

2015 SENATE APPROPRIATIONS

SB 2005

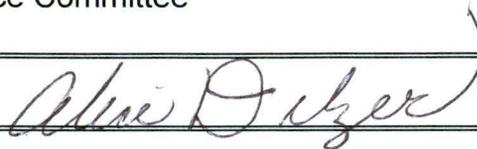
2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2005
1/8/2015
Job # 21778

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A Bill for an ACT to defray the expenses of the State Treasurer.

Minutes:

Written Testimony # 1-3

Chairman Holmberg called the committee to order on SB 2005 at 11:00 am. All committee members were present. Chris Kadrmas, Legislative Council and Lori Laschkewitsch, OMB were also present.

Kelly Schmidt, State Treasurer: I am here to introduce our budget and present Testimony Attached # 1, 2015-17- Budget. It was a record day for deposits on 01-07-15. Enhanced education, communication and collaboration with political subdivisions has been very important in our office. It continues to be vitally important because we are continuing to see more and more demands being placed on those political subdivisions and a lot higher turnover. We are expecting 14 new County Auditors, 11 new County Treasurers and over 50 new County Commissioners as we move into this next year. It's extremely vital that we work with those folks to help them get to a level of understanding so that when we start doing and changing things as we did with HB 1358 that's there's a depth of knowledge there. (6.59) (6.44) Thank-you for the new FTE, Ryan Skor, Director of Finance, has been working very hard to set up data base information. We visited with many people, legislators, political subdivisions or members of the general public to find out some of the answers to our questions and I'm very pleased to report to you that out of a score of 1 to 5, our user groups rated us a 4.2. But most importantly to me is our staff rated us a 4.3. Moving forward, we've got our focus and we are ready to continue. Your timing in the emergency clause was perfect for us. We have one part-time person in the mornings, we run just like a bank, deposits have to be done in a timely fashion and get transferred over to the Bank of ND. She then went over the Office Organizational Chart (page 6). The internship program is very valuable to us. IT is vitally important to our office. Continued on to page 7 (regarding Line Item Description and dollars concerning each item).(13.29)

Senator Heckaman: On that IT request, is that on a user fee, is it on a percentage of what you had last year, how is that amount of money that you need compared to some other agency? You have \$50,000, is that on the applications that you use or is it a percentage of what you had last year?

Kelly Schmidt: The first number in the new desktop services is based on the hardware that we have in our agency. That would be the number relating to the number of staff that we have and whether we have a desktop or one screen or two. The other dollar amount, the projected IT billing is something that OMB adds to our budget as it relates to our storage and different things that we currently have on the books and it affects the increased hourly rate that storage rate that IT is bringing forward. (14.27) continued testifying from page 7. The Township Road Distributions from section 7 of HB1358, you will see a turn-back of \$3M150Thousand. Those dollars that we distributed out to townships, and honestly, I don't know where that number came from as far as how it was determined from HB 1358, but I can tell you during the times since that has been completed and as you have continued to use townships as a means to distribute dollars to our counties, our office has taken on a re-certification project. We have worked with the townships and worked with the county officials to make sure that we know what those township miles, how many townships are there, and we are more confident in that number than we've ever been. (16.24)

Senator Gary Lee: So those turn back dollars are related to the miles calculation within the townships?

Kelly Schmidt: I believe there was 2 distributions in HB 1358. One was a single dollar amount that went to every township and the other one was related to road miles. It wasn't the dollar amount, it was the number of townships that was determined. I believe \$15,000 went to each township and an additional distribution, in either 1358 or SB 2012, that also went out. But I think it was over-estimated how many townships there were and that's why this dollar amount is more.

Senator Gary Lee: That's a pretty set limit, whether they are organized or unorganized, it goes to the county that dollar amount. I have a hard time understanding that large of a grade.

Kelly Schmidt: Morton County did have a correction but that was \$358,000.00 or \$385,000.00 and that was also listed. I don't know where that dollar amount came from. Our office was never approached or contacted relating to the amount of dollars that needed distribution in HB 1358 as it relates to townships. But I can assure you, if you contact my office now, we will get it right. Senator Lee commented It seemed like a surprising number.

Kelly Schmidt continued on the Budget History, what the governor included and what we needed in our budget. As we look at our budget for the Office of the State Treasurer, most of the opportunities that we have had we have absorbed within the current operating budget that we had. Over the course of my tenure, we've added two since 2005 and we have absorbed the expenses of those two FTE's other than the salary dollars. We have seen less than a 1% increase in the Treasurer's budget in 10 years. The governor included what we needed and what we requested in our budget. I want to share just a couple of critical issues that we have (Page 11) (22.02)

Senator Robinson: Regarding the orientation and training of new county officials, do you coordinate your efforts with the Health Dept., Dept. of Human Services and other state agencies and have a lot of interaction with county government?

Kelly Schmidt: Most of the collaboration that we do is with the Association of Counties, the oil producing counties, the Associational County Treasurers and Auditors, so not with other state agencies.

Senator Robinson: The Association of Counties, do they develop a training seminar after November election, or do we, as a state agency go out on our own?

Kelly Schmidt: I believe there are opportunities there, the Association of Counties has not extended that. We work with the County Auditors and treasurers as they work to educate their commissioners. Ryan was requested to do a presentation for the County Commissioners in one area, so that will be a u-tube prepared for education purposes. (24.27)

Senator Heckaman: I would like to see a complete report regarding the distribution to the townships. \$3M is a big chunk of change that was missed along the way and could have been sent someplace else, and would the Council do that? **(on 01/12/15 a email was sent from Kelly Schmidt, State Treasurer relating to townships) Testimony Attached # 2.**

Chairman Holmberg: Present it to the Legislative Council, and then present it to the committee.

Kelly Schmidt: We are happy to provide you with what was distributed, but we don't know how that original number came to be. The Chairman assured her that Legislative Council could do that.

Senator O'Connell commented he has been watching her office and has seen how she has improved her office to be more efficient and then he asked if there was something in the background that she would like to do that hasn't been put into this budget.

Kelly Schmidt: Thank-you for asking. If you turn to the page 12, it shares my wish I (26.14) She commended her team and stated she wouldn't trade them for anyone in this building. And it's only because of what they do that we can continue to do what they do. You will see, not included in my budget, as we work through the legislative process, that I have created a 501 C 3 nonprofit organization for financial education. I have done that so we don't have to use one dollar of the state's funds, so that would be an addition to my wish list, but I'm not asking for any money there. I believe there is great opportunity to raise those dollars without having to take dollars from the General Fund or from the people of ND. (26.51)

V.Chairman Bowman: When you were talking township money, we really had two Bills dealing with that. One Bill was in the Special Session where the money went out to non-oil producing counties (SB2176) but what was left out was the townships in oil producing counties that had no oil. He was told that's where this money went.

Senator Carlisle: There may be some bills that may affect your agency, no continuing appropriation but in HB1054, it will be a continuing appropriation.

Kelly Schmidt: From what we raise, it just gives us the authority to spend what we raise. There are no dollars requested from that Bill from the General Fund or from any government fund for that matter.

Senator Carlisle: On page 7 of your testimony, that \$30,000 for executive optional request, what's that going for?

Kelly Schmidt: That's what was included in our optional request that went to the governor, included in the executive budget and that is for training, staffing, should we have a vacancy and we have to hire through a staffing agency, IT costs and training for political subdivisions as well as our own staff. She was asked if she submitted her wish list and was told no, she had not.

V. Chairman Krebsbach: We heard earlier today the request from the Securities Commission and they too do some financial education and I am just wondering how the two coordinate or cooperate, if there is over-lap or not.

Kelly Schmidt: The Securities Commission operates their financial education program under a different program. and those dollars are used for investment education. Whereas our duties list financial education relating to everything else so they are very much different. I can assure you we will keep that in mind because my Deputy, Sheri Haugen-Hoffert just came from the Securities Commissioner so we will make sure there is a division always there.

Senator Carlisle asked the new deputy to come up to the podium and asked her about the training she did in Securities.

Sheri Haugen-Hoffert, Deputy State Treasurer: I came from the ND Securities Department. To answer V. Chairman Krebsbach's question, yes there is a distinctive line, how to prevent investment fraud and I would go out and teach and educate people regarding that. Kelly was correct in saying there was a distinctive line, but I'd also want you to know that in my position, coming from the Securities, if there is an area where we can collaborate, absolutely we would. I would assure you there would be no duplication.

Kelly Schmidt presented the Website to the committee beginning with the home page. (32.10).

Senator Robinson: You made comment regarding the payroll, \$25M, is that all of State Government, including Higher Education or just State Government?

Kelly Schmidt: That is just State Government and then there is a payroll too that happens a couple of weeks later which is a lot of the temporary or part-timer different folks that come through

Senator Robinson: Is Higher Ed run through your office?

Ryan Skor, Director of Finance: What we do for Higher Ed, they have their draw down schedule, which they give to us, and their draw down schedule pulls money from our account to them biennium-monthly and they have a schedule that they turn around and have that in their account which then turns around and runs their payroll and all their other expenses. We cash flow for their draw down.

Senator Robinson: Are you aware of the monthly payroll? He was told no, they are aware of the total amount which would be all the expenses. The website presentation was continued and went into the Government Fund section. (35.13)

Senator Carlisle: the question that Senator Gary Lee and Senator Heckaman asked, you're under fund balances, will that be any place in this presentation?

Kelly Schmidt: That is the variance, that \$3M won't be, but I'll have Ryan go in and do searches. You will go to the Search Feature of our Website, the \$3M won't show because it's still sitting in our budget.

Senator Carlisle: stated he wanted a better explanation regarding this matter and was told that Legislative Council and the Treasurer's Office will work together on that.

Senator Wanzek: isn't this \$8,760,000.00 wasn't that more or less meant to address the issue that V.Chairman Bowman talked about bringing the oil counties into the township funding? Didn't the original go to the non-oil counties in a different Bill. So this amount right here was to bring in those oil townships. So we overestimated the number of townships within the oil producing counties. He was told that is correct. See **Testimony Attached # 3, email from Leg. Council re: excess appropriations for grants to certain Counties. (submitted on 01-12-15)**

The website for the Treasurer's Office was fully explained.

Senator Gary Lee congratulated Kelly Schmidt and her staff regarding the website.

Kelly Schmidt thanked the committee and commented if there is anyway their office can assist the Senators they would be glad to, and ended her presentation.

Chairman Holmberg asked for any more questions, there were none. He closed the hearing on SB 2005.

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2005
1/29/2015
Job # 22774

Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

This is a subcommittee hearing on the budget of the State Treasurer.

Minutes:

Legislative Council - Brady Larson
OMB - Lori Laschkewitsch

Senator Carlisle called the subcommittee to order on SB 2005.

Senator Bowman and **Senator Mathern** were also present. (Senator Mathern is filling in temporarily for Senator Robinson.)

Brady Larson: At the budget hearing for the State Treasurer's budget, there was a question about some unused funding in the budget for distributions to townships. There was an issue last session where we had appropriated funding for townships that were in the mid-range of oil production - received oil and gas production tax allocations of between \$500,000 and \$5M in what was first stated as fiscal year 2012. At the very last minute, there was a change to the eligibility requirements for those townships and it turns out there were actually fewer townships that were going to receive that funding than we originally anticipated so that caused the extra funding. That extra funding will be general fund turn back so that will be included in the beginning balance for the 2015-2017 biennium.

Kelly Schmidt, State Treasurer: It's self-explanatory.

Senator Carlisle: You have the salary package, and you have some one-time funding. We have some FTEs and other bills that affect the agency. The report (2015-17 Biennium Revenue Forecast Adjustments) we got this morning lays out the revenue for the next few months. We'll be visiting about the agencies and how we'll handle the equities and FTEs.

Senator Mathern: If our forecast is correct and we have \$4B less revenue in the next biennium, would this affect the amount of staff in the treasurer's office that would be needed?

Kelly Schmidt: We're not requesting any additional FTEs in our budget.

Senator Carlisle gave **Kelly Schmidt** a revenue forecast sheet and said there may be less money available.

Senator Bowman: You still have to write the same amount of checks, but they'll be smaller.

Kelly Schmidt: The volume of what we do does not impact our office more so than the complexity of what we do. Having less money to cash flow to meet the demands is more challenging than having more dollars to meet the demands. So it would be more communication with state agencies, more communication through the processes to make sure that we can cash flow and work with those agencies so they can pay their bills.

Senator Carlisle: When we had your budget, you explained your staffing and your new website and it seems well received.

Kelly Schmidt: With everything that's been going on in the state, the volume that's' been coming into our office as far as inquiries and questions from the general public is unprecedented. That was one of the reasons we came last biennium and got some dollars to try and update our website.

A bill relating to our budget is HB 1053 which is the IT (Internet Technology) project. Those dollars have been included in our budget request and were included in the Governor's recommendation to our budget. Our agency has already implemented that process as a pilot for that, so we have not built IT costs into our budget to offset that. If HB 1053 goes away and that \$20,000 comes out of our budget, we have not budgeted for IT costs for the biennium.

We have not seen an increase in our operating budget in nearly 10 years.

Senator Bowman: In HB 1053, you said there were \$20,000 in there for IT costs that affects your budget?

Lori Laschkewitsch: As Kelly indicated, they were a pilot agency being a small agency and they don't have an actual IT person. They have been utilizing ITD services currently. While they're listed in that bill as to what the cost to their agency would be for those services, they are currently using them today.

Senator Carlisle: We're going to have a lot to sort out relative to the benefits.

Senator Carlisle closed the hearing on SB 2005.

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2005
2/5/2015
Job # 23389

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A Subcommittee meeting for the State Treasurer

Minutes:

"Click to enter attachment information."

Chairman Carlisle called the subcommittee to order on Friday, February 06, 2015, at 10:15 am in the Harvest Room in regards to SB 2005. Present: Senator Carlisle, Senator Lee sitting in for Senator Bowman and Senator Heckaman for Senator Robinson. Adam Mathiak, Legislative Council, and Lori Laschkewitsch, OMB, were also present. Senator Holmberg, Senator Erbele and Senator Kilzer were also present. We will discuss SB 2206. The treasurer's office and Department of Human Services people are here also.

Pam Sharp, Director OMB: SB 2206 provides some permanent property tax relief through paying the county share of foster care and SPED. That amounts to \$23.2M and is in DHS budget. We believe a good option would be to offset the \$250M that has been put into the treasurer's office for the 12% property tax by-down by the \$23.2M so we still have a total of \$250M property tax relief, but we would have the \$228M or \$227M in the treasurer's office and the \$23.2M in DHS. If we did that offset that would change the 12% by-down to 11%. That language is in the Treasurer's bill as well. 11% is the right percent. We would need an amendment to decrease the \$250M by \$23.2M in the treasurer's office bill and the 12% by-down needs to be changed to 11/5 by-down. The funding for the by-down is in the treasurer's budget. (3.19)

Senator Carlisle: That doesn't change their revenue numbers, is that right?

Pam Sharp: When we offset we're saving \$23.2M what was proposed in the governor's budget. That is coming out of the treasurer's office budget. The DHS appropriation bill does not change at all.

Senator Carlisle: Then we would need to have Council to draft the appropriate amendment.

Adam Mathiak, Legislative Council: When we took a look at the \$250M we had concerns if that is enough for that 12% to begin with. The amount that was paid out in the first fiscal

year of this biennium came out to be about \$94.5M, and the estimated increase was about, was estimated at property values increased by 15% and so scaling it up at 15% increase would mean there was an estimated cost of about \$268.6M for the 15-17- biennium so there would kind of be a shortfall just in the way we looked at things. We probably need to have some discussions with the tax department on the estimates. Ultimately, if you wanted to keep it at \$250M it would just mean that there would probably have to be a bigger reduction in the percent instead of just 12 do 11%. You probably actually go down to almost 10% or go to 10% to keep it at \$250M. I think the original estimate, we had some concerns about. Based on our analysis the \$250M might be short if the 15% increase is what hold true. It may even be that in this biennium that the \$200M that was funded, because if 94.5 was for the first year, 15% increase puts us at \$108M, which would be a total cost of just over \$200M at 203. There could even be at \$3M shortage for the current biennium. the discussion would have to be had with the tax department to look closer at the estimates that are being used and whether there is a shortfall in the funding to begin with and then from that point looking at how we need to make the adjustment. As far as the mechanics that were discussed in the changes there's no real change there, it's just a matter of whether we're reflecting the right percentage based on the estimates. (7.08)

Pam Sharp: I think it would be a good idea to talk to the tax department.

Senator Carlisle: We're on for next week and get the tax department down here

Senator Heckaman Given there is \$250M in the budget does the 12% number show up in other bills that we would have to have 12% as property tax relief?

Adam Mathiak: The 12% is statutory language and it is included in the treasurer's bill. There was an expiration date and so then the expiration date has been extended. Extending these would have been temporary property tax relief credits. It would need to be modified otherwise there would be some sort of shortfall there wouldn't be enough funding based on the estimates if that 12/5 remained the same. I think there is another bill that also amended that same section to extend the expiration dates, that was the legislative management bill. Since both of them are talking about the same section, that's just part of the reconciliation process that goes on and the appropriation committee deciding which one will be the one that stays and which one goes. The 12% language is in Section 5 of SB 2005.

Senator Carlisle: We've got another subcommittee hearing set. For the next meeting: Adam, Pam, Tax Dept, Kelly. The meeting was closed at this time.

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2005
2/10/2015
Job # 23612

Subcommittee
 Conference Committee

Committee Clerk Signature

Memo for Rose Dening

Explanation or reason for introduction of bill/resolution:

This is a subcommittee hearing on the budget of the State Treasurer.

Minutes:

Attachment 1 - 2

Legislative Council - Adam Mathiak
OMB - Becky Deichert

Senator Carlisle: Called the sub-committee to order on SB 2005. Senator Bowman and Senator Robinson were also present. Treasurer didn't have any FTEs, no equity. When we met the other day it was about salaries. If we wanted to do an amendment on the salaries, health insurance is all right. Any equity is part of this budget. Let the record show that everyone is present. The issue came up on some pass-through funding that the Treasurer will help relative to the figure was roughly 12% in \$23 million.

Adam Mathiak, Legislative Council: Handed out the Legislative Council worksheet (Attachment 1) and walked thru with the committee. The one-time funding item the state paid property tax relief program of \$250 million. It's essentially a continuation of what was done in the current biennium, 2013-2015; 12% state paid property tax relief. As we continued with the estimating, we were concerned that maybe there would be a short fall, that's why we have to have the State Tax dept. come and take a look at the estimates and see if they felt the \$200 million for the 13-15 biennium as well as the \$250 million in the 2015-17 would be enough to cover that. The subcommittee had also talked about making some changes to the percentage so that \$23 million that was being covered for Human Service related components could be rolled into this and then the 12% would be reduced so that the total amount of funding, for 15-17 would remain at \$250 million; but have two components to it.

Sen. Carlisle: Then that zeros right.

Adam Mathiak: That was the intent, yes. We just have to take a look at that and then we wanted to make sure that we were getting the right reduction and the percentage so that we worked under funding the property tax relief.

Ch. Carlisle: Just identify for the record, too, when you get Kelly and Larry down here.

Joe Morrisette, Deputy Tax Commissioner, State of North Dakota: I handed out the Statewide Property Tax Statistics (Attachment 2) and I handed out a schedule that has some statistics on property tax evaluation and mill rates from the last few years. The first row shows how taxable valuation, the total of all tax bills, it shows how the total of taxable valuation is changed in the state over the last six years. You can see in the last column for tax year 2013, these would be the valuation from 2013, paid in 2014; so it would be the most current data that we have right now. You can see that the valuation increased by 16% for that last year. The next row shows how the mill rate has changed and you can see that that's actually down over time, significantly in the last year. Then the most important line, in terms of the 12% credit is the next line which shows how those two things working together, the taxable valuation going up and the mill rate going down. The result is what tax is actually levied. You can see how that has changed over time, as well; gone up significantly less than what the valuation has. It actually went down in the most recent tax year, due in large part to the changes that were made in the school funding formula. The school levies went down, and school levies are a significant part of the overall property tax. The 12% credit that was paid by the state in 2014, has actually applied to that \$786 million number for taxes that were levied. The taxes that were levied were paid 12% by the State and then balance by the property owners. So the 12% credit, the math is in the next section. You can see that amount of \$94.3 million. It's changed a little bit since then as there have been adjustments and corrections to the tax abstracts and abatements, etc. I think it's about \$120,000 more than that as of December, if I'm not mistaken. So those are the amounts that we know. Then for the next year, the last year of this biennium, we have to estimate how much that tax levied amount will go up. By law, those tax abstracts are supposed to be filed with our office by the end of December. There's no real penalty for that timeline not being followed. We have most of them, but not all of them. Based on the ones that we have, which is missing 5 counties, but based on the ones that we have, we've looked at those and made some estimates for the ones that we don't have and we estimate that tax amount will go up about 9.3% over last year; so right around 10%, a little bit less right now but we're still waiting for the counties that haven't submitted their numbers, such as Williams County is one we are waiting on and that will probably have a significant increase in the tax and valuation. So we think the 10% number for 2015 is a good number. If it goes up by 10%, you can see what the 12% credit would be. It would be about \$103.8 million for a total of the biennium about \$198 million, leaving about \$2 million left in that line. It is still an estimate at this point and we should have final numbers in about a month because we have to certify to the treasurer's office by the end of March.

Senator Bowman: You are talking about valuations continuing to going up. We've already seen rigs being shutting down; there are buildings being built and they don't know if people are even going to be move into them. Where does this valuation increase come from that justifies that kind of an increase in valuations.

Joe Morrisette: These are based on the values that were set in 2013; and so the ones that we are getting now are based on tax year 2014. They are already in the past. They are based on the values that were set in calendar year 2014. Going forward, whether that valuation goes up or if it would come down based on market conditions, that's not really the determination of the final tax. It's one of the factors, it shows up on the first part of this

memo that if the valuation goes one direction and that mills go the other, the tax might stay the same or go up. The number is important in terms of calculating the 12% credit is the final tax that is actually levied.

Sen. Carlisle: So, right now relative to this question we're okay right.

Joe Morrisette: We're confident that the \$200M is enough for this biennium. We won't know for sure for another month, but we feel confident that it will be enough.

Senator Carlisle: Then after crossover, we would know if things have to be adjusted. Does this need an amendment or what's the procedure? Or this something the treasurer can do.

Adam Mathiak: If there was determined that there was going to be a short fall then you would need to appropriate additional money. If you wanted to cover the short fall otherwise it would just be a short-fall in the allocations that the treasurer's office would be doing. Probably on some pro-rated basis. Most likely it would need an appropriation to cover the short fall.

Sen. Carlisle: So right now we have a little room to move is the point. So we don't an amendment.

Kelly Schmidt, North Dakota State Treasurer: We're good right now.

Sen. Carlisle: So what's the right term to proceed; it's going to work out to be a net zero. The Dept of Human Services, Maggie, will go on about its business with the \$23.2M.

Kelly Schmidt: We're talking about the current biennium right now. I just wanted to make sure that we're all clear about that. We are talking about the current biennium payment that we will kick out before the end of this fiscal year.

Senator Carlisle: For your budget, we would have this statement that this is going to be on-going; it's covered at this point. The only change would be in salary line item for an amendment to move the budget forward.

Pam Sharp, Director, Office of Management & Budget: We need to see if we want to decrease the \$250 million by the \$23.2 million and allocate 11%.

Sen. Carlisle: I had the figure right, but the wrong formula. We decrease that so her budget stays so we don't add the \$23.2 million.

Pam Sharp: We would decrease the \$250 million by the \$23.2 million and then we would change that section that states the 12% buy-down. We would change the 12% to 11%. I think Joe Morrisette has determined that the \$250 million is enough for the 12% and if we back out the \$23.2 million it would be 11%.

Senator Carlisle: Does that require an amendment or statement.

Pam Sharp: That does require an amendment to the treasurer's budget. Adam, can you put that language together and a little summary so we can kind of understand.

Senator Carlisle: Adam & Joe will work on amendment taking it from 12% to 11% and Pam please work with them as well. The only other thing would be salary line-up. Put something under the summary for us to understand when we explain it to the committee. Is there anything else that we need relative to the new items going on, and it's either March 17 or March 18 when Moody is coming in?

Pam Sharp: It will be the 18th of March.

Senator Carlisle: They are going to lay down an oil price projection that we're either going to have to do something positive to budgets or we may have to make other changes.

Pam Sharp: It could go up or could down, don't know.

Sen. Carlisle: They're very aware of what's going on in ND.

Pam Sharp: They are very familiar with what's going on in ND.

Senator Carlisle: We need the amendments prepared for this bill. He closed the hearing on SB 2005.

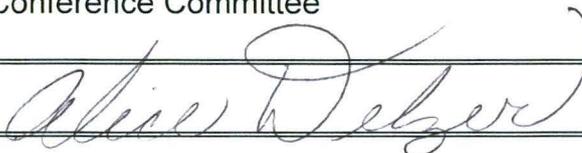
2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2005
2/13/2015
23805

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an appropriation for the Treasurer's Department (Do Pass as Amended)

Minutes:

Attachment # 1 amendment #15.8138.01001

Chairman Holmberg opened the hearing on SB 2005. Brady Larson, Legislative Council and Tammy Dolan, OMB and Chris Kadmas, Legislative Council were present.

Senator Carlisle presented Amendment # 15. 8138.01001 and explained the amendment. He moved the amendment. 2nd by Senator Robinson . Discussion followed:

Chairman Holmberg keep in mind that there are discussions that have gone on regarding the \$23M which is permanent tax relief. At this stage we have the Treasurer's budget and SB 2206. Moving it along if you recall that 12% last time was fighting with county social services, and the assumption by the state was not passed.

Senator Carlisle suggested we also do 2206.

Senator Mathern: I would encourage that we do 2206. The subcommittee did act on it; the money is in the DHS budget.

Chairman Holmberg: This I think would be the preferred source of funding. It is a direct appropriation in the bill.

Senator Carlisle moved a Do Pass as Amended on SB 2005. 2nd by Senator Erbele.

A Roll Call vote was taken. Yea: 13; Nay: 0; Absent: 0. Senator Robinson will carry the bill. The hearing was closed on SB 2005.

2/13/15
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 R/a

PROPOSED AMENDMENTS TO SENATE BILL NO. 2005

Page 1, replace lines 12 through 17 with:

"Salaries and wages	\$1,396,437	\$111,228	\$1,507,665
Accrued leave payments	13,038	(13,038)	0
Operating expenses	135,356	101,658	237,014
Coal severance payments	252,800	(7,800)	245,000
Property tax relief credits	0	<u>226,800,000</u>	<u>226,800,000</u>
Total general fund	\$1,797,631	\$226,992,048	\$228,789,679"

Page 2, replace line 1 with:

"Property tax relief	200,000,000	226,800,000"
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Page 2, replace line 6 with:

"Total general fund	\$309,535,838	\$226,800,000"
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Page 2, line 11, replace "\$250,000,000" with "\$226,800,000"

Page 2, line 18, replace "ninety-seven" with "ninety-six"

Page 2, line 19, replace "fourteen" with "seventy-two"

Page 2, line 19, replace "one hundred one" with "ninety-nine"

Page 2, line 20, replace "thirty" with "eighty-one"

Page 2, line 27, overstrike "twelve" and insert immediately thereafter "eleven"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2005 - State Treasurer - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$1,396,437	\$111,228	\$1,507,665
Operating expenses	135,356	101,658	237,014
Coal severance payments	252,800	(7,800)	245,000
Accrued leave payments	13,038	(13,038)	
Property Tax Relief		<u>226,800,000</u>	<u>226,800,000</u>
Total all funds	\$1,797,631	\$226,992,048	\$228,789,679
Less estimated income	0	0	0
General fund	\$1,797,631	\$226,992,048	\$228,789,679
FTE	8.00	0.00	8.00

Department No. 120 - State Treasurer - Detail of Senate Changes

	Adds Funding for Base Payroll Changes ¹	Adds Funding for Salary and Benefit Increases ²	Adds Funding for Information Technology Costs ³	Decreases Funding for Coal Severance Payments ⁴	Increases Funding for Operating Expenses ⁵	Adds One-Time Funding for Property Tax Relief ⁶
Salaries and wages	\$23,563	\$87,665				

2/2

Operating expenses			71,658		30,000	
Coal severance payments				(7,800)		
Accrued leave payments	(13,038)					
Property Tax Relief						226,800,000
Total all funds	\$10,525	\$87,665	\$71,658	(\$7,800)	\$30,000	\$226,800,000
Less estimated income	0	0	0	0	0	0
General fund	\$10,525	\$87,665	\$71,658	(\$7,800)	\$30,000	\$226,800,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Total Senate Changes
Salaries and wages	\$111,228
Operating expenses	101,658
Coal severance payments	(7,800)
Accrued leave payments	(13,038)
Property Tax Relief	226,800,000
Total all funds	\$226,992,048
Less estimated income	0
General fund	\$226,992,048
FTE	0.00

¹ Funding is added for cost-to-continue 2013-15 biennium salaries and benefit increases and for other base payroll changes.

² The following funding is added for 2015-17 biennium performance salary adjustments of 2 to 4 percent per year and increases in monthly health insurance premiums:

	General Fund	Other Funds	Total
Salary increase - Performance	\$53,123	\$0	\$53,123
Health insurance increase	34,542	0	34,542
Total	\$87,665	\$0	\$87,665

³ Funding is added from the general fund for increased Information Technology Department hosting fees and desktop support services.

⁴ Decreases funding for coal severance payments from \$252,800 to \$245,000 related to changes made by the 2013 Legislative Assembly requiring annual distributions instead of monthly distributions resulting in two-and-a-half years of payments in the 2013-15 biennium.

⁵ Funding is added from the general fund for temporary contract employees and office supplies.

⁶ One-time funding is added from the general fund for the state-paid property tax relief credit program.

Section 4 is amended to reflect a 3 percent annual increase to the State Treasurer's salary.

Sections 2, 3, and 5 are amended to identify one-time funding of \$226.8 million from the general fund for state-paid property tax relief credits of 11 percent.

Date: 2-13-15
Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2005

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: 15.8138.01001 ~~101~~

- 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 Carlisle Seconded By Robinson

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg			Senator Heckaman		
Senator Bowman			Senator Mathern		
Senator Krebsbach			Senator O'Connell		
Senator Carlisle			Senator Robinson		
Senator Sorvaag					
Senator G. Lee					
Senator Kilzer					
Senator Erbele					
Senator Wanzek					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Date: 2-13-15
 Roll Call Vote #: 2

**2015 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2005**

Senate Appropriations 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 Carlisle Seconded By Erbele

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		Senator Heckaman	✓	
Senator Bowman	✓		Senator Mathern	✓	
Senator Krebsbach	✓		Senator O'Connell	✓	
Senator Carlisle	✓		Senator Robinson	✓	
Senator Sorvaag	✓				
Senator G. Lee	✓				
Senator Kilzer	✓				
Senator Erbele	✓				
Senator Wanzek	✓				

Total (Yes) 13 No 0

Absent _____

Floor Assignment Robinson

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

REPORT OF STANDING COMMITTEE

SB 2005: 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). SB 2005 was placed on the Sixth order on the calendar.

Page 1, replace lines 12 through 17 with:

"Salaries and wages	\$1,396,437	\$111,228	\$1,507,665
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Property Tax Relief						226,800,000
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Less estimated income	0	0	0	0	0	0
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FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Total Senate Changes
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Operating expenses	101,658
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2015 HOUSE APPROPRIATIONS

SB 2005

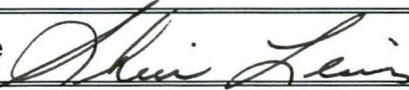
2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Government Operations Division Medora Room, State Capitol

SB2005
3/12/2015
Recording Job#

- Subcommittee
 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 state treasurer; and to amend and reenact sections 54-11-13 and 57-20-07.2 of the North Dakota Century Code, relating to the salary of the state treasurer and state-paid property tax relief credit.

Minutes:

See attachment A and B

Chairman Thoreson: Opened the hearing on SB2005.

Kelly Schmidt, Treasurer, ND Treasurer's Office: See testimony attachment A.

Chairman Thoreson: When you say you're holding it; are you holding it on a separate server?

Kelly Schmidt: On the IT server.

Chairman Thoreson: You've just chosen to keep it until there some kind of digital archive system in there?

Kelly Schmidt: That's correct. There are a lot of people that are asking questions relating to how much money we had back when and how much we have now. This gives them an opportunity to go back and look at the history.

Kelly Schmidt continued with her presentation.

Chairman Thoreson: Do you do that website work in house or working with an outside organization?

Kelly Schmidt: We did work with an outside entity. We worked with MABOO and we did go through an RFP process.

Kelly Schmidt continued with her presentation.

Chairman Thoreson: Why not?

Kelly Schmidt: Because their field of dollar amounts is limited; it needs another field. If we have a distribution like \$298 million, we have to break it up in three separate distributions. Then we process it and then it goes to OMB; OMB processes anything over \$100 million and then we release it. It not only happens with the SURGE Fund but also with our State Aid Distribution that we do every quarter.

Chairman Thoreson: This isn't new. You had challenges two years ago?

Ryan Skor, Director of Finance, ND Treasurer's Office: It's our distributions combined quarterly.

Chairman Thoreson: The Bank of North Dakota can't process over \$100 million?

Kelly Schmidt: That's becoming a regular event.

Chairman Thoreson: Is it a computer software issue?

Kelly Schmidt: It's a vendor issue.

Representative Kempenich: This must be the biggest number that's ever shown up in their account as one lump sum.

Kelly Schmidt: I think so.

Representative Skarphol: Doesn't the county money require approval of DOT before it's disbursed? Are there issues with any of the counties or have they all been resolved that you're aware of? Has all the money that went out in the SURGE been disbursed to the counties as far as you know?

Kelly Schmidt: Everything at the responsibility of the office of state treasurer; the \$290 million has gone out. I am not familiar if DOT has sent anything out at this point. It's my understanding that they're still working with the counties to try and bring some process as to how they're going to do this.

Representative Skarphol: Would council check on the status of the money being disbursed to the counties through DOT?

Representative Kempenich: We told Grant that we wanted to track that money and the only county I know that was having issues with DOT was Stark county.

Representative Skarphol: It isn't disbursal; but whether approval from DOT has been received by the counties; so that when they do the work they can get the money. I think the status is that the work has to be done and then they'll disburse the money.

Kelly Schmidt continued with her presentation.

Chairman Thoreson: Do you have any items that you can share?

Kelly Schmidt: We have 11 queries every morning before we can start the reconciliation process.

Chairman Thoreson: Each day?

Kelly Schmidt: Each day. PeopleSoft can't provide us the information for us to reconcile to the Bank of North Dakota without running 11 separate reports.

Chairman Thoreson: What's the answer to why that is? Is it something in PeopleSoft that needs to be changed? Doesn't have the capability to do that?

Kelly Schmidt: We can try and get that information.

Representative Skarphol: I would be curious if other agencies are having similar problems with PeopleSoft. That program is 14 years old now.

Chairman Thoreson: Does ITD get involved in the discussion?

Kelly Schmidt: We go directly to OMB.

Kelly Schmidt continued with her presentation.

Representative Hogan: Do you know what your Compratio is for your employees?

Kelly Schmidt: I don't know.

Representative Hogan: It would be interesting to know.

Kelly Schmidt continued with her presentation.

Chairman Thoreson: You said you are going to be working on adding some addition items. Is that going to require much of an additional rewrite or can you just add some more?

Kelly Schmidt: It's going to come as dollars are available.

Representative Skarphol: You said you would do it as dollars become available intrigues me. How do you decide when you have enough money to do something?

Kelly Schmidt: We do it the same as I do my house checkbook. I set my priorities and we do the priorities and if we're able to do something that doesn't cost us quite much; or we find a way to tag team onto something else, I can roll up a few dollars.

Representative Skarphol: How do you decide what the cost is for what you want to do?

Kelly Schmidt: We get an estimate. When we rebuilt the website we determined what our priorities were and what we wanted.

Representative Skarphol: You have the conversations with the vendor that's created your website and you ask what they're going to charge.

Kelly Schmidt: Yes.

Chairman Thoreson: If you do these will it require another RFP process?

Kelly Schmidt: I'm hoping that the pieces that we want to add will be smaller and we won't have to do that.

Representative Boehning: You said there's \$2.9 billion in the Legacy Fund. How much of that is interest that's included in that?

Kelly Schmidt: I said \$2.9 billion was deposited in the Legacy Fund.

Representative Kempenich: I think there's \$60 million that it's earned since its inception.

Kelly Schmidt: That's one of the reasons why we put the government fund section on our website to try to bring some accuracy as to what's out there.

Representative Skarphol: Is your total operating budget \$135,000.00?

Kelly Schmidt: Yes.

Laney Herauf, Greater North Dakota Chamber of Commerce: See testimony attachment B.

Chairman Thoreson: Closed the hearing.

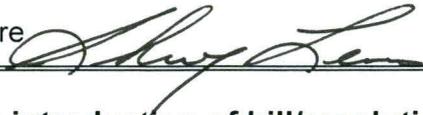
2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Government Operations Division
Medora Room, State Capitol

SB2005
3/16/2015
Recording Job# 24861

Subcommittee
 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 state treasurer; and to amend and reenact sections 54-11-13 and 57-20-07.2 of the North Dakota Century Code, relating to the salary of the state treasurer and state-paid property tax relief credit.

Minutes:

See attachment A.

Chairman Kempenich: Opened the subcommittee on SB2005.

Chairman Kempenich: You have \$20,000.00 for the desktop and the \$50,778.00 for IT?

Kelly Schmidt, Treasurer, ND Treasurer's Office: That's correct. The \$50,000.00 relates to the overall dollar increase; that number was calculated by OMB. The \$20,000.00 relates to the desktop support. We have already implemented that. If HB1053 doesn't go through, we'll need dollars for IT as it relates to everyday working dollars. See attachment A.

Chairman Kempenich: That \$20,000.00 was in HB1053?

Kelly Schmidt: The \$20,000.00 is our cost that's been appropriated to our office in order for us to continue with the desktop program.

Chairman Kempenich: You didn't put that into your budget?

Kelly Schmidt: It's in there now.

Representative Brandenburg: The \$20,000.00 would take care of your needs if that bill would pass?

Kelly Schmidt: That would take care of our desktop support IT portion for our budget. We have the additional IT which we brought forward relating to bills that are currently outstanding; HB1176 and HB1067, that totaled about \$50,000.00.

Representative Brandenburg: This is the smallest amount of money.

Kelly Schmidt: As of right now we don't know what you're going to do to HB1176.

Representative Hogan: Last week we asked if you had a COMPRA rate for your department in terms of distribution.

Kelly Schmidt: We have it individually but we haven't got the full number.

Chairman Kempenich: That's the problem with these smaller agencies.

Kelly Schmidt: Not only is it our size, it's the complexity of what we do. We can't just bring in someone to fill a spot and expect them to do the complexity of the distributions that we do. It typically takes two years for us to get someone fully integrated.

Representative Brandenburg: We've had some talks with the insurance commissioner; he doesn't want the fire districts.

Kelly Schmidt: We don't know enough about that distribution. We don't know if there's an opportunity for us to distribute to the counties and then have the county give it to the fire districts. We don't know how the dollars are retained, if it's formula based. We're happy to look at it.

Representative Brandenburg: As long as you brought up townships, there's \$3 million left in that fund. If I remember right, we've doubled up in 7 of the counties. You still have the money in the treasurer's office don't you?

Kelly Schmidt: Yes we do.

Representative Brandenburg: Where is that at?

Chairman Kempenich: Turn back goes back to the general fund.

Representative Brandenburg: That wouldn't happen until the July 1? The 12% property tax relief; 11% is being used for property tax relief and 1% is going to the counties. Both of them are in your office. Am I correct?

Kelly Schmidt: No you're not. We started with the 12% in our budget. One percent or \$23.2 million was moved to the department of human services to be distributed to counties for those social benefits. That reduced the property tax distribution portion of that to 11%. What's been explained to me is that change was made so the 1% would become permanent property tax relief and the 11% would still remain in our budget as you see fit.

Representative Brandenburg: What's the 11% number?

Chairman Kempenich: It's \$226,800,000.00.

Kelly Schmidt: Any time we have changes to deduct it's very important to get those IT dollars.

Chairman Kempenich: Have you been in conversations with DOT?

Kelly Schmidt: It's my understanding that DOT is working with the counties at this point to try and determine what their process is going to be. We're waiting for them to make some decisions and then we'll be working together.

Chairman Kempenich: Your website is the easiest to see where the money is going to the local political subdivisions.

Kelly Schmidt: We'll find a way. If we're not responsible for the distribution, I'm going to be very careful how we put that out on our website. If they make a mistake, I don't want us to be communicating that mistake to our counties.

Chairman Kempenich: Closed the subcommittee.

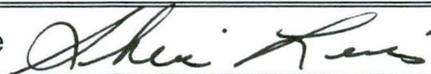
2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Government Operations Division
Medora Room, State Capitol

SB2005
4/7/2015
Recording Job# 25865

- Subcommittee
 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 state treasurer; and to amend and reenact sections 54-11-13 and 57-20-07.2 of the North Dakota Century Code, relating to the salary of the state treasurer and state-paid property tax relief credit.

Minutes:

"Click to enter attachment information."

Chairman Thoreson: Opened the discussion on SB2005.

Representative Hogan: Made a motion to move the adjustment on health insurance,

Representative Glassheim: Seconded the motion.

Voice vote made and carried.

Representative Kempenich: Made a motion to add \$20,000.00 into the operating line for IT costs.

Vice Chairman Brandenburg: Seconded the motion.

Representative Kempenich: Every time we change these distribution formulas for taxes, etc. we get fiscal notes and there's no money in them.

Chairman Thoreson: This is for programming costs and not for equipment or anything?

Representative Kempenich: No. It's for programming.

Adam Mathiak, Fiscal Analyst, ND Legislative Council: Since it's related to programming costs it would show up as a one-time item; that would be to identify it. It would be included in the operating expenses in section one and two.

Chairman Thoreson: It would be identified as one time funding?

Adam Mathiak: That's correct.

Voice vote made and carried.

Representative Kempenich: Last session on this budget we had put in some intent language. It was section 6 of HB1005; it did have July 1, 2017 date on it. It was indicated that we really didn't need to do anything; but I don't know if you want to put a reference to that.

Chairman Thoreson: This was the legislative intent language. Is that correct?

Representative Kempenich: Yes.

Chairman Thoreson: You're saying if we did not put it in, it wouldn't really change anything?

Representative Kempenich: No.

Vice Chairman Brandenburg: Does it need to be in there or just leave it alone? We passed it last session.

Chairman Thoreson: It says it's the intent of the 63rd legislative assembly; now that we would be beyond that does change that or does the intent go away?

Adam Mathiak: I can double check with Alan; but I don't think you need to include this section; you could if you wanted to to reinforce the 64th legislative assembly is supportive of it. It is a statement of legislative intent. There would have to be action by the 2017 legislative assembly to make the change.

Chairman Thoreson: The 65th legislative assembly would still have to appropriate the funding.

Adam Mathiak: I would imagine that in the executive recommendation, the bill would be introduced with the increased salary. It would be up to the legislative assembly to decide how they wanted to proceed with it. This statement would still be applicable at that time.

Representative Hogan: In all the other elective officials budgets there's a section on their salaries. Can someone explain to me why there's not?

Chairman Thoreson: It would be in section 4 of the bill.

Vice Chairman Brandenburg: This was worked out in conference committee as there was an attempt to raise the wages and it didn't happen. We went to conference committee and agreed with the Senate that since the treasurer would stand for an election; it would be whatever happens after the election. The new person would have that salary which was determined within the conference committee at that time. Both the Senate and the House concurred. The salary would be adjusted after the next election according to what was determined by this new legislation.

Representative Hogan: Does that happen with all the elected officials?

Representative Skarphol: Delzer didn't want her to get a raise.

Representative Kempenich: I think it probably could be referenced; but I don't think we have to.

Chairman Thoreson: I would say if we're ok with the language that's in the current biennium, that will move to fix the issue in the upcoming 2017-2019 biennium. My concern is if we put this language in again, we will have a unnecessary fight in the full committee and perhaps on the floor of the House.

Representative Skarphol: Do they have money included for desktop support in their budget? The \$20,880.00 is included in the budget.

Becky Deichert, Fiscal Analyst, ND Office of Management and Budget: I don't have that information with me; but, I do believe they were included.

Representative Kempenich: It is included in BARS.

Representative Kempenich: Made a motion to increase the state paid property tax relief from \$228,789,679.00 to \$250 million.

Adam Mathiak: The executive version had it at \$250 million; the Senate version brought it down \$226.8 million. They had backed out \$23.2 million and reduced the credit 11%; so if you wanted to go back to the 12% credit, we would just add back the \$23.2 million.

Vice Chairman Brandenburg: Seconded the motion.

Voice vote made and carried.

Representative Skarphol: Made a motion for a "Do Pass as Amended".

Representative Vigesaa: Seconded the motion.

Roll call vote: 8 Yeas 0 Nays 0 Absent

Representative Kempenich carried the bill.

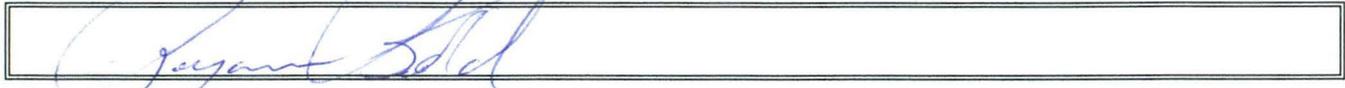
Chairman Thoreson: Closed the discussion.

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2005
4/9/2015
25983

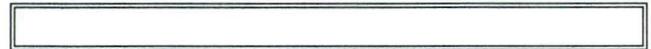
- Subcommittee
 Conference Committee



Explanation or reason for introduction of bill/resolution:

Appropriation for defraying the expenses of the state treasurer;
and to amend and reenact sections 54-11-13 and 57-20-07.2 of the North Dakota Century Code,
relating to the salary of the state treasurer and state-paid property tax relief credit

Minutes:



Chairman Jeff Delzer: Opened the meeting.

Vice Chairman Keith Kempenich: Spoke on amendment 15.8138.02001. Basically what we changed from the Senate version wasn't much, we added money. This money carries the buy down and property tax, the 12 percent, when it came over from the Senate they had reduced it down to 11 percent. We went back to 12 percent and they had to add another 23.2 million dollars to this to take it back up to 250 million to get to the 12 percent. We reduces the health insurance 30 dollars a month and then we added 20,000 dollars for IT expenses. I move the amendment.

Representative Skarphol: Second.

Chairman Jeff Delzer: I think the 20,000 dollars is kind of in reference to HB 1067. There is an opportunity that we may be funding something that is not needed.

Representative Kempenich: That was part of the discussion, it isn't used it will be turned back.

Chairman Jeff Delzer: This does add to the bottom line, the 23 million for the social service take over.

Representative Skarphol: I believe that the treasure has stated that she has had a 1 percent increase in 10 years in her operating line and if every other agency in state government could make that statement we would be a lot better off.

Motion to Adopt Amenedment .02001
Motion made by Representative Kempenich.
Seconded by Representative Skarphol.
Voice vote.
Motion carries.

Representative Kempenich: I move a Do Pass As Amended on SB 2005

Representative Skarphol: Second

Motion for a Do Pass As Amended
Motion made by Representative Kempenich.
Seconded by Representative Skarphol.
Total yes 21. No 0. Absent 2.

Vice Chairman Keith Kempenich
Is the carrier.

Chairman Delzer closed the hearing.

Handwritten: 4-9-15
102

Fiscal No. 1

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2005

Page 1, replace lines 12 through 17 with:

"Salaries and wages	\$1,396,437	\$105,205	\$1,501,642
Accrued leave payments	13,038	(13,038)	0
Operating expenses	135,356	121,658	257,014
Coal severance payments	252,800	(7,800)	245,000
Property tax relief credits	<u>0</u>	<u>250,000,000</u>	<u>250,000,000</u>
Total general fund	\$1,797,631	\$250,206,025	\$252,003,656"

Page 1, remove line 24

Page 2, replace lines 1 through 6 with:

"IT developmental costs	\$377,591	\$0
Property tax relief	200,000,000	250,000,000
Township road distributions	8,760,000	0
Township distribution correction	385,000	0
Information technology costs	13,247	20,000
Non-oil transportation funding	<u>100,000,000</u>	<u>0</u>
Total general fund	\$309,535,838	\$250,020,000"

Page 2, line 11, replace "\$226,800,000" with "\$250,000,000"

Page 2, line 27, remove the overstrike over "~~twelve~~"

Page 2, line 27, remove "eleven"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2005 - State Treasurer - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	\$1,396,437	\$1,507,665	(\$6,023)	\$1,501,642
Operating expenses	135,356	237,014	20,000	257,014
Coal severance payments	252,800	245,000		245,000
Accrued leave payments	13,038			
Property Tax Relief		<u>226,800,000</u>	<u>23,200,000</u>	<u>250,000,000</u>
Total all funds	\$1,797,631	\$228,789,679	\$23,213,977	\$252,003,656
Less estimated income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General fund	\$1,797,631	\$228,789,679	\$23,213,977	\$252,003,656
FTE	8.00	8.00	0.00	8.00

2022

Department No. 120 - State Treasurer - Detail of House Changes

	Adjusts Funding for Health Insurance Premium Increases ¹	Increases One- Time Funding for State Paid Property Tax Relief ²	Adds One-Time Funding for Information Technology Costs ³	Total House Changes
Salaries and wages	(\$6,023)			(\$6,023)
Operating expenses			20,000	20,000
Coal severance payments				
Accrued leave payments				
Property Tax Relief		23,200,000		23,200,000
Total all funds	(\$6,023)	\$23,200,000	\$20,000	\$23,213,977
Less estimated income	0	0	0	0
General fund	(\$6,023)	\$23,200,000	\$20,000	\$23,213,977
FTE	0.00	0.00	0.00	0.00

¹ Funding for employee health insurance premiums is adjusted to reflect the revised premium estimate of \$1,130.22 per month.

² One-time funding from the general fund is increased for the state-paid property tax relief program to provide a total of \$250 million.

³ One-time funding is added for information technology costs related to oil and gas gross production tax formula changes.

This amendment provides for state-paid property tax relief of 12 percent. The Senate version provided for 11 percent.

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. SB2005

House Appropriations - Government Operations Divison 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 Representative Skarphol Seconded By Representative Vigesaa

Representatives	Yes	No	Representatives	Yes	No
Chairman Thoreson	x		Representative Hogan	x	
Vice Chairman Brandenburg	x		Representative Glassheim	x	
Representative Kempenich	x				
Representative Vigesaa	x				
Representative Boehning	x				
Representative Skarphol	x				

Total (Yes) 8 No 0

Absent 0

Floor Assignment Representative Kempenich

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

Date: 4/9/15
 Roll Call Vote #: 2

2015 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES

BILL/RESOLUTION NO. 2005

House: Appropriations Committee

Subcommittee

Amendment LC# or Description: 15.8138.02001

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: Kempenich Seconded By: Skarphol

Representatives	Yes	No	Absent
Chairman Jeff Delzer	✓		
Vice Chairman Keith Kempenich	✓		
Representative Bellew	✓		
Representative Brandenburg			AB
Representative Boehning	✓		
Representative Dosch	✓		
Representative Kreidt	✓		
Representative Martinson	✓		
Representative Monson	✓		
Representative Nelson	✓		
Representative Pollert	✓		
Representative Sanford	✓		
Representative Schmidt	✓		
Representative Silbernagel	✓		
Representative Skarphol	✓		
Representative Streyle	✓		
Representative Thoreson	✓		
Representative Vigesaa	✓		
Representative Boe	✓		
Representative Glassheim	✓		
Representative Guggisberg	✓		
Representative Hogan			AB
Representative Holman	✓		
TOTALS	21	0	2

Floor Assignment: Kempenich

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

REPORT OF STANDING COMMITTEE

SB 2005, as engrossed: Appropriations Committee (Rep. Delzer, Chairman)
 recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends
DO PASS (21 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). Engrossed SB 2005
 was placed on the Sixth order on the calendar.

Page 1, replace lines 12 through 17 with:

"Salaries and wages	\$1,396,437	\$105,205	\$1,501,642
Accrued leave payments	13,038	(13,038)	0
Operating expenses	135,356	121,658	257,014
Coal severance payments	252,800	(7,800)	245,000
Property tax relief credits	0	250,000,000	250,000,000
Total general fund	\$1,797,631	\$250,206,025	\$252,003,656"

Page 1, remove line 24

Page 2, replace lines 1 through 6 with:

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Property tax relief	200,000,000	250,000,000
Township road distributions	8,760,000	0
Township distribution correction	385,000	0
Information technology costs	13,247	20,000
Non-oil transportation funding	100,000,000	0
Total general fund	\$309,535,838	\$250,020,000"

Page 2, line 11, replace "\$226,800,000" with "\$250,000,000"

Page 2, line 27, remove the overstrike over "~~twelve~~"

Page 2, line 27, remove "eleven"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2005 - State Treasurer - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	\$1,396,437	\$1,507,665	(\$6,023)	\$1,501,642
Operating expenses	135,356	237,014	20,000	257,014
Coal severance payments	252,800	245,000		245,000
Accrued leave payments	13,038			
Property Tax Relief		226,800,000	23,200,000	250,000,000
Total all funds	\$1,797,631	\$228,789,679	\$23,213,977	\$252,003,656
Less estimated income	0	0	0	0
General fund	\$1,797,631	\$228,789,679	\$23,213,977	\$252,003,656
FTE	8.00	8.00	0.00	8.00

Department No. 120 - State Treasurer - Detail of House Changes

	Adjusts Funding for Health Insurance Premium Increases ¹	Increases One- Time Funding for State Paid Property Tax Relief ²	Adds One-Time Funding for Information Technology Costs ³	Total House Changes
Salaries and wages	(\$6,023)			(\$6,023)
Operating expenses			20,000	20,000
Coal severance payments				
Accrued leave payments				
Property Tax Relief		23,200,000		23,200,000
Total all funds	(\$6,023)	\$23,200,000	\$20,000	\$23,213,977
Less estimated income	0	0	0	0
General fund	(\$6,023)	\$23,200,000	\$20,000	\$23,213,977
FTE	0.00	0.00	0.00	0.00

¹ Funding for employee health insurance premiums is adjusted to reflect the revised premium estimate of \$1,130.22 per month.

² One-time funding from the general fund is increased for the state-paid property tax relief program to provide a total of \$250 million.

³ One-time funding is added for information technology costs related to oil and gas gross production tax formula changes.

This amendment provides for state-paid property tax relief of 12 percent. The Senate version provided for 11 percent.

2015 CONFERENCE COMMITTEE

SB 2005

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2005
4/20/2015
Job # 26284

- Subcommittee
 Conference Committee

Committee Clerk Signature

Katie Oliver for Rose Leming

Explanation or reason for introduction of bill/resolution:

This is a conference committee hearing on the budget of the State Treasurer.

Minutes:

Attachment 1

Legislative Council - Adam Mathiak
OMB - Lori Laschkewitsch

Conferees:

Senators Carlisle, Bowman, Robinson
Representatives Kempenich, Brandenburg, Hogan

Senator Carlisle called the conference committee to order on SB 2005.
Senator Bowman handed out amendment 15.8138.02002 - Attachment 1

Adam Mathiak, Legislative Council: I can explain the amendment I do not know if it is a technical correction or not, I won't comment to that aspect of it. The House version incurred \$20,000 for one-time IT costs related to changes in the distribution formulas that have been proposed in various bills and this amendment would increase that by an additional \$53,699 so the total \$73,699 one-time funding for IT costs.

Senator Carlisle: Went up to 12% in property tax.

Adam Mathiak: This is house version plus additional

Senator Carlisle: So nothing has changed on the tax relief part.

Adam Mathiak: Compared to senate version there would be \$23,000,000 with property tax at \$250,000,000

Senator Carlisle: So only change is the \$73,000?

Adam Mathiak: Compared to the House version, that is correct, there would be change in 11% credit to the 12%.

Senator Robinson: The understand the IT change, on the property tax, are we looking at \$250,000,000 total and the \$23,000,000 social services to counties -- or above and beyond.

Adam Mathiak: The \$23,000,000 would be above the \$250,000,000 when the Senate coordinated their efforts on the various bills they wanted to provide \$250,000,000 total so that is why the appropriation in this bill was reduced.

**Senator Bowman moved amendment 15.8138.02002.
Representative Hogan seconded.**

Adam Mathiak: The formal motion would be that the House recede from its amendments and that engrossed SB 2005 be amended with 15.8138.02002.

A Roll Call vote was taken. Yea: 6 Nay: 0 Absent: 0
(Rep. Kempenich was detained, came in and voted in favor of the amendment.)

Senator Carlisle then closed the conference committee on SB 2005.

1 of 2
 TD
 4/20/15

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2005

That the House recede from its amendments as printed on pages 1354 and 1355 of the Senate Journal and pages 1537 and 1538 of the House Journal and that Engrossed Senate Bill No. 2005 be amended as follows:

Page 1, replace lines 12 through 17 with:

"Salaries and wages	\$1,396,437	\$105,205	\$1,501,642
Accrued leave payments	13,038	(13,038)	0
Operating expenses	135,356	175,357	310,713
Coal severance payments	252,800	(7,800)	245,000
Property tax relief credits	0	<u>250,000,000</u>	<u>250,000,000</u>
Total general fund	\$1,797,631	\$250,259,724	\$252,057,355"

Page 1, remove line 24

Page 2, replace lines 1 through 6 with:

"IT developmental costs		\$377,591	\$0
Property tax relief		200,000,000	250,000,000
Township road distributions		8,760,000	0
Township distribution correction		385,000	0
Information technology costs		13,247	73,699
Nonoil transportation funding		<u>100,000,000</u>	<u>0</u>
Total general fund		\$309,535,838	\$250,073,699"

Page 2, line 11, replace "\$226,800,000" with "\$250,000,000"

Page 2, line 27, remove the overstrike over "twelve"

Page 2, line 27, remove "eleven"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2005 - State Treasurer - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$1,396,437	\$1,507,665	(\$6,023)	\$1,501,642	\$1,501,642	
Operating expenses	135,356	237,014	73,699	310,713	257,014	53,699
Coal severance payments	252,800	245,000		245,000	245,000	
Accrued leave payments	13,038					
Property Tax Relief		<u>226,800,000</u>	<u>23,200,000</u>	<u>250,000,000</u>	<u>250,000,000</u>	
Total all funds	\$1,797,631	\$228,789,679	\$23,267,676	\$252,057,355	\$252,003,656	\$53,699
Less estimated income	0	0	0	0	0	0
General fund	\$1,797,631	\$228,789,679	\$23,267,676	\$252,057,355	\$252,003,656	\$53,699
FTE	8.00	8.00	0.00	8.00	8.00	0.00

2022

Department No. 120 - State Treasurer - Detail of Conference Committee Changes

	Adjusts Funding for Health Insurance Premium Increases ¹	Increases One- Time Funding for State Paid Property Tax Relief ²	Adds One-Time Funding for Information Technology Costs ³	Total Conference Committee Changes
Salaries and wages	(\$6,023)			(\$6,023)
Operating expenses			73,699	73,699
Coal severance payments				
Accrued leave payments				
Property Tax Relief		23,200,000		23,200,000
Total all funds	(\$6,023)	\$23,200,000	\$73,699	\$23,267,676
Less estimated income	0	0	0	0
General fund	(\$6,023)	\$23,200,000	\$73,699	\$23,267,676
FTE	0.00	0.00	0.00	0.00

¹ Funding for employee health insurance premiums is adjusted to reflect the revised premium estimate of \$1,130.22 per month.

² One-time funding from the general fund is increased for the state-paid property tax relief program to provide a total of \$250 million, the same as the House version.

³ One-time funding is added for information technology costs related to oil and gas gross production tax formula changes and state aid distribution changes. The House has added \$20,000 related to oil and gas gross production tax formula changes.

This amendment provides for state-paid property tax relief of 12 percent, the same as the House version. The Senate version provided for 11 percent.

**2015 SENATE CONFERENCE COMMITTEE
 ROLL CALL VOTES**

BILL/RESOLUTION NO. SB 2005 as (re) engrossed

Senate Appropriations Committee

- Action Taken
- SENATE accede to House Amendments
 - SENATE accede to House Amendments and further amend
 - HOUSE recede from House amendments
 - HOUSE recede from House amendments and amend as follows
with amendment # 15.8138.02002
 - Unable to agree, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Senator Bowman Seconded by: Rep. Hogan

Senators		4/20		Yes	No	Representatives		4/20		Yes	No
Carlisle		X		X		Kempenich		X		X	
Bowman		X		X		Brandenburg		X		X	
Robinson		X		X		Hogan		X		X	
Total Senate Vote				3		Total Rep. Vote				3	

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier Senator Carlisle House Carrier Rep. Kempenich

LC Number 15.8138 . 02002 of amendment

LC Number 15.8138 . 04000 of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

REPORT OF CONFERENCE COMMITTEE

SB 2005, as engrossed: Your conference committee (Sens. Carlisle, Bowman, Robinson and Reps. Kempenich, Brandenburg, Hogan) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1354-1355, adopt amendments as follows, and place SB 2005 on the Seventh order:

That the House recede from its amendments as printed on pages 1354 and 1355 of the Senate Journal and pages 1537 and 1538 of the House Journal and that Engrossed Senate Bill No. 2005 be amended as follows:

Page 1, replace lines 12 through 17 with:

"Salaries and wages	\$1,396,437	\$105,205	\$1,501,642
Accrued leave payments	13,038	(13,038)	0
Operating expenses	135,356	175,357	310,713
Coal severance payments	252,800	(7,800)	245,000
Property tax relief credits	0	<u>250,000,000</u>	<u>250,000,000</u>
Total general fund	\$1,797,631	\$250,259,724	\$252,057,355"

Page 1, remove line 24

Page 2, replace lines 1 through 6 with:

"IT developmental costs	\$377,591	\$0
Property tax relief	200,000,000	250,000,000
Township road distributions	8,760,000	0
Township distribution correction	385,000	0
Information technology costs	13,247	73,699
Nonoil transportation funding	<u>100,000,000</u>	<u>0</u>
Total general fund	\$309,535,838	\$250,073,699"

Page 2, line 11, replace "\$226,800,000" with "\$250,000,000"

Page 2, line 27, remove the overstrike over "~~twelve~~"

Page 2, line 27, remove "eleven"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2005 - State Treasurer - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$1,396,437	\$1,507,665	(\$6,023)	\$1,501,642	\$1,501,642	
Operating expenses	135,356	237,014	73,699	310,713	257,014	53,699
Coal severance payments	252,800	245,000		245,000	245,000	
Accrued leave payments	13,038					
Property Tax Relief		<u>226,800,000</u>	<u>23,200,000</u>	<u>250,000,000</u>	<u>250,000,000</u>	
Total all funds	\$1,797,631	\$228,789,679	\$23,267,676	\$252,057,355	\$252,003,656	\$53,699
Less estimated income	0	0	0	0	0	0
General fund	\$1,797,631	\$228,789,679	\$23,267,676	\$252,057,355	\$252,003,656	\$53,699
FTE	8.00	8.00	0.00	8.00	8.00	0.00

Department No. 120 - State Treasurer - Detail of Conference Committee Changes

Adjusts	Increases One-	Adds One-Time	Total
---------	----------------	---------------	-------

	Funding for Health Insurance Premium Increases ¹	Time Funding for State Paid Property Tax Relief ²	Funding for Information Technology Costs ³	Conference Committee Changes
Salaries and wages	(\$6,023)			(\$6,023)
Operating expenses			73,699	73,699
Coal severance payments				
Accrued leave payments				
Property Tax Relief		23,200,000		23,200,000
Total all funds	(\$6,023)	\$23,200,000	\$73,699	\$23,267,676
Less estimated income	0	0	0	0
General fund	(\$6,023)	\$23,200,000	\$73,699	\$23,267,676
FTE	0.00	0.00	0.00	0.00

¹ Funding for employee health insurance premiums is adjusted to reflect the revised premium estimate of \$1,130.22 per month.

² One-time funding from the general fund is increased for the state-paid property tax relief program to provide a total of \$250 million, the same as the House version.

³ One-time funding is added for information technology costs related to oil and gas gross production tax formula changes and state aid distribution changes. The House has added \$20,000 related to oil and gas gross production tax formula changes.

This amendment provides for state-paid property tax relief of 12 percent, the same as the House version. The Senate version provided for 11 percent.

Engrossed SB 2005 was placed on the Seventh order of business on the calendar.

2015 TESTIMONY

SB 2005

Department 120 - State Treasurer
 Senate Bill No. 2005

Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2015-17 Executive Budget ¹	8.00	\$252,026,945	\$0	\$252,026,945
2013-15 Legislative Appropriations ²	8.00	311,333,469	0	311,333,469
Increase (Decrease)	0.00	(\$59,306,524)	\$0	(\$59,306,524)

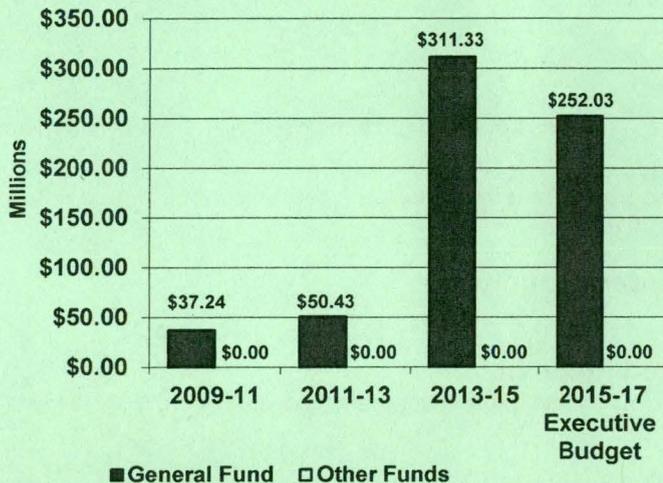
¹The amount shown for the 2015-17 executive budget includes \$250 million for state-paid property tax relief credits.

²The amount shown for the 2013-15 legislative appropriations includes \$200 million for state-paid property tax relief credits, \$100 million for special transportation funding distributions to non-oil-producing political subdivisions, and \$8.76 million for special transportation funding distributions to townships in certain oil-producing counties.

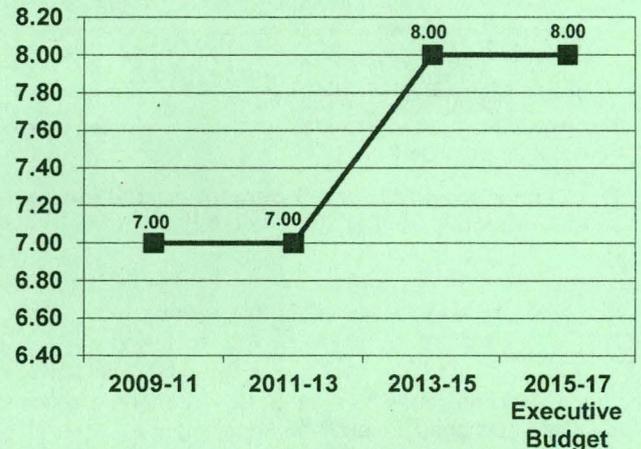
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2015-17 Executive Budget	\$2,026,945	\$250,000,000	\$252,026,945
2013-15 Legislative Appropriations	1,797,631	309,535,838	311,333,469
Increase (Decrease)	\$229,314	(\$59,535,838)	(\$59,306,524)

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2015-17 Executive Budget	\$252,026,945	\$0	\$252,026,945
2015-17 Base Level	1,797,631	0	1,797,631
Increase (Decrease)	\$250,229,314	\$0	\$250,229,314

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

**Executive Budget Highlights
 (With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases of which \$71,063 relates to performance increases, \$12,014 is for market equity adjustments, \$34,542 is for health insurance increases, and \$7,312 is for retirement contribution increases. The Senate provided funding for performance salary increases of 2 to 4 percent per year and funding for health insurance increases, but did not include funding for market equity increases or retirement contribution increases.	\$124,931	\$0	\$124,931

2. Increases funding for operating (\$30,000) and information technology costs (\$71,658) for total operating expenses of \$237,014	\$101,658	\$0	\$101,658
3. Adds one-time funding of \$250 million for state-paid property tax relief credits. The Senate provided one-time funding of \$226.8 million from the general fund for state-paid property tax relief credits of 11 percent.	\$250,000,000	\$0	\$250,000,000
4. Decreases funding for coal severance payments from \$252,800 to \$245,000 related to changes made by the 2013 Legislative Assembly requiring annual distributions instead of monthly distributions resulting in two-and-a-half years of payments in the 2013-15 biennium	(\$7,800)	\$0	(\$7,800)

Other Sections in Bill

State-paid property tax relief credits - Section 1 provides an appropriation of \$250 million from the general fund for state-paid property tax relief credits. Sections 3 and 5 continue the state-paid property tax relief credit in the 2015-17 biennium. **The Senate provided one-time funding of \$226.8 million from the general fund for state-paid property tax relief credits of 11 percent.**

Salary of State Treasurer - Section 4 provides for the statutory changes necessary to increase the State Treasurer's salary as follows:

Annual salary authorized by the 2013 Legislative Assembly:

July 1, 2013	\$91,406
July 1, 2014	\$94,148

Proposed annual salary recommended in the 2015-17 executive budget:

July 1, 2015	\$97,914
July 1, 2016	\$101,830

The executive budget includes funding for elected officials' salary increases of 4 percent effective July 1, 2015, and 4 percent effective July 1, 2016.

The Senate provided for a 3 percent annual increase to the State Treasurer's salary, resulting in an annual salary of \$96,972 effective July 1, 2015, and \$99,881 effective July 1, 2016.

Continuing Appropriations

No continuing appropriations for this agency.

Significant Audit Findings

The operational audit for the State Treasurer's office conducted by the State Auditor's office during the 2013-14 interim identified no significant audit findings.

Major Related Legislation

Senate Bill No. 2103 - Provides an appropriation of \$298 million for the remainder of the 2013-15 biennium from the strategic investment and improvements fund to the State Treasurer for allocations to counties, cities, school districts, and townships for "surge funding."

Senate Bill No. 2172 - Provides that oil and gas tax revenue is considered current period revenue and allocated according to current law formulas.

House Bill No. 1012 - Provides \$8 million to the State Treasurer for allocations to organized and unorganized townships in non-oil-producing counties.

House Bill No. 1033 - Creates a new section to North Dakota Century Code Chapter 54-27 requiring the State Treasurer to transfer any legacy fund earnings transferred to the general fund in accordance with Section 26 of Article X of the Constitution of North Dakota to the legacy fund.

House Bill No. 1053 - Requires all state agencies to obtain centralized desktop support services from the Information Technology Department, except the legislative and judicial branches and other large state agencies, based on the results of a hardware relocation and consolidation study.

House Bill No. 1059 - Section 2 adds transmission line taxes to the calculation of state-paid property tax relief credits in the 2015-17 biennium.

House Bill No. 1067 - Amends Section 57-39.2-26.1 to change the state aid distribution formula from allocations based on the decennial population to allocations based on the most recent actual or estimated census data.

House Bill No. 1093 - Amends Section 54-27-19 related to the highway tax distribution formula to provide technical corrections for clarity and consistency.

State Treasurer - Budget No. 120
Senate Bill No. 2005
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2015-17 Biennium Base Level	8.00	\$1,797,631	\$0	\$1,797,631	8.00	\$1,797,631	\$0	\$1,797,631
2015-17 Ongoing Funding Changes								
Base payroll changes		\$7,405		\$7,405		\$7,405		\$7,405
Salary increase - Performance		71,063		71,063		53,123		53,123
Salary increase - Market equity		12,014		12,014				0
Retirement contribution increase		7,312		7,312				0
Health insurance increase		34,542		34,542		34,542		34,542
Funding related to 2013-15 internship program		3,120		3,120		3,120		3,120
Information technology costs		50,778		50,778		50,778		50,778
Coal severance payments		(7,800)		(7,800)		(7,800)		(7,800)
Operating expense changes		50,880		50,880		50,880		50,880
Total ongoing funding changes	0.00	\$229,314	\$0	\$229,314	0.00	\$192,048	\$0	\$192,048
One-time funding items								
State-paid property tax relief program		\$250,000,000		\$250,000,000		\$226,800,000		\$226,800,000
Total one-time funding changes	0.00	\$250,000,000	\$0	\$250,000,000	0.00	\$226,800,000	\$0	\$226,800,000
Total Changes to Base Level Funding	0.00	\$250,229,314	\$0	\$250,229,314	0.00	\$226,992,048	\$0	\$226,992,048
2015-17 Total Funding	8.00	\$252,026,945	\$0	\$252,026,945	8.00	\$228,789,679	\$0	\$228,789,679

Other Sections in Senate Bill No. 2005

	Executive Budget Recommendation	Senate Version
State-paid property tax relief	Sections 3 and 5 provide for the continuation of state-paid property tax relief credits of 12 percent in the 2015-17 biennium.	Sections 3 and 5 provide for the continuation of state-paid property tax relief credits of 11 percent in the 2015-17 biennium.
Salary of State Treasurer	Section 4 provides for the statutory changes necessary to increase the State Treasurer's salary from \$94,148 in state fiscal year 2015 to \$97,914 (4 percent) in state fiscal year 2016 and to \$101,830 (4 percent) in state fiscal year 2017.	Section 4 provides for the statutory changes necessary to increase the State Treasurer's salary from \$94,148 in state fiscal year 2015 to \$96,972 (3 percent) in state fiscal year 2016 and to \$99,881 (3 percent) in state fiscal year 2017.

**State Treasurer - Budget No. 120
Senate Bill No. 2005
Base Level Funding Changes**

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2015-17 Biennium Base Level	8.00	\$1,797,631	\$0	\$1,797,631	8.00	\$1,797,631	\$0	\$1,797,631	0.00	\$0	\$0	\$0
2015-17 Ongoing Funding Changes												
Base payroll changes		\$7,405		\$7,405		\$7,405		\$7,405				\$0
Salary increase - Performance		71,063		71,063		53,123		53,123		(17,940)		(17,940)
Salary increase - Market equity		12,014		12,014				0		(12,014)		(12,014)
Retirement contribution increase		7,312		7,312				0		(7,312)		(7,312)
Health insurance increase		34,542		34,542		34,542		34,542				0
Funding related to 2013-15 internship program		3,120		3,120		3,120		3,120				0
Information technology costs		50,778		50,778		50,778		50,778				0
Coal severance payments		(7,800)		(7,800)		(7,800)		(7,800)				0
Operating expense changes		50,880		50,880		50,880		50,880				0
Total ongoing funding changes	0.00	\$229,314	\$0	\$229,314	0.00	\$192,048	\$0	\$192,048	0.00	(\$37,266)	\$0	(\$37,266)
One-time funding items												
State-paid property tax relief program		\$250,000,000		\$250,000,000		\$226,800,000		\$226,800,000		(\$23,200,000)		(\$23,200,000)
Total Changes to Base Level Funding	0.00	\$250,229,314	\$0	\$250,229,314	0.00	\$226,992,048	\$0	\$226,992,048	0.00	(\$23,237,266)	\$0	(\$23,237,266)
2015-17 Total Funding	8.00	\$252,026,945	\$0	\$252,026,945	8.00	\$228,789,679	\$0	\$228,789,679	0.00	(\$23,237,266)	\$0	(\$23,237,266)

Other Sections in Senate Bill No. 2005

State-paid property tax relief

Executive Budget Recommendation
Sections 3 and 5 provide for the continuation of state-paid property tax relief credits of 12 percent in the 2015-17 biennium.

Senate Version
Sections 3 and 5 provide for the continuation of state-paid property tax relief credits of 11 percent in the 2015-17 biennium.

Salary of State Treasurer

Section 4 provides for the statutory changes necessary to increase the State Treasurer's salary from \$94,148 in state fiscal year 2015 to \$97,914 (4 percent) in state fiscal year 2016 and to \$101,830 (4 percent) in state fiscal year 2017.

Section 4 provides for the statutory changes necessary to increase the State Treasurer's salary from \$94,148 in state fiscal year 2015 to \$96,972 (3 percent) in state fiscal year 2016 and to \$99,881 (3 percent) in state fiscal year 2017.



STATE OF NORTH DAKOTA
OFFICE OF STATE TREASURER
Kelly L. Schmidt, State Treasurer

#1
1-8-15

2015 - 2017 BUDGET

SB 2005

Office of State Treasurer
State of North Dakota

Kelly Schmidt
State Treasurer

Presented to
Senate Appropriations Committee

1-1

Agency Overview –

The Office of State Treasurer's mission is to fulfill our constitutional and statutory responsibilities, to assure sound financial oversight and transparency to all public funds, and to promote prudent practices in government. (Revised 2014)

The most recent completed audit of the Office of State Treasurer (OST) for the biennium ending June 30, 2013, did not reflect any formal financial audit findings.

There are five areas of management in the OST. The following are brief descriptions for each:

1. **Cash Management:** Cash management for the state of North Dakota involves the systematic gathering of information about the state's collections, disbursements, balances and the use of that information to effectively manage the funds available to the state. The forecasting and cash management expertise offered by the OST is necessary to ensure the availability of sufficient funds to cover state obligations while optimizing investment earnings. Daily reconciliation is required in three primary areas: The Bank of North Dakota to PeopleSoft, other state agency deposits and CD interest income.
2. **Accounting:** The OST is responsible for paying all warrants or checks drawn against the state. Bank balances are reconciled daily to ensure sufficient funds are available to pay all outstanding warrants. All state funds received by agencies are deposited through the OST for investment in the general fund.
3. **Investments:** The state treasurer serves as custodian for all state funds. The OST is responsible for the investment of the state's general and special funds, as well as several trust funds. Excess state funds are transferred into general fund dollars and invested as certificates of deposit with the Bank of North Dakota. Trust fund money is invested in banks and credit unions throughout the state of North Dakota.
4. **Tax Collections and Distribution:** The OST is responsible for the collection of various revenues from political subdivisions including, but not limited to, the indigent defense administrative fund, the domestic violence prevention fund and district court costs. There are 36 revenue distributions assigned to the OST for distribution to local political subdivisions.
5. **Financial Literacy:** Treasurer Schmidt's commitment to changing North Dakota's financial culture led to the development of the Your Financial Health Foundation, a 501(c) 3. It is funded by private dollars and supported by members who agree that financial literacy is vital for our future workforce and consumers. Your Financial Health Foundation seeks to enhance financial literacy education across the state.

Measurable Activity -

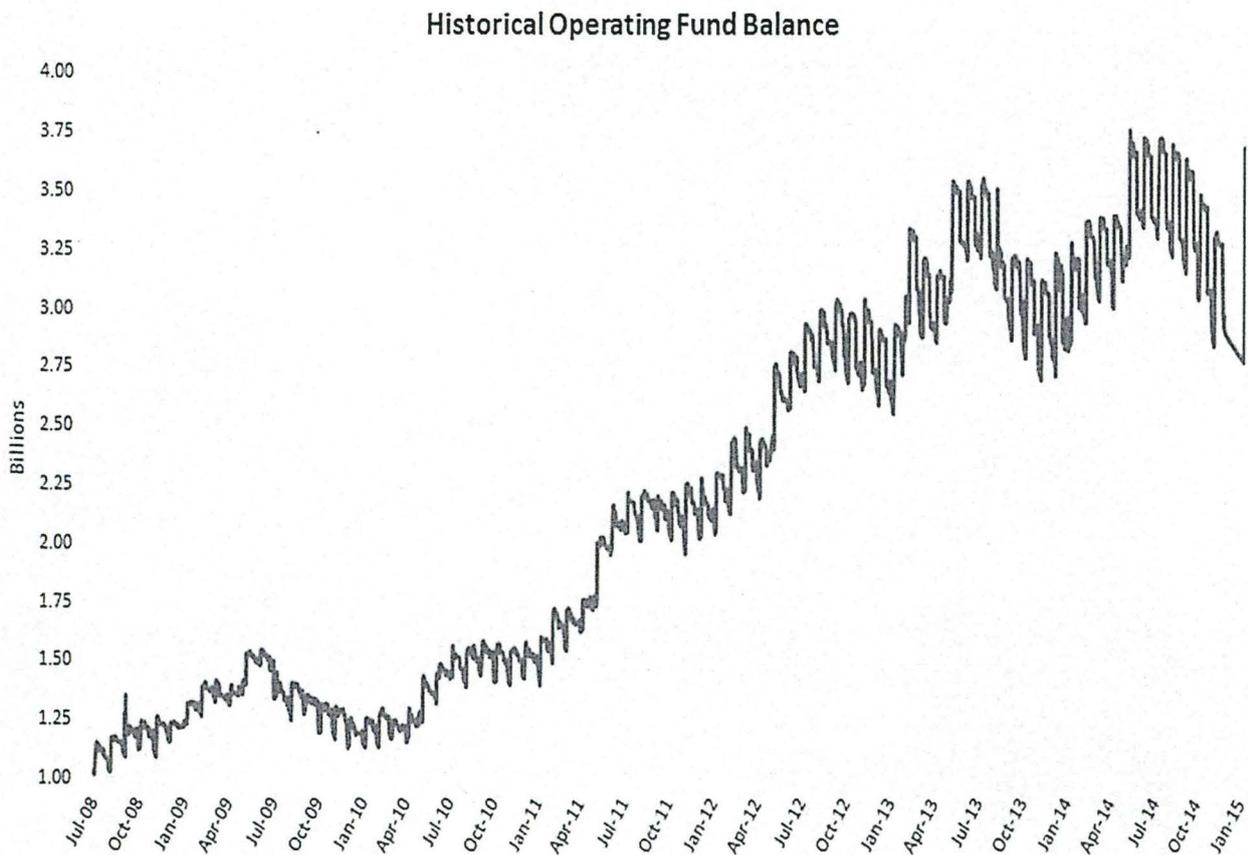
The Office of State Treasurer provides a daily investment service to over 25 state agency and trust funds, which amounts to over 90 individual investment accounts.

Our agency is responsible for the distribution of over 1.5 million accounting, human service and payroll checks per biennium.

Daily we manage nearly \$4.00 billion of state general and special funds.

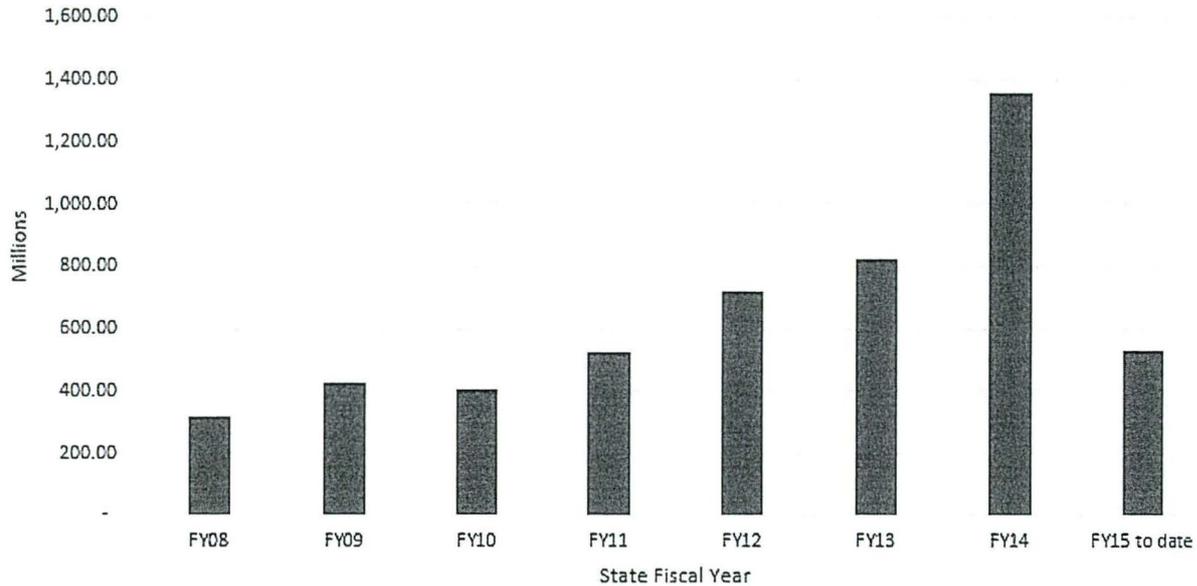
Historical Operating Fund Balance 2008-2014

**This data is now available on our website.



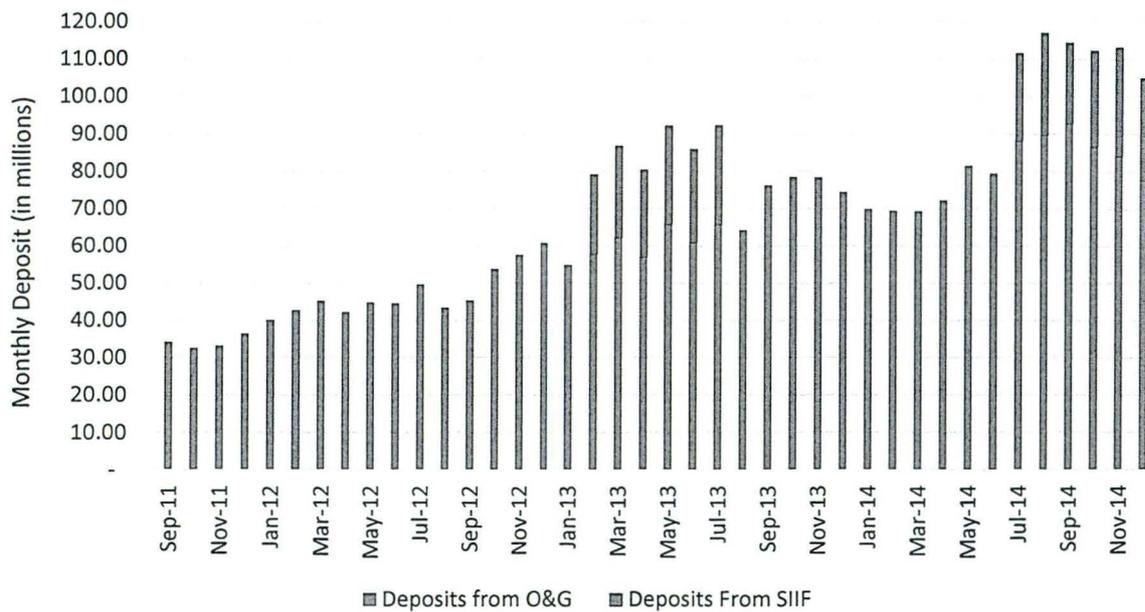
We continue to see significant increases dollars and complexity in the distributions made by our office on a monthly, quarterly, semi-annual and annual basis. This biennium-to-date, distributions made to political subdivisions across the state have surpassed the \$1.5 billion dollar amount, which exceeds what was distributed in the entire 2011-2013 biennium.

Tax Distribution Growth



Legacy Fund Deposits

Total to date - \$2,769,415,738.78



AGENCY ACCOMPLISHMENTS

- Successful implementation of HB 1358 to Tax Distribution Outstanding Check (TDOC) system. HB 1358 brought major distribution changes to the Oil and Gas Production Tax. distribution changes, testing and training to the state political subdivisions were necessary for this successful implementation
- Coal Conversion and Coal Severance distributions added to TDOC.
- Website Re-write – Additions include:
 - Government Funds section. This section identifies and defines various funds held by the State of North Dakota. Balances are updated quarterly. This tool has helped auditors, state agencies, legislators and the public, by providing a single resource for information. It has brought added transparency to the state finance's and accuracy in reporting.
 - Distribution search map, enhanced to allow export to Excel. This will bring efficiency and accuracy to all those use this critical information. **Treasurer Schmidt hopes to simplify and expand this map further, as funds allow.
- Enhanced education, communication and collaboration with political subdivisions. The Office of State Treasurer works closely with political subdivisions through tax distributions it is crucial to have a good working relationship with each entity served. Further, as distributions become more complex, outreach and education are crucial to ensure quality customer service.
- Maintained and strengthened the line of communication with financial officers throughout state government to address the daily cash needs and expenditures of their agency.
- Developed new database and report system
- Policy and Procedure update and development
- Completed a Long Range Strategic Planning exercise.

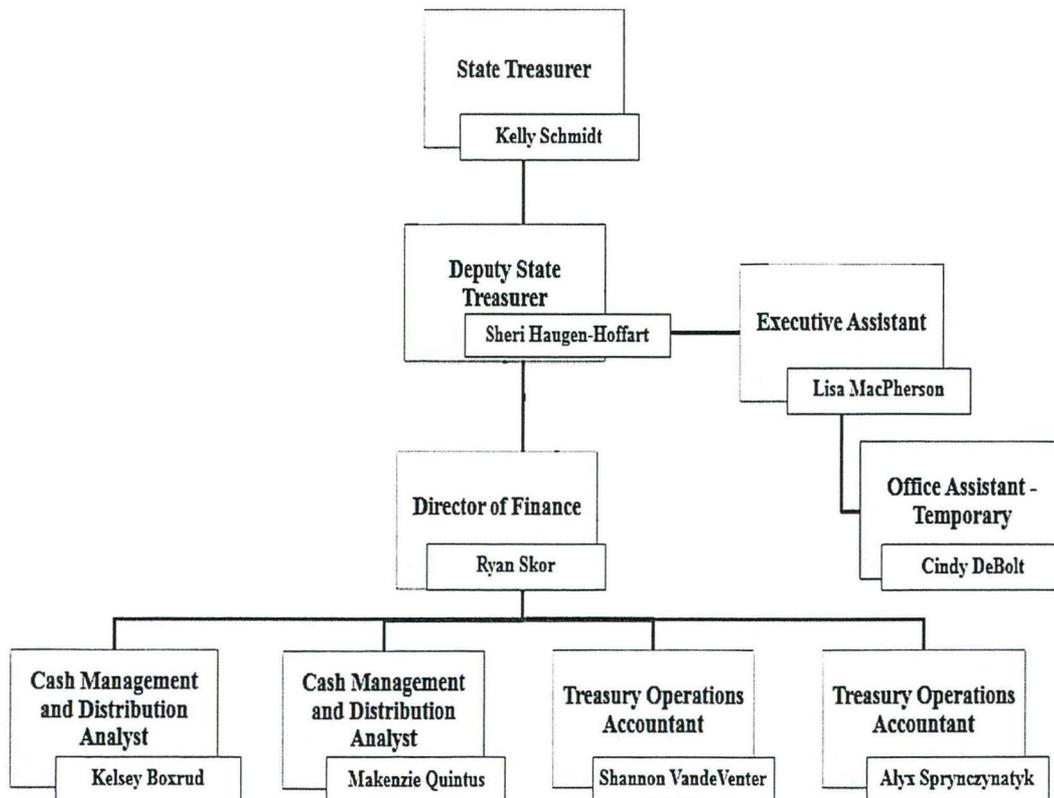
BUDGET DISCUSSION

2013-15 appropriation

- FTE addition, Account Manager (Director of Finance) - this position oversees the fiscal staff, evaluates processes and procedures for efficiencies and accuracy. Provides analysis and oversight of our distributions, responds to all financial inquiries, legislative requests, agency budget functions and education.

- Temporary Salary Funds- TPT staff for morning check distribution, data entry, light office and special projects. This allows FT staff to focus on workload issues and special projects. IE: Township Road certifications. This position brings additional value as we fully implement FileNet (scanning)

OFFICE OF STATE TREASURER (OST) ORGANIZATIONAL CHART



Line Item Description	2013-15 Appropriation	2013-15 Estimated Expenses	Variance	2015-17 Governor's Recommended	Inc/(Decr) over 2013-15 Appr.
Salaries and Wages	\$ 1,396,437.00	1,264,255.34	132,181.66 ¹	\$ 1,544,931.00	\$ 148,494.00 ²
Accrued Leave Pay	\$ 13,038.00	-	13,038.00		\$ (13,038.00)
Operating Expenses	\$ 135,356.00	130,184.72	5,171.28 ³	\$ 237,014.00	\$ 101,658.00 ⁴
Subtotal	\$ 1,544,831.00	1,394,440.06	150,390.94	\$ 1,781,945.00	\$ 237,114.00
Coal Severance	\$ 252,800.00	274,881.65	(22,081.65) ⁵	\$ 245,000.00	\$ (7,800.00) ⁶
One-Time Funding:					
IT Development Costs	\$ 390,838.00	324,507.15	66,330.85 ⁷	\$ -	\$ (390,838.00)
Township Road Distributions	\$ 8,760,000.00	5,610,000.00	3,150,000.00 ⁸	\$ -	\$ (8,760,000.00)
Township Dist. Correction	\$ 385,000.00	385,000.00	-	\$ -	\$ (385,000.00)
Non-Oil Transp. Funding	\$ 100,000,000.00	100,000,000.00	-	\$ -	\$ (100,000,000.00)
Property Tax Relief Credit	\$ 200,000,000.00	200,000,000.00	-	\$ 250,000,000.00	\$ 50,000,000.00 ⁹
Total For Department	\$ 311,333,469.00	307,988,828.86	3,344,640.14	\$ 252,026,945.00	\$ (59,306,524.00)
#FTE	8			8	8

1. The projected variance in Salaries is due to savings from vacancies and also includes projected unspent contingency funds.
2. The increase in salary line includes the cost to continue the biennium salary expense and the proposed salary compensation package recommended by the Governor.
3. The variance represents the projected amount of unspent contingency funds by the end of the biennium.
4. This increase of \$101,658 provides for increase in operating expenses as follows:
 - a. \$30,000 for our Executive Optional request
 - b. \$20,880 for ITD's newly developed desktop services program
 - c. \$50,778 for projected increases in ITD billing (OMB)
5. The appropriation for coal severance was based on estimates using previous distribution rules. The distribution was changed from monthly to annual effective Jan 1, 2013. This effective date essentially caused 2 1/2 years worth of distributions to be made during the biennium with only 2 years appropriated. Emergency Commission approved transfer of \$25K from excess Township Road Distribution appropriation to cover the difference. This variance is due solely to the effective date timing of the law change.
6. The variance represents updated estimates for the cost to complete the Coal Severance Distributions for the upcoming biennium.
7. The projected variance in one-time IT Development Costs is due to savings realized by initiating and paying for a number of current biennium projects before the end of the prior biennium at lower ITD rates. Additional savings were attributable to increased and improved testing of the new systems by OST staff which lead to increased efficiencies in the development process of our distribution systems.
8. The variance represents excess funds not needed for distribution under HB 1358 Section 7.
9. The increase in Property Tax Relief Credit represents the expected increase in cost to continue the 12% State-Paid Property Tax Relief Credit that was put into law beginning in 2014.

Operating Increases (4)

(4a) \$30,000 Agency Request

The continued economic prosperity of the state is providing a number of opportunities, but with these opportunities come great challenges. The demands placed on the Office of State Treasurer have grown exponentially along with these economic changes. The Treasurer and her staff take great pride to work as efficient and effectively as possible in utilizing the taxpayers' dollars. It has become apparent that additional funding will be required to continue providing the high level of service expected.

The surge in activity and complexity can be seen in a number of areas. Specifically, the state's general fund account, which is reconciled by this office on a daily basis, continues to hit record levels. The magnitude of wire transfer activity in and out of this account also continues to increase and place added demands on our staff as we work to account for and track dollars.

TRAINING - A portion of our proposed increase will go towards continued training of our staff on the software used most heavily in our office. It is vitally important our staff stays up-to-date with the latest software packages in order to keep them working as efficiently and effectively as possible.

STAFFING – At certain times throughout the year, our small staff could potentially become overwhelmed with the amount of work that needs to be completed. During these times, as well as during times of unexpected staff leaves due to sickness, family emergencies or maternity leave, we may find it necessary to bring in a temporary contract employee to complete the general office duties which would allow our remaining staff to complete their duties. These temporary employees would be come from a staffing agency and would be paid as contractors; this need is also part of our proposed operating expense increase.

IT COSTS - If the past few legislative sessions are any indication, we will continue to see a number of changes to the distribution formulas which are used to calculate each political subdivision's distribution. These changes not only increase the workload of our staff to make the changes, but also increase our demands on ITD to get the changes implemented into our TDOC system. They also increase our ongoing ITD costs because whenever a change is made to a formula, there is inevitably an ongoing dialogue with ITD in regards to errors encountered along the way as well as verification that the distribution is continually being calculated correctly. This, in conjunction with a general increase in our ITD demand due solely to the increased activity, is reflected in our ongoing ITD expenditures. This too, is included in our operating expense increase.

(4b) \$20,880 Desktop support

We anticipate this new program to be extremely beneficial to agency like ours who do not support internal IT staff.

(4c) \$50,778 ITD rate increase

This is the standard increase we expect from our continued IT billing as calculated by OMB

(7) One time IT funding - anticipated turn back \$66,333.85

Implementation of HB 1358 – Oil/Gas distribution – Complete

Implementation of HB 1333 - Abandoned Oil and Gas Reclamation Fund- Complete

Implementation of HB 2014 – Township Distributions - Complete

Implementation of HB 1278- Heritage Bill - Complete

Coal Conversion and Coal Severance to TDOC - Complete

City Sales Tax/Motor Vehicle/Occupancy Lodging - Complete

City Restaurant and Lodging - Complete

Monthly State Revenue Report - Complete

Monthly Court Collections - Complete

FileNet process is in place and will be fully implemented on 7/1/2015,

FYI... Vault to conference room.

- Website Rewrite is complete – Additions include training presentations posted to our website via Youtube. IE: Township Assn. road certification presentation, County Commission Oil/Gas discussion.

(8) HB 1358 Township Distribution turn back \$3,150,000

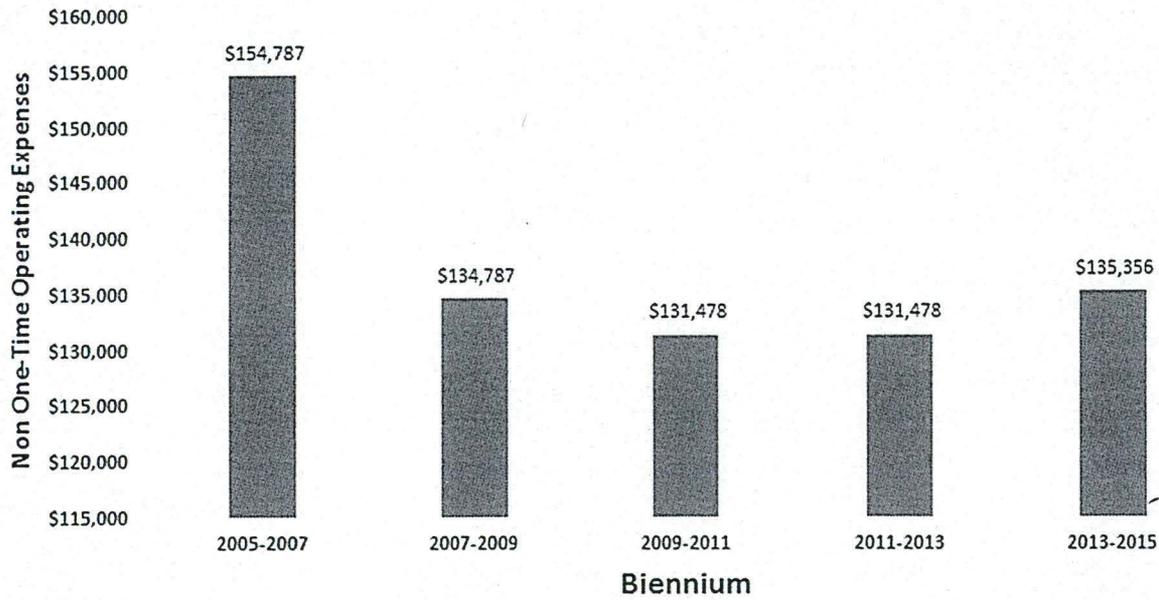
More than ever before townships are now being used as a measurable means when distributing transportation funds. That has prompted my office to look at the township certification process. We have great confidence in the information we have compiled relating the number of townships vs. township miles. Township Certifications – Townships to County Auditor to State Treasurer

This has required over 300 man hours from the Office of State Treasurer.

BUDGET HISTORY

Office of State Treasurer

Operating Expenses (excl. one-time)



With the exclusion of one time IT funding – The operating budget of the Office of State Treasurer has increased less than 1% over a 10 year period.

CRITICAL ITEMS

- Staff– the Office of State Treasurer has the highest level of professionals in the history of our state. We have a team which includes 5 accounting professions, one who has achieved an MBA in Accounting and CPA. We have accomplished this by providing a professional, supportive and learning environment for all State Treasurer employees. We have afforded this from the rolled up dollars gained thru retirements and/or transfers of long term employees. This team of dedicated professionals have continued to meet and exceed the demands needed to address the continued challenges brought by the economic prosperity of the state. In addition, the learning curve for OST accounting/budget specialist is a minimum of 12 months given the complexity and volume of the tasks, and the accuracy required. To retain this level of expertise, it is vital we offer a competitive wage.
- The state of North Dakota uses the PeopleSoft financial system. While the system has been extensively customized to the needs of the state, there are several limitations that present inefficiencies and the potential for inaccuracies with existing OST processes.

The OST staff recognizes modifications to the PeopleSoft system represent significant change and potential costs for other state agencies. This does not alleviate the challenge that currently exists nor the need for the OST staff to partner with the Office of Management and Budget to examine the existing system and processes, and identify possible solutions.

- The demands on the professionals at the political subdivision level are great and ever-increasing, especially in the oil and gas producing counties. The OST staff recognizes the volume of work, turnover and process changes employees at the local level experience creates a limited opportunity to build a relationship and understand their respective systems. This needs to happen before staff can explain the information the OST needs to accurately distribute funds back to the political subdivisions.

Addition to Executive Recommendation

Office of State Treasurer

SB 2005

\$5,000 to operating line- ITD desktop support for additional hardware purchased after executive budget preparation.

\$80,000 to salary line – to move our classified staff to their current salary midpoint.

#2

Hearing on 1/8/15 SB 2005-1-12-15

NDLA, S APP - Delzer, Alice

From: Schmidt, Kelly L.
Sent: Thursday, January 08, 2015 2:27 PM
To: NDLA, S APP - Delzer, Alice
Subject: FW: Township Road Certification Numbers

Importance: High

Alice,

Per our discussion...~K~

Kelly L. Schmidt
State Treasurer
Office of State Treasurer- North Dakota
701-328-2643 Phone
701-328-3002 Fax
klschmidt@nd.gov
<http://www.nd.gov/treasurer>

The secret to change is to focus all of your energy, not on fighting the old, but on building the new" ... Socrates

From: Schmidt, Kelly L.
Sent: Thursday, January 08, 2015 1:09 PM
To: Lee, Gary A.; Wanzek, Terry M.
Cc: Haugen-Hoffart, Sheri O.
Subject: Township Road Certification Numbers
Importance: High

Good afternoon, Gentleman

Below is information relating to townships which will be helpful to you as you move through the legislative process.

The Office of State Treasurer has expended over 300 personnel hours to update and certify our state's townships for the purpose of distributions. This has been an educational and collaborative effort with the county auditors and the ND Township Association spearheaded

by our office. Should you have any questions our office "experts" are Ryan Skor and Shannon VandeVenter.

The **TOTAL** number of townships in North Dakota:

- Organized – 1,428.99
- Unorganized – 622.01
- TOTAL – 2,051.00

These numbers are not round because there are several congressional townships (individual 6 mile x 6 mile square) that have split organization, a portion is organized and a portion is unorganized. When these situations occurs, we split the percentage based on the number of township road miles in each portion.

Non-Oil producing counties townships:

- Organized – 1,044.56
- Unorganized – 359.44
- TOTAL – 1,404.00

Please let me know if you have questions or we can provide additional information. ~K~

Kelly L. Schmidt
State Treasurer
Office of State Treasurer- North Dakota
701-328-2643 Phone
701-328-3002 Fax
klschmidt@nd.gov
<http://www.nd.gov/treasurer>

"The secret to change is to focus all of your energy, not on fighting the old, but on building the new" ... Socrates

NDLA, S APP - Delzer, Alice

Hearing on 1/8/15 SB 2005 1/12/15 #2

From: Larson, Brady A.
Sent: Thursday, January 08, 2015 12:55 PM
To: -Grp-NDLA Senate Appropriations
Cc: NDLA, S APP - Delzer, Alice; Knudson, Allen H.; Kadrmas, Chris J.
Subject: State Treasurer Question - Grants to Townships

Members of Senate Appropriations:

This email is in response to a question asked during the budget hearing for the State Treasurer regarding excess appropriations for grants to certain townships. House Bill No. 1358 (2013) appropriated \$8,760,000 from the general fund to the State Treasurer to provide \$15,000 to each township in small oil-producing counties in July 2013 and \$15,000 to each township in small oil-producing counties in May 2014. For purposes of the grants, a small oil-producing county was defined as a county that received between \$500,000 and \$5,000,000 of oil and gas tax allocations under Section 57-51-15(2) during state fiscal year **2012**.

House Bill No. 1015 (2013), the budget bill for the Office of Management and Budget, later amended House Bill No. 1358 to change the definition of townships in small oil-producing counties to townships located a county that received between \$500,000 and \$5,000,000 of oil and gas tax allocations under Section 57-51-15(2) during state fiscal year **2013**. As a result of the change in the fiscal year, Burke County and Stark County became ineligible to receive grants from the \$8.76 million appropriation. Even though fewer townships were eligible to receive grants, the original appropriation amount of \$8.76 million was not changed and resulted in excess funding of \$3.1 million. The \$3.1 million considered general fund "turnback" and will be available to be appropriated from the general fund for the 2015-17 biennium.

Please contact me with any questions.

Brady Larson
North Dakota Legislative Council
(701) 328-2916
www.legis.nd.gov

SB 2005
2-10-15 #1

**State Treasurer - Budget No. 120
Senate Bill No. 2005
Base Level Funding Changes**

	Executive Budget Recommendation				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2015-17 Biennium Base Level	8.00	\$1,797,631	\$0	\$1,797,631	8.00	\$1,797,631	\$0	\$1,797,631
2015-17 Ongoing Funding Changes								
Base payroll changes		\$7,405		\$7,405				\$0
Salary increase - Performance		71,063		71,063				0
Salary increase - Market equity		12,014		12,014				0
Retirement contribution increase		7,312		7,312				0
Health insurance increase		34,542		34,542				0
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Information technology costs		50,778		50,778				0
Coal severance payments		(7,800)		(7,800)				0
Operating expense changes		50,880		50,880				0
Other change				0				0
Other change				0				0
Other change				0				0
Other change				0				0
Other change				0				0
Other change				0				0
Other change				0				0
Total ongoing funding changes	0.00	\$229,314	\$0	\$229,314	0.00	\$0	\$0	\$0
One-time funding items								
State-paid property tax relief program		\$250,000,000		\$250,000,000				\$0
Other one-time funding item				0				0
Other one-time funding item				0				0
Other one-time funding item				0				0
Other one-time funding item				0				0
Other one-time funding item				0				0
Total one-time funding changes	0.00	\$250,000,000	\$0	\$250,000,000	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	\$250,229,314	\$0	\$250,229,314	0.00	\$0	\$0	\$0
2015-17 Total Funding	8.00	\$252,026,945	\$0	\$252,026,945	8.00	\$1,797,631	\$0	\$1,797,631

Other Sections in Senate Bill No. 2005

State-paid property tax relief

Executive Budget Recommendation
Sections 3 and 5 provide for the continuation of state-paid property tax relief credits in the 2015-17 biennium.

Salary of State Treasurer

Senate Version
Section 4 provides for the statutory changes necessary to increase the State Treasurer's salary from \$94,148 in state fiscal year 2015 to \$97,914 (4 percent) in state fiscal year 2016 and to \$101,830 (4 percent) in state fiscal year 2017.

1.1



SB 2005
 2-10-15
 #2

Statewide Property Tax Statistics
Tax Years 2008 through 2013

	2008	2009	2010	2011	2012	2013	% Change 2008-2013
Statewide taxable valuation	1,990,645,138	2,125,303,286	2,289,117,930	2,428,463,252	2,774,122,857	3,217,286,718	61.6%
% Change		6.8%	7.7%	6.1%	14.2%	16.0%	
Statewide average mill rate	390.02	319.37	315.40	312.04	293.77	244.38	-37.3%
% Change		-18.1%	-1.2%	-1.1%	-5.9%	-16.8%	
Statewide ad valorem taxes	776,398,476	678,749,784	721,988,441	757,769,004	814,941,905	786,233,820	1.3%
% Change		-12.6%	6.4%	5.0%	7.5%	-3.5%	
State paid property tax credit							
<u>FY2014</u>							
2013 tax year statewide ad valorem taxes levied (actual)					786,233,820		
FY2014 12% credit (actual)						94,348,058	
<u>FY2015</u>							
2014 tax year ad valorem taxes levied (estimate based on 10% increase)					864,857,202		
FY2015 12% credit (estimate)						103,782,864	
2013-15 estimated total							198,130,923
2013-15 appropriation to Treasurer's Office for 12% credit							200,000,000
Estimated remaining 2013-15 appropriation							<u>1,869,077</u>
<u>FY2016</u>							
2015 tax year statewide ad valorem taxes levied (estimate based on 12.5% increase)					972,964,352		
FY2016 12% credit (actual)						116,755,722	
<u>FY2017</u>							
2016 tax year ad valorem taxes levied (estimate based on 12.5% increase)					1,094,584,896		
FY2017 12% credit (estimate)						131,350,188	
2015-17 estimated total							248,105,910
2015-17 recommended appropriation to Treasurer's Office for 12% credit							250,000,000
Estimated remaining 2015-17 appropriation							<u>1,894,090</u>

2.1

1
 2-13-15
 SB 2005

PROPOSED AMENDMENTS TO SENATE BILL NO. 2005

Page 1, replace lines 12 through 17 with:

"Salaries and wages	\$1,396,437	\$111,228	\$1,507,665
Accrued leave payments	13,038	(13,038)	0
Operating expenses	135,356	101,658	237,014
Coal severance payments	252,800	(7,800)	245,000
Property tax relief credits	0	226,800,000	226,800,000
Total general fund	\$1,797,631	\$226,992,048	\$228,789,679"

Page 2, replace line 1 with:

"Property tax relief	200,000,000	226,800,000"
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Page 2, replace line 6 with:

"Total general fund	\$309,535,838	\$226,800,000"
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Page 2, line 11, replace "\$250,000,000" with "\$226,800,000"

Page 2, line 18, replace "ninety-seven" with "ninety-six"

Page 2, line 19, replace "fourteen" with "seventy-two"

Page 2, line 19, replace "one hundred one" with "ninety-nine"

Page 2, line 20, replace "thirty" with "eighty-one"

Page 2, line 27, overstrike "twelve" and insert immediately thereafter "eleven"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2005 - State Treasurer - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$1,396,437	\$111,228	\$1,507,665
Operating expenses	135,356	101,658	237,014
Coal severance payments	252,800	(7,800)	245,000
Accrued leave payments	13,038	(13,038)	
Property Tax Relief		226,800,000	226,800,000
Total all funds	\$1,797,631	\$226,992,048	\$228,789,679
Less estimated income	0	0	0
General fund	\$1,797,631	\$226,992,048	\$228,789,679
FTE	8.00	0.00	8.00

Department No. 120 - State Treasurer - Detail of Senate Changes

	Adds Funding for Base Payroll Changes ¹	Adds Funding for Salary and Benefit Increases ²	Adds Funding for Information Technology Costs ³	Decreases Funding for Coal Severance Payments ⁴	Increases Funding for Operating Expenses ⁵	Adds One-Time Funding for Property Tax Relief ⁶
Salaries and wages	\$23,563	\$87,665				

Operating expenses			71,658		30,000	
Coal severance payments				(7,800)		
Accrued leave payments	(13,038)					
Property Tax Relief						226,800,000
Total all funds	\$10,525	\$87,665	\$71,658	(\$7,800)	\$30,000	\$226,800,000
Less estimated income	0	0	0	0	0	0
General fund	\$10,525	\$87,665	\$71,658	(\$7,800)	\$30,000	\$226,800,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Total Senate Changes
Salaries and wages	\$111,228
Operating expenses	101,658
Coal severance payments	(7,800)
Accrued leave payments	(13,038)
Property Tax Relief	226,800,000
Total all funds	\$226,992,048
Less estimated income	0
General fund	\$226,992,048
FTE	0.00

¹ Funding is added for cost-to-continue 2013-15 biennium salaries and benefit increases and for other base payroll changes.

² The following funding is added for 2015-17 biennium performance salary adjustments of 2 to 4 percent per year and increases in monthly health insurance premiums:

	General Fund	Other Funds	Total
Salary increase - Performance	\$53,123	\$0	\$53,123
Health insurance increase	34,542	0	34,542
Total	\$87,665	\$0	\$87,665

³ Funding is added from the general fund for increased Information Technology Department hosting fees and desktop support services.

⁴ Decreases funding for coal severance payments from \$252,800 to \$245,000 related to changes made by the 2013 Legislative Assembly requiring annual distributions instead of monthly distributions resulting in two-and-a-half years of payments in the 2013-15 biennium.

⁵ Funding is added from the general fund for temporary contract employees and office supplies.

⁶ One-time funding is added from the general fund for the state-paid property tax relief credit program.

Section 4 is amended to reflect a 3 percent annual increase to the State Treasurer's salary.

Sections 2, 3, and 5 are amended to identify one-time funding of \$226.8 million from the general fund for state-paid property tax relief credits of 11 percent.



STATE OF NORTH DAKOTA
OFFICE OF STATE TREASURER
Kelly L. Schmidt, State Treasurer

2015 - 2017 BUDGET

SB 2005

Office of State Treasurer
State of North Dakota

Kelly Schmidt
State Treasurer

Presented to
House Appropriations Committee
Government Operations

Agency Overview –

The Office of State Treasurer's mission is to fulfill our constitutional and statutory responsibilities, to assure sound financial oversight and transparency to all public funds, and to promote prudent practices in government. (Revised 2014)

The most recent completed audit of the Office of State Treasurer (OST) for the biennium ending June 30, 2013, did not reflect any formal financial audit findings.

There are five areas of management in the OST. The following are brief descriptions for each:

1. **Cash Management:** Cash management for the state of North Dakota involves the systematic gathering of information about the state's collections, disbursements, balances and the use of that information to effectively manage the funds available to the state. The forecasting and cash management expertise offered by the OST is necessary to ensure the availability of sufficient funds to cover state obligations while optimizing investment earnings. Daily reconciliation is required in three primary areas: The Bank of North Dakota to PeopleSoft, other state agency deposits and CD interest income.
2. **Accounting:** The OST is responsible for paying all warrants or checks drawn against the state. Bank balances are reconciled daily to ensure sufficient funds are available to pay all outstanding warrants. All state funds received by agencies are deposited through the OST for investment in the general fund.
3. **Investments:** The state treasurer serves as custodian for all state funds. The OST is responsible for the investment of the state's general and special funds, as well as several trust funds. Excess state funds are transferred into general fund dollars and invested as certificates of deposit with the Bank of North Dakota. Trust fund money is invested in banks and credit unions throughout the state of North Dakota.
4. **Tax Collections and Distribution:** The OST is responsible for the collection of various revenues from political subdivisions including, but not limited to, the indigent defense administrative fund, the domestic violence prevention fund and district court costs. There are 36 revenue distributions assigned to the OST for distribution to local political subdivisions.
5. **Financial Literacy:** Treasurer Schmidt's commitment to changing North Dakota's financial culture led to the development of the Your Financial Health Foundation, a 501(c) 3. It is funded by private dollars and supported by members who agree that financial literacy is vital for our future workforce and consumers. Your Financial Health Foundation seeks to enhance financial literacy education across the state.

Measurable Activity -

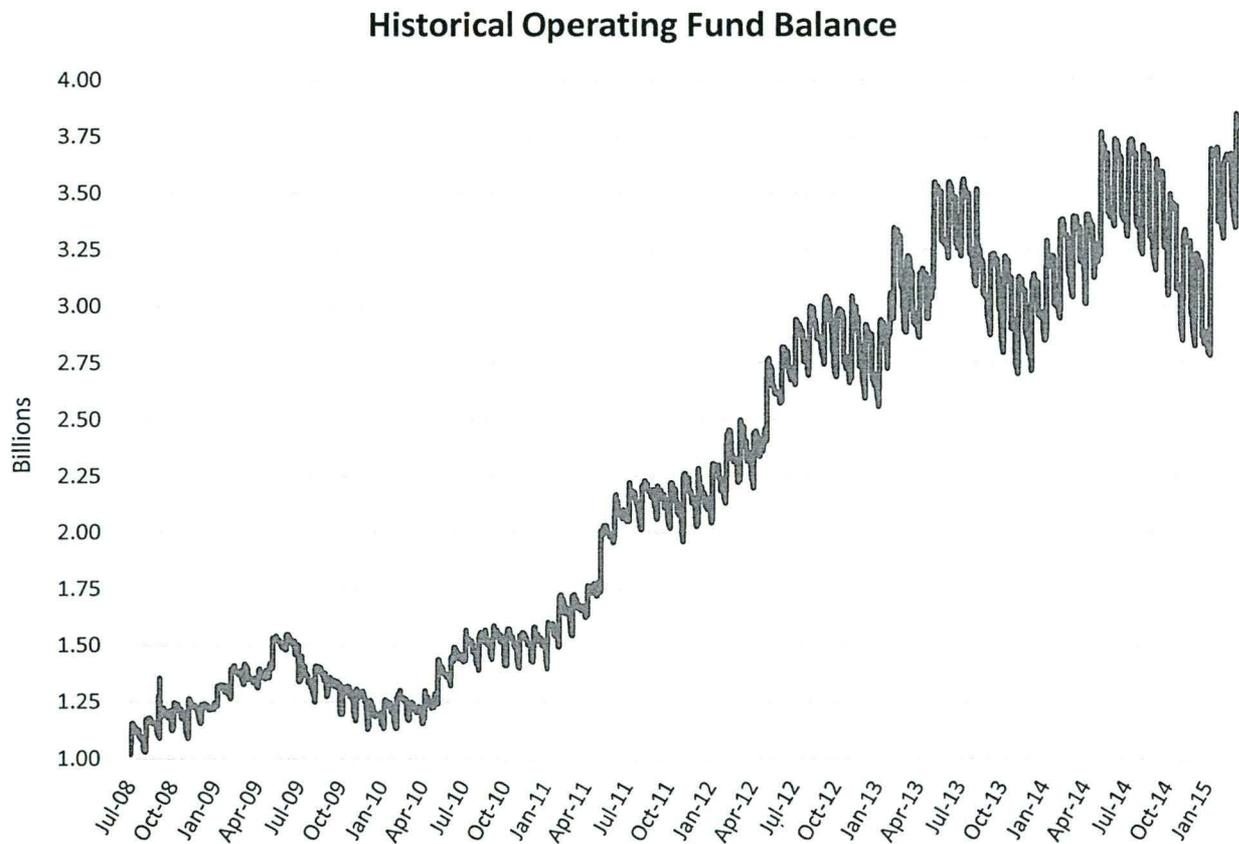
The Office of State Treasurer provides a daily investment service to over 25 state agency and trust funds, which amounts to over 90 individual investment accounts.

Our agency is responsible for the distribution of over 1.5 million accounting, human service and payroll checks per biennium.

Daily we manage nearly \$4.00 billion of state general and special funds.

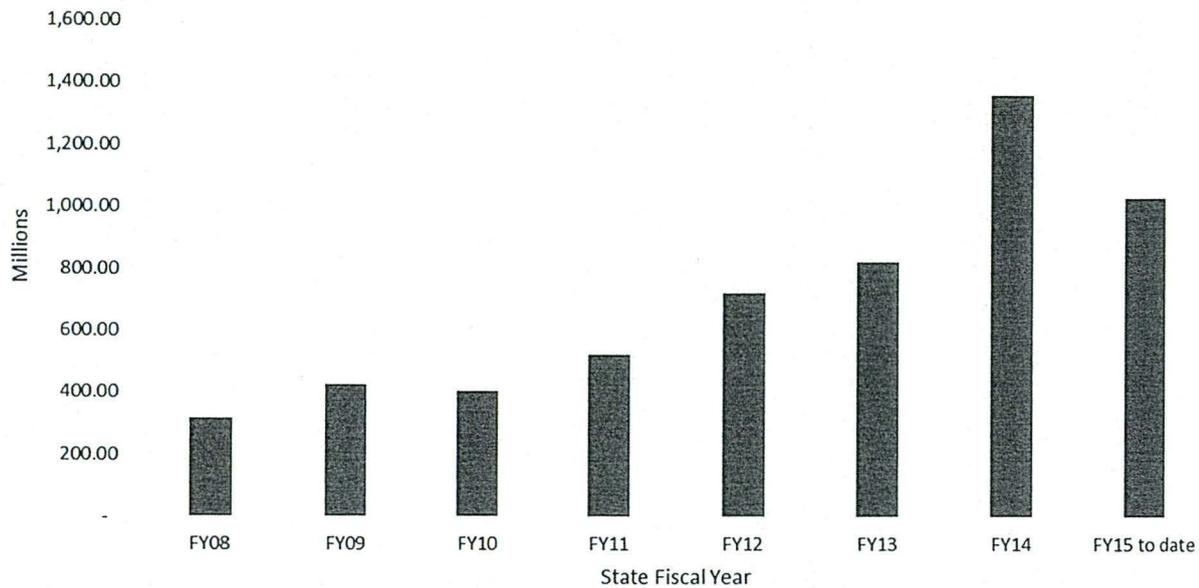
Historical Operating Fund Balance 2008-2015

**This data is now available on our website.



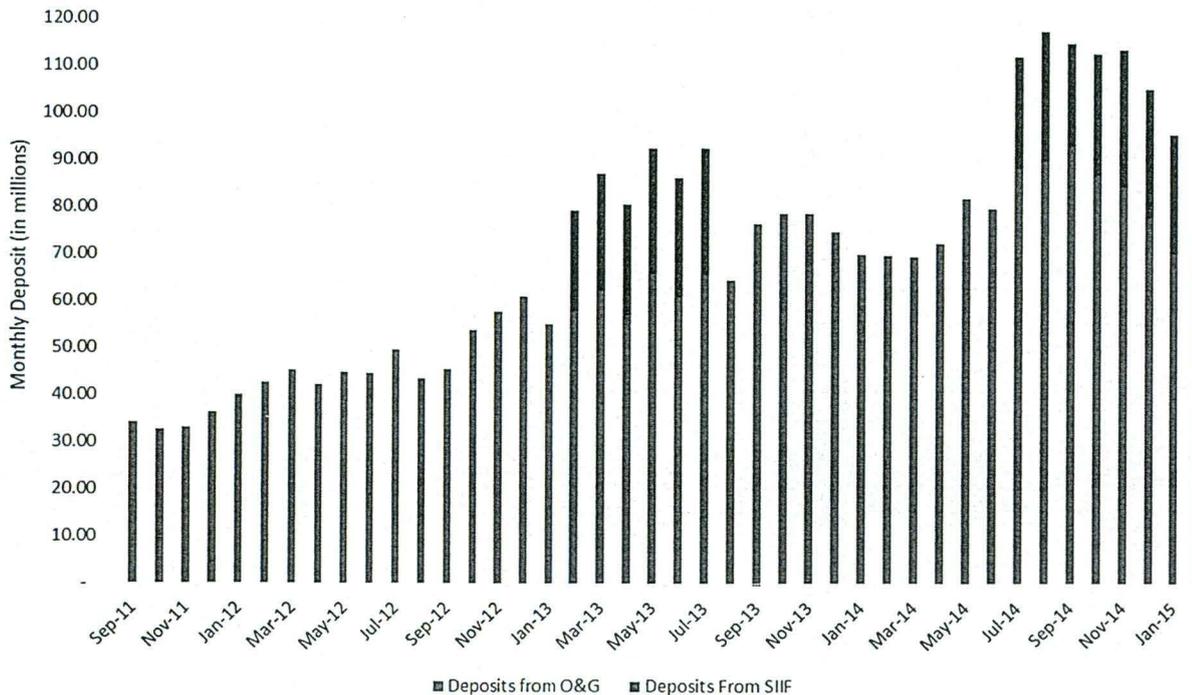
We continue to see significant increases dollars and complexity in the distributions made by our office on a monthly, quarterly, semi-annual and annual basis. This biennium-to-date, distributions made to political subdivisions across the state are nearly up to the \$2.4 billion dollar amount, which is almost \$900M more than what was distributed in the entire 2011-2013 biennium.

Tax Distribution Growth



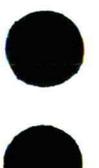
Legacy Fund Deposits

Total to date - \$2,938,410,167.20





AGENCY ACCOMPLISHMENTS

- Successful implementation of HB 1358 to Tax Distribution Outstanding Check (TDOC) system. HB 1358 brought major distribution changes to the Oil and Gas Production Tax distribution changes, testing and training to the state political subdivisions were necessary for this successful implementation
 - Coal Conversion and Coal Severance distributions added to TDOC.
 - Website Re-write – Additions include:
 - Government Funds section. This section identifies and defines various funds held by the State of North Dakota. Balances are updated quarterly. This tool has helped auditors, state agencies, legislators and the public, by providing a single resource for information. It has brought added transparency to the state finance's and accuracy in reporting.
 - Distribution search map, enhanced to allow export to Excel. This will bring efficiency and accuracy to all those use this critical information. **Treasurer Schmidt hopes to simplify and expand this map further, as funds allow.
 - Enhanced education, communication and collaboration with political subdivisions. The Office of State Treasurer works closely with political subdivisions through tax distributions it is crucial to have a good working relationship with each entity served. Further, as distributions become more complex, outreach and education are crucial to ensure quality customer service.
 - Maintained and strengthened the line of communication with financial officers throughout state government to address the daily cash needs and expenditures of their agency.
 - Developed new database and report system
 - Policy and Procedure update and development
 - Completed a Long Range Strategic Planning exercise.
- 
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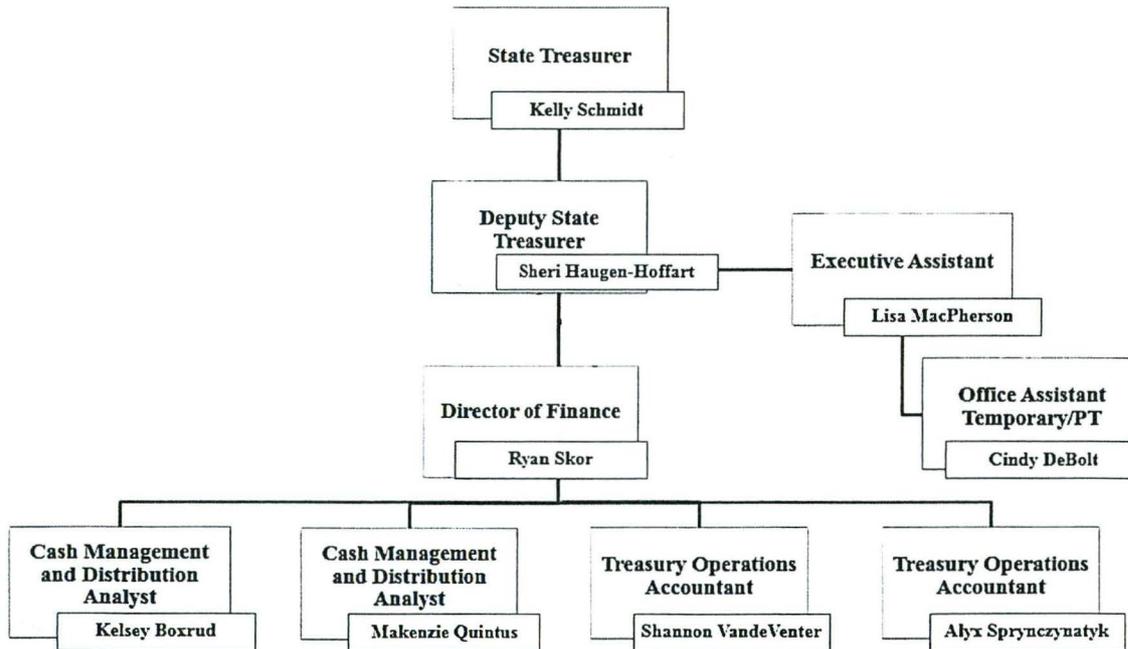
BUDGET DISCUSSION

2013-15 appropriation

- FTE addition, Account Manager (Director of Finance) - this position oversees the fiscal staff, evaluates processes and procedures for efficiencies and accuracy. Provides analysis and oversight of our distributions, responds to all financial inquiries, legislative requests, agency budget functions and education.

- Temporary Salary Funds- TPT staff for morning check distribution, data entry, light office and special projects. This allows FT staff to focus on workload issues and special projects. IE: Township Road certifications. This position brings additional value as we fully implement FileNet (scanning)

OFFICE OF STATE TREASURER (OST) ORGANIZATIONAL CHART



Line Item Description	2013-15 Appropriation	2013-15 Estimated Expenses	Variance	2015-17 Governor's Recommended	Senate Changes to Executive Recommended	2015-17 Senate Budget	Inc/(Decr) over 2013- 15 Appr.
Salaries and Wages	\$ 1,396,437.00	1,294,968.41	101,468.59	\$ 1,544,931.00	(37,266.00)	1,507,665.00	\$ 111,228.00
Accrued Leave Pay	\$ 13,038.00	-	13,038.00				\$ (13,038.00)
Operating Expenses	\$ 135,356.00	133,203.80	2,152.20	\$ 237,014.00	-	237,014.00	\$ 101,658.00
Subtotal	\$ 1,544,831.00	1,428,172.21	116,658.79	\$ 1,781,945.00	(37,266.00)	1,744,679.00	\$ 199,848.00
Coal Severance	\$ 252,800.00	274,881.65	(22,081.65)	\$ 245,000.00	-	245,000.00	\$ (7,800.00)
One-Time Funding:							
IT Development Costs	\$ 390,838.00	352,416.25	38,421.75	\$ -	-	-	\$ (390,838.00)
Township Road Distributions	\$ 8,760,000.00	5,610,000.00	3,150,000.00	\$ -	-	-	\$ (8,760,000.00)
Township Dist. Correction	\$ 385,000.00	385,000.00	-	\$ -	-	-	\$ (385,000.00)
Non-Oil Transp. Funding	\$ 100,000,000.00	100,000,000.00	-	\$ -	-	-	\$ (100,000,000.00)
Property Tax Relief Credit	\$ 200,000,000.00	200,000,000.00	-	\$ 250,000,000.00	(23,200,000.00)	226,800,000.00	\$ 26,800,000.00
Total For Department	\$ 311,333,469.00	308,050,470.11	3,282,998.89	\$ 252,026,945.00	(23,237,266.00)	228,789,679.00	\$ (82,543,790.00)
#FTE	8			8			8

1. The projected variance in Salaries is due to savings from vacancies and also includes projected unspent contingency funds.
2. The increase in salary line includes the cost to continue the biennium salary expense and the proposed salary compensation package determined by the Senate.
3. The variance represents the projected amount of unspent contingency funds by the end of the biennium.
4. This increase of \$101,658 provides for increase in operating expenses as follows:
 - a. \$30,000 for our Executive Optional request
 - b. \$20,880 for ITD's newly developed desktop services program
 - c. \$50,778 for projected increases in ITD billing (OMB)
5. The appropriation for coal severance was based on estimates using previous distribution rules. The distribution was changed from monthly to annual effective Jan 1, 2013. This effective date essentially caused 2 1/2 years worth of distributions to be made during the biennium with only 2 years appropriated. Emergency Commission approved transfer of \$25K from excess Township Road Distribution appropriation to cover the difference. This variance is due solely to the effective date timing of the law change.
6. The variance represents updated estimates for the cost to complete the Coal Severance Distributions for the upcoming biennium.
7. The projected variance in one-time IT Development Costs is due to savings realized by initiating and paying for a number of current biennium projects before the end of the prior biennium at lower ITD rates. Additional savings were attributable to increased and improved testing of the new systems by OST staff which lead to increased efficiencies in the development process of our distribution systems.
8. The variance represents excess funds not needed for distribution under HB 1358 Section 7.
9. The increase in Property Tax Relief Credit represents the expected increase in cost to continue the State-Paid Property Tax Relief Credit that was put into law beginning in 2014. The Senate amended the amount to be equal to 11% (12% previously) and moved the remaining 1% into the DHS budget for State-Paid Social Services.

Operating Increases (4)

(4a) \$30,000 Agency Request

The continued economic prosperity of the state is providing a number of opportunities, but with these opportunities come great challenges. The demands placed on the Office of State Treasurer have grown exponentially along with these economic changes. The Treasurer and her staff take great pride to work as efficient and effectively as possible in utilizing the taxpayers' dollars. It has become apparent that additional funding will be required to continue providing the high level of service expected.

The surge in activity and complexity can be seen in a number of areas. Specifically, the state's general fund account, which is reconciled by this office on a daily basis, continues to hit record levels. The magnitude of wire transfer activity in and out of this account also continues to increase and place added demands on our staff as we work to account for and track dollars.

TRAINING - A portion of our proposed increase will go towards continued training of our staff on the software used most heavily in our office. It is vitally important our staff stays up-to-date with the latest software packages in order to keep them working as efficiently and effectively as possible.

STAFFING - At certain times throughout the year, our small staff could potentially become overwhelmed with the amount of work that needs to be completed. During these times, as well as during times of unexpected staff leaves due to sickness, family emergencies or maternity leave, we may find it necessary to bring in a temporary contract employee to complete the general office duties which would allow our remaining staff to complete their duties. These temporary employees would be come from a staffing agency and would be paid as contractors; this need is also part of our proposed operating expense increase.

IT COSTS - If the past few legislative sessions are any indication, we will continue to see a number of changes to the distribution formulas which are used to calculate each political subdivision's distribution. These changes not only increase the workload of our staff to make the changes, but also increase our demands on ITD to get the changes implemented into our TDOC system. They also increase our ongoing ITD costs because whenever a change is made to a formula, there is inevitably an ongoing dialogue with ITD in regards to errors encountered along the way as well as verification that the distribution is continually being calculated correctly. This, in conjunction with a general increase in our ITD demand due solely to the increased activity, is reflected in our ongoing ITD expenditures. This too, is included in our operating expense increase.

(4b) \$20,880 Desktop support

We anticipate this new program to be extremely beneficial to agency like ours who do not support internal IT staff.

(4c) \$50,778 ITD rate increase

This is the standard increase we expect from our continued IT billing as calculated by OMB

(7) One time IT funding - anticipated turn back \$38,421.75

Implementation of HB 1358 – Oil/Gas distribution – Complete

Implementation of HB 1333 - Abandoned Oil and Gas Reclamation Fund- Complete

Implementation of HB 2014 – Township Distributions - Complete

Implementation of HB 1278- Heritage Bill - Complete

Coal Conversion and Coal Severance to TDOC - Complete

City Sales Tax/Motor Vehicle/Occupancy Lodging - Complete

City Restaurant and Lodging - Complete

Monthly State Revenue Report - Complete

Monthly Court Collections - Complete

FileNet process is in place and will be fully implemented on 7/1/2015,

- Website Rewrite is complete – Additions include training presentations posted to our website via YouTube. IE: Township Assn. road certification presentation, County Commission Oil/Gas discussion.

(8) HB 1358 Township Distribution turn back \$3,150,000

More than ever before townships are now being used as a measurable means when distributing transportation funds. That has prompted my office to look at the township certification process. We have great confidence in the information we have compiled relating the number of townships vs. township miles. Township Certifications – Townships to County Auditor to State Treasurer

This has required over 300 man hours from the Office of State Treasurer.

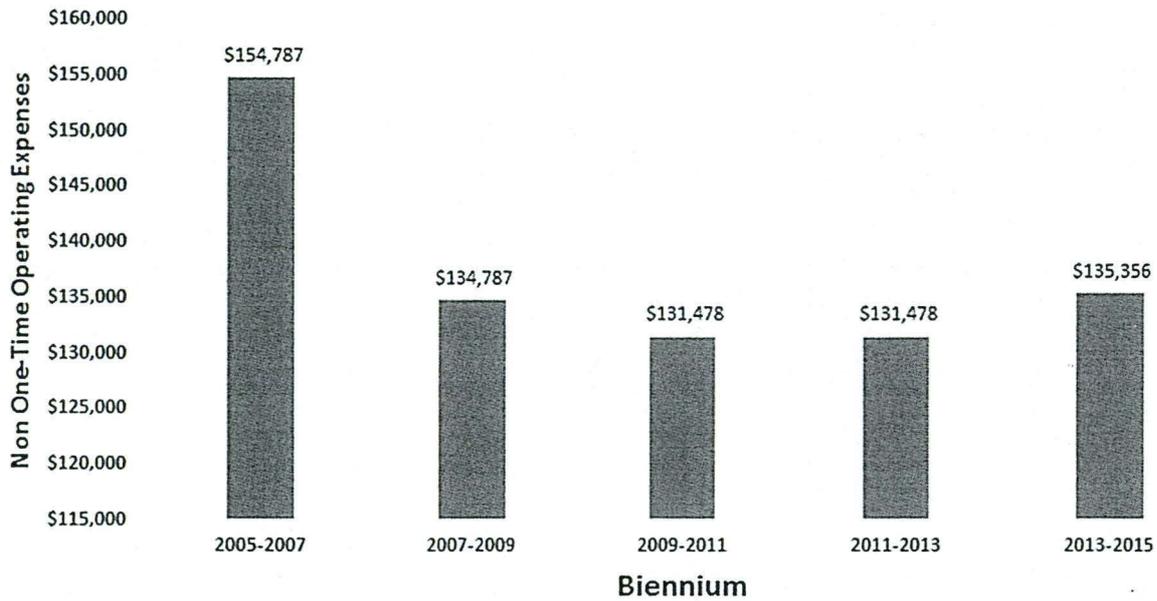
IT Estimates following Senate Budget approval – \$54,000

HB 1176 –Oil and Gas Distribution Change \$25,930

HB 1067 – State Aid Distribution – Census Numbers \$27,769

BUDGET HISTORY

Office of State Treasurer Operating Expenses (excl. one-time)



With the exclusion of one time IT funding – The operating budget of the Office of State Treasurer has increased less than 1% over a 10 year period.



CRITICAL ITEMS

- Staff– the Office of State Treasurer has the highest level of professionals in the history of our state. We have a team which includes 5 accounting professionals, one who has achieved an MBA and CPA. We have accomplished this by providing a professional, supportive and learning environment for all State Treasurer employees. We have afforded this from the rolled up dollars gained thru retirements and/or transfers of long term employees. This team of dedicated professionals have continued to meet and exceed the demands needed to address the continued challenges brought by the economic prosperity of the state. In addition, the learning curve for OST accounting/budget specialist is a minimum of 12 months given the complexity and volume of the tasks, and the accuracy required. To retain this level of expertise, it is vital we offer a competitive wage.
- The state of North Dakota uses the PeopleSoft financial system. While the system has been extensively customized to the needs of the state, there are several limitations that present inefficiencies and the potential for inaccuracies with existing OST processes.



The OST staff recognizes modifications to the PeopleSoft system represent significant change and potential costs for other state agencies. This does not alleviate the challenge that currently exists nor the need for the OST staff to partner with the Office of Management and Budget to examine the existing system and processes, and identify possible solutions.

- The demands on the professionals at the political subdivision level are great and ever-increasing, especially in the oil and gas producing counties. The OST staff recognizes the volume of work, turnover and process changes employees at the local level experience creates a limited opportunity to build a relationship and understand their respective systems. This needs to happen before staff can explain the information the OST needs to accurately distribute funds back to the political subdivisions.
- One Time IT Funding for Legislative Changes - \$ 54, 000

Addition to Executive/Senate Recommendation

Office of State Treasurer

SB 2005

\$5,000 to operating line- ITD desktop support for additional hardware purchased after executive budget preparation.

\$80,000 to salary line – to move our classified staff to their current salary midpoint.

Testimony of Laney Herauf
Greater North Dakota Chamber of Commerce
SB 2005
March 11, 2015

Mr. Chairman and members of the committee, my name is Laney Herauf. I am the Government and Regulatory Affairs Specialist at the Greater North Dakota Chamber, the champions for business in North Dakota. GNDC is working on behalf of our more than 1,100 members, to build the strongest business environment in North Dakota. GNDC also represents the National Association of Manufacturers and works closely with the U.S. Chamber of Commerce. As a group we support SB 2005.

The Greater North Dakota Chamber has often fought for tax decreases and tax credits to citizens and businesses alike. It is our belief that lower taxes offer a much more dynamic business climate, which aids in a healthy statewide economy. The property tax relief in this bill aligns itself with that mission and we fully support the property tax relief in this bill. We would, however, like to see it increased back to the original 12%. Property tax relief puts more funds in the pockets of North Dakota citizens. With the additional money, people are able to frequent more stores, restaurants and purchase more goods. We see property tax relief as a way to spur the economy.

We support the property tax relief seen in this bill, but would advocate for it to be returned to the 12% of the original bill. We respectfully request a DO PASS recommendation after an amendment is added.

SR2005 March 16, 2015

Attachment A

From: Hardmeyer, Eric A.
Sent: Friday, March 06, 2015 4:14 PM
To: Schmidt, Kelly L.
Subject: Large Dollar Transactions

Kelly, please see the response below to your concern about transactions size limitations.

Eric Hardmeyer
President

Bank of North Dakota
1200 Memorial Highway | Bismarck, ND 58504
P: 701.328.5674 | C: 701.527.0130
ehardmeyer@nd.gov | <http://www.banknd.nd.gov>

From: Herslip, Joe H.
Sent: Friday, March 06, 2015 3:36 PM
To: Hardmeyer, Eric A.
Cc: Rosen, Linda J.
Subject: Large Dollar Transactions

Eric,

Linda Rosen and I researched your question regarding the limit of \$99,999,999.99 on ACH and item processing (check) transfers. This limit is imposed under the file layout standards of the ACH and item processing industries. I have attached copies of the file layouts for both ACH and item processing (checks). As indicated on the layouts, both methods have a 10 digit length which will not accommodate an amount in excess of 99,999,999.99.

I contacted the Upper Midwest ACH Association (UMACHA), which is the regional payments association that represents our Bank in the national standards setting process. The director of UMACHA informed me the reason for the amount of 99,999,999.99 is based on the limitation of the file size and the fact the associations felt that anything in excess of that amount should be done as a wire transfer. There is no ability to expand that field so the maximum amount will always be 99,999,999.99.

We have done some testing on BND Direct to provide additional options for the State Treasurer's office to run these large transactions. They could go on BND Direct and do a wire transfer online which would require a secondary authorization by someone in their office before the wire could be submitted. If they prefer to call the wire into our Electronic Banking area, they could also do that and we would perform a secondary verification call back to the State Treasurer's Office.

The wire can be set up as a repetitive wire for both online and call in so the only information they would need to provide each time would be the dollar amount of the transfer if that would be easier for them. Doing a wire is probably the best option for them.

Please let me know if you have questions or need additional information.

Thank you,

Joe Herslip
SVP & Chief Business Officer

Bank of North Dakota
1200 Memorial Highway | Bismarck, ND 58504
P: 701.328.5656
E: joherslip@nd.gov | <http://www.bnd.nd.gov>

4.4 Check Detail Record (Type 25)

- This record is Conditionally Required, but shall be present if the Cash Letter Header Record (Type 10) Collection Type Indicator (Field 2) is set to '01' and when the Cash Letter Record Type Indicator (Field 8) in the Cash Letter Header Record (Type 10) is not 'N'
- A valid routing number field consists of 2 fields; the 8 digit Payor Bank Routing Number (Field 4) and the 1 digit Payor Bank Routing Number Check Digit (Field 5)
- Fields listed with Number and Name only shall be formatted per the X9.100-187 standard

Field	Field Name	Usage	Position	Type	Validation Criteria	Comments
1	Record Type				Required	
2	Auxiliary On-U's	C	03 – 17	NBSM	Required if Present	Mandatory if present on the MICR Line <ul style="list-style-type: none"> • On-U's symbols on the MICR line, shall not be included • Dashes must be retained
3	External Processing Code	C	18 – 18	NS	Required if Present	Mandatory if present on the MICR Line <ul style="list-style-type: none"> • The ONLY valid values, if present, must be numeric or* (See X9.100-160-2 for current values and usage.) • Values '2' and '5' shall not be used.
4	Payor Bank Routing Number	M	19 – 26	N	Required	
5	Payor Bank Routing Number Check Digit	M	27 – 27	N	Required	
6	On-U's	C	28 – 47	NBSM OS	Required if Present	Mandatory if present on the MICR Line <ul style="list-style-type: none"> • The On-U's Field of the MICR document is located between positions 14 and 32 of the MICR Line of the item. • On-U's symbols, as they appear within this field on the MICR line, must be represented with a forward slash '/'. • Dashes must be retained
7	Item Amount	M →	48 – 57	N	Required	
8	ECE Institution Item Sequence Number	M	58 – 72	NB	Required	
9	Documentation Type Indicator	M	73 – 73	AN	Required	This value will always be the same as the value in the Cash Letter Header Record (Type 10) Cash Letter Documentation Type Indicator (Field 8) unless that value is 'Z'. The only valid values are: 'C', 'G', 'K', and 'L'
10	Return Acceptance Indicator	C	74 – 74	AN	None	
11	MICR Valid Indicator				None	
12	BOFD Indicator				None	

SUBPART 3.1.7 Sequence of Records for CCD Entries

CCD ENTRY DETAIL RECORD

FIELD	1	2	3	4	5	6	7	8	9	10	11
DATA ELEMENT NAME	RECORD TYPE CODE	TRANSACTION CODE	RECEIVING DFI IDENTIFICATION	CHECK DIGIT	DFI ACCOUNT NUMBER	AMOUNT	IDENTIFICATION NUMBER	RECEIVING COMPANY NAME	DISCRETIONARY DATA	ADDENDA RECORD INDICATOR	TRACE NUMBER
<i>Field Inclusion Requirement</i>	M	M	M	M	R	M	O	R	O	M	M
<i>Contents</i>	'8'	Numeric	TTTTAAA	Numeric	Alphameric	\$\$\$\$\$\$\$#	Alphameric	Alphameric	Alphameric	Numeric ¹	Numeric
<i>Length</i>	1	2	8	1	17	10	15	22	2	1	15
<i>Position</i>	01-01	02-03	04-11	12-12	13-29	30-39	40-54	55-76	77-78	79-79	80-94

CCD ADDENDA RECORD

FIELD	1	2	3	4	5
DATA ELEMENT NAME	RECORD TYPE CODE	ADDENDA TYPE CODE	PAYMENT RELATED INFORMATION	ADDENDA SEQUENCE NUMBER	ENTRY DETAIL SEQUENCE NUMBER
<i>Field Inclusion Requirement</i>	M	M	O	M	M
<i>Contents</i>	'7'	'05'	Alphameric ²	Numeric	Numeric
<i>Length</i>	1	2	80	4	7
<i>Position</i>	01-01	02-03	04-83	84-87	88-94

1 For Health Care EFT Transactions (except Prenotification Entries), the Addenda Record Indicator of the CCD Entry must always contain a value of "1."
 2 For Health Care EFT Transactions, the Payment Related Information Field of the CCD Entry Addenda Record must always contain the ASC X12 Version 5010 835 TRN Segment.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2005

That the House recede from its amendments as printed on pages 1537 and 1538 of the House Journal and pages 1354 and 1355 of the Senate Journal and that Engrossed Senate Bill No. 2005 be amended as follows:

Page 1, replace lines 12 through 17 with:

"Salaries and wages	\$1,396,437	\$105,205	\$1,501,642
Accrued leave payments	13,038	(13,038)	0
Operating expenses	135,356	175,357	310,713
Coal severance payments	252,800	(7,800)	245,000
Property tax relief credits	0	<u>250,000,000</u>	<u>250,000,000</u>
Total general fund	\$1,797,631	\$250,259,724	\$252,057,355"

Page 1, remove line 24

Page 2, replace lines 1 through 6 with:

"IT developmental costs		\$377,591	\$0
Property tax relief		200,000,000	250,000,000
Township road distributions		8,760,000	0
Township distribution correction		385,000	0
Information technology costs		13,247	73,699
Nonoil transportation funding		<u>100,000,000</u>	<u>0</u>
Total general fund		\$309,535,838	\$250,073,699"

Page 2, line 11, replace "\$226,800,000" with "\$250,000,000"

Page 2, line 27, remove the overstrike over "~~twelve~~"

Page 2, line 27, remove "eleven"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2005 - State Treasurer - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$1,396,437	\$1,507,665	(\$6,023)	\$1,501,642	\$1,501,642	
Operating expenses	135,356	237,014	73,699	310,713	257,014	53,699
Coal severance payments	252,800	245,000		245,000	245,000	
Accrued leave payments	13,038					
Property Tax Relief		226,800,000	23,200,000	250,000,000	250,000,000	
Total all funds	\$1,797,631	\$228,789,679	\$23,267,676	\$252,057,355	\$252,003,656	\$53,699
Less estimated income	0	0	0	0	0	0
General fund	\$1,797,631	\$228,789,679	\$23,267,676	\$252,057,355	\$252,003,656	\$53,699
FTE	8.00	8.00	0.00	8.00	8.00	0.00

Department No. 120 - State Treasurer - Detail of Conference Committee Changes

	Adjusts Funding for Health Insurance Premium Increases ¹	Increases One- Time Funding for State Paid Property Tax Relief ²	Adds One-Time Funding for Information Technology Costs ³	Total Conference Committee Changes
Salaries and wages	(\$6,023)			(\$6,023)
Operating expenses			73,699	73,699
Coal severance payments				
Accrued leave payments				
Property Tax Relief		23,200,000		23,200,000
Total all funds	(\$6,023)	\$23,200,000	\$73,699	\$23,267,676
Less estimated income	0	0	0	0
General fund	(\$6,023)	\$23,200,000	\$73,699	\$23,267,676
FTE	0.00	0.00	0.00	0.00

¹ Funding for employee health insurance premiums is adjusted to reflect the revised premium estimate of \$1,130.22 per month.

² One-time funding from the general fund is increased for the state-paid property tax relief program to provide a total of \$250 million, the same as the House version.

³ One-time funding is added for information technology costs related to oil and gas gross production tax formula changes and state aid distribution changes. The House has added \$20,000 related to oil and gas gross production tax formula changes.

This amendment provides for state-paid property tax relief of 12 percent, the same as the House version. The Senate version provided for 11 percent.