

**FIRST ENGROSSMENT
House Amendments - Minority Report
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 15.1-27-25 of the North Dakota Century Code, relating to
6 distributions of royalties; to provide an exemption; to provide for various transfers; to provide
7 legislative intent; to provide for legislative management studies; and to provide an effective
8 date.

9 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
18 Salaries and wages	\$18,477,763	\$1,895,898	\$20,373,661
19 Operating expenses	13,755,254	471,534	14,226,788
20 Emergency commission	700,000	300,000	1,000,000
21 contingency fund			
22 Capital assets	5,190,143	605,922	5,796,065
23 Grants	430,000	0	430,000
24 Prairie public broadcasting	1,000,000	537,138	1,537,138

Sixty-third
Legislative Assembly

1	State student internship program	200,000	0	200,000
2	Accrued leave payments	<u>0</u>	<u>570,412</u>	<u>570,412</u>
3	Total all funds	\$39,753,160	\$4,380,904	\$44,134,064
4	Less estimated income	<u>10,514,461</u>	<u>(1,734,162)</u>	<u>8,780,299</u>
5	Total general fund	\$29,238,699	\$6,115,066	\$35,353,765
6	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:

11	<u>One-Time Funding Description</u>	<u>2011-13</u>	<u>2013-15</u>
12	Capitol envelope	\$2,800,000	\$0
13	Capitol complex parking lot repairs	800,000	0
14	North Dakota 125 th anniversary coordinator	50,000	190,000
15	Board of integrative health	4,000	0
16	State transfers	474,700,000	0
17	Capitol south entrance	0	1,000,000
18	Exterior restoration of legislative and j-wing	0	1,500,000
19	Prairie public broadcasting	0	200,000
20	Repair and cleaning capitol and j-wing	<u>0</u>	<u>1,200,000</u>
21	Total general fund	\$478,354,000	\$4,090,000

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

SECTION 3. APPROPRIATION - TRANSFER GENERAL FUND TO PROPERTY TAX

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

1 **SECTION 4. EXEMPTION.** The amount appropriated for the fiscal management division, as
2 contained in section 1 of chapter 15 of the 2009 Session Laws is not subject to the provisions of
3 section 54-44.1-11. Any unexpended funds from this appropriation are available for continued
4 development and operating costs of the accounting, management, and payroll systems, during
5 the biennium beginning July 1, 2013, and ending June 30, 2015.

6 **SECTION 5. INTENT.** Within the authority included in section 1 of this Act are the following
7 grants and special items:

8 Boys and girls clubwork	\$53,000
9 State memberships and related expenses	\$611,000
10 Unemployment insurance	\$1,500,000
11 Capitol grounds planning commission	\$25,000

12 **SECTION 6. STATE STUDENT INTERNSHIP PROGRAM.** The human resources division
13 of the office of management and budget may transfer to each eligible agency appropriated
14 general fund spending authority from the state student internship program line item contained in
15 section 1 of this Act.

16 **SECTION 7. FUNDING TRANSFERS - EXCEPTION - AUTHORIZATION.** Notwithstanding
17 section 54-16-04, agencies may transfer appropriation authority between line items, as it relates
18 to compensation increases authorized in section 8 of this Act, for the biennium beginning July 1,
19 2013, and ending June 30, 2015. However, agencies may not transfer appropriation authority
20 from the accrued leave payments line item under authority granted in this section. The agencies
21 shall notify the office of management and budget of any transfer made pursuant to this section.

22 **SECTION 8. STATE EMPLOYEE COMPENSATION ADJUSTMENTS - GUIDELINES.** It is
23 the intent of the sixty-third legislative assembly that 2013-15 biennium compensation
24 adjustments for classified state employees are to be in a range of one to four percent for
25 employees below the market policy point and in a range of three to five percent based on
26 documented performance. Increases for classified state employees are not to be the same
27 percentage increase for each employee. The market and performance increases are to be given
28 beginning with the month of July 2013, to be paid in August 2013, and beginning with the month
29 of July 2014, to be paid in August 2014.

30 Probationary employees are not entitled to the market and performance increases.

31 However, probationary employees may be given all or a portion of the increases effective in

1 July, paid in August, or upon completion of probation, at the discretion of the appointing
2 authority.

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

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

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

13 **SECTION 9. ACCRUED LEAVE PAYMENTS LINE ITEM - LINE ITEM TRANSFERS -**

14 **EMERGENCY COMMISSION APPROVAL.** The accrued leave payments line item included in
15 agency appropriation bills, as approved by the sixty-third legislative assembly, includes funding
16 for paying accrued annual leave and sick leave for eligible employees resigning, retiring, or
17 otherwise discontinuing employment with the agency. The emergency commission may approve
18 agency requests for line item transfers from the accrued leave payments line item to the
19 salaries and wages line item or other line item that includes salaries and wages funding subject
20 to the agency providing documentation justifying the need for the funding transfer for the
21 biennium beginning July 1, 2013, and ending June 30, 2015.

22 **SECTION 10. AMENDMENT.** Section 15.1-27-25 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 **15.1-27-25. Royalties available under federal law - Distribution to counties and school**
25 **districts - Continuing appropriation.**

26 1. Any money paid to the state by the secretary of the treasury of the United States
27 under the provisions of an Act of Congress entitled "An Act to promote the mining of
28 coal, phosphate, oil, oil shale, gas, and sodium on the public domain" [Pub. L. 66-146;
29 41 Stat. 437; 30 U.S.C. 181 et seq.] must be credited to the state general fund and the
30 federal mineral royalties distribution fund and must be distributed only pursuant to the
31 terms of this section.

- 1 2. Within three months following the calendar quarters ending in March, June,
2 September, and December, the state auditor shall certify to the state treasurer the
3 amount of money the state received during the preceding calendar quarter for royalties
4 under the Act of Congress cited in subsection 1.
- 5 3. The state treasurer shall allocate the percentage of the total moneys received as
6 required by this section among the counties in which the minerals were produced
7 based on the proportion each county's mineral royalty revenue bears to the total
8 mineral royalty revenue received by the state for that calendar quarter. The state
9 treasurer shall pay the amount calculated to each county.
- 10 4. The counties may use any money received under this section only for the planning,
11 construction, and maintenance of public facilities and the provision of public services.
12 As used in this section, public facilities include any facility used primarily for public use
13 as determined by the board of county commissioners whether located on public or
14 private property.
- 15 5. The percentage of money received by the state under the Act of Congress cited in
16 subsection 1 which must be allocated and paid to the counties under this section is ~~ten~~
17 percent for collections in 2000, ~~twenty percent for collections in 2001, thirty percent for~~
18 ~~collections in 2002, forty percent for collections in 2003, and fifty percent for~~
19 ~~collections in 2004 and thereafter.~~
- 20 6. Any remaining money received by the state under the Act of Congress cited in
21 subsection 1 must be distributed to school districts as provided for in this chapter. Any
22 moneys distributed under this subsection are deemed the first moneys withdrawn or
23 expended from the general fund for the purpose of state aid to school districts.
- 24 7. A reserve for distributions to counties pursuant to this section is created as a special
25 fund in the state treasury known as the federal mineral royalties distribution fund. The
26 state treasurer shall deposit in the fund fifty percent of amounts received pursuant to
27 this section.
- 28 8. The funds needed to make the distribution to counties, as provided for in this section,
29 are hereby appropriated on a continuing basis.

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

1 The governing body of each political subdivision may submit the annual budget
2 adopted by the governing body to the director of the budget for inclusion in the state
3 budget database website. The director of the budget shall include in the budget
4 database website any information submitted by any participating governing body of a
5 political subdivision. The official who submits the annual budget to the director of the
6 budget may not submit any information that is confidential under state or federal law.
7 In lieu of submitting the annual budget adopted by the governing body to the director,
8 any participating governing body may provide to the director a publicly accessible
9 internet link on which the annual budget adopted by the participating governing body is
10 available.

11 **SECTION 12. LEGISLATIVE MANAGEMENT STUDY - STATE AGENCY FACILITY**

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

24 **SECTION 13. LEGISLATIVE MANAGEMENT STUDY - SALARIES AND WAGES**

25 **APPROPRIATIONS - CLASSIFICATION SYSTEM.** The legislative management shall consider
26 studying, during the 2013-14 interim, the process of appropriating funds for salaries and wages
27 and the state's classification system. The study, if conducted, must consider the feasibility and
28 desirability of appropriating a lump sum amount to each agency for salaries and wages, without
29 identifying specific purposes for the funding and allowing the agency head the flexibility to use
30 the funding as necessary to accomplish the duties and responsibilities of the agency. The study
31 must also include the effect of this change on the state's classification and benefits system and

1 on the process of reporting by the agency on its use of the funds to the legislative assembly.
2 The legislative management shall report its findings and recommendations, together with any
3 legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

4 **SECTION 14. LEGISLATIVE MANAGEMENT STUDY - STATE EMPLOYEE HEALTH**
5 **INSURANCE PREMIUMS.** The legislative management shall consider studying, during the
6 2013-14 interim, the feasibility and desirability of establishing a maximum state contribution to
7 the cost of state employee health insurance premiums. The legislative management shall report
8 its findings and recommendations, together with any legislation required to implement the
9 recommendations, to the sixty-fourth legislative assembly.

10 **SECTION 15. EFFECTIVE DATE.** Section 11 of this Act becomes effective on January 1,
11 2014.