

Sixty-fourth  
Legislative Assembly  
of North Dakota

ENGROSSED HOUSE BILL NO. 1020

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 extension  
2 service, northern crops institute, upper great plains transportation institute, main research  
3 center, branch research centers, and agronomy seed farm; to amend and reenact sections  
4 4-05.1-05, 4-08-10, 57-39.5-02, and 57-43.1-03.1 of the North Dakota Century Code, relating to  
5 North Dakota state university main research center full-time equivalent positions, North Dakota  
6 state university extension service full-time equivalent positions, the transfer of revenue from the  
7 farm machinery gross receipts tax, and fuel tax refunds; to authorize the Langdon research  
8 extension center to purchase certain land in Cavalier County; to provide for a report; to provide  
9 for transfers; to provide for a legislative management study; ~~and~~ to provide ~~an exemption for~~  
10 exemptions; to provide an effective date; and to declare an emergency.

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

12 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
13 as may be necessary, are appropriated out of any moneys in the general fund in the state  
14 treasury, not otherwise appropriated, and from special funds derived from federal funds and  
15 other income, to the North Dakota state university extension service, the northern crops  
16 institute, the upper great plains transportation institute, the main research center, branch  
17 research centers, and agronomy seed farm for the purpose of defraying the expenses of the  
18 North Dakota state university extension service, the northern crops institute, the upper great  
19 plains transportation institute, the main research center, branch research centers, and  
20 agronomy seed farm, for the biennium beginning July 1, 2015, and ending June 30, 2017, as  
21 follows:

22 Subdivision 1.

23 NORTH DAKOTA STATE UNIVERSITY EXTENSION SERVICE

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	Base Level	Adjustments or Enhancements	Appropriation
1			
2			
3	<del>Extension service</del>	<del>\$48,867,985</del>	<del>\$5,525,239</del>
4	<del>Soil conservation committee</del>	<del>1,137,800</del>	<del>0</del>
5	<del>Accrued leave payments</del>	<del>1,716,289</del>	<del>(1,716,289)</del>
6	<del>Total all funds</del>	<del>\$51,722,074</del>	<del>\$3,808,950</del>
7	<del>Less estimated income</del>	<del>23,897,809</del>	<del>2,036,029</del>
8	<del>Total general fund</del>	<del>\$27,824,265</del>	<del>\$1,772,921</del>
9	<del>Full-time equivalent positions</del>	<del>258.26</del>	<del>4.65</del>
10	Extension service	\$48,867,985	\$6,069,583
11	Soil conservation committee	1,137,800	75,000
12	Accrued leave payments	1,716,289	(1,716,289)
13	Total all funds	\$51,722,074	\$4,428,294
14	Less estimated income	23,897,809	1,928,899
15	Total general fund	\$27,824,265	\$2,499,395
16	Full-time equivalent positions	258.26	7.65

Subdivision 2.

NORTHERN CROPS INSTITUTE

	Base Level	Adjustments or Enhancements	Appropriation
19			
20			
21	<del>Northern crops institute</del>	<del>\$3,719,827</del>	<del>\$139,100</del>
22	<del>Accrued leave payments</del>	<del>42,195</del>	<del>(42,195)</del>
23	<del>Total all funds</del>	<del>\$3,762,022</del>	<del>\$96,905</del>
24	<del>Less estimated income</del>	<del>1,797,161</del>	<del>(50,426)</del>
25	<del>Total general fund</del>	<del>\$1,964,861</del>	<del>\$147,331</del>
26	Northern crops institute	\$3,719,827	\$130,066
27	Accrued leave payments	42,195	(42,195)
28	Total all funds	\$3,762,022	\$87,871
29	Less estimated income	1,797,161	(49,426)
30	Total general fund	\$1,964,861	\$137,297

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1	Full-time equivalent positions	12.00	0.00	12.00
2	Subdivision 3.			
3	UPPER GREAT PLAINS TRANSPORTATION INSTITUTE			
4			Adjustments or	
5		Base Level	Enhancements	Appropriation
6	<del>Upper great plains transportation</del>	<del>\$25,038,160</del>	<del>(\$2,265,491)</del>	<del>\$22,772,669</del>
7	<del>institute</del>			
8	<del>Accrued leave payments</del>	<del>241,627</del>	<del>(241,627)</del>	<del>0</del>
9	<del>Total all funds</del>	<del>\$25,279,787</del>	<del>(\$2,507,118)</del>	<del>\$22,772,669</del>
10	<del>Less estimated income</del>	<del>22,452,963</del>	<del>(4,243,159)</del>	<del>18,209,804</del>
11	<del>Total general fund</del>	<del>\$2,826,824</del>	<del>\$1,736,041</del>	<del>\$4,562,865</del>
12	Upper great plains transportation	\$25,038,160	(\$1,515,404)	\$23,522,756
13	institute			
14	Accrued leave payments	241,627	(241,627)	0
15	Total all funds	\$25,279,787	(\$1,757,031)	\$23,522,756
16	Less estimated income	22,452,963	(4,277,306)	18,175,657
17	Total general fund	\$2,826,824	\$2,520,275	\$5,347,099
18	Full-time equivalent positions	53.75	1.23	54.98
19	Subdivision 4.			
20	MAIN RESEARCH CENTER			
21			Adjustments or	
22		Base Level	Enhancements	Appropriation
23	<del>Main research center</del>	<del>\$102,691,843</del>	<del>\$11,226,362</del>	<del>\$113,918,205</del>
24	<del>Accrued leave payments</del>	<del>2,561,394</del>	<del>(2,561,394)</del>	<del>0</del>
25	<del>Total all funds</del>	<del>\$105,253,237</del>	<del>\$8,664,968</del>	<del>\$113,918,205</del>
26	<del>Less estimated income</del>	<del>53,053,716</del>	<del>3,935,243</del>	<del>56,988,959</del>
27	<del>Total general fund</del>	<del>\$52,199,521</del>	<del>\$4,729,725</del>	<del>\$56,929,246</del>
28	<del>Full-time equivalent positions</del>	<del>351.49</del>	<del>4.36</del>	<del>355.85</del>
29	Main research center	\$102,691,843	\$33,633,794	\$136,325,637
30	Accrued leave payments	2,561,394	(2,561,394)	0

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1	Total all funds	\$105,253,237	\$31,072,400	\$136,325,637
2	Less estimated income	53,053,716	4,044,809	57,098,525
3	Total general fund	\$52,199,521	\$27,027,591	\$79,227,112
4	Full-time equivalent positions	351.49	2.36	353.85
5	Subdivision 5.			
6	RESEARCH CENTERS			
7			Adjustments or	
8		Base Level	Enhancements	Appropriation
9	<del>Dickinson research center</del>	<del>\$6,116,621</del>	<del>\$1,228,945</del>	<del>\$7,345,566</del>
10	<del>Central grasslands research center</del>	<del>3,229,867</del>	<del>311,256</del>	<del>3,541,123</del>
11	<del>Hettinger research center</del>	<del>4,661,729</del>	<del>576,126</del>	<del>5,237,855</del>
12	<del>Langdon research center</del>	<del>2,832,495</del>	<del>201,621</del>	<del>3,034,116</del>
13	<del>North central research center</del>	<del>4,582,677</del>	<del>587,820</del>	<del>5,170,497</del>
14	<del>Williston research center</del>	<del>3,766,986</del>	<del>1,571,882</del>	<del>5,338,868</del>
15	<del>Carrington research center</del>	<del>7,892,494</del>	<del>1,692,909</del>	<del>9,585,403</del>
16	<del>Accrued leave payments</del>	<del>503,916</del>	<del>(503,916)</del>	<del>0</del>
17	<del>Total all funds</del>	<del>\$33,586,785</del>	<del>\$5,666,643</del>	<del>\$39,253,428</del>
18	<del>Less estimated income</del>	<del>16,001,083</del>	<del>3,817,672</del>	<del>19,818,755</del>
19	<del>Total general fund</del>	<del>\$17,585,702</del>	<del>\$1,848,971</del>	<del>\$19,434,673</del>
20	Dickinson research center	\$6,116,621	\$1,241,540	\$7,358,161
21	Central grasslands research center	3,229,867	452,700	3,682,567
22	Hettinger research center	4,661,729	589,459	5,251,188
23	Langdon research center	2,832,495	344,621	3,177,116
24	North central research center	4,582,677	604,264	5,186,941
25	Williston research center	3,766,986	1,707,104	5,474,090
26	Carrington research center	7,892,494	1,693,020	9,585,514
27	Accrued leave payments	503,916	(503,916)	0
28	Total all funds	\$33,586,785	\$6,128,792	\$39,715,577
29	Less estimated income	16,001,083	3,816,047	19,817,130
30	Total general fund	\$17,585,702	\$2,312,745	\$19,898,447
31	Full-time equivalent positions	107.04	6.90	113.94

1 Subdivision 6.

2 AGRONOMY SEED FARM

3		Adjustments or		
4	Base Level	Enhancements	Appropriation	
5	<del>Agronomy seed farm</del>	<del>\$1,466,018</del>	<del>\$57,246</del>	<del>\$1,523,264</del>
6	<del>Accrued leave payments</del>	<del>5,741</del>	<del>(5,741)</del>	<del>0</del>
7	<del>Total special funds</del>	<del>\$1,471,759</del>	<del>\$51,505</del>	<del>\$1,523,264</del>
8	<u>Agronomy seed farm</u>	<u>\$1,466,018</u>	<u>\$54,989</u>	<u>\$1,521,007</u>
9	<u>Accrued leave payments</u>	<u>5,741</u>	<u>(5,741)</u>	<u>0</u>
10	<u>Total special funds</u>	<u>\$1,471,759</u>	<u>\$49,248</u>	<u>\$1,521,007</u>
11	Full-time equivalent positions	3.00	0.00	3.00

12 Subdivision 7.

13 BILL TOTAL

14		Adjustments or		
15	Base Level	Enhancements	Appropriation	
16	<del>Grand total general fund</del>	<del>\$102,401,173</del>	<del>\$10,234,989</del>	<del>\$112,636,162</del>
17	<del>Grand total special funds</del>	<del>118,674,491</del>	<del>5,546,864</del>	<del>124,221,355</del>
18	<del>Grand total all funds</del>	<del>\$221,075,664</del>	<del>\$15,781,853</del>	<del>\$236,857,517</del>
19	<u>Grand total general fund</u>	<u>\$102,401,173</u>	<u>\$34,672,303</u>	<u>\$137,073,476</u>
20	<u>Grand total special funds</u>	<u>118,674,491</u>	<u>5,687,271</u>	<u>124,361,762</u>
21	<u>Grand total all funds</u>	<u>\$221,075,664</u>	<u>\$40,359,574</u>	<u>\$261,435,238</u>

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

23 **SIXTY-FIFTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding  
 24 items approved by the sixty-third legislative assembly for the 2013-15 biennium and the  
 25 2015-17 one-time funding items included in the appropriation in section 1 of this Act:

26	One-Time Funding Description	2013-15	2015-17
27	<del>Agronomy laboratories</del>	<del>\$5,925,000</del>	<del>\$0</del>
28	<u>Agronomy laboratories</u>	<u>\$5,925,000</u>	<u>\$150,000</u>
29	Extension 4-H camp renovation	1,900,000	0
30	Feed mill equipment	100,000	0
31	Video conference equipment	110,000	0

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1	Upper great plains transportation institute	1,250,000	0
2	state match for federal funds		
3	Diagnostic equipment	400,000	0
4	Junior master gardener program	25,000	0
5	<del>Flooded lands study</del>	<del>82,000</del>	<del>0</del>
6	<del>Total all funds</del>	<del>\$9,792,000</del>	<del>\$0</del>
7	<del>Total other funds</del>	<del>950,000</del>	<del>0</del>
8	<del>Total general fund</del>	<del>\$8,842,000</del>	<del>\$0</del>
9	Upper great plains transportation institute road study	0	1,250,000
10	Dust issues technical support	0	100,000
11	Greenhouse utilities	0	400,000
12	Veterinary diagnostics laboratory	0	18,000,000
13	Seed cleaning plants	0	2,600,000
14	Flooded lands study	82,000	82,000
15	Total all funds	\$9,792,000	\$22,582,000
16	Total other funds	950,000	150,000
17	Total general fund	\$8,842,000	\$22,432,000

18 The 2015-17 one-time funding amounts are not a part of the entity's base budget for the  
 19 2017-19 biennium. The main research center shall report to the appropriations committees of  
 20 the sixty-fifth legislative assembly on the use of this one-time funding for the biennium  
 21 beginning July 1, 2015, and ending June 30, 2017.

22 **SECTION 3. ADDITIONAL INCOME - APPROPRIATION.** In addition to the amount  
 23 included in the grand total special funds appropriation line item in section 1 of this Act, any other  
 24 income, including funds from federal acts, private grants, gifts, and donations, or from other  
 25 sources received by the North Dakota state university extension service, the northern crops  
 26 institute, the upper great plains transportation institute, the main research center, branch  
 27 research centers, and agronomy seed farm, except as otherwise provided by law, is  
 28 appropriated for the purpose designated in this Act, grant, gift, or donation, for the biennium  
 29 beginning July 1, 2015, and ending June 30, 2017.

30 **SECTION 4. ACQUISITION OF LAND AUTHORIZED.** The state of North Dakota, by and  
 31 through the state board of agricultural research and education, may acquire certain real

1 property in Cavalier County to be used for the purposes of the Langdon research extension  
2 center on the terms and for a price as approved by the board, but not to exceed \$350,000 nor  
3 the appraised value of the property. The board may purchase the northeast ¼ of section 19 of  
4 township 161 north, range 59 west.

5 **SECTION 5. APPROPRIATION.** There is appropriated out of any moneys in the general  
6 fund in the state treasury, not otherwise appropriated, the sum of \$175,000, and from special  
7 funds, the sum of \$175,000, or so much of the sum as may be necessary, to the Langdon  
8 research extension center for the purpose of purchasing the real property described in section 4  
9 of this Act, for the biennium beginning July 1, 2015, and ending June 30, 2017. The funding  
10 provided in this section is considered a one-time funding item.

11 **SECTION 6. AMENDMENT.** Section 4-05.1-05 of the North Dakota Century Code is  
12 amended and reenacted as follows:

13 **4-05.1-05. North Dakota state university main research center position adjustments -**  
14 **Budget section report.**

15 The North Dakota state university main research center must be located on the campus of  
16 North Dakota state university of agriculture and applied science. The center is the administrative  
17 location of the agricultural experiment station. The center shall conduct research and coordinate  
18 all research activities of the agricultural experiment station. The research must have, as a  
19 purpose, the development and dissemination of technology important to the production and  
20 utilization of food, feed, fiber, and fuel from crop and livestock enterprises. The research must  
21 provide for an enhancement of the quality of life, sustainability of production, and protection of  
22 the environment. Subject to the availability of funds, the station director may adjust or increase  
23 full-time equivalent positions in order to carry out activities to accomplish the mission of the  
24 agricultural experiment station. All full or partial positions must be separate from North Dakota  
25 state university. Annually, the station director shall report to the office of management and  
26 budget and to the budget section any adjustments or increases made pursuant to this section.

27 The center may conduct baseline research, including production and processing in conjunction  
28 with the research and extension centers of the state, regarding industrial hemp and other  
29 alternative industrial use crops. The center may collect feral hemp seed stock and develop  
30 appropriate adapted strains of industrial hemp which contain less than three-tenths of one  
31 percent tetrahydrocannabinol in the dried flowering tops. The agriculture commissioner shall

1 monitor the collection of feral hemp seed stock and industrial hemp strain development and  
2 shall certify appropriate stocks for licensed commercial cultivation.

3 **SECTION 7. AMENDMENT.** Section 4-08-10 of the North Dakota Century Code is amended  
4 and reenacted as follows:

5 **4-08-10. Extension agent to submit monthly account of expenditures - Position**  
6 **adjustments - Budget section report.**

7 The extension agent shall submit monthly an accurate itemized account of all expenditures  
8 incurred by the agent in the regular conduct of duties to the North Dakota state university  
9 extension service for examination and audit. When charges are made by an extension agent for  
10 money expended in the performance of official duties, all items of one dollar or more expended  
11 and charged for must be covered by a subvoucher or receipt that must be signed by the person  
12 to whom the money was paid. The subvoucher or receipt must show at what place, on what  
13 date, and for what the money expended was paid. The extension agent shall forward the  
14 subvouchers or receipts with the bill, claim, account, or demand against the county. When  
15 charges are made for transportation expenses, they may not exceed the amounts provided by  
16 section 11-10-15, and must be in itemized form showing the mileage traveled, the days when  
17 and how traveled, and the purpose thereof, verified by affidavit. The account must be  
18 transmitted and recommended for payment by the North Dakota state university extension  
19 service which shall audit the same and which may approve or disallow any expense item  
20 therein. The state board of agricultural research and education and the president of North  
21 Dakota state university shall control and administer the North Dakota state university extension  
22 service subject to the supervision of the state board of higher education. Funds appropriated to  
23 the North Dakota state university extension service may not be commingled with funds  
24 appropriated to North Dakota state university. An appropriation request to defray expenses of  
25 the North Dakota state university extension service must be separate from an appropriation  
26 request to defray expenses of North Dakota state university. Subject to the availability of funds,  
27 the director of the North Dakota state university extension service may adjust or increase  
28 full-time equivalent positions in order to carry out activities to accomplish the mission of the  
29 extension service. All full or part-time positions must be separate from North Dakota state  
30 university. Annually, the director of the North Dakota state university extension service shall

1 report to the office of management and budget and to the budget section any adjustments or  
2 increases made pursuant to this section.

3 **SECTION 8. AMENDMENT.** Section 57-39.5-02 of the North Dakota Century Code is  
4 amended and reenacted as follows:

5 **57-39.5-02. Imposition - Transfer of funds - Exemptions.**

6 There is imposed a tax of three percent upon the gross receipts of retailers from all sales at  
7 retail, including the leasing or renting, of farm machinery or irrigation equipment used  
8 exclusively for agricultural purposes. After July first of each year, one million dollars of taxes  
9 collected under this chapter must be transferred to the state treasurer who shall deposit the  
10 moneys in the agricultural research fund. Gross receipts from sales at retail of farm machinery  
11 or irrigation equipment are exempted from the tax imposed by this chapter when the sale, lease,  
12 or rental is made to a purchaser or lessor who is entitled to a sales and use tax exemption  
13 under subsection 6 or 12 of section 57-39.2-04 on otherwise taxable sales at retail. There are  
14 specifically exempted from the tax imposed by this chapter the gross receipts from the sale,  
15 lease, or rental of used farm machinery, farm machinery repair parts, used irrigation equipment,  
16 or irrigation equipment repair parts used exclusively for agricultural purposes. For purposes of  
17 this section, "used" means:

- 18 1. Tax under this chapter or chapter 57-39.2 or 57-40.2 has been paid on a previous  
19 sale;
- 20 2. Tax under section 57-39.5-06 has been paid under a previous lease;
- 21 3. Originally purchased outside this state and previously owned by a farmer; or
- 22 4. Has been under rental for three years or more.

23 **SECTION 9. AMENDMENT.** Section 57-43.1-03.1 of the North Dakota Century Code is  
24 amended and reenacted as follows:

25 **57-43.1-03.1. Refund of tax for fuel used for agricultural purposes - Reductions.**

26 Any consumer who buys or uses any motor vehicle fuel for an agricultural purpose on which  
27 the motor vehicle fuel tax has been paid may file a claim with the commissioner for a refund  
28 under this chapter. ~~The amount of the tax refund under this section must be reduced by seven~~  
29 ~~cents per gallon [3.79 liters] except for those fuels used in aircraft or with respect to refunds~~  
30 ~~claimed by aircraft fuel users. The amount per gallon [3.79 liters] withheld from the refund must~~  
31 ~~be deposited in the agricultural research fund.~~

1       **SECTION 10. DICKINSON RESEARCH EXTENSION CENTER - MINERAL RIGHTS**

2       ~~INCOME--REPORT~~. The Dickinson research extension center may spend up to \$755,000 of  
3 revenues received during the 2015-17 biennium from mineral royalties, leases, or easements  
4 for ongoing operational expenses. Any revenues received in excess of \$755,000 may be spent  
5 only for one-time expenditures for the biennium beginning July 1, 2015, and ending June 30,  
6 2017.

7       **SECTION 11. WILLISTON RESEARCH EXTENSION CENTER - MINERAL RIGHTS**

8       **INCOME - REPORT**. The Williston research extension center shall report to the sixty-fifth  
9 legislative assembly on amounts received and spent from mineral royalties, leases, or  
10 easements in the biennium beginning July 1, 2013, and ending June 30, 2015, and the  
11 biennium beginning July 1, 2015, and ending June 30, 2017.

12       **SECTION 12. TRANSFER AUTHORITY**. Upon approval of the state board of agricultural  
13 research and education and appropriate branch research center directors, the director of the  
14 main research center may transfer appropriation authority within subdivisions 1, 2, 4, and 5 of  
15 section 1 of this Act. Any amounts transferred must be reported to the director of the office of  
16 management and budget.

17       **SECTION 13. FULL-TIME EQUIVALENT POSITION ADJUSTMENTS**. The board of higher  
18 education may adjust or increase full-time equivalent positions as needed for the entities in  
19 section 1 of this Act. All full- or part-time positions must be separate from North Dakota state  
20 university. Annually, the board shall report to the office of management and budget and to the  
21 budget section any adjustments made pursuant to this section.

22       **SECTION 14. LEGISLATIVE MANAGEMENT STUDY**. During the 2015-16 interim, the  
23 legislative management shall consider studying the feasibility of placing the upper great plains  
24 transportation institute under the administrative authority of the department of transportation. If  
25 conducted, the study must identify potential efficiencies, potential issues, and current services  
26 or benefits provided to the upper great plains transportation institute by North Dakota state  
27 university. The legislative management shall report its findings and recommendations, along  
28 with any legislation required to implement the recommendations, to the sixty-fifth legislative  
29 assembly.

30       **SECTION 15. UNEXPENDED GENERAL FUND - EXCESS INCOME - EXEMPTION**. Any  
31 unexpended general fund appropriation authority to and any excess income received by entities

1 listed in section 1 of this Act are not subject to the provisions of section 54-44.1-11, and any  
2 unexpended funds from these appropriations or revenues are available and may be expended  
3 by those entities, during the biennium beginning July 1, 2017, and ending June 30, 2019.

4 **SECTION 16. EXEMPTION.** ~~Excluding \$400,000 provided from the general fund for the~~  
5 ~~central grasslands research center agronomy laboratory, all other~~The amounts appropriated for  
6 the agronomy laboratories contained in subdivision 4 of section 1 of chapter 51 of the 2013  
7 Session Laws, are not subject to the provisions of section 54-44.1-11, and any unexpended  
8 funds from these appropriations or related revenues are available and may be expended during  
9 the biennium beginning July 1, 2015, and ending June 30, 2017.

10 **SECTION 17. EXEMPTION.** The amounts appropriated for the Extension 4-H camp  
11 contained in subdivision 1 of section 1 of chapter 51 of the 2013 Session Laws are not subject  
12 to the provision of section 54-44.1-11, and any unexpended funds from these appropriations or  
13 related revenues are available and may be expended during the biennium beginning July 1,  
14 2015, and ending June 30, 2017.

15 **SECTION 18. EMERGENCY.** The appropriation for capital projects of \$20,750,000 in  
16 subdivision 4 of section 1 and sections 4 and 5 of this Act are declared to be an emergency  
17 measure.