

JOURNAL OF THE HOUSE**Sixty-third Legislative Assembly**

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Bismarck, May 3, 2013

The House convened at 8:05 a.m., with Speaker Devlin presiding.

The prayer was offered by Representative K. Koppelman, West Fargo.

The roll was called and all members were present except Representatives Amerman and Zaiser.

A quorum was declared by the Speaker.

MOTION

REP. BELTER MOVED that the House reconsider its action whereby Reengrossed HB 1319 passed, which motion prevailed on a verification vote.

SECOND READING OF HOUSE BILL

HB 1319: A BILL for an Act to create and enact sections 15.1-27-04.1, 15.1-27-04.2, and 15.1-27-45 and a new section to chapter 15.1-35 of the North Dakota Century Code, relating to determination of state aid payable to school districts; to amend and reenact sections 15-39.1-28, 15.1-07-32, 15.1-09-33, 15.1-09-39, 15.1-09-40, 15.1-09-47, 15.1-09-48, 15.1-09-49, 15.1-22-01, 15.1-27-03.1, 15.1-27-03.2, 15.1-27-17, 15.1-27-35, 15.1-27-35.3, 15.1-27-39, 15.1-29-15, 15.1-30-04, 15.1-36-02, 40-55-08, 40-55-09, 57-15-01.1, 57-15-14, 57-15-14.2, 57-15-14.5, 57-15-17, 57-15-17.1, 57-15-31, 57-19-01, 57-19-02, 57-19-09, and 57-20-07.1 of the North Dakota Century Code, relating to the determination of state aid payable to school districts; to repeal sections 15.1-27-07.1 and 57-19-10 of the North Dakota Century Code, relating to kindergarten payments and special reserve funds; to provide an appropriation; to provide supplemental assistance payments; to provide for a transfer; to provide for a legislative management study; to provide for a suspension; to provide an effective date; to provide an expiration date; and to declare an emergency.

ROLL CALL

The question being on the final passage of the amended bill, which has been read, and has committee recommendation of DO PASS, the roll was called and there were 46 YEAS, 46 NAYS, 0 EXCUSED, 2 ABSENT AND NOT VOTING.

YEAS: Anderson; Beadle; Boe; Boschee; Delmore; Fehr; Glassheim; Gruchalla; Guggisberg; Haak; Hanson; Hatlestad; Hawken; Heilman; Hofstad; Hogan; Holman; Hunskor; Johnson, D.; Johnson, N.; Karls; Kelsh, J.; Kelsh, S.; Klemin; Kretschmar; Kreun; Larson; Maragos; Martinson; Mock; Monson; Mooney; Muscha; Nathe; Nelson, J.; Nelson, M.; Onstad; Oversen; Paur; Porter; Rust; Sanford; Strinden; Sukut; Wall; Williams

NAYS: Becker; Bellew; Belter; Boehning; Brabandt; Brandenburg; Carlson; Damschen; Delzer; Dockter; Dosch; Drovdal; Frantsvog; Froseth; Grande; Headland; Heller; Kasper; Keiser; Kempenich; Kiefert; Klein; Koppelman, B.; Koppelman, K.; Kreidt; Laning; Looyesen; Louser; Meier; Owens; Pollert; Rohr; Ruby; Schatz; Schmidt; Silbernagel; Skarphol; Steiner; Streyle; Thoreson; Toman; Trottier; Vigesaa; Weisz; Wieland; Speaker Devlin

ABSENT AND NOT VOTING: Amerman; Zaiser

Reengrossed HB 1319 failed.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

REP. HEADLAND MOVED that the conference committee report on Reengrossed HB 1290 as printed on HJ pages 2235-2239 be adopted, which motion prevailed on a voice vote.

Reengrossed HB 1290, as amended, was placed on the Eleventh order of business.

SECOND READING OF HOUSE BILL

HB 1290: A BILL for an Act to amend and reenact sections 57-12-09, 57-15-02.1, and 57-20-07.1 of the North Dakota Century Code, relating to notices of property assessment increases, hearings on proposed property tax increases, and contents of property tax statements; to provide for a study; and to provide an effective date.

ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 72 YEAS, 20 NAYS, 0 EXCUSED, 2 ABSENT AND NOT VOTING.

YEAS: Anderson; Beadle; Becker; Bellew; Belter; Boehning; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delzer; Dockter; Dosch; Drovdal; Fehr; Frantsvog; Froseth; Grande; Haak; Hanson; Hatlestad; Headland; Heilman; Heller; Hofstad; Johnson, D.; Kasper; Keiser; Kelsh, S.; Kempenich; Kiefert; Klein; Klemin; Koppelman, B.; Koppelman, K.; Kreidt; Kretschmar; Kreun; Laning; Larson; Looyesen; Louser; Martinson; Meier; Monson; Nathe; Nelson, J.; Owens; Paur; Pollert; Porter; Rohr; Ruby; Rust; Sanford; Schatz; Schmidt; Silbernagel; Skarphol; Steiner; Streyle; Sukut; Thoreson; Toman; Trottier; Vigesaa; Wall; Weisz; Wieland; Williams; Speaker Devlin

NAYS: Boe; Delmore; Glassheim; Gruchalla; Guggisberg; Hawken; Hogan; Holman; Hunskor; Johnson, N.; Karls; Kelsh, J.; Maragos; Mock; Mooney; Muscha; Nelson, M.; Onstad; Oversen; Strinden

ABSENT AND NOT VOTING: Amerman; Zaiser

Reengrossed HB 1290 passed.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

MR. PRESIDENT: The House has amended and subsequently passed: SB 2036.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

MR. PRESIDENT: The House has adopted the conference committee report and subsequently passed: HB 1290.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)

MR. SPEAKER: The Senate has adopted the conference committee report and subsequently passed: SB 2011, SB 2325.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)

MR. SPEAKER: Your signature is respectfully requested on: SB 2013, SB 2156.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)

MR. SPEAKER: The President has signed: SB 2012, SB 2021, SB 2171.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

MR. PRESIDENT: The Speaker has signed: HB 1006, HB 1019, HB 1358.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

MR. PRESIDENT: The Speaker has signed: SB 2013, SB 2156.

DELIVERY OF ENROLLED BILLS AND RESOLUTIONS

The following bills were delivered to the Governor for approval on May 3, 2013: HB 1006, HB 1019, HB 1358.

ANNOUNCEMENT

SPEAKER DEVLIN ANNOUNCED that the House would stand in recess until 11:00 a.m.

THE HOUSE RECONVENED pursuant to recess taken, with Speaker Devlin presiding.

REPORT OF CONFERENCE COMMITTEE

SB 2011: Your conference committee (Sens. Krebsbach, Wanzek, O'Connell and Reps. Kempenich, Brandenburg, Guggisberg) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1237-1239, adopt amendments as follows, and place SB 2011 on the Seventh order:

That the House recede from its amendments as printed on pages 1237-1239 of the Senate Journal and pages 1314-1316 of the House Journal and that Senate Bill No. 2011 be amended as follows:

Page 1, replace lines 10 through 15 with:

"Administration	\$3,159,842	\$306,271	\$3,466,113
Field operations	40,651,139	8,969,638	49,620,777
Law enforcement training academy	1,602,488	5,200,555	6,803,043
Accrued leave payments	0	<u>1,110,651</u>	<u>1,110,651</u>
Total all funds	\$45,413,469	\$15,587,115	\$61,000,584
Less estimated income	<u>11,364,325</u>	<u>2,028,217</u>	<u>13,392,542</u>
Total general fund	\$34,049,144	\$13,558,898	\$47,608,042"

Page 1, remove lines 23 and 24

Page 2, replace line 1 with:

"Emergency vehicle operations course and weapons training range"	0	5,000,000
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Page 2, replace lines 6 through 8 with:

"Total all funds	\$1,237,000	\$6,145,000
Total special funds	<u>161,000</u>	<u>798,000</u>
Total general fund	\$1,076,000	\$5,347,000"

Page 2, line 14, replace "\$7,169,296" with "\$6,841,066"

ReNUMBER accordingly

STATEMENT OF PURPOSE OF AMENDMENT:**Senate Bill No. 2011 - Highway Patrol - Conference Committee Action**

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Administration	\$3,602,910	\$3,602,910	(\$136,797)	\$3,466,113	\$3,407,222	\$58,891
Field operations	51,492,863	51,492,863	(1,872,086)	49,620,777	48,866,470	754,307
Law Enforcement Training Academy	8,493,527	8,493,527	(1,690,484)	6,803,043	1,785,944	5,017,099
Accrued leave payments			1,110,651	<u>1,110,651</u>	<u>1,110,651</u>	
Total all funds	\$63,589,300	\$63,589,300	(\$2,588,716)	\$61,000,584	\$55,170,287	\$5,830,297
Less estimated income	<u>13,783,677</u>	<u>13,783,677</u>	(391,135)	<u>13,392,542</u>	<u>12,560,045</u>	832,497
General fund	\$49,805,623	\$49,805,623	(\$2,197,581)	\$47,608,042	\$42,610,242	\$4,997,800
FTE	213.00	213.00	0.00	213.00	213.00	0.00

Department No. 504 - Highway Patrol - Detail of Conference Committee Changes

	Corrects Executive Compensation Package ¹	Adjusts State Employee Compensation and Benefits Package ²	Provides Separate Line Item for Accrued Leave Payments ³	Reduces Funding for State Fleet Mileage Rates ⁴	Removes Energy Impact Housing Funding ⁵	Reduces Funding for Law Enforcement Training Academy Project ⁶
Administration	\$520	(\$41,258)	(\$94,419)	(\$1,640)		
Field operations	5,436	(432,484)	(989,038)	(156,000)	(300,000)	
Law Enforcement Training Academy	147	(11,649)	(27,194)	(788)		(1,651,000)
Accrued leave payments			1,110,651			
Total all funds	\$6,103	(\$485,391)	\$0	(\$158,428)	(\$300,000)	(\$1,651,000)
Less estimated income	1,343	(104,532)	0	(34,316)	(39,000)	(214,630)
General fund	\$4,760	(\$380,859)	\$0	(\$124,112)	(\$261,000)	(\$1,436,370)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Total Conference Committee Changes
Administration	(\$136,797)
Field operations	(1,872,086)
Law Enforcement Training Academy	(1,690,484)
Accrued leave payments	1,110,651
Total all funds	(\$2,588,716)
Less estimated income	(391,135)
General fund	(\$2,197,581)
FTE	0.00

¹ Funding is added due to a calculation error in the executive compensation package.

² This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
- Reduces the market component from 2 to 4 percent per year to 1 to 2 percent per year for employees below the midpoint of their salary range.
- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.

³ A portion of salaries and wages funding from the general fund (\$866,641) and from other funds (\$244,010) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying annual leave and sick leave for eligible employees. The House also provided a separate line item for accrued leave payments.

⁴ Funding for State Fleet Services mileage is reduced to reflect an estimated mileage rate of 72 cents per mile for Highway Patrol vehicles rather than 74 cents per mile as provided in the Senate version. The House version provided funding for 70 cents per mile.

⁵ One-time funding from the general fund (\$261,000) and the highway tax distribution fund (\$39,000) included in the executive budget recommendation to address employee housing issues in areas affected by energy development is removed. The House also removed the funding.

⁶ Funding for Phase 1 of the law enforcement training academy project is reduced from \$6,651,000 to \$5,000,000.

SB 2011 was placed on the Seventh order of business on the calendar.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

REP. KEMPENICH MOVED that the conference committee report on SB 2011 be adopted, which motion prevailed on a voice vote.

SB 2011, as amended, was placed on the Fourteenth order of business.

SECOND READING OF SENATE BILL

SB 2011: A BILL for an Act to provide an appropriation for defraying the expenses of the highway patrol.

ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 85 YEAS, 7 NAYS, 0 EXCUSED, 2 ABSENT AND NOT VOTING.

YEAS: Anderson; Beadle; Bellew; Belter; Boe; Boehning; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Dockter; Dosch; Fehr; Frantsvog; Froseth; Glassheim; Gruchalla; Guggisberg; Haak; Hanson; Hatlestad; Hawken; Headland; Heilman; Heller; Hofstad; Hogan; Holman; Hunskor; Johnson, D.; Johnson, N.; Karls; Keiser; Kelsh, J.; Kelsh, S.; Kempenich; Kiefert; Klein; Klemm; Koppelman, B.; Koppelman, K.; Kreidt; Kretschmar; Kreun; Laning; Larson; Looyen; Louser; Maragos; Martinson; Meier; Mock; Monson; Muscha; Nathe; Nelson, M.; Onstad; Oversen; Owens; Paur; Pollert; Porter; Rohr; Ruby; Rust; Sanford; Schatz; Schmidt; Silbernagel; Skarphol; Steiner; Streyle; Strinden; Sukut; Thoreson; Toman; Trottier; Vigasaa; Wall; Weisz; Wieland; Williams; Speaker Devlin

NAYS: Becker; Delzer; Drovdal; Grande; Kasper; Mooney; Nelson, J.

ABSENT AND NOT VOTING: Amerman; Zaiser

SB 2011, as amended, passed.

REPORT OF CONFERENCE COMMITTEE

SB 2325, as reengrossed: Your conference committee (Sens. Burckhard, Dotzenrod, Oehlke and Reps. Klein, Dockter, Strinden) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ page 918, adopt amendments as follows, and place SB 2325 on the Seventh order:

That the House recede from its amendments as printed on page 918 of the Senate Journal and page 1010 of the House Journal and that Reengrossed Senate Bill No. 2325 be amended as follows:

Page 1, line 1, after "to" insert "create and enact a new section to chapter 57-38, two new subsections to section 57-38-34, a new subsection to section 57-38-38, and a new subsection to section 57-38-40 of the North Dakota Century Code, relating to corporate and individual income tax credits and transition of financial institutions to corporate income tax treatment; to"

Page 1, line 1, after "reenact" insert "subsection 5 of section 11-37-08, subsection 8 of section 40-63-01, subsection 5 of section 40-63-04, section 40-63-06, subsections 3 and 4 of section 40-63-07,"

Page 1, line 1, replace the second "and" with a comma

Page 1, line 2, after "57-33.2-03" insert ", subsection 3 of section 57-38-01.3, subsections 1 and 3 of section 57-38-01.26, subsections 5 and 7 of section 57-38-01.32, subdivisions c, d, and f of subsection 2 of section 57-38-30.3, and section 57-39.2-26.1"

Page 1, line 3, after "electricity" insert ", individual and corporation income tax rates, and credits and increased allocations from the state aid distribution fund; to repeal chapter 57-35.3 of the North Dakota Century Code, relating to elimination of the financial institutions tax"

Page 1, after line 4, insert:

"SECTION 1. AMENDMENT. Subsection 5 of section 11-37-08 of the North Dakota Century Code is amended and reenacted as follows:

5. Bonds issued by a commerce authority under this section are declared to be issued for an essential public government purpose, and together with interest and income on the bonds, are exempt from all individual and corporate taxes imposed under sections ~~57-35.3-03~~, 57-38-30, and 57-38-30.3.

SECTION 2. AMENDMENT. Subsection 8 of section 40-63-01 of the North Dakota Century Code is amended and reenacted as follows:

8. "Taxpayer" means an individual, corporation, ~~financial institution~~, or trust subject to the taxes imposed by chapter ~~57-35.3~~ or 57-38 and includes a partnership, subchapter S corporation, limited partnership, limited liability company, or any other passthrough entity.

SECTION 3. AMENDMENT. Subsection 5 of section 40-63-04 of the North Dakota Century Code is amended and reenacted as follows:

5. The exemptions provided by this section do not eliminate any duty to file a return or to report income as required under chapter ~~57-35.3~~ or 57-38.

SECTION 4. AMENDMENT. Section 40-63-06 of the North Dakota Century Code is amended and reenacted as follows:

40-63-06. Historic preservation and renovation tax credit.

A credit against state tax liability as determined under sections ~~57-35.3-03~~, 57-38-30, and 57-38-30.3 is allowed for investments in the historic preservation or renovation of property within the renaissance zone. The amount of the credit is twenty-five percent of the amount invested, up to a maximum of two hundred fifty thousand dollars. The credit may be claimed in the year in which the preservation or renovation is completed. Any excess credit may be carried forward for a period of up to five taxable years.

SECTION 5. AMENDMENT. Subsections 3 and 4 of section 40-63-07 of the North Dakota Century Code are amended and reenacted as follows:

3. A renaissance fund organization is exempt from any tax imposed by chapter ~~57-35.3~~ or 57-38. An exemption under this section may be passed through to any shareholder, partner, and owner if the renaissance fund organization is a passthrough entity for tax purposes. A corporation ~~or financial institution~~ entitled to the exemption provided by this subsection shall file required returns and report income to the tax commissioner as required by the provisions of ~~those chapters~~ chapter 57-38 as if the exemption did not exist. If an employer, this subsection does not exempt a renaissance fund organization from complying with the income tax withholding laws.
4. A credit against state tax liability as determined under section ~~57-35.3-03~~, 57-38-30, or 57-38-30.3 is allowed for investments in a renaissance fund organization. The amount of the credit is fifty percent of the amount invested in the renaissance fund organization during the taxable year. Any amount of credit which exceeds a taxpayer's tax liability for the taxable year may be carried forward for up to five taxable years after the taxable year in which the investment was made."

Page 1, line 22, replace "eighty-five" with "eighty"

Page 2, after line 2, insert:

"SECTION 8. AMENDMENT. Subsection 3 of section 57-38-01.3 of the North Dakota Century Code is amended and reenacted as follows:

3. The sum calculated pursuant to subsection 1 must be reduced by the amount of any net operating loss that is attributable to North Dakota sources, including a net operating loss calculated under chapter 57-35.3 for tax years beginning before January 1, 2013. If the net operating loss that is attributable to North Dakota sources exceeds the sum calculated pursuant to subsection 1, the excess may be carried forward for the same time period that an identical federal net operating loss may be carried forward. If a corporation uses an apportionment formula to determine the amount of income that is attributable to North Dakota, the corporation must use the same formula to determine the amount of net operating loss that is attributable to North Dakota. In addition, no deduction may be taken for a carryforward when determining the amount of net operating loss that is attributable to North Dakota sources.

SECTION 9. AMENDMENT. Subsections 1 and 3 of section 57-38-01.26 of the North Dakota Century Code are amended and reenacted as follows:

1. A taxpayer is entitled to a credit against state income tax liability under section 57-38-30 or 57-38-30.3 for an investment made in an angel fund that is a domestic organization created under the laws of this state. The amount of the credit to which a taxpayer is entitled is forty-five percent of the amount remitted by the taxpayer to an angel fund during the taxable year. The aggregate annual credit for which a taxpayer may obtain a tax credit is not more than forty-five thousand dollars. The aggregate lifetime credits under this section that may be obtained by an individual, married couple, passthrough entity and its affiliates, or other taxpayer is ~~one~~five hundred fifty thousand dollars. The investment used to calculate the credit under this section may not be used to calculate any other income tax deduction or credit allowed by law.
3. An angel fund must:
 - a. Be a partnership, limited partnership, corporation, limited liability company, limited liability partnership, trust, or estate organized on a for-profit basis which is headquartered in this state.
 - b. Be organized for the purpose of investing in a portfolio of at least three primary sector companies that are early-stage and mid-stage private, nonpublicly traded enterprises with strong growth potential. For purposes of this section, an early-stage entity means an entity with annual revenues of up to two million dollars and a mid-stage entity means an entity with annual revenues over two million dollars not to exceed ten million dollars. ~~Early stage and mid stage entities do not include those that have more than twenty-five percent of their revenue from income-producing real estate. Investments in real estate or real estate holding companies are not eligible investments by certified angel funds. Any angel fund certified before January 1, 2013, which has invested in real estate or a real estate holding company is not eligible for recertification.~~
 - c. Consist of at least six accredited investors as defined by securities and exchange commission regulation D, rule 501.
 - d. Not have more than twenty-five percent of its capitalized investment assets owned by an individual investor.
 - e. Have at least five hundred thousand dollars in commitments from accredited investors and that capital must be subject to call to be invested over an unspecified number of years to build a portfolio of investments in enterprises.

- f. Be member-managed or a manager-managed limited liability company and the investor members or a designated board that includes investor members must make decisions as a group on which enterprises are worthy of investments.
- g. Be certified as an angel fund that meets the requirements of this section by the department of commerce.
- h. Be in compliance with the securities laws of this state.
- i. Within thirty days after the date on which an investment in an angel fund is made, the angel fund shall file with the tax commissioner and provide to the investor completed forms prescribed by the tax commissioner which show as to each investment in the angel fund the following:
 - (1) The name, address, and social security number or federal employer identification number of the taxpayer or passthrough entity that made the investment;
 - (2) The dollar amount remitted by the taxpayer or passthrough entity; and
 - (3) The date the payment was received by the angel fund for the investment.
- j. Within thirty days after the end of a calendar year, the angel fund shall file with the tax commissioner a report showing the name and principal place of business of each enterprise in which the angel fund has an investment.

SECTION 10. AMENDMENT. Subsections 5 and 7 of section 57-38-01.32 of the North Dakota Century Code are amended and reenacted as follows:

- 5. The aggregate amount of tax credits allowed to all eligible contributors is limited to fifteen million dollars per biennium. ~~This limitation applies to all contributions for which tax credits are claimed under section 57-35.3-05 and this section.~~
- 7. To receive the tax credit provided under this section, a taxpayer shall claim the credit on the taxpayer's state income ~~or financial institutions~~ tax return in the manner prescribed by the tax commissioner and file with the return a copy of the form issued by the housing finance agency under subsection 6.

SECTION 11. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Financial institutions - Net operating losses - Credit carryovers.

- 1. A subchapter S corporation that was a financial institution under chapter 57-35.3 may elect to be treated as a taxable corporation under chapter 57-38. If an election is made under this section, the election:
 - a. Must be made in the form and manner prescribed by the tax commissioner on the return filed for the tax year beginning on January 1, 2013, or the return filed for the short period required under subsection 8 of section 57-38-34; and
 - b. Is binding until the earlier of:
 - (1) The end of the tax year for which the taxpayer reports a tax liability after tax credits; or

- (2) The beginning of the tax year for which the taxpayer elects to be recognized as a subchapter S corporation under section 57-38-01.4.
2. If an election is made under this section, the following apply:
- a. A subchapter S corporation may not file a consolidated return.
 - b. Any unused credit carryovers earned by a financial institution under chapter 57-35.3 for tax years beginning before January 1, 2013, may be carried forward in the same number of years the financial institution would have been entitled under chapter 57-35.3.
 - c. Any unused net operating losses incurred by a financial institution under chapter 57-35.3 for tax years beginning before January 1, 2013, may be carried forward for the same number of years the financial institution would have been entitled under chapter 57-35.3.

SECTION 12. AMENDMENT. Subdivisions c, d, and f of subsection 2 of section 57-38-30.3 of the North Dakota Century Code are amended and reenacted as follows:

- c. Reduced by the amount equal to the earnings that are passed through to a taxpayer in connection with an allocation and apportionment to North Dakota under ~~chapter 57-35.3~~section 11 of this Act.
- d. Reduced by ~~thirty~~forty percent of:
 - (1) The excess of the taxpayer's net long-term capital gain for the taxable year over the net short-term capital loss for that year, as computed for purposes of the Internal Revenue Code of 1986, as amended. The adjustment provided by this subdivision is allowed only to the extent the net long-term capital gain is allocated to this state.
 - (2) ~~The qualified dividend income that is taxed at the same rate as long-term capital gain for federal income tax purposes under Internal Revenue Code provisions in effect on December 31, 2008. Qualified dividends as defined under Internal Revenue Code section 1(h)(11), added by section 302(a) of the Jobs and Growth Tax Relief Reconciliation Act of 2003 [Pub. L. 108-27; 117 Stat. 752; 2 U.S.C. 963 et seq.], but only if taxed at a federal income tax rate that is lower than the regular federal income tax rates applicable to ordinary income. If, for any taxable year, qualified dividends are taxed at the regular federal income tax rates applicable to ordinary income, the reduction allowed under this subdivision is equal to thirty percent of all dividends included in federal taxable income. The adjustment provided by this subdivision is allowed only to the extent the qualified dividend income is allocated to this state.~~
- f. Increased by an amount equal to the losses that are passed through to a taxpayer in connection with an allocation and apportionment to North Dakota under ~~chapter 57-35.3~~section 11 of this Act.

SECTION 13. Two new subsections to section 57-38-34 of the North Dakota Century Code are created and enacted as follows:

For a person that was subject to the tax under chapter 57-35.3 for the calendar year ending December 31, 2012, payment of the tax under this chapter is due six months after the due date of the return as required under this section. The provisions of subdivision a of subsection 1 of section 57-38-45 do not apply to the tax due under this subsection. This

subsection applies to the first tax year beginning after December 31, 2012.

A person that previously reported under chapter 57-35.3 on a calendar year basis and files its federal income tax return on a fiscal year basis must file a short period return for the period beginning January 1, 2013, and ending on the last day of the tax year in calendar year 2013.

SECTION 14. A new subsection to section 57-38-38 of the North Dakota Century Code is created and enacted as follows:

This section applies if additional tax would be due under the provisions of chapter 57-35.3 in effect for taxable years beginning before January 1, 2013.

SECTION 15. A new subsection to section 57-38-40 of the North Dakota Century Code is created and enacted as follows:

A person that would have been entitled to a credit or refund under chapter 57-35.3 for a taxable year beginning before January 1, 2013, may file a claim for refund or credit of an overpayment of tax.

SECTION 16. AMENDMENT. Section 57-39.2-26.1 of the North Dakota Century Code is amended and reenacted as follows:

57-39.2-26.1. Allocation of revenues among political subdivisions.

Notwithstanding any other provision of law, a portion of sales, gross receipts, use, and motor vehicle excise tax collections, equal to ~~forty~~ forty-three and one-half percent of an amount determined by multiplying the quotient of one percent divided by the general sales tax rate, that was in effect when the taxes were collected, times the net sales, gross receipts, use, and motor vehicle excise tax collections under chapters 57-39.2, 57-39.5, 57-39.6, 57-40.2, and 57-40.3 must be deposited by the state treasurer in the state aid distribution fund. The state tax commissioner shall certify to the state treasurer the portion of sales, gross receipts, use, and motor vehicle excise tax net revenues that must be deposited in the state aid distribution fund as determined under this section. Revenues deposited in the state aid distribution fund are provided as a standing and continuing appropriation and must be allocated as follows:

1. Fifty-three and seven-tenths percent of the revenues must be allocated to counties in the first month after each quarterly period as provided in this subsection.
 - a. Sixty-four percent of the amount must be allocated among the seventeen counties with the greatest population, in the following manner:
 - (1) Thirty-two percent of the amount must be allocated equally among the counties; and
 - (2) The remaining amount must be allocated based upon the proportion each such county's population bears to the total population of all such counties.
 - b. Thirty-six percent of the amount must be allocated among all counties, excluding the seventeen counties with the greatest population, in the following manner:
 - (1) Forty percent of the amount must be allocated equally among the counties; and
 - (2) The remaining amount must be allocated based upon the proportion each such county's population bears to the total population of all such counties.

A county shall deposit all revenues received under this subsection in the county general fund. Each county shall reserve a portion of its allocation under this subsection for further distribution to, or expenditure on behalf of, townships, rural fire protection districts, rural ambulance districts, soil conservation districts, county recreation service districts, county hospital districts, the Garrison Diversion Conservancy District, the southwest water authority, and other taxing districts within the county, excluding school districts, cities, and taxing districts within cities. The share of the county allocation under this subsection to be distributed to a township must be equal to the percentage of the county share of state aid distribution fund allocations that township received during calendar year 1996. The governing boards of the county and township may agree to a different distribution.

2. Forty-six and three-tenths percent of the revenues must be allocated to cities in the first month after each quarterly period based upon the proportion each city's population bears to the total population of all cities.

A city shall deposit all revenues received under this subsection in the city general fund. Each city shall reserve a portion of its allocation under this subsection for further distribution to, or expenditure on behalf of, park districts and other taxing districts within the city, excluding school districts. The share of the city allocation under this subsection to be distributed to a park district must be equal to the percentage of the city share of state aid distribution fund allocations that park district received during calendar year 1996, up to a maximum of thirty percent. The governing boards of the city and park district may agree to a different distribution.

SECTION 17. REPEAL. Chapter 57-35.3 of the North Dakota Century Code is repealed."

Page 2, line 3, replace "This" with "Section 16 of this Act is effective for taxable events occurring after June 30, 2014, and the remainder of this"

Renumber accordingly

Reengrossed SB 2325 was placed on the Seventh order of business on the calendar.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

REP. KLEIN MOVED that the conference committee report on Reengrossed SB 2325 be adopted, which motion prevailed on a voice vote.

Reengrossed SB 2325, as amended, was placed on the Fourteenth order of business.

SECOND READING OF SENATE BILL

SB 2325: A BILL for an Act to create and enact a new section to chapter 57-38, two new subsections to section 57-38-34, a new subsection to section 57-38-38, and a new subsection to section 57-38-40 of the North Dakota Century Code, relating to corporate and individual income tax credits and transition of financial institutions to corporate income tax treatment; to amend and reenact subsection 5 of section 11-37-08, subsection 8 of section 40-63-01, subsection 5 of section 40-63-04, section 40-63-06, subsections 3 and 4 of section 40-63-07, subsection 3 of section 57-33.2-01, section 57-33.2-03, subsection 3 of section 57-38-01.3, subsections 1 and 3 of section 57-38-01.26, subsections 5 and 7 of section 57-38-01.32, subdivisions c, d, and f of subsection 2 of section 57-38-30.3, and section 57-39.2-26.1 of the North Dakota Century Code, relating to reduction of the distribution tax rate for companies engaged in the distribution of electricity, individual and corporation income tax rates, and credits and increased allocations from the state aid distribution fund; to repeal chapter 57-35.3 of the North Dakota Century Code, relating to elimination of the financial institutions tax; and to provide an effective date.

ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 92 YEAS, 0 NAYS, 0 EXCUSED, 2 ABSENT AND NOT VOTING.

YEAS: Anderson; Beadle; Becker; Bellew; Belter; Boe; Boehning; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Delzer; Dockter; Dosch; Drovdal; Fehr; Frantsvog; Froseth; Glassheim; Grande; Gruchalla; Guggisberg; Haak; Hanson; Hatlestad; Hawken; Headland; Heilman; Heller; Hofstad; Hogan; Holman; Hunskor; Johnson, D.; Johnson, N.; Karls; Kasper; Keiser; Kelsh, J.; Kelsh, S.; Kempenich; Kiefert; Klein; Klemm; Koppelman, B.; Koppelman, K.; Kreidt; Kretschmar; Kreun; Laning; Larson; Looyson; Louser; Maragos; Martinson; Meier; Mock; Monson; Mooney; Muscha; Nathe; Nelson, J.; Nelson, M.; Onstad; Oversen; Owens; Paur; Pollert; Porter; Rohr; Ruby; Rust; Sanford; Schatz; Schmidt; Silbernagel; Skarphol; Steiner; Streyle; Strinden; Sukut; Thoreson; Toman; Trottier; Vigesaa; Wall; Weisz; Wieland; Williams; Speaker Devlin

ABSENT AND NOT VOTING: Amerman; Zaiser

Reengrossed SB 2325, as amended, passed.

ANNOUNCEMENT

SPEAKER DEVLIN ANNOUNCED that Rep. Belter replaced Rep. Owens on the Conference Committee on HB 1198.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

MR. PRESIDENT: The Speaker has appointed Rep. Belter to replace Rep. Owens on the Conference Committee on HB 1198.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

MR. PRESIDENT: The House has adopted the conference committee report and subsequently passed: SB 2011, SB 2325.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)

MR. SPEAKER: The President has signed: SB 2013, SB 2156.

ANNOUNCEMENT

SPEAKER DEVLIN ANNOUNCED that the House would stand in recess until 1:00 p.m.

THE HOUSE RECONVENED pursuant to recess taken, with Speaker Devlin presiding.

ANNOUNCEMENT

SPEAKER DEVLIN ANNOUNCED that the House stand would in recess until 3:00 p.m.

THE HOUSE RECONVENED pursuant to recess taken, with Speaker Devlin presiding.

CORRECTION AND REVISION OF THE JOURNAL

MR. SPEAKER: Your **Committee on Correction and Revision of the Journal (Rep. Kretschmar, Chairman)** has carefully examined the Journal of the Seventy-sixth, Seventy-eighth, and Seventy-ninth Days and recommends that it be corrected as follows and when so corrected, recommends that it be approved:

Page 1992, line 8, after the third "the" insert "amended"

Page 2235, line 19, replace "and" with "on"

Page 2235, line 20, remove "subsequently passed"

Page 2126, line 28, replace "26" with "32"

REP. KRETSCHMAR MOVED that the report be adopted, which motion prevailed.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

MR. PRESIDENT: Your signature is respectfully requested on: HB 1003, HB 1286.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)

MR. SPEAKER: Your signature is respectfully requested on: SB 2011, SB 2325.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)
MR. PRESIDENT: The Speaker has signed: SB 2011, SB 2325.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)
MR. SPEAKER: The President has signed: SB 2011, SB 2325.

ANNOUNCEMENT

SPEAKER DEVLIN ANNOUNCED that the House would stand in recess until 4:00 p.m.

THE HOUSE RECONVENED pursuant to recess taken, with Speaker Devlin presiding.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)
MR. SPEAKER: The Senate does not concur in the House amendments to SB 2036, and the President has appointed as a conference committee to act with a like committee from the House on:

SB 2036: Sens. Cook; Oehlke; Dotzenrod

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)
MR. SPEAKER: The Senate has adopted the conference committee report and subsequently passed: SB 2200.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)
MR. SPEAKER: The Senate has adopted the conference committee report, subsequently passed, and the emergency clause failed to pass: SB 2003.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)
MR. SPEAKER: The President has signed: HB 1003, HB 1286.

ANNOUNCEMENT

SPEAKER DEVLIN ANNOUNCED that the House would stand in recess until 5:00 p.m.

THE HOUSE RECONVENED pursuant to recess taken, with Speaker Devlin presiding.

APPOINTMENT OF CONFERENCE COMMITTEE

REP. BELTER MOVED that the Speaker appoint a committee of three to act with a like committee from the Senate as a Conference Committee on Reengrossed SB 2036, which motion prevailed.

THE SPEAKER APPOINTED as a Conference Committee on:

Reengrossed SB 2036: Reps. Belter, Headland, S. Kelsh

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)
MR. PRESIDENT: The House has appointed as a conference committee to act with a like committee from the Senate on:

SB 2036: Reps. Belter; Headland; S. Kelsh

MOTION

REP. VIGESAA MOVED that SB 2200 be moved to the top of the calendar, which motion prevailed.

REPORT OF CONFERENCE COMMITTEE

SB 2200: Your conference committee (Sens. Flakoll, Holmberg, Heckaman and Reps. Skarphol, Dosch, Williams) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1721-1723, adopt amendments as follows, and place SB 2200 on the Seventh order:

That the House recede from its amendments as printed on pages 1721-1723 of the Senate Journal and pages 1633-1635 of the House Journal and that Senate Bill No. 2200 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact chapter 15-18.1 of the North Dakota Century Code, relating to the determination of funding for institutions of higher education; to provide an appropriation; to provide for a legislative management study; to provide for legislative intent; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Chapter 15-18.1 of the North Dakota Century Code is created and enacted as follows:

15-18.1-01. Credit-hours - Determination.

1. For each institution under its control, the state board of higher education shall determine the number of credit-hours completed by students during the two-year period ending June thirtieth of each odd-numbered year.
2. For purposes of this section, a completed credit-hour is one for which a student met all institutional requirements and obtained a passing grade.

15-18.1-02. Weighted credit-hours - Determination - Instructional program classification factors - Submission to legislative management.

1. In order to determine the weighted credit-hours for each institution under its control, the state board of higher education shall multiply each of an institution's completed credit-hours, as determined under section 15-18.1-01, by an instructional program classification factor, as set forth in this section.
 - a. The factors for credits completed in agriculture are:
 - (1) 1.9 for lower division credits;
 - (2) 3.8 for upper division credits;
 - (3) 5.7 for professional level credits; and
 - (4) 7.6 for graduate level credits.
 - b. The factors for credits completed in architecture are:
 - (1) 1.8 for lower division credits;
 - (2) 3.6 for upper division credits;
 - (3) 5.4 for professional level credits; and
 - (4) 7.2 for graduate level credits.
 - c. The factors for credits completed in aviation are:
 - (1) 1.9 for lower division credits;
 - (2) 3.8 for upper division credits;
 - (3) 5.7 for professional level credits; and
 - (4) 7.6 for graduate level credits.
 - d. The factors for credits completed in the biological and physical sciences are:
 - (1) 1.9 for lower division credits;
 - (2) 3.8 for upper division credits;

- (3) 5.7 for professional level credits; and
- (4) 7.6 for graduate level credits.
- e. The factors for credits completed in business are:
 - (1) 1.9 for lower division credits;
 - (2) 3.8 for upper division credits;
 - (3) 5.7 for professional level credits; and
 - (4) 7.6 for graduate level credits.
- f. The factors for credits completed in education are:
 - (1) 1.9 for lower division credits;
 - (2) 3.8 for upper division credits;
 - (3) 5.7 for professional level credits; and
 - (4) 7.6 for graduate level credits.
- g. The factors for credits completed in engineering are:
 - (1) 2.5 for lower division credits;
 - (2) 5.0 for upper division credits;
 - (3) 7.5 for professional level credits; and
 - (4) 10.0 for graduate level credits.
- h. The factors for credits completed in the health sciences are:
 - (1) 3.0 for lower division credits;
 - (2) 6.0 for upper division credits;
 - (3) 9.0 for professional level credits;
 - (4) 12.0 for graduate level credits; and
 - (5) 38.0 for medical school credits.
- i. The factors for credits completed in legal studies are:
 - (1) 3.5 for lower division credits;
 - (2) 7.0 for upper division credits;
 - (3) 10.5 for professional level credits; and
 - (4) 14.0 for graduate level credits.
- j. The factors for credits completed in the core disciplines are:
 - (1) 1.0 for lower division credits;
 - (2) 2.0 for upper division credits;
 - (3) 3.0 for professional level credits; and
 - (4) 4.0 for graduate level credits.

- k. The factor for credits completed in career and technical education is 2.0.
- l. The factor for completed remedial credits is 2.3.
- 2. a. The state board of higher education shall ensure that all delineations in this section reflect the requirements of a nationally recognized and standardized instructional program classification system.
- b. Before adopting any changes to the delineations implemented in accordance with this section, the state board of higher education shall present the proposed changes to and receive the approval of the legislative management.

15-18.1-03. Credit completion factor - Determination.

- 1. For each institution under its control, the state board of higher education shall multiply the product determined under section 15-18.1-02 by a factor of:
 - a. 1.00 if the number of credit-hours is at least 100,000;
 - b. 1.05 if the number of credit-hours is at least 95,000 but less than 100,000;
 - c. 1.10 if the number of credit-hours is at least 90,000 but less than 95,000;
 - d. 1.15 if the number of credit-hours is at least 85,000 but less than 90,000;
 - e. 1.20 if the number of credit-hours is at least 80,000 but less than 85,000;
 - f. 1.25 if the number of credit-hours is at least 75,000 but less than 80,000;
 - g. 1.30 if the number of credit-hours is at least 70,000 but less than 75,000;
 - h. 1.35 if the number of credit-hours is at least 65,000 but less than 70,000;
 - i. 1.40 if the number of credit-hours is at least 60,000 but less than 65,000;
 - j. 1.45 if the number of credit-hours is at least 55,000 but less than 60,000;
 - k. 1.50 if the number of credit-hours is at least 50,000 but less than 55,000;
 - l. 1.55 if the number of credit-hours is at least 45,000 but less than 50,000;
 - m. 1.60 if the number of credit-hours is at least 40,000 but less than 45,000;
 - n. 1.65 if the number of credit-hours is at least 35,000 but less than 40,000;
 - o. 1.70 if the number of credit-hours is at least 30,000 but less than 35,000;

- p. 1.75 if the number of credit-hours is at least 25,000 but less than 30,000;
 - q. 1.80 if the number of credit-hours is at least 20,000 but less than 25,000;
 - r. 1.85 if the number of credit-hours is at least 15,000 but less than 20,000;
 - s. 1.90 if the number of credit-hours is at least 10,000 but less than 15,000;
 - t. 1.95 if the number of credit-hours is at least 5,000 but less than 10,000; and
 - u. 2.00 if the number of credit-hours is less than 5,000.
2. For purposes of this section, the number of credit-hours must be those determined by the state board of higher education in accordance with section 15-18.1-01.

15-18.1-04. Institutional size factor - Determination.

1. For each institution under its control, the state board of higher education shall multiply the product determined under section 15-18.1-03 by a size factor of:
- a. 1.0 if the square footage of the institution, when divided by the institution's weighted credit-hours results in a quotient of less than 5.00; or
 - b. 1.8 if the square footage of the institution, when divided by the institution's weighted credit-hours results in a quotient of 5.00 or more.
2. For purposes of this section, an institution's square footage:
- a. Includes all real property owned by the state within an institution's perimeter, except for agricultural experiment stations, agricultural research extension centers, technology parks, and state agencies; and
 - b. Is determined as of June thirtieth in each odd-numbered year.

15-18.1-05. Base funding - Determination of state aid.

In order to determine the state aid payment to which each institution under its control is entitled, the state board of higher education shall multiply the product determined under section 15-18.1-04 by a base amount of:

- 1. \$66.35 in the case of North Dakota state university and the university of North Dakota;
- 2. \$95.57 in the case of Dickinson state university, Mayville state university, and Valley City state university;
- 3. \$98.75 in the case of Minot state university;
- 4. \$101.73 in the case of Bismarck state college, Dakota college at Bottineau, Lake Region state college, and North Dakota state college of science; and
- 5. \$104.88 in the case of Williston state college.

15-18.1-06. Base funding - Minimum amount payable.

Notwithstanding any calculations required by this chapter, during each fiscal year, beginning with 2014-15, an institution may not receive less than ninety-six percent of the state aid to which the institution was entitled under this chapter during the previous fiscal year.

15-18.1-07. Funding - Distribution.

The state aid to which each institution is entitled under this chapter must be forwarded at the time and in the manner agreed to by the institution and the office of management and budget.

SECTION 2. LEGISLATIVE INTENT. In order to maintain the integrity of the funding formula established under this chapter, it is the intent of the legislative assembly that any proposed increases in the funding of institutions be achieved through the amendment of section 15-18.1-05.

SECTION 3. LEGISLATIVE MANAGEMENT STUDY - HIGHER EDUCATION FUNDING. During the 2013-14 interim, the legislative management shall appoint an interim committee to study higher education funding methods.

1. The committee shall review higher education funding methods and recommend for the North Dakota university system a new funding method that is not based on existing levels of funding.
2. The committee shall consult with representatives of the state board of higher education, the North Dakota university system office, higher education institutions, and other appropriate entities.
3. The committee shall consider:
 - a. The inclusion of tuition revenue as a component of the funding method;
 - b. The level of nonresident tuition rates, including whether the rates charged should provide for the entire cost of a student's education and whether state funding should be provided to offset the educational costs of nonresident students;
 - c. Options to address unique institution needs due to program facility requirements, local costs of goods and labor, and other extraordinary needs;
 - d. The appropriateness of including remedial education and dual-credit course completions in the funding method and which entity should be responsible for paying course costs;
 - e. Facilities required to meet an institution's mission, including the utilization of existing institution facilities and additional facilities needs as identified in the university system campus master plan and space utilization study;
 - f. Administrative costs at institutions, including the appropriateness of providing separate funding allocations to institutions for instructional and administrative costs;
 - g. Options to provide enhanced funding for programs that address state priorities and workforce needs;
 - h. Options to provide performance funding distributions to campuses for meeting specified goals such as on-time graduation rates and job placements; and
 - i. Any other issues the committee deems appropriate.

4. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

SECTION 4. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$150,000, or so much of the sum as may be necessary, to the legislative council for the purpose of defraying expenses associated with the study of higher education funding as provided for in section 3 of this Act, for the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 5. EXPIRATION DATE. Section 15-18.1-06 of this Act is effective through June 30, 2017, and after that date is ineffective."

Renumber accordingly

SB 2200 was placed on the Seventh order of business on the calendar.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

REP. SKARPHOL MOVED that the conference committee report on SB 2200 be adopted, which motion prevailed on a voice vote.

SB 2200, as amended, was placed on the Fourteenth order of business.

SECOND READING OF SENATE BILL

SB 2200: A BILL for an Act to create and enact chapter 15-18.1 of the North Dakota Century Code, relating to the determination of funding for institutions of higher education; to provide an appropriation; to provide for a legislative management study; to provide for legislative intent; and to provide an expiration date.

ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 91 YEAS, 0 NAYS, 0 EXCUSED, 3 ABSENT AND NOT VOTING.

YEAS: Anderson; Beadle; Becker; Bellew; Belter; Boe; Boehning; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Delzer; Dockter; Dosch; Drovdal; Fehr; Frantsvog; Froseth; Glassheim; Grande; Gruchalla; Guggisberg; Haak; Hatlestad; Hawken; Headland; Heilman; Heller; Hofstad; Hogan; Holman; Hunskor; Johnson, D.; Johnson, N.; Karls; Kasper; Keiser; Kelsh, J.; Kelsh, S.; Kempenich; Kiefert; Klein; Klemm; Koppelman, B.; Koppelman, K.; Kreidt; Kretschmar; Kreun; Laning; Larson; Looysen; Louser; Maragos; Martinson; Meier; Mock; Monson; Mooney; Muscha; Nathe; Nelson, J.; Nelson, M.; Onstad; Oversen; Owens; Paur; Pollert; Porter; Rohr; Ruby; Rust; Sanford; Schatz; Schmidt; Silbernagel; Skarphol; Steiner; Streyle; Strinden; Sukut; Thoreson; Toman; Trottier; Vigesaa; Wall; Weisz; Wieland; Williams; Speaker Devlin

ABSENT AND NOT VOTING: Amerman; Hanson; Zaiser

SB 2200, as amended, passed.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

MR. PRESIDENT: The House has adopted the conference committee report and subsequently passed: SB 2200.

REPORT OF CONFERENCE COMMITTEE

SB 2003, as reengrossed: Your conference committee (Sens. Holmberg, Krebsbach, Robinson and Reps. Skarphol, Martinson, Williams) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1723-1742, adopt amendments as follows, and place SB 2003 on the Seventh order:

That the House recede from its amendments as printed on pages 1723-1742 of the Senate Journal and pages 1598-1617 of the House Journal and that Reengrossed Senate Bill No. 2003 be amended as follows:

Page 1, line 2, remove "to provide an appropriation to the state board of higher education for a"

Page 1, line 3, replace "settlement payment for the termination of the contract of the commissioner of higher education" with "to provide contingent appropriations; to create and enact six new sections to chapter 15-10 of the North Dakota Century Code, relating to provisions of matching grants for the advancement of postsecondary academics"

Page 1, line 4, after "15-10-47" insert ", 15-52-01, 15-52-03, 15-52-04, 15-52-05, 15-52-09, 15-52-31,"

Page 1, line 6, after the first comma insert "the state medical center,"

Page 1, line 7, after "appropriations" insert "; to repeal section section 5 of Senate Bill No. 2018, as approved by the sixty-third legislative assembly, relating to a contingent appropriation"

Page 1, line 9, after "reports" insert "; to provide loan authorization for the university of North Dakota school of medicine and health sciences facility project; to provide for legislative management reports; to provide for a legislative management study; to provide an expiration date"

Page 1, remove lines 19 through 24

Page 2, remove lines 1 through 31

Page 3, remove lines 1 through 30

Page 4, remove lines 1 through 30

Page 5, remove lines 1 through 30

Page 6, remove lines 1 through 31

Page 7, replace lines 1 through 3 with:

"NORTH DAKOTA UNIVERSITY SYSTEM OFFICE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Capital assets - bond payments	\$12,204,769	(\$1,768,724)	\$10,436,045
Competitive research program	7,050,000	0	7,050,000
System governance	7,349,806	5,316,696	12,666,502
Title II	1,006,472	0	1,006,472
System information technology services	36,006,667	2,655,884	38,662,551
Professional liability insurance	800,000	(800,000)	0
Student financial assistance grants	19,025,594	2,220,085	21,245,679
Professional student exchange program	3,321,438	953,577	4,275,015
Academic and technical education scholarships	10,000,000	0	10,000,000
Two-year campus marketing	800,000	0	800,000
Scholars program	2,113,584	0	2,113,584
Native American scholarships	574,267	75,000	649,267
Tribally controlled community college grants	1,000,000	0	1,000,000
Education incentive programs	3,176,344	172,656	3,349,000
Deferred maintenance pool	0	10,000,000	10,000,000
Master plan and space utilization study	0	1,000,000	1,000,000
Student mental health	0	282,520	282,520
Education challenge fund	0	29,000,000	29,000,000
Performance funding pool	0	5,000,000	5,000,000
Capital projects contingency pool	0	5,483,413	5,483,413
Total all funds	\$104,428,941	\$59,591,107	\$164,020,048
Less estimated income	<u>3,056,229</u>	<u>(756,317)</u>	<u>2,299,912</u>

Total general fund	\$101,372,712	\$60,347,424	\$161,720,136
Full-time equivalent positions	100.31	12.60	112.91

Subdivision 2.

BISMARCK STATE COLLEGE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$27,628,314	\$5,025,340	\$32,653,654
Capital assets	417,673	19,300,000	19,717,673
Total all funds	\$28,045,987	\$24,325,340	\$52,371,327
Less estimated income	0	6,665,000	6,665,000
Total general fund	\$28,045,987	\$17,660,340	\$45,706,327
Full-time equivalent positions	126.96	0.00	126.96

Subdivision 3.

LAKE REGION STATE COLLEGE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$9,003,614	\$3,425,483	\$12,429,097
Capital assets	155,367	5,650,184	5,805,551
Total all funds	\$9,158,981	\$9,075,667	\$18,234,648
Less estimated income	0	0	0
Total general fund	\$9,158,981	\$9,075,667	\$18,234,648
Full-time equivalent positions	40.22	0.00	40.22

Subdivision 4.

WILLISTON STATE COLLEGE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$8,849,685	\$3,933,821	\$12,783,506
Capital assets	197,801	13,340,354	13,538,155
Total all funds	\$9,047,486	\$17,274,175	\$26,321,661
Less estimated income	0	0	0
Total general fund	\$9,047,486	\$17,274,175	\$26,321,661
Full-time equivalent positions	44.15	0.00	44.15

Subdivision 5.

UNIVERSITY OF NORTH DAKOTA

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$140,457,484	\$12,897,283	\$153,354,767
Capital assets	4,411,566	169,277,262	173,688,828
Total all funds	\$144,869,050	\$182,174,545	\$327,043,595
Less estimated income	0	96,487,262	96,487,262
Total general fund	\$144,869,050	\$85,687,283	\$230,556,333
Full-time equivalent positions	642.20	(8.60)	633.60

Subdivision 6.

NORTH DAKOTA STATE UNIVERSITY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$125,015,305	\$15,326,235	\$140,341,540
Capital assets	2,732,244	67,939,356	70,671,600
Total all funds	\$127,747,549	\$83,265,591	\$211,013,140
Less estimated income	0	39,819,356	39,819,356

Total general fund	\$127,747,549	\$43,446,235	\$171,193,784
Full-time equivalent positions	495.21	(4.00)	491.21

Subdivision 7.

NORTH DAKOTA STATE COLLEGE OF SCIENCE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$34,186,542	\$3,994,914	\$38,181,456
Capital assets	<u>1,012,379</u>	<u>9,435,879</u>	<u>10,448,258</u>
Total all funds	\$35,198,921	\$13,430,793	\$48,629,714
Less estimated income	<u>0</u>	<u>1,350,000</u>	<u>1,350,000</u>
Total general fund	\$35,198,921	\$12,080,793	\$47,279,714
Full-time equivalent positions	171.87	0.00	171.87

Subdivision 8.

DICKINSON STATE UNIVERSITY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$22,383,539	\$4,715,688	\$27,099,227
Capital assets	<u>409,078</u>	<u>0</u>	<u>409,078</u>
Total all funds	\$22,792,617	\$4,715,688	\$27,508,305
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
Total general fund	\$22,792,617	\$4,715,688	\$27,508,305
Full-time equivalent positions	100.32	0.00	100.32

Subdivision 9.

MAYVILLE STATE UNIVERSITY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$12,775,788	\$1,588,636	\$14,364,424
Capital assets	<u>358,992</u>	<u>7,663,650</u>	<u>8,022,642</u>
Total all funds	\$13,134,780	\$9,252,286	\$22,387,066
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>
Total general fund	\$13,134,780	\$9,252,286	\$22,387,066
Full-time equivalent positions	62.78	0.00	62.78

Subdivision 10.

MINOT STATE UNIVERSITY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$37,838,974	\$8,471,237	\$46,310,211
Capital assets	<u>899,620</u>	<u>13,532,595</u>	<u>14,432,215</u>
Total all funds	\$38,738,594	\$22,003,832	\$60,742,426
Less estimated income	<u>0</u>	<u>11,801,785</u>	<u>11,801,785</u>
Total general fund	\$38,738,594	\$10,202,047	\$48,940,641
Full-time equivalent positions	201.76	0.00	201.76

Subdivision 11.

VALLEY CITY STATE UNIVERSITY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$17,694,741	\$2,996,394	\$20,691,135
Capital assets	<u>408,319</u>	<u>8,991,990</u>	<u>9,400,309</u>
Total all funds	\$18,103,060	\$11,988,384	\$30,091,444
Less estimated income	<u>0</u>	<u>4,806,837</u>	<u>4,806,837</u>

Total general fund	\$18,103,060	\$7,181,547	\$25,284,607
Full-time equivalent positions	97.29	0.00	97.29

Subdivision 12.

DAKOTA COLLEGE AT BOTTINEAU

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$6,489,750	\$1,430,793	\$7,920,543
Capital assets	115,507	8,744,609	8,860,116
Total all funds	\$6,605,257	\$10,175,402	\$16,780,659
Less estimated income	0	7,600,789	7,600,789
Total general fund	\$6,605,257	\$2,574,613	\$9,179,870
Full-time equivalent positions	36.12	0.00	36.12

Subdivision 13.

UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$47,747,971	\$8,757,663	\$56,505,634
Total all funds	\$47,747,971	\$8,757,663	\$56,505,634
Less estimated income	0	0	0
Total general fund	\$47,747,971	\$8,757,663	\$56,505,634
Full-time equivalent positions	156.55	0.00	156.55

Subdivision 14.

NORTH DAKOTA FOREST SERVICE

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Operations	\$5,514,681	\$735,298	\$6,249,979
Capital assets	97,791	788,419	886,210
Total all funds	\$5,612,472	\$1,523,717	\$7,136,189
Less estimated income	1,650,000	0	1,650,000
Total general fund	\$3,962,472	\$1,523,717	\$5,486,189
Full-time equivalent positions	28.00	1.00	29.00

Subdivision 15.

BILL TOTAL

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand total all funds	\$611,231,666	\$457,554,190	\$1,068,785,856
Grand total special funds	4,706,229	167,774,712	172,480,941
Grand total general fund	\$606,525,437	\$289,779,478	\$896,304,915"

Page 7, replace lines 9 and 10 with:

"Capital projects - general fund	\$47,136,000	\$155,691,350
Capital projects - other funds	105,065,555	168,531,029
Capital projects contingency pool	0	5,483,413
Campus deferred maintenance projects	0	440,000
Performance funding pool	0	5,000,000"

Page 7, replace lines 12 and 13 with:

"Minot state university flood recovery funds	0	2,500,000
Dakota college at Bottineau - campus software updates	0	28,500"

Page 7, replace lines 20 through 24 with:

"Education challenge fund	0	29,000,000
Health care workforce initiative	0	7,414,806
Master plan and space utilization study	0	1,000,000
Total all funds	\$156,325,912	\$385,889,098
Total other funds	105,065,555	168,531,029
Total general fund	\$51,260,357	\$217,358,069"

Page 7, remove lines 29 through 31

Page 8, replace lines 1 through 14 with:

"SECTION 3. CONTINGENT APPROPRIATIONS - DICKINSON STATE UNIVERSITY - DEPARTMENT OF PUBLIC INSTRUCTION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$6,000,000, or so much of the sum as may be necessary, to Dickinson state university for the purpose of awarding a grant as provided under this section, and out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, or so much of the sum as may be necessary, to the department of public instruction for the purpose of awarding a grant as provided under this section, for the biennium beginning July 1, 2013, and ending June 30, 2015.

The funding appropriated to Dickinson state university under this section is for the purpose of awarding a grant to the Theodore Roosevelt center or the Theodore Roosevelt presidential library for the construction of a Theodore Roosevelt presidential library, for the biennium beginning July 1, 2013, and ending June 30, 2015. Dickinson state university may not use any of the funds appropriated in this section for administrative costs and may not award any of the funds until the grant recipient has raised at least \$3,000,000 from nonstate sources for the project. A grant awarded under this section may be used only for construction costs of the Theodore Roosevelt presidential library. The facility constructed may be used only to house the Theodore Roosevelt presidential library.

The funding appropriated to the department of public instruction under this section is for the purpose of awarding a grant to a state agency or nonprofit organization to construct a children's science center in the city where the state capitol is located for providing informal science education to children and others.

The funding provided under this section is available only if the sum of actual general fund revenues and the amount by which the July 1, 2013, unobligated general fund balance is more than the legislative estimate made at the close of the 2013 regular legislative session exceeds three and one-half percent of the estimated general fund revenues for the period from July 1, 2013, through June 30, 2014, as determined by the office of management and budget. For purposes of this section, "actual general fund revenues" and "estimated general fund revenues" exclude the estimated July 1, 2013, unobligated general fund balance and transfers into the general fund from the strategic investment and improvements fund, the mill and elevator, the lottery, and the gas tax administration. The funding provided in this section is considered a one-time funding item."

Page 9, after line 12, insert:

"SECTION 5. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Advancement of academics - Matching grants - University of North Dakota and North Dakota state university.

1. a. During the period beginning July 1, 2013, and ending December 31, 2014, the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundations of the university of North Dakota and North Dakota state university for projects dedicated exclusively to the advancement of academics.

- b. To be eligible for a matching grant, an institution must demonstrate that:
 - (1) Its foundation has raised at least fifty thousand dollars in cash or monetary pledges for a qualifying project; and
 - (2) The project has been approved by the grant review committee established in section 8 of this Act.
- c. The board may award up to ten million dollars in matching grants to each institution.
- 2. a. If any available dollars have not been awarded by the board before January 1, 2015, in accordance with subsection 1, either the university of North Dakota or North Dakota state university may apply for an additional matching grant.
- b. An application submitted under this subsection must meet the same criteria as an original application.
- c. The board shall consider each application submitted under this subsection in chronological order.
- d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

SECTION 6. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Advancement of academics - Matching grants - Two-year and four-year institutions of higher education.

- 1. a. During the period beginning July 1, 2013, and ending December 31, 2014, the state board of higher education shall award one dollar in matching grants for every two dollars raised by the institutional foundations of Bismarck state college, Dakota college at Bottineau, Dickinson state university, Lake Region state college, Mayville state university, Minot state university, North Dakota state college of science, Valley City state university, and Williston state college for projects dedicated exclusively to the advancement of academics.
- b. To be eligible for a matching grant, an institution must demonstrate that:
 - (1) Its foundation has raised at least twenty-five thousand dollars in cash or monetary pledges for a qualifying project; and
 - (2) The project has been approved by the grant review committee established in section 8 of this Act.
- c. The board may award up to one million dollars in matching grants to each institution.
- 2. a. If any available dollars have not been awarded by the board before January 1, 2015, in accordance with subsection 1, any institution listed in subsection 1 may apply for an additional matching grant.
- b. An application submitted under this subsection must meet the same criteria as an original application.
- c. The board shall consider each application submitted under this subsection in chronological order.

- d. If the remaining dollars are insufficient to provide a matching grant in the amount of one dollar for every two dollars raised by the institutional foundation, the board shall award a lesser amount.

SECTION 7. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Liability for pledged amount.

If the state board of higher education provides grant funds under this Act to an institution on the basis of a monetary pledge and if the amount forthcoming is less than the amount pledged, the institutional foundation is liable to the institution for any shortfall.

SECTION 8. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Grant review committee.

1. There is created a grant review committee consisting of:
 - a. The governor, or the governor's designee, who shall serve as the chairman;
 - b. Two members of the house of representatives appropriations committee, selected by the majority leader of the house of representatives;
 - c. Two members of the senate appropriations committee, selected by the majority leader of the senate;
 - d. Two members appointed by the governor, with the consent of the legislative management; and
 - e. Two members appointed by the state board of higher education, with the consent of the legislative management.
2. The gubernatorial appointees must have an understanding of higher education's role in advancing agriculture, the arts, commerce and finance, manufacturing, mineral extraction, natural resources, and the professions.
3. The grant review committee shall establish its rules of operation and procedure and shall develop and publish the criteria upon which all requests for matching grants will be reviewed.
4. A request for a matching grant must be presented to the committee by the president of the institution. The president may be accompanied by other individuals having an expertise with respect to the project.

SECTION 9. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Grant review committee - Compensation.

Each member of the grant review committee is entitled to receive compensation in the amount of one hundred thirty-five dollars per day plus reimbursement for expenses as provided by law for state officers if the member is attending meetings or performing duties directed by the committee. The compensation provided for in this section may not be paid to any member of the committee who receives a salary or other compensation as an employee or official of this state if the individual is serving on the committee by virtue of the individual's state office or state employment.

SECTION 10. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Definition.

For purposes of this Act, projects dedicated to the advancement of enhanced academics include investments in research, scholarships, technology, endowed chairs, and investments in educational infrastructure, including new capital construction projects that conform with the university system campus master plan and space utilization study.

SECTION 11. AMENDMENT. Section 15-52-01 of the North Dakota Century Code is amended and reenacted as follows:

15-52-01. School of medicine and health sciences.

The primary purpose of the university of North Dakota school of medicine and health sciences is to educate physicians and other health professionals for subsequent service in North Dakota and to enhance the quality of life ~~in North Dakota~~ of its people. Other purposes include the discovery of knowledge that benefits the people of this state and enhances the quality of their lives.

SECTION 12. AMENDMENT. Section 15-52-03 of the North Dakota Century Code is amended and reenacted as follows:

15-52-03. School of medicine and health sciences advisory council - Members, terms, meetings.

1. To assure the proper coordination of the university of North Dakota school of medicine and health sciences with all other health activities of the state, a permanent school of medicine and health sciences advisory council is established to perform the duties in section 15-52-04.
2. The council consists of fifteen members:
 - a.
 - (1) Two members of the senate, one of whom must be from the majority party and one of whom must be from the minority party, selected by the chairman of the legislative management; and
 - (2) Two members of the house of representatives, one of whom must be from the majority party and one of whom must be from the minority party, to be selected by the chairman of the legislative management;
 - b. One member selected by each of the following:
 - (1) The department of human services;
 - (2) The state board of higher education;
 - (3) The state department of health;
 - (4) The North Dakota medical association;
 - (5) The North Dakota hospital association;
 - (6) The veterans administration hospital in Fargo; and
 - (7) The university of North Dakota center for rural health; and
 - c. Four members selected by the dean of the university of North Dakota school of medicine and health sciences, one from each of the four campuses of the school of medicine and health sciences with headquarters in Bismarck, Fargo, Grand Forks, and Minot.

3. The representatives named by the state agencies and boards must be selected to serve as members of the advisory council for periods of at least one year, but may not serve longer than their term of office on the public agency. The representatives from the North Dakota state medical association and the North Dakota hospital association shall serve a term of three years or until their successors are named and qualified.
4. The council shall name its own chairman and the dean of the university of North Dakota school of medicine and health sciences shall serve as executive secretary of the council. The executive secretary does not have voting privileges. The council shall meet not less than twice each year, and, from time to time, on its own motion or upon request of the university administration.

SECTION 13. AMENDMENT. Section 15-52-04 of the North Dakota Century Code is amended and reenacted as follows:

15-52-04. Duties of council.

1. The advisory council, in consultation with the school of medicine and health sciences and the other agencies, associations, and institutions represented on the advisory council, shall study and make recommendations regarding the strategic plan, programs, and facilities of the school of medicine and health sciences in support of its purpose as defined in section 15-52-01.
2. Biennially, the advisory council shall submit a report, together with its recommendations, to the agencies, associations, and institutions represented on the advisory council, to the university of North Dakota, and to the legislative council.
3. a. The report must describe the advisory council's recommendations regarding the strategic plan, programs, and facilities of the school of medicine and health sciences as developed under subsection 1. The recommendations for implementing strategies through the school of medicine and health sciences or other agencies and institutions must:
 - (1) Address the health care needs of the people of the state; and
 - (2) Provide information regarding the state's health care workforce needs; and
 - (3) Provide information that specifies the contributions that the university of North Dakota school of medicine and health sciences and the residency training programs in the state are making to meet the health care provider workforce needs of the state. Such information must include data regarding:
 - (a) The effectiveness of activities conducted throughout the state relating to the recruitment and progression of students into medical school and into the health care provider workforce;
 - (b) Class characteristics of the medical school matriculants, specifically to include a description of their geographic background;
 - (c) Residency choices of medical school graduates;
 - (d) Practice location choices of graduates of North Dakota residencies; and
 - (e) Any other relevant information that the university of North Dakota school of medicine and health sciences advisory

council determines to be important and useful in assessing the degree of success of the university of North Dakota school of medicine and health sciences in meeting the health care workforce needs of the state as specified in section 15-52-01.

- b. The recommendations required under subdivision a may address:
 - (1) Medical education and training;
 - (2) The recruitment and retention of physicians and other health care professionals;
 - (3) Factors influencing the practice environment for physicians and other health care professionals;
 - (4) Access to health care;
 - (5) Patient safety;
 - (6) The quality of health care and the efficiency of its delivery; and
 - (7) Financial challenges in the delivery of health care.
4. The council may consult with any individual or entity in performing its duties under this section.

SECTION 14. AMENDMENT. Section 15-52-05 of the North Dakota Century Code is amended and reenacted as follows:

15-52-05. Facilities.

The university authorities shall make the facilities of the university of North Dakota school of medicine and health sciences available to all agencies of the state, federal, and local governments engaged in health and welfare activities to the fullest extent possible within the limits of a complete and coordinated program for the use thereof on terms commensurate with the cost of services rendered and facilities furnished. The work of the school of medicine and health sciences must be coordinated with the work of the other departments of the university of North Dakota. Means must be provided whereby regularly enrolled students in other schools or departments of the university of North Dakota may, upon approval of the dean of such other school or department, enroll in elective courses in the medical school and receive credit therefor in the school or department in which they are regularly enrolled, subject to such policy and procedures as may be established by the university of North Dakota and the state board of higher education. Medical students may enroll in other departments and schools. Such action must be taken as may serve to make both the school of medicine and health sciences and the other departments and schools of the university of North Dakota more efficient and responsive to needs of the people through the mutual interchange of facilities, and service, wherever possible.

SECTION 15. AMENDMENT. Section 15-52-09 of the North Dakota Century Code is amended and reenacted as follows:

15-52-09. Expenditure of proceeds of one-mill levy authorized - Limitation.

The proceeds of the one-mill tax levy established by section 10 of article X of the Constitution of North Dakota, together with any other funds that may be received by the state treasurer, from time to time, for the benefit of the ~~North Dakota state medical center~~ university of North Dakota school of medicine and health sciences, must be expended to establish, develop, and maintain the university of North Dakota school of medicine and health sciences, as provided in this chapter, by the issuance of state warrants drawn on such funds by the director of the office of management and budget.

SECTION 16. AMENDMENT. Section 15-52-31 of the North Dakota Century Code is amended and reenacted as follows:

15-52-31. Admission of students - Qualifications.

The faculty of the school of medicine and health sciences at the university of North Dakota may, with the advice of the school of medicine and health sciences advisory council and with the approval of the state board of higher education and in accordance with applicable accreditation requirements as specified by the liaison committee on medical education, adopt such rules and regulations governing the education and residency qualifications of applicants for admission to the school of medicine and health sciences as it deems necessary and proper to carry out its purpose as provided in section 15-52-01."

Page 12, after line 1, insert:

"SECTION 20. REPEAL. Section 5 of Senate Bill No. 2018, as approved by the sixty-third legislative assembly, is repealed."

Page 12, line 2, after "**AUTHORITY**" insert "**- LEGISLATIVE MANAGEMENT REPORT**"

Page 12, line 4, replace "during the biennium beginning July 1, 2013," with "for the period beginning with the effective date of this Act"

Page 12, line 8, after "institutions" insert "based on the university system master plan and space utilization study. However, the state board of higher education may distribute up to one-half of the funds in the pool to institutions prior to the completion of the master plan and space utilization study"

Page 12, after line 11, insert:

- "3. The performance funding pool line item includes funding that may be allocated to institutions based on the institution meeting specified goals or other performance measures as determined by the board. The funding in the performance funding pool may not be used for the operations or any function of the university system office. The state board of higher education shall consider any allocations from the oil and gas impact grant fund to higher education institutions when determining allocations to institutions from the performance funding pool. During the 2013-14 interim, the state board of higher education shall provide a report to the legislative management regarding the distribution of funds from the performance funding pool."

Page 12, line 13, replace "**BUDGET SECTION REPORT**" with "**LEGISLATIVE MANAGEMENT REPORTS - REPORT TO SIXTY-FOURTH LEGISLATIVE ASSEMBLY**"

Page 12, line 13, replace "Within five years of" with "Upon"

Page 12, line 16, replace "consolidate all" with "require"

Page 12, line 16, after "offices" insert "of newly hired employees to be located"

Page 12, line 16, after "building" insert "unless the position is specifically assigned to an institution or the university system office"

Page 12, line 16, replace "The" with "During the 2013-14 interim, the"

Page 12, line 17, after "section" insert "and information technology committee"

Page 12, line 18, replace the second "the" with "university"

Page 12, line 18, remove "offices until all offices"

Page 12, line 19, replace "are consolidated" with ", including the location of staff members providing those services"

Page 12, line 19, remove "Effective five years after the completion of the building project, the state board"

Page 12, replace lines 20 through 22 with "The university system shall provide a report to the appropriations committees of the sixty-fourth legislative assembly regarding the consolidation of university system information technology services and shall provide a comprehensive report of the budget for all university system information technology services, including services provided by institutions."

Page 12, line 25, replace "biennium" with "period"

Page 12, line 25, replace "July 1, 2013," with "with the effective date of this Act"

Page 12, after line 31, insert:

"SECTION 24. CAPITAL PROJECTS CONTINGENCY POOL - TRANSFER AUTHORITY - BUDGET SECTION REPORT. The capital projects contingency pool line item contained in subdivision 1 of section 1 of this Act includes funding that may be transferred to institutions for capital projects as provided under this section. The state board of higher education may transfer funds from the capital projects contingency pool to an institution if the lowest acceptable bid received for a capital project exceeds the legislative appropriation provided for the project. The board shall provide a prorated amount to institutions from the pool if the amount of funding required for eligible projects exceeds available funding. An institution may only receive funding from the pool for capital projects that receive a general fund appropriation and are authorized under this Act. For purposes of this section, the "legislative appropriation provided for a project" does not include funds appropriated from private donations and other local funds to enhance a project. During the 2013-14 interim, the state board of higher education shall provide periodic reports to the budget section regarding funds distributed from the capital projects contingency pool.

SECTION 25. CAMPUS CAPITAL PROJECTS - PROJECT MANAGEMENT. During the biennium beginning July 1, 2013, and ending June 30, 2015, each capital project authorized by the state board of higher education must have adequate project management oversight by either an institution official or a representative of an external entity. An institution may seek assistance from the university system office for project management oversight of a capital project.

SECTION 26. BISMARCK STATE COLLEGE COMMUNICATIONS AND CREATIVE ARTS CENTER. The capital assets line item in subdivision 2 of section 1 of this Act includes the sum of \$12,635,000 from the general fund and \$665,000 from special funds derived from donations and other income for the Bismarck state college communications and creative arts center project. The capital assets line item in subdivision 2 of section 1 of this Act also includes the sum of \$6,000,000 from special funds derived from donations and other income which may be used to construct a theater as part of the communications and creative arts center project. Up to \$600,000 of the general fund appropriation for the project may be used to develop programming at the communications and creative arts center that includes written and spoken communications, visual and performing arts, social sciences, history, law, economics, philosophy, and current events. Funding may be used for items including curriculum development, student activities, faculty enhancement, public programming, and the development and publication of appropriate media to promote these activities.

SECTION 27. UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES BISMARCK FAMILY PRACTICE CENTER SKYWALK PROJECT. The capital assets line item in subdivision 5 of section 1 of this Act includes the sum of \$750,000 from the general fund for the university of North Dakota school of medicine and health sciences Bismarck family practice center skywalk project. The university of North Dakota shall provide \$1 of nonstate funding for the project for every \$1 of funding used from the general fund appropriation.

SECTION 28. UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES FACILITY PROJECT - LOAN AUTHORIZATION. The legislative assembly authorizes the construction of the university of North Dakota school of medicine and health sciences facility project to be funded in two phases as provided under this section. The capital assets line item in subdivision 5 of section 1 of this Act includes the sum of \$60,450,000, or so much of the sum as may be necessary, for phase 1 of the project. The university of North Dakota may also seek funding from the capital projects contingency pool in accordance with section 24 of this Act for costs associated with phase 1 of the project. During the biennium beginning July 1, 2013, and ending June 30, 2015, and continuing into the biennium beginning July 1, 2015, and ending June 30, 2017, the state board of higher education may borrow the sum of \$62,000,000, or so much of the sum as may be necessary, from the Bank of North Dakota for completion of phase 2 of the school of medicine and health sciences facility project. The state board of higher education shall seek funding from the sixty-fourth legislative assembly to repay the loan authorized under this section.

SECTION 29. DICKINSON STATE UNIVERSITY - THEODORE ROOSEVELT CENTER - THEODORE ROOSEVELT PRESIDENTIAL LIBRARY. The operations line item in subdivision 8 of section 1 of this Act includes the sum of \$800,000 for the Theodore Roosevelt center. Of this amount, up to \$200,000 may be used for the planning and design of a facility to house the Theodore Roosevelt presidential library."

Page 13, line 20, replace "the sum of \$158,904,848, which" with "a funding allocation from the higher education per student credit-hour funding formula attributable to inflation during the biennium beginning July 1, 2013, and ending June 30, 2015. A minimum of twenty-five percent of the allocation"

Page 13, line 20, remove ", in part,"

Page 13, line 21, remove ", based on the recommendation of the commissioner of higher education,"

Page 13, line 22, remove "for operations consistent"

Page 13, line 23, replace "with the higher education per student credit-hour funding formula" with "based on the recommendation of the commissioner of higher education"

Page 14, after line 27, insert:

"SECTION 38. LEGISLATIVE MANAGEMENT REPORT - POSTSECONDARY ACADEMIC MATCHING GRANTS. Before October 1, 2014, the state board of higher education shall provide a report to the legislative management regarding the number of matching grants that were sought, the number that were awarded, and the manner in which the grants were used as provided in sections 5 through 10 of this Act.

SECTION 39. LEGISLATIVE MANAGEMENT STUDY - STATE AGENCY LEGAL SERVICES. During the 2013-14 interim, the legislative management shall consider studying legal services provided by attorneys in executive branch state agencies. The study, if conducted, must review the services provided by attorneys in each agency, supervision of the attorneys in each agency, and whether the attorneys are classified as assistant or special assistant attorneys general. The study must also review the use of contracted legal services by each agency. The legislative management shall report its findings and recommendations, together with any legislation needed to implement the recommendations, to the sixty-fourth legislative assembly.

SECTION 40. EXPIRATION DATE. Sections 5 through 10 of this Act are effective through June 30, 2015, and after that date are ineffective."

Page 14, line 28, replace "3 and 18" with "21, 23, 27, 28, 29, 30, and 37"

Page 14, line 28, after "Act" insert "; \$200,000 included in the operations line item in subdivision 8 of section 1 of this Act for the Theodore Roosevelt center; \$5,000,000 included in the operations line item in subdivision 10 of section 1 of this Act for flood recovery funding;"

Page 14, line 28, after "assets" insert ", master plan and space utilization study,"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2003 - Summary of Conference Committee Action

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
University System Office						
Total all funds	\$158,461,888	\$154,432,356	\$9,587,692	\$164,020,048	\$340,540,249	(\$176,520,201)
Less estimated income	2,299,912	2,299,912	0	2,299,912	18,299,912	(16,000,000)
General fund	\$156,161,976	\$152,132,444	\$9,587,692	\$161,720,136	\$322,240,337	(\$160,520,201)
Bismarck State College						
Total all funds	\$48,714,535	\$48,714,535	\$3,656,792	\$52,371,327	\$37,623,855	\$14,747,472
Less estimated income	0	0	6,665,000	6,665,000	6,600,000	65,000
General fund	\$48,714,535	\$48,714,535	(\$3,008,208)	\$45,706,327	\$31,023,855	\$14,682,472
Lake Region State College						
Total all funds	\$19,357,137	\$19,357,137	(\$1,122,489)	\$18,234,648	\$11,747,016	\$6,487,632
Less estimated income	0	0	0	0	0	0
General fund	\$19,357,137	\$19,357,137	(\$1,122,489)	\$18,234,648	\$11,747,016	\$6,487,632
Williston State College						
Total all funds	\$24,187,242	\$24,187,242	\$2,134,419	\$26,321,661	\$9,886,968	\$16,434,693
Less estimated income	0	0	0	0	0	0
General fund	\$24,187,242	\$24,187,242	\$2,134,419	\$26,321,661	\$9,886,968	\$16,434,693
University of North Dakota						
Total all funds	\$311,103,676	\$340,103,676	(\$13,060,081)	\$327,043,595	\$246,564,897	\$80,478,698
Less estimated income	67,487,262	96,487,262	0	96,487,262	96,487,262	0
General fund	\$243,616,414	\$243,616,414	(\$13,060,081)	\$230,556,333	\$150,077,635	\$80,478,698
UND Medical Center						
Total all funds	\$55,162,777	\$55,962,777	\$542,857	\$56,505,634	\$55,962,777	\$542,857
Less estimated income	0	0	0	0	0	0
General fund	\$55,162,777	\$55,962,777	\$542,857	\$56,505,634	\$55,962,777	\$542,857
North Dakota State University						
Total all funds	\$215,779,839	\$216,439,839	(\$5,426,699)	\$211,013,140	\$177,063,327	\$33,949,813
Less estimated income	39,159,356	39,819,356	0	39,819,356	39,819,356	0
General fund	\$176,620,483	\$176,620,483	(\$5,426,699)	\$171,193,784	\$137,243,971	\$33,949,813
State College of Science						
Total all funds	\$51,852,178	\$51,852,178	(\$3,222,464)	\$48,629,714	\$38,134,733	\$10,494,981
Less estimated income	1,350,000	1,350,000	0	1,350,000	1,350,000	0
General fund	\$50,502,178	\$50,502,178	(\$3,222,464)	\$47,279,714	\$36,784,733	\$10,494,981
Dickinson State University						
Total all funds	\$28,082,814	\$29,082,814	(\$1,574,509)	\$27,508,305	\$25,876,838	\$1,631,467
Less estimated income	0	0	0	0	0	0
General fund	\$28,082,814	\$29,082,814	(\$1,574,509)	\$27,508,305	\$25,876,838	\$1,631,467
Mayville State University						
Total all funds	\$23,819,658	\$23,819,658	(\$1,432,592)	\$22,387,066	\$14,066,522	\$8,320,544
Less estimated income	0	0	0	0	0	0
General fund	\$23,819,658	\$23,819,658	(\$1,432,592)	\$22,387,066	\$14,066,522	\$8,320,544
Minot State University						
Total all funds	\$57,088,203	\$62,088,203	(\$1,345,777)	\$60,742,426	\$52,613,869	\$8,128,557
Less estimated income	11,801,785	11,801,785	0	11,801,785	11,801,785	0
General fund	\$45,286,418	\$50,286,418	(\$1,345,777)	\$48,940,641	\$40,812,084	\$8,128,557
Valley City State University						
Total all funds	\$31,462,444	\$31,712,444	(\$1,621,000)	\$30,091,444	\$24,910,308	\$5,181,136
Less estimated income	4,806,837	4,806,837	0	4,806,837	4,806,837	0
General fund	\$26,655,607	\$26,905,607	(\$1,621,000)	\$25,284,607	\$20,103,471	\$5,181,136
Dakota College at Bottineau						
Total all funds	\$16,488,285	\$17,328,285	(\$547,626)	\$16,780,659	\$15,039,889	\$1,740,770
Less estimated income	7,600,789	7,600,789	0	7,600,789	7,600,789	0
General fund	\$8,887,496	\$9,727,496	(\$547,626)	\$9,179,870	\$7,439,100	\$1,740,770
Forest Service						
Total all funds	\$7,159,022	\$7,159,022	(\$22,833)	\$7,136,189	\$7,087,534	\$48,655
Less estimated income	1,650,000	1,650,000	0	1,650,000	1,650,000	0

General fund	\$5,509,022	\$5,509,022	(\$22,833)	\$5,486,189	\$5,437,534	\$48,655
Bill total						
Total all funds	\$1,048,719,698	\$1,082,240,166	(\$13,454,310)	\$1,068,785,856	\$1,057,118,782	\$11,667,074
Less estimated income	136,155,941	165,815,941	6,665,000	172,480,941	188,415,941	(15,935,000)
General fund	\$912,563,757	\$916,424,225	(\$20,119,310)	\$896,304,915	\$868,702,841	\$27,602,074

Senate Bill No. 2003 - North Dakota University System - General Fund Summary

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
University System Office	\$156,161,976	\$152,132,444	\$9,587,692	\$161,720,136	\$322,240,337	(\$160,520,201)
Bismarck State College	48,714,535	48,714,535	(3,008,208)	45,706,327	31,023,855	14,682,472
Lake Region State College	19,357,137	19,357,137	(1,122,489)	18,234,648	11,747,016	6,487,632
Williston State College	24,187,242	24,187,242	2,134,419	26,321,661	9,886,968	16,434,693
University of North Dakota	243,616,414	243,616,414	(13,060,081)	230,556,333	150,077,635	80,478,698
UND Medical Center	55,162,777	55,962,777	542,857	56,505,634	55,962,777	542,857
North Dakota State University	176,620,483	176,620,483	(5,426,699)	171,193,784	137,243,971	33,949,813
State College of Science	50,502,178	50,502,178	(3,222,464)	47,279,714	36,784,733	10,494,981
Dickinson State University	28,082,814	29,082,814	(1,574,509)	27,508,305	25,876,838	1,631,467
Mayville State University	23,819,658	23,819,658	(1,432,592)	22,387,066	14,066,522	8,320,544
Minot State University	45,286,418	50,286,418	(1,345,777)	48,940,641	40,812,084	8,128,557
Valley City State University	26,655,607	26,905,607	(1,621,000)	25,284,607	20,103,471	5,181,136
Dakota College at Bottineau	8,887,496	9,727,496	(547,626)	9,179,870	7,439,100	1,740,770
Forest Service	5,509,022	5,509,022	(22,833)	5,486,189	5,437,534	48,655
Total general fund	\$912,563,757	\$916,424,225	(\$20,119,310)	\$896,304,915	\$868,702,841	\$27,602,074

Detail of Conference Committee Changes to the General Fund

	Increases Funding for System Governance ¹	Removes Contract Settlement Payment ²	Adds Systemwide Performance Funding Pool ³	Restores Funding for Campus Master Planning ⁴	Reduces Funding for Education Challenge Fund ⁵	Reduces Funding for Academic and CTE Scholarships ⁶
University System Office	\$700,000	(\$854,520)	\$5,000,000	\$1,000,000	(\$1,000,000)	(\$3,700,000)
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota						
UND Medical Center						
North Dakota State University						
State College of Science						
Dickinson State University						
Mayville State University						
Minot State University						
Valley City State University						
Dakota College at Bottineau						
Forest Service						
Total general fund	\$700,000	(\$854,520)	\$5,000,000	\$1,000,000	(\$1,000,000)	(\$3,700,000)

	Adjusts Employee Compensation Package ⁷	Transfers Positions to University System Office ⁸	Removes Funding for Campus Equalization Payments ⁹	Provides Adjusted Campus Equity Funding Payments ¹⁰	Removes Funding for Inflation and Initiative Formula Payments ¹¹	Provides Adjusted Inflation Payments ¹²
University System Office	(\$167,267)	\$3,126,066				
Bismarck State College			(3,537,996)	2,589,392	(3,830,552)	2,335,948
Lake Region State College			(2,800,171)	2,440,986	(1,450,423)	884,497
Williston State College					(1,097,278)	689,871
University of North Dakota		(1,789,765)			(18,447,364)	14,687,048
UND Medical Center						
North Dakota State University		(1,336,301)	(6,431,392)	6,431,392	(12,841,542)	10,231,144
State College of Science			(2,249,951)	1,125,200	(4,541,854)	2,769,714
Dickinson State University			(2,236,064)	1,430,077	(3,054,133)	1,846,980
Mayville State University			(904,705)	452,598	(1,713,173)	1,036,038
Minot State University					(4,725,919)	2,953,818
Valley City State University			(1,961,854)	1,315,713	(2,448,427)	1,480,681
Dakota College at Bottineau			(968,128)	740,666	(918,511)	560,127
Forest Service	(22,833)					
Total general fund	(\$190,100)	\$0	(\$21,090,261)	\$16,526,024	(\$55,069,176)	\$39,475,866

	Adds Funding for Campus Security ¹³	Adjusts Campus Funding ¹⁴	Adjusts Funding for General Fund Capital Projects ¹⁵	Adds Capital Projects Contingency Pool ¹⁶	Adjusts Funding for Other Capital Projects ¹⁷	Total General Fund Changes
University System Office				\$5,483,413		\$9,587,692
Bismarck State College	100,000		(665,000)			(3,008,208)
Lake Region State College	100,000		(297,378)			(1,122,489)

Williston State College	743,950	2,500,000	(702,124)			2,134,419
University of North Dakota		190,000	(8,450,000)		750,000	(13,060,081)
UND Medical Center		542,857				542,857
North Dakota State University			(1,480,000)			(5,426,699)
State College of Science	100,000		(425,573)			(3,222,464)
Dickinson State University	638,631	(200,000)				(1,574,509)
Mayville State University	100,000		(403,350)			(1,432,592)
Minot State University	517,419		(91,095)			(1,345,777)
Valley City State University	100,000	100,000	(207,113)			(1,621,000)
Dakota College at Bottineau	100,000		(61,780)			(547,626)
Forest Service						(22,833)
Total general fund	\$2,500,000	\$3,132,857	(\$12,783,413)	\$5,483,413	\$750,000	(\$20,119,310)

Senate Bill No. 2003 - North Dakota University System - Other Funds Summary

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
University System Office	\$2,299,912	\$2,299,912		\$2,299,912	\$18,299,912	(\$16,000,000)
Bismarck State College			6,665,000	6,665,000	6,600,000	65,000
Lake Region State College						
Williston State College						
University of North Dakota	67,487,262	96,487,262		96,487,262	96,487,262	
UND Medical Center						
North Dakota State University	39,159,356	39,819,356		39,819,356	39,819,356	
State College of Science	1,350,000	1,350,000		1,350,000	1,350,000	
Dickinson State University						
Mayville State University						
Minot State University	11,801,785	11,801,785		11,801,785	11,801,785	
Valley City State University	4,806,837	4,806,837		4,806,837	4,806,837	
Dakota College at Bottineau	7,600,789	7,600,789		7,600,789	7,600,789	
Forest Service	1,650,000	1,650,000		1,650,000	1,650,000	
Total other funds	\$136,155,941	\$165,815,941	\$6,665,000	\$172,480,941	\$188,415,941	(\$15,935,000)

Detail of Conference Committee Changes to Other Funds

	Increases Funding for System Governance¹	Removes Contract Settlement Payment²	Adds Systemwide Performance Funding Pool³	Restores Funding for Campus Master Planning⁴	Reduces Funding for Education Challenge Fund⁵	Reduces Funding for Academic and CTE Scholarships⁶
University System Office						
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota						
UND Medical Center						
North Dakota State University						
State College of Science						
Dickinson State University						
Mayville State University						
Minot State University						
Valley City State University						
Dakota College at Bottineau						
Forest Service						
Total other funds	\$0	\$0	\$0	\$0	\$0	\$0

	Adjusts Employee Compensation Package⁷	Transfers Positions to University System Office⁸	Removes Funding for Campus Equalization Payments⁹	Provides Adjusted Campus Equity Funding Payments¹⁰	Removes Funding for Inflation and Initiative Formula Payments¹¹	Provides Adjusted Inflation Payments¹²
University System Office						
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota						
UND Medical Center						
North Dakota State University						
State College of Science						
Dickinson State University						
Mayville State University						
Minot State University						
Valley City State University						
Dakota College at Bottineau						
Forest Service						
Total other funds	\$0	\$0	\$0	\$0	\$0	\$0

Adds Funding for Campus	Adjusts Campus	Adjusts Funding for General Fund	Adds Capital Projects	Adjusts Funding for Other Capital	Total Other Funds Changes
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	Security ¹³	Funding ¹⁴	Capital Projects ¹⁵	Contingency Pool ¹⁶	Projects ¹⁷	
University System Office						
Bismarck State College					6,665,000	6,665,000
Lake Region State College						
Williston State College						
University of North Dakota						
UND Medical Center						
North Dakota State University						
State College of Science						
Dickinson State University						
Mayville State University						
Minot State University						
Valley City State University						
Dakota College at Bottineau						
Forest Service						
Total other funds	\$0	\$0	\$0	\$0	\$6,665,000	\$6,665,000

Senate Bill No. 2003 - North Dakota University System - All Funds Summary

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
University System Office	\$158,461,888	\$154,432,356	\$9,587,692	\$164,020,048	\$340,540,249	(\$176,520,201)
Bismarck State College	48,714,535	48,714,535	3,656,792	52,371,327	37,623,855	14,747,472
Lake Region State College	19,357,137	19,357,137	(1,122,489)	18,234,648	11,747,016	6,487,632
Williston State College	24,187,242	24,187,242	2,134,419	26,321,661	9,886,968	16,434,693
University of North Dakota	311,103,676	340,103,676	(13,060,081)	327,043,595	246,564,897	80,478,698
UND Medical Center	55,162,777	55,962,777	542,857	56,505,634	55,962,777	542,857
North Dakota State University	215,779,839	216,439,839	(5,426,699)	211,013,140	177,063,327	33,949,813
State College of Science	51,852,178	51,852,178	(3,222,464)	48,629,714	38,134,733	10,494,981
Dickinson State University	28,082,814	29,082,814	(1,574,509)	27,508,305	25,876,838	1,631,467
Mayville State University	23,819,658	23,819,658	(1,432,592)	22,387,066	14,066,522	8,320,544
Minot State University	57,088,203	62,088,203	(1,345,777)	60,742,426	52,613,869	8,128,557
Valley City State University	31,462,444	31,712,444	(1,621,000)	30,091,444	24,910,308	5,181,136
Dakota College at Bottineau	16,488,285	17,328,285	(547,626)	16,780,659	15,039,889	1,740,770
Forest Service	7,159,022	7,159,022	(22,833)	7,136,189	7,087,534	48,655
Total all funds	\$1,048,719,698	\$1,082,240,166	(\$13,454,310)	\$1,068,785,856	\$1,057,118,782	\$11,667,074
FTE	2344.49	2337.49	(32.75)	2304.74	2304.74	0.00

Detail of Conference Committee Changes to All Funds

	Increases Funding for System Governance ¹	Removes Contract Settlement Payment ²	Adds Systemwide Performance Funding Pool ³	Restores Funding for Campus Master Planning ⁴	Reduces Funding for Education Challenge Fund ⁵	Reduces Funding for Academic and CTE Scholarships ⁶
University System Office	\$700,000	(\$854,520)	\$5,000,000	\$1,000,000	(\$1,000,000)	(\$3,700,000)
Bismarck State College						
Lake Region State College						
Williston State College						
University of North Dakota						
UND Medical Center						
North Dakota State University						
State College of Science						
Dickinson State University						
Mayville State University						
Minot State University						
Valley City State University						
Dakota College at Bottineau						
Forest Service						
Total all funds	\$700,000	(\$854,520)	\$5,000,000	\$1,000,000	(\$1,000,000)	(\$3,700,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adjusts Employee Compensation Package ⁷	Transfers Positions to University System Office ⁸	Removes Funding for Campus Equalization Payments ⁹	Provides Adjusted Campus Equity Funding Payments ¹⁰	Removes Funding for Inflation and Initiative Formula Payments ¹¹	Provides Adjusted Inflation Payments ¹²
University System Office	(\$167,267)	\$3,126,066				
Bismarck State College			(3,537,996)	2,589,392	(3,830,552)	2,335,948
Lake Region State College			(2,800,171)	2,440,986	(1,450,423)	884,497
Williston State College					(1,097,278)	689,871
University of North Dakota		(1,789,765)			(18,447,364)	14,687,048
UND Medical Center						
North Dakota State University		(1,336,301)	(6,431,392)	6,431,392	(12,841,542)	10,231,144
State College of Science			(2,249,951)	1,125,200	(4,541,854)	2,769,714
Dickinson State University			(2,236,064)	1,430,077	(3,054,133)	1,846,980
Mayville State University			(904,705)	452,598	(1,713,173)	1,036,038
Minot State University					(4,725,919)	2,953,818

Valley City State University			(1,961,854)	1,315,713	(2,448,427)	1,480,681
Dakota College at Bottineau			(968,128)	740,666	(918,511)	560,127
Forest Service	(22,833)					
Total all funds	(\$190,100)	\$0	(\$21,090,261)	\$16,526,024	(\$55,069,176)	\$39,475,866
FTE	0.00	0.00	0.00	0.00	(32.75)	0.00

	Adds Funding for Campus Security ¹³	Adjusts Campus Funding ¹⁴	Adjusts Funding for General Fund Capital Projects ¹⁵	Adds Capital Projects Contingency Pool ¹⁶	Adjusts Funding for Other Capital Projects ¹⁷	Total All Funds Changes
University System Office				\$5,483,413		\$9,587,692
Bismarck State College	100,000		(665,000)		6,665,000	3,656,792
Lake Region State College	100,000		(297,378)			(1,122,489)
Williston State College	743,950	2,500,000	(702,124)			2,134,419
University of North Dakota		190,000	(8,450,000)		750,000	(13,060,081)
UND Medical Center		542,857				542,857
North Dakota State University			(1,480,000)			(5,426,699)
State College of Science	100,000		(425,573)			(3,222,464)
Dickinson State University	638,631	(200,000)				(1,574,509)
Mayville State University	100,000		(403,350)			(1,432,592)
Minot State University	517,419		(91,095)			(1,345,777)
Valley City State University	100,000	100,000	(207,113)			(1,621,000)
Dakota College at Bottineau	100,000		(61,780)			(547,626)
Forest Service						(22,833)
Total all funds	\$2,500,000	\$3,132,857	(\$12,783,413)	\$5,483,413	\$7,415,000	(\$13,454,310)
FTE	0.00	0.00	0.00	0.00	0.00	(32.75)

¹ Funding for system governance added by the Senate is increased by \$700,000 to provide total increased funding of \$2 million, the same as the House version. The specific use of the funds is to be determined by the State Board of Higher Education.

² Funding added by the Senate for a contract settlement payment to terminate the contract of the Commissioner of Higher Education is removed. The House also removed the funding.

³ One-time funding of \$5 million from the general fund is added for a systemwide performance funding pool and guidelines are added for the use of funds from the pool. The House also added \$5 million for performance funding allocations.

⁴ Funding of \$1 million removed by the Senate for a systemwide campus master plan and space utilization study is restored. The House also restored the funding.

⁵ Funding for the education challenge fund is reduced from \$30 million to \$29 million.

⁶ Increased funding of \$3.7 million included in the executive budget for the academic and career and technical education scholarship program is removed.

⁷ Funding for employee compensation is reduced for the University System office and Forest Service to provide for salary increases of 4 percent for the first year of the biennium and 3 percent for the second year of the biennium and to provide for 1 percent employee and employer retirement contributions during the first year of the biennium only.

⁸ Funding for internal audit and legal positions at North Dakota State University and the University of North Dakota is transferred to the University System office. The offices for the positions may remain at each campus but the positions are to report directly to the University System office. The House also transferred the positions.

⁹ Funding included in the Senate version and the executive budget for campus equalization payments based on a proposed higher education funding method is removed. The House also removed this funding.

¹⁰ Funding is added for campus equity funding payments based on adjustments to the higher education funding formula included in the executive budget recommendation. The House version provided adjusted campus equity funding payments of \$18.9 million.

¹¹ Funding included in the Senate version and the executive budget for campus inflation and

initiative formula payments based on a proposed higher education funding formula is removed. The House also removed this funding.

¹² Funding for inflation payments to institutions is added based on 5 percent annual inflation adjustments made to institutions' base budgets with equity enhancements. The House version included funding of \$10.4 million for a 2 percent inflation adjustment and the Senate version included \$55.1 million for initiative funding and 6.15 percent annual inflation adjustments.

¹³ Funding is added to address security needs at campuses.

¹⁴ Funding from the general fund is adjusted for the following campus items:

- Ongoing funding of \$2.5 million is added for Williston State College to address extraordinary campus needs resulting from energy development. The House version included \$1 million of one-time funding for Williston State College.
- One-time funding of \$190,000 is added for the University of North Dakota for deferred maintenance at the North Dakota Museum of Art.
- Funding of \$542,857 is added for costs to continue medical student and resident positions added at the University of North Dakota School of Medicine and Health Sciences during the 2011-13 biennium.
- Funding of \$200,000 added by the Senate for the operations of the Dickinson State University Henry Biesiot Activities Center is removed. The House also removed this funding.
- Funding of \$100,000 is added for the Great Plains Science, Technology, Engineering, and Mathematics Center at Valley City State University.

¹⁵ Funding provided for major general fund capital projects, excluding the University of North Dakota School of Medicine and Health Sciences facility project, are reduced by 5 percent. Funding for Phase 1 of the University of North Dakota School of Medicine and Health Sciences facility project is adjusted from \$68 million to \$62 million and then reduced by 2.5 percent. A section is also added to allow the State Board of Higher Education to obtain a loan of \$62 million for Phase 2 of the project.

The following is a summary of adjustments to capital project and campus software upgrade amounts:

Project	Original Amount	Reduction	Revised Amount
Bismarck State College Communications and Creative Arts Center	\$13,300,000	(\$665,000)	\$12,635,000
Lake Region State College Erlandson Center project	5,947,562	(297,378)	5,650,184
Williston State College campus drive project	1,800,000	(90,000)	1,710,000
Williston State College Stevens Hall project	12,242,478	(612,124)	11,630,354
University of North Dakota School of Medicine and Health Sciences facility project	68,300,000 ¹	(7,850,000)	60,450,000
University of North Dakota Law School project	12,000,000	(600,000)	11,400,000
North Dakota State University science, technology, engineering, and mathematics classroom	29,600,000	(1,480,000)	28,120,000
North Dakota State College of Science Old Main project	8,511,452	(425,573)	8,085,879
Mayville State University old gymnasium project	5,800,000	(290,000)	5,510,000
Mayville State University campus drainage improvements	2,267,000	(113,350)	2,153,650
Minot State University plant services building	1,821,905	(91,095)	1,730,810
Valley City State University hillside slope stabilization	505,800	(25,290)	480,510
Valley City State University Vangstad Hall project	3,636,466	(181,823)	3,454,643
Dakota College at Bottineau campus generator	395,600	(19,780)	375,820
Dakota College at Bottineau Thatcher Hall project and software updates	840,000	(42,000)	798,000
	\$166,968,263	(\$12,783,413)	\$154,184,850

¹⁵Funding for the first phase of the University of North Dakota School of Medicine and Health Sciences project was reduced from \$68.3 million to \$62 million. The amounts shown do not include a \$62 million loan authorized for Phase 2 of the project.

¹⁶ Funding is added for a capital projects contingency pool to provide funding for capital projects that have bids that exceed estimates. A section is added to provide guidelines for the distribution of funds from the pool.

¹⁷ Funding is added for the following capital projects:

- Bismarck State College Communications and Creative Arts Center - Special funds authority of \$6,665,000 is added to allow the project to include the construction of a theater and for other enhancements. A section is also added regarding the use of funding designated for the center. The House added \$6.6 million of special funds authority for project enhancements.
- University of North Dakota School of Medicine and Health Sciences Bismarck Family Practice Center skywalk project - A general fund appropriation of \$750,000 is added to construct a skywalk attached to the center. A section is added to provide that the funds may only be spent on a dollar-for-dollar basis for private funds received for the project. The House also provided funding for this project.

Senate Bill No. 2003 - Other Changes - Conference Committee Action

This amendment also:

- Adjusts Section 9 of the bill to provide for system information technology services staff offices of new employees to be consolidated in the joint information technology building. The section also provides for reports regarding the status of consolidation of University System information technology services. The House also added this language.
- Adds sections to implement statutory provisions regarding the higher education challenge fund matching grant program. A section is also added to provide for a Legislative Management report regarding the program. The House also added the sections.
- Adds sections to provide statutory changes regarding the mission and reporting requirements of the University of North Dakota School of Medicine and Health Sciences. The House also added these sections.
- Adds a section allowing up to \$200,000 of funding for the Theodore Roosevelt Center to be used for project planning for a Theodore Roosevelt Presidential Library.
- Adds a section to provide a contingent general fund appropriation of \$6 million to Dickinson State University and a contingent general fund appropriation of \$5 million to the Department of Public Instruction. The Dickinson State University appropriation is for the construction of a Theodore Roosevelt Presidential Library and the Department of Public Instruction appropriation is to construct a children's science education center. The funding is contingent upon general fund revenues exceeding legislative estimates by at least 3.5 percent during the period beginning July 1, 2013, and ending June 30, 2014.
- Repeals Section 5 of Senate Bill No. 2018 as approved by the 63rd Legislative Assembly, relating to a contingent appropriation to Dickinson State University for the construction of a Theodore Roosevelt Presidential Library.
- Adds a section to require higher education capital projects to have adequate construction management oversight.
- Adds a section for a Legislative Management study of legal services used by state agencies.
- Reclassifies \$2.5 million of the \$5 million of flood recovery funding for Minot State University as one-time funding.

Reengrossed SB 2003 was placed on the Seventh order of business on the calendar.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT
REP. SKARPHOL MOVED that the conference committee report on Reengrossed SB 2003

be adopted, which motion prevailed on a voice vote.

Reengrossed SB 2003, as amended, was placed on the Fourteenth order of business.

SECOND READING OF SENATE BILL

SB 2003: A BILL for an Act to provide an appropriation for defraying the expenses of the North Dakota university system; to provide contingent appropriations; to create and enact six new sections to chapter 15-10 of the North Dakota Century Code, relating to provisions of matching grants for the advancement of postsecondary academics; to amend and reenact sections 15-10-47, 15-52-01, 15-52-03, 15-52-04, 15-52-05, 15-52-09, 15-52-31, and 15-62.2-02, subsection 2 of section 15-70-04, and section 54-44.1-11 of the North Dakota Century Code, relating to construction project variance reports, the state medical center, student financial assistance grants, tribally controlled community college grants, and the cancellation of unexpended appropriations; to repeal section section 5 of Senate Bill No. 2018, as approved by the sixty-third legislative assembly, relating to a contingent appropriation; to provide an exemption; to provide for transfer of funds; to authorize the state board of higher education to issue and sell bonds for capital projects; to provide for budget section reports; to provide loan authorization for the university of North Dakota school of medicine and health sciences facility project; to provide for legislative management reports; to provide for a legislative management study; and to provide an expiration date.

ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 75 YEAS, 17 NAYS, 0 EXCUSED, 2 ABSENT AND NOT VOTING.

YEAS: Anderson; Beadle; Belter; Boe; Boehning; Boschee; Brabandt; Carlson; Damschen; Delmore; Dockter; Fehr; Frantsvog; Froseth; Glassheim; Grande; Gruchalla; Guggisberg; Haak; Hanson; Hatlestad; Hawken; Headland; Heilman; Hofstad; Hogan; Holman; Hunskor; Johnson, D.; Johnson, N.; Karls; Kasper; Keiser; Kelsh, J.; Kelsh, S.; Kiefert; Klein; Klemin; Koppelman, K.; Kretschmar; Kreun; Laning; Looyesen; Louser; Maragos; Martinson; Meier; Mock; Monson; Mooney; Muscha; Nathe; Nelson, J.; Nelson, M.; Onstad; Oversen; Owens; Paur; Porter; Rohr; Rust; Sanford; Schmidt; Silbernagel; Skarphol; Steiner; Streyle; Strinden; Sukut; Thoreson; Toman; Trottier; Vigesaa; Wall; Williams

NAYS: Becker; Bellew; Brandenburg; Delzer; Dosch; Drovdal; Heller; Kempenich; Koppelman, B.; Kreidt; Larson; Pollert; Ruby; Schatz; Weisz; Wieland; Speaker Devlin

ABSENT AND NOT VOTING: Amerman; Zaiser

Reengrossed SB 2003, as amended, passed.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

MR. PRESIDENT: The House has adopted the conference committee report and subsequently passed: SB 2003.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

MR. PRESIDENT: The Speaker has signed: HB 1003, HB 1286.

DELIVERY OF ENROLLED BILLS AND RESOLUTIONS

The following bills were delivered to the Governor for approval on May 3, 2013: HB 1003, HB 1286.

ANNOUNCEMENT

SPEAKER DEVLIN ANNOUNCED that the House would stand in recess until 7:00 p.m.

THE HOUSE RECONVENED pursuant to recess taken, with Speaker Devlin presiding.

REPORT OF CONFERENCE COMMITTEE

HB 1198, as reengrossed: Your conference committee (Sens. Cook, Oehlke, Dotzenrod and Reps. Belter, Headland, S. Kelsh) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1506-1508, adopt amendments as follows, and place HB 1198 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1506-1508 of the House Journal and pages 1100-1102 of the Senate Journal and that Reengrossed House Bill No. 1198 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 57-38 of the North Dakota Century Code, relating to income tax withholding for oil and gas royalties; to amend and reenact section 15-05-10, subsection 4 of section 38-08-04, sections 57-51.1-01 and 57-51.1-03, subsection 1 of section 57-51.1-03.1, and section 57-51.2-02 of the North Dakota Century Code, relating to oil extraction tax definitions and exemptions and the state-tribal oil tax agreement; to provide for a study; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 15-05-10 of the North Dakota Century Code is amended and reenacted as follows:

15-05-10. Royalties from oil leases - Rents from other leases - Rules.

Oil leases must be made by the board of university and school lands at such annual minimum payments as are determined by the board, but the royalty shall be not less than twelve and one-half percent of the gross output of oil from the lands leased. Oil leases made by the board may authorize a royalty of less than twelve and one-half percent for production from stripper well properties or individual stripper wells and qualifying secondary recovery and qualifying tertiary recovery projects as defined in section 57-51.1-01. Leases for gas, coal, cement materials, sodium sulfate, sand and gravel, road material, building stone, chemical substances, metallic ores, or colloidal or other clays must be made by the board in such annual payments as are determined by the board. The board may adopt rules regarding annual payments and royalties under this section.

SECTION 2. AMENDMENT. Subsection 4 of section 38-08-04 of the North Dakota Century Code is amended and reenacted as follows:

4. To classify wells as oil or gas wells for purposes material to the interpretation or enforcement of this chapter, to classify and determine the status and depth of wells that are stripper well property as defined in subsection 8 of section 57-51.1-01, to certify to the tax commissioner which wells are stripper wells and the depth of those wells, to recertify stripper wells that are reentered and recompleted as horizontal wells, and to certify to the tax commissioner which wells involve secondary or tertiary recovery operations under section 57-51.1-01, and the date of qualification for the reduced rate of oil extraction tax for secondary and tertiary recovery operations.

SECTION 3. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Withholding requirement for oil and gas royalty payments to nonresidents.

1. For purposes of this section:
 - a. "Publicly traded partnership" means a publicly traded partnership as defined in section 7704 of the Internal Revenue Code [26 U.S.C. 7704] which is not treated as a corporation.
 - b. "Remitter" means any person who distributes royalty payments to royalty owners.

- c. "Royalty owner" means a person or entity entitled to receive periodic royalty payments for a nonworking interest in the production of oil or gas.
 2. Except as provided in subsection 3, each remitter shall deduct and withhold from the net amount of the royalty payment made to each nonresident individual or business entity that does not have its commercial domicile in this state at the highest marginal rate provided in sections 57-38-30 and 57-38-30.3. Sections 57-38-59 and 57-38-60 apply to the filing of the returns and payment of the tax under this subsection.
 3. This section does not apply to royalty payments made to a royalty owner if the royalty owner is:
 - a. The United States or an agency of the federal government, this state or a political subdivision of this state, or another state or a political subdivision of another state;
 - b. A federally recognized Indian tribe with respect to on-reservation oil and gas production pursuant to a lease entered under the Indian Mineral Leasing Act of 1938 [25 U.S.C. 396a through 396g];
 - c. The United States as trustee for individual Indians;
 - d. A publicly traded partnership;
 - e. An organization that is exempt from the tax under this chapter; or
 - f. The same person or entity as the remitter.
 4.
 - a. This section does not apply to a remitter that produced less than three hundred fifty thousand barrels of oil or less than five hundred million cubic feet of gas in the preceding calendar year as certified to the tax commissioner in the manner and on forms prescribed by the tax commissioner.
 - b. Each remitter that is exempt from withholding under this subsection shall make an annual return to report royalty payments that exceed the dollar amounts in subsection 6 and must be reported in the same manner as provided in section 57-38-60.
 5.
 - a. Each year, a publicly traded partnership that is exempt from withholding under subsection 3 shall transmit to the tax commissioner, in an electronic format approved by the tax commissioner, each partner's United States department of the treasury schedule K-1, form 1065, or form 1065-B, as applicable, filed electronically for the year with the United States internal revenue service.
 - b. A royalty owner that is a publicly traded partnership, or an organization exempt from taxation under section 57-38-09, shall report to the remitter and tax commissioner under oath, on a form prescribed by the tax commissioner, all information necessary to establish that the remitter is not required under subsection 2 to withhold royalty payments made to the partnership or organization.
 6. If the royalty payment made to a royalty owner under this section is less than six hundred dollars for the current withholding period, or is less than one thousand dollars if the payment is annualized, the tax commissioner may grant a remitter's request to forego withholding the tax from the royalty payment made to that royalty owner for the current withholding period or, if applicable, the royalty payments for the annual period.

SECTION 4. AMENDMENT. Section 57-51.1-01 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-01. Definitions for oil extraction tax.

For the purposes of the oil extraction tax law, the following words and terms shall have the meaning ascribed to them in this section this chapter:

1. "Average daily production" of a well means the qualified maximum total production of oil from the well during a calendar month period divided by the number of calendar days in that period, and "qualified maximum total production" of a well means that the well must have been maintained at the maximum efficient rate of production as defined and determined by rule adopted by the industrial commission in furtherance of its authority under chapter 38-08.
2. "Average price" of a barrel of crude oil means the monthly average of the daily closing price for a barrel of west Texas intermediate cushing crude oil, as those prices appear in the Wall Street Journal, midwest edition, minus two dollars and fifty cents. When computing the monthly average price, the most recent previous daily closing price must be considered the daily closing price for the days on which the market is closed.
3. "Horizontal reentry well" means a well that was not initially drilled and completed as a horizontal well, including any well initially plugged and abandoned as a dry hole, which is reentered and recompleted as a horizontal well.
4. "Horizontal well" means a well with a horizontal displacement of the well bore drilled at an angle of at least eighty degrees within the productive formation of at least three hundred feet [91.44 meters].
5. "Oil" means petroleum, crude oil, mineral oil, casinghead gasoline, and all liquid hydrocarbons that are recovered from gas on the lease incidental to the production of the gas.
6. "Property" means the right which arises from a lease or fee interest, as a whole or any designated portion thereof, to produce oil. A producer shall treat as a separate property each separate and distinct producing reservoir subject to the same right to produce crude oil; provided, that such reservoir is recognized by the industrial commission as a producing formation that is separate and distinct from, and not in communication with, any other producing formation.
7. "Qualifying secondary recovery project" means a project employing water flooding. To be eligible for the tax reduction provided under section 57-51.1-02, a secondary recovery project must be certified as qualifying by the industrial commission and the project operator must have achieved for six consecutive months an average production level of at least twenty-five percent above the level that would have been recovered under normal recovery operations. To be eligible for the tax exemption provided under section 57-51.1-03 and subsequent thereto the rate reduction provided under section 57-51.1-02, a secondary recovery project must be certified as qualifying by the industrial commission and the project operator must have obtained incremental production as defined in subsection 5 of section 57-51.1-03.
8. "Qualifying tertiary recovery project" means a project for enhancing recovery of oil which meets the requirements of section 4993(c), Internal Revenue Code of 1954, as amended through December 31, 1986, and includes the following methods for recovery:
 - a. Miscible fluid displacement.
 - b. Steam drive injection.

- c. Microemulsion.
- d. In situ combustion.
- e. Polymer augmented water flooding.
- f. Cyclic steam injection.
- g. Alkaline flooding.
- h. Carbonated water flooding.
- i. Immiscible carbon dioxide displacement.
- j. New tertiary recovery methods certified by the industrial commission.

It does not include water flooding, unless the water flooding is used as an element of one of the qualifying tertiary recovery techniques described in this subsection, or immiscible natural gas injection. To be eligible for the tax reduction provided under section 57-51.1-02, a tertiary recovery project must be certified as qualifying by the industrial commission, the project operator must continue to operate the unit as a qualifying tertiary recovery project, and the project operator must have achieved for at least one month a production level of at least fifteen percent above the level that would have been recovered under normal recovery operations. To be eligible for the tax exemption provided under section 57-51.1-03 and subsequent thereto the rate reduction provided under section 57-51.1-02, a tertiary recovery project must be certified as qualifying by the industrial commission, the project operator must continue to operate the unit as a qualifying tertiary recovery project, and the project operator must have obtained incremental production as defined in subsection 5 of section 57-51.1-03.

- 9. "Royalty owner" means an owner of what is commonly known as the royalty interest and shall not include the owner of any overriding royalty or other payment carved out of the working interest.
- 10. "Stripper well" means a well drilled and completed, or reentered and recompleted as a horizontal well, after June 30, 2013, whose average daily production of oil during any preceding consecutive twelve-month period, excluding condensate recovered in nonassociated production, per well did not exceed ten barrels per day for wells of a depth of six thousand feet [1828.80 meters] or less, fifteen barrels per day for wells of a depth of more than six thousand feet [1828.80 meters] but not more than ten thousand feet [3048 meters], and thirty barrels per day for wells of a depth of more than ten thousand feet [3048 meters] outside the Bakken and Three Forks formations, and thirty-five barrels per day for wells of a depth of more than ten thousand feet [3048 meters] in the Bakken or Three Forks formation.
- 11. "Stripper well property" means wells drilled and completed, or a well reentered and recompleted as a horizontal well, before July 1, 2013, on a "property" whose average daily production of oil, excluding condensate recovered in nonassociated production, per well did not exceed ten barrels per day for wells of a depth of six thousand feet [1828.80 meters] or less, fifteen barrels per day for wells of a depth of more than six thousand feet [1828.80 meters] but not more than ten thousand feet [3048 meters], and thirty barrels per day for wells of a depth of more than ten thousand feet [3048 meters] during any preceding consecutive twelve-month period. Wells which did not actually yield or produce oil during the qualifying twelve-month period, including disposal wells, dry wells, spent wells, and shut-in wells, are not production wells for the purpose of determining whether the stripper well property exemption applies.

- 41-12. "Trigger price" means thirty-five dollars and fifty cents, as indexed for inflation. By December thirty-first of each year, the tax commissioner shall compute an indexed trigger price by applying to the current trigger price the rate of change of the producer price index for industrial commodities as calculated and published by the United States department of labor, bureau of labor statistics, for the twelve months ending June thirtieth of that year and the indexed trigger price so determined is the trigger price for the following calendar year.
- 42-13. "Two-year inactive well" means any well certified by the industrial commission that did not produce oil in more than one month in any consecutive twenty-four-month period before being recompleted or otherwise returned to production after July 31, 1995. A well that has never produced oil, a dry hole, and a plugged and abandoned well are eligible for status as a two-year inactive well.

SECTION 5. AMENDMENT. Section 57-51.1-03 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-03. (~~Effective through June 30, 2013~~) Exemptions from oil extraction tax.

The following activities are specifically exempted from the oil extraction tax:

1. The activity of extracting from the earth any oil that is exempt from the gross production tax imposed by chapter 57-51.
2. The activity of extracting from the earth any oil from a stripper well property or individual stripper well.
3. For a well drilled and completed as a vertical well, the initial production of oil from the well is exempt from any taxes imposed under this chapter for a period of fifteen months, except that oil produced from any well drilled and completed as a horizontal well is exempt from any taxes imposed under this chapter for a period of twenty-four months. Oil recovered during testing prior to well completion is exempt from the oil extraction tax. The exemption under this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.
4. The production of oil from a qualifying well that was worked over is exempt from any taxes imposed under this chapter for a period of twelve months, beginning with the first day of the third calendar month after the completion of the work-over project. The exemption provided by this subsection is only effective if the well operator establishes to the satisfaction of the industrial commission upon completion of the project that the cost of the project exceeded sixty-five thousand dollars or production is increased at least fifty percent during the first two months after completion of the project. A qualifying well under this subsection is a well with an average daily production of no more than fifty barrels of oil during the latest six calendar months of continuous production. A work-over project under this subsection means the continuous employment of a work-over rig, including recompletions and reentries. The exemption provided by this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.
5. a. The incremental production from a secondary recovery project which has been certified as a qualified project by the industrial commission

after July 1, 1991, is exempt from any taxes imposed under this chapter for a period of five years from the date the incremental production begins.

- b. The incremental production from a tertiary recovery project that does not use carbon dioxide and which has been certified as a qualified project by the industrial commission is exempt from any taxes imposed under this chapter for a period of ten years from the date the incremental production begins. Incremental production from a tertiary recovery project that uses carbon dioxide and which has been certified as a qualified project by the industrial commission is exempt from any taxes imposed under this chapter from the date the incremental production begins.
- c. For purposes of this subsection, incremental production is defined in the following manner:
 - (1) For purposes of determining the exemption provided for in subdivision a and with respect to a unit where there has not been a secondary recovery project, incremental production means the difference between the total amount of oil produced from the unit during the secondary recovery project and the amount of primary production from the unit. For purposes of this paragraph, primary production means the amount of oil which would have been produced from the unit if the secondary recovery project had not been commenced. The industrial commission shall determine the amount of primary production in a manner which conforms to the practice and procedure used by the commission at the time the project is certified.
 - (2) For purposes of determining the exemption provided for in subdivision a and with respect to a unit where a secondary recovery project was in existence prior to July 1, 1991, and where the industrial commission cannot establish an accurate production decline curve, incremental production means the difference between the total amount of oil produced from the unit during a new secondary recovery project and the amount of production which would be equivalent to the average monthly production from the unit during the most recent twelve months of normal production reduced by a production decline rate of ten percent for each year. The industrial commission shall determine the average monthly production from the unit during the most recent twelve months of normal production and must upon request or upon its own motion hold a hearing to make this determination. For purposes of this paragraph, when determining the most recent twelve months of normal production the industrial commission is not required to use twelve consecutive months. In addition, the production decline rate of ten percent must be applied from the last month in the twelve-month period of time.
 - (3) For purposes of determining the exemption provided for in subdivision a and with respect to a unit where a secondary recovery project was in existence before July 1, 1991, and where the industrial commission can establish an accurate production decline curve, incremental production means the difference between the total amount of oil produced from the unit during the new secondary recovery project and the total amount of oil that would have been produced from the unit if the new secondary recovery project had not been commenced. For purposes of this paragraph, the total amount of oil that would have been produced from the unit if the new secondary recovery project had not been commenced includes both primary production and production that occurred as a result of the secondary recovery project that was in existence before

July 1, 1991. The industrial commission shall determine the amount of oil that would have been produced from the unit if the new secondary recovery project had not been commenced in a manner that conforms to the practice and procedure used by the commission at the time the new secondary recovery project is certified.

- (4) For purposes of determining the exemption provided for in subdivision b and with respect to a unit where there has not been a secondary recovery project, incremental production means the difference between the total amount of oil produced from the unit during the tertiary recovery project and the amount of primary production from the unit. For purposes of this paragraph, primary production means the amount of oil which would have been produced from the unit if the tertiary recovery project had not been commenced. The industrial commission shall determine the amount of primary production in a manner which conforms to the practice and procedure used by the commission at the time the project is certified.
 - (5) For purposes of determining the exemption provided for in subdivision b and with respect to a unit where there is or has been a secondary recovery project, incremental production means the difference between the total amount of oil produced during the tertiary recovery project and the amount of production which would be equivalent to the average monthly production from the unit during the most recent twelve months of normal production reduced by a production decline rate of ten percent for each year. The industrial commission shall determine the average monthly production from the unit during the most recent twelve months of normal production and must upon request or upon its own motion hold a hearing to make this determination. For purposes of this paragraph, when determining the most recent twelve months of normal production the industrial commission is not required to use twelve consecutive months. In addition, the production decline rate of ten percent must be applied from the last month in the twelve-month period of time.
 - (6) For purposes of determining the exemption provided for in subdivision b and with respect to a unit where there is or has been a secondary recovery project and where the industrial commission can establish an accurate production decline curve, incremental production means the difference between the total amount of oil produced from the unit during the tertiary recovery project and the total amount of oil that would have been produced from the unit if the tertiary recovery project had not been commenced. For purposes of this paragraph, the total amount of oil that would have been produced from the unit if the tertiary recovery project had not been commenced includes both primary production and production that occurred as a result of any secondary recovery project. The industrial commission shall determine the amount of oil that would have been produced from the unit if the tertiary recovery project had not been commenced in a manner that conforms to the practice and procedure used by the commission at the time the tertiary recovery project is certified.
- d. The industrial commission shall adopt rules relating to this exemption that must include procedures for determining incremental production as defined in subdivision c.
6. The production of oil from a two-year inactive well, as determined by the industrial commission and certified to the state tax commissioner, for a period of ten years after the date of receipt of the certification. The

exemption under this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.

7. The production of oil from a horizontal reentry well, as determined by the industrial commission and certified to the state tax commissioner, for a period of nine months after the date the well is completed as a horizontal well. The exemption under this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.
8. The initial production of oil from a well is exempt from any taxes imposed under this chapter for a period of sixty months if:
 - a. The well is ~~located~~ drilled and completed before July 1, 2013, on nontrust lands within the boundaries of an Indian reservation;
 - b. The well is drilled and completed before July 1, 2013, on lands held in trust by the United States for an Indian tribe or individual Indian; or
 - c. The well is drilled and completed before July 1, 2013, on lands held by an Indian tribe if the interest is in existence on August 1, 1997.
9. The first seventy-five thousand barrels or the first four million five hundred thousand dollars of gross value at the well, whichever is less, of oil produced during the first eighteen months after completion, from a horizontal well drilled and completed after April 30, 2009, and before July 1, 2015, is subject to a reduced tax rate of two percent of the gross value at the well of the oil extracted under this chapter. A well eligible for a reduced tax rate under this subsection is eligible for the exemption for horizontal wells under subsection 3, if the exemption under subsection 3 is effective during all or part of the first twenty-four months after completion. The rate reduction under this subsection becomes effective on the first day of the month following a month for which the average price of a barrel of crude oil is less than fifty-five dollars. The rate reduction under this subsection becomes ineffective on the first day of the month following a month in which the average price of a barrel of crude oil exceeds seventy dollars. If the rate reduction under this subsection is effective on the date of completion of a well, the rate reduction applies to production from that well for up to eighteen months after completion, subject to the other limitations of this subsection. If the rate reduction under this subsection is ineffective on the date of completion of a well, the rate reduction under this subsection does not apply to production from that well at any time.
10. The first seventy-five thousand barrels of oil produced during the first eighteen months after completion, from a well drilled and completed outside the Bakken and Three Forks formations, and ten miles or more outside an established field in which the industrial commission has defined the pool to include the Bakken or Three Forks formation, is subject to a reduced tax rate of two percent of the gross value at the well of the oil extracted under this chapter. A well eligible for a reduced tax rate under this subsection is eligible for the exemption under subsection 3, if the exemption under subsection 3 is effective during all or part of the first twenty-four months after completion.

~~(Effective after June 30, 2013) Exemptions from oil extraction tax. The following activities are specifically exempted from the oil extraction tax:~~

1. The activity of extracting from the earth any oil that is exempt from the gross production tax imposed by chapter 57-51.
2. The activity of extracting from the earth any oil from a stripper well property.
3. For a well drilled and completed as a vertical well, the initial production of oil from the well is exempt from any taxes imposed under this chapter for a period of fifteen months, except that oil produced from any well drilled and completed as a horizontal well is exempt from any taxes imposed under this chapter for a period of twenty-four months. Oil recovered during testing prior to well completion is exempt from the oil extraction tax. The exemption under this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.
4. The production of oil from a qualifying well that was worked over is exempt from any taxes imposed under this chapter for a period of twelve months, beginning with the first day of the third calendar month after the completion of the work-over project. The exemption provided by this subsection is only effective if the well operator establishes to the satisfaction of the industrial commission upon completion of the project that the cost of the project exceeded sixty-five thousand dollars or production is increased at least fifty percent during the first two months after completion of the project. A qualifying well under this subsection is a well with an average daily production of no more than fifty barrels of oil during the latest six calendar months of continuous production. A work-over project under this subsection means the continuous employment of a work-over rig, including recompletions and reentries. The exemption provided by this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.
5.
 - a. The incremental production from a secondary recovery project which has been certified as a qualified project by the industrial commission after July 1, 1991, is exempt from any taxes imposed under this chapter for a period of five years from the date the incremental production begins.
 - b. The incremental production from a tertiary recovery project that does not use carbon dioxide and which has been certified as a qualified project by the industrial commission is exempt from any taxes imposed under this chapter for a period of ten years from the date the incremental production begins. Incremental production from a tertiary recovery project that uses carbon dioxide and which has been certified as a qualified project by the industrial commission is exempt from any taxes imposed under this chapter from the date the incremental production begins.
 - c. For purposes of this subsection, incremental production is defined in the following manner:
 - (1) For purposes of determining the exemption provided for in subdivision a and with respect to a unit where there has not been a secondary recovery project, incremental production means the difference between the total amount of oil produced from the unit during the secondary recovery project and the amount of primary production from the unit. For purposes of this paragraph, primary production means the amount of oil

which would have been produced from the unit if the secondary recovery project had not been commenced. The industrial commission shall determine the amount of primary production in a manner which conforms to the practice and procedure used by the commission at the time the project is certified.

- (2) For purposes of determining the exemption provided for in subdivision a and with respect to a unit where a secondary recovery project was in existence prior to July 1, 1991, and where the industrial commission cannot establish an accurate production decline curve, incremental production means the difference between the total amount of oil produced from the unit during a new secondary recovery project and the amount of production which would be equivalent to the average monthly production from the unit during the most recent twelve months of normal production reduced by a production decline rate of ten percent for each year. The industrial commission shall determine the average monthly production from the unit during the most recent twelve months of normal production and must upon request or upon its own motion hold a hearing to make this determination. For purposes of this paragraph, when determining the most recent twelve months of normal production the industrial commission is not required to use twelve consecutive months. In addition, the production decline rate of ten percent must be applied from the last month in the twelve month period of time.
- (3) For purposes of determining the exemption provided for in subdivision a and with respect to a unit where a secondary recovery project was in existence before July 1, 1991, and where the industrial commission can establish an accurate production decline curve, incremental production means the difference between the total amount of oil produced from the unit during the new secondary recovery project and the total amount of oil that would have been produced from the unit if the new secondary recovery project had not been commenced. For purposes of this paragraph, the total amount of oil that would have been produced from the unit if the new secondary recovery project had not been commenced includes both primary production and production that occurred as a result of the secondary recovery project that was in existence before July 1, 1991. The industrial commission shall determine the amount of oil that would have been produced from the unit if the new secondary recovery project had not been commenced in a manner that conforms to the practice and procedure used by the commission at the time the new secondary recovery project is certified.
- (4) For purposes of determining the exemption provided for in subdivision b and with respect to a unit where there has not been a secondary recovery project, incremental production means the difference between the total amount of oil produced from the unit during the tertiary recovery project and the amount of primary production from the unit. For purposes of this paragraph, primary production means the amount of oil which would have been produced from the unit if the tertiary recovery project had not been commenced. The industrial commission shall determine the amount of primary production in a manner which conforms to the practice and procedure used by the commission at the time the project is certified.
- (5) For purposes of determining the exemption provided for in subdivision b and with respect to a unit where there is or has been a secondary recovery project, incremental production means the difference between the total amount of oil produced

during the tertiary recovery project and the amount of production which would be equivalent to the average monthly production from the unit during the most recent twelve months of normal production reduced by a production decline rate of ten percent for each year. The industrial commission shall determine the average monthly production from the unit during the most recent twelve months of normal production and must upon request or upon its own motion hold a hearing to make this determination. For purposes of this paragraph, when determining the most recent twelve months of normal production the industrial commission is not required to use twelve consecutive months. In addition, the production decline rate of ten percent must be applied from the last month in the twelve-month period of time.

- (6) For purposes of determining the exemption provided for in subdivision b and with respect to a unit where there is or has been a secondary recovery project and where the industrial commission can establish an accurate production decline curve, incremental production means the difference between the total amount of oil produced from the unit during the tertiary recovery project and the total amount of oil that would have been produced from the unit if the tertiary recovery project had not been commenced. For purposes of this paragraph, the total amount of oil that would have been produced from the unit if the tertiary recovery project had not been commenced includes both primary production and production that occurred as a result of any secondary recovery project. The industrial commission shall determine the amount of oil that would have been produced from the unit if the tertiary recovery project had not been commenced in a manner that conforms to the practice and procedure used by the commission at the time the tertiary recovery project is certified.
- d. The industrial commission shall adopt rules relating to this exemption that must include procedures for determining incremental production as defined in subdivision c.
6. The production of oil from a two-year inactive well, as determined by the industrial commission and certified to the state tax commissioner, for a period of ten years after the date of receipt of the certification. The exemption under this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.
7. The production of oil from a horizontal reentry well, as determined by the industrial commission and certified to the state tax commissioner, for a period of nine months after the date the well is completed as a horizontal well. The exemption under this subsection becomes ineffective if the average price of a barrel of crude oil exceeds the trigger price for each month in any consecutive five-month period. However, the exemption is reinstated if, after the trigger provision becomes effective, the average price of a barrel of crude oil is less than the trigger price for each month in any consecutive five-month period.
8. The initial production of oil from a well is exempt from any taxes imposed under this chapter for a period of sixty months if:
 - a. The well is located within the boundaries of an Indian reservation;
 - b. The well is drilled and completed on lands held in trust by the United States for an Indian tribe or individual Indian; or

- e. ~~The well is drilled and completed on lands held by an Indian tribe if the interest is in existence on August 1, 1997.~~
9. ~~The first seventy five thousand barrels of oil produced during the first eighteen months after completion, from a horizontal well drilled and completed in the Bakken formation after June 30, 2007, and before July 1, 2008, is subject to a reduced tax rate of two percent of the gross value at the well of the oil extracted under this chapter. A well eligible for a reduced tax rate under this subsection is eligible for the exemption for horizontal wells under subsection 3, if the exemption under subsection 3 is effective during all or part of the first twenty four months after completion.~~

SECTION 6. AMENDMENT. Subsection 1 of section 57-51.1-03.1 of the North Dakota Century Code is amended and reenacted as follows:

1. To receive, from the first day of eligibility, a tax exemption on production from a stripper well property or individual stripper well under subsection 2 of section 57-51.1-03, the industrial commission's certification must be submitted to the tax commissioner within eighteen months after the end of the stripper well property's or stripper well's qualification period.

SECTION 7. AMENDMENT. Section 57-51.2-02 of the North Dakota Century Code is amended and reenacted as follows:

57-51.2-02. Agreement requirements.

An agreement under this chapter is subject to the following:

1. The only taxes subject to agreement are the state's oil and gas gross production and oil extraction taxes attributable to production from wells located within the exterior boundaries of the Fort Berthold Reservation.
2. The state's oil and gas gross production tax under chapter 57-51 must apply to all wells located within the Fort Berthold Reservation.
3. The state's oil extraction tax under chapter 57-51.1 as applied to oil and gas production attributable to trust lands on the Fort Berthold Reservation may not exceed six and one-half percent but may be reduced through negotiation between the governor and the Three Affiliated Tribes.
4. Any exemptions for oil and gas production from trust lands under chapters 57-51 and 57-51.1 do not apply to production within the boundaries of the Fort Berthold Reservation except as otherwise provided in the agreement.
5. The allocation of revenue from oil and gas production taxes on the Fort Berthold Reservation must be as follows:
 - a. Production attributable to trust lands. All revenues and exemptions from all oil and gas gross production and oil extraction taxes attributable to production from trust lands on the Fort Berthold Reservation must be evenly divided between the tribe and the state.
 - b. All other production. The tribe must receive ~~twenty~~^{fifty} percent of the total oil and gas gross production and oil extraction taxes collected from all production attributable to nontrust lands on the Fort Berthold Reservation in lieu of the application of the Three Affiliated Tribes' fees and taxes related to production on such lands. The state must receive the remainder.
 - c. The state's share of the revenue as divided in subdivisions a and b is subject to distribution among political subdivisions as provided in chapters 57-51 and 57-51.1.

6. An oil or gas well that is drilled and completed during the time of an agreement under this chapter must be subject to the terms of the agreement for the life of the well.
7. The Three Affiliated Tribes must agree not to impose a tribal tax or any fee on future exploration and production of oil and gas on the Fort Berthold Reservation during the term of the agreement.
8. To address situations in which the tax commissioner refunds taxes to a taxpayer, the agreement must allow the tax commissioner to offset future distributions to the tribe.
9. The tax commissioner must retain authority to administer and enforce chapters 57-51 and 57-51.1 as applied to wells subject to any agreement authorized by this chapter.
10. An oil or gas well that is drilled and completed during the time an agreement under this chapter is in effect is subject to state regulatory provisions for the life of the well in addition to any other applicable regulatory provisions.
11. The federal district court for the western division of North Dakota is the venue for any dispute arising from a revenue-sharing agreement between the state and the Three Affiliated Tribes.
12. The agreement must require that the Three Affiliated Tribes report annually to the budget section of the legislative management and that the report:
 - a. Identifies projects totaling investment of at least ten percent of tribal oil and gas gross production and oil extraction tax receipts of the tribe for that year in essential infrastructure.
 - b. At a minimum, informs the budget section of tribal investments in essential infrastructure and fees, expenses, and charges the tribe imposes on the oil industry.

SECTION 8. LEGISLATIVE MANAGEMENT STUDY - ANALYSIS OF FUTURE OIL INDUSTRY CHANGES - CONSULTANT ASSISTANCE. The legislative management shall study the likely changes to oil industry practices, production, impacts, and tax policy in the foreseeable future. To assist with this study, the legislative management shall obtain the services of an independent consultant with demonstrated insight into current and future production advances, including use of carbon dioxide and water or other means of enhancing production; effects of mature production areas on state and local tax policy; future infrastructure needs; and environmental considerations. The objective of the study is development of a legislative vision of appropriate long-term policy issues and revenue and expenditure expectations. The legislative management shall report its findings and recommendations, together with any legislation to implement the recommendations, to the sixty-fourth legislative assembly.

SECTION 9. EFFECTIVE DATE. Section 3 of this Act is effective for taxable years beginning after December 31, 2013, and the remainder of this Act is effective for taxable events occurring after June 30, 2013."

Renumber accordingly

Reengrossed HB 1198 was placed on the Seventh order of business on the calendar.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

REP. HEADLAND MOVED that the conference committee report on Reengrossed HB 1198 be adopted, which motion prevailed on a voice vote.

Reengrossed HB 1198, as amended, was placed on the Eleventh order of business.

SECOND READING OF HOUSE BILL

HB 1198: A BILL for an Act to create and enact a new section to chapter 57-38 of the North Dakota Century Code, relating to income tax withholding for oil and gas royalties; to amend and reenact section 15-05-10, subsection 4 of section 38-08-04, sections 57-51.1-01 and 57-51.1-03, subsection 1 of section 57-51.1-03.1, and section 57-51.2-02 of the North Dakota Century Code, relating to oil extraction tax definitions and exemptions and the state-tribal oil tax agreement; to provide for a study; and to provide an effective date.

ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 80 YEAS, 11 NAYS, 0 EXCUSED, 3 ABSENT AND NOT VOTING.

YEAS: Anderson; Beadle; Becker; Belter; Boe; Boehning; Boschee; Brabandt; Brandenburg; Carlson; Delmore; Dockter; Fehr; Frantsvog; Froseth; Glassheim; Grande; Gruchalla; Guggisberg; Haak; Hanson; Hatlestad; Hawken; Headland; Heilman; Heller; Hofstad; Hogan; Holman; Hunskor; Johnson, D.; Johnson, N.; Karls; Kasper; Keiser; Kelsh, J.; Kelsh, S.; Kempenich; Kiefert; Klein; Klemin; Kreidt; Kretschmar; Kreun; Laning; Larson; Looyen; Louser; Maragos; Martinson; Mock; Monson; Mooney; Muscha; Nathe; Nelson, J.; Nelson, M.; Onstad; Oversen; Owens; Paur; Pollert; Ruby; Rust; Sanford; Schatz; Silbernagel; Skarphol; Steiner; Streyle; Strinden; Sukut; Thoreson; Trotter; Vigasaa; Wall; Weisz; Wieland; Williams; Speaker Devlin

NAYS: Bellew; Damschen; Delzer; Dosch; Koppelman, B.; Koppelman, K.; Meier; Porter; Rohr; Schmidt; Toman

ABSENT AND NOT VOTING: Amerman; Drovdal; Zaiser

Reengrossed HB 1198 passed.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

MR. PRESIDENT: The House has adopted the conference committee report and subsequently passed: HB 1198.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)

MR. SPEAKER: The Senate has adopted the conference committee report and subsequently passed: HB 1198.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)

MR. SPEAKER: The Senate has adopted the conference committee report and subsequently passed: HCR 3011.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)

MR. SPEAKER: Your signature is respectfully requested on: SB 2003, SB 2200.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)

MR. SPEAKER: The President has signed: HCR 3047.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

MR. PRESIDENT: The Speaker has signed: HCR 3047.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

MR. PRESIDENT: The Speaker has signed: SB 2003, SB 2200.

ANNOUNCEMENT

SPEAKER DEVLIN ANNOUNCED that the House would stand in recess until 9:00 p.m.

THE HOUSE RECONVENED pursuant to recess taken, with Speaker Devlin presiding.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

MR. PRESIDENT: Your signature is respectfully requested on: HB 1198, HCR 3011.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)
MR. SPEAKER: The President has signed: HB 1198, HCR 3011.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)
MR. PRESIDENT: The Speaker has signed: HB 1198.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)
MR. PRESIDENT: The Speaker has signed: HCR 3011.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)
MR. SPEAKER: The President has signed: SB 2003, SB 2200.

DELIVERY OF ENROLLED BILLS AND RESOLUTIONS

The following bill was delivered to the Governor for approval on May 3, 2013: HB 1198.

ANNOUNCEMENT

SPEAKER DEVLIN ANNOUNCED that the House stand in recess until 11:00 p.m.

THE HOUSE RECONVENED pursuant to recess taken, with Speaker Devlin presiding.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)
MR. PRESIDENT: The House has adopted the conference committee report and subsequently failed to pass: HB 1319.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)
MR. SPEAKER: The Senate has adopted the conference committee report and subsequently failed to pass: HB 1290.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)
MR. SPEAKER: The Senate has adopted the conference committee report and subsequently passed: SB 2036.

REPORT OF CONFERENCE COMMITTEE

SB 2036, as reengrossed: Your conference committee (Sens. Cook, Oehlke, Dotzenrod and Reps. Belter, Headland, S. Kelsh) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ page 501, adopt amendments as follows, and place SB 2036 on the Seventh order:

That the House recede from its amendments as printed on pages _____ of the Senate Journal and pages 1629-1633 of the House Journal and that Reengrossed Senate Bill No. 2036 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact section 57-20-07.2 of the North Dakota Century Code, relating to taxing district budgets and state-paid property tax relief credits; to amend and reenact sections 57-12-09, 57-15-02.1, 57-20-07.1, 57-20-09, and 57-20-21.1 of the North Dakota Century Code, relating to notices of property assessment increases, hearings on proposed property tax increases, contents of property tax statements, discounts for early payment of property taxes, and application of relief to current taxes; to provide an appropriation; to provide for legislative management studies; to provide an effective date; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 57-12-09 of the North Dakota Century Code is amended and reenacted as follows:

57-12-09. Notice of increased assessment to real estate owner.

1. When any assessor has increased the true and full valuation of any lot or tract of land including any improvements thereon by three thousand dollars or more and to ten percent or more than the amount of the last assessment, written notice of the amount of increase and the amount of the last assessment must be delivered in writing by the assessor to the property owner, mailed in writing to the property owner at the property

owner's last-known address, or provided to the property owner by electronic mail directed with verification of receipt to an electronic mail address at which the property owner has consented to receive notice. Delivery of notice to a property owner under this section must be completed not fewer than fifteen days before the meeting of the local equalization board. The tax commissioner shall prescribe suitable forms for this notice and the notice must show the true and full value as defined by law of the property, including improvements, that the assessor used in making the assessment for the current year and for the year in which the last assessment was made and must also show the date prescribed by law for the meeting of the local equalization board of the assessment district in which the property is located and the meeting date of the county equalization board. The notice must be mailed or delivered at the expense of the assessment district for which the assessor is employed.

2. The form of notice prescribed by the tax commissioner must require a statement to inform the taxpayer that an assessment increase does not mean property taxes on the parcel will increase. The notice must state that each taxing district must base its tax rate on the number of dollars raised from property taxes in the previous taxable year by the taxing district and that notice of public hearing will be mailed to the property owner if a greater property tax levy is being proposed by the taxing district. The notice may not contain an estimate of a tax increase resulting from the assessment increase.
3. The assessor shall provide an electronic or printed list including the name and address of the addressee of each assessment increase notice required under this section to each city, county, school district, or city park district in which the subject property is located, but a copy does not have to be provided to any such taxing district that levied a property tax levy of less than one hundred thousand dollars for the prior year.

SECTION 2. AMENDMENT. Section 57-15-02.1 of the North Dakota Century Code is amended and reenacted as follows:

57-15-02.1. Property tax levy increase notice and public hearing.

Notwithstanding any other provision of law, a taxing district may not impose a property tax levy in a greater number of mills than the zero increase number of mills, unless the taxing district is in substantial compliance with this section.

1. The governing body shall cause publication of notice in its official newspaper at least seven days before a public hearing on its property tax levy. A public hearing under this section may not be scheduled to begin earlier than six p.m. The notice must have at least one-half inch [1.27 centimeters] white space margin on all four sides and must be at least two columns wide by five inches [12.7 centimeters] high. The heading must be capitalized in boldface type of at least eighteen point stating "IMPORTANT NOTICE TO (name of taxing district) TAXPAYERS". The proposed percentage increase must be printed in a boldface type size no less than two points less than the heading, while the remaining portion of the advertisement must be printed in a type face size no less than four points less than the heading. The text of the notice must contain:
 - a. The date, time, and place of the public hearing.
 - b. A statement that the public hearing will be held to consider increasing the property tax levy by a stated percentage, expressed as a percentage increase exceeding the zero increase number of mills.
 - c. A statement that there will be an opportunity for citizens to present oral or written comments regarding the property tax levy.

- d. Any other information the taxing district wishes to provide to inform taxpayers.
2. At least seven days before a public hearing on its property tax levy under this section, the governing body shall cause notice of the information required under subsection 1 to be mailed to each property owner who received notice of an assessment increase for the taxable year under section 57-12-09.
3. If the governing body of the taxing district does not make a final decision on imposing a property tax levy exceeding the zero increase number of mills at the public hearing required by this section, the governing body shall announce at that public hearing the scheduled time and place of the next public meeting at which the governing body will consider final adoption of a property tax levy exceeding the tax district's zero increase number of mills.
- ~~3.4.~~ For purposes of this section:
 - a. "New growth" means the taxable valuation of any property that was not taxable in the prior year.
 - b. "Property tax levy" means the tax rate, expressed in mills, for all property taxes levied by the taxing district.
 - c. "Taxing district" means a city, county, school district, or city park district but does not include any such taxing district that levied a property tax levy of less than one hundred thousand dollars for the prior year and sets a budget for the current year calling for a property tax levy of less than one hundred thousand dollars.
 - d. "Zero increase number of mills" means the number of mills against the taxing district's current year taxable valuation, excluding consideration of new growth, which will provide the same amount of property tax revenue as the property tax levy in the prior year.
5. For the taxable year 2013 only, for purposes of determining the zero increase number of mills for a school district, the amount of property tax revenue from the property tax levy in the 2012 taxable year must be recalculated by reducing the 2012 mill rate of the school district by the lesser of:
 - a. Fifty mills; or
 - b. The 2012 general fund mill rate of the school district minus sixty mills.

SECTION 3. AMENDMENT. Section 57-20-07.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-07.1. County treasurer to mail real estate tax statement - Contents of statement.

1. On or before December twenty-sixth of each year, the county treasurer shall mail a real estate tax statement to the owner of each parcel of real property at the owner's last-known address. The form of the real estate tax statement to be used in every county must be prescribed and approved for use by the tax commissioner. The statement must be provided in a manner that allows the taxpayer to retain a printed record of the obligation for payment of taxes and special assessments as provided in the statement. If a parcel of real property is owned by more than one individual, the county treasurer shall send only one statement to one of the owners of that property. Additional copies of the tax statement will be sent to the other owners upon their request and the furnishing of their

names and addresses to the county treasurer. The tax statement must include:

- a. Include a dollar valuation of the true and full value as defined by law of the property and the total mill levy applicable. ~~The tax statement must include~~
 - b. Include, or be accompanied by a separate sheet, with three columns showing, for the taxable year to which the tax statement applies and the two immediately preceding taxable years, the property tax levy in dollars against the parcel by the county and school district and any city or township that levied taxes against the parcel.
 - c. Provide information identifying the property tax savings provided by the state of North Dakota. The tax statement must include a line item that is entitled "legislative tax relief" and identifies the dollar amount of property tax savings realized by the taxpayer under chapter 15.1-27 and under section 57-20-07.2. For purposes of this subdivision, legislative tax relief is determined by multiplying the taxable value for the taxable year for each parcel shown on the tax statement by the number of mills of mill levy reduction grant under chapter 57-64 for the 2012 taxable year plus the number of mills determined by subtracting from the 2012 taxable year mill rate of the school district in which the parcel is located the lesser of:
 - (1) Fifty mills; or
 - (2) The 2012 taxable year mill rate of the school district minus sixty mills.
2. Failure of an owner to receive a statement will not relieve that owner of liability, nor extend the discount privilege past the February fifteenth deadline.

SECTION 4. Section 57-20-07.2 of the North Dakota Century Code is created and enacted as follows:

57-20-07.2. State-paid property tax relief credit.

1. The owner of taxable property is entitled to a credit against property taxes levied against the total amount of property or mobile home taxes in dollars levied against the taxable value of the property. The credit is equal to twelve percent of property or mobile home taxes levied in dollars against that property.
2. The owner, operator, or lessee of railroad property assessed by the state board of equalization under chapter 57-05 or public utility operative property assessed by the state board of equalization under chapter 57-06 is entitled to a credit against property taxes levied within each county against that property in the amount provided in subsection 1 against property taxes levied in dollars against that property in that county.
3. The owner, operator, or lessee of operative property of an air carrier transportation company assessed and taxed under chapter 57-32 is entitled to a credit in the amount provided in subsection 1 against property taxes in dollars levied against that property. The tax commissioner shall determine the total amount of credits under this subsection and certify the amount to the state treasurer for transfer from the general fund to the air transportation fund. The credit for each air transportation company must be allocated to each city or municipal airport authority where that company makes regularly scheduled landings, in the same manner as the tax collected from that company is allocated.

4. The tax commissioner shall estimate the amount necessary to provide each county advance payment of seventy-five percent of the amount the county and the taxing districts in the county will ultimately receive for a taxable year under this section and certify the estimated amounts to the state treasurer by March fifteenth for transfer by April first to the county treasurer and distribution to the county and taxing districts in the county as provided in subsection 5.
5. The tax commissioner shall determine the total amount of credits under this section for each county from the abstract of the tax list filed by the county auditor under section 57-20-04, as audited and corrected by the tax commissioner. The tax commissioner shall certify to the state treasurer for payment, by June first following receipt of the abstract of the tax list, the amount determined for each county under this subsection. No penalty or interest applies to any state payment under this section, regardless of when the payment is made. The tax commissioner shall reduce the June certification of payments to reflect the April estimated payments previously made to counties under subsection 4.
6. Upon receipt of the payment from the state treasurer under subsections 4 and 5, the county treasurer shall apportion and distribute it to the county and the taxing districts in the county on the basis on which the general real estate tax for the preceding year is apportioned and distributed.
7. After payments to counties under subsection 5 have been made, the tax commissioner shall certify to the state treasurer as necessary any supplemental amounts payable to counties or the air transportation fund or any amounts that must be returned by counties or returned from the air transportation fund for deposit in the state general fund to correct any errors in payments or reflect any abatement or compromise of taxes, court-ordered tax reduction or increase, or levy of taxes against omitted property. The county auditor shall provide any supplemental information requested by the tax commissioner after submission of the abstract of the tax list. The county treasurer shall apply to the tax commissioner for any supplemental payments to which the county treasurer believes the county is entitled.
8. Notwithstanding any other provision of law, for any property other than mobile homes, the property tax credit under this section does not apply to any property subject to payments or taxes that are stated by law to be in lieu of personal or real property taxes.

SECTION 5. AMENDMENT. Section 57-20-09 of the North Dakota Century Code is amended and reenacted as follows:

57-20-09. Discount for early payment of tax.

Except as provided in section 57-20-21.1, the county treasurer shall allow a five percent discount to all taxpayers who shall pay all of the real estate taxes levied on any tract or parcel of real property in any one year in full on or before February fifteenth prior to the date of delinquency. Such discount applies, after deduction of any credit allowed under section 57-20-07.2, to the net remaining amount of all general real estate taxes levied for state, county, city, township, school district, fire district, park district, and any other taxing districts but does not apply to personal property taxes or special assessment installments. Whenever the board of county commissioners, by resolution, determines that an emergency exists in the county by virtue of weather or other catastrophe, it may extend the discount period for an additional thirty days.

SECTION 6. AMENDMENT. Section 57-20-21.1 of the North Dakota Century Code is amended and reenacted as follows:

57-20-21.1. Priority for delinquent taxes.

When payment is made for any real or personal property taxes or special assessments, payments must be applied first to the oldest unpaid delinquent taxes or special assessments due, if any, shown to exist upon the property for which the tax payments are made, including any penalty and interest, except payments of state-paid property tax relief credit made by the state must be applied to taxes for the year for which the state-paid property tax relief credit is granted. The discounts applicable to payment of taxes set out in section 57-20-09 do not apply to payment of taxes made on property upon which tax payments are delinquent.

SECTION 7. TAX COMMISSIONER REPORT ON ASSESSOR

COMPLIANCE RULES. Before January 1, 2014, the tax commissioner shall report to the legislative management on the development of rules for detailed and efficient administration of section 57-01-05 regarding supervision of assessment officials.

SECTION 8. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$200,000,000, or so much of the sum as may be necessary, to the state treasurer for the purpose of state-paid property tax relief credits under section 57-20-07.2, for the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 9. LEGISLATIVE MANAGEMENT STUDY. The legislative management shall consider studying development of standard procedures and classification of accounts to provide a means of accumulating financial information that will be uniform for all counties, regardless of their size or various approaches to budgeting and accounting that may be in use, with the objective of achieving uniformity of financial information to guide preparation of financial reports required by law and preparation of management reports on county government performance. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

SECTION 10. LEGISLATIVE MANAGEMENT STUDY - CONTROLLING GROWTH OF PROPERTY TAX LEVIES. During the 2013-14 interim, the legislative management shall consider studying controlling the growth of property tax levies, with emphasis on consideration of the following:

1. In recent years, the legislative assembly has diverted an enormous amount of state funds to benefit political subdivisions and provide property tax relief to taxpayers and an analysis should be made of whether the level of property tax relief received by taxpayers has been commensurate with the amount of state funds distributed.
2. The legislative assembly has provided for state assumption of funding for some social service functions previously funded by counties. Analysis is needed to determine the additional cost to the state of these functions in each county and compare that amount to the actual reduction in property taxes passed through to taxpayers in each county.
3. Consideration is needed of whether voter approval through referral or levy and budget restrictions should play a greater role in local taxing decisions.
4. Consideration is needed of the feasibility of establishing more restrictive statutory property tax limits to manage the growth of property taxes.

The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

SECTION 11. EFFECTIVE DATE - EXPIRATION DATE. This Act is effective for taxable years beginning after December 31, 2012. Sections 4, 5, and 6 are ineffective after the first two taxable years beginning after December 31, 2012."

Renumber accordingly

Reengrossed SB 2036 was placed on the Seventh order of business on the calendar.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

REP. BELTER MOVED that the conference committee report on Reengrossed SB 2036 be adopted, which motion prevailed on a voice vote.

Reengrossed SB 2036, as amended, was placed on the Fourteenth order of business.

SECOND READING OF SENATE BILL

SB 2036: A BILL for an Act to create and enact section 57-20-07.2 of the North Dakota Century Code, relating to taxing district budgets and state-paid property tax relief credits; to amend and reenact sections 57-12-09, 57-15-02.1, 57-20-07.1, 57-20-09, and 57-20-21.1 of the North Dakota Century Code, relating to notices of property assessment increases, hearings on proposed property tax increases, contents of property tax statements, discounts for early payment of property taxes, and application of relief to current taxes; to provide an appropriation; to provide for legislative management studies; to provide an effective date; and to provide an expiration date.

ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 91 YEAS, 0 NAYS, 0 EXCUSED, 3 ABSENT AND NOT VOTING.

YEAS: Anderson; Beadle; Becker; Bellew; Belter; Boe; Boehning; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Delzer; Dockter; Dosch; Fehr; Frantsvog; Froseth; Glassheim; Grande; Gruchalla; Guggisberg; Haak; Hanson; Hatlestad; Hawken; Headland; Heilman; Heller; Hofstad; Hogan; Holman; Hunskor; Johnson, D.; Johnson, N.; Karls; Kasper; Keiser; Kelsh, J.; Kelsh, S.; Kempenich; Kiefert; Klein; Klemin; Koppelman, B.; Koppelman, K.; Kreidt; Kretschmar; Kreun; Laning; Larson; Looyesen; Louser; Maragos; Martinson; Meier; Mock; Monson; Mooney; Muscha; Nathe; Nelson, J.; Nelson, M.; Onstad; Oversen; Owens; Paur; Pollert; Porter; Rohr; Ruby; Rust; Sanford; Schatz; Schmidt; Silbernagel; Skarphol; Steiner; Streyle; Strinden; Sukut; Thoreson; Toman; Trottier; Vigesaa; Wall; Weisz; Wieland; Williams; Speaker Devlin

ABSENT AND NOT VOTING: Amerman; Drovdal; Zaiser

Reengrossed SB 2036, as amended, passed.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

MR. PRESIDENT: The House has adopted the conference committee report and subsequently passed: SB 2036.

ANNOUNCEMENT

SPEAKER DEVLIN ANNOUNCED that the House would stand in recess until 12:30 a.m.

THE HOUSE RECONVENED pursuant to recess taken, with Speaker Devlin presiding.

REPORT OF CONFERENCE COMMITTEE

HB 1013, as engrossed: Your conference committee (Sens. Holmberg, Flakoll, O'Connell and Reps. Monson, Skarphol, Boe) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1546-1556, adopt amendments as follows, and place HB 1013 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1546-1556 of the House Journal and pages 1362-1371 of the Senate Journal and that Engrossed House Bill No. 1013 be amended as follows:

Page 1, line 2, remove "and"

Page 1, line 3, after "blind" insert ", and the legislative council"

Page 1, line 3, remove "to provide for a transfer to the general fund; to provide for the distribution of"

Page 1, replace lines 4 through 8 with "to create and enact sections 15.1-27-04.1, 15.1-27-04.2, and 15.1-27-45 and a new section to chapter 15.1-35 of the North Dakota Century Code, relating to the determination of state aid payable to school districts; to amend and reenact sections 15-39.1-28, 15.1-02-02, 15.1-07-32, 15.1-09-33, 15.1-09-39, 15.1-09-40, 15.1-09-47, 15.1-09-48, 15.1-09-49, 15.1-18.1-02, 15.1-22-01, 15.1-27-03.1, 15.1-27-03.2, 15.1-27-17, 15.1-27-35, 15.1-27-35.3, 15.1-27-39, 15.1-29-15, 15.1-30-04, 15.1-36-02, 40-55-08, 40-55-09, 57-15-01.1, 57-15-14, 57-15-14.2, 57-15-14.5, 57-15-17, 57-15-17.1, 57-15-31, 57-19-01, 57-19-02, and 57-19-09 of the North Dakota Century Code, relating to the salary of the superintendent of public instruction, the national board certification program, and the determination of state aid payable to school districts; to repeal sections 15.1-27-07.1 and 57-19-10 of the North Dakota Century Code, relating to kindergarten payments and special reserve funds; to provide an appropriation; to provide supplemental assistance payments; to provide for a transfer; to provide exemptions; to provide legislative intent; to provide for a legislative management study; to provide for a suspension; to provide an effective date; to provide an expiration date; and to declare an emergency."

Page 1, remove lines 21 through 24

Page 2, replace lines 1 through 5 with:

"Salaries and wages	\$14,409,300	\$1,531,653	\$15,940,953
Accrued leave payments	0	322,068	322,068
Operating expenses	29,099,187	631,615	29,730,802
Funding pool for initiatives	0	2,750,000	2,750,000
Grants - state school aid	918,459,478	(918,459,478)	0
Integrated formula payments	0	1,752,100,000	1,752,100,000
Grants - special education contracts	16,000,000	500,000	16,500,000
Grants - transportation	48,500,000	5,000,000	53,500,000
Grants - other grants	304,609,393	(32,043,132)	272,566,261"

Page 2, replace lines 10 through 12 with:

"Total all funds	\$1,678,082,358	\$465,477,726	\$2,143,560,084
Less estimated income	<u>434,485,707</u>	<u>2,511,052</u>	<u>436,996,759</u>
Total general fund	\$1,243,596,651	\$462,966,674	\$1,706,563,325"

Page 2, replace lines 18 through 24 with:

"Salaries and wages	\$3,450,359	\$329,694	\$3,780,053
Accrued leave payments	0	75,354	75,354
Operating expenses	1,695,726	200,000	1,895,726
Grants	<u>2,252,500</u>	<u>266,500</u>	<u>2,519,000</u>
Total all funds	\$7,398,585	\$871,548	\$8,270,133
Less estimated income	<u>2,134,610</u>	<u>259,535</u>	<u>2,394,145</u>
Total general fund	\$5,263,975	\$612,013	\$5,875,988"

Page 2, remove lines 30 and 31

Page 3, replace line 1 with:

"Salaries and wages	\$5,932,638	\$1,000,267	\$6,932,905
Accrued leave payments	0	134,846	134,846
Operating expenses	1,633,911	274,883	1,908,794"

Page 3, replace lines 4 through 6 with:

"Total all funds	\$7,808,249	\$2,562,317	\$10,370,566
Less estimated income	<u>1,193,277</u>	<u>1,377,910</u>	<u>2,571,187</u>
Total general fund	\$6,614,972	\$1,184,407	\$7,799,379"

Page 3, replace lines 12 through 19 with:

"Salaries and wages	\$3,815,825	\$599,355	\$4,415,180
Accrued leave payments	0	87,463	87,463
Operating expenses	707,006	13,800	720,806
Capital assets	<u>39,500</u>	<u>3,284,900</u>	<u>3,324,400</u>
Total all funds	\$4,562,331	\$3,985,518	\$8,547,849
Less estimated income	<u>835,091</u>	<u>18,665</u>	<u>853,756</u>
Total general fund	\$3,727,240	\$3,966,853	\$7,694,093
Full-time equivalent positions	29.50	0.50	30.00"

Page 3, replace lines 24 through 26 with:

"Grand total general fund	\$1,259,202,838	\$468,829,947	\$1,728,032,785
Grand total special funds	<u>438,648,685</u>	<u>4,167,162</u>	<u>442,815,847</u>
Grand total all funds	\$1,697,851,523	\$472,997,109	\$2,170,848,632"

Page 4, after line 4, insert:

"Funding pool for initiatives	0	2,750,000
Information technology staffing analysis	0	100,000
Early childhood care and education study	0	200,000
Governing North Dakota textbook	0	20,000"

Page 4, replace lines 6 through 8 with:

"Total department of public instruction - all funds	\$22,101,716	\$3,070,000
Total department of public instruction - estimated income	<u>21,717,716</u>	<u>0</u>
Total department of public instruction - general fund	\$384,000	\$3,070,000"

Page 4, after line 18, insert:

"Remodel of west wing	0	2,762,000"
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Page 4, replace lines 21 through 26 with:

"Total school for the blind - all funds	\$70,000	\$3,302,829
Total school for the blind - estimated income	<u>0</u>	<u>110,329</u>
Total school for the blind - general fund	\$70,000	\$3,192,500
Grand total - all funds	\$23,170,246	\$7,375,088
Grand total - estimated income	<u>22,612,446</u>	<u>1,112,588</u>
Grand total - general fund	\$557,800	\$6,262,500"

Page 5, remove lines 15 through 30

Page 6, remove lines 1 and 2

Page 7, line 13, replace "three" with "thirteen"

Page 7, line 15, replace "Forty-six" with "Fifty-two"

Page 7, line 17, replace "Forty-six" with "Fifty"

Page 7, line 28, replace "Forty-six" with "Fifty"

Page 8, line 4, replace "Twenty-six" with "Thirty"

Page 9, after line 2, insert:

"SECTION 11. SUPERINTENDENT - SCHOOL FOR THE DEAF - AUTHORIZATION - CONTINGENT FUNDING. The salaries and wages line item in subdivision 3 of section 1 of this Act includes \$142,242 from the general fund to provide funding for a full-time superintendent at the school for the deaf. The school for the deaf may use the funding to fill a full-time superintendent position as directed by the superintendent of public instruction. This funding is contingent on the

superintendent of public instruction certifying to the director of the office of management and budget that the position has been filled by a full-time superintendent. The office of management and budget shall prorate the amount of funding available to the school for the deaf based on the retirement date of the current superintendent of the school for the deaf.

SECTION 12. SUPERINTENDENT - SCHOOL FOR THE BLIND - AUTHORIZATION - CONTINGENT FUNDING. The salaries and wages line item in subdivision 4 of section 1 of this Act includes \$144,670 from the general fund to provide funding for a full-time superintendent at the school for the blind. In addition, a .5 full-time equivalent position is added, which is contingent on a determination made by the superintendent of public instruction that the position should be filled by a full-time superintendent. The school for the blind may use the funding to fill a full-time superintendent position as directed by the superintendent of public instruction. This funding is contingent on the superintendent of public instruction certifying to the director of the office of management and budget that the position has been filled by a full-time superintendent. The office of management and budget shall prorate the amount of funding available to the school for the blind based on the retirement date of the current superintendent of the school for the blind."

Page 9, after line 10, insert:

"SECTION 15. INFORMATION TECHNOLOGY STAFFING ANALYSIS.

Subdivision 1 of section 1 of this Act includes \$100,000 from the general fund for the superintendent of public instruction to contract with the information technology department and a private consultant to conduct an information technology staffing analysis for the biennium beginning July 1, 2013, and ending June 30, 2015. The analysis must include a review of the department of public instruction information technology staffing duties, responsibilities, and staffing levels and must consider the feasibility and desirability of transferring additional information technology positions to the information technology department and must provide recommendations regarding the appropriate level of information technology staff for the department of public instruction."

Page 9, replace lines 15 through 21 with:

"SECTION 17. LEGISLATIVE INTENT - REIMBURSEMENT OF TITLE FUNDING DUE TO FEDERAL SEQUESTRATION. If, as a result of the federal sequestration order for fiscal year 2013, issued pursuant to section 251A of the Balanced Budget and Emergency Deficit Control Act, as amended [2 U.S.C. 901A], school districts experience a reduction in funds provided under title I, part A of the Elementary and Secondary Education Act of 1965, as amended [20 U.S.C. 6301, et seq.], it is the intent of the legislative assembly that the superintendent of public instruction introduce legislation to the sixty-fourth legislative assembly seeking state funding for school districts to offset these federal funding reductions."

Page 9, line 23, replace "\$1,500,000" with "\$1,766,500"

Page 10, after line 21, insert:

"SECTION 21. AMENDMENT. Section 15-39.1-28 of the North Dakota Century Code is amended and reenacted as follows:

15-39.1-28. Tax levy for teachers' retirement.

Any school district by a resolution of its school board may ~~levy a tax pursuant to subdivision b of subsection 1 of use the proceeds of levies, as permitted by section 57-15-14.2, the proceeds to be used~~ for the purposes of meeting the district's contribution to the fund arising under this chapter and to provide the district's share, if any, of contribution to the fund for contracted employees of either a multidistrict special education board or another school district where the contracted employees are also providing services to the taxing school district."

Page 10, line 25, replace "nine" with "ten"

Page 10, line 26, replace "thirty-three" with "ninety-two"

Page 10, line 27, replace "twelve" with "thirteen"

Page 10, line 27, replace "seven" with "ninety-eight"

Page 10, after line 27, insert:

"SECTION 23. AMENDMENT. Section 15.1-07-32 of the North Dakota Century Code is amended and reenacted as follows:

15.1-07-32. Student performance strategist - Verification - Qualifications.

~~Beginning with the 2010-11 school year, each~~Each school district must have available one full-time equivalent student performance strategist for every four hundred students in average daily membership in kindergarten through grade three. Each school district shall submit documentation to the superintendent of public instruction, at the time and in the manner directed by the superintendent, verifying the amount of time that each student performance strategist expended in tutoring students on a one-to-one basis or in groups ranging from two to five, or in providing instructional coaching to teachers. For purposes of this section, a "student performance strategist" must ~~meet~~:

1. a. Meet the qualifications of an elementary school teacher as set forth in section 15.1-18-07; or
 - b. Be licensed to teach or approved to teach by the education standards and practices board and hold a special education endorsement or credential; and serve
2. Serve as a tutor or an instructional coach.

SECTION 24. AMENDMENT. Section 15.1-09-33 of the North Dakota Century Code is amended and reenacted as follows:

15.1-09-33. School board - Powers.

The board of a school district may:

1. Establish a system of free public schools for all children of legal school age residing within the district.
2. Organize, establish, operate, and maintain elementary, middle, and high schools.
3. Have custody and control of all school district property and, in the case of the board of education of the city of Fargo, have custody and control of all public school property within the boundaries of the Fargo public school district and to manage and control all school matters.
4. Acquire real property and construct school buildings and other facilities.
5. Relocate or discontinue schools and liquidate the assets of the district as required by law; provided no site may be acquired or building constructed, or no school may be organized, established, operated, maintained, discontinued, or changed in location without the approval of the state board of public school education if outside the boundary of the district.
6. Purchase, sell, exchange, and improve real property.
7. Lease real property for a maximum of one year except in the case of a career and technical education facility constructed in whole or in part with financing acquired under chapter 40-57, which may be leased for up to twenty years.

8. Subject to chapter 32-15, exercise the power of eminent domain to acquire real property for school purposes.
9. Purchase, sell, exchange, improve, and lease for up to one year equipment, furniture, supplies, and textbooks.
10. Recruit or contract with others to recruit homes and facilities which provide boarding care for special education students.
11. Provide dormitories for the boarding care of special education students.
12. Insure school district property.
13. Independently or jointly with other school districts, purchase telecommunications equipment or lease a telecommunications system or network.
14. Provide for the education of students by another school district.
15. Contract with federal officials for the education of students in a federal school.
16. Prescribe courses of study in addition to those prescribed by the superintendent of public instruction or by law.
17. Adopt rules regarding the instruction of students, including their admission, transfer, organization, grading, and government.
18. Join the North Dakota high school activities association and pay membership fees.
19. Adopt alternative curricula for high school seniors who require fewer than four academic units.
20. Contract with, employ, and compensate school district personnel.
21. Contract with and provide reimbursement for the provision of teaching services by an individual certified as an instructor in the areas of North Dakota American Indian languages and culture by the education standards and practices board.
22. Suspend school district personnel.
23. Dismiss school district personnel.
24. Participate in group insurance plans and pay all or part of the insurance premiums.
25. Contract for the services of a district superintendent, provided that the contract, which may be renewed, does not exceed a period of three years.
26. Contract for the services of a principal.
27. Employ an individual to serve as the school district business manager or contract with any person to perform the duties assigned to a school district business manager by law.
28. Suspend or dismiss a school district business manager for cause without prior notice.
29. Suspend or dismiss a school district business manager without cause with thirty days' written notice.
30. Defray the necessary and contingent expenses of the board.

31. Levy a tax upon property in the district for school purposes, as permitted in accordance with chapter 57-15.
32. Amend and certify budgets and tax levies, as provided in title 57.
33. Pay dues allowing for the board to hold membership in city, county, state, and national organizations and associations.
34. Designate, at its annual meeting, a newspaper of general circulation as the official newspaper of the district.

SECTION 25. AMENDMENT. Section 15.1-09-39 of the North Dakota Century Code is amended and reenacted as follows:

15.1-09-39. Districts in bordering states - Contract.

1. Notwithstanding any other provision of law, the board of a school district in this state may contract with the board of a school district in another state for the joint operation and maintenance of school facilities and for joint activities, if the districts are contiguous. To be valid, the contract must be approved by the superintendent of public instruction and by a majority of the qualified electors residing in the district.
2. In assessing the contract, the superintendent shall consider the district's enrollment, its valuation, and its longevity.
3. If the superintendent approves the contract, the board shall submit the contract to the electorate of the district, for approval, at an annual or a special election.
4. The board shall publish notice of the election in the official newspaper of the district at least fourteen days before the election. The notice must include a statement regarding the purpose of the election and the terms of the contract.
5. On the ballot, the board shall seek the voters' permission to execute the proposed contract, as approved by the superintendent of public instruction.
6. If the voters approve the execution of the contract, the board may levy and collect taxes, as permitted in accordance with chapter 57-15. to carry out the contract pursuant to law.
7. If a district that is a party to a contract under this section dissolves, any district to which the land of the dissolved district is attached shall assume the contractual responsibilities.

SECTION 26. AMENDMENT. Section 15.1-09-40 of the North Dakota Century Code is amended and reenacted as follows:

15.1-09-40. Sharing of levied taxes - Contract.

The boards of two or more school districts may contract to share levied taxes in all or a portion of their respective districts. The rate of taxes to be levied on any property in the joint taxing area or district is the rate of tax provided for in the contract, not exceeding any levy limitations ~~applicable to the property~~ under chapter 57-15. The auditor of each county in which all or a portion of a contracting district is located shall fix and levy taxes on that portion of the property which is described in the contract and is located in the county at the rate set by the contract.

SECTION 27. AMENDMENT. Section 15.1-09-47 of the North Dakota Century Code is amended and reenacted as follows:

15.1-09-47. Board of education of city of Fargo - Taxing authority.

1. ~~The board of education of the city of Fargo may levy taxes, as necessary for any of the following purposes:~~
 - a. ~~To purchase, exchange, lease, or improve sites for schools.~~
 - b. ~~To build, purchase, lease, enlarge, alter, improve, and repair schools and their appurtenances.~~
 - c. ~~To procure, exchange, improve, and repair school apparatus, books, furniture, and appendages, but not the furnishing of textbooks to any student whose parent is unable to furnish the same.~~
 - d. ~~To provide fuel.~~
 - e. ~~To defray the contingent expenses of the board, including the compensation of employees.~~
 - f. ~~To pay teacher salaries after the application of public moneys, which may by law be appropriated and provided for that purpose.~~

2. ~~The question of authorizing or discontinuing the unlimited taxing authority of the board of education of the city of Fargo must be submitted to the qualified electors of the Fargo school district at the next regular election upon resolution of the board of education or upon filing with the board a petition containing the signatures of qualified electors of the district equal in number to twenty percent of the individuals enumerated in the most recent school district census. However, if the electors approve a discontinuation of the unlimited taxing authority, their approval of the discontinuation may not affect the tax levy effective for the calendar year in which the election is held. In addition, the minimum levy may not be less than the levy that was in force at the time of the election. The board may increase its levy in accordance with section 57-15-01. If the district experiences growing enrollment, the board may increase the levy by an amount equal to the amount levied the preceding year per student times the number of additional students enrolled during the new year within the requirements or limitations of this title and title 57.~~

SECTION 28. AMENDMENT. Section 15.1-09-48 of the North Dakota Century Code is amended and reenacted as follows:

15.1-09-48. Board of education of city of Fargo - Tax collection.

The board of education of the city of Fargo ~~has the power to~~may levy taxes within the boundaries of the Fargo public school district and ~~to cause such~~the taxes to be collected in the same manner as other city taxes, provided the taxes meet the requirements or limitations of this title and title 57. ~~The business manager of the board of education shall cause~~certify the rate for each purpose ~~to be certified by the business manager to the city auditor in time to be added to the annual tax list of the city. It is the duty of the~~The city auditor ~~to~~shall calculate and extend upon the annual assessment roll and tax list any tax levied by the board of education. The tax must be collected in the same manner as other city taxes ~~are collected.~~ If the city council fails to levy any tax for city purposes or fails to cause an assessment roll or tax list to be made, the board of education may ~~cause~~make an assessment roll and tax list ~~to be made~~ and submit the roll to the city auditor with a warrant for the collection of the tax. The board of education may cause the tax to be collected in the same manner as other city taxes are collected or as otherwise provided by resolution of the board.

SECTION 29. AMENDMENT. Section 15.1-09-49 of the North Dakota Century Code is amended and reenacted as follows:

15.1-09-49. Board of education of city of Fargo - Taxes for buildings.

The amount to be raised for teacher salaries and contingent expenses must be such only as together with the public money coming to the city from any source is sufficient to establish and maintain efficient and proper schools for students in the city. The tax for purchasing, leasing, or improving sites and the building, purchasing, leasing, enlarging, altering, and repairing of schools may not exceed in any one year fifteen mills on the ~~dollar valuation of the taxable~~ valuation of property of the city in the school district. The board of education may borrow, and when necessary shall borrow, in anticipation of the ~~amount of the taxes to be raised, levied, and collected.~~"

Page 12, line 9, after "thousand" insert "five hundred"

Page 12, after line 22, insert:

"SECTION 31. AMENDMENT. Section 15.1-22-01 of the North Dakota Century Code is amended and reenacted as follows:

15.1-22-01. Kindergarten - Establishment by board - Request by parent – Levy.

4. The board of a school district shall either provide at least a half-day kindergarten program for any student enrolled in the district or pay the tuition required for the student to attend a kindergarten program in another school district.

~~2. The board of a school district that establishes a kindergarten under this section may levy a tax pursuant to subdivision p of subsection 1 of section 57-15-14.2.~~

SECTION 32. AMENDMENT. Section 15.1-27-03.1 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-03.1. (Effective through June 30, 2013, and after June 30, 2015) Weighted average daily membership - Determination.

1. For each school district, the superintendent of public instruction shall multiply by:
 - a. 1.00 the number of full-time equivalent students enrolled in a migrant summer program;
 - b. 1.00 the number of full-time equivalent students enrolled in an extended educational program in accordance with section 15.1-32-17;
 - c. 0.60 the number of full-time equivalent students enrolled in a summer education program;
 - d. 0.50 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;
 - e. 0.30 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be least proficient and placed in the first of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
 - f. 0.25 the number of full-time equivalent students enrolled in an alternative high school;

- g. 0.20 the number of full-time equivalent students attending school in a bordering state in accordance with section 15.1-29-01;
- h. 0.20 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the first of six categories of proficiency and therefore placed in the second of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
- i. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
- j. 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred students enrolled in average daily membership and the district consists of an area greater than two hundred seventy-five square miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than fifty students in average daily membership must be deemed to have an enrollment equal to fifty students in average daily membership;
- k. ~~0-0790.082~~ the number of students enrolled in average daily membership, in order to support the provision of special education services;
- l. 0.07 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the second of six categories of proficiency and therefore placed in the third of six categories of proficiency;
 - (2) Are enrolled in a program of instruction for English language learners; and
 - (3) Have not been in the third of six categories of proficiency for more than three years;
- m. 0.025 the number of students representing that percentage of the total number of students in average daily membership which is equivalent to the three-year average percentage of students in grades three through eight who are eligible for free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.];
- n. 0.006 the number of students enrolled in average daily membership in each public school in the district that:
 - (1) Has acquired and is utilizing the PowerSchool student information system;
 - (2) Has acquired and is in the process of implementing the PowerSchool student information system; or
 - (3) Will acquire the PowerSchool student information system during the current school year, provided the acquisition is contractually demonstrated; and

- o. 0.004 the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1.
2. The superintendent of public instruction shall determine each school district's weighted average daily membership by adding the products derived under subsection 1 to the district's average daily membership.

(Effective July 1, 2013, through June 30, 2015) Weighted average daily membership - Determination.

1. For each school district, the superintendent of public instruction shall multiply by:
 - a. 1.00 the number of full-time equivalent students enrolled in a migrant summer program;
 - b. 1.00 the number of full-time equivalent students enrolled in an extended educational program in accordance with section 15.1-32-17;
 - c. 0.60 the number of full-time equivalent students enrolled in a summer education program;
 - d. ~~0.50~~ 0.20 the number of full-time equivalent students enrolled in a home-based education program and monitored by the school district under chapter 15.1-23;
 - e. 0.30 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be least proficient and placed in the first of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
 - f. 0.25 the number of full-time equivalent students enrolled in an alternative high school;
 - g. 0.20 the number of full-time equivalent students attending school in a bordering state in accordance with section 15.1-29-01;
 - h. 0.20 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the first of six categories of proficiency and therefore placed in the second of six categories of proficiency; and
 - (2) Are enrolled in a program of instruction for English language learners;
 - i. 0.17 the number of full-time equivalent students enrolled in an early childhood special education program;
 - j. 0.15 the number of full-time equivalent students in grades six through eight enrolled in an alternative education program for at least an average of fifteen hours per week;
 - k. 0.10 the number of students enrolled in average daily membership, if the district has fewer than one hundred students enrolled in average

daily membership and the district consists of an area greater than two hundred seventy-five square miles [19424.9 hectares], provided that any school district consisting of an area greater than six hundred square miles [155399 hectares] and enrolling fewer than fifty students in average daily membership must be deemed to have an enrollment equal to fifty students in average daily membership;

- l. ~~0-0790.082~~ the number of students enrolled in average daily membership, in order to support the provision of special education services;
 - m. 0.07 the number of full-time equivalent students who:
 - (1) On a test of English language proficiency approved by the superintendent of public instruction are determined to be more proficient than students placed in the second of six categories of proficiency and therefore placed in the third of six categories of proficiency;
 - (2) Are enrolled in a program of instruction for English language learners; and
 - (3) Have not been in the third of six categories of proficiency for more than three years;
 - n. 0.025 the number of students representing that percentage of the total number of students in average daily membership which is equivalent to the three-year average percentage of students in grades three through eight who are eligible for free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.];
 - o. ~~0-0060.003~~ the number of students enrolled in average daily membership in each public school in the district that:
 - (1) Has acquired and is utilizing the PowerSchool student information system;
 - (2) Has acquired and is in the process of implementing the PowerSchool student information system; or
 - (3) Will acquire the PowerSchool student information system during the current school year, provided the acquisition is contractually demonstrated; and
 - p. ~~0-0040.002~~ the number of students enrolled in average daily membership in a school district that is a participating member of a regional education association meeting the requirements of chapter 15.1-09.1.
2. The superintendent of public instruction shall determine each school district's weighted average daily membership by adding the products derived under subsection 1 to the district's average daily membership.

SECTION 33. AMENDMENT. Section 15.1-27-03.2 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-03.2. School district size weighting factor - Weighted student units.

1. For each high school district in the state, the superintendent of public instruction shall assign a school district size weighting factor of:
 - a. ~~1-251.35~~ if the students in average daily membership number fewer than ~~485125~~;

- b. 1.34 if the students in average daily membership number at least 125 but fewer than 130;
- c. 1.33 if the students in average daily membership number at least 130 but fewer than 135;
- d. 1.32 if the students in average daily membership number at least 135 but fewer than 140;
- e. 1.31 if the students in average daily membership number at least 140 but fewer than 145;
- f. 1.30 if the students in average daily membership number at least 145 but fewer than 150;
- g. 1.29 if the students in average daily membership number at least 150 but fewer than 155;
- h. 1.28 if the students in average daily membership number at least 155 but fewer than 160;
- i. 1.27 if the students in average daily membership number at least 160 but fewer than 165;
- j. 1.26 if the students in average daily membership number at least 165 but fewer than 175;
- k. 1.25 if the students in average daily membership number at least 175 but fewer than 185;
- ~~b-l.~~ 1.24 if the students in average daily membership number at least 185 but fewer than 200;
- ~~e-m.~~ 1.23 if the students in average daily membership number at least 200 but fewer than 215;
- ~~d-n.~~ 1.22 if the students in average daily membership number at least 215 but fewer than 230;
- ~~e-o.~~ 1.21 if the students in average daily membership number at least 230 but fewer than 245;
- ~~f-p.~~ 1.20 if the students in average daily membership number at least 245 but fewer than 260;
- ~~g-q.~~ 1.19 if the students in average daily membership number at least 260 but fewer than 270;
- ~~h-r.~~ 1.18 if the students in average daily membership number at least 270 but fewer than 275;
- ~~i-s.~~ 1.17 if the students in average daily membership number at least 275 but fewer than 280;
- ~~j-t.~~ 1.16 if the students in average daily membership number at least 280 but fewer than 285;
- ~~k-u.~~ 1.15 if the students in average daily membership number at least 285 but fewer than 290;
- ~~l-v.~~ 1.14 if the students in average daily membership number at least 290 but fewer than 295;
- ~~m-w.~~ 1.13 if the students in average daily membership number at least 295 but fewer than 300;

- ~~n-x.~~ 1.12 if the students in average daily membership number at least 300 but fewer than 305;
- ~~o-y.~~ 1.11 if the students in average daily membership number at least 305 but fewer than 310;
- ~~p-z.~~ 1.10 if the students in average daily membership number at least 310 but fewer than 320;
- ~~q-aa.~~ 1.09 if the students in average daily membership number at least 320 but fewer than 335;
- ~~r-bb.~~ 1.08 if the students in average daily membership number at least 335 but fewer than 350;
- ~~s-cc.~~ 1.07 if the students in average daily membership number at least 350 but fewer than 360;
- ~~t-dd.~~ 1.06 if the students in average daily membership number at least 360 but fewer than 370;
- ~~u-ee.~~ 1.05 if the students in average daily membership number at least 370 but fewer than 380;
- ~~v-ff.~~ 1.04 if the students in average daily membership number at least 380 but fewer than 390;
- ~~w-gg.~~ 1.03 if the students in average daily membership number at least 390 but fewer than 400;
- ~~x-hh.~~ 1.02 if the students in average daily membership number at least 400 but fewer than 600;
- ~~y-ii.~~ 1.01 if the students in average daily membership number at least 600 but fewer than 900; and
- ~~z-jj.~~ 1.00 if the students in average daily membership number at least 900.
2. For each elementary district in the state, the superintendent of public instruction shall assign a weighting factor of:
- 1.25 if the students in average daily membership number fewer than 125;
 - 1.17 if the students in average daily membership number at least 125 but fewer than 200; and
 - 1.00 if the students in average daily membership number at least 200.
3. The school district size weighting factor determined under this section and multiplied by a school district's weighted average daily membership equals the district's weighted student units.
4. Notwithstanding the provisions of this section, the school district size weighting factor assigned to a district may not be less than the factor arrived at when the highest number of students possible in average daily membership is multiplied by the school district size weighting factor for the subdivision immediately preceding the district's actual subdivision and then divided by the district's average daily membership.

SECTION 34. Section 15.1-27-04.1 of the North Dakota Century Code is created and enacted as follows:

15.1-27-04.1. Baseline funding - Establishment - Determination of state aid.

1. In order to determine the amount of state aid payable to each district, the superintendent of public instruction shall establish each district's baseline funding. A district's baseline funding consists of:
 - a. All state aid received by the district in accordance with chapter 15.1-27 during the 2012-13 school year;
 - b. The district's 2012-13 mill levy reduction grant, as determined in accordance with chapter 57-64, as it existed on June 30, 2013;
 - c. An amount equal to that raised by the district's 2012 general fund levy or that raised by one hundred ten mills of the district's 2012 general fund levy, whichever is less;
 - d. An amount equal to that raised by the district's 2012 long-distance learning and educational technology levy;
 - e. An amount equal to that raised by the district's 2012 alternative education program levy; and
 - f. An amount equal to:
 - (1) Seventy-five percent of all revenue received by the school district and reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08;
 - (2) Seventy-five percent of all mineral revenue received by the school district through direct allocation from the state treasurer and not reported under code 2000 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08;
 - (3) Seventy-five percent of all tuition received by the school district and reported under code 1300 of the North Dakota school district financial accounting and reporting manual, as developed by the superintendent of public instruction in accordance with section 15.1-02-08, with the exception of revenue received specifically for the operation of an educational program provided at a residential treatment facility and tuition received for the provision of an adult farm management program;
 - (4) Seventy-five percent of all revenue received by the school district from payments in lieu of taxes on the distribution and transmission of electric power;
 - (5) Seventy-five percent of all revenue received by the school district from payments in lieu of taxes on electricity generated from sources other than coal;
 - (6) All revenue received by the school district from mobile home taxes;
 - (7) Seventy-five percent of all revenue received by the school district from the leasing of land acquired by the United States for which compensation is allocated to the state under 33 U.S.C. 701(c)(3);

- (8) All telecommunications tax revenue received by the school district; and
 - (9) All revenue received by the school district from payments in lieu of taxes and state reimbursement of the homestead credit and disabled veterans' credit.
 2. The superintendent shall divide the district's total baseline funding by the district's 2012-13 weighted student units in order to determine the district's baseline funding per weighted student unit.
 3.
 - a. In 2013-14, the superintendent shall multiply the district's weighted student units by eight thousand eight hundred ten dollars.
 - (1) The superintendent shall adjust the product to ensure that the product is at least equal to the greater of:
 - (a) One hundred two percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's 2013-14 weighted student units; or
 - (b) One hundred percent of the district's baseline funding as established in subsection 1.
 - (2) The superintendent shall also adjust the product to ensure that the product does not exceed one hundred ten percent of the district's baseline funding per weighted student unit multiplied by the district's 2013-14 weighted student units, as established in subsection 2.
 - b. In 2014-15, the superintendent shall multiply the district's weighted student units by nine thousand ninety-two dollars.
 - (1) The superintendent shall adjust the product to ensure that the product is at least equal to the greater of:
 - (a) One hundred four percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's 2014-15 weighted student units; or
 - (b) One hundred percent of the district's baseline funding as established in subsection 1.
 - (2) The superintendent shall also adjust the product to ensure that the product does not exceed one hundred twenty percent of the district's baseline funding per weighted student unit, as established in subsection 2, multiplied by the district's 2014-15 weighted student units.
 4. After determining the product in accordance with subsection 3, the superintendent of public instruction shall:
 - a. Subtract an amount equal to sixty mills multiplied by the taxable valuation of the school district, provided that after 2013, the amount in dollars subtracted for purposes of this subdivision may not exceed the previous year's amount in dollars subtracted for purposes of this subdivision by more than twelve percent; and
 - b. Subtract an amount equal to seventy-five percent of all revenues listed in paragraphs 1 through 5, and 7 of subdivision f of subsection 1 and one hundred percent of all revenues listed in paragraphs 6, 8, and 9 of subdivision f of subsection 1.

5. The amount remaining after the computation required under subsection 4 is the amount of state aid to which a school district is entitled, subject to any other statutory requirements or limitations.

SECTION 35. Section 15.1-27-04.2 of the North Dakota Century Code is created and enacted as follows:

15.1-27-04.2. State aid - Minimum local effort - Determination.

If a district's taxable valuation per student is less than twenty percent of the state average valuation per student, the superintendent of public instruction, for purposes of determining state aid in accordance with section 15.1-27-04.1, shall utilize an amount equal to sixty mills times twenty percent of the state average valuation per student multiplied by the number of weighted student units in the district.

SECTION 36. AMENDMENT. Section 15.1-27-17 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-17. Per student payments - Reorganization of school districts - Separate weighting factor.

1. Notwithstanding ~~the provisions of~~ section 15.1-27-03.2, the superintendent of public instruction shall create and assign a separate weighting factor to:
 - a. ~~Any school district that reorganized on or before June 30, 2007, and which was receiving per student payments in accordance with section 15.1-27-17, as that section existed on June 30, 2007; and~~
 - b. ~~Any~~ any school district that reorganizes on or after July 1, 2007.
2.
 - a. The separate weighting factor must allow the reorganized school district to receive a payment rate equivalent to that which each separate school district would have received had the reorganization not taken place.
 - b. The separate weighting factor must be computed to four decimal places.
 - c. The provisions of this subsection are effective for a period of four years from the date of the reorganization.
3. At the beginning of the fifth and at the beginning of the sixth years after the date of the reorganization, the superintendent of public instruction shall make proportionate adjustments in the assigned weighting factor so that beginning with the seventh year after the date of the reorganization, the weighting factor that will be applied to the reorganized district is that provided in section 15.1-27-03.2.

SECTION 37. AMENDMENT. Section 15.1-27-35 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-35. Average daily membership - Calculation.

1. a. ~~During the 2009-10 school year, average daily membership is calculated at the conclusion of the school year by adding the total number of days that each student in a given grade, school, or school district is in attendance during a school calendar and the total number of days that each student in a given grade, school, or school district is absent during a school calendar, and then dividing the sum by the greater of:~~
 - (1) ~~The school district's calendar; or~~

- (2) ~~One hundred eighty.~~
- b. ~~During the 2010-11 school year, average daily membership is calculated at the conclusion of the school year by adding the total number of days that each student in a given grade, school, or school district is in attendance during a school calendar and the total number of days that each student in a given grade, school, or school district is absent during a school calendar, and then dividing the sum by the greater of:~~
- (1) ~~The school district's calendar; or~~
- (2) ~~One hundred eighty-one.~~
- e. ~~Beginning with the 2011-12 school year, average~~Average daily membership is calculated at the conclusion of the school year by adding the total number of days that each student in a given grade, school, or school district is in attendance during a school calendar and the total number of days that each student in a given grade, school, or school district is absent during a school calendar, and then dividing the sum by the greater of:
- (1)a. The school district's calendar; or
- (2)b. One hundred eighty-two.
2. For purposes of calculating average daily membership, all students are deemed to be in attendance on:
- a. The three holidays listed in subdivisions b through j of subsection 1 of section 15.1-06-02 and selected by the school board in consultation with district teachers;
- b. The two days set aside for professional development activities under section 15.1-06-04; and
- c. The two full days, or portions thereof, during which parent-teacher conferences are held or which are deemed by the board of the district to be compensatory time for parent-teacher conferences held outside regular school hours.
3. For purposes of calculating average daily membership:
- a. A student enrolled full time in any grade from one through twelve may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.
- b. A student enrolled full time in an approved regular education kindergarten program may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.
- c. A student enrolled full time, as defined by the superintendent of public instruction, in an approved early childhood special education program may not exceed an average daily membership of 1.00. The membership may be prorated for a student who is enrolled less than full time.

SECTION 38. AMENDMENT. Section 15.1-27-35.3 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-35.3. Payments to school districts - Unobligated general fund balance.

1.
 - a. The superintendent of public instruction shall determine the amount of payments due a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty-five percent of its actual expenditures, plus twenty thousand dollars.
 - b. Beginning July 1, 2015, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of forty percent of its actual expenditures, plus twenty thousand dollars.
 - c. Beginning July 1, 2017, the superintendent of public instruction shall determine the amount of payments due to a school district and shall subtract from that the amount by which the unobligated general fund balance of the district on the preceding June thirtieth is in excess of thirty-five percent of its actual expenditures, plus twenty thousand dollars.
2. In making the determination required by subsection 1, the superintendent of public instruction may not include in a district's unobligated general fund balance any moneys that were received by the district from the federal education jobs fund program.
3. For purposes of this section, a district's unobligated general fund balance includes all moneys in the district's miscellaneous fund, as established under section 57-15-14.2.

SECTION 39. AMENDMENT. Section 15.1-27-39 of the North Dakota Century Code is amended and reenacted as follows:

15.1-27-39. Annual salary - Minimum amount.

1. ~~Beginning with the 2005-06 school year, the board of each school district shall provide to each full-time teacher, under contract for a period of nine months, a minimum salary level for the contract period equal to at least twenty-two thousand dollars.~~
2. Beginning with the ~~2006-07~~2014-15 school year, the board of each school district shall provide to each full-time teacher, under contract for a period of nine months, a minimum salary level for the contract period equal to at least ~~twenty-two~~twenty-seven thousand five hundred dollars.

SECTION 40. Section 15.1-27-45 of the North Dakota Century Code is created and enacted as follows:

15.1-27-45. Property tax relief fund.

1.
 - a. The property tax relief fund is a special fund in the state treasury. On July 1, 2013, the state treasurer shall change the name of the property tax relief sustainability fund established under section 57-64-05 to property tax relief fund as established by this section and any unobligated balance in the property tax relief sustainability fund must be retained in the property tax relief fund.
 - b. The legislative council shall change the name of the property tax relief sustainability fund to the property tax relief fund in the North Dakota Century Code, in its supplements, and in all statutory compilations generated as a result of action by the sixty-third legislative assembly.

2. Moneys in the property tax relief fund may be expended pursuant to legislative appropriations for property tax relief programs.
3. On or before the third Monday in each January, February, March, April, August, September, October, November, and December, the office of management and budget shall certify to the superintendent of public instruction the amount of the property tax relief fund. The superintendent shall include the amount certified in determining the state aid payments to which each school district is entitled under chapter 15.1-27.

SECTION 41. AMENDMENT. Section 15.1-29-15 of the North Dakota Century Code is amended and reenacted as follows:

15.1-29-15. Levy for tuition payments.

If the board of a school district approves tuition payments for students in grades seven through twelve or if the board is required to make tuition or tutoring payments under this chapter, the board may levy an amount sufficient to meet such payments, pursuant to ~~subdivision c of subsection 1 of~~ section 57-15-14.2.

SECTION 42. AMENDMENT. Section 15.1-30-04 of the North Dakota Century Code is amended and reenacted as follows:

15.1-30-04. Provision of meals and lodging for high school students - Payment permitted - Levy.

Instead of providing transportation so that an eligible high school student residing in the district can attend school in another district, a school board may pay a reasonable allowance to the student's parent for costs incurred in the provision of meals and lodging for the student at a location other than the student's residence. ~~A school district that furnishes either transportation or an allowance for the provision of meals and lodging for a student under this section may levy a tax pursuant to subdivision a of subsection 1 of section 57-15-14.2 for this purpose.~~

SECTION 43. A new section to chapter 15.1-35 of the North Dakota Century Code is created and enacted as follows:

Beverages - Snack breaks.

During the 2013-15 biennium, a school district may utilize resources provided in accordance with subdivision n of subsection 1 of section 15.1-27-03.1 to ensure that students who are eligible for free or reduced lunches under the Richard B. Russell National School Lunch Act [42 U.S.C. 1751 et seq.] receive one serving of milk or juice if a mid-morning snack break is provided.

SECTION 44. AMENDMENT. Section 15.1-36-02 of the North Dakota Century Code is amended and reenacted as follows:

15.1-36-02. School construction projects - Loans.

1. ~~The~~In order to provide school construction loans, the board of university and school lands may authorize the use of moneys in:
 - a. Fifty million dollars, or so much of that amount as may be necessary, from the coal development trust fund, established pursuant to section 21 of article X of the Constitution of North Dakota and subsection 1 of section 57-62-02 to provide school construction loans, as described in this chapter. The outstanding principal balance of loans under this chapter may not exceed fifty million dollars. The board may adopt policies and rules governing school construction loans; and
 - b. One hundred fifty million dollars from the strategic investment and improvements fund, established pursuant to section 15-08.1-08.

2. In order to be eligible for a loan under this section, the board of a school district shall:
 - a. Propose a construction project with a cost of at least one million dollars and an expected utilization of at least thirty years;
 - b. Obtain the approval of the superintendent of public instruction for the construction project under section 15.1-36-01; and
 - c. Submit to the superintendent of public instruction an application containing all information deemed necessary by the superintendent, including potential alternative sources or methods of financing the construction project.
3. ~~The superintendent of public instruction shall give priority to any district that meets the requirements for receipt of an equity payment under section 15.1-27-11.~~
4. If an eligible school district's ~~imputed~~ taxable valuation per student is less than eighty percent of the state average ~~imputed~~taxable valuation per student, the district is entitled to receive:
 - a. A school construction loan equal to the lesser of ~~twelve~~twenty million dollars or ~~eighty~~ninety percent of the actual project cost;
 - b. An interest rate discount equal to at least one hundred but not more than ~~two~~four hundred ~~fifty~~ basis points below the prevailing tax-free bond rates; and
 - c. A term of repayment that may extend up to twenty years.
- ~~5.4.~~ If an eligible school district's ~~imputed~~ taxable valuation per student is equal to at least eighty percent but less than ninety percent of the state average ~~imputed~~ taxable valuation per student, the district is entitled to receive:
 - a. A school construction loan equal to the lesser of ~~ten~~fifteen million dollars or ~~seventy~~eighty percent of the actual project cost;
 - b. An interest rate buydown equal to at least one hundred but not more than ~~two~~three hundred fifty basis points below the prevailing tax-free bond rates; and
 - c. A term of repayment that may extend up to twenty years.
- ~~6.5.~~ If an eligible school district's ~~imputed~~ taxable valuation per student is equal to at least ninety percent of the state average ~~imputed~~ taxable valuation per student, the district is entitled to receive:
 - a. A school construction loan equal to the lesser of ~~four~~ten million dollars or ~~thirty~~seventy percent of the actual project cost;
 - b. An interest rate discount equal to at least one hundred but not more than ~~two~~three hundred ~~fifty~~ basis points below the prevailing tax-free bond rates; and
 - c. A term of repayment that may extend up to twenty years.
- ~~7.6.~~ The board of a school district may submit its loan application to the superintendent of public instruction before or after receiving authorization of a bond issue in accordance with chapter 21-03. If the vote to authorize a bond issue precedes the application for a loan, the application must be acted upon by the superintendent expeditiously but no later than one hundred eighty days from the date it is received by the superintendent.

- ~~8-7.~~ The superintendent of public instruction shall consider each loan application in the order it received approval under section 15.1-36-01.
- ~~9-8.~~ If the superintendent of public instruction approves the loan, the superintendent may determine the loan amount, the term of the loan, and the interest rate, in accordance with the requirements of this section. A school district's interest rate may not be less than one percent, regardless of any rate discount for which the district might otherwise qualify under this section.
- ~~10.~~ ~~The superintendent of public instruction may adopt rules governing school construction loans:~~
- ~~9.~~ a. If a school district seeking a loan under this section received an allocation of the oil and gas gross production tax during the previous fiscal year in accordance with chapter 57-51, the board of the district shall provide to the board of university and school lands, and to the state treasurer, its evidence of indebtedness indicating that the loan originated under this section.
- b. If the evidence of indebtedness is payable solely from the school district's allocation of the oil and gas gross production tax in accordance with section 57-51-15, the loan does not constitute a general obligation of the school district and may not be considered a debt of the district.
- c. If a loan made to a school district is payable solely from the district's allocation of the oil and gas gross production tax in accordance with section 57-51-15, the terms of the loan must require that the state treasurer withhold the dollar amount or percentage specified in the loan agreement, from each of the district's oil and gas gross production tax allocations, in order to repay the principal and interest of the evidence of indebtedness. The state treasurer shall deposit the amount withheld into the fund from which the loan originated.
- d. Any evidence of indebtedness executed by the board of a school district under this subsection is a negotiable instrument and not subject to taxation by the state or any political subdivision of the state.
- ~~11-10.~~ For purposes of this section, a "construction project" means the purchase, lease, erection, or improvement of any structure or facility by a school board, provided the acquisition or activity is within a school board's authority.

SECTION 45. AMENDMENT. Section 40-55-08 of the North Dakota Century Code is amended and reenacted as follows:

40-55-08. Election to determine desirability of establishing recreation system - How called.

The governing body of any municipality, school district, or park district to which this chapter is applicable, may and upon receipt of a petition signed by at least ten qualified electors but not less than five percent of those qualified electors who voted at the last general election of the municipality, school district, or park district, shall submit to the qualified electors the question of the establishment, maintenance, and conduct of a public recreation system, and except in the case of a school district, the levying of an annual tax for the conduct and maintenance thereof of not more than two and five-tenths mills on each dollar of taxable valuation of all taxable property within the corporate limits or boundaries of such municipality or park district, to be voted upon at the next general election or special municipal election; provided, however, that such questions may not be voted upon at the next general election unless such action of the governing body shall be taken, or such petition to submit such question shall be filed thirty days prior to the date of such election. A school district may ~~levy a tax~~ provide for the establishment, maintenance, and conduct of a

public recreation system pursuant to subdivision q of subsection 1 of ~~using the proceeds of levies, as permitted by section 57-15-14.2.~~

SECTION 46. AMENDMENT. Section 40-55-09 of the North Dakota Century Code is amended and reenacted as follows:

40-55-09. Favorable vote at election - Procedure.

Except in the case of a school district or park district, upon adoption of the public recreation system proposition at an election by a majority of the votes cast upon the proposition, the governing body of the municipality, by resolution or ordinance, shall provide for the establishment, maintenance, and conduct of a public recreation system, and thereafter levy and collect annually a tax of not more than two and five-tenths mills, or not more than eight and five-tenths mills if authorized as provided by this section, on each dollar of the taxable valuation of all taxable property within the corporate limits or boundaries of the municipality. This tax is in addition to the maximum of taxes permitted to be levied in such municipality. The mill levy authorized by this section may be raised to not more than eight and five-tenths mills when the increase is approved by the citizens of the municipality after submission of the question in the same manner as provided in section 40-55-08 for the establishment of the public recreation system. The governing body of the municipality shall continue to levy the tax annually for public recreation purposes until the qualified voters, at a regular or special election, by a majority vote on the proposition, decide to discontinue the levy. The governing body of the municipality may appropriate additional funds for the operation of the public recreation system if in the opinion of the governing body additional funds are needed for the efficient operation thereof. This chapter does not limit the power of any municipality, school district, or park district to appropriate on its own initiative general municipal, school district, or park district tax funds for the operation of a public recreation system, a community center, or character-building facility. ~~A school district may levy a tax annually for the conduct and maintenance of a public recreation system pursuant to subdivision q of subsection 1 of section 57-15-14.2.~~ A park district may levy a tax annually within the general fund levy authority of section 57-15-12 for the conduct and maintenance of a public recreation system.

SECTION 47. AMENDMENT. Section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

57-15-01.1. Protection of taxpayers and taxing districts.

Each taxing district may levy the lesser of the amount in dollars as certified in the budget of the governing body, or the amount in dollars as allowed in this section, subject to the following:

1. No taxing district may levy more taxes expressed in dollars than the amounts allowed by this section.
2. For purposes of this section:
 - a. "Base year" means the taxing district's taxable year with the highest amount levied in dollars in property taxes of the three taxable years immediately preceding the budget year. For a park district general fund, the "amount levied in dollars in property taxes" is the sum of amounts levied in dollars in property taxes for the general fund under section 57-15-12 including any additional levy approved by the electors, the insurance reserve fund under section 32-12.1-08, the employee health care program under section 40-49-12, the public recreation system under section 40-55-09 including any additional levy approved by the electors, forestry purposes under section 57-15-12.1 except any additional levy approved by the electors, pest control under section 4-33-11, and handicapped person programs and activities under section 57-15-60;
 - b. "Budget year" means the taxing district's year for which the levy is being determined under this section;

- c. "Calculated mill rate" means the mill rate that results from dividing the base year taxes levied by the sum of the taxable value of the taxable property in the base year plus the taxable value of the property exempt by local discretion or charitable status, calculated in the same manner as the taxable property; and
 - d. "Property exempt by local discretion or charitable status" means property exempted from taxation as new or expanding businesses under chapter 40-57.1; improvements to property under chapter 57-02.2; or buildings belonging to institutions of public charity, new single-family residential or townhouse or condominium property, property used for early childhood services, or pollution abatement improvements under section 57-02-08.
3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:
- a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.
 - b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.
 - c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.
 - d. ~~Increased, for a school district determining its levy limitation under this section, by the amount the school district's mill levy reduction grant under section 57-64-02 for the base year exceeds the amount of the school district's mill levy reduction grant under section 57-64-02 for the budget year.~~
 - e. ~~Reduced for a school district determining its levy limitation under this section, by the amount the school district's mill levy reduction grant under section 57-64-02 for the budget year exceeds the amount of the school district's mill levy reduction grant under section 57-64-02 for the base year.~~
 - d. If the base year is a taxable year before 2013, reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of:
 - (1) The base year mill rate of the school district minus sixty mills;
or
 - (2) Fifty mills.
4. In addition to any other levy limitation factor under this section, a taxing district may increase its levy in dollars to reflect new or increased mill

levies authorized by the legislative assembly or authorized by the electors of the taxing district.

5. Under this section a taxing district may supersede any applicable mill levy limitations otherwise provided by law, or a taxing district may levy up to the mill levy limitations otherwise provided by law without reference to this section, but the provisions of this section do not apply to the following:
 - a. Any irrevocable tax to pay bonded indebtedness levied pursuant to section 16 of article X of the Constitution of North Dakota.
 - b. The one-mill levy for the state medical center authorized by section 10 of article X of the Constitution of North Dakota.
6. A school district choosing to determine its levy authority under this section may apply subsection 3 only to the amount in dollars levied for general fund purposes under section 57-15-14 or, if the levy in the base year included separate general fund and special fund levies under sections 57-15-14 and 57-15-14.2, the school district may apply subsection 3 to the total amount levied in dollars in the base year for both the general fund and special fund accounts. School district levies under any section other than section 57-15-14 may be made within applicable limitations but those levies are not subject to subsection 3.
7. Optional levies under this section may be used by any city or county that has adopted a home rule charter unless the provisions of the charter supersede state laws related to property tax levy limitations.

SECTION 48. AMENDMENT. Section 57-15-14 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14. General fund levy limitations~~Voter approval of excess levies in school districts.~~

~~The aggregate amount levied each year for the purposes listed in section 57-15-14.2 by any school district, except the Fargo school district, may not exceed the amount in dollars which the school district levied for the prior school year plus twelve percent up to a general fund levy of one hundred eighty-five mills on the dollar of the taxable valuation of the district, except that:~~

1. Unless authorized by the electors of the school district in accordance with this section, a school district may not impose greater levies than those permitted under section 57-15-14.2.
 - a. In any school district having a total population in excess of four thousand according to the last federal decennial census there may be levied any specific number of mills that upon resolution of the school board has been submitted to and approved by a majority of the qualified electors voting upon the question at any regular or special school district election.
 2. b. In any school district having a total population of fewer than four thousand, there may be levied any specific number of mills that upon resolution of the school board has been approved by fifty-five percent of the qualified electors voting upon the question at any regular or special school election.
 3. c. After June 30, 2009, in any school district election for approval by electors of increased levy authority under subsection 1 or 2, the ballot must specify the number of mills proposed for approval, and the number of taxable years for which that approval is to apply. After June 30, 2009, approval by electors of increased levy authority under subsection 1 or 2 may not be effective for more than ten taxable years.

4. d. The authority for a levy of up to a specific number of mills under this section approved by electors of a school district before July 1, 2009, is terminated effective for taxable years after 2015. If the electors of a school district subject to this subsection have not approved a levy for taxable years after 2015 of up to a specific number of mills under this section by December 31, 2015, the school district levy limitation for subsequent years is subject to the limitations under section 57-15-01.1 or this section.
- e. For taxable years beginning after 2012:
- (1) The authority for a levy of up to a specific number of mills, approved by electors of a school district for any period of time that includes a taxable year before 2009, must be reduced by one hundred fifteen mills as a precondition of receiving state aid in accordance with chapter 15.1-27.
 - (2) The authority for a levy of up to a specific number of mills, approved by electors of a school district for any period of time that does not include a taxable year before 2009, must be reduced by forty mills as a precondition of receiving state aid in accordance with chapter 15.1-27.
 - (3) The authority for a levy of up to a specific number of mills, placed on the ballot in a school district election for electoral approval of increased levy authority under subdivision a or b, after June 30, 2013, must be stated as a specific number of mills of general fund levy authority and must include a statement that the statutory school district general fund levy limitation is seventy mills on the dollar of the taxable valuation of the school district.
5. f. The authority for an unlimited levy approved by electors of a school district before July 1, 2009, is terminated effective for taxable years after 2015. If the electors of a school district subject to this subsection have not approved a levy of up to a specific number of mills under this section by December 31, 2015, the school district levy limitation for subsequent years is subject to the limitations under section 57-15-01.1 or this section.
2. a. The question of authorizing or discontinuing such specific number of mills authority in any school district must be submitted to the qualified electors at the next regular election upon resolution of the school board or upon the filing with the school board of a petition containing the signatures of qualified electors of the district equal in number to ten percent of the number of electors who cast votes in the most recent election in the school district. ~~However, not~~No fewer than twenty-five signatures are required. ~~However, the~~
- b. The approval of discontinuing such authority does not affect the tax levy in the calendar year in which the election is held.
- c. The election must be held in the same manner and subject to the same conditions as provided in this section for the first election upon the question of authorizing the mill levy.

SECTION 49. AMENDMENT. Section 57-15-14.2 of the North Dakota Century Code is amended and reenacted as follows:

57-15-14.2. Mill levies requiring board action—Proceeds to general fund accountSchool district levies.

1. ~~A school board of any school district may levy an amount sufficient to cover general expenses, including the costs of the following:~~

- a. ~~Board and lodging for high school students as provided in section 15.1-30-04.~~
- b. ~~The teachers' retirement fund as provided in section 15-39.1-28.~~
- c. ~~Tuition for students in grades seven through twelve as provided in section 15.1-29-15.~~
- d. ~~Special education program as provided in section 15.1-32-20.~~
- e. ~~The establishment and maintenance of an insurance reserve fund for insurance purposes as provided in section 32-12.1-08.~~
- f. ~~A final judgment obtained against a school district.~~
- g. ~~The district's share of contribution to the old-age survivors' fund and matching contribution for the social security fund as provided by chapter 52-09 and to provide the district's share of contribution to the old-age survivors' fund and matching contribution for the social security fund for contracted employees of a multidistrict special education board.~~
- h. ~~The rental or leasing of buildings, property, or classroom space. Minimum state standards for health and safety applicable to school building construction shall apply to any rented or leased buildings, property, or classroom space.~~
- i. ~~Unemployment compensation benefits.~~
- j. ~~The removal of asbestos substances from school buildings or the abatement of asbestos substances in school buildings under any method approved by the United States environmental protection agency and any repair, replacement, or remodeling that results from such removal or abatement, any remodeling required to meet specifications set by the Americans with Disabilities Act accessibility guidelines for buildings and facilities as contained in the appendix to 28 CFR 36, any remodeling required to meet requirements set by the state fire marshal during the inspection of a public school, and for providing an alternative education program as provided in section 57-15-17.1.~~
- k. ~~Participating in cooperative career and technical education programs approved by the state board.~~
- l. ~~Maintaining a career and technical education program approved by the state board and established only for that school district.~~
- m. ~~Paying the cost of purchasing, contracting, operating, and maintaining schoolbuses.~~
- n. ~~Establishing and maintaining school library services.~~
- o. ~~Equipping schoolbuses with two-way communications and central station equipment and providing for the installation and maintenance of such equipment.~~
- p. ~~Establishing free public kindergartens in connection with the public schools of the district for the instruction of resident children below school age during the regular school term.~~
- q. ~~Establishing, maintaining, and conducting a public recreation system.~~
- r. ~~The district's share of contribution to finance an interdistrict cooperative agreement authorized by section 15.1-09-40.~~

- ~~2. This limitation does not apply to mill levies pursuant to subdivisions a, c, f, and j of subsection 1. If a school district maintained a levy to finance either its participation in a cooperative career and technical education program or its sponsorship of single district career and technical education programs prior to July 1, 1983, and the district discontinues its participation in or sponsorship of those career and technical education programs, that district must reduce the proposed aggregated expenditure amount for which its general fund levy is used by the dollar amount raised by its prior levy for the funding of those programs.~~
- ~~3. All proceeds of any levy established pursuant to this section must be placed in the school district's general fund account and may be expended to achieve the purposes for which the taxes authorized by this section are levied. Proceeds from levies established pursuant to this section and funds provided to school districts pursuant to chapter 15.1-27 may not be transferred to the building fund within the school district.~~
1. For taxable years after 2013, the board of a school district may levy a tax not exceeding the amount in dollars that the school district levied for the prior year, plus twelve percent, up to a levy of seventy mills on the taxable valuation of the district, for any purpose related to the provision of educational services. The proceeds of this levy must be deposited into the school district's general fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
2. For taxable years after 2013, the board of a school district may levy no more than twelve mills on the taxable valuation of the district, for miscellaneous purposes and expenses. The proceeds of this levy must be deposited into a special fund known as the miscellaneous fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
3. The board of a school district may levy no more than three mills on the taxable valuation of the district for deposit into a special reserve fund, in accordance with chapter 57-19.
4. The board of a school district may levy no more than the number of mills necessary, on the taxable valuation of the district, for the payment of tuition, in accordance with section 15.1-29-15. The proceeds of this levy must be deposited into a special fund known as the tuition fund and used in accordance with this subsection. The proceeds may not be transferred into any other fund.
5. Nothing in this section limits the board of a school district from levying:
 - a. Mills for a building fund, as permitted in sections 15.1-09-49 and 57-15-16; and
 - b. Mills necessary to pay principal and interest on the bonded debt of the district, including the mills necessary to pay principal and interest on any bonded debt incurred under section 57-15-17.1 before July 1, 2013.
6. For the taxable year 2013 only, the board of a school district may levy, for the purposes described in subsections 1 and 2, a tax not exceeding the amount in dollars determined under this subsection, plus twelve percent, up to a combined levy of eighty-two mills. For purposes of this subsection, the allowable increase in dollars is determined by multiplying the 2013 taxable valuation of the district by the sum of sixty mills plus the number of mills levied in 2012 for miscellaneous expenses under sections 57-15-14.5 and 57-15-17.1.

SECTION 50. AMENDMENT. Section 57-15-14.5 of the North Dakota Century Code is amended and reenacted as follows:

**57-15-14.5. Long-distance learning and educational technology levy --
~~Voter approval.~~**

1. ~~The school board of a public school district may, upon approval by a majority vote of the qualified electors of the school district voting on the question at any regular or special election, dedicate a tax levy for purposes of this section not to exceed five mills on the dollar of taxable valuation of property within the district.~~
2. ~~All revenue accruing from the levy under this section must be used only for purposes of establishing and maintaining long-distance learning and purchasing and maintaining educational technology. For purposes of this section, educational technology includes computer software, computers and computer networks, other computerized equipment, which must be used for student instruction, and the salary of a staff person to supervise the use and maintenance of educational technology.~~
3. ~~If the need for the fund terminates, the governing board of the public school district shall order the termination of the levy and~~On July 1, 2013, each school district shall transfer the remaining any balance remaining in its long-distance learning and educational technology fund to the general fund of the school district.

SECTION 51. AMENDMENT. Section 57-15-17 of the North Dakota Century Code is amended and reenacted as follows:

57-15-17. Disposition of building fund tax.

Revenue raised for building purposes shall be disposed of as follows:

1. a. All revenue accruing from appropriations or tax levies for a school district building fund together with such amounts as may be realized for building purposes from all other sources must be placed in a separate fund known as a school building fund and must be deposited, held, or invested in the same manner as the sinking funds of such school district or in the purchase of shares or securities of federal or state-chartered savings and loan associations within the limits of federal insurance.
- b. The funds may only be used for the following purposes:
 - (1) ~~The erection~~construction of new school district buildings or~~and facilities, or additions to old;~~
 - (2) ~~The renovation, repair, or expansion of school district buildings or~~and facilities, or the making of major repairs to existing buildings or facilities, or improvements to school land and site. ~~For purposes of this paragraph, facilities may include parking lots, athletic complexes, or any other real property owned by the school district.;~~
 - (3) The improvement of school district buildings, facilities, and real property;
 - (4) The leasing of buildings and facilities;
 - ~~(2)~~(5) The payment of rentals upon contracts with the state board of public school education.;
 - ~~(3)~~(6) The payment of rentals upon contracts with municipalities for career and technical education facilities financed pursuant to chapter 40-57-
 - (4) ~~Within the limitations of school plans as provided in subsection 2 of section 57-15-16.;~~ and

- ~~(5)(7)~~ The payment of principal, ~~premium, if any premiums,~~ and interest on bonds issued ~~pursuant to~~ in accordance with subsection 7 of section 21-03-07.
- ~~(6)~~ The payment of premiums for fire and allied lines, liability, and multiple peril insurance on any building and its use, occupancy, fixtures, and contents.
- c. The custodian of the funds may pay out the funds only upon order of the school board, signed by the president and the business manager of the school district. The order must recite upon its face the purpose for which payment is made.
2. Any moneys remaining in a school building fund after the completion of the payments for any school building project which has cost seventy-five percent or more of the amount in such building fund at the time of letting the contracts therefor shall be returned to the general fund of the school district upon the order of the school board.
3. The governing body of any school district may pay into the general fund of the school district any moneys which have remained in the school building fund for a period of ten years or more, and such district may include the same as a part of its cash on hand in making up its budget for the ensuing year. In determining what amounts have remained in said fund for ten years or more, all payments which have been paid from the school building fund for building purposes shall be considered as having been paid from the funds first acquired.
4. Whenever collections from the taxes levied for the current budget and other income are insufficient to meet the requirements for general operating expenses, a majority of the governing body of a school district may transfer unobligated funds from the school building fund into the general fund of the school district if the school district has issued certificates of indebtedness equal to fifty percent of the outstanding uncollected general fund property tax. No school district may transfer funds from the school building fund into the general fund for more than two years.

SECTION 52. AMENDMENT. Section 57-15-17.1 of the North Dakota Century Code is amended and reenacted as follows:

57-15-17.1. School board levies – Multiyear mercury and hazardous substance abatement or removal – Required remodeling – Alternative education programs – Heating, ventilation, and air conditioning systems
Discontinuation of special funds - Required transfers.

1. ~~The governing body of any public school district may by resolution adopted by a two-thirds vote of the school board dedicate a tax levy for purposes of this section of not exceeding fifteen mills on the dollar of taxable valuation of property within the district for a period not longer than fifteen years. The school board may authorize and issue general obligation bonds to be paid from the proceeds of this dedicated levy for the purpose of:~~
- a. ~~Providing funds for the abatement or removal of mercury and other hazardous substances from school buildings in accordance with any method approved by the United States environmental protection agency and for any repair, replacement, or remodeling that results from the abatement or removal of such substances;~~
- b. ~~Any remodeling required to meet specifications set by the Americans with Disabilities Act accessibility guidelines for buildings and facilities as contained in the appendix to 28 CFR 36;~~
- c. ~~Any remodeling required to meet requirements set by the state fire marshal during the inspection of a public school;~~

- d. ~~Providing alternative education programs; and~~
 - e. ~~Providing funds for the repair, replacement, or modification of any heating, ventilation, or air-conditioning systems and required ancillary systems to provide proper indoor air quality that meets American society of heating, refrigerating and air-conditioning engineers, incorporated standards.~~
2. ~~All revenue accruing from the levy under this section, except revenue deposited as allowed by subsections 3, 4, and 5 must be placed in a separate fund known as the mercury and hazardous substance abatement or removal fund and must be accounted for within the capital projects fund group and disbursements must be made from such funds within this fund group for the purpose of mercury and hazardous substance abatement or removal.~~
 3. ~~All revenue accruing from up to five mills of the fifteen mill levy under this section must be placed in a separate fund known as the required remodeling fund and must be accounted for within the capital projects fund group and disbursements must be made from such funds within this fund group for the purpose of required remodeling, as set forth in subsection 1.~~
 4. ~~All revenue accruing from up to ten mills of the fifteen mill levy under this section may be placed in a separate fund known as the alternative education program fund. Disbursement may be made from the fund for the purpose of providing an alternative education program but may not be used to construct or remodel facilities used to accommodate an alternative education program.~~
 5. ~~All revenue accruing from the levy under this section, except revenue deposited as allowed by subsections 2, 3, and 4, must be placed in a separate fund known as the heating, ventilation, and air-conditioning upgrade fund and must be accounted for within the capital projects fund group and disbursements must be made from such funds within this fund group for the purpose of improving indoor air quality.~~
 6. ~~Any~~ On July 1, 2013, each school district shall transfer to its building fund or its general fund any moneys remaining in the mercury and hazardous substance abatement or removal fund after completion of the principal and interest payments for any bonds issued for any school mercury and hazardous substance abatement or removal project, any funds, any moneys remaining in the required remodeling fund after completion of the remodeling projects, any funds, any moneys remaining in the alternative education program fund at the termination of the program, and any funds ~~moneys~~ remaining in the heating, ventilation, and air-conditioning upgrade fund after completion of the principal and interest payments for any bonds issued for any indoor air quality project must be transferred to the general fund of the school district upon the order of the school board.

SECTION 53. AMENDMENT. Section 57-15-31 of the North Dakota Century Code is amended and reenacted as follows:

57-15-31. Determination of levy.

The amount to be levied by any county, city, township, school district, park district, or other municipality authorized to levy taxes shall be computed by deducting from the amount of estimated expenditures for the current fiscal year as finally determined, plus the required reserve fund determined upon by the governing board from the past experience of the taxing district, the total of the following items:

1. The available surplus consisting of the free and unencumbered cash balance.
2. Estimated revenues from sources other than direct property taxes.

3. The total estimated collections from tax levies for previous years.
4. Such expenditures as are to be made from bond sources.
5. The amount of distributions received from an economic growth increment pool under section 57-15-61.
6. The estimated amount to be received from payments in lieu of taxes on a project under section 40-57.1-03.
7. ~~The amount reported to a school district by the superintendent of public instruction as the school district's mill levy reduction grant for the year under section 57-64-02.~~

Allowance may be made for a permanent delinquency or loss in tax collection not to exceed five percent of the amount of the levy.

SECTION 54. AMENDMENT. Section 57-19-01 of the North Dakota Century Code is amended and reenacted as follows:

57-19-01. School district may establish special reserve fund.

Each school district in this state may establish and maintain a special reserve fund ~~which must be separate and distinct from all other funds now authorized by law and which may not exceed in amount at any one time the sum.~~ The balance of moneys in the fund may not exceed that which could be produced by a levy of the ~~maximum mill levy allowed by law~~ fifteen mills in that district for that year.

SECTION 55. AMENDMENT. Section 57-19-02 of the North Dakota Century Code is amended and reenacted as follows:

57-19-02. Special reserve fund - Separate trust fund.

~~The special reserve fund is a separate trust fund for the use and benefit of the school district, to be drawn upon as provided in this chapter.~~

1. Moneys in the special reserve fund may be deposited, held, or invested in the same manner as the sinking fund of the district or in the purchase of shares or securities of federal savings and loan associations or state-chartered building and loan associations, within the limits of federal insurance. ~~The school district business manager shall annually, upon a resolution of the school board, transfer to the school district general fund any part or all of the investment income or interest earned by the principal amount of the school district's special reserve fund.~~
2. Each July first, the board of the school district shall transfer from the special reserve fund to the district's general fund any amount that exceeds the limitation in section 57-19-01.

SECTION 56. AMENDMENT. Section 57-19-09 of the North Dakota Century Code is amended and reenacted as follows:

57-19-09. When fund may be transferred.

Any school district which has heretofore by mistake, or for any other reason, considered all or any part of a special reserve fund, as provided for in chapter 57-19, in determining the budget for the school district which has deducted all or any part of the funds in such special reserve fund from the amount necessary to be levied for any school fiscal year, may transfer from the special reserve fund into the general fund all or any part of such amounts which have been so considered contrary to the provisions of section 57-19-05. ~~Any school district special reserve fund and the tax levy therefor may be discontinued by a vote of sixty percent of the electors of the school district voting upon the question at any special or general election. Any moneys remaining unexpended in such special reserve fund must be transferred to~~

~~the building or general fund of the school district. The discontinuance of a special reserve fund shall not decrease the school district tax levies otherwise provided for by law by more than twenty percent. A special reserve fund and the tax levy therefor which has been discontinued may be reinstated by a vote of sixty percent of the electors of the school district voting upon the question at any special or general election.~~

SECTION 57. SCHOOL DISTRICT SUPPLEMENTAL ASSISTANCE PAYMENT.

1. A school district is entitled to a one-time supplemental assistance payment if:
 - a. During the 2012-13 school year, the school district participated with one other school district in a cooperative agreement approved by the superintendent of public instruction;
 - b. At the conclusion of the 2012-13 school year, the school district with which it cooperated became part of a reorganized district; and
 - c. Students who resided in the school district and who attended school in one of the reorganizing districts during the 2012-13 school year enroll in their district of residence for the 2013-14 school year.
2. The supplemental assistance payment to which a school district is entitled under this section must be based on the number of its resident students in average daily membership that had attended school under the referenced cooperating agreement in a district other than their school district of residence during the 2012-13 school year and that enrolled in their school district of residence for the 2013-14 school year. That number, as determined by the superintendent of public instruction, must be multiplied by \$8,810.
3. The superintendent of public instruction shall base the supplemental assistance payment on the school district's September tenth enrollment report.
4. Notwithstanding section 15.1-27-22.1, if any moneys remain in the grants - state school aid line item after the superintendent of public instruction complies with all statutory payment obligations imposed for the 2011-13 biennium, the superintendent shall reserve the first \$158,150, or so much of that amount as may be necessary, to provide the supplemental assistance payment required by this section.
5. The supplemental assistance payment is not available to any school district that is entitled to a rapid enrollment grant, as a result of legislation enacted by the sixty-third legislative assembly.

SECTION 58. LEGISLATIVE MANAGEMENT STUDY - FUNDING OF EDUCATION - ACCOUNTABILITY - COMMITTEE ESTABLISHMENT.

1. The legislative management shall appoint a committee to examine and clarify state-level and local-level responsibility for the equitable and adequate funding of elementary and secondary education in this state.
2. The committee shall:
 - a. Define what constitutes "education" for purposes of meeting the state's constitutional requirements;
 - b. Examine the distribution of financial and managerial responsibility for transportation, athletics and activities, course offerings beyond those that are statutorily required, and other nonmandatory offerings and services;

- c. Examine the distribution of financial and managerial responsibility for school construction;
 - d. Examine the organizational structure for educational delivery in this state, in light of demographic changes, to ensure effectiveness and efficiency;
 - e. Examine the benefits and detriments of statutorily limiting school districts in their ability to generate and expend property tax dollars; and
 - f. Define what constitutes "adequacy" for purposes of funding education.
3. The committee shall:
 - a. Examine concepts of accountability in elementary and secondary education;
 - b. Examine the performance of North Dakota students in state and national assessments to determine whether recent legislative efforts have effected measurable improvements in student achievement; and
 - c. Examine high school curricular requirements, content standards, and teacher training and qualifications to determine whether North Dakota students are being adequately prepared for the various assessments and for their first year of enrollment in institutions of higher education.
 4. The committee shall examine the effectiveness of teacher, principal, and superintendent evaluation systems.
 5. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

SECTION 59. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$100,000, or so much of the sum as may be necessary, to the legislative council for the purpose of contracting with consultants and other personnel necessary to complete the study of education funding and accountability, for the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 60. SCHOOL CONSTRUCTION LOANS - UNCOMMITTED MONEYS - ADDITIONAL PURPOSES. Notwithstanding section 15.1-36-02, if as of December 31, 2014, any portion of the \$150,000,000 referenced in subdivision b of subsection 1 of section 15.1-36-02 remains uncommitted for the purpose of providing school construction loans, the state board of university and school lands may authorize up to \$50,000,000 of the uncommitted amount for the purpose of providing medical facility infrastructure loans in accordance with Senate Bill No. 2187, as enacted by the sixty-third legislative assembly.

SECTION 61. AUTISM SPECTRUM DISORDER - TECHNOLOGY GRANT - TRANSFER.

1. During the 2014-15 school year, the department of career and technical education shall provide a grant to an institution implementing a certificate program that prepares individuals with autism spectrum disorder for employment in the technology sector.
2. The amount of the grant must be determined by multiplying the per student payment rate established in subdivision b of subsection 3 of section 15.1-27-04.1 by the number of students that completed the program, up to a maximum of thirty students.

3. The grant recipient shall provide a report to the legislative management regarding program graduates who found employment in the technology sector, their starting salaries, and their total compensation.
4. Notwithstanding section 15.1-27-22.1, if any moneys remain in the grants - state school aid line item after the superintendent of public instruction complies with all statutory payment obligations imposed for the 2011-13 biennium, the superintendent may transfer \$250,000, or so much of that amount as may be necessary, to the department of career and technical education, to provide the autism spectrum disorder grant required by this section.

SECTION 62. SUSPENSION. Sections 15.1-27-04, 15.1-27-11, 15.1-27-22.1, 15.1-27-42, 15.1-27-43, 15.1-27-44, 15.1-32-20, 57-15-14.4, and 57-19-04 of the North Dakota Century Code are suspended through June 30, 2015.

SECTION 63. SUSPENSION. Chapter 57-64 of the North Dakota Century Code is suspended for the first two taxable years beginning after December 31, 2012.

SECTION 64. REPEAL. Sections 15.1-27-07.1 and 57-19-10 of the North Dakota Century Code are repealed."

Page 12, line 23, replace "22" with "30"

Page 12, after line 23, insert:

"SECTION 66. EXPIRATION DATE. Sections 33 through 35, 38, 40, 44, 51, and 54 through 56 of this Act are effective through June 30, 2015, and after that date are ineffective.

SECTION 67. EFFECTIVE DATE - EXPIRATION DATE.

1. Sections 21, 27, 28, 42, 45 through 50, 52, and 53 of this Act are effective for the first two taxable years beginning after December 31, 2012, and are thereafter ineffective.
2. Section 57-15-17.1 remains effective through June 30, 2013, for the purpose of any levy and bond issuance authorized by the board of a school district from January 1, 2013, through June 30, 2013. The amendment to section 57-15-17.1, as set forth in section 52 of this Act, is effective beginning July 1, 2013, for the duration of the 2013 taxable year, and for the taxable year beginning after December 31, 2013."

Page 12, line 24, replace "Section 3" with "Sections 3, 44, 57, and 61"

Page 12, line 24, replace "is" with "are"

ReNUMBER accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1013 - Summary of Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Information Technology Department						
Total all funds	\$0	\$880,953	(\$880,953)	\$0	\$0	\$0
Less estimated income	0	880,953	(880,953)	0	0	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Legislative Council						
Total all funds	\$0	\$0	\$100,000	\$100,000	\$0	\$100,000
Less estimated income	0	0	0	0	0	0
General fund	\$0	\$0	\$100,000	\$100,000	\$0	\$100,000

Department of Public Instruction						
Total all funds	\$2,194,721,295	\$2,068,395,430	\$75,164,654	\$2,143,560,084	\$2,201,757,899	(\$58,197,815)
Less estimated income	1,151,411,433	436,763,161	233,598	436,996,759	437,244,149	(247,390)
General fund	\$1,043,309,862	\$1,631,632,269	\$74,931,056	\$1,706,563,325	\$1,764,513,750	(\$57,950,425)
State Library						
Total all funds	\$8,622,432	\$7,928,807	\$341,326	\$8,270,133	\$8,347,432	(\$77,299)
Less estimated income	2,400,847	2,388,159	5,986	2,394,145	2,400,847	(6,702)
General fund	\$6,221,585	\$5,540,648	\$335,340	\$5,875,988	\$5,946,585	(\$70,597)
School for the Deaf						
Total all funds	\$10,347,658	\$10,096,929	\$273,637	\$10,370,566	\$10,489,900	(\$119,334)
Less estimated income	2,575,668	2,566,583	4,604	2,571,187	2,575,668	(4,481)
General fund	\$7,771,990	\$7,530,346	\$269,033	\$7,799,379	\$7,914,232	(\$114,853)
Vision Services - School for the Blind						
Total all funds	\$5,735,221	\$5,561,739	\$2,986,110	\$8,547,849	\$8,641,891	(\$94,042)
Less estimated income	859,355	849,784	3,972	853,756	859,355	(5,599)
General fund	\$4,875,866	\$4,711,955	\$2,982,138	\$7,694,093	\$7,782,536	(\$88,443)
Bill total						
Total all funds	\$2,219,426,606	\$2,092,863,858	\$77,984,774	\$2,170,848,632	\$2,229,237,122	(\$58,388,490)
Less estimated income	1,157,247,303	443,448,640	(632,793)	442,815,847	443,080,019	(264,172)
General fund	\$1,062,179,303	\$1,649,415,218	\$78,617,567	\$1,728,032,785	\$1,786,157,103	(\$58,124,318)

House Bill No. 1013 - Information Technology Department - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages		\$880,953	(\$880,953)			
Total all funds	\$0	\$880,953	(\$880,953)	\$0	\$0	\$0
Less estimated income	0	880,953	(880,953)	0	0	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	6.00	(6.00)	0.00	0.00	0.00

Department No. 112 - Information Technology Department - Detail of Conference Committee Changes

	Removes Transfer of FTE Positions to the Information Technology Department ¹	Total Conference Committee Changes
Salaries and wages	(\$880,953)	(\$880,953)
Total all funds	(\$880,953)	(\$880,953)
Less estimated income	(880,953)	(880,953)
General fund	\$0	\$0
FTE	(6.00)	(6.00)

¹ Funding added by the House for 6 FTE positions to be transferred from the Department of Public Instruction is removed, the same as the Senate.

This amendment removes, the same as the Senate, the following sections:

- A section added by the House requiring the Superintendent of Public Instruction to transfer 6 FTE information technology positions to the Information Technology Department by September 30, 2014, or request Budget Section approval for an extension of the deadline. The section also provides the department may seek Emergency Commission approval to transfer funding from the salaries and wages line item to the operating expenses line item to pay for the services provided by the Information Technology Department.
- A section added by the House to authorize 6 FTE positions and appropriate \$880,953 from special funds derived from other income to the Information Technology

Department for positions to be transferred from the Department of Public Instruction.

House Bill No. 1013 - Legislative Council - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Education study			\$100,000	\$100,000		\$100,000
Total all funds	\$0	\$0	\$100,000	\$100,000	\$0	\$100,000
Less estimated income	0	0	0	0	0	0
General fund	\$0	\$0	\$100,000	\$100,000	\$0	\$100,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department No. 160 - Legislative Council - Detail of Conference Committee Changes

	Adds Funding for a Study of Education Funding ¹	Total Conference Committee Changes
Education study	\$100,000	\$100,000
Total all funds	\$100,000	\$100,000
Less estimated income	0	0
General fund	\$100,000	\$100,000
FTE	0.00	0.00

¹ A section is added for the Legislative Council to contract with consultants and other personnel to complete a study of education funding and accountability.

House Bill No. 1013 - Department of Public Instruction - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$16,611,338	\$15,602,405	\$338,548	\$15,940,953	\$16,620,836	(\$679,883)
Operating expenses	30,149,802	29,630,802	100,000	29,730,802	29,730,802	
Integrated formula payments	1,787,400,000	1,684,550,000	67,550,000	1,752,100,000	1,809,800,000	(57,700,000)
Grants - Special education contracts	16,500,000	16,500,000		16,500,000	16,500,000	
Grants - Transportation	53,500,000	48,500,000	5,000,000	53,500,000	53,500,000	
Grants - Other grants	273,410,155	270,640,155	1,926,106	272,566,261	272,706,261	(140,000)
Rapid enrollment grants	17,000,000					
Transportation efficiency	30,000	30,000		30,000	30,000	
National board certification	120,000	120,000		120,000	120,000	
Accrued leave payments		322,068		322,068		322,068
Funding pool for initiatives		2,500,000	250,000	2,750,000	2,750,000	
Total all funds	\$2,194,721,295	\$2,068,395,430	\$75,164,654	\$2,143,560,084	\$2,201,757,899	(\$58,197,815)
Less estimated income	1,151,411,433	436,763,161	233,598	436,996,759	437,244,149	(247,390)
General fund	\$1,043,309,862	\$1,631,632,269	\$74,931,056	\$1,706,563,325	\$1,764,513,750	(\$57,950,425)
FTE	99.75	99.75	0.00	99.75	99.75	0.00

Department No. 201 - Department of Public Instruction - Detail of Conference Committee Changes

	Removes House Changes to Executive Compensation Package ¹	Adjusts State Employee Compensation and Benefits Package ²	Increases Funding Pool for Initiatives ³	Increases Funding for Passthrough Grants ⁴	Increases Funding for the Teacher Mentoring Program ⁵	Adds Funding for Pathfinders Parent Project ⁶
Salaries and wages	\$696,363	(\$357,815)				
Operating expenses						
Integrated formula payments						
Grants - Special education contracts						
Grants - Transportation						
Grants - Other grants				775,000	1,000,000	131,106

Rapid enrollment grants			250,000			
Transportation efficiency						
National board certification						
Accrued leave payments						
Funding pool for initiatives						
Total all funds	\$696,363	(\$357,815)	\$250,000	\$775,000	\$1,000,000	\$131,106
Less estimated income	480,988	(247,390)	0	0	0	0
General fund	\$215,375	(\$110,425)	\$250,000	\$775,000	\$1,000,000	\$131,106
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds Funding for Governing North Dakota Textbook ⁷	Increases Funding for Transportation Grants ⁸	Adds Funding for Study of Information Technology FTE Positions and Services ⁹	Decreases Funding Related to Isolated Schools ¹⁰	Decreases Funding Related to Home Education Supervision Factor ¹¹	Decreases Funding Related to the School District Size Weighting Factor ¹²
Salaries and wages						
Operating expenses			100,000			
Integrated formula payments				(1,300,000)	(515,000)	(435,000)
Grants - Special education contracts						
Grants - Transportation		5,000,000				
Grants - Other grants	20,000					
Rapid enrollment grants						
Transportation efficiency						
National board certification						
Accrued leave payments						
Funding pool for initiatives						
Total all funds	\$20,000	\$5,000,000	\$100,000	(\$1,300,000)	(\$515,000)	(\$435,000)
Less estimated income	0	0	0	0	0	0
General fund	\$20,000	\$5,000,000	\$100,000	(\$1,300,000)	(\$515,000)	(\$435,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Decreases Funding Related to Changes in Other In Lieu Revenue Percentages ¹³	Increases Funding Related to a Decrease in the Local Tax Contribution ¹⁴	Increases Funding Related to Changes in the Minimum Local Effort Calculation ¹⁵	Total Conference Committee Changes
Salaries and wages				\$338,548
Operating expenses				100,000
Integrated formula payments	(2,700,000)	61,900,000	10,600,000	67,550,000
Grants - Special education contracts				
Grants - Transportation				5,000,000
Grants - Other grants				1,926,106
Rapid enrollment grants				
Transportation efficiency				
National board certification				
Accrued leave payments				
Funding pool for initiatives				250,000
Total all funds	(\$2,700,000)	\$61,900,000	\$10,600,000	\$75,164,654
Less estimated income	0	0	0	233,598
General fund	(\$2,700,000)	\$61,900,000	\$10,600,000	\$74,931,056
FTE	0.00	0.00	0.00	0.00

¹ Changes made by the House to the executive compensation package are removed.

² This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
- Reduces the market component from 2 to 4 percent per year to 1 to 2 percent per year for employees below the midpoint of their salary range.
- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.

³ The flexible funding pool added by the House is increased to the same level as the Senate to provide one-time funding totaling \$2,750,000 for the following items that were **not** included in the executive recommendation:

- Management information systems - Website updates.
- Safe and drug-free schools salary funding.
- Statewide accreditation system.
- Business manager training program.

Funding is also included in the pool for the following items included in the executive recommendation:

- Management information systems - STARS maintenance and development (\$719,000).
- Common core state standards (\$500,000).
- Teacher and principal evaluation systems (\$400,000).

The funding provided for the Superintendent's initiatives funding pool is offset by funding reductions in line items related to the initiatives included in the executive recommendation, for a net increase in funding of \$1,131,000 from the general fund.

⁴ Funding increases in the other grants line item for the following passthrough grants removed by the House are restored to the executive recommendation level, the same as the Senate:

- North Central Council for School Television (\$50,000) to provide a total of \$535,000, the same as the executive recommendation.
- Rural art outreach project (\$35,000) to provide a total of \$415,000, the same as the executive recommendation.
- National writing projects (\$15,000) to provide a total of \$173,000, the same as the executive recommendation.

In addition, funding for a passthrough grant for the Gearing Up for Kindergarten program removed by the House is restored to \$675,000, \$50,000 more than the 2011-13 biennium. The executive recommendation and the Senate included \$815,000 for the Gearing Up for Kindergarten program.

⁵ Funding for the teacher mentoring program removed by the House is restored to provide a total of \$2.3 million from the general fund, the same as the executive recommendation and the Senate version.

⁶ Funding is added for a passthrough grant to the Pathfinders Parent Project, the same as the Senate. This funding was not included in the executive recommendation.

⁷ One-time funding is added for a grant to the State Historical Society for the republication of the *Governing North Dakota* textbook, the same as the Senate. This funding was not included in the executive recommendation.

⁸ This amendment restores the increase in transportation grants included in the executive recommendation and removed by the House to provide a total of \$53.5 million from the general fund, the same as the Senate.

⁹ This amendment adds one-time funding for the Superintendent of Public Instruction to contract with the Information Technology Department and a private consultant to conduct an information technology staffing analysis, the same as the Senate. The executive recommendation and the House did not include this funding.

¹⁰ Funding added by the House related to a change in the average daily membership eligibility criteria for isolated schools from 100 students to 125 students is removed, the same as the Senate. The executive recommendation did not include this change.

¹¹ Funding is reduced for savings related to a reduction in the home education supervision

factor from .50 to .20, the same as the Senate. Neither the executive recommendation nor the House included this change.

¹² Funding added by the House for changes in the school district size weighting factor is reduced, the same as the Senate. The executive recommendation did not change the school district size weighting factors.

¹³ Funding is reduced for savings related to changes in the percentage of other in lieu revenue included in the formula, the same as the Senate. Neither the executive recommendation nor the House included these changes.

¹⁴ Funding for integrated formula payments is increased due to a decrease in the local contribution from 70 mills provided in the House version to 60 mills. Funding included in the executive recommendation was based on a local contribution of 50 mills. The House increased the local contribution to 70 mills, reducing funding for integrated formula payments by \$119.6 million. The Senate restored the local contribution to 50 mills, the same as the executive recommendation.

¹⁵ Funding for integrated formula payments is increased due to changes in the minimum local effort calculation, the same as the Senate. Neither the executive recommendation nor the House included this change.

This amendment also:

- Changes the section of the bill related to the salary of the Superintendent of Public Instruction to provide a 4 percent first year and a 3 percent second year salary increase. The Senate and the executive budget provided 4 percent annual increases. The House provided 3 percent annual increases.
- Removes two sections added by the House related to the transfer of 6 FTE positions to the Information Technology Department, including a section providing an appropriation of \$883,953 from special funds to the Information Technology Department for defraying the expenses of 6 FTE information technology positions transferred from the Department of Public Instruction.
- Removes a section added by the House related to a study of the costs and benefits of accepting federal funds and the consequences of declining federal funds.
- Removes a legislative intent section added by the House allowing school districts to participate in the Gearing Up for Kindergarten program.
- Amends a section related to the distribution of transportation grants to update reimbursement rates for the \$5 million increase restored by the Senate to the executive budget level.
- Adds a section to identify funding for an information technology staffing analysis of the Department of Public Instruction.
- Amends North Dakota Century Code Section 15.1-18.1-02 related to the national certification program to increase the payment from \$1,000 to \$1,500 effective July 1, 2015. The change recommended in the executive budget was inadvertently not changed in the bill as introduced.
- Adds a section of legislative intent that the Superintendent of Public Instruction propose legislation to the 64th Legislative Assembly to replace any reductions to federal title funds due to sequestration with state funding.
- Adds sections relating to the the determination of state aid payable to school districts.
- Adds a section to increase funding available for school construction loans. An additional \$150 million is made available from the strategic investment and improvements fund. In addition, a section is added to provide that of funds remaining uncommitted for school loans as of December 31, 2014, \$50 million may be made available for medical facility infrastructure loans.
- Repeals sections related to kindergarten payments and special reserve funds.
- Adds a section to provide supplemental assistance totaling \$158,150 to a school district from funds remaining in the grants - state school aid line item after the

Superintendent of Public Instruction has complied with all statutory obligation imposed for the 2011-13 biennium.

- Provides for a Legislative Management study of education funding and accountability.
- Adds a section to provide for a transfer of \$250,000 to the Department of Career and Technical Education for an autism spectrum disorder technology certificate program. Funding is provided from funds remaining in the grants - state school aid line item after the Superintendent of Public Instruction has complied with all statutory obligations imposed for the 2011-13 biennium.

House Bill No. 1013 - State Library - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$3,932,706	\$3,705,227	\$74,826	\$3,780,053	\$3,932,706	(\$152,653)
Operating expenses	1,895,726	1,895,726		1,895,726	1,895,726	
Grants	2,794,000	2,252,500	266,500	2,519,000	2,519,000	
Accrued leave payments		75,354		75,354		75,354
Total all funds	\$8,622,432	\$7,928,807	\$341,326	\$8,270,133	\$8,347,432	(\$77,299)
Less estimated income	2,400,847	2,388,159	5,986	2,394,145	2,400,847	(6,702)
General fund	\$6,221,585	\$5,540,648	\$335,340	\$5,875,988	\$5,946,585	(\$70,597)
FTE	29.75	29.75	0.00	29.75	29.75	0.00

Department No. 250 - State Library - Detail of Conference Committee Changes

	Removes House Changes to Executive Compensation Package ¹	Adjusts State Employee Compensation and Benefits Package ²	Increases State Aid to Libraries ³	Total Conference Committee Changes
Salaries and wages	\$152,125	(\$77,299)		\$74,826
Operating expenses				
Grants			266,500	266,500
Accrued leave payments				
Total all funds	\$152,125	(\$77,299)	\$266,500	\$341,326
Less estimated income	12,688	(6,702)	0	5,986
General fund	\$139,437	(\$70,597)	\$266,500	\$335,340
FTE	0.00	0.00	0.00	0.00

¹ Changes made by the House to the executive compensation package are removed.

² This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
- Reduces the market component from 2 to 4 percent per year to 1 to 2 percent per year for employees below the midpoint of their salary range.
- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.

³ This amendment restores the increase in state aid to libraries included in the executive recommendation and removed by the House to provide a total of \$1,766,500 from the general fund, the same as the Senate.

In addition, the section related to the distribution of state aid to public libraries is amended to provide for the distribution of aid totaling \$1,766,500, the same as the executive

recommendation and the Senate version.

House Bill No. 1013 - School for the Deaf - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$7,044,843	\$6,675,567	\$257,338	\$6,932,905	\$7,187,085	(\$254,180)
Operating expenses	1,908,794	1,892,495	16,299	1,908,794	1,908,794	
Capital assets	1,194,021	1,194,021		1,194,021	1,194,021	
Grants	200,000	200,000		200,000	200,000	
Accrued leave payments		134,846		134,846		134,846
Total all funds	\$10,347,658	\$10,096,929	\$273,637	\$10,370,566	\$10,489,900	(\$119,334)
Less estimated income	2,575,668	2,566,583	4,604	2,571,187	2,575,668	(4,481)
General fund	\$7,771,990	\$7,530,346	\$269,033	\$7,799,379	\$7,914,232	(\$114,853)
FTE	44.61	44.61	0.00	44.61	44.61	0.00

Department No. 252 - School for the Deaf - Detail of Conference Committee Changes

	Removes House Changes to Executive Compensation Package ¹	Adjusts State Employee Compensation and Benefits Package ²	Restores Funding for Professional Development ³	Adds Contingent Funding for a Full-Time Superintendent Position ⁴	Total Conference Committee Changes
Salaries and wages	\$234,430	(\$119,334)		\$142,242	\$257,338
Operating expenses			16,299		16,299
Capital assets					
Grants					
Accrued leave payments					
Total all funds	\$234,430	(\$119,334)	\$16,299	\$142,242	\$273,637
Less estimated income	9,085	(4,481)	0	0	4,604
General fund	\$225,345	(\$114,853)	\$16,299	\$142,242	\$269,033
FTE	0.00	0.00	0.00	0.00	0.00

¹ Changes made by the House to the executive compensation package are removed.

² This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
- Reduces the market component from 2 to 4 percent per year to 1 to 2 percent per year for employees below the midpoint of their salary range.
- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.

³ This amendment restores a funding increase for professional development included in the executive recommendation and removed by the House, the same as the Senate.

⁴ Contingent funding is added for a full-time superintendent position, the same as the Senate. The position is currently vacant and is shared with North Dakota Vision Services - School for the Blind. The executive recommendation and the House did not include this contingent funding.

In addition, this amendment adds a section, the same as the Senate, to provide the School for the Deaf may use up to \$142,242 provided from the general fund, contingent on the retirement of the current superintendent, to fill a full-time superintendent position. The salary authorization is to be prorated based on the retirement date of the current superintendent. The section also provides the Superintendent of Public Instruction may determine how the

superintendent position at the School for the Deaf is filled. This provision was not included in the executive recommendation or the House version.

House Bill No. 1013 - Vision Services - School for the Blind - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$4,452,015	\$4,191,070	\$224,110	\$4,415,180	\$4,596,685	(\$181,505)
Operating expenses	720,806	720,806		720,806	720,806	
Capital assets	562,400	562,400	2,762,000	3,324,400	3,324,400	
Accrued leave payments		87,463		87,463		87,463
Total all funds	\$5,735,221	\$5,561,739	\$2,986,110	\$8,547,849	\$8,641,891	(\$94,042)
Less estimated income	859,355	849,784	3,972	853,756	859,355	(5,599)
General fund	\$4,875,866	\$4,711,955	\$2,982,138	\$7,694,093	\$7,782,536	(\$88,443)
FTE	29.50	29.50	0.50	30.00	30.00	0.00

Department No. 253 - Vision Services - School for the Blind - Detail of Conference Committee Changes

	Removes House Changes to Executive Compensation Package ¹	Adjusts State Employee Compensation and Benefits Package ²	Adds Contingent Funding for a Full-Time Superintendent Position ³	Adds Funding to Remodel West Wing of the School Building ⁴	Total Conference Committee Changes
Salaries and wages	\$173,482	(\$94,042)	\$144,670		\$224,110
Operating expenses					
Capital assets				2,762,000	2,762,000
Accrued leave payments					
Total all funds	\$173,482	(\$94,042)	\$144,670	\$2,762,000	\$2,986,110
Less estimated income	9,571	(5,599)	0	0	3,972
General fund	\$163,911	(\$88,443)	\$144,670	\$2,762,000	\$2,982,138
FTE	0.00	0.00	0.50	0.00	0.50

¹ Changes made by the House to the executive compensation package are removed.

² This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
- Reduces the market component from 2 to 4 percent per year to 1 to 2 percent per year for employees below the midpoint of their salary range.
- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.

³ Contingent funding and a .5 FTE position is added for a full-time superintendent position, the same as the Senate. Currently, the .5 FTE position related to the superintendent is filled by a Braille music instructor and the superintendent is shared with the School for the Deaf. The executive recommendation and the House did not include this contingent funding.

⁴ One-time funding is provided to remodel the west wing of the school building occupied by Grand Forks Public Schools, the same as the Senate. The executive recommendation and the House did not include funding for this project.

In addition, this amendment adds a section, the same as the Senate, to provide the North Dakota Vision Services - School for the Blind may use up to \$144,670 provided from the

general fund, contingent on the retirement of the current superintendent, to fill a full-time superintendent position. The salary authorization is to be prorated based on the retirement date of the current superintendent. The section provides a .5 FTE superintendent position added to the School for the Blind is contingent on a determination made by the Superintendent of Public Instruction that a full-time superintendent position is required at the School for the Blind. The section also provides that the Superintendent of Public Instruction may determine how the superintendent position at the School for the Blind is filled. This provision was not included in the executive recommendation or the House version.

Engrossed HB 1013 was placed on the Seventh order of business on the calendar.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT

REP. MONSON MOVED that the conference committee report on Engrossed HB 1013 be adopted, which motion prevailed on a voice vote.

Engrossed HB 1013, as amended, was placed on the Eleventh order of business.

SECOND READING OF HOUSE BILL

HB 1013: A BILL for an Act to provide an appropriation for defraying the expenses of the department of public instruction, the state library, the school for the deaf, North Dakota vision services - school for the blind, and the legislative council; to create and enact sections 15.1-27-04.1, 15.1-27-04.2, and 15.1-27-45 and a new section to chapter 15.1-35 of the North Dakota Century Code, relating to the determination of state aid payable to school districts; to amend and reenact sections 15-39.1-28, 15.1-02-02, 15.1-07-32, 15.1-09-33, 15.1-09-39, 15.1-09-40, 15.1-09-47, 15.1-09-48, 15.1-09-49, 15.1-18.1-02, 15.1-22-01, 15.1-27-03.1, 15.1-27-03.2, 15.1-27-17, 15.1-27-35, 15.1-27-35.3, 15.1-27-39, 15.1-29-15, 15.1-30-04, 15.1-36-02, 40-55-08, 40-55-09, 57-15-01.1, 57-15-14, 57-15-14.2, 57-15-14.5, 57-15-17, 57-15-17.1, 57-15-31, 57-19-01, 57-19-02, and 57-19-09 of the North Dakota Century Code, relating to the salary of the superintendent of public instruction, the national board certification program, and the determination of state aid payable to school districts; to repeal sections 15.1-27-07.1 and 57-19-10 of the North Dakota Century Code, relating to kindergarten payments and special reserve funds; to provide an appropriation; to provide supplemental assistance payments; to provide for a transfer; to provide exemptions; to provide legislative intent; to provide for a legislative management study; to provide for a suspension; to provide an effective date; to provide an expiration date; and to declare an emergency.

ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 90 YEAS, 0 NAYS, 0 EXCUSED, 4 ABSENT AND NOT VOTING.

YEAS: Anderson; Beadle; Becker; Bellew; Belter; Boe; Boehning; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Delzer; Dockter; Dosch; Fehr; Frantsovog; Froseth; Glassheim; Grande; Gruchalla; Guggisberg; Haak; Hanson; Hatlestad; Hawken; Headland; Heilman; Heller; Hofstad; Hogan; Holman; Hunskor; Johnson, D.; Johnson, N.; Karls; Kasper; Keiser; Kelsh, J.; Kelsh, S.; Kempenich; Kiefert; Klein; Klemin; Koppelman, B.; Koppelman, K.; Kreidt; Kreun; Laning; Larson; Looyesen; Louser; Maragos; Martinson; Meier; Mock; Monson; Mooney; Muscha; Nathe; Nelson, J.; Nelson, M.; Onstad; Oversen; Owens; Paur; Pollert; Porter; Rohr; Ruby; Rust; Sanford; Schatz; Schmidt; Silbernagel; Skarphol; Steiner; Streyle; Strinden; Sukut; Thoreson; Toman; Trottier; Vigesaa; Wall; Weisz; Wieland; Williams; Speaker Devlin

ABSENT AND NOT VOTING: Amerman; Drovdal; Kretschmar; Zaiser

Reengrossed HB 1013 passed and the emergency clause was declared carried.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

MR. PRESIDENT: The House has adopted the conference committee report, subsequently passed, and the emergency clause carried: HB 1013.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)
MR. SPEAKER: Your signature is respectfully requested on: SB 2036.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)
MR. PRESIDENT: The Speaker has signed: SB 2036.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)
MR. SPEAKER: The President has signed: SB 2036.

MESSAGE TO THE HOUSE FROM THE SENATE (WILLIAM R. HORTON, SECRETARY)
MR. SPEAKER: The Senate has adopted the conference committee report, subsequently passed, and the emergency clause carried: HB 1013.

REPORT OF CONFERENCE COMMITTEE

HB 1015, as engrossed: Your conference committee (Sens. Holmberg, Wardner, Schneider and Reps. Carlson, Delzer, Onstad) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1760-1766, adopt amendments as follows, and place HB 1015 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1760-1766 of the House Journal and pages 1659-1666 of the Senate Journal and that Engrossed House Bill No. 1015 be amended as follows:

Page 1, line 5, after "section" insert "14-03.2-05 as created by section 1 of House Bill No. 1128, as approved by the sixty-third legislative assembly, section"

Page 1, line 5, after "15.1-27-25" insert ", subsection 1 of section 23-35-07, subsection 4 of section 23-35-08, subsection 2 of section 41-09-87, sections 48-10-02 and 54-44.1-04, and subsection 1 of section 57-02-08.1 as amended by Senate Bill No. 2171, and subdivision e of subsection 1 of section 62.1-04-03 as amended by House Bill No. 1327, as approved by the sixty-third legislative assembly,"

Page 1, line 5, after "Code" insert "and section 12 of House Bill No. 1012, section 1 of House Bill No. 1019, section 5 of House Bill No. 1020, sections 5, 6, and 7 of House Bill No. 1358, and section 15 of Senate Bill No. 2018, as approved by the sixty-third legislative assembly"

Page 1, line 5, after "to" insert "marital agreement requirements,"

Page 1, line 6, after "royalties" insert ", health district budgets, the capitol building fund, Uniform Commercial Code filings, agency budget requests, homestead tax credit, concealed weapons permits, grants to a jurisdiction adjacent to an Indian reservation, appropriations for defraying the expenses of the parks and recreation department, loans to the western area water supply authority, transportation funding distributions, and research North Dakota grants"

Page 1, line 6, replace "an exemption" with "exemptions; to provide an exception to general fund transfers to the budget stabilization fund; to provide for the use of funds by the department of human services"

Page 1, line 7, after the first semicolon insert "to provide for a budget section report;"

Page 1, line 7, remove "and"

Page 1, line 8, after "date" insert "; to provide a contingent effective date; and to declare an emergency"

Page 1, remove lines 18 through 24

Page 2, replace line 1 through 5 with:

Salaries and wages	\$18,477,763	\$1,475,552	\$19,953,315
Operating expenses	13,755,254	641,534	14,396,788
Emergency commission	700,000	0	700,000
contingency fund			

Capital assets	5,190,143	4,760,922	9,951,065
Grants	430,000	0	430,000
Prairie public broadcasting	1,000,000	937,138	1,937,138
State student internship program	200,000	0	200,000
Health insurance pool - temporary employees	0	2,000,000	2,000,000
Accrued leave payments	0	<u>570,412</u>	<u>570,412</u>
Total all funds	\$39,753,160	\$10,385,558	\$50,138,718
Less estimated income	<u>10,514,461</u>	<u>(783,831)</u>	<u>9,730,630</u>
Total general fund	\$29,238,699	\$11,169,389	\$40,408,088

Page 2, replace line 13 with:

"Capitol complex parking lot repairs	800,000	4,000,000"
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Page 2, replace lines 19 through 21 with:

"Prairie public broadcasting	0	600,000
Health insurance pool	0	2,000,000
Repair and cleaning capitol and j-wing	0	<u>1,200,000</u>
Total all funds	\$478,354,000	\$10,490,000
Less estimated income	0	<u>1,000,000</u>
Total general fund	\$478,354,000	\$9,490,000"

Page 2, line 28, replace "\$373,210,000" with "\$315,210,000"

Page 2, after line 31, insert:

"SECTION 4. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - GENERAL FUND. During the biennium beginning July 1, 2013, and ending June 30, 2015, the director of the office of management and budget shall transfer the sum of \$520,000,000 from the strategic investment and improvements fund to the general fund.

SECTION 5. GENERAL FUND TRANSFERS TO BUDGET STABILIZATION FUND - EXCEPTION. Notwithstanding section 54-27.2-02, the state treasurer and the office of management and budget may not include any general fund appropriations provided in Senate Bill No. 2176, as approved by the sixty-third legislative assembly, in the amount used to determine general fund transfers to the budget stabilization fund at the end of the 2011-13 biennium under chapter 54-27.2.

SECTION 6. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET - STATE AGENCY ENERGY DEVELOPMENT IMPACT FUNDING POOL - TRANSFER AUTHORITY - EMERGENCY COMMISSION APPROVAL. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$4,000,000, or so much of the sum as may be necessary, and from special funds derived from federal funds and other income, the sum of \$4,500,000, or so much of the sum as may be necessary, to the office of management and budget for a state agency energy development impact funding pool, for the biennium beginning July 1, 2013, and ending June 30, 2015. The funds provided under this section are considered a one-time funding item.

A state agency may submit an application to the office of management and budget for a transfer of appropriation authority from the state agency energy development impact funding pool for employee housing rental assistance and temporary salary increases for employees affected by energy development. The office of management and budget, subject to emergency commission approval, shall transfer appropriation authority from the state agency energy development impact funding pool to eligible agencies for approved applications.

1. A state agency may submit an application to the office of management and budget to address rental assistance needs for employees in affected areas of the state. Spending authority is limited to six months or until the need for the assistance has ended, whichever occurs first. An agency

may submit a renewal application for continued spending authority to address any continued need to provide assistance.

- a. As part of the application for rental assistance, the agency must identify each position within the agency that requires rental assistance. The agency shall provide a housing survey conducted by the agency or an approved statewide housing survey for the immediate geographical location appropriate to each position for which approval is being requested. The survey must include an identified difference between the state rental rate average and the rental rates for housing in the location where the employee will reside. The survey must describe the methodology used in determining rental differential for that immediate geographical location. For an existing employee or applicant already with housing, the agency must attach the employee's rental agreement from the rental property company. For a newly hired employee, the agency shall forward a copy of the rental agreement after the applicant has been hired and secured housing. The rental agreement must include the following information:
 - (1) Rental company name.
 - (2) Rental company address.
 - (3) Amount of rent.
 - (4) Effective date of lease.
 - b. The office of management and budget shall review the application for rental assistance and make a recommendation to the emergency commission to approve or reject the request. The emergency commission shall make the final determination on the application. The applications must be reviewed on an individual position or positions basis based on documented need and affordability.
 - c. Rental assistance payments must be based on a housing survey conducted by the agency or a statewide survey subject to review and recommendation by the office of management and budget and approval by the emergency commission. Employees eligible to receive rental assistance include employees currently renting in designated areas of the state and new employees or existing employees transferring into affected areas of the state. The rental assistance payment must be a flat dollar amount based on the difference between the state rental rate average and the rental rates for housing in the location where the employee resides.
 - d. A state agency that has an employee receiving rental assistance must submit documentation to the office of management and budget upon request that verifies the employee's proof of payment.
 - e. A state agency must report any changes to the office of management and budget of the housing status of employees relating to a position that has been approved.
2. A state agency may submit an application for up to six months of salary differential payments for employees living in assigned or in temporarily assigned areas of the state affected by energy development. The application must document the salary level of each affected employee or position compared to statewide and local averages for similar types of employee positions. The office of management and budget shall review the application for salary differential payments and make a recommendation to the emergency commission to approve or reject the request. The emergency commission shall make the final determination on the application. Any salary differential payment provided to an

employee does not become part of the employee's permanent base salary.

SECTION 7. COMMUNITY SERVICE SUPERVISION GRANTS - FUNDING ALLOCATIONS - ADDITIONAL INCOME APPROPRIATION. The grants line item in section 1 of this Act includes the sum of \$375,000 from the general fund for the purpose of providing community service supervision grants. The office of management and budget shall distribute the grant funds on or before August first during each year of the biennium beginning July 1, 2013, and ending June 30, 2015, to North Dakota community corrections association regions as follows:

Barnes County	\$9,091
Bismarck (urban)	20,293
Bismarck (rural)	10,667
Devils Lake	10,747
Dickinson	12,683
Fargo	24,127
Grand Forks	19,803
Jamestown	13,883
Minot	16,194
Richland County	9,931
Rugby	11,657
Sargent County	8,086
Wells County	8,189
Williston	12,149
Total	\$187,500

Any moneys in the community service supervision fund are appropriated to the office of management and budget for distribution to community corrections association regions on or before August first of each year during the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 8. OFFICE OF MANAGEMENT AND BUDGET - TEMPORARY EMPLOYEE HEALTH INSURANCE POOL - TRANSFER AUTHORITY. The office of management and budget may transfer to each eligible agency appropriation authority from the health insurance pool - temporary employees line item contained in section 1 of this Act. Transfers may be made for the purpose of providing temporary employee health insurance adjustments for state employees, including institutions of higher education, determined to be full time based on guidelines developed by the office of management and budget in accordance with the shared responsibility provisions of the Affordable Care Act for the biennium beginning July 1, 2013, and ending June 30, 2015."

Page 3, line 18, replace "8" with "13"

Page 3, line 22, remove "- **LEGISLATIVE**"

Page 3, line 23, remove "**INTENT**"

Page 3, line 23, after "**GUIDELINES**" insert "- **BUDGET SECTION APPROVAL**"

Page 3, line 24, after "of" insert "3 to 5 percent for the first year of the biennium and in a range of"

Page 3, line 25, replace "each" with "the second"

Page 3, line 27, after "increases" insert "for the first year of the biennium"

Page 3, line 28, after "and" insert "for the second year of the biennium are to be given"

Page 3, line 29, after "adjustment" insert "for each year of the biennium"

Page 3, line 29, remove "for the first year of the biennium may be"

Page 3, line 30, remove "provided"

Page 4, line 1, after "range" insert "and up to 1 percent for a classified state employee whose salary is in the second quartile of the employee's assigned salary range may be provided"

Page 4, line 1, remove "The market equity increases are to be given"

Page 4, remove line 2

Page 4, line 6, after "budget" insert ", subject to budget section approval,"

Page 4, line 6, remove "not"

Page 4, line 11, after "of" insert "3 to 5 percent for the first year of the biennium and in a range of"

Page 4, line 12, replace "each" with "the second"

Page 4, line 14, after "2013" insert "for the first year of the biennium"

Page 4, line 15, after the first "2014" insert "for the second year of the biennium"

Page 4, remove lines 16 through 18

Page 4, after line 22, insert:

"Each agency appropriation is increased to provide additional funding of \$95 per month for each eligible employee to maintain existing health insurance benefits. As a percentage of the average state employee monthly salary, this amount represents a 2.35 percent increase."

Page 4, line 23, after the first "ITEM" insert "- PILOT PROJECT"

Page 4, line 26, after the first "for" insert "a pilot project for the biennium beginning July 1, 2013, and ending June 30, 2015, for"

Page 4, line 31, after the period insert "For the purpose of determining salaries and wages amounts under section 54-27-10, the office of management and budget shall consider the amounts included in the accrued leave payments line item as part of the appropriation for salaries and wages."

SECTION 15. TRANSFERS - RACING COMMISSION FUNDS. Upon the request of the North Dakota racing commission, the office of management and budget shall transfer up to \$50,000 from the breeders' fund to the purse fund and up to \$50,000 from the breeders' fund to the racing promotion fund during the biennium beginning July 1, 2013, and ending June 30, 2015. Any funds transferred under this section must be used to promote additional horse races in the state during the biennium beginning July 1, 2013, and ending June 30, 2015. Notwithstanding any other provision of law, the office of management and budget shall deposit any funds designated for the purse fund and racing promotion fund under section 53-06.2-11 in the breeders' fund until the deposits equal the transfers made to the purse fund and racing promotion fund as provided under this section.

SECTION 16. PROCUREMENT REQUIREMENTS - DEPARTMENT OF TRANSPORTATION AIRPLANE REPLACEMENT. The purchase of airplanes by the department of transportation under the authorization granted in section 5 of House Bill No. 1033, as approved by the sixty-third legislative assembly, is exempt from the procurement provisions of chapter 54-44.4 and any rules or policies adopted pursuant to that chapter.

SECTION 17. USE OF FUNDS - DEPARTMENT OF HUMAN SERVICES. The department of human services may use a portion of the funds appropriated for grants to critical access hospitals in section 10 of House Bill No. 1358, as approved by the sixty-third legislative assembly, for the purpose of providing a grant to an organization to assist hospitals in developing a system to verify patient personal and health insurance information. The requirements of chapter 54-44.4 do not apply to

the selection of a grantee, the grant award, or payments made under this section. The organization that receives the grant shall provide reports on the development and impact of the system to the department of human services in December and June of each year of the biennium.

SECTION 18. DEPARTMENT OF HUMAN SERVICES - BUDGET SAVINGS - CONTINGENT GRANT. If the department of human services has not projected a 2013-15 biennium appropriation deficiency on or after July 1, 2014, the department of human services may award a grant from its general fund appropriation to an entity eligible under subsection 2 of section 50-01.2-03.2 as defined in section 12 of House Bill No. 1012, as approved by the sixty-third legislative assembly, for the period beginning July 1, 2014, and ending June 30, 2015. The amount provided under this section is in addition to, and may not exceed, the total amount provided under section 12 of House Bill No. 1012, as approved by the sixty-third legislative assembly.

SECTION 19. AMENDMENT. Section 14-03.2-05 of the North Dakota Century Code as created by section 1 of House Bill No. 1128, as approved by the sixty-third legislative assembly, is amended and reenacted as follows:

14-04.3-05. Formation requirements.

A premarital agreement or marital agreement must be in a record and signed by both parties. The agreement is enforceable without consideration. ~~A marital agreement created pursuant to this chapter must be signed within the first one hundred twenty days of the marriage."~~

Page 6, after line 8, insert:

"SECTION 21. AMENDMENT. Subsection 1 of section 23-35-07 of the North Dakota Century Code is amended and reenacted as follows:

1. A district board of health shall prepare a budget for the next fiscal year at the time at which and in the manner in which a county budget is adopted and shall submit this budget to the joint board of county commissioners for approval. The amount budgeted and approved must be prorated in health districts composed of more than one county among the various counties in the health district according to the taxable valuation of the respective counties in the health district. For the purpose of this section, "prorated" means that each member county's contribution must be based on an equalized mill levy throughout the district, except as otherwise permitted under subsection 3 of section 23-35-05. Within ten days after approval by the joint board of county commissioners, the district board of health shall certify the budget to the respective county auditors and the budget must be included in the levies of the counties. The budget, not including gifts, grants, donations, and contributions, may not exceed the amount that can be raised by a levy of five mills on the taxable valuation, subject to public hearing in each county in the health district at least fifteen days before an action taken by the joint board of county commissioners. Action taken by the joint board of county commissioners must be based on the record, including comments received at the public hearing. A levy under this section is not subject to the limitation on the county tax levy for general and special county purposes. The amount derived by a levy under this section must be placed in the health district fund. The health district fund must be deposited with and disbursed by the treasurer of the district board of health. Each county in a health district quarterly shall remit and make settlements with the treasurer. Any funds remaining in the fund at the end of any fiscal year may be carried over to the next fiscal year.

SECTION 22. AMENDMENT. Subsection 4 of section 23-35-08 of the North Dakota Century Code is amended and reenacted as follows:

4. May accept and receive ~~expend~~ any gift, grant, donation, or other contribution offered to aid in the work of the board of health or public health unit.

SECTION 23. AMENDMENT. Subsection 2 of section 41-09-87 of the North Dakota Century Code, as effective after June 30, 2013, is amended and reenacted as follows:

2. Filing does not occur with respect to a record that a filing office refuses to accept because:
 - a. The record is not communicated by a method or medium of communication authorized by the filing office;
 - b. An amount equal to or greater than the applicable filing fee is not tendered;
 - c. The filing office is unable to index the record because:
 - (1) In the case of an initial financing statement, the record does not provide a name for the debtor;
 - (2) In the case of an amendment or information statement, the record:
 - (a) Does not identify the initial financing statement as required by section 41-09-83 or 41-09-89, as applicable; or
 - (b) Identifies an initial financing statement whose effectiveness has lapsed under section 41-09-86;
 - (3) In the case of an initial financing statement that provides the name of a debtor identified as an individual or an amendment that provides a name of a debtor identified as an individual which was not previously provided in the financing statement to which the record relates, the record does not identify the debtor's surname; or
 - (4) In the case of a record filed or recorded in the filing office described in subdivision a of subsection 1 of section 41-09-72, the record does not provide a sufficient description of the real property to which it relates;
 - d. In the case of an initial financing statement or an amendment that adds a secured party of record, the record does not provide a name and mailing address for the secured party of record;
 - e. In the case of an initial financing statement or an amendment that provides a name of a debtor which was not previously provided in the financing statement to which the amendment relates, the record does not:
 - (1) Provide a mailing address for the debtor; or
 - (2) Indicate whether the name provided as the name of the debtor is the name of an individual or an organization;
 - f. In the case of an assignment reflected in an initial financing statement under subsection 1 of section 41-09-85 or an amendment filed under subsection 2 of section 41-09-85, the record does not provide a name and mailing address for the assignee; or

- g. In the case of a continuation statement, the record is not filed within the six-month period prescribed by subsection 4 of section 41-09-86; or
- h. The record does not contain the social security number or the internal revenue service taxpayer identification number of the debtor.

SECTION 24. AMENDMENT. Section 48-10-02 of the North Dakota Century Code is amended and reenacted as follows:

48-10-02. Capitol building fund to be administered by the capitol grounds planning commission - Continuing appropriation - Procedure for expenditure of certain funds.

The capitol grounds planning commission shall have general powers to superintend the administration of the capitol building fund, its interest and income fund, and its investments and properties. It may cause any lands now held in such funds to be sold at market value, direct the conversion of any securities now held by such funds to cash, approve expenditures from such funds subject to law and legislative appropriations, and to do all other things necessary to carry out the intent and purposes of this section. The board of university and school lands or its designee, on the commission's behalf, shall see to the investment and management of the capitol building fund and its interest and income fund and shall account to the commission concerning these funds at the commission's request.

Provided further, all moneys and other property in the capitol building fund, except as otherwise appropriated, are hereby dedicated and reserved to the exclusive purpose of the construction of an addition to the legislative wing of the state capitol building, and the capitol grounds planning commission shall take necessary steps to accumulate and conserve the money and property in the capitol building fund for such purpose.

The commission may, during any biennium, expend from the interest and income fund of the capitol building fund a sum not to exceed fifty percent of the unencumbered balance on the first day of any biennium, and such amount is hereby appropriated to the capitol grounds planning commission. The expenditure may be made, after consideration of the capitol grounds master plan, for projects or planning but ~~shall~~ may not exceed one hundred ~~seventy-five~~ thousand dollars per biennium. The expenditure may only be made upon approval by two-thirds of the total membership of the commission. The expenditure must be made upon a voucher, or vouchers, prepared by the office of management and budget at the direction of the commission.

SECTION 25. AMENDMENT. Section 54-44.1-04 of the North Dakota Century Code is amended and reenacted as follows:

54-44.1-04. (Effective through July 31, 2013) Budget estimates of budget units filed with the office of the budget - Deadline.

The head of each budget unit, not later than July fifteenth of each year next preceding the session of the legislative assembly, shall submit to the office of the budget, estimates of financial requirements of the person's budget unit for the next two fiscal years, on the forms and in the manner prescribed by the office of the budget, with such explanatory data as is required by the office of the budget and such additional data as the head of the budget unit wishes to submit. The budget estimates for the North Dakota university system must include block grants for the university system for a base funding component and for an initiative funding component for specific strategies or initiatives and a budget estimate for an asset funding component for renewal and replacement of physical plant assets at the institutions of higher education. The estimates so submitted must bear the approval of the board or commission of each budget unit for which a board or commission is constituted. The director of the budget in the director's discretion may extend the filing date for any budget unit if the director finds there is some circumstance that makes it advantageous to authorize the extension. If a budget unit has not submitted its estimate of financial requirements by the required date or within a period of

extension set by the director of the budget, the director of the budget shall prepare the budget unit's estimate of financial requirements except the estimate may not exceed ninety percent of the budget unit's previous biennial appropriation. The director of the budget or a subordinate officer as the director designates shall examine the estimates and shall afford to the heads of budget units reasonable opportunity for explanation in regard thereto and, when requested, shall grant to the heads of budget units a hearing thereon which must be open to the public.

(Effective after July 31, 2013) Budget estimates of budget units filed with the office of the budget - Deadline.

The head of each budget unit, not later than July fifteenth of each year next preceding the session of the legislative assembly, shall submit to the office of the budget, estimates of financial requirements of the person's budget unit for the next two fiscal years, on the forms and in the manner prescribed by the office of the budget, with such explanatory data as is required by the office of the budget and such additional data as the head of the budget unit wishes to submit. The estimates so submitted must bear the approval of the board or commission of each budget unit for which a board or commission is constituted. The director of the budget may extend the filing date by up to sixty days for any budget unit if the director finds there is some circumstance that makes it advantageous to authorize the extension. If a budget unit has not submitted its estimate of financial requirements by the required date or within a period of extension of up to sixty days set by the director of the budget, the director of the budget shall prepare the budget unit's estimate of financial requirements except the estimate may not exceed ninety percent of the budget unit's previous biennial appropriation. The director of the budget or a subordinate officer as the director shall designate shall examine the estimates and shall afford to the heads of budget units reasonable opportunity for explanation in regard thereto and, when requested, shall grant to the heads of budget units a hearing thereon which must be open to the public."

Page 6, line 12, remove "for inclusion in the state"

Page 6, line 13, remove "budget database website"

Page 6, line 13, replace "in" with "on"

Page 6, line 13, remove "budget"

Page 6, line 14, replace "database" with "office of management and budget"

Page 6, line 14, replace the second "any" with "a"

Page 6, after line 20, insert:

"SECTION 27. AMENDMENT. Subsection 1 of section 57-02-08.1 of the North Dakota Century Code as amended by Senate Bill No. 2171, as approved by the sixty-third legislative assembly, is amended and reenacted as follows:

1. a. Any person sixty-five years of age or older or permanently and totally disabled, in the year in which the tax was levied, with an income that does not exceed the limitations of subdivision c is entitled to receive a reduction in the assessment on the taxable valuation on the person's homestead. An exemption under this subsection applies regardless of whether the person is the head of a family.
- b. The exemption under this subsection continues to apply if the person does not reside in the homestead and the person's absence is due to confinement in a nursing home, hospital, or other care facility, for as long as the portion of the homestead previously occupied by the person is not rented to another person.
- c. The exemption must be determined according to the following schedule:

- (1) If the person's income is not in excess of twenty-two thousand dollars, a reduction of one hundred percent of the taxable valuation of the person's homestead up to a maximum reduction of four thousand five hundred dollars of taxable valuation.
 - (2) If the person's income is in excess of twenty-two thousand dollars and not in excess of twenty-six thousand dollars, a reduction of eighty percent of the taxable valuation of the person's homestead up to a maximum reduction of three thousand six hundred dollars of taxable valuation.
 - (3) If the person's income is in excess of twenty-six thousand dollars and not in excess of thirty thousand dollars, a reduction of sixty percent of the taxable valuation of the person's homestead up to a maximum reduction of two thousand seven hundred dollars of taxable valuation.
 - (4) If the person's income is in excess of thirty thousand dollars and not in excess of thirty-four thousand dollars, a reduction of forty percent of the taxable valuation of the person's homestead up to a maximum reduction of one thousand eight hundred dollars of taxable valuation.
 - (5) If the person's income is in excess of thirty-four thousand dollars and not in excess of thirty-eight thousand dollars, a reduction of twenty percent of the taxable valuation of the person's homestead up to a maximum reduction of nine hundred dollars of taxable valuation.
 - (6) If the person's income is in excess of thirty-eight thousand dollars and not in excess of forty-two thousand dollars, a reduction of ten percent of the taxable valuation of the person's homestead up to a maximum reduction of four hundred fifty dollars of taxable valuation.
- d. Persons residing together, as spouses or when one or more is a dependent of another, are entitled to only one exemption between or among them under this subsection. Persons residing together, who are not spouses or dependents, who are coowners of the property are each entitled to a percentage of a full exemption under this subsection equal to their ownership interests in the property.
 - e. This subsection does not reduce the liability of any person for special assessments levied upon any property.
 - f. Any person claiming the exemption under this subsection shall sign a verified statement of facts establishing the person's eligibility.
 - g. A person is ineligible for the exemption under this subsection if the value of the assets of the person and any dependent residing with the person exceeds five hundred thousand dollars, including the value of any assets divested within the last three years.
 - h. The assessor shall attach the statement filed under subdivision f to the assessment sheet and shall show the reduction on the assessment sheet.
 - i. An exemption under this subsection terminates at the end of the taxable year of the death of the applicant.

SECTION 28. AMENDMENT. Subdivision e of subsection 1 of section 62.1-04-03 of the North Dakota Century Code as amended by House Bill No. 1327, as approved by the sixty-third legislative assembly, is amended and reenacted as follows:

- e. The applicant satisfactorily completes the bureau of criminal investigation application form and has successfully passed the criminal history records check conducted by the bureau of criminal investigation and the federal bureau of investigation. The applicant shall provide all documentation relating to any court-ordered treatment or commitment for mental health or alcohol or substance abuse. The applicant shall provide the director of the bureau of criminal investigation written authorizations for disclosure of the applicant's mental health and alcohol or substance abuse evaluation and treatment records. The bureau may deny approval for a ~~class 4~~ ~~firearm~~ license if the bureau has reasonable cause to believe that the applicant or licenseholder has been or is a danger to self or others as demonstrated by evidence, including past pattern of behavior involving unlawful violence or threats of unlawful violence; past participation in incidents involving unlawful violence or threats of unlawful violence; or conviction of a weapons offense. In determining whether the applicant or licenseholder has been or is a danger to self or others, the bureau may inspect expunged records of arrests and convictions of adults and juvenile court records; and

SECTION 29. AMENDMENT. Section 12 of House Bill No. 1012, as approved by the sixty-third legislative assembly, is amended and reenacted as follows:

SECTION 12. GRANTS. The grants line item in subdivision 2 of section 1 of this Act includes \$300,000, or so much of the sum as may be necessary, from the general fund for grants to a jurisdiction that is adjacent to an Indian reservation but does not receive reimbursement payments under section 50-01.2-03.2 and is determined by the department of human services to be the most significantly impacted based on calendar year 2012 data for the first year of the biennium and calendar year 2013 data for the second year of the biennium considering the provisions of subsection 2 of section 50-01.2-03.2, for the biennium beginning July 1, 2013, and ending June 30, 2015. ~~No more than fifty percent of this appropriation may be distributed in each fiscal year of the biennium.~~

SECTION 30. AMENDMENT. Section 1 of House Bill No. 1019, as approved by the sixty-third legislative assembly, is amended and reenacted as follows:

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 special funds derived from federal funds and other income, to the parks and recreation department for the purpose of defraying the expenses of the parks and recreation department and for providing a grant to the International Peace Garden, for the biennium beginning July 1, 2013, and ending June 30, 2015, as follows:

Subdivision 1.

PARKS AND RECREATION DEPARTMENT

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Administration	\$2,484,885	\$188,708	\$2,673,593
Accrued leave payments	0	181,577	181,577
Natural resources	12,768,203	8,325,122	21,093,325
Recreation	<u>7,489,091</u>	<u>(1,403,216)</u>	<u>6,085,875</u>
Total all funds	\$22,742,179	\$7,292,191	\$30,034,370
Less estimated income	<u>11,641,632</u>	<u>359,199</u>	<u>12,000,731</u>
Total general fund	\$11,100,647	\$6,932,992	\$18,033,639
Full-time equivalent positions	54.00	1.00	55.00
Administration	<u>\$2,484,885</u>	<u>\$188,708</u>	<u>\$2,673,593</u>
Accrued leave payments	0	<u>181,577</u>	<u>181,577</u>

<u>Natural resources</u>	<u>12,768,203</u>	<u>7,875,122</u>	<u>20,643,325</u>
<u>Recreation</u>	<u>7,489,091</u>	<u>(1,403,216)</u>	<u>6,085,875</u>
<u>Total all funds</u>	<u>\$22,742,179</u>	<u>\$6,842,191</u>	<u>\$29,584,370</u>
<u>Less estimated income</u>	<u>11,641,532</u>	<u>134,199</u>	<u>11,775,731</u>
<u>Total general fund</u>	<u>\$11,100,647</u>	<u>\$6,707,992</u>	<u>\$17,808,639</u>
<u>Full-time equivalent positions</u>	<u>54.00</u>	<u>1.00</u>	<u>55.00</u>

Subdivision 2.

INTERNATIONAL PEACE GARDEN

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
International Peace Garden	<u>\$773,699</u>	<u>\$1,450,000</u>	<u>\$2,223,699</u>
Total general fund	<u>\$773,699</u>	<u>\$1,450,000</u>	<u>\$2,223,699</u>

Subdivision 3.

BILL TOTAL

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand total general fund	<u>\$11,874,346</u>	<u>\$8,382,992</u>	<u>\$20,257,338</u>
Grand total special funds	<u>11,641,632</u>	<u>359,199</u>	<u>12,000,731</u>
Grand total all funds	<u>\$23,515,878</u>	<u>\$8,742,191</u>	<u>\$32,258,069</u>
<u>Grand total general fund</u>	<u>\$11,874,346</u>	<u>\$8,157,992</u>	<u>\$20,032,338</u>
<u>Grand total special funds</u>	<u>11,641,532</u>	<u>134,199</u>	<u>11,775,731</u>
<u>Grand total all funds</u>	<u>\$23,515,878</u>	<u>\$8,292,191</u>	<u>\$31,808,069</u>

SECTION 31. AMENDMENT. Section 5 of House Bill No. 1020, as approved by the sixty-third legislative assembly, is amended and reenacted as follows:

SECTION 5. BANK OF NORTH DAKOTA LOAN - WESTERN AREA WATER SUPPLY AUTHORITY. The Bank of North Dakota shall provide a loan of \$40,000,000 to the western area water supply authority for construction of the project. ~~The terms and conditions of the loan must be negotiated by the western area water supply authority and the Bank of North Dakota and any previous loans may be added to and merged into this loan.~~ ~~previous loans as agreed by the authority industrial commission and the Bank of North Dakota. The authority may repay the loan from income from specific project features. If the authority is in default in the payment of the principal of or interest on the obligation to the Bank of North Dakota for the loan, the authority is subject to the default provisions under section 61-40-09.~~

SECTION 32. AMENDMENT. Section 5 of House Bill No. 1358, as approved by the sixty-third legislative assembly, is amended and enacted as follows:

SECTION 5. APPROPRIATION - DEPARTMENT OF TRANSPORTATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$160,000,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of allocation as provided in this section among oil-producing counties that received \$5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the state fiscal year ending June 30, ~~2012~~ 2013, for the biennium beginning July 1, 2013, and ending June 30, 2015.

1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads and bridges needed to support oil and gas production and distribution in North Dakota.
 - a. Funding allocations to counties are to be made by the department of transportation based on data supplied by the upper great plains transportation institute.

- b. Counties identified in the data supplied by the upper great plains transportation institute which received \$5,000,000 or more of allocations under subsection 2 of section 57-51-15 for the state fiscal year ending June 30, ~~2012~~2013, are eligible for this funding.
 2. Each county requesting funding under this section for county road and bridge projects shall submit the request in accordance with criteria developed by the department of transportation.
 - a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads and bridges within the county.
 - b. The plan must be based on data supplied by the upper great plains transportation institute, actual road and bridge conditions, and integration with state highway and other county projects.
 - c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].
 - d. Funds may not be used for routine maintenance.
 3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.
 4. The funding appropriated in this section may be used for:
 - a. Ninety percent of the cost of the approved projects not to exceed the funding available for that county.
 - b. Funding may be used for construction, engineering, and plan development costs.
 5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.
 6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township rehabilitation and reconstruction projects.
 7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.
 8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.
 9. For purposes of this section, a "bridge" is a structure that has an opening of more than 20 feet [6.096 meters] as measured along the centerline of the roadway. It may also be the clear openings of more than 20 feet [6.096 meters] of a group of pipes as long as the pipes are spaced less than half the distance apart of the smallest diameter pipe.
 10. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section.

SECTION 33. AMENDMENT. Section 6 of House Bill No. 1358, as approved by the sixty-third legislative assembly, is amended and enacted as follows:

SECTION 6. APPROPRIATION - DEPARTMENT OF TRANSPORTATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$120,000,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of allocation among counties that did not receive \$5,000,000 or more of allocations under subsection 2 of section 57-51-15 in the state fiscal year ending June 30, ~~2012~~2013, for the biennium beginning July 1, 2013, and ending June 30, 2015. The amounts available for allocation under this section must be distributed on or after February 1, 2014.

1. The sum appropriated in this section must be used to rehabilitate or reconstruct county paved and unpaved roads and bridges needed to support economic activity in North Dakota.
 - a. To be eligible to receive an allocation under this section, a county may not have received \$5,000,000 or more of allocations under subsection 2 of section 57-51-15 during the state fiscal year ending June 30, ~~2012~~2013.
 - b. Allocations among eligible counties under this section must be based on the miles of roads defined by the department of transportation as county major collector roadways in each county.
 - c. The department of transportation may use data supplied by the upper great plains transportation institute in determining the projects to receive funding under this section.
2. Each county requesting funding under this section shall submit the request in accordance with criteria developed by the department of transportation.
 - a. The request must include a proposed plan for funding projects that rehabilitate or reconstruct paved and unpaved roads and bridges within the county.
 - b. The plan must be based on actual road and bridge conditions and the integration of projects with state highway and other county projects.
 - c. Projects funded under this section must comply with the American association of state highway transportation officials (AASHTO) pavement design procedures and the department of transportation local government requirements. Upon completion of major reconstruction projects, the roadway segment must be posted at a legal load limit of 105,500 pounds [47853.993 kilograms].
 - d. Funds may not be used for routine maintenance.
3. The department of transportation, in consultation with the county, may approve the plan or approve the plan with amendments.
4. The funding appropriated in this section may be used for:
 - a. Ninety percent of the cost of the approved projects not to exceed the funding available for that county.
 - b. Funding may be used for construction, engineering, and plan development costs.

5. Upon approval of the plan, the department of transportation shall transfer to the county the approved funding for engineering and plan development costs.
6. Upon execution of a construction contract by the county, the department of transportation shall transfer to the county the approved funding to be distributed for county and township rehabilitation and reconstruction projects.
7. The recipient counties shall report to the department of transportation upon awarding of each contract and upon completion of each project in a manner prescribed by the department.
8. The funding under this section may be applied to engineering, design, and construction costs incurred on related projects as of January 1, 2013.
9. For purposes of this section, a "bridge" is a structure that has an opening of more than 20 feet [6.096 meters] as measured along the centerline of the roadway. It may also be the clear openings of more than 20 feet [6.096 meters] of a group of pipes as long as the pipes are spaced less than half the distance apart of the smallest diameter pipe.
10. Section 54-44.1-11 does not apply to funding under this section. Any funds not spent by June 30, 2015, must be continued into the biennium beginning July 1, 2015, and ending June 30, 2017, and may be expended only for purposes authorized by this section.

SECTION 34. AMENDMENT. Section 7 of House Bill No. 1358, as approved by the sixty-third legislative assembly, is amended and enacted as follows:

SECTION 7. APPROPRIATION - STATE TREASURER. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$8,760,000, or so much of the sum as may be necessary, to the state treasurer for allocation to counties for allocation to or for the benefit of townships in oil-producing counties, for the biennium beginning July 1, 2013, and ending June 30, 2015. The funding provided in this section must be distributed in equal amounts in July 2013 and May 2014. The state treasurer shall distribute the funds provided under this section as soon as possible to counties and the county treasurer shall allocate the funds to or for the benefit of townships in oil-producing counties through a distribution of \$15,000 each year to each organized township and a distribution of \$15,000 each year for each unorganized township to the county in which the unorganized township is located. For unorganized townships within the county, the board of county commissioners may expend an appropriate portion of revenues under this subdivision for township roads or other infrastructure needs in those townships. A township is not eligible for an allocation of funds under this section if the township does not maintain any township roads. For the purposes of this section, an "oil-producing county" means a county that received an allocation of funding under section 57-51-15 of more than \$500,000 but less than \$5,000,000 in the state fiscal year ending June 30, ~~2012~~2013.

SECTION 35. AMENDMENT. Section 15 of Senate Bill No. 2018, as approved by the sixty-third legislative assembly, is amended and reenacted as follows:

Research North Dakota grants.

The department shall establish and administer a research North Dakota grant program to provide grants to a research university for research, development, and commercialization activities related to a private sector partner. The centers of excellence commission, established under chapter 15-69, shall make grant award determinations

under this section. The department shall work with the centers of excellence commission in establishing guidelines to qualify for a grant under this section, including the requirement that an application must be accompanied by a partnership agreement between the private sector partner and a research university. The agreement must include details regarding the scope of the work, the budget, the location of the work to be completed, the intellectual property ownership rights, and the intellectual property income distribution. The commission may approve changes to the scope of the work or the budget only to the extent that the changes are agreed upon by the private sector partner and the research university. Before the commission directs the department to distribute funds awarded under this section, the research university shall provide the commission with detailed documentation of private sector participation and the availability of one dollar of matching funds for each dollar of state funds to be distributed. Matching funds must be in the form of cash given to the research university and may not include in-kind assets.

SECTION 36. LEGISLATIVE INTENT - CAPITOL GROUNDS PARKING LOT PROJECT. It is the intent of the sixty-third legislative assembly that the office of management and budget, in improving the parking lots on the capitol grounds during the biennium beginning July 1, 2013, and ending June 30, 2015, not reduce the number of parking spaces or the size of the legislative parking lot west of the capitol building."

Page 6, line 22, replace "study" with "consider studying"

Page 6, line 26, replace "As part of the study, the legislative management shall" with "The study, if conducted, must"

Page 7, after line 19, insert:

"SECTION 40. LEGISLATIVE MANAGEMENT STUDY - FOUNDATION AID STABILIZATION FUND. The legislative management shall consider studying during the 2013-14 interim the foundation aid stabilization fund, including anticipated growth in the fund, appropriate funding levels, options for the disposition of excess funding if appropriate funding levels are exceeded, the reallocation of oil extraction taxes currently being deposited in the fund, and the feasibility and desirability of proposing changes to the constitution relating to the foundation aid stabilization fund. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly."

Page 7, line 20, replace "11" with "26"

Page 7, line 21, after "2014" insert "and section 27 of this Act is effective for taxable years after December 31, 2012"

Page 7, after line 21, insert:

"SECTION 42. CONTINGENT EFFECTIVE DATE. Section 23 of this Act becomes effective August 1, 2015, or earlier if the secretary of state makes a report to the legislative management and to the information technology committee certifying that the information technology components of the electronic filing system are ready for implementation of section 23 of this Act, in which case section 23 of this Act becomes effective ninety days following the completion of the certificate requirement.

SECTION 43. EMERGENCY. Sections 21, 23, 27, 28, 29, 30, and 37, \$200,000 included in the operations line item in subdivision 8 of section 1 for the Theodore Roosevelt center, \$5,000,000 included in the operations line item in subdivision 10 of section 1 for flood recovery funding, and the capital assets, master plan and space utilization study, and deferred maintenance pool line items in section 1 of Senate Bill No. 2003, as approved by the sixty-third legislative assembly, are declared to be an emergency measure."

ReNUMBER accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1015 - Office of Management and Budget - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$20,904,344	\$19,719,302	\$234,013	\$19,953,315	\$19,953,315	
Operating expenses	14,696,788	14,226,788	170,000	14,396,788	14,746,788	(350,000)
Capital assets	9,796,065	5,796,065	4,155,000	9,951,065	9,951,065	
Grants	430,000	430,000		430,000	430,000	
Emergency Commission contingency fund	700,000	1,000,000	(300,000)	700,000	700,000	
Prairie Public Broadcasting	2,037,138	1,537,138	400,000	1,937,138	2,037,138	(100,000)
State student internship program	200,000	200,000		200,000	200,000	
Health insurance pool - temp employees	2,000,000		2,000,000	2,000,000	2,000,000	
Accrued leave payments		570,412		570,412	570,412	
Transfer to property tax fund		373,210,000	(58,000,000)	315,210,000	373,210,000	(58,000,000)
State agency energy impact pool			8,500,000	8,500,000	8,500,000	
Total all funds	\$50,764,335	\$416,689,705	(\$42,840,987)	\$373,848,718	\$432,298,718	(\$58,450,000)
Less estimated income	9,589,395	8,669,598	5,561,032	14,230,630	14,230,630	0
General fund	\$41,174,940	\$408,020,107	(\$48,402,019)	\$359,618,088	\$418,068,088	(\$58,450,000)
FTE	131.50	130.50	0.00	130.50	130.50	0.00

Department No. 110 - Office of Management and Budget - Detail of Conference Committee Changes

	Removes House Changes to Executive Compensation Package ¹	Adjusts State Employee Compensation and Benefits Package ²	Adjusts Line Item Funding for Central Services Operations ³	Restores a Portion of Funding to Contract with Auditors ⁴	Removes Funding for State Database Website ⁵	Restores Funding for Parking Lot Project ⁶
Salaries and wages	\$654,359	(\$295,346)	(\$125,000)			
Operating expenses			(30,000)	300,000	(100,000)	
Capital assets			155,000			4,000,000
Grants						
Emergency Commission contingency fund						
Prairie Public Broadcasting						
State student internship program						
Health insurance pool - temp employees						
Accrued leave payments						
Transfer to property tax fund						
State agency energy impact pool						
Total all funds	\$654,359	(\$295,346)	\$0	\$300,000	(\$100,000)	\$4,000,000
Less estimated income	110,701	(49,669)	0	0	0	0
General fund	\$543,658	(\$245,677)	\$0	\$300,000	(\$100,000)	\$4,000,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Reduces Funding for State Contingencies ⁷	Restores One-Time Funding for Prairie Public Broadcasting ⁸	Restores Health Insurance Pool for Temporary Employees ⁹	Reduces Transfer to Property Tax Relief Sustainability Fund ¹⁰	Adds State Agency Energy Development Impact Pool ¹¹	Total Conference Committee Changes
Salaries and wages						\$234,013
Operating expenses						170,000
Capital assets						4,155,000
Grants						
Emergency Commission contingency fund	(300,000)					(300,000)
Prairie Public Broadcasting		400,000				400,000
State student internship program						
Health insurance pool - temp			2,000,000			2,000,000

employees						
Accrued leave payments						
Transfer to property tax fund			(58,000,000)			(58,000,000)
State agency energy impact pool					8,500,000	8,500,000
Total all funds	(\$300,000)	\$400,000	\$2,000,000	(\$58,000,000)	\$8,500,000	(\$42,840,987)
Less estimated income	0	0	1,000,000	0	4,500,000	5,561,032
General fund	(\$300,000)	\$400,000	\$1,000,000	(\$58,000,000)	\$4,000,000	(\$48,402,019)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

¹ Changes made by the House to the executive compensation package are removed.

² This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
- Reduces the market component from 2 to 4 percent per year to 1 to 2 percent per year for employees below the midpoint of their salary range.
- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.

³ Special funds authority added by the House for Central Services operations is adjusted among line items to reflect anticipated expenses. The Senate also adjusted the funding among line items.

⁴ Funding removed by the House to allow the Office of Management and Budget to contract with external auditors for certain audits is restored to a level of \$300,000. The Senate restored the entire amount of \$600,000 as included in the executive budget recommendation.

⁵ Funding added by the House for costs associated with the implementation of a political subdivision-reporting component for the state database website is removed. The section added by the House allowing political subdivisions to report data is revised and included in the amendment. The Senate removed the section.

⁶ One-time funding from the general fund removed by the House for Capitol grounds parking lot projects is restored. The Senate also restored the funding. A section of legislative intent is also added regarding the parking lot project.

⁷ Funding for the state contingency fund is reduced from \$1,000,000 to \$700,000, the same amount as provided in the executive budget recommendation and Senate versions.

⁸ A portion of one-time funding for Prairie Public Broadcasting equipment upgrades is restored to provide total one-time funding of \$600,000. The House provided one-time funding of \$200,000 and the Senate provided one-time funding of \$700,000.

⁹ Funding removed by the House for a health insurance pool for temporary employees is restored. A section is added to allow the Office of Management and Budget to transfer funds from the pool to other state agencies. The Senate also restored the funding and related section.

¹⁰ The transfer to the property tax relief sustainability fund from the general fund is reduced from \$373,210,000 to \$315,210,000.

¹¹ A section is added to provide funding and guidelines for a state agency energy impact funding pool. The pool is to be used to address housing and salary needs of state agency employees living in areas affected by energy development. The Senate also added funding and guidelines for a state agency energy impact funding pool.

This amendment also:

- Transfers \$520 million from the strategic investment and improvements fund to the general fund during the 2013-15 biennium.
- Adds a section to provide guidelines regarding the allocation of community service supervision grants and provides that any funding available in the community service supervision fund is appropriated to the Office of Management and Budget for distribution to community corrections association regions. The Senate also added this section.
- Adjusts Sections 8 and 9 regarding state employee compensation guidelines and agency accrued leave payments line items, the same as the Senate.
- Amends Section 48-10-02 to increase the continuing appropriation provided from the Capitol building fund to the Capitol Grounds Planning Commission from \$100,000 per biennium to \$175,000 per biennium. The Senate increased the continuing appropriation authority to \$250,000.
- Adjusts Section 11 relating to political subdivisions submitting information for inclusion on the state budget website.
- Amends Section 14-03.2-05 as approved in House Bill No. 1128 relating to premarital agreements.
- Amends Section 23-35-07 relating to health district budgets.
- Amends Section 5 of House Bill No. 1020 regarding Western Area Water Supply Authority loans.
- Amends a subdivision of Section 62.1-04-03 as approved in House Bill No. 1327 regarding concealed weapons permits.
- Provides an exemption from state procurement requirements as it relates to airplane purchases by the Department of Transportation.
- Amends a subsection of Section 41-09-87 regarding Uniform Commercial Code filings.
- Amends Section 54-44.1-04 relating to the submission of state agency budget requests to the Office of Management and Budget.
- Authorizes the Racing Commission to transfer funds from the breeders' fund to the purse fund and racing promotion fund to promote additional horse races in the state during the 2013-15 biennium.
- Adds a section to allow the Department of Human Services to use funds to provide a grant to an organization assisting hospitals in developing software for patient verification.
- Amends Section 12 of House Bill No. 1012 and adds a section to allow the Department of Human Services to award a grant to a jurisdiction adjacent to an Indian reservation that administers human services programs.
- Amends Section 15 of Senate Bill No. 2018 regarding Research North Dakota grants.
- Adds a Legislative Management study of uses of the foundation aid stabilization fund.
- Includes sections added by the House providing for Legislative Management studies of state agency facility needs and appropriations for state agency salaries and wages. The Senate removed these sections.
- Provides an exception to the calculation of general fund transfers to the budget stabilization fund.
- Amends Sections 5, 6, and 7 of House Bill No. 1358 relating to transportation funding distributions.
- Amends Section 1 of House Bill No. 1019 regarding appropriations for the Parks and Recreation Department.
- Amends a subsection of Section 57-02-08.1 as approved in Senate Bill No. 2171 regarding the homestead tax credit.
- Declares certain portions of Senate Bill No. 2003 to be an emergency.

Engrossed HB 1015 was placed on the Seventh order of business on the calendar.

CONSIDERATION OF CONFERENCE COMMITTEE REPORT
REP. CARLSON MOVED that the conference committee report on Engrossed HB 1015 be

adopted, which motion prevailed on a voice vote.

Engrossed HB 1015, as amended, was placed on the Eleventh order of business.

SECOND READING OF HOUSE BILL

HB 1015: 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 create and enact a new subsection to section 54-44.1-18 of the North Dakota Century Code, relating to political subdivisions submitting budget information to the state budget database website; to amend and reenact section 14-03.2-05 as created by section 1 of House Bill No. 1128, as approved by the sixty-third legislative assembly, section 15.1-27-25, subsection 1 of section 23-35-07, subsection 4 of section 23-35-08, subsection 2 of section 41-09-87, sections 48-10-02 and 54-44.1-04, and subsection 1 of section 57-02-08.1 as amended by Senate Bill No. 2171, and subdivision e of subsection 1 of section 62.1-04-03 as amended by House Bill No. 1327, as approved by the sixty-third legislative assembly, of the North Dakota Century Code and section 12 of House Bill No. 1012, section 1 of House Bill No. 1019, section 5 of House Bill No. 1020, sections 5, 6, and 7 of House Bill No. 1358, and section 15 of Senate Bill No. 2018, as approved by the sixty-third legislative assembly, relating to marital agreement requirements, distributions of royalties, health district budgets, the capitol building fund, Uniform Commercial Code filings, agency budget requests, homestead tax credit, concealed weapons permits, grants to a jurisdiction adjacent to an Indian reservation, appropriations for defraying the expenses of the parks and recreation department, loans to the western area water supply authority, transportation funding distributions, and research North Dakota grants; to provide exemptions; to provide an exception to general fund transfers to the budget stabilization fund; to provide for the use of funds by the department of human services; to provide for various transfers; to provide legislative intent; to provide for a budget section report; to provide for legislative management studies; to provide an effective date; to provide a contingent effective date; and to declare an emergency.

ROLL CALL

The question being on the final passage of the amended bill, which has been read, the roll was called and there were 88 YEAS, 1 NAYS, 0 EXCUSED, 5 ABSENT AND NOT VOTING.

YEAS: Anderson; Beadle; Becker; Belter; Boe; Boehning; Boschee; Brabandt; Brandenburg; Carlson; Damschen; Delmore; Delzer; Dockter; Dosch; Fehr; Frantsovog; Froseth; Glassheim; Grande; Gruchalla; Guggisberg; Haak; Hanson; Hatlestad; Hawken; Headland; Heilman; Heller; Hofstad; Hogan; Holman; Hunskor; Johnson, D.; Johnson, N.; Karls; Kasper; Keiser; Kelsh, J.; Kelsh, S.; Kempenich; Kiefert; Klein; Klemin; Koppelman, B.; Koppelman, K.; Kreidt; Kreun; Laning; Larson; Looyesen; Louser; Maragos; Martinson; Meier; Mock; Monson; Mooney; Muscha; Nathe; Nelson, J.; Nelson, M.; Onstad; Oversen; Owens; Paur; Pollert; Porter; Rohr; Ruby; Rust; Sanford; Schatz; Schmidt; Silbernagel; Skarphol; Steiner; Streyle; Strinden; Sukut; Thoreson; Toman; Trottier; Vigesaa; Wall; Weisz; Wieland; Speaker Devlin

NAYS: Bellew

ABSENT AND NOT VOTING: Amerman; Drovdal; Kretschmar; Williams; Zaiser

Reengrossed HB 1015 passed and the emergency clause was declared carried.

MESSAGE TO THE SENATE FROM THE HOUSE (BUELL J. REICH, CHIEF CLERK)

MR. PRESIDENT: The House has adopted the conference committee report, subsequently passed, and the emergency clause carried: HB 1015.

MOTION

REP. VIGESAA MOVED that a committee of three be appointed to notify the Senate that the House has completed its business and is about to adjourn, which motion prevailed.

THE SPEAKER APPOINTED Reps. Louser, Rohr, and J. Kelsh.

MOTION

REP. VIGESAA MOVED that a committee of three be appointed to notify the Governor that the House has completed its business and is about to adjourn, which motion prevailed.

THE SPEAKER APPOINTED Reps Heilman, Sanford, and Hogan.

REQUEST

REP. LOUSER REQUESTED that the committee appointed to notify the Senate that the House has completed its work and is about to adjourn be discharged, as the committee had completed its task, which request was granted.

REQUEST

REP. HEILMAN REQUESTED that the committee appointed to notify the Governor that the House has completed its business and is about to adjourn be discharged, as the committee had completed its task, which request was granted.

MOTION

REP. VIGESAA MOVED that the absent members be excused, which motion prevailed.

MOTION

REP. CARLSON MOVED that the House be on the Fourth, Fifteenth, and Sixteenth orders of business and at the conclusion of those orders, the House stand adjourned sine die.

Pursuant to Representative Carlson's motion, the House stood adjourned sine die.

Buell J. Reich, Chief Clerk

