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Prepared by the Legislative Council staff for Senator Erbele
April 18, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO FIRST ENGROSSMENT

ENGROSSED HOUSE BILL NO. 1015

Introduced by

Appropriations Committee

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

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

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

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

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

One-Time Funding Description	General Fund	Other Funds	Total
Procurement automation	$0	$515,052	$515,052
Recruiting management system	250,000	0	250,000
Student internship program	500,000	0	500,000
Employee leave payouts	99,305	50,695	150,000
Snow removal equipment	0	172,000	172,000
Floor scrubber	0	20,000	20,000
Capitol building improvements	0	3,000,000	3,000,000
Governor's residence projects	0	2,350,000	2,350,000
Deferred maintenance pool	0	40,000,000	40,000,000
Rent, moving and space reconfiguration pool	0	2,000,000	2,000,000
Total	$849,305	$48,107,747	$48,957,052

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

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

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

SECTION 5. APPROPRIATION - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - STATE HOSPITAL DEFERRED MAINTENANCE AND REMODELING - ONE-TIME FUNDING. There is appropriated out of any moneys in the strategic investment and improvements fund, not otherwise appropriated, the sum of $25,000,000, or so much of the sum as may be necessary, to the office of management and budget, for the purpose of deferred maintenance and remodeling the LaHaug building on the North Dakota state hospital campus, for the biennium beginning July 1, 2025, and ending June 30, 2027. The LaHaug building must be designed for adult patients that may include civilly committed sex offenders, forensic assessment detainees, involuntary committed patients with serious mental illness or substance use disorders, and emergency hold patients that are being transferred to other public or private psychiatric acute or residential facilities around the state. The office of management and budget shall complete the projects as determined necessary by the state hospital steering committee established in section 7 of this Act.

SECTION 6. APPROPRIATION - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - NEW STATE HOSPITAL - ONE-TIME FUNDING. There is appropriated out of any moneys in the strategic investment and improvements fund, not otherwise appropriated, the sum of $100,000,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of designing and constructing a new state hospital located within or adjacent to the present perimeter of the North Dakota state hospital campus, for the biennium beginning July 1, 2025, and ending June 30, 2027. The facility must be designed to accommodate up to ninety-six beds. The facility must be designed for adult patients that may include civilly committed sex offenders, forensic assessment detainees, involuntary committed patients with serious mental illness or substance use disorders, and emergency hold patients that are being transferred to other public or private psychiatric acute or residential facilities around the state. The office of management and budget shall complete the project as designed and approved by the state hospital steering committee established in section 7 of this Act.

SECTION 7. STATE HOSPITAL FACILITIES - STEERING COMMITTEE. The department of health and human services shall establish a state hospital facility steering committee to oversee the design, remodel, and construction of state hospital facilities, for the biennium beginning July 1, 2025, and ending June 30, 2027. The committee must include representation from the department of health and human services, the office of management and budget, the governor's office, and the legislative assembly. The legislative assembly representation must include one member of the senate appointed by the senate majority leader, one member of the house appointed by the house majority leader, and one member of the minority party from either the senate or the house appointed by the minority leaders of the senate and the house.

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

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

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

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

1. Notwithstanding any other provision of law, on or before June 30, 2025, the office of management and budget shall transfer any federal state fiscal recovery fund appropriation authority amounts previously obligated but not anticipated to be expended from the state agency that received the appropriation authority to the

department of corrections and rehabilitation for the purpose of defraying the expenses of salaries and wages of the department of corrections and rehabilitation, for the biennium beginning July 1, 2023, and ending June 30, 2025.

2. Notwithstanding any other provision of law, on or before December 31, 2026, the office of management and budget shall transfer any federal state fiscal recovery fund appropriation authority amounts previously obligated but not anticipated to be expended from the state agency that received the appropriation authority to the department of corrections and rehabilitation for the purpose of defraying the expenses of salaries and wages of the department of corrections and rehabilitation, for the biennium beginning July 1, 2025 and ending June 30, 2027.

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

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

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

SECTION 11. OTHER FUNDS - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. The other funds line item in section 1 of this Act includes the sum of $42,707,052 from the strategic investment and improvements fund for the following projects:

Procurement automation	$515,052
Snow removal equipment	172,000
Floor scrubber	20,000
Deferred maintenance pool	40,000,000
Rent, moving, and space reconfiguration pool	2,000,000
Total	$42,707,052

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

Ongoing Capitol grounds repairs	$500,000
Governor's residence projects	2,350,000
Capitol building improvements	3,000,000
Total	$5,850,000

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

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

SECTION 14. STATE EMPLOYEE COMPENSATION ADJUSTMENTS - GUIDELINES.

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

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

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

positions filled each month, the number of vacant positions at the end of each month, salaries and wages savings by funding source for each month resulting from vacant positions and employee turnover, and the use of salaries and wages savings by funding source for other purposes, including accrued leave payouts, salary increases in addition to general salary increases provided by the sixty-ninth legislative assembly, bonuses, incentive or location pay adjustments, reclassifications, temporary salaries or overtime in excess of amounts provided by the sixty-ninth legislative assembly, or other items.

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

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

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

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

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

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

1. The first two hundred thirty million dollars into the state general fund;
2. The next two hundred fifty million dollars into the social service fund;
3. The next seventy-five million dollars into the budget stabilization fund, but not in an amount that would bring the balance in the fund to more than the limit in section 54-27.2-01;

4. The next two hundred thirty million dollars into the state general fund;
5. The next ten million dollars into the lignite research fund;
6. The next twenty million dollars into the state disaster relief fund, but not in an amount that would bring the unobligated balance in the fund to more than twenty million dollars;
7. The next ~~four hundred million~~two hundred seventy million dollars into the strategic investment and improvements fund;
8. The next sixty-five million dollars to the public employees retirement fund for the main system plan;
9. The next fifty-nine million seven hundred fifty thousand dollars, or the amount necessary to provide for twice the amount of the distributions under subsection 2 of section 57-51.1-07.7, into the funds designated for infrastructure development in non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal infrastructure fund and fifty percent deposited into the county and township infrastructure fund;
10. The next ~~one hundred seventy million two hundred fifty thousand~~two hundred twenty million two hundred fifty thousand dollars or the amount necessary to provide a total of ~~two hundred thirty million~~two hundred eighty million dollars into the funds designated for infrastructure development in non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal infrastructure fund and fifty percent deposited into the county and township infrastructure fund;
11. The next twenty million dollars into the airport infrastructure fund; and
12. Any additional revenues into the strategic investment and improvements fund.

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

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

SECTION 19. EXEMPTION - UNEXPENDED APPROPRIATIONS. The following appropriations are not subject to the provisions of section 54-44.1-11 and may be continued into the biennium beginning July 1, 2025, and ending June 30, 2027:

1. The sum of $500,000 appropriated from the strategic investment and improvements fund in section 1 and identified in section 2 of chapter 40 of the 2019 Session Laws and continued into the 2021-23 biennium pursuant to chapter 42 of the 2021 Session Laws and continued into the 2023-25 biennium pursuant to chapter 640 of the 2023 Special Session Session Laws for an assessment of state facilities.
2. The sum of $3,659,555 appropriated from federal funds in section 1 and identified in section 2 of chapter 640 of the 2023 Special Session Session Laws for governor's emergency education relief program.
3. The sum of $4,000,000 from the capitol building fund in section 1 and identified in section 2 of chapter 640 of the 2023 Special Session Session Laws for the window replacement project.
4. The sum of $2,500,000 appropriated from the general fund in section 1 and identified in section 2 of chapter 640 of the 2023 Special Session Session Laws for space utilization improvements.
5. The sum of $20,000,000 appropriated from the strategic investment and improvements fund in section 1 and identified in section 2 of chapter 640 of the 2023 Special Session Session Laws for the boiler replacement project and water mitigation at the liberty memorial building.
6. The sum of $400,000 appropriated from the general fund in section 1 and identified in section 2 of chapter 640 of the 2023 Special Session Session Laws for the procurement automation project.

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