

## JOURNAL OF THE SENATE

## Fifty-ninth Legislative Assembly

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Bismarck, April 5, 2005

The Senate convened at 8:00 a.m., with President Dalrymple presiding.

The prayer was offered by Senator Heitkamp.

The roll was called and all members were present.

A quorum was declared by the President.

**COMMUNICATION FROM GOVERNOR JOHN HOEVEN**

This is to inform you that on April 4, 2005, I have signed the following: SB 2006, SB 2073, and SB 2366.

**DELIVERY OF ENROLLED BILLS AND RESOLUTIONS**

The following bills were delivered to the Governor for approval on April 5, 2005: SB 2232, SB 2290, SB 2325, SB 2335, SB 2362, SB 2375, SB 2378.

**MOTION**

**SEN. CHRISTMANN MOVED** that the President appoint a committee of three to act with a like committee from the House as a Conference Committee on HB 1004, HB 1008, HB 1230, HB 1291, HB 1346, HB 1417, HB 1454, HB 1258, and HB 1437, which motion prevailed.

**APPOINTMENT OF CONFERENCE COMMITTEE**

**THE PRESIDENT ANNOUNCED** the following appointments to a Conference Committee on Engrossed HB 1004: Sens. Kilzer, Schobinger, Krauter.

**APPOINTMENT OF CONFERENCE COMMITTEE**

**THE PRESIDENT ANNOUNCED** the following appointments to a Conference Committee on Engrossed HB 1008: Sens. Schobinger, Christmann, Mathern.

**APPOINTMENT OF CONFERENCE COMMITTEE**

**THE PRESIDENT ANNOUNCED** the following appointments to a Conference Committee on HB 1230: Sens. Flakoll, Freborg, Taylor.

**APPOINTMENT OF CONFERENCE COMMITTEE**

**THE PRESIDENT ANNOUNCED** the following appointments to a Conference Committee on Engrossed HB 1291: Sens. Erbele, Urlacher, Taylor.

**APPOINTMENT OF CONFERENCE COMMITTEE**

**THE PRESIDENT ANNOUNCED** the following appointments to a Conference Committee on Engrossed HB 1346: Sens. Trenbeath, Hacker, Triplett.

**APPOINTMENT OF CONFERENCE COMMITTEE**

**THE PRESIDENT ANNOUNCED** the following appointments to a Conference Committee on Engrossed HB 1417: Sens. Hacker, Dever, Triplett.

**APPOINTMENT OF CONFERENCE COMMITTEE**

**THE PRESIDENT ANNOUNCED** the following appointments to a Conference Committee on HB 1454: Sens. Cook, G. Lee, Fairfield.

**APPOINTMENT OF CONFERENCE COMMITTEE**

**THE PRESIDENT ANNOUNCED** the following appointments to a Conference Committee on Engrossed HB 1258: Sens. Krebsbach, Klein, Fairfield.

**APPOINTMENT OF CONFERENCE COMMITTEE**

**THE PRESIDENT ANNOUNCED** the following appointments to a Conference Committee on Engrossed HB 1437: Sens. Espegard, Mutch, Heitkamp.

**CONSIDERATION OF MESSAGE FROM THE HOUSE**

**SEN. HOLMBERG MOVED** that the Senate do not concur in the House amendments to Engrossed SB 2003 as printed on SJ pages 1247-1256 and that a conference committee be

appointed to meet with a like committee from the House, which motion prevailed on a voice vote.

#### APPOINTMENT OF CONFERENCE COMMITTEE

**THE PRESIDENT APPOINTED** as a Conference Committee on Engrossed SB 2003: Sens. Holmberg, Kringstad, Robinson.

#### CONSIDERATION OF MESSAGE FROM THE HOUSE

**SEN. URLACHER MOVED** that the Senate do not concur in the House amendments to Reengrossed SB 2157 as printed on SJ pages 1180-1187 and that a conference committee be appointed to meet with a like committee from the House, which motion prevailed on a voice vote.

#### APPOINTMENT OF CONFERENCE COMMITTEE

**THE PRESIDENT APPOINTED** as a Conference Committee on Reengrossed SB 2157: Sens. Wardner, Tollefson, Bercier.

#### CONSIDERATION OF MESSAGE FROM THE HOUSE

**SEN. HOLMBERG MOVED** that the Senate do not concur in the House amendments to Engrossed SB 2014 as printed on SJ pages 1257-1261 and that a conference committee be appointed to meet with a like committee from the House, which motion prevailed on a voice vote.

#### APPOINTMENT OF CONFERENCE COMMITTEE

**THE PRESIDENT APPOINTED** as a Conference Committee on Engrossed SB 2014: Sens. Schobinger, Fischer, Lindaas.

#### CONSIDERATION OF MESSAGE FROM THE HOUSE

**SEN. URLACHER MOVED** that the Senate do concur in the House amendments to SCR 4039 as printed on SJ pages 1148-1149, which motion prevailed on a voice vote.

SCR 4039, as amended, was placed on the Eleventh order of business.

#### SECOND READING OF SENATE CONCURRENT RESOLUTION

**SCR 4039:** A concurrent resolution directing the Legislative Council to study state and local taxes and other funding sources that may be used to more equitably spread the responsibility for funding elementary and secondary education, reduce reliance on property taxes, and enhance equity and adequacy of funding for elementary and secondary education.

The question being on the final adoption of the amended resolution, which has been read.

Engrossed SCR 4039 was declared adopted, and the title was agreed to on a voice vote.

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#### CONSIDERATION OF CONFERENCE COMMITTEE REPORT

**SEN. FLAKOLL MOVED** that the conference committee report on Engrossed SB 2078 as printed on SJ page 1068 be adopted, which motion prevailed on a voice vote.

Engrossed SB 2078, as amended, was placed on the Eleventh order.

#### SECOND READING OF SENATE BILL

**SB 2078:** A BILL for an Act to amend and reenact sections 15-10-37 and 15-10-38 of the North Dakota Century Code, relating to eligibility for loans under the technology occupations student loan program and eligibility for loan forgiveness under the teacher shortages loan forgiveness program.

#### ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 47 YEAS, 0 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Brown; Christmann; Cook; Dever; Erbele; Espgaard; Every; Fairfield; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heitkamp; Holmberg; Kilzer; Klein; Krauter; Krebsbach; Kringstad; Lee, G.; Lee, J.; Lindaas; Lyson; Mathern; Mutch; Nelson; Nething; O'Connell; Robinson; Schobinger; Seymour; Stenehjem; Syverson; Tallackson; Taylor; Thane; Tollefson; Traynor; Trenbeath; Triplett; Urlacher; Wardner; Warner

Reengrossed SB 2078 passed and the title was agreed to.

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**CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. J. LEE MOVED** that the conference committee report on Engrossed SB 2129 as printed on SJ page 1127 be adopted, which motion prevailed on a voice vote.

Engrossed SB 2129, as amended, was placed on the Eleventh order.

**SECOND READING OF SENATE BILL**

**SB 2129:** A BILL for an Act to amend and reenact section 37-14-07 of the North Dakota Century Code, relating to collecting fees on loans from the veterans' aid fund.

**ROLL CALL**

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 47 YEAS, 0 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Brown; Christmann; Cook; Dever; Erbele; Espgaard; Every; Fairfield; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heitkamp; Holmberg; Kilzer; Klein; Krauter; Krebsbach; Kringstad; Lee, G.; Lee, J.; Lindaas; Lyson; Mathern; Mutch; Nelson; Nething; O'Connell; Robinson; Schobinger; Seymour; Stenehjem; Syverson; Tallackson; Taylor; Thane; Tollefson; Traynor; Trenbeath; Triplett; Urlacher; Wardner; Warner

Reengrossed SB 2129 passed and the title was agreed to.

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**CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. WARNER MOVED** that the conference committee report on Engrossed SB 2149 as printed on SJ page 1197 be adopted, which motion prevailed on a voice vote.

Engrossed SB 2149, as amended, was placed on the Eleventh order.

**SECOND READING OF SENATE BILL**

**SB 2149:** A BILL for an Act to create and enact a new subsection to section 50-01.2-03 of the North Dakota Century Code, relating to duties of county social service boards; and to amend and reenact sections 50-11-00.1 and 50-11-04, subsection 2 of section 50-11-06.6, section 50-11.1-02, subsection 5 of section 50-11.1-03, sections 50-11.1-04, 50-11.1-06, 50-11.1-07, and 50-11.1-07.1, subsection 1 of section 50-11.1-07.2, sections 50-11.1-07.4, 50-11.1-07.5, 50-25.1-02, 50-25.1-06, and 50-25.1-06.1, and subsection 3 of section 50-25.1-11 of the North Dakota Century Code, relating to authorized agents of the department of human services for foster care licensing, child care licensing, and child abuse and neglect services.

**ROLL CALL**

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 47 YEAS, 0 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Brown; Christmann; Cook; Dever; Erbele; Espgaard; Every; Fairfield; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heitkamp; Holmberg; Kilzer; Klein; Krauter; Krebsbach; Kringstad; Lee, G.; Lee, J.; Lindaas; Lyson; Mathern; Mutch; Nelson; Nething; O'Connell; Robinson; Schobinger; Seymour; Stenehjem; Syverson; Tallackson; Taylor; Thane; Tollefson; Traynor; Trenbeath; Triplett; Urlacher; Wardner; Warner

Reengrossed SB 2149 passed and the title was agreed to.

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**CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. WARDNER MOVED** that the conference committee report on SB 2237 as printed on SJ page 1164 be adopted, which motion prevailed on a voice vote.

SB 2237, as amended, was placed on the Eleventh order.

**SECOND READING OF SENATE BILL**

**SB 2237:** A BILL for an Act to amend and reenact sections 11-28.2-01 and 11-28.2-04 of the North Dakota Century Code, relating to requirements for establishment of a recreation service district and the powers of a recreation service district.

**ROLL CALL**

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 47 YEAS, 0 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Brown; Christmann; Cook; Dever; Erbele; Espegard; Every; Fairfield; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heitkamp; Holmberg; Kilzer; Klein; Krauter; Krebsbach; Kringstad; Lee, G.; Lee, J.; Lindaas; Lyson; Mathern; Mutch; Nelson; Nething; O'Connell; Robinson; Schobinger; Seymour; Stenehjerm; Syverson; Tallackson; Taylor; Thane; Tollefson; Traynor; Trenbeath; Triplett; Urlacher; Wardner; Warner

Engrossed SB 2237 passed and the title was agreed to.

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**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The Senate has adopted the conference committee report and subsequently passed: SB 2078, SB 2129, SB 2149, SB 2237.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The Senate has concurred in the House amendments and subsequently passed: SCR 4039.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The Senate does not concur in the House amendments to SB 2003, SB 2014, and SB 2157 and the President has appointed as a conference committee to act with a like committee from the House on:

**SB 2003:** Sens. Holmberg; Kringstad; Robinson  
**SB 2014:** Sens. Schobinger; Fischer; Lindaas  
**SB 2157:** Sens. Wardner; Tollefson; Bercier

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The President has appointed as a conference committee to act with a like committee from the House on:

**HB 1004:** Sens. Kilzer; Schobinger; Krauter  
**HB 1008:** Sens. Schobinger; Christmann; Mathern  
**HB 1230:** Sens. Flakoll; Freborg; Taylor  
**HB 1258:** Sens. Krebsbach; Klein; Fairfield  
**HB 1291:** Sens. Erbele; Urlacher; Taylor  
**HB 1346:** Sens. Trenbeath; Hacker; Triplett  
**HB 1417:** Sens. Hacker; Dever; Triplett  
**HB 1437:** Sens. Espegard; Mutch; Heitkamp  
**HB 1454:** Sens. Cook; G. Lee; Fairfield

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The House does not concur in the Senate amendments to HB 1003, HB 1009, HB 1172, HB 1181, HB 1189, HB 1370, HB 1500, and HB 1522 and the Speaker has appointed as a conference committee to act with a like committee from the Senate on:

**HB 1003:** Reps. Carlisle; Thoreson; Williams  
**HB 1009:** Reps. Kempenich; Carlisle; Kroeber  
**HB 1172:** Reps. Porter; Nelson; Kaldor  
**HB 1181:** Reps. Bellew; Pollert; Kerzman  
**HB 1189:** Reps. Porter; Nelson; Hanson  
**HB 1370:** Reps. Owens; Weisz; Schmidt  
**HB 1500:** Reps. Galvin; Koppelman; Onstad  
**HB 1522:** Reps. Weisz; Price; Sandvig

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The House does not concur in the Senate amendments to HB 1016 and HB 1324 and the Speaker has appointed as a conference committee to act with a like committee from the Senate on:

**HB 1016:** Reps. Carlson; Skarphol; Glassheim  
**HB 1324:** Reps. Kasper; Ruby; Boe

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The Speaker has appointed as a conference committee to act with a like committee from the Senate on:

**SB 2002:** Reps. Carlisle; Thoreson; Kroeber  
**SB 2008:** Reps. Kempenich; Timm; Williams  
**SB 2009:** Reps. Rennerfeldt; Brusegaard; Aarsvold  
**SB 2010:** Reps. Wieland; Bellew; Kerzman  
**SB 2011:** Reps. Kempenich; Timm; Williams  
**SB 2016:** Reps. Wald; Rennerfeldt; Gulleson  
**SB 2019:** Reps. Wald; Rennerfeldt; Gulleson  
**SB 2020:** Reps. Brusegaard; Rennerfeldt; Gulleson  
**SB 2021:** Reps. Skarphol; Monson; Glassheim  
**SB 2023:** Reps. Carlson; Skarphol; Glassheim  
**SB 2031:** Reps. Carlisle; Timm; Kroeber  
**SB 2059:** Reps. Galvin; Froseth; Potter  
**SB 2133:** Reps. Carlson; Klein; Glassheim  
**SB 2204:** Reps. Porter; Nelson; Kaldor  
**SB 2274:** Reps. Dosch; Hawken; Thorpe  
**SB 2341:** Reps. Pollert; Wieland; Kerzman  
**SB 2373:** Reps. Wieland; Pollert; Metcalf

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The House has passed and your favorable consideration is requested on: HB 1531.

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The House has amended and subsequently passed: SB 2015.

**HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO. 2015**

Page 1, line 4, after "facilities" insert "; to amend and reenact subsection 2 of section 12.1-32-07 of the North Dakota Century Code, relating to supervision fees for a probationer; to provide a statement of legislative intent; to provide for a legislative council study"

Page 1, line 20, replace "\$21,087,058" with "\$5,246,568"

Page 1, line 21, replace "(72,022,798)" with "5,606,730"

Page 1, line 22, replace "(9,629,163)" with "(1,722,510)"

Page 1, line 23, replace "(11,577,679)" with "1,213,416"

Page 1, remove line 24

Page 2, remove line 1

Page 2, line 2, replace "1,100,000" with "1,500,000"

Page 2, line 3, replace "13,540,401" with "11,844,204"

Page 2, line 4, replace "(4,018,278)" with "(6,420,477)"

Page 2, line 5, replace "17,558,679" with "18,264,681"

Page 2, replace lines 12 and 13 with:

"Field services	\$26,333,626
Prisons division	77,629,528
Juvenile community services	7,906,653
Youth correctional center	12,791,095"

Page 2, line 14, replace "1,100,000" with "1,500,000"

Page 2, line 15, replace "127,857,099" with "126,160,902"

Page 2, line 16, replace "28,561,809" with "26,159,610"

Page 2, line 17, replace "99,295,290" with "100,001,292"

Page 3, underscore lines 5 through 14

Page 3, after line 14, insert:

**"SECTION 8. AMENDMENT.** Subsection 2 of section 12.1-32-07 of the North Dakota Century Code is amended and reenacted as follows:

2. The conditions of probation must be such as the court in its discretion deems reasonably necessary to ensure that the defendant will lead a law-abiding life or to assist the defendant to do so. The court shall provide as an explicit condition of every probation that the defendant not commit another offense during the period for which the probation remains subject to revocation. The court shall order supervision costs and fees of not less than ~~thirty-six~~forty dollars per month unless the court makes a specific finding on record that the imposition of fees will result in an undue hardship. If the offender has not paid the full amount of supervision fees and costs before completion or termination of probation, the court may issue an order, after opportunity for hearing, to determine the amount of supervision fees and costs that are unpaid. The order may be filed, transcribed, and enforced by the department of corrections and rehabilitation in the same manner as civil judgments rendered by a district court of this state.

**SECTION 9. LEGISLATIVE INTENT - COMPOSITE SCHEDULE.** It is the intent of the fifty-ninth legislative assembly that future composite schedules for teacher salaries prepared by the office of management and budget's human resource management services division be developed so that the pay increases are based on the salaries of all teachers who teach in schools with a combined enrollment of greater than one hundred students, excluding the Fargo and West Fargo school districts.

**SECTION 10. LEGISLATIVE INTENT - EMPLOYEE SALARY EQUITY - FIELD SERVICES.** It is the intent of the fifty-ninth legislative assembly that if the department of corrections and rehabilitation can identify \$250,000 of general fund savings within its 2005-07 biennium appropriation, the department may use that savings to provide salary equity adjustments for employees in the field services division.

**SECTION 11. LEGISLATIVE INTENT - SHORT-TERM DIVERSION.** It is the intent of the fifty-ninth legislative assembly that the department of corrections and rehabilitation increase the number of inmates in short-term diversion during the 2005-07 biennium by fifteen inmates, from thirty to forty-five inmates.

**SECTION 12. LEGISLATIVE COUNCIL STUDY - STRATEGIC PLAN FOR DEPARTMENT OF CORRECTIONS AND REHABILITATION'S INCARCERATION AND CORRECTIONAL FACILITY NEEDS.**

1. The legislative council shall appoint an interim committee, during the 2005-06 interim, to develop a legislative strategic plan, including site and facilities' plans, for the department of corrections and rehabilitation's incarceration and correctional facility needs.
2. The legislative council shall appoint a minimum of ten members of the house of representatives and a minimum of five members of the senate. The legislative council shall appoint the chairman of the appropriations committee of the house of representatives or the senate or the assistant majority leader of the house of representatives or the senate as the chairman of the committee.
3. The committee shall:
  - a. Receive information from the department of corrections and rehabilitation, regional authorities with regional corrections centers, counties with county jails, cities with city jails, corporations operating private correctional facilities, and others the committee considers necessary to develop a strategic plan for the state's incarceration and correctional facility needs for the next twenty years.
  - b. Consider using existing facilities; other available state facilities; and county, local, or private facilities.

- c. Consider any cost and benefits of replacing all or parts of existing correctional facilities or other state property with a modern all-encompassing facility.
  - d. Consider state-operated facilities compared to contract-operated state facilities.
  - e. Consider contracting with a private entity to provide all or part of the state's correctional and rehabilitation needs.
  - f. Consider the impact to the department of corrections and rehabilitation of changing sentencing guidelines, increasing fines as an alternative to incarceration for nonviolent or minor drug offenders, and utilizing alternatives to incarceration and treatment programs, including receiving information regarding the efficiency of treatment programs.
  - g. Develop a strategic plan based on the information received by the committee.
4. 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:**

**Senate Bill No. 2015 - Department of Corrections and Rehabilitation - House Action**

	EXECUTIVE BUDGET	SENATE VERSION	HOUSE CHANGES	HOUSE VERSION
Field Services	\$26,949,674		\$26,333,626	\$26,333,626
Prisons Division	80,513,984		77,629,528	77,629,528
Juvenile Community Services	7,948,024		7,906,653	7,906,653
Youth Correctional Center	12,927,127		12,791,095	12,791,095
Adult Services		\$105,918,493	(105,918,493)	
Juvenile Services		20,838,606	(20,838,606)	
Equity pool	<u>1,000,000</u>	<u>1,100,000</u>	<u>400,000</u>	<u>1,500,000</u>
Total all funds	\$129,338,809	\$127,857,099	(\$1,696,197)	\$126,160,902
Less estimated income	<u>28,150,416</u>	<u>28,561,809</u>	<u>(2,402,199)</u>	<u>26,159,610</u>
General fund	\$101,188,393	\$99,295,290	\$706,002	\$100,001,292
FTE	675.28	675.78	1.00	676.78

**Dept. 530 - Department of Corrections and Rehabilitation - Detail of House Changes**

	SPLITS LINE ITEMS INTO 4 DIVISIONS <sup>1</sup>	TRANSFERS FUNDS FROM FIELD SERVICES TO PRISONS DIVISION <sup>2</sup>	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE <sup>3</sup>	REDUCES FUNDING FOR EXTRAORDINARY REPAIRS - YCC <sup>4</sup>	REDUCES FUNDING FOR EQUIPMENT OVER \$5,000 - YCC <sup>5</sup>	REDUCES FUNDING FOR OPERATING EXPENSES <sup>6</sup>
Field Services	\$27,113,178	(\$618,524)	(\$11,028)			
Prisons Division	78,805,315	618,524	(53,610)			
Juvenile Community Services	7,937,119		(4,266)			(\$26,200)
Youth Correctional Center	12,901,487		(11,592)	(\$30,000)	(\$20,000)	(23,800)
Adult Services	(105,918,493)					
Juvenile Services	(20,838,606)					
Equity pool						
Total all funds	\$0	\$0	(\$80,496)	(\$30,000)	(\$20,000)	(\$50,000)
Less estimated income			<u>(7,199)</u>			
General fund	\$0	\$0	(\$73,297)	(\$30,000)	(\$20,000)	(\$50,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

  

	CHANGES FUNDING SOURCE DUE TO \$4 INCREASE IN SUPERVISION FEES <sup>7</sup>	REDUCES FUNDING FOR BISMARCK TRANSITION CENTER <sup>8</sup>	ADDS FUNDING FOR INMATE CONTRACT HOUSING <sup>9</sup>	REDUCES FUNDING FOR EXTRAORDINARY REPAIRS - PRISONS DIVISION <sup>10</sup>	REDUCES FUNDING FOR EQUIPMENT OVER \$5,000 - PRISONS DIVISION <sup>11</sup>	REMOVES FUNDING FOR GENERAL ISSUE OF LICENSE PLATES - ROUGHRIDER INDUSTRIES <sup>12</sup>
Field Services		(\$150,000)				
Prisons Division			\$1,100,000	(\$222,000)	(\$38,000)	(\$2,600,000)
Juvenile Community Services						
Youth Correctional Center						
Adult Services						

Juvenile Services Equity pool						
Total all funds	\$0	(\$150,000)	\$1,100,000	(\$222,000)	(\$38,000)	(\$2,600,000)
Less estimated income	<u>205,000</u>					<u>(2,600,000)</u>
General fund	(\$205,000)	(\$150,000)	\$1,100,000	(\$222,000)	(\$38,000)	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	ADDS 1 FTE POSITION FOR PHARMACY TECHNICIAN <sup>13</sup>	ADDS FUNDING FOR SALARY EQUITY <sup>14</sup>	TOTAL HOUSE CHANGES
Field Services			\$26,333,626
Prisons Division	\$19,299		77,629,528
Juvenile Community Services			7,906,653
Youth Correctional Center	(25,000)		12,791,095
Adult Services			(105,918,493)
Juvenile Services Equity pool		<u>\$400,000</u>	(20,838,606)
			<u>400,000</u>
Total all funds	(\$5,701)	\$400,000	(\$1,696,197)
Less estimated income			<u>(2,402,199)</u>
General fund	(\$5,701)	\$400,000	\$706,002
FTE	1.00	0.00	1.00

<sup>1</sup> This amendment undoes the Senate's amendment to combine the four line items of the bill into two lines.

<sup>2</sup> This amendment transfers \$618,524 from the Field Services Division to the Prisons Division to accurately reflect funding provided in the executive budget for housing inmates.

<sup>3</sup> This amendment reduces funding for state employee health insurance premiums from \$559.15 to \$553.95 per month.

<sup>4</sup> This amendment reduces general fund funding for the Youth Correctional Center extraordinary repairs by \$30,000.

<sup>5</sup> This amendment reduces general fund funding of \$20,000 for the Youth Correctional Center equipment over \$5,000 for the purchase of security beds, resulting in a total of \$16,777 remaining for the security beds.

<sup>6</sup> This amendment reduces general fund funding for operating expenses by a total of \$50,000 between Juvenile Community Services and the Youth Correctional Center.

<sup>7</sup> This amendment reduces the general fund appropriation by \$205,000 and increases other funds spending authority by \$205,000 for the Field Services Division due to an increase in monthly supervision fees from \$36 to \$40 per offender. This amendment also amends North Dakota Century Code Section 12.1-32-07 relating to the maximum monthly rate the court shall order for supervision fees.

<sup>8</sup> This amendment reduces general fund funding for the Field Services Division by \$150,000 for payments to the Bismarck Transition Center. The Bismarck Transition Center would need to increase the daily rate paid by each offender from \$12 to \$16 per day to make up for the decrease in payments by the Department of Corrections and Rehabilitation.

<sup>9</sup> This amendment adds back \$1,100,000 of the \$1,300,000 reduction made by the Senate to the Prisons Division for inmate contract housing.

<sup>10</sup> This amendment reduces general fund funding for Prisons Division extraordinary repairs by \$222,000, for a total of \$500,000 remaining for extraordinary repairs.

<sup>11</sup> This amendment reduces general fund funding for Prisons Division equipment over \$5,000 by \$38,000, resulting in a total of \$150,615 remaining for equipment over \$5,000.

<sup>12</sup> This amendment removes \$2,600,000 of other funds spending authority from Roughrider Industries for the purchase of the raw materials necessary for a general issue of license plates.

<sup>13</sup> This amendment adds 1 FTE position for a pharmacy technician at the State Penitentiary to replace contracting with 3 pharmacy technicians and to provide pharmacy services for the Youth Correctional Center.

<sup>14</sup> This amendment adds \$400,000 from the general fund to the equity pool line item for a total of \$1,500,000. The additional \$400,000 is to be used by the Department of Corrections and Rehabilitation, in addition to the \$100,000 added by the Senate, for salary equity adjustments for all the department's employees.

This amendment also:

- Adds a section of legislative intent regarding the development of the teacher salary composite schedule.
- Adds a section of legislative intent regarding salary equity for Field Services Division employees.
- Adds a section of legislative intent regarding inmates in short-term diversion.
- Adds a Legislative Council study regarding a strategic plan for the Department of Corrections and Rehabilitation incarceration and correctional facility needs.



**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The House has amended and subsequently passed: SB 2004, SB 2018, SB 2032.

**HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO. 2004**

Page 1, line 2, after "health" insert "; to create and enact a new subsection to section 23-01-05 of the North Dakota Century Code, relating to the state health officer's duty to establish an environmental review process for commercial buildings"

Page 1, line 10, after "campgrounds" insert "; to provide for a report to the legislative council; to provide legislative intent"

Page 2, line 7, replace "2,712,149" with "2,206,994"

Page 2, line 8, replace "1,288,653" with "1,395,366"

Page 2, line 10, replace "5,901,038" with "5,136,538"

Page 2, line 11, replace "903,645" with "902,898"

Page 2, line 14, replace "7,085,117" with "5,921,428"

Page 2, line 15, replace "6,826,931" with "5,685,998"

Page 2, line 16, replace "258,186" with "235,430"

Page 2, line 22, replace "32,685,078" with "32,179,923"

Page 2, line 23, replace "25,439,910" with "25,546,623"

Page 2, line 25, replace "42,591,666" with "41,827,166"

Page 2, line 26, replace "8,686,742" with "8,685,995"

Page 2, line 28, replace "126,667,865" with "125,504,176"

Page 2, line 29, replace "113,308,587" with "112,167,654"

Page 2, line 30, replace "13,359,278" with "13,336,522"

Page 3, line 13, replace "\$280,000" with "\$340,000"

Page 4, after line 26, insert:

**"SECTION 13.** A new subsection to section 23-01-05 of the North Dakota Century Code is created and enacted as follows:

Establish a review process for commercial buildings for instances in which the department is requested to conduct an environmental review or environmental assessment of a commercial building. The environmental review or environmental assessment must include:

- a. An environmental assessment;
- b. Identification of whether a health risk exists, what the health risk is, and how the health risk can be remediated or mitigated; and
- c. Once the health risk is identified, remediated, or mitigated a reevaluation of the risk which determines whether the risk has been addressed."

Page 7, line 22, remove "funded by grants, fees, and increases in tobacco taxes"

Page 7, after line 27, insert:

**"SECTION 21. LEGISLATIVE COUNCIL STUDY - TOBACCO SETTLEMENT COLLECTIONS.** The legislative council shall consider studying, during the 2005-06 interim, whether to change guidelines for funding programs as a result of additional tobacco settlement collections that are anticipated to be received and deposited in the community health trust fund from 2008 through 2017. The legislative council shall

report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth legislative assembly.

**SECTION 22. LEGISLATIVE INTENT - WORKSITE WELLNESS PILOT PROJECT.** It is the intent of the fifty-ninth legislative assembly that the state department of health may use federal funding to match nonstate funding and contract with a nonstate entity for a worksite wellness pilot project during the 2005-07 biennium. The state department of health shall provide a report on the pilot project to the sixtieth legislative assembly.

**SECTION 23. LEGISLATIVE INTENT - FUNDING FOR ABSTINENCE PROGRAMS.** It is the intent of the fifty-ninth legislative assembly that the state department of health use \$220,000 of federal maternal and child health funding for abstinence programs.

**SECTION 24. LEGISLATIVE INTENT - FEDERAL BIOTERRORISM FUNDING.** It is the intent of the fifty-ninth legislative assembly that the full-time equivalent employee positions funded with federal bioterrorism grants be discontinued when the funding for the programs end.

**SECTION 25. BASIC CARE SURVEY PILOT PROJECT - LEGISLATIVE COUNCIL REPORT.** The state department of health shall develop a pilot project to test an announced basic care survey process. The pilot project must begin with fifty percent of the state-licensed basic care providers surveyed receiving an announced survey and the remaining receiving an unannounced survey. The state department of health shall evaluate the survey pilot project and submit a report to the legislative council during the 2005-06 interim. The report must include a recommendation of whether the unannounced survey process should continue for all basic care facilities. The pilot project must include standard basic care surveys and all complaint investigations must be unannounced."

ReNUMBER accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2004 - State Department of Health - House Action**

	EXECUTIVE BUDGET	SENATE VERSION	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$32,816,481	\$32,685,078	(\$505,155)	\$32,179,923
Operating expenses	25,322,640	25,439,910	106,713	25,546,623
Capital assets	1,514,469	1,514,469		1,514,469
Grants	42,466,666	42,591,666	(764,500)	41,827,166
Tobacco prevention and control	8,689,062	8,686,742	(747)	8,685,995
WIC food payments	<u>15,750,000</u>	<u>15,750,000</u>		<u>15,750,000</u>
Total all funds	\$126,559,318	\$126,667,865	(\$1,163,689)	\$125,504,176
Less estimated income	<u>112,120,210</u>	<u>113,308,587</u>	<u>(1,140,933)</u>	<u>112,167,654</u>
General fund	\$14,439,108	\$13,359,278	(\$22,756)	\$13,336,522
FTE	317.00	317.00	(4.50)	312.50

**Dept. 301 - State Department of Health - Detail of House Changes**

	REMOVES FUNDING FOR PHYSICIAN LOAN REPAYMENT PROGRAM <sup>1</sup>	CHANGES FUNDING SOURCE FOR FOOD AND LODGING INSPECTIONS <sup>2</sup>	DECREASES OPERATIONS FOR FOOD AND LODGING INSPECTIONS <sup>3</sup>	REMOVES 1 FTE FOOD AND LODGING INSPECTOR POSITION <sup>4</sup>	REMOVES FUNDING FOR THE NURSE SCHOLARSHIP AND GRANT PROGRAM <sup>5</sup>	REDUCES FUNDING FOR QUICK RESPONSE UNIT PILOT PROJECT <sup>6</sup>
Salaries and wages				(\$90,077)		
Operating expenses			(\$117,270)			
Capital assets						
Grants	(\$100,000)				(\$489,500)	(\$100,000)
Tobacco prevention and control						
WIC food payments						
Total all funds	(\$100,000)	\$0	(\$117,270)	(\$90,077)	(\$489,500)	(\$100,000)
Less estimated income		<u>(114,116)</u>	<u>(117,270)</u>	<u>(63,054)</u>	<u>(489,500)</u>	<u>(100,000)</u>
General fund	(\$100,000)	\$114,116	\$0	(\$27,023)	\$0	\$0
FTE	0.00	0.00	0.00	(1.00)	0.00	0.00

REMOVES

	ADDS FUNDING FOR ARSENIC PROGRAM 7	DECREASES FUNDING FOR HEALTHY NORTH DAKOTA PROGRAM 8	1 FTE POSITION AND FUNDING FOR ASTHMA PROGRAM 9	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE 10	ADDS FUNDING FOR DOMESTIC VIOLENCE PREVENTION GRANTS 11	TOTAL HOUSE CHANGES
Salaries and wages		(\$282,240)	(\$93,774)	(\$39,064)		(\$505,155)
Operating expenses	\$700,000	34,474	(510,491)			106,713
Capital assets						
Grants		(135,000)			\$60,000	(764,500)
Tobacco prevention and control				(747)		(747)
WIC food payments						
Total all funds	\$700,000	(\$382,766)	(\$604,265)	(\$39,811)	\$60,000	(\$1,163,689)
Less estimated income	<u>700,000</u>	<u>(382,766)</u>	<u>(604,265)</u>	<u>(29,962)</u>	<u>60,000</u>	<u>(1,140,933)</u>
General fund	\$0	\$0	\$0	(\$9,849)	\$0	(\$22,756)
FTE	0.00	(2.50)	(1.00)	0.00	0.00	(4.50)

1 The House removed \$100,000 from the general fund for the state-community matching physician loan repayment program and the state-community matching loan repayment program for nurse practitioners, physician assistants, and certified nurse midwives.

2 The House further adjusted food and lodging inspections funding to provide \$100,000 from the general fund for the program. The anticipated fee increase necessary to fund food and lodging inspections will be \$141,242.

3 The House adjusted operating expenses for food and lodging inspections to what was included in the executive recommendation.

4 The House remove 1 FTE environmental health inspector position, which was included in the executive recommendation to conduct additional food and lodging inspections.

5 The House removed funding from the health care trust fund for the scholarship and nurses' student loan repayment grant program.

6 The House decreased funding from the health care trust fund for the quick response unit pilot project from \$225,000 to \$125,000.

7 The House increased the other funds spending authority for the department to receive a grant to address arsenic issues in southeastern North Dakota.

8 The House remove 2.5 FTE positions and decreased funding for the Healthy North Dakota program by \$382,766. The remaining Healthy North Dakota funding authority is for contract services related to a worksite wellness pilot project (\$135,000).

9 The House removed 1 FTE program administrator position and decreased the funding for the asthma program. The department is to request approval from the Emergency Commission and Budget Section if federal funding for this program is authorized.

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

11 The House increased funding from the domestic violence prevention fund for grants. Additional revenues of approximately \$60,000 are anticipated to be generated for the fund if 2005 Senate Bill No. 2361 is approved by the Legislative Assembly.

The House provided for a study to determine the funding guidelines for additional tobacco settlement funds that are anticipated to be received during the 2007-09 biennium.

The House provided intent for additional spending on abstinence education programs.

The House provided intent that positions funded with federal bioterrorism grants not be continued by the department when the funding stops.

The House provided for a pilot project for the State Department of Health to conduct announced basic care surveys.

The House provided for the State Department of Health to establish an environmental review process for commercial buildings.

### HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO. 2018

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide an appropriation for defraying the expenses of the department of commerce; to provide exemptions; to provide appropriations to various agencies; to authorize the office of management and budget to borrow funds from the Bank of North Dakota; to provide a statement of legislative intent; to create and enact two new sections to chapter 54-34.3 and three new sections to chapter 54-60 of the North Dakota Century Code, relating to a division of economic development and finance international business and trade office, a division of economic development and finance local economic developer certification program, department of commerce target industry requirements, a department of

commerce state employee image training program, and a department of commerce business hotline program; to amend and reenact sections 4-41.1-10 and 54-34.3-03, subsection 1 of section 54-34.3-06, and section 57-51.1-07.2 of the North Dakota Century Code, relating to the ethanol production incentive fund, the structure of the division of economic development and finance, the division of economic development and finance North Dakota American Indian business development office, and the permanent oil tax trust fund; and to provide for state agency studies and reports to the legislative council.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. BASE LEVEL FUNDING INFORMATION.** The amounts identified in this section represent the base level funding component appropriated to the department of commerce in section 3 of this Act as follows:

Salaries and wages	\$6,713,340
Operating expenses	8,237,247
Grants	46,585,026
North Dakota development fund	1,550,000
Agricultural products utilization	2,983,179
Discretionary grants	1,447,127
Lewis and Clark bicentennial	<u>3,851,911</u>
Total all funds - Base level	\$71,367,830
Less estimated income - Base level	<u>52,353,107</u>
Total general fund - Base level	\$19,014,723

**SECTION 2. FUNDING ADJUSTMENTS OR ENHANCEMENTS INFORMATION.** The amounts identified in this section represent the funding adjustments or enhancements to the base funding level for the department of commerce which are included in the appropriation in section 3 of this Act as follows:

Salaries and wages	\$986,030
Operating expenses	1,094,721
Capital assets	25,000
Grants	3,517,844
North Dakota development fund	(1,550,000)
Agricultural products utilization	3,092,821
Discretionary funds	(7,000)
Economic development initiatives	644,568
Economic development grants	125,000
Lewis and Clark bicentennial	<u>80,733</u>
Total all funds - Adjustments/enhancements	\$8,009,717
Less estimated income - Adjustments/enhancements	<u>7,921,887</u>
Total general fund - Adjustments/enhancements	\$87,830

**SECTION 3. APPROPRIATION.** The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the department of commerce for the purpose of defraying the expenses of its various divisions for the biennium beginning July 1, 2005, and ending June 30, 2007, as follows:

Salaries and wages	\$7,699,370
Operating expenses	9,331,968
Capital assets	25,000
Grants	50,102,870
Agricultural products utilization	6,076,000
Discretionary funds	1,440,127
Economic development initiatives	644,568
Economic development grants	125,000
Lewis and Clark bicentennial	<u>3,932,644</u>
Total all funds	\$79,377,547
Less estimated income	<u>60,274,994</u>
Total general fund appropriation	\$19,102,553

**SECTION 4. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$150,000, or so much of the sum as may be necessary, to the office of management and budget

for the purpose of establishing and maintaining procurement information on the internet and for performing the procurement assistance study, for the biennium beginning July 1, 2005, and ending June 30, 2007. The office of management and budget is authorized one full-time equivalent position.

**SECTION 5. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$50,000, or so much of the sum as may be necessary, to the state board of higher education for the purpose of performing the technology commercialization study provided for in Senate Bill No. 2032, for the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 6. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$360,000, or so much of the sum as may be necessary, to the upper great plains transportation institute for the purpose of performing the transportation study provided for in Senate Bill No. 2032, for the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 7. CENTERS OF EXCELLENCE - OFFICE OF MANAGEMENT AND BUDGET - BORROWING AUTHORITY - APPROPRIATION - REPAYMENT FROM PERMANENT OIL TAX TRUST FUND.** As requested by the centers of excellence commission, the office of management and budget shall borrow the sum of \$15,000,000, or so much of the sum as may be necessary, from the Bank of North Dakota, which is appropriated for the purpose of providing funding to centers of excellence as directed by the centers of excellence commission, for the biennium beginning July 1, 2005, and ending June 30, 2007. By June 30, 2007, the office of management and budget shall repay any loan obtained pursuant to provisions of this section, including accrued interest, from funds available in the permanent oil tax trust fund. Repayment may be made from transfers into the permanent oil tax trust fund after a total of \$77,000,000 of oil tax revenues has been received by the general fund during the 2005-07 biennium, including the \$71,000,000 deposited in the general fund in accordance with section 57-51.1-07.2.

**SECTION 8. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET - PERMANENT OIL TAX TRUST FUND - LOAN REPAYMENT.** There is appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of \$16,000,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of repaying the Bank of North Dakota for loans and accrued interest relating to funds borrowed for centers of excellence, for the biennium beginning July 1, 2005, and ending June 30, 2007. The appropriation made under this section is limited to 50 percent or \$16,000,000, whichever is less, of the revenues deposited in the permanent oil tax trust fund that exceed \$6,000,000 for the 2005-07 biennium.

**SECTION 9. LEGISLATIVE INTENT - FUTURE FUNDING FOR CENTERS OF EXCELLENCE.** It is the intent of the fifty-ninth legislative assembly that the centers of excellence program be a continuing program for economic development in North Dakota and that the legislative assembly intends to make available an additional \$35,000,000 for centers of excellence in future bienniums using similar funding mechanisms which will provide a total of \$50,000,000 for centers of excellence.

**SECTION 10. AGRICULTURE FUEL TAX REFUNDS.** The less estimated income line item in section 3 of this Act includes \$575,000 from refunds of tax for fuel used for agricultural purposes, to be used by the agricultural products utilization commission, for the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 11. ESTIMATED INCOME - ETHANOL PRODUCTION INCENTIVE FUND.** The less estimated income line item in section 3 of this Act includes \$3,285,000 from the ethanol production incentive fund.

**SECTION 12. EXEMPTION.** The funds appropriated in the agricultural products utilization line item in section 3 of this Act are not subject to section 54-44.1-11 and any unexpended funds from this line item for grants are available for grants during the biennium beginning July 1, 2007, and ending June 30, 2009.

**SECTION 13. EXEMPTION.** The funds appropriated in the discretionary funds line item in section 3 of this Act are not subject to section 54-44.1-11 and any unexpended funds from this line item may be spent during the biennium beginning July 1, 2007, and ending June 30, 2009.

**SECTION 14. ECONOMIC DEVELOPMENT INITIATIVES.** The economic development initiatives line item in section 3 of this Act includes \$394,568 from the general fund and \$250,000 of special funds raised by the department of commerce for the following economic development initiatives recommended by the primary sector business congress for the biennium beginning July 1, 2005, and ending June 30, 2007:

Target industry identification and report  
Image information program  
Business hotline program  
Local economic developer certification and training program  
Dakota manufacturing initiative  
Intellectual property rights study and report  
Economic development incentives study and report  
Business climate initiative study

**SECTION 15. LIFE SCIENCES SECTOR DEVELOPMENT GRANT.** The department of commerce shall provide a \$100,000 grant from funds appropriated in the economic development grants line item in section 3 of this Act to an economic development corporation in the Red River valley research corridor by June 30, 2006, to increase opportunities in the state for expanded research and business development in the life sciences sector for the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 16. WIND TO HYDROGEN DEMONSTRATION PROJECT GRANT.** The department of commerce shall provide a \$25,000 grant from funds appropriated in the economic development grants line item in section 3 of this Act to a North Dakota city with a population exceeding 75,000 for a wind to hydrogen demonstration project for the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 17. LEWIS AND CLARK BICENTENNIAL - ADDITIONAL SALES TAX ON LODGING.** The Lewis and Clark bicentennial line item in section 3 of this Act includes \$3,041,511, or such lesser amount as is generated from the separate and additional tax imposed under section 57-39.2-03.8 of the North Dakota Century Code.

**SECTION 18. STATE TAX COMMISSIONER - AUDIT OF ETHANOL PRODUCTION INCENTIVE PROGRAM.** The state tax commissioner shall conduct an audit of the ethanol production incentive program during the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 19. RED RIVER VALLEY RESEARCH CORRIDOR MARKETING - BUDGET SECTION REPORT.** An amount up to \$400,000 from the general fund in section 3 of this Act must be made available through a grant to the Red River valley research corridor for the purpose of matching federal funds. The funds are available for the period beginning July 1, 2005, and ending June 30, 2007. The department of commerce shall report to the budget section after July 1, 2006, on the use of this funding.

**SECTION 20. CENTER FOR TECHNOLOGY - BUDGET SECTION REPORT.** An amount up to \$50,000 from the general fund in section 3 of this Act must be made available through a grant to the North Dakota center for technology program. The department of commerce shall report to the budget section after July 1, 2006, on the use of this funding.

**SECTION 21. PARTNERS IN MARKETING - BUDGET SECTION REPORT.** An amount up to \$250,000 from the general fund in section 3 of this Act must be made available for grants in the partners in marketing grant program. The department of commerce shall report to the budget section after July 1, 2006, on the use of this funding.

**SECTION 22. NORTH DAKOTA DEVELOPMENT FUND - INTERNATIONAL BUSINESS AND TRADE OFFICE.** Notwithstanding chapter 10-30.5, during the 2005-07 biennium the North Dakota development fund shall provide the division of economic development and finance with grant funds of up to \$500,000 for the purpose of funding the international business and trade office. The North Dakota development fund shall distribute funds to the division of economic development and finance upon proof of the division securing one dollar of matching funds from other public or private sources for every two dollars from the development fund.

**SECTION 23. AMENDMENT.** Section 4-14.1-10 of the North Dakota Century Code is amended and reenacted as follows:

**4-14.1-10. Ethanol production incentive fund –Continuing appropriation.**

There is created in the state treasury a special fund known as the ethanol production incentive fund. The fund consists of transfers made in accordance with section 39-04-39 and deposits made in accordance with section 57-43.1-03.1. All moneys in the fund are ~~appropriated on a continuing basis~~ available to the agricultural products utilization commission for use in paying ethanol production incentives under sections 4-14.1-07, 4-14.1-08, and 4-14.1-09 and may be spent pursuant to legislative appropriations.

**SECTION 24. AMENDMENT.** Section 54-34.3-03 of the North Dakota Century Code is amended and reenacted as follows:

**54-34.3-03. Division structure.** The division consists of:

1. A finance office;
2. An international business and trade office; ~~and~~
3. ~~Other offices that~~ Offices established by statute; and
4. Offices the director organizes and establishes as necessary to carry out most efficiently and effectively the mission and duties of the division.

**SECTION 25. AMENDMENT.** Subsection 1 of section 54-34.3-06 of the North Dakota Century Code is amended and reenacted as follows:

1. A North Dakota American Indian business development office to assist North Dakota American Indian tribal and individual economic development representatives, businesses, and ~~North Dakota American Indian~~ entrepreneurs with access to state and federal programs designed to assist ~~them~~ these business interests. The office shall provide services to assist in the formation of partnerships between American Indian and non-American Indian businesses.

**SECTION 26.** A new section to chapter 54-34.3 of the North Dakota Century Code is created and enacted as follows:

International business and trade office - Advisory board.

1. The director shall administer the international business and trade office. The purpose of the office is to assist North Dakota businesses expand exports to international markets by:
  - a. Advocating for exporters;
  - b. Offering export educational opportunities to North Dakota businesses;
  - c. Researching and raising awareness of export opportunities, issues, and challenges impacting North Dakota businesses;
  - d. Assisting North Dakota businesses in identifying, developing, and cultivating international markets for products; and
  - e. Organizing and carrying out trade missions that seek to facilitate contact and communication between North Dakota businesses and international markets.
2. The director may contract with a third party for the provision of services for the international business and trade office. If the director contracts with a third party under this subsection, all data and data bases collected and created by the third party in performing services for the office are the property of the department and the third party.
3. The division may seek and accept any gift, grant, or donation of funds, property, services, or other assistance from public or private sources for the purpose of furthering the objectives of the office of international business and trade.

4. The director may establish an international business and trade office advisory board with which the director may consult in administering the international business and trade office. Each member of the advisory board created under this subsection is entitled to receive per diem compensation at a rate established by the director not exceeding sixty-two dollars and fifty cents, and reimbursement of expenses as provided by law for state officers, while attending meetings or performing duties directly related to board membership, except that per diem compensation under this section may not be paid to any member who receives compensation or salary as a regular state employee or official.

**SECTION 27.** A new section to chapter 54-34.3 of the North Dakota Century Code is created and enacted as follows:

Local economic developer certification program. The director shall implement a certification program through which the division provides training to assist local economic developers in meeting the needs of businesses. The director may contract with a third-party service provider to assist in implementing the program. The director may set and charge a fee for the receipt of services under this program.

**SECTION 28.** A new section to chapter 54-60 of the North Dakota Century Code is created and enacted as follows:

Target industries - Report to legislative council. The commissioner shall identify target industries on which the commissioner shall focus economic development efforts. The commissioner shall designate one of these target industries as a special focus target industry. In identifying and updating target industries, the commissioner shall solicit the advice of the foundation and the North Dakota university system. The commissioner may contract for the services of a third party in identifying target industries. The commissioner shall report biennially to the legislative council. This report must include information regarding the process used and factors considered in identifying and updating the target industries, the specific tactics the department has used to specifically address the needs of the target industries, the unique tactics and the specific incentives the department has used to support the growth of the special focus target industry, and any recommended legislative changes necessary to better focus economic development services on these industries.

**SECTION 29.** A new section to chapter 54-60 of the North Dakota Century Code is created and enacted as follows:

North Dakota image information program. The commissioner shall implement a program for use by state agencies to assist state agencies and state agencies' employees to present to the public a positive image of the state. The commissioner may expand the program to include use of the program by the private sector.

**SECTION 30.** A new section to chapter 54-60 of the North Dakota Century Code is created and enacted as follows:

Business hotline. The commissioner shall create and implement a business hotline program. The program must provide for a telephone number through which the department shall provide, during regular business hours, in-state and out-of-state callers with information regarding how to do business in the state, the services and assistance available to businesses, the advantages of doing business in the state, and information on state and other resources that provide assistance to businesses in the state. In addition to directly providing information, the department may use the business hotline as a clearinghouse through which to refer callers to other federal, state, local, or private sector economic developers. The program must include an in-state and out-of-state marketing campaign in support of the program. The commissioner shall follow up on business leads gained through the program and shall gather data on the results of calls, including business expansion, location, and startup.

**SECTION 31. AMENDMENT.** Section 57-51.1-07.2 of the North Dakota Century Code is amended and reenacted as follows:

**57-51.1-07.2. Permanent oil tax trust fund - Deposits - Interest - Adjustment of distribution formula.** ~~At the end of any biennium beginning after June 30, 1997, all~~ All revenue deposited in the general fund during ~~that~~ a biennium and derived from taxes imposed on oil and gas under chapters 57-51 and 57-51.1 which exceeds seventy-one million dollars must be transferred by the state treasurer to a special fund in the state treasury known as the permanent oil tax trust fund. The state



treasurer shall transfer interest earnings of the permanent oil tax trust fund to the general fund at the end of each fiscal year. The principal of the permanent oil tax trust fund may not be expended except upon a two-thirds vote of the members elected to each house of the legislative assembly.

If the distribution formulas under chapter 57-51 or 57-51.1 are amended effective after June 30, 1997, the director of the budget shall adjust the seventy-one million dollar amount in this section by the same percentage increase or decrease in the amount of revenue allocable to the general fund after the change in the allocation formula, and transfers to the permanent oil tax trust fund shall thereafter be made using that adjusted figure so that the dollar amount of the transfers to the permanent oil tax trust fund is not increased or decreased merely because of changes in the distribution formulas.

~~Notwithstanding section 54-27.2-02, the state treasurer shall make the transfers required by this section before calculating any general fund revenue balance available for transfer to the budget stabilization fund under chapter 54-27.2. In this section, "at the end of any biennium" has the same meaning as in section 54-27.2-02.~~

**SECTION 32. DAKOTA MANUFACTURING INITIATIVE.** The department of commerce shall seek to contract with the Dakota manufacturing extension partnership, incorporated, to implement the Dakota manufacturing initiative. The initiative includes building a membership association of manufacturers in North Dakota and South Dakota, complementing existing national, regional, and local manufacturing entities; providing nonduplicative services to the association's manufacturing members which address critical needs, including identifying and developing private procurement opportunities; and developing a consortium of major manufacturers in North Dakota and South Dakota to design and support overall supply chain development and supplier development. Under the initiative, state funds must be leveraged with additional public and private funds, which may include federal funding sources, South Dakota state funding, and funding from manufacturers.

**SECTION 33. NORTH DAKOTA AMERICAN INDIAN BUSINESS DEVELOPMENT OFFICE AND INTERNATIONAL BUSINESS AND TRADE OFFICE - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the commissioner of commerce shall report to the legislative council on the status of the North Dakota American Indian business development office and the status of the international business and trade office; whether the North Dakota American Indian business development office and international business and trade office should continue; whether the division of economic development and finance should continue to contract with a third party for international business and trade office services; and whether there are potential changes that could be made to enhance the support of American Indian businesses and to enhance the support of international trade by North Dakota businesses.

**SECTION 34. LOCAL ECONOMIC DEVELOPERS CERTIFICATION PROGRAM - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the commissioner of commerce shall report to the legislative council on the status of the certification program through which the division of economic development and finance provides training services to local economic developers. The report must include information regarding what services have been provided under the program to assist local economic developers, to whom the services were provided, local economic developer level of satisfaction with the program, whether the program should continue, and whether there are changes that could be made to better assist local economic developers.

**SECTION 35. IMAGE INFORMATION PROGRAM - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the commissioner of commerce shall report to the legislative council on the status of the image information program. The report must include information regarding what information the program provides to state agencies and state agencies' employees, the manner in which the information is provided, the state agencies reached through the program, whether the program has been expanded to provide information to the private sector, whether the program should continue, and whether there are potential changes that could be made to better enhance the state's and private sector's ability to present a positive image of the state.

**SECTION 36. BUSINESS HOTLINE PROGRAM - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the commissioner of commerce shall report to the legislative council on the status of the business hotline program. This report must include information regarding what information the program provides to callers; the

number of calls made to the business hotline number; the manner in which the information is provided to callers; followup data; how the program is marketed; whether the program should continue; and whether there are potential changes that could be made to improve the dissemination of business information to businesses in the state, to persons planning on starting a business in the state, and to businesses wishing to do business in the state.

**SECTION 37. DAKOTA MANUFACTURING INITIATIVE - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the commissioner of commerce shall report to the legislative council on the status of the Dakota manufacturing initiative. This report must include information regarding how the initiative has been established and regarding the activities of the Dakota manufacturing extension partnership, incorporated. The commissioner shall include in the report whether the state should continue this initiative or whether the goal of assisting manufacturers would be better served by alternative means. The commissioner shall report whether there are potential changes that could be made to improve the networking of manufacturing businesses and other suppliers in this state.

**SECTION 38. INTELLECTUAL PROPERTY RIGHTS STUDY - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the department of commerce, in consultation with the state board of higher education, shall conduct a study of the state's intellectual property laws as they relate to the protection of intellectual property rights. The study must include a review of the state's intellectual property laws, including barriers that may inhibit research and development in the state, and must include consideration of successful actions taken by other states to improve the protection of intellectual property rights. The department shall contract with a third party in performing this study. Before July 1, 2006, the commissioner of commerce shall report to the legislative council the outcome of the study and identify proposed legislative changes necessary to implement any recommendations to improve the protection of intellectual property rights.

**SECTION 39. ECONOMIC DEVELOPMENT INCENTIVES STUDY - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the department of commerce shall conduct a study of the state's economic development incentives. The study must include an inventory of all of the state's economic development incentives, a review of the nature of each incentive, an indication of the targeted class of recipients of each incentive, an indication of the stage of business targeted by each incentive, an analysis of possible barriers to using the incentives, an analysis of possible gaps and overlaps in the state's economic development incentive system, a review of the effectiveness of each incentive and how to gauge the effectiveness of each incentive, and a review of economic development incentive best practices and how the state's incentives compare to best practices. The department of commerce may contract with a third party in performing this study. Before July 1, 2006, the commissioner of commerce shall report to the legislative council the outcome of the study and identify proposed legislative changes necessary to implement any recommended changes to the state's economic development incentive system to make the state's business environment more effective, efficient, and competitive.

**SECTION 40. ACCOUNTABILITY MEASURES - REPORTING.** The commissioner of the department of commerce shall monitor and report annually during the 2005-06 interim to either the budget section or an interim committee designated by the legislative council regarding the following North Dakota economic goals and associated benchmarks:

1. Develop unified efforts for economic development based on collaboration and accountability:
  - a. Site selection ranking of the North Dakota department of commerce.
  - b. Share of local economic development organizations participating in statewide marketing strategy.
2. Strengthen cooperation between the university system, economic development organizations, and private businesses:
  - a. Academic research and development expenditures as percentage of gross state product.
  - b. Industry research and development expenditures as percentage of gross state product.

3. Create quality jobs that retain North Dakota's workforce and attract new high-skilled labor:
  - a. Net job growth.
  - b. New private sector businesses per one hundred thousand residents.
  - c. Average annual wage.
  - d. Net migration.
4. Create a strong marketing image that builds on the state's numerous strengths, including workforce, education, and quality of life:
  - a. Positive national and out-of-state media exposure (favorable mentions).
  - b. Number of North Dakota department of commerce web site hits per months.
  - c. Number of leads generated by the North Dakota department of commerce.
5. Accelerate job growth in sustainable, diversified industry clusters to provide opportunities for the state's economy:
  - a. Net job growth in manufacturing.
  - b. Net job growth in business services.
  - c. New private sector businesses in manufacturing.
  - d. New private sector businesses in business services.
  - e. Number of utility patents per one hundred thousand residents.
6. Strengthen North Dakota's business climate to increase international competitiveness:
  - a. Gross state product (annual growth rate).
  - b. Venture capital investments (thousands).
  - c. Merchandise export value (per capita).

The department, in cooperation with job service North Dakota, the department of human services, and the university system, shall include in its report the number of individuals trained and the number who became employed as a result of each department's workforce development and training programs, including the state's investment, the areas of occupational training, the average annual salary of those employed, and the average increase in earnings twelve months after completion of training."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2018 - Summary of House Action**

	EXECUTIVE BUDGET	SENATE VERSION	HOUSE CHANGES	HOUSE VERSION
Office of Management and Budget				
Total all funds	\$0	\$50,000	\$31,100,000	\$31,150,000
Less estimated income			<u>31,000,000</u>	<u>31,000,000</u>
General fund	<u>\$0</u>	<u>\$50,000</u>	<u>\$100,000</u>	<u>\$150,000</u>
University System office				
Total all funds	\$0	\$0	\$50,000	\$50,000
Less estimated income				
General fund	<u>\$0</u>	<u>\$0</u>	<u>\$50,000</u>	<u>\$50,000</u>

Total all funds	\$128,561,660	\$76,491,020	\$2,886,527	\$79,377,547
Less estimated income	<u>105,432,496</u>	<u>55,423,044</u>	<u>4,851,950</u>	<u>60,274,994</u>
General fund	\$23,129,164	\$21,067,976	(\$1,965,423)	\$19,102,553
Transportation Institute				
Total all funds	\$0	\$0	\$360,000	\$360,000
Less estimated income				
General fund	\$0	\$0	\$360,000	\$360,000
Bill Total				
Total all funds	\$128,561,660	\$76,541,020	\$34,396,527	\$110,937,547
Less estimated income	<u>105,432,496</u>	<u>55,423,044</u>	<u>35,851,950</u>	<u>91,274,994</u>
General fund	\$23,129,164	\$21,117,976	(\$1,455,423)	\$19,662,553

### Senate Bill No. 2018 - Office of Management and Budget - House Action

	EXECUTIVE BUDGET	SENATE VERSION	HOUSE CHANGES	HOUSE VERSION
Operating expenses		\$50,000	\$100,000	\$150,000
Centers of excellence			15,000,000	15,000,000
Loan repayments			<u>16,000,000</u>	<u>16,000,000</u>
Total all funds	\$0	\$50,000	\$31,100,000	\$31,150,000
Less estimated income			<u>31,000,000</u>	<u>31,000,000</u>
General fund	\$0	\$50,000	\$100,000	\$150,000
FTE	0.00	0.00	1.00	1.00

### Dept. 110 - Office of Management and Budget - Detail of House Changes

	ADDS FUNDING FOR PROCUREMENT WEB SITE <sup>1</sup>	ADDS CENTERS OF EXCELLENCE FUNDING <sup>2</sup>	TOTAL HOUSE CHANGES
Operating expenses	\$100,000		\$100,000
Centers of excellence		15,000,000	15,000,000
Loan repayments		<u>16,000,000</u>	<u>16,000,000</u>
Total all funds	\$100,000	\$31,000,000	\$31,100,000
Less estimated income		<u>31,000,000</u>	<u>31,000,000</u>
General fund	\$100,000	\$0	\$100,000
FTE	1.00	0.00	1.00

<sup>1</sup> Funding is increased by \$100,000 from the general fund to provide a total of \$150,000 for the Office of Management and Budget to establish and maintain a state procurement web site. Statutory changes added by the Senate relating to state procurement are removed.

<sup>2</sup> Sections are added providing funding for the centers of excellence program. The Office of Management and Budget is authorized to borrow up to \$15,000,000 from the Bank of North Dakota and to distribute the funds to centers of excellence as directed by the Centers of Excellence Commission. The loans and accrued interest are to be repaid from funds transferred to the permanent oil tax trust fund during the 2005-07 biennium. Repayments may not begin until a total of \$77,000,000 of oil tax revenues has been received by the general fund, of which \$71,000,000 will be retained in the general fund and \$6,000,000 transferred to the permanent oil tax trust fund. As additional amounts in excess of the \$6,000,000 are transferred into the fund, the Office of Management and Budget may use 50 percent of any additional transfers for repaying the Bank loans and interest, the total of which may not exceed \$16,000,000. A section is added providing that transfers from the general fund to the permanent oil tax trust fund may occur before the end of each biennium.

A section of legislative intent is added providing that the Legislative Assembly intends to provide a total of \$50,000,000 for centers of excellence during the 2005-07 and future bienniums.

### Senate Bill No. 2018 - University System Office - House Action

	EXECUTIVE BUDGET	SENATE VERSION	HOUSE CHANGES	HOUSE VERSION
Operating expenses			<u>\$50,000</u>	<u>\$50,000</u>
Total all funds	\$0	\$0	\$50,000	\$50,000
Less estimated income				
General fund	\$0	\$0	\$50,000	\$50,000
FTE	0.00	0.00	0.00	0.00

### Dept. 215 - University System Office - Detail of House Changes

	ADDS FUNDING FOR STUDY <sup>1</sup>	TOTAL HOUSE CHANGES
Operating expenses	<u>\$50,000</u>	<u>\$50,000</u>
Total all funds	\$50,000	\$50,000
Less estimated income		
General fund	\$50,000	\$50,000
FTE	0.00	0.00

<sup>1</sup> Funding is provided for conducting a technology commercialization study.

### Senate Bill No. 2018 - Department of Commerce - House Action

	EXECUTIVE BUDGET	SENATE VERSION	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$7,169,321	\$7,139,998	\$559,372	\$7,699,370
Operating expenses	8,722,128	8,722,128	609,840	9,331,968
Capital assets	25,000	25,000		25,000
Grants	49,479,748	49,479,748	623,122	50,102,870
Centers of excellence	5,000,000	2,500,000	(2,500,000)	
Agricultural products utilization	2,792,124	2,791,250	3,284,750	6,076,000
Discretionary funds	1,440,127	1,900,127	(460,000)	1,440,127
Lewis and Clark Bicentennial Centers of excellence - Borrowing	3,933,212	3,932,769	(125)	3,932,644
Economic development grants			125,000	125,000
Economic development initiatives			644,568	644,568
<b>Total all funds</b>	<b>\$128,561,660</b>	<b>\$76,491,020</b>	<b>\$2,886,527</b>	<b>\$79,377,547</b>
Less estimate income	<u>105,432,496</u>	<u>55,423,044</u>	<u>4,851,950</u>	<u>60,274,994</u>
General fund	\$23,129,164	\$21,067,976	(\$1,965,423)	\$19,102,553
FTE	59.00	59.00	3.00	62.00

### Dept. 601 - Department of Commerce - Detail of House Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE	CHANGES FUNDING FOR ECONOMIC INITIATIVES <sup>1</sup>	CHANGES FUNDING FOR ECONOMIC GRANTS <sup>2</sup>	ADDS FUNDING FOR SALARIES <sup>3</sup>	ADDS FUNDING FOR DEVELOPMENT FUND FTE <sup>4</sup>	ADDS FUNDING FOR LEARNING VACATIONS <sup>5</sup>
Salaries and wages	(\$6,364)	\$105,432		\$120,000	\$118,994	\$80,000
Operating expenses						45,000
Capital assets						
Grants						
Centers of excellence						
Agricultural products utilization	(250)					
Discretionary funds		(460,000)				
Lewis and Clark Bicentennial Centers of excellence - Borrowing	(125)					
Economic development grants			\$125,000			
Economic development initiatives		<u>644,568</u>				
<b>Total all funds</b>	<b>(\$6,739)</b>	<b>\$290,000</b>	<b>\$125,000</b>	<b>\$120,000</b>	<b>\$118,994</b>	<b>\$125,000</b>
Less estimated income	<u>(2,044)</u>	<u>250,000</u>			<u>118,994</u>	
General fund	(\$4,695)	\$40,000	\$125,000	\$120,000	\$0	\$125,000
FTE	0.00	1.00	0.00	0.00	0.00	1.00
	ADDS FUNDING FOR INDIAN BUSINESS DEVELOPMENT <sup>6</sup>	ADDS FUNDING FOR TRADE OFFICE <sup>7</sup>	ADDS FUNDING FOR WORKFORCE DEVELOPMENT <sup>8</sup>	REMOVES FUNDING FOR CENTERS OF EXCELLENCE <sup>9</sup>	ADDS FUNDING FOR ETHANOL INCENTIVE PAYMENTS <sup>10</sup>	TOTAL HOUSE CHANGES
Salaries and wages	\$105,432		\$35,878			\$559,372
Operating expenses	23,840	\$500,000	41,000			609,840
Capital assets						
Grants			623,122			623,122
Centers of excellence				(\$2,500,000)		(2,500,000)
Agricultural products utilization					\$3,285,000	3,284,750
Discretionary funds						(460,000)
Lewis and Clark Bicentennial Centers of excellence - Borrowing						(125)
Economic development grants						125,000
Economic development initiatives						644,568
<b>Total all funds</b>	<b>\$129,272</b>	<b>\$500,000</b>	<b>\$700,000</b>	<b>(\$2,500,000)</b>	<b>\$3,285,000</b>	<b>\$2,886,527</b>
Less estimated income		<u>500,000</u>	<u>700,000</u>		<u>3,285,000</u>	<u>4,851,950</u>
General fund	\$129,272	\$0	\$0	(\$2,500,000)	\$0	(\$1,965,423)
FTE	1.00	0.00	0.00	0.00	0.00	3.00

<sup>1</sup> A total of \$750,000, of which \$500,000 is from the general fund and \$250,000 from funds to be raised by the department, is provided for the economic development initiatives listed below which were recommended by the Primary Sector Business Congress. The funding is increased from the \$460,000 provided by the Senate. Funding from the general fund for 1 FTE position is included in the salaries and wages line item and the remainder is included in a separate line item. The Senate had included funding in the discretionary funds line item and specified amounts for each initiative. In this amendment, specific amounts are not identified for each initiative.

- Target industry identification and report.

- Image information program.
  - Business hotline program.
  - Local economic developer certification and training program.
  - Dakota manufacturing initiative.
  - Intellectual property rights study and report.
  - Economic development incentives study and report.
  - Business climate initiative study.
- 2 A separate line item is added providing funding from the general fund for the life sciences sector development grant (\$100,000) and the wind-to-hydrogen demonstration project grant (\$25,000). The Senate had designated funding from the discretionary funds line item for these grants.
- 3 The salaries and wages line item is increased by \$120,000 from the general fund to provide funding for a vacant FTE position.
- 4 Funding is added for the 1 FTE position recommended in the executive budget to be paid for from the Development Fund pursuant to a continuing appropriation. This amendment includes the funding and the FTE position in the Department of Commerce budget.
- 5 This amendment adds \$125,000 from the general fund and 1 FTE position for the Tourism Division to develop, market, and implement learning-based vacations, including development of a learning-based vacation web site which will allow individuals to create individualized learning-based vacations.
- 6 Funding and 1 FTE position are added for operating costs of the American Indian Business Development Office within the Department of Commerce. Sections are added making statutory changes and providing for a report to the Legislative Council relating to the American Indian Business Development Office.
- 7 The operating expenses line item is increased by \$500,000 from the Development Fund for costs associated with the International Business and Trade Office. The funds are not transferred from the Development Fund until 50 percent matching funds are available. Sections are added changing statutory provisions relating to the office, including establishing the purpose of the office and authorizing an advisory board.
- 8 This amendment adds funding available from a federal technical skills training grant for additional workforce training.
- 9 This amendment removes funding and related statutory and reporting provisions relating to centers of excellence.
- 10 The Agricultural Products Utilization Commission line item is increased to appropriate funding from the ethanol production incentive fund for paying ethanol production incentives. A section is added removing the continuing appropriation for making these payments.

A section is added providing for an economic development incentives study and report to the Legislative Council.

Sections added by the Senate relating to the following items are removed:

- Changes to the seed capital investment tax credit - Moved to Senate Bill No. 2032.
- Directing a tax study - Moved to Senate Bill No. 2032.
- Directing a Legislative Council business climate initiative study - Moved to Senate Bill No. 2032.
- Requiring the Agricultural Products Utilization Commission to provide a \$100,000 wheat scab research grant to a private company.

#### Senate Bill No. 2018 - Transportation Institute - House Action

	EXECUTIVE BUDGET	SENATE VERSION	HOUSE CHANGES	HOUSE VERSION
Operating expenses	_____	_____	<u>\$360,000</u>	<u>\$360,000</u>
Total all funds	\$0	\$0	\$360,000	\$360,000
Less estimated income	_____	_____	_____	_____
General fund	\$0	\$0	\$360,000	\$360,000
FTE	0.00	0.00	0.00	0.000

#### Dept. 627 - Transportation Institute - Detail of House Changes

	ADDS FUNDING FOR TRANSPORTATION STUDY <sup>1</sup>	TOTAL HOUSE CHANGES
Operating expenses	\$360,000	\$360,000
Total all funds	\$360,000	\$360,000
Less estimated income	_____	_____
General fund	\$360,000	\$360,000
FTE	0.00	0.00

<sup>1</sup> Funding is added for conducting a transportation study.

### HOUSE AMENDMENTS TO REENGROSSED SENATE BILL NO. 2032

In lieu of the amendments adopted by the House as printed on pages 1139 and 1140 of the House Journal, Reengrossed Senate Bill No. 2032 is amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new chapter to title 15, a new section to chapter 54-44.4, and a new section to chapter 57-38.5 of the North Dakota Century Code, relating to a centers of excellence program, an office of management and budget procurement information program, and seed capital investment tax credit treatment of investments in excess of caps on credits; to amend and reenact sections 6-09-15, 10-04-05, 10-30.5-04, and 54-16-01, subsection 1 of section 57-38-01.2, subsection 1 of section 57-38-71, and sections 57-38.5-01, 57-38.5-02, 57-38.5-03, 57-38.5-04, and 57-38.5-05 of the North Dakota Century Code, relating to the authority of the Bank of North Dakota to invest funds, cross-references affected by the repeal of the venture capital corporation law, the authority of the North Dakota development fund to invest and manage funds, emergency commission membership, and the seed capital investment tax credit; to repeal chapters 10-30.1 and 10-30.2 and section 15-10-41 of the North Dakota Century Code, relating to venture capital corporations, the Myron G. Nelson Fund, Incorporated, and the centers of excellence program; to provide for state agency studies, reports to the legislative council, and legislative council studies; to provide an effective date; and to provide an expiration date.

### BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

**SECTION 1. AMENDMENT.** Section 6-09-15 of the North Dakota Century Code is amended and reenacted as follows:

**6-09-15. (Effective through July 31, 2007 2009) Powers.** The Bank of North Dakota may:

1. Make, purchase, guarantee, or hold loans:
  - a. To state or federally chartered lending agencies or institutions, or any other financial institutions.
  - b. To holders of Bank of North Dakota certificates of deposit and savings accounts up to ninety percent of the value of the certificates and savings accounts offered as security.
  - c. To actual farmers who are residents of this state, if the loans are secured by recorded mortgages giving the Bank of North Dakota a first lien on real estate in North Dakota in amounts not to exceed eighty percent of the value of the security.
  - d. That are insured or guaranteed in whole or in part by the United States, its agencies, or instrumentalities.
  - e. That are eligible to be guaranteed under chapter 15-62.1. Loans made pursuant to this subdivision may provide for interest that remains unpaid at the end of any period specified in the loan to be added to the principal amount of the debt and thereafter accumulate interest.
  - f. To individuals or bank holding companies for the purpose of purchasing or refinancing the purchase of bank stock of a bank located in the state.

- g. To nonprofit organizations that are exempt from federal taxation under section 501(c)(3) of the Internal Revenue Code [26 U.S.C. 501(c)(3)], the proceeds of the loans to be used for construction, reconstruction, repair, renovation, maintenance, and associated costs on property under the control of the parks and recreation department.
    - h. Under Public Law No. 99-198 [99 Stat. 1534; 7 U.S.C. 1932 et seq.], as amended through December 31, 1996, to nonprofit corporations for the purpose of relending loan funds to rural businesses.
    - i. Under title 7, Code of Federal Regulations, part 1948, subpart C; part 1951, subparts F and R; and part 1955, subparts A, B, and C, as amended through December 31, 1996, to finance businesses and community development projects in rural areas.
    - j. Obtained as security pledged for or originated in the restructuring of any other loan properly originated or participated in by the Bank.
    - k. To instrumentalities of this state.
    - l. As otherwise provided by this chapter or other statutes.
    - m. If the Bank is participating in the loan and the Bank deems it is in the best interests of the Bank to do so, it may purchase the remaining portion of the loan from a participating lender that is closed by regulatory action, or from the receiver of the participating lender's assets.
    - n. To an investment company created for completing a trust preferred securities transaction for the benefit of a financial institution located in this state.
  2. Make agricultural real estate loans in order to participate in the agricultural mortgage secondary market program established pursuant to the Agricultural Credit Act [Pub. L. 100-233; 101 Stat. 1686; 12 U.S.C. 2279aa-2279aa-14], as amended through December 31, 1996.
  3. Purchase participation interests in loans made or held by banks, bank holding companies, state or federally chartered lending agencies or institutions, any other financial institutions, or any other entity that provides financial services and that meets underwriting standards that are generally accepted by state or federal financial regulatory agencies.
  4. Invest its funds:
    - a. In conformity with policies of the industrial commission.
    - b. In a public venture capital corporation organized and doing business in this state through the purchase of shares of stock.
    - c. In North Dakota alternative and venture capital investments and early-stage capital funds including the North Dakota development fund, incorporated, not to exceed ~~five~~ ten million dollars, for the purpose of providing funds for investment in North Dakota alternative and venture capital investments and early-stage capital funds. The Bank may allow for third-party management of the funds invested under this subdivision if the management is provided by North Dakota development fund, incorporated, or a third party that is located in the state and that has demonstrated fund management experience.
  5. Buy and sell federal funds.
  6. Lease, assign, exchange, transfer, convey, grant, pledge, or mortgage all real and personal property, title to which has been acquired in any manner.
  7. Acquire real or personal property or property rights by purchase, lease, or the exercise of the right of eminent domain and may construct, remodel, and repair buildings.



8. Receive deposits from any source and deposit its funds in any bank or other financial institution.
9. Perform all acts and do all things necessary, convenient, advisable, or desirable to carry out the powers expressly granted or necessarily implied in this chapter through or by means of its president, officers, agents, or employees or by contracts with any person, firm, or corporation.
10. Purchase mortgage loans on residential real property originated by financial institutions.

**(Effective after July 31, 2007 2009) Powers.** The Bank of North Dakota may:

1. Make, purchase, or hold loans:
  - a. To state or federally chartered lending agencies or institutions, or any other financial institutions.
  - b. To holders of Bank of North Dakota certificates of deposit and savings accounts up to ninety percent of the value of the certificates and savings accounts offered as security.
  - c. To actual farmers who are residents of this state, if the loans are secured by recorded mortgages giving the Bank of North Dakota a first lien on real estate in North Dakota in amounts not to exceed eighty percent of the value of the security.
  - d. That are insured or guaranteed in whole or in part by the United States, its agencies, or instrumentalities.
  - e. That are eligible to be guaranteed under chapter 15-62.1. Loans made pursuant to this subdivision may provide for interest that remains unpaid at the end of any period specified in the loan to be added to the principal amount of the debt and thereafter accumulate interest.
  - f. To individuals or bank holding companies for the purpose of purchasing or refinancing the purchase of bank stock of a bank located in the state.
  - g. To nonprofit organizations that are exempt from federal taxation under section 501(c)(3) of the Internal Revenue Code [26 U.S.C. 501(c)(3)], the proceeds of the loans to be used for construction, reconstruction, repair, renovation, maintenance, and associated costs on property under the control of the parks and recreation department.
  - h. Under Public Law No. 99-198 [99 Stat. 1534; 7 U.S.C. 1932 et seq.], as amended through December 31, 1996, to nonprofit corporations for the purpose of relending loan funds to rural businesses.
  - i. Under title 7, Code of Federal Regulations, part 1948, subpart C; part 1951, subparts F and R; and part 1955, subparts A, B, and C, as amended through December 31, 1996, to finance businesses and community development projects in rural areas.
  - j. Obtained as security pledged for or originated in the restructuring of any other loan properly originated or participated in by the Bank.
  - k. To instrumentalities of this state.
  - l. As otherwise provided by this chapter or other statutes.
  - m. If the Bank is participating in the loan and the Bank deems it is in the best interests of the Bank to do so, it may purchase the remaining portion of the loan from a participating lender that is closed by regulatory action, or from the receiver of the participating lender's assets.

- n. To an investment company created for completing a trust preferred securities transaction for the benefit of a financial institution located in this state.
2. Make agricultural real estate loans in order to participate in the agricultural mortgage secondary market program established pursuant to the Agricultural Credit Act [Pub. L. 100-233; 101 Stat. 1686; 12 U.S.C. 2279aa-2279aa-14], as amended through December 31, 1996.
3. Purchase participation interests in loans made or held by banks, bank holding companies, state or federally chartered lending agencies or institutions, any other financial institutions, or any other entity that provides financial services and that meets underwriting standards that are generally accepted by state or federal financial regulatory agencies.
4. Invest its funds:
  - a. In conformity with policies of the industrial commission.
  - b. In a public venture capital corporation organized and doing business in this state through the purchase of shares of stock.
5. Buy and sell federal funds.
6. Lease, assign, exchange, transfer, convey, grant, pledge, or mortgage all real and personal property, title to which has been acquired in any manner.
7. Acquire real or personal property or property rights by purchase, lease, or the exercise of the right of eminent domain and may construct, remodel, and repair buildings.
8. Receive deposits from any source and deposit its funds in any bank or other financial institution.
9. Perform all acts and do all things necessary, convenient, advisable, or desirable to carry out the powers expressly granted or necessarily implied in this chapter through or by means of its president, officers, agents, or employees or by contracts with any person, firm, or corporation.
10. Purchase mortgage loans on residential real property originated by financial institutions.

**SECTION 2. AMENDMENT.** Section 10-04-05 of the North Dakota Century Code is amended and reenacted as follows:

**10-04-05. Exempt securities.** Sections 10-04-04, 10-04-07, 10-04-07.1, 10-04-08, and 10-04-08.4 do not apply to any of the following securities:

1. Securities issued or guaranteed by the United States of America, or by any state, territory, or insular possession thereof, or by any political subdivision of any such state, territory, or insular possession, or by the District of Columbia, or by any public agency or instrumentality of one or more of any of the foregoing, or payable from assessments for improvements or revenues of publicly owned utilities therein; or a certificate of deposit for any of the foregoing, but this exemption does not include any security payable solely from revenues to be received from a nongovernmental industrial or commercial enterprise unless the security is insured or unconditionally guaranteed by, or the revenues are derived from, a person whose securities are exempt from registration under this section.
2. Securities issued by and representing an interest in or a debt of, or guaranteed by, a national bank or a national bank and trust company or bank or credit or loan or savings association or savings and loan association or credit union organized pursuant to an Act of Congress and supervised by the United States, or any agency thereof, or issued or guaranteed as to both principal and interest by an international bank of which the United States is a member, or issued by and representing an interest in or a debt of, or guaranteed by, a state bank, trust company, savings bank, savings institution, or credit union organized and supervised

under the laws of any state, and securities of any person subject to examination by the commissioner of financial institutions of North Dakota.

3. Securities issued by a building and loan association subject to supervision by an agency of the state of North Dakota, or policy contracts, including variable annuity contracts, of an insurance company subject to supervision by an agency of the state of North Dakota.
4. Securities issued or guaranteed as to principal, interest, or dividends by a corporation or limited liability company owning or operating a railroad or other public service utility, if the corporation or limited liability company is subject to regulation or supervision either as to its rates and charges or as to the issue of its securities by a public service commission, or by a board, body, or official having like powers, of the United States or of any state, territory, or insular possession thereof, or of any municipality located therein, or of the District of Columbia, or of the Dominion of Canada, or any province thereof.
5. Any security issued by any person organized and operated not for private profit but exclusively for religious, educational, benevolent, fraternal, charitable, social, or reformatory purposes; provided that prior to any offer of such security each person must meet the following conditions:
  - a. Apply for and obtain the written approval of the commissioner.
  - b. File an application, offering disclosure document, and pay a nonrefundable filing fee of one hundred fifty dollars, which document and fee must accompany the application.
  - c. File a notice identifying the basis of its qualification under this exemption with such additional information as the commissioner may require.
  - d. Provide a copy of the offering disclosure document to each person to whom an offer to sell or sale is made.

The approval is effective for a period of one year from the date of approval. At least thirty days prior to the expiration date, there must be filed an application, offering disclosure document, and a nonrefundable fee of one hundred dollars for the renewal of the filing for additional periods of one year.

6. Any note, draft, bill of exchange, or bankers' acceptance which arises out of a current transaction or the proceeds of which have been or are to be used for current transactions, is not the subject of a public offering, is prime quality negotiable commercial paper which has at the time of issuance a definite maturity of not exceeding nine months, is payable in cash only, and is not convertible into and does not carry an option or right to receive payment or any bonus in any other security.
7. Securities, other than common stock, providing for a fixed return, which have been outstanding and in the hands of the public for not less than five years and upon which no default has occurred during the five years next preceding the date of sale.
8. Securities, including patronage dividends or refunds, issued by any cooperative organized under the statutes of this state.
9. Any equipment security based on a chattel mortgage, lease, or agreement for the conditional sale of cars, motive power, or other rolling stock mortgaged, leased, sold to, or furnished for the use of a railroad or other public service utility corporation or limited liability company, and any equipment security when the ownership of or title to such equipment is pledged or retained in accordance with the provisions of the laws of the United States or of any state thereof, or of the Dominion of Canada, to secure the payments of such equipment security whether it be an equipment trust certificate, bond, or note.
10. Any bond, note, or other evidence of debt issued by a holding corporation or limited liability company and secured by collateral consisting of any of

the securities described in subsections 4 and 9, if the collateral securities equal in fair value at least one hundred twenty-five percent of the par value of the bonds, notes, or other evidences of debts secured thereby.

11. The execution of orders for purchase of securities by a registered dealer provided such dealer acts as agent for the purchaser, has made no solicitation of the order to purchase such securities, has no direct material interest in the sale or distribution of the securities ordered, receives no commission, profit, or other compensation other than the commissions involved in the purchase and sale of the securities and delivery to the purchaser of written confirmation of the order which clearly itemizes the commissions paid to the registered dealer. Clear and complete records of all transactions exempted under this subsection shall be maintained by the registered dealer or broker.
12. ~~Any security issued by a venture capital corporation or limited liability company organized under and operating in compliance with chapter 40-30.1; provided that prior to any offer of such security, the issuer must meet the following conditions:~~
  - a. ~~Apply for and obtain written approval by the commissioner.~~
  - b. ~~File an application, offering disclosure document, and pay a nonrefundable filing fee of one hundred fifty dollars. The document and fee must accompany the application.~~
  - c. ~~File such additional information as the commissioner requires by rule or order or may subsequently request.~~
  - d. ~~Provide a copy of the offering disclosure document to each person to whom an offer to sell or sale is made.~~
  - e. ~~Not use public advertising matter or general solicitation, except tombstone advertisements approved by the commissioner, in connection with any offer or sale.~~
  - f. ~~File a report of all offers and sales made in this state within thirty days after the completion of the offering.~~

~~The approval is effective for a period of one year from the date of approval. There must be filed, at least thirty days prior to the expiration date, an application, disclosure document, and a nonrefundable fee of one hundred dollars for the renewal of the filing for additional periods of one year.~~
13. Any security issued or guaranteed by Canada, any Canadian province, any political subdivision of any such province, or any agency or corporate or other instrumentality of one or more of the foregoing, or any other foreign government with which the United States currently maintains diplomatic relations, if the security is recognized as a valid obligation by the issuer or guarantor. This exemption does not include any security payable solely from revenues to be received from a nongovernmental industrial or commercial enterprise.
14. 13. a. Any security, other than a security that is a federal covered security pursuant to section 18(b)(1) of the Securities Act of 1933 and therefore not subject to any filing or registration requirements under this chapter, listed or designated, or approved for listing or designation upon notice of issuance on:
  - (1) The New York stock exchange;
  - (2) The American stock exchange;
  - (3) The national association of securities dealers automated quotation national market system;
  - (4) Tier I of the Philadelphia stock exchange;
  - (5) Tier I of the Pacific stock exchange;

- (6) Chicago board options exchange; or
- (7) Any other stock exchange or automated quotation system which the commissioner approves by rule;
- b. Any other security of the same issuer which is of senior or substantially equal rank;
- c. Any security called for by subscription rights or warrants so listed or approved; or
- d. Any warrant or right to purchase or subscribe to any of the foregoing.

The commissioner may withdraw this exemption by order as to any exchange or system, or any particular security, if the commissioner determines that it would be in the public interest.

45. 14. Securities issued by the North Dakota education association dues credit trust to members of the North Dakota education association.

**SECTION 3. AMENDMENT.** Section 10-30.5-04 of the North Dakota Century Code is amended and reenacted as follows:

**10-30.5-04. (Effective through July 31, ~~2007~~2009) Powers.** The corporation must be organized as a nonprofit corporation. In addition to the powers in chapter 10-33, the corporation may:

- 1. Cooperate and contract with any private or public entity.
- 2. Receive appropriations from the legislative assembly and other public moneys as well as contributions from other private or public contributors.
- 3. Borrow funds not to exceed ~~five~~ ten million dollars from the Bank of North Dakota for the purpose of investing in North Dakota alternative and venture capital investments and early-stage capital funds. The corporation may provide management services for the Bank's alternative and venture capital investments and early-stage capital funds.

**(Effective after July 31, ~~2007~~ 2009) Powers.** The corporation must be organized as a nonprofit corporation. In addition to the powers in chapter 10-33, the corporation may:

- 1. Cooperate and contract with any private or public entity.
- 2. Receive appropriations from the legislative assembly and other public moneys as well as contributions from other private or public contributors.

**SECTION 4.** A new chapter to title 15 of the North Dakota Century Code is created and enacted as follows:

Definitions. In this chapter, unless the context otherwise requires:

- 1. "Board" means the state board of higher education.
- 2. "Center" means a center of excellence relating to economic development which has been designated or named under this chapter.
- 3. "Commission" means the centers of excellence commission.
- 4. "Foundation" means the North Dakota economic development foundation.
- 5. "Industry cluster" means one of the following industries:
  - a. Advanced manufacturing;
  - b. Energy;
  - c. Information and technology;
  - d. Tourism;

- e. Value-added agriculture; or
- f. An industry, including the aerospace industry, specifically identified by the department of commerce as an industry that will contribute to the gross state product.

Centers of excellence.

1. The board shall establish a centers of excellence program relating to economic development. Through the program the commission shall make funding award recommendations for commission-approved applications to the board, the foundation, and the budget section of the legislative council. A center must be an institution of higher education under the control of the board or a nonprofit university-related or college-related foundation of an institution of higher education under the control of the board. In order to be considered for center designation, the institution of higher education or nonprofit foundation must be working in partnership with the private sector. In addition to any center designated under this chapter, the North Dakota state university center for technology enterprise and the university of North Dakota center for innovation are centers.
2. A commission funding award recommendation must be for a specified amount. Designation of a center occurs upon board, foundation, and budget section approval of a commission funding award recommendation. In considering whether to designate a center, the board, foundation, and budget section may not modify the commission recommendation. The budget section may not make a determination of whether to approve or reject a commission funding award recommendation until the emergency commission reviews the commission recommendation and makes a recommendation to the budget section.
3. A center that receives funds distributed under this chapter is not qualified to receive subsequent designations as a center until the biennium following the center's most recent designation.
4. The board rules adopted under subsection 9 of section 15-10-17, relating to ownership of intellectual property, inventions, and discoveries, must address activities and issues unique to centers.

Centers of excellence commission. The centers of excellence commission consists of six members. The foundation shall appoint three of the foundation's members to serve on the commission and the board shall appoint three of the board's members to serve on the commission. The commission members shall designate a chairman and a vice chairman of the commission. Each member of the commission shall serve for a term of three years, beginning July first; may be reappointed for additional terms; and serves at the pleasure of the appointing entity. If a commission member ceases to serve as a member of the appointing entity, that member's membership on the commission ceases immediately and the appointing entity shall appoint a new member for the remainder of the term. Terms of initial commission members begin on the effective date of this Act and must be staggered. On a meeting-by-meeting basis, an appointing entity may substitute a member of that appointing entity to serve in place of one of the regular members appointed by that entity. If the commission chairman and vice chairman are not present at a meeting, the commission members present at that meeting shall select a commission member to serve as chairman for that meeting. A commission member may receive compensation and travel and expense reimbursement from the appointing entity. The board shall provide the commission with appropriate staff services as may be requested by the commission.

Application - Eligibility requirements.

1. The board shall provide center application forms, accept applications, review applications for completeness and compliance with board policy, and forward complete applications to the commission in accordance with guidelines established by the commission.
2. The commission shall meet as necessary to review all complete applications; approve or disapprove complete applications; make funding award recommendations for commission-approved proposed centers;

distribute funds to the centers; monitor centers for compliance with award requirements; and review changes in assertions made in center applications.

3. In considering whether to approve or disapprove an application, the commission shall consider whether the center will:
  - a. Use university or college research to promote private sector job growth and expansion of knowledge-based industries or use university or college research to promote the development of new products, high-tech companies, or skilled jobs in this state;
  - b. Create high-value private sector employment opportunities in this state;
  - c. Provide for public-private sector involvement and partnerships;
  - d. Leverage other funding;
  - e. Increase research and development activities that may involve federal funding from the national science foundation experimental program to stimulate competitive research;
  - f. Foster and practice entrepreneurship;
  - g. Promote the commercialization of new products and services in industry clusters;
  - h. Become financially self-sustaining; and
  - i. Establish and meet a deadline for acquiring and expending all public and private funds specified in the application.

Use of funds - Terms of funds - Distribution of funds.

1. A center shall use funds awarded under this chapter to enhance capacity; enhance infrastructure; and leverage state, federal, and private sources of funding. A center awarded funds under this chapter may not use the funds to supplant funding for current operations or academic instructions or to pay indirect costs.
2. As a condition for receipt of funds under this chapter, a center shall agree to provide the board, foundation, and budget section of the legislative council with annual audits on all funds distributed to the center under this chapter. The annual audits must be provided until the completion of four years following the final distribution of funds under this chapter.
3. Before the commission distributes funds awarded under this chapter, the center shall provide the commission with detailed documentation of private sector participation and the availability of two dollars of matching funds for each dollar of state funds to be distributed under this chapter. The matching funds may include funds facilitated through the collaboration of the private sector participants with other funding entities. The matching funds may include a combination of cash and in-kind assets with itemized value. Private sector participation may be established through equity investments or through contracts for services with private sector entities. In making funding recommendations and designation determinations, the commission, board, foundation, and budget section shall give major consideration to the portion of the matching funds provided in cash by the private sector.
4. If, before funds are distributed by the commission, a center undergoes a change in the terms of or assertions made in its application, the commission may withhold all or a portion of any undistributed funds pending commission review of the changes.

**SECTION 5. AMENDMENT.** Section 54-16-01 of the North Dakota Century Code is amended and reenacted as follows:

**54-16-01. Emergency commission - Members - Organization - Quorum - Meetings.** The emergency commission consists of the governor, the ~~chairman~~ majority leaders of the senate and house of representatives of the legislative ~~council~~ assembly, the secretary of state, and the chairmen of the senate and house of representatives appropriations committees. If the chairman of an appropriations committee ceases to be a member of the legislative assembly, the vice chairman of that committee succeeds to that position on the commission. An appropriations committee vice chairman may serve in the place of the appropriations committee chairman as a member of the commission at the request of the appropriate appropriations committee chairman, if the appropriations committee chairman is unable to attend a commission meeting. ~~The vice chairman of the legislative council~~ If a majority leader ceases to be a member of the legislative assembly, the respective house's assistant majority leader succeeds to that position on the commission. A majority leader's assistant majority leader may serve as a member of the commission in the place of the chairman of the legislative council majority leader at the request of the chairman of the legislative council majority leader if that individual majority leader is serving on the commission in another capacity or is unable to attend a commission meeting. Four members of the commission constitute a quorum. The governor is the chairman and the secretary of state is the secretary of the commission. The commission shall meet at the call of the chairman.

**SECTION 6.** A new section to chapter 54-44.4 of the North Dakota Century Code is created and enacted as follows:

Procurement information - Web site.

1. The office of management and budget shall establish and maintain a procurement information web site on the internet. This procurement information web site must provide current information regarding North Dakota government procurement opportunities in order to inform potential vendors of the commodities and services sought by state agencies and institutions. Notwithstanding section 54-44.4-09, for each purchase of services or commodities over the amount established for small purchases, the office of management and budget and every purchasing agency shall provide procurement information on the web site. The time period and manner of providing procurement information on the web site must be in accordance with rules adopted by the office of management and budget. The office of management and budget may contract with a third party to assist in providing or maintaining the procurement information web site.
2. A state agency or institution may elect to use the procurement information web site for the purchase of services and commodities that are not subject to the procurement requirements of this chapter, including:
  - a. Commodities and services exempted under section 54-44.4-02;
  - b. Public improvements under title 48;
  - c. Architect, engineer, construction management, and land surveying services under chapter 54-44.7; and
  - d. Concessions under chapter 48-09.

**SECTION 7. AMENDMENT.** Subsection 1 of section 57-38-01.2 of the North Dakota Century Code is amended and reenacted as follows:

1. The taxable income of an individual, estate, or trust as computed pursuant to the provisions of the United States Internal Revenue Code of 1954, as amended, shall be:
  - a. Reduced by any interest received from obligations of the United States that is included in taxable income or in the computation thereof on the federal return.
  - b. Reduced by any other income included in the taxable income, or in the computation thereof, on the federal return which is exempt from taxation by this state because of the provisions of the Constitution of North Dakota or the Constitution of the United States.
  - c. Reduced by the amount of federal income tax liability, but not social security and self-employment taxes, as computed under chapter 1 of



the Internal Revenue Code of 1954, as amended, for the same taxable year for which the North Dakota return is being filed, to the extent that such taxes are computed upon income which becomes a part of the North Dakota taxable income. Provided, that no adjustment to federal income taxes, paid or accrued, is required because of allowable deductions to federal taxable income made under the cost recovery provisions of subdivision b of subsection 5 of section 57-38-01. However, such federal income tax liability must be reduced by all credits thereon except credits for federal income tax withholding payments, estimates of federal income tax, and income taxes of foreign countries. Federal income taxes for prior periods assessed against the taxpayer by reason of audit or other adjustment by the internal revenue service, or voluntary disclosure by the taxpayer, are not deductible except in the period in which income so taxed was reported or reportable or in which an adjustment was required but only after an adjustment is made by or with the office of the state tax commissioner. A refund of federal income tax must be reported and included in North Dakota taxable income in the year in which the tax was originally deducted.

- d. (1) Reduced by three hundred dollars if the return filed is a joint return by husband and wife. If separate returns are filed by husband and wife, no deduction can be taken under this subdivision. This subdivision shall not be applicable to estates or trusts.
- (2) Reduced by three hundred dollars if the return filed is the return of a "head of household" as defined by the United States Internal Revenue Code of 1954, as amended; provided, that the term "head of household" shall also include a "surviving spouse" as defined by said code.
- (3) Reduced by seven hundred fifty dollars for each adopted child who is under the age of twenty-one years and who is either irreversibly mentally retarded or, on the basis of the annual findings of a licensed physician, is blind or disabled as determined pursuant to the provisions of title XVI of the United States Social Security Act, provided the return filed is the return of the parent of an adopted child and such child qualifies as a dependent of such parent for federal income tax purposes.
- (4) Reduced, up to a maximum of one thousand dollars, by the amount of filing fees, attorney's fees, and travel costs incurred in connection with an adoption and by the actual costs paid to a licensed child-placing agency in making the adoptive study and in supervising and evaluating the adoptive placement. Provided, however, that the reduction allowed under this paragraph shall apply only to such adoption expenses of a child who qualifies under the provisions of paragraph 3.
- (5) Reduced by one thousand seven hundred fifty dollars for each child under the age of twenty-one years adopted by the taxpayer. The reduction under this paragraph may be claimed only by an adoptive parent of an adopted child and the child must qualify as a dependent of the adoptive parent for federal income tax purposes. The reduction may be claimed by only one spouse, for spouses filing separately under this chapter. The reduction provided by this paragraph may be claimed for the taxable year in which the adoption becomes final and any unused portion of the reduction may be carried forward by the taxpayer for up to five taxable years. The reduction does not apply to the adoption of children of the taxpayer's spouse.
- e. Reduced by the actual amount of the medical expenses that were incurred but not allowed on the federal return by reason of the federal medical deduction limitation.
- f. Increased by the amount of any income taxes, or franchise or privilege taxes measured by income, to the extent that such taxes were deducted to determine federal taxable income.

- g. Increased by the amount of any interest and dividends from foreign securities and from securities of state and their political subdivisions exempt from federal income tax; provided, that interest upon obligations of the state of North Dakota or any of its political subdivisions shall not be included.
- h. Except for residents, reduced by the amount of net income not allocated and apportioned to this state under the provisions of chapter 57-38.1, but only to the extent that the amount of net income not allocated and apportioned to this state under the provisions of that chapter is not included in any adjustment made pursuant to the preceding subdivisions.
- i. ~~Repealed by S.L. 2003, ch. 529, § 3.~~
- ~~j.~~ j. Reduced by any amount, up to a maximum of five thousand dollars, received pursuant to the firefighters relief associations authorized by chapters 18-05 and 18-11, policemen's pension funds authorized by chapter 40-45, or the highway patrolmen's retirement system authorized by chapter 39-03.1; provided, however, that the adjustment provided in this subdivision shall be reduced by any amount received pursuant to the federal Social Security Act.
- ~~k.~~ j. Reduced by any amount, up to a maximum of one thousand dollars, received by any person as payment for services performed while on active duty in the armed forces of the United States or as payment for attending periodic training meetings for drill and instruction as a member of the national guard or of a reserve unit of the armed forces of the United States. However, persons serving in the armed forces of the United States, except field grade and general officers, who are stationed outside of any state of the United States or the District of Columbia for not less than thirty days during the tax year shall be allowed an additional reduction of up to three hundred dollars per month for each month or portion of a month received as payment for services performed while on active duty at such location.
- ~~l.~~ k. Reduced by any amount, up to a maximum of five thousand dollars, received by any person fifty years of age or older as retired military personnel pay for service in the United States army, navy, air force, coast guard, or marine corps or reserve components thereof; provided, however, that the adjustment provided in this subdivision shall be reduced by any amount received pursuant to the federal Social Security Act.
- ~~m.~~ l. Reduced by the amount of interest received during that taxable year on a contract for deed on the sale of eighty or more acres [32.37 or more hectares] of agricultural land to a beginning farmer. The contract for deed must extend for not less than ten years and have an annual interest rate equal to or less than the minimum rate allowed by the internal revenue service before interest is imputed. In order for an individual, estate, or trust to qualify for this reduction, the taxpayer must obtain a statement from the buyer stating that the buyer meets all requirements of the beginning farmer definition, together with such other information as the state tax commissioner may require. The value placed on any real property located in North Dakota and owned by the buyer must be the amount listed as the true and full value on the most recent real estate tax statement for that particular piece of property. In determining the net worth of any person, including the person's dependents and spouse, if any, for purposes of this subdivision, the value of their equity in their principal residence, the value of one personal or family motor vehicle, and the value of their household goods, including furniture, appliances, musical instruments, clothing, and other personal belongings may not be included. This statement must be filed along with the income tax return. For the purposes of this subdivision, "beginning farmer" means any person who is:
  - (1) A resident of this state.

- (2) Receiving more than one-half of that person's gross annual income from farming, unless the person initially commences farming during the tax year for which an adjustment will be claimed under this subdivision.
  - (3) Intending to use any farmland to be purchased or rented for agricultural purposes.
  - (4) Except for contracts for deed entered into prior to July 1, 1985, having adequate training by education in the type of farming operation which the person wishes to begin through satisfactory participation in the adult farm management education program of the state board for career and technical education or an equivalent program approved by the agriculture commissioner.
  - (5) Having, including the net worth of any dependents and spouse, a net worth of less than one hundred thousand dollars.
- ~~¶~~ m. Reduced by the amount of interest received during that taxable year on a contract on the sale of any land, buildings, improvements, and equipment associated with the land, buildings, or improvements, used or useful in connection with a revenue-producing enterprise to a beginning businessman, excluding beginning farmers as defined in subdivision ~~¶~~ l. The contract must extend for not less than ten years and have an annual interest rate equal to or less than the minimum rate allowed by the internal revenue service before interest is imputed. In order for an individual, estate, or trust to qualify for this reduction, the taxpayer must obtain a statement from the buyer containing a list of the buyer's assets and debts and giving the buyer's net worth, together with any other information required by the state tax commissioner. The value placed on any real property located in North Dakota and owned by the buyer shall be the amount listed as the current market value on the most recent real estate tax statement for that particular piece of property. In determining the net worth of any person, including that person's dependents and spouse, if any, the value of their equity in their principal residence, the value of one personal or family motor vehicle, and the value of their household goods, including furniture, appliances, musical instruments, clothing, and other personal belongings is not to be included. This statement is to be filed along with the income tax return. For the purposes of this subdivision, "beginning businessman", excluding beginning farmers as defined in subdivision ~~¶~~ l., means any person who is:
- (1) A resident of this state.
  - (2) Receiving more than one-half of that person's gross annual income from a revenue-producing enterprise, unless the person initially commences business during the tax year for which an adjustment will be claimed under this subdivision.
  - (3) Intending to use any revenue-producing enterprise purchased or rented for business purposes.
  - (4) Adequately trained, by experience or education, in the type of revenue-producing enterprise which that person wishes to begin.
  - (5) The owner of property with a net worth, including the net worth of property of that person's dependents and spouse, if any, of less than one hundred thousand dollars.
- ~~¶~~ n. Reduced by any amount, up to a maximum of three hundred dollars received by any person or six hundred dollars if a joint return is filed, as interest earned from a financial institution located in this state. For purposes of this subdivision, "financial institution" means any organization authorized to do business under state or federal laws relating to financial institutions, including banks and trust companies, savings banks, building and loan associations, savings and loan companies or associations, and credit unions.

- ~~p.~~ Repealed by S.L. 1999, ch. 487, § 3.
- ~~q.~~ Reduced by the amount, up to a maximum of five thousand dollars for any person or ten thousand dollars if a joint return is filed, of investment made after January 1, 1989, in a venture capital corporation organized pursuant to chapter 10-30.1. This deduction may only be taken in the tax year in which the taxpayer qualifies for a credit pursuant to chapter 10-30.1. However, a taxpayer that makes an investment in a venture capital corporation on or after July 1, 1989, is only entitled to a deduction if the venture capital corporation uses the funds it receives from the taxpayer to invest or provide financing to qualified entities, which entities do not include a business or an affiliate of a business that owns tax-exempt securities.
- ~~r.~~ o. Reduced by any amount, up to a maximum of five thousand dollars, received as retirement benefits paid by the United States, a territory or possession or political subdivision thereof, the government of the District of Columbia, or an agency or instrumentality of one or more of the foregoing, other than retired military personnel pay, as exempted in subdivision ~~k~~; provided, however, that the adjustment provided in this subdivision must be reduced by any amount received pursuant to the federal Social Security Act.
- ~~s.~~ p. Reduced by the portion of a distribution from a qualified investment fund described in section 57-38-01 which is attributable to investments by the qualified investment fund in obligations of the United States, obligations of North Dakota or its political subdivisions, and any other obligation the interest from which is exempt from state income tax under federal statute or United States or North Dakota constitutional provisions; provided the amount of the distribution excluded under this subdivision is included in federal taxable income.
- ~~t.~~ q. Reduced by an amount equal to the earnings that are passed through to a taxpayer in connection with an allocation and apportionment to North Dakota under chapter 57-35.3.
- ~~u.~~ r. Reduced by the amount received by the taxpayer as payment for services performed when called or ordered to title 10 United States Code federal service as a member of the national guard or reserve member of the armed forces of the United States. An individual claiming the reduction under this subdivision may not also claim the reduction under subdivision ~~k~~ j for the time the individual was under federal orders for active duty and may not claim a reduction on income already excluded from federal taxation due to service in a combat or hazardous duty zone. This subdivision does not apply to federal service while attending annual training, basic military training, professional military education, or active guard and reserve tours for which the member has volunteered.

Provided, however, that each adjustment in the above subdivisions authorized under law shall be allowed only to the extent that the adjustment is allocated and apportioned to North Dakota income.

**SECTION 8. AMENDMENT.** Subsection 1 of section 57-38-71 of the North Dakota Century Code is amended and reenacted as follows:

1. "Beginning entrepreneur", excluding beginning farmers as defined in subdivision ~~m~~ l of subsection 1 of section 57-38-01.2, means any person who:
  - a. Is a resident of this state.
  - b. Receives more than one-half of that person's gross annual income from a revenue-producing enterprise, unless the person initially commences business during the tax year for which a deduction will be claimed under sections 57-38-71 through 57-38-74.
  - c. Intends to use any revenue-producing enterprise purchased or rented for business purposes.

- d. Has had adequate training, by experience or education, in the type of revenue-producing enterprise which that person wishes to begin.
- e. Has, including the net worth of that person's dependents and spouse, if any, a net worth of less than one hundred thousand dollars, not including the value of their equity in their principal residence, the value of one personal or family motor vehicle, and the value of their household goods, including furniture, appliances, musical instruments, clothing, and other personal belongings.

**SECTION 9. AMENDMENT.** Section 57-38.5-01 of the North Dakota Century Code is amended and reenacted as follows:

**57-38.5-01. Definitions.** As used in this chapter, unless the context otherwise requires:

1. "Director" means the director of the department of commerce division of economic development and finance.
2. "New wealth" means revenues to a North Dakota business which are generated by sales of products or services to customers outside of the state. "New wealth" also includes revenues to a qualified business the customers of which previously were unable to acquire, or had limited availability of, the product or service from a North Dakota provider.
3. "Passthrough entity" means a corporation that for the applicable tax year is treated as an S corporation or a general partnership, limited partnership, limited liability partnership, trust, or limited liability company and which for the applicable tax year is not taxed as a corporation under chapter 57-38.
4. "Primary sector business" means a qualified business that through the employment of knowledge or labor adds value to a product, process, or service and which results in the creation of new wealth but does not include an agricultural commodity processing facility as defined under section 57-38.6-01.
4. 5. "Qualified business" means:
  - a. ~~A a business other than a real estate investment trust which is a primary sector business that:~~
    - (1) a. Is incorporated or its satellite operation is incorporated as a for-profit corporation or is a partnership, limited partnership, limited liability company, limited liability partnership, or joint venture;
    - (2) b. Is in compliance with the requirements for filings with the securities commissioner under the securities laws of this state;
    - (3) c. Has North Dakota residents as a majority of its employees in the North Dakota principal office or the North Dakota satellite operation; ~~and~~
    - (4) d. Has its principal office in this state and has the majority of its business activity performed in this state, except sales activity, or has a significant operation in North Dakota that has or is projected to have more than ten employees or one hundred fifty thousand dollars of sales annually; ~~or~~
  - b. ~~An organization that:~~
    - (1) ~~Is in compliance with the requirements for filings with the securities commissioner under the securities laws of this state; and~~
    - (2) ~~Attracts investments to build and own a value added agricultural processing facility that it leases with an option to purchase to a primary sector business that qualifies under subdivision a and~~
  - e. Relies on innovation, research, or the development of new products and processes in its plans for growth and profitability.

- 5- 6. "Taxpayer" means an individual, estate, or trust or a corporation or passthrough entity. The term does not include a real estate investment trust.

**SECTION 10. AMENDMENT.** Section 57-38.5-02 of the North Dakota Century Code is amended and reenacted as follows:

**57-38.5-02. Certification - Investment reporting by qualified businesses -** Maximum investments in qualified businesses. The director shall certify whether a business that has requested to become a qualified business meets the requirements of subsection 4 of section 57-38.5-01 and the certification must include the period of time the certification covers. The director shall establish the necessary forms and procedures for certifying qualified businesses. For investments made after December 31, 2004, the maximum aggregate amount of qualified investments a qualified business may receive is limited to five hundred thousand dollars under this chapter. The limitation on investments under this section may not be interpreted to limit additional investment by a taxpayer for which that taxpayer is not applying for a credit.

**SECTION 11. AMENDMENT.** Section 57-38.5-03 of the North Dakota Century Code is amended and reenacted as follows:

**57-38.5-03. Seed capital investment tax credit.** If a taxpayer makes a qualified investment in a qualified business, the taxpayer is entitled to a credit against state income tax liability under section 57-38-29, 57-38-30, or 57-38-30.3. The amount of the credit to which a taxpayer is entitled is forty-five percent of the amount invested by the taxpayer in qualified businesses during the taxable year, subject to the following:

1. The aggregate annual investment for which a taxpayer may obtain a tax credit under this section is not ~~less than five thousand dollars and not more than two hundred fifty thousand dollars~~. This subsection may not be interpreted to limit additional investment by a taxpayer for which that taxpayer is not applying for a credit.
2. In any taxable year, a taxpayer may claim no more than one-third of the credit under this section which is attributable to investments in a single taxable year.
3. Any amount of credit under this section not allowed because of the limitations in this section may be carried forward for up to four taxable years after the taxable year in which the investment was made.
4. A ~~partnership~~ passthrough entity that invests in a qualified business must be considered to be the taxpayer for purposes of the investment limitations in this section and the amount of the credit allowed with respect to a ~~partnership's~~ passthrough entity's investment in a qualified business must be determined at the ~~partnership~~ passthrough entity level. The amount of the total credit determined at the ~~partnership~~ passthrough entity level must be allowed to the ~~partners, limited to individuals, estates, and trusts,~~ members in proportion to their respective interests in the ~~partnership~~ passthrough entity.
5. The investment must be at risk in the business. An investment for which a credit is received under this section must remain in the business for at least three years. Investments placed in escrow do not qualify for the credit.
6. The entire amount of an investment for which a credit is claimed under this section must be expended by the qualified business for plant, equipment, research and development, marketing and sales activity, or working capital for the qualified business.
7. A taxpayer who owns a controlling interest in the qualified business or whose full-time professional activity is the operation of the business is not entitled to a credit under this section. A member of the immediate family of a taxpayer disqualified by this subsection is not entitled to the credit under this section. For purposes of this subsection, "immediate family" means the taxpayer's spouse, parent, sibling, or child or the spouse of any such person.

8. The tax commissioner may disallow any credit otherwise allowed under this section if any representation by a business in the application for certification as a qualified business proves to be false or if the taxpayer or qualified business fails to satisfy any conditions under this section or any conditions consistent with this section otherwise determined by the tax commissioner. The amount of any credit disallowed by the tax commissioner that reduced the taxpayer's income tax liability for any or all applicable tax years, plus penalty and interest as provided under section 57-38-45, must be paid by the taxpayer.

**SECTION 12. AMENDMENT.** Section 57-38.5-04 of the North Dakota Century Code is amended and reenacted as follows:

**57-38.5-04. Taxable year for seed capital investment tax credit.** The tax credit under section 57-38.5-03 must be credited against the taxpayer's income tax liability for the taxable year in which ~~full consideration~~ for the investment in the qualified business was received by the qualified business.

**SECTION 13. AMENDMENT.** Section 57-38.5-05 of the North Dakota Century Code is amended and reenacted as follows:

**57-38.5-05. Seed capital investment tax credit limits.** The aggregate amount of seed capital investment tax credit allowed for investments under this chapter ~~through calendar year 2002 is limited to one million dollars and after calendar year 2002~~ is limited to two million five hundred thousand dollars for each calendar year. If investments in qualified businesses reported to the commissioner under section 57-38.5-07 exceed the limits on tax credits for investments imposed by this section, the credit must be allowed to taxpayers in the chronological order of their investments in qualified businesses as determined from the forms filed under section 57-38.5-07.

**SECTION 14.** A new section to chapter 57-38.5 of the North Dakota Century Code is created and enacted as follows:

Credit for investments made before 2005. An investment made before January 1, 2005, which did not qualify for the tax credit under this chapter because of the two million five hundred thousand dollar credit limitation in effect before the effective date of this Act is entitled to a credit against state income tax liability under section 57-38-29 or 57-38-30.3 in the amount of forty-five percent of the amount invested by the taxpayer in a qualified business subject to the following:

1. The aggregate investment for which a taxpayer may obtain a credit under this section is not less than five thousand dollars and not more than two hundred fifty thousand dollars.
2. In any taxable year, a taxpayer may claim no more than one-fourth of the credit under this section which is attributable to investments made before January 1, 2005.
3. Any amount of credit under this section not allowed because of the limitations in this section may be carried forward for up to five taxable years after the taxable year in which the investment was made.
4. This section does not apply to investments made in an agricultural processing facility as defined under section 57-38.6-01.

**SECTION 15. REPEAL.** Chapters 10-30.1 and 10-30.2 of the North Dakota Century Code are repealed.

**SECTION 16. REPEAL.** Section 15-10-41 of the North Dakota Century Code is repealed.

**SECTION 17. NORTH DAKOTA BUSINESS CLIMATE INITIATIVE - LEGISLATIVE COUNCIL STUDY.** During the 2005-06 and 2007-08 interims, the legislative council shall study the state's business climate through a business climate initiative. The business climate initiative must include receipt of agency reports regarding economic development legislation introduced by the legislative council during previous legislative sessions, active participation in business climate focus groups across the state, and active participation in biennial business congresses. The focus groups shall discuss ways to enhance the state's business climate to stimulate job growth and enhance economic prosperity for employers and employees by encouraging

the growth of existing businesses in the state, creating new businesses in the state, and encouraging expansion or relocation of businesses to this state. Each business congress must receive a report on the activities of the focus group discussions, shall identify methods to enhance the state's business climate to stimulate job growth and enhance economic prosperity, shall identify methods to prepare the state for the high-growth and high-demand jobs of the future, and shall evaluate the impact of existing state economic development programs. The department of commerce shall organize the business climate focus groups and the business congresses. Before each business congress, which must be held before June 1, 2006, and before June 1, 2008, the department shall hold a minimum of six focus group discussions, two of which specifically focus on local economic developers and four of which specifically focus on private business needs. The department shall consult with the legislative council in compiling focus group and business congress participant invitation lists and drafting and distributing invitations, establishing focus group and business congress dates and locations, and preparing agendas for focus groups and business congresses. The legislative council shall contract with a third party to provide professional services to plan, facilitate, report on, and coordinate followup for the focus groups and business congresses. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth and sixty-first legislative assemblies.

**SECTION 18. VENTURE AND RISK CAPITAL - LEGISLATIVE COUNCIL STUDY.** During the 2005-06 interim, the legislative council shall study issues relating to venture and risk capital and whether and how some of these issues may be negatively impacting business development in the state. The study must address how to define venture and risk capital for purposes of the study; real and perceived issues regarding gaps in the availability of venture and risk capital in the state; whether state programs adequately address the venture and risk capital needs of businesses in the state and whether these programs should be changed to increase availability to venture and risk capital, including whether the partnership in assisting community expansion program might be used as a model to address possible venture and risk capital availability issues and whether the state could effectively play a role as facilitator in improving access to venture and risk capital; how the state could assist in creating an environment more conducive to attracting private venture and risk capital in the state; and how other states have attempted to address venture and risk capital concerns of businesses. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixtieth legislative assembly.

**SECTION 19. ALTERNATIVE AND VENTURE CAPITAL INVESTMENTS - EARLY-STAGE CAPITAL FUNDS - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the president of the Bank of North Dakota shall report to the legislative council on the status of the Bank's investments in alternative and venture capital investments and early-stage capital funds under subdivision c of subsection 4 of section 6-09-15. The president shall inform the legislative council whether this investment program should continue and whether there are potential changes that could be made to improve the state's venture capital and early-stage capital investment structure.

**SECTION 20. CENTERS OF EXCELLENCE - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the state board of higher education and the centers of excellence commission shall report to the legislative council on the status of the centers of excellence program under section 4 of this Act. The report must include information regarding approved and rejected applications; funding; private sector participation; accomplishments of each center of excellence, including information regarding how each center of excellence is meeting, or will meet, the criteria under section 4 of this Act; and whether there are potential changes that could be made to improve the centers of excellence program.

**SECTION 21. INSURANCE AND LIABILITY DATA - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the insurance commissioner shall compile existing data regarding the state's liability insurance marketplace. The data must include information regarding issues that may result in barriers for businesses seeking to obtain affordable liability insurance coverage, with specific focus on the travel and tourism industry, and must include information regarding successful actions taken by other states to improve the availability and affordability of liability insurance. Before July 1, 2006, the insurance commissioner shall report to the legislative council the data compiled and identify proposed legislative changes necessary to implement any recommendations to make the state's laws and availability of liability insurance more attractive to businesses in this state.



**SECTION 22. TECHNOLOGY COMMERCIALIZATION STUDY - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the state board of higher education shall conduct a study of incentives the state could adopt to serve as catalysts for stimulating more efficient commercialization of new technologies. The study must include roundtable discussions; include consideration of leveraging research, capital, and entrepreneurs; include consideration of successful actions taken by other states to increase technology commercialization; and focus on approaches that are specifically tailored to the state's unique circumstances. The board may contract with a third party to conduct the study. Before July 1, 2006, the chancellor of the North Dakota university system shall report to the legislative council the outcome of the study and identify proposed legislative changes necessary to implement any recommendations to stimulate technology commercialization in this state.

**SECTION 23. TRANSPORTATION STUDY - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the upper great plains transportation institute shall conduct a study of how improvements to the transportation infrastructure of this state might enhance the business climate and the state's competitive position in economic development, with a focus on the potential to expand the sale of goods to markets outside the state by strengthening the state's transportation infrastructure. In conducting this study, the upper great plains transportation institute shall consult with the department of transportation and the department shall cooperate in the study. The study must include consideration of how to improve the load-carrying limits of the state's highways and associated costs and benefits; consideration of what enhancements must be made to the state's highways to allow load limits to be raised to more efficiently move goods to market and associated costs and benefits; exploration of the phenomenon of the decline of freight service by rail, including the prospects for offering incentives to rail providers to expand the availability of rail for transportation of goods to market and the associated costs and benefits; recommendations on how to enhance the state's transportation infrastructure; whether it is feasible to identify and assist airports that are specially situated in order to assist in economic development; and an analysis of the projected economic development impacts associated with the recommended infrastructure improvements. Before July 1, 2006, the upper great plains transportation institute shall report to the legislative council the outcome of the study and identify proposed legislative changes necessary to implement any recommended changes to the state's transportation infrastructure.

**SECTION 24. PROCUREMENT ASSISTANCE STUDY - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the director of the office of management and budget shall report to the legislative council on the status of providing procurement information through the internet under section 6 of this Act; perform a study on the most effective manner in which to provide for a procurement assistance center; and report to the legislative council on the outcome of the procurement assistance center study, including what services might be provided by such a center, how services might be provided by such a center, and what legislative changes would be required to implement such a center.

**SECTION 25. TAX STUDY - REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the tax commissioner shall conduct a study of the corporate taxing system and tax incentives to stimulate business. The study must include consideration of gaps in tax incentives, include consideration of successful actions taken by other states to improve their tax environment for doing business, and focus on approaches that are specifically tailored to the state's unique circumstances. The tax commissioner may contract with a third party to conduct the study. Before July 1, 2006, the tax commissioner shall report to the legislative council the outcome of the study and identify proposed legislative changes necessary to implement any recommendations to stimulate the state's business climate.

**SECTION 26. EFFECTIVE DATE - EXPIRATION DATE.** Sections 9 through 13 of this Act are effective for taxable years beginning after December 31, 2004. Section 15 of this Act becomes effective on August 1, 2007. Sections 2, 7, and 8 of this Act are effective for taxable years beginning after December 31, 2008. Section 10 of this Act is effective for a business certified as a qualified business after December 31, 2004. Section 14 of this Act is effective for taxable year 2004 and is thereafter ineffective, except any unused credit may be carried forward as provided in section 13 of this Act. Section 4 of this Act is effective through July 31, 2011, and after that date is ineffective."

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The House has amended, subsequently passed, and the emergency clause carried: SB 2228.

**HOUSE AMENDMENTS TO ENGROSSED SENATE BILL NO. 2228**

Page 1, line 2, after "camp" insert "; and to declare an emergency"

Page 1, line 4, after "**APPROPRIATION**" insert "- **MATCHING REQUIREMENT**"

Page 1, line 5, replace "general" with "permanent oil tax trust" and replace "\$50,000" with "\$500,000"

Page 1, line 9, replace "biennium beginning July 1, 2005," with "period beginning with the effective date of this Act" and after the period insert "A total of \$200,000 is available upon the effective date of this Act, and the remaining \$300,000 may only be awarded when the international music camp has received commitments totaling \$700,000 from other sources. The funding for this project is subject to the building project being awarded to a contractor pursuant to procedures set forth in chapter 48-01.1."

**SECTION 2. EMERGENCY.** This Act is declared to be an emergency measure."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:****Senate Bill No. 2228 - Parks and Recreation Department - House Action**

	EXECUTIVE BUDGET	SENATE VERSION	HOUSE CHANGES	HOUSE VERSION
Grants		\$50,000	\$450,000	\$500,000
Total all funds	\$0	\$50,000	\$450,000	\$500,000
Less estimated income			500,000	500,000
General fund	\$0	\$50,000	(\$50,000)	\$0
FTE	0.00	0.00	0.00	0.00

**Dept. 750 - Parks and Recreation Department - Detail of House Changes**

	INCREASES FUNDING AND CHANGES FUNDING SOURCE <sup>1</sup>	TOTAL HOUSE CHANGES
Grants	\$450,000	\$450,000
Total all funds	\$450,000	\$450,000
Less estimated income	500,000	500,000
General fund	(\$50,000)	(\$50,000)
FTE	0.00	0.00

<sup>1</sup> This amendment increases the appropriation for the grant to the International Music Camp to assist with the construction costs of an international arts center at the International Peace Garden by \$450,000, from \$50,000 to \$500,000, and changes the funding source from the general fund to the permanent oil tax trust fund. A total of \$200,000 may be granted upon approval of the bill and the remaining \$300,000 may be awarded subject to the International Music Camp receiving commitments totaling \$700,000 from other sources. The amendment also adds an emergency clause to the bill.

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The House has failed to pass: SB 2254.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** Your signature is respectfully requested on: SB 2017, SB 2022, SB 2067, SB 2186, SB 2280, SB 2301, SB 2304, SB 2336, SB 2368, SB 2371, SB 2411, SB 2412.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The President has signed: SB 2041, SB 2087, SB 2102, SB 2118, SB 2125, SB 2141, SB 2147, SB 2181, SB 2215, SB 2216, SB 2246, SB 2265, SB 2282, SB 2326, SB 2340, SB 2348, SB 2356, SB 2366.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The President has signed: HB 1445.

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** Your signature is respectfully requested on: HB 1518, HCR 3002, HCR 3005, HCR 3017, HCR 3031, HCR 3055.

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** Your signature is respectfully requested on: HB 1121, HB 1153, HB 1321, HB 1325, HB 1326, HB 1333, HB 1337, HB 1344, HB 1527.

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The Speaker has signed: SB 2005, SB 2117, SB 2227, SB 2281, SB 2343, SCR 4030.

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The Speaker has signed: SB 2027, SB 2028, SB 2044, SB 2101, SB 2120, SB 2208, SB 2269, SB 2272, SB 2344, SCR 4012.

**MOTION**

**SEN. CHRISTMANN MOVED** that the Senate stand in recess until 1:00 p.m., which motion prevailed.

**THE SENATE RECONVENED** pursuant to recess taken, with President Dalrymple presiding.

**CONSIDERATION OF AMENDMENTS**

**HB 1010, as engrossed: SEN. GRINDBERG (Appropriations Committee) MOVED** that the Senate divide the amendments on SJ pages 1261-1262, which request was granted on a voice vote.

**DIVISION A:** All of the proposed amendments except Section 12.

**DIVISION B:** Section 12 of the proposed amendments.

The question being the adoption of Division A of the proposed amendments to Engrossed HB 1010, the motion passed on a voice vote.

**REQUEST**

**SEN. GRINDBERG REQUESTED** a recorded roll call vote on Division B of the proposed amendments to Engrossed HB 1010, which request was granted.

**ROLL CALL**

The question being the adoption of Division B of the proposed amendments to Engrossed HB 1010, the roll was called and there were 23 YEAS, 24 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Christmann; Dever; Every; Fairfield; Flakoll; Freborg; Grindberg; Hacker; Heitkamp; Holmberg; Kilzer; Klein; Krauter; Krebsbach; Lyson; Mutch; Schobinger; Stenehjem; Tallackson; Urlacher

**NAYS:** Brown; Cook; Erbele; Espegard; Fischer; Kringstad; Lee, G.; Lee, J.; Lindaas; Mathern; Nelson; Nething; O'Connell; Robinson; Seymour; Syverson; Taylor; Thane; Tollefson; Traynor; Trenbeath; Triplett; Wardner; Warner

Division B of the proposed amendments to Engrossed HB 1010 failed.

Therefore, the question being the adoption of the proposed amendments which include Division A and exclude Division B, the proposed amendments to HB 1010 were adopted on a voice vote.

Engrossed HB 1010, as amended, was placed on the Fourteenth order for immediate second reading.

**SECOND READING OF HOUSE BILL**

**HB 1010:** A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner; to provide for fund transfers; to provide for making payments of insurance premiums tax collections to fire departments; and to amend and reenact section 26.1-01-09 of the North Dakota Century Code, relating to the commissioner's salary.

**MOTION**

**SEN. BROWN MOVED** that Engrossed HB 1010, as amended, be amended as follows, which motion prevailed on a voice vote.

In lieu of the amendments adopted by the Senate as printed on pages 1261 and 1262 of the Senate Journal, Engrossed House Bill No. 1010 is amended as follows:

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

Page 1, line 4, after "salary" insert "; and to provide for a legislative council study"

Page 1, line 21, replace "361,269" with "355,279"

Page 1, line 22, replace "331,876" with "381,876"

Page 2, line 1, replace "2,116,000" with "1,091,000"

Page 2, line 2, replace "2,702,245" with "1,721,255"

Page 2, line 3, replace "2,802,245" with "1,821,255"

Page 2, line 10, replace "5,059,647" with "5,053,657"

Page 2, line 11, replace "2,113,377" with "2,163,377"

Page 2, line 12, replace "7,420,000" with "6,395,000"

Page 2, line 13, replace "14,593,024" with "13,612,034"

Page 2, line 15, replace "\$7,420,000" with "\$6,395,000"

Page 2, line 16, replace "\$7,200,000" with "\$6,200,000"

Page 2, line 18, replace "\$100,000" with "\$75,000"

Page 3, after line 9, insert:

**"SECTION 10. ADDITIONAL CRITICAL METHAMPHETAMINE-USE ZONE.**

Notwithstanding rules adopted by the commissioner identifying a critical methamphetamine-use zone, the commissioner shall designate the counties of Walsh, Cavalier, and Pembina as a critical methamphetamine-use zone subject to section 19-20.2-11 and rules adopted pursuant to that section. Section 3 of this Act includes the sum of \$50,000 from the insurance regulatory trust fund, or so much of the sum as is necessary, to implement security measures established by the commissioner, including the purchase and distribution of locking devices, in the counties of Walsh, Cavalier, and Pembina, for the biennium beginning July 1, 2005, and ending June 30, 2007."

Page 3, after line 15, insert:

**"SECTION 12. LEGISLATIVE COUNCIL STUDY - ACCIDENT AND HEALTH INSURANCE LOSS RATIOS.**

During the 2005-06 interim, the legislative council shall study the appropriate minimum standard of loss ratio for accident and health insurers and whether that loss ratio is more appropriately set by statute or by rule. 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

**HB 1010:** A BILL for an Act to provide an appropriation for defraying the expenses of the insurance commissioner; to provide for fund transfers; to provide for making payments of insurance premiums tax collections to fire departments; to amend and reenact section 26.1-01-09 of the North Dakota Century Code, relating to the commissioner's salary; and to provide for a legislative council study.

**ROLL CALL**

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 47 YEAS, 0 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Brown; Christmann; Cook; Dever; Erbele; Espegard; Every; Fairfield; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heitkamp; Holmberg; Kilzer; Klein; Krauter; Krebsbach; Kringstad; Lee, G.; Lee, J.; Lindaas; Lyson; Mathern; Mutch; Nelson; Nething; O'Connell; Robinson; Schobinger; Seymour; Stenehjem; Syverson; Tallackson; Taylor; Thane; Tollefson; Traynor; Trenbeath; Triplett; Urlacher; Wardner; Warner

Engrossed HB 1010, as amended, passed and the title was agreed to.

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#### MOTION

**SEN. CHRISTMANN MOVED** that a committee of two be appointed to escort Captains Lewis and Clark to the front of the chamber, which motion prevailed. The President appointed Sens. Cook and Triplett.

Captains Lewis and Clark were escorted to the front of the chamber.

#### COMMEMORATING THE LEWIS & CLARK EXPEDITION

With us today are Captains Meriwether Lewis and William Clark of the Discovery Expedition of St. Charles, Missouri. Meriwether Lewis is portrayed by Bryant Boswell and William Clark is portrayed by his great-great-great grandson, Peyton "Bud" Clark.

They, along with thirty other members of the Discovery Expedition, are at Fort Mandan in Washburn this week for the Bicentennial commemoration of the Expedition's departure from Fort Mandan, will take place at 4:00 p.m., Thursday, April 7. A complete schedule of events from the Lewis & Clark Foundation is provided to members of the Senate.

The North Dakota Senate welcomes these two intrepid explorers back to North Dakota, where they remain "legends," helping attract visitors from all around the world to our state.

#### MOTION

**SEN. CHRISTMANN MOVED** that the comments commemorating the Lewis & Clark Expedition be printed in the Journal, which motion prevailed.

#### CONSIDERATION OF AMENDMENTS

**HB 1012, as engrossed: SEN. KILZER (Appropriations Committee) MOVED** that the amendments on SJ pages 1286-1294 be adopted and then be placed on the Fourteenth order with **DO PASS**, which motion prevailed.

#### SECOND READING OF HOUSE BILL

**HB 1012:** A BILL for an Act to provide an appropriation for defraying the expenses of the department of human services; to provide an exception; to provide for a legislative council study; to provide for a transfer to the general fund; to provide for the transfer of appropriation authority; to create and enact a new section to chapter 25-18 of the North Dakota Century Code, relating to providing services to medically fragile children; to amend and reenact subsection 10 of section 54-44.8-01 of the North Dakota Century Code, relating to telecommunications equipment; and to declare an emergency.

#### MOTION

**SEN. MATHERN MOVED** that Engrossed HB 1012 be amended as follows:

In lieu of the amendments adopted by the Senate as printed on pages 1286-1294 of the Senate Journal, Engrossed House Bill No. 1012 is amended as follows:

Page 1, line 2, remove "a" and replace "study" with "studies"

Page 1, line 3, remove "and" and after "authority" insert "; to provide for services to medically fragile children; and to amend and reenact subsection 10 of section 54-44.8-01 of the North Dakota Century Code, relating to telecommunications equipment; and to declare an emergency"

Page 3, line 29, replace "\$486,633" with "\$498,738"

Page 3, line 30, replace "(1,787,339)" with "27,401,520"

Page 4, line 2, replace "\$5,535,466" with "23,641,288"

Page 4, line 3, replace "(11,288,586)" with "17,895,373"

Page 4, line 4, replace "5,753,120" with "5,745,915"

Page 4, line 7, replace "699,801" with "670,847"

Page 4, line 8, replace "(109,195)" with "(29,195)"

Page 4, line 10, replace "44,572,418" with "44,935,006"

Page 4, line 11, replace "71,360,100" with "73,920,919"

Page 4, line 12, replace "116,517,316" with "119,491,769"

Page 4, line 13, replace "63,463,933" with "65,616,479"

Page 4, line 14, replace "53,053,383" with "53,875,290"

Page 4, line 19, replace "43,292," with "37,052"

Page 4, line 20, replace "39,123" with "35,963"

Page 4, line 21, replace "4,169" with "1,089"

Page 4, line 23, replace "713,327" with "698,351"

Page 4, line 24, replace "533,839" with "526,839"

Page 4, line 25, replace "179,488" with "171,512"

Page 4, line 27, replace "680,656" with "672,918"

Page 4, line 28, replace "431,083" with "427,285"

Page 4, line 29, replace "249,573" with "245,633"

Page 5, line 2, replace "1,055,769" with "1,037,049"

Page 5, line 3, replace "745,840" with "734,210"

Page 5, line 4, replace "309,929" with "302,839"

Page 5, line 6, replace "2,801,880" with "2,779,416"

Page 5, line 7, replace "2,430,373" with "2,417,169"

Page 5, line 8, replace "371,507" with "362,247"

Page 5, line 10, replace "780,171" with "769,313"

Page 5, line 11, replace "578,413" with "572,445"

Page 5, line 12, replace "201,758" with "196,868"

Page 5, line 14, replace "920,924" with "905,199"

Page 5, line 15, replace "537,278" with "529,098"

Page 5, line 16, replace "383,646" with "376,101"

Page 5, line 18, replace "383,660" with "373,926"

Page 5, line 19, replace "250,774" with "245,520"

Page 5, line 20, replace "132,886" with "128,406"

Page 5, line 22, replace "230,001" with "292,827"

Page 5, line 23, replace "5,430,860" with "5,424,120"

Page 5, line 24, replace "5,660,861" with "5,716,947"

Page 5, line 25, replace "(728,482)" with "(746,586)"

Page 5, line 26, replace "6,389,343" with "6,463,533"

Page 5, line 28, replace "1,463,546" with "1,403,643"

Page 5, line 29, replace "(1,124,148)" with "(1,168,531)"

Page 5, line 30, replace "2,587,694" with "2,572,174"

Page 5, line 31, replace "14,254,086" with "14,143,814"

Page 6, line 1, replace "3,694,093" with "3,573,412"

Page 6, line 2, replace "10,559,993" with "10,570,402"

Page 6, line 3, replace "69,366,496" with "70,191,607"

Page 6, line 4, replace "55,869,440" with "87,085,264"

Page 6, line 5, replace "125,235,936" with "157,276,871"

Page 6, line 14, replace "10,529,652" with "10,517,547"

Page 6, line 15, replace "31,779,849" with "60,968,708"

Page 6, line 17, replace "42,312,257" with "71,489,011"

Page 6, line 18, replace "22,841,521" with "52,025,480"

Page 6, line 19, replace "19,470,736" with "19,463,531"

Page 6, line 22, replace "22,753,582" with "22,724,628"

Page 6, line 23, replace "37,272,214" with "37,352,214"

Page 6, line 25, replace "333,260,143" with "333,622,731"

Page 6, line 26, replace "993,037,274" with "995,598,093"

Page 6, line 27, replace "1,386,357,077" with "1,389,331,530"

Page 6, line 28, replace "1,022,556,015" with "1,024,708,561"

Page 6, line 29, replace "363,801,062" with "364,622,969"

Page 7, line 3, replace "7,318,971" with "7,312,731"

Page 7, line 4, replace "3,684,763" with "3,681,603"

Page 7, line 5, replace "3,634,208" with "3,631,128"

Page 7, line 7, replace "15,278,197" with "15,263,221"

Page 7, line 8, replace "7,257,513" with "7,250,513"

Page 7, line 9, replace "8,020,684" with "8,012,708"

Page 7, line 11, replace "9,101,589" with "9,093,851"

Page 7, line 12, replace "4,214,056" with "4,210,258"

Page 7, line 13, replace "4,887,533" with "4,883,593"

Page 7, line 15, replace "20,496,952" with "20,478,232"

Page 7, line 16, replace "12,190,660" with "12,179,030"

Page 7, line 17, replace "8,306,292" with "8,299,202"

Page 7, line 19, replace "23,526,422" with "23,503,958"

Page 7, line 20, replace "13,645,595" with "13,632,391"

Page 7, line 21, replace "9,880,827" with "9,871,567"

Page 7, line 23, replace "12,139,146" with "12,128,288"

Page 7, line 24, replace "6,310,281" with "6,304,313"

Page 7, line 25, replace "5,828,865" with "5,823,975"

Page 7, line 27, replace "18,505,768" with "18,490,043"

Page 7, line 28, replace "9,658,913" with "9,650,733"

Page 7, line 29, replace "8,846,855" with "8,839,310"

Page 8, line 1, replace "9,308,287" with "9,298,553"

Page 8, line 2, replace "4,809,497" with "4,804,243"

Page 8, line 3, replace "4,498,790" with "4,494,310"

Page 8, line 5, replace "42,119,562" with "42,182,388"

Page 8, line 6, replace "5,430,860" with "5,424,120"

Page 8, line 7, replace "47,550,422" with "47,606,508"

Page 8, line 8, replace "15,676,878" with "15,658,774"

Page 8, line 9, replace "31,873,544" with "31,947,734"

Page 8, line 11, replace "42,224,603" with "42,164,700"

Page 8, line 12, replace "30,825,680" with "30,781,297"

Page 8, line 13, replace "11,398,923" with "11,383,403"

Page 8, line 14, replace "205,450,357" with "205,340,085"

Page 8, line 15, replace "108,273,836" with "108,153,155"

Page 8, line 16, replace "97,176,521" with "97,186,930"

Page 8, line 17, replace "480,448,319" with "485,204,977"

Page 8, line 18, replace "1,153,671,372" with "1,190,440,354"

Page 8, line 19, replace "1,634,119,691" with "1,675,645,331"

Page 8, after line 19, insert:

**"SECTION 4. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$200,000, or so much of the sum as may be necessary, and from other funds the sum of \$200,000, to the department of human services for the costs associated with restoring funds for generic prescription drug detailing services, for the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 5. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$553,015, or so much of the sum as may be necessary, and from other funds the sum of \$316,985 to the department of human services for the costs associated with increasing payment rates for qualified service providers, for the biennium beginning July 1, 2005, and ending June 30, 2007. Of the funds appropriated under this section, \$174,000 must be provided beginning July 1, 2005, \$348,000 beginning January 1, 2006, and \$348,000 beginning January 1, 2007.



**SECTION 6. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$120,478, or so much of the sum as may be necessary, to the department of human services for the costs associated with providing a two percent annual increase for family preservation services, for the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 7. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$2,770,554, or so much of the sum as may be necessary, and from other funds the sum of \$5,036,173, to the department of human services for the costs associated with adding funding for wage increases for developmental disabilities services providers of ninety-five cents per hour, forty-seven cents on January 1, 2006, and forty-eight cents on January 1, 2007, for the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 8. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$87,500, or so much of the sum as may be necessary, to the department of human services for the costs associated with increasing grants to independent living centers, for the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 9. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$200,000, or so much of the sum as may be necessary, to the department of human services for the costs associated with restoring funds for the human service centers, for the biennium beginning July 1, 2005, and ending June 30, 2007, as follows:

Northwest human service center	\$10,310
North central human service center	26,783
Lake region human service center	15,585
Northeast human service center	26,314
Southeast human service center	43,777
South central human service center	23,061
West central human service center	37,945
Badlands human service center	<u>16,225</u>
Total	\$200,000"

Page 9, line 11, replace "\$114,755" with "\$254,356"

Page 9, after line 14, insert:

**"SECTION 14. ESTIMATED INCOME - LIMIT - HEALTH CARE TRUST FUND.**

The estimated income line item in subdivision 1 of section 3 of this Act includes \$3,667,820 from the health care trust fund. The department of human services expenditures from this fund may not exceed this amount for the period beginning with the effective date of this Act, and ending June 30, 2007."

Page 9, after line 25, insert:

**"SECTION 17. LEGISLATIVE COUNCIL STUDY - RESIDENTIAL TREATMENT CENTER AND RESIDENTIAL CHILD CARE FACILITY PAYMENT SYSTEMS.** During the 2005-06 interim, the legislative council shall consider studying the services provided by residential treatment centers and residential child care facilities and the appropriateness of the payments provided by the state for these services.

**SECTION 18. PLAN TO TRANSFER APPROPRIATE DEVELOPMENTAL CENTER RESIDENTS TO COMMUNITIES - LEGISLATIVE COUNCIL REPORT.** The department of human services, with input from developmental disabilities services providers, shall develop, during the 2005-06 interim, a plan to transfer appropriate individuals from the developmental center to community placements and to the extent possible, begin the transfers during the 2005-07 biennium. The department shall report to the legislative council on its plan and on the anticipated number of individuals that may be transferred during the 2005-07 biennium.

**SECTION 19. DEPARTMENT OF HUMAN SERVICES AND INDIAN AFFAIRS COMMISSION - CHILD SUPPORT - STATE AND TRIBAL COURT COORDINATION.** The department of human services and the indian affairs commission shall collaborate to facilitate the coordination of state and tribal court activities to increase the amount of

child support collected for noncustodial parents for the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 20. Payment for services to medically fragile children.** When reimbursing intermediate care facility for the mentally retarded-licensed facilities for the actual and reasonable cost of providing services to developmentally disabled persons, the department shall recognize the unique level of care and additional cost required to provide services to medically fragile clients under twenty-one years of age.

**SECTION 21. AMENDMENT.** Subsection 10 of section 54-44.8-01 of the North Dakota Century Code is amended and reenacted as follows:

10. "Specialized telecommunications equipment" means a dedicated telecommunications device that, when connected to a telephone, enables or assists a person who is communications impaired to communicate with another person utilizing the telephone network. The term may include telecommunications devices for the deaf, amplifiers, and signaling devices. Specialized telecommunications equipment provided under this chapter to an individual may not exceed two thousand dollars in total cost per device.

**SECTION 22. LEGISLATIVE INTENT - HUMAN SERVICE CENTER SERVICES.** It is the intent of the fifty-ninth legislative assembly that the department of human services maintain funding for adolescent substance abuse services and case management services, within the human service center budgets at the level included in the 2005-07 biennium executive budget recommendation for the biennium beginning July 1, 2005, and ending June 30, 2007.

**SECTION 23. EMERGENCY.** The appropriation of \$29,188,859 included in subdivision 1 of section 3 of this Act for the medicaid management information system replacement project and section 21 of this Act are declared to be emergency measures."

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### House Bill No. 1012 - Summary of Senate Action

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
DHS - Management				
Total all funds	\$71,539,214	\$42,312,257	\$29,176,754	\$71,489,011
Less estimated income	48,374,575	22,841,521	29,183,959	52,025,480
General fund	\$23,164,639	\$19,470,736	(\$7,205)	\$19,463,531
DHS - Program/Policy				
Total all funds	\$1,396,151,539	\$1,386,357,077	\$2,974,453	\$1,389,331,530
Less estimated income	1,027,728,022	1,022,556,015	2,152,546	1,024,708,561
General fund	\$368,423,517	\$363,801,062	\$821,907	\$364,622,969
DHS - State Hospital				
Total all funds	\$47,728,538	\$47,550,422	\$56,086	\$47,606,508
Less estimated income	15,610,871	15,676,878	(18,104)	15,658,774
General fund	\$32,117,667	\$31,873,544	\$74,190	\$31,947,734
DHS - Developmental Center				
Total all funds	\$43,046,377	\$42,224,603	(\$59,903)	\$42,164,700
Less estimated income	31,349,952	30,825,680	(44,383)	30,781,297
General fund	\$11,696,425	\$11,398,923	(\$15,520)	\$11,383,403
DHS - Northwest HSC				
Total all funds	\$7,379,756	\$7,318,971	(\$6,240)	\$7,312,731
Less estimated income	3,691,210	3,684,763	(3,160)	3,681,603
General fund	\$3,688,546	\$3,634,208	(\$3,080)	\$3,631,128
DHS - North Central HSC				
Total all funds	\$15,433,218	\$15,278,197	(\$14,976)	\$15,263,221
Less estimated income	7,270,196	7,257,513	(7,000)	7,250,513
General fund	\$8,163,022	\$8,020,684	(\$7,976)	\$8,012,708
DHS - Lake Region HSC				
Total all funds	\$9,196,380	\$9,101,589	(\$7,738)	\$9,093,851
Less estimated income	4,221,881	4,214,056	(3,798)	4,210,258
General fund	\$4,974,499	\$4,887,533	(\$3,940)	\$4,883,593
DHS - Northeast HSC				
Total all funds	\$20,696,142	\$20,496,952	(\$18,720)	\$20,478,232
Less estimated income	12,211,610	12,190,660	(11,630)	12,179,030
General fund	\$8,484,532	\$8,306,292	(\$7,090)	\$8,299,202
DHS - Southeast HSC				
Total all funds	\$23,822,246	\$23,526,422	(\$22,464)	\$23,503,958
Less estimated income	13,673,717	13,645,595	(13,204)	13,632,391
General fund	\$10,148,529	\$9,880,827	(\$9,260)	\$9,871,567
DHS - South Central HSC				
Total all funds	\$12,238,992	\$12,139,146	(\$10,858)	\$12,128,288

Less estimated income	6,322,357	6,310,281	(5,968)	6,304,313
General fund	\$5,916,635	\$5,828,865	(\$4,890)	\$5,823,975
DHS - West Central HSC				
Total all funds	\$18,700,619	\$18,505,768	(\$15,725)	\$18,490,043
Less estimated income	9,675,203	9,658,913	(8,180)	9,650,733
General fund	\$9,025,416	\$8,846,855	(\$7,545)	\$8,839,310
DHS - Badlands HSC				
Total all funds	\$9,388,791	\$9,308,287	(\$9,734)	\$9,298,553
Less estimated income	4,819,177	4,809,497	(5,254)	4,804,243
General fund	\$4,569,614	\$4,498,790	(\$4,480)	\$4,494,310
Bill Total				
Total all funds	\$1,675,321,812	\$1,634,119,691	\$32,040,935 *	\$1,666,160,626 *
Less estimated income	1,184,948,771	1,153,671,372	31,215,824 *	1,184,887,196 *
General fund	\$490,373,041	\$480,448,319	\$825,111 *	\$481,273,430 *

**House Bill No. 1012 - DHS - Management - Senate Action**

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES <sup>1</sup>	SENATE VERSION	
Salaries and wages	\$10,567,750	\$10,529,652	(\$12,105)	\$10,517,547	
Operating expenses	60,968,708	31,779,849	29,188,859	60,968,708	
Capital assets	<u>2,756</u>	<u>2,756</u>		<u>2,756</u>	
Total all funds	\$71,539,214	\$42,312,257	\$29,176,754	\$71,489,011	
Less estimated income	<u>48,374,575</u>	<u>22,841,521</u>	<u>29,183,959</u>	<u>52,025,480</u>	
General fund	\$23,164,639	\$19,470,736	(\$7,205)	\$19,463,531	
FTE	99.10	99.10	0.00	99.10	
		FTE	GENERAL FUND	ESTIMATED INCOME	TOTAL
<b><sup>1</sup>Management - Senate Changes:</b>					
Reduces recommended funding for health insurance			(\$7,205)	(\$4,900)	(\$12,105)
<b>Administration Support Program</b>					
None					
<b>Division of Information Technology Program</b>					
Restores funding for the Medicaid management system (MMIS) computer project removed by the House with state matching funds of \$3,667,820 provided from the health care trust fund rather than the general fund				29,188,859	29,188,859
<b>Total Senate Changes - Management</b>		0.00	(\$7,205)	\$29,183,959	\$29,176,754

**House Bill No. 1012 - DHS - Program/Policy - Senate Action**

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES <sup>1</sup>	SENATE VERSION	
Salaries and wages	\$23,054,340	\$22,753,582	(\$28,954)	\$22,724,628	
Operating expenses	38,232,573	37,272,214	80,000	37,352,214	
Capital assets	33,864	33,864		33,864	
Grants	334,055,993	333,260,143	362,588	333,622,731	
Grants - Medical assistance	<u>1,000,774,769</u>	<u>993,037,274</u>	<u>2,560,819</u>	<u>995,598,093</u>	
Total all funds	\$1,396,151,539	\$1,386,357,077	\$2,974,453	\$1,389,331,530	
Less estimated income	<u>1,027,728,022</u>	<u>1,022,556,015</u>	<u>2,152,546</u>	<u>1,024,708,561</u>	
General fund	\$368,423,517	\$363,801,062	\$821,907	\$364,622,969	
FTE	233.30	232.30	0.00	232.30	
		FTE	GENERAL FUND	ESTIMATED INCOME	TOTAL
<b><sup>1</sup>Program and Policy - Senate Changes:</b>					
Reduces recommended funding for health insurance			(\$8,140)	(\$20,814)	(\$28,954)
<b>Economic Assistance Policy Program</b>					
None					
<b>Child Support Program</b>					
None					
<b>Medical Services Program</b>					
Restores funding reduced by the House from the community health trust fund for breast and cervical cancer treatment services				139,601	139,601
Adds funding for the children's health insurance program (Healthy Steps) in anticipation of increased caseload resulting from implementation of the vision eligibility system			428,425	1,607,893	2,036,318
<b>Long-Term Care Program</b>					
None					

**Aging Services Program**

None

**Children and Family Services Program**

Adds funding for increasing the maximum treatment services payment for residential child care facilities to \$15 per day. The House had added funding to increase the maximum payment from \$11.50 to \$14.15 per day.	21,622	56,066	77,688
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Restores a portion of the House reductions made to the funding anticipated to be needed for foster care and subsidized adoption services. The House had reduced this funding by \$594,106, of which \$250,000 is from the general fund.	100,000	184,900	284,900
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**Mental Health and Substance Abuse Program**

None

**Developmental Disabilities Council**

None

**Disabilities Program**

Adds funding for increasing payment rates for facilities serving children with extensive medical needs, including the Anne Carlsen Center. This amount is in addition to the \$284,900 added by the House for this purpose.	100,000	184,900	284,900
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Adds funding for the department to develop a plan to transfer appropriate individuals from the Developmental Center to community placements, and to the extent possible to begin the transition during the 2005-07 biennium	50,000		50,000
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Restores funding to \$910,056 from the general fund for the family subsidy program. The House reduced funding for this program by \$100,000 from the general fund.	100,000		100,000
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Adds funding for paying petitioning costs for indigent individuals with developmental disabilities who have been referred for corporate guardianship	30,000		30,000
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<b>Total Senate Changes - Program and Policy</b>	0.00	\$821,907	\$2,152,546	\$2,974,453
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**Other changes affecting Program and Policy programs:**

A section is added requiring the department to recognize additional costs incurred by intermediate care facilities for the mentally retarded (ICF/MRs) serving medically fragile clients under 21 years of age.

A section is added directing the department and developmental disabilities services providers to develop, during the 2005-06 interim, a plan for transferring appropriate individuals from the Developmental Center to community placements and to the extent possible, to begin the transition during the 2005-07 biennium. The section also provides that the department report to the Legislative Council on its plan.

A section is added changing the definition of specialized telecommunications equipment.

A section is added requiring the department and the Indian Affairs Commission to collaborate to improve the coordination of tribal and state court activities relating to child support enforcement.

A section is added providing for a Legislative Council study of the services provided by residential treatment centers and residential child care facilities and the appropriateness of the payments provided by the state for these services.

**House Bill No. 1012 - DHS - State Hospital - Senate Action**

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES <sup>1</sup>	SENATE VERSION	
Salaries and wages					
Traditional	\$42,272,978	\$42,119,562	\$62,826	\$42,182,388	
Secure	<u>5,455,560</u>	<u>5,430,860</u>	<u>(6,740)</u>	<u>5,424,120</u>	
Total all funds	\$47,728,538	\$47,550,422	\$56,086	\$47,606,508	
Less estimated income	<u>15,610,871</u>	<u>15,676,878</u>	<u>(18,104)</u>	<u>15,658,774</u>	
General fund	\$32,117,667	\$31,873,544	\$74,190	\$31,947,734	
FTE	424.01	424.01	0.00	424.01	
		FTE	GENERAL FUND	ESTIMATED INCOME	TOTAL
<b><sup>1</sup>State Hospital - Senate Changes:</b>					
Reduces recommended funding for health insurance			(\$35,810)	(\$18,104)	(\$53,914)
Adds funds for repairing and painting the State Hospital water tower			110,000		110,000
<b>Total Senate Changes - State Hospital</b>		0.00	\$74,190	(\$18,104)	\$56,086

**House Bill No. 1012 - DHS - Developmental Center - Senate Action**

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES <sup>1</sup>	SENATE VERSION
Human service centers/institutions	\$43,046,377	\$42,224,603	(\$59,903)	\$42,164,700
Total all funds	\$43,046,377	\$42,224,603	(\$59,903)	\$42,164,700
Less estimated income	<u>31,349,952</u>	<u>30,825,680</u>	<u>(44,383)</u>	<u>30,781,297</u>
General fund	\$11,696,425	\$11,398,923	(\$15,520)	\$11,383,403
FTE	451.54	451.54	0.00	451.54

	FTE	GENERAL FUND	ESTIMATED INCOME	TOTAL
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**<sup>1</sup>Developmental Center - Senate Changes:**

Reduces recommended funding for health insurance		<u>(\$15,520)</u>	<u>(\$44,383)</u>	<u>(\$59,903)</u>
<b>Total Senate Changes - Developmental Center</b>	0.00	(\$15,520)	(\$44,383)	(\$59,903)

**House Bill No. 1012 - Human Service Centers - General Fund Summary**

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES <sup>1</sup>	SENATE VERSION
DHS - Northwest HSC	\$3,688,546	\$3,634,208	(\$3,080)	\$3,631,128
DHS - North Central HSC	8,163,022	8,020,684	(7,976)	8,012,708
DHS - Lake Region HSC	4,974,499	4,887,533	(3,940)	4,883,593
DHS - Northeast HSC	8,484,532	8,306,292	(7,090)	8,299,202
DHS - Southeast HSC	10,148,529	9,880,827	(9,260)	9,871,567
DHS - South Central HSC	5,916,635	5,828,865	(4,890)	5,823,975
DHS - West Central HSC	9,025,416	8,846,855	(7,545)	8,839,310
DHS - Badlands HSC	<u>4,569,614</u>	<u>4,498,790</u>	<u>(4,480)</u>	<u>4,494,310</u>
Total general fund	\$54,970,793	\$53,904,054	(\$48,261)	\$53,855,793

**House Bill No. 1012 - Human Service Centers - Other Funds Summary**

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES <sup>1</sup>	SENATE VERSION
DHS - Northwest HSC	\$3,691,210	\$3,684,763	(\$3,160)	\$3,681,603
DHS - North Central HSC	7,720,196	7,257,513	(7,000)	7,250,513
DHS - Lake Region HSC	4,221,881	4,214,056	(3,798)	4,210,258
DHS - Northeast HSC	12,211,610	12,190,660	(11,630)	12,179,030
DHS - Southeast HSC	13,673,717	13,645,595	(13,204)	13,632,391
DHS - South Central HSC	6,322,357	6,310,281	(5,968)	6,304,313
DHS - West Central HSC	9,675,203	9,658,913	(8,180)	9,650,733
DHS - Badlands HSC	<u>4,819,177</u>	<u>4,809,497</u>	<u>(5,254)</u>	<u>4,804,243</u>
Total other funds	\$61,885,351	\$61,771,278	(\$58,194)	\$61,713,084

**House Bill No. 1012 - Human Service Centers - All Funds Summary**

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES <sup>1</sup>	SENATE VERSION
DHS - Northwest HSC	\$7,379,756	\$7,318,971	(\$6,240)	\$7,312,731
DHS - North Central HSC	15,433,218	15,278,197	(14,976)	15,263,221
DHS - Lake Region HSC	9,196,380	9,101,589	(7,738)	9,093,851
DHS - Northeast HSC	20,696,142	20,496,952	(18,720)	20,478,232
DHS - Southeast HSC	23,822,246	23,526,422	(22,464)	23,503,958
DHS - South Central HSC	12,238,992	12,139,146	(10,858)	12,128,288
DHS - West Central HSC	18,700,619	18,505,768	(15,725)	18,490,043
DHS - Badlands HSC	<u>9,388,791</u>	<u>9,308,287</u>	<u>(9,734)</u>	<u>9,298,553</u>
Total all funds	\$116,856,144	\$115,675,332	(\$106,455)	\$115,568,877
FTE	840.48	840.48	0.00	840.48

<sup>1</sup>Reduces recommended funding for health insurance at the human service centers as follows:

	FTE	GENERAL FUND	ESTIMATED INCOME	TOTAL
Northwest HSC		(\$3,080)	(\$3,160)	(\$6,240)
North Central HSC		(7,976)	(7,000)	(14,976)
Lake Region HSC		(3,940)	(3,798)	(7,738)
Northeast HSC		(7,090)	(11,630)	(18,720)
Southeast HSC		(9,260)	(13,204)	(22,464)
South Central HSC		(4,890)	(5,968)	(10,858)
West Central HSC		(7,545)	(8,180)	(15,725)
Badlands HSC		<u>(4,480)</u>	<u>(5,254)</u>	<u>(9,734)</u>
Total		(\$48,261)	(\$58,194)	(\$106,455)

\* In addition, this amendment adds \$9,484,705, of which \$3,931,547 is from the general fund, in Sections 4 through 9 and adds Section 22 providing legislative intent regarding human service centers.

**REQUEST**

**SEN. WARNER REQUESTED** that the Senate divide the proposed floor amendments to Engrossed HB 1012, as amended, which request was granted on a voice vote.

**DIVISION A:** Section 7 of the proposed floor amendments.

**DIVISION B:** All of the proposed floor amendments with the exception of Section 7.

**REQUEST**

**SEN. WARNER REQUESTED** a recorded roll call vote on Division A of the proposed floor amendments to Engrossed HB 1012, as amended, which request was granted.

**ROLL CALL**

The question being the adoption of Division A of the proposed floor amendments to Engrossed HB 1012, as amended, the roll was called and there were 16 YEAS, 31 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Bercier; Espgaard; Every; Fairfield; Heitkamp; Krauter; Lindaas; Mathern; Nelson; O'Connell; Robinson; Seymour; Tallackson; Taylor; Triplett; Warner

**NAYS:** Andrist; Bowman; Brown; Christmann; Cook; Dever; Erbele; Fischer; Flakoll; Freborg; Grindberg; Hacker; Holmberg; Kilzer; Klein; Krebsbach; Kringstad; Lee, G.; Lee, J.; Lyson; Mutch; Nething; Schobinger; Stenehjem; Syverson; Thane; Tollefson; Traynor; Trenbeath; Urlacher; Wardner

Division A of the proposed floor amendments to Engrossed HB 1012, as amended, failed.

**REQUEST**

**SEN. EVERY REQUESTED** a recorded roll call vote on Division B of the proposed floor amendments to Engrossed HB 1012, as amended, which request was granted.

**ROLL CALL**

The question being the adoption of Division B of the proposed floor amendments to Engrossed HB 1012, as amended, the roll was called and there were 15 YEAS, 32 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Bercier; Every; Fairfield; Heitkamp; Krauter; Lindaas; Mathern; Nelson; O'Connell; Robinson; Seymour; Tallackson; Taylor; Triplett; Warner

**NAYS:** Andrist; Bowman; Brown; Christmann; Cook; Dever; Erbele; Espgaard; Fischer; Flakoll; Freborg; Grindberg; Hacker; Holmberg; Kilzer; Klein; Krebsbach; Kringstad; Lee, G.; Lee, J.; Lyson; Mutch; Nething; Schobinger; Stenehjem; Syverson; Thane; Tollefson; Traynor; Trenbeath; Urlacher; Wardner

Division B of the proposed floor amendments to Engrossed HB 1012, as amended, failed.

Therefore, there were no approved divisions of the proposed floor amendment so the total floor amendment failed.

Engrossed HB 1012, as amended, was placed on the Fourteenth order for immediate second reading.

**ROLL CALL**

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 47 YEAS, 0 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Andrist; Bercier; Bowman; Brown; Christmann; Cook; Dever; Erbele; Espgaard; Every; Fairfield; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heitkamp; Holmberg; Kilzer; Klein; Krauter; Krebsbach; Kringstad; Lee, G.; Lee, J.; Lindaas; Lyson; Mathern; Mutch; Nelson; Nething; O'Connell; Robinson; Schobinger; Seymour; Stenehjem; Syverson; Tallackson; Taylor; Thane; Tollefson; Traynor; Trenbeath; Triplett; Urlacher; Wardner; Warner

Engrossed HB 1012, as amended, passed, the title was agreed to, and the emergency clause was declared carried.

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**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**  
**MR. SPEAKER:** The Senate has amended and subsequently passed: HB 1010.

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**

**MR. SPEAKER:** The Senate has amended, subsequently passed, and the emergency clause carried: HB 1012.

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The House concurred in the Senate amendments and subsequently passed: HB 1006, HB 1023, HB 1280, HB 1289, and HB 1470.

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The House does not concur in the Senate amendments to HB 1018 and the Speaker has appointed as a conference committee to act with a like committee from the Senate on:

**HB 1018:** Reps. Carlisle; Kempenich; Kroeber

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The Speaker has appointed as a conference committee to act with a like committee from the Senate on:

**SB 2014:** Reps. Thoreson; Carlisle; Kroeber

**SB 2157:** Reps. Delzer; Carlson; Aarsvold

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The House has amended and subsequently passed: SB 2247.

**HOUSE AMENDMENTS TO REENGROSSED SENATE BILL NO. 2247**

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide a statement of legislative intent regarding state employee compensation adjustments.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. LEGISLATIVE INTENT - STATE EMPLOYEE COMPENSATION ADJUSTMENTS - GUIDELINES.** It is the intent of the fifty-ninth legislative assembly that 2005-07 biennium compensation adjustments for permanent state employees are to be increases of four percent beginning with the month of July 2005, to be paid in August 2005, and of four percent beginning with the month of July 2006, to be paid in August 2006. A minimum increase of sixty dollars per month is to be provided each year.

Employees whose documented performance levels do not meet standards are not eligible for the general increases.

Probationary employees are not entitled to the general increases. However, probationary employees may be given all or a portion of the increases upon completion of probation, at the discretion of the appointing authority.

During the biennium, no salary increase other than the four percent in July 2005 and the four percent in July 2006 may be given to an employee whose salary exceeds or would exceed the salary range maximum.

Each agency appropriation for salaries and wages is increased by four percent the first year and four percent the second year of the 2005-07 biennium for these compensation adjustments.

**SECTION 2. LEGISLATIVE INTENT - MERIT AND EQUITY INCREASES.** Of the four percent increase each year, one percentage point may be used by agency and institution directors for equity and market adjustments to address salary disparities, merit and performance increases in recognition of documented performance consistently superior or which consistently exceeds performance and accountability standards, or salary adjustments for changes in workload, promotions, and reclassifications. Appropriate documentation and justification must be maintained by the agency or institution."

Renumber accordingly

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report on: HB 1092.

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently passed: HB 1200.

**MESSAGE TO THE SENATE FROM THE HOUSE (BRADLEY C. FAY, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently passed: HB 1028, HB 1188, HB 1190, HB 1191, HB 1205.

**MOTION**

**SEN. CHRISTMANN MOVED** that the Senate be on the Fourth, Fifth, Seventh, Thirteenth, and Sixteenth orders of business and at the conclusion of those orders, the Senate stand adjourned until 8:00 a.m., Wednesday, April 6, 2005, which motion prevailed.

**REPORT OF CONFERENCE COMMITTEE**

**HB 1028, as engrossed:** Your conference committee (Sens. Nething, Klein, Fairfield and Reps. Nottestad, Froseth, Ekstrom) recommends that the **HOUSE ACCEDE** to the Senate amendments on HJ pages 1116-1117 and place HB 1028 on the Seventh order.

Engrossed HB 1028 was placed on the Seventh order of business on the calendar.

**REPORT OF CONFERENCE COMMITTEE**

**HB 1092, as engrossed:** Your conference committee (Sens. Hacker, Dever, Fairfield and Reps. Klemm, Horter, Sandvig) recommends that the **SENATE RECEDE** from the Senate amendments on HJ page 871 and place HB 1092 on the Seventh order.

Engrossed HB 1092 was placed on the Seventh order of business on the calendar.

**REPORT OF CONFERENCE COMMITTEE**

**HB 1188:** Your conference committee (Sens. Klein, Krebsbach, Fairfield and Reps. Dietrich, Clark, Thorpe) recommends that the **SENATE RECEDE** from the Senate amendments on HJ page 985, adopt amendments as follows, and place HB 1188 on the Seventh order:

That the Senate recede from its amendments as printed on page 985 of the House Journal and page 738 of the Senate Journal and that House Bill No. 1188 be amended as follows:

Page 1, line 1, remove "subsection to" and replace "28-01-18" with "to chapter 28-01"

Page 1, line 2, replace "two-year" with "three-year"

Page 1, line 5, remove "subsection to" and replace "28-01-18" with "to chapter 28-01"

Page 1, line 6, after the colon insert:

**"Action having three-year limitation."**

Page 1, line 8, after "transaction" insert "must be commenced within three years after the claim for relief has accrued"

Re-number accordingly

HB 1188 was placed on the Seventh order of business on the calendar.

**REPORT OF CONFERENCE COMMITTEE**

**HB 1190:** Your conference committee (Sens. Dever, Lyson, Warner and Reps. Kreidt, Devlin, Potter) recommends that the **SENATE RECEDE** from the Senate amendments on HJ page 832, adopt amendments as follows, and place HB 1190 on the Seventh order:

That the Senate recede from its amendments as printed on page 832 of the House Journal and page 607 of the Senate Journal and that Engrossed House Bill No. 1190 be amended as follows:

Page 2, line 14, replace "a tribal reservation" with "an Indian tribe"

Re-number accordingly

HB 1190 was placed on the Seventh order of business on the calendar.



**REPORT OF CONFERENCE COMMITTEE**

**HB 1191, as engrossed:** Your conference committee (Sens. Lyson, Dever, Warner and Reps. Kreidt, Devlin, Potter) recommends that the **SENATE RECEDE** from the Senate amendments on HJ page 832, adopt amendments as follows, and place HB 1191 on the Seventh order:

That the Senate recede from its amendments as printed on page 832 of the House Journal and page 607 of the Senate Journal and that Engrossed House Bill No. 1191 be amended as follows:

Page 2, line 21, replace "a tribal reservation" with "an Indian tribe"

Renumber accordingly

Engrossed HB 1191 was placed on the Seventh order of business on the calendar.

**REPORT OF CONFERENCE COMMITTEE**

**HB 1200, as engrossed:** Your conference committee (Sens. Dever, J. Lee, Brown and Reps. Pietsch, Weisz, Sandvig) recommends that the **SENATE RECEDE** from the Senate amendments on HJ page 986, adopt amendments as follows, and place HB 1200 on the Seventh order:

That the Senate recede from its amendments as printed on page 986 of the House Journal and pages 738 and 739 of the Senate Journal and that Engrossed House Bill No. 1200 be amended as follows:

Page 3, line 6, after "to" insert "a board-approved" and remove the overstrike over "~~medical~~"

Page 3, line 7, remove "a health care" and remove "health system,"

Renumber accordingly

Engrossed HB 1200 was placed on the Seventh order of business on the calendar.

**REPORT OF CONFERENCE COMMITTEE**

**HB 1205, as engrossed:** Your conference committee (Sens. Syverson, Hacker, Triplett and Reps. Koppelman, Galvin, Zaiser) recommends that the **HOUSE ACCEDE** to the Senate amendments on HJ page 940, adopt further amendments as follows, and place HB 1205 on the Seventh order:

That the House accede to the Senate amendments as printed on page 940 of the House Journal and page 700 of the Senate Journal and that Engrossed House Bill No. 1205 be further amended as follows:

Page 2, line 4, remove the overstrike over "A"

Page 2, remove the overstrike over lines 5 and 6

Page 2, line 7, remove the overstrike over "~~testing will be conducted~~", remove the overstrike over "~~The~~", after "~~local agency~~" insert "person", and remove the overstrike over "~~conducting the~~"

Page 2, line 8, remove the overstrike over "~~testing may assess a charge of up to~~", after "~~fifty~~" insert "twenty-five", and remove the overstrike over "~~dollars for conducting this testing.~~"

Renumber accordingly

Engrossed HB 1205 was placed on the Seventh order of business on the calendar.

**REPORT OF CONFERENCE COMMITTEE**

**SB 2096:** Your conference committee (Sens. Mutch, Espegard, Bercier and Reps. Vigesaa, Bernstein, Thorpe) recommends that the **SENATE ACCEDE** to the House amendments on SJ pages 972-973 and place SB 2096 on the Seventh order.

SB 2096 was placed on the Seventh order of business on the calendar.

**REPORT OF CONFERENCE COMMITTEE**

**SB 2179, as engrossed:** Your conference committee (Sens. Espegard, Krebsbach, Heitkamp and Reps. Vigesaa, Clark, Thorpe) recommends that the **SENATE ACCEDE** to the House amendments on SJ page 897 and place SB 2179 on the Seventh order.

Engrossed SB 2179 was placed on the Seventh order of business on the calendar.

**REPORT OF CONFERENCE COMMITTEE**

**SB 2205:** Your conference committee (Sens. Espgaard, Nething, Warner and Reps. Price, Owens, Schmidt) recommends that the **SENATE ACCEDE** to the House amendments on SJ page 873 and place SB 2205 on the Seventh order.

SB 2205 was placed on the Seventh order of business on the calendar.

**REPORT OF CONFERENCE COMMITTEE**

**SB 2384:** Your conference committee (Sens. Syverson, Hacker, Triplett and Reps. Klemin, Koppelman, Onstad) recommends that the **SENATE ACCEDE** to the House amendments on SJ pages 1117-1118 and place SB 2384 on the Seventh order.

SB 2384 was placed on the Seventh order of business on the calendar.

**REPORT OF CONFERENCE COMMITTEE**

**SCR 4021:** Your conference committee (Sens. Erbele, Klein, Taylor and Reps. Nicholas, Kingsbury, Boe) recommends that the **SENATE ACCEDE** to the House amendments on SJ page 829 and place SCR 4021 on the Seventh order.

SCR 4021 was placed on the Seventh order of business on the calendar.

**REPORT OF STANDING COMMITTEE**

**HB 1523, as engrossed: Industry, Business and Labor Committee (Sen. Mutch, Chairman)** recommends **DO PASS** (5 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1523 was placed on the Fourteenth order on the calendar.

**REPORT OF STANDING COMMITTEE**

**HB 1524, as engrossed: Political Subdivisions Committee (Sen. Cook, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1524 was placed on the Sixth order on the calendar.

Page 1, line 22, after the period insert "Except for those meetings or portions of meetings during which the committee is making final decisions regarding the committee's recommendations and proposed legislation, the committee may conduct joint meetings with the native American tribal citizens' task force."

ReNUMBER accordingly

**REPORT OF STANDING COMMITTEE**

**HB 1526, as engrossed: Industry, Business and Labor Committee (Sen. Mutch, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1526 was placed on the Sixth order on the calendar.

Page 1, line 3, replace "a continuing appropriation" with "an expiration date"

Page 1, line 8, after "establish" insert "at the Bank of North Dakota"

Page 1, line 14, replace "industrial commission" with "Bank of North Dakota"

Page 1, line 23, after "commission" insert ", the Bank of North Dakota,"

Page 2, line 3, after "Bank" insert "of North Dakota"

Page 2, line 27, replace "reserve" with "program"

Page 2, line 30, remove "All funds received by the reserve board under this section are appropriated as a"

Page 2, line 31, remove "standing and continuing appropriation for the purposes of this section." and replace "board" with "Bank of North Dakota"

Page 3, after line 4, insert:

**"SECTION 2. EXPIRATION DATE.** This Act is effective through June 30, 2007, and after that date is ineffective."

Renumber accordingly

**FIRST READING OF HOUSE BILLS**

**HB 1530:** A BILL for an Act to create and enact a new subsection to section 57-51.1-01 and a new subsection to section 57-51.1-03 of the North Dakota Century Code, relating to an oil extraction tax exemption for oil from new wells; to amend and reenact section 57-51.1-02 and subsection 3 of section 57-51.1-03 of the North Dakota Century Code, relating to an oil extraction tax rate reduction and exemption for oil from new wells; and to provide an effective date.

Was read the first time and referred to the **Finance and Taxation Committee**.

**HB 1531:** A BILL for an Act to amend and reenact section 65-04-02 of the North Dakota Century Code, relating to workforce safety and insurance fund reserve balance and rate of discount.

Was read the first time and referred to the **Industry, Business and Labor Committee**.

The Senate stood adjourned pursuant to Senator Christmann's motion.

**William R. Horton, Secretary**

