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SECRETARY OF STATE

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March 3, 2021

TO: Senator Holmberg, Chairman, and Members of the Senate Appropriations Committee

FR: Al Jaeger, Secretary of State

RE: HB 1002 – Appropriation for Office of Secretary of State

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Pages 16 through 19 Public Printing Communication from Legislative Council

Agency Audit Findings

Operational Audit for Two-Year Period Ended June 30, 2018 – No findings

Operational Audit for Two-Year Period Ended June 30, 2020 – Audit started March 1, 2021

Agency Major Accomplishments

1. Enhanced agency website, which received in excess of 1.5 million-page views during 12-month period ending June 30, 2020.
2. The North Dakota Central Indexing System (NDCIS), launched March 1, 2016, continues to function very well. It contains approximately 350,000 files. All central indexing filings and searches are completed online. There were 873,942 page views during 12-month period ending June 30, 2020.
3. Continued to enhance the Election Management System (EMS), which provides election information on the agency's website related to elections, candidates, campaign contributions, voter precinct finder, polling location details, and the reporting of election night returns. It also assists in the administration of petition review, poll worker tracking, voting statistics reporting, and early and absentee voting.

Completed an enhancement to the EMS that guides a candidate through the process of completing and filing the required documents to run for public office. After the candidate answers the questions, the necessary forms are generated, which can then be submitted electronically or sent to the Secretary of State's office via US Mail.

4. Continued to enhance the Central Voter File used by the SOS office and the counties to update voter records for address and name changes upon receipt of notices from the DOT and the courts, and death notices from vital statistics, issue and track absentee ballots, allow for the efficient management of early voting precincts, and to expedite the voting process on election day.
5. Maintained national ranking of number one for the fifth time in the past six election cycles since the Election Performance Index for election administration was launched in 2008 and as conducted by The PEW Charitable Trusts and the Massachusetts Institute of Technology.
6. Continued to enhance Vote.ND.Gov election applications to allow viewing regardless of the format and size of the computer, laptop, tablet, or smartphone being used to access them.

Vote.ND.Gov is a "go to" website for voters, candidates, political parties, and political organizations. It had 328,919 page views during the 12-month period ending June 30, 2020, which included the June statewide election. For the period July 1 to December 21, 2020, which included the November general election, it had 779,052 page views.

7. The agency's digital and social campaigns reached 462,916 voters during the two months leading up to the November general election:
 - a. Click rates were 20% higher than national average.
 - b. Video views were 33% higher than national average.
8. Purchased and implemented a new statewide voting system from Election Systems and Software (ES&S) and an electronic pollbook system from KNOWINK.
9. Maintained security clearances for Secretary Jaeger, Deputy Secretary Jim Silrum, and State Elections Director Brian Newby to receive cybersecurity updates and notices from the Department of Homeland Security (DHS), FBI, and other agencies responsible for cybersecurity to protect our elections infrastructure, which has now been classified by DHS as critical infrastructure.
10. A settlement agreement was approved by the Federal Court for two voter ID lawsuits, with the first lawsuit having been initiated January 2016.

11. Administrative Rules were promulgated for tribal IDs that can be used for voting as to what constitutes a valid tribal ID, along with other features to support the voting process for Native Americans.
12. Neared completion of the FirstStop software system on which most of office functions are and will be processed and available to agency customers in an online environment. The system will process the registering of new businesses, the filing of the various amendments and the annual reports for various business entities, the licensing of contractors and home inspectors, issuing and maintaining notary commissions, registering lobbyists, registering charitable organizations and professional fundraisers, and providing lists, subscriptions, and information that is available to the public.
13. Administrative Rules were promulgated to enable the business entity known as Series Limited Liability Company that allows an LLC to further limit the exposure of liability of assets by forming "child" entities that are separate from the "parent" Series LLC and other "children" of the same.
14. Drafted new Administrative Rules for combative sports (boxing and mixed fighting style competition) that were effective October 1, 2020.

Agency Future Critical Issues

In the historical statistical data section on page of the program narrative, the data reveals that since 1995-97 and through the 2017-19 biennium, the revenue received by the agency has steadily increased. It is the result of increased registrations, filings, and overall demand for agency services. To accommodate the demand, the agency is significantly dependent on information technology (e.g., software, hardware, Internet, etc.) to provide timely, accurate, functionality, and efficient services to the public, businesses, and customers of the agency.

To provide these services in a cost effective and efficient manner, it is vitally important that the agency technology is supported with funding and that its current FTE authorization is maintained.

Because of the requirements of state law, business in North Dakota begins with the Secretary of State's office. Therefore, the agency has a key role in the state's e-government initiatives involving many agencies, and it is imperative the agency has adequate funding and support to implement the appropriate technology to meet these goals and provide services the public.

The Secretary of State's office encounters challenges with having adequate FTEs and offering competitive salaries to retain and attract skill levels as the agency moves from a paper processing agency to a service agency.

Because the agency is a critical component, it strongly supports a comprehensive cross agency e-government structure because of the efficiencies it will provide residents and businesses in North Dakota as well as to government operations.

Secretary of State Operations

Explanation of Program Costs

For the 2019-2021 biennium, the appropriated salary line represented approximately 84 percent of the agency's total general fund spending authority.

The appropriated general fund operating line for 2019-2021 represents approximately 11 percent of the agency's total general fund spending authority. Of that amount, approximately 12 percent of the general fund operating line was budgeted for the agency's data processing and the remaining 88 percent is spread among other object code categories and supports the general operations of the agency. Those budget object codes include telecommunications, travel, mailing services, professional development, fees and services, repairs and maintenance of equipment, insurance, office supplies, printing, professional supplies and materials, and miscellaneous expenses.

The agency also has a general services fund (special fund), which is the retail account supported by a certain percentage by revenue received from licensing, filings, and for information sold by the agency.

Extensive technology is used by the agency to increase productivity, provide better and faster services for the public, and to maintain many thousands of records associated with approximately 100 diverse and varied categories that relate to the duties of the agency. For example, the general services fund supports the following:

1. Ongoing costs and maintenance of the statewide Central Indexing System (CIS) (which includes approximately 350,000 files). On March 1, 2016, the CIS was launched allowing all filings related to various personal property liens to be completed electronically online.
2. Ongoing programing, enhancements, and maintenance of FirstStop, which is the processing database of approximately 265,000 names for approximately 100 diverse and varied categories related to the duties of the agency.
3. Internet web site maintenance and enhancements.
4. The Central Voter File, ND VOTing Information and Centralized Election Systems (ND VOICES), electronic pollbooks, and a separate website dedicated to voting and election information. These systems maintain critical information of all of the state's residents, allows them access to voting, and is used extensively by all 53 counties.

Public Printing

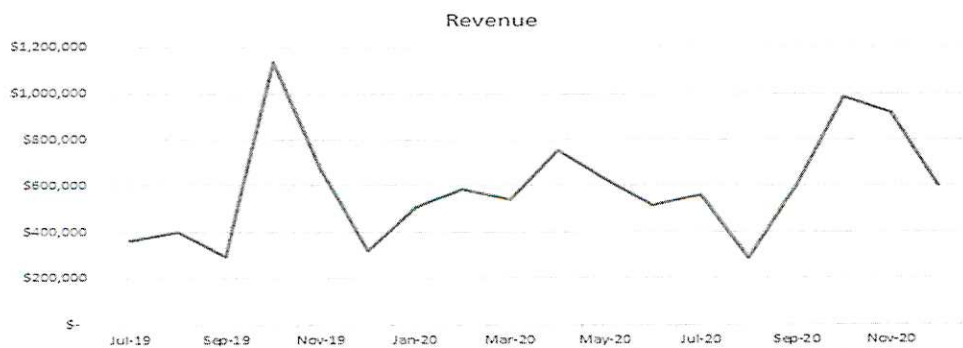
The agency distributes the publications to elected officials, legislators, legislative council, state agencies, county agencies, judicial system, and libraries as prescribed by law.

Explanation of Program Costs

Under state law, the agency is responsible for the distribution of publications known as "public printing" that includes the North Dakota Century Code, the North Dakota Administrative Rules, Session Law Books, etc. Although the appropriation to cover the cost of publishing and distribution is included in the agency's budget, it is based on a recommendation from the Legislative Council, which has the legal responsibility for preparing, supervising, contracting, and communicating with the various publishers and vendors regarding these publications. The major portion of the appropriation is directly related to the cost of printing the North Dakota Century Code, Session Laws, and the North Dakota Administrative Code. The remaining portion of the appropriation is used by the agency to cover costs related to programming database records, shipping, mailing, supplies, etc.

Based on documentation from the Legislative Council included at the end of this testimony, the budget of \$257,931 requested by the agency and approved by the House is adequate.

2019/2021 Biennium - General Fund Revenue					
January 31, 2021 - 20.83% Biennium Remaining					
	Revenue	Monthly Average Revenue Per Budget	Monthly Accumulative Revenue Total	Accumulative Monthly Budget	(Under) Over Budget
Date	Revenue	\$ 12,500,000			
Jul-19	\$ 361,958	\$ 520,833	\$ 361,958	\$ 520,833	\$ (158,876)
Aug-19	\$ 398,407	\$ 520,833	\$ 760,364	\$ 1,041,667	\$ (281,302)
Sep-19	\$ 294,621	\$ 520,833	\$ 1,054,986	\$ 1,562,500	\$ (507,514)
Oct-19	\$ 1,134,136	\$ 520,833	\$ 2,189,122	\$ 2,083,333	\$ 105,788
Nov-19	\$ 674,569	\$ 520,833	\$ 2,863,691	\$ 2,604,167	\$ 259,524
Dec-19	\$ 318,870	\$ 520,833	\$ 3,182,560	\$ 3,125,000	\$ 57,560
Jan-20	\$ 504,127	\$ 520,833	\$ 3,686,688	\$ 3,645,833	\$ 40,854
Feb-20	\$ 583,858	\$ 520,833	\$ 4,270,546	\$ 4,166,667	\$ 103,879
Mar-20	\$ 537,181	\$ 520,833	\$ 4,807,727	\$ 4,687,500	\$ 120,227
Apr-20	\$ 754,240	\$ 520,833	\$ 5,561,966	\$ 5,208,333	\$ 353,633
May-20	\$ 630,485	\$ 520,833	\$ 6,192,451	\$ 5,729,167	\$ 463,285
Jun-20	\$ 512,258	\$ 520,833	\$ 6,704,709	\$ 6,250,000	\$ 454,709
Jul-20	\$ 558,909	\$ 520,833	\$ 7,263,618	\$ 6,770,833	\$ 492,785
Aug-20	\$ 285,654	\$ 520,833	\$ 7,549,273	\$ 7,291,667	\$ 257,606
Sep-20	\$ 595,592	\$ 520,833	\$ 8,144,864	\$ 7,812,500	\$ 332,364
Oct-20	\$ 986,851	\$ 520,833	\$ 9,131,715	\$ 8,333,333	\$ 798,382
Nov-20	\$ 915,481	\$ 520,833	\$ 10,047,196	\$ 8,854,167	\$ 1,193,030
Dec-20	\$ 600,608	\$ 520,833	\$ 10,647,804	\$ 9,375,000	\$ 1,272,804
Jan-21	\$ 646,715	\$ 520,833	\$ 11,294,520	\$ 9,895,833	\$ 1,398,686
Feb-21	\$ -	\$ 520,833	\$ 11,294,520	\$ 10,416,667	\$ 877,853
Mar-21	\$ -	\$ 520,833	\$ 11,294,520	\$ 10,937,500	\$ 357,020
Apr-21	\$ -	\$ 520,833	\$ 11,294,520	\$ 11,458,333	\$ (163,814)
May-21	\$ -	\$ 520,833	\$ 11,294,520	\$ 11,979,167	\$ (684,647)
Jun-21	\$ -	\$ 520,833	\$ 11,294,520	\$ 12,500,000	\$ (1,205,480)



2019/2021 Biennium - General Services Revenue					
January 31, 2021 - 20.83% Biennium Remaining					
	Revenue	Monthly Average Revenue Per Budget	Monthly Accumulative Revenue Total	Accumulative Monthly Budget	(Under) Over Budget
Date	Revenue	1,500,000			
Jul-19	\$ 133,488	\$ 62,500	\$ 133,488	\$ 62,500	\$ 70,988
Aug-19	\$ 115,833	\$ 62,500	\$ 249,321	\$ 125,000	\$ 124,321
Sep-19	\$ 89,978	\$ 62,500	\$ 339,298	\$ 187,500	\$ 151,798
Oct-19	\$ 98,418	\$ 62,500	\$ 437,716	\$ 250,000	\$ 187,716
Nov-19	\$ 83,775	\$ 62,500	\$ 521,491	\$ 312,500	\$ 208,991
Dec-19	\$ 85,033	\$ 62,500	\$ 606,523	\$ 375,000	\$ 231,523
Jan-20	\$ 123,050	\$ 62,500	\$ 729,573	\$ 437,500	\$ 292,073
Feb-20	\$ 159,462	\$ 62,500	\$ 889,035	\$ 500,000	\$ 389,035
Mar-20	\$ 133,130	\$ 62,500	\$ 1,022,165	\$ 562,500	\$ 459,665
Apr-20	\$ 106,662	\$ 62,500	\$ 1,128,827	\$ 625,000	\$ 503,827
May-20	\$ 105,948	\$ 62,500	\$ 1,234,775	\$ 687,500	\$ 547,275
Jun-20	\$ 128,513	\$ 62,500	\$ 1,363,287	\$ 750,000	\$ 613,287
Jul-20	\$ 140,526	\$ 62,500	\$ 1,503,813	\$ 812,500	\$ 691,313
Aug-20	\$ 110,891	\$ 62,500	\$ 1,614,704	\$ 875,000	\$ 739,704
Sep-20	\$ 99,589	\$ 62,500	\$ 1,714,293	\$ 937,500	\$ 776,793
Oct-20	\$ 82,156	\$ 62,500	\$ 1,796,449	\$ 1,000,000	\$ 796,449
Nov-20	\$ 76,076	\$ 62,500	\$ 1,872,525	\$ 1,062,500	\$ 810,025
Dec-20	\$ 92,275	\$ 62,500	\$ 1,964,800	\$ 1,125,000	\$ 839,800
Jan-21	\$ 133,689	\$ 62,500	\$ 2,098,488	\$ 1,187,500	\$ 910,988
Feb-21	\$ -	\$ 62,500	\$ 2,098,488	\$ 1,250,000	\$ 848,488
Mar-21	\$ -	\$ 62,500	\$ 2,098,488	\$ 1,312,500	\$ 785,988
Apr-21	\$ -	\$ 62,500	\$ 2,098,488	\$ 1,375,000	\$ 723,488
May-21	\$ -	\$ 62,500	\$ 2,098,488	\$ 1,437,500	\$ 660,988
Jun-21	\$ -	\$ 62,500	\$ 2,098,488	\$ 1,500,000	\$ 598,488



Program Statistical Data

History of Revenue and Expenditures for the past ten budget cycles

Revenue

- 2001/2003 \$6,277,698 (general \$5,869,160; * special \$371,868) increased 5.5percent over previous biennium.
- 2003/2005 \$6,716,245 (general \$6,289,108, * special \$401,305) increased 7.0percent over previous biennium.
- 2005/2007 \$7,289,015 (general \$6,815,185, * special \$454,445) increased 8.5percent over previous biennium.
- 2007/2009 \$7,949,077 (general \$7,432,582, * special \$516,495) increased 9.1percent over previous biennium.
- 2009/2011 \$9,058,760 (general \$8,543,052, * special \$515,708) increased 14percent over previous biennium.
- 2011/2013 \$12,384,546 (general \$11,782,731, * special \$601,815) increased 36.7percent over previous biennium.
- 2013/2015 \$12,917,111 (general \$12,252,412, * special \$664,699) increased 4.3percent over previous biennium.
- 2015/2017 \$14,104,318 (general \$12,486,458, *special \$1,617,861) increased 9.2percent over previous biennium.
- 2017/2019 \$ 14,107,425 (general \$ 12,248,194, * special \$ 1,859,231 increased 0.2percent over previous biennium.
- 2019/2021 Estimated: \$ 14,000,000 (Estimated: general \$12,500,000, * special \$1,500,000)

Expenditures

- 2001/2003 - \$3,961,253 increased 11.7percent over previous biennium (see note # 1)
- 2003/2005 - \$4,146,332 increased 4.7percent over previous biennium
- 2005/2007 - \$4,536,178 increased 9.4percent over previous biennium (see note # 2)
- 2007/2009 - \$5,666,247 increased 24.9percent over previous biennium (see note #3)
- 2009/2011 - \$6,168,973 increased 8.9percent over previous biennium (see note #4)
- 2011/2013 - \$8,383,125 increased 35.9percent over previous biennium (see note #5)
- 2013/2015 - \$9,018,517 increased 7.58percent over previous biennium (see note #6)
- 2015/2017 - \$8,340,716 decreased 7.52percent over previous biennium (see note #7)
- 2017/2019 - \$7,370,635 decreased 11.63percent over previous biennium (see note #8)

Note 1: ITD again reallocated costs related to the statewide area network resulting in another \$175,000 increase added to the agency's budget.

Note 2: The expenditures included a one-time amount of \$125,000 for migration of database.

Note 3: The expenditures included a one-time amount of \$825,000 for migration of database.

Note 4: The expenditures included a one-time amount of \$702,000 for migration of database (One-time funding was \$780,000 total, we requested \$78,000 in carryover to 11-13 Biennium).

Note 5: The expenditures included one-time amounts of \$3,500,000 for migration of database and \$43,039 for online public meeting system. In addition, the one-time funding carryover of \$78,000 for migration of database. (We requested \$1,351,035 in carryover to 13-15 for migration of database).

Note 6: The expenditures included one-time amounts of \$2,048,352 for migration of database and \$109,794 for business process mapping project. (We requested carryover to 15-17 for the remaining migration of database and business process mapping).

Note 7: The expenditures for IT data processing decreased by \$727,796 from the 13-15 biennium to the 15-17 biennium.

Note 8: The expenditures for IT data processing decreased by \$286,553, IT contractual services decreased by \$363,651, printing decreased by \$136,701 and salaries and wages decreased by \$396,040 from the 15-17 biennium to the 17-19 biennium.

Comparison of Agency's Request/Recommendation Totals

	2019-2021 Biennium	2021-2023 Executive Recommendation	Incr(Decr)
By Major Program			
Secretary of State Operations	7,995,679	8,336,411	340,732
Public Printing Leg Law Books	257,278	257,931	653
Federal Election Reform	1,601,747	4,701,119	3,099,372
Total Major Programs	9,854,704	13,295,461	3,440,757
By Line item			
Salaries and Wages	4,978,126	5,417,802	439,676
Operating Expenses	3,009,553	2,910,609	(98,944)
Petition Review	8,000	8,000	-
Election Reform	1,601,747	4,701,119	3,099,372
Public Printing	257,278	257,931	653
Total Line Items	1,867,025	13,295,461	3,440,757
By Funding Source			
General Funds	5,623,063	5,702,347	79,284
Federal Funds		3,204,330	3,204,330
Special Funds	4,231,641	4,388,784	157,143
Total Funding Source	9,854,704	13,295,461	3,440,757
FTE	32	32	-

By Major Program

Secretary of State Operations \$ 8,336,411
 (General Fund - \$ 5,444,416; Special Fund 2,891,995)

Public Printing \$ 257,931
 (General Fund - \$ 257,931)

Federal Election Reform \$ 4,701,119
 (Federal Fund - \$ 3,204,330; Special Fund 1,496,789)

Agency's 10% Budget reduction and 5% Budget reprioritization submitted to Governor.

Operating:
Travel.....\$40,000
Office Supplies\$3,389
Postage\$150,000
Office Equip & Furniture Supplies\$37,000
IT –Data Processing\$74,736
IT – Communications\$61,600
Professional Development\$20,000
Operating Fees and Services.....\$26,500
Fees – Professional Services.....\$123,353
(General Fund \$ 536,578;)

Public Printing.....\$ 25,728
(General Fund \$ 25,728)

IT – Contractual Services and Repairs - Decrease.....\$211,582
Operating Fees and Service - Increase\$211,582

Total 10% reduction\$ 562,306
Total 5% reprioritization.....\$211,582

(General Fund \$562,306; Special Fund \$ 211,582)

Agency's requested Optional Adjustments compared to the Governor's recommendation.

Request # 1 Operating Line General Funds

Secretary of State Request.....\$ 536,578

Governor Recommendation.....\$ 281,153

The House reduced the agency's general fund appropriation by \$255,425 from current biennium base budget to match the Governor's Recommendation

Request # 2 Increase Special Fund Authority

The House increased the agency's spending authority for the general services fund by \$1,074,923, which covered all agency requests (included in special funds on page 2, line 10)

Request # 3 Election Reform Federal Funds

The House increased spending authority for \$3,000,000 in federal funds received March 2020, and approved by the Emergency Commission and Budget Section (included in special funds on page 2, line 10)

Request # 4 Election Reform Federal Funds

The House approved the agency's request to move one long time full-time temporary employee position that is paid with federal funds to FTE status and continue to be paid with federal funds \$121,865

Request # 5 Exemption – Technology Project

The House approved the addition of the following text on page 2 lines 17 through 22.

SECTION 4. EXEMPTION – TECHNOLOGY PROJECT. Any unexpended funds from the technology project in subdivision 1 of section 1 of chapter 36 of the 2015 Session Laws is not subject to the provisions of section 54-44.1.11. Any unexpended funds from this appropriation may be expended during the biennium beginning July 1, 2021 and ending June 30, 2023.

Request # 6 Tribal Government

The House approved \$25,000 for Grants line in response to the following stipulation in consent decree approved by the federal court on April 27, 2020.

12. The Secretary of State shall work in good faith with the Office of Management and Budget and the Governor's Office to identify existing appropriations to reimburse Tribal Governments in North Dakota for the administrative costs of issuing addresses and IDs for voting purposes for the 2020 election cycle in the amount up to \$5,000 for actual cost incurred per Tribal Government. The Secretary of State will work in good faith with the Plaintiffs to seek an ongoing legislative appropriation to reimburse Tribal Governments for the administrative costs of issuing addresses and IDs for voting purposes in the next legislative assembly for the amount up to \$5,000 for actual costs incurred per Tribal Government for each statewide election cycle.

Update on One Time Request Funding for 2019/2021 biennium

Secretary of State Request

Statewide Voting System and Electronic Pollbooks\$12,000,000
(General Fund \$9,000,000; Federal Fund \$3,000,000 (already received))

Governor Recommendation\$11,000,000

(From Special Funds \$8,000,000; Federal Fund \$3,000,000 - already received)

SECTION 6. SPECIAL FUNDS TRANSFER – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. The less estimated income line item in section 1 of this Act includes the sum of \$8,000,000, or so much of the sum as may be necessary, from the strategic investment and improvements fund which may be transferred at the direction of the secretary of state for a statewide voting system and e-poll book projects during the biennium beginning July 1, 2019 and ending June 30, 2021.

The new voting system was purchased from Election Systems and Software and deployed to the state's 53 counties in 2019. The electronic pollbooks were purchased from KNOWiNK in 2019 and deployed to the counties in 2020. Both systems were used in the 2020 election cycle and were of incredible value as the elections needed to be run during the pandemic. Administering the elections in 2020 were successful because of the new equipment.

Update on Coronavirus (COVID-19) Pandemic Funds

Coronavirus Relief Funds CRF) – OMB

The agency received \$ 49,216.16. The funds were expensed on salaries: overtime for elections and managers and operating for masks, cleaning supplies and wellness barriers for customer service areas.

Coronavirus Aid, Relief and Economic Security Act Funds (CARES) – Election Assistance Commission

The agency received \$ 3,000,000, funds were expensed on items and services that made voting possible during a pandemic. For example, with the anticipated increase in the number of absentee ballots that would be submitted because voters might not want to go to a polling place to vote, extra central count tabulators were purchased for our larger population counties. Single use pens were purchased for the protection of those voters who did vote in person. And an ad campaign was funded with the intent of informing voters of their voting options during the pandemic.

Agency Performance Measures

Although the Secretary of State's office does not have a formal written program, the agency's management team and unit leads have access to various processes for tracking productivity, effectiveness, efficiency, quality of customer service, and compliance with laws. It is anticipated the statistical tracking of information will be improved with the agency's migration to a new database and document processing platform, for which funding was approved in a previous biennium.

Agency Statutory Authority

ND Constitution Article V, Section 12; North Dakota Century Code Title 10 and Title 16.1; North Dakota Century Code Chapters 15.02, 35-01, 35-05, 35-17, 35-21, 35-29, 35-30, 35-31, 41-09, 43-07, 44-06, 45-10, 45-10.1, 45-11, 45-22, 45-23, 47-22, 47-25, 50-22, 53-01, 54-05.1, 54-09, 54-16, and 55-01.

Agency Description

The Secretary of State's office is the office of record for certain legal documents generated by the executive and legislative branches of state government; public records and notices including various business entities; and performs a wide range of licensing, regulatory, registration, and administrative functions within five operating units. The agency performs these functions in accordance with the requirements of the state's constitution and laws.

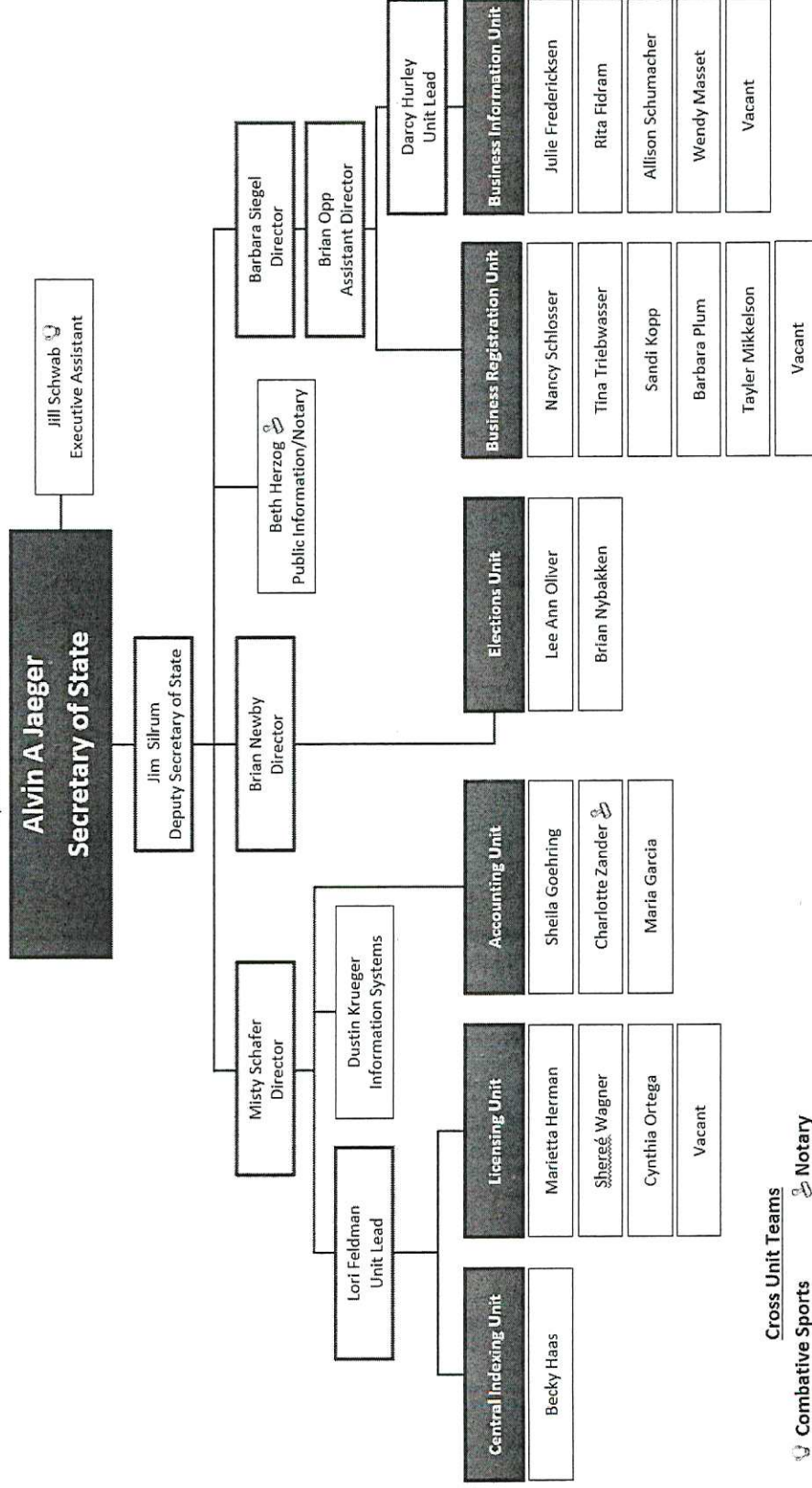
Agency Mission Statement

The office will:

- Serve the people of the State of North Dakota and its guests;
- Execute with integrity the duties required by the North Dakota Constitution and the North Dakota Century Code;
- Collect and preserving the records of the State as defined by the law; and
- Act as an ambassador for the State of North Dakota, its people, and its way of life.

This mission will be dispatched effectively, efficiently, expeditiously, courteously, and with financial responsibility.

North Dakota Secretary of State
Staff Organizational Chart
Updated November 2020



REPORT OF STANDING COMMITTEE

HB 1002: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (20 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1002 was placed on the Sixth order on the calendar.

Page 1, line 2, after "printing" insert "; to amend and reenact section 54-09-05 of the North Dakota Century Code, relating to the salary of the secretary of state; and to provide an exemption"

Page 1, replace lines 11 through 20 with:

"	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$4,978,126	\$555,816	\$5,533,942
Operating expenses	3,009,553	298,871	3,308,424
Grants	0	25,000	25,000
Petition review	8,000	0	8,000
Election reform	1,601,747	3,097,721	4,699,468
Total all funds	\$9,597,426	\$3,977,408	\$13,574,834
Less estimated income	4,231,641	4,074,923	8,306,564

Total general fund	\$5,365,785	(\$97,515)	\$5,268,270
Full-time equivalent positions	32.00	1.00	33.00"

Page 2, replace lines 1 through 4 with:

"	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Public printing	\$257,278	\$653	\$257,931
Total general fund	\$257,278	\$653	\$257,931"

Page 2, replace lines 6 through 10 with:

"	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand total general fund	\$5,623,063	(\$96,862)	\$5,526,201
Grand total special funds	4,231,641	4,074,923	8,306,564
Grand total all funds	\$9,854,704	\$3,978,061	\$13,832,765"

Page 2, after line 15, insert:

"SECTION 3. EXEMPTION - TECHNOLOGY PROJECT. Any unexpended funds from the \$3,050,000 general fund appropriation for a technology project in the operating expenses line item in subdivision 1 of section 1 of chapter 36 of the 2015 Session Laws and continued into the 2017-19 and 2019-21 bienniums are not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation may be expended during the biennium beginning July 1, 2021, and ending June 30, 2023.

SECTION 4. AMENDMENT. Section 54-09-05 of the North Dakota Century Code is amended and reenacted as follows:

54-09-05. Salary of secretary of state.

The annual salary of the secretary of state is one hundred ~~seventy-two~~ thousand ~~eighty-two~~ hundred ~~eighty-five~~ forty-one dollars through June 30, ~~2020~~ 2021, and one hundred ~~ten~~ thirteen thousand ~~five~~ nine hundred ~~eighty-two~~ twenty-five dollars thereafter.

SECTION 5. TRIBAL GOVERNMENT ADMINISTRATIVE COSTS. Of the funds appropriated in the grants line item in subdivision 1 of section 1 of this Act, \$25,000 is from the general fund for the purpose of providing grants to each federally recognized tribal government located within the state for the biennium beginning July 1, 2021, and ending June 30, 2023. The secretary of state may provide grants in an amount up to \$5,000 to each tribal government to reimburse administrative costs incurred by each tribal government to issue addresses and identifications for voting purposes."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1002 - Summary of House Action

	Base Budget	House Changes	House Version
Secretary of State			
Total all funds	\$9,597,426	\$3,977,408	\$13,574,834
Less estimated income	4,231,641	4,074,923	8,306,564
General fund	\$5,365,785	(\$97,515)	\$5,268,270
FTE	32.00	1.00	33.00
Public Printing			
Total all funds	\$257,278	\$653	\$257,931
Less estimated income	0	0	0
General fund	\$257,278	\$653	\$257,931
FTE	0.00	0.00	0.00
Bill total			
Total all funds	\$9,854,704	\$3,978,061	\$13,832,765
Less estimated income	4,231,641	4,074,923	8,306,564
General fund	\$5,623,063	(\$96,862)	\$5,526,201
FTE	32.00	1.00	33.00

House Bill No. 1002 - Secretary of State - House Action

	Base Budget	House Changes	House Version
Salaries and wages	\$4,978,126	\$555,816	\$5,533,942
Operating expenses	3,009,553	298,871	3,308,424
Grants		25,000	25,000
Petition review	8,000		8,000
Election reform	1,601,747	3,097,721	4,699,468
Total all funds	\$9,597,426	\$3,977,408	\$13,574,834
Less estimated income	4,231,641	4,074,923	8,306,564
General fund	\$5,365,785	(\$97,515)	\$5,268,270
FTE	32.00	1.00	33.00

Department 108 - Secretary of State - Detail of House Changes

	Adjusts Funding for Base Payroll Changes ¹	Adds Funding for Salary and Benefit Increases ²	Adds Funding to Convert a Temporary to FTE Position ³	Increases Funding for Temporary Salaries ⁴	Adjusts Funding for Operating Expenses ⁵	Adds Funding for Grants ⁶
Salaries and wages	\$145,186	\$138,765	\$121,865	\$150,000		
Operating expenses					\$298,871	
Grants						\$25,000
Petition review						
Election reform	93,342	4,379				
Total all funds	\$238,528	\$143,144	\$121,865	\$150,000	\$298,871	\$25,000
Less estimated income	238,528	13,825	121,865	150,000	550,705	0
General fund	\$0	\$129,319	\$0	\$0	(\$251,834)	\$25,000
FTE	0.00	0.00	1.00	0.00	0.00	0.00

	Increases Funding for Election Reform ⁷	Total House Changes
Salaries and wages		\$555,816
Operating expenses		298,871
Grants		25,000
Petition review		
Election reform	\$3,000,000	3,097,721
Total all funds	\$3,000,000	\$3,977,408
Less estimated income	3,000,000	4,074,923
General fund	\$0	(\$97,515)
FTE	0.00	1.00

¹ Funding is adjusted for base payroll changes.

² The following funding is added for 2021-23 biennium salary adjustments of 1.5 percent on July 1, 2021, and July 1, 2022, with a minimum monthly increase of \$100 and a maximum monthly increase of \$250 for both years, and increases in health insurance premiums from \$1,427 to \$1,429 per month:

	General Fund	Other Funds	Total
Salary increase	\$127,895	\$13,691	\$141,586
Health insurance increase	1,424	134	1,558
Total	\$129,319	\$13,825	\$143,144

³ Funding is added from federal funds to convert 1 full-time temporary election reform position to an FTE position.

⁴ Funding is increased for temporary salaries to provide a total of \$200,000.

⁵ Funding for operating expenses is adjusted as follows:

	General Fund	Other Funds	Total
Funding source change to general services fund	(\$255,425)	\$255,425	\$0
IT operating expenses	0	210,000	210,000
Other operating expenses	0	84,575	84,575
Microsoft Office 365 license expenses	3,591	705	4,296
Total	(\$251,834)	\$550,705	\$298,871

⁶ Funding of \$25,000 from the general fund is added for the purpose of providing grants to each federally recognized tribal government located within the state during the 2021-23 biennium. A section is added providing the Secretary of State may provide grants up to \$5,000 to each tribal government to reimburse administrative costs incurred by each tribal government to issue addresses and identifications for voting purposes.

⁷ Funding from federal funds is increased for election reform.

This amendment also adds a section to:

- Provide the statutory changes to increase the Secretary of State's salary. The Secretary of State's annual salary would increase from the current level of \$110,582 to \$112,241, effective July 1, 2021, and to \$113,925, effective July 1, 2022, to reflect the 1.5 percent annual salary increase.
- Allow funding approved for an information technology project in the 2015-17 biennium to be continued into the 2021-23 biennium.

House Bill No. 1002 - Public Printing - House Action

	Base Budget	House Changes	House Version
Public printing	\$257,278	\$653	\$257,931
Total all funds	\$257,278	\$653	\$257,931
Less estimated income	0	0	0
General fund	\$257,278	\$653	\$257,931
FTE	0.00	0.00	0.00

Department 109 - Public Printing - Detail of House Changes

	Increases Funding For Public Printing ¹	Total House Changes
Public printing	\$653	\$653
Total all funds	\$653	\$653
Less estimated income	0	0
General fund	\$653	\$653
FTE	0.00	0.00

¹ Funding is increased for public printing to provide a total of \$257,931 from the general fund.



North Dakota Legislative Council

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August 4, 2020

Honorable Alvin A. Jaeger
Secretary of State
State Capitol
Bismarck, ND 58505

Dear Mr. Jaeger:

As you know, the Legislative Council is responsible for preparing the material for and supervising the publication of the North Dakota Century Code, North Dakota Administrative Code, and North Dakota Session Laws. The purpose of this letter is to notify you of the estimated costs for the 2021-23 biennium so you can include a sufficient amount in your budget request for these purposes.

During the 2019-21 biennium, cost estimates for Century Code purchases in your budget were based on the state maintaining 550 sets of the code. Your staff has not advised us to change the number of sets needed, so we are basing our estimates on 550 code sets for the 2021-23 biennium.

During the 2021-23 biennium, we have tentatively identified Volumes 2A, 2C, 6, 8A, and 10B of Century Code for replacement. These replacement volumes must be published to avoid increased costs for supplements and the eventual need to replace the entire Century Code. Replacement of volumes also makes the Century Code more easily usable for the public. The Court Rules Annotated volume is published in a softbound volume that must be replaced each biennium. Based on cost estimates furnished by LexisNexis, \$141,487.50 will be needed to purchase 550 sets of replacement Volumes 2A, 2C, 6, 8A, and 10B and \$45,375 will be needed to purchase 550 sets of the Court Rules Annotated volume and two supplements to that volume.

Based on LexisNexis estimates, \$98,450 will be needed to purchase 550 sets of the 2021 pocket supplements, and \$37,262.50 will be needed to purchase 550 sets of the 2021 general index.

The estimated costs for Century Code updates for the 2021-23 biennium total \$322,575. In the letter (copy enclosed) of estimated costs from Ms. Leslie Metheney, Director, Government Content Acquisition, LexisNexis, it is stated that LexisNexis offers state government subscribers a 25 percent discount. Application of this discount will reduce estimated expenditures for 2021-23 Century Code updates to \$241,931.

The Legislative Assembly passed House Bill No. 1422 (2019), which replaced the CD-ROM publication of the Administrative Code with an electronic notification process, therefore eliminating any preparation and distribution costs for the Administrative Code.

We estimate that \$16,000 will be required to cover printing, binding, and mailing costs for the 2021 North Dakota Session Laws.

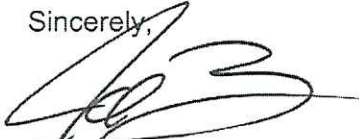
We respectfully suggest that you include \$257,931 in your budget request for the 2021-23 biennium for publication and printing costs for the North Dakota Century Code and North Dakota Session Laws and

postage and mailing costs for the Session Laws. This is a .25 percent increase from the comparable amount we recommended for these expenses for the 2019-21 biennium.

We are not in a position to make any suggestions regarding the other costs that must be included in the public printing line item of your budget, including the costs of individual volumes to update old sets of Century Code, the new sets of Century Code required for new members of the Legislative Assembly, and postage and mailing costs for Century Code. Therefore, those costs are not included in our estimates.

Thank you for your attention to these matters. Please contact this office if you have any questions. We are sending a copy of this letter to Mr. Joe Morrisette, Director, Office of Management and Budget, for his information.

Sincerely,

A handwritten signature in black ink, appearing to read 'JB', with a long horizontal flourish extending to the right.

John Bjornson
Director

JB/JJB

Enc.

cc: Mr. Joe Morrisette
Ms. Leslie Metheney

July 31, 2020

John Bjornson
Vonette Richter
North Dakota Legislative Council
State Capitol, 600 East Boulevard
Bismarck, ND 58505

Dear John & Vonette:

I am pleased to provide the following estimated prices for the North Dakota Century Code 2021-2022 upkeep service. The following prices reflect slight increases from the pricing levels offered for 2019-2020. The cost of production has increased over the past two years and although the Producer Price Index for Book Publishers has risen almost 13% over the last two years, I have kept the requested increases significantly lower than that amount.

As requested, I have included the base estimates on options for four or five replacement volumes in the two-year period.

Cumulative Supplement The price of the 2021 Supplement will depend on the number of volumes replaced. If five volumes are replaced, the price of the Supplement is \$179.00. If four volumes are replaced, the price of the Supplement is \$200.45.

Index The price of the Index will be \$67.75 with the publication of five Replacement volumes. The price increases to \$71.75 with four Replacement volumes.

Replacement Volumes Our recommendation is for the replacement of five volumes, two in one year and three in the next. After consulting with our editorial department, our recommendation is to replace Volume 2A (2012 volume with 247 page supp); Volume 2C (2012 volume with 155 page supp); Volume 6 (2010 volume with 149 page supp); Volume 8A (2006 volume with 153 page supp) and Volume 10B (2014 volume with 227 page supp.) If five volumes are replaced, the price for each copy of each replacement volume will be \$51.45. If four volumes are replaced, the price for each copy of each replacement volume will be \$53.80.

Package Prices For comparison purposes, the various options with prices and the total package price of Supplement, Replacement Volumes and Index are as follows:

<u>Option</u>	<u>No. Repl. Vols.</u>	<u>Price of Supp.</u>	<u>Price of Volumes</u>	<u>Price of Index</u>	<u>Total</u>	<u>Increase</u>
1	5	\$179.00	\$51.45	\$67.75	\$504.00	5.0 %
2	4	\$200.45	\$53.80	\$71.75	\$487.40	5.5%

Court Rules Volumes and Supplements. The next edition of the Court Rules volume is currently scheduled for publication in early 2022. The price of that edition will be \$54.00, a 5% increase in the price of \$51.75 from the 2020 Edition. The first two supplements to the 2020 Edition will increase to \$14.00 and \$14.50 respectively.

Government Discount We will continue to offer state government subscribers a 25% discount on its purchases of the North Dakota Century Code for the 2021 - 2022 biennium.

Please let me know if you have any questions.

Sincerely,



Leslie Metheney
Director
Government Content Acquisition