

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1514

2005 HOUSE APPROPRIATIONS

HB 1514

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1514

Executive Budget, Budget Deadlines, Draft of Appropriation Bills

House Appropriations Full Committee

☐ Conference Committee

Hearing Date January 25, 2005

Tape Number	Side A	Side B	Meter #
1		X	#33.9 - ending
2	X		#0 - #17.0
Committee Clerk Signature <i>Chris Alexander</i>			

Minutes:

Rep. Ken Svedjan, Chairman opened the hearing, and the clerk read the bill title.

Rep. Al Carlson distributed 2 handouts (handout # 16-4, attached) and reviewed the budgeting process and described the changes proposed in HB1514 including that any changes to the bills would need to come in the form of amendments and that the Governor's Budget would be in the hands of the legislators by the organizational session instead of the first day of the full session. Rep Carlson explained that moving up the time frames would allow the legislators to have more information for a longer period of time before they get to the full session which is important when you are dealing a \$5 billion dollar budget.

Rep. Ken Svedjan, Chairman commented for clarification that we would see the original budget bill for an agency that would be the same as the appropriated amount in the previous biennium and then any requests for additional appropriations or deficiency would be with the bill in the form of an amendment. Would those amendments then be attributable to the major line

items in the budget, meaning would there be three or four amendments or would there be hundreds?

Rep. Al Carlson I envision on the major changes being presented in amendments but we would have to ask Legislative Council (meter Tape #1, side B, #44.0).

Mr. Alan Knutson from Legislative Council answered that it would be up to OMB as to how they would choose to represent the budget but we would see it as one amendment to each bill representing the Governor's recommendation for changes to each agency's budget.

Rep. Ole Aarsvold asked who would get this information sooner?

Rep. Al Carlson answered that the intention of this is to get the information to all the legislators at an earlier date, not just the budget committee.

Mr. Alan Knutson answered that the language in the bill states the budget committee but that this would need to be clarified.

Rep. Ken Svedjan, Chairman clarified that the intent is that the budget would essentially be done in November and will be shared with the budget committee which is essentially the Appropriations committees a month earlier than it is being done now.

Rep. Al Carlson confirmed the clarification and added that this is not meant to slight the process but is an attempt to move up the time frames to get the information out sooner and forces the agencies to stick to their July deadlines. (meter Tape #1, side B, #49.1)

Rep. Mike Timm, Vice Chairman commented that he liked the way the bills were done this year and that having one large amendment describing changes requested in the budget sounds much harder than having the changes already written into the bill.

Rep. Joe Kroeber asked if there was a fiscal note attached to this bill

Rep. Al Carlson answered that the fiscal note would come if you required all of the legislators to be there for the organizational session and then you would have to reimburse lodging and per diems for everyone. Then the legislators would have to decide if having the information earlier is worth that or not. The Appropriations people would appreciate it but maybe not every legislator.

Rep. Ron Carlisle OMB really could present the budget in this format right now right, so the real issue is moving up the time frames.

Rep. Al Carlson answered that that is correct.

Rep. Ken Svedjan, Chairman summarized the two issues involved (1) could this be done without this legislation and (2) would have to do with the reporting of this information in November and whether it should be to all legislators or just to the budget section.

Rep. James Kerzman asked how would this be accomplished if there is a gubernatorial change.

Rep. Al Carlson answered that before when Gov. Shaeffer took over, the assembly had two budgets that year so I would assume that the same would happen if there was a change in governor's at the next assembly.

Rep. Jeff Delzer stated that he was in favor of HB1514 and wanted to address the issue of the blue book that was put together by the Legislative Council and wanted to know if that could be ready by the organizational session as well.

Rep. Ken Svedjan, Chairman commented that this would be desirable and would only mean a timeline difference of 3 weeks for Legislative Council.

Ms Pam Sharp from OMB distributed and read written testimony opposing HB1514 (handout #16-5, attached) and explained that the new format proposed in the bill would be confusing to the

agencies as well as the public, and that moving up the time frame would be burdensome for OMB because many of the agencies do not get their budgets in until very late and it would mean that the figures that would be presented would be that much further away from being current.

(meter Tape #2, side A, #2.3)

Rep. Al Carlson commented that the information in the books is requested in March and is required to be in by July which means the information we get is nearly a year old when we get it anyway.

Ms Pam Sharp answered that the information that goes out early is mostly strategical information on how to format the budget, etc. And the figures that they use could be as late as July when the Budgets are due and in some cases even later because the agencies are delayed in getting the budgets to OMB.

Rep. Al Carlson asked if our deadlines are unrealistic in the first place since many of the agencies are unable to meet them.

Ms Pam Sharp answered that it is very difficult to move large agencies with complicated budgets with a staff in OMB that is already understaffed.

Rep. Jeff Delzer asked if OMB sees anything in this bill that would change the way that OMB presents the Executive Budget book

Ms Pam Sharp answered no.

Rep. Jeff Delzer continued that because the way they do their Executive Budget book would not essentially change then the only real issue is the timing issue that could be adjusted and the advantage it would give to the legislators would be worth the effort.

Page 5

House Appropriations Committee

Bill/Resolution Number HB1514

Hearing Date January 25, 2005

Rep. Ken Svedjan, Chairman asked for any further testimony in opposition to HB1514.

Seeing none, Chairman Svedjan closed the discussion on HB 1514. (meter Tape #2, side A, #11.0)

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1514

Executive Budgets, Budget Deadlines and Draft of Appropriations Bills

House Appropriations Full Committee

☐ Conference Committee

Hearing Date February 1, 2005

Tape Number	Side A	Side B	Meter #
2	X		#12.4 - #45.3
Committee Clerk Signature <i>Chris Alexander</i>			

Minutes:

Rep. Ken Svedjan, Chairman opened the hearing on HB1514.

Rep. Al Carlson distributed a proposed amendment to this bill explained that this bill establishes timelines for the budgeting process and moved some deadlines and moved the style of how we would receive information from the Office of Management and Budget (OMB). What we are requiring is that any budget bills will be presented to us in the last biennium's appropriations format and that any changes or requests for the next biennium would be given to us in the form of an amendment. This bill also creates some different timelines for us to receive the information. These timelines are in section 3 of the bill so we would be receiving all of the information no later than November 20 of each even numbered year which moves us right into the Legislative Council report time frame. It also moves the timeline up where the official budget report must be transmitted by the Governor to all at the organizational session and it also moves the date in for budget requests from November to October 15.

Rep. Ken Svedjan, Chairman asked for clarification of Section 5 of HB1514. (meter Tape #2, side A, #14.7)

Mr. Alan Knutson of Legislative Council answered that the reason the deadline was moved up a month is so that OMB would have the legislative and judiciary branch information within a month so they could include that in the executive budget recommendation as the do now.

Rep. Al Carlson reviewed the amendment changes.

Rep. Jeff Delzer asked about the timeline of producing the budget book in section 3. There was some concern about having to do the drafts of the bills at the same time. Or can we give them the seven days after the organizational session for them to introduce the drafts

Mr. Alan Knutson answered that the appropriation bills would be presented at the same time as the budget data and OMB asked if that could be delayed. But the concern that the Legislative Council has about that is that we need the drafts of the bills to do the budget analysis so if there is a delay for OMB then it would delay the information coming out of Legislative Council.

Rep. Jeff Delzer asked if we gave them the seven days after the council meeting to present the drafts would that give you enough time to do the analysis before the organizational session.

Mr. Jim Smith answered yes.

Rep. Al Carlson asked Council for a summary the new timeline this bill would put in place

Mr. Alan Knutson summarized the timeline as follows:

	<u>Current Timeline</u>	<u>Proposed Timeline</u>
Budget Requests:	March	March
Budget Due Date:	July 15	July 15
Executive Budget:	Organizational Session	Leg. Council Mtg in Nov
Drafts of Bills:	7 days later	Leg. Council Mtg in Nov
Budget Detail Book:	1st Day of Assembly	Organizational Session

Rep. Al Carlson noted that we need to remove the "7 day" over strike and replace it with "within 7 days of the presentation of the budget data." (meter Tape #2, side A, #20.7)

Rep. Ken Svedjan, Chairman summarizes the new timeline and asks Legislative Council if the "7 day" change needed to happen and if so, where would the change be.

Mr. Alan Knutson answered that if the change is made it should be made now and on page 4, line 15.

Rep. Jeff Delzer asked if we needed to give them the full 7 days or can we change it to 5 days to give Legislative Council 2 more days.

Rep. Jeff Delzer moved to accept amend 0101 of HB1514 (meter Tape #2, side A, #23.8)

Rep. Bob Skarphol seconded.

Rep. Ken Svedjan, Chairman called for a voice vote. Motion carried.

Rep. Jeff Delzer moved to further amend page 4, line 15 to "drafts and amendments required by section 8 be due within 5 days of the presentation of the budget data. at the Legislative Council Meeting." Meter Tape #2, side A, #23.8)

Rep. Al Carlson seconded.

Rep. Mike Timm, Vice Chairman mentioned that we should ask OMB if they can accomplish their work within the 5 days being discussed.

Ms Pam Sharp answered that it was hard to say, but they would try. She mentioned that they have never set up the drafts for the bills in this format before using amendments to reflect the changes so it would give us two documents to create instead of one. If the meeting falls in the last part of November, then the Thanksgiving Holiday may effect this some, but that they would

do the best they could and it would mean having to grant less extensions to the Agencies beyond the July 15 deadline. (meter Tape #2, side A, #27)

Rep. Al Carlson and Rep. Jeff Delzer agreed to change their motion to have it read "5 working days"

Rep. James Kerzman ask if the change in these timelines would effect things like economy.com.

Ms Pam Sharp answered that the revenue forecast would have to move up as well and that she would have to check the cutoff dates for having this information to economy.com to see if that would be effected as well.

Rep. Eliot Glassheim asked how much sooner will we get the information than what we get it now and would it go to the budget section or to the whole legislature. (meter Tape #2, side A, #32.6)

Rep. Ken Svedjan, Chairman answered 3 weeks and that the way it stands now it would go before the budget section. Chairman Svedjan noted also that this means the budget section would have to have a meeting after the Legislative Council meeting in November.

Rep. Mike Timm, Vice Chairman asked which budget section are we talking about because the new budget section would not be appointed until after the organizational session in December.

Rep. Ken Svedjan, Chairman noted that this would be a factor since we would be dealing with the beginning and end dates of terms.

Rep. Jeff Delzer noted that the bill says that the report should be available in November, but that the Governor could still choose to do the formal presentation of the budget in December, so the budget committee could still meet in December and then it would be the new committee.

Mr. Alan Knutson commented that the Governor would have to decide when he would want to present the budget.

Rep. Joe Kroeber asked Ms Pam Sharp what OMB's impression were concerning the use of amendments to reflect the changes in the budget. (meter Tape #2, side A, #36.4)

Ms Pam Sharp answered that it might be confusing to the public but that OMB could manage the format change.

Rep. Eliot Glassheim asked if the budget bills were going to come to us and we would need to amend them to reflect changes.

Rep. Ken Svedjan, Chairman answered that the bill would come to us with the previous biennium information and then any requests for further appropriations would come to us in the form of a completed amendment.

Rep. Bob Skarphol asked if the base budget would come with any changes that were made in the interim from the emergency commission.

Mr. Alan Knutson answered no.

Rep. Ken Svedjan, Chairman called for a voice vote to accept amendment 0101 as further amended on HB1514. Motion carried.

Rep. Al Carlson moved a Do Pass As Amended on HB1514

Rep. Jeff Delzer seconded

Rep. James Kerzman stated that he would oppose this legislation because it forces inaccuracy when we compress everything, plus he believes that when we get here we would be duplicating the work for them because we will be asking for send downs and we want the latest information

so we would be duplicating the process. And the amendments will be cumbersome and hard to work with.

Rep. Ken Svedjan, Chairman called for a roll call vote on the Do Pass As Amended motion for HB1514. Motion carried with a vote of 11 yeas, 9 neas, and 3 absent. Rep Carlson will carry this bill to the house floor.

Rep. Ken Svedjan, Chairman closed the discussion on HB1514. (meter Tape #2, side A, #45)

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

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB1514

House Appropriations - Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 50620.0101

Action Taken **DO PASS AS AMENDED**

Motion Made By **Rep. Carlson** Seconded By **Rep. Delzer**

Representatives	Yes	No	Representatives	Yes	No
Rep. Ken Svedjan, Chairman	X		Rep. Bob Skarphol	X	
Rep. Mike Timm, Vice Chairman	X		Rep. David Monson	AB	
Rep. Bob Martinson		X	Rep. Eliot Glassheim		X
Rep. Tom Brusegaard	AB		Rep. Jeff Delzer	X	
Rep. Earl Rennerfeldt	AB		Rep. Chet Pollert	X	
Rep. Francis J. Wald	X		Rep. Larry Bellew	X	
Rep. Ole Aarsvold		X	Rep. Alon C. Wieland	X	
Rep. Pam Gulleeson		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 **11** No **9**

Absent **3**

Floor Assignment **Rep. Carlson**

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

Only Full Committee
Need to change "7 day" language on page 4

REPORT OF STANDING COMMITTEE

HB 1514: Appropriations Committee (Rep. Svedjan, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (11 YEAS, 9 NAYS, 3 ABSENT AND NOT VOTING). HB 1514 was placed on the Sixth order on the calendar.

Page 3, line 10, remove "Drafts of proposed appropriations acts for executive branch departments,"

Page 3, remove lines 11 through 13

Page 3, line 14, remove "8.", overstrike "a", remove the overstrike over "~~appropriations acts~~", and insert immediately thereafter "for executive branch departments, agencies, and institutions, including institutions of higher education, providing the same funding as approved by the most recently adjourned special or regular session of the legislative assembly and"

Page 3, line 15, remove "required in subsection 7"

Page 3, line 21, remove the overstrike over "8." and remove "9."

Page 3, line 28, remove the overstrike over "9." and remove "10."

Page 4, line 14, remove the overstrike over "~~subsection~~", remove "subsections", and remove "and 8"

Page 4, line 15, remove the overstrike over "~~within~~"

Page 4, line 16, replace "at the same time as" with "five business days after the presentation of"

Renumber accordingly

2005 SENATE APPROPRIATIONS

HB 1514

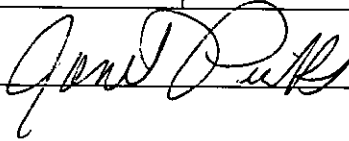
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1514

Senate Appropriations Committee

☐ Conference Committee

Hearing Date February 24, 2005

Tape Number	Side A	Side B	Meter #
1	a	b	61
Committee Clerk Signature 			

Minutes:

Vice Chairman Grindberg opened the hearing on HB 1514.

Representative Al Carlson, District 41, South Fargo, testified in support of HB 1514. He distributed two documents, Legislative Budget Systems in Other States and North Dakota's Budgeting Process. He indicated that the budget process today begins in March by distributing requests to all state agencies which need to be returned by July 15. Information used comes from the tax department and the forecasting economy.com is used as the revenue. When Legislative assembly receives the recommendation is during the organizational session. The change being requested in HB 1514 would push the reporting times ahead by three weeks to enable legislators to get the information earlier.

Questions raised included whether discussions about this change had taken place with the Governor's office, what the impact would be with the change of leadership, what type of budget this would be, and what other states are doing about this.

Representative Jeff Delzer, District 8, McLean and Burleigh County, testified in support of HB 1514. He indicated the quicker the legislature gets involved in the budgeting process the better it would be.

Pam Sharp, Director, Office of Management and Budget (OMB), testified in opposition to HB 1514. She indicated the implementation of this bill would put constraints on the Governor's run for reelection, the budget data submitted to the Legislature would be subject to old data, there is a need to use the most current information especially relating to federal monies. She requested a DO NOT PASS.

Questions raised included what other states are doing , whether Pam Sharp had testified in the House and she wasn't listened to., the transition process, whether other states use the governor's proposed budget or the legislature proposes the budget.

Lt. Governor Jack Dalrymple, distributed a handout and testified in opposition to HB 1514. He indicated the current process is working and needs to be presented to the public and legislature at the same time. The best time to present the budget is at the organizational session. To move the time frame would be a problem during the election process. There is a vulnerability to the executive branch if this would be moved up.

There being no further testifiers or questions the hearing was closed.

Vice Chairman Grindberg closed the hearing.

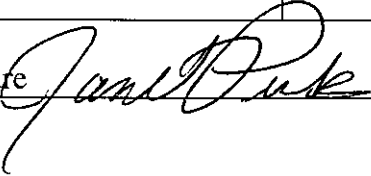
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1514

Senate Appropriations Committee

☐ Conference Committee

Hearing Date April 14, 2005

Tape Number	Side A	Side B	Meter #
2	a		1,685 - 1908
Committee Clerk Signature 			

Minutes:

Chairman Holmberg opened the hearing on HB 1514 which has to do with the presentation of the budget to the outgoing budget section. It moves up the date when the budget needs to be presented. In the testimony, the timing of such would create headaches.

Senator Thane moved a DO NOT PASS on HB 1514, **Seantor Tallackson** seconded. A roll call vote was taken resulting in 13 yes, 1 no, and 1 absent. The motion carried and **Senator Andrist** will carry the bill.

Chairman Holmberg closed the hearing.

Date 4/14
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 1514

Senate SENATE APPROPRIATIONS

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken _____

D N P

Motion Made By _____

F.H. Han

Seconded By _____

Shane Tallackson

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 Andrist

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

REPORT OF STANDING COMMITTEE (410)
April 14, 2005 11:28 a.m.

Module No: SR-69-8143
Carrier: Andrist
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1514, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman)
recommends DO NOT PASS (13 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING).
Engrossed HB 1514 was placed on the Fourteenth order on the calendar.

2005 TESTIMONY

HB 1514

Handout # 16-5
1-25-05 Pam Sharp, OMB
HB 1514

House Apps
Full Committee

Testimony on HB 1514
Pam Sharp
Director, OMB
January 25, 2005

Good morning Mr. Chairman and members of the House Appropriations Committee. For the record, I am Pam Sharp, Director of the Office of Management and Budget.

I appear before you today in opposition to HB 1514.

I have the same basic concern that I did with HB 1394. That concern is the fact that the Governor is constitutionally required to submit recommended appropriations to the legislature, and this bill limits what is constitutionally required. This bill makes it impossible to submit any recommended appropriations. Instead the Governor would be required to submit a stack of amendments to the previous biennium's appropriation bills.

HB 1514 directs that all appropriation bills be identical to the appropriation bills as passed by the most recently adjourned special or regular session of the legislative assembly. Then OMB is to draft amendments to the prior appropriation bill to reflect the Governor's budget recommendations. This would lead to mass confusion because it would not be apparent to anyone what the actual budget recommendation is. It would not only be confusing to legislators and state agencies, but it would be confusing to the public because they could never look at an appropriation bill and know what the governor's recommendation is. The public does not have easy access to proposed amendments and amendments are not easily understood by all. In addition to confusing, it may, in some cases, also be misleading.

Sections 3 and 4 require OMB to have all budget documents, including appropriation bills and the newly required amendments, submitted to the Legislative Council by November

20th, however, the Governor does not transmit his budget until the organizational session in December. This, too, causes concern.

First of all, in order to present budget information to the Budget Section by November 20, all of our budget work would have to be completed a week or more prior to that date in order to have time to prepare a presentation. In addition, we would have to move back several internal deadlines regarding the revenue forecast. We need to use the most current information available and moving the deadline up this far could put us in the position of using information that is not timely.

In addition, with a staff of four budget analysts, it would be impossible for OMB to complete all the budget documents, all the appropriation bills and all the newly required amendments by November 20.

Finally, I want to point out one particular item in Section 3 of the bill. For many biennia, OMB asked the Legislative Management Committee permission to submit appropriation bills one week after the close of the Organizational Session. The reason being it is impossible to complete both the budget book, which is around 500 pages, and the appropriation bills prior to the Organizational Session. Legislative Management always granted this request. Prior to the 2003 session, the Legislative Management Committee staff (John Olsrud and Jay Buringrud) suggested we amend the statute to have a 7 day period to submit appropriation bills after the Organizational Session. Section 3 wipes out that seven day time frame. We cannot have both the budget book and the appropriation bills done by the Organizational Session and we absolutely can't have them done two weeks before the Organizational Session.

Mister Chairman, that concludes my testimony on HB 1514.

Handout # 16-4
Al Carlson
1-25-05
HB 1514

Prepared by the North Dakota Legislative Council
staff

January 4, 2005

NORTH DAKOTA'S BUDGETING PROCESS

North Dakota's bicameral Legislative Assembly meets for up to 80 legislative days beginning in January and usually concluding in April of each odd-numbered year. By the close of each regular legislative session, the Legislative Assembly approves North Dakota's biennial budget, which takes effect on July 1 of that year and ends on June 30 of the following odd-numbered year.

North Dakota's budgeting process begins in March of the year prior to the legislative session with the Governor's budget guidelines and state agencies and institutions preparing and submitting their biennial budget requests to the Office of Management and Budget (OMB) beginning in July. The Office of Management and Budget holds selected executive budget hearings to allow agencies an opportunity to explain and justify their budget requests for inclusion in the Governor's budget recommendation to the Legislative Assembly. The legislative budget analyst and auditor's staff attends these budget hearings. Revenue forecast information used by the Governor in the development of the executive budget recommendation is based on information provided by the Tax Department and an economic forecasting firm under contract with the state. A revenue consensus group is used by OMB for additional input. The Legislative Assembly also uses this revenue information as well as updated revenue information provided in March during the legislative session as it develops the legislative budget.

The Legislative Assembly receives the Governor's executive budget recommendation during its organizational session in the December preceding the legislative session. The Legislative Council's Budget Section meets following the organizational session to receive more detailed information regarding the executive budget recommendations. Prior to the convening of the legislative session, the legislative fiscal staff prepares a comprehensive analysis of the executive budget. This analysis is presented to the Appropriations Committees and is made available to all members of the Legislative Assembly for the members' use in developing the legislative budget. The legislative fiscal staff, headed by the legislative budget analyst and auditor, is a division of the Legislative Council, a nonpartisan legislative services agency providing bill drafting, research, fiscal analysis, and other services to members of the Legislative Assembly.

The Office of Management and Budget introduces bills to provide for the revenue and appropriations levels recommended in the Governor's budget.

Individual legislators may also introduce bills affecting state revenues or appropriations for an agency. As it develops the legislative budget, the Legislative Assembly considers the Governor's recommendations and information received through public hearings held in each chamber on each appropriation and revenue bill. Bills for a deficiency appropriation relating to the prior biennium may also be considered. Each bill having an appropriation of \$5,000 or more or a bill with a fiscal note indicating a fiscal impact of \$50,000 or more on an agency's appropriation is by rule required to be referred to the Appropriations Committee.

The Senate Appropriations Committee consists of 15 members and the House Appropriations Committee consists of 23 members. The Senate Appropriations Committee forms ad hoc subcommittees to consider specific issues or funding levels for select agencies. The House Appropriations Committee is organized into four formal subcommittees—Education and Environment, Human Resources, Government Operations, and Government Performance. These subcommittees hold budget hearings on assigned agencies, develop budget recommendations, and report their recommendations to the full Appropriations Committee. The legislative fiscal staff serves the Appropriations Committees and all members of the Legislative Assembly by conducting research, analyzing budgets, preparing amendments, and monitoring the status of revenues, appropriations, and fund balances included in the legislative budget. The fiscal staff also publishes the *Budget Status* report throughout the legislative session which provides the updated status of general fund revenues, appropriations, and ending general fund balance for the next biennium's budget.

Once passed by both chambers of the Legislative Assembly, each bill is delivered to the Governor for signature. When signed, the bill becomes law. Unless otherwise indicated, an appropriations bill or a tax measure bill becomes effective on July 1 following the legislative session, and other bills become effective on August 1. The Legislative Assembly approves approximately 75 appropriation bills each session, providing funding for the operations of state government for the subsequent biennium.

North Dakota Century Code Chapter 54-16 establishes the Emergency Commission which has authority to approve agency requests for line item transfers, for acceptance of additional federal and other funds, and for use of state contingencies appropriations. Budget Section approval is required for transfers or additional spending of federal or other funds exceeding \$50,000.

LEGISLATIVE BUDGET SYSTEMS IN OTHER STATES

This memorandum provides information on states that prepare a legislative budget separate from the executive budget. The budget processes of the following 14 states were reviewed—Arizona, Colorado, Florida, Iowa, Louisiana, Michigan, Minnesota, Montana, New Hampshire, New Mexico, Oklahoma,

South Dakota, Texas, and Wyoming. Four of these states—Arizona, Colorado, New Mexico, and Texas—prepare a legislative budget in addition to the executive budget. A chart comparing the states' systems and a summary of each state's system is listed below.

State	Developed by	Time Period	Public Hearings	Detailed Executive Budget	Fiscal Staff Size	Legislative Session Begins
Arizona	Leadership and legislative staff	September through December	No	Yes	26	January
Colorado	Joint Budget Committee	November through March	Yes	Yes	17	January
New Mexico	Legislative Finance Committee	September through December	Yes	Yes	18	January
Texas	Leadership and legislative staff	March through December	No	No	89	January

ARIZONA

The Arizona legislature considers a legislative budget separate from the executive budget. Key items of the Arizona legislative budget process include:

- The legislative budget is prepared from September through December prior to the legislative session and involves primarily the Joint Legislative Budget Committee staff (similar to North Dakota's Legislative Council fiscal staff) and leadership.
- The staff prepares the proposed budget based on general guidelines provided by leadership. The staff reviews the major components of the budget with leadership in three or four meetings before the budget is finalized.
- The legislative budget proposal is not presented to a legislative committee prior to the legislative session, but both the executive budget and the legislative budget are presented to the legislature during the first week of the legislative session.
- The staff of the Joint Legislative Budget Committee meets with agencies in the development of the legislative budget, but no public hearings are held while the budget is being developed.
- The same budget request forms are used by both the Governor's budget staff and the Joint Legislative Budget Committee staff.
- The staff in preparing the legislative budget may change either the legislative or judicial branch budget requests but historically has not changed the legislative budget request.
- The Joint Legislative Budget Committee consists of 16 members, including the House and Senate majority leaders, the chairmen of the House and Senate Appropriations Committees, the chairmen of the Senate Finance Committee and House Ways and Means Committee, and 5 Senate Appropriations

Committee members and 5 House Appropriations Committee members.

- The Joint Legislative Budget Committee meets during the interim to approve line item transfers of agencies as well as hear reports relating to certain expenditures and to review or approve certain program expenditures as directed by legislation. During the session, the committee meets to oversee select issues.

COLORADO

In Colorado the executive budget recommendation is presented to the Joint Budget Committee in November of each year. The executive budget is the starting point for the Joint Budget Committee to develop its legislative budget. Key items of the Colorado legislative budget process include:

- The Joint Budget Committee, consisting of six members, including the chairmen of the House and Senate Appropriations Committees and one majority and one minority member from each Appropriations Committee, is responsible for developing the legislative budget.
- The Joint Budget Committee develops its budget from November through March by meeting three to four days per week. The legislative session generally runs from January through April of each year. The Joint Budget Committee holds two sessions of hearings. The first, from November through December, involves agencies explaining the executive recommendation. The second, from January through March during the legislative session, involves the Governor's office responding to Joint Budget Committee recommendations on behalf of agencies and public testimony on the budget recommendations.
- The Joint Budget Committee may change the judicial branch budget request but not the legislative branch request.

- The Joint Budget Committee concludes its work by the end of March at which time it prepares the appropriations bill. The bill is introduced at the end of March and referred to the Appropriations Committees. Although the Appropriations Committees could change the bill, they never have. However, the bill is sometimes amended on the floor. The budget bill also spends about one week in each caucus for review by the full caucus membership.
- The Joint Budget Committee also meets during the interim approximately once each month to conduct budget tours and hold hearings across the state.

NEW MEXICO

The New Mexico legislature prepares a legislative budget for consideration separate from the executive budget. Key items of the New Mexico legislative budget process include:

- The legislative budget is prepared from September through December preceding the legislative session.
- The Legislative Finance Committee is an interim committee that consists of 16 members appointed by the Speaker of the House and the President of the Senate and includes the House and Senate Appropriations Committee chairmen. The committee meets four to five days per month from September through December of each year preceding the legislative session to develop the budget with the assistance of the legislative fiscal staff.
- The Legislative Finance Committee holds public hearings from September through

December, which are open to the public, as it develops the legislative budget.

- The committee provides budget guidelines to the fiscal staff which the staff uses to develop budget recommendations for each agency which are approved by the committee as it develops the legislative budget.
- The committee may change the legislative or judicial branch budget requests but historically has only changed the judicial branch request.
- Both the executive and legislative budgets are presented to the legislature on the first day of the legislative session in January.

TEXAS

In Texas the legislative budget is the primary budget document considered by the full legislature during the session as it develops the state budget. Although the Governor may recommend a detailed executive budget, usually Texas governors make general budget recommendations for the legislature to consider rather than a comprehensive detailed executive budget. Key items of the Texas legislative budget process include:

- The legislative budget is prepared from March through December of each even-numbered year by the Legislative Budget Board staff.
- Legislative leadership provides staff with general budget guidelines, but a legislative committee does not oversee the development of the legislative budget.
- The staff may change legislative or judicial branch budget requests but historically has only changed the judicial branch request.
- The legislative budget is presented to the full legislature during the first week of the session in January of each odd-numbered year.

HB 1514: Required that the Governor provide the Budget Section with a special advance copy of the Governor's Budget recommendations on the 20th of November in each even numbered year. This requirement creates several problems. First of all, this does not allow the Governor's Office to present its budget recommendations to the full legislature and to the general public simultaneously at the Organizational Session, as it has traditionally been done. All citizens in North Dakota have intense interest in the Governor's recommendations. It would not be fair to give one group special preference in the release of this information.

Secondly, the Organizational Session is the first opportunity to include the newly elected members of the legislature in the presentation of the Governor's budget. Therefore, it is also the first chance for it to be reviewed by the newly constituted Budget Section and the new leadership team.

Finally, in some years, the Governor will be forced to finalize his budget in the midst of an election and will not be able to use the most current financial forecasts available. Both of these factors are unnecessary impediments to the creation of an optimum budget recommendation. HB 1514 SHOULD BE DEFEATED.

Testimony on HB 1514
Pam Sharp
Director, OMB
February 24, 2005

Good morning Mr. Chairman and members of the Senate Appropriations Committee. My name is Pam Sharp, Director of the Office of Management and Budget. I appear before you today in opposition to HB 1514. I have several concerns with this bill.

HB 1514 directs that all appropriation bills be identical to the appropriation bills as passed by the most recently adjourned special or regular session of the legislative assembly. Then OMB is to draft amendments to the original appropriation bill to reflect the Governor's budget recommendations. This would lead to mass confusion because it would not be apparent to anyone what the actual budget recommendation is. It would not only be confusing to legislators and state agencies, but it would be confusing to the public because they could never look at an appropriation bill and know what the Governor's recommendation is. The general public does not have easy access to proposed amendments and amendments are not easily understood by all.

Section 3 requires OMB to present the budget data information to the budget section of the legislative council no later than November 20 of each even-numbered year. The appropriation bills and the newly required amendments must be submitted within five business days after the presentation of the budget data. Section 4 then requires the Governor to transmit the official budget report to all legislators at the organizational session in December, roughly three weeks later.

What this amounts to is that the budget numbers would be presented November 20 to the budget section and the policy that drives those budget numbers would not be presented to the legislature until the organizational session.

In addition, the budget data would be submitted to the old budget section because new legislators would not have yet taken office by November 20 and assignments are not made until the organization session meets.

Finally, in order to present budget information to the Budget Section by November 20, all of OMB's budget work would have to be completed by the middle of November in order to have time to prepare a presentation. Because of this deadline, we would have to move back several internal deadlines regarding the revenue forecast. We need to use the most current information available and moving the deadline up this far could put us in the position of using information that is not timely. In addition, some agencies such as the Department of Human Services and the Department of Transportation need the latest information relating to federal funding to complete their budgets. Moving up these deadlines would also mean that many budgets would not include the most timely information related to federal funding.

The fact that amendments to original appropriation bills would be very confusing to the public, the fact that the budget numbers would be released to an old budget section, and the fact that the Governor's policy would not be released for three weeks after the budget numbers have been released, make this bill problematic for both the executive branch and the legislative branch.

I request that you please consider these concerns seriously and recommend a do not pass.