

2009 HOUSE APPROPRIATIONS

HB 1002

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1002

House Appropriations Committee  
Government Operations Division

☐ Check here for Conference Committee

Hearing Date: 1/13/09

Recorder Job Number: 6868

Committee Clerk Signature *Tonya Voegeli*

Minutes:

Chairman Delzer opened the hearing on House Bill 1002. Roll call was taken at an earlier hearing today.

### Attachments Provided

Biennial Report- 1002.1.13.09A

Al Jaeger's Written Testimony- 1002.1.13.09B

Line Item Expenditures spreadsheet packet- 1002.1.13.09C

Secretary of State, Al Jaeger, presented the committee with his biennial report and his written testimony.

**Chairman Delzer:** I had a discussion with Karen Mund this morning; she said that you were responsible for collecting the number of new legislators who want the hardcopy of the Code. How many have requested it out of the new legislators?

**Al Jaeger, Secretary of State:** I do not. What we do by law, A few sessions ago, Rep.

Carlisle had the law amended. The law at one time mandated that every legislator received a hardbound copy of the Century Code. Now it is an option thing. Each year we send out a letter

to all of the new legislators to see if they want a hard copy or a CD copy of the code. We have had legislators that requested the hard copy and later returned them to our office still shrink wrapped.

**Chairman Delzer:** I would still like a copy of this list.

**Al Jaeger, Secretary of State:** Ok.

**Chairman Delzer:** I would think that is getting to be less and less every time.

**Al Jaeger, Secretary of State:** Yes it is. With your computers and search ability you can do much better with that. The thing that you need to keep in mind in this appropriation for this public printing though is the reason you guys get the cd is because it is included in this contract price with the publisher. I don't get the cd. The only thing we can give agencies is the hardbound copy. If I want a cd I have to go to this company here and buy it. In a sense what is happening is because we have the legislative council the way it is arranged, you are in a sense getting the cd free.

Mr. Jaeger continued his testimony with the major accomplishments of the Office.

**Chairman Delzer:** So the contract for license fee for the new database system is the \$780,000 for the next biennium?

**Al Jaeger, Secretary of State:** Yes. It will be for the next two bienniums and then it will drop down.

**Chairman Delzer:** What will it drop down to?

**Al Jaeger, Secretary of State:** I will have to get you that figure.

**Chairman Delzer:** You have already made the contact with them?

**Al Jaeger, Secretary of State:** The contract is written in such a manner that if you don't give us the money, the project will stop. Essentially, the gains that we will have in productivity, the things that we will be able to offer the public in terms of online filing and on off chute of that that we are investigating is that we think that at some point we will be able to use the system to allow all of you to file your campaign contribution reports online. There are a number of features to it. That is just to kind of bring you quickly up to date on that project.

**Chairman Delzer:** What was the original cost of the one you scrapped and how does that differ from the cost of the new one?

**Al Jaeger, Secretary of State:** I am sorry. I do not remember that off the top of my head.

**Chairman Delzer:** If you would get that for us.

**Representative Kaldor:** Did the vendor that you were using do a preliminary analysis?

**Al Jaeger, Secretary of State:** We had a partnership with the state of North Carolina. We were going to use the system that they had created. We had come in a partnership with them. They were using their resources and we were using ours and it was going to be kind of a win/win situation. We made a couple of trips to North Carolina and what in hindsight happened is that the review of the architecture internally at ITD, something just didn't mesh right. As we got into the fall of the year things started cropping up but we were not quite being made aware of them. Mike Ressler is the first to say that. What happened then is that people internally, the problems that they were seeing were not being pushed up to the top. It was not until all of a sudden I am hearing that my staff is running into problems because they would say well this isn't quite what we wanted and they were getting well this is the way that it has to be. All of a sudden we get to December and something is not right and finally it all kind of comes out that the architecture is not good. t doesn't matter how much more money we toss at it. I think we did the right thing but the need is still there.

**Representative Kaldor:** The issue come to be is how do we try to avoid this in the future?

**Al Jaeger, Secretary of State:** I think ITD has made internal changes also. On this particular project, everything is in green. We have monthly meetings. Staff is meeting all of the time. This particular vendor that we have has actually given us a price break on this particular project. They have made a business decision that if they are successful in North Dakota; they are going to have a very marketable product.

Mr. Jaeger continued his testimony with the Election Management System and the Future Critical Issues.

**Chairman Delzer:** How much did you request from the Emergency Commission for the General Services Fund?

**Al Jaeger, Secretary of State:** It was an increase of \$165,520.

Mr. Jaeger continued with his testimony regarding Election Reform (Page 7 of testimony).

**Chairman Delzer:** Has this bill been introduced?

**Al Jaeger, Secretary of State:** No, we were hoping it would be rolled into our budget.

**Representative Kempenich:** Is it my understanding that you would like \$25000 in a line that you could cap but you think that you are only going to use about \$15,000?

**Al Jaeger, Secretary of State:** No we need the \$25,000.

**Chairman Delzer:** I understand the language but why was this not included in the Governor's Budget?

**Al Jaeger, Secretary of State:** At the time of the budget we didn't not have the figures yet.

**Representative Kempenich:** INAUDIBLE

**Al Jaeger, Secretary of State:** It is right around there.

**Representative Kempenich:** Have you started any of the calculations?

**Al Jaeger, Secretary of State:** The law currently does not allow them to do that.

**Chairman Delzer:** What is the Federal Share of this then?

**Al Jaeger, Secretary of State:** None because the federal interest has been earned on the federal money and it is rolled into the account.

**Chairman Delzer:** If you have the authority why do you not have the authority to roll over the General Fund?

**Al Jaeger, Secretary of State:** I do not know.

**Chairman Delzer:** Is that fund growing more than you are using it and at what level do you tell the feds that you don't need anymore?

**Al Jaeger, Secretary of State:** First of all you have an interesting question because the feds have not come through and given us all of the money that is authorized in the bill.

**Chairman Delzer:** My question is do we really need to spend it all in North Dakota? Are you getting everything done without spending the total amount?

**Al Jaeger, Secretary of State:** I am hoping to use this as an endowment.

**Vice Chairman Thoreson:** So how much money has not been sent from the Feds?

**Al Jaeger, Secretary of State:** About \$3million.

**Vice Chairman Thoreson:** This was authorized how long ago?

**Al Jaeger, Secretary of State:** 1990.

Mr. Jaeger referred to a packet of spreadsheets that he had distributed.

**Vice Chairman Thoreson:** You developed these sheets yourself?

**Al Jaeger, Secretary of State:** Yes.

**Chairman Delzer:** Do you use PeopleSoft?

**Al Jaeger, Secretary of State:** I was told there might be a way but I have not had a chance to look.

**Chairman Delzer:** Tammy, PeopleSoft has to be filled out. Is it filled out by each agency?

**Tammy Dolan, OMB:** Yes the agency staff is entering the information to PeopleSoft.

**Vice Chairman Thoreson:** Is this something you made or is it extracted from PeopleSoft?

**Al Jaeger, Secretary of State:** I made it.

**Chairman Delzer:** Are the revenues set by statute?

**Al Jaeger, Secretary of State:** I believe they are set by law. It is interesting that you brought that up because we have increased our revenue and the fees that we have charged in our office have remained unchanged since 1993 or 1995. The increased revenue is the result of having 45-50,000 new filings of new business registrations.

**Chairman Delzer:** In essence they are a tax on everybody doing business or however you want to say it. What is our reasoning for wanting the revenues to be so much higher?

**Al Jaeger, Secretary of State:** Don't miss understand the fees have remained the same.

**Chairman Delzer:** I understand that. Why if we can reduce the fees and make it even easier for people to start a new business, have we looked at that?

**Al Jaeger, Secretary of State:** Right now an annual report costs \$25.00 and that is probably pretty close to what it costs us to process it so. The revenues are more because more companies have registered with us so those fees come in. At some point you still make a profit but to cut back on the fees that have been in effect for so long, right now yes we are a profit center for the state of North Dakota and we return quite a bit more to the General Fund than what my appropriation is. It is not based on us being greedy or anything like that. It is based on the number of businesses in the system.

**Chairman Delzer:** I understand that and I am not arguing that. It is in essence a tax on people doing business in North Dakota.

**Representative Glassheim:** So you have increased filings have you had increased FTEs over the last decade? And you have had increased costs of IT which is helping you to process the filings.

**Al Jaeger, Secretary of State:** Our productivity is up and we have reached a point where I have kept our operations pretty much in line despite that increase.

**Representative Glassheim:** So the total increase in fees, is that to cover the cost of the increased IT to process these fees?

**Al Jaeger, Secretary of State:** Right and we are not asking for any fee changes. There is one thing I might just mention very quickly because I think it is kind of important. If you go to page eight of my hand out I have the optional requests listed there. I just wanted to bring one thing to your attention and maybe ask you to consider one thing. The North Dakota Business Development Engine, we put in there \$3,400,000. This was project number six on the SITAC list. It is a project that got started three or four years ago and what it would do is, the Secretary of State's office has been kind of picked as the focus point of this project. This is a project that would benefit about fifteen to seventeen agencies. Everybody has been involved in this. What it does is that it offers their customer a single portal to come in and to do business with a number of different agencies and really enhance services for the public and at the same time help cross communication with agencies. The Governor did not put it in. Last biennium the project was authorized if we had revenue that would be generated from the publicly traded corporation bill. At this point we don't have any but we certainly know that it won't take too long and we will have some of those. Last time what was in my appropriation bill was the authority to borrow from the Bank of North Dakota if I could show a future revenue stream to offset the



cost of that particular project. At this point to say would you please give me \$3.4million or us agencies that amount of money, I don't know if that is feasible for you to consider. This project is too important to let it die. I would like you to consider something similar to what was done in the last biennium which would authorize us to then move ahead with the project. The project is basically approved if I have the money for it. We have all of the plans set that I think some of you have seen the different things. Representative Skarphol who is on the interim IT committee is very much aware of the project and knows it in quite detail.

**Representative Berg:** Just to follow up to that. What are the benefits to the business?

**Al Jaeger, Secretary of State:** First of all, the main thing would be is that a business could go to a single portal and not have to go to a bunch of different websites to do a lot of your business because this would allow you to do business with a number of different places.

**Representative Berg:** We are not changing business we are just changing the portal. What I would like to see is us change we do business and get the Tax Department, Job Service, and Workers Comp working with a business to report in one place. Is there a way whether this or another way to pull those together so people have one check they write, one point of contact?

**Al Jaeger, Secretary of State:** I think that this is probably toward that end. What I can do is there is a very detailed information on it and I will make sure you get it.

**Chairman Delzer:** Just furnish that when we go into more detail. Also let us know why you had \$2.9million in this biennium and now you are asking for \$3.4million for the next one.

**Al Jaeger, Secretary of State:** The higher figure is a figure that ITD has given us as revised from a couple of years ago.

The hearing was closed.

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1002

House Appropriations Committee  
Government Operations Division

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Hearing Date: **6 February 2009**

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Committee Clerk Signature
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Minutes:

**Vice Chairman Thoreson:** Let's move to 1002. I have some information here that was just handed out. You should have each received some information dated February 2, a memo with a bunch of detailed information from the Secretary of State. There is an additional FTE in there—an accountant position. OMB has suggested that they have the FTE.

**Tammy Dolan,** OMB: Yes, you are correct.

**Vice Chairman Thoreson:** This would put him in the same system as some of the other agencies are doing to input their fiscal data into PeopleSoft so it is more easily accessible. The memo that you see has quite a lot of different things. It talks about the business development engine which is another project which the Secretary has been working on the operating platform. You can see there are amendments listed on the first page. We have also the issue with the issue of the \_\_\_\_ election fund. Apparently those funds are deposited in to one account and the Secretary is concerned that when the feds audit us that there may be an issue about the interest on our portion not being there. Does anyone remember—it was like around \$30.0

**Representative Kempenich:** I think it is \$25,000. Truthfully, the whole thing with this is the increase is one FTE, after that it is federal funds. I don't know about that \$780.0. I don't know where a person wants to go with that.

**Vice Chairman Thoreson:** If you have any ideas just put them together. The FTE is the one question I have and I think that it has been demonstrated pretty fairly that this is something that the Secretary should be having in his department. The final word has not come down yet on where we are with additional people and what is going to happen. So let's think about that. If you have any ideas throw them out now or we will come back and revisit it after the weekend.

**Representative Dosch:** Just to comment on the \$780.0—that is for the system they are putting in and that is basically committed to. There is going to be three additional payments so there really isn't anything we can do about that.

**Representative Kempenich:** That is what they have already spent. They system is more than that.

**Representative Dosch:** There is another \$1.3 million to finish that project. It is something they have to do.

**Vice Chairman Thoreson:** I believe so. Moving forward is something we are going to have to do to complete the project.

**Representative Kempenich:** We might as well put in an amendment removing that FTE.

**Representative Glassheim:** The business program of \$3.0 million is not in the budget and we are not interested in putting it in.

**Representative Kempenich:** There was money in to start it last biennium. They spent \$780.0 and things didn't work. They pulled the plug on the project for right now. They gained some knowledge of where they want to go with it but that was basically they pulled the plug

instead of keeping going forward. The project manager decided this wasn't working so they are regrouping right now and seeing what they can salvage out of what they did get accomplished and then are starting over again.

**Representative Glassheim:** So the 780,000 is to pay for the cost of developing the business development engine that didn't work out. There is no money in the budget for continuing that.

**Representative Kempenich:** There was some money appropriated last session and the \$780.0 is what they spent. I think the appropriation was about \$3 million.

**Vice Chairman Thoreson:** I think it was a loan authorization. We may be talking about two different things. If you look at the memo and bullet point number 3. The discussion is to either fund it or allow borrowing authority. I don't know if that is something we want to do—it's an additional \$3.4 million.

**Chairman Delzer returned to the meeting.**

**Representative Kaldor:** This is one of many of these. I would be very interested if LC could develop some kind of list of the many contracts or loans that we have entered into that are going to be paid out over the period of the next two biennia. It seems like we have a lot of these—contracts that are to be paid off in 3 or 4 installments. It's hard to get a handle on this and if it will be an ongoing operating expense.

**Chairman Delzer:** For all the bills in Government Operations?

**Representative Kaldor:** For all the state agencies. I would be happy if it were just for us and our agencies.

**Chairman Delzer:** So that we can prioritize within ourselves too. Also ones we will be seeing in the second half. If that's not too hard to do.

**Representative Kempenich:** This idea of giving someone borrowing authority for the future. I know it's like bonding but it doesn't seem to be described the same way. We are committing the money and we are calling one-time money. We should probably pay for it up front. Most of it is technology projects.

**Representative Kaldor:** It might be the right thing to do because they are work in progress types of agreements. You don't want to put money into a box waiting to spend it in two years and four years. We just need to get a handle on this and an understanding. It seems like more and more agencies are coming in with that. I am assuming it is technology things that drive this.

**Chairman Delzer:** If we do them and accept them, we should certainly have language in the bill that we expect it to be part of the budget next time and not listed as an OAR. It should be part of the base budget. They should have planned it for that. It certainly shouldn't be anything we have to find money for next time if there is shortage in the ending fund balance.

**Representative Dosch:** I would like an amendment to take \$20,000 out of the travel expense. They have a 54% increase over previous years.

**Chairman Delzer:** Did we have a discussion with them on the computers? Is that part of your \$20.0 also?

**Vice Chairman Thoreson:** I don't remember having a discussion about the computers.

**Chairman Delzer:** The election reform, is that all federal dollars?

**Representative Dosch:** Are you looking at number five.

**Chairman Delzer:** I imagine it fits under that category but on the bill it is 5.4

**Representative Dosch:** That 2.8 is the difference between the \$4.5 million and the other \$1.6 they are backing out of the original software

**Chairman Delzer:** But it is all federal funding?

**Representative Dosch:** Yes it is. My comments on the Election Reform line say that it is all federal dollars.

**Chairman Delzer:** This has GF for a new computer program. Correct. Has he had an RFP for that?

**Representative Dosch:** It is already in progress. That's the first installment on that. To finish paying off the system it would another \$1.350 million. So that is why we had the discussion on whether there are other obligations are out there beyond this next biennium. That is the work in progress on the current system they are migrating to now. So, they really can't change that at this point.

**Chairman Delzer:** Again, if people want to come up with amendments later on, let's not be afraid to discuss them.

**End of discussion of amendments for HB 1002**

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Bill/Resolution No. 1002

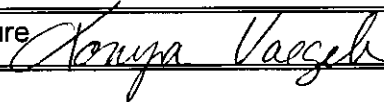
House Appropriations Committee  
Government Operations Division

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Hearing Date: 2/9/09

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Minutes:

**Vice Chairman Thoreson:** Secretary of State is House Bill 1002. I believe we discussed having amendments drafted to remove the FTE accountant position and also reduce the operating expenses by \$20,000. For purposes of discussion I would move those amendments.

**Chairman Delzer:** You have heard the motion is there a second?

**Representative Kempenich:** Second.

**Chairman Delzer:** The motion was made and seconded, any discussion? Representative Thoreson did you have anything further to add?

**Vice Chairman Thoreson:** I think we have talked about this. I think at this time it is just best if we remove that.

**Representative Glassheim:** Could you refresh me, what was the purpose of this position?

**Vice Chairman Thoreson:** This position I believe was put in as a suggestion of OMB to work in an accountant role. The Secretary's office has been maintaining things on a separate system such as an Excel spreadsheets and that sort of thing. While the position may be useful I believe that perhaps we can find other ways of bringing the office into using the system that is in place perhaps through training or finding somebody within the Secretary's office to handle this. I would hope that would be the case.

**Chairman Delzer:** If I remember right I don't believe the Secretary had ever asked for this. I think it is something OMB suggested.

**Representative Berg:** I guess my question is, you've got \$780,000 for this platform migration and then \$4.5million for the equipment to implement the electronic poll books, and this position relates to I am not sure. I see it referenced a couple of different places. One is kind of an accountant and I think it is also referenced as a data base. I don't have a problem with the motion but I am just.

**Chairman Delzer:** It seems to me that with the \$780,000, it seemed to me that was a case where they had been funded for doing the IT program and they stopped it. This \$780,000 was supposed to replace that one. The \$4.5million is all HAVA money, which I don't know how solid that is but on the green sheet it is all equipment for counties to help with the Help Americans Vote Act. Counties will have five years to repay the money to the election fund. I guess I do not know, can anybody tell me what the election fund is used for?

**Representative Kempenich:** It is to educate the county and the voters. It is all pass through to the counties. I do have a question, the Secretary brought up \$25,000 to balance his books where did that go?

**Vice Chairman Thoreson:** That is correct. The Secretary does have an issue with if there is a federal audit of the HAVA funds, there was the issue of interest gathered on just the state's match and I don't know that we want to put an amendment on with the specific dollar amount however we may need to add something in language wise allowing that to occur. That did not come up in our discussion.

**Chairman Delzer:** It is a case on the interest on the HAVA money is going into the state General Fund instead of staying in the HAVA account?



**Vice Chairman Thoreson:** That is correct. For us to receive the federal dollars, it was a 95/5 split. The state had to provide a 5% match to the 95% from the feds. When that money was housed in the bank, apparently the interest on the state's 5% portion should have been separated and was not so there is some concern that a federal audit would show that the federal dollars are paying the interest on the state portion.

**Chairman Delzer:** This is something that the Secretary brought forward now. There is nothing in the budget about it. Did the Secretary bring that forward Tammy?

**Tammy Dolan, OMB:** That was an issue that we had discussed. Right now there is not language that directs that the interest earned on that money stays in the fund. So without that language all of the interest goes to the General Fund. We had talked about that along with the adding for the back interest that would have accrued to that account plus we did not have an amount that we could work with at that time so we did not add that into the budget.

**Chairman Delzer:** What about the language? Did you consider adding the language? Did you on purpose not add it?

**Tammy Dolan, OMB:** We talked about it but we thought that the issue should be dealt with together because right now it is not allowable that the interest even accrues to that fund so we did not put it in the bill. We thought that it could be dealt with together when we would be adding back the interest if you so chose to go that way.

**Chairman Delzer:** The Governor's office take on that was that that was something that you would worry about after the federal audit if they complained about it?

**Tammy Dolan, OMB:** That would not be our position. It is just that right now in the Treasurer's Office only allocates interest to those funds that are established that way that directs that the interest goes to them other than that for the most part it stays in the General Fund.

**Chairman Delzer:** It is a question whether or not somebody wants to propose that amendment.

**Representative Kempenich:** We might as well get it out. I propose that the interest money...

**Chairman Delzer:** I think we have a motion on the table. Let's go ahead and deal with this motion and then we will take another one.

**Representative Kaldor:** I do have a question before we move on relating to the account specialist three. I am just looking at the narrative in the OMB website. I am a little bit concerned about this one because I think and maybe Tammy can correct me if I am wrong but it looks like the reason that they are asking for this is because of business demands which is a good thing because it indicates that our economy is driving more business requests of the agency. We certainly would not want to obstruct the growth of business or delay the ability of businesses to get their recordings and all of their filings done properly and timely. I don't know if there is more to it than that, I would be open to that but I wonder if maybe Tammy could elaborate on why the OMB did not recommend this.

**Chairman Delzer:** This is one that the Secretary of State did not ask for correct?

**Representative Kaldor:** That is why I want to know why OMB said you ought to do this.

**Roxanne Woeste, Legislative Council:** It was included in the optional requests.

**Chairman Delzer:** It was an optional request of theirs?

**Roxanne Woeste, Legislative Council:** Yes.

**Chairman Delzer:** Of the Secretary of State or was it one that you guys added?

**Tammy Dolan, OMB:** No. Roxanne is correct. The Secretary of State did include an optional request for the position. We have to work very closely with the Secretary of State throughout the year. They do not have an accounting specialist on staff that handles a lot of the accounting issues. They do the daily processing of the business and that person is very busy.

The Secretary himself does all of the financial reporting and if this position were in place he could actually not do that because he has plenty of other duties that he also has to work on. This past biennium the reason that we worked with the Secretary of State and actually, I believe he is convinced now that he needs this position because there were some federal reporting issues that we found over the biennium that we worked with him to clear up that were fairly complex. Their budget is becoming more complex with the federal dollars, general dollars and all of their business activity. Between those issues that we found and just the amount of activity they have, this position would help them in the future do all of their federal reporting. For example the interest issue that was identified. We believe that had they had a position looking at these things over the years they might have seen this earlier. They have not had a federal finding yet but they think that there may be issues when they are audited. That is why we requested it. It was mainly the complexity of the office and to allow the secretary to focus on his other duties.

**Chairman Delzer:** If we allow this is it going to change the way things are done and is it going to free up any of the Secretary of the State's time?

**Tammy Dolan, OMB:** That is an issue that we talked about with him before he submitted the request. I believe if they get a person in that position that has the expertise and can do the things that the Secretary wants done yes, it would free up more of his time.

**Chairman Delzer:** Is there anything that is going to be done that is not currently being done?

**Tammy Dolan, OMB:** I think if a person was using the system and the reports that come off of the system the way that they could. I think there is some duplication to put it bluntly. I think there is some duplication of effort there that yes would free up time because of all of the transferring from one area to the other.

**Chairman Delzer:** I don't argue that at all, the question is whether or not this position is going to free that up and what is going to happen if it does? What is going to be the improvements to the citizens of North Dakota by freeing that time up? Now because who are you freeing the time up for?

**Tammy Dolan, OMB:** For the Secretary of State. They would probably have more frequent financial reporting.

**Chairman Delzer:** They are currently already doing all of the BARS and everything but they are also doing this other.

**Tammy Dolan, OMB:** For their daily operations, yes, they have to use PeopleSoft. They do use PeopleSoft for all of their information is there. It is mainly how the information is utilized on the administration side afterwards that would change.

**Representative Meyer:** Aren't we talking about how we want him to quit putting all of his reports on Excel spreadsheets? I mean it is just a redundancy.

**Chairman Delzer:** Yes and no. It is his prerogative of how he does that. The question is whether or not he is going to change even if we give him another staff person.

**Representative Kempenich:** What would this position be classified as?

**Tammy Dolan, OMB:** Accounting Specialist III.

**Representative Kempenich:** Would it just be accounting or a CPA or what?

**Tammy Dolan, OMB:** It could be a CPA yes.

**Representative Kempenich:** We have four different budgets now that are asking for accountants. I don't think he has got enough money in here for one thing if he is going to ask for what he is looking for. I think we should leave this out for right now and see how passionate they are about it. I know that there are four different budgets right now that are looking for accountants and a lot of them are higher than a three.

**Chairman Delzer:** Further comments by the committee?

**A motion was made by Vice Chairman Thoreson, seconded by Representative Kempenich to remove the funding for the Account Budget Specialist FTE position and remove \$20,000 from operating. Amendment was adopted by voice vote.**

**Vice Chairman Thoreson:** Representative Kempenich pointed out that in the testimony which the Secretary of State distributed during his hearing; he did propose language to deal with this interest earnings. What it does is it amends section 16.1-01-15 of the Century Code. That is the part that sets up the election fund that the Secretary maintains. The way it reads out says the monies in the election fund must be used for the exclusive purpose of carrying out activities for the Help America Vote Act 2002 and are subject to Chapter 54-16. His proposed language after the words election fund, he wants the following language, and any interest earnings on the election fund. So I guess if we were to amend this we would need to put in a section adding that language to 16.1-01-15.

**Representative Kempenich:** If you go down to section two he has the dollar amount that he would like to have in there too, \$24,332.54. I have another question too. It goes down the amount appropriated here represents the imputed interest earnings allocated to the amount of? Is that an underline under the amount of?

**Vice Chairman Thoreson:** No I think that is a copy line.

**Representative Meyer:** Is that the exact amount that has been identified as past due.

**Vice Chairman Thoreson:** that is the estimate but then he also has the language here or so much of the sum as may be necessary. I think that was just a best guess estimate.

**Chairman Delzer:** If we put a dollar amount in there that would be the limit.

**Representative Meyer:** That was my question because if we are implying to get it into compliance with the federal why would we put the dollar amount in there?

**Chairman Delzer:** You would have to have a dollar amount so we know how much to put in there. I don't think you could do it without a dollar amount. You need to appropriate some money for it.

**Vice Chairman Thoreson:** For purposes to move this along, I would move an amendment which would add the language to section n16.1-01-15 and also an appropriation of \$25,000 or so much of the sum as they deem necessary.

**Chairman Delzer:** That is out of the General Fund.

**Vice Chairman Thoreson:** Correct.

**Representative Dosch:** Second.

**Chairman Delzer:** Discussion by the committee.

**A motion was made by Vice Chairman Thoreson, seconded by Representative Dosch to add the language provided by the Secretary of State regarding the Election Fund and to appropriate \$25,000 or as much of the sum as needed to cover the interest of the fund.**

**Amendment was adopted by voice vote.**

**Representative Berg:** One other thing that caught my eye while we were going through this is the Century Code. I think we have like 700 sets that we are paying for. We are just keeping the same number for this next biennium. I guess my question is that I am assuming that most people are using the information electronically. I don't know. I guess my question is it would be good if someone would tell us where we are going five years down the road and if it is all going

to be electronic maybe we should migrate to that position quicker rather than let this languish on. I don't know if anyone, there is a letter from Jim Smith that kind of talks about it

**Chairman Delzer:** Is it a requirement of that number by Century Code?

**Roxanne Woeste, Legislative Council:** This is an area I am not very familiar with. I can check with the Director and perhaps he can give you more information.

**Representative Berg:** I guess that is what I would ask. Just check with Jim and I guess I would be open to even removing that hard number and just leaving them a little flexibility.

**Representative Dosch:** It is my understanding that it is in code that we may be provided with this. Anyone who requests will be provided. A vast majority are getting theirs on disk now but because it is in code that upon request the legislator would be provided with this. I think it would be a code issue that we would have to change if we want to sunset that.

**Chairman Delzer:** Your understanding is not that the code sets 700 but anyone provided.

**Representative Dosch:** It is any one requested and that is why at the start of each session, new legislators get a deal saying do you want a full set or do you just want the disk.

**Chairman Delzer:** Did you ask of those 700 that they are getting how many of them they are using?

**Representative Berg:** I think Roxanne should just talk to Jim. It says 700 and we have 141 legislators so it is way more than just legislators. I think we maybe need some hard copies but at the same time. I think we are spending \$163,000 for those 700 and then another \$330,000 for the update with Lexus.

**Chairman Delzer:** I think our issue is, I don't know, I think the Secretary could adjust that on his own if he wanted to.

**Representative Berg:** I think it is probably required on who gets them in the Century Code.

**Chairman Delzer:** Roxanne, if you could gather some information from Jim on that and again, none of these are final. We will still have final action on these bills on a later date.

**Representative Meyer:** That number does, for those of us that have the hard copies, the current updates is part of it.

**Chairman Delzer:** Anything further on Secretary of State?

Chairman Delzer closed the discussion of amendments for House Bill 1002.



## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1002

House Appropriations Committee  
Government Operations Division

☐ Check here for Conference Committee

Hearing Date: 2/13/09

Recorder Job Number: 9433

Committee Clerk Signature <i>Kyra Voegh</i>
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Minutes:

Chairman Delzer opened the discussion of amendments on House Bill 1002.

Chairman Delzer reviewed the amendment.

**A motion was made by Vice Chairman Thoreson, seconded by Representative Glassheim to adopt amendment 98003.0101 to House Bill 1002. The amendment was adopted by voice vote.**

**Representative Berg:** So there is a net of about a \$128,000 reduction in General Fund, is that right?

**Chairman Delzer:** Yes. \$127,979 and one FTE

**A motion was made by Vice Chairman Thoreson, seconded by Representative Glassheim for a DO PASS AS AMENDED recommendation for House Bill 1002 to the House Appropriations Full Committee. The vote was 8 yeas, 0 nays and 0 absent and not voting. The carrier will be Representative Meyer.**

## 2009 HOUSE STANDING COMMITTEE MINUTES

HB 1002

House Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: February 16, 2009

Recorder Job Number: 9583, 9584

Committee Clerk Signature	<i>Helly N. Lund</i>
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Minutes:

**Chm. Svedjan** turned the Committee discussion to HB 1002, Secretary of State budget.

**Rep. Meyer** distributed amendment .0101 (Attachment A).

**Rep. Meyer** explained the Statement of Purpose of Amendment on p. 2 of amendment .0101.

The Section added \$25,000 out of the General Fund to cover the interest costs on the state match in the Help America Vote Act (HAVA). (1:10)

**Rep. Meyer** moved amendment .0101. **Rep. Delzer** seconded the motion. The motion to adopt amendment .0101 carried by a voice vote and the amendment was adopted.

(2:46)

**Rep. Meyer** moved a Do Pass as Amended. **Rep. Delzer** seconded the motion.

**Rep. Glassheim:** With what we did before of taking 2 percent of the entire salary line item, we've reduced one position by \$125,000 and in addition we're going to be taking \$84,000 out of the salary line item to make this fund which might restore the \$125,000. It seems to me a problem to take vacant positions away, we're still penalizing the agency 2 percent or 3 percent even though we already penalized them. That seems to be a problem going forward. (3:25)

**Chm. Svedjan:** I think you should not confuse the removal of the FTE. If this bill passes, that FTE would not be re-eligible to be requested. If we're removing an FTE and we pass the bill that FTE is gone. For any others that exist that are newly approved FTEs or are vacant positions, those would be eligible to be funded under the plan.

**Rep. Glassheim:** On 4a of the Carlson proposal, I think it says that this funding pool would allow restoration of critical new or vacant FTEs removed from the budget. (4:54)

**Chm. Svedjan:** It does say that. It would be good to get clarification on that, but my understanding was that if we are disallowing an FTE in the budgeting process that that position wouldn't be eligible to be restored but . . .

**Rep. Glassheim:** Maybe it just means new positions that they don't have funding for but we approved.

**Chm. Svedjan:** My guess is that the restoration of critical new positions . . .

**Rep. Berg:** I think the thought was that an agency would look at its entire employee base and determine which are the higher priority employees. Before they refill a vacant position there may be another position that's more important. (6:17)

**Becky Keller, Legislative Council:** I submitted a request.

**Chm. Svedjan:** We will get an answer to that.

**Rep. Delzer:** We had a discussion about the amount of printing the Secretary of State does with the Century Code books. We think he is probably printing more than is necessarily being used but I think the language allows him the latitude to decide how many to print. (7:15)

**The Do Pass as Amended motion carried by a roll call vote of 24 yeas, 0 nays and 1 absent and not voting. Rep. Meyer will carry the bill.**

**Job #9584**

**Becky Keller, Legislative Council:** We have a clarification from upstairs for the FTE that are removed. They are eligible for the pool with Budget Section approval.

**Rep. Hawken:** When I asked a question this morning on the equity money we don't have now, but if we did have some, the answer to my question on did that have to go to the Budget Section was no. I have been told that is incorrect. I would like a clarification on that because since the Senate did not choose to take out the equity money we might be redoing this. Would it have to go to the budget section to get approval if we had an equity pool?

**Chm. Svedjan:** My understanding has been, no.

**Rep. Hawken:** That's what was said this morning.

**Chm. Svedjan:** We're talking about two different things here. You're talking about the equity pool. The question here had to do with whether or not. . .

**Rep. Hawken:** I know. This was a different question. I know for the FTEs they have to go but not for equity.

**Chm. Svedjan:** I don't believe they have to.

**Rep. Kempenich:** If you look at the summary of what we had this morning and look at number three, there is a critical salary funding pool which would be established but they probably would have to . . . (1:59)

**Chm. Svedjan:** That's another issue. That's the pool that's created by taking a portion of the vacant positions in the FTEs. The equity pool is a different issue.

**Rep. Kempenich:** If you read Section 10 of the OMB budget, the only thing that is guaranteed in that budget is \$100. The rest of it is by agency. They can use it however they see fit.

**Chm. Svedjan:** For salary purposes.

**Rep. Kempenich:** For salary and equity adjustments in the budget. Now whether those managers want to manage that way or not that's another issue. There is going to be monies available for some of these critical areas. I think these vacant FTEs I think is to address issues through Human Resources in this pool that got established.

**Chm. Svedjan:** We'll move to HB 1004.

February 9, 2009

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1002

Page 1, line 2, after the first semicolon insert "to provide for a transfer;"

Page 1, line 3, replace "section" with "sections 16.1-01-15 and" and after "to" insert "interest earnings on the election fund and"

Page 1, line 16, replace "579,058" with "453,079" and replace "3,213,551" with "3,087,572"

Page 1, line 17, replace "1,123,769" with "1,096,769" and replace "3,182,950" with "3,155,950"

Page 1, line 21, replace "1,607,704" with "1,454,725" and replace "14,718,608" with "14,565,629"

Page 1, line 23, replace "1,566,591" with "1,413,612" and replace "5,803,630" with "5,650,651"

Page 1, line 24, replace "1.00" with "0.00" and replace "28.00" with "27.00"

Page 2, line 11, replace "1,600,091" with "1,472,112" and replace "6,140,630" with "6,012,651"

Page 2, line 13, replace "1,641,204" with "1,513,225" and replace "15,055,608" with "14,927,629"

Page 2, after line 13, insert:

**"SECTION 2. APPROPRIATION - TRANSFER.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$25,000, which the office of management and budget shall transfer to the secretary of state election fund for imputed interest earnings allocable to the amount of nonfederal funds contained in the election fund, for the biennium beginning July 1, 2009, and ending June 30, 2011."

Page 2, line 19, replace "\$824,153" with "\$824,153" and replace "\$780,000" with "\$780,000"

Page 2, after line 19, insert:

"Transfer to election fund	<u>0</u>	<u>25,000</u> "
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Page 2, line 20, replace "780,000" with "805,000"

Page 2, after line 24, insert:

**"SECTION 4. AMENDMENT.** Section 16.1-01-15 of the North Dakota Century Code is amended and reenacted as follows:

**16.1-01-15. Secretary of state to establish and maintain an election fund.** The secretary of state shall establish and maintain a fund, known as the election fund, in the state treasury for the purpose of depositing payments and grants made to the state under the provisions of sections 101, 101(c), and 906, and title III of the Help America Vote Act of 2002 [Pub. L. 107-252; 116 Stat. 1666; 42 U.S.C. 15301, 42 U.S.C.

15545, 42 U.S.C. 15481-15502], and funds appropriated by the state. The moneys in the election fund and any interest earnings on the election fund must be used for the exclusive purpose of carrying out activities of the Help America Vote Act of 2002 and are subject to chapter 54-16."

Renumber accordingly

**A copy of the statement of purpose of amendment is attached.**

**STATEMENT OF PURPOSE OF AMENDMENT:****House Bill No. 1002 - Summary of House Action**

	Executive Budget	House Changes	House Version
Secretary of State			
Total all funds	\$14,718,608	(\$127,979)	\$14,590,629
Less estimated income	8,914,978	0	8,914,978
General fund	\$5,803,630	(\$127,979)	\$5,675,651
Public Printing			
Total all funds	\$337,000	\$0	\$337,000
Less estimated income	0	0	0
General fund	\$337,000	\$0	\$337,000
Bill total			
Total all funds	\$15,055,608	(\$127,979)	\$14,927,629
Less estimated income	8,914,978	0	8,914,978
General fund	\$6,140,630	(\$127,979)	\$6,012,651


**House Bill No. 1002 - Secretary of State - House Action**

	Executive Budget	House Changes	House Version
Salaries and wages	\$3,213,551	(\$125,979)	\$3,087,572
Operating expenses	3,182,950	(27,000)	3,155,950
Petition review	8,000		8,000
Election reform	8,314,107		8,314,107
Transfer - Election fund		25,000	25,000
Total all funds	\$14,718,608	(\$127,979)	\$14,590,629
Less estimated income	8,914,978	0	8,914,978
General fund	\$5,803,630	(\$127,979)	\$5,675,651
FTE	28.00	(1.00)	27.00

**Department No. 108 - Secretary of State - Detail of House Changes**

	Removes New FTE Position <sup>1</sup>	Decreases Funding for Operating Expenses <sup>2</sup>	Provides for Transfer to Election Fund <sup>3</sup>	Total House Changes
Salaries and wages	(\$125,979)			(\$125,979)
Operating expenses	(7,000)	(20,000)		(27,000)
Petition review				
Election reform				
Transfer - Election fund			25,000	25,000
Total all funds	(\$132,979)	(\$20,000)	\$25,000	(\$127,979)
Less estimated income	0	0	0	0
General fund	(\$132,979)	(\$20,000)	\$25,000	(\$127,979)
FTE	(1.00)	0.00	0.00	(1.00)



 This amendment removes funding added in the executive budget for a new FTE account budget specialist position, including \$125,979 for salaries and wages and \$7,000 for related operating expenses.

<sup>2</sup> This amendment decreases funding for operating expenses by \$20,000 from the general fund.

<sup>3</sup> The amendment adds a section to amend North Dakota Century Code Section 16.1-01-15 to provide that any interest earnings on the election fund must be used for the exclusive purpose of carrying out activities of the Help America Vote Act of 2002 and provides for a one-time transfer of \$25,000 from the general fund to the election fund for the imputed interest earnings allocable to the amount of nonfederal funds contained in the fund.

**2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 1002**

House House Appropriations- Government Operations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 98003.0101  
"Click here to type Amendment Number"

Action Taken Adopt Amendment

☒ Voice Vote

☐ Roll Call Vote

Motion Made By Vice Chairman Thoreson: Seconded By Representative Kempenich:

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Glassheim		
Vice Chairman Thoreson			Representative Meyer		
Representative Kempenich			Representative Kaldor		
Representative Berg					
Representative Dosch					

Total (Yes) "Click here to type Yes Vote" No "Click here to type No Vote"

Absent \_\_\_\_\_

Floor Assignment "Click here to type Floor Assignment"

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

Remove funding for account budget Specialist FTE position added in the executive budget.

Remove \$20,000

**AMENDMENT ADOPTED**

**2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 1002**

House House Appropriations- Government Operations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number "Click here to type Amendment Number"

Action Taken Adopt Amendment

☒ Voice Vote

☐ Roll Call Vote

Motion Made By Vice Chairman Thoreson: Seconded By Representative Dosch:

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Glassheim		
Vice Chairman Thoreson			Representative Meyer		
Representative Kempenich			Representative Kaldor		
Representative Berg					
Representative Dosch					

Total (Yes) "Click here to type Yes Vote" No "Click here to type No Vote"

Absent

Floor Assignment "Click here to type Floor Assignment"

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

Election Fund Language to add the interest to the fund

An Appropriation for 25,000 or as much of the sum as needed.

**AMENDMENT ADOPTED**

**2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 1002**

House House Appropriations- Government Operations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 98003.0101

Action Taken Adopt Final Amendment

☒ Voice Vote

☐ Roll Call Vote

Motion Made By Vice Chairman Thoreson: Seconded By Representative Glassheim:

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Glassheim		
Vice Chairman Thoreson			Representative Meyer		
Representative Kempenich			Representative Kaldor		
Representative Berg					
Representative Dosch					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

Amendment Attached

**ADOPTED**

**2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 1002**

House House Appropriations- Government Operations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 98003.0101

Action Taken Do Pass as Amended

☐ Voice Vote

☒ Roll Call Vote

Motion Made By Vice Chairman Thoreson: Seconded By Representative Glassheim:

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Representative Glassheim	X	
Vice Chairman Thoreson	X		Representative Meyer	X	
Representative Kempenich	X		Representative Kaldor	X	
Representative Berg	X				
Representative Dosch	X				

Total (Yes) 8 No 00

Absent 0

Floor Assignment Representative Meyer:

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

Date: 2/16/09  
Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1002

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 98003.0101

Action Taken Adopt Amendment .0101

Motion Made By Meyer Seconded By Delzer

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

*Voices Vote - Carries*

Date: 2/16/09  
Roll Call Vote #: 2

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1002

**Full House Appropriations Committee**

☐ Conference Committee

Legislative Council amendment Number 98003.0101

Action Taken: ☒ Do Pass ☐ Do Not Pass ☒ As Amended

Motion Made By: Meyer Seconded By: Delzer

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
Rep. Skarphol	✓		Rep. Kroeber	✓	
Rep. Wald	✓		Rep. Onstad	✓	
Rep. Hawken	✓		Rep. Williams	✓	
Rep. Klein	✓				
Rep. Martinson	✓				
Rep. Delzer	✓		Rep. Glassheim	✓	
Rep. Thoreson	✓		Rep. Kaldor	✓	
Rep. Berg	✓		Rep. Meyer	✓	
Rep. Dosch	✓				
Rep. Pollert	✓		Rep. Ekstrom	✓	
Rep. Bellew	✓		Rep. Kerzman	✓	
Rep. Kreidt	✓		Rep. Metcalf	✓	
Rep. Nelson	✓				
Rep. Wieland	✓				

Total Yes 24 No 0

Absent 1

Floor Assignment: Rep. Meyer

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

## REPORT OF STANDING COMMITTEE

**HB 1002: Appropriations Committee (Rep. Svedjan, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (24 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1002 was placed on the Sixth order on the calendar.**

Page 1, line 2, after the first semicolon insert "to provide for a transfer;"

Page 1, line 3, replace "section" with "sections 16.1-01-15 and" and after "to" insert "interest earnings on the election fund and"

Page 1, line 16, replace "579,058" with "453,079" and replace "3,213,551" with "3,087,572"

Page 1, line 17, replace "1,123,769" with "1,096,769" and replace "3,182,950" with "3,155,950"

Page 1, line 21, replace "1,607,704" with "1,454,725" and replace "14,718,608" with "14,565,629"

Page 1, line 23, replace "1,566,591" with "1,413,612" and replace "5,803,630" with "5,650,651"

Page 1, line 24, replace "1.00" with "0.00" and replace "28.00" with "27.00"

Page 2, line 11, replace "1,600,091" with "1,472,112" and replace "6,140,630" with "6,012,651"

Page 2, line 13, replace "1,641,204" with "1,513,225" and replace "15,055,608" with "14,927,629"

**Page 2, after line 13, insert:**

**"SECTION 2. APPROPRIATION - TRANSFER.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$25,000, which the office of management and budget shall transfer to the secretary of state election fund for imputed interest earnings allocable to the amount of nonfederal funds contained in the election fund, for the biennium beginning July 1, 2009, and ending June 30, 2011."

Page 2, line 19, replace "\$824,153" with "\$824,153" and replace "\$780,000" with "\$780,000"

**Page 2, after line 19, insert:**

"Transfer to election fund	0	25,000"
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**Page 2, line 20, replace "780,000" with "805,000"**

**Page 2, after line 24, insert:**

**"SECTION 4. AMENDMENT.** Section 16.1-01-15 of the North Dakota Century Code is amended and reenacted as follows:

**16.1-01-15. Secretary of state to establish and maintain an election fund.** The secretary of state shall establish and maintain a fund, known as the election fund, in the state treasury for the purpose of depositing payments and grants made to the state under the provisions of sections 101, 101(c), and 906, and title III of the Help America Vote Act of 2002 [Pub. L. 107-252; 116 Stat. 1666; 42 U.S.C. 15301, 42 U.S.C. 15545, 42 U.S.C. 15481-15502], and funds appropriated by the state. The moneys in the election fund and any interest earnings on the election fund must be used for the exclusive purpose of carrying out activities of the Help America Vote Act of 2002 and are subject to chapter 54-16."



Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT - LC 98003.0101 FN 1**

A copy of the statement of purpose of amendment is on file in the Legislative Council Office.

VK  
2/18/0  
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PROPOSED AMENDMENTS TO HOUSE BILL NO. 1002

Page 1, line 2, after the first semicolon insert "to provide for a transfer;"

Page 1, line 3, replace "section" with "sections 16.1-01-15 and" and after "to" insert "interest earnings on the election fund and to"

Page 1, line 16, replace "579,058" with "307,132" and replace "3,213,551" with "2,941,625"

Page 1, line 17, replace "1,123,769" with "1,096,769" and replace "3,182,950" with "3,155,950"

Page 1, line 21, replace "1,607,704" with "1,308,778" and replace "14,718,608" with "14,419,682"

Page 1, line 22, replace "41,113" with "38,660" and replace "8,914,978" with "8,912,525"

Page 1, line 23, replace "1,566,591" with "1,270,118" and replace "5,803,630" with "5,507,157"

Page 1, line 24, replace "1.00" with "0.00" and replace "28.00" with "27.00"

Page 2, line 11, replace "1,600,091" with "1,328,618" and replace "6,140,630" with "5,869,157"

Page 2, line 12, replace "41,113" with "38,660" and replace "8,914,978" with "8,912,525"

Page 2, line 13, replace "1,641,204" with "1,367,278" and replace "15,055,608" with "14,781,682"

Page 2, after line 13, insert:

**"SECTION 2. APPROPRIATION - TRANSFER.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$25,000, which the office of management and budget shall transfer to the secretary of state election fund for imputed interest earnings allocable to the amount of nonfederal funds contained in the election fund, for the biennium beginning July 1, 2009, and ending June 30, 2011."

Page 2, line 19, replace "\$824,153" with "\$824,153" and replace "\$780,000" with "\$780,000"

Page 2, after line 19, insert:

"Transfer to election fund	<u>0</u>	<u>25,000</u> "
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Page 2, line 20, replace "780,000" with "805,000"

Page 2, after line 24, insert:

**"SECTION 4. AMENDMENT.** Section 16.1-01-15 of the North Dakota Century Code is amended and reenacted as follows:

**16.1-01-15. Secretary of state to establish and maintain an election fund.** The secretary of state shall establish and maintain a fund, known as the election fund, in the state treasury for the purpose of depositing payments and grants made to the

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state under the provisions of sections 101, 101(c), and 906, and title III of the Help America Vote Act of 2002 [Pub. L. 107-252; 116 Stat. 1666; 42 U.S.C. 15301, 42 U.S.C. 15545, 42 U.S.C. 15481-15502], and funds appropriated by the state. The moneys in the election fund and any interest earnings on the election fund must be used for the exclusive purpose of carrying out activities of the Help America Vote Act of 2002 and are subject to chapter 54-16."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT - LC 98003.0102 FN 2**

**A copy of the statement of purpose of amendment is attached.**

**STATEMENT OF PURPOSE OF AMENDMENT:****House Bill No. 1002 - Summary of House Action**

	Executive Budget	House Changes	House Version
Secretary of State			
Total all funds	\$14,718,608	(\$273,926)	\$14,444,682
Less estimated income	8,914,978	(2,453)	8,912,525
General fund	\$5,803,630	(\$271,473)	\$5,532,157
Public Printing			
Total all funds	\$337,000	\$0	\$337,000
Less estimated income	0	0	0
General fund	\$337,000	\$0	\$337,000
Bill total			
Total all funds	\$15,055,608	(\$273,926)	\$14,781,682
Less estimated income	8,914,978	(2,453)	8,912,525
General fund	\$6,140,630	(\$271,473)	\$5,869,157

**House Bill No. 1002 - Secretary of State - House Action**

	Executive Budget	House Changes	House Version
Salaries and wages	\$3,213,551	(\$271,926)	\$2,941,625
Operating expenses	3,182,950	(27,000)	3,155,950
Petition review	8,000		8,000
Election reform	8,314,107		8,314,107
Transfer - Election fund		25,000	25,000
Total all funds	\$14,718,608	(\$273,926)	\$14,444,682
Less estimated income	8,914,978	(2,453)	8,912,525
General fund	\$5,803,630	(\$271,473)	\$5,532,157
FTE	28.00	(1.00)	27.00

**Department No. 108 - Secretary of State - Detail of House Changes**

	Removes New FTE Position <sup>1</sup>	Reduces Funding for Anticipated Salary Savings <sup>2</sup>	Removes Salary Equity Funding <sup>3</sup>	Decreases Funding for Operating Expenses <sup>4</sup>	Provides for Transfer to Election Fund <sup>5</sup>	Total House Changes
Salaries and wages	(\$125,979)	(\$61,905)	(\$84,042)			(\$271,926)
Operating expenses	(7,000)					(27,000)
Petition review				(20,000)		
Election reform						
Transfer - Election fund					25,000	25,000
Total all funds	(\$132,979)	(\$61,905)	(\$84,042)	(\$20,000)	\$25,000	(\$273,926)
Less estimated income	0	(2,453)	0	0	0	(2,453)
General fund	(\$132,979)	(\$59,452)	(\$84,042)	(\$20,000)	\$25,000	(\$271,473)
FTE	(1.00)	0.00	0.00	0.00	0.00	(1.00)

<sup>1</sup> This amendment removes funding added in the executive budget for a new FTE account budget specialist position, including \$125,979 for salaries and wages and \$7,000 for related operating expenses.

<sup>2</sup> This amendment reduces salaries and wages funding to recognize anticipated savings from vacant positions and employee turnover.

<sup>3</sup> This amendment removes funding added in the executive budget for state employee salary equity adjustments.

<sup>4</sup> This amendment decreases funding for operating expenses by \$20,000 from the general fund.

<sup>5</sup> This amendment adds a section to amend North Dakota Century Code Section 16.1-01-15 to provide that any interest earnings on the election fund must be used for the exclusive purpose of carrying out activities of the Help America Vote Act of 2002 and provides for a one-time transfer of \$25,000 from the general fund to the election fund for the imputed interest earnings allocable to the amount of nonfederal funds contained in the fund.

**REPORT OF STANDING COMMITTEE**

**HB 1002: Appropriations Committee (Rep. Svedjan, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (24 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1002 was placed on the Sixth order on the calendar.

Page 1, line 2, after the first semicolon insert "to provide for a transfer;"

Page 1, line 3, replace "section" with "sections 16.1-01-15 and" and after "to" insert "interest earnings on the election fund and to"

Page 1, line 16, replace "579,058" with "307,132" and replace "3,213,551" with "2,941,625"

Page 1, line 17, replace "1,123,769" with "1,096,769" and replace "3,182,950" with "3,155,950"

Page 1, line 21, replace "1,607,704" with "1,308,778" and replace "14,718,608" with "14,419,682"

Page 1, line 22, replace "41,113" with "38,660" and replace "8,914,978" with "8,912,525"

Page 1, line 23, replace "1,566,591" with "1,270,118" and replace "5,803,630" with "5,507,157"

Page 1, line 24, replace "1.00" with "0.00" and replace "28.00" with "27.00"

Page 2, line 11, replace "1,600,091" with "1,328,618" and replace "6,140,630" with "5,869,157"

Page 2, line 12, replace "41,113" with "38,660" and replace "8,914,978" with "8,912,525"

Page 2, line 13, replace "1,641,204" with "1,367,278" and replace "15,055,608" with "14,781,682"

Page 2, after line 13, insert:

**"SECTION 2. APPROPRIATION - TRANSFER.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$25,000, which the office of management and budget shall transfer to the secretary of state election fund for imputed interest earnings allocable to the amount of nonfederal funds contained in the election fund, for the biennium beginning July 1, 2009, and ending June 30, 2011."

Page 2, line 19, replace "\$824,153" with "\$824,153" and replace "\$780,000" with "\$780,000"

Page 2, after line 19, insert:

"Transfer to election fund	<u>0</u>	<u>25,000</u> "
----------------------------	----------	-----------------

Page 2, line 20, replace "780,000" with "805,000"

Page 2, after line 24, insert:

**"SECTION 4. AMENDMENT.** Section 16.1-01-15 of the North Dakota Century Code is amended and reenacted as follows:

**16.1-01-15. Secretary of state to establish and maintain an election fund.** The secretary of state shall establish and maintain a fund, known as the election fund, in the state treasury for the purpose of depositing payments and grants made to the state under the provisions of sections 101, 101(c), and 906, and title III of the Help America Vote Act of 2002 [Pub. L. 107-252; 116 Stat. 1666; 42 U.S.C. 15301,

42 U.S.C. 15545, 42 U.S.C. 15481-15502], and funds appropriated by the state. The moneys in the election fund and any interest earnings on the election fund must be used for the exclusive purpose of carrying out activities of the Help America Vote Act of 2002 and are subject to chapter 54-16."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT - LC 98003.0102 FN 2**

A copy of the statement of purpose of amendment is on file in the Legislative Council Office.

2009 SENATE APPROPRIATIONS

HB 1002



## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1002

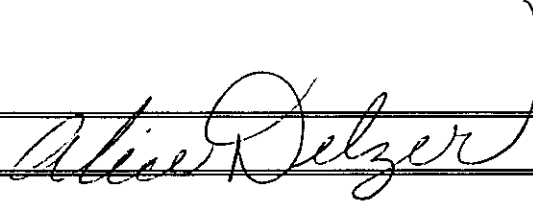
Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: 02-25-09

Recorder Job Number: 9689

Committee Clerk Signature



Minutes:

**V. Chair Grindberg** opened the hearing on HB 1002, the Secretary of State and public printing appropriation.

**Alvin A. Jaeger, Secretary of State** testified in favor of HB 1002 and provided written testimony # 1 entitled the FIFTY-SEVENTH BIENNIAL REPORT JULY 1, 2005 – JUNE 30, 2007. He also provided written testimony # 2. (06.38)

**Senator Warner** said he is new to the appropriations committee and asked if Al Jaeger has some background information for request #6 on page 9.

**Al Jaeger** said yes, he will have it sent to the committee. Regarding request 1 on page 9, he said OMB has already determined the positions are critical and it was at their urging that he included the accounting FTE.

**Senator Krauter** asked if there are any vacancies in the 27 FTEs.

**Al Jaeger** said they have two vacant positions. He explained his staff's longevity, his staff equity request and the difficulty in hiring new employees while being unable to give raises to current employees. He also left with the committee a list of his staff's years of service (#3) (26.00)

**Senator Robinson** clarified that when he talks about people at the top taking less, he is talking about percentage.

**Al Jaeger** said that is correct. He has two carrots; one is someone with many years of experience that is fed up with the work environment in the private sector. The other is fully funded health insurance.

**Senator Robinson** said on the Senate side in SB 2003, they have a \$100 minimum. With the equity and FTEs, what additional bumps can you give your staff at the bottom pay levels?

**Al Jaeger** said with the grade 5 person, it was about \$180/month. He does have some people he will have to give the \$100 bump. They are at the very bottom.

**Senator Krauter** said he is trying to understand the history of the vacant FTE's. How long have they been vacant? What is the history of applicants?

**Al Jaeger** said they had two grade 5 FTEs vacant and hired two people about 9 months ago. They hire with a six month probation period. One employee made it and one didn't, he gave notice in December to one. That position has been vacant since December. They ended up with 60 or 70 applications. He had to put that on hold because all the managers are so involved with the tech project, there is no one to train a new employee. At the moment he has a temp in the office. He is not happy about it and is the victim of circumstance. It is his intent is to fill that position within a few months. The other position is in a technical support area, grade 8 or 10; she took a job with another agency with a considerable increase in salary. Again, they are a victim of timing. The project they are doing is very intense. The senior managers are too busy now to hire and train. Normally, the only vacancies he has are in grade 5 positions.

**Senator Krauter** asked about the time frame in filling the second position. When was it vacated?

**Al Jaeger** said it has been vacant since last fall. With the project and the elections, they ran out of time to hire. It is a position they want to fill because the duties tie into their new project.

He continued describing his written testimony (35.26) He does the budgeting work himself because there is no one on his staff with the education to do it. OMB has recommended he put an accountant on staff.

**Senator Christmann** asked if the data base and processing migration project and the business development project can be done at same time.

**Al Jaeger** said the migration project should be done by end of the year. The business development engine can't really start until after that. OMB has recommended the Secretary of State's office be the lead agency on the project. It goes across many agencies and the funding is divided between all the involved agencies.

**Senator Christmann** said he is trying to follow the migration project. There was about \$600,000 for the initial part. He asked about the funds that were leftover when the plug was pulled. The \$780,000, is that the high licensing cost he has been referring to?

**Al Jaeger** explained his expenditures and the general service operating fund. He requested the excess over \$75,000 in the general services account not be turned back to the general fund as it always has been and used instead for the project, which is his request number 5 on page 9. He explained the \$20,000 reduction in his budget by the House is substantial.

**Senator Robinson** clarified the migration project would be done by the end of the calendar year, not fiscal year.

**Al Jaeger** said he is talking about this coming fall which is why he wants to carry the funds forward after the end of the biennium. He finished explaining his requests on page 9. (42.46)

**V. Chair Grindberg** asked about HB 1340, have there been any filings in North Dakota as a result of that?

**Al Jaeger** said it will happen; it is a matter of when. HB 1340 is the publicly traded corporations bill. He has been interviewed by Wolford, Wall Street Journal, and a number of

different agencies. Carl Icon has written several articles and he mentions North Dakota every time. (44.31) We are not going to replace Delaware but Delaware is shaking in their boots.

The reason it is taking so long, corporate boards are resistant to change. There are about a dozen being talked about. It is such an important project. If we do get some, the licensing fee is \$40,000 per year and that is half of what Rhode Island charges. There is a potential revenue stream. UND Law Review is holding a symposium on publically traded corporations in April and he has been asked to do an article for the magazine and a presentation. Someone will be coming in from Delaware. The author of the bill will be there. His position all along is it isn't up to him to debate the pros and cons, it is an option. It does not impact any existing corporations in the state. (46.59)

**Senator Mathern** asked for further information on request #6 on page 8.

**Al Jaeger** said he asked for \$3.4 million, the governor recommended 0.

**Senator Robinson** commended Al Jaeger for being very proactive on that project. He was very open and aggressive in reporting. When he decided it wasn't going to work, the technology committee knew about it promptly. The committee was impressed with that. That is the way it is supposed to work.

**Senator Warner** said he is trying to get a handle on labor needs. He asked how much quality control goes into monitoring the quality of the filings. Does he anticipate the need for more employees?

**Al Jaeger** said his staff examines every document completely. The staff in his registration unit are not paralegals but they almost could be. There are attorneys in this state who bill their clients well based on the help they receive from the Secretary of State's staff.

**Senator Warner** asked if he was anticipating a decline in the number of employees.

**Al Jaeger** said they will have less overtime. They are processing almost 45,000 more documents than they were 15 years ago. The duties in the office will switch. Under the new system, when paperwork comes in, it will be scanned. That is why it is critical to have some equity adjustments. He has talked to OMB about changing some of the grades. His grade 5 people are doing grade 6 work. They need the type of person that has some intuitive reasoning. It may ultimately result in a decrease in the number of employees but for the next biennium, it won't.

**Senator Warner** asked if the documents age out of the system.

**Al Jaeger** said he doesn't know. Clara Jenkins, who is in charge of the project and has been with the office for 36 years, knows the details. There are files over at archives for corporations that have been in existence for over 100 years. They have a very good record retention system.

**V. Chair Grindberg** closed the hearing on HB 1002.

**Senator Krauter** asked Roxanne for a current list of vacancies and a list of what agencies are spending on overtime.

Written testimony # 3 North Dakota Business Development Engine Executive summary was submitted to the committee after the hearing was closed.

## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1002

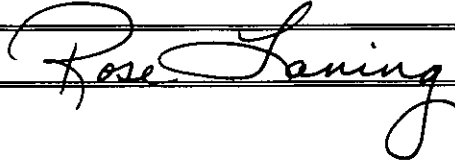
Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: March 13, 2009

Recorder Job Number: 10892 (starting at 13:13)

Committee Clerk Signature



Minutes:

**Chairman Holmberg** opened discussion on HB 1002 and stated there are two different amendments.

**Senator Warner** said that he asked Senator Wardner to accompany him to the Secretary of State's office for the discussions and wanted two sets of eyes. He presented two amendments .0302 and .0303. Both amendments restore the governor's budget recommendations for this budget. It restores a cut of \$20,000 in the secretary of state's operating line; restores an FTE which is a financial analyst and budget specialist which was approved by the governor but deleted by the House. The Secretary of State's office has never had a financial officer. As larger and larger amounts of money are flowing through the office, they want to be sure and maintain the integrity of federal funds. The Secretary of State was overwhelmed by the amount of effort it was taking and he requested a financial officer, and we agreed. The distinction between the two amendments – the Sec. of State advocated being the lead agency for 15 different agencies in government to coordinate their efforts in developing new businesses in the state. They would be able to reach each other's data bases within certain limits. This upgrade of technology would be an expansion beyond the governor's budget. The technology upgrade would be funded in the .0302 and it is not funded in the .0303 amendment but it continues some loan authorization money which was actually in the

commerce budget bill last session. That authorizes the Secretary of State to borrow the money if he can prove that he has a revenue stream which would finance it through the budget section. The revenue stream which we'd be anticipating would be the change in corporate governance structure that we adopted last session which would make ND a haven for shareholder friendly corporations.

Discussion continued on the HAVA funds (Help America Vote Act) and using ITD versus private vendors for providing this program to the state.

**V. Chair Grindberg** felt that an RFP should be set up and the process bid.

**Senator Wardner** said ITD would be watching and making sure the project is run right.

**Senator Robinson** was wondering if ITD would be excluded if private vendors were cheaper.

**V. Chair Grindberg** stated that if a number is put on the bill, that's what your cost will be.

You still don't have competitive bid.

**Senator Christmann:** I think we should try to get this out into the private sector. A private company has to come in from zero.

**Senator Warner** moved to accept the .0302 amendment which authorizes the complete project.

**Chairman Holmberg** reminded the committee that these are all general fund money.

**Division A – restoring the FTE position - Voice vote passed**

**Division B - Business development engine project - failed**

**Division C - restore funding for operating expenses (\$20,000) - passed**

**Division D – providing the matching funds – passed.**

Page 3

Senate Appropriations Committee

Bill/Resolution No. HB 1002

Hearing Date: March ~~18~~<sup>19</sup>, 2009

**Roxanne Woeste, Analyst, Legislative Council** informed the committee that they have in essence adopted amendment .0303.

**Senator Warner moved Do Pass on the .0303 amendment.**

**Senator Wardner seconded.**

**Voice vote passed.**

**Senator Warner moved Do Pass HB 1002.**

**Senator Mathern seconded.**

**A Roll Call vote was taken. Yea: 13 Nay: 0 Absent: 1**

**Senator Warner will carry the bill.**



PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1002

Page 1, line 2, after the third semicolon insert "to provide a contingent appropriation; to provide an exemption;"

Page 1, line 16, replace "307,132" with "579,058" and replace "2,941,625" with "3,213,551"

Page 1, line 17, replace "1,096,769" with "1,123,769" and replace "3,155,950" with "3,182,950"

Page 1, line 19, replace "2,824,877" with "2,854,877" and replace "8,314,107" with "8,344,107"

Page 1, line 21, replace "1,308,778" with "1,637,704" and replace "14,419,682" with "14,748,608"

Page 1, line 22, replace "38,660" with "41,113" and replace "8,912,525" with "8,914,978"

Page 1, line 23, replace "1,270,118" with "1,596,591" and replace "5,507,157" with "5,833,630"

Page 1, line 24, replace "0.00" with "1.00" and replace the second "27.00" with "28.00"

Page 2, line 11, replace "1,328,618" with "1,655,091" and replace "5,869,157" with "6,195,630"

Page 2, line 12, replace "38,660" with "3,441,811" and replace "8,912,525" with "12,315,676"

Page 2, line 13, replace "1,367,278" with "5,096,902" and replace "14,781,682" with "18,511,306"

Page 2, after line 19, insert:

**"SECTION 3. LOAN AUTHORIZATION - CONTINGENT APPROPRIATION - BUDGET SECTION APPROVAL.** Subject to budget section approval, the secretary of state may borrow up to \$3,400,698 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 computer project, during the biennium beginning July 1, 2009, and ending June 30, 2011. 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 chapter 102 of the 2007 Session Laws over the term of the proposed loan based on the trend of actual corporate charters granted are anticipated to be sufficient to repay the proposed loan, including interest over the term of the loan."

Page 2, after line 31, insert:

**"SECTION 5. EXEMPTION - GENERAL SERVICES OPERATING FUND.** Any unexpended and unobligated balance remaining in the secretary of state's general services operating fund on June 30, 2009, is not subject to the provisions of section 54-09-08, and any unexpended funds are available and may be expended by the secretary of state, during the biennium beginning July 1, 2009, and ending June 30, 2011, for the database and processing platform migration project."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT - LC 98003.0303 FN 3**

**A copy of the statement of purpose of amendment is attached.**

**STATEMENT OF PURPOSE OF AMENDMENT:****House Bill No. 1002 - Summary of Senate Action**

	<b>Executive Budget</b>	<b>House Version</b>	<b>Senate Changes</b>	<b>Senate Version</b>
Secretary of State				
Total all funds	\$14,718,608	\$14,444,682	\$3,729,624	\$18,174,306
Less estimated income	8,914,978	8,912,525	3,403,151	12,315,676
General fund	\$5,803,630	\$5,532,157	\$326,473	\$5,858,630
Public Printing				
Total all funds	\$337,000	\$337,000	\$0	\$337,000
Less estimated income	0	0	0	0
General fund	\$337,000	\$337,000	\$0	\$337,000
Bill total				
Total all funds	\$15,055,608	\$14,781,682	\$3,729,624	\$18,511,306
Less estimated income	8,914,978	8,912,525	3,403,151	12,315,676
General fund	\$6,140,630	\$5,869,157	\$326,473	\$6,195,630

**House Bill No. 1002 - Secretary of State - Senate Action**

	<b>Executive Budget</b>	<b>House Version</b>	<b>Senate Changes</b>	<b>Senate Version</b>
Salaries and wages	\$3,213,551	\$2,941,625	\$271,926	\$3,213,551
Operating expenses	3,182,950	3,155,950	27,000	3,182,950
Petition review	8,000	8,000		8,000
Election reform	8,314,107	8,314,107	30,000	8,344,107
Transfer - Election fund		25,000		25,000
Contingent appropriation			3,400,698	3,400,698
Total all funds	\$14,718,608	\$14,444,682	\$3,729,624	\$18,174,306
Less estimated income	8,914,978	8,912,525	3,403,151	12,315,676
General fund	\$5,803,630	\$5,532,157	\$326,473	\$5,858,630
FTE	28.00	27.00	1.00	28.00

**Department No. 108 - Secretary of State - Detail of Senate Changes**

	<b>Restores New FTE Position<sup>1</sup></b>	<b>Restores Funding Relating to Anticipated Salary Savings<sup>2</sup></b>	<b>Restores Salary Equity Funding<sup>3</sup></b>	<b>Restores Funding for Operating Expenses<sup>4</sup></b>	<b>Provides Funding for Matching Federal Funds<sup>5</sup></b>	<b>Provides Contingent Appropriation for Information Technology Project<sup>6</sup></b>
Salaries and wages	\$125,979	\$61,905	\$84,042			
Operating expenses	7,000			20,000		
Petition review						
Election reform					30,000	
Transfer - Election fund						
Contingent appropriation						3,400,698
Total all funds	\$132,979	\$61,905	\$84,042	\$20,000	\$30,000	\$3,400,698
Less estimated income	0	2,453	0	0	0	3,400,698
General fund	\$132,979	\$59,452	\$84,042	\$20,000	\$30,000	\$0
FTE	1.00	0.00	0.00	0.00	0.00	0.00

	<b>Total Senate Changes</b>
Salaries and wages	\$271,926
Operating expenses	27,000
Petition review	
Election reform	30,000
Transfer - Election fund	
Contingent appropriation	3,400,698
Total all funds	\$3,729,624
Less estimated income	3,403,151
General fund	\$326,473
FTE	1.00

<sup>1</sup> This amendment restores the new FTE account budget specialist position added in the executive budget but removed by the House, including \$125,979 for salaries and wages and \$7,000 for related operating expenses.

<sup>2</sup> This amendment restores funding for salaries and wages removed by the House to recognize anticipated savings from vacant positions and employee turnover.

<sup>3</sup> This amendment restores salary equity funding removed by the House.

<sup>4</sup> Funding removed by the House for operating expenses is restored.

<sup>5</sup> Funding of \$30,000 from the general fund is added for the state's 5 percent match for approximately \$500,000 of federal funds to be deposited in the election reform fund.

<sup>6</sup> This amendment provides that, subject to Budget Section approval, the Secretary of State may borrow up to \$3,400,698 from the Bank of North Dakota which is appropriated to the Secretary of State for implementing the North Dakota business development engine computer project during the 2009-11 biennium if additional revenues from corporate charters are anticipated to be sufficient to repay the loan and accrued interest.

This amendment also provides that any unexpended and unobligated balance remaining in the Secretary of State's general services operating fund on June 30, 2009, is not subject to the provisions of North Dakota Century Code Section 54-09-08, and any unexpended funds are available and may be expended by the Secretary of State during the 2009-11 biennium for the database and processing platform migration project.

Date: 3-13-09Roll Call Vote # 1

**2009 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. HB 1002**

Senate Senate Appropriations Committee☐ Check here for Conference CommitteeLegislative Council Amendment Number .0303 AmendmentAction Taken ☒ Do Pass ☐ Do Not Pass ☐ AmendedMotion Made By Warner Seconded By Mather *voice vote passed*

Senators	Yes	No	Senators	Yes	No
Sen. Ray Holmberg, Chairman			Sen. Aaron Krauter		
Sen. Bill Bowman, VCh			Sen. Elroy N. Lindaas		
Sen. Tony S. Grindberg, VCh			Sen. Tim Mather		
Sen. Randel Christmann			Sen. Larry J. Robinson		
Sen. Tom Fischer			Sen. Tom Seymour		
Sen. Ralph Kilzer			Sen. John Warner		
Sen. Karen K. Krebsbach					
Sen. Rich Wardner					

Total Yes \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

Date: 3-13-09Roll Call Vote # 2

**2009 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 1002**

Senate Senate Appropriations Committee☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken ☒ Do Pass ☐ Do Not Pass ☒ AmendedMotion Made By Warner Seconded By Mather

Senators	Yes	No	Senators	Yes	No
Sen. Ray Holmberg, Chairman	<input checked="" type="checkbox"/>		Sen. Aaron Krauter	<input checked="" type="checkbox"/>	
Sen. Bill Bowman, VCh	<input checked="" type="checkbox"/>		Sen. Elroy N. Lindaas		
Sen. Tony S. Grindberg, VCh	<input checked="" type="checkbox"/>		Sen. Tim Mathern	<input checked="" type="checkbox"/>	
Sen. Randel Christmann	<input checked="" type="checkbox"/>		Sen. Larry J. Robinson	<input checked="" type="checkbox"/>	
Sen. Tom Fischer	<input checked="" type="checkbox"/>		Sen. Tom Seymour	<input checked="" type="checkbox"/>	
Sen. Ralph Kilzer	<input checked="" type="checkbox"/>		Sen. John Warner	<input checked="" type="checkbox"/>	
Sen. Karen K. Krebsbach	<input checked="" type="checkbox"/>				
Sen. Rich Wardner	<input checked="" type="checkbox"/>				

Total Yes ~~13~~ 13 No ~~0~~ 0Absent ~~1~~ 1Floor Assignment Warner

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

**REPORT OF STANDING COMMITTEE**

**HB 1002, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1002 was placed on the Sixth order on the calendar.

Page 1, line 2, after the third semicolon insert "to provide a contingent appropriation; to provide an exemption;"

Page 1, line 16, replace "307,132" with "579,058" and replace "2,941,625" with "3,213,551"

Page 1, line 17, replace "1,096,769" with "1,123,769" and replace "3,155,950" with "3,182,950"

Page 1, line 19, replace "2,824,877" with "2,854,877" and replace "8,314,107" with "8,344,107"

Page 1, line 21, replace "1,308,778" with "1,637,704" and replace "14,419,682" with "14,748,608"

Page 1, line 22, replace "38,660" with "41,113" and replace "8,912,525" with "8,914,978"

Page 1, line 23, replace "1,270,118" with "1,596,591" and replace "5,507,157" with "5,833,630"

Page 1, line 24, replace "0.00" with "1.00" and replace the second "27.00" with "28.00"

Page 2, line 11, replace "1,328,618" with "1,655,091" and replace "5,869,157" with "6,195,630"

Page 2, line 12, replace "38,660" with "3,441,811" and replace "8,912,525" with "12,315,676"

Page 2, line 13, replace "1,367,278" with "5,096,902" and replace "14,781,682" with "18,511,306"

Page 2, after line 19, insert:

**"SECTION 3. LOAN AUTHORIZATION - CONTINGENT APPROPRIATION - BUDGET SECTION APPROVAL.** Subject to budget section approval, the secretary of state may borrow up to \$3,400,698 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 computer project, during the biennium beginning July 1, 2009, and ending June 30, 2011. 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 chapter 102 of the 2007 Session Laws over the term of the proposed loan based on the trend of actual corporate charters granted are anticipated to be sufficient to repay the proposed loan, including interest over the term of the loan."

Page 2, after line 31, insert:

**"SECTION 5. EXEMPTION - GENERAL SERVICES OPERATING FUND.** Any unexpended and unobligated balance remaining in the secretary of state's general services operating fund on June 30, 2009, is not subject to the provisions of section 54-09-08, and any unexpended funds are available and may be expended by the secretary of state, during the biennium beginning July 1, 2009, and ending June 30, 2011, for the database and processing platform migration project."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT - LC 98003.0303 FN 3**

**REPORT OF STANDING COMMITTEE (410)**  
**March 16, 2009 7:18 a.m.**

**Module No: SR-47-4905**  
**Carrier: Warner**  
**Insert LC: 98003.0303 Title: .0400**

A copy of the statement of purpose of amendment is on file in the Legislative Council Office.



2009 HOUSE APPROPRIATIONS

CONFERENCE COMMITTEE

HB 1002

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1002

House Appropriations Committee  
Government Operations Division

☒ Check here for Conference Committee

Hearing Date: 4/17/09

Recorder Job Number: 11928

Committee Clerk Signature

*Tonya Voegeli*

Minutes:

Vice Chairman Thoreson opened the conference committee on House Bill 1002. All conferees were present.

**Vice Chairman Thoreson:** I guess this morning we are going to have a little discussion about the changes made on the Senate side of House Bill 1002. I know there are still some issues that are yet to be resolved I think in regards with equity and other things so we probably won't come to any major decisions this morning but I guess for our purpose get some information on the changes which you made after the budget came over to your side.

**Senator Krebsbach:** I am sure we are waiting for some kind of response for what we did and why.

**Vice Chairman Thoreson:** Yes.

**Senator Krebsbach:** I will go into what we did and I welcome my two colleagues to jump in at any time because they are probably more aquatinted with this than I am. I didn't work on the subcommittee of this one but at the same time it is one that I am very interested in. We did restore the 2% reduction in salary that you folks made. It was requested by the agency that this be done and we have been doing this on all of our budgets. Also we restored the equity

dollars and there was a request for a full time equivalent accounting budget specialist which really has been recommended that they have. What we are dealing with here folks is an agency with a budget of \$18,511,000. They need this specialist in their agency. We did restore that. Also we restored the \$20,000 I believe it was reduction in your operating expenses. We felt they showed good justification for the need for that. Also there was the amendment put in to allow them to carry over their unexpended funds. Then we included the language of authorization for their budget section approval for the development engine project that they are involved in. That pretty much covers what we did restore and I would welcome any comments from my colleagues on that.

**Senator Kilzer:** On the item of \$20,000 that the House had taken out for operating expenses, the testimony showed that about 75% is technology and the remaining \$5000 is for miscellaneous things but necessary like postage and things like that.

**Senator Warner:** If I could point out that this is a very well established agency with employees that have an extraordinary long tenure. There will be an unusually large number of people who are approaching retirement. Traditionally and if fact by law I guess these employees are entitled to compensation for a certain amount of sick leave and vacation time and severance packages of sorts. There will be will be an unusually amount of these people retiring in the coming years and traditionally that is the money that has come from roll up from unfilled positions that is usually being needed to fill that need. That was the justification we had for restoring all of their anticipated dollars from FTEs that were unfilled.

**Representative Meyer:** Would someone refresh my memory on the \$3.4million for the implementing of the business development engine computer project? Did we have that presented to us or did it just happen when it got to the Senate? I can't remember.

**Vice Chairman Thoreson:** We did have that discussion in the first half on the business development engine project.

**Representative Meyer:** And we removed that?

**Representative Dosch:** I think this is just to allow for the carry over right?

**Senator Warner:** The business development engine has been going for a few bienniums in developmental and conceptual conversations among all of the different state agencies which would have to do with the emerging business systems in this state. It was presented but not funded in the Governor's budget. Although we had language in the Commerce Department last session I believe it was that allowed for them to continue the discussions and for them to go forward with the money should come in from a corporate governance structure that we were adopting in North Dakota. If the revenues proved to be sufficient to justify it or have a loan that we would allow it to go forward without further authorization. We continued that language. The Senate did test the issue in the committee of allowing full funding of the business development engine. We presented it as an amendment to the committee and it was declined. It was a decision that we were interested in the concept we were interested in it going forward and the discussions going forward but we thought it should be paid for out of corporate governance fees so we allowed the conversations to continue but did not fund it. We have retained the language which was existing from the Commerce budget last session.

**Senator Krebsbach:** I would like to call your attention to this document right here which is the North Dakota Business Development Engine and if you do not have that I am sure the Secretary would be happy to provide you with that.

**Vice Chairman Thoreson:** Was that something that was provided to the House prior do you recall? We have our information here and I think we could find it.

**Senator Krebsbach:** I think it pretty well explains the entire program there. I do believe we did leave in the authorization for them to borrow for this program to get it implemented and then have it paid such as Senator Warner said with fees and so on.

**Representative Dosch:** I guess one of the issues is they are currently going through a computer upgrade now to get the rest of their computers on the UCC filings and all of that and get them off of the mainframe. As we look at this, is it really practical in the next two years that they would be able to take on yet another project such and this. The fact that it was not included in the Governor's budget I guess some of the reasons that I recall why we decided to go forgo that.

**Senator Krebsbach:** I would prefer that we have the Secretary address that question because I think he is the most qualified to do so.

**Vice Chairman Thoreson:** If the Secretary wants to go ahead and just for clarification present that again. I will caution that this is not another hearing on this but we will certainly take information which might pertain to this.

**Al Jaeger, Secretary of State:** There is no expenditure of money. I just want to clarify that. There is no money being added. OMB and the Governor have always been supportive of it the Governor just didn't put in the funding for the \$3.4million and we did present it to you and I had requested at that time the same language that the Senate put in which is the duplicate of the language that was put in to the Department of Commerce budget last session. It is the authorization to keep the project alive. If the funds come forth we can do it. Our migration is going to be completed by the end of the year so we wouldn't tackle anything but if funding was available at that time we certainly would not want to wait until next biennium so it is the authorization to keep the project alive but there is no money other than the authority to borrow.

**Representative Dosch:** So that would be reflected under special funds?

**Al Jaeger, Secretary of State:** Yes.

**Senator Warner:** One of the changes that we made last session , an important change in the corporate governance law, created a governance structure which was probably the most share holder friendly in the United States. It is most responsive to share holder concerns. This is opposed to the Delaware model which is very management friendly. I think right now we are in a period of recession within this country but I think that all of us have good hopes that we will be coming out of this recession within a year so and if we will see a new birth in businesses and restructuring of businesses and I hope that we have learned some lessons from not retiring too heavily on management and the way that we are going to draw out investors back into the stock market and such is that we are going to create business structures which are more responsive to share holder concerns rather than management concerns. I think North Dakota is uniquely poised because of this change in governance structure that we have adopted a safe port for those corporations, As we hope that they do, incorporate in North Dakota bring significant fees, something in the nature of \$40,000 per corporation per year I think it is and registration fees and that would certainly be enough of an economic source of steam to drive this development engine. We would like to leave the language in place it only allows it to go forward if the money is there and it still has to go to Budget Section and I think Emergency Commission before it can proceed.

**Vice Chairman Thoreson:** I too was in strong support of that change we made last session. I think it was a very good thing we did here in North Dakota giving companies an opportunity to look at our state as a place to incorporate and do business and I guess going forward we need to look at the tools that would be best to bring those people here. This was something which from the changes we made we did not include that. We can certainly discuss those issues here and perhaps come to some position as to whether or not that is necessary. I do appreciate

your information on that. Are there any other questions at this time? I guess I do have one before we go forward. In visiting with the Secretary yesterday there was some language or money I believe that dealt with the HAVA funding. If you would like to address that just for the record so we all are aware of that.

**Al Jaeger, Secretary of State:** One of the amendments that we have that we did not bring up at the time that we were before the House. Congress passed an omnibus bill that included money for HAVA. North Dakota is eligible to receive \$500,000 but we need a 5% match. That just happened like a day before we were actually on the Senate side. They have added \$30,000 to go towards the 5% match. Our intent would be to work it so that we can get the match in as quickly after July 1<sup>st</sup> as possible so that it gets into the election fund because as soon as it is in the election fund it starts earning interest. That is pretty important.

**Vice Chairman Thoreson:** So the \$30,000 is to get the \$500,000 in federal dollars.

**Representative Dosch:** One other question, what is the purpose of that money? What would you do with the money?

**Al Jaeger, Secretary of State:** Actually the state has and I know it is in my testimony, a couple more million dollars that is still due to North Dakota but it does go to support our election endeavors in the state of North Dakota, support the systems things that we do with the counties and what have you. My goal at the moment is that we create some sort of endowment so that we can use the interest as long as possible. It is off the top of my head but I believe and again this is sense we met with you but I think that since we received HAVA money we have earned something like \$1.2million in interest so that interest can support stuff so getting that \$500,000 in is helpful because it just supports our ongoing support of the election process. We have it coming and it should have all been here already but it comes in bits and pieces.

**Vice Chairman Thoreson:** They authorize but don't always appropriate.

**Al Jaeger, Secretary of State:** It is a little different than you guys.

**Senator Krebsbach:** A lot of this money that we have been getting also goes to the counties in the state for their ongoing training. There is a constant turnover in poll workers, election volunteers and so on and I think this is a great assistance to the counties in the state for that process.

**Vice Chairman Thoreson:** Thank you Senator. Committee I guess, I am just looking for any other issues that the House side may wish to ask of the Senate at this time? Again we will most likely meeting again in the future. We need to take this information back and discuss with our respective caucuses and within our body as I am sure that you need to do with yours. Also the issue of the equity funding is something which is throughout most of the budgets and until there is probably some agreement as to what will happen with that I don't know that we will be making any final decisions on this but I do appreciate the information you have shared with us this morning and we will go ahead and look forward to meeting once again.

Vice Chairman Thoreson closed the discussion



## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1002

House Appropriations Committee  
Government Operations Division

☒ Check here for Conference Committee

Hearing Date: 4/25/09

Recorder Job Number: 12267

Committee Clerk Signature

*Tonya Voeg*

Minutes:

Vice Chairman Thoreson called the conference committee on House Bill 1002 to order. All conferees were present.

**Representative Thoreson:** Ok committee what we are going to do is just go through the points here on the statement of purpose of your amendments. You should have those in your folder. It is my intention that if we can we get this one taken care of this afternoon. If not we will schedule again for Monday. Item number one, that is the FTE, we will get back to that. Items two and three I think those are pretty well taken care of so we can put a mark next to them. Those are going to be handled in 1015 or some of it will be.

**Representative Dosch:** Perhaps we can get Legislative Council to comment on that because I believe that was one of the other provisions or amendments on the bill too that did not go through, as far as item number two.

**Roxanne Woeste, Legislative Council:** This is the adjustment that the House did to all agency budgets the first half of the session relating to anticipated salary savings from vacant positions. This is the same adjustment that they do to budgets the second half so we have

been keeping the funding that the Senate restored typically in conference committees we are restoring that funding.

**Representative Thoreson:** So our actions in the second half did not do this to budgets which we received the Senate version of, correct?

**Roxanne Woeste, Legislative Council:** Correct.

**Representative Thoreson:** So by the Senate putting this back in we are kind at a level place.

**Roxanne Woeste, Legislative Council:** Correct I believe the House had agreed to putting back the funding and this issue.

**Senator Warner:** So the money for this is in OMB?

**Roxanne Woeste, Legislative Council:** The OMB bill includes the equity pool. This is money that is just going back in the budget.

**Representative Thoreson:** It is back in now because the Senate put it back in.

**Roxanne Woeste, Legislative Council:** Correct.

**Representative Thoreson:** So are we all comfortable on that? We can agree that it is going to stay at that level because the Senate has restored the changes made in the first half by the House. Item number three, the equity that is going to be taken care of in 1015. Item four, the \$20,000 in operating expenses, the notes that I have says that it was about 75% technology and then postage and other expenses were about 25% of that. I think that is what came up in our original discussion. I guess for my part I don't know if that one is a deal breaker or not. I think we are ok with that. We are only talking about \$20,000. Let's go ahead and check that one off of the list. Item number five was the match for the federal funds. Mr. Secretary, this is something that occurred after the House had seen this bill, correct?

**Al Jaeger, Secretary of State:** If you recall in the House side you added the money I needed to cover the interest on the HAVA so that was on the House side. The Senate maintained that.

This is the match I need for the HAVA money which was approved by Congress just a couple days before my Senate hearing. That is the 5% match to get the \$500,000.

**Representative Thoreson:** Do you know, we talked in the first half, how much HAVA money has been allocated and how much has actually been appropriated? What are we still waiting for?

**Al Jaeger, Secretary of State:** It is over \$1million and close to \$2million that Congress still has not appropriated.

**Representative Thoreson:** Any word on when that is coming?

**Al Jaeger, Secretary of State:** No. What happened the last time, when we did get some money, I actually went to the Emergency Commission and they gave me out of the state contingency fund 5%, so that we could get the money into the piggy bank as quickly as possible because it starts earning interest.

**Representative Thoreson:** That was going to be my follow up because if this happens while we are not here, you still have to have the money to get that.

**Al Jaeger, Secretary of State:** They have because the case being made is that if I had to wait we have had it already for several months and it is earning interest and we had waited until the session we would have lost that interest.

**Senator Krebsbach:** In response to your question according to the testimony from the Secretary of State on February 25 the balance still due to North Dakota is \$4,428,197.

**Representative Thoreson:** That is what I recalled when we had spoken is that it was about four million dollars but I didn't know if we were getting a big chunk to cover that or not. If I remember it was like \$9million total and only \$5million had been sent to us. So we are still short a few bucks. Item five I think we can click off of the list if the committee members agree.

Item number six this is for the business development engine dealing with the corporate development.

**Al Jaeger, Secretary of State:** This is just the authorization and by the way since I was in front of this conference committee on Thursday, I received notification that I think we will have our first publicly traded company in the middle of June. If we get a few more of those I will be able to proceed with this.

**Representative Thoreson:** That is good news as someone who strongly supported that change in legislation last session, I am happy to see it is paying off. I did notice that we have a company according to the Bismarck Tribune which has offices here that is Fortune 500 but I believe they are not incorporated in North Dakota. They are a Delaware corporation. I talked to their government affairs person and said it sure would be nice to have a North Dakota Fortune 500 company.

**Al Jaeger, Secretary of State:** If we get a few of these the franchise fee is about \$40,000 a year.

**Representative Thoreson:** So I think just because we are being so very agreeable here I have no problem with item six. I think we can go ahead and agree to that. That takes us back to item number one, the FTE. I was provided a handout a few moments ago showing where we are with fiscal staff in the agencies. Let's go ahead and discuss this a little bit. I will open it up to either side for comments and hopefully we can maybe come to some resolution on this.

**Representative Dosch:** Based on that sheet here, he obviously has way too high a budget in relation to the number of employees so we would probably want to take a look at that. That is what you meant by that.

**Representative Thoreson:** Let the record show that there was a smile on the faces of the committee as that comment was made. Back to more serious discussion, I guess while I am

also not one who necessarily likes adding persons, the case most likely has been made that this is something that is going to be needed. I know that you have certainly put a lot of work into doing this yourself and others and your staff. We have added one for the commission for council for indigents. Just my personnel opinion that I think it would be ok to move forward and put this position there.

**Senator Warner:** I applaud the wisdom of your decision. We had some discussions earlier about the futility of trying to teach eagles how to swim. In other words of using highly paid and highly qualified employees to do mid-level tasks. If that was your argument that you made in Indigent Defense, why should we be paying \$130/hour lawyer to do bookkeeping work. I think the same could be said about the skills possessed by the Secretary of State.

**Representative Thoreson:** I agree. If others are comfortable with that it looks like, if we are doing it the way we are doing it in some others, we see a lot of H's along this one here today maybe we will hopefully move forward with it.

**Representative Dosch:** As you know I am pretty stingy with giving out employees, as Senator Krebsbach can attest to. But I also have to agree with adding this. I think it is needed and I think the Secretary's abilities can be directed better places than doing a lot of this accounting work. However, only one caveat that I am supposed to relay and that is that this position is put in that he does in fact be given this work to do and that our Secretary doesn't continue on to hold on to some of this but that you certainly utilize this individual which I am certain you will.

**Representative Thoreson:** He is going to be so busy signing up companies coming to the state that he won't have time to do it. I guess I would entertain a motion if we agree.

**Roxanne Woeste, Legislative Council:** There is just one other thing I would like to note. The Senate had one additional change that has not been discussed. It is section five on the first page of the Senate amendments version 0303. It is a section that was added that allows them

to carry over any money in the general services operating fund into this next biennium to use for one of the IT projects. I just wanted to note that.

**Senator Warner:** This is an IT project which will span over the biennial break but will probably be concluded not too far into the year. There is a limiter on it that allows this carry over to be for only for that project. This is sort of sweeping up the dust and putting the debris away. I am getting a little carried away with my metaphors here.

**Representative Thoreson:** I will use another one. I just told Representative Dosch that since we are folding like cheap suits on this one I suppose what is one more. That is just my opinion.

**Senator Warner:** If it is the proper motion I would move that the House to the Senate Amendments. Is that correct?

**Senator Krebsbach:** And further amend.

**Representative Thoreson:** I believe we need to take equity out. Does the Senate not have to accede from their amendments and further amend?

**Roxanne Woeste, Legislative Council:** The proper motion that will be needed is that the Senate will have to recede from their amendments and we will do everything that the Senate amendments do except for the removal of the equity.

**Senator Warner:** So the proper motion is that the Senate recedes.

**Representative Thoreson:** As long as everyone is clear with that we are going to go ahead with that.

**A motion was made by Senator Warner, seconded by Senator Krebsbach for the  
SENATE RECEDES FROM THE SENATE AMENDMENTS AND AMENDS. The vote was 6-0-0.**

**Representative Thoreson:** We will not have to meet again. Roxanne you will have the amendments drafted and get them to us so we can see them?

**Roxanne Woeste, Legislative Council:** That is correct.

**Representative Thoreson:** OK if you get that out to us and we will review them and if we don't see anything that raises a flag our business is done.

Vice Chairman Thoreson adjourned the conference committee.

VR  
4/28/09  
log 4

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1002

That the Senate recede from its amendments as printed on pages 1002 and 1003 of the House Journal and pages 772 and 773 of the Senate Journal and that Engrossed House Bill No. 1002 be amended as follows:

Page 1, line 2, after the third semicolon insert "to provide a contingent appropriation; to provide an exemption;"

Page 1, line 16, replace "307,132" with "495,016" and replace "2,941,625" with "3,129,509"

Page 1, line 17, replace "1,096,769" with "1,123,769" and replace "3,155,950" with "3,182,950"

Page 1, line 19, replace "2,824,877" with "2,854,877" and replace "8,314,107" with "8,344,107"

Page 1, line 21, replace "1,308,778" with "1,553,662" and replace "14,419,682" with "14,664,566"

Page 1, line 22, replace "38,660" with "41,113" and replace "8,912,525" with "8,914,978"

Page 1, line 23, replace "1,270,118" with "1,512,549" and replace "5,507,157" with "5,749,588"

Page 1, line 24, replace "0.00" with "1.00" and replace the second "27.00" with "28.00"

Page 2, line 11, replace "1,328,618" with "1,571,049" and replace "5,869,157" with "6,111,588"

Page 2, line 12, replace "38,660" with "3,441,811" and replace "8,912,525" with "12,315,676"

Page 2, line 13, replace "1,367,278" with "5,012,860" and replace "14,781,682" with "18,427,264"

Page 2, after line 19, insert:

**"SECTION 3. LOAN AUTHORIZATION - CONTINGENT APPROPRIATION - BUDGET SECTION APPROVAL.** Subject to budget section approval, the secretary of state may borrow up to \$3,400,698 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 computer project, during the biennium beginning July 1, 2009, and ending June 30, 2011. 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 chapter 102 of the 2007 Session Laws over the term of the proposed loan based on the trend of actual corporate charters granted are anticipated to be sufficient to repay the proposed loan, including interest over the term of the loan."

Page 2, after line 31, insert:

**"SECTION 5. EXEMPTION - GENERAL SERVICES OPERATING FUND.** Any unexpended and unobligated balance remaining in the secretary of state's general services operating fund on June 30, 2009, is not subject to the provisions of section 54-09-08, and any unexpended funds are available and may be expended by the



secretary of state, during the biennium beginning July 1, 2009, and ending June 30, 2011, for the database and processing platform migration project."

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Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT - LC 98003.0304 FN 1**

**A copy of the statement of purpose of amendment is attached.**

**STATEMENT OF PURPOSE OF AMENDMENT:****House Bill No. 1002 - 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	\$14,718,608	\$14,444,682	\$3,645,582	\$18,090,264	\$18,174,306	(\$84,042)
Less estimated income	8,914,978	8,912,525	3,403,151	12,315,676	12,315,676	0
General fund	\$5,803,630	\$5,532,157	\$242,431	\$5,774,588	\$5,858,630	(\$84,042)
Public Printing						
Total all funds	\$337,000	\$337,000	\$0	\$337,000	\$337,000	\$0
Less estimated income	0	0	0	0	0	0
General fund	\$337,000	\$337,000	\$0	\$337,000	\$337,000	\$0
Bill total						
Total all funds	\$15,055,608	\$14,781,682	\$3,645,582	\$18,427,264	\$18,511,306	(\$84,042)
Less estimated income	8,914,978	8,912,525	3,403,151	12,315,676	12,315,676	0
General fund	\$6,140,630	\$5,869,157	\$242,431	\$6,111,588	\$6,195,630	(\$84,042)

**House Bill No. 1002 - Secretary of State - Conference Committee Action**

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$3,213,551	\$2,941,625	\$187,884	\$3,129,509	\$3,213,551	(\$84,042)
Operating expenses	3,182,950	3,155,950	27,000	3,182,950	3,182,950	
Petition review	8,000	8,000		8,000	8,000	
Election reform	8,314,107	8,314,107	30,000	8,344,107	8,344,107	
Transfer - Election fund		25,000		25,000	25,000	
Contingent appropriation			3,400,698	3,400,698	3,400,698	
Total all funds	\$14,718,608	\$14,444,682	\$3,645,582	\$18,090,264	\$18,174,306	(\$84,042)
Less estimated income	8,914,978	8,912,525	3,403,151	12,315,676	12,315,676	0
General fund	\$5,803,630	\$5,532,157	\$242,431	\$5,774,588	\$5,858,630	(\$84,042)
FTE	28.00	27.00	1.00	28.00	28.00	0.00

**Department No. 108 - Secretary of State - Detail of Conference Committee Changes**

	Restores New FTE Position <sup>1</sup>	Restores Funding Relating to Anticipated Salary Savings <sup>2</sup>	Restores Funding for Operating Expenses <sup>3</sup>	Provides Funding for Matching Federal Funds <sup>4</sup>	Provides Contingent Appropriation for Information Technology Project <sup>5</sup>	Total Conference Committee Changes
Salaries and wages	\$125,979	\$61,905				\$187,884
Operating expenses	7,000		20,000			27,000
Petition review						
Election reform				30,000		30,000
Transfer - Election fund						
Contingent appropriation					3,400,698	3,400,698
Total all funds	\$132,979	\$61,905	\$20,000	\$30,000	\$3,400,698	\$3,645,582
Less estimated income	0	2,453	0	0	3,400,698	3,403,151
General fund	\$132,979	\$59,452	\$20,000	\$30,000	\$0	\$242,431
FTE	1.00	0.00	0.00	0.00	0.00	1.00

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<sup>1</sup> This amendment restores the new FTE account budget specialist position added in the executive budget but removed by the House, including \$125,979 for salaries and wages and \$7,000 for related operating expenses. This position was also restored by the Senate.

<sup>2</sup> This amendment restores funding for salaries and wages removed by the House to recognize anticipated savings from vacant positions and employee turnover. This funding was also restored by the Senate.

<sup>3</sup> Funding removed by the House for operating expenses is restored. This funding was also restored by the Senate.

<sup>4</sup> Funding of \$30,000 from the general fund is added for the state's 5 percent match for approximately \$500,000 of federal funds to be deposited in the election reform fund. This funding was also added by the Senate.

<sup>5</sup> This amendment provides that, subject to Budget Section approval, the Secretary of State may borrow up to \$3,400,698 from the Bank of North Dakota which is appropriated to the Secretary of State for implementing the North Dakota business development engine computer project during the 2009-11 biennium if additional revenues from corporate charters are anticipated to be sufficient to repay the loan and accrued interest. This contingent appropriation was also added by the Senate.

This amendment provides that any unexpended and unobligated balance remaining in the Secretary of State's general services operating fund on June 30, 2009, is not subject to the provisions of North Dakota Century Code Section 54-09-08, and any unexpended funds are available and may be expended by the Secretary of State during the 2009-11 biennium for the database and processing platform migration project. This change was also made by the Senate.

**REPORT OF CONFERENCE COMMITTEE  
(ACCEDE/RECEDE)**

Bill Number 1002 (, as (re)engrossed):

Date: 4/25/09

Your Conference Committee Gov Ops

**For the Senate:**

**For the House:**

	YES / NO			YES / NO	
Krebsbach	X		Thoreson	X	
Kilzer	X		Dosch	X	
Warner	X		Meyer	X	

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE) from)

the (Senate/House) amendments on (SJ/HJ) page(s) 1002 - 1003

\_\_\_\_, and place \_\_\_\_\_ on the Seventh order.

X, adopt (further) amendments as follows, and place \_\_\_\_\_ on the Seventh order:

\_\_\_\_, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) \_\_\_\_\_ was placed on the Seventh order of business on the calendar.

DATE: \_\_\_\_\_

CARRIER: \_\_\_\_\_

LC NO.	of amendment
LC NO.	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Warner

SECONDED BY: Krebsbach

VOTE COUNT    YES    NO    ABSENT

Revised 4/1/05

All amendments  
except equity

Senate - Warner

House Meyer

**REPORT OF CONFERENCE COMMITTEE**

**HB 1002, as engrossed:** Your conference committee (Sens. Krebsbach, Kilzer, Warner and Reps. Thoreson, Dosch, S. Meyer) recommends that the **SENATE RECEDE** from the Senate amendments on HJ pages 1002-1003, adopt amendments as follows, and place HB 1002 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1002 and 1003 of the House Journal and pages 772 and 773 of the Senate Journal and that Engrossed House Bill No. 1002 be amended as follows:

Page 1, line 2, after the third semicolon insert "to provide a contingent appropriation; to provide an exemption;"

Page 1, line 16, replace "307,132" with "495,016" and replace "2,941,625" with "3,129,509"

Page 1, line 17, replace "1,096,769" with "1,123,769" and replace "3,155,950" with "3,182,950"

Page 1, line 19, replace "2,824,877" with "2,854,877" and replace "8,314,107" with "8,344,107"

Page 1, line 21, replace "1,308,778" with "1,553,662" and replace "14,419,682" with "14,664,566"

Page 1, line 22, replace "38,660" with "41,113" and replace "8,912,525" with "8,914,978"

Page 1, line 23, replace "1,270,118" with "1,512,549" and replace "5,507,157" with "5,749,588"

Page 1, line 24, replace "0.00" with "1.00" and replace the second "27.00" with "28.00"

Page 2, line 11, replace "1,328,618" with "1,571,049" and replace "5,869,157" with "6,111,588"

Page 2, line 12, replace "38,660" with "3,441,811" and replace "8,912,525" with "12,315,676"

Page 2, line 13, replace "1,367,278" with "5,012,860" and replace "14,781,682" with "18,427,264"

Page 2, after line 19, insert:

**"SECTION 3. LOAN AUTHORIZATION - CONTINGENT APPROPRIATION - BUDGET SECTION APPROVAL.** Subject to budget section approval, the secretary of state may borrow up to \$3,400,698 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 computer project, during the biennium beginning July 1, 2009, and ending June 30, 2011. 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 chapter 102 of the 2007 Session Laws over the term of the proposed loan based on the trend of actual corporate charters granted are anticipated to be sufficient to repay the proposed loan, including interest over the term of the loan."

Page 2, after line 31, insert:

**"SECTION 5. EXEMPTION - GENERAL SERVICES OPERATING FUND.** Any unexpended and unobligated balance remaining in the secretary of state's general services operating fund on June 30, 2009, is not subject to the provisions of section 54-09-08, and any unexpended funds are available and may be expended by the secretary of state, during the biennium beginning July 1, 2009, and ending June 30, 2011, for the database and processing platform migration project."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT - LC 98003.0304 FN 1**

A copy of the statement of purpose of amendment is on file in the Legislative Council Office.

Engrossed HB 1002 was placed on the Seventh order of business on the calendar.

2009 TESTIMONY

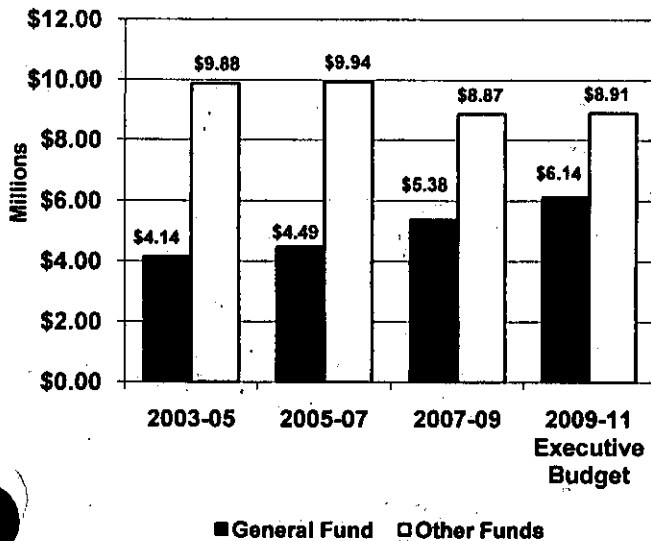
HB 1002

**Department 108 - Secretary of State  
House Bill No. 1002**

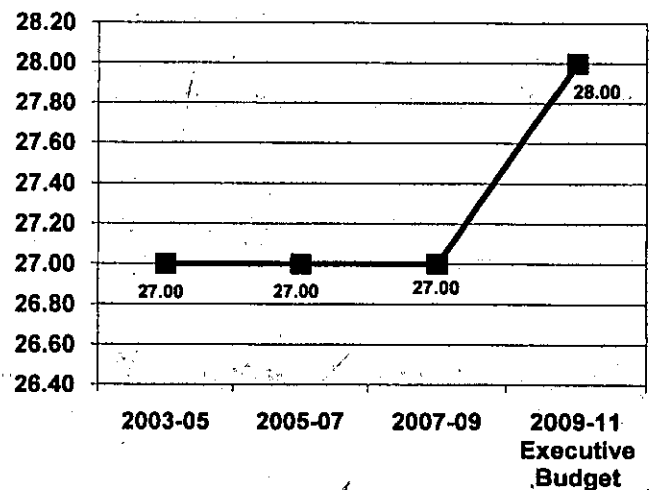
	FTE Positions	General Fund	Other Funds	Total
2009-11 Executive Budget	28.00	\$6,140,630	\$8,914,978	\$15,055,608
2007-09 Legislative Appropriations	27.00	5,378,413	8,874,480	14,252,893 <sup>1</sup>
Increase (Decrease)	1.00	\$762,217	\$40,498	\$802,715

<sup>1</sup>The 2007-09 appropriation amounts include \$14,336, \$13,721 of which is from the general fund, for the agency's share of the \$10 million funding pool appropriated to the Office of Management and Budget for special market equity adjustments for classified employees. The 2007-09 appropriation amounts do not include \$30,263 of state contingencies funding resulting from Emergency Commission action during the 2007-09 biennium.

**Agency Funding**



**FTE Positions**



**Ongoing and One-Time General Fund Appropriations**

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2009-11 Executive Budget	\$5,360,630	\$780,000	\$6,140,630
2007-09 Legislative Appropriations	4,554,260	824,153	5,378,413
Increase (Decrease)	\$806,370	(\$44,153)	\$762,217

**Executive Budget Highlights**

	General Fund	Other Funds	Total
1. Provides funding of \$84,042 to address salary equity issues, including \$4,002 for related second-year salary increases	\$84,042		\$84,042
2. Increases funding for staff overtime by \$54,886 to provide a total of \$160,860 based on 2007-09 biennium levels	\$54,886		\$54,886
3. Adds 1 FTE account budget specialist position (\$125,979) and related operating expenses (\$7,000)	\$132,979		\$132,979
4. Adds <b>one-time</b> funding for the agency's database and processing platform migration project	\$780,000		\$780,000
5. Increases federal funds for purchasing equipment to implement electronic pollbooks in counties (The state will purchase the equipment for counties using Help America Vote Act funds, and the counties will have five years to repay the money to the state's election fund.)		\$4,500,000	\$4,500,000



6. Increases funding for public printing, including an increase of \$23,489 relating to replacement of more hardbound volumes of the North Dakota Century Code and an increase of \$10,011 to cover the administrative costs relating to shipping and purchasing sets of the North Dakota Century Code for new legislators	\$33,500	\$33,500
7. Removes one-time funding provided for continuation of the agency's mainframe migration project in the 2007-09 biennium	(\$824,153)	(\$824,153)
8. Removes special funds (Bank of North Dakota loan proceeds) provided for the agency's business development engine information technology project in the 2007-09 biennium		(\$2,920,000)

#### **Other Sections in Bill**

**Secretary of State's salary** - Section 3 provides the statutory changes increasing the Secretary of State's salary. The Secretary of State's annual salary is increased from the current level of \$79,571 to \$83,550, effective July 1, 2009, and to \$87,728, effective July 1, 2010, to reflect the 5 percent and 5 percent recommended salary increase.

#### **Continuing Appropriations**

There are no continuing appropriations for this agency.

#### **Major Related Legislation**

At this time, no major legislation has been introduced affecting this agency.

Attachment  
1002.1.13.09B

ALVIN A. JAEGER  
SECRETARY OF STATE

HOME PAGE [www.nd.gov/sos](http://www.nd.gov/sos)



SECRETARY OF STATE  
STATE OF NORTH DAKOTA  
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BISMARCK ND 58505-0500

PHONE (701) 328-2900

FAX (701) 328-2992

E-MAIL [sos@nd.gov](mailto:sos@nd.gov)

January 13, 2009

TO: Rep. Delzer, Chairman, and Members of the Government Operations Division of the House  
Appropriations Committee

FR: Al Jaeger, Secretary of State

RE: HB 1002 – Appropriation for the Secretary of State

1. Public Printing – Subdivision 2 – Page 2, lines 1 through 6  
2005-2007: \$336,000  
2007-2009: \$303,500  
2009-2011: \$337,000  
See letter dated June 23, 2008 from Legislative Council
2. Page 1 – agency overview – FTE 27 including Secretary of State plus 1 FTE federally funded
3. Page 2 – agency major accomplishments (appendix A and B)
4. Page 3 – agency future critical issues
5. Page 4 – agency statistical data (appendix C)
6. Page 5 – agency demand for services
7. Page 6 – agency program costs
8. Page 7 – election reform line – (need amendment appendix d)
9. Page 8 – optional requests

RECEIVED  
JUN 25 2008  
SEC. OF STATE



## North Dakota Legislative Council

STATE CAPITOL, 600 EAST BOULEVARD, BISMARCK, ND 58505-0360 (701) 328-2916 TTY: 1-800-366-6888

AL CARLSON  
State Representative  
Chairman

JIM W. SMITH  
Director

JAY E. BURINGRUD  
Assistant Director

ALLEN H. KNUDSON  
Legislative Budget  
Analyst & Auditor

JOHN WALSTAD  
Code Revisor

June 23, 2008

*Same  
given to  
Senate*

Honorable Alvin A. Jaeger  
Secretary of State  
State Capitol  
Bismarck, ND 58505

Dear Mr. Jaeger:

As you know, the Legislative Council is responsible for preparing the material for and supervising the publication of the North Dakota Century Code, the North Dakota Administrative Code, and the North Dakota Session Laws. The purpose of this letter is to notify you of the estimated costs for the 2009-11 biennium so you can include a sufficient amount in your budget request for these purposes.

During the 2007-09 biennium, cost estimates for the North Dakota Century Code purchases in your budget were based on the state maintaining 700 sets of the code. As we are not aware of any reason to change the number of sets needed, we are continuing to base our estimates on maintaining 700 code sets for the 2009-11 biennium.

During the 2009-11 biennium, we have tentatively identified Volumes 2B, 3A, 4C, 8B, and 12 of the North Dakota Century Code for replacement. We anticipate splitting the contents of Volume 3A into Volumes 3A and 3C, which means each set of the code will require six replacement volumes. These replacement volumes must be published to avoid increased costs for supplements and the eventual need to replace the entire Century Code. Replacement of volumes also makes the Century Code more easily usable for the public. The Court Rules Annotated volume is published in a softbound volume that must be replaced each biennium. Based on cost estimates furnished by LexisNexis, \$163,800 will be needed to purchase 700 sets of replacement Volumes 2B, 3A, 3C, 4C, 8B, and 12 and \$29,400 will be needed to purchase 700 sets of the Court Rules Annotated volume.

Based on LexisNexis estimates, \$88,200 will be needed to purchase 700 sets of the 2009 pocket supplements, \$35,700 will be needed to purchase 700 sets of the 2009 general index, and \$14,350 will be needed to purchase 700 sets of the Court Rules supplements. We are recommending that the state not purchase 700 sets of the Advance Code Service, which will result in a savings of \$58,800.

The estimated costs for North Dakota Century Code updates for the 2009-11 biennium total \$331,450. In the letter of estimated costs from Mr. Brian Kennedy, Associate Director, Government Relations and Contracts, LexisNexis (copy enclosed), it is stated that LexisNexis offers state government subscribers a 25 percent discount. Application of this discount will reduce estimated expenditures for 2009-11 North Dakota Century Code updates to \$248,587.50.

Based on the expenditures for the last two bienniums, North Dakota Administrative Code printing and mailing costs have been variable so estimating these costs is rather difficult. As you know, these costs depend on the volume of rules adopted by agencies, and there is no way to reliably predict what that will be. For the 2005-07 biennium, Administrative Code monthly average costs were \$2,183 for printing and \$195 for mailing and miscellaneous expenses. It appears costs for this biennium are somewhat reduced and we now do quarterly publication and mailing, rather than monthly. We believe it would be appropriate to reduce average cost estimates for the 2009-11 biennium by a net reduction of 20 percent in printing and mailing costs. This would mean average monthly costs would be anticipated to be \$1,746.40 for printing and \$156 for mailing. Based on these estimates, your budget will require Administrative Code printing costs of \$41,913.60 and mailing costs of \$3,744. You may want to consider whether you are comfortable with the estimated costs and adjust these amounts accordingly. We have not factored into these calculations any estimate for increased printing or postage costs.

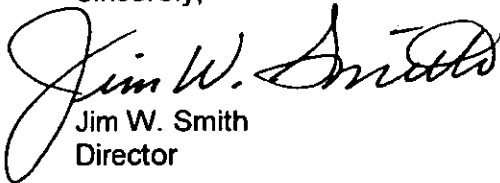
We estimate that \$32,744 will be required to cover printing, binding, and mailing costs for the 2009 North Dakota Session Laws. This amount is based on the 2007 expenditure plus an increase of 5 percent and should include having Session Laws volumes mailed to purchasers by the printer to avoid the burden on your office of doing these mailings.

We respectfully request that you include \$326,989.10 in your budget request for the 2009-11 biennium for publication and printing costs for the North Dakota Century Code, North Dakota Administrative Code, and North Dakota Session Laws and postage and mailing costs for the North Dakota Administrative Code and North Dakota Session Laws. This is an increase from the comparable amount we recommended for these expenses for the 2007-09 biennium.

We are not in a position to make any suggestions regarding the other costs that must be included in the public printing line item of your budget, including the costs of individual volumes to update old sets of the Century Code, the new sets of the Century Code required for new members of the Legislative Assembly, and postage and mailing costs for the Century Code. Therefore, those costs are not included in our estimates.

Thank you for your attention to these matters. Please contact this office if you have any questions. We are sending a copy of this letter to Ms. Pam Sharp, Director of the Office of Management and Budget, for her information.

Sincerely,



Jim W. Smith  
Director

JWS/CS

Enc.

cc: Ms. Pam Sharp  
Mr. Brian Kennedy

ALVIN A. JAEGER  
SECRETARY OF STATE

DME PAGE [www.nd.gov/sos](http://www.nd.gov/sos)



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**SECRETARY OF STATE**  
STATE OF NORTH DAKOTA  
600 EAST BOULEVARD AVENUE DEPT 108  
BISMARCK ND 58505-0500

**January 13, 2009**

### **AGENCY STATUTORY AUTHORITY**

North Dakota Constitution, Article V, Section 12; North Dakota Century Code Title 10 and Title 16.1; North Dakota Century Code Chapters 15.02, 54-09, 35-01, 35-17, 35-21, 35-29, 35-30, 35-31, 35-05, 41-09, 43-07, 44-06, 45-10, 45-10.1, 45-11, 45.22, 45-23, 47.22, 47-25, 50-22, 53-01, 54-05.1, 54-16, and 55-01.

### **AGENCY DESCRIPTION**

The agency is the office of record for certain legal documents generated by the executive and legislative branches of state government; the office of record for public records and notices including various business entities; and it performs a wide range of licensing, regulatory, registration, and administrative functions within four operating units. The agency performs these functions in accordance with the requirements of the state's constitution and laws.

### **AGENCY MISSION STATEMENT**

To serve the people of the State of North Dakota and its guests; execute with integrity the duties required by the North Dakota Constitution and the North Dakota Century Code; collect and preserve the records of the State as defined by the law; act as an ambassador for the State of North Dakota, its people, and its way of life. This mission will be dispatched effectively, efficiently, expeditiously, courteously, and with financial responsibility.

### **AGENCY PERFORMANCE MEASURES**

Although it does not have a formal written program, the agency's management team and unit leads have access to various processes for tracking productivity, effectiveness, efficiency, quality of customer service, and compliance with laws. It is anticipated the statistical tracking of information will be improved with the agency's migration to a new database and document processing platform, for which funding was approved in the 2007/2009 biennium and for which continued funding is being requested in the agency's 2009/2011 budget request.

## **AGENCY MAJOR ACCOMPLISHMENTS**

Enhanced agency website, which received approximately 3,845,000 hits over a 12 month period ending September 2008 on its various pages and sections. See appendix A for activity in the month of November 2008.

Enhanced 24/7 live business records search on agency website which displays data about business entities filed with the agency.

Enhanced website for access to annual reports filed by businesses allowing them to complete them on-line, print them, sign them, and mail them to the agency.

Continued the migration of the agency's database from AS/400 platform created in 1988/1992 to a new operating platform. Unfortunately, the first effort had to be stopped because the underlying architecture of the intended platform was dysfunctional. The second effort resulted in a prolonged RFP process. An agreement with a vendor was finally executed in August 2008, with a projected completion date of approximately 12 to 16 months. The good news, which is very exciting, is the new platform will have features beyond whatever the agency dreamed possible at the beginning of the 2007/2009 biennium.

See appendix B for background history.

It will far exceed the enhancement of services for customers and productivity gains originally anticipated. For example, it will allow for the on-line filing of many documents, reports, etc. In this particular case, the delay that was experienced has and will be proven to be very beneficial for the future.

As with the above migration, the mandated migration of the Central Indexing System (CIS) from the state's mainframe was also continued. It had the same history as described above and now will become a part of the same platform with the same exciting benefits and features. This will greatly enhance the agency's CIS, which is connected to the state's 53 counties and provides a centralized depository for various lien documents.

Continued to enhance the agency's Election Management System (EMS) and Election Administration System (EAS). It provides new and expanded election information on the agency's website about elections, candidates, campaign contributions, voter precinct finder, polling location details and the reporting of election night returns. In addition, it assists in the administration of petition review, poll worker tracking, voting statistics reporting, and early and absentee voting.

A specific feature already mentioned was launched in October 2008 that allows the voter to find his or her voting precinct through the use of a house number and zip code. The Central Voter File, which is a part of the EAS, was successfully launched and is used by the counties to track absentee ballots, allow for the efficient management of early voting precincts, and to expedite the voting process on election day.

## AGENCY FUTURE CRITICAL ISSUES

In the statistical data section of the program narrative, the data reveals that since 1991/1992 and through the 2005/2007 biennium, the agency's revenue increased by 103%. On the other hand, since the base 1991/1993 biennium, the agency's expenditures only increased by 25.2%. This comparison is significant since the individual fees collected by the agency for its services have remained relatively unchanged during the past 14 years. Therefore, the increased revenue is directly related to the increase in the number of registrations, filings, and increased demand for the services provided by the agency. In order to respond to this increased demand, the agency is substantially dependent on the use of information technology (e.g. software, hardware, Internet, etc.), which it uses to provide the timely, accurate, and efficient services expected by the public, businesses, and customers of the agency.

As was also documented in the statistical data section, the agency is processing 44,871 more documents per year than it did in 1995. That is an increase of 106%. Therefore, to provide services in a cost effective and efficient manner for the public, it is vitally important that the agency receive support for technology initiatives. As stated in the first paragraph, the agency has provided a significant increase in revenue for the state while at the same time having comparatively modest growth in expenditures.

The agency is the first place stop and prime filer of a variety of business related information. In other words, business in North Dakota begins with the Secretary of State's office. Therefore, the agency has a key role in the state's e-government initiatives making it imperative the agency has adequate funding and support in order to implement the appropriate technology to meet these goals and provide services the public is requesting. It is critical to continue the migration of the two databases from their current environment to the new platform contracted for in August 2008. The increase in services and productivity will be significant. The funding required for continuing the migration is included as an Optional Request in this budget.

It is also imperative state agencies join together to provide a common portal for customers to enter. Therefore, the agency has been identified as the one to manage the development of the Business Development Engine, which was ranked as the # 6 project by the State Information Technology Advisory Committee (SITAC) and is included as an Optional Request in this budget. This was not included in the Governor's budget recommendation.

Having the ability to offer competitive salaries is a huge challenge. For example, to hire the last two persons for entry level positions (grade 5), we had to offer salaries that were within a few hundred dollars of the salaries currently being received by agency staff (also grade 5) that has been employed for several years. The agency needs to have competitive grades in its employment structure to be competitive and to pay salaries appropriate for new duties that will result with the new platform and opportunities for cross-training. The entire requested amount was not included in the Governor's budget recommendation.

## COSTS TO CONTINUE

The higher level of licensing fees for the agency's new platform will continue through 2013.

## PROGRAM STATISTICAL DATA

### History of Revenue and Expenditures for the past seven budget cycles

#### Revenue

1991/1993 – \$ 3,590,061  
1993/1995 – \$ 4,007,416 increased 11.6% over previous biennium  
1995/1997 – \$ 4,342,289 increased 8.4% over previous biennium  
1997/1999 – \$ 4,912,970 increased 13.1% over previous biennium  
1999/2001 – \$ 5,953,504 (general \$5,555,610; \* special \$333,036) increased 21.2% over previous biennium  
2001/2003 – \$ 6,277,698 (general \$5,869,160; \* special \$371,868) increased 5.5% over previous biennium  
2003/2005 – \$6,716,245 (general \$6,289,108, \* special \$401,305) increased 7.0% over previous biennium  
2005/2007 – \$7,289,015 (general \$6,815,185, \* special \$454,445) increased 8.5% over previous biennium.  
2007/2009 – Estimated \$7,800,000 (general \$7,300,000, \* special \$500,000) estimated increase of 7% over previous biennium.

\* The 1999 Legislative Assembly authorized a General Services Operating Fund for the agency's "retail" trade. At the end of the 2005/2007 biennium, the agency transferred \$25,137 to the state's general fund, which was the uncommitted amount over \$75,000.

#### Expenditures

1991/1993 – \$ 3,623,237  
1993/1995 – \$ 2,781,394 decreased 23.2% from previous biennium  
1995/1997 – \$ 2,721,385 decreased 2.2% from previous biennium  
1997/1999 – \$ 2,839,345 increased 4.3% over previous biennium  
1999/2001 – \$ 3,545,065 increased 24.8% over previous biennium (see note # 1)  
2001/2003 – \$ 3,961,253 increased 11.7% over previous biennium (see note # 2)  
2003/2005 – \$ 4,146,332 increased 4.7% over previous biennium  
2005/2007 – \$ 4,536,178 increased 9.4% over previous biennium (see note # 3)

See appendix C for history from agency's 2005/2007 biennial report.

Note # 1 – Because of a system wide reallocation by ITD of the costs related to the statewide area network connecting the agency and the state's fifty-three counties for the operation of the central indexing system, the budget was increased by \$300,000 from \$75,000 to \$375,000, accounting for 39% of the increase. Another \$197,000, or 26% of the increase, was for salaries as approved by the legislature, emergency commission, and the budget section. Most of the remaining \$264,000, or 35% of the increase was for increased expenses related to services provided by ITD and other technology related expense as approved by the legislature, emergency commission, and the budget section. Almost half of that amount was directly related to the cost of providing the increased demand for agency information as authorized through the agency's general services operating fund, with those expenses being covered by the revenue generated to that account.

Note # 2 – ITD again reallocated costs related to the statewide area network resulting in another \$175,000 increase added to the agency's budget.

Note # 3 – The expenditures included a one-time amount of \$125,000 for migration of database

**Summary:** Using 1991/1993 biennium as the base year inherited by the present agency administration and through the 2005/2007 biennium, the agency's revenue increased by 103.0%. During the same period, the agency's expenditures increased by only 25.2%.



Demand for Services

The demand for the agency's services has grown steadily during the period beginning June 30, 1995, and ending June 30, 2008. This is in direct relationship to the net increase in filings and registrations as listed below.

	June 30, 1995	June 30, 2008	Percentage Increase/decrease
Contractors	4,701	7,116	+51%
Charitable Solicitation	559	2,218	+290%
Notary Publics	10,419	12,317	+18%
ND For-profit corporations	10,734	14,099	+31%
ND Cooperatives	434	350	-19%
ND Professional corporation	552	910	+65%
Foreign For-profit corporations	7,307	12,249	+68%
Foreign cooperatives	45	73	+62%
Limited Liability Companies (all)	441	9,367	+2,024%
Limited Liability partnerships (all)	13	2,479	+18,969%
Limited Partnerships (all)	864	1,605	+86%
Limited Liability Limited Partnerships	0	548	+548%
Partnership Fictitious Names	1,362	1,790	+31%
Trademarks	1,286	1,510	+17%
Trade names	3,565	20,065	+463%
ND non-profit corporations *	0	7,218	+7,218%
Foreign non-profit corporations *	0	1,885	+1,885%
Total	42,282	95,799	+127%

\*Prior to 1997, non-profit corporations were not required to file an annual corporate report. Therefore, the agency is processing an additional 9,103 filings that it did not process twelve years ago.

Even though the agency is processing an additional 53,517 documents a year since the 1995 benchmark, its FTE authorization has only increased 2.0 FTE from 24 FTE on June 30, 1995, to its present authorized FTE of 26.0 in effect since July 1, 2001.

## EXPLANATION OF PROGRAM COSTS

For the 2007-2009 biennium, the appropriated salary line represented approximately 51% of the agency's total general fund spending authority.

The appropriated operating line for 2007-2009 represented approximately 48% of the agency's total general fund spending authority. Of that amount, approximately 76% of the operating line was budgeted for payments to the state's Information Technology Division (ITD). Another 5% of the operating line was used for expenses related to information technology, e.g., programming, software, and hardware. The remaining 19% is spread among other object code categories and supports the general operations of the agency. Those budget object codes include telecommunications, travel, mailing services, professional development, fees and services, repairs and maintenance of equipment, insurance, office supplies, printing, professional supplies and materials, and miscellaneous expenses.

The agency also has a general service fund, which is the retail account for information sold by the agency. Approximately 91% of that budget is to cover expenses related to the technology for providing the requested information.

Extensive technology is used by the agency to increase productivity, provide better and faster services for the public, and to maintain many thousands of records associated with approximately 100 diverse and varied categories that relate to the duties of the agency. For example:

1. The agency's budget supports the statewide Central Indexing System (CIS) area network connecting the agency and the state's fifty-three county Recorder offices. The budget supports the maintenance of the database housed on the state's mainframe computer, which database is currently being migrated to a new database. The CIS contains approximately 288,000 active files related to various personal property liens throughout the state.
2. The agency's budget supports a database of approximately 160,000 names for approximately 100 diverse and varied categories related to the duties of the agency and for associated expenses such as programming, which is only available from a private vendor. For 2009-2011, the agency is submitting an optional request to allow the continued of migrating the agency's databases to a new operating platform.
3. The agency's budget supports an Internet web site and covers associated expenses.

## ELECTION REFORM

Since the adoption of HAVA, the state has received the following amounts of funding.

In 2003, it received \$5,000,000, which did not require a state match.

In 2004, it received \$4,150,000, which required a 5% state match. According to the State Plan, 1/2 share of the 5% was provided by the state and the other half share was provided by each one of the state's 53 counties in proportion to the voting equipment supplied to them. The state's share was appropriated in Section 2 of Senate Bill 2002 as adopted by the 2003 Legislative Assembly and signed by the Governor. Each of the counties receiving voting equipment paid their one-half share as committed allocated in their respective budgets. The state's share of \$105,000 was provided from the projected agency's turn back to the general fund at the end of the 2001/2003 biennium.

For the fiscal year 2004, Congress appropriated an additional \$7,446,803, which required a 5% state match of \$391,937. As part of the match, the federal Election Assistance Commission recognized the agency's investment in its Election Management System as an in-kind contribution in the amount of \$257,970. The balance for the match was contributed by the Counties in the amount of \$57,867 and the legislature appropriated \$76,100.

In 2008, Congress appropriated an additional amount in the Omnibus Appropriations Act for Fiscal Year 2008, which resulted in North Dakota becoming eligible for an additional \$575,000 for the HAVA election fund. In order to secure it, the state was required to provide a 5% match. This was achieved when the Emergency Commission on March 14, 2008 authorized the amount of \$30,263 from state's contingency fund to be used for this purpose.

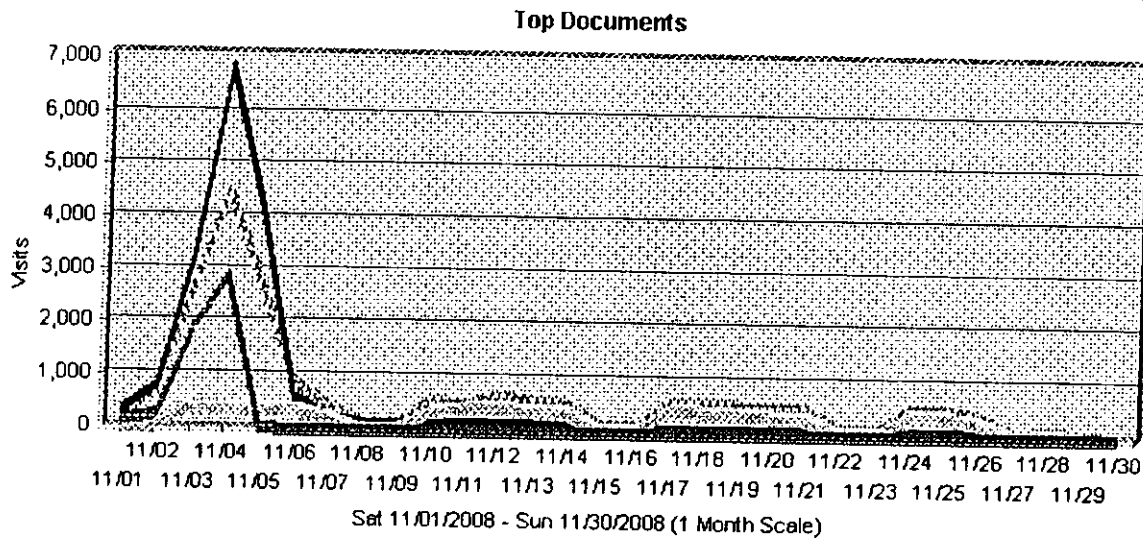
I request your consideration to include an amendment to the agency's appropriation bill to cover interest costs on state match in election fund to the end of the biennium. HAVA required the state to establish a specifically identified election fund, which was to include the funds received from the federal government and the state match. Although HAVA was very specific in stating the interest earned on that fund had to be rolled back into the fund, interest was never calculated on the state's share in the election fund. We have been assured that is something Federal auditors will be checking.

See appendix D for proposed addition and detailed breakdown of interest calculation.

**Optional Requests**

Migration of databases from two separate locations	780,000
Governor Recommended	780,000
Staff Equity	116,254
Governor Recommended	80,040
Overtime	54,886
Governor Recommended	54,886
Operational Increase	192,575
Governor Recommended	192,575
FTE Accounting/Budget Specialist III	\$86,402
Governor Recommended	114,426
Governor Recommended	7,000
North Dakota Business Development Engine (ranked # 6 SITAC)	3,400,698
Governor Recommended	0

This page identifies the most popular documents on your site, shows you how often they were viewed, and displays the average length of time the page was viewed.

**Top Directories**

	Path to Directory	Hits	% of Total Hits	Non-cached %	Non-cached Bytes	Visits
1	/sos	42,331	8.38%	100.00%	401.22 M	23,452
2	/sos/electvote	29,940	5.93%	99.90%	406.17 M	19,532
3	/sos/electvote/voting	21,635	4.28%	100.00%	314.78 M	11,597
4	/sos/sampleballot	61,955	12.27%	99.49%	4,015.86 M	10,201
5	/sos/forms/pdf	16,743	3.31%	93.91%	969.03 M	9,400
6	/sos/businessserv	13,278	2.63%	100.00%	170.27 M	8,896
7	/sos/businessserv/registrations	17,836	3.53%	100.00%	185.64 M	7,053
8	/sos/electvote/elections	167,455	33.18%	100.00%	2,159.79 M	6,335
9	/sos/electvote/elections/docs	11,450	2.26%	94.77%	558.25 M	3,128
10	/sos/misc	3,675	0.72%	100.00%	45.08 M	2,510
11	/sos/about	3,276	0.64%	100.00%	44.03 M	2,293
12	/sos/businessserv/centralindex	4,233	0.83%	100.00%	59.24 M	2,014
13	/sos/licensing	4,005	0.79%	100.00%	49.18 M	1,899
14	/sos/docs	2,653	0.52%	95.62%	594.15 M	1,890
15	/sec	2,122	0.42%	100.00%	460.04 K	1,620
	/sos/businessserv/registrations/types/companies/limitedliability	3,122	0.61%	100.00%	45.09 M	1,576
16						
17	/sos/businessserv/registrations/types/corporations/general	2,775	0.54%	100.00%	40.73 M	1,522
18	/sos/forms/doc	2,007	0.39%	95.66%	698.25 M	1,455
	/sos/lobby/legislate/lobbying	2,135	0.42%	100.00%	226.09 M	1,222
19						
20	/sos/campfinance	26,525	5.25%	100.00%	319.61 M	1,156

Same given to Senek



SECRETARY OF STATE  
STATE OF NORTH DAKOTA  
600 EAST BOULEVARD AVENUE DEPT 108  
BISMARCK ND 58505-0500

January 16, 2007

*Some  
given to  
Senate*

*B*

**Secretary of State  
Migration of Operational System – Optional Request**

The Secretary of State's operational database is housed on an AS/400 operating system. Created 17 years ago, the system has an underlying operating platform (or chassis) that is no longer efficient or adaptable to today's technology.

In addition, there are only a few qualified system programmers available within the community. Therefore, the agency's present AS/400 platform is expensive to maintain and always a challenge to change when required by legislative action.

The system is not cost-effective for expanding and enhancing the services offered to the public and other state agencies. The current base platform does not have the capability of easily utilizing the latest in technology. For example, to offer Automatic Clearing House (ACH) services on the AS/400 is prohibitive.

For several legislative sessions, ITD has recommended the agency make a change in its operational platform. The cost, however, to make the switch has been prohibitive and estimated as high as several million dollars. Fortunately, that has changed. Cost has been reduced and technological options have greatly increased.

The need to migrate to a different platform is imperative if the agency is to process the increased number of filings, maintain productivity and provide its customers with the electronic services they desire. The State Information Technology Advisory Committee (SITAC) gave the project a high ranking. The project will also benefit many other state agencies and allow for innovative sharing of resources that will have economic development benefits to the state and its citizens.

The proposed replacement system is Secretary of State Knowledge Base (SOSKB). It was created by the North Carolina Secretary of State's office, which has made the source code available to North Dakota at no cost. In return, we have a joint development agreement whereby the two respective states share in all enhancements to the system. This is already being done with the transfer of the agency's Central Indexing System from ITD's mainframe computer (a mandated move) to SOSKB. The funding for the transfer was provided in the agency's current budget.

The optional request in the Governor's recommended budget will allow the agency to move the balance of its operations from the AS/400 to SOSKB. The move will allow the agency to increase productivity and provide enhanced customer services, which can be quantified.

As stated earlier, the migration would have benefit for the numerous other state agencies that regularly access and rely on the agency's database. As required by state law, all businesses have an initial filing requirement with the Secretary of State's office before they can obtain permits, licenses, etc. from other state agencies. Therefore, the new system would provide a technology base that would better allow the sharing of information with other agencies and could present a one-stop entry for citizens interacting with state agencies. Currently, several agencies are funding a feasibility study, which is scheduled for completion before adjournment, for a project titled the North Dakota Business Development Engine.

As to the agency's internal operations, it is conservatively estimated by ITD \* that the agency could process an business entity annual report 25 times faster by reducing the number of times the document is physically handled in processing and filing. (\* This is a conservative estimate based on ITD's experience with DOT and Tax Department processing systems.)

For example, a single annual report is now physically handled a minimum of eight times and depending on distribution of workload, it can be handled two to four additional times. A document could easily be hand-carried between 500 and 1,000 feet before required tasks necessary for the filing the documents are completed.

With the new system, the document would be scanned immediately upon receipt and processed electronically from any workstation located within the office. If the increased processing efficiency is multiplied by the nearly 500,000 documents that the agency processes during the biennium, the savings in time and resources become significant.

A new platform would also give customers the option of filing documents electronically and paying the applicable filing fees in a paperless manner, which also eliminates the need for any physical handling of the payment or the hard copy of a report.

The project is important for the following reasons.

1. Regardless of the system, funds will be expended. The choice is whether to maintain or upgrade the present antiquated system as best we can or invest those same funds on a new system that is faster and more adaptable.
2. Although the present system can be upgraded, its operating platform can never reach the level of efficiency, as a new platform would allow.
3. The opportunity is available now to leverage funds at a fraction of previous cost estimates in order to accomplish the migration. With the processing time being reduced with the new system, it will be possible to decrease overtime costs, which are now needed in order to meet statutory deadlines.
4. With the increased workload of 106% since the 1995 base year used in the budget request, it is becoming more difficult to process reports in a timely manner and increasing the number of FTE's is not an option because, even if it were approved, the agency would not have the space to house them.
5. A transition will take time. However, the agency has several staff members nearing retirement age and with increasing processing efficiencies, restructuring becomes a viable option.
6. In a technology audit, dated July 25, 2003, the State Auditor recommended several changes to the agency's processing procedures and database. The agency has not yet implemented many of those recommendations because the funds would be expended on an obsolete system, which are already available in SOSKB.
7. Software manufacturers recognize the importance of tracking performance. Although the present system can be used for tracking, the process is complex and convoluted. In SOSKB, the tracking is already programmed into the system.
8. It is difficult to justify spending funds on a system that is being recommended for replacement.

C

**Chapter Six (D)**

**SUMMARY OF REVENUE, APPROPRIATIONS, AND EXPENDITURES - BIENNIAL HISTORY**

	1995-1997	1997-1999	1999/2001	2001/2003	2003/2005	2005/2007
<b>REVENUE - General Fund</b>						
Administration .....	\$ 18,170	\$ 2,203	\$ 2,287	\$ 787	\$ 78	\$ 5,936
Business Registration .....	2,240,551	2,770,809	3,213,566	3,345,569	3,755,522	4,108,520
Central Indexing UCC/CNS .....	1,331,659	1,298,898	1,518,001	1,650,205	1,581,727	1,595,530
Licensing .....	749,093	839,164	820,343	870,743	944,749	1,098,565
Elections .....	2,816	1,896	1,413	1,856	7,032	6,634
Subtotal .....	\$ 4,342,289	\$ 4,912,970	\$ 5,555,610	\$ 5,869,160	\$ 6,289,108	\$ 6,815,185
<b>REVENUE - General Services Operating Fund</b>						
Business Registration/Info .....	0	0	\$ 89,596	\$ 103,198	\$ 115,840	\$ 134,290
Central Indexing .....	0	0	242,245	268,260	284,140	318,229
Licensing .....	0	0	1,173	410	0	1,926
Elections .....	0	0	22	0	1,325	0
Subtotal .....	\$ 0	\$ 0	\$ 333,036	\$ 371,868	\$ 401,305	\$ 454,445
Central Indexing Surcharge .....	192,057	0	0	0	0	0
Public Printing (General Fund) .....	64,459	78,162	64,858	36,670	25,832	19,383
Total Revenue .....	\$ 4,598,805	\$ 4,991,132	\$ 5,953,504	\$ 6,277,698	\$ 6,716,245	\$ 7,289,015
<b>APPROPRIATIONS</b>						
Salaries .....	\$ 1,540,419	\$ 1,692,780	\$ 1,899,778	\$ 2,120,200	\$ 2,153,618	\$ 2,354,114
Operating Expenses .....	1,203,200	1,140,190	1,713,490	2,148,290	2,070,226	2,174,561
Capital Assets .....	0	0	0	0	0	15,000
Equipment .....	65,000	39,000	84,000	8,445	0	0
Petition Review .....	14,000	2,000	12,000	12,000	8,000	8,000
Central Indexing System .....	0	0	0	21,000	0	0
Election Reform .....	0	0	0	150,000	9,578,364	9,684,728
Subtotal .....	\$ 2,822,619	\$ 2,873,970	\$ 3,709,268	\$ 4,459,935	\$ 13,810,208	\$ 14,236,403
Presidential Preference .....	275,000	0	0	0	0	0
Public Printing .....	421,974	442,000	535,200	502,666	336,000	327,000
Total Appropriations .....	\$ 3,519,593	\$ 3,315,970	\$ 4,244,468	\$ 4,962,601	\$ 14,146,208	\$ 14,236,403
<b>EXPENDITURES</b>						
Salaries .....	\$ 1,535,163	\$ 1,675,050	\$ 1,822,738	\$ 2,018,802	\$ 2,121,564	\$ 2,343,512
Operating Expenses .....	1,117,823	1,124,831	1,642,030	1,880,540	2,020,947	2,174,211
Capital Assets .....	0	0	0	0	0	14,044
Equipment .....	63,426	38,514	80,297	8,148	0	0
Petition Review .....	4,973	949	0	6,127	3,821	4,411
Central Indexing System .....	0	0	0	21,000	0	0
Election Reform .....	0	0	0	26,636	4,278,705	5,716,341
Subtotal .....	\$ 2,721,385	\$ 2,839,344	\$ 3,545,065	\$ 3,961,253	\$ 8,425,037	\$ 10,252,519
Central Indexing Surcharge .....	191,927	0	0	0	0	0
Presidential Preference .....	197,650	0	0	0	0	0
Public Printing .....	363,972	441,954	346,722	416,832	318,082	243,837
Total Expenditures .....	\$ 3,474,934	\$ 3,281,298	\$ 3,891,787	\$ 4,378,085	\$ 8,743,119	\$ 10,496,356



Introduced by

*Same  
given to Senate*

*(D)*

1 A BILL for an Act to amend and reenact section 16.1-01-15 of the North Dakota Century  
2 Code, relating to the election fund; and to provide an appropriation.

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

4 **SECTION 1. AMENDMENT.** Section 16.1-01-15 of the North Dakota Century  
5 Code is amended and reenacted as follows:

6 **16.1-01-15. Secretary of state to establish and maintain an election fund.**

7 The secretary of state shall establish and maintain a fund, known as the election fund,  
8 in the state treasury for the purpose of depositing payments and grants made to the  
9 state under the provisions of sections 101, 101(c), and 906, and title III of the Help  
10 America Vote Act of 2002 [Pub. L. 107-252; 116 Stat. 1666; 42 U.S.C. 15301, 42 U.S.C.  
11 15545, 42 U.S.C. 15481-15502], and funds appropriated by the state. The moneys in  
12 the election fund and any interest earnings on the election fund must be used for the  
13 exclusive purpose of carrying out activities of the Help America Vote Act of 2002 and  
14 are subject to chapter 54-16.

15 **SECTION 2. APPROPRIATION.** There is hereby appropriated out of any  
16 moneys in the general fund in the state treasury, not otherwise appropriated, the sum of  
17 \$24,332.54, or so much of the sum as may be necessary, to the secretary of state for  
18 deposit in the election fund created under section 16.1-01-15 for carrying out the  
19 purpose of the election fund, as described in that section. The amount appropriated  
20 hereunder represents the imputed interest earnings allocable to the amount of  
21 nonfederal funds contained in the election fund for the period commencing July 1, 2003,  
22 through the effective date of this Act.

*over*

Secretary of State  
Election Fund  
Interest Calculations  
Revenue Less Expenditures

	Total	Federal	Match (GF and SF - Counties)	Total	Federal + Interest	Match + Interest	MMDA Interest Rate	Days	Federal Interest	Federal Total (Award + Interest)	Match Total (Match + Interest)
Jul-03	105,000.00	-	105,000.00	105,000.00	-	105,000.00	0.40%	31	35.67	-	105,035.67
Aug-03	-	-	-	105,000.00	-	105,035.67	0.40%	31	35.68	-	105,071.35
Sep-03	-	-	-	105,000.00	-	105,071.35	0.40%	30	34.54	-	105,105.90
Oct-03	-	-	-	105,000.00	-	105,105.90	0.40%	31	35.71	-	105,141.61
Nov-03	-	-	-	105,000.00	-	105,141.61	0.40%	30	34.57	-	105,176.17
Dec-03	-	-	-	105,000.00	-	105,176.17	0.40%	31	35.73	-	105,211.90
Jan-04	-	-	-	105,000.00	-	105,211.90	0.40%	31	35.74	-	105,247.65
Feb-04	-	-	-	105,000.00	-	105,247.65	0.40%	29	33.45	-	105,281.10
Mar-04	-	-	-	105,000.00	-	105,281.10	0.40%	31	35.77	-	105,316.86
Apr-04	-	-	-	105,000.00	-	105,316.86	0.45%	30	38.95	-	105,355.82
May-04	-	-	-	105,000.00	-	105,355.82	0.45%	31	40.27	-	105,396.08
Jun-04	-	-	-	105,000.00	-	105,396.08	0.45%	30	38.98	-	105,435.06
Jul-04	-	-	-	105,000.00	-	105,435.06	0.55%	31	48.25	-	105,484.31
Aug-04	-	-	-	105,000.00	-	105,484.31	0.55%	31	48.27	-	105,533.59
Sep-04	58,433.90	-	58,433.90	163,433.90	-	163,967.49	0.65%	30	87.80	-	164,055.09
Oct-04	-	-	-	163,433.90	-	164,055.09	0.65%	31	90.57	-	164,145.66
Nov-04	-	-	-	163,433.90	-	164,145.66	0.75%	30	101.19	-	164,246.84
Dec-04	-	-	-	163,433.90	-	164,246.84	1.10%	31	153.45	-	164,400.29
Jan-05	-	-	-	163,433.90	-	164,400.29	1.10%	31	153.59	-	164,553.88
Feb-05	-	-	-	163,433.90	-	164,553.88	1.20%	28	151.48	-	164,705.36
Mar-05	4,150,000.00	4,150,000.00	-	4,313,433.90	4,150,000.00	164,705.36	1.25%	31	4,405.82	4,154,405.82	164,880.22
Apr-05	-	-	-	4,313,433.90	-	164,880.22	1.25%	30	4,268.23	4,158,674.05	165,048.61
May-05	7,446,803.00	7,446,803.00	-	11,760,236.90	11,805,477.05	165,048.61	1.25%	31	12,320.88	11,617,797.93	165,224.84
Jun-05	-	-	-	11,760,236.90	-	165,224.84	1.25%	30	11,936.09	11,629,734.02	165,394.59
Jul-05	78,100.00	-	76,100.00	11,836,336.90	11,629,734.02	241,484.59	1.55%	31	15,309.83	11,645,043.85	241,812.50
Aug-05	11,212.20	-	11,212.20	11,847,549.10	11,645,043.85	253,024.70	1.55%	31	15,329.08	11,660,373.83	253,357.79
Sep-05	16,440.60	-	16,440.60	11,863,989.70	11,660,373.83	269,798.39	1.55%	30	14,855.00	11,675,228.83	270,142.11
Oct-05	1,562.60	-	-	11,865,552.30	11,675,228.83	271,704.71	1.65%	31	16,361.31	11,691,590.14	272,085.47
Nov-05	-	-	-	11,865,552.30	-	272,085.47	1.95%	30	18,738.58	11,710,328.72	272,521.55
Dec-05	(2,563,173.00)	(2,467,474.58)	(95,698.42)	9,302,379.30	9,242,854.14	178,823.13	1.95%	31	15,307.89	9,258,161.83	177,115.98
Jan-06	35,457.24	(12,476.35)	47,933.59	9,337,836.54	9,245,885.48	225,049.57	1.95%	31	15,312.37	9,260,997.85	225,422.28
Feb-06	2,789.21	(499.70)	3,288.91	9,340,805.75	9,260,498.15	228,891.19	2.05%	28	14,563.08	9,275,061.24	229,050.84
Mar-06	(123,432.91)	(117,948.29)	(5,484.62)	9,217,172.84	9,157,112.95	223,566.21	2.10%	31	16,332.26	9,173,445.23	223,884.95
Apr-06	(573.87)	(545.18)	(28.69)	9,216,598.87	9,172,900.05	223,938.26	2.15%	30	16,209.65	9,189,109.70	224,331.88
May-06	168,687.68	160,253.20	8,434.38	9,385,286.55	9,349,362.00	232,766.36	2.15%	31	17,072.19	9,366,435.09	233,191.40
Jun-06	(438,917.51)	(463,497.35)	24,579.84	8,946,369.04	8,902,837.74	257,771.24	2.15%	30	15,732.50	8,918,570.33	258,226.76
Jul-06	38,038.40	-	38,038.40	8,984,407.44	8,918,570.33	298,285.18	2.15%	31	16,285.74	8,934,856.06	298,806.15
Aug-06	(10,259.49)	(9,746.52)	(512.97)	8,974,147.95	8,925,209.55	298,293.17	2.15%	31	16,297.68	8,941,507.23	298,834.21
Sep-06	34,547.47	32,820.10	1,727.37	9,008,895.42	8,974,327.32	298,561.58	2.45%	30	18,071.59	8,992,398.91	299,162.80
Oct-06	(538,516.89)	(555,528.36)	17,011.87	8,470,176.73	8,436,870.56	316,174.46	2.45%	31	17,555.83	8,454,426.18	316,832.37
Nov-06	(101,338.91)	(140,209.48)	38,870.55	8,388,839.82	8,314,216.72	355,702.92	2.45%	30	16,742.33	8,330,959.05	356,419.20
Dec-06	(23,458.73)	(22,283.89)	(1,174.84)	8,345,383.09	8,308,675.15	355,248.36	2.45%	31	17,288.87	8,325,964.03	355,985.57
Jan-07	(88,769.71)	(85,321.72)	(3,437.99)	8,278,623.38	8,260,842.30	352,647.58	2.45%	31	17,188.93	8,277,831.23	353,281.11
Feb-07	(111,119.28)	(105,563.30)	(5,555.98)	8,165,504.12	8,172,267.93	347,725.21	2.45%	28	15,358.39	8,187,627.32	348,378.74
Mar-07	(30,457.29)	(28,934.43)	(1,522.86)	8,135,046.83	8,158,692.89	348,855.87	2.45%	31	16,976.79	8,175,669.68	347,577.62
Apr-07	(27,548.73)	(26,171.29)	(1,377.44)	8,107,498.10	8,149,498.38	346,200.18	2.45%	30	18,410.83	8,165,909.02	346,897.33
May-07	(458,505.21)	(433,679.95)	(22,825.26)	7,650,992.89	7,732,229.07	324,072.07	2.45%	31	18,089.39	7,748,318.46	324,746.40
Jun-07	(82,817.53)	(58,676.85)	(24,140.68)	7,588,175.36	7,688,641.81	321,805.53	2.45%	30	15,482.61	7,704,124.41	322,253.14
Jul-07	(3,157.14)	(2,999.28)	(157.86)	7,585,018.22	7,701,125.13	322,095.29	2.45%	31	16,024.67	7,717,149.80	322,765.51
Aug-07	(141,156.76)	(134,098.92)	(7,057.84)	7,443,861.48	7,583,050.88	315,707.67	2.45%	31	15,778.98	7,598,829.86	316,364.60
Sep-07	(40,274.83)	(38,260.90)	(2,013.73)	7,403,588.83	7,580,568.96	314,350.87	2.35%	30	14,603.29	7,575,172.25	314,958.04
Oct-07	(15,558.98)	(14,781.03)	(777.95)	7,388,027.85	7,560,391.22	314,180.09	2.35%	31	15,089.71	7,575,480.93	314,807.16
Nov-07	(39,872.57)	(37,878.94)	(1,993.63)	7,348,155.28	7,537,601.99	312,813.53	2.35%	30	14,558.83	7,552,180.92	313,417.73
Dec-07	(19,193.92)	(31,106.64)	11,915.72	7,328,961.36	7,521,051.28	325,333.45	2.35%	31	15,011.19	7,536,062.47	325,982.78
Jan-08	(19,998.96)	(23,974.64)	3,977.68	7,308,964.40	7,512,087.83	329,960.46	2.35%	31	14,993.30	7,527,081.14	330,619.03
Feb-08	(35,239.50)	(34,437.11)	(802.48)	7,273,724.81	7,492,844.03	329,818.55	2.10%	29	12,501.43	7,505,145.45	330,366.84
Mar-08	11,887.22	(17,456.99)	29,344.21	7,285,612.03	7,487,888.46	359,711.05	2.00%	31	12,718.81	7,448,000.58	360,322.07
Apr-08	(35,225.89)	(35,199.42)	(26.47)	7,250,386.14	7,465,207.86	360,295.60	1.85%	30	11,351.21	7,476,559.06	360,843.45
May-08	(8,622.93)	(38,665.88)	32,042.95	7,243,763.21	7,437,893.18	392,886.40	1.60%	31	10,107.38	7,434,202.35	393,420.29
Jun-08	(24,010.40)	(22,852.38)	(1,158.02)	7,219,752.81	7,425,048.18	392,362.27	1.50%	30	9,154.17	7,427,752.42	396,048.05
Jul-08	(13,202.52)	(15,900.64)	2,698.12	7,206,550.29	7,418,301.71	395,544.13	1.50%	31	9,450.71	7,413,156.64	404,923.62
Aug-08	(15,867.56)	(24,027.92)	8,360.37	7,190,882.74	7,403,724.50	404,408.42	1.50%	31	9,788.22	7,404,125.48	402,850.23
Sep-08	523,611.17	528,180.81	(2,569.44)	7,714,493.91	7,939,337.25	402,354.18	1.50%	30	9,673.09	7,864,349.91	398,369.24
Oct-08	(99,419.64)	(94,448.68)	(4,970.98)	7,615,074.27	7,854,676.82	387,879.25	1.45%	31	7,587.48	7,402,478.74	374,044.27
Nov-08	(494,177.52)	(489,468.64)	(24,708.88)	7,120,896.75	7,394,881.26	373,660.37	1.25%	30	6,852.79	7,341,952.39	370,844.13
Dec-08	(70,825.42)	(67,379.15)	(3,446.27)	7,049,971.33	7,335,099.59	370,497.99	1.10%	31	6,852.79	7,341,952.39	370,844.13
	7,049,971.33	6,703,458.74	346,511.59						638,492.65	638,492.65	24,332.54

Federal Interest  
CD Interest - 11-30-08 1,069,868.40  
Interest Allocation - 11-30-08 20,302.94  
Total Interest - 11-30-08 1,090,171.34  
Less Interest MMDA Rate (638,492.65)  
Excess Interest Recorded - 11-30-08 451,678.69

(Funds invested CDS earning a higher rate of return than MMDA)

Match Interest  
Match Interest that should have been recorded - 11-30-08 24,332.54

Revenue	Federal	Federal + Interest	MMDA Interest Rate	Days	Federal Interest	Federal Total (Award + Interest)
G2118	Sep-08	575,000.00	1.50%	30	708.90	575,708.90
	Oct-08	575,708.90	1.45%	31	708.99	576,417.89
	Nov-08	576,417.89	1.25%	30	592.21	577,010.10
	Dec-08	577,010.10	1.10%	31	539.07	577,549.17

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February 2, 2009

TO: Rep Delzer, Chairman, and Members of the Government Operations Division of the House  
Appropriations Committee

FR: Al Jaeger, Secretary of State

RE: HB 1002 – Appropriation for the Office of Secretary of State

1. Memo to sub-committee dated January 21, 2009.
2. Information related to Business Development Engine
3. Detailed financial report through December 31, 2008
4. Information related to Secretary of State's new operating platform requested by sub-committee on January 21, 2009
5. Information related to Secretary of State's salary equity request made to OMB.

I respectfully request the committee to adopt the Governor's budget recommendation for the Secretary of State, along with the following amendments:

1. To allow Secretary of State to carry forward funds to next biennium the excess funds over \$75,000 authorized in N.D.C.C. § 54-09-08.
2. Provide for appropriation to cover state's share of interest in HAVA election fund.
3. Either fund the Business Development Engine or allow borrowing authority from Bank of North Dakota of \$3,401,000 similar to section 18 of HB 1018 adopted in 2007 (see attached).
4. Consider funding all of agency technology migration project to be paid according to contract terms in future years.
5. Consider restoring staff equity package to \$116,254, the Secretary of State's request for salary equity, which was recommended by Governor for \$80,040.

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January 21, 2009

TO: Rep Delzer, Chairman, and Members of the Government Operations Division of the House  
Appropriations Committee

FR: Al Jaeger, Secretary of State

RE: HB 1002 – Appropriation for the Office of Secretary of State – HAVA information Updated 1/23/09

Answers to questions asked on January 13, 2009, and information regarding optional requests

1. How many legislators received the hard bound copy of the North Dakota Century Code?  
57 Legislators (32 House – 6 freshman = 25 Senators – 7 freshman)
2. What funds were designated and how much has been received for North Dakota in the Help America Vote Act of 2002?

When HAVA was passed, North Dakota was allocated a total of \$16,600,000. To date, North Dakota has received the following:

2004	\$ 5,000,000
2004	4,150,000
2005	7,446,803
2008	<u>575,000</u>
Total	\$ 12,171,803

Balance Due to North Dakota = \$ 4,428,197

3. The details of the agency's migration project are itemized separately. The implementation deadline for this project is before the end of 2009. To have the funding available to complete the first payment of \$600,000, the Secretary of State requests he be allowed to carry forward all funds in excess of \$75,000 in the agency's General Service Operating Fund, which is authorized in N.D.C.C. § 54-09-08, rather than transfer that balance to the state's General Fund.
4. Need to include appropriation for state's share of interest in Election Reform account.
5. Optional Requests – Next page

### Optional Requests

Migration of databases from two separate locations	780,000
Governor Recommended	780,000
Staff Equity	116,254
Governor Recommended	80,040
Overtime	54,886
Governor Recommended	54,886
Operational Increase	192,575
Governor Recommended	192,575
FTE Accounting/Budget Specialist III	\$86,402
Governor Recommended	114,426
Governor Recommended	7,000
North Dakota Business Development Engine (ranked # 6 SITAC)	3,400,698
Governor Recommended	0

*Same given to Senate*



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January 23, 2009

Summary of Features for new Secretary of State Operating Platform

- Replaces and then consolidates all of the software used for the operations of the Secretary of State's office (except for elections). Currently, the Secretary of State's operations are housed on an AS/400 and the state's mainframe. The result will create added efficiency to the agency's processes, increase productivity by permitting staff to be cross-trained to perform a wider range of office duties, and reduce the cost of hosting and maintaining the software.
- The software removes the Secretary of State's operations housed on the AS/400, which was written in RPG program language prior to 1992 and for which very few developers now exist with the necessary programming skills related to this particular language. Therefore, the current software is at high risk for failure and is fast approaching obsolescence.
- The software will contain all of the security standards and recommendations of the technological audit conducted by the State Auditor's office and its contracted security advisor.
- The software will allow a customer (filer) online access to complete and submit documents, along with payment, directly from a computer. Currently, this agency has a limited number of filings that can be completed and paid for online. It is anticipated a majority of customers will ultimately choose to file online, along with the payment, compared to submitting documents in a paper format, along with either a check or credit card authorization, through the mail or other delivery service.
- For most agency applications, the software will "check" the document being submitted online and compare it for accuracy with the Secretary of State's record and if correct, allow it to be submitted without agency intervention. This service will be available to the customer 24/7 and provide the customer with instant response and guidance to complete the document correctly. The result will reduce (not eliminate) the agency's current workload in processing paper documents, minimize the customer error factors in their preparing and submitting documents, allow more time for agency staff to assist customers with specific questions and concerns, and reduce overtime for those peak periods related to filing deadlines.
- The software will collect the filing fees for the online applications and automatically "feed" them through the system directly to the Bank of North Dakota. This will eliminate the processing of tens of thousands of checks/credit card transactions between the Secretary of State and Treasurer's Office.
- The software will allow for the acceptance from customers of Automatic Clearing House (ACH) payments. It is anticipated this feature will decrease the cost of credit card transaction fees paid by the agency because ACH payments do not have transaction fees.
- The software will allow for the electronic transmission of documents between the Secretary of State's office and customers in a secured utility protecting confidential information. This will allow the agency to provide customers with a faster service related to document filing and significantly reduce mailing costs.
- The software will enable customers to go online to obtain public reports (by paying the applicable fee, as is currently set in law) in multiple formats to import into their respective systems. The reporting device will contain a GIS component to allow the display of data on a map, e.g., the location of any business registered with or licensed by the Secretary of State.

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.

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February 2, 2009

TO: Rep Delzer, Chairman, and Members of the Government Operations Division of the House  
Appropriations Committee

FR: Al Jaeger, Secretary of State

RE: HB 1002 – Appropriation for the Office of Secretary of State

The attached is a worksheet I submitted to OMB for the requested salary equity package. The request was for an equity package of \$116,254. The Governor recommended \$80,040.

If at all possible, for the following reasons, the Secretary of State requests the committee's consideration in restoring the request to \$116,254.

All of the present grade 7 positions should be reclassified to grade 8 to more accurately reflect the nature of their duties. They provide assistance comparable to a legal assistant in a law firm.

In addition, the intent of the agency is to reclassify the grade 5 positions to grade 6 to more accurately reflect the new duties they will have with the agency's new software data system, which will allow for cross-training of office processing duties.

The largest equity increases were given to the current grade 5 positions to ensure all of them would receive a salary of at least \$2,000 per month. This is needed to compete with the private sector with new hires. Of course, with this type of increase, it compresses the distance between the salary paid to the upper grade levels and with persons who have been with the agency for many years. Therefore, the equity salary optional request included increases for the upper grades but not to the level of the increase as was requested for the grade 5 positions. Please note the column listing the years of service for the various positions.

FOOTNOTE: I redacted the names because the actual increase most likely will be adjusted a little within the equity package. The increases were mostly for the grade position and not necessarily for an individual FTE. Therefore, small modifications might need to be made.



## Secretary Salary Ranking - Equity Increases Requested for July 1, 20090

[illegible]

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February 25, 2009

TO: Senator Holmberg, Chairman, and Members of the Senate Appropriations Committee

FR: Al Jaeger, Secretary of State

RE: HB 1002 – Appropriation for the Secretary of State

Duties of Secretary of State – 2005/2007 Biennial Report

1. Public Printing – Subdivision 2 – Page 2, lines 1 through 6  
Appropriation History  
2005-2007: \$336,000  
2007-2009: \$303,500  
2009-2011: \$337,000 (requested)  
See June 23, 2008, Legislative Council letter (appendix A)  
*Same given to Senate earlier*
2. Appendix B, page 1 – agency overview – FTE 27 including Secretary of State plus 1 FTE federally funded
3. Appendix B, page 2 – agency major accomplishments
4. Appendix B, page 3 – agency future critical issues
5. Appendix B, page 4 – agency statistical data
6. Appendix B, page 5 – agency demand for services
7. Appendix B, page 6 – agency program costs
8. Appendix B, page 7 – election reform
9. Appendix B, page 8 – list of optional requests
10. Appendix B, page 9 – requested amendments to Engrossed HB 1002
11. Appendix C – web hits in November 2008
12. Appendix D – detailed summary of agency's migration project – *Same given to Senate earlier*
13. Appendix E – 1995 thru 2007 revenue/appropriations/expenditures history
14. Appendix F – election reform and interest calculations for election fund *Same given to Senate earlier*

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February 25, 2009

## AGENCY OVERVIEW

### AGENCY STATUTORY AUTHORITY

North Dakota Constitution, Article V, Section 12; North Dakota Century Code Title 10 and Title 16.1; North Dakota Century Code Chapters 15.02, 54-09, 35-01, 35-17, 35-21, 35-29, 35-30, 35-31, 35-05, 41-09, 43-07, 44-06, 45-10, 45-10.1, 45-11, 45.22, 45-23, 47.22, 47-25, 50-22, 53-01, 54-05.1, 54-16, and 55-01.

### AGENCY DESCRIPTION

The agency is the office of record for certain legal documents generated by the executive and legislative branches of state government; the office of record for public records and notices including various business entities; and it performs a wide range of licensing, regulatory, registration, and administrative functions within four operating units. The agency performs these functions in accordance with the requirements of the state's constitution and laws.

### AGENCY MISSION STATEMENT

To serve the people of the State of North Dakota and its guests; execute with integrity the duties required by the North Dakota Constitution and the North Dakota Century Code; collect and preserve the records of the State as defined by the law; act as an ambassador for the State of North Dakota, its people, and its way of life. This mission will be dispatched effectively, efficiently, expeditiously, courteously, and with financial responsibility.

### AGENCY PERFORMANCE MEASURES

Although it does not have a formal written program, the agency's management team and unit leads have access to various processes for tracking productivity, effectiveness, efficiency, quality of customer service, and compliance with laws. It is anticipated the statistical tracking of information will be improved with the agency's migration to a new database and document processing platform, for which funding was approved in the 2007/2009 biennium and for which continued funding is being requested in the agency's 2009/2011 budget request.

## **AGENCY MAJOR ACCOMPLISHMENTS**

Enhanced agency website, which received approximately 3,845,000 hits over a 12 month period ending September 2008 on its various pages and sections. See appendix C for activity in the month of November 2008.

Enhanced 24/7 live business records search on agency website which displays data about business entities filed with the agency.

Enhanced website for access to annual reports filed by businesses allowing a business entity to complete them on-line, print them, sign them, and mail it to the agency.

Continued the migration of the agency's database from AS/400 platform created in 1988/1992 to a new operating platform. Unfortunately, the first effort had to be stopped because the underlying architecture of the intended platform was dysfunctional. The second effort resulted in a prolonged RFP process. An agreement with a vendor was finally executed in August 2008, with a projected completion date of approximately 12 to 16 months. The good news, which is very exciting, is the new platform will have features beyond whatever the agency dreamed possible at the beginning of the 2007/2009 biennium.

See appendix D for background history on migration project.

It will far exceed the enhancement of services for customers and productivity gains originally anticipated. For example, it will allow for the on-line filing of many documents, reports, etc. In this particular case, the delay that was experienced has and will be proven to be very beneficial for the future.

As with the above migration, the mandated migration of the Central Indexing System (CIS) from the state's mainframe was also continued. It had the same history as described above and now will become a part of the same platform with the same exciting benefits and features. This will greatly enhance the agency's CIS, which is connected to the state's 53 counties and provides a centralized depository for various lien documents.

Continued to enhance the agency's Election Management System (EMS) and Election Administration System (EAS). It provides new and expanded election information on the agency's website about elections, candidates, campaign contributions, voter precinct finder, polling location details and the reporting of election night returns. In addition, it assists in the administration of petition review, poll worker tracking, voting statistics reporting, and early and absentee voting.

A specific feature already mentioned was launched in October 2008 that allows the voter to find his or her voting precinct through the use of a house number and zip code. The Central Voter File, which is a part of the EAS, was successfully launched and is used by the counties to track absentee ballots, allow for the efficient management of early voting precincts, and to expedite the voting process on election day.

## AGENCY FUTURE CRITICAL ISSUES

In the statistical data section of the program narrative, the data reveals that since 1991/1992 and through the 2005/2007 biennium, the agency's revenue increased by 103%. On the other hand, since the base 1991/1993 biennium, the agency's expenditures only increased by 25.2%. This comparison is significant since the individual fees collected by the agency for its services have remained relatively unchanged during the past 14 years. Therefore, the increased revenue is directly related to the increase in the number of registrations, filings, and increased demand for the services provided by the agency. In order to respond to this increased demand, the agency is substantially dependent on the use of information technology (e.g. software, hardware, Internet, etc.), which it uses to provide the timely, accurate, and efficient services expected by the public, businesses, and customers of the agency.

As was also documented in the statistical data section (page 4), the agency is processing 44,871 more documents per year than it did in 1995. That is an increase of 106%. Therefore, to provide services in a cost effective and efficient manner for the public, it is vitally important that the agency receive support for technology initiatives. As stated in the first paragraph, the agency has provided a significant increase in revenue for the state while at the same time having comparatively modest growth in expenditures.

The agency is the first place stop and prime filer of a variety of business related information. In other words, business in North Dakota begins with the Secretary of State's office. Therefore, the agency has a key role in the state's e-government initiatives making it imperative the agency has adequate funding and support in order to implement the appropriate technology to meet these goals and provide services the public is requesting. It is critical to continue the migration of the two databases from their current environment to the new platform contracted for in August 2008. The increase in services and productivity will be significant. The funding required for continuing the migration was included as an Optional Request in the budget submitted to OMB and was included in the Governor's budget recommendation.

It is also imperative state agencies join together to provide a common portal for customers to enter. Therefore, the agency has been identified as the one to manage the development of the Business Development Engine, which was ranked as the # 6 project by the State Information Technology Advisory Committee (SITAC) and is included as an Optional Request in this budget. This was not included in the Governor's budget recommendation.

Having the ability to offer competitive salaries is a huge challenge. For example, to hire the last two persons for entry level positions (grade 5), we had to offer salaries that were within a few hundred dollars of the salaries currently being received by agency staff (also grade 5) that has been employed for several years. The agency needs to have competitive grades in its employment structure to be competitive and to pay salaries appropriate for new duties that will result with the new platform and opportunities for cross-training. The entire requested amount was not included in the Governor's budget recommendation.

## COSTS TO CONTINUE

The higher level of licensing fees for the agency's new platform will continue through 2013.

## **EXPLANATION OF PROGRAM COSTS**

For the 2007-2009 biennium, the appropriated salary line represented approximately 51% of the agency's total general fund spending authority.

The appropriated operating line for 2007-2009 represented approximately 48% of the agency's total general fund spending authority. Of that amount, approximately 76% of the operating line was budgeted for payments to the state's Information Technology Division (ITD). Another 5% of the operating line was used for expenses related to information technology, e.g., programming, software, and hardware. The remaining 19% is spread among other object code categories and supports the general operations of the agency. Those budget object codes include telecommunications, travel, mailing services, professional development, fees and services, repairs and maintenance of equipment, insurance, office supplies, printing, professional supplies and materials, and miscellaneous expenses.

The agency also has a general service fund, which is the retail account for information sold by the agency. Approximately 91% of that budget is to cover expenses related to the technology for providing the requested information.

Extensive technology is used by the agency to increase productivity, provide better and faster services for the public, and to maintain many thousands of records associated with approximately 100 diverse and varied categories that relate to the duties of the agency. For example:

1. The agency's budget supports the statewide Central Indexing System (CIS) area network connecting the agency and the state's fifty-three county Recorder offices. The budget supports the maintenance of the database housed on the state's mainframe computer, which database is currently being migrated to a new database. The CIS contains approximately 288,000 active files related to various personal property liens throughout the state.
2. The agency's budget supports a database of approximately 160,000 names for approximately 100 diverse and varied categories related to the duties of the agency and for associated expenses such as programming, which is only available from a private vendor. For 2009-2011, the agency is submitting an optional request to allow the continued of migrating the agency's databases to a new operating platform.
3. The agency's budget supports an Internet web site and covers associated expenses.

## ELECTION REFORM

Since the adoption of HAVA, the state has received the following amounts of funding.

In 2003, it received \$5,000,000, which did not require a state match.

In 2004, it received \$4,150,000, which required a 5% state match. According to the State Plan, 1/2 share of the 5% was provided by the state and the other half share was provided by each one of the state's 53 counties in proportion to the voting equipment supplied to them. The state's share was appropriated in Section 2 of Senate Bill 2002 as adopted by the 2003 Legislative Assembly and signed by the Governor. Each of the counties receiving voting equipment paid their one/half share as committed allocated in their respective budgets. The state's share of \$105,000 was provided from the projected agency's turn back to the general fund at the end of the 2001/2003 biennium.

For the fiscal year 2004, Congress appropriated an additional \$7,446,803, which required a 5% state match of \$391,937. As part of the match, the federal Election Assistance Commission recognized the agency's investment in its Election Management System as an in-kind contribution in the amount of \$257,970. The balance for the match was contributed by the Counties in the amount of \$57,867 and the legislature appropriated \$76,100.

In 2008, Congress appropriated an additional amount in the Omnibus Appropriations Act for Fiscal Year 2008, which resulted in North Dakota becoming eligible for an additional \$575,000 for the HAVA election fund. In order to secure it, the state was required to provide a 5% match. This was achieved when the Emergency Commission on March 14, 2008 authorized the amount of \$30,263 from state's contingency fund to be used for this purpose.

The House did approve an amendment (page 2, lines 14 thru 19) to the agency's appropriation bill to cover interest costs on state match in election fund to the end of the biennium. HAVA required the state to establish a specifically identified election fund, which was to include the funds received from the federal government and the state match. Although HAVA was very specific in stating the interest earned on that fund had to be rolled back into the fund, interest was never calculated on the state's share in the election fund. We have been assured that is something Federal auditors will be checking.

See appendix F for a draft of the proposed amendment provided to the House, which they approved, and a detailed breakdown of interest calculation.

Summary of funding received by North Dakota and still due to the state through the Help America Vote Act of 2002.

2004	\$ 5,000,000
2004	4,150,000
2005	7,446,803
2008	<u>575,000</u>
Total	\$ 12,171,803

Balance Still Due to North Dakota = \$ 4,428,197

**Requested Amendments**

Request # 1

Restore the 2% reduction in salary line made by the House in the engrossed bill

Request # 2

Restore the equity dollars removed by the House in the engrossed bill and consider the agency's original request for staff equity dollars as requested in Number 2 on page 8.

Request # 3

Restore the FTE Accounting/Budget Specialist position recommended in Governor's budget in number 5 on page 8 and removed by the House in the engrossed bill

Request # 4

Restore the \$20,000 reduction in operating expenses removed by the House in the engrossed bill

Request # 5

Include an amendment similar to the following to allow the agency to carry forward unexpended funds in its general service operating fund.

**SECTION \_\_. LEGISLATIVE INTENT - GENERAL SERVICES OPERATING FUND.**

Any unexpended and unobligated balance remaining in the secretary of state's general service operating fund on June 30, 2009, is not subject to the provisions of section 54-09-08, and any unexpended funds are available and may be expended by the secretary of state, during the biennium beginning July 1, 2009, and ending June 30, 2011, for the database and processing platform migration project.

Request # 6

Include an amendment similar to the following from 2007, which was included in Section 18 of HB 1018, the Department of Commerce Appropriation bill.

**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 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.

In addition, to include language to a single entry portal system to obtain various government services, information, and transaction processing and to allow the charging of a convenience fee to apply only to electronic/on-line transactions and not for accessing information provided through state government websites.

*page 8 was optional request same as given on Jan 13*





**SECRETARY OF STATE**  
STATE OF NORTH DAKOTA  
600 EAST BOULEVARD AVENUE DEPT 108  
BISMARCK ND 58505-0500

February 25, 2009

The 2007/2009 agency appropriation included an amount of \$824,153 to migrate the agency's database from the state's mainframe and the agency's AS/400 to a new platform. The new platform was called Secretary of State Knowledge Base (SOSKB) and it was a joint project with the North Carolina's Secretary of State's office.

The project started in the last quarter of the 2005/2007 biennium. In January 2008, after \$770,105.30 had been expended, which included funds from both the 2005/2007 and 2007/2009 bienniums, it became evident that the base architecture was flawed and it could not be fixed regardless of the amount of funds expended to correct the problem. Therefore, the Secretary of State stopped the project.

When doing so, the Secretary of State immediately informed the Office of Management and Budget (OMB) and the Interim Legislative Information Technology Committee.

Although the project was stopped, the need to migrate the agency's database was critical. At first, it was thought there was only one product available through one vendor that would be applicable to Secretary of State operations. Therefore, an attempt was made to enter into a sole source contract with that vendor.

However, because four other vendors raised objections and said they could provide similar software, a limited RFP process was initiated with four vendors. It was clearly stated in the RFP that the Secretary of State had only \$600,000 in funding available for the project during the 2007/2009 biennium. The results were as follows:

		Offerors			
		AmCad	CCIS	FileONE	Tecuity
Sc or es	I.T. Solution	40 pts. max.	6	33	18
	Support, Maint., Warranty	10 pts. max.	2	8	6
	Experience, Qual., Financials	10 pts. max.	5	7	6
	Implementation Plan	10 pts. max.	2	8	6
	Total, Non-Cost Scores:		15	54	36
	Total One Time Costs:		\$3,376,000	\$600,000	\$1,291,000
	Total 6 Year Costs:		\$6,116,000	\$3,153,704	\$2,463,700
	Cost Score Points:	30 pts. max.	11	30	27
	Grand Total Points:		26	84	63

A contract was awarded to CC Intelligent Solutions, Inc. (CCIS) based in Raleigh, North Carolina. After all of the bumps in the road, the Secretary of State is obtaining a new platform that far exceeds anything anticipated in the North Carolina partnership or with the sole source vendor, i.e., FileONE.

The contract with CCIS totals \$ 2,190,000, payable as follows:

2007/2009	\$600,000, software
Year 2	\$450,000 payable July 1, 2009 for license, support, and maintenance
Year 3	\$300,000 payable July 1, 2010 for license, support, and maintenance
Year 4	\$300,000 payable July 1, 2011 for license, support, and maintenance
Year 5	\$150,000 payable July 1, 2012 for license, support, and maintenance
Year 6	\$150,000 payable July 1, 2013 for license, support, and maintenance

(1)

**Chapter Six (D)**

**SUMMARY OF REVENUE, APPROPRIATIONS, AND EXPENDITURES - BIENNIAL HISTORY**

	1995-1997	1997-1999	1999/2001	2001/2003	2003/2005	2005/2007
<b>REVENUE - General Fund</b>						
Administration .....	\$ 18,170	\$ 2,203	\$ 2,287	\$ 787	\$ 78	\$ 5,936
Business Registration .....	2,240,551	2,770,809	3,213,566	3,345,569	3,755,522	4,108,520
Central Indexing UCC/CNS.....	1,331,659	1,298,898	1,518,001	1,650,205	1,581,727	1,595,530
Licensing.....	749,093	839,164	820,343	870,743	944,749	1,098,565
Elections.....	2,816	1,896	1,413	1,856	7,032	6,634
Subtotal .....	\$ 4,342,289	\$ 4,912,970	\$ 5,555,610	\$ 5,869,160	\$ 6,289,108	\$ 6,815,185
<b>REVENUE - General Services Operating Fund</b>						
Business Registration/Info .....	0	0	\$ 89,596	\$ 103,198	\$ 115,840	\$ 134,290
Central Indexing.....	0	0	242,245	268,260	284,140	318,229
Licensing.....	0	0	1,173	410	0	1,926
Elections.....	0	0	22	0	1,325	0
Subtotal .....	\$ 0	\$ 0	\$ 333,036	\$ 371,868	\$ 401,305	\$ 454,445
Central Indexing Surcharge ....	192,057	0	0	0	0	0
Public Printing (General Fund) ..	64,459	78,162	64,858	36,670	25,832	19,383
Total Revenue .....	\$ 4,598,805	\$ 4,991,132	\$ 5,953,504	\$ 6,277,698	\$ 6,716,245	\$ 7,289,015
<b>APPROPRIATIONS</b>						
Salaries.....	\$ 1,540,419	\$ 1,692,780	\$ 1,899,778	\$ 2,120,200	\$ 2,153,618	\$ 2,354,114
Operating Expenses .....	1,203,200	1,140,190	1,713,490	2,148,290	2,070,226	2,174,561
Capital Assets.....	0	0	0	0	0	15,000
Equipment.....	65,000	39,000	84,000	8,445	0	0
Petition Review.....	14,000	2,000	12,000	12,000	8,000	8,000
Central Indexing System.....	0	0	0	21,000	0	0
Election Reform .....	0	0	0	150,000	9,578,364	9,684,728
Subtotal.....	\$ 2,822,619	\$ 2,873,970	\$ 3,709,268	\$ 4,459,935	\$ 13,810,208	\$ 14,236,403
Presidential Preference.....	275,000	0	0	0	0	0
Public Printing.....	421,974	442,000	535,200	502,666	336,000	327,000
Total Appropriations .....	\$ 3,519,593	\$ 3,315,970	\$ 4,244,468	\$ 4,962,601	\$ 14,146,208	\$ 14,236,403
<b>EXPENDITURES</b>						
Salaries.....	\$ 1,535,163	\$ 1,675,050	\$ 1,822,738	\$ 2,018,802	\$ 2,121,564	\$ 2,343,512
Operating Expenses .....	1,117,823	1,124,831	1,642,030	1,880,540	2,020,947	2,174,211
Capital Assets.....	0	0	0	0	0	14,044
Equipment.....	63,426	38,514	80,297	8,148	0	0
Petition Review.....	4,973	949	0	6,127	3,821	4,411
Central Indexing System.....	0	0	0	21,000	0	0
Election Reform .....	0	0	0	26,636	4,278,705	5,716,341
Subtotal.....	\$ 2,721,385	\$ 2,839,344	\$ 3,545,065	\$ 3,961,253	\$ 8,425,037	\$ 10,252,519
Central Indexing Surcharge ....	191,927	0	0	0	0	0
Presidential Preference.....	197,650	0	0	0	0	0
Public Printing.....	363,972	441,954	346,722	416,832	318,082	243,837
Total Expenditures .....	\$ 3,474,934	\$ 3,281,298	\$ 3,891,787	\$ 4,378,085	\$ 8,743,119	\$ 10,496,356

Years of Service to the Office of the Secretary of State in Descending Order

As of July 1, 2009  
(Revised February 25, 2009)

Years

35.6	Jenkins, Clara	December 1, 1973
29.7	Feist, Mary	October 29, 1979
29.5	Goehring, Sheila	December 19, 1979
23.6	Gregoryk, Linda	December 8, 1985
23.6	Cermak, Darcy	December 8, 1985
22.4	Rask, Susan	February 9, 1987
21.9	Zander, Charlotte	August 17, 1987
21.3	Hilzendeger, Mary	March 1, 1988
21.0	Schlosser, Nancy	July 5, 1988
17.0	Oliver, Lee Ann	July 6, 1992
16.5	Jaeger, Al	January 1, 1993
15.2	Sandeen, Linda	May 2, 1994
13.9	Shaw, Kim	August 1, 1995
11.0	Van Dame, Lucy	June 24, 1998
9.9	White, Reyne	August 2, 1999
9.8	Feldman, Lori	September 1, 1999
9.6	Miner, Vicky	November 1, 1999
8.7	Hapip, Marian	October 10, 2000
8.6	Gimbel, Susan	November 1, 2000
7.13	Fillbrandt, Tracy	May 20, 2002
5.6	Silrum, Jim	November 17, 2003
3.6	Schumacher, Allison	December 15, 2005
2.55	Axt, Tina	November 13, 2006
2.33	Bourgois, Steve	March 2, 2007
1.25	Graf, Ruth	April 1, 2008

2007/2008 Line Item Expenditures by Funding Source - Remaining Percentage - Original Budget										
November 30, 2008 - 29.17% Biennium Remaining										
Appropriation	Combined Expenditures	Remaining Percentage Appropriation	General Fund Appropriation	General Fund Expenditures	Remaining Percentage Appropriation	Federal Fund Expenditures	Special Fund Appropriation	Special Fund Expenditures	Remaining Percentage Appropriation	Combined Expenditures Federal
10810 SALARIES	2,648,322	1,882,842	785,780	2,608,578	1,870,420	736,158.76	39,743	12,122	27,621	1,882,542.32
521 015 In State Lodging	3,400	4,032	(852)	3,200	4,032	(852)	-	-	-	1,882,542.32
521 020 In State Meals	1,175	1,745	(570)	875	1,745	(870)	200	200	100.0%	4,051.85
521 025 Other Commercial In State	50	-	50	50	-	-	300	300	100.0%	1,744.70
521 030 In State Mileage	4,500	5,986	(1,486)	4,100	5,986	(1,866)	400	400	100.0%	5,966.33
521 035 Meals Taxable	25	100	(75)	25	100	(75)	-	-	-	100.00
521 040 Motor Vehicle Allowance	-	-	-	-	-	-	-	-	-	-
521 045 Motor Pool Car Mileage	2,000	1,550	450	1,500	1,550	(50)	500	500	100.0%	1,550.22
521 046 Motor Pool Replacement Exp	-	4	(4)	-	4	(4)	-	-	-	4.46
521 060 Travel Non-employee	-	2,806	(2,806)	-	2,806	(2,806)	-	-	-	2,806.40
521 065 Miscellaneous Travel	1,200	1,528	(328)	1,200	1,528	(328)	-	-	-	1,529.05
521 070 Air Transportation Out of State	11,000	7,129	3,871	7,129	7,129	(3,871)	9,000	9,000	100.0%	7,128.54
521 075 Out of State Lodging	12,000	10,986	1,014	7,000	10,986	(3,986)	5,000	5,000	100.0%	10,996.11
521 080 Out of State Meals	4,000	3,119	881	2,400	3,119	(719)	1,600	1,600	100.0%	3,119.30
521 085 Other Commercial Out of State	1,000	481	519	1,000	481	(519)	1,000	1,000	100.0%	481.00
521 090 Out of State Mileage	1,000	557	443	1,000	557	(443)	-	-	-	557.28
Travel 521 000	41,350	39,835	1,515	23,350	39,835	(16,485)	18,000	18,000	100.0%	39,835.24
531 010 IT - Equipment under \$750	500	-	500	500	-	-	-	-	-	-
531 015 Software/licenses over \$5,000	1,000	-	1,000	1,000	-	-	-	-	-	-
531 020 Software/licenses under \$5,000	4,000	3,743	257	4,000	3,743	257	-	-	-	-
IT Software/Supplies 531 000	5,500	3,743	1,757	5,500	3,743	1,757	-	-	-	-
532 020 Books	2,000	264	1,736	2,000	264	1,736	-	-	-	-
532 060 Periodicals and Subscriptions	2,000	5,315	(3,315)	2,000	5,315	(3,315)	-	-	-	-
Professional Supplies 532 000	4,000	5,578	(1,578)	4,000	5,578	(1,578)	-	-	-	-
535 015 Equipment under \$750	3,000	11,846	(8,846)	3,000	11,846	(8,846)	-	-	-	-
Miscellaneous Supplies 535 000	3,000	11,846	(8,846)	3,000	11,846	(8,846)	-	-	-	-
536 005 Central Supply	11,000	7,781	3,219	10,900	7,781	3,119	100	100	100.0%	7,760.74
536 015 Office Supplies	24,000	35,381	(11,381)	23,300	35,103	(11,803)	700	278	60.2%	35,381.22
Office Supplies 536 000	35,000	43,142	(8,142)	34,200	42,884	(8,684)	800	278	85.2%	43,141.96
541 010 Mailing Services	146,000	110,251	35,749	140,000	108,570	31,430	6,000	1,681	72.0%	110,250.93
541 015 Box Rental	2,000	-	2,000	2,000	-	-	-	-	-	-
Postage 541 000	148,000	110,251	37,749	142,000	108,570	33,430	6,000	1,681	72.0%	110,250.93
542 005 Central Duplicating Printing	37,800	42,057	(4,257)	35,650	42,057	(6,407)	2,150	998	2.0%	42,056.59
542 035 Printing from others	39,800	48,844	(8,844)	38,800	47,846	(9,046)	1,000	998	0.2%	48,843.50
542 050 Copies from others	1,000	-	1,000	1,000	-	-	-	-	-	-
542055 Central Dup Mainframe Printing	5,200	4,839	561	300	586	(286)	4,900	4,050	82.9%	4,838.64
Printing 542 000	63,800	85,339	(21,539)	76,750	90,291	(13,541)	8,050	5,048	37.3%	85,338.73
551 005 Computers	22,000	2,520	19,480	22,000	2,520	19,480	-	-	-	-
551 020 Other IT Equip under \$5,000	-	-	-	-	-	-	-	-	-	-
IT Equip Under \$5,000 551 000	22,000	2,520	19,480	22,000	2,520	19,480	-	-	-	-
552 065 Other Equipment - Under \$5,000	-	-	-	-	-	-	-	-	-	-
Other Equip Under \$5,000 552 000	-	-	-	-	-	-	-	-	-	-
553 005 Office Machines	10,000	16,437	(6,437)	10,000	16,437	(6,437)	-	-	-	-
553 010 Furniture and Furnishings	13,500	18,280	(4,780)	13,500	18,280	(4,780)	-	-	-	-
Office Equip Under \$5,000 553 000	23,500	34,717	(11,217)	23,500	34,717	(11,217)	-	-	-	-
571 025 Property Insurance	900	305	595	900	305	595	-	-	-	-
571 030 Risk Management Premiums	4,300	4,289	11	4,300	4,289	11	-	-	-	-
Insurance 571 000	5,200	4,804	596	5,200	4,804	596	-	-	-	-

Attachment  
1002.1.13.09c

	Appropriation	Combined Expenditures	Remaining Combined Appropriation	Remaining Percentage	General Fund Appropriation	General Fund Expenditures	Remaining General Fund Appropriation	Remaining Percentage	Federal Fund Expenditures	Remaining Federal Fund Appropriation	Special Fund Expenditures	Remaining Special Fund Appropriation	Remaining Percentage	Combined Expenditures General Special Federal	
591 050	Repair Building	10,709	2,507	78.6%	10,709	2,507	8,202	76.6%	-	-	-	-	#DIV/0!	2,506.66	
591 060	Repair Equipment - Office	5,000	3,324	33.5%	5,000	3,324	1,676	33.5%	-	-	-	-	#DIV/0!	3,323.65	
591 065	Repair Equipment - Other	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	-	#DIV/0!	-	
591 120	Service Contract - Office	9,000	5,959	33.8%	9,000	5,959	3,041	33.8%	-	-	-	-	#DIV/0!	5,958.69	
	Repairs 591 000	24,709	11,789	12,920	52.3%	24,709	11,789	12,920	52.3%	-	-	-	#DIV/0!	11,789.00	
601 005	Data Processing	1,745,828	1,189,348	576,482	33.0%	1,601,941	1,141,233	460,708	28.8%	-	143,887	28,113	115,774	80.5%	1,169,345.91
601 025	Microfilm Service	216,000	146,282	69,718	32.3%	-	-	-	#DIV/0!	-	146,282	69,718	32.3%	146,282.25	
	Costs Processing 601 000	1,961,828	1,335,630	646,200	32.9%	1,601,941	1,141,233	460,708	28.8%	-	174,396	185,491	51.5%	1,315,628.16	
602 005	Cellular Phones	3,000	537	2,463	82.1%	3,000	537	2,463	82.1%	-	-	-	#DIV/0!	536.64	
602 065	Telephone ITD	50,000	43,688	6,312	12.6%	50,000	43,688	6,312	12.6%	-	-	-	#DIV/0!	43,688.33	
	Telephone 602 000	53,000	44,225	8,775	16.8%	53,000	44,225	8,775	16.8%	-	-	-	#DIV/0!	44,224.97	
603 020	IT Consultant Development	386,500	323,546	62,954	16.3%	386,500	320,991	65,509	16.9%	-	2,555	(2,555)	#DIV/0!	323,546.25	
603 030	IT Officer Contracting	-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	
	IT Contractual Ser 603 000	386,500	323,546	62,954	16.3%	386,500	320,991	65,509	16.9%	-	2,555	(2,555)	#DIV/0!	323,546.25	
611 005	Conference Expense	5,000	5,213	(213)	-4.3%	5,000	5,213	(213)	-4.3%	-	-	-	#DIV/0!	5,213.00	
611 010	Dues and Membership	6,500	5,358	1,143	17.8%	6,500	5,358	1,143	17.8%	-	-	-	#DIV/0!	5,357.50	
611 020	Professional Development	3,447	879	2,568	80.3%	3,447	879	2,568	80.3%	-	-	-	#DIV/0!	879.09	
	Dues & Professional 611 000	14,947	11,250	3,697	24.7%	14,947	11,250	3,697	24.7%	-	-	-	#DIV/0!	11,249.59	
621 060	Awards	800	1,009	(209)	-26.2%	800	1,009	(209)	-26.2%	-	-	-	#DIV/0!	1,009.35	
621 115	Credit Card Costs	22,900	32,444	(9,544)	-41.7%	22,900	32,444	(9,544)	-41.7%	-	-	-	#DIV/0!	32,443.75	
621 310	Freight and Express	100	100	0	100.0%	100	100	0	100.0%	-	-	-	#DIV/0!	-	
621 310	Miscellaneous Refunds	50	50	0	100.0%	50	50	0	100.0%	-	-	-	#DIV/0!	-	
621 325	Other Operating Fees	3,450	2,843	607	17.6%	3,450	2,843	607	17.6%	-	1,500	1,500	100.0%	2,843.13	
621 375	Purchasing Card Transactions	50	50	0	100.0%	50	50	0	100.0%	-	-	-	#DIV/0!	-	
621 380	Radio-TV-Newspaper Services	3,500	2,464	1,036	29.8%	3,500	2,464	1,036	29.8%	-	-	-	#DIV/0!	2,463.65	
621 450	Workers Comp Payment	500	500	0	100.0%	500	500	0	100.0%	-	-	-	#DIV/0!	-	
	Operating Fees/Ser 621 000	31,350	38,760	(7,410)	-23.6%	29,850	38,760	(8,910)	-29.8%	-	1,500	1,500	100.0%	38,759.88	
623 105	Legal - Administrative Hearings	8,900	8,900	0	100.0%	8,900	8,900	0	100.0%	-	-	-	#DIV/0!	-	
623 020	Audit	500	500	0	100.0%	500	500	0	100.0%	-	500	500	100.0%	-	
623 130	Management/Consulting Services	250	250	0	100.0%	250	250	0	100.0%	-	-	-	#DIV/0!	-	
623 175	Professionals Not Classified	30,000	25,065	4,935	16.5%	30,000	25,065	4,935	16.5%	-	-	-	#DIV/0!	25,065.00	
	Professional Ser 623 000	39,650	25,065	14,585	36.8%	39,150	25,065	14,085	36.0%	-	500	500	100.0%	25,065.00	
10030	OPERATING	2,683,334	2,121,840	761,494	28.4%	2,468,597	1,937,882	550,715	22.1%	-	394,737	183,958	210,778	53.4%	2,121,839.94
10070	PETITION REVIEW	8,000	7,795	205	2.6%	8,000	7,795	205	2.6%	-	-	-	#DIV/0!	7,795.12	
	Election Reform Gen Fund	-	341	(341)	#DIV/0!	-	341	(341)	#DIV/0!	-	-	-	#DIV/0!	340.89	
	Election Reform Federal Funds	5,489,737	1,144,702	4,345,035	79.1%	-	-	-	#DIV/0!	-	1,144,702	-	#DIV/0!	1,144,701.84	
	Election Reform State Funds	30,263	40,941	(10,678)	-35.3%	-	30,263	(30,263)	#DIV/0!	-	40,941	(10,678)	-35.3%	71,203.87	
10073	ELECTION REFORM	5,520,000	1,185,944	4,334,017	78.5%	-	30,604	(30,604)	#DIV/0!	-	1,144,702	30,263	-15.4%	1,216,246.50	
10074	BND Loan	2,920,000	-	2,920,000	100.0%	-	-	-	#DIV/0!	-	2,920,000	-	100.0%	-	
	Total	13,979,656	5,186,161	8,793,495	62.8%	5,105,176	3,846,701	1,258,475	24.7%	-	1,144,702	237,021	3,147,722	93.0%	5,228,423.88
	General Fund	-	-	-	>	5,105,176	3,846,701	1,258,475	24.7%	-	3,384,743	237,021	3,147,722	93.0%	-
	Special Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	General and Special Appropriation	8,459,656	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Fed/State Elect Appropriation	5,520,000	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Funding Appropriation	13,979,656	-	-	-	-	-	-	-	-	-	-	-	-	-
General Fund Exp Authority		5,105,176	3,846,701	1,258,475	24.7%	% Remaining Biennium x Gen Fund Operating Line Appro		725,924						75,000.00	
Special Fund SOS Authority		434,480	196,080	238,400	54.9%	Balance of Remaining Operating Line Appropriation		550,715						467,380.12	
Total Funding Gen/Special		5,539,656	4,042,781	1,496,875	27.0%	Excess Funds Available (Shortage)		(175,209)						196,080.07	
Special Fund Election Authority		30,263	40,941	(10,678)	-35.3%									75,000.00	
General and Special Exp Authority		5,509,919	4,083,722	1,426,197	26.7%									271,300.05	
BND Loan		2,920,000	-	2,920,000	100.0%									-	
Gross Gen/Special/BND Authority		8,489,819	4,083,722	4,406,197	51.9%	% Remaining Biennium x Gen Fund Expenditure Authority		1,489,180						-	
Federal Fund Authority		5,489,237	1,144,702	4,344,535	78.1%	Balance of Remaining Gen Fund Expenditure Authority		1,258,475						-	
Total Funding Exp Authority		13,979,656	5,228,424	8,751,232	62.8%	Excess Funds Available (Shortage)		(230,705)						-	
	Percentage of Biennium Remaining													-	
	29.17%													-	

2007/2009 Biennium - General Services Revenue					
November 30, 2008 - 29.17% Biennium Remaining					
	Revenue	Monthly Average Revenue Per Budget	Monthly Accumulative Revenue Total	Accumulative Monthly Budget	(Under) Over Budget
		394,737			
Jul-07	44,096	16,447	44,096	16,447	27,649
Aug-07	139,308	16,447	183,404	32,895	150,509
Sep-07	7,798	16,447	191,201	49,342	141,859
Oct-07	10,320	16,447	201,521	65,790	135,731
Nov-07	6,671	16,447	208,192	82,237	125,955
Dec-07	7,454	16,447	215,645	98,684	116,961
Jan-08	21,882	16,447	237,527	115,132	122,395
Feb-08	8,909	16,447	246,435	131,579	114,856
Mar-08	6,805	16,447	253,240	148,026	105,213
Apr-08	8,054	16,447	261,293	164,474	96,819
May-08	3,928	16,447	265,221	180,921	84,299
Jun-08	7,057	16,447	272,277	197,369	74,909
Jul-08	170,361	16,447	442,638	213,816	228,822
Aug-08	5,435	16,447	448,073	230,263	217,809
Sep-08	7,653	16,447	455,725	246,711	209,014
Oct-08	7,801	16,447	463,526	263,158	200,368
Nov-08	3,855	16,447	467,380	279,605	187,775
Dec-08	-	16,447	467,380	296,053	-
Jan-09	-	16,447	467,380	312,500	-
Feb-09	-	16,447	467,380	328,948	-
Mar-09	-	16,447	467,380	345,395	-
Apr-09	-	16,447	467,380	361,842	-
May-09	-	16,447	467,380	378,290	-
Jun-09	-	16,447	467,380	394,737	-

2007/2009 Biennium - General Fund Revenue					
November 30, 2008 - 29.17% Biennium Remaining					
	Revenue	Monthly Average Revenue Per Budget	Monthly Accumulative Revenue Total	Accumulative Monthly Budget	(Under) Over Budget
		7,300,000			
Jul-07	341,513	304,167	341,513	304,167	37,346
Aug-07	212,111	304,167	553,624	608,333	(54,709)
Sep-07	351,336	304,167	904,960	912,500	(7,540)
Oct-07	336,737	304,167	1,241,697	1,216,667	25,030
Nov-07	300,258	304,167	1,541,954	1,520,833	21,121
Dec-07	211,467	304,167	1,753,421	1,825,000	(71,579)
Jan-08	361,103	304,167	2,114,524	2,129,167	(14,642)
Feb-08	348,097	304,167	2,462,622	2,433,333	29,288
Mar-08	319,624	304,167	2,782,245	2,737,500	44,745
Apr-08	316,456	304,167	3,098,701	3,041,667	57,035
May-08	318,066	304,167	3,416,768	3,345,833	70,934
Jun-08	285,746	304,167	3,702,513	3,650,000	52,513
Jul-08	311,313	304,167	4,013,826	3,954,167	59,660
Aug-08	320,461	304,167	4,334,287	4,258,333	75,954
Sep-08	282,063	304,167	4,616,350	4,562,500	53,850
Oct-08	339,746	304,167	4,956,096	4,866,667	89,429
Nov-08	285,761	304,167	5,241,857	5,170,833	71,023
Dec-08	-	304,167	5,241,857	5,475,000	-
Jan-09	-	304,167	5,241,857	5,779,167	-
Feb-09	-	304,167	5,241,857	6,083,333	-
Mar-09	-	304,167	5,241,857	6,387,500	-
Apr-09	-	304,167	5,241,857	6,691,667	-
May-09	-	304,167	5,241,857	6,995,833	-
Jun-09	-	304,167	5,241,857	7,300,000	-

**ASI400 and Data Processing for 2007/2008 Biennium**

November 30, 2008 - 29.17% Biennium Remaining												
	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08
<b>ASI400</b>												
Batch CPU	1,183	1,164	1,043	2,033	1,145	1,269	747	711	752	792	846	865
Interactive CPU	4,508	6,784	5,330	5,971	5,075	4,575	7,458	5,641	5,498	4,864	5,029	5,178
Disk Storage	226	254	282	305	332	352	364	336	354	374	395	412
Credit	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total ASI400</b>	<b>\$ 5,926</b>	<b>\$ 8,202</b>	<b>\$ 6,654</b>	<b>\$ 8,310</b>	<b>\$ 6,552</b>	<b>\$ 6,196</b>	<b>\$ 8,589</b>	<b>\$ 6,688</b>	<b>\$ 6,604</b>	<b>\$ 6,030</b>	<b>\$ 6,270</b>	<b>\$ 6,456</b>
<b>Data Processing</b>												
Desktop Support	-	58	261	-	-	-	-	-	-	180	-	-
Senior Developer	35,463	32,023	20,180	26,101	13,829	7,447	13,923	17,281	4,612	6,514	6,306	8,398
Contract Programming	89,272	60,414	29,801	32,466	15,249	1,191	11,492	13,895	4,925	-	-	-
Architect/Consulting	150	75	150	-	-	-	38	150	-	-	-	-
Developer	476	2,668	1,131	1,537	2,175	-	-	4,959	4,159	2,320	2,494	157
Server Admin App Support	-	-	-	-	-	63	-	-	-	-	-	-
Records Mgt Fee	45	45	45	45	45	45	45	45	45	45	45	45
2068 Batch CPU	954	910	791	956	867	960	1,186	1,110	1,084	1,087	908	878
2068 CICS CPU	899	1,033	959	967	864	867	1,141	1,020	1,056	1,182	953	867
2068 ADABAS CPU	2,373	2,290	2,055	2,474	2,151	2,036	2,370	2,784	2,142	2,282	2,093	1,909
2068 TSO CPU	5	7	8	7	4	6	7	6	11	8	7	6
Disk Storage	42	42	39	39	42	42	42	42	57	57	57	57
Tape Library Store	10	10	10	10	10	10	10	10	10	10	10	10
Dial Up Long Dist	-	-	-	-	-	-	-	-	-	-	-	-
WAN Access T-1	19,553	19,553	19,553	19,033	19,033	19,033	19,033	19,033	19,033	19,033	19,033	19,033
WAN Access Fiber	3,030	3,030	3,030	3,550	3,550	3,550	3,550	3,550	3,550	3,550	3,550	3,550
Device Conn Fiber	1,814	1,876	1,876	1,907	1,907	1,907	1,907	1,907	1,907	1,907	1,907	1,907
EDMS User Fee	138	138	138	138	138	138	138	138	138	161	161	161
EDMS Verifier	170	170	170	170	170	170	170	170	170	170	170	170
EDMS Scan Station	90	90	90	90	90	90	90	90	90	90	90	90
Liquid Office Fee	125	125	125	125	125	125	125	125	125	125	125	125
VPN Client	92	92	92	92	92	92	92	123	123	92	92	92
VPN Client Add-on	20	20	25	30	30	30	30	35	35	35	35	35
E Mail Quota	-	-	-	-	-	-	-	-	-	-	-	-
Rightfax Single	15	15	15	15	15	15	15	15	15	10	10	10
Shared F&P User Fee	104	104	107	107	107	107	104	101	104	104	94	94
WebSphere App Host	905	905	905	905	905	905	905	905	905	905	905	905
Web Hosting	20	20	20	20	20	20	20	20	20	20	20	20
Connect ND Hosting	468	468	468	468	468	468	468	468	468	468	468	468
Disk Storage - Bronze	55	55	91	91	91	91	86	86	86	86	84	84
Disk Storage - Silver	1,075	1,076	1,076	1,076	1,575	1,575	1,586	1,587	1,625	1,631	1,640	1,616
Disk Storage - Gold	12	12	12	12	12	12	12	11	11	14	14	15
Miscellaneous Fee	175	350	-	1,510	-	267	-	-	-	275	-	-
Credit	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Data Processing</b>	<b>\$ 157,550</b>	<b>\$ 127,872</b>	<b>\$ 83,201</b>	<b>\$ 93,940</b>	<b>\$ 63,563</b>	<b>\$ 41,261</b>	<b>\$ 58,594</b>	<b>\$ 69,965</b>	<b>\$ 46,504</b>	<b>\$ 42,359</b>	<b>\$ 41,270</b>	<b>\$ 40,701</b>
<b>Total ASI400 &amp; DP 601 005</b>	<b>\$ 163,476</b>	<b>\$ 135,874</b>	<b>\$ 89,855</b>	<b>\$ 102,250</b>	<b>\$ 70,115</b>	<b>\$ 47,458</b>	<b>\$ 67,163</b>	<b>\$ 76,353</b>	<b>\$ 53,108</b>	<b>\$ 48,388</b>	<b>\$ 47,540</b>	<b>\$ 47,158</b>





	AS/400 and Data Processing for 2007/2009 Biennium
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	November 30, 2008 - 29.17% Biennium Remaining									
	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Total
VPN Client Add-on	35	35	35	35	35	-	-	-	-	595.00
Senior Developer	895	2,840	6,873	3,950	1,317	-	-	-	-	28,854.00
Architect	-	113	-	488	-	-	-	-	-	600.00
Developer	-	116	847	226	-	-	-	-	-	6,745.40
CPU	-	-	-	-	-	-	-	-	-	81.79
Websphere App Host	-	-	-	34	34	-	-	-	-	68.00
Oracle App Hosting EAS	1,648	1,648	1,648	1,648	1,648	-	-	-	-	28,016.00
Intel Ded Serv Spp Host EAS	3,780	3,780	3,780	3,780	3,780	-	-	-	-	64,080.00
Miscellaneous Fee EAS	-	-	1,794	5,000	-	-	-	-	-	13,512.20
Total Federal	\$ 6,358	\$ 8,331	\$ 14,977	\$ 15,161	\$ 6,814	\$ -	\$ -	\$ -	\$ -	\$ 142,552.39
Total ITD Bill	\$ 49,414	\$ 53,111	\$ 57,967	\$ 61,581	\$ 50,146	\$ -	\$ -	\$ -	\$ -	\$ 1,311,847.96

AS/400 and Data Processing for 2007/2008 Biennium

	November 30, 2008 - 29.17% Biennium Remaining											
	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08
VPN Client Add-on	35	35	35	35	35	35	35	35	35	35	35	35
Senior Developer	2,520	2,981	567	2,407	1,210	-	680	548	189	44	347	1,707
Architect	-	-	-	-	-	-	-	-	-	-	-	-
Developer	29	3,180	145	423	522	-	-	754	87	232	174	-
CPU	-	3	-	-	-	7	4	1	67	-	-	-
WebSphere App Host	-	-	-	-	-	-	-	-	-	-	-	-
Oracle App Hosting EAS	1,648	1,648	1,648	1,648	1,648	1,648	1,648	1,648	1,648	1,648	1,648	1,648
Intel Ded Serv Spp Host EAS	3,600	3,780	3,780	3,780	3,780	3,780	3,780	3,780	3,780	3,780	3,780	3,780
Miscellaneous Fee EAS	-	-	6,712	-	-	-	-	-	-	-	-	6
Total Federal	\$ 7,832	\$ 11,617	\$ 12,887	\$ 8,293	\$ 7,195	\$ 5,470	\$ 6,148	\$ 6,766	\$ 5,806	\$ 5,739	\$ 5,984	\$ 7,177
Total ITD Bill	\$ 171,308	\$ 147,481	\$ 102,742	\$ 110,543	\$ 77,309	\$ 52,928	\$ 73,310	\$ 83,119	\$ 58,913	\$ 54,128	\$ 53,523	\$ 54,334

















Micrographics and Telecomm for 2007/2009 Biennium												
November 30, 2008 - 29.17% Biennium Remaining												
	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08
<b>Micrographics</b>												
Duplication Microfiche	-	-	-	-	-	-	-	-	-	-	-	-
Forms Design	-	-	-	-	-	-	-	-	-	-	-	-
Microfiche Org	392	396	388	388	388	388	376	376	376	372	372	372
Microfiche Dup	547	562	519	406	352	334	318	318	318	315	315	315
CD Dup w/o Viewer	7,680	7,890	7,950	7,890	7,950	7,770	7,830	7,800	7,830	7,830	7,860	7,860
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Credit	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	\$ 8,619	\$ 8,848	\$ 8,857	\$ 8,684	\$ 8,690	\$ 8,492	\$ 8,524	\$ 8,494	\$ 8,524	\$ 8,517	\$ 8,547	\$ 8,547
<b>Telephone ITD</b>												
Wiring Tech	55	-	-	-	-	-	-	-	-	-	-	-
Basic Phone Ser	792	816	792	816	816	816	816	792	792	792	792	792
Analog Station	140	140	140	100	100	100	100	100	100	100	100	100
Speaker Phone	3	3	3	3	3	3	3	3	3	3	3	3
Speaker/Display	145	150	145	150	150	150	150	145	145	145	145	145
Voice Mail	90	90	90	90	90	90	90	90	90	90	90	90
Symposium Messenger	-	-	-	-	-	-	-	-	-	-	-	-
Operator Assistance	-	-	-	-	-	-	-	-	-	-	-	-
In-state Dir Assist	4	2	2	-	4	4	2	10	2	6	2	14
Out-state Dir Assist	-	-	-	-	-	-	-	-	-	-	-	-
Calling Card Calls	-	0	-	-	-	-	-	-	-	-	-	-
In-state Long Dist	273	354	281	259	224	225	262	262	291	360	280	320
Out-state Long Dist	209	219	216	149	139	128	168	166	178	271	202	235
International Long Dist	24	40	31	27	27	11	7	10	30	14	16	22
800 Service	281	324	356	339	322	299	294	319	309	362	403	340
Conference calls	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	176	665	438	3,737	241	279	270	264	267	267	267	299
Credit	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	\$ 2,193	\$ 2,804	\$ 2,494	\$ 5,670	\$ 2,116	\$ 2,106	\$ 2,163	\$ 2,161	\$ 2,206	\$ 2,411	\$ 2,301	\$ 2,361

Micrographics and Telecomm for 2007/2009 Biennium													
	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Total
<b>Micrographics</b>													
Duplication Microfiche	-	-	-	-	-	-	-	-	-	-	-	-	-
Forms Design	-	-	-	-	-	-	-	-	-	-	-	-	-
Microfiche Org	368	496	372	368	364	-	-	-	-	-	-	-	6,552
Microfiche Dup	298	301	294	268	268	-	-	-	-	-	-	-	6,050
CD Dup w/o Viewer	7,860	7,830	7,890	7,950	8,010	-	-	-	-	-	-	-	133,680
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	\$ 8,526	\$ 8,627	\$ 8,556	\$ 8,586	\$ 8,642	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,282
<b>Telephone ITD</b>													
Wiring Tech	-	-	-	-	-	-	-	-	-	-	-	-	55
Basic Phone Ser	792	792	792	792	792	-	-	-	-	-	-	-	13,584
Analog Station	100	100	100	100	100	-	-	-	-	-	-	-	1,820
Speaker Phone	3	3	3	3	3	-	-	-	-	-	-	-	51
Speaker/Display	145	145	145	145	145	-	-	-	-	-	-	-	2,490
Voice Mail	90	90	90	90	90	-	-	-	-	-	-	-	1,530
Symposium Messenger	-	-	-	-	-	-	-	-	-	-	-	-	-
Operator Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-
In-state Dir Assist	4	-	6	12	8	-	-	-	-	-	-	-	82
Out-state Dir Assist	-	-	-	-	-	-	-	-	-	-	-	-	-
Calling Card Calls	269	-	-	-	-	-	-	-	-	-	-	-	269
In-state Long Dist	250	276	260	352	315	-	-	-	-	-	-	-	4,845
Out-state Long Dist	177	154	174	270	143	-	-	-	-	-	-	-	3,200
International Long Dist	37	30	17	31	36	-	-	-	-	-	-	-	410
800 Service	371	313	329	368	350	-	-	-	-	-	-	-	5,680
Conference calls	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	288	266	266	243	1,148	-	-	-	-	-	-	-	9,381
Credit	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	\$ 2,527	\$ 2,169	\$ 2,183	\$ 2,404	\$ 3,130	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,397



General Services Carry Over 2005/2007	75,000.00
Plus Revenue 2007/2009	473,608.17
Less Salary/Operating Exp 2007/2009	206,016.87
General Services Operating Threshold	75,000.00
Excess Revenue Over (Under) Expense	287,589.25

Remaining Biennium x Gen Fund Operating Line Approval	822,149
Balance of Remaining Operating Line Appropriation	452,173
Excess Funds Available (Shortage)	(169,976)
Remaining Biennium x Gen Fund Expenditure Authority	1,276,294
Balance of Remaining Gen Fund Expenditure Authority	1,048,634
Excess Funds Available (Shortage)	(227,661)

General Fund Exp Authority	5,103,178	4,056,543	1,046,635	20.5%
Special Fund SQS Authority	600,000	206,019	393,981	65.7%
Total Funding Gan/Special	5,705,176	4,262,561	1,442,615	25.3%
Special Fund Election Authority	30,783	(43,271)	73,534	143.0%
General and Special Exp Authority	5,735,359	4,336,095	1,399,344	24.4%
BND Loan	2,920,000	-	2,920,000	100.0%
Gross Gan/Special/BND Authority	8,655,439	4,336,095	3,732,344	49.9%
Federal Fund Authority	5,489,737	1,787,360	3,702,347	67.8%
Total Funding Exp Authority	14,145,176	6,103,485	8,041,691	56.9%

# 2007/2009 Biennium - General Fund Revenue

## December 31 - 25.00% Biennium Remaining

	Revenue	Monthly Average Revenue Per Budget	Monthly Accumulative Revenue Total	Accumulative Monthly Budget	(Under) Over Budget
		7,300,000			
Jul-07	341,513	304,167	341,513	304,167	37,346
Aug-07	212,111	304,167	553,624	608,333	(54,709)
Sep-07	351,336	304,167	904,960	912,500	(7,540)
Oct-07	336,737	304,167	1,241,697	1,216,667	25,030
Nov-07	300,258	304,167	1,541,954	1,520,833	21,121
Dec-07	211,467	304,167	1,753,421	1,825,000	(71,579)
Jan-08	361,103	304,167	2,114,524	2,129,167	(14,642)
Feb-08	348,097	304,167	2,462,622	2,433,333	29,288
Mar-08	319,624	304,167	2,782,245	2,737,500	44,745
Apr-08	316,456	304,167	3,098,701	3,041,667	57,035
May-08	318,066	304,167	3,416,768	3,345,833	70,934
Jun-08	285,746	304,167	3,702,513	3,650,000	52,513
Jul-08	311,313	304,167	4,013,826	3,954,167	59,660
Aug-08	320,461	304,167	4,334,287	4,258,333	75,954
Sep-08	282,063	304,167	4,616,350	4,562,500	53,850
Oct-08	339,746	304,167	4,956,096	4,866,667	89,429
Nov-08	285,761	304,167	5,241,857	5,170,833	71,023
Dec-08	217,726	304,167	5,459,583	5,475,000	(15,417)
Jan-09	-	304,167	5,459,583	5,779,167	-
Feb-09	-	304,167	5,459,583	6,083,333	-
Mar-09	-	304,167	5,459,583	6,387,500	-
Apr-09	-	304,167	5,459,583	6,691,667	-
May-09	-	304,167	5,459,583	6,995,833	-
Jun-09	-	304,167	5,459,583	7,300,000	-

2007/2009 Biennium - General Services Revenue					
December 31 - 25.00% Biennium Remaining					
	Revenue	Monthly Average Revenue Per Budget	Monthly Accumulative Revenue Total	Accumulative Monthly Budget	(Under) Over Budget
		492,500			
Jul-07	44,096	20,521	44,096	20,521	23,575
Aug-07	139,308	20,521	183,404	41,042	142,362
Sep-07	7,798	20,521	191,201	61,563	129,639
Oct-07	10,320	20,521	201,521	82,083	119,437
Nov-07	6,671	20,521	208,192	102,604	105,587
Dec-07	7,454	20,521	215,645	123,125	92,520
Jan-08	21,882	20,521	237,527	143,646	93,881
Feb-08	8,909	20,521	246,435	164,167	82,268
Mar-08	6,805	20,521	253,240	184,688	68,552
Apr-08	8,054	20,521	261,293	205,208	56,085
May-08	3,928	20,521	265,221	225,729	39,491
Jun-08	7,057	20,521	272,277	246,250	26,027
Jul-08	170,361	20,521	442,638	266,771	175,867
Aug-08	5,435	20,521	448,073	287,292	160,781
Sep-08	7,653	20,521	455,725	307,813	147,913
Oct-08	7,801	20,521	463,526	328,333	135,192
Nov-08	3,855	20,521	467,380	348,854	118,526
Dec-08	6,226	20,521	473,606	369,375	104,231
Jan-09	-	20,521	473,606	389,896	-
Feb-09	-	20,521	473,606	410,417	-
Mar-09	-	20,521	473,606	430,938	-
Apr-09	-	20,521	473,606	451,458	-
May-09	-	20,521	473,606	471,979	-
Jun-09	-	20,521	473,606	492,500	-



**2007/2009 - Salary Line - SAMIS - Original Budget**

**December 31 - 25.00% Biennium Remaining**

Object Code	Description	Budget		Balance	Remaining Percentage
511 005	Salaries Full Time	1,796,705	1,320,400	476,305	26.5%
511 020	Paid Annual Leave	9,100	9,035	65	0.7%
511 025	Paid Retire/Sick Leave	1,700	1,680	20	1.2%
511 005	Temporary Salaries	15,912	12,532	3,380	21.2%
514 005	Overtime	161,568	119,718	41,850	25.9%
516 015	Employee Assistance	884	654	231	26.1%
516 055	Health Insurance	410,642	291,010	119,632	29.1%
516 075	Basic Life Insurance	182	129	53	29.2%
516 165	Section 125 Adm Fee	4,148	3,810	338	8.1%
516 170	Social Security	141,403	108,333	33,070	23.4%
516 175	State Retirement	165,311	120,420	44,891	27.2%
516 205	Unemployment Insurance	3,120	2,019	1,101	35.3%
516 210	Workers Compensation Premium	5,404	4,958	446	8.2%
	Total General Expenditures	\$ 2,716,079	\$ 1,994,697	\$ 721,382	26.6%
	Total Benefits 015 055 075 165 170 175 205 210	\$ 731,094			

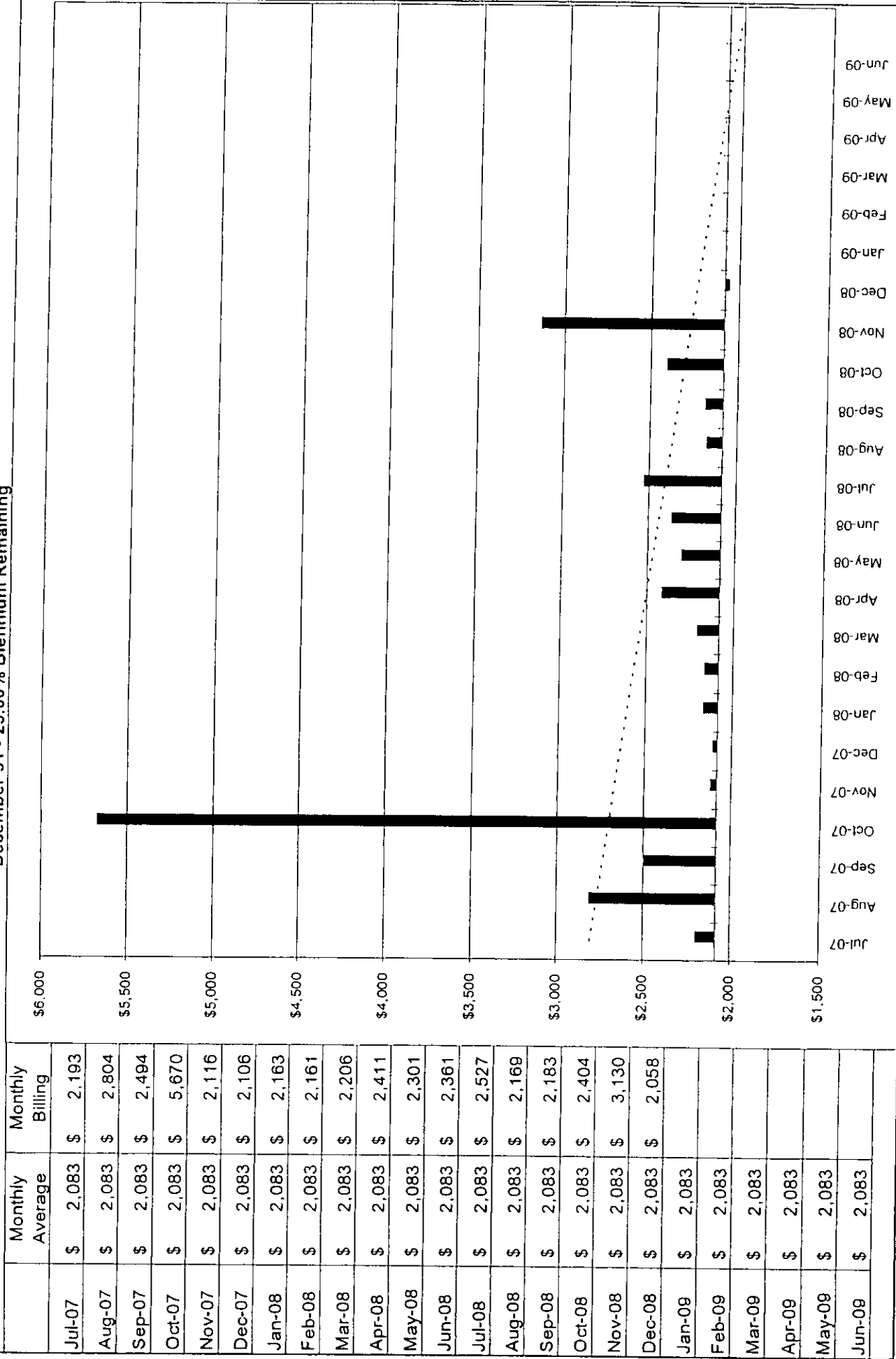
**2003/2005 Biennium - Salary Benefits Gross Comparisons - Original Budget**

**December 31 - 25.00% Biennium Remaining**

Object Code	Description	Budget	Actual Expended	Balance	Remaining Percentage
511 005	Salaries Full Time	1,796,705	1,320,400	476,305	26.5%
511 020	Paid Annual Leave	9,100	9,035	65	0.7%
511 025	Paid Retire/Sick Leave	1,700	1,680	20	1.2%
511 005	Temporary Salaries	15,912	12,532	3,380	21.2%
514 005	Overtime	161,568	119,718	41,850	25.9%
516 015	Employee Assistance		654	-654	
516 055	Health Insurance		291,010	-291,010	
516 075	Basic Life Insurance		129	-129	
516 165	Section 125 Adm Fee		3,810	-3,810	
516 170	Social Security		108,333	-108,333	
516 175	State Retirement		120,420	-120,420	
516 205	Unemployment Insurance		2,019	-2,019	
516 210	Workers Compensation Premium		4,958	-4,958	
	Total Benefits 015 055 075 165 170 175 205 210	731,094	542,047	189,047	25.9%
	Total Salaries	\$ 2,716,079	\$ 1,994,697	\$ 721,382	26.6%

Micrographics and Telecomm for 2007/2009 Biennium													
	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Total
<b>Micrographics</b>													
Duplication Microfiche	-	-	-	-	-	-	-	-	-	-	-	-	-
Forms Design	-	-	-	-	-	-	-	-	-	-	-	-	-
Microfiche Org	368	496	372	368	364	364	364	-	-	-	-	-	-
Microfiche Dup	298	301	294	268	268	255	255	-	-	-	-	-	6,916
CD Dup w/o Viewer	7,860	7,830	7,890	7,950	8,010	8,070	8,070	-	-	-	-	-	6,305
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	141,750
Credit	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	\$ 8,526	\$ 8,627	\$ 8,556	\$ 8,586	\$ 8,642	\$ 8,689	\$ 8,689	\$	\$	\$	\$	\$	\$ 154,971
<b>Telephone ITD</b>													
Wiring Tech	-	-	-	-	-	-	-	-	-	-	-	-	-
Basic Phone Ser	792	792	792	792	792	792	792	-	-	-	-	-	55
Analog Station	100	100	100	100	100	100	100	-	-	-	-	-	14,376
Speaker Phone	3	3	3	3	3	3	3	-	-	-	-	-	1,920
Speaker/Display	145	145	145	145	145	145	145	-	-	-	-	-	54
Voice Mail	90	90	90	90	90	90	90	-	-	-	-	-	2,535
Blackberry Service	-	-	-	-	-	51	51	-	-	-	-	-	1,620
Symposium Messenger	-	-	-	-	-	-	-	-	-	-	-	-	51
Operator Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-
In-state Dir Assist	4	-	6	12	8	2	2	-	-	-	-	-	84
Out-state Dir Assist	-	-	-	-	-	-	-	-	-	-	-	-	-
Calling Card Calls	269	-	-	-	-	-	-	-	-	-	-	-	-
In-state Long Dist	250	276	260	352	315	219	219	-	-	-	-	-	269
Out-state Long Dist	177	154	174	270	143	135	135	-	-	-	-	-	5,063
International Long Dist	37	30	17	31	36	15	15	-	-	-	-	-	3,335
800 Service	371	313	329	368	350	292	292	-	-	-	-	-	425
Conference calls	-	-	-	-	-	-	-	-	-	-	-	-	5,972
Miscellaneous	288	266	266	243	1,148	215	215	-	-	-	-	-	9,596
Credit	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	\$ 2,527	\$ 2,169	\$ 2,183	\$ 2,404	\$ 3,130	\$ 2,058	\$	\$	\$	\$	\$	\$	\$ 45,455

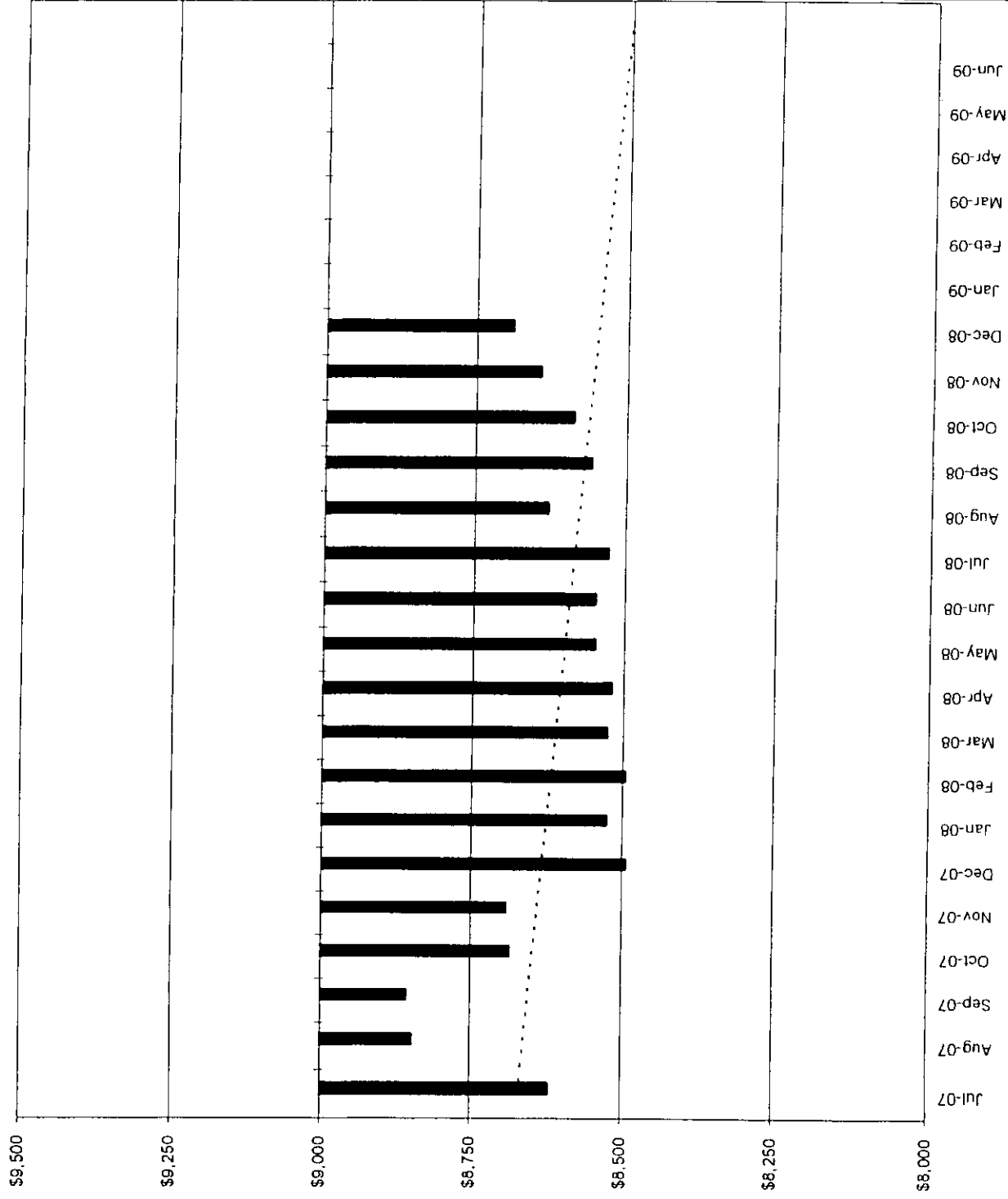
**Telecomm for 2007/2009 Biennium**  
**December 31 - 25.00% Biennium Remaining**



# Micrographics for 2007/2009 Biennium

December 31 - 25.00% Biennium Remaining

	Monthly Average	Monthly Billing
Jul-07	\$ 9,000	\$ 8,619
Aug-07	\$ 9,000	\$ 8,848
Sep-07	\$ 9,000	\$ 8,857
Oct-07	\$ 9,000	\$ 8,684
Nov-07	\$ 9,000	\$ 8,690
Dec-07	\$ 9,000	\$ 8,492
Jan-08	\$ 9,000	\$ 8,524
Feb-08	\$ 9,000	\$ 8,494
Mar-08	\$ 9,000	\$ 8,524
Apr-08	\$ 9,000	\$ 8,517
May-08	\$ 9,000	\$ 8,547
Jun-08	\$ 9,000	\$ 8,547
Jul-08	\$ 9,000	\$ 8,526
Aug-08	\$ 9,000	\$ 8,627
Sep-08	\$ 9,000	\$ 8,556
Oct-08	\$ 9,000	\$ 8,586
Nov-08	\$ 9,000	\$ 8,642
Dec-08	\$ 9,000	\$ 8,689
Jan-09	\$ 9,000	
Feb-09	\$ 9,000	
Mar-09	\$ 9,000	
Apr-09	\$ 9,000	
May-09	\$ 9,000	
Jun-09	\$ 9,000	



**ASI/400 and Data Processing for 2007/2009 Biennium**

	December 31 - 25.00% Biennium Remaining											
	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08
<b>ASI/400</b>												
Batch CPU	1,193	1,164	1,043	2,033	1,145	1,269	747	711	752	792	846	865
Interactive CPU	4,508	6,784	5,330	5,971	5,075	4,575	7,458	5,641	5,498	4,864	5,029	5,179
Disk Storage	226	254	282	305	332	352	384	336	354	374	395	412
Credit	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total ASI/400</b>	<b>\$ 5,926</b>	<b>\$ 8,202</b>	<b>\$ 6,654</b>	<b>\$ 8,310</b>	<b>\$ 6,552</b>	<b>\$ 6,196</b>	<b>\$ 8,569</b>	<b>\$ 6,688</b>	<b>\$ 6,604</b>	<b>\$ 6,030</b>	<b>\$ 6,270</b>	<b>\$ 6,456</b>
<b>Data Processing</b>												
Desktop Support	-	58	261	-	-	-	-	-	-	180	-	-
Senior Developer	35,483	32,023	20,160	26,101	13,829	7,447	13,923	17,281	4,612	6,514	6,306	8,398
Contract Programming	89,272	60,414	29,801	32,486	15,249	1,191	11,492	13,895	4,925	-	-	-
Architect/Consulting	150	75	150	-	-	-	38	150	-	-	-	-
Developer	476	2,668	1,131	1,537	2,175	-	-	4,959	4,159	2,320	2,494	157
Server Admin App Support	-	-	-	-	-	63	-	-	-	-	-	-
Records Mgt Fee	45	45	45	45	45	45	45	45	45	45	45	45
2086 Batch CPU	854	910	791	956	867	960	1,196	1,110	1,084	1,087	908	878
2086 CICS CPU	898	1,033	959	967	864	867	1,141	1,020	1,056	1,182	953	867
2086 ADABAS CPU	2,373	2,290	2,055	2,474	2,151	2,036	2,370	2,784	2,142	2,282	2,093	1,909
2086 TSO CPU	5	7	6	7	4	6	7	6	11	8	7	6
Disk Storage	42	42	39	39	42	42	42	42	57	57	57	57
Tape Library Store	10	10	10	10	10	10	10	10	10	10	10	10
Dial Up Long Dist	-	-	-	-	-	-	-	-	-	-	-	-
WAN Access T-1	19,553	18,553	19,553	19,033	19,033	19,033	19,033	19,033	19,033	19,033	19,033	19,033
WAN Access Fiber	3,030	3,030	3,030	3,550	3,550	3,550	3,550	3,550	3,550	3,550	3,550	3,550
Device Conn Fiber	1,814	1,876	1,876	1,907	1,907	1,907	1,907	1,907	1,907	1,907	1,907	1,907
EDMS User Fee	138	138	138	138	138	138	138	138	138	161	161	161
EDMS Verifier	170	170	170	170	170	170	170	170	170	170	170	170
EDMS Scan Station	90	90	90	90	90	90	90	90	90	90	90	90
Liquid Office Fee	125	125	125	125	125	125	125	125	125	125	125	125
VPN Client	92	92	92	92	92	92	92	123	123	92	92	92
VPN Client Add-on	20	20	25	30	30	30	30	35	35	35	35	35
E Mail Quota	-	-	-	-	-	-	-	-	-	-	-	-
Rightfax Single	15	15	15	15	15	15	15	15	15	10	10	10
Shared F&P User Fee	104	104	107	107	107	107	104	101	104	104	94	94
WebSphere App Host	905	905	905	905	905	905	905	905	905	905	905	905
Web Hosting	20	20	20	20	20	20	20	20	20	20	20	20
Connect ND Hosting	468	468	468	468	468	468	468	468	468	468	468	468
Disk Storage - Bronze	55	55	91	91	91	91	86	86	86	86	84	84
Disk Storage - Silver	1,075	1,076	1,076	1,076	1,575	1,575	1,586	1,587	1,625	1,631	1,640	1,616
Disk Storage - Gold	12	12	12	12	12	12	12	11	11	14	14	15
Miscellaneous Fee	175	350	-	1,510	-	287	-	-	-	275	-	-
Credit	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Data Processing</b>	<b>\$ 157,550</b>	<b>\$ 127,872</b>	<b>\$ 83,201</b>	<b>\$ 93,940</b>	<b>\$ 63,563</b>	<b>\$ 41,261</b>	<b>\$ 58,594</b>	<b>\$ 69,665</b>	<b>\$ 46,504</b>	<b>\$ 42,359</b>	<b>\$ 41,270</b>	<b>\$ 40,701</b>
<b>Total ASI/400 &amp; DP 801 005</b>	<b>\$ 163,476</b>	<b>\$ 135,874</b>	<b>\$ 89,855</b>	<b>\$ 102,250</b>	<b>\$ 70,115</b>	<b>\$ 47,458</b>	<b>\$ 67,163</b>	<b>\$ 76,353</b>	<b>\$ 53,108</b>	<b>\$ 48,388</b>	<b>\$ 47,540</b>	<b>\$ 47,158</b>

AS/400 and Data Processing for 2007/2009 Biennium													
December 31 - 25.00% Biennium Remaining													
AS/400	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Total
Batch CPU	820	885	952	968	837	982	-	-	-	-	-	-	18,104.28
Interactive CPU	5,415	6,232	5,006	5,879	4,077	4,710	-	-	-	-	-	-	97,230.16
Disk Storage	436	463	500	519	537	556	-	-	-	-	-	-	6,996.94
Credit	-	-	-	-	-	-	-	-	-	-	-	-	-
Total AS/400	\$ 6,771	\$ 7,580	\$ 6,458	\$ 7,366	\$ 5,451	\$ 6,248	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	122,331.38
Data Processing													
Desktop Support	-	-	-	29	46	133	-	-	-	-	-	-	707.60
Senior Developer	2,060	3,440	3,938	5,468	4,813	5,500	-	-	-	-	-	-	217,274.40
Contract Programming	-	-	-	-	-	-	-	-	-	-	-	-	258,705.61
Architect/Consulting	-	-	-	-	38	75	-	-	-	-	-	-	675.00
Developer	1,723	342	238	394	70	133	-	-	-	-	-	-	24,974.80
Server Admin App Support	-	-	-	-	-	-	-	-	-	-	-	-	63.00
Records Mgt Fee	45	45	45	45	45	45	-	-	-	-	-	-	810.00
2066 Batch CPU	895	856	840	978	814	1,024	-	-	-	-	-	-	17,106.95
2066 CICS CPU	1,005	965	998	1,118	892	1,132	-	-	-	-	-	-	17,918.46
2066 ADABAS CPU	2,134	2,090	1,941	2,401	1,858	2,088	-	-	-	-	-	-	39,472.89
2066 TSO CPU	5	4	9	7	4	4	-	-	-	-	-	-	114.16
Disk Storage	42	42	42	42	42	42	-	-	-	-	-	-	808.71
Tape Library Store	10	10	10	10	10	23	-	-	-	-	-	-	184.30
Dial Up Long Dist	-	-	-	-	-	-	-	-	-	-	-	-	-
WAN Access T-1	19,033	19,033	19,033	19,033	19,033	19,033	-	-	-	-	-	-	344,145.00
WAN Access Fiber	3,550	3,550	3,550	3,550	3,550	3,550	-	-	-	-	-	-	62,340.00
Device Conn Fiber	1,907	1,907	1,907	1,907	1,907	1,907	-	-	-	-	-	-	34,163.25
EDMS User Fee	138	138	138	138	138	138	-	-	-	-	-	-	2,553.00
EDMS Verifier	170	170	170	170	170	170	-	-	-	-	-	-	3,060.00
EDMS Scan Station	90	90	90	90	90	90	-	-	-	-	-	-	1,620.00
Liquid Office Fee	125	125	125	125	125	125	-	-	-	-	-	-	2,254.50
VPN Client	92	92	154	246	246	246	-	-	-	-	-	-	2,244.75
VPN Client Add-on	35	35	35	35	35	35	-	-	-	-	-	-	570.00
E Mail Quota	-	-	-	-	-	-	-	-	-	-	-	-	-
Rightfax Single	10	10	10	10	10	10	-	-	-	-	-	-	225.00
Shared F&P User Fee	91	91	91	91	91	91	-	-	-	-	-	-	1,784.25
WebSphere App Host	905	905	905	905	905	905	-	-	-	-	-	-	16,290.00
Web Hosting	20	20	20	20	20	20	-	-	-	-	-	-	360.00
Connect ND Hosting	468	468	468	468	468	468	-	-	-	-	-	-	8,424.00
Disk Storage - Bronze	84	84	109	96	96	110	-	-	-	-	-	-	1,563.60
Disk Storage - Silver	1,636	1,636	1,649	1,644	2,352	2,354	-	-	-	-	-	-	28,408.64
Disk Storage - Gold	15	14	19	15	15	15	-	-	-	-	-	-	239.43
Miscellaneous Fee	-	1,040	-	-	-	-	-	-	-	-	-	-	3,616.34
Credit	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Data Processing	\$ 36,285	\$ 37,199	\$ 36,532	\$ 39,034	\$ 37,881	\$ 38,465	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,092,677.64
Total AS/400 & DP 601 005	\$ 43,057	\$ 44,779	\$ 42,989	\$ 46,400	\$ 43,332	\$ 45,713	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,215,009.02

AS/400 and Data Processing for 2007/2009 Biennium

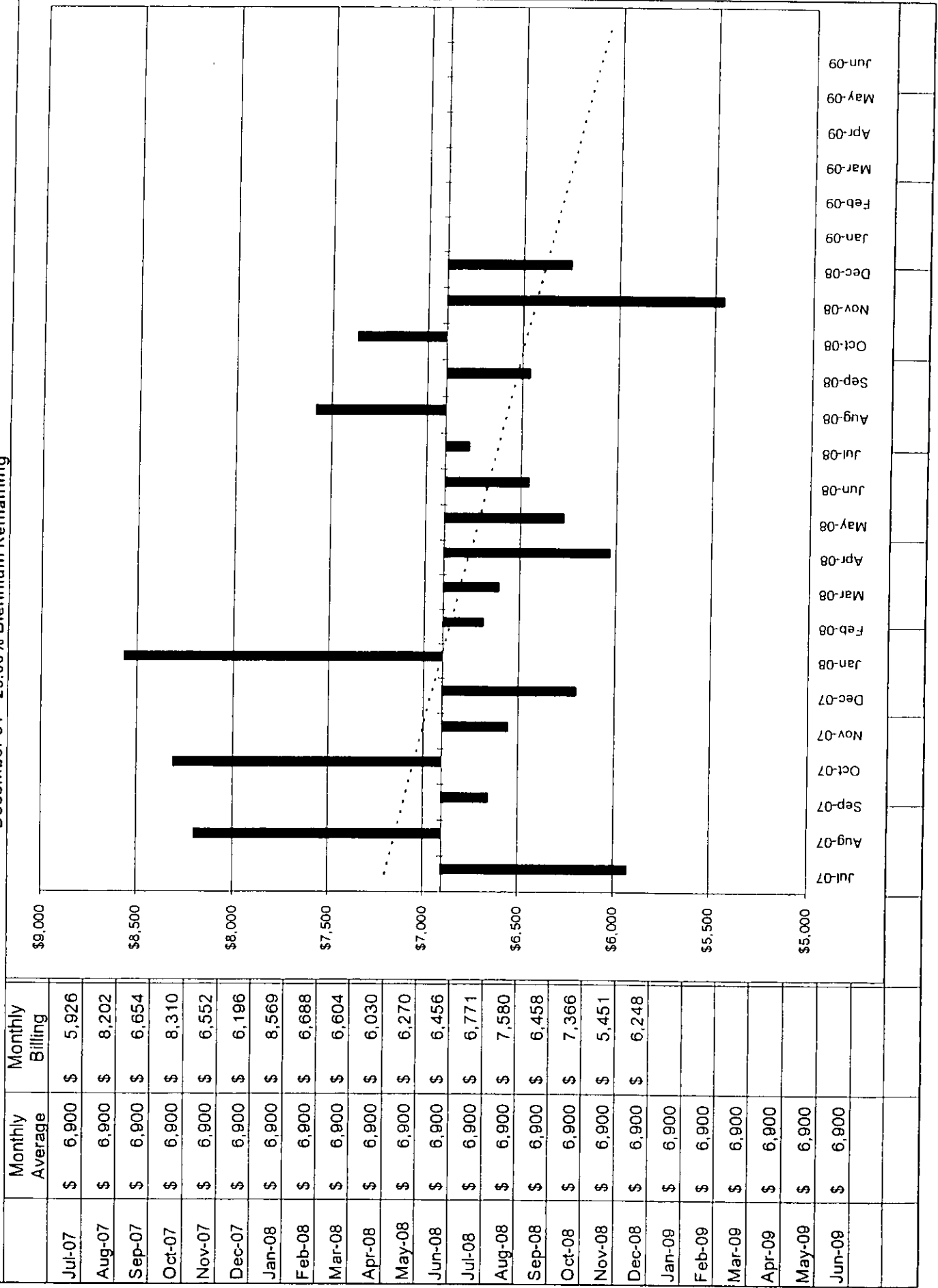
December 31 - 25.00% Biennium Remaining													
	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	
VPN Client Add-on	35	35	35	35	35	35	35	35	35	35	35	35	
Senior Developer	2,520	2,961	567	2,407	1,210	-	680	548	189	44	347	1,707	
Architect	-	-	-	-	-	-	-	-	-	-	-	-	
Developer	29	3,190	145	423	522	-	-	754	87	232	174	-	
CPU	-	3	-	-	-	7	4	1	67	-	-	-	
WebSphere App Host	-	-	-	-	-	-	-	-	-	-	-	-	
Oracle App Hosting EAS	1,648	1,648	1,648	1,648	1,648	1,648	1,648	1,648	1,648	1,648	1,648	1,648	
Intel Ded Serv Spp Host EAS	3,600	3,780	3,780	3,780	3,780	3,780	3,780	3,780	3,780	3,780	3,780	3,780	
Miscellaneous Fee EAS	-	-	6,712	-	-	-	-	-	-	-	-	6	
Total Federal	\$ 7,832	\$ 11,617	\$ 12,887	\$ 8,293	\$ 7,195	\$ 5,470	\$ 6,148	\$ 6,766	\$ 5,806	\$ 5,739	\$ 5,984	\$ 7,177	
Total ITD Bill	\$ 171,308	\$ 147,491	\$ 102,742	\$ 110,543	\$ 77,309	\$ 52,928	\$ 73,310	\$ 83,119	\$ 58,913	\$ 54,128	\$ 53,523	\$ 54,334	



AS/400 and Data Processing for 2007/2009 Biennium													
December 31 - 25.00% Biennium Remaining													
	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Total
VPN Client Add-on	35	35	35	35	35	35	-	-	-	-	-	-	630.00
Senior Developer	885	2,640	6,873	3,950	1,317	126	-	-	-	-	-	-	28,980.00
Architect	-	113	-	488	-	-	-	-	-	-	-	-	600.00
Developer	-	116	847	226	-	-	-	-	-	-	-	-	6,745.40
CPU	-	-	-	-	-	-	-	-	-	-	-	-	81.78
WebSphere App Host	-	-	-	34	34	34	-	-	-	-	-	-	102.00
Oracle App Hosting EAS	1,848	1,848	1,648	1,648	1,648	1,648	-	-	-	-	-	-	29,664.00
Intel Ded Serv Spp Host EAS	3,780	3,780	3,780	3,780	3,780	3,780	-	-	-	-	-	-	67,860.00
Miscellaneous Fee EAS	-	-	1,794	5,000	-	-	-	-	-	-	-	-	13,512.20
Total Federal	\$ 6,358	\$ 8,331	\$ 14,977	\$ 15,161	\$ 6,814	\$ 5,623	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 148,175.39
Total ITD Bill	\$ 49,414	\$ 53,111	\$ 57,967	\$ 61,561	\$ 50,146	\$ 51,336	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,363,184.41

# AS/400 for 2007/2009 Biennium

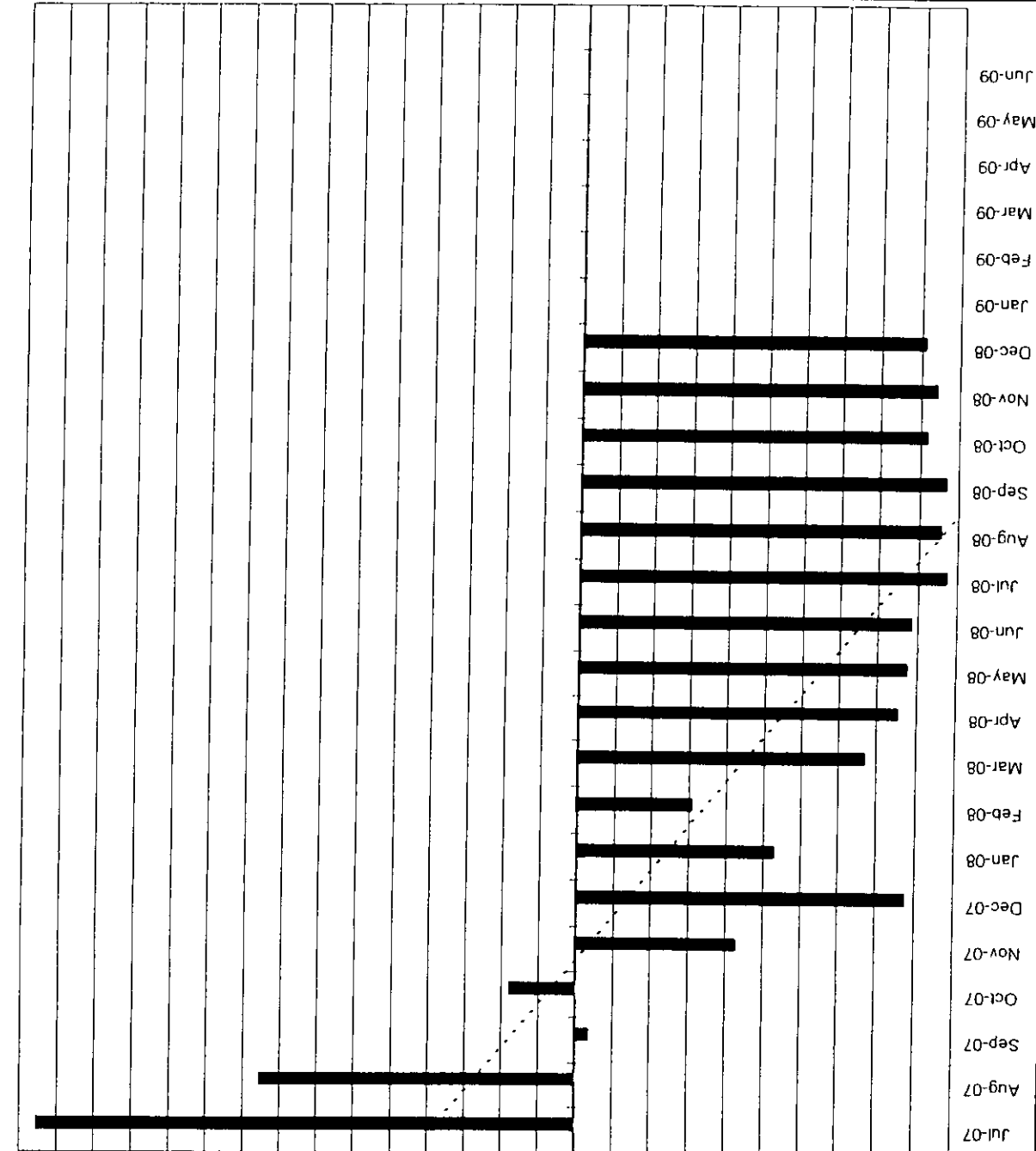
December 31 - 25.00% Biennium Remaining



**Data Processing for 2007/2009 Biennium**  
**December 31 - 25.00% Biennium Remaining**

	Monthly Average	Monthly Billing
Jul-07	\$ 85,243	\$ 157,550
Aug-07	\$ 85,243	\$ 127,672
Sep-07	\$ 85,243	\$ 83,201
Oct-07	\$ 85,243	\$ 93,940
Nov-07	\$ 85,243	\$ 63,563
Dec-07	\$ 85,243	\$ 41,261
Jan-08	\$ 85,243	\$ 58,594
Feb-08	\$ 85,243	\$ 69,665
Mar-08	\$ 85,243	\$ 46,504
Apr-08	\$ 85,243	\$ 42,359
May-08	\$ 85,243	\$ 41,270
Jun-08	\$ 85,243	\$ 40,701
Jul-08	\$ 85,243	\$ 36,285
Aug-08	\$ 85,243	\$ 37,199
Sep-08	\$ 85,243	\$ 36,532
Oct-08	\$ 85,243	\$ 39,034
Nov-08	\$ 85,243	\$ 37,881
Dec-08	\$ 85,243	\$ 39,465
Jan-09	\$ 85,243	
Feb-09	\$ 85,243	
Mar-09	\$ 85,243	
Apr-09	\$ 85,243	
May-09	\$ 85,243	
Jun-09	\$ 85,243	

\$160,000  
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 \$35,000



2007/2009 Biennium - ITD Data Processing - Original

December 31, 2008 - 25.00% Biennium Remaining

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Jul-07	183,150	157,224	96.37%	788,803	32,067	863,443	84.11%	102,694	4,279	98,420	95.84%	882,541	28,439	33,603	821,198	95.84%	8,640	175	8,465	97.97%	1,745,828	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,743	163,476	72,7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# North Dakota Business Development Engine

## Executive Summary

HB 1002  
2/25/09 d

The Business Development Engine is an automated online system that provides a streamlined environment enabling new and existing businesses easier interaction with North Dakota State Agencies. In so doing, new businesses can become operational much quicker and existing businesses can do their reporting of information much more efficiently. The engine also provides prospective businesses with greater researching functionality resulting in additional opportunities for growth and expansion while moving North Dakota to an ever-stronger economy.

The Business Development Engine is the next evolutionary step for businesses to interact with government. This is a natural progression from businesses interacting with government using paper or agency specific online forms to an online "One-Stop Streamlined Environment", allowing businesses to electronically interact with over 15 agencies 24 hours a day every day through a single common interface.

### Business Development Engine Components

- New Business Registration
- Existing Business Maintenance and Reporting
- Public Inquiry
- Government to Government Interfaces

### Primary Benefits to Business Development

- Single point of contact with State Government will reduce agency interfaces from over 15 agencies to 1 resulting in significant time savings for the business
- Expedites creation of new business resulting in faster achievement of earned income for the business
- Improve business compliancy which minimizes penalties incurred by businesses and confirms that all requirements have been satisfied and fulfilled
- Promotes a good working relationship between business and state government.
- Access to information of services and products available in North Dakota
- Allows an entrepreneur to confidentially research potential markets and determine feasibility of new business
- Provides customer assurance that all businesses are being held to the same standards

### Cost and Time Estimate

- One-Time Cost: \$3,400,698 over 22 months. This includes the analysis of business and agency requirements, system design and development, implementation of hardware and software, project management, and agency business application integrations.
- The one-time cost to implement the engine provides years of savings to business and agencies at minimal annual maintenance costs. On-going annual maintenance is estimated to be \$108,756 per year, covering hardware and software maintenance.

### Governance

A governance structure would be established similar to Criminal Justice Information Sharing (CJIS) or Geographic Information Systems (GIS) to set policy, strategic direction, and ensure the engine meets the needs of business and government agencies.

### Supporting Agencies

The following agencies supported the study which resulted in this recommendation to implement the Business Development Engine:

Bank of North Dakota  
Department of Commerce  
Department of Transportation  
Information Technology Department  
Office of Management and Budget

Office of the Attorney General  
Secretary of State  
Tax Department  
Workforce Safety and Insurance

This document contains a list of automated services that will provide a streamlined relational environment between new and existing North Dakota businesses and state government through which businesses are provided faster reporting tools and greater researching functions resulting in additional opportunities for growth and expansion while moving North Dakota to an ever-stronger economy. The intent of this project is to enhance the connectivity between state agencies in regard to North Dakota business data using Service Oriented Architecture (SOA) technologies. SOA technology allows agency applications to be integrated without replacing any agency systems.

Through this system, business owners will be granted the opportunity to relate to state government in the manner in which they are most comfortable. Whether their interaction of choice is paper or electronic filings directly with each agency or through a common connection that disperses the correct information to each agency, the business owner will be in control. However, by creating this system of interagency connectivity, every business owner will be assured that all required relationships with state government are in place. Additionally every state agency working with businesses in North Dakota will be able to stay as current as possible on each business regardless of how the business owner interfaces with state government. This is a win-win for business and state governmental operations.

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**Business to Government Interface****New Business Creation**

Allow a new business to register with the State of ND via an interactive web site. This web site would assist the new business owner when registering by only requiring the information necessary for that particular business based on well defined business rules. It would also automatically submit the appropriate information electronically to each agency as necessary.

**Business Benefits:**

1. Customer enters information only once which ensures consistency, requires less effort, and saves time.
2. Eliminates confusion as the system identifies all requirements for the specific business situation.
3. Expedite the interface between the new business and state government agencies.
4. Businesses could use the process during their feasibility study to determine potential costs, requirements, and opportunities.
5. Allow the business to submit one payment that will be disbursed by the system to agencies according to fee requirements.
6. Businesses only need to retain one unique identifier which would allow them to interact with all agencies.

**Agency Benefits:**

1. Consistency of data across all agencies.
2. Businesses are identified by a unique identifier which would eliminate confusion between agency records.
3. Information is dispersed to agencies according to the established interagency business rules.
4. Eliminate duplication efforts and costs between state agencies since information is entered only once by the business.
5. Expedite the interface between the new business and state government agencies.

**Existing Business Maintenance****Business Profile Maintenance and Query**

Allow an agency to electronically access and maintain the information for a specific business. Agencies will remain in control of the data within their systems. The system would build the business profile by retrieving all the business information from each participating agency at the time the business profile is requested. The information returned would contain only shareable information such as: Registration information, current license information, the current status of the business and its state accounts such as Tax, WSI, or JSND.

**Business Benefits:**

1. Information is consistent for all agencies.
2. Allows businesses the capability of easily modifying their information through the common state government interface. For example, an address

change is done by one agency and all agencies will receive the corrected information.

3. Significantly reduces the margin of error for the business to inadvertently provide incorrect information to state government.

**Agency Benefits:**

1. Information is consistent for all agencies.
2. Provides an agency with one stop to obtain all business information and documents.
3. Expedite investigation for Law Enforcement and other regulatory, licensing, and granting agencies.
4. Expedite the collection of past due ND state government obligations from businesses.

**Periodic Business Reporting**

Allow a registered business to submit their statutorily required business information in a consolidated manner to state agencies via an interactive website. For example, a corporation could file its corporate tax return, Work Force Safety payroll report, Job Service employer's contribution and wage report, license renewals, Secretary of State annual report, and any other government agency reports in a single effort. The system will only require the user to enter the information that is necessary for their particular type of business. The system would automatically submit the appropriate information electronically to each agency's existing data system as necessary. Each agency would only be provided the information that the law allows them to receive.

**Business Benefits:**

1. Customer enters information only once which ensures consistency, requires less effort, and saves time.
2. Eliminates confusion as the system identifies all requirements for the specific business situation.
3. Expedite the interface between the business and state government agencies.
4. Allow the business to submit one payment that will be disbursed by the system to agencies according to fee requirements.
5. Upon submittal, the system would immediately provide confirmation to the business that all requirements have been satisfied or identify any requirements left to fulfill.

**Agency Benefits:**

1. Time savings for agencies by virtue of electronic filing.
2. Consistency of data across all agencies.
3. Information is dispersed to agencies according to the established interagency business rules.
4. Eliminate duplication efforts and costs between state agencies since information is entered only once by the business.
5. Expedite the interface between the business and state government agencies.
6. Encourages businesses to use online system vs. paper forms.

**Business Reminders**

Electronic reminders will automatically be sent to a business by the system. The reminders will be generated based upon predetermined events according to business needs. For example, a filing event such as an approaching renewal deadline or the filing of a merger which affects all licenses held by the non-surviving entity would cause a reminder to be sent. Reminders could be sent in the form of emails, recorded messages, etc.

**Business Benefits:**

1. Business is more likely to avoid late filing penalties.
2. System will help businesses remain compliant with every participating state agency.
3. Promotes a good working relationship between business and state government.

**Agency Benefits:**

1. Agency will save cost of notifying late filers and painstaking collection of penalties.

**Public Inquiry****Public Query of Business Information**

Allow a public user to electronically access the open records information of a business for research purposes. The system would allow a user to search for businesses using criteria such as: business name, business id number, and/or nature of business activities. The business information will be retrieved from each participating agency at the time the search is performed.

**Business Benefits:**

1. Information provided is the most current available.
2. Easily provide statistical information to businesses such as total number of businesses engaged in a similar enterprise.
3. Possibly identify an industry group for eligibility of grants.
4. Identify industry groups for business purpose within a trade area. For example, a business can locate a provider in close proximity, which potentially enhances opportunities for ND businesses.
5. An expanded list of nature of business activities would allow for a more comprehensive search result.
6. Allows an entrepreneur to confidentially research potential markets.

**Agency Benefits:**

1. An expanded list of nature of business activities would allow for a more comprehensive search result for such tasks as legislative fiscal forecasting.
2. Granting agencies can identify the eligible businesses.
3. Allow an agency to research market gaps for future business development.
4. Agency receives fewer calls for market information because the business can do their own research.



**Government to Government Interface**

**Agency Notification**

An electronic notification will be sent automatically to each participating agency when something occurs that could affect the business' standing in ND. The events that would trigger a notification to be sent would be determined by participating agencies based on established business rules and laws. For example, merger, conversion, business name change, dissolution, consolidation, change of a business status, delinquent taxes or other accounts, etc.

**Business Benefits:**

1. When a critical business event occurs, all participating agencies will be informed.
2. This affords the business owner a strong sense of comfort in knowing that they haven't forgotten a critical piece of the puzzle.
3. Provides customer assurance that all businesses are being held to the same standards.

**Agency Benefits:**

1. Agencies are simultaneously informed of critical business events. For example, licensing agencies would be notified immediately when a corporate charter is revoked.

**Agency Enhancements**

**Agency Specific Enhancement**

Each agency will determine their particular needs and customizations that will compliment their current processes.

- Attorney General
- Entrepreneur Centers of North Dakota
- Central Duplicating Services - OMB
- Central Services Div. - OMB
- Commerce Dept
- Dept of Agriculture
- Dept of Labor
- Human Services
- IRS
- Job Service
- NDSU Extension Service
- SCORE
- Secretary of State
- Small Business Development Center
- Tax Department
- Workforce Safety and Insurance

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## Legend:

P = Push – The information is pushed to the agency without the agency specifically asking for it.

R = Request/Response – The information is sent to any agency because the agency requested it.

E = Electronic – The information is shared electronically, i.e. an automated system is used.

M = Manual – The information is shared manually. Manual is implied when “E” (Electronic) is not specified.

## **Agriculture, Department of**

1. Business Verify – By querying the Secretary of States AS400, information such as business owners, officers and business name and address can be obtained. Also, before issuing or reissuing a license, the status of a business is verified to be “In Good Standing”.
2. Feeding Permit – Verify animal feeding operation permit with the Health Department.
3. Beginning Farmer Reg. – Process financial information to determine if a beginning farmer may qualify for assistance.
4. Livestock Dealer License– Process information for livestock dealer’s license. Name, address, name of agents and their addresses, bond information, partnership and corporation details are collected. If the business is a corporation, the name and address of the president, secretary, treasure and general manager must be provided.
5. Dairy Reg. – Process information for dairy business. This information includes name, address and grading.
6. Grant App. – Process the financial information to determine if a business may qualify for grants administered by the department.
7. Auction License – Process information for livestock auction market license. Name, address, location, partnership and corporation details are collected. If the business is a corporation, the name and address of the president, secretary, treasurer and general manager must be provided. If the business is a partnership, all partners name and addresses must be provided.
8. Food Business License – Process the information for animal food business registration. The name, address and name of products must be provided.
9. Distributor License – Process the information that allows a distributor to do business in North Dakota. The name, address and type of products must be provided.
10. Pesticide Reg. – Process the information for the registration of pesticides/fertilizers by a business. Name, address, contact person, name of production and registration number must be provided.
11. Other License – Process the business information for any other available agricultural licenses. Other licenses include milk processors, milk distributors, milk testers, bulk haulers of milk and dairy products in North Dakota, satellite/internet livestock license and wool dealer’s license.
12. Reporting – Most of the licenses require an annual renewal that must be signed.
13. Financial Information – Financial information about the business, most of which is confidential.
14. Meat Market License – All Meat Markets with a retail counter must be licensed.

## **Attorney General (Licensing & Gaming, Lottery and Consumer Protection)**

1. License App – A business will complete the appropriate license application and the information will be received by the Office of the Attorney General. Some of the licenses regulated here are: Alcohol, Gaming, Tobacco and Transient Merchant. Information collected is: Business Name and Location, Contacts, Local Authorization, Board Members, Employees, Tax Exempt Status. A fee is also collected.
2. Update – Business will submit a change form when information changes such as: Doing Business As, Address, Managers, Owners, etc.

3. Business Verify – By querying the Secretary of States AS400, information such as business owners, officers and business name and address can be obtained. Also, before issuing or reissuing a license, the status of a business is verified to be “In Good Standing”.
4. Tax Return – Charitable gaming businesses submit tax returns reporting income from sales.
5. Financial – Financial reporting information such as revenue totals is shared.
6. Sales Tax Verify – Verify that the business has a sales tax permit for certain types of businesses such as a coin operated amusement device.
7. Complaint – Complaint information will be provided to an agency when requested. Complaint information is also requested from other agencies.
8. Sanitation Cert – Verify that the business has a sanitation certificate.
9. License Verify – Information is verified by looking at the Department of Financial Information’s website where there are lists of licensed entities.
10. Invoice – Distributors submit invoice information about gaming equipment sold to businesses.
11. Form 990 – Return of Organization Exempt from Income Tax
12. Clearance – Verify that the business is not delinquent with its tax return filings.
13. License Verify – Some licenses such as alcohol and tobacco are verified with the Attorney General’s office.
14. Form 990 – Return of Organization Exempt from Income Tax. If possible, would like other agencies to share this information.
15. BCI Background Check – Bureau of Criminal Investigations performs background checks at an agencies request.

### **Bank of North Dakota**

1. Financial Information – Financial information about the business, most of which is confidential.
2. Hold Accounts – information on Hold Accounts are share with the Tax Department.

### **Commerce, Department of**

1. Business Verify – By querying the Secretary of States AS400, information such as business owners, officers and business name and address can be obtained. Also, before issuing or reissuing a license, the status of a business is verified to be “In Good Standing”.
2. Verify Assistance – Verify that a business has qualified for a grant or assistance.
3. Tax Accountability – Check the accountability of the business.
4. Business Hot Line – Gather the business information and direct to the appropriate agency.
5. Notification – request annual reports from the businesses annually.
6. Reporting – Business submit annual reports (Unemployment information, number of jobs, average hourly wage and average benefits).
7. Unemployment information – currently the business submits unemployment information. The Department of Commerce would like to verify this information.
8. Verify compliance – The Securities Commission verifies the business compliance.

9. Regional councils – 8 regional councils exist in state, they are not a state agency; they are a partner of the Department of Commerce to help administer federal dollars.
10. Financial Information – Financial information about the business, most of which is confidential.
11. Primary Sector Verify – JSND will verify that the business is a primary sector before allowing a jobs training contract.

### **Financial Institutions, Department of**

1. License App – Businesses such as Money Brokers, Payday Lenders, Trust Companies and Financial Institutions submit license information such as Corporate Name, Doing Business As name, owners, financial information, criminal history, contact information and branch information.
2. Bond – Businesses are required to submit their bond information.
3. Consumer Renewal – Businesses are required to renew their consumer license information annually.
4. Amendment – Articles of amendment form is submitted when a business desires to change information such as owner, business name or articles of existence (bank or credit union).
5. Renewal Notification – When a business desires to change certain information, such as owner information, an amendment can be sent from Secretary of State and an approval process begins.
6. Complaint – Complaint information will be provided to an agency when requested. Complaint information is also requested from other agencies.
7. License Verify – License verification is performed routinely for financial entities.
8. Business Verify – Business profile information contains information such as: Business Name, addresses, contacts, owners, etc. This information can be obtained from the Secretary of State either by direct access to their AS400 system or by using the Business Lookup available on the World Wide Web.
9. BCI Background Check – Bureau of Criminal Investigations performs background checks at an agencies request.

### **Health, Department of**

1. Food & Lodging – All Food & Lodging establishments must be licensed, this includes Bed & Breakfasts.
2. Mobile Home – All Mobile Home Parks & Campgrounds must be licensed.
3. Beverage Reg. – All Beverage Establishments must be licensed.
4. Nursing Homes – All nursing homes and care facilities must be licensed.
5. Child Care – All Child Care facilities must be licensed.
6. Schools - The health department is responsible for regulating the food services at schools.
7. Tattoo – All Tattoo/Body Art and Tanning Facilities must be licensed. (this is a bill currently being passed in the legislature)
8. Renewals – All licenses are renewed on a calendar year basis.
9. Inspections – Inspections are done periodically on licensed facilities.

10. License Verify – Various licenses are verified with the Health Department before issuing Sales Tax Permits. Licenses include Bed & Breakfasts, Lodging establishments, Nursing Homes, etc.
11. Sanitation Cert – Verify that the business has a sanitation certificate; this is a result of the inspection process.
12. Feeding permit – Verify animal feeding operation permit with the Health Department.
13. Business Verify – A cross check of information is often done between SOS registration and Health Dept. licensing information.
14. Meat Market License – All Meat Markets with a retail counter must be licensed.
15. Local Licensing – There are local health units that handle the licensing requirements throughout the state. Information is only stored locally, and not at that state office.

### **Human Services, Department of – Child Support**

1. New Hire – Employers are required to submit new employee information within 20 days of employment.
2. Termination – Employers are required to submit employee terminations.
3. Employer Response – A form that is sent to employers to gather wage and health insurance information on obligors.
4. Request for Information – Used to verify an obligors employment.
5. Reminders – DHS will send businesses reminders and requirement changes.
6. Corporate Return – Child Support would like to access corporate tax return information. Currently is not legal. This information could be used to determine if a business was still in business or when they quit doing business.
7. Bank Account – Financial institutions will match on obligors and a levy can be placed on an obligor's account if applicable. The match can be done one of two ways: DHS sends the obligors to Tier Technologies Inc. The financial institution can send their account information to Tier and Tier will perform the match, or Tier will send the obligors to the financial institution and the financial institution will perform the match. Results are sent back to DHS.
8. New Hire – New hires are shared with other agencies.
9. Employer Load – Job Service sends their entire employer directory to Child Support once a month and does a full replace in the Child Support system.
10. Wages/Payroll – Employee payroll information can be obtained from Job Service.
11. Business Verify – By querying the Secretary of States AS400, information such as business owners, officers and business name and address can be obtained. Also, before issuing or reissuing a license, the status of a business is verified to be "In Good Standing".

### **Insurance, Department of**

1. Causality line – DOT requests a list of insurance companies that have an authority line of causality.
2. Register – Resident and non-resident agencies use NIPR (National Insurance Producer Registry) to get a check list and an application (Uniform Application for Business Entity License). Business name, FEIN, National Producer Number, business address, mailing address, owners/partners/officers/directors names and SSN/FEIN is collected. Individual

agents (producers) don't have to be registered with SOS. Resident and non-resident producers use NIPR to get a check list and an application (Uniform Application for Individual License). SSN, name, business address, mailing address, type of license requested and background information is collected.

3. Renewals – Nonresident and resident agent continuation fees (continuation education) is required every other year. Appointments (connect agent or agency to underwriter company) get renewed yearly with NAIC. Companies must renew yearly.
4. Annual notification – request annual reports from agents, agencies and companies.
5. Insured Property – add or changes or changes of location to insured property (state and political sub divisions) are sent to the State Fire Marshall.
6. Business Verify – By querying the Secretary of States AS400, information such as business owners, officers and business name and address can be obtained. Also, before issuing or reissuing a license, the status of a business is verified to be "In Good Standing".

### **Job Service North Dakota**

1. Determine Liability – Employers submit a Report to Determine Liability, contains information such as: Business Name, addresses, contacts, owners, wage totals, employment information, successorship/acquisition information, etc.
2. Power of Attorney – Employers submit power of attorney information.
3. Corp Officer – Employers submit a Corporate Officer Exemption to apply for exemption of corporate officers or limited liability company managers from unemployment insurance coverage.
4. Const Proj Reg – Employers that have large construction projects over 50 million dollars are required to submit Construction Project Registration and Risk Managements forms.
5. Recruitment Reg – Businesses that are recruiting employees will submit registration information to review resumes and enter job orders in ND Works.
6. Provider Reg – Businesses are registered to provide services to individuals enrolled in various JSND programs. (Ex: Car Repair, etc.)
7. Wage Report – Employers are required to submit a Contribution and Wage Report quarterly to JSND. They pay the Unemployment Insurance Tax based on the wages of the employees.
8. Worksite Report – Business submit a Multiple Worksite Report to the LMI division of JSND. This is done quarterly.
9. Business Status – Businesses submit a Business Termination/Inactivation Notice for a change in status of their business.
10. Liability Notification – JSND notifies the Business of their liability status.
11. Wages/Payroll – Workforce Safety has access to JSND's mainframe emulation for referencing wage information.
12. Wages/Payroll – Human Services has access to JSND's mainframe emulation for referencing wage information for child support and other welfare programs.
13. Claimant Info – The Tax Department has access to JSND's mainframe emulation for referencing claimant information.
14. Primary Sector Verify – JSND will verify that the business is a primary sector before allowing a jobs training contract.
15. New Hire – Human Services provides New Hire information to JSND for cross checking.
16. Registration Info – Secretary of State provides new corporation and LLC registration information to JSND.

17. Delinquent Contractors – JSND provides Secretary of State information on delinquent contractors.
18. Industry Verification – Businesses submit an Industry Verification form. LMI sends these to the business every 3 years.
19. Contractor Updates – JSND would like to get information on updates received for contractor information.
20. Business Updates – JSND would like to get information on new businesses and business expansions.
21. Liquor License – JSND would like to get Liquor License information to get updated location information.
22. Business \$25K – A list of businesses that have reported doing projects costing more than \$25,000 is generated.
23. Verify Assistance – Verify that a business has qualified for a grant or assistance.
24. Unemployment information – currently the business submits unemployment information. The Department of Commerce would like to verify this information.
25. New Business – When a new business is registered or submits payroll information, Workforce Safety would like to be notified.
26. Employer List – list of employers that have employees from Job Service and Workforce Safety.
27. Employer Load – Job Service sends their entire employer directory to Child Support once a month and does a full replace in the Child Support system.

## **ND Business**

1. Bidder Registration – Business profile information contains information such as: Business Name, addresses, contacts, owners, etc.
2. W9 – Businesses submit their W9 information for verification of their business name, address and tax identification number.
3. 1099 – Businesses submit their 1099 information which is used by the agency to generate the 1099-Misc income form to the business.
4. ACH – Businesses submit their ACH information to be used for payments to be directly deposited in the businesses bank account.
5. License App – Process the business information for any other available agricultural licenses. Other licenses include: distributor, food business, auction, livestock dealer, meat market, milk processors, milk distributors, milk testers, bulk haulers of milk and dairy products in North Dakota, satellite/internet livestock license and wool dealer's license.
6. Dairy Reg. – Process information for dairy business. This information includes name, address and grading.
7. Begin Farmer – Process financial information to determine if a beginning farmer may qualify for assistance.
8. Pesticide – Process the information for the registration of pesticides/fertilizers by a business. Name, address, contact person, name of production and registration number must be provided.
9. Grant App. – Process the financial information to determine if a business may qualify for grants administered by the department.
10. Reporting – Most of the licenses require an annual renewal that must be signed.
11. Wage Report – Employers are required to submit a Contribution and Wage Report quarterly to JSND. They pay the Unemployment Insurance Tax based on the wages of the employees.



12. Business Status – Businesses submit a Business Termination/Inactivation Notice for a change in status of their business.
13. Liability Notification – JSND notifies the Business of their liability status.
14. Worksite Report – Business submit a Multiple Worksite Report to the LMI division of JSND. This is done quarterly.
15. Recruitment Reg – Businesses that are recruiting employees will submit registration information to review resumes and enter job orders in ND Works.
16. Other Information – Employers submit other items to JSND such as: a Report to Determine Liability, Power of Attorney information, Corporate Officer information or exemption application, Construction Project Registration and Risk Managements forms, and Provider Registration information.
17. Renewals – Nonresident and resident agent continuation fees (continuation education) is required every other year. Appointments (connect agent or agency to underwriter company) get renewed yearly with NAIC. Companies must renew yearly.
18. Register – Resident and non-resident agencies use NIPR (National Insurance Producer Registry) to get a check list and an application (Uniform Application for Business Entity License). Business name, FEIN, National Producer Number, business address, mailing address, owners/partners/officers/directors names and SSN/FEIN is collected. Individual agents (producers) don't have to be registered with SOS. Resident and non-resident producers use NIPR to get a check list and an application (Uniform Application for Individual License). SSN, name, business address, mailing address, type of license requested and background information is collected.
19. Notification – The business is sent a notification annually requesting renewal information.
20. License App – A business will complete the appropriate license application and the information will be received by the Office of the Attorney General. Some of the licenses regulated here are: Alcohol, Gaming, Tobacco and Transient Merchant. Information collected is: Business Name and Location, Contacts, Local Authorization, Board Members, Employees, Tax Exempt Status. A fee is also collected.
21. Update – Business will submit a change form when information changes such as: Doing Business As, Address, Managers, Owners, etc.
22. Tax Return – Charitable gaming businesses submit tax returns reporting income from sales.
23. Invoice – Distributors submit invoice information about gaming equipment sold to businesses.
24. Form 990 – Return of Organization Exempt from Income Tax
25. Renewal Notification – When a business desires to change certain information, such as owner information, an amendment can be sent from Secretary of State and an approval process begins.
26. License App – Businesses such as Money Brokers, Payday Lenders, Trust Companies and Financial Institutions submit license information such as Corporate Name, Doing Business As name, owners, financial information, criminal history, contact information and branch information.
27. Renewal – Businesses are required to renew their consumer license information annually.
28. Amendment – Articles of amendment form is submitted when a business desires to change information such as owner, business name or articles of existence (bank or credit union).
29. Bond – Businesses are required to submit their bond information.
30. Notification – The business is notified of approaching deadlines such as license renewal.

31. Register – New businesses are required to register with the Secretary of State's Office before doing business in ND. Information collected: Business Name, Owners, Type of Business, Registered Agent, Partners
32. License App – When applicable, a business will complete the appropriate license application and the information will be received by the Secretary of State Office. Some of the licenses regulated here are: Contractor, Charitable Solicitation, Notary and Professional Fundraiser. Information collected is: Business Name and Location, Contacts, Owners, Partners, Auditor, Officers, Salaries, Tax Exempt Status, Bonds. A fee is also collected.
33. Renewal – Businesses will renew their current information.
34. Amendment – Businesses will submit an amendment to change their current information.
35. License App – Licenses include: Food & Lodging establishments, Mobile Home Parks, Campgrounds, Beverage Establishments, Nursing Homes, Tattoo/Body Art and Tanning Facilities and Child Care facilities.
36. Schools - The health department is responsible for regulating the food services at schools.
37. Renewals – All licenses are renewed on a calendar year basis.
38. Inspections – Inspections are done periodically on licensed facilities.
39. Reporting – Business submit annual reports (Unemployment information, number of jobs, average hourly wage and average benefits).
40. Business Hot Line – Gather the business information and direct to the appropriate agency.
41. Notification – request annual reports from the businesses annually.
42. New Hire – Employers are required to submit new employee information within 20 days of employment.
43. Termination – Employers are required to submit employee terminations.
44. Reminders – DHS will send businesses reminders and requirement changes.
45. Bank Acct – Financial institutions will match on obligors and a levy can be placed on an obligor's account if applicable. The match can be done one of two ways: DHS sends the obligors to Tier Technologies Inc. The financial institution can send their account information to Tier and Tier will perform the match, or Tier will send the obligors to the financial institution and the financial institution will perform the match. Results are sent back to DHS.
46. Request for Info – Used to verify an obligors employment and also an employer response form is used to gather wage and health insurance information on obligors from the employer.
47. Employer Profile – Business profile information contains information such as: Legal Business Name, addresses, owners, etc.
48. Payroll – Employee payroll information is submitted by the business. This includes information such as: Employee name, wage and all benefits, job classification and description.
49. Updates – Business will routinely update their information.
50. Pre-qualify Reg – New contractors, subcontractors, and consultants need to pre-qualify; existing entities must pre-qualify annually. The forms exist on DOT's website. A Tax clearance is required with some of the prequalifications.
51. Dealer App – Car dealerships (new or used) must file application; a physical inspection is required to qualify. Dealers must renew annually.
52. Vendor Registration – Some new businesses will send vendor registration to Finance. Finance will then forward the information to vendor registration in OMB.
53. Sales/Withhold App – Businesses will submit a Sales/Use Tax Permit and Income Tax Withholding Application to register for either or both taxes.

54. Clearance – Verify that the business is not delinquent with its tax return filings.
55. Alcohol Tax App – Businesses will submit the appropriate alcohol tax application to be licensed/registered.
56. Tax Returns – Businesses file Tax Returns for basically every type of tax, registration is often done once the tax return is received. Tax Types include: Sales, Withholding, Individual Income, Corporate, Motor Fuels, Alcohol Tax, Telecommunications, Airline, Fiduciary, Cigarette, Oil/Gas Production Tax, Partnership, Financial Institutions Tax, Music Composition Tax, Transmission Line Tax, Coal Severance, City Motor Vehicle Rental Surcharge, Motor Vehicle Rental Surcharge, City Lodging, Tobacco Products, Estate, etc.
57. Motor Fuels App – Businesses will submit the appropriate motor fuels application to establish and account.

### **Secretary of State (Business Registration and Licensing)**

1. Register – New businesses are required to register with the Secretary of State's Office before doing business in ND. Information collected: Business Name, Owners, Type of Business, Registered Agent, Partners
2. License App – When applicable, a business will complete the appropriate license application and the information will be received by the Secretary of State Office. Some of the licenses regulated here are: Contractor, Charitable Solicitation, Notary and Professional Fundraiser. Information collected is: Business Name and Location, Contacts, Owners, Partners, Auditor, Officers, Salaries, Tax Exempt Status, Bonds. A fee is also collected.
3. Renewal – Businesses will renew their current information. Includes:
4. Amendment – Businesses will submit an amendment to change their current information.
5. Notification – The business is notified of approaching deadlines such as license renewal.
6. Financial – Financial reporting information such as revenue totals is shared.
7. Complaint – Complaint information is provided to an agency when requested and is also received from some agencies.
8. Business \$25K – A list of businesses that have reported doing projects costing more than \$25,000 is generated.
9. Sales Tax Verify – Verify that a business has a sales tax permit.
10. Affidavit – A business that has no employees needs to file an affidavit with Workforce Safety.
11. Account Verify – A business that has employees needs to have an open account with Workforce Safety.
12. Business Verify – Business profile information contains information such as: Business name, status, addresses, contacts, owners, etc. This information can be obtained from the Secretary of State either by direct access to their AS400 system or by using the Business Lookup available on the World Wide Web.
13. License Verify – The Licensing Division will verify that a business is, in fact, licensed.
14. Delinquent Contractors – JSND provides Secretary of State information on delinquent contractors.
15. Registration Info – Secretary of State provides new corporation and LLC registration information to JSND.
16. Contractors – Information from contractor applications submitted to the Secretary of State is sent to Tax.
17. Corporate Registration – Tax gets information on corporate registrations from Secretary of State.

18. Certificate of Authority - Tax accesses the Business Registration web site to check for the certificate of authority before issuing a sales tax permit.

### **State Procurement Office**

58. Bidder Registration – Business profile information contains information such as: Business Name, addresses, contacts, owners, etc.
59. W9 – Businesses submit their W9 information for verification of their business name, address and tax identification number.
60. 1099 – Businesses submit their 1099 information which is used by the agency to generate the 1099-Misc income form to the business.
61. ACH – Businesses submit their ACH information to be used for payments to be directly deposited in the businesses bank account.
62. W9 – If possible, SPO would like to be able to get W9 information from Tax provided Tax has it available.
63. Business Verify – Business profile information contains information such as: Business Name, addresses, contacts, owners, etc. This information can be obtained from the Secretary of State either by direct access to their AS400 system or by using the Business Lookup available on the World Wide Web.
64. Vendor Verify – Verify that the business has registered with OMB's State Procurement Office.
65. Vendor Registration – Some new businesses will send vendor registration to DOT's Finance division. Finance will then forward the information to OMB's State Procurement Office.

### **Tax Department**

1. Sales/Withholding App – Businesses will submit a Sales/Use Tax Permit and Income Tax Withholding Application to register for either or both taxes.
2. Motor Fuels App – Businesses will submit the appropriate motor fuels application to establish and account.
3. Alcohol Tax App – Businesses will submit the appropriate alcohol tax application to be licensed/registered.
4. Tax Returns – Businesses file Tax Returns for basically every type of tax, registration is often done once the tax return is received. Tax Types include: Sales, Withholding, Individual Income, Corporate, Motor Fuels, Alcohol Tax, Telecommunications, Airline, Fiduciary, Cigarette, Oil/Gas Production Tax, Partnership, Financial Institutions Tax, Music Composition Tax, Transmission Line Tax, Coal Severance, City Motor Vehicle Rental Surcharge, Motor Vehicle Rental Surcharge, City Lodging, Tobacco Products, Estate, etc.
5. Contractors – information from contractor applications submitted to the Secretary of State.
6. Corporate Registration – Tax gets information on corporate registrations from Secretary of State
7. Certificate of Authority - Tax accesses the Business Registration web site to check for the certificate of authority before issuing a sales tax permit

8. License Verify – Various licenses are verified with the Health Department before issuing Sales Tax Permits. Licenses include Bed & Breakfasts, Lodging establishments, Nursing Homes, etc.
9. Drivers License – Drivers license information is referenced to confirm SSN and address information.
10. Hold Accounts – information on Hold Accounts with the Bank of North Dakota.
11. Accredited Institutions – Tax gets information on accredited institutions for process sales tax exemptions.
12. License Verify – Tax gets information on alcohol permits, and tobacco and cigarette licenses from attorney general.
13. Hunting Lodges/Guides – Tax gets information on hunting lodges and guides from Game & Fish.
14. Pride of Dakota Vendors – information on Pride of Dakota vendors from Attorney General.
15. Clearance – Verify that the business is not delinquent with its tax return filings.
16. Sales Tax Verify – Verify that the business has a sales tax permit for certain types of businesses such as a coin operated amusement device.
17. Clearance – Tax provides a clearance to the taxpayer which they provide to other agencies.
18. Vehicle Reg. – The Tax Department has access to vehicle registration information.
19. Payroll – Employee payroll information is shared with other agencies.
20. Verify Assistance – Verify that a business has qualified for a grant or assistance.
21. Tax Accountability – Check the accountability of the business.
22. Business \$25K – A list of businesses that have reported doing projects costing more than \$25,000 is generated.
23. W9 – If possible, SPO would like to be able to get W9 information from Tax provided Tax has it available.
24. Corporate Return – Child Support would like to access corporate tax return information. Currently is not legal. This information could be used to determine if a business was still in business or when they quit doing business.
25. Employer List – list of employers that have employees from Job Service and Workforce Safety.
26. Leasing/Rental – information on leasing and rental companies.
27. Chemical Vendors – information on chemical vendors.
28. Claimant Info – The Tax Department has access to JSND's mainframe emulation for referencing claimant information.

#### **Transportation, Department of**

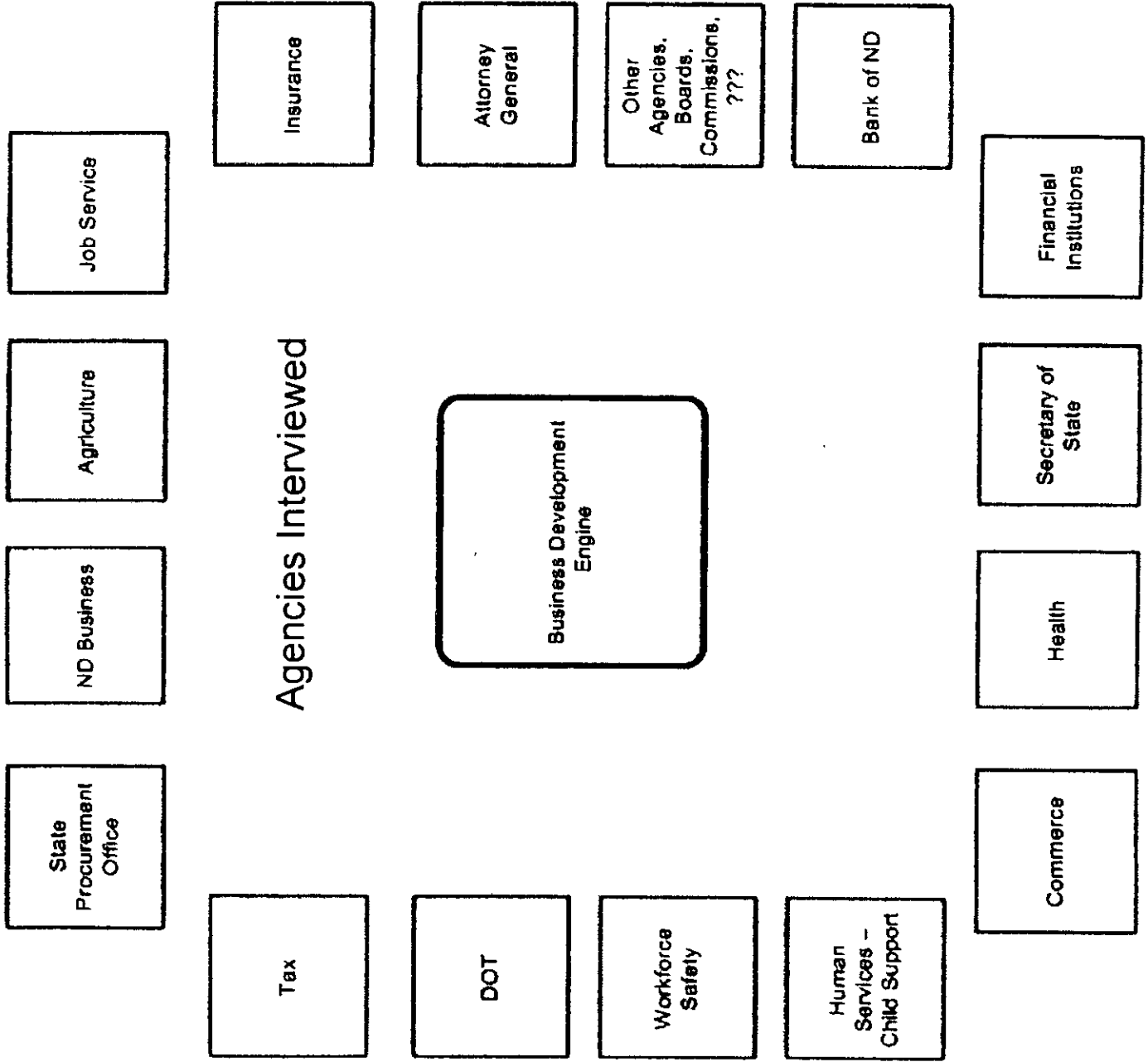
1. Drivers License – the Tax Department has access to Drivers License information.
2. Vehicle Reg. – the Tax Department has access to Vehicle registration information.
3. Vendor Verify – Verify that the business has registered with OMB's State Procurement Office.
4. Vendor Registration – Some new businesses will send vendor registration to Finance. Finance will then forward the information to OMB's State Procurement Office.
5. Contractors Pre-qualify – New contractors need to pre-qualify; existing contractors must pre-qualify yearly. The forms exist on DOT's website. A Tax clearance is required with the prequalification.

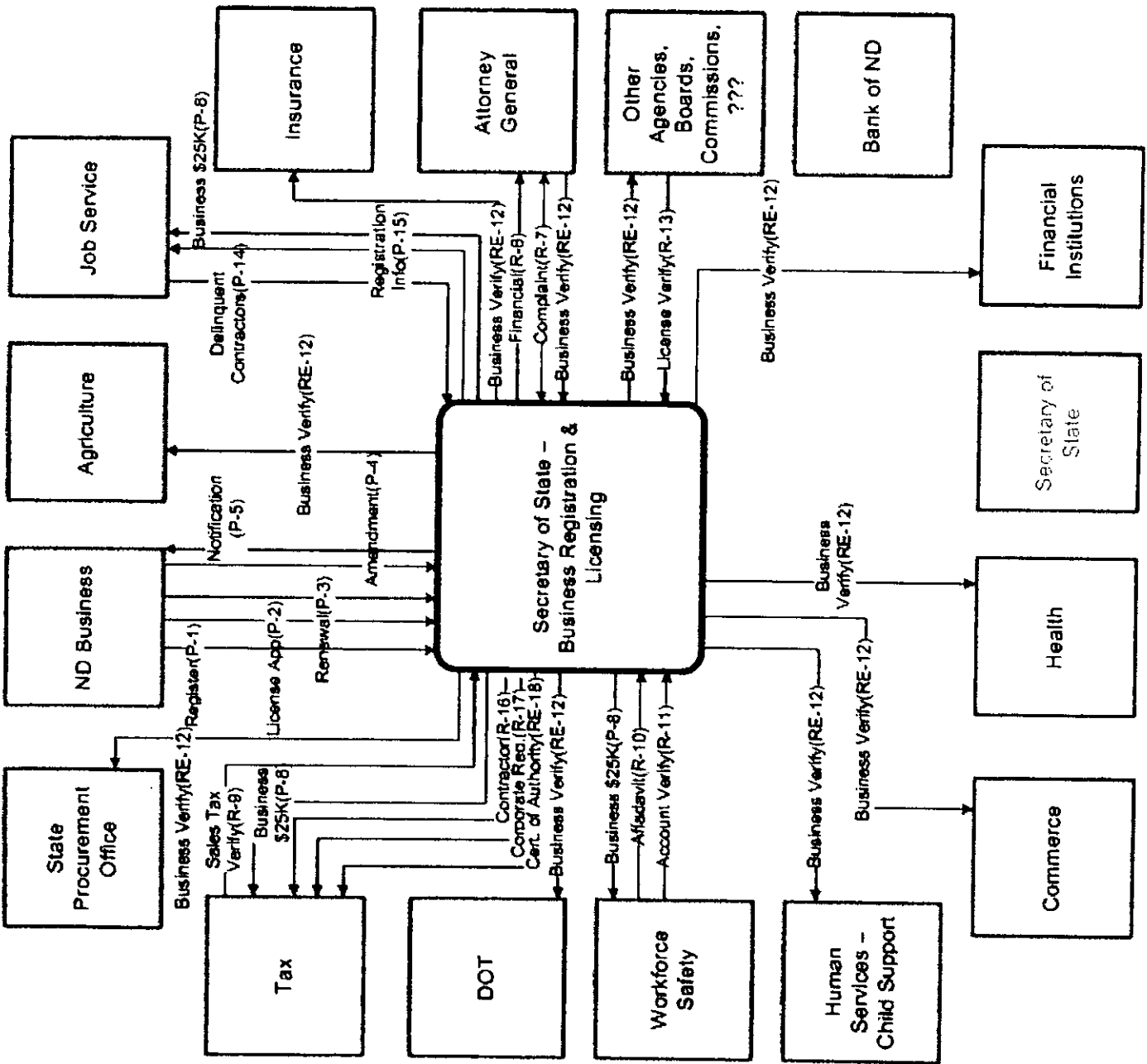
6. Subcontractor Pre-qualify – New subcontractors need to pre-qualify; existing subcontractors must pre-qualify yearly. The forms exist on DOT's website.
7. Consultant Pre-qualify – New consultants need to pre-qualify; existing consultants must pre-qualify every 3 years. The forms exist on DOT's website.
8. Dealer App – Car dealerships (new or used) must file application; a physical inspection is required to qualify. Dealers must renew annually.
9. Vendor Registration – Some new businesses will send vendor registration to Finance. Finance will then forward the information to vendor registration in OMB.
10. Causality line – The Insurance Department supplies a list of insurance companies that have an authority line of causality.
11. Business Verify – By querying the Secretary of States AS400, information such as business owners, officers and business name and address can be obtained. Also, before issuing or reissuing a license, the status of a business is verified to be "In Good Standing".
12. Leasing/Rental – information on leasing and rental companies.

### **Workforce Safety**

1. Employer Profile – Business profile information contains information such as: Legal Business Name, addresses, owners, etc.
2. Payroll – Employee payroll information is submitted by the business. This includes information such as: Employee name, wage and all benefits, job classification and description.
3. Updates – Business will routinely update their information.
4. Wages/Payroll – Employee payroll information can be obtained from Job Service.
5. Affidavit – A business that has no employees needs to file an affidavit.
6. Account Verify – A business that has employees needs to have an open account.
7. Payroll – Employee payroll information is shared with other agencies.
8. New License – When another agency licenses a business, Workforce Safety would like to be notified.
9. New Register – When a business registers their Trade Name, Workforce Safety would like to be notified.
10. New Business – When a new business is registered or submits payroll information, Workforce Safety would like to be notified.
11. Business \$25K – A list of businesses that have reported doing projects costing more than \$25,000 is generated.
12. New Hire – Contains new employee information.
13. Verify Assistance – Verify that a business has qualified for a grant or assistance.

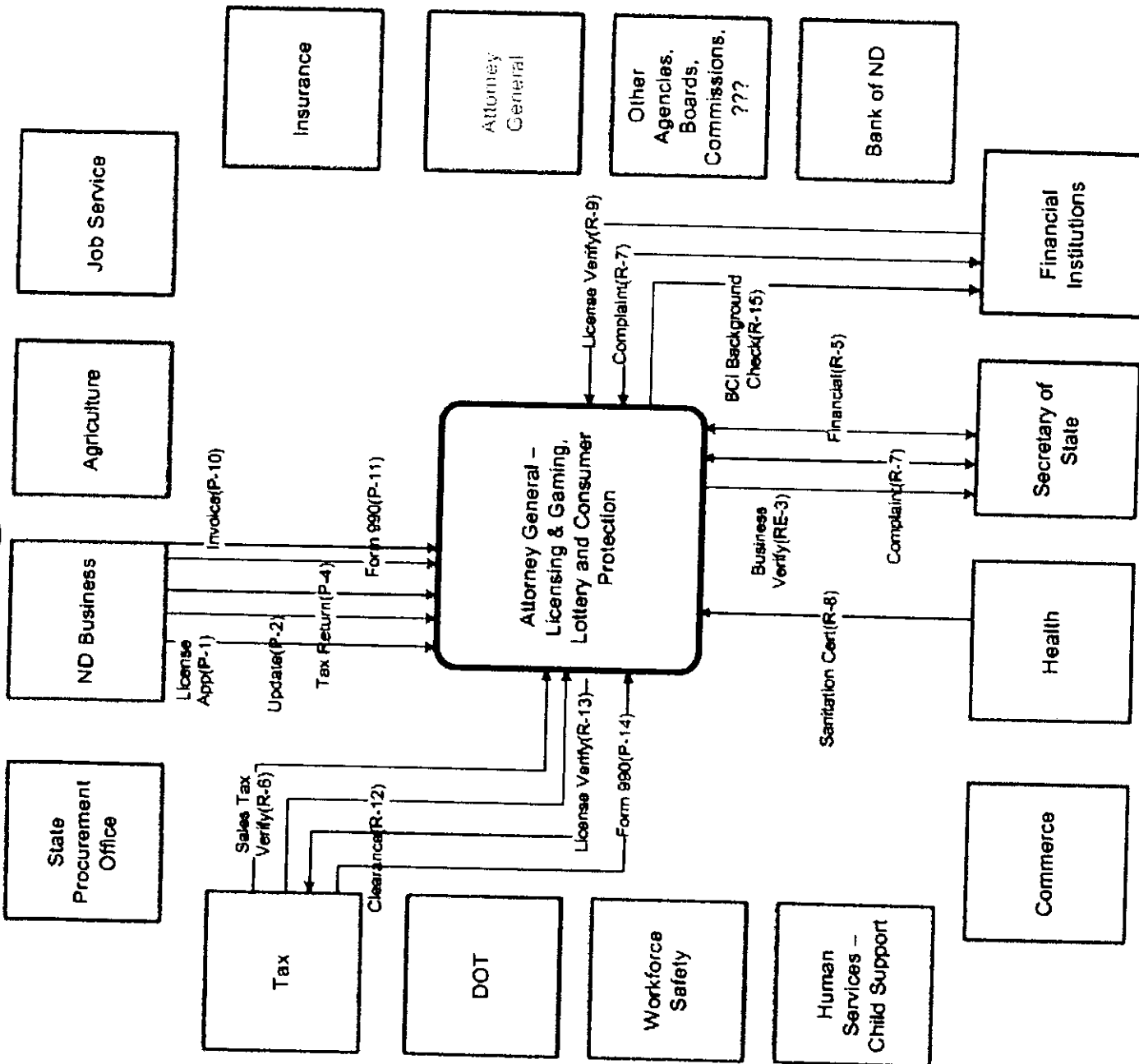
## Agencies Interviewed



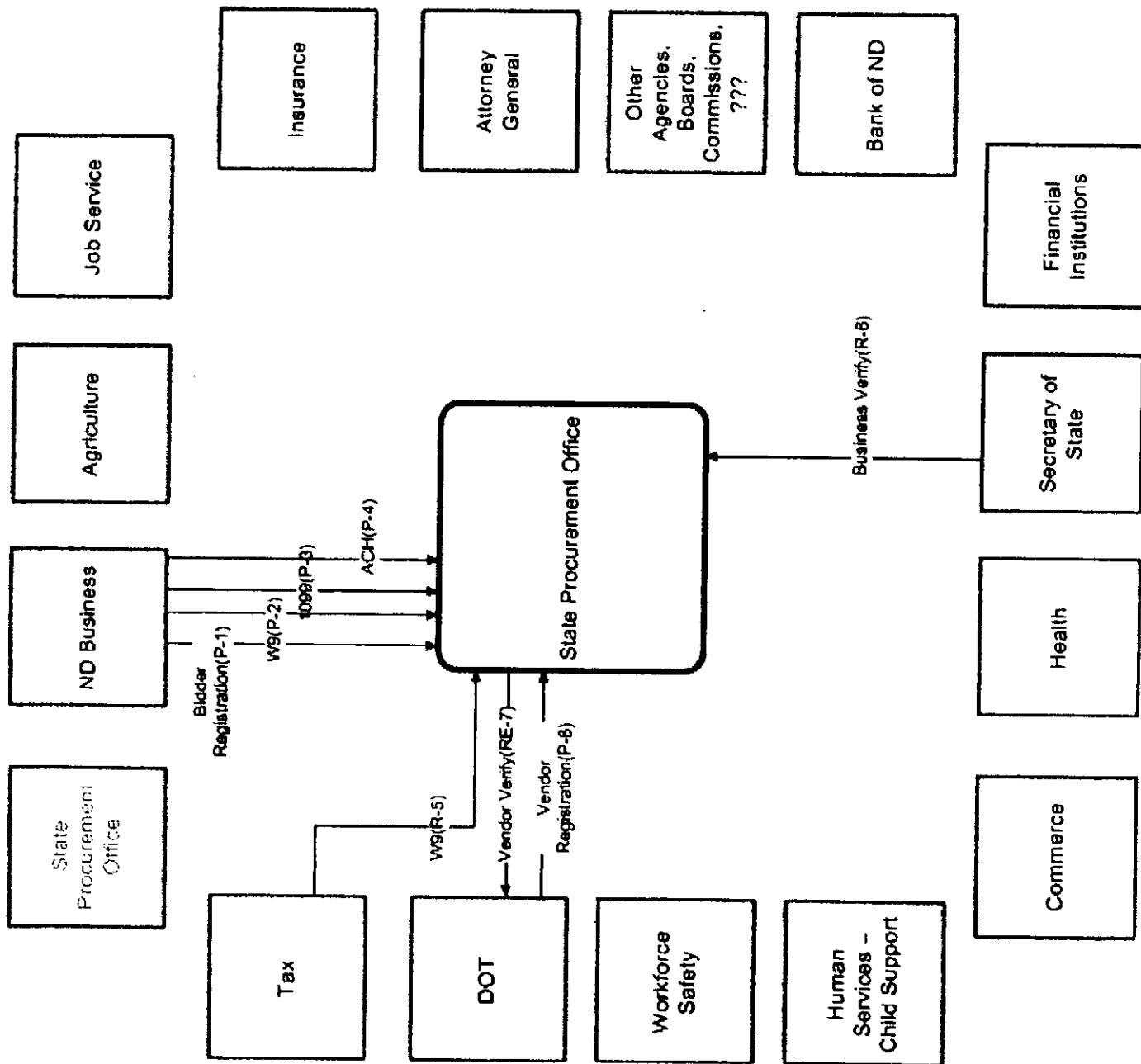


R=Request  
 P=Push  
 E=Electronic  
 Blue=Wanted

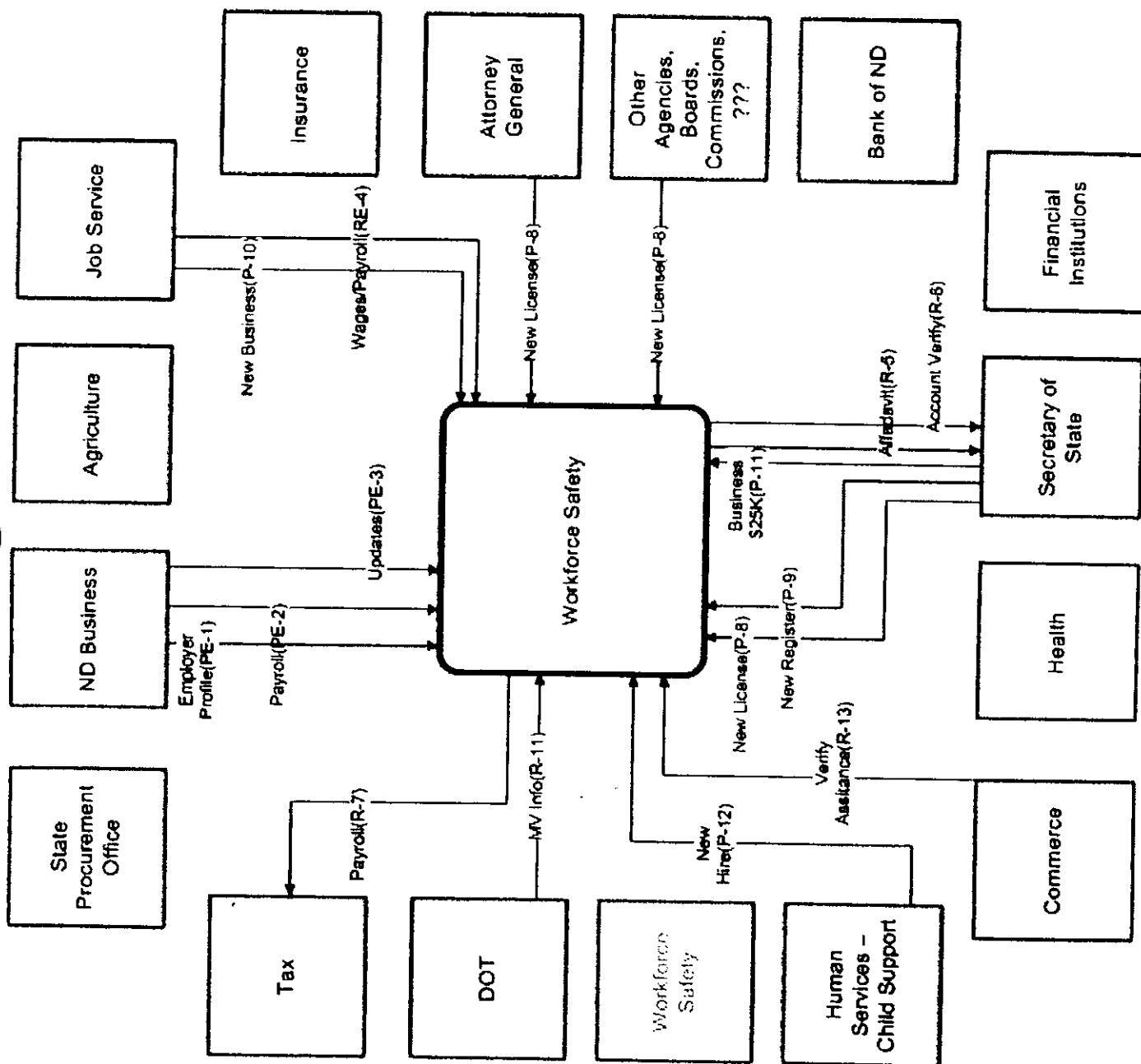




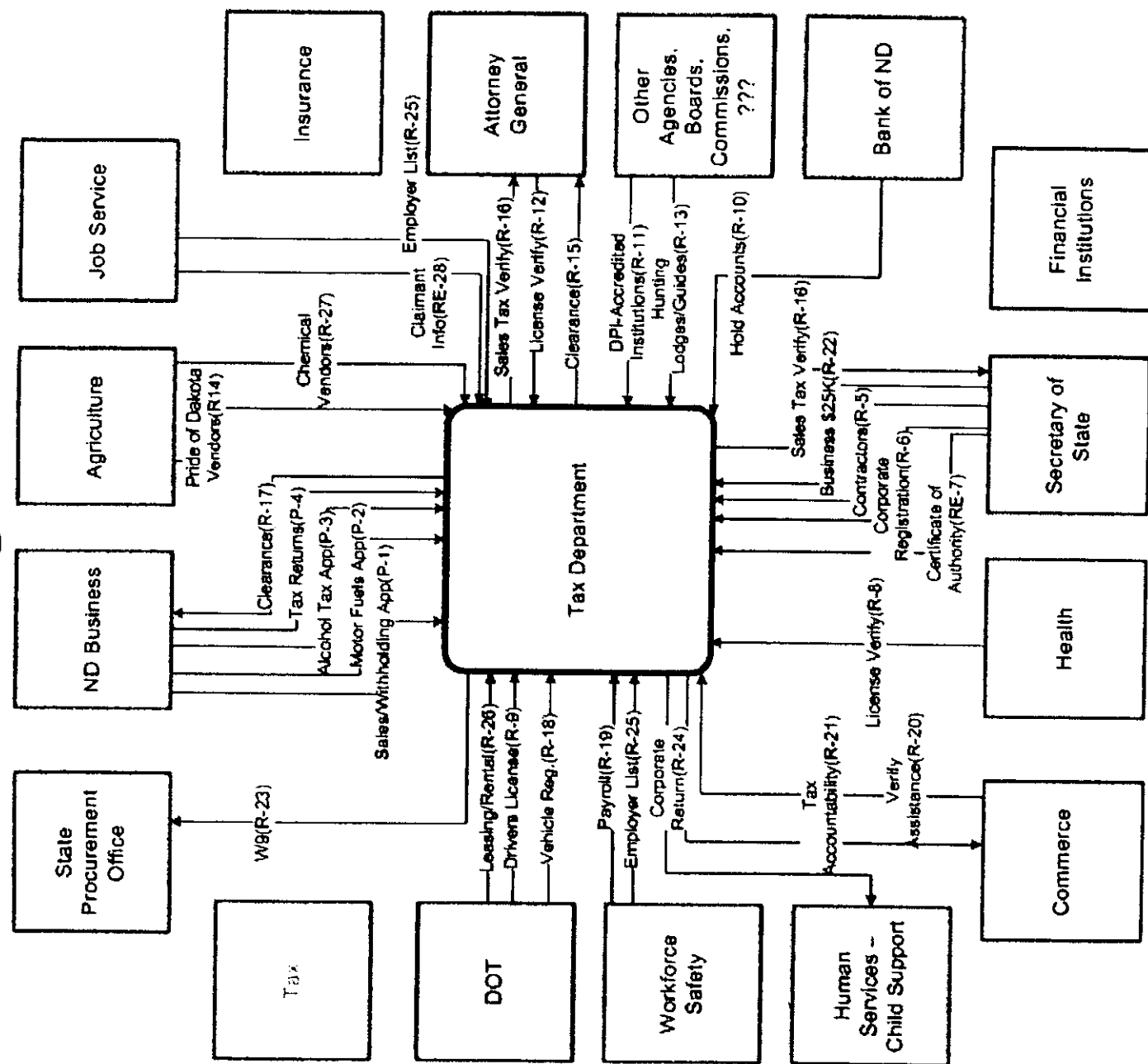
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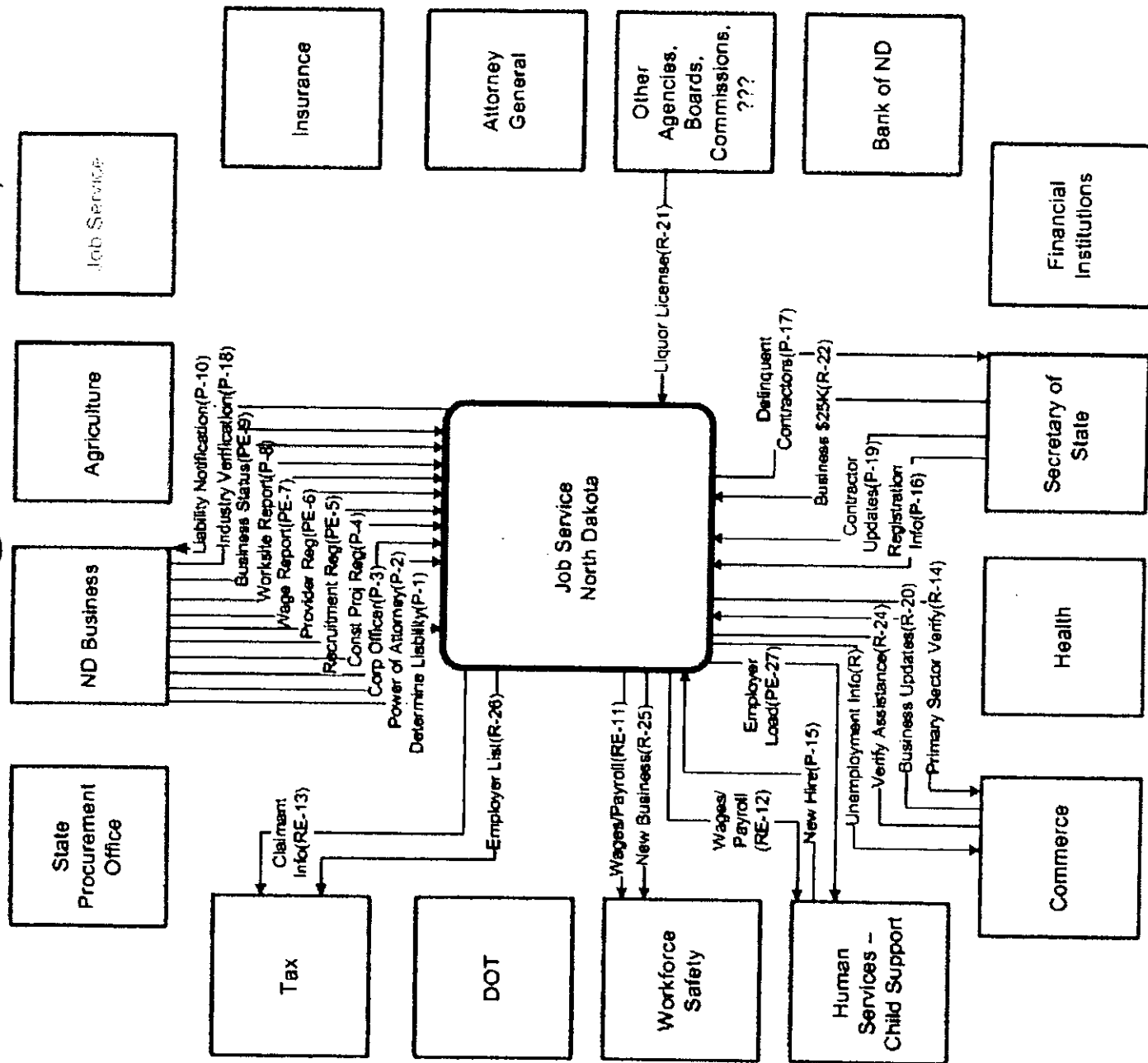
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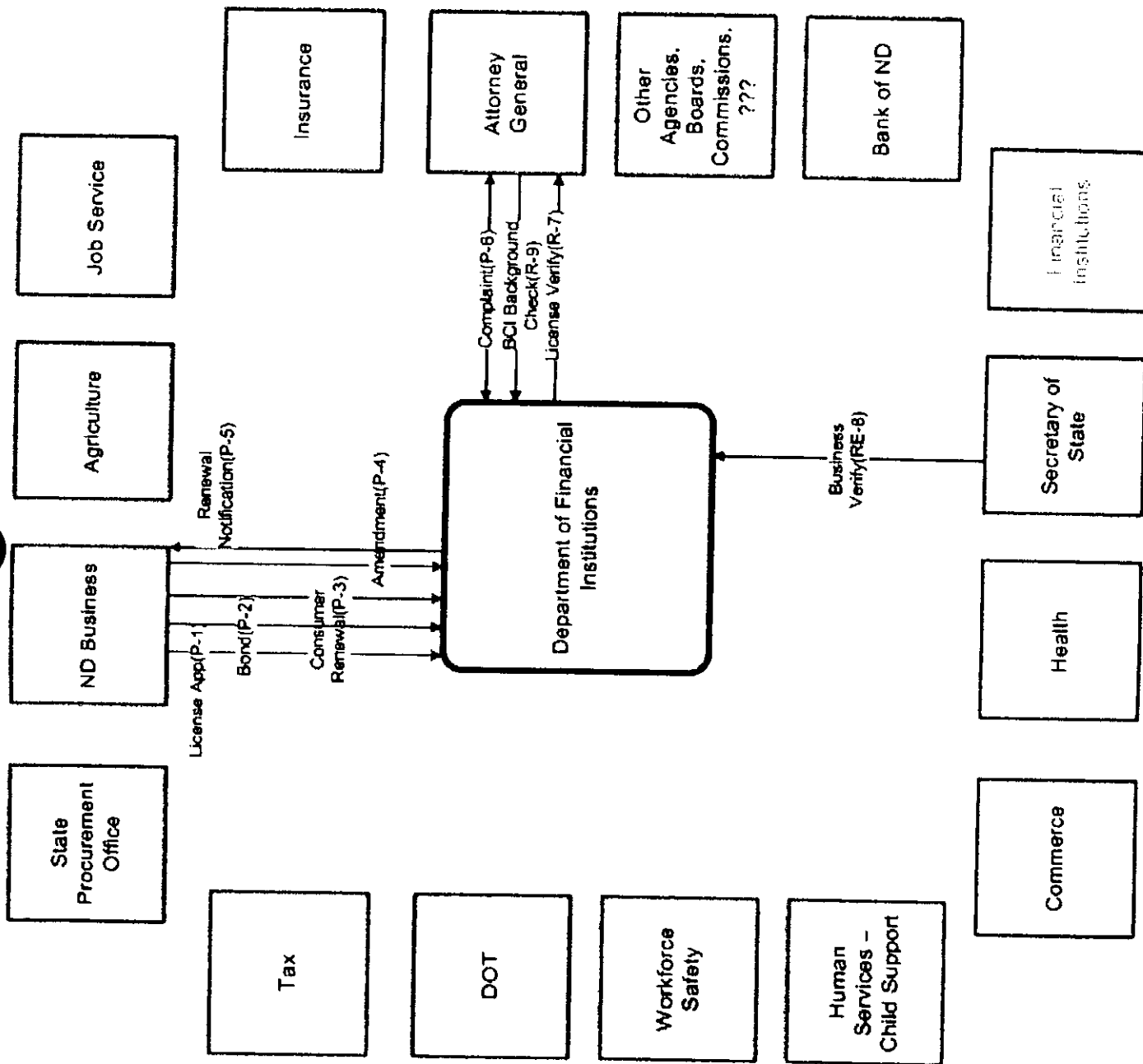
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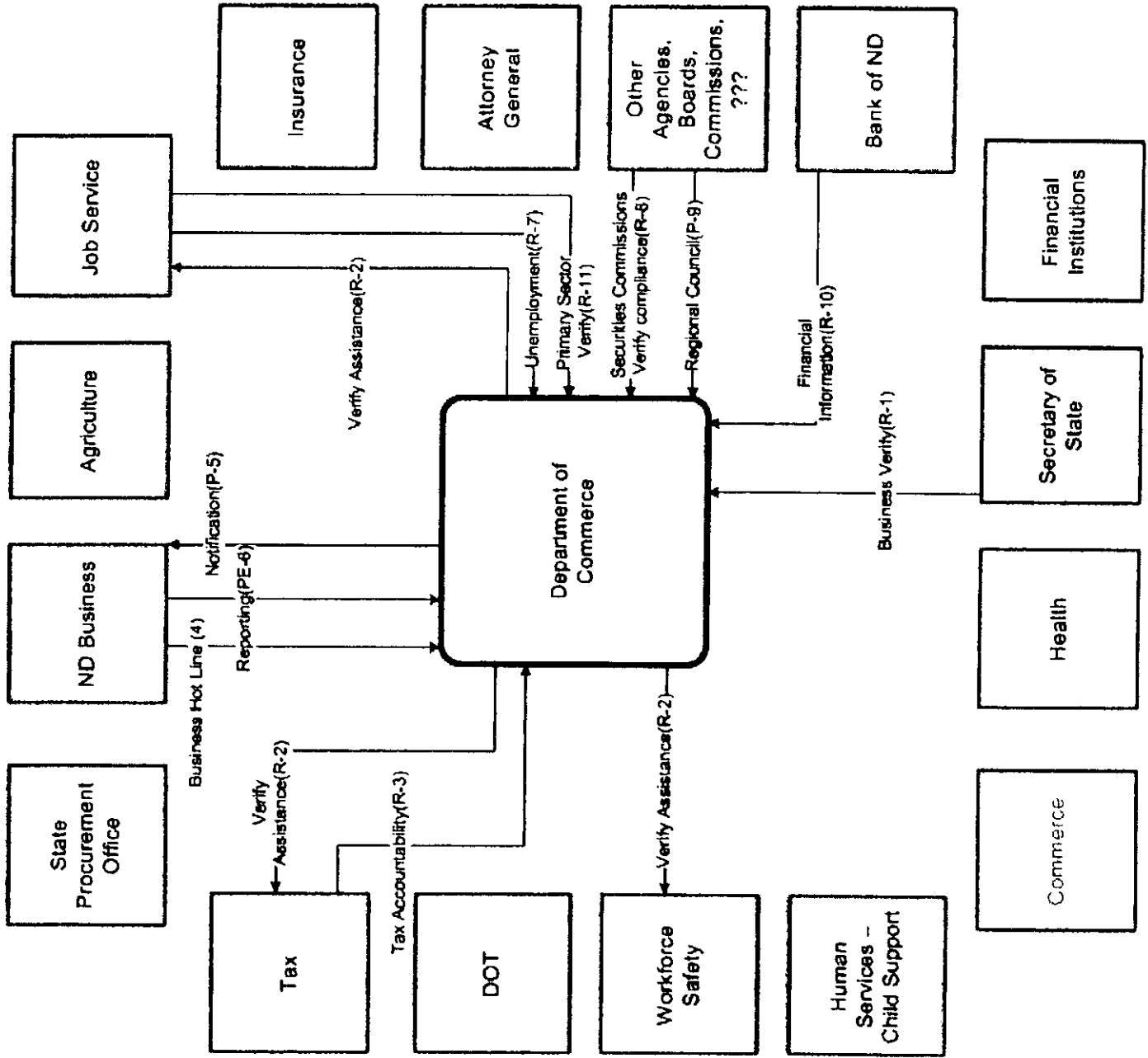
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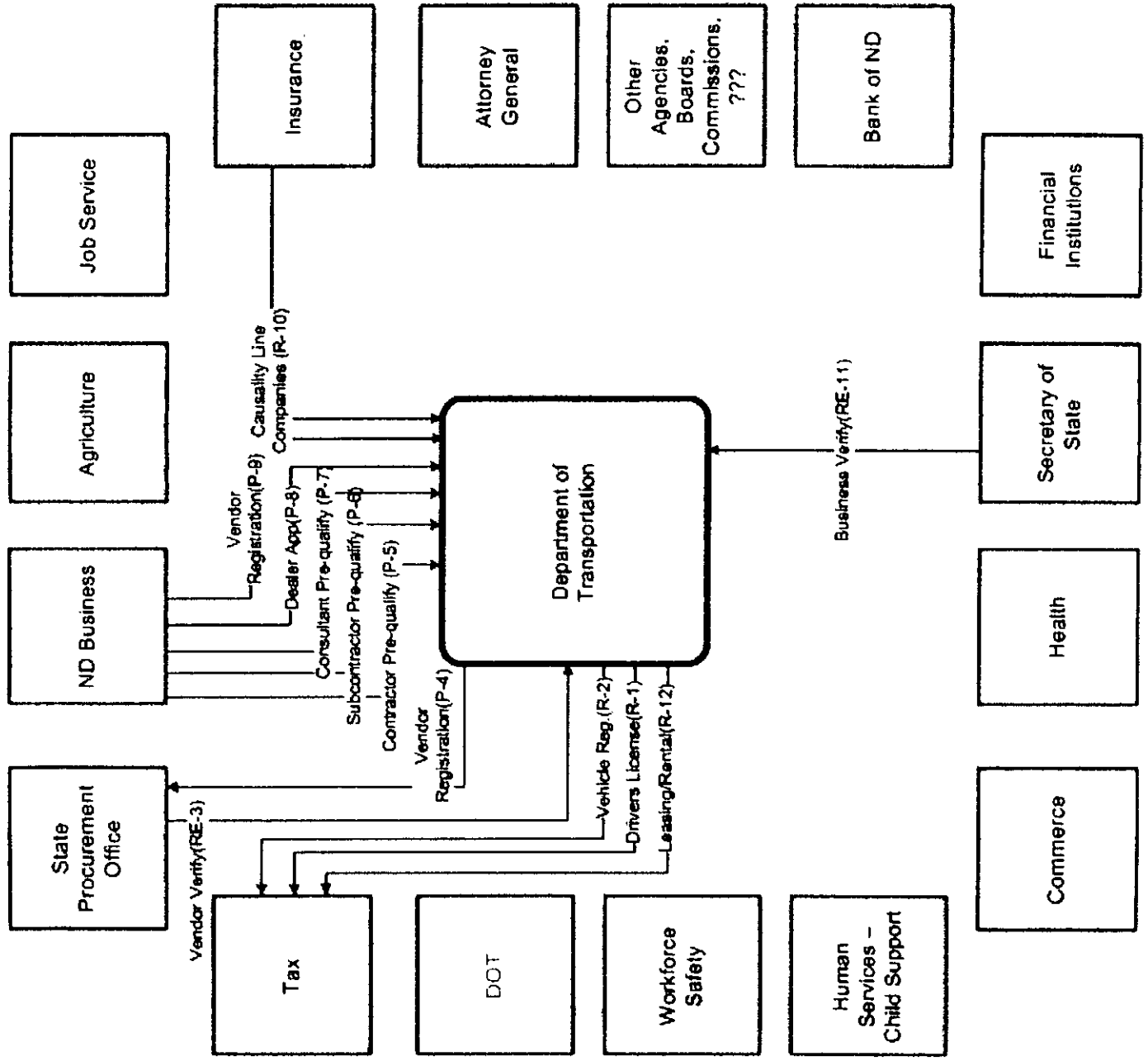
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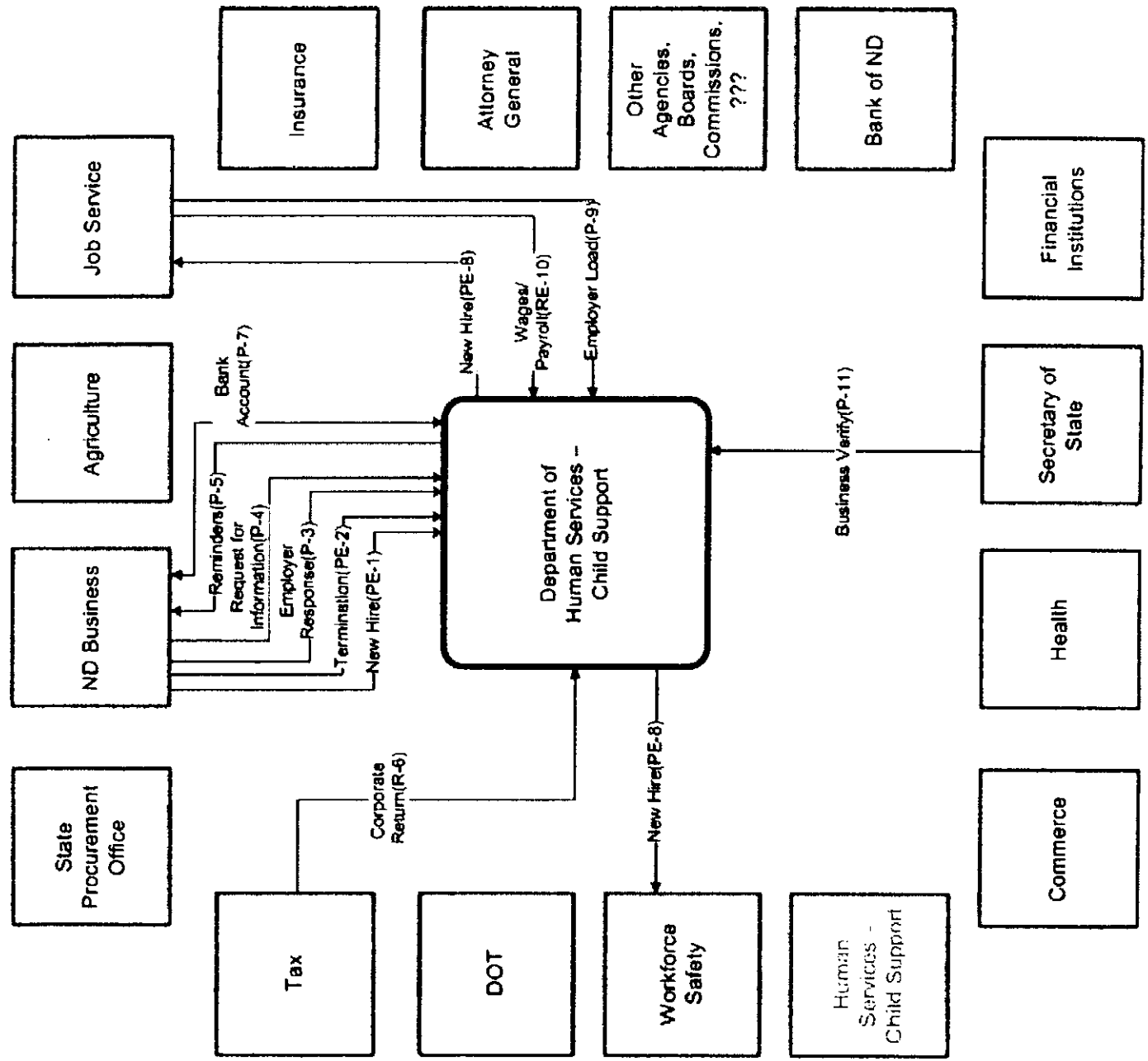


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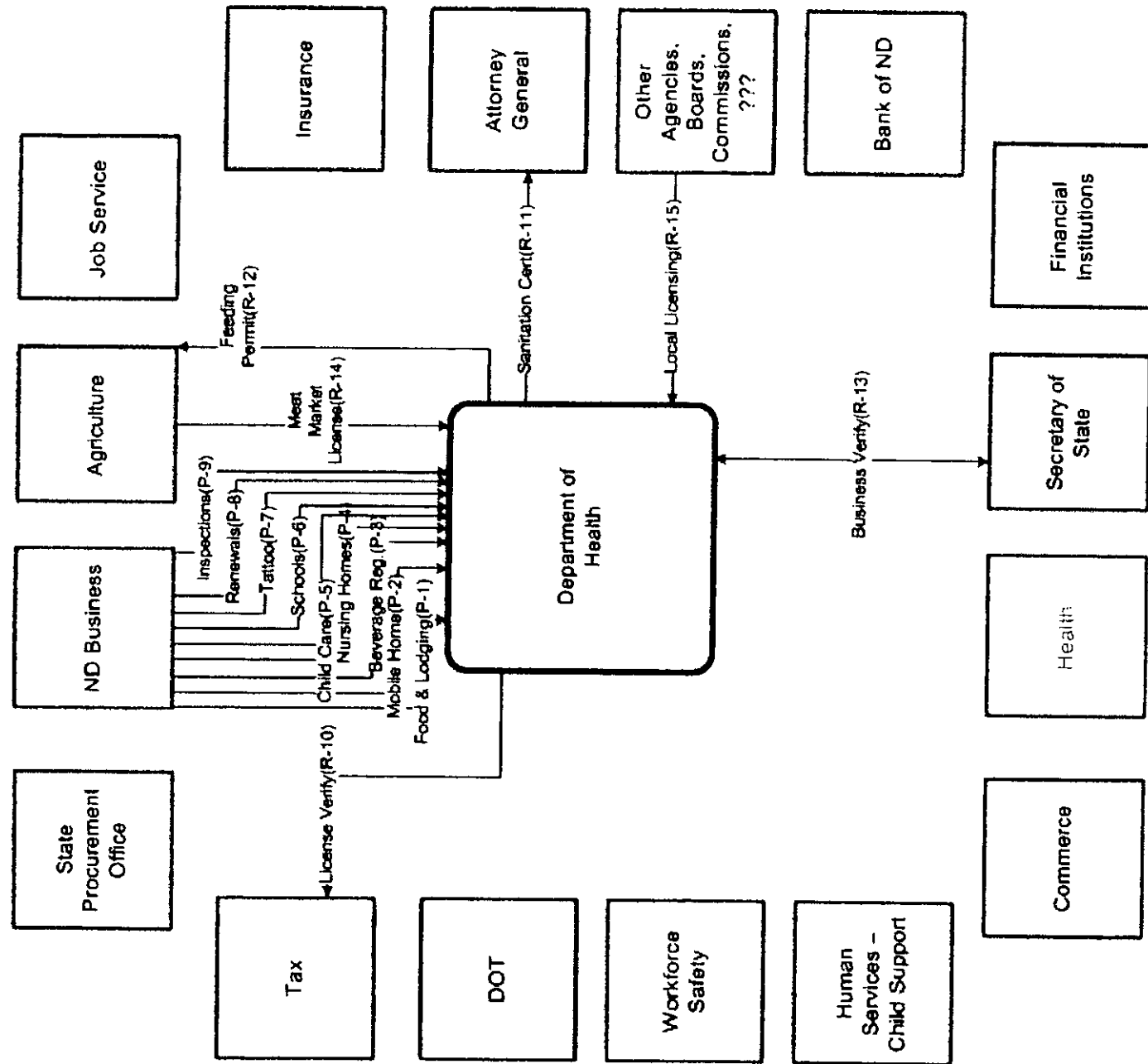


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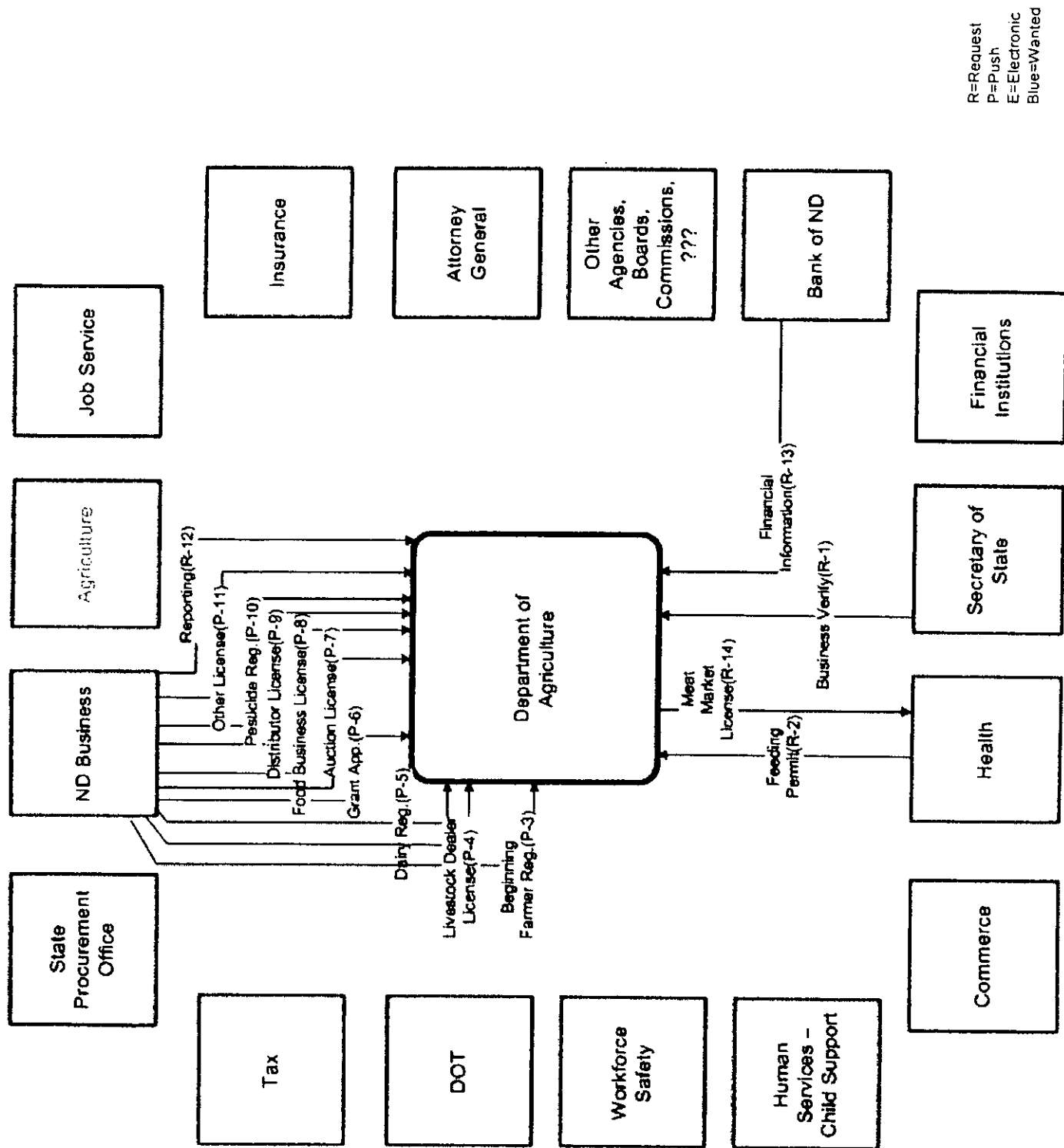




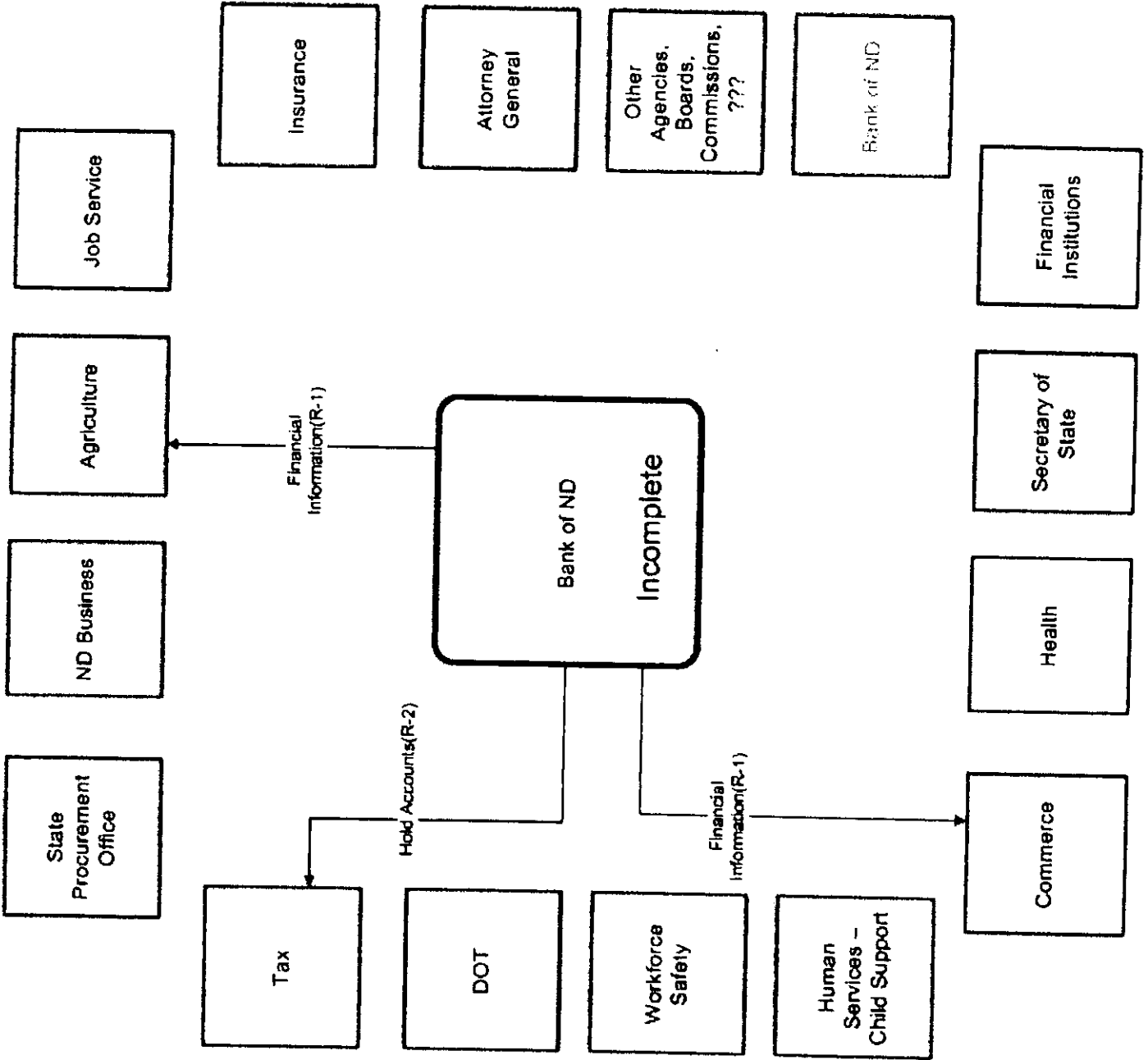
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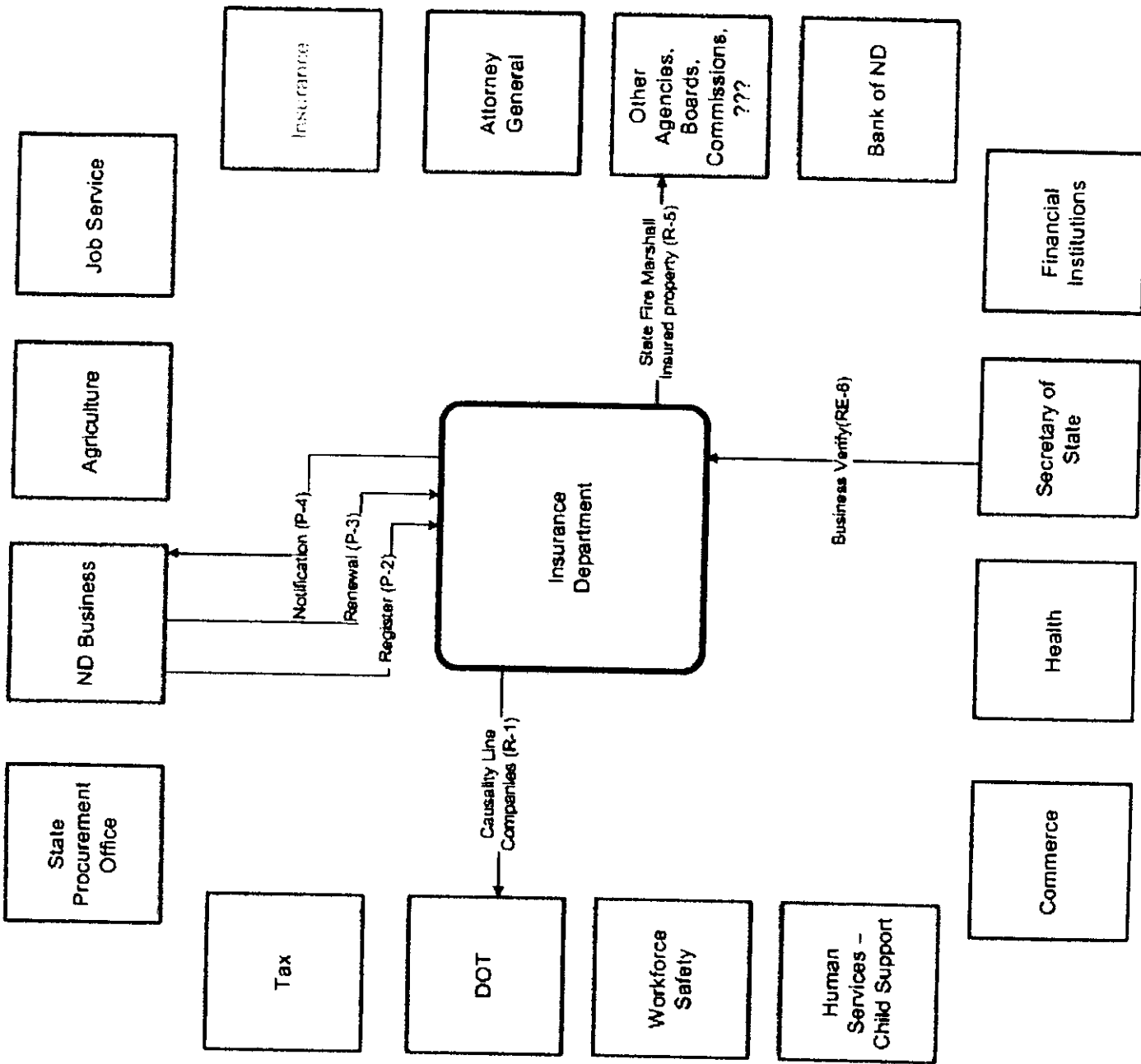
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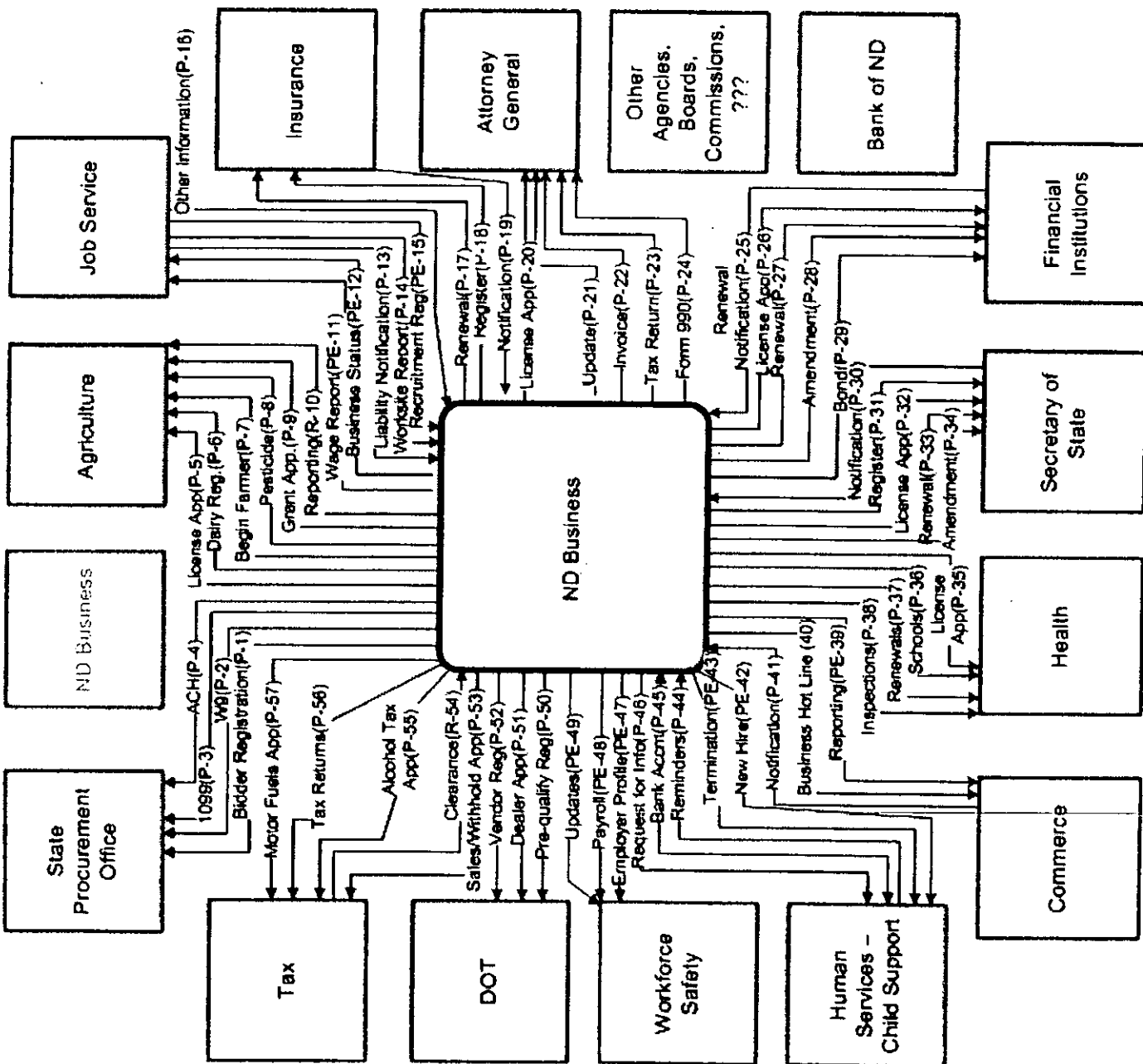
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# **FIFTY-SEVENTH BIENNIAL REPORT**

## **July 1, 2005 - June 30, 2007**



**SECRETARY OF STATE**  
**ALVIN A. JAEGER**  
**STATE OF NORTH DAKOTA**  
**600 EAST BOULEVARD AVENUE DEPT 108**  
**BISMARCK ND 58505-0500**  
**(701) 328-2900**  
**sos@nd.gov**  
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*Attachment*  
*1002.1.13.09 A*

ALVIN A. JAEGER  
SECRETARY OF STATE

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FAX (701) 328-2992

E-MAIL sos@nd.gov

**SECRETARY OF STATE**  
STATE OF NORTH DAKOTA  
600 EAST BOULEVARD AVENUE DEPT 108  
BISMARCK ND 58505-0500

November 30, 2007

The Honorable John Hoeven  
Governor  
State of North Dakota  
600 East Boulevard Avenue  
Bismarck ND 58505-0001

Dear Governor Hoeven,

As required by Section 54-06-04 of the North Dakota Century Code, I present for your review the biennial report for the office of the Secretary of State. This report covers the biennial period of July 1, 2005, to June 30, 2007. It represents the fifty-seventh biennial report submitted by the Secretary of State to the Governor since November 2, 1889, the year North Dakota became a state.

This report also includes, as mandated by Section 54-09-02(9) of the North Dakota Century Code, a detailed statement of the manner in which the appropriations for the Office of Secretary of State were expended during the reporting period. The oath, as prescribed in that section of law, is on page two.

In preparing this biennial report, my staff and I attempted to include useful information, which accurately documents the duties, functions, and accomplishments of the Secretary of State's office. If that goal has been achieved, this biennial report for the Secretary of State's office will be a helpful reference source for citizens, elected officials, legislators, students, politicians, reporters, historians, and unknown others, now and for years to come.

Sincerely,

Alvin A. Jaeger  
Secretary of State



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**Affidavit of Secretary of State**

STATE OF NORTH DAKOTA       )  
  ) SS  
COUNTY OF BURLEIGH       )

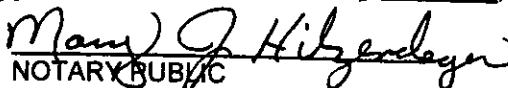
Alvin A. Jaeger, after being first duly sworn and under the pains and penalties of perjury, deposes and says:

1. That he is the duly elected Secretary of State for the State of North Dakota and makes this affidavit in his official capacity.
2. That pursuant to N.D.C.C. § 54-09-02(9), he is required to biennially report to the Governor all moneys received from any source for services performed and accompany such report with a detailed statement under oath of the manner in which the appropriations for his office have been expended during the preceding two fiscal years.
3. That attached hereto and expressly incorporated by reference herein is a Statement of Revenues, Appropriations, and Expenditures which detail the manner in which the appropriations for his office have been expended during the previous two fiscal years.
4. That the attached Statement of Revenues, Appropriations, and Expenditures is derived from the official books and records maintained by the Office of Secretary of State for the previous two fiscal years.
5. That to the best of affiant's knowledge, information, and belief, the attached Statement of Revenues, Appropriations, and Expenditures is a true and accurate statement of the manner in which the appropriations for his office has been expended during the previous two fiscal years as contemplated by N.D.C.C. § 54-09-02(9).

FURTHER AFFIANT SAYETH NOT.

  
Alvin A. Jaeger  
Secretary of State

Subscribed and sworn to before me this  
29 day of November, 2007.

  
NOTARY PUBLIC



## **Chapter One**

### **Constitutional, Statutory, and Legislative Authority**

The origins of the Secretary of State's office begins prior to North Dakota's admittance to the union as a state on November 2, 1889. On March 2, 1861, the Congress of the United States adopted The Organic Law, which established the Territory of Dakota. Section three of that law prescribed there would be a secretary of the territory. The term of office was four years, unless sooner removed by the President of the United States. The duties of the secretary were to record and preserve all the laws and proceedings of the legislative assembly, the acts and proceedings of the Governor, and many other duties, which are very similar to those mandated in present day law to the Secretary of State.

The office, as known today, was established in Article V, Section 12, of the Constitution of North Dakota when the state's citizens adopted it on October 1, 1889. Out of a total of 35,548 electors casting their ballot, 27,441 (77%) voters were in favor of adoption and 8,107 (23%) voters were opposed.

Currently, the office of Secretary of State is authorized in Article V, Section 2, of the North Dakota Constitution (as amended by the voters June 11, 1996 and as amended by the voters June 13, 2000). The duties of the Secretary of State are defined in various parts of the state's constitution, in numerous state statutes, and within the agency's administrative rules.

In the state's constitution, the duties of the Secretary of State appear in Article III, related to the initiative and referral powers of the people; Article IV, Section 12, related to choosing a winner by a toss of a coin if two or more legislative candidates have an equal and highest number of votes; Article IV, Section 13, related to the filing of legislative bills; Article V, Section 5, related to term of office; Article V, Section 11, related to succession in the event of a vacancy in the office of Governor and Lieutenant Governor; Article IX, Section 3, related to membership on the Board of University and School Lands; Article X, Section 17, related to the certificates regarding bonds or evidence of indebtedness on the part of the state.

In the Century Code (state law), the general duties of the Secretary of State are established in Chapter 54-09; in Title 10 as they pertain to various business structures, e.g., registered agents, corporate and limited liability company farming, electric cooperative corporations, cooperative associations, business corporations, development corporations, venture capital corporations, community development corporations, professional organizations, limited liability companies, nonprofit corporations, real estate investment trusts, and publicly traded corporations; in Title 16.1 as they relate to elections; in Title 35 as they relate to liens, e.g., agister's, agricultural processor's, and agricultural supplier's; in Title 41 as they relate to the uniform commercial code; in Chapter 43-07 related to contractors; in Chapter 43-54 related to home inspectors; in Chapter 43-55 related to professional employer organizations; in Title 45 as they pertain to general partnerships, limited partnerships, limited liability partnerships, and limited liability limited partnerships; in Chapter 50-22 related to charitable solicitation; in Chapter 53-01 related to boxing and mixed fighting styles; in Chapter 54-02-01 related to the state's Great Seal; in Chapter 54-05.1 related to lobbying; and in other sections related to miscellaneous duties.

Under both the provisions of the Constitution and the North Dakota Century Code, the Secretary of State serves on the following boards, commissions, and advisory capacities.

Board of University and School Lands (North Dakota Constitution, Article IX, Section 3)

Emergency Commission (also serves as secretary of the commission) (N.D.C.C. § 54-16-01)

State Historical Board (N.D.C.C. § 55-01-01)

State Canvassing Board (N.D.C.C. § 16.1-15-33)

Theodore Roosevelt Rough Rider Award (N.D.C.C. § 54-02-07)

## **Chapter Two**

### **Term of Office and Listing of Secretaries**

When the North Dakota Constitution was adopted in 1889, the term of the office for the Secretary of State was two years in length. Beginning in 1965, along with several other constitutional statewide elected officials, the term of office for the Secretary of State was extended to four years. This change occurred when voters approved Measure # 5, which appeared on the ballot in the June 30, 1964, election. In that election, 115,393 electors cast a ballot with 60,099 (52%) voters in favor of the measure and 55,294 (48%) voters opposed.

The next change in the term of office occurred on June 13, 2000, when the voters approved Measure # 2. This measure moved the election of four constitutional offices (Secretary of State, Attorney General, Tax Commissioner, Commissioner of Agriculture) to the non-presidential election year cycle. To establish the new cycle, these four constitutional offices were elected to a term of two years in the 2004 general election. In the 2006 general election, and every four years thereafter, these four positions reverted to a term of four years. The vote for Measure # 2 was 49,391 (62%) voters in favor of the change and 30,431 (38%) voters who opposed the change.

#### **North Dakota Secretaries of State**

John Flittie.....	1889-1892
Christian M. Dahl.....	1893-1896
Fred Falley .....	1897-1900
Edward F. Porter.....	1901-1906
Alfred Blaisdell .....	1907-1910
Patrick D. Norton.....	1911-1912
Thomas Hall *.....	1913-1924
Robert Byrne.....	1925-1934
James D. Gronna.....	1935-1940
Herman Thorson.....	1941-1942
Thomas Hall *.....	1943-1954
Ben Meier.....	1955-1988
Jim Kusler .....	1989-1992
Alvin A. Jaeger.....	1993-present

\* Served at two different times

Additional information regarding previous Secretaries may be obtained from the 1989, 1995, 1997-1999, 1999-2001, 2001-2003, 2003-2005, 2005-2007, and 2007-2009 editions of the *North Dakota Blue Book*.

## **Chapter Three**

### **Duties of Office**

The following duties for the Secretary of State are prescribed in Section 54-09 and other sections of the North Dakota Century Code.

1. Custodian of Great Seal of North Dakota and other original state documents;
2. Attests the signature of the Governor on official acts and maintains a register for them;
3. Serves as a member of and secretary to the Emergency Commission; is a member of the Board of University and School Lands; is a member of the State Historical Board; and is a member of and secretary to the State Canvassing Board (elections);
4. Concur with Governor's selection for the Theodore Roosevelt Rough Rider Award;
5. Serves as the State Athletic Commissioner for boxing and mixed fighting styles;
6. Distributes the North Dakota Century Code, the North Dakota Administrative Code and supplements, and the North Dakota Session Laws books;
7. Biennially publishes and distributes the *North Dakota Blue Book*;
8. Receives and files original copies of legislative bills and resolutions;
9. Distributes copies of legislative resolutions as prescribed by law and directed by the legislature;
10. Serves as the state's chief election officer;
11. Prescribes the form and content of statewide election ballots;
12. Files campaign finance disclosure reports of statewide candidates, political parties, district political parties, political committees, political action committees (PAC), and measure committees;
13. Certifies the names of persons elected to each house of the Legislative Assembly;
14. Receives and files petitions for initiated, constitutional, and referred measures;
15. Files oaths of office for legislative, judicial, and executive officials;
16. Issues certificates of registration to lobbyists;
17. Licenses contractors, registers charitable organizations and home inspectors;
18. Commissions notaries public;
19. Completes service of process as required by law;
20. Files uniform commercial code (UCC) documents, various agricultural liens, and other miscellaneous liens;
21. Maintains the central indexing system and its network link to the state's fifty-three County Recorders (name changed from Register of Deeds, effective August 1, 2001);
22. Administers the Registered Agents Act;
23. Registers trademarks and trade names, partnership fictitious name certificates, real estate investment trusts, limited partnerships, limited liability partnerships, limited liability limited partnerships, and professional employer organizations;
24. Files and records articles of incorporation related to domestic and foreign business corporations, publicly traded corporation, domestic and foreign nonprofit corporations, state banks, credit unions, lodges and fraternal organizations, mutual aid cooperatives, and cooperatives;
25. Files and records articles of organization related to domestic and foreign limited liability companies;
26. Receives annual reports from various business entities as prescribed by state law;
27. Keep records of organized cities as prescribed by law.

## **Chapter Four**

### **Office of Secretary of State**

#### **Mission Statement**

***This office will:***

***Serve the people of the State of North Dakota and its guests.***

***Execute with integrity the duties required by the North Dakota Constitution and the North Dakota Century Code.***

***Collect and preserve the records of the State as defined by the law.***

***Act as an ambassador for the State of North Dakota, its people, and its way of life.***

***This mission will be dispatched effectively, efficiently, expeditiously, courteously, and with financial responsibility.***

**(Adopted 1993)**

## **Chapter Five (A)**

### **Organization of Office**

As provided for in the North Dakota Constitution, the Secretary of State has overall responsibility for carrying out the duties and functions of the office. To assist, the Secretary of State may appoint a Deputy (N.D.C.C. § 44-03-01 and N.D.C.C. § 1-01-11). In addition, the Secretary of State is authorized to hire one principal assistant (N.D.C.C. § 54-44.3-20(1)). The positions of Deputy and Executive Assistant are non-classified positions and the appointees serve at the will of the Secretary.

The Secretary appointed I. James (Jim) Silrum, Deputy Secretary of State, effective November 17, 2003.

Appointed August 1, 1995, Kim N. Shaw is the Secretary of State's Executive Assistant.

The organizational structure for the office divides the functional duties of the office into several operating units. During the biennium, the office was authorized twenty-three classified full-time employees and three (including the Secretary of State) non-classified full-time employees. It is also authorized one full-time position, which is federally funded, to assist with the administration of the Help America Vote Act of 2002. The divisions are as follows:

Administrative/Licensing Unit

Central Indexing Unit (UCC/CNS)

Business Registration Unit

Business Information Unit

Elections Unit

Technical Information Unit

## **Chapter Five (B)**

### **Personnel in Office of the Secretary of State**

(As of June 30, 2007)

Alvin (Al) A. Jaeger  
Secretary of State

Jim Silrum  
Deputy Secretary of State

Kim N. Shaw  
Executive Assistant

#### Office Directors

Clara M. Jenkins, Business Systems Director  
Executive Staff Officer  
Mary B. Feist, Operational Management Director  
Executive Staff Officer

#### Administrative/Licensing Unit

Mary J. Hilzendeger  
Administrative Assistant I  
Sheila S. Goehring  
Accounting/Budget Specialist I  
Charlotte Zander  
Account Technician II  
Vicky Miner  
Office Assistant III  
Allison Schumacher  
Office Assistant III

#### Central Indexing Unit (UCC/CNS)

Tracy Fillbrandt, Unit Lead  
Administrative Staff Officer I  
Karen K. Weigel  
Office Assistant III  
Tina Axt  
Office Assistant III  
Cindy Doll  
Office Assistant III

#### Technical Information Unit

Linda G. Gregoryk  
Information Center Specialist I  
Ramona Bernard  
Information Center Specialist I

#### Business Registration Unit

Susan J. Rask, Unit Lead  
Administrative Staff Officer I  
Nancy L. Schlosser  
Administrative Assistant II  
Lori Feldman  
Administrative Assistant II  
Marian Hapip  
Administrative Assistant II

#### Business Information Unit

Darcy D. Cermak, Unit Lead  
Administrative Staff Officer I  
Linda Sandeen  
Office Assistant III  
Lucille Van Dame  
Office Assistant III  
Susan Gimbel  
Office Assistant III  
Reyne White  
Office Assistant III

#### Elections Unit

Lee Ann Oliver, Unit Lead  
Administrative Staff Officer I  
Steve Bourgois, Election Administration System  
Manager  
Administrative Staff Officer I



## Chapter Six (A)

### Appropriations

During the 1991-1993 biennium, the budget for the Secretary of State included appropriations for both General Funds and Special Funds. Although appropriations for a Special Fund are based on projected revenue, the expenditures from the fund cannot exceed the actual amount of revenue received. In 1991-1993, the agency's Special Fund was directly related to the operations of the Central Indexing System (CIS).

The 1993 Legislative Assembly eliminated the CIS Special Fund from the Secretary of State's budget when approving the agency's appropriation for the 1993-1995 biennium. Consequently, the agency was totally funded by General Fund dollars, which method of funding was continued in appropriations approved by the 1995 and 1997 Legislative Assemblies.

Then, the 1999 Legislative Assembly approved the creation of a General Services Operating fund for the agency beginning with the 1999/2001 biennium (1999 Session Laws Chapter 24). The creation of this fund allowed the Secretary of State's office to retain revenue received from the sale of services and products provided by the agency's Central Indexing and Business Registration/Information Divisions N.D.C.C. § 54-09-08). At the end of each biennium, the Secretary of State transfers any un-obligated revenue in excess of \$75,000 from the agency's General Services Operating fund to the state's General Fund.

#### Legislative Appropriation

The 2005 Legislative Assembly's appropriation for the Secretary of State's office for the 2005/2007 biennium was contained in House Bill 1002, Sections 3 and 5, (2005 Session Laws, Chapter 2), House Bill 1050, Section 3 (2005 Session Laws, Chapter 25), and Senate Bill 2021, Section 4 (2005 Session Laws, Chapter 49). The gross total appropriated line items in effect on July 1, 2005, were as follows:

	<u>Amount Appropriated</u>
<u>Subdivision 1</u>	
Salaries and Wages – \$2,284,111 plus \$18,491 .....	\$ 2,302,602
Operating Expenses – \$2,076,061 plus \$125,000 .....	2,201,061
Capital assets .....	15,000
Petition Review .....	8,000
Election Reform – \$9,579,728 plus \$105,000 .....	<u>9,684,728</u>
Subtotal for Subdivision 1 .....	\$ 14,211,391
(General Funds – \$ 4,162,363 plus \$105,000 carryover from 2001 = \$4,267,363)	
<u>Subdivision 2</u>	
Public Printing (see Chapter 12).....	<u>327,000</u>
(General Funds – \$ 327,000)	
Gross Spending Authority.....	\$ <u>14,538,391</u>
Appropriation by Source – General Fund .....	\$ 4,594,363
Appropriation by Source – General Services Operating Fund .....	439,988
Appropriation by Source – Federal.....	9,504,040
Total Funding by Source.....	\$ <u>14,538,391</u>

### Adjustments made to Original Appropriation during Biennium

Adjustment # 1 – On September 20, 2006, the Emergency Commission approved Request # 1615 increasing the spending authority in the General Services Operating Fund by \$25,012 in the salary line and a line item transfer of \$18,500 from the operating line to the salary line for a total adjustment of \$43,512 to the salary line.

Adjustment # 2 – On November 27, 2006, the Emergency Commission approved Request # 1622 for a line item transfer of \$8,000 from the operating line to the salary line.

### Agency Appropriation after Preceding Adjustments

	<u>Amount Appropriated</u>
<u>Subdivision 1</u>	
Salaries and Wages.....	\$ 2,354,114
Operating Expenses .....	2,174,561
Capital Assets .....	15,000
Petition Review .....	8,000
Election Reform .....	<u>9,684,728</u>
Subtotal for Subdivision 1 .....	\$ 14,236,403
(General Funds – \$4,267,363)	
<u>Subdivision 2</u>	
Public Printing (see Chapter 12).....	<u>327,000</u>
(General Funds – \$327,000)	
Gross Spending Authority.....	<u>\$ 14,563,403</u>
Appropriation by Source – General Fund .....	\$ 4,594,363
Appropriation by Source – General Services Operating Fund .....	465,000
Appropriation by Source – Federal.....	9,504,040
Total Funding by Source.....	<u>\$ 14,563,403</u>

## Chapter Six (B)

### Revenue

The office of the Secretary of State generates revenue for the state's General Fund and its General Services Operating fund in a variety of ways. The specific manner by which revenue is generated has been summarized in the several chapters contained within this report relating to the various divisions within the office. For the biennium covered by this report, the revenue was as follows:

#### General Fund Revenue

Administration .....	\$ 5,936
Business Registration/Information .....	4,108,520
Central Indexing .....	1,595,530
Elections .....	6,634
Licensing .....	1,098,565
Subtotal .....	\$ 6,815,185

#### General Services Operating Fund Revenue

Business Registration/Information .....	\$ 134,290
Central Indexing .....	318,229
Elections .....	0
Licensing .....	1,926
Subtotal .....	\$ 454,445

Combined Subtotals .....	\$ 7,269,630
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Public Printing (see Chapter 12) .....	\$ 19,383
Subtotal .....	19,383

Gross Revenue .....	\$ 7,289,013
---------------------	--------------

## Chapter Six (C)

### Expenditures

	<u>Adjusted Appropriation</u>	<u>Expenditures</u>	<u>Balance Remaining</u>	<u>Unspent Percentage of Subtotal # 1</u>
<b><u>Subdivision 1</u></b>				
Salaries.....	\$ 2,354,114	\$ 2,343,512	\$ 10,602	0.45%
Operating Expenses .....	2,174,561	2,174,211	349	0.02%
Capital Assets.....	15,000	14,044	956	6.37%
Petition Review.....	8,000	4,411	3,589	44.86%
Election Reform.....	9,684,728	5,716,341	3,968,387	40.98%
Subtotal .....	<u>\$ 14,236,403</u>	<u>\$ 10,252,519</u>	<u>\$ 3,983,883</u>	
<b>Expenditures by Funding Source</b>				
General Funds.....	4,267,363	4,266,915	448	0.01%
Special Funds.....	465,000	429,308	35,692	7.68%
Federal Funds .....	9,504,040	5,556,297	3,947,743	41.54%
Subtotal .....	<u>\$ 14,236,403</u>	<u>\$ 10,252,519</u>	<u>\$ 3,983,883</u>	
<b><u>Subdivision 2 – General Funds</u></b>				
Public Printing (see Chapter 12) ...	<u>327,000</u>	<u>243,837</u>	<u>83,163</u>	25.43%
<b>Subdivisions 1 and 2</b>				
Gross Total Expenditures .....	<u>\$ 14,563,403</u>	<u>\$ 10,496,356</u>	<u>\$ 5,468,334</u>	

### ***Funds Returned to State's General Fund***

At the end of the biennium, the agency had a remaining gross total of \$83,611 in unexpended general fund appropriated dollars. Of this amount, \$448 related to the agency's general office operations as appropriated in Subdivision 1 and \$83,163 related to public printing as appropriated in subdivision 2.

In addition, as required by the provisions of N.D.C.C. § 54-09-08, the Secretary of State's office transferred \$25,137 from its General Services Operating Fund to the state's General Fund. This amount was the un-obligated balance, which was in excess of \$75,000, remaining at the end of the biennium in the General Services Operating Fund.

The gross total return by the agency to the state's general fund was \$108,748.

## Chapter Six (D)

### SUMMARY OF REVENUE, APPROPRIATIONS, AND EXPENDITURES - BIENNIAL HISTORY

	1995-1997	1997-1999	1999/2001	2001/2003	2003/2005	2005/2007
<b>REVENUE – General Fund</b>						
Administration .....	\$ 18,170	\$ 2,203	\$ 2,287	\$ 787	\$ 78	\$ 5,936
Business Registration .....	2,240,551	2,770,809	3,213,566	3,345,569	3,755,522	4,108,520
Central Indexing UCC/CNS.....	1,331,659	1,298,898	1,518,001	1,650,205	1,581,727	1,595,530
Licensing.....	749,093	839,164	820,343	870,743	944,749	1,098,565
Elections.....	2,816	1,896	1,413	1,856	7,032	6,634
Subtotal .....	<u>\$ 4,342,289</u>	<u>\$ 4,912,970</u>	<u>\$ 5,555,610</u>	<u>\$ 5,869,160</u>	<u>\$ 6,289,108</u>	<u>\$ 6,815,185</u>
<b>REVENUE – General Services Operating Fund</b>						
Business Registration/Info .....	0	0	\$ 89,596	\$ 103,198	\$ 115,840	\$ 134,290
Central Indexing.....	0	0	242,245	268,260	284,140	318,229
Licensing.....	0	0	1,173	410	0	1,926
Elections.....	0	0	22	0	1,325	0
Subtotal .....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 333,036</u>	<u>\$ 371,868</u>	<u>\$ 401,305</u>	<u>\$ 454,445</u>
Central Indexing Surcharge ....	192,057	0	0	0	0	0
Public Printing (General Fund) ..	64,459	78,162	64,858	36,670	25,832	19,383
Total Revenue.....	<u>\$ 4,598,805</u>	<u>\$ 4,991,132</u>	<u>\$ 5,953,504</u>	<u>\$ 6,277,698</u>	<u>\$ 6,716,245</u>	<u>\$ 7,289,015</u>
<b>APPROPRIATIONS</b>						
Salaries.....	\$ 1,540,419	\$ 1,692,780	\$ 1,899,778	\$ 2,120,200	\$ 2,153,618	\$ 2,354,114
Operating Expenses .....	1,203,200	1,140,190	1,713,490	2,148,290	2,070,226	2,174,561
Capital Assets.....	0	0	0	0	0	15,000
Equipment.....	65,000	39,000	84,000	8,445	0	0
Petition Review .....	14,000	2,000	12,000	12,000	8,000	8,000
Central Indexing System.....	0	0	0	21,000	0	0
Election Reform .....	0	0	0	150,000	9,578,364	9,684,728
Subtotal.....	<u>\$ 2,822,619</u>	<u>\$ 2,873,970</u>	<u>\$ 3,709,268</u>	<u>\$ 4,459,935</u>	<u>\$ 13,810,208</u>	<u>\$ 14,236,403</u>
Presidential Preference.....	275,000	0	0	0	0	0
Public Printing.....	421,974	442,000	535,200	502,666	336,000	327,000
Total Appropriations.....	<u>\$ 3,519,593</u>	<u>\$ 3,315,970</u>	<u>\$ 4,244,468</u>	<u>\$ 4,962,601</u>	<u>\$ 14,146,208</u>	<u>\$ 14,236,403</u>
<b>EXPENDITURES</b>						
Salaries.....	\$ 1,535,163	\$ 1,675,050	\$ 1,822,738	\$ 2,018,802	\$ 2,121,564	\$ 2,343,512
Operating Expenses .....	1,117,823	1,124,831	1,642,030	1,880,540	2,020,947	2,174,211
Capital Assets.....	0	0	0	0	0	14,044
Equipment.....	63,426	38,514	80,297	8,148	0	0
Petition Review .....	4,973	949	0	6,127	3,821	4,411
Central Indexing System.....	0	0	0	21,000	0	0
Election Reform .....	0	0	0	26,636	4,278,705	5,716,341
Subtotal.....	<u>\$ 2,721,385</u>	<u>\$ 2,839,344</u>	<u>\$ 3,545,065</u>	<u>\$ 3,961,253</u>	<u>\$ 8,425,037</u>	<u>\$ 10,252,519</u>
Central Indexing Surcharge ....	191,927	0	0	0	0	0
Presidential Preference.....	197,650	0	0	0	0	0
Public Printing.....	363,972	441,954	346,722	416,832	318,082	243,837
Total Expenditures.....	<u>\$ 3,474,934</u>	<u>\$ 3,281,298</u>	<u>\$ 3,891,787</u>	<u>\$ 4,378,085</u>	<u>\$ 8,743,119</u>	<u>\$ 10,496,356</u>

## Chapter Six (E)

### Audit

On August 2, 2007, the Office of the State Auditor transmitted to this office the results of a financial and compliance audit for the two-year period ending June 30, 2006. The State Auditor made the following findings and recommendations (both the questions and the auditor's answers (italicized) are quoted direct from the report):

#### Responses to Legislative Audit and Fiscal Review Committee (LAFRC) Audit Questions

1. What type of opinion was issued on the financial statements? *Financial statements were not prepared by the Secretary of State in accordance with generally accepted accounting standards so an opinion is not applicable. The agency's transactions were tested and included in the state's basic financial statements on which an unqualified opinion was issued.*
2. Was there compliance with statutes, laws, rules, and regulations under which the agency was created and is functioning? *Yes*
3. Was internal control adequate and functioning effectively? *Yes*
4. Were there any indications of lack of efficiency in financial operations and management of the agency? *No*
5. Has action been taken on findings and recommendations included in prior audit reports? *The Secretary of State has implemented all recommendations included in the prior audit report.*
6. Was a management letter issued? If so, provide a summary below, including any recommendations and the management responses. *Yes, a management letter was issued and is included on page 18 of this report, along with management's response (agency note – the recommendation on page 18 of the audit report was related to a few inadvertent entries in the agencies General Ledger. It was agreed to and corrected).*

#### LAFRC Audit Communications

1. Identify any significant changes in accounting policies, any management conflicts of interest, any contingent liabilities, or any significant unusual transactions. *There were no significant changes in accounting policies, no management conflicts of interest were noted, no contingent liabilities were identified or significant unusual transactions.*
2. Identify any significant accounting estimates, the process used by management to formulate the accounting estimates, and the basis for the auditor's conclusions regarding the reasonableness of those estimates. *The Secretary of State's financial statements do not include any significant accounting estimates.*
3. Identify any significant audit adjustments. *Significant audit adjustments were not necessary.*
4. Identify any disagreements with management, whether or not resolved to the auditor's satisfaction relating to a financial accounting, reporting, or auditing matter that could be significant to the financial statements. *None*
5. Identify any serious difficulties encountered in performing the audit. *None*
6. Identify any major issues discussed with management prior to retention. *This is not applicable for audits conducted by the Office of the State Auditor.*
7. Identify any management consultations with other accountants about auditing and accounting matters. *None*
8. Identify any high-risk information technology systems critical to operations based on the auditor's overall assessment of the importance of the system to the agency and its mission, or whether any exceptions identified in the six audit report questions to be addressed by the auditors are directly related to the operations of an information technology system. *ConnectND Finance, Human Resource Management System (HRMS), and the AS400 (Secretary of State's accounting system) are high-risk information technology systems critical to the Secretary of State.*

## **Chapter Seven**

### ***Administrative/Licensing Division***

This division has a multitude of responsibilities and duties. They range from filing documents of the legislature to the licensing and regulation of boxing. The division is also responsible for the accounting functions of the agency. Most of the revenue generated by this division is from the collection of fees related to the issuance of contractor licenses, registration of charitable organization, registration of lobbyists, and the commissioning of notaries. The details of these functions are as follows:

#### **Athletic Commissioner**

According to Chapter 53-01 of the North Dakota Century Code, the Secretary of State is the state athletic commissioner and administers matters relating to the regulation of boxing, kickboxing, sparing and, as of July 1, 2005, mixed fighting style competition. The Secretary of State may appoint an athletic advisory boards to assist and advise the athletic commissioner in the performance of the respective duties of the position.

The first state athletic commission was created by the legislature in 1935 with House Bill 213 (1935 Session Laws, Chapter 91). The commission included the Commissioner of Labor and Agriculture, a practicing physician and a practicing attorney appointed by the Governor. Interestingly, the law was specific in stating that not only were the appointees to be citizens of the state, but also of good moral character.

Over the years, the law was changed very little. Then, in 1967, the position of Commissioner of Labor and Agriculture was divided into two separate statewide offices with the Commissioner of Agriculture retaining the duties relating to the athletic commission.

Four years later, in 1971, the Legislative Assembly adopted Senate Bill 2078 and transferred the duties of the athletic commissioner to the Secretary of State and eliminated the three person athletic commission (1971 Session Laws, Chapter 484). However, at the same time, the provisions of the law were such that they did not apply to boxing exhibitions where the net proceeds of the event were devoted to charitable purposes. Consequently, while the law was again modified in 1987 by House Bill 1074 (1987 Session Laws, Chapter 607) and in 1989 by Senate Bill 2184 (1987 Session Laws, Chapter 609), most boxing exhibitions were promoted on behalf of charitable purposes. Therefore, there was no state oversight.

However, that changed in 1991 when major changes were made to the laws governing boxing. In that year, the Fifty-second Legislative Assembly adopted Senate Bill 2411 (1991 Session Laws, Chapter 543), which became effective July 1, 1991. With its passage, the duties of the athletic commissioner became much more defined. The law also allowed for the creation of an athletic advisory board and allowed for a much better response and regulation to the growing boxing activity that was taking place within the state of North Dakota. Since one of the major duties of the athletic commissioner is to ensure the safety of the boxers, the restructured law made those duties easier to administer.

The athletic advisory board has nine members. They are appointed by the Secretary of State and have terms of three years. Each year, three members are newly appointed or re-appointed to the board. This process provides for continuity from year-to-year as the members assist and advise the athletic commissioner.

Revenue from the issuing of licenses is deposited into a special fund as provided for in Section 53-01-09 of the North Dakota Century Code. Licenses are issued to the boxers, referees, judges, corner persons, managers, and promoters. During the 2005-2007 biennium, 174 licenses were issued. The fees collected ranged from \$10 for a boxer to \$100 for a promoter. The revenue received during the biennium was \$ 7,003.18 and the expenditures were \$6,854.73.

The following boxing exhibitions were held during the biennium (date, location, and promoter).

September 10, 2005, DECC Arena, Duluth, Minnesota, Horton's Gym, Inc.  
December 3, 2005, Fargo Civic, Fargo, Brother's Promotions  
March 4, 2006, Fargo Civic, Fargo, Brothers Promotions  
April 28, 2006, 4 Bears Casino & Resort, New Town, 4 Bears Casino  
March 3, 2007, Prairie Knights Casino, Fort Yates, Dakota Nation's Young Guns Promotions  
April 14, 2007, Fargo Civic Center, Fargo, Horton's Gym, Inc.

During the 2005 legislative session, Senate Bill 2356 (2005 Session Laws, Chapter 464) was adopted, which resulted in a significant addition to the duties of the State Athletic Commissioner. The legislation authorized "mixed fighting style competition" and as defined in the law "means an advertised or professionally promoted exhibition or contest for which any type of admission fee is charged and in which the participants who inflict or employ kicks, punches, blows, holds, and other techniques to injure, stun, choke, incapacitate, or disable an opponent. The techniques may include a combination of boxing, kickboxing, wrestling, grappling, or other recognized martial arts." Although legally described as mixed fighting style, the common vernacular reference is mixed martial arts.

The legislation authorized an advisory board, similar in structure to the boxing advisory board, to advise the Athletic Commissioner specifically on mixed fighting style competition. As adopted in the legislations, these competitions could only occur upon adoption of administrative rules. In order to make sure the rules were the very best they could be, a working group of individuals knowledgeable in the sport and the Secretary of State's office drafted the rules over a period of several months. The rules, Chapter 72-02.2-02 of the North Dakota Administrative Code, were approved and became effective on October 1, 2006. The first mixed fighting style event was held on October 7, 2006, in the Bismarck Civic Center.

As with boxing, the revenue from the issuing of licenses is deposited into a special fund as provided for in Section 53-01-09 of the North Dakota Century Code. Licenses are issued to the participants, referees, timekeepers, judges, corner persons, managers, and promoters. During the 2005-2007 biennium, 319 licenses were issued. The revenue received during the biennium was \$ 6,255.56 and the expenditures were \$6,235.26.

The following mixed fighting styles events were held during the biennium (date, location, and promoter).

October 7, 2006, Bismarck Civic Center, Bismarck, Dakota Fighting Championships  
October 28, 2006, Playmakers, Fargo, KO JAG Promotions  
December 2, 2006, Fargo Civic Center, Fargo, Dakota Fighting Championships  
February 3, 2007, Playmakers, Fargo, KO JAG Promotions  
March 24, 2007, Alerus Center, Grand Forks, XS Combat Sports LLC  
April 21, 2007, Minot Municipal Auditorium, Minot, Chad Neal Promotions  
May 12, 2007, Fargo Civic Center, Fargo, XS Combat Sports LLC

### **Contractors**

Section 43-07-02 of the North Dakota Century Code requires any person who engages in the business or is acting in the capacity of a contractor within the state to first obtain a license from the Secretary of State. This law applies to any single contract or subcontract where the cost, value, or price exceeds the sum of \$2,000. Failure to first obtain a contractor's license may result in a referral for criminal prosecution to the State's Attorney in the jurisdiction where the violation was committed.

By law, a contractor is defined as any person who is engaged in the business of construction, repair, alteration, dismantling, or demolition of bridges, highways, road, streets, buildings, airports, dams, drainage or irrigation ditches, sewers, water or gas mains, water filters, tanks, towers, oil, gas or water pipelines, and every other type of structure, project, development, or improvement coming with the definition of real or personal property, including the construction, alteration, or repair of property to be sold either for sale or rental, and shall include subcontractor, public contractor, and nonresident contractor.



There are four classes of contractor licenses. A holder of a Class A license is not subject to a limitation as to the value of any single contract project. Class B holders cannot have a single contract on a project having a value in excess of \$250,000. For holders of a Class C license, the limit is \$150,000 and Class D license are limited to \$50,000. New license application fees are Class A \$300; Class B \$200; Class C \$150; Class D \$50. There were 7,011 contractor licenses in effect on June 30, 2007.

Contractor licenses must be renewed annually by March 1 of each year. Penalties are assessed if the license is not renewed by the due date. If the license is not renewed within ninety days of the renewal date, a contractor must apply again for a new license. Annual renewal fees are Class A \$60; Class B \$40; Class C \$30; Class D \$10.

### **Charitable Solicitation**

Chapter 50-22 of the North Dakota Century Code governs charitable organization soliciting contributions and professional fundraisers. The 2003 Legislative Assembly adopted SB 2341 (2003 Session Laws, Chapter 419), which became state law on July 1, 2003, the beginning of the biennium. Working in collaboration with the Attorney General's office, the bill represented a major re-write and re-formatting of the state's law related to charitable solicitation. A major processing change was the switch from licensing to the registration of charitable organizations. In addition, the bill gave the Attorney General expanded enforcement tools to pursue violators of the law. Unless a charitable organization or professional fundraiser is first registered with the Secretary of State, they may not solicit contributions from persons in North Dakota by any means.

Among other requirements, there is an organization registration fee of \$25 and a required financial statement. Annually, the organization must file an annual report, along with a \$10-fee, itemizing, among other categories, revenue, management costs, program services, cost of fundraising, names of professional fundraisers, cost of public education, and employee compensation.

Depending on the violation, a person violating the law is guilty of a Class A misdemeanor or a Class C felony, which are in addition to all other causes of action, remedies, and penalties available to the state.

### **Duties of the State**

The office of the Secretary of State has the following duties relating to state functions:

- The office records and retains all books, records, deeds, parchments, maps, and papers deposited with the Secretary of State as mandated in the law;
- The Secretary of State attests the official signature of the Governor upon all executive orders, appointments, and other public instruments and then affixes the Great Seal of the State of North Dakota;
- The office maintains a registry of the official acts of the Governor including proclamations, appointments, executive orders, extraditions, and writs. During the biennium, there were 436 filings of official acts of the Governor;
- The office maintains a record of all conveyances of property made to the state;
- The office files oaths of office and statements of interest of the appointees of the Governor.

For the 2007 Session, the Secretary of State filed 303 legislative bills, originating in the House of Representatives, along with 44 House Concurrent Resolutions, 1 House Memorial Resolutions and 1 filed with Line Veto. There were 264 bills filed, originating in the Senate, along with 33 Senate Concurrent Resolutions, 1 Senate Memorial Resolution and 1 filed with Line Veto. The session convened January 3, 2007, and adjourned April 25, 2007.

### **Legislative Duties**

The office of the Secretary of State has the following legislative duties:

- Retains two sets of the legislative journals of each house, certifies their receipt, and forwards the additional journals as mandated by legislative rule;
- Receives, records, and stores all books, bills, resolutions, documents, and papers of the legislature as provided for in the law;
- Provides members of the Legislative Assembly with all public documents as provided for in the law including the North Dakota Century Code and its supplements, session laws of the last

- legislative session, journals of the last legislative session, the North Dakota Administrative Code and its supplements, and the *North Dakota Blue Book* when it is published;
- Provides members of the Legislative Assembly and legislative committees with copies of any public documents on file with the Secretary of State;
- Distribute laws, resolutions, or other documents of the Legislative Assembly;
- Retains the acts and resolutions of the Legislative Assembly until such time the law allows, then transfers to the State Historical Society;
- Performs such other duties as may be assigned by the Legislative Assembly.

### **Lobbyist Registration**

According to Section 54-05.1-03 of the North Dakota Century Code, any person who engages in lobbying must first register with the Secretary of State and be given a distinctive lobbyist identification badge. The state's lobbying laws are all inclusive as to who must register as a lobbyist. Any person who, in any manner whatsoever, directly or indirectly, performs any of the following must register as a lobbyist:

- Attempts to secure the passage, amendment, or defeat of any legislation by the Legislative Assembly or the approval or veto of any legislation by the Governor of the state.
- Attempts to influence decisions made by the Legislative Council or by an interim committee of the Legislative Council.

The registration requirement does not apply to the following individuals. All others must register.

- A legislator.
- A private citizen appearing on his or her own behalf.
- An employee, officer, board member, volunteer, or agent of the state or its political subdivisions whether elected or appointed and whether or not compensated, who is acting in that person's official capacity.
- An invited guest of the chairman of the Legislative Council, an interim committee of the Legislative Council, or a standing committee of the Legislative Assembly to appear before the council, interim committee, or standing committee for the purpose of providing information.
- An individual who appears before a legislative committee for the sole purpose of presenting testimony on behalf of a trade or professional organization or a business or industry if the individual is introduced to the committee by the registered lobbyist for the trade or professional organization or the business or industry.

Each individual registered lobbyist must also file a detailed report including a statement as to each expenditure, if any, of sixty dollars or more expended on any single occasion on any individual, including the spouse or other family member of a member of the legislative assembly or the governor, in carrying out the lobbyist's work or include a statement that no reportable expenditures were made during the reporting period. There is no filing fee if the report is filed after July 1 and on or before August 1. After August 1, a \$25 late filing fee is assessed if the report is filed on or before October 1. For reports filed after October 1, the late filing penalty increases to \$50.

When registering as a lobbyist, the registrant must give his or her full name, address, and the name and address of each person or persons, corporations, associations, groups, or organizations on whose behalf they will appear. They must also provide a letter of authorization from those they represent.

There were 166 lobbyists registered for the registration year July 1, 2005, to June 30, 2006. They represented 302 organizations. From July 1, 2006, through June 30, 2007, there were 661 lobbyists registered representing 1,043 organizations. The number of registrants is always higher in the annual registration cycle that includes a legislative session, as was the situation in the 2006/2007 cycle.

### **Notaries Public**

Under N.D.C.C., Chapter 44-06, the Secretary of State commissions notaries public. The term of office for a notary is six years unless sooner revoked by the Secretary of State. Notaries may administer oaths and perform all other duties required by law anywhere within the state. A notary public must have the qualifications of an elector as to age and residence. There were 12,168 notary commissions in effect on June 30, 2007. During the biennium, there were 4,376 new or renewal commissions issued. To educate and maintain contact, *Notary Notes* newsletter was mailed to the notaries in December 2006.

## **Miscellaneous Duties**

### **Absent Persons Mineral or Royalty Interests in Land:**

The 1969 Legislative Assembly adopted House Bill 404 (1969 Session Laws, Chapter 331) naming the Secretary of State as the registrar of the post office address of each person who owns mineral, leasehold, or royalty interests in land in North Dakota. Then in 2007, the Legislative Assembly adopted House Bill 1048 (2007 Session Laws, Chapter 312), which transferred the duties of filing the notice and becoming the new office of record to the Recorder of each county in which the person claimed to have a mineral, leasehold, or royalty interest in land within that county.

### **Apostille:**

Most often, an Apostille is issued by the Secretary of State to confirm the commission of notaries public. This certificate is attached to documents intended for use in foreign countries. It certifies the authenticity of the signature and the capacity in which the person signing the document has acted. During the biennium, the Secretary of State completed 1,185 Apostille requests.

### **Chemical Applicator - Appointment of Agent:**

N.D.C.C. § 4-35-11 required all nonresident chemical applicators or dealers to designate the Secretary of State as the agent for service of process in the event of a lawsuit against them. During the biennium, 132 such filings were made with the Secretary of State. Beginning with the 2005/2007 biennium, this filing requirement was moved to North Dakota State University Extension Service (SB 2355, 2005 Session Laws, Chapter 72).

### **Facsimile Signatures:**

Each state official is required to file with the office their signature, certified by that officer under oath, for facsimile purposes in official state business.

**International Wills:** The office registers and preserves international wills of citizens for later execution and disposition according to law.

**Public Meetings:** As mandated by N.D.C.C. § 44-04-20, the agency maintains a file of the notices for public meetings held by state agencies, boards, and departments.

**Service of Process:** The agency completes service of process or legal papers when the following business organizations fail to appoint or maintain a registered office or registered agent: domestic and foreign corporations, nonprofit corporations, cooperative associations, limited partnerships, limited liability partnerships, limited liability limited partnerships, and real estate investment trusts.

The Secretary of State also acts as agent for service of process for out-of-state contractors (N.D.C.C. § 43-07-19), amusements (N.D.C.C. § 53-05-04), building and loan associations (N.D.C.C. § 7-07-02), and geophysical exploration companies (N.D.C.C. § 38-08.1-03). The office maintains a record of all processes, demands, or notices.

## **Chapter Eight**

### **Central Indexing Division**

#### **The Central Indexing System (CIS)**

The 1989 Legislative Assembly first studied the Central Indexing System (CIS) after it adopted House Concurrent Resolution 3057 (1989 Session Laws, Chapter 840). The resolution directed the Legislative Council to study state laws relating to state and local filings of liens, security documents, financing statements, and continuation statements.

The study included representatives from livestock auction yards, bankers, other lenders, grain dealers, the North Dakota Association of Counties, the state Information Services Division (now known as the Information Technology Division), and the office of the Secretary of State. The study resulted in the adoption of Senate Bill 2024 (1991 Session Laws, Chapter 449) by the 1991 Legislative Assembly.

The new law mandated the Secretary of State to develop and implement a computerized system, which would store data in a central location for the various documents filed with the Secretary of State or in the office of the county recorder (formerly known as register of deeds – change effective August 1, 2001) located in one of the state's fifty-three counties.

The resulting CIS is not a central filing system. Rather, it's a filing system with a centralized computer database, which allows for the filing and the search of records through a central indexing system. It eliminated the need for multiple or duplicate filings having to be made in several counties in order to perfect a lien. The original documents are retained in the office where the filing was made.

In July 1, 1996, state tax liens were also filed in the CIS and are now perfected statewide as well.

The CIS includes six separate databases in which filing information is maintained and searched. They are the Uniform Commercial Code (UCC) Index; the Farm Products Central Notice (CNS) Index; the Federal Lien Index; the Statutory Lien Index; the Statutory Lien Notice Index; and the State Tax Lien Index.

#### **Central Indexing System - Searches**

In addition to allowing the filing of various lien documents in any one of the fifty-four filing locations, the CIS is also of benefit to those persons who need to search the database in order to determine if any liens are recorded against a certain individual or business entity. The filing offices, for a fee, provide this service. When the system was first implemented, the requesters of such information had to contact one of the filing offices to request the information they were seeking. Beginning April 1, 1998, a programming change became effective allowing subscribers direct access through the Internet to conduct their own search of the database.

By paying a one-time registration fee, an annual fee, and a fee for each search, the subscriber is allowed access through the Secretary of State's website at [www.nd.gov/sos](http://www.nd.gov/sos) 24 hours a day, seven days a week. The subscriber is able to select which filing location receives credit for the search fee.

#### **Central Indexing System – Direct Access Filing**

Beginning in September 2002, another service was added, which allows subscribers the ability to file Uniform Commercial Code (UCC) documents and Central Notice System (CIS) filing directly into the database through the Internet 24 hours a day, seven days a week. As with searches, subscribers pay a one-time registration fee, an annual fee, and filing fee for each filing submitted. They can also select which one of the fifty-four filing locations receives credit for the filing fee.

#### **Uniform Commercial Code (UCC)**

The agency's Central Indexing System had its beginnings in 1965 with the adoption of the Uniform Commercial Code (UCC) law by the Legislative Assembly. Senate Bill 60 contained 257 pages and, because of its length, it was not published in the 1965 Session Laws book. The law became effective on July 1, 1966.

The adopted law (N.D.C.C., Chapter 41-09) allowed the Secretary of State to review and process UCC filings and related lien documents. These documents are filed to protect the collateral of secured parties.

UCC documents are primarily used to provide proof of collateral on a variety of personal property. The filing is effective for a period of five years and may be continued within six months prior to the expiration date for another five years. A filing can be amended, assigned, or have part of the collateral released by filing an associated filing. Documents terminating the security lien are filed when the debt is paid in full. Federal Tax Liens are also filed as UCC documents.

In 1991, the UCC law was substantially revised and updated by the Legislative Assembly with the adoption of Senate Bill 2100 (1991 Session Laws, Chapter 448). The 2001 Legislative Assembly made another major revision to the state's UCC laws when it adopted House Bill 1105 (2001 Session Laws, Chapter 361). This 97-page bill was introduced at the request of the Commission on Uniform State Laws. Similar legislation was introduced and adopted in all 50 states. The new law changed the requirements for financing statements and the responsibility of filing officers in regard to those documents.

#### **Central Notice System (CNS)**

The Central Notice System gives notice of perfected liens filed against the farm products of certain debtors.

In 1985, the United States Congress first debated the provisions of the Food Security Act, which was a part of that year's farm bill. The bill included several provisions and language taken from Article 9 of the UCC law. This was a unique subject for the federal government because it was an area of law considered to be in the realm of state responsibility. The "farm products rule" allowed a creditor, with a security interest in a farmer's crops or livestock, to seek payment from the purchaser of those commodities if the farmer did not pay the creditor. The act approved by Congress allowed states the choice of two options. One option was to create a central filing or notice system. This option, the Central Notice System (CNS) was first discussed by the 1983 Legislature Assembly and ultimately adopted by the 1985 session. On December 16, 1985, the Packers and Stockyards Administration of the United States Department of Agriculture approved the North Dakota CNS as meeting the requirements of the federal law. It is believed that North Dakota may have been as early as the third state in the nation in having its program approved.

Since 1985, the Secretary of State's office has provided subscribers with a Central Notice System Farm Products list, which names the individuals who have given a security interest in a crop or livestock to a lender. To begin with, the list was only made available on a paper printout or microfiche. Then, in July 1998, the information was also made available to customers on a compact disc (CD), which was well received by subscribers. The same information, on July 1, 1999, became available online through the agency's Central Indexing System direct access search option available through the Internet.

#### **Agricultural Statutory Liens**

In 1987, the Legislative Assembly authorized the use of an agricultural processor's lien/notice, an agricultural supplier's lien/notice, and agricultural agister's lien/notice. Any person entitled to a lien by statute or otherwise is authorized to file a verified statement with the county recorder (formerly known as register of deeds) or the Secretary of State's office, which together represent the state's 54 filing locations.

Within ninety days, any agricultural processor may file a lien on crops or agricultural products processed by threshing, combining, drying, or harvesting. Agricultural suppliers are allowed to file liens on the crop or product produced with supplied seed, petroleum products, fertilizer, farm chemical, insecticide, feed, hay, pasturage, veterinary services, or in the delivery or applying of such supplies.

Individuals entrusted with the animals by the owner for the purpose of feeding, herding, pasturing, or ranching may file an Agister's Lien upon the animals and are authorized to retain possession of the animals until the amount is paid.

If lien holders intend to impose liability for a lien against a crop or livestock buyer, the lien holder must file a statutory lien notice document in the Central Indexing System. Such liens take precedence over UCC liens (N.D.C.C. § 54-09-10).

As with the CNS, the Secretary of State provides both a microfiche and a compact disc listing of these liens.

## **Chapter Nine**

### **Business Information/Registration Division**

The responsibilities of the Business Division are diversified and involve concentrated workloads at certain periods of the year. Revenue from this division is generated from a variety of fees charged for filings, amendments, reports, lists, and registrations.

Listed below are the forty-four types of entities for which records are filed and maintained by the Business Division. The numbers on file, at the end of the biennium for most of the entities, are listed in the parenthesis following the name of the entity.

- |  |   |
|--|---|
| 1. Airport Authorities                                     | 26. Limited Liability Companies Foreign (2,975)               |
| 2. Churches (1,372)  | 27. Limited Liability Companies Foreign Professional (10)     |
| 3. City Home Rule Charters (110)                           | 28. Limited Liability Partnerships Domestic (2,092)           |
| 4. Cooperatives Domestic Associations (325)                | 29. Limited Liability Partnerships Foreign (44)               |
| 5. Cooperatives Electric Associations (6)                  | 30. Limited Liability Partnerships Domestic Professional (25) |
| 6. Cooperatives Foreign Associations (70)                  | 31. Limited Liability Partnerships Foreign Professional (9)   |
| 7. Corporations Certified Nonprofit Development (9)        | 32. Limited Partnerships Domestic & Foreign (1,332)           |
| 8. Corporations Domestic Business (13,211)                 | 33. Insurance Companies (46)                                  |
| 9. Corporations Domestic Nonprofit (5,795)                 | 34. Irrigation Districts (23)                                 |
| 10. Corporations Domestic Professional (876)               | 35. Municipal Power Agencies                                  |
| 11. Corporations Farm (703)                                | 36. Reserved Names  |
| 12. Corporations Foreign Business (11,903)                 | 37. Special Registered Agent Records                          |
| 13. Corporations Foreign Nonprofit (1,716)                 | 38. Soil Conservation Districts (56)                          |
| 14. Corporations Foreign Professional (117)                | 39. State Banks (82)  |
| 15. Corporations Mutual Aid (14)                           | 40. Trademarks (1,511)  |
| 16. Corporations Venture Capital                           | 41. Trade Names (18,877)                                      |
| 17. County Home Rule Charters (5)                          | 42. Vector Control Districts                                  |
| 18. Credit Unions (36)                                     | 43. Water Resource Districts                                  |
| 19. Fictitious Name Certificates (1,760)                   | 44. Professional Employer Organization License                |
| 20. Fiduciaries  |   |
| 21. General Partnership Statement                          |   |
| 22. Grazing Associations (11)                              |   |
| 23. Limited Liability Companies Domestic (4,833)           |   |
| 24. Limited Liability Companies Domestic Professional (65) |   |
| 25. Limited Liability Companies Farm (94)                  |   |

The following is a partial listing of some of the entities along with a brief description.

#### **Corporation - Domestic**

State law legally recognizes a corporation as an entity having its own rights, privileges, and liabilities that are distinct from the shareholders or members of the corporation. The existence of the corporation begins when articles of incorporation are approved for filing with the office of the Secretary of State or at a later date specified in the articles of incorporation. Corporations are required to file with the Secretary of State an annual report, which is due August 1 of each year.

#### **Corporation - Domestic Publicly Traded**

The 60th Legislative Assembly of the State of North Dakota adopted House Bill 1340 (2007 Session Laws, Chapter 102) enabling the North Dakota Publicly Traded Corporations Act, N.D.C.C., Chapter 10-35. This Act only applies to publicly traded corporations created after July 1, 2007, and only if the publicly traded corporation specifically chooses the option. A publicly traded corporation need not incorporate under the provisions of this Act; it may incorporate under, and only be subject to, the provisions of the Business Corporation Act, N.D.C.C. Chapter 10-19.1. In other words, the incorporators have a choice.

#### **Corporation - Foreign**

Corporations incorporated in other states or countries are considered foreign corporations. These foreign corporations must first obtain a certificate of authority from the Secretary of State before transacting business in the state of North Dakota, or before obtaining any license or permit prescribed by North Dakota law. To maintain their status, they must file with the Secretary of State an annual report, which is due May 15 of each year.

#### **Limited Liability Company - Domestic and Foreign**

Authorized by legislative action in 1993, a limited liability company (LLC) is an entity having its own rights, privileges, and liabilities distinct from the members. Structurally, the limited liability company combines the characteristics of a partnership and a corporation.

The existence of a limited liability company begins when articles of organization have been approved for filing with the Secretary of State or at a later date specified in the articles of organization. As with corporations, limited liability companies must file annual reports with the Secretary of State.

#### **Limited Partnership - Domestic and Foreign**

Limited partnerships are created when documents are filed with the Secretary of State. State law legally recognizes a limited partnership as an entity formed by two or more persons having one or more general partners, and one or more limited partners. The general partners have management powers and are responsible for all partnership obligations. Although limited partners may not participate in the day-to-day management operations, they share the liabilities and profits in proportionate share to their contributions.

Limited partnerships may transact any business in North Dakota except banking and insurance. Farming is only allowable if any corporations that may be partners thereof are in compliance with the provisions of North Dakota farming laws. Foreign limited partnerships, which are organized under the laws of other states or countries, must register with the Secretary of State before transacting business in North Dakota.

Both domestic and foreign limited partnerships must file with the Secretary of State an annual report, which is due April 1 of each year.

#### **Limited Liability Limited Partnership - Domestic and Foreign**

The Limited Liability Limited Partnership (LLLP) is identical to the traditional limited partnership except that all partners, including the general partner, have limited liability. An LLLP is formed at the time of filing the LLLP registration with the Secretary of State, or at a later date specified in the registration. A LLLP organized under the laws of other states or countries must register with the Secretary of State before transacting business in North Dakota. To maintain their status, they must file with the Secretary of State an annual report, which is due April 1 of each year.

#### **Limited Liability Partnership - Domestic and Foreign**

A limited liability partnership (LLP) is an ordinary general partnership acquiring limited liability status upon filing a one-page registration with the Secretary of State. LLP established under another state or country may register with the Secretary of State as foreign limited liability partnerships. Both domestic and foreign LLP must file with the Secretary of State an annual report, which is due April 1 of each year.

#### **Fictitious Partnership Name**

A fictitious partnership name is a name used by a partnership that does not include the names of the partners. A partnership identified by a fictitious name must file a fictitious name certificate with the Secretary of State. The certificate must be renewed every five years from the date of the initial filing.

#### **Trademark/Service Mark**

A trademark or service mark is a word, symbol, device, or any combination thereof adopted and used by a person or business to distinguish goods or services made or sold from those goods or services made or sold by someone else. The trademark or service mark may be registered with the Secretary of State to establish exclusive right to the mark in North Dakota. The duration of the registration is ten years at which time the registration may be renewed.

#### **Trade Name**

According to state law, N.D.C.C. § 47-25-01, a trade name is defined by law to be a name assumed to identify the business or activities of an individual or organization and which does not include in the name the following: (1) the true name of the organization using the name; (2) the first name and surname of each individual using the business name; or (3) the surname of each individual, repeating a surname if more than one owner has the same surname.

Additionally, N.D.C.C. § 47-25-02 states, "A person or organization may not engage in business in this state under a trade name until the trade name is registered with the secretary of state." A trade name registered with the Secretary of State is protected for five years and is renewable. The trade name

registration affords exclusive right to that name so no other business may file or use a name the same as, or deceptively similar. It also creates a public record from which one can identify the principals of a business. The registration fee is \$25.

#### **Special Registered Agent Record**

Corporations, which are created by federal law, are often empowered to operate in every state without filing for authority from a state agency. However, in some cases, federal law requires the corporation to maintain a registered agent in the states in which it operates. A record of such registered agent must be filed with the Secretary of State.

#### **Fiduciary**

A bank or trust company organized and doing business under the laws of any state or territory of the United States may be appointed to serve as a trustee in North Dakota. The bank or trust company may be appointed as trustee for a corporate or personal trust, executor, administrator, guardian for a minor or an incompetent person. The appointment may be by will, deed, court order, decree, or otherwise. Before qualifying or serving in North Dakota in a trust or fiduciary capacity, the bank or trust company must file certain documents with the Secretary of State.

#### **Real Estate Investment Trust**

Established by legislative action in 1997, a real estate investment trust is an unincorporated entity. This registration is required of real estate investment trusts established in North Dakota and those established in another state and transacting business in North Dakota. A real estate investment trust is a trust or association formed to acquire, hold, manage, administer, control, invest, or dispose property by trustees for the benefit of any person who may become a shareholder. They must renew their registration every five years from the date of the initial filing.

#### **Professional Employer Organization License**

Established by legislative action in 2007, a professional employer organization is a person that is a co-employer and is engaged in the business of providing professional employer services. After October 1, 2007, a person may not provide, advertise, or otherwise hold itself out as providing professional employer services unless the person has obtained a Professional Employer Organization License from the Secretary of State.

#### **Registered Agents Act**

The 2007 Legislative Assembly adopted the North Dakota Registered Agents Act with the passage of Senate Bill 2153 (2007 Session Laws, Chapter 99), which becomes effective July 1, 2008. Its adoption was promoted nationwide with North Dakota having the distinction of being the first state to adopt it in the United States. The Act authorizes "commercial registered agents" and places the laws related to registered agents for every type of business entity registered in the Secretary of State's office into one chapter of the Century Code (Chapter 10-01.1). As a result and regardless of the type of business entity structure, it provides uniform procedures and a single reference source without having to consult individual business entity chapters for registered agent provisions.

### **DIVISION ACCOMPLISHMENTS DURING THE BIENNIUM**

#### **Enhanced Business-related Information on Secretary of State's Web Site:**

The Secretary of State's website includes a section pertinent to business entities and their registration requirements with the Secretary of State. During the biennium, this section was significantly enhanced to provide:

- Information related to publicly traded corporations
- Information and forms related to Professional Employer Organization licensing
- 2007 legislative summaries



**Engaged in the Business Hotline Assistance**

The Secretary of State partnered with the Department of Commerce to provide knowledge and expertise regarding extensive business-related issues to existing and potential businesses in the State of North Dakota. The issues relate to a variety of key business issues such as starting, expanding, retaining or relocating a business in the State of North Dakota

## **Chapter Ten**

### **Elections Unit**

According to the North Dakota Century Code, Section 16.1-01-01(1), the Secretary of State is mandated to be the supervisor of elections. In carrying out these duties, the Secretary of State may employ additional personnel. Each county in the state is also required to have a county administrator of elections. By state law (N.D.C.C. § 16.1-01-01(4)), that individual is the County Auditor. The County Auditor is then responsible to the Secretary of State for the proper administration within his or her county of the state laws, rules and regulations related to election procedures.

The general mandate of election law is to maintain the integrity of the election process and to always protect the rights of the people as provided for in the constitution and laws of the state of North Dakota. The relatively small revenues generated by this division are primarily derived from filing fees assessed for reports, registrations, and for copies of the public records.

As supervisory, the Secretary of State has the power to examine upon his or her request, or the request of any election official, any election ballot or other material, machine, or device used in connection with any election for determining compliance with the law.

The following is a partial list of duties for the Secretary of State administering election law:

1. Develop and implement training programs for all election officials in the state.
2. Prepare information for voters on voting procedures.
3. Publish and distribute an election calendar, a manual on election procedures, and a map of all legislative districts.
4. Convene a state election conference of county auditors at the beginning of each election year and whenever deemed necessary by the Secretary of State to discuss uniform implementations of state election policies.
5. Prescribe the form of all ballots and the form and wording of ballots on state referendum questions, issues, and constitutional amendments.
6. Investigate or cause to be investigated the nonperformance of duties or violations of election laws by election officers.
7. Require such reports from county auditors on election matters as deemed necessary.
8. Convene the state canvassing board and certify results of statewide elections.
9. Prepare and publish reports whenever deemed necessary on the conduct and costs of voting in the state, including a tabulation of election returns and such other information and statistics as deemed appropriate.
10. Establish standards for voting precincts and polling locations, numbering precincts, precinct maps, maintaining and updating poll books, and forms and supplies, including but not limited to, ballots, poll books, and reports.
11. Prescribe the order in which each political subdivision will appear on an election ballot.
12. Certify to the county auditors the names of state, district, and county officials to be nominated or elected in the primary, general, or special elections.
13. Receive and file on behalf of candidates for state and congressional positions their nominating petitions, certificates of nomination or certificates of endorsement.
14. Provide certificates of nomination and certificates of election.
15. File oaths of office for state, judicial, and legislative office holders.
16. Examine and certify for use the voting system or counting machines authorized by law.
17. File campaign finance disclosure reports for state, legislative, and district candidates, political action committees, political parties, and measures committees.
18. File oaths of office and statements of interest for the appointees of the Governor.
19. Provide public access to federal election reports of candidates for President of the United States and for congressional office.
20. Create and maintain, in conjunction with the county auditors, North Dakota's Central Voter File.

### **Help America Vote Act of 2002 (HAVA)**

In October 2002, the President signed the Help America Votes Act of 2002 (HAVA) into law. As a result and in order to reflect the needed changes in North Dakota law, the 2003 Legislative Assembly passed Senate Bill 2409 (2003 Session Laws, Chapter 2409). Updates and changes subsequently were made in various additional bills respectively adopted by the 2005 and 2007 Legislative Assemblies.

The first grant of \$5,000,000 under HAVA was received in April 2003. This was a direct grant to the state without a requirement for a state match. In July 2004, the state received a second grant of \$4,150,000 and in May 2005, the state received a third grant of \$7,446,803. The last two grants required verification of a 5% state match before the federal payments were disbursed.

The match for the second grant was split 50/50 between the county and the state. The state's share was appropriated from unspent funds from the Secretary of State's 2001/2003 general fund appropriation. The match for the third grant consisted of a \$257,970 in-kind contribution approved by the Election Assistance Commission for the state's expenditures towards the Secretary of State's Election Management System with the remaining portion paid by the counties.

At the end of the biennium, Congress has not yet appropriated the last grant due to the states according to the HAVA legislation.

During the 2005/2007 biennium, the Secretary of State and a committee comprised of individuals from political subdivisions, advocates from the disabilities communities, political parties, and other interested groups continued to implement the comprehensive state plan required by HAVA for the improvement of elections in the state of North Dakota. The federal funding received was used to finalize the purchase of new voting equipment for every polling location, develop educational materials for voters, election administrators, and poll workers, improve the accessibility of polling locations, and develop common procedures for election administration across the state. Additionally, a portion of the federal funds was used to develop the Central Voter File (N.D.C.C. Chapter 16.1-02), which is a component of the Election Administration System created to standardize election administration across the state. The deposited funds remaining in the federally mandated election fund (HAVA -107th Congress, Public Law 107-252, Section 245(b)) will be used to supplement the cost of elections in future years. Interest generated by the deposited funds is allowed to remain in the election fund for such purposes.

Information about HAVA is available on the Internet at [www.nd.gov/hava/](http://www.nd.gov/hava/).

### **Initiative and Referendum**

Article III, Section 1, of the North Dakota Constitution states the legislative power of this state shall be vested in a legislative assembly consisting of a Senate and a House of Representatives. The people, however, reserve the power to propose and enact laws and constitutional changes/amendments by the initiative, to approve or reject legislative acts, or parts thereof, by the referendum, and to recall certain elected officials. Laws may be enacted to facilitate and safeguard, but not to hamper, restrict, or impair these powers.

Sections 2 through 6 of Article III provide instructions to the Secretary of State regarding the initiative and referendum process. A pamphlet entitled *Initiating or Referring Law in North Dakota* published by the Secretary of State is available upon request.

Since statehood in 1889 and through the 2006 election cycle, North Dakota's voters have voted on 479 measures placed on the ballot for their consideration. These have included constitutional measures placed by legislative action, initiated constitutional measures, initiated statutory measures, and referred measures.

The majority of measures (231) appearing on the ballot since statehood were constitutional amendments placed there by legislative action. Through the date of this report, the voters have been in favor of 132 (57%) of the measures and have disapproved of 99 (43%) of them.

The second highest in number (132) have been initiated statutory measures placed on the ballot through the circulation of petitions by a sponsoring committee. As of November 2006, the voters had approved 55 (42%) of the measures and had rejected 77 (58%) of them.

Sponsoring committees have been successful in placing 43 initiated constitutional measures on the ballot. As of November 2006, the voters had approved 25 (58%) of them and denied 18 (42%) of them.

The actions of the Legislative Assembly have been referred to a vote of the people 74 times. As of November 2006, the voters rejected legislative action 47 (63%) times and upheld legislative decisions 27 (37%) times.

As the result of the recommendations of the 1972 Constitutional Convention, a special election was held on April 28, 1972, to consider the adoption of a new state constitution. There was a main "proposition" listed on the ballot to adopt the constitution and four alternative propositions if the proposed constitution was approved. However, it was defeated by a vote of 107,643 (63%) to 64,073 (37%).

The following measures were placed on the ballot by the 2005 legislative assembly and voted on during the 2006 election cycle.

Constitutional Amendment

Related to: Definition of militia

SCR 4012 filed with Secretary of State: April 7, 2005

Placed on June 13, 2006, ballot as Constitutional Measure No. 1

The voters approved the measure 72,581 (73.4%) to 26,353 (26.6%).

Constitutional Amendment

Related to: Regulation of corporations and business corporations

HCR 3055 filed with Secretary of State: April 11, 2005

Placed on June 13, 2006, ballot as Constitutional Measure No. 2

The voters approved the measure 70,617 (73%) to 23,812 (27%).

Constitutional Amendment

Related to: Distribution from and management of common schools trust fund and other educational or charitable institution trust funds

HCR 3037 filed with Secretary of State: April 7, 2005

Placed on November 7, 2006, ballot as Constitutional Measure No. 1

The voters approved the measure 128,800 (67.2%) to 62,772 (32.8%)

During the 2005/2007 biennium, Sponsoring Committees submitted and received approval to circulate the following initiated constitutional and statutory measures:

Initiated Constitutional Measure

Relating to: The taking of private property for public use

Petition approved for circulation: September 23, 2005

Signature Submission Date: August 8, 2006, with required number of signatures

Placed on November 7, 2006, ballot as Constitutional Measure No. 2

Voters approved the measure 137,660 (67.5%) to 66,302 (32.5%).

Initiated Statutory Measure

Relating to: Child support and custody

Petition approved for circulation: March 1, 2006

Signature Submission Date: August 8, 2006, with required number of signatures

Placed on ballot for November 7, 2006, election as Statutory Measure No. 3

Voters rejected the measure 118,048 (56.4%) to 91,225 (43.6%).

Number of Statewide Elections and Voter Turnout

During the biennium, there were two statewide elections. The first one, often referred to as the primary election, was held on June 13, 2006, with 565 precincts and a voter turnout of 22.47%. The second one was the general election held on November 7, 2006, with 567 precincts and a voter turnout of 44.5%.

The total cost for conducting the two statewide elections in 2006 was approximately \$1,703,316.

**Statewide Election (June Primary) – June 13, 2006**

Although it is the "final" election for city positions, measures, and often school board positions, the election held in June is commonly known as the Primary election. Appearing on the ballot were a number of offices representing various levels of national, congressional, statewide, district, county, and local government. They were:

**Federal**

United States Senator	6-year term
Representative in Congress	2-year term

**State Party Offices**

Secretary of State	4-year term
Attorney General	4-year term
Agriculture Commissioner	4-year term
Tax Commissioner	4-year term
Public Service Commissioner	6-year term

**Statewide No Party Offices**

Justice of the Supreme Court	10-year term
Judges of the District Courts	6-year term

**Legislative Offices**

48 seats in the ND House of Representatives (odd numbered districts)	4-year term
24 seats in the ND Senate (odd numbered districts)	4-year term

**County and Multi-County Districts**

County Commissioners	4-year term
Directors, Southwest Water Authorities	4-year term
Directors, Garrison Diversion Conservancy Districts	4-year term

**City**

Positions varied depending on form of governance.

In the June election, there were two measures on the ballot. Both measures were placed on the ballot by legislative action approved during the 2005 Legislative Session.

<b><u>TITLE OF MEASURE</u></b>	<b><u>RESULT</u></b>	<b><u>YES</u></b>	<b><u>NO</u></b>
<b>Constitutional Measure No. 1 (SCR 4012)</b>	<b>Approved</b>	<b>72,581</b>	<b>26,353</b>
This measure pertained to the definition of the state militia. (2005 Session Laws, Chapter 622)			
<b>Constitutional Measure No. 2 (HCR 3055)</b>	<b>Approved</b>	<b>70,617</b>	<b>26,005</b>
This measure pertained to the regulation of corporations and business corporations. (2005 Session Laws, Chapter 623)			

**Statewide Election (General Election) – November 7, 2006**

Appearing on the November General Election ballot were several offices representing various levels of federal, statewide, district, county, and local government. They were:

**Federal**

United States Senator	6-year term
Representative in Congress	2-year term

**State Party Offices**

Secretary of State	4-year term
Attorney General	4-year term

Agriculture Commissioner  
Tax Commissioner  
Public Service Commissioner

4-year term  
4-year term  
6-year term

**Statewide No Party Offices**

Justice of the Supreme Court  
Judges of the District Courts

10-year term  
6-year term

**Legislative Offices**

48 seats in the ND House of Representatives (odd numbered districts)  
24 seats in the ND Senate (odd numbered districts)

4-year term  
4-year term

**County and Multi-County Districts**

County Commissioners  
Supervisor, Soil Conservation District  
Directors, Garrison Diversion Conservancy Districts

4-year term  
6-year term  
4-year term

In the general election, North Dakota voters voted on three ballot measures. One was placed on the ballot by the 2005 Legislative Assembly and two were placed on the ballot by initiated action (see previous Initiative and Referendum section). The measures and the results of the vote are summarized as follows:

<u>TITLE OF MEASURE</u>	<u>RESULT</u>	<u>YES</u>	<u>NO</u>
<b>Constitutional Measure No. 1</b> This measure pertained to the distribution from and management of common schools trust fund and other education or charitable institution trust funds. (2005 Session Laws, Chapter 624)	<b>Approved</b>	<b>128,800</b>	<b>62,772</b>
<b>Initiated Constitutional Measure No. 2</b> This initiated measure pertained to the taking of private property for public use.	<b>Approved</b>	<b>137,660</b>	<b>66,302</b>
<b>Initiated Statutory Measure No. 3</b> This initiated measure pertained to child support and custody.	<b>Rejected</b>	<b>91,225</b>	<b>118,048</b>

**Election Results and Reports**

Beginning with the 2000 election cycles through the 2006 election cycles, county-by-county election results have been made available in the Elections section of the Secretary of State's website at [www.nd.gov/sos](http://www.nd.gov/sos). County-by-county precinct election results for 2004 through 2006 are available from the Elections Unit of the Secretary of State's Office. For precinct election results prior to 2004, the information is available from the County Auditors in each of the state's fifty-three counties.

Printed copies of the Secretary of State's election abstract of votes dating back to the early 1900s are available at no cost. Copies of the official original abstracts of votes, with the signature of the members of the State Canvassing Board, are available for \$1 for every four pages or fraction thereof.

All of the various records and filings of the Elections Unit are considered public information. Copies of these records are available at a cost of \$1 for every four pages or fraction thereof. They may include but are not limited to Oaths of Office; Statements of Interest; Certificates of Endorsement; Petition/Certificates of Nomination; Affidavits of Candidacy; Certificates of Write-in Candidacy; Political Committee Registrations; Campaign Contribution Statements of Candidate, Political Parties, District Political Committees, Measure Committees; and filings and disclosure reports of federal candidates and various committees including Political Action Committees (PAC).

### **Campaign Finance Disclosure Reports**

Beginning in 2001, copies of the campaign finance disclosure reports filed by political parties, statewide candidates (except federal), legislative candidates, district judicial candidates, political action committees, and measure committees are available on the agency's website at [www.nd.gov/sos/campfinance/](http://www.nd.gov/sos/campfinance/)

### **Election Statistics**

In Chapter 13 (D) of this report, there is a listing of the statewide elections held since 1980 along with the voter turnout, number of precincts, and expenses.

## **Chapter Eleven**

### **Legislation Adopted by 2007 Legislative Assembly**

#### **General Office – Appropriations**

**Senate Bill 2002** (2007 Session Laws, Chapter 29) – Agency Appropriation

**House Bill 1014, Section 30** (2007 Session Laws, Chapter 14, page 55)

- Corrective reduction to agency budget related to retiree health credits

**House Bill 1018, Section 18** (2007 Session Laws, Chapter 18, pages 71 and 72)

- Appropriation for Business Development Engine Information Technology Project

**House Bill 1340** (2007 Session Laws, Chapter 101, page 517)

- Authorizes the depositing into the agency's general services fund ten percent of the fees received for filing records of a publicly traded corporation under Chapter 10-35 of the Century Code

**Senate Bill 2036** (2007 Session Laws, Chapter 384, page 1428)

- Authorizes the depositing into the agency's general services fund the fees received related to Professional Employer Organizations under Chapter 43-55 of the Century Code

#### **Administrative/Licensing Division**

**House Bill 1201** (2007 Session Laws, Chapter 445)

- Related to State Athletic Commissioner: Provided authorization to collect a fee not exceeding 3 per cent of the gross revenue generated from boxing and mixed fighting styles events

**Senate Bill 2158** (2007 Session Laws, Chapter 359)

- Related to Contractors: Made changes to Chapter 43-07 of the Century Code pertaining to licensing and adopted enhanced provisions for consumer protection

**Senate Bill 2196** (2007 Session Laws, Chapter 389)

- Related to Notary Publics: Made changes to Chapter 44-06 of the Century Code by clarifying procedures, adding certain prohibited acts and placing disciplinary proceeding in one section

#### **Central Indexing Division**

**House Bill 1304** (2007 Session Laws, Chapter 298, effective July 1, 2007)

- Relating to certain lien and secured transaction filing fees: Clarification of fees charged by the filing offices.

**Senate Bill 2285** (2007 Session Laws, Chapter 300, effective August 1, 2007)

- Relating to notification of debtor of agricultural processor's lien: Added that the filing office shall reject a verified statement unless proof of mailing of notification of the lien to the debtor's last-known address by registered or certified mail with return receipt requested is filed with the statement.

**Senate Bill 2350** (2007 Session Laws, Chapter 355, effective August 1, 2007)

- Relating to filing fraudulent and harassing financing statement records and to provide a penalty



## **Business Registration/Information Division**

### **House Bill 1241** (2007 Session Laws, Chapter 101, effective July 1, 2007)

- House Bill 1241 amended numerous sections of law related to various business entity chapters of the North Dakota Century Code, including the Business Corporation Act in Chapter 10-19.1, the Limited Liability Company Act in Chapter 10-32, the Nonprofit Corporation Act in Chapter 10-33, the North Dakota Uniform Limited Partnership Act in Chapter 45-10.2, Partnerships in General in Chapter 45-13, Limited Liability Partnerships in Chapter 45-22, and Limited Liability Limited Partnerships in Chapter 45-23. While some changes were unique to specific chapters, many of the changes were uniformly adopted in the identified chapters.

The changes to multiple specified chapters include:

- Except for the Nonprofit Corporation Act, definitions were changed or added to include the definitions of "acquiring organization", "articles", "class", "constituent organization", "distribution", "governing body", "originating records", "owners", "ownership interests", "parent", "related organization", "signed", "subsidiary", and "surviving organization"
- A provision was added relating to the reservation of legislative right to amend or repeal provisions of the acts and subjecting any entity created or governed by the act
- Removed all provisions in the specified chapters related to article XII of the Constitution of North Dakota since that constitutional article was repealed in the June, 2006 primary election.
- Except for the Nonprofit Corporation Act, enabled mergers, exchanges, and transfers between any organizations

The changes specific to the Business Corporation Act, Chapter 10-19.1, include:

- N.D.C.C. § 10-19.1-00.1, established the official title of the chapter as the "North Dakota Business Corporation Act"
- N.D.C.C., § 10-19.1-10, enabled a committee to create a subcommittee and delegate any or all of its authority to the subcommittee; made technical corrections to the content of the articles of incorporation; provided that articles of incorporation may be dependent upon facts ascertainable outside of the articles incorporated by referenced documents maintained in the corporate office
- N.D.C.C., § 10-19.1-13, created subsection 10 providing that an amendment which only changes the corporation's name need not be submitted to the shareholders for approval
- N.D.C.C., § 10-19.1-41 changed the procedure for the non-judicial removal of directors and makes clear that a director may be removed with or without cause by the affirmative vote of the majority of the voting power of all shares entitled to vote at an election for directors unless, in the case of a corporation with cumulative voting, there are sufficient votes cast against the removal of the director as required to have elected the director at an election of the entire board under cumulative voting
- A new subsection to N.D.C.C. § 10-19.1-48 enabled a committee to create a subcommittee and delegate any or all of its authority to the subcommittee
- N.D.C.C., § 10-19.1-63, subsection 4 provided that all shares issued are non-assessable unless assessable shares are issued with the unanimous consent of all shareholders.
- N.D.C.C., § 10-19.1-75, subsection 1 enabled a corporation to submit a matter to its shareholders whether or not the board believes the matter to be advisable
- N.D.C.C., § 10-19.1-139.1 provided a new provision for a foreign corporation authorized to transact business within North Dakota to record a conversion transaction with the Secretary of State
- Changes to N.D.C.C., § 10-19.1-146, repealed the financial disclosures on annual reports filed by domestic and foreign corporations
- Changes to N.D.C.C., § 10-19.1-147 standardized the fee to incorporate at \$90; standardized the fee for a foreign corporation certificate of authority at \$135; eliminated the license fees formerly collected from domestic and foreign corporations

The changes specific to the Limited Liability Company Act, Chapter 10-32, include:

- N.D.C.C., § 10-32-07, enabled a committee to create a subcommittee and delegate any or all of its authority to the subcommittee; made technical corrections to the content of the articles of organization; provided that articles of organization may be dependent upon facts ascertainable outside of the articles of organization and incorporated by reference documents maintained in the corporate office
- N.D.C.C., § 10-32-10, created subsection 9 providing that an amendment which only changes the limited liability company's name need not be submitted to the members for approval
- Added N.D.C.C., § 10-32-42.1 enabling a limited liability company to submit a matter to its members whether or not the board believes the matter to be advisable
- A new subsection to N.D.C.C. § 10-32-85 enabled a committee to create a subcommittee and delegate any or all of its authority to the subcommittee
- Provided that a disposition of substantially all of the property of a limited liability company is not considered to be a merger or defacto merger and that the transferee is not solely liable because it is deemed to be a continuation of the transferor

The changes specific to the Nonprofit Corporation Act, Chapter 10-33, include:

- N.D.C.C. § 10-33-01, subsection 35, changed the definition of subsidiary.
- In N.D.C.C. § 10-33-06:
  - Repealed obsolete text in subsection 2 related to cumulative voting.
  - Added text related to creation of committees and subcommittees in subsection 3
  - In subsection 9, added a new provision allowing the articles of incorporation to be dependent upon facts ascertainable outside of the articles; and to incorporate by reference agreements which copies are maintained in the corporate office.
- In N.D.C.C. § 10-33-10, provided that an amendment to the articles of incorporation, which only changes the corporate name, may be authorized by the board of directors without the approval of the members.
- In N.D.C.C. § 10-33-44, clarified that written action by the members requires at least a majority vote of the voting power entitled to vote on the matter in question.

The changes specific to the Uniform Limited Partnership Act, Chapter 45-10.2, include:

- N.D.C.C., § 45-10.2-27, subsection 1 exempted the annual report as a document requiring filing acknowledgement by the Secretary of State
- N.D.C.C., § 45-10.2-81, enabled the amendment of a foreign limited partnership certificate of authority with the signature of at least one general partner

The changes specific to Limited Liability Partnerships, Chapter 45-22, include:

- N.D.C.C. § 45-22-22, subsection 2, reduced the fee for a certificate certifying a copy or reciting facts from \$20 to \$15

**House Bill 1340** (2007 Session Laws, Chapter 102, effective July 1, 2007)

Established N.D.C.C., chapter 10-35 that affects only publicly traded corporations that choose to be affected

- Exempted existing corporations that publicly-trade their shares and are created under N.D.C.C., chapter 10-10.1
- Provided a new model of corporate governance
- Established terms of directors
- Provided provisions for the election of directors
- Gave qualified shareholders the right to nominate candidates as directors and have the nominations included in the corporation's proxy statement

- Provided reimbursement of expenses to a shareholder for the expenses incurred to conduct a proxy contest for the election of directors to the extent the shareholder is successful
- Included provisions related to regular and special meetings of shareholders
- Provided restrictions on poison pills
- Provided anti-takeover provisions
- Established annual reporting requirements and franchise fees

**House Bill 1369** (2007 Session Laws, Chapter 81, effective March 23, 2007)

- House Bill 1369 enabled a general business entity to use the word "bank" or "trust", or words of like import, in their business name if the entity acquires written consent from the Department of Financial Institutions.

**House Bill 1452** (2007 Session Laws, Chapter 288, effective August 1, 2007)

- Limited the liability of a charitable organization for money damages for a personal injury or property damage.
- Defined terms related to liability issues.

**Senate Bill 2036** (2007 Session Laws, Chapter 384, effective October 1, 2007)

The 60th Legislative Assembly of North Dakota passed legislation that requires professional employer organizations to obtain a license from the Secretary of State. The bill is summarized as follows:

- Provides definitions and general requirements related to professional employer organizations
- Defines the rights, duties and obligations under an employer agreement
- Establishes the licensing requirement
- Provides that a financial statement verified by a certified public accountant be submitted with a license application and be verified no more than 180 days prior to the submission of the application to the Secretary of State
- Requires that the financial statement clearly define the working capital of the professional employer organization.
- Requires submission of a \$100,000 surety bond to the Secretary of State by a professional employer organization seeking a license and that does not have a minimum working capital of \$100,000
- Provides a complaint process, disciplinary actions and penalties

**Senate Bill 2153** (2007 Session Laws, Chapter 99, effective July 1, 2008)

- Removed specific registered agent provisions from chapters of the North Dakota Century Code related to entity formation and governance. The related provisions were consolidated into a new chapter, 10-01.1, of the Century Code titled the North Dakota Registered Agents Act.
- Allowed registered agents to represent their clients in the same manner as they do under current law.
- Allowed for the optional registration of a commercial registered agent serving as a registered agent for numerous entities in North Dakota. When doing so, the name and address of the commercial registered agent is consistently on record for all entities represented by them. If the commercial registered agent moves or undergoes a change of name, a single filing of that change will update the registered agent records for all of the clients they represent.
- Established the duties of a registered agent.
- Enabled entities without a registration requirement with the Secretary of State to voluntarily name a registered agent and establish a public record with the Secretary of State. Examples of these entities are trusts or unincorporated nonprofit organizations.
- Eliminated the filing requirement of the consent of registered agent.

## **Elections Division**

### **House Bill 1374 – Recounts** (2007 Session Laws, Chapter 203)

- Secretary of State to develop the guidelines for recount procedures and this bill replaced the clerk of district court with county recorder on the recount board.

### **House Bill 1375 – Campaign Finance** (2007 Session Laws, Chapter 194)

- Expanded the “public office” definition to cover all persons elected to office by vote, required a political party convention revenue and expense statement, and expanded political committee registration requirements.

### **House Bill 1376 – Corrupt Election Practices** (2007 Session Laws, Chapter 196)

- Added websites to the list of mediums barred from use for false information and prohibited gathering initiated measure signatures at a polling site.

### **House Bill 1377 – Canvassing Elections** (2007 Session Laws, Chapter 202)

- Replaced clerk of district court with county recorder as keeper of ballots following election and updated process for submitting certified abstract of votes to the Secretary of State.

### **House Bill 1378 – Polling Places** (2007 Session Laws, Chapter 188)

- Authorized counties to use vote centers.

### **House Bill 1379 – Write-In Votes** (2007 Session Laws, Chapter 199)

- Replaced clerk of district court with county recorder as keeper of ballots for recounts.

### **House Bill 1380 – General Procedures for Elections** (2007 Session Laws, Chapter 186)

- Increased filing deadlines for special elections, allowed counties to transfer voter records through the central voter file, and provided for a prescribed petition form.

### **House Bill 1381 – County Offices** (2007 Session Laws, Chapter 104)

- Set a single date as start of term of office.

### **House Bill 1382 – County Filing Date** (2007 Session Laws, Chapter 56)

- Increased filing deadlines.

### **House Bill 1383 – School District Election Precincts** (2007 Session Laws, Chapter 170)

- Removed cap on precinct population.

### **House Bill 1499 – 527 Organizations** (2007 Session Laws, Chapter 193)

- Created a campaign finance reporting requirement for these organizations.

### **Senate Bill 2194 – Recall in a Political Subdivision** (2007 Session Laws, Chapter 392)

- Extended the dates for recall elections.

**Senate Bill 2230 – Mail Ballot Elections** (2007 Session Laws, Chapter 198)

- Allowed counties to conduct all mail elections.

**Senate Bill 2231 – President Only Ballot** (2007 Session Laws, Chapter 201)

- Added telephone contact information to president only ballot affidavit.

**Senate Bill 2232 – Absentee Voting** (2007 Session Laws, Chapter 192)

- Standardized ballot preparation times for all elections, aligned state law with federal law for uniformed and overseas voters, and allowed early voting in a public facility with consent of county commission.

**Senate Bill 2233 – Voting Systems** (2007 Session Laws, Chapter 190)

- Updated ballot initialing process, removed townships from the electronic voting authorization, and reduced the number of postings required in a polling site.

**Senate Bill 2234 – Primary Elections** (2007 Session Laws, Chapter 197)

- Clarified ballot names, added telephone contact information, added a statement of understanding qualifications by candidates, and allowed electronic poll books.

**Senate Bill 2235 – Voting System Security** (2007 Session Laws, Chapter 191)

- Provided for a test of the voting system following an election.

**Senate Bill 2236 – Municipal Elections** (2007 Session Laws, Chapter 350)

- Disallowed simultaneous candidacy for city president/mayor position and council/commission positions, and extended filing deadlines for municipal elections.

**Senate Bill 2237 – Central Voter File** (2007 Session Laws, Chapter 187)

- Changed designation of protected files in central voter file and refined information required in poll books.

**Senate Bill 2238 – Election Officers** (2007 Session Laws, Chapter 189)

- Allowed counties to hire election clerks based on their technical skills.

**Senate Bill 2239 – General Election Provisions** (2007 Session Laws, Chapter 200)

- Removed requirement for voter to disclose disability when requesting assistance.

## **Chapter Twelve**

### **Public Printing**

Public printing relates to publishing the hardbound copies of the North Dakota Century Code (N.D.C.C.) and the state's constitution; N.D.C.C. replacement volumes; N.D.C.C. supplements; the laws of North Dakota as passed by each legislative assembly (commonly known as session laws); the North Dakota Administrative Code and its monthly supplements; the bound copies of the House and Senate journals; binding one set of the enrolled copies of the bills passed by each Legislative Assembly, and a limited number of other publications.

Early in the state's history, the Secretary of State had a very active role as it related to these publications. However, since the establishment in 1945 of the predecessor to today's Legislative Council, the role of the Secretary of State has evolved to that of a distributor of these publications. Now, according to various provisions of Chapter 46-03 of the North Dakota Century Code, the Legislative Council establishes the editorial content, specifications, and contractual arrangements for most of these publications. Nevertheless, even with the Secretary of State's minimal involvement with the contractual process, the legislature appropriates the funding for Public Printing expenditures to the Secretary of State's budget from which they are paid.

In fulfilling the distribution duties provided in state law, the Secretary of State distributes, without cost, the various Public Printing publications to the state's constitutional officers, justices of the supreme court, judges of district courts, state departments, state boards, state agencies, officers of the legislative assembly, county officers, libraries, and schools as directed. Some of the publications are sold to federally funded agencies and direct to the public. Still other copies of the publications are used primarily for archival purposes.

Historically, the appropriation for Public Printing was included in a separate subdivision of the Secretary of State's budget having its own identity. However, beginning with the 1991-1993 biennium, the Legislative Assembly included Public Printing in the Secretary of State's general fund appropriation also used for the agency's general office operations. Unfortunately, the inclusion proved to be very misleading in any analysis of the Secretary of State's budget because it intertwined those portions of the appropriation over which the Secretary of State had direct control for the operations of the agency and those portions of the budget (public printing) where the Secretary of State had very limited control in how the funds were spent.

Fortunately, the 1995 Legislative Assembly acknowledged and recognized the problem. Therefore, beginning again with the 1995-1997 biennium, the Legislative Assembly once again provided Public Printing with its own distinct subdivision within the Secretary of State's budget. Accordingly, the appropriation for Public Printing in this biennial report (Chapter 6 (A)) is separated from those line items that relate directly to the agency's office operations, which are under the direct control of the Secretary of State.

Due to the fact that the Legislative Assembly meets in the last quarter of the biennium and because of the resulting publishing deadlines, a sizeable portion of the funds appropriated for Public Printing are expended during the first quarter of the biennium immediately following the one in which the laws were originated.

## **Chapter Thirteen (A) (Part 1)**

### **Administration/Licensing Division**

#### **Biennial Statistics**

##### **ADMINISTRATIVE**

###### **Legislative Bills and Resolutions Filed during Biennium**

House Bills.....	303
House Concurrent Resolutions .....	44
House Bills Filed with Line Veto .....	1
House Memorial Resolutions .....	1
Senate Bills.....	264
Senate Concurrent Resolutions .....	33
Senate Memorial Resolutions .....	1
Senate Bills Filed with Line Veto .....	1

##### **LICENSING**

###### **Contractor licenses**

Class A new licenses issued .....	725
Class B new licenses issued .....	320
Class C new licenses issued .....	294
Class D new licenses issued .....	1,079
Total Licenses (effective on June 30, 2007) .....	7,011
Class A Renewals .....	4,632
Class B Renewals .....	1,173
Class C Renewals .....	1,371
Class D Renewals .....	4,893
Class A Penalty .....	448
Class B Penalty .....	133
Class C Penalty .....	151
Class D Penalty .....	675

###### **Lobbyists**

Registered 2005/2006 .....	166
Registered 2006/2007 .....	661

###### **Athletic Commission Licenses (issued)**

Timekeepers.....	7
Professional Boxers .....	62
Referees.....	9
Judges.....	14
Corner Persons .....	74
Promoter.....	7
Managers.....	1

###### **Mixed Martial Arts Licenses (issued)**

Timekeepers .....	4
Professional Boxers .....	114
Referees.....	10
Judges.....	18
Corner Persons .....	168
Promoter .....	2
Managers .....	4

###### **Charitable Solicitation**

Organizations (licensed).....	1,083
Professional Fund-raisers (licensed).....	207

Home Inspector (issued)	
New Licenses .....	42
Renewals .....	50
Notary Commissions (issued) .....	4,376
Total Commissions (effective on June 30, 2007) .....	12,168
Notary Name Changes .....	196
Notary Certifications Issued .....	1,292
Apostille (issued) .....	1,185
Governor's Official Acts (filed) .....	675



# Chapter Thirteen (A) (Part 2)

## Administrative/Licensing Division

### Seven Biennial Histories

	1995	1997	1999	2001	2003	2005	2007
<b><u>ADMINISTRATIVE</u></b>							
Legislative Actions							
House Bills.....	284	282	278	297	288	344	303
House Concurrent Resolutions	29	39	58	51	58	40	44
House Resolutions .....	0	0	0	2	0	0	0
House Memorial Resolutions .	1	0	1	1	1	1	1
Senate Bills.....	322	252	284	297	286	225	264
Senate Concurrent Resolutions	59	54	50	41	27	31	33
Senate Resolutions .....	0	0	0	0	0	0	0
Senate Memorial Resolutions	1	0	1	1	1	1	1
<b><u>LICENSING</u></b>							
Contractors *							
Class A .....	338	475	551	432	484	541	725
Class B .....	148	272	270	216	196	294	320
Class C .....	156	242	246	232	202	303	294
Class D .....	666	1,009	884	807	1,069	1,081	1,079
* These totals only represent the number of new contractor licenses issued during the biennium.							
Licenses (in effective June 30) .....	4,701	5,238	5,420	5,327	5,587	6,557	7,011
Lobbyists (for biennium).....	783	856	840	873	903	897	827
Athletic Commission .....	317	161	262	193	154	282	174
Charitable Solicitations .....	559	557	936	772	914	893	1,083
Professional Fund-raisers .....	81	102	157	197	232	228	207
Notary Commissions.....	3,823	3,831	4,082	3,954	3,968	4,151	4,376
Total.....	10,419	11,136	11,541	11,211	11,839	12,011	12,168
Name Changes.....	98	106	118	123	158	191	196
Notary Certificates .....	107	180	236	414	668	885	1,292
Apostille (issued).....	70	172	243	589	805	1,448	1,185
Governor's Official Acts (filed) .....	653	573	540	512	502	436	675

**Chapter Thirteen (B) (Part 1)**  
**Central Indexing System Division**

**Biennial Statistics**

Uniform Commercial Code and Central Notice System

**CENTRAL INDEXING SYSTEM (CIS)**

Original Filings .....	57,414
Associated Filings .....	25,325
Terminated Filings .....	39,289
Direct Filings .....	10,606
Searches (Total) .....	43,607
Direct Access Searches .....	31,771

Total Filings in CIS as of June 30, 2007..... 286,307

**Net Transactions with Secretary of State**

Original Filings .....	23,154
Associated Filings .....	8,751
Terminations .....	12,301
Direct Filings .....	4,211
Searches (Total) .....	7,913
Direct Access Searches .....	1,645

**Net Transaction with County Recorders**

Original Filings .....	34,260
Associated Filings .....	16,574
Terminations .....	26,988
Direct Filings .....	6,395
Searches (Total) .....	35,694
Direct Access Searches .....	30,126

**FARM PRODUCT SUBSCRIBERS**

Microfiche Lists .....	34
Compact Discs .....	251
Total Subscribers .....	285

**STATISTICAL ANALYSIS BY TYPES OF FILINGS**

**CENTRAL INDEXING SYSTEM**

Uniform Commercial Code (UCC) .....	63,986
Central Notice System (CNS) .....	943
Combined UCC/CNS .....	12,273
Statutory Lien/Notices .....	4,980
Federal Liens .....	2,228
State Tax Liens .....	5,223
Total Filings .....	89,633

**Net Filings with Secretary of State**

Uniform Commercial Code (UCC) .....	29,635
Central Notice System (CNS) .....	775
Combine UCC/CNS .....	1,134
Statutory Lien/Notices .....	1,368
Federal Liens .....	356
Total Filings .....	33,268

**Net Filings with County Recorders**

Uniform Commercial Code (UCC) .....	34,351
Central Notice System (CNS) .....	168
Combined UCC/CNS .....	11,139
Statutory Lien/Notices .....	3,612
Federal Liens .....	1,872
Total Filings .....	51,142

**Chapter Thirteen (B) (Part 2)**

**Central Indexing System**

**Seven Biennial Histories**

Uniform Commercial Code and Central Notice System

(Biennial history represents only the documents filed with the Secretary of State.)

	1995	1997	1999	2001	2003	2005	2007
Uniform Commercial Code Filings (UCC)	21,204	21,320	20,920	21,833	29,332	33,204	29,635
Central Notice System Filings (CNS)	2,635	1,911	916	1,355	649	466	775
Combined UCC/CNS Filings	1,823	2,069	2,148	1,736	1,787	1,517	1,134
Statutory Lien/Notices	912	1,357	1,622	941	1,271	1,470	1,368
Federal Liens	276	250	198	154	167	225	356
State Tax Liens		5,878	3,328	3,265	3,693	6,323	5,223

**Chapter Thirteen (C) (Part 1)**  
**Business Registration/Information Division**  
**Biennial Statistics**

(Totals in effect on June 30, 2007)

**Domestic Corporations**

Profit Corporations.....	13,211
Cooperatives (reporting).....	356
Nonprofit Corporations .....	5,804
Churches .....	1,372
Banks.....	82
Credit Unions.....	36
Professional Corporations .....	876
Farm Corporations.....	703

**Foreign Corporations**

Profit Corporations.....	11,903
Cooperatives.....	70
Nonprofit .....	1,716
Professional Corporations .....	117

**Limited Liability Companies**

Domestic.....	4,833
Domestic Professional.....	65
Domestic Farm .....	94
Foreign.....	2,975
Foreign Professional.....	10

**Limited Liability Partnerships**

Domestic.....	2,092
Domestic Professional.....	25
Foreign.....	44
Foreign Professional.....	9

Limited Partnerships (Domestic & Foreign)..... 1,332

Limited Liability Limited Partnerships  
(Domestic and Foreign)..... 452

Fictitious Partnership Names .....

1,760

Trademarks .....

1,511

Trade Names .....

18,877

**Chapter Thirteen (C) (Part 2)**  
**Business Registration/Information Division**  
**Seven Biennial Histories**

	1995	1997	1999	2001	2003	2005	2007
<b>Domestic (in-state)</b>							
<b>Chartered Corporations</b>							
For Profit Corporations .....	10,734	10,871	11,623	11,675	12,284	12,849	13,211
New Registrations .....	1,858	1,702	1,745	1,773	1,788	2,033	1,832
Merged Out of Existence .....	58	65	55	53	63	61	92
Dissolved .....	1,165	1,185	1,334	1,380	1,411	1,399	1,420
Cooperatives .....	434	419	409	387	376	354	325
New Registrations .....	25	23	26	10	6	7	5
Merged Out of Existence .....	6	1	1	9	6	10	8
Dissolved .....	152	23	20	36	25	20	25
Nonprofit Corporations .....	8,735	8,989	9,418	* 5,180	5,610	5,721	5,795
New Registrations .....	418	345	396	385	387	394	399
Merged Out of Existence .....	3	4	10	6	2	1	9
Dissolved .....	25	31	36	3,789	770	289	334
Churches (nonprofit corps) ....	2,950	3,025	3,150	* 1,370	1,419	1,388	1,372
New Registrations .....	16	24	24	26	18	28	22
Merged Out of Existence .....	0	0	0	0	3	22	5
Dissolved .....	6	4	7	1,699	94	36	37

\* The drop in numbers in the nonprofit corporations and churches column for 2001 is the result of legislation which enabled the dissolution of abandoned nonprofit corporations.

State Banks .....	106	99	96	92	89	84	82
New Registrations .....	2	2	0	0	0	1	1
Merged Out of Existence .....	3	11	2	4	3	5	3
Dissolved .....	2	4	0	0	0	0	1
Credit Unions .....	48	47	46	42	40	39	36
New Registrations .....	0	0	0	0	0	0	0
Merged Out of Existence .....	2	1	1	3	2	1	4
Dissolved .....	0	0	0	1	0	0	0
Professional Corporations .....	552	569	646	698	756	825	876
New Registrations .....	80	90	98	101	122	120	107
Merged Out of Existence .....	1	0	2	2	0	0	0
Dissolved .....	40	53	41	48	59	50	56
Farm .....	499	557	602	623	665	688	703
New Registrations .....	119	88	41	52	69	56	35
Merged Out of Existence .....	0	0	0	0	0	0	0
Dissolved .....	18	15	20	29	26	30	21

**Foreign (out-of-state)**  
**Chartered Corporations**

For Profit Corporations .....	7,307	8,222	8,594	10,575	10,764	11,304	11,903
New Registrations .....	3,023	2,697	2,853	2,873	2,547	2,618	2,483
Merged Out of Existence .....	154	198	257	228	201	165	152
Withdrawn or Revoked ....	815	1,299	1,665	1,899	2,081	1,909	1,968

Cooperatives.....	45	48	61	67	73	71	70
New Registrations .....	10	10	11	12	13	5	8
Merged Out of Existence .....	0	0	1	1	0	0	2
Withdrawn or Revoked .....	1	4	2	2	9	6	8
Nonprofit Corporations.....	562	667	887	872	1,145	1,371	1,716
New Registrations .....	133	143	287	253	318	339	444
Merged Out of Existence .....	2	2	1	2	2	0	3
Withdrawn or Revoked .....	3	7	13	138	170	111	334

#### Limited Liability Companies (LLC)

Domestic (in-state) LLC .....	366	577	1,074	1,542	2,220	3,362	4,833
New Registrations .....	340	422	552	676	980	1,608	2,044
Merged Out of Existence .....	0	3	5	3	5	5	6
Dissolved .....	5	69	159	192	307	438	667
Retired by Conversion .....	0	0	0	0	0	0	2
Domestic Professional LLC ...	1	3	5	11	19	35	65
New Registrations .....	1	4	2	7	13	17	30
Merged Out of Existence .....	0	0	2	0	0	0	0
Dissolved .....	0	1	1	1	3	1	4
Domestic Farm LLC.....	12	19	33	49	60	76	94
New Registrations .....	14	12	14	19	14	21	21
Merged Out of Existence .....	0	0	0	0	0	0	0
Dissolved .....	0	15	1	1	7	6	5
Retired by Conversion .....	0	0	0	0	0	0	1
Foreign (out-of-state) LLC .....	62	144	519	939	1,497	2,049	2,975
New Registrations .....	63	172	373	588	780	959	1,288
Merged Out of Existence .....	0	0	1	7	13	18	32
Withdrawn or Revoked .....	1	23	64	146	222	374	410
Foreign Professional .....	0	0	0	1	4	9	10
(out-of-state) LLC							
New Registrations .....	0	0	0	1	5	5	2
Merged Out of Existence .....	0	0	0	0	0	0	0
Withdrawn or Revoked .....	0	0	0	0	0	1	3

#### Limited Liability Partnerships (LLP)

Domestic LLP .....	8	434	762	1,063	1,416	1,767	2,092
New Registrations .....	9	423	428	528	586	646	677
Merged Out of Existence .....	0	0	0	0	1	2	0
Dissolved/Cancelled .....	0	3	95	140	203	249	343
Domestic Professional LLP ...	4	15	15	15	20	20	25
New Registrations .....	4	13	9	5	4	2	7
Merged Out of Existence .....	0	0	0	0	0	0	0
Dissolved/Cancelled .....	0	0	6	6	2	2	2
Foreign LLP .....	1	7	24	29	49	42	44
New Registrations .....	1	6	22	15	14	27	66
Merged Out of Existence .....	0	0	0	0	0	0	1
Withdrawn or Revoked .....	0	0	3	6	6	10	17
Foreign Professional LLP .....	0	4	6	8	9	9	9
New Registrations .....	0	4	5	2	3	0	1
Merged Out of Existence .....	0	0	0	0	0	0	0
Withdrawn or Revoked .....	0	0	3	0	0	1	0

**Other  
Domestic and Foreign (out-of-state)**

Limited Partnerships .....	864	1,099	1,491	1,566	1,528	1,374	1,332
New Registrations.....	332	465	563	436	341	237	291
Merged Out of Existence .	0	0	5	1	2	3	4
Withdrawn or Revoked ....	56	140	281	227	360	385	239
Limited Liability Limited Partnerships	0	0	0	175	309	384	452
New Registrations.....	4	10	21	175	136	122	106
Merged Out of Existence .	0	0	0	0	0	0	0
Withdrawn or Revoked ....	0	0	0	1	19	84	47
Fictitious Partnership Names .	1,362	1,863	1,928	1,799	1,543	1,654	1,760
New Registrations.....	480	1,034	485	443	447	525	575
Cancelled/Expired.....	329	398	584	603	705	388	426
Trademarks .....	1,286	1,322	1,324	1,497	1,454	1,493	1,511
New Registrations.....	235	185	228	311	196	250	207
Cancelled/Expired.....	187	176	227	165	175	210	188
Trade Names .....	3,565	6,735	10,165	12,669	14,686	16,666	18,877
New Registrations.....	1,489	4,254	3,600	4,610	4,447	5,189	5,930
Cancelled/Expired.....	888	757	1,055	2,176	2,345	2,899	2,840

# Chapter Thirteen (D)

## Elections Division

### 1980-2006 Histories

YEAR	TYPE	NUMBER OF PRECINCTS	VOTES CAST	POPULATION OF STATE *	ELIGIBLE VOTERS	ABSENTEE VOTERS	PERCENT TURNOUT	ELECTION EXPENSES	COST PER VOTE
1980	P	1,239	139,594	652,717	462,760	NA	30	596,547	4.27
1980	G	1,235	314,525	652,717	462,760	NA	68	752,387	2.39
1982	P	1,229	103,875	670,000	461,700	NA	22	612,419	5.90
1982	G	1,232	272,876	675,000	461,700	NA	64	598,335	2.19
1984	P	1,191	99,230	675,000	470,500	2,684	21	612,329	6.17
1984	G	1,193	324,179	675,000	470,500	19,840	69	667,936	2.06
1986	P	1,166	133,465	684,900	464,100	3,353	29	642,904	4.82
1986	G	1,158	295,277	684,900	464,100	6,371	64	631,640	2.14
1987	S	1,121	123,539	684,900	484,100	1,440	26	359,159	2.91
1988	P	1,096	111,263	667,093	483,000	2,934	23	645,948	5.81
1988	G	1,090	309,100	667,093	483,000	23,508	64	676,336	2.19
1989	S	1,034	257,171	667,093	483,000	10,975	53	517,696	2.01
1990	P	975	133,911	638,800	463,415	NA	29	640,128	4.78
1990	G	991	240,301	638,800	463,415	NA	52	678,340	2.82
1992	P	804	146,867	636,800	463,415	6,810	32	717,090	4.88
1992	G	782	315,199	636,800	463,415	24,369	68	752,128	2.39
1992	S	782	164,165	636,800	461,500	12,986	35	393,988	2.40
1994	P	740	139,961	635,000	463,000	6,771	30	675,862	4.83
1994	G	739	241,255	635,000	463,000	14,857	52	633,877	2.63
1996	PP	53	72,530	641,000	473,000	NA	15	202,716	2.79
1996	P	705	123,131	641,000	473,000	5,926	26	951,580	7.73
1996	G	717	271,861	641,000	473,000	17,970	57	685,452	2.52
1998	P	700	991,576	641,000	474,896	4,315	21	696,188	7.02
1998	G	702	217,584	640,883	475,860	18,263	46	658,785	3.03
2000	P	693	94,306	633,666	473,574	5,102	20	851,473	9.02
2000	G	696	292,249	633,666	473,574	37,632	62	731,220	2.50
2002	P	663	128,519	642,200	481,351	8,194	27	774,285	8.87
2002	G	666	237,224	642,200	481,351	34,816	49	714,212	5.06
2004	P	604	92,209	633,837	487,010	6,019	19	786,146	8.53
2004	G	607	316,049	633,837	487,010	51,116	65	751,160	2.38
2006	P	565	111,325	634,366	495,411	8,702	22	826,998	11.55
2006	G	567	220,479	634,366	495,411	34,073	45	876,318	6.31

\* Population estimates calculated by the North Dakota Census Data Center

Key to Type: G = General Election P = Primary Election PP = Presidential Primary Election S = Special Election



## **Chapter Fourteen**

### ***Publications, Books and Pamphlets***

The following publications and laws are available from the office of the Secretary of State.

#### **Administrative/Licensing Division**

- Charitable Solicitation and Professional Fund-raiser Laws
- Contractor Licensing Laws
- Lobbyist Laws
- Notary Public Laws
- Home Inspectors
- 1989 Session Laws of North Dakota (\$38)
- 1991 Session Laws of North Dakota and Supplement (\$39)
- 1993 Session Laws of North Dakota (\$35)
- 1995 Session Laws of North Dakota (\$38)
- 1997 Session Laws of North Dakota (\$40)
- 1999 Session Laws of North Dakota (\$55)
- 2001 Session Laws of North Dakota (\$54)
- 2003 Session Laws of North Dakota (\$54)
- 2005 Session Laws of North Dakota (\$49)
- 2007 Session Laws of North Dakota (\$54)
- Administrative Code - complete set and Supplement (\$720)
- Administrative Code - Supplement (\$260)

#### **Business Division**

##### **Pamphlets**

- Limited Liability Company Articles of Organization
- Consolidated Registration for New Businesses
- How to Begin and Maintain a Nonprofit Corporation in the State of North Dakota
- Corporation Act – Nonprofit

##### **Copies of the Law**

- Cooperative Association Act
- Corporation Act – Business
- Publicly traded corporations
- Farming – Corporate or Limited Liability Company
- Fictitious Partnership Name
- Registered Agents Act

- Limited Liability Company Act
- Limited Partnership Act
- Limited Liability Partnership
- Limited Liability Limited Partnership
- Professional Associations Act
- Real Estate Investment Trust
- Trademark
- Trade Name

#### **Central Indexing Division**

North Dakota Uniform Commercial Code  
Central Indexing System User's Guide (\$15)

#### **Elections Division**

- Election Calendar
- *Running for Public Office in North Dakota*
- *Campaign Finance and Disclosure Requirements*
- *Helpful Campaign Practices*
- *Initiating or Referring Law in North Dakota*
- *Recalling an Elected Official of the State or Political Subdivision*
- *North Dakota – The Only State Without Voter Registration*
- *Poll Challengers and Poll Checkers*
- *Election Officials Manual*
- North Dakota Election Law Book (\$7)
- Election Abstracts (1914 to 2004 Elections limited supply)

#### **North Dakota Blue Book (prices vary)**

- *2005-2007 North Dakota Blue Book*
- *2003-2005 North Dakota Blue Book*
- *2001-2003 North Dakota Blue Book*
- *1999-2001 North Dakota Blue Book*
- *1997-1999 North Dakota Blue Book*
- *1995-1997 North Dakota Blue Book*
- *1889-1989 North Dakota Centennial Blue Book*

## **Chapter Fifteen**

### **How To Obtain Information or Assistance**

Information or answers to questions regarding the office of the Secretary of State and its numerous functions is available by one of the following methods. All inquiries and comments are welcomed.

#### **MAILING ADDRESS**

SECRETARY OF STATE  
STATE OF NORTH DAKOTA  
600 EAST BOULEVARD AVENUE DEPT 108  
BISMARCK ND 58505-0500

#### **TELEPHONE AND E-MAIL**

##### **GENERAL OFFICE**

Telephone Number (701) 328-2900  
Toll Free (800) 352-0867  
Fax (701) 328-2992  
Fax-on-Demand (701) 328-0120  
E-Mail Address: [sos@nd.gov](mailto:sos@nd.gov)

##### **ADMINISTRATIVE/LICENSING DIVISION**

Telephone (701) 328-3665  
Toll Free (800) 352-0867, ext. 8-2900  
Fax (701) 328-1610  
E-Mail Address: [sosadlic@nd.gov](mailto:sosadlic@nd.gov)

##### **BUSINESS INFORMATION/ REGISTRATION DIVISION**

Telephone (701) 328-4284  
Toll Free (800) 352-0867, ext. 8-4284  
Fax (701) 328-2992  
E-Mail Address: [sosbir@nd.gov](mailto:sosbir@nd.gov)

##### **CENTRAL INDEXING DIVISION**

Telephone (701) 328-3662  
Toll Free (800) 352-0867, ext. 8-3662  
Fax (701) 328-4214  
E-Mail Address: [sosci@nd.gov](mailto:sosci@nd.gov)

##### **ELECTIONS DIVISION**

Telephone (701) 328-4146  
Toll Free (800) 352-0867, ext. 8-4146  
Fax (701) 328-2992  
E-Mail Address: [soselect@nd.gov](mailto:soselect@nd.gov)

#### **INTERNET WEBSITE**

[www.nd.gov/sos](http://www.nd.gov/sos)

#### **NOTE**

Although information filed in the office of Secretary of State is public information, the law does prescribe fees for some copies and services (N.D.C.C. § 54-09-04).