

Introduced by

Senator Mathern

1 A BILL for an Act to create and enact a new subsection to section 16.1-08.1-01, a new section
 2 to chapter 16.1-08.1, and chapter 54-66 of the North Dakota Century Code, relating to
 3 disclosures of expenditures, restrictions on public officials and lobbyists, investigations of ethics
 4 violations, and implementing requirements of article XIV of the Constitution of North Dakota; to
 5 amend and reenact sections 16.1-08.1-04.1, 28-32-01, 28-32-02, 28-32-03, 28-32-06, 28-32-07,
 6 and 28-32-08, subsection 5 of section 28-32-08.1, sections 28-32-08.2, 28-32-09, 28-32-10,
 7 28-32-11, 28-32-12, ~~28-32-14,~~ 28-32-15, and 28-32-16, ~~28-32-17, 28-32-18, and 28-32-18.1,~~
 8 and subsections 2 and 4 of section 28-32-19 of the North Dakota Century Code, relating to the
 9 prohibition on personal use of campaign contributions and the rulemaking procedures and
 10 requirements for the North Dakota ethics commission; ~~to provide for a legislative management~~
 11 ~~study;~~ to provide a penalty; and to provide an appropriation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

13 **SECTION 1.** A new subsection to section 16.1-08.1-01 of the North Dakota Century Code is
 14 created and enacted as follows:

15 "Ultimate and true source" means the person who knowingly contributed over two
 16 hundred dollars, adjusted for inflation, to influence a statewide election or an election
 17 for the legislative assembly.

18 **SECTION 2. AMENDMENT.** Section 16.1-08.1-04.1 of the North Dakota Century Code is
 19 amended and reenacted as follows:

20 **16.1-08.1-04.1. Personal use of contributions prohibited.**
 21 1. A candidate may not use any contribution received by the candidate, the candidate's
 22 candidate committee, or a multicandidate political committee to:
 23 ~~1.~~ a. Give a personal benefit to the candidate or another person;
 24 ~~2.~~ b. Make a loan to another person;

~~3.~~ c. Knowingly pay more than the fair market value for goods or services purchased for the campaign; or

~~4.~~ d. Pay a criminal fine or civil penalty.

2. The secretary of state may impose a fine of up to five thousand dollars or two times the value of the contribution used in violation of this section, whichever is higher, upon any person who violates this section.

SECTION 3. A new section to chapter 16.1-08.1 of the North Dakota Century Code is created and enacted as follows:

Ultimate and true source of funds - Required identification.

In any report under this chapter which requires the identification of a contributor or subcontributor, the ultimate and true source of funds must be identified.

SECTION 4. AMENDMENT. Section 28-32-01 of the North Dakota Century Code is amended and reenacted as follows:

28-32-01. Definitions.

In this chapter, unless the context or subject matter otherwise provides:

1. "Adjudicative proceeding" means an administrative matter resulting in an agency issuing an order after an opportunity for hearing is provided or required. An adjudicative proceeding includes administrative matters involving a hearing on a complaint against a specific-named respondent; a hearing on an application seeking a right, privilege, or an authorization from an agency, such as a ratemaking or licensing hearing; or a hearing on an appeal to an agency. An adjudicative proceeding includes reconsideration, rehearing, or reopening. Once an adjudicative proceeding has begun, the adjudicative proceeding includes any informal disposition of the administrative matter under section 28-32-22 or another specific statute or rule, unless the matter has been specifically converted to another type of proceeding under section 28-32-22. An adjudicative proceeding does not include a decision or order to file or not to file a complaint, or to initiate an investigation, an adjudicative proceeding, or any other proceeding before the agency, or another agency, or a court. An adjudicative proceeding does not include a decision or order to issue, reconsider, or reopen an order that precedes an opportunity for hearing or that under another section of this

1 code is not subject to review in an adjudicative proceeding. An adjudicative proceeding
2 does not include rulemaking under this chapter.

3 2. "Administrative agency" or "agency" means each board, bureau, commission,
4 department, or other administrative unit of the executive branch of state government,
5 including one or more officers, employees, or other persons directly or indirectly
6 purporting to act on behalf or under authority of the agency. An administrative unit
7 located within or subordinate to an administrative agency must be treated as part of
8 that agency to the extent it purports to exercise authority subject to this chapter. The
9 term administrative agency does not include:

- 10 a. The office of management and budget except with respect to rules made under
11 section 32-12.2-14, rules relating to conduct on the capitol grounds and in
12 buildings located on the capitol grounds under section 54-21-18, rules relating to
13 the classified service as authorized under section 54-44.3-07, and rules relating
14 to state purchasing practices as required under section 54-44.4-04.
- 15 b. The adjutant general with respect to the department of emergency services.
- 16 c. The council on the arts.
- 17 d. The state auditor.
- 18 e. The department of commerce with respect to the division of economic
19 development and finance.
- 20 f. The dairy promotion commission.
- 21 g. The education factfinding commission.
- 22 h. The educational technology council.
- 23 i. The board of equalization.
- 24 j. The board of higher education.
- 25 k. The Indian affairs commission.
- 26 l. The industrial commission with respect to the activities of the Bank of North
27 Dakota, North Dakota housing finance agency, public finance authority, North
28 Dakota mill and elevator association, North Dakota farm finance agency, the
29 North Dakota transmission authority, and the North Dakota pipeline authority.
- 30 m. The department of corrections and rehabilitation except with respect to the
31 activities of the division of adult services under chapter 54-23.4.

- 1 n. The pardon advisory board.
- 2 o. The parks and recreation department.
- 3 p. The parole board.
- 4 q. The state fair association.
- 5 r. The attorney general with respect to activities of the state toxicologist and the
6 state crime laboratory.
- 7 s. The administrative committee on veterans' affairs except with respect to rules
8 relating to the supervision and government of the veterans' home and the
9 implementation of programs or services provided by the veterans' home.
- 10 t. The industrial commission with respect to the lignite research fund except as
11 required under section 57-61-01.5.
- 12 u. The attorney general with respect to guidelines adopted under section 12.1-32-15
13 for the risk assessment of sexual offenders, the risk level review process, and
14 public disclosure of information under section 12.1-32-15.
- 15 v. The commission on legal counsel for indigents.
- 16 w. The attorney general with respect to twenty-four seven sobriety program
17 guidelines and program fees.
- 18 x. The industrial commission with respect to approving or setting water rates under
19 chapter 61-40.
- 20 3. "Agency head" means an individual or body of individuals in whom the ultimate legal
21 authority of the agency is vested by law.
- 22 4. "Complainant" means any person who files a complaint before an administrative
23 agency pursuant to section 28-32-21 and any administrative agency that, when
24 authorized by law, files such a complaint before such agency or any other agency.
- 25 5. "Ethics commission" means the North Dakota ethics commission established by article
26 XIV of the Constitution of North Dakota.
- 27 ~~5-6.~~ "Hearing officer" means any agency head or one or more members of the agency
28 head when presiding in an administrative proceeding, or, unless prohibited by law, one
29 or more other persons designated by the agency head to preside in an administrative
30 proceeding, an administrative law judge from the office of administrative hearings, or

1 any other person duly assigned, appointed, or designated to preside in an
2 administrative proceeding pursuant to statute or rule.

3 ~~6-7.~~ "License" means a franchise, permit, certification, approval, registration, charter, or
4 similar form of authorization required by law.

5 ~~7-8.~~ "Order" means any agency action of particular applicability which determines the legal
6 rights, duties, privileges, immunities, or other legal interests of one or more specific
7 persons. The term does not include an executive order issued by the governor.

8 ~~8-9.~~ "Party" means each person named or admitted as a party or properly seeking and
9 entitled as of right to be admitted as a party. An administrative agency may be a party.
10 In a hearing for the suspension, revocation, or disqualification of an operator's license
11 under title 39, the term may include each city and each county in which the alleged
12 conduct occurred, but the city or county may not appeal the decision of the hearing
13 officer.

14 ~~9-10.~~ "Person" includes an individual, association, partnership, corporation, limited liability
15 company, the ethics commission, a state governmental agency or governmental
16 subdivision, or an agency of such governmental subdivision.

17 ~~10-11.~~ "Relevant evidence" means evidence having any tendency to make the existence of
18 any fact that is of consequence to the determination of the administrative action more
19 probable or less probable than it would be without the evidence.

20 ~~11-12.~~ "Rule" means the whole or a part of an agency or ethics commission statement of
21 general applicability which implements or prescribes law or policy or the organization,
22 procedure, or practice requirements of the agency or ethics commission. The term
23 includes the adoption of new rules and the amendment, repeal, or suspension of an
24 existing rule. The term does not include:

25 a. A rule concerning only the internal management of an agency or the ethics
26 commission which does not directly or substantially affect the substantive or
27 procedural rights or duties of any segment of the public.

28 b. A rule that sets forth criteria or guidelines to be used by the staff of an agency or
29 the ethics commission in the performance of audits, investigations, inspections,
30 and settling commercial disputes or negotiating commercial arrangements, or in

- 1 the defense, prosecution, or settlement of cases, if the disclosure of the
2 statementrule would:
- 3 (1) Enable law violators to avoid detection;
4 (2) Facilitate disregard of requirements imposed by law; or
5 (3) Give a clearly improper advantage to persons who are in an adverse
6 position to the state.
- 7 c. A rule establishing specific prices to be charged for particular goods or services
8 sold by an agency.
- 9 d. A rule concerning only the physical servicing, maintenance, or care of
10 agency-owned ~~or~~ agency-operated, ethics commission-owned, or ethics
11 commission-operated facilities or property.
- 12 e. A rule relating only to the use of a particular facility or property owned, operated,
13 or maintained by the state or any of its subdivisions, if the substance of the rule is
14 adequately indicated by means of signs or signals to persons who use the facility
15 or property.
- 16 f. A rule concerning only inmates of a correctional or detention facility, students
17 enrolled in an educational institution, or patients admitted to a hospital, if adopted
18 by that facility, institution, or hospital.
- 19 g. A form whose contents or substantive requirements are prescribed by rule or
20 statute or are instructions for the execution or use of the form.
- 21 h. An agency or ethics commission budget.
- 22 i. An opinion of the attorney general.
- 23 j. A rule adopted by an agency selection committee under section 54-44.7-03.
- 24 k. Any material, including a guideline, interpretive statement, statement of general
25 policy, manual, brochure, or pamphlet, which is explanatory and not intended to
26 have the force and effect of law.

27 **SECTION 5. AMENDMENT.** Section 28-32-02 of the North Dakota Century Code is
28 amended and reenacted as follows:

29 **28-32-02. Rulemaking ~~power of agency~~authority - Organizational rule.**

- 30 1. The authority of an administrative agency to adopt administrative rules is authority
31 delegated by the legislative assembly. As part of that delegation, the legislative

1 assembly reserves to itself the authority to determine when and if rules of
2 administrative agencies are effective. Every administrative agency may adopt, amend,
3 or repeal reasonable rules in conformity with this chapter and any statute administered
4 or enforced by the agency.

5 2. In addition to other rulemaking requirements imposed by law, each agency may
6 include in its rules a description of that portion of its organization and functions subject
7 to this chapter and may include a statement of the general course and method of its
8 operations and how the public may obtain information or make submissions or
9 requests.

10 3. The authority of the ethics commission to adopt rules arises from article XIV of the
11 Constitution of North Dakota. The ethics commission shall follow the process, and
12 meet the requirements, in this chapter to adopt, amend, or repeal its rules.

13 **SECTION 6. AMENDMENT.** Section 28-32-03 of the North Dakota Century Code is
14 amended and reenacted as follows:

15 **28-32-03. Emergency rules.**

16 1. If the ~~ethics commission or an~~ agency, with the approval of the governor, or the ethics
17 commission finds that emergency rulemaking is necessary, the ethics commission or
18 agency may declare the proposed rule to be an interim final rule effective on a date no
19 earlier than the date of filing with the legislative council of the notice required by
20 section 28-32-10.

21 2. A proposed rule may be given effect on an emergency basis under this section if any
22 of the following grounds exists regarding that rule:

23 a. Imminent peril threatens public health, safety, or welfare, which would be abated
24 by emergency effectiveness;

25 b. A delay in the effective date of the rule is likely to cause a loss of funds
26 appropriated to support a duty imposed by law upon the ethics commission or
27 agency;

28 c. Emergency effectiveness is reasonably necessary to avoid a delay in
29 implementing an appropriations measure; or

30 d. Emergency effectiveness is necessary to meet a mandate of federal law.

- 1 3. A final rule adopted after consideration of all written and oral submissions respecting
2 the interim final rule, which is substantially similar to the interim final rule, is effective
3 as of the declared effective date of the interim final rule.
- 4 4. The ethics commission's or agency's finding, and a brief statement of the ethics
5 commission's or agency's reasons for the finding, must be filed with the legislative
6 council with the final adopted emergency rule.
- 7 5. The ethics commission or agency shall attempt to make interim final rules known to
8 persons who the ethics commission or agency can reasonably be expected to believe
9 may have a substantial interest in them. As used in this subsection, "substantial
10 interest" means an interest in the effect of the rules which surpasses the common
11 interest of all citizens. ~~An~~The ethics commission or an agency adopting emergency
12 rules shall comply with the notice requirements of section 28-32-10 which relate to
13 emergency rules and shall provide notice to the chairman of the administrative rules
14 committee of the emergency status, declared effective date, and grounds for
15 emergency status of the rules under subsection 2. When notice of emergency rule
16 adoption is received, the legislative council shall publish the notice and emergency
17 rules on its website.
- 18 6. An interim final rule is ineffective one hundred eighty days after its declared effective
19 date unless first adopted as a final rule.

20 **SECTION 7. AMENDMENT.** Section 28-32-06 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **28-32-06. Force and effect of rules.**

23 Upon becoming effective, rules have the force and effect of law until amended or repealed
24 by the agency or ethics commission, declared invalid by a final court decision, suspended or
25 found to be void by the administrative rules committee, or determined repealed by the
26 legislative council because the authority for adoption of the rules is repealed or transferred to
27 another agency, or the Constitution of North Dakota is amended to eliminate the authority.

28 **SECTION 8. AMENDMENT.** Section 28-32-07 of the North Dakota Century Code is
29 amended and reenacted as follows:

1 **28-32-07. Deadline for rules to implement statutory change.**

2 Any rule change, including a creation, amendment, or repeal, made to implement a
3 statutory change must be adopted and filed with the legislative council within nine months of the
4 effective date of the statutory change. If an agency or the ethics commission needs additional
5 time for the rule change, a request for additional time must be made to the legislative council.
6 The legislative council may extend the time within which the agency or ethics commission must
7 adopt the rule change if the request by the agency or ethics commission is supported by
8 evidence that the agency or ethics commission needs more time through no deliberate fault of
9 its own.

10 **SECTION 9. AMENDMENT.** Section 28-32-08 of the North Dakota Century Code is
11 amended and reenacted as follows:

12 **28-32-08. Regulatory analysis.**

- 13 1. An agency or the ethics commission shall issue a regulatory analysis of a proposed
14 rule if:
- 15 a. Within twenty days after the last published notice date of a proposed rule
16 hearing, a written request for the analysis is filed by the governor or a member of
17 the legislative assembly; or
 - 18 b. The proposed rule is expected to have an impact on the regulated community in
19 excess of fifty thousand dollars. The analysis under this subdivision must be
20 available on or before the first date of public notice as provided for in section
21 28-32-10.
- 22 2. The regulatory analysis must contain:
- 23 a. A description of the classes of persons who probably will be affected by the
24 proposed rule, including classes that will bear the costs of the proposed rule and
25 classes that will benefit from the proposed rule;
 - 26 b. A description of the probable impact, including economic impact, of the proposed
27 rule;
 - 28 c. The probable costs to the agency or ethics commission of the implementation
29 and enforcement of the proposed rule and any anticipated effect on state
30 revenues; and

- 1 d. A description of any alternative methods for achieving the purpose of the
2 proposed rule that were seriously considered by the agency or ethics commission
3 and the reasons why the methods were rejected in favor of the proposed rule.
- 4 3. Each regulatory analysis must include quantification of the data to the extent
5 practicable.
- 6 4. The agency or ethics commission shall mail or deliver a copy of the regulatory analysis
7 to any person who requests a copy of the regulatory analysis. The agency or ethics
8 commission may charge a fee for a copy of the regulatory analysis as allowed under
9 section 44-04-18.
- 10 5. If required under subsection 1, the preparation and issuance of a regulatory analysis is
11 a mandatory duty of the agency or ethics commission proposing a rule. Errors in a
12 regulatory analysis, including erroneous determinations concerning the impact of the
13 proposed rule on the regulated community, are not a ground upon which the invalidity
14 of a rule may be asserted or declared.

15 **SECTION 10. AMENDMENT.** Subsection 5 of section 28-32-08.1 of the North Dakota
16 Century Code is amended and reenacted as follows:

- 17 5. This section does not apply to the ethics commission, any agency that is an
18 occupational or professional licensing authority, ~~nor does this section apply to~~ the
19 following agencies or divisions of agencies:
- 20 a. Council on the arts.
- 21 b. Beef commission.
- 22 c. Dairy promotion commission.
- 23 d. Dry bean council.
- 24 e. Highway patrolmen's retirement board.
- 25 f. Indian affairs commission.
- 26 g. Board for Indian scholarships.
- 27 h. State personnel board.
- 28 i. Potato council.
- 29 j. Board of public school education.
- 30 k. Real estate trust account committee.
- 31 l. Seed commission.

- 1 m. Soil conservation committee.
- 2 n. Oilseed council.
- 3 o. Wheat commission.
- 4 p. State seed arbitration board.
- 5 q. North Dakota lottery.

6 **SECTION 11. AMENDMENT.** Section 28-32-08.2 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **28-32-08.2. Fiscal notes for administrative rules.**

9 When an agency or the ethics commission presents rules for administrative rules committee
10 consideration, the agency or ethics commission shall provide a fiscal note or a statement in its
11 testimony that the rules have no fiscal effect. A fiscal note must reflect the effect of the rules
12 changes on state revenues and expenditures, including any effect on funds controlled by the
13 agency or ethics commission.

14 **SECTION 12. AMENDMENT.** Section 28-32-09 of the North Dakota Century Code is
15 amended and reenacted as follows:

16 **28-32-09. Takings assessment.**

- 17 1. An agency or the ethics commission shall prepare a written assessment of the
18 constitutional takings implications of a proposed rule that may limit the use of private
19 real property. The agency's assessment must:
 - 20 a. Assess the likelihood that the proposed rule may result in a taking or regulatory
21 taking.
 - 22 b. Clearly and specifically identify the purpose of the proposed rule.
 - 23 c. Explain why the proposed rule is necessary to substantially advance that purpose
24 and why no alternative action is available that would achieve the agency's or
25 ethics commission's goals while reducing the impact on private property owners.
 - 26 d. Estimate the potential cost to the government if a court determines that the
27 proposed rule constitutes a taking or regulatory taking.
 - 28 e. Identify the source of payment within the agency's or ethics commission's budget
29 for any compensation that may be ordered.
 - 30 f. Certify that the benefits of the proposed rule exceed the estimated compensation
31 costs.

- 1 2. Any private landowner who is or may be affected by a rule that limits the use of the
2 landowner's private real property may request in writing that the agency or ethics
3 commission reconsider the application or need for the rule. Within thirty days of
4 receiving the request, the agency or ethics commission shall consider the request and
5 shall in writing inform the landowner whether the agency or ethics commission intends
6 to keep the rule in place, modify application of the rule, or repeal the rule.
- 7 3. In an agency's analysis of the takings implications of a proposed rule, "taking" means
8 the taking of private real property, as defined in section 47-01-03, by government
9 action which requires compensation to the owner of that property by the fifth or
10 fourteenth amendment to the Constitution of the United States or section 16 of article I
11 of the Constitution of North Dakota. "Regulatory taking" means a taking of real
12 property through the exercise of the police and regulatory powers of the state which
13 reduces the value of the real property by more than fifty percent. However, the
14 exercise of a police or regulatory power does not effect a taking if it substantially
15 advances legitimate state interests, does not deny an owner economically viable use
16 of the owner's land, or is in accordance with applicable state or federal law.

17 **SECTION 13. AMENDMENT.** Section 28-32-10 of the North Dakota Century Code is
18 amended and reenacted as follows:

19 **28-32-10. Notice of rulemaking - Hearing date.**

- 20 1. An agency or the ethics commission shall prepare a full notice and an abbreviated
21 notice of rulemaking.
- 22 a. The agency's full notice of the proposed adoption, amendment, or repeal of a rule
23 must include a short, specific explanation of the proposed rule and the purpose of
24 the proposed rule, identify the emergency status and declared effective date of
25 any emergency rules, include a determination of whether the proposed
26 rulemaking is expected to have an impact on the regulated community in excess
27 of fifty thousand dollars, identify at least one location where interested persons
28 may review the text of the proposed rule, provide the address to which written
29 comments concerning the proposed rule may be sent, provide the deadline for
30 submission of written comments, provide a telephone number and post-office or
31 electronic mail address at which a copy of the rules and regulatory analysis may

1 be requested, and, in the case of a substantive rule, provide the time and place
2 set for each oral hearing. ~~The~~An agency's full notice must include a statement of
3 the bill number and general subject matter of any legislation, enacted during the
4 most recent session of the legislative assembly, which is being implemented by
5 the proposed rule. The ethics commission's full notice must include a statement
6 of the provision of the Constitution of North Dakota or the bill number and general
7 subject matter of any legislation being implemented by the proposed rule. The
8 agency's full notice must be filed with the legislative council, accompanied by a
9 copy of the proposed rules.

10 b. The agency or ethics commission shall request publication of an abbreviated
11 newspaper publication notice at least once in each official county newspaper
12 published in this state. The abbreviated newspaper publication of notice must be
13 in a display-type format with a minimum width of one column of approximately
14 two inches [5.08 centimeters] and a minimum depth of approximately three
15 inches [7.62 centimeters] and with a headline describing the general topic of the
16 proposed rules. The notice must also include the telephone number or address to
17 use to obtain a copy of the proposed rules, identification of the emergency status
18 and declared effective date of any emergency rules, the address to use and the
19 deadline to submit written comments, and the location, date, and time of the
20 public hearing on the rules.

21 2. The agency or ethics commission shall mail or deliver by electronic mail a copy of the
22 agency's full notice and proposed rule to each member of the legislative assembly
23 whose name appeared as a sponsor or cosponsor of legislation, enacted during the
24 most recent session of the legislative assembly, which is being implemented by the
25 proposed rule and to each person who has made a timely request to the agency or
26 ethics commission for a copy of the notice and proposed rule. The agency or ethics
27 commission may mail or otherwise provide a copy of the agency's full notice to any
28 person who is likely to be an interested person. The agency or ethics commission may
29 charge persons who are not members of the legislative assembly fees for copies of
30 the proposed rule as allowed under section 44-04-18.

- 1 3. In addition to the other notice requirements of this subsection, the superintendent of
2 public instruction shall provide notice of any proposed rulemaking by the
3 superintendent of public instruction to each association with statewide membership
4 whose primary focus is elementary and secondary education issues which has
5 requested to receive notice from the superintendent under this subsection and to the
6 superintendent of each public school district in this state, or the president of the school
7 board for school districts that have no superintendent, at least twenty days before the
8 date of the hearing described in the notice. Notice provided by the superintendent of
9 public instruction under this section must be by first-class mail. However, upon request
10 of a group or person entitled to notice under this section, the superintendent of public
11 instruction shall provide the group or person notice by electronic mail.
- 12 4. The legislative council shall establish standard procedures for the ethics commission
13 and all agencies to follow in complying with the provisions of this section and a
14 procedure to allow any person to request and receive mailed copies of all filings made
15 by agencies and the ethics commission pursuant to this section. The legislative council
16 may charge an annual fee as established by the administrative rules committee for
17 providing copies of the filings.
- 18 5. At least twenty days must elapse between the date of the publication of the notice and
19 the date of the hearing. Within fifteen business days after receipt of a notice under this
20 section, a copy of the notice must be mailed by the legislative council to any person
21 who has paid the annual fee established under subsection 4.

22 **SECTION 14. AMENDMENT.** Section 28-32-11 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 **28-32-11. Conduct of hearings - Notice of administrative rules committee**
25 **consideration - Consideration and written record of comments.**

26 The agency or ethics commission shall adopt a procedure whereby all interested persons
27 are afforded reasonable opportunity to submit data, views, or arguments, orally or in writing,
28 concerning the proposed rule, including data respecting the impact of the proposed rule. The
29 agency or ethics commission shall adopt a procedure to allow interested parties to request and
30 receive notice from the agency or ethics commission of the date and place the rule will be
31 reviewed by the administrative rules committee. In case of substantive rules, the agency or

1 ethics commission shall conduct an oral hearing. The agency or ethics commission shall
2 consider fully all written and oral submissions respecting a proposed rule prior to the adoption,
3 amendment, or repeal of any rule not of an emergency nature. The agency or ethics
4 commission shall make a written record of its consideration of all written and oral submissions
5 contained in the rulemaking record respecting a proposed rule.

6 **SECTION 15. AMENDMENT.** Section 28-32-12 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **28-32-12. Comment period.**

9 The agency or ethics commission shall allow, after the conclusion of any rulemaking
10 hearing, a comment period of at least ten days during which data, views, or arguments
11 concerning the proposed rulemaking will be received by the agency or ethics commission and
12 made a part of the rulemaking record to be considered by the agency or ethics commission.

13 ~~— **SECTION 16. AMENDMENT.** Section 28-32-14 of the North Dakota Century Code is
14 amended and reenacted as follows:~~

15 ~~— **28-32-14. Attorney general review of rules.**~~

16 ~~— Every proposed rule proposed by any administrative agency must be submitted to the
17 attorney general for an opinion as to its legality before final adoption, and the attorney general
18 promptly shall furnish each such opinion. The attorney general may not approve any rule as to
19 legality, and shall advise the agency or ethics commission of any necessary rewording or
20 revision of the rule, when the:~~

21 ~~— 1. The rule exceeds the statutory authority of the agency, or the statutory or constitutional
22 authority of the ethics commission;~~

23 ~~— 2. The rule is written in a manner that is not concise or easily understandable; or when
24 the~~

25 ~~— 3. The procedural requirements for adoption of the rule in this chapter are not
26 substantially met. The attorney general shall advise an agency of any revision or
27 rewording of a rule necessary to correct objections as to legality.~~

28 **SECTION 16. AMENDMENT.** Section 28-32-15 of the North Dakota Century Code is
29 amended and reenacted as follows:

1 **28-32-15. Filing of rules for publication - Effective date of rules.**

2 1. A copy of each rule adopted by an administrative agency or the ethics commission, a
3 copy of each written comment and a written summary of each oral comment on the
4 rule, and the attorney general's opinion on the rule must be filed by the adopting
5 agency or ethics commission with the legislative council for publication of the rule in
6 the North Dakota Administrative Code.

7 2. a. Nonemergency rules approved by the attorney general as to legality, adopted by
8 an administrative agency or the ethics commission, and filed with the legislative
9 council, and not voided or held for consideration by the administrative rules
10 committee become effective according to the following schedule:

11 (1) Rules filed with the legislative council from August second through
12 November first become effective on the immediately succeeding January
13 first.

14 (2) Rules filed with the legislative council from November second through
15 February first become effective on the immediately succeeding April first.

16 (3) Rules filed with the legislative council from February second through May
17 first become effective on the immediately succeeding July first.

18 (4) Rules filed with the legislative council from May second through August first
19 become effective on the immediately succeeding October first.

20 b. If publication is delayed for any reason other than action of the administrative
21 rules committee, nonemergency rules, unless otherwise provided, become
22 effective when publication would have occurred but for the delay.

23 c. A rule held for consideration by the administrative rules committee becomes
24 effective on the first effective date of rules under the schedule in subdivision a
25 following the meeting at which that rule is reconsidered by the committee.

26 **SECTION 17. AMENDMENT.** Section 28-32-16 of the North Dakota Century Code is
27 amended and reenacted as follows:

28 **28-32-16. Petition for reconsideration of rule - Hearing by agency.**

29 Any person substantially interested in the effect of a rule adopted by an administrative
30 agency or the ethics commission may petition ~~such~~the agency or ethics commission for a
31 reconsideration of ~~any such~~the rule or for an amendment or repeal ~~thereof.~~ Such of the rule. The

1 petition must state clearly and concisely the petitioners' alleged grounds for such-
2 reconsideration or for the proposed repeal or amendment of suchthe rule. The agency or ethics
3 commission may grant the petitioner a public hearing upon suchon the terms and conditions as-
4 the agency may prescribeor ethics commission prescribes.

5 ~~— **SECTION 19. AMENDMENT.** Section 28-32-17 of the North Dakota Century Code is~~
6 ~~amended and reenacted as follows:~~

7 ~~— **28-32-17. Administrative rules committee objection.**~~

8 ~~— If the legislative management's administrative rules committee objects to all or any portion~~
9 ~~of a rule because the committee deems it to be unreasonable, arbitrary, capricious, or beyond~~
10 ~~the authority delegated to the adopting agency or ethics commission, the committee may file~~
11 ~~that objection in certified form with the legislative council. The filed objection must contain a~~
12 ~~concise statement of the committee's reasons for its action.~~

13 ~~— 1. The legislative council shall attach to each objection a certification of the time and date~~
14 ~~of its filing and, as soon as possible, shall transmit a copy of the objection and the~~
15 ~~certification to the agency or ethics commission adopting the rule in question. The~~
16 ~~legislative council also shall maintain a permanent register of all committee objections.~~

17 ~~— 2. The legislative council shall publish an objection filed pursuant to this section in the~~
18 ~~next issue of the code supplement. In case of a filed committee objection to a rule~~
19 ~~subject to the exceptions of the definition of rule in section 28-32-01, the agency or~~
20 ~~ethics commission shall indicate the existence of that objection adjacent to the rule in~~
21 ~~any compilation containing that rule.~~

22 ~~— 3. Within fourteen days after the filing of a committee objection to a rule, the adopting~~
23 ~~agency or ethics commission shall respond in writing to the committee. After receipt of~~
24 ~~the response, the committee may withdraw or modify its objection.~~

25 ~~— 4. After the filing of a committee objection, the burden of persuasion is upon the agency~~
26 ~~or ethics commission in any action for judicial review or for enforcement of the rule to~~
27 ~~establish that the whole or portion thereofof the rule objected to is within the~~
28 ~~procedural and substantive authority delegated to the agency or ethics commission. If~~
29 ~~the agency or ethics commission fails to meet its burden of persuasion, the court shall~~
30 ~~declare the whole or portion of the rule objected to invalid and judgment must be~~
31 ~~rendered against the agency or ethics commission for court costs. These court costs~~

1 must include a reasonable attorney's fee and must be payable from the appropriation
2 of the agency or ethics commission which adopted the rule in question.

3 ~~SECTION 20. AMENDMENT.~~ Section 28-32-18 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 ~~28-32-18. Administrative rules committee may void rule -- Grounds -- Amendment by~~
6 ~~agreement of agency and committee.~~

7 ~~1.~~ The legislative management's administrative rules committee may find that all or any
8 portion of a rule is void if that rule is initially considered by the committee not later than
9 the fifteenth day of the month before the date of the administrative code supplement in
10 which the rule change is scheduled to appear. The administrative rules committee may
11 find a rule or portion of a rule void if the committee makes the specific finding that, with
12 regard to that rule or portion of a rule, there is:

13 ~~a.~~ An absence of statutory authority under statute or the constitution.

14 ~~b.~~ An emergency relating to public health, safety, or welfare.

15 ~~c.~~ ~~A~~For rules proposed by an agency, a failure to comply with express legislative
16 intent or to substantially meet the procedural requirements of this chapter for
17 adoption of the rule.

18 ~~d.~~ For rules proposed by the ethics commission, a failure to substantially meet the
19 procedural requirements for this chapter for adoption of the rule.

20 ~~e.~~ A conflict with state law.

21 ~~e.f.~~ Arbitrariness and capriciousness.

22 ~~f.g.~~ A failure to make a written record of its consideration of written and oral
23 submissions respecting the rule under section 28-32-11.

24 ~~2.~~ The administrative rules committee may find a rule void at the meeting at which the
25 rule is initially considered by the committee or may hold consideration of that rule for
26 one subsequent meeting. If no representative of the agency or ethics commission
27 appears before the administrative rules committee when rules are scheduled for
28 committee consideration, those rules are held over for consideration at the next
29 subsequent committee meeting. Rules are not considered initially considered by the
30 committee under this subsection until a representative of the agency or ethics
31 commission appears before the administrative rules committee when the rules are

1 ~~scheduled for committee consideration. If no representative of the agency or ethics~~
2 ~~commission appears before the administrative rules committee meeting to which rules~~
3 ~~are held over for consideration, the rules are void if the rules were adopted as~~
4 ~~emergency rules and for rules not adopted as emergency rules the administrative~~
5 ~~rules committee may void the rules, allow the rules to become effective, or hold over~~
6 ~~consideration of the rules to the next subsequent committee meeting. Within three~~
7 ~~business days after the administrative rules committee finds that a rule is void, the~~
8 ~~legislative council shall provide written notice of that finding and the committee's~~
9 ~~specific finding under subdivisions a through f of subsection 1 to the adopting agency~~
10 ~~or ethics commission and to the chairman of the legislative management. Within~~
11 ~~fourteen days after receipt of the notice, the adopting agency or ethics commission~~
12 ~~may file a petition with the chairman of the legislative management for review by the~~
13 ~~legislative management of the decision of the administrative rules committee. If the~~
14 ~~adopting agency or ethics commission does not file a petition for review, the rule~~
15 ~~becomes void on the fifteenth day after the notice from the legislative council to the~~
16 ~~adopting agency or ethics commission. If within sixty days after receipt of the petition~~
17 ~~from the adopting agency or ethics commission the legislative management has not~~
18 ~~disapproved by motion the finding of the administrative rules committee, the rule is~~
19 ~~void.~~

20 ~~3. An agency or the ethics commission may amend or repeal a rule or create a~~
21 ~~related rule if, after consideration of rules by the administrative rules committee, the~~
22 ~~agency or ethics commission and the committee agree that the rule amendment,~~
23 ~~repeal, or creation is necessary to address any of the considerations under~~
24 ~~subsection 1. A rule amended, repealed, or created under this subsection is not~~
25 ~~subject to the other requirements of this chapter relating to adoption of administrative~~
26 ~~rules and may be published by the legislative council as amended, repealed, or~~
27 ~~created. If requested by the agency, ethics commission, or any interested party, a rule~~
28 ~~amended, repealed, or created under this subsection must be reconsidered by the~~
29 ~~administrative rules committee at a subsequent meeting at which public comment on~~
30 ~~the agreed rule change must be allowed.~~

1 ~~SECTION 21. AMENDMENT.~~ Section 28-32-18.1 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 ~~28-32-18.1. Administrative rules committee review of existing administrative rules.~~

4 ~~1. Upon request by the administrative rules committee, an administrative agency or the~~
5 ~~ethics commission shall brief the committee on its existing administrative rules and~~
6 ~~point out any provisions that appear to be obsolete and any areas in which statutory or~~
7 ~~constitutional authority has changed or been repealed since the rules were adopted or~~
8 ~~amended.~~

9 ~~2. An agency or the ethics commission may amend or repeal a rule without complying~~
10 ~~with the other requirements of this chapter relating to adoption of administrative rules~~
11 ~~and may resubmit the change to the legislative council for publication provided:~~

12 ~~a. The agency or ethics commission initiates the request to the administrative rules~~
13 ~~committee for consideration of the amendment or repeal;~~

14 ~~b. The agency or ethics commission provides notice to the regulated community, in~~
15 ~~a manner reasonably calculated to provide notice to those persons interested in~~
16 ~~the rule, of the time and place the administrative rules committee will consider the~~
17 ~~request for amendment or repeal of the rule; and~~

18 ~~c. The agency or ethics commission and the administrative rules committee agree~~
19 ~~the rule amendment or repeal eliminates a provision that is obsolete or no longer~~
20 ~~in compliance with law and that no detriment would result to the substantive~~
21 ~~rights of the regulated community from the amendment or repeal.~~

22 **SECTION 18. AMENDMENT.** Subsection 2 of section 28-32-19 of the North Dakota Century
23 Code is amended and reenacted as follows:

- 24 2. The legislative council may prescribe atthe format, style, and arrangement for rules
25 ~~which~~are to be published in the code and may refuse to accept the filing of any rule
26 that is not in substantial compliance ~~therewith~~with the format, style, and arrangement.
27 In arranging rules for publication, the legislative council may make ~~such~~ corrections in
28 spelling, grammatical construction, format, and punctuation of the rules as
29 ~~determined~~the legislative council determines are proper. The legislative council shall
30 keep and maintain a permanent code of all rules filed, including superseded and
31 repealed rules, which must be open to public inspection during office hours.

1 **SECTION 19. AMENDMENT.** Subsection 4 of section 28-32-19 of the North Dakota
2 Century Code is amended and reenacted as follows:

3 4. The legislative council, with the consent of the adopting agency or ethics commission,
4 may omit from the code or code supplement any rule the publication of which would be
5 unduly cumbersome, expensive, or otherwise inexpedient, if the rule in printed or
6 duplicated form is made available on application to the agency or ethics commission,
7 and if the code or code supplement contains a notice stating the general subject
8 matter of the omitted rule and stating how a copy may be obtained.

9 **SECTION 20.** Chapter 54-66 of the North Dakota Century Code is created and enacted as
10 follows:

11 **54-66-01. Definitions.**

12 For purposes of this chapter and article XIV of the Constitution of North Dakota, unless the
13 context otherwise requires:

- 14 1. "Accused individual" means an individual who is alleged to have violated article XIV of
15 the Constitution of North Dakota, this chapter, or another law or rule regarding
16 government ethics.
- 17 2. "Complainant" means an individual who, in writing or verbally, submits a complaint to
18 the ethics commission.
- 19 3. "Complaint" means a verbal or written allegation to the ethics commission that article
20 XIV of the Constitution of North Dakota, this chapter, or another law or rule regarding
21 government ethics has been violated.
- 22 4. "Ethics commission" means the North Dakota state ethics commission established
23 under article XIV of the Constitution of North Dakota.
- 24 5. "Gift" means any item, service, or thing of value not given in exchange for fair market
25 consideration including travel and recreation. "Gift" does not mean:
- 26 a. Purely informational material;
- 27 b. A campaign contribution; and
- 28 c. To advance opportunities for state residents to meet with public officials in
29 educational and social settings in the state, any item, service, or thing of value
30 given under conditions that do not raise ethical concerns as set forth in rules
31 adopted by the ethics commission.

- 1 | 6. "Lobbyist":
- 2 | a. Means a person who, directly or indirectly:
- 3 | (1) Attempts to secure the passage, amendment, or defeat of any legislation by
- 4 | the legislative assembly;
- 5 | (2) Attempts to secure the approval or veto of any legislation by the governor;
- 6 | (3) Attempts to influence decisions regarding legislative matters made by the
- 7 | legislative management or a legislative committee; or
- 8 | (4) Attempts to influence decisions regarding official matters made by a public
- 9 | official in the executive branch of state government.
- 10 | b. Does not mean:
- 11 | (1) A private citizen appearing on the citizen's own behalf; or
- 12 | (2) A public official or an employee, officer, board member, volunteer, or agent
- 13 | of the state or its political subdivisions acting in the individual's official
- 14 | capacity.
- 15 | 7. "Public official" means an elected or appointed official of the state's executive or
- 16 | legislative branch, members of the ethics commission, members of the governor's
- 17 | cabinet, and employees of the legislative branch.
- 18 | 8. "Receives the complaint" means one or more members of the ethics commission learn
- 19 | of the complaint.
- 20 | 9. "Ultimate and true source" means the person that knowingly contributed over two
- 21 | hundred dollars, adjusted for inflation, to lobby or influence state government action.

22 | **54-66-02. Ethics commission Members - Appointments - Compensation.**

- 23 | 1. The majority leader of the senate, the minority leader of the senate, and the governor
- 24 | shall appoint the five members of the ethics commission by consensus agreement for
- 25 | four-year terms, except all vacancies must be filled for the unexpired term. The terms
- 26 | of the initial members must begin on or before July 1, 2019, and be staggered to
- 27 | ensure no more than two members' terms expire in one year. The terms of the initial
- 28 | members may be less than four years to accommodate the required staggering of
- 29 | terms.
- 30 | 2. Ethics commission members are entitled to:

- 1 a. Compensation per day for each day necessarily spent conducting ethics
2 commission business in the amount provided for members of the legislative
3 management under section 54-35-10; and
4 b. Payment for mileage and travel expenses necessarily incurred in the conduct of
5 ethics commission business as provided under sections 44-08-04 and 54-06-09.

6 **54-66-03. Ethics commission staff.**

7 The ethics commission shall appoint an executive director and other staff necessary to
8 assist the ethics commission in carrying out its duties.

9 **54-66-04. Ethics commission office.**

10 The director of the office of management and budget shall allocate office space in the state
11 capitol for the ethics commission, or, if office space in the capitol is unavailable, shall negotiate
12 for, contract for, and obtain office space for the ethics commission in the city of Bismarck or in
13 the Bismarck area. The ethics commission's office space may not be located in the office space
14 of any other government agency, board, commission, or other governmental entity, and must
15 provide sufficient privacy and security for the ethics commission to conduct its business. The
16 director shall charge the ethics commission an amount equal to the fair value of the office space
17 and related services the office of management and budget renders to the ethics commission.

18 **54-66-05. Making a complaint - Informing the accused individual.**

19 A complaint may be made to the ethics commission verbally or in writing. The ethics
20 commission shall inform the accused individual the ethics commission received a complaint
21 against the accused individual as soon as reasonably possible. If the complaint was made in
22 writing, the ethics commission shall provide a copy of the complaint to the accused individual no
23 later than twenty calendar days after the ethics commission receives the complaint. If the
24 complaint was made verbally, the ethics commission shall inform the accused individual of the
25 allegations and other information provided in the complaint no later than twenty calendar days
26 after the ethics commission receives the complaint.

27 **54-66-06. Informal resolution.**

28 The ethics commission may attempt to negotiate or mediate an informal resolution between
29 the accused individual and the complainant after receiving a complaint.

1 **54-66-07. Investigations and referrals.**

2 1. The ethics commission may investigate a complaint if the accused individual and the
3 complainant have not agreed on an informal resolution. An investigation must include
4 separate interviews with the accused individual and the complainant, unless the
5 accused individual or complainant refuses to be interviewed, and consideration of the
6 circumstances surrounding the allegations.

7 2. The ethics commission may refer a matter described in or arising from a complaint to
8 the bureau of criminal investigation or other appropriate law enforcement agency if a
9 majority of the ethics commission members reasonably believes a crime was
10 committed or the safety of the complainant is at risk.

11 **54-66-08. Investigation findings - Penalties.**

12 1. At the conclusion of an investigation, the ethics commission shall issue its written
13 findings to the accused individual and complainant.

14 2. The findings must state whether the ethics commission believes, based on a
15 preponderance of the evidence as viewed by a reasonable person, a violation of
16 article XIV of the Constitution of North Dakota, this chapter, or another law or rule
17 regarding government ethics occurred. The accused individual and complainant may
18 respond in writing to the findings within twenty calendar days of receiving the findings.
19 The ethics commission shall maintain copies of the findings and any written response
20 to the findings.

21 3. If the ethics commission finds a violation occurred, the ethics commission may impose
22 a penalty specified by law for the violation.

23 **54-66-09. Appeals.**

24 An accused individual or complainant may appeal a finding of the ethics commission to the
25 district court of ~~Burleigh County~~the county where the accused individual resides.

26 **54-66-10. Confidential information - Penalty.**

27 1. The following information is a confidential record as defined in section 44-04-17.1 until
28 the ethics commission issues its findings regarding the relevant complaint, except the
29 information may be disclosed as required by law or as necessary to conduct an
30 investigation arising from the complaint:

31 a. Information revealing the contents of a complaint;

1 b. Information that reasonably may be used to identify an accused individual or
2 complainant; and

3 c. Information relating to or created as part of an investigation of a complaint.

4 2. Information relating to or created as part of an informal resolution of a complaint is
5 confidential except the information may be disclosed by the complainant and the
6 accused individual.

7 3. A public official who knowingly violates this section is guilty of a class C felony.

8 **54-66-11. Restriction on lobbying by public officials - Penalty.**

9 A knowing violation of subsection 2 of section 2 of article XIV of the Constitution of North
10 Dakota is a class A misdemeanor. The ethics commission shall impose a fine of up to ~~ten~~
11 thousand dollars upon any person that knowingly violates the subsection.

12 **54-66-12. Lobbyist delivery of campaign contributions prohibited - Penalty.**

13 A knowing violation of subsection 3 of section 2 of article XIV of the Constitution of North
14 Dakota is a class A misdemeanor. The ethics commission shall impose a fine of up to ~~ten-~~
15 ~~thousand~~five hundred dollars upon any person that knowingly violates the subsection. The
16 ethics commission may impose a fine of up to ~~fifty~~one thousand dollars ~~for each violation of the~~
17 ~~subsection~~ upon any person ~~that violates~~for a second or subsequent knowing violation of the
18 subsection ~~more than once within a twelve-month period.~~

19 **54-66-13. Attorney general to provide legal services.**

20 The attorney general shall serve as legal counsel for the ethics commission, ~~unless the~~
21 ethics commission objects to the representation by the attorney general in a specific matter.
22 When a conflict of interest prevents the attorney general from providing legal services to the
23 ethics commission, the attorney general may appoint a special assistant attorney general to
24 serve as legal counsel for the commission.

25 ~~—SECTION 22. LEGISLATIVE MANAGEMENT STUDY. During the 2019-2020 interim, the~~
26 ~~legislative management shall consider studying subsection 2 of section 1 of article XIV, and~~
27 ~~subsections 1 and 5 of section 2 of article XIV of the Constitution of North Dakota, and the~~
28 ~~responsibilities of the legislative assembly under those provisions. The legislative management~~
29 ~~shall report its findings and recommendations, together with any legislation necessary to~~
30 ~~implement the recommendations, to the sixty-seventh legislative assembly.~~

1 **54-66-14. Disclosure of ultimate and true source of funds.**

2 A person who expends an amount greater than two hundred dollars, adjusted for inflation,
3 to lobby or influence state government, other than to influence a statewide election or election
4 for the legislative assembly, shall report the ultimate and true source of funds for the
5 expenditure to the secretary of state.

6 **54-66-15. Lobbyist gifts - Penalty.**

7 A lobbyist may not give, offer, solicit, initiate, or facilitate a gift to a public official knowingly,
8 and a public official may not accept a gift from a lobbyist knowingly. For the first violation, the
9 secretary of state may impose a fine of up to five hundred dollars upon any person who violates
10 this section. For a second and subsequent violation of this section, the person is guilty of an
11 infraction.

12 **54-66-16. Lobbyist requirements.**

13 A person who meets the definition of a lobbyist under this chapter and article XIV of the
14 Constitution of North Dakota is not required to comply with the requirements of chapter 54-05.1,
15 unless the person also meets the definition of a lobbyist under section 54-05.1-02.

16 **SECTION 21. APPROPRIATION.** The funds provided in this section, or so much of the
17 funds as may be necessary, are appropriated out of any moneys in the general fund in the state
18 treasury, not otherwise appropriated, to the North Dakota ethics commission for the purpose of
19 defraying the expenses of the commission, for the biennium beginning July 1, 2019, and ending
20 June 30, 2021, as follows:

	<u>Appropriation</u>
21	
22 Salaries and expenses	\$754,736
23 <u>Salaries and expenses</u>	<u>\$214,800</u>
24 Operating expenses	<u>207,200</u>
25 Total general fund	\$961,936
26 <u>Total general fund</u>	<u>\$422,000</u>
27 Full-time equivalent positions	3.00