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Sixty-fourth
Legislative Assembly
of North Dakota

**FIRST ENGROSSMENT
with Conference Committee Amendments
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 the
9 legislative assembly, the budget section, and the appropriations committees; to provide for
10 transfers; to provide for a legislative management study; to provide for exemptions; and to
11 declare an emergency.

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

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

23 Subdivision 1.

24 NORTH DAKOTA STATE UNIVERSITY EXTENSION SERVICE

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		Adjustments or		
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>	
1				
2				
3	Extension service	\$48,867,985	\$5,534,111	\$54,402,096
4	Soil conservation committee	1,137,800	75,000	1,212,800
5	Accrued leave payments	<u>1,716,289</u>	<u>(1,716,289)</u>	<u>0</u>
6	Total all funds	\$51,722,074	\$3,892,822	\$55,614,896
7	Less estimated income	<u>23,897,809</u>	<u>1,928,899</u>	<u>25,826,708</u>
8	Total general fund	\$27,824,265	\$1,963,923	\$29,788,188
9	Full-time equivalent positions	258.26	5.65	263.91

10 Subdivision 2.

NORTHERN CROPS INSTITUTE

		Adjustments or		
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>	
12				
13				
14	Northern crops institute	\$3,719,827	\$130,066	\$3,849,893
15	Accrued leave payments	<u>42,195</u>	<u>(42,195)</u>	<u>0</u>
16	Total all funds	\$3,762,022	\$87,871	\$3,849,893
17	Less estimated income	<u>1,797,161</u>	<u>(49,426)</u>	<u>1,747,735</u>
18	Total general fund	\$1,964,861	\$137,297	\$2,102,158
19	Full-time equivalent positions	12.00	0.00	12.00

20 Subdivision 3.

UPPER GREAT PLAINS TRANSPORTATION INSTITUTE

		Adjustments or		
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>	
22				
23				
24	Upper great plains transportation	\$25,038,160	(\$2,015,404)	\$23,022,756
25	institute			
26	Accrued leave payments	<u>241,627</u>	<u>(241,627)</u>	<u>0</u>
27	Total all funds	\$25,279,787	(\$2,257,031)	\$23,022,756
28	Less estimated income	<u>22,452,963</u>	<u>(4,277,306)</u>	<u>18,175,657</u>
29	Total general fund	\$2,826,824	\$2,020,275	\$4,847,099
30	Full-time equivalent positions	53.75	1.23	54.98

31 Subdivision 4.

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MAIN RESEARCH CENTER

Adjustments or

	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
Main research center	\$102,691,843	\$34,474,294	\$137,166,137
Accrued leave payments	<u>2,561,394</u>	<u>(2,561,394)</u>	<u>0</u>
Total all funds	\$105,253,237	\$31,912,900	\$137,166,137
Less estimated income	<u>53,053,716</u>	<u>25,044,809</u>	<u>78,098,525</u>
Total general fund	\$52,199,521	\$6,868,091	\$59,067,612
Full-time equivalent positions	351.49	2.36	353.85

Subdivision 5.

RESEARCH CENTERS

Adjustments or

	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
Dickinson research center	\$6,116,621	\$1,241,540	\$7,358,161
Central grasslands research center	3,229,867	452,700	3,682,567
Hettinger research center	4,661,729	589,459	5,251,188
Langdon research center	2,832,495	344,621	3,177,116
North central research center	4,582,677	604,264	5,186,941
Williston research center	3,766,986	1,707,104	5,474,090
Carrington research center	7,892,494	1,693,020	9,585,514
Accrued leave payments	<u>503,916</u>	<u>(503,916)</u>	<u>0</u>
Total all funds	\$33,586,785	\$6,128,792	\$39,715,577
Less estimated income	<u>16,001,083</u>	<u>3,816,047</u>	<u>19,817,130</u>
Total general fund	\$17,585,702	\$2,312,745	\$19,898,447
Full-time equivalent positions	107.04	6.90	113.94

Subdivision 6.

AGRONOMY SEED FARM

Adjustments or

	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
Agronomy seed farm	\$1,466,018	\$54,989	\$1,521,007
Accrued leave payments	<u>5,741</u>	<u>(5,741)</u>	<u>0</u>

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1	Total special funds	\$1,471,759	\$49,248	\$1,521,007
2	Full-time equivalent positions	3.00	0.00	3.00
3	Subdivision 7.			
4		BILL TOTAL		
5			Adjustments or	
6		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
7	Grand total general fund	\$102,401,173	\$13,477,331	\$115,878,504
8	Grand total special funds	<u>118,674,491</u>	<u>26,687,271</u>	<u>145,361,762</u>
9	Grand total all funds	\$221,075,664	\$40,164,602	\$261,240,266

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

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

14	<u>One-Time Funding Description</u>	<u>2013-15</u>	<u>2015-17</u>
15	Agronomy laboratories	\$5,925,000	\$150,000
16	Extension 4-H camp renovation	1,900,000	0
17	Feed mill equipment	100,000	0
18	Video conference equipment	110,000	0
19	Upper great plains transportation institute	1,250,000	0
20	state match for federal funds		
21	Diagnostic equipment	400,000	0
22	Upper great plains transportation institute road study	0	750,000
23	Junior master gardener program	25,000	12,500
24	Rural leadership project	0	150,000
25	Dust issues technical support	0	100,000
26	Seed cleaning plants	0	4,500,000
27	Veterinary diagnostics laboratory	0	18,000,000
28	Flooded lands study	<u>82,000</u>	<u>72,500</u>
29	Total all funds	\$9,792,000	\$23,735,000
30	Total other funds	<u>950,000</u>	<u>21,150,000</u>
31	Total general fund	\$8,842,000	\$2,585,000

1 The 2015-17 one-time funding amounts are not a part of the entity's base budget for the
2 2017-19 biennium. The main research center shall report to the appropriations committees of
3 the sixty-fifth legislative assembly on the use of this one-time funding for the biennium
4 beginning July 1, 2015, and ending June 30, 2017.

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

13 **SECTION 4. ACQUISITION OF LAND AUTHORIZED.** The state of North Dakota, by and
14 through the state board of agricultural research and education, may acquire certain real
15 property in Cavalier County to be used for the purposes of the Langdon research extension
16 center on the terms and for a price as approved by the board, but not to exceed \$350,000 nor
17 the appraised value of the property. The board may purchase the northeast ¼ of section 19 of
18 township 161 north, range 59 west.

19 **SECTION 5. APPROPRIATION - LANGDON RESEARCH EXTENSION CENTER.** There is
20 appropriated out of any moneys in the general fund in the state treasury, not otherwise
21 appropriated, the sum of \$175,000, and from special funds, the sum of \$175,000, or so much of
22 the sum as may be necessary, to the Langdon research extension center for the purpose of
23 purchasing the real property described in section 4 of this Act, for the period beginning with the
24 effective date of this section, and ending June 30, 2017. The funding provided in this section is
25 considered a one-time funding item.

26 **SECTION 6. MAIN RESEARCH CENTER - VETERINARY DIAGNOSTICS LABORATORY**
27 **- STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.** The main research center line
28 item in subdivision 4 of section 1 of this Act includes \$18,000,000 from the strategic investment
29 and improvements fund for the veterinary diagnostics laboratory project.

30 **SECTION 7. AMENDMENT.** Section 4-05.1-05 of the North Dakota Century Code is
31 amended and reenacted as follows:

1 **4-05.1-05. North Dakota state university main research center position adjustments -**
2 **Budget section report.**

3 The North Dakota state university main research center must be located on the campus of
4 North Dakota state university of agriculture and applied science. The center is the administrative
5 location of the agricultural experiment station. The center shall conduct research and coordinate
6 all research activities of the agricultural experiment station. The research must have, as a
7 purpose, the development and dissemination of technology important to the production and
8 utilization of food, feed, fiber, and fuel from crop and livestock enterprises. The research must
9 provide for an enhancement of the quality of life, sustainability of production, and protection of
10 the environment. Subject to the availability of funds, the station director may adjust or increase
11 full-time equivalent positions in order to carry out activities to accomplish the mission of the
12 agricultural experiment station. All full or partial positions must be separate from North Dakota
13 state university. Annually, the station director shall report to the office of management and
14 budget and to the budget section any adjustments or increases made pursuant to this section.
15 The center may conduct baseline research, including production and processing in conjunction
16 with the research and extension centers of the state, regarding industrial hemp and other
17 alternative industrial use crops. The center may collect feral hemp seed stock and develop
18 appropriate adapted strains of industrial hemp which contain less than three-tenths of one
19 percent tetrahydrocannabinol in the dried flowering tops. The agriculture commissioner shall
20 monitor the collection of feral hemp seed stock and industrial hemp strain development and
21 shall certify appropriate stocks for licensed commercial cultivation.

22 **SECTION 8. AMENDMENT.** Section 4-08-10 of the North Dakota Century Code is amended
23 and reenacted as follows:

24 **4-08-10. Extension agent to submit monthly account of expenditures - Position**
25 **adjustments - Budget section report.**

26 The extension agent shall submit monthly an accurate itemized account of all expenditures
27 incurred by the agent in the regular conduct of duties to the North Dakota state university
28 extension service for examination and audit. When charges are made by an extension agent for
29 money expended in the performance of official duties, all items of one dollar or more expended
30 and charged for must be covered by a subvoucher or receipt that must be signed by the person
31 to whom the money was paid. The subvoucher or receipt must show at what place, on what

1 date, and for what the money expended was paid. The extension agent shall forward the
2 subvouchers or receipts with the bill, claim, account, or demand against the county. When
3 charges are made for transportation expenses, they may not exceed the amounts provided by
4 section 11-10-15, and must be in itemized form showing the mileage traveled, the days when
5 and how traveled, and the purpose thereof, verified by affidavit. The account must be
6 transmitted and recommended for payment by the North Dakota state university extension
7 service which shall audit the same and which may approve or disallow any expense item
8 therein. The state board of agricultural research and education and the president of North
9 Dakota state university shall control and administer the North Dakota state university extension
10 service subject to the supervision of the state board of higher education. Funds appropriated to
11 the North Dakota state university extension service may not be commingled with funds
12 appropriated to North Dakota state university. An appropriation request to defray expenses of
13 the North Dakota state university extension service must be separate from an appropriation
14 request to defray expenses of North Dakota state university. Subject to the availability of funds,
15 the director of the North Dakota state university extension service may adjust or increase
16 full-time equivalent positions in order to carry out activities to accomplish the mission of the
17 extension service. All full- or part-time positions must be separate from North Dakota state
18 university. Annually, the director of the North Dakota state university extension service shall
19 report to the office of management and budget and to the budget section any adjustments or
20 increases made pursuant to this section.

21 **SECTION 9. AMENDMENT.** Section 57-39.5-02 of the North Dakota Century Code is
22 amended and reenacted as follows:

23 **57-39.5-02. Imposition - Transfer of funds - Exemptions.**

24 There is imposed a tax of three percent upon the gross receipts of retailers from all sales at
25 retail, including the leasing or renting, of farm machinery or irrigation equipment used
26 exclusively for agricultural purposes. After July first of each year, five hundred thousand dollars
27 of taxes collected under this chapter must be transferred to the state treasurer who shall deposit
28 the moneys in the agricultural research fund. Gross receipts from sales at retail of farm
29 machinery or irrigation equipment are exempted from the tax imposed by this chapter when the
30 sale, lease, or rental is made to a purchaser or lessor who is entitled to a sales and use tax
31 exemption under subsection 6 or 12 of section 57-39.2-04 on otherwise taxable sales at retail.

1 There are specifically exempted from the tax imposed by this chapter the gross receipts from
2 the sale, lease, or rental of used farm machinery, farm machinery repair parts, used irrigation
3 equipment, or irrigation equipment repair parts used exclusively for agricultural purposes. For
4 purposes of this section, "used" means:

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

10 **SECTION 10. AMENDMENT.** Section 57-43.1-03.1 of the North Dakota Century Code is
11 amended and reenacted as follows:

12 **57-43.1-03.1. Refund of tax for fuel used for agricultural purposes –Reductions.**

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

19 **SECTION 11. DICKINSON RESEARCH EXTENSION CENTER - MINERAL RIGHTS**

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

24 **SECTION 12. WILLISTON RESEARCH EXTENSION CENTER - MINERAL RIGHTS**

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

29 **SECTION 13. MAIN RESEARCH CENTER - NORTH DAKOTA STATE UNIVERSITY**

30 **EXTENSION SERVICE - FTE POSITIONS - REPORT.** The main research center and the North
31 Dakota state university extension service shall report to the appropriations committees of the

1 sixty-fifth legislative assembly on full-time equivalent positions added pursuant to sections
2 4-05.1-05 and 4-08-10 of the North Dakota Century Code and section 15 of this Act, for the
3 biennium beginning July 1, 2015, and ending June 30, 2017.

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

9 **SECTION 15. FULL-TIME EQUIVALENT POSITION ADJUSTMENTS.** The board of higher
10 education may adjust or increase full-time equivalent positions as needed for the entities in
11 section 1 of this Act. All full-time or part-time positions must be separate from North Dakota
12 state university. Annually, the board shall report to the office of management and budget and to
13 the budget section any adjustments made pursuant to this section.

14 **SECTION 16. MAIN RESEARCH CENTER - FLOODED LANDS STUDY - BUDGET**

15 **SECTION REPORT.** The main research center shall report to the budget section of the
16 legislative management regarding the status of the flooded lands study and spending related to
17 the study, during the biennium beginning July 1, 2015, and ending June 30, 2017.

18 **SECTION 17. LEGISLATIVE MANAGEMENT STUDY - UPPER GREAT PLAINS**

19 **TRANSPORTATION INSTITUTE UNDER DEPARTMENT OF TRANSPORTATION.** During the
20 2015-16 interim, the legislative management shall consider studying the feasibility of placing the
21 upper great plains transportation institute under the administrative authority of the department of
22 transportation. If conducted, the study must identify potential efficiencies, potential issues, and
23 current services or benefits provided to the upper great plains transportation institute by North
24 Dakota state university. The legislative management shall report its findings and
25 recommendations, along with any legislation required to implement the recommendations, to
26 the sixty-fifth legislative assembly.

27 **SECTION 18. UNEXPENDED GENERAL FUND - EXCESS INCOME - EXEMPTION.** Any
28 unexpended general fund appropriation authority to and any excess income received by entities
29 listed in section 1 of this Act are not subject to the provisions of section 54-44.1-11, and any
30 unexpended funds from these appropriations or revenues are available and may be expended
31 by those entities, during the biennium beginning July 1, 2017, and ending June 30, 2019.

1 **SECTION 19. EXEMPTION.** The amounts appropriated for the agronomy laboratories
2 contained in subdivision 4 of section 1 of chapter 51 of the 2013 Session Laws, are not subject
3 to the provisions of section 54-44.1-11, and any unexpended funds from these appropriations or
4 related revenues are available and may be expended during the biennium beginning July 1,
5 2015, and ending June 30, 2017.

6 **SECTION 20. EXEMPTION.** The amounts appropriated for the Extension 4-H camp
7 contained in subdivision 1 of section 1 of chapter 51 of the 2013 Session Laws are not subject
8 to the provision of section 54-44.1-11, and any unexpended funds from these appropriations or
9 related revenues are available and may be expended during the biennium beginning July 1,
10 2015, and ending June 30, 2017.

11 **SECTION 21. EMERGENCY.** The appropriation for capital projects of \$22,650,000 in
12 subdivision 4 of section 1 and sections 4 and 5 of this Act are declared to be an emergency
13 measure.