

**Sixty-fifth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 3, 2017**

HOUSE BILL NO. 1015
(Appropriations Committee)

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 provide an appropriation for defraying the expenses of the state auditor; to provide an appropriation to North Dakota state university; to provide an appropriation to Dickinson state university; to provide an appropriation to the department of human services; to provide for transfers; to identify grant funding; to create and enact 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, relating to property tax incentives granted by a city; to amend and reenact sections 5-02-01.1 and 6-09-15.1, subsection 8 of section 15-10-38 as amended by section 2 of Senate Bill No. 2037, as approved by the sixty-fifth legislative assembly, section 43-26.1-05.1 as created by section 2 of Senate Bill No. 2131, as approved by the sixty-fifth legislative assembly, subsection 7 of section 47-02-27.4 as created by section 1 of House Bill No. 1228, as approved by the sixty-fifth legislative assembly, and sections 54-06-04.3 and 57-20-04 of the North Dakota Century Code and subsection 3 of section 8 of House Bill No. 1024, section 21 of Senate Bill No. 2013, and section 23 of Senate Bill No. 2013, as approved by the sixty-fifth legislative assembly, relating to alcohol special event permits, temporary loans to the general fund, the teacher loan forgiveness program, criminal history record checks, exclusions from the statutory rule against perpetuities, state agency publication fees, property tax increase reports, cost reimbursement land sales, an oil and gas valuation study, and effective dates; to repeal section 57-20-05 of the North Dakota Century Code, relating to tax certifications; to suspend section 54-35-23 of the North Dakota Century Code, relating to the tribal and state relations committee; to provide for the administration of the tobacco prevention and control trust fund; to provide exemptions; to provide statements of legislative intent; to provide for legislative management studies; to provide for a legislative management tribal taxation issues committee; to provide for a report to the legislative management; to provide for a budget section report; to provide an effective date; to provide an expiration date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$19,798,254	\$1,798,578	\$21,596,832
Operating expenses	13,855,260	196,178	14,051,438
Emergency commission contingency fund	500,000	100,000	600,000
Capital assets	200,000	1,573,477	1,773,477
Grants	555,000	(1,000)	554,000
Guardianship grants	1,328,600	0	1,328,600
Prairie public broadcasting	1,600,000	(400,000)	1,200,000
State student internship program	200,000	(200,000)	0
Cybersecurity remediation pool	<u>0</u>	<u>1,000,000</u>	<u>1,000,000</u>
Total all funds	\$38,037,114	\$4,067,233	\$42,104,347
Less estimated income	<u>7,210,390</u>	<u>4,023,697</u>	<u>11,234,087</u>

Total general fund	\$30,826,724	\$43,536	\$30,870,260
Full-time equivalent positions	122.50	(5.50)	117.00

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

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

<u>One-Time Funding Description</u>	<u>2015-17</u>	<u>2017-19</u>
Student internship	\$50,000	\$0
Facilities projects	205,000	0
Signage on the capitol grounds	1,400,000	0
West parking lot repair	50,000	0
Affordable Care Act health insurance pool	3,350,000	0
Facilities projects	1,475,303	0
Legislative electrical	310,000	0
Energy pool	7,965,000	0
Environmental impact committee - HB 1432	1,500,000	0
Surplus property building	0	800,000
Cybersecurity remediation pool	0	1,000,000
Theodore Roosevelt center grant	0	500,000
Total all funds	\$16,305,303	\$2,300,000
Less estimated income	<u>9,775,000</u>	<u>1,800,000</u>
Total general fund	\$6,530,303	\$500,000

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

SECTION 4. APPROPRIATION - STATE AUDITOR. 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 state auditor for the purpose of defraying the expenses of the state auditor, for the biennium beginning July 1, 2017, and ending June 30, 2019, as follows:

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

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

SECTION 6. APPROPRIATION - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - NORTH DAKOTA STATE UNIVERSITY - MINARD HALL. There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of \$1,634,854, or so much of the sum as may be necessary, to North Dakota state university for the purpose of paying unreimbursed costs related to the collapse of Minard hall, for the period beginning with the effective date of this section and ending June 30, 2017.

SECTION 7. APPROPRIATION - DICKINSON STATE UNIVERSITY. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$875,000, or so much of the sum as may be necessary, to Dickinson state university for the purpose of institution operations, for the biennium beginning July 1, 2017, and ending June 30, 2019. The funding provided in this section is considered a one-time funding item.

SECTION 8. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES. There is appropriated out of special funds derived from federal funds or other income, not otherwise appropriated, the sum of \$1,558,318, or so much of the sum as may be necessary, to the department of human services for the purpose of funding medical assistance grants, for the biennium beginning July 1, 2017, and ending June 30, 2019.

SECTION 9. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO GENERAL FUND. The office of management and budget shall transfer the sum of \$248,000,000 from the strategic investment and improvements fund to the general fund during the biennium beginning July 1, 2017, and ending June 30, 2019.

SECTION 10. TRANSFER - TAX RELIEF FUND TO GENERAL FUND. The office of management and budget shall transfer the sum of \$183,000,000 from the tax relief fund to the general fund during the biennium beginning July 1, 2017, and ending June 30, 2019.

SECTION 11. LEGACY FUND EARNINGS ESTIMATE - 2017-19 BIENNIUM. For legislative council budget status reporting purposes, the sixty-fifth legislative assembly estimates \$200,000,000 of earnings will be transferred from the legacy fund to the general fund at the end of the biennium beginning July 1, 2017, and ending June 30, 2019.

SECTION 12. ESTIMATE OF 2015-17 BIENNIUM UNEXPENDED GENERAL FUND APPROPRIATIONS. For legislative council budget status reporting purposes, as an update to the March 2017 legislative revenue forecast, the sixty-fifth legislative assembly estimates \$52,000,000 of unexpended general fund appropriations for the biennium beginning July 1, 2015, and ending June 30, 2017.

SECTION 13. TRANSFER - CYBERSECURITY REMEDIATION POOL. The office of management and budget may transfer appropriation authority from the cybersecurity remediation pool line item in section 1 of this Act to each eligible agency during the biennium beginning July 1, 2017, and ending June 30, 2019. Transfers may be made for the purpose of providing remediation services resulting from an information technology security breach. The office of management and budget shall notify the legislative council of any transfers made from the cybersecurity remediation pool.

SECTION 14. OIL AND GAS IMPACT GRANT FUND - DEVELOPMENTAL DISABILITIES SERVICES PROVIDER GRANT. Notwithstanding chapter 57-62 or any of the designations in section 5 of chapter 463 of the 2015 Session Laws, the board of university and school lands shall award a grant of up to \$261,000, from any money deposited in the oil and gas impact grant fund for taxable events through June 30, 2017, to a community-based provider serving individuals with developmental disabilities, during the period beginning with the effective date of this section, and ending June 30, 2019. A provider is eligible to receive grant funding only if the provider is impacted by oil and gas development activity and is operating intermediate care facilities with locations in both the northwest and north central human service regions of the state. The recipient may use the grant proceeds only to provide settlement for any amounts owed to the department of human services or a bank. The department of human services may use a portion of the settlement payments received from the provider

for repayments to the federal government. Before any grant funding may be paid to the provider, the board of university and school lands must receive certification of the following:

1. That the department of human services has reviewed actual cost reports and estimated audit settlement amounts.
2. That the provider has exhausted insurance recovery options and has restructured any outstanding debt.
3. The amounts owed to the department of human services and a bank.

SECTION 15. TOBACCO PREVENTION AND CONTROL TRUST FUND - ADMINISTRATION.

The office of management and budget shall administer the tobacco prevention and control trust fund established in section 54-27-25 and transfer funds as necessary in accordance with legislative authorizations or appropriations from the fund for the biennium beginning July 1, 2017, and ending June 30, 2019.

SECTION 16. EXEMPTION - FISCAL MANAGEMENT. The amount appropriated for the fiscal management division, as contained in section 1 of chapter 49 of the 2015 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available for continued development and operating costs of the statewide systems, including accounting, management, and payroll, during the biennium beginning July 1, 2017, and ending June 30, 2019.

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

SECTION 18. INTENT. Within the authority included in section 1 of this Act are the following grants and special items:

Boys and girls club work	\$53,000
Unemployment insurance	\$2,000,000
Capitol grounds planning commission	\$25,000
Statewide memberships and related expenses	\$531,450

SECTION 19. AMENDMENT. Section 5-02-01.1 of the North Dakota Century Code is amended and reenacted as follows:

5-02-01.1. Event permit authorized - Penalty.

1. The local governing body may by permit authorize a qualified alcoholic beverage licensee licensed under this chapter to engage in the sale of alcoholic beverages at events designated by the permit. For purposes of this section, "qualified alcoholic beverage licensee" means a licensee in a city that imposed a city lodging and restaurant tax on July 31, 1993, who paid such tax and who continues to pay any such tax imposed by the city or a licensee in a county, a licensee in a city that did not impose a city lodging and restaurant tax on July 31, 1993, or a tribal licensee. A fee for the local permit may be set by ordinance or resolution at not more than twenty-five dollars. The permit may not be valid for a period greater than fourteen days and may include Sundays. The local governing body may establish rules to regulate and restrict the operation of an event permit. Any person who dispenses, sells, or permits the consumption of alcoholic beverages in violation of this section or the conditions of a permit is guilty of a class B misdemeanor.
2. The local governing body may authorize persons under twenty-one years of age to remain in the area of the event, or a portion thereof, where beer, wine, or sparkling wine may be sold

pursuant to the permit. However, this authorization must be subject to the following minimum conditions:

- a. The area where persons under twenty-one years of age may remain must be specifically set forth in the permit;
- b. Only employees of the qualified alcoholic beverage licensee who are at least twenty-one years of age may deliver and sell the beer, wine, or sparkling wine; and
- c. ~~Subject to section 5-02-06, the area where persons under twenty-one years of age may remain may not be the qualified alcoholic beverage licensee's fixed or permanent licensed premises as shown on the state and local governing body's alcoholic beverage license issued pursuant to section 5-02-01; and~~
- d. No person under twenty-one years of age within the area described in the permit may consume, possess, or receive alcoholic beverages.

SECTION 20. AMENDMENT. Section 6-09-15.1 of the North Dakota Century Code is amended and reenacted as follows:

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

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~~ borrow from the Bank of North Dakota in an amount that at no time ~~exceeds~~ exceeds the total principal amount of ~~ten~~ fifty million dollars with principal maturity of ~~not more than twelve months~~ not to extend beyond the biennium in which the borrowing occurs. As a condition precedent to the ~~issuance and sale of the evidences of indebtedness~~ loan, 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~~ biennium in which the ~~evidences of indebtedness are to be issued~~ loan is taken will exceed the principal amount and interest on the ~~evidences of indebtedness to be issued~~ loan. 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~~ The state treasurer and the director of the office of management and budget shall establish a fund repayment plan 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. The office of management and budget shall report to the budget section of the legislative management regarding any loans obtained pursuant to this section.~~

SECTION 21. AMENDMENT. Subsection 8 of section 15-10-38 of the North Dakota Century Code as amended by section 2 of Senate Bill No. 2037, as approved by the sixty-fifth legislative assembly, is amended and reenacted as follows:

8. Upon notification the individual has completed a full year of teaching in a school district ~~or~~ state-supported school, or nonpublic school in this state at a grade level or in a content area and in a geographical location identified by the superintendent of public instruction as one in which a teacher shortage or critical need exists, the board shall distribute funds directly to the lending institution of the individual to repay outstanding loan principal balances on behalf of eligible applicants. The board shall terminate loan forgiveness payments to eligible individuals when the loan principal balance of the eligible individual is paid in full.

SECTION 22. 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 23. 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 record check must be conducted in the manner provided by section 12-60-24. The criminal history record check is an exempt record but may not be disseminated by the board to the physical therapy compact commission or a similar entity. All costs associated with a criminal history record check performed under this section are the responsibility of the applicant or licensee.

SECTION 24. AMENDMENT. Subsection 7 of section 47-02-27.4 of the North Dakota Century Code as created by section 1 of House Bill No. 1228, as approved by the sixty-fifth legislative assembly, is amended and reenacted as follows:

7. Except to the extent otherwise provided in the governing instrument of a business trust, a business trust has perpetual existence, and a business trust may not be terminated or revoked by a beneficial owner or other person except in accordance with the terms of its governing instrument. A business trust, whether domestic or foreign, except for a real estate investment trust, may not own any interest in real property within this state. As used in this subsection "real estate investment trust" means a trust qualifying as a real estate investment trust under section 856 et seq., of the United States Internal Revenue Code of 1986 [26 U.S.C. 856 et seq.], or a trust qualifying as a real estate mortgage investment conduit under section 860D of the United States Internal Revenue Code of 1986 [26 U.S.C. 860D].

SECTION 25. AMENDMENT. Section 54-06-04.3 of the North Dakota Century Code is amended and reenacted as follows:

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

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

SECTION 26. AMENDMENT. Section 57-20-04 of the North Dakota Century Code is 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 27. AMENDMENT. Subsection 3 of section 8 of House Bill No. 1024, as approved by the sixty-fifth legislative assembly, is amended as follows:

3. If the department of emergency services or the governor receive land or other noncash assets as reimbursement, the department of emergency services or the governor shall request authorization from the sixty-sixth legislative assembly to convey the land or noncash assets and use any proceeds for repayment of any remaining outstanding loans. Notwithstanding section 38-09-01 or any other provision of law, the state may not reserve any of the oil, natural gas, or minerals that may be found on or underlying land conveyed under this section.

SECTION 28. AMENDMENT. Section 21 of Senate Bill No. 2013, as approved by the sixty-fifth legislative assembly, is amended and reenacted as follows:

SECTION 21. STUDY OF OIL AND GAS VALUATION - REPORT TO ENERGY DEVELOPMENT AND TRANSMISSION COMMITTEE.

1. During the 2017 18 interim, the tax department, in consultation with the board of university and school lands, the industrial commission, and other state agencies as necessary, shall ~~study~~consider studying the valuation of oil and gas as used to determine mineral royalty payments and tax liability. The study must include consideration of the following:
 - a. The methods used to calculate the value of oil and gas, including changes in custody, the basis for the value, any deductions or incentives applied to the value, and the point at which the value is determined.
 - b. The impact of state and federal regulations, including gas capture requirements.
 - c. ~~The market competition for gas processing, including the possibility of rate setting by the public service commission.~~
 - d. The reporting of any deductions or incentives applied to the value as included on mineral royalty statements and tax reporting documents.
2. The tax department shall report to the energy development and transmission committee by September 30, 2018, regarding the results and recommendations of the study.

SECTION 29. AMENDMENT. Section 23 of Senate Bill No. 2013, as approved by the sixty-fifth legislative assembly, is amended and reenacted as follows:

SECTION 23. EFFECTIVE DATE. Sections 15 and 16 of this Act are effective for taxable events occurring after June 30, 2017. Section 19 of this Act becomes effective September 1, 2017. ~~House Bill No. 1300, as approved by the sixty-fifth legislative assembly, becomes effective January 1, 2018.~~

SECTION 30. REPEAL. Section 57-20-05 of the North Dakota Century Code is repealed.

SECTION 31. SUSPENSION. Section 54-35-23 of the North Dakota Century Code is suspended.

SECTION 32. LEGISLATIVE INTENT - COST REIMBURSEMENT - LOAN REPAYMENTS. It is the intent of the sixty-fifth legislative assembly that the state explore all options for permanent disposition of land and noncash assets acquired under section 8 of House Bill No. 1024, as approved by the sixty-fifth legislative assembly, as amended by section 27 of this Act. Options to be explored include conveyance or transfer to the parks and recreation department, game and fish department, and private parties.

SECTION 33. 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;
 - e. The majority leader of the house of representatives and the majority leader of the senate;
 - f. The minority leader of the house of representatives and the minority leader of the senate;
and
 - g. The chairmen of the finance and taxation standing committees of the house of representatives and the senate.
2. The nonlegislative members shall serve as nonvoting members of the committee.
3. The legislative management shall designate the chairman of the committee. The committee shall operate according to the statutes and procedures governing the operation of other legislative management interim committees.
4. The committee shall study tribal taxation issues, including the tax collection agreements that exist between the tribes and the state, the interaction between tribal sovereignty and state law, consideration of how statutory changes may affect provisions in existing agreements, the amount and manner of revenue sharing under the agreements, the costs and benefits to the state and the tribes if tax compacts are implemented, implementation models used in other states for tax compacts, best practices for negotiating and ratifying tax compacts, and the procedure for withdrawal from an agreement and how to handle disputed funds.
5. The committee may study tribal-state issues, including government-to-government relations, human services, education, corrections, and issues related to the promotion of economic development.
6. The chairman of the committee shall invite tribal chairmen to each committee meeting.
7. At the conclusion of its meetings, the committee shall report on its findings and recommendations, together with any legislation required to implement those recommendations, to the legislative management.

SECTION 34. LEGISLATIVE MANAGEMENT STUDY - WIND ENERGY TAXATION AND REVENUE DISTRIBUTION. During the 2017-18 interim, the legislative management shall consider studying the taxation of wind energy and the distribution of tax collections related to wind energy. The study must include consideration of the various methods of taxing wind energy, including production taxes, the parity of wind energy taxation in comparison to the taxation of other energy sources, and the current and historical distribution formulas related to wind energy taxes; the appropriate level of distributions to the taxing districts and the state; the estimated fiscal impact of any proposed changes to the distributions; and other local revenue sources, including local tax revenue and state funding provided to the local taxing districts. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-sixth legislative assembly.

SECTION 35. LEGISLATIVE MANAGEMENT STUDY - REVENUE VOLATILITY. During the 2017-18 interim, the legislative management shall consider studying the volatility of state revenue sources. The study must include the volatility of the tax base and revenue sources, including ongoing expenditures. The study also must include consideration of the volatility and sustainability of elementary and secondary education funding, including the general fund, common schools trust fund, and foundation aid stabilization fund. The study must include an assessment of the ending fund balances in the general fund, budget stabilization fund, and foundation aid stabilization fund, the adequacy of the foundation aid stabilization fund relative to revenue sources, and an analysis of the other trust funds. The study must include historical revenue for all years for which quality data are available. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-sixth legislative assembly.

SECTION 36. LEGISLATIVE MANAGEMENT STUDY - IMPACT OF BUDGET REDUCTIONS ON HIGHER EDUCATION. During the 2017-18 interim, the legislative management shall consider studying the impacts of the 2015-17 budget allotments and the 2017-19 budget on research infrastructure at the institutions under the control of the state board of higher education, including:

1. The ability to recruit and retain research faculty graduate students and research assistants since January 1, 2016, and the resultant effect on courses available to students, professional preparation, and timely graduation;
2. Unused research equipment, research space not utilized to capacity, the associated costs to acquire the equipment and space, and the original funding sources for the equipment and space;
3. Grant dollars not applied for or acquired due to loss in capacity of grant writing, research personnel, or infrastructure;
4. The number of faculty and researchers who have left institutions under the control of the state board of higher education since January 1, 2016, their faculty rank, and the dollar amount of grants the faculty and researchers have taken with them;
5. Undergraduate research opportunities lost due to faculty attrition or increased faculty workloads;
6. Change in research output including publications, presentations, intellectual property, and other creative work used in national rankings' calculations; and
7. Preparation of undergraduate and graduate students on technical equipment and program certification by national and international professional bodies.

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

SECTION 37. EFFECTIVE DATE. Section 22 of this Act is effective for property tax incentives approved after July 31, 2017.

SECTION 38. EXPIRATION DATE. Section 31 of this Act is effective through July 31, 2019, and after that date is ineffective.

SECTION 39. EMERGENCY. Sections 6, 14, 19, 27, and 32 of this Act are declared to be an emergency measure.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-fifth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1015 and that two-thirds of the members-elect of the House of Representatives voted in favor of said law.

Vote: Yeas 79 Nays 9 Absent 6

Speaker of the House

Chief Clerk of the House

This certifies that two-thirds of the members-elect of the Senate voted in favor of said law.

Vote: Yeas 45 Nays 0 Absent 2

President of the Senate

Secretary of the Senate

Received by the Governor at _____ M. on _____, 2017.

Approved at _____ M. on _____, 2017.

Governor

Filed in this office this _____ day of _____, 2017,
at _____ o'clock _____ M.

Secretary of State