

Sixty-third  
Legislative Assembly  
of North Dakota

## ENGROSSED HOUSE BILL NO. 1015

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the various divisions  
2 under the supervision of the director of the office of management and budget; ~~to create and~~  
3 ~~enact a new subsection to section 54-44.1-18 of the North Dakota Century Code, relating to~~  
4 ~~political subdivisions submitting budget information to the state budget database website;~~ to  
5 amend and reenact ~~section~~sections 15.1-27-25 and 48-10-02 of the North Dakota Century  
6 Code, relating to distributions of royalties and the capitol building fund; to provide an exemption;  
7 to provide for various transfers; to provide legislative intent; to provide for a budget section  
8 report; and to provide for a legislative management ~~studies; and to provide an effective-~~  
9 ~~date~~study.

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

11 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
12 as may be necessary, are appropriated out of any moneys in the general fund in the state  
13 treasury, not otherwise appropriated, and from special funds derived from federal funds and  
14 other income, to the office of management and budget for the purpose of defraying the  
15 expenses of that agency, for the biennium beginning July 1, 2013, and ending June 30, 2015,  
16 as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
19 <del>Salaries and wages</del>	<del>\$18,477,763</del>	<del>\$1,241,539</del>	<del>\$19,719,302</del>
20 <del>Operating expenses</del>	<del>13,755,254</del>	<del>471,534</del>	<del>14,226,788</del>
21 <del>Emergency commission</del>	<del>700,000</del>	<del>300,000</del>	<del>1,000,000</del>
22 <del>—contingency fund</del>			
23 <del>Capital assets</del>	<del>5,190,143</del>	<del>605,922</del>	<del>5,796,065</del>
24 <del>Grants</del>	<del>430,000</del>	<del>0</del>	<del>430,000</del>

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1	Prairie public broadcasting	1,000,000	537,138	1,537,138
2	State student internship program	200,000	0	200,000
3	Accrued leave payments	0	570,412	570,412
4	Total all funds	\$39,753,160	\$3,726,545	\$43,479,705
5	Less estimated income	10,514,461	(1,844,863)	8,669,598
6	Total general fund	\$29,238,699	\$5,571,408	\$34,810,107
7	Salaries and wages	\$18,477,763	\$2,341,310	\$20,819,073
8	Operating expenses	13,755,254	991,534	14,746,788
9	Emergency commission	700,000	0	700,000
10	contingency fund			
11	Capital assets	5,190,143	4,760,922	9,951,065
12	Grants	430,000	0	430,000
13	Prairie public broadcasting	1,000,000	1,037,138	2,037,138
14	State student internship program	200,000	0	200,000
15	Health insurance pool - temporary	0	2,000,000	2,000,000
16	employees			
17	Total all funds	\$39,753,160	\$11,130,904	\$50,884,064
18	Less estimated income	10,514,461	(734,162)	9,780,299
19	Total general fund	\$29,238,699	\$11,865,066	\$41,103,765
20	Full-time equivalent positions	131.50	(1.00)	130.50

**SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**

**SIXTY-FOURTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items approved by the sixty-second legislative assembly for the 2011-13 biennium and the 2013-15 one-time funding items included in the appropriation in section 1 of this Act:

25	<u>One-Time Funding Description</u>	<u>2011-13</u>	<u>2013-15</u>
26	Capitol envelope	\$2,800,000	\$0
27	<del>Capitol complex parking lot repairs</del>	<del>800,000</del>	<del>0</del>
28	Capitol complex parking lot repairs	800,000	4,000,000
29	North Dakota 125 <sup>th</sup> anniversary coordinator	50,000	190,000
30	Board of integrative health	4,000	0
31	State transfers	474,700,000	0

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1	Capitol south entrance	0	1,000,000
2	Exterior restoration of legislative and j-wing	0	1,500,000
3	<del>Prairie public broadcasting</del>	<del>0</del>	<del>200,000</del>
4	<del>Repair and cleaning capitol and j-wing</del>	<del>0</del>	<del>1,200,000</del>
5	<del>Total general fund</del>	<del>\$478,354,000</del>	<del>\$4,090,000</del>
6	Prairie public broadcasting	0	700,000
7	Health insurance pool	0	2,000,000
8	Land use study	0	50,000
9	Repair and cleaning capitol and j-wing	0	1,200,000
10	Total all funds	\$478,354,000	\$10,640,000
11	Less estimated income	0	1,000,000
12	Total general fund	\$478,354,000	\$9,640,000

13 The 2013-15 one-time funding amounts are not a part of the entity's base budget for the  
 14 2015-17 biennium. The office of management and budget shall report to the appropriations  
 15 committees of the sixty-fourth legislative assembly on the use of this one-time funding for the  
 16 biennium beginning July 1, 2013, and ending June 30, 2015.

17 **SECTION 3. APPROPRIATION - TRANSFER GENERAL FUND TO PROPERTY TAX**

18 **RELIEF SUSTAINABILITY FUND.** There is appropriated out of any moneys in the general fund  
 19 in the state treasury, not otherwise appropriated, the sum of \$373,210,000, or so much of the  
 20 sum as may be necessary, which the office of management and budget shall transfer to the  
 21 property tax relief sustainability fund during the biennium beginning July 1, 2013, and ending  
 22 June 30, 2015.

23 **SECTION 4. COMMUNITY SERVICE SUPERVISION GRANTS - FUNDING**

24 **ALLOCATIONS - ADDITIONAL INCOME APPROPRIATION.** The grants line item in section 1  
 25 of this Act includes the sum of \$375,000 from the general fund for the purpose of providing  
 26 community service supervision grants. The office of management and budget shall distribute the  
 27 grant funds on or before August first during each year of the biennium beginning July 1, 2013,  
 28 and ending June 30, 2015, to North Dakota community corrections association regions as  
 29 follows:

30	Barnes County	\$9,091
31	Bismarck (urban)	20,293

1	Bismarck (rural)	10,667
2	Devils Lake	10,747
3	Dickinson	12,683
4	Fargo	24,127
5	Grand Forks	19,803
6	Jamestown	13,883
7	Minot	16,194
8	Richland County	9,931
9	Rugby	11,657
10	Sargent County	8,086
11	Wells County	8,189
12	Williston	<u>12,149</u>
13	Total	\$187,500

14 Any moneys in the community service supervision fund are appropriated to the office of  
15 management and budget for distribution to community corrections association regions on or  
16 before August first of each year during the biennium beginning July 1, 2013, and ending  
17 June 30, 2015.

18 **SECTION 5. MISSOURI RIVER CORRECTIONAL CENTER STUDY - BUDGET SECTION**

19 **REPORT.** The operating expenses line item in section 1 of this Act includes the sum of \$50,000  
20 from the general fund which must be used by the office of management and budget to contract  
21 for a land use study of the Missouri River correctional center site. The study must review  
22 options to relocate the center to another site, options to develop all or a portion of the current  
23 site into a day park, and options to continue agriculture activities on the current site. The study  
24 may not include a review of options to develop the land for residential, commercial, or industrial  
25 purposes. During the 2013-14 interim, the office of management and budget shall provide a  
26 report to the budget section regarding the results of the study.

27 **SECTION 6. EXEMPTION.** The amount appropriated for the fiscal management division, as  
28 contained in section 1 of chapter 15 of the 2009 Session Laws is not subject to the provisions of  
29 section 54-44.1-11. Any unexpended funds from this appropriation are available for continued  
30 development and operating costs of the accounting, management, and payroll systems, during  
31 the biennium beginning July 1, 2013, and ending June 30, 2015.

1       **SECTION 7. INTENT.** Within the authority included in section 1 of this Act are the following  
2 grants and special items:

3 Boys and girls clubwork	\$53,000
4 State memberships and related expenses	\$611,000
5 Unemployment insurance	\$1,500,000
6 Capitol grounds planning commission	\$25,000

7       **SECTION 8. STATE STUDENT INTERNSHIP PROGRAM.** The human resources division  
8 of the office of management and budget may transfer to each eligible agency appropriated  
9 general fund spending authority from the state student internship program line item contained in  
10 section 1 of this Act.

11       **SECTION 9. FUNDING TRANSFERS - EXCEPTION - AUTHORIZATION.** Notwithstanding  
12 section 54-16-04, agencies may transfer appropriation authority between line items, as it relates  
13 to compensation increases authorized in section [810](#) of this Act, for the biennium beginning  
14 July 1, 2013, and ending June 30, 2015. ~~However, agencies may not transfer appropriation~~  
15 ~~authority from the accrued leave payments line item under authority granted in this section.~~ The  
16 agencies shall notify the office of management and budget of any transfer made pursuant to this  
17 section.

18 ~~— **SECTION 10. STATE EMPLOYEE COMPENSATION ADJUSTMENTS – LEGISLATIVE**~~  
19 ~~**INTENT – GUIDELINES.** It is the intent of the sixty-third legislative assembly that 2013-15~~  
20 ~~biennium compensation adjustments for classified state employees are to be in a range of 2 to~~  
21 ~~4 percent for each year of the biennium based on documented performance. Increases for~~  
22 ~~classified state employees are not to be the same percentage increase for each employee. The~~  
23 ~~performance increases are to be given beginning with the month of July 2013, to be paid in~~  
24 ~~August 2013, and beginning with the month of July 2014, to be paid in August 2014. An~~  
25 ~~additional compensation adjustment of up to 2 percent for the first year of the biennium may be~~  
26 ~~provided for a classified state employee whose salary is in the first quartile of the employee's~~  
27 ~~assigned salary range to address market equity. The market equity increases are to be given~~  
28 ~~beginning with the month of July 2013, to be paid in August 2013.~~

29 ~~— It is the intent of the sixty-third legislative assembly that the goal of the classified state~~  
30 ~~employee compensation program be a compensation ratio of 95 percent of the market policy~~  
31 ~~point used by the office of management and budget for establishing the grade and salary range~~

1 ~~structure for fiscal year 2013. The office of management and budget may not adjust the market~~  
2 ~~policy point based on an estimated inflationary factor during the 2013-15 biennium. The office of~~  
3 ~~management and budget shall develop guidelines for use by state agencies for providing~~  
4 ~~compensation adjustments for regular classified employees in accordance with provisions of~~  
5 ~~this section and section 54-44.3-01.2.~~

6 ~~— Compensation adjustments for regular nonclassified state employees are to be in a range of~~  
7 ~~2 to 4 percent for each year of the biennium based on market and documented performance~~  
8 ~~and are not to be the same percentage increase for each employee. The market and~~  
9 ~~performance increases are to be given beginning with the month of July 2013, to be paid in~~  
10 ~~August 2013, and beginning with the month of July 2014, to be paid in August 2014.~~

11 ~~— It is the intent of the legislative assembly that retirement contribution percentages provided~~  
12 ~~by the state and the employee to the public employees retirement system not be changed~~  
13 ~~during the 2013-15 biennium from the percentages in effect at the end of the 2011-13 biennium.~~

14 ~~— Probationary employees are not entitled to the market and performance increases.~~  
15 ~~However, probationary employees may be given all or a portion of the increases upon~~  
16 ~~completion of probation, at the discretion of the appointing authority. Employees whose overall~~  
17 ~~documented performance level does not meet standards are not eligible for any salary increase.~~

18 ~~— **SECTION 10. ACCRUED LEAVE PAYMENTS LINE ITEM – LINE ITEM TRANSFERS –**~~  
19 ~~**EMERGENCY COMMISSION APPROVAL.** The accrued leave payments line item included in~~  
20 ~~agency appropriation bills, as approved by the sixty-third legislative assembly, includes funding~~  
21 ~~for paying accrued annual leave and sick leave for eligible employees resigning, retiring, or~~  
22 ~~otherwise discontinuing employment with the agency. The emergency commission may approve~~  
23 ~~agency requests for line item transfers from the accrued leave payments line item to the~~  
24 ~~salaries and wages line item or other line item that includes salaries and wages funding subject~~  
25 ~~to the agency providing documentation justifying the need for the funding transfer for the~~  
26 ~~biennium beginning July 1, 2013, and ending June 30, 2015.~~

27 **SECTION 10. STATE EMPLOYEE COMPENSATION ADJUSTMENTS - GUIDELINES.** It is  
28 the intent of the sixty-third legislative assembly that 2013-15 biennium compensation  
29 adjustments for classified state employees are to be in a range of one to four percent for  
30 employees below the market policy point and in a range of three to five percent based on  
31 documented performance. Increases for classified state employees are not to be the same

1 percentage increase for each employee. The market and performance increases are to be given  
2 beginning with the month of July 2013, to be paid in August 2013, and beginning with the month  
3 of July 2014, to be paid in August 2014.

4 Probationary employees are not entitled to the market and performance increases.  
5 However, probationary employees may be given all or a portion of the increases effective in  
6 July, paid in August, or upon completion of probation, at the discretion of the appointing  
7 authority.

8 The office of management and budget shall develop guidelines for use by state agencies for  
9 providing compensation adjustments for regular classified employees. The guidelines must  
10 follow section 54-44.3-01.2, the compensation philosophy statement, and the compensation  
11 system initiatives included in House Bill No. 1031, as approved by the sixty-second legislative  
12 assembly.

13 Compensation adjustments for regular nonclassified state employees are to be in a range of  
14 three to five percent based on market and documented performance and are not to be the same  
15 percentage increase for each employee.

16 Employees whose overall documented performance level does not meet standards are not  
17 eligible for any salary increase.

18 **SECTION 11. OFFICE OF MANAGEMENT AND BUDGET - TEMPORARY EMPLOYEE**  
19 **HEALTH INSURANCE POOL - TRANSFER AUTHORITY.** The office of management and  
20 budget may transfer to each eligible agency appropriation authority from the health insurance  
21 pool - temporary employees line item contained in section 1 of this Act. Transfers may be made  
22 for the purpose of providing temporary employee health insurance adjustments for state  
23 employees, including institutions of higher education, determined to be full time based on  
24 guidelines developed by the office of management and budget in accordance with the shared  
25 responsibility provisions of the Affordable Care Act for the biennium beginning July 1, 2013, and  
26 ending June 30, 2015.

27 **SECTION 12. AMENDMENT.** Section 15.1-27-25 of the North Dakota Century Code is  
28 amended and reenacted as follows:

1           **15.1-27-25. Royalties available under federal law - Distribution to counties and school**  
2 **districts - Continuing appropriation.**

- 3           1. Any money paid to the state by the secretary of the treasury of the United States  
4           under the provisions of an Act of Congress entitled "An Act to promote the mining of  
5           coal, phosphate, oil, oil shale, gas, and sodium on the public domain" [Pub. L. 66-146;  
6           41 Stat. 437; 30 U.S.C. 181 et seq.] must be credited to the state general fund and the  
7           federal mineral royalties distribution fund and must be distributed only pursuant to the  
8           terms of this section.
- 9           2. Within three months following the calendar quarters ending in March, June,  
10          September, and December, the state auditor shall certify to the state treasurer the  
11          amount of money the state received during the preceding calendar quarter for royalties  
12          under the Act of Congress cited in subsection 1.
- 13          3. The state treasurer shall allocate the percentage of the total moneys received as  
14          required by this section among the counties in which the minerals were produced  
15          based on the proportion each county's mineral royalty revenue bears to the total  
16          mineral royalty revenue received by the state for that calendar quarter. The state  
17          treasurer shall pay the amount calculated to each county.
- 18          4. The counties may use any money received under this section only for the planning,  
19          construction, and maintenance of public facilities and the provision of public services.  
20          As used in this section, public facilities include any facility used primarily for public use  
21          as determined by the board of county commissioners whether located on public or  
22          private property.
- 23          5. The percentage of money received by the state under the Act of Congress cited in  
24          subsection 1 which must be allocated and paid to the counties under this section is ~~ten~~  
25          ~~percent for collections in 2000, twenty percent for collections in 2001, thirty percent for~~  
26          ~~collections in 2002, forty percent for collections in 2003, and fifty percent for~~  
27          ~~collections in 2004 and thereafter.~~
- 28          6. Any remaining money received by the state under the Act of Congress cited in  
29          subsection 1 must be distributed to school districts as provided for in this chapter. Any  
30          moneys distributed under this subsection are deemed the first moneys withdrawn or  
31          expended from the general fund for the purpose of state aid to school districts.

1       7. A reserve for distributions to counties pursuant to this section is created as a special  
2       fund in the state treasury known as the federal mineral royalties distribution fund. The  
3       state treasurer shall deposit in the fund fifty percent of amounts received pursuant to  
4       this section.

5       8. The funds needed to make the distribution to counties, as provided for in this section,  
6       are hereby appropriated on a continuing basis.

7       ~~SECTION 11. A new subsection to section 54-44.1-18 of the North Dakota Century Code is~~  
8       ~~created and enacted as follows:~~

9       ~~The governing body of each political subdivision may submit the annual budget~~  
10      ~~adopted by the governing body to the director of the budget for inclusion in the state~~  
11      ~~budget database website. The director of the budget shall include in the budget~~  
12      ~~database website any information submitted by any participating governing body of a~~  
13      ~~political subdivision. The official who submits the annual budget to the director of the~~  
14      ~~budget may not submit any information that is confidential under state or federal law.~~  
15      ~~In lieu of submitting the annual budget adopted by the governing body to the director,~~  
16      ~~any participating governing body may provide to the director a publicly accessible~~  
17      ~~internet link on which the annual budget adopted by the participating governing body is~~  
18      ~~available.~~

19      ~~SECTION 13. LEGISLATIVE MANAGEMENT STUDY - STATE AGENCY FACILITY~~

20      ~~NEEDS. During the 2013-14 interim, the legislative management shall study the facility needs of~~  
21      ~~state agencies located in the Bismarek area, including an evaluation of current and projected~~  
22      ~~facility needs of state agencies, facilities on the capitol grounds currently being used by state~~  
23      ~~agencies, and facilities owned or leased by state agencies that are not located on the capitol~~  
24      ~~grounds. As part of the study, the legislative management shall determine if additional facilities~~  
25      ~~are needed for the operations of state agencies. If it is determined that additional space is~~  
26      ~~needed, the legislative management shall review the most economical options for increasing~~  
27      ~~the amount of facilities space available, including options for renovating or expanding existing~~  
28      ~~buildings on the capitol grounds, options for constructing new buildings on the capitol grounds,~~  
29      ~~and options for building or leasing facilities that are not located on the capitol grounds. The~~  
30      ~~legislative management shall report its findings and recommendations, together with any~~  
31      ~~legislation required to implement the recommendations, to the sixty-fourth legislative assembly.~~

1 ~~— SECTION 14. LEGISLATIVE MANAGEMENT STUDY -- SALARIES AND WAGES --~~

2 ~~APPROPRIATIONS -- CLASSIFICATION SYSTEM.~~ The legislative management shall consider  
3 studying, during the 2013-14 interim, the process of appropriating funds for salaries and wages  
4 and the state's classification system. The study, if conducted, must consider the feasibility and  
5 desirability of appropriating a lump sum amount to each agency for salaries and wages, without  
6 identifying specific purposes for the funding and allowing the agency head the flexibility to use  
7 the funding as necessary to accomplish the duties and responsibilities of the agency. The study  
8 must also include the effect of this change on the state's classification and benefits system and  
9 on the process of reporting by the agency on its use of the funds to the legislative assembly.  
10 The legislative management shall report its findings and recommendations, together with any  
11 legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

12 **SECTION 13. AMENDMENT.** Section 48-10-02 of the North Dakota Century Code is  
13 amended and reenacted as follows:

14 **48-10-02. Capitol building fund to be administered by the capitol grounds planning**  
15 **commission - Continuing appropriation - Procedure for expenditure of certain funds.**

16 The capitol grounds planning commission shall have general powers to superintend the  
17 administration of the capitol building fund, its interest and income fund, and its investments and  
18 properties. It may cause any lands now held in such funds to be sold at market value, direct the  
19 conversion of any securities now held by such funds to cash, approve expenditures from such  
20 funds subject to law and legislative appropriations, and to do all other things necessary to carry  
21 out the intent and purposes of this section. The board of university and school lands or its  
22 designee, on the commission's behalf, shall see to the investment and management of the  
23 capitol building fund and its interest and income fund and shall account to the commission  
24 concerning these funds at the commission's request.

25 Provided further, all moneys and other property in the capitol building fund, except as  
26 otherwise appropriated, are hereby dedicated and reserved to the exclusive purpose of the  
27 construction of an addition to the legislative wing of the state capitol building, and the capitol  
28 grounds planning commission shall take necessary steps to accumulate and conserve the  
29 money and property in the capitol building fund for such purpose.

30 The commission may, during any biennium, expend from the interest and income fund of  
31 the capitol building fund a sum not to exceed fifty percent of the unencumbered balance on the

1 first day of any biennium, and such amount is hereby appropriated to the capitol grounds  
2 planning commission. The expenditure may be made, after consideration of the capitol grounds  
3 master plan, for projects or planning but ~~shall~~may not exceed ~~one hundred~~two hundred fifty  
4 thousand dollars per biennium. The expenditure may only be made upon approval by two-thirds  
5 of the total membership of the commission. The expenditure must be made upon a voucher, or  
6 vouchers, prepared by the office of management and budget at the direction of the commission.

7 **SECTION 14. LEGISLATIVE MANAGEMENT STUDY - STATE EMPLOYEE HEALTH**

8 **INSURANCE PREMIUMS.** The legislative management shall consider studying, during the  
9 2013-14 interim, the feasibility and desirability of establishing a maximum state contribution to  
10 the cost of state employee health insurance premiums. The legislative management shall report  
11 its findings and recommendations, together with any legislation required to implement the  
12 recommendations, to the sixty-fourth legislative assembly.

13 ~~—SECTION 16. EFFECTIVE DATE. Section 11 of this Act becomes effective on January 1,~~  
14 ~~2014.~~