

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

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

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

	Base Level	Adjustments or Enhancements	Appropriation
24 Salaries and wages	\$19,798,254	\$1,379,254	\$21,177,508

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

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

30 **SECTION 3. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE**
 31 **SIXTY-SIXTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding

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1 items approved by the sixty-fourth legislative assembly for the 2015-17 biennium and the
2 2017-19 biennium one-time funding items included in the appropriation in section 1 of this Act:

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

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

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

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

16 **SECTION 5. EXEMPTION - FISCAL MANAGEMENT.** The amount appropriated for the
17 fiscal management division, as contained in section 1 of chapter 49 of the 2015 Session Laws is
18 not subject to the provisions of section 54-44.1-11. Any unexpended funds from this
19 appropriation are available for continued development and operating costs of the statewide
20 systems, including accounting, management, and payroll, during the biennium beginning July 1,
21 2017, and ending June 30, 2019.

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

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

1 **SECTION 7. 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 8. 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 9.** A new subsection to the new section to chapter 40-05 of the North Dakota
28 Century Code as created by section 1 of Senate Bill No. 2166, as approved by the sixty-fifth
29 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 10. 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 11. 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 9. SALARIES AND WAGES SAVINGS FROM VACANT POSITIONS AND EMPLOYEE TURNOVER -- PROHIBITION -- BUDGET SECTION REPORT. Any salaries and wages savings resulting from vacant positions and employee turnover within 2017-19 biennium appropriations for executive branch state agencies and institutions may not be spent but must be retained and included as part of the agency or institution's unspent appropriation authority~~

1 ~~under section 54-44.1-11 for the biennium beginning July 1, 2017, and ending June 30, 2019.~~
2 ~~Each agency and institution, including institutions under the control of the state board of higher~~
3 ~~education, shall report its savings and supporting information to the office of management and~~
4 ~~budget. The office of management and budget shall report to each meeting of the budget~~
5 ~~section during the 2017-18 interim and to the appropriations committees of the sixty-sixth~~
6 ~~legislative assembly upon request regarding the number of vacant positions by agency and~~
7 ~~institution, the duration of each vacancy, and related salaries and wages savings by funding~~
8 ~~source for each agency and institution.~~

9 **SECTION 12. AMENDMENT.** Section 57-20-04 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **57-20-04. Abstract of tax list to be sent to tax commissioner - Reports.**

- 12 1. The county auditor, on or before December thirty-first following the levy of the taxes,
13 shall ~~make prepare~~ and transmit to the ~~state~~ tax commissioner, ~~in such form as the tax~~
14 ~~commissioner may prescribe~~, a complete abstract of the tax list of the auditor's county.
- 15 2. In addition to the tax list required in subsection 1, the county auditor, on or before
16 December thirty-first following the levy of the taxes, shall prepare and transmit to the
17 tax commissioner a report providing each taxing district's property valuation and
18 property tax levy and any other information the tax commissioner deems necessary to
19 prepare the report required in subsection 3. For taxing districts with property in more
20 than one county, information must be collected and transmitted by the county auditor
21 of the county in which the main office of that taxing district is located.
- 22 3. The tax commissioner shall compile information received from the county auditors in
23 subsection 2 and prepare a statewide report of property tax increase. The report must
24 include the annual increase in property taxes levied by each taxing district of the state
25 after adjusting for property that was not taxable in the preceding year and property that
26 is no longer taxable which was taxable in the preceding year. The report must be
27 provided to the legislative management by April first of each year.
- 28 4. The tax commissioner shall prescribe the form and manner of providing the reports
29 and certifications required under this section.

1 5. On or before December 31, 2017, the county auditor shall provide a report to the tax
2 commissioner providing the information identified in subsection 2 for the 2015 and
3 2016 tax years.

4 **SECTION 13. REPEAL.** Section 57-20-05 of the North Dakota Century Code is repealed.

5 **SECTION 14. TRIBAL TAXATION ISSUES - LEGISLATIVE MANAGEMENT**
6 **COMMITTEE.**

- 7 1. During the 2017-18 interim, the tribal taxation issues committee is created and is
8 composed of ten members as follows:
- 9 a. The governor;
 - 10 b. The lieutenant governor;
 - 11 c. The tax commissioner;
 - 12 d. The executive director of the Indian affairs commission;
 - 13 e. The majority leader of the house of representatives and the majority leader of the
14 senate;
 - 15 f. The minority leader of the house of representatives and the minority leader of the
16 senate; and
 - 17 g. The chairmen of the finance and taxation standing committees of the house of
18 representatives and the senate.
- 19 2. The nonlegislative members shall serve as nonvoting members of the committee.
- 20 3. The legislative management shall designate the chairman of the committee. The
21 committee shall operate according to the statutes and procedures governing the
22 operation of other legislative management interim committees.
- 23 4. The committee shall study tribal taxation issues, including the tax collection
24 agreements that exist between the tribes and the state, the interaction between tribal
25 sovereignty and state law, consideration of how statutory changes may affect
26 provisions in existing agreements, the amount and manner of revenue sharing under
27 the agreements, the costs and benefits to the state and the tribes if tax compacts are
28 implemented, implementation models used in other states for tax compacts, best
29 practices for negotiating and ratifying tax compacts, and the procedure for withdrawal
30 from an agreement and how to handle disputed funds. As the agenda demands, the

1 chairman of the committee shall invite the tribal chairman and other appropriate tribal
2 members to actively participate in a committee meeting.

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

6 **SECTION 15. LEGISLATIVE MANAGEMENT STUDY - INTERNET SERVICE**

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

19 **SECTION 16. LEGISLATIVE MANAGEMENT STUDY - WIND ENERGY TAXATION AND**

20 **REVENUE DISTRIBUTION.** During the 2017-18 interim, the legislative management shall
21 consider studying the taxation of wind energy and the distribution of tax collections related to
22 wind energy. The study must include consideration of the various methods of taxing wind
23 energy, the parity of wind energy taxation in comparison to the taxation of other energy sources,
24 and the current and historical distribution formulas related to wind energy taxes; the appropriate
25 level of distributions to the taxing districts and the state; the estimated fiscal impact of any
26 proposed changes to the distributions; and other local revenue sources, including local tax
27 revenue and state funding provided to the local taxing districts. The legislative management
28 shall report its findings and recommendations, together with any legislation required to
29 implement the recommendations, to the sixty-sixth legislative assembly.

30 **SECTION 17. EFFECTIVE DATE.** Section 9 of this Act is effective for property tax
31 incentives approved after July 31, 2017.