Sixty-fourth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 6, 2015

SENATE BILL NO. 2206
(Senators Dever, J. Lee, Murphy)
(Representatives Holman, Owens, Weisz)

AN ACT to create and enact sections 50-06-05.8 and 50-06-20.1 of the North Dakota Century Code, relating to the department of human services assuming certain costs of certain social service programs and to the establishment of a human services grant program; to amend and reenact sections 11-23-01, 50-01.2-00.1, 50-03-08, 50-06-20, 50-09-27, and 50-24.1-14, subsection 3 of section 57-15-01.1, and subsection 34 of section 57-15-06.7 of the North Dakota Century Code, relating to county social service board budgets and programs funded at state expense and reduction of county property tax levy authority for social service board budgets to reflect county savings from programs funded at state expense; to repeal sections 50-03-09, 50-06.2-05.1, and 50-09-21.1 of the North Dakota Century Code, relating to the county's share of medical assistance for therapeutic foster care, service payments to the elderly and disabled, and the county share of foster care costs; to provide for a legislative management study; to provide an effective date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 11-23-01 of the North Dakota Century Code is amended and reenacted as follows:

11-23-01. Officers required to furnish commissioners with departmental budget.

1. Every officer in charge of any institution, office, or undertaking supported wholly or in part by the county shall file with the board of county commissioners a departmental budget that is prescribed by the state auditor. The departmental budget must include an itemized statement of the estimated amount of money that will be required for the maintenance, operation, or improvement of the institution, office, or undertaking for the ensuing year. The board of county commissioners may require additional information to clarify the departmental budget.

2. a. The departmental budget submitted by the county social service board in 2015 for the 2016 budget may not exceed an amount determined using the departmental budget submitted in 2014 by the county social service board as a starting point, subtracting the reduction in the county's social service funding responsibility for 2014 derived from transferring the county social service costs identified in this subdivision from the county social service board to the department of human services, and applying to the resulting amount the percentage salary and benefits increase provided by legislative appropriations for state employees for taxable year 2015. For purposes of this subdivision, the reduction in the county's social service funding responsibility derived from transferring the county social service costs identified in this subdivision from the county social service board to the department of human services includes the following:

   (1) Foster care and subsidized adoption costs that would have been paid by the county after December 31, 2015;

   (2) The county's share of grant costs for medical assistance in the form of payments for care furnished to recipients of therapeutic foster care services which would have been paid by the county after December 31, 2015;

   (3) The county's share of the costs for service payments to the elderly and disabled which would have been paid by the county after December 15, 2015;

(4) The county's share of salary and benefits for family preservation services pursuant to section 50-06-05.8 which would have been paid by the county after December 31, 2015;

(5) The county's share of the cost of the electronic benefits transfers for the supplemental nutrition assistance program which would have been paid by the county after December 31, 2015; and

(6) The computer processing costs which would have been paid by the county after December 31, 2015, which exceed the county's costs of operation of the technical eligibility computer system in calendar year 1995 increased by the increase in the consumer price index for all urban consumers (all items, United States city average) after January 1, 1996.

b. The departmental budget submitted by the county social service board in 2016 for the 2017 budget may not exceed an amount determined using the 2015 departmental budget as a starting point and applying to that amount the percentage salary and benefits increase provided by legislative appropriations for state employees for 2016.

c. The budget must include a statement identifying the total savings to the county as shown by a reduction in the amounts that otherwise would have been paid by the county to the department of human services for the costs identified in subdivision a. The department of human services shall determine the appropriate amount of what each county's costs would have been to help identify each county's total savings.

The county share of the human service budget must be funded entirely from the county's property tax levy for that purpose and the county may not use funds from any other source to supplement the human services budget, with the exception that the county may make use of the identifiable amount of other sources the county has used to supplement its human services budget for 2015 and the county may use grant funds that may be available to the county under section 50-06-20.1.

d. The department of human services shall develop a process to review a request from a county social service board for any proposed increase in staff needed as a result of significantly increased caseloads for state-funded human services programs, if the increase in staff would result in the county exceeding the budget limitation established under this subsection. As part of its review process, the department shall review countywide caseload information and consider the option of multicounty sharing of staff. If the department approves a request for a proposed increase in staff, the county budget limitation established under subdivision b may be increased by the amount determined necessary by the department to fund the approved additional staff.

SECTION 2. AMENDMENT. Section 50-01.2-00.1 of the North Dakota Century Code is amended and reenacted as follows:

50-01.2-00.1. Definitions.

In this chapter, unless the context otherwise requires:

1. "Department" means the department of human services.

2. "Local expenses of administration" includes costs for personnel, space, equipment, computer software, materials, travel, utilities, and related costs, and the indirect costs properly allocated to those costs. The term does not include initial acquisition of computers and related hardware approved by the department for the temporary assistance for needy families program, custom computer programs, custom software development, computer operations undertaken at the direction of the department, and computer processing costs ~~to the extent those costs exceed, in any calendar year, that county's costs of operation of the technical eligibility computer~~

~~system in calendar year 1995 increased by the increase in the consumer price index for all urban consumers (all items, United States city average) after January 1, 1996,~~ or, unless agreed to by the county social service board, any costs related to pilot programs before the programs are implemented on a statewide basis.

3. "Locally administered economic assistance programs" means those primary economic assistance programs that need to be accessible to all citizens of the state through a county social service office and include:

   a. Temporary assistance for needy families;

   b. Employment and training programs;

   c. Child care assistance programs;

   d. Medical assistance, including early periodic screening, diagnosis, and treatment;

   e. Supplemental nutrition assistance programs, including employment and training programs;

   f. Refugee assistance programs;

   g. Basic care services;

   h. Energy assistance programs; and

   i. Information and referral.

SECTION 3. AMENDMENT. Section 50-03-08 of the North Dakota Century Code is amended and reenacted as follows:

50-03-08. Appropriation for county social service board administration ~~and~~<u>of locally administered economic assistance</u> programs.

The board of county commissioners of each county annually shall appropriate and make available to the human services fund an amount sufficient to pay~~:~~

~~1.~~ ~~The~~ <u>the</u> local expenses of administration of locally administered economic assistance programs~~;~~

~~2. That county's share of fifteen percent of the amount expended in this state, in excess of the amount provided by the federal government, for medical assistance in the form of payments for care furnished to recipients of therapeutic foster care services; and~~

~~3. That county's share of the cost of other family preservation services, including intensive in-home services, provided under title VI-B, subpart 2, of the Social Security Act [Pub. L. 103-66, title XIII, 13711(a)(2); 107 Stat. 649 et seq.; 42 U.S.C. 629 et seq.], as amended, as may be agreed to by the department and the county social service board~~.

SECTION 4. Section 50-06-05.8 of the North Dakota Century Code is created and enacted as follows:

<u>50-06-05.8. Department to assume certain costs of certain social service programs.</u>

<u>Notwithstanding section 50-06.2-05, or any other provision in title 50 to the contrary, and in addition to the programs identified in section 50-06-20, the department of human services shall pay the local expenses of administration incurred by a county after December 31, 2015, for family preservation programs; a county's share of the cost of the electronic benefits transfers for the supplemental nutrition assistance program incurred after December 31, 2015; and the computer processing costs incurred by the county after December 31, 2015, which exceed the county's costs of operation of the technical</u>

eligibility computer system in calendar year 1995 increased by the increase in the consumer price index for all urban consumers (all items, United States city average) after January 1, 1996.

SECTION 5. AMENDMENT. Section 50-06-20 of the North Dakota Century Code is amended and reenacted as follows:

50-06-20. Programs funded at state expense - Interpretation.

1. The state shall bear the cost, in excess of the amount provided by the federal government, of:

   a. ~~Except as~~As provided in section 50-24.1-14, medical assistance services provided under chapter 50-24.1;

   b. ~~Benefits~~Energy assistance program benefits provided under subsection 19 of section 50-06-05.1;

   c. Supplements provided under chapter 50-24.5 as basic care services;

   d. ~~Services provided under chapter 50-09 as child care assistance;~~

   ~~e. Services provided under chapter 50-09 as employment and training programs~~Services, programs, and costs listed in section 50-09-27;

   ~~f.~~e. Welfare fraud detection programs;

   ~~g. Temporary assistance for needy families;~~ and

   ~~h.~~f. Special projects approved by the department and agreed to by any affected county social service board.

2. The state shall bear the costs of amounts expended for service payments to the elderly and disabled.

3. This section does not grant any recipient of services, benefits, or supplements identified in subsection 1, any service, benefit, or supplement that a recipient could not claim in the absence of this section.

SECTION 6. Section 50-06-20.1 of the North Dakota Century Code is created and enacted as follows:

50-06-20.1. Human services grant program - Eligible counties - Reports.

1. If the authority for counties to use emergency expenditures to address an emergency created by unusual and unanticipated demands on the counties' human services fund under chapter 50-03 is eliminated, the department shall establish a grant program to assist certain counties. An eligible county is one that historically has utilized the emergency expenditures process set forth in chapter 50-03 and which is adjacent to or part of an Indian reservation in this state, which contains Indian trust lands within the service area of a federally recognized Indian tribe which are occupied by enrolled members of that tribe, or which includes the state hospital created pursuant to subsection 8 of section 12 of article IX of the Constitution of North Dakota.

2. The grant program established in this section must be implemented through rulemaking under chapter 28-32. The department may adopt emergency rules, without application of the grounds for emergency rulemaking otherwise required under section 28-32-03, to set out the policies and procedures for the disbursement of grants and may not award more than one million nine hundred thousand dollars during the first year of a biennium, and no more than two million dollars during the second year of a biennium. The department shall notify a county of its approved funding no later than September first of each year of the biennium. The

department shall issue an annual payment to counties receiving funds under this chapter in January of each year of the biennium.

3. The department shall report to the budget section annually and to the appropriations committees of the sixty-fifth legislative assembly and each succeeding legislative assembly on the funding approved under this section.

SECTION 7. AMENDMENT. Section 50-09-27 of the North Dakota Century Code is amended and reenacted as follows:

50-09-27. Programs funded at state expense - Interpretation.

1. The state shall bear the cost, in excess of the amount provided by the federal government, of:

   a. Services provided under ~~section 50-06-06.8 and~~ this chapter as child care assistance;

   b. Services provided under this chapter as employment and training programs; ~~and~~

   c. Temporary assistance for needy families benefits provided under this chapter; and

   d. Foster care and subsidized adoption costs under this chapter.

2. This section does not grant any recipient of services, benefits, or supplements identified in subsection 1, any service, benefit, or supplement that a recipient could not claim in the absence of this section.

SECTION 8. AMENDMENT. Section 50-24.1-14 of the North Dakota Century Code is amended and reenacted as follows:

50-24.1-14. Responsibility for expenditures ~~- Exceptions~~.

~~1. Except as otherwise specifically provided in subsection 2 and section 50-03-08, expenditures~~Expenditures required under this chapter are the responsibility of the federal government or the state of North Dakota.

~~2. Each county shall reimburse the department of human services the amount required to be appropriated under subsection 3 of section 50-03-08.~~

SECTION 9. AMENDMENT. Subsection 3 of section 57-15-01.1 of the North Dakota Century Code is amended and reenacted as follows:

3. A taxing district may elect to levy the amount levied in dollars in the base year. Any levy under this section must be specifically approved by a resolution approved by the governing body of the taxing district. Before determining the levy limitation under this section, the dollar amount levied in the base year must be:

   a. Reduced by an amount equal to the sum determined by application of the base year's calculated mill rate for that taxing district to the final base year taxable valuation of any taxable property and property exempt by local discretion or charitable status which is not included in the taxing district for the budget year but was included in the taxing district for the base year.

   b. Increased by an amount equal to the sum determined by the application of the base year's calculated mill rate for that taxing district to the final budget year taxable valuation of any taxable property or property exempt by local discretion or charitable status which was not included in the taxing district for the base year but which is included in the taxing district for the budget year.

c. Reduced to reflect expired temporary mill levy increases authorized by the electors of the taxing district. For purposes of this subdivision, an expired temporary mill levy increase does not include a school district general fund mill rate exceeding one hundred ten mills which has expired or has not received approval of electors for an extension under subsection 2 of section 57-64-03.

d. If the base year is a taxable year before 2013, reduced by the amount of state aid under chapter 15.1-27, which is determined by multiplying the budget year taxable valuation of the school district by the lesser of:

(1) The base year mill rate of the school district minus sixty mills; or

(2) Fifty mills.

e. If the base year is a taxable year before 2016, the base year human services county levy in dollars must be reduced to the amount of the county social service board budget levy for the budget year as determined under section 11-23-01.

SECTION 10. AMENDMENT. Subsection 34 of section 57-15-06.7 of the North Dakota Century Code is amended and reenacted as follows:

34. Counties levying an annual tax for human services purposes as provided in section 50-06.2-05 may levy a tax not exceeding the lesser of twenty mills or the number of mills determined by dividing the county budget limitation in dollars as determined under section 11-23-01 by the taxable valuation of the county.

SECTION 11. REPEAL. Sections 50-03-09, 50-06.2-05.1, and 50-09-21.1 of the North Dakota Century Code are repealed.

SECTION 12. LEGISLATIVE MANAGEMENT STUDY - SOCIAL SERVICES FINANCE PROGRAM TRANSITION.

1. During the 2015-16 interim, the legislative management shall conduct a study to develop a proposed transition plan for transferring the costs of operating social services programs from county property tax levies to state general fund appropriations.

2. If a county social services finance working group is established, upon request of the legislative management the working group shall report its progress and findings. The membership of the working group may include:

a. The director of the department of human services or the director's designee;

b. The chief financial officer of the department of humans services;

c. Two members representing elected county officials identified in section 11-10-02 as selected by the North Dakota association of counties;

d. The tax commissioner or the commissioner's designee;

e. The director of the office of management and budget or the director's designee;

f. Two county social services directors selected by the North Dakota county social services directors association; and

g. One member representing the North Dakota association of counties.

3. Under this section, a proposed transition plan must include a timeline for the major milestones of the transition plan, considerations for the transition, estimated costs, a plan to require a property tax reduction for the amount of the budgeted savings brought about by the transfer of

county social services costs to the state, a plan resulting in the elimination of the county social services levy under section 50-06.2-05, and potential legislation to implement recommended changes. The study must include consideration of the feasibility of implementing the proposed transition plan.

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

SECTION 13. EFFECTIVE DATE. Sections 1, 9, and 10 of this Act become effective on August 1, 2015. Sections 2, 3, 4, 5, 7, 8, and 11 of this Act are effective for taxable years beginning after December 31, 2015.

SECTION 14. EMERGENCY. Section 6 of this Act is declared to be an emergency measure.

President of the Senate	Speaker of the House
Secretary of the Senate	Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-fourth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2206 and that two-thirds of the members-elect of the Senate voted in favor of said law.

Vote: Yeas 47 Nays 0 Absent 0

President of the Senate	Secretary of the Senate

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

Vote: Yeas 86 Nays 3 Absent 5

Speaker of the House	Chief Clerk of the House

Received by the Governor at _____M. on _____, 2015.

Approved at _____M. on _____, 2015.

Governor

Filed in this office this _____day of _____, 2015,

at _____ o'clock _____M.

Secretary of State