

4/3/25 S. Hogue

25.0159.02003  
Title.  
Fiscal No. 3  
Sixty-ninth  
Legislative Assembly  
of North Dakota

Prepared by the Legislative Council  
staff for Senator Hogue  
March 20, 2025

## 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 create and  
3 enact a new section to chapter 54-44 of the North Dakota Century Code, relating to a state  
4 facility maintenance fund; to amend and reenact ~~section~~sections 57-51.1-07 and 57-51.1-07.5  
5 of the North Dakota Century Code, relating to the oil extraction tax development fund and the  
6 state share of oil and gas tax revenue allocations; to repeal section 11-38-08 of the North  
7 Dakota Century Code, relating to county achievement days; to authorize a line of credit; to  
8 provide a transfer; to provide an exemption; to provide a report; to provide an effective date;  
9 and to declare an emergency.

### 10 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
19 Salaries and wages	\$23,510,218	\$2,774,739	\$26,284,957
20 New and vacant FTE pool	98,200,000	(96,997,038)	1,202,962

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1	Operating expenses	18,217,793	6,874,081	25,091,874
2	Capital assets	308,355	5,808,649	6,117,004
3	Emergency commission contingency fund	750,000	(750,000)	0
4	Guardianship grants	7,100,000	0	7,100,000
5	Prairie public broadcasting	1,200,000	(1,200,000)	0
6	Community service supervision grants	350,000	(35,000)	315,000
7	State employee child care benefits	3,000,000	(1,635,000)	1,365,000
8	Student internship program	0	500,000	500,000
9	<del>Deferred maintenance funding pool</del>	<del>0</del>	<del>40,000,000</del>	<del>40,000,000</del>
10	<u>State facility maintenance fund</u>	<u>0</u>	<u>40,000,000</u>	<u>40,000,000</u>
11	<u>State hospital project</u>	<u>0</u>	<u>285,000,000</u>	<u>285,000,000</u>
12	Rent, moving, and space reconfiguration pool	<u>0</u>	<u>2,000,000</u>	<u>2,000,000</u>
13	<del>Total all funds</del>	<del>\$152,636,366</del>	<del>(\$42,659,569)</del>	<del>\$109,976,797</del>
14	<del>Less other funds</del>	<del>71,757,126</del>	<del>(6,630,280)</del>	<del>65,126,846</del>
15	<u>Total all funds</u>	<u>\$152,636,366</u>	<u>\$242,340,431</u>	<u>\$394,976,797</u>
16	<u>Less other funds</u>	<u>71,757,126</u>	<u>278,369,720</u>	<u>350,126,846</u>
17	Total general fund	\$80,879,240	(\$36,029,289)	\$44,849,951
18	Full-time equivalent positions	110.00	1.00	111.00

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

20 **SEVENTIETH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding  
 21 items included in the appropriation in section 1 of this Act which are not included in the entity's  
 22 base budget for the 2027-29 biennium and which the entity shall report to the appropriations  
 23 committees of the seventieth legislative assembly regarding the use of this funding:

24	<u>One-Time Funding Description</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
25	Procurement automation	\$0	\$515,052	\$515,052
26	Recruiting management system	250,000	0	250,000
27	Student internship program	500,000	0	500,000
28	Employee leave payouts	99,305	50,695	150,000
29	Snow removal equipment	0	172,000	172,000
30	Floor scrubber	0	20,000	20,000
31	Capitol building improvements	0	3,000,000	3,000,000



1	Governor's residence projects	0	2,350,000	2,350,000
2	<del>Deferred maintenance pool</del>	<del>0</del>	<del>40,000,000</del>	<del>40,000,000</del>
3	<u>State hospital project</u>	<u>0</u>	<u>285,000,000</u>	<u>285,000,000</u>
4	Rent, moving and space reconfiguration pool	<u>0</u>	<u>2,000,000</u>	<u>2,000,000</u>
5	<del>Total</del>	<del>\$849,305</del>	<del>\$48,107,747</del>	<del>\$48,957,052</del>
6	<u>Total</u>	<u>\$849,305</u>	<u>\$293,107,747</u>	<u>\$293,957,052</u>

7       **SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST.** The  
8 office of management and budget may not spend funds appropriated in the new and vacant  
9 FTE pool line item in section 1 of this Act, but may transfer funds from the new and vacant  
10 FTE pool line item to the salaries and wages line item in accordance with the provisions of this  
11 Act.

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

17       **SECTION 5. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO**  
18 **STATE FACILITY MAINTENANCE FUND.** The office of management and budget shall transfer  
19 the sum of \$40,000,000 from the strategic investment and improvements fund to the state  
20 facility maintenance fund during the biennium beginning July 1, 2025, and ending June 30,  
21 2027.

22       **SECTION 6. TRANSFER - SOCIAL SERVICES FUND TO HUMAN SERVICE FINANCE**  
23 **FUND.** The office of management and budget shall transfer the sum of  
24 ~~\$250,000,000~~ \$232,000,000 from the social services fund to the human service finance fund  
25 during the biennium beginning July 1, 2025, and ending June 30, 2027.

26       **SECTION 7. TRANSFER AUTHORITY - STUDENT INTERNSHIP PROGRAM -**  
27 ~~DEFERRED MAINTENANCE FUNDING POOL~~ STATE FACILITY MAINTENANCE FUND -  
28 RENT, MOVING, AND SPACE RECONFIGURATION POOL. The office of management and  
29 budget may transfer appropriation authority to eligible state agencies during the biennium  
30 beginning July 1, 2025, and ending June 30, 2027, from the line items in section 1 of this Act as  
31 follows:

- 1        1.    From the student internship line item for student internships.
- 2        2.    From the ~~deferred maintenance pool~~state facility maintenance fund line item for
- 3        ~~deferred~~ maintenance projects at state-owned facilities.
- 4        3.    From the rent, moving, and space reconfiguration pool line item for agency lease,
- 5        relocation, and remodeling costs.

6        **SECTION 8. TRANSFER - FEDERAL FISCAL RECOVERY FUND APPROPRIATION**  
7        **AUTHORITY TO DEPARTMENT OF CORRECTIONS AND REHABILITATION - EXEMPTION -**  
8        **SPENDING RESTRICTION - REPORT.**

- 9        1.    Notwithstanding any other provision of law, on or before June 30, 2025, the office of
- 10       management and budget shall transfer any federal state fiscal recovery fund
- 11       appropriation authority amounts previously obligated but not anticipated to be
- 12       expended from the state agency that received the appropriation authority to the
- 13       department of corrections and rehabilitation for the purpose of defraying the expenses
- 14       of salaries and wages of the department of corrections and rehabilitation for the
- 15       biennium beginning July 1, 2023, and ending June 30, 2025.
- 16       2.    Notwithstanding any other provision of law, on or before December 31, 2026, the office
- 17       of management and budget shall transfer any federal state fiscal recovery fund
- 18       appropriation authority amounts previously obligated but not anticipated to be
- 19       expended from the state agency that received the appropriation authority to the
- 20       department of corrections and rehabilitation for the purpose of defraying the expenses
- 21       of salaries and wages of the department of corrections and rehabilitation for the
- 22       biennium beginning July 1, 2025 and ending June 30, 2027.
- 23       3.    The office of management and budget shall transfer any uncommitted accumulated
- 24       interest and earnings of the federal state fiscal recovery fund to the department of
- 25       corrections and rehabilitation during the biennium beginning July 1, 2025, and ending
- 26       June 30, 2027. Any interest and earnings received by the department of corrections
- 27       and rehabilitation under this section are appropriated to the department for the
- 28       purpose of defraying the expenses of salaries and wages for the biennium beginning
- 29       July 1, 2025, and ending June 30, 2027.



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

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

6       **SECTION 9. OTHER FUNDS - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.**

7       The other funds line item in section 1 of this Act includes the sum of ~~\$42,707,052~~ \$202,707,052  
8       from the strategic investment and improvements fund for the following projects:

9       Procurement automation	\$515,052
10      Snow removal equipment	172,000
11      Floor scrubber	20,000
12 <del>Deferred maintenance pool</del>	<del>40,000,000</del>
13 <u>State hospital project</u>	<u>200,000,000</u>
14      Rent, moving, and space reconfiguration pool	<u>2,000,000</u>
15 <u>Total</u>	<u><del>\$42,707,052</del></u>
16 <u>Total</u>	<u>\$202,707,052</u>

17      **SECTION 10. OTHER FUNDS - CAPITOL BUILDING FUND.** The other funds line item in  
18      section 1 of this Act includes the sum of \$5,850,000 from the capitol building fund for the  
19      following purposes and projects:

20      Ongoing Capitol grounds repairs	\$500,000
21      Governor's residence projects	2,350,000
22      Capitol building improvements	<u>3,000,000</u>
23      Total	\$5,850,000

24      **SECTION 11. OTHER FUNDS - STATE HOSPITAL PROJECT - BANK OF NORTH**  
25      **DAKOTA LINE OF CREDIT - PROJECT OVERSIGHT.**

26      1. The other funds line item in section 1 of this Act includes \$85,000,000 from a Bank of  
27      North Dakota line of credit. The office of management and budget may borrow up to  
28      \$85,000,000 through a line of credit from the Bank of North Dakota during the  
29      biennium beginning July 1, 2025, and ending June 30, 2027, for costs associated with  
30      the construction of a new state hospital. The interest rate on the line of credit may not  
31      exceed the prevailing interest rate charged to North Dakota governmental entities. If

- 1 the office of management and budget accesses the line of credit, it shall request a
- 2 deficiency appropriation from the seventieth legislative assembly to repay the line of
- 3 credit.
- 4 2. The office of management and budget, in collaboration with the department of health
- 5 and human services, shall provide project management oversight for the state hospital
- 6 facility project.

7 **SECTION 12. GRANTS AND SPECIAL ITEMS.** Section 1 of this Act includes appropriation

8 authority which may be used only for the following grants and special items:

9 Unemployment insurance	\$1,500,000
10 Capitol grounds planning commission	\$25,000
11 Statewide memberships and related expenses	\$757,489

12 **SECTION 13. STATE EMPLOYEE COMPENSATION ADJUSTMENTS - GUIDELINES.**

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

30 **SECTION 14. NEW AND VACANT FTE POOL - GUIDELINES - EXEMPTION -**

31 **TRANSFERS - REPORTS - APPLICATION.**

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- 1       1. Notwithstanding section 54-16-04, the office of management and budget shall transfer  
2       funds from an executive branch state agency's new and vacant FTE pool line item to  
3       the agency's salaries and wages line item or other line items with salaries and wages  
4       funding as requested by the agency in accordance with provisions of this section.
- 5       2. An executive branch state agency may request a transfer to provide funding for the  
6       salaries and wages necessary for the remainder of the 2025-27 biennium for a new  
7       full-time equivalent position authorized by the sixty-ninth legislative assembly from the  
8       date of hiring through the end of the biennium, limited to the amount identified for the  
9       position in the statement of purpose of amendment.
- 10      3. After July 31, 2026, an executive branch state agency may request a transfer if the  
11      agency projects actual salaries and wages expenditures will exceed the agency's  
12      available salaries and wages funding for the biennium. The transfer amount may not  
13      exceed the amount by which the agency's actual salaries and wages savings from  
14      vacant positions and employee turnover to date and estimates for the remainder of the  
15      biennium adjusted for other identified uses of any savings are less than the vacant  
16      position savings estimate used by the sixty-ninth legislative assembly in development  
17      of the agency's appropriation. The agency shall provide documentation supporting the  
18      need for the transfer to the office of management and budget and legislative council in  
19      advance of the transfer request.
- 20      4. Each executive branch state agency with a new and vacant FTE pool line item shall  
21      report to the office of management and budget and the legislative council on a  
22      quarterly basis regarding any transfer of appropriation authority for filling a new  
23      full-time equivalent position. The report must include the funding transferred, the title  
24      of the position filled, the salary funding removed by the sixty-ninth legislative assembly  
25      for the position by funding source as identified in the statement of purpose of  
26      amendment, and the date the position was filled.
- 27      5. Each executive branch state agency with a new and vacant FTE pool line item shall  
28      report quarterly to the office of management and budget and the legislative council on  
29      the number of full-time equivalent positions that become vacant and the number of  
30      positions filled each month, the number of vacant positions at the end of each month,  
31      salaries and wages savings by funding source for each month resulting from vacant



- 1 positions and employee turnover, and the use of salaries and wages savings by  
2 funding source for other purposes, including accrued leave payouts, salary increases  
3 in addition to general salary increases provided by the sixty-ninth legislative assembly,  
4 bonuses, incentive or location pay adjustments, reclassifications, temporary salaries or  
5 overtime in excess of amounts provided by the sixty-ninth legislative assembly, or  
6 other items.
- 7 6. The office of management and budget shall report to each meeting of the budget  
8 section regarding the status of funding in each executive branch state agency's new  
9 and vacant FTE pool line item; vacant positions, employee turnover, and savings from  
10 vacant positions and employee turnover by agency; and uses of savings from vacant  
11 positions and employee turnover for other purposes by agency.
- 12 7. The provisions of section 54-27-10 do not apply to the salaries and wages line item of  
13 appropriations approved by the sixty-ninth legislative assembly for the biennium  
14 beginning July 1, 2025, and ending June 30, 2027.
- 15 8. An executive branch state agency may request a deficiency appropriation from the  
16 seventieth legislative assembly if the funding in the agency's new and vacant FTE pool  
17 line item is insufficient to provide the necessary salaries and wages funding for the  
18 biennium.

19 **SECTION 15.** A new section to chapter 54-44 of the North Dakota Century Code is created  
20 and enacted as follows:

21 **State facility maintenance fund.**

22 There is created in the state treasury the state facility maintenance fund. The fund consists  
23 of moneys allocated to the fund from oil extraction taxes pursuant to section 16 of this Act and  
24 other legislative transfers. Subject to legislative appropriation, moneys in the fund may be used  
25 for maintenance needs at state-owned facilities.

26 **SECTION 16. AMENDMENT.** Section 57-51.1-07 of the North Dakota Century Code is  
27 amended and reenacted as follows:

28 **57-51.1-07. Allocation of moneys in oil extraction tax development fund.**

29 Moneys deposited in the oil extraction tax development fund from revenue collected under  
30 section 57-51.1-02 and oil extraction tax revenue allocated to the state under the terms of an



1 agreement entered pursuant to chapter 57-51.2 must be transferred monthly by the state  
2 treasurer as follows:

- 3 1. ~~Twenty~~Eighteen percent must be allocated to the sinking fund established for payment  
4 of the state of North Dakota water development bonds, southwest pipeline series, and  
5 any moneys in excess of the sum necessary to maintain the accounts within the  
6 sinking fund and for the payment of principal and interest on the bonds must be  
7 credited to a special trust fund, to be known as the resources trust fund. The  
8 resources trust fund must be established in the state treasury and the funds therein  
9 must be deposited and invested as are other state funds to earn the maximum amount  
10 permitted by law which income must be deposited in the resources trust fund. Three  
11 percent of the amount credited to the resources trust fund must be transferred no less  
12 than quarterly into the renewable energy development fund, not to exceed three  
13 million dollars per biennium. One-half of one percent of the amount credited to the  
14 resources trust fund must be transferred no less than quarterly into the energy  
15 conservation grant fund not to exceed one million two hundred thousand dollars per  
16 biennium. The principal and income of the resources trust fund may be expended only  
17 pursuant to legislative appropriation and are available to:
  - 18 a. The state water commission for planning for and construction of water-related  
19 projects, including rural water systems. These water-related projects must be  
20 those which the state water commission has the authority to undertake and  
21 construct pursuant to chapter 61-02; and
  - 22 b. The industrial commission for the funding of programs for development of  
23 renewable energy sources; for studies for development of cogeneration systems  
24 that increase the capacity of a system to produce more than one kind of energy  
25 from the same fuel; for studies for development of waste products utilization; and  
26 for the making of grants and loans in connection therewith.
  - 27 c. The department of commerce for the funding of programs for development of  
28 energy conservation and for the making of grants and loans relating to energy  
29 conservation.
- 30 2. One-half of one percent must be allocated to the resources trust fund beginning with  
31 allocations made by the state treasurer in August 2019 and continuing until the



- 1 combined allocations under this subsection total one hundred twenty-eight million
- 2 seven hundred forty thousand dollars, after which the state treasurer shall discontinue
- 3 making allocations under this subsection.
- 4 3. Twenty percent must be allocated to the common schools trust fund and foundation
- 5 aid stabilization fund as provided in section 24 of article X of the Constitution of North
- 6 Dakota.
- 7 4. Thirty percent must be allocated to the legacy fund as provided in section 26 of
- 8 article X of the Constitution of North Dakota.
- 9 5. Two percent must be allocated to the state facility maintenance fund under section 15
- 10 of this Act.
- 11 6. The remainder must be allocated to the state's general fund.

12 **SECTION 17. AMENDMENT.** Section 57-51.1-07.5 of the North Dakota Century Code is  
13 amended and reenacted as follows:

14 **57-51.1-07.5. State share of oil and gas taxes - Deposits.**

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

- 18 1. The first two hundred thirty million dollars into the state general fund;
- 19 2. The next two hundred fifty million dollars into the social service fund;
- 20 3. The next seventy-five million dollars into the budget stabilization fund, but not in an
- 21 amount that would bring the balance in the fund to more than the limit in section
- 22 54-27.2-01;
- 23 4. The next two hundred thirty million dollars into the state general fund;
- 24 5. The next ten million dollars into the lignite research fund;
- 25 6. The next twenty million dollars into the state disaster relief fund, but not in an amount
- 26 that would bring the unobligated balance in the fund to more than twenty million
- 27 dollars;
- 28 7. The next ~~four hundred million~~ two hundred seventy million dollars into the strategic
- 29 investment and improvements fund;
- 30 8. The next sixty-five million dollars to the public employees retirement fund for the main
- 31 system plan;



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

16           **SECTION 18. REPEAL.** Section 11-38-08 of the North Dakota Century Code is repealed.

17           **SECTION 19. EXEMPTION - FISCAL MANAGEMENT.** The amount appropriated for the  
18           fiscal management division, as contained in section 1 of chapter 640 of the 2023 Special  
19           Session Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended  
20           funds from this appropriation are available for continued development and operating costs of  
21           the statewide systems, including accounting, management, and payroll, during the biennium  
22           beginning July 1, 2025, and ending June 30, 2027.

23           **SECTION 20. EXEMPTION - UNEXPENDED APPROPRIATIONS.** The following  
24           appropriations are not subject to the provisions of section 54-44.1-11 and may be continued into  
25           the biennium beginning July 1, 2025, and ending June 30, 2027:

- 26           1.    The sum of \$500,000 appropriated from the strategic investment and improvements  
27                fund in section 1 and identified in section 2 of chapter 40 of the 2019 Session Laws  
28                and continued into the 2021-23 biennium pursuant to chapter 42 of the 2021 Session  
29                Laws and continued into the 2023-25 biennium pursuant to chapter 640 of the 2023  
30                Special Session Laws for an assessment of state facilities.

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

17        **SECTION 21. EFFECTIVE DATE.** Section 16 of this Act is effective for oil extraction tax  
18 allocations by the state treasurer occurring after July 31, 2025.

19        **SECTION 22. EMERGENCY.** Section 7 of this Act is declared to be an emergency  
20 measure.