

## JOURNAL OF THE SENATE

## Sixtieth Legislative Assembly

\* \* \* \* \*

Bismarck, April 24, 2007

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

The prayer was offered by Senator Krebsbach.

The roll was called and all members were present.

A quorum was declared by the President.

**CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. KILZER MOVED** that the conference committee report on Engrossed SB 2003 as printed on SJ pages 1116-1120 be adopted, which motion prevailed on a voice vote.

Engrossed SB 2003, as amended, was placed on the Eleventh order.

**SECOND READING OF SENATE BILL**

**SB 2003:** A BILL for an Act to provide an appropriation for defraying the expenses of the attorney general; to provide exemptions; to provide for crime laboratory building project carryover authority; to authorize the use of state property; to provide for budget section reports; to provide legislative intent; to amend and reenact sections 54-12-11 and 54-59-21 of the North Dakota Century Code, relating to the salary of the attorney general and to the criminal justice information sharing system; and to declare an emergency.

**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:** Anderson; Andrist; Bakke; Behm; Bowman; Christmann; Cook; Dever; Erbele; Fiebiger; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heckaman; Heitkamp; Holmberg; Horne; Kilzer; Klein; Krauter; Krebsbach; Lee, G.; Lee, J.; Lindaas; Lyson; Marcellais; Mathern; Nelson; Nething; O'Connell; Oehlke; Olafson; Pomeroy; Potter; Robinson; Seymour; Stenehjem; Tallackson; Taylor; Tollefson; Triplett; Urlacher; Wanzek; Wardner; Warner

Reengrossed SB 2003 passed, the title was agreed to, and the emergency clause was declared carried.

\*\*\*\*\*

**CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. HOLMBERG MOVED** that the conference committee report on Engrossed SB 2013 as printed on SJ pages 1620-1628 be adopted, which motion prevailed on a voice vote.

Engrossed SB 2013, as amended, was placed on the Eleventh order.

**SECOND READING OF SENATE BILL**

**SB 2013:** A BILL for an Act to provide an appropriation for defraying the expenses of the department of public instruction, the school for the deaf, North Dakota vision services - school for the blind, and the state library; to provide an appropriation relating to teachers' retirement contributions; to provide for the distribution of special education payments; to provide for transfers; to provide for a legislative council study; to provide for legislative intent; to provide an exemption; to amend and reenact section 15.1-02-02 of the North Dakota Century Code and section 28 of chapter 167 of the 2005 Session Laws, relating to the salary of the superintendent of public instruction and contingent distributions of per student payments; and to declare an emergency.

**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:** Anderson; Andrist; Bakke; Behm; Bowman; Christmann; Cook; Dever; Erbele; Fiebiger; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heckaman; Heitkamp; Holmberg; Horne;

Kilzer; Klein; Krauter; Krebsbach; Lee, G.; Lee, J.; Lindaas; Lyson; Marcellais; Mathern; Nelson; Nething; O'Connell; Oehlke; Olafson; Pomeroy; Potter; Robinson; Seymour; Stenehjem; Tallackson; Taylor; Tollefson; Triplett; Urlacher; Wanzek; Wardner; Warner

Reengrossed SB 2013 passed, the title was agreed to, and the emergency clause was declared carried.

\*\*\*\*\*

**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 2003, SB 2013.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The House has passed and your favorable consideration is requested on: HB 1522.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently passed: HB 1003.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The Speaker has appointed Rep. Boucher to replace Rep. Glassheim on the Conference Committee on HB 1018.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The Speaker has appointed Rep. Vigesaa to replace Rep. Weisz on the Conference Committee on HB 1012.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

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

**HB 1009:** Reps. Monson; Svedjan; Carlson

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** Your signature is respectfully requested on: HB 1016, HB 1019, HB 1093, HB 1311, HB 1466.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The Speaker has signed: SB 2002, SB 2004, SB 2005, SB 2008, SB 2009, SB 2010, SB 2011, SB 2016, SB 2017, SB 2019, SB 2022, SB 2200, SB 2256, SB 2288, SB 2309, SCR 4037.

**MOTION**

**SEN. CHRISTMANN MOVED** that the Senate stand in recess until 10:30 a.m., which motion prevailed.

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

**REPORT OF CONFERENCE COMMITTEE**

**HB 1003, as engrossed:** Your conference committee (Sens. Holmberg, Christmann, Robinson and Reps. Wald, Monson, Aarsvold) recommends that the **SENATE RECEDE** from the Senate amendments on HJ pages 1346-1357, adopt amendments as follows, and place HB 1003 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1346-1357 of the House Journal and pages 1025-1035 of the Senate Journal and that Engrossed House Bill No. 1003 be amended as follows:

Page 1, line 3, remove "to provide for"

Page 1, line 4, remove "a transfer;"

Page 1, line 6, replace "sections 1 and 2 of House Bill No. 1031, as" with "section 15-12-27 of the North Dakota Century Code, relating to North Dakota state university's eighteenth street development fund"

Page 1, line 7, remove "approved by the sixtieth legislative assembly, relating to the budgeting process"

Page 5, replace lines 5 through 31 with:

**"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 North Dakota university system office and to the various entities and institutions under the supervision of the state board of higher education which are included in the appropriation in section 3 of this Act as follows:

Subdivision 1.

NORTH DAKOTA UNIVERSITY SYSTEM OFFICE AND INSTITUTIONS

Capital assets	\$2,225,971
Competitive research program	460,000
Board initiatives	(1,486,500)
System governance	314,972
Common information services	10,914,000
Operations pool	(388,559)
Equity pool	(2,000,000)
Contingency and capital emergency	(436,923)
Professional liability insurance	(250,000)
Student financial assistance grants	2,483,095
Professional student exchange program	595,666
Scholars program	616,489
Native American scholarships	128,638
Education incentive programs	512,412
Total all funds - Adjustments/enhancements	\$13,689,261
Less estimated income - Adjustments/enhancements	2,817,754
Total general fund - Adjustments/enhancements	\$10,871,507

Subdivision 2.

BISMARCK STATE COLLEGE

Operations	\$2,719,759
Capital assets	2,707,161
Total all funds - Adjustments/enhancements	\$5,426,920
Less estimated income - Adjustments/enhancements	1,988,750
Total general fund - Adjustments/enhancements	\$3,438,170

Subdivision 3.

LAKE REGION STATE COLLEGE

Operations	\$1,072,401
Capital assets	2,745,667
Total all funds - Adjustments/enhancements	\$3,818,068
Less estimated income - Adjustments/enhancements	3,007,600
Total general fund - Adjustments/enhancements	\$810,468

Subdivision 4.

WILLISTON STATE COLLEGE

Operations	\$819,714
Capital assets	(5,879,277)
Total all funds - Adjustments/enhancements	(\$5,059,563)
Less estimated income - Adjustments/enhancements	(5,660,000)
Total general fund - Adjustments/enhancements	\$600,437

Subdivision 5.

UNIVERSITY OF NORTH DAKOTA

Operations	\$13,655,628
Capital assets	(18,303,224)
Total all funds - Adjustments/enhancements	(\$4,647,596)
Less estimated income - Adjustments/enhancements	(23,911,554)
Total general fund - Adjustments/enhancements	\$19,263,958

Subdivision 6.

NORTH DAKOTA STATE UNIVERSITY

Operations	\$13,115,343
Capital assets	4,016,935
Total all funds - Adjustments/enhancements	\$17,132,278
Less estimated income - Adjustments/enhancements	(3,000,000)
Total general fund - Adjustments/enhancements	\$20,132,278

## Subdivision 7.

## NORTH DAKOTA STATE COLLEGE OF SCIENCE

Operations	\$2,544,966
Capital assets	<u>1,198,613</u>
Total all funds - Adjustments/enhancements	\$3,743,579
Less estimated income - Adjustments/enhancements	<u>565,500</u>
Total general fund - Adjustments/enhancements	\$3,178,079

## Subdivision 8.

## DICKINSON STATE UNIVERSITY

Operations	\$2,017,745
Capital assets	<u>(465,484)</u>
Total all funds - Adjustments/enhancements	\$1,552,261
Less estimated income - Adjustments/enhancements	<u>(1,100,557)</u>
Total general fund - Adjustments/enhancements	\$2,652,818

## Subdivision 9.

## MAYVILLE STATE UNIVERSITY

Operations	\$1,037,261
Capital assets	<u>130,969</u>
Total all funds - Adjustments/enhancements	\$1,168,230
Less estimated income - Adjustments/enhancements	<u>(600,000)</u>
Total general fund - Adjustments/enhancements	\$1,768,230

## Subdivision 10.

## MINOT STATE UNIVERSITY

Operations	\$2,652,994
Capital assets	<u>367,024</u>
Total all funds - Adjustments/enhancements	\$3,020,018
Less estimated income - Adjustments/enhancements	<u>(7,128,385)</u>
Total general fund - Adjustments/enhancements	\$10,148,403

## Subdivision 11.

## VALLEY CITY STATE UNIVERSITY

Operations	\$1,443,234
Capital assets	<u>2,487,819</u>
Total all funds - Adjustments/enhancements	\$3,931,053
Less estimated income - Adjustments/enhancements	<u>2,200,000</u>
Total general fund - Adjustments/enhancements	\$1,731,053

## Subdivision 12.

## MINOT STATE UNIVERSITY - BOTTINEAU

Operations	\$389,302
Capital assets	<u>(5,699,023)</u>
Total all funds - Adjustments/enhancements	(\$5,309,721)
Less estimated income - Adjustments/enhancements	<u>(5,748,000)</u>
Total general fund - Adjustments/enhancements	\$438,279

## Subdivision 13.

UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE  
AND HEALTH SCIENCES

Operations	\$2,868,187
Total general fund - Adjustments/enhancements	\$2,868,187

## Subdivision 14.

## NORTH DAKOTA FOREST SERVICE

Operations	\$409,473
Capital assets	<u>78,566</u>
Total all funds - Adjustments/enhancements	\$488,039
Less estimated income - Adjustments/enhancements	<u>22,485</u>
Total general fund - Adjustments/enhancements	\$465,554
Total general fund - Section 2	\$78,367,421
Total estimated income - Section 2	<u>(\$36,546,407)</u>
Total all funds - Section 2	\$41,821,014

**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 North Dakota university system office and the various entities and institutions under the supervision of the state board of

higher education for the purpose of defraying the expenses of those entities and institutions, for the biennium beginning July 1, 2007, and ending June 30, 2009, as follows:

Subdivision 1.  
NORTH DAKOTA UNIVERSITY SYSTEM OFFICE AND INSTITUTIONS

Capital assets	\$16,504,112
Competitive research program	5,650,000
Board initiatives	398,500
System governance	5,883,394
Title II	695,600
Common information services	31,477,093
Professional liability insurance	1,100,000
Student financial assistance grants	5,987,497
Professional student exchange program	2,722,946
Scholars program	1,478,566
Native American scholarships	380,626
Education incentive programs	<u>1,740,314</u>
Total all funds	\$74,018,648
Less estimated income	<u>5,417,530</u>
Total general fund appropriation	\$68,601,118

Subdivision 2.  
BISMARCK STATE COLLEGE

Operations	\$19,585,307
Capital assets	6,695,942
Total all funds	\$26,281,249
Less estimated income	<u>5,734,050</u>
Total general fund appropriation	\$20,547,199

Subdivision 3.  
LAKE REGION STATE COLLEGE

Operations	\$6,462,390
Capital assets	3,133,204
Total all funds	\$9,595,594
Less estimated income	<u>3,007,600</u>
Total general fund appropriation	\$6,587,994

Subdivision 4.  
WILLISTON STATE COLLEGE

Operations	\$6,572,711
Capital assets	2,257,198
Total all funds	\$8,829,909
Less estimated income	<u>2,300,000</u>
Total general fund appropriation	\$6,529,909

Subdivision 5.  
UNIVERSITY OF NORTH DAKOTA

Operations	\$106,207,230
Capital assets	<u>81,828,875</u>
Total all funds	\$188,036,105
Less estimated income	<u>73,920,000</u>
Total general fund appropriation	\$114,116,105

Subdivision 6.  
NORTH DAKOTA STATE UNIVERSITY

Operations	\$88,919,993
Capital assets	<u>43,209,161</u>
Total all funds	\$132,129,154
Less estimated income	<u>34,500,000</u>
Total general fund appropriation	\$97,629,154

Subdivision 7.  
NORTH DAKOTA STATE COLLEGE OF SCIENCE

Operations	\$27,531,794
Capital assets	4,756,865
Total all funds	\$32,288,659
Less estimated income	<u>3,370,420</u>
Total general fund appropriation	\$28,918,239

Subdivision 8.		
	DICKINSON STATE UNIVERSITY	
Operations		\$16,729,372
Capital assets		<u>9,018,763</u>
Total all funds		\$25,748,135
Less estimated income		<u>8,000,000</u>
Total general fund appropriation		\$17,748,135

Subdivision 9.		
	MAYVILLE STATE UNIVERSITY	
Operations		\$10,040,891
Capital assets		<u>1,989,963</u>
Total all funds		\$12,030,854
Less estimated income		<u>900,000</u>
Total general fund appropriation		\$11,130,854

Subdivision 10.		
	MINOT STATE UNIVERSITY	
Operations		\$29,868,843
Capital assets		<u>9,578,894</u>
Total all funds		\$39,447,737
Less estimated income		<u>1,406,615</u>
Total general fund appropriation		\$38,041,122

Subdivision 11.		
	VALLEY CITY STATE UNIVERSITY	
Operations		\$13,249,760
Capital assets		<u>2,996,235</u>
Total all funds		\$16,245,995
Less estimated income		<u>2,200,000</u>
Total general fund appropriation		\$14,045,995

Subdivision 12.		
	MINOT STATE UNIVERSITY - BOTTINEAU	
Operations		\$4,723,762
Capital assets		<u>410,702</u>
Total all funds		\$5,134,464
Less estimated income		<u>252,000</u>
Total general fund appropriation		\$4,882,464

Subdivision 13.		
	UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES	
Operations		<u>\$34,229,189</u>
Total general fund appropriation		\$34,229,189

Subdivision 14.		
	NORTH DAKOTA FOREST SERVICE	
Operations		\$3,335,119
Capital assets		<u>180,204</u>
Total all funds		\$3,515,323
Less estimated income		<u>997,486</u>
Total general fund appropriation		\$2,517,837
Total general fund appropriation - Section 3		\$465,525,314
Total estimated income appropriation - Section 3		\$142,005,701
Total all funds appropriation - Section 3		\$607,531,015
Grand total general fund appropriation - H.B. 1003		\$465,675,314
Grand total estimated income appropriation - H.B. 1003		\$164,719,701
Grand total all funds appropriation - H.B. 1003		\$630,395,015

**SECTION 4. APPROPRIATION.** There is appropriated out of any moneys in the general fund, not otherwise appropriated, the sum of \$150,000, or so much of the sum as may be necessary, to Dickinson state university for the purpose of providing one-time startup funding for establishing a Theodore Roosevelt center, for the biennium beginning July 1, 2007, and ending June 30, 2009."

Page 8, remove lines 1 through 30

Page 9, remove lines 1 through 30

Page 10, remove lines 1 through 31

Page 11, remove lines 1 through 30

Page 12, remove lines 1 through 23

Page 12, line 24, after "**INITIATIVES**" insert "**- REPORT TO THE SIXTY-FIRST LEGISLATIVE ASSEMBLY**", after "The" insert "board initiatives line item in subdivision 1 of section 3 of this Act includes the", and remove "of the funding included in"

Page 12, line 25, remove "the board initiatives line item in subdivision 1 of section 3 of this Act must be used"

Page 12, line 26, after "funds" insert "and the sum of \$98,500 for a recruiting initiative for Minot state university - Bottineau. The funding for the initiative is provided for a two-year pilot basis. Minot state university - Bottineau shall report on the effectiveness of the initiative to the appropriations committees of the sixty-first legislative assembly"

Page 13, remove lines 1 through 4

Page 13, line 5, replace "\$28,652,267" with "\$31,477,093"

Page 13, remove lines 14 through 18

Page 13, line 20, replace "\$1,000,000" with "\$750,000"

Page 13, line 25, replace "\$317,460" with "\$523,380"

Page 13, line 29, replace "\$900,000" with "\$7,783,315"

Page 13, line 30, after "fund" insert "of which \$2,773,800 is for northern tier network infrastructure, \$4,109,515 is for steamline projects at the state college of science, Valley City state university, and Minot state university - Bottineau, and \$900,000 is"

Page 16, remove lines 27 through 31

Page 17, line 1, after "**LIMIT**" insert "**- BUDGET SECTION APPROVAL**"

Page 17, line 4, after "year" insert "unless the board receives prior budget section approval"

Page 17, replace lines 5 through 31 with:

**"SECTION 19. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-FIRST LEGISLATIVE ASSEMBLY.** The grand total appropriation in section 3 of this Act includes \$28,382,068 from the general fund and \$7,583,315 from the permanent oil tax trust fund for one-time funding items identified in this section. This amount is not part of the institutions' base budgets to be used in preparing the 2009-11 executive budget. The North Dakota university system shall report to the appropriations committees of the sixty-first legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2007, and ending June 30, 2009.

Northern tier network infrastructure from permanent oil tax trust fund	\$2,773,800
ConnectND system support	2,300,000
Common information system pool parity funding	420,000
Deferred maintenance	10,893,033
Capital projects	13,808,235
Capital projects from permanent oil tax trust fund	4,809,515
Campus initiatives	<u>960,800</u>
Total	\$35,965,383"

Page 18, remove lines 1 through 15

Page 18, line 17, replace "make available" with "use"

Page 18, line 19, replace "the payment of any consulting services relating to the legislative" with "completing and furnishing the thatcher hall renovation and addition at Minot state university - Bottineau"

Page 18, line 20, remove "council study of higher education"

Page 18, after line 21, insert:

**"SECTION 21. LEGISLATIVE INTENT - NORTHERN TIER NETWORK.** It is the intent of the sixtieth legislative assembly that higher education institutions utilizing the northern tier network be responsible for funding the related ongoing maintenance costs for the network.

**SECTION 22. NORTH DAKOTA STATE UNIVERSITY - COLLEGE OF BUSINESS BUILDING.** The state board of higher education may enter an agreement or agreements with the North Dakota state university foundation or other private entity and do all things necessary and proper to authorize construction by the foundation or other private entity of a college of business building off the North Dakota state university campus, using donations, gifts, or other private funds.

**SECTION 23. LEGISLATIVE COUNCIL STUDY - HIGHER EDUCATION.**

1. The legislative council shall consider appointing a higher education committee for the 2007-08 interim. If appointed, the committee shall spend a majority of time studying the means by which the North Dakota university system can further contribute to developing and attracting the human capital to meet North Dakota's economic and workforce needs, and if time allows, the committee may visit select higher education institutions.
2. The study must focus on ways to increase postsecondary access, improve the quality of education, contain costs and other means, including productivity, to maximize the usage of the North Dakota university system in meeting the human capital needs of the state.
3. The study must include a review of policy recommendations, as appropriate, which address the postsecondary delivery system, including the mix of institutions, educational attainment gaps, degree production gaps, recruitment and retention of students, and workforce training needs.
4. The study must include a review of the impact of the state's changing demographics on the university system long-term financing plan.
5. The study must recommend goals for each of the higher education cornerstones.
6. The study may include the use of a higher education roundtable format.
7. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.
8. The state board of higher education also shall take the recommendations into account and make appropriate changes to practices, board policy, and budget needs and allocation.

**SECTION 24. LEGISLATIVE COUNCIL STUDY - PROFESSIONAL STUDENT EXCHANGE PROGRAMS.** The legislative council shall consider studying, during the 2007-08 interim, higher education professional student exchange programs. The study should include review of:

1. The amount of annual tuition and fees paid by students for health care-related professional education programs.
2. The amount of annual support fees paid by the state for health care-related professional education programs.
3. The number of state-supported slots funded and demand for state-supported slots, including the consideration of basing the number of slots on the estimated workforce needs to fill positions due to retirements, geographic, and professional specific service needs.



4. The present repayment provisions and loan forgiveness programs to determine cost-effectiveness, equality issues, and development of program enhancements that would aid in the recruitment of professional students to return to the state to practice their chosen profession.
5. Discontinuation of the contracts with the western interstate commission on higher education for access to veterinary medicine programs and consideration of negotiating contracts for veterinary medicine with Kansas, Iowa, and Minnesota.

The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.

**SECTION 25. LEGISLATIVE INTENT - BISMARCK FAMILY PRACTICE CENTER.** It is the intent of the sixtieth legislative assembly that the university of North Dakota school of medicine and health sciences may construct, renovate, remodel, purchase, or lease a building for the Bismarck family practice center."

Page 20, line 9, replace "Sections 1 and 2 of House Bill No. 1031, as approved by the" with "Section 15-12-27 of the North Dakota Century Code is"

Page 20, line 10, remove "sixtieth legislative assembly, are"

Page 20, line 11, replace "25" with "27"

Page 20, line 14, replace the comma with "and"

Page 20, line 15, remove ", and contingency and capital emergency"

Page 20, line 16, replace "9" with "4, 8, 15, 16," and replace "15" with "22"

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### House Bill No. 1003 - Summary of Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
University System office						
Total all funds	\$73,348,533	\$72,080,990	\$1,937,658	\$74,018,648	\$74,718,648	(\$700,000)
Less estimated income	<u>2,437,810</u>	<u>2,686,810</u>	<u>2,730,720</u>	<u>5,417,530</u>	<u>2,643,730</u>	<u>2,773,800</u>
General fund	\$70,910,723	\$69,394,180	(\$793,062)	\$68,601,118	\$72,074,918	(\$3,473,800)
Bismarck State College						
Total all funds	\$20,799,330	\$20,587,433	\$5,693,816	\$26,281,249	\$26,479,080	(\$197,831)
Less estimated income	<u>27,805</u>	<u>27,805</u>	<u>5,706,245</u>	<u>5,734,050</u>	<u>5,707,555</u>	<u>26,495</u>
General fund	\$20,771,525	\$20,559,628	(\$12,429)	\$20,547,199	\$20,771,525	(\$224,326)
Lake Region State College						
Total all funds	\$9,660,871	\$9,607,299	(\$11,705)	\$9,595,594	\$9,660,871	(\$65,277)
Less estimated income	<u>3,007,600</u>	<u>2,007,600</u>	<u>1,000,000</u>	<u>3,007,600</u>	<u>3,007,600</u>	
General fund	\$6,653,271	\$7,599,699	(\$1,011,705)	\$6,587,994	\$6,653,271	(\$65,277)
Williston State College						
Total all funds	\$7,996,300	\$8,830,366	(\$457)	\$8,829,909	\$8,896,300	(\$66,391)
Less estimated income	<u>1,400,000</u>	<u>2,300,000</u>		<u>2,300,000</u>	<u>2,300,000</u>	
General fund	\$6,596,300	\$6,530,366	(\$457)	\$6,529,909	\$6,596,300	(\$66,391)
University of North Dakota						
Total all funds	\$193,608,905	\$191,861,920	\$174,185	\$192,036,105	\$193,108,905	(\$1,072,800)
Less estimated income	<u>78,200,000</u>	<u>74,100,000</u>	<u>3,820,000</u>	<u>77,920,000</u>	<u>77,700,000</u>	<u>220,000</u>
General fund	\$115,408,905	\$117,761,920	(\$3,645,815)	\$114,116,105	\$115,408,905	(\$1,292,800)
UND Medical Center						
Total all funds	\$33,874,938	\$34,238,963	(\$9,774)	\$34,229,189	\$34,574,938	(\$345,749)
Less estimated income						
General fund	\$33,874,938	\$34,238,963	(\$9,774)	\$34,229,189	\$34,574,938	(\$345,749)
North Dakota State University						
Total all funds	\$119,527,336	\$133,439,378	\$10,689,776	\$144,129,154	\$145,027,336	(\$898,182)
Less estimated income	<u>20,500,000</u>	<u>35,500,000</u>	<u>11,000,000</u>	<u>46,500,000</u>	<u>46,000,000</u>	<u>500,000</u>
General fund	\$99,027,336	\$97,939,378	(\$310,224)	\$97,629,154	\$99,027,336	(\$1,398,182)
State College of Science						
Total all funds	\$38,830,758	\$38,917,159	\$85,500	\$39,002,659	\$39,280,758	(\$278,099)
Less estimated income	<u>8,414,000</u>	<u>8,414,000</u>	<u>1,670,420</u>	<u>10,084,420</u>	<u>8,414,000</u>	<u>1,670,420</u>
General fund	\$30,416,758	\$30,503,159	(\$1,584,920)	\$28,918,239	\$30,866,758	(\$1,948,519)
Dickinson State University						
Total all funds	\$25,917,119	\$25,729,961	\$168,174	\$25,898,135	\$25,917,119	(\$18,984)
Less estimated income	<u>8,000,000</u>	<u>8,000,000</u>		<u>8,000,000</u>	<u>8,000,000</u>	

1640	JOURNAL OF THE SENATE					77th DAY
General fund	\$17,917,119	\$17,729,961	\$168,174	\$17,898,135	\$17,917,119	(\$18,984)
Mayville State University						
Total all funds	\$11,736,719	\$12,208,021	(\$177,167)	\$12,030,854	\$11,879,752	\$151,102
Less estimated income	900,000	900,000		900,000	900,000	
General fund	\$10,836,719	\$11,308,021	(\$177,167)	\$11,130,854	\$10,979,752	\$151,102
Minot State University						
Total all funds	\$39,698,842	\$39,445,085	\$2,652	\$39,447,737	\$39,749,442	(\$301,705)
Less estimated income	5,575,550	1,239,150	167,465	1,406,615	1,239,150	167,465
General fund	\$34,123,292	\$38,205,935	(\$164,813)	\$38,041,122	\$38,510,292	(\$469,170)
Valley City State University						
Total all funds	\$15,979,831	\$15,851,252	\$394,743	\$16,245,995	\$16,379,831	(\$133,836)
Less estimated income			2,200,000	2,200,000		2,200,000
General fund	\$15,979,831	\$15,851,252	(\$1,805,257)	\$14,045,995	\$16,379,831	(\$2,333,836)
Minot State University - Bottineau						
Total all funds	\$5,182,179	\$5,138,046	(\$3,582)	\$5,134,464	\$5,182,179	(\$47,715)
Less estimated income	12,905	12,905	239,095	252,000	12,905	239,095
General fund	\$5,169,274	\$5,125,141	(\$242,677)	\$4,882,464	\$5,169,274	(\$286,810)
Forest Service						
Total all funds	\$3,538,935	\$3,513,993	\$1,330	\$3,515,323	\$3,538,935	(\$23,612)
Less estimated income	997,486	997,486		997,486	997,486	
General fund	\$2,541,449	\$2,516,507	\$1,330	\$2,517,837	\$2,541,449	(\$23,612)
Bill Total						
Total all funds	\$599,700,596	\$611,449,866	\$18,945,149	\$630,395,015	\$634,394,094	(\$3,999,079)
Less estimated income	129,473,156	136,185,756	28,533,945	164,719,701	156,922,426	7,797,275
General fund	\$470,227,440	\$475,264,110	(\$9,588,796)	\$465,675,314	\$477,471,668	(\$11,796,354)

### House Bill No. 1003 - General Fund Summary

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
University System office	\$70,910,723	\$69,394,180	(\$793,062)	\$68,601,118	\$72,074,918	(\$3,473,800)
Bismarck State College	20,771,525	20,559,628	(12,429)	20,547,199	20,771,525	(224,326)
Lake Region State College	6,653,271	7,599,699	(1,011,705)	6,587,994	6,653,271	(65,277)
Williston State College	6,596,300	6,530,366	(457)	6,529,909	6,596,300	(66,391)
University of North Dakota	115,408,905	117,761,920	(3,645,815)	114,116,105	115,408,905	(1,292,800)
UND Medical Center	33,874,938	34,238,963	(9,774)	34,229,189	34,574,938	(345,749)
North Dakota State University	99,027,336	97,939,378	(310,224)	97,629,154	99,027,336	(1,398,182)
State College of Science	30,416,758	30,503,159	(1,584,920)	28,918,239	30,866,758	(1,948,519)
Dickinson State University	17,917,119	17,729,961	168,174	17,898,135	17,917,119	(18,984)
Mayville State University	10,836,719	11,308,021	(177,167)	11,130,854	10,979,752	151,102
Minot State University	34,123,292	38,205,935	(164,813)	38,041,122	38,510,292	(469,170)
Valley City State University	15,979,831	15,851,252	(1,805,257)	14,045,995	16,379,831	(2,333,836)
Minot State University - Bottineau	5,169,274	5,125,141	(242,677)	4,882,464	5,169,274	(286,810)
Forest Service	<u>2,541,449</u>	<u>2,516,507</u>	<u>1,330</u>	<u>2,517,837</u>	<u>2,541,449</u>	<u>(23,612)</u>
Total general fund	\$470,227,440	\$475,264,110	(\$9,588,796)	\$465,675,314	\$477,471,668	(\$11,796,354)

### Detail of Conference Committee Changes to the General Fund

	RESTORES COMPENSATION PACKAGE TO 5/5 <sup>1</sup>	ALLOCATES FUNDING FOR MAYVILLE STATE UNIVERSITY MASTER PLAN TO OPERATIONS <sup>2</sup>	INCREASES FUNDING FOR THE COMPETITIVE RESEARCH PROGRAM <sup>3</sup>	INCREASES FUNDING FOR BOARD INITIATIVES <sup>4</sup>	DECREASES FUNDING FOR SYSTEM GOVERNANCE <sup>5</sup>	INCREASES FUNDING FOR SUPPORT OF THE CONNECTND SYSTEM <sup>6</sup>
University System office	\$199,479	(\$250,000)	\$150,000	\$98,500	(\$200,000)	\$2,300,000
Bismarck State College	211,897					
Lake Region State College	53,572					
Williston State College	65,934					
University of North Dakota	1,246,985					
UND Medical Center	335,975					
North Dakota State University	1,087,958					
State College of Science	263,599					
Dickinson State University	187,158					
Mayville State University	88,198	250,000				
Minot State University	304,357					
Valley City State University	128,579					
Minot State University - Bottineau	44,133					
Forest Service	<u>24,942</u>					
Total general fund	\$4,242,766	\$0	\$150,000	\$98,500	(\$200,000)	\$2,300,000
	INCREASES FUNDING FOR THE NORTHERN TIER NETWORK AND CHANGES FUNDING SOURCE <sup>7</sup>	REMOVES FUNDING FOR THE OPERATIONS POOL <sup>8</sup>	REMOVES FUNDING FOR CONTINGENCY AND CAPITAL EMERGENCY <sup>9</sup>	DECREASES FUNDING FOR PROFESSIONAL LIABILITY INSURANCE <sup>10</sup>	INCREASES FUNDING FOR THE KANSAS STATE UNIVERSITY VETERINARY MEDICINE PROGRAM <sup>11</sup>	REMOVES FUNDING FOR EDUCATION INCENTIVE PROGRAMS <sup>12</sup>
University System office	(\$2,400,000)	(\$144,559)	(\$296,482)	(\$250,000)		
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota						
UND Medical Center						

North Dakota State University  
State College of Science  
Dickinson State University  
Mayville State University  
Minot State University  
Valley City State University  
Minot State University -  
Bottineau  
Forest Service

Total general fund	(\$2,400,000)	(\$144,559)	(\$296,482)	(\$250,000)	\$0	\$0
	PROVIDES 1 PERCENT OPERATING REDUCTION	ADJUSTS FUNDING FOR OPERATIONS <sup>13</sup>	ADJUSTS FUNDING FOR CAPITAL ASSETS <sup>14</sup>	TOTAL GENERAL FUND CHANGES		
University System office				(\$793,062)		
Bismarck State College	(\$197,831)		(\$26,495)	(12,429)		
Lake Region State College	(65,277)		(1,000,000)	(1,011,705)		
Williston State College	(66,391)			(457)		
University of North Dakota	(1,072,800)		(3,820,000)	(3,645,815)		
UND Medical Center	(345,749)			(9,774)		
North Dakota State University	(898,182)		(500,000)	(310,224)		
State College of Science	(278,099)	\$100,000	(1,670,420)	(1,584,920)		
Dickinson State University	(168,984)	150,000		168,174		
Mayville State University	(98,898)		(416,467)	(177,167)		
Minot State University	(301,705)		(167,465)	(164,813)		
Valley City State University	(133,836)	400,000	(2,200,000)	(1,805,257)		
Minot State University - Bottineau	(47,715)		(239,095)	(242,677)		
Forest Service	(23,612)			1,330		
Total general fund	(\$3,699,079)	\$650,000	(\$10,039,942)	(\$9,588,796)		

### House Bill No. 1003 - Other Funds Summary

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
University System office	\$2,437,810	\$2,686,810	\$2,730,720	\$5,417,530	\$2,643,730	\$2,773,800
Bismarck State College	27,805	27,805	5,706,245	5,734,050	5,707,555	26,495
Lake Region State College	3,007,600	2,007,600	1,000,000	3,007,600	3,007,600	
Williston State College	1,400,000	2,300,000		2,300,000	2,300,000	
University of North Dakota	78,200,000	74,100,000	3,820,000	77,920,000	77,700,000	220,000
UND Medical Center						
North Dakota State University	20,500,000	35,500,000	11,000,000	46,500,000	46,000,000	500,000
State College of Science	8,414,000	8,414,000	1,670,420	10,084,420	8,414,000	1,670,420
Dickinson State University	8,000,000	8,000,000		8,000,000	8,000,000	
Mayville State University	900,000	900,000		900,000	9,000,000	
Minot State University	5,575,550	1,239,150	167,465	1,406,615	1,239,150	167,465
Valley City State University			2,200,000	2,200,000		2,200,000
Minot State University - Bottineau	12,905	12,905	239,095	252,000	12,905	239,095
Forest Service	997,486	997,486		997,486	997,486	
Total other funds	\$129,473,156	\$136,185,756	\$28,533,945	\$164,719,701	\$156,922,426	\$7,797,275

### Detail of Conference Committee Changes to Other Funds

	RESTORES COMPENSATION PACKAGE TO 5/5 <sup>1</sup>	ALLOCATES FUNDING FOR MAYVILLE STATE UNIVERSITY MASTER PLAN TO OPERATIONS <sup>2</sup>	INCREASES FUNDING FOR THE COMPETITIVE RESEARCH PROGRAM <sup>3</sup>	INCREASES FUNDING FOR BOARD INITIATIVES <sup>4</sup>	DECREASES FUNDING FOR SYSTEM GOVERNANCE <sup>5</sup>	INCREASES FUNDING FOR SUPPORT OF THE CONNECTND SYSTEM <sup>6</sup>
University System office						
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota						
UND Medical Center						
North Dakota State University						
State College of Science						
Dickinson State University						
Mayville State University						
Minot State University						
Valley City State University						
Minot State University - Bottineau						
Forest Service						
Total other funds	\$0	\$0	\$0	\$0	\$0	\$0
	INCREASES FUNDING FOR THE NORTHERN TIER NETWORK AND CHANGES FUNDING SOURCE <sup>7</sup>	REMOVES FUNDING FOR THE OPERATIONS POOL <sup>8</sup>	REMOVES FUNDING FOR CONTINGENCY AND CAPITAL EMERGENCY <sup>9</sup>	DECREASES FUNDING FOR PROFESSIONAL LIABILITY INSURANCE <sup>10</sup>	INCREASES FUNDING FOR THE KANSAS STATE UNIVERSITY VETERINARY MEDICINE PROGRAM <sup>11</sup>	REMOVES FUNDING FOR EDUCATION INCENTIVE PROGRAMS <sup>12</sup>
University System office	\$2,773,800				\$205,920	(\$249,000)
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota						
UND Medical Center						

North Dakota State University  
State College of Science  
Dickinson State University  
Mayville State University  
Minot State University  
Valley City State University  
Minot State University -  
Bottineau  
Forest Service

Total other funds	\$2,773,800	\$0	\$0	\$0	\$205,920	(\$249,000)
-------------------	-------------	-----	-----	-----	-----------	-------------

	PROVIDES 1 PERCENT OPERATING REDUCTION	ADJUSTS FUNDING FOR OPERATIONS 13	ADJUSTS FUNDING FOR CAPITAL ASSETS 14	TOTAL OTHER FUNDS CHANGES
University System office				\$2,730,720
Bismarck State College			\$5,706,245	5,706,245
Lake Region State College			1,000,000	1,000,000
Williston State College				
University of North Dakota			3,820,000	3,820,000
UND Medical Center				
North Dakota State University			11,000,000	11,000,000
State College of Science			1,670,420	1,670,420
Dickinson State University				
Mayville State University				
Minot State University			167,465	167,465
Valley City State University			2,200,000	2,200,000
Minot State University - Bottineau			239,095	239,095
Forest Service				
Total other funds	\$0	\$0	\$25,803,225	\$28,533,945

### House Bill No. 1003 - All Funds Summary

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
University System office	\$73,348,533	\$72,080,990	\$1,937,658	\$74,018,648	\$74,718,648	(\$700,000)
Bismarck State College	20,799,330	20,587,433	5,693,816	26,281,249	26,479,080	(197,831)
Lake Region State College	9,660,871	9,607,299	(11,705)	9,595,594	9,660,871	(65,277)
Williston State College	7,996,300	8,830,366	(457)	8,829,909	8,896,300	(66,391)
University of North Dakota	193,608,905	191,861,920	174,185	192,036,105	193,108,905	(1,072,800)
UND Medical Center	33,874,938	34,238,963	(9,774)	34,229,189	34,574,938	(345,749)
North Dakota State University	119,527,336	133,439,378	10,689,776	144,129,154	145,027,336	(898,182)
State College of Science	38,830,758	38,917,159	85,500	39,002,659	39,280,758	(278,099)
Dickinson State University	25,917,119	25,729,961	168,174	25,898,135	25,917,119	(18,984)
Mayville State University	11,736,719	12,208,021	(177,167)	12,030,854	11,879,752	151,102
Minot State University	39,698,842	39,445,085	2,652	39,447,737	39,749,442	(301,705)
Valley City State University	15,979,831	15,851,252	394,743	16,245,995	16,379,831	(133,836)
Minot State University - Bottineau	5,182,179	5,138,046	(3,582)	5,134,464	5,182,179	(47,715)
Forest Service	<u>3,538,935</u>	<u>3,513,993</u>	<u>1,330</u>	<u>3,515,323</u>	<u>3,538,935</u>	<u>(23,612)</u>
Total all funds	\$599,700,596	\$611,449,866	\$18,945,149	\$630,395,015	\$634,394,094	(\$3,999,079)
FTE	2134.59	2136.59	0.00	2136.59	2136.59	0.00

### Detail of Conference Committee Changes to All Funds

	RESTORES COMPENSATION PACKAGE TO 5/5 1	ALLOCATES FUNDING FOR MAYVILLE STATE UNIVERSITY MASTER PLAN TO OPERATIONS 2	INCREASES FUNDING FOR THE COMPETITIVE RESEARCH PROGRAM 3	INCREASES FUNDING FOR BOARD INITIATIVES 4	DECREASES FUNDING FOR SYSTEM GOVERNANCE 5	INCREASES FUNDING FOR SUPPORT OF THE CONNECTND SYSTEM 6
University System office	\$199,479	(\$250,000)	\$150,000	\$98,500	(\$200,000)	\$2,300,000
Bismarck State College	211,897					
Lake Region State College	53,572					
Williston State College	65,934					
University of North Dakota	1,246,985					
UND Medical Center	335,975					
North Dakota State University	1,087,958					
State College of Science	263,599					
Dickinson State University	187,158					
Mayville State University	88,198	250,000				
Minot State University	304,357					
Valley City State University	128,579					
Minot State University - Bottineau	44,133					
Forest Service	<u>24,942</u>					
Total all funds	\$4,242,766	\$0	\$150,000	\$98,500	(\$200,000)	\$2,300,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

  

	INCREASES FUNDING FOR THE NORTHERN TIER NETWORK AND CHANGES FUNDING SOURCE 7	REMOVES FUNDING FOR THE OPERATIONS POOL 8	REMOVES FUNDING FOR CONTINGENCY AND CAPITAL EMERGENCY 9	DECREASES FUNDING FOR PROFESSIONAL LIABILITY INSURANCE 10	INCREASES FUNDING FOR THE KANSAS STATE UNIVERSITY VETERINARY MEDICINE PROGRAM 11	REMOVES FUNDING FOR EDUCATION INCENTIVE PROGRAMS 12
University System office	\$373,800	(\$144,559)	(\$296,482)	(\$250,000)	\$205,920	(\$249,000)
Bismarck State College						
Lake Region State College						
Williston State College						

University of North Dakota  
UND Medical Center  
North Dakota State University  
State College of Science  
Dickinson State University  
Mayville State University  
Minot State University  
Valley City State University  
Minot State University -  
Bottineau  
Forest Service

Total all funds	\$373,800	(\$144,559)	(\$296,482)	(\$250,000)	\$205,920	(\$249,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	PROVIDES 1 PERCENT OPERATING REDUCTION	ADJUSTS FUNDING FOR OPERATIONS <sup>13</sup>	ADJUSTS FUNDING FOR CAPITAL ASSETS <sup>14</sup>	TOTAL ALL FUNDS CHANGES
University System office				\$1,937,658
Bismarck State College	(\$197,831)		\$5,679,750	5,693,816
Lake Region State College	(65,277)			(11,705)
Williston State College	(66,391)			(457)
University of North Dakota	(1,072,800)			174,185
UND Medical Center	(345,749)			(9,774)
North Dakota State University	(898,182)		10,500,000	10,689,776
State College of Science	(278,099)	\$100,000		85,500
Dickinson State University	(168,984)	150,000		168,174
Mayville State University	(98,898)		(416,467)	(177,167)
Minot State University	(301,705)			2,652
Valley City State University	(133,836)	400,000		394,743
Minot State University - Bottineau	(47,715)			(3,582)
Forest Service	(23,612)			1,330
Total all funds	(\$3,699,079)	\$650,000	\$15,763,283	\$18,945,149
FTE	0.00	0.00	0.00	0.00

<sup>1</sup> This amendment restores funding for salary increases of 5 percent for each year of the 2007-09 biennium, same as the Senate version.

<sup>2</sup> This amendment allocates \$250,000 of the \$1 million from the general fund included in the executive budget recommendation for Mayville State University for deferred maintenance and developing a long-range master plan to the university for support of campus operations. This allocation was not included in either the House or Senate version.

<sup>3</sup> This amendment increases funding for competitive research by \$150,000 from the general fund, from \$5,550,000 as provided for in the executive budget recommendation to \$5,650,000, same as the Senate version.

<sup>4</sup> This amendment increases funding for board initiatives by \$98,500 from the general fund, from \$300,000 to \$398,500. The funding of \$98,500 is to be used for a recruiting initiative for Minot State University - Bottineau. The initiative is a pilot project and Minot State University - Bottineau is to report to the 61st Legislative Assembly on the effectiveness of the initiative. This increase was also included in the Senate version although in the Senate version it was a shared initiative between Minot State University - Bottineau and Minot State University.

<sup>5</sup> This amendment decreases funding for system governance by \$200,000 from the general fund. This decrease was not included in either the House or Senate version.

<sup>6</sup> This amendment increases one-time funding provided for support of the ConnectND system by \$2,300,000 from the general fund, from \$3,700,000 as provided for in the executive budget to \$6,000,000, same as the Senate version.

<sup>7</sup> This amendment increases funding for the Northern Tier Network project by \$373,800, from \$2,400,000 to \$2,773,800, and changes the funding source from the general fund to the permanent oil tax trust fund. The following is a summary of funding for the Northern Tier Network project:

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE VERSION	CONFERENCE COMMITTEE VERSION
General fund	\$1,000,000	\$2,400,000	\$2,773,800	
Permanent oil tax trust fund				\$2,773,800
Total	\$1,000,000	\$2,400,000	\$2,773,800	\$2,773,800

<sup>8</sup> This amendment removes funding of \$144,559 from the general fund for the operations pool, same as the Senate version.

<sup>9</sup> This amendment removes funding of \$296,482 from the general fund for contingency and capital emergency, same as the Senate version.

<sup>10</sup> This amendment decreases funding for professional liability insurance by \$250,000 from the general fund. This decrease was not included in either the House or Senate version.

<sup>11</sup> This amendment increases funding for the Kansas State University veterinary medicine program by \$205,920, from \$317,460 to \$523,380 from the student loan trust fund, to fund five new students per year in the 2007-09 biennium, same as the Senate version.

<sup>12</sup> This amendment decreases funding for the education incentive programs by \$249,000, from \$1,989,314, as provided for by the House, to \$1,227,902. The additional funding of \$249,000 was related to increases in the teacher shortage loan forgiveness program as provided in House Bill No. 1249. House Bill No. 1249 was defeated by the Senate; therefore, the additional funding provided for in House Bill No. 1003 is removed. This decrease was also included in the Senate version.

<sup>13</sup> Dickinson State University - This amendment provides funding of \$150,000 from the general fund for one-time startup funding for establishing a Theodore Roosevelt Center. This funding was not included in the House or Senate version.

State College of Science and Valley City State University - This amendment provides funding of \$500,000 from the general fund to support campus operations at the State College of Science (\$100,000) and Valley City State University (\$400,000), same as the Senate version.

14 Bismarck State College - This amendment appropriates funding of \$5,679,750 from special funds for reauthorization of the college's student housing project.

This amendment also requires an additional local match for the college's Schafer Hall renovation of \$26,495. The following is a summary of funding for the project:

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE VERSION	CONFERENCE COMMITTEE VERSION
General fund	\$515,195	\$515,195	\$515,195	\$488,700
Special funds	<u>27,805</u>	<u>27,805</u>	<u>27,805</u>	<u>54,300</u>
Total	\$543,000	\$543,000	\$543,000	\$543,000

Lake Region State College - This amendment changes the funding source for the college's wind energy project as follows:

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE VERSION	CONFERENCE COMMITTEE VERSION
General fund		\$1,000,000		
Special funds	<u>\$3,007,600</u>	<u>2,007,600</u>	<u>\$3,007,600</u>	<u>\$3,007,600</u>
Total	\$3,007,600	\$3,007,600	\$3,007,600	\$3,007,600

University of North Dakota - This amendment changes the funding source of the UND School of Medicine and Health Sciences new Bismarck family medicine residency facility as follows:

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE VERSION	CONFERENCE COMMITTEE VERSION
General fund		\$3,600,000		
Special funds	<u>\$4,500,000</u>	<u>400,000</u>	<u>\$4,000,000</u>	<u>\$4,000,000</u>
Total	\$4,500,000	\$4,000,000	\$4,000,000	\$4,000,000

This amendment also requires a local match for the university's O'Kelly Hall and Ireland laboratory renovation of \$220,000. The following is a summary of funding for the project:

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE VERSION	CONFERENCE COMMITTEE VERSION
General fund	\$2,200,000	\$2,200,000	\$2,200,000	\$1,980,000
Special funds				<u>220,000</u>
Total	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000

North Dakota State University - This amendment increases the special funds appropriation to the university to reauthorize the Bison Sports Arena renovation project by \$10,500,000, from \$15,000,000 to \$25,500,000, same as the Senate version.

This amendment also requires a local match for the university's Minard Hall renovation of \$500,000. The following is a summary of funding for the project:

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE VERSION	CONFERENCE COMMITTEE VERSION
General fund	\$500,000	\$500,000	\$500,000	\$4,500,000
Special funds				<u>500,000</u>
Total	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000

State College of Science - This amendment changes the funding source for the college's steamline project from the general fund to the permanent oil tax trust fund. The following is a summary of funding for the project:

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE VERSION	CONFERENCE COMMITTEE VERSION
General fund	\$1,670,420	\$1,670,420	\$1,670,420	
Permanent oil tax trust fund				<u>\$1,670,420</u>
Total	\$1,670,420	\$1,670,420	\$1,670,420	\$1,670,420

Mayville State University - This amendment decreases funding added by the House for the payoff of special assessments and other deferred maintenance issues by \$416,467 from the general fund, from \$559,500 to \$143,033, same as the Senate version.

Minot State University - This amendment requires an additional local match for the university's Swain Hall renovation and addition of \$167,465. The following is a summary of funding for the project:

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE VERSION	CONFERENCE COMMITTEE VERSION
General fund	\$2,500,000	\$6,500,000	\$6,500,000	\$6,332,535
Special funds	<u>4,536,150</u>	<u>536,150</u>	<u>536,150</u>	<u>703,615</u>
Total	\$7,036,150	\$7,036,150	\$7,036,150	\$7,036,150

Valley City State University - This amendment changes the funding source for the university's steamline project from the general fund to the permanent oil tax trust fund. The following is a summary of funding for the project:

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE VERSION	CONFERENCE COMMITTEE VERSION
General fund	\$2,200,000	\$2,200,000	\$2,200,000	

Permanent oil tax trust fund				<u>\$2,200,000</u>
Total	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000

Minot State University - Bottineau - This amendment changes the funding source for the university's steamline project from the general fund to the permanent oil tax trust fund. The following is a summary of funding for the project:

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE VERSION	CONFERENCE COMMITTEE VERSION
General fund	\$239,095	\$239,095	\$239,095	
Permanent oil tax trust fund				\$230,095
Special funds	<u>12,905</u>	<u>12,905</u>	<u>12,905</u>	<u>12,905</u>
Total	\$252,000	\$252,000	\$252,000	\$252,000

### House Bill No. 1003 - Other Changes - Conference Committee Action

This amendment also:

- Amends Section 17 of the engrossed bill to provide that the State Board of Higher Education shall limit any annual tuition increase for the 2007-08 and 2008-09 academic years to not more than 5 percent for each year unless the board receives prior Budget Section approval, same as the Senate version.
- Adds a section to provide that participating higher education institutions are responsible for funding maintenance costs associated with the Northern Tier Network, same as the Senate version.
- Adds a section to allow the State Board of Higher Education to authorize construction of a College of Business building off the North Dakota State University campus, same as the Senate version.
- Adds sections to provide for a study of higher education and professional student exchange programs and removes study language added by the House, same as the Senate version.
- Amends Section 23 of the engrossed bill relating to the use of unspent 2005-07 general fund appropriations to provide that the State Board of Higher Education shall use \$200,000 of the unspent 2005-07 general fund appropriation for completing and furnishing the Thatcher Hall renovation and addition at Minot State University - Bottineau, same as the Senate version.
- Amends Section 26 of the engrossed bill to remove the repeal of Sections 1 and 2 of House Bill No. 1031 and to repeal Section 15-12-27 of the North Dakota Century Code relating to North Dakota State University's 18th Street Development Fund, same as the Senate version.
- Adds a section of legislative intent regarding the UND School of Medicine Bismarck family practice center.
- Amends the one-time funding section and emergency clause for the bill as appropriate.

Engrossed HB 1003 was placed on the Seventh order of business on the calendar.

### CONSIDERATION OF CONFERENCE COMMITTEE REPORT

**SEN. HOLMBERG MOVED** that the conference committee report on Engrossed HB 1003 be adopted.

### REQUEST

**SEN. ROBINSON REQUESTED** a verification vote on the motion to adopt the conference committee report on Engrossed HB 1003, which request was granted.

The motion to adopt the conference committee report on Engrossed HB 1003 failed on a verification vote.

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

**MR. SPEAKER:** The Senate has not adopted the conference committee report on: SB 2260.

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

**MR. SPEAKER:** The Senate has not adopted the conference committee report on: HB 1003.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently passed: SB 2014, SB 2018, SB 2030.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently passed: HB 1515.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report on: HB 1009.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The House has not adopted the conference committee report on: HB 1017.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** Your signature is respectfully requested on: HB 1001, HB 1021, HB 1233.

**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.

**REPORT OF CONFERENCE COMMITTEE**

**HB 1009, as engrossed:** Your conference committee (Sens. Flakoll, Wardner, Krauter and Reps. Monson, Svedjan, Aarsvold) recommends that the **SENATE RECEDE** from the Senate amendments on HJ page 1391 and place HB 1009 on the Seventh order.

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

**CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. CHRISTMANN MOVED** that the conference committee report on Engrossed HB 1009 be adopted, which motion failed on a verification vote.

**APPOINTMENT OF CONFERENCE COMMITTEE**

**SEN. CHRISTMANN MOVED** that the President appoint a committee of three to act with a like committee from the House as a new Conference Committee on Engrossed HB 1009, which motion prevailed.

**THE PRESIDENT APPOINTED** as a new Conference Committee on:

**Engrossed HB 1009:** Sens. Krebsbach, Bowman, Seymour

**REPORT OF CONFERENCE COMMITTEE**

**HB 1515, as engrossed:** Your conference committee (Sens. Tollefson, Urlacher, Heitkamp and Reps. Porter, Monson, S. Kelsh) recommends that the **SENATE RECEDE** from the Senate amendments on HJ pages 1438-1439, adopt amendments as follows, and place HB 1515 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1438 and 1439 of the House Journal and page 1017 of the Senate Journal and that Engrossed House Bill No. 1515 be amended as follows:

Page 1, line 1, replace the second "and" with a comma

Page 1, line 2, after "54-17" insert ", and, if Senate Bill No. 2288 of the sixtieth legislative assembly becomes effective, a new section to chapter 54-17"

Page 1, line 3, replace "and" with a comma

Page 1, line 4, after "program" insert ", and to establish a biomass incentive and research fund; to provide a transfer"

Page 1, line 17, replace "A" with "If Senate Bill No. 2288 of the sixtieth legislative assembly does not become effective, a"

Page 2, replace lines 22 through 27 with:

"10. Work in cooperation with the game and fish department to establish a private land open to sportsmen program biomass demonstration project.



**SECTION 3.** If Senate Bill No. 2288 is approved by the legislative assembly and becomes effective, a new section to chapter 54-17 of the North Dakota Century Code is created and enacted as follows:

**Biomass incentive and research program.** The industrial commission in coordination with the renewable energy council may:

1. Establish an incentive program to assist the agricultural community to demonstrate the production, harvest, storage, and delivery of a biomass feedstock on a commercial scale to a private sector end user.
2. Establish a project on a scale sufficient to enable at least one group of cooperating agricultural producers, and preferably two groups in different regions of the state, to produce, harvest, store, and deliver biomass feedstock to an end user at commercial scale.
3. Give priority on a perennial grass feedstock due to the state's resource potential, although residual feedstocks are eligible for consideration.
4. Establish procedures for competitive applications by cooperating agricultural producers organized through a limited liability corporation, cooperative, or other appropriate ownership structure, that can demonstrate in their application the commitment of a commercial end user to purchase the biomass produced and adequate technical support to accomplish the biomass production, harvest, storage, and delivery to that end user.
5. Provide funds for incentives, including producer payments to provide income support during the critical biomass stand establishment period of two years without harvest, in the case of native grasses, or other perennial biomass crops.
6. Ensure that activities enumerated in this section qualify for the agriculture partnership in assisting community expansion program.
7. Arrange for the provision of technical assistance services determined by participating producers in their application to the industrial commission.
8. Provide incentive support targeted to producer entities that successfully apply to the industrial commission rather than the commercial biomass end user.
9. Provide funds for a front-end engineering and design study for a cellulosic ethanol and nanowhiskers project.
10. Work in cooperation with the game and fish department to establish a private land open to sportsmen program biomass demonstration project.

**SECTION 4.** A new section to chapter 54-17 of the North Dakota Century Code is created and enacted as follows:

**Biomass incentive and research fund.** The biomass incentive and research fund is a special fund in the state treasury. The industrial commission shall establish the guidelines and procedures for use of the fund. All earnings of the fund must be credited to the fund.

**SECTION 5. TRANSFER - APPROPRIATION.** The industrial commission may transfer up to \$1,000,000 from the beginning farmer revolving loan fund located at the Bank of North Dakota and up to \$1,000,000 from the biofuel partnership in assisting community expansion fund to the biomass incentive and research fund. The funds are appropriated for the biennium beginning July 1, 2007, and ending June 30, 2009.

**SECTION 6. ORGANIC ADVISORY BOARD - GRANT.** The industrial commission may grant up to \$30,000 from the biomass incentive and research fund to the agriculture commissioner to support organic agriculture initiatives and programs during the biennium beginning July 1, 2007, and ending June 30, 2009."

Engrossed HB 1515 was placed on the Seventh order of business on the calendar.

### CONSIDERATION OF CONFERENCE COMMITTEE REPORT

**SEN. TOLLEFSON MOVED** that the conference committee report on Engrossed HB 1515 be adopted, which motion prevailed on a voice vote.

Engrossed HB 1515, as amended, was placed on the Fourteenth order.

### SECOND READING OF HOUSE BILL

**HB 1515:** A BILL for an Act to create and enact a new section to chapter 20.1-02, a new section to chapter 54-17, and, if Senate Bill No. 2288 of the sixtieth legislative assembly becomes effective, a new section to chapter 54-17 of the North Dakota Century Code, relating to establishment of a private land open to sportsmen biomass demonstration project, the duty of the industrial commission to establish a biomass incentive and research program, and to establish a biomass incentive and research fund; to provide a transfer; and to provide an appropriation.

### ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 33 YEAS, 14 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Anderson; Andrist; Bakke; Behm; Fiebigler; Flakoll; Grindberg; Heckaman; Heitkamp; Holmberg; Horne; Kilzer; Klein; Krauter; Krebsbach; Lee, J.; Lindaas; Marcellais; Mathern; Nelson; O'Connell; Oehlke; Olafson; Pomeroy; Potter; Robinson; Tallackson; Taylor; Tollefson; Triplett; Urlacher; Wardner; Warner

**NAYS:** Bowman; Christmann; Cook; Dever; Erbele; Fischer; Freborg; Hacker; Lee, G.; Lyson; Nething; Seymour; Stenehjem; Wanzek

Engrossed HB 1515, as amended, passed and the title was agreed to.

\*\*\*\*\*

### REPORT OF CONFERENCE COMMITTEE

**HB 1015, as reengrossed:** Your conference committee (Sens. Fischer, Grindberg, Krauter and Reps. Pollert, Wieland, Metcalf) recommends that the **SENATE RECEDE** from the Senate amendments on HJ pages 1494-1498, adopt amendments as follows, and place HB 1015 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1494-1498 in the House Journal and pages 1291-1295 and page 1343 of the Senate Journal and that Reengrossed House Bill No. 1015 be amended as follows:

Page 1, line 2, replace the third "and" with a comma

Page 1, line 3, after "12.1-32-07" insert ", and section 19-03.1-45"

Page 1, line 4, replace "and" with a comma and after "fees" insert ", and drug treatment"

Page 1, line 5, remove "and" and after "approval" insert "; to provide for a transfer; to provide an appropriation; to provide for a report to the budget section; to provide for a legislative council study; and to declare an emergency"

Page 1, line 22, replace "\$8,138,211" with "(\$27,075,150)"

Page 1, line 23, replace "99,780,064" with "(79,551,714)"

Page 1, line 24, replace "964,482" with "(7,930,658)"

Page 2, line 1, replace "1,712,416" with "(12,843,309)"

Page 2, after line 1, insert:

"Adult services

Youth services

131,143,936

23,450,865"

Page 2, line 3, replace "109,095,173" with "25,693,970"

Page 2, line 5, replace "112,930,827" with "29,529,624"

Page 2, line 12, replace "Field" with "Adult" and replace "35,213,361" with "131,143,936"

Page 2, line 13, replace "Prisons division" with "Youth services" and replace "179,331,778" with "23,450,865"

Page 2, remove lines 14 and 15

Page 2, line 16, replace "237,996,004" with "154,594,801"

Page 2, line 18, replace "214,066,511" with "130,665,308"

Page 3, after line 17, insert:

**"SECTION 6. AMENDMENT.** Section 19-03.1-45 of the North Dakota Century Code is amended and reenacted as follows:

**19-03.1-45. ~~Mandatory drug~~ Drug abuse assessment and treatment - Presentence investigation - Certified drug abuse treatment programs.**

1. ~~When~~ If a person located in Walsh, Pembina, or Grand Forks Counties has pled guilty or has been found guilty of a felony violation of subsection 6 of section 19-03.1-23 ~~and, if~~ that person has not previously pled guilty or been found guilty of any offense involving the use, possession, manufacture, or delivery of a controlled substance or of any other felony offense of this or another state or the federal government, and if the court imposes probation, the court shall impose a period of probation of not less than eighteen months in conjunction with a suspended execution of a sentence of imprisonment, a sentence to probation, or an order deferring imposition of sentence.
2. Upon a plea or finding of guilt of a person subject to the provisions of subsection 1, the court shall order a presentence investigation to be conducted by the department. The presentence investigation shall include a drug and alcohol evaluation conducted by a licensed addiction counselor.
3. If the licensed addiction counselor recommends treatment, the court shall require the person to participate in an addiction program licensed by the department of human services as a condition of the probation. The court shall commit the person to treatment through a licensed addiction program until determined suitable for discharge by the court. The term of treatment shall not exceed eighteen months and may include an aftercare plan. During the commitment and while subject to probation, the person shall be supervised by the department.
4. If the person fails to participate in, or has a pattern of intentional conduct that demonstrates the person's refusal to comply with or participate in the treatment program, as established by judicial finding, the person shall be subject to revocation of the probation. Notwithstanding subsection 2 of section 12.1-32-02, the amount of time participating in the treatment program under this section is not "time spent in custody" and will not be a credit against any sentence to term of imprisonment.
5. ~~The cost for all drug abuse assessments and certified drug abuse treatment programs shall be initially paid by the department. The court shall order the person to reimburse the department for the assessment and treatment expenses in accordance with the procedures of section 12.1-32-08. The department shall handle the collection of costs from the offenders in the same manner as it collects court costs, fees, and supervision fees.~~
6. In this section:
  - a. "Department" means the department of corrections and rehabilitation; and
  - b. "Licensed addiction counselor" is a person licensed pursuant to section 43-45-05.1.
7. ~~The provisions of this section shall be implemented as a pilot project in Pembina, Walsh, and Grand Forks Counties effective three months from the date of receipt of a federal grant for methamphetamine treatment being~~

~~applied for by the department of human services. The department shall collaborate management of the pilot project with the department of human services to ensure services under the federal grant program for one half of the offenders mandated by the court to submit to mandatory treatment, not to exceed twenty three individuals. The department shall hire a program manager to manage the pilot project, collect statistics regarding the operation of the program, track participants in the program, and provide a report to the attorney general, the legislative council for distribution during the November 2006 legislative council meeting, and the sixtieth legislative assembly detailing the number of participants in the program, the cost of the program, relapse statistics, and other data concerning the effectiveness of the program."~~

Page 3, replace lines 23 through 31 with:

**"SECTION 8. TRANSFER TO THE STATE PENITENTIARY LAND FUND - CONTINGENT APPROPRIATION.** The director of the office of management and budget shall transfer on July 1, 2007, \$41,000,000 from the general fund to the state penitentiary land fund established in North Dakota Century Code section 54-23.3-04 to be used for correctional facilities. The funds are appropriated to the department of corrections and rehabilitation for a project accepted and approved under Senate Bill No. 2260, as approved by the sixtieth legislative assembly, for the biennium beginning July 1, 2007, and ending June 30, 2009. All income earned on the fund must be deposited in the state penitentiary land fund.

**SECTION 9. APPROPRIATION - LEGISLATIVE COUNCIL.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$250,000, or so much of the sum as may be necessary, to the legislative council for prison facility alternative concepts and preliminary design development, as provided for in Senate Bill No. 2260, for the biennium beginning July 1, 2007, and ending June 30, 2009."

Page 4, remove lines 1 through 16

Page 5, line 3, replace "\$88,332,091" with "\$3,559,391"

Page 5, remove line 8

Page 5, line 9, replace "70,000" with "\$70,000"

Page 5, line 10, replace "1,498,091" with "1,725,391"

Page 5, line 12, replace "88,332,091" with "3,559,391"

Page 5, after line 15, insert:

**"SECTION 14. INTENT - TEMPORARY SALARIES - FIELD SERVICES.** It is the intent of the sixtieth legislative assembly that the department of corrections and rehabilitation may use \$250,000 of its 2007-09 biennium appropriation for temporary salaries for the field services division for supervision of offenders.

**SECTION 15. LEGISLATIVE COUNCIL STUDY - RETIREMENT CRITERIA FOR STATE CORRECTIONAL OFFICERS AND PEACE OFFICERS.** The legislative council shall consider studying, during the 2007-08 interim, retirement program criteria and benefits for correctional officers and peace officers employed by state agencies, including the feasibility and desirability of allowing these employees to retire with full retirement benefits at age fifty-five or the "rule of 85". The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.

**SECTION 16. SPACE, OPERATIONAL, AND STAFFING PLAN - BUDGET SECTION REPORT.** The department of corrections and rehabilitation shall prepare a space, operational, and staffing plan for the state penitentiary and James River correctional center. The plan must be based on the state penitentiary building project authorized by the sixtieth legislative assembly and the current facilities at the James River correctional center and the Missouri River correctional center. The plan must be presented at the first budget section meeting after March 1, 2008.

**SECTION 17. EMERGENCY.** Section 10 of this Act is declared to be an emergency measure."

Renumber accordingly

## STATEMENT OF PURPOSE OF AMENDMENT:

### House Bill No. 1015 - Summary of Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Office of Management and Budget						
Total all funds	\$0	\$0	\$41,000,000	\$41,000,000	\$42,000,000	(\$1,000,000)
Less estimated income						
General fund	\$0	\$0	\$41,000,000	\$41,000,000	\$42,000,000	(\$1,000,000)
Legislative Council						
Total all funds	\$0	\$0	\$250,000	\$250,000	\$0	\$250,000
Less estimated income						
General fund	\$0	\$0	\$250,000	\$250,000	\$0	\$250,000
Department of Corrections and Rehabilitation						
Total all funds	\$199,549,688	\$237,996,004	(\$83,401,203)	\$154,594,801	\$162,171,312	(\$7,576,511)
Less estimated income	26,853,489	23,929,493		23,929,493	23,929,493	
General fund	\$172,696,199	\$214,066,511	(\$83,401,203)	\$130,665,308	\$138,241,819	(\$7,576,511)
Bill Total						
Total all funds	\$199,549,688	\$237,996,004	(\$42,151,203)	\$195,844,801	\$204,171,312	(\$8,326,511)
Less estimated income	26,853,489	23,929,493		23,929,493	23,929,493	
General fund	\$172,696,199	\$214,066,511	(\$42,151,203)	\$171,915,308	\$180,241,819	(\$8,326,511)

### House Bill No. 1015 - Office of Management and Budget - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Transfer to State Penitentiary land fund			\$41,000,000	\$41,000,000	\$42,000,000	(\$1,000,000)
Total all funds	\$0	\$0	\$41,000,000	\$41,000,000	\$42,000,000	(\$1,000,000)
Less estimated income						
General fund	\$0	\$0	\$41,000,000	\$41,000,000	\$42,000,000	(\$1,000,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

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

	TRANSFER TO STATE PENITENTIARY LAND FUND <sup>1</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Transfer to State Penitentiary land fund	\$41,000,000	\$41,000,000
Total all funds	\$41,000,000	\$41,000,000
Less estimated income		
General fund	\$41,000,000	\$41,000,000
FTE	0.00	0.00

<sup>1</sup> This amendment adds a section to transfer \$41 million from the general fund to the State Penitentiary land fund to be used for future correctional facilities accepted and approved under Senate Bill No. 2260.

### House Bill No. 1015 - Legislative Council - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Operating expenses			<u>\$250,000</u>	<u>\$250,000</u>		<u>\$250,000</u>
Total all funds	\$0	\$0	\$250,000	\$250,000	\$0	\$250,000
Less estimated income						
General fund	\$0	\$0	\$250,000	\$250,000	\$0	\$250,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

### Dept. 160 - Legislative Council - Detail of Conference Committee Changes

	ALTERNATIVE CONCEPTS AND PRELIMINARY DESIGN DEVELOPMENT <sup>1</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Operating expenses	<u>\$250,000</u>	<u>\$250,000</u>
Total all funds	\$250,000	\$250,000
Less estimated income	<u>                    </u>	<u>                    </u>
General fund	\$250,000	\$250,000
FTE	0.00	0.00

<sup>1</sup> This amendment provides an appropriation to the Legislative Council for prison facility alternative concepts and preliminary design development as provided for in Senate Bill No. 2260.

### House Bill No. 1015 - Department of Corrections and Rehabilitation - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Field Services	\$35,953,086	\$35,213,361	(\$35,213,361)		\$38,657,169	(\$38,657,169)
Prisons Division	140,093,278	179,331,778	(179,331,778)		100,063,278	(100,063,278)
Juvenile Community Services	8,895,140	8,895,140	(8,895,140)		8,895,140	(8,895,140)
Youth Correctional Center	14,608,184	14,555,725	(14,555,725)		14,555,725	(14,555,725)
Adult Services			131,143,936	131,143,936		131,143,936
Youth Services			<u>23,450,865</u>	<u>23,450,865</u>		<u>23,450,865</u>
Total all funds	\$199,549,688	\$237,996,004	(\$83,401,203)	\$154,594,801	\$162,171,312	(\$7,576,511)
Less estimated income	<u>26,853,489</u>	<u>23,929,493</u>		<u>23,929,493</u>	<u>23,929,493</u>	
General fund	\$172,696,199	\$214,066,511	(\$83,401,203)	\$130,665,308	\$138,241,819	(\$7,576,511)
FTE	706.79	700.29	11.00	711.29	708.29	3.00

### Dept. 530 - Department of Corrections and Rehabilitation - Detail of Conference Committee Changes

	REMOVES FUNDING FOR PRISON EXPANSION <sup>1</sup>	RESTORES FUNDING FOR CHAPLAINS <sup>2</sup>	RESTORES PAROLE AND PROBATION OFFICERS <sup>3</sup>	RESTORES FUNDING FOR DEFERRED MAINTENANCE <sup>4</sup>	PROVIDES FUNDING FOR TEEN CHALLENGE <sup>5</sup>	PROVIDES FUNDING AND FTE POSITION FOR INTERAGENCY AGREEMENT <sup>6</sup>
Field Services			\$423,447		\$100,000	
Prisons Division	(\$85,000,000)	\$64,000		\$227,300		\$118,500
Juvenile Community Services						
Youth Correctional Center						
Adult Services						
Youth Services						
Total all funds	(\$85,000,000)	\$64,000	\$423,447	\$227,300	\$100,000	\$118,500
Less estimated income						
General fund	(\$85,000,000)	\$64,000	\$423,447	\$227,300	\$100,000	\$118,500
FTE	0.00	2.00	3.00	0.00	0.00	1.00
	PROVIDES FUNDING FOR COMMUNITY SERVICE SUPERVISION GRANTS <sup>7</sup>	TRANSITION MEDICAL CARE <sup>8</sup>	ADDS 5 FTE POSITIONS TO REDUCE CASELOAD <sup>9</sup>	COMBINES PRISONS DIVISION AND FIELD SERVICES INTO ADULT SERVICES <sup>10</sup>	COMBINES YCC AND JUVENILE COMMUNITY SERVICES INTO YOUTH SERVICES <sup>11</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Field Services	\$100,000		\$465,550			(\$35,213,361)
Prisons Division		\$100,000		(\$36,302,358)		(179,331,778)
Juvenile Community Services				(94,841,578)	(\$8,895,140)	(8,895,140)
Youth Correctional Center					(14,555,725)	(14,555,725)
Adult Services				131,143,936		131,143,936
Youth Services					<u>23,450,865</u>	<u>23,450,865</u>
Total all funds	\$100,000	\$100,000	\$465,550	\$0	\$0	(\$83,401,203)
Less estimated income						
General fund	\$100,000	\$100,000	\$465,550	\$0	\$0	(\$83,401,203)
FTE	0.00	0.00	5.00	0.00	0.00	11.00

<sup>1</sup> This amendment removes funding for the new building and demolition projects.

<sup>2</sup> This amendment restores funding removed by the House to convert 2 temporary chaplains to full-time equivalent positions.

<sup>3</sup> This amendment restores funding removed by the House for 3 FTE parole and probation officers, including operating expenses.

4 This amendment restores \$227,300 of the \$667,500 removed by the House for deferred maintenance.

5 This amendment adds funding for Teen Challenge.

6 This amendment provides funding for 1 FTE position and related operating expenses for the interagency agreement with the Department of Human Services provided for in Senate Bill No. 2136.

7 This amendment provides funding for community service supervision grants as provided for in Senate Bill No. 2243.

8 This amendment provides funding for transition medical care for inmates.

9 This amendment provides funding to add 5 FTE positions to reduce the caseload for Adult Services.

10 This amendment combines the Prisons Division and Field Services line items into the Adult Services line item.

11 This amendment combines the Youth Correctional Center and Juvenile Community Services line items into the Youth Services line item.

A section is added directing the Legislative Council to consider a study of the retirement criteria for state correctional officers and peace officers.

A section is added that amends North Dakota Century Code Section 19-03.1-45 relating to drug abuse assessment and treatment.

A section is added providing for a transfer from the general fund of \$41,000,000 to the State Penitentiary land fund.

A section is added providing an appropriation to the Legislative Council for prison facility alternative concepts and preliminary design.

A section is added to provide for a space, operational, and staffing plan and a report to the Budget Section regarding the plan.

A section is added authorizing Field Services to use \$250,000 of the 2007-09 biennium appropriation for temporary salaries for supervision.

A section is added providing for an emergency for Section 10.

This amendment combines the Prisons Division and Field Services line items into the Adult Services line item and combines the Youth Correctional Center and Juvenile Community Services line items into the Youth Services line item.

Reengrossed HB 1015 was placed on the Seventh order of business on the calendar.

#### **CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. FISCHER MOVED** that the conference committee report on Reengrossed HB 1015 be adopted, which motion failed on a voice vote.

#### **APPOINTMENT OF CONFERENCE COMMITTEE**

**SEN. CHRISTMANN MOVED** that the President appoint a committee of three to act with a like committee from the House as a new Conference Committee on Reengrossed HB 1015, which motion prevailed.

**THE PRESIDENT APPOINTED** as a new Conference Committee on:

**Reengrossed HB 1015:** Sens. Fischer, Grindberg, Krauter

#### **REPORT OF CONFERENCE COMMITTEE**

**SB 2020, as reengrossed:** Your conference committee (Sens. Fischer, Holmberg, Robinson and Reps. Wald, Klein, Aarsvold) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 1194-1195, adopt amendments as follows, and place SB 2020 on the Seventh order:

That the House recede from its amendments as printed on pages 1194 and 1195 of the Senate Journal and pages 1186 and 1187 of the House Journal and that Reengrossed Senate Bill No. 2020 be amended as follows:

Page 1, line 3, after the second "to" insert "amend and reenact section 61-34-04 of the North Dakota Century Code, relating to eligibility for the drought disaster livestock water assistance program; to" and remove "and"

Page 1, line 4, after "credit" insert "; to provide legislative intent; to provide for a study; and to declare an emergency"

Page 1, line 19, replace "48,463,767" with "49,663,767"

Page 1, line 20, replace "48,739,617" with "49,939,617"

Page 1, line 21, replace "35,863,331" with "37,063,331"

Page 2, line 5, replace "172,354,260" with "173,554,260"

Page 2, line 6, replace "174,810,555" with "176,010,555"

Page 2, line 7, replace "160,923,049" with "162,123,049"

Page 3, after line 15, insert:

**"SECTION 10. AMENDMENT.** Section 61-34-04 of the North Dakota Century Code is amended and reenacted as follows:

**61-34-04. Eligibility - Application for assistance.** Applicants with livestock water supply problems caused by drought may apply for assistance from the program. An applicant must first apply for water cost-share assistance from the agriculture stabilization and conservation service. If cost-share assistance is denied by the service, the applicant may forward the application to the commission for consideration. An application forwarded to the commission must include a document from the agriculture stabilization and conservation service stating the reason for denial of cost-share assistance. The state engineer shall review all applications received by the commission. Notwithstanding any other provision of law, a water supply project commenced after application for funding is made but without prior approval of the state engineer is eligible for funding from the program. If the state engineer approves an application, the applicant may receive up to fifty percent of the cost of the project, but in no event more than three thousand five hundred dollars. The state engineer shall provide funds for approved applications in accordance with rules and criteria for eligibility and only to the extent that funding is available.

**SECTION 11. TILE DRAINAGE EFFECTS ON WATER USE STUDY.** The state water commission shall study, develop, and recommend policies and procedures for assessing the impact of tile drainage on the beneficial use of water by prior water appropriators. The state water commission shall report its findings and recommendations to the legislative council by July 1, 2008.

**SECTION 12. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-FIRST LEGISLATIVE ASSEMBLY.** The total general fund appropriation line item in section 3 of this Act includes \$3,000,000 for the one-time funding items identified in this section. This amount is not a part of the agency's base budget to be used in preparing the 2009-11 executive budget. The state water commission shall report to the appropriations committees of the sixty-first legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2007, and ending June 30, 2009.

Red River water supply project

\$3,000,000

**SECTION 13. LEGISLATIVE INTENT - SWEETBRIAR DAM PROJECT.** It is the intent of the sixtieth legislative assembly that the state water commission provide funding for the sweetbriar dam project. In addition, Morton County shall contribute \$15,000 toward the sweetbriar dam project and \$1,000,000 must be made available from the game and fish fund for the project which is appropriated in section 3 of this Act. The funding from the game and fish fund and Morton County is contingent upon funding being made available for the project by the state water commission during the biennium beginning July 1, 2007, and ending June 30, 2009.

**SECTION 14. EMERGENCY.** Section 10 of this Act is declared to be an emergency measure."

Renumber accordingly



**STATEMENT OF PURPOSE OF AMENDMENT:****Senate Bill No. 2020 - Water Commission - Conference Committee Action**

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Administrative and support services	\$2,456,295	\$2,456,295		\$2,456,295	\$2,456,295	
Water and atmospheric resources	172,154,260	172,354,260	\$1,200,000	173,554,260	173,154,260	\$400,000
Total all funds	\$174,610,555	\$174,810,555	\$1,200,000	\$176,010,555	175,610,555	\$400,000
Less estimated income	<u>160,923,049</u>	<u>160,923,049</u>	<u>1,200,000</u>	<u>162,123,049</u>	<u>161,923,049</u>	<u>200,000</u>
General fund	\$13,687,506	\$13,887,506	\$0	\$13,887,506	\$13,687,506	\$200,000
FTE	84.00	84.00	0.00	84.00	84.00	0.00

**Dept. 770 - Water Commission - Detail of Conference Committee Changes**

	ADDS FUNDING FOR SWEETBRIAR DAM PROJECT <sup>1</sup>	ADDS FUNDING FOR MAPPING PROJECT <sup>2</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Administrative and support services			
Water and atmospheric resources	\$1,000,000	\$200,000	\$1,200,000
Total all funds	\$1,000,000	\$200,000	\$1,200,000
Less estimated income	<u>1,000,000</u>	<u>200,000</u>	<u>1,200,000</u>
General fund	\$0	\$0	\$0
FTE	0.00	0.00	0.00

<sup>1</sup> The House added \$1 million from the game and fish fund for the Sweetbriar Dam project. The conference committee agreed with this action.

<sup>2</sup> The conference committee authorized \$200,000 from the water development trust fund for funding the Red River Basin Mapping Initiative. Reengrossed Senate Bill No. 2020 also includes \$200,000 from the general fund, which was added by the Senate, for this project.

The House added a section identifying one-time funding included in the budget and providing for a report to the 61st Legislative Assembly on the agency's use of the one-time funding. The conference committee agreed with this action.

The House directed the State Water Commission to study tile drainage effects on water use and to report the findings to the Legislative Council by July 1, 2008. The conference committee agreed with this action.

The House added legislative intent for the State Water Commission to provide funding for the Sweetbriar Dam project. In addition, Morton County is to provide \$15,000 for the project and the House appropriated \$1 million from the game and fish fund for the project. The funding from Morton County and the game and fish fund is contingent upon the State Water Commission providing funding for the project. The conference committee agreed with this action.

Reengrossed SB 2020 was placed on the Seventh order of business on the calendar.

**CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. FISCHER MOVED** that the conference committee report on Reengrossed SB 2020 be adopted, which motion prevailed on a voice vote.

Reengrossed SB 2020, as amended, was placed on the Eleventh order.

**SECOND READING OF SENATE BILL**

**SB 2020:** A BILL for an Act to provide an appropriation for defraying the expenses of the state water commission; to create and enact a new section to chapter 61-02.1 of the North Dakota Century Code, relating to funding for Grand Forks flood control; to amend and reenact section 61-34-04 of the North Dakota Century Code, relating to eligibility for the drought disaster livestock water assistance program; to provide a line of credit; to

provide an appropriation for repayment of the line of credit; to provide legislative intent; to provide for a study; and to declare an emergency.

#### ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 46 YEAS, 1 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Anderson; Andrist; Bakke; Behm; Bowman; Christmann; Cook; Dever; Erbele; Fiebiger; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heckaman; Heitkamp; Holmberg; Horne; Kilzer; Klein; Krauter; Krebsbach; Lee, G.; Lee, J.; Lindaas; Lyson; Marcellais; Mathern; Nelson; Nething; O'Connell; Oehlke; Olafson; Pomeroy; Robinson; Seymour; Stenehjerm; Tallackson; Taylor; Tollefson; Triplett; Urlacher; Wanzek; Wardner; Warner

**NAYS:** Potter

Reengrossed SB 2020 passed, the title was agreed to, and the emergency clause was declared carried.

\*\*\*\*\*

#### 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 2020.

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

**MR. SPEAKER:** The Senate has adopted the conference committee report and subsequently passed: HB 1515.

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

**MR. SPEAKER:** The Senate has not adopted the conference committee report and the President has appointed as a new conference committee to act with a like committee from the House on:

**HB 1015:** Sens. Fischer; Grindberg; Krauter

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

**MR. SPEAKER:** The Senate has not adopted the conference committee report and the President has appointed as a new conference committee to act with a like committee from the House on:

**HB 1009:** Sens. Krebsbach; Bowman; Seymour

#### MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently passed: HB 1246, HB 1296, HB 1330.

#### MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently passed: SB 2379, SB 2419.

#### MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

**MR. PRESIDENT:** The Speaker has signed: HB 1127, HB 1263, HB 1319, HB 1359, HB 1435, HB 1462, HB 1463.

#### COMMUNICATION FROM GOVERNOR JOHN HOEVEN

This is to inform you that on April 20, 2007, I have signed the following: SB 2205 and SB 2319.

Also, on April 23, 2007, I have signed the following: SB 2312 and SB 2366.

Also, on April 24, 2007, I have signed the following: SB 2313.

#### MOTION

**SEN. CHRISTMANN MOVED** that the Senate stand in recess until 3:30 p.m., which motion prevailed.

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

#### CORRECTION AND REVISION OF THE JOURNAL

**MR. PRESIDENT:** Your Committee on Correction and Revision of the Journal (Sen. Andrist, Chairman) has carefully examined the Journal of the Seventy-sixth Day and

recommends that it be corrected as follows and when so corrected, recommends that it be approved:

Page 1616, line 41, replace "**BEHM**" with "**CHRISTMANN**"

Page 1616, line 43, replace "Monday" with "Tuesday" and replace "23" with "24"

**SEN. ANDRIST MOVED** that the report be adopted, which motion prevailed.

#### **REPORT OF CONFERENCE COMMITTEE**

**HB 1246:** Your conference committee (Sens. Erbele, J. Lee, Heckaman and Reps. Nelson, Weisz, Potter) recommends that the **SENATE RECEDE** from the Senate amendments on HJ page 1123, adopt amendments as follows, and place HB 1246 on the Seventh order:

That the Senate recede from its amendments as printed on page 1123 of the House Journal and page 803 of the Senate Journal and that House Bill No. 1246 be amended as follows:

Page 1, line 1, replace "create and enact a new section to chapter 50-24.1 of the North Dakota" with "provide for a report to the legislative council"

Page 1, line 2, remove "Century Code," and after the semicolon insert "and"

Page 1, line 3, remove "; and to provide an expiration date"

Page 1, replace lines 5 through 11 with:

**"SECTION 1. DEPARTMENT OF HUMAN SERVICES REPORT ON MEDICAL ASSISTANCE DENTAL SERVICES - REPORT TO LEGISLATIVE COUNCIL.** Before August 1, 2008, the department of human services shall report to the legislative council on the status of medical assistance recipients' access to dental services."

Page 1, line 13, replace "\$1,150,106" with "\$160,000"

Page 1, line 15, replace "\$2,042,955" with "\$284,198"

Page 1, line 16, after "of" insert "increasing" and after "funding" insert "of children's"

Page 1, remove lines 18 and 19

Renumber accordingly

HB 1246 was placed on the Seventh order of business on the calendar.

#### **CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. ERBELE MOVED** that the conference committee report on HB 1246 be adopted, which motion prevailed on a voice vote.

HB 1246, as amended, was placed on the Fourteenth order.

#### **SECOND READING OF HOUSE BILL**

**HB 1246:** A BILL for an Act to provide for a report to the legislative council relating to dental medical assistance reimbursement; and to provide an appropriation.

#### **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:** Anderson; Andrist; Bakke; Behm; Bowman; Christmann; Cook; Dever; Erbele; Fiebiger; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heckaman; Heitkamp; Holmberg; Horne; Kilzer; Klein; Krauter; Krebsbach; Lee, G.; Lee, J.; Lindaas; Lyson; Marcellais; Mathern; Nelson; Nothing; O'Connell; Oehlke; Olafson; Pomeroy; Potter; Robinson; Seymour; Stenehjelm; Tallackson; Taylor; Tollefson; Triplett; Urlacher; Wanzek; Wardner; Warner

HB 1246, as amended, passed and the title was agreed to.

\*\*\*\*\*

**REPORT OF CONFERENCE COMMITTEE**

**HB 1330:** Your conference committee (Sens. Lyson, Olafson, Fiebigler and Reps. Kempenich, Thoreson, Williams) recommends that the **SENATE RECEDE** from the Senate amendments on HJ page 1404, adopt amendments as follows, and place HB 1330 on the Seventh order:

That the Senate recede from its amendments as printed on page 1404 of the House Journal and pages 642 and 964 of the Senate Journal and that House Bill No. 1330 be amended as follows:

Page 2, line 9, replace "twenty-five" with "five" and after "thousand" insert "six hundred twenty-five"

Page 2, line 18, after the underscored boldfaced period insert:

"1."

Page 2, line 25, replace "1." with "a."

Page 2, line 27, replace "2." with "b."

Page 3, line 1, replace "3." with "c."

Page 3, after line 3, insert:

"2. If the attorney general receives federal funds in excess of the year 2006 level of Byrne grant funding that may be used to defray the expenses and operating costs incurred by a multijurisdictional task force during the 2007-09 biennium, the attorney general may seek emergency commission approval to receive and spend the additional federal funds but may not spend moneys from the funds appropriated by the legislative assembly to the extent of the additional federal funds received for this purpose for the biennium beginning July 1, 2007, and ending June 30, 2009."

Renumber accordingly

HB 1330 was placed on the Seventh order of business on the calendar.

**CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. LYSON MOVED** that the conference committee report on HB 1330 be adopted, which motion prevailed on a voice vote.

HB 1330, as amended, was placed on the Fourteenth order.

**SECOND READING OF HOUSE BILL**

**HB 1330:** A BILL for an Act to create and enact a new section to chapter 54-12 of the North Dakota Century Code, relating to the attorney general multijurisdictional drug task force grant fund; to amend and reenact sections 53-12.1-09 and 54-12-14 of the North Dakota Century Code, relating to disbursements from the lottery operating fund and the assets forfeiture fund; to provide a continuing appropriation; and to declare an emergency.

**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:** Anderson; Andrist; Bakke; Behm; Bowman; Christmann; Cook; Dever; Erbele; Fiebigler; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heckaman; Heitkamp; Holmberg; Horne; Kilzer; Klein; Krauter; Krebsbach; Lee, G.; Lee, J.; Lindaas; Lyson; Marcellais; Mathern; Nelson; Nothing; O'Connell; Oehlke; Olafson; Pomeroy; Potter; Robinson; Seymour; Stenehjem; Tallackson; Taylor; Tollefson; Triplett; Urlacher; Wanzek; Wardner; Warner

HB 1330, as amended, passed, the title was agreed to, and the emergency clause was declared carried.

\*\*\*\*\*

**REPORT OF CONFERENCE COMMITTEE**

**HB 1296, as reengrossed:** Your conference committee (Sens. Erbele, Dever, Warner and Reps. Wieland, Bellew, Metcalf) recommends that the **SENATE RECEDE** from the

Senate amendments on HJ pages 1325-1326, adopt amendments as follows, and place HB 1296 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1325 and 1326 of the House Journal and page 962 of the Senate Journal and that Reengrossed House Bill No. 1296 be amended as follows:

Page 2, after line 2, insert:

**"23-40-03. Strategic plan.** The state department of health shall establish and update regularly a strategic plan for an integrated emergency medical services program in this state which includes a comprehensive statewide emergency medical services system. The strategic plan may include consideration of transportation distances to hospitals, the size of service areas, the distance between emergency medical services operations, the age of emergency medical services personnel, the use of and the willingness to use first responders, the feasibility of consolidation of emergency medical services operations, the types of calls received, and call volume."

Page 2, line 3, replace "**23-40-03**" with "**23-40-04**"

Page 2, line 4, after the first "determinations" insert ", level of local matching funds determinations,"

Page 2, line 6, replace "and continually update this strategic plan for an" with "a sliding percent formula for determining the percentage of an applicant's local matching fund obligation. The sliding percent formula must be based on the department's strategic plan and must include consideration of how the applicant fits into the strategic plan and consideration of the needs of emergency medical services operations in the applicant's neighboring service areas."

Page 2, remove line 7

Page 2, line 8, remove "emergency medical services system."

Page 2, line 10, replace "equal to seventy-five" with "at the level determined by the state health officer, but which must be at least ten percent but not more than ninety"

Page 2, line 12, replace "**23-40-04**" with "**23-40-05**"

Page 2, line 16, replace "**23-40-05**" with "**23-40-06**"

Page 3, line 6, replace "23-40-04" with "23-40-05"

Page 3, line 22, replace "\$1,000,000" with "\$1,250,000"

Renumber accordingly

Reengrossed HB 1296 was placed on the Seventh order of business on the calendar.

#### CONSIDERATION OF CONFERENCE COMMITTEE REPORT

**SEN. ERBELE MOVED** that the conference committee report on Reengrossed HB 1296 be adopted, which motion prevailed on a voice vote.

Reengrossed HB 1296, as amended, was placed on the Fourteenth order.

#### SECOND READING OF HOUSE BILL

**HB 1296:** A BILL for an Act to create and enact chapter 23-40 of the North Dakota Century Code, relating to distribution of insurance premiums tax collections to emergency medical services operations; to amend and reenact section 18-04-04.1 and subsection 1 of section 26.1-03-17 of the North Dakota Century Code, relating to the insurance premiums tax collections; to provide for a report; and to provide an appropriation.

#### 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:** Anderson; Andrist; Bakke; Behm; Bowman; Christmann; Cook; Dever; Erbele; Fiebiger; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heckaman; Heitkamp; Holmberg; Horne; Kilzer; Klein; Krauter; Krebsbach; Lee, G.; Lee, J.; Lindaas; Lyson; Marcellais; Mathern;

Nelson; Nething; O'Connell; Oehlke; Olafson; Pomeroy; Potter; Robinson; Seymour; Stenehjem; Tallackson; Taylor; Tollefson; Triplett; Urlacher; Wanzek; Wardner; Warner

Reengrossed HB 1296, as amended, passed and the title was agreed to.

\*\*\*\*\*

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

**MR. SPEAKER:** The Senate has adopted the conference committee report and subsequently passed: HB 1246, HB 1296, HB 1330.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently passed: HB 1004, HB 1018, HB 1044, HB 1049, HB 1395.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently passed: SB 2178, SB 2293.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The Speaker has appointed Rep. R. Kelsch to replace Rep. Wald on the Conference Committee on SB 2013.

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

**MR. SPEAKER:** Your signature is respectfully requested on: SB 2014, SB 2018, SB 2030, SB 2379, SB 2419.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** Your signature is respectfully requested on: HB 1515.

**MOTION**

**SEN. CHRISTMANN MOVED** that the Senate stand in recess until 6:00 p.m., which motion prevailed.

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

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The House has returned HB 1460 to the Senate.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The House has returned to the Senate SB 2013 for action by the conference committee.

**MOTION**

**SEN. CHRISTMANN MOVED** that the Senate reconsider its action whereby Engrossed SB 2013 passed, which motion prevailed.

**MOTION**

**SEN. CHRISTMANN MOVED** that Senate reconsider its action whereby the conference committee report on Engrossed SB 2013 was adopted, which motion prevailed on a voice vote.

Engrossed SB 2013 was returned to the conference committee.

**REPORT OF CONFERENCE COMMITTEE**

**HB 1044, as engrossed:** Your conference committee (Sens. Tollefson, Urlacher, Triplett and Reps. Carlson, Belter, Williams) recommends that the **HOUSE ACCEDE** to the Senate amendments on HJ page 1406 and place HB 1044 on the Seventh order.

Engrossed HB 1044 was placed on the Seventh order of business on the calendar.

**CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. TOLLEFSON MOVED** that the conference committee report on Engrossed HB 1044 be adopted, which motion prevailed on a voice vote.

**REPORT OF CONFERENCE COMMITTEE**

**HB 1004, as engrossed:** Your conference committee (Sens. Kilzer, Holmberg, Mathern and Reps. Bellew, Kreidt, Ekstrom) recommends that the **SENATE RECEDE** from the Senate amendments on HJ pages 1370-1372, adopt amendments as follows, and place HB 1004 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1370-1372 of the House Journal and pages 990-992 of the Senate Journal and that Engrossed House Bill No. 1004 be amended as follows:

Page 1, line 4, after "immunizations" insert "; to provide legislative intent; to allow the acceptance and expenditure of certain moneys; to provide for a demonstration project; to provide for a legislative council study; to provide a continuing appropriation; to provide for a report to the legislative council"

Page 1, line 5, replace "legislative intent" with "an expiration date"

Page 1, line 24, replace "19,982,693" with "20,082,693"

Page 2, line 2, replace "14,625,610" with "14,875,610"

Page 2, line 5, replace "42,349,960" with "42,699,960"

Page 2, line 7, replace "5,408,059" with "5,758,059"

Page 2, line 14, replace "45,596,674" with "45,696,674"

Page 2, line 16, replace "56,457,776" with "56,707,776"

Page 2, line 19, replace "168,089,084" with "168,439,084"

Page 2, line 21, replace "18,876,963" with "19,226,963"

Page 4, replace lines 1 through 4 with:

**"SECTION 8. LEGISLATIVE COUNCIL STUDY - EMERGENCY MEDICAL SERVICES.** The legislative council shall consider studying, during the 2007-08 interim, the emergency medical services system within the state, including the funding, demographics, and impact on rural areas. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.

**SECTION 9. LEGISLATIVE INTENT - CHILDHOOD IMMUNIZATION PROGRAM FUNDING.** It is the intent of the sixtieth legislative assembly that the funding appropriated in House Bill No. 1435 be used only for a childhood immunization program and is limited to the lesser of the total appropriation or the amount necessary for the childhood immunization program.

**SECTION 10. ACCEPTANCE AND EXPENDITURE OF CERTAIN MONEYS.** The sixtieth legislative assembly's action on House Bill No. 1004 does not preclude the university of North Dakota from receiving and spending federal and other funds pursuant to North Dakota Century Code sections 54-16-04.1 and 54-16-04.2."

Page 4, after line 12, insert:

**"SECTION 12. DEMONSTRATION PROJECT FOR VOLUNTARY SURVEYS DURING MAJOR CONSTRUCTION OR RENOVATION OF BASIC CARE AND LONG-TERM CARE FACILITIES - CONTINUING APPROPRIATION - REPORT TO LEGISLATIVE COUNCIL.**

1. During the 2007-09 biennium, the state department of health shall design and implement a demonstration project through which the department offers a life safety survey process for basic care facilities and long-term care facilities to access voluntarily during and at the conclusion of a construction project, renovation project, or construction and renovation project that costs more than three million dollars.
2. The department may charge a reasonable fee for a life safety survey performed under this section to cover the food, lodging, and transportation expenses of surveyors performing the surveys. Revenues derived from the fees collected under this subsection must be deposited in the state department of health's operating fund in the state treasury and are appropriated as a continuing appropriation to the state department of health for the purpose of funding the demonstration project under this section.

3. The department shall design and perform the demonstration project in a manner that will provide the surveyor who performs a life safety survey under this section does not violate the federal requirements associated with medicare certified life safety surveys. The department shall perform the demonstration project within the department's 2007-09 appropriation and staffing levels.
4. Before August 1, 2008, the department shall provide a report to the legislative council regarding the status of the demonstration project, including the feasibility and desirability of making the program permanent and whether the department will be recommending any legislation to make the program permanent.

**SECTION 13. EXPIRATION DATE.** Section 12 of this Act is effective through June 30, 2009, and after that date is ineffective."

Renumber accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### House Bill No. 1004 - State Department of Health - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Salaries and wages	\$37,715,624	\$37,747,905		\$37,747,905	\$37,747,905	
Operating expenses	33,335,674	45,596,674	\$100,000	45,696,674	46,362,874	(\$666,200)
Capital assets	1,817,383	1,817,383		1,817,383	1,817,383	
Grants	55,102,776	56,457,776	250,000	56,707,776	56,807,776	(100,000)
Tobacco prevention and control	9,473,554	8,919,346		8,919,346	8,919,346	
WIC food payments	17,550,000	17,550,000		17,550,000	17,550,000	
Morgue branch location					1,500,000	(1,500,000)
School nursing services					1,000,000	(1,000,000)
Total all funds	\$154,995,011	\$168,089,084	\$350,000	\$168,439,084	\$171,705,284	(\$3,266,200)
Less estimated income	136,940,183	149,212,121		149,212,121	151,712,121	(2,500,000)
General fund	\$18,054,828	\$18,876,963	\$350,000	\$19,226,963	\$19,993,163	(\$766,200)
FTE	331.50	330.50	1.00	331.50	332.50	(1.00)

#### Dept. 301 - State Department of Health - Detail of Conference Committee Changes

	ADDS FOOD AND LODGING POSITION <sup>1</sup>	ADDS FUNDING FOR DOMESTIC VIOLENCE GRANTS <sup>2</sup>	REMOVES FUNDING FOR LOCAL PUBLIC HEALTH <sup>3</sup>	ADDS FUNDING FOR WOMEN'S WAY PROGRAM <sup>4</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages					
Operating expenses				\$100,000	\$100,000
Capital assets					
Grants		\$350,000	(\$100,000)		250,000
Tobacco prevention and control					
WIC food payments					
Morgue branch location					
School nursing services					
Total all funds	\$0	\$350,000	(\$100,000)	\$100,000	\$350,000
Less estimated income					
General fund	\$0	\$350,000	(\$100,000)	\$100,000	\$350,000
FTE	1.00	0.00	0.00	0.00	1.00

<sup>1</sup> Adds authority for 1 FTE field environmental health practitioner for food and lodging inspections. The conference committee agreed to the Senate action for this position.

<sup>2</sup> The Senate added funding for domestic violence grants. The conference committee agreed to this action.

<sup>3</sup> The conference committee reduced funding for grants to local public health units from \$2 million to \$1.9 million per biennium.

<sup>4</sup> The conference committee added \$100,000 of funding for the Women's Way program.

The Senate removed the intent section in Engrossed House Bill No. 1004 relating to use of funding from the community health trust fund for media campaigns. The conference committee agreed to this action.



The Senate provided a contingent appropriation from the balance of per student payments and transportation payments available as of June 30, 2007, for providing grants on a matching basis for school nursing services. The conference committee removed this funding.

The conference committee added a section providing for a Legislative Council study of emergency medical services during the 2007-08 interim.

The conference committee added a section providing for a demonstration project to be conducted during the 2007-09 biennium for voluntary surveys during major construction or renovation of basic care and long-term care facilities.

The Senate appropriated \$1.5 million from the permanent oil tax trust fund for the morgue branch location at the University of North Dakota School of Medicine and Health Sciences. The conference committee removed this funding.

The conference committee added an intent section providing that the appropriation in House Bill No. 1435 be limited to the amount needed for the childhood immunization program.

The conference committee added a section providing that the 60th Legislative Assembly's action on House Bill No. 1004 does not preclude the University of North Dakota from receiving federal and special funds for a state morgue pursuant to North Dakota Century Code Sections 54-16-04.1 and 54-16-04.2.

Engrossed HB 1004 was placed on the Seventh order of business on the calendar.

#### **CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. KILZER MOVED** that the conference committee report on Engrossed HB 1004 be adopted, which motion prevailed on a voice vote.

Engrossed HB 1004, as amended, was placed on the Fourteenth order.

#### **SECOND READING OF HOUSE BILL**

**HB 1004:** A BILL for an Act to provide an appropriation for defraying the expenses of the state department of health; to create and enact a new section to chapter 23-39 of the North Dakota Century Code, relating to collecting fees for tanning facility inspections; to amend and reenact section 23-01-05.3 of the North Dakota Century Code, relating to tracking immunizations; to provide legislative intent; to allow the acceptance and expenditure of certain moneys; to provide for a demonstration project; to provide for a legislative council study; to provide a continuing appropriation; to provide for a report to the legislative council; and to provide an expiration date.

#### **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:** Anderson; Andrist; Bakke; Behm; Bowman; Christmann; Cook; Dever; Erbele; Fiebiger; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heckaman; Heitkamp; Holmberg; Horne; Kilzer; Klein; Krauter; Krebsbach; Lee, G.; Lee, J.; Lindaas; Lyson; Marcellais; Mathern; Nelson; Nething; O'Connell; Oehlke; Olafson; Pomeroy; Potter; Robinson; Seymour; Stenehjelm; Tallackson; Taylor; Tollefson; Triplett; Urlacher; Wanzek; Wardner; Warner

Engrossed HB 1004, as amended, passed and the title was agreed to.

\*\*\*\*\*

#### **REPORT OF CONFERENCE COMMITTEE**

**HB 1018, as engrossed:** Your conference committee (Sens. Grindberg, Holmberg, Robinson and Reps. Carlson, Skarphol, Glassheim) recommends that the **SENATE RECEDE** from the Senate amendments on HJ pages 1374-1390, adopt amendments as follows, and place HB 1018 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1374-1390 of the House Journal and pages 999-1015 of the Senate Journal and that Engrossed House Bill No. 1018 be amended as follows:

Page 1, line 2, after the second semicolon insert "to provide an appropriation to the office of management and budget; to authorize the office of management and budget to borrow funds from the Bank of North Dakota; to provide for a contingent loan from the Bank of North Dakota; to provide a contingent appropriation to the secretary of state;"

Page 1, line 4, replace "a report" with "reports" and after the first semicolon insert "to provide for legislative council studies;"

Page 1, line 5, replace "and a new section to chapter 54-60" with ", four new sections to chapter 54-60, a new section to chapter 55-10, a new section to chapter 57-38, a new subdivision to subsection 1 of section 57-38-01.2, and sections 57-38-01.24 and 57-38-01.25"

Page 1, line 6, after "innovation" insert ", department of commerce division of workforce development programs and duties, naming the missile silo historic site, angel fund investments, tax credits for internships, tax exemptions for workforce recruitment, tax credits for research and experimental expenditures,"

Page 1, line 7, replace "and to provide an expiration date" with "to amend and reenact sections 15-69-02, 15-69-03, 15-69-04, and 15-69-05, subsections 4 and 6 of section 54-17-07.3, sections 54-60-02 and 54-60-09, subdivision I of subsection 2 of section 54-60.1-01, the new section to chapter 57-06 as created by section 2 of House Bill No. 1072, and as amended by section 2 of House Bill No. 1317, as approved by the sixtieth legislative assembly, and sections 57-38-30.3, 57-38-30.5, 57-38.5-05, and 57-38.6-01 of the North Dakota Century Code and section 17 of chapter 151 of the 2005 Session Laws, relating to the centers of excellence program, housing finance agency programs, updating department of commerce law, department of commerce division of workforce development duties, the definition of business incentive, tax forms, wind energy taxable valuation, tax credits for workforce recruitment, research and experimental expenditures tax credits, seed capital investment tax credits, agricultural business investment tax credits, and a legislative council study; to repeal sections 57-38-71, 57-38-72, 57-38-73, and 57-38-74 of the North Dakota Century Code, relating to beginning entrepreneur income tax incentives; to provide effective dates; to provide an expiration date; and to declare an emergency"

Page 2, line 5, replace "855,807" with "1,075,807"

Page 2, line 6, replace "446,720" with "4,865,720"

Page 2, line 7, replace "(1,728,122)" with "(1,628,122)"

Page 2, line 9, replace "(207,807)" with "(7,807)"

Page 2, line 13, replace "1,400,000" with "1,500,000"

Page 2, line 14, replace "385,773" with "5,424,773"

Page 2, line 15, replace "(2,072,990)" with "(1,672,990)"

Page 2, line 16, replace "2,458,763" with "7,097,763"

Page 2, line 23, replace "8,617,235" with "8,837,235"

Page 2, line 24, replace "9,978,688" with "14,397,688"

Page 2, line 26, replace "48,374,748" with "48,474,748"

Page 2, line 30, replace "2,808,193" with "3,008,193"

Page 3, line 1, replace "1,400,000" with "1,500,000"

Page 3, line 2, replace "77,000,837" with "82,039,837"

Page 3, line 3, replace "55,361,293" with "55,761,293"

Page 3, line 4, replace "21,639,544" with "26,278,544"

Page 4, line 3, replace "\$50,000" with "\$100,000"

Page 4, replace lines 9 through 14 with:

**"SECTION 10. TRADE OFFICE - MATCHING FUND REQUIREMENT.** The total general fund appropriation in section 3 of this Act includes \$1,500,000 of funding relating to the North Dakota trade office. The department of commerce may spend fifty

percent of this amount without requiring any matching funds from the trade office. Any additional amounts may be spent only to the extent that the North Dakota trade office provides one dollar of matching funds from private or other public sources for each one dollar provided by the department for the biennium beginning July 1, 2007, and ending June 30, 2009. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, provide training to export assistants, or buy computer equipment as part of the North Dakota trade office's export assistance program.

**SECTION 11. TRANSFER AUTHORIZATION - PACE FUND TO DEVELOPMENT FUND.** The state industrial commission, upon the request of the commissioner of commerce, may transfer up to \$1,000,000 from the partnership in assisting community expansion fund to the North Dakota development fund for the biennium beginning July 1, 2007, and ending June 30, 2009."

Page 4, after line 24, insert:

**"SECTION 14. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET - CENTERS OF EXCELLENCE.** There is appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of \$15,000,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of providing funding to centers of excellence as directed by the centers of excellence commission, for the biennium beginning July 1, 2007, and ending June 30, 2009. Of this amount, up to \$10,000,000 is available for budget section approval at its first meeting after September 1, 2007, and up to \$5,000,000 and any unawarded funds remaining from the \$10,000,000 allocation is available for budget section approval at its first meeting after September 1, 2008.

**SECTION 15. CENTERS OF EXCELLENCE - OFFICE OF MANAGEMENT AND BUDGET - CONTINGENT BORROWING AUTHORITY - APPROPRIATION.** As requested by the centers of excellence commission and subject to emergency commission and budget section approval, the office of management and budget shall borrow the sum of \$5,000,000, 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, 2007, and ending June 30, 2009. The office of management and budget shall request funding from the sixty-first legislative assembly to repay any loan obtained pursuant to provisions of this section, including accrued interest. The borrowing authority and appropriation provided for in this section are available only if all other funding provided by the sixtieth legislative assembly for centers of excellence has been obligated.

**SECTION 16. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET - PRAIRIE PUBLIC BROADCASTING.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$2,023,138, or so much of the sum as may be necessary, to the office of management and budget for the purpose of providing funding to prairie public broadcasting, for the biennium beginning July 1, 2007, and ending June 30, 2009.

**SECTION 17. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-FIRST LEGISLATIVE ASSEMBLY.** The general fund appropriation in section 16 of this Act includes \$686,000 for an analog to digital conversion project which is a one-time funding item. These amounts are not a part of the office of management and budget's base budget to be used in preparing the 2009-11 executive budget. The office of management and budget shall report to the appropriations committees of the sixty-first legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2007, and ending June 30, 2009.

**SECTION 18. SECRETARY OF STATE LOAN AUTHORIZATION - CONTINGENT APPROPRIATION - BUDGET SECTION APPROVAL.** Subject to budget section approval, the secretary of state may borrow up to \$2,920,000 from the Bank of North Dakota which is appropriated to the secretary of state for the purpose of implementing the North Dakota business development engine information technology project during the biennium beginning July 1, 2007, and ending June 30, 2009. The secretary of state may request budget section approval only if the revenues projected by the secretary of state and the office of management and budget to be generated as a result of provisions of House Bill No. 1340 over the term of the proposed loan based on the trend of actual corporate charters granted are anticipated to exceed the revenues projected by the sixtieth legislative assembly relating to this bill by an amount sufficient to repay the proposed loan, including interest over the term of the loan.

**SECTION 19. RENAISSANCE ZONE CONFERENCE - LEGISLATIVE COUNCIL PARTICIPATION - REPORT TO LEGISLATIVE COUNCIL.** The department of commerce, during the 2007-08 interim, shall organize, host, and facilitate a renaissance zone conference. The department shall extend invitations to participate in the conference to representatives of each of the state's renaissance zone communities, other community representatives interested in this concept, and to legislators who are members of the legislative council interim committee studying economic development-related issues. Legislators who are members of the interim committee studying economic development-related issues shall attend the conference as part of their interim committee responsibilities. The purpose of the conference is to provide a forum at which the department, legislators, and renaissance zone and other community members may review the list of projects in the state which have been undertaken under the renaissance zone program, evaluate whether the projects have positively impacted the renaissance zone communities, consider options for smaller communities to become involved in the renaissance zone program or a similar program, and make recommendations regarding how the program could be improved to further meet the needs of the state and local communities. Before July 1, 2008, the department of commerce shall report to the legislative council on the conference activities and the department's legislative and administrative recommendations resulting from the conference.

**SECTION 20. LEGISLATIVE COUNCIL STUDY - NORTH DAKOTA WORKFORCE SYSTEM INITIATIVE.**

1. During the 2007-08 interim, the legislative council shall study the state's system for addressing workforce needs through a workforce system initiative. The workforce system initiative must include receipt of agency reports regarding implementation of workforce legislation enacted during the 2007 legislative session, active participation in focus groups across the state, and active participation in a workforce congress.
2. The focus groups shall discuss ways to enhance the state's system for addressing workforce needs, including consideration of workforce availability, skilled workforce needs, future workforce needs, and alignment of the state's higher education curriculum with the state's current and future workforce needs. The workforce congress shall receive a report on the activities of the focus groups, identify methods to enhance the state's workforce system in order to be well-positioned to participate in a knowledge-driven economy and to be globally competitive, and evaluate the impact and effectiveness of the state's existing workforce system.
3. The department of commerce shall organize the focus groups and the workforce congress. Before the workforce congress, which must be held before June 1, 2008, the department shall convene a minimum of four focus groups. The department shall consult with the legislative council in compiling focus group and workforce congress participant invitation lists and drafting and distributing invitations, establishing focus group and workforce congress dates and locations, and preparing agendas for focus groups and the workforce congress. The focus groups and the workforce congress schedules and activities must take into consideration workforce study activities of the department.
4. The legislative council and the department of commerce shall enter a joint contract with a third party to provide the legislative council and the department with professional services to plan, facilitate, report on, and coordinate followup for the focus groups and workforce congress. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.

**SECTION 21. LEGISLATIVE COUNCIL STUDY - DEPARTMENT OF COMMERCE.**

1. The legislative council shall consider studying, during the 2007-08 interim, the organization, powers, duties, and effectiveness of the department of commerce. The study must include:

- a. A review of the legislative history leading to the creation of the department of commerce, including the 1999-2000 interim activities of the legislative council's interim commerce and labor committee;
  - b. A review of the legislative and executive branch expectations in the creation of the department of commerce and whether those expectations are being met;
  - c. Evaluation of the effectiveness of the North Dakota economic development foundation in providing a nonpartisan, private sector perspective to the department's approach to the department's duties;
  - d. Evaluation of the organizational structure of the department of commerce, including whether the department should include a division of science and technology; and
  - e. Evaluation of the strategic planning process of the department of commerce and its effectiveness.
2. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.

**SECTION 22. LEGISLATIVE COUNCIL STUDY - HIGHER EDUCATION PROMISE GRANT PROGRAM.** The legislative council shall consider studying, during the 2007-08 interim, the desirability and feasibility of implementing a grant program for North Dakota students who are attending North Dakota institutions of higher education and who have excelled academically. The study shall include consideration of desirable eligibility criteria for students under such a grant program, funding options for such a grant program, and a cost-benefit analysis of such a grant program. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.

**SECTION 23. STATE BOARD OF HIGHER EDUCATION REPORT ON CCBENEFITS - LEGISLATIVE COUNCIL REPORT.** During the 2007-08 interim, the state board of higher education shall monitor the implementation of the services of ccbenefits, incorporated, by the institutions under the control of the state board of higher education. Before July 1, 2008, the state board of higher education shall report to the legislative council on the status of the implementation of the ccbenefits, incorporated, services, including the status of the implementation at each institution using the services, the level of utilization of the services at the institutional level and at the system level, the feasibility and desirability of expanding the use of the services from use by the community colleges to use by all institutions in order to improve responsiveness of institutions and to improve forecasting efforts of institutions, and recommendations relating to the use of the ccbenefits, incorporated, services. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.

**SECTION 24. TAX EXPENDITURE REPORT PILOT PROJECT - REPORT.**

1. During the 2007-09 biennium, the commissioner of commerce, in consultation with the tax commissioner, shall select three tax expenditures for the purposes of conducting a tax expenditure report pilot project.
2. Before the tenth legislative day of the sixty-first legislative assembly, the commissioner of commerce shall submit to the president pro tempore of the senate and the speaker of the house a tax expenditure report. This report must be based upon information available to the tax commissioner and information available to the department of commerce, and must include an analysis of the selected tax expenditures which includes a description of the annual state revenue losses and benefits and a cyclical analysis of these losses and benefits.
3. The tax commissioner shall compile tax expenditure data and provide this data to the department of commerce. Notwithstanding section 57-38-57 and other confidentiality statutes, the tax commissioner shall provide the department of commerce the information necessary to accomplish and effectuate the intent of this section. The tax commissioner may request the assistance of the office of management and budget as necessary to compile this tax expenditure data.

4. The tax commissioner may establish the procedure by which the tax commissioner will compile the tax expenditure data and the format in which the tax commissioner will provide this data to the department of commerce. The department of commerce may establish the manner in which the tax expenditure data will be analyzed, organized, and presented in the report.
5. Confidential tax information the department of commerce receives from the tax commissioner may not be divulged by the department of commerce unless the information is in the aggregate and in a manner that will not divulge information specific to any taxpayer.
6. For purposes of this section, the term tax expenditure means a provision in the state tax laws, including an exclusion, a deduction, a tax preference, a credit, and a deferral designed to encourage certain activities or to aid a taxpayer in special circumstances.

**SECTION 25. STATE BUSINESS INCENTIVE EXPENDITURE REPORT PILOT PROJECT - REPORT.**

1. During the 2007-09 biennium, the commissioner of commerce shall select a state business incentive for the purposes of conducting a state business incentive expenditure report pilot project.
2. Before the tenth legislative day of the sixty-first legislative assembly, the commissioner of commerce shall submit to the president pro tem of the senate and the speaker of the house a state business incentive expenditure report. This report must be based upon information available to the department and must include an analysis of the selected state business incentive which includes a description of the annual state revenue losses and benefits and a cyclical analysis of these losses and benefits.
3. The administering agency for the selected state business incentive shall compile state business incentive expenditure data and provide this data to the department. The department shall determine the data appropriate to measure the losses and benefits for the selected state business incentive and shall inform the administering agency of the specific data required and the format in which the administering agency shall provide this data to the department.
4. For purposes of this section, the term business incentive does not include a tax expenditure as defined under section 20 of this Act.

**SECTION 26. TAX CREDIT TRANSFER STUDY - REPORT.** During the 2007-09 biennium the tax commissioner shall monitor the implementation and use of transferable tax credits. Before the tenth legislative day of the sixty-first legislative assembly, the tax commissioner shall submit to the president pro tempore of the senate and the speaker of the house a tax credit transfer report. This report must be based upon information available to the tax commissioner and must include an analysis of the transferred tax credits, a description of the annual state revenue losses and benefits, and the impact on the sellers and purchasers of the tax credits.

**SECTION 27. LEGISLATIVE COUNCIL STUDY - HOUSING NEEDS.** During the 2007-08 interim, the legislative council shall consider studying the state's housing needs and how unmet housing needs may affect economic development in the state. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.

**SECTION 28. LEGISLATIVE COUNCIL STUDY - WIRELESS SERVICE PROVIDERS.** During the 2007-08 interim, the legislative council shall consider studying issues relating to wireless service providers in the state and how wireless service impacts the business climate in the state. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly."

Page 5, after line 5, insert:

**"SECTION 30. AMENDMENT.** Section 15-69-02 of the North Dakota Century Code is amended and reenacted as follows:

**15-69-02. (Effective through July 31, 2011) Centers of excellence.**

1. The board shall establish a centers of excellence program relating to economic development. The program must distinguish among center designations for awards designated to address commercialization and infrastructure needs. Workforce may not be the primary need addressed by a center. Through the program the commission shall make funding award recommendations for commission-approved applications to the board, the foundation, the emergency commission, 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. For an application that includes infrastructure to be considered for center designation, the application must provide detailed information regarding how the future operational costs and maintenance costs related to the infrastructure will be provided and how the costs will not be provided from the general fund. 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 take action on an original commission funding award recommendation until the emergency commission reviews the commission recommendation and makes a recommendation to the budget section. Upon receipt of a commission funding award recommendation, the budget section shall approve the recommendation, reject the recommendation, or rerefer the recommendation to the commission with recommended modifications. If the commission receives a rereferred recommendation from the budget section, the commission shall determine whether to modify the recommendation or whether to retain the recommendation and provide additional information with the recommendation.
  - a. If within thirty days of the budget section rereferring a recommendation the commission makes a determination of whether to modify the recommendation or to retain the recommendation and within the same thirty days the emergency commission meets to review the modified recommendation or the retained recommendation accompanied by additional information, the emergency commission shall approve or reject the recommendation. If within the thirty days following the budget section rereferral the emergency commission acts under this subdivision, the determination of the emergency commission is final and the recommendation is approved or rejected.
  - b. If thirty days expire following the budget section's rereferral and the process under subdivision a is not completed timely, the commission shall submit to the budget section the modified recommendation or the retained recommendation. Upon receipt of the recommendation under this subdivision, the budget section shall approve or reject the recommendation. The budget section may not rerefer a recommendation received under this subdivision.
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.

**SECTION 31. AMENDMENT.** Section 15-69-03 of the North Dakota Century Code is amended and reenacted as follows:

**15-69-03. (Effective through July 31, 2011) 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 July 1, 2005, 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~~ department of commerce shall provide the commission with appropriate staff services as may be requested by the commission.

**SECTION 32. AMENDMENT.** Section 15-69-04 of the North Dakota Century Code is amended and reenacted as follows:

**15-69-04. (Effective through July 31, 2011) Application - Eligibility requirements.**

1. The ~~board~~ department of commerce shall provide center application forms, accept applications, review applications for completeness and compliance with board and commission policy, ~~and~~ forward complete applications to the commission in accordance with guidelines established by the commission, and assist with preaward reviews and postaward monitoring as may be requested by the commission.
2. The commission shall meet as necessary to review all complete applications; consider the potential need for independent, expert review of complete applications; approve or disapprove complete applications; make funding award recommendations for commission-approved proposed centers; direct the office of management and budget to distribute funds to the centers; monitor centers for compliance with award requirements; ~~and~~ review changes in assertions made in center applications; and conduct postaward monitoring of centers.
3. In considering whether to approve or disapprove an application, the commission shall determine whether the applicant has conducted the due diligence necessary to put together a viable proposal, the commission shall determine whether the applicant has provided information in the application which clearly outlines how the matching fund requirement will be met, and 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.
4. In considering whether to approve an application, the commission may provide for an independent, expert review of the application to determine whether the proposed center is viable and whether the proposed center is likely to have the desired economic impact. As necessary, the commission may contract for additional technical review of applications. The commission may not approve an application unless the commission determines the proposed center has a high likelihood of viability and success in positively impacting economic development in the state.
5. For no fewer than six years and no more than ten years following center designation, the commission shall monitor the center's activities in order to determine whether the center is having the desired economic impact.

**SECTION 33. AMENDMENT.** Section 15-69-05 of the North Dakota Century Code is amended and reenacted as follows:

**15-69-05. (Effective through July 31, 2011) 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 the commission's postaward monitoring of the center. As a condition for receipt of funds under this chapter, a center shall agree to provide the commission with the information necessary to monitor the postaward activities of the center.
3. Before the commission directs the office of management and budget to distribute 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. The commission shall direct the office of management and budget to distribute the funds awarded under this chapter in disbursements consistent with the center's budget and timeframe outlined in the approved award. The commission may not direct distribution of funds under this chapter if there are no private sector partners participating or if the statutorily required matching funds are not available.
5. If, before funds are distributed by the office of management and budget, a center undergoes a change in the terms of or assertions made in its application, the commission may direct that the office of management and budget withhold all or a portion of any undistributed funds pending commission review of the changes.
6. The commission may use funds appropriated for the centers of excellence program to pay for the commission's administrative expenses, which may

include contracting for independent, expert reviews of complete applications and centers of excellence forums. The amount of funds the commission uses each biennium for administrative expenses may not exceed two and one-half percent of the funds appropriated for the program that biennium.

**SECTION 34. AMENDMENT.** Subsections 4 and 6 of section 54-17-07.3 of the North Dakota Century Code are amended and reenacted as follows:

4. Mortgage loan financing program. A program or programs to provide for the purchase or guaranty of a temporary or permanent mortgage ~~loans~~ loan originated by ~~lenders~~ a lender on residential real property or on land to be developed into residential real property, in addition to ~~such a~~ mortgage ~~loans~~ loan acquired or to be acquired under subsections 1 through 3. A program authorized under this subsection may provide assistance in the development of low to moderate income housing or to otherwise assist a developing community in the state address an unmet housing need or alleviate a housing shortage.
6. Housing grant program. A program or programs to provide ~~grants~~ a grant other than those authorized by section 54-17-07.6 to encourage and promote housing availability for persons of low or moderate income or to otherwise assist a developing community in this state address an unmet housing need or alleviate a housing shortage.

**SECTION 35. AMENDMENT.** Section 54-60-02 of the North Dakota Century Code is amended and reenacted as follows:

**54-60-02. Department of commerce - Divisions.** The North Dakota department of commerce is created. All records, materials, supplies, and equipment used by the division of community services, department of economic development and finance, and the department of tourism are transferred to the department.

1. The department must consist of:
  - a. A division of community services;
  - b. A division of economic development and finance;
  - c. A division of tourism;
  - d. A division of workforce development; and
  - e. Any division the commissioner determines necessary to carry out this chapter.
2. The commissioner shall appoint the director of ~~any each~~ each division created ~~by the commissioner under subsection 1. Effective August 1, 2003, the commissioner shall appoint the directors of the division of community services, division of economic development and finance, and division of workforce development. Effective August 1, 2005, the commissioner shall appoint the director of the division of tourism of the department. Each director appointed by the commissioner serves at the pleasure of the commissioner and is entitled to receive a salary set by the commissioner within the limits of legislative appropriations. Until August 1, 2003, the governor shall appoint the directors of the division of community services, division of economic development and finance, and division of workforce development and until August 1, 2005, the governor shall appoint the director of the division of tourism. The individuals appointed by the governor shall serve at the pleasure of the governor and are entitled to receive a salary set by the governor within the limits of legislative appropriations.~~

**SECTION 36. AMENDMENT.** Section 54-60-09 of the North Dakota Century Code is amended and reenacted as follows:

**54-60-09. Division of workforce development - Duties.** The division of workforce development shall ~~actively~~ actively:

1. Actively monitor local, regional, and national private and public workforce development initiatives.
2. Develop and implement the state's talent strategy.
3. Develop and implement a statewide intelligence coordination strategy.

**SECTION 37.** Three new sections to chapter 54-60 of the North Dakota Century Code are created and enacted as follows:

**Division of workforce development - Higher education internships and work experience opportunities.** The division of workforce development shall administer a program to increase use of higher education internships and work experience opportunities for higher education students. The primary focus of this program must be higher education internships in target industries. This program shall provide services to employers, communities, and business organizations to increase higher education internship and work experience opportunities.

**Division of workforce development - Career specialist.** The division of workforce development, in consultation with the department of career and technical education, job service North Dakota, and the superintendent of public instruction, shall develop and implement a program to assist public schools in promoting North Dakota career opportunities to students in grades nine through twelve.

**Division of workforce development - Talent strategy - Performance and accountability.**

1. The division of workforce development, in developing and implementing the state's talent strategy, shall:
  - a. Consult with partners in the state's system for workforce development, workforce training, and talent attraction, including job service North Dakota, the department of career and technical education, the superintendent of public instruction, the state board of higher education, the department of human services, and other divisions of the department of commerce.
  - b. Develop a comprehensive, consolidated biennial statewide strategic plan for the state's system for workforce development, workforce training, and talent attraction.
  - c. Continuously review, identify how to improve, and implement improvements to the state's system for workforce development, workforce training, and talent attraction.
  - d. Develop linkages between partners of the state's system for workforce development, workforce training, and talent attraction, to assure coordination and nonduplication of programs and services provided in the state.
2. The division of workforce development shall develop and implement a system of performance and accountability measures for the state's system for workforce development, workforce training, and talent attraction. Each partner of the state's system for workforce development, workforce training, and talent attraction shall cooperate in providing the division the data necessary to implement these measures."

Page 6, after line 14, insert:

**"SECTION 39. AMENDMENT.** Subdivision 1 of subsection 2 of section 54-60.1-01 of the North Dakota Century Code is amended and reenacted as follows:

- l. ~~Except for a center of excellence award under chapter 15-69,~~ assistance Assistance for a collaboration between a North Dakota institution of higher education and a business.

**SECTION 40.** A new section to chapter 55-10 of the North Dakota Century Code is created and enacted as follows:

**Ronald Reagan historic site.** If the state historical society acquires a missile silo historic site, the site is named the Ronald Reagan historic site.

**SECTION 41. AMENDMENT.** The new section to chapter 57-06 of the North Dakota Century Code as created by section 2 of House Bill No. 1072, and as amended by section 2 of House Bill No. 1317, as approved by the sixtieth legislative assembly, is amended and reenacted as follows:

**Taxable valuation of centrally assessed wind turbine electric generators.** A centrally assessed wind turbine electric generation unit with a nameplate generation capacity of one hundred kilowatts or more on which construction is completed before ~~July 1, 2007~~ January 1, 2011, must be valued at ~~the current~~ three percent of assessed value to determine taxable valuation of the property. ~~A centrally assessed wind turbine electric generation unit with a nameplate generation capacity of one hundred kilowatts or more, on which construction is completed after June 30, 2007, and before January 1, 2011, must be valued at one and one-half percent of assessed value to determine taxable valuation of the property. However, a centrally assessed wind turbine electric generation unit with nameplate generation capacity of one hundred kilowatts or more, for which construction is begun after July 1, 2007, and before January 1, 2011, must be valued at one and one-half percent of assessed value to determine taxable valuation of the property. except:~~

1. A centrally assessed wind turbine electric generation unit with a nameplate generation capacity of one hundred kilowatts or more, for which a purchased power agreement has been executed after April 30, 2005, and before January 1, 2006, and construction is completed after April 30, 2005, and before July 1, 2006, must be valued at one and one-half percent of assessed value to determine taxable valuation of the property for the duration of the initial purchased power agreement for the generation unit; and
2. A centrally assessed wind turbine electric generation unit with a nameplate generation capacity of one hundred kilowatts or more, on which construction is completed after June 30, 2006, and before January 1, 2011, must be valued at one and one-half percent of assessed value to determine taxable valuation of the property.

**SECTION 42.** A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

**Angel fund investment tax credit.** A taxpayer is entitled to a credit against state income tax liability under sections 57-38-29, 57-38-30, or 57-38-30.3 for an investment made in an angel fund that is incorporated in this state. The angel fund must be in compliance with the securities laws of this state for the investment to qualify for the tax credit under this section. The amount of the credit to which a taxpayer is entitled is forty-five percent of the amount invested by the taxpayer in an angel fund during the taxable year. The aggregate annual credit for which a taxpayer may obtain a tax credit is not more than forty-five thousand dollars. To be eligible for the credit, the investment must be at risk in the angel fund for at least three years. Investments placed in escrow do not qualify for the credit. The credit must be claimed in the taxable year in which the investment in the angel fund was received by the angel fund. The credit allowed may not exceed the liability for tax under this chapter. If the amount of credit determined under this section exceeds the liability for tax under this chapter, the excess may be carried forward to each of the four succeeding taxable years. A taxpayer claiming a credit under this section may not claim any credit available to the taxpayer as a result of an investment made by the angel fund in a qualified business under chapter 57-38.5 or 57-38.6.

**SECTION 43.** A new subdivision to subsection 1 of section 57-38-01.2 of the North Dakota Century Code is created and enacted as follows:

Reduced by the amount received by a taxpayer that was paid by an employer under paragraph 4 of subdivision a of subsection 2 of section 57-38-01.25 to hire the taxpayer for a hard-to-fill position under section 57-38-01.25, but only to the extent the amount received by the taxpayer is included in federal taxable income. The reduction applies only if the employer is entitled to the tax credit under section 57-38-01.25. The taxpayer must attach a statement from the employer certifying that the employer is entitled to the credit under

section 57-38-01.25 and identifying the type and the amount of the payment to the employee.

**SECTION 44.** Section 57-38-01.24 of the North Dakota Century Code is created and enacted as follows:

**57-38-01.24. Internship employment tax credit.**

1. A taxpayer that is an employer within this state is entitled to a credit as determined under this section against state income tax liability under section 57-38-29, 57-38-30, or 57-38-30.3 for qualified compensation paid to an intern employed in this state by the taxpayer. To qualify for the credit under this section, the internship program must meet the following qualifications:
  - a. The intern must be an enrolled student in an institution of higher education or vocational technical education program who is seeking a degree or a certification of completion in a major field of study closely related to the work experience performed for the taxpayer;
  - b. The internship must be taken for academic credit or count toward the completion of a vocational technical education program;
  - c. The intern must be supervised and evaluated by the taxpayer; and
  - d. The internship position must be located in this state.
2. The amount of the credit to which a taxpayer is entitled is ten percent of the stipend or salary paid to a college intern employed by the taxpayer. A taxpayer may not receive more than three thousand dollars in total credits under this section for all taxable years combined.
  - a. The tax credit under this section applies to a stipend or salary for not more than five interns employed at the same time.
  - b. A partnership, subchapter S corporation, or limited liability company that for tax purposes is treated like a partnership that is entitled to the credit under this section must be considered to be the taxpayer for purposes of calculating the credit. The amount of the allowable credit must be determined at the passthrough entity level. The total credit determined at the entity level must be passed through to the partners, shareholders, or members in proportion to their respective interests in the passthrough entity.

**SECTION 45.** Section 57-38-01.25 of the North Dakota Century Code is created and enacted as follows:

**57-38-01.25. Workforce recruitment credit for hard-to-fill employment positions.** A taxpayer that is an employer in this state is entitled to a credit as determined under this section against state income tax liability under section 57-38-29, 57-38-30, or 57-38-30.3 for costs the taxpayer incurred during the tax year to recruit and hire employees for hard-to-fill employment positions within this state for which the annual salary for the position meets or exceeds the state average wage.

1. The amount of the credit to which a taxpayer is entitled is five percent of the salary paid for the first twelve consecutive months to the employee hired for the hard-to-fill employment position. To qualify for the credit under this section, the employee must be employed by the taxpayer in the hard-to-fill employment position for twelve consecutive months.
2. For purposes of this section:
  - a. "Extraordinary recruitment methods" means using all of the following:
    - (1) A person with the exclusive business purpose of recruiting employees and for which a fee is charged by that recruiter.
    - (2) An advertisement in a professional trade journal, magazine, or other publication, the main emphasis of which is providing information to a particular trade or profession.

- (3) A web site, the sole purpose of which is to recruit employees and for which a fee is charged by the web site.
- (4) Payment of a signing bonus, moving expenses, or nontypical fringe benefits.
- b. "Hard-to-fill employment position" means a job that requires the employer to use extraordinary recruitment methods and for which the employer's recruitment efforts for the specific position have been unsuccessful for six consecutive calendar months.
- c. "State average wage" means one hundred twenty-five percent of the state average wage published annually by job service North Dakota and which is in effect at the time the employee is hired.
- 3. The taxpayer may claim the credit in the first tax year beginning after the employee hired for the hard-to-fill position has completed the employee's first twelve consecutive months of employment in the hard-to-fill position with the taxpayer.
- 4. The credit under this section may not exceed a taxpayer's liability for the taxable year as determined under this chapter. Any amount of unused credit may be carried forward for up to four taxable years after the taxable year in which the credit could initially be claimed.
- 5. A partnership, subchapter S corporation, or limited liability company that for tax purposes is treated like a partnership that is entitled to the credit under this section must be considered to be the taxpayer for purposes of this section and the amount of the credit allowed must be determined at the passthrough entity level. The amount of the total credit determined at the passthrough entity level must be allowed to the members in proportion to their respective interests in the passthrough entity.

**SECTION 46. AMENDMENT.** Section 57-38-30.3 of the North Dakota Century Code is amended and reenacted as follows:

**57-38-30.3. Simplified method of computing tax.**

- 1. A tax is hereby imposed for each taxable year upon income earned or received in that taxable year by every resident and nonresident individual, estate, and trust. A taxpayer computing the tax under this section is only eligible for those adjustments or credits that are specifically provided for in this section. Provided, that for purposes of this section, any person required to file a state income tax return under this chapter, but who has not computed a federal taxable income figure, shall compute a federal taxable income figure using a pro forma return in order to determine a federal taxable income figure to be used as a starting point in computing state income tax under this section. The tax for individuals is equal to North Dakota taxable income multiplied by the rates in the applicable rate schedule in subdivisions a through d corresponding to an individual's filing status used for federal income tax purposes. For an estate or trust, the schedule in subdivision e must be used for purposes of this subsection.

- a. Single, other than head of household or surviving spouse.

If North Dakota taxable income is:	The tax is equal to:
Not over \$27,050	2.10%
Over \$27,050 but not over \$65,550	\$568.05 plus 3.92% of amount over \$27,050
Over \$65,550 but not over \$136,750	\$2,077.25 plus 4.34% of amount over \$65,550
Over \$136,750 but not over \$297,350	\$5,167.33 plus 5.04% of amount over \$136,750
Over \$297,350	\$13,261.57 plus 5.54% of amount over \$297,350

- b. Married filing jointly and surviving spouse.

If North Dakota taxable income is:	The tax is equal to:
Not over \$45,200	2.10%
Over \$45,200 but not over \$109,250	\$949.20 plus 3.92% of amount over \$45,200
Over \$109,250 but not over \$166,500	\$3,459.96 plus 4.34% of amount over \$109,250
Over \$166,500 but not over \$297,350	\$5,944.61 plus 5.04% of amount over \$166,500
Over \$297,350	\$12,539.45 plus 5.54% of amount over \$297,350

## c. Married filing separately.

If North Dakota taxable income is:	The tax is equal to:
Not over \$22,600	2.10%
Over \$22,600 but not over \$54,625	\$474.60 plus 3.92% of amount over \$22,600
Over \$54,625 but not over \$83,250	\$1,729.98 plus 4.34% of amount over \$54,625
Over \$83,250 but not over \$148,675	\$2,972.31 plus 5.04% of amount over \$83,250
Over \$148,675	\$6,269.73 plus 5.54% of amount over \$148,675

## d. Head of household.

If North Dakota taxable income is:	The tax is equal to:
Not over \$36,250	2.10%
Over \$36,250 but not over \$93,650	\$761.25 plus 3.92% of amount over \$36,250
Over \$93,650 but not over \$151,650	\$3,011.33 plus 4.34% of amount over \$93,650
Over \$151,650 but not over \$297,350	\$5,528.53 plus 5.04% of amount over \$151,650
Over \$297,350	\$12,871.81 plus 5.54% of amount over \$297,350

## e. Estates and trusts.

If North Dakota taxable income is:	The tax is equal to:
Not over \$1,800	2.10%
Over \$1,800 but not over \$4,250	\$37.80 plus 3.92% of amount over \$1,800
Over \$4,250 but not over \$6,500	\$133.84 plus 4.34% of amount over \$4,250
Over \$6,500 but not over \$8,900	\$231.49 plus 5.04% of amount over \$6,500
Over \$8,900	\$352.45 plus 5.54% of amount over \$8,900

## f. For an individual who is not a resident of this state for the entire year, or for a nonresident estate or trust, the tax is equal to the tax otherwise computed under this subsection multiplied by a fraction in which:

- (1) The numerator is the federal adjusted gross income allocable and apportionable to this state; and
- (2) The denominator is the federal adjusted gross income from all sources reduced by the net income from the amounts specified in subdivisions a and b of subsection 2.

In the case of married individuals filing a joint return, if one spouse is a resident of this state for the entire year and the other spouse is a nonresident for part or all of the tax year, the tax on the joint return must be computed under this subdivision.

## g. For taxable years beginning after December 31, 2001, the tax commissioner shall prescribe new rate schedules that apply in lieu of the schedules set forth in subdivisions a through e. The new schedules must be determined by increasing the minimum and maximum dollar amounts for each income bracket for which a tax is imposed by the cost-of-living adjustment for the taxable year as determined by the secretary of the United States treasury for purposes of section 1(f) of the United States Internal Revenue Code of 1954, as amended. For this purpose, the rate applicable to each income bracket may not be changed, and the manner of applying the cost-of-living adjustment must be the same as that used for adjusting the income brackets for federal income tax purposes.

## 2. For purposes of this section, "North Dakota taxable income" means the federal taxable income of an individual, estate, or trust as computed under the Internal Revenue Code of 1986, as amended, adjusted as follows:

- a. Reduced by interest income from obligations of the United States and income exempt from state income tax under federal statute or United States or North Dakota constitutional provisions.
- b. 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.

- c. Reduced by the 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.
- d. Reduced by thirty percent of the excess of the taxpayer's net long-term capital gain for the taxable year over the net short-term capital loss for that year, as computed for purposes of the Internal Revenue Code of 1986, as amended. The adjustment provided by this subdivision is allowed only to the extent the net long-term capital gain is allocated to this state.
- e. Increased by the amount of a lump sum distribution for which income averaging was elected under section 402 of the Internal Revenue Code of 1986 [26 U.S.C. 402], as amended. This adjustment does not apply if the taxpayer received the lump sum distribution while a nonresident of this state and the distribution is exempt from taxation by this state under federal law.
- f. Increased by an amount equal to the losses that are passed through to a taxpayer in connection with an allocation and apportionment to North Dakota under chapter 57-35.3.
- g. Reduced by the amount received by the taxpayer as payment for services performed when mobilized under 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. This subdivision does not apply to federal service while attending annual training, basic military training, or professional military education.
- h. Reduced by income from a new and expanding business exempt from state income tax under section 40-57.1-04.
- i. Reduced by interest and income from bonds issued under chapter 11-37.
- j. Reduced by up to ten thousand dollars of qualified expenses that are related to a donation by a taxpayer or a taxpayer's dependent, while living, of one or more human organs to another human being for human organ transplantation. A taxpayer may claim the reduction in this subdivision only once for each instance of organ donation during the taxable year in which the human organ donation and the human organ transplantation occurs but if qualified expenses are incurred in more than one taxable year, the reduction for those expenses must be claimed in the year in which the expenses are incurred. For purposes of this subdivision:
  - (1) "Human organ transplantation" means the medical procedure by which transfer of a human organ is made from the body of one person to the body of another person.
  - (2) "Organ" means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow.
  - (3) "Qualified expenses" means lost wages not compensated by sick pay and unreimbursed medical expenses as defined for federal income tax purposes, to the extent not deducted in computing federal taxable income, whether or not the taxpayer itemizes federal income tax deductions.
- k. Increased by the amount of the contribution upon which the credit under section 57-38-01.21 is computed, but only to the extent that the contribution reduced federal taxable income.
- l. Reduced by the amount of any payment received by a veteran or beneficiary of a veteran under section 37-28-03 or 37-28-04.
- m. Reduced by the amount received by a taxpayer that was paid by an employer under paragraph 4 of subdivision a of subsection 2 of section 57-38-01.25 to hire the taxpayer for a hard-to-fill position under section 57-38-01.25, but only to the extent the amount received



by the taxpayer is included in federal taxable income. The reduction applies only if the employer is entitled to the credit under section 57-38-01.25. The taxpayer must attach a statement from the employer in which the employer certifies that the employer is entitled to the credit under section 57-38-01.25 and which specifically identified the type of payment and the amount of the exemption under this section.

3. Married individuals filing a joint federal income tax return shall file a joint state income tax return if the return is filed under this section. If separate federal income tax returns are filed, one spouse's state income tax return may be filed under this section and the other spouse's income tax return may be filed under the other provisions of this chapter.
4.
  - a. A resident individual, estate, or trust must be allowed a credit against the tax otherwise due under this section for the amount of any income tax imposed on the taxpayer for the taxable year by another state or territory of the United States or the District of Columbia on income derived from sources therein and which is also subject to tax under this section.
  - b. The credit provided under this subsection may not exceed the proportion of the tax otherwise due under this section that the amount of the taxpayer's adjusted gross income derived from sources in the other taxing jurisdiction bears to the taxpayer's federal adjusted gross income as reported on the taxpayer's federal income tax return.
  - c. The tax commissioner may require written proof of the tax paid to another state. The required proof must be provided in a form and manner as determined by the tax commissioner.
5. Individuals, estates, or trusts that file an amended federal income tax return changing their federal taxable income figure for a year for which an election to file state income tax returns has been made under this section shall file an amended state income tax return to reflect the changes on the federal income tax return.
6. The tax commissioner may prescribe procedures and guidelines to prevent requiring income that had been previously taxed under this chapter from becoming taxed again because of the provisions of this section and may prescribe procedures and guidelines to prevent any income from becoming exempt from taxation because of the provisions of this section if it would otherwise have been subject to taxation under the provisions of this chapter.
7. A taxpayer filing a return under this section is entitled to the credit provided under section 57-38-01.20.
8. A taxpayer filing a return under this section is entitled to the exemptions or credits provided under sections 40-63-04, 40-63-06, and 40-63-07.
9.
  - a. A taxpayer is entitled to a credit against the tax imposed by this section for any unused federal credit for prior year minimum tax. "Unused federal credit for prior year minimum tax" means the amount of the federal credit for prior year minimum tax attributable to federal alternative minimum tax included in the taxpayer's federal income tax liability for purposes of this section for taxable years beginning before January 1, 2001, reduced by the total amount of the federal credit for prior year minimum tax claimed on the taxpayer's federal income tax return for all taxable years beginning after December 31, 2000.
  - b. The credit under this subsection is equal to fourteen percent of the portion of the unused federal credit for prior year minimum tax claimed on the taxpayer's federal income tax return and may not exceed the taxpayer's tax liability under this section for the taxable year. For a nonresident taxpayer, the credit determined under this subsection must be multiplied by the percentage that the nonresident taxpayer's North Dakota adjusted gross income is of the nonresident's federal adjusted gross income.

- c. The credit under this subsection is not allowed for taxable years beginning after December 31, 2004.
- 10. a. If an individual taxpayer engaged in a farming business elects to average farm income under section 1301 of the Internal Revenue Code [26 U.S.C. 1301], the taxpayer may elect to compute tax under this subsection. If an election to compute tax under this subsection is made, the tax imposed by subsection 1 for the taxable year must be equal to the sum of the following:
  - (1) The tax computed under subsection 1 on North Dakota taxable income reduced by elected farm income.
  - (2) The increase in tax imposed by subsection 1 which would result if North Dakota taxable income for each of the three prior taxable years were increased by an amount equal to one-third of the elected farm income. However, if other provisions of this chapter other than this section were used to compute the tax for any of the three prior years, the same provisions in effect for that prior tax year must be used to compute the increase in tax under this paragraph. For purposes of applying this paragraph to taxable years beginning before January 1, 2001, the increase in tax must be determined by recomputing the tax in the manner prescribed by the tax commissioner.
- b. For purposes of this subsection, "elected farm income" means that portion of North Dakota taxable income for the taxable year which is elected farm income as defined in section 1301 of the Internal Revenue Code of 1986 [26 U.S.C. 1301], as amended, reduced by the portion of an exclusion claimed under subdivision d of subsection 2 that is attributable to a net long-term capital gain included in elected farm income.
- c. The reduction in North Dakota taxable income under this subsection must be taken into account for purposes of making an election under this subsection for any subsequent taxable year.
- d. The tax commissioner may prescribe rules, procedures, or guidelines necessary to administer this subsection.
- 11. The tax commissioner may prescribe tax tables, to be used in computing the tax according to subsection 1, if the amounts of the tax tables are based on the tax rates set forth in subsection 1. If prescribed by the tax commissioner, the tables must be followed by every individual, estate, or trust determining a tax under this section.
- 12. An individual, estate, or trust is entitled to a credit against the tax determined under this section as calculated under section 57-38.6-03.
- 13. A taxpayer filing a return under this section is entitled to the credit provided under section 57-38.5-03.
- 14. An individual taxpayer filing a return under this section is entitled to the credit provided under section 57-38-01.21.
- 15. A taxpayer filing a return under this section is entitled to the credits provided under sections 57-38-01.22 and 57-38-01.23.
- 16. A taxpayer filing a return under this section is entitled to the credits provided under section 42 of this Act and sections 57-38-01.24, 57-38-01.25, and 57-38-30.5.

**SECTION 47. AMENDMENT.** Section 57-38-30.5 of the North Dakota Century Code is amended and reenacted as follows:

**57-38-30.5. ~~Corporate income~~ Income tax credit for research and experimental expenditures.** ~~Any corporation~~ A taxpayer is allowed a credit against the tax imposed under this chapter for the taxable year equal to eight percent of the first one and one-half million dollars of the qualified research expenses for the taxable year in excess of the base period research expenses and equal to four percent of all

~~qualified research expenses for the taxable year more than one and one-half million dollars in excess of the base period research expenses~~ section 57-38-29, 57-38-30, or 57-38-30.3 for conducting qualified research in this state.

1. The amount of the credit for taxpayers that earned or claimed a credit under this section in taxable years beginning before January 1, 2007, is calculated as follows:
  - a. For the first taxable year beginning after December 31, 2006, the credit is equal to twenty-five percent of the first one hundred thousand dollars of the qualified research expenses for the taxable year in excess of the base period research expenses and equal to seven and one-half percent of all qualified research expenses for the taxable year more than one hundred thousand dollars in excess of the base period research expenses.
  - b. For the second taxable year beginning after December 31, 2006, the credit is equal to twenty-five percent of the first one hundred thousand dollars of the qualified research expenses for the taxable year in excess of the base period research expenses and equal to eleven percent of all qualified research expenses for the taxable year more than one hundred thousand dollars in excess of the base period research expenses.
  - c. For the third taxable year beginning after December 31, 2006, the credit is equal to twenty-five percent of the first one hundred thousand dollars of the qualified research expenses for the taxable year in excess of the base period research expenses and equal to fourteen and one-half percent of all qualified research expenses for the taxable year more than one hundred thousand dollars in excess of the base period research expenses.
  - d. For the fourth through the tenth taxable years beginning after December 31, 2006, the credit is equal to twenty-five percent of the first one hundred thousand dollars of the qualified research expenses for the taxable year in excess of the base period research expenses and equal to eighteen percent of all qualified research expenses for the taxable year more than one hundred thousand dollars in excess of the base period research expenses.
  - e. For the eleventh taxable year beginning after December 31, 2006, and for each subsequent taxable year in which the taxpayer conducts qualified research in this state, the credit is equal to twenty-five percent of the first one hundred thousand dollars of the qualified research expenses for the taxable year in excess of the base period research expenses and equal to eight percent of all qualified research expenses for the taxable year more than one hundred thousand dollars in excess of the base period research expenses.
  - f. The maximum annual credit a taxpayer may obtain under this section is two million dollars. Any credit amount earned in the taxable year in excess of two million dollars may not be carried back or forward as provided in subsection 7.
2. For taxpayers that have not earned or claimed a credit under this section in taxable years beginning before January 1, 2007, and which begin conducting qualified research in North Dakota in any of the first four taxable years beginning after December 31, 2006, the amount of the credit is equal to twenty-five percent of the first one hundred thousand dollars of the qualified research expenses for the taxable year in excess of the base period research expenses and equal to twenty percent of all qualified research expenses for the taxable year more than one hundred thousand dollars in excess of the base period research expenses.
  - a. This rate applies through the tenth taxable year beginning after December 31, 2006.
  - b. For the eleventh taxable year beginning after December 31, 2006, and for each subsequent taxable year in which the taxpayer conducts qualified research in this state, the credit is equal to twenty-five

percent of the first one hundred thousand dollars of the qualified research expenses for the taxable year in excess of the base period research expenses and equal to eight percent of all qualified research expenses for the taxable year more than one hundred thousand dollars in excess of the base period research expenses.

3. For taxpayers that have not earned or claimed a credit under this section in taxable years beginning before January 1, 2007, and which begin conducting qualified research in North Dakota in any taxable year following the fourth taxable year beginning after December 31, 2006, the amount of the credit is equal to twenty-five percent of the first one hundred thousand dollars of the qualified research expenses for the taxable year in excess of the base period research expenses and equal to eight percent of all qualified research expenses for the taxable year more than one hundred thousand dollars in excess of the base period research expenses.
4. For purposes of this section:
  - a. "Base period research expenses" means base period research expenses as defined in section 41(c) of the Internal Revenue Code [26 U.S.C. 41(c)], except it does not include research conducted outside the state of North Dakota.
  - b. "Director" means the director of the department of commerce division of economic development and finance.
  - c. "Primary sector business" means a qualified business that through the employment of knowledge or labor adds value to a product, process, or service.
  - d. "Qualified research" means qualified research as defined in section 41(d) of the Internal Revenue Code [26 U.S.C. 41(d)], except it does not include research conducted outside the state of North Dakota.
  - e. "Qualified research and development company" means a taxpayer that is a primary sector business with annual gross revenues of less than seven hundred fifty thousand dollars and which has not conducted new research and development in North Dakota.
  - f. "Qualified research expenses" means qualified research expenses as defined in section 41(b) of the Internal Revenue Code [26 U.S.C. 41(b)], except it does not include expenses incurred for basic research conducted outside the state of North Dakota.
2. 5. The credit allowed under this section for the taxable year may not exceed the liability for tax under this chapter.
3. 6. In the case of a ~~corporation which~~ taxpayer that is a partner in a partnership or a member in a limited liability company, the credit allowed for the taxable year may not exceed an amount separately computed with respect to the ~~corporation's~~ taxpayer's interest in the trade, business, or entity equal to the amount of tax attributable to that portion of the ~~corporation's~~ taxpayer's taxable income which is allocable or apportionable to the ~~corporation's~~ taxpayer's interest in the trade, business, or entity.
4. 7. If Except as provided in subsection 1, if the amount of the credit determined under this section for any taxable year exceeds the limitation under subsection 2 5, the excess may be used as a research credit carryback to each of the three preceding taxable years and a research credit carryover to each of the fifteen succeeding taxable years. The entire amount of the excess unused credit for the taxable year must be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. The and the amount of the unused credit which may be added under this subsection may not exceed the taxpayer's liability for tax less the research credit for the taxable year.
8. A taxpayer that is certified as a qualified research and development company by the director may elect to sell, transfer, or assign all or part of

the unused tax credit earned under this section. The director shall certify whether a taxpayer that has requested to become a qualified research and development company meets the requirements of subsection 4. The director shall establish the necessary forms and procedures for certifying qualifying research and development companies. The director shall issue a certification letter to the taxpayer and the tax commissioner. A tax credit can be sold, transferred, or assigned subject to the following:

- a. A taxpayer's total credit assignment under this section may not exceed one hundred thousand dollars over any combination of taxable years.
  - b. If the taxpayer elects to assign or transfer an excess credit under this subsection, the tax credit transferor and the tax credit purchaser jointly shall file with the tax commissioner a copy of the purchase agreement and a statement containing the names, addresses, and taxpayer identification numbers of the parties to the transfer, the amount of the credit being transferred, the gross proceeds received by the transferor, and the taxable year or years for which the credit may be claimed. The taxpayer and the purchaser also shall file a document allowing the tax commissioner to disclose tax information to either party for the purpose of verifying the correctness of the transferred tax credit. The purchase agreement, supporting statement, and waiver must be filed within thirty days after the date the purchase agreement is fully executed.
  - c. The purchaser of the tax credit shall claim the credit beginning with the taxable year in which the credit purchase agreement was fully executed by the parties. A purchaser of a tax credit under this section has only such rights to claim and use the credit under the terms that would have applied to the tax credit transferor, except the credit purchaser may not carry back the credit as otherwise provided in this section. This subsection does not limit the ability of the tax credit purchaser to reduce the tax liability of the purchaser, regardless of the actual tax liability of the tax credit transferor.
  - d. The original purchaser of the tax credit may not sell, assign, or otherwise transfer the credit purchased under this section.
  - e. If the amount of the credit available under this section is changed as a result of an amended return filed by the transferor, or as the result of an audit conducted by the internal revenue service or the tax commissioner, the transferor shall report to the purchaser the adjusted credit amount within thirty days of the amended return or within thirty days of the final determination made by the internal revenue service or the tax commissioner. The tax credit purchaser shall file amended returns reporting the additional tax due or claiming a refund as provided in section 57-38-38 or 57-38-40, and the tax commissioner may audit these returns and assess or issue refunds, even though other time periods prescribed in these sections may have expired for the purchaser.
  - f. Gross proceeds received by the tax credit transferor must be assigned to North Dakota. The amount assigned under this subsection cannot be reduced by the taxpayer's income apportioned to North Dakota or any North Dakota net operating loss of the taxpayer.
  - g. The tax commissioner has four years after the date of the credit assignment to audit the returns of the credit transferor and the purchaser to verify the correctness of the amount of the transferred credit and if necessary assess the credit purchaser if additional tax is found due. This subdivision does not limit or restrict any other time period prescribed in this chapter for the assessment of tax.
  - h. The tax commissioner may adopt rules to permit verification of the validity and timeliness of the transferred tax credit.
- 5- 9. If a taxpayer acquires or disposes of the major portion of a trade or business or the major portion of a separate unit of a trade or business in a transaction with another taxpayer, the taxpayer's qualified research

expenses and base period must be adjusted in the manner provided by section 41(f)(3) of the Internal Revenue Code [26 U.S.C. 41(f)(3)].

10. If a taxpayer entitled to the credit provided by this section is a member of a group of corporations filing a North Dakota consolidated tax return using the combined reporting method, the credit may be claimed against the aggregate North Dakota tax liability of all the corporations included in the North Dakota consolidated return. This section does not apply to tax credits received or purchased under subsection 8.
11. An individual, estate, or trust that purchases a credit under this section is entitled to claim the credit against state income tax liability under section 57-38-29 or 57-38-30.3.

**SECTION 48. 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 is limited to ~~two~~ three 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 49. AMENDMENT.** Section 57-38.6-01 of the North Dakota Century Code is amended and reenacted as follows:

**57-38.6-01. Definitions.** As used in this chapter, unless the context otherwise requires:

1. "Agricultural commodity processing facility" means ~~a~~:
  - a. A facility that through processing involving the employment of knowledge and labor adds value to an agricultural commodity capable of being raised in this state; or
  - b. A livestock feeding, handling, milking, or holding operation that uses as part of its operation a byproduct produced at a biofuels production facility.
2. "Biofuels production facility" means a corporation, limited liability company, partnership, individual, or association in this state:
  - a. Involved in production of diesel fuel containing at least five percent biodiesel meeting the specifications adopted by the American society for testing and materials;
  - b. Involved in the production of corn-based ethanol or cellulose-based ethanol; or
  - c. Involved in a soybean or canola crushing facility.
3. ~~4.~~ "Director" means the director of the department of commerce division of economic development and finance.
- ~~3.~~ 4. "Qualified business" means a cooperative, corporation, partnership, or limited liability company that:
  - a. Is incorporated or organized in this state after December 31, 2000, for the primary purpose of ~~processing and marketing being an~~ agricultural commodities ~~capable of being raised in this state~~ commodity processing facility;
  - b. Has been certified by the securities commissioner to be in compliance under the securities laws of this state;
  - c. Has an agricultural commodity processing facility, or intends to locate one, in this state; and

- d. Is among the first ten businesses that meets the requirements of this subsection, but not a business that was previously certified as a qualified business under chapter 57-38.5.
4. 5. "Taxpayer" means an individual, estate, trust, corporation, partnership, or limited liability company.

**SECTION 50. AMENDMENT.** Section 17 of chapter 151 of the 2005 Session Laws is amended and reenacted as follows:

**SECTION 17. NORTH DAKOTA BUSINESS CLIMATE INITIATIVE - LEGISLATIVE COUNCIL STUDY.** During the 2005-06 ~~and 2007-08 interim~~ interim, 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 a biennial business congresses congress. 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~~ The 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 congress~~. Before ~~each~~ the 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 the business congresses congress. 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 congress~~. 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 assembly~~.

**SECTION 51. REPEAL.** Sections 57-38-71, 57-38-72, 57-38-73, and 57-38-74 of the North Dakota Century Code are repealed.

**SECTION 52. EFFECTIVE DATE.** Sections 42, 43, 44, 45, 46, 47, 48, 49, 50, and 51 of this Act are effective for taxable years beginning after December 31, 2006. Section 47 of this Act is effective for tax credits earned and assigned after December 31, 2006. However, rentals under a lease entered before January 1, 2007, and eligible for the exemption under section 57-38-73 when the lease was entered continue to be eligible for the exemption for taxable years after 2006 on the same terms and conditions for the duration of the lease."

Page 6, line 15, replace "14" with "38"

Page 6, after line 16, insert:

**"SECTION 54. EMERGENCY.** Section 34 of this Act is declared to be an emergency measure."

ReNUMBER accordingly

#### STATEMENT OF PURPOSE OF AMENDMENT:

#### House Bill No. 1018 - Summary of Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Secretary of State						
Total all funds	\$0	\$0	\$2,920,000	\$2,920,000	\$0	\$2,920,000
Less estimated income			<u>2,920,000</u>	<u>2,920,000</u>		<u>2,920,000</u>

General fund	\$0	\$0	\$0	\$0	\$0	\$0
Office of Management and Budget						
Total all funds	\$0	\$0	\$22,023,138	\$22,023,138	\$27,023,138	(\$5,000,000)
Less estimated income			<u>20,000,000</u>	<u>20,000,000</u>	<u>5,000,000</u>	<u>15,000,000</u>
General fund	\$0	\$0	\$2,023,138	\$2,023,138	\$22,023,138	(\$20,000,000)
Board for Career and Technical Education						
Total all funds	\$0	\$70,000	\$0	\$70,000	\$70,000	\$0
Less estimated income						
General fund	\$0	\$70,000	\$0	\$70,000	\$70,000	\$0
Department of Commerce						
Total all funds	\$81,531,029	\$77,000,837	\$5,039,000	\$82,039,837	\$81,714,837	\$325,000
Less estimated income	<u>55,361,293</u>	<u>55,361,293</u>	<u>400,000</u>	<u>55,761,293</u>	<u>55,361,293</u>	<u>400,000</u>
General fund	\$26,169,736	\$21,639,544	\$4,639,000	\$26,278,544	\$26,353,544	(\$75,000)
Bill Total						
Total all funds	\$81,531,029	\$77,070,837	\$29,982,138	\$107,052,975	\$108,807,975	(\$1,755,000)
Less estimated income	<u>55,361,293</u>	<u>55,361,293</u>	<u>23,320,000</u>	<u>78,681,293</u>	<u>60,361,293</u>	<u>18,320,000</u>
General fund	\$26,169,736	\$21,709,544	\$6,662,138	\$28,371,682	\$48,446,682	(\$20,075,000)

## House Bill No. 1018 - Secretary of State - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Operating expenses			<u>\$2,920,000</u>	<u>\$2,920,000</u>		<u>\$2,920,000</u>
Total all funds	\$0	\$0	\$2,920,000	\$2,920,000	\$0	\$2,920,000
Less estimated income			<u>2,920,000</u>	<u>2,920,000</u>		<u>2,920,000</u>
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

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

	ADDS CONTINGENT FUNDING FOR COMPUTER PROJECT <sup>1</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Operating expenses	<u>\$2,920,000</u>	<u>\$2,920,000</u>
Total all funds	\$2,920,000	\$2,920,000
Less estimated income	<u>2,920,000</u>	<u>2,920,000</u>
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup> A section is added by the conference committee authorizing the Secretary of State to obtain a Bank of North Dakota loan to implement the North Dakota business development engine information technology project, subject to Budget Section approval.

## House Bill No. 1018 - Office of Management and Budget - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Centers of excellence			\$15,000,000	\$15,000,000	\$20,000,000	(\$5,000,000)
Centers of excellence - Contingency			5,000,000	5,000,000	5,000,000	
Prairie Public Broadcasting			<u>2,023,138</u>	<u>2,023,138</u>	<u>2,023,138</u>	
Total all funds	\$0	\$0	\$22,023,138	\$22,023,138	\$27,023,138	(\$5,000,000)
Less estimated income			<u>20,000,000</u>	<u>20,000,000</u>	<u>5,000,000</u>	<u>15,000,000</u>
General fund	\$0	\$0	\$2,023,138	\$2,023,138	\$22,023,138	(\$20,000,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

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

	ADDS CENTERS OF EXCELLENCE FUNDING <sup>1</sup>	ADDS CONTINGENT CENTERS OF EXCELLENCE FUNDING <sup>2</sup>	ADDS FUNDING FOR PBS <sup>3</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Centers of excellence	\$15,000,000			\$15,000,000
Centers of excellence - Contingency		\$5,000,000		5,000,000
Prairie Public Broadcasting			<u>\$2,023,138</u>	<u>2,023,138</u>
Total all funds	\$15,000,000	\$5,000,000	\$2,023,138	\$22,023,138
Less estimated income	<u>15,000,000</u>	<u>5,000,000</u>		<u>20,000,000</u>
General fund	\$0	\$0	\$2,023,138	\$2,023,138



FTE 0.00 0.00 0.00 0.00

<sup>1</sup> A section is added appropriating funds from the permanent oil tax trust fund for centers of excellence for the 2007-09 biennium. The Senate provided \$20 million from the general fund.

<sup>2</sup> A section is added authorizing the Office of Management and Budget, as directed by the Centers of Excellence Commission and with Emergency Commission and Budget Section approval, to borrow up to \$5 million from the Bank of North Dakota for providing additional funding for centers of excellence, only if the \$15 million appropriated from the permanent oil tax trust fund is all committed. The Senate included a similar section.

<sup>3</sup> A section is added providing funding for Prairie Public Broadcasting, the same as the Senate version.

### House Bill No. 1018 - Board for Career and Technical Education - Conference Committee Action

The conference committee did not change the Senate and House version.

### House Bill No. 1018 - Department of Commerce - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Salaries and wages	\$8,617,235	\$8,617,235	\$220,000	\$8,837,235	\$8,617,235	\$220,000
Operating expenses	13,642,636	9,978,688	4,419,000	14,397,688	13,092,688	1,305,000
Capital assets	25,000	25,000		25,000	25,000	
Grants	48,374,748	48,374,748	100,000	48,474,748	48,774,748	(300,000)
North Dakota Development Fund	3,000,000	3,000,000		3,000,000	4,000,000	(1,000,000)
Discretionary funds	1,450,127	1,450,127		1,450,127	1,450,127	
Economic development initiatives	2,163,090	1,296,846		1,296,846	1,296,846	
Agricultural products utilization	2,808,193	2,808,193	200,000	3,008,193	3,008,193	
Economic development grants	50,000	50,000		50,000	50,000	
North Dakota Trade Office	1,400,000	1,400,000	100,000	1,500,000	1,400,000	100,000
Total all funds	\$81,531,029	\$77,000,837	\$5,039,000	\$82,039,837	\$81,714,837	\$325,000
Less estimated income	55,361,293	55,361,293	400,000	55,761,293	55,361,293	400,000
General fund	\$26,169,736	\$21,639,544	\$4,639,000	\$26,278,544	\$26,353,544	(\$75,000)
FTE	73.00	64.00	2.00	66.00	64.00	2.00

### Dept. 601 - Department of Commerce - Detail of Conference Committee Changes

	ADDS FUNDING FOR INNOVATE ND <sup>1</sup>	ADD FUNDING FOR FOR APUC <sup>2</sup>	ADDS FUNDING FOR WORKFORCE DEVELOPMENT <sup>3</sup>	ADDS FUNDING FOR WORKFORCE SYSTEM INITIATIVE <sup>4</sup>	ADDS FUNDING FOR TOURISM MARKETING <sup>5</sup>	ADDS FUNDING FOR TRADE OFFICE <sup>6</sup>
Salaries and wages			\$220,000			
Operating expenses	\$50,000		80,000,000	\$50,000	\$3,750,000	
Capital assets						
Grants						
North Dakota Development Fund						
Discretionary funds						
Economic development initiatives		\$200,000				
Agricultural products utilization						
Economic development grants						
North Dakota Trade Office						\$100,000
Total all funds	\$50,000	\$200,000	\$300,000	\$50,000	\$3,750,000	\$100,000
Less estimated income						
General fund	\$50,000	\$200,000	\$300,000	\$50,000	\$3,750,000	\$100,000
FTE	0.00	0.00	2.00	0.00	0.00	0.00

  

	ADDS FUNDING FOR FAITH-BASED INITIATIVE <sup>7</sup>	ADDITIONAL TAX EXPENDITURE REPORTS <sup>8</sup>	ADDS FUNDING FOR COE ADMINISTRATIVE COSTS <sup>9</sup>	ADDS FUNDING FOR STATE ENERGY PLAN <sup>10</sup>	ADDS LEWIS AND CLARK GRANT <sup>11</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages						\$220,000
Operating expenses	\$14,000	\$50,000	\$375,000	\$50,000		4,419,000
Capital assets						
Grants					\$100,000	100,000
North Dakota Development Fund						
Discretionary funds						
Economic development initiatives						
Agricultural products utilization						200,000
Economic development grants						
North Dakota Trade Office						100,000
Total all funds	\$14,000	\$50,000	\$375,000	\$50,000	\$100,000	\$5,039,000
Less estimated income			375,000	25,000		400,000
General fund	\$14,000	\$50,000	\$0	\$25,000	\$100,000	\$4,639,000
FTE	0.00	0.00	0.00	0.00	0.00	2.00

- 1 Funding for Innovate ND is increased to provide a total of \$300,000, of which \$150,000 is from the general fund, the same as the Senate version.
- 2 Funding for the Agricultural Products Utilization Commission is increased to provide a total of \$1,662,115 from the general fund, the same as the Senate version.
- 3 Funding and 2 FTE positions are added to the Workforce Development Division for additional responsibilities, including talent initiative and workforce intelligence coordination and for planning. The Senate had added \$400,000 to provide grants for career counseling services for students.
- 4 Funding is added for costs relating to the Workforce System Initiative, the same as the Senate version.
- 5 This amendment restores \$3,750,000 of the \$3,753,948 reduced by the House for tourism marketing and promotion. The Senate had restored \$3 million of this amount.
- 6 An additional \$100,000 from the general fund is added for the internship program of the Trade Office.
- 7 Funding is added to provide a total of \$25,000 for operating expenses of the Office of Faith-Based and Community Initiatives, the same as the Senate version. Funding of \$11,000 from the general fund is appropriated to the department in Senate Bill No. 2001.
- 8 Funding is added for the Department of Commerce and the Tax Department to expand the tax expenditure pilot project to include three rather than one tax incentive.
- 9 Funding for administrative costs relating to centers of excellence applications is appropriated from the funds transferred by the Office of Management and Budget from the centers of excellence appropriation from the permanent oil tax trust fund. The department will report to the Budget Section on the funds spent on each center of excellence application considered.
- 10 Funding is added for costs relating to the provisions of House Bill No. 1462, including the development of a state energy plan. The \$25,000 of special funds is from funds to be raised by the department.
- 11 Funding is added for the Tourism Division to provide a grant to the Lewis and Clark Foundation in Washburn. The Tourism Division may only provide grant funds to the extent the Lewis and Clark Foundation provides \$2 of matching funds for each \$1 of state grant funds.

A section is added authorizing the Industrial Commission to transfer up to \$1 million from the PACE fund to the Development Fund during the 2007-09 biennium. The Senate had appropriated an additional \$1 million from the general fund to provide a total general fund appropriation for the Development Fund of \$4 million. The conference committee did not change the general fund appropriation included in the House version of \$3 million for the Development Fund.

The section added by the House requiring the Trade Office to raise \$1 in matching funds for every \$2 provided by the state is replaced with a section allowing the department to provide 50 percent of the \$1.5 million appropriation for the Trade Office without a matching requirement and the remaining 50 percent with the requirement that the Trade Office provide \$1 of matching funds for each \$1 provided by the department. The section added by the Senate requiring the department to report to the Budget Section on the status of matching funds raised by the Trade Office is not included.

Sections added by the Senate which were not changed by the conference committee include:

- Housing Finance Agency programs.
- Department of Commerce organizational structure.
- Workforce talent strategy and statewide intelligence coordination strategy.
- Internships.
- Career specialists of the department.
- Internship employment tax credit.
- Agriculture business investment tax credit.
- Business climate initiative study.
- Beginning entrepreneur tax deductions and exemptions.
- Monitoring CCbenefits, Inc., and reporting to the Legislative Council.
- Definition of business incentive.
- Business incentive expenditure report pilot project.

- Legislative Council studies of housing needs, wireless service providers, higher education promise grants, and Workforce System Initiative.

Sections added by the Senate and removed by the conference committee include:

- Visitor information centers of the Tourism Division.
- Image information program.

Sections added by the Senate and changed by the conference committee include:

- Centers of excellence.
- Research and experimental expenditures tax credit.
- Research and development tax credit.
- Seed capital investment tax credit.
- Tax expenditure report pilot project.
- Workforce recruitment tax deductions and credits.
- Legislative Council study of the Department of Commerce.

Sections added by the conference committee relate to:

- Renaissance zone conference.
- Workforce development talent strategy.
- Taxable valuation of wind turbine generators.
- Angel fund investment tax credit.
- Naming the missile silo historic site.

Engrossed HB 1018 was placed on the Seventh order of business on the calendar.

#### **CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. GRINDBERG MOVED** that the conference committee report on Engrossed HB 1018 be adopted, which motion prevailed on a voice vote.

Engrossed HB 1018, as amended, was placed on the Fourteenth order.

#### **SECOND READING OF HOUSE BILL**

**HB 1018:** A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce; to provide an appropriation to the department of career and technical education; to provide an appropriation to the office of management and budget; to authorize the office of management and budget to borrow funds from the Bank of North Dakota; to provide for a contingent loan from the Bank of North Dakota; to provide a contingent appropriation to the secretary of state; to provide a continuing appropriation; to provide for reports to the sixty-first legislative assembly; to provide for reports to the legislative council; to provide for legislative council studies; to provide exemptions; to create and enact a new section to chapter 15-20.1, four new sections to chapter 54-60, a new section to chapter 55-10, a new section to chapter 57-38, a new subdivision to subsection 1 of section 57-38-01.2, and sections 57-38-01.24 and 57-38-01.25 of the North Dakota Century Code, relating to a program to provide grants for innovation, department of commerce division of workforce development programs and duties, naming the missile silo historic site, angel fund investments, tax credits for internships, tax exemptions for workforce recruitment, tax credits for research and experimental expenditures, and to create a beginning again North Dakota pilot program; to amend and reenact sections 15-69-02, 15-69-03, 15-69-04, and 15-69-05,

subsections 4 and 6 of section 54-17-07.3, sections 54-60-02 and 54-60-09, subdivision 1 of subsection 2 of section 54-60.1-01, the new section to chapter 57-06 as created by section 2 of House Bill No. 1072, and as amended by section 2 of House Bill No. 1317, as approved by the sixtieth legislative assembly, and sections 57-38-30.3, 57-38-30.5, 57-38.5-05, and 57-38.6-01 of the North Dakota Century Code and section 17 of chapter 151 of the 2005 Session Laws, relating to the centers of excellence program, housing finance agency programs, updating department of commerce law, department of commerce division of workforce development duties, the definition of business incentive, tax forms, wind energy taxable valuation, tax credits for workforce recruitment, research and experimental expenditures tax credits, seed capital investment tax credits, agricultural business investment tax credits, and a legislative council study; to repeal sections 57-38-71, 57-38-72, 57-38-73, and 57-38-74 of the North Dakota Century Code, relating to beginning entrepreneur income tax incentives; to provide effective dates; to provide an expiration date; and to declare an emergency.

### 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:** Anderson; Andrist; Bakke; Behm; Bowman; Christmann; Cook; Dever; Erbele; Fiebigler; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heckaman; Heitkamp; Holmberg; Horne; Kilzer; Klein; Krauter; Krebsbach; Lee, G.; Lee, J.; Lindaas; Lyson; Marcellais; Mathern; Nelson; Nothing; O'Connell; Oehlke; Olafson; Pomeroy; Potter; Robinson; Seymour; Stenehjem; Tallackson; Taylor; Tollefson; Triplett; Urlacher; Wanzek; Wardner; Warner

Engrossed HB 1018, as amended, passed, the title was agreed to, and the emergency clause was declared carried.

\*\*\*\*\*

### REPORT OF CONFERENCE COMMITTEE

**HB 1049, as engrossed:** Your conference committee (Sens. Tollefson, Oehlke, Anderson and Reps. Weiler, Skarphol, Vig) recommends that the **SENATE RECEDE** from the Senate amendments on HJ page 1451, adopt amendments as follows, and place HB 1049 on the Seventh order:

That the Senate recede from its amendments as printed on page 1451 of the House Journal and pages 925 and 926 and page 1274 of the Senate Journal and that Engrossed House Bill No. 1049 be amended as follows:

Page 1, line 3, after the comma insert "section 57-39.2-03.6,"

Page 1, line 4, after the comma insert "subsection 3 of section 57-40.2-02.1,"

Page 1, line 6, after "tax" insert "rate reduction and" and after the first "for" insert "sales of natural gas and for"

Page 1, line 7, after "57-39.2-03.6" insert "and subsection 3 of section 57-40.2-02.1"

Page 3, after line 16, insert:

**"SECTION 2. AMENDMENT.** Section 57-39.2-03.6 of the North Dakota Century Code is amended and reenacted as follows:

**57-39.2-03.6. Sales tax rate on natural gas sales.** Notwithstanding any other provisions of this chapter, the rate of the tax imposed under this chapter upon the gross receipts of retailers from all sales at retail of natural gas to retail consumers or users is ~~four one percent from January 1, 1993, through December 31, 1993; three percent from January 1, 1994, through December 31, 1994; and two percent after December 31, 1994.~~"

Page 3, after line 24, insert:

**"SECTION 5. AMENDMENT.** Subsection 3 of section 57-40.2-02.1 of the North Dakota Century Code is amended and reenacted as follows:

3. An excise tax is imposed on the storage, use, or consumption in this state of natural gas consumed by a final user at the rate of ~~four one percent from January 1, 1993, through December 31, 1993; three percent from January 1, 1994, through December 31, 1994; and two percent after~~

~~December 31, 1994~~, if sales tax has not been applied as provided by section 57-39.2-03.6."

Page 4, line 3, after "is" insert "exempt from the special fuel tax imposed by section 57-43.2-02 and subject to a tax at a rate of two cents per gallon under section 57-43.2-03 from January 1, 2008, through June 30, 2009, and after that date is"

Page 4, line 9, replace "Special fuel, other than" with "Propane"

Page 4, line 10, remove "diesel fuel," and after "is" insert "exempt from the special fuel tax imposed by section 57-43.2-02 and subject to a tax at a rate of one percent under section 57-43.2-03 from January 1, 2008, through June 30, 2009, and thereafter is"

Page 4, line 11, after the underscored period insert "Special fuel, other than diesel fuel and propane, sold for use as heating fuel is exempt from the special fuel tax imposed by section 57-43.2-02 and subject to a tax at a rate of two cents per gallon under section 57-43.2-03 from January 1, 2008, through June 30, 2009, and thereafter is exempt from the special fuel tax imposed by sections 57-43.2-02 and 57-43.2-03 at the time the fuel is sold to the consumer."

Page 4, line 18, after "57-39.2-03.6" insert "and subsection 3 of section 57-40.2-02.1" and replace "is" with "are"

Page 4, line 20, replace "This" with "Sections 1, 2, 3, 5, and 6 of this" and replace "is" with "are"

Page 4, line 21, replace "June 30" with "December 31" and after the period insert "Sections 4 and 7 of this Act are effective for taxable events occurring after June 30, 2009."

Renumber accordingly

Engrossed HB 1049 was placed on the Seventh order of business on the calendar.

#### CONSIDERATION OF CONFERENCE COMMITTEE REPORT

**SEN. TOLLEFSON MOVED** that the conference committee report on Engrossed HB 1049 be adopted, which motion prevailed on a voice vote.

Engrossed HB 1049, as amended, was placed on the Fourteenth order.

#### SECOND READING OF HOUSE BILL

**HB 1049:** A BILL for an Act to create and enact a new subsection to section 57-39.2-04 of the North Dakota Century Code, relating to a sales and use tax exemption for sales of natural gas and other fuels for heating purposes; to amend and reenact subsection 1 of section 57-39.2-02.1, section 57-39.2-03.6, subsection 44 of section 57-39.2-04, subsection 3 of section 57-40.2-02.1, and section 57-43.2-02.3 of the North Dakota Century Code, relating to a sales and use tax exemption for coal sold for use as heating fuel and a special fuels tax rate reduction and exemption for sales of natural gas and for special fuels sold for use as heating fuel; to repeal section 57-39.2-03.6 and subsection 3 of section 57-40.2-02.1 of the North Dakota Century Code, relating to the imposition and rate of sales and use taxes on sales of natural gas; and to provide an effective date.

#### 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:** Anderson; Andrist; Bakke; Behm; Bowman; Christmann; Cook; Dever; Erbele; Fiebigler; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heckaman; Heitkamp; Holmberg; Horne; Kilzer; Klein; Krauter; Krebsbach; Lee, G.; Lee, J.; Lindaas; Lyson; Marcellais; Mathern; Nelson; Nething; O'Connell; Oehlke; Olafson; Pomeroy; Potter; Robinson; Seymour; Stenehjem; Tallackson; Taylor; Tollefson; Triplett; Urlacher; Wanzek; Wardner; Warner

Engrossed HB 1049, as amended, passed and the title was agreed to.

\*\*\*\*\*

#### REPORT OF CONFERENCE COMMITTEE

**HB 1395, as reengrossed:** Your conference committee (Sens. Freborg, Flakoll, Taylor and Reps. R. Kelsch, Monson, Hanson) recommends that the **SENATE RECEDE** from the Senate amendments on HJ page 1407, adopt amendments as follows, and place HB 1395 on the Seventh order:

That the Senate recede from its amendments as printed on page 1407 of the House Journal and pages 964 and 965 of the Senate Journal and that Reengrossed House Bill No. 1395 be amended as follows:

Page 1, line 1, after "colleges" insert "; to create and enact a new section to chapter 57-51.1 of the North Dakota Century Code, relating to the allocation of collections from reservation oil development; and to provide an appropriation"

Page 2, line 7, replace "**GRANT ASSISTANCE - SOURCE.** The state board of higher education" with "**APPROPRIATION.** There is appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of"

Page 2, line 8, remove "shall use" and replace "from the student financial" with "to the state board of higher education"

Page 2, remove line 9

Page 2, line 10, remove "legislative assembly,"

Page 2, after line 13, insert:

"**SECTION 7.** A new section to chapter 57-51.1 of the North Dakota Century Code is created and enacted as follows:

**Separate allocation of state share of collections from reservation development.** Notwithstanding any other provision of law, the state treasurer shall transfer to the permanent oil tax trust fund the first seven hundred thousand dollars of the state's share of tax revenues under this chapter from oil produced from wells within the exterior boundaries of the Fort Berthold Reservation drilled and completed after June 30, 2007."

Renumber accordingly

Reengrossed HB 1395 was placed on the Seventh order of business on the calendar.

#### **CONSIDERATION OF CONFERENCE COMMITTEE REPORT**

**SEN. FREBORG MOVED** that the conference committee report on Reengrossed HB 1395 be adopted, which motion prevailed on a voice vote.

Reengrossed HB 1395, as amended, was placed on the Fourteenth order.

#### **SECOND READING OF HOUSE BILL**

**HB 1395:** A BILL for an Act to provide financial assistance to tribally controlled community colleges; to create and enact a new section to chapter 57-51.1 of the North Dakota Century Code, relating to the allocation of collections from reservation oil development; and to provide an appropriation.

#### **ROLL CALL**

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 45 YEAS, 2 NAYS, 0 EXCUSED, 0 ABSENT AND NOT VOTING.

**YEAS:** Anderson; Andrist; Bakke; Behm; Bowman; Cook; Dever; Erbele; Fiebiger; Fischer; Flakoll; Freborg; Grindberg; Hacker; Heckaman; Heitkamp; Holmberg; Horne; Klein; Krauter; Krebsbach; Lee, G.; Lee, J.; Lindaas; Lyson; Marcellais; Mathern; Nelson; Nething; O'Connell; Oehlke; Olafson; Pomeroy; Potter; Robinson; Seymour; Stenehjelm; Tallackson; Taylor; Tollefson; Triplett; Urlacher; Wanzek; Wardner; Warner

**NAYS:** Christmann; Kilzer

Reengrossed HB 1395, as amended, passed and the title was agreed to.

\*\*\*\*\*

**MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)**  
**MR. SPEAKER:** The Senate has adopted the conference committee report on: HB 1044.

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

**MR. SPEAKER:** The Senate has adopted the conference committee report and subsequently passed: HB 1004, HB 1018, HB 1049, HB 1395.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently passed: HB 1020.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The House has adopted the conference committee report and subsequently passed: SB 2003, SB 2020, SB 2186.

**MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)**

**MR. PRESIDENT:** The House has not adopted the conference committee report on: SB 2032.

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

**MR. SPEAKER:** Your signature is respectfully requested on: SB 2178, SB 2293.

**MOTION**

**SEN. CHRISTMANN MOVED** that the Senate be on the Fourth, Fifth, Seventh, Ninth, and Thirteenth orders of business and at the conclusion of those orders, the Senate stand adjourned until 9:00 a.m., Wednesday, April 25, 2007, which motion prevailed.

**REPORT OF CONFERENCE COMMITTEE**

**SB 2012, as engrossed:** Your conference committee (Sens. Fischer, Kilzer, Mathern and Reps. Pollert, Bellew, Metcalf) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 1101-1110, adopt amendments as follows, and place SB 2012 on the Seventh order:

That the House recede from its amendments as printed on pages 1101-1110 of the Senate Journal and pages 1239-1247 of the House Journal and that Engrossed Senate Bill No. 2012 be amended as follows:

Page 1, line 3, remove the first "a" and replace "study" with "studies; to authorize a Bank of North Dakota loan; to provide a contingent appropriation"

Page 1, line 6, remove "26.1-45-13,", remove "and", and replace "subsection 6 of section 50-06.2-02" with "50-06-24"

Page 1, remove line 7

Page 1, line 8, remove ", subsection 4 of section 50-24.5-02, and subsection 2 of section 50-24.5-03"

Page 1, line 11, replace "qualified service providers" with "guardianship services" and after the semicolon insert "and"

Page 1, line 12, remove "; and to provide an"

Page 1, line 13, remove "effective date"

Page 3, line 7, replace "1,015,145" with "685,145"

Page 3, line 10, replace "(\$27,582,012)" with "(\$27,912,012)"

Page 3, line 12, replace "1,486,564" with "1,156,564"

Page 3, line 15, replace "2,856,130" with "2,186,130"

Page 3, line 16, replace "26,576,252" with "26,791,117"

Page 3, line 18, replace "8,938,273" with "9,023,335"

Page 3, line 19, replace "132,453,022" with "94,404,026"

Page 3, line 20, replace "170,790,212" with "132,371,143"

Page 3, line 21, replace "92,129,556" with "67,943,796"

Page 3, line 22, replace "78,660,656" with "64,427,347"

Page 3, line 25, replace "193,654" with "146,655"

Page 3, line 26, replace "1,540,622" with "1,446,512"

Page 3, line 27, replace "739,666" with "683,064"

Page 3, line 28, replace "1,647,335" with "1,537,933"

Page 3, line 29, replace "2,441,031" with "2,316,347"

Page 3, line 30, replace "2,584,618" with "2,496,321"

Page 3, line 31, replace "2,226,472" with "2,113,795"

Page 4, line 1, replace "621,652" with "564,763"

Page 4, line 2, replace "17,209,433" with "16,838,960"

Page 4, line 3, replace "6,031,330" with "5,331,330"

Page 4, line 4, replace "35,235,813" with "33,475,680"

Page 4, line 5, replace "4,462,288" with "4,472,489"

Page 4, line 6, replace "30,773,525" with "29,003,191"

Page 4, line 7, replace "110,920,745" with "94,587,102"

Page 4, line 8, replace "67,523,268" with "43,347,709"

Page 4, line 9, replace "178,444,013" with "137,934,811"

Page 4, line 18, replace "11,723,883" with "11,393,883"

Page 4, line 21, replace "44,098,190" with "43,768,190"

Page 4, line 23, replace "21,013,025" with "20,683,025"

Page 4, line 26, replace "25,668,611" with "24,998,611"

Page 4, line 27, replace "66,356,937" with "66,571,802"

Page 4, line 29, replace "341,776,723" with "341,861,785"

Page 4, line 30, replace "1,138,809,360" with "1,100,760,364"

Page 4, line 31, replace "1,572,612,030" with "1,534,192,961"

Page 5, line 1, replace "1,127,268,003" with "1,103,082,243"

Page 5, line 2, replace "445,344,027" with "431,110,718"

Page 5, line 5, replace "7,545,956" with "7,498,957"

Page 5, line 6, replace "16,888,313" with "16,794,203"

Page 5, line 7, replace "9,883,098" with "9,826,496"

Page 5, line 8, replace "22,230,466" with "22,121,064"

Page 5, line 9, replace "26,206,795" with "26,082,111"

Page 5, line 10, replace "14,781,265" with "14,692,968"

Page 5, line 11, replace "20,813,941" with "20,701,264"

Page 5, line 12, replace "9,863,050" with "9,806,161"

Page 5, line 13, replace "65,126,604" with "64,756,131"



Page 5, line 14, replace "48,456,612" with "47,756,612"

Page 5, line 15, replace "241,796,100" with "240,035,967"

Page 5, line 16, replace "112,810,933" with "112,821,134"

Page 5, line 17, replace "128,985,167" with "127,214,833"

Page 5, line 18, replace "595,342,219" with "580,008,576"

Page 5, line 19, replace "1,263,164,101" with "1,249,771,108"

Page 5, line 20, replace "1,858,506,320" with "1,829,779,684"

Page 5, line 25, remove "As determined necessary by the director of the department of human"

Page 5, remove lines 26 and 27

Page 5, line 28, remove "section 3 of this Act, for the biennium beginning July 1, 2007, and ending June 30, 2009."

Page 6, replace lines 3 through 15 with:

**"SECTION 5. BANK OF NORTH DAKOTA LOAN AUTHORIZATION - BUDGET SECTION APPROVAL - CONTINGENT APPROPRIATION.** If cost and caseload/utilization of developmental disabilities services is more than anticipated by the sixtieth legislative assembly, the department of human services, subject to budget section approval, may borrow the sum of \$3,500,000, or so much of the sum as may be necessary, from the Bank of North Dakota, which is appropriated for the purpose of providing the state matching share of additional medical assistance grants for developmental disabilities services for the biennium beginning July 1, 2007, and ending June 30, 2009. The department of human services shall request funding from the sixty-first legislative assembly to repay any loan obtained pursuant to provisions of this section, including accrued interest.

**SECTION 6. CRITICAL ACCESS HOSPITALS - MEDICAL ASSISTANCE REIMBURSEMENT METHOD.** The department of human services shall implement a cost-based reimbursement system for inpatient and outpatient hospital services of critical access hospitals based on the funding provided in section 3 of this Act for the biennium beginning July 1, 2007, and ending June 30, 2009.

**SECTION 7. DEPARTMENT OF HUMAN SERVICES STUDY - REBASING MEDICAL SERVICES PAYMENT RATES - REPORT TO LEGISLATIVE ASSEMBLY.** The department of human services shall determine, during the 2007-08 interim and with the assistance of a health care consultant, the estimated cost of rebasing payment rates under the medical assistance program for hospital, physician, dentist, ambulance, and chiropractic services to the actual cost of providing these services for use in preparing the department's budget request for the 2009-11 biennium. The base year used in developing the cost estimate must be the most recent calendar year for which complete financial information is available to the department. The department shall report its findings and recommendations to the appropriations committees of the sixty-first legislative assembly. The department's recommendations may include options for staggered implementation or earlier implementation date preferences for service providers that have medical assistance service revenue that is ten percent or more of its total patient revenue. Any funds appropriated by the sixtieth legislative assembly to the department for providing the information required by this section may not be spent for other purposes during the biennium beginning July 1, 2007, and ending June 30, 2009.

**SECTION 8. LEGISLATIVE COUNCIL STUDY - NURSING HOME RATE EQUALIZATION.** The legislative council shall consider studying, during the 2007-08 interim, the feasibility and desirability of continuing the equalization of nursing home payment rates and the feasibility and desirability of establishing a provider tax or assessment on nursing homes. The study must include input from representatives of the department of human services, other appropriate state agencies, and the nursing home industry. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.

**SECTION 9. LEGISLATIVE COUNCIL STUDY - INFANT DEVELOPMENT PROGRAM.** The legislative council shall consider studying, during the 2007-08 interim, infant development programs. The study, if conducted, must include a review of the state's lead agency agreement, service coordination, staffing, and funding structure, including the adequacy of the funding and the equitable distribution of the funds to providers. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.

**SECTION 10. LEGISLATIVE INTENT - DEVELOPMENTAL DISABILITIES SERVICE PROVIDERS FUNDING INCREASES - EMPLOYEE SALARY INCREASE PRIORITY.** It is the intent of the sixtieth legislative assembly that developmental disabilities service providers give priority to using the increased funding being provided for the 2007-09 biennium for increasing employees' salaries.

**SECTION 11. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-FIRST LEGISLATIVE ASSEMBLY.** The total general fund appropriation line item in subdivision 3 of section 3 of this Act includes \$8,244,131 for the one-time funding items identified in this section. This amount is not a part of the agency's base budget to be used in preparing the 2009-11 executive budget. The department of human services shall report to the appropriations committees of the sixty-first legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2007, and ending June 30, 2009.

State hospital	
Sex offender treatment addition	\$3,100,000
Capital improvements	3,062,757
Extraordinary repairs	1,153,500
Developmental center	
Capital improvements	300,000
Extraordinary repairs	547,092
Equipment	80,782
Total	\$8,244,131"

Page 6, line 19, after "under" insert "the department's existing" and replace "with the Robinson recovery center" with "for methamphetamine treatment services"

Page 6, line 22, replace "\$170,500" with "\$525,597"

Page 6, remove lines 30 and 31

Page 7, remove lines 1 through 4

Page 11, remove lines 5 through 12

Page 13, replace lines 16 through 31 with:

**"SECTION 21. AMENDMENT.** Section 50-06-24 of the North Dakota Century Code is amended and reenacted as follows:

**50-06-24. Guardianship services.** The department of human services may create and coordinate a unified system for the provision of guardianship services to vulnerable adults who are ineligible for developmental disabilities case management services. The system must include a base unit funding level at the same level as developmental disability corporate guardianship rates, provider standards, staff competency requirements, ~~the use of an emergency funding procedure to cover the costs of establishing needed guardianships,~~ and guidelines and training for guardians. ~~The department shall require that the contracting entity develop and maintain a system of volunteer guardians to serve the state.~~ The department shall adopt rules for guardianship services to vulnerable adults which are consistent with chapters 30.1-26, 30.1-28, and 30.1-29."

Page 14, remove lines 1 through 30

Page 16, remove lines 9 through 30

Page 17, remove lines 1 and 2

ReNUMBER accordingly

## STATEMENT OF PURPOSE OF AMENDMENT:

## Senate Bill No. 2012 - Summary of Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
DHS - Management						
Total all funds	\$44,098,190	\$44,098,190	(\$200,000)	\$43,898,190	\$42,768,190	\$1,130,000
Less estimated income	23,085,165	23,085,165		23,085,165	22,508,965	576,200
General fund	\$21,013,025	\$21,013,025	(\$220,000)	\$20,813,025	\$20,259,225	\$553,800
DHS - Program and Policy						
Total all funds	\$1,531,965,784	\$1,572,612,030	(\$26,766,503)	\$1,545,845,527	\$1,537,744,534	\$8,100,993
Less estimated income	1,103,015,555	1,127,268,003	(13,403,194)	1,113,864,809	1,106,107,509	7,757,300
General fund	\$428,950,229	\$445,344,027	(\$13,363,309)	\$431,980,718	\$431,637,025	\$343,693
DHS - State Hospital						
Total all funds	\$64,959,122	\$65,126,604	(\$370,473)	\$64,756,131	\$64,692,846	\$63,285
Less estimated income	15,888,310	15,888,310	(1,445)	15,886,865	15,886,865	
General fund	\$49,070,812	\$49,238,294	(\$369,028)	\$48,869,266	\$48,805,981	\$63,285
DHS - Developmental Center						
Total all funds	\$48,456,612	\$48,456,612	(\$700,000)	\$47,756,612	\$47,756,612	\$0
Less estimated income	33,243,690	33,243,690		33,243,690	33,243,690	
General fund	\$15,212,922	\$15,212,922	(\$700,000)	\$14,512,922	\$14,512,922	\$0
DHS - Northwest HSC						
Total all funds	\$7,525,581	\$7,545,956	(\$46,999)	\$7,498,957	\$7,511,691	(\$12,734)
Less estimated income	3,136,258	3,136,258		3,136,258	3,136,258	
General fund	\$4,389,323	\$4,409,698	(\$46,999)	\$4,362,699	\$4,375,433	(\$12,734)
DHS - North Central HSC						
Total all funds	\$16,842,742	\$16,888,313	(\$94,110)	\$16,794,203	\$16,822,684	(\$28,481)
Less estimated income	7,917,967	7,917,967		7,917,967	7,917,967	
General fund	\$8,924,775	\$8,970,346	(\$94,110)	\$8,876,236	\$8,904,717	(\$28,481)
DHS - Lake Region HSC						
Total all funds	\$9,853,344	\$9,883,098	(\$56,602)	\$9,826,496	\$9,845,092	(\$18,596)
Less estimated income	4,417,334	4,417,334		4,417,334	4,417,334	
General fund	\$5,436,010	\$5,465,764	(\$56,602)	\$5,409,162	\$5,427,758	(\$18,596)
DHS - Northeast HSC						
Total all funds	\$22,192,605	\$22,230,466	(\$109,402)	\$22,121,064	\$22,144,727	(\$23,663)
Less estimated income	12,256,322	12,260,487	1,562	12,262,049	12,264,652	(2,603)
General fund	\$9,936,283	\$9,969,979	(\$110,964)	\$9,859,015	\$9,880,075	(\$21,060)
DHS - Southeast HSC						
Total all funds	\$26,145,474	\$26,206,795	(\$124,684)	\$26,082,111	\$26,120,436	(\$38,325)
Less estimated income	14,296,599	14,296,599		14,296,599	14,296,599	
General fund	\$11,848,875	\$11,910,196	(\$124,684)	\$11,785,512	\$11,823,837	(\$38,325)
DHS - South Central HSC						
Total all funds	\$14,741,738	\$14,781,265	(\$88,297)	\$14,692,968	\$14,717,673	(\$24,705)
Less estimated income	6,450,546	6,460,823	3,853	6,464,676	6,471,100	(6,424)
General fund	\$8,291,192	\$8,320,442	(\$92,150)	\$8,228,292	\$8,246,573	(\$18,281)
DHS - West Central HSC						
Total all funds	\$20,768,172	\$20,813,941	(\$112,677)	\$20,701,264	\$20,729,869	(\$28,605)
Less estimated income	10,327,232	10,343,709	6,178	10,349,887	10,360,185	(10,298)
General fund	\$10,440,940	\$10,470,232	(\$118,855)	\$10,351,377	\$10,369,684	(\$18,307)
DHS - Badlands HSC						
Total all funds	\$9,848,996	\$9,863,050	(\$56,889)	\$9,806,161	\$9,814,944	(\$8,783)
Less estimated income	4,845,616	4,845,756	53	4,845,809	4,845,897	(88)
General fund	\$5,003,380	\$5,017,294	(\$56,942)	\$4,960,352	\$4,969,047	(\$8,695)
Bill Total						
Total all funds	\$1,817,398,360	\$1,858,506,320	(\$28,726,636)	\$1,829,779,684	\$1,820,669,298	\$9,110,386
Less estimated income	1,238,880,594	1,263,164,101	(13,392,993)	1,249,771,108	1,241,457,021	8,314,087
General fund	\$578,517,766	\$595,342,219	(\$15,333,643)	\$580,008,576	\$579,212,277	\$796,299

## Senate Bill No. 2012 - Department of Human Services - Management - Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES <sup>1</sup>	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Salaries and wages	\$11,723,883	\$11,723,883	(\$200,000)	\$11,523,883	\$11,393,883	\$130,000
Operating expenses	32,374,022	32,374,022		32,374,022	31,374,022	1,000,000
Capital assets	<u>285</u>	<u>285</u>		<u>285</u>	<u>285</u>	
Total all funds	\$44,098,190	\$44,098,190	(\$200,000)	\$43,898,190	\$42,768,190	\$1,130,000
Less estimated income	<u>23,085,165</u>	<u>23,085,165</u>		<u>23,085,165</u>	<u>22,508,965</u>	<u>576,200</u>
General fund	\$21,013,025	\$21,013,025	(\$200,000)	\$20,813,025	\$20,259,225	\$553,800
FTE	102.10	102.10	0.00	102.10	102.10	0.00
			FTE	GENERAL FUND	ESTIMATED INCOME	TOTAL

<sup>1</sup>Management - Conference Committee Changes:

Reduces funding for salaries and wages in anticipation of savings resulting from vacant positions and employee turnover. The House version reduced salaries and wages by \$330,000.

(\$200,000)

(\$200,000)

No changes

**Division of Information Technology Program**

No changes

**Total Conference Committee Changes - Management**

0.00

(\$200,000)

\$0

(\$200,000)

**Senate Bill No. 2012 - Department of Human Services - Program and Policy - Conference Committee Action**

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES <sup>1</sup>	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Salaries and wages	\$25,593,565	\$25,668,611	(\$400,000)	\$25,268,611	\$24,998,611	\$270,000
Operating expenses	65,561,106	66,356,937	214,865	66,571,802	66,514,290	57,512
Capital assets	399	399		399	399	
Grants	339,435,262	341,776,723	85,062	341,861,785	341,964,940	(103,155)
Grants - Medical assistance	<u>1,101,375,452</u>	<u>1,138,809,360</u>	<u>(26,666,430)</u>	<u>1,112,142,930</u>	<u>1,104,266,294</u>	<u>7,876,636</u>
Total all funds	\$1,531,965,784	\$1,572,612,030	(\$26,766,503)	\$1,545,845,527	\$1,537,744,534	\$8,100,993
Less estimated income	<u>1,103,015,555</u>	<u>1,127,268,003</u>	<u>(13,403,194)</u>	<u>1,113,864,809</u>	<u>1,106,107,509</u>	<u>7,757,300</u>
General fund	\$428,950,229	\$445,344,027	(\$13,363,309)	\$431,980,718	\$431,637,025	\$343,693
FTE	230.30	231.30	0.00	231.30	231.30	0.00
			FTE	GENERAL FUND	ESTIMATED INCOME	TOTAL

**<sup>1</sup>Program and Policy - Conference Committee Changes:**

Reduces funding for salaries and wages in anticipation of savings resulting from vacant positions and employee turnover. The House version reduced salaries and wages by \$670,000.

(\$400,000)

(\$400,000)

**Economic Assistance Policy Program**

No changes

**Child Support Program**

Removes operating expenses funding from the general fund for the Devils Lake Child Support Enforcement Unit due to provisions of Senate Bill No. 2205 providing for state administration of child support enforcement, the same as the House version

(215,016)

(215,016)

**Medical Services Program**

Adds funding to provide a 4 percent inflationary increase for the first year of the biennium and a 5 percent for the second year for medical-related service providers. The Senate provided a 4 percent annual inflationary increase and the House provided a 5 percent annual inflationary increase.

565,968

\$1,152,404

1,718,372

Removes funding for grants - Medical assistance added by the Senate for increasing medically needy income levels from 61 to 83 percent of poverty. The House also removed this funding.

(2,529,690)

(4,493,325)

(7,023,015)

Reduces funding for grants - Medical assistance added by the Senate to provide \$1.5 million from the general fund for continuous Medicaid eligibility for children under 19 years of age who are either categorically or optionally categorically needy beginning January 2008. The section added by the Senate providing that the department monitor and report on these expenditures is also removed as well as the section added by the House providing for a Legislative Council study of the feasibility and desirability of allowing continuous Medicaid eligibility for this population.

(781,110)

(1,387,435)

(2,168,545)

Reduces funding for grants - Medical assistance to reflect an anticipated reduction in the cost and caseload/utilization of the following medical assistance services from the amounts included in the executive budget and Senate version:

Inpatient hospital

(1,000,000)

(1,776,236)

(2,776,236)

Drugs

(1,783,368)

(3,167,035)

(4,950,403)

Healthy Steps

(200,000)

(593,336)

(793,336)

Durable medical equipment

(166,269)

(295,177)

(461,446)

The House also made these reductions.

Adds funding for grants - Medical assistance to increase Medicaid payment rates to implement cost-based reimbursement for critical access hospitals. The House had added \$1,394,469 from the general fund for increasing Medicaid hospital payment rates to the maximum base rate.

1,544,469

2,743,341

4,287,810

Adds funding for grants - Medical assistance to increase Medicaid payment rates for chiropractic services. The House had also added a section requiring the payment rates for chiropractic services to be 50 percent of fiscal year 2006 billed charges, which is not included in the conference committee version.

31,845

56,564

88,409

Adds funding for grants - Medical assistance to increase Medicaid payment rates for ambulance services, the same as the House version

125,000

222,029

347,029

Adds operating expenses funding and a section to the bill requiring the department to develop a method for rebasing hospital, physician, dentist, ambulance, and chiropractic services payment rates under the Medicaid program, the same as the House version

175,000

175,000

350,000

**Long-Term Care Program**

Adds funding to provide a 4 percent inflationary increase for the first year of the biennium and a 5 percent for the second year for long-term care service providers. The Senate provided a 4 percent annual inflationary increase and the House provided

645,293

2,431,014

3,076,307

a 5 percent annual inflationary increase. Of the total, \$525,597 is from the health care trust fund for the additional state matching funds relating to nursing homes. The House version included \$1,144,080 from the health care trust fund.

Adds funding for grants - Medical assistance to continue the same SPED eligibility criteria as the 2005-07 biennium, the same as the House version	1,537,030	80,896	1,617,926
Removes funding for grants - Medical assistance to continue the \$50 per month personal care allowance for residents of nursing homes and intermediate care facilities for persons with mental retardation. The Senate had provided a \$55 per month allowance. The House also provided a \$50 per month allowance.		(499,850)	(499,850)
Reduces funding for grants - Medical assistance to reflect an anticipated reduction in the cost and caseload/utilization of nursing home, aged and disabled waiver, basic care, and personal care option services from the amounts included in the executive budget and Senate version. The House also made this reduction.	(6,185,000)	(10,986,015)	(17,171,015)
Reduces funding for grants - Medical assistance to reflect an anticipated reduction in the cost and caseload/utilization of basic care services from the amounts included in the executive budget and Senate version. The House also made this reduction.	(216,537)	(145,565)	(362,102)
Reduces funding for grants - Medical assistance to reflect an anticipated reduction in the cost and caseload/utilization of developmental disabilities services from the amounts included in the executive budget and Senate version. The House also made this reduction.	(3,575,000)	(6,350,042)	(9,925,042)
Adds funding in a separate section for developmental disabilities services grants. The state matching funds of \$3.5 million are from a Bank of North Dakota loan contingent on Budget Section Approval.		3,500,000	3,500,000
Adds federal funds for developmental disabilities services grants associated with the contingent Bank of North Dakota loan		6,216,824	6,216,824
Reduces funding added by the Senate from \$900,000 to \$400,000 from the general fund for the transition of selected Developmental Center residents to community programs. The House had provided \$200,000 from the general fund for this item.	(500,000)	(888,117)	(1,388,117)

#### Aging Services Program

No changes

#### Children and Family Services Program

Adds funding to provide a 4 percent inflationary increase for the first year of the biennium and a 5 percent for the second year for children and family service providers. The Senate provided a 4 percent annual inflationary increase and the House provided a 5 percent annual inflationary increase.

Reduces funding for grants to reflect an anticipated reduction in the cost and caseload/utilization of subsidized adoption services from the amounts included in the executive budget and Senate version. The House also made this reduction.	(300,000)	(426,392)	(726,392)
Adds funding from federal TANF block grant funds for grants to increase reimbursements for county child abuse and neglect assessments by \$100 per assessment, the same as the House version		770,800	770,800

#### Mental Health and Substance Abuse Program

Adds funding to provide a 4 percent inflationary increase for the first year of the biennium and a 5 percent for the second year for contract service providers. The Senate provided a 4 percent annual inflationary increase and the House provided a 5 percent annual inflationary increase.

#### Developmental Disabilities Council Disabilities Program

Adds funding to provide a 4 percent inflationary increase for the first year of the biennium and a 5 percent for the second year for contract service providers. The Senate provided a 4 percent annual inflationary increase and the House provided a 5 percent annual inflationary increase.

Reduces funding added by the Senate for centers for independent living. The conference committee version is the same as the House version which provides a total of \$1,381,457, of which \$546,040 is from the general fund. The executive budget recommended \$1,131,457, of which \$296,040 is from the general fund and the Senate provided \$1,631,457, of which \$796,040 is from the general fund.	(250,000)		(250,000)
---	-----------	--	-----------

<b>Total Conference Committee Changes - Program and Policy</b>	0.00	(\$13,363,309)	(\$13,403,194)	(\$26,766,503)
--	------	----------------	----------------	----------------

### Senate Bill No. 2012 - Department of Human Services - State Hospital - Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES <sup>1</sup>	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Traditional	\$52,371,738	\$52,371,738		\$52,371,738	\$52,371,738	
Secure	12,587,384	12,587,384		12,587,384	12,587,384	
Institutions		<u>167,482</u>	<u>(\$370,473)</u>	<u>(202,991)</u>	<u>(266,276)</u>	<u>63,285</u>
Total all funds	\$64,959,122	\$65,126,604	(\$370,473)	\$64,756,131	\$64,692,846	\$63,285
Less estimated income	<u>15,888,310</u>	<u>15,888,310</u>	<u>(1,445)</u>	<u>15,886,865</u>	<u>15,886,865</u>	
General fund	\$49,070,812	\$49,238,294	(\$369,028)	\$48,869,266	\$48,805,981	\$63,285
FTE	465.01	466.51	(1.00)	465.51	465.01	0.50

	FTE	GENERAL FUND	ESTIMATED INCOME	TOTAL
<b><sup>1</sup>State Hospital - Conference Committee Changes:</b> Removes funding for a vocational training position in the secure services unit added in the executive budget. The House also removed this position.	(1.00)	(\$69,028)	(\$1,445)	(\$70,473)
Reduces funding for capital improvements from \$3,362,757 to \$3,062,757, the same as the House version		(300,000)		(300,000)
<b>Total Conference Committee Changes - State Hospital</b>	(1.00)	(\$369,028)	(\$1,445)	(\$370,473)

### Senate Bill No. 2012 - Department of Human Services - Developmental Center - Conference Committee Action

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES <sup>1</sup>	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
Human service centers/ institutions	<u>\$48,456,612</u>	<u>\$48,456,612</u>	<u>(\$700,000)</u>	<u>\$47,756,612</u>	<u>\$47,756,612</u>	
Total all funds	\$48,456,612	\$48,456,612	(\$700,000)	\$47,756,612	\$47,756,612	\$0
Less estimated income	<u>33,243,690</u>	<u>33,243,690</u>		<u>33,243,690</u>	<u>33,243,690</u>	
General fund	\$15,212,922	\$15,212,922	(\$700,000)	\$14,512,922	\$14,512,922	\$0
FTE	449.54	449.54	0.00	449.54	449.54	0.00
	FTE		FTE	GENERAL FUND	ESTIMATED INCOME	TOTAL
<b><sup>1</sup>Developmental Center - Conference Committee Changes:</b> Reduces funding for capital improvement projects from the general fund from \$947,092 to \$300,000, the same as the House version				(\$647,092)		(\$647,092)
Reduces funding for extraordinary repairs from \$600,000 to \$547,092, the same as the House version				(52,908)		(52,908)
<b>Total Conference Committee Changes - Developmental Center</b>			0.00	(\$700,000)	\$0	(\$700,000)

### Senate Bill No. 2012 - Human Service Centers - General Fund Summary

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES <sup>1</sup>	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
DHS - Northwest HSC	\$4,389,323	\$4,409,698	(\$46,999)	\$4,362,699	\$4,375,433	(\$12,734)
DHS - North Central HSC	8,924,775	8,970,346	(94,110)	8,876,236	8,904,717	(28,481)
DHS - Lake Region HSC	5,436,010	5,465,764	(56,602)	5,409,162	5,427,758	(18,596)
DHS - Northeast HSC	9,936,283	9,969,979	(110,964)	9,859,015	9,880,075	(21,060)
DHS - Southeast HSC	11,848,875	11,910,196	(124,684)	11,785,512	11,823,837	(38,325)
DHS - South Central HSC	8,291,192	8,320,442	(92,150)	8,228,292	8,246,573	(18,281)
DHS - West Central HSC	10,440,940	10,470,232	(118,855)	10,351,377	10,369,684	(18,307)
DHS - Badlands HSC	<u>5,003,380</u>	<u>5,017,294</u>	<u>(56,942)</u>	<u>4,960,352</u>	<u>4,969,047</u>	<u>(8,695)</u>
Total general fund	\$64,270,778	\$64,533,951	(\$701,306)	\$63,832,645	\$63,997,124	(\$164,479)

### Senate Bill No. 2012 - Human Service Centers - Other Funds Summary

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES <sup>1</sup>	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
DHS - Northwest HSC	\$3,136,258	\$3,136,258		\$3,136,258	\$3,136,258	
DHS - North Central HSC	7,917,967	7,917,967		7,917,967	7,917,967	
DHS - Lake Region HSC	4,417,334	4,417,334		4,417,334	4,417,334	
DHS - Northeast HSC	12,256,322	12,260,487	\$1,562	12,262,049	12,264,652	(\$2,603)
DHS - Southeast HSC	14,296,599	14,296,599		14,296,599	14,296,599	
DHS - South Central HSC	6,450,546	6,460,823	3,853	6,464,676	6,471,100	(6,424)
DHS - West Central HSC	10,327,232	10,343,709	6,178	10,349,887	10,360,185	(10,298)
DHS - Badlands HSC	<u>4,845,616</u>	<u>4,845,756</u>	<u>53</u>	<u>4,845,809</u>	<u>4,845,897</u>	<u>(88)</u>
Total other funds	\$63,647,874	\$63,678,933	\$11,646	\$63,690,579	\$63,709,992	(\$19,413)

### Senate Bill No. 2012 - Human Service Centers - All Funds Summary

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES <sup>1</sup>	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	COMPARISON TO HOUSE
DHS - Northwest HSC	\$7,525,581	\$7,545,956	(\$46,999)	\$7,498,957	\$7,511,691	(\$12,734)
DHS - North Central HSC	16,842,742	16,888,313	(94,110)	16,794,203	16,822,684	(28,481)
DHS - Lake Region HSC	9,853,344	9,883,098	(56,602)	9,826,496	9,845,092	(18,596)
DHS - Northeast HSC	22,192,605	22,230,466	(109,402)	22,121,064	22,144,727	(23,663)
DHS - Southeast HSC	26,145,474	26,206,795	(124,684)	26,082,111	26,120,436	(38,325)
DHS - South Central HSC	14,741,738	14,781,265	(88,297)	14,692,968	14,717,673	(24,705)
DHS - West Central HSC	20,768,172	20,813,941	(112,677)	20,701,264	20,729,869	(28,605)
DHS - Badlands HSC	<u>9,848,996</u>	<u>9,863,050</u>	<u>(56,889)</u>	<u>9,806,161</u>	<u>9,814,944</u>	<u>(8,783)</u>
Total all funds	\$127,918,652	\$128,212,884	(\$689,660)	\$127,523,224	\$127,707,116	(\$183,892)
FTE	838.73	838.73	0.00	838.73	838.73	0.00

<sup>1</sup> Funding for the human service centers provided from the general fund is reduced as follows (the House also made these reductions):

HUMAN SERVICE CENTER	GENERAL FUND
Northwest	(\$54,640)
North Central	(111,200)
Lake Region	(67,760)
Northeast	(123,600)
Southeast	(147,680)
South Central	(103,120)
West Central	(129,840)
Badlands	(62,160)
Total	(\$800,000)

Funding is added for the human service centers as listed below to provide a 4 percent inflationary increase for human service center contract service providers for the first year of the biennium and a 5 percent for the second year. The Senate provided a 4 percent annual increase and the House provided a 5 percent annual increase.

HUMAN SERVICE CENTER	GENERAL FUND	ESTIMATED INCOME	TOTAL
Northwest	\$7,641		\$7,641
North Central	17,090		17,090
Lake Region	11,158		11,158
Northeast	12,636	\$1,562	14,198
Southeast	22,996		22,996
South Central	10,970	3,853	14,823
West Central	10,985	6,178	17,163
Badlands	5,218	53	5,271
Total	\$98,694	\$11,646	\$110,340

Other changes to Senate Bill No. 2012:

Section 4 of the engrossed bill is changed to remove authority for the department to hire additional FTE positions without Emergency Commission approval. The House also made this change.

Section 7 of the engrossed bill is changed to remove specific reference to the Robinson Recovery Center. The House also made this change.

Section 10 of the engrossed bill added by the Senate providing for a Legislative Council study of the use of local property tax revenues to finance the delivery of human services is removed. The House also removed this section.

Sections added by the Senate changing the statutory name of qualified service providers to home service providers beginning July 2008 are removed. The House also removed these sections.

Sections are added which:

- Identify one-time funding included in the budget and provide for a report to the 2009 Legislative Assembly on the agency's use of the one-time funding. The House also added a similar section.
- Remove the requirement that entities contracting to provide guardianship services to vulnerable adults maintain a system of volunteer guardians. The House also removed this requirement.
- Provide for a Legislative Council study of infant development services and funding. The House also provided for this study.
- Provide for a Legislative Council study of nursing home equalization of rates and provider taxes/assessments on nursing homes. The House also provided for this study.
- Provide legislative intent that developmental disabilities service providers give priority to using the increased funding being provided for the 2007-09 biennium for increasing their employees' salaries. The House also added this section.
- Provide that the department implement a cost-based reimbursement system for critical access hospitals for the 2007-09 biennium.

Engrossed SB 2012 was placed on the Seventh order of business on the calendar.

**REPORT OF CONFERENCE COMMITTEE**

**SB 2260:** Your conference committee (Sens. Lyson, Grindberg, Fiebiger and Reps. Klemin, Wieland, Kroeber) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 1226-1228, adopt amendments as follows, and place SB 2260 on the Seventh order:

That the House recede from its amendments as printed on pages 1078-1080 of the Senate Journal and pages 1226-1228 of the House Journal and that Senate Bill No. 2260 be amended as follows:

Page 1, line 3, remove "a new subsection to section 43-28-06,"

Page 1, line 5, after the third comma insert "15.1-06-06,"

Page 1, line 8, after "checks" insert "; to provide for limitations on correctional facility construction or remodeling; to provide an expiration date"

Page 3, line 6, overstrike "The agencies", remove ", officials," and overstrike "and entities named in subsection 2 shall require each" and insert immediately thereafter "Each"

Page 3, line 7, remove "or name change" and overstrike the first "to" and insert immediately thereafter "or name change who is subject to a criminal history record check under subsection 2 shall"

Page 4, line 6, overstrike "each" and insert immediately thereafter "a final"

Page 4, line 18, after "The" insert "department of", overstrike "department", and overstrike "section"

Page 4, line 19, overstrike "50-11-06.8" and insert immediately thereafter "chapter 50-11" and overstrike "section 50-11.3-01" and insert immediately thereafter "chapter 50-11.3"

Page 4, line 20, overstrike "section 50-12-03.2" and insert immediately thereafter "chapter 50-12"

Page 4, line 22, overstrike "sections" and insert immediately thereafter "chapters" and replace "section" with "chapter"

Page 4, line 23, replace "50-11-06.8" with "50-11", replace "50-11.3-01" with "50-11.3", and replace "50-12-03.2" with "50-12"

Page 4, line 25, replace "sections" with "chapters"

Page 4, line 26, after "The" insert "department of" and overstrike "department"

Page 5, line 15, overstrike "each" and insert immediately thereafter "a final"

Page 5, line 17, overstrike "each" and insert immediately thereafter "a final"

Page 5, line 19, overstrike "employees assigned duties related to"

Page 5, line 20, overstrike "bioterrorism and homeland security issues" and insert immediately thereafter "a final applicant for or an employee in a specified occupation with the department"

Page 5, line 21, overstrike "a nurse aide seeking to have a finding of neglect removed from the"

Page 5, line 22, overstrike "nurse aide registry; or" and overstrike "state"

Page 5, line 23, overstrike "of health who holds a license, certificate, or registration in a"

Page 5, line 24, overstrike "health-related field" and insert immediately thereafter "; or, when requested by the department, an applicant for registration, certification, or licensure by the department"

Page 5, remove lines 25 through 28

Page 5, line 29, replace "p." with "o."

Page 6, line 1, replace "q." with "p."



Page 6, line 5, replace "r." with "q."

Page 6, line 8, replace "s." with "r."

Page 6, line 11, replace "t." with "s."

Page 6, line 12, after "or" insert "final"

Page 6, line 15, replace "u." with "t."

Page 6, line 17, replace "v." with "u.", replace the first underscored comma with "and", and remove the second underscored comma

Page 6, line 18, replace "applicants" with "a final applicant"

Page 6, line 19, after "or" insert "a final"

Page 6, line 22, replace "w." with "v."

Page 6, line 23, replace "all agents, employees," with "each agent and employee" and replace "applicants" with "a final applicant"

Page 6, line 24, replace "have" with "has"

Page 6, line 25, replace "exercise" with "exercises"

Page 6, line 26, after "or" insert "a final"

Page 6, line 30, replace "x." with "w." and replace "each" with "a final"

Page 7, line 3, replace "y." with "x.", after "The" insert "governing", after "a" insert "public", replace "district" with "or, for a nonpublic school, the superintendent of public instruction,", and replace "or individuals seeking" with "designated by the governing board or nonpublic school. The governing board or the nonpublic school is"

Page 7, remove lines 4 through 7

Page 7, line 8, remove "individuals must be" and remove the second "for"

Page 7, after line 9, insert:

"y. The governing board of a public school or, for a nonpublic school, the superintendent of public instruction, for a final applicant seeking employment with the school or otherwise providing services to the school, if that individual has unsupervised contact with the students. For purposes of this subdivision, "unsupervised contact" with students means being in proximity to one or more students, on school grounds or at school functions, outside the presence of an individual who has been subject to a criminal background check. The governing board or the nonpublic school is responsible for paying the costs associated with obtaining a background check."

Page 7, after line 13, insert:

**"SECTION 5. AMENDMENT.** Section 15.1-06-06 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-06-06. Approval of public and nonpublic schools.** Each public and nonpublic school in this state offering elementary or secondary education to students must be approved by the superintendent of public instruction. Except as otherwise provided by law, the superintendent may not approve a school unless:

1. Each classroom teacher is licensed to teach by the education standards and practices board or approved to teach by the education standards and practices board;
2. Each classroom teacher is teaching only in those course areas or fields for which the teacher is licensed or for which the teacher has received an exception under section 15.1-09-57;

3. The students are offered all subjects required by law; ~~and~~
4. The school is in compliance with all local and state health, fire, and safety laws; and
5. The school has conducted all criminal history record checks required by section 12-60-24."

Page 11, remove lines 1 through 13

Page 19, after line 4, insert:

**"SECTION 21. DEPARTMENT OF CORRECTIONS AND REHABILITATION FACILITIES.** Notwithstanding North Dakota Century Code section 54-23.3-04, the director of the department of corrections and rehabilitation may not advertise for bids or issue a request for qualifications for a construction manager for construction of a new correctional facility or remodeling of the existing state penitentiary until the concept is authorized by the emergency commission and approved by the budget section.

**SECTION 22. EXPIRATION DATE.** Section 21 of this Act is effective through June 30, 2009, and after that date is ineffective."

Renumber accordingly

SB 2260 was placed on the Seventh order of business on the calendar.

#### REPORT OF CONFERENCE COMMITTEE

**HB 1020, as engrossed:** Your conference committee (Sens. Bowman, Holmberg, Lindaas and Reps. Klein, Hawken, Guleson) recommends that the **SENATE RECEDE** from the Senate amendments on HJ pages 1416-1421, adopt amendments as follows, and place HB 1020 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1416-1421 of the House Journal and pages 1230-1234 of the Senate Journal and that Engrossed House Bill No. 1020 be amended as follows:

Page 1, line 3, replace "section" with "sections 4-41-02 and"

Page 1, line 4, after the first "to" insert "industrial hemp licenses and"

Page 1, line 5, replace "for a study; to authorize hemp seed procurement" with "legislative intent; to provide for a report to the sixty-first legislative assembly"

Page 3, line 7, replace "4,214,956" with "3,989,956"

Page 3, line 8, replace "(207,238)" with "(99,438)"

Page 3, line 9, replace "4,007,718" with "3,890,518"

Page 3, line 11, replace "3,163,685" with "3,046,485"

Page 3, line 14, replace "770,428" with "720,428"

Page 3, line 16, replace "282,631" with "232,631"

Page 3, line 19, replace "11,002,726" with "11,119,654"

Page 3, line 20, replace "10,965,630" with "11,072,603"

Page 3, line 21, replace "37,096" with "47,051"

Page 3, line 24, replace "10,276,066" with "11,885,735"

Page 3, line 25, replace "(2,951,489)" with "(1,559,949)"

Page 3, line 26, replace "13,227,555" with "13,445,684"

Page 4, line 2, replace "(155,724)" with "(105,724)"

Page 4, line 3, replace "762,491" with "862,491"

Page 4, line 5, replace "3,364,839" with "3,514,839"

Page 4, line 7, replace "2,767,775" with "2,917,775"

Page 4, line 12, replace "19,478,742" with "19,689,626"

Page 4, line 13, replace "9,972,373" with "11,470,886"

Page 4, line 14, replace "29,451,115" with "31,160,512"

Page 4, line 24, replace "41,757,455" with "41,532,455"

Page 4, line 25, replace "630,000" with "737,800"

Page 4, line 26, replace "42,387,455" with "42,270,255"

Page 4, line 28, replace "18,521,831" with "18,404,631"

Page 5, line 1, replace "2,673,111" with "2,623,111"

Page 5, line 3, replace "1,193,392" with "1,143,392"

Page 5, line 6, replace "27,455,663" with "27,572,591"

Page 5, line 7, replace "26,255,663" with "26,362,636"

Page 5, line 8, replace "1,200,000" with "1,209,955"

Page 5, line 11, replace "85,732,779" with "87,342,448"

Page 5, line 12, replace "41,711,157" with "43,102,697"

Page 5, line 13, replace "44,021,622" with "44,239,751"

Page 5, line 20, replace "3,774,816" with "3,824,816"

Page 5, line 21, replace "3,034,369" with "3,134,369"

Page 5, line 23, replace "24,870,515" with "25,020,515"

Page 5, line 25, replace "11,154,084" with "11,304,084"

Page 5, line 30, replace "76,090,929" with "76,301,813"

Page 6, line 1, replace "108,258,940" with "109,757,453"

Page 6, line 2, replace "184,349,869" with "186,059,266"

Page 6, after line 20, insert:

**"SECTION 7. AMENDMENT.** Section 4-41-02 of the North Dakota Century Code is amended and reenacted as follows:

**4-41-02. Industrial hemp - Licensure - Reporting requirements - Continuing appropriation.**

1. Any person desiring to grow industrial hemp for commercial purposes shall apply to the agriculture commissioner for a license on a form prescribed by the commissioner. The application for a license must include the name and address of the applicant and the legal description of the land area to be used to produce industrial hemp. Except for employees of the agricultural experiment station or the North Dakota state university extension service involved in research and extension related activities, the commissioner shall require each applicant for initial licensure to submit to a statewide and nationwide criminal history check. The nationwide criminal history check must be conducted in the manner provided in section 12-60-24. All costs associated with the background check are the responsibility of the applicant. Criminal history records provided to the

commissioner under this section are confidential. The commissioner may use the records only in determining an applicant's eligibility for licensure. Any person with a prior criminal conviction is not eligible for licensure. If the applicant has completed the application process to the satisfaction of the commissioner, the commissioner shall issue the license, which is valid for a period of one year. Any person licensed under this section is presumed to be growing industrial hemp for commercial purposes. A license required by this section is not conditioned on or subject to review or approval by the United States drug enforcement agency.

2. Each licensee must file with the commissioner documentation indicating that the seeds planted were of a type and variety certified to have no more than three-tenths of one percent tetrahydrocannabinol and a copy of any contract to grow industrial hemp. Each licensee shall notify the commissioner of the sale or distribution of any industrial hemp grown by the licensee, and the names of the persons to whom the hemp was sold or distributed.
3. The commissioner shall adopt rules to allow the industrial hemp to be tested during growth for tetrahydrocannabinol levels and to allow for supervision of the industrial hemp during its growth and harvest. To provide sufficient funds to pay costs associated with monitoring and testing industrial hemp in the state, the commissioner shall assess each applicant a fee of five dollars per acre. The minimum fee assessed must be one hundred fifty dollars per applicant. Collections from this fee must be deposited in the attorney general's operating fund and are hereby appropriated to the attorney general to be used to enforce this chapter."

Page 7, replace lines 29 through 31 with:

**"SECTION 10. LEGISLATIVE INTENT - BEEF RESEARCH FACILITY.** It is the intent of the sixtieth legislative assembly that before proceeding with a beef research facility, a documented agreement as to the location of the facility must be provided to the main research center from applicable city and county government officials.

**SECTION 11. LEGISLATIVE INTENT - OPERATING POOL FUNDING.** It is the intent of the sixtieth legislative assembly that the appropriation from the permanent oil tax trust fund as provided in subdivision 4 of section 3 of this Act is to be available only for providing funding for operations of the Dickinson research center and the amount provided is to be limited to the lesser of \$750,000 or the amount actual oil revenues are less than budgeted for the research center for the biennium beginning July 1, 2007, and ending June 30, 2009.

**SECTION 12. LEGISLATIVE INTENT - USE OF LIVESTOCK FACILITIES.** It is the intent of the sixtieth legislative assembly that the agricultural experiment station consider options to ensure that the use of the livestock facilities at Dickinson, Hettinger, Carrington, and Streeter are being maximized.

**SECTION 13. NATIONAL CATTLEMEN'S BEEF ASSOCIATION FUNDING - REPORT TO SIXTY-FIRST LEGISLATIVE ASSEMBLY.** The agricultural experiment station shall provide a report to the sixty-first legislative assembly regarding the funding received during the biennium beginning July 1, 2007, and ending June 30, 2009, from the national cattlemen's beef association."

Page 8, remove lines 1 through 6

Page 8, line 18, replace "\$9,032,750" with "\$8,732,750"

Page 8, line 24, replace "350,000" with "400,000"

Page 8, remove line 31

Page 9, line 2, replace "75,000" with "25,000"

Page 9, line 3, replace "9,782,750" with "9,482,750"

Page 9, line 5, replace "\$10,107,750" with "\$7,907,750"

Page 9, line 6, after "3" insert "and section 7" and replace "is" with "are"

Renumber accordingly

# STATEMENT OF PURPOSE OF AMENDMENT:

## House Bill No. 1020 - Summary of Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Transportation Institute						
Total all funds	\$27,479,547	\$27,455,663	\$116,928	\$27,572,591	\$27,595,591	(\$23,000)
Less estimated income	26,255,663	26,255,663	106,973	26,362,636	26,362,636	
General fund	\$1,223,884	\$1,200,000	\$9,955	\$1,209,955	\$1,232,955	(\$23,000)
Branch Research Centers						
Total all funds	\$24,374,515	\$24,870,515	\$150,000	\$25,020,515	\$24,620,515	\$400,000
Less estimated income	13,716,431	13,716,431		13,716,431	13,716,431	
General fund	\$10,658,084	\$11,154,084	\$150,000	\$11,304,084	\$10,904,084	\$400,000
NDSU Extension Service						
Total all funds	\$41,322,455	\$42,387,455	(\$117,200)	\$42,270,255	\$42,195,255	\$75,000
Less estimated income	23,865,624	23,865,624		23,865,624	23,865,624	
General fund	\$17,456,831	\$18,521,831	(\$117,200)	\$18,404,631	\$18,329,631	\$75,000
Northern Crops Institute						
Total all funds	\$2,598,111	\$2,673,111	(\$50,000)	\$2,623,111	\$2,673,111	(\$50,000)
Less estimated income	1,479,719	1,479,719		1,479,719	1,479,719	
General fund	\$1,118,392	\$1,193,392	(\$50,000)	\$1,143,392	\$1,193,392	(\$50,000)
Main Research Station						
Total all funds	\$86,698,779	\$85,732,779	\$1,609,669	\$87,342,448	\$87,362,448	(\$20,000)
Less estimated income	41,261,157	41,711,157	1,391,540	43,102,697	43,127,697	(25,000)
General fund	\$45,437,622	\$44,021,622	\$218,129	\$44,239,751	\$44,234,751	\$5,000
Agronomy Seed Farm						
Total all funds	\$1,230,346	\$1,230,346	\$0	\$1,230,346	\$1,230,346	\$0
Less estimated income	1,230,346	1,230,346		1,230,346	1,230,346	
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Bill Total						
Total all funds	\$183,703,753	\$184,349,869	\$1,709,397	\$186,059,266	\$185,677,266	\$382,000
Less estimated income	107,808,940	108,258,940	1,498,513	109,757,453	109,782,453	(25,000)
General fund	\$75,894,813	\$76,090,929	\$210,884	\$76,301,813	\$75,894,813	\$407,000

## House Bill No. 1020 - Transportation Institute - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Transportation Institute	\$27,479,547	\$27,455,663	\$116,928	\$27,572,591	\$27,595,591	(\$23,000)
Total all funds	\$27,479,547	\$27,455,663	\$116,928	\$27,572,591	\$27,595,591	(\$23,000)
Less estimated income	26,255,663	26,255,663	106,973	26,362,636	26,362,636	
General fund	\$1,223,884	\$1,200,000	\$9,955	\$1,209,955	\$1,232,955	(\$23,000)
FTE	43.40	43.40	0.00	43.40	43.40	0.00

## Dept. 627 - Transportation Institute - Detail of Conference Committee Changes

	ADDS FUNDING FOR ADDITIONAL 1 PERCENT SALARY INCREASE <sup>1</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Transportation Institute	\$116,928	\$116,928
Total all funds	\$116,928	\$116,928
Less estimated income	106,973	106,973
General fund	\$9,955	\$9,955
FTE	0.00	0.00

<sup>1</sup> This amendment provides for the Upper Great Plains Transportation Institute to receive a 5 percent salary increase effective July 1, 2007, and a 5 percent increase effective July 1, 2008. The conference committee agreed to the Senate action.

The House reduced the general fund appropriation for operations of the Upper Great Plains Transportation Institute by \$23,884. The Senate restored \$23,000 of this funding. The conference committee agreed to the House action.

**House Bill No. 1020 - Branch Research Centers - Conference Committee Action**

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Dickinson Research Center	\$6,077,229	\$6,077,229		\$6,077,229	\$6,077,229	
Central Grasslands Research Center	2,267,506	2,267,506		2,267,506	2,267,506	
Hettinger Research Center	2,441,212	2,441,212		2,441,212	2,441,212	
Langdon Research Center	1,697,293	1,697,293		1,697,293	1,697,293	
North Central Research Center	3,524,816	3,774,816	\$50,000	3,824,816	3,474,816	\$350,000
Williston Research Center	2,884,369	3,034,369	100,000	3,134,369	3,084,369	50,000
Carrington Research Center	<u>5,482,090</u>	<u>5,578,090</u>		<u>5,578,090</u>	<u>5,578,090</u>	
Total all funds	\$24,374,515	\$24,870,515	\$150,000	\$25,020,515	\$24,620,515	\$400,000
Less estimated income	<u>13,716,431</u>	<u>13,716,431</u>		<u>13,716,431</u>	<u>13,716,431</u>	
General fund	\$10,658,084	\$11,154,084	\$150,000	\$11,304,084	\$10,904,084	\$400,000
FTE	95.26	96.86	1.00	97.86	96.86	1.00

**Dept. 628 - Branch Research Centers - Detail of Conference Committee Changes**

	PROVIDES ADDITIONAL FUNDING FOR IRRIGATION RESEARCH POSITION <sup>1</sup>	RESTORES FUNDING FOR LABORATORY AND GREENHOUSE <sup>2</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Dickinson Research Center			
Central Grasslands Research Center			
Hettinger Research Center			
Langdon Research Center			
North Central Research Center		\$50,000	\$50,000
Williston Research Center	\$100,000		100,000
Carrington Research Center			
Total all funds	\$100,000	\$50,000	\$150,000
Less estimated income			
General fund	\$100,000	\$50,000	\$150,000
FTE	1.00	0.00	1.00

<sup>1</sup> The Senate provided an additional \$50,000 for costs associated with an irrigation research position at the Williston Research Center which was added by the House. This amendment provides additional funding for salaries and operating costs needed for the position. The conference committee increased this appropriation to \$100,000 and authorized an additional 1 FTE research technician position for the project. The total authorized for the Williston irrigation project is \$250,000 from the general fund and 2 FTE positions.

<sup>2</sup> The conference committee restored the \$50,000 appropriation removed by the House for the North Central Research Center laboratory and greenhouse project. The total appropriation for the project is \$400,000.

The House added \$300,000 from the general fund for a maintenance shop and equipment storage facility at the North Central Research Center. The Senate removed this funding. The conference committee agreed with the House action for this project.

**House Bill No. 1020 - NDSU Extension Service - Conference Committee Action**

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Extension Service	\$40,692,455	\$41,757,455	(\$225,000)	\$41,532,455	\$41,457,455	\$75,000
Soil Conservation Committee	<u>630,000</u>	<u>630,000</u>	<u>107,800</u>	<u>737,800</u>	<u>737,800</u>	
Total all funds	\$41,322,455	\$42,387,455	(\$117,200)	\$42,270,255	\$42,195,255	\$75,000
Less estimated income	<u>23,865,624</u>	<u>23,865,624</u>		<u>23,865,624</u>	<u>23,865,624</u>	
General fund	\$17,456,831	\$18,521,831	(\$117,200)	\$18,404,631	\$18,329,631	\$75,000
FTE	257.86	260.46	0.00	260.46	260.46	0.00

**Dept. 630 - NDSU Extension Service - Detail of Conference Committee Changes**

ADDS FUNDING FOR SOIL CONSERVATION GRANTS <sup>1</sup>	ADDS FUNDING FOR SMITHSONIAN SOIL EXHIBIT <sup>2</sup>	REDUCES FUNDING FOR PARENTING RESOURCE CENTERS <sup>3</sup>	REDUCES FUNDING FOR HORTICULTURIST POSITION <sup>4</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
--	--	---	---	---

Extension Service			(\$175,000)	(\$50,000)	(\$225,000)
Soil Conservation Committee	<u>\$100,000</u>	<u>\$7,800</u>			<u>107,800</u>
Total all funds	\$100,000	\$7,800	(\$175,000)	(\$50,000)	(\$117,200)
Less estimated income					
General fund	\$100,000	\$7,800	(\$175,000)	(\$50,000)	(\$117,200)
FTE	0.00	0.00	0.00	0.00	0.00

<sup>1</sup> The Senate added \$100,000 for soil conservation grants. The conference committee agreed with this action.

<sup>2</sup> The Senate added \$7,800 for costs relating to the Smithsonian soil exhibit. The conference committee agreed to this action.

<sup>3</sup> The Senate removed the \$300,000 of funding added by the House for statewide parenting resource centers. The conference committee agreed to provide \$125,000 for statewide parenting resource centers.

<sup>4</sup> The conference committee reduced funding added by the House for a horticulturist position by \$50,000, from \$250,000 to \$200,000.

### House Bill No. 1020 - Northern Crops Institute - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Northern Crops Institute	<u>\$2,598,111</u>	<u>\$2,673,111</u>	<u>(\$50,000)</u>	<u>\$2,623,111</u>	<u>\$2,673,111</u>	<u>(\$50,000)</u>
Total all funds	\$2,598,111	\$2,673,111	(\$50,000)	\$2,623,111	\$2,673,111	(\$50,000)
Less estimated income	<u>1,479,719</u>	<u>1,479,719</u>		<u>1,479,719</u>	<u>1,479,719</u>	
General fund	\$1,118,392	\$1,193,392	(\$50,000)	\$1,143,392	\$1,193,392	(\$50,000)
FTE	11.20	11.20	0.00	11.20	11.20	0.00

### Dept. 638 - Northern Crops Institute - Detail of Conference Committee Changes

	REMOVES FUNDING FOR EXTRAORDINARY REPAIRS <sup>1</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Northern Crops Institute	<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> The conference committee reduced funding added by the House for extraordinary repairs by \$50,000, from \$75,000 to \$25,000.

### House Bill No. 1020 - Main Research Station - Conference Committee Action

	EXECUTIVE BUDGET	HOUSE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	SENATE VERSION	COMPARISON TO SENATE
Main Research Station	<u>\$86,698,779</u>	<u>\$85,732,779</u>	<u>\$1,609,669</u>	<u>\$87,342,448</u>	<u>\$87,362,448</u>	<u>(\$20,000)</u>
Total all funds	\$86,698,779	\$85,732,779	\$1,609,669	\$87,342,448	\$87,362,448	(\$20,000)
Less estimated income	<u>41,261,157</u>	<u>41,711,157</u>	<u>1,391,540</u>	<u>43,102,697</u>	<u>43,127,697</u>	<u>(25,000)</u>
General fund	\$45,437,622	\$44,021,622	\$218,129	\$44,239,751	\$44,234,751	\$5,000
FTE	348.08	348.88	0.00	348.88	348.88	0.00

### Dept. 640 - Main Research Station - Detail of Conference Committee Changes

	REMOVES FUNDING FOR INDUSTRIAL HEMP RESEARCH <sup>1</sup>	ADDS FUNDING FOR ADDITIONAL 1 PERCENT SALARY INCREASE <sup>2</sup>	ADDS FUNDING FOR DESIGN OF BEEF RESEARCH FACILITY <sup>3</sup>	ADDS AUTHORITY FOR BEEF RESEARCH FACILITY <sup>4</sup>	TOTAL CONFERENCE COMMITTEE CHANGES
Main Research Station	<u>(\$300,000)</u>	<u>\$829,669</u>	<u>\$80,000</u>	<u>\$1,000,000</u>	<u>\$1,609,669</u>
Total all funds	(\$300,000)	\$829,669	\$80,000	\$1,000,000	\$1,609,669
Less estimated income		<u>391,540</u>		<u>1,000,000</u>	<u>1,391,540</u>
General fund	(\$300,000)	\$438,129	\$80,000	\$0	\$218,129

FTE	0.00	0.00	0.00	0.00	0.00
-----	------	------	------	------	------

<sup>1</sup> The Senate removed funding added by the House for conducting industrial hemp research at the Main Research Center and removed Sections 9 and 10 of Engrossed House Bill No. 1020 relating to a hemp procurement study and authorization. The conference committee agreed to this action.

<sup>2</sup> This amendment provides for agriculture research and extension agencies to receive a 5 percent salary increase effective July 1, 2007, and a 5 percent increase effective July 1, 2008. The Main Research Center will allocate the funding between the Main Research Center, branch research centers, North Dakota State University Extension Service, Northern Crops Institute, and Agronomy Seed Farm. The conference committee increased the general fund appropriation by \$25,000 and reduced the special funds spending authority by \$25,000 to address the approximate \$50,000 shortfall needed for the salary increase.

<sup>3</sup> The Senate added funding for a study and development of plans for the Agricultural Research Center. The conference committee indicated the funding was for design and engineering costs for a beef research facility and reduced the funding to \$80,000.

<sup>4</sup> The Senate provided spending authority for a beef research facility. The conference committee agreed to this action.

The Senate added a section of intent providing that if the Main Research Center proceeds with a beef research center in Fargo, appropriate city and county officials agree to the location of the facility. The conference committee agreed to this action.

The Senate provided that the operating pool of \$750,000 from the permanent oil tax trust fund be used for operating costs at the Dickinson Research Center and be limited to the amount oil revenues are less than budgeted for the biennium. The conference committee agreed to this action.

The Senate added a section of intent that the livestock facilities at Dickinson, Hettinger, Carrington, and Streeter be examined to ensure the use of the facilities are being maximized. The conference committee agreed to this action.

The Senate provided for the Agricultural Experiment Station to provide a report to the 61st Legislative Assembly regarding funding received from the National Cattlemen's Beef Association. The conference committee agreed to this action.

The conference committee added a section relating to licensure requirements to grow industrial hemp for commercial purposes.

#### **House Bill No. 1020 - Agronomy Seed Farm - Conference Committee Action**

The Senate did not change the House version.

Engrossed HB 1020 was placed on the Seventh order of business on the calendar.

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

**William R. Horton, Secretary**