Prepared by the North Dakota Legislative Council staff for the Budget Section
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BUDGET SECTION DUTIES AND RESPONSIBILITIES FOR THE 2007-09 BIENNIUM

This memorandum lists duties and responsibilities assigned to the Budget Section for the 2007-09 biennium by the North Dakota Century Code, Session Laws, or Legislative Council directive. The duties are listed in two categories--continuing duties (duties which were also assigned to the Budget Section during a previous biennium) and new duties. Continuing duties are listed in two categories--those that were acted on during the previous biennium and those that were not.

CONTINUING DUTIES

Continuing Duties Acted on During the Previous Biennium

1. **Receive a status report on the State Board of Agricultural Research and Education (Section 4-05.1-19(10))** - This section requires, within the duties of the State Board of Agricultural Research and Education, that a status report is to be presented to the Budget Section.
2. **Receive statement from ethanol plants in operation before July 1, 1995, that received production incentives (Section 4-14.1-07.1)** - This section requires any North Dakota ethanol plant in operation before July 1, 1995, receiving production incentives from the state to file with the Budget Section, within 90 days after the conclusion of the plant's fiscal year, a statement by a certified public accountant indicating whether the plant produced a profit during the preceding fiscal year, after deducting incentive payments received from the state.
3. **Consider requests for higher education campus improvements and building construction (Section 15-10-12.1)** - This section requires the approval of the Budget Section or the Legislative Assembly for the construction of any building financed by donations, gifts, grants, and bequests on land under the control of the board. Campus improvements and building maintenance of more than $385,000 also require the approval of the Budget Section or Legislative Assembly. Budget Section approval can only be provided when the Legislative Assembly is not in session, excluding the six months prior to a regular legislative session. The Budget Section approval regarding the construction of buildings and campus improvements must include a specific dollar limit for each building, campus improvement, or maintenance project. If a request is to be considered by the Budget Section, the Legislative Council must notify each member of the Legislative Assembly and allow any member to present testimony to the Budget Section regarding the request. Campus improvements and building maintenance of $385,000 or less and the sale of real property received by gift or bequest may be authorized by the State Board of Higher Education.
4. **Receive report on sources of local funds received for construction projects of entities under the State Board of Higher Education (Section 15-10-12.3)** - This section requires each institution under the State Board of Higher Education undertaking a capital construction project, that was approved by the Legislative Assembly and for which local funds are to be used, to present a biennial report to the Budget Section detailing the source of all funds used in the project.
5. **Consider designation of a center of excellence (Section 15-69-02 and 2007 Senate Bill No. 1018, Section 14)** - This section provides that designation of a center of excellence occurs upon State Board of Higher Education, North Dakota Economic Development Foundation, Emergency Commission, and Budget Section approval of a Centers of Excellence Commission funding award recommendation; in considering whether to designate a center of excellence, the board, the foundation, and the Budget Section may not modify the commission recommendation; and the Budget Section may not take action on a commission funding award recommendation until the Emergency Commission reviews the commission recommendation and makes a recommendation to the Budget Section (effective July 1, 2005, through July 31, 2011). In addition, Section 14 of 2007 House Bill No. 1018 provides that up to $10 million is available for Budget Section approval at its first meeting after September 1, 2007, and up to $5 million and any unawarded funds remaining from the $10 million allocation are available for Budget Section approval at its first meeting after September 1, 2008, for providing funding to centers of excellence (effective July 1, 2007).
6. **Consider Game and Fish Department land acquisitions (Section 20.1-02-05.1)** - This section provides that Budget Section approval is required for Game and Fish Department land acquisitions of more than 10 acres or $10,000.

7. **Receive report on annual audits of renaissance fund organizations (Section 40-63-07(9))** - This section requires the Department of Commerce Division of Community Services to provide annual reports to the Budget Section on the results of audits of renaissance fund organizations.
8. **Receive report identifying every state agency that has not submitted a claim for property belonging to that agency (Section 47-30.1-24.1)** - This section requires the commissioner of University and School Lands to present a report to the Budget Section identifying every state agency that has not submitted a claim for unclaimed property belonging to that agency within one year of receipt of the certified mail notification.
9. **Consider relinquishment of agency rights to recover property (Section 47-30.1-24.1)** - This section provides that each state agency that does not submit a claim for unclaimed property belonging to that agency within one year of receipt of the certified mail notification relinquishes its right to recover the property upon approval of the Budget Section.
10. **Consider requests to change or expand state building construction projects (Section 48-01.2-25)** - This section provides that a state agency or institution may not significantly change or expand a building construction project approved by the Legislative Assembly unless the change, expansion, or additional expenditure is approved by the Legislative Assembly or the Budget Section if the Legislative Assembly is not in session.
11. **Receive report on job insurance trust fund (Section 52-02-17)** - This section requires that Job Service North Dakota report to the Legislative Council before March 1 of each year the actual job insurance trust fund balance and the targeted modified average high-cost multiplier, as of December 31 of the previous year, and a projected trust fund balance for the next three years. The Legislative Council has assigned this responsibility to the Budget Section.
12. **Receive report on irregularities in the fiscal practices of the state (Section 54-14-03.1)** - This section requires the Office of the Budget to submit a written report to the Budget Section documenting:
    a. Any irregularities in the fiscal practices of the state.
    b. Areas where more uniform and improved fiscal procedures are desirable.
    c. Any expenditures or governmental activities contrary to law or legislative intent.
    d. The use of state funds to provide bonuses, cash incentive awards, or temporary salary adjustments for state employees.
13. **Consider requests for transfers exceeding $50,000 (Section 54-16-04(2))** - This section provides that, subject to Budget Section approval, the Emergency Commission may authorize a transfer of more than $50,000 from one fund or line item to another. Budget Section approval is not required if the transfer is necessary to comply with a court order, to avoid an imminent threat to the safety of people or property due to a natural disaster or war crisis, or to avoid an imminent financial loss to the state.
14. **Consider requests to accept and spend more than $50,000 of federal funds which were not appropriated (Section 54-16-04.1).**
    a. Acceptance of federal funds - This section provides that Budget Section approval is required for any Emergency Commission action authorizing a state officer to accept more than $50,000 of federal funds which were not appropriated and the Legislative Assembly has not indicated an intent to reject the money. Budget Section approval is not required if the acceptance is necessary to avoid an imminent threat to the safety of people or property due to a natural disaster or war crisis or to avoid an imminent financial loss to the state.
    b. Expenditure of federal funds - This section provides that Budget Section approval is required for any Emergency Commission action authorizing a state officer to spend more than $50,000 of federal funds which were not appropriated and the Legislative Assembly has not indicated an intent to reject the money.
15. **Consider requests to accept and spend more than $50,000 of other funds which were not appropriated (Section 54-16-04.2).**
    a. Acceptance of other funds - This section provides that Budget Section approval is required for any Emergency Commission action authorizing a state officer to accept more than $50,000 from gifts, grants, donations, or other sources, which were not appropriated and the Legislative Assembly has not indicated an intent to reject money or programs. Budget Section approval is not required if the acceptance is necessary to avoid an imminent threat to the safety of people or property due to a natural disaster or war crisis or to avoid an imminent financial loss to the state.
    b. Expenditure of other funds - This section provides that Budget Section approval is required for any Emergency Commission action authorizing a state officer to spend more than $50,000 from gifts, grants,

donations, or other sources, which were not appropriated and the Legislative Assembly has not indicated an intent to reject the money or programs.

16. **Consider requests for transfers of spending authority from the state contingencies appropriation exceeding $50,000 (Section 54-16-09)** - This section provides that, subject to Budget Section approval, the Emergency Commission may authorize a transfer of more than $50,000 from the state contingencies line item to the appropriate line item in the appropriation of the state officer who requested the transfer. Budget Section approval is not required if the transfer is necessary to avoid an imminent threat to the safety of people or property due to a natural disaster or war crisis or to avoid an imminent financial loss to the state. A total of $500,000 was provided for the 2007-09 biennium.
17. **Receive report on tobacco settlement funds (Section 54-44-04(23))** - This section provides that the director of the Office of Management and Budget shall report to the Budget Section on the status of tobacco settlement funds and related information.
18. **Prescribe form of budget data (Section 54-44.1-07)** - This section requires the director of the budget to prepare budget data in the form prescribed by the Legislative Council and to present it to the Legislative Assembly at a time and place set by the Legislative Council, except for drafts of proposed general and special appropriations Acts embodying the budget data and recommendations of the Governor for appropriations for the next biennium and drafts of such revenues and other Acts recommended by the Governor for putting into effect the proposed financial plan, which must be submitted to the Legislative Council within seven days after the day of adjournment of the organizational session. The Legislative Council has assigned this responsibility to the Budget Section.
19. **Receive a report from the Information Technology Department (Section 54-59-19)** - This section requires the Information Technology Department to prepare and present an annual report to the Information Technology Committee and to present a summary of the report to the Budget Section.
20. **Receive periodic reports on the status of the risk management workers' compensation program (Section 65-04-03.1(5))** - This section requires Workforce Safety and Insurance and the Risk Management Division of the Office of Management and Budget to periodically report to the Budget Section on the success of the risk management workers' compensation program.
21. **Receive report on specified commodities and services exempted from the procurement requirements of Chapter 54-44.4 (2003 Senate Bill No. 2015, Section 42)** - This section requires the director of the Office of Management and Budget to report to the Budget Section in December of even-numbered years on specified commodities and services exempted by written directive of the director from the procurement requirements of Chapter 54-44.4.
22. **Review and report on budget data (Legislative Council directive)** - Pursuant to Legislative Council directive, the Budget Section is to review and report on the budget data prepared by the director of the budget and presented to the Legislative Assembly during the organizational session (December 2008).

Continuing Duties Not Acted on During the Previous Biennium

23. **Consider requests by the Board of University and School Lands to invest in real property (Section 15-03-04)** - This section provides that Budget Section approval is required prior to the Board of University and School Lands purchasing, as sole owner, commercial or residential real property in North Dakota.
24. **Receive annual audits from center of excellence awarded funds under Chapter 15-69 (Section 15-69-05)** - This section requires that a center of excellence that is awarded funds under Chapter 15-69 provide an annual audit to the Budget Section on the funds distributed to the center until the completion of four years following the final distribution of funds (effective July 1, 2005, through July 31, 2011).
25. **Consider requests by the Game and Fish Department to reduce the balance of the game and fish fund below $15 million (Section 20.1-02-16.1)** - This section provides that the Game and Fish Department can spend money in the game and fish fund within the limits of legislative appropriations, only to the extent the balance of the fund is not reduced below $15 million, unless otherwise authorized by the Budget Section.
26. **Consider the provision of contract services by the Developmental Center (Section 25-04-02.2)** - This section provides that, subject to Budget Section approval, the Developmental Center at Westwood Park, Grafton, may provide services under contract with a governmental or nongovernmental person.

27. **Consider a waiver of exemption of special assessments levied for flood control purposes on state property (Section 40-23-22.1)** - This section provides that state property in a city is exempt from special assessments levied for flood control purposes unless the governing body of the city requests waiver of the exemption and the exemption is completely or partially waived by the Budget Section. The exemption does not apply to any privately owned structure, fixture, or improvement located on state-owned land if the structure, fixture, or improvement is used for commercial purposes unless the structure, fixture, or improvement is primarily used for athletic or educational purposes at a state institution of higher education.
28. **Consider requests to terminate the food stamp program (Section 50-06-05.1(17))** - This section provides that, subject to Budget Section approval, the Department of Human Services may terminate the food stamp program if the rate of federal financial participation in administrative costs is decreased or if the state or counties become financially responsible for the coupon bonus payments.
29. **Consider requests to terminate the energy assistance program (Section 50-06-05.1(19))** - This section provides that, subject to Budget Section approval, the Department of Human Services may terminate the energy assistance program if the rate of federal financial participation in administrative costs is decreased or if the state or counties become financially responsible for the energy assistance program payments.
30. **Consider requests for transfers which will result in program elimination (Section 54-16-04(1))** - This section provides that, subject to Budget Section approval, the Emergency Commission may authorize a transfer which would eliminate or make impossible the accomplishment of a program or objective funded by the Legislative Assembly.
31. **Consider requests to accept federal funds for a specific purpose or program which were not appropriated (Section 54-16-04.1(4))** - This section provides that, upon approval by the Emergency Commission and Budget Section, the state may accept any federal funds made available to the state which are not for a specific purpose or program and which are not required to be spent prior to the next regular legislative session for deposit into a special fund until the Legislative Assembly appropriates the funds.
32. **Receive reports on new correctional programs which exceed $100,000 of cost during a biennium (Section 54-23.3-09)** - This section requires the director of the Department of Corrections and Rehabilitation to report to the Legislative Assembly or, if the Legislative Assembly is not in session, the Budget Section, prior to the implementation of any new program that serves adult or juvenile offenders, including alternatives to conventional incarceration and programs operated on a contract basis if the program is anticipated to cost in excess of $100,000 during the biennium.
33. **Consider requests to use money in the capital improvements preliminary planning revolving fund (Section 54-27-22)** - This section provides that before any funds can be distributed from the preliminary planning revolving fund to a state agency, institution, or department, the Budget Section must approve the request (approximately $114,545 is available for the 2007-09 biennium).
34. **Consider requests to use cash flow financing (Section 54-27-23)** - This section provides that in order to meet the cash flow needs of the state, the Office of Management and Budget may borrow, subject to Emergency Commission approval, from special funds on deposit in the state treasury. However, the proceeds of any such indebtedness cannot be used to offset projected deficits in state finances unless first approved by the Budget Section. Additional cash flow financing, subject to certain limitations, must be approved by the Budget Section.
35. **Receive report on transfers from the budget stabilization fund (Section 54-27.2-03)** - This section provides that any transfers from the budget stabilization fund must be reported to the Budget Section.
36. **Receive reports on purchases of "put" options (Section 54-44-16)** - This section requires the Office of Management and Budget to report any purchases of "put" options to the Budget Section.
37. **Consider objecting to budget allotments or expenditures (Section 54-44.1-12.1)** - This section allows the Budget Section to object to a budget allotment, an expenditure, or the failure to make an allotment or expenditure if such action is contrary to legislative intent.
38. **Consider the reduction of budgets due to initiative or referendum action (Section 54-44.1-13.1)** - This section provides that, subject to Budget Section approval, the director of the budget may reduce state agency budgets by a percentage sufficient to cover estimated revenue reductions caused by initiative or referendum action.
39. **Consider requests for the distribution of Children's Services Coordinating Committee grants (Section 54-56-03)** - This

section provides that Budget Section approval is required prior to the distribution by the Children's Services Coordinating Committee of any grants not specifically authorized by the Legislative Assembly.

40. **Consider request by the Information Technology Department to finance the purchase of software, equipment, or implementation of services (Section 54-59-05(4))** - This section requires the Information Technology Department to receive Budget Section or Legislative Assembly approval before executing any proposed agreement to finance the purchase of software, equipment, or implementation of services in excess of $1 million. The department may finance the purchase of software, equipment, or implementation of services only to the extent the purchase amount does not exceed 7.5 percent of the amount appropriated to the department during that biennium.
41. **Hold legislative hearings for federal block grants (2007 House Concurrent Resolution No. 3001)** - This resolution authorizes the Budget Section, through September 30, 2009, to hold any **required** legislative hearings for federal block grants.

NEW DUTIES

42. **Receive report on reductions made in homestead property income tax credit (Section 57-38-01.29 and 2007 Senate Bill No. 2032, Section 6)** - This section requires the Tax Commissioner to report to the Budget Section, for review, any adjustments in the homestead property income tax credit (effective August 1, 2007).
43. **Consider request to reduce the commercial property income tax credit (Section 57-38-01.30 and 2007 Senate Bill No. 2032, Section 7)** - This section provides that Budget Section approval is required for any adjustments made by the Tax Commissioner to the commercial property income tax credit (effective August 1, 2007).
44. **Consider request for annual tuition increase of more than 5 percent (2007 House Bill No. 1003, Section 18)** - This section provides that the State Board of Higher Education may seek Budget Section approval to increase annual tuition by more than 5 percent for each year for students attending institutions under the control of the board for the 2007-08 and 2008-09 academic years (effective July 1, 2007).
45. **Receive report regarding the status of the grandstand construction on the state fairgrounds (2007 House Bill No. 1009, Section 4)** - This section requires the State Fair Association to report to the Budget Section before July 1, 2008, regarding construction of a new grandstand on the state fairgrounds, including the status of developing a business plan and the progress of fundraising efforts (effective July 1, 2007).
46. **Consider a correctional facility concept (2007 House Bill No. 1015, Section 10)** - This section provides that the Budget Section shall approve or reject the correctional facility concept authorized by the Emergency Commission from the three concepts forwarded to the commission by the Legislative Council's Correctional Facility Review Committee. (The Legislative Council at its June 6, 2007, meeting directed, as a result of the Attorney General's opinion on June 6, 2007, that any recommendation from the Emergency Commission regarding facility concepts be received by the Budget Section for informational purposes only rather than for approval or rejection.)
47. **Receive project startup report and consider inmate medical system (2007 House Bill No. 1015, Section 12)** - This section requires the Department of Corrections and Rehabilitation to provide a project startup report and receive Budget Section approval prior to implementing the inmate medical system. The report is to identify benefits to be achieved, estimated implementation costs, a milestone schedule, and project risks (effective July 1, 2007).
48. **Receive space, operational, and staffing plan (2007 House Bill No. 1015, Section 17)** - This section requires the Department of Corrections and Rehabilitation to provide a space, operational, and staffing plan at the first Budget Section meeting **after March 1, 2008**, regarding the State Penitentiary and James River Correctional Center (effective July 1, 2007).
49. **Consider request for Office of Management and Budget to borrow $5 million from the Bank of North Dakota for centers of excellence (2007 House Bill No. 1018, Section 15)** - This section provides that, as requested by the Centers of Excellence Commission and subject to Emergency Commission and Budget Section approval, the Office of Management and Budget shall borrow up to $5 million from the Bank of North Dakota for providing funding to centers of excellence (effective July 1, 2007).
50. **Consider request for Secretary of State to borrow $2.92 million from the Bank of North Dakota for implementation of the North Dakota business development engine information technology project (2007 House Bill No. 1018, Section 18)** - This section provides that upon Budget

Section approval, the Secretary of State may borrow up to $2.92 million from the Bank of North Dakota to implement the North Dakota business development engine information technology project (effective July 1, 2007).

51. **Receive report on revenues and expenditures of the abandoned oil and gas well plugging and site reclamation fund; the geophysical, geothermal, subsurface minerals, and coal exploration fund; and the geologic data preservation** fund (2007 House Bill No. 1060, Section 7) - This section provides that the Industrial Commission shall report to the Budget Section on the revenues and expenditures of the abandoned oil and gas well plugging and site reclamation fund; the geophysical, geothermal, subsurface minerals, and coal exploration fund; and the geologic data preservation fund for the 2007-09 biennium (effective April 13, 2007).
52. **Receive periodic reports on the status of the construction of a new Crime Laboratory (2007 Senate Bill No. 2003, Section 13)** - This section requires the Attorney General to periodically report to the Budget Section on the status of the construction of a new Crime Laboratory during the 2007-09 biennium (effective July 1, 2007).
53. **Receive report on facility agreement governing metrology services (2007 Senate Bill No**. **2008, Section 11)** - This section requires the Public Service Commission and the Facility Management Division of the Office of Management and Budget to report to the Budget Section **by July 1, 2008**, on the facility use agreement governing metrology services conducted within the current metrology facility and the future of the metrology laboratory (effective July 1, 2007).
54. **Receive annual report on the state meat inspection program (2007 Senate Bill No. 2009, Section 13)** - This section requires the Agriculture Commissioner to **report annually** to the Budget Section regarding the revenues and expenditures of the state meat inspection program (effective July 1, 2007).
55. **Receive annual report on the endangered species program (2007 Senate Bill No. 2009, Section 14)** - This section requires the Agriculture Commissioner to **report annually** to the Budget Section regarding the status of the endangered species program (effective July 1, 2007).
56. **Receive report regarding any transfers between line items and between subdivisions in excess of $50,000 (2007 Senate Bill No. 2012, Section 4)** - This section requires the Department of Human Services to report to the Budget Section after June 30, 2008, on any transfers in excess of $50,000 made during the 2007-09 biennium between line items within each subdivision and between subdivisions (effective July 1, 2007).
57. **Consider request for Department of Human Services to borrow $3.5 million from the Bank of North Dakota for medical assistance grants (Senate Bill No. 2012, Section 5)** - This section provides that, upon Budget Section approval, the Department of Human Services may borrow up to $3.5 million from the Bank of North Dakota for providing the state matching share of additional medical assistance grants for developmental disabilities services for the 2007-09 biennium (effective July 1, 2007).
58. **Receive report on recruitment and retention of hunters (Senate Bill No**. **2017, Section 7)** - This section requires the Game and Fish Department to report to the Budget Section **by December 31, 2008**, regarding the department's findings as a result of its study of the recruitment and retention of hunters in North Dakota (effective July 1, 2007).
59. **Receive quarterly reports on status of performance audit recommendations (Senate Bill No**. **2021, Section 5)** - This section requires Workforce Safety and Insurance to **report quarterly** to the Budget Section regarding the agency's status of implementing the performance audit recommendations of the State Auditor (effective July 1, 2007).
60. **Receive report on the status of the Medicaid management information system (Senate Bill No. 2024, Section 3)** - This section requires the Department of Human Services to report to the Budget Section on the status of the Medicaid management information system computer project (effective February 14, 2007).
61. **Consider request for Department of Human Services to use state contingency funds (2007 Senate Bill No. 2024, Section 4)** - This section provides that the Department of Human Services shall obtain Budget Section approval prior to obligation or expenditure of funds related to a project change or other occurrence that requires the use of $500,000 or more of state contingency funds for the Medicaid management information system computer project (effective February 14, 2007).
62. **Receive periodic reports on the status of the Veterans Home construction project (Senate Bill No. 2418, Section 4)** - This section requires the Veterans Home to report periodically to the Budget Section regarding the status of the Veterans Home construction project (effective July 1, 2007).

BUDGET TOUR GROUPS

63. **Conduct budget tours and receive budget tour group reports** - Traditionally the Budget Section has conducted budget tours of state facilities and institutions or assigned the budget tours to other interim committees and received reports from the committees on the budget tours conducted. Attached is a schedule of the interim committees that conducted budget tours during the 2005-06 interim, along with the state facilities and institutions visited by each committee.

FEDERAL FUNDS

64. **Receive federal funds report** - Receive a report from the Legislative Council staff in the fall of 2008 on the status of the state's federal funds receipts for the current biennium and estimated federal funds receipts for the subsequent biennium.

ATTACH: 1