

Sixty-fifth
Legislative Assembly
of North Dakota

REENGROSSED HOUSE BILL NO. 1015

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the various divisions
2 under the supervision of the director of the office of management and budget; to provide for
3 transfers; to provide an appropriation for defraying the expenses of the state auditor; to create
4 and enact a new subsection to the new section to chapter 40-05 of the North Dakota Century
5 Code as created by section 1 of Senate Bill No. 2166, as approved by the sixty-fifth legislative
6 assembly, relating to property tax incentives granted by a city; to amend and reenact section
7 6-09-15.1, section 43-26.1-05.1 as created by section 2 of Senate Bill No. 2131, as approved by
8 the sixty-fifth legislative assembly, and sections 54-06-04.3 and 57-20-04 of the North Dakota
9 Century Code, relating to temporary loans to the general fund, criminal history record checks,
10 state agency publication fees, and property tax increase reports; to repeal section 57-20-05 of
11 the North Dakota Century Code, relating to tax certifications; to provide ~~an~~
12 ~~exemption~~exemptions; to provide statements of legislative intent; ~~and~~to provide for a legislative
13 management study; to provide for a legislative management tribal taxation issues committee; to
14 provide for a report to the legislative management; to provide for a budget section report; and to
15 provide an effective date.

16 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

17 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
18 as may be necessary, are appropriated out of any moneys in the general fund in the state
19 treasury, not otherwise appropriated, and from special funds derived from federal funds and
20 other income, to the office of management and budget for the purpose of defraying the
21 expenses of the office of management and budget, for the biennium beginning July 1, 2017,
22 and ending June 30, 2019, as follows:

23		Adjustments or	
24	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>

Sixty-fifth
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1	Salaries and wages	\$19,798,254	\$1,379,254	\$21,177,508
2	Operating expenses	13,855,260	(945,272)	12,909,988
3	Emergency commission contingency fund	500,000	(150,000)	350,000
4	Capital assets	200,000	773,477	973,477
5	Grants	555,000	(501,000)	54,000
6	Guardianship grants	1,328,600	0	1,328,600
7	Prairie public broadcasting	1,600,000	(800,000)	800,000
8	State student internship program	200,000	(200,000)	0
9	Cybersecurity remediation pool	0	1,000,000	1,000,000
10	Total all funds	\$38,037,114	\$556,459	\$38,593,573
11	Less estimated income	7,210,390	3,228,087	10,438,477
12	Total general fund	\$30,826,724	(\$2,671,628)	\$28,155,096
13	Full-time equivalent positions	122.50	(7.50)	115.00
14	Salaries and wages	\$19,798,254	\$2,242,970	\$22,041,224
15	Operating expenses	13,855,260	213,178	14,068,438
16	Emergency commission contingency fund	500,000	(150,000)	350,000
17	Capital assets	200,000	1,573,477	1,773,477
18	Grants	555,000	(501,000)	54,000
19	Guardianship grants	1,328,600	200,000	1,528,600
20	Prairie public broadcasting	1,600,000	(200,000)	1,400,000
21	State student internship program	200,000	(200,000)	0
22	Cybersecurity remediation pool	0	1,000,000	1,000,000
23	Total all funds	\$38,037,114	\$4,178,625	\$42,215,739
24	Less estimated income	7,210,390	4,023,697	11,234,087
25	Total general fund	\$30,826,724	\$154,928	\$30,981,652
26	Full-time equivalent positions	122.50	(4.50)	118.00

27 **SECTION 2. HEALTH INSURANCE INCREASE.** The salaries and wages line item in
 28 section 1 of this Act includes the sum of ~~\$340,576~~\$315,900, of which ~~\$279,990~~\$259,704 is from
 29 the general fund, for increases in employee health insurance premiums from \$1,130 to
 30 ~~\$1,249~~\$1,241 per month.

1 **SECTION 3. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE**
 2 **SIXTY-SIXTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding
 3 items approved by the sixty-fourth legislative assembly for the 2015-17 biennium and the
 4 2017-19 biennium one-time funding items included in the appropriation in section 1 of this Act:

5	<u>One-Time Funding Description</u>	<u>2015-17</u>	<u>2017-19</u>
6	Student internship	\$50,000	\$0
7	Facilities projects	205,000	0
8	Signage on the capitol grounds	1,400,000	0
9	West parking lot repair	50,000	0
10	Affordable Care Act health insurance pool	3,350,000	0
11	Facilities projects	1,475,303	0
12	Legislative electrical	310,000	0
13	Energy pool	7,965,000	0
14	Environmental impact committee – HB 1432	1,500,000	0
15	Cybersecurity remediation pool	0	1,000,000
16	Total all funds	\$16,305,303	\$1,000,000
17	Less estimated income	9,775,000	1,000,000
18	Total general fund	\$6,530,303	\$0
19	<u>Student internship</u>	<u>\$50,000</u>	<u>\$0</u>
20	<u>Facilities projects</u>	<u>205,000</u>	<u>0</u>
21	<u>Signage on the capitol grounds</u>	<u>1,400,000</u>	<u>0</u>
22	<u>West parking lot repair</u>	<u>50,000</u>	<u>0</u>
23	<u>Affordable Care Act health insurance pool</u>	<u>3,350,000</u>	<u>0</u>
24	<u>Facilities projects</u>	<u>1,475,303</u>	<u>0</u>
25	<u>Legislative electrical</u>	<u>310,000</u>	<u>0</u>
26	<u>Energy pool</u>	<u>7,965,000</u>	<u>0</u>
27	<u>Environmental impact committee - HB 1432</u>	<u>1,500,000</u>	<u>0</u>
28	<u>Surplus property building</u>	<u>0</u>	<u>800,000</u>
29	<u>Cybersecurity remediation pool</u>	<u>0</u>	<u>1,000,000</u>
30	<u>Total all funds</u>	<u>\$16,305,303</u>	<u>\$1,800,000</u>

1	<u>Less estimated income</u>	<u>9,775,000</u>	<u>1,800,000</u>
2	<u>Total general fund</u>	<u>\$6,530,303</u>	<u>\$0</u>

3 The 2017-19 biennium one-time funding amounts are not a part of the entity's base budget for
4 the 2019-21 biennium. The office of management and budget shall report to the appropriations
5 committees of the sixty-sixth legislative assembly on the use of this one-time funding for the
6 biennium beginning July 1, 2017, and ending June 30, 2019.

7 ~~SECTION 4. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO~~
8 ~~GENERAL FUND. The office of management and budget shall transfer the sum of~~
9 ~~\$100,000,000 from the strategic investment and improvements fund to the general fund during~~
10 ~~the period beginning with the effective date of this Act, and ending June 30, 2017.~~

11 **SECTION 4. APPROPRIATION - STATE AUDITOR.** The funds provided in this section, or
12 so much of the funds as may be necessary, are appropriated out of any moneys in the general
13 fund in the state treasury, not otherwise appropriated, and from special funds derived from
14 federal funds and other income, to the state auditor for the purpose of defraying the expenses
15 of the state auditor, for the biennium beginning July 1, 2017, and ending June 30, 2019, as
16 follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>	
17				
18				
19	Salaries and wages	\$11,655,646	\$111,666	\$11,767,312
20	Operating expenses	1,176,806	(34,023)	1,142,783
21	North Dakota university system information	200,000	(200,000)	0
22	technology security audits			
23	Information technology consultants	<u>250,000</u>	<u>(250,000)</u>	<u>0</u>
24	Total all funds	\$13,282,452	(\$372,357)	\$12,910,095
25	Less estimated income	<u>3,505,870</u>	<u>(94,383)</u>	<u>3,411,487</u>
26	Total general fund	\$9,776,582	(\$277,974)	\$9,498,608
27	Full-time equivalent positions	59.80	(3.80)	56.00

28 **SECTION 5. HEALTH INSURANCE INCREASE - STATE AUDITOR.** The salaries and
29 wages line item in section 4 of this Act includes the sum of \$140,696, of which \$104,201 is from
30 the general fund, for increases in employee health insurance premiums from \$1,130 to \$1,241
31 per month.

1 **SECTION 6. TRANSFER - CYBERSECURITY REMEDIATION POOL.** The office of
2 management and budget may transfer appropriation authority from the cybersecurity
3 remediation pool line item in section 1 of this Act to each eligible agency during the biennium
4 beginning July 1, 2017, and ending June 30, 2019. Transfers may be made for the purpose of
5 providing remediation services resulting from an information technology security breach. The
6 office of management and budget shall notify the legislative council of any transfers made from
7 the cybersecurity remediation pool.

8 **SECTION 7. EXEMPTION - FISCAL MANAGEMENT.** The amount appropriated for the
9 fiscal management division, as contained in section 1 of chapter 49 of the 2015 Session Laws is
10 not subject to the provisions of section 54-44.1-11. Any unexpended funds from this
11 appropriation are available for continued development and operating costs of the statewide
12 systems, including accounting, management, and payroll, during the biennium beginning July 1,
13 2017, and ending June 30, 2019.

14 ~~**SECTION 7. SURPLUS PROPERTY BUILDING - PROHIBITION.** The office of~~
15 ~~management and budget may not purchase or construct a new building for surplus property~~
16 ~~during the biennium beginning July 1, 2017, and ending June 30, 2019.~~

17 **SECTION 8. EXEMPTION - CAPITOL BUILDING FUND.** The amount of \$1,400,000
18 appropriated from the capitol building fund for capitol building entrance and signage projects, as
19 contained in section 1 of chapter 49 of the 2015 Session Laws, is not subject to the provisions
20 of section 54-44.1-11, and any unexpended funds from this appropriation are available during
21 the biennium beginning July 1, 2017, and ending June 30, 2019. Of the \$1,400,000, up to
22 \$1,000,000 is available for extraordinary repairs, and the remaining amount is available for
23 capitol building entrance and signage projects.

24 **SECTION 9. INTENT.** Within the authority included in section 1 of this Act are the following
25 grants and special items:

26 Boys and girls club work	\$53,000
27 Unemployment insurance	\$2,000,000
28 Capitol grounds planning commission	\$25,000
29 <u>Statewide memberships and related expenses</u>	<u>\$531,450</u>

30 **SECTION 10. AMENDMENT.** Section 6-09-15.1 of the North Dakota Century Code is
31 amended and reenacted as follows:

6-09-15.1. Loans to general fund authorized - Continuing appropriation.

The state treasurer and the director of the office of management and budget may, when the balance in the state general fund is insufficient to meet legislative appropriations, execute and issue on behalf of the state evidences of indebtedness on the state general fund which at no time exceed the total principal amount of ~~ten~~one hundred million dollars with principal maturity of not more than twelve months. As a condition precedent to the issuance and sale of the evidences of indebtedness, the state treasurer must request and obtain a statement from the director of the office of management and budget and state tax commissioner certifying that anticipated general fund revenues for the balance of the fiscal year in which the evidences of indebtedness are to be issued will exceed the principal amount and interest on the evidences of indebtedness to be issued. The state industrial commission may in turn direct the Bank of North Dakota to make loans to the state general fund by the purchase of the evidences of indebtedness at such rates of interest as the industrial commission may prescribe. After evidences of indebtedness have been issued and sold pursuant to this section, the state treasurer shall establish a fund for the repayment of the principal upon maturity and the interest when due. The state treasurer shall place all available general fund revenues into this fund until the fund contains a sufficient balance for the repayment of the principal at maturity and interest when due, which moneys are hereby appropriated for this purpose.

SECTION 11. A new subsection to the new section to chapter 40-05 of the North Dakota Century Code as created by section 1 of Senate Bill No. 2166, as approved by the sixty-fifth legislative assembly, is created and enacted as follows:

Property subject to a development agreement entered pursuant to section 40-58-20.1 before August 1, 2017, and all amendments to the development agreement, is not subject to the requirements under this section.

SECTION 12. AMENDMENT. Section 43-26.1-05.1 of the North Dakota Century Code as created by section 2 of Senate Bill No. 2131, as approved by the sixty-fifth legislative assembly, is amended and reenacted as follows:

43-26.1-05.1. Use of criminal history record checks.

The board may require a physical therapy or physical therapy assistant applicant, or a licensee under investigation, to submit to a statewide and nationwide criminal history record check, including a fingerprint-based criminal history background check. The criminal history

1 record check must be conducted in the manner provided by section 12-60-24. The criminal
2 history record check is an exempt record but may not be disseminated by the board to the
3 physical therapy compact commission or a similar entity. All costs associated with a criminal
4 history record check performed under this section are the responsibility of the applicant or
5 licensee.

6 **SECTION 13. AMENDMENT.** Section 54-06-04.3 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **54-06-04.3. Joint publication and distribution of information by state agencies - Fees.**

9 Any state agency may cooperate with any other state agency to jointly publish and
10 distribute information and may arrange to have the joint publication or distribution, or both,
11 coordinated by a private entity. Any state agency may provide information it has collected or
12 developed, including mailing lists, to each other or to any private entity for the purpose of
13 distributing jointly or individually issued publications or other information. If a state agency
14 publication is available on the agency's website or otherwise available in an electronic format
15 and a person requests a paper copy of the publication, the state agency may charge a
16 reasonable fee for providing the paper copy and for mailing the paper copy of the publication.

17 ~~— SECTION 9. SALARIES AND WAGES SAVINGS FROM VACANT POSITIONS AND~~
18 ~~EMPLOYEE TURNOVER -- PROHIBITION -- BUDGET SECTION REPORT.~~ Any salaries and
19 ~~wages savings resulting from vacant positions and employee turnover within 2017-19 biennium~~
20 ~~appropriations for executive branch state agencies and institutions may not be spent but must~~
21 ~~be retained and included as part of the agency or institution's unspent appropriation authority~~
22 ~~under section 54-44.1-11 for the biennium beginning July 1, 2017, and ending June 30, 2019.~~
23 ~~Each agency and institution, including institutions under the control of the state board of higher~~
24 ~~education, shall report its savings and supporting information to the office of management and~~
25 ~~budget. The office of management and budget shall report to each meeting of the budget~~
26 ~~section during the 2017-18 interim and to the appropriations committees of the sixty-sixth~~
27 ~~legislative assembly upon request regarding the number of vacant positions by agency and~~
28 ~~institution, the duration of each vacancy, and related salaries and wages savings by funding~~
29 ~~source for each agency and institution.~~

30 **SECTION 14. AMENDMENT.** Section 57-20-04 of the North Dakota Century Code is
31 amended and reenacted as follows:

57-20-04. Abstract of tax list to be sent to tax commissioner - Reports.

1. The county auditor, on or before December thirty-first following the levy of the taxes, shall ~~make prepare~~ and transmit to the ~~state~~-tax commissioner, ~~in such form as the tax commissioner may prescribe~~, a complete abstract of the tax list of the auditor's county.

2. In addition to the tax list required in subsection 1, the county auditor, on or before December thirty-first following the levy of the taxes, shall prepare and transmit to the tax commissioner a report providing each taxing district's property valuation and property tax levy and any other information the tax commissioner deems necessary to prepare the report required in subsection 3. For taxing districts with property in more than one county, information must be collected and transmitted by the county auditor of the county in which the main office of that taxing district is located.

3. The tax commissioner shall compile information received from the county auditors in subsection 2 and prepare a statewide report of property tax increase. The report must include the annual increase in property taxes levied by each taxing district of the state after adjusting for property that was not taxable in the preceding year and property that is no longer taxable which was taxable in the preceding year. The report must be provided to the legislative management by April first of each year.

4. The tax commissioner shall prescribe the form and manner of providing the reports and certifications required under this section.

5. On or before December 31, 2017, the county auditor shall provide a report to the tax commissioner providing the information identified in subsection 2 for the 2015 and 2016 tax years.

SECTION 15. REPEAL. Section 57-20-05 of the North Dakota Century Code is repealed.

SECTION 16. TRIBAL TAXATION ISSUES - LEGISLATIVE MANAGEMENT COMMITTEE.

1. During the 2017-18 interim, the tribal taxation issues committee is created and is composed of ten members as follows:
 - a. The governor;
 - b. The lieutenant governor;
 - c. The tax commissioner;
 - d. The executive director of the Indian affairs commission;

- 1 e. The majority leader of the house of representatives and the majority leader of the
 - 2 senate;
 - 3 f. The minority leader of the house of representatives and the minority leader of the
 - 4 senate; and
 - 5 g. The chairmen of the finance and taxation standing committees of the house of
 - 6 representatives and the senate.
- 7 2. The nonlegislative members shall serve as nonvoting members of the committee.
 - 8 3. The legislative management shall designate the chairman of the committee. The
 - 9 committee shall operate according to the statutes and procedures governing the
 - 10 operation of other legislative management interim committees.
 - 11 4. The committee shall study tribal taxation issues, including the tax collection
 - 12 agreements that exist between the tribes and the state, the interaction between tribal
 - 13 sovereignty and state law, consideration of how statutory changes may affect
 - 14 provisions in existing agreements, the amount and manner of revenue sharing under
 - 15 the agreements, the costs and benefits to the state and the tribes if tax compacts are
 - 16 implemented, implementation models used in other states for tax compacts, best
 - 17 practices for negotiating and ratifying tax compacts, and the procedure for withdrawal
 - 18 from an agreement and how to handle disputed funds. As the agenda demands, the
 - 19 chairman of the committee shall invite the tribal chairman and other appropriate tribal
 - 20 members to actively participate in a committee meeting.
 - 21 5. At the conclusion of its meetings, the committee shall report on its findings and
 - 22 recommendations, together with any legislation required to implement those
 - 23 recommendations, to the legislative management.

24 **SECTION 17. LEGISLATIVE MANAGEMENT STUDY - INTERNET SERVICE**

25 **PROVIDERS.** During the 2017-18 interim, the legislative management shall consider studying
26 the privacy policies of telecommunications service providers and internet service providers, and
27 identifying potential issues for legislation. The study must include an evaluation of the process,
28 procedure, and practice by telecommunications service providers and internet service providers
29 in the collection of personal information from a customer resulting from the customer's use of
30 the telecommunications service provider or internet service provider, and an evaluation of the
31 sale, distribution, or use of the personal information collected by the telecommunications

1 service provider or internet service provider. The study must include consideration of rules
2 relating to the privacy rights of telecommunications and internet customers and the enforcement
3 of any such rules by the public service commission. The legislative management shall report its
4 findings and recommendations, together with any legislation required to implement the
5 recommendations, to the sixty-sixth legislative assembly.

6 **SECTION 18. LEGISLATIVE MANAGEMENT STUDY - WIND ENERGY TAXATION AND**
7 **REVENUE DISTRIBUTION.** During the 2017-18 interim, the legislative management shall
8 consider studying the taxation of wind energy and the distribution of tax collections related to
9 wind energy. The study must include consideration of the various methods of taxing wind
10 energy, the parity of wind energy taxation in comparison to the taxation of other energy sources,
11 and the current and historical distribution formulas related to wind energy taxes; the appropriate
12 level of distributions to the taxing districts and the state; the estimated fiscal impact of any
13 proposed changes to the distributions; and other local revenue sources, including local tax
14 revenue and state funding provided to the local taxing districts. The legislative management
15 shall report its findings and recommendations, together with any legislation required to
16 implement the recommendations, to the sixty-sixth legislative assembly.

17 **SECTION 19. EFFECTIVE DATE.** Section 11 of this Act is effective for property tax
18 incentives approved after July 31, 2017.