

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SPN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1148

2001 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1148

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1148

House Government and Veterans Affairs Committee

☐ Conference Committee

Hearing Date 01-18-01

Type Number	Side A	Side B	Meter #
#2	X		2799-END
		X	0-274
Committee Clerk Signature <i>Robin L. Small</i>			

Minutes:

REP. M. KLEIN called the meeting to order, all committee members were present.

In favor:

DAVE KRABBENHOFT, BUDGET ANALYST, ND OFFICE OF MANAGEMENT AND BUDGET

Please see attached testimony.

REP. M. KLEIN summarizes to the committee that this is legislation of the result of the past legislation. Ran through the bank of North Dakota. Always having to go through a purchase order, a dragged out system, clearing it up with modern technology.

KRABBENHOFT states that the program has worked great. The program has really been going for about a year now. A little over \$700,000.00 of money has went through the cards, and roughly about 6500 transactions. This lets them to cut down on a lot of coding.

REP. HAAS asks how many cards do they have out?

KRABBENHOFT replies that there are around 364 cards and a number of agencies.

REP. HAAS asks what is the average purchase?

KRABBENHOFT replies that it is about \$110.00.

REP. M. KLEIN asks if there was a lot of hesitancy of agencies to go into this? Then when they found out how it works, really jumped in with both feet?

KRABBENHOFT replies that yes some are like that, they were cautiously optimistic, then they jumped into it right away. Some agencies have very detailed coding though. But we are trying to convince them to maybe relook at their accounting systems, and not at the minimum transaction numbers.

Not in favor or opposition:

SHANNON SAUER, NDDOT

SAUER states that their major concern with the bill is that the OMB requires the agencies to come on board. However it maybe amended. The impact that it would have on the rural maintenance sections. It would involve 100-150 individuals. Most of them are located in 66 sections in rural communities.

REP. M. KLEIN talks about an amendment.

REP. BELLEW asks if the DOT is currently purchasing purchase orders now? Do they not have to reconcile these at the end of the month?

SAUER replies that they do have a department purchase order, and most of it is done locally. The document is then forwarded to the district office, then receives final approval and is coded.

REP. BELLEW then asks what kind of reconciliation would have to be done with the card?

SAUER replies that each card holder will receive a statement and they would have to go through that statement, much as you would have to do your own personal statements.

REP. HAAS asks if they have had conversations with the OMB, where they have already contemplated requiring you to use this system?

SAUER replies that they have briefly discussed the contents of the bill.

REP. M. KLEIN states that they have showed their case, and that they probably wouldn't be pushed into using the system.

REP. HAAS comments that the establishment of the broad band IT system would enable them to get on line.

REP. M. KLEIN states that many of the towns that they are in are not on the system yet.

REP. MEIER asks if the main concern would be the hours that this would additionally tack on.

SAUER replies that yes that is a concern.

REP. MEIER asks if he has a guesstimate in how many more hours it would take?

SAUER replies that it would take a couple more hours a month.

REP. M. KLEIN addresses the committee with his thoughts. Maintenance operators are not office staff.

SAUER replies that is correct. They are classified as equipment operators.

REP. DEVLIN asks as a follow up question, as a snow plow operator in one of the rural sections, wouldn't they review the bills for that office somehow?

SAUER replies that they would not review the bills, they would only prepare the documents.

REP. DEVLIN asks then that he would never see the local statements, say from the local co-op?

SAUER replies that he would get at the time of purchase a receipt that will go into that document.

REP. M. KLEIN asks then where is that processed at?

SAUER replies that it is put into the district office, and the check is processed out of Bismarck.

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House Government and Veterans Affairs Committee

Bill/Resolution Number HB 1148

Hearing Date 01-18-01

REP. KASPER asks why would the system change with a purchasing card?

SAUER replies that the reconciliation of the statement is to be done by the card holder. It would be done by the people.

KRABBENHOFT is back up speaking to the committee.

KRABBENHOFT states that there is electronically coding in the card, so the loss of flexibility is that if you wanted to change the coding you couldn't.

REP. KLEMIN asks if SAUER thinks that this going to create additional work and

KRABBENHOFT thinks that it will eliminate additional paperwork?

KRABBENHOFT replies that it shifts the work, and changes the work. If they would just implement the program without looking at your processes. Its going to be a different kind of work. The responsibility for purchasing is down on the employee, and they need to account for that on their own.

REP. KLEMIN asks about reconciling receipts with the monthly statements.

KRABBENHOFT replies that yes they could do that.

REP. HAAS asks are the cards specific to a certain cost center?

KRABBENHOFT replies, yes.

REP. HAAS asks does any particular agency have more than one card?

KRABBENHOFT replies yes they do, there is different funding sources for certain agencies.

REP. M. KLEIN states to the committee that they do not intend to designate, as to the DOT, to be one of the agencies.

KRABBENHOFT replies that is correct.

HEARING CLOSED.

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House Government and Veterans Affairs Committee

Bill/Resolution Number HB 1148

Hearing Date 01-18-01

REP. GRANDE moves to accept the amendments, seconded by REP. HAAS, REP. M. KLEIN

takes a voice vote. The voice vote carries. REP. GRANDE moves for a DO PASS AS

AMENDED, seconded by REP. WIKENHEISER. Motion carries 15-0, the bill carrier is REP.

KROEBER.

HB 1148 DO PASS AS AMENDED

CARRIER: REP. KROEBER

FISCAL NOTE

Requested by Legislative Council
12/26/2000

Bill/Resolution No.: HB 1148

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	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

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:	Pam Sharp	Agency:	OMB
Phone Number:	358-4606	Date Prepared:	12/27/2000

18182.0101
Title.0200

Adopted by the Government and Veterans
Affairs Committee
January 18, 2001

VK
1/18/01

HOUSE AMENDMENTS TO HB 1148
Page 2, line 22, remove "require all"

HOUSE GVA 1/18/01

Page 2, line 23, replace "agencies" with "designate which agencies are required"

Renumber accordingly

Date: Jan. 18th, 2001
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. NB 1148

House GOVERNMENT AND VETERANS AFFAIRS Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken Move the amendments

Motion Made By Grande Seconded By Haas

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KLEIN			REP KROEBER		
VICE CHAIR GRANDE					
REP BELLEW					
REP BRUSEGAARD					
REP CLARK					
REP DEVLIN					
REP HAAS					
REP KASPER					
REP KLEMIN					
REP MEIER					
REP WIKENHEISER					
REP CLEARY					
REP HUNSKOR					
REP METCALF					

VOICE VOTE
PASS

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Date: Jan. 18th, 2001
Roll Call Vote #: 2

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1148

House GOVERNMENT AND VETERANS AFFAIRS Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass As Amended

Motion Made By Grande Seconded By Wikenheiser

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KLEIN	✓		REP KROEBER	✓	
VICE CHAIR GRANDE	✓				
REP BELLEW	✓				
REP BRUSEGAARD	✓				
REP CLARK	✓				
REP DEVLIN	✓				
REP HAAS	✓				
REP KASPER	✓				
REP KLEMIN	✓				
REP MEIER	✓				
REP WIKENHEISER	✓				
REP CLEARY	✓				
REP HUNSKOR	✓				
REP METCALF	✓				

Total (Yes) 15 No 0

Absent _____

Floor Assignment Rep. Kroeber

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

REPORT OF STANDING COMMITTEE (410)
January 19, 2001 10:06 a.m.

Module No: HR-09-1274
Carrier: Kroeber
Insert LC: 18182.0101 Title: .0200

REPORT OF STANDING COMMITTEE

HB 1148: Government and Veterans Affairs Committee (Rep. M. Klein, Chairman)
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends
DO PASS (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1148 was placed
on the Sixth order on the calendar.

Page 2, line 22, remove "require all"

Page 2, line 23, replace "agencies" with "designate which agencies are required"

Renumber accordingly

2001 SENATE GOVERNMENT AND VETERANS AFFAIRS

HB 1148

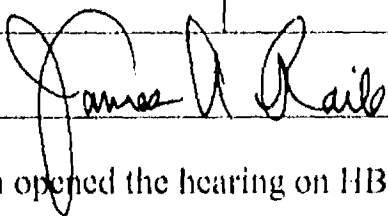
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1148

Senate Government and Veterans Affairs Committee

☐ Conference Committee

Hearing Date March 2, 2001

Tape Number	Side A	Side B	Meter #
2	X		0.0-13.8
2	X		19.2, 22.7
Committee Clerk Signature 			

Minutes: **Chairman Krebsbach** opened the hearing on HB 1148 which relates to approval of vouchers for state purchases made using a purchasing card and required use of purchasing cards for state purchase costing less than a designated amount. **Dave Krabbenhoft**, representing the North Dakota Office of Management and Budget presented testimony in support of HB 1148. A copy of his written testimony is attached. **Senator T. Mathern** inquired if this credit card costs the state 6% or what does it cost? **Mr. Krabbenhoft** indicated the purchasing card program costs the state absolutely nothing. If we use the card the contract indicates that if we use the card for certain levels of purchasing the state starts to earn rebates. This is really turning out to be a good deal. **Senator T. Mathern** indicated he did not understand the part about requiring. So you can tell an agency that they have to start using credit cards whether or not they want to use them. **Mr. Krabbenhoft** indicated that was correct. We are not going to go out and be a tyrant and say that this is what is going to happen. He likes to parallel it to like a situation where agencies move into technology where something is appropriate for an agency to move into and

they are dragging their feet. I think it is fair to say that if OMB hadn't adopted a policy and said that you have to enter information into our accounting system on line now that we would still be getting paper coming up to the office and have the coding done up there. The reason we wanted the bill drafted like this is that when it is an obvious situation and when it is no real reason for the agency to do that or as we progress into the program where there's just no good reason not to be on it, we won't force anybody to be on it. The agencies that have been on it have found it to be very useful. **Senator T. Mathern** inquired if we have had our Bank of North Dakota consider operating this card? **Mr. Krabbenhoft** indicated when he got involved in the project the Bank of North Dakota had already stepped away from it. It was their choice that they are not in the business of issuing credit cards and that they would not be a partner or get into that business. **Senator Dever** inquired what happens if a vendor does not accept credit cards? **Mr. Krabbenhoft** indicated that the only thing that changed is the process in which we make payment. If the vendor does not accept credit cards then the agency can go back to the regular way of actually buying the goods. **Senator Dever** inquired about the possibility of abuse. **Mr. Krabbenhoft** indicated that the system is geared to prevent abuses. They have seen none so far. **Senator Kilzer** inquired if they monitor or look at the vendors real carefully. **Mr. Krabbenhoft** indicated that is up to the agency. **Senator Kilzer** again inquired how closely receipts are monitored to verify actual purchases made with these cards. **Mr. Krabbenhoft** indicated it is monitored more closely than it had previously been. There was nothing further. **Chairman Krebsbach** closed the hearing at this time. **Senator Wardner** made a motion for a Do Pass on HB 1148, seconded by **Senator T. Mathern**. Roll Call Vote indicated 5 Yeas, 0 Nays, 1 Absent or Not Voting. **Senator Dever** will carry the bill.

Date: 3/02/01
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. HB 1148 (Engrossed)

Senate GOVERNMENT AND VETERAN'S AFFAIRS

Committee

☐ Subcommittee on _____

or

☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By

Sen. Wardner

Seconded

By

Sen. T. Mather

[illegible]

Total (Yes) 5 No 0

Absent

Floor Assignment Sen. Dever

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

REPORT OF STANDING COMMITTEE (410)
March 2, 2001 1:03 p.m.

Module No: SR-36-4712
Carrier: Dever
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1148, as engrossed: Government and Veterans Affairs Committee (Sen. Krebsbach, Chairman) recommends DO PASS (5 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1148 was placed on the Fourteenth order on the calendar.

2001 TESTIMONY

HB 1148

Testimony on HB 1148
Government and Veterans Affairs Committee
Dave Krabbenhoft
ND Office of Management and Budget
January 18, 2001

Mr. Chairman and members of the Government and Veteran Affairs Committee, my name is Dave Krabbenhoft and I am a budget analyst with the Office of Management and Budget. I am here today to testify in support of and offer an amendment to HB 1148.

Section 1 of the bill provides the Office of Management and Budget with the authority to review and approve for payment, purchases made with a purchasing card. Section 2 of the bill gives the director of OMB the authority to require agencies to use the purchasing card for the purchase of items costing less than a specified amount.

- Current steps used in paying purchasing card bill
 - Once a month OMB downloads statewide purchasing card bill
 - OMB performs cursory review of the bill (vendors, amounts, cardholders, department)
 - OMB sort and fax bills to agencies
 - Agencies fax approval of bill to OMB
 - OMB makes electronic payment to purchasing card vendor (10 day grace)
- Proposed steps used in paying purchasing card bill
 - Once a month OMB downloads statewide purchasing card bill

- OMB performs cursory review of the bill (vendors, amounts, cardholders, department)
- OMB makes electronic payment to purchasing card vendor (10 day grace)
- OMB and Agency Responsibility
- Billing Errors
- Card Misuse
- Amendment - Can require use of card for transactions under a specified amount

Testimony on HB 1148
Government and Veteran Affairs Committee
Dave Krabbenhoft
ND Office of Management and Budget
March 2, 2001

Madam Chairperson and members of the Government and Veteran Affairs Committee, my name is Dave Krabbenhoft and I am a budget analyst with the Office of Management and Budget. I am here today to testify in support of HB1148.

Section 1 of the bill provides the Office of Management and Budget with the authority to review and approve for payment, purchases made with a purchasing card. Section 2 of the bill gives the director of OMB the authority to require agencies to use the purchasing card for the purchase of items costing less than a specified amount.

- Current steps used in paying purchasing card bill
 - Once a month OMB downloads statewide purchasing card bill
 - OMB performs cursory review of the bill (vendors, amounts, cardholders, department)
 - OMB sort and fax bills to agencies
 - Agencies fax approval of bill to OMB
 - OMB makes electronic payment to purchasing card vendor (10 day grace)
- Proposed steps to be used in paying purchasing card bill
 - Once a month OMB downloads statewide purchasing card bill

- OMB performs cursory review of the bill (vendors, amounts, cardholders, department)
- OMB makes electronic payment to purchasing card vendor (10 day grace)
- OMB and Agency Responsibilities
- Billing Errors
- Card Misuse

Again, section 2 of the bill gives the director of OMB the authority to require agencies to use the purchasing card for the purchase of items costing less than a specified amount.

- Not being a tyrant
- Parallel between requiring agencies to go on line with SAMIS