

**2017 HOUSE APPROPRIATIONS**

**HB 1002**

# 2017 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee - Education and Environment Division Roughrider Room, State Capitol

HB 1002 - HB 1062  
1/4/2017  
26571

- Subcommittee  
 Conference Committee

*Virginia L Moch Clerk*

to provide an appropriation for defraying the expenses of the office of the secretary of state and public printing.

**Minutes:**

see attachment 1, 1A

**Chairman Monson** called the committee to order on 1/4/2017. He apologized to Sec of State Al Jaeger for running overtime. This is an overview of HB 1002 and HB 1062, the Governor's recommendation.

**Al Jaeger Secretary of State:** passed out attachment 1 and explained Public Printing. His concern is the difference between what the Legislative Council asked for (\$313,531) and the amount of \$288,450 recommended in the Governor's budget which does not cover their needs. He said it was up to the committee to add that amount back into their budget. If we come up short, he will have to go to the Emergency Commission to request the money to cover the shortfall otherwise it would come out of his operating budget and would be more significant than they could handle. He then referred to attachment 1 explaining that there are currently 30 FTEs including him and one federally funded FTE under election reform. Under accomplishments he referred to page 5 of the attachment stating what a valuable tool the Business Process Modeling Study proved to be. (Attachment 1A)

**Representative Martinson:** asked "Going back to Public Printing what the Legislative Council suggested was \$313,531, the Governor's budget is \$288,450, what are you suggesting?"

**Jaeger:** (time 8:56) answered "I'm letting you know that the base budget and the governor's budget are both less than what Legislative Council have indicated."

**Chairman Monson:** So you are about \$25,000 short of what it would cost you?

**Jaeger:** Mr. Chairman, every cycle OMB sends me a budget letter of what we need then I can add on whatever I need for processing, handling, mailing, etc.

**Legislative Council:** There needs for that biennium are \$313,000.

**Chairman Monson:** I see that in here, I just didn't realize you got a letter from Legislative Council.

**Representative Martinson:** After you got the letter had you already been through the OMB process? Did you just decide not to do it.?

**Becky Keller OMB:** Mr. Chairman, committee members, we knowingly had a shortfall. We had to go back and look at every single agency and cut further than the 10%. For this particular agency they probably cut wherever they could so we could end up balanced.

**Representative Martinson:** I'm wondering, if you say it cost you \$25,000 how can someone say we're just going to give you 20?

**Becky Keller OMB:** You could say that for every single agency and they are all going to be underfunded. You can either change what they need to do or give them the money. We have to make cuts, these are recommendations, you have every option to cut someplace else. 13:25

**Secretary of State Al Jaeger:** Mr. Chairman this is the first time our budget has been reduced. There has been discussion before if this should be in Legislative Council.

**Representative Monson:** Yes, it should be in the Legislative council. What if you go to Emergency funding and they don't have it?

**Jaeger:** That usually isn't a problem as the contingency fund is about \$800,000.

**Representative Streyle:** What is this printing, do we really need it?

**Jaeger:** Distribution of the Century Code to judges, etc. Has been in the law which specifies where these have to be distributed. Legislators have the option of a cd. You are correct that the Century Code and these things are online, but there are specific Public Printing laws we must follow.

**Representative Streyle:** This is all online.

**Representative Boe:** Of the amount of printed versions, are they fully distributed?

**Jaeger:** We have a limited amount of holdover, but the orders are close to what they need. At one time every legislature received a fully hardbound copy of the century code. Now legislators have an option if they want one. 21:56

**Chairman Monson:** What would you think if we reduce the mandate that requires you to print all those copies and expect people to get those copies on line?

**Jaeger:** I don't determine the number of copies. Keep in mind that I don't send copies to the public. This is all government agencies.

**Chairman Monson:** We can't wipe this all out but we can save a lot of money here.

**Representative Streyle:** What if these weren't complimentary?

**Jaeger:** That would depend on what the law mandates. 23:45

**Chairman Monson:** You would know where to dig in for further reductions.

**Jaeger:** I can certainly do that. It's been on my mind for years. 24:56 You can see that our agency actually takes in more than our expenses with an overage of \$400,000.

**Chairman Monson:** So that number could be, like \$500,000 by the end of the biennium.  
28:40

**Jaeger:** We are on track to have \$12,000,000 added to that fund. Our spending authority has increased since it was set 2 years ago. We can go to the Emergency Commission and increase the spending authority so we can cover the expenses.30:00:

**Chairman Monson:** Money collected from Special Funds that isn't used, does it just sit in a slush fund? You don't turn back special funds, do you?

**Jaeger:** Mr. Chairman I can direct you to the very end on page 25. At the close of each biennium the Secretary of State shall return funds exceeding \$75,000. That has been waved the last 4 legislative sessions. OMB and the other departments involved recommend that rather than always getting it waved, we make it a part of the normal budgeting process.

**Chairman Monson:** So you're asking that it will be repealed?

**Jaeger:** They waved it the past 16 years so why not change it?

**Chairman Monson:** Who waves it, this appropriation committee? We'd have to make an amendment to the bill?

**Jaeger:** Yes, it's in bill 1062 in sec 4. It's on page 24. I can only spend what my spending authority is, so you will know how I spend it.

**Chairman Monson:** So we will have to either wave it or add an amendment.

**Representative Martinson:** So we don't forget this, would you like an amendment to the bill right now?

**Jaeger:** That would be in order, yes.

**Representative Martinson:** I so move with the motion to include what is on page 25.

**Representative Schatz:** Seconded the motion.

**Chairman Monson:** 'Called for a voice vote. Voice Vote on motion, ayes carry.

**Jaeger:** 37:00 – 44:00

**Chairman Monson:** #5 on page 19 is what you propose to meet your 90% budget and the governor proposed more so you are at 88%.

**Jaeger:** Some of that is itemized on page 17.

**Representative Streyle:** In fairness you got a new system which will be more efficient and registrations are down. It may not be perfect, but it's not so bad.

**Chairman Monson:** Do you have your new equipment in hand?

**Jaeger:** We're looking at 12 to 16 months, yet. We're working under the business model and right now it looks as though we will come in on time and under budget. There is a lot involved, I have over 40 jobs.

**Representative Streyle:** When all this is done and I go online, how long is it going to take me to register my business?

**Jaeger:** Right now I can't answer that. A lot of names are deceptively similar. Someone may have to review the documents when it's all submitted. 48:10 We are still due several million from the federal government that we will probably never see.

**Chairman Monson:** So it's an accounts receivable that we can't access?

**Jaeger:** That's correct.

**Chairman Monson:** Concerning that motion, Levi, is that going to have an impact on the general fund? Is that going to show up as lost revenue?

**Levi Kinnischtzke Legislative Council:** Mr. Chairman I can't confirm or deny that until I check, but considering that it was waved the last 4 biennium's I wouldn't think it would affect it.

**Becky Keller OMB:** I do not believe we ever considered this part of turn back. It was special funds.

**Chairman Monson:** On page 2 line 4 you have it in there as Public Printing. You informed me that this has to do only with agencies and not the public?

**Jaeger:** It's just called "Public Printing". It has nothing to do with the public. Century Code is red and if the public orders them they are tan.:52;16

**Representative Streyle;** We get those when we leave and nobody looks at them. If we cut down on printing those we save the state thousands of dollars.

**Jaeger:** Well not quite, sometimes we need to have a certain number of copies and you all understand that.

**Chairman Monson:** Well, if there are no further questions, we won't close on this. We'll take another look at it. We'll reopen this and discuss it.  
Meeting was adjourned.

# 2017 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Education and Environment Division  
Roughrider Room, State Capitol

HB1002  
1/18/2017  
27038

- Subcommittee  
 Conference Committee

*Virginia R. Moch*

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

A BILL for an Act to provide an appropriation for defraying the expenses of the office of the secretary of state and public printing.

## Minutes:

Attachments 1-2

The Secretary of State will be coming in at 10:30.

## 1:37:07 of recording 27038

**Chairman Monson:** We will discuss HB 1002 and HB1062. Rep Streyle worked through some numbers, it should be a worst case scenario, maybe we won't have to go that deep. We have to reduce the general fund. The bulk of that is programs and people.

**Rep Martinson:** Couldn't we ask them to do it off of our budget so it would be less confusing?

**Chairman Monson:** If we use the governor's budget we can just take the 7% off of that.

**Al Jaeger Secretary of State:** The bottom line is I would lose 5 employees. 1:40:40

**Chairman Monson:** The health insurance will be factored across all the agencies. (See Attachment 1)

**Mr. Jaeger:** We don't have any programs; I would have to knock off another employee. We have between 1100 and 1200 applications. (See Attachment 2)

**Chairman Monson:** You are required by mandate to bear the cost of printing. 1:45:00

**Chairman Monson:** How much does one set of books cost?

**Mr. Jaeger:** We passed out letters to all of you and to the agencies to let me know if you don't require a copy of the book. We might be able to trim \$50,000 out of that. I'm not sure what the books cost.

**Chairman Monson:** You provide these books by courtesy or mandate. I think most legislators would be willing to pay for it.

**Mr. Jaeger:** It is a historical document. We give the blue books to the Historical Society and they sell them. That money goes into their museum store account. If I were going to get those funds, how much would \$15 have an impact on the general fund where as it is a big help to them. I bring in a lot more revenue than I am appropriated from general funds.

**Vice Chairman Streyle:** What do you do with excess funds?

**Mr. Jaeger:** All the funds we receive except for special funds go into the general fund. We generate about \$12 million that goes into the general fund.

**Vice Chairman Streyle:** What about the special funds? What accounts do you have?

**Mr. Jaeger:** We only have the special fund and the general fund. Everything on the attachment is in the general fund.

**Chairman Monson:** It would take a lot of work to reduce some of these mandates.

**Mr. Jaeger:** Our revenue is running about \$500,000 over projections right now.

**Chairman Monson:** He has to print those copies and distribute them. I don't see where we can trim much off of this.

**Mr. Jaeger:** The blue books are available to everyone online. It's part of ND curriculum.

**Chairman Monson:** that will close our discussion for today on the Secretary of State.

1:58:34

# 2017 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee - Education and Environment Division Roughrider Room, State Capitol

HB1002  
2/1/2017  
27706

- Subcommittee  
 Conference Committee

*Virginia L Moch*

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

To provide an appropriation for defraying the expenses of the office of secretary of state and public printing.

### Minutes:

Attachment 1

**Chairman Monson:** called the committee to order on secretary of state's budget on HB 1002. Rep Delzer wants us to submit some of these less complicated budgets.

**Rep Delzer:** The understanding is that the PERS board signed the contract even though we wanted them to hold off. We'll have counsel put the money in for the increased dollars. We still have the issue of whether we want them to use the reserve funds or not. That will be dealt with in the second half. We have to come up with general funds to cover that if we don't let them use reserve funds.

**Rep Martinson:** It infuriates me that Sanford wants us to make up for their loss because their bid was too low. I think we should stand our ground and have an attorney look at them signing without an appropriation and then we should not give them the funds. They signed last biennium, too, when we asked them to hold off.

**Rep Delzer:** I would certainly have counsel check into this. Do your amendments and we can adjust it when we bring it to full committee. I agree that they should not be signing without an appropriation. That's why they moved it to an even numbered year, so the legislature can decide what they are willing to spend before they sign.

**Chairman Monson:** We will have counsel put all this together for the budget, but it will not be a "do pass" amendment until we have the health care information. Looking at our worksheet (see attachment 1) 5:40-41:30 When I had Chris check this we are still about \$116,000 short of the 7% goal. Do you want to keep this as is or go to the 7% reduction? The health insurance will have a bit of an effect on the salaries and wages line.

**Rep Sanford:** 8:00 To be consistent it seems we should keep to the 7%.



**Chairman Monson:** My recommendation is that we don't take any additional FTEs other than the 3 that have been removed by Dalrymple. If we take from additional funding they have some flexibility if they need to keep their staff. O.k. Chris put the \$116,000 reduction to salaries and wages on our list? The health insurance we will add next week. We'll remove the 3 additional FTEs that the governors removed. 12:20 continues on attachment.

Chris Kadrmas LC: 13:00 That \$118,000 should be referred to as operating expenses. The \$118,000 is an increase. They had taken \$600 and some thousand in their allotment within the operating line and they had asked for a reduction this biennium of \$500,000 to meet the 10%. Because that was less than what they had already used in their allotment it actually shows up as an increase or restoration of that allotment.

**Chairman Monson:** Can you explain how that \$526,000 will be used.

**AL Jaeger Secretary of State:** Renae Bloms is my accounting director. I'll have her explain.

**Renae Bloms Accounting Director:** The \$526,000 is for our new central indexing system. We have hosting costs that still need to go to our vendor and maintenance costs for the new systems. Those costs are figured on the contract that we have with our vendor. We would pay for that out of our special fund, because the fees that come from that on line site go directly into the special fund.

**Chairman Monson:** So the \$118,956 is what you still need for this project.

**Ms. Bloms:** It goes for the maintenance and operation of both systems. We have two systems, the central indexing system and then our office which is our licensing.

**Rep Schmidt:** Is that onetime funding or recurring?

**Chairman Monson:** It is not onetime funding.

**Mr. Jaeger:** The revenue that comes in is ongoing and a portion goes into our special fund. A portion of the revenue goes to the special fund to support the system. Yes, it is onetime funding that is operational year after year to cover expenses. In the appropriation process you give me spending authority.

**Mr. Kadrmas:** You could do an ongoing appropriation, this is easier.

**Chairman Monson:** Wouldn't a revolving fund be better. There must be a better way.

**Mr. Jaeger:** When our sales go up our expenses go up. We do our best revenue forecast, but if revenues go up more, I can't spend more. I have to stay within my spending authority unless I go to budget and make a request for more.

**Rep Schmidt:** Sometimes special funds are taxpayer money, sometimes they are user funds, they should be called something different.

**Chairman Monson:** It used to be that user fees and taxpayer fees were in separate funds and were called 'other funds'.

**Mr. Jaeger:** I use the term special funds because you seem to understand that better. In law it's called 'special services fund'.

**Chairman Monson:** The next line continues 24:00

**Mr. Jaeger:** Those are federal funds. I hope you don't take the election funds.

**Ms. Bloms:** We will have enough for the elections if this goes through.

**Vice Chairman Streyle:** Did we discuss public printing?

**Mr. Jaeger:** We've gone to the publisher with our list and our list is not as high as counsels' 700 sets and we are trying to decrease the sets we do, so if you could leave it for now we are working on it.

**Chairman Monson:** You did a thorough job of giving us a list of your mandated printing. There's not a lot of wiggle room there. We need \$116,000 out of the salaries and wages line in Dalrymple's budget. If we took more than the \$1600 out of printing it would come out of operating. He identified two office assistant 3's for reduction.

**Rep Sanford:** We distributed the 7% sheet on and it got to 6.14%.

**Chairman Monson:** He has 2 FTEs removed each at \$106.8. They have almost \$24,000 In health premiums removed. They brought us a plan like we asked.

**Mr. Kadrmas:** Any savings from health insurance will show on the salaries line.

**Chairman Monson:** That \$24,000 is from the health insurance for the FTEs they reduced. We will include sec 4 of Burgum's bill on our sheet. Let's just remove the two they gave us, take his recommendation, and remove the health insurance for them and remove an additional \$40,000 reduction to salaries and wages. We are at the bottom of the worksheet. Sec 3 of the bill gives a wage increase of 1% in Dalrymple's bill, that is not in our bill. Sec 4 will become sec 3.

**Mr. Kadrmas:** I just would like to verify the \$23,589 in health insurance savings. It looks like this is what would be saved if the employee paid 5%.

**Ms. Bloms:** Our intent was that if the employees were paying 5% of their health insurance, that would be our savings.

**Chairman Monson:** We need to stick with our 7% number.

**Mr. Kadrmas:** the total is \$263,543 so we would need to find \$60,888. We could do it in the same manner you were going to do the \$40,000.

**Chairman Monson:** We'll just underfund the \$40,000 and maybe there are some vacant positions they can roll up.

**Mr. Jaeger:** We did have a vacant position we didn't fill because we knew the reduction was coming. Is the entire 7% coming out of salary. Can we use the special services fund to take care of this?

**Chairman Monson:** That won't reduce our general fund, but if you want to suggest another area to cut, we could do that instead. Can you take some out of operating?

**Vice Chairman Streyle:** Do any of the special funds get turned back? What is the balance?

**Mr. Jaeger:** None of it would be turned back.

**Mr. Kadrmas:** 45:30 According to this the ending balance is \$24,275.

**Rep Sanford:** If you use special funds and you don't have much left for salaries. That would wipe out special funds.

**Mr. Kadrmas:** We've reduced general fund authority by \$60,888 but you would increase special fund authority for operating expense by \$24,275. Essentially then, the total operating reduction is \$36,613. Yes, you would have reduced general funds by \$16,000.

**Rep Sanford:** That would wipe out the special funds?

**Mr. Kadrmas:** yes

**Chairman Monson:** I have a problem with the revenues being all put into a pot for you to use for operating. I'd like to see that cleaner.

**Mr. Jaeger:** The spending authority allows me to only spend what I bring in, so it is self-governing. 50:00.

**Rep Schmidt:** We have special fund dollars that are state tax generated dollars, we have federal funds that are tax generated, then we have user generated dollars. It's hard to tell you if I am for something if I don't know where it came from. I'm not going to raise taxes by taking funds from a tax generated fund. I am all for using user funded funds.

**Mr. Jaeger:** The central indexing services aren't the only fees that go into that. There are a number of operating fees. I am confident that we are using the fund appropriately.

**Chairman Monson:** We have one more shot at getting this all together after the health bill is decided, that is the missing piece in this.

**Mr. Kadrmas:** The base payroll is Dalrymple's plan with the exception of the salary increase.

**Chairman Monson:** We are using his plan to reduce from. Whatever Burgum's changes are to the Dalrymple budget we are using except for the health plan. We'll meet once more after

the health insurance is decided. Why don't we have one more meeting after the health care is decided. We'll be ready for the final vote. 58:07

# 2017 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Education and Environment Division  
Roughrider Room, State Capitol

HB 1002  
2/7/2017  
27968

- Subcommittee  
 Conference Committee



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

To provide an appropriation to defray the expenses of the secretary of state and public printing.

## Minutes:

1

**Levi Kinnischtzke:** Handed out the Secretary of State Budget 108.

**Chairman Monson:** Called the committee to order on Secretary of State budget. Rep. Streyle and I looked at some numbers, here are some reductions. The Secretary of State budgets will be higher this time around. The FTE are from 34 down to 31 same as what the governors proposed. The general fund we have reduced it by \$290,000 from the general fund column. Other funds we reduced about 1.1 million so totally reduced it about 1.4 million.

The sections on the bottom there are 2 of them. Section 4 that is the section to remove requirements, that is what we have already done. Section 2 funding increase for health insurance premiums included the agency appropriation.

**Rep. Streyle:** What is the total on the public printing? Was it \$300,000?

**Chairman Monson:** Yes (Explained further budget 108)

**Rep. Sanford:** What is the balance in the other funds?

**Chairman Monson:** That includes the revenue on the bottom section where anything over that he can spend.

**Rep. Sanford:** So the 2.4-2.5 is what is anticipated?

**Chairman Monson:** Yes.

**Rep. Sanford:** It is down from the beginning? What is a reasonable number to carry forward?

**Chairman Monson:** I don't have it

**Levi Kinnischtz:** 4.56%

**Stephanie:** The agency will have the highest increase in their fees from ITE. The Secretary of State was almost at the top of the list. One of their programs is still on the platform so they are the last man standing, until they get that moved off they will have huge IT costs in 1719.

**Chairman Monson:** You are saying those costs would go down because they no longer would be standing?

**Stephanie:** Hopefully those costs will go down they did have their central indexing system which they still have maintenance on.

**Rep. Sanford:** That \$120,000 in the general fund could go into the funds knowing that the anticipation is that those costs will go down as they make that transition.

**Chairman Monson:** What was that line item before any budget shortfall cuts?

**Levi Kinnischtz:** IT expenses.

**Chairman Monson:** We have already taken 10% out and by taking that 118 956 out of general funds that will bring us somewhere around over 5% reduction from the base off of general funds. Rep. Sanford made a motion to amend HB 1002 seconded by Rep. Schatz  
**Yes 7 No 0 absent 0**

**Chairman Monson:** We have the amended HB 1002 Rep. Sanford made a motion to move the approval as amended seconded by Rep. Schatz. **Yes 7 No 0 Absent 0 Floor Assignment: Rep. Sanford**

# 2017 HOUSE STANDING COMMITTEE MINUTES

**Appropriations Committee**  
Roughrider Room, State Capitol

HB 1002  
2/14/2017  
28344

- Subcommittee  
 Conference Committee

*Bergquist*

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

**Minutes:**

Att-1

**Chairman Delzer:** Everyone should have amendment 17.0487.01002

**Representative Sanford:** I will start with a quick summery. The agency completed a migration from a 1988 model operating platform to a new operating platform. Current appropriation from the general fund, for that activity was 3 million 50 thousand dollars. In the new budget there is not no one-time funding projects included in that. General fund itself is reduced by 6 1/2 % from the base, this includes reduction of 3 FTEs all titled office assistances. In this budget there are three types of other funds and that component is reduced by 995,997 dollars. The federal funds are one section of other funds, election reform is the section of other funds, those are dedicated to election activities and election reform.

The third fund is called general services; this is the key fund because several of the operations are funded out of this general services special fund. Revenues to this fund include licenses and fee collections estimated to be 1.2 million this coming biennium, and the expenses in this special fund will included tech services, some salaries and 526 thousand dollars in hosting and maintenance fees for the new online central indexing system. We are reducing the general fund by 410 thousand dollars, 3 FTEs, 61/2 percent off the base and the other funds, particularly the general services fund, is reduced as well.

(See attachment 1) So if you would look at amendment, 17.0487.01002 top of page 3 of the amendment, you can see the adjustment for the base pay roll. General fund has gone down, the funding for the health insurance increases, adjustment for temporary salaries is down 50 thousand dollars, you can see the removal of 3 FTE positions saves 318 thousand dollars. The adjustment to the base funding level relates to transferring some operating expenses, 62 thousand from the general fund over to this special fund; the general operations fund. The central indexing system, 526 thousand dollars to operate this, that is also found over in that operations special fund. Top middle, you can see the total house changes; and it's 407,964 dollars and 3 FTEs.

**6:10 Chairman Delzer:** I see in your amendment you are allowing him to keep everything in his special operating fund. That was an issue during emergency commission, he came in twice asking for spending authority from there and he had like 700 thousand in there but he could only justify spending a couple hundred thousand of it. What did he do to justify keeping that?

**Representative Sanford** They are projecting a 75-thousand-dollar ending balance and the projection for this new biennium; 2017/2019 would be that they would have a 24,275-dollar balance.

**Chairman Delzer:** Then why have the language that they can keep, that normally would be back in to the general fund? Frankly if they end up with a whole lot more fees and stuff they could end up with a chunk of change sitting there that would normally go back in the general fund. If we pass this the way you've got it, we'll never know what's going on.

**Representative Sanford:** The revenue anticipation is the same level as the current biennium.

**Chairman Delzer:** This current biennium he ended up with a lot more revenue than what he had anticipated.

**Representative Sanford:** The one change would be that we have the 526 thousand dollars of expense for the center indexing system. I don't think it would be a big issue if it's there or not.

**Chairman Delzer:** If we pass this we will never know what is going on unless we think to ask. He wouldn't have to come and ask to keep it or to spend it because I think this would give him spending authority.

**Representative Sanford:** I think we could eliminate that and that would put a limit on that.

**Representative Monson:** He was thinking because of the big cuts he would need that, if we cut that out he would have to come to ask for.

**Chairman Delzer** Is he talking about holding over what's in there right now? This does it for all the time. Then we should change that so it wouldn't be that way every session.

**Representative Monson:** I think he was refereeing to 24 thousand, Levi do you know?

**Chairman Delzer:** It should be a onetime deal, not anything permanent.

**Representative Sanford:** The revenue forecast isn't perfect and he has more dedicated up front expenditures that are going into that account now.

**Brady Larson Legislative Council:** This has come up in the past, we can word it so it's only carry over this time.



**Chairman Delzer:** You have that amendment before you. Should we move this or make that part of this amendment

**Representative Sanford** I would make it part of this amendment and then move the amendment, I would make that motion on top of section 2 and replace with a two year

**Representative Monson:** Seconded

**Chairman Delzer** Discussion?

**Chairman Delzer:** The election reform; you went through that a little bit, that is still in there? What are they doing with that?

**Representative Sanford:** That is utilized for election activities and they take some money in from the counties, they give it back to the counties, there's federal funds, that stand alone but essentially it's election activities.

**Chairman Delzer:** Why do we still call that election *reform*?

**Representative Sanford** I don't know that I have gotten a good answer for that, there still is some funding in there.

**Chairman Delzer:** All those in favor or adopting the amendment with the change of restrictions to just these two years.

**Voice vote, all in favor, motion carries.**

**Representative Sanford:** I make the motion to DO Pass as amended

**Representative Monson:** Second that motion

A Roll Call vote was taken. Yea: 19    Nay: 0    Absent: 2

**Representative Sanford will carry the bill**

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1002

Page 1, line 2, after "printing" insert "and to amend and reenact section 54-09-08 of the North Dakota Century Code, relating to the secretary of state's general services operating fund"

Page 1, remove lines 14 through 23

Page 2 replace lines 1 through 11 with:

|                                |                  |                    |                  |
|--------------------------------|------------------|--------------------|------------------|
| "Salaries and wages            | \$4,903,514      | (\$501,144)        | \$4,402,370      |
| Operating expenses             | 2,053,162        | 607,856            | 2,661,018        |
| Petition review                | 8,000            | 0                  | 8,000            |
| Election reform                | <u>2,703,535</u> | <u>(1,510,673)</u> | <u>1,192,862</u> |
| Total all funds                | \$9,668,211      | (\$1,403,961)      | \$8,264,250      |
| Less estimated income          | <u>3,583,536</u> | <u>(1,114,953)</u> | <u>2,468,583</u> |
| Total general fund             | \$6,084,675      | (\$289,008)        | \$5,795,667      |
| Full-time equivalent positions | 34.00            | (3.00)             | 31.00            |

Subdivision 2.

SECRETARY OF STATE - PUBLIC PRINTING

|                    | Base Level       | Adjustments or Enhancements | Appropriation    |
|--------------------|------------------|-----------------------------|------------------|
| Public printing    | <u>\$290,045</u> | <u>(\$1,595)</u>            | <u>\$288,450</u> |
| Total general fund | \$290,045        | (\$1,595)                   | \$288,450        |

Subdivision 3.

BILL TOTAL

|                           | Base Level       | Adjustments or Enhancements | Appropriation    |
|---------------------------|------------------|-----------------------------|------------------|
| Grand total general fund  | \$6,374,720      | (\$290,603)                 | \$6,084,117      |
| Grand total special funds | <u>3,583,536</u> | <u>(1,114,953)</u>          | <u>2,468,583</u> |
| Grand total all funds     | \$9,958,256      | (\$1,405,556)               | \$8,552,700      |

**SECTION 2. HEALTH INSURANCE INCREASE.** The appropriation in subdivision 1 of section 1 of this Act includes the sum of \$94,446, of which \$91,588 is from the general fund, for increases in employee health insurance premiums from \$1,130 to \$1,249 per month."

Page 2, after line 16, insert:

**"SECTION 4. AMENDMENT.** Section 54-09-08 of the North Dakota Century Code is amended and reenacted as follows:

**54-09-08. Secretary of state's general services operating fund.**

The secretary of state's general services operating fund is a special fund in the state treasury. Moneys in the fund are to be used pursuant to legislative appropriations for the provision of services under section 16.1-02-15, subsection 4 of section 41-09-94, subsection 5 of section 41-09-96, subsection 7 of section 54-09-04, and sections 10-35-33, 54-09-10, and 54-09-11. ~~At the close of each biennium, the secretary of state shall transfer any unobligated balance remaining in the fund exceeding seventy five thousand dollars to the general fund."~~

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1002 - Summary of House Action**

|                       | Base Budget        | House Changes      | House Version      |
|-----------------------|--------------------|--------------------|--------------------|
| Secretary of State    |                    |                    |                    |
| Total all funds       | \$9,668,211        | (\$1,403,961)      | \$8,264,250        |
| Less estimated income | 3,583,536          | (1,114,953)        | 2,468,583          |
| General fund          | <u>\$6,084,675</u> | <u>(\$289,008)</u> | <u>\$5,795,667</u> |
| Public Printing       |                    |                    |                    |
| Total all funds       | \$290,045          | (\$1,595)          | \$288,450          |
| Less estimated income | 0                  | 0                  | 0                  |
| General fund          | <u>\$290,045</u>   | <u>(\$1,595)</u>   | <u>\$288,450</u>   |
| Bill total            |                    |                    |                    |
| Total all funds       | \$9,958,256        | (\$1,405,556)      | \$8,552,700        |
| Less estimated income | 3,583,536          | (1,114,953)        | 2,468,583          |
| General fund          | <u>\$6,374,720</u> | <u>(\$290,603)</u> | <u>\$6,084,117</u> |

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

|                       | Base Budget      | House Changes      | House Version    |
|-----------------------|------------------|--------------------|------------------|
| Salaries and wages    | \$4,903,514      | (\$501,144)        | \$4,402,370      |
| Operating expenses    | 2,053,162        | 607,856            | 2,661,018        |
| Petition review       | 8,000            |                    | 8,000            |
| Election reform       | <u>2,703,535</u> | <u>(1,510,673)</u> | <u>1,192,862</u> |
| Total all funds       | \$9,668,211      | (\$1,403,961)      | \$8,264,250      |
| Less estimated income | <u>3,583,536</u> | <u>(1,114,953)</u> | <u>2,468,583</u> |
| General fund          | \$6,084,675      | (\$289,008)        | \$5,795,667      |
| FTE                   | 34.00            | (3.00)             | 31.00            |

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

|                    | Adjusts Funding for Base Payroll Changes <sup>1</sup> | Adds Funding for Health Insurance Increases <sup>2</sup> | Adjusts Funding for Overtime and Temporary Salaries <sup>3</sup> | Removes 3 FTE Positions <sup>4</sup> | Adjusts Base Level Funding <sup>5</sup> | Adds Funding for Central Indexing System <sup>6</sup> |
|--------------------|---|--|--|--------------------------------------|---|---|
| Salaries and wages | (\$274,637)   | \$91,584   |  | (\$318,091)                          |   |   |
| Operating expenses |   |  |  |                                      | 81,856                                  | 526,000   |
| Petition review    |   |  |  |                                      |   |   |
| Election reform    | <u>2,792</u>  | <u>2,862</u>   |  |                                      |   |   |
| Total all funds    | (\$271,845)   | \$94,446   | \$0  | (\$318,091)                          | \$81,856                                | \$526,000   |

|                       |            |          |            |             |          |         |
|-----------------------|------------|----------|------------|-------------|----------|---------|
| Less estimated income | (202,484)  | 2,858    | 50,000     | 0           | 25,000   | 526,000 |
| General fund          | (\$69,361) | \$91,588 | (\$50,000) | (\$318,091) | \$56,856 | \$0     |
| FTE                   | 0.00       | 0.00     | 0.00       | (3.00)      | 0.00     | 0.00    |

|                       |  |                                |
|-----------------------|--|--------------------------------|
|                       | <b>Reduces<br/>Funding for<br/>Election<br/>Reform<sup>7</sup></b> | <b>Total House<br/>Changes</b> |
| Salaries and wages    |  | (\$501,144)                    |
| Operating expenses    |  | 607,856                        |
| Petition review       |  |                                |
| Election reform       | (1,516,327)  | (1,510,673)                    |
| Total all funds       | (\$1,516,327)  | (\$1,403,961)                  |
| Less estimated income | (1,516,327)  | (1,114,953)                    |
| General fund          | \$0  | (\$289,008)                    |
| FTE                   | 0.00   | (3.00)                         |

<sup>1</sup> Funding is adjusted for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.

<sup>2</sup> Funding is added for increases in health insurance premiums from \$1,130 to \$1,249 per month.

<sup>3</sup> Funding is adjusted for overtime and temporary salaries to provide a decrease from the general fund of \$50,000 and an increase of \$50,000 from the Secretary of State's general services operating fund.

<sup>4</sup> Funding is removed for 3 FTE positions, including 1 FTE position removed in the executive budget and 2 FTE positions removed in the revised executive budget.

<sup>5</sup> Base level funding is adjusted as follows:

|   | <u>General<br/>Fund</u> | <u>Other<br/>Funds</u> | <u>Total</u> |
|---|-------------------------|------------------------|--------------|
| Information technology operating expenses | \$118,956               | \$0                    | \$118,956    |
| Other operating expenses                  | (62,100)                | 25,000                 | (37,100)     |
| Total                                     | \$56,856                | \$25,000               | \$81,856     |

<sup>6</sup> Funding is provided from the Secretary of State's general services operating fund for operational increases related to hosting and maintenance expenses for the North Dakota central indexing system.

<sup>7</sup> Funding is reduced for election reform, including reductions for information technology data processing, information technology contractual services and repairs, and professional service fees to provide a total appropriation of \$1,192,862 for election reform.

This amendment also adds a section detailing the amount of funding provided to the agency for employee health insurance premium increases.

### House Bill No. 1002 - Public Printing - House Action

|                       | <u>Base<br/>Budget</u> | <u>House<br/>Changes</u> | <u>House<br/>Version</u> |
|-----------------------|------------------------|--------------------------|--------------------------|
| Public printing       | \$290,045              | (\$1,595)                | \$288,450                |
| Total all funds       | \$290,045              | (\$1,595)                | \$288,450                |
| Less estimated income | 0                      | 0                        | 0                        |

|              |           |           |           |
|--------------|-----------|-----------|-----------|
| General fund | \$290,045 | (\$1,595) | \$288,450 |
| FTE          | 0.00      | 0.00      | 0.00      |

**Department No. 109 - Public Printing - Detail of House Changes**

|                       | <b>Reduces<br/>Funding for<br/>Public<br/>Printing<sup>1</sup></b> | <b>Total House<br/>Changes</b> |
|-----------------------|--|--------------------------------|
| Public printing       | (\$1,595)  | (\$1,595)                      |
| Total all funds       | (\$1,595)  | (\$1,595)                      |
| Less estimated income | 0  | 0                              |
| General fund          | (\$1,595)  | (\$1,595)                      |
| FTE                   | 0.00   | 0.00                           |

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<sup>1</sup> Public printing funding is reduced by \$1,595 to provide a total appropriation for public printing of \$288,450.

17.0487.01002  
Title.

Prepared by the Legislative Council staff for  
House Appropriations - Education and  
Environment Division Committee  
February 7, 2017

Fiscal No. 2

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1002

Page 1, line 2, after "printing" insert "and to amend and reenact section 54-09-08 of the North Dakota Century Code, relating to the secretary of state's general services operating fund"

Page 1, remove lines 14 through 23

Page 2, replace lines 1 through 11 with:

|                                |                  |                    |                  |
|--------------------------------|------------------|--------------------|------------------|
| "Salaries and wages            | \$4,903,514      | (\$501,144)        | \$4,402,370      |
| Operating expenses             | 2,053,162        | 607,856            | 2,661,018        |
| Petition review                | 8,000            | 0                  | 8,000            |
| Election reform                | <u>2,703,535</u> | <u>(1,510,673)</u> | <u>1,192,862</u> |
| Total all funds                | \$9,668,211      | (\$1,403,961)      | \$8,264,250      |
| Less estimated income          | <u>3,583,536</u> | <u>(995,997)</u>   | <u>2,587,539</u> |
| Total general fund             | \$6,084,675      | (\$407,964)        | \$5,676,711      |
| Full-time equivalent positions | 34.00            | (3.00)             | 31.00            |

Subdivision 2.

SECRETARY OF STATE - PUBLIC PRINTING

|                    | Base Level       | Adjustments or<br>Enhancements | Appropriation    |
|--------------------|------------------|--------------------------------|------------------|
| Public printing    | <u>\$290,045</u> | <u>(\$1,595)</u>               | <u>\$288,450</u> |
| Total general fund | \$290,045        | (\$1,595)                      | \$288,450        |

Subdivision 3.

BILL TOTAL

|                           | Base Level       | Adjustments or<br>Enhancements | Appropriation    |
|---------------------------|------------------|--------------------------------|------------------|
| Grand total general fund  | \$6,374,720      | (\$409,559)                    | \$5,965,161      |
| Grand total special funds | <u>3,583,536</u> | <u>(995,997)</u>               | <u>2,587,539</u> |
| Grand total all funds     | \$9,958,256      | (\$1,405,556)                  | \$8,552,700      |

**SECTION 2. HEALTH INSURANCE INCREASE.** The appropriation in subdivision 1 of section 1 of this Act includes the sum of \$94,446, of which \$91,588 is from the general fund, for increases in employee health insurance premiums from \$1,130 to \$1,249 per month."

Page 2, after line 16, insert:

**"SECTION 4. AMENDMENT.** Section 54-09-08 of the North Dakota Century Code is amended and reenacted as follows:

**54-09-08. Secretary of state's general services operating fund.**

The secretary of state's general services operating fund is a special fund in the state treasury. Moneys in the fund are to be used pursuant to legislative appropriations for the provision of services under section 16.1-02-15, subsection 4 of section 41-09-94, subsection 5 of section 41-09-96, subsection 7 of section 54-09-04, and sections 10-35-33, 54-09-10, and 54-09-11. ~~At the close of each biennium, the secretary of state shall transfer any unobligated balance remaining in the fund exceeding seventy five thousand dollars to the general fund."~~

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1002 - Summary of House Action**

|                       | <b>Base Budget</b> | <b>House Changes</b> | <b>House Version</b> |
|-----------------------|--------------------|----------------------|----------------------|
| Secretary of State    |                    |                      |                      |
| Total all funds       | \$9,668,211        | (\$1,403,961)        | \$8,264,250          |
| Less estimated income | 3,583,536          | (995,997)            | 2,587,539            |
| General fund          | <u>\$6,084,675</u> | <u>(\$407,964)</u>   | <u>\$5,676,711</u>   |
| Public Printing       |                    |                      |                      |
| Total all funds       | \$290,045          | (\$1,595)            | \$288,450            |
| Less estimated income | 0                  | 0                    | 0                    |
| General fund          | <u>\$290,045</u>   | <u>(\$1,595)</u>     | <u>\$288,450</u>     |
| Bill total            |                    |                      |                      |
| Total all funds       | \$9,958,256        | (\$1,405,556)        | \$8,552,700          |
| Less estimated income | 3,583,536          | (995,997)            | 2,587,539            |
| General fund          | <u>\$6,374,720</u> | <u>(\$409,559)</u>   | <u>\$5,965,161</u>   |

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

|                       | <b>Base Budget</b> | <b>House Changes</b> | <b>House Version</b> |
|-----------------------|--------------------|----------------------|----------------------|
| Salaries and wages    | \$4,903,514        | (\$501,144)          | \$4,402,370          |
| Operating expenses    | 2,053,162          | 607,856              | 2,661,018            |
| Petition review       | 8,000              |                      | 8,000                |
| Election reform       | <u>2,703,535</u>   | <u>(1,510,673)</u>   | <u>1,192,862</u>     |
| Total all funds       | \$9,668,211        | (\$1,403,961)        | \$8,264,250          |
| Less estimated income | 3,583,536          | (995,997)            | 2,587,539            |
| General fund          | \$6,084,675        | (\$407,964)          | \$5,676,711          |
| FTE                   | 34.00              | (3.00)               | 31.00                |

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

|                       | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds<br>Funding for<br>Health<br>Insurance<br>Increases <sup>2</sup> | Adjusts<br>Funding for<br>Overtime<br>and<br>Temporary<br>Salaries <sup>3</sup> | Removes<br>3 FTE<br>Positions <sup>4</sup> | Adjusts<br>Base Level<br>Funding <sup>5</sup> | Adds<br>Funding for<br>Central<br>Indexing<br>System <sup>6</sup> |
|-----------------------|--|--|---|--|---|---|
| Salaries and wages    | (\$274,637)  | \$91,584   |   | (\$318,091)                                |   |   |
| Operating expenses    |  |  |   |  | 81,856  | 526,000   |
| Petition review       |  |  |   |  |   |   |
| Election reform       | 2,792  | 2,862  |   |  |   |   |
| Total all funds       | (\$271,845)  | \$94,446   | \$0   | (\$318,091)                                | \$81,856                                      | \$526,000   |
| Less estimated income | (202,484)  | 2,858  | 50,000  | 0  | 143,956                                       | 526,000   |
| General fund          | (\$69,361)   | \$91,588   | (\$50,000)  | (\$318,091)                                | (\$62,100)                                    | \$0   |
| FTE                   | 0.00   | 0.00   | 0.00  | (3.00)                                     | 0.00  | 0.00  |

|                       | Reduces<br>Funding for<br>Election<br>Reform <sup>7</sup> | Total House<br>Changes |
|-----------------------|---|------------------------|
| Salaries and wages    |   | (\$501,144)            |
| Operating expenses    |   | 607,856                |
| Petition review       |   |                        |
| Election reform       | (1,516,327)   | (1,510,673)            |
| Total all funds       | (\$1,516,327)   | (\$1,403,961)          |
| Less estimated income | (1,516,327)   | (995,997)              |
| General fund          | \$0   | (\$407,964)            |
| FTE                   | 0.00  | (3.00)                 |

<sup>1</sup> Funding is adjusted for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.

<sup>2</sup> Funding is added for increases in health insurance premiums from \$1,130 to \$1,249 per month.

<sup>3</sup> Funding is adjusted for overtime and temporary salaries to provide a decrease from the general fund of \$50,000 and an increase of \$50,000 from the Secretary of State's general services operating fund.

<sup>4</sup> Funding is removed for 3 FTE positions, including 1 FTE position removed in the executive budget and 2 FTE positions removed in the revised executive budget.

<sup>5</sup> Base level funding is adjusted as follows:

|   | General<br>Fund | Other<br>Funds | Total     |
|---|-----------------|----------------|-----------|
| Information technology operating expenses | \$0             | \$118,956      | \$118,956 |
| Other operating expenses                  | (62,100)        | 25,000         | (37,100)  |
| Total                                     | (\$62,100)      | \$143,956      | \$81,856  |

<sup>6</sup> Funding is provided from the Secretary of State's general services operating fund for operational increases related to hosting and maintenance expenses for the North Dakota central indexing system.

<sup>7</sup> Funding is reduced for election reform, including reductions for information technology data processing, information technology contractual services and repairs, and professional service fees to provide a total appropriation of \$1,192,862 for election reform.



This amendment also adds a section detailing the amount of funding provided to the agency for employee health insurance premium increases.

**House Bill No. 1002 - Public Printing - House Action**

|                       | <b>Base Budget</b> | <b>House Changes</b> | <b>House Version</b> |
|-----------------------|--------------------|----------------------|----------------------|
| Public printing       | \$290,045          | (\$1,595)            | \$288,450            |
| Total all funds       | \$290,045          | (\$1,595)            | \$288,450            |
| Less estimated income | 0                  | 0                    | 0                    |
| General fund          | \$290,045          | (\$1,595)            | \$288,450            |
| FTE                   | 0.00               | 0.00                 | 0.00                 |

**Department No. 109 - Public Printing - Detail of House Changes**

|                       | <b>Reduces Funding for Public Printing<sup>1</sup></b> | <b>Total House Changes</b> |
|-----------------------|--|----------------------------|
| Public printing       | (\$1,595)  | (\$1,595)                  |
| Total all funds       | (\$1,595)  | (\$1,595)                  |
| Less estimated income | 0  | 0                          |
| General fund          | (\$1,595)  | (\$1,595)                  |
| FTE                   | 0.00   | 0.00                       |

<sup>1</sup> Public printing funding is reduced by \$1,595 to provide a total appropriation for public printing of \$288,450.

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 2/17/17  
 184

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1002

Page 1, line 2, after "printing" insert "; and to provide an exemption"

Page 1, remove lines 14 through 23

Page 2, replace lines 1 through 11 with:

|                                |                  |                    |                  |
|--------------------------------|------------------|--------------------|------------------|
| "Salaries and wages            | 4,903,514        | (\$501,144)        | \$4,402,370      |
| Operating expenses             | 2,053,162        | 607,856            | 2,661,018        |
| Petition review                | 8,000            | 0                  | 8,000            |
| Election reform                | <u>2,703,535</u> | <u>(1,510,673)</u> | <u>1,192,862</u> |
| Total all funds                | \$9,668,211      | (\$1,403,961)      | \$8,264,250      |
| Less estimated income          | <u>3,583,536</u> | <u>(995,997)</u>   | <u>2,587,539</u> |
| Total general fund             | \$6,084,675      | (\$407,964)        | \$5,676,711      |
| Full-time equivalent positions | 34.00            | (3.00)             | 31.00            |

Subdivision 2.

SECRETARY OF STATE - PUBLIC PRINTING

|                    | Base Level       | Adjustments or Enhancements | Appropriation    |
|--------------------|------------------|-----------------------------|------------------|
| Public printing    | <u>\$290,045</u> | <u>(\$1,595)</u>            | <u>\$288,450</u> |
| Total general fund | \$290,045        | (\$1,595)                   | \$288,450        |

Subdivision 3.

BILL TOTAL

|                           | Base Level       | Adjustments or Enhancements | Appropriation    |
|---------------------------|------------------|-----------------------------|------------------|
| Grand total general fund  | \$6,374,720      | (\$409,559)                 | \$5,965,161      |
| Grand total special funds | <u>3,583,536</u> | <u>(995,997)</u>            | <u>2,587,539</u> |
| Grand total all funds     | \$9,958,256      | (\$1,405,556)               | \$8,552,700      |

**SECTION 2. HEALTH INSURANCE INCREASE.** The appropriation in subdivision 1 of section 1 of this Act includes the sum of \$94,446, of which \$91,588 is from the general fund, for increases in employee health insurance premiums from \$1,130 to \$1,249 per month."

Page 2, after line 16, insert:

**"SECTION 4. EXEMPTION - GENERAL SERVICES OPERATING FUND.** Any unexpended and unobligated balance remaining in the secretary of state's general services operating fund on June 30, 2017, is not subject to the provisions of section 54-09-08, and any unexpended funds are available and may be expended by the secretary of state during the biennium beginning July 1, 2017, and ending June 30, 2019."

Re-number accordingly

2024

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1002 - Summary of House Action**

|                       | Base Budget | House Changes | House Version |
|-----------------------|-------------|---------------|---------------|
| Secretary of State    |             |               |               |
| Total all funds       | \$9,668,211 | (\$1,403,961) | \$8,264,250   |
| Less estimated income | 3,583,536   | (995,997)     | 2,587,539     |
| General fund          | \$6,084,675 | (\$407,964)   | \$5,676,711   |
| Public Printing       |             |               |               |
| Total all funds       | \$290,045   | (\$1,595)     | \$288,450     |
| Less estimated income | 0           | 0             | 0             |
| General fund          | \$290,045   | (\$1,595)     | \$288,450     |
| Bill total            |             |               |               |
| Total all funds       | \$9,958,256 | (\$1,405,556) | \$8,552,700   |
| Less estimated income | 3,583,536   | (995,997)     | 2,587,539     |
| General fund          | \$6,374,720 | (\$409,559)   | \$5,965,161   |

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

|                       | Base Budget | House Changes | House Version |
|-----------------------|-------------|---------------|---------------|
| Salaries and wages    | \$4,903,514 | (\$501,144)   | \$4,402,370   |
| Operating expenses    | 2,053,162   | 607,856       | 2,661,018     |
| Petition review       | 8,000       |               | 8,000         |
| Election reform       | 2,703,535   | (1,510,673)   | 1,192,862     |
| Total all funds       | \$9,668,211 | (\$1,403,961) | \$8,264,250   |
| Less estimated income | 3,583,536   | (995,997)     | 2,587,539     |
| General fund          | \$6,084,675 | (\$407,964)   | \$5,676,711   |
| FTE                   | 34.00       | (3.00)        | 31.00         |

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

|                       | Adjusts Funding for Base Payroll Changes <sup>1</sup> | Adds Funding for Health Insurance Increases <sup>2</sup> | Adjusts Funding for Overtime and Temporary Salaries <sup>3</sup> | Removes 3 FTE Positions <sup>4</sup> | Adjusts Base Level Funding <sup>5</sup> | Adds Funding for Central Indexing System <sup>6</sup> |
|-----------------------|---|--|--|--------------------------------------|---|---|
| Salaries and wages    | (\$274,637)   | \$91,584   |  | (\$318,091)                          |   |   |
| Operating expenses    |   |  |  |                                      | 81,856                                  | 526,000   |
| Petition review       |   |  |  |                                      |   |   |
| Election reform       | 2,792   | 2,862  |  |                                      |   |   |
| Total all funds       | (\$271,845)   | \$94,446   | \$0  | (\$318,091)                          | \$81,856                                | \$526,000   |
| Less estimated income | (202,484)   | 2,858  | 50,000   | 0                                    | 143,956                                 | 526,000   |
| General fund          | (\$69,361)  | \$91,588   | (\$50,000)   | (\$318,091)                          | (\$62,100)                              | \$0   |
| FTE                   | 0.00  | 0.00   | 0.00   | (3.00)                               | 0.00                                    | 0.00  |

|                       | Reduces Funding for Election Reform <sup>7</sup> | Total House Changes |
|-----------------------|--|---------------------|
| Salaries and wages    |  | (\$501,144)         |
| Operating expenses    |  | 607,856             |
| Petition review       |  |                     |
| Election reform       | (1,516,327)                                      | (1,510,673)         |
| Total all funds       | (\$1,516,327)                                    | (\$1,403,961)       |
| Less estimated income | (1,516,327)                                      | (995,997)           |
| General fund          | \$0  | (\$407,964)         |
| FTE                   | 0.00   | (3.00)              |

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<sup>1</sup> Funding is adjusted for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.

<sup>2</sup> Funding is added for increases in health insurance premiums from \$1,130 to \$1,249 per month.

<sup>3</sup> Funding is adjusted for overtime and temporary salaries to provide a decrease from the general fund of \$50,000 and an increase of \$50,000 from the Secretary of State's general services operating fund.

<sup>4</sup> Funding is removed for 3 FTE positions, including 1 FTE position removed in the executive budget and 2 FTE positions removed in the revised executive budget.

<sup>5</sup> Base level funding is adjusted as follows:

|   | General<br>Fund | Other<br>Funds | Total     |
|---|-----------------|----------------|-----------|
| Information technology operating expenses | \$0             | \$118,956      | \$118,956 |
| Other operating expenses                  | (62,100)        | 25,000         | (37,100)  |
| Total                                     | (\$62,100)      | \$143,956      | \$81,856  |

<sup>6</sup> Funding is provided from the Secretary of State's general services operating fund for operational increases related to hosting and maintenance expenses for the North Dakota central indexing system.

<sup>7</sup> Funding is reduced for election reform, including reductions for information technology data processing, information technology contractual services and repairs, and professional service fees to provide a total appropriation of \$1,192,862 for election reform.

This amendment also adds:

- A section detailing the amount of funding provided to the agency for employee health insurance premium increases.
- A section providing an exemption for the Secretary of State's general services operating fund to allow any unexpended and unobligated balance on June 30, 2017, to remain in the fund and be expended by the Secretary of State during the 2017-19 biennium rather than the unobligated balance exceeding \$75,000 to be transferred to the general fund.

**House Bill No. 1002 - Public Printing - House Action**

|                       | Base<br>Budget | House<br>Changes | House<br>Version |
|-----------------------|----------------|------------------|------------------|
| Public printing       | \$290,045      | (\$1,595)        | \$288,450        |
| Total all funds       | \$290,045      | (\$1,595)        | \$288,450        |
| Less estimated income | 0              | 0                | 0                |
| General fund          | \$290,045      | (\$1,595)        | \$288,450        |
| FTE                   | 0.00           | 0.00             | 0.00             |

**Department No. 109 - Public Printing - Detail of House Changes**

|                       | Reduces<br>Funding for<br>Public Printing <sup>1</sup> | Total House<br>Changes |
|-----------------------|--|------------------------|
| Public printing       | (\$1,595)  | (\$1,595)              |
| Total all funds       | (\$1,595)  | (\$1,595)              |
| Less estimated income | 0  | 0                      |
| General fund          | (\$1,595)  | (\$1,595)              |
| FTE                   | 0.00   | 0.00                   |

<sup>1</sup> Public printing funding is reduced by \$1,595 to provide a total appropriation for public printing of \$288,450.

4024

Date: 1-4-17  
 Roll Call Vote #: 1

**2017 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. "Enter Bill/Resolution No." HB1002/1062**

House Appropriations - Education and Environment Division Committee

Subcommittee

Amendment LC# or Description: To amend bill 1062 to carry over excess funds

- 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 Martinson Seconded By Representative Schatz

| Representatives       | Yes | No | Representatives | Yes | No |
|-----------------------|-----|----|-----------------|-----|----|
| Chairman Monson       |     |    | Rep Boe         |     |    |
| Vice Chairman Streyle |     |    |                 |     |    |
| Rep Martinson         |     |    |                 |     |    |
| Rep Sanford           |     |    |                 |     |    |
| Rep Schatz            |     |    |                 |     |    |
| Rep Schmidt           |     |    |                 |     |    |
|                       |     |    |                 |     |    |
|                       |     |    |                 |     |    |
|                       |     |    |                 |     |    |
|                       |     |    |                 |     |    |
|                       |     |    |                 |     |    |
|                       |     |    |                 |     |    |
|                       |     |    |                 |     |    |

*Voice Vote.  
 Motion Passed.*

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent: to amend bill <sup>1002</sup> 1002 to allow Secretary of state to carry over excess funds on page 25 of bill 1062

**2017 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. HB 1002**

House Appropriations Committee

Subcommittee

Amendment LC# or Description: 17.0487.01001

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 Sanford    Seconded By Representative Schatz

| Representatives          | Yes | No | Representatives | Yes | No |
|--------------------------|-----|----|-----------------|-----|----|
| Chairman Monson          | X   |    |                 |     |    |
| Representative Streyle   | X   |    |                 |     |    |
| Representative Martinson | X   |    |                 |     |    |
| Representative Sanford   | X   |    |                 |     |    |
| Representative Schatz    | X   |    |                 |     |    |
| Representative Schmidt   | X   |    |                 |     |    |
|                          |     |    |                 |     |    |
|                          |     |    |                 |     |    |
|                          |     |    |                 |     |    |
| Representative Boe       | X   |    |                 |     |    |
|                          |     |    |                 |     |    |
|                          |     |    |                 |     |    |
|                          |     |    |                 |     |    |

Total    (Yes) 7    No 0

Absent 0

Floor Assignment \_\_\_\_\_

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

**Motion Carries**

**2017 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. HB 1002**

House Appropriations Committee

Subcommittee

Amendment LC# or Description: 17.0487.01002

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 Sanford    Seconded By Representative Schatz

| <b>Representatives</b>   | <b>Yes</b> | <b>No</b> | <b>Representatives</b> | <b>Yes</b> | <b>No</b> |
|--------------------------|------------|-----------|------------------------|------------|-----------|
| Chairman Monson          | X          |           |                        |            |           |
| Representative Streyle   | X          |           |                        |            |           |
| Representative Martinson | X          |           |                        |            |           |
| Representative Sanford   | X          |           |                        |            |           |
| Representative Schatz    | X          |           |                        |            |           |
| Representative Schmidt   | X          |           |                        |            |           |
|                          |            |           |                        |            |           |
|                          |            |           |                        |            |           |
|                          |            |           |                        |            |           |
| Representative Boe       | X          |           |                        |            |           |
|                          |            |           |                        |            |           |
|                          |            |           |                        |            |           |
|                          |            |           |                        |            |           |

Total    (Yes) 7    No 0

Absent 0

Floor Assignment Representative Sanford

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

**Motion Carries**



Date: 2/14/2017  
 Roll Call Vote #: 1

**2017 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. 1002**

House Appropriations Committee

Subcommittee

Amendment LC# or Description: 17.0487.01002 Along with changes to Section 2

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 Sanford    Seconded By Representative Monson

| Representatives            | Yes | No | Representatives        | Yes | No |
|----------------------------|-----|----|------------------------|-----|----|
| Chairman Delzer            |     |    |                        |     |    |
| Representative Kempenich   |     |    | Representative Streyle |     |    |
| Representative: Boehning   |     |    | Representative Vigesaa |     |    |
| Representative: Brabandt   |     |    |                        |     |    |
| Representative Brandenburg |     |    |                        |     |    |
| Representative Kading      |     |    | Representative Boe     |     |    |
| Representative Kreidt      |     |    | Representative Delmore |     |    |
| Representative Martinson   |     |    | Representative Holman  |     |    |
| Representative Meier       |     |    |                        |     |    |
| Representative Monson      |     |    |                        |     |    |
| Representative Nathe       |     |    |                        |     |    |
| Representative J. Nelson   |     |    |                        |     |    |
| Representative Pollert     |     |    |                        |     |    |
| Representative Sanford     |     |    |                        |     |    |
| Representative Schatz      |     |    |                        |     |    |
| Representative Schmidt     |     |    |                        |     |    |

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

**Motion Carries**

Date: 2/14/2017  
 Roll Call Vote #: 2

**2017 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. 1002**

House 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 Representative Sanford Seconded By Representative Monson

| Representatives            | Yes      | No | Representatives        | Yes      | No |
|----------------------------|----------|----|------------------------|----------|----|
| Chairman Delzer            | X        |    |                        |          |    |
| Representative Kempenich   | X        |    | Representative Streyle | X        |    |
| Representative: Boehning   | X        |    | Representative Vigesaa | X        |    |
| Representative: Brabandt   | X        |    |                        |          |    |
| Representative Brandenburg | X        |    |                        |          |    |
| Representative Kading      | X        |    | Representative Boe     | <i>A</i> |    |
| Representative Kreidt      | <i>A</i> |    | Representative Delmore | X        |    |
| Representative Martinson   | X        |    | Representative Holman  | X        |    |
| Representative Meier       | X        |    |                        |          |    |
| Representative Monson      | X        |    |                        |          |    |
| Representative Nathe       | X        |    |                        |          |    |
| Representative J. Nelson   | X        |    |                        |          |    |
| Representative Pollert     | X        |    |                        |          |    |
| Representative Sanford     | X        |    |                        |          |    |
| Representative Schatz      | X        |    |                        |          |    |
| Representative Schmidt     | X        |    |                        |          |    |

Total (Yes) 19 No 0

Absent 2

Floor Assignment Representative Sanford

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

**Motion Carries**

**REPORT OF STANDING COMMITTEE**

**HB 1002: Appropriations Committee (Rep. Delzer, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (19 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1002 was placed on the Sixth order on the calendar.

Page 1, line 2, after "printing" insert "; and to provide an exemption"

Page 1, remove lines 14 through 23

Page 2, replace lines 1 through 11 with:

|                                |                  |                    |                  |
|--------------------------------|------------------|--------------------|------------------|
| "Salaries and wages            | \$4,903,514      | (\$501,144)        | \$4,402,370      |
| Operating expenses             | 2,053,162        | 607,856            | 2,661,018        |
| Petition review                | 8,000            | 0                  | 8,000            |
| Election reform                | <u>2,703,535</u> | <u>(1,510,673)</u> | <u>1,192,862</u> |
| Total all funds                | \$9,668,211      | (\$1,403,961)      | \$8,264,250      |
| Less estimated income          | <u>3,583,536</u> | <u>(995,997)</u>   | <u>2,587,539</u> |
| Total general fund             | \$6,084,675      | (\$407,964)        | \$5,676,711      |
| Full-time equivalent positions | 34.00            | (3.00)             | 31.00            |

Subdivision 2.

**SECRETARY OF STATE - PUBLIC PRINTING**

|                    | Base Level       | Adjustments or Enhancements | Appropriation    |
|--------------------|------------------|-----------------------------|------------------|
| Public printing    | <u>\$290,045</u> | <u>(\$1,595)</u>            | <u>\$288,450</u> |
| Total general fund | \$290,045        | (\$1,595)                   | \$288,450        |

Subdivision 3.

**BILL TOTAL**

|                           | Base Level       | Adjustments or Enhancements | Appropriation    |
|---------------------------|------------------|-----------------------------|------------------|
| Grand total general fund  | \$6,374,720      | (\$409,559)                 | \$5,965,161      |
| Grand total special funds | <u>3,583,536</u> | <u>(995,997)</u>            | <u>2,587,539</u> |
| Grand total all funds     | \$9,958,256      | (\$1,405,556)               | \$8,552,700      |

**SECTION 2. HEALTH INSURANCE INCREASE.** The appropriation in subdivision 1 of section 1 of this Act includes the sum of \$94,446, of which \$91,588 is from the general fund, for increases in employee health insurance premiums from \$1,130 to \$1,249 per month."

Page 2, after line 16, insert:

**"SECTION 4. EXEMPTION - GENERAL SERVICES OPERATING FUND.**

Any unexpended and unobligated balance remaining in the secretary of state's general services operating fund on June 30, 2017, is not subject to the provisions of section 54-09-08, and any unexpended funds are available and may be expended by the secretary of state during the biennium beginning July 1, 2017, and ending June 30, 2019."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1002 - Summary of House Action**

Base  House  House

|                       | Budget      | Changes       | Version     |
|-----------------------|-------------|---------------|-------------|
| Secretary of State    |             |               |             |
| Total all funds       | \$9,668,211 | (\$1,403,961) | \$8,264,250 |
| Less estimated income | 3,583,536   | (995,997)     | 2,587,539   |
| General fund          | \$6,084,675 | (\$407,964)   | \$5,676,711 |
| Public Printing       |             |               |             |
| Total all funds       | \$290,045   | (\$1,595)     | \$288,450   |
| Less estimated income | 0           | 0             | 0           |
| General fund          | \$290,045   | (\$1,595)     | \$288,450   |
| Bill total            |             |               |             |
| Total all funds       | \$9,958,256 | (\$1,405,556) | \$8,552,700 |
| Less estimated income | 3,583,536   | (995,997)     | 2,587,539   |
| General fund          | \$6,374,720 | (\$409,559)   | \$5,965,161 |

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

|                       | Base Budget | House Changes | House Version |
|-----------------------|-------------|---------------|---------------|
| Salaries and wages    | \$4,903,514 | (\$501,144)   | \$4,402,370   |
| Operating expenses    | 2,053,162   | 607,856       | 2,661,018     |
| Petition review       | 8,000       |               | 8,000         |
| Election reform       | 2,703,535   | (1,510,673)   | 1,192,862     |
| Total all funds       | \$9,668,211 | (\$1,403,961) | \$8,264,250   |
| Less estimated income | 3,583,536   | (995,997)     | 2,587,539     |
| General fund          | \$6,084,675 | (\$407,964)   | \$5,676,711   |
| FTE                   | 34.00       | (3.00)        | 31.00         |

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

|                       | Adjusts Funding for Base Payroll Changes <sup>1</sup> | Adds Funding for Health Insurance Increases <sup>2</sup> | Adjusts Funding for Overtime and Temporary Salaries <sup>3</sup> | Removes 3 FTE Positions <sup>4</sup> | Adjusts Base Level Funding <sup>5</sup> | Adds Funding for Central Indexing System <sup>6</sup> |
|-----------------------|---|--|--|--------------------------------------|---|---|
| Salaries and wages    | (\$274,637)   | \$91,584   |  | (\$318,091)                          |   |   |
| Operating expenses    |   |  |  |                                      | 81,856                                  | 526,000   |
| Petition review       |   |  |  |                                      |   |   |
| Election reform       | 2,792   | 2,862  |  |                                      |   |   |
| Total all funds       | (\$271,845)   | \$94,446   | \$0  | (\$318,091)                          | \$81,856                                | \$526,000   |
| Less estimated income | (202,484)   | 2,858  | 50,000   | 0                                    | 143,956                                 | 526,000   |
| General fund          | (\$69,361)  | \$91,588   | (\$50,000)   | (\$318,091)                          | (\$62,100)                              | \$0   |
| FTE                   | 0.00  | 0.00   | 0.00   | (3.00)                               | 0.00                                    | 0.00  |

|                       | Reduces Funding for Election Reform <sup>7</sup> | Total House Changes |
|-----------------------|--|---------------------|
| Salaries and wages    |  | (\$501,144)         |
| Operating expenses    |  | 607,856             |
| Petition review       |  |                     |
| Election reform       | (1,516,327)                                      | (1,510,673)         |
| Total all funds       | (\$1,516,327)                                    | (\$1,403,961)       |
| Less estimated income | (1,516,327)                                      | (995,997)           |
| General fund          | \$0  | (\$407,964)         |
| FTE                   | 0.00   | (3.00)              |

<sup>1</sup> Funding is adjusted for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.

<sup>2</sup> Funding is added for increases in health insurance premiums from \$1,130 to \$1,249 per month.

<sup>3</sup> Funding is adjusted for overtime and temporary salaries to provide a decrease from the general fund of \$50,000 and an increase of \$50,000 from the Secretary of State's general

services operating fund.

<sup>4</sup> Funding is removed for 3 FTE positions, including 1 FTE position removed in the executive budget and 2 FTE positions removed in the revised executive budget.

<sup>5</sup> Base level funding is adjusted as follows:

|   | General Fund | Other Funds | Total     |
|---|--------------|-------------|-----------|
| Information technology operating expenses | \$0          | \$118,956   | \$118,956 |
| Other operating expenses                  | (62,100)     | 25,000      | (37,100)  |
| Total                                     | (\$62,100)   | \$143,956   | \$81,856  |

<sup>6</sup> Funding is provided from the Secretary of State's general services operating fund for operational increases related to hosting and maintenance expenses for the North Dakota central indexing system.

<sup>7</sup> Funding is reduced for election reform, including reductions for information technology data processing, information technology contractual services and repairs, and professional service fees to provide a total appropriation of \$1,192,862 for election reform.

This amendment also adds:

- A section detailing the amount of funding provided to the agency for employee health insurance premium increases.
- A section providing an exemption for the Secretary of State's general services operating fund to allow any unexpended and unobligated balance on June 30, 2017, to remain in the fund and be expended by the Secretary of State during the 2017-19 biennium rather than the unobligated balance exceeding \$75,000 to be transferred to the general fund.

**House Bill No. 1002 - Public Printing - House Action**

|                       | Base Budget | House Changes | House Version |
|-----------------------|-------------|---------------|---------------|
| Public printing       | \$290,045   | (\$1,595)     | \$288,450     |
| Total all funds       | \$290,045   | (\$1,595)     | \$288,450     |
| Less estimated income | 0           | 0             | 0             |
| General fund          | \$290,045   | (\$1,595)     | \$288,450     |
| FTE                   | 0.00        | 0.00          | 0.00          |

**Department No. 109 - Public Printing - Detail of House Changes**

|                       | Reduces Funding for Public Printing <sup>1</sup> | Total House Changes |
|-----------------------|--|---------------------|
| Public printing       | (\$1,595)  | (\$1,595)           |
| Total all funds       | (\$1,595)  | (\$1,595)           |
| Less estimated income | 0  | 0                   |
| General fund          | (\$1,595)  | (\$1,595)           |
| FTE                   | 0.00   | 0.00                |

<sup>1</sup> Public printing funding is reduced by \$1,595 to provide a total appropriation for public printing of \$288,450.

**2017 SENATE APPROPRIATIONS**

**HB 1002**

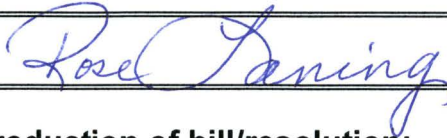
# 2017 SENATE STANDING COMMITTEE MINUTES

**Appropriations Committee**  
Harvest Room, State Capitol

HB 1002  
3/2/2017  
Job # 28588

- Subcommittee  
 Conference Committee

Committee Clerk Signature



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

To provide an appropriation for defraying the expenses of the office of the secretary of state and public printing.

## Minutes:

Testimony Attached # 1 - 2.

**Legislative Council: Levi Kinnischtzke**  
**OMB: Stephanie Gullickson**

**Chairman Holmberg** called the committee to order on HB 1002. Roll call was taken. All members were present.

Sub-committee: **Senator Hogue, Senator Erbele and Senator Grabinger:**

**Al Jaeger, Secretary of State, State of North Dakota**  
Testimony Attached # 1.

Page 4 – He is asking the committee to make an amendment allowing the Secretary of State's office to charge fees for information requested of his office. They would charge people based on actual cost but have discovered that it seems to cause some confusion for their customers and takes a lot of time to figure what the actual costs are. This puts them back prior to the 2013 session and that would be a flat fee of \$40 for information requests, plus 50 cents a page after that.

(26:55) **Chairman Holmberg:** Could you expand on the Secretary of States' request asking for \$165,000 of general fund money for temporary salaries? The Governor recommended \$50,000 of special fund. How are those two related to each other and where does the special fund money come from?

**Al Jaeger:** When you give the appropriation, you're also giving me a general fund appropriation and also giving me spending authority for the special fund. In the bill, it shows as operating. That operating line is extended into both the general fund and special fund. I have a spreadsheet that has the total combined appropriation with a separate column for each the special and general fund. We are able to make transfers between those lines. I

can't transfer from operating to salaries without going to the emergency commission. If I don't have the general fund to take care of certain services, I'm able to use the special fund.

**Chairman Holmberg:** Do you delineate elsewhere, for example, you requested \$165 and the Governor recommended \$50. Do you tell us what House did?

**Al Jaeger:** That's request #3 and I will be covering it.

**Senator Krebsbach:** Your special funds come from receipts that you have gotten in registration fees, etc.?

**Al Jaeger:** All of the fees that we receive for business registration goes into the general fund. The new filings, the corporations, the annual reports, all of that goes in. But we have certain things, like corporate filing where the fee is diverted into the general fund. We also have Public Employee Organizations (PEOs) where they do their services. When that law first started, we thought we'd only have maybe 10, but we have well over 100 and we get part of that fee. In our contractor licensing, the demand goes up and down so much, we get a portion of the new applicant fee and also the renewal. A significant portion of our income is tied into the Central Indexing System – another 24-7 services. When a filing is made, we receive a portion of that which is used to maintain that system. I previously said our general fund revenue was \$12M and we're just a bit ahead, that's where all the other fees go in. The bulk of what we have is general fund revenue. And the \$1.1M requesting increased spending authority is for special funds. When I say we're a profit center for the state, we're bringing a lot more into the general fund than you're appropriating to us from the general fund.

**Senator Sorvaag:** Last session, I think we gave you enough temporary in lieu of 2 FTE to implement the computer and all that. Did you use all that temporary amount and how is it tying in?

**Al Jaeger:** We're still using the temporary help. As soon as we have the project timeline so we know when we'll have our updated website. With all the business entities that we have in the annual reports, our hope is that most of those will be done online. Even some basic business filings will be able to be done online, so right now we are still processing paper. That's rather labor intensive. When people file, they don't necessarily always follow all of the instructions and parts are missing. We don't send it back, we make phone calls and tell them they missed something here and help them redo. The software being developed to do your annual report online, will flag any areas uncompleted and notify them. They will not be allowed to submit until the report is filled out completely. I don't know when the project will be completed, but eventually, we won't need as many people as we have now, but we're in a transition phase at the moment.

**Senator Sorvaag:** When do you expect software online? The hope was before last biennium.

**Al Jaeger:** That timeline is being developed now. There was a meeting yesterday or today, so by the time we get to the sub-committees, I'll probably be able to let them know. And you asked what the House did. Governor Dalrymple reduced us by one FTE and Governor Burgum is recommending two reductions. He removed the 1% salary increase and the health



insurance. The House amendments restored the health insurance, moved the funding increase for information technology expenses, removed additional funding and removed funding from salaries. We're asking you to consider our optional requests. That was never a topic of discussion in the House. They were instructed to take our 7%. There was never any discussion about restoring overtime. It was just we have to cut you 7% more below the 90% level.

**Chairman Holmberg:** Did you have input into the 7%?

**Al Jaeger:** We had no choice. Gov. Burgum said two less FTEs. We had to keep drilling down. At one point I said, if you stick with that to the 7%, then I'm going to lose a 3<sup>rd</sup> person. They agreed and then they removed different funding from operating and the funding from salaries. You asked what we'd like to have back, on page 21, the first thing would be the two FTEs and at least some of our overtime.

**Chairman Holmberg:** On page 21, is this a rank order of priorities?

**Al Jaeger:** Yes, but when I talk about the voting system, please don't take that because that's a priority in and of itself. We have a vacancy because of Dalrymple's cut and we haven't filled it. Of that whole list, if we didn't get the FTE back, we would survive. I am more concerned about the overtime and those types of issues. For the voting system, we didn't have the money, so it was not considered.

**Chairman Holmberg:** On the FTEs, are those vacant positions or are those people that will be removed June 30.

**Al Jaeger:** If I don't get the two back, I would have to eliminate two. They are there right now, but I would have to remove them June 30.

**Chairman Holmberg:** On the RFPs (Request for Proposal), is that a drop dead figure?

**Al Jaeger:** The RFP, when it went out, was very clear that all is contingent on funding.

**Chairman Holmberg:** Gave Secretary of State Jaeger kudos on his website and the quickness of the election returns. Practically flawless.

**Al Jaeger** said it wouldn't be too long and the legislature will be considering a voter identification bill. Poll books are only used in a handful of counties. To really make the voter identification process viable and to achieve its full purpose, it would be very helpful to have electronic poll books statewide in every county and every polling location. The voter ID bill is HB 1369 and in the GVA committee.

(51:55) **Donnell Preskey Hushka, Executive Director, ND Association of Counties.**

Testified in favor of HB 1002. Testimony Attached # 2.

Representing the Auditor's Association. She said they want to emphasize that new election equipment is definitely critical infrastructure.

**Senator Dever:** Three questions – Are the 9 & the 3 tied together? What if the equipment fails? Is this something where we can do part of the state now and part the next biennium?

**Donnell Preskey:** Prioritizing the 9 & 3? From the Auditors Association, the \$9M is for the machines – put the ballot in the machine and it counts and collects the information from that ballot. Right now there's a mechanism in that machine that they have an issue with. They can't replace, they can't find other replacements for it and when the machine jams, that causes a lot of people at the polling site kind of question what's going on. It also creates a lot of issues on election day. The auditors would prioritize the \$9M.

Our auditors do rigorous testing on the equipment prior to election day. They run numerous ballots through the machines to see if it will flag any issues. That is when a lot of the problems are being detected. Then they're able to swap out some of the machines they might have on hand or contact another county that might have machines on hand to replace with one of the unused machines. There are some spares right now because a lot of counties have reduced their polling sites and they have gone to vote by mail. That has created an inventory of some spare machines, however the auditors feel we're going to be reaching a moment where the spares are going to be in high demand. The auditors in the state work together on who has extra machines and who doesn't have extra machines.

**Chairman Holmberg:** When I was first elected, there were over 1600 precincts and now there are 432, how much further is that going to drop - in your estimation?

**Donnell Preskey:** That is really a county decision. For instance, in Burleigh County, the auditor has gone to his commission and said we can save money by reducing some of our rural voting sites and do more vote by mail. That has been resisted. It is a county by county decision. It is law that at least one site has to be open on election day.

**Chairman Holmberg:** Closed the hearing on HB 1002.

# 2017 SENATE STANDING COMMITTEE MINUTES

**Appropriations Committee**  
Harvest Room, State Capitol

HB 1002  
3/23/2017  
Job # 29606

Subcommittee  
 Conference Committee

Committee Clerk Signature

*Eva Liebelt for Rose Lanning*

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

To provide an appropriation for defraying the expenses of the office of the secretary of state and public printing.

## Minutes:

Testimony Attached # 1 – 2.

**Legislative Council:** Chris Kadrmas  
**OMB:** Stephanie Gullickson

**Senator Hogue:** Called the sub-committee to order on HB 1002. **Senator Erbele** and **Senator Grabinger** were also present.

**Senator Hogue:** Asked for Chris Kadrmas to walk through the changes the House made to 1002.

**Chris Kadrmas:** Explained the House changes. (:25-2:45)

**Senator Hogue:** Mr. Secretary, I had a couple of questions. I went back and read through your testimony. You had a proposed amendment relating to photocopy fees and you said it arose after the House hearing. Can you talk about that a little bit?

**Al Jaeger, Secretary of State, State of North Dakota:** Yes, I did and we also have another amendment we would like you to consider. It would be helpful if we had the flexibility to charge what it would cost to retrieve information. In practice we found it gets more time consuming to try to calculate a big request versus a little request and CPUs and all of that. We feel it is better to go back to a flat fee so when somebody contacts us we can tell them this is the fee. I do have others here which are my staff, Renae Bloms is my accountant and Jim Silrum is my deputy and John Arnold is director of elections.

**Jim Silrum, Deputy Secretary of State:** From advice from our legal counsel it is difficult for us to determine under current law what is the actual cost to compiling a record. The amendment suggests a change that would allow us to be compliant with our current practices, so we are not out of compliance with the law.

**Senator Hogue:** This isn't a photocopy cost per page item, this is a cost for staff time?

**Al Jaeger:** We have always had set fees. The \$40 is for the query and then there is 50 cents a page which we have always had previously. It is virtually impossible to establish all of that.

**Senator Hogue:** So if I can't find something, I'm doing business records search?

**Al Jaeger:** No, the query, what we are talking about is when we do lists from our data base. So if an individual enquiry like that wouldn't involve anything. This is not for you finding information on one company this is for you wanting to have a list of all of the businesses in Ward County for instance.

**Jim Silrum:** It would also be more often than not we get request for all of the active LLCs in the state or corporations.

**Senator Grabinger:** If we approved this, how many times do you have these queries?

**Al Jaeger:** We have some standing customers that get a list every month.

**Jim Silrum:** On average, 20 requests per month.

**Senator Hogue:** The other part of the budget that we wanted some more information on was the poll books and voting machines. Is that something that can be implemented incrementally over several biennia's?

**Al Jaeger:** The system has to all work together. It cannot be piecemealed. So we either have electronic poll books all at once and we need the voting system all at once. It's all or not. There is the concern about the general fund and as I testified in preparation for this we did our RFPs. In the procurement process we do have two vendors identified but I can't disclose them because of procurement rules. I do have copies of how it was done. What I discovered was when the tax department in 2005 did their software upgrade, their bill shows they were given borrowing authority. I have copies here, see attachment #1. He talked about the bill and what the language says.

Handouts; House Bill 1006 from the Fifty-ninth Legislative Assembly of North Dakota, January 4, 2005, attachment # 1.

**Senator Erbele:** What would be the amount then?

**Al Jaeger:** We need the 12 million because that is on the bids. One of the things we asked with that was normally our budgets are effective July 1 and at least that part, we would like to have the emergency clause because one year from now we will be preparing the equipment for the June election of next year. The people who bid know that this was predicated on us being able to fund it. Do we need to do an RFP for lenders, I don't know? I would have to think with the tax department when that was done, that also had to be the understanding of the people that it is subject to future things. The one thing that we do have is, we would actually have equipment, if you could consider that collateral.

**Senator Hogue:** During the hearing before the full committee, you had alluded to the fact that there was information that you would share with the subcommittee, but didn't want to with the full committee.

**Al Jaeger:** Yes, I didn't want to in the full committee bring up the loan option. I thought it would be better to visit with the subcommittee about that. On the House side they did press me about the number of the bids. The thing we run into is with procurements we have other people and while they are identified as soon as that becomes common knowledge I run into a risk of losing what we have. Once we have the funding we can issue what is called a "Notice of Intent to Award" and so when we do that we start getting the process locked in. I don't want to get a full committee hearing too complicated.

**Senator Grabinger:** How old are the voting machines now?

**Al Jaeger:** They all tied in with the HAVA (Help America Vote Act), so that was passed in 2002. In 2004 the first machines were put in place. This is what the voting machine industry had at the time. In part of our testimony, we went into great detail in terms of some of it is based on XP software that is no longer supported. The new system is all digital, there are no mechanical parts. We're not the only state that is facing this. All states were supposed to have new voting machines by 2006 elections.

**Senator Grabinger:** Is there any federal funding available? They're not used that often is my point and in North Dakota we had 260,000 voters in the last election, 300,000. I'm surprised by the amount of money being requested for the machines and update something that isn't even fifteen years old. For a couple times a year to be used. It just seems like an extravagant purchase.

**Al Jaeger:** You talked about Federal money under the HAVA, we still have money coming about \$2M. We are never going to see that. That is still in the bill but when congress has it in the bill doesn't necessarily mean you are going to get it.

**Senator Grabinger:** Is there a way to go after that or not?

**Al Jaeger:** The Appropriations committee has to appropriate it. It is pretty well known that that is a dead topic, so we can't go there. As to how often its used, they are borrowing parts from other pieces of machinery.

**Jim Silrum:** On behalf of the state, I am on the Voting Systems Standards Board. Part of what we have been fighting for years is the over regulation that exists on voting equipment. Everyone wants to make sure that the voting equipment will tabulate the votes correctly. There are standards that have been required for anyone who proposes a voting system for use in any election across the country. On average, the cost to certify a voting system starts at a million dollars. Many have spent upwards of \$10M. Those costs get passed on to us. We have fought long and hard, but fighting the federal government is an uphill battle. Some is borderline ridiculous. According to the test standards that are put forward the voting machines need to withstand Tasers. We agree with you whole-heartedly that they should not be as expensive as they are.

**Senator Hogue:** The two FTEs and the overtime pay and the interplay between them.

**Al Jaeger:** The one Governor Dalrymple took we can absorb that but the other two are more critical. I have a special fund and so with the overtime we'd like to have spending authority for our salary line and our operating that is enough where we can use our special fund to pay for the overtime and those types of things. On the general fund we would still have to have the 2 FTEs. By the end of the biennium, we will have funds remaining. The governor said to waive the \$75,000 language because it has been waved for the last five sessions. We have income that comes in from different sources for our special fund. We have asked the emergency commission each of the last couple of biennia to raise our spending authority with the special fund. On the special fund you can appropriate \$10M from me but if I only receive \$1M in revenue guess what I get to spend. The main thing is that I have the authority to spend the revenue that I receive and we have expenses that are associated with that. If we had for the special fund a spending authority of \$1.5M and then again if I don't hit that in revenue, I can't spend it. We asked for overtime because if we don't have the overtime my office basically shuts down. We have 11-1200 pending registrations in our office every week and we can do other things with that fund so it doesn't come out of general, but the special fund. (23:42-26:58)

**Senator Hogue:** What is the FTE that will have to be replaced? You said there was one that was vacant and so there is two.

**Al Jaeger:** There were three that were eliminated. The one that Governor Dalrymple, that is a vacant position so we aren't losing a body. The other two, we'd have to reduce by two. If we could get through the biennia, our software program is going well. The executive committee approved the timeline yesterday so by spring of 2018 we should be able to start having annual reports online. In the transition with the software, I have people who are doing regular job plus they are going to be involved in the software.

**Senator Erbele:** In some cases, the House had named people, but they are leaving it up to you? On the spending authority the \$1.5 M that would be for overtime or other stuff too?

**Al Jaeger:** A million for our operating line and 500,000 for the salary line because I can't switch between the lines unless I go to the emergency commission. It would be nice to have that covered so we're in good shape.

**Senator Grabinger:** I was just doing a little math here. You have over four hundred polling sites, correct? On an average how many machines are at each site?

**Jim Silrum:** There is a least one tabulator and one accessible device for people with disabilities so they may vote independently. That is on the voting system side of things but on the electronic poll book side there would need to be one of those poll books for every check-in station that would be in a polling location.

**Senator Grabinger:** When we're talking about changing out the voting machines, you are talking about the ones for the impaired as well as the one you stick the big paper in? So it is just not one machine we are changing a bunch of things.

**Jim Silrum:** Correct and changing out the accessible option is also because over the past decade there has been huge advancements in voting technology for people with disabilities that allow them more privacy and independence. Those machines do desperately need to be replaced as well.

**Al Jaeger:** That is a mandate that we have that option available. Regardless of the number we have to have a voting machine available that they can vote unassisted.

**Senator Grabinger:** Is that an unfunded mandate from the federal government?

**Al Jaeger:** It is the same with accessibility with buildings, etc.

**Senator Hogue:** If a county reduces the number of polling places, does that reduce the cost because it reduces the number of machines?

**Al Jaeger:** I think that has all been calculated. It is already in the bid process. You can have fewer scanners but 33-34 counties vote by mail and so they have to have a polling location open. Here in Bismarck, there are several districts that vote at the civic center but they need the electronic poll book at each check-in stations and they have 8,9,10,12-15 check-in stations so you don't need as many scanners.

**Jim Silrum:** The number of polling locations has been drastically reduced over the years. The RFP process that we went through does accounts for that already. If we had the same number of polling locations that we had back in 2004 when we first implemented these the cost would be much higher, but that is all a local decision. They must have one open on election day but the locals do decide. If they say they want extra polling locations, they have to fund those on their own.

**Al Jaeger:** We have another amendment we want you to consider. Written testimony and attached amendment, attachment #2.

**Senator Hogue:** Can you give us a copy of that so we can review it before our next meeting?

**Al Jaeger:** Legal counsel has advised that we can't disclose certain bit of information that other agencies need.

**Senator Hogue:** We have to adjourn.

# 2017 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee  
Harvest Room, State Capitol

HB 1002  
3/28/2017  
JOB # 29741

Subcommittee  
 Conference Committee

Committee Clerk Signature

*for  
Emily D. [unclear]  
Alison Delzer*

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

A Subcommittee hearing for the Secretary of State

## Minutes:

1. Letter from Secretary of State dated 03-02-17  
2. Letter from Secretary of State dated 03-23-17

**Chairman Hogue** called the Subcommittee to order on HB 1002. Let the record show that all subcommittee members were present: Chairman Hogue, Senators Erbele and Grabinger. Sheila M. Sandness, Legislative Council and Stephanie Gullickson, OMB were also present.

**Chairman Hogue:** I wanted to talk amongst the committee about the technical amendments. First one was during the full committee addressed on a March 2<sup>nd</sup> cover letter from the Secretary of State's Office. (See attachment # 1) We discussed that. What are the committee's wishes on that? It has to do with charging a flat fee of \$40 for each record type request.

**Senator Grabinger:** had questions regarding that list and if he needed one, say for his business, would there be a \$40 charge on that. He was told no.

**Al Jaeger:** Look at the word listing and compiling. It would be a specific copy of a listing or compilation of any information recorded or filed in our office.

**Senator Grabinger:** asked how it is stated.

**Al Jaeger:** The words listing and compiling we have used those words for some time. What we were concerned about was the way we did that and we thought it would be friendly, but it has turned out to be more complicated.

**Chairman Hogue:** It is an administrative convenience and runs about \$40 a month. Was this offered to the House? He was told no. is everyone ok with the proposed amendment.

**Senator Erbele:** I'll offer it for discussion so that when we meet with conference committee we can discuss it, **so I will move that proposed amendment. 2<sup>nd</sup> by Senator Grabinger.**



**Chairman Hogue:** the other amendment is in the March 23<sup>rd</sup> letter (See Attachment # 2) This was offered to the subcommittee. This relates to the release of federal tax identification numbers to public entities. I don't know if we talked about this or not.

**Al Jaeger:** with other agencies we were able to disclose SS numbers. Legal Council has informed us that we cannot use the federal identification like WSI or job service, so businesses have that so essentially what our attorney has advised, under the way the law is written now, I cannot use that federal identification. Essentially, all this does is puts in law, allows us to compare in numbers as needed. We already do it with SS numbers.

**Chairman Hogue:** You are looking to confirm the identity of the entities, is that right?

**Al Jaeger:** we have been doing it in practice.

**Jim Silrum, Deputy Secretary of State:** it is only being requested because of the silence of the law.

**Chairman Hogue:** Committee, do you have any concerns with this one. **Senator Erbele moved this proposed amendment. 2<sup>nd</sup> Senator Grabinger.**

(No votes were taken at this time. Chairman Hogue mentioned they will do the voting all at one time)

**Al Jaeger:** it really helps businesses there are benefits.

**(0.00.11) The recorder was started at this time.**

**Chairman Hogue:** Regarding Certain fees that are charged and to use that fee for salary and wages. Can you describe that for us?

**Al Jaeger:** Right now we have the general fund and the special fund. By law, the special fund receives revenue from a number of different sources. We get a portion of the fee for filing in the central indexing system. We get a portion of the license fee. There is also PEOs (professional employee organizations). When you appropriate, you appropriate by the line so you have a salary line and an operating line. The House completely eliminated all of my overtime so we are suggesting that the salary line be structured in such a manner that I can use special funds to pay overtime. If it is within that salary line and I have the authority, I don't have to go back to the emergency commission. The only way I can move spending authority between the operating line and the salary line is to go through a line item transfer in the emergency commission. I know both of our fiscal analysts, understand this.

**Chairman Hogue:** Historically, have we done this and if so, have we capped the amount of access to the special funds for salaries and wages.

**Sheila M. Sandness, Legislative Council:** Some agencies do have special fund authority for salaries and wages. Usually it is a set dollar amount and I think OMB could give you some background on how they develop the budget but when they develop the budget they usually look at special funds and general funds and they build the budget around what they anticipate

colleting in special funds. If he has room in his special funds over and above what is being appropriated in the budget, you could appropriate special funds to a certain dollar amount and if he had the funding he could use it and if he doesn't have enough money to use it, he wouldn't be able to.

**Chairman Hogue:** Do we have to define which special funds or is it adequate to say special funds?

**Sheila M. Sandness, Legislative Council:** They only have one special fund so if you identify it as special funds, they will know.

**Al Jaeger:** If my revenue doesn't go that high, I can't spend it. We had \$350,000 in temporary so we were looking at \$500,000 being devoted to the salary line and \$1M to our operating line. We will not spend more than our revenue.

**Senator Erbele:** Do you have extra money in special funds now? So if we give you that authority, you are not shortchanging any other use for that money, correct?

**Al Jaeger:** Correct. And if by chance, our revenue goes higher, I have gone to the emergency commission before and asked for increased spending authority which I can do for the special fund and ultimately, if it is over \$50,000 the budget section has to bless that. I have had do that before because we call our special fund our retail fund because it depends on the traffic and in some instances it is hard to predict what the traffic will be.

**Chairman Hogue:** Historically has this been used to pay overtime?

**Al Jaeger:** It hasn't been but we do have concerns with our 2 FTEs and if the general fund is tight and our general services fund which is our special fund does provide us an option that doesn't reflect back on the general fund and if I don't have overtime and the ability to hire temporary help particularly as we are working the project, they still have their regular job but they are also going to be working on the project so all of a sudden we are going to get into a bind so it is quite important.

**Senator Grabinger:** The governor had originally recommended the \$526,000 in special fund moneys. You are requesting, because of the salary line in your general fund, you are trying to compensate that overtime. My problem is how are we going to get that through the House when the governor had not originally recommended it either?

**Stephanie Gullickson, OMB:** The overtime and temps were an optional package and the governor did not authorize any optional packages. By matter of practice, there were no general fund optional packages. I think what Secretary Jaeger is saying is because he does have special funds, he would be able to shift some of those costs to the special fund instead of the general funds.

**Al Jaeger:** These were optional requests so we did have spending authority already for the special fund. What we are saying the total of spending authority was \$500,000 towards wages and \$1M towards operating which would balance itself out.

**Senator Erbele:** Why the \$1M for operating if you only need \$500,000 in wages?

**Al Jaeger:** We bring in revenue, but as we bring in revenue we have expenses associated with that. For instance, the revenue we get for central indexing some of that is devoted to maintaining the database where we have \$350,000 pieces of documentation in that database.

**Senator Erbele:** How is that currently being covered without this \$1M?

**Al Jaeger:** We have had spending authority for a number of years so it is being covered now. All I am saying is if it were \$1M, that would cover the expenses. When I talk about it being our regional account, I mean the more we have coming in as revenue there are also expenses following it. We used to have compact discs we would sell for the central indexing system where the UCC and the livestock liens and all of that were recorded on there. I had to pay for it out of the general fund and any revenue I got went into the general fund. Soon I was spending myself broke and so now when we receive revenue on the central indexing and I have corresponding expenses, that revenue in direct proportion is covering those expenses. It has really helped out from an agency standpoint to make sure we can provide the support and direct correlation to the demands and the service. Because of the governor not approving our optional package for overtime and it isn't going to increase, we need to be able to tap some of those funds for that overtime and it is not going to increase the general fund. The House isn't going to have a problem with that either.

**Chairman Hogue:** Did you discuss this with the House?

**Al Jaeger:** That part didn't get discussed at all with the House.

**Senator Grabinger:** I struggle with overtime because I am in business and I do not like paying time and a half to my employees if I can avoid it. They removed 2 more FTEs in the House. If you had those FTEs back which be cheaper than the \$350,000 of overtime, wouldn't it make sense to go in that direction instead of asking for the overtime?

**Al Jaeger:** We still have the need for the overtime. Again, we don't spend it for the sake of spending it.

**Chairman Hogue:** When you say overtime, don't you have temps to help?

**Al Jaeger:** We already have temps helping us with very basic stuff. This is a graph that indicates the amount of registrations that we have had in our office. We were asked why we don't get temporary help when we hit those peaks. These are legal documents that are being filed in our office and this is something you don't hand off to a temp. It takes months to handle the registration of LLCs, mergers, every type of business entity that comes along. Also since we are into the project, we are going to be concentrated very much in the next year in terms of working with the vendor and there will be staff that have to work on the project as well as their regular work. Once everything shapes out, you will be able to do your annual report online. Right now when the annual reports our annual reports are labor intensive, when the software is developed, you will be able to do that online. Governor Dalrymple took away 1 FTE but losing 2 other FTE, we would have to eliminate 2 people.

**Senator Erbele:** Did they name who or did they give your agency discretion to pick two? ( It was confirmed that they did not specify regarding that issue).

**Chairman Hogue:** Committee, what are your wishes with respect to the spending authority for the half million for salary and wages and a million for operating from the special funds?

**Senator Grabinger:** We are going into conference committee and I am looking at this and you want to restore 2 FTEs plus the \$350,000. Which is more important?

**Al Jaeger:** They are both important but we are suggesting is that for the overtime, we can use the special fund. We are suggesting that we have the flexibility to do that.

**Senator Grabinger:** Is that more important than the 2 FTE?

**Al Jaeger:** We definitely need the overtime and both are important.

**Mr. Silrum:** The FTEs that we are losing they are the ones that do the day to day processing work so they are critically valuable because the amount of processing we have to do has not gone down and will not go down substantially until we have our software in place. We now have a timeline that will be in place by May of next year. The overtime that the secretary is referring to is valuable because his senior level staff are the ones who are not doing the day to day processing work but they are the ones who are helping to design the requirements for the system and they are the ones that are gaining the vast majority of overtime hours because their daily work exists even though the project exists which is why he is saying both are equally important.

**Chairman Hogue:** Senator Grabinger is saying you will have to choose.

**Senator Grabinger:** Which would you rather have held on to the overtime or the two employees?

**Al Jaeger:** I need the overtime in using the special fund. If I don't have any overtime, I can't operate so I have to say the overtime is more important but the employees are more important.

**Mr. Silrum:** The employees might be more important.

**Senator Grabinger:** We are not trying to be cruel here. Every budget we are going through we are facing these same decisions. We have to be able to go back to conference committee and make the point.

**Senator Erbele:** Can you special fund FTEs?

**Sheila M. Sandness, Legislative Council:** Yes, you could restore the FTEs but he has to look at the amount of special funds that he has in the coming biennium that he is budgeted to get and I don't know how much room there is for funding anything additional.

**Al Jaeger:** There is a tradeoff between the overtime and the two people.

**Sheila M. Sandness, Legislative Council:** If you look at the total of the FTE and the overtime, you are looking at \$550,000. Is there \$550,000 in special fund revenue that is not already appropriated?

**Al Jaeger:** We do have carry over so the answer would be yes. My question is the two FTEs doesn't add up to \$550,000 with their combined salary and wages.

**Rena Bloms, Finance Director for Secretary of State:** We could do both.

**Al Jaeger:** My accountant is saying we can cover the overtime and the two FTEs completely under the special fund.

**Sheila M. Sandness, Legislative Council:** You could certainly change the funding source for those FTEs if you would like.

**Al Jaeger:** One thing that it would help is that we are anticipating that when the project is done, our workload is going to be different. If the project is done a year from now, we will be in the first part of the biennium and maybe as we get into the second part of the biennium, I won't need those people. I think she is saying we can cover the two FTEs and the overtime under the special fund.

**Chairman Hogue:** I think Senator Grabinger is saying he would prefer FTEs because he perceives them to be cheaper than overtime.

**Al Jaeger:** To restore the 2 FTEs is \$213,000 and our overtime is \$350,000 so we had suggested \$500,000 which basically covers those two so we would be covered so we could keep everything. Again, if it isn't coming out of the general fund, it is kind of important that we can keep it.

**Senator Erbele:** That seems to be the solution that I would want to pursue.

**Senator Grabinger:** I like the idea of the 2 FTEs being funded out of the special funds but I think we are going to have to give up some of the overtime in order to approve it.

**Al Jaeger:** The spending authority we are asking for is \$500,000 or the salary line which covers the overtime and the two FTEs.

**Chairman Hogue:** We will put that in our amendment. We need to talk about the electronic poll books, that is the \$12M item. If you recall from our first subcommittee, the secretary had floated a proposal for borrowing authority, not from BND but doing an RFP to borrow the money from a private lender and pay it back over a period of time.

**Al Jaeger:** The tax department had received the borrowing authority but it didn't specify from whom. My understanding in talking to the different people is that they would go to the BND but also the tax department actually put out an RFP for it and received 14 or 15 bids and the Bank of America was the successful bidder under a procurement process. I had talked to

Hardmeyer and he said the bank could do that but his question was how are they going to get paid back. From speaking with Alan Knutson, generally speaking when the legislature has put an intent in even though you can't bind a future legislature, that future legislators have gone back and looked at the intent. I doubt very much that there will be \$12M available in the general fund to fund this so we are coming up with options so that this can be considered. Our voting system is right now on the point of failure. If general funding is not going to be possible that there is precedent with the tax department where we are able to go out and do this. As I mentioned before, we have the bids already so if we do have a funding source, we are able to move forward with the equipment.

**Mr. Silrum:** What Secretary Jaeger has mentioned as an example of what the tax department did, we would like to suggest that same option with the exception of going out for RFP on the lending authority because we need this funding as quickly as possible because in order to procure these systems, we would have to do so quickly because they have to be ready to go by the end of this calendar year and to do that we would prefer the BND would loan the office the money and we would move forward with the procurement.

**Al Jaeger:** The enabling legislation didn't specify an RFP. This was a decision made by the tax department. If I am granted the authority to borrow the money, my choice would be what my deputy suggested.

**Senator Erbele:** Did you have bids for the machines already but you are asking for \$12M? Are your bids that?

**Al Jaeger:** There are other things in there; it is a rounded number because we can't use specific numbers but we went through the RFP process and the figures are in that \$12M and if we don't need to borrow that much money, we can make adjustments but we at least need the authority. Mr. Hardmeyer wants to know how the bank is going to be paid back. The original language in the tax department says that the agency will make the request in each of their appropriations.

**Chairman Hogue:** The essentially bound future legislatures because the last section of the amendment says repayment amounts including principal and interest must be incorporated into the state tax commissioner's biannual budget requests to legislative assembly.

**Al Jaeger:** It says we would have to make the request in the next budget. We have to include it but it doesn't necessarily mean it will be fulfilled. Hopefully, the future legislative assemblies would honor it because this is a system that is going to be in place for a lot of years.

**Senator Erbele:** How long would the loan term read?

**Al Jaeger:** In the case of the tax department, it was over the next two biennia.

**Senator Grabinger:** Was this brought to the governor and the House?

**Al Jaeger:** The RFP process was past the deadline.

**Senator Grabinger:** I want to know about the \$9M for the voting machine and the \$3M for the poll books. What was there on that?

**Al Jaeger:** On the House side, we had two agency bills go in for the \$9M and the \$3M and those were heard on the House side and they were both voted down. That was general fund and there was no discussion on the House side about borrowing the money. I only became aware of this option 4 weeks ago. The only thing the House was approached was \$12M of the general fund. This only came out because of a conversation I had with legislative council who mentioned the tax department had done this at one time. The House does not know about this option. When I did the full hearing, I alluded that we had options but I didn't feel like full committee was the place to talk about borrowing the money. When we had the full hearing in the Senates, it would have been only a few weeks prior that I learned about this.

**Chairman Hogue:** Do we have any wishes on the proposal to authorize the borrowing?

**Al Jaeger:** We would like you to pursue this as an option and discuss it with other members of your committee.

**Senator Erbele:** Constitutionally, we have to have a balanced budget. Are we ok in borrowing or does that fall in the deficient spending category?

**Sheila M. Sandness, Legislative Council:** I believe it has been done before and because the funding source is special funds, it would be no different than if you bonded which is also borrowing and that would not be considered deficit spending either.

**Al Jaeger:** I would encourage more discussion on that.

**Chairman Hogue:** Let's take that under advisement.

**Senator Grabinger:** I think we can bring into the full committee to have a discussion and see if there is desire in the full committee to draft an amendment to do something like that.

**Chairman Hogue:** We are created as a subcommittee to bring the whole committee a recommendation so we will have to have a recommendation one way or another. We can bring two bill drafts but we should have a recommendation.

**Al Jaeger:** The need is great.

**Senator Grabinger:** I understand that. In fact, my county auditor and I had great discussion on this. We are making cuts all over the board. Can we go two more years with the machines we have or do we have to do this? Obviously the House has made a determination that we can go two more years without it.

**Al Jaeger:** That was because it was general fund and this option didn't exist. We would at least hope there would be discussions.

**Chairman Hogue:** Adjourned the subcommittee hearing on HB 1002.

# 2017 SENATE STANDING COMMITTEE MINUTES

**Appropriations Committee**  
Harvest Room, State Capitol

HB 1002  
3/31/2017  
Job # 29864

- Subcommittee  
 Conference Committee

Committee Clerk Signature



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

To provide an appropriation for defraying the expenses of the office of the secretary of state and public printing.

## **Minutes:**

Amendment 17.0487.02003 – attached # 1

**Legislative Council: Brady Larson**  
**OMB: Stephanie Gullickson**

**Senator Hogue** called the sub-committee to order on HB 1002. **Senator Erbele and Senator Grabinger** were also present.

Senator Hogue handed out amendment 17.0487.02003 (Testimony Attached # 1) and said this amendment reflects the sub-committees intentions, but need confirmation.

**Senator Grabinger: Moved a Do Pass on amendment 17.0487.02003.**  
**Senator Erbele: Seconded the motion.**

**Senator Hogue:** The amendment goes along with the wishes of the Secretary of State and allows him to charge a flat fee of \$40 for requests for information. It allows him the amendment he proposed for the disclosure of social security numbers and federal tax ID numbers. It allows him to retain the 2 FTEs using the special funds from the general services operating fund. While it doesn't provide any funding for election equipment, it provides legislative intent.

Senator Grabinger: We'd all like to do that, but in the position we're in at this point, it's hard to justify in my opinion.

**A Roll Call Vote was taken: 3 yeas, 0 nays, 0 absent.**

**Senator Hogue: yes**  
**Senator Erbele: yes**  
**Senator Grabinger: yes**

**Senator Hogue:** Closed the hearing on HB 1002.



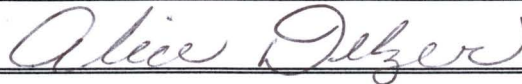
# 2017 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee  
Harvest Room, State Capitol

HB 1002  
4/3/2017  
JOB # 29898

- Subcommittee  
 Conference Committee

Committee Clerk Signature



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

DO PASS AS AMENDED on Secretary of State Budget

## Minutes:

1. Proposed Amendment # 17.0487.02003

**Chairman Holmberg:** called the Committee to order on HB 1002. Roll call was taken. All committee members were present. Lori Laschkewitsch, OMB and Sheila M. Sandness, Legislative Council were also present.

**Senator Hogue:** moved the Amendment # 17.0487.02003 to HB 1002. 2<sup>nd</sup> by Senator Mathern.

**Senator Hogue:** Explained the amendments. Section 5 of the amendment gives the Secretary some authority to compile information and so he's asked us to allow a fee of \$40.00 on some cases and we allowed him to do that. Section 6, transmit SS numbers but also federal tax identifications as well, we allowed that. The House had cut out a couple of FTEs and we added them back in. The Secretary said he can get funds from special funds to pay for those two FTEs. They will fund two things: the 2 FTEs and some time for overtime, the overtime is necessary when he gets a sudden increase in filings. He needs that overtime to stay 3 weeks out. Those are the amendments. The Secretary was adamant regarding the electronic poll books. We asked whether they could fund that equipment over multiple biennium and he said it would have to be done all at once and we didn't sense that was the direction the committee wanted to go. The Secretary came up with the idea to borrow the money, we felt that would be binding the 66<sup>th</sup> legislative session, so we did not allow that.

**Chairman Holmberg:** Discussion? Call the roll on the Amendment to 1002.

**A Roll Call vote was taken on the Amendment. Yea: 14; Nay: 0; Absent: 0.**

**Senator Hogue:** Moved a Do Pass as Amended. 2<sup>nd</sup> by Senator Grabinger.

**Chairman Holmberg:** Would you call the roll on a Do Pass as Amended on HB 1002.

Senate Appropriations Committee

HB 1002

04-03-17

Page 2

**A Roll Call vote was taken. Yea: 14; Nay: 0; Absent:0. Senator Grabinger will carry the bill.**

**Chairman Holmberg:** The committee is to be commended. They had a challenge with this bill and the Secretary made a good case. The cash just wasn't there. The hearing was closed on HB 1002.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1002

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

Page 1, line 2, after "exemption" insert "; to amend and reenact sections 54-09-04 and 54-09-12 of the North Dakota Century Code, relating to information preparation fees and confidential information in filed records; and to provide a statement of legislative intent"

Page 1, replace lines 14 through 21 with:

|                                |                  |                    |                  |
|--------------------------------|------------------|--------------------|------------------|
| "Salaries and wages            | \$4,903,514      | \$55,866           | \$4,959,380      |
| Operating expenses             | 2,053,162        | 607,856            | 2,661,018        |
| Petition review                | 8,000            | 0                  | 8,000            |
| Election reform                | <u>2,703,535</u> | <u>(1,510,880)</u> | <u>1,192,655</u> |
| Total all funds                | \$9,668,211      | (\$847,158)        | \$8,821,053      |
| Less estimated income          | <u>3,583,536</u> | <u>(432,558)</u>   | <u>3,150,978</u> |
| Total general fund             | \$6,084,675      | (\$414,600)        | \$5,670,075      |
| Full-time equivalent positions | 34.00            | (1.00)             | 33.00"           |

Page 2, replace lines 9 through 11 with:

|                           |                  |                  |                  |
|---------------------------|------------------|------------------|------------------|
| "Grand total general fund | \$6,374,720      | (\$416,195)      | \$5,958,525      |
| Grand total special funds | <u>3,583,536</u> | <u>(432,558)</u> | <u>3,150,978</u> |
| Grand total all funds     | \$9,958,256      | (\$848,753)      | \$9,109,503"     |

Page 2, line 13, replace "\$94,446" with "\$87,603"

Page 2, line 13, replace "\$91,588" with "\$84,952"

Page 2, line 14, replace "\$1,249" with "\$1,241"

Page 2, after line 24, insert:

**"SECTION 5. AMENDMENT.** Subsection 7 of section 54-09-04 of the North Dakota Century Code is amended and reenacted as follows:

7. For preparing any listing or compilation of any information recorded or filed in the office of the secretary of state, ~~an amount established by the secretary of state to recover the actual cost for assembling and providing the information in the format requested~~ forty dollars for each record type requested. Unless otherwise agreed to by the secretary of state, the information shall be provided in an electronic format. If provided in a paper format, an additional fee of fifty cents per page may be charged.

**SECTION 6. AMENDMENT.** Section 54-09-12 of the North Dakota Century Code is amended and reenacted as follows:

**54-09-12. Confidential information in filed records.**

1. A social security number or federal tax identification number disclosed or contained in any record filed with the secretary of state is confidential.

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4/3/17  
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However, a social security number or federal tax identification number may be released as authorized in this section or by other state or federal law.

2. The secretary of state shall delete or obscure a social security or federal tax identification number before a copy of any record is released to the public. A filing office or an officer or employee of the filing office~~The secretary of state, or an employee, agent, or contractor of the secretary of state's office,~~ may not be held civilly or criminally liable for the inadvertent disclosure of a social security or federal tax identification number if the filer has placed the number in an improper field on the form prescribed by the secretary of state or the filer submitted a filing other than on the form prescribed by the secretary of state.
  
3. The secretary of state, or an employee, agent, or contractor of the secretary of state's office, may release a social security number or federal tax identification number to another public entity or its agents, employees, or contractors if disclosure is necessary for the receiving entity to perform its duties and responsibilities. The receiving public entity and its agents, employees, and contractors shall maintain the confidential status of the social security number or federal tax identification number.

**SECTION 7. LEGISLATIVE INTENT - VOTING SYSTEM AND ELECTRONIC POLLBOOKS.** It is the intent of the sixty-fifth legislative assembly that, within the funding appropriated to the secretary of state for the 2017-19 biennium, the secretary of state, to the extent possible, purchase equipment necessary for the implementation of a voting system to be utilized by the secretary of state and county offices in the polling places of the state, and for the procurement and implementation of electronic pollbooks to be utilized statewide in all polling places."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1002 - Summary of Senate Action**

|                       | Base Budget | House Version | Senate Changes | Senate Version |
|-----------------------|-------------|---------------|----------------|----------------|
| Secretary of State    |             |               |                |                |
| Total all funds       | \$9,668,211 | \$8,264,250   | \$556,803      | \$8,821,053    |
| Less estimated income | 3,583,536   | 2,587,539     | 563,439        | 3,150,978      |
| General fund          | \$6,084,675 | \$5,676,711   | (\$6,636)      | \$5,670,075    |
| Public Printing       |             |               |                |                |
| Total all funds       | \$290,045   | \$288,450     | \$0            | \$288,450      |
| Less estimated income | 0           | 0             | 0              | 0              |
| General fund          | \$290,045   | \$288,450     | \$0            | \$288,450      |
| Bill total            |             |               |                |                |
| Total all funds       | \$9,958,256 | \$8,552,700   | \$556,803      | \$9,109,503    |
| Less estimated income | 3,583,536   | 2,587,539     | 563,439        | 3,150,978      |
| General fund          | \$6,374,720 | \$5,965,161   | (\$6,636)      | \$5,958,525    |

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

|                    | Base Budget | House Version | Senate Changes | Senate Version |
|--------------------|-------------|---------------|----------------|----------------|
| Salaries and wages | \$4,903,514 | \$4,402,370   | \$557,010      | \$4,959,380    |
| Operating expenses | 2,053,162   | 2,661,018     |                | 2,661,018      |
| Petition review    | 8,000       | 8,000         |                | 8,000          |
| Election reform    | 2,703,535   | 1,192,862     | (207)          | 1,192,655      |

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|                       |             |             |           |             |
|-----------------------|-------------|-------------|-----------|-------------|
| Total all funds       | \$9,668,211 | \$8,264,250 | \$556,803 | \$8,821,053 |
| Less estimated income | 3,583,536   | 2,587,539   | 563,439   | 3,150,978   |
| General fund          | \$6,084,675 | \$5,676,711 | (\$6,636) | \$5,670,075 |
| FTE                   | 34.00       | 31.00       | 2.00      | 33.00       |

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

|                       | Adjusts<br>Funding for<br>Health<br>Insurance<br>Increases <sup>1</sup> | Restores 2 FTE<br>Positions <sup>2</sup> | Adds Funding<br>for Overtime<br>and Temporary<br>Salaries <sup>3</sup> | Total Senate<br>Changes |
|-----------------------|---|--|--|-------------------------|
| Salaries and wages    | (\$6,636)   | \$213,646                                | \$350,000  | \$557,010               |
| Operating expenses    |   |  |  |                         |
| Petition review       |   |  |  |                         |
| Election reform       | (207)   |  |  | (207)                   |
| Total all funds       | (\$6,843)   | \$213,646                                | \$350,000  | \$556,803               |
| Less estimated income | (207)   | 213,646                                  | 350,000  | 563,439                 |
| General fund          | (\$6,636)   | \$0                                      | \$0  | (\$6,636)               |
| FTE                   | 0.00  | 2.00                                     | 0.00   | 2.00                    |

<sup>1</sup> Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month. Section 2 is also adjusted to reflect the revised premium rate.

<sup>2</sup> Funding of \$213,646 is restored for 2 FTE positions. The House removed these positions and the related funding from the general fund. Funding for the restored positions is from the general services operating fund.

<sup>3</sup> Funding is added for overtime and temporary salaries of \$350,000 from the general services operating fund.

This amendment also:

- Adds a section to amend North Dakota Century Code Section 54-09-04(7) to allow the Secretary of State to charge a flat rate fee of \$40 for certain requests of information, rather than a fee based on each individual request for information.
- Adds a section to amend Section 54-09-12 to allow the Secretary of State to disclose social security numbers or federal tax identification numbers to public entities if disclosure is necessary for the receiving entity to perform its duties and responsibilities.
- Adds a section providing legislative intent that the Secretary of State, to the extent possible, purchase equipment for the implementation of a voting system and electronic pollbooks during the 2017-19 biennium.

**2017 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1003**

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: 17.0487.02003

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 Grabinger Seconded By Erbele

| Senators             | Yes | No | Senators          | Yes | No |
|----------------------|-----|----|-------------------|-----|----|
| Chairman Holmberg    |     |    | Senator Mathern   |     |    |
| Vice Chair Krebsbach |     |    | Senator Grabinger | Y   |    |
| Vice Chair Bowman    |     |    | Senator Robinson  |     |    |
| Senator Erbele       | Y   |    |                   |     |    |
| Senator Wanzek       |     |    |                   |     |    |
| Senator Kilzer       |     |    |                   |     |    |
| Senator Lee          |     |    |                   |     |    |
| Senator Dever        |     |    |                   |     |    |
| Senator Sorvaag      |     |    |                   |     |    |
| Senator Oehlke       |     |    |                   |     |    |
| Senator Hogue        | Y   |    |                   |     |    |
|                      |     |    |                   |     |    |
|                      |     |    |                   |     |    |
|                      |     |    |                   |     |    |

Total (Yes) 3 No 0

Absent 0

Floor Assignment \_\_\_\_\_

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

Date: 4-3-17

Roll Call Vote #: 1

**2017 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1002**

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: 17.0487.02003

- 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 Hogue Seconded By Mathern

| Senators             | Yes | No | Senators          | Yes | No |
|----------------------|-----|----|-------------------|-----|----|
| Chairman Holmberg    | ✓   |    | Senator Mathern   | ✓   |    |
| Vice Chair Krebsbach | ✓   |    | Senator Grabinger | ✓   |    |
| Vice Chair Bowman    | ✓   |    | Senator Robinson  | ✓   |    |
| Senator Erbele       | ✓   |    |                   |     |    |
| Senator Wanzek       | ✓   |    |                   |     |    |
| Senator Kilzer       | ✓   |    |                   |     |    |
| Senator Lee          | ✓   |    |                   |     |    |
| Senator Dever        | ✓   |    |                   |     |    |
| Senator Sorvaag      | ✓   |    |                   |     |    |
| Senator Oehlke       | ✓   |    |                   |     |    |
| Senator Hogue        | ✓   |    |                   |     |    |
|                      |     |    |                   |     |    |
|                      |     |    |                   |     |    |
|                      |     |    |                   |     |    |

Total (Yes) 14 No 0

Absent 0

Floor Assignment \_\_\_\_\_

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

Date: 4-3-17

Roll Call Vote #: 2

2017 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1002

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 Hogue Seconded By Grabinger

| Senators             | Yes | No | Senators          | Yes | No |
|----------------------|-----|----|-------------------|-----|----|
| Chairman Holmberg    | ✓   |    | Senator Mathern   | ✓   |    |
| Vice Chair Krebsbach | ✓   |    | Senator Grabinger | ✓   |    |
| Vice Chair Bowman    | ✓   |    | Senator Robinson  | ✓   |    |
| Senator Erbele       | ✓   |    |                   |     |    |
| Senator Wanzek       | ✓   |    |                   |     |    |
| Senator Kilzer       | ✓   |    |                   |     |    |
| Senator Lee          | ✓   |    |                   |     |    |
| Senator Dever        | ✓   |    |                   |     |    |
| Senator Sorvaag      | ✓   |    |                   |     |    |
| Senator Oehlke       | ✓   |    |                   |     |    |
| Senator Hogue        | ✓   |    |                   |     |    |
|                      |     |    |                   |     |    |
|                      |     |    |                   |     |    |
|                      |     |    |                   |     |    |

Total (Yes) 14 No 0

Absent 0

Floor Assignment Grabinger

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



**REPORT OF STANDING COMMITTEE**

**HB 1002, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1002 was placed on the Sixth order on the calendar.

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

Page 1, line 2, after "exemption" insert "; to amend and reenact sections 54-09-04 and 54-09-12 of the North Dakota Century Code, relating to information preparation fees and confidential information in filed records; and to provide a statement of legislative intent"

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|                                |                  |                    |                  |
|--------------------------------|------------------|--------------------|------------------|
| "Salaries and wages            | \$4,903,514      | \$55,866           | \$4,959,380      |
| Operating expenses             | 2,053,162        | 607,856            | 2,661,018        |
| Petition review                | 8,000            | 0                  | 8,000            |
| Election reform                | <u>2,703,535</u> | <u>(1,510,880)</u> | <u>1,192,655</u> |
| Total all funds                | \$9,668,211      | (\$847,158)        | \$8,821,053      |
| Less estimated income          | <u>3,583,536</u> | <u>(432,558)</u>   | <u>3,150,978</u> |
| Total general fund             | \$6,084,675      | (\$414,600)        | \$5,670,075      |
| Full-time equivalent positions | 34.00            | (1.00)             | 33.00"           |

Page 2, replace lines 9 through 11 with:

|                           |                  |                  |                  |
|---------------------------|------------------|------------------|------------------|
| "Grand total general fund | \$6,374,720      | (\$416,195)      | \$5,958,525      |
| Grand total special funds | <u>3,583,536</u> | <u>(432,558)</u> | <u>3,150,978</u> |
| Grand total all funds     | \$9,958,256      | (\$848,753)      | \$9,109,503"     |

Page 2, line 13, replace "\$94,446" with "\$87,603"

Page 2, line 13, replace "\$91,588" with "\$84,952"

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7. For preparing any listing or compilation of any information recorded or filed in the office of the secretary of state, ~~an amount established by the secretary of state to recover the actual cost for assembling and providing the information in the format requested~~ forty dollars for each record type requested. Unless otherwise agreed to by the secretary of state, the information shall be provided in an electronic format. If provided in a paper format, an additional fee of fifty cents per page may be charged.

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2. The secretary of state shall delete or obscure a social security or federal tax identification number before a copy of any record is released to the public. ~~A filing office or an officer or employee of the filing office~~The secretary of state, or an employee, agent, or contractor of the secretary of state's office, may not be held civilly or criminally liable for the inadvertent disclosure of a social security or federal tax identification number if the filer has placed the number in an improper field on the form prescribed by the secretary of state or the filer submitted a filing other than on the form prescribed by the secretary of state.
  
3. The secretary of state, or an employee, agent, or contractor of the secretary of state's office, may release a social security number or federal tax identification number to another public entity or its agents, employees, or contractors if disclosure is necessary for the receiving entity to perform its duties and responsibilities. The receiving public entity and its agents, employees, and contractors shall maintain the confidential status of the social security number or federal tax identification number.

**SECTION 7. LEGISLATIVE INTENT - VOTING SYSTEM AND ELECTRONIC POLLBOOKS.** It is the intent of the sixty-fifth legislative assembly that, within the funding appropriated to the secretary of state for the 2017-19 biennium, the secretary of state, to the extent possible, purchase equipment necessary for the implementation of a voting system to be utilized by the secretary of state and county offices in the polling places of the state, and for the procurement and implementation of electronic pollbooks to be utilized statewide in all polling places."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1002 - Summary of Senate Action**

|                       | Base Budget | House Version | Senate Changes | Senate Version |
|-----------------------|-------------|---------------|----------------|----------------|
| Secretary of State    |             |               |                |                |
| Total all funds       | \$9,668,211 | \$8,264,250   | \$556,803      | \$8,821,053    |
| Less estimated income | 3,583,536   | 2,587,539     | 563,439        | 3,150,978      |
| General fund          | \$6,084,675 | \$5,676,711   | (\$6,636)      | \$5,670,075    |
| Public Printing       |             |               |                |                |
| Total all funds       | \$290,045   | \$288,450     | \$0            | \$288,450      |
| Less estimated income | 0           | 0             | 0              | 0              |
| General fund          | \$290,045   | \$288,450     | \$0            | \$288,450      |
| Bill total            |             |               |                |                |
| Total all funds       | \$9,958,256 | \$8,552,700   | \$556,803      | \$9,109,503    |
| Less estimated income | 3,583,536   | 2,587,539     | 563,439        | 3,150,978      |
| General fund          | \$6,374,720 | \$5,965,161   | (\$6,636)      | \$5,958,525    |

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

|                       | Base Budget | House Version | Senate Changes | Senate Version |
|-----------------------|-------------|---------------|----------------|----------------|
| Salaries and wages    | \$4,903,514 | \$4,402,370   | \$557,010      | \$4,959,380    |
| Operating expenses    | 2,053,162   | 2,661,018     |                | 2,661,018      |
| Petition review       | 8,000       | 8,000         |                | 8,000          |
| Election reform       | 2,703,535   | 1,192,862     | (207)          | 1,192,655      |
| Total all funds       | \$9,668,211 | \$8,264,250   | \$556,803      | \$8,821,053    |
| Less estimated income | 3,583,536   | 2,587,539     | 563,439        | 3,150,978      |
| General fund          | \$6,084,675 | \$5,676,711   | (\$6,636)      | \$5,670,075    |
| FTE                   | 34.00       | 31.00         | 2.00           | 33.00          |

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

|                       | Adjusts<br>Funding for<br>Health<br>Insurance<br>Increases <sup>1</sup> | Restores 2 FTE<br>Positions <sup>2</sup> | Adds Funding<br>for Overtime<br>and Temporary<br>Salaries <sup>3</sup> | Total Senate<br>Changes |
|-----------------------|---|--|--|-------------------------|
| Salaries and wages    | (\$6,636)   | \$213,646                                | \$350,000  | \$557,010               |
| Operating expenses    |   |  |  |                         |
| Petition review       |   |  |  |                         |
| Election reform       | (207)   |  |  | (207)                   |
| Total all funds       | (\$6,843)   | \$213,646                                | \$350,000  | \$556,803               |
| Less estimated income | (207)   | 213,646                                  | 350,000  | 563,439                 |
| General fund          | (\$6,636)   | \$0                                      | \$0  | (\$6,636)               |
| FTE                   | 0.00  | 2.00                                     | 0.00   | 2.00                    |

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<sup>1</sup> Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month. Section 2 is also adjusted to reflect the revised premium rate.

<sup>2</sup> Funding of \$213,646 is restored for 2 FTE positions. The House removed these positions and the related funding from the general fund. Funding for the restored positions is from the general services operating fund.

<sup>3</sup> Funding is added for overtime and temporary salaries of \$350,000 from the general services operating fund.

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This amendment also:

- Adds a section to amend North Dakota Century Code Section 54-09-04(7) to allow the Secretary of State to charge a flat rate fee of \$40 for certain requests of information, rather than a fee based on each individual request for information.
- Adds a section to amend Section 54-09-12 to allow the Secretary of State to disclose social security numbers or federal tax identification numbers to public entities if disclosure is necessary for the receiving entity to perform its duties and responsibilities.
- Adds a section providing legislative intent that the Secretary of State, to the extent possible, purchase equipment for the implementation of a voting system and electronic pollbooks during the 2017-19 biennium.

**2017 CONFERENCE COMMITTEE**

**HB 1002**

# 2017 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division  
Roughrider Room, State Capitol

HB 1002  
4/11/2017  
30063

Subcommittee  
 Conference Committee

*Virginia L Moch*

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

### Minutes:

Attachments 1-5

To provide an appropriation for defraying the expenses of the office of the secretary of state and public printing; to provide an exemption; to amend and reenact sections 54-09-04 and 54-09-12 of the North Dakota Century Code, relating to information preparation fees and confidential information in filed records; and to provide a statement of legislative intent.

**Chairman Mark Sanford:** HB 1002, We've looked at your changes but would you give us a brief review?

**Chairman David Hogue:** 1:16 The Secretary brought us some proposed amendments which we looked at then incorporated them. (attachment 1) In section 5: There are types of information requests that the Secretary of State gets with questions outside their realm. Sometimes the time it takes is more than normal. Under current law he is supposed to figure out how much time it takes to respond to those and compute the fee. His proposal is to charge a \$40 flat fee instead of trying to figure out how much time it will take. He gets a lot of those types of requests and it would save a lot of time that he now spends trying to figure out what it will take to get answers.

There are times when he is requested to share personal identification information or tax ID numbers. (attachment 2) There are times another government agency or entity that has the authority to have that information requests it from him. He wants to be clear that he is allowed to release that information when another statute authorizes it. That's what the section 6 amendment relates to.

We put some legislative intent in the voting section. We gave the Sec of State a lot of what he asked for but we couldn't come up with the \$12 million and decided we couldn't authorize borrowing so we left that alone. In terms of overtime and FTEs, we restored that if he can find that in his special funds. (attachment 3)

**Representative Tracy Boe:** My question is on the \$40 cost; what kind of income will that bring in?

**Senator Grabinger:** It may cost \$40; it could cost more or less. It's a reasonable number that he came up with. It's not for every request. It is for compiling lists and unusual requests.

**Representative Tracy Boe:** In section 6, what kind of services do we contract out on page 4 of the marked up version.? We afford them the same exemption for being criminally liable for disclosing personal information as we do for the Secretary of State.

**Chairman David Hogue:** I can't speak for the contractors but I think it's intended to be all inclusive.

**Sec of State Al Jaeger:** The law doesn't allow me to share FEIN numbers as I can with social security numbers. We are allowed to do things with social security numbers. This is to share the information with agencies that already have privacy laws. The contractors are requesting agencies already having privacy laws and language for this information. It is the same language used for social security numbers.

**Chairman Sanford:** I think we can agree to section 5, and section 6 makes a lot of sense, we can go with that.

**Representative Mike Schatz:** You are talking about assembling a list of social security numbers, I don't like the thought of that if it were to leak.

**Representative Mark Sanford:** The secretary is referring to releasing information that is protected by the requesting agencies, also. If that agency lost the protected information they would be the responsible party.

**Representative Mike Schatz:** What is the current law? Are we giving out federal id numbers or social security numbers?

**Sec of State Al Jaeger:** I can't give out social security numbers. Technically I can't share the entity number with job service, the tax department or other agencies. I can give them the social security numbers. We just want to make sure we are on legal ground.

**Chairman David Hogue:** This provision is saying you can't hold this against the sec of state if you put your social security number in a block where it is misplaced and it is scanned. They are immunized against this.

**Representative Mark Sanford:** We are o.k. on that. In section 7 we are o.k. Our differences are going to be on the overtime and FTEs that were restored. Our thinking is that the new technology should have some impact as well as the new indexing system. Those were intended efficiencies. We were told that there was almost \$600,000 of expenditures for the indexing and you have that figure at \$1.2 million which is the anticipated income. I believe Levi was going to get that info.

**Levi Kinnischtzke LC:** The secretary prepared the form (attachment 4) on that. One additional comment, \$239,000 was the amount that was carried forward from last biennium. There was a question on the funds restored for the 2 FTEs by the senate and the overtime that was restored. The estimated revenues are \$1.2 million. Additional revenues to be received was the basis for restoring those items.

**Representative Mark Sanford:** 22:10 Levi, as I recall, the revenue the biennium before was \$1.2 million. We've invested in technology big time and we need to see if this works.

**Levi Kinnischtzke:** It was \$1.1 million.

**Chairman David Hogue:** The attorneys that practice in both ND and Minnesota seem to think our secretary lags behind in technology as compared to Minnesota. While we couldn't solve the technology piece now, the concept was that if we give them some additional funding for the business division that does the startups, they could clear up the backlog.

**Senator Grabinger:** So if we are o.k. on everything except the restored funding for the FTEs and the overtime, may we visit for a second?

**Representative Mark Sanford:** Yes. 25:30- 27:08 When I look at the information provided by the secretary. I'm not sure what comes first here, the efficiency or the FTEs. We don't find out if the new technology cost and the \$600,000 we spent on the new indexing system makes a difference in this service. Levi, did the house have just \$50,000 in overtime?

**Levi Kinnischtzke:** That is correct.

**Senator Erbele:** I think some of these technology updates will be completed in the next biennium. We were thinking the two FTEs captured with the special funds would eliminate the overtime.

**Senator Grabinger:** I agree that those two FTEs would justify not paying more for overtime.

**Chairman David Hogue:** I'd like to alert you to potential additional amendments that will be prepared and they think this will be a good place to put it. One relates to campaign finance. They feel they missed a technical amendment concerning a definition. The bill is gone so they thought the sec of state budget would be a good place for it. There is also an amendment relating to initiated and constitutional measures. Rather than always having the secretary and attorney general summarize the language of a measure, they wanted the entire amendment printed for proposes of transparency relating to the cost of printing more ballots if the entire measure has to be printed. I present it for your committee to study.

**Chairman Mark Sanford:** When those are prepared, if they would be presented to our committee we can deal with it next meeting as we try to seek resolution on the funding matter.

**Senator Grabinger:** I haven't seen them yet either.

**Chairman Mark Sanford:** Our next agenda will focus on these two additions and we'll try to seek resolution on the funding matter. With that we will adjourn. 36:08  
(attachment 5) Base level funding changes shows the FTE and overtime funding in question.

# 2017 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee – Education and Environment Division Roughrider Room, State Capitol

HB 1002  
4/12/2017  
30081

- Subcommittee  
 Conference Committee

*Virginia L Moch*

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

Relating to information preparation fees and confidential information in filed records; and to provide a statement of legislative intent

### Minutes:

Attachments 1-2-3

**Chairman Sanford:** Called the conference committee to order. Senator Hogue is giving us an overview on his amendments.

**Chairman Hogue:** I brought three different amendments. (attachment 1-2-3) I will start with 17.0487.02006. The other amendment relates to supplemental appropriation and this allows us from the need to change the software that is related to the new campaign discloser requirements that are being implemented in another bill. That is the purpose of the amendments 17.487.02006. The other amendment that I distributed before the meeting is a proposal from Senator Unruh and this also relates to the legislation that we passed relating to campaign finance discloser. It relates to a class of individuals who are making contributions when their personal information would become part of the requirement to disclose. You see that in the technical amendment version and that is in section 5. (4:22)

**Senator Grabinger:** My question is the dollar amount, there's a big difference between somebody giving \$100.00 and somebody giving a million dollars. I think there should be a dollar amount set. Anything over \$200.00 should be information.

**Chairman Sanford:** So you want the dollar amount set to \$200?

**Senator Grabinger:** I missed that amount, I am ok with the \$100.

**Chairman Hogue:** I would like to hear from Mr. Silrum.

**Jim Silrum: Deputy Secretary of State;** Under current law, for measure committee the dollar threshold is already \$100 dollars, what is at stake here is the concern of the definition of a sub contributor. These do not reflect what Senator Unruh and I were discussing. These



changes had been requested by the legislative council. This starts the discloser at the time that the petition is being circulated. Current law says it should be disclosed at any stage of existence. (11:25)

**Chairman Sanford:** I have not spoken to Senator Unruh; it appears that there have been 4 different amendments drafted. I don't know which amendments we may be missing.

**Senator Grabinger:** I am just going to make a point, one of these amendments has to do with the \$50,000, the others are policy and under subsection 5 rule 301 of the rules we shouldn't be taking them up in this committee.

**Chairman Sanford:** Levi if you would, check into that?

**Levi, LC:** I would have to check the rule book.

**Chairman Sanford:** The appropriation of the \$50,000 for the software, I think they go with her amendments related to her campaign legislation discloser.

**Senator Hogue:** We will wait with that one as well.

**Chairman Sanford:** I would like to look at section 7, I see no reference to a lease, strictly a purchase, is that clear in everybody's mind. Section 8 on the Christmas tree version. Just a clarification, language states that the funding appropriated could be used for the purchase the equipment necessary. The word purchase does not include leasing and these kind of options. The way it was presented to the house they were looking for several million dollars for a purchase. (17:15)

**Chairman Hogue:** The lease wasn't something that we discussed either. We discussed three different things 1. whether we were going to authorize purchasing or not. 2. Whether the purchase of the equipment could be over multiple biennium. 3. Funding for general fund appropriation, would it be ok with authorizing the secretary to borrow. Answer to all those questions was no so leasing didn't even come up. I would think my answer would still be no, usually it is a lease but in the end is a purchase.

**Senator Grabinger:** I would add that the we understood the secretary had some bids to purchase

**Chairman Sanford:** Yesterday was mentioned that purchasing a few here and a few later wasn't an option. I am not understanding the language now, given the fact that the price is several million dollars and isn't available within the budget.

**Chairman Hogue:** The counties had mentioned that they would like to see the legislature signal that we are going to take this up in the next legislative session. This section 8 is nothing more than a sentiment.

**Chairman Sanford:** There's always the old reliable of a study, would you like to do that or leave it? Before the Senators arrived we were able to discuss section 6 about what was old

and what was contracted, all of the house members got some clarification how do the senators feel? Are you comfortable with that?

Then we have the issues of the two FTEs being brought back and the over time being increased. As I look at the revenue sources I don't see how the funding could cover the costs unless something is moved back to the general fund.

**Senator Grabinger:** More the personal or the overtime

**Chairman Hogue:** The personal or the overtime pay or both?

**Chairman Sanford:** Every agency has made an effort of reduction of FTES. This one was from 34 to 31. So we restore 2 and we are back. I am a little bit sensitive because I have been working with higher education and there is 100s of reductions there.

**Chairman Hogue:** We had some indication that the funds would be adequate to cover the 2 FTES, if the house has a proposal different from the house version that is something we should talk about. We thought that it would be some comfort that it came out of special funds rather than the general fund.

**Chairman Sanford:** The priority for us is not to put back the FTEs, the 2 FTEs are priority for us when it comes to reductions and the overtime we don't like that amount.

**Senator Erbele:** So we should just not call them a FTE and let him hire the necessary staff?

**Chairman Sanford:** We don't like the amount we think that is overly generous. That would be a back stop. (31:20)

**Chairman Hogue:** One of the things that they express about what was more critical, the temporary verses FTES? I wasn't clear what our discussion was?

**Senator Grabinger:** The discussion was which was more important, the overtime pay or the 2 FTES. We couldn't get an answer because both were that important to them. what was more important the two FTEs or the overtime. I don't pay over time in my business and I don't think it should happen here. Get good staff and don't pay overtime makes more sense.

**Chairman Sanford:** I wouldn't suggest giving them 350 thousand in overtime in temporary pay. Section 5 I think we are in agreement on that. We are over time and we know we need to come back, there are some pieces here that we are agreeing on we could get that off the table.

**Chairman Hogue:** Are you going off the table. 6-5 which is the amendment that deals with the \$ 40.00 per record tape plus the .50-page paper requests. Do we have a motion? That is off the 2007 Christmas tree version.

**Rep. Schatz:** I think the 07 version depends on whether we pass the subcontributor language in it. The last one was 03. (37:20)

**Chairman Sanford:** Christmas tree version 2003.

**Senator Erbele:** If we accept 03 and look at 5,6 and 7 we could accept that, I think the motion would have to be that those items that we would accede to our amendment.

**Chairman Sanford;** We have a motion to accede on 5 and 6 or least.

**Rep Boe:** I make the motion.

**Chairman Hogue:** I'll second it.

**A Roll Call vote was taken. Yea: 6      Nay: 0      Absent: 0 Motion carried.**

**Chairman Sanford:** I would like to see section 7 go away.

**Rep. Schatz:** Do we have a motion to strike section 7?

**Rep. Boe: second.**

**A Roll Call vote was taken. Yea: 6      Nay: 0      Absent: 0**

**Chairman Sanford: Motion carried.**

**Chairman Hogue:** I don't know if you had a chance to look at the other amendment that I presented previously that related to requiring to the initiated measures be printed in full?

**Chairman Sanford:** The nature of that amendment requires the printing in full unless lengthy as determined by the Secretary of State.

**Chairman Hogue:** Yes, unless it exceeds two pages.

**Rep Boe** What about the auditors and the cost is this going to be an additional cost on the ballot? Is the ballot going to be able to be done on one page anymore?

**Chairman Hogue:** It will cost more. I was told that the 500 is high, it wouldn't cost that much.

**Senator Grabinger:** I can see some real problems, people are going to be expected to reading the measure, people don't want to spend the time to read all of that on it.

**Rep. Schatz:** I look at it a little differently they put it out in the paper ahead of time.

**Senator Grabinger:** That's why we don't need it here.

**Senator Eberle:** So you think they should print at both places.

**Rep. Schatz:** They should do it both places, I think that way everyone knows what they are voting on.

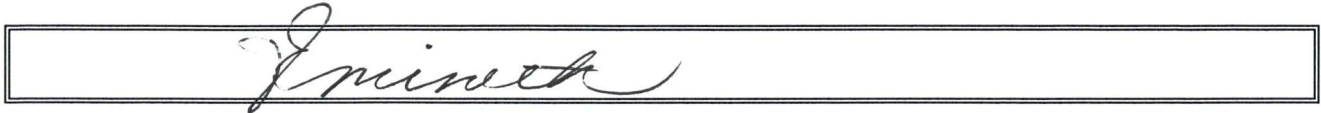
**Chairman Sanford:** Further discussion? Should we wait on that until next meeting? We will hear from Senator Unruh and look at the money. We will close this meeting.

# 2017 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee – Education and Environment Division  
Roughrider Room, State Capitol

HB 1002  
4/13/2017  
30130

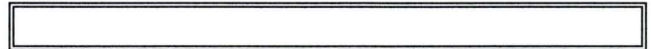
Subcommittee  
 Conference Committee



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

To provide an appropriation for defraying the expenses of the office of the secretary of state and public printing; to provide an exemption; to amend and reenact sections 54-09-04 and 54-09-12 of the North Dakota Century Code, relating to information preparation fees and confidential information in filed records; and to provide a statement of legislative intent.

## Minutes:



**Chairman Sanford:** Called the conference committee to order on HB 1002, Secretary of State budget. Last time we approved section 5 & 6 and eliminated section 7 we have 2 amendments left to work with.

The 2 amendments that Senator Unruh had have been combined in to one 02011. It combines the 5 and 7 from before. Another one relates to the cost.

**Rep. Schatz:** This clarifies the language that codifies rewrite issues discovered after it passed. 04 is a separate amendment. 06 is a separate amendment, and now 011 is a separate. The amendment does 3 things; it clarifies that all ballot measures subject to the same reporting requirements whether they are initiated by the people or the legislature it clarifies that the process was included in the expenditure reporting.

**Senator Grabinger:** The new subsection 3 of this in the requirements of the filing and how different that is. I would like some clarification on how different that is from what the requirements are presently.

**Senator Unruh:** from District 33: That is all current law. There are no changes in sub 3 or 4, just 1-2.

**Rep. Schatz:** I would like to move that we approve 02011 amendments.

**Senator Hogue:** Second.

**Chairman Sanford:** Roll Call Yes 6 No 0 Absent 0 Motion carries. We will go to 2006 which is an appropriation related to campaign requirements.

**Senator Grabinger:** SB 2343 is one of those things if we want to follow what we already approved we should approve this to get the job done.

**Senator Hogue:** I will make the motion to move 17.0487.02006 to be added to our comprehensive amendment.

**Rep. Schatz:** I second.

**Chairman Sanford:** Is the \$50,000 tied to a specific estimate that the secretary has received from a vender? **Call a roll Yes 5 No 1 Absent 0 Motion Carries.**

**Chairman Hogue:** That is a report from a vender .02004 to tell the secretary that for measures of 2 pages they should not condense but put it on the ballot. If it were longer he would prepare a summary. It contains an appropriation if we have to print more ballots. It will depend on the length. I move 17.0487.02004

**Rep. Schatz:** Second.

**Chairman Sanford:** Discussion?

**Senator Grabinger:** I oppose this measure. It would be a mess. We should consider adding someone else to the summarize the measure. It might propose a problem, but writing all the words on the ballot at this time is a waste of money.

**Rep. Schatz:** I like that has a fiscal note on it. We know what it will cost. I think it can be worked out to present it to the people so they can understand it.

**Rep. Boe:** I'm all for more informed voters. I've been getting emails from auditors so I oppose it.

**Senator Erbele:** (14:00) Even if it's 2 pages and sometimes it is very small print, how is that going to play out in the voting places. Most people don't want to stand in the booth and read this. The marijuana bill was 36 pages and not made available to the public, those kinds of things need more transparency, but do you want to read 8 sheets of paper in the voting booth?

**Chairman Hogue:** It is a burden to read through some of these measures. The voters only get a summary. I want you to make an informed decision. We have lots of expertise before we press a button to vote. I think the proponents of this are interested in transparency. That's why I support the measure.

**Senator Erbele:** I believe the public should be informed, but not at that point in time. Nearly 40% of my voters mailed in their ballots. You will need a big box to mail in your ballot if we have 8 measures. I don't think we have to wait until election day to inform the people.

**Senator Grabinger:** I think this should go before the election day to inform the people.

**Chairman Sanford: A roll call vote was taken. Yea: 3 Nay: 3 Absent: 0 Motion Failed.** We still have the issue of the personal and the reinstatement of 2 FTES and an additional \$350,000 for temps and overtime.

**Chairman Hogue:** This is an area that lend itself to compromise because we are talking about numbers. My proposal is that we put 1 FTE back and that we give the secretary \$150,000 of authority as well. That is my motion.

**Senator Grabinger:** Second.

**Rep. Boe:** What is the source of \$150,000 is that general services?

**Chairman Sanford:** Thank you for making the offer it makes some sense. There is another year of installation of the process. It's more logical.

**A roll call vote was taken. Yea:6 Nay:0 Absent: 0 Motion Carried**

**Chairman Sanford:** I would request moving \$200,000 of operating expenses from the general fund to general services fund.

**Rep.Boe:** Make a motion to move the \$ 200,000 of operating expenses from the general fund to general services fund.

**Senator Erbele:** Second.

**Chairman Sanford: Roll call vote was taken. Yea: 6 Nay: 0 Absent: 0 Motion Carried.**

Meeting has ended.

April 13, 2017

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1002

That the House accede to the Senate amendments as printed on pages 1432-1434 of the House Journal and pages 1156-1158 of the Senate Journal and that House Bill No. 1002 be further amended as follows:

Page 1, line 2, after "exemption" insert "; to amend and reenact section 16.1-08.1-03.1 as amended by section 6 of Senate Bill No. 2343, as adopted by the sixty-fifth legislative assembly, and"

Page 2, after line 24 insert:

**"SECTION 5. AMENDMENT.** Section 16.1-08.1-03.1 of the North Dakota Century Code as amended by section 6 of Senate Bill No. 2343, as adopted by the sixty-fifth legislative assembly, is amended and reenacted as follows:

**16.1-08.1-03.1. Special requirements for statements required of ~~measure committees circulating or promoting passage or defeat of initiated or referred~~ persons engaged in activities regarding ballot measures.**

1. For each reportable contribution and expenditure under section 5 of this Act, the threshold for reporting is one hundred dollars for any person-~~or measure committee circulating or promoting passage or defeat of an initiated or referred measure~~ engaged in activities described in subdivision e of subsection 13 of section 16.1-08.1-01.
2. For contributions received from an out-of-state contributor, a person-~~or measure committee circulating or promoting passage or defeat of an initiated or referred measure~~ engaged in activities described in subdivision e of subsection 13 of section 16.1-08.1-01 shall include the following information regarding ~~subcontributor~~each subcontributor that has stated a contribution is for the express purpose of furthering the passage or defeat of a ballot measure in the statements required under section 5 of this Act:
  - a. A designation as to whether any person contributed in excess of one hundred dollars of the total contribution;
  - b. The name and mailing address of each subcontributor that contributed in excess of one hundred dollars of the total contribution;
  - c. The contribution amounts of each disclosed subcontributor; and
  - d. The occupation, employer, and address for the employer's principal place of business of each disclosed subcontributor.
3. An initiative and referendum sponsoring committee also shall file a disclosure statement by the date the secretary of state approves the petition for circulation, and shall file an additional statement on the date the petitions containing the required number of signatures are submitted to the secretary of state for review. The statements required under this



subsection must be in the same form as the year - end statements under section 5 of this Act.

4. A sponsoring committee shall file a statement regarding its intent to compensate circulators before paying for petitions to be circulated."

Renumber accordingly

April 11, 2017

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1002

That the House accede to the Senate amendments as printed on pages 1432 through 1434 of the House Journal and pages 1156 through 1158 of the Senate Journal and that House Bill No. 1002 be further amended as follows:

Page 1, line 1, replace "an appropriation" with "appropriations"

Page 2, after line 19, insert:

**"SECTION 4. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$50,000, or so much of the sum as may be necessary, to the secretary of state for the purpose of implementing software related to campaign disclosure requirements, for the biennium beginning July 1, 2017, and ending June 30, 2019."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

A \$50,000 appropriation from the general fund is provided to the Secretary of State to implement software to comply with new campaign disclosure requirements approved in Senate Bill No. 2343.

March 31, 2017

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1002

Page 1, line 1, replace "an appropriation" with "appropriations"

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

Page 1, line 2, after "exemption" insert "; and to amend and reenact section 16.1-06-09 of the North Dakota Century Code, relating to printing constitutional amendments and initiated and referred measures"

Page 2, after line 19, insert:

**"SECTION 4. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$500,000, or so much of the sum as may be necessary, to the secretary of state for the purpose of reimbursing counties for any additional ballot printing costs incurred due to extraordinary printing of ballot measure text, for the biennium beginning July 1, 2017, and ending June 30, 2019."

Page 2, after line 24, insert:

**"SECTION 6. AMENDMENT.** Section 16.1-06-09 of the North Dakota Century Code is amended and reenacted as follows:

**16.1-06-09. Constitutional amendments and initiated and referred measures - Manner of stating question - Explanation of effect of vote - Order of listing.**

1. Constitutional amendments or measures, initiated measures, and referred measures, duly certified to the county auditor by the secretary of state, or any other question or measure to be voted on, except the election of public officers at any primary, general, or special election including officers subject to a recall petition, must, ~~unless otherwise determined by the secretary of state, be stated in full in a legible manner on the ballot. If the secretary of state concludes the amendment or measure is too long to make it practicable to print in full, the secretary of state in consultation with the attorney general shall cause to be printed a short, concise summary, which must fairly represent the substance of the constitutional amendment or initiated or referred measure. After the foregoing statement be printed in full on the ballot. If the secretary of state determines a printed measure will exceed two pages, the attorney general shall prepare a summary of the measure which fully explains the purpose of the measure and the estimated fiscal cost to the state of the measure. When the summary by the attorney general is required, the summary must be stated in full on the ballot in place of the full text of the measure. After the printed amendment, measure, or summary,~~ the secretary of state shall cause to be printed ~~another short, a~~ concise statement of the effect of an affirmative or negative vote on the constitutional amendment or initiated or referred measure. This explanatory statement must be drafted by the secretary of state in consultation with the attorney general. The words "Yes" and "No" must be printed on the ballot at the close of the statement regarding the effect of an

affirmative or negative vote, in separate lines with an oval before each statement in which the voter is to indicate how the voter desires to vote on the question by darkening the oval. If two or more amendments or questions are to be voted on, they must be printed on the same ballot.

2. The measures to be submitted to the electors must be grouped and classified as constitutional measures, initiated statutes, or referred statutes and must be placed within such groups or classifications by the secretary of state in the order received, for the purpose of placing them on the ballot. ~~Measures~~Constitutional amendments submitted by the legislative assembly must be placed first on the ballot within their classification in the order approved by the legislative assembly. Constitutional measures ~~shall~~must be placed first on the ballot, initiated statutes second, and referred statutes third. After all the measures have been placed within the appropriate group or classification, all measures must be numbered consecutively, without regard to the various groups or classifications."

Renumber accordingly

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PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1002

That the Senate recede from its amendments as printed on pages 1432-1434 of the House Journal and pages 1156-1158 of the Senate Journal and that Engrossed House Bill No. 1002 be amended as follows:

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

Page 1, line 2, after "exemption" insert "; and to amend and reenact section 16.1-08.1-03.1 as amended by section 6 of Senate Bill No. 2343, as approved by the sixty-fifth legislative assembly, subsection 7 of section 54-09-04, and section 54-09-12 of the North Dakota Century Code, relating to campaign disclosure statements, information preparation fees, and confidential information in filed records"

Page 1, replace lines 14 through 21 with:

|                                |                  |                    |                  |
|--------------------------------|------------------|--------------------|------------------|
| "Salaries and wages            | \$4,903,514      | (\$250,750)        | \$4,652,764      |
| Operating expenses             | 2,053,162        | 657,856            | 2,711,018        |
| Petition review                | 8,000            | 0                  | 8,000            |
| Election reform                | <u>2,703,535</u> | <u>(1,510,880)</u> | <u>1,192,655</u> |
| Total all funds                | \$9,668,211      | (\$1,103,774)      | \$8,564,437      |
| Less estimated income          | <u>3,583,536</u> | <u>(539,381)</u>   | <u>3,044,155</u> |
| Total general fund             | \$6,084,675      | (\$564,393)        | \$5,520,282      |
| Full-time equivalent positions | 34.00            | (2.00)             | 32.00"           |

Page 2, replace lines 9 through 11 with:

|                           |                  |                  |                  |
|---------------------------|------------------|------------------|------------------|
| "Grand total general fund | \$6,374,720      | (\$565,988)      | \$5,808,732      |
| Grand total special funds | <u>3,583,536</u> | <u>(539,381)</u> | <u>3,044,155</u> |
| Grand total all funds     | \$9,958,256      | (\$1,105,369)    | \$8,852,887"     |

Page 2, line 13, replace "\$94,446" with "\$84,948"

Page 2, line 13, replace "\$91,588" with "\$82,477"

Page 2, line 14, replace "\$1,249" with "\$1,241"

Page 2, after line 24, insert:

**"SECTION 5. AMENDMENT.** Section 16.1-08.1-03.1 of the North Dakota Century Code as amended by section 6 of Senate Bill No. 2343, as approved by the sixty-fifth legislative assembly, is amended and reenacted as follows:

**16.1-08.1-03.1. Special requirements for statements required of measure committees circulating or promoting passage or defeat of initiated or referred measure persons engaged in activities regarding ballot measures.**

1. For each reportable contribution and expenditure under section 5 of this Act, the threshold for reporting is one hundred dollars for any person ~~or measure committee circulating or promoting passage or defeat of an initiated or referred measure~~ engaged in activities described in subdivision e of subsection 13 of section 16.1-08.1-01.

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2014

2. ~~For contributions received from an out-of-state contributor, a person or measure committee circulating or promoting passage or defeat of an initiated or referred measure engaged in activities described in subdivision e of subsection 13 of section 16.1-08.1-01 shall include the following information regarding subcontributorseach subcontributor that has stated a contribution is for the express purpose of furthering the passage or defeat of a ballot measure~~ in the statements required under section 5 of this Act:
  - a. A designation as to whether any person contributed in excess of one hundred dollars of the total contribution;
  - b. The name and mailing address of each subcontributor that contributed in excess of one hundred dollars of the total contribution;
  - c. The contribution amounts of each disclosed subcontributor; and
  - d. The occupation, employer, and address for the employer's principal place of business of each disclosed subcontributor.
3. An initiative and referendum sponsoring committee also shall file a disclosure statement by the date the secretary of state approves the petition for circulation, and shall file an additional statement on the date the petitions containing the required number of signatures are submitted to the secretary of state for review. The statements required under this subsection must be in the same form as the year - end statements under section 5 of this Act.
4. A sponsoring committee shall file a statement regarding its intent to compensate circulators before paying for petitions to be circulated.

**SECTION 6. AMENDMENT.** Subsection 7 of section 54-09-04 of the North Dakota Century Code is amended and reenacted as follows:

7. For preparing any listing or compilation of any information recorded or filed in the office of the secretary of state, ~~an amount established by the secretary of state to recover the actual cost for assembling and providing the information in the format requested~~ forty dollars for each record type requested. Unless otherwise agreed to by the secretary of state, the information must be provided in an electronic format. If provided in a paper format, an additional fee of fifty cents per page may be charged.

**SECTION 7. AMENDMENT.** Section 54-09-12 of the North Dakota Century Code is amended and reenacted as follows:

**54-09-12. Confidential information in filed records.**

1. A social security number or federal tax identification number disclosed or contained in any record filed with the secretary of state is confidential. However, a social security number or federal tax identification number may be released as authorized in this section or by other state or federal law.
2. The secretary of state shall delete or obscure a social security or federal tax identification number before a copy of any record is released to the public. ~~A filing office or an officer or employee of the filing office~~ The secretary of state, or an employee, agent, or contractor of the secretary of

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state's office, may not be held civilly or criminally liable for the inadvertent disclosure of a social security or federal tax identification number if the filer has placed the number in an improper field on the form prescribed by the secretary of state or the filer submitted a filing other than on the form prescribed by the secretary of state.

3. The secretary of state or an employee, agent, or contractor of the secretary of state's office may release a social security number or federal tax identification number to another public entity or the public entity's agents, employees, or contractors if disclosure is necessary for the receiving public entity to perform the receiving public entity's duties and responsibilities. The receiving public entity and the receiving public entity's agents, employees, and contractors shall maintain the confidential status of the social security number or federal tax identification number."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1002 - Summary of Conference Committee Action**

|                       | Base Budget | House Version | Conference Committee Changes | Conference Committee Version | Senate Version | Comparison to Senate |
|-----------------------|-------------|---------------|------------------------------|------------------------------|----------------|----------------------|
| Secretary of State    |             |               |                              |                              |                |                      |
| Total all funds       | \$9,668,211 | \$8,264,250   | \$300,187                    | \$8,564,437                  | \$8,821,053    | (\$256,616)          |
| Less estimated income | 3,583,536   | 2,587,539     | 456,616                      | 3,044,155                    | 3,150,978      | (106,823)            |
| General fund          | \$6,084,675 | \$5,676,711   | (\$156,429)                  | \$5,520,282                  | \$5,670,075    | (\$149,793)          |
| Public Printing       |             |               |                              |                              |                |                      |
| Total all funds       | \$290,045   | \$288,450     | \$0                          | \$288,450                    | \$288,450      | \$0                  |
| Less estimated income | 0           | 0             | 0                            | 0                            | 0              | 0                    |
| General fund          | \$290,045   | \$288,450     | \$0                          | \$288,450                    | \$288,450      | \$0                  |
| Bill total            |             |               |                              |                              |                |                      |
| Total all funds       | \$9,958,256 | \$8,552,700   | \$300,187                    | \$8,852,887                  | \$9,109,503    | (\$256,616)          |
| Less estimated income | 3,583,536   | 2,587,539     | 456,616                      | 3,044,155                    | 3,150,978      | (106,823)            |
| General fund          | \$6,374,720 | \$5,965,161   | (\$156,429)                  | \$5,808,732                  | \$5,958,525    | (\$149,793)          |

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

|                       | Base Budget | House Version | Conference Committee Changes | Conference Committee Version | Senate Version | Comparison to Senate |
|-----------------------|-------------|---------------|------------------------------|------------------------------|----------------|----------------------|
| Salaries and wages    | \$4,903,514 | \$4,402,370   | \$250,394                    | \$4,652,764                  | \$4,959,380    | (\$306,616)          |
| Operating expenses    | 2,053,162   | 2,661,018     | 50,000                       | 2,711,018                    | 2,661,018      | 50,000               |
| Petition review       | 8,000       | 8,000         |                              | 8,000                        | 8,000          |                      |
| Election reform       | 2,703,535   | 1,192,862     | (207)                        | 1,192,655                    | 1,192,655      |                      |
| Total all funds       | \$9,668,211 | \$8,264,250   | \$300,187                    | \$8,564,437                  | \$8,821,053    | (\$256,616)          |
| Less estimated income | 3,583,536   | 2,587,539     | 456,616                      | 3,044,155                    | 3,150,978      | (106,823)            |
| General fund          | \$6,084,675 | \$5,676,711   | (\$156,429)                  | \$5,520,282                  | \$5,670,075    | (\$149,793)          |
| FTE                   | 34.00       | 31.00         | 1.00                         | 32.00                        | 33.00          | (1.00)               |

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

|                    | Adjusts Funding for Health Insurance Increases <sup>1</sup> | Restores 1 FTE Position <sup>2</sup> | Adds Funding for Overtime and Temporary Salaries <sup>3</sup> | Adjusts Funding for Operating Expenses <sup>4</sup> | Adds Funding for Campaign Disclosure Software <sup>5</sup> | Total Conference Committee Changes |
|--------------------|---|--------------------------------------|---|---|--|------------------------------------|
| Salaries and wages | (\$6,429)   | \$106,823                            | \$150,000   |   |  | \$250,394                          |
| Operating expenses |   |                                      |   |   | 50,000   | 50,000                             |

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|                       |           |           |           |             |          |             |
|-----------------------|-----------|-----------|-----------|-------------|----------|-------------|
| Petition review       |           |           |           |             |          |             |
| Election reform       | (207)     |           |           |             |          | (207)       |
| Total all funds       | (\$6,636) | \$106,823 | \$150,000 | \$0         | \$50,000 | \$300,187   |
| Less estimated income | (207)     | 106,823   | 150,000   | 200,000     | 0        | 456,616     |
| General fund          | (\$6,429) | \$0       | \$0       | (\$200,000) | \$50,000 | (\$156,429) |
| FTE                   | 0.00      | 1.00      | 0.00      | 0.00        | 0.00     | 1.00        |

<sup>1</sup> Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month. Section 2 is also adjusted to reflect the revised premium rate.

<sup>2</sup> Funding of \$106,823 is restored for 1 FTE position with funding from the general services operating fund. This results in a total reduction of 2 FTE positions and related funding of \$211,268 from the general fund. The House removed a total of 3 FTE positions and related funding of \$318,091 from the general fund. The Senate restored 2 FTE positions and related funding of \$213,646 from the general services operating fund.

<sup>3</sup> Funding of \$150,000 from the general services operating fund is added for overtime and temporary salaries. The Senate added \$350,000 from the general services operating fund for overtime and temporary salaries.

<sup>4</sup> A funding source change of \$200,000 is made from the general fund to the general services operating fund for operating expenses.

<sup>5</sup> Funding of \$50,000 is provided from the general fund for implementing software to comply with new campaign disclosure requirements approved in Senate Bill No. 2343. Section 5 of the bill also amends North Dakota Century Code Section 16.1-08.1-03.1, as amended by Section 6 of Senate Bill No. 2343, relating to subcontributor contributions for campaign and ballot measure purposes.

This amendment also:

- Adds a section to amend Section 54-09-04(7) to allow the Secretary of State to charge a flat rate fee of \$40 for certain information requests, rather than a fee based on each information request. The Senate also added this section.
- Adds a section to amend Section 54-09-12 to allow the Secretary of State to disclose social security numbers or federal tax identification numbers to public entities if disclosure is necessary for the receiving entity to perform its duties and responsibilities. The Senate also added this section.

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

The Senate did not change funding for public printing. No further action was taken in the Conference Committee related to public printing.



**2017 HOUSE CONFERENCE COMMITTEE  
 ROLL CALL VOTES**

BILL/RESOLUTION NO. HB 1002 as (re) engrossed

**House Appropriations Education and Environment Committee**

- Action Taken**     HOUSE accede to Senate Amendments  
 HOUSE accede to Senate Amendments and further amend  
 SENATE recede from Senate amendments  
 SENATE recede from Senate amendments and amend as follows  
 **Unable to agree**, recommends that the committee be discharged and a new committee be appointed  
 *Adopt Amendment*

Motion Made by: Representative Boe                      Seconded by: Senator Hogue

| Representatives       | 4-11<br>2017 | 4-12 | Yes | No | Senators               | 4-11<br>2017 | 4-12 | Yes | No |
|-----------------------|--------------|------|-----|----|------------------------|--------------|------|-----|----|
| Chairman Sanford      | X            | X    | x   |    | Chairman David Hogue   | x            | x    | x   |    |
| Representative Schatz | X            | X    | x   |    | Senator Robert Erbele  | x            | x    | x   |    |
| Representative Boe    | X            | x    | x   |    | Senator John Grabinger | x            | x    | x   |    |
|                       |              |      |     |    |                        |              |      |     |    |
|                       |              |      |     |    |                        |              |      |     |    |
| Total Rep. Vote       |              |      | 3   |    | Total Senate Vote      |              |      | 3   |    |

Vote Count            Yes:   6                        No:   0                        Absent:   0  

House Carrier \_\_\_\_\_ Senate Carrier \_\_\_\_\_

LC Number \_\_\_\_\_ of amendment

LC Number \_\_\_\_\_ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

*Adopt*            Section 5 & 6 of the 3000 version of the bill

*17.0487.03000*  
**Motion Carries**

**2017 HOUSE CONFERENCE COMMITTEE  
 ROLL CALL VOTES**

BILL/RESOLUTION NO. HB 1002 as (re) engrossed

**House Appropriations Education and Environment Committee**

- Action Taken**
- HOUSE accede to Senate Amendments
  - HOUSE accede to Senate Amendments and further amend
  - SENATE recede from Senate amendments
  - SENATE recede from Senate amendments and amend as follows
  - Unable to agree**, recommends that the committee be discharged and a new committee be appointed
  - Adopt Amendment**

Motion Made by: Representative Schatz      Seconded by: Representative Boe

| Representatives       |  |  |  | Yes | No | Senators               |  |  |  | Yes | No |
|-----------------------|--|--|--|-----|----|------------------------|--|--|--|-----|----|
| Chairman Sanford      |  |  |  | x   |    | Chairman David Hogue   |  |  |  | x   |    |
| Representative Schatz |  |  |  | x   |    | Senator Robert Erbele  |  |  |  | x   |    |
| Representative Boe    |  |  |  | x   |    | Senator John Grabinger |  |  |  | x   |    |
|                       |  |  |  |     |    |                        |  |  |  |     |    |
| Total Rep. Vote       |  |  |  | 3   |    | Total Senate Vote      |  |  |  | 3   |    |

Vote Count      Yes:   6        No:   0        Absent:   0  

House Carrier \_\_\_\_\_ Senate Carrier \_\_\_\_\_

LC Number \_\_\_\_\_ of amendment

LC Number \_\_\_\_\_ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Strike out section 7 of the 3000 version of the bill

*17-0487.03000*  
 Motion Carries

**2017 HOUSE CONFERENCE COMMITTEE  
 ROLL CALL VOTES**

BILL/RESOLUTION NO. HB 1002 as (re) engrossed

**House Appropriations Education and Environment Committee**

- Action Taken**
- HOUSE accede to Senate Amendments
  - HOUSE accede to Senate Amendments and further amend
  - SENATE recede from Senate amendments
  - SENATE recede from Senate amendments and amend as follows
  - Unable to agree, recommends that the committee be discharged and a new committee be appointed
  - Adopt Amendment

Motion Made by: Representative Schatz      Seconded by: Senator Hogue

| Representatives       | 4-13<br>2017 |  | Yes | No | Senators               | 4-13<br>2017 |  | Yes | No |
|-----------------------|--------------|--|-----|----|------------------------|--------------|--|-----|----|
| Chairman Sanford      | ✓            |  | ✓   |    | Chairman David Hogue   | ✓            |  | ✓   |    |
| Representative Schatz | ✓            |  | ✓   |    | Senator Robert Erbele  | ✓            |  | ✓   |    |
| Representative Boe    | ✓            |  | ✓   |    | Senator John Grabinger | ✓            |  | ✓   |    |
|                       |              |  |     |    |                        |              |  |     |    |
| Total Rep. Vote       |              |  | 3   |    | Total Senate Vote      |              |  | 3   |    |

Vote Count      Yes: 6      No: 0      Absent: 0

House Carrier \_\_\_\_\_ Senate Carrier \_\_\_\_\_

LC Number 17.0487.0211 . \_\_\_\_\_ of amendment

LC Number \_\_\_\_\_ . \_\_\_\_\_ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

*Made motions to pass amendment 17.0487.02011*

*Motion Carries*

**2017 HOUSE CONFERENCE COMMITTEE  
 ROLL CALL VOTES**

BILL/RESOLUTION NO. HB 1002 as (re) engrossed

**House Appropriations Education and Environment Committee**

- Action Taken**
- HOUSE accede to Senate Amendments
  - HOUSE accede to Senate Amendments and further amend
  - SENATE recede from Senate amendments
  - SENATE recede from Senate amendments and amend as follows
  - Unable to agree, recommends that the committee be discharged and a new committee be appointed
  - Adopt Amendment

Motion Made by: Senator Hogue Seconded by: Representative Schatz

| Representatives       | 4-11<br>2017 |  |  | Yes | No | Senators               | 4-11<br>2017 |  |  | Yes | No |
|-----------------------|--------------|--|--|-----|----|------------------------|--------------|--|--|-----|----|
| Chairman Sanford      |              |  |  | ✓   |    | Chairman David Hogue   |              |  |  | ✓   |    |
| Representative Schatz |              |  |  | ✓   |    | Senator Robert Erbele  |              |  |  | ✓   |    |
| Representative Boe    |              |  |  |     | ✓  | Senator John Grabinger |              |  |  | ✓   |    |
|                       |              |  |  |     |    |                        |              |  |  |     |    |
| Total Rep. Vote       |              |  |  |     |    | Total Senate Vote      |              |  |  |     |    |

Vote Count      Yes: 5                      No: 1                      Absent: 0

House Carrier \_\_\_\_\_ Senate Carrier \_\_\_\_\_

LC Number 17.0487.02006 . \_\_\_\_\_ of amendment

LC Number \_\_\_\_\_ . \_\_\_\_\_ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment .02006  
To add \$50,000 for campaign disclosure fund  
relating to SB 2343

Motion Carries

**2017 HOUSE CONFERENCE COMMITTEE  
 ROLL CALL VOTES**

BILL/RESOLUTION NO. HB 1002 as (re) engrossed

**House Appropriations Education and Environment Committee**

- Action Taken**
- HOUSE accede to Senate Amendments
  - HOUSE accede to Senate Amendments and further amend
  - SENATE recede from Senate amendments
  - SENATE recede from Senate amendments and amend as follows
  - Unable to agree, recommends that the committee be discharged and a new committee be appointed
  - Adopt Amendment

Motion Made by: Senator Hogue Seconded by: Representative Schatz

| Representatives       | 4-11<br>2017 |  | Yes | No | Senators               | 4-11<br>2017 |  | Yes | No |
|-----------------------|--------------|--|-----|----|------------------------|--------------|--|-----|----|
| Chairman Sanford      |              |  | ✓   |    | Chairman David Hogue   | 1            |  | ✓   |    |
| Representative Schatz |              |  | ✓   |    | Senator Robert Erbele  |              |  |     | ✓  |
| Representative Boe    |              |  |     | ✓  | Senator John Grabinger |              |  |     | ✓  |
|                       |              |  |     |    |                        |              |  |     |    |
| Total Rep. Vote       |              |  | 2   | 1  | Total Senate Vote      |              |  | 1   | 2  |

Vote Count      Yes: 3                      No: 3                      Absent: 0

House Carrier \_\_\_\_\_ Senate Carrier \_\_\_\_\_

LC Number 17.0487.02004 . \_\_\_\_\_ of amendment

LC Number \_\_\_\_\_ . \_\_\_\_\_ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment . 02004  
*That the secretary shall not condense measures of 2 pages.  
 adds an appropriation for printing*

*Motion Failed*

**2017 HOUSE CONFERENCE COMMITTEE  
 ROLL CALL VOTES**

BILL/RESOLUTION NO. HB 1002 as (re) engrossed

**House Appropriations Education and Environment Committee**

- Action Taken**
- HOUSE accede to Senate Amendments
  - HOUSE accede to Senate Amendments and further amend
  - SENATE recede from Senate amendments
  - SENATE recede from Senate amendments and amend as follows
  - Unable to agree, recommends that the committee be discharged and a new committee be appointed
  - Adopt Amendment

Motion Made by: Senator Hogue Seconded by: Senator Grabinger

| Representatives       |  |  |  | Yes | No | Senators               |  |  |  | Yes | No |
|-----------------------|--|--|--|-----|----|------------------------|--|--|--|-----|----|
| Chairman Sanford      |  |  |  | ✓   |    | Chairman David Hogue   |  |  |  | ✓   |    |
| Representative Schatz |  |  |  | ✓   |    | Senator Robert Erbele  |  |  |  | ✓   |    |
| Representative Boe    |  |  |  | ✓   |    | Senator John Grabinger |  |  |  | ✓   |    |
|                       |  |  |  |     |    |                        |  |  |  |     |    |
|                       |  |  |  |     |    |                        |  |  |  |     |    |
| Total Rep. Vote       |  |  |  | 3   |    | Total Senate Vote      |  |  |  | 3   |    |

Vote Count      Yes: 6      No: 0      Absent: 0

House Carrier \_\_\_\_\_ Senate Carrier \_\_\_\_\_

LC Number \_\_\_\_\_ of amendment

LC Number \_\_\_\_\_ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Put back 1FTE (special funded) and overtime

**2017 HOUSE CONFERENCE COMMITTEE  
 ROLL CALL VOTES**

BILL/RESOLUTION NO. HB 1002 as (re) engrossed

**House Appropriations Education and Environment Committee**

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

Motion Made by: Representative Boe Seconded by: Senator Erbele

| Representatives       | 4-11<br>2017 |  | Yes | No | Senators               | 4-11<br>2017 |  | Yes | No |
|-----------------------|--------------|--|-----|----|------------------------|--------------|--|-----|----|
| Chairman Sanford      |              |  | ✓   |    | Chairman David Hogue   |              |  | ✓   |    |
| Representative Schatz |              |  | ✓   |    | Senator Robert Erbele  |              |  | ✓   |    |
| Representative Boe    |              |  | ✓   |    | Senator John Grabinger |              |  | ✓   |    |
|                       |              |  |     |    |                        |              |  |     |    |
| Total Rep. Vote       |              |  | 3   |    | Total Senate Vote      |              |  | 3   |    |

Vote Count      Yes: 6                      No: 0                      Absent: 0

House Carrier \_\_\_\_\_ Senate Carrier \_\_\_\_\_

LC Number 17.0487 . 02012 of amendment

LC Number 17.0487 . 04000 of engrossment

Emergency clause added or deleted

Statement of purpose of amendment to transfer \$200,000 of operating expense from General Fund to General Services Operation Fund

Motion Carries

Insert LC: 17.0487.02012  
 House Carrier: Sanford  
 Senate Carrier: Hogue

**REPORT OF CONFERENCE COMMITTEE**

**HB 1002, as engrossed:** Your conference committee (Sens. Hogue, Erbele, Grabinger and Reps. Sanford, Schatz, Boe) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1432-1434, adopt amendments as follows, and place HB 1002 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1432-1434 of the House Journal and pages 1156-1158 of the Senate Journal and that Engrossed House Bill No. 1002 be amended as follows:

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

Page 1, line 2, after "exemption" insert "; and to amend and reenact section 16.1-08.1-03.1 as amended by section 6 of Senate Bill No. 2343, as approved by the sixty-fifth legislative assembly, subsection 7 of section 54-09-04, and section 54-09-12 of the North Dakota Century Code, relating to campaign disclosure statements, information preparation fees, and confidential information in filed records"

Page 1, replace lines 14 through 21 with:

|                                |             |               |             |
|--------------------------------|-------------|---------------|-------------|
| "Salaries and wages            | \$4,903,514 | (\$250,750)   | \$4,652,764 |
| Operating expenses             | 2,053,162   | 657,856       | 2,711,018   |
| Petition review                | 8,000       | 0             | 8,000       |
| Election reform                | 2,703,535   | (1,510,880)   | 1,192,655   |
| Total all funds                | \$9,668,211 | (\$1,103,774) | \$8,564,437 |
| Less estimated income          | 3,583,536   | (539,381)     | 3,044,155   |
| Total general fund             | \$6,084,675 | (\$564,393)   | \$5,520,282 |
| Full-time equivalent positions | 34.00       | (2.00)        | 32.00"      |

Page 2, replace lines 9 through 11 with:

|                           |             |               |              |
|---------------------------|-------------|---------------|--------------|
| "Grand total general fund | \$6,374,720 | (\$565,988)   | \$5,808,732  |
| Grand total special funds | 3,583,536   | (539,381)     | 3,044,155    |
| Grand total all funds     | \$9,958,256 | (\$1,105,369) | \$8,852,887" |

Page 2, line 13, replace "\$94,446" with "\$84,948"

Page 2, line 13, replace "\$91,588" with "\$82,477"

Page 2, line 14, replace "\$1,249" with "\$1,241"

Page 2, after line 24, insert:

**"SECTION 5. AMENDMENT.** Section 16.1-08.1-03.1 of the North Dakota Century Code as amended by section 6 of Senate Bill No. 2343, as approved by the sixty-fifth legislative assembly, is amended and reenacted as follows:

**16.1-08.1-03.1. Special requirements for statements required of measure committees circulating or promoting passage or defeat of initiated or referred measure persons engaged in activities regarding ballot measures.**

1. For each reportable contribution and expenditure under section 5 of this Act, the threshold for reporting is one hundred dollars for any person or ~~measure committee circulating or promoting passage or defeat of an initiated or referred measure~~ engaged in activities described in subdivision e of subsection 13 of section 16.1-08.1-01.
2. For contributions received from an out-of-state contributor, a person or ~~measure committee circulating or promoting passage or defeat of an~~



Insert LC: 17.0487.02012  
House Carrier: Sanford  
Senate Carrier: Hogue

~~initiated or referred measure~~ engaged in activities described in subdivision e of subsection 13 of section 16.1-08.1-01 shall include the following information regarding ~~subcontributor~~ each subcontributor that has stated a contribution is for the express purpose of furthering the passage or defeat of a ballot measure in the statements required under section 5 of this Act:

- a. A designation as to whether any person contributed in excess of one hundred dollars of the total contribution;
  - b. The name and mailing address of each subcontributor that contributed in excess of one hundred dollars of the total contribution;
  - c. The contribution amounts of each disclosed subcontributor; and
  - d. The occupation, employer, and address for the employer's principal place of business of each disclosed subcontributor.
3. An initiative and referendum sponsoring committee also shall file a disclosure statement by the date the secretary of state approves the petition for circulation, and shall file an additional statement on the date the petitions containing the required number of signatures are submitted to the secretary of state for review. The statements required under this subsection must be in the same form as the year - end statements under section 5 of this Act.
4. A sponsoring committee shall file a statement regarding its intent to compensate circulators before paying for petitions to be circulated.

**SECTION 6. AMENDMENT.** Subsection 7 of section 54-09-04 of the North Dakota Century Code is amended and reenacted as follows:

7. For preparing any listing or compilation of any information recorded or filed in the office of the secretary of state, ~~an amount established by the secretary of state to recover the actual cost for assembling and providing the information in the format requested~~ forty dollars for each record type requested. Unless otherwise agreed to by the secretary of state, the information must be provided in an electronic format. If provided in a paper format, an additional fee of fifty cents per page may be charged.

**SECTION 7. AMENDMENT.** Section 54-09-12 of the North Dakota Century Code is amended and reenacted as follows:

**54-09-12. Confidential information in filed records.**

1. A social security number or federal tax identification number disclosed or contained in any record filed with the secretary of state is confidential. However, a social security number or federal tax identification number may be released as authorized in this section or by other state or federal law.
2. The secretary of state shall delete or obscure a social security or federal tax identification number before a copy of any record is released to the public. ~~A filing office or an officer or employee of the filing office~~ The secretary of state, or an employee, agent, or contractor of the secretary of state's office, may not be held civilly or criminally liable for the inadvertent disclosure of a social security or federal tax identification number if the filer has placed the number in an improper field on the form

prescribed by the secretary of state or the filer submitted a filing other than on the form prescribed by the secretary of state.

3. The secretary of state or an employee, agent, or contractor of the secretary of state's office may release a social security number or federal tax identification number to another public entity or the public entity's agents, employees, or contractors if disclosure is necessary for the receiving public entity to perform the receiving public entity's duties and responsibilities. The receiving public entity and the receiving public entity's agents, employees, and contractors shall maintain the confidential status of the social security number or federal tax identification number."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1002 - Summary of Conference Committee Action**

|                       | Base Budget | House Version | Conference Committee Changes | Conference Committee Version | Senate Version | Comparison to Senate |
|-----------------------|-------------|---------------|------------------------------|------------------------------|----------------|----------------------|
| Secretary of State    |             |               |                              |                              |                |                      |
| Total all funds       | \$9,668,211 | \$8,264,250   | \$300,187                    | \$8,564,437                  | \$8,821,053    | (\$256,616)          |
| Less estimated income | 3,583,536   | 2,587,539     | 456,616                      | 3,044,155                    | 3,150,978      | (106,823)            |
| General fund          | \$6,084,675 | \$5,676,711   | (\$156,429)                  | \$5,520,282                  | \$5,670,075    | (\$149,793)          |
| Public Printing       |             |               |                              |                              |                |                      |
| Total all funds       | \$290,045   | \$288,450     | \$0                          | \$288,450                    | \$288,450      | \$0                  |
| Less estimated income | 0           | 0             | 0                            | 0                            | 0              | 0                    |
| General fund          | \$290,045   | \$288,450     | \$0                          | \$288,450                    | \$288,450      | \$0                  |
| Bill total            |             |               |                              |                              |                |                      |
| Total all funds       | \$9,958,256 | \$8,552,700   | \$300,187                    | \$8,852,887                  | \$9,109,503    | (\$256,616)          |
| Less estimated income | 3,583,536   | 2,587,539     | 456,616                      | 3,044,155                    | 3,150,978      | (106,823)            |
| General fund          | \$6,374,720 | \$5,965,161   | (\$156,429)                  | \$5,808,732                  | \$5,958,525    | (\$149,793)          |

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

|                       | Base Budget | House Version | Conference Committee Changes | Conference Committee Version | Senate Version | Comparison to Senate |
|-----------------------|-------------|---------------|------------------------------|------------------------------|----------------|----------------------|
| Salaries and wages    | \$4,903,514 | \$4,402,370   | \$250,394                    | \$4,652,764                  | \$4,959,380    | (\$306,616)          |
| Operating expenses    | 2,053,162   | 2,661,018     | 50,000                       | 2,711,018                    | 2,661,018      | 50,000               |
| Petition review       | 8,000       | 8,000         |                              | 8,000                        | 8,000          |                      |
| Election reform       | 2,703,535   | 1,192,862     | (207)                        | 1,192,655                    | 1,192,655      |                      |
| Total all funds       | \$9,668,211 | \$8,264,250   | \$300,187                    | \$8,564,437                  | \$8,821,053    | (\$256,616)          |
| Less estimated income | 3,583,536   | 2,587,539     | 456,616                      | 3,044,155                    | 3,150,978      | (106,823)            |
| General fund          | \$6,084,675 | \$5,676,711   | (\$156,429)                  | \$5,520,282                  | \$5,670,075    | (\$149,793)          |
| FTE                   | 34.00       | 31.00         | 1.00                         | 32.00                        | 33.00          | (1.00)               |

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

|                       | Adjusts Funding for Health Insurance Increases <sup>1</sup> | Restores 1 FTE Position <sup>2</sup> | Adds Funding for Overtime and Temporary Salaries <sup>3</sup> | Adjusts Funding for Operating Expenses <sup>4</sup> | Adds Funding for Campaign Disclosure Software <sup>5</sup> | Total Conference Committee Changes |
|-----------------------|---|--------------------------------------|---|---|--|------------------------------------|
| Salaries and wages    | (\$6,429)   | \$106,823                            | \$150,000   |   |  | \$250,394                          |
| Operating expenses    |   |                                      |   |   | 50,000   | 50,000                             |
| Petition review       |   |                                      |   |   |  |                                    |
| Election reform       | (207)   |                                      |   |   |  | (207)                              |
| Total all funds       | (\$6,636)   | \$106,823                            | \$150,000   | \$0   | \$50,000   | \$300,187                          |
| Less estimated income | (207)   | 106,823                              | 150,000   | 200,000   | 0  | 456,616                            |
|                       | (\$6,429)   | \$0                                  | \$0   | (\$200,000)   | \$50,000   | (\$156,429)                        |

|              |      |      |      |      |      |      |  |
|--------------|------|------|------|------|------|------|--|
| General fund |      |      |      |      |      |      |  |
| FTE          | 0.00 | 1.00 | 0.00 | 0.00 | 0.00 | 1.00 |  |

<sup>1</sup> Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month. Section 2 is also adjusted to reflect the revised premium rate.

<sup>2</sup> Funding of \$106,823 is restored for 1 FTE position with funding from the general services operating fund. This results in a total reduction of 2 FTE positions and related funding of \$211,268 from the general fund. The House removed a total of 3 FTE positions and related funding of \$318,091 from the general fund. The Senate restored 2 FTE positions and related funding of \$213,646 from the general services operating fund.

<sup>3</sup> Funding of \$150,000 from the general services operating fund is added for overtime and temporary salaries. The Senate added \$350,000 from the general services operating fund for overtime and temporary salaries.

<sup>4</sup> A funding source change of \$200,000 is made from the general fund to the general services operating fund for operating expenses.

<sup>5</sup> Funding of \$50,000 is provided from the general fund for implementing software to comply with new campaign disclosure requirements approved in Senate Bill No. 2343. Section 5 of the bill also amends North Dakota Century Code Section 16.1-08.1-03.1, as amended by Section 6 of Senate Bill No. 2343, relating to subcontributor contributions for campaign and ballot measure purposes.

This amendment also:

- Adds a section to amend Section 54-09-04(7) to allow the Secretary of State to charge a flat rate fee of \$40 for certain information requests, rather than a fee based on each information request. The Senate also added this section.
- Adds a section to amend Section 54-09-12 to allow the Secretary of State to disclose social security numbers or federal tax identification numbers to public entities if disclosure is necessary for the receiving entity to perform its duties and responsibilities. The Senate also added this section.

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

The Senate did not change funding for public printing. No further action was taken in the Conference Committee related to public printing.

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

**2017 TESTIMONY**

**HB 1002**

**Department 108 - Secretary of State  
House Bill Nos. 1002 and 1062**

**Executive Budget Comparison to Prior Biennium Appropriations**

|  | FTE Positions | General Fund  | Other Funds   | Total         |
|--|---------------|---------------|---------------|---------------|
| 2017-19 Executive Budget                                 | 33.00         | \$6,428,612   | \$2,444,168   | \$8,872,780   |
| 2015-17 Adjusted Legislative Appropriations <sup>1</sup> | 34.00         | 9,424,720     | 3,583,536     | 13,008,256    |
| Increase (Decrease)                                      | (1.00)        | (\$2,996,108) | (\$1,139,368) | (\$4,135,476) |

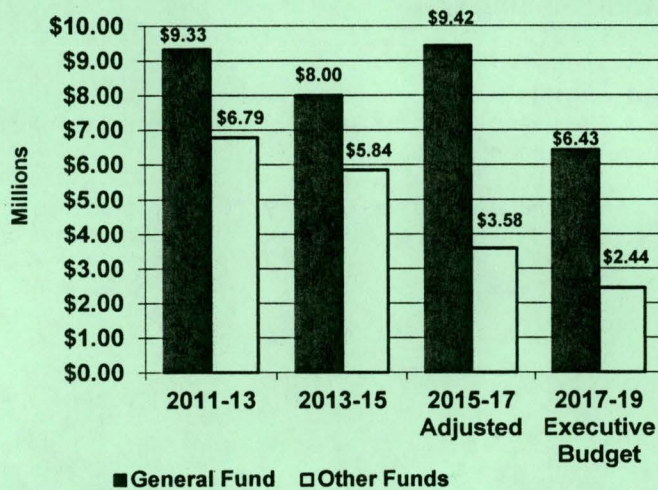
<sup>1</sup>The 2015-17 biennium agency appropriation amounts reflect general fund budget reductions made in August 2016, but do not include the following:

- Additional special funds authority of \$350,000 resulting from Emergency Commission action during the 2015-17 biennium.
- Additional spending authority of \$2,000 from the state contingencies appropriation, as approved by the Emergency Commission during the 2015-17 biennium.

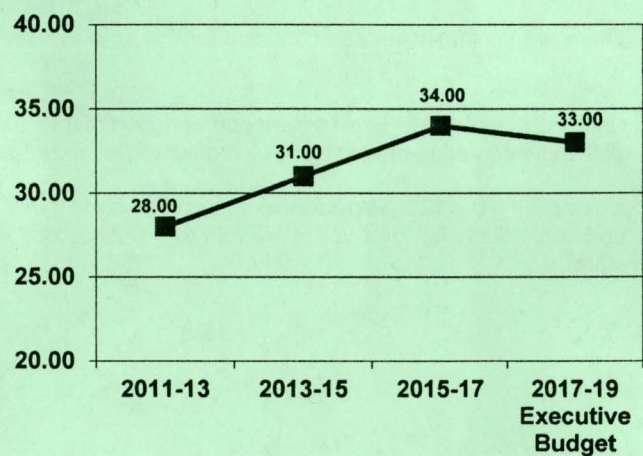
**Ongoing and One-Time General Fund Appropriations**

|   | Ongoing General Fund Appropriation | One-Time General Fund Appropriation | Total General Fund Appropriation |
|---|------------------------------------|-------------------------------------|----------------------------------|
| 2017-19 Executive Budget                    | \$6,428,612                        | \$0                                 | \$6,428,612                      |
| 2015-17 Adjusted Legislative Appropriations | 6,374,720                          | 3,050,000                           | 9,424,720                        |
| Increase (Decrease)                         | \$53,892                           | (\$3,050,000)                       | (\$2,996,108)                    |

**Agency Funding**



**FTE Positions**



**Executive Budget Comparison to Base Level**

|                          | General Fund | Other Funds   | Total         |
|--------------------------|--------------|---------------|---------------|
| 2017-19 Executive Budget | \$6,428,612  | \$2,444,168   | \$8,872,780   |
| 2017-19 Base Level       | 6,374,720    | 3,583,536     | 9,958,256     |
| Increase (Decrease)      | \$53,892     | (\$1,139,368) | (\$1,085,476) |

**Executive Budget Highlights**

|   | General Fund | Other Funds | Total       |
|---|--------------|-------------|-------------|
| 1. Adds funding for state employee salary and benefit increases, of which \$19,334 is for salary increases and \$94,446 is for health insurance increases     | \$110,337    | \$3,443     | \$113,780   |
| 2. Removes 1 nonclassified FTE position   | (\$104,445)  |             | (\$104,445) |
| 3. Adds funding from the Secretary of State general services operating fund for hosting and maintenance costs of the new North Dakota central indexing system |              | \$526,000   | \$526,000   |

4. Removes funding for election reform, including reductions for data processing (\$200,000), contractual services and repairs (\$1,164,620), and professional fees (\$151,707). Of these amounts, \$405,000 is from the Help America Vote Act election reform matching fund and \$1,111,327 is from federal funds. (\$1,516,327) (\$1,516,327)

**Other Bill Sections Recommended to be Added in the Executive Budget  
(As Detailed in House Bill No. 1062)**

**Secretary of State's salary** - Section 3 provides the statutory changes increasing the Secretary of State's salary. The Secretary of State's annual salary is increased from the current level of \$105,770 to \$106,828, effective July 1, 2018, to reflect the 1 percent recommended salary increase.

**General services operating fund** - Section 4 amends North Dakota Century Code Section 54-09-08 to remove the requirement that the Secretary of State transfer any unobligated balance remaining in the fund exceeding \$75,000 to the general fund.

**Continuing Appropriations**

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

**Deficiency Appropriation**

There are no deficiency appropriations for this agency.

**Significant Audit Findings**

There are no significant audit findings for this agency.

**Major Related Legislation**

**House Bill No. 1122** - Provides an appropriation of \$3 million from the general fund to the Secretary of State for the procurement and implementation of electronic pollbooks to be utilized statewide in all polling places.

**House Bill No. 1123** - Provides an appropriation of \$9 million from the general fund to the Secretary of State for the procurement and implementation of a voting system to be utilized by the Secretary of State and county offices in the polling places of the state.

**Secretary of State - Budget No. 108**  
**House Bill Nos. 1002 and 1062**  
**Base Level Funding Changes**

|   | <u>Executive Budget Recommendation</u> |                    |                      |                      |
|---|--|--------------------|----------------------|----------------------|
|   | <u>FTE</u>                             | <u>General</u>     | <u>Other</u>         | <u>Total</u>         |
|   | <u>Position</u>                        | <u>Fund</u>        | <u>Funds</u>         |                      |
| <b>2017-19 Biennium Base Level</b>  | 34.00                                  | \$6,374,720        | \$3,583,536          | \$9,958,256          |
| <b>2017-19 Ongoing Funding Changes</b>  |  |                    |                      |                      |
| Base payroll changes  |  | (\$69,361)         | (\$202,484)          | (\$271,845)          |
| Salary increases - Performance  |  | 18,749             | 585                  | 19,334               |
| Health insurance increases  |  | 91,588             | 2,858                | 94,446               |
| Increases overtime and temporary salaries                                     |  |                    | 50,000               | 50,000               |
| Adds funding for North Dakota central indexing system hosting and maintenance |  |                    | 526,000              | 526,000              |
| Removes 1 FTE position  | (1.00)                                 | (104,445)          |                      | (104,445)            |
| Increases funding for information technology expenses                         |  | 118,956            |                      | 118,956              |
| Removes funding for election reform   |  |                    | (1,516,327)          | (1,516,327)          |
| Reduces funding for public printing   |  | (1,595)            |                      | (1,595)              |
| <b>Total ongoing funding changes</b>  | <b>(1.00)</b>                          | <b>\$53,892</b>    | <b>(\$1,139,368)</b> | <b>(\$1,085,476)</b> |
| <b>One-time funding items</b>   |  |                    |                      |                      |
| No one-time funding items   |  |                    |                      | \$0                  |
| <b>Total one-time funding changes</b>   | <b>0.00</b>                            | <b>\$0</b>         | <b>\$0</b>           | <b>\$0</b>           |
| <b>Total Changes to Base Level Funding</b>                                    | <b>(1.00)</b>                          | <b>\$53,892</b>    | <b>(\$1,139,368)</b> | <b>(\$1,085,476)</b> |
| <b>2017-19 Total Funding</b>  | <b>33.00</b>                           | <b>\$6,428,612</b> | <b>\$2,444,168</b>   | <b>\$8,872,780</b>   |

**Other Sections in Secretary of State - Budget No. 108**

|                                  | <u>Executive Budget Recommendation</u>   |
|----------------------------------|--|
| Salary of the Secretary of State | Section 3 provides the statutory changes to increase the Secretary of State's salary by 1 percent effective July 1, 2018.  |
| General services operating fund  | Section 4 amends Section 54-09-08 to remove the requirement that the Secretary of State transfer any unobligated balance remaining in the fund exceeding \$75,000 to the general fund. |

## Department 108 - Secretary of State

## Appropriations Comparisons to the Original and Adjusted Base Budgets

### General Fund Appropriations Adjustments (As a result of the August 2016 General Fund Budget Reductions)

|  | Ongoing     | One-Time    | Total        |
|--|-------------|-------------|--------------|
| 2015-17 original general fund appropriations | \$7,035,308 | \$3,050,000 | \$10,085,308 |
| General fund reductions                      | (660,588)   | 0           | (660,588)    |
| Adjusted 2015-17 appropriations              | \$6,374,720 | \$3,050,000 | \$9,424,720  |
| Executive Budget changes                     | 53,892      | (3,050,000) | (2,996,108)  |
| 2017-19 Executive Budget                     | \$6,428,612 | \$0         | \$6,428,612  |

### Summary of August 2016 General Fund Budget Reductions

|   | Ongoing     | One-Time | Total       |
|---|-------------|----------|-------------|
| Reduced operating expenses, including information technology costs and travel | (\$630,133) |          | (\$630,133) |
| Reduced public printing   | (30,455)    |          | (30,455)    |
| Total reductions  | (\$660,588) | \$0      | (\$660,588) |
| Percentage reduction to ongoing and one-time general fund appropriations      | 9.39%       | 0.00%    | 6.55%       |

### 2017-19 Executive Budget Changes to the Original and Adjusted Base Budgets

|   | Changes to Original Budget | Budget Reduction Adjustments | Changes to Adjusted Budget |
|---|----------------------------|------------------------------|----------------------------|
| Adds funding for recommended salary and benefit increases | \$110,337                  | \$0                          | \$110,337                  |
| Base payroll changes                                      | (69,361)                   | 0                            | (69,361)                   |
| Removes 1 nonclassified FTE position                      | (104,445)                  | 0                            | (104,445)                  |
| Adjusts funding for information technology expenses       | (511,177)                  | 630,133                      | 118,956                    |
| Reduces funding for public printing                       | (32,050)                   | 30,455                       | (1,595)                    |
| Total   | (\$606,696)                | \$660,588                    | \$53,892                   |

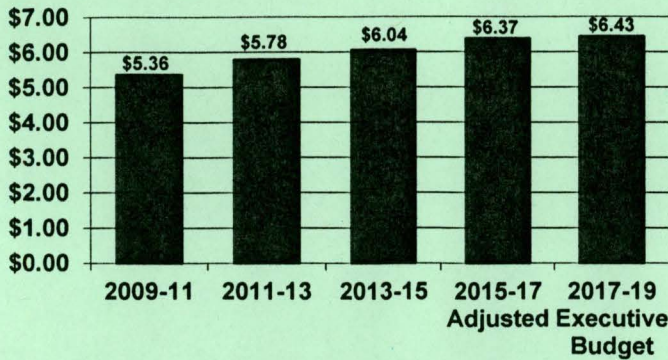


Department 108 - Secretary of State

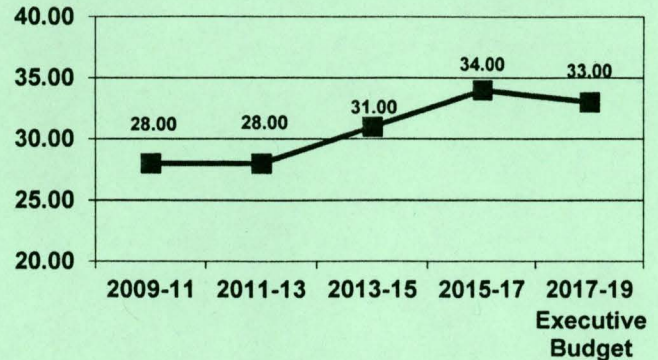
## Historical Appropriations Information

### Ongoing General Fund Appropriations Since 2009-11

Agency Funding (in Millions)



FTE Positions



| Ongoing General Fund Appropriations                             |             |             |             |                  |                          |
|---|-------------|-------------|-------------|------------------|--------------------------|
|   | 2009-11     | 2011-13     | 2013-15     | 2015-17 Adjusted | 2017-19 Executive Budget |
| Ongoing general fund appropriations                             | \$5,356,588 | \$5,783,121 | \$6,043,495 | \$6,374,720      | \$6,428,612              |
| Increase (decrease) from previous biennium                      | N/A         | \$426,533   | \$260,374   | \$331,225        | \$53,892                 |
| Percentage increase (decrease) from previous biennium           | N/A         | 8.0%        | 4.5%        | 5.5%             | 0.8%                     |
| Cumulative percentage increase (decrease) from 2009-11 biennium | N/A         | 8.0%        | 12.8%       | 19.0%            | 20.0%                    |

### Major Increases (Decreases) in Ongoing General Fund Appropriations

**2011-13 Biennium**

- 1. Increased funding for operating expenses, including funding for desktop support services from the Information Technology Department \$249,000

**2013-15 Biennium**

- 1. Provided funding for costs related to increased usage of credit card payments received \$100,000

**2015-17 Biennium**

- 1. Added 6 FTE positions, including 3 office assistant FTE positions and continued 3 FTE positions authorized during the 2013-15 biennium from one-time funding \$597,840

**2017-19 Biennium (Executive Budget Recommendation)**

- 1. Removes 1 nonclassified FTE position (\$104,445)

ALVIN A. JAEGER  
SECRETARY OF STATE

HOME PAGE [www.nd.gov/sos](http://www.nd.gov/sos)



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1-4-17  
HB  
att #1 1002

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

January 4, 2017

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

FR: Al Jaeger, Secretary of State

RE: HB 1002 – Appropriation for the Secretary of State

Public Printing – pages 1, 2 and 3

2013-2015: \$320,500

2015-2017: \$320,500

2017-2019: \$313,531 (requested by Legislative Council – see letter dated August 23,  
2016 – in HB 1062 Governor recommended \$288,450)

Agency overview – page 4 (FTE 30 including Secretary of State plus 1 FTE federally funded)

Agency major accomplishments – page 5

Agency future critical issues – page 6

Agency statistical funding data – pages 7, 8 and 9

Agency demand for services – pages 10, 11, 12, 13 and 14

Agency program costs – page 15

Agency election reform line – page 16

Agency optional requests and supplemental appropriation – page 17

Agency responses to specific requests (see letter dated December 21, 2016 from Allen H  
Knudson on behalf of Chairman Delzer) – pages 18, 19, 20, and 21

Agency specific request from Secretary of State – pages 22, 23, 24 and 25

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1-4-17

HB 1002

A# #1A

Secretary of State  
Public Printing  
January 4, 2017

### **Program Statistical Data**

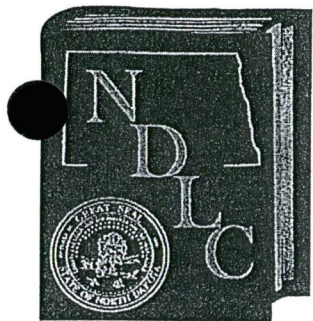
The agency distributes the publications to elected officials, legislators, legislative council, state agencies, county agencies, judicial system, and libraries as prescribed by law.

### **Explanation of Program Costs**

Under state law, the agency is responsible for the distribution of publications known as "public printing" that includes the North Dakota Century Code, the North Dakota Administrative Rules, Session Law Books, etc. Although the appropriation to cover the cost of publishing and distribution is included in the agency's budget, it is based on a recommendation dated August 23, 2016, from the Legislative Council, which has the legal responsibility for preparing, supervising, contracting, and communicating with the various publishers and vendors regarding these publications. The major portion of the appropriation is directly related to the cost of printing the North Dakota Century Code, Session Laws, and the North Dakota Administrative Code. The remaining portion of the appropriation is used by the agency to cover costs related to programming database records, shipping, mailing, supplies, etc.

### **Program Goals and Objectives**

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



# North Dakota Legislative Council

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

**Jim W. Smith**  
Director

**John Walstad**  
Legal Division Director

**Allen H. Knudson**  
Legislative Budget  
Analyst & Auditor

**Jason J. Steckler**  
Administrative Services  
Division Director

**John Bjornson**  
Code Revisor

August 23, 2016

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

Dear Mr. Jaeger:

As you know, the Legislative Council is responsible for preparing the material for and supervising the publication of the North Dakota Century Code, North Dakota Administrative Code, and North Dakota Session Laws. The purpose of this letter is to notify you of the estimated costs for the 2017-19 biennium so you can include a sufficient amount in your budget request for these purposes.

During the 2015-17 biennium, cost estimates for Century Code purchases in your budget were based on the state maintaining 700 sets of the code. Your staff has not advised us to change the number of sets needed, so we are continuing to base our estimates on maintaining 700 code sets for the 2017-19 biennium.

During the 2017-19 biennium, we have tentatively identified Volumes 3A, 10A, 4C, 1B, and 8A of Century Code for replacement. These replacement volumes must be published to avoid increased costs for supplements and the eventual need to replace the entire Century Code. Replacement of volumes also makes the Century Code more easily usable for the public. The Court Rules Annotated volume is published in a softbound volume that must be replaced each biennium. Based on cost estimates furnished by LexisNexis, \$164,500 will be needed to purchase 700 sets of replacement Volumes 3A, 10A, 4C, 1B, and 8A and \$52,675 will be needed to purchase 700 sets of the Court Rules Annotated volume and two supplements to that volume.

Based on LexisNexis estimates, \$114,800 will be needed to purchase 700 sets of the 2017 pocket supplements, and \$43,400 will be needed to purchase 700 sets of the 2017 general index.

The estimated costs for Century Code updates for the 2017-19 biennium total \$375,375. In the letter (copy enclosed) of estimated costs from Ms. Leslie Metheny, Director, Government Content Acquisition, LexisNexis, it is stated that LexisNexis offers state government subscribers a 25 percent discount. Application of this discount will reduce estimated expenditures for 2017-19 Century Code updates to \$281,531.

Beginning in 2011 costs were decreased substantially because the Administrative Code is now being published in a CD-ROM format. We estimated CD-ROM preparation and mailing costs for the Administrative Code would total \$7,000 for the 2015-17 biennium. Your staff has not advised us this amount should be increased, so we believe the same amount will be adequate for the 2017-19 biennium.

We estimate that \$25,000 will be required to cover printing, binding, and mailing costs for the 2017 North Dakota Session Laws.

2

We respectfully suggest that you include \$313,531 in your budget request for the 2017-19 biennium for publication and printing costs for the North Dakota Century Code, North Dakota Administrative Code, and North Dakota Session Laws and postage and mailing costs for the Administrative Code and Session Laws. This is a 0.62 percent decrease from the comparable amount we recommended for these expenses for the 2015-17 biennium.

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

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

Sincerely,



Jim W. Smith  
Director

JWS/KS

Enc.

cc: Ms. Pam Sharp  
Ms. Leslie Metheney

Secretary of State  
January 4, 2017

### **AGENCY STATUTORY AUTHORITY**

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

### **AGENCY DESCRIPTION**

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

### **AGENCY MISSION STATEMENT**

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

### **AGENCY PERFORMANCE MEASURES**

Although it does not have a formal written program, the agency's management team and unit leads have access to various processes for tracking productivity, effectiveness, efficiency, quality of customer service, and compliance with laws. It is anticipated the statistical tracking of information will be improved with the agency's migration to a new database and document processing platform, for which funding was approved in previous bienniums and for which continued funding is being requested in the agency's 2017/2019 budget request.

Secretary of State  
January 4, 2017

## AGENCY MAJOR ACCOMPLISHMENTS

1. With funding provided by the 2015 Legislature, executed contract for a Business Process Modeling study, which proven to be invaluable. It was a complete review of agency administrative functions and involved each member of the staff. Some of the recommendations were immediately implemented and the entire study was used as a basis for the drafting of a RFP that was issued to secure a vendor to develop business and licensing software (BLS) for office operations and provide online filing and reporting functions for agency customers.
2. On March 1, 2016, successfully launched the 100% online 24/7 North Dakota Central Indexing System (NDCIS). All lien documents are now filed and searched online, which include the Uniform Commercial CODE (UCC), Central Notice System for farm products (CNS), tax liens, etc. The database contains over 320,000 records.
3. Executed contract in the fall of 2016 with vendor to develop the BLS software for agency operations. Vendor has software deployed successfully in several Secretary of State offices and understands agency requirements. Project is proceeding very well and it is expected to be deployed on time and within the funding provided by the 2015 legislature. This will enable the migration of the agency's database from an AS/400 operating platform created in 1988/1992.
4. Continued to enhance the agency's Election Management System (EMS) and Election Administration System (EAS) known to the public as Vote.ND.Gov, which provide new and expanded election information on the agency's website about elections, candidates, campaign contributions, voter precinct finder, polling location details and the reporting of election night returns. In addition, it assists in the administration of petition review, poll worker tracking, voting statistics reporting, and early and absentee voting.

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## AGENCY FUTURE CRITICAL ISSUES

In the statistical data section of the program narrative, the data reveals that since 1995/1997 and through the 2013/2015 biennium, the agency's revenue has steadily increased. The 2013/2015 biennium revenue increased 4.3% from the previous biennium. The increased revenue is directly related to the increase in the number of registrations, filings, and increased demand for the services provided by the agency. In order to respond to this increased demand, the agency is substantially dependent on the use of information technology (e.g. software, hardware, Internet, etc.), which it uses to provide the timely, accurate, and efficient services expected by the public, businesses, and customers of the agency.

As was also documented in the statistical data section, the agency is processing 102,228 more documents per year than it did in 1995. Therefore, to provide services in a cost effective and efficient manner for the public, it is vitally important that the agency receive support for technology initiatives and additional FTE's to handle the increase in workload.

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

Having adequate FTE's and the ability to offer competitive salaries is a huge challenge. The agency needs to have competitive salaries and address compression issues in its employment structure to be competitive and to pay salaries appropriate for agency staff.



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**PROGRAM STATISTICAL DATA**

History of Revenue and Expenditures for the past seven budget cycles

Revenue

- 2001/2003 – \$ 6,277,698 (general \$5,869,160; \* special \$371,868) increased 5.5% over previous biennium
- 2003/2005 – \$ 6,716,245 (general \$6,289,108, \* special \$401,305) increased 7.0% over previous biennium
- 2005/2007 – \$ 7,289,015 (general \$6,815,185, \* special \$454,445) increased 8.5% over previous biennium.
- 2007/2009 – \$ 7,949,077 (general \$7,432,582, \* special \$516,495) increased 9.1% over previous biennium.
- 2009/2011 – \$ 9,058,760 (general \$8,543,052, \* special \$515,708) increased 14% over previous biennium.
- 2011/2013 – \$ 12,376,388 (general \$11,744,573, \* special \$601,815) increased 36% over previous biennium.
- 2013/2015 – \$12,917,111 (general \$12,252,412, \* special \$664,699) increased 4.3 % over previous biennium.
- 2015/2017 – Estimated: \$ 12,800,000 (general \$12,000,000, \* special \$1,200,000) estimated increase 2.0% over previous biennium.

Expenditures

- 2001/2003 - \$ 3,961,253 increased 11.7% over previous biennium (see note # 1)
- 2003/2005 - \$ 4,146,332 increased 4.7% over previous biennium
- 2005/2007 - \$ 4,536,178 increased 9.4% over previous biennium (see note # 2)
- 2007/2009 - \$5,666,247 increased 24.9% over previous biennium (see note #3)
- 2009/2011 - \$6,168,973 increased 8.9% over previous biennium (see note #4)
- 2011/2013 - \$8,383,125 increased 35.9% over previous biennium (see note #5)
- 2013/2015 - \$9,018,517 increased 7.58 % over previous biennium (see note #6)

Note # 1 ITD again reallocated costs related to the statewide area network resulting in another \$175,000 increase added to the agency's budget.

Note # 2. The expenditures included a one-time amount of \$125,000 for migration of database.

Note # 3 The expenditures included a one-time amount of \$825,000 for migration of database.

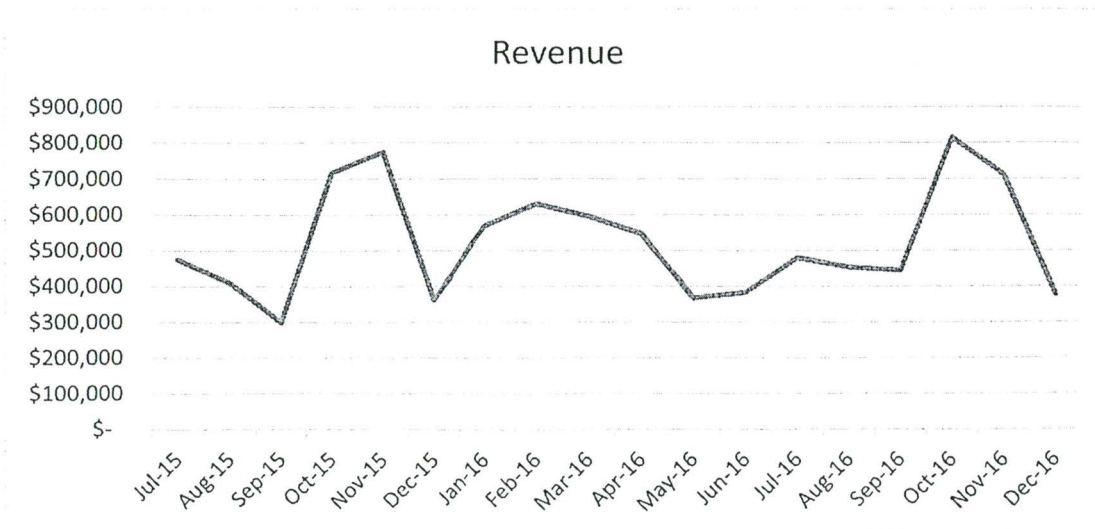
Note # 4 - The expenditures included a one-time amount of \$702,000 for migration of database (One time funding was \$780,000 total, we requested \$78,000 in carryover to 11-13 Biennium)

Note # 5 The expenditures included one-time amounts of \$3,500,000 for migration of database and \$43,039 for online public meeting system. In addition, one-time funding carryover of \$78,000 for migration of database was approved. (We requested \$1,351,035 in carryover to 13-15 for migration of database)

Note #6 - The expenditures included one-time amounts of \$2,048,352 for migration of database and \$109,794 for business process mapping project. (We requested carryover to 15-17 for the remaining migration of database and business process mapping)

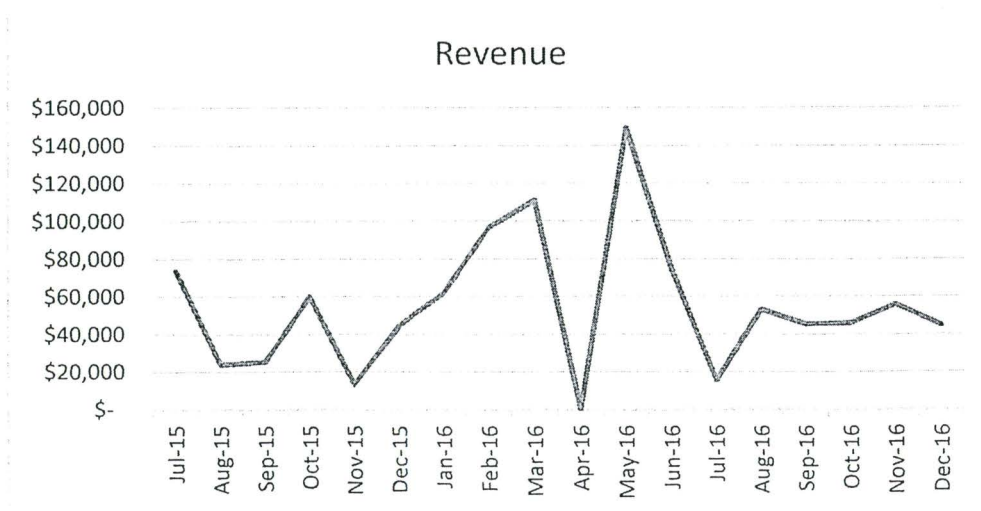
Secretary of State  
General Fund Revenue Chart

| 2015/2017 Biennium - General Fund Revenue  |            |                                    |                                    |                             |                     |
|--|------------|------------------------------------|------------------------------------|-----------------------------|---------------------|
| December 31, 2016 - 25% Biennium Remaining |            |                                    |                                    |                             |                     |
|  | Revenue    | Monthly Average Revenue Per Budget | Monthly Accumulative Revenue Total | Accumulative Monthly Budget | (Under) Over Budget |
|  |            | \$ 12,000,000                      |                                    |                             |                     |
| Jul-15                                     | \$ 474,888 | \$ 500,000                         | \$ 474,888                         | \$ 500,000                  | \$ (25,112)         |
| Aug-15                                     | \$ 409,292 | \$ 500,000                         | \$ 884,180                         | \$ 1,000,000                | \$ (115,820)        |
| Sep-15                                     | \$ 298,351 | \$ 500,000                         | \$ 1,182,531                       | \$ 1,500,000                | \$ (317,469)        |
| Oct-15                                     | \$ 716,937 | \$ 500,000                         | \$ 1,899,469                       | \$ 2,000,000                | \$ (100,531)        |
| Nov-15                                     | \$ 772,993 | \$ 500,000                         | \$ 2,672,461                       | \$ 2,500,000                | \$ 172,461          |
| Dec-15                                     | \$ 361,213 | \$ 500,000                         | \$ 3,033,674                       | \$ 3,000,000                | \$ 33,674           |
| Jan-16                                     | \$ 568,328 | \$ 500,000                         | \$ 3,602,002                       | \$ 3,500,000                | \$ 102,002          |
| Feb-16                                     | \$ 630,108 | \$ 500,000                         | \$ 4,232,110                       | \$ 4,000,000                | \$ 232,110          |
| Mar-16                                     | \$ 595,056 | \$ 500,000                         | \$ 4,827,165                       | \$ 4,500,000                | \$ 327,165          |
| Apr-16                                     | \$ 548,105 | \$ 500,000                         | \$ 5,375,270                       | \$ 5,000,000                | \$ 375,270          |
| May-16                                     | \$ 367,019 | \$ 500,000                         | \$ 5,742,289                       | \$ 5,500,000                | \$ 242,289          |
| Jun-16                                     | \$ 382,380 | \$ 500,000                         | \$ 6,124,669                       | \$ 6,000,000                | \$ 124,669          |
| Jul-16                                     | \$ 479,645 | \$ 500,000                         | \$ 6,604,314                       | \$ 6,500,000                | \$ 104,314          |
| Aug-16                                     | \$ 453,175 | \$ 500,000                         | \$ 7,057,489                       | \$ 7,000,000                | \$ 57,489           |
| Sep-16                                     | \$ 443,978 | \$ 500,000                         | \$ 7,501,467                       | \$ 7,500,000                | \$ 1,467            |
| Oct-16                                     | \$ 813,887 | \$ 500,000                         | \$ 8,315,354                       | \$ 8,000,000                | \$ 315,354          |
| Nov-16                                     | \$ 710,115 | \$ 500,000                         | \$ 9,025,469                       | \$ 8,500,000                | \$ 525,469          |
| Dec-16                                     | \$ 376,396 | \$ 500,000                         | \$ 9,401,864                       | \$ 9,000,000                | \$ 401,864          |



Secretary of State  
Special Fund Revenue Chart

| 2015/2017 Biennium - General Services Revenue |            |                                    |                                    |                             |                     |
|---|------------|------------------------------------|------------------------------------|-----------------------------|---------------------|
| December 31, 2016 – 25% Biennium Remaining    |            |                                    |                                    |                             |                     |
|   | Revenue    | Monthly Average Revenue Per Budget | Monthly Accumulative Revenue Total | Accumulative Monthly Budget | (Under) Over Budget |
|   |            | 1,188,731                          |                                    |                             |                     |
| Jul-15  | \$ 73,607  | \$ 49,530                          | \$ 73,607                          | \$ 49,530                   | \$ 24,076           |
| Aug-15  | \$ 23,938  | \$ 49,530                          | \$ 97,545                          | \$ 99,061                   | \$ (1,516)          |
| Sep-15  | \$ 25,231  | \$ 49,530                          | \$ 122,775                         | \$ 148,591                  | \$ (25,816)         |
| Oct-15  | \$ 59,956  | \$ 49,530                          | \$ 182,731                         | \$ 198,122                  | \$ (15,391)         |
| Nov-15  | \$ 13,267  | \$ 49,530                          | \$ 195,998                         | \$ 247,652                  | \$ (51,654)         |
| Dec-15  | \$ 44,427  | \$ 49,530                          | \$ 240,425                         | \$ 297,183                  | \$ (56,758)         |
| Jan-16  | \$ 61,936  | \$ 49,530                          | \$ 302,361                         | \$ 346,713                  | \$ (44,353)         |
| Feb-16  | \$ 96,643  | \$ 49,530                          | \$ 399,004                         | \$ 396,244                  | \$ 2,760            |
| Mar-16  | \$ 111,131 | \$ 49,530                          | \$ 510,134                         | \$ 445,774                  | \$ 64,360           |
| Apr-16  | \$ -       | \$ 49,530                          | \$ 510,134                         | \$ 495,305                  | \$ 14,830           |
| May-16  | \$ 149,255 | \$ 49,530                          | \$ 659,389                         | \$ 544,835                  | \$ 114,554          |
| Jun-16  | \$ 74,808  | \$ 49,530                          | \$ 734,196                         | \$ 594,366                  | \$ 139,831          |
| Jul-16  | \$ 15,496  | \$ 49,530                          | \$ 749,692                         | \$ 643,896                  | \$ 105,796          |
| Aug-16  | \$ 53,266  | \$ 49,530                          | \$ 802,958                         | \$ 693,426                  | \$ 109,531          |
| Sep-16  | \$ 45,324  | \$ 49,530                          | \$ 848,281                         | \$ 742,957                  | \$ 105,324          |
| Oct-16  | \$ 45,900  | \$ 49,530                          | \$ 894,181                         | \$ 792,487                  | \$ 101,694          |
| Nov-16  | \$ 55,901  | \$ 49,530                          | \$ 950,082                         | \$ 842,018                  | \$ 108,064          |
| Dec-16  | \$ 44,716  | \$ 49,530                          | \$ 994,798                         | \$ 891,548                  | \$ 103,249          |



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Demand for Services

The demand for the agency's services has grown steadily during the period beginning June 30, 1995, and ending June 30, 2016. This is in direct relationship to the net increase in filings and registrations as listed below.

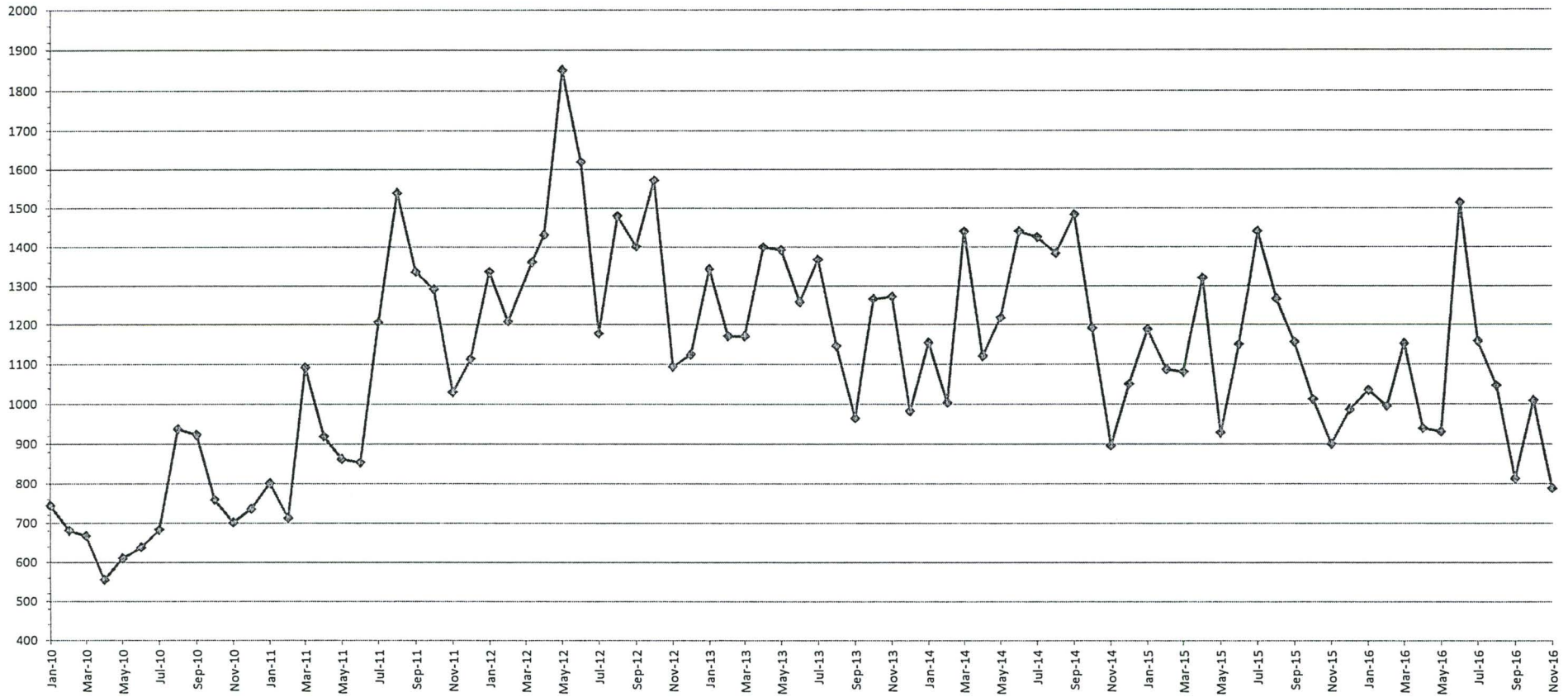
|  | June 30, 1995 | June 30, 2016 | Percentage Increase/decrease |
|--|---------------|---------------|------------------------------|
| Contractors                            | 4,701         | 11,356        | +142%                        |
| Charitable Solicitation                | 559           | 3,457         | +518%                        |
| Notary Publics                         | 10,419        | 15,206        | +46%                         |
| ND For-profit corporations             | 10,734        | 13,223        | +23%                         |
| ND Cooperatives                        | 434           | 269           | -38%                         |
| ND Professional corporation            | 552           | 976           | +77%                         |
| Foreign For-profit corporations        | 7,307         | 16,601        | +127%                        |
| Foreign cooperatives                   | 45            | 75            | +67%                         |
| Limited Liability Companies (all)      | 441           | 31,100        | +6952%                       |
| Limited Liability partnerships (all)   | 13            | 3,475         | +26631%                      |
| Limited Partnerships (all)             | 864           | 1,618         | +87%                         |
| Limited Liability Limited Partnerships | 0             | 1,307         | +1307                        |
| Partnership Fictitious Names           | 1,362         | 2,109         | +55%                         |
| Trademarks                             | 1,286         | 1,518         | +18%                         |
| Trade names                            | 3,565         | 31,086        | +772%                        |
| ND non-profit corporations *           | 0             | 7,858         | +7858%                       |
| Foreign non-profit corporations *      | 0             | 3,276         | +3276%                       |
| Total                                  | 42,282        | 144,510       | +242%                        |

\*Prior to 1997, non-profit corporations were not required to file an annual corporate report. Therefore, the agency is processing an additional 11,134 filings that it did not process nineteen years ago.

|   | June 30, 2011 | June 30, 2013  | June 30, 2015  | November 30, 2016 | Increase from<br>Jun 30,2011 | % inc (decr)   |
|---|---------------|----------------|----------------|-------------------|------------------------------|----------------|
| Corporations - ND                             | 13,330        | 13,783         | 13,473         | 12,591            | -739                         | -5.54%         |
| Corporations - ND Professional                | 971           | 983            | 979            | 956               | -15                          | -1.54%         |
| Corporations - Foreign                        | 14,072        | 16,483         | 16,783         | 16,874            | 2,802                        | 19.91%         |
| Corporations - Foreign Professional           | 166           | 301            | 379            | 377               | 211                          | 127.11%        |
| <b>Total</b>                                  | <b>28,539</b> | <b>31,550</b>  | <b>31,614</b>  | <b>30,798</b>     | <b>2,259</b>                 | <b>7.92%</b>   |
| Limited Liability Company - ND                | 9,732         | 15,723         | 19,817         | 22,355            | 12,623                       | 129.71%        |
| Limited Liability Company - ND Professional   | 138           | 208            | 304            | 385               | 247                          | 178.99%        |
| Limited Liability Company - Foreign           | 5,288         | 8,077          | 9,515          | 10,197            | 4,909                        | 92.83%         |
| <b>Total</b>                                  | <b>15,158</b> | <b>24,008</b>  | <b>29,636</b>  | <b>32,937</b>     | <b>17,779</b>                | <b>117.29%</b> |
| Partnership Fictitious Names                  | 1,777         | 1,945          | 2,144          | 2,075             | 298                          | 16.77%         |
| Limited Liability Partnerships                | 2,874         | 3,219          | 3,407          | 3,367             | 493                          | 17.15%         |
| Limited Partnerships                          | 1,602         | 1,690          | 1,645          | 1,532             | -70                          | -4.37%         |
| Limited Liability Limited Partnerships        | 774           | 1,017          | 1,218          | 1,321             | 547                          | 70.67%         |
| <b>Total</b>                                  | <b>7,027</b>  | <b>7,871</b>   | <b>8,414</b>   | <b>8,295</b>      | <b>1,268</b>                 | <b>18.04%</b>  |
| Nonprofit Corporations - ND                   | 7,432         | 7,589          | 7,705          | 7,976             | 544                          | 7.32%          |
| Nonprofit Corporations - Foreign              | 2,309         | 2,737          | 3,087          | 3,402             | 1,093                        | 47.34%         |
| Nonprofit Limited Liability Company - ND      | 8             | 15             | 17             | 26                | 18                           | 225.00%        |
| Nonprofit Limited Liability Company - Foreign | 0             | 0              | 0              | 3                 | 3                            | 0.00%          |
| <b>Total</b>                                  | <b>9,749</b>  | <b>10,341</b>  | <b>10,809</b>  | <b>11,407</b>     | <b>1,658</b>                 | <b>17.01%</b>  |
| Trade Names                                   | 22,749        | 26,851         | 29,981         | 31,041            | 8,292                        | 36.45%         |
| Trademarks                                    | 1,458         | 1,460          | 1,506          | 1,544             | 86                           | 5.90%          |
| Corporations - Farm                           | 756           | 794            | 830            | 830               | 74                           | 9.79%          |
| Limited Liability Company - Farm              | 190           | 263            | 351            | 405               | 215                          | 113.16%        |
| <b>Total</b>                                  | <b>946</b>    | <b>1,057</b>   | <b>1,181</b>   | <b>1,235</b>      | <b>289</b>                   | <b>30.55%</b>  |
| Cooperatives and Misc                         | 292           | 276            | 269            | 265               | -27                          | -9.25%         |
| Cooperatives - Foreign                        | 73            | 72             | 75             | 74                | 1                            | 1.37%          |
| <b>Total</b>                                  | <b>365</b>    | <b>348</b>     | <b>344</b>     | <b>339</b>        | <b>-26</b>                   | <b>-7.12%</b>  |
| <b>Grand Total</b>                            | <b>85,991</b> | <b>103,486</b> | <b>113,485</b> | <b>117,596</b>    | <b>31,605</b>                | <b>36.75%</b>  |

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### Secretary of State - # of New Filings per Month



|             | January | February | March | April | May  | June | July | August | September | October | November | December |
|-------------|---------|----------|-------|-------|------|------|------|--------|-----------|---------|----------|----------|
| <b>2010</b> | 744     | 681      | 667   | 555   | 610  | 638  | 683  | 937    | 923       | 759     | 701      | 736      |
| <b>2011</b> | 801     | 713      | 1092  | 919   | 862  | 853  | 1206 | 1539   | 1336      | 1291    | 1030     | 1113     |
| <b>2012</b> | 1336    | 1208     | 1361  | 1431  | 1851 | 1619 | 1177 | 1479   | 1401      | 1571    | 1094     | 1124     |
| <b>2013</b> | 1343    | 1170     | 1170  | 1399  | 1392 | 1258 | 1367 | 1145   | 965       | 1266    | 1272     | 982      |
| <b>2014</b> | 1154    | 1004     | 1439  | 1120  | 1218 | 1440 | 1425 | 1383   | 1483      | 1191    | 896      | 1050     |
| <b>2015</b> | 1187    | 1087     | 1081  | 1320  | 928  | 1150 | 1440 | 1267   | 1155      | 1012    | 900      | 986      |
| <b>2016</b> | 1035    | 995      | 1152  | 940   | 931  | 1514 | 1158 | 1046   | 813       | 1009    | 788      |          |

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|   |        |
|---|--------|
| Licensed contractors as of January 4, 2017    | 10,919 |
| Licenses issued to new applicants during 2016 | 1,405  |
| Charitable Organizations registered           | 3,444  |

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## EXPLANATION OF PROGRAM COSTS

For the 2015-2017 biennium, the appropriated salary line represented approximately 77% of the agency's total general fund spending authority. (This does not include the \$3 million of one-time funding appropriated for the technology project)

The appropriated operating line for 2015-2017 represented approximately 23% of the agency's total general fund spending authority. Of that amount, approximately 49% of the operating line was budgeted for payments to the state's Information Technology Division (ITD). The remaining 51% is spread among other object code categories and supports the general operations of the agency. Those budget object codes include telecommunications, travel, mailing services, professional development, fees and services, repairs and maintenance of equipment, insurance, office supplies, printing, professional supplies and materials, and miscellaneous expenses.

The agency also has a general service fund, which is the retail account for information sold by the agency. Approximately 63% of that budget is used to cover technology related expenses such as software, licenses and data processing for the agency.

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

1. The agency's budget supports the statewide Central Indexing System (CIS) area network. On March 1, 2016, the North Dakota Central Indexing System (NDCIS) was launched which allows for all filings related to various personal property liens to be completed electronically online. The budget supports the ongoing costs and maintenance of the new electronic database.
2. The agency's budget supports a database of approximately 265,000 names for approximately 100 diverse and varied categories related to the duties of the agency and for associated expenses such as programming, which is only available from a private vendor. For 2015-2017, the agency requested additional one-time funding to continue the migration of the agency's databases to a new operating platform.
3. The agency's budget supports an Internet web site and covers associated expenses.



## ELECTION REFORM

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

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

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

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

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

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

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

During the 17-19 biennium, it is estimated the state's election fund will be depleted. The remaining funds will be used to:

- 1) Fund the authorized FTE who is the manager of the Election Administration System
- 2) Fund the temporary individual who serves as the Central Voter File coordinator
- 3) Maintain the Central Voter File
- 4) Fund general activities to ensure the state meets the requirements of Title III

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**Optional Requests**

|   |         |
|---|---------|
| Secretary of State Operational Increase<br>(General Fund - \$260,000; Special Fund - \$266,000) | 526,000 |
| Governor Recommended<br>(Special Fund - \$526,000)  | 526,000 |
| Overtime (General Fund)   | 350,000 |
| Governor Recommended  | 0       |
| Temporary Salaries and Benefits (General Fund)  | 165,000 |
| Governor Recommended (Special Fund)   | 50,000  |

1. Any financial audit findings included in the most recent audit of your department or institution and action taken to address each finding.

Response: The most recent audit of the agency, for the two year period ending June 30 2014, did not contain any financial audit findings.

2. The major components making up the "base level" amounts for your department or institution.

Response: They are as follows:

- 55% - Salaries and Wages
- 26% - Operating
- 14% - Election Reform (federal funds)

3. Major ongoing funding increases or decreases approved by the 2013 or 2015 Legislative Assemblies for your department or institution.

Response: The 2015 legislature approved 3 FTE positions and permanently ratified 3 FTE positions initially approved one-time funding by the 2013 legislature adding 6 positions.

4. The effects of the budget reductions approved during the August 2016 special legislative session on the 2015-2017 budget and estimated 2015-2017 biennium spending compared to the adjusted 2015-2017 appropriations by line item, explaining any major variances.

Response: The following table provides a comparison of the original appropriation for the biennium to the current appropriation along with the estimated expenditures and appropriation at the end of the biennium. The remaining appropriation in the salaries and wages line and operating expenses line will be requested for carryover because the remaining funds are for the computer software project which was funded for the 2015-2017 biennium and it in the process of being developed. The remaining federal and special funds in the election reform line will be used to fund the election reform expenses in the 2017-2019 biennium.

|  | Original<br>Appropriation | Current<br>Appropriation | Estimated<br>Expenses | Estimated Remaining<br>Appropriation |
|--|---------------------------|--------------------------|-----------------------|--------------------------------------|
| 10810 Salaries and Wages               | \$ 4,903,514.00           | \$ 5,111,514.00          | \$ 4,910,000.00       | \$ 201,514.00                        |
| 10830 Operating<br>Expenses            | \$ 5,733,295.00           | \$ 5,666,189.61          | \$ 3,506,500.00       | \$ 2,159,689.61                      |
| 10870 Petition Review                  | \$ 8,000.00               | \$ 10,000.00             | \$ 9,000.00           | \$ 1,000.00                          |
| 10872 Bus Process<br>Modeling Services | \$0                       | \$ 290,206.50            | \$ 290,206.50         | \$ 0                                 |
| 10873 Election Reform                  | \$ 2,703,535.00           | \$ 2,703,535.00          | \$ 1,800,000.00       | \$ 903,535.00                        |
| 10975 Public Printing-<br>Operating    | \$ 320,500.00             | \$ 290,045.00            | \$ 285,000.00         | \$ 5,045.00                          |
|  | \$ 13,668,844.00          | \$ 14,071,490.11         | \$ 10,800,706.50      | \$ 3,270,783.61                      |

5. A listing of the proposed budget reductions identified by your department or institution to meet the Governor's 90 percent budget request guideline.

Response: The budget reductions identified to meet the 90% budget request are as follows:

- (\$5,000) – Travel
- (\$7,000) – Supplies - IT Software
- (\$2,500) – Supply/Material-Professional
- (\$9,000) – Miscellaneous Supplies
- (\$15,000) – Office Supplies
- (\$24,000) – IT Equip Under \$5,000
- (\$10,000) – Repairs
- (\$306,799) – Data Processing
- (\$20,000) – IT - Communications
- (\$36,878) – IT Contractual Services and Repairs
- (\$75,000) – Operating Fees and Services

6. 2017-19 budget changes recommended by the Governor to the "base level" identifying each increase or decrease with explanations or justification for each change.

Response: The Governor's recommendation included the following changes:

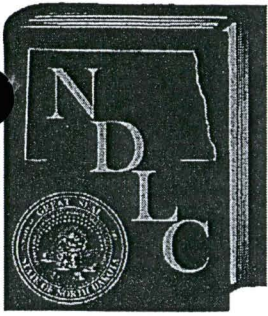
- a. Removed one FTE
- b. Provided \$50,000 from special funds for temporary staff – the agency's temporary and overtime costs have increased due to increased demand for services and additional staff time and backfill needed during the development of the agency's software system.
- c. Provided \$526,000 from special funds for operational increases – increase relates to hosting and maintenance costs for the new central indexing system and increased costs related to ITD hosting.

7. Any known or potential changes in the level of federal funding to be received by your department or institution and your department's or institution's plan to address the changes.

Response: The Secretary of State office does not expect to receive any additional federal funds during the 2017-2019 biennium. The remaining federal funds relating to elections will be depleted during the 2017-2019 biennium. The Secretary of State request general funds for the 2019-2021 biennium to continue supporting the election related programs.

1008  
1068

328-2407 Risa call  
Public Service Com  
10.  
time for power point



# North Dakota Legislative Council

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

**Jim W. Smith**  
Director

**Allen H. Knudson**  
Legislative Budget  
Analyst & Auditor

**John Bjornson**  
Legal Division Director

**Jason J. Steckler**  
Administrative Services  
Division Director

**Vonette J. Richter**  
Code Revisor

December 21, 2016

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

Dear Honorable Alvin A. Jaeger:

Enclosed is the House Appropriations Committee, Representative Jeff Delzer, Chairman, January 3-13, 2017, hearing schedule, including the committee's divisions. Please note the bills or presentations relating to your department or institution that are scheduled during this time.

On behalf of the Chairman, we ask that a representative of your department or institution testify during the time scheduled. For developing the 2017-19 biennium state budget, the committee will be working from the "base level" appropriations for each department or institution. The "base level" amounts are the 2015-17 biennium appropriations excluding one-time funding, adjusted for the budget reductions approved during the August 2016 special legislative session. The Chairman asks that presentations to the committee be in written form to allow for future reference and include the following:

- Any financial audit findings included in the most recent audit of your department or institution and action taken to address each finding.
- The major components making up the "base level" amounts for your department or institution.
- Major ongoing funding increases or decreases approved by the 2013 or 2015 Legislative Assemblies for your department or institution.
- The effects of the budget reductions approved during the August 2016 special legislative session on the 2015-17 budget and estimated 2015-17 biennium spending compared to the adjusted 2015-17 appropriations by line item, explaining any major variances.
- A listing of the proposed budget reductions identified by your department or institution to meet the Governor's 90 percent budget request guideline.
- 2017-19 budget changes recommended by the Governor to the "base level" identifying each increase or decrease with explanations or justification for each change.
- Any known or potential changes in the level of federal funding to be received by your department or institution and your department's or institution's plan to address the changes.

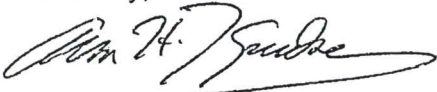
Time should be allowed for committee member questions. Additional hearings will be scheduled later for most agencies to review the budget in more detail.

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The checkmarks on the enclosed schedule indicate the hearings relating to your department or institution. The hearings will be held in the committee rooms as identified on the hearing schedule. This is the schedule for the committee and its divisions, although it could change when the legislative session begins.

Please contact me if you have any questions relating to the enclosed schedule.

Sincerely,



Allen H. Knudson  
Legislative Budget Analyst and Auditor

AHK/BM  
Enc.

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ALVIN A. JAEGER  
SECRETARY OF STATE

HOME PAGE [www.nd.gov/sos](http://www.nd.gov/sos)



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

January 4, 2017

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

FR: Al Jaeger, Secretary of State

RE: HB 1002 – Appropriation for the Secretary of State

In the Governor's recommended budget, HB 1062, it includes a proposed amendment in Section 4, which has been recommended by the Legislative Council Budget Analyst, OMB and by me.

As it is, the text being eliminated has been waived in the agency's appropriation bill during the past four budget cycles. Rather than to continue including the waiver, the general services operating fund should be a normal part of the budget review undertaken each session by the legislature.

Please amend the recommendation in Section 4 into HB 1002.

Thank you.

72

att: 1  
 HB 1002  
 1-18-17

General Discussion 1-18-17  
 Secretary of State 1/18/2017

|         |                           |               |
|---------|---------------------------|---------------|
|         | <u>Salaries and Wages</u> | <u>7%</u>     |
| HB 1062 | \$ 4,684,769.00           | \$ 327,933.83 |

Potential Reduction

|                                  |               |
|----------------------------------|---------------|
| Health Insurance Premium Savings | \$ 23,989.82  |
| FTE - Office Assistant III       | \$ 106,823.00 |
| FTE - Office Assistant III       | \$ 106,823.00 |
| Remove Temp Salaries             | \$ 50,000.00  |

**Potential Reduction Identified: \$ 287,635.82      6.14%**

**Amount remaining to get to 7%: \$ 40,298.01**

Health Insurance Premium Savings Calculation:

| Health Insurance Premium | 5% Paid by Employees | # of employees | Savings      |
|--------------------------|----------------------|----------------|--------------|
| \$ 1,249.47              | \$ 62.47             | 32             | \$ 23,989.82 |



HB 1002 1-18-17

## LEGISLATIVE PUBLICATION PRINTING AND DISTRIBUTION REQUIREMENTS

This memorandum discusses the statutory requirements of the Secretary of State regarding the printing and distribution of legislative publications.

### STATUTORY REQUIREMENTS

The North Dakota Legislative Council is responsible for preparing the material for and supervising the publication of the North Dakota Century Code (NDCC), North Dakota Administrative Code, and the North Dakota Session Laws. Under North Dakota Century Code Chapter 46-04; however, the Secretary of State is responsible for the costs associated with printing and for the distribution of these publications.

Under NDCC Section 46-04-01, the Secretary of State is required to provide copies of the Century Code and the Session Laws to:

- Each member of the Legislative Assembly;
- Each constitutional officer of the state;
- Each justice of the Supreme Court and each judge of the district court for use in the judges' respective offices; and
- The district court in every county in the state.

In addition, this section requires the Secretary of State to designate any other offices and agencies entitled to receive copies and to determine the number of copies a state agency or office is to receive if more than one copy is needed for official use. Agencies funded entirely from special state funds or federal funds are to be charged for the actual cost of the publications requested.

North Dakota Century Code Section 46-04-02 requires the Secretary of State to provide state libraries copies of the Century Code and Session Laws as follows:

- Supreme Court Law Library - 5 copies;
- Law library of the University of North Dakota - 50 copies; and
- The library of each institution of higher education which receives state support - 1 copy each.

North Dakota Century Code Section 46-04-05 requires the board of county commissioners of each county to distribute a copy of the Century Code and the Session Laws to the following county offices:

- Auditor;
- State's attorney;
- Ex officio clerk of court; and
- Sheriff.

North Dakota Century Code Section 46-04-10 authorizes the Secretary of State to distribute copies of the Century Code and the Session Laws as follows:

- In exchange for like publications of other states;
- To replace copies lost or damaged in official use;
- To provide copies as needed to state officers, boards, commissions, institutions, or agencies of the state; and
- To provide copies as needed to the National Conference of Commissioners on Uniform State Laws.

### LEGISLATIVE COUNCIL PUBLICATIONS

As previously mentioned, the Legislative Council is responsible for preparing the material for and supervising the publication of the North Dakota Century Code, North Dakota Administrative Code, and the North Dakota Session Laws.

### **North Dakota Century Code and Court Rules Annotated**

Each biennium, the Legislative Council identifies five volumes of the Century Code for replacement. These replacement volumes are published to avoid increased costs for supplements and the eventual need to replace the entire Century Code. The replacement of volumes also makes the Century Code more easily usable for the public. The Court Rules Annotated volume is published in a softbound volume that must be replaced each biennium.

For the 2017-19 biennium, the Secretary of State's office indicated the number of sets of Century Code, including replacement volumes and supplements, and Court Rules Annotated to remain at 700 sets, the same number as for the 2015-17 biennium.

### **North Dakota Session Laws**

The North Dakota Session Laws are a two-volume compilation of all bills and resolutions that pass in a legislative session as well as vetoes and approved and disapproved initiated measures, referred measures, and constitutional amendments. During the 2015-17 biennium, the Secretary of State indicated 435 sets were necessary to meet that office's distribution demands. For the 2017-19 biennium, the Secretary of State reduced the number of sets to 375.

### **North Dakota Administrative Code**

The North Dakota Administrative Code is a compilation of the administrative rules adopted by administrative agencies, boards, and commissions. Beginning in 2011, costs for this publication were decreased substantially because the publication of the Administrative Code was changed from a paper format to a CD-ROM format. The estimated cost for the preparation and mailing costs for the Administrative Code have held constant at \$7,000 for the 2015-17 and 2017-19 bienniums.

### **CONCLUSION**

Any efforts to reduce the number of sets of the Century Code and the Session Laws printed and distributed would require input from the Secretary of State regarding the current demand for the publications from those agencies that receive copies but which are not identified specifically in statute. In addition, reducing or eliminating distribution of sets of the Century Code and the Session Laws to those entities and individuals identified as being entitled to receive copies in NDCC Sections 46-04-01, 46-04-02, and 46-04-10 would require statutory changes.

**Secretary of State - Budget No. 108**  
**House Bill No. 1002**  
**Base Level Funding Changes**

|   | Burgum Executive Budget Recommendation<br>(Changes to Dalrymple Budget in Bold) |                    |                      |                      | House Version |                    |                    |                    | House Changes to Executive Budget<br>Increase (Decrease) - Executive Budget |                  |                    |                    |
|---|---|--------------------|----------------------|----------------------|---------------|--------------------|--------------------|--------------------|---|------------------|--------------------|--------------------|
|   | FTE Position  | General Fund       | Other Funds          | Total                | FTE Position  | General Fund       | Other Funds        | Total              | FTE Positions   | General Fund     | Other Funds        | Total              |
| <b>2017-19 Biennium Base Level</b>  | 34.00   | \$6,374,720        | \$3,583,536          | \$9,958,256          | 34.00         | \$6,374,720        | \$3,583,536        | \$9,958,256        | 0.00  | \$0              | \$0                | \$0                |
| <b>2017-19 Ongoing Funding Changes</b>  |   |                    |                      |                      |               |                    |                    |                    |   |                  |                    |                    |
| Base payroll changes  |   | (\$69,361)         | (\$202,484)          | (\$271,845)          |               |                    |                    | \$0                |   | \$69,361         | \$202,484          | \$271,845          |
| <b>Salary increases - Performance</b>   |   |                    |                      | <b>0</b>             |               |                    |                    | 0                  |   |                  |                    | 0                  |
| Health insurance increases  |   | 91,588             | 2,858                | 94,446               |               |                    |                    | 0                  |   | (91,588)         | (2,858)            | (94,446)           |
| <b>Employee portion of health insurance</b>                                   |   | <b>(47,979)</b>    | <b>(1,497)</b>       | <b>(49,476)</b>      |               |                    |                    | 0                  |   | 47,979           | 1,497              | 49,476             |
| Increases overtime and temporary salaries                                     |   |                    | 50,000               | 50,000               |               |                    |                    | 0                  |   |                  | (50,000)           | (50,000)           |
| Removes 1 FTE position  | (1.00)  | (104,445)          |                      | (104,445)            |               |                    |                    | 0                  | 1.00  | 104,445          |                    | 104,445            |
| <b>Removes 2 FTE positions</b>  | <b>(2.00)</b>   | <b>(208,890)</b>   |                      | <b>(208,890)</b>     |               |                    |                    | 0                  | 2.00  | 208,890          |                    | 208,890            |
| Adds funding for North Dakota central indexing system hosting and maintenance |   |                    | 526,000              | 526,000              |               |                    |                    | 0                  |   |                  | (526,000)          | (526,000)          |
| Increases funding for information technology expenses                         |   | 118,956            |                      | 118,956              |               |                    |                    | 0                  |   | (118,956)        |                    | (118,956)          |
| Removes funding for election reform   |   |                    | (1,516,327)          | (1,516,327)          |               |                    |                    | 0                  |   |                  | 1,516,327          | 1,516,327          |
| Reduces funding for public printing   |   | (1,595)            |                      | (1,595)              |               |                    |                    | 0                  |   | 1,595            |                    | 1,595              |
| Total ongoing funding changes   | (3.00)  | (\$221,726)        | (\$1,141,450)        | (\$1,363,176)        | 0.00          | \$0                | \$0                | \$0                | 3.00  | \$221,726        | \$1,141,450        | \$1,363,176        |
| <b>One-time funding items</b>   |   |                    |                      | \$0                  |               |                    |                    | \$0                |   |                  |                    | \$0                |
| No one-time funding items   |   |                    |                      | \$0                  |               |                    |                    | \$0                |   |                  |                    | \$0                |
| Total one-time funding changes  | 0.00  | \$0                | \$0                  | \$0                  | 0.00          | \$0                | \$0                | \$0                | 0.00  | \$0              | \$0                | \$0                |
| <b>Total Changes to Base Level Funding</b>                                    | <b>(3.00)</b>   | <b>(\$221,726)</b> | <b>(\$1,141,450)</b> | <b>(\$1,363,176)</b> | <b>0.00</b>   | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>3.00</b>   | <b>\$221,726</b> | <b>\$1,141,450</b> | <b>\$1,363,176</b> |
| <b>2017-19 Total Funding</b>  | <b>31.00</b>  | <b>\$6,152,994</b> | <b>\$2,442,086</b>   | <b>\$8,595,080</b>   | <b>34.00</b>  | <b>\$6,374,720</b> | <b>\$3,583,536</b> | <b>\$9,958,256</b> | <b>3.00</b>   | <b>\$221,726</b> | <b>\$1,141,450</b> | <b>\$1,363,176</b> |
|   |   |                    |                      |                      |               |                    |                    |                    |   | 3.6%             | 46.7%              | 15.9%              |

**Other Sections in Secretary of State - Budget No. 108**

|                                  | Burgum Executive Budget Recommendation<br>(Changes to Dalrymple Budget in Bold)   |
|----------------------------------|---|
| Salary of the Secretary of State | Section 3 provides the statutory changes to increase the Secretary of State's salary by 1 percent effective July 1, 2018. <i>(The Burgum budget recommendation removes this section.)</i> |

General services operating fund

|                                 | House Version  |
|---------------------------------|--|
| General services operating fund | Section 4 amends Section 54-09-08 to remove the requirement that the Secretary of State transfer any unobligated balance remaining in the fund exceeding \$75,000 to the general fund. |

att 1

2-7-2017

HB 1002

Secretary of State - Budget No. 108  
House Bill No. 1002  
Base Level Funding Changes

|   | Burgum Executive Budget Recommendation<br>(Changes to Dalrymple Budget in Bold) |                    |                      |                      | House Version   |                    |                      |                      | House Changes to Revised Executive Budget<br>Increase (Decrease) - Executive Budget |                             |                         |                             |
|---|---|--------------------|----------------------|----------------------|-----------------|--------------------|----------------------|----------------------|---|-----------------------------|-------------------------|-----------------------------|
|   | FTE<br>Position   | General<br>Fund    | Other Funds          | Total                | FTE<br>Position | General<br>Fund    | Other<br>Funds       | Total                | FTE<br>Positions  | General<br>Fund             | Other<br>Funds          | Total                       |
| 2017-19 Biennium Base Level   | 34.00   | \$6,374,720        | \$3,583,536          | \$9,958,256          | 34.00           | \$6,374,720        | \$3,583,536          | \$9,958,256          | 0.00  | \$0                         | \$0                     | \$0                         |
| <b>2017-19 Ongoing Funding Changes</b>  |   |                    |                      |                      |                 |                    |                      |                      |   |                             |                         |                             |
| Base payroll changes  |   | (\$69,361)         | (\$202,484)          | (\$271,845)          |                 | (\$69,361)         | (\$202,484)          | (\$271,845)          |   |                             |                         | \$0                         |
| <b>Salary increases - Performance</b>   |   |                    |                      | 0                    |                 |                    |                      | 0                    |   |                             |                         | 0                           |
| Health insurance increase   |   | 91,588             | 2,858                | 94,446               |                 | 91,588             | 2,858                | 94,446               |   |                             |                         | 0                           |
| <b>Employee portion of health insurance</b>                                   |   | <b>(47,979)</b>    | <b>(1,497)</b>       | <b>(49,476)</b>      |                 |                    |                      | 0                    |   | 47,979                      | 1,497                   | 49,476                      |
| Adjusts overtime and temporary salaries                                       |   |                    | 50,000               | 50,000               |                 | (50,000)           | 50,000               | 0                    |   | (50,000)                    |                         | (50,000)                    |
| Removes 1 FTE position  | (1.00)  | (104,445)          |                      | (104,445)            | (1.00)          | (104,445)          |                      | (104,445)            |   |                             |                         | 0                           |
| <b>Removes 2 FTE positions</b>  | <b>(2.00)</b>   | <b>(208,890)</b>   |                      | <b>(208,890)</b>     | <b>(2.00)</b>   | <b>(213,646)</b>   |                      | <b>(213,646)</b>     |   | (4,756)                     |                         | (4,756)                     |
| Adds funding for North Dakota central indexing system hosting and maintenance |   |                    | 526,000              | 526,000              |                 |                    | 526,000              | 526,000              |   |                             |                         | 0                           |
| Increases funding for information technology expenses                         |   | 118,956            |                      | 118,956              |                 | 118,956            |                      | 118,956              |   |                             |                         | 0                           |
| Adjusts funding for operating expenses  |   |                    |                      | 0                    |                 | (62,100)           | 25,000               | (37,100)             |   | (62,100)                    | 25,000                  | (37,100)                    |
| Removes funding for election reform   |   |                    | (1,516,327)          | (1,516,327)          |                 |                    | (1,516,327)          | (1,516,327)          |   |                             |                         | 0                           |
| Reduces funding for public printing   |   | (1,595)            |                      | (1,595)              |                 | (1,595)            |                      | (1,595)              |   |                             |                         | 0                           |
| Total ongoing funding changes   | (3.00)  | (\$221,726)        | (\$1,141,450)        | (\$1,363,176)        | (3.00)          | (\$290,603)        | (\$1,114,953)        | (\$1,405,556)        | 0.00  | (\$68,877)                  | \$26,497                | (\$42,380)                  |
| <b>One-time funding items</b>   |   |                    |                      | \$0                  |                 |                    |                      | \$0                  |   |                             |                         | \$0                         |
| No one-time funding items   |   |                    |                      | \$0                  |                 |                    |                      | \$0                  |   |                             |                         | \$0                         |
| Total one-time funding changes  | 0.00  | \$0                | \$0                  | \$0                  | 0.00            | \$0                | \$0                  | \$0                  | 0.00  | \$0                         | \$0                     | \$0                         |
| <b>Total Changes to Base Level Funding</b>                                    | <b>(3.00)</b>   | <b>(\$221,726)</b> | <b>(\$1,141,450)</b> | <b>(\$1,363,176)</b> | <b>(3.00)</b>   | <b>(\$290,603)</b> | <b>(\$1,114,953)</b> | <b>(\$1,405,556)</b> | <b>0.00</b>   | <b>(\$68,877)</b>           | <b>\$26,497</b>         | <b>(\$42,380)</b>           |
| <b>2017-19 Total Funding</b>  | <b>31.00</b>  | <b>\$6,152,994</b> | <b>\$2,442,086</b>   | <b>\$8,595,080</b>   | <b>31.00</b>    | <b>\$6,084,117</b> | <b>\$2,468,583</b>   | <b>\$8,552,700</b>   | <b>0.00</b>   | <b>(\$68,877)</b><br>(1.1%) | <b>\$26,497</b><br>1.1% | <b>(\$42,380)</b><br>(0.5%) |

Other Sections in Secretary of State - Budget No. 108

|                                  | Burgum Executive Budget Recommendation<br>(Changes to Dalrymple Budget in Bold)   | House Version  |
|----------------------------------|---|--|
| Health insurance increase        |   | Section 2 identifies the funding increase for health insurance premium increases included in the agency's appropriation.   |
| Salary of the Secretary of State | Section 3 provides the statutory changes to increase the Secretary of State's salary by 1 percent effective July 1, 2018. <b>(The Burgum budget recommendation removes this section.)</b> |  |
| General services operating fund  | Section 4 amends Section 54-09-08 to remove the requirement that the Secretary of State transfer any unobligated balance remaining in the fund exceeding \$75,000 to the general fund.    | Section 4 amends Section 54-09-08 to remove the requirement that the Secretary of State transfer any unobligated balance remaining in the fund exceeding \$75,000 to the general fund. |

17.0487.01002  
Title.

Prepared by the Legislative Council staff for  
House Appropriations - Education and  
Environment Division Committee  
February 7, 2017

Fiscal No. 2

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1002

Page 1, line 2, after "printing" insert "and to amend and reenact section 54-09-08 of the North Dakota Century Code, relating to the secretary of state's general services operating fund"

Page 1, remove lines 14 through 23

Page 2, replace lines 1 through 11 with:

|                                |                  |                    |                  |
|--------------------------------|------------------|--------------------|------------------|
| "Salaries and wages            | \$4,903,514      | (\$501,144)        | \$4,402,370      |
| Operating expenses             | 2,053,162        | 607,856            | 2,661,018        |
| Petition review                | 8,000            | 0                  | 8,000            |
| Election reform                | <u>2,703,535</u> | <u>(1,510,673)</u> | <u>1,192,862</u> |
| Total all funds                | \$9,668,211      | (\$1,403,961)      | \$8,264,250      |
| Less estimated income          | <u>3,583,536</u> | <u>(995,997)</u>   | <u>2,587,539</u> |
| Total general fund             | \$6,084,675      | (\$407,964)        | \$5,676,711      |
| Full-time equivalent positions | 34.00            | (3.00)             | 31.00            |

Subdivision 2.

SECRETARY OF STATE - PUBLIC PRINTING

|                    | Base Level       | Adjustments or<br>Enhancements | Appropriation    |
|--------------------|------------------|--------------------------------|------------------|
| Public printing    | <u>\$290,045</u> | <u>(\$1,595)</u>               | <u>\$288,450</u> |
| Total general fund | \$290,045        | (\$1,595)                      | \$288,450        |

Subdivision 3.

BILL TOTAL

|                           | Base Level       | Adjustments or<br>Enhancements | Appropriation    |
|---------------------------|------------------|--------------------------------|------------------|
| Grand total general fund  | \$6,374,720      | (\$409,559)                    | \$5,965,161      |
| Grand total special funds | <u>3,583,536</u> | <u>(995,997)</u>               | <u>2,587,539</u> |
| Grand total all funds     | \$9,958,256      | (\$1,405,556)                  | \$8,552,700      |

**SECTION 2. HEALTH INSURANCE INCREASE.** The appropriation in subdivision 1 of section 1 of this Act includes the sum of \$94,446, of which \$91,588 is from the general fund, for increases in employee health insurance premiums from \$1,130 to \$1,249 per month."

Page 2, after line 16, insert:

**"SECTION 4. AMENDMENT.** Section 54-09-08 of the North Dakota Century Code is amended and reenacted as follows:

**54-09-08. Secretary of state's general services operating fund.**

The secretary of state's general services operating fund is a special fund in the state treasury. Moneys in the fund are to be used pursuant to legislative appropriations for the provision of services under section 16.1-02-15, subsection 4 of section 41-09-94, subsection 5 of section 41-09-96, subsection 7 of section 54-09-04, and sections 10-35-33, 54-09-10, and 54-09-11. At the close of each biennium, the secretary of state shall transfer any unobligated balance remaining in the fund exceeding seventy-five thousand dollars to the general fund."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1002 - Summary of House Action**

|                       | <b>Base Budget</b> | <b>House Changes</b> | <b>House Version</b> |
|-----------------------|--------------------|----------------------|----------------------|
| Secretary of State    |                    |                      |                      |
| Total all funds       | \$9,668,211        | (\$1,403,961)        | \$8,264,250          |
| Less estimated income | 3,583,536          | (995,997)            | 2,587,539            |
| General fund          | <u>\$6,084,675</u> | <u>(\$407,964)</u>   | <u>\$5,676,711</u>   |
| Public Printing       |                    |                      |                      |
| Total all funds       | \$290,045          | (\$1,595)            | \$288,450            |
| Less estimated income | 0                  | 0                    | 0                    |
| General fund          | <u>\$290,045</u>   | <u>(\$1,595)</u>     | <u>\$288,450</u>     |
| Bill total            |                    |                      |                      |
| Total all funds       | \$9,958,256        | (\$1,405,556)        | \$8,552,700          |
| Less estimated income | 3,583,536          | (995,997)            | 2,587,539            |
| General fund          | <u>\$6,374,720</u> | <u>(\$409,559)</u>   | <u>\$5,965,161</u>   |

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

|                       | <b>Base Budget</b> | <b>House Changes</b> | <b>House Version</b> |
|-----------------------|--------------------|----------------------|----------------------|
| Salaries and wages    | \$4,903,514        | (\$501,144)          | \$4,402,370          |
| Operating expenses    | 2,053,162          | 607,856              | 2,661,018            |
| Petition review       | 8,000              |                      | 8,000                |
| Election reform       | <u>2,703,535</u>   | <u>(1,510,673)</u>   | <u>1,192,862</u>     |
| Total all funds       | \$9,668,211        | (\$1,403,961)        | \$8,264,250          |
| Less estimated income | <u>3,583,536</u>   | <u>(995,997)</u>     | <u>2,587,539</u>     |
| General fund          | \$6,084,675        | (\$407,964)          | \$5,676,711          |
| FTE                   | 34.00              | (3.00)               | 31.00                |

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

|                       | Adjusts<br>Funding for<br>Base Payroll<br>Changes <sup>1</sup> | Adds<br>Funding for<br>Health<br>Insurance<br>Increases <sup>2</sup> | Adjusts<br>Funding for<br>Overtime<br>and<br>Temporary<br>Salaries <sup>3</sup> | Removes<br>3 FTE<br>Positions <sup>4</sup> | Adjusts<br>Base Level<br>Funding <sup>5</sup> | Adds<br>Funding for<br>Central<br>Indexing<br>System <sup>6</sup> |
|-----------------------|--|--|---|--|---|---|
| Salaries and wages    | (\$274,637)  | \$91,584   |   | (\$318,091)                                |   |   |
| Operating expenses    |  |  |   |  | 81,856  | 526,000   |
| Petition review       |  |  |   |  |   |   |
| Election reform       | 2,792  | 2,862  |   |  |   |   |
| Total all funds       | (\$271,845)  | \$94,446   | \$0   | (\$318,091)                                | \$81,856                                      | \$526,000   |
| Less estimated income | (202,484)  | 2,858  | 50,000  | 0  | 143,956                                       | 526,000   |
| General fund          | (\$69,361)   | \$91,588   | (\$50,000)  | (\$318,091)                                | (\$62,100)                                    | \$0   |
| FTE                   | 0.00   | 0.00   | 0.00  | (3.00)                                     | 0.00  | 0.00  |

|                       | Reduces<br>Funding for<br>Election<br>Reform <sup>7</sup> | Total House<br>Changes |
|-----------------------|---|------------------------|
| Salaries and wages    |   | (\$501,144)            |
| Operating expenses    |   | 607,856                |
| Petition review       |   |                        |
| Election reform       | (1,516,327)   | (1,510,673)            |
| Total all funds       | (\$1,516,327)   | (\$1,403,961)          |
| Less estimated income | (1,516,327)   | (995,997)              |
| General fund          | \$0   | (\$407,964)            |
| FTE                   | 0.00  | (3.00)                 |

<sup>1</sup> Funding is adjusted for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.

<sup>2</sup> Funding is added for increases in health insurance premiums from \$1,130 to \$1,249 per month.

<sup>3</sup> Funding is adjusted for overtime and temporary salaries to provide a decrease from the general fund of \$50,000 and an increase of \$50,000 from the Secretary of State's general services operating fund.

<sup>4</sup> Funding is removed for 3 FTE positions, including 1 FTE position removed in the executive budget and 2 FTE positions removed in the revised executive budget.

<sup>5</sup> Base level funding is adjusted as follows:

|   | General<br>Fund | Other<br>Funds | Total     |
|---|-----------------|----------------|-----------|
| Information technology operating expenses | \$0             | \$118,956      | \$118,956 |
| Other operating expenses                  | (62,100)        | 25,000         | (37,100)  |
| Total                                     | (\$62,100)      | \$143,956      | \$81,856  |

<sup>6</sup> Funding is provided from the Secretary of State's general services operating fund for operational increases related to hosting and maintenance expenses for the North Dakota central indexing system.

<sup>7</sup> Funding is reduced for election reform, including reductions for information technology data processing, information technology contractual services and repairs, and professional service fees to provide a total appropriation of \$1,192,862 for election reform.

This amendment also adds a section detailing the amount of funding provided to the agency for employee health insurance premium increases.

**House Bill No. 1002 - Public Printing - House Action**

|                       | <b>Base Budget</b> | <b>House Changes</b> | <b>House Version</b> |
|-----------------------|--------------------|----------------------|----------------------|
| Public printing       | \$290,045          | (\$1,595)            | \$288,450            |
| Total all funds       | \$290,045          | (\$1,595)            | \$288,450            |
| Less estimated income | 0                  | 0                    | 0                    |
| General fund          | \$290,045          | (\$1,595)            | \$288,450            |
| FTE                   | 0.00               | 0.00                 | 0.00                 |

**Department No. 109 - Public Printing - Detail of House Changes**

|                       | <b>Reduces Funding for Public Printing<sup>1</sup></b> | <b>Total House Changes</b> |
|-----------------------|--|----------------------------|
| Public printing       | (\$1,595)  | (\$1,595)                  |
| Total all funds       | (\$1,595)  | (\$1,595)                  |
| Less estimated income | 0  | 0                          |
| General fund          | (\$1,595)  | (\$1,595)                  |
| FTE                   | 0.00   | 0.00                       |

<sup>1</sup> Public printing funding is reduced by \$1,595 to provide a total appropriation for public printing of \$288,450.



**Department 108 - Secretary of State  
House Bill No. 1002**

**Dalrymple Executive Budget Comparison to Prior Biennium Appropriations**

|  | FTE Positions | General Fund  | Other Funds   | Total         |
|--|---------------|---------------|---------------|---------------|
| 2017-19 Dalrymple Executive Budget                       | 33.00         | \$6,428,612   | \$2,444,168   | \$8,872,780   |
| 2015-17 Adjusted Legislative Appropriations <sup>1</sup> | 34.00         | 9,424,720     | 3,583,536     | 13,008,256    |
| Increase (Decrease)                                      | (1.00)        | (\$2,996,108) | (\$1,139,368) | (\$4,135,476) |

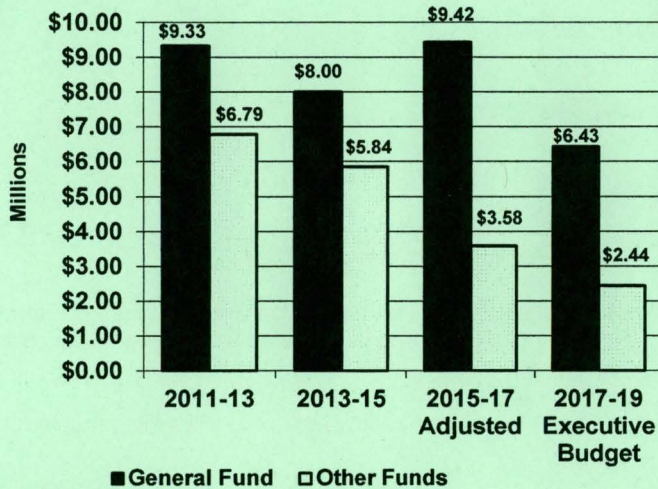
<sup>1</sup>The 2015-17 biennium agency appropriation amounts reflect general fund budget reductions made in August 2016, but do not include the following:

- Additional special funds authority of \$350,000 resulting from Emergency Commission action during the 2015-17 biennium.
- Additional spending authority of \$2,000 from the state contingencies appropriation, as approved by the Emergency Commission during the 2015-17 biennium.

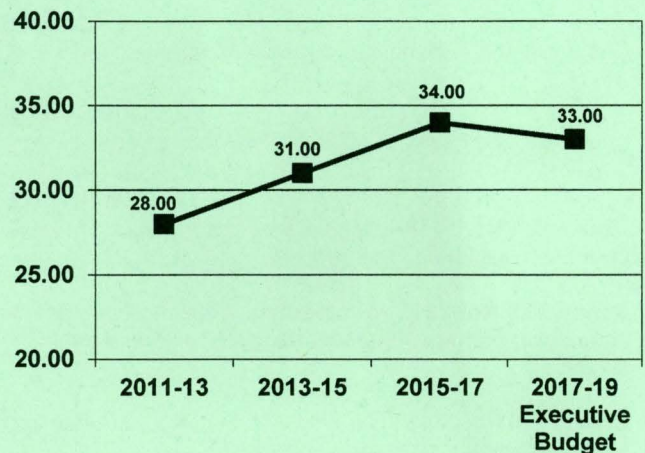
**Ongoing and One-Time General Fund Appropriations**

|   | Ongoing General Fund Appropriation | One-Time General Fund Appropriation | Total General Fund Appropriation |
|---|------------------------------------|-------------------------------------|----------------------------------|
| 2017-19 Dalrymple Executive Budget          | \$6,428,612                        | \$0                                 | \$6,428,612                      |
| 2015-17 Adjusted Legislative Appropriations | 6,374,720                          | 3,050,000                           | 9,424,720                        |
| Increase (Decrease)                         | \$53,892                           | (\$3,050,000)                       | (\$2,996,108)                    |

**Agency Funding**



**FTE Positions**



**Dalrymple Executive Budget Comparison to Base Level**

|                                    | General Fund | Other Funds   | Total         |
|------------------------------------|--------------|---------------|---------------|
| 2017-19 Dalrymple Executive Budget | \$6,428,612  | \$2,444,168   | \$8,872,780   |
| 2017-19 Base Level                 | 6,374,720    | 3,583,536     | 9,958,256     |
| Increase (Decrease)                | \$53,892     | (\$1,139,368) | (\$1,085,476) |

**First House Action**

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

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

|   | General Fund | Other Funds | Total       |
|---|--------------|-------------|-------------|
| 1. Adds funding for state employee salary and benefit increases, of which \$19,334 is for salary increases and \$94,446 is for health insurance increases. (The Burgum budget removed funding for salary increases and provided for employees to pay for a portion of health insurance.) <b>The House removed funding for the salary increases.</b> | \$110,337    | \$3,443     | \$113,780   |
| 2. Removes 1 nonclassified FTE position   | (\$104,445)  |             | (\$104,445) |

|   |               |               |
|---|---------------|---------------|
| 3. Adds funding from the Secretary of State general services operating fund for hosting and maintenance costs of the new North Dakota central indexing system   | \$526,000     | \$526,000     |
| 4. Removes funding for election reform, including reductions for data processing (\$200,000), contractual services and repairs (\$1,164,620), and professional fees (\$151,707). Of these amounts, \$405,000 is from the Help America Vote Act election reform matching fund and \$1,111,327 is from federal funds. | (\$1,516,327) | (\$1,516,327) |
| 5. The Burgum budget removed 2 nonclassified FTE positions. The House removed 2 FTE positions and \$213,646.  | (\$208,890)   | (\$208,890)   |

**Other Sections in House Bill No. 1002**

**Health insurance increase** - Section 2 identifies the amount included in the agency appropriations relating to increases in employee health insurance premiums from \$1,130 to \$1,249 per month.

**General services operating fund** - Section 4 provides an exemption to the provision of North Dakota Century Code Section 54-09-08 to allow any unexpended and unobligated balance remaining in the Secretary of State's general services operating fund on June 30, 2017, to be available to be expended by the Secretary of State during the 2017-19 biennium.

**Continuing Appropriations**

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

**Deficiency Appropriation**

There are no deficiency appropriations for this agency.

**Significant Audit Findings**

There are no significant audit findings for this agency.

**Major Related Legislation**

**House Bill No. 1418** - Requires all statements of interest filed with the Secretary of State, county auditors, and city auditors to be made available on the Internet.

**Senate Bill No. 2210** - Provides for a fee increase on combative sports gross revenues and allows the Secretary of State the authority to perform screening tests for controlled substances on boxers, kickboxers, and mixed-style fighters participating in an exhibition.

**Senate Bill No. 2343** - Requires the Secretary of State to develop software to accommodate electronic online filing requirements for certain campaign finance reports.

Secretary of State - Budget No. 108  
 House Bill No. 1002  
 Base Level Funding Changes

|   | Burgum Executive Budget Recommendation<br>(Changes to Dalrymple Budget in Bold) |                    |                      |                      | House Version   |                    |                    |                      |
|---|---|--------------------|----------------------|----------------------|-----------------|--------------------|--------------------|----------------------|
|   | FTE<br>Positions  | General<br>Fund    | Other<br>Funds       | Total                | FTE<br>Position | General<br>Fund    | Other<br>Funds     | Total                |
| <b>2017-19 Biennium Base Level</b>  | 34.00   | \$6,374,720        | \$3,583,536          | \$9,958,256          | 34.00           | \$6,374,720        | \$3,583,536        | \$9,958,256          |
| <b>2017-19 Ongoing Funding Changes</b>  |   |                    |                      |                      |                 |                    |                    |                      |
| Base payroll changes  |   | (\$69,361)         | (\$202,484)          | (\$271,845)          |                 | (\$69,361)         | (\$202,484)        | (\$271,845)          |
| <i>Salary increases - Performance</i>   |   |                    |                      | 0                    |                 |                    |                    | 0                    |
| Health insurance increase   |   | 91,588             | 2,858                | 94,446               |                 | 91,588             | 2,858              | 94,446               |
| <i>Employee portion of health insurance</i>                                   |   | <b>(47,979)</b>    | <b>(1,497)</b>       | <b>(49,476)</b>      |                 |                    |                    | 0                    |
| Adjusts overtime and temporary salaries                                       |   |                    | 50,000               | 50,000               |                 | (50,000)           | 50,000             | 0                    |
| Removes 1 FTE position  | (1.00)  | (104,445)          |                      | (104,445)            | (1.00)          | (104,445)          |                    | (104,445)            |
| <i>Removes 2 FTE positions</i>  | <b>(2.00)</b>   | <b>(208,890)</b>   |                      | <b>(208,890)</b>     | <b>(2.00)</b>   | <b>(213,646)</b>   |                    | <b>(213,646)</b>     |
| Adds funding for North Dakota central indexing system hosting and maintenance |   |                    | 526,000              | 526,000              |                 |                    | 526,000            | 526,000              |
| Increases funding for information technology expenses                         |   | 118,956            |                      | 118,956              |                 |                    | 118,956            | 118,956              |
| Adjusts funding for operating expenses  |   |                    |                      | 0                    |                 | (62,100)           | 25,000             | (37,100)             |
| Removes funding for election reform   |   |                    | (1,516,327)          | (1,516,327)          |                 |                    | (1,516,327)        | (1,516,327)          |
| Reduces funding for public printing   |   | (1,595)            |                      | (1,595)              |                 | (1,595)            |                    | (1,595)              |
| Total ongoing funding changes   | (3.00)  | (\$221,726)        | (\$1,141,450)        | (\$1,363,176)        | (3.00)          | (\$409,559)        | (\$995,997)        | (\$1,405,556)        |
| <b>One-time funding items</b>   |   |                    |                      |                      |                 |                    |                    |                      |
| No one-time funding items   |   |                    |                      | \$0                  |                 |                    |                    | \$0                  |
| Total one-time funding changes  | 0.00  | \$0                | \$0                  | \$0                  | 0.00            | \$0                | \$0                | \$0                  |
| <b>Total Changes to Base Level Funding</b>                                    | <b>(3.00)</b>   | <b>(\$221,726)</b> | <b>(\$1,141,450)</b> | <b>(\$1,363,176)</b> | <b>(3.00)</b>   | <b>(\$409,559)</b> | <b>(\$995,997)</b> | <b>(\$1,405,556)</b> |
| <b>2017-19 Total Funding</b>  | <b>31.00</b>  | <b>\$6,152,994</b> | <b>\$2,442,086</b>   | <b>\$8,595,080</b>   | <b>31.00</b>    | <b>\$5,965,161</b> | <b>\$2,587,539</b> | <b>\$8,552,700</b>   |

Other Sections in Secretary of State - Budget No. 108

Burgum Executive Budget Recommendation  
(Changes to Dalrymple Budget in Bold)

Health insurance increase

House Version

Section 2 identifies the funding increase for health insurance premium increases included in the agency's appropriation.

6

Other Sections in Secretary of State - Budget No. 108

**Burgum Executive Budget Recommendation  
(Changes to Dalrymple Budget in Bold)**

**House Version**

Salary of the Secretary of State

Section 3 provides the statutory changes to increase the Secretary of State's salary by 1 percent effective July 1, 2018. *(The Burgum budget recommendation removes this section.)*

General services operating fund exemption

Section 4 amends Section 54-09-08 to remove the requirement that the Secretary of State transfer any unobligated balance remaining in the fund exceeding \$75,000 to the general fund.

Section 4 provides an exemption for the Secretary of State's general services operating fund to allow any unexpended and unobligated balance on June 30, 2017, to be expended during the 2017-19 biennium rather than the unobligated balance exceeding \$75,000 to be transferred to the general fund.

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## Department 108 - Secretary of State

## Appropriations Comparisons to the Original and Adjusted Base Budgets

### General Fund Appropriations Adjustments (As a result of the August 2016 General Fund Budget Reductions)

|  | Ongoing     | One-Time    | Total        |
|--|-------------|-------------|--------------|
| 2015-17 original general fund appropriations | \$7,035,308 | \$3,050,000 | \$10,085,308 |
| General fund reductions                      | (660,588)   | 0           | (660,588)    |
| Adjusted 2015-17 appropriations              | \$6,374,720 | \$3,050,000 | \$9,424,720  |
| Dalrymple Executive Budget changes           | 53,892      | (3,050,000) | (2,996,108)  |
| 2017-19 Dalrymple Executive Budget           | \$6,428,612 | \$0         | \$6,428,612  |

### Summary of August 2016 General Fund Budget Reductions

|   | Ongoing     | One-Time | Total       |
|---|-------------|----------|-------------|
| Reduced operating expenses, including information technology costs and travel | (\$630,133) |          | (\$630,133) |
| Reduced public printing   | (30,455)    |          | (30,455)    |
| Total reductions  | (\$660,588) | \$0      | (\$660,588) |
| Percentage reduction to ongoing and one-time general fund appropriations      | 9.39%       | 0.00%    | 6.55%       |

### 2017-19 Dalrymple Executive Budget Changes to the Original and Adjusted Base Budgets

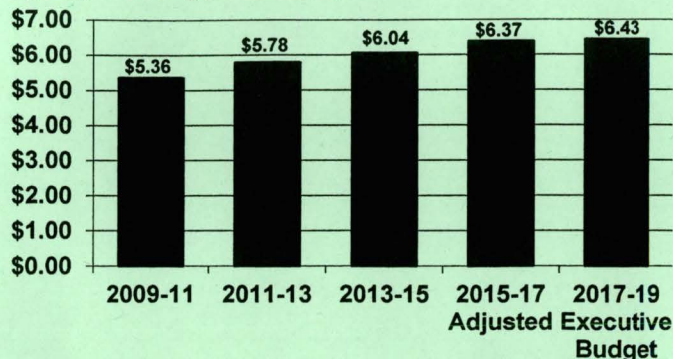
|   | Changes to<br>Original Budget | Budget Reduction<br>Adjustments | Changes to<br>Adjusted Budget |
|---|-------------------------------|---------------------------------|-------------------------------|
| Adds funding for recommended salary and benefit increases | \$110,337                     | \$0                             | \$110,337                     |
| Base payroll changes                                      | (69,361)                      | 0                               | (69,361)                      |
| Removes 1 nonclassified FTE position                      | (104,445)                     | 0                               | (104,445)                     |
| Adjusts funding for information technology expenses       | (511,177)                     | 630,133                         | 118,956                       |
| Reduces funding for public printing                       | (32,050)                      | 30,455                          | (1,595)                       |
| Total   | (\$606,696)                   | \$660,588                       | \$53,892                      |

Department 108 - Secretary of State

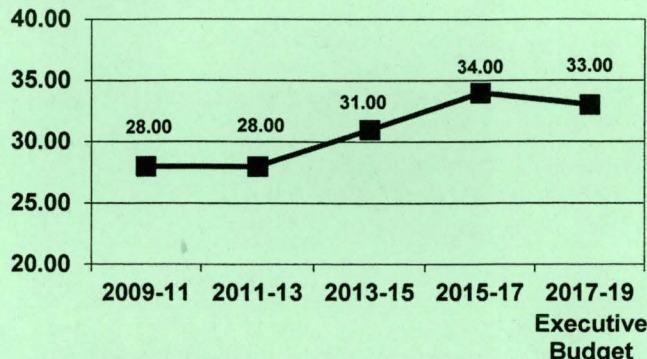
# Historical Appropriations Information

## Ongoing General Fund Appropriations Since 2009-11

Agency Funding (in Millions)



FTE Positions



| Ongoing General Fund Appropriations                             |             |             |             |                  |                                    |
|---|-------------|-------------|-------------|------------------|------------------------------------|
|   | 2009-11     | 2011-13     | 2013-15     | 2015-17 Adjusted | 2017-19 Dalrymple Executive Budget |
| Ongoing general fund appropriations                             | \$5,356,588 | \$5,783,121 | \$6,043,495 | \$6,374,720      | \$6,428,612                        |
| Increase (decrease) from previous biennium                      | N/A         | \$426,533   | \$260,374   | \$331,225        | \$53,892                           |
| Percentage increase (decrease) from previous biennium           | N/A         | 8.0%        | 4.5%        | 5.5%             | 0.8%                               |
| Cumulative percentage increase (decrease) from 2009-11 biennium | N/A         | 8.0%        | 12.8%       | 19.0%            | 20.0%                              |

### Major Increases (Decreases) in Ongoing General Fund Appropriations

**2011-13 Biennium**

- 1. Increased funding for operating expenses, including funding for desktop support services from the Information Technology Department \$249,000

**2013-15 Biennium**

- 1. Provided funding for costs related to increased usage of credit card payments received \$100,000

**2015-17 Biennium**

- 1. Added 6 FTE positions, including 3 FTE office assistant positions and continued 3 FTE positions authorized during the 2013-15 biennium from one-time funding \$597,840

**2017-19 Biennium (Dalrymple and Burgum Executive Budget Recommendations)**

- 1. Removes 1 nonclassified FTE position (\$104,445)
- 2. Removes 2 nonclassified FTE positions (\$208,890)

ALVIN A. JAEGER  
SECRETARY OF STATE

HOME PAGE [www.nd.gov/sos](http://www.nd.gov/sos)



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

March 2, 2017

HB 1002  
3-2-17  
#1  
pg 1

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

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

FR: Al Jaeger, Secretary of State

RE: HB 1002 – Appropriation for the Secretary of State

1. Public Printing – pages 1, 2 and 3
  - a. Appropriation 2013-2015: \$320,500
  - b. Appropriation 2015-2017: \$320,500
  - c. Requested for 2017-2019: \$313,531 (based on Legislative Council letter dated August 23, 2016 – both Governors recommended \$288,450, which is the same amount as adopted by the House)
2. Amendment for N.D.C.C. § 54-09-04(7) – page 4
3. Agency overview – page 5 <sup>33</sup>  
(Current authorized FTE ~~30~~ including Secretary of State plus 1 FTE federally funded)
4. Agency major accomplishments – page 6
5. Agency future critical issues – page 7
6. Agency program costs – page 8
7. Agency election reform line – page 9
8. Agency statistical funding data – pages 10, 11 and 12
9. Agency demand for services – pages 13, 14, 15, and 16
10. Agency response to information requested by Chairman Holmberg, letter dated February 21, 2017 – pages 17, 18, 19, 20, and 21
11. Executive Summary and background information for Statewide Voting System and Electronic Pollbooks – pages 22, 23, 24, 25, 26, 27, 28, 29, 30 and 31

Secretary of State  
Public Printing  
March 2, 2017

**Program Statistical Data**

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

**Explanation of Program Costs**

Under state law, the agency is responsible for the distribution of publications known as "public printing" that includes the North Dakota Century Code, the North Dakota Administrative Rules, Session Law Books, etc. Although the appropriation to cover the cost of publishing and distribution is included in the agency's budget, it is based on a recommendation dated August 23, 2016, from the Legislative Council, which has the legal responsibility for preparing, supervising, contracting, and communicating with the various publishers and vendors regarding these publications. The major portion of the appropriation is directly related to the cost of printing the North Dakota Century Code, Session Laws, and the North Dakota Administrative Code. The remaining portion of the appropriation is used by the agency to cover costs related to programming database records, shipping, mailing, supplies, etc.

**Program Goals and Objectives**

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



Pg 3

# North Dakota Legislative Council

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

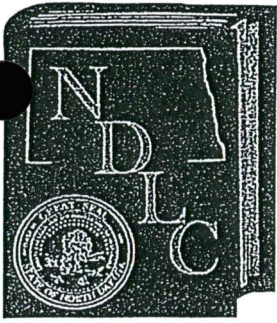
**Jim W. Smith**  
Director

**John Walstad**  
Legal Division Director

**Allen H. Knudson**  
Legislative Budget  
Analyst & Auditor

**Jason J. Steckler**  
Administrative Services  
Division Director

**John Bjornson**  
Code Revisor



August 23, 2016

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

Dear Mr. Jaeger:

As you know, the Legislative Council is responsible for preparing the material for and supervising the publication of the North Dakota Century Code, North Dakota Administrative Code, and North Dakota Session Laws. The purpose of this letter is to notify you of the estimated costs for the 2017-19 biennium so you can include a sufficient amount in your budget request for these purposes.

During the 2015-17 biennium, cost estimates for Century Code purchases in your budget were based on the state maintaining 700 sets of the code. Your staff has not advised us to change the number of sets needed, so we are continuing to base our estimates on maintaining 700 code sets for the 2017-19 biennium.

During the 2017-19 biennium, we have tentatively identified Volumes 3A, 10A, 4C, 1B, and 8A of Century Code for replacement. These replacement volumes must be published to avoid increased costs for supplements and the eventual need to replace the entire Century Code. Replacement of volumes also makes the Century Code more easily usable for the public. The Court Rules Annotated volume is published in a softbound volume that must be replaced each biennium. Based on cost estimates furnished by LexisNexis, \$164,500 will be needed to purchase 700 sets of replacement Volumes 3A, 10A, 4C, 1B, and 8A and \$52,675 will be needed to purchase 700 sets of the Court Rules Annotated volume and two supplements to that volume.

Based on LexisNexis estimates, \$114,800 will be needed to purchase 700 sets of the 2017 pocket supplements, and \$43,400 will be needed to purchase 700 sets of the 2017 general index.

The estimated costs for Century Code updates for the 2017-19 biennium total \$375,375. In the letter (copy enclosed) of estimated costs from Ms. Leslie Metheney, Director, Government Content Acquisition, LexisNexis, it is stated that LexisNexis offers state government subscribers a 25 percent discount. Application of this discount will reduce estimated expenditures for 2017-19 Century Code updates to \$281,531.

Beginning in 2011 costs were decreased substantially because the Administrative Code is now being published in a CD-ROM format. We estimated CD-ROM preparation and mailing costs for the Administrative Code would total \$7,000 for the 2015-17 biennium. Your staff has not advised us this amount should be increased, so we believe the same amount will be adequate for the 2017-19 biennium.

We estimate that \$25,000 will be required to cover printing, binding, and mailing costs for the 2017 North Dakota Session Laws.

We respectfully suggest that you include \$313,531 in your budget request for the 2017-19 biennium for publication and printing costs for the North Dakota Century Code, North Dakota Administrative Code, and North Dakota Session Laws and postage and mailing costs for the Administrative Code and Session Laws. This is a 0.62 percent decrease from the comparable amount we recommended for these expenses for the 2015-17 biennium.

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

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

Sincerely,



Jim W. Smith  
Director

JWS/KS

Enc.

cc: Ms. Pam Sharp  
Ms. Leslie Metheney

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ALVIN A. JAEGER  
SECRETARY OF STATE

HOME PAGE [www.nd.gov/sos](http://www.nd.gov/sos)



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

March 2, 2017

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

FR: Al Jaeger, Secretary of State

RE: HB 1002 – Amendment

I am requesting the committee's consideration in adopting the following amendment. The need for this amendment became known after HB 1002 was heard in the House.

During the 2013 session, I requested the legislature to authorize an amendment to subsection 7 of Section 54-09-04 (2013 Session Laws, Chapter 402 HB 1340, Section 3). It was intended to provide the agency with flexibility in the charging of fees for certain information requested by the public. In practice, however, it was confusing for agency customers and more difficult, time consuming and challenging for the agency staff to calculate the cost basis on which to base the charge.

Therefore, the amendment reverts to a specific fee, as it was prior to the enactment of the 2013 legislation. It will be easier to administer, clear for customers, and will be more efficient to manage in the agency's new software program currently being developed.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1002

Subsection 7 of section 54-09-04 of the North Dakota Century Code is amended and reenacted as follows:

For preparing any listing or compilation of any information recorded or filed in the office of the secretary of state, an amount established by the secretary of state to recover the actual cost for assembling and providing the information in the format requested forty dollars for each record type requested. Unless otherwise agreed to by the secretary of state, the information shall be provided in an electronic format. If provided in a paper format, an additional fee of fifty cents per page may be charged.

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#### **AGENCY STATUTORY AUTHORITY**

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

#### **AGENCY DESCRIPTION**

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

#### **AGENCY MISSION STATEMENT**

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

#### **AGENCY PERFORMANCE MEASURES**

Although it does not have a formal written program, the agency's management team and unit leads have access to various processes for tracking productivity, effectiveness, efficiency, quality of customer service, and compliance with laws. It is anticipated the statistical tracking of information will be improved with the agency's migration to a new database and document processing platform, for which funding was approved in previous bienniums and for which continued funding is being requested in the agency's 2017/2019 budget request.

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#### AGENCY MAJOR ACCOMPLISHMENTS

1. With funding provided by the 2015 Legislature, executed contract for a Business Process Modeling study, which proven to be invaluable. It was a complete review of agency administrative functions and involved each member of the staff. Some of the recommendations were immediately implemented and the entire study was used as a basis for the drafting of a RFP that was issued to secure a vendor to develop business and licensing software (BLS) for office operations and provide online filing and reporting functions for agency customers.
2. On March 1, 2016, successfully launched the 100% online 24/7 North Dakota Central Indexing System (NDCIS). All lien documents are now filed and searched online, which include the Uniform Commercial CODE (UCC), Central Notice System for farm products (CNS), tax liens, etc. The database contains over 320,000 records.
3. Executed contract in the fall of 2016 with vendor to develop the BLS software for agency operations. Vendor has software deployed successfully in several Secretary of State offices and understands agency requirements. Project is proceeding very well and it is expected to be deployed on time and within the funding provided by the 2015 legislature. This will enable the migration of the agency's database from an AS/400 operating platform created in 1988/1992.
4. Continued to enhance the agency's Election Management System (EMS) and Election Administration System (EAS) known to the public as Vote.ND.Gov, which provide new and expanded election information on the agency's website about elections, candidates, campaign contributions, voter precinct finder, polling location details and the reporting of election night returns. In addition, it assists in the administration of petition review, poll worker tracking, voting statistics reporting, and early and absentee voting.

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## AGENCY FUTURE CRITICAL ISSUES

In the statistical data section of the program narrative, the data reveals that since 1995/1997 and through the 2013/2015 biennium, the agency's revenue has steadily increased. The 2013/2015 biennium revenue increased 4.3% from the previous biennium. The increased revenue is directly related to the increase in the number of registrations, filings, and increased demand for the services provided by the agency. In order to respond to this increased demand, the agency is substantially dependent on the use of information technology (e.g. software, hardware, Internet, etc.), which it uses to provide the timely, accurate, and efficient services expected by the public, businesses, and customers of the agency.

As was also documented in the statistical data section, the agency is processing 102,228 more documents per year than it did in 1995. Therefore, to provide services in a cost effective and efficient manner for the public, it is vitally important that the agency receive support for technology initiatives and additional FTE's to handle the increase in workload.

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

Having adequate FTE's and the ability to offer competitive salaries is a huge challenge. The agency needs to have competitive salaries and address compression issues in its employment structure to be competitive and to pay salaries appropriate for agency staff.

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**EXPLANATION OF PROGRAM COSTS**

For the 2015-2017 biennium, the appropriated salary line represented approximately 77% of the agency's total general fund spending authority. (This does not include the \$3 million of one-time funding appropriated for the technology project)

The appropriated operating line for 2015-2017 represented approximately 23% of the agency's total general fund spending authority. Of that amount, approximately 49% of the operating line was budgeted for payments to the state's Information Technology Division (ITD). The remaining 51% is spread among other object code categories and supports the general operations of the agency. Those budget object codes include telecommunications, travel, mailing services, professional development, fees and services, repairs and maintenance of equipment, insurance, office supplies, printing, professional supplies and materials, and miscellaneous expenses.

The agency also has a general service fund, which is the retail account for information sold by the agency. Approximately 63% of that budget is used to cover technology related expenses such as software, licenses and data processing for the agency.

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

1. The agency's budget supports the statewide Central Indexing System (CIS) area network. On March 1, 2016, the North Dakota Central Indexing System (NDCIS) was launched which allows for all filings related to various personal property liens to be completed electronically online. The budget supports the ongoing costs and maintenance of the new electronic database.
2. The agency's budget supports a database of approximately 265,000 names for approximately 100 diverse and varied categories related to the duties of the agency and for associated expenses such as programming, which is only available from a private vendor. For 2015-2017, the agency requested additional one-time funding to continue the migration of the agency's databases to a new operating platform.
3. The agency's budget supports an Internet web site and covers associated expenses.

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**ELECTION REFORM**

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

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

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

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

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

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

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

During the 17-19 biennium, it is estimated the state's election fund will be depleted. The remaining funds will be used to:

- 1) Fund the authorized FTE who is the manager of the Election Administration System
- 2) Fund the temporary individual who serves as the Central Voter File coordinator
- 3) Maintain the Central Voter File
- 4) Fund general activities to ensure the state meets the requirements of Title III



Secretary of State  
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**PROGRAM STATISTICAL DATA**

History of Revenue and Expenditures for the past seven budget cycles

Revenue

- 2001/2003 – \$ 6,277,698 (general \$5,869,160; \* special \$371,868) increased 5.5% over previous biennium
- 2003/2005 – \$ 6,716,245 (general \$6,289,108, \* special \$401,305) increased 7.0% over previous biennium
- 2005/2007 – \$ 7,289,015 (general \$6,815,185, \* special \$454,445) increased 8.5% over previous biennium.
- 2007/2009 – \$ 7,949,077 (general \$7,432,582, \* special \$516,495) increased 9.1% over previous biennium.
- 2009/2011 – \$ 9,058,760 (general \$8,543,052, \* special \$515,708) increased 14% over previous biennium.
- 2011/2013 – \$ 12,376,388 (general \$11,744,573, \* special \$601,815) increased 36% over previous biennium.
- 2013/2015 – \$12,917,111 (general \$12,252,412, \* special \$664,699) increased 4.3 % over previous biennium.
- 2015/2017 – Estimated: \$ 12,800,000 (general \$12,000,000, \* special \$1,200,000) estimated increase 2.0% over previous biennium.

Expenditures

- 2001/2003 - \$ 3,961,253 increased 11.7% over previous biennium (see note # 1)
- 2003/2005 - \$ 4,146,332 increased 4.7% over previous biennium
- 2005/2007 - \$ 4,536,178 increased 9.4% over previous biennium (see note # 2)
- 2007/2009 - \$5,666,247 increased 24.9% over previous biennium (see note #3)
- 2009/2011 - \$6,168,973 increased 8.9% over previous biennium (see note #4)
- 2011/2013 - \$8,383,125 increased 35.9% over previous biennium (see note #5)
- 2013/2015 - \$9,018,517 increased 7.58 % over previous biennium (see note #6)

Note # 1 ITD again reallocated costs related to the statewide area network resulting in another \$175,000 increase added to the agency's budget.

Note # 2. The expenditures included a one-time amount of \$125,000 for migration of database.

Note # 3 The expenditures included a one-time amount of \$825,000 for migration of database.

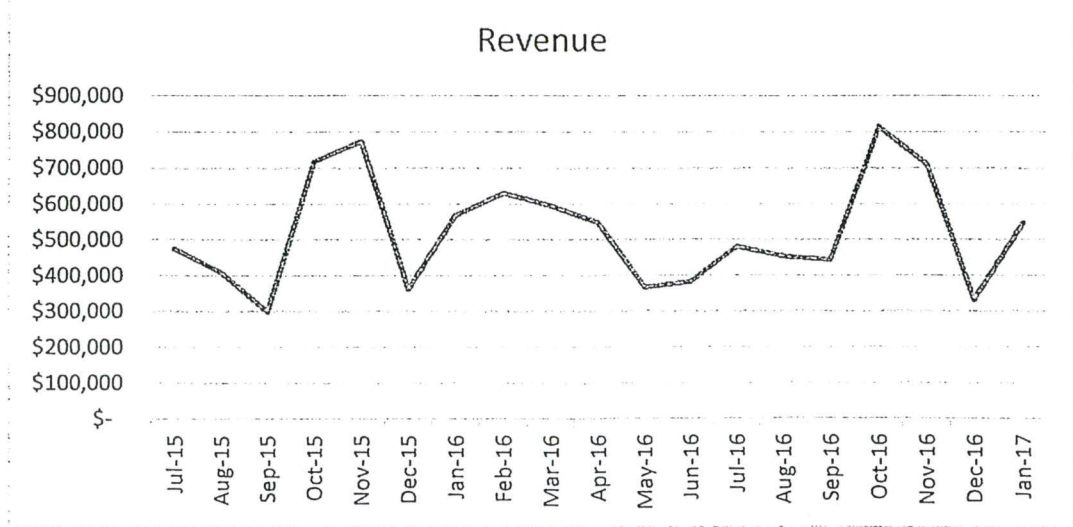
Note # 4 - The expenditures included a one-time amount of \$702,000 for migration of database (One time funding was \$780,000 total, we requested \$78,000 in carryover to 11-13 Biennium)

Note # 5 The expenditures included one-time amounts of \$3,500,000 for migration of database and \$43,039 for online public meeting system. In addition, one-time funding carryover of \$78,000 for migration of database was approved. (We requested \$1,351,035 in carryover to 13-15 for migration of database)

Note #6 - The expenditures included one-time amounts of \$2,048,352 for migration of database and \$109,794 for business process mapping project. (We requested carryover to 15-17 for the remaining migration of database and business process mapping)

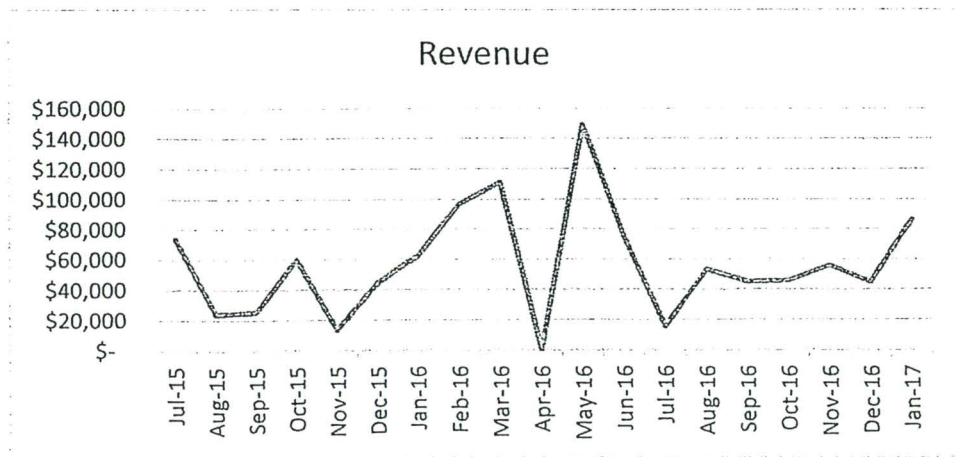
Secretary of State  
General Fund Revenue Chart

| 2015/2017 Biennium - General Fund Revenue |            |                                    |                                    |                             |                     |
|---|------------|------------------------------------|------------------------------------|-----------------------------|---------------------|
| January 31, 2017                          |            |                                    |                                    |                             |                     |
|   | Revenue    | Monthly Average Revenue Per Budget | Monthly Accumulative Revenue Total | Accumulative Monthly Budget | (Under) Over Budget |
|   |            | \$ 12,000,000                      |                                    |                             |                     |
| Jul-15                                    | \$ 474,888 | \$ 500,000                         | \$ 474,888                         | \$ 500,000                  | \$ (25,112)         |
| Aug-15                                    | \$ 409,292 | \$ 500,000                         | \$ 884,180                         | \$ 1,000,000                | \$ (115,820)        |
| Sep-15                                    | \$ 298,351 | \$ 500,000                         | \$ 1,182,531                       | \$ 1,500,000                | \$ (317,469)        |
| Oct-15                                    | \$ 716,937 | \$ 500,000                         | \$ 1,899,469                       | \$ 2,000,000                | \$ (100,531)        |
| Nov-15                                    | \$ 772,993 | \$ 500,000                         | \$ 2,672,461                       | \$ 2,500,000                | \$ 172,461          |
| Dec-15                                    | \$ 361,213 | \$ 500,000                         | \$ 3,033,674                       | \$ 3,000,000                | \$ 33,674           |
| Jan-16                                    | \$ 568,328 | \$ 500,000                         | \$ 3,602,002                       | \$ 3,500,000                | \$ 102,002          |
| Feb-16                                    | \$ 630,108 | \$ 500,000                         | \$ 4,232,110                       | \$ 4,000,000                | \$ 232,110          |
| Mar-16                                    | \$ 595,056 | \$ 500,000                         | \$ 4,827,165                       | \$ 4,500,000                | \$ 327,165          |
| Apr-16                                    | \$ 548,105 | \$ 500,000                         | \$ 5,375,270                       | \$ 5,000,000                | \$ 375,270          |
| May-16                                    | \$ 367,019 | \$ 500,000                         | \$ 5,742,289                       | \$ 5,500,000                | \$ 242,289          |
| Jun-16                                    | \$ 382,380 | \$ 500,000                         | \$ 6,124,669                       | \$ 6,000,000                | \$ 124,669          |
| Jul-16                                    | \$ 479,645 | \$ 500,000                         | \$ 6,604,314                       | \$ 6,500,000                | \$ 104,314          |
| Aug-16                                    | \$ 453,175 | \$ 500,000                         | \$ 7,057,489                       | \$ 7,000,000                | \$ 57,489           |
| Sep-16                                    | \$ 443,978 | \$ 500,000                         | \$ 7,501,467                       | \$ 7,500,000                | \$ 1,467            |
| Oct-16                                    | \$ 813,887 | \$ 500,000                         | \$ 8,315,354                       | \$ 8,000,000                | \$ 315,354          |
| Nov-16                                    | \$ 710,115 | \$ 500,000                         | \$ 9,025,469                       | \$ 8,500,000                | \$ 525,469          |
| Dec-16                                    | \$ 331,680 | \$ 500,000                         | \$ 9,401,864                       | \$ 9,000,000                | \$ 357,148          |
| Jan - 17                                  | \$ 546,707 | \$ 500,000                         | \$ 9,903,855                       | \$ 9,500,000                | \$ 403,855          |



Secretary of State  
Special Fund Revenue Chart

| 2015/2017 Biennium - General Services Revenue |            |                                    |                                    |                             |                     |
|---|------------|------------------------------------|------------------------------------|-----------------------------|---------------------|
| January 31, 2017                              |            |                                    |                                    |                             |                     |
|   | Revenue    | Monthly Average Revenue Per Budget | Monthly Accumulative Revenue Total | Accumulative Monthly Budget | (Under) Over Budget |
|   |            | 1,188,731                          |                                    |                             |                     |
| Jul-15  | \$ 73,607  | \$ 49,530                          | \$ 73,607                          | \$ 49,530                   | \$ 24,076           |
| Aug-15  | \$ 23,938  | \$ 49,530                          | \$ 97,545                          | \$ 99,061                   | \$ (1,516)          |
| Sep-15  | \$ 25,231  | \$ 49,530                          | \$ 122,775                         | \$ 148,591                  | \$ (25,816)         |
| Oct-15  | \$ 59,956  | \$ 49,530                          | \$ 182,731                         | \$ 198,122                  | \$ (15,391)         |
| Nov-15  | \$ 13,267  | \$ 49,530                          | \$ 195,998                         | \$ 247,652                  | \$ (51,654)         |
| Dec-15  | \$ 44,427  | \$ 49,530                          | \$ 240,425                         | \$ 297,183                  | \$ (56,758)         |
| Jan-16  | \$ 61,936  | \$ 49,530                          | \$ 302,361                         | \$ 346,713                  | \$ (44,353)         |
| Feb-16  | \$ 96,643  | \$ 49,530                          | \$ 399,004                         | \$ 396,244                  | \$ 2,760            |
| Mar-16  | \$ 111,131 | \$ 49,530                          | \$ 510,134                         | \$ 445,774                  | \$ 64,360           |
| Apr-16  | \$ -       | \$ 49,530                          | \$ 510,134                         | \$ 495,305                  | \$ 14,830           |
| May-16  | \$ 149,255 | \$ 49,530                          | \$ 659,389                         | \$ 544,835                  | \$ 114,554          |
| Jun-16  | \$ 74,808  | \$ 49,530                          | \$ 734,196                         | \$ 594,366                  | \$ 139,831          |
| Jul-16  | \$ 15,496  | \$ 49,530                          | \$ 749,692                         | \$ 643,896                  | \$ 105,796          |
| Aug-16  | \$ 53,266  | \$ 49,530                          | \$ 802,958                         | \$ 693,426                  | \$ 109,531          |
| Sep-16  | \$ 45,324  | \$ 49,530                          | \$ 848,281                         | \$ 742,957                  | \$ 105,324          |
| Oct-16  | \$ 45,900  | \$ 49,530                          | \$ 894,181                         | \$ 792,487                  | \$ 101,694          |
| Nov-16  | \$ 55,901  | \$ 49,530                          | \$ 950,082                         | \$ 842,018                  | \$ 108,064          |
| Dec-16  | \$ 44,716  | \$ 49,530                          | \$ 994,798                         | \$ 891,548                  | \$ 103,249          |
| Jan - 17                                      | \$ 86,154  | \$ 49,530                          | \$ 1,080,952                       | \$ 941,079                  | \$ 139,873          |



Secretary of State  
March 2, 2017

Demand for Services

The demand for the agency's services has grown steadily during the period beginning June 30, 1995, and ending June 30, 2016. This is in direct relationship to the net increase in filings and registrations as listed below.

|  | June 30, 1995 | June 30, 2016 | Percentage Increase/decrease |
|--|---------------|---------------|------------------------------|
| Contractors                            | 4,701         | 11,356        | +142%                        |
| Charitable Solicitation                | 559           | 3,457         | +518%                        |
| Notary Publics                         | 10,419        | 15,206        | +46%                         |
| ND For-profit corporations             | 10,734        | 13,223        | +23%                         |
| ND Cooperatives                        | 434           | 269           | -38%                         |
| ND Professional corporation            | 552           | 976           | +77%                         |
| Foreign For-profit corporations        | 7,307         | 16,601        | +127%                        |
| Foreign cooperatives                   | 45            | 75            | +67%                         |
| Limited Liability Companies (all)      | 441           | 31,100        | +6952%                       |
| Limited Liability partnerships (all)   | 13            | 3,475         | +26631%                      |
| Limited Partnerships (all)             | 864           | 1,618         | +87%                         |
| Limited Liability Limited Partnerships | 0             | 1,307         | +1307                        |
| Partnership Fictitious Names           | 1,362         | 2,109         | +55%                         |
| Trademarks                             | 1,286         | 1,518         | +18%                         |
| Trade names                            | 3,565         | 31,086        | +772%                        |
| ND non-profit corporations *           | 0             | 7,858         | +7858%                       |
| Foreign non-profit corporations *      | 0             | 3,276         | +3276%                       |
| Total                                  | 42,282        | 144,510       | +242%                        |

\*Prior to 1997, non-profit corporations were not required to file an annual corporate report. Therefore, the agency is processing an additional 11,134 filings that it did not process nineteen years ago.

|   | June 30, 2011 | June 30, 2013  | June 30, 2015  | January 31, 2017 | Increase from<br>Jun 30,2011 | % inc (decr)   |
|---|---------------|----------------|----------------|------------------|------------------------------|----------------|
| Corporations - ND                             | 13,330        | 13,783         | 13,473         | 12,630           | -700                         | -5.25%         |
| Corporations - ND Professional                | 971           | 983            | 979            | 958              | -13                          | -1.34%         |
| Corporations - Foreign                        | 14,072        | 16,483         | 16,783         | 16,938           | 2,866                        | 20.37%         |
| Corporations - Foreign Professional           | 166           | 301            | 379            | 381              | 215                          | 129.52%        |
| <b>Total</b>                                  | <b>28,539</b> | <b>31,550</b>  | <b>31,614</b>  | <b>30,907</b>    | <b>2,368</b>                 | <b>8.30%</b>   |
| Limited Liability Company - ND                | 9,732         | 15,723         | 19,817         | 22,822           | 13,090                       | 134.50%        |
| Limited Liability Company - ND Professional   | 138           | 208            | 304            | 398              | 260                          | 188.41%        |
| Limited Liability Company - Foreign           | 5,288         | 8,077          | 9,515          | 10,309           | 5,021                        | 94.95%         |
| <b>Total</b>                                  | <b>15,158</b> | <b>24,008</b>  | <b>29,636</b>  | <b>33,529</b>    | <b>18,371</b>                | <b>121.20%</b> |
| Partnership Fictitious Names                  | 1,777         | 1,945          | 2,144          | 2,050            | 273                          | 15.36%         |
| Limited Liability Partnerships                | 2,874         | 3,219          | 3,407          | 3,411            | 537                          | 18.68%         |
| Limited Partnerships                          | 1,602         | 1,690          | 1,645          | 1,546            | -56                          | -3.50%         |
| Limited Liability Limited Partnerships        | 774           | 1,017          | 1,218          | 1,338            | 564                          | 72.87%         |
| <b>Total</b>                                  | <b>7,027</b>  | <b>7,871</b>   | <b>8,414</b>   | <b>8,345</b>     | <b>1,318</b>                 | <b>18.76%</b>  |
| Nonprofit Corporations - ND                   | 7,432         | 7,589          | 7,705          | 8,030            | 598                          | 8.05%          |
| Nonprofit Corporations - Foreign              | 2,309         | 2,737          | 3,087          | 3,446            | 1,137                        | 49.24%         |
| Nonprofit Limited Liability Company - ND      | 8             | 15             | 17             | 26               | 18                           | 225.00%        |
| Nonprofit Limited Liability Company - Foreign | 0             | 0              | 0              | 3                | 3                            | 0.00%          |
| <b>Total</b>                                  | <b>9,749</b>  | <b>10,341</b>  | <b>10,809</b>  | <b>11,505</b>    | <b>1,756</b>                 | <b>18.01%</b>  |
| Trade Names                                   | 22,749        | 26,851         | 29,981         | 31,079           | 8,330                        | 36.62%         |
| Trademarks                                    | 1,458         | 1,460          | 1,506          | 1,516            | 58                           | 3.98%          |
| Corporations - Farm                           | 756           | 794            | 830            | 840              | 84                           | 11.11%         |
| Limited Liability Company - Farm              | 190           | 263            | 351            | 411              | 221                          | 116.32%        |
| <b>Total</b>                                  | <b>946</b>    | <b>1,057</b>   | <b>1,181</b>   | <b>1,251</b>     | <b>305</b>                   | <b>32.24%</b>  |
| Cooperatives and Misc                         | 292           | 276            | 269            | 263              | -29                          | -9.93%         |
| Cooperatives - Foreign                        | 73            | 72             | 75             | 74               | 1                            | 1.37%          |
| <b>Total</b>                                  | <b>365</b>    | <b>348</b>     | <b>344</b>     | <b>337</b>       | <b>-28</b>                   | <b>-7.67%</b>  |
| <b>Grand Total</b>                            | <b>85,991</b> | <b>103,486</b> | <b>113,485</b> | <b>118,469</b>   | <b>32,478</b>                | <b>37.77%</b>  |

pg 15

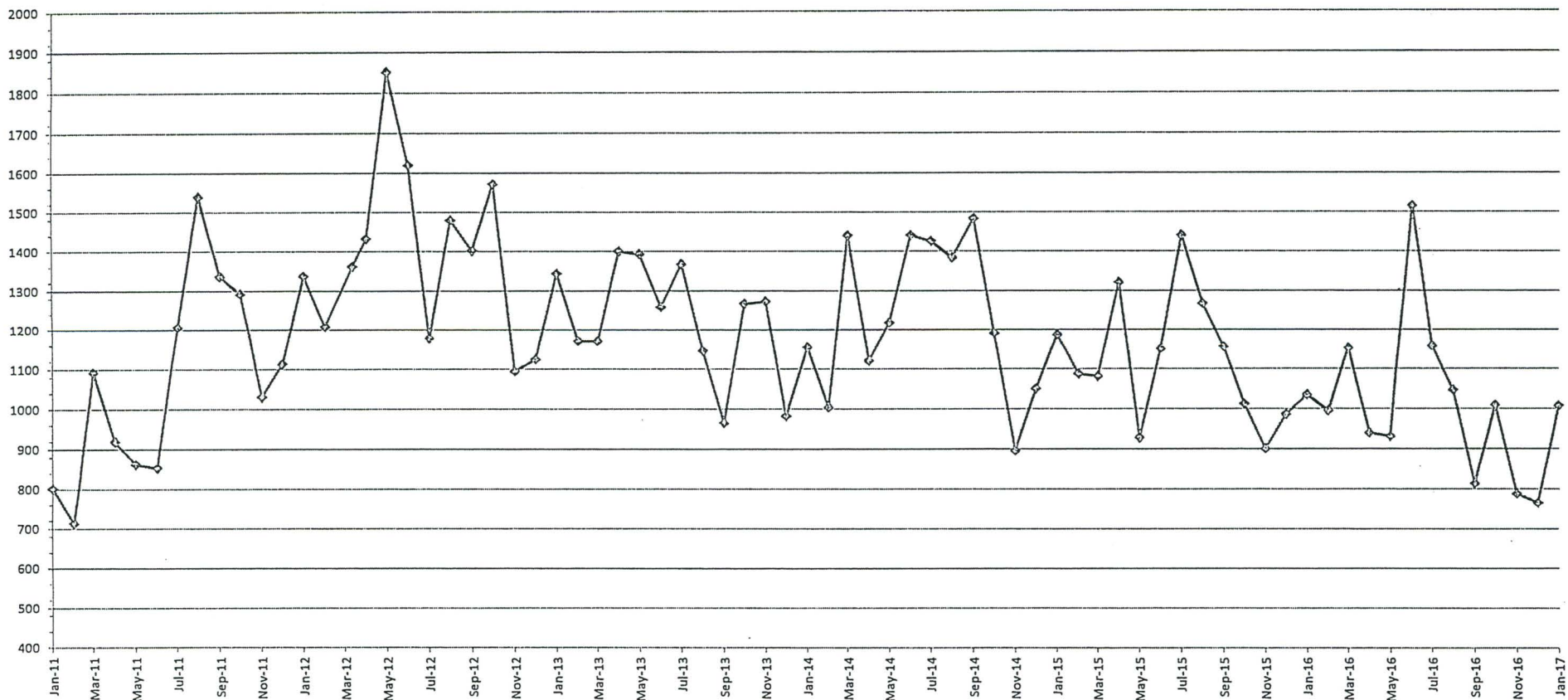
(14)

1002 08

Secretary of State  
March 2, 2017

|   |        |
|---|--------|
| Licensed contractors as of February 2017      | 11,173 |
| Licenses issued to new applicants during 2017 | 194    |
| Licenses issued to new applicants during 2016 | 1,405  |
| Charitable Organizations registered           | 3,522  |

### Secretary of State - # of New Filings per Month

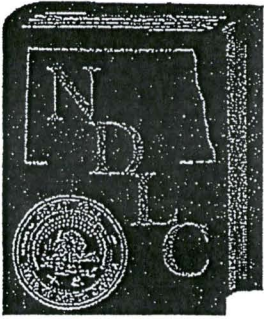


|      | January | February | March | April | May  | June | July | August | September | October | November | December |
|------|---------|----------|-------|-------|------|------|------|--------|-----------|---------|----------|----------|
| 2011 | 801     | 713      | 1092  | 919   | 862  | 853  | 1206 | 1539   | 1336      | 1291    | 1030     | 1113     |
| 2012 | 1336    | 1208     | 1361  | 1431  | 1851 | 1619 | 1177 | 1479   | 1401      | 1571    | 1094     | 1124     |
| 2013 | 1343    | 1170     | 1170  | 1399  | 1392 | 1258 | 1367 | 1145   | 965       | 1266    | 1272     | 982      |
| 2014 | 1154    | 1004     | 1439  | 1120  | 1218 | 1440 | 1425 | 1383   | 1483      | 1191    | 896      | 1050     |
| 2015 | 1187    | 1087     | 1081  | 1320  | 928  | 1150 | 1440 | 1267   | 1155      | 1012    | 900      | 986      |
| 2016 | 1035    | 995      | 1152  | 940   | 931  | 1514 | 1158 | 1046   | 813       | 1009    | 788      | 765      |
| 2017 | 1007    |          |       |       |      |      |      |        |           |         |          |          |

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# North Dakota Legislative Council

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

**Jim W. Smith**  
Director  
**John Bjornson**  
Legal Division Director  
**Allen H. Knudson**  
Legislative Budget  
Analyst & Auditor  
**Jason J. Steckler**  
Administrative Services  
Division Director  
**Vonette J. Richter**  
Code Revisor

February 21, 2017

State Agency Director:

This letter provides guidance on information to include in budget presentations to the Senate Appropriations Committee, Senator Ray Holmberg, Chairman.

On behalf of the Chairman, we ask that a representative of your department or institution testify during the time scheduled. The Chairman asks that presentations to the committee be in written form to allow for future reference. Budget presentations should include an explanation of the department's or institution's original 2015-17 budget and the effects of the budget reductions approved during the August 2016 special legislative session on the 2015-17 budget, estimated 2015-17 spending and the status of one-time funding items, 2017-19 budget changes compared to the adjusted 2015-17 biennium appropriation levels and 2017-19 one-time funding needs. Please identify any known or potential changes in the level of federal funding to be received by your department or institution during the 2017-19 biennium, the effect of these changes, and your department's or institution's plan to address these changes. Also, please prepare and present to the committee during your budget hearing the following separate documents (one page each, if possible):

- A listing of the proposed budget reductions identified by your department or institution to meet the Governor's 90 percent budget request guideline;
- A comparison of the optional adjustment requests made by your department or institution to those included in the executive recommendation;
- A summary of changes recommended by Governor Burgum and those made by the House; and
- An itemized listing of any changes your department or institution is asking the committee to make to your budget.

Please refrain from reading the testimony. Focus on key points and operational and budgetary areas of importance. Time should be allowed for committee member questions.

Please contact Senator Holmberg or me if you have any questions.

Sincerely,

Allen H. Knudson  
Legislative Budget Analyst and Auditor

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March 2, 2107

February 21, 2017, letter from Legislative Council on behalf of Senator Holmberg, Chairman

**Chairman Request # 1**

A listing of the proposed budget reductions identified by your department or institution to meet the Governor's 90 percent budget request guideline

**Secretary of State Response:**

The budget reductions identified to meet the 90% budget request are as follows:

|  |            |
|--|------------|
| Travel .....                             | 5,000      |
| Supplies - IT Software .....             | 7,000      |
| Supply/Material-Professional .....       | 2,500      |
| Miscellaneous Supplies .....             | 9,000      |
| Office Supplies .....                    | 15,000     |
| IT Equip Under \$5,000.....              | 24,000     |
| Repairs .....                            | 10,000     |
| IT - Data Processing .....               | 306,799    |
| IT - Communications.....                 | 20,000     |
| IT Contractual Services and Repairs..... | 36,878     |
| Operating Fees and Services.....         | 75,000     |
| Total reduction.....                     | \$ 511,177 |

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March 2, 2107

February 21, 2017, letter from Legislative Council on behalf of Senator Holmberg, Chairman

**Chairman Request # 2**

A comparison of the optional adjustments requests made by your department or institution to those included in the executive recommendation.

**Operating Line**

|  |           |
|--|-----------|
| Secretary of State Request .....                     | \$526,000 |
| (General Fund – \$260,000; Special Fund – \$266,000) |           |
| Governor Recommended .....                           | \$526,000 |
| (Special Fund - \$526,000)                           |           |

**Salary Line**

|   |           |
|---|-----------|
| Secretary of State Request for Overtime .....                   | \$350,000 |
| (General Fund – \$350,000)                                      |           |
| Governor Recommended for Overtime.....                          | 0         |
| (General Fund – \$0)  |           |
| Secretary of State Request for Temporary Salaries Benefits..... | \$165,000 |
| (General Fund – \$165,000)                                      |           |
| Governor Recommended for Temporary Salaries Benefits.....       | \$50,000  |
| (Special Fund – \$50,000)                                       |           |

**Additional appropriation changes made by Dalrymple executive recommendation:**

Removal of one full time equivalent (FTE)

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March 2, 2107

February 21, 2017, letter from Legislative Council on behalf of Senator Holmberg, Chairman

**Chairman Request # 3**

A summary of changes recommended by Governor Burgum and those made by the House

**Governor Burgum recommended changes:**

- Remove two additional full time equivalents (FTE)
- Remove the 1% salary increase for state employees
- Remove 5% of health insurance premiums – employees to pay

**House amendments:**

- Restored the 5% of health insurance premiums
- Moved the funding increase of \$118,956 for information technology expenses from general funds to special funds
- Removed additional funding of \$37,100 from operating
- Removed additional funding of \$4,756 from salaries

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March 2, 2107

February 21, 2017, letter from Legislative Council on behalf of Senator Holmberg, Chairman

**Chairman Request # 4**

An itemized listing of any changes our department or institution is asking the committee to make to our budget.

- Restore the two full time equivalents (FTE) recommended to be removed by Governor Burgum and removed by the House amendments - \$213,646
- Restore funding for the agency's optional request for overtime of \$350,000
- Add back funding for the agency's optional request for temporary salaries of \$115,000
- Restore the funding of \$37,100 for operating that was removed by the House
- Approve funding with an Emergency Clause for a new voting system (\$9,000,000) and for statewide electronic poll books (\$3,000,000)
- Restore the full time equivalent removed by Dalrymple's recommendation - \$104,445

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March 2, 2017

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TO: Chairman Ray Holmberg and Members of the Senate Appropriations Committee

FR: Al Jaeger, Secretary of State

RE: Funding for Statewide Voting System and Electronic Poll Books

As the state's chief election officer, I am requesting funding (\$9,000,000) to replace the state's voting system and for the procurement of a statewide implementation of electronic pollbooks also known as e-pollbooks (\$3,000,000). The funding was requested in HB 1122 and HB 1123. While it appeared as if the need was recognized, the funding was not approved by the House. Nevertheless, it is a critical infrastructure in the state's election process.

In preparation for consideration by the legislature, an RFP process was used through the State Procurement process and the requested funding is based on solid bids submitted by vendors.

As it relates to the voting system, the software used to create election ballots and the tabulation equipment is no longer supported. The current voting system was first used in 2004 and has been used in every statewide election since. However, because the chips, processors, and motherboards, which are federally certified, are no longer manufactured, "cannibalism" has become a necessity to maintain the system. Consequently, as components from one machine are used to repair another, the number of tabulators available for use in polling locations diminishes. Although a strict maintenance routine is in place, it is very questionable whether the system will continue to function and properly tabulate votes. As it is, the risk for failure in a future election is quite high. Because states were required, all at the same time, under the Help America Vote Act of 2002 to deploy new voting system, other states are facing the same challenges.

The current voting system utilizes optical scan technology while a contemporary voting system uses digital scan technology. This advancement in technology allows for an increase in efficiencies while eliminating reliance on the moving parts that present the greatest number of failures in the current system. The replacement also includes new voting equipment for those individual who need assistance in marking their ballots privately and independently. The current assistive voting device is inefficient and not user friendly.

The funding for the e-pollbooks will allow their placement in each of the state's polling locations in the state's fifty three counties. Only a small portion of the state's counties now uses them. They are more efficient than paper pollbooks and allow poll clerks to quickly identify if a voter is at the proper polling location and for providing the correct ballot. The e-pollbooks can be networked, which means that when a voter votes, the record of their voting will be updated on every e-pollbook in the state. The statewide deployment of the e-pollbooks will also increase the effectiveness of the voter identification bill (HB 1369), which was approved by the House and is now in the Senate for consideration.

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March 2, 2017

TO: Chairman Ray Holmberg and Members of the Senate Appropriations Committee

FR: Jim Silrum, Deputy Secretary of State, on behalf of Secretary of State Al Jaeger

RE: HB 1002 Statewide Voting System

Nine million is no small amount, but let me explain the why behind the costs for voting systems.

1. It might seem like an election is run the same in every state because of the consistency of the outcomes – who does and does not get elected. But the reality is that states run their elections quite differently because the laws of each state are different. For example, some states allow for straight party ticket voting and others like us do not. This means that the systems built must be made to handle all possibilities, which drives up the costs.
2. Voting systems must meet certain national standards that are decided upon by election officials from all 55 states and US territories, the National Institute of Standards and Technology, advocacy groups for people living with disabilities, and other interested parties. The current set of standards is well over 1,000 pages in length. After a vendor builds to those standards, the systems must be independently verified by a certified voting system test laboratory to ensure that the system does meet the standards. Finally, the system is given a certification by the federal agency known as the Election Assistance Commission. This process often takes years to complete and costs millions of dollars and each time the system is modified it must go back through the process again before it can be used in a state. These changes include things that might be expected like software enhancements to include new functionality, but also include what would be unexpected to those outside of the elections world, such as the use of a new screw, bolt, or nut because the original item for replacement is no longer available for purchase.
3. During my time as Deputy Secretary of State, I have served as a member of the Voting Systems Standards Board since it was established in 2005 and as Chair and on the Executive Committee for several of those years. We have worked hard to keep the standards realistic and achievable so they would not have such a great impact on the cost and improvements to voting systems, but that has not been an easily achievable task. All of these costs to the vendor are by necessity passed on to the customer.

If I may borrow a concept from the Governor's Main Street Initiative, it is important to remember that whether money is appropriated by the federal, state, county, or city government, it all comes from us as tax payers. As Secretary Jaeger has stated, it is not an option to not replace the system. It must be replaced before at best, we can no longer find or buy replacement parts and at worst, it fails to count the votes accurately. Because of the entire state's need for a new voting system, the prudent option for the tax payer is to make use of the group buying power than can only be provided by the state.

The only way to mandate a replacement of the voting system is for the state to buy it. It would be impractical at best for the state to mandate each of the 53 counties to add the cost of making their own purchase of a voting system to their budgets. And, under federal law, the Secretary of State has the responsibility to determine what systems may or may not be purchased for use in elections. With the state making the purchase, everyone will take advantage of the group buying power bringing down the costs for everyone. Voting systems also must be maintained each and every year. If the purchase responsibility is shifted to each county, it is possible that a county, in tough budget times, could make the decision to not maintain their voting system as a way to save money. This could be catastrophic for elections.

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HB 1002  
Statewide Voting System  
Jim Silrum  
Page two

Although it may seem that the state would be paying the whole bill for a new system that is not the case. Since we purchased our current system in 2004, the expenditures incurred by the counties to administer the elections total \$13,134,864 and this does not yet include the expenditures for the General election last November since those costs are still being calculated.

| Year | Election | Expense          | Year Total          |
|------|----------|------------------|---------------------|
| 2004 | Primary  | \$786,146        |                     |
|      | General  | \$751,160        | \$1,537,306         |
| 2006 | Primary  | \$826,998        |                     |
|      | General  | \$876,318        | \$1,703,316         |
| 2008 | Primary  | \$1,036,309      |                     |
|      | General  | \$1,024,420      | \$2,060,729         |
| 2010 | Primary  | \$1,018,814      |                     |
|      | General  | \$924,816        | \$1,943,630         |
| 2012 | Primary  | \$1,352,114      |                     |
|      | General  | \$1,047,767      | \$2,399,881         |
| 2014 | Primary  | \$1,174,500      |                     |
|      | General  | \$1,096,398      | \$2,270,898         |
| 2016 | Primary  | \$1,219,104      | \$1,219,104         |
|      | General  | Not Yet Totalled |                     |
|      |          |                  | <b>\$13,134,864</b> |

The expenditures listed above are those reported to our office by the counties. They include such things as ballot layout and printing, voting machine programming, publishing of public notices, supplies, and poll worker training, mileage, and salaries just to name a few of the items.

As can be seen by the county election expenses listed above, even with the state paying for the replacement and the maintenance of the new voting system, the counties will be paying expenses that will exceed the state's expenditure over the years that the new system will be used. In other words, the state would be paying for its share rather than putting the entire burden on the counties since they will continue to pay, on average, over \$1 million for each election.

The costs for administering elections are only partially for county offices. By the state purchasing and maintaining the voting system, the state is taking responsibility for those costs that are shared by everyone. Statewide officers and measures are decided by the entire state, judicial district elections always involve more than one county, legislative districts are often in more than one county, and there are many other multi-county offices such as Garrison Diversion or Southwest Water Authority. Legislative District 39 has a territory that includes all or portions of seven counties. Ensuring the proper elections of the legislators from that district is certainly as important as the elections for a legislative district that is a part of only one county. We all share in the cost of elections, which is why this portion is best provided by the state.

During the General election in 2000, the state of Florida had well-documented issues with its voting system. Thanks to those hanging and dimpled chads, the federal Help America Vote Act of 2002 came into being. From that federal Act, money was given to each state to procure new voting systems in an attempt to make sure there would not be another "Florida 2000." There will be no more federal money appropriate for new equipment unless something else happens. Even if something were to occur in North Dakota in a future election, our state, with a population of less than one million, would not likely cause for new action to be taken by Congress. But we would receive all of the bad press. For Congress to act again, it would take a failure in a large population state for more money to be appropriated. Waiting for that to happen is not a risk worth taking.

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Finally, according to the chart on page 11 of the North Dakota Transportation Handbook published in December of 2016, the costs for road construction are:

Average Construction Costs - 2016

| Improvement  | Total Dollars/Mile |
|--|--------------------|
| Non-Interstate seal coat (by contract) . . . . .   | \$ 35,000          |
| Interstate seal coat (by contract) . . . . .   | \$ 55,000          |
| Thin lift overlay . . . . .  | \$ 180,000         |
| 3" asphalt overlay . . . . .   | \$ 320,000         |
| Asphalt surfacing reconstruction . . . . .<br>(includes subgrade repair and resurfacing) | \$1,100,000        |
| Total reconstruction . . . . .<br>(includes grading and asphalt surfacing)               | \$2,000,000        |
| Interstate concrete paving . . . . .<br>(two lanes in one direction)                     | \$2,400,000        |

Paving the road to democracy for the entire state is certainly worth the cost for the construction of 4 ½ miles of road upon which only a portion of us will drive.

The purchase of a new voting system is critical to all other expenditures made by the state since it is the system used to accurately count the votes to determine the voter's choices as to who they want making the decisions about government spending.



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March 2, 2017

pg 27

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TO: Chairman Ray Holmberg and Members of the Senate Appropriations Committee

FR: John Arnold, Elections Director, Secretary of State

RE: HB 1002 Statewide Voting System

As Secretary Jaeger has already mentioned, our current voting system has reached the end of its life and is in dire need of replacement. I submit this testimony to offer insight as to the state of the current system and to provide a vision of what a new system will look like.

For starters, our current system was introduced in 2004. I ask you to pause and think about that for a moment. Last November, the ballot you cast was tabulated by a piece of equipment that is twelve years old. How many other technological procurements from 2004 are still in use today? To put this in perspective, the 2004 June election was held a full three years before the original iPhone was released. The reason that we are able to say that we've made it this long with the current system is, in a large part, due to the annual maintenance that the state and the counties agreed upon when the purchase was made. Unfortunately, we are now in a situation where we can no longer feel confident that annual maintenance is enough to ensure that the current system will continue to accurately tabulate ballots in 2018 and beyond.

The reason for this is, again, related to the age of the product. We are using optical scan technology in a digital scan world. The original operating system our current voting system was built on was Windows XP; and while it was able to make the transition to Windows 7 we have been informed that it can no longer be upgraded. The chips, processors, and motherboards for use in these federally certified devices are no longer being manufactured, meaning that "cannibalism" is quickly becoming a basic necessity for maintenance. This means that as inventories dwindle and the cost of maintenance increases, we all may soon be forced to come to terms with having to reduce the amount of equipment being deployed. This could equate to a reduction in the number of tabulators at polling places or even a reduction in the number of polling places altogether, both those on Election Day and those used for early voting. This would result in voters having to wait in lines in order to cast their ballot.

As you can see, the future for our current system, if it were to continue to be used, is bleak. What, beyond the benefits of a unified system, will be gained by a statewide procurement?

Modern voting systems use digital scan rather than optical scan technology. In addition to being faster, digital scan offers a few other benefits. Optical scan technology is very good at counting ovals that have been filled in; digital scan creates an image of the whole ballot and takes the entire thing into consideration. What does this mean for election officials?

- 1) No diverter. In our current system there is a moving piece inside every ballot box that diverts to one side of the ballot box the ballots that have an oval marked in the write-in space for any contest. This moving piece is one of the parts of the current system that causes the most problems, as I'm sure that the county auditors who will also speak can attest. Since a digital image is taken of every ballot, those ballots that contain a write-in vote will be able to be isolated, reviewed, and tabulated without having to physically handle any ballots.

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- 2) May reduce demand recounts. Under current law, voter intent is only taken into consideration in the event of a recount. As a reminder, voter intent is the consideration of marks made on the ballot that requires a human to interpret, such as drawing an X through a filled in oval and then circling the name of another candidate. We also know, from experience, that one of the leading causes of vote totals changing during a recount is voter intent. As I mentioned, current systems take a digital image of every ballot as it is run through the tabulator. Just like write-in votes, contests with marks made outside of the oval can also be isolated and displayed. Being able to review the images of ballots where voter intent is questioned may help candidates who are able to demand a recount in making their decision.
- 3) Increase productivity and transparency of recounts that do occur. Similar to the above, when a recount does occur, the ability to isolate and project the images of ballots where voter intent is questioned will be an asset. The ability of all members of the recount board to view a projected image of the contest or ballot rather than each member of the board individually handling the paper ballot will allow for quicker decisions to be made. This projection will can also increase transparency at the recount since members of the public who are observing the process will also be able to see the projected image.
- 4) One underlying theme of the above points is that much more can be done to answer the questions that arise from ballots without actually having to handle the original ballot. Unless deemed necessary, the original ballots can remain secure so that, if they do need to be run through a tabulator again, they are in as good of a condition as possible. This is important because the more a ballot is handled, the possibility of damage, such as incidental stray marks made by reviewers, spills, tears, or even just the oils from our hands, to the ballot increases.

A new system will also give us renewed confidence in the maintenance of the system. When the Help America Vote Act (HAVA) was passed in 2002 and the states were mandated to update their voting systems, the solutions that were able to be certified were those that were already on the market. For example, our current precinct based tabulator, deployed statewide in 2004, was a product that was already nearly a decade old. One consequence of the HAVA mandated, nationwide upgrade was that a "system release" clock was reset for vendors. It is no coincidence that now, as the HAVA purchased equipment is aging out, vendors are releasing new products based on current technology. This means that when annual maintenance is performed on the system, we will be able to rely on replacement parts that are new rather than used. Additionally, with current systems being based on modern operating systems, we are certain that upgrades to the system will be made available by the selected vendor, ensuring that the system will remain current for its expected lifetime.

An additional benefit to a new voting system is an updated user interface that is actually meaningful to both the voter and election officials. For the voter, when combined with the enhanced throughput of digital scan devices, the enhanced user interface will provide meaningful alerts when there is a possible mistake on a ballot, such as crossover voting in the primary or an over vote, as well as confirmation when a ballot has been tabulated. For election officials, including poll workers, the user interface allows for easier setup, troubleshooting, and an increased ability to assist voters who may not understand the meaning of a message on the screen. Additionally, the products that are now available to replace our current ballot marking device required under federal law for voters who are blind or do not have the motor skills to mark a paper ballot by hand also have better user interfaces, can move through the screens at a faster rate, prints the marked ballot more quickly, and has a much smaller footprint making them easier for poll workers to set up.

Although I just wrapped up a vision of what a new system, procured with this appropriation, will look like, I would like to close with a reminder from the first portion of this testimony. We aren't making this request because we simply want a shiny new thing. Yes, there are nice enhancements to be utilized in a new system, but the reality is that the current system is rapidly approaching a failure, a reduction in availability to our constituents, or both. We are at the point of questioning when the current system will fail, not if it will fail. The administration of our democracy is far too vital to be allowed to rely on a system with which this question arises, and the strength of our democracy is worth the cost of upgrading the current system before being forced to cope with the effects of a failure.

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600 EAST BOULEVARD AVENUE DEPT 108  
BISMARCK ND 58505-0500

March 2, 2017

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TO: Chairman Ray Holmberg and Members of the Senate Appropriations Committee

FR: Jim Silrum, Deputy Secretary of State, on behalf of Secretary of State Al Jaeger

RE: HB 1002, Electronic Pollbooks

We are requesting \$3 million to purchase and implement electronic pollbooks statewide, but it would be incorrect to think of this only as a new expenditure of tax payer money. Our taxes already pay for pollbooks whether they are paper or electronic. The cost for generating and printing paper pollbooks is something that must be paid for each election and along with those costs come the limitations of the static list produced. The majority of the cost for electronic pollbooks is in the initial purchase and there are only minor costs for the use of them each election.

Secretary Jaeger has said many times that the Central Voter File (CVF), the database from which all pollbooks are generated, is a statewide pollbook and it includes a record of who has voted – it is not a record for who can vote since we don't have voter registration. When preparing to administer an election using paper pollbooks, it is often the best course of action to only include active voters because to include all active and inactive would make for large and difficult to manage pollbooks. The problem with this is that inactive voters do show up to vote and their information must be copied down by hand into the pollbook and then manually connected to the appropriate record in the CVF at a later point. This process is often a place where mistakes can be made, mistakes which may result in a voter having a duplicate record in another county in the CVF. With our state's population, all electronic pollbooks could have the records for everyone in the state regardless of the voter's status and they would still be easy to manage.

No matter how well the state and counties publicize where the voters of each precinct are to vote, voters show up at the wrong polling places and must be directed to the correct location. Paper pollbooks do not have the ability to assist in the task of directing these voters to the correct polling location, but that is immediately available to poll workers when electronic pollbooks are used.

Some counties have converted all polling places into vote centers where a voter may receive the ballot for the precinct in which they reside regardless of the polling place visited. It is impractical to use a paper pollbook for a vote center because of the size necessary for the printed pollbooks and because it would be impossible for all other polling places in the county to know when a voter has voted in one location. Networked electronic pollbooks solve this problem with efficiency.

Due to the fact that paper pollbooks are still utilized by most of the counties of the state, state law gives the counties 75 days after the election to update voter history in the CVF because of the time consuming nature of this work. Although we have implemented strategies to make this work as easy as possible, this is another area in which mistakes can and have been entered into the process. When scanning the records from the paper pollbooks, it is quite easy to accidentally scan the wrong record to apply voter history. Hopefully this mistake is caught before moving on because it is far more difficult to find at a later point. These mistakes are eliminated with the use of electronic pollbooks and the process can be done within days of the election rather than the months that we must allow now.

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Electronic Pollbooks  
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The time it takes to update voting history in the CVF also causes a problem since the counties are running more and more special elections for cities, schools, and even county initiatives that cannot wait until the next regularly scheduled election. For example, Ward County administered seven special elections in 2015, which was a year when there were no regular elections scheduled. It is getting to the point that counties have not finished the administration of one election before the next is held. This new reality cannot be maintained in a paper pollbook scenario.

Finally, it is no secret that the people of our state are moving with far more frequency than they did in the past. The Secretary of State's office receives an average of 3,520 updates per week for the CVF from the North Dakota Department of Transportation regarding the changes of address for the people of our state with driver's licenses and nondriver ID cards. The fact that our residents move so often and at all times of the year make it impossible for paper pollbooks to be practical for the administration of our elections.

Electronic pollbooks are not just a shiny new tool for elections. They are cost effective technology that appropriately adapt to the mobile society in which we live. With the state making the purchase, everyone is able to take advantage of the group buying power, it provides for uniformity in the administration of elections across the state, and makes possible a level of security for the process that is impossible with the use of paper pollbooks.

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ALVIN A. JAEGER  
SECRETARY OF STATE

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TO: Chairman Ray Holmberg and Members of the Senate Appropriations Committee

FR: John Arnold, Elections Director, Secretary of State

RE: HB 1002 Electronic Pollbooks

Electronic pollbooks are not new to North Dakota. Currently, there are eight counties that make use of them in at least some, if not all, of their polling places. Those counties are: Burleigh, Cass, Grand Forks, McLean, Stark, Stutsman, Ward, and Williams. Of these eight counties, Cass and Stutsman are currently on their second generation of electronic pollbook. The purpose of this procurement is to make available statewide the benefits that these eight counties have experienced. In addition to being a benefit to every election official across the state, a statewide network of electronic pollbooks will also prove to be a benefit to those who run campaigns.

For starters, at polling places electronic pollbooks will increase the efficiency with which a poll clerk can find a voter. Rather than paging through a paper pollbook, a poll clerk will be able to simply scan a North Dakota driver's license or non-driver's identification card to access that individual's record. For individuals who utilize another form of identification, using the keyboard to enter the individual's name into the pollbook will also find the record, if it exists.

Beyond the efficiency with which records can be found, another benefit is the number of records that can be searched. With a statewide implementation every poll worker will be able to pull up any individual who currently has a record in the Central Voter File (CVF). This is beneficial because voters don't always appear at their proper polling place. Being able to access anyone's record will allow the poll worker to not only know whether the individual is at the proper polling place, but will also provide the correct polling place if the voter is at the wrong location. In cities with multiple polling places, it is not uncommon for someone to appear at the wrong one. Now, rather than having to consult a map to determine the proper polling place, the electronic poll book will clearly display which polling place is assigned to the individual's residential address. Current systems are also able to provide directions to the proper polling place that may be given to the individual.

Besides ensuring that potential voters are at the proper polling place, the data accessible in electronic pollbooks is also able to be continually updated, whereas the paper pollbook is outdated almost as soon as it is printed. For example, absentee ballots continue to be returned even after the paper pollbooks are printed. With updates continually being pushed to the electronic pollbooks, any records that are marked in the CVF as having returned an absentee ballot will have that update pushed to the electronic pollbooks. The same is true in reverse, when a voter is marked as having voted at one polling place, every electronic pollbook will be updated to flag that individual as having already voted. Furthermore, when the 3,500 average updates and new records from the Department of Transportation are applied, that information also gets pushed to the electronic pollbooks. With a statewide implementation, the data in the pollbooks will be continually be updated to be as current as possible, throughout both early voting at while the polls are open on Election Day.

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In addition to making the process easier for poll clerks, following the election there are also benefits to the county for posting voting credit. Currently, counties have 75 days following an election to go through their paper pollbooks and post voting credit. When data files can be uploaded directly into the CVF, posting voting credit can be done in the days after an election rather than months. With the uptick that we've been seeing in the calling of special elections for local political subdivisions, this ability to quickly update the CVF following an election is another benefit.

In addition to the reduction in staff time at the county level and the ability to quickly prepare for the possibility of another upcoming election, the reduced turnaround for posting voting credit can also be a benefit to those groups that, under section 16.1-02-15 of the North Dakota Century Code, are able to access data from the CVF. Candidates, political parties, and political committees would likely also likely see it as a benefit if updated information could be provided much sooner.

Candidates, political parties, and political committees could also see that additional benefit previously mentioned that would be available if there were a statewide network of electronic poll books. It has long been the stance of Secretary Jaeger that the election official's role in the administration of elections is to make the process accessible to everyone who chooses to vote. Get out the vote efforts are the responsibility of candidates, political parties, and political committees. Electronic poll books could help these groups in their get out the vote effort by introducing an electronic version of the poll watcher. Rather than having volunteers watching the polls to determine who hasn't yet shown up to vote, a statewide network of electronic pollbooks would allow these groups to periodically, throughout Election Day, receive data files of who has already appeared at the polls. This data could be cross referenced with internal lists of supporters so that phone calls could be made.

Lastly, the data that will be able to be pulled from electronic pollbooks could be beneficial to the public. County and state websites could include data on how many people are being checked in per hour, giving the public an idea of when the best times to appear at the polls might be. After an election is over, counties could use this data when planning for the distribution of supplies for subsequent elections.

As mentioned at the beginning of this testimony, there are currently eight counties using electronic pollbooks. It was also mentioned that two of the eight counties are already on their second generation of electronic pollbook. For the Secretary of State's office, multiple electronic pollbook systems means having to make sure that the CVF can accommodate the necessary data formats. This hasn't been a problem so far, but without a unified, statewide implementation we could find ourselves having to ensure that the CVF can accommodate a number of disparate solutions.

There is interest in the benefits of a unified, statewide implementation. Currently, since there is not a statewide implementation, the Secretary of State's office has not been able to be a resource to the counties as it has been for the voting system itself. Simply put, counties have been on their own if they chose to implement electronic pollbooks. Now, while we are also seeking to replace our voting system, is the time to spread the benefits statewide that a handful of counties have experienced, while ensuring that our office is able to both provide support as well as to use the negotiating power of a statewide procurement to make sure that the taxpayers of North Dakota are getting the best price possible.

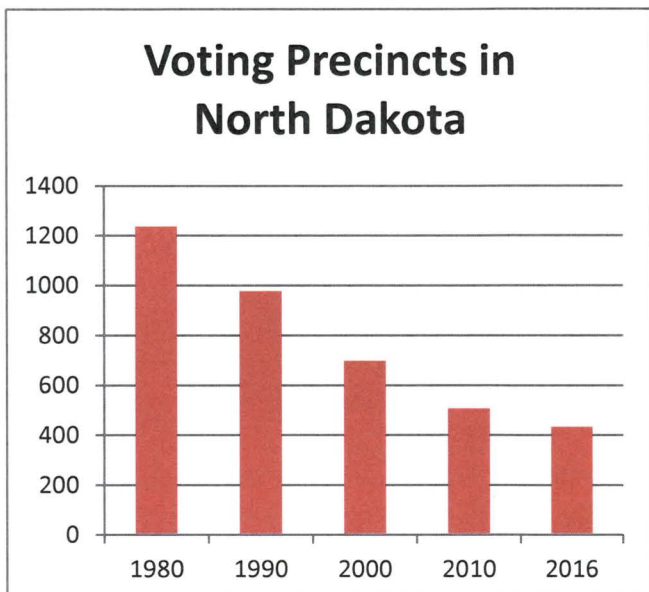
Testimony for:  
Senate Appropriations  
3/2/17  
Prepared by:  
Donnell Preskey Hushka, ND Association of Counties

HB 1002  
3-2-17  
#2

## Election Equipment – HB 1002

Chairman Holmberg and committee members, I'm Donnell Preskey with the North Dakota Association of Counties, I serve as Executive Director for the County Auditors Association. This testimony is in support of amending HB 1002, the Secretary of State's Budget, to include funding for election equipment. Election equipment is critical infrastructure and it is on the brink of failing. Election equipment failure is not a threat – it is a reality. It is happening.

There is one reason why the equipment failures have not been catastrophic for voting in North Dakota, because auditors and their staff through rigorous testing prior to the election are able to identify warped equipment then piecemeal them for their working parts. In addition, our auditors have made elections more efficient across the state by reducing the number of voting locations and implementing vote by mail. This has resulted in counties reducing the number of M100's also known as ballot scanners that a county needs. It has been a blessing, as those once unneeded ballot scanners are now being pulled out of storage to replace a machine that fails or to give to another county in need. Parts for these outdated machines are no longer being manufactured. Auditors fear they will run out of spare machine and parts sooner than new equipment is approved.



County auditors are not surgeons or mechanics but that is what they are being tasked with as they continue to use this election equipment that is at the end of its life. The frequency of mechanical breakdowns is increasing with each election. Auditors echo that this causes stress to the poll workers, staff and most importantly to the voters.

Acknowledging that something needs to be done. The process has already started to assess what new election technology is available, what does the next generation of election equipment look like, what criteria should the equipment meet, what is the cost and how can it be funded.

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North Dakota is not alone; a recent study found that 31 states are also looking to purchase new election equipment. There were numerous instances of voting equipment malfunctions across the country this last election due to its age. Think of voting equipment especially the M100's or ballot scanners, as critical infrastructure in the state. You can't wait for an issue to fix it, if you wait to do that with an election it will be too late.

North Dakota election officials believe the system could experience a dangerously high failure rate in 2018 and be unworkable in 2020. The following are examples I have received after an informal survey of our county auditors following the November election on issues they experienced with voting equipment.

**Sioux County:** *AutoMark would not configure, used a spare machine.*

**Cavalier County:** *Three machines had errors and needed to be removed and replaced by spare equipment. A couple machines needed new batteries, even after being charged; the batteries are worn out. The machines that received new batteries then ended up with other errors and needed to be swapped out for spare devices.*

**Ramsey County:** *Ramsey County had all their equipment maintained before the June Election – no problems there but November Election we have 5 M100's that were giving error's that could not be cleared.*

**McKenzie County:** *Identified during testing the digital display on the M100 (ballot scanner) was unreadable, could not even read the selections to open the polls or any other options, used a spare M100 at that precinct on Election Day.*

*On Election Day, ballots jammed in the ballot boxes and were getting stuck in the M100 before dropping into the ballot box.*

*During the Primary Election, the AutoMark machine jammed up and would not return the ballot or print on the ballot.*

**Adams County:** *We had issues with the diverters in Adams County. In testing they would work sporadically. The day of election I changed out the ballot box for the walk-in voters twice and neither one of the diverters worked correctly. We had to hand-sort the ballots to determine the number of write-ins, which is time consuming on election night. We only have four ballot boxes and one was in use for the vote-by-mail ballots, so unfortunately we didn't have another option.*

**Williams County:** *We had all of our M-100's maintained before the June election and at that time we had one machine that did not have the right time and date. Then for the General we had three devices that did not work as they had errors and would not take any ballots. We had no other machines to use as 10 were at the precincts and the other 2 were being used in the absentee precinct. So the lines were long at the ARC in Williston due to this reason.*

*One AutoMark was tested prior to Election Day and worked fine. However, it failed to work when it was at the precinct. We replaced it with another AutoMark.*

*Scanners did not divert the ballots the proper side if they had write-ins marked on the ballots.*



**Walsh County:** M100 diverters often quit working and would fail to sort the write-in candidate ballots, so we had to manually sort all ballots. This is very time consuming.

M100 often has trouble reading the timing bars on ballots that have been folded and mailed out for absentee ballot/voting. Thus, we have to stand and try to run them in all four directions. And try to rub out any wrinkles. If all attempts fail, then the judges have to re-write the ballot. Takes up a lot of time of the election workers.

AutoMark machine ballot jammed up and couldn't be easily removed, so had to discontinue use of that machine and voter was inconvenienced to have to complete a new ballot on a different machine.

**Sargent County:** I had lots of issues with the diverters in the ballot boxes. I switched out one, but had to shut down on all three machines during testing & also the morning of processing Vote by Mail ballots. Each time, after shutting down, I pushed the tabulator more firmly into the back of the ballot box, opened a door & wiggled the diverter a little bit. When they were turned back on, they worked! We also had a lot of issues with the tabulators not reading ballots...but I'm not sure if that was a tabulator problem or not. We had LOTS of ballots that had white streaks/holes/spots in the black timing marks on the sides of the ballots. The machine would not accept them. However, we figured out to color in the white with a black marker & then they would go through the machine.

**McLean County:** The diverters on three M100's failed during testing, this is the mechanism that sorts the ballots into two compartments separating the write-in ballots. This issue was repaired so the machines could be used on Election Day.

We have had several of our AutoMark machines go down during an election. We had spares, but it takes about an hour to get them to the site needed. An individual who needs to use the AutoMark would have had to wait for a considerable amount of time until they could use the voting assistance device and cast their ballot.

### **Electronic Poll Books**

In addressing electronic poll books, auditors recognize the e-poll books will streamline the check in process for voters, increases the citizen's trust in the election system and make it impossible for someone to vote twice without being detected.

45 counties utilize paper poll books. These are printed prior to the election. Checking-in at a precinct with paper poll books is more cumbersome for the voter and the poll workers. The poll book can contain thousands of names, requiring officials to manually search the books for voters by name. This can lead to mistakes when issuing ballots or validating potential voters and delays in processing voters. These records may not contain current, up-to-date information on whether or not that voter has vote via absentee voting, or early voting. These records definitely are not capable of showing if someone has voted in a different location on Election Day. After the election, a manual process is used to record voter history of those who participated in the election. This is time consuming and increases the chance of error.

Currently eight counties have electronic poll books. Essentially it is a tablet that is connected to a list of voters who have voted in that precinct in the past. A voter comes in hands them their ID and with a scanner similar to that you see at a retail store, the poll worker scans the back of the ID to “check-in” the voter.

Essentially, a state-wide e-poll book system would allow counties to identify voter fraud before that voter is allowed to vote illegally. By every county having e-poll books, if connected to the internet they could “talk” to each other and provide real-time data. If a voter votes at one precinct and then tries to vote in another, it would be detected. Same would hold true if a voter voted the day before in the early vote and then attempted to vote on Election Day. While these acts do not happen often, they do occur. Best of all, if a voter is in the wrong precinct, the system would detect it and provide the correct polling location anywhere in the state.

It is also important to recognize that the North Dakota Auditors Association, North Dakota Association of Counties and North Dakota County Commissioners Association have all passed resolutions to support new election equipment for our state.

I have included pictures and descriptions of the election equipment referenced in my testimony.

## ND Voting Equipment



**M100:** is an optical scan voting machine that is used to count paper ballots marked by the voter or AutoMARK device. Information from the ballot is recorded onto a memory card. Following the closure of polls, the data on the memory card is sent to the ND Secretary of State.



**AutoMark:** is a ballot-marking system that provides autonomy to voters who are blind, visually impaired or have a disability or condition that makes it difficult to traditionally mark a ballot. Voters have a variety of tools to assist them in marking their ballot. The ballot is then printed to be scanned into the M100.

**Poll Books:** Counties use a mix of paper and electronic poll books to record voters who vote. Eight out of the 53 counties use e-poll books to check-in voters. Poll books include a voters name, date of birth and address.

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HB 1002  
3-23-17  
#1

**Fifty-ninth Legislative Assembly of North Dakota  
In Regular Session Commencing Tuesday, January 4, 2005**

HOUSE BILL NO. 1006  
(Appropriations Committee)  
(At the request of the Governor)

AN ACT to provide an appropriation for defraying the expenses of the office of the state tax commissioner and for payment of state reimbursement under the homestead tax credit; to provide for a transfer; to amend and reenact section 57-01-04 of the North Dakota Century Code, relating to the tax commissioner's salary; and to authorize the tax commissioner to enter into a financing agreement to establish an integrated tax system.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. BASE LEVEL FUNDING INFORMATION.** The amounts identified in this section represent the base level funding component appropriated to the state tax commissioner in section 3 of this Act as follows:

|                                 |                  |
|---------------------------------|------------------|
| Salaries and wages              | \$12,806,112     |
| Operating expenses              | 4,438,627        |
| Capital assets                  | 25,000           |
| Homestead tax credit            | <u>4,000,000</u> |
| Total all funds                 | \$21,269,739     |
| Less estimated income           | <u>115,044</u>   |
| Total general fund - Base level | \$21,154,695     |

**SECTION 2. FUNDING ADJUSTMENTS OR ENHANCEMENTS INFORMATION.** The amounts identified in this section represent the funding adjustments or enhancements to the base funding level for the state tax commissioner which are included in the appropriation in section 3 of this Act as follows:

|  |                |
|--|----------------|
| Salaries and wages                               | \$551,879      |
| Operating expenses                               | <u>174,702</u> |
| Total all funds - Adjustments/enhancements       | \$726,581      |
| Less estimated income - Adjustments/enhancements | <u>4,956</u>   |
| Total general fund - Adjustments/enhancements    | \$721,625      |

**SECTION 3. APPROPRIATION.** The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the state tax commissioner for the purpose of defraying the expenses of the state tax commissioner and paying the state reimbursement under the homestead tax credit, for the biennium beginning July 1, 2005, and ending June 30, 2007, as follows:

|                                  |           |         |                  |                      |
|----------------------------------|-----------|---------|------------------|----------------------|
|                                  | HB 1050   | SB 2151 |                  |                      |
| Salaries and wages               | + 108,832 |         | \$13,357,991     | 13,466,823           |
| Operating expenses               |           |         | 4,613,329        |                      |
| Capital assets                   |           |         | 25,000           |                      |
| Homestead tax credit             |           | 500,000 | <u>4,000,000</u> | <u>4,500,000</u>     |
| Total all funds                  |           |         | \$21,996,320     | \$ 22,605,152        |
| Less estimated income            |           |         | <u>120,000</u>   |                      |
| Total general fund appropriation |           |         | \$21,876,320     | <u>\$ 22,485,152</u> |

**SECTION 4. TRANSFER.** There is transferred to the general fund in the state treasury, out of motor vehicle fuel tax revenue, collected pursuant to section 57-43.1-02, the sum of \$1,400,000 for the

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purpose of reimbursing the general fund for expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and the administration of these taxes.

**SECTION 5. AMENDMENT.** Section 57-01-04 of the North Dakota Century Code is amended and reenacted as follows:

76,036 79,077

**57-01-04. Salary.** The annual salary of the state tax commissioner is ~~sixty-eight thousand two hundred seventy-seven dollars through December 31, 2001, seventy-two thousand three hundred seventy-four~~ thirty-six dollars through June 30, ~~2002~~ 2006, and ~~seventy-three thousand eight hundred twenty-one~~ seventy-seven dollars thereafter.

**SECTION 6. FINANCING AGREEMENT AUTHORIZATION - APPROPRIATION.** The state tax commissioner is authorized, with the advice of the chief information officer of the state, to purchase, finance the purchase, and lease equipment, software, and services, as may be determined necessary by the state tax commissioner, to establish an integrated tax processing system for use by the office of the state tax commissioner. The principal amount of any financing agreement entered into by the state tax commissioner may not exceed \$14,000,000 and the proceeds acquired from any financing agreement must be used for this stated purpose and are appropriated for the period beginning with the effective date of this Act and ending June 30, 2007. During the biennium beginning July 1, 2007, and ending June 30, 2009, the state tax commissioner shall commence repayment of any financing agreement entered into, and repayment amounts, including principal and interest, must be incorporated in the state tax commissioner's biennial budget requests to the legislative assembly.

**Sixtieth Legislative Assembly of North Dakota  
In Regular Session Commencing Wednesday, January 3, 2007**

SENATE BILL NO. 2006  
(Appropriations Committee)  
(At the request of the Governor)

AN ACT to provide an appropriation for defraying the expenses of the office of the state tax commissioner and for payment of state reimbursement under the homestead tax credit; to provide for a transfer; to amend and reenact section 57-01-04 of the North Dakota Century Code, relating to the tax commissioner's salary; to provide an exemption from the provisions of section 54-44.1-11 of the North Dakota Century Code; and to provide for a report to the legislative assembly.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. BASE LEVEL FUNDING INFORMATION.** The amounts identified in this section represent the base level funding component appropriated to the state tax commissioner in section 3 of this Act as follows:

|                                 |                   |
|---------------------------------|-------------------|
| Salaries and wages              | \$13,466,823      |
| Operating expenses              | 4,613,329         |
| Capital assets                  | 25,000            |
| Homestead tax credit            | 4,500,000         |
| Integrated tax system           | <u>14,000,000</u> |
| Total all funds                 | \$36,605,152      |
| Less estimated income           | <u>14,120,000</u> |
| Total general fund - Base level | \$22,485,152      |

**SECTION 2. FUNDING ADJUSTMENTS OR ENHANCEMENTS INFORMATION.** The amounts identified in this section represent the funding adjustments or enhancements to the base funding level for the state tax commissioner which are included in the appropriation in section 3 of this Act as follows:

|  |                     |
|--|---------------------|
| Salaries and wages                               | \$1,276,659         |
| Operating expenses                               | 1,417,485           |
| Capital assets                                   | (7,000)             |
| Integrated tax system                            | <u>(8,643,298)</u>  |
| Total all funds - Adjustments/enhancements       | (\$5,956,154)       |
| Less estimated income - Adjustments/enhancements | <u>(12,420,000)</u> |
| Total general fund - Adjustments/enhancements    | \$6,463,846         |

**SECTION 3. APPROPRIATION.** The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the state tax commissioner for the purpose of defraying the expenses of the state tax commissioner and paying the state reimbursement under the homestead tax credit, for the biennium beginning July 1, 2007, and ending June 30, 2009, as follows:

|                       |                  |
|-----------------------|------------------|
| Salaries and wages    | \$14,743,482     |
| Operating expenses    | 6,030,814        |
| Capital assets        | 18,000           |
| Homestead tax credit  | 4,500,000        |
| Integrated tax system | <u>5,356,702</u> |
| Total all funds       | \$30,648,998     |

|                                  |                  |
|----------------------------------|------------------|
| Less estimated income            | <u>1,700,000</u> |
| Total general fund appropriation | \$28,948,998     |

**SECTION 4. TRANSFER.** There is transferred to the general fund in the state treasury, out of motor vehicle fuel tax revenue, collected pursuant to section 57-43.1-02, the sum of \$1,274,056 for the purpose of reimbursing the general fund for expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and the administration of these taxes.

**SECTION 5. EXEMPTION.** The amount appropriated for the integrated tax system, as contained in section 6 of chapter 6 of the 2005 Session Laws, is not subject to the provisions of section 54-44.1-11 and the funds are available for continued work on the integrated tax system during the biennium beginning July 1, 2007, and ending June 30, 2009.

**SECTION 6. AMENDMENT.** Section 57-01-04 of the North Dakota Century Code is amended and reenacted as follows:

**57-01-04. Salary.** The annual salary of the state tax commissioner is ~~seventy-six~~ eighty-three thousand ~~seven hundred seventy-four~~ thirty-nine dollars through June 30, ~~2006~~ 2008, and ~~seventy-nine~~ eighty-six thousand ~~eight~~ three hundred ~~forty-five~~ sixty dollars thereafter.

**SECTION 7. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-FIRST LEGISLATIVE ASSEMBLY.** The total general fund appropriation line item in section 3 of this Act includes \$5,356,702 for the one-time funding items identified in this section. This amount is not a part of the agency's base budget to be used in preparing the 2009-11 executive budget. The state tax commissioner shall report to the appropriations committees of the sixty-first legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2007, and ending June 30, 2009.

|   |             |
|---|-------------|
| Principal and interest costs for the integrated tax processing system | \$5,356,702 |
|---|-------------|

**Sixty-first Legislative Assembly of North Dakota  
In Regular Session Commencing Tuesday, January 6, 2009**

HOUSE BILL NO. 1006  
(Appropriations Committee)  
(At the request of the Governor)

AN ACT to provide an appropriation for defraying the expenses of the office of the state tax commissioner and for payment of state reimbursement under the homestead tax credit; to provide for a transfer; to amend and reenact section 57-01-04 of the North Dakota Century Code, relating to the tax commissioner's salary; to provide an exemption from the provisions of section 54-44.1-11 of the North Dakota Century Code; to provide legislative intent; and to provide for a report to the legislative assembly.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the state tax commissioner for the purpose of defraying the expenses of the state tax commissioner and paying the state reimbursement under the homestead tax credit, for the biennium beginning July 1, 2009, and ending June 30, 2011, as follows:

|                                    | <u>Base Level</u> | <u>Adjustments or<br/>Enhancements</u> | <u>Appropriation</u> |
|------------------------------------|-------------------|--|----------------------|
| Salaries and wages                 | \$14,728,637      | \$2,181,888                            | \$16,910,525         |
| Operating expenses                 | 6,030,814         | 2,049,000                              | 8,079,814            |
| Capital assets                     | 18,000            | 40,000                                 | 58,000               |
| Homestead tax credit               | 8,104,000         | (2,140,000)                            | 5,964,000            |
| Property tax relief administration | 1,100,000         | (1,100,000)                            | 0                    |
| Integrated tax system repayment    | 0                 | 10,230,247                             | 10,230,247           |
| Total all funds                    | \$29,981,451      | \$11,261,135                           | \$41,242,586         |
| Less special funds                 | 2,800,000         | (2,604,000)                            | 196,000              |
| Total general fund                 | \$27,181,451      | \$13,865,135                           | \$41,046,586         |
| Full-time equivalent positions     | 133.00            | 0.00                                   | 133.00               |

**SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-SECOND LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items approved by the sixtieth legislative assembly for the 2007-09 biennium and the 2009-11 one-time funding items included in the appropriation in section 1 of this Act:

| <u>One-Time Funding Description</u> | <u>2007-09</u> | <u>2009-11</u> |
|-------------------------------------|----------------|----------------|
| Integrated tax system loan payment  | \$5,356,702    | \$10,230,247   |
| On-site support-GenTax              | 0              | 1,234,000      |
| Oil and gas integration to GenTax   | 0              | 1,500,000      |
| Total all funds                     | \$5,356,702    | \$12,964,247   |
| Total special funds                 | 0              | 100,000        |
| Total general fund                  | \$5,356,702    | \$12,864,247   |

The 2009-11 one-time funding amounts are not a part of the entity's base budget for the 2011-13 biennium. The tax commissioner shall report to the appropriations committees of the sixty-second legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2009, and ending June 30, 2011.

Pg 5

**SECTION 3. TRANSFER.** There is transferred to the general fund in the state treasury, out of motor vehicle fuel tax revenue, collected pursuant to section 57-43.1-02, the sum of \$1,288,000 for the purpose of reimbursing the general fund for expenses incurred in the collection of the motor vehicle fuels and special fuels taxes and the administration of these taxes.

**SECTION 4. LEGISLATIVE INTENT - INDIVIDUAL INCOME TAX SIMPLIFICATION.** It is the intent of the sixty-first legislative assembly, as it considers proposals to offer individual income tax relief through tax rate reductions, that it work toward restoring the simplicity originally intended for tax form ND-1 by eliminating or reducing the number of tax deductions and credits in a way that minimizes any negative impact for those individuals who currently claim those tax deductions and credits.

**SECTION 5. EXEMPTION.** The amount appropriated for the integrated tax system, as contained in section 1 of this Act, is not subject to the provisions of section 54-44.1-11 and the funds are available for continued work on the integrated tax system during the biennium beginning July 1, 2009, and ending June 30, 2011.

**SECTION 6. AMENDMENT.** Section 57-01-04 of the North Dakota Century Code is amended and reenacted as follows:

**57-01-04. Salary.** The annual salary of the state tax commissioner is ~~eighty-three~~ ninety thousand thirty-nine ~~six hundred seventy-eight~~ six hundred seventy-eight dollars through June 30, ~~2008~~ 2010, and ~~eighty-six~~ ninety-five thousand ~~three~~ two hundred ~~sixty~~ twelve dollars thereafter.

Pg 6



ALVIN A. JAEGER  
SECRETARY OF STATE

HOME PAGE [www.nd.gov/sos](http://www.nd.gov/sos)



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

March 23, 2017

HB 1002  
3-23-17

PHONE (701) 328-2900

FAX (701) 328-2992

E-MAIL [sos@nd.gov](mailto:sos@nd.gov)

#2

TO: Senators Hogue, Erbele, and Grabinger

FR: Al Jaeger, Secretary of State

RE: Amendment to HB 1002 = N.D.C.C. § 54-09-12 Confidential Information

Periodically, other public agencies request information from the Secretary of State's records. They use this information to carry out the duties and responsibilities of their respective agencies (examples: Tax Department, Attorney General, Job Service North Dakota, and Workforce Safety and Insurance).

In order to accurately identify individual records and to efficiently use the information (e.g., through data matching), public agencies often request specific identifying numbers to accompany the information.

For individuals, this identifying number is a Social Security Number (SSN). Although SSNs are confidential (see N.D.C.C. § 54-09-12), it is permissible for the Secretary of State to provide them to a public agency as authorized in N.D.C.C. § 44-04-28(2)(c).

However, the identifying number for a business is most likely to be the federal Tax Identification Number (TIN) and current law does not authorize release of this number to public agencies in the same manner as it does for a SSN.

Therefore, in order to be able to share the TIN with other public agencies, the attached amendment would amend N.D.C.C. § 54-09-12. The changes in what would become subsections 1 and 3 would allow the Secretary of State to provide both SSNs and TINs to public agencies when necessary for them to perform their duties and responsibilities. The text is similar to the current provisions in N.D.C.C. § 44-04-28.

The changes in what would become subsection 2 makes it clear that the filing officer is the Secretary of State since County Recorders no longer have direct filing or searching responsibilities related to the Central Indexing System for filing various lien documents such as the Uniform Commercial Code.

PS1

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1002

Page 1, line 2, after "printing" insert "; to amend and reenact section 54-09-12 of the North Dakota Century Code, relating to release of federal tax identification numbers to public entities"

Page 2, after line 24, insert:

**"SECTION 5. AMENDMENT.** Section 54-09-12 of the North Dakota Century Code is amended and reenacted as follows:

**54-09-12. Confidential information in filed records.**

1. A social security number or federal tax identification number disclosed or contained in any record filed with the secretary of state is confidential. However, a social security number or federal tax identification number may be released as authorized in this section or by other state or federal law.
2. The secretary of state shall delete or obscure a social security or federal tax identification number before a copy of any record is released to the public. ~~A filing office or an officer or employee of the filing office~~ The secretary of state, or an employee, agent, or contractor of the secretary of state's office, may not be held civilly or criminally liable for the inadvertent disclosure of a social security or federal tax identification number if the filer has placed the number in an improper field on the form prescribed by the secretary of state or the filer submitted a filing other than on the form prescribed by the secretary of state.
3. A social security number or federal tax identification number may be released to another public entity or its agents, employees, or contractors if disclosure is necessary for the receiving entity to perform its duties and responsibilities. The receiving public entity and its agents, employees, and contractors shall maintain the confidential status of the numbers."

Renumber accordingly

ALVIN A. JAEGER  
SECRETARY OF STATE

HOME PAGE [www.nd.gov/sos](http://www.nd.gov/sos)



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

March 2, 2017

3-28-17  
Subcommittee

HB 1002

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

# 1

P 1

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

FR: Al Jaeger, Secretary of State

RE: HB 1002 – Amendment

I am requesting the committee's consideration in adopting the following amendment. The need for this amendment became known after HB 1002 was heard in the House.

During the 2013 session, I requested the legislature to authorize an amendment to subsection 7 of Section 54-09-04 (2013 Session Laws, Chapter 402 HB 1340, Section 3). It was intended to provide the agency with flexibility in the charging of fees for certain information requested by the public. In practice, however, it was confusing for agency customers and more difficult, time consuming and challenging for the agency staff to calculate the cost basis on which to base the charge.

Therefore, the amendment reverts to a specific fee, as it was prior to the enactment of the 2013 legislation. It will be easier to administer, clear for customers, and will be more efficient to manage in the agency's new software program currently being developed.

#### PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1002

Subsection 7 of section 54-09-04 of the North Dakota Century Code is amended and reenacted as follows:

For preparing any listing or compilation of any information recorded or filed in the office of the secretary of state, an amount established by the secretary of state to recover the actual cost for assembling and providing the information in the format requested forty dollars for each record type requested. Unless otherwise agreed to by the secretary of state, the information shall be provided in an electronic format. If provided in a paper format, an additional fee of fifty cents per page may be charged."

P 1

ALVIN A. JAEGER  
SECRETARY OF STATE

HOME PAGE [www.nd.gov/sos](http://www.nd.gov/sos)



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

March 23, 2017

3-28-17

HB 1002  
Subcommittee

PHONE (701) 328-2900

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E-MAIL [sos@nd.gov](mailto:sos@nd.gov)

# 2

P 1

TO: Senators Hogue, Erbele, and Grabinger

FR: Al Jaeger, Secretary of State

RE: Amendment to HB 1002 = N.D.C.C. § 54-09-12 Confidential Information

Periodically, other public agencies request information from the Secretary of State's records. They use this information to carry out the duties and responsibilities of their respective agencies (examples: Tax Department, Attorney General, Job Service North Dakota, and Workforce Safety and Insurance).

In order to accurately identify individual records and to efficiently use the information (e.g., through data matching), public agencies often request specific identifying numbers to accompany the information.

For individuals, this identifying number is a Social Security Number (SSN). Although SSNs are confidential (see N.D.C.C. § 54-09-12), it is permissible for the Secretary of State to provide them to a public agency as authorized in N.D.C.C. § 44-04-28(2)(c).

However, the identifying number for a business is most likely to be the federal Tax Identification Number (TIN) and current law does not authorize release of this number to public agencies in the same manner as it does for a SSN.

Therefore, in order to be able to share the TIN with other public agencies, the attached amendment would amend N.D.C.C. § 54-09-12. The changes in what would become subsections 1 and 3 would allow the Secretary of State to provide both SSNs and TINs to public agencies when necessary for them to perform their duties and responsibilities. The text is similar to the current provisions in N.D.C.C. § 44-04-28.

The changes in what would become subsection 2 makes it clear that the filing officer is the Secretary of State since County Recorders no longer have direct filing or searching responsibilities related to the Central Indexing System for filing various lien documents such as the Uniform Commercial Code.

P 1

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1002

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

Page 1, line 2, after "exemption" insert "; to amend and reenact section 54-09-04 of the North Dakota Century Code, relating to information preparation fees; to amend and reenact section 54-09-12 of the North Dakota Century Code, relating to confidential information in filed records; and to provide a statement of legislative intent"

Page 1, replace lines 14 through 21 with:

|                                |                  |                    |                  |
|--------------------------------|------------------|--------------------|------------------|
| "Salaries and wages            | \$4,903,514      | \$55,866           | \$4,959,380      |
| Operating expenses             | 2,053,162        | 607,856            | 2,661,018        |
| Petition review                | 8,000            | 0                  | 8,000            |
| Election reform                | <u>2,703,535</u> | <u>(1,510,880)</u> | <u>1,192,655</u> |
| Total all funds                | \$9,668,211      | (\$847,158)        | \$8,821,053      |
| Less estimated income          | <u>3,583,536</u> | <u>(432,558)</u>   | <u>3,150,978</u> |
| Total general fund             | \$6,084,675      | (\$414,600)        | \$5,670,075      |
| Full-time equivalent positions | 34.00            | (1.00)             | 33.00"           |

Page 2, replace lines 9 through 11 with:

|                           |                  |                  |                  |
|---------------------------|------------------|------------------|------------------|
| "Grand total general fund | \$6,374,720      | (\$416,195)      | \$5,958,525      |
| Grand total special funds | <u>3,583,536</u> | <u>(432,558)</u> | <u>3,150,978</u> |
| Grand total all funds     | \$9,958,256      | (\$848,753)      | \$9,109,503"     |

Page 2, line 13, replace "\$94,446" with "\$87,603"

Page 2, line 13, replace "\$91,588" with "\$84,952"

Page 2, line 14, replace "\$1,249" with "\$1,241"

Page 2, after line 14, insert:

**"SECTION 5. AMENDMENT.** Subsection 7 of section 54-09-04 of the North Dakota Century Code is amended and reenacted as follows:

7. For preparing any listing or compilation of any information recorded or filed in the office of the secretary of state, ~~an amount established by the secretary of state to recover the actual cost for assembling and providing the information in the format requested~~ forty dollars for each record type requested. Unless otherwise agreed to by the secretary of state, the information shall be provided in an electronic format. If provided in a paper format, an additional fee of fifty cents per page may be charged.

**SECTION 6. AMENDMENT.** Section 54-09-12 of the North Dakota Century Code is amended and reenacted as follows:

**54-09-12. Confidential information in filed records.**

1. A social security number or federal tax identification number disclosed or contained in any record filed with the secretary of state is confidential.

However, a social security number or federal tax identification number may be released as authorized in this section or by other state or federal law.

2. The secretary of state shall delete or obscure a social security or federal tax identification number before a copy of any record is released to the public. A filing office or an officer or employee of the filing office. The secretary of state, or an employee, agent, or contractor of the secretary of state's office, may not be held civilly or criminally liable for the inadvertent disclosure of a social security or federal tax identification number if the filer has placed the number in an improper field on the form prescribed by the secretary of state or the filer submitted a filing other than on the form prescribed by the secretary of state.
  
3. The secretary of state, or an employee, agent, or contractor of the secretary of state's office, may release a social security number or federal tax identification number to another public entity or its agents, employees, or contractors if disclosure is necessary for the receiving entity to perform its duties and responsibilities. The receiving public entity and its agents, employees, and contractors shall maintain the confidential status of the social security number or federal tax identification number.

**SECTION 7. LEGISLATIVE INTENT - VOTING SYSTEM AND ELECTRONIC POLLBOOKS.** It is the intent of the sixty-fifth legislative assembly that, within the funding appropriated to the secretary of state for the 2017-19 biennium, the secretary of state, to the extent possible, purchase equipment necessary for the implementation of a voting system to be utilized by the secretary of state and county offices in the polling places of the state, and for the procurement and implementation of electronic pollbooks to be utilized statewide in all polling places."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1002 - Summary of Senate Action**

|                       | Base Budget | House Version | Senate Changes | Senate Version |
|-----------------------|-------------|---------------|----------------|----------------|
| Secretary of State    |             |               |                |                |
| Total all funds       | \$9,668,211 | \$8,264,250   | \$556,803      | \$8,821,053    |
| Less estimated income | 3,583,536   | 2,587,539     | 563,439        | 3,150,978      |
| General fund          | \$6,084,675 | \$5,676,711   | (\$6,636)      | \$5,670,075    |
| Public Printing       |             |               |                |                |
| Total all funds       | \$290,045   | \$288,450     | \$0            | \$288,450      |
| Less estimated income | 0           | 0             | 0              | 0              |
| General fund          | \$290,045   | \$288,450     | \$0            | \$288,450      |
| Bill total            |             |               |                |                |
| Total all funds       | \$9,958,256 | \$8,552,700   | \$556,803      | \$9,109,503    |
| Less estimated income | 3,583,536   | 2,587,539     | 563,439        | 3,150,978      |
| General fund          | \$6,374,720 | \$5,965,161   | (\$6,636)      | \$5,958,525    |

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

|                    | Base Budget | House Version | Senate Changes | Senate Version |
|--------------------|-------------|---------------|----------------|----------------|
| Salaries and wages | \$4,903,514 | \$4,402,370   | \$557,010      | \$4,959,380    |
| Operating expenses | 2,053,162   | 2,661,018     |                | 2,661,018      |
| Petition review    | 8,000       | 8,000         |                | 8,000          |
| Election reform    | 2,703,535   | 1,192,862     | (207)          | 1,192,655      |

|                       |             |             |           |             |
|-----------------------|-------------|-------------|-----------|-------------|
| Total all funds       | \$9,668,211 | \$8,264,250 | \$556,803 | \$8,821,053 |
| Less estimated income | 3,583,536   | 2,587,539   | 563,439   | 3,150,978   |
| General fund          | \$6,084,675 | \$5,676,711 | (\$6,636) | \$5,670,075 |
| FTE                   | 34.00       | 31.00       | 2.00      | 33.00       |

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

|                       | Adjusts<br>Funding for<br>Health<br>Insurance<br>Increases <sup>1</sup> | Restores 2 FTE<br>Positions <sup>2</sup> | Adds Funding<br>for Overtime<br>and Temporary<br>Salaries <sup>3</sup> | Total Senate<br>Changes |
|-----------------------|---|--|--|-------------------------|
| Salaries and wages    | (\$6,636)   | \$213,646                                | \$350,000  | \$557,010               |
| Operating expenses    |   |  |  |                         |
| Petition review       |   |  |  |                         |
| Election reform       | (207)   |  |  | (207)                   |
| Total all funds       | (\$6,843)   | \$213,646                                | \$350,000  | \$556,803               |
| Less estimated income | (207)   | 213,646                                  | 350,000  | 563,439                 |
| General fund          | (\$6,636)   | \$0                                      | \$0  | (\$6,636)               |
| FTE                   | 0.00  | 2.00                                     | 0.00   | 2.00                    |

<sup>1</sup> Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month. Section 2 is also adjusted to reflect the revised premium rate.

<sup>2</sup> Funding of \$213,646 is restored for 2 FTE positions. The House removed these positions and the related funding from the general fund. Funding for the restored positions is from the general services operating fund.

<sup>3</sup> Funding is added for overtime and temporary salaries of \$350,000 from the general services operating fund.

This amendment also:

- Adds a section to amend North Dakota Century Code Section 54-09-04(7) to allow the Secretary of State to charge a flat rate fee of \$40 for certain requests of information, rather than a fee based on each individual request for information.
- Adds a section to amend Section 54-09-12 to allow the Secretary of State to disclose social security numbers or federal tax identification numbers to public entities if disclosure is necessary for the receiving entity to perform its duties and responsibilities.
- Adds a section providing legislative intent that the Secretary of State, to the extent possible, purchase equipment for the implementation of a voting system and electronic pollbooks during the 2017-19 biennium.

# B1002

4-3-17

# 1

p1

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1002

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

Page 1, line 2, after "exemption" insert "; to amend and reenact section 54-09-04 of the North Dakota Century Code, relating to information preparation fees; to amend and reenact section 54-09-12 of the North Dakota Century Code, relating to confidential information in filed records; and to provide a statement of legislative intent"

Page 1, replace lines 14 through 21 with:

|                                |                  |                    |                  |
|--------------------------------|------------------|--------------------|------------------|
| "Salaries and wages            | \$4,903,514      | \$55,866           | \$4,959,380      |
| Operating expenses             | 2,053,162        | 607,856            | 2,661,018        |
| Petition review                | 8,000            | 0                  | 8,000            |
| Election reform                | <u>2,703,535</u> | <u>(1,510,880)</u> | <u>1,192,655</u> |
| Total all funds                | \$9,668,211      | (\$847,158)        | \$8,821,053      |
| Less estimated income          | <u>3,583,536</u> | <u>(432,558)</u>   | <u>3,150,978</u> |
| Total general fund             | \$6,084,675      | (\$414,600)        | \$5,670,075      |
| Full-time equivalent positions | 34.00            | (1.00)             | 33.00"           |

Page 2, replace lines 9 through 11 with:

|                           |                  |                  |                  |
|---------------------------|------------------|------------------|------------------|
| "Grand total general fund | \$6,374,720      | (\$416,195)      | \$5,958,525      |
| Grand total special funds | <u>3,583,536</u> | <u>(432,558)</u> | <u>3,150,978</u> |
| Grand total all funds     | \$9,958,256      | (\$848,753)      | \$9,109,503"     |

Page 2, line 13, replace "\$94,446" with "\$87,603"

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1. A social security number or federal tax identification number disclosed or contained in any record filed with the secretary of state is confidential.



#1  
P2

However, a social security number or federal tax identification number may be released as authorized in this section or by other state or federal law.

2. The secretary of state shall delete or obscure a social security or federal tax identification number before a copy of any record is released to the public. ~~A filing office or an officer or employee of the filing office~~ The secretary of state, or an employee, agent, or contractor of the secretary of state's office, may not be held civilly or criminally liable for the inadvertent disclosure of a social security or federal tax identification number if the filer has placed the number in an improper field on the form prescribed by the secretary of state or the filer submitted a filing other than on the form prescribed by the secretary of state.
  
3. The secretary of state, or an employee, agent, or contractor of the secretary of state's office, may release a social security number or federal tax identification number to another public entity or its agents, employees, or contractors if disclosure is necessary for the receiving entity to perform its duties and responsibilities. The receiving public entity and its agents, employees, and contractors shall maintain the confidential status of the social security number or federal tax identification number.

**SECTION 7. LEGISLATIVE INTENT - VOTING SYSTEM AND ELECTRONIC POLLBOOKS.** It is the intent of the sixty-fifth legislative assembly that, within the funding appropriated to the secretary of state for the 2017-19 biennium, the secretary of state, to the extent possible, purchase equipment necessary for the implementation of a voting system to be utilized by the secretary of state and county offices in the polling places of the state, and for the procurement and implementation of electronic pollbooks to be utilized statewide in all polling places."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**House Bill No. 1002 - Summary of Senate Action**

|                       | Base Budget | House Version | Senate Changes | Senate Version |
|-----------------------|-------------|---------------|----------------|----------------|
| Secretary of State    |             |               |                |                |
| Total all funds       | \$9,668,211 | \$8,264,250   | \$556,803      | \$8,821,053    |
| Less estimated income | 3,583,536   | 2,587,539     | 563,439        | 3,150,978      |
| General fund          | \$6,084,675 | \$5,676,711   | (\$6,636)      | \$5,670,075    |
| Public Printing       |             |               |                |                |
| Total all funds       | \$290,045   | \$288,450     | \$0            | \$288,450      |
| Less estimated income | 0           | 0             | 0              | 0              |
| General fund          | \$290,045   | \$288,450     | \$0            | \$288,450      |
| Bill total            |             |               |                |                |
| Total all funds       | \$9,958,256 | \$8,552,700   | \$556,803      | \$9,109,503    |
| Less estimated income | 3,583,536   | 2,587,539     | 563,439        | 3,150,978      |
| General fund          | \$6,374,720 | \$5,965,161   | (\$6,636)      | \$5,958,525    |

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

|                    | Base Budget | House Version | Senate Changes | Senate Version |
|--------------------|-------------|---------------|----------------|----------------|
| Salaries and wages | \$4,903,514 | \$4,402,370   | \$557,010      | \$4,959,380    |
| Operating expenses | 2,053,162   | 2,661,018     |                | 2,661,018      |
| Petition review    | 8,000       | 8,000         |                | 8,000          |
| Election reform    | 2,703,535   | 1,192,862     | (207)          | 1,192,655      |

#1  
P3

|                       |             |             |           |             |
|-----------------------|-------------|-------------|-----------|-------------|
| Total all funds       | \$9,668,211 | \$8,264,250 | \$556,803 | \$8,821,053 |
| Less estimated income | 3,583,536   | 2,587,539   | 563,439   | 3,150,978   |
| General fund          | \$6,084,675 | \$5,676,711 | (\$6,636) | \$5,670,075 |
| FTE                   | 34.00       | 31.00       | 2.00      | 33.00       |

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

|                       | Adjusts<br>Funding for<br>Health<br>Insurance<br>Increases <sup>1</sup> | Restores 2 FTE<br>Positions <sup>2</sup> | Adds Funding<br>for Overtime<br>and Temporary<br>Salaries <sup>3</sup> | Total Senate<br>Changes |
|-----------------------|---|--|--|-------------------------|
| Salaries and wages    | (\$6,636)   | \$213,646                                | \$350,000  | \$557,010               |
| Operating expenses    |   |  |  |                         |
| Petition review       |   |  |  |                         |
| Election reform       | (207)   |  |  | (207)                   |
| Total all funds       | (\$6,843)   | \$213,646                                | \$350,000  | \$556,803               |
| Less estimated income | (207)   | 213,646                                  | 350,000  | 563,439                 |
| General fund          | (\$6,636)   | \$0                                      | \$0  | (\$6,636)               |
| FTE                   | 0.00  | 2.00                                     | 0.00   | 2.00                    |

<sup>1</sup> Funding for employee health insurance is adjusted to reflect the updated premium amount of \$1,241 per month. Section 2 is also adjusted to reflect the revised premium rate.

<sup>2</sup> Funding of \$213,646 is restored for 2 FTE positions. The House removed these positions and the related funding from the general fund. Funding for the restored positions is from the general services operating fund.

<sup>3</sup> Funding is added for overtime and temporary salaries of \$350,000 from the general services operating fund.

This amendment also:

- Adds a section to amend North Dakota Century Code Section 54-09-04(7) to allow the Secretary of State to charge a flat rate fee of \$40 for certain requests of information, rather than a fee based on each individual request for information.
- Adds a section to amend Section 54-09-12 to allow the Secretary of State to disclose social security numbers or federal tax identification numbers to public entities if disclosure is necessary for the receiving entity to perform its duties and responsibilities.
- Adds a section providing legislative intent that the Secretary of State, to the extent possible, purchase equipment for the implementation of a voting system and electronic pollbooks during the 2017-19 biennium.

4-11-2017 HB 1002 att 1



ALVIN A. JAEGER  
SECRETARY OF STATE

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

March 2, 2017

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

FR: Al Jaeger, Secretary of State

RE: HB 1002 – Amendment

I am requesting the committee's consideration in adopting the following amendment. The need for this amendment became known after HB 1002 was heard in the House.

During the 2013 session, I requested the legislature to authorize an amendment to subsection 7 of Section 54-09-04 (2013 Session Laws, Chapter 402 HB 1340, Section 3). It was intended to provide the agency with flexibility in the charging of fees for certain information requested by the public. In practice, however, it was confusing for agency customers and more difficult, time consuming and challenging for the agency staff to calculate the cost basis on which to base the charge.

Therefore, the amendment reverts to a specific fee, as it was prior to the enactment of the 2013 legislation. It will be easier to administer, clear for customers, and will be more efficient to manage in the agency's new software program currently being developed.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1002

Subsection 7 of section 54-09-04 of the North Dakota Century Code is amended and reenacted as follows:

For preparing any listing or compilation of any information recorded or filed in the office of the secretary of state, an amount established by the secretary of state to recover the actual cost for assembling and providing the information in the format requested forty dollars for each record type requested. Unless otherwise agreed to by the secretary of state, the information shall be provided in an electronic format. If provided in a paper format, an additional fee of fifty cents per page may be charged."

4-11-2017

HB 1002

att 2

ALVIN A. JAEGER  
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STATE OF NORTH DAKOTA  
600 EAST BOULEVARD AVENUE DEPT 108  
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March 23, 2017

TO: Senators Hogue, Erbele, and Grabinger

FR: Al Jaeger, Secretary of State

RE: Amendment to HB 1002 = N.D.C.C. § 54-09-12 Confidential Information

Periodically, other public agencies request information from the Secretary of State's records. They use this information to carry out the duties and responsibilities of their respective agencies (examples: Tax Department, Attorney General, Job Service North Dakota, and Workforce Safety and Insurance).

In order to accurately identify individual records and to efficiently use the information (e.g., through data matching), public agencies often request specific identifying numbers to accompany the information.

For individuals, this identifying number is a Social Security Number (SSN). Although SSNs are confidential (see N.D.C.C. § 54-09-12), it is permissible for the Secretary of State to provide them to a public agency as authorized in N.D.C.C. § 44-04-28(2)(c).

However, the identifying number for a business is most likely to be the federal Tax Identification Number (TIN) and current law does not authorize release of this number to public agencies in the same manner as it does for a SSN.

Therefore, in order to be able to share the TIN with other public agencies, the attached amendment would amend N.D.C.C. § 54-09-12. The changes in what would become subsections 1 and 3 would allow the Secretary of State to provide both SSNs and TINs to public agencies when necessary for them to perform their duties and responsibilities. The text is similar to the current provisions in N.D.C.C. § 44-04-28.

The changes in what would become subsection 2 makes it clear that the filing officer is the Secretary of State since County Recorders no longer have direct filing or searching responsibilities related to the Central Indexing System for filing various lien documents such as the Uniform Commercial Code.

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April 11, 2016

**54-09-08. Secretary of state's general services operating fund.**

The secretary of state's general services operating fund is a special fund in the state treasury. Moneys in the fund are to be used pursuant to legislative appropriations for the provision of services under section 16.1-02-15, subsection 4 of section 41-09-94, subsection 5 of section 41-09-96, subsection 7 of section 54-09-04, and sections 10-35-33, 54-09-10, and 54-09-11. At the close of each biennium, the secretary of state shall transfer any unobligated balance remaining in the fund exceeding seventy-five thousand dollars to the general fund.

Identified in N.D.C.C. § 54-09-08

- 16.1-02-15 – Election related
- 41-09-94(4) – Central Indexing lists
- 41-09-96(5) – Central Indexing lists
- 54-09-04(7) – Business lists
- 54-09-10 – Crop and livestock lien lists
- 54-09-11 – CIS filing fees (partial)
- 10-35-33 – Corporation shareholder friendly annual fees

Identified in other sections of the Century Code

- 43-55-04 – Professional Employer Organizations filing fees
- 43-07-07(4) – Contractor licensing fees (partial)
- 44-06.1-21 – Notary Penalties

**Chapter Six (D)**

**SUMMARY OF REVENUE, APPROPRIATIONS, AND EXPENDITURES - BIENNIAL HISTORY**

|  | 2003-2005    | 2005-2007    | 2007-2009    | 2009-2011    | 2011-2013     | 2013-2015     |
|--|--------------|--------------|--------------|--------------|---------------|---------------|
| <b>REVENUE – General Fund</b>                    |              |              |              |              |               |               |
| Administration .....                             | \$ 78        | \$ 5,936     | \$ 5,141     | \$ 3,575     | \$ 100        | \$ 2,999      |
| Business Registration .....                      | 3,755,522    | 4,108,520    | 4,674,201    | 5,376,656    | 7,484,382     | 8,089,666     |
| Central Indexing UCC/CNS..                       | 1,581,727    | 1,595,530    | 1,536,360    | 1,676,308    | 1,887,220     | 1,874,546     |
| Licensing .....                                  | 944,749      | 1,098,565    | 1,198,373    | 1,463,473    | 2,392,181     | 2,273,804     |
| Elections.....                                   | 7,032        | 6,634        | 18,507       | 9,887        | 10,689        | 504           |
| Subtotal.....                                    | \$ 6,289,108 | \$ 6,815,185 | \$ 7,432,582 | \$ 8,529,899 | \$ 11,774,572 | \$ 12,241,519 |
| <b>REVENUE – General Services Operating Fund</b> |              |              |              |              |               |               |
| Business Registration/Info ...                   | \$ 115,840   | \$ 134,290   | \$ 136,085   | \$ 133,724   | \$ 191,084    | \$ 216,174    |
| Central Indexing .....                           | 284,140      | 318,229      | 361,863      | 380,866      | 408,361       | 442,103       |
| Licensing .....                                  | 0            | 1,926        | 1,424        | 1,118        | 2,369         | 6,422         |
| Elections.....                                   | 1,325        | 0            | 17,125       | 0            | 0             | 0             |
| Subtotal .....                                   | \$ 401,305   | \$ 454,445   | \$ 516,497   | \$ 515,708   | \$ 601,814    | \$ 664,699    |
| Public Printing (General Fund)                   | 25,832       | 19,383       | 15,728       | 13,153       | 8,159         | 10,892        |
| Total Revenue .....                              | \$ 6,716,245 | \$ 7,289,015 | \$ 7,964,807 | \$ 9,058,760 | \$ 12,384,545 | \$ 12,917,110 |
| <b>APPROPRIATIONS</b>                            |              |              |              |              |               |               |
| Salaries .....                                   | \$ 2,153,618 | \$ 2,354,114 | \$ 2,716,079 | \$ 3,262,138 | \$ 4,089,343  | \$ 4,496,054  |
| Operating Expenses.....                          | 2,070,226    | 2,174,561    | 2,981,097    | 3,274,450    | 5,797,515     | 4,893,972     |
| Capital Assets .....                             | 0            | 15,000       | 0            | 0            | 0             | 10,000        |
| Petition Review .....                            | 8,000        | 8,000        | 8,000        | 8,000        | 23,000        | 15,000        |
| Election Reform.....                             | 9,578,364    | 9,684,728    | 5,520,000    | 8,712,528    | 6,206,812     | 5,169,658     |
| BND Loan.....                                    | 0            | 0            | 2,920,000    | 3,400,698    | 0             | 0             |
| Technology Carryover.....                        | 0            | 0            | 0            | 0            | 78,000        | 0             |
| Business Process Modeling..                      | 0            | 0            | 0            | 0            | 0             | 400,000       |
| Subtotal.....                                    | \$13,810,208 | \$14,236,403 | \$14,145,176 | \$18,657,814 | \$16,194,670  | \$ 14,984,684 |
| Public Printing .....                            | 336,000      | 327,000      | 303,500      | 337,000      | 310,000       | 320,500       |
| Total Appropriations .....                       | \$14,146,208 | \$14,563,403 | \$14,448,676 | \$18,994,814 | \$ 16,504,670 | \$ 15,305,184 |
| <b>EXPENDITURES</b>                              |              |              |              |              |               |               |
| Salaries .....                                   | \$ 2,121,564 | \$ 2,343,512 | \$ 2,691,506 | \$ 3,240,403 | \$ 3,939,755  | \$ 4,481,326  |
| Operating Expenses.....                          | 2,020,947    | 2,174,211    | 2,966,557    | 2,905,002    | 4,343,000     | 4,375,450     |
| Capital Assets .....                             | 0            | 14,044       | 0            | 0            | 0             | 10,000        |
| Petition Review .....                            | 3,821        | 4,411        | 7,795        | 5,146        | 22,369        | 15,000        |
| Election Reform.....                             | 4,278,705    | 5,716,341    | 2,009,364    | 2,574,673    | 2,263,394     | 3,037,557     |
| Technology Carryover.....                        | 0            | 0            | 0            | 0            | 78,000        | 0             |
| Business Process Modeling..                      | 0            | 0            | 0            | 0            | 0             | 109,793       |
| Subtotal.....                                    | \$ 8,425,037 | \$10,252,519 | \$ 7,675,222 | \$ 8,725,225 | \$10,646,518  | \$ 12,029,126 |
| Public Printing .....                            | 318,082      | 243,837      | 266,465      | 292,201      | 261,500       | 258,472       |
| Total Expenditures .....                         | \$ 8,743,119 | \$10,496,356 | \$ 7,941,687 | \$ 9,017,426 | \$10,908,018  | \$ 12,287,598 |

**2015/2017 Biennium - General Services Revenue**

**March 31, 2017 - 12.5% Biennium Remaining**

|        | Revenue    | Monthly Average Revenue Per Budget | Monthly Accumulative Revenue Total | Accumulative Monthly Budget | (Under) Over Budget |
|--------|------------|------------------------------------|------------------------------------|-----------------------------|---------------------|
| Date   | Revenue    | 1,188,731                          |                                    |                             |                     |
| Jul-15 | \$ 73,607  | \$ 49,530                          | \$ 73,607                          | \$ 49,530                   | \$ 24,076           |
| Aug-15 | \$ 23,938  | \$ 49,530                          | \$ 97,545                          | \$ 99,061                   | \$ (1,516)          |
| Sep-15 | \$ 25,231  | \$ 49,530                          | \$ 122,775                         | \$ 148,591                  | \$ (25,816)         |
| Oct-15 | \$ 59,956  | \$ 49,530                          | \$ 182,731                         | \$ 198,122                  | \$ (15,391)         |
| Nov-15 | \$ 13,267  | \$ 49,530                          | \$ 195,998                         | \$ 247,652                  | \$ (51,654)         |
| Dec-15 | \$ 44,427  | \$ 49,530                          | \$ 240,425                         | \$ 297,183                  | \$ (56,758)         |
| Jan-16 | \$ 61,936  | \$ 49,530                          | \$ 302,361                         | \$ 346,713                  | \$ (44,353)         |
| Feb-16 | \$ 96,643  | \$ 49,530                          | \$ 399,004                         | \$ 396,244                  | \$ 2,760            |
| Mar-16 | \$ 111,131 | \$ 49,530                          | \$ 510,134                         | \$ 445,774                  | \$ 64,360           |
| Apr-16 | \$ -       | \$ 49,530                          | \$ 510,134                         | \$ 495,305                  | \$ 14,830           |
| May-16 | \$ 149,255 | \$ 49,530                          | \$ 659,389                         | \$ 544,835                  | \$ 114,554          |
| Jun-16 | \$ 74,808  | \$ 49,530                          | \$ 734,196                         | \$ 594,366                  | \$ 139,831          |
| Jul-16 | \$ 15,496  | \$ 49,530                          | \$ 749,692                         | \$ 643,896                  | \$ 105,796          |
| Aug-16 | \$ 53,266  | \$ 49,530                          | \$ 802,958                         | \$ 693,426                  | \$ 109,531          |
| Sep-16 | \$ 45,324  | \$ 49,530                          | \$ 848,281                         | \$ 742,957                  | \$ 105,324          |
| Oct-16 | \$ 45,900  | \$ 49,530                          | \$ 894,181                         | \$ 792,487                  | \$ 101,694          |
| Nov-16 | \$ 55,901  | \$ 49,530                          | \$ 950,082                         | \$ 842,018                  | \$ 108,064          |
| Dec-16 | \$ 44,716  | \$ 49,530                          | \$ 994,798                         | \$ 891,548                  | \$ 103,249          |
| Jan-17 | \$ 86,154  | \$ 49,530                          | \$ 1,080,952                       | \$ 941,079                  | \$ 139,873          |
| Feb-17 | \$ 114,318 | \$ 49,530                          | \$ 1,195,270                       | \$ 990,609                  | \$ 204,660          |
| Mar-17 | \$ 120,430 | \$ 49,530                          | \$ 1,315,699                       | \$ 1,040,140                | \$ 275,560          |
| Apr-17 | \$ -       | \$ 49,530                          | \$ 1,315,699                       | \$ 1,089,670                | \$ 226,029          |
| May-17 | \$ -       | \$ 49,530                          | \$ 1,315,699                       | \$ 1,139,201                | \$ 176,499          |
| Jun-17 | \$ -       | \$ 49,530                          | \$ 1,315,699                       | \$ 1,188,731                | \$ 126,968          |
|        |            |                                    |                                    |                             |                     |
|        |            |                                    |                                    |                             |                     |

|        | <u>Licensing</u>   | <u>Business</u>      | <u>Contractors</u>   | <u>UCC</u>           | <u>Total</u>           |
|--------|--------------------|----------------------|----------------------|----------------------|------------------------|
| Jul-15 | \$ 50.00           | \$ 5,120.00          | \$ 12,791.88         | \$ 55,645.00         | \$ 73,606.88           |
| Aug-15 | \$ 90.00           | \$ 8,374.00          | \$ 12,448.75         | \$ 3,025.00          | \$ 23,937.75           |
| Sep-15 | \$ 301.00          | \$ 11,653.50         | \$ 9,506.25          | \$ 3,770.00          | \$ 25,230.75           |
| Oct-15 | \$ 290.00          | \$ 4,952.00          | \$ 7,081.25          | \$ 47,632.50         | \$ 59,955.75           |
| Nov-15 | \$ 341.48          | \$ 3,420.50          | \$ 5,487.50          | \$ 4,017.50          | \$ 13,266.98           |
| Dec-15 | \$ 100.00          | \$ 34,464.00         | \$ 5,777.50          | \$ 4,085.00          | \$ 44,426.50           |
| Jan-16 | \$ 570.00          | \$ 7,521.00          | \$ 50,957.50         | \$ 2,887.50          | \$ 61,936.00           |
| Feb-16 | \$ 180.00          | \$ 6,415.50          | \$ 83,937.50         | \$ 6,110.00          | \$ 96,643.00           |
| Mar-16 | \$ 330.00          | \$ 9,963.00          | \$ 57,257.50         | \$ 43,580.00         | \$ 111,130.50          |
| Apr-16 | \$ 295.00          | \$ 5,030.50          | \$ 27,467.50         | \$ 37,902.50         | \$ 70,695.50           |
| May-16 | \$ 480.00          | \$ 24,150.50         | \$ 17,018.75         | \$ 36,910.00         | \$ 78,559.25           |
| Jun-16 | \$ 135.00          | \$ 28,882.50         | \$ 12,320.00         | \$ 33,470.00         | \$ 74,807.50           |
| Jul-16 | \$ 10.00           | \$ (26,654.50)       | \$ 8,620.00          | \$ 33,520.00         | \$ 15,495.50           |
| Aug-16 | \$ -               | \$ 9,497.00          | \$ 6,298.75          | \$ 37,470.00         | \$ 53,265.75           |
| Sep-16 | \$ 30.00           | \$ 10,911.00         | \$ 5,102.50          | \$ 29,280.00         | \$ 45,323.50           |
| Oct-16 | \$ 480.00          | \$ 10,492.50         | \$ 7,187.50          | \$ 27,740.00         | \$ 45,900.00           |
| Nov-16 | \$ 508.95          | \$ 23,918.00         | \$ 3,723.75          | \$ 27,750.00         | \$ 55,900.70           |
| Dec-16 | \$ 255.00          | \$ 9,567.00          | \$ 2,293.75          | \$ 32,600.00         | \$ 44,715.75           |
| Jan-17 | \$ 290.00          | \$ 11,930.50         | \$ 36,313.75         | \$ 37,620.00         | \$ 86,154.25           |
| Feb-17 | \$ 150.00          | \$ 18,234.00         | \$ 64,843.75         | \$ 31,090.00         | \$ 114,317.75          |
| Mar-17 | \$ 160.00          | \$ 8,441.00          | \$ 69,838.75         | \$ 41,990.00         | \$ 120,429.75          |
| Apr-17 |                    |                      |                      |                      | \$ -                   |
| May-17 |                    |                      |                      |                      | \$ -                   |
| Jun-17 |                    |                      |                      |                      | \$ -                   |
| Jul-17 |                    |                      |                      |                      | \$ -                   |
| Aug-17 |                    |                      |                      |                      | \$ -                   |
| Sep-17 |                    |                      |                      |                      | \$ -                   |
| Oct-17 |                    |                      |                      |                      | \$ -                   |
| Nov-17 |                    |                      |                      |                      | \$ -                   |
| Dec-17 |                    |                      |                      |                      | \$ -                   |
| Jan-18 |                    |                      |                      |                      | \$ -                   |
| Feb-18 |                    |                      |                      |                      | \$ -                   |
| Mar-18 |                    |                      |                      |                      | \$ -                   |
| Apr-18 |                    |                      |                      |                      | \$ -                   |
| May-18 |                    |                      |                      |                      | \$ -                   |
| Jun-18 |                    |                      |                      |                      | \$ -                   |
|        |                    |                      |                      |                      |                        |
|        |                    |                      |                      |                      |                        |
|        | <b>\$ 5,046.43</b> | <b>\$ 226,283.50</b> | <b>\$ 506,274.38</b> | <b>\$ 578,095.00</b> | <b>\$ 1,315,699.31</b> |
|        |                    |                      |                      |                      |                        |
|        | Monthly Average    |                      | \$ 59,944.44         |                      |                        |
|        |                    |                      |                      |                      |                        |
|        | Estimated Biennium |                      | \$ 1,438,666.60      |                      |                        |





4-11-2017

HB 1002

att:5

**Secretary of State - Budget No. 108  
House Bill No. 1002  
Base Level Funding Changes**

|   | House Version |                    |                    |                      | Senate Version |                    |                    |                    | Senate Changes to House Version<br>Increase (Decrease) - House Version |                  |                  |                  |
|---|---------------|--------------------|--------------------|----------------------|----------------|--------------------|--------------------|--------------------|--|------------------|------------------|------------------|
|   | FTE Position  | General Fund       | Other Funds        | Total                | FTE Position   | General Fund       | Other Funds        | Total              | FTE Positions  | General Fund     | Other Funds      | Total            |
| <b>2017-19 Biennium Base Level</b>  | 34.00         | \$6,374,720        | \$3,583,536        | \$9,958,256          | 34.00          | \$6,374,720        | \$3,583,536        | \$9,958,256        | 0.00   | \$0              | \$0              | \$0              |
| <b>2017-19 Ongoing Funding Changes</b>  |               |                    |                    |                      |                |                    |                    |                    |  |                  |                  |                  |
| Base payroll changes  |               | (\$69,361)         | (\$202,484)        | (\$271,845)          |                | (\$69,361)         | (\$202,484)        | (\$271,845)        |  |                  |                  | \$0              |
| Health insurance increase   |               | 91,588             | 2,858              | 94,446               |                | 84,952             | 2,651              | 87,603             |  | (6,636)          | (207)            | (6,843)          |
| Adjusts overtime and temporary salaries                                       |               | (50,000)           | 50,000             | 0                    |                | (50,000)           | 400,000            | 350,000            |  |                  | 350,000          | 350,000          |
| Removes 1 FTE position  | (1.00)        | (104,445)          |                    | (104,445)            | (1.00)         | (104,445)          |                    | (104,445)          |  |                  |                  | 0                |
| Removes 2 FTE positions   | (2.00)        | (213,646)          |                    | (213,646)            | 0.00           | (213,646)          | 213,646            | 0                  | 2.00   |                  | 213,646          | 213,646          |
| Adds funding for North Dakota central indexing system hosting and maintenance |               |                    | 526,000            | 526,000              |                |                    | 526,000            | 526,000            |  |                  |                  | 0                |
| Increases funding for information technology                                  |               |                    | 118,956            | 118,956              |                |                    | 118,956            | 118,956            |  |                  |                  | 0                |
| Adjusts funding for operating expenses  |               | (62,100)           | 25,000             | (37,100)             |                | (62,100)           | 25,000             | (37,100)           |  |                  |                  | 0                |
| Removes funding for election reform   |               |                    | (1,516,327)        | (1,516,327)          |                |                    | (1,516,327)        | (1,516,327)        |  |                  |                  | 0                |
| Reduces funding for public printing   |               | (1,595)            |                    | (1,595)              |                | (1,595)            |                    | (1,595)            |  |                  |                  | 0                |
| <b>Total ongoing funding changes</b>  | <b>(3.00)</b> | <b>(\$409,559)</b> | <b>(\$995,997)</b> | <b>(\$1,405,556)</b> | <b>(1.00)</b>  | <b>(\$416,195)</b> | <b>(\$432,558)</b> | <b>(\$848,753)</b> | <b>2.00</b>  | <b>(\$6,636)</b> | <b>\$563,439</b> | <b>\$556,803</b> |
| <b>One-time funding items</b>   |               |                    |                    | \$0                  |                |                    |                    | \$0                |  |                  |                  | \$0              |
| No one-time funding items   |               |                    |                    | \$0                  |                |                    |                    | \$0                |  |                  |                  | \$0              |
| <b>Total one-time funding changes</b>   | <b>0.00</b>   | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>           | <b>0.00</b>    | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>         | <b>0.00</b>  | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>       |
| <b>Total Changes to Base Level Funding</b>                                    | <b>(3.00)</b> | <b>(\$409,559)</b> | <b>(\$995,997)</b> | <b>(\$1,405,556)</b> | <b>(1.00)</b>  | <b>(\$416,195)</b> | <b>(\$432,558)</b> | <b>(\$848,753)</b> | <b>2.00</b>  | <b>(\$6,636)</b> | <b>\$563,439</b> | <b>\$556,803</b> |
| <b>2017-19 Total Funding</b>  | <b>31.00</b>  | <b>\$5,965,161</b> | <b>\$2,587,539</b> | <b>\$8,552,700</b>   | <b>33.00</b>   | <b>\$5,958,525</b> | <b>\$3,150,978</b> | <b>\$9,109,503</b> | <b>2.00</b>  | <b>(\$6,636)</b> | <b>\$563,439</b> | <b>\$556,803</b> |

**Other Sections in Secretary of State - Budget No. 108**

|   | House Version   | Senate Version  |
|---|---|---|
| Health insurance increase                 | Section 2 identifies the funding increase for health insurance premium increases included in the agency's appropriation.  | Section 2 identifies the funding increase for health insurance premium increases included in the agency's appropriation.  |
| General services operating fund exemption | Section 4 provides an exemption for the Secretary of State's general services operating fund to allow any unexpended and unobligated balance on June 30, 2017, to be expended during the 2017-19 biennium rather than the unobligated balance exceeding \$75,000 to be transferred to the general fund. | Section 4 provides an exemption for the Secretary of State's general services operating fund to allow any unexpended and unobligated balance on June 30, 2017, to be expended during the 2017-19 biennium rather than the unobligated balance exceeding \$75,000 to be transferred to the general fund. |

Other Sections in Secretary of State - Budget No. 108

House Version

Senate Version

Information preparation fee

Section 5 amends Subsection 7 of Section 54-09-04 to change the fee for preparation of listings and other information compilations to \$40 per request, rather than the actual cost for assembling and providing the information. If the information is provided in a paper format, an additional fee of 0.50 cents per page may be charged.

Federal tax identification numbers

Section 6 amends Section 54-09-12, authorizing the Secretary of State to release a social security number or federal tax identification number to public entities, as authorized by other state or federal law.

Voting system and electronic pollbooks

Section 7 provides legislative intent that the Secretary of State purchase equipment, to the extent funding becomes available, for the implementation of a voting system and electronic pollbooks during the 2017-19 biennium.

17.0487.02006  
Title.

Prepared by the Legislative Council staff for  
Senator Unruh

April 11, 2017

*att*  
*HB 1002*  
*4/12/2017*

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1002

That the House accede to the Senate amendments as printed on pages 1432 through 1434 of the House Journal and pages 1156 through 1158 of the Senate Journal and that House Bill No. 1002 be further amended as follows:

Page 1, line 1, replace "an appropriation" with "appropriations"

Page 2, after line 19, insert:

**"SECTION 4. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$50,000, or so much of the sum as may be necessary, to the secretary of state for the purpose of implementing software related to campaign disclosure requirements, for the biennium beginning July 1, 2017, and ending June 30, 2019."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

A \$50,000 appropriation from the general fund is provided to the Secretary of State to implement software to comply with new campaign disclosure requirements approved in Senate Bill No. 2343.

April 12, 2017

att J  
HB 1002  
4/12/2017

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1002

That the House accede to the Senate amendments as printed on pages 1432-1434 of the House Journal and pages 1156-1158 of the Senate Journal and that House Bill No. 1002 be further amended as follows:

Page 1, line 2, after "exemption" insert "to amend and reenact subsection 2 of section 16.1-08.1-03.1 as amended by section 6 of Senate Bill No. 2343, as adopted by the sixty-fifth legislative assembly, and"

Page 2, after line 24 insert:

**"SECTION 5. AMENDMENT.** Subsection 2 of section 16.1-08.1-03.1 of the North Dakota Century Code as amended by section 6 of Senate Bill No. 2343, as adopted by the sixty-fifth legislative assembly, is amended and reenacted as follows:

2. For contributions received from an out-of-state contributor, a person or measure committee circulating or promoting passage or defeat of an initiated or referred measure shall include the following information regarding ~~subcontributor~~ each subcontributor that has stated a contribution is for the express purpose of furthering the circulation, passage, or defeat of an initiated or referred measure in the statements required under section 5 of this Act:
  - a. A designation as to whether any person contributed in excess of one hundred dollars of the total contribution;
  - b. The name and mailing address of each subcontributor that contributed in excess of one hundred dollars of the total contribution;
  - c. The contribution amounts of each disclosed subcontributor; and
  - d. The occupation, employer, and address for the employer's principal place of business of each disclosed subcontributor."

Re-number accordingly

17.0487.02005  
Title.  
Fiscal No. 3

Prepared by the Legislative Council staff for  
Senator Unruh

April 11, 2017

att 3  
HB 1002  
4/12/2017

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1002

That the House accede to the Senate amendments as printed on pages 1432-1434 of the House Journal and pages 1156-1158 of the Senate Journal and that House Bill No. 1002 be further amended as follows:

Page 1, line 2, after "exemption" insert "; to create and enact a new subsection to section 16.1-08.1-01 of the North Dakota Century Code, relating to the definition of a subcontributor"

Page 2, after line 24, insert:

**"SECTION 5.** A new subsection to section 16.1-08.1-01 of the North Dakota Century Code is created and enacted as follows:

"Subcontributor" means a partnership, political committee, association, corporation, cooperative corporation, limited liability company, or other organization that makes a contribution to a contributor for the express purpose of furthering the circulation, passage, or defeat of an initiated or referred measure."

Renumber accordingly