

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/09/2017**

Bill/Resolution No.: HCR 3004

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HCR 3004 removes the State Treasurer as an elected constitutional officer effective January 1, 2021.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Until a determination has been made as to where and by whom the functions of the office will be performed, the fiscal impact cannot be determined.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The fiscal impact cannot be determined until it is known how the functions of the office will be performed.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

**Name:** Pam Sharp

**Agency:** Office of Management and Budget

**Telephone:** 328-4606

**Date Prepared:** 01/10/2017

**2017 HOUSE GOVERNMENT AND VETERANS AFFAIRS**

**HCR 3004**

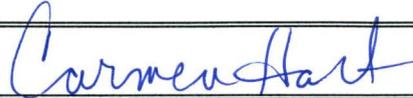
# 2017 HOUSE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee  
Fort Union, State Capitol

HCR 3004  
1/26/2017  
27473

- Subcommittee  
 Conference Committee

Committee Clerk Signature



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

Relating to the state treasurer; and to provide an effective date

## Minutes:

Attachments 1-10

**Chairman Kasper** opened the hearing on HCR 3004. At first we did not have a quorum until Rep. Koppelman came in.

**(2:56) Rep. Mike Nathe** introduced the resolution. This deals with putting the question on the ballot whether we should eliminate the Office of the Treasurer. It would give the people of North Dakota an opportunity to weigh in whether we should keep the office open or closed. It would give them the direct hand in helping to make smaller government and making it more efficient. The following resolution that will be heard today gets into the mechanics. This is not a reflection on the treasurer or the staff. They do a good job. This has been brought up twice, in 1984 and 2000, and rejected both times. The state of North Dakota and technology has changed a lot the last 17 years. Appropriations has to make some very tough decisions. I think this is one place to start. When campaigning, we stressed having smaller government and make it more efficient. Also, the public is constantly telling us they want smaller government. **(5:32)** He explained the resolution and the amendment Attachment 1. The amendment inserted the State Tax Commissioner. The reason for that is he gives us oil royalties and those sorts of things, and I felt it was appropriate to do so. If your committee thought they should go to some other agency, I would be open to that. **(6:40)** If this should pass, this goes on the November 2018 ballot for the people of North Dakota to decide whether or not we keep the office open. If it would pass, the next resolution we are going to talk about would then kick in. Under this resolution, the treasurer would be able to fill out the full term.

**Rep. Steiner:** Would you support an amendment to just study all the state offices?

**Rep Nathe:** I believe there is a bill in the Senate to do that very thing. This is a little different, because it is a constitutional office and would have to go in front of the people. This has been studied before, and Senator Mathern could speak more to that.

**Rep. Steiner:** Even though it is constitutional, you still have some similar functions like the tax commissioner's or auditor's that could possibly be done by OMB that should be studied, because rather than taking them one at a time, wouldn't it be more efficient to bring a slate to the public? You look at the small fiscal note. They might not feel it is significant enough to bring it to their attention.

**Rep. Nathe:** I disagree. I think it should be brought to the vote of the people right now. Attachments 2-3 were given out a little later that showed the duties of the other offices similar to the treasurer's and could go to.

**Rep. Johnston:** The people did speak and voted against Sen. Mathern's idea. Why do you think it would be prudent to put this vote to the people once again?

**Rep. Nathe:** I would disagree with that. When you vote for the office, you are voting for his office. It was between the two candidates, and Treasurer Schmidt won. It was one of his platforms that he ran on, and I don't think it is reflective on whether they said yes or no on that issue.

**Rep. Karls:** Has there been any kind of study of the cost savings in this plan?

**Rep. Nathe:** None that I am aware of. Appropriations looked at their budget of about \$2 million for the biennium. It is not the biggest budget out there, but we have to start somewhere.

**Rep. Karls:** If you take the FTEs that are presently in the Treasurer's Office and move them into all these other departments, aren't you just \_?

**Rep. Nathe:** Not necessarily. That is where the next resolution would come in. The committee that would be formed by Legislative Council would decide what FTEs would be saved. They would take a look at the efficiencies of other departments to take over the duties. The only thing this bill does is put it on the ballot.

**Rep. Vetter:** Are there inefficiencies in the office right now?

**Rep. Nathe:** No.

**Rep. Vetter:** The only reason is just to condensed government?

**Rep. Nathe:** Yes. There are no red flags in the Treasurer's Office.

**Chairman Kasper:** You have talked to some of the other agencies about the transfer of duties. What did you learn from those agency heads about the cost to do the work that the Treasurer's Office is doing now?

**Rep. Nathe:** We didn't get into the cost. I was curious if there was duplication. There is not duplication, but they are working hand in hand.

**Chairman Kasper:** Did you research the other duties of the office besides the transfer of the money and sitting on the boards like the constitutional requirements or what the office does on a day to day basis? Your explanation from my perspective makes it sound like they pass money here and there, and they sit around and not do much else other than that.

**Rep. Nathe:** That is kind of what I found. They make a lot of moves according to the law. There is not a whole lot of decision making authority there. It is in code that the money must be moved there.

**Chairman Kasper:** Did you ever look at the duties of the other departments which might be duplicative of the Treasurer's Office and transferring some of those duties from those departments to the Treasurer's Office where they might really belong and potentially reduce the staff and needs in those departments which could probably save more money than what you are talking about with the Treasurer's budget?

**Rep. Nathe:** Attachments 2-3 should answer part of your question. I didn't go the other way with it.

**Rep. Vetter:** If you get rid of this \$2 million and still have to do the duties and now increase the duties on this other side, do you still have the same amount of savings?

**Rep. Nathe:** When we talked with those other departments, they said they can handle those duties. We didn't talk about the money.

**Rep. Steiner:** You have no idea how much cost savings there will be?

**Rep. Nathe:** Not now. That would fall on 3005 if 3004 was passed.

**Rep. Steiner:** Let us say the bill saved \$100,000, it will have no impact on what you are doing in appropriations today? It would actually impact 2021?

**Rep. Nathe:** Correct.

**Rep. Johnston:** What does it cost to conduct a legislative study?

**Rep. Nathe:** It depends if you bring in an outside consultant, how much work they do, etc. It could be as low as \$10,000 or as high as \$200,000.

**Senator Tim Mathern** appeared in support of HCR 3004. Attachment 4. (18:30-23:28)

**Rep. Vetter:** Are there not enough candidates on one party side?

**Senator Mathern:** I believe you only had one candidate for treasurer in the Republican party. The success of a party convention is competition for the office. I know there was no competition for the office in the Democratic party. Candidate selection isn't just the final ballot. It is the processes to get to that ballot, and I don't there are that many citizens that are coming to the conventions to compete for all of these statewide offices.

**Vice Chair Louser:** There have been a number of times where we passed initiatives onto the ballot, and that has been it. I am wondering if the sponsors of this legislation know what the plan would be once this hits the ballot to go forward?

**Senator Mathern:** I think this is one of those ballot measures that have a citizen wide interest that wouldn't have a moneyed interest. I think the people will want some change.

**Rep. Johnston:** I did some research and saw back in 2000, you voted to keep the Office of the Treasurer. Of course, someone from your own party held that position. Many of the efficiencies that you have mentioned are already performed by the Treasurer's Office. What are some of the cost savings that you are speaking of? From what I have seen, the only savings we are going to have is the elimination of the treasurer's salary.

**Senator Mathern:** It is fascinating you bring up my voting record. I have been here a long time, and I believe years have also brought me more wisdom. I hope it will be the case for you as you serve here. When I heard in Governor Burgum's campaign and discussion of the Republican Convention, it was very clear to me that things were going to change in terms of what we are going to spend. It became important for me to be responsible in making sure that as change happens, we do it in such a way as it is reasoned and is positive. Going into budgets and hacking away a little bit of everything is not responsible, but when the message is we reduce budgets we can do it in a responsible way. A responsible way is looking at all functions. I ask you to consider eliminating functions. This discussion of transferring functions is not creative. I would suggest eliminating some of the things that are done and not replicating them and figuring out how we are just fine without doing those things.

**Vice Chair Louser:** The statement of intent on Lines 5-6, would that be the ballot language that the sponsors would prefer the Secretary of State to approve?

**Senator Mathern:** I believe the Secretary of State would be involved in crafting the ballot measure language. It would be fine if your committee or the Senate committee wants to craft the specific language.

**Rep. Vetter:** I am hearing we want to cut savings, but I am not hearing a number. How much of those are going to be transferred? It didn't pass before, so what leads you to believe it is going to pass again, and how much is it going to cost to put this on the ballot?

**Senator Mathern:** I suggest you get the appropriation bill for the Office of Treasurer. That is your number to work from. How much are you willing to say we should not do any longer? If you want to continue all of these things, then you should vote no on this and go home and tell your citizens that. This has been structured in such a way that there is no special election. This election will be happening at this time regardless if this matter is on or no matters on. The cost of the election will be borne by the citizens whether or not this measure is on the ballot. I suppose we could say we take that election divided by everything on that ballot, and that would be the cost for this measure.

**Rep. Steiner:** The current practice now is if state employees are given extra duties, they are paid extra money for those duties. Are you saying we should reinvent and these employees would take those extra duties without additional salary?

**Senator Mathern:** We wouldn't have those employees in the future. There wouldn't be those duties.

**Rep. Steiner:** Would you support studying all state offices for efficiencies?

**Senator Mathern:** I am just fine with studying every office. I am suggesting to you is that we don't study. We actually make a decision to eliminate something. I have studied this forever. I am not interested in study, but if you want to study, have some more studies. I am interested in action. I think the citizens are interested in action, and here is one way to act.

**Chairman Kasper:** Did you meet with Treasurer Schmidt to discuss with her the duties of her office when you decided to be a cosponsor of this bill? What I am hearing so far is generalities.

**Senator Mathern:** I did not visit with her specifically about this. I hear the testimony every session regarding the details of that office. I compare those activities with the activities in the Tax Commissioner's Office, OMB, and Bank of ND, so I believe I have a communication regarding the systems that relate to my role on the Appropriations Committee. We really should have made this change in 1919 when we created the Bank of ND.

**Chairman Kasper:** Do you have any idea how many checking accounts that the Treasurer's Office is required to manage and the balances in those funds on a daily basis?

**Senator Mathern:** I have seen that sheet which I don't have before me, but that is part of the testimony in the Appropriations Committee. Yes, all that information is available. That is the kind of information that is rechecked by other agencies also.

**Chairman Kasper:** It appears to me that there are about 35 or more accounts across state government that have to be monitored, funds invested, balanced, etc. Who would you propose would take over those duties if the treasurer is not there to do so?

**Senator Mathern:** I would look at how many of those accounts could be closed. Who else is involved with those accounts in terms of state government? Which part of government could take over that amount with little or no additional funding?

**Chairman Kasper:** That would be a pretty onerous task. How much money do you want to take out of spending in state government? In your position in the Senate Appropriations Committee, are you proposing any reduction in the state budgets that you are looking at and to reduce government?

**Senator Mathern:** I gave to Governor Burgum a list of five items to reduce government size. He elaborated on these and brought in this list later on. Attachment 5. (45:10-48:15)

**Chairman Kasper:** It is noble of you to provide that list to the governor. However, the governor can't do anything with that list except to recommend. It is the legislature who has the responsibility to enact your changes. I would love to have a bill or bills introduced that accomplish those, so maybe a delayed bill might be appropriate.

**Senator Mathern:** I just want you to know that I am doing what I can in the Senate Appropriations Committee to move these agendas forward.

**Rep. Olson:** Is there any other state that has eliminated the Office of the Treasurer?

**Senator Mathern:** Yes. I don't have that list before me. I believe Texas has eliminated the office. Essentially there is a move to streamline government and make functions of government more professionally oriented and less politically oriented.

**Dustin Gawrylow, Watchdog Network** appeared in support. Instead of focusing on the Treasurer's Office, this should be about consolidation in government in general. There are plenty of states that don't have treasurers or tax commissioners. The state of Washington has the Office of Revenue and Budget. They do what OMB, tax, and treasurer does all in one. There are 12 or 15 states that do not have lieutenant governors. There has to be something done about all these funds within the Treasurer's Office. Let's throw a few offices on the ballot and see if people want to reduce the size of our government. We need a comptroller in ND to have the power to go in and dig into things and do at an official level what I try to do at a very small level which is find the areas that need to be addressed.

**Opposition:**

**Kelly Schmidt, State Treasurer**, appeared in opposition. Attachment 6. (54:29- 1:18:23)

**Chairman Kasper:** You indicated that the Fargo Forum, Williston Herald, and so on said the treasurer's office should not be elected. I know you meant should not be eliminated.

**Kelly Schmidt:** Thank you.

**Rep. Olson:** It sounds like you already eliminated many duties within your office. One of the previous supporters stated he was not in favor of shifting existing duties around which would require an increase in their wages but simply eliminating the duties of most of your staff. Can you think of which duties those might be that would be eliminated?

**Kelly Schmidt:** I don't know how you don't balance the checkbook. I don't know how you don't move money from savings to checking to pay the bills. I don't know how you transfer it to the Bank of ND where my responsibility is to manage the money for the assets of the bank, and it is our job to manage the assets for the benefit of the general funds. I don't know how you don't have a banker, just like in a business or like in your home. We all have to manage our cash flow, pay bills, and be prudent of the paychecks that we bring home just as we are prudent with the money that is given under our responsibility. The duties of this have grown considerably and the challenges we have been faced with have grown considerably. We did a strategic plan for the Office of the Treasurer. We spoke with many of our stakeholders including many legislators and asked how what we do could be done better. Our stakeholders gave us a score of 4.6 out of 5. We look at our constitutional and statutory requirements and we are constantly looking. We changed our mission statement when we did our strategic planning. We added the long sentence relating to and to promote prudent government, because we felt it was our responsibility to not only provide prudent and efficient government within our own agency but to help those outside of our agency.

**Rep. Vetter:** 49 of 50 states have treasurers.

**Kelly Schmidt:** They have a treasury or they have a chief financial officer. The state of Texas has a chief financial officer. The state of Washington does have a treasurer. There are many states that have treasurers. When you look at one treasurer's office, you have looked at one treasurer's office. The most recent office that was eliminated was the state treasurer in Wisconsin, but the only thing they did was unclaimed property. They did not do any of the functions that we do in our office.

**Daryl Lies, North Dakota Farm Bureau,** appeared in opposition. Our first president is what we base our treasurer's position on in our organization and in our states for accountability. We had members asking if this is the right spot to cut government? Collectively those folks in that office couldn't even buy a quarter of land in the Red River Valley with their yearly budget. They would be hard pressed to be able to buy two or three lots in Fargo of commercial development land on that budget. This office has led the way in technological advance. Maybe instead of cutting this office, we need to study how they have been effective in maintaining a 1% growth in 10 years. I think the people spoke in this last election. I know our members did. They wanted to know if they learned from that, because they remember voting on that 10-15 years ago. Our members feel that transparency, that independence between the legislative body, the appropriators of our state, the governor, the executor of our state, is important to maintain. Our members feel there is overburden regulation. The duplication in our state government is already done by federal government. Evidently the people are happy with the performance of the present candidate. When people are happy, they tend to challenge things less. When people see concerns, they motivate, activate, engage, and find that candidate. With the people of North Dakota, the more things you put on that ballot, the less understanding each voter will take in knowing what they are truly voting on. I think you are regressing one of the issues that wasn't fully understood and implications of it and complications of starting it up from this last election. To me we have the efficiency, accountability, responsibility, responsiveness, and the independence from the appropriators, executors, directly to the people with the money. That is the value of the State Treasurer's Office. Accountability and government is priority one. Smaller government is the end goal.

**Rep. Dockter:** You said people already have voted on this. We currently have a lottery, and as I recall, that was on the ballot several times. Times change. All we are doing with this resolution is allowing the people to vote. Do you think they should not be allowed to vote on this subject?

**Daryl Lies:** I believe this last election the people took that into consideration on their vote for treasurer. I know our members did, because I received phone calls discussing it.

**Rep. Dockter:** That was just a platform that he had. If you look at the two parties, he had about the same number of votes. We are the only state that has a state bank. We are one of a few states that only has Work Force Safety. We are very efficient. Did you take a poll on this to come up with this opposition?

**Daryl Lies:** Our poll was conducted through the hundreds of phone calls that I entertained from our members this last fall and had these discussions. One of those discussions included

the treasurer's office on the ballot and the platform. By and large they are not in favor of eliminating the treasurer's office.

**Pam Link**, citizen of ND, appeared in opposition. I do not know how you can eliminate the duties of the treasurer. I was dismayed this week that another group of legislators is trying to create an environmental quality department. Ten years ago I moved back to North Dakota, and the first job I had was in state government. I worked for one of the large agencies, and I could find more to cut from that agency than what is happening with the budget with the State Treasurer's Office. I am even against doing a study.

**Donna Blauvet, Bismarck resident**, appeared in opposition. Attachment 7. (1:40:46-1:43:02)

**Rep. Dockter:** We are having a public hearing and what this is asking for is for the people to vote. How do you relate that to being a back door?

**Donna Blauvet:** If this would have been an open situation, I think the treasurer would have known about it. It wouldn't have been something that was introduced without her knowledge. Aren't we still currently dealing with something we let the people vote on that we have nothing in place for? We voted, and now we have no structure. We are asking the people of this state to make a decision based on very limited information, and this is a decision about a very complex situation.

**Dee Stanley, Bismarck resident**, appeared in opposition. Attachment 8. (1:45:00-1:47:42)

**Rose Christensen, Rogers, ND**, appeared in opposition. Attachment 9. (1:48:20-1:56:45)

**Chairman Kasper:** I just wanted you to see when you mentioned the constitution of the state of North Dakota, I had it printed so I do have a copy. I appreciate your quoting the constitution, and my committee members know how I treasure the constitution of North Dakota and the United States.

**Shawn Kessel, City of Dickinson**, appeared in opposition. One of my capacities as a city administrator is to create a budget. One of the efficiencies and transparency issues that the treasurer's office has provided is access. I use that site on a regular basis, predominantly during our budget session, and I can do so at any time of the day, 24/7, 365. I couldn't that before. That is a very helpful tool to develop our budget and to make sure we understand where the dollars are coming from. We can then forecast better what dollars we believe may be coming in the future.

**Neutral:**

**Donnell Preskey, North Dakota Association of Counties**, appeared in a neutral position. The auditors' greatest concern is that the services, the information that they get from the state level from the treasurer's office right now, would be continued to be provided.

**Chairman Kasper:** The concern of the auditors is that if the treasurer's office went away, the possibility would exist that the services would be diminished or go away?

**Donnell Preskey:** A lot of things have improved over the years. Efficiency and accessibility was described here. That is the same thing I have heard from my folks as well. The communication is so vital especially when a lot of distributions are made from a state level to the local levels.

**Chairman Kasper:** Are the auditors happy now with the access, abilities, and the services they receive from the treasurer's office to do their jobs?

**Donnell Preskey:** I have not polled all 53 of the auditors to find out how they feel on this issue. We did take direction from our legislative committee to testify in a neutral position for the reasons that I stated.

**Chairman Kasper** closed the hearing.

**Bill Wocken, North Dakota League of Cities,** brought Attachment 10 on 1-30-17. He was unable to attend to testify in a neutral position.

# 2017 HOUSE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee  
Fort Union, State Capitol

HCR 3004  
2/10/2017  
28215

- Subcommittee  
 Conference Committee

Committee Clerk Signature

*Carmen Hart*

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

Relating to the state treasurer; and to provide an effective date

Minutes:

**Chairman Kasper** opened the meeting on HCR 3004.

**Vice Chair Louser** made a motion for a DO NOT PASS on HCR 3004.

**Rep. Steiner** seconded the motion.

**Chairman Kasper:** This is the resolution that would put on the ballot and ask the voters if they want to abolish the treasurer's office.

**Rep. Vetter:** The treasurer showed that it was a pretty efficient agency compared to others, so I don't why we would want to cut that one. It is also a check on many of the other agencies.

**Rep. Johnston:** The treasurer's position is accountable. It is elected. It is accountable to the people. The idea to transfer those duties to the Bank of ND doesn't sound like a good idea to me. Transparency will go out the window at that point.

A roll call vote was taken. 13 Yeas, 1 Nay, 0 Absent.

**Rep. Laning** will carry the bill.

Date: 2-16-17  
Roll Call Vote #: 1

2017 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 3004

House Government and Veterans Affairs 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 Louser Seconded By Steiner

Representatives	Yes	No	Representatives	Yes	No
Jim Kasper-Chairman	X		Pamela Anderson	X	
Scott Louser-Vice Chairman	X		Mary Schneider	X	
Jason Dockter		X			
Craig A. Johnson	X				
Daniel Johnston	X				
Karen Karls	X				
Ben Koppelman	X				
Vernon Laning	X				
Christopher D. Olson	X				
Karen M. Rohr	X				
Vicky Steiner	X				
Steve Vetter	X				

Total (Yes) 13 No 1

Absent \_\_\_\_\_

Floor Assignment Laning

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

**REPORT OF STANDING COMMITTEE**

**HCR 3004: Government and Veterans Affairs Committee (Rep. Kasper, Chairman)**  
recommends **DO NOT PASS** (13 YEAS, 1 NAYS, 0 ABSENT AND NOT VOTING).  
HCR 3004 was placed on the Eleventh order on the calendar.

2017 TESTIMONY

HCR 3004

17.3025.01001  
Title.

Prepared by the Legislative Council staff for  
Representative Nathe  
January 10, 2017

Attachment # 1  
3004

1-26-17

PROPOSED AMENDMENTS TO HOUSE CONCURRENT RESOLUTION NO. 3004

Page 2, line 3, remove "and"

Page 2, line 4, after the first "state" insert an underscored comma

Page 2, line 4, remove the overstrike over "and"

Page 2, line 4, after "treasurer" insert "tax commissioner"

Renumber accordingly

Jane

# Accounting Functions

Function	State Treasurer's Office	OMB	Tax Department	Comments
1 PeopleSoft to BND cash reconciliation	X	X		OMB creates and maintains all reconciliation reports\queries. Treasurer's Office does
2 Distribution of payroll and accounting checks from PeopleSoft	X			Agencies pickup checks from Treasurer's Office. Checks are printed in Central Duplicating.
3 Responsible for statewide accounting system		X		
4 Maintain outstanding check files for all check write systems--includes check voids and cancellations in PeopleSoft	X			Treasurer's Office reconciles to Bank of North Dakota.
5 Run the interest allocation to distribute monthly interest to various funds	X			OMB developed the PeopleSoft process and the Treasurer's Office allocates the interest.
6 Distributions to political subs	X			Distributions include Hwy tax, City Sales Tax, Oil & Gas, Coal Severance, state revenue sharing, as well as several others.
7 Deposits and revenue collections	X	X	X	Treasurer's office receives deposits from all agencies and deposits the money with BND.
8 Design of all cash reconciliation reports, queries, and all monthly reports		X		This is part of OMB's system wide responsibilities.
9 Reporting of daily cash balances for all funds	X	X		
10 Legislative general fund cash transfers	X	X		Some legislation directs the Treasurer's Office to make transfers and some legislation directs OMB to make transfers
11 Serves on various boards and commissions	X			State Brd of Equalization, Historical Brd, Investment Brd, TFR Brd, Trust Lands, Canvassing Brd.
11 Investment of funds	X			State Treasurer invests General fund CD's with BND, and invests funds for commodity groups, other investments are done by RIO or Dept. of Trust Lands
13 Transparency information on website	X	X		OMB has more up to date information, Treasurer does have some fund information.
14 Prepare annual financial report for the state of ND		X		OMB prepares. State agencies prepare closing packages.

Attachment #2  
3004  
1-26-17

Attachment # 3  
3004  
1-26-17

**Tax Distributions Involving both the Office of Tax Commissioner and the Office of Treasurer**

<u>Tax Type</u>	<u>Frequency</u>	<u>Tax Commissioner</u>	<u>Treasurer</u>
Local Sales Taxes	Monthly	Creates and maintains a tax processing system that enables the Tax Commissioner to certify collection by local jurisdiction; determines the admin fee; and provides the net amount to be distributed to each local jurisdiction	Makes the electronic transfers to the jurisdictions as set forth in tax commissioner's certifications
City Lodging Tax	Monthly	Same as above	Same as above
City Restaurant Tax	Monthly	Same as above	Same as above
City Motor Vehicle Rental Tax	Monthly	Same as above	Same as above
Tribal Sales Tax	Monthly	Same as above	Same as above
Oil & Gas Taxes	Monthly	Creates and maintains a tax processing system that enables the Tax Commissioner to certify collection by producing county and identify revenue from tribal trust/nontrust production	Creates and maintains a distribution program that enables the Treasurer to follow statutory distributions. Makes electronic transfers to the jurisdictions
Coal Taxes	Monthly	Creates and maintains a database that enables the Tax Commissioner to certify collection by plant/mine/county and provide the statutory distribution to each entity	Makes the electronic transfer to each entity as set forth in the tax department's certifications
Income Taxes	Daily, with major activity Jan - April	Creates and maintains a tax processing system that uploads refund information into PeopleSoft for batch processing each evening	Prints and delivers physical refund checks to tax commissioner for mailing
Cigarette Taxes	Twice per Year	City share of cigarette tax revenue is transferred monthly to a special city distribution fund. Twice each year a certification is issued to Treasurer	Creates and maintains a population distribution program to facilitate twice a year distributions to all incorporated cities

Attachment # 4  
3004  
1-26-17

1.26.2017

**Chairman Kasper and members of the House Government and Veterans Affairs Committee**

**My name is Tim Mathern. I am the Senator from District 11 in Fargo. I support HCR 3004 which directs that a matter be placed on the general ballot to remove the state treasurer as an elected state constitutional officer.**

**Why close Office of the Treasurer:**

- 1. Save money and office space; we need to think long term; this change makes structural change to state government to save taxpayers money every year for ever.**
- 2. There are other pressing needs. For example, property taxes are too high and people are dying from lack of mental health care.**
- 3. With technology advances more financial transactions are automated.**

**Why now:**

- 1. State budget cuts are a common discussion among citizens, candidates, and officeholders because of lower state revenue.**
- 2. Cuts made "across the board" weaken every department of government and therefore less able to serve citizens well.**
- 3. Rightsizing government is an accepted philosophy now; proactive and reasonable.**
- 4. Citizens are practical. There are too many elected offices to intrigue citizens to bring candidates forward.**
- 5. People have become more receptive to end government functions.**

**Change is part of our daily lives; we need to embrace it in government too.**

- 1. Change is gradual, but it does come and we can do it with planning, discussion and action.**
- 2. In farming the threshing machine has been replaced by combines, in communication phone booths have been replaced by cell phones and computers.**
- 3. In productive gardening we do pruning.**

**This initiative is about systemic change, not about personalities, skills or traits of persons. I ask you to take a leadership role in reinventing and right sizing government. HCR 3004 is a positive start.**

**Thank you.**

Re: HCR 3004  
Attachment #5  
1-26-17

Suggestions for needed change to enhance services and save money.

1. Turn the entire State Hospital in Jamestown and Life Skills Center in Grafton over to the Department of Corrections for housing, job training and behavioral health treatment of prisoners and persons charged with crimes awaiting assessment or trial.
  - a. Provide indigent non correctional behavioral health care by contract with up to eight private hospitals in the state for adults and up to 4 hospitals for children and adolescents.
  - b. Demolish some buildings on the campuses.
  - c. Add a robust jobs training division of Rough Rider Industries to campuses.
2. Eliminate one layer of human service administration and consumer confusion by combing the 8 public human service centers with multicounty social service agencies.
  - a. Counties to align themselves into multicounty service units, no more with ten-year colocation service agreements. Services needed but multi county units do not provide would be contracted to private providers.
  - b. Assure transportation and onsite services available in each county.
3. End all duties of the Office of Treasurer and close the office permanently.
  - a. Do not get caught into the "transfer of duties and accompanying staff" mentality.
  - b. End office at end of present Treasurer's term combined by ballot measure and a legislative study on related century code changes.
4. Combine all Department of Commerce and Bank of ND programs at the Bank location.
  - a. Build the new, already authorized and funded, Bank addition immediately to take advantage of lower construction costs and to build bank assets.
  - b. Use present Commerce office space for other state agencies to reduce state rent payments around the city- some leases are insider unsustainable arrangements.
5. Transfer and release adult Native American prisoners to willing tribal entities such that remaining population is no more than 5% Native American.
  - a. Use some cost savings to fund reservation treatment, job development and incarceration programs.
  - b. Develop tribal state partnership for youth treatment and detention in Mandan.

Senator Tim Mathern 1.4.2017

Attachment # 6  
3004  
1-26-17

2017-2019  
Office of State Treasurer



Kelly Schmidt, State Treasurer

Presented to:

Government and Veterans Affairs  
Representative Jim Kasper, Chairman  
Representative Scott Louser, Vice-Chair  
January 24, 2017

Chairman Kasper, and members of the committee, I am Kelly Schmidt, State Treasurer.

Mr. Chairman, members of the committee, over thirteen years ago, Jason Stervak with the Republican Party asked me to consider a run for State Treasurer. The question was presented and I had never really imagined running for state wide office, until I was asked. I imagine this is true for many of you – you never really thought about being a legislator until, someone asked. Chairman, members of this committee, never did it occur to me that I would stand before you, after completing a successful re-election campaign defeating Senator Mathern with more than 63% of the vote that I would be here to defend the decision of the people and the Office of the State Treasurer. Truthfully, I am disappointed, yet I always say, “Once again I am gifted with another opportunity to educate and inform the public about the duties and responsibilities of the Office of State Treasurer. In the testimony presented today, I assure you, I will refrain from making this about me, Kelly Schmidt and my job or my tenure as treasurer. I will however, defend the Office of State Treasurer with great conviction because our founding fathers believed with every ounce of their being, our State deserves and needs a treasurer as the State Constitution dictates so. Are we to decide and challenge those who came before us and had the foresight to know, the State of North Dakota needs a system of checks and balances?

I believe, as did our forefathers, the Office of the State Treasurer has always been, and should always be, the people’s office of checks and balances.

## Overview

Like you, I too have been elected to serve the great people of North Dakota. It's with honor and humility, that I have been blessed to serve as the state's treasurer for another four year term.

As I start my 13<sup>th</sup> year, it's important to be reminded where the office started in 2005 and where we are today. For some of you, this may be your first introduction to the Office of the Treasurer. When I took office on January 1, 2005 the Office of State Treasurer did not participate on the state email system, did not have an accountant on staff. The state checkbook had been reconciled to the Bank on a daily basis, it had not been reconciled to the state accounting system, PeopleSoft, in months; nor was there a process in place to do so, because the Treasurer's Office had not participated in the implementation of PeopleSoft. We couldn't even void a check! It is also noteworthy to quote, the late Rep. Frank Wald, former Chairman of the Legislative Audit and Fiscal Review committee, when he introduced legislation allowing us to correct the errors made to every county and city in the state. He said, "She has inherited the worst audit in North Dakota state government history."

The sign that hung in the office in 2005 was "The Treasurer's Office had always dealt with dollars now we are working on change." Mr. Chairman and members of the committee, we have reinvented the Office of State Treasurer.

**The mission of the Office of the State Treasurer**, is to fulfill our constitutional and statutory responsibilities, to assure sound financial oversight and transparency to all public funds, and to promote prudent practices in government. Our agency performs these responsibilities with tremendous pride and accuracy.

It matters not, the amount of zeros when balancing the general fund, because it's the nickels that we try to find when reconciling accounts each and every day. It is our standard of accuracy and efficiency that our staff takes tremendous pride in. And I mean tremendous pride.

Many of you may think the Office of the Treasurer is a duplication of services or functions you may find inside of other agencies. This is not factual. While we work directly with OMB on numerous issues, there is no duplication of duties. OMB maintains PeopleSoft (the state accounting system). We as an agency use PeopleSoft to process our daily deposits and run reports used in our reconciliation process. OMB assists us when any PeopleSoft issues arise.

We are, the checks and balances between OMB and the Bank of North Dakota...the accounting system and the checkbook. While it is the role of the Bank of North Dakota to invest money to profit the Bank, it is the fiduciary responsibility of the Treasurer to manage and grow assets for the general fund.

**You may think there is a duplication of services between the Tax Department and the Office of the State Treasurer – let me explain the difference.**

The Tax Department creates and maintains a tax processing system that enables the Tax Commissioner to certify collection by local jurisdiction; they determine the administration fee; and provide the net amount to be distributed to each political subdivision. They are the collectors.

The Office of State Treasurer creates and maintains a distribution system for the electronic transfer of funds to the political subdivisions. We also maintain a system of updating and tracking changes in the bank account information of these political subdivisions to facilitate the transfer of funds. We prepare and maintain a fund balance reconciliation to ensure that all proper funds have been distributed. We post all distribution amounts to a database and maintain a related search function on our website to allow for political subdivision, legislators, other state agency personnel and the general public to search for and find historical distribution information at any time. We are the distributor, communicator and manager of the funds after the Tax Department collects the revenue. This, Mr. Chairman and members of the Committee, is the true checks and balances system our forefathers stated in the Constitution.

## There are four key management functions within the Office of the Treasurer:

1. **Cash management** – Cash management for the state of North Dakota involves the systematic gathering of information about the state’s collections, disbursements, balances, and the use of that data to effectively manage the funds available to the state. The forecasting and cash management expertise offered by the Office of State Treasurer is necessary to ensure the availability of sufficient funds to cover state obligations while optimizing investment earnings. Our agency reconciles daily in three primary areas: The complexity of what we do is often misunderstood, but simply put...we reconcile

A.) State Agency deposits to the general fund – Prior to 11 am, each morning we reconcile the deposits of all state agencies to ensure their accuracy prior to posting to the appropriate fund. The volume of checks/ACH across all state agencies often times amounts to, thousands of transactions each day.

B.) The Bank of North Dakota to PeopleSoft – This ensures the “checkbook” matches what is in the bank.

C.) Earnings to the general fund. – We ensure the Bank of North Dakota has paid the general fund appropriately for our investments. As of yesterday, we had 225 CD’s in various financial institutions, ranging from \$50,000 to \$150M totaling \$2.5 billion dollars. When taking office in 2005, the general fund totaled \$780 million our peak operating balance has been as high as \$4.4 billion as seen on our website. We work diligently, making wise investment decisions ensuring the State is always “making

money” and the bills are always paid. This expertise has reached a new level of demand as revenues have fallen.

Think about it this way, in your business or household, imagine reconciling hundreds of accounts each and every day totaling millions or billions of dollars, looking for nickels when there is an error.

In essence we are the daily audit between all state agencies and the Bank of North Dakota or the accounting system. We are the checks and balances, and when we reconcile accounts, we find the human errors from other agencies or the bank and make the corrections. I am very pleased to say, the proficiency of our team is outstanding. We manage over a dozen bank and investment accounts for the State as well as 25 agricultural commodity groups.

2. **Accounting** – In addition to the previously mentioned accounting duties involved in our cash management process, The Office of State Treasurer is responsible for the process of voiding check requests and stop payments as needed.
3. **Investments** – The Treasurer serves as custodian for all state funds. The Office of State Treasurer is responsible for the investment of the State’s general and special funds, as well as several trust funds. As a reminder, the Treasurer has the sole fiduciary responsibility for investment and oversight of the Veterans Post War Trust Fund as stated in the Constitution. State funds are invested as CD’s with the Bank of North Dakota. Trust fund money is invested in equity investments or banks and credit unions throughout the State of North Dakota.

4. **Tax Collection and Distribution-** Let me take you back to January of 2015, the first few days of the 64<sup>th</sup> legislative session and the “Surge Bill”. This bill cleared the process at record speed. As with all distributions, our process requires bank certification from our political subdivisions prior to the deposit of funds. We needed to certify the proper bank account to use for each of the political subdivisions receiving funds. Little did we know, that some of the municipalities receiving funds were so small we could not find a treasurer or auditor to certify the payment? We found there was no electronic list to quickly and efficiently communicate. Our staff then contacted people who knew people through social media, friends, and colleagues and we were able to track down the proper official for each entity receiving money. As most of you know, some rural cities are so small the auditor or treasurer may have a full time job elsewhere. With the hard work and effort of my team, and the assistance of Facebook, twitter and texting, we distributed those “surge” dollars in 8 business days, efficiently and accurately.

The Office of State Treasurer is responsible for disbursing over 30 tax distributions to political subdivisions. The complexity of these distribution formulas has amplified over the past 12 year, specifically, the oil and gas distribution which has been changed each biennium.

The distribution system I inherited was written in COBOL, a software language dating back to 1968 and required manual entry. If any error was made, even a transposed number, the entire distribution would have to be wiped clean by ITD overnight and we would start over again. Our web based system, we refer to as TDOC or the Tax Distribution Outstanding Check system gathers information from systems throughout state government, allows a process of checks and balances and an opportunity to make corrections. This streamlines

our distributions and ensures greater accuracy, transparency and efficiency. Once distributed, the amounts are made available on our website. Long gone is the antiquated task of affixing labels to blue postcards which communicated the distribution amounts to our stakeholders. Long gone is the stream of letters from auditing firms requesting verification of funds distributed. Innovation and technology replaced it all. We have reinvented the Office of State Treasurer.

Tax collections from political subdivisions, include the Indigent Defense Administrative Fund, the Domestic Violence Prevention Fund, and district court costs. This process was recently added to TDOC, mandated and became policy by the Treasurer. Fifty three counties would manually submit, paper reports to our office for the fee's they collected. They were also to include a check. Some did, some didn't, and there have been times the check total did not equal the report amount. This would cause additional effort by my team as well as the county agency to resubmit and process. Once collected, my office distributed the amounts to the three appropriate funds requiring three journal vouchers for each of the 53 counties. This process has now been automated. Counties are required to submit electronic reports and payments to our office. If the amount does not tie with the report, the report is rejected online. Once an accurate report is submitted, our system automatically creates the three journal vouchers for each of the 53 counties. Not only does this create efficiencies in time and talent for my team, but for every county in the state of North Dakota.

Our office expends a significant amount of resources to provide analysis, data, and education of various tax distributions and state laws to legislators, employees of other state agencies, officials and employees of local political subdivisions, and the general public. Prior to 10 am on

Monday morning of this week, we were asked to 1) provide data and information relating to the Surge distribution which was distributed last session, 2) calculate the effect of legislation introduced to counties and cities in coal country, 3) provide information/data relating to township distributions, and 4) explain the Coal Severance Shortfall payments.

When I speak of complexity, let me detail the efficiency required by our agency to simply manage the fluctuation of oil and gas revenues as it relates to distributions to hub cities, political subdivisions, and schools. As we all witnessed the reduction in oil revenue, my Director of Finance and I began the exercise of “what if’s” in the oil and gas distribution formula. An illustration of this distribution can be found on our website and requires five pages to illustrate the follow of revenue. It includes percentages, caps and triggers....which create many challenges. Have you ever tried to split a penny? We prepared for the what if’s so we could help others prepare for the challenges ahead. Would there be a reduction to oil and gas impact grants? How much of a reduction in funds would impact the Outdoor Heritage Fund? Did one “bucket” take priority over another? Do we address a worst case scenario? Do we need an Attorney General’s opinion? We refer to each of these entities as the customers or stakeholders of our office. We also, provided the analysis and communication to cities as they prepared their FY 2017 budget with a significant reduction in State Aid and Highway tax. Through communication, collaboration and cooperation we strive for excellence.

From 2005 - 2017, more than a dozen new funds have been created by legislative directive that require IT demands and fiscal oversight in the Office of State Treasurer.

To name a few....

- Centers of Excellence and Research Fund (2005)
- Energy Conservation Fund (2013)
- Legacy Fund (2010)
- Outdoor Heritage Fund
- Research ND Fund (2013)
- Strategic Investment & Improvement Fund (2011)
- Tobacco Prevention and Control Trust Fund (2008)
- Tobacco Settlement Trust Fund
- Workforce Enhancement Fund

**In addition to the duties of the treasurer's office, the Treasurer is required by law (constitution and statute) to serve on the following boards.**

1. The Treasurer is one of three elected officials serving on the **State Investment Board** – The SIB has statutory responsibility for the administration of the investment programs of several funds including the Legacy Fund, Public Employees Retirement System (PERS), the Teachers' Fund for Retirement (TFFR) and the Workforce Safety & Insurance Fund. The SIB also maintains contractual relationships for investment management with certain political subdivisions.
2. The Treasurer is one of two elected officials serving on the **Teachers Fund for Retirement (TFFR)** - Responsibility for administration of the TFFR benefits program.

3. The Treasurer is one of five elected officials serving on the **Board of University and School Lands**- responsible for the investment of the Common Schools Trust Fund, Unclaimed Property, and management of school trust lands and the distribution of energy impact funds.
4. **Board of Tax Equalization.** One of five elected officials serving on this board.
5. The Treasurer is one of two elected officials serving on the **State Historical Board.**
6. The Treasurer is one of two elected officials serving on the **State Canvassing Board.**

#### **Agency Accomplishments:**

- Staff – the Office of the Treasurer has evolved from a staff of bookkeepers to a team of five college educated accountants including a CPA and a master’s degree. Our staff is cross-trained in every capacity.
- The volume of work in our agency has grown exponentially, and we have remained consistent in our staff. In 2005, we had a staff of seven which included the Treasurer. Today we have a staff of 7.5, which includes the Treasurer. In April of 2016, I unfunded the deputy position. This was prior to the allotments. It was after the completion and implementation of a strategic plan, that it was determined, the duties of that position could be eliminated or divided to other staff, without creating a burden. We are not afraid to make hard decisions, save money, cut corners or “hedge paper” to save the agency thousands of dollars in a biennium.

- In a ten year span, the operating budget of the treasurer's office has grown by 1%. What other state agency can boast such minimal growth? The Office of the State Treasurer is the poster child of efficiency – perhaps we've done it too well. Keep in mind, our budget may appear larger because we are a pass through agency for many funds such as Coal Severance payments, Property Tax relief and township distributions.
- Financial Literacy –As stated in statute, we provide a community outreach and education program to our middle schools and high schools. This is funded entirely by partnerships with the business community as we continue to educate North Dakota's youth on the importance of money management.
- Technology – The Office of State Treasurer has embraced innovation and technology with gusto. We launched our newly designed interactive website three years ago and completed a home page redesign in 2016. We did this on time and below budget. Our external stakeholders, city and county auditors/treasurers/clerk of courts have access to all forms and distributions on-line, allowing them to accurately plan and budget. [www.nd.gov/treasurer](http://www.nd.gov/treasurer) averages over 800 active users per month, with nearly 70% of the users being repeat viewers. There are people looking for distribution information, the fluctuation of the operating fund balance, the Legacy Fund or other government funds and distribution. Our website provides the transparency to “the people's money.”
- In the Office of the State Treasurer, we have continually pushed our agency to think outside the box, think bigger, think efficiently, to think boldly. We have challenged ourselves to do better, spend less, take care of the customers... our stakeholders, and

more importantly, to spend and invest the people's money wisely. When doing budgets, we think ahead, heck, we "hedge paper" to save money.

### A few facts to ponder:

- In a nationwide survey conducted by the State Financial Officers Foundation, the question was asked, "Who do you believe is the most trustworthy source of information about state financial matters and public funds?"
  - Governor (18.2%)
  - State Legislator (14.9%)
  - 66.9% chose the Treasurer

A significant majority find State Treasurers to be a more trustworthy source of financial information and state financial issues, compared to other state wide elected officials.

- In a survey taken in May 2016, North Dakotans were asked. Do you believe the state's treasurer or chief financial officer should be elected or appointed?
  - 70% Elected
  - 30% Appointed
- The Fargo Forum, the Williston Herald and the Bismarck Tribune have all recently written an editorial piece stating the value of the treasurer's office and stated the agency should **not** be eliminated.
- It's the Treasurer who is accountable to the people. If the duties and responsibilities of the office are transferred to OMB, you empower the Governor. If the duties and responsibilities are transferred to the Bank of North

Dakota, you empower the Industrial Commission and the Governor. If the duties and responsibilities of the office are transferred to the Tax Department, you create a conflict between collections and payments and investments. If the duties and responsibilities of the office are transferred to the State Auditor, who audits the functions of the treasury....an outside source?

Chairman Kasper, members of the committee, It's my hope that I have provided you with enough valuable information to allow you to make this big decision. While the people of this state have spoken in November of 2016, the final decision lies with God, and this committee.

Attachment # 7  
3004  
1-26-17

Mr. Chairman, members of the Committee, I am Donna Blauvelt, a republican, a voter and a resident of Bismarck. I am employed with the Bismarck Police Department and I am here on my personal time with approval from my lieutenant.

A few weeks ago I read an article in the Bismarck Tribune about a few of my fellow Bismarck legislators who introduced a bill or resolution of sorts to eliminate the Treasurer's Office. Upon further investigation, I discovered the treasurer's office is a constitutionally mandated office. The removal of this office from the constitution doesn't sit well with me. Let's just say, I equate this to the second amendment of the US Constitution and I would fight tooth and nail for that too.

In that same Bismarck Tribune article I recall reading current Treasurer Schmidt was "blindsided" and did not know these resolutions were being introduced. I have little tolerance for being "ungentlemanly like." I would think a Bismarck Legislator would have the common courtesy to inform a statewide elected official that he intends to eliminate a constitutionally mandated office. It doesn't matter if that official is a girl or a boy. Common courtesy should prevail.

Maybe my local legislators could start with reinventing and combining and right sizing agencies that are mandated by statute vs. the constitution. Seems that would be easier. It's just an opinion. State agencies that are formed by statute wouldn't require a legislative study or a vote of the people. By the way, what does a legislative study cost...\$50,000 - \$70,000. What does it cost to put a measure on the ballot?

Maybe I've been involved with law enforcement too long – I know when I smell a rat.

Chairman, members of the committee, thank you for your time. It's my opinion we should retain the office of the State Treasurer and not mess with North Dakota's Constitution. You all seem to be smart people and I am confident you could right size government in other agencies.

Attachment #8  
3004  
1-26-17

Dee Stanley

Chairman, members of the Committee, my name is Dee Stanley and I am a voter and a citizen of Bismarck. I don't claim to be a political activist by any means but I do know enough about politics to know when something seems disingenuous and thus the reason for me to stand here today and support the office of the State Treasurer and the Treasurer, Kelly Schmidt.

I am pleased that Treasurer Schmidt was successful in her 2016 re-election bid as Treasurer. By all measures she outworked her opposition. No matter what political party was holding the office of the treasurer, I would still believe in the constitutional function of an Office of State Treasurer. Our state deserves a system of checks and balances and a standard of fiduciary responsibility to the state, by an officer accountable to the people and not to government. It appears to me, you are a group of wise elected officials and you understand the constitution....so if the State really wants to save money, and really look at duplication of services aren't there larger, more cost effective areas we could look at where we could truly save money? May I suggest looking at the University System? Does a state with 730,000 people really need 11 colleges and universities? I don't claim to know the numbers, but my guess is we could save a billion in this area. Perhaps we can dig deeper and begin to consolidate some duplication of services with counties? Where there are smaller, rural counties that continue to see a decline in their population, perhaps millions could be saved there.

It's hard to look at the big picture, but the pittance that is saved by closing the treasurer's office and transferring those duties to another agency saves what? Will more bureaucracy land in

another agency? I believe a salary increase will be incurred and the staff from the treasurer's office will be transferred to another department. I doubt, the duties performed by the treasurer's office could be seemingly absorbed by another agency .... to me that option doesn't really exit.

It is my opinion, no statewide elected official should ever have to stand before a legislative committee and defend a public office that is mandated by the North Dakota Constitution.

Mr. Chairman, members of the committee, I thank you for your time and I trust with God at your side, you will make the right decision.

Thank you.

Attachment #9

3004  
1-26-17

January 26, 2017. Testimony in opposition to HCE 3004 and 3005

Rose Christensen, Rogers, ND 58479

Mr. Chairman, Members of the Committee

I am representing myself here today, but feel that I speak for the majority of North Dakotans who have been resisting this proposal to eliminate the office of Treasurer for more than thirty years.

Why doesn't this issue simply die? It has been dealt so many death blows. The proposal to get rid of the office of Treasurer as an elected official has been shot down by the legislature and killed by the people, repeatedly. And yet it continues to live! Why?

I have distributed to you a copy of a letter written 32 years ago! It is just as timely today as it was then! The duties of the office of Treasurer could not be more clearly defined. Article X, Section 12 reads: "All public moneys from whatever source derived, shall be paid over monthly by the public official, employer, agent, director, manager, board, bureau or institution of the state receiving same, to the state treasurer, and deposited by him to the credit of the state, and shall be paid out and disbursed only pursuant to appropriation first made by the legislature..." What was wrong with that? Could anyone, anywhere design a better plan for the fool-proof, graft-proof, timely handling of the state's money?

I have a dairyman friend who lived through the period of transition from one cow, one bucket, to the milking machine and common tank! In New England, maple sap used to be collected in individual buckets which hung on spiles on the south side of the sugar maples in the spring when the sap started running. This transitioned to a system of clear plastic tubes which feeds all the sap as soon as it's released from the tree through a network of hose to a common tank. In both cases, the common tank is where accountability takes place. How much milk did the cows produce? How much maple sap was collected? There is one single, firm figure. Nothing is lost from the slopping pail!

It is all these this big slopping pails of money coming into the common tank that the single, accountable, elected Treasurer watches and measures. More than that, the Constitution provided that the treasurer was not only supposed to guard the common tank, but was charged with performing this duty on a monthly schedule, which may be where the flak is coming from. There may be a number of officials, employers, agents, directors, managers, boards and bureaus that do not want to make this monthly accounting and transfer to the Treasurer. In fact, it may not even just be the transfer of the money to the treasurer that is bothersome to some of these entities, it may be the accounting of the **sources** of the money that is disagreeable. More than simply accounting for outgo, the Treasurer is the clearing house and the point where incoming money is identified and made a matter of public record. It is another wonderful check and balance built into the system to prevent corruption, either at the top where money comes IN, or at the bottom where money goes OUT! After all the state income is identified, and transferred to the Treasurer, it is the Treasurer's duty to transfer the collected contents of this common tank full of money to the credit of the state.

At the point where the Constitution directs this monthly transfer of money to the Treasurer, HCR 3004 would remove reference to the state treasurer, and substitute the wording: "proper official as provided by law." Notice the use of the singular. HCR 3005 which is kind of the clean-up batter for this effort to eliminate the elected Treasurer, directs the Legislative Management to study statutory changes necessary to transfer duties and responsibilities of the treasurer to other state agencies and officials, plural. HCR 3005 alerts us to the fact that it is competing "administrative and financial management services of state government" that would be replacing the elected Treasurer. Do we want governance, a fancy word meaning management, by appointed administrators who never have to face the voters and justify a renewal of their contract? Or do we continue to want government run by duly elected officials who have to face the voters at the expiration of their term of office in hopes they will have gained approval for an additional term of office?

It would be tragic to foul up a system that has worked so well for so long, for no good reason. Like any Doctor treating a patient, your duty here today is: First, Do No Harm! The difference being that the patient on your operating table is not sick! In fact, the office of state treasurer is alive and well. It is uncontestably the most efficiently run office in state government.

It should be noted that the Treasurer's office runs on a budget of \$2,000,000 per biennium, a mere fraction of the \$1.3 BILLION biennial budget of the controversial Department of Public Instruction, for instance! Protestations that cost-savings and increased efficiency might be achieved by dividing up the responsibilities of the state treasurer and distributing them to other agencies and officials is, in a word, ridiculous! If other state agencies and officials are performing similar or duplicative functions, then they are guilty of overreach, and should, in conformity with the provisions of Art X Section 12, turn the funds in their possession over to the Treasurer! No other agency is authorized to disburse state money. As to cost-savings, it would cost just as much for any other agency to perform the acts of receiving, accounting for, auditing, or paying out pursuant to legislative appropriation, as it does now, and the potential for some of the money that would then be carried around in individual pails to slop out over the sides during transit would be greatly increased! In fact, the proposal to divide up and redistribute the clearly defined duties of the Treasurer would make it much more difficult for anyone to ever know for sure just how much money was coming in or being spent by the state, because there would be no single black line at the bottom of the Treasurer's single set of books at the end of the biennium!

Finally, the proposed amendment to Section 2 of Article V, (page 2, line 4) would remove the Treasurer from the Board of University and School lands, leaving that Board in the hands of a foursome consisting of the Governor, Attorney General, Secretary of State and the Superintendent of Public Instruction. There is presently approximately 3 Billion dollars in that fund, and this bill proposes to remove the TREASURER, the one money expert on the Board? Why, of all people, would the removal of the Treasurer from a Board that handles BILLIONS of dollars possibly benefit the people of North Dakota, or in any way, enhance the quality of the performance of that Board?

In conclusion, I urge each of you to support a Do Not Pass recommendation. Let's keep the money and the treasurer who handles it right out front where we can watch them. I Thank you for your time and consideration.

P. 3  
October 11, 1984  
Rt. 2 Box 35  
Cooperstown, No. Dak. 58425

Dear Editor:

Reading papers which serve both Minnesota and North Dakota has been very interesting, especially as regards the parallel efforts in both states to abolish the job of state treasurer as an elective office, and to turn the money over to one or more appointive, bureaucratic agencies. Specific recommendations vary from state to state, and hearing to hearing, but the major thrust is always the same: Take the handling of the people's money away from the highly visible and accountable elected state treasurer and bury it in a maze of bureaucrats!

If we think state spending has gone crazy now, wait till there's no one person responsible for it!

Since the ballot won't show it, and most papers won't print it, let me quote what the N. D. Constitution now prescribes for the handling of our money:

" Art X, Section 12. All public moneys from whatever source derived, shall be paid over monthly by the public official, employer, agent, director, manager, board, bureau or institution of the state receiving same, to the state treasurer, and deposited by him to the credit of the state, and shall be paid out and disbursed only pursuant to appropriation first made by the legislature..."

That paragraph continues with specific provisions for the handling of special funds.

Paragraph # 2 states: "No bills, claims, accounts, or demands against the state or any county or other political subdivision shall be audited, allowed, or paid until a full-itemized statement in writing shall be filed with the officer or officers whose duty it may be to audit the same, and then only upon warrent drawn upon the treasurer of such funds by the proper officer or officials."  
*ets*

All of which simply means the constitution now requires that all money belonging to the state must be paid to the state treasurer and cannot be disbursed except pursuant to legislative appropriation and on warrent drawn on the treasurer.

What's so wrong with that? Sounds like a terrific system for establishing responsibility and accountability, and for guaranteeing a system of checks and balances to prevent mismanagement of our money!

Let's vote NO on Measure # 1, and keep the money and the treasurer who handles it right out front where we can watch them!

Sincerely,

*Rose Christensen*  
Rose Christensen

Attachment 10  
3004  
1-26-17

Neutral Testimony on House Concurrent Resolutions 3004 and 3005  
January 26, 2017  
House Government and Veterans Affairs Committee  
Bill Wocken on behalf of the North Dakota League of Cities

Good Morning Mr. Chairman and members of the House Government and Veterans Affairs Committee. For the record, my name is Bill Wocken, appearing on behalf of the North Dakota League of Cities. These resolutions address a potential change in the office of State Treasurer. HCR 3004 structures a Constitutional amendment and calls for a vote on the measure at the 2018 general election. HCR 3005 calls for an interim study of statutory changes that would be required if the present duties of the State Treasurer were re-assigned.

I am appearing in a neutral position on HCR 3004 and HCR 3005 since we do not know what changes the study will propose and what, if any, changes we will experience in service delivery.

The League of Cities will, however, tell you that it has an excellent working relationship with the present State Treasurer and her office. The office of State Treasurer is of great assistance to cities throughout the state providing a very efficient and timely transfer of revenues to political subdivisions. The office is always very timely and considerate to our requests for information. The State Treasurer's Office assists the League with projections and calculations on budgets and revenue forecasts which we share with cities. They are accurate, courteous and professional in their dealings with us and our member cities. In short, we are receiving a high level of service from the office.

Thank you for this opportunity to testify.