

Sixty-ninth
Legislative Assembly
of North Dakota

**PROPOSED AMENDMENTS TO
FIRST ENGROSSMENT**

ENGROSSED HOUSE BILL NO. 1015

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the various divisions
2 under the supervision of the director of the office of management and budget; to amend and
3 reenact section 57-51.1-07.5 of the North Dakota Century Code, relating to the state share of oil
4 and gas tax revenue allocations; to repeal section 11-38-08 of the North Dakota Century Code,
5 relating to county achievement days; to authorize a line of credit; to provide for a transfer; to
6 provide an exemption; to provide for a report; and to declare an emergency.

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

8 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
9 as may be necessary, are appropriated out of any moneys in the general fund in the state
10 treasury, not otherwise appropriated, and from other funds derived from special funds and
11 federal funds, to the office of management and budget for the purpose of defraying the
12 expenses of the office of management and budget, for the biennium beginning July 1, 2025,
13 and ending June 30, 2027, as follows:

| | | Adjustments or | |
|--|-------------------|---------------------|----------------------|
| | <u>Base Level</u> | <u>Enhancements</u> | <u>Appropriation</u> |
| 15 Salaries and wages | \$23,510,218 | \$2,774,739 | \$26,284,957 |
| 17 New and vacant FTE pool | 98,200,000 | (96,997,038) | 1,202,962 |
| 18 Operating expenses | 18,217,793 | 6,874,081 | 25,091,874 |
| 19 Capital assets | 308,355 | 5,808,649 | 6,117,004 |
| 20 Emergency commission contingency fund | 750,000 | (750,000) | 0 |

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| | | | | |
|----|--|-------------------|--------------------|-------------------|
| 1 | Guardianship grants | 7,100,000 | 0 | 7,100,000 |
| 2 | Prairie public broadcasting | 1,200,000 | (1,200,000) | 0 |
| 3 | Community service supervision grants | 350,000 | (35,000) | 315,000 |
| 4 | State employee child care benefits | 3,000,000 | (1,635,000) | 1,365,000 |
| 5 | Student internship program | 0 | 500,000 | 500,000 |
| 6 | Deferred maintenance funding pool | 0 | 40,000,000 | 40,000,000 |
| 7 | Rent, moving, and space reconfiguration pool | <u>0</u> | <u>2,000,000</u> | <u>2,000,000</u> |
| 8 | Total all funds | \$152,636,366 | (\$42,659,569) | \$109,976,797 |
| 9 | Less other funds | <u>71,757,126</u> | <u>(6,630,280)</u> | <u>65,126,846</u> |
| 10 | Total general fund | \$80,879,240 | (\$36,029,289) | \$44,849,951 |
| 11 | Full-time equivalent positions | 110.00 | 1.00 | 111.00 |

12 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**
 13 **SEVENTIETH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding
 14 items included in the appropriation in section 1 of this Act which are not included in the entity's
 15 base budget for the 2027-29 biennium and which the entity shall report to the appropriations
 16 committees of the seventieth legislative assembly regarding the use of this funding:

| 17 | <u>One-Time Funding Description</u> | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u> |
|----|---|---------------------|--------------------|------------------|
| 18 | Procurement automation | \$0 | \$515,052 | \$515,052 |
| 19 | Recruiting management system | 250,000 | 0 | 250,000 |
| 20 | Student internship program | 500,000 | 0 | 500,000 |
| 21 | Employee leave payouts | 99,305 | 50,695 | 150,000 |
| 22 | Snow removal equipment | 0 | 172,000 | 172,000 |
| 23 | Floor scrubber | 0 | 20,000 | 20,000 |
| 24 | Capitol building improvements | 0 | 3,000,000 | 3,000,000 |
| 25 | Governor's residence projects | 0 | 2,350,000 | 2,350,000 |
| 26 | Deferred maintenance pool | 0 | 40,000,000 | 40,000,000 |
| 27 | Rent, moving and space reconfiguration pool | <u>0</u> | <u>2,000,000</u> | <u>2,000,000</u> |
| 28 | Total | \$849,305 | \$48,107,747 | \$48,957,052 |

29 **SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST.** The
 30 office of management and budget may not spend funds appropriated in the new and vacant
 31 FTE pool line item in section 1 of this Act, but may transfer funds from the new and vacant

1 FTE pool line item to the salaries and wages line item in accordance with the provisions of this
2 Act.

3 **SECTION 4. APPROPRIATION - COMMUNITY SERVICES SUPERVISION FUND.** Any
4 moneys in the community service supervision fund under section 29-26-22 are appropriated to
5 the office of management and budget for distribution to community corrections association
6 regions on or before August first of each year, for the biennium beginning July 1, 2025, and
7 ending June 30, 2027.

8 **SECTION 5. APPROPRIATION- STATE HOSPITAL - STRATEGIC INVESTMENT AND**
9 **IMPROVEMENTS FUND - ONE-TIME FUNDING.** There is appropriated out of any moneys in
10 the strategic investment and improvements fund in the state treasury, not otherwise
11 appropriated, the sum of \$200,000,000, or so much of the sum as may be necessary, to the
12 office of management and budget for the purpose of planning, design, construction, and other
13 related expenses necessary for construction of a new state hospital, for the biennium beginning
14 July 1, 2025, and ending June 30, 2027. The office of management and budget shall oversee
15 the project consistent with the objectives approved by the state hospital steering committee
16 established in section 7 of this Act. The office of management and budget may seek other
17 federal, state, local, or private funds, and may enter contracts, agreements, or partnerships as
18 necessary to complete the project. The appropriation in this section is a one-time funding item.

19 **SECTION 6. APPROPRIATION - BANK OF NORTH DAKOTA LINE OF CREDIT - STATE**
20 **HOSPITAL PROJECT.** The office of management and budget may borrow up to \$100,000,000
21 through a line of credit from the Bank of North Dakota during the biennium beginning July 1,
22 2025, and ending June 30, 2027, the proceeds of which are appropriated to the office of
23 management and budget for defraying costs associated with the construction of a new state
24 hospital. The interest rate on the line of credit may not exceed the prevailing interest rate
25 charged to North Dakota governmental entities. If the office of management and budget
26 accesses the line of credit, it shall request a deficiency appropriation from the seventieth
27 legislative assembly to repay the line of credit.

28 **SECTION 7. NEW STATE HOSPITAL - STEERING COMMITTEE.** The office of
29 management and budget shall establish a new state hospital facility steering committee to
30 oversee the design and construction of a new state hospital facility, for the biennium beginning
31 July 1, 2025, and ending June 30, 2027. The committee must include representation from the

1 department of health and human services, office of management and budget, the governor's
2 office, and the legislative assembly. The legislative assembly representation must include one
3 member of the senate appointed by the senate majority leader, one member of the house
4 appointed by the house majority leader, and one member of the minority party from either the
5 senate or the house appointed by the minority leaders of the senate and the house.

6 **SECTION 8. TRANSFER - SOCIAL SERVICES FUND TO HUMAN SERVICE FINANCE**
7 **FUND.** The office of management and budget shall transfer the sum of \$250,000,000 from the
8 social services fund to the human service finance fund during the biennium beginning July 1,
9 2025, and ending June 30, 2027.

10 **SECTION 9. TRANSFER AUTHORITY - STUDENT INTERNSHIP PROGRAM -**
11 **DEFERRED MAINTENANCE FUNDING POOL - RENT, MOVING, AND SPACE**
12 **RECONFIGURATION POOL.** The office of management and budget may transfer appropriation
13 authority to eligible state agencies during the biennium beginning July 1, 2025, and ending
14 June 30, 2027, from the line items in section 1 of this Act as follows:

- 15 1. From the student internship line item for student internships.
- 16 2. From the deferred maintenance pool line item for deferred maintenance projects.
- 17 3. From the rent, moving, and space reconfiguration pool line item for agency lease,
18 relocation, and remodeling costs.

19 **SECTION 10. TRANSFER - FEDERAL STATE FISCAL RECOVERY FUND**
20 **APPROPRIATION AUTHORITY TO DEPARTMENT OF CORRECTIONS AND**
21 **REHABILITATION - EXEMPTION - SPENDING RESTRICTION - REPORT.**

- 22 1. Notwithstanding any other provision of law, on or before June 30, 2025, the office of
23 management and budget shall transfer any federal state fiscal recovery fund
24 appropriation authority amounts previously obligated but not anticipated to be
25 expended from the state agency that received the appropriation authority to the
26 department of corrections and rehabilitation for the purpose of defraying the expenses
27 of salaries and wages of the department of corrections and rehabilitation, for the
28 biennium beginning July 1, 2023, and ending June 30, 2025.
- 29 2. Notwithstanding any other provision of law, on or before December 31, 2026, the office
30 of management and budget shall transfer any federal state fiscal recovery fund
31 appropriation authority amounts previously obligated but not anticipated to be

1 expended from the state agency that received the appropriation authority to the
2 department of corrections and rehabilitation for the purpose of defraying the expenses
3 of salaries and wages of the department of corrections and rehabilitation, for the
4 biennium beginning July 1, 2025 and ending June 30, 2027.

5 3. The office of management and budget shall transfer any uncommitted accumulated
6 interest and earnings of the federal state fiscal recovery fund to the department of
7 corrections and rehabilitation during the biennium beginning July 1, 2025, and ending
8 June 30, 2027. Any interest and earnings received by the department of corrections
9 and rehabilitation under this section are appropriated to the department for the
10 purpose of defraying the expenses of salaries and wages, for the biennium beginning
11 July 1, 2025, and ending June 30, 2027.

12 4. The department of corrections and rehabilitation may not spend general fund
13 appropriations equal to the amount of any federal state fiscal recovery fund moneys
14 transferred to the department under this section.

15 5. The office of management and budget shall report to the budget section regarding any
16 appropriation authority and interest and earnings transferred under this section.

17 **SECTION 11. OTHER FUNDS - STRATEGIC INVESTMENT AND IMPROVEMENTS**

18 **FUND.** The other funds line item in section 1 of this Act includes the sum of \$42,707,052 from
19 the strategic investment and improvements fund for the following projects:

| | |
|---|------------------|
| 20 Procurement automation | \$515,052 |
| 21 Snow removal equipment | 172,000 |
| 22 Floor scrubber | 20,000 |
| 23 Deferred maintenance pool | 40,000,000 |
| 24 Rent, moving, and space reconfiguration pool | <u>2,000,000</u> |
| 25 Total | \$42,707,052 |

26 **SECTION 12. OTHER FUNDS - CAPITOL BUILDING FUND.** The other funds line item in
27 section 1 of this Act includes the sum of \$5,850,000 from the capitol building fund for the
28 following purposes and projects:

| | |
|--------------------------------------|-----------|
| 29 Ongoing Capitol grounds repairs | \$500,000 |
| 30 Governor's residence projects | 2,350,000 |

| | | |
|---|-------------------------------|------------------|
| 1 | Capitol building improvements | <u>3,000,000</u> |
| 2 | Total | \$5,850,000 |

3 **SECTION 13. GRANTS AND SPECIAL ITEMS.** Section 1 of this Act includes appropriation
4 authority which may be used only for the following grants and special items:

| | | |
|---|--|-------------|
| 5 | Unemployment insurance | \$1,500,000 |
| 6 | Capitol grounds planning commission | \$25,000 |
| 7 | Statewide memberships and related expenses | \$757,489 |

8 **SECTION 14. STATE EMPLOYEE COMPENSATION ADJUSTMENTS - GUIDELINES.**

- 9 1. The 2025-27 biennium compensation adjustments for permanent state employees are
10 to average 3 percent per eligible employee for the first fiscal year of the biennium and
11 are to average 3 percent per eligible employee for the second year of the biennium.
12 The increases for the first year of the biennium are to be given beginning with the
13 month of July 2025, to be paid in August 2025, and for the second year of the
14 biennium are to be given beginning with the month of July 2026, to be paid in
15 August 2026. Increases for eligible state employees are to be based on documented
16 performance and are not to be the same percentage increase for each employee.
- 17 2. The office of management and budget shall develop guidelines for use by state
18 agencies for providing compensation adjustments for classified state employees. The
19 guidelines must follow the compensation philosophy statement under section
20 54-44.3-01.2.
- 21 3. Probationary employees are not entitled to the increases. However, at the discretion of
22 the appointing authority, probationary employees may be given all or a portion of the
23 increases effective in July, paid in August, or upon completion of probation. Employees
24 whose overall documented performance level does not meet standards are not eligible
25 for any salary increase.

26 **SECTION 15. NEW AND VACANT FTE POOL - GUIDELINES - EXEMPTION -**
27 **TRANSFERS - REPORTS - APPLICATION.**

- 28 1. Notwithstanding section 54-16-04, the office of management and budget shall transfer
29 funds from an executive branch state agency's new and vacant FTE pool line item to
30 the agency's salaries and wages line item or other line items with salaries and wages
31 funding as requested by the agency in accordance with provisions of this section.

- 1 2. An executive branch state agency may request a transfer to provide funding for the
2 salaries and wages necessary for the remainder of the 2025-27 biennium for a new
3 full-time equivalent position authorized by the sixty-ninth legislative assembly from the
4 date of hiring through the end of the biennium, limited to the amount identified for the
5 position in the statement of purpose of amendment.
- 6 3. After July 31, 2026, an executive branch state agency may request a transfer if the
7 agency projects actual salaries and wages expenditures will exceed the agency's
8 available salaries and wages funding for the biennium. The transfer amount may not
9 exceed the amount by which the agency's actual salaries and wages savings from
10 vacant positions and employee turnover to date and estimates for the remainder of the
11 biennium adjusted for other identified uses of any savings are less than the vacant
12 position savings estimate used by the sixty-ninth legislative assembly in development
13 of the agency's appropriation. The agency shall provide documentation supporting the
14 need for the transfer to the office of management and budget and legislative council in
15 advance of the transfer request.
- 16 4. Each executive branch state agency with a new and vacant FTE pool line item shall
17 report to the office of management and budget and the legislative council on a
18 quarterly basis regarding any transfer of appropriation authority for filling a new
19 full-time equivalent position. The report must include the funding transferred, the title
20 of the position filled, the salary funding removed by the sixty-ninth legislative assembly
21 for the position by funding source as identified in the statement of purpose of
22 amendment, and the date the position was filled.
- 23 5. Each executive branch state agency with a new and vacant FTE pool line item shall
24 report quarterly to the office of management and budget and the legislative council on
25 the number of full-time equivalent positions that become vacant and the number of
26 positions filled each month, the number of vacant positions at the end of each month,
27 salaries and wages savings by funding source for each month resulting from vacant
28 positions and employee turnover, and the use of salaries and wages savings by
29 funding source for other purposes, including accrued leave payouts, salary increases
30 in addition to general salary increases provided by the sixty-ninth legislative assembly,
31 bonuses, incentive or location pay adjustments, reclassifications, temporary salaries or

1 overtime in excess of amounts provided by the sixty-ninth legislative assembly, or
2 other items.

3 6. The office of management and budget shall report to each meeting of the budget
4 section regarding the status of funding in each executive branch state agency's new
5 and vacant FTE pool line item; vacant positions, employee turnover, and savings from
6 vacant positions and employee turnover by agency; and uses of savings from vacant
7 positions and employee turnover for other purposes by agency.

8 7. The provisions of section 54-27-10 do not apply to the salaries and wages line item of
9 appropriations approved by the sixty-ninth legislative assembly, for the biennium
10 beginning July 1, 2025, and ending June 30, 2027.

11 8. An executive branch state agency may request a deficiency appropriation from the
12 seventieth legislative assembly if the funding in the agency's new and vacant FTE pool
13 line item is insufficient to provide the necessary salaries and wages funding for the
14 biennium.

15 **SECTION 16. AMENDMENT.** Section 57-51.1-07.5 of the North Dakota Century Code is
16 amended and reenacted as follows:

17 **57-51.1-07.5. State share of oil and gas taxes - Deposits.**

18 From the revenues designated for deposit in the state general fund under chapters
19 57-51 and 57-51.1, the state treasurer shall deposit the revenues received each biennium in the
20 following order:

- 21 1. The first two hundred thirty million dollars into the state general fund;
- 22 2. The next two hundred fifty million dollars into the social service fund;
- 23 3. The next seventy-five million dollars into the budget stabilization fund, but not in an
24 amount that would bring the balance in the fund to more than the limit in section
25 54-27.2-01;
- 26 4. The next two hundred thirty million dollars into the state general fund;
- 27 5. The next ten million dollars into the lignite research fund;
- 28 6. The next twenty million dollars into the state disaster relief fund, but not in an amount
29 that would bring the unobligated balance in the fund to more than twenty million
30 dollars;

- 1 7. The next ~~four hundred million~~two hundred seventy million dollars into the strategic
- 2 investment and improvements fund;
- 3 8. The next sixty-five million dollars to the public employees retirement fund for the main
- 4 system plan;
- 5 9. The next fifty-nine million seven hundred fifty thousand dollars, or the amount
- 6 necessary to provide for twice the amount of the distributions under subsection 2 of
- 7 section 57-51.1-07.7, into the funds designated for infrastructure development in
- 8 non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty
- 9 percent deposited into the municipal infrastructure fund and fifty percent deposited into
- 10 the county and township infrastructure fund;
- 11 10. The next ~~one hundred seventy million two hundred fifty thousand~~two hundred twenty
- 12 million two hundred fifty thousand dollars or the amount necessary to provide a total of
- 13 ~~two hundred thirty million~~two hundred eighty million dollars into the funds designated
- 14 for infrastructure development in non-oil-producing counties under sections
- 15 57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal
- 16 infrastructure fund and fifty percent deposited into the county and township
- 17 infrastructure fund;
- 18 11. The next twenty million dollars into the airport infrastructure fund; and
- 19 12. Any additional revenues into the strategic investment and improvements fund.

20 **SECTION 17. REPEAL.** Section 11-38-08 of the North Dakota Century Code is repealed.

21 **SECTION 18. EXEMPTION - FISCAL MANAGEMENT.** The amount appropriated for the

22 fiscal management division, as contained in section 1 of chapter 640 of the 2023 Special

23 Session Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended

24 funds from this appropriation are available for continued development and operating costs of

25 the statewide systems, including accounting, management, and payroll, during the biennium

26 beginning July 1, 2025, and ending June 30, 2027.

27 **SECTION 19. EXEMPTION - UNEXPENDED APPROPRIATIONS.** The following

28 appropriations are not subject to the provisions of section 54-44.1-11 and may be continued into

29 the biennium beginning July 1, 2025, and ending June 30, 2027:

- 30 1. The sum of \$500,000 appropriated from the strategic investment and improvements
- 31 fund in section 1 and identified in section 2 of chapter 40 of the 2019 Session Laws

- 1 and continued into the 2021-23 biennium pursuant to chapter 42 of the 2021 Session
2 Laws and continued into the 2023-25 biennium pursuant to chapter 640 of the 2023
3 Special Session Session Laws for an assessment of state facilities.
- 4 2. The sum of \$3,659,555 appropriated from federal funds in section 1 and identified in
5 section 2 of chapter 640 of the 2023 Special Session Session Laws for governor's
6 emergency education relief program.
- 7 3. The sum of \$4,000,000 from the capitol building fund in section 1 and identified in
8 section 2 of chapter 640 of the 2023 Special Session Session Laws for the window
9 replacement project.
- 10 4. The sum of \$2,500,000 appropriated from the general fund in section 1 and identified
11 in section 2 of chapter 640 of the 2023 Special Session Session Laws for space
12 utilization improvements.
- 13 5. The sum of \$20,000,000 appropriated from the strategic investment and
14 improvements fund in section 1 and identified in section 2 of chapter 640 of the 2023
15 Special Session Laws for the boiler replacement project and water mitigation at the
16 liberty memorial building.
- 17 6. The sum of \$400,000 appropriated from the general fund in section 1 and identified in
18 section 2 of chapter 640 of the 2023 Special Session Session Laws for the
19 procurement automation project.

20 **SECTION 20. EMERGENCY.** Section 7 of this Act is declared to be an emergency
21 measure.