

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2356

2007 SENATE APPROPRIATIONS

SB 2356

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2356

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 01-30-07

Recorder Job Number: 2259

Committee Clerk Signature



Minutes:

Chairman Holmberg opened the hearing on SB 2356 at 8:30 am on January 30, 2007 regarding appropriations to the North Dakota university system and the state water commission. He immediately turned the hearing over to **Vice Chairman Bowman** as Senator Holmberg was the first one to testify in support of the bill.

Senator Holmberg stated that this is probably the most simplest bill this committee will see before them because it asks just one question and that question has to do with your goal as policy makers. Under the current scheme of things, if the state, because of the hard work of you people, is doing very well, we end up with unanticipated income in the general fund at the end of the biennium. The Governor then does his part by determining what should be done with that money, in other words, he prioritizes us. SB 2356 is a mechanism by which the Legislature in the instances where there is that unanticipated income has already prioritized it, and actually used it for needed projects around the state. This is how the bill works: The Director of OMB will determine what the projected ending fund balance would be at the end of the next biennium and any moneys over 50 million dollars would be utilized as this bill directs.

He shared the importance of this bill, stating that buildings on all our campuses are in dire need of repair, and we need to do something about it. He also shared of the needs around the

state concerning the water projects, particularly the Red River Valley basin. The only way this money can be used by the universities is for deferred maintenance.

Senator Krebsbach expressed concern about having the authority to bind the next Legislative session and where does NAWS in the Minot area fit into the picture for funds for their project.

Senator Holmberg reassured her that we are not binding them, but rather extracting from the extra money that is available. He also feels that we can put our trust in the State Water Commission to prioritize the needs and do the job required.

Senator Kilzer had questions regarding the amount that is available and whether it is removed from the general fund.

Senator Nicholas P. Hacker, District 42, Grand Forks gave testimony in support of the bill. He is a recent graduate of UND and shared the urgent need of repair for several buildings on the campus at UND.

Laura Glatt, Vice Chancellor for Administrative Affairs of the North Dakota University System (NDUS) provided written testimony (1) and oral testimony in support of SB 2356, stating an investment in your state facilities is desperately needed. Currently, the NDUS has a backlog of deferred maintenance of nearly \$120 million on state-funded facilities, including facilities at the Agricultural Research Stations. A breakdown by institution was in the written testimony. In addition, a substantial deferred maintenance backlog has accumulated on non-state funded facilities as well. The NDUS is not asking the state to help with the non-state funded facilities. That is an NDUS responsibility, but we do need your help in properly maintaining the state-funded assets. She shared about HB 1003, the NDUS appropriation bill regarding BASE funding for extraordinary repairs. These are the funds the institutions use for regular repair and maintenance of facilities and that funding seems to be sufficient and we appreciate it. However we have a major deferred maintenance challenge and additional

funding would help address some of the remaining needs. Modern and technologically up-to-date facilities are becoming even more critical for the attraction and retention of students and the preparation of students for work in the 21 century economy.

Senator Holmberg asked her to explain the difference between BASE and EXTRAORDINARY REPAIRS and if the language in the bill created impediments to NDUS.

Senator Bowman asked about the budget, a fiscal review committee, and whether that money has to stay in the project. He also requested information regarding the needs of the schools being met, such as paying the heat bill and the repercussion of students receiving a full ride for their education. Isn't there some obligation on the part of the students to support the school financially?

Senator Mathern asked if we pass the bill when the money would be available. If you get a check in August, 2008 would it be transferred at that time to NDUS.

Further discussion followed regarding the funds, when available, how it would be used.

Senator Christmann made comments about the fact if maintenance is put off too long, you then have major problems, and how does NDUS evaluate these issues.

Laura Glatt shared the fact that NDUS has been pretty consistent with their evaluations, and the fact there is two lines in the budget, Operations and Capital Assets. Money cannot be moved from one place to another and it seems there never is adequate resources because of changing revenue values. She also explained tuition levels, graduate research systems, waiver of tuition for graduate assistants (most are teaching classes), we need some sort of waiver to entice students, some athletic, Native American and international recruitments. All is necessary for success in the system.

Mike Dwyer, Water Users Association presented written testimony (2) and gave oral testimony in support of SB 2356. He shared the areas of need which include NAWS, SWPP, RRWSP, Rural Water Supply, Lake Sakakawea Storage and Missouri River Flow.

There is a cooperative effort between the Legislature, Governor and Congressional Delegation to address these issues.

Senator Mathern had questions regarding his written testimony and the Red River project and when the work there can be done.

Further discussion followed regarding the Water Requirements, Funding and Timetable.

Dave Koland, General Manager of Garrison Diversion Conservancy District presented written testimony (3) and oral testimony in support of the bill.

Senator Grindberg had questions regarding the purchase of pipe for the pipeline.

Senator Fischer had questions regarding earmarking for projects in recent years, water projects on the board, areas that can't afford to buy into the pipeline, and what kind of assurance is provided to the locals that the pipeline is coming

Senator Holmberg closed the hearing on SB 2356. Questions were raised about the spending of money regarding repairs for NDUS, may have them report to budget section and the fact that the intention of the Legislators would not be disregarded concerning these matters.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2356

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 02-14-07

Recorder Job Number: 3485

Committee Clerk Signature



Minutes:

Chairman Holmberg opened the hearing on SB 2356 in reference to the North Dakota University system and the State Water Commission. He passed out amendments and explained the amendments. What this amendment would be to say if the unanticipated income in the general fund was over the 40 million dollars and that is not a final figure we will have to determine that by the end of the session; the first 50 million dollars would go into the Bank of North Dakota to what is called the Elementary and Secondary Education Adequacy Fund. If you recall next session according to the two biennium movement in education this session is to focus on equity and the next session will focus on adequacy, which means money. It identifies funds that would be there for education in the next biennium and for discussion purposes can we move the amendment.

Senator Grindberg moved the Amendment. Senator Wardner seconded. Motion carried.

Discussion followed.

Senator Tallackson moved a DO PASS AS AMENDED, Senator Wardner seconded. A roll call vote was taken resulting in 12 yeas, 2 nays, 0 absent. The motion carried. Senator

Holmberg will carry the bill.

The hearing on SB 2356 closed.

Date: 2/14/07
Roll Call Vote #:

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2356

Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number 302

Action Taken 1st amendment (need copy)

Motion Made By Grindberg Seconded By Wardner

Senators	Yes	No	Senators	Yes	No
Senator Ray Holmberg, Chrm			Senator Aaron Krauter		
Senator Bill Bowman, V Chrm			Senator Elroy N. Lindaas		
Senator Tony Grindberg, V Chrm			Senator Tim Mathern		
Senator Randel Christmann			Senator Larry J. Robinson		
Senator Tom Fischer			Senator Tom Seymour		
Senator Ralph L. Kilzer			Senator Harvey Tallackson		
Senator Karen K. Krebsbach					
Senator Rich Wardner					

Total (Yes) ✓ No

Absent

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

JH
2-14-07

PROPOSED AMENDMENTS TO SENATE BILL NO. 2356

Page 1, line 1, after "the" insert "Bank of North Dakota, the" and after "system" insert a comma

Page 1, line 6, after "2008" insert "or November 2008"

Page 1, after line 12, insert:

"Bank of North Dakota	Elementary and secondary	\$50,000,000"
	education adequacy fund	

Page 1, line 13, replace "\$50,000,000" with "50,000,000"

Page 1, line 16, replace "\$150,000,000" with "\$200,000,000"

Page 1, line 18, after the period insert "Funds deposited in the elementary and secondary education adequacy fund are to be used by the sixty-first legislative assembly to address adequacy for elementary and secondary education in the 2009-11 biennium. The university system office may use the funds only for extraordinary repairs at higher education institutions."

Renumber accordingly

[Handwritten signature]

PROPOSED AMENDMENTS TO SENATE BILL NO. 2356

Page 1, line 1, after "the" insert "Bank of North Dakota, the" and after "system" insert a comma

Page 1, line 6, after "2008" insert "or November 2008"

Page 1, line 8, replace "\$150,000,000" with "\$200,000,000"

Page 1, after line 12, insert:

"Bank of North Dakota	Elementary and secondary education adequacy fund	\$50,000,000"
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Page 1, line 13, replace "\$50,000,000" with "50,000,000"

Page 1, line 16, replace "\$150,000,000" with "\$200,000,000"

Page 1, line 18, after the period insert "Funds deposited in the elementary and secondary education adequacy fund are to be used by the sixty-first legislative assembly to address adequacy for elementary and secondary education in the 2009-11 biennium. The university system office may use the funds only for extraordinary repairs at higher education institutions."

Renumber accordingly

Date: 2/14/07
Roll Call Vote #: 1

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2356

Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken do pass as amended

Motion Made By Tallacks Seconded By Wardner

Senators	Yes	No	Senators	Yes	No
Senator Ray Holmberg, Chrm	✓		Senator Aaron Krauter	✓	
Senator Bill Bowman, V Chrm	✓		Senator Elroy N. Lindaas	✓	
Senator Tony Grindberg, V Chrm	✓		Senator Tim Mathern	✓	
Senator Randel Christmann	✓		Senator Larry J. Robinson	✓	
Senator Tom Fischer	✓		Senator Tom Seymour	✓	
Senator Ralph L. Kilzer		✓	Senator Harvey Tallackson	✓	
Senator Karen K. Krebsbach		✓			
Senator Rich Wardner	✓				

Total (Yes) 12 No 2

Absent 0

Floor Assignment Holmberg

If the vote is on an amendment, briefly indicate intent.

REPORT OF STANDING COMMITTEE

SB 2356: Appropriations Committee (Sen. Holmberg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (12 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2356 was placed on the Sixth order on the calendar.

Page 1, line 1, after "the" insert "Bank of North Dakota, the" and after "system" insert a comma

Page 1, line 6, after "2008" insert "or November 2008"

Page 1, line 8, replace "\$150,000,000" with "\$200,000,000"

Page 1, after line 12, insert:

"Bank of North Dakota	Elementary and secondary education adequacy fund	\$50,000,000"
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Page 1, line 13, replace "\$50,000,000" with "50,000,000"

Page 1, line 16, replace "\$150,000,000" with "\$200,000,000"

Page 1, line 18, after the period insert "Funds deposited in the elementary and secondary education adequacy fund are to be used by the sixty-first legislative assembly to address adequacy for elementary and secondary education in the 2009-11 biennium. The university system office may use the funds only for extraordinary repairs at higher education institutions."

Renumber accordingly

2007 HOUSE APPROPRIATIONS

SB 2356

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2356

House Appropriations Committee
Education and Environment Division

Check here for Conference Committee

Hearing Date: March 5, 2007

Recorder Job Number: 4352

Committee Clerk Signature

Shirley Branning

Minutes:

Chairman Wald: Called the meeting to order on SB 2356 by introducing the sponsor of this bill, **Senator Ray Holmberg, District 17.**

Senator Holmberg: (See Handout # 1, SB 2356, Contingent Appropriation) Began his testimony with the statement that this bill asks a simple question "How much do you as legislators want into the expenditure of unanticipated income to the state of North Dakota going forward." This bill provides a contingent appropriation of up to \$200m from the general fund for elementary and secondary education, higher education, and water projects for the 2007-2009 biennium.

Vice Chairman Monson: Do you see this as trying to bind the hands of future legislators in that it has to be spent for this.

Senator Holmberg: No, We don't tell the next legislature you should spend the money in a specific manner. It does remove the money from the pool that the Governor would have available to him. This is money that was never anticipated.

Representative Martinson: It seems to me that we will spend every single dime that we have this session, and probably more, but we will spend what we don't have yet.

Senator Holmberg: You are exactly right, and I will not apologize for that.

Representative Hawken: Is this any different than what we have done in the education funding bill before when there are additional dollars?

Senator Holmberg: Yes, we have done this in the past for the state employees compensation.

Chairman Wald: Calling attention to line 13, capital projects.....

Senator Holmberg: There is a lot of concern on the part of legislators that we give them money and the University system spends it on other things rather than extraordinary repairs.

Representative Aarsvold: On the three distribution projects, is it a list of priorities?

Senator Holmberg: That is a list of priorities.

Representative Aarsvold: the first priority is elementary education, then the university system.

Senator Holmberg: The first \$40m would go to elementary/secondary adequacy and the balance would go to the university system.

Vice Chairman Monson: We legislators have to cut a budget someplace if we get an idea in order to be able to fund it because the governor spends every penny. He lays out his plan and we as legislators are the final appropriators of the money. We are way over budget because legislators have brought in good ideas and many of those good ideas are going to die again simply because all the money has been appropriated before hand. There should be a fund where the governor can't spend it all. How was this figure arrived at?

Senator Holmberg: I used the figure \$40m because of the original projections. The governor's budget had projected \$35-36m. Bottom line, last session we used the oil trust fund to balance the budget.

Chairman Wald: The first \$40m remains untouched, anything over \$40m up to \$240m, and anything above \$265m then goes back to the general fund.

Senator Holmberg: Anything above \$250 goes back to the general fund. The rest of the chart is a work in progress because we haven't decided if we are going to have a \$200m or a 10%..It is a topic of discussion.

Laura Glatt, Vice Chancellor for Administrative Affairs, North Dakota University System, NDUS: (See Handout # 2, SB 2356, Contingent Appropriations) presented testimony related to \$50m to the NDUS for extra-ordinary repairs. Stating that this investment is desperately needed.

Representative Aarsvold: That formula exists or would it be constructed after the fact?

Glatt: It exists, and we use it currently for building budgets and allocating resources.

Vice Chairman Monson: You said it is the responsibility of fire and tornado, they are the insurer. Your office or the campuses are responsible to give them the numbers as you give them the updates or improvements.

Glatt: We can get back to you on how that process works.

Chairman Wald: Keep those values current.

David Koland, General Manager, Garrison Diversion Conservancy District: (See Handout # 3, SB 2356, Contingent Appropriations) provided testimony regarding the urgency of the need for the construction of the Red River Valley Water Supply Project because of current water needs, a change in population demographics, and drought conditions.

Representative Aarsvold: Are there priorities to be handled in a certain way? Which is first?

Koland: Appropriations have been made through the Water Commission. The intent of the legislation is set out in SB 2345, this is a different way of funding that what is laid out in SB 2345.

Chairman Wald: Hearing no further testimony or questions, the hearing on SB 2356 is closed.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2356

House Appropriations Committee
Education and Environment Division

Check here for Conference Committee

Hearing Date: March 23, 2007

Recorder Job Number: 5501

Committee Clerk Signature

Shirley Branning

Minutes:

Chairman Wald: Called the meeting to order to consider amendment .0402 on SB 2356 by asking **Vice Chairman Monson** to explain the changes.

Vice Chairman Monson: Explained the amendment .0402 on SB 2356 and moved to **Do Pass** the amendment.

Representative Martinson: Second

Chairman Wald: Further discussion? Call the roll.

Vote: 5 yes, 1 No, 1 Absent **Motion Carried.** **Carrier:** Vice Chairman Monson

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2356**

House Appropriations Committee

Check here for Conference Committee

Hearing Date: 3/23/07

Recorder Job Number: #5553

Committee Clerk Signature



Minutes:

Chairman Svedjan opened the hearing for SB 2356. This comes to us from the Education Section.

Rep Monson: I would like to begin by making a motion to adopt amendment 0402.

Rep Wald seconded the motion.

Rep Monson: The explanation of the amendment it is now the bill it 0402. It is a Hog house. It section 2 it establishes the Legislative Initiative Fund, which is a special fund in the State Treasury and money in this fund may be spend subject to legislative appropriation for state government initiatives as determined by Legislative Assembly.

This bill is a result of some of our frustrations are where the Governor put together his budget and ear marks every penny and it goes out to the public and when we want to come in with a bill of our own or some kind of initiative or bring things forward for agencies or for constitutions, the only way we can make them fit into the budget is to cut the Governor's increases and spending.

What we are doing with this fund is setting up ½ of the \$65,000,000 that would be left after the biennium if there is money left after the anticipated revenue, the Governor would be able to use ½ of that and the Legislative Initiative Fund would get ½ of that. So we would have 32.5 million in the Legislative Initiative Fund with this bill.

Rep Eckstrom: How is the Governor supposed to build his budget if we are taking funds away from him?

Rep Monson: The Governor gets half and we get half. This sends a message to the governor that we are feeling pinched when it comes to trying to advance to some of our initiatives and we would like for him not to spend all the money in the spending fund balance.

Rep Eckstrom: How does he create a budget?

Rep Monson: What ever of the first 65 million he can use that. If there is more than that beyond the 200,000, If like this time there was 526 million expected here, there would be 32.5 million that the Legislature would have in this little fund. The Governor gets ½ of that first and the budget stabilization get 200,000 and then everything after that the Governor can go ahead and use. This year we would have had 32.5 million dollars that we could have used for some of our little pet projects. The Governor would have had 300,000 million to build his budget around.

Chairman Svedjan: The Governor certain has all of the projected revenue over the 2 year period of time. For any amount over the 65 million, which is above the 2.3 or 2.4 billion in total revenue, that is what the Governor will use for his budget. This is just for the overage that we are talking about.

Rep Nelson: In the original bill, I see that the State Water Commission was utilizing some of the money for the Red River Water Supply. We are not jeopardizing water projects with this fund.

Rep Wald: The 32.5 million also becomes a cap in the fund and can not exceed this.

Rep Monson: That isn't to say we couldn't reduce the Governor's budget.

Rep Eckstrom: Was there any discussion about apportioning this in terms of political representation?

Rep Glasshiem: How do I get my pet project out of this? Is there going to be earmarks? This is nonsense; I can't understand how you think you are running this place? I try to help you guys out you know and you keep trying to do silly things. You don't have the intestinal fortitude to make a budget?

A voice vote was taken. The amendment was adopted.

Rep Monson: Made a motion for a "Do pass as amended" and seconded by Rep Wald.

Rep Eckstrom: Was there any discussion as to going to your Governor and ask him to put some percentage for dollars aside for special projects.

Rep Monson: I don't think we did discuss that. We did put in there that we could have Legislative intent, that this is a veto proof bill.

Roll Call vote was taken. It was 7 yes, 13 no and 4 absent.

The motioned failed.

A motion was made for a do not pass by Rep Glassheim and seconded by Rep Ekstrom.

A roll call vote was taken 15 yes, 5 no and 4 absent.

The bill is carried by Rep Glassheim.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2356

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact section 54-27.2-01.1 of the North Dakota Century Code, relating to the creation of the legislative initiative fund; to amend and reenact sections 54-27.2-01 and 54-27.2-02 of the North Dakota Century Code, relating to the budget stabilization fund; to provide an effective date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-27.2-01 of the North Dakota Century Code is amended and reenacted as follows:

54-27.2-01. Budget stabilization fund. The budget stabilization fund is a special fund in the state treasury. The state investment board shall supervise investment of the budget stabilization fund in accordance with chapter 21-10. Any interest or other budget stabilization fund earnings must be deposited in the fund. Any amounts provided by law for deposit in the fund and any interest or earnings of the fund which would bring the balance in the fund to an amount greater than ~~five percent of the current biennial state general fund budget, as finally approved by the most recently adjourned special or regular session of the legislative assembly,~~ two hundred million dollars may not be deposited or retained in the fund but must be deposited instead in the state general fund.

SECTION 2. Section 54-27.2-01.1 of the North Dakota Century Code is created and enacted as follows:

Legislative Initiative fund - Creation - Uses. The legislative initiative fund is a special fund in the state treasury. Moneys in the fund may be spent, subject to legislative appropriations, for state government initiatives as determined by the legislative assembly.

SECTION 3. AMENDMENT. Section 54-27.2-02 of the North Dakota Century Code is amended and reenacted as follows:

~~54-27.2-02. Certain Allocation of ending general fund revenues to be deposited in the budget stabilization fund balance.~~ Notwithstanding any other provision of law except section 54-27.2-01, any amount in the state general fund in excess of sixty-five million dollars at the end of any biennium must be transferred by the state treasurer to the budget stabilization fund. For purposes of this section, "at the end of any biennium" means The state treasurer shall allocate amounts in the state general fund at the end of each biennium after cancellation of unexpended appropriations under section 54-44.1-11 as follows:

1. Up to the first sixty-five million dollars, fifty percent must be allocated to the legislative initiative fund and fifty percent must be retained in the general fund.
2. Any amounts in excess of sixty-five million dollars must be allocated to the budget stabilization fund, except that allocations may not be made that would exceed the maximum balance allowed in the fund under section 54-27.2-01.

SECTION 4. EFFECTIVE DATE. This Act becomes effective July 1, 2007, and affects the use of the ending general fund balance for the 2005-07 biennium.

SECTION 5. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

Date: 3/23/07
Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2356

House Appropriations Full Committee

Check here for Conference Committee

Legislative Council Amendment Number 70815.0402

Action Taken Adopt amend. 0402

Motion Made By Monson Seconded By Wald

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Representative Wald			Representative Aarsvold		
Representative Monson			Representative Gulleson		
Representative Hawken					
Representative Klein					
Representative Martinson					
Representative Carlson			Representative Glassheim		
Representative Carlisle			Representative Kroeber		
Representative Skarphol			Representative Williams		
Representative Thoreson					
Representative Pollert			Representative Ekstrom		
Representative Bellew			Representative Kerzman		
Representative Kreidt			Representative Metcalf		
Representative Nelson					
Representative Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Vote - carries

Date: 3/23/07
 Roll Call Vote #: 2

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2356

House Appropriations Full Committee

Check here for Conference Committee

Legislative Council Amendment Number 70815.0402

Action Taken No Pass as amended

Motion Made By Monson Seconded By Wald

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan		✓			
Vice Chairman Kempenich		✓			
Representative Wald	✓		Representative Aarsvold	✓	
Representative Monson	✓		Representative Guleson		✓
Representative Hawken		✓			
Representative Klein	✓				
Representative Martinson		✓			
Representative Carlson		✓	Representative Glassheim		✓
Representative Carlisle		✓	Representative Kroeber		✓
Representative Skarphol	✓		Representative Williams		✓
Representative Thoreson	✓				
Representative Pollert	✓		Representative Ekstrom		✓
Representative Bellew		✓	Representative Kerzman		✓
Representative Kreidt		✓	Representative Metcalf		✓
Representative Nelson		✓			
Representative Wieland		✓			

Total (Yes) 7 No 13

Absent 4

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 3/23/07
 Roll Call Vote #: 3

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2356

House Appropriations Full Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken No Not Pass ~~Amended~~ ^{no amended}

Motion Made By Glassheim Seconded By Ekstrom

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	—				
Representative Wald		✓	Representative Aarsvold		✓
Representative Monson		✓	Representative Gulleason	✓	
Representative Hawken	—				
Representative Klein		✓			
Representative Martinson	✓				
Representative Carlson	—		Representative Glassheim	✓	
Representative Carlisle	✓		Representative Kroeber	✓	
Representative Skarphol	✓		Representative Williams	✓	
Representative Thoreson		✓			
Representative Pollert	✓		Representative Ekstrom	✓	
Representative Bellew	✓		Representative Kerzman	—	
Representative Kreidt	✓		Representative Metcalf	✓	
Representative Nelson	✓				
Representative Wieland	✓				

Total (Yes) 15 No 5

Absent 4

Floor Assignment Glassheim

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2356, as engrossed: Appropriations Committee (Rep. Svedjan, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (15 YEAS, 5 NAYS, 4 ABSENT AND NOT VOTING). Engrossed SB 2356 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact section 54-27.2-01.1 of the North Dakota Century Code, relating to the creation of the legislative initiative fund; to amend and reenact sections 54-27.2-01 and 54-27.2-02 of the North Dakota Century Code, relating to the budget stabilization fund; to provide an effective date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-27.2-01 of the North Dakota Century Code is amended and reenacted as follows:

54-27.2-01. Budget stabilization fund. The budget stabilization fund is a special fund in the state treasury. The state investment board shall supervise investment of the budget stabilization fund in accordance with chapter 21-10. Any interest or other budget stabilization fund earnings must be deposited in the fund. Any amounts provided by law for deposit in the fund and any interest or earnings of the fund which would bring the balance in the fund to an amount greater than ~~five percent of the current biennial state general fund budget, as finally approved by the most recently adjourned special or regular session of the legislative assembly,~~ two hundred million dollars may not be deposited or retained in the fund but must be deposited instead in the state general fund.

SECTION 2. Section 54-27.2-01.1 of the North Dakota Century Code is created and enacted as follows:

Legislative initiative fund - Creation - Uses. The legislative initiative fund is a special fund in the state treasury. Moneys in the fund may be spent, subject to legislative appropriations, for state government initiatives as determined by the legislative assembly.

SECTION 3. AMENDMENT. Section 54-27.2-02 of the North Dakota Century Code is amended and reenacted as follows:

~~**54-27.2-02. Certain Allocation of ending general fund revenues to be deposited in the budget stabilization fund balance.** Notwithstanding any other provision of law except section 54-27.2-01, any amount in the state general fund in excess of sixty-five million dollars at the end of any biennium must be transferred by the state treasurer to the budget stabilization fund. For purposes of this section, "at the end of any biennium" means~~ The state treasurer shall allocate amounts in the state general fund at the end of each biennium after cancellation of unexpended appropriations under section 54-44.1-11 as follows:

1. Up to the first sixty-five million dollars, fifty percent must be allocated to the legislative initiative fund and fifty percent must be retained in the general fund.
2. Any amounts in excess of sixty-five million dollars must be allocated to the budget stabilization fund, except that allocations may not be made that would exceed the maximum balance allowed in the fund under section 54-27.2-01.

SECTION 4. EFFECTIVE DATE. This Act becomes effective July 1, 2007, and affects the use of the ending general fund balance for the 2005-07 biennium.

SECTION 5. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

2007 TESTIMONY

SB 2356

**North Dakota University System
SB2356 Testimony, January 30, 2007 to Senate Appropriations
Laura Glatt, Vice Chancellor for Administrative Affairs**

SB2356 would provide a contingent appropriation of up to \$50 million to the NDUS for extra-ordinary repairs. An investment in your state facilities is desperately needed. Currently, the NDUS has a backlog of deferred maintenance of nearly \$120 million on state-funded facilities, including facilities at the Agricultural Research Stations. I have attached a breakdown by institution. In addition, a substantial deferred maintenance backlog has accumulated on non-state funded facilities as well (e.g. residence halls, student centers, etc.). The NDUS is not asking the state to help with the non-state funded facilities. That is an NDUS responsibility, but we do need your help in properly maintaining the state-funded assets.

HB1003, the NDUS appropriation bill, includes \$7.5 million in **base** funding for extra-ordinary repairs. These are the funds the institutions use for regular repair and maintenance of facilities. This provides \$3.75 million annually to maintain \$1.2 billion in state-funded facilities and infrastructure or 0.3% of value per year. Industry standards suggest a regular investment of 1.5-3.0% per year in facilities. This level of funding provides for a 302-year replacement cycle for facilities. Furthermore, campuses must pay annual special assessments from this same source of funding. For example, MaSU receives a biennial appropriation of \$209,000 or about \$105,000 per year. Roughly one-half of this amount is used to pay city special assessments. As a result, they have about \$55,000 per year in repair and maintenance funding for their \$38 million plant or an annual investment of about 0.15% of plant value.

The proposed NDUS appropriation bill also includes \$11.1 million in **one-time** funding for deferred maintenance and \$14.4 million in one-time state general funds for major capital projects (i.e. major new construction or renovation—SBHE prioritized projects). Generally, these major capital projects have been bonded, but in this budget proposal they are funded with state general fund cash. Taken together, the funding included in the budget is significant and is much appreciated. However, as is pointed out above, we have a major deferred maintenance challenge and additional funding would help address some of the remaining needs. Modern and technologically up-to-date facilities are becoming even more critical for the attraction and retention of students and the preparation of students for work in the 21 century economy.

Thank you for your thoughtful consideration of this bill and we would appreciate your support of this legislation.

NORTH DAKOTA UNIVERSITY SYSTEM
SBHE APPROVED ALLOCATION OF \$10 MILLION DEFERRED MAINTENANCE REQUEST
SUMMARY OF OUTSTANDING DEFERRED MAINTENANCE NEEDS
2007-09 Biennium (As of May 2006)

State Funds

Name	(1)	(2)	(3)		(4)	(5)
	Category 1 Health & Safety	Category 2 ADA	Networking	Major Repairs	Total Outstanding Needs-Categories 1-3	
BSC	\$473,000	\$114,000	\$189,000	\$1,264,000	\$2,040,000	
LRSC	0	0	36,000	512,000	548,000	
WSC	50,000	29,000	90,000	0	169,000	
UND	1,177,000	3,367,000	6,010,000	29,900,000	40,454,000	
NDSU	894,000	1,511,000	381,000	27,240,000	30,026,000	
NDSCS	373,000	8,000	0	5,390,000	5,771,000	
DSU	635,576	511,041	580,000	7,166,549	8,893,166	
MaSU	642,700	856,400	28,200	9,395,600	10,922,900	
MISU	581,000	633,000	157,000	9,814,000	11,185,000	
VCSU	59,800	166,000	31,200	6,764,000	7,021,000	
MiSU-BC	10,000	30,000	0	491,000	531,000	
FOREST SERVICE	17,000	0	3,000	230,000	250,000	
TOTAL	\$4,913,076	\$7,225,441	\$7,505,400	\$98,167,149	\$117,811,066	

NOTES:

Category 3 (major repairs) consists of roofs, streets, sidewalks, parking lots, curb, gutter, mechanical systems, HVAC, heating plant and electrical projects.

②
Mike
Dwyer

RED RIVER VALLEY WATER SUPPLY
WATER REQUIREMENTS, FUNDING, TIMETABLE

1. WATER REQUIREMENTS

NAWS – 20,000 acre-feet
SWPP – 12,000 acre-feet
RRVWSP – 88,000 acre-feet
Total = 120,000 acre-feet

Percentage of Water Available –
A. Lake Sakakawea Storage @18 million acre-feet = .667%
B. Missouri River Flow @16 million acre-feet = .75%

2. FUNDING: TOTAL ESTIMATED COST-\$600 MILLION

- I. Federal Share \$200 million (loan)
- II. Local Share \$200 million (water service contract bonds)
- III. State Share \$200 million
 - A. \$100 million – MR&I Program
 - B. \$40 million – WDTF Bonding
 - C. \$30 million – RTF (cash)
 - D. \$30 million – General Fund (cash)

3. PHASES

<u>Phase I – \$400 million</u> –	<u>Funding</u>
Pipeline to Lake Ashtabula	\$200 million local
Treatment (Federal Cost-not	\$100 million state
Included in the \$400 million)	\$100 million federal (loan)

<u>Phase II – \$200 million</u> –	<u>Funding</u>
Wahpeton	\$100 million state (MR&I)
Grafton Intake	\$100 million federal (loan)
Rural Water Supply	

4. TIMETABLE FOR STATE FUNDING

Phase I – 6 years

- a. 2007-13 State Funds – \$100 million
 - A. \$40 million-Bonding
 - B. \$30 million-General Fund
 - C. \$30 million-Resources Trust Fund
- b. 2007-09 \$12 million + Bonding Authority (SB 2345)
- c. 2009-13 \$48 million (\$24 million RTF/\$24 million GF)

- *Allows state MR&I in Phase II (\$100 million)*
- *Realizes significant construction cost savings*
- *Balances federal and state obligation*
- *MR&I requires local match/shared with tribes*

Phase II – 4 years

- a. 2013-17+
- b. State MR&I Program - \$100 million

Testimony by Dave Koland, General Manager
Garrison Diversion Conservancy District

To the

Senate Appropriations Committee Hearing on SB 2356

Bismarck, North Dakota
January 30, 2007

Mr. Chairman, members of the committee; my name is Dave Koland. I serve as the General Manager of Garrison Diversion Conservancy District. Garrison Diversion is a political subdivision of the state created in 1955 to construct the Garrison Diversion Unit of the Missouri River Basin Project as authorized by Congress on December 22, 1944. Amendments in 1986 and 2000 have changed Garrison Diversion from a million acre irrigation project into a multipurpose project with an emphasis on the development and delivery of municipal and rural water supplies. The Dakota Water Resources Act of 2000 (an amendment to the Garrison Diversion Reformulation Act of 1986) authorizes \$200 million for construction of the Red River Valley Water Supply Project to meet the needs of the Red River Valley.

We have expended a significant amount of money to determine the water needs and evaluate the impacts of a severe drought in the Red River Valley. The studies clearly show that with our current population, and a drought similar to what western North Dakota is experiencing right now, the major cities that rely on a surface water source will face devastating water shortages. The most

optimistic schedule for delivering water from the Missouri River to the Red River Valley is six years from today. A construction project of this magnitude will require approximately 125 miles of 66" pipe.

The ability to preorder pipe, lock in a steel price and the shipment schedule is crucial to maintaining a tight delivery schedule.

Mr. Chairman, members of the committee; providing a contingent appropriation in this manner would be a great opportunity to reduce the cost and ensure the timely completion of this important project.

ENGROSSED SENATE BILL NO. 2356 - EFFECT ON JUNE 30, 2009, GENERAL FUND BALANCE

Senate Bill No. 2356 provides a contingent appropriation of up to \$200 million from the general fund for elementary and secondary education (\$50 million), higher education (\$50 million), and water projects (\$100 million) for the 2007-09 biennium upon the determination by the director of the Office of

Management and Budget in either July or November 2008 that the June 30, 2009, ending general fund balance is projected to exceed \$40 million.

The schedule below presents the use of the potential June 30, 2009, general fund balance under provisions of Senate Bill No. 2356:

June 30, 2009, General Fund Balance Projected by the Director of the Office of Management and Budget ¹	Use of Funds ¹
\$0 to \$40 million	Remains in general fund
Over \$40 million to \$240 million	For purposes provided for in Senate Bill No. 2356
Over \$240 million to \$265 million	Remains in general fund
Over \$265 million	Could be deposited in budget stabilization fund depending on maximum balance allowed ² (currently 5 percent of general fund budget (approximately \$100 million) - Governor proposed increasing the maximum balance to \$200 million)

¹The schedule does not reflect contingent appropriations included in Senate Bill No. 2200.
²House Bill No. 1429 increases the maximum balance allowed in the budget stabilization fund to 10 percent of the general fund budget effective July 1, 2009.

Senate Bill No. 2356 does not affect any June 30, 2007, transfers to the budget stabilization fund, which as proposed in the executive budget would be \$100.6 million, bringing the balance in the fund to \$200 million.

Senate Bill No. 2356 does not affect the transfers to the taxpayer relief fund provided for in Senate Bill No. 2202 which are projected to be \$2,576,000 from sales tax collections.

Testimony by Dave Koland, General Manager
Garrison Diversion Conservancy District

To the

**House Education and Environment Appropriations Committee
Hearing on SB 2356**

Bismarck, North Dakota
March 5, 2007

Mr. Chairman, members of the committee; my name is Dave Koland. I serve as the General Manager of Garrison Diversion Conservancy District. Garrison Diversion is a political subdivision of the state created in 1955 to construct the Garrison Diversion Unit of the Missouri River Basin Project as authorized by Congress on December 22, 1944. Amendments in 1986 and 2000 have changed Garrison Diversion from a million acre irrigation project into a multipurpose project with an emphasis on the development and delivery of municipal and rural water supplies. The Dakota Water Resources Act of 2000 (an amendment to the Garrison Diversion Reformulation Act of 1986) authorizes \$200 million for construction of the Red River Valley Water Supply Project to meet the needs of the Red River Valley.

We have expended a significant amount of money to determine the water needs and evaluate the impacts of a severe drought in the Red River Valley. The studies clearly show that with our current population, and a drought similar to what western North Dakota is experiencing right now, the major cities that rely on a surface water source will face devastating water shortages. The most

optimistic schedule for delivering water from the Missouri River to the Red River Valley is six years from today. The Red River Valley Water Supply Project will require approximately 125 miles of 66" diameter cement coated steel pipe.

The ability to preorder pipe and lock in a steel price will be very helpful to maintaining a tight delivery schedule.

Mr. Chairman, members of the committee; providing a contingent appropriation in this manner would be a great opportunity to reduce the cost and ensure the timely completion of this important project.

**North Dakota University System
Engrossed SB2356
March 5, 2007 to House Appropriations-Education
Laura Glatt, Vice Chancellor for Administrative Affairs**

SB2356 would provide a contingent appropriation of up to \$50 million to the NDUS for extra-ordinary repairs. An investment in your state facilities is desperately needed. Currently, the NDUS has a backlog of deferred maintenance of nearly \$120 million on state-funded facilities, including facilities at the Agricultural Research Stations. I have attached a breakdown by institution. In addition, a substantial deferred maintenance backlog has accumulated on non-state funded facilities as well (e.g. residence halls, student centers, etc.). The NDUS is not asking the state to help with the non-state funded facilities. That is an NDUS responsibility, but we do need your help in properly maintaining the state-funded assets.

Engrossed HB1003, the NDUS appropriation bill, includes \$6.7 million in base funding for extra-ordinary repairs. These are the funds the institutions use for regular repair and maintenance of facilities. This provides \$3.35 million annually to maintain \$1.2 billion in state-funded facilities and infrastructure or less than 0.3% of value per year. Industry standards suggest a regular investment of 1.5-3.0% per year in facilities. This level of funding provides for over a 300-year replacement cycle for facilities. Furthermore, campuses must pay annual special assessments from this same source of funding.

The proposed NDUS appropriation bill also includes \$11.6 million in one-time funding for deferred maintenance and \$23.4 million in one-time state general funds for major capital projects (i.e. major new construction or renovation). Generally, these major capital projects have been bonded, but in this budget proposal they are funded with state general fund cash. Taken together, the funding included in the budget is significant and is much appreciated. However, as is pointed out above, we have a major deferred maintenance challenge and additional funding would help address some of the remaining needs. Modern and technologically up-to-date facilities are becoming even more critical for the attraction and retention of students and the preparation of students for work in the 21st century economy.

Thank you for your thoughtful consideration of this bill and we would appreciate your support of this legislation.