

# NORTH DAKOTA LEGISLATIVE MANAGEMENT

## Minutes of the

### BUDGET SECTION

Tuesday, December 15, 2009  
Senate Chamber, State Capitol  
Bismarck, North Dakota

Senator Ray Holmberg, Chairman, called the meeting to order at 9:00 a.m.

**Members present:** Senators Ray Holmberg, Bill Bowman, Randel Christmann, Tom Fischer, Tony S. Grindberg, Ralph L. Kilzer, Karen K. Krebsbach, Elroy N. Lindaas, Tim Mathern, Carolyn Nelson, David O'Connell, Larry J. Robinson, Tom Seymour, Bob Stenehjem, Rich Wardner, John Warner; Representatives Larry Bellew, Rick Berg, Merle Boucher, Al Carlson, Jeff Delzer, Mark A. Dosch, Kathy Hawken, Lee Kaldor, Keith Kempenich, James Kerzman, Matthew M. Klein, Gary Kreidt, Joe Kroeber, Bob Martinson, Ralph Metcalf, Shirley Meyer, David Monson, Jon Nelson, Chet Pollert, Bob Skarphol, Ken Svedjan, Blair Thoreson, Don Vigasaa, Francis J. Wald, Alon C. Wieland, Clark Williams

**Members absent:** Representatives Mary Ekstrom, Eliot Glassheim, Kenton Onstad

**Others present:** Jim W. Smith, Legislative Council, Bismarck

Arden C. Anderson, State Senator, Wahpeton

See attached [appendix](#) for additional persons present.

**It was moved by Senator Robinson, seconded by Senator O'Connell, and carried on a voice vote that the minutes of the September 15, 2009, meeting be approved as distributed.**

#### STATUS OF THE STATE GENERAL FUND

Chairman Holmberg called on Ms. Pam Sharp, Director, Office of Management and Budget (OMB), to present a report on the status of the general fund. A copy of the information presented is on file in the Legislative Council office.

Ms. Sharp said the consumer price index is expected to decline by an average of .4 percent during 2009 and then increase by 1.7 percent during 2010 and 1.8 percent during 2011. She said the consumer price index for October 2009 was a negative .2 percent, the eighth consecutive month of decline. She said the average yield on a three-month Treasury bill during the third quarter of 2009 was .16 percent, one basis point lower than the previous quarter and substantially lower than the 1.37 percent average for 2008. She said North Dakota's unemployment rate for October 2009 was 3.2 percent, up slightly from the October 2008 rate of 2.4 percent but down from the September 2009 rate of 3.4 percent. She said North Dakota oil production set new records as it increased to 239,000 barrels per

day in October 2009. She said the average price for North Dakota crude oil was \$61 per barrel in August 2009, \$59 per barrel in September 2009, and \$67 per barrel in October 2009. She said the current oil price is \$60 per barrel and the rig count is 72.

In response to a question from Senator Holmberg, Ms. Sharp said current oil production of 239,000 barrels per day exceeds the production anticipated in the legislative forecast. She said the legislative forecast for the 2009-11 biennium anticipated oil production would start at 205,000 barrels per day in the beginning of the biennium and gradually increase to 225,000 barrels per day by the end of the biennium. She said the current oil price also exceeds the legislative forecast which was anticipated to range from \$40 per barrel at the start of the biennium to \$55 per barrel by June 2011.

Ms. Sharp presented the following information on the status of the state general fund for the 2009-11 biennium based on revenue collections through November 2009:

Unobligated general fund balance - July 1, 2009		\$361,843,514
Add		
General fund collections through November 2009	\$806,423,668	
Forecasted general fund revenue for the remainder of the 2009-11 biennium	2,141,715,852	
Total estimated general fund revenue for the 2009-11 biennium		\$2,948,139,520
Estimated general fund turnback		2,263,883
Balance obligated for authorized carryover from the 2007-09 biennium		76,383,530
Estimated total available		\$3,388,630,447
Less		
2009-11 biennium general fund ongoing appropriations	(\$2,970,380,754)	
2009-11 biennium general fund one-time appropriations	(278,984,727)	
Balance obligated for authorized carryover from the 2007-09 biennium	(76,383,530)	
Estimated deficiency requests	(3,823,000)	
Total appropriations and estimated deficiency requests		(\$3,329,572,011)
Estimated general fund balance - June 30, 2011		\$59,058,436

Ms. Sharp said the Information Technology Department anticipates a general fund turnback of \$2.3 million relating to a contingent appropriation for a longitudinal data system. She said the appropriation will not be spent because the Information Technology Department has secured federal funding through the American Recovery and Reinvestment Act of 2009 (ARRA) for the statewide longitudinal data system initiative.

In response to a question from Representative Carlson, Ms. Sharp said the legislative forecast estimated an ending general fund balance as of June 30, 2011, of \$29 million. She said the anticipated increase in the June 2011 general fund balance is largely due to an increase in the beginning balance as of June 30, 2009, of approximately \$40 million.

Ms. Sharp presented the following information on the status of the permanent oil tax trust fund for the 2009-11 biennium:

Beginning permanent oil tax trust fund balance - July 1, 2009	\$489,727,017
Add	
Revenue collections through November 2009	19,550,231
Forecasted revenues for the 2009-11 biennium (based on 2009 legislative forecast assumptions for oil price and production)	323,092,000
<b>Total estimated funds available for the 2009-11 biennium</b>	<b>\$832,369,248</b>
Less expenditures and transfers	
Transfer to the general fund pursuant to 2009 HB 1015	(\$140,000,000)
Transfer to the general fund for the mill levy reduction program pursuant to 2009 SB 2199	(295,000,000)
Transfer to the property tax relief sustainability fund pursuant to 2009 SB 2199	(295,000,000)
Appropriations pursuant to 2009 HB 1015, 1305, and 1394 and SB 2003 and 2020	(16,175,100)
<b>Estimated permanent oil tax trust fund balance - June 30, 2011</b>	<b>\$86,194,148</b>

Ms. Sharp said the general fund cap of \$71 million for oil and gas tax allocation was reached in November 2009, and all additional oil and gas tax collections allocated to the state for the 2009-11 biennium will be deposited in the permanent oil tax trust fund. She said the budget stabilization fund balance remains unchanged at \$325 million.

Ms. Sharp presented information on general fund revenue collections for November 2009 and the 2009-11 biennium to date. She said revenues collected for the biennium to date are 4 percent more than the legislative forecast. She said the increase is primarily due to increases in oil and gas production tax and oil extraction tax collections, which have exceeded the biennium to date legislative forecast by \$10.6 million and \$30.4 million, respectively. She said biennium to date motor vehicle excise tax collections have also exceeded estimates by \$6.5 million, or 42.1 percent. She said sales tax collections for November were 1.7 percent less than projections. She said biennium to date sales tax collections were

\$13 million, or 5.2 percent less than the legislative forecast, but exceed 2007-09 biennium to date collections by \$31.2 million, or 15.2 percent. She said insurance premium tax collections were \$1.3 million less than the legislative forecast for November and \$3 million less than forecast for the biennium to date. She said insurance premium tax collections remitted by Blue Cross Blue Shield of North Dakota have been less than estimated due to higher than expected offsets for Comprehensive Health Association of North Dakota premiums.

### IRREGULARITIES IN THE FISCAL PRACTICES OF THE STATE

Pursuant to North Dakota Century Code Section 54-14-03.1, Ms. Sharp presented information on irregularities in the fiscal practices of the state. A copy of the information presented is on file in the Legislative Council office. She said the state agencies with fiscal irregularities include:

Agency	Amount	Reason
Department of Commerce	\$1,575	Temporary additional workload for internship program
Secretary of State	\$56,114	Operating line item - Services relating to an information technology project were provided by the contractor prior to the end of the 2007-09 biennium and exceed the amount appropriated for the biennium resulting in a reduced amount that will be paid in the 2009-11 biennium.
Secretary of State	\$70,654	General fund - Services relating to an information technology project were provided by the contractor prior to the end of the 2007-09 biennium and exceed the amount appropriated for the biennium resulting in a reduced amount that will be paid in the 2009-11 biennium.

In response to a question from Representative Carlson, Ms. Sharp said current estimates of the June 30, 2011, balances in the general fund (\$59 million), the permanent oil tax trust fund (\$86 million), and the budget stabilization fund (\$325 million) total \$470 million, compared to the estimated \$406 million June 30, 2011, balance in these funds estimated at the close of the 2009 legislative session. She said the current estimate of the June 2011 balance in the permanent oil tax trust fund is based on the legislative forecast for oil price and production and currently both price and production exceed forecast assumptions. She said if oil price and production remain at current levels, it could result in an additional \$150 million deposited in the permanent oil tax trust fund by the end of the biennium. She said the additional revenue could increase the total of the estimated June 30, 2011, balances of the general fund, the permanent oil tax trust fund, and the budget stabilization fund to approximately \$620 million.

Representative Skarphol suggested the Budget Section receive information on the amount of sales tax collections resulting from oil-related activities. Chairman Holmberg asked that the Tax Department

be invited to provide this information to the Budget Section at future meetings.

### AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

Ms. Sheila Peterson, Director of Fiscal Management, Office of Management and Budget, presented information regarding ARRA, including funding provided directly to political subdivisions, funding available to the state that has not been accepted, the use of \$1.2 million of funds retained by the Department of Commerce for the administration of the state energy program, and funding provided for programs in the 2009-11 biennium that agencies may request funding from the general fund to continue in the 2011-13 biennium. A copy of the information presented is on file in the Legislative Council office.

#### Funding Not Accepted

Ms. Peterson said federal fiscal stimulus funding available to the state that has not been accepted includes unemployment compensation modernization funding of \$14.6 million available to Job Service North Dakota; emergency unemployment compensation administration funding of \$27,666 also available to Job Service North Dakota; and women, infants, and children (WIC) miscellaneous technology project funding of \$85,690 available to the State Department of Health. She said to become eligible for the unemployment compensation modernization funding of \$14.6 million, the 2011 Legislative Assembly would have to make certain changes to the state's unemployment laws. She said Job Service North Dakota will be submitting an Emergency Commission request to accept and expend the emergency unemployment compensation administration funding of \$27,666. She said timing of the award notice made it impossible for the State Department of Health to use \$85,690 of the WIC miscellaneous technology project funding available for software changes for the WIC computer system.

#### Department of Commerce State Energy Program Administration

Ms. Peterson said the Department of Commerce will retain \$1,219,500, or approximately 5 percent, of the \$24,585,000 state energy program grant award. She said program regulations allow up to 10 percent of the award to be used for administration. She said any of the funds retained for administration that are not spent for administrative costs will be redirected and used to provide energy program grants. She presented the following information regarding the use of the \$1.2 million retained by the Department of Commerce for the administration of the state energy program:

Budget Item	Amount
Salaries and fringe benefits for existing staff	\$332,963
Salaries and fringe benefits for three temporary full-time positions	470,412
Indirect cost charges for fiscal and administrative support	401,970
Travel	11,250
Supplies	2,905
Total administrative expenses	\$1,219,500

#### ARRA Funding That Agencies May Request General Fund Appropriations to Continue in the 2011-13 Biennium

Ms. Peterson said four agencies received ARRA funding for programs that may be continued in the 2011-13 biennium. She said the following agencies received ARRA funding for the programs identified and the funding listed represents the amount necessary to continue the programs in the 2011-13 biennium:

Agency	Amount	Program
Attorney General	\$450,387	To continue three intelligence analyst positions and one agent position
Department of Human Services	\$66,500,000	To provide funding for the federal medical assistance percentage increase of 6.2 percent when the increased federal match expires December 31, 2010
Department of Human Services	\$2,760,000	To provide funding for the temporarily restored federal matching funds for child support incentives
Adjutant General	\$25,000	To provide funding for utility costs of the operations center facility in Fargo constructed with ARRA funding
State Department of Health	\$250,000	To continue a temporary position to implement a health care-associated infections plan. The department was required to certify a health care-associated infections plan that would be developed to continue receiving federal preventative health block grant funding.
State Department of Health	\$100,000	To provide a statewide immunization conference and assist with ongoing maintenance of the North Dakota immunization information system
State Department of Health	\$456,656	To provide patient designation information, provide data exchange between the North Dakota immunization information system and electronic medical records, and other enhancements and maintenance of the North Dakota immunization information system

#### ARRA Funding Provided Directly to Political Subdivisions

Ms. Peterson provided a listing of ARRA funding to political subdivisions, including airports, cities, counties, fire districts, housing authorities, nonprofit organizations, private entities, school districts, state agencies, tribes, and water districts. She said awards total \$584.4 million, of which \$171 million has been received through September 2009. She said a total of

978.33 jobs were reported as having been created or retained by the recipients of the funding. A copy of the information presented is on file in the Legislative Council office.

In response to a question from Senator Holmberg, Ms. Peterson said jobs reported were calculated based on the federal Office of Management and Budget formula.

Chairman Holmberg asked OMB to provide updated ARRA funding information to the Budget Section at future meetings.

In response to a question from Senator Holmberg, Ms. Peterson said jobs created by recipient type may be private or government because funds provided to a government entity may result in private sector jobs if the funding is used to contract with the private sector for services.

In response to a question from Senator Christmann, Ms. Peterson said the federal Office of Management and Budget formula for determining the number of jobs involves dividing the total number of hours worked during the reporting period by the total number of hours available in the reporting period.

In response to a question from Representative Skarphol, Ms. Peterson said appropriations for the Department of Transportation included \$170 million for highway infrastructure and \$6 million for transit. She anticipates ARRA funding will equal the amounts appropriated. She said \$92 million of this amount has been contracted.

In response to a question from Senator Mathern, Ms. Peterson said jobs reported relate to the funding received and not the total grant award. She said as more funding is received, the number of jobs should increase.

In response to a question from Senator Stenehjem, Ms. Peterson said based on the federal Office of Management and Budget formula, overtime hours on a federally funded project would increase the number of jobs calculated.

In response to a question from Senator Stenehjem, Ms. Peterson said the 978.33 jobs reported are all temporary jobs resulting from ARRA funding. She said when the available funding is spent, the jobs will be discontinued unless another source of funding is identified.

Representative Carlson expressed concern that full-time equivalent (FTE) positions hired with ARRA funding for purposes that the Legislative Assembly may not have approved will be included in agencies' budget requests for the 2011-13 biennium.

In response to a question from Representative Monson, Ms. Peterson said some of the ARRA funding will be spent on supplies and construction materials. She said agencies could provide information regarding the portion of ARRA funding used for salaries and OMB could provide this information to the Budget Section at future meetings.

In response to a question from Representative Boucher, Ms. Peterson said the state and political subdivisions were only to report direct jobs. She said

indirect jobs were calculated at the federal level by the Council of Economic Advisers.

Representative Carlson requested OMB report to the Budget Section periodically regarding the number of state employees who have been employed using federal stimulus funding. Chairman Holmberg asked OMB to provide this information to the Budget Section at future meetings.

In response to a question from Representative Delzer, Ms. Peterson said representatives of Economy.com do not expect inflation to increase substantially in the next 12 to 18 months. She believes Economy.com has considered the effect of the federal stimulus funding in its forecasts.

### **JOB SERVICE NORTH DAKOTA AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009**

Ms. Maren Daley, Executive Director, Job Service North Dakota, presented information regarding the use of ARRA funds available to the state. Ms. Daley said ARRA funding was provided to Job Service North Dakota through existing programs. She said ARRA grant awards totaled \$9.1 million, of which \$3.3 million had been spent through October 2009. She said through September 2009, Job Service North Dakota had 4.72 temporary FTE employees related to ARRA funding and 132.86 FTE employees took advantage of summer youth employment funded with ARRA dollars through the Workforce Investment Act. She said the actual number of youth participating in the summer youth employment program was over 600. A copy of the information presented is on file in the Legislative Council office.

Ms. Daley, responding to an earlier question from Representative Boucher, said the unemployment rate is based on the number of individuals working on the 12<sup>th</sup> of each month. She said North Dakota's unemployment rate was 3.2 percent in October which is typically the lowest unemployment month of the year.

Ms. Daley said ARRA funding available to North Dakota totals \$14.6 million. She said to be eligible for the funding, the Legislative Assembly must adopt an alternate base period for calculating benefits and change state law to include two of five expanded benefit options. She said the additional federal funding would cover the cost of the expanded benefits for between three and five years, after which unemployment taxes collected from employers would need to provide the added benefits.

Ms. Daley said although North Dakota has a low unemployment rate, it has experienced a significant increase in unemployment benefits paid, from \$47.3 million in 2008 to \$105 million in 2009.

In response to a question from Senator Mathern, Ms. Daley said the ARRA funding of \$14.6 million would be available until 2011, but it may not be accessed until required statutory changes are made by the Legislative Assembly.

## OFFICE OF MANAGEMENT AND BUDGET CAPITAL IMPROVEMENTS PRELIMINARY PLANNING REVOLVING FUND

Ms. Sharp presented information regarding a request to use funds from the capital improvements preliminary planning revolving fund for prepayment of consulting and planning fees for proposed capital improvements projects pursuant to Section 54-27-22. A copy of the information presented is on file in the Legislative Council office. She said funds are available for studies, planning, architectural

programming, schematic designs, and cost estimates relating to proposed new capital improvements and major remodeling of existing facilities. She said agencies, institutions, and departments interested in obtaining planning funds must submit a written request to OMB where the request is evaluated and forwarded to the Budget Section with a recommendation. She said the current balance of the capital improvements preliminary planning revolving fund is \$203,000. She said requests total \$168,500 and are as follows:

Agency	Project	Estimated Cost of the Project	Preliminary Planning Request	OMB Recommendation	OMB Recommended Funding Level
University of North Dakota	Information technology facility	\$15,000,000	\$93,500	Yes	\$93,500
State College of Science	Old Main renovation	\$5,500,000	\$55,000	Yes	55,000
Parks and Recreation Department	Fort Stevenson Visitor Services and Administrative Offices Center	\$800,000	\$40,000	Yes	12,000
Parks and Recreation Department	Grahams Island Visitor Services and Administrative Offices Center	\$800,000	\$40,000	Yes	0 <sup>1</sup>
Office of Management and Budget - Facility Management Division	Capitol grounds master signage plan	\$550,000	\$12,000	Yes	8,000
Total recommended funding					\$168,500

<sup>1</sup>Recommended funding is included in the Fort Stevenson project recommendation.

Ms. Sharp said funds will be repaid to the capital improvements preliminary planning revolving fund when the project is approved and funds are appropriated for the project. She said funds are not repaid for projects that are considered but not approved.

Representative Skarphol requested information regarding the anticipated use of the areas that would be vacated if the University of North Dakota information technology facility project is approved.

Representative Delzer requested information on the projects that have received funding from the capital improvements preliminary planning revolving fund, including the accuracy of the cost estimates and whether the projects required additional funding after the projects were approved. Chairman Holmberg asked OMB to provide this information to the Budget Section at a future meeting.

**It was moved by Representative Wald, seconded by Senator Robinson, and carried on a roll call vote that the Budget Section, pursuant to Section 54-27-22, approve the Office of Management and Budget request to use \$168,500 from the capital improvements preliminary planning revolving fund for prepayment of consulting and planning fees for proposed capital improvements projects.** Senators Holmberg, Bowman, Christmann, Fischer, Grindberg, Kilzer, Krebsbach, Lindaas, Mathern, Nelson, O'Connell, Robinson, Seymour, Stenehjem, Wardner, and Warner and Representatives Bellew, Berg, Boucher, Carlson, Delzer, Dosch, Hawken, Kaldor, Kempenich, Kerzman, Kreidt, Kroeber, Martinson, Metcalf, Meyer,

Monson, Nelson, Skarphol, Svedjan, Thoreson, Vigesaa, Wald, Wieland, and Williams voted "aye." No negative votes were cast.

### UNIVERSITY OF NORTH DAKOTA - ACCEPTANCE OF DONATED ASSET

Chairman Holmberg called on Mr. Rick Tonder, Director of Campus Capital Projects and Planning, University of North Dakota, to present information regarding a request to accept a gift of \$445,308 in infrastructure improvements, including site preparation, planning, utilities, and steamline, related to the construction of a University of North Dakota Alumni Center on the University of North Dakota campus pursuant to Section 15-10-12.1. A copy of the information presented is on file in the Legislative Council office. Mr. Tonder said the work was completed in anticipation of the construction of a new alumni center on the campus of the University of North Dakota and concurrently with the construction of the president's house to minimize disruption of the area around the president's house. He said the infrastructure costs include site development (\$99,500), steamline extension (\$195,999), water and sewer relocation (\$50,000), and architect fees (\$99,809).

In response to a question from Senator Grindberg, Mr. Tonder said the site development costs relate to soil quality in the area and include replacing a former landfill with improved soils to support future construction. He said the architect fees include general site planning and center development.

In response to a question from Representative Delzer, Mr. Tonder said the foundation will build and maintain the alumni center. He said the estimated construction cost has not yet been determined.

In response to a question from Senator Christmann, Mr. Tonder said the funding for the project has been secured and he is not aware of any funding restrictions related to the gift.

In response to a question from Representative Dosch, Mr. Tonder said he is certain there will be no additional infrastructure costs related to this area.

In response to a question from Senator Mathern, Mr. Tonder said the work relating to the \$445,308 in infrastructure improvements is completed.

Representative Boucher requested information on the use of University of North Dakota and North Dakota State University foundation funds for salary enhancements, building projects, and scholarships. Chairman Holmberg said the foundations would be asked to provide this information to the Budget Section at a future meeting.

In response to a question from Representative Dosch, Mr. Tonder said it is the intent of the university to seek State Board of Higher Education, Budget Section, or legislative approval when required prior to beginning a project. He said the university sought State Board of Higher Education approval but did not seek Budget Section approval because the total cost was not expected to exceed the statutory minimum of \$385,000. He said the project was entirely financed by private funds from the foundation.

**It was moved by Representative Wald, seconded by Senator Robinson, and carried on a roll call vote that the Budget Section, pursuant to Section 15-10-12.1, approve the University of North Dakota request to accept a gift of \$445,308 in infrastructure improvements, including site preparation, planning, utilities, and steamline, related to the construction of a University of North Dakota Alumni Center.** Senators Holmberg, Bowman, Christmann, Fischer, Grindberg, Kilzer, Krebsbach, Lindaas, Mathern, Nelson, O'Connell, Robinson, Seymour, Stenehjem, Wardner, and Warner and Representatives Bellew, Berg, Carlson, Hawken, Kaldor, Kempenich, Kerzman, Klein, Kreidt, Kroeber, Martinson, Metcalf, Meyer, Monson, Nelson, Pollert, Skarphol, Svedjan, Thoreson, Vigesaa, Wald, Wieland, and Williams voted "aye." Representatives Boucher, Delzer, and Dosch voted "nay."

Representative Delzer expressed concern that projects requiring Budget Section approval should be considered by the Budget Section before construction begins rather than when construction has been completed.

In response to a question from Representative Skarphol, the legislative budget analyst and auditor said the State Board of Higher Education may authorize improvements up to \$385,000. He said projects exceeding \$385,000 must seek approval from either the Legislative Assembly or Budget Section.

In response to a question from Representative Skarphol, Mr. Tonder said there is a specific statute in place that guides the selection of an architect for a state-funded project. He said agencies are not allowed to choose an architect based on fee. He said agencies are required to select the architect and then negotiate the fee.

Representative Skarphol expressed concern regarding the statute relating to the selection of architects for state-funded projects and suggested the statute be reviewed for possible changes.

In response to a question from Representative Monson regarding the effect of the Budget Section not approving the acceptance of the \$445,308 in infrastructure improvements, the legislative budget analyst and auditor said the statute relating to Budget Section approval of improvements exceeding \$385,000 does not include a penalty.

### **UNIVERSITY OF NORTH DAKOTA - ACCEPTANCE OF FEDERAL FUNDS**

Chairman Holmberg called on Mr. Tonder to present information regarding a request to accept and spend \$4 million of federal funds from the United States Department of Energy to construct a "fuels of the future" addition to the National Center for Hydrogen Technology facility at the University of North Dakota pursuant to Section 15-10-12.1. A copy of the information presented is on file in the Legislative Council office. He said the University of North Dakota Energy and Environmental Research Center has been awarded a \$4 million grant for construction of the addition. He said the approximate size of the proposed addition will be between 15,000 and 20,000 square feet and will include traditional laboratory space attached to a "high bay" research development area that allows for the assembly of the various experimental fuel production and energy modules. He said the ongoing cost of maintenance and operations will be paid by revenue generated by the Energy and Environmental Research Center through research contracts.

**It was moved by Senator Mathern, seconded by Senator Robinson, and carried on a roll call vote that the Budget Section, pursuant to Section 15-10-12.1, approve the University of North Dakota request to accept and spend \$4 million of federal funds from the United States Department of Energy to construct a "fuels of the future" addition to the National Center for Hydrogen Technology facility at the University of North Dakota.** Senators Holmberg, Bowman, Christmann, Fischer, Grindberg, Kilzer, Krebsbach, Lindaas, Mathern, Nelson, O'Connell, Robinson, Seymour, Stenehjem, Wardner, and Warner and Representatives Bellew, Berg, Boucher, Carlson, Delzer, Dosch, Hawken, Kaldor, Kempenich, Kerzman, Klein, Kreidt, Kroeber, Martinson, Metcalf, Meyer, Monson, Nelson, Pollert, Skarphol, Svedjan, Thoreson, Vigesaa, Wald, Wieland, and Williams voted "aye." No negative votes were cast.

**WILLISTON STATE COLLEGE AND  
MAYVILLE STATE UNIVERSITY  
INCREASE IN AUTHORIZATION AND  
CHANGE IN SCOPE OF PROJECTS**

**Williston State College**

Dr. Ray Nadolny, President, Williston State College, presented information regarding a request to increase the authorization for construction of the residence hall project from \$9,375,000 to \$9,875,000 pursuant to Section 48-01.2-25. Dr. Nadolny said the increase in authorization is to replace the traditional heating and cooling system for the project with a geothermal system. He said the payback period of the geothermal system is approximately eight years. He said he anticipates funding for the increase to be provided from grants and foundation loans.

**Mayville State University**

Mr. Steven Bensen, Vice President for Business Affairs, Mayville State University, presented information regarding a request to change the scope of the Science Building and Byrnes Quanbeck Library renovation/addition project pursuant to Section 48-01.2-25. A copy of the information presented is on file in the Legislative Council office. Mr. Bensen said the project consists of three components, including an education addition, a science/library renovation, and the demolition of East Hall and West Hall. He said the change requested will increase the education addition from 12,245 square feet to 13,915 square feet. He said the increase will add one classroom and office space for science faculty to the education addition without increasing the approved funding level of \$4,958,325.

In response to a question from Senator Stenehjem, Mr. Bensen said the Science Building and Byrnes Quanbeck Library renovation/addition project is expected to be bid in February 2010. He said if the bids exceed the approved funding, the university may remove up to one additional classroom and two offices. He said the project includes \$400,000 of contingency funding.

**It was moved by Senator Robinson, seconded by Senator Seymour, and carried on a roll call vote that the Budget Section, pursuant to Section 48-01.2-25, approve the Williston State College request to increase the authorization for construction of the residence hall project from \$9,375,000 to \$9,875,000 and the Mayville State University request to increase the square footage of the Science Building and Byrnes Quanbeck Library renovation/addition project.** Senators Holmberg, Bowman, Christmann, Fischer, Grindberg, Kilzer, Krebsbach, Lindaas, Mathern, Nelson, O'Connell, Robinson, Seymour, Stenehjem, Wardner, and Warner and Representatives Bellew, Berg, Boucher, Carlson, Delzer, Dosch, Hawken, Kaldor, Kempenich, Kerzman, Klein, Kreidt, Kroeber, Martinson, Metcalf, Meyer, Monson, Nelson, Pollert, Skarphol, Svedjan, Thoreson, Vigesaa, Wald,

Wieland, and Williams voted "aye." No negative votes were cast.

**Williston State College**

Dr. Nadolny presented information regarding a request to use capital project funds of up to \$200,000 from the residence hall project, the science laboratory renovation project, and the virtual center for career and technical education project authorized by the 2009 Legislative Assembly to hire a temporary Williston State College employee to manage construction projects pursuant to Section 48-01.2-25.

Representative Carlson expressed concern regarding the hiring of an employee and suggested the college contract for the services of a construction manager.

In response to a question from Representative Skarphol, Dr. Nadolny said because the economy in Williston is thriving, it may be difficult to contract with a private entity for the construction manager services. He said currently a science faculty member is managing the science laboratory renovation project, the athletic director is managing the residence hall project, and a humanities faculty member is managing the virtual center for career and technical education project.

**It was moved by Representative Carlson, seconded by Representative Berg, and carried on a roll call vote that the Budget Section, pursuant to Section 48-01.2-25, approve the Williston State College request to use capital project funds of up to \$200,000 from the residence hall project, the science laboratory renovation project, and the virtual center for career and technical education project authorized by the 2009 Legislative Assembly to contract for a construction project manager.** Senators Holmberg, Bowman, Christmann, Fischer, Grindberg, Kilzer, Krebsbach, Lindaas, O'Connell, Seymour, Stenehjem, Wardner, and Warner and Representatives Bellew, Berg, Carlson, Delzer, Dosch, Hawken, Kempenich, Klein, Kreidt, Martinson, Meyer, Monson, Nelson, Pollert, Skarphol, Svedjan, Thoreson, Vigesaa, Wald, Wieland, and Williams voted "aye." Senators Mathern, Nelson, and Robinson and Representatives Boucher, Kaldor, Kerzman, Kroeber, and Metcalf voted "nay."

**UNIVERSITY OF NORTH DAKOTA -  
INCREASE IN AUTHORIZATION**

Ms. Alice Brekke, Vice President for Finance and Operations, University of North Dakota, presented a request to increase the project authorization for the new president's house from \$900,000 to \$1,262,705 pursuant to Section 48-01.2-25. A copy of the information presented is on file in the Legislative Council office. Ms. Brekke provided information regarding cost details of the presidents' houses at the University of North Dakota and North Dakota State University compiled from information provided to the North Dakota University System office by the campuses. She said construction of the home totaled \$919,575, but additional costs for landscaping,

driveway, patio, furniture, appliances, cabinetry, security systems, and allocated costs for site work and infrastructure increased the total cost to \$1,262,705. She said all of the costs have been paid by the foundation.

Ms. Brekke provided information regarding the president's transitional living costs related to the construction of the president's house. She said transitional living costs totaled \$52,926, of which \$2,565 was paid by the institution with the remainder paid by the foundation.

**It was moved by Representative Svedjan, seconded by Representative Wald, and carried on a roll call vote that the Budget Section, pursuant to Section 48-01.2-25, approve the University of North Dakota request to increase the project authorization for the new president's house from \$900,000 to \$1,262,705.** Senators Holmberg, Bowman, Fischer, Grindberg, Kilzer, Krebsbach, Lindaas, Mathern, Nelson, O'Connell, Robinson, Seymour, Wardner, and Warner and Representatives Berg, Carlson, Hawken, Kaldor, Kempenich, Kerzman, Klein, Martinson, Metcalf, Monson, Nelson, Svedjan, Wald, and Williams voted "aye." Senators Christmann and Stenehjerm and Representatives Bellew, Boucher, Delzer, Dosch, Kreidt, Kroeber, Meyer, Pollert, Skarphol, Thoreson, Vigesaa, and Wieland voted "nay."

#### **NORTH DAKOTA STATE UNIVERSITY - INCREASE IN AUTHORIZATION**

Mr. Jim Miller, Executive Director, North Dakota State University Development Foundation and Alumni Association, presented information regarding a request to increase the project authorization for the new president's house from \$900,000 to \$2,039,522 pursuant to Section 48-01.2-25. A copy of the information presented is on file in the Legislative Council office. Mr. Miller said construction of the home totaled \$1,366,372, but additional costs for landscaping, parking, concrete, exterior lighting, surveillance, furniture, appliances, and allocated costs for site work increased the total cost to \$2,079,283. He said the foundation provided \$1,877,687 of the cost and the institution provided the balance of \$201,596 from parking reserves, telecommunications income, and miscellaneous income.

Mr. Miller provided information regarding the president's transitional living costs related to the construction of the president's house. He said transitional living costs totaled \$89,682, of which \$57,933 was paid by the institution with the remainder paid by the foundation.

Mr. Bruce Frantz, Director of Facilities Management, North Dakota State University, said the university supported the project by completing work, including landscaping, sidewalks, and parking. Mr. Frantz said no funding from the institution was provided for the construction of the president's house; however, institution funds were used to provide for improvements outside of the president's house.

In response to a question from Representative Monson, Mr. Miller said the value of donated services for architectural design, construction management, site preparation, construction, and landscape architect services totaling \$372,355 is not included in the \$2,079,283 project total.

In response to a question from Representative Skarphol, Mr. Miller said the State Board of Higher Education has approved the expenditures related to the president's house by both the foundation and the institution.

In response to a question from Senator Christmann, Mr. Miller said the acceptance of in-kind donations did not result in construction decisions that added cost to the project.

In response to a question from Representative Klein, Mr. Frantz said the concrete work totaling \$186,593 included a parking lot, sidewalks, driveway, and patio and was competitively bid.

In response to a question from Senator Mathern, Ms. Laura Glatt, Vice Chancellor for Administrative Affairs, North Dakota University System, said the total cost of the project includes \$2,079,283 of actual expenditures and \$372,355 of gifts in kind, or \$2,451,638.

Senator Bowman expressed concern regarding the project substantially exceeding the \$900,000 previously approved.

In response to a question from Representative Wald, the legislative budget analyst and auditor said the State Board of Higher Education is requesting Budget Section approval under Section 48-01.2-25 relating to the acceptance of gifts. He said the section does not include a penalty for noncompliance. He said that if the Budget Section does not approve the request, a subsequent audit of the institution may include a finding of noncompliance with state statute.

In response to a question from Representative Kaldor, Ms. Glatt said the State Board of Higher Education has made two policy changes to address the issue of donated assets. She said the State Board of Higher Education has adopted a detailed list of costs that must be included in the total cost of a project, unless it is expressly excluded. In addition, she said the State Board of Higher Education has adopted a policy requiring gift funds to be turned over to the institution and projects to be managed by the institution.

In response to a question from Representative Carlson, Mr. Miller said all of the bills relating to the president's house have been paid.

In response to a question from Senator Mathern, Chairman Holmberg said the total cost to be approved would be \$2,451,638, including the in-kind donation of services.

Representative Dosch expressed concern regarding the mismanagement of the president's house construction project by an institution that teaches architecture, architectural management, construction management, business management, accounting, and engineering.

In response to a question from Representative Martinson, Mr. Miller said because of the project's accelerated timeline, some changes were made without being reviewed by the construction committee. He said any member of the committee could communicate the change to the contractor.

In response to a question from Representative Berg, Mr. Miller said the foundation no longer plans to be involved in construction projects.

Representative Skarphol requested the North Dakota University System office provide a more detailed comparison of the costs of the presidents' houses and related improvements at the University of North Dakota and North Dakota State University and that the details be presented in the same format for both projects.

Representative Williams expressed concern that North Dakotans are upset with the mismanagement of the president's house project.

In response to a question from Representative Nelson, Ms. Glatt said institutional funds spent on the project include parking reserves (\$6,641), telecommunications income (\$87,375), and miscellaneous revenues (\$107,580). She said miscellaneous revenues are derived primarily from soda revenues and interest income. She said the only funding provided by student fees would be the parking reserves which include fees charged to students, faculty, and staff.

**It was moved by Representative Berg and seconded by Representative Nelson that the Budget Section, pursuant to Section 48-01.2-25, approve the North Dakota State University request to increase the project authorization for the new president's house from \$900,000 to \$2,451,638.** Senators Holmberg, Fischer, Grindberg, Krebsbach, Mathern, Nelson, Seymour, and Wardner and Representatives Berg, Carlson, Hawken, and Klein voted "aye." Senators Bowman, Christmann, Kilzer, Lindaas, O'Connell, Stenehjem, and Warner and Representatives Bellew, Boucher, Delzer, Dosch, Kaldor, Kempenich, Kerzman, Kreidt, Martinson, Metcalf, Meyer, Monson, Nelson, Pollert, Skarphol, Svedjan, Thoreson, Vigesaa, Wald, Wieland, and Williams voted "nay." **The motion failed.**

Representative Carlson expressed concern with the inconsistency of the Budget Section approving the request of one institution but failing to approve the other similar request.

**It was moved by Senator Mathern and seconded by Senator Seymour that the Budget Section, pursuant to Section 48-01.2-25, approve the North Dakota State University request to increase the project authorization for the new president's house from \$900,000 to \$2,451,638 and to require the project be financed entirely by private funds.** Senators Mathern and Seymour and Representative Klein voted "aye." Senators Holmberg, Bowman, Christmann, Fischer, Grindberg, Kilzer, Krebsbach, Lindaas, Nelson, O'Connell, Stenehjem, Wardner, and Warner and Representatives Bellew, Berg, Boucher, Carlson,

Delzer, Dosch, Hawken, Kaldor, Kempenich, Kerzman, Kreidt, Martinson, Metcalf, Meyer, Monson, Nelson, Pollert, Skarphol, Svedjan, Thoreson, Vigesaa, Wald, Wieland, and Williams voted "nay."

**The motion failed.**

The Budget Section recessed for lunch at 1:10 p.m. and reconvened at 1:55 p.m.

## **AGENCY REQUESTS AUTHORIZED BY THE EMERGENCY COMMISSION**

Chairman Holmberg directed the committee to consider agency requests, which have been authorized by the Emergency Commission and forwarded to the Budget Section, pursuant to Section 54-16-04.1. The information relating to the requests was provided to Budget Section members prior to the meeting and is on file in the Legislative Council office.

**It was moved by Representative Thoreson, seconded by Representative Kreidt, and carried on a roll call vote that pursuant to Section 54-16-04.1 the Budget Section approve the following requests, which have been approved by the Emergency Commission:**

- **Public Service Commission (Request #1711) - The request is to increase spending authority by \$766,350 of federal funds from the United States Department of Energy under the American Recovery and Reinvestment Act of 2009 relating to the regulation and oversight of transmission and generation infrastructure, to provide training to agency personnel, and for three temporary positions.**
- **Information Technology Department (Request #1716) - The request is to increase spending authority by \$2 million of federal funds from the National Telecommunications and Information Administration for operating expenses for a comprehensive assessment of broadband availability and demand within the state.**
- **Information Technology Department (Request #1717) - The request is to increase spending authority by \$1 million of federal funds from the United States Department of Transportation and the United States Department of Commerce for the operating expenses line item (\$500,000) and the capital assets line item (\$500,000) for implementation of enhanced 911 services by the Emergency Services Communications Coordinating Committee.**
- **Information Technology Department (Request #1718) - The request is to increase spending authority by \$10 million of federal funds from the United States Department of Education, Institute of Education Sciences, and authorize 9.5 FTE positions for the Statewide Longitudinal Data System Initiative.**

- **State Department of Health (Request #1719) - The request is to increase spending authority by \$7,076,990 of federal funds from the American Recovery and Reinvestment Act of 2009 for arsenic trioxide grants (\$6,800,000), ambulatory surgical center surveys (\$18,685), a temporary employee to coordinate and implement state health care-associated infection prevention efforts (\$201,830), and for a grant to the University of North Dakota School of Medicine and Health Sciences Center for Rural Health to increase the number of health care professionals in underserved areas of the state (\$56,475).**

Senators Holmberg, Bowman, Fischer, Kilzer, Krebsbach, Lindaas, Mathern, Nelson, O'Connell, Seymour, Wardner, and Warner and Representatives Bellew, Boucher, Carlson, Delzer, Dosch, Hawken, Kaldor, Kempenich, Kreidt, Martinson, Meyer, Monson, Nelson, Pollert, Skarphol, Svedjan, Thoreson, Vigasaa, Wald, and Wieland voted "aye." No negative votes were cast.

Ms. Carol K. Olson, Executive Director, Department of Human Services, presented information regarding an Emergency Commission request to increase special funds spending authority by \$202,771 to accept federal funds from the United States Department of Health and Human Services, Administration on Aging, for the salaries and wages line item (\$19,579) and the operating expenses line item (\$183,192) for implementation of an aging and disability resource center pilot project in the Bismarck region. Ms. Olson said key partners include the Burleigh County Council on Aging, the Dakota Center for Independent Living, the Insurance Department, and county social services offices. She said the salaries and wages increase will provide for existing staff costs for time spent administering the grant and the operating expenses increase will be used to contract for the necessary resources to coordinate the services in the community. A copy of the information presented is on file in the Legislative Council office.

In response to a question from Representative Pollert, Ms. Olson said this program will not extend to every county, and it will not duplicate services provided by county social services. She said the program is to coordinate services and provide efficiencies.

Representative Svedjan said the 2009 Legislative Assembly did not approve the executive recommendation to provide \$600,000 from the general fund for an aging and disability resource center pilot project. He said the federal grant would provide funding for only a three-year period. He expressed concern regarding the source of future funding for this center.

**It was moved by Senator Mathern, seconded by Senator Seymour, and carried on a roll call vote that pursuant to Section 54-16-04.1 the Budget Section approve the following request, which has been approved by the Emergency Commission:**

- **Department of Human Services (Request #1720) - The request is to increase special funds spending authority by \$202,771 to accept federal funds from the United States Department of Health and Human Services, Administration on Aging, for the salaries and wages line item (\$19,579) and the operating expenses line item (\$183,192) for implementation of an aging and disability resource center pilot project in the Bismarck region.**

Senators Holmberg, Fischer, Kilzer, Krebsbach, Lindaas, Mathern, Nelson, O'Connell, Seymour, Wardner, and Warner and Representatives Boucher, Carlson, Hawken, Kaldor, Kerzman, Martinson, Metcalf, and Meyer voted "aye." Senator Bowman and Representatives Bellew, Delzer, Dosch, Kempenich, Klein, Kreidt, Monson, Nelson, Pollert, Skarphol, Svedjan, Thoreson, Vigasaa, Wald, and Wieland voted "nay."

## **AGRICULTURE COMMISSIONER**

### **Additional Office Space**

Mr. Ken Junkert, Director, Administrative Services Division, Agriculture Department, presented information regarding a request for Budget Section approval to lease additional office space pursuant to Section 8 of 2009 House Bill No. 1009. A copy of the information presented is on file in the Legislative Council office. Mr. Junkert said the 2009 Legislative Assembly provided \$120,000 from the general fund to the Agriculture Commissioner for additional office space, subject to Budget Section approval. He said the department's current office space in the Capitol is overcrowded and lacks laboratory facilities. He said under the proposal, two divisions and up to 12 FTE positions would be relocated into leased space. He said lease rates range from \$13 to \$18 per square foot.

**It was moved by Representative Klein, seconded by Representative Monson, and carried on a roll call vote that pursuant to Section 8 of 2009 House Bill No. 1009 the Budget Section approve the Agriculture Commissioner's request to lease additional office space.** Senators Holmberg, Bowman, Fischer, Kilzer, Krebsbach, Lindaas, Mathern, Nelson, Seymour, Wardner, and Warner and Representatives Bellew, Boucher, Carlson, Delzer, Dosch, Hawken, Kaldor, Kempenich, Kerzman, Klein, Kreidt, Martinson, Metcalf, Meyer, Monson, Pollert, Thoreson, Vigasaa, Wald, and Wieland voted "aye." Representatives Skarphol and Svedjan voted "nay."

### **2009 NORTH DAKOTA FINANCE FACTS**

At the request of Chairman Holmberg, the legislative budget analyst and auditor presented the Legislative Council report entitled *2009 North Dakota Finance Facts*, a pocket brochure prepared pursuant to 2009 House Concurrent Resolution No. 3036. He said the publication includes information regarding economic statistics, the state budget, kindergarten

through grade 12 education, higher education, human services, corrections, economic development, and transportation. He said generally information is provided for the last five years. He said the resolution requires the brochure to be published annually.

### **DEPARTMENT OF HUMAN SERVICES Status of Medicaid Management Information System**

Ms. Jennifer Witham, Director, Information Technology Services, Department of Human Services, presented information regarding the status of the Medicaid management information system project and the cost of change orders and whether they are attributable to federal law changes or state requests. A copy of the information presented is on file in the Legislative Council office. Ms. Witham said the revised completion date for the project is April 2011. She said the vendor--Affiliated Computer Services (ACS)--delivered the detailed project workplan for the revised schedule to the department in October 2009. She said the project team has completed a review of the plan and is in the process of final negotiations. She said at this time, the department does not anticipate the delay will result in any additional cost to the state. She said the project team has executed two change orders that have been approved by the federal Centers for Medicare and Medicaid Services. She said one change order represented the addition of a management and administrative reporting function required for federal reporting and the other change order was the transfer of responsibility for the data conversion activities from the Information Technology Department to ACS. She said all approved change orders have been within the budget for the project.

Ms. Witham provided the following project funding summary through November 2009:

<b>Description</b>	<b>Budget</b>	<b>Spent Through November 2009</b>	<b>Remaining</b>
General fund	\$3,643,133	\$2,647,675	\$995,458
Federal funds	55,218,418	30,016,239	25,202,179
Other funds	3,667,820	1,318,452	2,349,368
<b>Total</b>	<b>\$62,529,371</b>	<b>\$33,982,366</b>	<b>\$28,547,005</b>

In response to a question from Senator Mathern, Ms. Witham said approximately 20 percent of the project contract amount is withheld pending Centers for Medicare and Medicaid Services approval and certification.

In response to a question from Representative Skarphol, Ms. Witham said ACS has been purchased by the Xerox Corporation and the Department of Human Services has been assured the purchase will not affect the contract or the project.

In response to a question from Representative Nelson, Ms. Witham said the number of outstanding Medicaid claims has recently been as low as 30,000 claims. She said due to a problem with the processing of Medicare crossover claims, the backlog has now increased to approximately 50,000 claims.

Representative Nelson requested the department include information regarding the backlog of Medicaid claims in the department's future reports to the Budget Section. Chairman Holmberg asked the Department of Human Services to provide this information to the Budget Section at future meetings.

### **PUBLIC SERVICE COMMISSION STATUS OF THE METROLOGY PROGRAM**

Mr. Kevin Cramer, Commissioner, Public Service Commission, presented information regarding a report on the status of the metrology program transition from a public to a private service pursuant to Section 3 of 2009 House Bill No. 1008. A copy of the report is on file in the Legislative Council office. Mr. Cramer said the metrology laboratory will cease operations by June 30, 2010. He said a letter notifying all metrology customers of the closure was sent in June 2009. He said the commission continues to seek an alternative metrology provider and is exploring possibilities that include a private laboratory in the eastern part of the state or a regional laboratory in association with the state of South Dakota.

### **HIGHWAY PATROL COMMERCIAL VEHICLE INFORMATION SYSTEMS AND NETWORKS**

Colonel James Prochniak, Superintendent, Highway Patrol, presented information regarding the status of implementation of the commercial vehicle information systems and networks pursuant to 2009 Senate Bill No. 2011. A copy of the report is on file in the Legislative Council office. Colonel Prochniak said the commercial vehicle information systems and networks is a collection of information systems and communication networks that support commercial vehicle operations and is managed by the Federal Motor Carrier Safety Administration. He said the commercial vehicle information systems and networks program provides a framework that enables state and federal government agencies, the motor carrier industry, and other parties engaged in commercial vehicle operations safety assurance and regulation to exchange and use information to improve safety and security and to conduct business transactions electronically. He said the 2009 Legislative Assembly directed the Highway Patrol to proceed with the implementation of the commercial vehicle information exchange window system, including preparations necessary to allow for the automated issuance of highway permits, and provided \$100,000 from the general fund to complete the initial implementation process. He said a request for proposal was issued and McFarland Management of Boise, Idaho, in association with Iteris, Inc., was awarded the contract for the commercial vehicle information systems and networks study. He said the contract was awarded for \$80,595, \$6,000 was spent on advertising the project, and the remaining \$13,405 will not be spent.

## EMERGENCY DISASTER RELIEF GRANTS

Chairman Holmberg called on Major General David Sprynczynatyk, Adjutant General, to provide information regarding emergency disaster relief grants awarded to political subdivisions pursuant to 2009 Senate Bill No. 2012. A copy of the report is on file in the Legislative Council office. Major General Sprynczynatyk said the current estimate of the total cost of the 2009 flood disaster is approximately \$185 million, of which the federal share is \$168 million, the state share is \$11 million, and the local share is \$6 million. He said the costs include flood response (\$71 million), public assistance (\$65 million), mitigation (\$23 million), individual assistance (\$8 million), and small business loans (\$18 million). He said the 3 percent local share of public assistance costs is expected to total \$1.5 million. He said emergency disaster relief grants, also 3 percent, should eventually match that total, but through December 11, 2009, a total of \$313,225 has been spent.

## TOBACCO PREVENTION AND CONTROL COMMITTEE

Chairman Holmberg called on Ms. Kathleen Mangskau, Chairman, Tobacco Prevention and Control Executive Committee, to present information regarding the implementation of the comprehensive tobacco prevention and control plan pursuant to 2009 House Bill No. 1015. A copy of the information is on file in the Legislative Council office. Ms. Mangskau said through December 10, 2009, the Tobacco Prevention and Control Executive Committee spent \$890,941 of its 2009-11 biennium appropriation, including \$851,129 for grants to local public health units. She said grant programs include tobacco state aid grants (\$470,000 per year) to assist local public health units in implementing public health service guidelines relating to tobacco use and tobacco prevention grants (\$3 million for fiscal year 2009-10) to assist local public health units and cooperating public health units in implementing their workplans regarding tobacco-free school districts and college campuses, cessation services, and secondhand smoke. She said Ms. Jeanne Prom was hired to fill the executive director position and began in October 2009. She said the executive committee is

working with the State Department of Health on a memorandum of agreement for the coordination of services.

## VETERANS' HOME REPORT

Chairman Holmberg announced that the Legislative Council staff distributed to each member a written summary report from the Veterans' Home project manager regarding the status of the Veterans' Home construction project pursuant to 2009 Senate Bill No. 2007. A copy of the report is on file in the Legislative Council office.

## COMMITTEE DISCUSSION AND STAFF DIRECTIVES

Representative Meyer requested Legislative Council staff provide a report regarding the oil and gas revenue generated by the Indian oil compact, including revenues relating to fee land and tribal trust land. In addition, Representative Meyer requested Legislative Council staff provide information regarding whether the compact and the state are following the directives of the 2007 Legislative Assembly as provided in Senate Bill No. 2419, including "hold harmless" provisions relating to the counties and whether the tribes could impose a tax and siting fee.

Chairman Holmberg announced the next meeting of the Budget Section is tentatively scheduled for Thursday, March 11, 2010.

**It was moved by Senator Seymour, seconded by Senator Nelson, and carried on a voice vote that the Budget Section meeting be adjourned subject to the call of the chair.**

Chairman Holmberg adjourned the meeting at 3:07 p.m.

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Sheila M. Sandness  
Fiscal Analyst

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Allen H. Knudson  
Legislative Budget Analyst and Auditor

ATTACH:1