

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1005

2005 HOUSE APPROPRIATIONS

HB 1005

Mr Friez reviewed handout # 4-10 (attached) and mentioned there was a big push to change the public safety system from analog to digital. This would be done mostly through federal funding but need the authority to use the funds. **Rep. Jeff Delzer** asked what authority they were presently using. **Mr Friez** answered that legislative approval comes alongside and allocated funding. **Rep. Jeff Delzer** continued by asking by what authority do they sign leases and enter into contracts since these actions mean that the state is ultimately responsible. **Mr Friesz** explained how the federal provisions worked and said that there is a provision in all contracts or leases mentioning that the contract was void if the federal funds were removed. **Rep. Mike Timm, Vice Chairman** asked if any Homeland funds could be set aside to cover this if they were needed. **Mr Friesz** answered that there were rules attached to the Homeland dollars that would make this impossible. **Rep. Francis J. Wald** asked if local emergency response companies were reimbursed for costs for this. **Mr Friesz** answered that some are and some aren't, since the funds have to be requested. **Rep. Bob Skarphol** asked how much was borrowed from the general fund to match the federal funds. **Mr Friesz** answered a total \$5.9 million. He continued that there was a deficiency bill introduced for \$6.2 million. **Rep. Jeff Delzer** asked if private emergency responses were getting any of the funding. **Mr Friesz** reported that the process for distributing the funds were decided locally and it was sometimes hard to get people to attend these meetings. **Rep. Ken Svedjan, Chairman** asked about the 29 FTE's listed but that we were unsure what would happen to this, so be prepared to get the details in hearing.

↓ **State Treasurer - testifying was Kelly Schmidt** (meter Tape #2, Side B, 4.1)

HB1005

Ms Schmidt reviewed handout # 4-11 (attached), explaining that funds were increased in this budget request to account for any transition costs occurring from the change of State Treasurer. The only changes planned in staff are in 2 non-classified positions.

Rep. Bob Skarphol asked if there was money requested for an upgrade in computers.

Ms Schmidt answered that they were planning a study to determine the needs of the office. **Rep. Francis J. Wald** asked if the adjustments needed for the School Districts were being paid. **Ms Schmidt** said that some of the smaller ones had been repaid and that they were working on a schedule for repaying the others. A discrepancy in the handout was found and **Ms Schmidt** assured the committee that she would send a corrected version to the committee.

Treasurer
end *1001*
Office of Governor - testifying was Bill Goetz (meter Tape #2, Side B, 13.2)

Mr Goetz reviewed handout #4-12 (attached). **Mr Goetz** mentioned that adjustments were made in the last biennium to keep their 18 FTE's with funding for only 16.3, but was requesting funding for 17.3 FTE's in this biennium. **Rep. Jeff Delzer** asked about the E-Rate for the Schools for the Deaf and Blind. **Mr Goetz** answered No and said that this was an ITD issue and that the E=Rate issue has been resolved. **Rep. Pam Gulleson** asked if salary adjustments were made to make it possible for 18 FTE to keep working on a funding for 16.3 FTE's. She continued her question by asking what authority was used for those adjustments. **Mr Goetz** answered that some adjustments were made but authority was unnecessary since it was a simple re-allocation of funds. **Rep. Ken Svedjan, Chairman** adjourned the meeting. (meter Tape #2, Side B, #22.5)

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1005

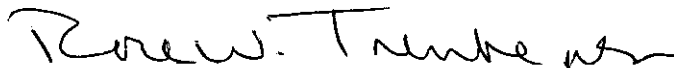
House Appropriations Committee
Government Operations Division

☐ Conference Committee

Hearing Date Tuesday, January 11, 2005

Tape Number	Side A	Side B	Meter #
1	X		00-1333

Committee Clerk Signature



Minutes:

Chairman Carlisle called the Hearing on HB1005 regarding the budget for the State Treasurer to order.

State Treasurer Kelly Schmidt read her testimony into the record (See Handout #1).

(Meter #256)

Rep. Thoreson asked about the IT study mentioned in Full Committee and the **Treasurer** explained that the current technology was installed in the 1970's and \$30,000 is necessary in order to effectively plan for the future. The **Treasurer** prefers a long-term plan with no surprises.

Ms. Sandy Paulson, OMB, added that the investment in hardware down the road will be much larger.

Rep. Timm asked about the problem of misdistribution and the **Treasurer** referred this question to **Lawrence Hopkins, deputy to the State Treasurer's Office**. He informed the Committee that

the majority of the cities have either been reimbursed for overpayments or have recouped the amounts that were underpaid. He referred to the "Yellow Sheet" from the auditor which lists errors that need to be corrected with the cities and counties. Most of this has been done, but there are still 12 cities which need to be reimbursed for overpayment which averages \$375 each. The largest mistake is \$365,000 to Bismarck and that is still owed and scheduled to be paid back by April, 2006. If we get the money in sooner, we'll get that to them sooner. There are also five public school districts making repayments. The largest is the Center/Stanton District. There is still \$61,000 left to be repaid. They have until May of 2006 to make that final reimbursement.

Chairman Carlisle asked the Deputy to put this information in a memo for the Full Committee.

Rep. Williams asked how these errors took place and the **Deputy Hopkins** explained that there were several reasons, such as using the wrong census data. These errors took place over six years.

Treasurer Schmidt explained that there were also problems with technology. One example being the gas tax. The laws changed, but the changes were not put into the database so the IT calculations were made with the wrong data. There are several funds with similar problems.

(Meter #788)

Rep. Williams noted "There's one nice thing about technology. Nobody's really at fault."

Rep. Kroeber reflected on how small the Department is and asked about the division of powers and whether the Treasurer could keep that straight.

Deputy Hopkins said that the Treasurer's willingness to have another person there to offer to do some supervising and oversight will help the Dept. tremendously. He pointed out his background is in audit both at a CPA firm and internal auditing, so those issues will be scrutinized vigorously.

Rep. Kroeber asked if the Dept. would have people taking in money and distributing money.

Deputy Hopkins pointed out that the main function of the Treasurer's Office is responsible for distributing money brought in by another department, like the Tax Department. But, even internal controls within our agency as to who collects those funds and who distributes are also being addressed.

Rep. Timm asked if there were any turnover of staff and the **Treasurer** stated that one deputy and another staff member will be leaving. The **Treasurer** also stated for the record that "the staff in the State Treasurer's Office has been wonderful."

Meeting Adjourned.

Re: HB 1007, Labor Commissioner

Members discussed why the budget seemed to bounce around so much and Sandy Paulson explained that HUD changed the reporting requirements to a per case format. The budget is adapting to those changes; this is the transition. Members discussed the Memo dated 1/11/05 which clarified the request for salary increase. Rep. Timm agreed to carry HB 1007 to the floor.

Re: HB 1011, Securities Department

Members discussed the FTE request and generally agreed that this position pays for itself. The estimates for outside counsel seemed within reason. Rep. Kempenich agreed to carry HB 1011 to the floor (Meter #1955)

Re: HB 1005, Treasurer's Department

Members discussed the IT costs. Sandy Paulson estimates that the Treasurer has enough now in the budget to work on a study and do a quick fix. Rep. Thoreson pointed out that it's the application software that's costly. IT can help find that and adjust it to our state laws. Members also discussed the CO2 pipeline. Sandy Paulson will get more information regarding which counties are involved.

Re: HB 1001, Governor's Office

Discussed briefly that the office is authorized for 18 people and that adding one person still funds to 17.3. Noted that Governor & Lt. Governor did not take salary increases for the past two sessions. (Meter #3597)

Re: HB 1010, Insurance Commission

Chairman Carlisle Members discussed the amendment and generally agreed a flat amount would be most efficient and each session it could be re-evaluated. Members asked Roxanne

Thursday January 20, 2005

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 1005

House Appropriations Committee
Government Operations Division

☐ Conference Committee

Hearing Date Thursday, February 10, 2005

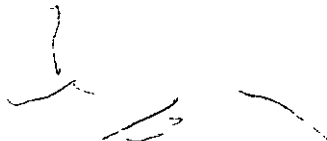
Tape Number	Side A	Side B	Meter #
1		X	14.4-23.2

Committee Clerk Signature



Minutes:

Chairman Carlisle opened discussion on HB 1005 regarding the North Dakota State Treasurer's Office. **Ms. Kelly Schmidt, N.D. State Treasurer**, was present to assist the Committee. **Ms. Schmidt** gave Committee members a revised overview, dated 2/10/05 (See Handout #1). She began by informing the Committee that the Treasurer's Office found an additional \$100,000 for the CO² pipeline which will be transferred to the General Fund. **Chairman Carlisle** commented that even though this is a pass through, it's certainly good news. **Ms. Schmidt** explained to the Committee that her budget is so tight, that when the Agency replaced staff and paid the annual leave issues, there wasn't enough money to hire new staff. **Rep. Timm** asked the **Treasurer Schmidt** how much she needed and she replied \$3,000. **Ms. Paulson, OMB**, brought up the contingency of whether or not the Agency is covered should a staff member leave for a hospital stay or something similar and temporary help would be needed. **Rep. Kroeber** pointed out that



Page 2

Government Operations Division

Bill/Resolution Number HB 1005

Hearing Date Thursday, February 10, 2005

the Agency wouldn't be in this financial stress but for the fact that the Legislature for the past three sessions has tried to shut the office down.

The Committee asked **Ms. Paulson** what might be a reasonable amount and under what label the appropriation would come. She said \$10,000 in the salaries, wages, temps, and overtime line.

Rep. Timm moved that HB 1005 be amended to add \$10,000 for salary, wages, temps, & overtime line; seconded by **Rep. Thoreson**.

Hearing no further discussion, **Chairman Carlisle** called for a roll call vote. Motion passed 6-0-0.

Chairman Carlisle ended discussion on HB 1005.

(Meter #23.2)

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1005

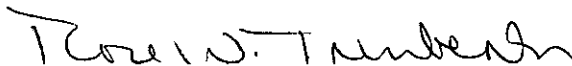
House Appropriations Committee
Government Operations Division

☐ Conference Committee

Hearing Date Friday, February 11, 2005

Tape Number	Side A	Side B	Meter #
1	X		16.8-18.7

Committee Clerk Signature



Minutes:

Chairman Carlisle opened Discussion on HB 1005 and Amendment .0102 concerning the Treasurer's budget. **Ms. Roxanne Woeste, Legislative Council**, reviewed the following changes:

- adjustment to compensation packages
- increased appropriation of \$10,000 for salaries, wages, and operating expenses

Rep. Timm moved to approve Amendment .0102; seconded by **Rep. Kempenich**. Hearing no further discussion, **Chairman Carlisle** called for a roll call vote (#1). Motion passed 4-2-0.

Rep. Thoreson moved a DO PASS on HB 1005 as amended; seconded by **Rep. Timm**. Hearing no further discussion, **Chairman Carlisle** called for a roll call vote (#2). Motion passed 6-0-0.

(Meter #18.7)

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1005

State Treasurer

House Appropriations Full Committee

☐ Conference Committee

Hearing Date February 15, 2005

Tape Number

3

Side A

X

Side B

Meter #

#0.5 - #3.5

Committee Clerk Signature

Chris Alexander

Minutes:

Rep. Ken Svedjan, Chairman opened the discussion on HB1005.

Rep. Mike Timm, Vice Chairman explained that amendment #0102 changed the salary adjustments needed and adds a \$10,000 for salary adjustments and overtime. \$105,000 was turned back to the general fund.

Rep. Mike Timm, Vice Chairman moved to adopt amendment #0102 to HB1005.

Rep. Ron Carlisle seconded.

Rep. Ron Carlisle commented that \$100,000 of the \$105,000 turned back was from the pipeline.

Rep. Ken Svedjan, Chairman called for a voice vote on the motion to adopt amendment #0102 to HB1005. Motion carried.

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

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1005

House House Appropriations Government Operations

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Amend HB 1005 to add \$10,000
to salaries, wages, temps, + overtime like
Motion Made By Seconded By

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 #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1005

House House Appropriations Government Operations

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 58028.0102

Action Taken Approve Amendment .0102

Motion Made By Rep. Timm Seconded By Rep. Kempenich

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

Total (Yes) 4 No 2

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. 1005

House House Appropriations Government Operations

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 58028.0102

Action Taken DO PASS HB 1005 AS amended

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 Rep. Timm

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. HB1005

House Appropriations - Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number **58028.0102**

Action Taken **DO PASS AS AMENDED**

Motion Made By **Rep Timm** 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	AB	
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	AB		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 **21** No **0**

Absent **2**

Floor Assignment **Rep Timm**

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

REPORT OF STANDING COMMITTEE

HB 1005: Appropriations Committee (Rep. Svedjan, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (21 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1005 was placed on the Sixth order on the calendar.

Page 1, line 16, replace "38,983" with "46,396"

Page 1, line 19, replace "(\$293,784)" with "(\$286,371)"

Page 2, line 1, replace "632,813" with "640,226"

Page 2, line 4, replace "2,332,600" with "2,340,013"

Page 2, line 9, replace "eight" with "one", replace "two" with "sixty", and remove "may"

Page 2, line 10, replace "not exceed sixty-nine" with "sixty-eight", replace "four" with "eight", and replace "seventy-four" with "six"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1005 - State Treasurer - House Action

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$632,813	\$7,413	\$640,226
Operating expenses	154,787		154,787
In lieu of tax payments	<u>1,545,000</u>		<u>1,545,000</u>
Total all funds	\$2,332,600	\$7,413	\$2,340,013
Less estimated income			
General fund	\$2,332,600	\$7,413	\$2,340,013
FTE	6.00	0.00	6.00

Dept. 120 - State Treasurer - Detail of House Changes

	REDUCES COMPENSATION PACKAGE TO 3/4	ADDS FUNDING FOR SALARIES AND WAGES ¹	TOTAL HOUSE CHANGES
Salaries and wages	(\$2,587)	\$10,000	\$7,413
Operating expenses			
In lieu of tax payments			
Total all funds	(\$2,587)	\$10,000	\$7,413
Less estimated income			
General fund	(\$2,587)	\$10,000	\$7,413
FTE	0.00	0.00	0.00

¹ This amendment increases funding for salaries and wages, temporary wages, and overtime.

2005 SENATE APPROPRIATIONS

HB 1005

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1005

Senate Appropriations Committee

☐ Conference Committee

Hearing Date February 25, 2005

Tape Number

2

Side A

a

Side B

Meter #

75

Committee Clerk Signature



Minutes:

Chairman Holmberg called the hearing to order on HB 1005.

Kelly Schmidt, State Treasurer, provided written testimony and testified in support of HB 1005. She indicated the main purpose of the State Treasurer is to provide sound leadership and prudent investment practices of state dollars. They are committed to implementing the latest technology, acquiring and retaining the best staff in providing accounting, reconciliation and administrative services for various funds and distributing tax money to state and political subdivisions. She indicated with the advancement in technology, they are meeting with the IT department to determine needs, addressing desk top systems, working on the people soft system and working on salary and wages.

Questions raised were related to the life span of desk top systems.

No further questions or testimony.

Chairman Holmberg closed the hearing on HB 1005.

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1005

Senate Appropriations Committee

☐ Conference Committee

Hearing Date March 24, 2005

Tape Number	Side A	Side B	Meter #
1	a		2,636 - 2990

Committee Clerk Signature



Minutes:

Chairman Holmberg opened the discussion on HB 1005.

Senator Mathern distributed amendments discussing the changes., **Senator Krauter** seconded. A request was made to split the amendment part 1 and 2. A voice vote was taken on Footnote 1 . The motion carried.

Senator Mathern moved for an amendment to increase salary increases to 4/4, **Senator Krauter** seconded. This is footnote 2. A roll call vote was taken resulting in 5 yes, 8 no, 1 absent. The motion failed.

Senator Mathern moved for a DO PASS with the amendment section 1, **Senator Fischer** seconded, A roll call vote was taken with 14 yes, 1 absent. The motion carried.

Chairman Holmberg closed the hearing on HB 1005.

JEB
3-24-05

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1005

Page 1, line 16, replace "46,396" with "50,930"

Page 1, line 19, replace "(\$286,371)" with "(\$281,837)"

Page 2, line 1, replace "640,226" with "644,760"

Page 2, line 4, replace "2,340,013" with "2,344,547"

Page 2, line 9, replace "one" with "eight" and replace "sixty" with "two"

Page 2, line 10, replace "sixty-eight" with "sixty-nine", replace "eight" with "four", and replace "six" with "seventy-four"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1005 - State Treasurer - Senate Action

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
Salaries and wages	\$632,813	\$640,226	\$4,534	\$644,760
Operating expenses	154,787	154,787		154,787
In lieu of tax payments	<u>1,545,000</u>	<u>1,545,000</u>		<u>1,545,000</u>
Total all funds	\$2,332,600	\$2,340,013	\$4,534	\$2,344,547
Less estimated income				
General fund	\$2,332,600	\$2,340,013	\$4,534	\$2,344,547
FTE	6.00	6.00	0.00	6.00

Dept. 120 - State Treasurer - Detail of Senate Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE ¹	INCREASES COMPENSATION PACKAGE ²	TOTAL SENATE CHANGES
Salaries and wages	(\$749)	\$5,283	\$4,534
Operating expenses			
In lieu of tax payments			
Total all funds	(\$749)	\$5,283	\$4,534
Less estimated income			
General fund	(\$749)	\$5,283	\$4,534
FTE	0.00	0.00	0.00

¹ This amendment reduces funding for state employee health insurance premiums from \$559.15 to \$553.95 per month.

² This amendment increases and fully funds the compensation package for state employee salaries to a 4 percent increase for the first year of the biennium and a 4 percent increase the second year of the biennium.

Date 3/24/05
Roll Call Vote #:

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 1005

Senate **SENATE APPROPRIATIONS**

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken

Motion Made By

205
Do Pass on amend
Mather Seconded By Krauter

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

8

Absent

1

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 1005

Senate SENATE APPROPRIATIONS

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken

Motion Made By

Do Pass
Mather Fischer Seconded By Christmann

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)

14

No

0

Absent

1

Floor Assignment

Mather

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

REPORT OF STANDING COMMITTEE

HB 1005, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1005 was placed on the Sixth order on the calendar.

Page 1, line 16, replace "46,396" with "45,647"

Page 1, line 19, replace "(\$286,371)" with "(\$287,120)"

Page 2, line 1, replace "640,226" with "639,477"

Page 2, line 4, replace "2,340,013" with "2,339,264"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1005 - State Treasurer - Senate Action

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
Salaries and wages	\$632,813	\$640,226	(\$749)	\$639,477
Operating expenses	154,787	154,787		154,787
In lieu of tax payments	<u>1,545,000</u>	<u>1,545,000</u>		<u>1,545,000</u>
Total all funds	\$2,332,600	\$2,340,013	(\$749)	\$2,339,264
Less estimated income				
General fund	\$2,332,600	\$2,340,013	(\$749)	\$2,339,264
FTE	6.00	6.00	0.00	6.00

Dept. 120 - State Treasurer - Detail of Senate Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE ¹	TOTAL SENATE CHANGES
Salaries and wages	(\$749)	(\$749)
Operating expenses		
In lieu of tax payments		
Total all funds	(\$749)	(\$749)
Less estimated income		
General fund	(\$749)	(\$749)
FTE	0.00	0.00

¹ This amendment reduces funding for state employee health insurance premiums from \$559.15 to \$553.95 per month.

2005 TESTIMONY

HB 1005

Full House Apps

Handout 4-11
Kelly Schmidt
1-7-05

Testimony
HB 1005 Department of State Treasurer
House Appropriations Committee
January 7, 2005

Chairman Svedjan and members of the House Appropriations Committee, I am Kelly Schmidt, North Dakota State Treasurer.

Per your request is an overview of our budget for the 2005-2007 biennium. The total budget request for the biennium is 787,600 of which all is general fund monies.

Lawrence Hopkins, Deputy Director, and I are working diligently to identify the current state of our agency. I want to commend Lawrence and all the staff of the State Treasurer's office for there efforts this last week as we began our transition.

As you will note, we have identified several goals for the Office of State Treasurer.

1. Establish a replacement schedule for computer hardware and system applications.
2. Establish internal controls necessary to ensure Political subdivision revenue is done with efficiency and accuracy.
3. Provide sound leadership and prudent investment practices to maximize on investment returns.
4. Establish and implement staff IT training opportunities.

I invite you all to stop by Treasurer's office on the third floor and meet our staff. We look forward to the challenges ahead and know our efforts will bring the Office of State Treasurer to a new level.

State Treasurer's Office

Overview Presentation to the House Appropriations Committee
January 7, 2005

	2003-05 Legislative Appropriation	2003-05 Estimated Expenditures or Currently Filled FTE Positions	(1) Variance	2005-07 Executive Recommendation	(2) 2005-07 recommendation Change (Variance) to 2003-05 Legislative Appropriation
Salaries and Wages	593,830	593,830	-	632,813	38,983
Operating Expenses	122,554	119,554	(3,000)	154,787	32,233
In Lieu of Tax Payments Co2					
Pipeline Exemption	1,910,000	1,795,268	(114,732)	1,560,000	(350,000)
Total	2,626,384	2,508,652	(117,732)	2,347,600	(278,784)
General Fund	2,626,384	2,508,652	(117,732)	2,347,600	(278,784)
Federal Funds			-		-
Special Funds			-		-
Total	2,626,384	2,508,652	(117,732)	2,347,600	(278,784)
FTE	6	6	0	6	0

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

The Treasurers' Office estimates that there will be a turn back of ^{117,732} ~~\$418,120~~ of General Fund Appropriation. \$114,732 of this amount represents a lower than anticipated tax due for the Co2 pipeline exemption.

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

The increase in salaries represents the Executive Recommendation of a 4% and 3% increase.

The increase in operating expense is to study the possibility of updating the departments mainframe tax distribution programs that date back to the 1960's.

The decrease in Co2 Pipeline tax due is based on the Tax Department's estimate for the 2005-07 biennium.

Summary of Major Goals and Objectives and Related Performance Measurement Data for the 2005-07 Biennium

1. Establish a replacement schedule of computer hardware and system applications.
2. Establish internal controls necessary to ensure Political subdivision revenue distribution is done efficiently and accurately.
3. Provide sound leadership and prudent investment practices to maximize on investment returns.
4. Establish and implement staff IT training opportunities.

Handout #1 HB1005
11/11/05 Kelly Schmidt,
State
Treasurer

Testimony
House Appropriations - Government Operation Division
HB ~~1500~~ 1005

State Treasurer Kelly Schmidt
January 11, 2005

Mr. Chairman and Members of the Committee,

I am Kelly Schmidt, North Dakota State Treasurer. I accompanied by Deputy Lawrence Hopkins.

The primary mission of the Office of State Treasurer is to provide sound leadership and prudent investment practices of state dollars. The staff of the State Treasurer's office works diligently to accomplish this as well as strive to improve service to the people of North Dakota

The State Treasurer's office is committed to the implementation of the latest technology, acquiring and retaining the best staff possible to achieve maximum efficiency in our operations. My staff and I will continue to look for ways to streamline and consolidate duties, all while maintain the proper checks and balances in the records-keeping system.

Our agency provides the accounting, reconciliation and administrative services for various fund, distributes tax monies to state and political subdivisions. Last week alone our agency deposited \$129 million and distributed \$67 million in state dollars to various entities.

The State Treasurer's Office provides a daily investment management service for over thirty state agencies and trust funds. Last week CD's totaling \$128 million were purchased throughout the state of North Dakota.

GOALS:

With the advancement of technology within the state and political subdivisions for various distributions, electronic fund transfers and investments, it is imperative the State Treasurer's office move into the current age when it comes to the area of technology.

We have recently met with the IT Department. This was the preliminary step in determining our needs and establishing a plan. This is a complex issue. The dbase and SAMIS system programs currently date back to the 1970's. These are the systems used for calculating many of our distributions. These programs require an evaluation which will determine the steps necessary to move into the future. The executive recommendation allows for the evaluation of these programs.

We believe we will be able to address the desktop issues with the dollars already made available within the budget. Through prudent management and responsible spending we will be able to address our desktop issues without an additional funding.

We continue to have bumps in the road relating to the interfaces with PeopleSoft, but we are confident these too will be addressed through training and the support of ITD.

SALARY AND WAGES

Salary and wages are used to support six (6) full-time employees.

At the recommendation of the State Auditors office I have brought a deputy into the department with a CPA. This line item will be adequate to support the investment of this expertise along with the rehiring of an Administrative Assistant, both of which are non-classified positions.

By implementing a cross training plan and addressing the distribution of duties I am confident we can bring the State Treasurer's office to a new level.

Mr. Chairman, this ends my prepared remarks. I would be happy to answer any questions.



Kelly L. Schmidt
State Treasurer

STATE OF NORTH DAKOTA

OFFICE OF STATE TREASURER

STATE CAPITOL, 600 E. BOULEVARD AVE., DEPT 120, BISMARCK, NORTH DAKOTA 58505-0600
701-328-2643 FAX 701-328-3002
<http://www.state.nd.us/ndtreas>

TO: Government Operations, House Appropriations
FROM: Kelly Schmidt, State Treasurer
DATE: January 18, 2005
RE: IT dollars included in Executive Recommendation

HB 1005 includes \$30,000 in the Executive recommendation which is necessary to perform an analysis of two mainframe tax distribution programs.

The current tax distribution programs, which were written in the 1970's, do not communicate effectively with the newer PC based applications such as PeopleSoft. When changes are required, whether by legislative change or general maintenance, these applications can be difficult and often time consuming to correct. At the present time the state's Information Technology Department (ITD) has only two programmers remaining who work with the program language used to create these tax distribution programs. These are complicated programs which perform a multitude of operations required by state law.

It is our intent to evaluate and implement an IT plan necessary to rewrite these programs in an environment which will allow better communication between systems and efficient implementation of future legislative changes. In light of the recent miscalculations made in the tax distributions to cities, counties and public school districts this analysis would also provide an opportunity for the Treasurer's Office to verify state tax distributions are in compliance with the legislative intent of the law.

The State Treasurer's Office will also use these dollars to explore more efficient and effective uses of data transfer methods and filing systems. For example:

Child support currently creates images of all checks it receives daily, but currently makes the deposit by manually delivering the checks to the Treasurer, who in turn verifies the deposit and sends the checks on to the Bank of ND. Using electronic imaging already in existence could significantly reduce the time needed, to create the deposit, perform reconciliations, and deliver the checks to the Bank of ND.

Volumes of cancelled checks, bank reconciliation's, and financial reports are currently created and stored in paper format. This information should be created and stored electronically to enhance accessibility of the information, reduce the amount of storage space currently required, and significantly reduce the time it takes to comply with records retention policies.

Our agency is committed to increasing effectiveness and efficiency through the use of technology. This office has been operating with outdated computers and lagging behind in implementing the use of existing technology. These funds will be used to bring the Treasurer's Office into the 21 century.

Testimony
Senate Appropriations
HB 1005

State Treasurer Kelly Schmidt
February 24, 2005

Mr. Chairman and Members of the Committee,

I am Kelly Schmidt, North Dakota State Treasurer. I accompanied my Deputy Lawrence Hopkins.

The primary mission of the Office of State Treasurer is to provide sound leadership and prudent investment practices of state dollars. The staff of the State Treasurer's office works diligently to accomplish this as well as strive to improve service to the people of North Dakota

The State Treasurer's office is committed to the implementation of the latest technology, acquiring and retaining the best staff possible to achieve maximum efficiency in our operations. My staff and I will continue to look for ways to streamline and consolidate duties, all while maintaining the proper checks and balances in the records-keeping system.

Our agency provides the accounting, reconciliation and administrative services for various funds, distributes tax monies to state and political subdivisions. This month alone the Treasurer's Office has processed \$ 417 million in transactions with the BND and has distributed \$214.3 million in state dollars to various entities.

The State Treasurer's Office provides a daily investment management service for over thirty state agencies and trust funds. CD's and investments totaling \$ 29.8 million are held many of which are purchased throughout the state of North Dakota.

TECHNOLOGY:

With the advancement of technology within the state and political subdivisions for various distributions, electronic fund transfers and investments, it is imperative the State Treasurer's office move into the current age when it comes to the area of technology.

Computer Processes: We have recently met with the IT Department. This was the preliminary step in determining our needs and establishing a plan for the Treasurer's Office. The mainframe and SAMIS system programs currently used date back to the 1970's. These are the systems used for calculating many of our tax distributions. There will soon come a time in which these programs will no longer be able to meet the demands we place on it. It is our intent to evaluate these so we can determine the steps necessary to move our distribution process into the future. The executive recommendation allows \$30,000 for the evaluation of these programs.

Since our presentation with the House Appropriations committee, I have been in contact the University Of Mary Computer Science Department. In a cooperative effort with them and ITD we will begin the evaluation of one of our mainframe systems in the next couple of weeks. This hands-on opportunity assists the students in their education process and helps the Treasurer's office begin our preliminary evaluation with little or no investment. This allows us to maximize our IT dollars.

Desk Tops: Through prudent management and responsible spending we will be able to address the need for new desktop computers throughout the entire agency without additional funding.

PeopleSoft: We continue to have bumps in the road relating to the interfaces with PeopleSoft, but we are confident these too will be addressed through training and the support of ITD and OMB. I would like to note both of these agencies have extremely helpful to us in our quest to minimize the discomforts of the PeopleSoft transition.

SALARY AND WAGES

Salary and wages are used to support six (6) full-time employees.

At the recommendation of the State Auditors office, I have appointed a deputy whom carries a CPA. This line item is not adequate to support the investment of this expertise along with the rehiring of an Administrative Assistant. We have yet to afford the hiring of an Administrative Assistant due to the payouts of annual leave and sick leave from the prior non-classified positions. The House added an additional \$8000.00 in the salary and wages line which will be used to address these issues.

CONCLUSION

We have a new motto in our office, it reads...

"The Treasurer's Office has always dealt with dollars...

Now, we are working on "change"....."

My staff and I look forward to the changes and challenges ahead. There are many opportunities to be had in the Treasurer's Office. I invite you all to stop by our offices, meet the staff and cash a check. Our door is always open.

Mr. Chairman, this ends my prepared remarks. I would be happy to answer any questions.