

SECOND ENGROSSMENT

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 an
3 appropriation to Dickinson state university; to provide for transfers; to create and enact a new
4 subsection to the new section to chapter 40-05 of the North Dakota Century Code as created by
5 section 1 of Senate Bill No. 2166, as approved by the sixty-fifth legislative assembly, relating to
6 property tax incentives granted by a city; to amend and reenact ~~section~~sections 6-09-15.1 and
7 15-18.2-06, section 43-26.1-05.1 as created by section 2 of Senate Bill No. 2131, as approved
8 by the sixty-fifth legislative assembly, and sections 54-06-04.3 and 57-20-04 of the North
9 Dakota Century Code, relating to temporary loans to the general fund, higher education funding
10 formula minimums, criminal history record checks, state agency publication fees, and property
11 tax increase reports; to repeal section 57-20-05 of the North Dakota Century Code, relating to
12 tax certifications; to provide ~~an exemption~~exemptions; to provide statements of legislative intent;
13 ~~and~~to provide for a legislative management study; to provide for a report to the legislative
14 management; to provide for a budget section report; to provide an effective date; and to declare
15 an emergency.

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
Legislative Assembly

| | | | | |
|----|---------------------------------------|--------------|---------------|--------------|
| 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 - DICKINSON STATE UNIVERSITY.** There is appropriated
12 out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum
13 of \$2,309,626, or so much of the sum as may be necessary, to Dickinson state university for
14 campus operations payments resulting from the minimum amount payable through the higher
15 education funding formula, for the biennium beginning July 1, 2017, and ending June 30, 2019.

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

23 **SECTION 6. EXEMPTION - FISCAL MANAGEMENT.** The amount appropriated for the
24 fiscal management division, as contained in section 1 of chapter 49 of the 2015 Session Laws is
25 not subject to the provisions of section 54-44.1-11. Any unexpended funds from this
26 appropriation are available for continued development and operating costs of the statewide
27 systems, including accounting, management, and payroll, during the biennium beginning July 1,
28 2017, and ending June 30, 2019.

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

1 **SECTION 7. EXEMPTION - CAPITOL BUILDING FUND.** The amount of \$1,400,000
2 appropriated from the capitol building fund for capitol building entrance and signage projects, as
3 contained in section 1 of chapter 49 of the 2015 Session Laws, is not subject to the provisions
4 of section 54-44.1-11, and any unexpended funds from this appropriation are available during
5 the biennium beginning July 1, 2017, and ending June 30, 2019. Of the \$1,400,000, up to
6 \$1,000,000 is available for extraordinary repairs, and the remaining amount is available for
7 capitol building entrance and signage projects.

8 **SECTION 8. EXEMPTION - DICKINSON STATE UNIVERSITY - USE OF 2013-15**
9 **BIENNIUM APPROPRIATIONS.** The amounts appropriated to Dickinson state university for the
10 Theodore Roosevelt center project in section 3 of chapter 34 of the 2013 Session Laws and
11 section 4 of chapter 49 of the 2013 Session Laws are not subject to section 54-44.1-11 and any
12 unexpended funds from these sections are available to be used by the institution as provided in
13 this section during the biennium beginning July 1, 2017, and ending June 30, 2019. Of the
14 unexpended appropriations available under this section, Dickinson state university shall use the
15 funding as follows:

- 16 1. \$4,800,000 must be used for the operations of the institution.
- 17 2. \$3,100,000 must be used to repay any outstanding debt of the Biesiot activities center.
18 The funds under this subsection may be used only if the funding provided under this
19 subsection will result in final satisfaction of any obligation associated with the facility.
- 20 3. \$500,000 must be used to provide a grant to the Theodore Roosevelt presidential
21 library foundation for the digitization of documents related to the library.
- 22 4. Any remaining funds must be provided as a grant to the Theodore Roosevelt
23 presidential library foundation for operations, construction, and other costs of the
24 library.

25 **SECTION 9. EXEMPTION - HIGHER EDUCATION CHALLENGE GRANTS.** The
26 unexpended amount remaining for the education challenge fund line item in section 1 of
27 chapter 34 of the 2013 Session Laws is not subject to section 54-44.1-11 and the state board of
28 higher education shall transfer any unexpended funds in this line item to Dickinson state
29 university for operations of the institution during the biennium beginning July 1, 2017, and
30 ending June 30, 2019.

1 **SECTION 10. INTENT.** Within the authority included in section 1 of this Act are the following
2 grants and special items:

| | | |
|---|---|------------------|
| 3 | Boys and girls club work | \$53,000 |
| 4 | Unemployment insurance | \$2,000,000 |
| 5 | Capitol grounds planning commission | \$25,000 |
| 6 | <u>Statewide memberships and related expenses</u> | <u>\$531,450</u> |

7 **SECTION 11. AMENDMENT.** Section 6-09-15.1 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **6-09-15.1. Loans to general fund authorized - Continuing appropriation.**

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

27 **SECTION 12. AMENDMENT.** Section 15-18.2-06 of the North Dakota Century Code is
28 amended and reenacted as follows:

1 **15-18.2-06. ~~(Effective through June 30, 2017)~~ Base funding - Minimum amount**
2 **payable.**

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

7 **SECTION 13.** A new subsection to the new section to chapter 40-05 of the North Dakota
8 Century Code as created by section 1 of Senate Bill No. 2166, as enacted by the sixty-fifth
9 legislative assembly, is created and enacted as follows:

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

13 **SECTION 14. AMENDMENT.** Section 43-26.1-05.1 of the North Dakota Century Code as
14 created by section 2 of Senate Bill No. 2131, as approved by the sixty-fifth legislative assembly,
15 is amended and reenacted as follows:

16 **43-26.1-05.1. Use of criminal history record checks.**

17 The board may require a physical therapy or physical therapy assistant applicant, or a
18 licensee under investigation, to submit to a statewide and nationwide criminal history record
19 check, including a fingerprint-based criminal history background check. The criminal history
20 record check must be conducted in the manner provided by section 12-60-24. The criminal
21 history record check is an exempt record but may not be disseminated by the board to the
22 physical therapy compact commission or a similar entity. All costs associated with a criminal
23 history record check performed under this section are the responsibility of the applicant or
24 licensee.

25 **SECTION 15. AMENDMENT.** Section 54-06-04.3 of the North Dakota Century Code is
26 amended and reenacted as follows:

27 **54-06-04.3. Joint publication and distribution of information by state agencies - Fees.**

28 Any state agency may cooperate with any other state agency to jointly publish and
29 distribute information and may arrange to have the joint publication or distribution, or both,
30 coordinated by a private entity. Any state agency may provide information it has collected or
31 developed, including mailing lists, to each other or to any private entity for the purpose of

1 distributing jointly or individually issued publications or other information. If a state agency
2 publication is available on the agency's website or otherwise available in an electronic format
3 and a person requests a paper copy of the publication, the state agency may charge a
4 reasonable fee for providing the paper copy and for mailing the paper copy of the publication.

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

18 **SECTION 16. AMENDMENT.** Section 57-20-04 of the North Dakota Century Code is
19 amended and reenacted as follows:

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

- 21 1. The county auditor, on or before December thirty-first following the levy of the taxes,
22 shall makeprepare and transmit to the state tax commissioner, ~~in such form as the tax~~
23 ~~commissioner may prescribe~~, a complete abstract of the tax list of the auditor's county.
- 24 2. In addition to the tax list required in subsection 1, the county auditor, on or before
25 December thirty-first following the levy of the taxes, shall prepare and transmit to the
26 tax commissioner a report providing each taxing district's property valuation and
27 property tax levy and any other information the tax commissioner deems necessary to
28 prepare the report required in subsection 3. For taxing districts with property in more
29 than one county, information must be collected and transmitted by the county auditor
30 of the county in which the main office of that taxing district is located.

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

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

9 5. On or before December 31, 2017, the county auditor shall provide a report to the tax
10 commissioner providing the information identified in subsection 2 for the 2015 and
11 2016 tax years.

12 **SECTION 17. REPEAL.** Section 57-20-05 of the North Dakota Century Code is repealed.

13 **SECTION 18. TRIBAL TAXATION ISSUES - LEGISLATIVE MANAGEMENT**

14 **COMMITTEE.**

- 15 1. During the 2017-18 interim, the tribal taxation issues committee is created and is
16 composed of ten members as follows:
- 17 a. The governor;
 - 18 b. The lieutenant governor;
 - 19 c. The tax commissioner;
 - 20 d. The executive director of the Indian affairs commission;
 - 21 e. The majority leader of the house of representatives and the majority leader of the
22 senate;
 - 23 f. The minority leader of the house of representatives and the minority leader of the
24 senate; and
 - 25 g. The chairmen of the finance and taxation standing committees of the house of
26 representatives and the senate.
- 27 2. The nonlegislative members shall serve as nonvoting members of the committee.
- 28 3. The legislative management shall designate the chairman of the committee. The
29 committee shall operate according to the statutes and procedures governing the
30 operation of other legislative management interim committees.

1 4. The committee shall study tribal taxation issues, including the tax collection
2 agreements that exist between the tribes and the state, the interaction between tribal
3 sovereignty and state law, consideration of how statutory changes may affect
4 provisions in existing agreements, the amount and manner of revenue sharing under
5 the agreements, the costs and benefits to the state and the tribes if tax compacts are
6 implemented, implementation models used in other states for tax compacts, best
7 practices for negotiating and ratifying tax compacts, and the procedure for withdrawal
8 from an agreement and how to handle disputed funds. As the agenda demands, the
9 chairman of the committee shall invite the tribal chairman and other appropriate tribal
10 members to actively participate in a committee meeting.

11 5. At the conclusion of its meetings, the committee shall report on its findings and
12 recommendations, together with any legislation required to implement those
13 recommendations, to the legislative management.

14 **SECTION 19. LEGISLATIVE MANAGEMENT STUDY - INTERNET SERVICE**

15 **PROVIDERS.** During the 2017-18 interim, the legislative management shall consider studying
16 the privacy policies of telecommunications service providers and internet service providers, and
17 identifying potential issues for legislation. The study must include an evaluation of the process,
18 procedure, and practice by telecommunications service providers and internet service providers
19 in the collection of personal information from a customer resulting from the customer's use of
20 the telecommunications service provider or internet service provider, and an evaluation of the
21 sale, distribution, or use of the personal information collected by the telecommunications
22 service provider or internet service provider. The study must include consideration of rules
23 relating to the privacy rights of telecommunications and internet customers and the enforcement
24 of any such rules by the public service commission. The legislative management shall report its
25 findings and recommendations, together with any legislation required to implement the
26 recommendations, to the sixty-sixth legislative assembly.

27 **SECTION 20. LEGISLATIVE MANAGEMENT STUDY - WIND ENERGY TAX**

28 **DISTRIBUTIONS.** During the 2017-18 interim, the legislative management shall consider
29 studying the distribution of tax collections related to wind energy. The study must include
30 consideration of the current and historical distribution formulas; the appropriate level of
31 distributions to the taxing districts and the state; the estimated fiscal impact of any proposed

1 changes to the distributions; and other local revenue sources, including local tax revenue and
2 state funding provided to the local taxing districts. The legislative management shall report its
3 findings and recommendations, together with any legislation required to implement the
4 recommendations, to the sixty-sixth legislative assembly.

5 **SECTION 21. EFFECTIVE DATE.** Section 13 of this Act is effective for property tax
6 incentives approved after July 31, 2017.

7 **SECTION 22. EMERGENCY.** Section 12 of this Act is declared to be an emergency
8 measure.