2013 HOUSE APPROPRIATIONS

HB 1002

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Education and Environment Division
Sakakawea Room, State Capitol

1002
January 11, 2013
17110

☐ Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the office of the secretary of state and public printing; to provide an exemption; and to amend and reenact section 54-09-05 of the North Dakota Century Code and section 3 of chapter 28 of the 2011 Session Laws, relating to the salary of the secretary of state and funding of the mainframe migration computer project.

Attachments 1,2

Chairman Skarphol: Called the committee to order to hear HB 1002. Introduced was the Secretary of State, Al Jaeger.

Jeager: Distributed Attachment # 1 and began with explanation of P. 1, reporting on the audit that ended June 30, 2010. No major findings were given and all the informal recommendations were adopted. Public Printing is the amount that is included in the Secretary of State's budget. I have no control with expenditures and distribute the Century Code, Administrative Code and pay the bill.

Chairman Skarphol: Who negotiates with LexisNexis.

Jaeger: Talk to John Walstad, Legislative Council.

Chairman Skarphol: So the fact that we are getting the CDs is a function of the contract that was negotiated previously, we have no choice. So do you know when that is up for renegotiation?

Jaeger: We don't get involved with that either, only the distribution of the hard copies, such as the Century Code. We add mailing and shipping and handling.

Chairman Skarphol: Does the law require that you publish so many copies and to whom you have to furnish a written copy and who has an optional?

Jaeger: The law requires that agencies get a copy.
Hard copy is an option for legislators. Senator Carlisle's initiative in drafting a bill made it optional.

Chairman Skarphol: If a law needs to be changed we need to take some responsibility for getting it changed.

Jaeger: We have it in our budget. We do not physically get them in anymore, they are dropped directly from the publisher to everyone
Introductions of staff were introduced, Renee Bloms is the accountant.
Continuing with testimony. Much of what you see is taken out of the budget request we give to OMB (Office of Management and Budget). Some changes have been made. Reference made to online copy. Referring to P. 2 of Attachment 1. It was prepared and submitted last September. In terms of the budget, it is a hold even budget.
Page 8 of the budget section (**9:22**) discussing Optional Requests. Referring to the heading called "Compression" we took all of our people and matched them up with time and grade, their classification and matched them with the Hay recommendations and moved the people around so they were in the same position under the new guidelines as they would have been under the previous system. The Governor has done a different package on that. Continuing under credit card cost, much of the work is done by credit card.

Chairman Skarphol: That is a credit card charge for services that you allow to be put on credit cards.

Jaeger: Yes, we were the lead agency that could accept credit cards.
Pay-outs for retirements was explained (**14:53**)
Page 3, explains issues facing the office. The state of the office is in good shape. Because of increases we are processing a little over 780,000 more documents per year than in 1995. The Work load has increased but we have had little change in staffing.

Chairman Skarphol: Has your workload increase continued?.

Jaeger: We are the first place where businesses register.
The technology department is on track and on budget. Staff will start in the second week of June to have no vacations requests honored. (**17:59**)
We will take the excess and carry it forward so that we have funds available from special funds not general funds and to accommodate law changes.

Chairman Skarphol: What do you anticipate being left at the end of the biennium?

Jaeger: About $100,000 to $150,000.

Chairman Skarphol: What portion of that would be attributable to completing the IT project?

Rep. Martinson: About the only thing I use of your website is the campaign disclosure
I don't understand why I can't save it and why we can't fill out that form and email it to you. This takes extra staff time. Create a PDF file that can be transmitted.

Jaeger: By next campaign people will be able to file on line.

Chairman Skarphol: Are all documents in your agency going to be available for filing with a PDF on line?

Jaeger: I can't speak to all of them.
There is a specific process. It is a work in process.

Rep. Martinson: Maybe yours isn't working. Other agencies are experiencing problems. (23:18)

Jaeger: The election part is separate. Where the public I served it is working efficiently. We concentrated on that and election night returns, there were 4000 users on the website at any one time on election night.

Rep. Martinson: I am thinking of saving staff time.

Jaeger: We have huge challenges.

Chairman Skarphol: We will ask ITD to come in next Thursday, so we can find out what is happening enterprise wise.

Jaeger: The enterprise single portal is not in this budget. I have handouts on the technology, see Attachment # 2. We had asked for $500,000 and the Governor recommended $250,000. And you guys gave us $125,000.

Chairman Skarphol: The go live date is expected to be....

Jaeger: It will be coming out in phases, we'll have something in the fall and it carries into 2014.

Chairman Skarphol: The vendor is ITD on getting that completed.

Jaeger: Because of the added staff and temporary staff we ran out of room. A staff of eight occupy the lower level of the North Dakota Association of Counties building.
Move on to page 5 (**29:00**) regarding the demand for services of new filings per month for the last 18 months. The graph, second to the last page, best illustrates this.
It is leveling off, a bit of a drop at the end. (**30:50**) We now have about 10% more notary publics because there are more businesses that employ them. There is an increase in contractor licensing, P. 5. Of 92%

Chairman Skarphol: The difference in time required between new contracting licensing and renewals, the initial licensing would take longer than the renewal.

Jaeger: We are on track, they can be licensed right on the spot. We were one of the lead managing agencies during the Minot flood. We have requests into FEMA for about $20,000 in reimbursement but have not received anything yet. There were staff changes during this time, one staff member retired during his time and others were on paid medical leave.

Chairman Skarphol: On P. 5, the column for June 30, 2012, is 9,220 the total number of contractors that you have registered in the state?

Jaeger: That have licenses.

Chairman Skarphol: Do they need to renew on an annual basis?

Jaeger: March 1st.

Chairman Skarphol: What percent of that 9,200 is new contractors that you had to license?

Jaeger: All of that is new, we didn't have those people before.

Chairman Skarphol: The chart that you showed us was the number of new filings per month.

Jaeger: That is on business registrations. This is business registrations, trade names, limited liability. They are huge.

Chairman Skarphol: In that column at the bottom of that page you have a total of 120,471. Which categories would not be included in that chart under new business filings.
.
Jaeger: Notary publics are not included in that chart but are included in the business statistics.

Chairman Skarphol: Do they have to have annual renewals?

Jaeger: We are processing about 80,000 more documents per year. That reflects the total of increases per year because they have to file an annual report. By fall we hope that they will be able to file on line and Temps will not be needed because the reports will be made on line. (**37:44**)Referring to Appendix B Biennium General Fund Revenue. We are 8.2M over budget from the projection. Normally we are a revenue generator for the general fund. ND has over $1M coming from federal but we will never see it. When it comes to federal, interest is coming though not very much and it goes into the account.
In the budget, we show how as an agency our expenditure has revenue that we have generated. The staff is very conscientious

Chairman Skarphol: Let's look at the green sheet. A copy was given to Jaeger.
Moving through items one at a time. (42:00) Executive budget highlights at the bottom of the page. One time funding…

Jaeger. That is a continuing appropriation, there is a law that allows us to carry it forward.

Chairman Skarphol: That is the one that will finish up your project.

Jaeger: We still have the funds available.

Chairman Skarphol: Item # 2,

Jaeger: We have the requirement to file open public meetings with the Secretary of State's Office. The Attorney General has an open meeting committee that recommended these events be posted on line. It will allow all state agencies to post their meeting notices on line. That will relieve some of the time for us.

Chairman Skarphol: This is money that was in your budget. Not turn back.

Vice Chairman Monson: Is this discontinued because it is done across all agencies or has it been moved from your budget to another budget?

Jaeger: It is a one time, to where the filing is done in my office. Any agency can post meeting notices.

Vice Chairman Monson: This is not needed for funding any more. It is not in any other budget.

Jaeger: There is no need for it. It was a onetime need for ITD.

Chairman Skarphol: Discussing items 3 and 4 which are general funds.

Jaeger: There will be a time of cross over.

Chairman Skarphol: This will get you off the

Jaeger: We are off the main frame

Chairman Skarphol: Continuing on green sheet with item 5

Jaeger: We have federal funds available.

Chairman Skarphol: Is this less because of a project completion?

Jaeger: No, This reflects on our federal funds what our needs are. It gives us the spending authority.

Chairman Skarphol: Item # 7 on page 2 of the green sheet.

Jaeger: We are banking the counties to buy the poll books and they have to pay us back.

Chairman Skarphol: Item # 7, Anticipated to be permanent.

Jaeger: We were initially commissioned for FTEs, we can request FTE under federal funds. I have to ask for your approval to continue it. I have to have your approval to continue it.

Chairman Skarphol: Where did you find the money to pay for it?.

Jaeger: With special funds that were available. There were a couple of requests that went through the emergency commission.

Rep. Streyle: Is that two or five bodies?

Jaeger: It is three. If they are not needed in the future, we will tell you.

Chairman Skarphol: That is the full cost of those three.

Jaeger: That is the health, and what have you. I had to hire people who received, under the compression. They were paid almost as much as long time hires.

Rep. Martinson: Who tells you what you can and cannot do with regard to hiring?

Jaeger: This is instructions from OMB. We had to follow the Hay Study new grades. We have no choice.

Rep. Martinson: How can they tell you what you can do?

Jaeger: We follow the HRMS guidelines.

Peterson: It is in legislative action that approves and that controls how much they can spend and how many FTE they can hire. The Secretary of State does not decide that. HRMS (Human Resources Management Services) guidelines and rules (**55:16**) regarding non classified personnel. It is in statute. HB 1031 was passed last time. The Secretary of State and One Deputy are not classified, and an administrative Assistant.

Chairman Skarphol: What would the penalty if he had not followed the law and payed them less.

Peterson: There is a provision for an exception in such cases where there is not enough money to pay. He could go to Human Resources.

Jaeger: Hard to pay new hires as much as long time employees.

Chairman Skarphol: Where does the money come from?

Peterson: When we adjusted those salary ranges there were agencies that were below the minimum range. We worked with them to get them to the amount and to look within their budgets. It was delayed a year because of the money.

Chairman Skarphol: To understand what we have done dollar wise with regard to the Hayes group, have you provided documentation by agency to how much any agency had to come up with to implement the Hayes plan?

Peterson: We do have those, there were about 20 that were impacted.

Jaeger: That item called compression was what we needed to do to put our people in the correct time of service with the Hay study.

Chairman Skarphol: You were one of the agencies that had to come up with the savings in order to make the adjustments within your staff.

Jaeger: No, we were asked as agencies to analyze our present salaries and what was required under the Hay Study. We tried to make sure that they were in the same comparable category, this usually meant an increase.

Chairman Skarphol: There are agencies that have made requests, what were they granted?

Peterson: In their 2013-15 budget requests they would have had in their base budget $20,000 to the $10,000 to cover two years.

Chairman Skarphol: It is not distinguished; Give me a list of those that have it in their budget that is not distinguished.

Vice Chairman Monson: Not every agency had to follow the Hay recommendation. Was it a pilot thing that we as legislators put in last time? Did all agencies have to do that?

Peterson: All agencies with classified employees are required to follow the guidance of the Hay Study embodied in HB 1031 last session.

Vice Chairman Monson: Who required this study to force agencies to have compression?

Peterson: I am not aware of the recommendation for the study.

Jeager: It was legislative action.

Vice Chairman Monson: We put this in place which requires the compression.

Peterson: As Mr. Purdy explained, agencies can use dollars for people that fall below the market, so they can look at what their compression issues are and start moving those with more experience up further into the range closer to the market.

Vice Chairman Monson: We forced these raises that is going to cost us a lot more money.

Peterson: We had to have faced it one way or another and make an effort to keep up with rising salaries. This would have been an issue with or without the Hay study.

Rep. Grande: We already had compression and that is what brought in the Hay Study.
We ended up with the adoptions of some of the Hay group brought forward. It came down to the fact that the salaries were low market in that when they did that they took out some

of the classifications and that caused more compressions. He didn't feel that the benefit packages mattered.

(1:08)
Rep. Boe: The Hay study, is it a rule or a law.

Peterson: The HRMS Division of OMB must promulgate rules on all of the processes that fall within their purview. The legislation is the framework and then HRMS must take that framework and the actual mechanics and the administrative rules. As part of that rule making there will be examples of where an exception was made. They put the option of where the director of HRMS can allow an exception with an explanation from the agency.

Rep. Martinson: My memory of the Hay study and we ignored everything it said, we didn't ignore it.

Jaeger: The legislature mandated that we follow the Hay study but didn't fund it.

Chairman Skarphol: On the green sheet, number 8, the $100,000 for the credit card thing. Is this a onetime $100,000 or will it continue to go up?

Jaeger: We were not charged the credit card fee but now it will be bumped up because we are doing it on line. It will be part of our budget.

Chairman Skarphol: This is a first time event, the first time we have had to cover your credit card costs?

Jaeger: We've had a line item for credit card costs before. It is in operating....This will bump up because people are doing it on line.

Vice Chairman Monson: Is it going up because the population is growing?

Jaeger: We were not charged for several biennia but will continue to go up because of the number of documents and charges being made to credit cards..

Chairman Skarphol:
Number 9, is that because it is cheaper to run on the new system than the main frame?

Jaeger: That is the amount for the hold even budget and we were also supposed to identify some savings.

Chairman Skarphol: We will get back to that one. Item 10, where.....?

Jaeger: We will be charged for the host connect.

Chairman Skarphol: The $43,000 that got decreased there's a $17,000 that will be an increase. Item 11, that is to implement the plan that Mr. Purdy talked about. And increases funding for public printing. Is that wholly a function of the Century Code?

Jaeger: That is the item that John Walstad says that this is our needs for the next biennium. By law I am the distributor for the costs of the Legislative Council and I am the distributor..

Chairman Skarphol: Is it required by law? It should be in the legislative council budget

Jaeger: I suggested it but I got my head chopped off and I never brought it up again.

Vice Chairman Monson: The credit card issue, are you getting charged, Is part of this increase because of regulations changed at the federal level that said that Banks can charge more?

Jaeger: All costs are based on anticipated costs.

Peterson: All credit card transactions have to be managed by the Bank of North Dakota required by State Statute. Because this is a large number, administrative costs are being move into each state agency.

Vice Chairman Monson: We can see a $100,000 increase in cost here, we should see a $100,000 increase in revenue in the State Bank special fund revenue and more from other agencies.

Peterson: The Bank of North Dakota budget does not reflect the agency budgets. It is part of their transaction business that by the constitution is not part of their agency budget.

Vice Chairman Monson: We are paying ourselves somewhere in their bottom line they will show an increase in profit.

Chairman Skarphol:
You said it is a hold even budget, in looking at BARS (Budget Analysis Reporting System) you had $25,000 just listed as other expenses and it is gone.

Jaeger: If it isn't in there we didn't need it. Renee does the budget now.

Chairman Skarphol: No further questions the meeting is adjourned.

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Education and Environment Division
Roughrider Room, State Capitol

HB 1002
February 7, 2013
18482

☐ Conference Committee

Jocelyn Gallagher

Explanation or reason for introduction of bill/resolution:

Minutes:

Chairman Skarphol: Discussion about the Secretary of State's budget. Secretary of State asked for 100,000 dollars to pay for the costs of credit card fees. According to document received from BND over 18 months Sec. of State was charged 67,100 dollars for credit card processing fees. The bank charged agencies 3.83 million. Total cost of processing work and credit card company fees was 3.6 so the bank made a couple hundred thousand dollars across all state agencies. Do we want to put that 100,000 dollar in cause to my knowledge we don't do it for anyone else?

Rep Dosch: It is the cost of doing business and it makes it easier for business, I think we're fine doing that.

Chairman Skarphol: My concern would be if we start doing it for one will we have to do it for all. Should we disallow the bank from making money on it and call it good?

Rep. Dosch: I'm not sure how many agencies take payment.

Chairman Skarphol: There is a substantial list.

Rep. Boe: Is there a state agency that tacks on a fee for using the charge card?

Chairman Skarphol: Not to my knowledge, I didn't think it was legal.

Joe Morrissette: From own experience like Game and Fish, parks and DOT you don't' pay an extra fee it is the same as cash.

Rep. Streyle: Businesses can charge but none are going to because then they're at a competitive disadvantage. I don't see where their expense would lie in this and why they need to make any money.

Chairman Skarphol: It's 223,000 the bank made over these 18 months. I don't have an issue with that. I don't know of any other agency getting money to cover their costs for doing that.

Chairman Skarphol: (5:46) He went over a sheet that had what various agencies pay. Do we want to start doing it for one entity? Are there any other issues on this green sheet? **#4**, the one- time fund for maintaining the AS400.

Sheila Peterson, Office of Management and Budget Analyst: That is to just maintain until they get new system up and going.

Rep. Streyle: It is scheduled to be done in 2014. I guess it is on track and budget.

Chairman Skarphol: Everybody okay with FTEs?

Chairman Skarphol: The FTEs were authorized for the interim because of workload by the emergency commission and budget section. This would continue those authorized.

Rep. Grande: Wasn't there discussion on salaries?

Chairman Skarphol: Is workload indicated?

Rep. Dosch: I think he needed it for workload and the budget section did approve it. If we timeout those positions and then look at it again next biennium?

Rep. Boe: I was wondering about FTEs if the electronic filing works and they don't have to duplicate, are we going to need these FTEs once they get that implemented.

Chairman Skarphol: As efficiencies are created with a new system will there be need for them? Sheila, are you the one working with this budget? Give us OMBs perspective on the 3 FTEs and the need to sustain them.

Sheila Peterson: We haven't seen a leveling off of business registrations that have been coming in. Six, ten years from now if the workload is down and there is not enough to sustain current positions we should look at removing them. I believe the workload is there for biennium 15-17.

Chairman Skarphol: Have we had an agency that reduced their workforce voluntarily?

Sheila Peterson: Yes. Several agencies have reduced FTEs.

Rep. Dosch: Job service had no choice to reduce because money was cut.

Chairman Skarphol: Was Human Service reduction in workforce the result of the under-funding of their salary line?

Sheila Peterson: Throughout the biennium if they had positions they were able to keep vacant, they permanently went away.

Chairman Skarphol: Give your opinion on setting 1, 2, or 3% into the special line item.

Sheila Peterson: Programming an additional line item is not a big deal. I don't know if it will get you to where you want to be. I'm not confident the 1,2 or 3% levels are going to match up with agencies who need dollars.

Chairman Skarphol: What would you do under current scenario you cited?

Sheila Peterson: It would come from their salary line item and agency would need to make decisions on holding that position open.

Chairman Skarphol: That's the unique situation you're in with a really small agency.

Sheila Peterson: There is no agency that's going to have this issue.

Chairman Skarphol: It is probably not those who concern us the most because they are easily analyzed.

Rep. Streyle: I support what Rep. Dosch said funding these going forward but I think there should be legislative intent to re-review those positions and pull market equity out of this budget as well.

Chairman Skarphol: Is that reflected separately in bars, Sheila?

Sheila Peterson: No, on the green sheet it is on line 11, market equity is 77,237 dollars.

Chairman Skarphol: Until we get an opinion of what we want to do and everything that's been proposed for three to five sessions we're going to double the costs of employees which is 80% of the cost to government. We're not sure we like the proposal that is out there.

Rep. Streyle: On the overtime line, where they pulled that from, if they're adding staff why they still need all that overtime?

Sheila Peterson: The overtime relates to getting that computer system up and running so the old AS400 can go away completely and it's a separate issue from new employees.

Chairman Skarphol: So the 225,600 is primarily IT related?

Sheila Peterson: That is correct.

Chairman Skarphol: How many people does he have working on that if we have that much overtime on that project? I thought IDT was dealing with that.

Sheila Peterson: I don't know how many he has devoted to the testing and making sure the system works the way it needs to be working.

Chairman Skarphol: Rep. Grand is to carry the bill.

Sheila Peterson: That 200,000 is one- time expenditure and we expect that to go away when IT project is completed.

Chairman Skarphol: Is that reflected on green sheet anywhere?

Sheila Peterson: You're not missing it. It's not listed as the one-times on the bill. We can amend the bill to include that in the list of one-times.

Chairman Skarphol: I think that's entirely appropriate if that is the intent. Are there other items in this budget that are one-time that aren't reflected on the green sheet?

Sheila Peterson: There is a 10,000 amount for their copier and 84,000 dollars for IT hosting charges on the AS400. Those are one-time.

Chairman Skarphol: Sheila, make sure the amendment reflects that change.

Sheila Sandness, Legislative Council: The amount of the one-time is all of the overtime or a portion of it?

Sheila Peterson: I have that's it all of it Sheila, the 200, 000 that we added, the new dollars.

Sheila Sandness: The 254,000, is that what we're looking at?

Chairman Skarphol: Bars indicates 225,600.

Rep. Boe: Why do we have to remove one-time funding, if it is truly one-time funding?

Chairman Skarphol: It was a computer project that was appropriated and we discontinued the project and that's the remaining money. It was authorized but not utilized and we don't; want it to continue be authorized so we need to remove it. The same thing applies to the second one.

Chairman Skarphol: Anything else on this one? You want to put a sunset on those three FTEs to have them re-evaluated in the next budget cycle? Sheila, on those three additional FTEs let's have the amendment reflect that as well.

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Education and Environment Division
Roughrider Room, State Capitol

HB 1002
February 11, 2013
18686

☐ Conference Committee

Kristie Hetzler

Explanation or reason for introduction of bill/resolution:

Secretary of State.

Minutes:

Testimony 1,2

Chairman Skarpol: Opens hearing. Ref to testimony 1,2. This information is also referenced Yellow book on D1 and green sheet. Sheila Sandness is here to speak on handed out testimony 1,2. There was discussion on sunset the 3 new employees.

Sheila Sandness: (3:40) There was a desire to add some legislative intent.

Chairman Skarpol: Another issue with the Secretary of State's Office is the overtime line. What is the correct number on this?

Sheila Sandness: $225,600.

Chairman Skarpol: That is included in the budget for overtime, and that overtime has to do with the need for employees to commit to that overtime work because of the IT project that is being developed.

Rep Grande: Where is the overtime listed?

Chairman Skarpol: It is not reflected in yellow book, I found it on the bars document in our computers. Is there anything else we should be discussing?

Sheila Sandness: What I have is the Legislative intent on the 3 FTE's, overtime possibly being a one time fund, we really need to amend that language be included. (7:40)

Skarpol: I thought the project was discontinued.

Sheila: This is the current project that they are working on.

Sheila Peterson: In the past there some changes in who was working on the project, this is the one that is now in the hands of ITD, this should be finished in 2014.

Chairman Skarpol: Is there a lesser amount that would be more appropriate

Sheila Peterson: I believe it should be lesser amount.

Skarpol: The removal that is indicated on the green sheet is appropriate? I see the amount removed but nothing added anywhere to cover any costs going forward.

Grande: I have that done because of carry over and that's why we were taking that money out of the budget.

Chairman Skarpol: So they have enough money to carry forward to finish the project.

Sheila: They want the carry over because the project won't be completed.

Chairman Skarpol: It is important for us to know what that number is, so Ms. Peterson could you find out what that number will be? Is it appropriate that the overtime be reevaluated after the two years?

Rep Streyle: I would think so.

Sheila: Would you like us to add the overtime to the one time funding item so that it is removed from the budget, any new overtime would have to be added back? (10:54)

Chairman Skarpol: Correct.

Skarpol: The third issue is the $100,000 of increased funding for costs related to credit card usage fees.

Ms. Peterson: There are a number of State Agencies accepting credit cards and they are paying this credit card fee. Some agencies use the general fund to pay these fees. (11:50).

Rep Boe: What does the industrial commission use credit cards for?

Ms. Peterson: They sell a lot of maps, and probably on oil and gas there are application fees and etc. Our agencies don't have the authority to charge the user/purchaser any extra because those fees are set by set by state. So they are paid out of their operating costs.

Rep Streyle: They also use them for the well data, using their premier service.

Skarpol: (13:30) I hesitate to use that in a budget, credit card usage fees being compensated back to an agency.

Rep Martinson: I agree with you, they should set their fees accordingly.

Rep Streyle: I agree with Rep Martinson, he should eat all of it in his budget

Rep Grande: Why isn't the Bank of ND reimbursing the agency?

Skarpol: The bank takes in money and pays out money; it's a pass through thing.

Rep Martinson: Moves to not include in the $100,000 in the budget of the Secretary of State for credit card usage fees.

Skarpol: Do you want to give the direction that they adjust their fees accordingly?

Rep Martinson: No

Rep Boe: Second

Discussion:

Rep Boe: This $100,000, that was the number that they expect to incur once they get their IT project done?

Ms. Peterson: This represents the increase in the number of transactions that are going through that office.

Rep Boe: Currently?

Ms. Peterson: There are dollars in their base budget that they have been using to pay their creadit card fees. But since there has been a huge increase in a number of transactions, that's why they asked for this additional $100,000(18:35).

Chairman Skarpol: Total charges in the past 18 months has been $67,100.

Rep Grande: Fees or charges?

Chairman Skarpol: That is what they paid to the BND for processing fees.

Chairman Skarpol: Overtime dollars or employee dollars, some believe they can manage.

Rep Streyle: They will see more expenses once it moves to electronics but then they shouldn't need the 3 bodies either.

Chairman Skarpol: Is there anything to preclude the Secretary of State's office with this?

Ms. Peterson: The statute would prohibit him from doing that, in statute; it says the fee for this transaction is $10. It does not state $10 plus fees. All the fees that are set in statute are capped, and they do not have the authority to add a fee to it.

Vote on the motion to remove the $100,000 from the budget to increase the credit card usage fees.

Yes 6

No 0

Absent 2

Rep Grande: Can we clarify the discussion on carry overs?

Chairman Skarpol: Certain things that are not spent by the biennium, they are automatically allowed to be carried forward.

Rep Grande: Carry over to finish the project? That means the project was not finished, I thought the project was finished, why are we allowing to carry over extra money? And if once the project is finished do they have to give back the left over money if they did not spend it? (23:05)

Chairman Skarpol: I don't know if there has ever been left over money.

Rep Grande: We are taking it away, correct?

Skarpol: The $3.5 million referenced is being taken away and that is why I asked Shiela to come up with a number as to what left that they would be able to complete the project with.

Ms. Peterson: I emailed the Secretary States office to see where they would be at come June 30.

Rep Grande: Last biennium we gave them $3.5 million, they have been spending it on this project, and so is this the project they stopped.

Skarpol : Correct

Rep Streyle: Old project got cancelled, this money rolled into the new project.

Ms. Peterson: I have a list of types of items that you can do carry forward on (26:50). I also have a couple of emails addressing the credit card fees. We currently have $48,000 in our base budget for credit card fees, has of December 31 we spent approximately $61,300. We expect these fees to increase once the project is complete and we have more online filings.

Chairman Skarpol: The other issue is to Sunset the 3 FTE's and dollar amounts associated with that, to make them one time funding. Also to make the overtime a one time funding.

Rep Streyle: Moved

Rep Dosch: Second

Vote

Yes: 6

No: 0

Absent: 2

Chairman Skarpol: With the exception of the state employee pay raise, is there anything else on this budget that the committee wants to discuss.

Ms Peterson: I just heard back from the Secretary of State's Office, they will have $1.2 to $1.3 million carry forward.

Rep Grande: If they don't spend it all, they get it back?

Ms. Peterson: That is correct.

Rep Grande: This is a project that stopped, if we are not doing the project, how is all the money going to be spent?

Chairman Skarpol: The intent is to let ITD finish the project with another vendor. Sheila could you get the exact dollar amount to us when you can please?

Sheila: Yes.

Rep Streyle: Moved

Rep Dosch: Second

Vote:

Yes: 6

No: 0

Absent: 2

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Education and Environment Division
Roughrider Room, State Capitol

HB 1002
February 13, 2013
18887

☐ Conference Committee

Jocelyn Gallagher

Explanation or reason for introduction of bill/resolution:

"Click here to type reason for introduction of bill/resolution"

Minutes:

Handout 1

Chairman Skarphol: Clerk will note everyone is here except Rep. Monson. Try to get some of the amendments taken care of for these bills. Brittani will hand out what we have proposed as amendments and we will need to make a motion in regards to these amendments if we're in agreement.

Chairman Skarphol: With regard to this document Brittani what is your perspective on this? As this is designed and configured is it your interpretation that #1 has been voted on?

Brittani Reim, LC Fiscal: No, these amendments are just proposed they have not been voted on.

Chairman Skarphol: He went over the handout from Legislative Council. Is this the consensus of the committee as to what we had intended so far? Everybody in agreement with that? Would someone like to make a motion we approve these amendments or would you like incorporate the change in the state employee salary package and be done with it?

Chairman Skarphol: We have a motion from Rep. Grande to approve all of these amendments and add to those listed the changes and the pay package for state employees as reflected in the OMB budget by the actions of the full appropriations committee yesterday. Second by Rep. Streyle. Discussion?

Chairman Skarphol: I will repeat the motion, the motion as I understood it was to approve all the items on the handout including removing the funding of 100,000, authorizing the carry forward of up to 1.3 million for computer project and making the overtime funding in the secretaries budget one-time and making the salary lines for these three FTEs that are reflected in as budget one-time and then adding the necessary language relative to the state employees pay package.

Rep. Boe: That was the motion I voted against on yesterday, the pay package adjustment, is that the same one?

Chairman Skarphol: That would be correct, would you like that to be separate?

Rep. Boe: I think so.

Chairman Skarphol: We will amend the motion to not include the pay package, we will make that a separate motion. We will only incorporate the 4 items listed on the handout as I referred to the 100,000, the computer project, the one-time funding for the two different line items. Any discussion? Clerk will take the roll: 7-0-1

Chairman Skarphol: Alirght, then we have I believe the potential amendment to add the state employees pay package as reflected in the OMB budget by the actions of the full committee yesterday. We have a motion to do that, so moved by Rep.Streyle, second by Rep. Grande. Discussion?

Chairman Skarphol: We have the amended bill in front of us. Any other proposed amendments on this or the Secretary of State's budget? Do we have a motion on budget as amended? A motion from Rep. Dosch for a do pass on HB 1002 as amended, second Rep. Grande. Discussion? Clerk take roll as a do pass as amended on HB 1002.
Rep. Grande will carry this bill to full committee and then on the floor.

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee
Roughrider Room, State Capitol

HB 1002
2/20/13
Job 19274

☐ Conference Committee

Jocelyn Gallagher

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the office of the secretary of state and public printing; to provide an exemption; and to amend and reenact section 54-09-05 of the North Dakota Century Code and section 3 of chapter 28 of the 2011 Session Laws, relating to the salary of the secretary of state and funding of the mainframe migration computer project.

Minutes:

Chairman Delzer: Called the committee to order for HB 1002.

Rep. Grande: (0:55) Introduced the bill and amendment .01001.

Chairman Delzer: Want to move the amendments then?

Rep. Grande: So moved.

Chairman Delzer: We have a motion to amend HB 1002 with amendment 01001, second by Rep. Skarphol.

Discussion (3:50)

(6:54) Voice vote on amendment, motion carries.

Rep. Grande: (7:10) Went through the green sheet and discussion was ongoing through the numbers on the green sheet.

Rep. Grande: Move a do pass amended.

Chairman Delzer: A motion for a do pass as amended for HB 1002, second by Rep. Kempenich. **21-0-1, do pass,** Rep. Grande carries.

2/22/13
JSNC
1 of 3

13.8131.01001
Title.02000

Prepared by the Legislative Council staff for
House Appropriations - Education and
Environment Division

Fiscal No. 1

February 15, 2013

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1002

Page 1, line 2, replace "an exemption" with "exemptions"

Page 1, line 3, remove "and section 3 of chapter 28 of the 2011"

Page 1, line 4, remove "Session Laws"

Page 1, line 4, remove "and funding of the mainframe"

Page 1, line 5, remove "migration computer project"

Page 1, replace lines 17 and 18 with:

"Salaries and wages	$3,423,343	$765,153	$4,188,496
Accrued leave payment	0	82,831	82,831
Operating expenses	2,621,950	(58,353)	2,563,597"

Page 1, remove lines 22 and 23

Page 2, replace line 1 with:

"Total all funds	$12,260,105	($264,066)	$11,996,039
Less estimated income	6,786,984	(944,809)	5,842,175
Total general fund	$5,473,121	$680,743	$6,153,864"

Page 2, replace lines 13 through 15 with:

"Grand total general fund	$5,783,121	$691,243	$6,474,364
Grand total special funds	6,786,984	(944,809)	5,842,175
Grand total all funds	$12,570,105	($253,566)	$12,316,539"

Page 2, after line 22, insert:

"Funding for three new full-time equivalent positions	0	283,754
Overtime funding	0	225,600"

Page 2, replace line 25 with:

"Total general fund	$3,543,039	$603,354"

Page 3, line 8, replace "ninety-six" with "ninety-five"

Page 3, line 8, replace "seven" with "eight"

Page 3, line 9, replace "ninety-four" with "sixty-three"

Page 3, line 9, replace "one hundred" with "ninety-eight"

Page 3, line 10, replace "six" with "seven"

Page 3, line 10, replace "sixty-six" with "thirty-nine"

Page 3, replace lines 11 through 18 with:

83

"SECTION 5. EXEMPTION - MAINFRAME MIGRATION COMPUTER PROJECT. Unexpended funding of up to $1,750,000 appropriated in the operating expenses line item of subdivision 1 of section 1 of chapter 28 of the 2011 Session Laws is not subject to the provisions of section 54-44.1-11 at the end of the 2011-13 biennium and may be continued into the 2013-15 biennium for the completion of the mainframe migration computer project.

SECTION 6. NEW FULL-TIME EQUIVALENT POSITIONS - LIMITED AUTHORIZATION. The two new full-time equivalent business registration unit positions and the one new full-time equivalent business information unit position included in subdivision 1 of section 1 of this Act are authorized only for the biennium beginning July 1, 2013, and ending June 30, 2015. The secretary of state shall reevaluate these positions after the completion of the mainframe migration computer project to determine if the positions will be requested as part of the agency's 2015-17 biennium budget request as optional items."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1002 - Summary of House Action

	Executive Budget	House Changes	House Version
Secretary of State			
Total all funds	$12,216,757	($220,718)	$11,996,039
Less estimated income	5,845,849	(3,674)	5,842,175
General fund	$6,370,908	($217,044)	$6,153,864
Public Printing			
Total all funds	$320,500	$0	$320,500
Less estimated income	0	0	0
General fund	$320,500	$0	$320,500
Bill total			
Total all funds	$12,537,257	($220,718)	$12,316,539
Less estimated income	5,845,849	(3,674)	5,842,175
General fund	$6,691,408	($217,044)	$6,474,364

House Bill No. 1002 - Secretary of State - House Action

	Executive Budget	House Changes	House Version
Salaries and wages	$4,392,045	($203,549)	$4,188,496
Operating expenses	2,663,597	(100,000)	2,563,597
Capital assets	10,000		10,000
Petition review	8,000		8,000
Election reform	5,143,115		5,143,115
Accrued leave payments		82,831	82,831
Total all funds	$12,216,757	($220,718)	$11,996,039
Less estimated income	5,845,849	(3,674)	5,842,175
General fund	$6,370,908	($217,044)	$6,153,864
FTE	31.00	0.00	31.00

3 of 3

Department No. 108 - Secretary of State - Detail of House Changes

	Decrease Funding for Credit Card Useage Fees[1]	Corrects Executive Compensation Package[2]	Adjusts State Employee Compensation and Benefits Package[3]	Provides Separate Line Item for Accrued Leave Payments[4]	Total House Changes
Salaries and wages		$14,820	($135,538)	($82,831)	($203,549)
Operating expenses	(100,000)				(100,000)
Capital assets					
Petition review					
Election reform					
Accrued leave payments				82,831	82,831
Total all funds	($100,000)	$14,820	($135,538)	$0	($220,718)
Less estimated income	0	445	(4,119)	0	(3,674)
General fund	($100,000)	$14,375	($131,419)	$0	($217,044)
FTE	0.00	0.00	0.00	0.00	0.00

[1] This amendment removes funding added in the executive budget for credit card usage fees.

[2] Funding is added due to a calculation error in the executive compensation package.

[3] This amendment adjusts the state employee compensation and benefits package as follows:
- Reduces the performance component from 3 to 5 percent per year to 2 to 4 percent per year.
- Reduces the market component from 2 to 4 percent per year for employees below the midpoint of their salary range to up to 2 percent for employees in the first quartile of their salary range for the first year of the biennium only.
- Removes funding for additional retirement contribution increases.

[4] A portion of salaries and wages funding from the general fund ($78,184) and from other funds ($4,647) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying annual leave and sick leave for eligible employees.

This amendment also:
- Identifies $283,754 from the general fund as one-time funding related to the 3 new FTE positions for the business registration unit (2 FTE positions) and the business information unit (1 FTE position) included in the executive recommendation.
- Identifies $225,600 from the general fund provided for overtime is one-time funding.
- Amends Section 4 of the bill related to the salary of the Secretary of State. The amendment makes the statutory changes necessary to provide a salary increase of 3 percent effective July 1, 2013, and 3 percent effective July 1, 2014. The executive recommendation included increases of 4 percent each year of the 2013-15 biennium.
- Replaces Section 5 of the bill to provide an exemption to North Dakota Century Code 54-44.1-11 and allow the Secretary of State to continue up to $1,750,000 million of the funding provided for the mainframe migration computer project during the 2011-13 biennium into the 2013-15 biennium.
- A section is added providing that the 3 new FTE positions are authorized only for the 2013-15 biennium and must be reevaluated after the completion of the mainframe migration computer project to determine if the positions should be included in the agency's 2015-17 biennium budget request as optional items.

Date: 2-11-13
Roll Call Vote #: ______

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1002

House Education and Environment Division Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number ______

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By ______ Seconded By ______

Representatives	Yes	No	Representatives	Yes	No
Chairman Robert Skarphol	/		Rep. Clark Williams		
Vice Chairman David Monson			Rep. Tracy Boe	/	
Rep. Bob Martinson	/				
Rep. Roscoe Streyle	/				
Rep. Mark Dosch	/				
Rep. Bette Grande	/				

Total (Yes) 6 No 0

Absent 2

Floor Assignment ______

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

Remove money from Budget for credit card usage

Date: 2-11-13
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1002

House Education and Environment Division Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number ____________

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☑ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By ____________ Seconded By ____________

Representatives	Yes	No	Representatives	Yes	No
Chairman Robert Skarphol	✓		Rep. Clark Williams		
Vice Chairman David Monson			Rep. Tracy Boe	✓	
Rep. Bob Martinson	✓				
Rep. Roscoe Streyle	✓				
Rep. Mark Dosch	✓				
Rep. Bette Grande	✓				

Total (Yes) 6 No 0

Absent 2

Floor Assignment ____________

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

3-FTE, onetime funding

Date: 2-11-13
Roll Call Vote #: 2

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. ________

House Education and Environment Division Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number ________

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By ________ Seconded By ________

Representatives	Yes	No	Representatives	Yes	No
Chairman Robert Skarphol	✓		Rep. Clark Williams		
Vice Chairman David Monson			Rep. Tracy Boe	✓	
Rep. Bob Martinson	✓				
Rep. Roscoe Streyle	✓				
Rep. Mark Dosch	✓				
Rep. Bette Grande	✓				

Total (Yes) 6 No 0

Absent 2

Floor Assignment ________

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

Overtime money

Date: 13 Feb 2013
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1002

House Education and Environment Division Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number ______

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☐ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep Grande Seconded By Rep. Streyle

Representatives	Yes	No	Representatives	Yes	No
Chairman Robert Skarphol	✓		Rep. Clark Williams	✓	
Vice Chairman David Monson			Rep. Tracy Boe	✓	
Rep. Bob Martinson	✓				
Rep. Roscoe Streyle	✓				
Rep. Mark Dosch	✓				
Rep. Bette Grande	✓				

Total (Yes) 7 No 0

Absent 1

Floor Assignment ______

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

4 items on handout ~~fee of bud~~ ~~sff~~ not pay package

Date: 13 Feb 2013
Roll Call Vote #: 2

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1002

House Education and Environment Division Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number ______

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☐ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep Streyle Seconded By Rep Grande

Representatives	Yes	No	Representatives	Yes	No
Chairman Robert Skarphol	✓		Rep. Clark Williams		✓
Vice Chairman David Monson			Rep. Tracy Boe		✓
Rep. Bob Martinson	✓				
Rep. Roscoe Streyle	✓				
Rep. Mark Dosch	✓				
Rep. Bette Grande	✓				

Total (Yes) 5 No 2

Absent ______

Floor Assignment ______

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

pay package

Date: 13 Feb 2013
Roll Call Vote #: 3

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1002

House Education and Environment Division Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number ______

Action Taken: ☒ Do Pass ☐ Do Not Pass ☒ Amended ☐ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep Dosch Seconded By Rep Grande

Representatives	Yes	No	Representatives	Yes	No
Chairman Robert Skarphol	✓		Rep. Clark Williams	✓	
Vice Chairman David Monson			Rep. Tracy Boe	✓	
Rep. Bob Martinson	✓				
Rep. Roscoe Streyle	✓				
Rep. Mark Dosch	✓				
Rep. Bette Grande	✓				

Total (Yes) 7 No 0

Absent 1

Floor Assignment Rep Grande

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

on Secretary of State Budget

Date: 2/20/13
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1002

House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number -01001

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Grande Seconded By Rep. Skarphol

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Rep. Streyle		
Vice Chairman Kempenich			Rep. Thoreson		
Rep. Bellew			Rep. Wieland		
Rep. Brandenburg					
Rep. Dosch					
Rep. Grande			Rep. Boe		
Rep. Hawken			Rep. Glassheim		
Rep. Kreidt			Rep. Guggisberg		
Rep. Martinson			Rep. Holman		
Rep. Monson			Rep. Williams		
Rep. Nelson					
Rep. Pollert					
Rep. Sanford					
Rep. Skarphol					

Total Yes ______ No ______

Absent ______

Floor Assignment ______

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

voice vote carries

Date: 2/20/13
Roll Call Vote #: 2

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1002

House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number ______

Action Taken: ☒ Do Pass ☐ Do Not Pass ☒ Amended ☐ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Grande Seconded By Rep. Kempenich

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Rep. Streyle	X	
Vice Chairman Kempenich	X		Rep. Thoreson	X	
Rep. Bellew	X		Rep. Wieland	X	
Rep. Brandenburg	X				
Rep. Dosch	X				
Rep. Grande	X		Rep. Boe	X	
Rep. Hawken	X		Rep. Glassheim	X	
Rep. Kreidt	X		Rep. Guggisberg	X	
Rep. Martinson			Rep. Holman	X	
Rep. Monson	X		Rep. Williams	X	
Rep. Nelson	X				
Rep. Pollert	X				
Rep. Sanford	X				
Rep. Skarphol	X				

Total Yes 21 No 0

Absent 1

Floor Assignment Rep. Grande

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

REPORT OF STANDING COMMITTEE

HB 1002: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (21 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1002 was placed on the Sixth order on the calendar.

Page 1, line 2, replace "an exemption" with "exemptions"

Page 1, line 3, remove "and section 3 of chapter 28 of the 2011"

Page 1, line 4, remove "Session Laws"

Page 1, line 4, remove "and funding of the mainframe"

Page 1, line 5, remove "migration computer project"

Page 1, replace lines 17 and 18 with:

"Salaries and wages	$3,423,343	$765,153	$4,188,496
Accrued leave payment	0	82,831	82,831
Operating expenses	2,621,950	(58,353)	2,563,597"

Page 1, remove lines 22 and 23

Page 2, replace line 1 with:

"Total all funds	$12,260,105	($264,066)	$11,996,039
Less estimated income	6,786,984	(944,809)	5,842,175
Total general fund	$5,473,121	$680,743	$6,153,864"

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Grand total special funds	6,786,984	(944,809)	5,842,175
Grand total all funds	$12,570,105	($253,566)	$12,316,539"

Page 2, after line 22, insert:

"Funding for three new full-time equivalent positions	0	283,754
Overtime funding	0	225,600"

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"Total general fund	$3,543,039	$603,354"

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Page 3, line 8, replace "seven" with "eight"

Page 3, line 9, replace "ninety-four" with "sixty-three"

Page 3, line 9, replace "one hundred" with "ninety-eight"

Page 3, line 10, replace "six" with "seven"

Page 3, line 10, replace "sixty-six" with "thirty-nine"

Page 3, replace lines 11 through 18 with:

"**SECTION 5. EXEMPTION - MAINFRAME MIGRATION COMPUTER PROJECT.** Unexpended funding of up to $1,750,000 appropriated in the operating expenses line item of subdivision 1 of section 1 of chapter 28 of the 2011 Session Laws is not subject to the provisions of section 54-44.1-11 at the end of the 2011-13 biennium and may be continued into the 2013-15 biennium for the completion of the mainframe migration computer project.

SECTION 6. NEW FULL-TIME EQUIVALENT POSITIONS - LIMITED AUTHORIZATION. The two new full-time equivalent business registration unit positions and the one new full-time equivalent business information unit position included in subdivision 1 of section 1 of this Act are authorized only for the biennium beginning July 1, 2013, and ending June 30, 2015. The secretary of state shall reevaluate these positions after the completion of the mainframe migration computer project to determine if the positions will be requested as part of the agency's 2015-17 biennium budget request as optional items."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1002 - Summary of House Action

	Executive Budget	House Changes	House Version
Secretary of State			
Total all funds	$12,216,757	($220,718)	$11,996,039
Less estimated income	5,845,849	(3,674)	5,842,175
General fund	$6,370,908	($217,044)	$6,153,864
Public Printing			
Total all funds	$320,500	$0	$320,500
Less estimated income	0	0	0
General fund	$320,500	$0	$320,500
Bill total			
Total all funds	$12,537,257	($220,718)	$12,316,539
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House Bill No. 1002 - Secretary of State - House Action

	Executive Budget	House Changes	House Version
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Operating expenses	2,663,597	(100,000)	2,563,597
Capital assets	10,000		10,000
Petition review	8,000		8,000
Election reform	5,143,115		5,143,115
Accrued leave payments		82,831	82,831
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Less estimated income	5,845,849	(3,674)	5,842,175
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FTE	31.00	0.00	31.00

Department No. 108 - Secretary of State - Detail of House Changes

	Decrease Funding for Credit Card Useage Fees[1]	Corrects Executive Compensation Package[2]	Adjusts State Employee Compensation and Benefits	Provides Separate Line Item for Accrued Leave	Total House Changes

			Package[3]	Payments[4]	
Salaries and wages		$14,820	($135,538)	($82,831)	($203,549)
Operating expenses	(100,000)				(100,000)
Capital assets					
Petition review					
Election reform					
Accrued leave payments				82,831	82,831
Total all funds	($100,000)	$14,820	($135,538)	$0	($220,718)
Less estimated income	0	445	(4,119)	0	(3,674)
General fund	($100,000)	$14,375	($131,419)	$0	($217,044)
FTE	0.00	0.00	0.00	0.00	0.00

[1] This amendment removes funding added in the executive budget for credit card usage fees.

[2] Funding is added due to a calculation error in the executive compensation package.

[3] This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 2 to 4 percent per year.
- Reduces the market component from 2 to 4 percent per year for employees below the midpoint of their salary range to up to 2 percent for employees in the first quartile of their salary range for the first year of the biennium only.
- Removes funding for additional retirement contribution increases.

[4] A portion of salaries and wages funding from the general fund ($78,184) and from other funds ($4,647) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying annual leave and sick leave for eligible employees.

This amendment also:

- Identifies $283,754 from the general fund as one-time funding related to the 3 new FTE positions for the business registration unit (2 FTE positions) and the business information unit (1 FTE position) included in the executive recommendation.
- Identifies $225,600 from the general fund provided for overtime is one-time funding.
- Amends Section 4 of the bill related to the salary of the Secretary of State. The amendment makes the statutory changes necessary to provide a salary increase of 3 percent effective July 1, 2013, and 3 percent effective July 1, 2014. The executive recommendation included increases of 4 percent each year of the 2013-15 biennium.
- Replaces Section 5 of the bill to provide an exemption to North Dakota Century Code 54-44.1-11 and allow the Secretary of State to continue up to $1,750,000 million of the funding provided for the mainframe migration computer project during the 2011-13 biennium into the 2013-15 biennium.
- A section is added providing that the 3 new FTE positions are authorized only for the 2013-15 biennium and must be reevaluated after the completion of the mainframe migration computer project to determine if the positions should be included in the agency's 2015-17 biennium budget request as optional items.

2013 SENATE APPROPRIATIONS

HB 1002

2013 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee
Harvest Room, State Capitol

HB 1002
03-06-2013
JOB # 19486

☐ Conference Committee

Committee Clerk Signature	Alice Delzer

Explanation or reason for introduction of bill/resolution:

A BILL for the appropriation for the Secretary of State

Minutes:

See attached testimony

Chairman Holmberg called the committee to order on Wednesday, March 06, 2013, at 10:00 am. He opened the hearing on HB 1002. All committee members were present except Vice Chairman Grindberg.

Sheila M. Sandness - Legislative Council
Laney Herauf - OMB

Al Jaeger: Secretary of State provided Testimony attached # 1 which lists the following:

1. Audit
2. Public Printing
3. Agency Overview FTE 30 including Secretary of State plus 1 FTE federally funded.
4. Agency major accomplishments.
5. Agency future critical issues
6. Agency statistical data
7. Agency demand for services
8. Agency program costs
9. Election reform line
10. Optional requests.

(5.53) He referred the committee to Exhibit C - regarding the election online management system and information that was shared on election eve and the overwhelming amount of visitors that night.

Chairman Holmberg commented on Grand Forks County being moved over to the state account. Also the election results dating back to 1952 are all on the website. He asked if early voting was added as a separate dump in all counties.

Al Jaeger said that they only have 6 or 7 counties that have early vote centers, but he wasn't sure why it was done that way and there was question about it because it changed the results.

There was discussion on how the system worked and its successes.

Al Jaeger continued on to page 3, Critical Issues. When you get into the statistical value, our office has been turning out a lot of work; it has put challenges on our office in terms of staff and services. In the budget, we were approved in the Governor's budget and House for 3 FTE's. The House added an amendment, regarding the budget. He included some early testimony and historical information. He stressed the need for adequate funding for their agency and employees.

Senator Warner asked if he had any insight on how we can build a more flexible IT system that we can make changes in and not have such exuberant expenses.

Al Jaeger replied that what they needed to realize is that the architecture that is being designed now, is designed to have flexibility associated with it. This is a $3.5 million dollar project. There is going to be cost every time we make the change. He added that tweaks that happen probably will not be as expensive.

Senator Warner: Questioned the estimated costs.

Al Jaeger: We had private estimates by ITD and they will estimate a little bit high. He said they wouldn't spend if they don't need to.

Senator Carlisle asked about hospital and emergency rooms in oil patch having trouble tracking people down to pay the bills. He asked if they had records that would help in the tracking of these people.

Al Jaeger: Any business that is operating in ND has a requirement to register with the secretary of state office. If they are registered with their office, all the business entities need to have a registered agent that is the person that is supposed to get the paper work to the right people. Any foreign corporation, meaning registered in another state, by law has to have a ND registered agent, where papers could be served.

Senator Carlisle asked if they had people on the ground up there. (24.05)

Al Jaeger said they don't have any enforcement beyond having them registered. He explained Demand for Services on page 5 and exhibit A. He referred to Exhibit A3. If you take the last 20 months and average them, we are 90% higher than it was the first 24 months. We have a lot of work. He continued his testimony on page 6 Program Costs. (31:22)
On page 8 he went through the Optional Requests.

Chairman Holmberg asked if they buy the copiers or lease them.

Al Jaeger: Usually buy them. He explained some of their features.

Chairman Holmberg asked if they do a service contract with the company.

Al Jaeger: Yes. He continued on page 8 with Optional Requests. The two main concerns are with the salary package and compression needs and also would like to retrieve some budget dollars for the credit card costs. Explained how the carryover of dollars works.

Senator Warner: Could the copier be funded through that retail fund.

Al Jaeger: I suppose it could be, but when everything is said and done the line items are crisscrossed between special and general fund. Because it is a piece of equipment and over a certain amount, we have to ask for it in as a line item.

Senator Warner asked if the 3 FTE's were new ones.

Al Jaeger replied that the 3 are new and explained the need for them.

Senator Warner some sessions back we talked about a concept of a business portal. What is happening with that?

Al Jaeger: As far as the agencies concerned we would like to see it not die. We did update the estimate on that. It was requested in our budget but it never made it that far. That system would allow any business to come in on a single portal and interact with any agency. The business portal has never made it through the process. If they want information he will get it to them.

Senator Mathern: Is the HOVA funds invested by your office and what is the rate of return?

Al Jaeger: It's through the treasurer's office and they work with the BND. He introduced Renee Blum, accounting director.

Senator Mathern: It's interesting how you note the business portal has not made it through the system and wonders why you as an elected official, just don't do it. You aren't hired by the governor; you are hired by the people.

Al Jaeger: First of all, it's an enterprise wide project; there are a lot of agencies. He talked about the budgeting process. (45:00)

Senator Kilzer: Of the $4.4million dollars of HAVA funds, what will you be spending that money on?

Al Jaeger: In ND when you pass my budget, I know what I am going to get. In Congress, we never know. We haven't received all the HAVA funds. The money is designated in the Help American Vote Act. The election equipment is getting dated and last time we used HAVA money, it was a 90 - 10 split. Next session we may need to come back and say we need to replace the voting equipment.

Senator Warner: How soon can we file directly on line?

Al Jaeger: The program will be done for the 2014 election

Chairman Holmberg appointed the subcommittee as follows: Senator Carlisle, Senator Krebsbach and Senator Warner.

He also announced that Senator Kilzer, Senator Gary Lee , Senator Erbele and Senator Mathern will be the subcommittee on Human Services.

The hearing was closed on HB 1002.

2013 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee
Harvest Room, State Capitol

HB 1002 Subcommittee
03-19-2013
Job # 20123

☐ Conference Committee

Committee Clerk Signature	Alice Delzer

Explanation or reason for introduction of bill/resolution:

A Subcommittee hearing for the Secretary of State.

Minutes:

You may make reference to "attached testimony."

Chairman Carlisle called the subcommittee meeting to order on Tuesday, March 19, 2013 at 10:30 am in regards to HB 1002. **Senator Krebsbach and Senator Warner** were also present as well as the Secretary of State. Sheila Peterson and Laney Herauf from OMB and Sheila M. Sandness from Legislative Council were also present.

Chairman Carlisle: The House removed that $100,000 from your bill.

Al Jaeger, Secretary of State: We were first asked to identify things we can cut, we try very hard to keep a hold-even budget and the reason for the credit card charges is that we are anticipating by the end of this year and going into 2014 we will be doing a lot of business on-line. That will require the use of credit cards. In our current budget we have already expended the money that we had allocated for credit cards. As we look at the next biennium we will need that cushion. We have not increased travel, office supplies, etc, if we don't have this it will take away from our other operations. We were not asked about it on the House side when they made that change, this goes back to the 1997 or 99 session where were the lead agency spear headed the use of credit cards, as did many other agencies. For several years the BND absorbed those costs, they can't do that anymore so we have to start budgeting for it. This has been reviewed by OMB, as far the other changes, re-evaluating our FTE's we already would be doing that any way, and the salary package is being handled. It was suggested we could absorb that $100,000 for the credit card expenses but we run a very tight budget, and we don't have a lot left over. (5.12)

Senator Warner asked about carry over.

Secretary Jaeger: I won't have updated figures until tomorrow in terms where we are budget wise. I don't anticipate that we are going to have a lot, the main thing, one of the amendments that is on the bill is to allow us to carry forward the funding for our projects in our general services account so that we will have the funding to be sure we can complete the project. It is on time now, and on budget also, if there is any contingency that would come up we would like to have those funds available. The reason the House put in the one amendment in the carryover, although it is allowed for in law, I think that Allen H. Knudson was concerned about the wording of that particular section so that got changed so we would have the carry forward of the funding for the project that was authorized but there is also the excess income in our general services accounts so that can be carried forward under existing law. Anything I have in that account in excess of 75,000 is supposed to be turned back to the state and this would allow us to use that to make sure we have our technology costs with the project covered. (20.03)

Chairman Carlisle: So the House moved that. What did they say about the bank?

Sheila Peterson: I don't remember that discussion why that was removed. The Secretary of State is charged those charges, the statute requires that all credit card transactions run through the BND and the Secretary of State is certainly increasing the number of transactions that they have. The House said they thought the agency could absorb it, but Secretary Jaeger stated he felt they could not as his agency runs a very tight budget.

Senator Krebsbach: I am sympathetic of the credit card transaction. I see you have 95,000 active, not all of those come up annually.

Secretary Jaeger: Our registrations went up an average of 92 percent. The bulk is LLC and they will have annual reports and the fact that we are not covered already for this biennium, we need these funds.

Senator Krebsbach: Asked if $100,000 is enough and stated some may pay by check.

Secretary Jaeger: I have a competent person in my office in the accounting area and it was projected the $100,000 would be enough. There will still be some paying by checks, but the licensing

Senator Krebsbach: I would move that we reinstate that $100,000 that was taken out by the House regarding funds required to address the credit card expenses.

Chairman Carlisle stated Senator Krebsbach had a motion. **2nd by Senator Warner. A roll call vote was taken: Yea: 3; Nay: 0; Absent: 0. The motion carried**.

Senator Warner moved to restore the pay package in the original bill put in by the Governor's Office. 2nd by Senator Krebsbach. A Roll Call vote was taken. Yea: 3; Nay: 0; Absent: 0. The motion carried.

Senator Carlisle asked the Secretary to write something concerning the $100,000.

Senator Krebsbach: I have a concern which we will address in next session regarding upgrading the voting equipment in the counties, that is 4 years down the road, and in my county they already are having trouble with the machines. Is there a way that HAVA dollars could help with these expenses?

Secretary Jaeger: We do have a balance in the HAVA funds. We have been trying to leverage them, it is the interest on the money we have, we fund a position on that, we've asked to be general funds, but has not been approved, the HAVA money would be good to hang on to, the equipment is going to cost considerable more. It would only cover 1/3 of the cost of that, it would be better to get all the money for the equipment, last time we spent $6 or $7,000, and we had to match that, we can't hang $10M on the counties. We would need the state to kick into that. We thought about it for this time, however, did not request funds for that. Even though the voting machines are only used 2 times a year, they are in storage and they need to be maintained. We started in 2005, they are getting up there in age.

Senator Krebsbach: We can wait for next session and put an emergency on this the next time if we need to.

Sheila M. Sandness addressed the committee to be certain she had the right instructions regarding the amendment she needed to prepare. She was instructed to put everything that was in the governor's budget back in and add the $100,000 for the credit card expenses that they House removed

Senator Carlisle closed the subcommittee hearing

2013 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee
Harvest Room, State Capitol

HB 1002
03-20-2013
Job # 20203

☐ Conference Committee

Committee Clerk Signature	Alice Delzer

Explanation or reason for introduction of bill/resolution:

A BILL for Secretary of State (Do Pass as Amended)

Minutes: See attached testimony.

Chairman Holmberg called the committee to order on Wednesday, March 20, 2013 In reference to HB 1002.

Senator Carlisle presented a statement from the Secretary of State regarding the use of the credit cards in his office and the expenses involved in using these credit cards, Testimony attached # 1. He also presented Amendment # 13.8131.02001, attachment #2.

Senator Carlisle Moved the amendment # 13.8131.02001. 2nd by Senator Warner. A voice vote was taken by all saying Aye. It carried.

Senator Warner: One of the concerns there would be consistency across the state with the other agencies. The Industrial commission is one of those agencies affected by this. This was formerly done with the BND as a free service but they do not perform that service anymore. We'll have to watch in the Industrial Commission SB 2014 if the same procedure was followed in that bill.

Senator Carlisle Moved Do Pass as Amended. 2nd by Senator Warner.

A Roll Call vote was taken. Yea: 13; Nay: 0; Absent: 0.

Senator Carlisle will carry the bill.

The hearing was closed on HB 1002.

13.8131.02001
Title.03000
Fiscal No. 1

Prepared by the Legislative Council staff for
Senate Appropriations
March 19, 2013

3/20/13
1 of 2

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1002

Page 1, replace lines 15 through 17 with:

"Salaries and wages	$3,423,343	$983,522	$4,406,865
Operating expenses	2,621,950	41,647	2,663,597"

Page 1, replace lines 21 through 23 with:

"Total all funds	$12,260,105	($28,528)	$12,231,577
Less estimated income	6,786,984	(940,690)	5,846,294
Total general fund	$5,473,121	$912,162	$6,385,283"

Page 2, replace lines 11 through 13 with:

"Grand total general fund	$5,783,121	$922,662	$6,705,783
Grand total special funds	6,786,984	(940,690)	5,846,294
Grand total all funds	$12,570,105	($18,028)	$12,552,077"

Page 3, line 8, replace "ninety-five" with "ninety-six"

Page 3, line 8, replace "eight" with "seven"

Page 3, line 9, replace "sixty-three" with "ninety-four"

Page 3, line 9, replace "ninety-eight" with "one hundred"

Page 3, line 10, replace "seven hundred thirty-nine" with "six hundred sixty-six"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1002 - Summary of Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Secretary of State				
Total all funds	$12,216,757	$11,996,039	$235,538	$12,231,577
Less estimated income	5,845,849	5,842,175	4,119	5,846,294
General fund	$6,370,908	$6,153,864	$231,419	$6,385,283
Public Printing				
Total all funds	$320,500	$320,500	$0	$320,500
Less estimated income	0	0	0	0
General fund	$320,500	$320,500	$0	$320,500
Bill total				
Total all funds	$12,537,257	$12,316,539	$235,538	$12,552,077
Less estimated income	5,845,849	5,842,175	4,119	5,846,294
General fund	$6,691,408	$6,474,364	$231,419	$6,705,783

House Bill No. 1002 - Secretary of State - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Salaries and wages	$4,392,045	$4,188,496	$218,369	$4,406,865
Operating expenses	2,663,597	2,563,597	100,000	2,663,597
Capital assets	10,000	10,000		10,000

2 of 2

Petition review	8,000	8,000		8,000
Election reform	5,143,115	5,143,115		5,143,115
Accrued leave payments		82,831	(82,831)	
Total all funds	$12,216,757	$11,996,039	$235,538	$12,231,577
Less estimated income	5,845,849	5,842,175	4,119	5,846,294
General fund	$6,370,908	$6,153,864	$231,419	$6,385,283
FTE	31.00	31.00	0.00	31.00

Department No. 108 - Secretary of State - Detail of Senate Changes

	Restores Executive Compensation Package[1]	Removes Separate Line Item for Accrued Leave Payments[2]	Restores Funding for Credit Card Usage Fees[3]	Total Senate Changes
Salaries and wages	$135,538	$82,831		$218,369
Operating expenses			100,000	100,000
Capital assets				
Petition review				
Election reform				
Accrued leave payments		(82,831)		(82,831)
Total all funds	$135,538	$0	$100,000	$235,538
Less estimated income	4,119	0	0	4,119
General fund	$131,419	$0	$100,000	$231,419
FTE	0.00	0.00	0.00	0.00

[1]Funding reductions made by the House to the state employee compensation and benefits package are restored to the Governor's recommended level.

[2]The accrued leave payments line item added by the House is removed and the associated funding returned to line items with salaries and wages funding.

[3]This amendment restores funding added in the executive budget recommendation for increased credit card usage fees which was removed by the House.

Section 4 of the bill is changed to provide 4 percent annual salary increases for the Secretary of State, the same as the executive budget recommendation. The House provided 3 percent annual increases.

Date: 3-19-13

Roll Call Vote # 1

2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 1002

Senate Appropriations Subcommittee Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number ____________

Action Taken ☐ Adopt Amendment ☐ Do Pass
☐ Do Pass as Amended ☐ Do Not Pass

Motion Made By K Krebsbach Seconded By J Warner

Senators	Yes	No	Senator	Yes	No
Chariman Ray Holmberg			Senator Tim Mathern		
Co-Vice Chairman Bill Bowman			Senator David O'Connell		
Co-Vice Chair Tony Grindberg			Senator Larry Robinson		
Senator Ralph Kilzer			Senator John Warner	✓	
Senator Karen Krebsbach	✓				
Senator Robert Erbele					
Senator Terry Wanzek					
Senator Ron Carlisle	✓				
Senator Gary Lee					

Total (Yes) 3 No 0

Absent 0

Floor Assignment ____________

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

To restore the $100,000 the House removed
Re: Credit Card transactions

Date: 3-19-13

Roll Call Vote # 2

2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 1002

Senate Appropriations Subcommittee Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number ____________

Action Taken ☐ Adopt Amendment ☐ Do Pass
☐ Do Pass as Amended ☐ Do Not Pass

Motion Made By Sen Warner Seconded By Sen Krebsbach

Senators	Yes	No	Senator	Yes	No
Chariman Ray Holmberg			Senator Tim Mathern		
Co-Vice Chairman Bill Bowman			Senator David O'Connell		
Co-Vice Chair Tony Grindberg			Senator Larry Robinson	✓	
Senator Ralph Kilzer			Senator John Warner		
Senator Karen Krebsbach	✓				
Senator Robert Erbele					
Senator Terry Wanzek					
Senator Ron Carlisle	✓				
Senator Gary Lee					

Total (Yes) 3 No 0

Absent 0

Floor Assignment ____________

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

To restore the governors Salary + Benefits Package that was removed by the House.

Date: 3-20-13

Roll Call Vote # 1

2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 1062

Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 13.8131.02001

Action Taken ☒ Adopt Amendment ☐ Do Pass
☐ Do Pass as Amended ☐ Do Not Pass

Motion Made By Carlisle Seconded By Warner

Senators	Yes	No	Senator	Yes	No
Chariman Ray Holmberg			Senator Tim Mathern		
Co-Vice Chairman Bill Bowman			Senator David O'Connell		
Co-Vice Chair Tony Grindberg			Senator Larry Robinson		
Senator Ralph Kilzer			Senator John Warner		
Senator Karen Krebsbach					
Senator Robert Erbele					
Senator Terry Wanzek					
Senator Ron Carlisle					
Senator Gary Lee					

Total (Yes) ________ No ________

Absent ________

Floor Assignment ________

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

Voice Vote carried

Date: 3-20-13

Roll Call Vote #: 2

2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 1002

Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number ______

Action Taken ☐ Adopt Amendment ☒ Do Pass as Amended ☐ Do Pass ☐ Do Not Pass

Motion Made By Carlisle Seconded By Warner

Senators	Yes	No	Senator	Yes	No
Chariman Ray Holmberg	✓		Senator Tim Mathern	✓	
Co-Vice Chairman Bill Bowman	✓		Senator David O'Connell	✓	
Co-Vice Chair Tony Grindberg	✓		Senator Larry Robinson	✓	
Senator Ralph Kilzer	✓		Senator John Warner	✓	
Senator Karen Krebsbach	✓				
Senator Robert Erbele	✓				
Senator Terry Wanzek	✓				
Senator Ron Carlisle	✓				
Senator Gary Lee	✓				

Total (Yes) 13 No 0

Absent 0

Floor Assignment Carlisle

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

REPORT OF STANDING COMMITTEE

HB 1002, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1002 was placed on the Sixth order on the calendar.

Page 1, replace lines 15 through 17 with:

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Operating expenses	2,621,950	41,647	2,663,597"

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Petition review	8,000	8,000		8,000
Election reform	5,143,115	5,143,115		5,143,115
Accrued leave payments		82,831	(82,831)	

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Less estimated income	5,845,849	5,842,175	4,119	5,846,294
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FTE	31.00	31.00	0.00	31.00

Department No. 108 - Secretary of State - Detail of Senate Changes

	Restores Executive Compensation Package[1]	Removes Separate Line Item for Accrued Leave Payments[2]	Restores Funding for Credit Card Usage Fees[3]	Total Senate Changes
Salaries and wages	$135,538	$82,831		$218,369
Operating expenses			100,000	100,000
Capital assets				
Petition review				
Election reform				
Accrued leave payments		(82,831)		(82,831)
Total all funds	$135,538	$0	$100,000	$235,538
Less estimated income	4,119	0	0	4,119
General fund	$131,419	$0	$100,000	$231,419
FTE	0.00	0.00	0.00	0.00

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2013 CONFERENCE COMMITTEE

HB 1002

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Education and Environment Division
Roughrider Room, State Capitol

HB 1002
April 18, 2013
Job 21244

☒ Conference Committee

Committee Clerk Signature David Hanson

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the office of the secretary of state and public printing; to provide exemptions; and to amend and reenact section 54-09-05 of the North Dakota Century Code, relating to the salary of the secretary of state.

Minutes:

Attachment 1.

Chairman Grande called the committee to order and a quorum was present.

Sen. Carlisle: Basically, the salary package is being worked out. Money was put back into the filings. The Secretary of State gave us memo on how many increases on filings and a lot of these businesses are basically paid on credit cards. 1:24

Sen. Warner: As I recall there are two agencies in the state government, the Secretary of State and the Industrial Commission, which rely very heavily on credit cards for their application process and I think that this provision was in both of those budgets. Without including it in as a line item, it really impacts their bottom line. So, we took the governor's recommendation and included an allotment of money to be used for processing credit card fees. At one time, I think this was done for free by the Bank of North Dakota. In more recent years they started running it more as an independent business. 2:17

Chairman Grande adjourned the committee.

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Education and Environment Division
Roughrider Room, State Capitol

HB 1002
April 22, 2013
Job 21386

☒ Conference Committee

Committee Clerk Signature	David Hanson

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation for defraying the expenses of the office of the secretary of state and public printing; to provide exemptions; and to amend and reenact section 54-09-05 of the North Dakota Century Code, relating to the salary of the secretary of state.

Minutes:

Chairman Carlson called the committee to order with a quorum present.

Chairman Grande: I have not seen the pay package, but I understand that we will be ready to go with that soon.

Sen. Carlisle: The Senate just passed the pay package this morning. It is in HB 1015.

Chairman Grande: I got to work on some things this weekend. I was looking into the in depth spending of the Secretary of State's budget. It's actually quite fascinating how deep you can get into the budget. I'm coming to an understanding of where we are going to be at. 3:24

Chairman Grande recessed the committee.

Chairman Grande called the committee back to order.

Chairman Grande: We have an agreement on our side.

Rep. Martinson: I believe that what we have come to is to agree with the Senators and subject to our review of the pay package.

Rep. Martinson moved to recede from Senate amendments and further amend and seconded by Sen. Krebsbach.

Chairman Grande: Stated that she would like to see reports to the budget committee.

Sen. Warner: Would you be open to have the reports to be broader than just the Secretary of State's Office?

Chairman Grande: Explained what she found with what other states have done and what North Dakota's other state agencies are doing. She also explained that the Secretary of State runs a very lean budget and his ability to absorb it is much more difficult. She foresees the Secretary of State having an increase in business registration. 8:13

Sen. Krebsbach: I have no objection to having them report. Would you be satisfied with six month reporting?

Chairman Grande: Absolutely.

Motion carried. Yea-6 Nay-0 Absent-0

Chairman Grande adjourned the committee.

VR
4/23/13
1 of 3

13.8131.02002
Title.04000
Fiscal No. 1

Prepared by the Legislative Council staff for
Conference Committee
April 23, 2013

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1002

That the Senate recede from its amendments as printed on pages 1039-1041 of the House Journal and pages 811 and 812 of the Senate Journal and that Engrossed House Bill No. 1002 be amended as follows:

Page 1, line 2, remove the second "and"

Page 1, line 3, after "state" insert "; and to provide for reports to the budget section"

Page 1, replace lines 15 through 17 with:

"Salaries and wages	$3,423,343	$839,880	$4,263,223
Accrued leave payments	0	82,831	82,831
Operating expenses	2,621,950	41,647	2,663,597"

Page 1, replace lines 21 through 23 with:

"Total all funds	$12,260,105	($89,339)	$12,170,766
Less estimated income	6,786,984	(942,567)	5,844,417
Total general fund	$5,473,121	$853,228	$6,326,349"

Page 2, replace lines 11 through 13 with:

"Grand total general fund	$5,783,121	$863,728	$6,646,849
Grand total special funds	6,786,984	(942,567)	5,844,417
Grand total all funds	$12,570,105	($78,839)	$12,491,266"

Page 3, line 8, replace "ninety-five" with "ninety-six"

Page 3, line 8, replace "eight" with "seven"

Page 3, line 9, replace "sixty-three" with "ninety-four"

Page 3, line 9, replace "ninety-eight" with "ninety-nine"

Page 3, line 10, replace "seven hundred thirty-nine" with "six hundred ninety-eight"

Page 3, after line 22, insert:

"**SECTION 7. CREDIT CARD FEES - BUDGET SECTION REPORTS.** The secretary of state shall report semiannually to the budget section during the 2013-14 interim regarding credit card usage rates and credit card fees paid by the secretary of state."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1002 - Summary of Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Secretary of State						
Total all funds	$12,216,757	$11,996,039	$174,727	$12,170,766	$12,231,577	($60,811)

2 of 3

Less estimated income	5,845,849	5,842,175	2,242	5,844,417	5,846,294	(1,877)
General fund	$6,370,908	$6,153,864	$172,485	$6,326,349	$6,385,283	($58,934)
Public Printing						
Total all funds	$320,500	$320,500	$0	$320,500	$320,500	$0
Less estimated income	0	0	0	0	0	0
General fund	$320,500	$320,500	$0	$320,500	$320,500	$0
Bill total						
Total all funds	$12,537,257	$12,316,539	$174,727	$12,491,266	$12,552,077	($60,811)
Less estimated income	5,845,849	5,842,175	2,242	5,844,417	5,846,294	(1,877)
General fund	$6,691,408	$6,474,364	$172,485	$6,646,849	$6,705,783	($58,934)

House Bill No. 1002 - Secretary of State - Conference Committee Action

	Executive Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	$4,392,045	$4,188,496	$74,727	$4,263,223	$4,406,865	($143,642)
Operating expenses	2,663,597	2,563,597	100,000	2,663,597	2,663,597	
Capital assets	10,000	10,000		10,000	10,000	
Petition review	8,000	8,000		8,000	8,000	
Election reform	5,143,115	5,143,115		5,143,115	5,143,115	
Accrued leave payments		82,831		82,831		82,831
Total all funds	$12,216,757	$11,996,039	$174,727	$12,170,766	$12,231,577	($60,811)
Less estimated income	5,845,849	5,842,175	2,242	5,844,417	5,846,294	(1,877)
General fund	$6,370,908	$6,153,864	$172,485	$6,326,349	$6,385,283	($58,934)
FTE	31.00	31.00	0.00	31.00	31.00	0.00

Department No. 108 - Secretary of State - Detail of Conference Committee Changes

	Removes House Changes to Executive Compensation Package[1]	Adjusts State Employee Compensation and Benefits Package[2]	Restores Funding for Credit Card Usage Fees[3]	Total Conference Committee Changes
Salaries and wages	$135,538	($60,811)		$74,727
Operating expenses			100,000	100,000
Capital assets				
Petition review				
Election reform				
Accrued leave payments				
Total all funds	$135,538	($60,811)	$100,000	$174,727
Less estimated income	4,119	(1,877)	0	2,242
General fund	$131,419	($58,934)	$100,000	$172,485
FTE	0.00	0.00	0.00	0.00

[1] Changes made by the House to the executive compensation package are removed.

[2] This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 3 to 5 percent for the first year of the biennium and 2 to 4 percent for the second year of the biennium.
- Reduces the market component from 2 to 4 percent per year to 1 to 2 percent per year for employees below the midpoint of their salary range.
- Reduces funding for retirement contribution increases to provide for a 1 percent state and 1 percent employee increase beginning in January 2014 and no increase in January 2015.

[3] Funding added in the executive budget for increased credit card usage fees, removed by the House, is restored, the same as the Senate version.

Section 4 of the bill is changed to provide a 4 percent first year and a 3 percent second year salary increase for the Secretary of State. The Senate and the executive budget provided 4 percent annual increases. The House provided 3 percent annual increases.

In addition, a section is added to require the Secretary of State report to the Budget Section semiannually regarding credit card usage rates and credit card fees paid by the Secretary of State. This reporting requirement was not included in the executive recommendation nor in the House or Senate versions.

House Bill No. 1002 - Public Printing - Conference Committee Action

The Conference Committee made no changes to funding for public printing. Neither the House nor the Senate made any changes to the executive budget for public printing.

2013 HOUSE CONFERENCE COMMITTEE ROLL CALL VOTES

Committee: Appropriations Education and Environment

Bill/Resolution No. HB 1002 as (re) engrossed

Date: 4-22-13

Roll Call Vote #: 1

Action Taken

- ☐ HOUSE accede to Senate amendments
- ☐ HOUSE accede to Senate amendments and further amend
- ☐ SENATE recede from Senate amendments
- ☒ SENATE recede from Senate amendments and amend as follows

House/Senate Amendments on HJ/SJ page(s) 1039 -- 1041

- ☐ Unable to agree, recommends that the committee be discharged and a new committee be appointed

((Re) Engrossed) HB 1002 was placed on the Seventh order of business on the calendar

Motion Made by: Rep. Martinson Seconded by: Sen. Krebsbach

Representatives				Yes	No		Senators				Yes	No
Chairman Bette Grande				X			Senator Ron Carlisle				X	
Rep. Bob Martinson				X			Senator Karen Krebsbach				X	
Rep. Clark Williams				X			Senator John Warner				X	

Vote Count Yes: 6 No: 0 Absent: 0

House Carrier Rep. Grande Senate Carrier Sen. Carlisle

LC Number 13.8131 . 02002 of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Pay $100,000 6 months reporting

REPORT OF CONFERENCE COMMITTEE

HB 1002, as engrossed: Your conference committee (Sens. Carlisle, Krebsbach, Warner and Reps. Grande, Martinson, Williams) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1039-1041, adopt amendments as follows, and place HB 1002 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1039-1041 of the House Journal and pages 811 and 812 of the Senate Journal and that Engrossed House Bill No. 1002 be amended as follows:

Page 1, line 2, remove the second "and"

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Page 1, replace lines 15 through 17 with:

"Salaries and wages	$3,423,343	$839,880	$4,263,223
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House Bill No. 1002 - Public Printing - Conference Committee Action

The Conference Committee made no changes to funding for public printing. Neither the House nor the Senate made any changes to the executive budget for public printing.

Engrossed HB 1002 was placed on the Seventh order of business on the calendar.

2013 TESTIMONY

HB 1002

HB 1002
Secretary of State
January 11, 2013
attachment #1

ALVIN A. JAEGER
SECRETARY OF STATE

HOME PAGE www.nd.gov/sos

PHONE (701) 328-2900
FAX (701) 328-2992

E-MAIL sos@nd.gov

GREAT SEAL STATE OF NORTH DAKOTA

SECRETARY OF STATE

STATE OF NORTH DAKOTA
600 EAST BOULEVARD AVENUE DEPT 108
BISMARCK ND 58505-0500

January 11, 2013

TO: Rep. Skarphol, Chairman, and Members of the Education and Environment Division of the House Appropriations Committee

FR: Al Jaeger, Secretary of State

RE: HB 1002 – Appropriation for the Secretary of State

1. Audit – period ended June 30, 2010 – no major finding and all information recommendations have been adopted

2. Public Printing – subdivision 2 – page 2, lines 4 through 8

   See Legislative Council letter dated August 13, 2012
   History
   2009-2011: $337,000
   2011-2013: $310,000
   2013-2015: $320,500

3. Page 1 – agency overview – FTE 30 including Secretary of State plus 1 FTE federally funded

4. Page 2 – agency major accomplishments

5. Page 3 – agency future critical issues

6. Page 4 – agency statistical data

7. Page 5 – agency demand for services

8. Page 6 – agency program costs

9. Page 7 – election reform line

10. Page 8 – optional requests

North Dakota Legislative Council

STATE CAPITOL, 600 EAST BOULEVARD, BISMARCK, ND 58505-0360

Jim W. Smith
Director

Jay E. Buringrud
Legal Services
Division Director

Allen H. Knudson
Legislative Budget
Analyst & Auditor

Jason J. Steckler
Administrative Services
Division Director

John Walstad
Code Revisor

RECEIVED
AUG 14 2012
SEC. OF STATE

August 13, 2012

Honorable Alvin A. Jaeger
Secretary of State
State Capitol
Bismarck, ND 58505

Dear Mr. Jaeger:

As you know, the Legislative Council is responsible for preparing the material for and supervising the publication of the North Dakota Century Code, North Dakota Administrative Code, and North Dakota Session Laws. The purpose of this letter is to notify you of the estimated costs for the 2013-15 biennium so you can include a sufficient amount in your budget request for these purposes.

During the 2011-13 biennium, cost estimates for the Century Code purchases in your budget were based on the state maintaining 700 sets of the code. Your staff believes there is no reason to change the number of sets needed, so we are continuing to base our estimates on maintaining 700 code sets for the 2013-15 biennium.

During the 2013-15 biennium, we have tentatively identified Volumes 3B, 7A, 9A, 9B, and 10B of the Century Code for replacement. These replacement volumes must be published to avoid increased costs for supplements and the eventual need to replace the entire Century Code. Replacement of volumes also makes the Century Code more easily usable for the public. The Court Rules Annotated volume is published in a softbound volume that must be replaced each biennium. Based on cost estimates furnished by LexisNexis, $154,000 will be needed to purchase 700 sets of replacement Volumes 3B, 7A, 9A, 9B, and 10B, and $47,250 will be needed to purchase 700 sets of the Court Rules Annotated volume and two supplements to that volume.

Based on LexisNexis estimates, $107,100 will be needed to purchase 700 sets of the 2013 pocket supplements, and $40,600 will be needed to purchase 700 sets of the 2013 general index. We are recommending that the state not purchase 700 sets of the Advance Code Service, which will result in a savings of $64,400.

The estimated costs for Century Code updates for the 2013-15 biennium total $348,950. In the letter of estimated costs from Ms. Leslie Ostrander, Director, Government Content Acquisition, LexisNexis (copy enclosed), it is stated that LexisNexis offers state government subscribers a 25 percent discount. Application of this discount will reduce estimated expenditures for 2013-15 Century Code updates to $261,712.50.

For the 2011-13 biennium, costs were decreased substantially because the Administrative Code is now being published in a CD-ROM format. We estimated CD-ROM preparation and mailing costs for the Administrative Code would total $7,000 for the 2011-13 biennium. Your staff believes the same amount will be adequate for the 2013-15 biennium.

701.328.2916 Fax 701.328.3615 www.legis.nd.gov lcouncil@nd.gov

We estimate that $35,000 will be required to cover printing, binding, and mailing costs for the 2013 North Dakota Session Laws.

We respectfully request that you include $303,712.50 in your budget request for the 2013-15 biennium for publication and printing costs for the North Dakota Century Code, North Dakota Administrative Code, and North Dakota Session Laws and postage and mailing costs for the Administrative Code and Session Laws. This is a 3.6 percent increase from the comparable amount we recommended for these expenses for the 2011-13 biennium.

We are not in a position to make any suggestions regarding the other costs that must be included in the public printing line item of your budget, including the costs of individual volumes to update old sets of the Century Code, the new sets of the Century Code required for new members of the Legislative Assembly, and postage and mailing costs for the Century Code. Therefore, those costs are not included in our estimates.

Thank you for your attention to these matters. Please contact this office if you have any questions. We are sending a copy of this letter to Ms. Pam Sharp, Director, Office of Management and Budget, for her information.

Sincerely,

Jim W. Smith

Jim W. Smith
Director

JWS/BM
Enc.
cc: Ms. Pam Sharp
Ms. Leslie Ostrander

July 18, 2012

John Walstad
North Dakota Legislative Council
State Capitol, 600 East Boulevard
Bismarck, ND 58505

Dear John:

I am pleased to provide the following estimated prices for the North Dakota Century Code 2013-2014 upkeep service. The following prices reflect slight increases from the pricing levels offered for 2011-2012. The cost of production has increased over the past two years and although the Producer Price Index for Book Publishers has risen 8% over the last two years, I have kept the requested increases significantly lower than that amount.

As requested, I have included the base estimates on options for three, four, or five replacement volumes in the two-year period.

Cumulative Supplement The price of the 2013 Supplement will depend on the number of volumes replaced. If five volumes are replaced, the price of the Supplement is $153.00. If four volumes are replaced, the price of the Supplement is $168.00. And if only three volumes are replaced, the price of the Supplement is $182.00.

Index The price of the Index will be $58.00 with the publication of five Replacement volumes. The price increases to $60.00 with four Replacement volumes and $61.00 with three replacement volumes.

Replacement Volumes Our recommendation is for the replacement of five volumes, two in one year and three in the next. After consulting with our editorial department, our recommendation is to replace Volume 3B (2003 volume with 246 page supp); Volume 9A (2007 volume with 257 page supp); Volume 9B (1999 volume with 150 page supp); Volume 10B (2008 volume with 200 page supp) and Volume 7A (2004 volume with 171 page supp.) If five volumes are replaced, the price for each copy of each replacement volume will be $44.00. If four volumes are replaced, the price for each copy of each replacement volume will be $45.00. And if only three volumes are replaced, the price for each copy of each replacement volume is $46.00.

Package Prices For comparison purposes, the various options with prices and the total package price of Supplement, Replacement Volumes and Index are as follows:

Option	No. Repl. Vols.	Price of Supp.	Price of Volumes	Price of Index	Total	Increase
1	5	$153.00	$44.00	$58.00	$431.00	4.0 %
2	4	$168.00	$45.00	$60.00	$408.00	4.5%
3	3	$182.00	$46.00	$61.00	$381.00	5.0%

Advance Code Service The Advance Code Service will be issued in three (3) pamphlets at even intervals during each year between the publication of the 2013 and 2015 Supplements. The price of the Advance Code Service will increase to $46.00 per year.

Court Rules Volumes and Supplements The next edition of the Court Rules volume is currently scheduled for publication in early 2014. The price of that edition will be $46.00, a 5% increase in the price of $44.00 from the 2012 Edition.. The first two supplements to the 2012 Edition will increase to $11.50 and $12.00 respectively.

Government Discount We will continue to offer state government subscribers a 25% discount on its purchases of the North Dakota Century Code for the 2013-2014 biennium.

Please let me know if you have any questions.

Sincerely,

Leslie Ostrander

Leslie Ostrander
Director
Government Content Acquisition

ALVIN A. JAEGER
SECRETARY OF STATE

HOME PAGE www.nd.gov/sos

PHONE (701) 328-2900
FAX (701) 328-2992

E-MAIL sos@nd.gov

SECRETARY OF STATE
STATE OF NORTH DAKOTA
600 EAST BOULEVARD AVENUE DEPT 108
BISMARCK ND 58505-0500

Secretary of State

Information for Budget

January 11, 2013

AGENCY STATUTORY AUTHORITY

ND Constitution Article V, Section 12; North Dakota Century Code Title 10 and Title 16.1; North Dakota Century Code Chapters 15.02, 35-01, 35-05, 35-17, 35-21, 35-29, 35-30, 35-31, 41-09 ,43-07, 44-06, 45-10, 45-10.1, 45-11, 45.22, 45-23, 47.22, 47-25, 50-22, 53-01, 54-05.1, 54-09, 54-16, and 55-01.

AGENCY DESCRIPTION

The agency is the office of record for certain legal documents generated by the executive and legislative branches of state government; the office of record for public records and notices including various business entities; and it performs a wide range of licensing, regulatory, registration, and administrative functions within four operating units. The agency performs these functions in accordance with the requirements of the state's constitution and laws.

AGENCY MISSION STATEMENT

To serve the people of the State of North Dakota and its guests; execute with integrity the duties required by the North Dakota Constitution and the North Dakota Century Code; collect and preserve the records of the State as defined by the law; act as an ambassador for the State of North Dakota, its people, and its way of life. This mission will be dispatched effectively, efficiently, expeditiously, courteously, and with financial responsibility.

AGENCY PERFORMANCE MEASURES

Although it does not have a formal written program, the agency's management team and unit leads have access to various processes for tracking productivity, effectiveness, efficiency, quality of customer service, and compliance with laws. It is anticipated the statistical tracking of information will be improved with the agency's migration to a new database and document processing platform, for which funding was approved in the 2011/2013 biennium and for which continued (carryover) funding is being requested in the agency's 2013/2015 budget request.

AGENCY MAJOR ACCOMPLISHMENTS

1. Enhanced agency website, which received approximately 505,000 hits over a 12 month period ending June 30, 2012 on its various pages and sections.

2. Enhanced 24/7 live business records search on agency website which displays data about business entities filed with the agency.

3. Enhanced website for access to annual reports filed by businesses allowing them to complete reports on-line and then print, sign, and mail the reports to the agency.

4. Continued the software development to enable migration of the agency's database from AS/400 platform created in 1988/1992 to a new operating platform. This will allow for on-line filing of many documents and reports, which will be very beneficial for the future.

5. Continued the mandated migration of the Central Indexing System (CIS) from the state's mainframe. This will greatly enhance the agency's CIS, which is connected to the state's 53 counties and provides a centralized depository for various lien documents.

6. Continued to enhance the agency's Election Management System (EMS) and Election Administration System (EAS), which provide new and expanded election information on the agency's website about elections, candidates, campaign contributions, voter precinct finder, polling location details and the reporting of election night returns. In addition, it assists in the administration of petition review, poll worker tracking, voting statistics reporting, and early and absentee voting. A specific feature already mentioned was launched in October 2008 that allows the voter to find his or her voting precinct with a house number and zip code.

7. Launched the Central Voter File for use by the counties to track absentee ballots, allow for the efficient management of early voting precincts, and to expedite the voting process on election day.

AGENCY FUTURE CRITICAL ISSUES

In the statistical data section of the program narrative, the data reveals that since 1995/1997 and through the 2009/2011 biennium, the agency's revenue has steadily increased. The 2009/2011 biennium revenue increased 14% from the previous biennium. The increased revenue is directly related to the increase in the number of registrations, filings, and increased demand for the services provided by the agency. In order to respond to this increased demand, the agency is substantially dependent on the use of information technology (e.g. software, hardware, Internet, etc.), which it uses to provide the timely, accurate, and efficient services expected by the public, businesses, and customers of the agency.

As is documented in the statistical data section on page 4, the agency is processing 78,189 more documents per year than it did in 1995. Therefore, to provide services in a cost effective and efficient manner for the public, it is vitally important that the agency receive support for technology initiatives and continued authorization for the three additional FTE's approved in 2012 to handle the increase in workload.

The agency is the first place stop and prime filer of a variety of business related information. In other words, business in North Dakota begins with the Secretary of State's office. Therefore, the agency has a key role in the state's e-government initiatives making it imperative the agency has adequate funding and support in order to implement the appropriate technology to meet these goals and provide services the public is requesting. It is critical to continue the migration of the two databases from their current environment to the new platform. The increase in services and productivity will be significant. The funding required for continuing the migration is included as a carryover request in an Optional Request in this budget.

The technology project approved by the 2011 Legislative Assembly in Section 3 of SB 2002 (2011 Session Laws, Chapter 28) and referred to in HB 1002 in Section 5 is on track and on budget. To ensure adequate funding, Section 3 of HB 1002 beginning on line 30 on page 2 allows the agency to use unexpended funds in its general services operating fund at the end of this biennium in the next biennium.

Having adequate FTE's and the ability to offer competitive salaries is a challenge. For example, last year, two FTE were hired for Administrative Assistant II positions. They were offered salaries that were within a few dollars of the salaries currently being received by agency staff (in the same position) that has been employed for several years. The agency needs to have competitive salaries and address compression issues in its employment structure to be competitive and to pay salaries appropriate for agency staff.

PROGRAM STATISTICAL DATA
History of Revenue and Expenditures for the past seven budget cycles

Revenue
• 1997/1999 - $ 4,912,970
• 1999/2001 - $ 5,953,504 (general $5,555,610; * special $333,036) increased 21.2% over previous biennium
• 2001/2003 - $ 6,277,698 (general $5,869,160; * special $371,868) increased 5.5% over previous biennium
• 2003/2005- $ 6,716,245 (general $6,289,108, * special $401,305) increased 7.0% over previous biennium
• 2005/2007 - $ 7,289,015 (general $6,815,185, * special $454,445) increased 8.5% over previous biennium.
• 2007/2009 - $ 7,949,077 (general $7,432,582, * special $516,495) increased 9.1% over previous biennium.
• 2009/2011 - $ 9,058,760 (general $8.543.052, * special $515,708) increased 14% over previous biennium.
• 2011/2013 Estimated: - $ 8,480,172 (Estimated: general $7,900,000, * special $580,172)

* The 1999 Legislative Assembly authorized a General Services Operating Fund for the agency's "retail" trade. At the end of the 2005/2007 biennium, the agency transferred $25,137 to the state's general fund, which was the uncommitted amount over $75,000.

Expenditures
• 1997/1999 - $ 2,839,345
• 1999/2001 - $ 3,545,065 increased 24.8% over previous biennium (see note # 1)
• 2001/2003 - $ 3,961,253 increased 11.7% over previous biennium (see note # 2)
• 2003/2005 - $ 4,146,332 increased 4.7% over previous biennium
• 2005/2007 - $ 4,536,178 increased 9.4% over previous biennium (see note # 3)
• 2007/2009 - $5,666,247 increased 24.9% over previous biennium (see note #4)
• 2009/2011 - $6,168,973 increased 8.9% over previous biennium (see note #5)

Note # 1 Because of a system wide reallocation by ITD of the costs related to the statewide area network connecting the agency and the state's fifty-three counties for the operation of the central indexing system, the budget was increased by $300,000 from $75,000 to $375,000, accounting for 39% of the increase. Another $197,000, or 26% of the increase, was for salaries as approved by the legislature, emergency commission, and the budget section. Most of the remaining $264,000, or 35% of the increase was for increased expenses related to services provided by ITD and other technology related expense as approved by the legislature, emergency commission, and the budget section. Almost half of that amount was directly related to the cost of providing the increased demand for agency information as authorized through the agency's general services operating fund, with those expenses being covered by the revenue generated to that account.

Note # 2 ITD again reallocated costs related to the statewide area network resulting in another $175,000 increase added to the agency's budget.

Note # 3 The expenditures included a one-time amount of $125,000 for migration of database.

Note # 4 - The expenditures included a one-time amount of $825,000 for migration of database.

Note # 5 - The expenditures included a one-time amount of $702,000 for migration of database (One time funding was $780,000 total, we requested $78,000 in carryover to 11-13 Biennium)

Demand for Services

The demand for the agency's services has grown steadily during the period beginning June 30, 1995, and ending June 30, 2012. This is in direct relationship to the net increase in filings and registrations as listed below.

	June 30, 1995	June 30, 2012	Percentage Increase/decrease
Contractors	4,701	9,220	+96%
Charitable Solicitation	559	2,915	+421%
Notary Publics	10,419	13,672	+31%
ND For-profit corporations	10,734	14,198	+27%
ND Cooperatives	434	305	-34%
ND Professional corporation	552	993	+80%
Foreign For-profit corporations	7,307	15,737	+115%
Foreign cooperatives	45	73	+62%
Limited Liability Companies (all)	441	20,165	+4473%
Limited Liability partnerships (all)	13	3,021	+23138%
Limited Partnerships (all)	864	1,609	+86%
Limited Liability Limited Partnerships	0	850	+850%
Partnership Fictitious Names	1,362	1,871	+37%
Trademarks	1,286	1,450	+13%
Trade names	3,565	24,932	+599%
ND non-profit corporations *	0	7,502	+7502%
Foreign non-profit corporations *	0	2,514	+2514%
Total	42,282	120,471	+185%

*Prior to 1997, non-profit corporations were not required to file an annual corporate report. Therefore, the agency is processing an additional 10,016 filings that it did not process fourteen years ago.

Appendix A is an example of the increase in one of the units within the agency. It lists the business registrations since the beginning of the biennium and the graph illustrates the growth in registrations over the last 42 months. During the past 18 months, the agency processed an average of 1,342 filings per month. When compared to the monthly average of 707 during the previous biennium, the average number of filings processed was 90% more per month than the preceding 24 months.

The agency also licenses contractors. At the end of the June 2009, the agency had 6,262 active licenses. At the end of June 2011, the agency had 8,824 active licenses, an increase of 41%. Today, the agency has 12,045 active licenses, which is an increase of 36.5% in the past 18 months and an increase of 92% in the last 42 months.

Appendix B provides the revenue impact to the state's general fund. When the current budget estimates were prepared in the fall of 2010, it was projected that the agency would generate $7,900,000 for the state's general fund. At the end of November, the agency already had general fund revenues of $8,408,167 or $2,812,333 over budget with 7 months still remaining in the biennium.

EXPLANATION OF PROGRAM COSTS

For the 2011-2013 biennium, the appropriated salary line represented approximately 65% of the agency's total general fund spending authority. (This does not include the $3.5 million of one-time funding appropriated for the technology project)

The appropriated operating line for 2011-2013 represented approximately 35% of the agency's total general fund spending authority. Of that amount, approximately 62% of the operating line was budgeted for payments to the state's Information Technology Division (ITD). The remaining 38% is spread among other object code categories and supports the general operations of the agency. Those budget object codes include telecommunications, travel, mailing services, professional development, fees and services, repairs and maintenance of equipment, insurance, office supplies, printing, professional supplies and materials, and miscellaneous expenses.

The agency also has a general service fund, which is the retail account for information sold by the agency. Approximately 75% of that budget is to cover expenses related to the technology for providing the requested information.

Extensive technology is used by the agency to increase productivity, provide better and faster services for the public, and to maintain many thousands of records associated with approximately 100 diverse and varied categories that relate to the duties of the agency. For example:

1. The agency's budget supports the statewide Central Indexing System (CIS) area network connecting the agency and the state's fifty-three county Recorder offices. The budget supports the maintenance of the database housed on the state's mainframe computer, which database is currently being migrated to a new database. The CIS contains approximately 295,500 active files related to various personal property liens throughout the state.

2. The agency's budget supports a database of approximately 265,000 names for approximately 100 diverse and varied categories related to the duties of the agency and for associated expenses such as programming, which is only available from a private vendor. For 2013-2015, the agency is submitting an optional request to allow the carryover of the remaining amount of the $3.5 million one-time funding from the 11-13 biennium to continue the migration of the agency's databases to a new operating platform.

3. The agency's budget supports an Internet web site and covers associated expenses.

ELECTION REFORM

Since the adoption of HAVA, the state has received the following amounts of funding.

In 2003, it received $5,000,000, which did not require a state match.

In 2004, it received $4,150,000, which required a 5% state match. According to the State Plan, 1/2 share of the 5% was provided by the state and the other ½ share was provided by each one of the state's 53 counties in proportion to the voting equipment supplied to them. The state's share was appropriated in Section 2 of Senate Bill 2002 as adopted by the 2003 Legislative Assembly and signed by the Governor. Each of the counties receiving voting equipment paid their 1/2 share as committed allocated in their respective budgets. The state's share of $105,000 was provided from the projected agency's turn back to the general fund at the end of the 2001/2003 biennium.

For the fiscal year 2004, Congress appropriated an additional $7,446,803, which required a 5% state match of $391,937. As part of the match, the federal Election Assistance Commission recognized the agency's investment in its Election Management System as an in-kind contribution in the amount of $257,970. The balance for the match was contributed by the Counties in the amount of $57,867 and the legislature appropriated $76,100.

In 2008, Congress appropriated an additional amount in the Omnibus Appropriations Act for Fiscal Year 2008, which resulted in North Dakota becoming eligible for an additional $575,000 for the HAVA election fund. In order to secure it, the state was required to provide a 5% match. This was achieved when the Emergency Commission on March 14, 2008 authorized the amount of $30,263 from state's contingency fund to be used for this purpose.

In 2009, North Dakota became eligible for an additional $500,000 for the HAVA election fund. In order to secure it, the state was required to provide a 5% match. The 5% match of $26,316 was appropriated by the Legislative Assembly in the House Bill 1002.

In 2010, appropriated an additional amount in the Omnibus Appropriations Act for Fiscal Year 2010, which resulted in North Dakota becoming eligible for an additional $350,000 for the HAVA election fund. In order to secure it, the state was required to provide a 5% match. This was achieved when the Emergency Commission on March 4, 2010 authorized the amount of $18,421 from state contingency fund to be used for this purpose.

In 2011, North Dakota was appropriated an additional amount in the 2011 Requirements Payments under Section 251 of the Help America Vote Act, which resulted in North Dakota receiving an additional $6,454 for the HAVA election fund. In order to secure it, the state was required to provide a 5% match. This was achieved using current appropriation in the State's election fund in the amount of $340.

Optional Requests

Public Printing Operational Changes	10,500
Governor Recommended	10,500
3 FTE's	283,754
Governor Recommended	283,754
Compression	165,000
Governor Recommended	0
Credit Card Costs	100,000
Governor Recommended	100,000
Multipurpose Copier	10,000
Governor Recommended	10,000
Overtime	200,000
Governor Recommended	0
Annual Leave Pay-outs - Retirement	28,000
Governor Recommended	0
Election Reform Funding Source Change	118,585
Governor Recommended	0
ITD Operational Costs	101,000
Governor Recommended	101,000

Turnback
3 FTE's

A ndix A

State of North Dakota - Secretary of State - Business Registrations - July 1, 2011 through June 30, 2012

	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Total Active end of 6/30/2011	Total Active end of 6/30/2012*	Increase (decrease)	Percentage Versus Previous Year as of 6/30/2012
	Monthly New Registrations															
Business Corporations	60	98	99	77	74	47	117	96	89	103	93	122	13,330	13,661	331	2.5%
Limited Liability Companies	233	344	312	286	246	325	327	305	394	403	420	464	9,732	12,853	3,121	32.1%
Coops/Electric Coops/Mutual Aid Cor	0	0	2	0	1	1	0	0	0	1	0	0	292	286	-6	-2.1%
Farm Corporations	0	3	0	0	0	0	2	0	1	4	0	1	756	753	-3	-0.4%
Farm Limited Liability Companies	3	0	2	3	2	2	3	0	3	2	3	1	190	203	13	6.8%
Professional Corporations	2	1	2	3	0	3	6	1	2	2	1	3	971	993	22	2.3%
Professional Limited Liability Co	2	3	3	3	4	4	3	3	5	2	3	7	138	167	29	21.0%
Foreign Corporations	242	311	229	213	184	193	193	190	193	238	248	245	14,072	15,737	1,665	11.8%
Foreign Professional Corporations	3	6	7	4	6	5	5	6	2	15	3	12	166	232	66	39.8%
Foreign Limited Liability Companies	163	173	180	224	127	122	160	150	154	219	222	218	5,288	6,934	1,646	31.1%
Foreign Coops	1	0	0	0	0	0	0	0	2	1	0	0	73	73	0	0.0%
Limited Partnerships	6	8	8	6	7	8	17	5	17	19	21	7	1,602	1,609	7	0.4%
Limited Liability Partnerships	20	39	38	30	33	22	50	24	29	23	31	39	2,874	3,021	147	5.1%
Limited Liability Limited Partnerships	6	9	8	5	11	19	7	8	7	9	9	8	774	850	76	9.8%
Church/Nonprofit Corporations/Certifi	12	29	21	25	17	24	22	14	26	21	26	32	7,432	7,502	70	0.9%
Foreign Nonprofit Corporations	16	37	24	26	19	23	29	13	20	24	30	39	2,309	2,514	205	8.9%
Nonprofit LLC	0	0	0	1	0	0	0	0	0	0	0	0	8	8	0	0.0%
Foreign Nonprofit LLC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!
Trade Names	401	430	377	357	273	285	356	362	392	322	682	384	22,749	24,932	2,183	9.6%
Trademarks	10	9	0	9	0	2	15	3	5	5	15	6	1,458	1,450	-8	-0.5%
Partnerships Fictitious Names	26	39	24	19	26	28	24	28	20	18	44	31	1,777	1,871	94	5.3%
Total New Filings/Month	1,206	1,539	1,336	1,291	1,030	1,113	1,336	1,208	1,361	1,431	1,851	1,619	85,991	95,649	9,658	11.2%

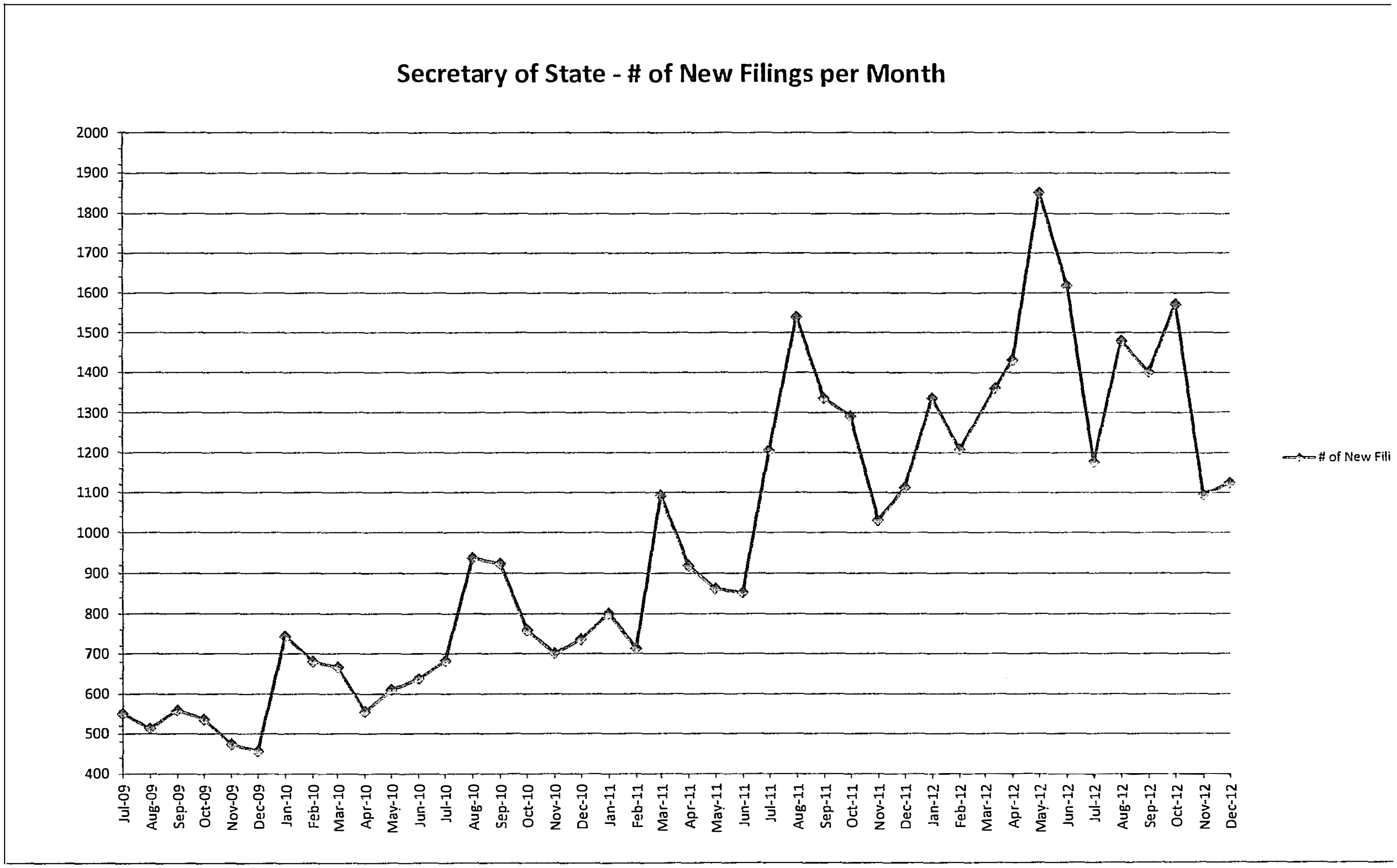
*During the course of the year, entities are dissolved, withdrawn, cancelled, converted to an alternate entity, or merged out of existence. Therefore, this column represents the

State of North Dakota - Secretary of State - Business Registrations - July 1, 2012 through June 30, 2013

	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	3/1/2012	Apr-13	May-13	Jun-13	Total Active end of 6/30/2012	Total Active end of 12/31/2012*	Increase (decrease)	Percentage Versus Previous Year as of 10/31/2012
	Monthly New Registrations															
Business Corporations	79	80	80	82	66	64							13,661	13,388	-273	-2.0%
Limited Liability Companies	313	385	345	435	271	348							12,853	14,882	2,029	15.8%
Coops/Electric Coops/Mutual Aid Corps/Grazing Assns	0	0	0	0	0	0							286	283	-3	-1.0%
Farm Corporations	0	1	2	4	0	11							753	772	19	2.5%
Farm Limited Liability Companies	2	3	0	3	6	13							203	221	18	8.9%
Professional Corporations	3	3	5	2	2	7							993	963	-30	-3.0%
Professional Limited Liability Co	1	5	5	9	2	4							167	193	26	15.6%
Foreign Corporations	198	238	191	193	134	131							15,737	16,532	795	5.1%
Foreign Professional Corporations	5	10	9	9	4	6							232	274	42	18.1%
Foreign Limited Liability Companies	180	193	192	188	143	130							6,934	7,804	870	12.5%
Foreign Coops	0	1	0	0	0	0							73	73	0	0.0%
Limited Partnerships	10	10	12	8	16	13							1,609	1,606	-3	-0.2%
Limited Liability Partnerships	35	38	38	36	28	39							3,021	3,078	57	1.9%
Limited Liability Limited Partnerships	6	16	15	20	27	33							850	939	89	10.5%
Church/Nonprofit Corporations/Certified NP Development Corps	20	20	25	30	26	21							7,502	7,647	145	1.9%
Foreign Nonprofit Corporations	27	26	39	32	31	25							2,514	2,676	162	6.4%
Nonprofit LLC	1	1	0	0	2	0							8	12	4	50.0%
Foreign Nonprofit LLC	0	0	0	0	0	0							0	0	0	#DIV/0!
Trade Names	274	411	414	487	306	259							24,932	25,928	996	4.0%
Trademarks	4	11	10	6	10	4							1,450	1,468	18	1.2%
Partnerships Fictitious Names	19	27	19	27	20	16							1,871	1,901	30	1.6%
Total New Filings/Month	1,177	1,479	1,401	1,571	1,094	1,124							95,649	100,640	4,991	5.2%
\																

*During the course of the year, entities are dissolved, withdrawn, cancelled, converted to an alternate entity, or merged out of existence. Therefore, this column represents the

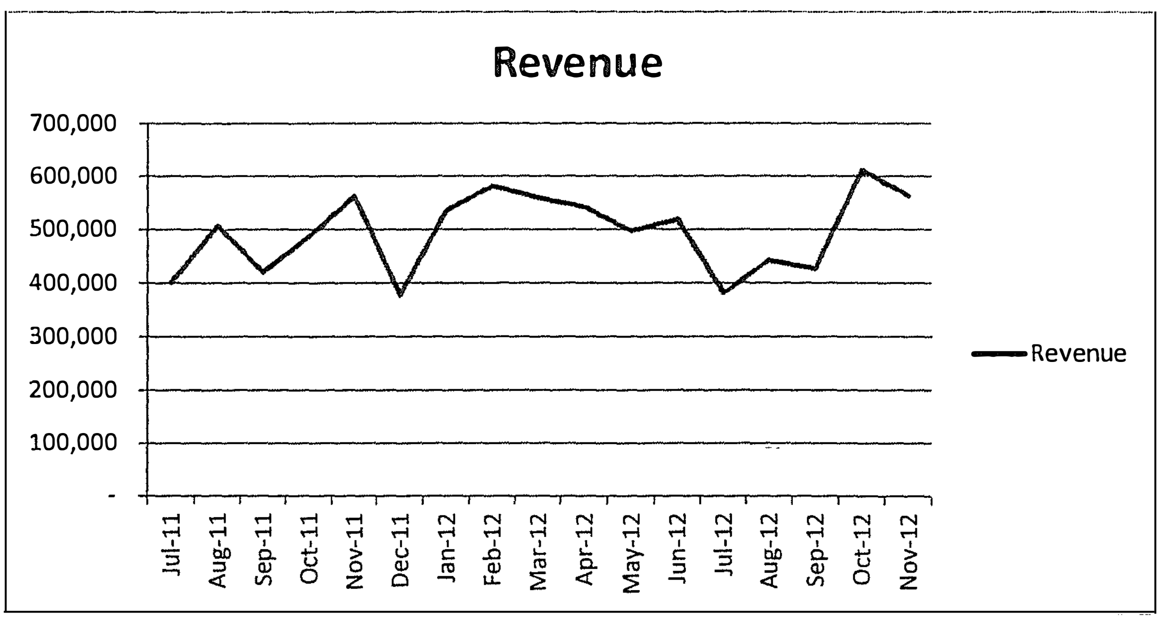
Months	# of New Filings
Jul-09	551
Aug-09	514
Sep-09	559
Oct-09	537
Nov-09	474
Dec-09	457
Jan-10	744
Feb-10	681
Mar-10	667
Apr-10	555
May-10	610
Jun-10	638
Jul-10	683
Aug-10	937
Sep-10	923
Oct-10	759
Nov-10	701
Dec-10	736
Jan-11	801
Feb-11	713
Mar-11	1092
Apr-11	919
May-11	862
Jun-11	853
Jul-11	1206
Aug-11	1539
Sep-11	1336
Oct-11	1291
Nov-11	1030
Dec-11	1113
Jan-12	1336
Feb-12	1208
Mar-12	1361
Apr-12	1431
May-12	1851
Jun-12	1619
Jul-12	1177
Aug-12	1479
Sep-12	1401
Oct-12	1571
Nov-12	1094
Dec-12	1124



Secretary of State
General Fund Revenue Chart

Appendix B

2011/2013 Biennium - General Fund Revenue					
November 30, 2012 - 29.2% Biennium Remaining					
	Revenue	Monthly Average Revenue Per Budget	Monthly Accumulative Revenue Total	Accumulative Monthly Budget	(Under) Over Budget
		$ 7,900,000			
Jul-11	$ 400,246	$ 329,167	$ 400,246	$ 329,167	$ 71,079
Aug-11	$ 506,108	$ 329,167	$ 906,354	$ 658,333	$ 248,020
Sept-11	$ 419,815	$ 329,167	$ 1,326,168	$ 987,500	$ 338,668
Oct-11	$ 485,949	$ 329,167	$ 1,812,117	$ 1,316,667	$ 495,450
Nov-11	$ 561,817	$ 329,167	$ 2,373,934	$ 1,645,833	$ 728,100
Dec-11	$ 376,720	$ 329,167	$ 2,750,653	$ 1,975,000	$ 775,653
Jan-12	$ 535,660	$ 329,167	$ 3,286,313	$ 2,304,167	$ 982,146
Feb-12	$ 580,763	$ 329,167	$ 3,867,076	$ 2,633,333	$ 1,233,742
Mar-12	$ 559,573	$ 329,167	$ 4,426,649	$ 2,962,500	$ 1,464,149
Apr-12	$ 542,218	$ 329,167	$ 4,968,867	$ 3,291,667	$ 1,677,200
May-12	$ 496,467	$ 329,167	$ 5,465,334	$ 3,620,833	$ 1,844,501
June-12	$ 518,493	$ 329,167	$ 5,983,827	$ 3,950,000	$ 2,033,827
July-12	$ 381,478	$ 329,167	$ 6,365,304	$ 4,279,167	$ 2,086,138
August-12	$ 441,926	$ 329,167	$ 6,807,230	$ 4,608,333	$ 2,198,897
Sept-12	$ 426,471	$ 329,167	$ 7,233,701	$ 4,937,500	$ 2,296,201
Oct-12	$ 611,430	$ 329,167	$ 7,845,131	$ 5,266,667	$ 2,578,465
Nov-12	$ 563,036	$ 329,167	$ 8,408,167	$ 5,595,833	$ 2,812,333



HB 1002
Secretary of State
January 11, 2013
attachment #2

ALVIN A. JAEGER
SECRETARY OF STATE

HOME PAGE www.nd.gov/sos

PHONE (701) 328-2900
FAX (701) 328-2992

E-MAIL sos@nd.gov

SECRETARY OF STATE

STATE OF NORTH DAKOTA
600 EAST BOULEVARD AVENUE DEPT 108
BISMARCK ND 58505-0500

January 11, 2012

TO: Chairman Robin Weisz and Members of the Information Technology Committee

FR: Al Jaeger, Secretary of State

RE: Secretary of State Data Processing System

In response to a question raised shortly before the noon break, I offer you the following information. In the spring of 2008, the Secretary of State's office issued a RFP and after several months of delays executed a contract with a vendor for $1,959,000 to be paid over a three biennium period. The project was to be completed by the end of 2009. However, the project encountered numerous challenges and delays and the completion time line was extended by several months. During the summer of 2010, the vendor informed the Secretary of State that the project could not be completed without having additional funding beyond the contracted rate. At that point, the project was at a standstill with approximately $500,000 having been paid to the vendor.

Through the budgeting process, the Governor recommended and the Legislature appropriated $3,500,000 to complete the project under the direction of the Information Technology Department (ITD). The previous contract with the vendor was nullified. With carry over funds and since then, all expenditures have been made to ITD. To explain how this information is reported on the quarterly report, I will ask Justin Data from ITD to come forward when I am finished with my testimony.

Since the beginning of the biennium, ITD and the Secretary of State's office has been involved in numerous comprehensive sessions related to requirements gathering. That process was completed in December. I have attached the cover sheet that will be used for the fourth quarter large project management report that will be submitted through the appropriate channels and ultimately given to your committee.

As shown on the cover sheet, the requirements gathering involved 79 different documents. That number reflects the many and varied duties and functions of the Secretary of State's office. Since the process was completed, ITD has been preparing an analysis of the project's projected cost along with a time line. It is expected within the next few weeks. The project status is currently green.

Even though the project is progressing, it has not been without challenges. For example, this is a large project for an agency of our size with only 26 employees. Nevertheless, ever effort has been made to respond in a timely manner to the requirements gathering time line. To do this and because of their other duties and the significant increase in filings for the office, it has been necessary to authorize overtime and to hire temporary personnel to provide what is called "backfill" to relieve managers and unit leads to assist in the requirements gathering process.

Here are two examples of the increased workload that has impacted staff availability for the project. As of yesterday, the number of Limited Liability Companies registered with the Secretary of State's office had increased 16% in the five and one-half months since July 25, 2011. That represented 2,474 new filings.

As of today, our office has 10,504 licensed contractors, which is an increase of 19% since the end of the last biennium on June 30, 2011. It is an increase of 42% since the beginning of that biennium on July 1, 2009, which represents an increase of 3,138 active contractor licenses. In the six working days since the beginning of the year, licenses have been issued to 127 contractors.

ALVIN A. JAEGER
SECRETARY OF STATE

HOME PAGE www.nd.gov/sos

PHONE (701) 328-2900
FAX (701) 328-2992

E-MAIL sos@nd.gov

SECRETARY OF STATE
STATE OF NORTH DAKOTA
600 EAST BOULEVARD AVENUE DEPT 108
BISMARCK ND 58505-0500

Time Line for Technology Project - Secretary of State
October 14, 2010

2004

1. Secretary of State (SOS) begins exploring replacement for AS/400 and Mainframe
2. Summer 2004 – Phase 1 of Secretary of State Knowledge Base (SOSKB) project presented to SITAC
3. Fall 2004 – SOS Budget request of $500,000 for Central Indexing System (CIS) portion of SOSKB
4. Fall 2004 – Governor's Budget recommendation included $250,000

2005

5. Spring 2005 – Legislative Assembly approved $125,000 for Phase 1
6. Spring 2005 – ITD continues working with SOS and contracts with CC Intelligent Solutions (CCIS) to provide technical assistance
7. December 2005 – Al Jaeger, Mike Ressler, Tracy Korsmo, and Jim Silrum travel to North Carolina (NC) for meeting with North Carolina SOS. The North Carolina software is being used by approximately 14 states through a company called OSI.

2006

8. April 2006 – Signed Memorandum of Understanding with NC SOS on SOSKB development to .net using ITD, ITD Contractors and the NC SOS technology staff. Although written in VB6, the parties believed it could be converted to .net based on assurances from Microsoft.
9. Summer 2006 – Phase II of SOSKB project presented to SITAC
10. Fall 2006 – SOS Budget request included $1,716,413 for Phase II
11. Fall 2006 – Governor's Budget recommendation included $824,153

2007

12. Spring 2007 – Legislative Assembly approved $824,153 for Phase II
13. Fall 2007 – ITD, NC SOS, and the ITD contractor continued developing Phase I with little success and discovered that earlier assurances from Microsoft were erroneous that conversion from VB6 to .net could be easily accomplished.

2008

14. January 2008 – ITD Developers informed the SOSKB Executive Steering Committee that Phase I could be completed with more funds, but it would not be a lasting and viable solution. The challenges with the code conversion were not reported earlier by the ITD development team to upper management at ITD or the Secretary of State's office. Had this been known, the project would have been stopped somewhat earlier resulting in significant savings (NOTE: As a result of this delay in reporting, many positive and beneficial changes were made to project management and reporting)
15. February 2008 – Secretary Jaeger stops the SOSKB project
16. March 26, 2008 – Report of project stoppage reported to Information Technology Committee
17. Spring 2008 – SOS determines it has approximately $600,000 remaining in the budget for another solution, if available

18. Spring 2008 – ITD estimates it would require approximately $2.4 million to build the desired system from the beginning
19. Spring 2008 – A company named FileONE offers a solution to SOS
20. Spring 2008 – SOS issues a notice of intent to award sole source to FileONE
21. Spring 2008 – SOS receives four challenges to this notice
22. May 2008 – SOS releases RFP for new system to four challengers and FileONE
23. June 2008 – After extensive evaluation by a large team of evaluators from ITD and SOS staff, CCIS is selected as vendor for new system
24. July 2008 – FileONE protests the notice of intent to award – protest denied by State Procurement Office
25. August 2008 – Contract is executed between CCIS and SOS for a product identified as cGov360 for $1,959,000 over six years (subject to legislative appropriations)
26. October 2008 – CCIS team arrived in ND to gather requirements
27. November 2008 – CCIS begins development

2009

28. January 2009 – CCIS team is in ND gathering more requirements
29. Spring 2009 – 2009 Legislative Assembly approves $780,000 for continuation of cGov360 project consistent with the contract executed with the vendor
30. June 2009 – cGov360 Contract date for completion of project
31. June 2009 – CCIS team is in ND gathering requirements
32. Summer 2009 – New project completion schedule is approved
33. October 2009 – CCIS team in ND gathering requirements

2010

34. February 2010 – CCIS begins to raise "churn" as the reason for the project delay
35. April 2010 – CCIS management is in ND to meet with Executive Steering Committee
36. April 2010 – Launch date for Central Indexing module is set for August 16, 2010
37. May 2010 – CCIS furlongs most of its staff due to financial challenges
38. June 2010 – cGov360 project was to be completed according to the revised schedule adopted in summer of 2009
39. Present – cGov360 project is not complete and CCIS is working on a recovery plan.

Since 2004, the Secretary of State has requested in its budget requests a total of $2,996,413 to develop the needed software to provide the productivity of the staff and to provide online services to its customers. It has received appropriations of $1,729,153, which is $1,267,260 less than the estimates provided by informed sources as to what it would cost to build a system.

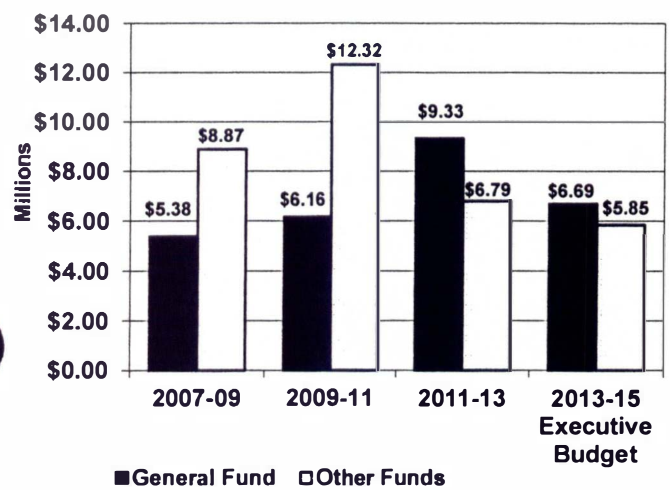
Prepared by the North Dakota Legislative Council
staff for House Appropriations
January 8, 2013

Department 108 - Secretary of State
House Bill No. 1002

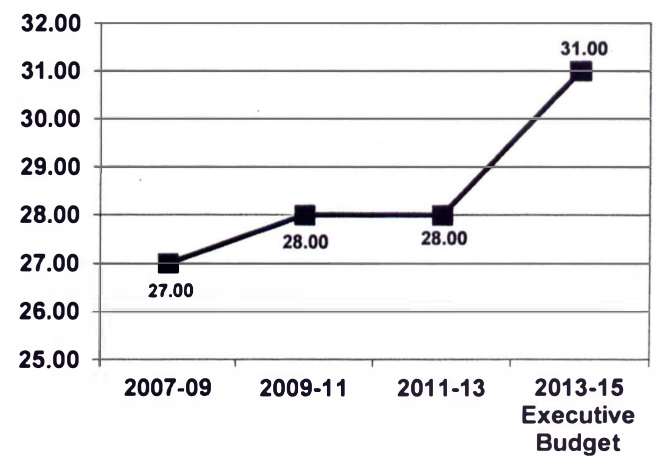
	FTE Positions	General Fund	Other Funds	Total
2013-15 Executive Budget	31.00	$6,691,408	$5,845,849	$12,537,257
2011-13 Legislative Appropriations	28.00	9,326,160	6,786,984	16,113,144[1]
Increase (Decrease)	3.00	($2,634,752)	($941,135)	($3,575,887)

[1]The 2011-13 appropriation amounts do not include $78,000 continued from the agency's 2009-11 biennium general fund appropriation relating to the mainframe migration computer project or $102,526 of additional special funds authority available for carryover from the 2009-11 biennium pursuant to Section 4 of 2011 Senate Bill No. 2002 for the mainframe migration computer project. In addition, the 2011-13 appropriation amounts do not include $196,000 of additional special funds authority for salaries and wages, transfers from the operating expense line item to the salaries and wages line item, including 3 FTE positions, and $11,300 from the contingencies fund for initiated petition review resulting from Emergency Commission action during the 2011-13 biennium.

Agency Funding



FTE Positions



Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2013-15 Executive Budget	$6,597,408	$94,000	$6,691,408
2011-13 Legislative Appropriations	5,783,121	3,543,039	9,326,160
Increase (Decrease)	$814,287	($3,449,039)	($2,634,752)

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Removes 2011-13 **one-time funding** provided for the database migration project	($3,500,000)		($3,500,000)
2. Removes 2011-13 **one-time funding** for an online public meeting notification system	($43,039)		($43,039)
3. Provides **one-time funding** for the replacement of a multipurpose copier	$10,000		$10,000
4. Provides **one-time funding** to maintain the AS400 system until the agency's information technology project is fully implemented	$84,000		$84,000
5. Decreases federal election reform operations to reflect the projected 2013-15 election costs and more accurately reflect remaining federal funding		($2,047,414)	($2,047,414)

6. Increases federal funds for purchasing an enhancement for the electronic pollbooks in counties (The state will purchase the equipment for counties using federal Help America Vote Act funds available in the state's election fund. Counties will repay the state's election fund within five years.)		$1,000,000	$1,000,000
7. Adds funding and 3 FTE positions authorized by the Budget Section during the 2011-12 interim for the business registration unit (2 FTE positions) and the business information unit (1 FTE position)	$283,754		$283,754
8. Increases funding for costs related to credit card usage fees	$100,000		$100,000
9. Decreases funding for information technology - data processing expense	($86,879)		($86,879)
10. Adds funding for information technology hosting charges related to the open meeting application implemented during the 2011-13 biennium	$17,000		$17,000
11. Provides funding for state employee salary increases of which $176,966 relates to performance increases and $77,237 is for market equity adjustments	$246,577	$7,626	$254,203
12. Increases funding for public printing	$10,500		$10,500

Other Sections in Bill

General services operating fund - Section 3 provides that any unobligated balance remaining in the Secretary of State's general services operating fund on June 30, 2013, is not subject to the provisions of North Dakota Century Code Section 54-09-08, and any unexpended funds are available and may be spent by the Secretary of State during the 2013-15 biennium for the database and processing platform migration project.

Secretary of State's salary - Section 4 provides the statutory changes increasing the Secretary of State's salary. The Secretary of State's annual salary is increased from the current level of $93,071 to $96,794, effective July 1, 2013, and to $100,666, effective July 1, 2014, to reflect the 4 percent and 4 percent recommended salary increase.

Amendment of 2011 Session Laws - Funding limitation - Section 5 amends 2011 Session Laws with the intent to extend the one-time funding of $3.5 million from the general fund for the mainframe migration computer project included in the operating expenses line item of 2011 Senate Bill No. 2002 to June 30, 2015. However, unless an exemption to Section 54-44.1-11 is approved, the appropriation will expire 30 days after the close of the 2011-13 biennium.

Continuing Appropriations

Athletic commission fund - Section 53-01-09 - Appropriates any funding received by the Secretary of State for license fees for all boxers, kickboxers, mixed style fighters, promoters, managers, judges, timekeepers, cornerpersons, knockdown counters, matchmakers, and referees or other participants and fees based on the percentage of gross revenues from any boxing, kickboxing, mixed fighting style competition, or sparring exhibition held in this state to pay for the expenses of members of the Commission of Combative Sports.

Significant Audit Findings

There are no significant audit findings for this agency.

Major Related Legislation

At this time, no major legislation has been introduced affecting this agency.

Approp Ed
HB1002
#1
pg 1

Sandness, Sheila M.

From:	Jaeger, Al A.
Sent:	Friday, February 08, 2013 8:04 AM
To:	Sandness, Sheila M.; Peterson, Sheila C.
Cc:	Bloms, Renae R.
Subject:	Updated information re overtime for HB 1002 Secretary of State
Attachments:	3365_0001.pdf

Please convey the additional information to the committee. Thank you.

The committee may recall that during my testimony I indicated that the monthly average of registrations during the first 18 months of the biennium was 90% higher than the average of the previous 24 months. The three FTE that were approved last year and for which reauthorization is being sought are to help on the front end. For example, during the 21 working days in January, the business unit processed 1,343 registrations. As indicated in the attached updated graph through January, this is a significant jump over the previous two months.

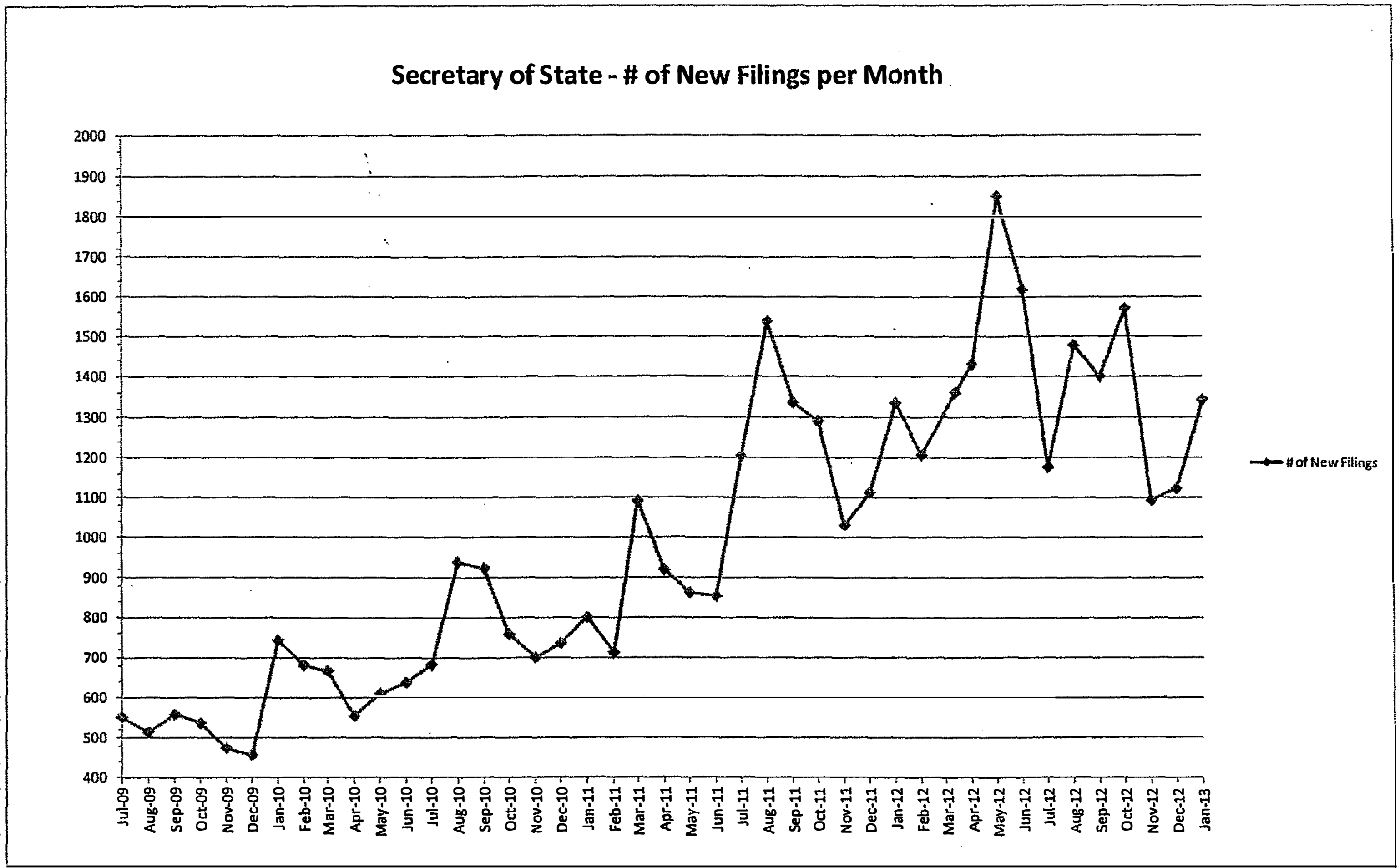
With the increased registrations, it also means that subsequently other processing responsibilities kick in. For example, at the beginning of the biennium, there were 9,732 limited liability companies registered with the Secretary of State. At the end of January 2013, the number was 15,251. This is an increase of 57%. This means that the agency will be processing 5,519 more annual reports than it did in 2011.

It is anticipated that when the agency's software project is completed, that many filers will file online. In the meantime, until that happens, the overtime is needed to help us make it through the upcoming biennium.

Al J

HB 1002 #1 pg 2

Months	# of New Filings
Jul-09	551
Aug-09	514
Sep-09	559
Oct-09	537
Nov-09	474
Dec-09	457
Jan-10	744
Feb-10	681
Mar-10	667
Apr-10	555
May-10	610
Jun-10	638
Jul-10	683
Aug-10	937
Sep-10	923
Oct-10	759
Nov-10	701
Dec-10	736
Jan-11	801
Feb-11	713
Mar-11	1092
Apr-11	919
May-11	862
Jun-11	853
Jul-11	1206
Aug-11	1539
Sep-11	1336
Oct-11	1291
Nov-11	1030
Dec-11	1113
Jan-12	1336
Feb-12	1208
Mar-12	1361
Apr-12	1431
May-12	1851
Jun-12	1619
Jul-12	1177
Aug-12	1479
Sep-12	1401
Oct-12	1571
Nov-12	1094
Dec-12	1124
Jan-13	1343



Approp Ed
HB 1002
#2

Sandness, Sheila M.

From:	Peterson, Sheila C.
Sent:	Thursday, February 07, 2013 11:46 AM
To:	Sandness, Sheila M.
Cc:	Bloms, Renae R.; Jaeger, Al A.
Subject:	FW:

Sheila,
Here is the information on the overtime in the Secretary of State's office. Thanks for providing it, Renae.
Sheila

From: Bloms, Renae R.
Sent: Thursday, February 07, 2013 11:41 AM
To: Peterson, Sheila C.
Cc: Jaeger, Al A.
Subject: RE:

Sheila –

The $225,000 in Overtime will be used for additional employee staff time during high volume workloads during the upcoming biennium such as filing annual reports, registrations, and licensing deadlines. When the new software processing system is almost fully deployed, it will allow for online filing of many documents and therefore the impact of the processing a large volume of paper documents requiring overtime in a limited time will be reduced.

In addition, the overtime will be used for continued work on the SOS technology project. Our management staff is actively participating in requirements gathering, development and testing of the new technology system and at the same time managing their regular workload. Therefore, until the project is deployed, they are having to work extra hours to do both jobs (note: the Deputy SOS does not receive overtime pay). It is anticipated that when the project is complete, the need for overtime for managers will be greatly reduced. Also, when the project is complete, it is expected that a top level manager (absolutely essential to the project) with 39 years of experience will retire later in the biennium. That will make a significant difference in the amount of funding needed for overtime.

This request is to cover the agency for the upcoming biennium during which the project will be substantially completed and the retirement will be effective.

Let me know if you have any other questions,

Renae

From: Peterson, Sheila C.
Sent: Thursday, February 07, 2013 10:53 AM
To: Bloms, Renae R.
Subject:

Hi Renae,
Can you provide me with information on the $225,000 in Overtime in your budget. What will it be used for?
Thank you
Sheila

Prepared by the Legislative Council staff
for House Appropriations - Environment
and Education
January 11 , 2013

LISTING OF PROPOSED CHANGES TO HOUSE BILL NO. 1002

Department - Secretary of State

Proposed funding changes:

	Description	FTE	General Fund	Special Funds	Total
1	Remove funding for costs related to credit card usage fees		($100,000)		($100,000)
2					
3					
4					
5					
	Total proposed funding changes		($100,000)	$0	($100,000)

Other proposed changes:

1 Amend Section 5 of the House Bill No. 1002 to include an exemption to North Dakota Century Code 54-44.1-11 to allow the Secretary of State to carryover the appropriation and use unobligated funding available in the general services operating fund on June 30, 2013 for the database and processing platform migration project. (Estimate $1.2 to $1.3 million in carryover available for the computer project) Get exact number and provide any remaining funds will be turned back

2 Add overtime of $225,600 to one-time funding

3 Add legislative intent that 3 FTEs be one-time funding and be re-evaluated for 2015-17

4

HB 1002
handout 1
fm. L.C.

ALVIN A. JAEGER
SECRETARY OF STATE

HOME PAGE www.nd.gov/sos

PHONE (701) 328-2900
FAX (701) 328-2992

E-MAIL sos@nd.gov

SECRETARY OF STATE

STATE OF NORTH DAKOTA
600 EAST BOULEVARD AVENUE DEPT 108
BISMARCK ND 58505-0500

March 6, 2013

TO: Sen. Holmberg, Chairman, and Members of the Senate Appropriations Committee

FR: Al Jaeger, Secretary of State

RE: HB 1002 – Appropriation for the Secretary of State

1. Audit – period ended June 30, 2010 – no major finding and all information recommendations have been adopted

2. Public Printing – subdivision 2 – page 2, lines 4 through 8

   See Legislative Council letter dated August 13, 2012

   History
   2009-2011: $337,000
   2011-2013: $310,000
   2013-2015: $320,500

3. Page 1 – agency overview – FTE 30 including Secretary of State plus 1 FTE federally funded

4. Page 2 – agency major accomplishments

5. Page 3 – agency future critical issues

6. Page 4 – agency statistical data

7. Page 5 – agency demand for services

8. Page 6 – agency program costs

9. Page 7 – election reform line

10. Page 8 – optional requests

Secretary of State

Public Printing

March 6, 2013

Program Statistical Data

The agency distributes the publications to elected officials, legislators, legislative council, state agencies, county agencies, judicial system, and libraries as prescribed by law.

Explanation of Program Costs

Under state law, the agency is responsible for the distribution of publications known as "public printing" that includes the North Dakota Century Code, the North Dakota Administrative Rules, Session Law Books, etc. Although the appropriation to cover the cost of publishing and distribution is included in the agency's budget, it is based on a recommendation dated August 13, 2012, from the Legislative Council, which has the legal responsibility for preparing, supervising, contracting, and communicating with the various publishers and vendors regarding these publications. The major portion of the appropriation is directly related to the cost of printing the North Dakota Century Code, Session Laws, and the North Dakota Administrative Code. The remaining portion of the appropriation is used by the agency to cover costs related to programming database records, shipping, mailing, supplies, etc.

Program Goals and Objectives

To provide effective and efficient services to state agencies and others as it relates to the distribution of publications funded by the public printing appropriation.

North Dakota Legislative Council

STATE CAPITOL, 600 EAST BOULEVARD, BISMARCK, ND 58505-0360

Jim W. Smith
Director

Jay E. Buringrud
Legal Services
Division Director

Allen H. Knudson
Legislative Budget
Analyst & Auditor

Jason J. Steckler
Administrative Services
Division Director

John Walstad
Code Revisor

RECEIVED
AUG 14 2012
SEC. OF STATE

August 13, 2012

Honorable Alvin A. Jaeger
Secretary of State
State Capitol
Bismarck, ND 58505

Dear Mr. Jaeger:

As you know, the Legislative Council is responsible for preparing the material for and supervising the publication of the North Dakota Century Code, North Dakota Administrative Code, and North Dakota Session Laws. The purpose of this letter is to notify you of the estimated costs for the 2013-15 biennium so you can include a sufficient amount in your budget request for these purposes.

During the 2011-13 biennium, cost estimates for the Century Code purchases in your budget were based on the state maintaining 700 sets of the code. Your staff believes there is no reason to change the number of sets needed, so we are continuing to base our estimates on maintaining 700 code sets for the 2013-15 biennium.

During the 2013-15 biennium, we have tentatively identified Volumes 3B, 7A, 9A, 9B, and 10B of the Century Code for replacement. These replacement volumes must be published to avoid increased costs for supplements and the eventual need to replace the entire Century Code. Replacement of volumes also makes the Century Code more easily usable for the public. The Court Rules Annotated volume is published in a softbound volume that must be replaced each biennium. Based on cost estimates furnished by LexisNexis, $154,000 will be needed to purchase 700 sets of replacement Volumes 3B, 7A, 9A, 9B, and 10B, and $47,250 will be needed to purchase 700 sets of the Court Rules Annotated volume and two supplements to that volume.

Based on LexisNexis estimates, $107,100 will be needed to purchase 700 sets of the 2013 pocket supplements, and $40,600 will be needed to purchase 700 sets of the 2013 general index. We are recommending that the state not purchase 700 sets of the Advance Code Service, which will result in a savings of $64,400.

The estimated costs for Century Code updates for the 2013-15 biennium total $348,950. In the letter of estimated costs from Ms. Leslie Ostrander, Director, Government Content Acquisition, LexisNexis (copy enclosed), it is stated that LexisNexis offers state government subscribers a 25 percent discount. Application of this discount will reduce estimated expenditures for 2013-15 Century Code updates to $261,712.50.

For the 2011-13 biennium, costs were decreased substantially because the Administrative Code is now being published in a CD-ROM format. We estimated CD-ROM preparation and mailing costs for the Administrative Code would total $7,000 for the 2011-13 biennium. Your staff believes the same amount will be adequate for the 2013-15 biennium.

We estimate that $35,000 will be required to cover printing, binding, and mailing costs for the 2013 North Dakota Session Laws.

We respectfully request that you include $303,712.50 in your budget request for the 2013-15 biennium for publication and printing costs for the North Dakota Century Code, North Dakota Administrative Code, and North Dakota Session Laws and postage and mailing costs for the Administrative Code and Session Laws. This is a 3.6 percent increase from the comparable amount we recommended for these expenses for the 2011-13 biennium.

We are not in a position to make any suggestions regarding the other costs that must be included in the public printing line item of your budget, including the costs of individual volumes to update old sets of the Century Code, the new sets of the Century Code required for new members of the Legislative Assembly, and postage and mailing costs for the Century Code. Therefore, those costs are not included in our estimates.

Thank you for your attention to these matters. Please contact this office if you have any questions. We are sending a copy of this letter to Ms. Pam Sharp, Director, Office of Management and Budget, for her information.

Sincerely,

Jim W. Smith
Director

JWS/BM
Enc.
cc: Ms. Pam Sharp
Ms. Leslie Ostrander

July 18, 2012

John Walstad
North Dakota Legislative Council
State Capitol, 600 East Boulevard
Bismarck, ND 58505

Dear John:

I am pleased to provide the following estimated prices for the North Dakota Century Code 2013-2014 upkeep service. The following prices reflect slight increases from the pricing levels offered for 2011-2012. The cost of production has increased over the past two years and although the Producer Price Index for Book Publishers has risen 8% over the last two years, I have kept the requested increases significantly lower than that amount.

As requested, I have included the base estimates on options for three, four, or five replacement volumes in the two-year period.

Cumulative Supplement The price of the 2013 Supplement will depend on the number of volumes replaced. If five volumes are replaced, the price of the Supplement is $153.00. If four volumes are replaced, the price of the Supplement is $168.00. And if only three volumes are replaced, the price of the Supplement is $182.00.

Index The price of the Index will be $58.00 with the publication of five Replacement volumes. The price increases to $60.00 with four Replacement volumes and $61.00 with three replacement volumes.

Replacement Volumes Our recommendation is for the replacement of five volumes, two in one year and three in the next. After consulting with our editorial department, our recommendation is to replace Volume 3B (2003 volume with 246 page supp); Volume 9A (2007 volume with 257 page supp); Volume 9B (1999 volume with 150 page supp); Volume 10B (2008 volume with 200 page supp) and Volume 7A (2004 volume with 171 page supp.) If five volumes are replaced, the price for each copy of each replacement volume will be $44.00. If four volumes are replaced, the price for each copy of each replacement volume will be $45.00. And if only three volumes are replaced, the price for each copy of each replacement volume is $46.00.

[redacted]

Package Prices For comparison purposes, the various options with prices and the total package price of Supplement, Replacement Volumes and Index are as follows:

Option	No. Repl. Vols.	Price of Supp.	Price of Volumes	Price of Index	Total	Increase
1	5	$153.00	$44.00	$58.00	$431.00	4.0 %
2	4	$168.00	$45.00	$60.00	$408.00	4.5%
3	3	$182.00	$46.00	$61.00	$381.00	5.0%

Advance Code Service The Advance Code Service will be issued in three (3) pamphlets at even intervals during each year between the publication of the 2013 and 2015 Supplements. The price of the Advance Code Service will increase to $46.00 per year.

Court Rules Volumes and Supplements The next edition of the Court Rules volume is currently scheduled for publication in early 2014. The price of that edition will be $46.00, a 5% increase in the price of $44.00 from the 2012 Edition. The first two supplements to the 2012 Edition will increase to $11.50 and $12.00 respectively.

Government Discount We will continue to offer state government subscribers a 25% discount on its purchases of the North Dakota Century Code for the 2013-2014 biennium.

Please let me know if you have any questions.

Sincerely,

Leslie Ostrander

Leslie Ostrander
Director
Government Content Acquisition

ALVIN A. JAEGER
SECRETARY OF STATE

HOME PAGE www.nd.gov/sos

PHONE (701) 328-2900
FAX (701) 328-2992

E-MAIL sos@nd.gov

SECRETARY OF STATE
STATE OF NORTH DAKOTA
600 EAST BOULEVARD AVENUE DEPT 108
BISMARCK ND 58505-0500

Secretary of State

Information for Budget

March 6, 2013

AGENCY STATUTORY AUTHORITY

ND Constitution Article V, Section 12; North Dakota Century Code Title 10 and Title 16.1; North Dakota Century Code Chapters 15.02, 35-01, 35-05, 35-17, 35-21, 35-29, 35-30, 35-31, 41-09 ,43-07, 44-06, 45-10, 45-10.1, 45-11, 45.22, 45-23, 47.22, 47-25, 50-22, 53-01, 54-05.1, 54-09, 54-16, and 55-01.

AGENCY DESCRIPTION

The agency is the office of record for certain legal documents generated by the executive and legislative branches of state government; the office of record for public records and notices including various business entities; and it performs a wide range of licensing, regulatory, registration, and administrative functions within four operating units. The agency performs these functions in accordance with the requirements of the state's constitution and laws.

AGENCY MISSION STATEMENT

To serve the people of the State of North Dakota and its guests; execute with integrity the duties required by the North Dakota Constitution and the North Dakota Century Code; collect and preserve the records of the State as defined by the law; act as an ambassador for the State of North Dakota, its people, and its way of life. This mission will be dispatched effectively, efficiently, expeditiously, courteously, and with financial responsibility.

AGENCY PERFORMANCE MEASURES

Although it does not have a formal written program, the agency's management team and unit leads have access to various processes for tracking productivity, effectiveness, efficiency, quality of customer service, and compliance with laws. It is anticipated the statistical tracking of information will be improved with the agency's migration to a new database and document processing platform, for which funding was approved in the 2011/2013 biennium and for which continued (carryover) funding is being requested in the agency's 2013/2015 budget request.

AGENCY MAJOR ACCOMPLISHMENTS

1. Enhanced agency website, which received approximately 505,000 hits over a 12 month period ending June 30, 2012 on its various pages and sections.

2. Enhanced 24/7 live business records search on agency website which displays data about business entities filed with the agency.

3. Enhanced website for access to annual reports filed by businesses allowing them to complete reports on-line and then print, sign, and mail the reports to the agency.

4. Continued the software development to enable migration of the agency's database from AS/400 platform created in 1988/1992 to a new operating platform. This will allow for on-line filing of many documents and reports, which will be very beneficial for the future.

5. Continued the mandated migration of the Central Indexing System (CIS) from the state's mainframe. This will greatly enhance the agency's CIS, which is connected to the state's 53 counties and provides a centralized depository for various lien documents.

6. Continued to enhance the agency's Election Management System (EMS) and Election Administration System (EAS), which provide new and expanded election information on the agency's website about elections, candidates, campaign contributions, voter precinct finder, polling location details and the reporting of election night returns. In addition, it assists in the administration of petition review, poll worker tracking, voting statistics reporting, and early and absentee voting. A specific feature already mentioned was launched in October 2008 that allows the voter to find his or her voting precinct with a house number and zip code.

   During the recent general election, the Secretary of State's website had 149,899 visitors to view the results, which translated to 819,294 page views (Exhibit C)

7. Launched the Central Voter File for use by the counties to track absentee ballots, allow for the efficient management of early voting precincts, and to expedite the voting process on election day.

AGENCY FUTURE CRITICAL ISSUES

In the statistical data section of the program narrative, the data reveals that since 1995/1997 and through the 2009/2011 biennium, the agency's revenue has steadily increased. The 2009/2011 biennium revenue increased 14% from the previous biennium. The increased revenue is directly related to the increase in the number of registrations, filings, and increased demand for the services provided by the agency. In order to respond to this increased demand, the agency is substantially dependent on the use of information technology (e.g. software, hardware, Internet, etc.), which it uses to provide the timely, accurate, and efficient services expected by the public, businesses, and customers of the agency.

As is documented in the statistical data section on page 5, the agency is processing 78,189 more documents per year than it did in 1995. Therefore, to provide services in a cost effective and efficient manner for the public, it is vitally important that the agency receive support for technology initiatives and continued authorization for the three additional FTE's approved in 2012 to handle the increase in workload.

The agency is the first place stop and prime filer of a variety of business related information. In other words, business in North Dakota begins with the Secretary of State's office. Therefore, the agency has a key role in the state's e-government initiatives making it imperative the agency has adequate funding and support in order to implement the appropriate technology to meet these goals and provide services the public is requesting. It is critical to continue the migration of the two databases from their current environment to the new platform. The increase in services and productivity will be significant. The funding required for continuing the migration is included as a carryover request in an Optional Request in this budget.

The technology project approved by the 2011 Legislative Assembly in Section 3 of SB 2002 (2011 Session Laws, Chapter 28) and referred to in HB 1002 in Section 5 is on track and on budget. To ensure adequate funding, Section 3 of HB 1002 beginning on line 30 on page 2 allows the agency to use unexpended funds in its general services operating fund at the end of this biennium in the next biennium.

NOTE: Also enclosed with this testimony (Exhibit D) is a history presented to the Interim Technology Committee of the efforts of this agency to enhance it technology because there continues to be some misunderstanding. Although it is dated, the history still clearly documents that until the 2011 session, the agency has never been given full funding to complete a technology project. Therefore, the agency attempted within the resources available to it to respond to customer demands for services. Although painful, the good news is that the present project is very robust and will be able to accommodate services and processing procedures that were not contemplated at the beginning of the journey.

Having adequate FTE's and the ability to offer competitive salaries is a challenge. For example, last year, two FTE were hired for Administrative Assistant II positions. They were offered salaries that were within a few dollars of the salaries currently being received by agency staff (in the same position) that has been employed for several years. The agency needs to have competitive salaries and address compression issues in its employment structure to be competitive and to pay salaries appropriate for agency staff.

PROGRAM STATISTICAL DATA
History of Revenue and Expenditures for the past seven budget cycles

Revenue
• 1997/1999 - $ 4,912,970
• 1999/2001 - $ 5,953,504 (general $5,555,610; * special $333,036) increased 21.2% over previous biennium
• 2001/2003 - $ 6,277,698 (general $5,869,160; * special $371,868) increased 5.5% over previous biennium
• 2003/2005- $ 6,716,245 (general $6,289,108, * special $401,305) increased 7.0% over previous biennium
• 2005/2007 - $ 7,289,015 (general $6,815,185, * special $454,445) increased 8.5% over previous biennium.
• 2007/2009 - $ 7,949,077 (general $7,432,582, * special $516,495) increased 9.1% over previous biennium.
• 2009/2011 - $ 9,058,760 (general $8.543.052, * special $515,708) increased 14% over previous biennium.
• 2011/2013 Estimated: - $ 8,480,172 (Estimated: general $7,900,000, * special $580,172)

* The 1999 Legislative Assembly authorized a General Services Operating Fund for the agency's "retail" trade. At the end of the 2005/2007 biennium, the agency transferred $25,137 to the state's general fund, which was the uncommitted amount over $75,000.

Expenditures
• 1997/1999 - $ 2,839,345
• 1999/2001 - $ 3,545,065 increased 24.8% over previous biennium (see note # 1)
• 2001/2003 - $ 3,961,253 increased 11.7% over previous biennium (see note # 2)
• 2003/2005 - $ 4,146,332 increased 4.7% over previous biennium
• 2005/2007 - $ 4,536,178 increased 9.4% over previous biennium (see note # 3)
• 2007/2009 - $5,666,247 increased 24.9% over previous biennium (see note #4)
• 2009/2011 - $6,168,973 increased 8.9% over previous biennium (see note #5)

Note # 1 Because of a system wide reallocation by ITD of the costs related to the statewide area network connecting the agency and the state's fifty-three counties for the operation of the central indexing system, the budget was increased by $300,000 from $75,000 to $375,000, accounting for 39% of the increase. Another $197,000, or 26% of the increase, was for salaries as approved by the legislature, emergency commission, and the budget section. Most of the remaining $264,000, or 35% of the increase was for increased expenses related to services provided by ITD and other technology related expense as approved by the legislature, emergency commission, and the budget section. Almost half of that amount was directly related to the cost of providing the increased demand for agency information as authorized through the agency's general services operating fund, with those expenses being covered by the revenue generated to that account.

Note # 2 ITD again reallocated costs related to the statewide area network resulting in another $175,000 increase added to the agency's budget.

Note # 3 The expenditures included a one-time amount of $125,000 for migration of database.

Note # 4 - The expenditures included a one-time amount of $825,000 for migration of database.

Note # 5 - The expenditures included a one-time amount of $702,000 for migration of database (One time funding was $780,000 total, we requested $78,000 in carryover to 11-13 Biennium)

Demand for Services

The demand for the agency's services has grown steadily during the period beginning June 30, 1995, and ending June 30, 2012. This is in direct relationship to the net increase in filings and registrations as listed below.

	June 30, 1995	June 30, 2012	Percentage Increase/decrease
Contractors	4,701	9,220	+96%
Charitable Solicitation	559	2,915	+421%
Notary Publics	10,419	13,672	+31%
ND For-profit corporations	10,734	14,198	+27%
ND Cooperatives	434	305	-34%
ND Professional corporation	552	993	+80%
Foreign For-profit corporations	7,307	15,737	+115%
Foreign cooperatives	45	73	+62%
Limited Liability Companies (all)	441	20,165	+4473%
Limited Liability partnerships (all)	13	3,021	+23138%
Limited Partnerships (all)	864	1,609	+86%
Limited Liability Limited Partnerships	0	850	+850%
Partnership Fictitious Names	1,362	1,871	+37%
Trademarks	1,286	1,450	+13%
Trade names	3,565	24,932	+599%
ND non-profit corporations *	0	7,502	+7502%
Foreign non-profit corporations *	0	2,514	+2514%
Total	42,282	120,471	+185%

*Prior to 1997, non-profit corporations were not required to file an annual corporate report. Therefore, the agency is processing an additional 10,016 filings that it did not process fourteen years ago.

Exhibit A is an example of the increase in one of the units within the agency. It lists the business registrations since the beginning of the biennium and the graph illustrates the growth in registrations over the last 42 months. During the past 20 months, the agency processed an average of 1,334 filings per month. When compared to the monthly average of 707 during the previous biennium, the average number of filings processed was 90% more per month than the preceding 24 months.

The agency also licenses contractors. At the end of the June 2009, the agency had 6,262 active licenses. At the end of June 2011, the agency had 8,824 active licenses, an increase of 41%. In January, the agency has 12,045 active licenses, which is an increase of 36.5% in the past 18 months and an increase of 92% in the last 42 months.

Exhibit B provides the revenue impact to the state's general fund. When the current budget estimates were prepared in the fall of 2010, it was projected that the agency would generate $7,900,000 for the state's general fund or approximately $2,200,000 over its general fund appropriation. At the end of January, the agency already had general fund revenues of $9,245,222 or $2,991,055 over the estimated revenue budget with 5 months still remaining in the biennium.

EXPLANATION OF PROGRAM COSTS

For the 2011-2013 biennium, the appropriated salary line represented approximately 65% of the agency's total general fund spending authority. (This does not include the $3.5 million of one-time funding appropriated for the technology project)

The appropriated operating line for 2011-2013 represented approximately 35% of the agency's total general fund spending authority. Of that amount, approximately 62% of the operating line was budgeted for payments to the state's Information Technology Division (ITD). The remaining 38% is spread among other object code categories and supports the general operations of the agency. Those budget object codes include telecommunications, travel, mailing services, professional development, fees and services, repairs and maintenance of equipment, insurance, office supplies, printing, professional supplies and materials, and miscellaneous expenses.

The agency also has a general service fund, which is the retail account for information sold by the agency. Approximately 75% of that budget is to cover expenses related to the technology for providing the requested information.

Extensive technology is used by the agency to increase productivity, provide better and faster services for the public, and to maintain many thousands of records associated with approximately 100 diverse and varied categories that relate to the duties of the agency. For example:

1. The agency's budget supports the statewide Central Indexing System (CIS) area network connecting the agency and the state's fifty-three county Recorder offices. The budget supports the maintenance of the database housed on the state's mainframe computer, which database is currently being migrated to a new database. The CIS contains approximately 295,500 active files related to various personal property liens throughout the state.

2. The agency's budget supports a database of approximately 265,000 names for approximately 100 diverse and varied categories related to the duties of the agency and for associated expenses such as programming, which is only available from a private vendor. For 2013-2015, the agency is submitting an optional request to allow the carryover of the remaining amount of the $3.5 million one-time funding from the 11-13 biennium to continue the migration of the agency's databases to a new operating platform.

3. The agency's budget supports an Internet web site and covers associated expenses.

ELECTION REFORM

Since the adoption of HAVA, the state has received the following amounts of funding.

In 2003, it received $5,000,000, which did not require a state match.

In 2004, it received $4,150,000, which required a 5% state match. According to the State Plan, 1/2 share of the 5% was provided by the state and the other ½ share was provided by each one of the state's 53 counties in proportion to the voting equipment supplied to them. The state's share was appropriated in Section 2 of Senate Bill 2002 as adopted by the 2003 Legislative Assembly and signed by the Governor. Each of the counties receiving voting equipment paid their 1/2 share as committed allocated in their respective budgets. The state's share of $105,000 was provided from the projected agency's turn back to the general fund at the end of the 2001/2003 biennium.

For the fiscal year 2004, Congress appropriated an additional $7,446,803, which required a 5% state match of $391,937. As part of the match, the federal Election Assistance Commission recognized the agency's investment in its Election Management System as an in-kind contribution in the amount of $257,970. The balance for the match was contributed by the Counties in the amount of $57,867 and the legislature appropriated $76,100.

In 2008, Congress appropriated an additional amount in the Omnibus Appropriations Act for Fiscal Year 2008, which resulted in North Dakota becoming eligible for an additional $575,000 for the HAVA election fund. In order to secure it, the state was required to provide a 5% match. This was achieved when the Emergency Commission on March 14, 2008 authorized the amount of $30,263 from state's contingency fund to be used for this purpose.

In 2009, North Dakota became eligible for an additional $500,000 for the HAVA election fund. In order to secure it, the state was required to provide a 5% match. The 5% match of $26,316 was appropriated by the Legislative Assembly in the House Bill 1002.

In 2010, appropriated an additional amount in the Omnibus Appropriations Act for Fiscal Year 2010, which resulted in North Dakota becoming eligible for an additional $350,000 for the HAVA election fund. In order to secure it, the state was required to provide a 5% match. This was achieved when the Emergency Commission on March 4, 2010 authorized the amount of $18,421 from state contingency fund to be used for this purpose.

In 2011, North Dakota was appropriated an additional amount in the 2011 Requirements Payments under Section 251 of the Help America Vote Act, which resulted in North Dakota receiving an additional $6,454 for the HAVA election fund. In order to secure it, the state was required to provide a 5% match. This was achieved using current appropriation in the State's election fund in the amount of $340.

The current balance in the account is approximately $4,400,000.

Optional Requests

Public Printing Operational Changes	10,500
Governor Recommended	10,500
3 FTE's	283,754
Governor Recommended	283,754
Compression	165,000
Governor Recommended	0
Credit Card Costs	100,000
Governor Recommended	100,000
Multipurpose Copier	10,000
Governor Recommended	10,000
Overtime	200,000
Governor Recommended	0
Annual Leave Pay-outs - Retirement	28,000
Governor Recommended	0
Election Reform Funding Source Change	118,585
Governor Recommended	0
ITD Operational Costs	101,000
Governor Recommended	101,000

Exhibit A1

State of North Dakota - Secretary of State - Business Registrations - July 1, 2011 through June 30, 2012																
	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Total Active end of 6/30/2011	Total Active end of 6/30/2012*	Increase (decrease)	Percentage Versus Previous Year as of 6/30/2012
	Monthly New Registrations															
Business Corporations	60	98	99	77	74	47	117	96	89	103	93	122	13,330	13,661	331	2.5%
Limited Liability Companies	233	344	312	286	246	325	327	305	394	403	420	464	9,732	12,853	3,121	32.1%
Coops/Electric Coops/Mutual Aid Cor	0	0	2	0	1	1	0	0	0	1	0	0	292	286	-6	-2.1%
Farm Corporations	0	3	0	0	0	0	2	0	1	4	0	1	756	753	-3	-0.4%
Farm Limited Liability Companies	3	0	2	3	2	2	3	0	3	2	3	1	190	203	13	6.8%
Professional Corporations	2	1	2	3	0	3	6	1	2	2	1	3	971	993	22	2.3%
Professional Limited Liability Co	2	3	3	3	4	4	3	3	5	2	3	7	138	167	29	21.0%
Foreign Corporations	242	311	229	213	184	193	193	190	193	238	248	245	14,072	15,737	1,665	11.8%
Foreign Professional Corporations	3	6	7	4	6	5	5	6	2	15	3	12	166	232	66	39.8%
Foreign Limited Liability Companies	163	173	180	224	127	122	160	150	154	219	222	218	5,288	6,934	1,646	31.1%
Foreign Coops	1	0	0	0	0	0	0	0	2	1	0	0	73	73	0	0.0%
Limited Partnerships	6	8	8	6	7	8	17	5	17	19	21	7	1,602	1,609	7	0.4%
Limited Liability Partnerships	20	39	38	30	33	22	50	24	29	23	31	39	2,874	3,021	147	5.1%
Limited Liability Limited Partnerships	6	9	8	5	11	19	7	8	7	9	9	8	774	850	76	9.8%
Church/Nonprofit Corporations/Certifi	12	29	21	25	17	24	22	14	26	21	26	32	7,432	7,502	70	0.9%
Foreign Nonprofit Corporations	16	37	24	26	19	23	29	13	20	24	30	39	2,309	2,514	205	8.9%
Nonprofit LLC	0	0	0	1	0	0	0	0	0	0	0	0	8	8	0	0.0%
Foreign Nonprofit LLC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!
Trade Names	401	430	377	357	273	285	356	362	392	322	682	384	22,749	24,932	2,183	9.6%
Trademarks	10	9	0	9	0	2	15	3	5	5	15	6	1,458	1,450	-8	-0.5%
Partnerships Fictitious Names	26	39	24	19	26	28	24	28	20	18	44	31	1,777	1,871	94	5.3%
Total New Filings/Month	1,206	1,539	1,336	1,291	1,030	1,113	1,336	1,208	1,361	1,431	1,851	1,619	85,991	95,649	9,658	11.2%

*During the course of the year, entities are dissolved, withdrawn, cancelled, converted to an alternate entity, or merged out of existence. Therefore, this column represents the

Exhibit A1

Exhibit A2

State of North Dakota - Secretary of State - Business Registrations - July 1, 2012 through June 30, 2013																
	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	3/1/2012	Apr-13	May-13	Jun-13	Total Active end of 6/30/2012	Total Active end of 02/28/2013*	Increase (decrease)	Percentage Versus Previous Year as of 10/31/2012
	Monthly New Registrations															
Business Corporations	79	80	80	82	66	64	107	66					13,661	13,541	-120	-0.9%
Limited Liability Companies	313	385	345	435	271	348	380	339					12,853	15,575	2,722	21.2%
Coops/Electric Coops/Mutual Aid Corps/Grazing Assns	0	0	0	0	0	0	0	0					286	282	-4	-1.4%
Farm Corporations	0	1	2	4	0	11	14	5					753	791	38	5.0%
Farm Limited Liability Companies	2	3	0	3	6	13	6	6					203	234	31	15.3%
Professional Corporations	3	3	5	2	2	7	12	4					993	976	-17	-1.7%
Professional Limited Liability Co	1	5	5	9	2	4	6	3					167	204	37	22.2%
Foreign Corporations	198	238	191	193	134	131	157	167					15,737	16,745	1,008	6.4%
Foreign Professional Corporations	5	10	9	9	4	6	6	8					232	288	56	24.1%
Foreign Limited Liability Companies	180	193	192	188	143	130	144	132					6,934	8,042	1,108	16.0%
Foreign Coops	0	1	0	0	0	0	0	0					73	73	0	0.0%
Limited Partnerships	10	10	12	8	16	13	6	10					1,609	1,600	-9	-0.6%
Limited Liability Partnerships	35	38	38	36	28	39	29	33					3,021	3,071	50	1.7%
Limited Liability Limited Partnerships	6	16	15	20	27	33	26	10					850	935	85	10.0%
Church/Nonprofit Corporations/Certified NP Development Corps	20	20	25	30	26	21	20	21					7,502	7,486	-16	-0.2%
Foreign Nonprofit Corporations	27	26	39	32	31	25	30	21					2,514	2,655	141	5.6%
Nonprofit LLC	1	1	0	0	2	0	0	1					8	13	5	62.5%
Foreign Nonprofit LLC	0	0	0	0	0	0	0	0					0	0	0	#DIV/0!
Trade Names	274	411	414	487	306	259	368	312					24,932	28,194	3,262	13.1%
Trademarks	4	11	10	6	10	4	11	8					1,450	1,471	21	1.4%
Partnerships Fictitious Names	19	27	19	27	20	16	21	24					1,871	1,906	35	1.9%
Total New Filings/Month	1,177	1,479	1,401	1,571	1,094	1,124	1,343	1,170					95,649	104,082	8,433	8.8%
\																

*During the course of the year, entities are dissolved, withdrawn, cancelled, converted to an alternate entity, or merged out of existence. Therefore, this column represents the net number of business entities listed as existing (active or not in good standing) as of the date listed.

Exhibit A2

Exhibit A3

Months	# of New Filings
Jul-09	551
Aug-09	514
Sep-09	559
Oct-09	537
Nov-09	474
Dec-09	457
Jan-10	744
Feb-10	681
Mar-10	667
Apr-10	555
May-10	610
Jun-10	638
Jul-10	683
Aug-10	937
Sep-10	923
Oct-10	759
Nov-10	701
Dec-10	736
Jan-11	801
Feb-11	713
Mar-11	1092
Apr-11	919
May-11	862
Jun-11	853
Jul-11	1206
Aug-11	1539
Sep-11	1336
Oct-11	1291
Nov-11	1030
Dec-11	1113
Jan-12	1336
Feb-12	1208
Mar-12	1361
Apr-12	1431
May-12	1851
Jun-12	1619
Jul-12	1177
Aug-12	1479
Sep-12	1401
Oct-12	1571
Nov-12	1094
Dec-12	1124
Jan-13	1343
Feb-13	1170

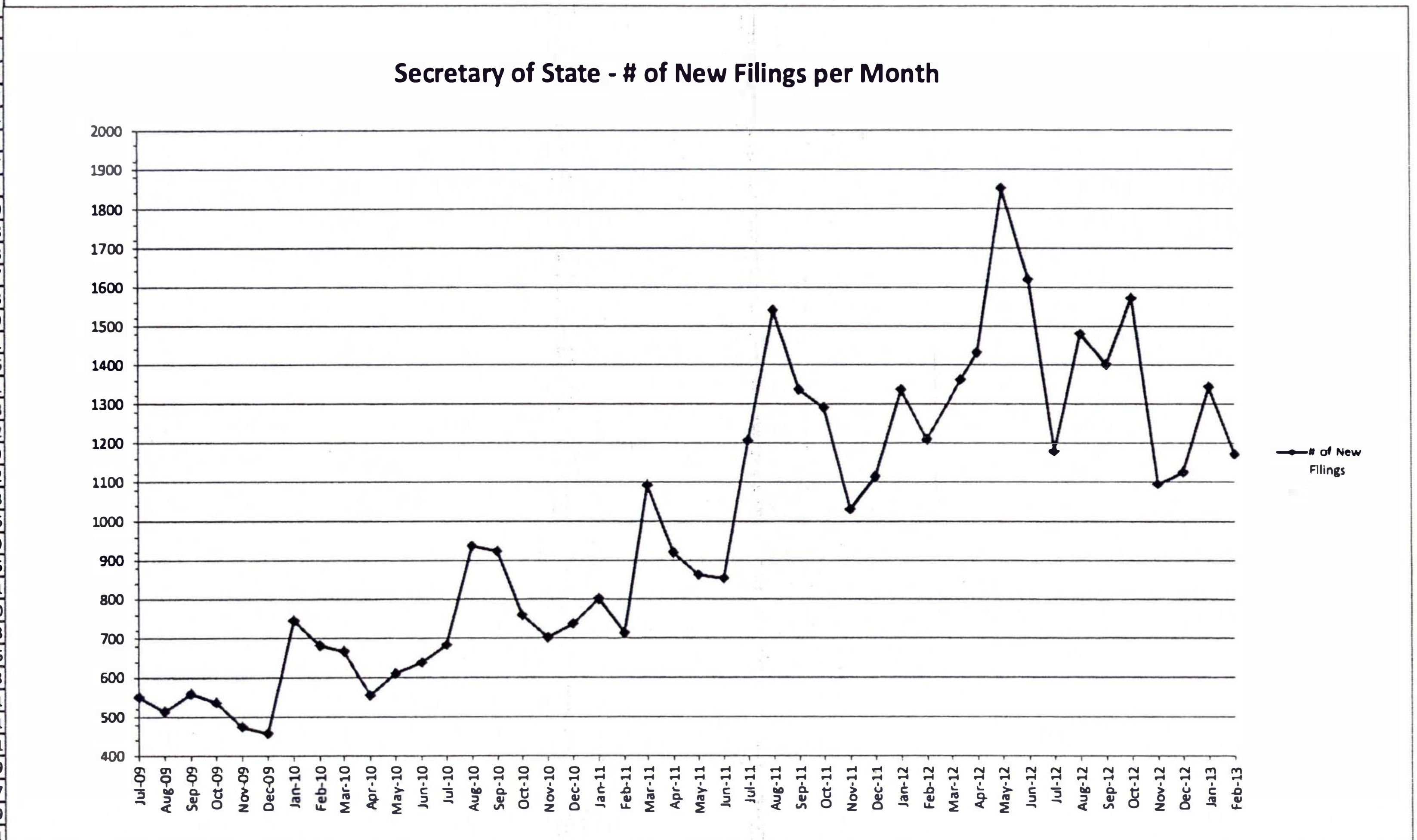
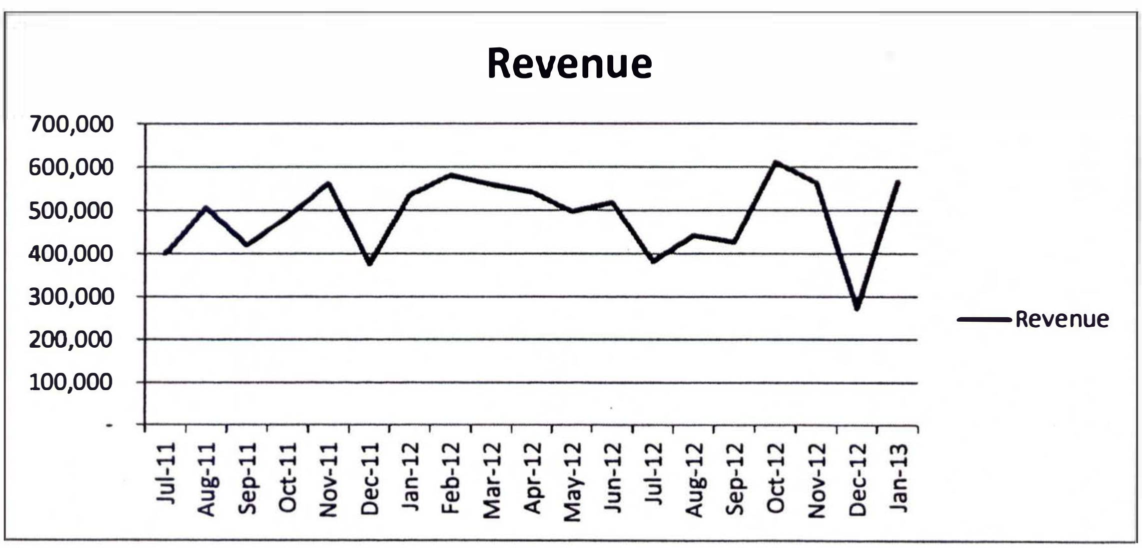


Exhibit A3

Exhibit B

Secretary of State
General Fund Revenue Chart

2011/2013 Biennium - General Fund Revenue					
January 31, 2013 - 21% Biennium Remaining					
	Revenue	Monthly Average Revenue Per Budget	Monthly Accumulative Revenue Total	Accumulative Monthly Budget	(Under) Over Budget
		$ 7,900,000			
Jul-11	$ 400,246	$ 329,167	$ 400,246	$ 329,167	$ 71,079
Aug-11	$ 506,108	$ 329,167	$ 906,354	$ 658,333	$ 248,020
Sept-11	$ 419,815	$ 329,167	$ 1,326,168	$ 987,500	$ 338,668
Oct-11	$ 485,949	$ 329,167	$ 1,812,117	$ 1,316,667	$ 495,450
Nov-11	$ 561,817	$ 329,167	$ 2,373,934	$ 1,645,833	$ 728,100
Dec-11	$ 376,720	$ 329,167	$ 2,750,653	$ 1,975,000	$ 775,653
Jan-12	$ 535,660	$ 329,167	$ 3,286,313	$ 2,304,167	$ 982,146
Feb-12	$ 580,763	$ 329,167	$ 3,867,076	$ 2,633,333	$ 1,233,742
Mar-12	$ 559,573	$ 329,167	$ 4,426,649	$ 2,962,500	$ 1,464,149
Apr-12	$ 542,218	$ 329,167	$ 4,968,867	$ 3,291,667	$ 1,677,200
May-12	$ 496,467	$ 329,167	$ 5,465,334	$ 3,620,833	$ 1,844,501
June-12	$ 518,493	$ 329,167	$ 5,983,827	$ 3,950,000	$ 2,033,827
July-12	$ 381,478	$ 329,167	$ 6,365,304	$ 4,279,167	$ 2,086,138
Aug-12	$ 441,926	$ 329,167	$ 6,807,230	$ 4,608,333	$ 2,198,897
Sept-12	$ 426,471	$ 329,167	$ 7,233,701	$ 4,937,500	$ 2,296,201
Oct-12	$ 611,430	$ 329,167	$ 7,845,131	$ 5,266,667	$ 2,578,465
Nov-12	$ 563,036	$ 329,167	$ 8,408,167	$ 5,595,833	$ 2,812,333
Dec – 12	$ 271,432	$ 329,167	$ 8,679,599	$ 5,925,000	$ 2,754,599
Jan - 13	$ 565,623	$ 329,167	$ 9,245,222	$ 6,254,167	$ 2,991,055



Google Analytics

Exhibit C

http://www.nd.gov/sos/ - http://www.nd.gov/sos/
www.nd.gov/sos/ [DEFAULT]

My Dashboard

Nov 6, 2012 - Nov 7, 2012

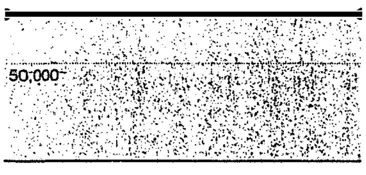
Advanced Segments | + Add Widget | Share Email Export

Customize Dashboard Delete Dashboard

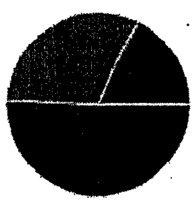
Visits

149,899
% of Total: 100.00% (149,899)

Visits



Visits by Traffic Type

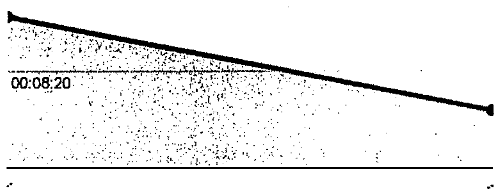


- **50.60% referral**
  75,853 Visits
- **31.59% organic**
  47,362 Visits
- **17.80% direct**
  26,684 Visits

Visits and Pageviews by Mobile

Mobile (Including Tablet)	Visits	Pageviews
No	108,496	601,311
Yes	41,403	217,983
	149,899	*819,294*

Avg. Visit Duration



Visits and Avg. Visit Duration by Country/Territory

Country / Territory	Visits	Avg. Visit Duration
United States	146,994	00:09:00
Canada	575	00:05:39
United Kingdom	216	00:03:20
Germany	130	00:03:18
Italy	65	00:07:58
Australia	61	00:05:41
Mexico	60	00:08:16
France	54	00:03:35
Japan	51	00:02:14
Switzerland	42	00:03:40

Goal Conversion Rate

Goal Completions and Goal Conve...

Source	Goal Completions	Goal Conversion Rate

There is no data for this view.

Exhibit D

ALVIN A. JAEGER
SECRETARY OF STATE
HOME PAGE www.nd.gov/sos

PHONE (701) 328-2900
FAX (701) 328-2992
E-MAIL sos@nd.gov

SECRETARY OF STATE
STATE OF NORTH DAKOTA
600 EAST BOULEVARD AVENUE DEPT 108
BISMARCK ND 58505-0500

January 11, 2012

TO: Chairman Robin Weisz and Members of the Information Technology Committee

FR: Al Jaeger, Secretary of State

RE: Secretary of State Data Processing System

In response to a question raised shortly before the noon break, I offer you the following information. In the spring of 2008, the Secretary of State's office issued a RFP and after several months of delays executed a contract with a vendor for $1,959,000 to be paid over a three biennium period. The project was to be completed by the end of 2009. However, the project encountered numerous challenges and delays and the completion time line was extended by several months. During the summer of 2010, the vendor informed the Secretary of State that the project could not be completed without having additional funding beyond the contracted rate. At that point, the project was at a standstill with approximately $500,000 having been paid to the vendor.

Through the budgeting process, the Governor recommended and the Legislature appropriated $3,500,000 to complete the project under the direction of the Information Technology Department (ITD). The previous contract with the vendor was nullified. With carry over funds and since then, all expenditures have been made to ITD. To explain how this information is reported on the quarterly report, I will ask Justin Data from ITD to come forward when I am finished with my testimony.

Since the beginning of the biennium, ITD and the Secretary of State's office has been involved in numerous comprehensive sessions related to requirements gathering. That process was completed in December. I have attached the cover sheet that will be used for the fourth quarter large project management report that will be submitted through the appropriate channels and ultimately given to your committee.

As shown on the cover sheet, the requirements gathering involved 79 different documents. That number reflects the many and varied duties and functions of the Secretary of State's office. Since the process was completed, ITD has been preparing an analysis of the project's projected cost along with a time line. It is expected within the next few weeks. The project status is currently green.

Even though the project is progressing, it has not been without challenges. For example, this is a large project for an agency of our size with only 26 employees. Nevertheless, ever effort has been made to respond in a timely manner to the requirements gathering time line. To do this and because of their other duties and the significant increase in filings for the office, it has been necessary to authorize overtime and to hire temporary personnel to provide what is called "backfill" to relieve managers and unit leads to assist in the requirements gathering process.

Here are two examples of the increased workload that has impacted staff availability for the project. As of yesterday, the number of Limited Liability Companies registered with the Secretary of State's office had increased 16% in the five and one-half months since July 25, 2011. That represented 2,474 new filings.

As of today, our office has 10,504 licensed contractors, which is an increase of 19% since the end of the last biennium on June 30, 2011. It is an increase of 42% since the beginning of that biennium on July 1, 2009, which represents an increase of 3,138 active contractor licenses. In the six working days since the beginning of the year, licenses have been issued to 127 contractors.

ALVIN A. JAEGER
SECRETARY OF STATE
HOME PAGE www.nd.gov/sos

PHONE (701) 328-2900
FAX (701) 328-2992
E-MAIL sos@nd.gov

GREAT SEAL STATE OF NORTH DAKOTA

SECRETARY OF STATE
STATE OF NORTH DAKOTA
600 EAST BOULEVARD AVENUE DEPT 108
BISMARCK ND 58505-0500

Time Line for Technology Project - Secretary of State
October 14, 2010

2004

1. Secretary of State (SOS) begins exploring replacement for AS/400 and Mainframe
2. Summer 2004 – Phase 1 of Secretary of State Knowledge Base (SOSKB) project presented to SITAC
3. Fall 2004 – SOS Budget request of $500,000 for Central Indexing System (CIS) portion of SOSKB
4. Fall 2004 – Governor's Budget recommendation included $250,000

2005

5. Spring 2005 – Legislative Assembly approved $125,000 for Phase 1
6. Spring 2005 – ITD continues working with SOS and contracts with CC Intelligent Solutions (CCIS) to provide technical assistance
7. December 2005 – Al Jaeger, Mike Ressler, Tracy Korsmo, and Jim Silrum travel to North Carolina (NC) for meeting with North Carolina SOS. The North Carolina software is being used by approximately 14 states through a company called OSI.

2006

8. April 2006 – Signed Memorandum of Understanding with NC SOS on SOSKB development to .net using ITD, ITD Contractors and the NC SOS technology staff. Although written in VB6, the parties believed it could be converted to .net based on assurances from Microsoft.
9. Summer 2006 – Phase II of SOSKB project presented to SITAC
10. Fall 2006 – SOS Budget request included $1,716,413 for Phase II
11. Fall 2006 – Governor's Budget recommendation included $824,153

2007

12. Spring 2007 – Legislative Assembly approved $824,153 for Phase II
13. Fall 2007 – ITD, NC SOS, and the ITD contractor continued developing Phase I with little success and discovered that earlier assurances from Microsoft were erroneous that conversion from VB6 to .net could be easily accomplished.

2008

14. January 2008 – ITD Developers informed the SOSKB Executive Steering Committee that Phase I could be completed with more funds, but it would not be a lasting and viable solution. The challenges with the code conversion were not reported earlier by the ITD development team to upper management at ITD or the Secretary of State's office. Had this been known, the project would have been stopped somewhat earlier resulting in significant savings (NOTE: As a result of this delay in reporting, many positive and beneficial changes were made to project management and reporting)
15. February 2008 – Secretary Jaeger stops the SOSKB project
16. March 26, 2008 – Report of project stoppage reported to Information Technology Committee
17. Spring 2008 – SOS determines it has approximately $600,000 remaining in the budget for another solution, if available

18. Spring 2008 – ITD estimates it would require approximately $2.4 million to build the desired system from the beginning
19. Spring 2008 – A company named FileONE offers a solution to SOS
20. Spring 2008 – SOS issues a notice of intent to award sole source to FileONE
21. Spring 2008 – SOS receives four challenges to this notice
22. May 2008 – SOS releases RFP for new system to four challengers and FileONE
23. June 2008 – After extensive evaluation by a large team of evaluators from ITD and SOS staff, CCIS is selected as vendor for new system
24. July 2008 – FileONE protests the notice of intent to award – protest denied by State Procurement Office
25. August 2008 – Contract is executed between CCIS and SOS for a product identified as cGov360 for $1,959,000 over six years (subject to legislative appropriations)
26. October 2008 – CCIS team arrived in ND to gather requirements
27. November 2008 – CCIS begins development

2009

28. January 2009 – CCIS team is in ND gathering more requirements
29. Spring 2009 – 2009 Legislative Assembly approves $780,000 for continuation of cGov360 project consistent with the contract executed with the vendor
30. June 2009 – cGov360 Contract date for completion of project
31. June 2009 – CCIS team is in ND gathering requirements
32. Summer 2009 – New project completion schedule is approved
33. October 2009 – CCIS team in ND gathering requirements

2010

34. February 2010 – CCIS begins to raise "churn" as the reason for the project delay
35. April 2010 – CCIS management is in ND to meet with Executive Steering Committee
36. April 2010 – Launch date for Central Indexing module is set for August 16, 2010
37. May 2010 – CCIS furlongs most of its staff due to financial challenges
38. June 2010 – cGov360 project was to be completed according to the revised schedule adopted in summer of 2009
39. Present – cGov360 project is not complete and CCIS is working on a recovery plan.

Since 2004, the Secretary of State has requested in its budget requests a total of $2,996,413 to develop the needed software to provide the productivity of the staff and to provide online services to its customers. It has received appropriations of $1,729,153, which is $1,267,260 less than the estimates provided by informed sources as to what it would cost to build a system.

ALVIN A. JAEGER
[SE]CRETARY OF STATE
[HOME] PAGE www.nd.gov/sos

HB 1002
3-20-13

#1

PHONE (701) 328-2900
FAX (701) 328-2992
E-MAIL sos@nd.gov

SECRETARY OF STATE

STATE OF NORTH DAKOTA
600 EAST BOULEVARD AVENUE DEPT 108
BISMARCK ND 58505-0500

March 20, 2013

TO: Senators Carlisle, Krebsbach, and Warner

FR: Al Jaeger, Secretary of State

RE: HB 1002 – restoration of funding for credit card fees

2011/2013 Biennium

Budgeted amount in agency's operating Line for credit card fees:	$48,000
Credit card fees expended through February 2013	$66,773*
Remaining budget for the remainder of biennium as of February 2013	($18,773)

*This is the amount of credit cards fees expended prior to the next major annual report filing deadline, which is May 15 for approximately 15,800 foreign business corporations.

Secretary of State Business Registrations

Active as of June 30, 2011	85,991
Active as of June 30, 2012	95,649
Active as of February 28, 2013	104,082

The number of registrations increased in 20 months by 21%.

Of the total registrations at the end of February, approximately 70% represents business registrations that will have an annual reporting requirement.

In addition, with the completion of the agency software project, it is anticipated that many more filers will opt to file on line and will pay by credit card.

Restoration of the $100,000 along with the $48,000 in our current base line budget is necessary to prevent the diversion of funding from other support and operating functions.

13.8131.02001
Title.
Fiscal No. 1

Prepared by the Legislative Council staff for
Senate Appropriations
March 19, 2013

#2

3-20-13

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1002

Page 1, replace lines 15 through 17 with:

"Salaries and wages	$3,423,343	$983,522	$4,406,865
Operating expenses	2,621,950	41,647	2,663,597"

Page 1, replace lines 21 through 23 with:

"Total all funds	$12,260,105	($28,528)	$12,231,577
Less estimated income	6,786,984	(940,690)	5,846,294
Total general fund	$5,473,121	$912,162	$6,385,283"

Page 2, replace lines 11 through 13 with:

"Grand total general fund	$5,783,121	$922,662	$6,705,783
Grand total special funds	6,786,984	(940,690)	5,846,294
Grand total all funds	$12,570,105	($18,028)	$12,552,077"

Page 3, line 8, replace "ninety-five" with "ninety-six"

Page 3, line 8, replace "eight" with "seven"

Page 3, line 9, replace "sixty-three" with "ninety-four"

Page 3, line 9, replace "ninety-eight" with "one hundred"

Page 3, line 10, replace "seven hundred thirty-nine" with "six hundred sixty-six"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1002 - Summary of Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Secretary of State				
Total all funds	$12,216,757	$11,996,039	$235,538	$12,231,577
Less estimated income	5,845,849	5,842,175	4,119	5,846,294
General fund	$6,370,908	$6,153,864	$231,419	$6,385,283
Public Printing				
Total all funds	$320,500	$320,500	$0	$320,500
Less estimated income	0	0	0	0
General fund	$320,500	$320,500	$0	$320,500
Bill total				
Total all funds	$12,537,257	$12,316,539	$235,538	$12,552,077
Less estimated income	5,845,849	5,842,175	4,119	5,846,294
General fund	$6,691,408	$6,474,364	$231,419	$6,705,783

House Bill No. 1002 - Secretary of State - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Salaries and wages	$4,392,045	$4,188,496	$218,369	$4,406,865
Operating expenses	2,663,597	2,563,597	100,000	2,663,597
Capital assets	10,000	10,000		10,000

Petition review	8,000	8,000		8,000
Election reform	5,143,115	5,143,115		5,143,115
Accrued leave payments		82,831	(82,831)	
Total all funds	$12,216,757	$11,996,039	$235,538	$12,231,577
Less estimated income	5,845,849	5,842,175	4,119	5,846,294
General fund	$6,370,908	$6,153,864	$231,419	$6,385,283
FTE	31.00	31.00	0.00	31.00

Department No. 108 - Secretary of State - Detail of Senate Changes

	Restores Executive Compensation Package[1]	Removes Separate Line Item for Accrued Leave Payments[2]	Restores Funding for Credit Card Usage Fees[3]	Total Senate Changes
Salaries and wages	$135,538	$82,831		$218,369
Operating expenses			100,000	100,000
Capital assets				
Petition review				
Election reform				
Accrued leave payments		(82,831)		(82,831)
Total all funds	$135,538	$0	$100,000	$235,538
Less estimated income	4,119	0	0	4,119
General fund	$131,419	$0	$100,000	$231,419
FTE	0.00	0.00	0.00	0.00

[1]Funding reductions made by the House to the state employee compensation and benefits package are restored to the Governor's recommended level.

[2]The accrued leave payments line item added by the House is removed and the associated funding returned to line items with salaries and wages funding.

[3]This amendment restores funding added in the executive budget recommendation for increased credit card usage fees which was removed by the House.

Section 4 of the bill is changed to provide 4 percent annual salary increases for the Secretary of State, the same as the executive budget recommendation. The House provided 3 percent annual increases.

Attachment 1.
HB 1002
April 18, 2013

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1002 - Funding Summary

	Executive Budget	House Version	Senate Changes	Senate Version
Secretary of State				
Salaries and wages	$4,392,045	$4,188,496	$218,369	$4,406,865
Operating expenses	2,663,597	2,563,597	100,000	2,663,597
Capital assets	10,000	10,000		10,000
Petition review	8,000	8,000		8,000
Election reform	5,143,115	5,143,115		5,143,115
Accrued leave payments		82,831	(82,831)	
Total all funds	$12,216,757	$11,996,039	$235,538	$12,231,577
Less estimated income	5,845,849	5,842,175	4,119	5,846,294
General fund	$6,370,908	$6,153,864	$231,419	$6,385,283
FTE	31.00	31.00	0.00	31.00
Public Printing				
Public printing	$320,500	$320,500		$320,500
Total all funds	$320,500	$320,500	$0	$320,500
Less estimated income	0	0	0	0
General fund	$320,500	$320,500	$0	$320,500
FTE	0.00	0.00	0.00	0.00
Bill Total				
Total all funds	$12,537,257	$12,316,539	$235,538	$12,552,077
Less estimated income	5,845,849	5,842,175	4,119	5,846,294
General fund	$6,691,408	$6,474,364	$231,419	$6,705,783
FTE	31.00	31.00	0.00	31.00

House Bill No. 1002 - Secretary of State - House Action

	Executive Budget	House Changes	House Version
Salaries and wages	$4,392,045	($203,549)	$4,188,496
Operating expenses	2,663,597	(100,000)	2,563,597
Capital assets	10,000		10,000
Petition review	8,000		8,000
Election reform	5,143,115		5,143,115
Accrued leave payments		82,831	82,831
Total all funds	$12,216,757	($220,718)	$11,996,039
Less estimated income	5,845,849	(3,674)	5,842,175
General fund	$6,370,908	($217,044)	$6,153,864
FTE	31.00	0.00	31.00

Department 108 - Secretary of State - Detail of House Changes

	Decreases Funding for Credit Card Usage Fees[1]	Corrects Executive Compensation Package[2]	Adjusts State Employee Compensation and Benefits Package[3]	Provides Separate Line Item for Accrued Leave Payments[4]	Total House Changes
Salaries and wages		14,820	(135,538)	(82,831)	(203,549)
Operating expenses	(100,000)				(100,000)
Capital assets					
Petition review					
Election reform					
Accrued leave payments				82,831	82,831
Total all funds	($100,000)	$14,820	($135,538)	$0	($220,718)
Less estimated income	0	445	(4,119)	0	(3,674)
General fund	($100,000)	$14,375	($131,419)	$0	($217,044)
FTE	0.00	0.00	0.00	0.00	0.00

[1] This amendment removes funding added in the executive budget for credit card usage fees.

[2] Funding is added due to a calculation error in the executive compensation package.

[3] This amendment adjusts the state employee compensation and benefits package as follows:

- Reduces the performance component from 3 to 5 percent per year to 2 to 4 percent per year.
- Reduces the market component from 2 to 4 percent per year for employees below the midpoint of their salary range to up to 2 percent for employees in the first quartile of their salary range for the first year of the biennium only.
- Removes funding for additional retirement contribution increases.

[4] A portion of salaries and wages funding from the general fund ($78,184) and from other funds ($4,647) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying annual leave and sick leave for eligible employees.

This amendment also:

- Identifies $283,754 from the general fund as one-time funding related to the 3 new FTE positions for the business registration unit (2 FTE positions) and the business information unit (1 FTE position) included in the executive recommendation.
- Identifies $225,600 from the general fund provided for overtime is one-time funding.
- Amends Section 4 of the bill related to the salary of the Secretary of State. The amendment makes the statutory changes necessary to provide a salary increase of 3 percent effective July 1, 2013, and 3 percent effective July 1, 2014. The executive recommendation included increases of 4 percent each year of the 2013-15 biennium.
- Replaces Section 5 of the bill to provide an exemption to Section 54-44.1-11 and allow the Secretary of State to continue up to $1,750,000 of the funding provided for the mainframe migration computer project during the 2011-13 biennium into the 2013-15 biennium.
- A section is added providing that the 3 new positions are authorized only for the 2013-15 biennium and must be reevaluated after the completion of the mainframe migration computer project to determine if the positions should be included in the agency's 2015-17 biennium budget request as optional items.

House Bill No. 1002 - Secretary of State - Senate Action

	Executive Budget	House Version	Senate Changes	Senate Version
Salaries and wages	$4,392,045	$4,188,496	$218,369	$4,406,865
Operating expenses	2,663,597	2,563,597	100,000	2,663,597
Capital assets	10,000	10,000		10,000
Petition review	8,000	8,000		8,000
Election reform	5,143,115	5,143,115		5,143,115
Accrued leave payments		82,831	(82,831)	
Total all funds	$12,216,757	$11,996,039	$235,538	$12,231,577
Less estimated income	5,845,849	5,842,175	4,119	5,846,294
General fund	$6,370,908	$6,153,864	$231,419	$6,385,283
FTE	31.00	31.00	0.00	31.00

Department 108 - Secretary of State - Detail of Senate Changes

	Restores Executive Compensation Package[1]	Removes Separate Line Item for Accrued Leave Payments[2]	Restores Funding for Credit Card Useage Fees[3]	Total Senate Changes
Salaries and wages	135,538	82,831		218,369
Operating expenses			100,000	100,000
Capital assets				
Petition review				
Election reform				
Accrued leave payments		(82,831)		(82,831)
Total all funds	$135,538	$0	$100,000	$235,538
Less estimated income	4,119	0	0	4,119
General fund	$131,419	$0	$100,000	$231,419
FTE	0.00	0.00	0.00	0.00

[1] Funding reductions made by the House to the state employee compensation and benefits package are restored to the Governor's recommended level.

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[3] This amendment restores funding added in the executive budget for increased credit card usage fees which was removed by the House.

Section 4 of the bill is changed to provide 4 percent annual salary increases for the Secretary of State, the same as the executive budget. The House provided 3 percent annual increases.

House Bill No. 1002 - Public Printing - House Action

The House did not change the executive recommendation for public printing.

House Bill No. 1002 - Public Printing - Senate Action

The Senate did not change the House version for public printing.

ALVIN A. JAEGER
SECRETARY OF STATE

HOME PAGE www.nd.gov/sos

PHONE (701) 328-2900
FAX (701) 328-2992

E-MAIL sos@nd.gov

SECRETARY OF STATE
STATE OF NORTH DAKOTA
600 EAST BOULEVARD AVENUE DEPT 108
BISMARCK ND 58505-0500

Attachment 2.
April 18, 2013
HB 1002

March 20, 2013

TO: Senators Carlisle, Krebsbach, and Warner

FR: Al Jaeger, Secretary of State

RE: HB 1002 – restoration of funding for credit card fees

2011/2013 Biennium

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In addition, with the completion of the agency software project, it is anticipated that many more filers will opt to file on line and will pay by credit card.

Restoration of the $100,000 along with the $48,000 in our current base line budget is necessary to prevent the diversion of funding from other support and operating functions.