

**2015 HOUSE POLITICAL SUBDIVISIONS**

**HB 1330**

# 2015 HOUSE STANDING COMMITTEE MINUTES

## Political Subdivisions Committee Prairie Room, State Capitol

HB 1330  
1/22/2015  
22386

- Subcommittee  
 Conference Committee

Amanda Muscha

### Explanation or reason for introduction of bill/resolution:

Relating to the contingent effective date for implementation of the electronic filing system

### Minutes:

**Chairman Klemin:** Called hearing for HB 1330 to order.

**Jim Silrum:** I am the deputy secretary of state. We believe with the central indexing project that we have going on and the contractor that we have secured we will be able to meet the date of this August 2015. However, Secretary Jager would appreciate your do consideration of a little bit of a protection just in cases something happens with the technology project that would cause it to not go forward not right on August 1<sup>st</sup> of 2015. So therefore we respectfully request that you change the date from this August to the one following that.

**Representative Beadle:** Has anything ever gone wrong with technology projects that has delayed it in state?

**Jim Silrum:** Not to my knowledge

**Representative Anderson:** Would you be okay if we reduce that to like 90 days or 6 months? It seems like a whole year, if you might be ready to go October 15<sup>th</sup>, like a long period of time.

**Jim Silrum:** We don't object to that but I want the world to know our objective is to meet this August's date of this year if at all possible and our vender tells us that, that will likely be the case and to avoid any necessary amendment I would just suggest staying with the 2016 but that would be your call.

**Chairman Klemin:** Closed the hearing on HB 1330

**Chairman Klemin:** Reopened hearing on HB 1330

**Representative Maragos:** Motioned to a do pass

**Representative Klein:** Seconded that motion

**Representative Anderson:** : I guess I think we should have moved faster on electrical filing from a state perspective and I am a little troubled that we are going to, whether it is needed or not, that we have just given the another year. I know it is good intention but I think we should shorten it.

**Chairman Klemin:** What happens if they do not meet that time?

**Representative Anderson:** It seems like the deadline is the inspiration and if it was 6 months for sure maybe the vender would, but to give a whole year sounds like we have given that vender too much time.

**Representative Oversen:** Seeing that this is from the 2013 session laws, did this project only begin in 2013 or was this one of the projects that was going before that? Does anyone know when this project was from?

**Chairman Klemin:** I believe this is from the 2013 session laws so I do not think they would have started the project before it was an ongoing project.

**Representative Oversen:** It wasn't an ongoing project before that.

**Representative Becker:** If it be the sense of the committee I could certainly support a do pass on this bill but I have to admit that I really identify and support what Representative Anderson said about deadlines. A great deal of my life has been in the software industry and if are up there but they don't seem to effect anybody. I am just frustrated in a general sense that software developers, have a difficult job, but deadlines don't mean a great deal.

**Representative Klein:** In human services for the last few sessions we have been trying to get that system in place and it is still not there. So this IT thing, especially when they were working with the federal government it just keeps changing.

**Representative Toman:** I am on the IT committee and I believe it is their intent to hit the deadline on this project but with IT they are not certain which is why they are pushing this date push back.

**Representative Kelsh:** Are there any penalties if it is not finished on time?

**Representative Toman:** I am not aware of any. This would not be changing the contract penalty date this is just changing the delivery date that session laws stated. They would have to go back and renegotiate that contract to relieve themselves of penalties.

**A Roll Call Vote was Taken:** Yes 12, No 2, Absent 0

HB 1330 Do Pass

Representative Klein will carry the bill

**2015 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. 1930**

House Political Subdivisions Committee

Subcommittee  Conference Committee

Amendment LC# or Description: \_\_\_\_\_

Recommendation:  Adopt Amendment  
 Do Pass  Do Not Pass  Without Committee Recommendation  
 As Amended  Rerefer to Appropriations  
 Other Actions:  Reconsider  \_\_\_\_\_

Motion Made By Representative Maragos Seconded By Representative Klein

Representative	Yes	No	Representative	Yes	No
Chariman Lawrence R. Klemin	X		Rep. Pamela Anderson	X	
Vice Chair Patrick R. Hatlestad	X		Rep. Jerry Kelsh	X	
Rep. Thomas Beadle	X		Rep. Kylie Oversen		X
Rep. Rich S. Becker	X		Rep. Marie Strinden		X
Rep. Matthew M. Klein	X				
Rep. Kim Koppleman	X				
Rep. William E. Kretschmar	X				
Rep. Andrew G. Maragos	X				
Rep. Nathan Toman	X				
Rep. Denton Zubke	X				

Total (Yes) 12 No 2

Absent 0

Floor Assignment Representative Klein

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

**REPORT OF STANDING COMMITTEE**

**HB 1330: Political Subdivisions Committee (Rep. Klemin, Chairman) recommends DO PASS (12 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). HB 1330 was placed on the Eleventh order on the calendar.**

**2015 SENATE POLITICAL SUBDIVISIONS**

**HB 1330**

# 2015 SENATE STANDING COMMITTEE MINUTES

## Political Subdivisions Committee Red River Room, State Capitol

HB 1330  
3/6/2015  
Job Number 24425

- Subcommittee  
 Conference Committee

Committee Clerk Signature



### Explanation or reason for introduction of bill/resolution:

Relating to the contingent effective date for implementation of the electronic filing system

### Minutes:

"Click to enter attachment information."

**Chairman Burckhard** opened the hearing on HB1330. All senators were present.

**Al Jaeger** Secretary of State. I believe there is an important item that should be entered into the record. Senator Judy Lee's birthday is Saturday, March 7, 2015.

Al Jaeger The bill only changes one thing. It changes the 2015 to 2016. This is related to the Central Indexing System which the Legislature passed the law last session that we would have our CIS which is the data base for all the UCC, Livestock liens; all that is recorded. We literally have thousands of thousands of records in that particular data base. The law that was passed said that August 1, of 2015, those filings would be done entirely 100% electronically. Now, we do have a developer in place now, but it is important to note that do have a developer in place, the RFD and the contract does call for them to be done by August 1. However, I don't want to be caught in a situation, where we have an unexpected delay. I don't want to be caught in a place when the law becomes effective and I don't have the software that matches the law. This is really insurance just to make sure if it gets done in July as it is anticipated but if its August 10, for some reason I don't think it is going to be, but that this is insurance.

Senator Grabinger If we do this, are there penalties for this if they don't meet that deadline of August 1, 2015 and by setting it at 2016, giving them a whole another year essentially to get this into place, are we making a mistake by not assuring that it gets done? We want it done.

**Al Jaeger** First of all we have to keep in mind this has nothing to do with the developing or developer. He is tied into a contact is one that has be reviewed by the Attorney General's office. I don't specifically if there's a penalty in there or not, but it is one that the Attorney Generals' office reviews and is consistent with other type of things. Right now, they started about 3-4 weeks ago, this is a very reputable company, it is PCC technology. They have been affiliate member of the National Association of Secretaries of State for about 14-15

years. All of you that have experience in going to conferences, you know if there is a member out there that isn't doing its job, they talk about it. This company has a very good reputation. But, I have to admit to being a little bit nervous not because of our history of running into problems, and so, this has nothing to do with them as far as extending. They don't even tell you know that has an import. I think that if something should happen where it is delayed to August 15, 2015, and the law became effective August 1, 2015, I can't and am in a situation where we do not have the electronic filing in place because we don't have the software. So, as far as we are concerned we don't need the full year, it just is in there. The way the legislation was passed is that we had two years and again there is a lot of history in terms of why it was delayed. Fortunately I am standing here today, knowing that we have something that will be done because at some time in the last two years, my Central Indexing System was taken out of my software package completely, and it wouldn't have been completed for another 3-4 years. I am just very pleased that I am not standing here and asking for a 3 year extension or anything like that. I just want to make sure that when you read the law and what the law says is that when I am ready to deploy the system, in other words, we know it's going to be ready. I write a letter to the Legislative Management and Legislative Council and I tell them that based on my certification, that its ready to deploy, the law becomes effective 90 days later. So that is the way it is. So even if we aren't ready to deploy in July, I have to do that notice and I can't actually make it go live. So this is just to make sure we have it in place. It is my comfort level to make sure. We have thousands and thousands of records and it is a very important part. It is important to know if there is a lien on a \$300,000 tractor. This is an important part of the economy. This system I am exceedingly pleased with the developer. We were struggling before explaining what we wanted and the developer asked us questions of what we wanted and how it applied to our laws. I am not a developer but after our meeting they come back with a GAP analysis and there were very few changes that we had to make which leads me to believe that they know what they want, and understood what that means and they went ahead with it. I feel more comfortable that we have that time so there is no question at all. Once it goes live, it is going to be good, and over our current system which is on the main frame, for instance when it comes to collateral our people are inputting the collateral. On the electronic system, he is going to be putting in the collateral and right now you're limited to just so long. Under the new system whatever the person is willing to give us collaterally, will go on and on. So, we are taking out of a liability issue in terms of having anybody see anything wrong with it happening. It is just an insurance.

**Senator Anderson** You're not the only one within the State of North Dakota, that has some problems with software development. For the benefit of this committee, my personal opinion is the way we do it in North Dakota is flawed. We rely too much of ITD and not enough on outside contactors' like you now have. Also, we don't have the proper agreements in place that say if you don't do this we don't pay you and you don't get any money. This business and in particular in the software business of taking the lowest contractor, the lowest price contractor has come back and bite us many times. I just want you all to know that because as we go down the road we'll have other opportunities to address those issues.

**Al Jaeger** I am very concerned that this wouldn't get done for another several years, that to me was not acceptable. I have gone through a lot of hoops to get to this point today. We

are on the right track now. The Senate side supported the budget so now the House will go along with this bill. The three pieces I need, will fit together, one package will work.

**Chairman Burckhard** closed the hearing on HB 1330.

Senator Judy Lee moved a do pass on HB1330.  
2<sup>nd</sup>. Senator Anderson

### **Committee Discussion**

**Senator Dotzenrod** The way the bill is drafted I guess I don't see it very often. There is no reference to any sections to the Century Code, it goes back to the 2003 section laws. If we wanted to try to see how it fit into existing law, you wouldn't be able to go to the Century Code to figure it out. You would have to go back and get a copy of the Section laws and then figure out where this would fit. But I guess maybe this was never put into the Century Code. Maybe we just section law in state session law, so that is an observation that I don't see very often.

**Al Jaeger** this was drafted by the Attorney General office through the Legislative Council. What this is doing is in keeping in the proper way to do what they need to do.

**Senator Grabinger** If we wanted something done by a contractor at a particular date there were stipulations and penalties if they didn't. I am wondering are we doing that with this IT stuff. Are we putting penalties on these contracts when we're hiring these out of state? Does anybody know?

**Senator Judy Lee** I only part of it. We're involved with Medicaid Management Information Systems for some time, and also the eligibility system for government programs through the Department of Human Services. Both of these are enormous programs. Initially the contract did not have an appropriate penalty and the vendor wasn't wonderful and that is one of the reasons why it has gone on longer but, Senator Anderson may have more expertise than I do. But I know that the contracts at this point I have been told are not only reviewed by the Attorney General's office but that the requirement for performance goals is very much a part of it. If I might add, Femi could explain this for us, the reason it is in session law is because is the date beyond which it doesn't go any further. Century Code is something that is to go on until you change it. So when we have these things that just move forward I could be off, he's nodding yes, it will be a part of session law when it's only going to be applying for a biennium or two.

**Chairman Burckhard** asked for a roll call vote on HB 1330.  
Roll Call Vote 6 Yea, 0 No, 0 Absent  
Carrier: Senator Anderson

Date: 3.6.15  
Roll Call Vote: 1

2015 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1330

Senate Political Subdivisions Committee

Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation:  Adopt Amendment  
 Do Pass  Do Not Pass  Without Committee Recommendation  
 As Amended  Rerefer to Appropriations  
 Place on Consent Calendar

Other Actions:  Reconsider  \_\_\_\_\_

Motion Made By Sen Judy Lee Seconded By Senator Anderson

Senators	Yes	No	Senators	Yes	No
Chairman Burckhard	X				
Senator Anderson	X		Senator Dotzenrod	X	
Senator Bekkedahl	X		Senator Grabinger	X	
Senator Judy Lee	X				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Senator Anderson

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

**REPORT OF STANDING COMMITTEE**

**HB 1330: Political Subdivisions Committee (Sen. Burckhard, Chairman)** recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1330 was placed on the Fourteenth order on the calendar.