

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1002

2005 HOUSE APPROPRIATIONS

HB 1002

General Discussion

- ☐ Committee on Committees
- ☐ Rules Committee
- ☐ Confirmation Hearings
- ☐ Delayed Bills Committee
- ☐ House Appropriations
- ☐ Senate Appropriations
- ☐ Other

Date January 7, 2005

Tape Number

1

2

Side A

X

X

B Side

X

X

Meter #

Committee Clerk Signature

Chris Alexander

Minutes:

The Full Committee of the House Appropriations Committee was called to order by **Rep. Ken Svedjan, Chairman** and roll call was taken.

Agency Overview

Secretary of State - Testifying was Mr Al Jaeger

Mr Jaeger reviewed the handout # 4-1 (attached) highlighting variances between the 03-05 Biennium and the requests for 05-07 Biennium. **Mr Jaeger** explained that the budget requested for 05-05 was the same as the current biennium, with only 2 enhancements regarding FTE's and Salary and benefit adjustments, and the migration of the agency's database platform. Review of the 5 variances of the 03-05

appropriations on the handout were explained. **Rep. Ken Svedjan, Chairman** pointed out that all variances just explained were negative numbers, meaning that the agency is spending less than the monies appropriated for their 03-05 budget. **Rep. Francis J. Wald** asked what interaction this agency has had with the Protection and Advocacy agency regarding the Voter Act. **Mr Jaeger** answered that they have been working together throughout this planning process. **Rep. Al Carlson** asked why "off-budget FTE's" are not reflected in the budget since it is so hard to track. **Rep. Ken Svedjan, Chairman** asked if the monies for these positions showed anywhere in any of the agency's budgets. **Sandy, from Office of Management and Budget (OMB)** answered that yes, these positions show in the budget as special line items. **Rep. Jeff Delzer** asked for clarification of these "off-budget" positions. **Rep. Al Carlson** asked how many of the "off-budget" positions are in state government now. **Alan from the Legislative Council** clarified that the Legislature has authorized continued appropriations for each agency's budget which they use for these FTE positions. **Rep. Bob Skarphol** pointed out that the salaries and wages line in the budget for the Secretary of State's budget did not reflect a number large enough to account for expenses incurred from and FTE position. **Sandy, from Office of Management and Budget (OMB)** answered that the expenses for this position were in a special line item in this budget. **Rep. Ken Svedjan, Chairman** said that this issue concerning off budget positions was something that the committee would take a closer look at along the way and that Mr Jaeger should continue his overview. **Mr Jaeger** continued explaining the 2 major funding variances in the 05-07 requested budget (#2 on handout #4-1) (meter

#13.1). **Rep. Ken Svedjan, Chairman** asked if it was the expectation of the counties that they should pay their share of the matching funds for the HAVA bill and **Mr Jaeger** answered that the counties had no problem paying their share, but that the requirements of the monies meant that the "appropriation" for the monies needed to be shown and that some adjustment may need to be made to this bill (HB 1002) to reflect this language. **Mr Jaeger** finished his overview by reviewing the major goals and objections of the agency.

Rep. Jeff Delzer asked the Legislative Council if when the agencies spoke of "100% Budget" that that meant that it did not include the pay packages and wondered if that meant that if they dropped any FTE's would the agencies be allowed to re-allocate these monies elsewhere in their budget. **Alan, from the Legislative Council** answered that yes, each agency could do this and they would start from a slightly higher base figure than they did for the 03-05 budget.

end
State Auditor - Testifying was **Mr Bob Peterson** (meter #20.0) *HB 1004*

Mr Peterson pointed out that all the numbers in the variance column in handout #4-2 were negative numbers, meaning the agency was spending less monies than were appropriated for the 03-05 budget. **Mr Peterson** reviewed the variances from his handout. **Rep. Ken Svedjan, Chairman** noted that this agency was leasing one copy machine and buying the other and asked if the agency was considering moving toward buying the second machine. **Mr Peterson** answered that they were not. **Rep. Francis J. Wald** asked if "royalties" meant mineral royalties? **Mr Peterson** answered that that was correct for federal land royalties. **Mr Peterson** finished his overview by explaining

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1002

House Appropriations Committee
Government Operations Division

☐ Conference Committee

Hearing Date Mon. January 10, 2005

Tape Number

1

Side A

X

Side B

Meter #

00-6006

Committee Clerk Signature

Howe W. Thunberg

Minutes:

Chairman Carlisle opened the meeting.

Al Jaeger, Secretary of State submitted three handouts: an Overview (#1), Optional Request #1 \$186,300 (#2), and Optional Request #2 \$250,000 (#3). Mr. Jaeger pointed out that the general fund includes public printing costs, i.e. the Code, Session Laws, Administrative Rules, etc. John Walstad submits this request. The Sec. of State adjusts for postage and handling, but has little control over these costs.

As requested by the Governor, the Department submits a 100 % budget with two enhancements, and the same amount in salaries, although the Governor has recommended an increase because of the 4 in 3 proposal. The operating line is the same.

Mr. Jaeger notes that 70% of the operating line goes to IT to maintain the system, the CPU's, the lines, etc.

Mr. Jaeger has complied with Chairman Svedjen, placing the minuses in the proper column.

The salaries figure may be adjusted for bonuses for extraordinary work.

The General Services Operating Fund (created two sessions ago) works exceedingly well for the Department because the Department sells information. The demand varies, and a few months ago the Department realized the demand would exceed its spending authority, and asked the Emergency Commission for an increase. Mr. Jaeger stated, "We don't spend more than we receive and so even if we do not hit that spending authority...we don't go out and blow money that we don't have." He points out that on Line Two, the variance is just an estimate because there's still six months left of the Biennium.

(Tape No. 1, Meter No. 620) Two sessions ago, when this special account was set up, there was also a cap suggested, so that at the end of the Biennium any profits over \$75,000 will be turned back to the General Fund. The first time the Dept. turned back \$40,000. This last time less than \$10,000. The Department's Central Indexing System bills on an annual basis and as a result the highest income month is July.

CHAIRMAN CARLISLE requests a brief history of these services for the benefit of new members of the Gov. Operations Committee.

Mr. Jaeger explains that the Central Indexing System sells monthly lists that livestock entities, elevators want to buy. The consumer no longer wants paper or microfiche, but CD's, which the Department produces. The expense for these CD's comes out of the general fund appropriation. When the revenue comes in for the CD's it goes into the State's General Fund. The more CD's sold, the more the general fund is depleted. In a previous session, Appropriations allowed something for the Dept.'s retail business and that has worked out well.

Chairman Carlisle referred to the letter sent out Friday from Chairman Svedjan regarding equity adjustments and the need for that information when available.

Mr. Jaeger commented on Friday's discussion with regard to the "off-budget" FTE, a term first used by Legislative Council. The FTE referred to is authorized under federal funds and will be paid out of the Election Reform line. Currently, the position is still vacant, but it will be needed when the Central Voter file is up and running. This position is not included in the salary line.

Rep. Thoreson asked about the Central Voter File and when it will be ready and whether or not it would be in advance of the 2006 election.

Mr. Jaeger thinks it may be 2006 before the work is completed, but it's difficult to speculate. Still in the process of developing RFP. Mr. Jaeger introduced his deputy, Jim Silgrem. When the Dept. complied with the Help America Vote Act, it entered a contractual agreement with the Association of Counties and under that arrangement there is a HAVA coordinator, Denette Odenbach. Mr. Jaeger introduced her and pointed out that she is an employee of the Association of Counties. Her salary gets paid out of election reform line.

Chairman Carlisle asked if the 9 million that came in is in hand.

Mr. Jaeger confirmed, but wanted to discuss the 7 million the Dept. still has coming. The Dept. has received the 5 million and the 4 million. Mr. Jaeger thanked the Committee for the help last session. The Dept. has funded the 5 % match with the turnback from the last budget.

With regard to Petition Review. Any initiated measures are paid for out of this fund. It used to cost over \$20,000, but the last two or three elections have gone without any initiated measures. These costs could go up if the situation changed. Might have to hire temps. Also, it's difficult to predict costs for disseminating information to the public.

Rep. Kempenich asked if hiring temps comes out of the salary line and Mr. Jaeger responded that temps are paid from the operating line.

Mr. Jaeger noted that the capital assets is a new line; the amount show is for a new copier.

Regarding the federal money, it's hard to estimate at the end of the biennium because 28 counties have scanning equipment; the balance of the counties need to be supplied and every county still needs a piece of voting equipment that assists person with disabilities.

Rep. Timm was concerned about whether all counties will have consistent equipment and whether there's a paper ballot to guard against fraud.

Mr. Jaeger responded that the committee that drafted the RFP was excellent. One provision allows for upgrading new technologies. Also, Election Systems Software has an agreement with a company that developed a voting machine, which makes the process handicapped accessible, called Automark, which takes regular ballot and inserts it into the machine. The voter uses the touch screen or ear phones, and the machine marks the ballot. The paper ballot is put into the scanner just like all the ballots. That's our paper trail.

Chairman Carlisle asked if both optional requests were in the budget.

Mr. Jaeger stated one is, but the other one is a concern. Optional Request #2 that the Dept. asked for was approved.

Optional Request #1 is referenced and regards voting. See Section 4 of the bill. Currently there's 7 million appropriated by the Federal Government, available immediately if the Governor and the Secretary of State sign a letter which states a 5 % match is "appropriated." OMB felt that Section 4 will work and that the counties will pick up the 5 %. Last year the State agreed to pay half the match and the counties the other. Once the counties received the equipment, they were billed 2 ½

%. That was easily documented. With regard to current situation, there are problems. Counties work on annual budgets. The counties don't need the federal money for a few years and there may be difficulty collecting the amount needed. It's difficult to legislate an appropriation commitment for future. There is also a time factor. The HAVA money is a one-time deal and it's available now, but it may be withdrawn if there appears to be no interest. If the State would appropriate the full 5 % now the money could be set up like an endowment, which can only be used for election reform. Any interest earned is turned back into the fund, not back to Washington D.C. There is no deadline wherein the money must be spent. Once the money is secured, the State can negotiate with the counties to share cost 50/50.

Rep. Timm clarified that the \$186,000 equals 2 ½ %. The Dept. is actually asking for double that amount. He also asked if there were a possibility that counties would refuse to cover their costs down the road.

Mr. Jaeger pointed out that the Federal Government mandates the State to reform voting, but ultimately, the counties are liable for costs. It would behoove the counties to cooperate with the State in order to receive assistance. The Dept. is in a position to help set the system up right and minimize costs.

Chairman Carlisle requested that Mr. Jaeger get the request into the bill as described.

Mr. Jaeger voiced concerns that Optional Request #2 may be jeopardized and informed the Committee that the platform for the database is outdated and doesn't connect well to other agencies. Since so much of N.D. business begins with our office, it's critical to get database updated. North Carolina will share their software program; the cost comes in the installation.

Chairman Carlisle asked the Secretary of State to summarize these concerns in a memo that could be shared with the Full Committee.

Terry Traynor, Assistant Director of the Association of Counties, commented on North Dakota's unique and exemplary relationship between State and the counties, due largely to good planning. Counties are concerned about future maintenance costs that come from programming and printing.

Rep. Kroeber asked if each county was required to have an Automark machine.

Mr. Traynor explained that each polling place needs one machine.

Mr. Jaeger continued the discussion pointing out that it is difficult because counties with small populations are challenged financially and doesn't take into account the fact that most small communities take care of the disabled. In response to questions about warranties, Mr. Traynor said that the machines are covered for two election cycles.

Rep. Timm asked several questions about how the scanners.

Mr. Jaeger explained that data is stored on a device like a fat credit card which can be uploaded to the web site. Results are immediate. Scanners should last about 20-25 years.

Rep. Kroeber asked about changing technologies and federal commitments.

Mr. Jaeger suggested that larger states are heavily invested, too, and they would set up a howl if unfair changes were made. Mr. Jaeger expressed confidence that the system will work and that it should be fair.

Chairman Carlisle adjourned the hearing.

General Discussion

- ☐ Committee on Committees
- ☐ Rules Committee
- ☐ Confirmation Hearings
- ☐ Delayed Bills Committee
- ☒ House Appropriations, G.O.
- ☐ Senate Appropriations
- ☐ Other

Date January 12, 2005

Tape Number

2
2

Side A

X

B Side

X

Meter #

266-5929
00-1590

Committee Clerk Signature

Roro Trenbath

Minutes:

Chairman Carlisle called the General Discussion to order.

✓ **Re: HB 1002, Secretary of State budget**

Members discussed the problem of how to meet the 5 % requirement to secure the federal grant and how to reconcile the differences of opinion from the OMB and the Secretary of State's Office. The committee asked Sandy Paulson if she would arrange a meeting between OMB, Legislative Council and the Secretary of State's Office to hash out their differences and come up with a proposal within four or five days.

Govt Operations

Re: HB 1002, Secretary of State

How to protect & secure the HAVA grant funds. OMB, Legislative Council and Secretary of State are working on a proposal and that should be available Monday.

Re: HB 1003, Attorney General

Losing the Bryne Grant funds is the major concern. Ms. Paulson, OMB, brought up an idea for a temporary fix which the Committee will investigate and that would be to put refund monies into the general fund to cover part of the loss for the Bryne Grant. The estimated amount would be \$5-600,000. Ms. Paulson agreed to speak with Ms. Roll.

Also of concern is a new FTE, extra supply costs to support increased demands for forensics, and how to retain agents in a competitive salary market.

(Meter #2039)

Re: HB 1005, State Treasurer

The \$30,000 appropriation for an IT study seems sufficient with the existing turn back of approximately \$25,000 to implement temporary fixes and to start long-term plan. In reference to working out problems with the State Treasurer, **Rep. Williams** stated, "It's refreshing to see such a good attitude."

Re: HB 1008, Public Service Commission

Two major issues: The dispute between PSC and ID regarding the IT exemption and whether or not to fund the rail rate case.

The Committee will schedule a meeting with Comm. Clark Friday at 10:00 a.m. to get more information on the ITD dispute.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1002

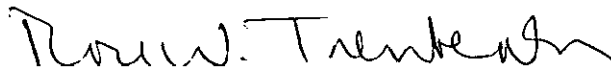
House Appropriations Committee
Government Operations Division

☐ Conference Committee

Hearing Date Friday, January 28, 2005

Tape Number	Side A	Side B	Meter #
1	X		20.5-26

Committee Clerk Signature



Minutes:

Chairman Carlisle asked for a report from **Rep. Thoreson** regarding the Secretary of State.

Rep. Thoreson reported that have visited with Secretary of State several times. He's received a an e-mail from the Federal Election Assistance Commission and they are reviewing his proposal to get credit for funds already spent that would count toward this match. They meet next week and that the Secretary of State needs to get us something by Monday whether or not he has a decision from the Commission. He estimates that if the Commission accepts the proposal, it will reduce the amount from \$742,000 to somewhere south of \$100,000.

Chairman Carlisle suggested the Committee could draft an Amendment for roughly \$75,000, so that the Governor and the Secretary of State can sign off on the letter which will secure \$7.2 million. **Rep. Thoreson** added there is some precedent from other states that have presented similar proposals. One of his deputies will be in Washington next week to follow up as well.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1002

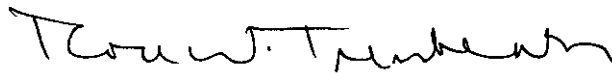
House Appropriations Committee
Government Operations Division

☐ Conference Committee

Hearing Date Wednesday, February 2, 2005

Tape Number	Side A	Side B	Meter #
1	X		00-10.8

Committee Clerk Signature



Minutes:

Chairman Carlisle opened discussion on HB 1002 regarding the Secretary of State's budget.

Rep. Thoreson referred to a Memo sent to the Committee from Secretary of State Al Jaeger, dated February 1, 2005, regarding current negotiations with the Election Assistance Commission, EAC, to secure the federal grant for HAVA funds. The memo requests that money which has already been expended might be used for the required match. This letter will be viewed by the legal staff in Washington and then forwarded to the Commission for review this week. Secretary of State Jaeger will join his deputy who is already in Washington this week. The Secretary plans to meet with the Commission to try to get this resolved. **Rep. Thoreson** stated that should the EAC approve this request, the required appropriation would be reduced to \$76,100. **Chairman Carlisle** asked **Ms. Sandy Paulson, OMB**, if she had participated in these discussion. **Ms. Paulson** said she had worked with **Mr. Allen Knudson, Legislative Council**. OMB still feels

that the counties could be required to put in the \$76,000. If everything is accepted here, the State wouldn't have to put anything in. The Department acknowledges that this would make things more difficult for Secretary Jaeger.

Rep. Williams wanted to know if the Secretary will try to get the \$76,000 back from the counties. **Ms. Paulson** is asking the Committee to increase the Secretary of State's budget by \$76,000 from general fund dollars. **Chairman Carlisle** restated the question. **Ms. Paulson** said that could be part of the agreement that in the future the counties would repay something and it would go into the general fund. **Rep. Kempenich** asked if there should be a motion to get the process moving. **Chairman Carlisle** asked the Committee to wait until a Legislative Council member arrived.

Rep. Kempenich stated that it wasn't likely funds from the counties would arrive before the end of the session and the Association of Counties can't speak for each county. **Ms. Paulson** noted that if the Commission accepts this proposal, the Secretary would be able to draw that \$7 million immediately and draw interest. She pointed out that the appropriation authority isn't necessary until the Dept. begins to expend. He won't be expending that for a while; the interest rate on \$7 million... **Rep. Timm** interjected that if the Commission turns this down, the Committee will be right back to the \$372,000. **Rep. Thoreson** said that the Secretary felt that due to precedent set with other states, that this should be approved. It's more a process issue right now as to when they can meet to do so, rather than whether or not they'll approve the plan.

Rep. Williams asked where the interest would go. **Ms. Paulson** said the interest would have to go back into the election reform. That's the only thing it can be spent on. She also pointed out that typically, interest earned on federal grants has to be returned to the federal government. That

doesn't apply in this case. **Rep. Timm** asked whether any of the \$76,000 would be paid back to the general fund. **Ms. Paulson** said language could be included that would state this intent.

Chairman Carlisle instructed **Ms. Roxanne Woeste, Legislative Council**, to draft an amendment to appropriate \$76,100 to the Secretary of State's budget to supplement the EAC required match to secure the HAVA grant for \$7,446,803. **Rep. Kempenich** so moved; seconded by **Rep. Thoreson**. **Chairman Carlisle** called for discussion. The Committee asked Ms Woeste to also draft intent language that the Secretary of State would recoup the \$76,1000 from the counties over the next biennium. **Rep. Kroeber** noted that there should be an emergency clause on this amendment. **Rep. Kempenich** mentioned that the Secretary could recoup this money by just keeping \$76,000 from the distribution. **Chairman Carlisle** asked if intent language is needed and the Committee agreed that it is better to make intent clear.

Chairman Carlisle brought the emergency clause back up. **Rep. Thoreson** moved to further amend to include an emergency clause; **Rep. Kempenich** seconded.

Discussion included a point of procedure as to how to vote with two motions on the floor. **Rep. Thoreson** stated the Committee should vote on the second motion first and then vote on the first motion.

Chairman Carlisle called Roll Call Vote #1 regarding amending HB 1002 to include an emergency clause to the amendment to appropriate \$76,100 to secure the HAVA grant money. Motion passed 6-0.

Chairman Carlisle called Roll Call Vote #2 regarding an amendment to HB 1002 to appropriate \$76,100 to secure the HAVA grant money. Motion passed 6-0.

Chairman Carlisle closed discussion on HB 1002. (Meter #10.8)

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1002

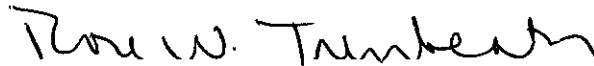
House Appropriations Committee
Government Operations Division

☐ Conference Committee

Hearing Date Thursday, February 10, 2005

Tape Number	Side A	Side B	Meter #
1	X		2.5-7.2

Committee Clerk Signature



Minutes:

Chairman Carlisle opened discussion on HB 1002 concerning the Secretary of State.

Rep. Thoreson submitted a letter from **Secretary of State, Al Jaeger**, dated 2/9/05, regarding the status of the request before the EAC regarding the HAVA grant monies (See Handout #1).

Rep. Timm moved that HB 1002 be amended to remove \$175,000 from the IT project;

Rep. Thoreson seconded.

Chairman Carlisle called for discussion. **Rep. Thoreson** informed the Committee that this sum was taken from the Agency green sheet, item #1 which requested \$250,000. **Rep. Timm** said the Agency will manage without this money.

Chairman Carlisle called for a roll call vote (#1). Motion passed 5-0-1.

Rep. Williams brought up Amendment .0101 and **Ms. Roxanne Woeste, Legislative Council**, stated it had already been adopted; she would roll both into one amendment.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1002

House Appropriations Committee
Government Operations Division

☐ Conference Committee

Hearing Date Friday, February 11, 2005

Tape Number	Side A	Side B	Meter #
1	X		5.8-10.4

Committee Clerk Signature

Roxanne Woeste

Minutes:

Chairman Carlisle opened discussion on HB 1002 concerning the Secretary of State budget.

Ms. Roxanne Woeste, Legislative Council, reviewed Amendment .0102 as follows:

- reduces the compensation package
- reduces the IT database project by \$175,000
- provides \$76,100 from the general fund to provide for needed matching funds with a note that Secretary of State will collect reimbursement from the counties
- provides an emergency clause
- provides special language for the Secretary of State's salary, since he's elected

Chairman Carlisle noted that the supreme court judges, and all elected officials, district and state will be affected by these changes.

Page 2

Government Operations Division

Bill/Resolution Number HB 1002

Hearing Date Friday, February 11, 2005

Rep. Thoreson moved to approve Amendment .0102; **Rep. Timm** seconded. Hearing no discussion, **Chairman Carlisle** called for a roll call vote (#1). Motion passed 6-0-0.

Rep. Thoreson moved DO PASS on HB 1002 as amended; **Rep. Kempenich** seconded. Hearing no discussion, **Chairman Carlisle** asked for a roll call vote (#2). Motion passed 6-0-0.

Chairman Carlisle closed discussion on HB 1002.

(Meter #10.4)

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1002

Secretary of State

House Appropriations Full Committee

☐ Conference Committee

Hearing Date February 15, 2005

Tape Number

2

Side A

X

Side B

Meter #

#29.0 - #34.0

Committee Clerk Signature

Chris Alexander

Minutes:

Rep. Ken Svedjan, Chairman opened the discussion on HB1002.

Rep. Blair Thoreson explained that this bill has an amendment #0102. We added an emergency clause in section six. This is the federal funds for the election reform. The idea behind the emergency clause what that we need to get this money from Washington as quickly as possible before they try to take it back, since there has been some conversation about this. The compensation package has been changed and we reduced the amount of an IT project that they had requested. The original request was \$250,000 and our committee felt that they could begin the process with a lesser amount so we reduced the amount by \$175,000. We also made changes in the election reform matching funds. Originally they requested \$372,000 but in checking with Washington they will be able to reflect some of the funds that they needed in the past toward this matching fund so now the request is for \$76,100 in general funds.

Rep. Blair Thoreson moved to adopt amendment #0102 to HB1002

Rep. Ron Carlisle seconded

Rep. Bob Skarphol commented that the IT project should be taken out completely if you can't do all of it because it can't be done as a partial project.

Rep. Ken Svedjan, Chairman called for a voice vote on the motion to adopt amendment #0102 to HB1002. Motion carried.

Rep. Ron Carlisle moved to further amend HB1002 to remove the \$75,000 regarding the IT project still in the bill.

Rep. Blair Thoreson seconded.

Rep. Ken Svedjan, Chairman called for a voice vote to the motion to further amend HB1002 to remove the \$75,000 for the IT project. Motion carried.

Rep. Blair Thoreson moved a Do Pass As Amended motion for HB1002.

Rep. Ron Carlisle seconded.

Rep. Ken Svedjan, Chairman called for a roll call vote on the Do Pass As Amended motion for HB1002. Motion carried with a vote of 23 yeas, 0 neas, and 0 absences. Rep Thoreson will carry the bill to the house floor.

Rep. Ken Svedjan, Chairman closed the discussion on HB1002.

FISCAL NOTE
Requested by Legislative Council
12/29/2004

Bill/Resolution No.: HB 1002

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.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures	\$136,036	\$0	\$141,478	\$0	\$0	\$0
Appropriations	\$136,036	\$0	\$141,478	\$0	\$0	\$0

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

2003-2005 Biennium			2005-2007 Biennium			2007-2009 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.*

Section 5 of HB 1002 pertains to the annual salary established in state law, NDCC 54-09-05, for the Secretary of State. It does not include an amount for any benefits. The required amount for the salary plus benefits is included in the salary and wages line item of the agency's budget request.

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.*

The revenue to cover the expenditure is appropriated from the state's general fund.

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.*

As explained in the narrative for item # 2 above.

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.*

As explained in the narrative for item # 2 above.

Name: Al Jaeger
Phone Number: 328-2900

Agency: Secretary of State
Date Prepared: 12/30/2004

Date: 2/2/05
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1002

House House Appropriations Government Operations

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken to Add an emergency clause to the
amendment to appropriate \$76,000 to secure
Motion Made By Rep. Thoreson Seconded By Rep. Kempenich Hawaii
Grant fund

Representatives	Yes	No	Representatives	Yes	No
Chairman Carlisle	✓		Rep. Kroeber	✓	
Rep. Timm	✓		Rep. Williams	✓	
Rep. Kempenich	✓				
Rep. Thoreson	✓				

Total (Yes)

6

No

0

Absent

Floor Assignment

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

Date: 2/2/05
Roll Call Vote #: 2

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 141002

House House Appropriations Government Operations

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Amendment to HB1002 to appropriate
\$70,100 to secure Hava grant money.
Motion Made By Rep. Kumpenich Seconded By Rep. Thurston.

Representatives	Yes	No	Representatives	Yes	No
Chairman Carlisle	✓		Rep. Kroeber	✓	
Rep. Timm	✓		Rep. Williams	✓	
Rep. Kempenich	✓				
Rep. Thoreson	✓				

Total	(Yes)	6	No	0
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Absent

Floor Assignment

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

Date: 2/10/05
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1002

House House Appropriations Government Operations

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken to Amend HB 1002 to remove
\$ 175,000 from the IT project
Motion Made By Rep. Timm Seconded By Rep. Thoreson

Representatives	Yes	No	Representatives	Yes	No
Chairman Carlisle	✓		Rep. Kroeber	✓	
Rep. Timm	✓		Rep. Williams	✓	
Rep. Kempenich					
Rep. Thoreson	✓				

Total (Yes) 5 No 0

Absent 1

Floor Assignment

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

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1002

Page 1, line 3, remove the first "and"

Page 1, line 4, after "state" insert "; and to declare an emergency"

Page 2, line 7, replace "142,596" with "133,738"

Page 2, line 8, replace "300,472" with "125,472"

Page 2, line 10, replace "376,547" with "79,853"

Page 2, line 11, replace "834,615" with "354,063"

Page 2, line 12, replace "436,172" with "63,378"

Page 2, line 13, replace "398,443" with "290,685"

Page 2, line 18, replace "389,443" with "281,685"

Page 2, line 19, replace "436,172" with "63,378"

Page 2, line 20, replace "825,615" with "345,063"

Page 2, line 29, replace "2,296,214" with "2,287,356"

Page 2, line 30, replace "2,326,061" with "2,151,061"

Page 3, line 2, replace "9,876,547" with "9,579,853"

Page 3, line 3, replace "14,521,822" with "14,041,270"

Page 3, line 4, replace "10,316,535" with "9,943,741"

Page 3, line 5, replace "4,205,287" with "4,097,529"

Page 3, line 10, replace "4,532,287" with "4,424,529"

Page 3, line 11, replace "10,316,535" with "9,943,741"

Page 3, line 12, replace "14,848,822" with "14,368,270"

Page 3, replace lines 13 through 15 with:

"SECTION 4. COLLECTIONS FROM COUNTIES - GENERAL FUND REVENUE. The secretary of state shall collect \$76,100 from counties to reimburse the general fund for a portion of the state matching requirement provided for federal election reform funds for the biennium beginning July 1, 2005, and ending June 30,

2007. All funds collected by the secretary of state under this section must be deposited in the general fund."

Page 3, line 20, remove "seven", overstrike "hundred", and replace "thirty-nine" with "fifty-nine"

Page 3, line 21, replace "may not exceed seventy-three" with "seventy-two" and replace "five hundred sixty-eight" with "eight hundred sixty-one"

Page 3, after line 22, insert:

"**SECTION 6. EMERGENCY.** The election reform line item in subdivision 1 of section 3 of this Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1002 - Summary of House Action

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Secretary of State			
Total all funds	\$14,521,822	(\$480,552)	\$14,041,270
Less estimated income	10,316,535	(372,794)	9,943,741
General fund	\$4,205,287	(\$107,758)	\$4,097,529
Public Printing			
Total all funds	\$327,000	\$0	\$327,000
Less estimated income			
General fund	\$327,000	\$0	\$327,000
Bill Total			
Total all funds	\$14,848,822	(\$480,552)	\$14,368,270
Less estimated income	10,316,535	(372,794)	9,943,741
General fund	\$4,532,287	(\$107,758)	\$4,424,529

House Bill No. 1002 - Secretary of State - House Action

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$2,296,214	(\$8,858)	\$2,287,356
Operating expenses	2,326,061	(175,000)	2,151,061
Capital assets	15,000		15,000
Petition review	8,000		8,000
Election reform	9,876,547	(296,694)	9,579,853
Total all funds	\$14,521,822	(\$480,552)	\$14,041,270
Less estimated income	10,316,535	(372,794)	9,943,741
General fund	\$4,205,287	(\$107,758)	\$4,097,529
FTE	27.00	0.00	27.00

Dept. 108 - Secretary of State - Detail of House Changes

	REDUCES COMPENSATION PACKAGE TO 3/4	REDUCES FUNDING FOR IT PROJECT ¹	CHANGES ELECTION REFORM MATCHING FUNDS ²	TOTAL HOUSE CHANGES
Salaries and wages	(\$8,858)			(\$8,858)
Operating expenses		(\$175,000)		(175,000)
Capital assets				
Petition review				
Election reform	(200)		(\$296,494)	(296,694)
Total all funds	(\$9,058)	(\$175,000)	(\$296,494)	(\$480,552)
Less estimated income	(200)		(372,594)	(372,794)
General fund	(\$8,858)	(\$175,000)	\$76,100	(\$107,758)
FTE	0.00	0.00	0.00	0.00

¹ Funding from the general fund added in the executive budget for migrating the Secretary of State's information technology data base to a more current platform is reduced by \$175,000, from \$250,000 to \$75,000.

- ² The election reform line item is reduced by \$296,494. Funding of \$372,594 from counties included in the executive budget for the 5 percent state matching requirement for the \$7,446,803 of federal election reform funds available to North Dakota is removed. Funding of \$76,100 from the general fund is added to provide the state matching funds required. It is anticipated that previous expenditures made by the Secretary of State and counties may be used for the remaining \$296,250 of state matching requirement. A section is added requiring the Secretary of State to collect \$76,100 from counties during the 2005-07 biennium for deposit in the general fund to reimburse the general fund for the state matching funds appropriated in this bill. An emergency clause is added allowing the Secretary of State to access the federal election reform funding prior to July 1, 2005.

Date: 2/11/05
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1002

House House Appropriations Government Operations

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 58025.0102

Action Taken Approve Amendment. 0102

Motion Made By Rep. Thoreson Seconded By Rep. Timm

Representatives	Yes	No	Representatives	Yes	No
Chairman Carlisle	✓		Rep. Kroeber	✓	
Rep. Timm	✓		Rep. Williams	✓	
Rep. Kempenich	✓				
Rep. Thoreson	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment

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

Date: 2/11/05
Roll Call Vote #: 2

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1002

House House Appropriations Government Operations

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

58025.0102

Action Taken

Do Pass as Amended

Motion Made By

Rep. Thoreson

Seconded By

Rep. Kempenich

Representatives
Chairman Carlisle
Rep. Timm
Rep. Kempenich
Rep. Thoreson

Yes **No**
✓
✓
✓
✓

Representatives
Rep. Kroeber
Rep. Williams

Yes **No**
✓
✓

Total (Yes)

4

No

0

Absent

0

Floor Assignment

Rep. Thoreson

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

Date: **February 15, 2005**
Roll Call Vote #: **1**

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB1002

House Appropriations - Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number **58025.0102**

Action Taken **DO PASS AS AMENDED**

Motion Made By **Rep Thoreson** Seconded By **Rep Carlisle**

Representatives	Yes	No	Representatives	Yes	No
Rep. Ken Svedjan, Chairman	X		Rep. Bob Skarphol	X	
Rep. Mike Timm, Vice Chairman	X		Rep. David Monson	X	
Rep. Bob Martinson	X		Rep. Eliot Glassheim	X	
Rep. Tom Brusegaard	X		Rep. Jeff Delzer	X	
Rep. Earl Rennerfeldt	X		Rep. Chet Pollert	X	
Rep. Francis J. Wald	X		Rep. Larry Bellew	X	
Rep. Ole Aarsvold	X		Rep. Alon C. Wieland	X	
Rep. Pam Guleson	X		Rep. James Kerzman	X	
Rep. Ron Carlisle	X		Rep. Ralph Metcalf	X	
Rep. Keith Kempenich	X				
Rep. Blair Thoreson	X				
Rep. Joe Kroeber	X				
Rep. Clark Williams	X				
Rep. Al Carlson	X				

Total Yes **23** No **0**

Absent **0**

Floor Assignment **Rep Thoreson**

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

REPORT OF STANDING COMMITTEE

HB 1002: Appropriations Committee (Rep. Svedjan, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (23 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1002 was placed on the Sixth order on the calendar.

Page 1, line 3, remove the first "and"

Page 1, line 4, after "state" insert "; and to declare an emergency"

Page 2, line 7, replace "142,596" with "133,738"

Page 2, line 8, replace "300,472" with "50,472"

Page 2, line 10, replace "376,547" with "79,853"

Page 2, line 11, replace "834,615" with "279,063"

Page 2, line 12, replace "436,172" with "63,378"

Page 2, line 13, replace "398,443" with "215,685"

Page 2, line 18, replace "389,443" with "206,685"

Page 2, line 19, replace "436,172" with "63,378"

Page 2, line 20, replace "825,615" with "270,063"

Page 2, line 29, replace "2,296,214" with "2,287,356"

Page 2, line 30, replace "2,326,061" with "2,076,061"

Page 3, line 2, replace "9,876,547" with "9,579,853"

Page 3, line 3, replace "14,521,822" with "13,966,270"

Page 3, line 4, replace "10,316,535" with "9,943,741"

Page 3, line 5, replace "4,205,287" with "4,022,529"

Page 3, line 10, replace "4,532,287" with "4,349,529"

Page 3, line 11, replace "10,316,535" with "9,943,741"

Page 3, line 12, replace "14,848,822" with "14,293,270"

Page 3, replace lines 13 through 15 with:

"SECTION 4. COLLECTIONS FROM COUNTIES - GENERAL FUND REVENUE. The secretary of state shall collect \$76,100 from counties to reimburse the general fund for a portion of the state matching requirement provided for federal election reform funds for the biennium beginning July 1, 2005, and ending June 30, 2007. All funds collected by the secretary of state under this section must be deposited in the general fund."

Page 3, line 20, remove "seven", overstrike "hundred", and replace "thirty-nine" with "fifty-nine"

Page 3, line 21, replace "may not exceed seventy-three" with "seventy-two" and replace "five hundred sixty-eight" with "eight hundred sixty-one"

Page 3, after line 22, insert:

"SECTION 6. EMERGENCY. The election reform line item in subdivision 1 of section 3 of this Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1002 - Summary of House Action

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Secretary of State			
Total all funds	\$14,521,822	(\$555,552)	\$13,966,270
Less estimated income	10,316,535	(372,794)	9,943,741
General fund	\$4,205,287	(\$182,758)	\$4,022,529
Public Printing			
Total all funds	\$327,000	\$0	\$327,000
Less estimated income			
General fund	\$327,000	\$0	\$327,000
Bill Total			
Total all funds	\$14,848,822	(\$555,552)	\$14,293,270
Less estimated income	10,316,535	(372,794)	9,943,741
General fund	\$4,532,287	(\$182,758)	\$4,349,529

House Bill No. 1002 - Secretary of State - House Action

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$2,296,214	(\$8,858)	\$2,287,356
Operating expenses	2,326,061	(250,000)	2,076,061
Capital assets	15,000		15,000
Petition review	8,000		8,000
Election reform	9,876,547	(296,694)	9,579,853
Total all funds	\$14,521,822	(\$555,552)	\$13,966,270
Less estimated income	10,316,535	(372,794)	9,943,741
General fund	\$4,205,287	(\$182,758)	\$4,022,529
FTE	27.00	0.00	27.00

Dept. 108 - Secretary of State - Detail of House Changes

	REDUCES COMPENSATION PACKAGE TO 3/4	REMOVES FUNDING FOR IT PROJECT 1	CHANGES ELECTION REFORM MATCHING FUNDS 2	TOTAL HOUSE CHANGES
Salaries and wages	(\$8,858)			(\$8,858)
Operating expenses		(\$250,000)		(250,000)
Capital assets				
Petition review				
Election reform	(200)		(\$296,494)	(296,694)
Total all funds	(\$9,058)	(\$250,000)	(\$296,494)	(\$555,552)
Less estimated income	(200)		(372,594)	(372,794)
General fund	(\$8,858)	(\$250,000)	\$76,100	(\$182,758)

REPORT OF STANDING COMMITTEE (410)
February 16, 2005 3:06 p.m.

Module No: HR-31-3192
Carrier: Thoreson
Insert LC: 58025.0103 Title: .0200

FTE	0.00	0.00	0.00	0.00
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¹ Funding from the general fund of \$250,000 added in the executive budget for migrating the Secretary of State's information technology data base to a more current platform is removed.

² The election reform line item is reduced by \$296,494. Funding of \$372,594 from counties included in the executive budget for the 5 percent state matching requirement for the \$7,446,803 of federal election reform funds available to North Dakota is removed. Funding of \$76,100 from the general fund is added to provide the state matching funds required. It is anticipated that previous expenditures made by the Secretary of State and counties may be used for the remaining \$296,250 of state matching requirement. A section is added requiring the Secretary of State to collect \$76,100 from counties during the 2005-07 biennium for deposit in the general fund to reimburse the general fund for the state matching funds appropriated in this bill. An emergency clause is added allowing the Secretary of State to access the federal election reform funding prior to July 1, 2005.

2005 SENATE APPROPRIATIONS

HB 1002

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1002

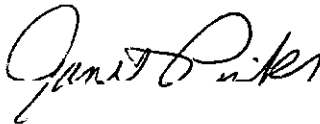
Senate Appropriations Committee

☐ Conference Committee

Hearing Date February 25, 2005

Tape Number	Side A	Side B	Meter #
1		b	355

Committee Clerk Signature



Minutes:

Chairman Holmberg opened the hearing on HB 1002.

Al Jaeger, Secretary of State, distributed an outline of his testimony , a budget handout and testified in support of HB 1002. He indicated that as far as the public printing segment, he is given the money to pay the bills and has no control over the actual costs. He discussed the election reform funds indicating federal money is received and the state matches 5 percent. He discussed the FTE positions and staff with longevity that will be retiring soon, the general services operating fund, the historical revenue and expendere data, the increased workload, and the agency objectives and future challenges. He would like to see the Governor's Recommended enhancement for migration of agency's database restored. He indicated Congress has \$7.5 million dollars earmarked for North Dakota as soon as the Governor certifies that we have a 5 percent match and that particular portion of HB 1002 has an emergency clause. If it works out, we will have that money here and interest earned on that money will go back to Washington DC.

Page 2

Senate Appropriations Committee

Bill/Resolution Number 1002

Hearing Date February 25, 2005

He discussed a system developed by North Carolina for Secretary of State Offices which is now being used in eleven states, if \$250,000 is approved, this plan can be implemented.

Questions were raised as to how good this program is and if it will meet the future needs and whether it has been compared with other products, the election reform match source, whether data related to the \$10 registration fee is shared, and the county match fund.

No further questions or testimony were provided.

Chairman Holmberg closed the hearing on HB 1002.

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1002

Senate Appropriations Committee

☐ Conference Committee

Hearing Date March 24, 2005

Tape Number

1

Side A

a

Side B

Meter #

1046-1623

Committee Clerk Signature



Minutes:

Chairman Holmberg opened the discussion on HB 1002., distributing amendment .0201 indicating the changes reflected on the amendment.

Senator Christmann moved a do pass on the amendment .0201, **Senator Thane** seconded. A voice vote was taken. The motion carried.

Senator Robinson moved on a proposed amendment reflecting a 4/4 raise, **Senator Krauter** seconded. A roll call vote was taken the motion failed with a 5 yes, 8 no, and 1 absent vote.

Senator Grindberg moved for a DO PASS with AMENDMENT .0201, **Senator Fischer** seconded. A roll call vote was taken resulting in 13 yes, 1 no, 1 absent. The motion carried.

Chairman Holmberg closed the discussion on HB 1002.

Date *3/24/05*
Roll Call Vote #: *1*

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB *1002*

Senate SENATE APPROPRIATIONS

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken

Robinson amend

Motion Made By

Seconded By

Senators	Yes	No	Senators	Yes	No
CHAIRMAN HOLMBERG		✓	SENATOR KRAUTER	✓	
VICE CHAIRMAN BOWMAN		✓	SENATOR LINDAAS	✓	
VICE CHAIRMAN GRINDBERG		✓	SENATOR MATHERN	✓	
SENATOR ANDRIST		✓	SENATOR ROBINSON	✓	
SENATOR CHRISTMANN		✓	SEN. TALLACKSON	✓	
SENATOR FISCHER		✓			
SENATOR KILZER		✓			
SENATOR KRINGSTAD		✓			
SENATOR SCHOBINGER		✓			
SENATOR THANE		✓			

Total (Yes) *5* No

Absent

Floor Assignment

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

Date
Roll Call Vote #:

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 1002

Senate SENATE APPROPRIATIONS

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken

Do Pass

Motion Made By

Grindberg

Seconded By

Fischer

Senators	Yes	No	Senators	Yes	No
CHAIRMAN HOLMBERG	✓		SENATOR KRAUTER	✓	✓
VICE CHAIRMAN BOWMAN	✓		SENATOR LINDAAS	✓	
VICE CHAIRMAN GRINDBERG	✓		SENATOR MATHERN	✓	
SENATOR ANDRIST	✓		SENATOR ROBINSON	✓	
SENATOR CHRISTMANN	✓		SEN. TALLACKSON	✓	
SENATOR FISCHER	✓				
SENATOR KILZER	✓				
SENATOR KRINGSTAD					
SENATOR SCHOBINGER	✓				
SENATOR THANE	✓				

Total (Yes)

13

No

1

Absent

1

Floor Assignment

Holmberg

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

REPORT OF STANDING COMMITTEE

HB 1002, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). Engrossed HB 1002 was placed on the Sixth order on the calendar.

Page 1, line 2, after the semicolon insert "to provide an exemption;"

Page 1, line 3, replace "section" with "sections" and after "54-09-05" insert "and 54-09-08"

Page 1, line 4, after "state" insert "and the secretary of state's general services operating fund"

Page 2, line 7, replace "133,738" with "130,493"

Page 2, line 10, replace "79,853" with "79,728"

Page 2, line 11, replace "279,063" with "275,693"

Page 2, line 12, replace "63,378" with "63,253"

Page 2, line 13, replace "215,685" with "212,440"

Page 2, line 18, replace "206,685" with "203,440"

Page 2, line 19, replace "63,378" with "63,253"

Page 2, line 20, replace "270,063" with "266,693"

Page 2, line 29, replace "2,287,356" with "2,284,111"

Page 3, line 2, replace "9,579,853" with "9,579,728"

Page 3, line 3, replace "13,966,270" with "13,962,900"

Page 3, line 4, replace "9,943,741" with "9,943,616"

Page 3, line 5, replace "4,022,529" with "4,019,284"

Page 3, line 10, replace "4,349,529" with "4,346,284"

Page 3, line 11, replace "9,943,741" with "9,943,616"

Page 3, line 12, replace "14,293,270" with "14,289,900"

Page 3, after line 17, insert:

"SECTION 5. EXEMPTION. The appropriation contained in subdivision 1 of section 1 of chapter 2 of the 2001 Session Laws is not subject to the provisions of section 54-44.1-11 for an amount of up to \$105,000, and this amount may be used as state matching funds for federal election reform funding available to the state, for the biennium beginning July 1, 2005, and ending June 30, 2007."

Page 3, after line 23, insert:

"SECTION 7. AMENDMENT. Section 54-09-08 of the North Dakota Century Code is amended and reenacted as follows:

54-09-08. Secretary of state's general services operating fund. The secretary of state's general services operating fund is a special fund in the state treasury. Moneys in the fund are to be used pursuant to legislative appropriations for the provision of services under section 16.1-02-15, subsection 6 of section 41-09-94, subsection 9 of section 54-09-04, and sections 54-09-10 and 54-09-11. At the close of each ~~fiscal year~~ biennium, the secretary of state shall transfer any unobligated balance remaining in the fund exceeding seventy-five thousand dollars to the general fund."

Page 3, line 24, after "3" insert "and section 5"

Page 3, line 25, replace "is" with "are"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1002 - Summary of Senate Action

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
Secretary of State				
Total all funds	\$14,521,822	\$13,966,270	(\$3,370)	\$13,962,900
Less estimated income	<u>10,316,535</u>	<u>9,943,741</u>	<u>(125)</u>	<u>9,943,616</u>
General fund	\$4,205,287	\$4,022,529	(\$3,245)	\$4,019,284
Public Printing				
Total all funds	\$327,000	\$327,000	\$0	\$327,000
Less estimated income				
General fund	<u>\$327,000</u>	<u>\$327,000</u>	<u>\$0</u>	<u>\$327,000</u>
Bill Total				
Total all funds	\$14,848,822	\$14,293,270	(\$3,370)	\$14,289,900
Less estimated income	<u>10,316,535</u>	<u>9,943,741</u>	<u>(125)</u>	<u>9,943,616</u>
General fund	\$4,532,287	\$4,349,529	(\$3,245)	\$4,346,284

House Bill No. 1002 - Secretary of State - Senate Action

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
Salaries and wages	\$2,296,214	\$2,287,356	(\$3,245)	\$2,284,111
Operating expenses	2,326,061	2,076,061		2,076,061
Capital assets	15,000	15,000		15,000
Petition review	8,000	8,000		8,000
Election reform	<u>9,876,547</u>	<u>9,579,853</u>	<u>(125)</u>	<u>9,579,728</u>
Total all funds	\$14,521,822	\$13,966,270	(\$3,370)	\$13,962,900
Less estimated income	<u>10,316,535</u>	<u>9,943,741</u>	<u>(125)</u>	<u>9,943,616</u>
General fund	\$4,205,287	\$4,022,529	(\$3,245)	\$4,019,284
FTE	27.00	27.00	0.00	27.00

Dept. 108 - Secretary of State - Detail of Senate Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE	TOTAL SENATE CHANGES
Salaries and wages	(\$3,245)	(\$3,245)
Operating expenses		
Capital assets		
Petition review		
Election reform	<u>(125)</u>	<u>(125)</u>

REPORT OF STANDING COMMITTEE (410)
March 25, 2005 8:32 a.m.

Module No: SR-55-6164
Carrier: Holmberg
Insert LC: 58025.0201 Title: .0300

Total all funds	(\$3,370)	(\$3,370)
Less estimated income	<u>(125)</u>	<u>(125)</u>
General fund	(\$3,245)	(\$3,245)
FTE	0.00	0.00

A section is added as an emergency authorizing the Secretary of State to continue, for the 2005-07 biennium, any unspent appropriation authority remaining from the agency's authorized carryover from the 2001-03 biennium of up to \$105,000 for providing state matching funds for federal election reform funding.

A section is added amending Section 54-09-08 requiring the Secretary of State to transfer any amounts in the Secretary of State's general services operating fund exceeding \$75,000 at the end of a biennium to the general fund rather than at the end of each fiscal year.

2005 HOUSE APPROPRIATIONS

CONFERENCE COMMITTEE

HB 1002

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1002

House Appropriations Committee
Government Operations Division

☒ Conference Committee

Hearing Date Wednesday, April 6, 2005

Tape Number	Side A	Side B	Meter #
1	X		00-21.7

Committee Clerk Signature

Theresa W. Tinkler

Minutes:

Chairman Thoreson opened discussion of the conference committee on HB 1002 concerning the budget for the Secretary of the State. He deferred to Senator Holmberg to articulate the changes made in the Senate. **Sen. Holmberg** said they reduced the standard insurance by \$3,200. They made two changes in section law. One is an emergency authorization for the Secretary to continue through the next biennium any unspent appropriation authority to match funds for the federal election reforms. The other is a change in wording, the need for which was discovered during an audit. The auditor suggested that the wording which allows the transfer from the general services operating fund should be changed from the end of the fiscal year to the end of the biennium. **Sen. Holmberg** said the Secretary of State conferred with his Committee about the house amendment which required the Secretary to collect \$76,000 from the counties for the Election Reform match and asked them to reconsider since it will be difficult for him to collect

for technical support and training. His Committee left the amendment as is and suggested further discussion could take place in conference. **Sen. Thane** said he confirmed what **Sen. Holmberg** stated.

Chairman Thoreson asked for further explanation. **Sen. Holmberg** explained the Secretary's rationale. The feds require him to have an agreement signed with each of the 53 counties before he could access the money. He also raised the fact the House ran out of time before the details of this requirement were understood. **Rep. Kroeber** confirmed that at that time, the Secretary was traveling to Washington D.C. to discuss these issues.

Rep. Carlisle said it was their understanding that the counties were going to help with their part and that the Secretary and the Governor have signed off on a letter to secure the \$7.5 million. He asked if there's some change with regard to the counties. **Sen. Holmberg** said the Secretary claims that he cannot get the money released if all he has is an agreement between himself and the Association of Counties. Instead he must have an agreement with 53 individual counties.

Rep. Carlisle asked how the legislature would get that \$76,000 back from the counties otherwise. **Ms. Sandy Paulson, OMB**, said that the bill states that the legislature would provide the \$76,000 in general funds and that he just had to collect, so there shouldn't be any hold-up in the collection of federal funds. **Mr. Allen Knudson, Legislative Council**, confirmed.

Rep. Carlisle said he could go forward then to get the \$7.5 million from Washington. **Ms. Paulson** said there is also an emergency clause that states when this is signed, he can go forward with the request. The Secretary would like the legislature to take out the provision that requires him to collect from the counties. Also, he wants the \$250,000 back. **Chairman Thoreson** referred to a memo dated 4/4/05 from the Secretary of State regarding IT (See Handout #1) and

explained that it was originally sent to the Government Performance committee. While the Committee waited for copies, the discussion returned to the issue of how to get the \$76,000 from the counties. **Rep. Kroeber** suggested that if the Secretary doesn't want to collect the \$76,000 maybe he could find it within his budget. **Ms. Paulson** said the \$76,000 is a general fund expenditure. That income wouldn't show up in his budget.

Chairman Carlisle asked if the funds have been applied for and **Ms. Paulson** said that as soon as the bill is signed, there should be no impediment. She went on to state that from the Governor's perspective, the counties should actually contribute \$370,000. The counties are the ones that gain from this. They receive the equipment, etc. This small amount of money...

Chairman Thoreson interrupted to say the change was made from Gov. Operations because the Secretary got authorization from this Election Assistance Commission to count some of the money he had expended previously. At the time, it was assumed all sides were comfortable with that figure. **Sen. Mathern** said if we just get the bill out as is, the state would probably make \$76,000 just in interest. **Sen. Thane** asked if the counties are aware that they may have to pay back the \$76,000. **Chairman Thoreson** said he believed the counties are aware of this. **Ms. Paulson** said they saw the reports the Governor distributed and were not comfortable with the \$376,000.

Chairman Thoreson brought the discussion back to the \$250,000 for the IT project, which he thought was the province of Government Performance. **Rep. Carlisle** asked if Mr. Knudson had some comments for clarification. **Mr. Knudson** said that Government Performance, since they had the IT budget, planned to ask a number of agencies with key projects to explain them to the Committee. **Rep. Carlisle** asked Sen. Holmberg if they chose not to add this project. **Chairman**

Thoreson suggested that they take some time to read through this request and he would further consult with Rep. Carlson. **Sen. Holmberg** said if this \$250,000 is considered critical by the folks working on the IT budget, maybe they should be the ones to add it in. **Chairman Thoreson** agreed that might be the right place. **Rep. Kroeber** noted that Sytech has generated a priority list and also that this project was listed in the Governor's budget. **Chairman Thoreson** said he would check on these things and request they be addressed in the IT budget. He asked who on the Senate side works on IT issues and **Sen. Holmberg** said Senators Christmann, Fischer, and Robinson.

Rep. Carlisle noted there is no problem with the two sections the Senate added. **Sen. Mathern** suggested this Committee might conclude its work and let the other committee deal with the IT issue. **Rep. Kroeber** said with regard to the \$76,000, if he doesn't want the hassle, there's just less carryover at the end of the year. **Rep. Carlisle** noted the Secretary's concern is process.

Chairman Thoreson added the tools are there to secure the funding. **Mr. Knudson** said with regard to Rep. Kroeber's observation, that the language is written, "he shall collect from the counties..." so if the Committee wants to give him more flexibility, the language could be changed to "...or from other sources." There was general agreement this would be a good idea.

Mr. Knudson restated roughly how the amendment might read: "...shall collect \$76,100 from counties or from other sources, including savings from within the Secretary of State's budget."

Sen. Mathern moved the House accede to the Senate amendments and further amend using this language; Senator Holmberg seconded. **Chairman Thoreson** called for a roll call vote. Motion passed 6-0-0.

Page 5

Government Operations Division

Bill/Resolution Number HB 1002

Hearing Date Wednesday, April 6, 2005

The Committee agreed that this should conclude their work unless something in the language of the amendment doesn't seem right, which they would determine when it's time to sign the conference report. If that were to happen, another meeting could be called.

Meeting adjourned.

(Meter #21.7)

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1002

That the Senate recede from its amendments as printed on pages 1381 and 1382 of the House Journal and pages 1037 and 1038 of the Senate Journal and that Engrossed House Bill No. 1002 be amended as follows:

Page 1, line 2, after the semicolon insert "to provide an exemption;"

Page 1, line 3, replace "section" with "sections" and after "54-09-05" insert "and 54-09-08"

Page 1, line 4, after "state" insert "and the secretary of state's general services operating fund"

Page 2, line 7, replace "133,738" with "130,493"

Page 2, line 10, replace "79,853" with "79,728"

Page 2, line 11, replace "279,063" with "275,693"

Page 2, line 12, replace "63,378" with "63,253"

Page 2, line 13, replace "215,685" with "212,440"

Page 2, line 18, replace "206,685" with "203,440"

Page 2, line 19, replace "63,378" with "63,253"

Page 2, line 20, replace "270,063" with "266,693"

Page 2, line 29, replace "2,287,356" with "2,284,111"

Page 3, line 2, replace "9,579,853" with "9,579,728"

Page 3, line 3, replace "13,966,270" with "13,962,900"

Page 3, line 4, replace "9,943,741" with "9,943,616"

Page 3, line 5, replace "4,022,529" with "4,019,284"

Page 3, line 10, replace "4,349,529" with "4,346,284"

Page 3, line 11, replace "9,943,741" with "9,943,616"

Page 3, line 12, replace "14,293,270" with "14,289,900"

Page 3, line 14, after "counties" insert "or make available \$76,100 from other sources, including savings from other areas within the secretary of state's budget"

Page 3, line 16, after "collected" insert "or made available"

Page 3, line 17, after "fund" insert "or if made available from general fund budget savings of the secretary of state, be returned to the general fund as unspent general fund appropriation authority for the 2005-07 biennium"

Page 3, after line 17, insert:

"SECTION 5. EXEMPTION. The appropriation contained in subdivision 1 of section 1 of chapter 2 of the 2001 Session Laws is not subject to the provisions of section 54-44.1-11 for an amount of up to \$105,000, and this amount may be used as state matching funds for federal election reform funding available to the state, for the biennium beginning July 1, 2005, and ending June 30, 2007."

Page 3, after line 23, insert:

"SECTION 7. AMENDMENT. Section 54-09-08 of the North Dakota Century Code is amended and reenacted as follows:

54-09-08. Secretary of state's general services operating fund. The secretary of state's general services operating fund is a special fund in the state treasury. Moneys in the fund are to be used pursuant to legislative appropriations for the provision of services under section 16.1-02-15, subsection 6 of section 41-09-94, subsection 9 of section 54-09-04, and sections 54-09-10 and 54-09-11. At the close of each fiscal year biennium, the secretary of state shall transfer any unobligated balance remaining in the fund exceeding seventy-five thousand dollars to the general fund."

Page 3, line 24, after "3" insert "and section 5"

Page 3, line 25, replace "is" with "are"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1002 - Summary of Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Secretary of State						
Total all funds	\$14,521,822	\$13,966,270	(\$3,370)	\$13,962,900	\$13,962,900	\$0
Less estimated income	10,316,535	9,943,741	(125)	9,943,616	9,943,616	
General fund	\$4,205,287	\$4,022,529	(\$3,245)	\$4,019,284	\$4,019,284	\$0
Public Printing						
Total all funds	\$327,000	\$327,000	\$0	\$327,000	\$327,000	\$0
Less estimated income						
General fund	\$327,000	\$327,000	\$0	\$327,000	\$327,000	\$0
Bill Total						
Total all funds	\$14,848,822	\$14,293,270	(\$3,370)	\$14,289,900	\$14,289,900	\$0
Less estimated income	10,316,535	9,943,741	(125)	9,943,616	9,943,616	
General fund	\$4,532,287	\$4,349,529	(\$3,245)	\$4,346,284	\$4,346,284	\$0

House Bill No. 1002 - Secretary of State - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Salaries and wages	\$2,296,214	\$2,287,356	(\$3,245)	\$2,284,111	\$2,284,111	
Operating expenses	2,326,061	2,076,061		2,076,061	\$2,076,061	
Capital assets	15,000	15,000		15,000	15,000	
Petition review	8,000	8,000		8,000	8,000	
Election reform	9,876,547	9,579,853	(125)	9,579,728	9,579,728	
Total all funds	\$14,521,822	\$13,966,270	(\$3,370)	\$13,962,900	\$13,962,900	\$0
Less estimated income	10,316,535	9,943,741	(125)	9,943,616	9,943,616	
General fund	\$4,205,287	\$4,022,529	(\$3,245)	\$4,019,284	\$4,019,284	\$0
FTE	27.00	27.00	0.00	27.00	27.00	0.00

Dept. 108 - Secretary of State - Detail of Conference Committee Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages	(\$3,245)	(\$3,245)
Operating expenses		
Capital assets		
Petition review		
Election reform	(125)	(125)
Total all funds	(\$3,370)	(\$3,370)
Less estimated income	(125)	(125)
General fund	(\$3,245)	(\$3,245)
FTE	0.00	0.00

A section is added as an emergency authorizing the Secretary of State to continue, for the 2005-07 biennium, any unspent appropriation authority remaining from the agency's authorized carryover from the 2001-03 biennium of up to \$105,000 for providing state matching funds for federal election reform funding. This section was also included in the Senate version.

A section is added amending Section 54-09-08 requiring the Secretary of State to transfer any amounts in the Secretary of State's general services operating fund exceeding \$75,000 at the end of a biennium to the general fund rather than at the end of each fiscal year. This section was also included in the Senate version.

The section added by the House requiring the Secretary of State to collect \$76,100 from counties to reimburse the general fund for the \$76,100 appropriated for matching federal election reform funding is changed to allow the Secretary of State to either collect the funds from the counties or to make available the funding from other sources which may include savings from within the Secretary of State's budget.

REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE)

Bill Number 1002 (, as (re)engrossed):

Date: 4/6/05

Your Conference Committee H. App. G.O.

For the Senate:

YES / NO

Sen. R. Thane ✓
Sen. R. Holmberg ✓
Sen. T. Mather ✓

For the House:

YES / NO

Rep. (Chairman) B. Thorsen ✓
Rep. R. Carlisle ✓
Rep. J. Kroeber ✓

recommends that the (SENATE/HOUSE) (ACCEDE) (o) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) 1381 --

and place on the Seventh order.

X, adopt (further) amendments as follows, and place 1002 on the Seventh order:

having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed)

was placed on the Seventh order of business on the calendar.

DATE:

CARRIER:

4/6/05
Rep. B. Thorsen

LC NO.

of amendment

58025 . 0203

LC NO.

of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

MOTION MADE BY: Sen. T. Mather

SECONDED BY: Sen. R. Holmberg

VOTE COUNT 6 YES 0 NO ABSENT

Revised 4/1/05

REPORT OF CONFERENCE COMMITTEE

HB 1009, as engrossed: Your conference committee (Sens. Bowman, Thane, Krauter and Reps. Kempenich, Carlisle, Kroeber) recommends that the **SENATE RECEDE** from the Senate amendments on HJ pages 1524-1525, adopt amendments as follows, and place HB 1009 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1524-1526 of the House Journal and pages 1190-1192 of the Senate Journal and that Engrossed House Bill No. 1009 be amended as follows:

Page 1, line 2, remove "4-01-19,"

Page 1, line 3, remove "pride of Dakota program, the"

Page 1, line 5, after "fees" insert "; to provide a contingent appropriation; to provide for a legislative council study"

Page 2, line 7, replace "1,211,582" with "1,243,463"

Page 2, line 8, replace "822,550" with "896,050"

Page 2, line 11, replace "1,310,099" with "1,309,224"

Page 2, after line 11, insert:

"Contingent appropriation - wildlife services 130,000"

Page 2, remove line 17

Page 2, line 19, replace "1,520,341" with "1,554,847"

Page 2, line 20, replace "1,318,026" with "1,294,916"

Page 2, line 21, replace "202,315" with "259,931"

Page 2, line 27, replace "5,706,552" with "5,738,433"

Page 2, line 28, replace "4,182,375" with "4,255,875"

Page 2, line 31, replace "2,179,563" with "2,178,688"

Page 2, after line 31, insert:

"Contingent appropriation - wildlife services 130,000"

Page 3, line 1, replace "225,000" with "25,000"

Page 3, line 2, replace "14,072,715" with "14,107,221"

Page 3, line 3, replace "9,636,875" with "9,613,765"

Page 3, line 4, replace "4,435,840" with "4,493,456"

Page 3, line 7, replace "\$2,805,077" with "\$2,855,077"

Page 3, remove lines 22 through 30

Page 8, after line 24, insert:

"SECTION 13. CONTINGENT APPROPRIATION - WILDLIFE SERVICES.

The contingent appropriation - wildlife services contained in section 3 of this Act is a contingent appropriation out of any moneys in the game and fish fund, not otherwise appropriated, to the agriculture commissioner for the wildlife services program. This funding is in addition to the funding identified in section 6 of this Act. If the federal funding for the cooperative wildlife damage management program for North Dakota wildlife services for federal fiscal year 2006 is less than \$400,000, then \$65,000 of the appropriation is available for wildlife services programs and if the same federal funding is less than \$400,000 for federal fiscal year 2007, an additional \$65,000 of the appropriation is available for wildlife services programs.

SECTION 14. LEGISLATIVE COUNCIL STUDY - MEAT INSPECTION LICENSE FEES. The legislative council shall consider studying, during the 2005-06 interim, the feasibility and desirability of implementing a license fee for businesses receiving state meat inspection program services and whether the fee would impact the number of businesses that would use the federal meat inspection service rather than the state service. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth legislative assembly."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1009 - Department of Agriculture - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Salaries and wages	\$5,766,637	\$5,706,552	\$31,881	\$5,738,433	\$5,738,433	
Operating expenses	4,358,278	4,182,375	73,500	4,255,875	4,255,875	
Capital assets	5,000	5,000		5,000	5,000	
Grants	1,524,225	1,774,225		1,774,225	1,724,225	\$50,000
Board of Animal Health	2,374,832	2,179,563	(875)	2,178,688	2,178,688	
Crop Harmonization Board	225,000	225,000	(200,000)	25,000	25,000	
Contingent appropriation			130,000	130,000	130,000	
Total all funds	\$14,253,972	\$14,072,715	\$34,506	\$14,107,221	\$14,057,221	\$50,000
Less estimated income	9,368,014	9,636,875	(23,110)	9,613,765	9,563,765	50,000
General fund	\$4,885,958	\$4,435,840	\$57,616	\$4,493,456	\$4,493,456	\$0
FTE	61.00	61.00	0.00	61.00	61.00	0.00

Dept. 602 - Department of Agriculture - Detail of Conference Committee Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE 1	REMOVES FUNDING FOR CROP HARMONIZATION BOARD 2	INCREASES FUNDING FOR PROJECT SAFE SEND 3	RESTORES FUNDING FOR MEAT INSPECTION PROGRAM 4	ADDS CONTINGENT FUNDING FOR WILDLIFE SERVICES 5	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages	(\$6,114)			\$37,995		\$31,881
Operating expenses			\$50,000	23,500		73,500
Capital assets						
Grants						
Board of Animal Health	(875)					(875)
Crop Harmonization Board		(\$200,000)				(200,000)
Contingent appropriation					\$130,000	130,000
Total all funds	(\$6,989)	(\$200,000)	\$50,000	\$61,495	\$130,000	\$34,506
Less estimated income	(3,110)	(200,000)	50,000		130,000	(23,110)
General fund	(\$3,879)	\$0	\$0	\$61,495	\$0	\$57,616

REPORT OF CONFERENCE COMMITTEE (420)
April 21, 2005 2:25 p.m.

Module No: HR-64-8437

Insert LC: 58032.0205

FTE	0.00	0.00	0.00	0.00	0.00	0.00
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- 1 This amendment reduces funding for state employee health insurance premiums from \$559.15 to \$553.95 per month.
- 2 The Senate reduced the appropriation authority for the Crop Harmonization Board which is not needed because of continuing appropriation authority.
- 3 The Senate increased funding for Project Safe Send by \$50,000 from the environment and rangeland protection fund.
- 4 The Senate restored funding for a meat inspector position and related operating expenses.
- 5 The Senate added \$130,000 from the game and fish fund, contingent on federal funds not being available for the program. If the federal funding for the cooperative wildlife damage management program for North Dakota Wildlife Services for federal fiscal year 2006 is less than \$400,000, then \$65,000 of game and fish funds are appropriated for wildlife services programs. If the federal funding for the cooperative wildlife damage management program for North Dakota Wildlife Services for federal fiscal year 2007 is less than \$400,000, then \$65,000 of game and fish funds are appropriated for wildlife services programs.

The conference committee restored \$50,000 from the environment and rangeland protection fund for saltcedar surveys and eradication. The Senate had reduced funding by this amount.

The conference committee provided for a Legislative Council study of the feasibility and desirability of implementing a license fee for businesses receiving services under the state meat inspection program.

Engrossed HB 1009 was placed on the Seventh order of business on the calendar.

2005 TESTIMONY

HB 1002

also
handed out
on 1-7-05
to full
House
Approps

lot 3

AL Jaeger
Sec of State
11/10/05 8:00a.
G.O. (2) HB1002

Secretary of State
Overview Presentation to the House Appropriations Committee
January 7, 2005

Funding	2003-05 Legislative Appropriation	2003-05 Estimated Expenditures or Currently Filled FTE Positions	(1)	Variance	2005-07 Executive Recommendation	2005-07 Recommendation Change (Variance) to 2003-05 Legislative Appropriations
Salaries and wages	2,153,618	2,150,000		-3,618	2,296,214	142,596
Operating expenses	2,070,226 (c)	2,000,000		-70,226 (e)	2,653,061	255,835
Petition Review	8,000	3,821		-4,179	8,000	0
Election Reform	9,500,000	7,000,000		-2,578,364 (f)	9,876,547	376,547
Equipment	0	0		0	0	0
Capital assets	0	0		0	15,000	15,000
Grants	0	0		0	0	0
Total	\$13,731,844	\$11,153,821		-\$2,656,387	\$14,848,822	\$789,978
General fund	3,806,844 (d)	3,733,821		-\$73,023	\$4,205,287	\$398,443 (h)
Federal funds	9,500,000	7,000,000		-2,578,364	9,503,953	3,953
Special funds	425,000 (b)	420,000		-5,000	812,582 (g)	387,582 (g)
Total	\$13,731,844	\$11,153,821		-\$2,656,387	\$14,521,822	\$789,978
Authorized FTE	26 + 1 (a)	26 + 1		0	26 + 1	0

(1) Explanation of Major Funding and FTE Variances for the 2003-05 Legislative Appropriation to 2003-05 Current Estimates

- (a) Per 2003 Senate Journal Page 1467, an additional FTE position (office assistant III) is authorized only for the period of time that federal funds are available to provide for the cost of the position. It was noted that the House also agreed to this.
- (b) Original Appropriation was \$380,363. Because of projected increase in the sale of services before the end of the biennium, the agency requested and the Emergency Commission on December 7, 2004, approved an increase in spending authority of \$44,637 for the operating line (c). The agency's General Services Operating Fund is authorized by NDCC 54-09-10 and at the end of the biennium, all uncommitted funds in excess of \$75,000 are transferred to the state's general fund.
- (d) This amount does not include the \$105,000, which was appropriated from the 2001/2003 turn back from the SOS budget and which represented one-half of the required 5% state matching dollars to obtain \$4,150,000 in Help America Vote Act (HAVA) funds.
- (e) Ending variance will be dependent on sales versus expenses for General Service Operating Fund.
- (f) This is really an unknown amount since it depends on when the remaining of the voters systems are delivered. The total contract is in excess of \$6,000,000. Regardless, HAVA is very clear in that the funds can only be used for election reform and that any interest earned on the principal balance must be deposited back into the Election Reform account.

(2) Explanation of Major Funding and FTE Changes (Variances) for the 2005-07 Recommendation to 2003-05 Legislative Appropriations

- (g) These amounts include \$372,594, which represents a 5% state match of \$7,446,803. The agency had requested one-half of this amount from the general fund as one of its enhancements. The Governor's recommendation proposes that all of the match comes from the counties. However, in subsequent discussions with the Federal Assistance Commission, it is clear in the HAVA bill that the 5% match has to be appropriated before the state can certify that it qualifies to receive the funds that are now reserved for it in Washington DC. The language in Section 4 of HB 1002 does not qualify as an appropriation. Therefore, all options must be explored as to how to arrive at the appropriated amount and this section of the bill should have an Emergency Clause attached to it so that the Federal Funds can be acquired as quickly as possible.
- (h) This includes the Governor's recommendation for salary and benefit adjustments. It also includes the approval of an agency requested enhancement of \$250,000 for the migration of the agency's database from its current platform to another platform, which is anticipated to result in future savings and increased productivity. The increased net difference in the general fund recommendation from the current biennium is \$5,847.

Summary of Major Goals and Objectives and Related Performance Measurement Data for the 2005-07 Biennium (to the extent available)

1. Pursue all available options to place the agency's database on a platform that will allow for increased services to customers and increased productivity through gained efficiencies
2. Performance Data: Revenue 1991/1993 \$3,590,061 Estimated 2003/2005 \$6,570,000 = 83% increase
Performance Data: Expenditures 1991/1993 \$3,623,237 Actual 2001/2003 \$3,934,616 = 8.6% increase
Performance Data: Annual Filings 6/30/95 42,282 6/30/04 77,753 = 84% increase
3. Since the agency is the first place stop for all initial business related filings and has a continuing role thereafter, it will continue to actively participate in all activities that will enhance the state's image as a good place to establish and do business.
4. Continue to implement the Help America Vote Act and to develop a plan to leverage Federal resources as far into the future as possible
5. Begin the transitional planning for anticipated retirements of some long-term and very valued key employees.

Footnote: The agency does have a continuing appropriation related to the duties of the State Athletic (boxing) Commissioner, which has a balance that varies between a few hundred dollars to two to three thousand dollars.

Optional Request # 1 \$186,300

② of 3
Al Jaeger
Sec. of State
11/10/05
G.O.
HB 1002

Under the federal Help America Vote Act of 2002 (HAVA), North Dakota received \$5,000,000 in 2003, which did not require a state match. These funds were to improve election administration, training, and voter education.

In July 2004, the state received an additionally \$4,150,000, which did require a state match of 5%. This funding is for providing the state's counties with new voting systems. The 2003 Legislative Assembly, in Section 2 of SB 2002, covered one-half of the required match, by utilizing \$105,000 in funds from the Secretary of State's budget that would have been turned back to the state's general fund at the end of the 2001/2003 biennium. The other half of the match is covered by the state's counties as voting equipment is granted to them.

During 2004, Congress appropriated an additional \$7,451,902 to North Dakota, which also requires a state match of 5%. Therefore, this optional request is for \$186,300 to cover one-half of the required match. The state's counties will cover the other half of the match as voting equipment and support is provided to them. All of the new voting systems must be placed in the counties no later than December 31, 2005.

In order to qualify to receive the \$7,451,902, Section 253(a)(5) of HAVA requires the state to certify the following:

"The State has appropriated funds for carrying out the activities for which the requirements payment is made in an amount equal to 5 percent of the total amount to be spent for such activities (taking into account the requirements payment and the amount spent by the State) and, in the case of a State that uses a requirements payment as a reimbursement under section 251(c)(2), an additional amount equal to the amount of such reimbursement."

Optional Request # 2 - \$250,000

③ of 3
AL Jaeger
Sec. of State
11/10/05--60.
HB 1002

For several years, ITD has recommended that the agency migrate its database from its current AS/400 platform to another platform. The AS/400 platform and its RPG language based programming are expensive to maintain and upgrade. There are very few qualified RPG programmers available. In addition, it is not cost-effective to expand and enhance services to the public and other state agencies because the current base platform does not have the capability of easily utilizing the latest in technology. For example, the cost to offer Automatic Clearing House (ACH) services on the AS/400 platform would be greatly reduced on another platform.

When the present platform was built 15 years ago, the then available technology resulted in the creation of a base operating platform that is no longer relational in today's information environment. Therefore, any continued investment in the present platform and any delay in migrating the database to another platform will result in expending funds on an obsolete platform. At some point, the present platform will need replacing anyway in order to maintain agency productivity, respond to demand for services such as electronic filing, and incorporating legislative changes. Therefore, it would be less expensive in the long view to migrate now and not double up on costs.

ITD has estimated a cost of \$306,058 to migrate the Secretary of State software applications from the AS/400 to another platform. It is estimated that the entire cost of the project would be \$500,000. The agency has identified available funds from the current 2003/2005 biennium, which would cover half of the cost. The optional request would allow the project to be completed during the 2005/2007 biennium. See agency's IT Capture Report for additional information.

It is also believed that migration would have enterprise wide benefit for the numerous other state agencies that need access to and rely on the agency's database. As required by state law, all businesses have an initial filing requirement with the Secretary of State's office before they can obtain permits, licenses, etc. from other state agencies.

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SECRETARY OF STATE

STATE OF NORTH DAKOTA
600 EAST BOULEVARD AVENUE DEPT 108
BISMARCK ND 58505-0500

February 1, 2005

#1

Re: HB 1002
H. App. G.O.
Wed. 2/2/05

TO: Rep. Carlisle, Chairman,
and Members of the House Appropriations – Government Operations Division

* FR: Al Jaeger, Secretary of State

RE: HB 1002 – Secretary of State Budget and 5% State Match for Election Reform Funds

For the initial funding appropriated by Congress to implement the Help America Vote Act of 2002 (HAVA), every state in the union received \$5,000,000. A state match was not required.

For the \$4,150,000 appropriated by Congress for federal fiscal year 2003 (FY03), the state was required to provide a 5% match. This match was made possible by one-half of the required 5% match being appropriated in the Secretary of State's budget by the 2003 Legislative Assembly. The other one-half of the match was provided through an agreement with the state's counties to pay a 2.5% share of the cost of voting equipment purchased using the federal HAVA funding. The value of the voting equipment contract is approximately \$6,000,000.

Now, for the federal fiscal year 2004 (FY04), Congress has appropriated \$7,446,803 to the State of North Dakota, which requires a 5% state match equaling \$372,340.15.

As soon as the Governor and the Secretary of State certify to the Election Assistance Commission (EAC) that the state's 5% match is accounted for, the state can request the transfer of the federal HAVA funding into the state's Election Fund. Therefore, any portion of the Secretary of State's budget in HB 1002 related to the match should contain an Emergency Clause to allow the funds to be received as soon as possible.

Because the counties are committed to paying 2.5% of the \$6,000,000 voting equipment contract, the state can use \$46,250 to apply towards the match required for the FY04 funds. That amount is 2.5% of the difference between the FY03 funds and the equipment contract, which reduces the amount needed for the state's FY04 match.

For a portion of the remaining 5% match, I have asked the EAC whether the \$250,000 plus expended in General Fund dollars by the state since May of 2002 for North Dakota's Election Management System (EMS) can be applied to the state's 5% match for the federal FY04 funds. As of today, I know EAC legal counsel is doing her best to expedite a decision by the EAC Commissioners. The challenge in obtaining a quick decision by the Commissioners is that they are hosting a national meeting in Washington DC this week. The goal is as follows:

Required 5% Match for \$7,446,803	\$372,340.15
Less additional sum pledged by counties for voting equipment: \$ 46,250	326,340.15
Less sum expended on Election Management System	\$250,000 76,090.15

If the EAC approves the state's request, it would only be necessary to appropriate approximately \$76,100 to obtain the FY04 funds. Unfortunately, I do not know how soon that approval will come even though the EAC is aware of the urgency.

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SECRETARY OF STATE

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February 9, 2005

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#1

HB1002

Thurs.
2/10/05

TO: Rep. Carlisle, Chairman,
and Members of the House Appropriations – Government Operations Division

* FR: Al Jaeger, Secretary of State

RE: HB 1002 – Secretary of State Budget and 5% State Match for Election Reform Funds

In my memo of February 1, 2005, I informed the committee of the request that I had forwarded to the Election Assistance Commission (EAC) in Washington DC. In that request, I asked whether the \$250,000 already expended for the Secretary of State's Election Management System could be applied towards the state's 5% match of \$372,340.15. This is the match needed in order for North Dakota to secure the FY04 Help America Vote Act of 2002 (HAVA) federal funds of \$7,446,803, which has been appropriated by Congress.

While I was in Washington DC from this past Friday through Monday, I visited in person with two EAC staff members on several occasions regarding the state's request. In addition, my Deputy, Jim Silrum, also had conversations with the same staffers and with a Commissioner. Although we were both assured that the state's request was a priority, the staffers indicated that it probably will be late this week or early next week before the EAC commissioners will make a decision.

The good news is, that to date, all of the feedback from the EAC staffers regarding North Dakota's request has been favorable. While they do not make the decision, I am hopeful that their sense of the past decisions made by the EAC and their understanding of HAVA will result in a favorable decision for the state.

If North Dakota's request were approved, only a general fund appropriation of \$76,100 would be needed in HB 1002. This section of the bill, of course, should have an Emergency Clause attached to it.

ALVIN A. JAEGER
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April 4, 2005

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#1 4/6/05
H. App. B. O.
Conference Room

TO: Rep. Carlson and Members of the Appropriations – Government Performance Division

* FR: Al Jaeger, Secretary of State (direct telephone number 328-3670)

RE: HB 1002 – Secretary of State's Budget

On February 28, 2005, I received the following message from Allen Knudson.

"Secretary of State Jaeger:

Representative Al Carlson, Chairman of the House Appropriations - Government Performance Division, has asked us to inform you that the division will be asking agencies that are requesting funding for the 2005-07 biennium of \$250,000 or more for an information technology project to present information on the project to the division. The division is interested in receiving information on the project including the purpose of the project, estimated cost by funding source, a summary of the cost/benefit analysis, the anticipated timeline for the project, payment schedule, and anticipated completion date.

The division's clerk will be contacting you in the near future to schedule your agency's presentation."

I have yet to be contacted and would very much want the opportunity to respond to the request.

The Governor's recommended budget, HB 1002, for the Secretary of State's office included the amount of \$250,000. The House deleted that amount before it sent the bill to the Senate. Although I presented testimony requesting that it be restored, the Senate did not do so.

The agency is at a critical point with its present platform. It is on a Model A chassis and it is at the end of its productive life. Therefore, any continued investment in it is questionable when the possibility exists to make an upgrade at a significant amount lower than projected just a year ago.

Therefore, based on earlier conversations with you and others, I respectfully request your review and favorable consideration of the attached summary of the project and restore the \$250,000 to the Secretary of State's budget.



SECRETARY OF STATE

STATE OF NORTH DAKOTA
600 EAST BOULEVARD AVENUE DEPT 108
BISMARCK ND 58505-0500

April 4, 2005

*Same
given to
Senate
appropriations*

Secretary of State Enhancement for Migration of Operating Platform

Summary for House – Government Performance Division

The Secretary of State's operational database is housed on an AS/400 platform, which uses RPG language based programming. When the present RPG platform was built 15 years ago, the then available technology resulted in the creation of an underlying operating platform (or chassis) that is no longer efficient or adaptable compared with today's technology.

In addition, there are only a few qualified RPG programmers available so the agency's present platform is expensive to maintain and change when required by legislative action. It also is not cost-effective to expand and enhance services offered to the public and other state agencies because the current base platform does not have the capability of easily utilizing the latest in technology. For example, the cost to offer Automatic Clearing House (ACH) services on the AS/400 platform is expensive. However, the cost is almost eliminated in newer platform applications because the ACH component is already in the software or very easily added.

For the past several legislative sessions, ITD has been recommending to the Secretary of State that a platform change be made. However, the cost (up to \$1.5 million) to make the switch was prohibitive. So, the project was not pursued. That is, until a year ago.

As the agency prepared its technology plan and because of my involvement on the State Information Technology Advisory Committee (SITAC), the need to migrate became very apparent and could no longer be overlooked. Initially, the estimate was \$1 million. Then, during the summer of 2004 and based on new estimates from ITD, the cost was projected to be approximately \$500,000.

Then we begin researching a system created by the Secretary of State's office in the State of North Carolina, which is now used in Secretary of State offices in approximately 11 states. North Carolina is making the base platform available to North Dakota at no cost. This, of course, has greatly decreased the previous estimates. Nevertheless, there still are costs associated with installing the system and moving the data from the old platform to the new system. However, the good news is that the conversion can be done in stages. Therefore, combined with our proposed base budget and the Governor's recommended enhancement of \$250,000, the project becomes achievable. That is why I am requesting that the \$250,000 be restored to the Secretary of State's budget.

Because of the project is now in the achievable category, any continued expenditure to maintain the present outdated platform becomes a questionable use of resources. As it is, it will only be a matter of time before a move will need to be made from the current platform because of the lack of programmers and the companies unwilling to provide continued support for the current platform.

Most important is that the move to a new operating platform would increase productivity and provide enhanced customer services. Both, of these goals can be quantified.

As one example, some of our customers are seeking and expecting to file documents electronically and that process would be more easily accomplished on a new platform that already had built-in ACH capabilities.

It is also believed that migration would have enterprise wide benefit for the numerous other state agencies that regularly access and rely on the agency's database. As required by state law, all businesses have an initial filing requirement with the Secretary of State's office before they can obtain permits, licenses, etc. from other state agencies. Therefore, the new platform would provide a technology base that would allow the information to be shared more easily with other agencies. Based on what ITD has studied, they also believe the North Carolina system would have enterprise wide application.

Internally, it has been conservatively estimated by ITD * that the agency could process an annual report 25 times faster by reducing the number of times the document is physically handled in order to be processed and filed. (* This is a conservative estimate from ITD's experience with DOT and Tax Department processing systems.)

For example, a single annual report is now physically handled a minimum of eight times and depending on distribution of workload, it can be handled two to four additional times. In all, a document could easily be hand carried between 500 and 1,000 feet before the task is completed.

With the new platform, the document would be scanned immediately upon receipt and processed electronically from any workstation located within the office. If the increased processing efficiency is multiplied by the nearly 200,000 documents that the agency processes during the biennium, the savings in time and resources become significant.

A new platform would also give customers the option of filing documents electronically and paying the applicable filing fees in a paperless manner, which also eliminates the need for any physical handling of the payment or the hard copy of a report.

As stated earlier, with the budget enhancement of \$250,000, the project becomes feasible. Without it, the agency faces a dilemma for the following reasons.

1. Regardless of the operating system, funds will be expended. The choice is whether to maintain or upgrade the present antiquated system as best we can or invest those same funds on a new platform system that is faster and more adaptable.
2. Although the present system can be upgraded, its operating platform can never reach the level of efficiency, as a new platform would allow.
3. The opportunity is available now to leverage funds at a fraction of previous cost estimates in order to accomplish the migration. When the processing time being reduced with the new system, it will be possible to decrease overtime costs, which are now needed in order to meet statutory deadlines.
4. The agency is reluctant to power down its present scanning station because of the uncertainty that it will not restart because its operating system is no longer manufactured or supported. The new system allows for using software where scanning is incorporated into the system.
5. With the increased workload of 84% in the past nine years, it is becoming more difficult to process reports in a timely manner and increasing FTE is not an option because, even if it were approved, the agency would not have the space to house them.
6. A transition will take time. However, the agency has several staff members nearing retirement age and with increasing processing efficiencies, restructuring becomes a viable option.
7. In a recent technology audit, the State Auditor recommended several changes to the agency's processing procedures and database. The agency has not yet implemented some of those recommendations because the funds would be expended on an obsolete platform, which are already available or easily added to a new platform.
8. Software manufacturers recognize the importance of tracking performance. Although the present platform can be used for tracking, the process is complex and convoluted. In the new platform, the tracking is already programmed into the system.
9. It is difficult to justify spending funds on a system that will soon need to be replaced anyway.