAM INFLATION/OTHER	COLUMN 3 OVERTIME PAY FOR AGENTS HIGH INTENSITY DRUG TRAFFICKING	COLUMN 4 LOCAL GAMING QUARTERLY NIGHT IT SUPPORT CLANDESTINE LAB CLEANUP LICR REVENUE	COLUMN 5 STAFF RELOCATION CONTINUED PROGRAM INFLATION/OTHER	COLUMN 6 INFORMATIONAL TECHNOLOGY DIVISION INCREASES	COLUMN 7 PURCHASING SOURCE CHANGES	COLUMN 8 TOTAL 2001-2002 BUDGET BASE BUDGET	COLUMN 9 EXECUTIVE RECOMMENDATION 2001-2002 BUDGET	COLUMN 10 EXPERIENCE - A.S. BASE BUDGET VS. EXECUTIVE RECOMMENDATION FOR THE 2001-2002 BIENNIAL BUDGET
SALARIES AND WAGES	14,113,070	118,476	116,770	188,105			0	14,526,423	14,847,304	320,881
OPERATING EXPENSES	4,572,703	882,219		486,085	231,079	115,000	0	6,207,086	5,482,888	724,198
EQUIPMENT	811,710	(382,834)						428,876	428,876	0
GRANTS	5,398,025	188,750		187,714				5,524,389	5,524,389	0
LITIGATION FEES	50,000							50,000	50,000	0
HIGH INTENSITY DRUG TRAFFICKING	1,508,875		391,125					1,899,000	1,899,000	390,125
RACING COMMISSION	222,067				58,544			279,611	279,611	56,544
ARREST & RETURN OF FUGITIVES	10,000							10,000	10,000	0
GAMING COMMISSION	5,109							5,109	5,109	0
NATIONAL CRIMINAL HISTORY IMPROVEMENT PROJECT	2,344,118							2,344,118	2,344,118	0
RISK MANAGEMENT PREMIUMS	0							0	0	0
LAW ENFORCEMENT PROGRAMS	827,240				35,372			827,240	827,240	0
TOTAL	29,062,957	549,113	407,895	867,894	323,136	115,000	0	31,273,895	31,273,895	0
NET	158.5							158.5	158.5	0
GENERAL FUND	13,833,882	7	116,770	867,894	323,136	115,000	448,381	15,000,572	14,990,071	10,501
FEDERAL FUNDS	12,754,890	454,948	391,125				648,381	13,700,238	13,700,238	0
SPECIAL FUNDS	3,070,305	114,180						3,184,485	3,273,286	88,801
TOTAL ALL FUNDS	29,660,952	569,113	507,895	867,894	323,136	115,000		32,027,995	31,963,594	64,401

\* NOTE: The analysis between the Office's enhanced budget and the Executive Recommendation EXCLUDES the salary and health addenda to provide a more accurate comparison.

# STATUS OF OPTIONAL ADJUSTMENTS IN THE GOVERNOR'S 2001-03 BIENNIAL BUDGET

Description	Salary	Operating	Equipment	Grants	Special		General		Executive Recommendation	
					Line Items	Fund	Division	Status	Executive Recommendation	Status
Local Gaming Grants				197,714		197,714	Gaming Division	197,714	Allowed	
NOHIP maintenance	142,190	26,000				168,190	NOHIP	-	Not allowed	
ITD Rate Increases		100,000				100,000	ITD/Offshore	25,250	Allowed some funding for IT related costs	
Rent Increase/Computer Room Expansion		110,000				110,000	IT	70,000	Allowed some funding for rent increase, computer room expansion	
Research Analyst and Part-time SAC Assistance	93,515					93,515	BCI	-	Not allowed	
Increased Rent		55,019				55,019	BCI	55,000	Allowed	
Risk Management Premiums		35,573				35,573	Offshore	-	Not allowed	
ITD Telecommunication Increase		15,000				15,000	BCI	-	Not allowed	
Clandestine Lab Cleanup		200,000				200,000	BCI	-	Not allowed	
UCR Rewrite		298,065				298,065	IT/BCI	200,000	Allowed a portion	
Narcotics Agent Positions: Change of funding source	278,427	40,000				318,427	BCI	-	Not allowed	
Sex Offender and Offenders Against Children Registration	33,136					33,136	BCI	-	Not allowed	
Overtime Pay for Agents	116,770					116,770	BCI	-	Not allowed	
Increased rent		66,000				66,000	Legal Services	66,000	Allowed & includes wiring costs	
Racing Commission					56,544	56,544	Racing Commission	-	Not allowed	
Total Original Optional Adjustments	685,041	943,657	-	197,714	56,544	1,862,956		635,754		

PREPARED BY THE OFFICE OF  
ATTORNEY GENERAL  
FOR HOUSE APPROPRIATIONS  
JANUARY 22, 2001

PROPOSED AMENDMENTS TO 2001 HOUSE BILL NO. 1003

Page 1, line 10, replace "\$14,847,334" with "\$14,943,334"

Page 1, line 11, replace "5,882,969" with "5,979,034"

Page 1, line 21, replace "\$31,909,515" with "\$32,101,580"

Page 1, line 22, replace "16,979,504" with "16,606,759"

Page 1, line 23, replace "\$14,930,011" with "\$15,494,821"

Page 2, after line 11, insert the following new section:

"SECTION 4. LEGISLATIVE INTENT - PETROLEUM RELEASE  
COMPENSATION FUND. It is the intent of the legislative assembly that the attorney  
general charge and collect a fee for services provided by the state fire marshal program  
for inspections of entities covered under the petroleum release compensation fund as  
contained in chapter 23-37 of the North Dakota Century Code. "

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**DEPT. 125 - OFFICE OF ATTORNEY GENERAL**

Salaries and wages are increased by \$96,000 from the General Fund to restore the public  
information specialist position removed in the Executive Recommendation.

Operating expenses are increased by \$96,065 from the General Fund to fully fund the Uniform  
Crime Reporting program rewrite.

Funding source changes are made for the following:

1.5 fte positions currently funded by National Criminal History Information Program  
(NCHIP) federal funds that were only available for development of the NCHIP system.  
General Fund moneys totaling \$168,190 are needed to maintain the NCHIP system,  
which is available to local law enforcement on a 24-hour, 7 days per week basis. This  
includes salaries and wages of \$142,190 and \$26,000 in operating expenses.

Federal funds of \$86,055 for the Uniform Crime Reporting (UCR) research analyst  
position will no longer be available after September 30, 2001. General Fund moneys will

allow this position to continue to compile, analyze and provide crime statistics for the state of North Dakota.

The Fire Marshal revenue shortfall of \$118,500 in other funds is funded from the General Fund.



## **INFORMATION TECHNOLOGY DIVISION**

---

Cher Thomas, Director

### **MAJOR FUNCTIONS AND DUTIES:**

- Provide computer support for three Bismarck locations and 10 remote sites.
- Provide and maintain computer applications for the major functions of the agency, allowing for the sharing of information as needed between divisions, other state agencies, and other entities.
- Provide strategic technological planning for the agency.
- Provide training for agency staff.
- Provide tools for agency staff that will make them more effective and efficient in their jobs.
- Provide agency staff with the computer equipment they need to perform their jobs.

### **SIGNIFICANT ACCOMPLISHMENTS DURING THE 1999-01 BIENNIUM:**

- Attorney General Legal opinions were added to our home page.
- Year 2000 rollover of computers and computer systems was accomplished with minimal interruptions.
- The new Criminal History system was implemented successfully with interfaces to State Radio, Parole/Probation, the FBI and the livescan units across the state.
- The new Warrant system was successfully implemented.
- Protection and Restraining Orders data were transferred from the state mainframe to our agency network.
- A statewide fire incident reporting system that transfers information to a federal database was implemented.
- Provided 56K or T1 connectivity for all but two small BCI and Fire Marshal sites to increase their ability to share information.
- Converted from Microsoft Mail to Outlook office wide.

- Converted from Token ring Topology to Ethernet office wide, as required by ITD.
- Upgraded all computers to the Office 2000 Suite software.

#### **FUTURE DIRECTIONS:**

- Continue to work with other law enforcement agencies to define and implement upgraded security that will allow us to share information safely between agencies and locations. Some of these agencies, such as the FBI, already have strict security regulations that we must adhere to if we are going to share information.
- Provide more information over the Internet in order to be responsive to our customers in a timelier and more efficient manner.
- Continue to rewrite the outdated, inefficient and deteriorating applications that are necessary, especially UCR and BCI Case Management.
- Retain and recruit competent and knowledgeable staff.
- Continue to stay current with hardware/software technology to be as efficient and effective as possible in providing information to our customers.

## **CONSUMER PROTECTION AND ANTITRUST (CPAT) DIVISION**

---

Parrell Grossman, Director

### **MAJOR FUNCTIONS AND DUTIES:**

- Protect North Dakota consumers from misleading, deceptive, fraudulent and unfair business practices by enforcing the state's consumer fraud, false advertising and antitrust laws through the initiation of civil and criminal investigations and legal actions and the implementation of consumer education.
- Mediate consumer complaints between consumers and businesses.
- Educate North Dakota consumers on fraud prevention by conducting consumer fraud training and educational presentations and warning consumers through the media of current consumer fraud, scams and crimes.
- Coordinate criminal and civil investigations with local, state, and national law enforcement.
- Research state and federal consumer fraud and consumer law issues and assist legislators in the development and implementation of legislation.

### **SIGNIFICANT ACCOMPLISHMENTS DURING THE 1999-01 BIENNIUM:**

- Opened 2,796 consumer complaint and investigation files. Closed 2,738 consumer complaint and investigation files. These numbers are for the 1997-99 biennium.
- Recovered \$703,119 on behalf of consumers during the 1997-99 biennium.
- Conducted 23 civil or criminal consumer fraud and/or antitrust legal actions during the 1997-99 biennium.
- Collected \$317,423 in civil penalties (or payment in lieu of civil penalties), investigative costs and attorney's fees during the 1997-99 biennium.
- Conducted 99 consumer fraud prevention training and educational presentations to law enforcement, senior, professional, community, student and consumer groups throughout the state during the 1997-99 biennium.
- Continued participation in training programs called "Senior Antifraud Education" and "Senior Safety Academy" that teach law enforcement officers how to educate senior citizens in common consumer fraud scams and crimes.
- Continued the successful "Hang Up on Fraud" campaign in cooperation with the North Dakota Bankers Association. The program educates bank employees and encourages them to contact the Consumer Protection Division if there are any doubts about the legitimacy of offers being made to bank customers. Consumer

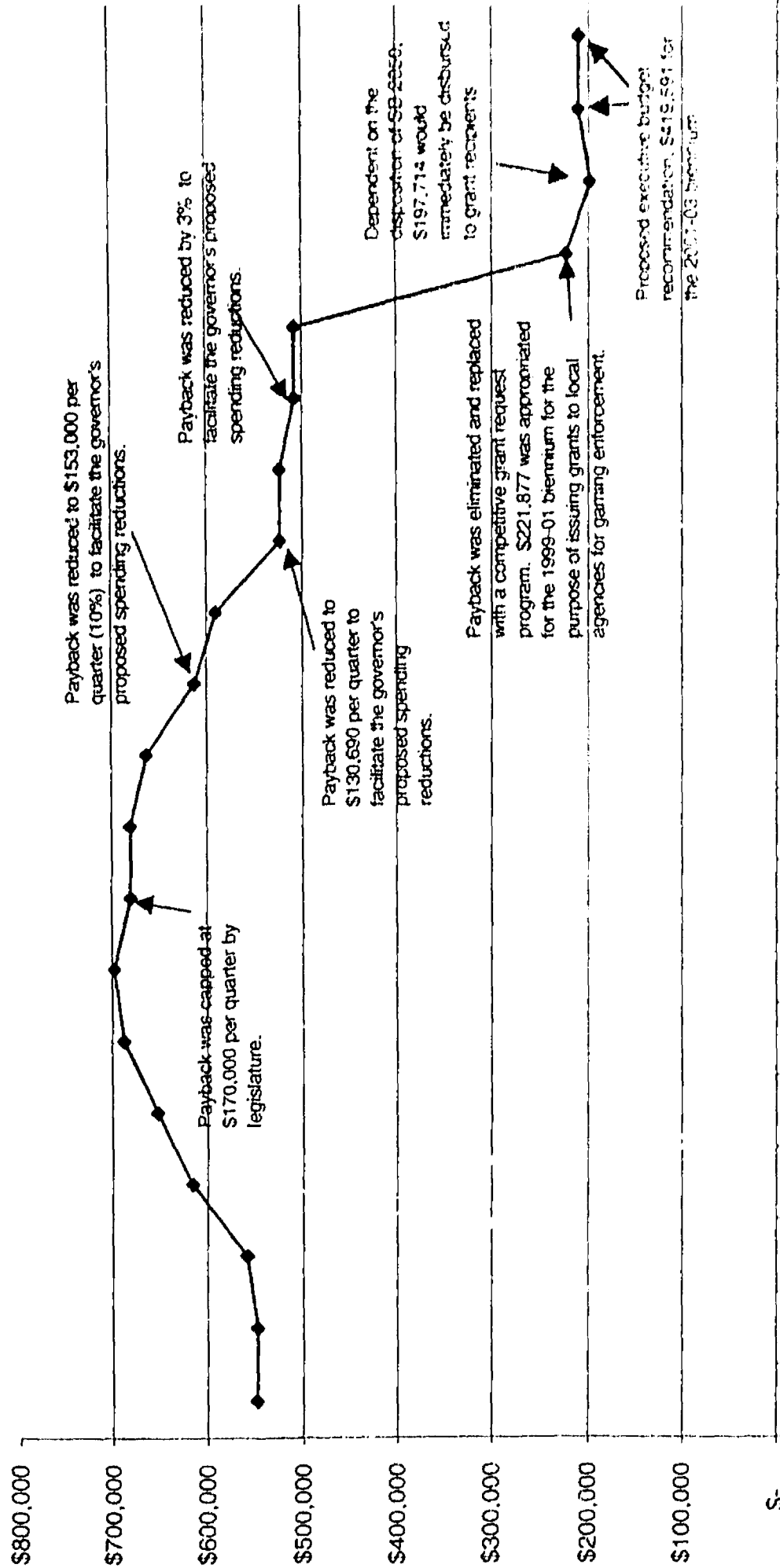
protection divisions of other Attorney General offices throughout the country have adopted this program.

- Sponsored and conducted, in coordination with the Attorney General's Consumer Education Advisory Committee, the fourth annual LifeSmarts competition, a game show style team competition testing the knowledge of high school students on consumer and life skills issues ranging from personal finances to health and technology. This competition emphasizes and encourages education in financial management and decision-making skills so necessary and critical for our youth.

#### **FUTURE DIRECTIONS:**

- Continue to educate and warn consumers of current consumer fraud scams and crimes.
- Continue to coordinate consumer education programs and training with private and public associations.
- Continue to develop and implement consumer education curriculum for high school juniors and seniors through the Attorney General's Consumer Education Advisory Committee and the North Dakota Jump\$tart Coalition for Personal Financial Literacy.
- Continue to target, prevent and prosecute costly telemarketing fraud upon senior citizens.
- Take enforcement action against out-of-state companies engaged in sophisticated, complex or technological fraudulent and deceptive practices such as Internet fraud.
- When appropriate and in the interests of North Dakota Consumers, participate in cooperative enforcement in multi-state and federal investigations, legal actions with other states and with federal agencies such as the Federal Trade Commission.
- Continue enforcement of telecommunications slamming and cramming violations in cooperation with such other state and federal agencies such as the Public Service Commission and the Federal Communications Commission.
- Continue to address new and recent consumer fraud issues such as identity theft, and possible unauthorized switching of electrical services upon deregulation of the electric industry.

# Payback Monies to Local Agencies



## Background Information on Local Gaming Enforcement Grants

Starting July 1, 1983, a certain percent of the gaming taxes collected was paid back to cities and counties each quarter as local gaming enforcement grants. Each city and county received a share of the total grants based on the degree of gaming activity within that city or county compared to the statewide gaming activity.

For the 1983-85 through 1987-89 bienniums, due to growing gaming activity the amount of local gaming enforcement grants automatically increased each biennium from \$1,096,000, to \$1,384,000. The 1989 legislature set the grants at a fixed amount each quarter. For the 1989-91 through 1997-99 bienniums, based on executive budget guidelines the amount of the grants decreased each biennium from \$1,360,000 to \$1,014,155. From 1983 through 1999, there was no accountability on the use of grants by cities and counties.

For the 1999-01 biennium, the amount of local gaming enforcement grants decreased from \$1,014,155 to \$221,877, a reduction of \$792,278. This reduction represented a major part of the budget reduction that the Office of Attorney General had to incur based on executive budget guidelines. The office chose to reduce the grants rather than reduce vital human resources or operating expenses that were already too strained. To assist the cities and counties, the 1999 legislature directed the Emergency Commission to authorize the office to disburse up to \$310,086 in additional grants by making transfers between line items. The legislature also prescribed a grant application process to require cities and counties to apply and account for the use of the grants.

During the present biennium, the Office of Attorney General requested the Emergency Commission to approve \$197,714 in additional local gaming enforcement grants. If approved, the total amount of grants would be \$419,591 (\$221,877 plus \$197,714). The Budget Section of the Commission did not approve the request and proposed that the office preserve the money so the 57<sup>th</sup> Legislative Assembly could specifically appropriate it as grants. However, the office had to transfer the money to the General Fund by June 30, 2000, but understood that the 57<sup>th</sup> Legislative Assembly would honor the Budget Section's request and appropriate \$197,714 as grants as an emergency measure. Senate Bill No. 2050 does this.

For the 2001-03 biennium, the executive budget recommendation includes \$419,591 for local gaming enforcement grants.

Cities and counties use local gaming enforcement grants to employ law enforcement officers, purchase equipment and supplies, provide training, issue local permits and work permits, administration, inspect gaming sites, and conduct civil and criminal investigations (including illegal use of drugs, burglaries, thefts, and embezzlements that may indirectly relate to gaming). The involvement of local law enforcement officers on the front line is critical toward achieving effective enforcement of the gaming law and rules.

## **RACING COMMISSION**

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Paul Bowlinger, Executive Director

### **MAJOR FUNCTIONS AND DUTIES:**

- License and regulate pari-mutuel racing at live tracks and at simulcast racing sites.
- Investigate and license all race participants and employees of live and simulcast racing.
- Promote live and simulcast racing and the breeding of racehorses within the state.
- Collect pari-mutuel taxes for deposit in the General Fund.
- Collect monies from the industry for deposit in three special funds and administer these funds: Breeders' Fund, Purse Fund, and Promotion Fund.

### **SIGNIFICANT ACCOMPLISHMENTS DURING THE 1999-01 BIENNIUM:**

- Generated over \$5,600,000 in General Fund simulcast revenues in fiscal year 2000.
- Increased the number of North Dakota bred racehorses in the Breeders' Fund program to 1,798.
- Created and funded a system to construct and operate a new major racing facility at a proposed site.
- Funded the operation of a harness race meet in Bottineau, North Dakota benefiting the owners of Standard-bred horses.
- Funded and assisted in the operation of the race meet with the largest purse structure to date, at a racing facility in Belcourt, North Dakota, benefiting the owners of North Dakota Quarterhorses and Thoroughbreds.
- Assisted with the operation and promotion of simulcast racing and opened a new site in Dickinson, North Dakota.

### **FUTURE DIRECTIONS:**

- Assist in the completion, operation and regulation of a major racing facility as proposed.
- Continue to support live and simulcast racing in North Dakota with anticipated live meets in at least three locations and eight simulcast locations.

- Continue an affiliation with the National regulating authority to assure the integrity of the sport, however dues to this association will increase from \$3,000.00 to \$10,000.00 this biennium because of our increased simulcast handle.



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2001-02 Budget Presentation  
to the  
Senate Appropriations Committee

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Office of Attorney General  
State of North Dakota

Wayne Stenehjem  
Attorney General

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## STATEMENT OF WAYNE STENEHJEM ATTORNEY GENERAL

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For the record, my name is Wayne Stenehjem. I am the Attorney General for the State of North Dakota.

During the last two years, we have continued to provide quality legal, regulatory, and law enforcement services to state agencies and protection to North Dakota's citizens. We have met with considerable success.

### **Legal Service Divisions**

- Participated with other states in monitoring and enforcing the Tobacco Master Settlement Agreement to ensure tobacco companies did not violate its measures designed to protect the public health and reduce youth smoking. This office participated with other states in defending lawsuits challenging the Master Settlement Agreement and the Model Statute, including N.D.C.C. Chapter 51-25, to ensure payments by the settling tobacco companies to the State of North Dakota and other settling states. **As a result of this settlement, North Dakota has received payments of approximately \$38 million for the period from January 1999 through December 31, 2000.**
- Assisted the Office of Management and Budget in administering the State's Risk Management Fund to handle claims and lawsuits against the State and its employees.
- Successfully represented state agencies in administrative hearings and appeals and lawsuits in state and federal courts.
- Prosecuted or assisted in the prosecution of a wide variety of criminal cases, including assault, theft, gaming, drug, and adult and child sex offenses.
- Initiated numerous administrative complaints for state alcoholic beverage licensing violations against state retail alcoholic beverage licensees.

### **Bureau of Criminal Investigation Division**

- Continued to utilize the Automated Fingerprint Identification System (AFIS) in a regional program with Minnesota and South Dakota. The system presently contains fingerprint images of approximately 65,000 persons. Our office added a second AFIS workstation to allow us to more quickly and efficiently process fingerprints.

- Increased sex offender registration from 994 sex offenders and offenders against children in July 1998, to 1,123 as of June 1, 2000.
- Processed approximately 11,000 requests each year from the general public for criminal history record information, an increase of approximately 4,000 per year over the last biennium.
- Received federal funding to join the Midwest High Intensity Drug Trafficking Area (HIDTA) and, as a result, have targeted those resources specifically at furthering the fight against methamphetamine.

### **Consumer Protection and Antitrust Division**

- Obtained refunds for consumers and businesses in North Dakota, recovering \$703,119 on behalf of consumers.
- Collected \$317,423 in civil penalties, investigative costs and attorney's fees since the beginning of the biennium.

### **Gaming Division**

- The Gaming Division administers, regulates and enforces the state's charitable gaming industry and ensures that five Indian tribes comply with the Tribal-State gaming compacts. The charitable gaming industry has grown significantly in size and complexity since its inception in 1977.
- In the 1999-01 biennium, there will be about 950 gaming sites, \$511 million wagered, \$31 million earned for charitable uses, \$21 million paid in gaming and excise taxes, \$5 million paid in bingo sales tax, and \$500,000 collected for license fees, interest, penalties, gaming stamps, fines, and record checks. From 1977 through June 30, 2001, about \$334 million will have been raised for charitable uses and \$148 million paid in gaming tax, excise tax, and sales tax on bingo.
- Engrossed House Bill No. 1003 provides increased funding for local gaming enforcement grants by \$197,714 for the 1999-01 biennium. In addition, \$629,000 is provided in the bill for local gaming enforcement grants funding from 3% of the gaming and excise tax revenues. Background information on this important issue is on pages 46-47.

### **Fire Marshal Division**

- Developed and delivered a new arson detection program and a hazardous materials awareness program for local firefighters and law enforcement personnel.

- Developed and distributed a quarterly newsletter to the fire service.

In our presentation to you today, two division directors will provide testimony concerning their budgets. Jerry Kemmet, director of the Bureau of Criminal Investigation, will discuss the Uniform Crime Reporting process in North Dakota, law enforcement issues regarding methamphetamine and other drugs, and cybercrime. Following Jerry will be Ray Lambert, Fire Marshal, to discuss Fire Marshal services revenues from the Fire & Tornado Fund.

### **Requested Changes**

There are a few issues I want to bring to your attention:

1. Uniform Crime Reporting (UCR) rewrite – Due to an error on the House side, we need to amend the General Fund support of the UCR rewrite by \$100,000. The House supported a total of \$200,000 from the General Fund for this rewrite, but an amendment error reflected only \$100,000. Language is included in our proposed amendments to correct this oversight.
2. Restoration of the Public Information Officer – The existing position was removed in the Executive Recommendation. I request that this position and \$96,000 from the General Fund be reinstated to provide and coordinate information to the public and for this office.
3. To address the growing problem of methamphetamine use and in particular, the manufacturing of this drug in rural North Dakota, I have decided to request funding for an additional BCI agent. The total General Fund cost for a new agent will be \$115,633.
4. Fire Marshal Revenue Shortfall – Due to lower than anticipated billing revenues, I request that \$118,500 in General Fund moneys replace the anticipated revenue shortfall for the 2001-03 biennium.
5. To facilitate our ability to monitor and properly allocate expenses, we are requesting a change in the distribution of monies from our Refund Fund. Presently amounts left in this fund are distributed to the General Fund annually. I am asking that this be changed to a biennial distribution.

Another issue relates to legal services billings to the Water Commission. Senate Bill No. 2285 provides for the Water Commission to assume jurisdiction over and administer the 404 Assumption program of the Clean Water Act. Funding for those duties is from the Water Development Trust Fund. Although the fiscal note for the bill indicates the Water Commission will be able to pay for Attorney General legal services, 2001 House Bill No. 1023 exempts the Water Commission from payment of these fees if paid by the Water Development Trust Fund.

Currently, this office bills the Water Commission for non-general fund legal services provided. If House Bill No. 1023 passes in its current form, this office will be unable to bill its legal services even for the services that are currently billed. Assuming House Bill No. 1023 is amended to provide that Attorney General legal services can be billed, the Office of Attorney General's salaries and wages, operating expenses and equipment needs to be increased by \$76,000 from other funds for a .5 FTE assistant attorney general. An increase in FTE is not necessary.

If House Bill No. 1023 is not amended, in order to provide legal services for the 404 Assumption program the \$76,000 for the .5 FTE assistant attorney general will need to be funded from the General Fund.

In the Division Summaries section of our budget presentation, we provide a brief description of the various functions the Office of Attorney General performs and highlight other significant accomplishments over the past two years.

Division directors from other divisions are also here to answer any questions you have.

## STATEMENT OF JERALD C. KEMMET, DIRECTOR

### BUREAU OF CRIMINAL INVESTIGATION

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As passed by the House, our budget authorizes \$100,000 for rewriting the Uniform Crime Reporting (UCR) system and General Fund support for the UCR Research Analyst position, which goes hand in hand. The Research Analyst position, which will no longer be funded with federal funds after September 30, 2001, utilizes the UCR program to generate crime statistics for the state that are critical to the state and citizens of North Dakota. Our budget also now includes General Fund support for 1.5 Information Technology positions that are necessary to our agency's success in tracking offenders, providing background checks, issuing concealed weapon permits, and maintaining numerous other vitally important law enforcement databases that are used by local law enforcement on a 24-hour, seven days per week basis. We are very appreciative of the House's support in these areas.

We have additional requests for increases in General Fund support for the following items that we feel are imperative not only to the state's ability to combat crime, but also to North Dakota's economic development. Those items are as follows.

- An additional \$100,000 in General Fund operating expenses to rewrite the Uniform Crime Reporting (UCR) System. This increase in General Fund operating expenses results from an amendment error that occurred in the House. The House supported a total of \$200,000 from the General Fund for the rewrite.
- One additional special agent funded from the General Fund

In addition, we would like to update you on the status of narcotics enforcement and cybercrime enforcement activities.

#### Uniform Crime Reporting

We have serious concerns that the incident-based Uniform Crime Reporting system will fall in our state if the software is not updated soon. Local agencies have become increasingly frustrated with the existing software due to problems with incompatibility as they replace hardware and operating systems. As agencies rushed to update hardware for Y2K, we saw a great many problems with the software. Some local agencies actually discontinued use of the Incident Based software and began using shareware that provides only Summary UCR data. This is a major step backward. A rewrite of the Uniform Crime Reporting (UCR) system is critical to the survival of this program in North Dakota.

During the budget preparation process, we estimated this rewrite would cost approximately \$296,000. We have reevaluated the rewrite cost and now believe we can

accomplish it for \$200,000. Due to an amendment error, the \$100,000 in General Fund operating expenses increase did not occur. The House supported a total of \$200,000 from the General Fund for the rewrite, which we appreciate.

This rewrite is critical to our state for a number of reasons. First, UCR data collected at the national level is now being used on a routine basis to determine the allocation of federal grant moneys. Our state receives millions of dollars in federal grant funds each year that are determined, in part, by crime rate information collected through our UCR program. The absence of this data for North Dakota jeopardizes the future of several federal funding sources including the Edward Byrne Memorial funds (Drug and Violent Crime Funds), Local Law Enforcement Block Grants, and the Juvenile Accountability Incentive Block Grant Program.

Second, the availability of accurate crime rate information is also an economic development concern. Companies considering investments in North Dakota can acquire crime rate information from the FBI and from state reports. For example, some medical facilities in the state have requested crime rate information for use in their efforts to recruit doctors to the area. Crime rate information is generally used as one of the indicators of "quality of life." We feel it is imperative that the state recognize the value of crime reporting as it relates to future funding and economic development, and therefore assume fiscal responsibility for this basic service.

Also critical to the survival of this program is the research analyst position at the Bureau of Criminal Investigation who is responsible for managing the Uniform Crime Reporting program. North Dakota's UCR research analyst/program manager position has been funded by a federal grant from the Bureau of Justice Statistics (BJS) for many years. In the past, the BJS grant program provided grant funds to enhance our state's capabilities to collect and analyze statistical data. Meeting the guidelines under the grant program at that time was not difficult, as the guidelines directly coincided with the duties of the research analyst whose primary responsibilities were data collection and analysis.

BJS no longer wants to fund basic UCR data collection, and it is becoming increasingly difficult to convince them that we should qualify for funding for the research analyst position. The federal grant program through BJS has changed its focus from providing assistance to states for basic data collection and analysis, to funding research projects on particular topics. BJS now expects the states to fund their own basic crime statistics program, and any money provided by BJS is to be used only as an enhancement to fund topic-specific research projects. This change in focus has put us in a difficult position, as we have been utilizing these funds since 1981 to provide the minimum basic services for data collection and analysis. We had a very difficult time getting our most recent grant approved by BJS. In fact, BJS notified BCI in June 2000 that the activities performed by the Research Analyst and part-time Statistical Analysis Center (SAC) assistant no longer meet the grant criteria and will not be funded through the Bureau of Justice Statistics after FY2001.



Due to this change in focus, the BJS grant program is no longer a stable funding source for this position, and ultimately basic crime reporting services in the state are at stake. We hope you will agree with the decision of the House to provide General Fund support for the UCR research analyst. Without it, crime statistics for North Dakota will not be collected when we are denied federal funding for this position. Any future BJS funds that become available for topic-specific projects would allow us to expand on these basic activities.

The UCR program involves the collection, compilation, and analysis of crime and arrest statistics reported voluntarily by local law enforcement agencies throughout the state. The research analyst monitors reporting by local agencies, serves as a contact for questions regarding reporting, provides officer training on UCR, trains local agency staff on the use of software developed for incident-based reporting, and works with our agency Information Technology staff in processing the data provided by the local agencies.

The primary annual publication utilizing UCR data is Crime in North Dakota, which is written by the research analyst. Crime in North Dakota presents detailed information on crimes that have been reported to local law enforcement agencies in North Dakota and arrests that have been made by local law enforcement agencies. This report also provides detailed analysis of driving under the influence (DUI) arrests, drug offenses, and a separate analysis on juvenile and adult arrests. In addition to producing this report, the research analyst responds to special requests for data that may require several days of work to create a database of UCR data that can be used by a researcher.

Information collected through the North Dakota UCR program is forwarded on to the national UCR program administered by the FBI and is included in the annual Crime In the United States publication. As the UCR program manager, the research analyst serves as the point of contact for the FBI for any questions regarding UCR data provided by any of the agencies in our state.

### **Information Technology**

Information Technology (IT) plays a critical role in the success of our office. We are very appreciative to the House for providing General Fund support for 1.5 of the 3.75 IT FTEs currently funded with federal funds. These positions are important because of the number and diversity of programs we utilize, and we hope you will concur that they are essential to our ability to maintain numerous law enforcement databases we use to provide services mandated by law, as well as support the customers who utilize these systems.

The Office of Attorney General is looked to by local law enforcement as the state's lead law enforcement agency, and as such there is an expectation that we will provide services at a level above and beyond what others may have available to them. It is

expected that we will seek new law enforcement opportunities available to our state through new and emerging technology. We have done so, and our efforts have benefited the state. There have been many successes, but we have also encountered many challenges. Updates to many of our law enforcement systems, some written ten or more years ago, are long overdue. The support required for these systems is so significant that time cannot be spent moving forward – just keeping up with day-to-day problems is a struggle. Systems currently requiring significant support because of their age include UCR, case management, timekeeping, and the statewide intelligence system.

However, other areas of technology within our office have been greatly improved because of federal programs available to us. The National Criminal History Improvement Project (NCHIP) is near completion and will soon allow us to simultaneously search several different databases for information about a suspect including criminal history, offender registration, parole/probation information, warrants, restraining orders, and concealed weapons. The Automated Fingerprint Identification System (AFIS) provides us with the opportunity to compare fingerprints from a crime scene against thousands of fingerprints from the upper Midwest, a task that without a suspect would have been nearly impossible in the past. Livescan and cardscan fingerprint machines allow law enforcement to quickly submit fingerprint information to BCI for a search against the AFIS database, and confirm information about a suspect.

Although the NCHIP and AFIS systems are relatively new, we rely heavily upon the ability of our computer staff to keep them operational. The days of building a new system and forgetting about it are gone. All systems, new and old, require support, maintenance, and upgrading that can only be accomplished with adequate staff.

We commend the state for recognizing the importance of making the information highway accessible to everyone in our state and working toward that goal. As the chief law enforcement agency in the state, it is imperative that we also have the ability to guide our profession through the exploration of new and innovative practices. Information technology plays a key role in assisting us as we strive to provide the best possible services to our constituents.

### **Special Agent**

The addition of one special agent would have a significant impact on our ability to provide better investigative services to parts of North Dakota that are seeing increases in crime. Securing funding for an additional position would help not only our investigative efforts, but would allow for all special agents to respond to training and public education requests in their respective communities and throughout the state of North Dakota.

As a result of 1999 Senate Concurrent Resolution 4006 – to study state agency office space needs to determine the feasibility and desirability of transferring state agencies or state employees to rural areas - and to provide services in the most effective manner,

other areas of the state are always being considered for possible location of investigative staff. Opening new offices, however, requires additional resources. The addition of another field office and position will allow us to address local drug problems and at the same time insure that a coordinated statewide effort to investigate multi-jurisdictional drug trafficking is carried on. The appropriation needed for one new special agent is as follows:

Salaries	\$ 81,133
Operating Expenses	19,500
Equipment	15,000
Total	\$115,633

### **Methamphetamine and Other Dangerous Drugs**

Although marijuana continues to be the drug of choice in North Dakota, methamphetamine is the biggest drug problem challenging North Dakota law enforcement. Local, state, and federal law enforcement agencies are deeply committed to the elimination of methamphetamine and other dangerous drugs in North Dakota, and have been working together on task forces throughout the state. The BCI currently participates in and coordinates the activities of seven regional task forces that are located in Williston, Minot, Stanton, Bismarck, Jamestown, Wahpeton, and Grand Forks. Most recently, a BCI agent was assigned to the Fargo area Drug Enforcement Agency (DEA) task force bringing our participation to eight task forces throughout the state.

Because methamphetamine is an extremely addictive drug, the demand for the drug provides methamphetamine dealers with a considerable market. In the last few years, North Dakota has experienced a phenomenal increase in importation, distribution, and clandestine manufacturing of methamphetamine. The following statistics demonstrate the seriousness of the problem.

1. Clandestine laboratories seized:

- Prior to 1995, only one methamphetamine lab was seized in North Dakota.
- Between 1996 and 1998, ten methamphetamine labs were seized in our state.
- During 1999, 19 labs were seized in North Dakota.
- For 2000, 46 methamphetamine labs were seized in North Dakota.

Methamphetamine investigations have also greatly impacted the Health Department's Crime Lab.

2. Laboratory samples sent to the Crime Lab for analysis:

- In 1992, 14 suspected methamphetamine samples were sent in for analysis.
- This number increased to 494 in 1999, and
- Most recently we have seen an increase to 1,218 methamphetamine samples in 2000.

The House provided legislative intent to allow the Attorney General to make a request to the Emergency Commission in the event federal funds are not available to pay for clandestine laboratory cleanup. We are appreciative of this action.

Methamphetamine labs contain extremely dangerous substances and pose significant health hazards to our agents who are often the first responders to a clandestine lab scene. The very toxic nature of these labs requires that experts be called upon to properly dispose of the chemicals found. EPA specifications must be followed, and this process can be very costly. To clean up an average methamphetamine lab can easily cost between \$2,000 and \$20,000 (at a minimum). With reductions in federal law enforcement funding, state and local officials have been left with the burden of contracting for this service. A quick response to cleanup is essential, and because of the expertise required, contracting for this service is our only option. At least two companies in North Dakota are presently equipped to deal with this particular type of cleanup, the location of which assures that services are readily accessible in both the western and eastern portions of our state. Securing funding for cleanup is critical to the health and safety of all North Dakotans.

North Dakota officially became affiliated with the Midwest High Intensity Drug Trafficking Area (HIDTA) project in 1999. The Midwest HIDTA, which is comprised of North Dakota, South Dakota, Iowa, Nebraska, Kansas, and Missouri, compliments the methamphetamine enforcement effort in North Dakota by providing additional personnel, operating, and equipment. Our state has greatly benefited from its association with the Midwest High Intensity Drug Trafficking Area. Over \$609,000 in federal funds was awarded to North Dakota for fiscal year 1999, with another \$639,000 in 2000. Unfortunately, funding for clandestine lab cleanup is not an approved expense.

The HIDTA project has afforded the North Dakota Attorney General's office the ability to hire four additional special agents and a HIDTA prosecutor. In addition, it has also allowed the North Dakota Department of Health to hire two additional forensic scientists for its Crime Lab. Because this funding must be specifically targeted at areas that appear to be the most impacted by methamphetamine activity, eight North Dakota counties were identified as HIDTA counties. Those counties are Burleigh, Morton, Ward, Ramsey, Grand Forks, Walsh, Cass, and Richland. HIDTA funds must be targeted toward methamphetamine activity that occurs in, or has a nexus to one of those counties. As a result, HIDTA agents are located throughout the state in order to provide these services.

## Cybercrime Enforcement

In the spring of 2000, the Office of Attorney General formed a cybercrime committee to determine the scope of cybercrime problems as well as the perceived needs for training, assistance, and other resources. A survey of prosecutors and law enforcement indicated an overwhelming need for a central repository for evidence, and someone with expertise to assist in the investigation of cybercrime. Most respondents indicated a preference for BCI to be that repository. Training of prosecutors and law enforcement on cybercrime awareness and beginning an investigation was also a priority. Crime Lab staff attended and expressed support for a computer forensic examiner to be located at the BCI. They indicated they do not have the personnel, space, or training to take on additional forensic examination responsibilities in the arena of computer crimes.

In response to the survey, as well as the growing number of requests for assistance relating to cybercrime and increasing numbers of victims within our state from cyber-stalkers, the BCI reassigned a position that was a full time intelligence coordinator into a ½ time intelligence coordinator and ½ time cybercrime investigator. This investigator is in the process of being trained to be an expert within the state as well as a resource for local law enforcement and prosecutors.

The cybercrime investigator has already assisted numerous agencies throughout the state with investigations that vary from narcotics activity to child pornography, child abuse, child molesters, counterfeit documents such as drivers licenses, internet auction fraud, terrorizing, extortion, and identity theft. This investigator has become a point of contact for the National White Collar Crime Center Internet Fraud Complaint Center and has been contacted over a dozen times already with complaints from North Dakota victims as well as some complaints about North Dakota perpetrators.

It is critical that law enforcement make every effort to be knowledgeable about cybercrime issues as we continue to advance into the world of technology. We are fortunate to have recently been awarded a rural state grant project entitled Internet Crimes Against Children (ICAC). We hope this grant award of \$45,000 over a two-year period will be sufficient to initially fund all training, travel, software and hardware needed for this position.

We request this committee's approval of the additional funds to rewrite the UCR program, as well as the addition of one special agent to our staff. I will be happy to answer any questions.

**STATEMENT OF RAY LAMBERT, DIRECTOR  
FIRE MARSHAL**

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During the 1999 legislative session, our appropriation bill included legislative intent about billing the Fire and Tornado Fund for Fire Marshal services provided to entities covered by the Fund. The estimated revenues were based on the following billable inspection and investigation services:

- All schools not inspected by other city fire departments.
- City buildings
- Above-ground fuel sites

For the 1999-01 biennium, the Fire Marshal Division will experience a significant shortfall in revenues from billable services. We estimate the shortfall will be approximately \$250,000 - \$300,000. The reasons for the shortfall are as follows:

- The legislative intent section only provided for billing Fire Marshal services basically for school inspections and political subdivision buildings insured by the Fire and Tornado Fund. The fuel sites, which are covered by the Petroleum Release Compensation Fund, were not included in the language provided for billable services.
- There have been approximately 43 schools that have closed since the revenue projection was developed.
- When the revenue projection was developed, it was based on the large number of inspections that were completed prior to the billing process to assure all schools had been inspected at least once.
- Since schools have been inspected regularly and recommendations are normally implemented, school inspections take less time on a routine inspection basis.
- City buildings are not currently being inspected.

So what is being done to make up for the significant revenue shortfall?

- A vacant deputy fire marshal (chief deputy) position located in Minot is being left unfilled.
- Training for Fire Marshal staff members will be severely reduced or completely eliminated.
- We are reviewing other expense areas to determine if additional reductions can be made while still providing quality services.
- This office would like to amend our appropriation bill to include an emergency clause to begin billing fuel site inspections/investigations to the Petroleum Release Compensation Fund during the 1999-01 biennium.

- Currently 2001 Engrossed House Bill No. 1118, as amended, requires the Fire Marshal to perform inspections and investigations on occupied state owned facilities not receiving such services. Currently, these buildings are to be inspected by the local fire departments. Due to the large number of volunteer firefighters in many areas, many of these inspections are not being completed. If the Fire Marshal Division inspects these state-owned buildings it will result in additional revenues from the Fire and Tornado Fund to the division since these entities are covered by the Fund. The Fire Marshal Division is able to conduct these inspections.

The current Fire Marshal billing revenues projection for the 2001-03 biennium is \$80,000, leaving a revenue shortfall of \$196,000. If the Fire Marshal Division is able to bill for fuel site and occupied state buildings inspections/investigations, we anticipate we will still need \$118,500. We respectfully request your approval of \$118,500 in General Fund moneys to fund essential Fire Marshal services to North Dakota.

We encourage you to support passage of 2001 Engrossed House Bill No. 1118 as amended.

2001-03 Biennium Office of Attorney General  
Revised General Fund Requests

Description	Salary	Operating	Equipment	Grants	Special Line Items	General Fund	Special Funds	Executive Recommendation	Requested Items
UCR Rewrite 1/		100,000				100,000		Changed in House	100,000
Public Information Officer - Base Budget	96,000					96,000		Removed from budget	96,000
1 BCI agent	81,133	19,500	15,000			115,633			115,633
Fire Marshal Projected Revenue Shortfall - Base Budget						118,500	(118,500)	Revenue shortfall	118,500
<b>Total of Revised Requests</b>	<b>177,133</b>	<b>119,500</b>	<b>15,000</b>	<b>-</b>	<b>-</b>	<b>430,133</b>	<b>(118,500)</b>		<b>430,133</b>

1/ In the House, the General Fund moneys included in the Executive Recommendation for the UCR Rewrite were inadvertently replaced with other funds, rather than the \$100,000 in General Fund moneys being added to operating expenses.



REQUESTED CHANGES TO 2001 ENGROSSED HOUSE BILL NO. 1003 - SENATE APPROPRIATIONS

1. UNIFORM CRIME REPORTING REWRITE - CORRECT INADVERTENT CHANGE MADE IN HOUSE - OPERATING EXPENSES

OPERATING EXPENSES	\$	100,000
TOTAL	\$	100,000
GENERAL FUND	\$	100,000

2. 1.0 FTE PUBLIC INFORMATION OFFICER - REMOVED IN THE EXECUTIVE RECOMMENDATION - SALARIES AND WAGES

SALARIES AND WAGES	\$	96,000
TOTAL	\$	96,000
GENERAL FUND	\$	96,000

3. ONE ADDITIONAL BCI AGENT - SALARIES, OPERATING AND EQUIPMENT

SALARIES	\$	81,133
OPERATING EXPENSES	\$	19,500
EQUIPMENT	\$	15,000
TOTAL	\$	115,633
GENERAL FUND	\$	115,633

4. FIRE MARSHAL REVENUE SHORTFALL - FUNDING SOURCE CHANGE

GENERAL FUND	\$	118,500
OTHER FUNDS	\$	(118,500)
TOTAL	\$	.

GENERAL FUND CHANGES	\$	430,133
OTHER FUNDS CHANGES	\$	(118,500)
TOTAL REQUESTED CHANGES	\$	311,633

OFFICE OF ATTORNEY GENERAL 2001-2003 BIENNIAL BUDGET - REQUESTED SENATE CHANGES  
2001 ENGROSSED HOUSE BILL NO. 1003

	2001-2003 BIENNIAL HOUSE BUDGET	UCR REWRITE CHANGE	PUBLIC INFORMATION OFFICER	ONE ADDITIONAL BCI SPECIAL AGENT	FIRE MARSHAL REVENUE SHORTFALL	TOTAL CHANGES	AMENDED LINE ITEMS
SALARIES AND WAGES	14,841,235		96,000	81,133		177,133	15,018,368
OPERATING EXPENSES	5,882,969	100,000		19,500		119,500	6,002,469
EQUIPMENT	399,876			15,000		15,000	414,876
GRANTS	5,734,398					-	5,734,398
LITIGATION FEES	50,000					-	50,000
RACING COMMISSION	297,112					-	297,112
NATIONAL CRIMINAL HISTORY IMPROVEMENT	2,358,720					-	2,358,720
ARREST AND RETURN OF FUGITIVES	10,000					-	10,000
GAMING COMMISSION	5,109					-	5,109
LAW ENFORCEMENT PROGRAMS	631,056					-	631,056
HIGH INTENSITY DRUG TRAFFICKING AREA	1,931,648					-	1,931,648
TOTAL	32,142,123	100,000	96,000	115,633	-	311,633	32,453,756
GENERAL FUND	14,390,752						14,390,752
FEDERAL FUNDS	13,451,993	100,000	96,000	115,633	118,500	430,133	13,451,993
OTHER FUNDS	4,299,378				(118,500)	(118,500)	4,299,378
TOTAL	32,142,123	100,000	96,000	115,633	-	311,633	32,453,756
FTE	158.5		1.0	1.0	-	160.5	160.5

OFFICE OF ATTORNEY GENERAL BUDGET ANALYSIS - REFLECTS HOUSE ACTION  
FOR THE 2001-2003 BIENNIAL

LINE ITEM	COLUMN 1 PRESENT BUDGET 2001-01	COLUMN 2 CONTRACTED PROGRAM INFLATION OTHER	COLUMN 3 OVERTIME FOR AGENTS, HIGH INTENSITY DRUG TRAFFICKING	COLUMN 4 LOCAL GAMING GRANTS, MCHP IT SUPPORT, CLANDESTINE LAB CLEANUP, LICK REWRITE	COLUMN 5 STAFF RELOCATION, CONSTRUCTED PROGRAM, INFLATION/OTHER	COLUMN 6 INFORMATION TECHNOLOGY DIVISION INCREASES	COLUMN 7 FUNDING SOURCE CHANGES	COLUMN 8 TOTAL 2001-2003 BIENNIAL BASE BUDGET	COLUMN 9 EXECUTIVE RECOMMENDATION 2001-2003 BIENNIAL	COLUMN 10 HOUSE CHANGES FOR THE 2001-2003 BIENNIAL	COLUMN 11 EFFECT OF HOUSE CHANGES	COLUMN 12 REQUESTED SENATE CHANGES
SAUAGES AND WAGES	14,113,070	128,478	118,770	188,105			0	14,528,423	14,447,334	(8,089)	14,441,235	177,133
OPERATING EXPENSES	4,572,703	862,218		446,085	231,018	115,000	0	6,307,005	5,882,869		5,882,869	118,500
EQUIPMENT	811,716	(342,834)						428,878	428,878	(29,000)	399,878	15,000
GRANTS	5,396,025	(88,750)		197,714				5,524,989	5,524,989	209,408	5,734,398	
LITIGATION FEES	50,000							50,000	50,000		50,000	
HIGH INTENSITY DRUG TRAFFICKING	1,568,875		381,025					1,950,000	1,931,648		1,931,648	
RACING COMMISSION	222,887				58,544			278,811	238,814	58,268	297,112	
APPERT & RETURN OF FUGITIVES	10,000							10,000	10,000		10,000	
GAMING COMMISSION	5,108							5,108	5,108		5,108	
NATIONAL CRIMINAL HISTORY IMPROVEMENT PROJECT	2,344,118							2,344,118	2,358,720		2,358,720	
RISK MANAGEMENT PREMIUMS	0				35,573			35,573	-			
LAW ENFORCEMENT PROGRAMS	627,286							627,286	631,056		631,056	
TOTAL	28,880,857	598,113	507,895	881,884	323,136	115,000	0	32,037,885	31,009,511	232,808	32,142,123	311,633
FTE	158.5							158.5	158.5		158.5	2.0
GENERAL FUND	13,633,882	7	118,770	881,884	323,136	115,000	448,081	15,088,570	14,800,011	(259,259)	14,380,732	438,133
SPECIAL FUNDS	12,758,880	454,248	381,025				(448,081)	13,158,850	13,708,238	(254,245)	13,451,883	(118,500)
TOTAL ALL FUNDS	26,880,857	598,113	507,895	881,884	323,136	115,000	-	32,037,885	31,908,515	232,808	32,142,123	311,633

STATUS OF OPTIONAL ADJUSTMENTS IN ENGROSSED HOUSE BILL NO. 1003 FOR THE 2001-03 BIENNIAL BUDGET  
OFFICE OF ATTORNEY GENERAL

Description	Salary	Operating	Equipment	Grants	Line Items	Executive			House	
						Special	General	Recommendation	Status	House Action
Local Gaming Grants				197,714			197,714	197,714	529,000	CHANGED TO \$629,000 OF - WAS TOTAL OF \$419,591 GF
NCHRP Maintenance							168,190	-	168,190	ALLOWED FROM GF
ITD Rate Increases		126,250					126,250	126,250	126,250	NO CHANGE FROM EXEC. REC.
Rent Increase/Computer Room Expansion		110,000					110,000	70,000	70,000	NO CHANGE FROM EXEC. REC.
Research Analyst and Part-time SAC Assistance	93,515						93,515	-	86,055	\$86,055 ALLOWED FROM GF
Increased Rent		55,015					55,015	55,000	55,000	NO CHANGE FROM EXEC. REC.
Risk Management Premiums		35,573					35,573	-	-	NOT ALLOWED
ITD Telecommunication		15,000					15,000	-	-	NOT ALLOWED
Clandestine Lab Cleanup		200,000					200,000	-	-	LEGISLATIVE INTENT PROVIDED
UCR Rewrite										INADVERTENTLY CHANGED TO OF - CHANGE NEEDED TO PROVIDE \$100,000 IN GF OPERATING SUPPORT
Narcotics Agent Positions: Funding Source Change	279,427	40,000					296,065	100,000	100,000	NOT ALLOWED
Sex Offender and Offenders Against Children Registration	33,139						33,139	-	-	NOT ALLOWED
Overtime Pay for Agents	116,770						116,770	-	-	NOT ALLOWED
Rent Increase		66,000					66,000	86,800	86,800	NO CHANGE FROM EXEC. REC.
Racing Commission						56,544	56,544	-	297,112	ALLOWED \$297,112 FROM OTHER FUNDS - WAS \$238,814 GF
Total Original Optional Adjustments	522,851	943,907	-	197,714	56,544	1,889,206	635,764	1,518,407		

PREPARED BY THE OFFICE OF  
ATTORNEY GENERAL  
FOR SENATE APPROPRIATIONS  
March 5, 2001

**PROPOSED AMENDMENTS TO 2001 ENGROSSED HOUSE BILL NO. 1003**

Page 1, line 4, remove "and 54-12-11" and insert ", 54-12-11 and 54-12-18"

Page 1, line 5, after "collections" remove "and" and after "general " insert ", and the attorney general refund fund"

Page 1, line 12, replace "\$14,841,235" with "\$15,018,368"

Page 1, line 13, replace "5,882,969" with "6,002,469"

Page 1, line 14, replace "399,876" with "414,876"

Page 1, line 23, replace "\$32,142,123" with "\$32,453,756"

Page 2, line 1, replace "17,751,371" with "17,632,871"

Page 2, line 2, replace "\$14,390,752" with "\$14,820,885"

Page 5, after line 10, insert:

**"54-12-18. Special fund established - Continuing appropriation.** A special fund is established in the state treasury and designated as the attorney general refund fund. The attorney general shall deposit all moneys recovered by the consumer protection division for refunds to consumers in cases where persons or parties are found to have violated the consumer fraud laws, all costs, expenses, attorney's fees, and civil penalties collected by the division regarding any consumer protection or antitrust matter, all cash deposit bonds paid by applicants for a transient merchant's license who do not provide a surety bond, and all funds and fees collected by the gaming section for licensing tribal gaming and for the investigation of gaming employees, applicants, organizations, manufacturers, distributors, or tribes involved in state or tribal gaming. The moneys in the fund are appropriated, as necessary, for the following purposes:

1. To provide refunds of moneys recovered by the consumer protection and antitrust division on behalf of specifically named consumers;
2. To pay valid claims against cash deposit bonds posted by transient merchant licensees;

3. To refund, upon expiration of the two-year period after the expiration of the transient merchant's license, the balance of any cash deposit bond remaining after the payment of valid claims;
4. To pay costs, expenses, and attorney's fees and salaries incurred in the operation of the consumer protection division; and
5. To pay the actual costs of background investigations, licensing, and enforcement of gaming in the state or pursuant to Indian gaming compacts.

At the end of each ~~fiscal year~~ biennium any moneys in the fund in excess of the amounts required for subsections 1, 2, 3, and 5 must be deposited in the general fund. The attorney general, with the concurrence of the director of the office of management and budget, shall establish the necessary accounting procedures for use of the attorney general refund fund, particularly with respect to expenditures under subsection 4.

Page 5, line 11, after "Sections" insert "6,"

Renumber accordingly

#### **STATEMENT OF PURPOSE OF AMENDMENT:**

##### **DEPT. 125 - OFFICE OF ATTORNEY GENERAL**

Salaries and wages are increased by \$96,000 from the General Fund to restore the public information specialist position removed in the Executive Recommendation.

Salaries and wages are increased by \$81,133, operating expenses are increased by \$19,500, and equipment is increased by \$15,000, from the General Fund, for the addition of one BCI agent.

Operating expenses are increased by \$100,000 from the General Fund to provide adequate General Fund support for the Uniform Crime Reporting program rewrite. Due to an amendment error, General Fund moneys were inadvertently reduced, rather than increasing operating expenses for this purpose.

The Fire Marshal revenue shortfall of \$118,500 in other funds is funded from the General Fund.

The Attorney General Refund Fund is amended to require that the balance in the fund relating to costs, expenses, and attorney's fees and salaries incurred in the operation of the Consumer Protection Division be transferred to the General Fund at the end of each biennium.

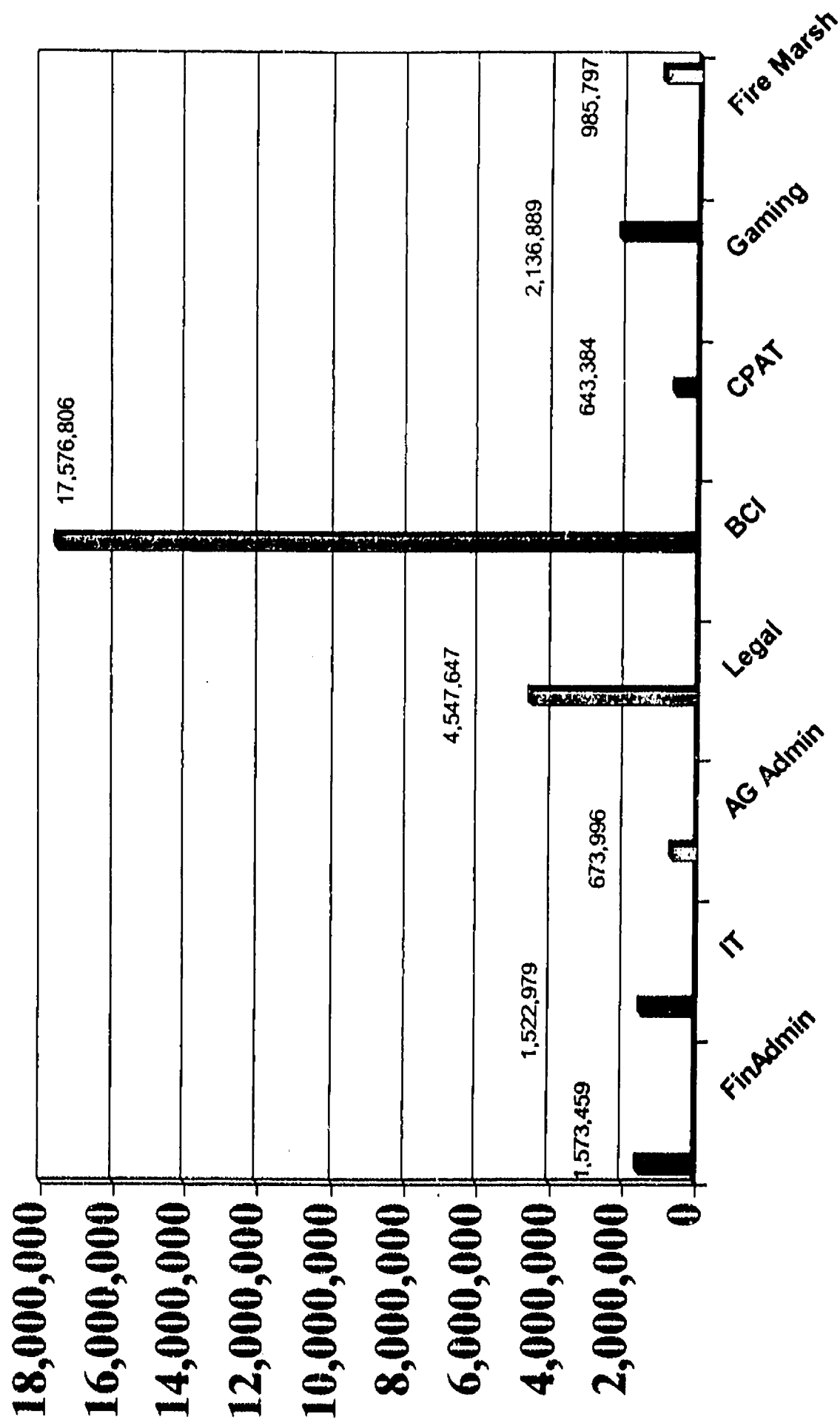
An emergency clause is added to allow the Fire Marshal to bill for services provided to entities covered by the Petroleum Release Compensation fund for the remainder of the 1999-01 biennium. The revenues resulting from billing Fire Marshal services to entities insured by the Petroleum Release Compensation fund will be deposited in the Attorney General's operating fund.

# Office of Attorney General

## 1999-2001 Biennium Appropriation

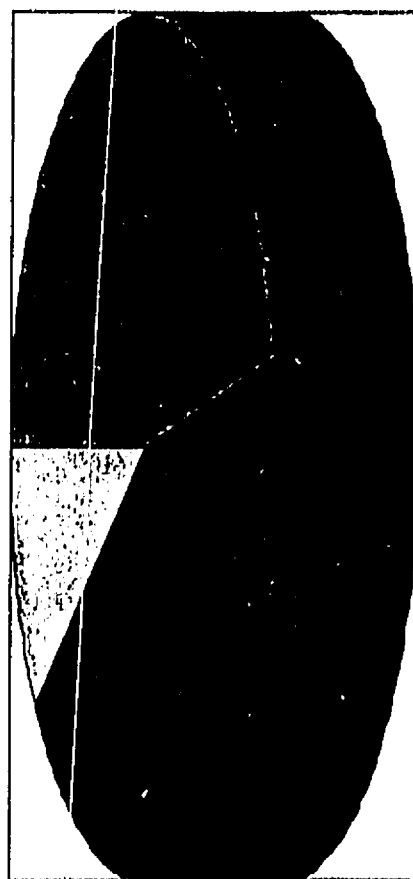
### By Division

Total Appropriation \$29,660,957



**Office of Attorney General**  
**1999-2001 Biennium Appropriation**  
**By Funding Source**  
**Total Appropriation \$29,660,957**

**Other Funds**  
**10%**



**Federal Funds**  
**43%**

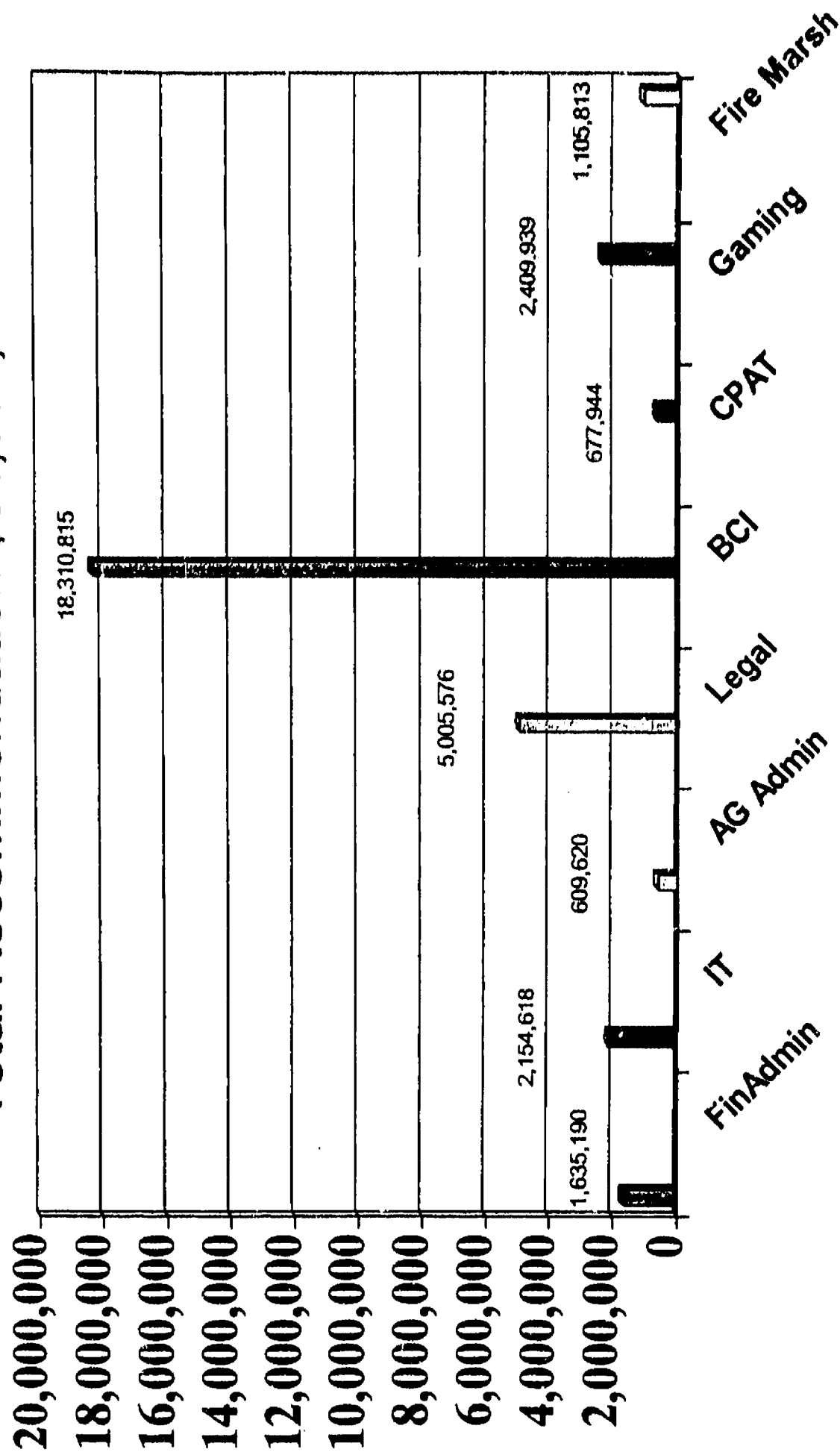
**General Fund**  
**47%**



# Office of Attorney General

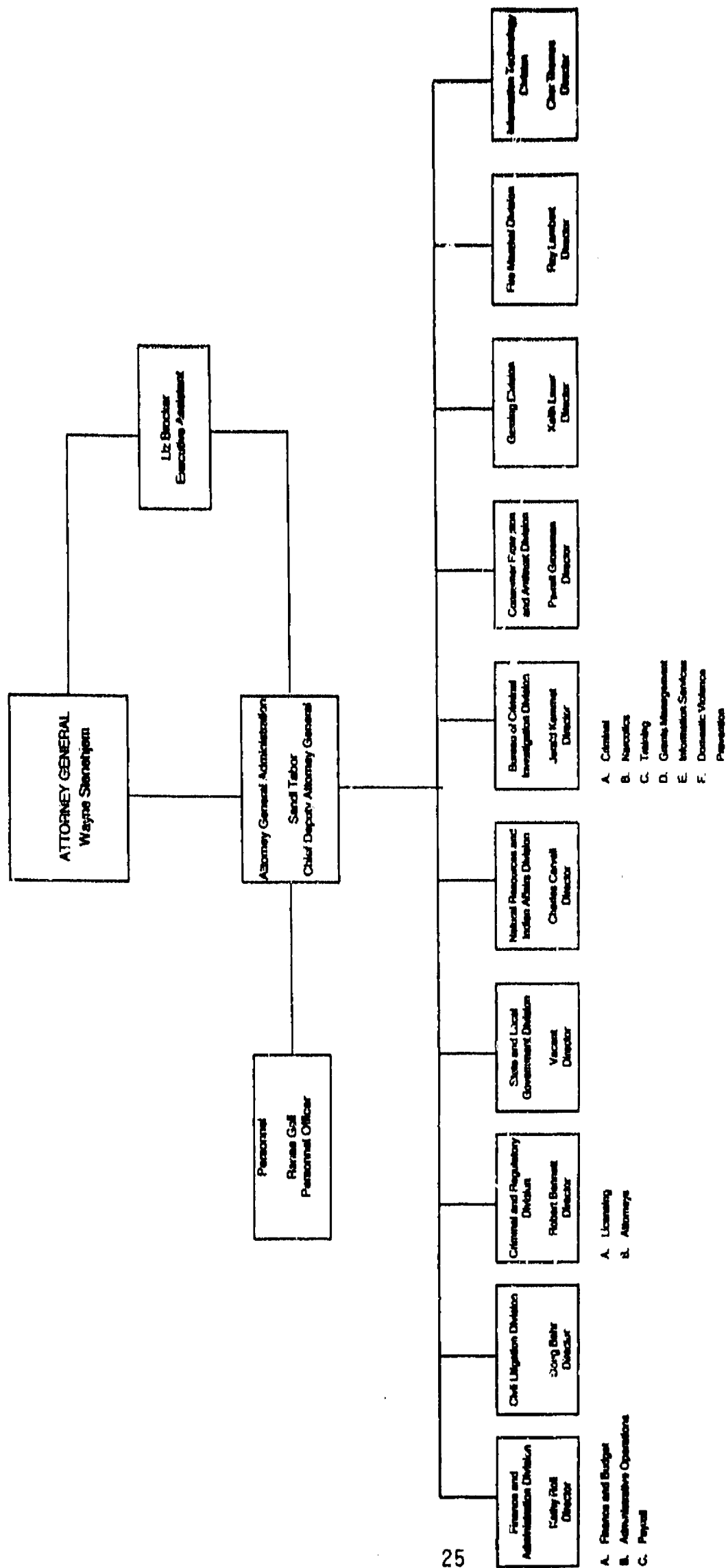
## Executive Recommendation for the 2001 – 2003 Biennium By Division

Total Recommendation \$31,909,515



**Office of Attorney General Executive Recommendation  
for the 2001-03 Biennium By Funding Source  
Total Recommendation \$31,909,515**





## DUTIES AND RESPONSIBILITIES OF THE OFFICE OF ATTORNEY GENERAL

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The Attorney General is the chief legal officer of the State of North Dakota with duties outlined by state statutory and common law. The Attorney General represents the state and the interests of North Dakotans in civil and criminal legal actions. He or she may take legal action deemed necessary to protect the rights of North Dakotans, to defend the actions of state officials and to ensure public order.

### MAJOR FUNCTIONS:

- Serving as the state's legal adviser in matters concerning the state's law and constitution.
- Issuing opinions to county state's attorneys, city attorneys, and governing boards to interpret state laws that affect cities and counties.
- Proposing new legislation, supporting the passage of public interest bills, and providing legal opinions to legislators.
- Representing the state in civil and criminal lawsuits in which the state is an interested party.
- Defending state employees acting within the scope of their employment.
- Assisting local government in criminal investigations and drug enforcement.
- Protecting the rights of consumers.
- Regulating charitable gambling.
- Preventing and controlling fires and hazardous materials incidents, and inspecting certain buildings for fire safety.
- Training police, sheriffs, firefighters, emergency responders, game wardens, highway patrol troopers, gaming personnel, and county state's attorneys.
- Licensing alcoholic beverage retailers; wholesale and retail tobacco product dealers; transient merchants; coin-operated amusement devices operators, lessors, and distributors; fair boards; polygraph operators; charitable gaming operators; gaming manufacturers and distributors; and wholesale fireworks distributors.

## **DIVISION SUMMARIES**

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### **LEGAL SERVICES DIVISIONS**

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Douglas Bahr, Director, Civil Litigation Division  
Robert Bennett, Director, Criminal and Regulatory Division  
Charles Carvell, Director, Natural Resources and Indian Affairs Division  
State and Local Government Division

#### **MAJOR FUNCTIONS AND DUTIES:**

- Provide a full range of legal services to over 100 state agencies, boards, and commissions, including assistance in drafting and negotiating contracts, drafting rules, reviewing rules drafted, drafting legislation, giving oral advice over the phone or in person, providing formal written opinions on questions of law, representing clients in administrative hearings and appeals, representing clients in lawsuits in state and federal courts, and negotiating resolution of disputes.
- Provide legal opinions to legislators, county state's attorneys, and city attorneys.
- Assist county state's attorneys and city attorneys in criminal prosecutions.
- Provide legal advice in virtually hundreds of subject areas, including Indian law, gaming, water, municipalities, criminal law, habeas corpus, extradition, contracts, torts, North Dakota and federal constitutional law, environmental law, agricultural law, energy law, real property law, oil and gas law, Medicare, AFDC, eminent domain, hunting, prisoner issues, contract bidding, education, health, game and fish, food stamps, nursing home rate regulation, professional licensure and discipline, bankruptcy, wage claims, implied consent, personnel, GATT and NAFTA, banking, child support, collections, unclaimed property, debtor/creditor, sexual harassment, the Americans with Disabilities Act, administrative law, alcoholic beverage law, consumer protection, anti-trust, public benefits law, and public finance law.
- Provide training on legal matters for state agencies, law enforcement, local government officials, and state's attorneys.
- Give presentations and provide written material to the public on legal matters of general interest including brochures on eminent domain, landlord tenant law, small claims courts, state employee defense and liability, open meetings and open records, and sex offenses.

All of the services mentioned above are provided by 30 attorneys and four legal assistants.

## **SIGNIFICANT ACCOMPLISHMENTS DURING THE 1999-01 BIENNIUM:**

- Participated with other states in monitoring and enforcing the Tobacco Master Settlement Agreement to ensure tobacco companies did not violate its measures designed to protect the public health and reduce youth smoking. Participated with other states in defending lawsuits challenging the Master Settlement Agreement and the Model Statute, including N.D.C.C. chapter 51-25, to ensure payments by the settling tobacco companies to the State of North Dakota and other settling states.
- Coordinated and monitored work of special assistant attorney generals providing services on behalf of state agencies.
- Assisted the Office of Management and Budget in administering the State's Risk Management Fund to handle claims and lawsuits against the State.
- For the period from July 1, 1999, through December 1, 2000, collected approximately \$2,146,853 through farm foreclosures, \$695,079 through residential foreclosures, and \$10,236 through student loan state court proceedings for the Bank of North Dakota.
- Successfully represented numerous State employees who were sued as a result of their job-related actions.
- Continued to reduce legal costs to the State by making greater use of legal assistants to provide legal services.
- Prosecuted, negotiated, and settled a wide variety of professional licensure actions on behalf of numerous state licensing boards.
- Issued 158 Attorney General opinions, including 23 opinions in response to allegations of open records or open meetings violations for the calendar years 1999 and 2000.
- Responded to 80 requests for the Attorney General's advice by state agencies and political subdivisions; reviewed 93 sets of administrative rules; and addressed 1,065 written citizen inquiries for calendar years 1999 and 2000.
- Provided training to local and state officials in the application of sex offender registration, open records and meetings law.
- Brought dozens of administrative enforcement actions on behalf of the Health Department, Oil and Gas Division, Agriculture Department, and other agencies, and recovered significant civil penalties in those actions.

- Successfully resisted class action status in a suit brought by Devils Lake landowners against the State, State Engineer, and State Water Commission. The landowners blame the State for the flooding of land around the lake.
- Brought suit against the Environmental Protection Agency and assisted the Congressional delegation in drafting legislation in response to the price disparity between pesticides sold in Canada and those sold in North Dakota.
- Advised the Board of Animal Health, Department of Agriculture, and others on a multitude of issues that have arisen with the development of nontraditional livestock and nontraditional farming and ranching operations, such as cooperatives and limited liability partnerships.
- Advised state officials and filed comments on the federal government's proposed grasslands management, roadless, and off-highway vehicle use plans.
- Issued an opinion holding that North Dakota's section line law applies to federal land.
- Advised the Game and Fish Department on implementing the conservation reserve enhancement program that may enroll 160,000 acres in 30-year conservation easements.
- Assisted Whitestone Hill Township in Sargent County with a zoning issue involving expansion of Dakota Landfill.
- Successfully defended the Industrial Commission in the two appeals of its decision regulating the oil and gas industry.
- Advised the Water Commission on a myriad of issues that have arisen as a result of Devils Lake flooding.
- Assisted the Health Department and local officials in developing a model zoning ordinance for feedlots and a model ordinance to address abandoned buildings.
- Assisted the Health Department in convincing Burlington Northern Santa Fe Railroad to install remediation facilities to recover spilled diesel fuel under downtown Mandan.
- Worked with the Health Department to help North Dakota become one of the few states that has obtained 100% compliance with a new federal law governing aspects of the service station business.
- Assisted the Water Commission in issuing bonds for the Grand Forks Flood Control Project.
- Filed or joined amicus briefs in approximately 42 federal and state court actions.

- Presided over several hundred oil and gas hearings.
- Assisted the Conference of Western Attorneys General in drafting annual supplements to its The American Indian Law Deskbook.
- Assisted the State Water Commission in the further development of the Southwest Water Pipeline Project and in planning the Northwest Area Water Supply project.
- Assisted in the prosecution of civil forfeitures in drug offense cases.
- Prosecuted or assisted in the prosecution of a wide variety of criminal cases, including assault, theft, gaming, drug, and adult and child sex offenses.
- Assisted in the defense of the constitutionality of statutes relating to municipal court jury trial requests, violation of protection orders, and other state statutes.
- Full-time drug prosecutor appointed to support the HIDTA program.
- Assisted in the defense of the constitutionality of sex offender registration, provided training to judges in the application of sex offender registration, worked with states' attorneys in implementing the sex offender registration statute, and worked with the interim committee to submit amendments to the sex offender registration statute.
- After a lengthy trial, obtained favorable district court rulings against a consumer credit counseling service, related organizations, and its principals concerning the operation of the service, its use of funds, and the protection of its clients' funds.
- Processed more than 100 extradition requests.

The Legal Services Divisions provided more than 151,000 hours of legal services.

#### **FUTURE DIRECTIONS:**

- Improve legal services to state agencies by retaining experienced attorneys and increasing attorney knowledge through training.
- Decrease costly litigation by providing more pro-active advice on issues and encouraging agency staff to recognize and address legal issues at an early point.
- Continue to move our attorneys into the electronic age with increased efficiency through increased use of available electronic resources, such as the Internet and e-mail.



## **BUREAU OF CRIMINAL INVESTIGATION**

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Jerry Kernmet, Director

### **MAJOR FUNCTIONS AND DUTIES:**

- Assist local law enforcement agencies in the investigation of major crimes by providing expertise and resources not otherwise immediately available to local agencies.
- Assist local, state, and federal agencies, at their request, in investigating serious crimes or criminal activity that crosses jurisdictional boundaries.
- Participate in eight narcotics task forces, providing supervision for seven of the eight, consisting of 37 member agencies in 19 counties. The Drug Enforcement Agency (DEA) task force we participate in provides services to all 53 counties.
- Implement a statewide strategy to curb increased usage and shut down the illicit manufacture of methamphetamine.
- Assist the Attorney General-appointed Peace Officers Standards and Training (POST) Board in licensing and training of state and local peace officers, and in maintaining licensing and training records of those peace officers.
- Administer federal grants for state and local criminal justice programs.
- Collect crime data from local agencies through the Uniform Crime Reporting (UCR) program for various state reports and for local, state, and national statistics.
- Maintain the criminal history records of offenders and an Automated Fingerprint Identification System (AFIS).
- Maintain other criminal justice records such as offender registration, concealed weapon permits, Central Warrant Information System, protection orders, law enforcement intelligence network, and official records of criminal and narcotics investigations.
- Assist local and state agencies in designing, developing, and maintaining information systems for criminal justice purposes.
- Assemble data from information systems and other sources, and analyze and disseminate information regarding the state's criminal justice system.

- Provide domestic violence prevention services through technical assistance and training to local law enforcement agencies, prosecutors, judges, and domestic violence prevention programs.

#### **SIGNIFICANT ACCOMPLISHMENTS DURING THE 1999-01 BIENNIUM:**

- Assisted in numerous criminal, cybercrime, and drug investigations.
- Reassigned an investigator to provide cybercrime investigative assistance to agencies and victims.
- Continued to promote coordination of multi-jurisdictional narcotics task forces throughout the state.
- Acquired over \$1.2 million during the biennium from the Midwest High Intensity Drug Trafficking Area (HIDTA) to further the fight against methamphetamine.
- Established narcotics K-9 programs in Devils Lake, Grand Forks, and Oakes.
- Participated in a study of the State Crime Laboratory and the Medical Examiner Program.
- Continued to expand field training of law enforcement agencies, and provided specialized investigative training on homicide, sexual assault, child abuse, arson, terrorism, and other requested courses for law enforcement.
- Developed and implemented methamphetamine Train the Trainer programs for eight regions of the state.
- Agents spent over 300 hours providing community drug awareness training to 4,900 adults and 1,800 children in 1999 and 2000.
- Continued CounterACT, a drug and alcohol education/prevention program, which targets fourth through sixth graders statewide.
- Hosted two summits on school safety, providing an overview of school safety issues to over 700 law enforcement officers, school officials, legislators, and counselors.
- Hosted five regional meetings for over 400 law enforcement, school officials, and legislators to discuss legal issues that school officials, law enforcement, and others involved with the student community face. including search and seizure, student rights, offender registration, juvenile confidentiality, information sharing, and the juvenile justice system.

- Increased sex offender registration from 994 sex offenders and offenders against children in July 1998, to 1,123 as of June 1, 2000.
- We now participate in the FBI's national sex offender registry database that allows for the transfer of registration data to the FBI, access to a national database of registered offenders, and that facilitates the movement of hard copy registration information to an on-line system for criminal justice agencies.
- Continued to utilize the Automated Fingerprint Identification System (AFIS) in a regional program with Minnesota and South Dakota. The system presently contains fingerprint images on approximately 65,000 persons.
- Acquired an additional \$1,082,710 in federal funds, through two grant applications, to improve criminal history records under the National Criminal History Improvement Program (NCHIP).
- Implemented the electronic submission of criminal fingerprint cards to the FBI. Upon entry into the computerized criminal history system, all criminal fingerprint cards, including both livescan and paper-based fingerprint submissions, are transferred electronically to the FBI.
- Implemented the use of six livescan fingerprinting units in several large jails that electronically capture fingerprint images and data and forward the information to the BCI. These units are located in Burleigh, Cass, Grand Forks, Stutsman and Ward counties. The sixth unit is located at the State Penitentiary.
- Began electronically forwarding all civil fingerprint cards (teacher certification, foster care, adoption, private security, legal guardian, public housing) to the FBI, reducing the waiting times for licensing agencies from approximately six weeks to just a few days.
- Processed approximately 11,000 requests each year from the general public for criminal history record information, an increase of 5,000 per year over the prior biennium.

#### **FUTURE DIRECTIONS:**

- Continue to implement a statewide strategy to curb increased usage and shut down the illicit manufacture of methamphetamine by continuing our association with the Midwest High Intensity Drug Trafficking Area.
- Continue to improve coordination between multijurisdictional task forces throughout the state.
- Become more proficient in the investigation of computer crimes.

- Establish a Medicare/Insurance Fraud Unit.
- Continue to promote and refine the statewide Law Enforcement Intelligence Network, and create a criminal intelligence bulletin for local, state, and federal criminal justice agencies.
- Provide specialized training on a regional basis to law enforcement agencies and others who work with the law enforcement community.
- In the final stages of making offender registration status information available on driver license files for law enforcement purposes.
- Fully implement the National Criminal History Records Improvement Program (NCHIP).
- Pursue additional links between the Criminal History Record System and other systems within the BCI and in other agencies including an electronic interface between criminal history records and the offender registration system, centralized warrant information system, and the concealed weapon permits. NCHIP will be the catalyst for a Hot File Network that will allow law enforcement access to a number of operational systems with a single inquiry.
- Finalize the link with the Integrated Automated Fingerprint Identification System (IAFIS) in order to share information with the Federal Bureau of Investigation to further expand searching capabilities.
- Establish connection with Rissnet, a regional criminal intelligence system, through Mid-states Organized Crime Information Center (MOCIC), and establish additional connections with other state intelligence agencies.
- Participate in a statewide integrated justice information system that is in the very early planning stages, and which is anticipated to be the new focus of such efforts in North Dakota.

## **FIRE MARSHAL**

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Ray Lambert, Fire Marshal

### **MAJOR FUNCTIONS AND DUTIES**

- Provide on-scene fire investigations to determine origin and cause of fires.
- Compile fire incident reports from across the state and generate statistics to enhance fire prevention efforts.
- Inspect public facilities for means and adequacy of exits in case of fire. The types of facilities inspected include childcare centers, schools, and public assemblies.
- Enforce laws relating to the installation and maintenance of fire extinguishing equipment and the storage and handling of flammable liquids, explosives, and liquefied petroleum gas.
- Provide on-scene emergency assistance for safe mitigation of hazardous materials releases.
- Develop and deliver training programs for arson detection, hazardous materials incident response, fire prevention, and code enforcement.

### **SIGNIFICANT ACCOMPLISHMENTS DURING 1999-01 BIENNIUM**

- Developed and delivered a new arson detection program for local firefighters and law enforcement personnel.
- Developed and delivered a new hazardous materials awareness program for local firefighters, Emergency Medical Services (EMS) personnel, and law enforcement.
- Improved fire prevention training in terms of delivery and quality and streamlined fire inspection programs for expansion into more public facilities.
- Developed and distributed a quarterly newsletter to the fire service.
- Developed and distributed a Fire Chief's Guide to local fire chiefs.
- Developed a successful and well-accepted school fire inspection program.
- Developed a detailed and thorough procedure for fire investigations and reports.

- Implemented an inspection workload prioritization system.
- Implemented the National Fire Incident Reporting System (NFIRS) that will benefit local fire departments, measure the effectiveness of fire prevention programs, and serve as a tool for future fire protection.
- Design and develop a fire prevention program for fire chiefs to deliver to local schools.

## **FUTURE DIRECTIONS**

- Develop and deliver a new Incident Command System overview to local firefighters, EMS personnel, and law enforcement.
- Implement a statewide fire prevention poster contest for school-age children.
- Design and distribute fire prevention awareness material (table tents) to public assembly buildings.
- Work in conjunction with the Insurance Department to show statistics indicating not only fire loss amounts but also property saved amounts.
- Continue to build stronger working relationships with citizens, fire departments, law enforcement, and other state/local agencies.
- Work on further development of fire prevention materials and inspection tools to assist local fire service agencies in promoting fire safety within their communities.
- Develop and deliver a new hazardous materials operations level program for local fire fighters, EMS personnel, and law enforcement.
- Continue to provide software and training to fire departments for the National Fire Incident Reporting System (NFIRS).

## INFORMATION TECHNOLOGY DIVISION

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Cher Thomas, Director

Computers can be used to track criminals, to sort information for trial and to help organize documents. For example in a recent trust case our computers and ability to use them proved instrumental in helping us to organize thousands of documents, including bank records. That case involved hours of depositions and seven weeks of trial spread over several months. Using computers to organize and store the information from the discovery, the depositions, and the trial allowed us to be prepared, to save the Court's time, and helped us win the case. Aside from prevailing, we also impressed the Judge with our ability to keep on top of the information and make our point quickly. We are currently requesting \$100,000 in costs and attorney's fees in that case and we believe there is a good likelihood the Court will award them to us. But the most important thing the computers allowed us to do was to save hundreds of thousands of dollars for North Dakota consumers.

Our computer timekeeping system allowed us to track the time our legal staff worked on the tobacco settlement. As a result we documented hundreds of thousands of dollars in legal work that was reimbursed. Unfortunately, our current system still requires us to run queries that are time consuming and are not 100% accurate. Updates to this system are long overdue and would make the timekeeping process more functional, not only for our staff, but also for our client agencies.

In one BCI case, the route of kidnappers was tracked from one state to the next by following the criminal's use of the victim's credit card. The Office of Attorney General worked with the National Crime Information Center (NCIC) and the credit card company to eventually locate and arrest the kidnappers.

For several years, the BCI and IT Divisions have been developing a program that will simultaneously search six different databases for information about a subject (person). This program will allow law enforcement to search the:

- Criminal History Record Information (CHRI) System
- Offender Registration
- Parole/Probation Information
- Central Warrant Information System (CWIS)
- Protection Order System, and
- Concealed Weapons

based on:

- Name
- Date of birth, and
- Social security number

Previously, either the information was not available, or law enforcement had to search each system individually. This program brings a lot of valuable information to the patrol officer in a very efficient manner.

The Automated Fingerprint Identification System (AFIS) is another very beneficial law enforcement tool that is supported by the IT Division. It allows law enforcement agencies to have access to a multi-state file of fingerprint images in a manner that is extremely fast and reliable. It has changed the way BCI manages its fingerprint-based criminal history record files, and has allowed the larger jails in the state to electronically transfer fingerprint images from "live-scan" equipment and receive responses while the fingerprint subject is still in custody. These are great improvements for the law enforcement community, and they require the ongoing assistance of the IT Division to assure that the systems remain interconnected and functioning properly.

Keeping the staff we have is very important. The demand for IT people exceeds the supply. The best computer staff to maintain a project is the computer staff that developed it. Keeping our staff is also important because of the diversity of programs we have in the Office of Attorney General. It takes time to learn all the systems and the software that is used.

We have staff that sue people, staff that arrest people, staff that return consumer moneys and staff that help local fire departments solve arsons and train firefighters and police officers. With the broad responsibilities of our office, our computer support staff must have a broad understanding of many subject areas and be able to support multiple applications used by many different users. In the past we have not had the staff to adequately maintain our systems. As a result many of our systems have deteriorated beyond repair or do not operate very well. In part, because of these issues, we welcomed the opportunity the Legislature gave us to have a thorough strategic planning effort.

We have spent considerable time and internal resources to develop the Office's strategic plan. Developing the plan is one thing; implementing it is quite another. We cannot implement the plan and maintain the systems without adequate staff, software, and hardware. If we cannot implement our plan our problems will grow and we will be at a competitive disadvantage with criminals and in court. As we progress with implementation of this plan, more information is being shared with other agencies and entities. When funding and personnel levels are not maintained, this affects our ability to support such information.

### **Information Technology Staff Funding**

In the Office's strategic plan we identified the hardware, software and personnel needed to support existing systems, and new projects. Complete implementation of the strategic plan requires 10 FTEs. We know that an increase in FTEs for new programs



is unlikely. However maintaining our current staff is vital. If we lose these staff positions, our systems will continue to deteriorate, and we will move backwards.

In the past federal funds have been available for such projects as the rewrite of the criminal history system under the National Criminal History Improvement Program (NCHIP). Like many federal programs, this program does not fund ongoing IT positions past the initial project implementation. The NCHIP efforts have connected many systems and allow the sharing of information where information could not previously be shared. The systems now in place require computer staff support 24 hours a day, seven days a week.

We appreciate the General Fund funding provided by the House for 1.5 of the 3.75 FTEs funded previously with dedicated federal funds relating to the NCHIP efforts. The positions are needed to maintain what has been built and to support the customers who utilize the system. The NCHIP moneys that have funded these positions are expected to end shortly as new criminal justice initiatives are identified and targeted by new federal programs.

#### **Uniform Crime Reporting Rewrite**

The Uniform Crime Reporting (UCR) program generates the crime statistics for the state of North Dakota.

This office needs to rewrite the UCR system that currently is partly microcomputer based, partly AS400 (minicomputer) based and partly mainframe based. The incident-based reporting system that was first put in place in 1991 is suffering aging problems, and many local law enforcement agencies are refusing to use it because of the many problems and the fact that it no longer meets their needs. If the agencies do not use it, the state cannot compile crime statistics.

#### **MAJOR FUNCTIONS AND DUTIES:**

- Provide computer support for three Bismarck locations and 10 remote sites.
- Provide and maintain computer applications for the major functions of the agency, allowing for the sharing of information as needed between divisions, other state agencies, and other entities.
- Provide strategic technological planning for the agency.
- Provide training for agency staff.
- Provide tools for agency staff that will make them more effective and efficient in their jobs.

- Provide agency staff with the computer equipment they need to perform their jobs.

#### **SIGNIFICANT ACCOMPLISHMENTS DURING THE 1999-01 BIENNIUM:**

- Attorney General Legal opinions were added to our home page.
- Year 2000 rollover of computers and computer systems was accomplished with minimal interruptions.
- The new Criminal History system was implemented successfully with interfaces to State Radio, Parole/Probation, the FBI and the livescan units across the state.
- The new Central Warrant Information System was successfully implemented.
- Protection and Restraining Orders data were transferred from the state mainframe to our agency network.
- A statewide fire incident reporting system that transfers information to a federal database was implemented.
- Provided 56K or T1 connectivity for all but two small BCI and Fire Marshal sites to increase their ability to share information.
- Converted from Microsoft Mail to Outlook office wide.
- Converted from Token ring Topology to Ethernet office wide, as required by Information Technology Division (ITD).
- Upgraded all computers to the Microsoft Office 2000 Suite software.

#### **FUTURE DIRECTIONS:**

- Continue to work with other law enforcement agencies to define and implement upgraded security that will allow us to share information safely between agencies and locations. Some of these agencies, such as the FBI, already have strict security regulations that we must adhere to if we are going to share information.
- Provide more information over the Internet in order to be responsive to our customers in a timelier and more efficient manner.
- Continue to rewrite the outdated, inefficient and deteriorating applications that are necessary, especially UCR and BCI Case Management.
- Retain and recruit competent and knowledgeable staff.

- Continue to stay current with hardware/software technology to be as efficient and effective as possible in providing information to our customers.

## **CONSUMER PROTECTION AND ANTITRUST (CPAT) DIVISION**

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Parrell Grossman, Director

### **MAJOR FUNCTIONS AND DUTIES:**

- Protect North Dakota consumers from misleading, deceptive, fraudulent and unfair business practices by enforcing the state's consumer fraud, false advertising and antitrust laws through the initiation of civil and criminal investigations and legal actions and the implementation of consumer education.
- Mediate consumer complaints between consumers and businesses.
- Educate North Dakota consumers on fraud prevention by conducting consumer fraud training and educational presentations and warning consumers through the media of current consumer fraud, scams and crimes.
- Coordinate criminal and civil investigations with local, state, and national law enforcement.
- Research state and federal consumer fraud and consumer law issues and assist legislators in the development and implementation of legislation.

### **SIGNIFICANT ACCOMPLISHMENTS DURING THE 1999-01 BIENNIUM:**

- Opened 2,796 consumer complaint and investigation files. Closed 2,738 consumer complaint and investigation files. These numbers are for the 1997-99 biennium.
- Recovered \$703,119 on behalf of consumers during the 1997-99 biennium.
- Conducted 23 civil or criminal consumer fraud and/or antitrust legal actions during the 1997-99 biennium.
- Collected \$317,423 in civil penalties (or payment in lieu of civil penalties), investigative costs and attorney's fees during the 1997-99 biennium.
- Conducted 99 consumer fraud prevention training and educational presentations to law enforcement, senior, professional, community, student and consumer groups throughout the state during the 1997-99 biennium.
- Continued participation in training programs called "Senior Antifraud Education" and "Senior Safety Academy" that teach law enforcement officers how to educate senior citizens in common consumer fraud scams and crimes.
- Continued the successful "Hang Up on Fraud" campaign in cooperation with the North Dakota Bankers Association. The program educates bank employees and encourages them to contact the Consumer Protection Division if there are any doubts about the legitimacy of offers being made to bank customers. Consumer

protection divisions of other Attorney General offices throughout the country have adopted this program.

- Sponsored and conducted, in coordination with the Attorney General's Consumer Education Advisory Committee, the fourth annual LifeSmarts competition, a game show style team competition testing the knowledge of high school students on consumer and life skills issues ranging from personal finances to health and technology. This competition emphasizes and encourages education in financial management and decision-making skills so necessary and critical for our youth.

#### **FUTURE DIRECTIONS:**

- Continue to educate and warn consumers of current consumer fraud scams and crimes.
- Continue to coordinate consumer education programs and training with private and public associations.
- Continue to develop and implement consumer education curriculum for high school juniors and seniors through the Attorney General's Consumer Education Advisory Committee and the North Dakota JumpStart Coalition for Personal Financial Literacy.
- Continue to target, prevent and prosecute costly telemarketing fraud upon senior citizens.
- Take enforcement action against out-of-state companies engaged in sophisticated, complex or technological fraudulent and deceptive practices such as Internet fraud.
- When appropriate and in the interests of North Dakota Consumers, participate in cooperative enforcement in multi-state and federal investigations, legal actions with other states and with federal agencies such as the Federal Trade Commission.
- Continue enforcement of telecommunications slamming and cramming violations in cooperation with such other state and federal agencies such as the Public Service Commission and the Federal Communications Commission.
- Continue to address new and recent consumer fraud issues such as identity theft, and possible unauthorized switching of electrical services upon deregulation of the electric industry.

## **GAMING DIVISION**

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Keith Lauer, Director

### **MAJOR FUNCTIONS AND DUTIES:**

- Administer, regulate, and enforce the charitable gaming industry.
- Perform financial and compliance office and field audits, process tax returns, and conduct background record checks.
- Provide outreach training to peace officers, executive board members, and employees.
- Assist the State Gaming Commission in adopting administrative rules and managing field tests of products and concepts.
- Ensure that Indian tribes comply with Tribal-State gaming compacts.

### **SIGNIFICANT ACCOMPLISHMENTS DURING THE 1999-01 BIENNIUM:**

- Worked with local law enforcement officials on cases of civil and criminal violations of the gaming law and rules. Issued administrative complaints.
- Reduced and simplified standard record-keeping system forms, tax returns, and instructions.
- Worked on the development of and are currently in the testing process of a new gaming computer information system.
- Issued a "Gaming Update" quarterly newsletter.
- Inspected manufacturing plants of manufacturers of pull-tabs and paper bingo cards.
- Performed financial and compliance office and field audits of organizations, distributors, and manufacturers. Audit programs were developed and updated.
- Processed quarterly gaming tax returns.
- Conducted background record checks on employees of organizations, distributors, and Indian gaming casinos, and on officers and stockholders of manufacturers and Indian casino management companies.
- Provided extensive outreach training to peace officers, executive boards members, and gaming employees.

- Assisted the State Gaming Commission in developing and adopting clear and concise administrative rules. Reformatted the administrative rules book in a condensed handbook.
- Hosted the 2000 fall conference of the Midwest Gaming Investigators & Regulators in Fargo.
- Assisted the Governor's office in revising the Tribal-State gaming compacts for technical corrections and clarifications.
- Worked with five Indian tribes to ensure compliance with Tribal-State gaming compacts.

#### **FUTURE DIRECTIONS:**

- Adopt bar-coded state gaming stamps to efficiently track games of pull-tabs, sports pool boards, calcuttas, punchboards, and series of paddlewheel ticket cards.
- Work with organizations and distributors to increase electronic filing of tax returns and sales invoices to improve efficiency and accuracy of reported information.
- Improve the tax return, quarterly report, and licensing computer processing systems.
- Develop guidelines for Certified Public Accounting (CPA) firms for conducting independent financial and compliance audits of organizations.
- Work with the 2001 Legislative Assembly to simplify and clarify the gaming laws.

#### **LICENSING SECTION**

LaVene Reinbold, Administrator

#### **MAJOR FUNCTIONS AND DUTIES:**

- Issues licenses for alcoholic beverage retailers; wholesale and retail tobacco product dealers; transient merchants; coin-operated amusement device operators, lessors, and distributors; fair boards; polygraph operators; gaming organizations, distributors, and manufacturers; and wholesale fireworks distributors.

#### **SIGNIFICANT ACCOMPLISHMENTS DURING THE 1999-01 BIENNIUM:**

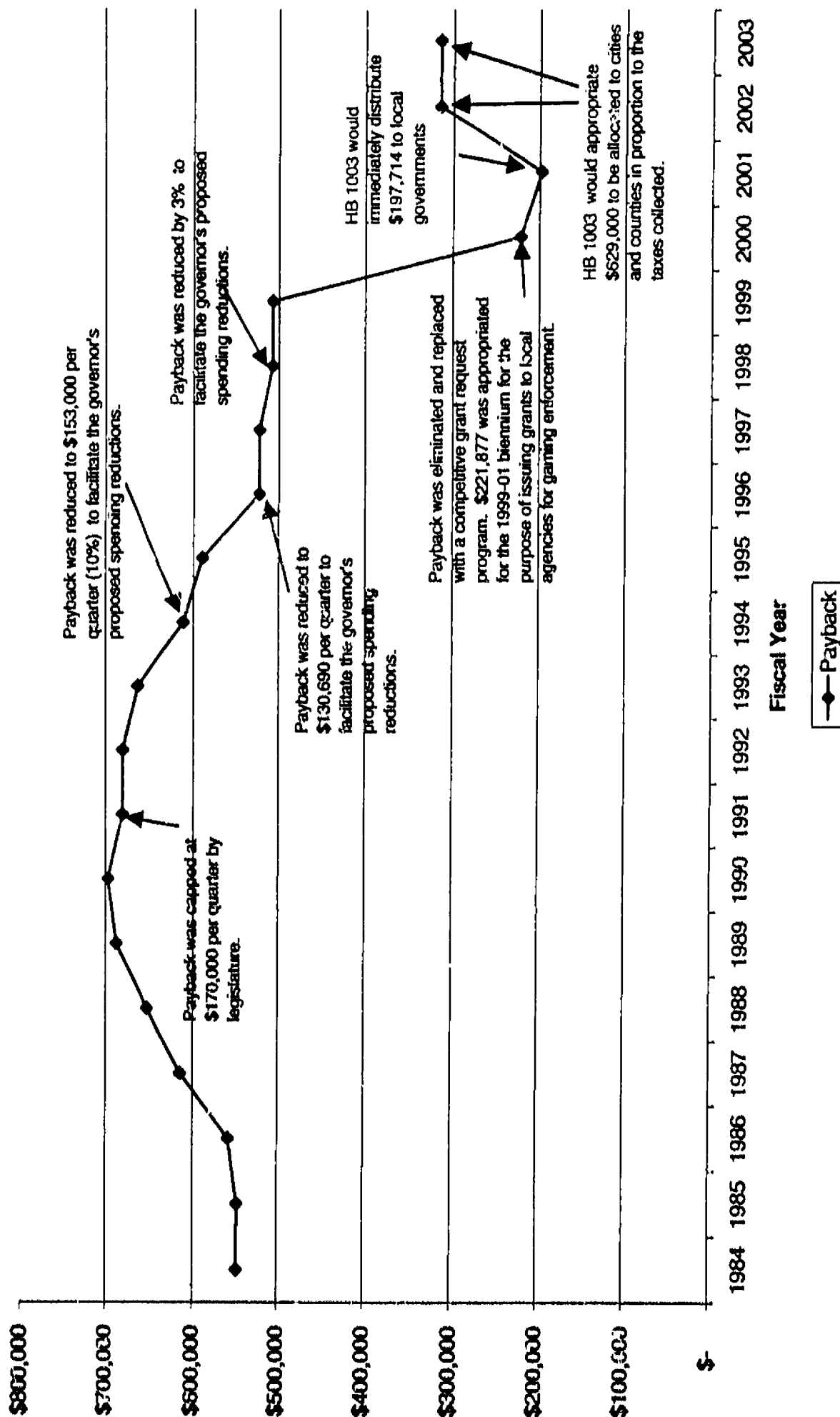
- Implemented the Licensing computer program re-write for all licensing information, licensing processing, and deposits into various state funds. This included additional

data input of information for organizations (i.e. corporations, limited liability companies, limited partnerships, etc.)

- Upgraded to laser-printed license renewal notices and licenses.
- Will collect about \$29,000,000 in taxes, license fees, and other revenue.



# Payback Monies to Local Agencies



## **Background Information on Local Gaming Enforcement Grants**

Starting July 1, 1983, a certain percent of the gaming taxes collected was paid back to cities and counties each quarter as local gaming enforcement grants. Each city and county received a share of the total grants based on the degree of gaming activity within that city or county compared to the statewide gaming activity.

For the 1983-85 through 1987-89 bienniums, due to growing gaming activity, the amount of local gaming enforcement grants automatically increased each biennium from \$1,096,000, to \$1,384,000. The 1989 legislature set the grants at a fixed amount each quarter. For the 1989-91 through 1997-99 bienniums, based on executive budget guidelines the amount of the grants decreased each biennium from \$1,360,000 to \$1,014,155. From 1983 through 1999, there was no accountability on the use of grants by cities and counties.

For the 1999-01 biennium, the amount of local gaming enforcement grants decreased from \$1,014,155 to \$221,877, a reduction of \$792,278. This reduction represented a major part of the budget reduction that the Office of Attorney General had to make based on executive budget guidelines. The office chose to reduce the grants rather than reduce vital human resources or operating expenses that were already too strained. To assist the cities and counties, the 1999 legislature directed the Emergency Commission to authorize the office to disburse up to \$310,086 in additional grants by making transfers between line items. The legislature also prescribed a grant application process to require cities and counties to apply and account for the use of the grants.

During the present biennium, the Office of Attorney General requested the Emergency Commission to approve \$197,714 in additional local gaming enforcement grants. If approved, the total amount of grants would be \$419,591 (\$221,877 plus \$197,714). The Budget Section did not approve the request and proposed that the office preserve the money so the 57<sup>th</sup> Legislative Assembly could specifically appropriate it as grants. However, the office had to transfer the money to the General Fund by June 30, 2000, but understood that the 57<sup>th</sup> Legislative Assembly would honor the Budget Section's request and appropriate \$197,714 in local law enforcement grants as an emergency measure. The House provided \$197,714 from the General Fund for local law enforcement gaming grants to be paid during the 1999-01 biennium.

For the 2001-03 biennium, the executive budget recommendation included \$419,591 for local law enforcement gaming grants. The House amended this amount to provide that 3% of the gaming and excise taxes be paid to the cities and counties based on the tax collections in those political subdivisions. The amended local law enforcement gaming grant amount as provided by the House is \$629,000.

Cities and counties use local gaming enforcement grants to employ law enforcement officers, purchase equipment and supplies, provide training, issue local permits and work permits, administration, inspect gaming sites, and conduct civil and criminal investigations (including illegal use of drugs, burglaries, thefts, and embezzlements that may indirectly relate to gaming). The involvement of local law enforcement officers on the front line is critical in achieving effective enforcement of the gaming law and rules.

## **RACING COMMISSION**

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Paul Bowlinger, Director of Racing

Since the House transferred the funding source for the Racing Commission from the General Fund to the special funds administered by the Racing Commission, this office has been inundated by phone calls from the horsemen concerned that these special funds by statute had been appropriated to benefit and promote horse racing, and not contribute to the regulatory aspect of horse racing. The Racing Commission office has received dozens of phone calls and with unanimity the horsemen have indicated that their position is horse racing has contributed its part to the General Fund through the tax on horse racing, and that the regulatory aspect of the industry should not be funded out of previously statutorily mandated funds directed to encourage the breeding, purse structure, and promotion of the industry.

### **MAJOR FUNCTIONS AND DUTIES:**

- License and regulate pari-mutuel racing at live tracks and at simulcast racing sites.
- Investigate and license all race participants and employees of live and simulcast racing.
- Promote live and simulcast racing and the breeding of racehorses within the state.
- Collect pari-mutuel taxes for deposit in the General Fund.
- Collect monies from the industry for deposit in three special funds and administer these funds: Breeders' Fund, Purse Fund, and Promotion Fund.

### **SIGNIFICANT ACCOMPLISHMENTS DURING THE 1999-01 BIENNIUM:**

- Generated in excess of \$5,400,000 to the General Fund to date for the 1999-2001 biennium, and at a minimum it is anticipated that no less than \$6,000,000 will be deposited in the General Fund during this biennium.
- Increased the number of North Dakota bred racehorses in the Breeders' Fund program to 1,798.
- Created and funded a system to construct and operate a new major racing facility at a proposed site.
- Funded the operation of a harness race meet in Bottineau, North Dakota benefiting the owners of Standard-bred horses.

- Funded and assisted in the operation of the race meet with the largest purse structure to date at a racing facility in Belcourt, North Dakota, benefiting the owners of North Dakota Quarterhorses and Thoroughbreds.
- Assisted with the operation and promotion of simulcast racing and opened a new site in Dickinson, North Dakota.

#### **FUTURE DIRECTIONS:**

- Assist in the completion, operation and regulation of a major racing facility as proposed.
- Continue to support live and simulcast racing in North Dakota with anticipated live meets in at least three locations and eight simulcast locations.
- Continue an affiliation with the national regulating authority to assure the integrity of the sport. Dues to this association will increase from \$3,000 to \$10,000 this biennium because of our increased simulcast handle.

NEW AND REPLACEMENT COMPUTERS INCLUDED IN THE 2001-03 BIENNIAL OFFICE OF ATTORNEY GENERAL BUDGET

Division	Priority	Qty	Unit Cost	Total Cost	Description	Purchase Type	Program	General Fund	Federal Funds	Other Funds	Total	Comments
INFO. TECHNOLOGY		41	2,000	82,000	100 Replacements (5	R	IT	82,000			82,000	
INFO. TECHNOLOGY		15	3,500	52,500	(Laptop replacements (5	R	IT	52,500			52,500	
INFO. TECHNOLOGY		1	15,000	15,000	Network server	R	IT	15,000			15,000	
BCI-FF		1	3,600	3,600	Laptop with docking station	R	CJIS		3,600		3,600	BCI-FF
BCI-FF		1	3,600	3,600	Laptop with docking station	R	CJIS		3,600		3,600	BCI-FF
BCI-FF		1	2,000	2,000	PC	R	CJIS		2,000		2,000	BCI-FF
BCI-FF		2	4,500	9,000	Laptop Cyber Crime Investigator	N	Networks		9,000		9,000	BCI-FF
BCI-FF		1	2,000	2,000	PC	R	Grants		2,000		2,000	BCI-FF
BCI-FF		1	2,000	2,000	PC	R	Grants		2,000		2,000	BCI-FF
BCI-FF		1	3,600	3,600	Laptop with docking station	R	Networks		3,600		3,600	BCI-FF
BCI-FF		1	2,000	2,000	PC	N	CJIS		2,000		2,000	BCI-FF
TOTAL COMPUTERS BUDGETED FOR 2001-03				177,900								
LESS SPECIAL LINE ITEM COMPUTERS				(22,400)								
NUMBER OF COMPUTERS IN EQUIPMENT LINE ITEM				155,500								

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OFFICE OF ATTORNEY GENERAL INFORMATION TECHNOLOGY - RELATED COSTS FOR THE 2001-03 BIENNIIUM

	TOTAL	GENERAL FUND	FEDERAL FUNDS	OTHER FUNDS	TOTAL ALL FUNDS
<u>INFORMATION TECHNOLOGY DIVISION (ITD)</u>					
ITD - DATA PROCESSING	496,648	323,623	-	173,025	496,648
ITD - TELECOMMUNICATIONS	244,420	170,594	19,040	54,786	244,420
TOTAL INFORMATION TECHNOLOGY DIVISION COSTS	741,068	494,217	19,040	227,811	741,068
<u>ATTORNEY GENERAL INFORMATION TECHNOLOGY DIVISION COSTS</u>					
IT-SOFTWARE/SUPPLIES	104,340	44,340	-	60,000	104,340
IT-CONTRACTUAL SERVICES	336,554	336,554	-	-	336,554
INFORMATION TECHNOLOGY DIVISION COSTS	440,894	380,894	-	60,000	440,894
TOTAL INFORMATION TECHNOLOGY - RELATED COSTS	1,181,962	875,111	19,040	287,811	1,181,962

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**Office of Attorney General**  
**Supplemental Information Regarding the Uniform Crime Report (UCR) funding for**  
**the Research Analyst and UCR Program Rewrite, Automated Fingerprint**  
**Identification System (AFIS) Costs, and One-Time Amounts**  
**Included in the 2001-03 Biennium Budget**

**2001-03 General Fund Request**

Research Analyst	\$86,055
Uniform Crime Report Program Rewrite	\$96,065

Two federal grant programs – the Local Law Enforcement Block Grant (LLEBG) Program and the Juvenile Accountability Incentive Block Grant (JAIBG) Program – are allocated to each state based on the reported Uniform Crime Report (UCR) data submitted to the FBI. The JAIBG funds are used to promote greater accountability in the juvenile justice system and the LLEBG funds are awarded to local units of government to improve public safety. Approximately \$2 million is awarded biennially to North Dakota through the LLEBG program and is used by communities to support law enforcement, enhance security measures in and around schools, establish or support drug courts, enhance the adjudication of violent offenders, and enhance crime prevention programs. An estimated \$3 million is awarded biennially through the JAIBG program, which is used by local units of government and the state to enhance and develop programming for juveniles placed in the juvenile justice system.

**Juvenile Accountability Incentive Block Grants Program**

The Juvenile Accountability Incentive Block Grants (JAIBG) program was designed to promote greater accountability in the juvenile justice system. Funds are available for 12 juvenile justice system related program purpose areas:

- Construction of juvenile detention or correctional facilities, including training of personnel.
- Accountability-based sanctions programs.
- Hiring of judges, probation officers, prosecutors, defenders and funding of pretrial services.
- Funding prosecutor-led drug, gang, and violence programs.
- Provision of technology, equipment, and training programs for prosecutors.
- Probation programs.
- Gun and drug courts.
- Information sharing systems.
- Accountability-based programs for law enforcement referrals or those that are designed to protect students and school personnel from drug, gang, and youth violence.

- Controlled substance testing (including interventions) for juveniles in the juvenile justice system.

#### Distribution to Units of Local Government

Absent a waiver, each State must distribute not less than 75 percent of its allocation among units of local government in the State. In making such distribution, the State will allocate funds among units of local government using a formula that combines law enforcement expenditures for each unit of local government and the average annual number of Uniform Crime Report Part I violent crime arrests reported by each unit of local government, for the three most recent calendar years for which data are available. Two-thirds of each unit of local government allocation is based on the law enforcement expenditure data and one-third on the reported violent crime arrest data, in a ratio based on the aggregate data for all units of general local government in the State. A unit of local government must qualify for a minimum of \$5,000 in order to be eligible to receive an award. The State will retain funds allocated to nonqualified units in order to provide services for their benefit or use. The State or local government recipient of a JAIBG award must contribute, in the form of a cash match, at least 10 percent of the total program cost. If JAIBG funds are used to construct a permanent juvenile corrections facility, the cash match must be at least 50 percent of total program costs. JAIBG program funds cannot be used to supplant State or local funds.

#### Juvenile Accountability Incentive Block Grants Program North Dakota Fiscal Year 1999 Awards

Recipient Jurisdiction	Allocation
------------------------	------------

#### ***Local Government Pass-through***

Barnes County	\$ 5,211
Bismarck, City of	44,208
Bowman County	30,381
Burleigh County	30,706
Devils Lake, City of	17,605
Fargo, City of	105,294
Grand Forks, City of	54,393
Grand Forks County	22,599
Jamestown, City of	12,528
LaMoure County	22,162
Mandan, City of	30,278
McLean County	10,744
Pierce County	8,628
Richland County	7,618
Walsh County	21,621
Ward County	52,276
Williams County	35,466
<b>Total Local Allocation</b>	<b>\$511,718</b>



### **State Allocation**

Department of Corrections and Rehabilitation	
Division of Juvenile Services	\$1,045,182
Total State Allocation	\$ 511,718
Total JAIBG Award for FY1999	\$1,556,900

### **Local Law Enforcement Block Grants (LLEBG) Program**

The Local Law Enforcement Block Grants (LLEBG) Program provides units of local government with funds to underwrite projects designed to reduce crime and improve public safety. Under the statutory provisions of the LLEBG Program, Bureau of Justice Assistance (BJA) sets aside funds to be awarded directly to units of local government within a state. BJA directly awards LLEBG funds to larger communities. The remaining funds in each state are distributed to individual programs and agencies by the chief executive officer.

The amounts awarded are proportionate to the state's average annual number of Uniform Crime Report (UCR) Part 1 violent crimes reported to the Federal Bureau of Investigation compared to the average for all other states for the three most recent calendar years. However, each state receives a minimum award of 0.25 percent of the total amount available for formula distribution.

By law, projects under this program must be funded in accordance with the following purpose areas: law enforcement support, enhance security measures in and around schools, establish or support drug courts, enhance the adjudication of violent offenders, establish multijurisdictional law enforcement task forces, enhance crime prevention programs, and defray the costs of indemnification insurance.

**Local Law Enforcement Block Grants Program**  
North Dakota Fiscal Year 2000 Awards

<b>Recipient Jurisdiction</b>	<b>Allocation</b>
Bismarck, City of	\$119,946
Cass County	16,476
Devils Lake, City of	36,248
Dickinson, City of	12,522
Fargo, City of	182,556
Grafton, City of	11,863
Grand Forks, City of	84,358
Grand Forks County	34,929
Jamestown, City of	34,270
Mandan, City of	131,150
Minot, City of	77,108
Morton County	12,522
Richland County	11,204
Stark County	19,771
State Of North Dakota	144,993
Wahpeton, City of	15,158
Ward County	19,112
West Fargo, City of	34,270
Williston, City of	17,794
<b>TOTAL</b>	<b>\$1,016,250</b>

**Uniform Crime Report Information**

In response to a question regarding the UCR and Criminal History systems, some reasons the Criminal History system is unable to generate UCR reports are as follows:

- UCR statistics report crimes committed, rather than the people who have committed crimes (this is maintained in the Criminal History system).
- Unlike UCR, Criminal History is unable to tie one person convicted of a crime to the same crime in which another person was also involved.
- UCR reports crimes for which there may not be an arrest. Criminal History maintains arrest information.
- Statistics for some crimes, like some Class B misdemeanors, are reported in UCR statistics but would not be entered into the Criminal History system.
- UCR collects data such as victims of the crime, and property/vehicles related to the crime. This information is unavailable in the Criminal History system.



### **One-Time Amounts Included in the 2001-03 Biennium Budget**

In reviewing the 2001-03 biennial budget, the only one-time amount included relates to the UCR rewrite. The 2001-03 biennial budget contains \$200,000 for the UCR rewrite. On a biennial basis, \$40,000 in General Fund moneys will be needed to maintain the UCR system, once it is rewritten.

Information regarding the Automated Fingerprint Identification System costs is attached.

**North Dakota Thoroughbred Association**

**PO Box 2496  
Bismarck, ND 58502  
(701) 222-3499**

March 14, 2001

**Members of the Senate Appropriations Committee:**

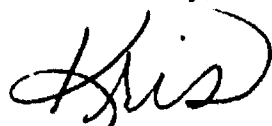
On behalf of the North Dakota Thoroughbred Association, I would like to thank you for taking the time to listen to our concerns regarding HB 1003.

As evidenced by our testimony, the horsemen in North Dakota feel very passionately about this proposed change in funding the Racing Commission office.

We hope that you will take our concerns into consideration as you deliberate this bill, and hope that the funding of the North Dakota Racing Commission office will continue to come from the general fund.

Thank you again for your time and consideration. If you would like further information or have any questions please feel free to contact our office or myself.

Sincerely,



**Kris Moen  
NDTA President**

Ken Pausch

COMMENTS TO ND APPROPRIATIONS COMMITTEE

RE: House Bill 1003, Section 9, funding for the  
North Dakota Racing Commission March 6, 2001

I am the co-chair for the Advisory Committee to the ND Horse Park. We are a group of volunteers that's has sought and been awarded \$1.5 million by the North Dakota Racing Commission for the State's first major live horse race track. We are closing in on an attractive parcel of land, that in concert with the City of Fargo, NDSU and our group, will allow a race track, barns for 400 horses, a covered grandstand with seating for 1500 people, and parking for 600 cars. The estimated cost of the project without land cost is \$3.2 million. We are over 1.5 million short of anticipated construction costs.

The 1987 and 1989 legislature established and defined the North Dakota Racing Commission under Chapter 53-06.2. A self funding mechanism was wisely adopted by the Legislature with input from the horse industry and has slowly been developing the live horse industry in the state to the point that the Racing Commission is now able to meet the mandate of the Century Code in 53.06.2-11 ... "to establish a special fund to assist in improving and upgrading race tracks in the state, for the promotion of horse racing in the state, and in developing new race tracks in the state as necessary."

The "Breed Fund," "Purse Fund" and "Promotion Fund" were each funded with one half of one per cent of all simulcasting and live horse wagering activity, to be used for development of the horse racing industry.

At the same time, the General Fund receives 2% to 2.5% from all wagering activity. During the current biennium, the General fund will have received \$5.4 million.

Our race track project in Fargo is now threatened because of HB 1003, Section 9. which removes the Racing Commission appropriation from the Attorney General's office, and instead takes the approximately \$290,000 operations cost of the legislatively mandated Racing Commission from the three funds set aside for the promotion of the industry. Our race track project is underfunded now. The proposed law change will jeopardize the North Dakota racing

industry, and makes it very unlikely that needed additional funding might be available for race track construction from the Racing Commission.

We have a success story in the making. The industry and the legislature came together and established a mechanism to fund an undeveloped industry in the state. The horse industry and horse racing is good for agriculture, tourism, and economic development. This industry is generating huge returns to the State General Fund. It is fair that the General Fund should fund the legislatively mandated regulatory functions of the Racing Commission. It is very short sided to make this change, which will ultimately result in reduced State revenue in future years.

The proposed live horse race track will generate over \$4.9 million in annual economic activity. The proposed track is threatened by the proposed legislation.

Please see that the \$290,000 appropriation for the Racing Commission is restored. This fledgling industry and North Dakota's first live horse race track cannot afford the loss of those funds.

Thank you for your consideration.

Sincerely,

Ken Pawluk  
Co-Chairman  
Advisory Committee for the ND Horse Park

Ken Pawluk  
2808 SW 28<sup>th</sup> Avenue  
Fargo, ND 58103  
701-238-1808  
email: [kpawluk@aol.com](mailto:kpawluk@aol.com)

HB 1003

CHAPTER 53-06.2  
PARIMUTUEL HORSE RACING

*attached to  
Ken Paulsen  
Chairman*

**53-06.2-01. Definitions.** As used in this chapter:

1. "Breeder's fund" means a fund, administered by the commission, established to financially reward breeders or owners of North Dakota bred horses to be paid in accordance with rules as approved by the commission.
2. "Certificate system" means the system of betting described in section 53-06.2-10.
3. "Charitable organization" means a nonprofit organization operated for the relief of poverty, distress, or other conditions of public concern in this state, and has been so engaged in this state for at least two years.
4. "Civic and service club" means a branch, lodge, or chapter of a nonprofit national or state organization that is authorized by its written constitution, charter, articles of incorporation, or bylaws to engage in a civic or service purpose in this state, and has so existed in this state for at least two years. The term includes a similar local nonprofit organization, not affiliated with a state or national organization, which is so recognized by a resolution adopted by the governing body of the local jurisdiction in which the organization conducts its principal activities, and which has existed in this state for at least two years.
5. "Commission" means the North Dakota racing commission.
6. "Director" means the director of the commission.
7. "Fraternal organization" means a nonprofit organization in this state, which is a branch, lodge, or chapter of a national or state organization and exists for the common business, brotherhood, or other interests of its members, and has so existed in this state for two years. The term does not include a college or high school fraternity.
8. "Local jurisdiction" means, with respect to a site inside the city limits of a city, that city, and with respect to a site not inside the city limits of a city, the county in which the site is located.
9. "Other public-spirited organization" means a nonprofit organization recognized by the governing body of the appropriate local jurisdiction by resolution as public-spirited and eligible under this chapter.
10. "Purse fund" means a fund, administered by the commission, established to supplement and improve purses offered at racetracks within the state.
11. "Racing" means live or simulcast horse racing under the certificate system or simulcast dog racing under the certificate system.
12. "Religious organization" means a nonprofit organization, church, body of communicants, or group gathered in common membership for mutual support and edification in piety, worship, and religious observances, and which has been so gathered or united in this state for at least two years.
13. "Veterans' organization" means a congressionally chartered organization in this state, or a branch, lodge, or chapter of a nonprofit national or state organization in this state, the membership of which consists of individuals who were members of the

armed services or forces of the United States, and which has so been in existence in this state for at least two years.

**53-06.2-02. Racing commission - Members - Appointment - Term - Qualifications - Compensation.**

1. A North Dakota racing commission is established in the office of the attorney general. The commission consists of the chairman and four other members appointed by the governor. Of the members appointed by the governor, one must be appointed from a list of four nominees, one of whom is nominated by the state chapter or affiliate of the American quarter horse racing association, one of whom is nominated by the state chapter or affiliate of the United States trotting association, one of whom is nominated by the state chapter or affiliate of the international Arabian horse association, and one of whom is nominated by the state chapter or affiliate of the North Dakota thoroughbred association. The members serve five-year terms and until a successor is appointed and qualified. A member appointed to fill a vacancy arising from other than the natural expiration of a term serves only for the unexpired portion of the term. The terms of the commissioners must be staggered so that one term expires each July first. At the expiration of the five-year term of each incumbent member of the commission, the governor shall appoint a new member to the commission.
2. A person is ineligible for appointment to the commission if that person has not been a resident of this state for at least two years before the date of appointment. A person is also ineligible if that person is not of such character and reputation as to promote public confidence in the administration of racing in this state. A person who has a financial interest in racing cannot be a member of the commission and cannot be employed by the commission. Failure to maintain compliance with this subsection is grounds for removal from the commission or from employment with the commission. For purposes of this section, a person has a financial interest in racing if that person has an ownership interest in horses running at live or simulcast meets conducted or shown in this state subject to this chapter or rules of the commission, is required to be licensed under this chapter or the rules of the commission, or who derives any direct financial benefit from racing, individually or by or through an entity or other person, as regulated by this chapter or the rules of the commission.
3. Commission members are entitled to forty dollars per day for compensation, and mileage and expense reimbursement as allowed to other state employees.

**53-06.2-03. Director of racing - Appointment - Qualifications - Salary - Duties - Other personnel.**

1. The commission shall appoint a director of racing. The commission shall establish the director's qualifications and salary.
2. The director shall devote such time to the duties of the office as the commission may prescribe. The director is the executive officer of the commission and shall enforce the rules and orders of the commission. The director shall perform other duties the commission prescribes.
3. The director may employ other persons as authorized by the commission.

**53-06.2-04. Duties of commission. The commission shall:**

1. Provide for racing under the certificate system.
2. Set racing dates.



3. Adopt rules for effectively preventing the use of any substance, compound items, or combinations of any medicine, narcotic, stimulant, depressant, or anesthetic which could alter the normal performance of a racehorse, unless specifically authorized by the commission.
4. Supervise and check the making of parimutuel pools, parimutuel machines, and equipment at all races held under the certificate system.
5. Adopt rules governing, restricting, or regulating bids on licensees' concessions and leases on equipment.
6. Consider all proposed extensions, additions, or improvements to the buildings, stables, or tracks on property owned or leased by a licensee.
7. Exclude from racetracks or simulcast parimutuel wagering facilities any person who violates any rule of the commission or any law.
8. Determine the cost of inspections performed under subsection 3 of section 53-06.2-05 and require the licensee to pay that cost.

**53-06.2-05. Powers of commission.** The commission may:

1. Compel the production of all documents showing the receipts and disbursements of any licensee and determine the manner in which such financial records are to be kept.
2. Investigate the operations of any licensee and enter any vehicle or place of business, residence, storage, or racing of any licensee on the grounds of a licensed association to determine whether there has been compliance with the provisions of this chapter and rules adopted under this chapter, and to discover and seize any evidence of noncompliance.
3. Request appropriate state officials to perform inspections necessary for the health and safety of spectators, employees, participants, and horses that are lawfully on a racetrack.
4. License all participants in the racing and simulcast parimutuel wagering industry and require and obtain information the commission deems necessary from license applicants. The commission may obtain from the bureau of criminal investigation, without charge, criminal history record information as required in the licensing process.
5. Receive moneys from the North Dakota horse racing foundation for deposit in the purse fund, breeders' fund, or racing promotion fund in accordance with subsection 6 of section 53-06.2-11.
6. Adopt additional rules for the administration, implementation, and regulation of activities conducted pursuant to this chapter.

**53-06.2-06. Organizations eligible to conduct racing and simulcast parimutuel wagering.** Civic and service clubs, charitable, fraternal, religious, and veterans' organizations, and other public-spirited organizations may be licensed to conduct racing and simulcast parimutuel wagering as authorized by this chapter.

**53-06.2-07. Issuance of licenses - Applications.**

1. On compliance by an applicant with this chapter, the commission may issue a license to conduct races.

2. An application for a license to conduct a racing meet must be signed under oath and filed with the commission. The application must contain at least the following:
  - a. The name and post-office address of the applicant.
  - b. The location of the racetrack and whether it is owned or leased. If the racetrack is leased, a copy of the lease must be included.
  - c. A statement of the applicant's previous history and association sufficient to establish that the applicant is an eligible organization.
  - d. The time, place, and number of days the racing meet is proposed to be conducted.
  - e. The type of racing to be conducted.
  - f. Other information the commission requires.
3. At least thirty days before the commission issues or renews a license to conduct races, the applicant shall deliver a complete copy of the application to the local jurisdiction governing body. The application to the commission must include a certificate verified by a representative of the applicant, indicating delivery of the application copy to the governing body. If the governing body of the local jurisdiction adopts a resolution disapproving the application for license or renewal and so informs the director within thirty days of receiving a copy of the application, the license to conduct races may not be issued or renewed.

**53-06.2-08. License authorization and fees.**

1. Each license issued under the certificate system must describe the place, track, or racecourse at which the licensee may hold races. Every license must specify the number of days the licensed races may continue, the hours during which racing may be conducted, and the number of races that may be held each day. Races authorized under this chapter may be held during the hours approved by the commission, and within the hours permitted by state law.
2. The commission may charge a license fee for racing commensurate with the size and attendance of the race meet. The commission shall remit license fees to the state treasurer for deposit in the general fund.
3. Each applicant for a license under this chapter shall give bond payable to this state with good security as approved by the commission. The bond must be in the amount the commission determines will adequately protect the amount normally due and owing to this state in a regular payment period or, in the case of new or altered conditions, based on the projected revenues.
4. The commission may grant licenses to horse owners, jockeys, riders, agents, trainers, grooms, stable foremen, exercise workers, veterinarians, valets, concessionaires, service providers, employees of racing associations, and such other persons as determined by the commission. License fees are as established by the commission.
5. The commission may establish the period of time for which licenses issued under this chapter are valid.

**53-06.2-09. Allotment of racing days.** If an applicant is eligible to receive a license under this chapter, the commission shall fix the racing days that are allotted to that applicant and issue a license for the holding of racing meets.

**53-06.2-10. Certificate system - Rules.** The certificate system allows a licensee to receive money from any person present at a live horse race, simulcast horse race, or simulcast dog race who desires to bet on any entry in that race. A person betting on an entry to win acquires an interest in the total money bet on all entries in the race, in proportion to the amount of money bet by that person, under rules adopted by the commission. The licensee shall receive the bets and for each bet shall issue a certificate to the bettor on which is at least shown the number of the race, the amount bet, and the number or name of the entry selected by the bettor. The commission may adopt rules for place, show, quinella, combination, or other types of betting usually connected with racing.

**53-06.2-10.1. Simulcast wagering.** In addition to racing under the certificate system, as authorized by this chapter, and conducted upon the premises of a racetrack, simulcast parimutuel wagering may be conducted in accordance with this chapter and interim standards that need not comply with chapter 28-32, or rules adopted by the commission under this chapter. Any organization qualified under section 53-06.2-06 to conduct racing may make written application to the commission for the conduct of simulcast parimutuel wagering on races held at licensed racetracks inside the state or racetracks outside the state, or both. Notwithstanding any other provision of this chapter, the commission may authorize any licensee to participate in interstate or international combined wagering pools with one or more other racing jurisdictions. Any time that a licensee participates in an interstate or international combined pool, the licensee, as prescribed by the commission, may adopt the take-out of the host jurisdiction or facility. The commission may permit a licensee to use one or more of its races or simulcast programs for an interstate or international combined wagering pool at locations outside its jurisdiction, and may allow parimutuel pools in other states to be combined with parimutuel pools in its jurisdiction for the purpose of establishing an interstate or international combined wagering pool. The participation by a licensee in a combined interstate or international wagering pool does not cause that licensee to be considered to be doing business in any jurisdiction other than the jurisdiction in which the licensee is physically located. Parimutuel taxes or commissions may not be imposed on any amounts wagered in an interstate or international combined wagering pool other than amounts wagered within this jurisdiction. Breakage for interstate or international combined wagering pools must be calculated in accordance with the statutes or rules of the host jurisdiction, and must be distributed among the participating jurisdictions in a manner agreed to among the jurisdictions.

**53-06.2-11. Bet payoff formulas - Uses by licensee of funds in excess of expenses - Payment to general fund.**

1. For each day of a live race meet or a simulcast day in this state on win, place, and show parimutuel pools, the licensee shall deduct up to twenty percent of the total win, place, and show pool. The licensee may retain seventeen percent for expenses. One-half of one percent must be paid to the North Dakota racing commission to be used for the North Dakota purse fund. One-half of one percent must be paid to the North Dakota racing commission to be used for the North Dakota breeders' fund for the respective breed of horses racing at that meet. The remaining two percent must be paid to the state treasurer to be deposited in the general fund.
2. For each day of a live race meet or a simulcast day in this state for each daily double, quinella, exacta, trifecta, or other wager combining two or more horses for winning payoffs, the licensee shall deduct up to twenty-five percent of each wagering pool. Of this amount, the licensee may retain twenty-one percent for expenses. One-half of one percent must be paid to the commission to be deposited in the purse fund. One-half of one percent must be paid to the commission to be deposited in the promotion fund. One-half of one percent must be paid to the commission to be deposited in the breeders' fund. The remaining two and one-half percent must be paid to the state treasurer to be deposited in the general fund.
3. Unclaimed bets and breakage from each live race meet and simulcast program as defined by the commission and the percentage of the wagering pool to be paid to the

racetrack promotion fund under subsections 1 and 2 must be retained by the commission in a special fund to assist in improving and upgrading racetracks in the state, for the promotion of horse racing within the state, and in developing new racetracks in the state as necessary and approved by the commission. Notwithstanding this section, the commission may, upon approval of the emergency commission, receive no more than twenty-five percent of this fund for the purpose of payment of operating expenses of the commission.

4. The licensee conducting a live race meet or simulcast program shall retain all other money in the pari-mutuel pool and pay it to bettors holding winning tickets as provided by rules adopted by the commission.
5. A licensee may not use any of the portion deducted for expenses under subsections 1 and 2 for expenses not directly incurred by the licensee in conducting pari-mutuel racing under the certificate system. After paying qualifying expenses, the licensee shall use the remainder of the amount so withheld only for eligible uses allowed to charitable gambling organizations under subsection 6 of section 53-06.1-01.
6. The racing commission shall deposit the moneys received pursuant to subsections 1, 2, and 3 and from the North Dakota horse racing foundation pursuant to subsection 5 of section 53-06.2-05 in three special funds in the state treasury. These funds must be known as the breeders' fund, the purse fund, and the racing promotion fund. Moneys, and any earnings on the moneys, in the breeders' fund, purse fund, and racing promotion fund are appropriated to the commission on a continuing basis to carry out the purposes of those funds under this chapter and must be administered and disbursed in accordance with rules adopted by the commission.

**53-06.2-12. Audits and investigations by state auditor.** On request of the commission, the state auditor shall conduct audits and investigate the operations of any licensee. The commission shall reimburse the state auditor for all services rendered.

**53-06.2-13. Duty of attorney general to participate in certain hearings - Employment of private counsel by commission.** The attorney general shall represent the state in all hearings before the commission and shall prosecute all criminal proceedings arising from violations of this chapter. The commission may employ private counsel for adoption of rules and to ensure that its hearings are conducted fairly.

**53-06.2-14. Denial, suspension, and revocation of licenses - Reasons.** The commission may deny, suspend, or revoke licenses under the certificate system and privileges granted by it, and it may terminate racing privileges for just cause. Actions constituting just cause include:

1. Any action or attempted action by a person contrary to any law.
2. Corrupt practices, which include:
  - a. Prearranging or attempting to prearrange the order of finish of a race.
  - b. Failing to properly pay winnings to a bettor or to properly return change to a bettor purchasing a ticket.
  - c. Falsifying or manipulating the odds on any entrant in a race.
3. Any violation of the rules of racing adopted by the commission.
4. Willful falsification or misstatement of fact in an application for racing privileges.

5. Material false statement to a racing official or to the commission.
6. Willful disobedience of a commission order or of a lawful order of a racing official other than a commission member.
7. Continued failure or inability to meet financial obligations connected with racing meets.
8. Failure or inability to properly maintain a racetrack.

**53-06.2-15. Revocation, suspension, fine - Procedure.** The commission, on proof of violation by a licensee, its agents or employees, of this chapter or any rule adopted by the commission may, on reasonable notice to the licensee and after giving the licensee an opportunity to be heard, fine the licensee or revoke or suspend the license. If the license is revoked, the licensee is not eligible to receive another license within twelve months from the date of revocation. Every decision or order of the commission must be made in writing and filed with the director for preservation as a permanent record of the commission. The decision must be signed by the chairman, attested by the director, and dated.

**53-06.2-16. Prohibited acts - Penalties.**

1. No person may conduct a pari-mutuel horse race unless that person is licensed by the commission. Violation of this subsection is a class A misdemeanor.
2. No person may prearrange or attempt to prearrange the order of finish of a race. Violation of this subsection is a class C felony.

CHAPTER 69.5-01-09  
NORTH DAKOTA BREEDERS FUND

Section	
69.5-01-09-01	Definition of Accredited North Dakota-Bred
69.5-01-09-02	Registration of North Dakota-Bred Horse
69.5-01-09-03	Administration of North Dakota-Bred Program
69.5-01-09-04	Registration Required for North Dakota-Bred Eligibility
69.5-01-09-05	Decision as to Eligibility of North Dakota-Bred
69.5-01-09-06	False Statement Concerning North Dakota-Bred Registration
69.5-01-09-07	North Dakota-Bred Racing Program
69.5-01-09-08	Change of Ownership
69.5-01-09-09	Establishment of North Dakota-Bred Added Money and Award Payments at a Race Meeting
69.5-01-09-10	Distribution of Funds for North Dakota-Bred Parimutuel Races
69.5-01-09-11	Open Company Wins Awards
69.5-01-09-12	Special Interim Clause
69.5-01-09-13	Guidelines of a Major Racing Facility

## 69.5-01-09-01. Definition of accredited North Dakota-bred.

1. "Breeder" means the owner or lessee of the dam at the time of foaling in North Dakota.
2. "North Dakota-foaled" means a horse foaled in North Dakota.
3. "North Dakota-bred" means:
  - a. A foal born in North Dakota out of a mare registered with a North Dakota racing commission that was in North Dakota:
    - (1) On or before January first of the year foaled;
    - (2) Within six months after her last breeding date; or
    - (3) Within twenty-one days after the date of a bona fide purchase or lease transaction, whichever of those dates is the latest, and providing that mare remained physically within the boundaries of North Dakota until foaling; or
  - b. A foal born within the boundaries of North Dakota out of a mare registered with the North Dakota racing commission that is bred back to a North Dakota-based sire.

4. In a case involving extraordinary circumstances, the North Dakota racing commission or designated registering agency retains the right to allow or disallow the registration of a foal as North Dakota-bred at their sole discretion.
5. The requirements of subsections 1 through 4 apply to all breeds. The breeder of an accredited North Dakota-bred foal is the owner or lessee of the dam at the time of foaling. The owner of an accredited North Dakota-bred stallion, for the purpose of qualifying for stallion awards, is the owner or lessee of record at the time the offspring is conceived.

History: Effective January 1, 1990.

General Authority: NDCC 53-06.2-04, 53-06.2-05

Law Implemented: NDCC 53-06.2-11

69.5-01-09-02. Registration of North Dakota-bred horse.

1. The breeder or owner of a North Dakota-bred horse shall register such horse with the North Dakota racing commission. The commission may contract with and designate an official registering agency to implement the registration of North Dakota-bred horses.
2. Any foal born prior to January 1, 1991, may be registered with the North Dakota racing commission and be eligible for North Dakota-bred fund awards if the breed registry papers of the foal show North Dakota as the birth state of said foal. All foals born after January 1, 1991, will have to comply with the complete body of administrative rules for the North Dakota breeders fund.

History: Effective January 1, 1990.

General Authority: NDCC 53-06.2-04, 53-06.2-05

Law Implemented: NDCC 53-06.2-11

69.5-01-09-03. Administration of North Dakota-bred program.

1. The North Dakota racing commission shall deduct one half of one percent from each parimutuel pool resulting from a licensed race meet or simulcast display for the purpose of providing a North Dakota breeders fund as provided for by North Dakota Century Code section 53-06.2-11. All moneys held in the fund must be separately invested and reinvested in government obligations, certificates of deposit, or bank deposit accounts or trust companies organized under the laws of the United States of America or state thereof; or any combination thereof, provided that such certificates of deposit must be insured by the federal deposit insurance corporation or the federal savings and loan insurance corporation. The executive director of the commission is

responsible for the timely deposit of all revenue derived from the breeders fund take out and shall keep accurate records of deposits and disbursements.

2. The management procedure, rules, fee schedules, registration forms, publications, and all other instruments necessary to the operation of the North Dakota-bred program by the official registering agency are subject to the review and approval of the commission. The commission must be provided copies of the completed registration forms for all horses entered in the North Dakota-bred program, or the North Dakota stallion or broodmare registry. The official registering agency shall provide the commission with a financial accounting of the North Dakota-bred program by a certified public accountant within thirty days of the end of the commission's fiscal year. Costs of administering this program will be funded by a deduction of no more than five percent of the yearly accumulated breeders' fund.
3. There is hereby created an advisory committee of seven persons to advise the commission relative to the North Dakota breeders fund. The committee must be composed of members of the North Dakota horse breed associations, the North Dakota licensed racetracks, and one member of the betting public. Committee members shall serve without compensation. Appointments must be made by the commission and terms of office must be for three years, with the initial appointments to be made so that three members serve for three years, two members serve two years, and two members serve for one year. Vacancies, when occurring, must be filled by the commission for the remainder of the term of any said vacancy.
4. Any person who desires to contest the accuracy of the commission's records or accounting of the breed fund distribution in any one year shall file a written claim with the commission prior to the end of the calendar year. The written claim must state the basis for the claim.

History: Effective January 1, 1990.

General Authority: NOCC 53-06.2-04, 53-06.2-05

Law Implemented: NOCC 53-06.2-11

69.5-01-09-04. Registration required for North Dakota-bred eligibility.

1. Broodmare registration. A broodmare must meet the qualifications as outlined in section 69.5-01-09-01. In addition, the broodmare must meet the following conditions:
  - a. The broodmare must be in North Dakota and registered by January first of the year foaled, or within twenty-one



days after the date of a bona fide purchase or lease transaction.

- b. A broodmare brought in to foal and to be bred back to a North Dakota-based stallion will be required to be registered prior to foaling.
  - c. The broodmare's original registration certificate must be received by the North Dakota racing commission or designated official registering agency.
  - d. Failure to properly register the broodmare, as outlined in section 69.5-01-09-01, will disqualify any subsequent claims for breeder award payments, or for the foal to be registered as North Dakota-bred.
  - e. Should it be impossible to breed a mare due to injury or disease, her foal will be registered as North Dakota-bred provided the mare resides in North Dakota for four consecutive months from the time of entering North Dakota for foaling purposes.
  - f. Should it be impossible to breed a mare to the contracted North Dakota-based stallion due to death, injury, disease, or impotency of said stallion, her foal will be registered as North Dakota-bred provided a copy of the stallion contract is filed with the North Dakota racing commission or designated official registering agency.
2. Stallion registration. To be eligible to receive any stallion award payments, the following requirements must be met:
- a. Stallions must be in North Dakota and registered or the registration renewed with the North Dakota racing commission or official registering agency by January first of the current breeding year. The stallion's original registration certificate must be received by the North Dakota racing commission or official registering agency. If the stallion is leased, a copy of the lease must accompany the registration application. The lease must include a statement that the lessee is authorized to sign the breeding certificate.
  - b. Stallions must remain in North Dakota for the entire breeding season from January first to July thirty-first.
  - c. A newly acquired stallion which has not been in North Dakota for breeding purposes before January first of the current breeding season may be eligible for stallion awards if the stallion has been properly registered with the commission prior to servicing any mare and the stallion has not serviced any mare after December thirty-first of the proceeding year.

3. Foal registration and certification. For a horse foaled in North Dakota to be registered and subsequently certified as a North Dakota-bred, the following requirements must be met:
- a. Within thirty days of the date the horse has foaled in North Dakota, the foal must be registered with the North Dakota racing commission or official registering agency. The registration form must be provided by the commission and must contain the following information: The date, the name and registration number and owner's name of the foaling dam, the date that the foal was born, an owner's statement that the foal was born in North Dakota, four photographs clearly showing front, back, and both sides of the registered foal, and any other information the commission may require.
  - b. Failure to properly register the foal with the North Dakota racing commission within thirty days of foaling will disqualify any subsequent claim to register the foal as North Dakota-bred.
  - c. An investigator appointed by the commission shall have access to the premises on which qualified mares, North Dakota registered stallions, and North Dakota-bred foals or horses are kept. The investigator shall perform random inspections of North Dakota registered foals as required by the commission.
  - d. The original foal certificate must be embossed by the commission or official registering agency prior to entry into any restricted race.
  - e. Failure to have foal certificate embossed shall disqualify any claim to enter the horse in a restricted race or to earn any breeder's fund payments.
  - f. The owner of a North Dakota registered mare leaving the state prior to ninety days after foaling must notify the registering agency ten days before shipping.
  - g. The foal of a mare registered with the North Dakota registry, but owned by an out-of-state individual or corporation, will be required to be inspected by an investigator appointed by the commission at the expense of the owner.

History: Effective January 1, 1990.

General Authority: NDCC 53-06.2-04, 53-06.2-05

Law Implemented: NDCC 53-06.2-11

69.5-01-09-05. Decision as to eligibility of North Dakota-bred. Questions as to the registration, eligibility for registration, or

breeding of a North Dakota-bred horse must be decided by the North Dakota racing commission or official registering agency. The official registering agency may demand and inspect any registration certificate or record of a North Dakota breeder and may require affidavits in support of any claim for North Dakota-bred registration. Concerning questions as to parentage, the official registering agency may require blood typing of the horse in question, as well as its sire and dam. Such blood typing must be done by an organization approved by the official registering agency. The results of this test may be taken into consideration by the official registering agency in its determination of the horse's parentage. A decision of the official registering agency is subject to review by the commission, which retains the right to make the final decision as any right or liability under this article.

History: Effective January 1, 1990.

General Authority: NDCC 53-06.2-04, 53-06.2-05

Law Implemented: NDCC 53-06.2-11

69.5-01-09-06. False statement concerning North Dakota-bred registration. Any person who fails to disclose, or states falsely any information required in the registration process of the North Dakota-bred program, may be subject to penalties at the discretion of the commission. Owners and breeders of certified North Dakota-breds who shall receive an owner's bonus, or breeder's award, shall refund to the North Dakota breeders fund any amount so received in the event it is later determined that any information provided to the association during the certification process which formed the basis for certification as a North Dakota-bred was incorrect or untrue. Such penalties may also include disqualification and exclusion from the North Dakota-bred program of both the horses and persons involved in the dispute.

History: Effective January 1, 1990.

General Authority: NDCC 53-06.2-04, 53-06.2-05

Law Implemented: NDCC 53-06.2-11

69.5-01-09-07. North Dakota-bred racing program. Any organization licensed by the commission to conduct a race meeting with parimutuel wagering shall provide a North Dakota-bred program and publish such conditions in the condition book prior to the commencement of the race meeting. Prior to publication and distribution of the condition book, the commission shall review and approve the North Dakota-bred racing program. Any changes thereto must be filed with the commission and none may substantially deviate from the conditions previously published, unless approved by the commission.

The racing secretary at each racetrack shall be required to write and offer no less than an average of one race each day for accredited North Dakota-bred horses. If the race meeting being conducted is a mixed race meeting, there shall be no less than an average of one race each day per major breed racing (thoroughbred, quarter horses, or standard breeds) for accredited North Dakota-bred horses. In the event

a race does not fill, a race may be opened up with North Dakota-bred horses preferred. For the purposes of this clause, a full gate shall consist of six or more horses. All entries must be publicly posted in the race office whether the race fills or not.

History: Effective January 1, 1990.

General Authority: NDCC 53-06.2-04, 53-06.2-05

Law Implemented: NDCC 53-06.2-11

69.5-01-09-08. Change of ownership. Upon transfer of ownership of a North Dakota-bred horse, it is the responsibility of the current owner (purchaser) to notify the North Dakota-bred registering agency of any change.

History: Effective January 1, 1990.

General Authority: NDCC 53-06.2-04, 53-06.2-05

Law Implemented: NDCC 53-06.2-11

69.5-01-09-09. Establishment of North Dakota-bred added money and award payments at a race meeting. The commission shall establish North Dakota-bred added money and award payment levels for accredited North Dakota-bred maiden, claiming, allowance, and stakes races at commission licensed race meetings and authorize increases and decreases in those levels as the commission deems appropriate with respect to funds available in the North Dakota breeders fund.

History: Effective January 1, 1990.

General Authority: NDCC 53-06.2-04, 53-06.2-05

Law Implemented: NDCC 53-06.2-11

69.5-01-09-10. Distribution of funds for North Dakota-bred parimutuel races.

- X 1. The distribution of the North Dakota breeders fund must be as follows:
- a. Sixty-five percent as purse supplements to owners of winning accredited North Dakota-bred horses in certain races established in section 69.5-01-09-09;
  - b. Thirty percent to the breeders of winning accredited North Dakota-bred horses for broodmare awards; and
  - c. Five percent to the owner of the sires of winning accredited North Dakota-bred horses for stallion awards.
2. The official order-of-finish distribution amounts accredited must be as follows:

- a. Fifty percent total to the winning accredited North Dakota-bred horse and the accredited North Dakota-bred broodmare and sire of such horse, if any;
- b. Thirty percent of the place accredited North Dakota-bred horse and the accredited North Dakota-bred horse broodmare and sire of such horse, if any;
- c. Twenty percent of the show accredited North Dakota-bred horse and the accredited North Dakota-bred broodmare and sire of such horse, if any; and
- d. Classification of races for distribution as provided in this section will be:

- Class 1 - Futurities, derbies, allowance, handicaps, and stakes.
- Class 2 - All claiming races over five thousand dollars claiming.
- Class 3 - Claiming races up to and including five thousand dollars claiming.
- Class 4 - All trials, maiden, and maiden/claiming races.

Percentages to be allotted to each class will be determined by the North Dakota racing commission which shall seek the advice of and consult with the industry.

Suggested starting percentages are as follows:

- Class 1 - Twenty percent.
- Class 2 - Forty-three percent.
- Class 3 - Twenty-seven percent.
- Class 4 - Ten percent.

3. Award checks must have imprinted on them "This check is void if not cashed within sixty days after date of issuance". This statement is binding and checks not cashed within sixty days of issuance shall revert to the commission to be held over and added to the total amount of award to be distributed to that breed the following year with the following exception: In the event the commission is unable to locate an award recipient by United States first-class mail, the commission shall be given an additional six months beyond the void date of the award check to attempt to locate the payee. If unable to locate the payee within six months, the commission shall revert that money back to the breed fund to be held over and added to the next year's award moneys to be distributed to that respective breed.
4. The money in the North Dakota breeders fund must be distributed to the breeder or owner, or both, awards using the following formula:

The total parimutuel handle on live and simulcast races pursuant to North Dakota Century Code chapter 53-06.2 will be divided by the actual handle generated by each horse breed in order to determine the percentage of handle that each breed generated. These percentages will be used to determine that amount of money in the fund to be distributed to each breed as breeder or owner, or both, awards. In mixed races the breed that is the race winner will be awarded the money earned by the fund in that race.

5. The commission may not make disbursements to any breed not generating a minimum pro rata share of at least one thousand dollars in any one year. That amount which is less than one thousand dollars allocated to a single breed at the end of the year shall revert to a special racing incentive fund to be distributed by the commission.
6. In no event may North Dakota breeder fund money be used to subsidize restricted races, other than those restricted to North Dakota-breds.
7. All broodmare and stallion awards must be calculated at the end of the year for distribution.
8. All owner's awards may be distributed with purse distribution or until such time as sufficient criteria is established may be calculated at yearend for distribution.

History: Effective January 1, 1990.

General Authority: NDCC 53-06.2-04, 53-06.2-05

Law Implemented: NDCC 53-06.2-11

69.5-01-09-11. Open company wins awards. Accredited North Dakota-bred horses which win open races at a North Dakota parimutuel track will be eligible to receive owner, breeder, and stallion awards authorized by the commission.

History: Effective January 1, 1990.

General Authority: NDCC 53-06.2-04, 53-06.2-05

Law Implemented: NDCC 53-06.2-11

69.5-01-09-12. Special interim clause. Until such time as there exists a major racing facility in the state as described in section 69.5-01-09-13, all or a part of the money accumulated via simulcasting may be held by the commission in an interest drawing account for distribution at that time. All money generated via live racing must be distributed at each year's end.

History: Effective January 1, 1990.

General Authority: NDCC 53-06.2-04, 53-06.2-05

Law Implemented: NDCC 53-06.2-11

69.5-01-09-13. Guidelines of a major racing facility. In addition to any other requirements or conditions required by the commission, a major racing facility must:

1. Be recognized by the North Dakota racing commission.
2. Offer a race meeting of no less than thirty racing days.
3. Offer minimum purses of no less than twelve hundred dollars for major breeds racing at this track.
4. Have at least a five-furlong track with properly designed turns and chutes.
5. Have adequate stalling to sustain a thirty-day race meet.

History: Effective January 1, 1990.

General Authority: NDCC 53-06.2-04, 53-06.2-05

Law Implemented: NDCC 53-06.2-11

CHAPTER 69.5-01-10  
NORTH DAKOTA PURSE FUND

## Section

69.5-01-10-01	Deduction From Parimutuel Pool
69.5-01-10-02	Administration of North Dakota Purse Fund
69.5-01-10-03	Investing the Fund
69.5-01-10-04	Deposit of Revenue

69.5-01-10-01. Deduction from parimutuel pool. The North Dakota racing commission shall deduct one-half of one percent from each parimutuel pool resulting from a licensed race meet or simulcast display for the purpose of providing a North Dakota purse fund as provided for by North Dakota Century Code section 53-06.2-11.

History: Effective January 1, 1990.

General Authority: NDCC 53-06.2-04, 53-06.2-05

Law Implemented: NDCC 53-06.2-11

\* 69.5-01-10-02. Administration of North Dakota purse fund. The North Dakota purse fund must be administered by the commission and will be used only for the purpose of supplementing horse racing purses at live race meets held within the state of North Dakota.

History: Effective January 1, 1990.

General Authority: NDCC 53-06.2-04, 53-06.2-05

Law Implemented: NDCC 53-06.2-11

69.5-01-10-03. Investing the fund. All moneys held in the North Dakota purse fund must be separately invested and reinvested in government obligations, certificates of deposit, or bank deposit accounts or trust companies organized under the laws of the United States of America or state thereof, or in any combination thereof; provided that such certificates of deposit must be insured by the federal deposit insurance corporation or the federal savings and loan insurance corporation.

History: Effective January 1, 1990.

General Authority: NDCC 53-06.2-04, 53-06.2-05

Law Implemented: NDCC 53-06.2-11



69.5-01-10-04. Deposit of revenue. The executive director of the racing commission is responsible for the timely deposit of all revenue derived from the purse fund take out and shall keep accurate records of deposits and disbursements.

History: Effective January 1, 1990.

General Authority: NOCC 53-06.2-04, 53-06.2-05

Law Implemented: NOCC 53-06.2-11

## KFYR AGRI-INTERNATIONAL SPECIAL SECTION

### Equine Clinic - starting a young horse, a live demonstration

Prior to the start of this demonstration there will be a twenty-minute presentation of proper immunization practices for horses by Fort Dodge Laboratories. This event will start at 4:30 pm on Monday, February 12th at the Bismarck Civic Center in the Exhibit Hall.

John Hovde and his wife, Kathi, reside in the C-P Ranch in the Epping Area, about 20 miles east of Williston. They own 700 to 800 head of cattle. When he's not working on the cattle operation, Hovde's working with horses and teaching people how to communicate with their horses. For a number of years, he volunteered his time teaching horsemanship classes to 4-H kids. A native of Williams County, Hovde got his start with horses under the guidance of another excellent horseman, his father,

the late Martin Hovde, on the family ranch southeast of Williston.

The Equine Industry represents over 30 million dollars to the state of North Dakota.

The largest breed in numbers is the Quarter Horse with over 40,000 head registered in the state. The second are the Paint Horse which represents the next largest registration with over 9000 head and the third are the Appaloosa's, with over 5000 head registered.

North Dakota is also home to many Thoroughbreds, Draft Horses, Arabians, Pintos, Shetlands, Welsh, Morgans and Grade Horses (horses that are not registered to any breed).

According to the American Quarter Horse Association, over 2000 head of Quarter Horses were registered in the

state in 1999. The American Paint Horse Association reported over 1000 head of Paints registered in the state in 1999.

The horse industry is one of the fastest growing aspects of agriculture. Many people own horses, other than farmers and ranchers. Team penning, steer roping and cutting are among some of the activities that are being participated in. Many of these horse owners are business people. \*



An equine clinic will be part of this year's Agri-International. The clinic will begin at 4:30 p.m., Monday, Feb. 12 in the Exhibit Hall of the Bismarck Civic Center. (File photo)

*We are part of The Fastest growing  
aspect of Agriculture.*

*We come From all walks of life.*

*and most of us are good North Dakota  
tax payers, and Voters.*

*John Hovde  
Kathie Hovde*

HB 1003  
1-24-01

**To:** House Appropriations Committee,  
Government Operations Division  
**From:** North Dakota League of Cities  
**Date:** January 24, 2001  
**Re:** House Bill No. 1003

We are appearing today in support of section 5 of HB 1003, the appropriation for local gaming enforcement grants.

In 1983 the legislature recognized the importance of local law enforcement of gaming by providing a portion of the gaming tax to cities and counties. In 1989 this portion was capped at \$170,000 per quarter. In 1993 the payback was reduced to \$153,000 per quarter, and in 1995 it was reduced again to about \$130,000 per quarter.

In 1997 the legislature appropriated about \$126,000 per quarter or a little over \$1 million for the biennium for local gaming enforcement (HB 1003 from 1997 attached). In 1999 this appropriation was reduced to about \$221,000 for the entire biennium (SB 2003 from 1999 attached). Because of this sharp reduction, the legislature set up a competitive grant program for these funds.

Through the grant application process, about \$221,000 of local gaming enforcement grants were funded with appropriated funds with another \$197,000 being recommended for approval. It is our understanding that the Interim Budget Section recommended this \$197,000 as a deficiency appropriation, and a bill to provide that appropriation, Senate Bill 2050, has already been heard in the Senate. With a deficiency appropriation for last biennium, this bill would keep the funding at the same level for the next biennium.

With regard to section 6 of this bill, we have discussed with legislative leadership another bill which would provide a percentage of the gaming tax for local law enforcement and provide for allocation of these funds based on a distribution formula similar to that used in the appropriation bill from the 1997 session.

Local enforcement of gaming laws is an important part of gaming regulation. We ask for your support for the appropriation for local gaming enforcement under House Bill 1003.

James  
Haug  
C. H. H.

1997 North Dakota Advance Legislative Service

Fifty-fifth Legislative Assembly, State of North Dakota, begun in the Capitol in the City of Bismarck, on Monday, the sixth day of January, one thousand nine hundred and ninety-seven

HOUSE BILL NO. 1003  
(Appropriations Committee)  
(At the request of the Governor)

AN ACT to provide an appropriation for defraying the expenses of the attorney general; and to amend and reenact subsection 1 of section 53-06.1-14 and section 54-12-11 of the North Dakota Century Code, relating to license fees for pull tabs and bingo card manufacturers and to the salary of the attorney general.

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

**SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds as may be necessary, are hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the attorney general for the purpose of defraying the expenses of the attorney general, for the biennium beginning July 1, 1997, and ending June 30, 1999, as follows:

Salaries and wages	\$12,887,894
Operating expenses	4,630,014
Equipment	1,044,900
Grants	5,790,003
Arrest and return of fugitives	18,795
Controlled substance	4,000
Litigation fees	139,024
Gaming commission	19,400
Racing commission	219,744
National criminal history improvement project	1,135,781
Law enforcement programs	620,701
Total all funds	\$26,510,256
Less estimated income	13,786,432
Total general fund appropriation	\$12,723,824

**SECTION 2. FIRE AND TORNADO FUND.** The estimated income line item in section 1 of this Act includes the sum of \$834,973, or so much of the sum as may be necessary from the state fire and tornado fund, for the purpose of defraying the expenses related to the state fire marshal program.

**SECTION 3. ASSET FORFEITURE FUND.** The sum of \$30,000 is available from the asset forfeiture fund to the attorney general as included in estimated income of section 1 of this Act.

**SECTION 4. COLLECTIONS.** Section 1 of this Act includes the appropriation of up to \$15,000 in revenues collected from fees charged for gaming law and administrative rules manuals published by the attorney general for the period beginning July 1, 1997, and ending June 30, 1999.

**SECTION 5. LOCAL GAMING ENFORCEMENT GRANTS.** The attorney general, through the state treasurer's office, shall pay, from funds appropriated in the grants line item in section 1 of this Act, \$126,769 per quarter to cities and counties in proportion to the adjusted gross proceeds within each city, for sites within city limits, or within each county, for sites outside city limits, to the total adjusted gross proceeds for the biennium beginning July 1, 1997, and ending June 30, 1999. The attorney general may make a payment to a city or county pursuant to this section only if the amount owed to a city or county for that quarter is ten dollars or more. Any amounts received by a city or county under this section must be used by the city or county for expenses connected with gaming enforcement within the city or county.

## 1997 North Dakota Advance Legislative Service

H. B. No. 1003 - Page 2

**SECTION 6. AMENDMENT.** Subsection 1 of section 53-06.1-14 of the 1995 Supplement to the North Dakota Century Code is amended and reenacted as follows:

1. A manufacturer of pull tabs, manufacturer of bingo cards, manufacturer of pull tab dispensing devices, manufacturer's distributor of pull tab dispensing devices, and distributor shall apply annually for a license upon a form prescribed by the attorney general before the first day of April in each year and shall submit the appropriate license fee. Each applicant shall provide such necessary and reasonable information as the attorney general may require. The license fee for a distributor is one thousand five hundred dollars. The license fee for a manufacturer's distributor is five hundred dollars. The license fee for a manufacturer of pull tab dispensing devices, manufacturer of pull tabs, bingo cards, or both a manufacturer of pull tabs and bingo cards, is two thousand dollars.

**SECTION 7. AMENDMENT.** Section 54-12-11 of the 1995 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**54-12-11. Salary of attorney general.** The annual salary of the attorney general is: fifty-nine ~~sixty-two~~ thousand five hundred ~~seventy-six~~ ninety-two dollars through June 30, ~~1996~~ 1998, and ~~sixty~~ sixty-four thousand ~~seven~~ four hundred ~~sixty-eight~~ sixty-four dollars thereafter.

1999 North Dakota Advance Legislative Service

Fifty-sixth Legislative Assembly, State of North Dakota, begun in the Capitol in the City of Bismarck, on Tuesday, the fifth day of January, one thousand nine hundred and ninety-nine

SENATE BILL NO. 2003  
(Appropriations Committee)  
(At the request of the Governor)

AN ACT to provide an appropriation for defraying the expenses of the attorney general; to provide statements of legislative intent; to amend and reenact subsection 3 of section 53-06.1-14 and section 54-12-11 of the North Dakota Century Code, relating to gaming stamp fees and the salary of the attorney general; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

**SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds as may be necessary, are hereby appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the attorney general for the purpose of defraying the expenses of the attorney general, for the biennium beginning July 1, 1999, and ending June 30, 2001, as follows:

Salaries and wages	\$13,981,817
Operating expenses	4,572,703
Equipment	811,710
Grants	5,396,025
Litigation fees	50,000
Arrest and return of fugitives	10,000
Gaming commission	5,109
Racing commission	222,067
National criminal history improvement project	2,344,118
Law enforcement programs	627,280
High-intensity drug trafficking area	1,604,175
Total all funds	\$29,625,004
Less estimated income	15,894,903
Total general fund appropriation	\$13,730,101

**SECTION 2. FIRE AND TORNADO FUND.** The estimated income line item in section 1 of this Act includes the sum of \$385,517, or so much of the sum as may be necessary, from the state fire and tornado fund, for the purpose of defraying the expenses related to the state fire marshal program.

**SECTION 3. LEGISLATIVE INTENT - STATE FIRE MARSHAL PROGRAM.** It is the intent of the legislative assembly that the attorney general charge and collect a fee for services provided by the state fire marshal program to entities insured by the fire and tornado fund. For services provided to entities not insured by the fire and tornado fund, the attorney general is to prepare and submit a memorandum billing to the entity receiving the service. For the purpose of this section a "memorandum billing" means a document detailing services and cost of services provided. The memorandum billing does not require a remittance of funds.

**SECTION 4. ASSET FORFEITURE FUND.** The sum of \$74,201 is available from the asset forfeiture fund to the attorney general as included in the estimated income line item in section 1 of this Act.

**SECTION 5. LOCAL GAMING ENFORCEMENT GRANTS.** The grants line item in section 1 of this Act includes \$221,877 for local gaming enforcement grants.

**SECTION 6. LEGISLATIVE INTENT - LOCAL GAMING ENFORCEMENT GRANTS.** It is the intent of the legislative assembly that the attorney general, through the state treasurer's office, disburse

1999 North Dakota Advance Legislative Service

S. B. No. 2003 - Page 2

[ local gaming enforcement grants based on a competitive basis in accordance with criteria established by the attorney general.

**SECTION 7. LEGISLATIVE INTENT - LITIGATION FEES - EMERGENCY COMMISSION REQUEST.** It is the intent of the legislative assembly that the attorney general submit a request to the emergency commission for an additional appropriation for litigation fees from the contingency fund if the \$50,000 appropriated in the litigation fees line item in section 1 of this Act is exhausted.

**SECTION 8. LEGISLATIVE INTENT - ARREST AND RETURN OF FUGITIVES - EMERGENCY COMMISSION REQUEST.** It is the intent of the fifty-sixth legislative assembly that the attorney general submit a request to the emergency commission for additional appropriation authority from the state contingencies appropriation for reimbursing counties for costs relating to the arrest and return of fugitives if the funding provided for this purpose in section 1 of this Act is not adequate for the biennium beginning July 1, 1999, and ending June 30, 2001.

**SECTION 9. AMENDMENT.** Subsection 3 of section 53-06.1-14 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

3. A licensed distributor shall affix a North Dakota gaming stamp to each deal of pull tabs and bingo cards, punchboard, sports pool board, calcutta board, and series of paddlewheel ticket cards sold and shall purchase the stamps from the attorney general for ~~twenty-five~~ thirty-five cents each. Ten cents of each stamp sold, up to thirty-six thousand dollars per biennium, must be credited to the attorney general's operating fund to defray the costs of issuing the gaming stamps.

**SECTION 10. AMENDMENT.** Section 54-12-11 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**54-12-11. Salary of attorney general.** The annual salary of the attorney general is ~~sixty-two~~ sixty-five thousand ~~five~~ seven hundred ~~ninety-two~~ thirty-three dollars through June 30, ~~1998~~ 2000, ~~sixty-seven thousand six hundred eighty dollars through December 31, 2000, and sixty-four~~ sixty-seven thousand six hundred eighty dollars through December 31, 2000, and ~~sixty-four~~ sixty-nine thousand ~~four hundred sixty-four~~ two dollars thereafter.

**SECTION 11. EMERGENCY.** The high-intensity drug trafficking area line item in section 1 of this Act is declared to be an emergency measure.

2-14-01  
H3103

Submitted to: House Appropriations Committee,  
Government Operations Division  
Submitted by: North Dakota League of Cities  
January 24, 2001

## PROPOSED AMENDMENTS TO HOUSE BILL NO. 1003

Page 1, line 2, delete the first "and" and replace "section" with "sections 53-06.1-12 and"

Page 1, line 3, after "to" insert "allocation of gaming and excise taxes and to"

Page 1, line 3, after "general" insert "; and to provide an effective date"

Page 2, line 16, replace "local gaming enforcement grants" with "distribution to cities and counties through a gaming and excise tax allocation fund"

Page 2, remove lines 17 through 20

Page 2, after line 28, insert:

**SECTION 9. AMENDMENT.** Section 53-06.1-12 of the North Dakota Century Code is amended and reenacted as follows:

### **53-06.1-12. Gaming and excise taxes – Deposits and allocations.**

1. A gaming tax is imposed on the total adjusted gross proceeds earned by a licensed organization in a quarter and it must be computed and paid to the attorney general on a quarterly basis on the tax return. This tax must be paid from adjusted gross proceeds and is not part of the allowable expenses. The tax rates are:
  - a. On adjusted gross proceeds not exceeding two hundred thousand dollars, a tax of five percent.
  - b. On adjusted gross proceeds exceeding two hundred thousand dollars but not exceeding four hundred thousand dollars, a tax of ten percent.
  - c. On adjusted gross proceeds exceeding four hundred thousand dollars but



not exceeding six hundred thousand dollars, a tax of fifteen percent.

d. On adjusted gross proceeds exceeding six hundred thousand dollars, a tax of twenty percent.

2. In addition to any other tax provided by law and in place of sales or use taxes, there is imposed an excise tax of four and one-half percent on the gross proceeds from the sale at retail of pull tabs to a final user. This includes pull tabs provided to a player in exchange for redeemed winning pull tabs. The tax must be paid to the attorney general when tax returns are filed.
3. The state treasurer shall deposit gaming and excise taxes, monetary fines, and interest and penalties collected in the general fund in the state treasury.
4. Notwithstanding any other provision of law, the state treasurer shall on a quarterly basis deposit three percent of the total taxes collected under this section into a gaming and excise tax allocation fund. This fund shall be available for local gaming enforcement activities and shall be distributed quarterly to cities and counties in proportion to the tax collected under this section from licensed organizations conducting games of chance within each city, for sites within city limits, or within each county, for sites outside city limits. No quarterly payment of less than two hundred dollars shall be made to any city or county, and any such amounts shall be included with the total amount to be distributed each quarter.
5. Revenues deposited in the gaming and excise tax allocation fund are provided as a standing and continuing appropriation and must be allocated as provided in this section.

Page 3, after line 5, insert:

**SECTION 11. EFFECTIVE DATE.** This Act becomes effective on July 1,

2001.

Renumber accordingly