

Good morning, Chairman Schauer and members of the Government and Veterans Affairs committee. My name is Mike Lefor, and I represent District 37 - Dickinson in the House of Representatives. Today, I bring HB 1233 to you for your consideration. The purpose of the bill is to provide more clarity and consistency in the century code as it pertains to the emergency commission.

In going through the bill, sections 1 and 2 change the timing of when the Budget Section may approve a major higher education improvement project when approved by donated (Section 1) or a change to the scope or an increase in expenditures relating to any state agency construction or improvement project (Section 2) from not within the 6 months of the convening of a regular legislative session to not within 3 months of the convening of a regular legislative session (the same timing for not approving requests after a session). This would allow the Budget Section to consider any of these items at its September meeting prior to a legislative session.

Sections 3 through 9 relate to the Emergency Commission/Budget Section approval process. These sections:

- a. In Section 3 beginning on line 20, this section deals with the overall authority of the emergency commission, each of these areas is detailed more specifically later in the bill. Special funds are added under 2b, so they are accepted in the same way federal funds are accepted. (Detailed later in Section 5 of the bill.) Regarding the transfer from state contingencies fund under 2c, instead of the Emergency Commission authorizing an agency to expend funds as is done currently, under the bill, the Emergency Commission will authorize a transfer of appropriation authority from the state contingencies fund. – this way the legislative assembly appropriates the funds (detailed later in Section 6 of the bill.)
- b. In sections 4, 5 and 6 it would require Budget Section approval for all requests and allow the Budget Section to amend any request. Currently only certain requests are forwarded to the Budget Section and the Budget Section may amend only certain requests. Section 4 deals only with a transfer between line items or funds within an agency's appropriation approved by the legislative assembly. The rest of the language provides that any transfer must be approved by the Budget Section, not only those over \$50,000 and allows the Budget Section to amend any request, not only those over \$3 million.
- c. In Section 5 beginning on page 5, I will summarize the changes here. This section deals only with the acceptance of federal or special funds, not the spending of them. At times an agency may need to accept a grant even though the funds won't be spent until later. This allows the agency to receive those funds, but it will not be able to spend them until approved by the legislative assembly.

- d. In section 6, it provides that the agency requests for additional spending, will, if approved, result in the transfer of appropriation authority from the emergency commission appropriation to the agency making the request. The emergency commissions available appropriation would decrease by the amount approved. This is like how the general fund state contingencies appropriation is handled now. The process would be the same whether it is general funds, special funds or federal funds.
- e. In Section 8, it would repeal the provisions as follows:
  - a. Identifying the approval process for special funds. The special fund process is combined with the federal funds process, so both are handled the same.
  - b. Relating to the state contingencies appropriation, (54-16-08) pertinent provisions are contained in 54-16-09.
  - c. Providing separate approval processes for certain internal service agencies like ITD and Roughrider Industries (54-16-11.1) Requests from these agencies will be handled like any other agency request.
- f. Finally in section 9, the language provides specific legislative appropriation for state contingencies identifying the amount Emergency Commission and Budget section may approve each biennium for general fund, special funds and federal funds. This would alleviate constitutional concerns that the Emergency Commission and Budget Section are spending funds not appropriated by the Legislative assembly and will allow the legislative assembly to “set the caps” each biennium rather than having the caps in statute.

As I stated previously, this bill makes the emergency commission and budget section process more fluid and more flexible while maintaining legislative control over the number of dollars allocated. I would ask for a "do pass" recommendation to the House. Thank you.