

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the various divisions  
 2 under the supervision of the director of the office of management and budget; to provide for  
 3 various transfers and financial transactions; to amend and reenact sections 54-27.2-01,  
 4 54-27.2-03, and 57-51.1-07.2 of the North Dakota Century Code, relating to the budget  
 5 stabilization fund and the permanent oil tax trust fund; to provide legislative intent; to provide a  
 6 continuing appropriation; and to declare an emergency.

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

8 **SECTION 1. BASE LEVEL FUNDING INFORMATION.** The amounts identified in this  
 9 section represent the base level funding component appropriated to the office of management  
 10 and budget in section 3 of this Act as follows:

11 Salaries and wages	\$13,595,086
12 Operating expenses	11,341,106
13 Capital assets	3,999,000
14 Grants	389,000
15 Prairie public broadcasting	1,337,138
16 Procurement assistance study	150,000
17 Centers of excellence	<u>36,000,000</u>
18 Total all funds - Base level	\$66,811,330
19 Less estimated income - Base level	<u>46,655,319</u>
20 Total general fund - Base level	\$20,156,011

21 **SECTION 2. FUNDING ADJUSTMENTS OR ENHANCEMENTS INFORMATION.** The  
 22 amounts identified in this section represent the funding adjustments or enhancements to the  
 23 base funding level for the office of management and budget which are included in the  
 24 appropriation in section 3 of this Act as follows:

Sixtieth  
Legislative Assembly

1	Salaries and wages	\$1,625,058
2	Operating expenses	221,030
3	Capital assets	646,019
4	Grants	(165,000)
5	Prairie public broadcasting	686,000
6	Procurement assistance study	(150,000)
7	Centers of excellence	(10,700,000)
8	Statewide equity pool	<u>10,000,000</u>
9	Total all funds - Adjustments/enhancements	\$2,163,107
10	Less estimated income - Adjustments/enhancements	<u>(27,754,959)</u>
11	Total general fund - Adjustments/enhancements	\$29,918,066

12           **SECTION 3. APPROPRIATION.** The funds provided in this section, or so much of the  
13 funds as may be necessary, are appropriated out of any moneys in the general fund in the state  
14 treasury, not otherwise appropriated, and from special funds derived from federal funds and  
15 other income, to the office of management and budget for the purpose of defraying the  
16 expenses of that agency, for the biennium beginning July 1, 2007, and ending June 30, 2009,  
17 as follows:

18	Salaries and wages	\$15,220,144
19	Operating expenses	11,562,136
20	Capital assets	4,645,019
21	Grants	224,000
22	Prairie public broadcasting	2,023,138
23	Centers of excellence	25,300,000
24	Statewide equity pool	<u>10,000,000</u>
25	Total all funds	\$68,974,437
26	Less estimated income	<u>18,900,360</u>
27	Total general fund appropriation	\$50,074,077

28           **SECTION 4. EXEMPTION.** The amount appropriated for the fiscal management  
29 division, as contained in section 3 of chapter 15 of the 2005 Session Laws is not subject to the  
30 provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available

1 for continued development and operating costs of the accounting, management, and payroll  
2 systems, during the biennium beginning July 1, 2007, and ending June 30, 2009.

3 **SECTION 5. INTENT.** Within the authority included in section 3 of this Act are the  
4 following grants and special items:

5 Boys and girls clubwork	\$53,000
6 State contingencies	\$500,000
7 State memberships and related expenses	\$531,000
8 Firefighter's association	\$170,000
9 Unemployment insurance	\$1,500,000
10 Capitol grounds planning commission	\$25,000
11 State consultant	\$120,000

12 **SECTION 6. LANDS AND MINERALS TRUST FUND TRANSFER TO THE GENERAL**  
13 **FUND.** During the biennium beginning July 1, 2007, and ending June 30, 2009, the director of  
14 the office of management and budget is authorized to transfer special funds from the lands and  
15 minerals trust fund to the general fund in the amount of \$15,000,000.

16 **SECTION 7. BANK OF NORTH DAKOTA TRANSFERS TO STATE GENERAL**  
17 **FUND.** During the biennium beginning July 1, 2007, and ending June 30, 2009, the industrial  
18 commission shall transfer to the state general fund \$60,000,000 from the current earnings and  
19 the accumulated undivided profits of the Bank of North Dakota. The moneys must be  
20 transferred in the amounts and at the times requested by the director of the office of  
21 management and budget. A transfer authorized may only be made to the extent the transfer  
22 does not reduce the Bank's capital structure below \$175,000,000.

23 **SECTION 8. STUDENT LOAN TRUST FUND TRANSFER TO THE GENERAL FUND.**  
24 The industrial commission shall transfer to the general fund in the state treasury the sum of  
25 \$3,100,000 of earnings from the North Dakota student loan trust fund. The moneys must be  
26 transferred in the amounts and at the times requested by the director of the office of  
27 management and budget during the biennium beginning July 1, 2007, and ending June 30,  
28 2009, and upon certification by the student loan trust trustee that sufficient moneys remain  
29 available to pay all debt service on student loan trust bonds, all required rebate payments to the  
30 United States treasury, and all program operating expenses.

1           **SECTION 9. PERMANENT OIL TAX TRUST FUND.** The estimated income line item  
2 included in section 3 of this Act includes \$5,300,000, or so much of the sum as may be  
3 necessary, to be made available to the office of management and budget from the permanent  
4 oil tax trust fund for the purpose of repaying the Bank of North Dakota for loans and accrued  
5 interest relating to funds borrowed for centers of excellence.

6           **SECTION 10. CAPITOL BUILDING FUND.** The amount of \$750,000, or so much of  
7 the sum as may be necessary, included in the estimated income line item in section 3 of this  
8 Act, is to be spent by the facility management division from the capitol building fund during the  
9 biennium beginning July 1, 2007, and ending June 30, 2009.

10           **SECTION 11. FIRE AND TORNADO FUND.** The amount of \$170,000, or so much of  
11 the amount as may be necessary, included in the estimated income line item in section 3 of this  
12 Act, is from the fire and tornado fund.

13           **SECTION 12. STATEWIDE EQUITY POOL FOR CLASSIFIED STATE EMPLOYEES.**  
14 The statewide equity pool included in section 3 of this Act must be used for market equity  
15 compensation adjustments for classified state employees. The market equity adjustments are  
16 to begin with the month of July 2007, to be paid in August 2007. The market equity  
17 adjustments are independent of any general salary increase provided by the legislative  
18 assembly.

19           The market equity increases are to be prioritized based on equity for employees whose  
20 salaries are furthest from their respective salary range midpoints effective July 1, 2007.

21           Probationary employees are eligible for the market equity increases. Employees whose  
22 documented performance levels do not meet standards are not eligible for the market equity  
23 increases.

24           Human resource management services shall provide a model base plan to each  
25 agency. Agencies may adopt the model plan, adopt the model plan with exceptions, or offer an  
26 alternative plan that meets the intent outlined in this section.

27           Upon adoption of an appropriate plan and application to human resource management  
28 services, the fiscal management division shall transfer to each eligible agency appropriated  
29 general fund or special fund spending authority from the statewide equity pool line item  
30 contained in section 3 of this Act.

1           **SECTION 13. INTENT - STATE EMPLOYEE COMPENSATION ADJUSTMENTS -**  
2 **GUIDELINES.** It is the intent of the sixtieth legislative assembly that 2007-09 compensation  
3 adjustments for regular state employees are to be based on documented performance and  
4 equity. General increases based on legislative appropriations are to be given beginning with  
5 the month of July 2007, to be paid in August 2007, and beginning with the month of July 2008,  
6 to be paid in August 2008. Each agency appropriation is increased by 4.0 percent for the first  
7 year of the 2007-09 biennium and 4.0 percent for the second year of the 2007-09 biennium.

8           Employees whose documented performance levels do not meet standards are not  
9 eligible for any salary increase. Each employee whose documented performance meets all  
10 standards is to receive a minimum monthly increase of \$75 on July 1, 2007, and \$75 on July 1,  
11 2008.

12           Probationary employees are not entitled to the general increases. However,  
13 probationary employees may be given all or a portion of the increases effective in July, paid in  
14 August, or upon completion of probation, at the discretion of the appointing authority.

15           During the biennium, no salary increase other than a temporary increase may be given  
16 to an employee whose salary exceeds or would exceed the salary range maximum.

17           **SECTION 14. AMENDMENT.** Section 54-27.2-01 of the North Dakota Century Code is  
18 amended and reenacted as follows:

19           **54-27.2-01. Budget stabilization fund.** The budget stabilization fund is a special fund  
20 in the state treasury. The state investment board shall supervise investment of the budget  
21 stabilization fund in accordance with chapter 21-10. Any interest or other budget stabilization  
22 fund earnings must be deposited in the fund. Any amounts provided by law for deposit in the  
23 fund and any interest or earnings of the fund which would bring the balance in the fund to an  
24 amount greater than ~~five percent of the current biennial state general fund budget, as finally~~  
25 ~~approved by the most recently adjourned special or regular session of the legislative assembly;~~  
26 two hundred million dollars may not be deposited or retained in the fund but must be deposited  
27 instead in the state general fund.

28           **SECTION 15. AMENDMENT.** Section 54-27.2-03 of the North Dakota Century Code is  
29 amended and reenacted as follows:

30           **54-27.2-03. Transfers and expenditures from budget stabilization fund.** If the  
31 director of the office of management and budget projects that general fund revenues for the

1 biennium will be ~~at least two and one-half percent~~ less than estimated by the most recently  
2 adjourned special or regular session of the legislative assembly, and if the governor orders a  
3 transfer, which must be reported to the budget section of the legislative council, the state  
4 treasurer shall transfer the appropriate funds from the budget stabilization fund to the state  
5 general fund to offset the decrease in general fund revenues. ~~The amount transferred from the~~  
6 ~~budget stabilization fund upon order of the governor may not exceed the difference between an~~  
7 ~~amount two and one-half percent below the general fund revenue projections for the biennium~~  
8 ~~of the most recently adjourned special or regular session of the legislative assembly and the~~  
9 ~~general fund revenue projections for the biennium by the director of the office of management~~  
10 ~~and budget.~~ The amount transferred from the budget stabilization fund upon order of the  
11 governor to the state general fund may be expended within the limits of legislative guidelines  
12 and general fund appropriations of the most recently adjourned special or regular session of the  
13 legislative assembly. For purposes of this section, "general fund revenues for the biennium"  
14 and "general fund revenue projections for the biennium" include the general fund balance at the  
15 beginning of the biennium.

16 **SECTION 16. AMENDMENT.** Section 57-51.1-07.2 of the North Dakota Century Code  
17 is amended and reenacted as follows:

18 **57-51.1-07.2. Permanent oil tax trust fund - Deposits - Interest - Adjustment of**  
19 **distribution formula - Continuing appropriation for property tax relief.** All revenue  
20 deposited in the general fund during a biennium derived from taxes imposed on oil and gas  
21 under chapters 57-51 and 57-51.1 which exceeds seventy-one million dollars must be  
22 transferred by the state treasurer to a special fund in the state treasury known as the  
23 permanent oil tax trust fund. The state treasurer shall transfer interest earnings of the  
24 permanent oil tax trust fund to the general fund at the end of each fiscal year. The principal of  
25 the permanent oil tax trust fund may not be expended except upon a two-thirds vote of the  
26 members elected to each house of the legislative assembly.

27 If the distribution formulas under chapter 57-51 or 57-51.1 are amended effective after  
28 June 30, 1997, the director of the budget shall adjust the seventy-one million dollar amount in  
29 this section by the same percentage increase or decrease in the amount of revenue allocable to  
30 the general fund after the change in the allocation formula, and transfers to the permanent oil  
31 tax trust fund shall thereafter be made using that adjusted figure so that the dollar amount of the

1 transfers to the permanent oil tax trust fund is not increased or decreased merely because of  
2 changes in the distribution formulas.

3 To the extent moneys are available in the permanent oil tax trust fund, up to  
4 \$116,700,000 per biennium, or so much of the sum as may be necessary, is appropriated as a  
5 standing and continuing appropriation to the state treasurer, for the purpose of providing  
6 property tax relief payments to counties in accordance with a plan for the distribution of the  
7 payments as enacted by the legislative assembly.

8 **SECTION 17. EMERGENCY.** The centers of excellence and estimated income line  
9 items in section 3 of this Act include \$5,300,000, which is declared to be an emergency  
10 measure.